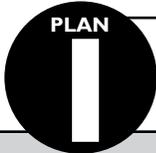


LEOFF MEMBER HANDBOOK



Table of Contents

Summary of benefits	2	What are my medical benefits?.....	11
Highlights	3	What if I become disabled?.....	11
Am I a member of the plan?	4	What if I leave my LEOFF position?.....	12
How is my service counted?.....	5	What if I return to work after I retire?.....	13
What is my service retirement benefit?	6	When should I start planning for retirement?.....	14
Can I purchase additional service credit when I retire?	7	Why does DRS need my Social Security number?.....	14
Can I purchase an annuity?.....	8	Taxation and assignment of benefits.....	15
Who pays for my benefits?	8	Administrative information.....	15
What benefits do my survivors receive?.....	8	Contacting DRS.....	16
Can my benefit increase after I retire?.....	10		



LEOFF PLAN I: SUMMARY OF BENEFITS

Eligible for Retirement

LEOFF Plan 1 provides for a retirement benefit at age 50, with five years of service credit. See more information on page 6.

How Service Credit is Accumulated

You receive one service credit month for each calendar month in which you receive basic salary for 70 or more hours. Learn more on page 5.

Service Credit for Military Time

You may be eligible for up to five years of service credit at no charge for time spent in the military. Learn more on page 5.

Final Average Salary (FAS)

Your final average salary (FAS) is based upon whether or not you:

- have held the same position or rank;
- are disabled, or
- were vested before you separated from employment. More information is available on page 6.

Service Benefit Formula

The formula for your monthly service retirement benefit depends on your length of service. See more information on page 6.

- Fewer than 10 years of service:
months of service credit ÷ 12 x 1% x FAS
- At least 10 years, but fewer than 20 years of service:
months of service credit ÷ 12 x 1.5% x FAS
- 20 or more years of service:
months of service credit ÷ 12 x 2% x FAS

Minimum Medical and Health Standards

If you were hired after August 1, 1971, and you separate from LEOFF-covered service, you must meet the minimum medical and health standards that you first met when you were hired to again be eligible for membership. Learn more on page 4.

Contribution Rates

You may be required to contribute a percentage of your monthly salary. This rate is set by law, and may be changed by legislative action. More information is available on page 8.

Disability Benefits

The disability retirement benefit is equal to 50 percent of your FAS. You will receive an additional five percent of FAS for each “eligible child,” up to a combined amount of 60 percent of FAS. Learn more on page 11.

Death in Service Survivor Benefit

- If you die in service, your eligible spouse will receive a benefit equal to 50 percent of your final average salary.
- If you die after you begin receiving a service or disability retirement, your eligible spouse will continue to receive the amount you were receiving at the time of your death.
- If you die as a result of an injury or occupational disease sustained in the course of employment, your designated beneficiary may be eligible to be paid a one-time duty-related death benefit in addition to normal survivor benefits. Learn more on page 9.

Cost of Living Adjustment

On April 1 of every year following your first full year of retirement, your monthly benefit for service or disability will be adjusted based on the Consumer Price Index. Learn more on page 10.



This handbook describes your retirement benefits under Plan 1 of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The plan is designed to be an important source of income that along with Social Security benefits (if you are eligible), personal savings, and other investments, will help pay your living expenses when you retire.

Highlights

- The plan provides a lifetime retirement benefit at age 50, with five or more years of service credit. See page 6.
- The plan provides disability leave, disability retirement and medical benefits if you meet the requirements. See page 11.
- The plan provides survivor benefits if you meet the requirements. See page 8.
- You, your employer and the state may be required to contribute toward your future benefits. See page 8.
- Your contributions are refundable only if you leave LEOFF-covered employment as a fire fighter or law enforcement officer. If you withdraw your contributions, you lose your right to future benefits. You may restore your withdrawn contributions and reestablish your benefits under certain circumstances. You cannot withdraw contributions made by the state or your employer. See page 8.

Designating your beneficiary

Your Beneficiary Designation form tells DRS who you wish to receive benefits upon your death. If you do not complete and submit this form, any benefits due will be paid to your surviving spouse (see note below) or minor child. If you do not have a surviving spouse or minor child, we will pay your estate.

Be sure to review your beneficiary designation periodically and submit a new form to DRS if you need to make a change or confirm your choices. If you marry, divorce or have another significant change in your life, be sure to update your beneficiary designation, because these life events could invalidate your previous choices.

