

# DRS Update

**RPEC**

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# Outline

- DRS Overview
- COLA deep dive
- Beneficiary and Survivors
- Unfunded liability
- Updating information with DRS
- Potential fraud warnings from DRS

# Plan Overviews

# Membership statistics as of 6/30/2023

	Active	Retired
PERS 1	498	39,461
PERS 2	135,736	72,191
PERS 3	37,516	8,922
SERS 2	37,104	14,574
SERS 3	30,474	15,131
TRS 1	72	28,636
TRS 2	29,099	7,396
TRS 3	52,621	20,870
LEOFF 1	6	6,245
LEOFF 2	19,191	10,011
WSPRS 1	207	1,321
WSPRS 2	737	9
PSERS 2	8,946	727

# Benefit Calculation Comparison

- In general the benefit calculation for both Plan 1 and 2 is:  
 $2\% * \text{Years of Service} * \text{Average Monthly Salary}$
- Key differences
  - Plan 1 has a cap on years of service at 30 years
  - Salary for Plan 1 is calculated over 2 years (5 for Plan 2)
  - Salary for Plan 1 includes leave cashed out at retirement

# Benefit Calculation Comparison

- Employee with 10 Years of Service
  - Annual Salary for the past five years:
  - \$56,000 - \$64,000 (\$2,000 increase each year)
  - Cashing out vacation leave of \$7,200 at retirement
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- Monthly retirement benefit
    - Plan 1:  $2\% * 10 \text{ years} * \$5,550 = \$1,110$
    - Plan 2:  $2\% * 10 \text{ years} * \$5,000 = \$1,000$
    - Plan 3:  $1\% * 10 \text{ years} * \$5,000 = \$500 + \text{Investment Account}$

# COLA Deep Dive

# Plan 2 & 3 COLA

- COLA amount is determined by the Consumer Price Index (CPI) for the greater Seattle region
- Up to 3% annually
- If CPI increase is greater than 3%, excess COLA is banked for future year when CPI is less than 3%
- The CPI compares the change between the two prior years



# COLA example

- 2018 COLA = 2017 CPI ÷ 2016 CPI  
= 258.847 ÷ 250.523  
= 1.033
- The 2018 COLA is 3% with .3% banked for a future year when the COLA is less than 3%

# July vs September retirement

July 2023 Retirement	September 2023 Retirement
First COLA July 2024	First COLA July 2025
<b>Assume 2% COLA in 2024 and 1% COLA in 2025</b>	
2024: 2% COLA applied	2024: No COLA (2% COLA banked)
2025: 1% COLA applied	2025: 3% COLA applied (1% + 2% bank)

# COLA explainer videos

- What is a COLA?

<https://vimeo.com/711744977>

- When am I eligible for a COLA?

<https://vimeo.com/711756718>

- Additional resources at:

<https://www.drs.wa.gov/life/retired/cola/>

# Additional external COLA links

- Annual CPI-W for Seattle:  
[https://www.bls.gov/regions/west/wa\\_seattle\\_msa.htm](https://www.bls.gov/regions/west/wa_seattle_msa.htm)
- Historical Inflation:  
<https://leg.wa.gov/osa/supportinformation/Pages/InflationData.aspx>
- RCW [41.32.770](#)

# Beneficiary and Survivor

# Beneficiary vs Survivor



## Beneficiary

If you die before retirement, your beneficiary will receive a lump sum of any remaining contributions from your account.



## Survivor

When you retire, you can choose a survivor. After your death, this person will receive monthly retirement income for the rest of their lives.

