

This handbook has been prepared to assist benefit officers in the local administration of the State Board sponsored 401(a) Retirement Plan and its supplemental benefit feature. Rather than attempting to cover all facets of plan administration, this handbook responds to the issues and questions related to and generated by Washington State's statutes and administrative rules. Complete information about the plan can be found in the State Board's administrative rules, the Plan Document and through literature provided by TIAA-CREF.

Unless otherwise noted, the information in this handbook applies to the 401(a) plan adopted by the State Board with an effective date of January 1, 2011. Benefits related to the plan described are based solely on the rules adopted for that purpose by the State Board and the TIAA-CREF companies. This Administration Handbook supersedes any previously published administration handbooks.

The information in this handbook is not intended to confer any benefits or establish any rights to benefits. Although other retirement plans (TRS, PERS) are referenced, this handbook is not intended for use in determining rights and/or benefits related to those plans. Care has been taken in the preparation of this Administration Handbook, but it is not the official text of the State Board Retirement Plan. In the event of any inconsistency between the information in this handbook and that in statute, administrative rules or the Plan Document, the provisions of the statute, rules and Plan Document will prevail.

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INTRODUCTION

The 1969 Washington Legislature authorized the State Board for Community and Technical Colleges (State Board) to establish a retirement savings program available for college faculty and exempt employees. Basically, the statute provides the legal authority:

1. To sponsor a retirement plan, adopt and amend rules implementing the plan and determine investment accounts offered;
2. To adopt and amend rules providing for retirement; and,
3. To pay a supplemental amount, if necessary and under certain conditions, in the event that the pension income from the retirement annuity falls below a minimum level.

Exercising this authority, the State Board has adopted rules, codified in the Washington Administrative Code (WAC), that establish the general conditions under which the plan operates.

The plan sponsored by the State Board is a 401(a) or qualified defined contribution plan. “Qualified” means the IRS has reviewed the plan in advance and determined the tax status of the contributions. “Defined Contribution” means that the contribution amounts are specified with the benefit amount at retirement dependent upon the money in the account at retirement and the payment option selected by the employee.

The companies chosen by the State Board to provide the annuities are the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF). TIAA, established in 1918, and CREF established in 1952, are operated by a single management organization. TIAA-CREF is a non-profit organization dedicated to providing pension services primarily to members of the educational and research community.

The major provisions of the State Board’s plan answers the questions most asked by employees – who participates, how much does it cost, when am I vested, who controls the money, how and when can I get it out, and what kind of protection or “safety net” do I have. This handbook is intended to provide the information that responds to these questions to those responsible for locally administering the State Board Retirement Plan or SBRP.

This guide is organized into sections that address the major provisions of the plan: eligibility and participation, contributions, distributions and supplemental benefits. Each section includes subsections that provide general information, important considerations, a step-by-step “how to” guide and a “Q&A.” Additionally, a glossary, contact listings, related rules and statutes and brief plan history are also included. Although attempts were made to logically sequence the information contained in each section, information in this Handbook may be more easily located by use of the “Table of Contents” or “Index.” Questions and comments on this document should be referred to the State Board.

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ELIGIBILITY AND PARTICIPATION

This section includes information on the criteria applied to determine and maintain eligibility to participate in the State Board Retirement Plan.

GENERAL INFORMATION:

MANDATORY PLAN:

Participation in the State Board Retirement Plan (SBRP) is required of all newly employed or newly eligible full- and part-time faculty members, exempt administrators and exempt professionals who meet the eligibility criteria. An exception is made for those who may choose to retain an existing membership in the Public Employees Retirement System (PERS) or the Teachers Retirement System (TRS) (TRS Plan 1 members *must* continue in Plan 1). That is, as a condition of employment, employees meeting the eligibility standards must participate in the SBRP unless they are members of the TRS or PERS plans. (WAC 131-16-011(1), WAC 131-16-021(7); WAC 131-16-031)

ELIGIBILITY CRITERIA:

To be eligible to participate in the SBRP, an employee must:

1. Be employed by a college district, the Higher Education Coordinating Board or the State Board; **AND**,
2. Be a full- or part-time faculty member or an administrator (including professional employees) exempt from Washington State's civil service laws (41.06 RCW); **AND**,
3. Be assigned a cumulative total of at least 50 percent of a full-time workload as defined by the appointing authority or in a collective bargaining agreement at one or more participating employer(s) for at least two consecutive quarters.
4. In addition to the above criteria, HECB employees must have previously participated in a similar plan and not be receiving a retirement benefit from a Washington State Plan managed by DRS.

As implied above, eligibility may be established through combining workload assigned through concurrent employment at two or more participating employers.

SBRP, TRS or PERS retirees who return to work in a SBRP eligible position may be required to participate if they establish eligibility through being assigned or working two consecutive quarters at 50 percent or more. TRS and PERS retirees who are receiving pension payments are no longer considered to be members of those plans and are, therefore, not eligible for the option provided in the SBRP to continue membership in those plans. However, former TRS and PERS members who withdrew their accumulations in these plans may be provided the option to re-establish their TRS or PERS membership, in accordance with DRS rules, if they are in a TRS/PERS eligible position.

Employees moving from **ineligible to eligible positions** (i.e., classified to faculty) for the same appointing authority and meet the eligibility criteria may become a participant by so electing in writing within six months following such move. Employees in this situation continue participating in their DRS managed plan until and unless they elect otherwise. (WAC 131-16-021(4))

EXISTING TRS OR PERS MEMBERSHIPS:

A new or newly eligible employee with an existing TRS or PERS membership has the following options (This chart applies to current members and members who have withdrawn their TRS or PERS funds. Retirees may no longer be considered “members” by DRS. Confirm employee’s membership status with DRS prior to providing these options.):

If employee is a member of:	And:	His or her options are to:
<p>TRS/PERS PLAN 1, 2 OR 3 (<u>NOT CONCURRENTLY EMPLOYED</u>)</p> <hr/> <p><i>Note: “Not concurrently employed” means not simultaneous employed and not earning TRS or PERS service credit with a different employer.</i></p> <p><i>For information on treatment of former TRS and PERS members who have withdrawn their funds, see DRS.</i></p>	<p>A. Meets the SBRP eligibility criteria and is eligible to participate in TRS or PERS (TRS Plan 1 or in a TRS/PERS “eligible position.”)</p> <p>B. Meets the SBRP eligibility criteria but <i>not</i> eligible to participate in TRS or PERS (not in a TRS/PERS “eligible position”).</p> <p>C. Does not meet the SBRP eligibility criteria and is not in a TRS/PERS defined eligible position.</p>	<p>1. Continue with TRS or PERS (TRS Plan 1 must continue Plan 1 membership) <i>or</i>;</p> <p>2. Begin SBRP participation immediately <i>or</i>;</p> <p>3. Remain in TRS or PERS until vested and then begin SBRP participation.</p> <p>4. TRS Plan 1 members must continue TRS Plan 1 membership.</p> <p>5. Immediately begin SBRP participation.</p> <p>6. Members of TRS Plan 1 must continue with TRS regardless of percent of full-time.</p> <p>7. TRS Plan 2 and 3 members may apply to DRS for service credit under the substitute teacher provisions (Provide brochure or refer to DRS. PERS members receive no benefits.</p>
<p>PERS PLAN 1, 2 OR 3 AND CONCURRENTLY EMPLOYED</p> <hr/> <p><i>Note: This section applies to PERS members who are simultaneous employed by the college (or SBCTC) and another PERS employer.</i></p> <p><i>It is the employee’s responsibility to notify his or her college or state board employer if they are no longer active PERS members with the other employer.</i></p>	<p>D. Meets the SBRP eligibility criteria and <i>does not</i> meet the PERS or TRS eligible position criteria.</p> <p>E. Meets the SBRP eligibility criteria and meets TRS or PERS eligible position criteria</p> <p>F. Does not meet the SBRP, PERS or TRS eligibility criteria.</p>	<p>8. Begin SBRP participation immediately and forgo active PERS membership with other employer. Employee notifies other employer. College notifies DRS; OR</p> <p>9. Forgo SBRP participation to continue active PERS membership solely through other employer. Employee notifies college if/when no longer participating in PERS. See #11.</p> <p>10. See #8 & #9.</p> <p>11. Elect to have service credit in both positions reported in PERS or TRS. Refer employee to DRS. If not vested, see #3.</p> <p>12. No retirement plan participation through the college/state board employer.</p>
<p>TRS MEMBER AND IS CONCURRENTLY EMPLOYED</p> <hr/> <p><i>Note: This section applies to TRS members simultaneously employed by another TRS employer who are earning service credit and receiving contributions with that other employer.</i></p>	<p>G. Meets the SBRP eligibility criteria but does not meet TRS eligible position standard.</p> <p>H. Does not meet the SBRP eligibility standard. Does not meet the TRS eligibility standards.</p>	<p>13. TRS Plan 1 members must remain with TRS Plan 1.</p> <p>14. Begin SBRP participation immediately.</p> <p>15. Members of TRS Plan 1 must continue with TRS regardless of percent of full-time.</p> <p>16. No SBRP participation. However, TRS Plans 2 or 3 members may be eligible for additional service credit through application made under DRS’s substitute teacher provisions. Provide substitute teacher brochure and/or refer employee to DRS.</p>