State-registered domestic partners have the same survivor and death benefits as married spouses.

Summary Description

The rules governing your benefits are contained in state retirement law. This handbook is a summary, written in non-legal terms. It is not a complete description of the law. If there are any conflicts between what is written in this handbook, and what is contained in the law, the applicable law will govern.

Am I a member of the plan?

Full-time law enforcement officers and fire fighters who were employed and established membership before October 1, 1977, are covered by LEOFF Plan 1.

Law enforcement officers

A law enforcement officer is any person who is commissioned and employed by an employer on a full-time, fully compensated basis as a county sheriff, deputy sheriff, police chief, city police officer, town marshal or deputy marshal. In some cases, directors of public safety and public safety officers may qualify if they are employed by cities or towns with populations of 10,000 or less.

City police are considered law enforcement officers only if they have been appointed to office, positions, or ranks specifically created and designated by city charter provision or by ordinance.

Excluded are:

- Noncommissioned persons serving in basically clerical or secretarial positions;
- Deputy sheriffs who have not passed a civil service examination for deputy sheriff; and
- Any person serving as a director of public safety or public safety officer in any city or town with a population of less than 10,000, if that person was receiving a LEOFF retirement allowance on July 25, 1993.

Fire fighters

A fire fighter is any person who is employed in a uniformed fire fighter position by an employer on a full-time, fully compensated basis, and as a consequence of such employment, has the legal authority and responsibility to direct or perform fire protection activities that are required for and directly concerned with preventing,

controlling and extinguishing fires. This includes supervisory fire fighter personnel.

Fire protection activities may include incidental functions such as housekeeping, equipment maintenance, grounds maintenance, fire safety inspections, lecturing, performing community fire drills and inspecting homes and schools for fire hazards. These activities qualify as fire protection activities only if the primary duty of your position is preventing, controlling and extinguishing fires.

Excluded are:

- Fire fighters who have not completed a civil service examination for fire fighter where the employer requires such examination; and
- Volunteer or resident volunteer fire fighters.

LEOFF-covered employers

A covered employer is the legislative authority of any city, town, county or district or the elected officials of any municipal corporation that employs any law enforcement officer and/or fire fighter in the state of Washington.

Minimum medical and health standards

If you were first hired as a law enforcement officer or fire fighter after August 1, 1971, you were required to meet minimum medical and health standards in order to become a member of the plan. If you separate from LEOFF-covered service, you will be required to meet these standards again to be eligible for plan membership.

The medical examination required to determine whether you meet the standards is to be administered by a physician appointed by your local city or county disability board and paid for by your employer. The standards govern admission to the plan only; they are not employment standards.

Elected sheriffs and appointed police and fire chiefs are exempt from the age requirement specified in the standards.

You are not required to meet the standards if you:

- Were employed as a law enforcement officer or fire fighter on or before August 1, 1971,
- Are reemployed in a LEOFF-covered position within six months of termination.
- Are reinstated following disability leave, disability retirement or an authorized leave of absence, or
- Terminate service retirement status by returning to work.

If you re-enter LEOFF-covered employment and are denied Plan 1 membership because you do not meet the minimum medical and health standards when required to do so, you must become a member of Plan 2. If this happens to you, DRS will send you information about your membership status and your appeal rights.

How is my service counted?

The amount of your service retirement benefit depends on your time in service and your final average salary (FAS). Service that counts toward determining your benefit is called service credit.

Service credit is provided for service you render as a fire fighter or law enforcement officer:

- After establishing membership in LEOFF Plan 1; and
- Before March 1, 1970, if you rendered the service to an eligible employer, were required to transfer to LEOFF; and
 - Your service was creditable under the provisions of the prior act, or

— Your eligible employer did not provide retirement benefits.

You receive a month of service credit for each calendar month in which you receive basic salary for 70 or more hours. No more than one month of service credit may be obtained during any calendar month, even if you receive basic salary for more than 70 hours from each of two employers in a month. Years of service credit are calculated by dividing the total months of service credit by 12.

