Bellingham Firefighters Local 106
Summary of Retirement Benefits

Updated October 2021

Index

Welcome to Retirement

It's the end of the month, so your Law Enforcement Officers' and Fire Fighters' Plan 2 (LEOFF 2) pension check has been deposited into your checking account. Next month is July, and you will be receiving a 3% Cost of Living Adjustment (COLA) increase, which is good, because groceries in your little beach town have gotten expensive. You transfer some into savings where you have a substantial amount that you withdrew from your Deferred Compensation Plan (DCP) at the beginning of the year, just enough to keep you from moving up into the next tax bracket. You are saving up to do a major home renovation, and you're considering adding a pool.

You have a doctor's appointment today. Because you are not yet old enough to be on Medicare, you buy your insurance on the open market. It is more expensive than when you were working, but your monthly Medical Expense Reimbursement Plan (MERP) benefit of $600 reimburses you for about half of your monthly premium. You also use the money from your Health Savings Account (HSA), on which you have never paid taxes, to pay for prescriptions, doctor's visits, and other expenses.

You work at a small beach bar and bring in about $500 per month that you mostly spend back out at the restaurants and bars, but this doesn't affect your benefits in any way. You are free to work as you wish.

Money in Retirement

Money in retirement will come from a combination of sources including: LEOFF 2 Pension, MERP, HSA, DCP, personal savings, and work (if you want). These sources are benefits to which we, as Local 106 members, are entitled by law and through our contract with the City of Bellingham. These sources are provided and administered by a variety of entities.

This document is meant to provide an overview and understanding of our benefits, how to maximize them, and how to begin to utilize them when you are nearing retirement. These benefits and programs are constantly changing, and the information in this document may become outdated. This is only meant to be an outline and guide. Please consult with the administering agencies/organizations directly as well as financial advisor when making financial decisions.

Quick Contact Reference

LEOFF 2 Pension- Washington State Department of Retirement Systems
www.drs.wa.gov
COBRA- Your medical insurance provider
MERP- Washington State Council of Firefighters
www.wscff.org
HSA- HSA Bank
www.hsabank.com
Video Webinars
https://www.drs.wa.gov/education/webinar/

<u>Pension</u>

<u>LEOFF 2</u>

Law Enforcement Officers' and Fire Fighters' retirement plan is our *defined benefit plan* (payment is based on a formula based on years of service and salary, not an account balance). LEOFF 2 provides retirees with steady income for the remainder of their lives and possibly the remainder of their spouses' lives.

The *LEOFF 2 Plan Board* is an official state agency that manages the LEOFF 2 plan. The LEOFF 2 Plan Board was created by Initiative 790 in November 2002 and is managed by a Board of Trustees made up of 11 individuals consisting of 3 law enforcement officers, 3 firefighters, 3 employer representatives, and 2 legislators, all appointed by the Governor. The Board of Trustees determine contribution rates, manage and ensure viability of the fund, and provide for additional benefits to plan members.

Another state agency, the *Department of Retirement Systems (DRS)*, is responsible for collecting contributions, calculating eligibility, and distributing benefits to members. We deal with DRS when making decisions about our retirement.

Contributions

Funds paid into the LEOFF 2 plan are from 3 sources: the employee (You), the employer (Bellingham Fire Department), and the State of Washington; and is based on a percentage of your income. The Board of Trustees determines what percentage will be paid by each, and the percentage is always subject to change. As of 2021 the employee pays 8.53%, the employer pays 5.12%, and the State pays 3.41%. While THESE percentages can change, the employee always pays 50%, the employer 30%, and the state 20% of the total contribution.

Benefit

The LEOFF 2 retirement benefit is calculated as:
2% x service credit years x FAS = monthly benefit

Final Average Salary (FAS)

FAS is the average of your 60 consecutive highest paid service credit months. Any severance pay or lump sum payment for unused sick leave or vacation/ annual leave is not included. Overtime, premium, and longevity pays ARE included in the calculation.