* Part-time instructors may meet the SBRP eligibility criteria prior to meeting the TRS 2/3 eligibility standards. This being true, active TRS 2 or 3 members are not given the option to earn service credit and make contributions through their college employment, but must begin participation in SBRP. The option to retain PERS or TRS membership is provided solely to employees meeting the SBRP eligibility criteria **and** in TRS or PERS eligible positions (TRS 1 members are mandated to continue Plan 1 participation regardless of workload). Subject to DRS review, college employers make the initial determination of TRS/PERS position eligibility.

PERS members, who are making contributions and earning service credit through employer in addition to the college and who become eligible for the SBRP, must select an option as provided in the chart within 30 days of notification or be placed into the SBRP. The college must notify DRS via e-mail at <http://www.drs.wa.gov/employer/default.htm> of an active PERS member's election or default into the SBRP.

MAINTAINING ELIGIBILITY:

Once establishing eligibility, participants maintain eligibility under the following circumstances:

1. Maintaining employment, without a break in service (break in service equals one quarter or its equivalent, excluding summer).
2. Current employees who are on leave of absence with pay may continue to participate in the usual manner.
3. Current employees who are on leave of absence by reason of permanent disability and are receiving a salary continuation insurance benefit through a plan made available by the state of Washington. (Such non-contributory participation is not creditable toward the number of years of full-time service utilized in calculating eligibility for supplemental retirement benefits.)
4. Former employees who have terminated by reason of permanent disability and are receiving a salary continuation insurance benefit through a plan made available by Washington State. (Such non-contributory participation is not creditable toward the number of years of full-time service utilized in calculating eligibility for supplemental retirement benefits.)
5. Employees who move from eligible positions to ineligible positions (i.e., faculty to classified) for the same appointing authority continue to be eligible to participate by electing within six months of the effective date of such move. An employee who moves from an *eligible* position with one appointing authority to an *ineligible* position with a different appointing authority (within the Washington State's two-year college system) is *not* eligible to continue participating in the SBRP.
6. Employees who have established eligibility, through previous employment at another Participating Employer and who begin employment with your institution or agency in a SBRP eligible position (faculty or administrative exempt) without a break in service, retain eligibility, regardless of assigned workload. For the purposes of maintaining eligibility, summer quarter is not considered a break in service. (For the purposes of maintaining eligibility, not working for a Participating Employer for one full quarter, excepting summer, or an equivalent period is considered a break in service.)

NOTIFICATION:

Employers are required to notify newly hired faculty and administrative exempt employees (part-time faculty and part-time administrators) of their potential eligibility to participate in the State Board Retirement Plan through eligibility established with a previous employer. Employees are required to notify their Participating Employer of eligibility established with or employment at another two-year college employer. No retroactive contributions are required should an employee fail to provide his or her employer with such notification. (WAC 131-16-021(6))

Employees are required to notify their college or state board employer of their active participation in a PERS plan. Newly SBRP eligible employees, who are also active PERS members with a different employer, are required to

notify the Participating Employer and elect to participate in SBRP or continue active PERS membership through their employment with the other PERS employer. If the employee selects SBRP participation, he or she must notify the other employer and the college/SBCTC must notify DRS. Employees who are already actively participating in the SBRP when they become eligible for PERS membership, through concurrent employment with another PERS employer, must notify the college/state board employer and be given the appropriate options. (WAC 131-16-031(2) and (3))

CONTRACTS:

Once enrolled, participants receive two contracts from TIAA-CREF: one for their TIAA account and one for their CREF account. The sole purpose of these contracts is to provide the participant a retirement or death benefit. The contract is between the participant and TIAA-CREF and is the property of the individual or their marital union, if such is the case.

IMPORTANT CONSIDERATIONS:

Determining eligibility is an important responsibility and, as such, requires care and attention. Please consider the following as you apply the above described statutes and rules.

1. Eligibility for SBRP participation is not contingent upon the **source of funds** supporting the position or a determination that the position is “temporary.” However, “temporary” or “hourly” employees are not typically eligible. (See Q&A) (WAC 131-16-021)
2. For the sole purpose of determining SBRP eligibility, **spring and fall are considered to be “consecutive quarters.”**
3. Statute provides each **appointing authority the responsibility for determining the full-time faculty workload** and provides for variance between disciplines and between institutions. (RCW 28B.50.489)
4. For part-time faculty, the determination of the percent of full-time for SBRP eligibility must be solely based upon **in-class teaching hours**. Statute states that in-class teaching hours do not include work performed in support of, or in addition to, those contractually assigned in-class teaching hours. The amount of in-class teaching hours that makes up a full-time workload is typically determined through the collective bargaining process and may vary between disciplines and colleges districts. (RCW 28B.50.489(2))
5. **Each Participating Employer (Colleges, HECB and SBCTC) are individual employers** with respect to administration of the SBRP and movement from one employer to another constitutes a change of employers and appointing authorities. While the SBRP is a multi-employer plan, with participation rights preserved when moving directly between participating employers, each employer may define different full-time workload standards.
6. An employee may be **enrolled** in the SBRP at the time he or she is *assigned* a second consecutive quarter workload equal to or greater than 50%. For full-time employees, this most likely occurs at the beginning of their employment. For those employed on a quarterly basis (i.e., part-time faculty), this typically occurs sometime early in the second consecutive quarter of employment at or above 50% in a covered position. Once established, eligibility is retained if the participant’s workload drops below 50% during that second consecutive quarter or any subsequent quarter.