EXAMPLE

Calculating service credit

Suppose you were hired November 1, 1968, and worked until May 15, 2000, when you retired at age 52. In your final month of employment, you received basic salary for 80 hours. Your service credit would be as follows:

Prior Service	Months
November 1968 through December 1968	2
January 1969 through February 1970	14
Membership Service	
March 1970 through December 1970	10
January 1971 through December 1999	348
January 2000 into May 2000	5
Total service credited with LEOFF	379

$379 \text{ months} \div 12 \text{ months} = 31.58 \text{ years of service credit}$

Other credited service

You may also receive service credit for the following:

- Military service:
 - Up to five years of military service if you were employed as a law enforcement officer or fire fighter, and your employment was interrupted by entering the armed services and you returned to active membership following honorable discharge.

- Periods of suspension lasting up to 30 days,
- Periods of disability leave, and
- Any period while on disability retirement, after you return to LEOFF-covered service.

Vesting

When you have five or more service credit years, you have a vested right to a retirement benefit at age 50. Vesting means you have earned the right to a future benefit, even if your covered employment ends. However, if you withdraw your contributions and terminate your membership, you give up your right to retirement benefits.

EXAMPLE

Vested benefit

Supposed you leave LEOFF employment at age 46 with 15 years of service credit. If you do not withdraw your contributions, you will be entitled to a retirement benefit when you reach age 50. This benefit is based on your service credit and final average salary as of the date you left your LEOFF employment.

What is my service retirement benefit?

Eligibility, age and service requirements

Your service retirement benefit depends on your final average salary (FAS) and your service credit years at retirement. You are eligible to retire at age 50 if you have at least five years of service credit.

When you meet the age requirement, retirement benefits are payable from the first day following your separation from service.

If you established membership in LEOFF on or after February 19, 1974, your service retirement benefit is limited to 60 percent of your FAS. *Note:* Due to legislative action this 60 percent limit will no longer apply to retirements commencing on or after July 1, 2006.

Mandatory retirement

Some members are subject to the plan's provision for mandatory retirement at age 60. If your employer tells you that you must retire at age 60, call DRS immediately and ask for a copy of DRS Notice No. 83-001.

Benefit formula

The formula for your monthly service retirement benefit varies according to your length of service.

If you have fewer than 10 years of service:

$$\begin{array}{r}
 \text{Months of service credit} \\
 \div \\
 12 \\
 \times \\
 1 \text{ percent} \\
 \times \\
 \text{Final average salary}
 \end{array}$$

If you have at least 10 but fewer than 20 years of service:

$$\begin{array}{r}
 \text{Months of service credit} \\
 \div \\
 12 \\
 \times \\
 1.5 \text{ percent} \\
 \times \\
 \text{Final average salary}
 \end{array}$$

If you have 20 or more years of service:

$$\begin{array}{r}
 \text{Months of service credit} \\
 \div \\
 12 \\
 \times \\
 2 \text{ percent} \\
 \times \\
 \text{Final average salary}
 \end{array}$$

Your final average salary is determined as follows:

- If you have held the same position or rank for at least 12 months preceding retirement, it is the basic salary for that position or rank at the time of retirement.
- If you have not held the same position or rank for at least 12 months, it is the monthly average of your highest-paid 24 consecutive months within your last 10 years of credited service.
- If you are disabled, it is your basic salary at the time of disability retirement.
- If you are a vested member who separated from employment before becoming eligible to retire, it is your basic salary at the time you left service.

Example Service retirement

Suppose you retire at age 50 with 26 years and seven months (319 months) of service credit. Your final average salary is \$4,500. Your monthly benefit will be \$2,392.52. Here is how it is calculated:

$319 \text{ months} \div 12 \times 2.0\% \times \$4,500$
 $319 \text{ months} \div 12 = 26.583 \text{ years}$
 $26.583 \text{ years} \times 2.0\% = .53167$
 $.53167 \times \$4,500 = \mathbf{\$2,392.52}$

Benefits from a prior system

If you were working as a law enforcement officer or fire fighter before March 1, 1970, and you were making contributions to another retirement system in Washington, you retain your benefit rights under the prior pension system even though your membership was transferred to LEOFF. When you retire for service or disability, your benefit will be calculated in two ways:

- As a member of LEOFF Plan 1, and
- As a member of the prior pension system as though you did not transfer.

If your benefit under the prior pension system is greater than your benefit from LEOFF, you will receive your LEOFF entitlement from LEOFF and you will receive the excess from:

- Your former employer; or
- The Public Employees' Retirement System (PERS), if you prior membership was in that system.

Can I purchase additional service credit when I retire?

