

**WAC 415-111-310 Defined contribution account distribution (withdrawal). (1) What are the requirements to request a distribution (withdrawal) of funds from my defined contribution account?**

- (a) You must separate from all eligible employment;
- (b) The department must receive the notice of separation from your employer(s); and
- (c) The department's recordkeeper must receive a completed request for a defined contribution distribution from your account. See WAC 415-111-110.

**(2) Can I receive a special exception distribution?**

(a) If you are terminally ill and eligible, the department's recordkeeper will arrange for payment to you within 10 workdays. To be eligible for a special exception payment:

- (i) You must separate from all eligible employment;
- (ii) The department must receive the notice of separation from your employer(s);
- (iii) The department's recordkeeper must receive documentation verifying your terminal illness; and
- (iv) The department's recordkeeper must receive a completed request for a defined contribution distribution from your account (see WAC 415-111-110).

(b) If you have an unforeseeable emergency, the department's recordkeeper will consider your request for a special exception payment and arrange for payment to you whenever possible. To be eligible for consideration:

- (i) You must separate from all eligible employment;
- (ii) The department must receive the notice of separation from your employer(s);
- (iii) The department's recordkeeper must receive documentation verifying and explaining your unforeseeable emergency. The recordkeeper will consider only unforeseeable emergencies. An unforeseeable emergency is defined as a severe financial hardship resulting from:

- (A) An accident or serious illness of you or an immediate family member;
- (B) The need to pay for medical expenses for you or a dependent;
- (C) Imminent foreclosure or eviction from your primary residence;
- (D) The need to pay for funeral expenses of a spouse or immediate family member; or
- (E) Loss of property due to casualty.

(iv) The department's recordkeeper must receive a completed request for a defined contribution distribution from your account (see WAC 415-111-110).

(c) Depending on which program you are invested in, self-directed or WSIB Total Allocation Portfolio (TAP), the recordkeeper will distribute your special exception payment as specified in the table below, less any applicable tax withholding.

	<b>Terminal Illness</b>	<b>Unforeseeable Emergency</b>
<b>Self-Directed</b>	Up to 100% of the balance in the account within 10 days after approvals are completed.	Up to 100% of the balance in the account within 10 days after approvals are completed.

	<b>Terminal Illness</b>	<b>Unforeseeable Emergency</b>
<b>WSIB Total Allocation Portfolio (TAP)</b>	Up to 100% of the balance in the account based on the most recent valuation within 10 days after approvals are completed.	Up to 80% of the balance in the account distributed as a lump sum payment through the normal month-end distribution process. If 100% liquidation is requested, the remaining balance in the account will be disbursed after the final valuation has been made.

(3) **Can I still receive my defined contribution distribution if I have returned to work before receiving my funds?** If all the criteria in subsection (1) of this section are met prior to DRS being notified of you being rehired, you may receive distribution from your defined contribution account.

(4) **What are my options for distributing my defined contribution funds?** You have the following options for distributions from your Plan 3 defined contribution account. Options for both the WSIB and the self-directed investment programs are combined where applicable.

(a) **Lump sum cash distribution. In either program,** you may request the entire amount of your funds in a single lump-sum payment.

(b) **Direct rollover. In either program,** you may have some or all of your funds rolled over to an eligible retirement plan or individual retirement account (IRA). If you choose a partial rollover, the remaining funds that were not rolled over will be distributed to you as a lump sum, unless you create a personal payment schedule under (d) of this subsection.

(c) **Scheduled payments. In either program,** subject to the distribution requirements of IRC section 401 (a)(9), you may request that your funds be distributed in equal payments over a specified period of time, or that a specific dollar amount be paid on a monthly basis until the account is exhausted. You may also request equal payments over your lifetime or the lifetimes of you and your beneficiary. Scheduled payments for the WSIB program are made monthly only. Scheduled payments for the self-directed program may be made monthly, quarterly, semiannually or annually.

(d) **Personalized payment plan. In either program,** you may create a personalized payment plan using any part of one or more of the distribution options provided in (a), (b), and (c) of this subsection (see examples below).

(e) **Annuity purchase.** You may purchase an annuity that pays a benefit for your lifetime or the lifetimes of you and your joint annuitant. See WAC 415-111-320 for information about purchasing an annuity.

**EXAMPLE (WSIB - Partial rollover with payments until account exhausted):**

Pat has \$10,000 in the WSIB investment program. Pat wants to rollover \$2,000 of the total to an IRA, but does not want to receive

the remainder of the account in a lump sum payment as provided by the partial direct rollover option. Pat selects the personalized payment schedule option and requests to do a partial rollover of \$2,000 and receive the remaining \$8,000 in equal monthly payments of \$125 until the account is exhausted (approximately 64 months).