Example
Using the formula If you retire at age 53 with 20 years of service credit and a monthly Final Average Salary of $8,000, your monthly benefit is $3,200, calculated as follows: 2% x 20 x $8,000 = $3,200

Important Milestones

5 Years of Service Credit- Vested

Upon completing 5 years of employment in a LEOFF 2 employer, you have a vested right to your LEOFF 2 pension. Years are measured in service credits, that are reported to DRS by the employer for every month that you are employed for at least 90 hours. Partial credits are possible if you work less than 90 hours. If you reach retirement age with at least 5 years of service, you can draw on your pension at the normal rate.

Age 50- Early Retirement

While *retirement age* is 53 years old, members are eligible for *early retirement* at age 50, so long as they have at least 20 years of service credit. Retiring early causes a reduced pension due to the member drawing their benefit for a longer time. This rate will be applied for the entire time the retiree collects the pension. Currently the reduced benefit scale is:

Age	**Rate**
50	91%
51	94%
52	97%
53	100%

Age 53- Retirement age

Retirement age is 53 years old, as long as a member is vested in the LEOFF 2 pension (at least 5 years of service credit). Members over 53 may retire with their full benefit.

Separation from Service Before Age 53

Retirement and *separation from service* are two separate terms that often coincide. You are eligible for *retirement* at age 53 with at least 5 years of service credit. You are eligible for *early retirement* at age 50 with at least 20 years of service credit.

There are, however, situations in which a member will leave their job at a LEOFF 2 employer before they are eligible for retirement. In a situation like this, your options depend on how many years of service credit you have.

Leaving before 5 years of service credit is earned

You are entitled to all of your contributions to the LEOFF 2 system that you have paid during your time in employment. You are not entitled to the contributions made by the employer or the state during that time. This is your only option.

Leaving between 5-10 years of service credit

At 5 years you became vested, so you have two options:

Option 1, like above you can withdraw all of YOUR contributions made during your time in employment, but you are not entitled to the contributions by the employer or the state. If you withdraw your contributions, you are not eligible to collect a retirement benefit.
Option 2, you are vested in the LEOFF 2 pension and entitled collect your full benefit. This means that you leave all of your contributions in the pension fund and can collect the full amount beginning at age 53. You are not eligible for early retirement.

Leaving after 10 years of service credit

Again, you have two options:
Option 1, you can withdraw 150% of YOUR contributions made over your career with the LEOFF 2 employer. You are not eligible to collect the contributions made by the employer or the state. By withdrawing your contributions, you are no longer eligible to collect a retirement benefit.
Option 2, you are vested in the LEOFF 2 pension and entitled collect your full benefit. This means that you leave all of your contributions in the pension fund and can collect the full amount beginning at age 53. You are not eligible for early retirement.

Benefit Options

Once you have reached retirement age, your benefit will be determined based on years of *service credit* and *Final Average Salary,* however the amount that you actually collect will be determined by which of the four *benefit options* you choose.

Option 1 Single Life

This option pays the highest monthly amount of the four choices, but it is for your lifetime only. No one will receive an ongoing benefit after you die. If you die before the benefit you have received equals your contributions plus interest (as of the date of your retirement), the difference will be paid in a lump sum to your designated beneficiary.

Option 2 Joint and 100% survivor

Your monthly benefit under this option is less than the Single Life Option. But after your death, your survivor will receive the same benefit you were receiving for their lifetime.

Option 3 Joint and 50% survivor

This option applies a smaller reduction to your monthly benefit than Option 2. After your death, your survivor will receive half the benefit you were receiving for their lifetime.

Option 4 Joint and 66.67% survivor

This option applies a smaller reduction to your benefit than Option 2 and a larger reduction than Option 3. After your death, your survivor will receive 66.67% (or roughly two-thirds) of the benefit you were receiving for their lifetime.

The calculations to these benefit options are specific to each individual and can be calculated on the DRS website.