When you retire, you may purchase additional service credit that would provide you a lifetime increase to your monthly benefit. You may purchase from one to 60 months in whole month increments. The purchased additional service credit may not be used to qualify for retirement. You must submit the *Request to Purchase Additional Service Credit* form to DRS at the same time you submit your retirement application.

The amount your benefit would increase is determined by the number of months you purchase and your final average salary (FAS). The formula used is:

$$\begin{aligned} & \text{Months of Service Purchased} \div 12 \\ & \quad \times 2\% \times \text{FAS} \\ & = \text{Monthly Increase} \end{aligned}$$

The cost to purchase additional service credit is determined by the annuity factor (AF) for your age at retirement and the monthly increase amount. The formula used is

$$\text{Monthly Increase} \div \text{AF} = \text{Cost to Purchase}$$

For more information, review the DRS publication *Purchasing Additional Service Credit* available on the DRS website. You may also calculate your own estimate of monthly increase and cost by accessing your own account using the *Online Account Access* application. Once you are in your account, select the *Purchasing Service* link.

Can I purchase an annuity?

When you apply for retirement, you can make a one-time, lump sum payment to purchase an annuity to supplement your monthly benefit. The minimum purchase price for this annuity is \$25,000. A rollover from a qualified plan a government employer offers must fund this payment. This includes rollovers from the state of Washington's Deferred Compensation Program.

Why purchase an annuity?

Purchasing an annuity increases your monthly benefit for the rest of your life. You will continue to receive the annuity portion of your monthly benefit if you return to work or return to membership. The annuity will be paid for your lifetime only. At the time of your death any remaining portion of the original amount you paid for your annuity, less any payments you have received, will be paid to your designated beneficiary or your estate.

If you are eligible for an annual Cost-of-Living Adjustment (COLA) on your monthly benefit, you will receive the same COLA on this annuity.

How is an annuity paid?

The annuity you purchase is a guaranteed lifetime payment that will be paid to you monthly. You will receive one payment each month from DRS that will include the combined value of your monthly benefit and the purchased annuity amount. Your annuity will begin once DRS receives your payment and your retirement is processed. The actuarial factor that will be used to determine the amount of your annuity will be based on your retirement date or your retirement application date, whichever is later.

How do I purchase an annuity?

Contact DRS to obtain a copy of the Request to Purchase an Annuity form. Or you may request an annuity purchase through the online retirement application.

Once DRS receives the completed form, or your annuity purchase request through the online retirement application, a bill will be sent to you for the annuity amount you requested to purchase. For more information, contact DRS.

Who pays for my benefits?

Defined benefit plan

Your future benefits are funded by contributions made by you, your employer and the state during your period of membership and the investment earnings from those contributions. These contributions are held in trust and invested by the State Investment Board.

Your plan is a 401 (a) defined benefit plan. This means that at retirement you will receive a benefit based on your service credit and final average salary. The amount of your contributions will not be a factor in calculating your retirement benefit.

Your contributions

You might be required to contribute a percentage of your basic salary to LEOFF. A payment is basic salary if it is part of the monthly rate of salary or wages attached to your position. Longevity pay could be included in basic salary. Other special salary and wages are not part of the basic monthly rate and do not qualify as basic salary.

If you are required to contribute, your contribution is deducted from your paycheck each pay period and forwarded to LEOFF. Some employers, at the option of the employer, deduct your contributions before calculating federal income taxes. This defers payment of the taxes until you or your beneficiary receives the money as either a benefit or a refund.

Your accumulated contributions are the contributions you make to LEOFF plus the interest added to your account by DRS.

The member contribution rate is set by law and may be changed by legislative amendment. For information about withdrawing your contributions, see page 12.

Loans, attachments and assignments of contributions

Because the plan is designed to provide retirement income and disability benefits, you may not borrow from or against your contributions. See page 14 for more information about attachments and assignment of benefits.

What benefits do my survivors receive?

Eligible spouse

To be eligible for a survivor benefit, your spouse must have been married to you:

- At the time of your death in service, or
- For one year prior to your service or disability retirement, or
- For one year before you separated from service, if you die as a vested member with 20 or more years of service credit, or after becoming eligible for the vested benefit.

There may be other circumstances in which a not eligible spouse may receive a survivor benefit. See “Benefit to a not otherwise eligible spouse” on page 9.

If you die after retirement

Benefits to eligible spouse:

If you die after you begin a service or disability retirement, your eligible surviving spouse will continue to receive the amount you were receiving at the time of death. The amount of your spouse’s benefit may be increased by five percent of your FAS for each eligible child, to a maximum of 60 percent of your FAS.