## When you retire, you will choose a survivor option:

1	2	3	4
Single lifetime	Joint and 100% survivor	Joint and 50% survivor	Joint and 66% survivor
Example of your retirement income			
\$2,122	\$1,763	\$1,926	\$1,869
Monthly income for your lifetime only. This option pays the highest amount of the four choices.	Example of your survivor's retirement income		
	After your death your survivor will receive the same monthly benefit you were receiving for their lifetime.	After your death your survivor will receive half the monthly benefit you were receiving for their lifetime	After your death your survivor will receive 2/3 the monthly benefit you were receiving for their lifetime.
	\$1,763	\$963	\$1,233

# Plan 1 unfunded liabilities



# Unfunded Actuarial Accrued Liability

## 2023-25 Contribution Rates

2023-25 Biennium Contribution Rates <i>Displayed Rates Effective 9/1/2023</i>				
System	Employee	Employer <sup>1</sup>		
	Normal Cost	Normal Cost	UAAL <sup>3</sup>	Total
PERS <sup>2</sup>	6.36%	6.36%	2.97%	<b>9.33%</b>
TRS <sup>2</sup>	8.06%	8.06%	1.44%	<b>9.50%</b>
SERS <sup>2</sup>	7.76%	7.76%	2.97%	<b>10.73%</b>
PSERS	6.73%	6.73%	2.97%	<b>9.70%</b>
LEOFF <sup>4</sup>	8.53%	8.53%	0.00%	<b>8.53%</b>
WSPRS	8.74%	17.79%	N/A	<b>17.79%</b>

# Project Employer Contribution Rates

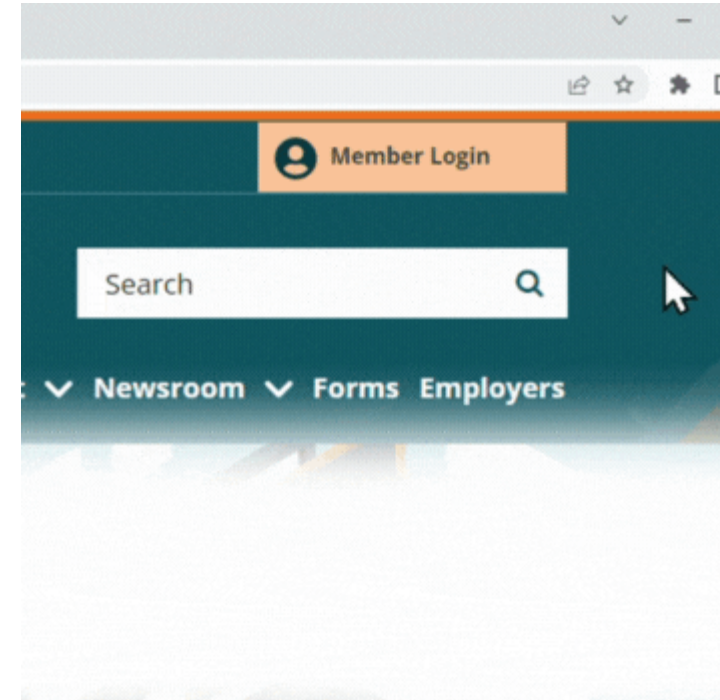
Total Employer Contribution Rates <sup>1</sup>				
	2023-25 Biennium	2025-27 Biennium	2027-29 Biennium	2029-31 Biennium
System	Adopted <sup>4</sup>	Projected	Projected	Projected
PERS <sup>2</sup>	9.08%	7.25%	5.75%	5.15%
TRS <sup>2</sup>	9.50%	9.12%	8.77%	7.35%
SERS <sup>2</sup>	10.48%	8.40%	6.71%	5.52%
PSERS <sup>2</sup>	9.45%	8.65%	7.93%	7.08%
LEOFF <sup>3</sup>	8.53%	8.22%	8.02%	8.05%
WSPRS	17.79%	16.97%	11.83%	8.03%

<https://app.leg.wa.gov/committeeschedules/Home/Document/262642>

Stay updated with DRS

# Updating information with DRS

- Through your online DRS account, you can update your:
  - Mailing address
  - Phone number
  - Email address
  - Beneficiary information
  - Bank account information
  - Federal tax withholdings



# Potential Fraud Warnings

- Unsolicited calls and emails offering financial planning services
  - Some of from legitimate service providers
  - Others misrepresent a relationship with DRS
- Always important for individuals to vet these types of requests
  - Ask for references
  - Search for legitimate websites
  - Do not provide personal information

<https://www.drs.wa.gov/rise-in-fraud-calls-newsfeed/>

# Questions?