7. The choice to **retain TRS or PERS membership** or participate in the SBRP is only offered to employees meeting the SBRP eligibility criteria who are also eligible to participate in TRS or PERS (in an “eligible position” as defined by TRS/PERS Plans 2 and 3) and have an existing membership. An employee not eligible to participate in TRS or PERS but meeting the SBRP eligibility criteria is mandated into the SBRP unless, through concurrent employment, the eligible employee is earning service credit with a separate PERS employer (Excepting TRS Plan 1 members). (WAC 131-16-031)
8. Make sure an employee making his or her **irrevocable choice** to retain membership in TRS/PERS or become a SBRP participant does so in writing. Set up a tickler system to notify in writing those “not-yet-vested” DRS members of their option to become SBRP participants within six months after becoming vested in TRS or PERS. Employees who, through concurrent employment with another PERS employer, have 30 days to make their election.
9. A participant who moves from an **eligible position to an ineligible position for the same appointing authority** (i.e., from faculty to classified staff) may continue to be a participant by so electing within six months following such move. (WAC 131-16-021(5))
10. A participant who moves from one **eligible position to another eligible position with a different appointing authority** (i.e., part-time faculty at college “A” to part-time faculty at college “B”) continues participation, regardless of the proportion of full-time duties assigned, as long as continuously employed within the two-year college system. (Spring and fall quarters are considered to be consecutive for this purpose.) Employers are obligated to provide written notice to new employees of the potential for participation, if concurrently employed or eligibility has been established during employment at a different employer. Employees are obligated to notify their new employer in writing, if they have established eligibility when employed at a Participating Employer. (WAC 131-16-021(6))
11. When a **break in service** occurs (for SBRP eligibility purposes only, summer is not considered to be a break in service), the employee must re-establish eligibility. One-quarter or an equivalent period of no qualifying employment is considered a break in service.
12. SBRP participants on **leave of absence without pay** may continue to participate. Such non-contributory participation shall not be creditable toward the number of years of full-time service utilized in calculating eligibility for supplemental retirement benefits. (WAC 131-16-021(2))
13. **Current employees on disability leave or former employees**, who have terminated due to permanent disability and who are receiving a salary continuation insurance benefit through a plan made available by the state of Washington, may continue participation. Such noncontributory participation is not creditable toward the number of years of full-time service used in calculating eligibility for supplemental retirement benefits. (WAC 131-16-021(2))
14. **Do not provide advice on how a participant should allocate premiums.** Participants asking for such advice should be referred to TIAA-CREF or to a certified financial planner of their own choosing.

HOW TO:

This is a step-by-step guide on enrolling newly eligible employees into the SBRP.

- 1. Determine Eligibility.** Full-time faculty and administrators (including professional exempt employees) are typically eligible from their first day of employment.

Part-time faculty and administrators (including professional exempt employees) may begin participation at the time it is confirmed that they are assigned and will work 50 percent of a full-time workload for a second consecutive quarter. For part-time faculty members employed on a quarter-to-quarter basis, this typically occurs within ten days of the start of the second consecutive quarter of employment. For part-time faculty, statute requires that you calculate the percent of full-time using only in-class teaching hours. For example:

A full-time English instructor is required to have 165 hours in class or “contact hours” to teach his 15 credits quarterly full-time workload. A part-time instructor has been contracted to teach 10 credits of English or 110 contact hours. Divide 110 by 165 to get the percent of full-time (67 percent). Compare the result to the required threshold (50 percent). You can get the same result by using credits ($10/15 = 67$ percent).

The college should have a monitoring system in place to track part-time faculty workloads.

- 2. Notify.** Provide all part-time administrators, professional exempt and faculty employees with notification that they may be eligible to participate in the SBRP. Often these notices are combined with those required by other agencies. (See Sample Forms). If a part-time administrator or faculty employee becomes eligible, notify him or her in writing. For your files, retain a copy of the “blanket” notifications (sent to everybody in a group or groups) with a list of all those receiving it. If you are sending individual notices, keep a copy of those notifications.
- 3. Enroll.** Once it has been determined that a person is eligible, the benefits office should notify the employee and refer him/her to TIAA-CREF on-line enrollment site or provide an enrollment kit. The enrollment kit, available from TIAA-CREF, includes the enrollment form and investment information. Notify employee that, if enrollment forms are not completed and submitted by the time contributions are forwarded to TIAA-CREF, his/her contributions will be defaulted into the one of the Lifecycle mutual funds based upon an assumed retirement date (See “Q & A”).
- 4. Process TRS/PERS Members.** If the newly SBRP eligible employee is a member of PERS or TRS and is assigned to an “eligible position” as defined by those plans, he or she may have the option of retaining such membership or opting to participate in the SBRP. (TRS Plan 1 members do not have this option but must continue in TRS Plan 1.) If this is the case, make sure you document your discussion and the employee’s choice through the use of the “Retirement Plan Options for Faculty and Exempt Employees” form. TRS/PERS Plan 2 or 3 members not placed in an eligible position but who have become eligible to participate in the SBRP, do not have the option to participate in TRS or PERS. Eligible employees, who are actively participating in PERS through concurrent employment with another employer, must also make an election using the “Options” form described above.
- 5. Process the Completed Enrollment Form.** If completed and returned to you, the enrollment form should be mailed to the TIAA-CREF contract administrator at the address shown on the form. Retain a copy of the completed enrollment form and options form for your records.

Q & A:

The questions and answers listed below are intended to provide general information regarding possible solutions to issues that arise in the day-to-day administration of a retirement plan. Please keep in mind that the information is general and the details of your specific situation may impact the suggested answer.

1. *We recently hired an employee who had established eligibility and participated in the SBRP with another Washington State community (or technical) college. Does she need to complete a new enrollment form?* No, she does not need to complete a new enrollment form. Because our Group Retirement Annuity (GRA) plan is a “multi-employer” plan, a participant moving between different Participating Employers does not need to re-enroll – unless she has “cashed-out” her accounts. If the employee has participated in a TIAA-CREF GRA plan with a different system, TIAA-CREF will require the completion of a new enrollment form. Also, if a new employee had previously participated in a TIAA-CREF Retirement Annuity (RA) plan with our system or with a different employer or system, he or she must complete a new GRA enrollment form.
2. *“Temporary” or hourly employees are exempt from coverage of the civil service rules (Chapter 41.06 RCW). Are they required or allowed to participate in the SBRP?* No, “temporary” or hourly employees are not eligible to participate in the SBRP, unless they are determined by the appointing authority to be “faculty” or “administrators” and they meet the other eligibility criteria.
3. *How do I address the discovery that an employee has been eligible to participate in the SBRP, but has not?* If an employee should have been a participant but was erroneously omitted, the college should initiate discussions with the employee to reach agreement and/or understanding of how the situation should be addressed. Generally, the college should:
 - a. Take steps to make up the employer non-elective portion of the contributions;
 - b. Make arrangements through discussion with the affected employee to make up the employer pick-up contribution through one lump-sum payment or a payment schedule;
 - c. Consider the possibility that the employee has lost earnings. Depending upon the elapsed time and allocation of contributions, employees who have not participated or who have contributed a lesser amount than provided for in the SBRP may have experienced a “loss” of earnings. If this occurs, the college should include this issue in its discussions with the affected employee. Issues to consider in reaching an understanding and/or agreement include: (1) How the contributions would have been allocated; (2) Whether or not there were earnings; (3) Whose error resulted in the lack of participation, the college’s or the employee’s; and, (4) What is reasonable. TIAA-CREF may be able to provide assistance determining the amount of earnings, given certain allocations over a period of time. (For assistance with calculating lost earnings, contact your college’s TIAA-CREF institutional consultant.) In any case, legal advice should be sought and any agreement with the employee should be in writing.
4. *A part-time faculty member is also employed full-time by a local school district. Through his school district employment he’s a TRS 3 member. This is his second consecutive quarter working for us above 50% of a full-time workload. Is he mandated into SBRP?* Yes, he is mandated into the SBRP. As a full-time school district teacher, he is likely a TRS member. If his college position is not a TRS “eligible position,” he’s not eligible to choose to participate in the SBRP or earn TRS service credit for his college employment. This employee would be a member of TRS for his school employment and a participant of SBRP for his college employment. (TRS statutes limit the ability to earn service credit beyond that gained as a full-time school district employee. However, if he were TRS eligible, he may determine it’s beneficial to include his college salary in the TRS “average final compensation” calculation.)