If your children have a legal guardian, the increase for the children will be paid to the guardian. If you have created a trust for the

children’s benefit, the increase will be paid to the trust.

Benefits to surviving children

If there is no eligible surviving spouse, or the spouse receiving benefits dies, eligible children will receive benefits as follows:

- For one child, a benefit equal to 30 percent of your FAS will be paid.
- For each additional child, the benefit will be increased by 10 percent of your FAS, up to a maximum of 60 percent. This benefit is divided equally among the children.

Benefits will be paid to the children’s guardian until the children are age 18. If, at age 18, a child is still eligible as defined on page 11, benefits will be paid directly to the child.

If you have created a trust for your children, benefits attributable to the children may be paid to the trust.

If you die in service

If you die while you are an active employee or while on authorized disability leave, your eligible spouse will receive a benefit equal to 50 percent of your FAS. The increase attributable to your eligible children, and the children’s benefits if there is no spouse, are the same as the benefits for survivors of a retiree.

If you die in the line of duty

If you die as an active member or disability retiree dies as a result of injuries sustained in the course of employment or if the death resulted from an occupational disease or infection that arose naturally and proximately out of their covered employment, and the Department of Labor and Industries has determined eligibility for the payment, DRS will pay a one-time duty-related death benefit to your beneficiary.

In addition, ongoing benefits received by your survivors may qualify for non-taxable status under federal and state law. Eligibility

to receive benefit tax exemption will be determined by DRS.

If you die while vested, but not in service 20 or more years of service credit

If you die after ending your employment with a covered employer, but before age 50, and you have 20 or more years of service credit, your eligible surviving spouse is entitled to a monthly benefit equal to the retirement allowance you would have received at age 50. Benefits for surviving children are the same as those described for survivors of a retiree.

Fewer than 20 years of service credit

If you have five or more years of service credit but fewer than 20 years, and you die after ending your employment with a covered employer, but before age 50, your eligible beneficiary will receive a refund of your accumulated contributions.

When benefits begin

Survivor benefits are payable from the day after your death.

Benefit to a not otherwise eligible spouse

Retirees may provide a survivor benefit for a spouse who is not otherwise eligible, if they did not previously select a survivor option.

To add a surviving spouse benefit, you must:

- Make the selection during a one-year window that begins on the day of your first wedding anniversary and ends the day before your second anniversary;
- Provide DRS with a copy of your spouse's birth certificate and a copy of your marriage certificate; and
- File the correct and completed forms with DRS in a proper and timely manner.

You may select one of the following surviving spouse options:

- Joint and 100 percent: Under this option, you receive a benefit that is actuarially reduced. If your spouse survives you, the

benefit amount remains the same and your spouse continues to receive it for his or her lifetime.

- Joint and 50 percent: This option also provides a benefit that is actuarially reduced, but the reduction is smaller than the "Joint and 100 percent" option. If your spouse survives you, 50 percent of your benefit is paid to your spouse for his or her lifetime.
- Joint and 66.67 percent: This option also provides a benefit that is actuarially reduced. The reduction is smaller than the "Joint and 100 percent" option, but larger than the "Joint and 50 percent" option. If your spouse survives you, 66.67 percent of your benefit is paid to your spouse for his or her lifetime.

If you choose an option, your monthly benefit will be actuarially reduced on the first of the month after the month DRS receives notification of the change. Selecting a surviving spouse option will not affect any benefit paid to surviving children.

When benefits begin

Survivor benefits are payable from the day after your death.

Can my benefit increase after I retire?

On April 1 of every year following your first full year of retirement for service or disability, your monthly benefit will be adjusted by the percentage change, if any, in the Consumer Price Index.

Any benefit payable to your survivors will also be adjusted if the retirement has been in effect at least one year.

What are my medical benefits?

Local disability board

Your local disability board administers the

medical services provisions of the plan. The disability board decides whether medical services are necessary, determines “reasonable” cost and has authority to designate the provider of the services. The disability board can deny medical benefits if it finds that the medical services are unnecessary or if it determines your illness or disability was brought on by dissipation or abuse.

Payment for medical services

Your employer is required to pay for your necessary medical services whether you are an active member, on disability leave or retired from service or disability. Payments by your employer will be reduced by any amounts you receive or are eligible to receive under Workers’ Compensation, Medicare, insurance provided by your LEOFF employer or another employer, other pension plan or any other similar source.