***If you are married, legally separated or a registered domestic partner** and do not leave a survivor option for your spouse/partner, the law requires their consent to your choice. If their notarized consent is not provided on your retirement application, your benefit will be calculated at Option 3 and they will be the designated survivor.

Annuities

Another retirement decision that you will have to make is whether or not you want to purchase an annuity. When you purchase an annuity, you are essentially purchasing a regular stream of income for the rest of your life. The cost and amount of the annuity will depend on your specific situation. **Both annuity options** will be reduced by the same amount as your pension if you choose a survivor option. Both annuities can receive an annual Cost of Living Adjustment (COLA). In the LEOFF 2 plan we have two options for annuities:

LEOFF 2 Plan Annuity

With this annuity, the retirement benefit increase you receive is based on the dollar amount you choose to purchase. While there is no maximum amount, a minimum purchase of $25,000 is required. The funds to purchase this annuity must come from an eligible governmental plan, such as your DCP savings. If you and your spouse die before the amount you invested in the annuity is paid back to you, that amount will be paid to your estate.

Service Credit Annuity

This annuity allows you to add up to 60 months to your service in the final pension calculation. Purchased service credit does not actually increase the number of years you've worked and won't help you qualify for retirement (you CANNOT retire at 48 by purchasing credit), but it can make a big impact when it comes to your pension benefit. The service credit annuity can be purchased using any funds (savings, property sale, DCP, etc). If you and your spouse die before the amount you invested in the annuity is paid back to you, that amount will be paid to your estate.

You can easily examine the costs and benefit to both annuities on the DRS website.

Cost of Living Adjustment (COLA)

Every year on July 1, after your first *FULL YEAR* in retirement, you may receive a COLA up to 3% as determined by the Consumer Price Index (CPI). The COLA increases are banked each year, so if the CPI shows an increase of greater than 3%, the difference between the actual increase and 3% will be banked and added to the next year that the CPI increase is less than 3%.

***Timing* can make a difference with the COLA.** Your retirement officially begins the beginning of the month following your last shift/work day. I.E. your last day of work is February 13th, your first day of retirement is March 1st. In order to receive a COLA after your first year of retirement, your retirement must begin on or before July 1st, meaning your last work day must END in June. If you get off work for the last time on July 1, 2040, your retirement begins August 1, 2040, and you <u>will not</u> receive a COLA on July 1, 2041. You would however still receive a COLA on July 1, 2042 and every year after.

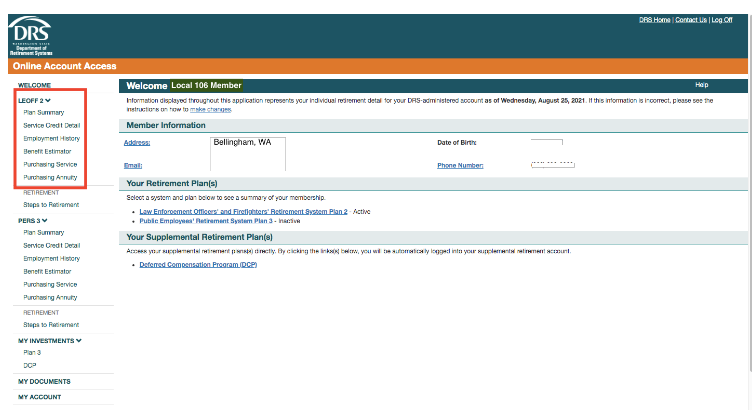
Healthcare Enhancement for Local Public Safety Officers

HELPS allows LEOFF 2 members to exclude up to $3000 of their pension distributions if this income is used to pay the premiums for accident insurance, health insurance, or long-term care insurance. The distribution must be made directly from the plan to the insurance provider. If you elect to do this, there is a DRS form to complete and return, along with insurance verification. Find the form at www.drs.wa.gov.

I'm Ready to Retire!