5. *A TRS 1 retiree is working for us and we are monitoring her hours to ensure she does not exceed the work-hour limit established in the Retire/Rehire legislation. This is her second consecutive quarter carrying a 67% workload. Is she mandated into the SPRB? Yes, she is mandated into the SBRP. The State Board's Retirement Plan is a mandatory plan for those meeting the eligibility criteria – the only exceptions are those employees who are concurrently employed and are active PERS members or are TRS 1 members. (Retirees are no longer considered TRS members.)*

6. *A part-time faculty member has just met the eligibility criteria. He has requested exemption from participating, stating that he's not interested in participating in a retirement plan. What should I do?* Participation is mandatory for those meeting the eligibility criteria. The part-time faculty member should be informed that participation is a condition of employment. If he fails to complete the appropriate enrollment forms (hardcopy or on-line), you may withhold contributions and TIAA-CREF will default his contributions to the age appropriate Lifecycle mutual fund and name his estate as the beneficiary. See response to question eleven in this section.

7. *A part-time faculty member is also a full-time employee for a state agency and is an active PERS Plan 2 member. She has now met the SBRP eligibility criteria. Is she mandated into the SBRP?* PERS statutes (RCW 41.40.023) limit the ability for active, contributing PERS members to participate in other state retirement plans, including the State Board's Plan. That is, unlike TRS members, active PERS members are not eligible to continue their PERS plan participation while participating in the SBRP. At the time SBRP eligibility is determined, part-time instructors are typically not in PERS eligible positions, so a college cannot simply enroll them in PERS. If they are in a PERS eligible position, they may be enrolled in PERS. (If they're working full time as state agency employees, they're already receiving the maximum allowed service credit. However, including their college salary may increase their PERS final average salary calculation and, thereby, increase their retirement benefit.) Because statute prohibits the concurrent participation of PERS members in two state funded plans, an employee in an ineligible PERS position who qualifies for the SBRP must elect to participate in the SBRP, forgoing active PERS membership with the other employer, or forgo participation in the SBRP to continue active membership in PERS with the other employer. If continuation in PERS is selected, the employee may not receive retirement benefits through her college employment, unless they elect to receive TRS service credit through DRS. In this or a similar situation, it is recommended that the college district:
 - a. Have a mechanism or form that provides for new employees to state their active membership in a PERS plan (See Sample Forms);
 - b. Provide the employee a "Retirement Plan Options for Faculty and Exempt Employees" form for completion. The rules provide the employee 30 days to make an election so note the date notification is provided on the form or in a cover letter.
 - c. If the employee does not respond within a certain time period (i.e. 25 days) send a reminder. Failure to respond in 30 days results in placement in the SBRP. If the employee elects or is defaulted into the SBRP, the college must notify DRS. The employee is responsible for notifying his or her other employer or to notify the college should he or she no longer actively participate in PERS.
 - d. Also see "Existing TRS and PERS Membership" in this handbook and in DRS Employer Handbook in the PERS Membership section under "Simultaneous Membership."

8. *One of our classified employees teaches for us and for another college. She is beginning to teach her second consecutive quarter above 50 percent at our college. She's also beginning her second consecutive quarter over 50 percent at the other community college. She currently is a PERS Plan 2 member. How should we treat this employee?* When one of your own classified employees teaches enough to establish eligibility in the SBRP at your college, he or she should be given the options provided to other employees who come to the college with PERS membership. In the situation described above, the employee should be provided the

“Retirement Plan Options for Faculty and Exempt Employees” form for completion by her college in which she employed as a classified employee and part-time faculty member College #1). If she opts to participate in the SBRP, she should be given an enrollment kit or referred to the enrollment website. Her other community college employer (College #2), where she only teaches, should treat her in the same as any other part-time faculty member who has established eligibility with another Washington community and technical college employer.

If she elects to continue PERS membership at the college #1, college #2 must provide her the options form and allow her the choice of participating in the SBRP with that college while forgoing PERS membership at college #1; or, to forgo SBRP participation at college #2 while actively participating in PERS at college #1. While opting to continue with PERS at one college and then negating that choice by opting for the SBRP at another college may not seem to make sense, it is the employee’s choice. The employee may also be able to receive PERS (earning TRS credit and having DRS convert it to PERS) service credit from both positions.

9. *We’ve hired a full-time faculty member from another technical college as a workshop presenter. Do we make SBRP contributions based upon his workshop presenter employment?* To participate in the SBRP, an individual must be an employee, a member of the faculty or administrative exempt *and* have established and maintained eligibility (50 percent for 2 consecutive quarters without a break in service) within Washington’s two-year college system. If you consider or treat the workshop presenter as if he was a faculty member, than SBRP contributions should be made. Being “treated” like a part-time faculty member may include: being paid a part-time faculty salary through payroll, being “coded” as part-time faculty in payroll system or meeting your faculty collective bargaining agreement definition of “part-time faculty” or “academic employee.” However, if he is not an employee of the college or does not meet your definition of “faculty” or “administrative exempt” (i.e., is a temporary or “hourly” employee), he is not in a SBRP “eligible position” and, therefore no contributions should be deducted.
10. *A new administrator has asked for advice related to her choice of retaining previously established PERS membership or participating in SBRP. What advice should I provide?* The employee should make this personal choice without specific advice from the college. However, you can offer to identify some of the issues the employee should consider in making her choice. Those include, the number of years in PERS and remaining until retirement, future career plans, projected salary growth, etc. The employee may be referred to a financial advisor (of her choosing) or to TIAA-CREF.
11. *A newly SBRP eligible employee is refusing to enroll. What should I do?* Participation is required of all eligible employees. If the employee fails to enroll prior to contributions being sent to TIAA-CREF, he will default into the age appropriate Lifecycle fund and his estate will be named the beneficiary. You should
 - a. Remind the employee in writing of the need to enroll.
 - b. Notify him of the requirement to withhold contributions and the defaults described above.
12. *Why doesn’t the State Board’s Retirement Plan offer investment options with carriers in addition to TIAA-CREF?* Primarily for the following two reasons: (1) TIAA-CREF provides excellent service with many investment options at a low cost to participants; and, (2) Offering additional carriers would require additional local (college level) administrative support, as there would be more choices to explain and more forms to be completed. Unlike institutions that have contracted with other carriers, community and technical colleges do not typically have separate and specific benefit offices. (Providing multiple carriers also affects participation in the supplemental benefits plan due to the risk involved and the complexity of the calculations.)
13. *A part-time faculty member teaches 33 percent and is also paid under a separate contract for advising and curriculum development. Through a formula, the college has equated the advising and curriculum development responsibilities to equal 33 percent of a full-time workload. Can we include these out of class*

responsibilities to qualify her for the SBRP? No. Statute (RCW 28B.50.498) limits consideration of workload to “in-class teaching hours” and specifically excludes consideration of time spent outside the classroom in performing support activities.

14. *A newly eligible employee wants to designate someone other than his spouse as his SBRP beneficiary. How is this done?* TIAA-CREF has a form that includes a waiver of the right to a pre-retirement survivor death benefit that the participant and his or her spouse sign. The spouse’s signature must be witnessed by a notary public or plan representative (someone in the college’s benefits office). (Although not an ERISA covered retirement plan, the SBRP has a similar spousal waiver requirement.)
15. *A part-time faculty member was actively participating in the State Board Retirement Plan prior to taking FMLA leave. If she returns to work at the college, must she reestablish eligibility?* A part-time faculty member returning to work immediately following FMLA leave may not have to re-establish eligibility. In making this determination, a college should consider the following:
 - a. Has the part-time faculty member worked enough to be covered by the FMLA (1,250 hours in the prior 12 consecutive months);
 - b. Is the absence covered by the FMLA (birth of child, placement of child, serious health condition, etc.);
 - c. Was the absence from employment less than 12 weeks?