The amount of your service credit does not affect your eligibility for medical benefits if:

- You are on disability leave or disability retirement, or
- Your service retirement date with LEOFF is the day following your separation from LEOFF employment.

If you are not eligible to retire when you leave LEOFF employment, but you have at least 20 years of service credit and you have applied for optional vesting, you will be eligible for medical benefits when you begin receiving your LEOFF retirement benefit at age 50.

If you end your employment prior to age 50 and you have fewer than 20 years of service credit, you will not be eligible for medical benefits.

Medical examinations

The disability board has authority to have you examined by a doctor it selects in order to determine the nature and extent of your illness or disability. If you refuse to be examined, you

may lose your rights to medical benefits.

For more information on your medical benefits, contact your local disability board or your employer.

What if I become disabled?

Applying for benefits

If you become disabled, regardless of your age or years of service credit, you may apply to your local disability board for disability retirement. Your application must be filed within one year of discontinuing your service. It is your responsibility to prove that you are disabled.

Disability leave

If the disability board finds that you are physically or mentally disabled from performing your duties with average efficiency, you are entitled to:

- An allowance equal to your full monthly salary, payable for up to six months, and
- All other benefits normally provided to active employees.

If during the disability leave period, the disability board determines that you are no longer disabled, the board will cancel your disability leave and order you to be returned to duty.

Disability retirement benefit

Eligibility. During the fifth or sixth month of disability leave, you will be examined by one or more physicians selected by the disability board. If the disability board then determines that you are still disabled, it will grant you a disability retirement benefit—subject to approval by DRS.

Benefits. Your base monthly disability retirement benefit is equal to 50 percent of your final average salary (FAS). You will receive an additional five percent of FAS for each “eligible child,” up to a combined amount of 60 percent of FAS.

An “eligible child” is one who is unmarried, under 18 years of age, and:

- Is your natural child, or
- Was legally adopted or your legal ward before benefits are payable, or
- Is a stepchild, if that relationship existed before benefits are payable. If your relationship with the child’s parent ends due to divorce or death, the stepchild is no longer eligible under LEOFF law.

A child may continue to be eligible up to the age of 20 years and 11 months while unmarried and attending a school that is approved or accredited by the state in which it is located.

Your handicapped child may qualify as eligible regardless of age.

Benefits are payable from the day following expiration of disability leave until death or recovery from the disability. They are subject to federal income tax unless the disability was incurred in the line of duty. Contact DRS for more information.

Medical examination. Members who are under age 49 1/2 and are receiving disability retirement benefits, may be required to undergo semiannual medical examinations by a physician approved by the disability board. If an examination shows that a retiree under the age of 50 is no longer disabled for the performance of duties, disability benefits are to be canceled and the member is to be ordered by the disability board to be returned to duty. If this happens, you will be entitled to notice of the board’s determination and a hearing before your benefits are canceled.

Disability appeal rights

If your disability board denies your application for disability benefits or cancels your disability retirement benefit, you may appeal the board’s decision to DRS. You must file the appeal

within 30 days of when the disability board rendered its decision.

DRS does not have the authority to accept appeals from disability board decisions about medical services or the duty or non-duty status of a disability retirement.

If DRS reverses the disability board’s decision to grant you a disability retirement benefit, DRS will send you a copy of the Order of Reversal, and will advise you of your appeal rights. If you have any questions about your appeal rights, contact DRS.

For more information about your disability benefits, read the DRS publications, LEOFF Plan 1 Disability Benefits and LEOFF Plan 1 Disability Board Guidelines. All LEOFF publications are available on the DRS website at www.drs.wa.gov.

What if I leave my LEOFF position?

Leaving your current LEOFF-covered position before you retire may have an impact on your benefits. The nature of the impact depends on your age, final average salary and service credit when you leave LEOFF employment, and whether you withdraw your contributions from the plan. Contact DRS for more information before you leave your LEOFF position.

Withdrawing your contributions

If your LEOFF-covered employment ends, you may withdraw your accumulated contributions. You cannot withdraw contributions made by the state or your employer. This is the only circumstance in which a refund is permitted. Withdrawal of your contributions cancels all rights and benefits you have accrued in LEOFF, except as noted in “Restoring LEOFF service credit” below. You can learn more by reading *Withdrawal of Retirement Contributions*, a DRS information and application packet that

is available by contacting DRS, from the DRS website or through your employer.