The Department of Retirement Systems recommends that you begin preparing for retirement when you are 1-2 years from your expected retirement date. Your first step should be to go to the DRS website at www.drs.wa.gov to sign up to access your online retirement account. From there you can access tools to help you plan for your financial future, determine your benefit amount, determine annuity costs and benefits, and then when you are ready apply for retirement.

Most members will be able to apply for retirement online, however dual members (members belonging to more than one state pension system) may need to contact the DRS directly in order to apply.



The DRS recommends that when you get close to retirement (around 3 months prior), members should contact them directly to receive a precise estimate of their benefit amount. You will have to request an estimate before you are able to apply.

<u>Medical</u>

Medical Expense Reimbursement Plan (MERP)

Washington State Council of Firefighters
www.wscff.com

The Medical Expense Reimbursement Plan provides post-retirement funds for medical expenses including health insurance premiums. It is not a defined benefit like your LEOFF 2 Pension, rather it is reimbursement for medical expenses up to a defined monthly amount. MERP is entirely tax sheltered, meaning it is funded pre-tax, the fund grows tax-free, and you as a retiree will not pay taxes on it when you use it.

The fund was created by the Washington State Council of Fire Fighters and is managed by a board of 9 trustees who are all members of participating locals.

MERP funds can be used on a wide range of medical expenses including healthcare, dental, and vision insurance premiums and long term care insurance premiums. A more exhaustive list can be found at www.wscff.org under MERP.

MERP provides medical expense reimbursement for the rest of a retiree's life. The amount you will receive is determined by the amount that is paid into MERP on your behalf, and the amount of time into which it is paid. Members receive 1 Active Service Unit (ASU) for every $25 per month that is paid into the fund. As of 2021 the Bellingham Fire Department pays $125 per month into your MERP, meaning you earn 5 ASUs each month you are employed. We do not have the option of increasing this contribution as individuals.

Early separation from service

If you separate before 5 years of contributions into MERP, you will not be eligible for a lifetime monthly benefit. Instead you would be eligible for expense reimbursement up to the total amount that was contributed on your behalf (currently $125 for every month of employment). The eligible medical expenses are the same. Once that total has been used, you have no more benefit.

If you separate from service after 5 years but prior to age 53 and qualify for COBRA (covered next), you have the option of continuing to contribute to MERP on your own behalf for up to 18 months. This would lead to an increased benefit amount in retirement. Contact the WSCFF at www.wscff.org for more information.

I'm Ready to Retire!

MERP, like our pension, is a retirement benefit. You are eligible to begin collecting it after you retire. You must have at least 5 years of employment/ MERP contributions, be at least 53 years old, and separate from service with the BFD.

To begin to access your MERP account, set up a login at www.wscff.org under "Benefits and Retirement". As of 2021, WSCFF is using a portal called SIMON. Click on the link and it will direct you to log in. This portal can be used to estimate benefits prior to retirement and is used to access funds for reimbursement once you are retired.

Because MERP is a reimbursement, you will have to submit for reimbursement of medical expenses as they occur. You can, however, set up reoccurring expenses for monthly medical insurance premiums. Contact the plan administrator at www.wscff.simon365.com for reimbursements and more information.

Sick leave rollover to MERP is possible. However, in order to roll unused sick leave into MERP, we all (Local 106 Bellingham unit) must elect to do so. Unfortunately, WSCFF does not allow individual members to electively apply unused sick leave to MERP. **This is not** an option at this time.

Members who use COBRA (covered in the next section) for medical insurance post-retirement, have the option of continuing to contribute to MERP in the 18 months of COBRA coverage. The contribution must remain the same as the pre-retirement contribution. This would lead to an increase in your MERP monthly benefit. **You should login** to your MERP account at www.wscff.simon365.com to estimate your benefit with and without this added contribution, as you may find that it does not increase your benefit by a significant amount and it may take many years to pay off.