If the answers to these questions are yes, then the best guidance available indicates that the part-time faculty member should not need to re-establish eligibility. This guidance does not set a precedent for applying other benefits of FMLA to part-time faculty during a time they are between quarters of employment and is only intended to answer the narrow question stated above.

16. *A classified employee accepted an exempt position and elected to defer SBRP participation until he was vested in PERS. However, prior to becoming vested, the employee returned to the classified service. Does he retain the right to participate in SBRP?* No, WAC 131-16-021(5) provides the option to retain PERS membership or participate in SBRP to employees in SBRP eligible positions. At the time the employee would exercise his option, he was no longer in a SBRP eligible position.
17. *We employ several part-time faculty counselors and librarians who don’t work in classrooms. How should we calculate their percentage of full-time?* Although RCW 28B.50.489 addresses the calculation of percentage of full time for part-time classroom or lab teachers, similar methodology is applicable to faculty members not working in classrooms. That is, determine the number of hours required of full-time faculty working in the same discipline in the same college then divide the number of hours required of the part-time instructor by that required of the full-time instructor. Apply the resulting percentage of full time to the eligibility criteria.

CONTRIBUTIONS AND ALLOCATIONS

This section identifies the types of contributions, the determination of contribution amount and allocation options available to participants. The transfer of funds from other retirement plans is also discussed.

GENERAL INFORMATION:

PICK-UP CONTRIBUTIONS:

Pick-up contributions are made by the participating employer in lieu of employee contributions and are paid from the same source of funds as used in paying wages to participating employees. Participants do not have the option to receive these contributions directly. These mandatory “pick-up” contributions are treated as employer contributions under the tax code (Section 414(h)(2)). (WAC 131-16-050/Plan Document)

EMPLOYER NON-ELECTIVE CONTRIBUTIONS:

These are the contributions made by the employer that match the required pick-up contributions. (WAC 131-16-050/Plan Document)

CONTRIBUTION SCHEDULE:

The State Board has adopted the following “age graded” contribution schedule:

<u>Age</u>	<u>Employer Pick-up Contribution Amount</u>
Less than or equal to age 34	5% of compensation each pay period
Age 35 through and including age 49	7.5% of compensation each pay period
After attaining and including age 50	10% of compensation each pay period

The employer contributes an additional amount equal to the pick-up contributions (designated as the employer non-elective contribution). (WAC 131-16-050) Contributions are not made from severance pay, early retirement incentive payment, remuneration for unused sick or personal leave or remuneration for unused vacation leave in excess of the amount payable for 30 days or 240 hours of service. (WAC 131-16-011(7))

ALLOCATION OF CONTRIBUTIONS:

Participants self-direct the investment of contributions and accumulations. For a listing and description of the available investment options see: http://enroll.tiaa-cref.org/sbctc/inv_opt_home.html

While actively employed, participants may allocate current contributions (pick-up and employer non-elective) or transfer TIAA or CREF accumulations as follows:

- **Current contributions** may be allocated among the available TIAA accounts and CREF accounts in any whole percentage proportions.

- **CREF account and TIAA Real Estate** account accumulations resulting from **previously made contributions** may be transferred in whole or in part among any of the CREF and TIAA Real Estate accounts or to the TIAA Traditional Annuity account (subject to TIAA-CREF procedures)
- **TIAA Traditional Annuity** accumulations resulting from **previously made contributions or from transfers** from other accounts may be transferred to any of the CREF accounts or to the TIAA Real Estate Account on the basis of an irrevocable ten-year schedule of payments (10% per year) subject to TIAA-CREF procedures. (WAC 131-16-055)

TRANSFERS FROM OTHER PLANS TO SBRP:

A participant employed in a college or at the state board may directly transfer into his or her accounts within the SBRP any account balances from other qualified retirement plans provided that the other employer's plan permits the transfer and that such other employer's plan is covered by the same sections of the Internal Revenue Code as this plan. The amounts transferred will be set up in a separate account and be referred to as a "Participant's Rollover Account." This account is fully vested and is not subject to forfeiture.

Transfers may take place as follows:

1. Amounts transferred to this retirement plan directly from another qualified plan.
2. Amounts from another qualified plan that are eligible for rollover distributions and which are either transferred by the employee to this plan within 60 days following receipt or are transferred pursuant to a direct rollover.
3. Amounts transferred to this retirement plan from a conduit individual retirement account (IRA) provided that the conduit IRA has no assets other than assets which (i) came from another qualified plan as a lump-sum distribution (ii) were eligible for tax-free rollover to a qualified plan and (iii) were deposited in the conduit IRA within 60 days of receipt, and (iv) met the above requirements and were transferred to this retirement plan within 60 days of their receipt by the conduit IRA.

Prior to accepting any transfers, verification from the employee may be required to establish that the amounts proposed to be transferred meet the requirements, as summarized above and as detailed in the Plan Document. (WAC 131-16-045/Plan Document)

ELECTIVE DEFERRALS AND 402(G) LIMIT:

Elective deferrals are voluntary salary-reduction (before-tax) contributions that are made by employees to institutions' 403(b) retirement, tax deferred annuity, or 401(k) plans. These elective deferrals are not made to the SBRP but apply to the voluntary 403(b) retirement savings plan also sponsored by the State Board. Voluntary salary-reduction contributions that exceed the 402(g) limit are referred to as "excess elective deferrals." In general and for 2011, the 402(g) limit is \$16,500 and may be increased in future years. An exception to this limit may apply to employees age 50 and older who, in 2011, can defer an additional \$5500. For those with 15 years or more of service at qualifying institution (same employer), elective deferrals of up to an additional \$3,000 per year (\$15,000 max lifetime) may be made. Prior year contributions may limit this amount. Employees are eligible for both age 50 and 15-year catch-up. For the retirement plan sponsored by the State Board, the contributions (non-elective and employer pick-up) are not treated as elective deferrals and therefore are not attributable toward the 402(g) limit because they are:

- Mandatory as a condition of employment, and the condition is enforced by the institution; and,
- Made pursuant to a one-time irrevocable salary reduction agreement that is entered into at the time the employee initially becomes eligible to participate in the SBRP.

TIAA-CREF monitors employee before-tax contributions to the SBRP and additional salary reduction contributions to other TIAA-CREF basic retirement and SRA plans. TIAA-CREF cannot monitor contributions made to other carriers. If employees at your institution exceed the 402(g) limit, you will receive a letter in the middle of January along with a list of those employees whose contributions have exceeded the limit. If you receive such a letter, you should check your records and, if accurate, provide TIAA-CREF permission to make the appropriate refunds. If you do not hear from TIAA-CREF, you should assume that, with respect to contributions to TIAA-CREF, none of your employees have exceeded the 402(g) limit.

If you determine that an employee has exceeded one of the contribution, limits, contact TIAA-CREF's Administrator Telephone Center at 1-888-842-7782 or your assigned TIAA-CREF Institutional Consultant to request the refund. You will be asked to provide TIAA-CREF, in writing, with the participant's name, social security number, the type of contribution, the year of the excess, the amount of the excess and the controlling limit. If you are not certain of the amount of the controlling limit, you can call TIAA-CREF's National Contact Center at 1-800-842-2776 to request a calculation on employee's behalf.

Employees may also be limited by the 403(b) or 415(c) limits, which in some cases may be lower than the 402(g) limit. Employees are responsible for ensuring that they do not exceed their maximum exclusion allowance" and for maintaining their contributions within those limits. Upon request, TIAA-CREF will provide this calculation for employees.