You are not required to withdraw your contributions when you leave LEOFF-covered employment. If you leave your contributions with LEOFF, your funds will continue to accrue interest and your service credit will be preserved for you in the event you return to LEOFF service.

If you leave a LEOFF-covered position and leave your contributions in the plan, please keep DRS informed of changes in your name, address and beneficiary.

Tax implications of withdrawing your contributions

In general, federal law requires DRS to withhold 20 percent of the tax-deferred portion of lump sum payments for federal income tax unless the funds are transferred directly to another eligible retirement plan. Federal law may also require an additional 10 percent tax be withheld as an early withdrawal penalty if you are under age 50. You can find more about withholding penalties by reading *Withdrawal of Retirement Contributions*, a DRS information and application packet that is available from the DRS website.

DRS is required to report all lump-sum payments to the Internal Revenue Service (IRS). It is your responsibility to report the withdrawal on your tax return. For more information on this subject, contact the IRS or your tax advisor.

Restoring LEOFF service credit

If you are reemployed in a LEOFF-covered position and you meet the minimum medical and health standards (if required), you may restore your service credit in Plan 1. To do so, you must repay the amount withdrawn within five years of returning to service, or before you retire, whichever comes first.

Contact DRS to arrange a payment schedule. Payment must be completed by the deadline, or your service cannot be restored. No partial restorations can be allowed. You can learn more about restoration of service credit by reading the DRS publication, *Plan 1 Recovery of Withdrawn or Optional Service Credit*. If you miss the deadline, see “Purchasing service credit” on the next page.

If you are denied permission to return to Plan 1 membership because of failure to meet minimum medical and health standards, LEOFF will provide information about restoring your contributions for service credit in Plan 2.

Purchasing service credit

It is still possible to purchase withdrawn or optional service credit after the statutory deadline for restoration has passed. The cost for purchasing service credit is considerably more expensive. You can learn more about purchase of service credit by reading the DRS publication, *Plan 1 Recovery of Withdrawn or Optional Service Credit*.

Employment with another covered employer

If your next position is LEOFF-covered, your membership and service credit will normally continue.

What if I return to work after I retire?

If you return to full-time service as a fire fighter or law enforcement officer after you retire, your retirement benefit will be suspended and you will immediately resume your membership in LEOFF. When you retire again, your retirement benefit will be recalculated based on any changes in your service credit and final average salary.

For more information, read the DRS publication, *Thinking About Working After Retirement?*

When should I start planning for retirement?

Planning for retirement is an ongoing process. The sooner you start, the more likely you are to enjoy a comfortable and successful retirement.

Here are a couple things you can do to help build your retirement plan:

- If you are within five years of retirement, we encourage you to contact DRS to schedule a one-on-one meeting so we can assist you with the retirement process. This meeting can be in person, on the phone, or via Skype or another available videoconferencing tool.
- Because there are statutory limits on restoring contributions withdrawn from your state retirement plan, read the DRS publication *Plan 1 Recovery of withdrawn or optional service credit* and review the rules that apply to your situation.

As you get closer to retirement

Consider the following:

- Contact the Social Security office periodically to review your file's accuracy. Call toll-free: (800) 772-1213. You can also obtain valuable information about Social Security and Medicare by visiting the Social Security website at www.ssa.gov.
- Read the IRS publication 575, *Pension and Annuity Income*, available on the IRS website at www.irs.gov.
- If you expect to retire within one year, be sure to go to your online account to request an official estimate of your benefit. Remember, you can also use the online benefit estimator to estimate your benefit at different retirement dates. If you've received an official estimate and are within one year of retirement, you can apply online.
- If you have spent time in the armed

forces of the United States, contact DRS to determine if you are eligible to earn service credit for your military service.

Federal benefit limit

When you retire, your benefit might be limited if it exceeds the federally allowed amount. For 2017, the limit is \$215,000, but it may be adjusted annually for inflation. Members hired before Jan. 1, 1990, have different limits. We will contact you if you are inside this parameter. Few retirement system members should be impacted by this limit, but if you believe it could impact you, please call us for additional information.

Applying for retirement

You can complete the entire retirement process through the mail. See DRS contact information on page 15.

Why does DRS need my Social Security number?

Internal Revenue Code Sections 6041(A) and 6109 authorize DRS to request your Social Security number when you are conducting business with the agency.