Consolidated Omnibus Budget Reconciliation Act (COBRA)

Contact: Your personal medical insurance provider

The *Consolidated Omnibus Budget Reconciliation Act (COBRA*) of 1985 mandated, among many other things, that medical insurance carriers provide a continuation of coverage to employees who have qualifying events that would cause them to lose their coverage. We as Bellingham Fire Department employees, qualify for COBRA, and retirement is a qualifying event.

COBRA coverage allows retiring members and their dependents to stay on our health insurance plan, as well as maintain the same options as any active members in regard to plan selection. You (and any eligible dependents) must be enrolled in a plan prior to your separation from service. Once retired, the City of Bellingham will no longer be paying the retired member's premiums or costs. COBRA simply allows continued access to the plans. The member is responsible for all premiums and costs. In most cases, members and dependents are covered for COBRA for up to 18 months (in most cases) following retirement. COBRA coverage is also unique in that if you have an HSA, you can pay for premiums out of that fund (premiums are normally not an allowable expense for HSA's).

Important: COBRA is not your only option in retirement between separation of service and Medicare. You can also be a dependent on a spouse's plan or shop for plans on the open market.

I'm Ready for Retirement!

COBRA is simply a law that states that you are entitled to a continuation of your medical insurance.

Your medical insurance provider is required to inform you of your rights and options under COBRA within 90 days of your plan beginning. **It is your responsibility,** however, to contact them to initiate your coverage under COBRA.

Timing is important. You cannot sign up for COBRA coverage until **AFTER** a qualifying event (separation from service) has occurred. As soon as you separate from service you should contact your medical insurance provider to talk to them about signing up for COBRA coverage. You are allowed 60 days from the loss of medical insurance to sign up for COBRA. After separating from service, your employer has 44 days to send you COBRA information, but there is no reason to wait for them to contact you. COBRA coverage is always retroactive, so you should not need to worry about being without medical insurance while you sign up.

Remember, if you are employed even one day in a month, you will be covered by health insurance for the rest of that month. So, if your last day of employment is March 31st you will not have insurance on April 1st; whereas, if your last day of employment is April 1st, you will have insurance through the entire month of April.

Health Savings Account (HSA)

HSA Bank
www.hsabank.com

One of our medical insurance coverage options, is to have a High Deductible Healthcare Plan (HDHP) with a Health Savings Account (HSA). The medical plan has lower premium costs and higher out of pocket costs, but comes with a Health Savings Account. This can be a great option for members who generally incur little or no medical expenses. Health insurance is complex and you should consult our current plan options for current information.

The HSA is a useful tool that can be used for current medical expenses as well as medical expenses in retirement. It can be used like a debit card, or you can seek reimbursement later on for expenses already incurred.

Money In

The money paid into your HSA is pretax. The IRS limits the amount of money that can be contributed to an HSA pretax each year. As of 2021, that limit is $3600 for an individual and $7200 for a family. If you are over 55 years old, you can contribute an additional $1000 per year as a catch-up.

Each month, based on current contract language, the City of Bellingham will contribute money to your HSA. You can elect to contribute more (up to the IRS max) from your paycheck. Check the current contract for contribution amounts.

Money Grows

The HSA account is similar to a checking account, and as such, accrues little or no interest for money left in it. HSA Bank, however, allows you to invest your HSA funds. Furthermore, there are a lot more investment options (including individual stocks and index funds) than with the DCP funds. As of 2021, HSA bank offers the options to invest in Devenir or TD Ameritrade. Generally, you must keep a minimum amount in your HSA Bank account, and you can invest anything over that amount. Any capital gains achieved through investments of HSA funds, are tax-free.

Money Out

HSA money goes in pre-tax, grows tax-free, and when spent on approved medical expenses, comes out tax-free. This triple tax advantage, makes it an incredibly powerful tool. HSA money can be spent at any time, while employed or in retirement without penalty or taxation, as long as it is spent on IRS approved expenses. You can find IRS approved HSA expenses at www.irs.gov or on many other sources online.