ACCOUNT INFORMATION/TRANSFERS:

TIAA-CREF sends each participant quarterly and annual reports of premiums paid and accumulated values. Similar reports or benefit illustration may be obtained by a SBRP participant upon termination of employment or at any other time by writing or calling TIAA-CREF. Participant's may also receive premium and accumulation information, transfer accumulations and allocate premium payments through the TIAA-CREF Web site at <http://www.tiaa-cref.org/> or through their Automated Telephone Service at 800-842-2252. There is currently no charge for making transfers within TIAA-CREF or for external transfers.

Excessive Transfers. To ensure that TIAA-CREF can effectively implement its investment strategies and maintain its low costs, it designed rules to limit excessive transfers among the CREF accounts. High transfer activity in an account can adversely impact overall financial performance, not just because it increases costs but also because it forces account managers to keep more funds in cash and short-term investments. Keeping more funds in cash and short-term investments means that less money can be invested strategically, and account managers have less flexibility. Accordingly, participants who make four or more transfers out of any account (other than CREF Money Market Account) during a calendar month will be advised that their ability to make electronic (phone, fax and Internet) transfers will be suspended if they again make four or more transfers within a calendar month. This advisory notice will remain in effect for six months. Written requests for transfers will continue to be accepted, even for those participants whose electronic transfer privileges are suspended.

USERRA:

The Uniformed Services Employment and Reemployment Rights Act of 1994 prohibits employment discrimination against employees who take leave for military service and guarantees reemployment to those returning from military leave. Under USERRA provisions, employees may make up missed contributions when they return from military service and the employer must make up its matching contributions. Questions concerning a specific situation should be made to the Plan Administrator at the State Board.

IMPORTANT CONSIDERATIONS:

The allocation and investment of contributions and accumulations are important responsibilities that belong **to the participant**. **Do not provide allocation or investment advice.** Participants seeking advice should be encouraged to contact TIAA-CREF or a financial advisor of their choosing.

HOW TO:

This is a step-by-step guide on how contributions are forwarded to TIAA-CREF and how participants may change allocations and transfer amounts.

1. **Make Contributions.** SBRP contributions are automatically submitted via electronic fund transfer (EFT) by PPMS through information entered into the system by colleges. The HECB provides a file with information to TIAA-CREF for its participants. It is important for colleges to provide enrollment packets/information to participants and ensure correct birth date information.
2. **Advise Participant on How to Change Allocations or Transfer Accumulations.** Upon receipt of the employee's enrollment information (forms or internet), TIAA-CREF will provide the employee a PIN code that the employee may personalize. Using their PIN Code, participants may change allocations and transfer accumulations via telephone by calling 1-800-842-2252. Participants who personalize their PIN can make changes on the Internet at www.tiaa-cref.org.

Q & A:

The questions and answers listed below are intended to provide general information regarding possible solutions to issues that arise in the day-to-day administration of a retirement plan. Please keep in mind that the information is general and the details of your specific situation may impact the suggested answer.

1. *Is it discriminatory to base contributions upon the participant's age?* No, it is legal to base retirement plan contributions on the participant's age. The Age Discrimination in Employment Act specifically states that it is not discrimination to use age-based criteria to observe the terms of a "bona fide employee benefit plan" such as a retirement plan.
2. *What should I do if I discover that the rate of contributions made by a participant and the college have been incorrect?* If the contribution rate (the percentage) has erroneously been set too high or too low, the college should initiate discussions with the employee to reach agreement and/or understanding of how the situation should be addressed. If the amount contributed has been too low, the college should:
 - Take steps to make up the employer non-elective portion of the contributions
 - Make arrangements through discussion with the affected employee to make up the employer pick-up contribution through one lump-sum payment or a payment schedule.

If the amount contributed has been too high, the college should contact TIAA-CREF to discuss the recovery of the excess contributions.

3. *What about the loss of earnings in situations where the employee has not contributed the correct amount?*
Depending upon the elapsed time, allocation of contributions and market conditions, employees who have not participated or who have contributed a lesser amount than provided for in the SBRP may have experienced a “loss” of earnings. Should this occur, the college should identify the reason for the error to determine whether it is unique or systemic to their eligibility determinations and begin discussions with the affected employee. Issues to consider in reaching an understanding and/or agreement include: (1) How the contributions would have been allocated; (2) Whether or not there were earnings; (3) Whose error resulted in the lack of participation, the colleges’ or the employee’s; and, (4) What is reasonable. TIAA-CREF may be able to provide assistance determining the amount of earnings, given certain allocations over a period of time. In any case, legal advice should be sought and any agreement with the employee should be in writing.
4. *When I checked my account information on TIAA-CREF’s web site, the contributions made from the last pay period had not yet been posted. Payday was 3 days ago. Why the delay and am I losing earnings?* No, earnings are not being lost. Payroll data and funds are sent to TIAA-CREF at their Denver processing center after the payroll is processed. (Remember, because of our “lag” payroll system, payroll is processed prior to the payday.) Although the funds are electronically transferred to TIAA-CREF prior to payday, state law prohibits processing the funds until the actual payday. At that time, based upon historical allocation data, TIAA-CREF immediately invests the funds received. At the same time, TIAA-CREF begins to process the data provided (via computer transmission). This processing and posting to each individual’s accounts typically takes one to three business days, at which point the updated information available through TIAA-CREF’s web site can be viewed. Weekends, holidays and the occasional technical problem may also affect the actual web posting date, but do not have any impact on a participant's allocations and the resulting earnings.
5. *Are contributions made from amounts paid to employees as severance pay or retirement incentive? How about vacation leave balances?* The amount contributed on behalf of an employee is a percentage of salary. Salary is defined in WAC 131-16-011(7) to include summer quarter compensation, extra duty pay, leave stipends, grants and vacation leave payments up to that amount paid for 30 days or 240 hours. Salary does not include any severance pay, early retirement incentive payments, remuneration for unused sick or personal leave, settlement payments and payments for vacation leave in excess of 30 days or 240 hours.
6. *We have an employee receiving LTD Benefits. Are monthly retirement contributions provided for under PEBB’s LTD plan?* LTD Plan D (optional) provides a monthly retirement contribution while LTD benefits are payable under LTD Plan B (optional), subject to a number of provisions. See Washington State Health Care Authority’s “Long Term Disability Plan” handbook.
7. *Do sick leave cash-out payments at retirement factor into the calculation of an employee’s deferral limit?*
No, sick leave cash-out amounts (either received as cash or placed into a VEBA account) are not included in the deferral limit as long as the retirement contributions are not taken from the buyout amount.
8. *We have an employee who just returned from military service and wants to make up retirement contributions he missed while on military leave. Can he?* Yes. Under the Uniformed Services Employment and Reemployment Rights Act of (USERRA) 1994, the employee may make up contributions she would have made if she had not taken the military leave and the employer must match those contributions.

DISTRIBUTION OF BENEFITS

This section includes information on the various types of accumulation distribution made available by the State Board and TIAA-CREF. These include the various benefit options available at retirement as well as distributions based on hardship, death, disability retirement, a Qualified Domestic Relations Order and cash-out after separation.

Benefits are payable by TIAA-CREF upon receipt of a satisfactorily completed application for benefits form and required supporting documents. Participants or their beneficiaries may be provided the necessary forms by TIAA-CREF upon direct request or by request to the employer college.

GENERAL INFORMATION:

RETIREMENT BENEFIT GOAL:

The retirement benefit goal for participants in the State Board Retirement Plan is to provide participants at age 65 having 25 years of full-time service a minimum annual retirement income, exclusive of Federal Old Age Survivors Insurance benefits, equivalent to 50 percent of their “average annual salary.”