**EXAMPLE (Self - Partial rollover with payments for fixed period):**

Chris has \$10,000 in the self-directed investment program. Chris wants to rollover \$3,000 of the total to an IRA, but does not want to receive the remainder of the account in a lump sum payment as provided by the partial direct rollover option. Chris selects the personalized payment schedule option and requests to do a partial rollover of \$3,000 and receive the remaining \$7,000 in quarterly payments of \$250 over the next 7 years (28 quarters).

<b>Summary of Distribution Options</b>	
<b>SELF</b>	<b>WSIB</b>
<b>Lump Sum Cash Distribution or Direct Rollover</b>	<b>Lump Sum Cash Distribution or Direct Rollover</b>
<ul style="list-style-type: none"> <li>- Entire account</li> <li>- Partial amount</li> <li>- Remaining funds can be distributed in a lump-sum payment or by a personalized payment schedule (see below).</li> </ul>	<ul style="list-style-type: none"> <li>- Entire account</li> <li>- Partial amount</li> <li>- Remaining funds can be distributed in a lump-sum payment or by a personalized payment schedule (see below).</li> </ul>
<b>Scheduled Payments</b>	<b>Scheduled Payments</b>
<ul style="list-style-type: none"> <li>- Equal payments</li> <li>- Monthly, quarterly, semiannual or annual</li> <li>- Specified period of time, <b>or</b></li> <li>- Until the account is exhausted</li> <li>- Payments can be combined life expectancy of you and a beneficiary.</li> </ul>	<ul style="list-style-type: none"> <li>- Equal payments</li> <li>- Monthly payments only</li> <li>- Specified period of time, <b>or</b></li> <li>- Until the account is exhausted</li> <li>- Payments can be combined life expectancy of you and a beneficiary.</li> </ul>
	<b>Annuity Purchase</b>
	<ul style="list-style-type: none"> <li>- Purchase an annuity, administered by the state of Washington</li> <li>- Set up to pay benefits for</li> <li>- Your lifetime, <b>or</b></li> <li>- Lifetimes of you and your joint annuitant.</li> </ul>
<b>In addition to the above, you may set up:</b>	<b>In addition to the above, you may set up:</b>
<b>Personalized Payment Plan</b>	<b>Personalized Payment Plan</b>
<ul style="list-style-type: none"> <li>- Customized for your needs</li> <li>- Available from options above.</li> </ul>	<ul style="list-style-type: none"> <li>- Customized for your needs</li> <li>- Available from options above.</li> </ul>

(5) **Market fluctuations.** Your defined contribution account is subject to actual investment earnings (both gains and losses). These gains or losses impact the value of your account. The defined contri-

bution payment plans are subject to the same market fluctuations. As a result, the funding of your selected payment plan may last longer than anticipated due to market gains, or end earlier than anticipated due to market losses.

(6) **Minimum required distribution.** No later than April 1st of the calendar year following the year in which you turn age 72, you are required to withdraw a minimum amount from your defined contributions annually. (Prior to January 2020, required minimum distributions began at age 70.5.) Subsequent withdrawals must be taken by December 31st of each year. If you are still working at age 72, distribution is required to begin by April 1st the year following separation.

Calculation. Your required distribution is calculated each year based on your account balance as of December 31st of the prior year.

(7) See RCW 41.34.070 for additional information.

[Statutory Authority: RCW 41.50.050. WSR 22-17-049, § 415-111-310, filed 8/11/22, effective 9/11/22; WSR 20-17-006, § 415-111-310, filed 8/5/20, effective 9/5/20. Statutory Authority: RCW 41.50.050(5). WSR 15-19-027, § 415-111-310, filed 9/8/15, effective 10/9/15. Statutory Authority: RCW 41.50.050(5) and 41.50.088. WSR 05-24-050, § 415-111-310, filed 12/1/05, effective 1/1/06. Statutory Authority: RCW 41.50.050(5), 41.34.070(3). WSR 03-19-120, § 415-111-310, filed 9/17/03, effective 11/1/03. Statutory Authority: RCW 41.50.050(5) and 41.34.070. WSR 02-03-120, § 415-111-310, filed 1/23/02, effective 3/1/02. Statutory Authority: Chapters 41.32, 41.34, 41.35, 41.50 RCW. WSR 01-01-059, § 415-111-310, filed 12/12/00, effective 1/12/01.]