*In general, medical insurance premiums cannot be paid with HSA funds. However, COBRA premiums and Long Term Care Insurance Premiums may be paid with HSA money (as of 2021).

Once you turn 65 years old, you can withdraw HSA money for non-approved expenses and simply pay taxes as normal earned income. Any money withdrawn prior to age 65 on non-approved medical expenses will face a 20% IRS penalty.

Personal Savings

Deferred Compensation Plan (DCP)

Department of Retirement Systems (DRS)
www.drs.wa.gov

Your DCP is an IRS 457B Retirement Plan, and works a lot like a 401K plan. It allows you to save money for retirement directly from your paycheck, pre-tax. The plan is voluntary and you can opt-out and opt-back in throughout your career if you choose.

Money In

If you participate in the plan, there is a minimum contribution of $30 or 1% of your salary per month, and a maximum contribution determined by the IRS (as of 2021 the maximum contribution is $19,500). Per the union contract between Local 106 and The City of Bellingham, the city matches an employee's voluntary contributions up to a maximum of 4.75% of the employee's salary, for the first 15 years. After 15 years, that match converts to longevity pay. This allows for a higher final average salary calculation for your LEOFF 2 Pension Plan.
At age 50, the IRS allows a *Catch-Up Provision* which allows a member to contribute an increased amount. In 2021, the allowable catch up contribution is $26,000 per year. The IRS and DCP may also allow a *Special Deferral Limit* for members within 3 years of retirement age. This increases the allowable contribution to double the normal amount, or $39,000 in 2021. Contact the DRS at 1-800-547-6657 to determine eligibility.

When you are ready to retire, you will be given the option to **cash out sick leave**. You can cash it out (taxed as earned income), or apply that sick leave cash-out to your DCP (not taxed until you withdraw). Annual IRS limits still apply, however someone retiring early in the year, may be well under their annual DCP contribution max.

Money Grows

The portion of your salary that you contribute to DCP is not taxed. Once in, that money grows tax free as well, in investments managed by the Washington State Retirement Board. You have two options for your DCP investment:

1. **One step** - Retirement strategy funds based on age or target retirement date. This is the default investment. These funds start out with investments that are focused on growth, higher risk and higher return. As you reach retirement age and your fund gets closer to its target date, the fund mix becomes more conservative and lower risk to protect your investment against market fluctuations and downturns.
2. **Build and monitor** - You choose from a selection of investments (7 available as of 2021) and create your own mix from a list of available funds. Trading individual stocks is not an option with DCP and the DRS takes steps to limit excessive trading.

Money Out

Once you retire, you can withdraw your DCP funds as you see fit. Any funds withdrawn will be taxed at the normal earned income amount. Withdrawing money is easy and can be managed online. When doing so, you have 3 options for withdrawing your savings:

1. Receive one-time or regular payments in an amount and frequency you chose. Receiving regular payments will allow you to continue to invest the funds that you have in your DCP. You will pay taxes on these payments at the normal earned income rate for your tax bracket.
2. Purchase an annuity or service credit. You can use DCP funds to purchase either.
3. Roll DCP funds into another retirement savings account.

There are limited situations in which you can withdraw funds prior to retirement (such as financial hardship). You should contact the DRS directly at www.drs.wa.gov for more information.

***Required Minimum distribution** begins at age 72 and is required by the IRS or you face a penalty. DRS will automatically distribute payments, so no action is required to avoid the penalty.

Other Income

Sick Leave Cash-Out

As of 2021, our Local 106 Bellingham Unit contract with the City of Bellingham allows a retiring member to cash out up to 1000 hours of unused sick leave at a rate of 30% (300 hours). This payment is calculated at the employee's base hourly rate. You have 2 options when cashing out this sick leave:

Option 1- Cash out. The city writes a check (or direct deposit) and withholds federal income taxes because this money is taxed at the earned income rate. In 2021, 300 hours of sick leave cash out for a top-step firefighter (no longevity or premium applied to this calculation) would be about $11,500 before taxes.

