

**WSR 22-12-067  
PROPOSED RULES  
DEPARTMENT OF  
RETIREMENT SYSTEMS**

[Filed May 27, 2022, 10:34 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 21-11-096.

Title of Rule and Other Identifying Information: New WAC  
415-02-210 What is an indexed retirement allowance?

Hearing Location(s): On July 5, 2022, at 10:00 a.m. The hearing will be conducted by Zoom. See <https://www.drs.wa.gov/sitemap/rules/#proposed-rule-hearings> for details. Zoom link <https://us02web.zoom.us/j/81536579335>, Meeting ID 815 3657 9335, Dial-In 253-215-8782.

Date of Intended Adoption: July 6, 2022.

Submit Written Comments to: Rubi Reaume, Department of Retirement Systems (DRS), P.O. Box 48380, Olympia, WA 98504-8380, email [drs.rules@drs.wa.gov](mailto:drs.rules@drs.wa.gov), by June 24, 2022.

Assistance for Persons with Disabilities: Contact Rubi Reaume, phone 360-664-7311, email [drs.rules@drs.wa.gov](mailto:drs.rules@drs.wa.gov), by June 24, 2022.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: Plan 3 of the public employees' retirement system (PERS), school employees' retirement system (SERS), and teachers' retirement system (TRS), and the law enforcement officers' and firefighters' retirement system (LEOFF) Plan 2 provide an increased benefit if retirement is delayed following separation from employment after 20 or more years of service. The increase is referred to as a benefit "index." This rule-making action will clarify how the indexed retirement benefit is calculated.

Reasons Supporting Proposal: The rule clarifies the application of the benefit indexing when a person separates on the first day of a month so that month is included in the calculation as there was ambiguity in the statute.

Statutory Authority for Adoption: RCW 41.50.050.

Statute Being Implemented: Chapter 41.50 RCW.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: DRS, governmental.

Name of Agency Personnel Responsible for Implementation: Candice Myrum, DRS, P.O. Box 48380, Olympia, WA 98504-8380, 360-664-7124.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. RCW 34.05.328 (5) (a) (i) does not apply to this proposed rule and is not voluntarily made applicable by the agency.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(4).

Explanation of exemptions: DRS' rules only impact members and beneficiaries of the state retirement systems and participating public employers, and do not affect small businesses.

May 27, 2022  
Rubi Reaume  
Rules Coordinator

OTS-3702.2

NEW SECTION

**WAC 415-02-210 What is an indexed retirement allowance?** If you are a member of an indexed retirement plan as defined in WAC 415-02-030 and have at least 20 years of service credit when you leave employment, your pension benefit will increase by three percent for each year you delay receiving it, up to your full retirement age. The increased amount is referred to as an indexed retirement allowance.

(1) **How will my indexed retirement allowance be calculated?** If there is a period of at least one month between your separation from employment in the plan and your date of retirement, the department will calculate your indexed retirement allowance in the following way:

Using the average salary, increase the retirement allowance from the date both of the following have occurred and end on the last day of the month prior to attainment of the full retirement age.

(a) Separation from the retirement plan; and

(b) Accrual of 20 years of service credit.

Example: A PERS Plan 3 member separates December 24, 2017, with 23 years of service credits at age 63 and defers receiving their retirement until age 65, January 1, 2019. This member will receive indexing starting January 2018 through December 2018 (12 months of indexing).

(2) **What if I return to service after completing 20 years of service credit?** If you separate with at least 240 months of service credits, wait to retire, then return to membership before retiring, the indexing of your retirement benefit will be calculated two ways, with the higher of the two being used for your retirement calculation.

(a) Method 1: Use the average salary from the first separation after you attained 20 years of service credit. Indexing would apply to the number of calendar months starting from the first separation date. Indexing ends the month prior to the chosen retirement date or attainment of the full retirement age whichever is sooner, and excludes the months of re-employment following the first separation date.

(b) Method 2: Use the highest average salary based on all earnings throughout the entire employment period. Indexing would apply from the last separation date to the end of the month prior to the chosen retirement date or full retirement age, whichever is sooner.

Example: You are a member of a single DRS retirement system who separates with at least 240 months of service credits, waits to retire, then returns to membership before retiring. You now have 20 years of service credits on your inactive employment period, and will have at least two separation dates. DRS will calculate the benefit in the following two ways and provide you the higher of the two results:

Method 1 - System AFC/FAS with Interruptive Indexing.

- Use the AFC/FAS from the first separation after you attained 20 years of service credit excluding months when you were reemployed.

Method 2 - System AFC/FAS without Interruptive Indexing.

- Use the highest AFC/FAS based on all earnings, where indexing only be allowed from the last separation date to the retirement date.

(3) If your separation from employment occurs on the first of the month, that month will be included in the months indexed between separation and retirement. Any separation date after the first of the month will have indexing begin the following month.

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