- DRS will not disclose your Social Security number to anyone unless required by law.
- DRS uses your Social Security number as a reference number for tracking data about your retirement account, and to ensure that amounts disbursed under your account are properly reported to the IRS.
- The disclosure of your Social Security number to DRS is mandatory.

Taxation and assignment of benefits

Federal income taxes

If you retire with a Plan 1 duty disability retirement benefit, your benefit is not subject to federal income tax and this section does

not apply to you. If you are not a Plan 1 duty disability retiree, most of your retirement benefit will be subject to federal income tax. The only portion that is exempt from tax is the part that was taxed before it was contributed.

After you retire, DRS will notify you of the portion of your contributions that has already been taxed. The IRS refers to this taxed amount as your cost. You must complete a W4-P form to tell DRS how much of your benefit should be withheld for taxes. If you do not, DRS will follow IRS rules requiring withholding as if you are married and claiming three exemptions. It is your responsibility to declare the proper amount of taxable income on your income tax return.

Assignment and attachment of benefits

Retirement benefits are not generally subject to assignment or attachment. However, payments received by you in the form of retirement benefits or as a refund of your contributions may be subject to payment of court and administrative orders for spousal maintenance and child support, or payment of any orders authorized by federal law.

DRS is authorized to divide pensions between members and ex-spouses based upon court-ordered property division. If the divorce decree complies with the applicable law, DRS will send the property division payments directly to the ex-spouse. For more information, read the DRS publication, *Can Legal Action Affect My Retirement Account?* This publication is available on the DRS website at www.drs.wa.gov

Administrative information

Administration of the program

The Law Enforcement Officers' and Fire Fighters' (LEOFF) retirement system is administered by DRS. The director of DRS is appointed by the governor.

Payment of retirement benefits

Your retirement accrues from the day after you terminate employment or from the day after you reach age 50, if you are vested but not in service. Your benefit is paid at the end of each month and, in most cases, can be deposited directly in your bank or credit union account.

Benefit adjustments

If you receive an overpayment of your retirement benefit or withdrawal, DRS will require that the overpayment be repaid. If there is an underpayment, DRS will correct the error and pay you in full.

Petitions and appeals

If your appeal pertains to a disability, see page 11. In all other cases, under DRS internal review procedures, appeals begin as petitions. You may challenge a decision of a DRS administrator by filing a petition within 120 days of your receipt of the decision. A petition will be reviewed by the DRS Petitions Examiner.

To file a petition, complete and submit a detailed statement that includes:

- The relief you are requesting
- The facts relating to your petition, including any relevant documents or sworn statements that support your request for relief
- The legal basis for your petition, including any relevant legal provisions or precedents
- The name and address of your legal counsel, if you choose to be represented
- Your name, address, Social Security number and signature

The Petitions Examiner will ask for relevant information from the involved parties. Usually, this means you, DRS and possibly your employer. After review, the Petitions Examiner will enter a written decision and mail that decision to you by certified mail.

If you are not satisfied with the petition decision, you may file an appeal within 60 days of receipt of the decision. Included with your petition decision will be information describing how to file an appeal. An appeal will be heard by either the DRS Presiding Officer or an administrative law judge

Contacting DRS

When you contact DRS about personal account information, be sure to include:

- The last four digits of your Social Security number
- Your signature (for written correspondence)
- Your daytime telephone number
- Your mailing address
- The plan you need information about

Mailing Address

Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380

Telephone

Olympia.....360.664.7000
Toll-free.....800.547.6657
TTY Line (hearing impaired) ...711

Email Address

recep@drs.wa.gov

Warning: Email messages on the web might not be secure. It could be possible for other people to read your email message.

Website

www.drs.wa.gov

The DRS website contains the most recent edition of this handbook and other member publications for LEOFF and other DRS-administered systems. The website also includes:

- Online access to your account, allowing

you to review information such as your account balance, employment history, beneficiary information, and annual statements

- Retirement planning checklist
- Recent issues of the newsletter, *Retirement Outlook*
- Information about recent retirement-related legislation
- A variety of other information of interest to retirement system members and public employers in Washington state

Contact DRS for the following:

- To obtain more information about your rights and benefits under this plan.
- To request inactive member annual statements.
- To apply for retirement.
- To schedule an appointment to review your account information and retirement options in person.
- To obtain copies of other DRS publications mentioned in this handbook (all DRS publications are available on the DRS website).