DISTRIBUTION OF BENEFITS:

After termination of employment, participants who are at least 55 or who have completed 30 years of service in the SBRP or any combination of Washington State sponsored retirement plans, or who have retired due to disability may exercise any settlement option for receipt or retirement benefits being made available by TIAA-CREF. TIAA-CREF, pursuant to the election of the participant, distributes to the participant or the participant’s beneficiary the amounts to which he or she is entitled under the plan in one or more of the following methods:

- **One Lump-Sum payment in cash.** Under the Group Retirement Annuity (GRA) contract (funds deposited in the retirement plan since January 1998), cash payments from the TIAA Traditional Annuity must be made no later than 120 days after a 180-day period. Under the Retirement Annuity (RA) contract (funds deposited in the retirement plan prior to January 1998), lump sum withdrawals from the TIAA Traditional Annuity may be received through the Transfer Payout Annuity, in substantially equal annual payments over a 10-year period. The 120-day period for withdrawals from the TIAA Traditional Annuity applicable to the GRA does not apply to the RA. For both the GRA and RA, there is no time limit on cash payments from the CREF and TIAA Real Estate Accounts.
- **Lifetime Annuities** provide the participant retirement income for life. There are two types of lifetime annuity options, one-life and two-life (also called joint life). If an annuity option other than one-life is chosen, the actuarially equivalent income shall be computed using the dividend interest and mortality basis then in effect for TIAA annuity contracts.
 - A **one-life annuity** pays a lifetime income to the participant.
 - A **two-life annuity** pays a lifetime income to both the participant and participant’s annuity partner. When one of the annuity partners dies, the other will receive a portion or the entire original amount of

income for his or her life. How much the survivor receives depends on which of the two-life option was selected.

- A **full benefit to survivor** pays the participant a lifetime income. If either the participant or the participant's annuity partner dies, the payments continue to the survivor for life, in the same amount that would have been paid if both had lived.
- A **two-thirds benefit to survivor** pays the participant a lifetime income. If either the participant or the participant's annuity partner dies, the payments are reduced to two-thirds the amount that would have been paid if both had lived; the two-thirds benefit continues to the survivor for life.
- A **half benefit to second annuitant** pays the participant a lifetime income. If the participant dies, the participant's annuity partner receives for life, one-half the amount the participant would have received if he or she had lived. There is no reduction in the participant's lifetime income if the annuity partner dies first.

Under both one- and two-life annuity options, a participant can name a beneficiary or beneficiaries to receive benefits during a "Guaranteed Period." If the participant and his/her annuity partner die during the guaranteed period, benefits will continue to be paid to the beneficiaries named in the contract for the remainder of the period. TIAA-CREF offers guaranteed periods of 10, 15, and 20 years.

- **Minimum Distribution** allows participants to take the minimum amount of income required to avoid the federal penalty tax for late withdrawals. According to TIAA-CREF, this option is best for people who are over 70½ and retired (by which time the participant generally must begin receiving retirement income to avoid the 50 percent minimum distribution penalty tax) and who want to delay starting life annuity income from their TIAA-CREF annuities or who want to preserve as much of their assets as possible.
- **Interest Only** distribution allows participants between the ages of 55 and 69½ to receive monthly payments of only the interest that would otherwise be credited to their TIAA Traditional Annuity accumulations. The participant's TIAA Traditional Annuity principal remains intact while he or she receives the interest payments. According to TIAA-CREF, this distribution option is best for people who need income but want to delay starting life annuity income from their TIAA Traditional Annuity accumulations.
- **Systematic Withdrawal** (not available from TIAA Traditional Annuity accumulations in Retirement Annuities and Group Retirement Annuities) allows the participant to receive income payments for any period they choose, provided the withdrawal is a minimum of \$100 per account. The participant can stop or restart the payments anytime he or she chooses. The participant can also choose to convert the remainder of his or her accumulation to a lifetime annuity or combine the systematic payments with other payment options. According to TIAA-CREF, this option is best for people who, whether because of poor health or other reason, find it best to withdraw money from their retirement funds instead of receiving regular annuity payments. However, if a participant selects the Systematic Withdrawal Option, and depending on the amount of the withdrawals, he or she could substantially reduce or even use up his or her retirement accumulations.
- **Fixed Period Annuities** allow participants to receive income for a fixed period of time without having to take a lifetime annuity. According to TIAA-CREF, this option is best for people who need a regular series of income payments for a specified period of time but are not yet ready to annuitize their accumulations.

- **Transfer Payout Annuity** allows participants to receive income from the TIAA Traditional Annuity in equal payments over a 10-year period. According to TIAA-CREF, this option is best for people who need a regular series of income payments for a specified period of time but are not yet ready to annuitize their accumulations.
- **Retirement Transition Benefit** allows participants to receive in cash up to 10 percent of the total annuity accumulation being settled as a lifetime annuity along with their first annuity payment. According to TIAA-CREF, this option is best for people who have worked for an institution that does not offer cash withdrawals as an income option and who need some money at the start of retirement for a particular financial goal. (The State Board's retirement plan does not provide for cash withdrawals under normal circumstances but does specifically provide for this Retirement Transition Benefit.) (WAC 131-16-065)

If the value of the participant's joint and survivor annuity exceeds, or has ever exceeded \$5,000, the present value may not be paid without his or her written consent. Any written consent required under this paragraph must be obtained not more than 90 days before commencement of the distribution and shall be made in a manner consistent with the distribution methods identified in the Plan Document. The Plan Document includes a description of the conditions under which the consent must be received. (Plan Document)

If the value of the benefit does not exceed and has never exceeded \$5,000 at the time of any prior distribution, TIAA-CREF may immediately distribute such benefit without the participant's consent. (No distribution may be made under the preceding sentence after the "annuity starting date" unless the participant and his or her spouse consent in writing to such distribution.) (Plan Document)

DISTRIBUTION OF BENEFITS UPON DEATH:

If a participant dies before receiving the distribution of retirement benefits, TIAA-CREF will pay the participant's designated beneficiary all amounts credited to the participant's account that are payable to the designated beneficiary under the plan. Distribution will occur through one or more of the methods described for distribution in the Plan Document. (Plan Document)

If the participant dies after distribution of his/her interest has begun but before the entire interest has been distributed, then the remaining portion will be distributed at least as rapidly as under the method selected as of the participant's date of death. (Plan Document)

If the participant dies before receipt of any distributions of his or her interest (or before distributions are deemed to have begun pursuant to IRC regulations), then the death benefit will be distributed to the participant's beneficiaries in accordance with the provisions of Section 6.5(b)(c) of the Plan Document. (Plan Document)

DISTRIBUTION TO A MINOR BENEFICIARY:

In the event a distribution is made to a minor, then TIAA-CREF may direct the distribution be paid to the legal guardian, to a minor's parent or a responsible adult with whom the minor lives, or to the minor's custodian under the Uniform Gift to Minors Act or Gift to Minors Act, if allowed by the laws of the state in which the minor resides. Such payment to the legal guardian, custodian or parent of a minor beneficiary shall fully discharge the State Board, TIAA-CREF, the college(s) and Plan from further liability. (Plan Document)

DISABILITY RETIREMENT:

An employer (the board of trustees or the state board) may approve the retirement of any participant for reasons of health or permanent disability – upon request from the appointing authority or the participant. Reasonable consideration must first be given the employee’s personal physician or, if requested by the employee or the appointing authority, a review of such recommendations by another physician appointed by mutual agreement for that purpose. A participant retiring for reasons of health or permanent disability is treated in all respects as if he or she had attained Normal Retirement Age (age 55; See “Normal Retirement Date” definition). (WAC 131-16-040)

HARDSHIP DISTRIBUTION:

Both IRS and State Board regulations provide for the distribution of funds in the event of financial hardship. To enable a hardship withdrawal of funds, the Internal Revenue Code and State Board require the college president or designee to verify that the participant has certified in writing that:

- The participant has an immediate and heavy financial need, defined as and limited to:
 - Payments to prevent eviction from or foreclosure on the principal residence of the participant
 - Payments to prevent the participant’s impending bankruptcy; and/or
 - Unreimbursable medical expenses incurred by the participant, spouse, dependent children and/or dependent parents.