Option 2- Apply this money to your Deferred Compensation Plan (DCP). The city will make a direct contribution to your DCP in the same amount that you would take out in cash, EXCEPT that you will not pay taxes on that money until it is withdrawn from your DCP. Any capital gains that money produces while in your DCP is also tax sheltered.

*Applying sick leave cash out to MERP is not currently an option.

Social Security Income (SSI)

www.ssa.gov

The City of Bellingham does not contribute to Social Security on our behalf, and thus we are not eligible to collect SSI for our work at the Bellingham Fire Department. Many members will have worked the 40 quarters required to collect SSI from other work outside of the fire department. While this normally would entitle these members to collect SSI at retirement age (age 67 as of 2021), collecting a LEOFF 2 Pension complicates this, and you may not be entitled to collect SSI. Two provisions determine whether or not you will be able to collect any SSI: The Windfall Elimination Program (WEP) and the Government Pension Offset (GPO). In general, only members with "substantial" social security contributions will be able to collect SSI. Contact the Social Security Administration directly to determine your eligibility.

Working in Retirement

Retirees are generally free to work in retirement, either full-time or part-time with no negative impact on benefits. The one notable exception is in the situation in which a retiree returns to public service in Washington State. You may be required to become a member and pay contributions to another retirement system, and your LEOFF 2 retirement benefit could be affected. Contact the Department of Retirement Systems if you are planning on returning to public service.

Retirement Planning Checklist

Washington State Department of Retirement Systems

The earlier you begin planning for retirement, the better prepared you'll be. If you haven't already sought financial planning advice, now is a great time. The checklist below can help you successfully transition into retirement. You might be able to increase your retirement income or even retire sooner than you had planned.

1-2 years before retirement

- ☐ Sign up to access your retirement account at *www.drs.wa.gov*. With an online account, you can view all of your retirement accounts that DRS administers.
- ☐ Review your plan guide, which is available on the DRS website, for retirement eligibility rules.
- ☐ Use your online account to verify the accuracy of your service credit. If you find information you think is incorrect, contact DRS.
- ☐ Use the Online Benefit Estimator to estimate your future monthly benefit.
- ☐ Visit drs.wa.gov/annuity to find out which annuity and service credit purchase options are available to you. Or contact DRS to find out more.
- ☐ Plan for health care coverage during retirement. Note options that are available to you.
- ☐ Ask your employer if they participate in a health reimbursement arrangement with the Voluntary Employees' Beneficiary Association (VEBA).
- ☐ Visit drs.wa.gov/education for free DRS retirement planning resources including videos and live webinars.

3-12 months before retirement

- ☐ Request an official estimate of your monthly benefit payment. You can do this securely through your online account or by calling DRS.
- ☐ Complete payment of any outstanding optional service credit invoices.
- ☐ Ask your employer about which health care coverage options are available to you when you retire. If you are or will be covered by a Health Care Authority program such as PEBB or SEBB, visit hca.wa.gov to find out more about your options.
- ☐ Decide when you should apply for Medicare and retirement benefits available through the Social Security Administration (SSA).

30-90 days before retirement

- ☐ Contact DRS if you need to make changes to your official estimate (for example, to change your retirement date or survivor option).
- ☐ Apply for retirement through your online account.
- ☐ Review your acknowledgment letter. Ensure it's accurate. This important letter summarizes the options you picked. It also tells you which forms still need to be turned in so DRS can process your retirement application. If you applied online, you won't receive this letter. Instead, review the final page of your application and emailed receipt to verify your retirement option and to see whether additional documentation is needed.
- ☐ Pay any outstanding optional annuity or service credit invoices.
- ☐ If you have Plan 3, decide when you want to begin receiving payments from your investment account once you retire. Visit drs.wa.gov/plan3 to explore your options.
- ☐ If you're eligible for PEBB health care, send your PEBB retiree coverage election form to the Health Care Authority (HCA).
- ☐ If you are a DCP member, consider contacting DRS to ask about deferring lump sum payments for any unused leave.

You can retire online

Visit *drs.wa.gov/oaa* to get started. Alternatively, call DRS and ask to have a Retirement Application sent to you.

- ☐ Tell your employer your intended retirement date.

At and during retirement

- ☐ Make sure the retirement information on your benefit letter is correct. You'll receive this letter once DRS calculates your monthly benefit.
- ☐ Contact DRS if you don't receive your first payment within one week of the date listed in your benefit letter.
- ☐ Ensure the deductions on your monthly benefit statement are correct.
- ☐ If you have a PEBB health plan, contact PEBB Benefit Services with any questions you have about health plan premium deductions.
- ☐ Contact DRS for questions about any non-PEBB deductions.
- ☐ Keep your address and beneficiary information current with DRS.
- ☐ Enjoy your retirement!

Contacts

Department of Retirement Systems
Website: *drs.wa.gov*
Phone: 360.664.7000, 800.547.6657 or TTY: 711
Visit *drs.wa.gov/contact* for more ways to contact DRS.

Deferred Compensation Program (DCP)
Record keeper: Voya Financial
Website: *drs.wa.gov/dcp*
Phone: 888.327.5596

Plan 3 members
Record keeper: Voya Financial
Website: *drs.wa.gov/plan3*
Phone: 888.327.5596

Social Security Administration (SSA)
Website: *www.socialsecurity.gov*
Phone: 800.772.1213

Internal Revenue Service (IRS)
Website: *www.irs.gov*
Phone: 800.829.1040

Health Care Authority (PEBB or SEBB)
Website: *www.hca.wa.gov*
Phone: 800.200.1004

Voluntary Employees' Beneficiary Association (VEBA)
Website: *www.veba.org*
Phone: 888.828.4953

MultiCL2yr 9/20

HELPS

HEALTH CARE ENHANCEMENT FOR LOCAL PUBLIC SAFETY OFFICERS

What is HELPS?

HELPS is a new retiree health care benefit that provides a tax-free distribution of up to $3,000 from retirement plans to help retirees pay for health insurance or long-term care insurance. The funds can be for coverage for the retiree, spouse or dependents. The distribution must be made directly from the retirement plan to the insurance provider.

Why should I take the time to get this benefit?

A large number of retired fire fighters have to pay for their health insurance. As an active employee, they were able to pay their premiums or health care costs with pre-tax dollars. HELPS extends this pre-tax benefit into retirement (for up to $3,000). It could be an annual tax savings of around $750.

Who is eligible for HELPS?

If you are a retired fire fighter, law enforcement officer, chaplain, or member of a rescue squad or ambulance crew, you are eligible for HELPS.

Is my plan eligible for this?

Eligible retirement plans include qualified defined benefit pension plans, section 403(a) plans, section403(b) annuities and section 457(b) deferred compensation plans.

How do I get started? What exactly happens with the money?

If you are a retired public safety officer, you can contact your retirement plan administrator, who will set up a transfer to send the funds directly to the health plan. You can use the sample 1040 form found at www.iaff.org/helps to report this tax break. The IAFF advises members to consult with their retirement plan administrator and accountant or tax preparer to ensure the proper execution and reporting to the IRS of the HELPS benefit.

What if my retirement plan doesn't want to participate in HELPS?

Retirement systems do not have to make any formal decision to participate or not participate in HELPS. They do, however, have to agree to send payments directly to your health insurance provider in order for you to take advantage of the HELPS tax deduction. As long as you receive a statement from your retirement plan stating how much money went directly to your health insurance provider, you are eligible for the tax deduction.

Where can I find more information?

If you have more questions, visit www.iaff.org/helps or consult a tax accountant. You can also visit the National Conference on Public Employee Retirement Systems website at www.ncpers.org, which provides further information on the benefit.