And

- The participant has no other resources reasonable available to meet the need through
 - Reimbursement or compensation by insurance or another source
 - Reasonable liquidation of assets
 - Borrowing from supplemental retirement accounts, life insurance values or commercial sources and/or
 - Stopping any voluntary employee contributions to tax deferral or savings plans made available by the employer. (Contributions to the State Board Retirement Plan must continue while the employee remains eligible.)

In the event of financial hardship, a participant may withdraw all or part of the following plan funds

- Pre-1989 employee contributions,
- Pre-1989 earnings on employee contributions
- Post-1989 employee contributions including
 - Any Section 414(h) employer pick-up contributions and
 - Any contributions transferred to this plan from another employer’s plan.

These funds may be withdrawn from the participant’s account while the participant is actively employed. Hardship withdrawals are taxable income in the year received. Taxes, early withdrawal penalties and any other consequences of hardship withdrawals are the sole responsibility of the participant. Withdrawals from the SBRP may not be replaced at a later date. Contributions (Pick up and Employer non-elective) must continue to be made on behalf of the participant.

Both the State Board and TIAA-CREF have forms that assist the participant and the college process this request and certification. The State Board form provides the information and certification, which is specific to our plan. TIAA-CREF’s form is generic, as it applies to a variety of other plans that they administer, and includes disclosure information required by federal regulations. Participants often contact TIAA-CREF directly and may have done so prior to contacting the college benefit office. While TIAA-CREF may not have informed the participant of the

necessity of completing the State Board's *Hardship Withdrawal Application Request Form*, they will not process the participant's application without this form being completed. (WAC 131-16-056)

There is no provision for hardship distribution to former participant. Although allowed by the IRS, the State Board does not allow a hardship distribution for the purchase of a principle residence or for education related expenses. Former participants, not eligible for retirement, may access funds through the Plan's cashability provisions. (See question/response number three in the "Q&A.")

QUALIFIED DOMESTIC RELATIONS ORDER DISTRIBUTION:

All rights and benefits, including elections, provided to a participant shall be subject to the rights afforded to any "alternate payee" under a qualified domestic relations order. Furthermore, a distribution to an "alternate payee" shall be permitted if such distribution is authorized by a "qualified domestic relations order," even if the affected participant has not reached the "earliest retirement age" under the plan. The following definitions apply:

- "Alternate Payee" means any spouse, former spouse, child or other dependent of a participant who is recognized by a domestic relations order as having the right to receive all or a portion of the benefits payable under a plan with respect to such participant.
- "Qualified Domestic Relations Order" is a judgment, decree or court order (including an approved property settlement agreement) issued under a domestic relations law that:
 - Relates to the rights of someone other than a participant to receive benefits from a qualified retirement plan or a tax-sheltered annuity,
 - Relates to payment of child support, alimony, or marital property rights to a spouse, former spouse, child, or other dependent of the participant, and
 - Specifies the amount or portion of the participant's benefits to be paid to the participant's spouse, former spouse, child, or dependent.
- "Earliest Retirement Age" (as applied to a qualified domestic relations order by the IRS) means the earliest of
 - The date on which the participant is entitled to a distribution under the plan
 - The later of
 - The date the participant attains age 50 or
 - The earliest date on which the participant could begin receiving benefits under the plan if the participant separated from service.

TIAA-CREF typically receives and processes qualified domestic relations orders but may contact the college to get or confirm employee information. If you receive a qualified domestic relations order directly, contact your TIAA-CREF representative. (Plan Document)

CASHABILITY:

Outside of retirement, upon termination of employment at all community and technical college districts and the State Board a participant may elect to receive a lump sum payment of his or her TIAA-CREF account pursuant to the settlement options made available by TIAA-CREF at that time if he or she is 55 or older, separated from service due to disability or has 30 years of service or has been separated from service from participating employers for at least 90 consecutive calendar days. (WAC 131-16-060, WAC 131-16-062 Plan Document)

RE-EMPLOYMENT – TIAA-CREF PARTICIPANTS:

A retired participant who is reemployed shall continue to be eligible to receive retirement income benefits, except that the supplemental retirement benefit shall not continue during periods of employment for more than 40 percent of full-time or 70 hours per month for five months during any fiscal year. Retirement contributions are not made from the salary for such employment unless the individual once again becomes eligible to participate. (WAC 131-16-061(4))

RE-EMPLOYMENT – PERS AND TRS RETIREES:

State law allows PERS and TRS retirees to return to work and sets conditions that limit the amount of time PERS and TRS retirees may work while continuing to receive a pension. Limitations include a break in service requirement and an annual work hour limit. Additionally, state law requires public employers to report the return to work of a retiree to Department of Retirement Systems (DRS). Questions should be directed to the DRS.

IMPORTANT CONSIDERATIONS:

Choosing a retirement income option is an important decision that belongs to the participant and his or her annuity partner. Do not provide advice on the “best” option. For assistance in selecting a retirement income option, a participant may be referred to TIAA-CREF or to a certified financial planner of his or her choosing.

HOW TO:

This is a step-by-step guide on retirement preparation process.

- 1. Request for Retirement Income Illustration:** The employee or college administrator may contact TIAA-CREF’s National Contact Center at 1-800-842-2776 to request a Retirement Income Illustration. This illustration should be requested three to six months before the employee’s intended retirement date. Alternately, the employee can obtain personalized, real-time retirement illustrations online at www.tiaa-cref.org through the Secure Access portion of the website.
 - a.** The illustration provides estimates of lifetime annuity income. It can be sent directly to the employee’s home address or to the college administrator if you wish to counsel the employee on the income options.
 - b.** It is not necessary for the to-be-retired employee to begin receiving payments immediately upon retirement. It may be advisable to delay receiving benefits, in whole or in part, for tax or other reasons.
 - c.** An “Income Options Profile” can also be requested from TIAA-CREF. This profile provides explanations of all benefit options and other aspects of receiving benefits from the plan.
- 2. Request to begin Retirement Income:** Advise the employee to contact TIAA-CREF’s National Contact Center at 1-800-842-2776 when the participant has decided on the specific retirement income option. TIAA-CREF will mail the authorization forms to the employee. The forms should be requested approximately two months before the retirement date or the date that the employee intends to start receiving income. Benefits are payable at the first of each month and the initial payment should be made about a week into the retirement month, assuming the authorization form is returned in a timely manner.

- 3. Process Requests for Survivor Benefits:** Advise the participant's spouse or beneficiary to contact TIAA-CREF's National Contact Center at 1-800-842-2776. A "Survivor Benefits Package" will be mailed by TIAA-CREF once they've been notified of a participant's death.
- 4. Process Requests for Disability Retirement:** Upon request of a participant or an appointing authority, the board of trustees may approve the retirement of a participant for reasons of health or permanent disability. Before taking action, the appointing authority and board of trustees must first give reasonable consideration to the written recommendations of the employee's personal health care provider. If requested by the employee or the appointing authority, a review of the employee health care provider's recommendations by another physician (appointed by mutual agreement) may occur. If the board of trustees approves a disability retirement, advise the participant to contact TIAA-CREF's National Contact Center at 1-800-842-2776.
- 5. Process Request for a Hardship Distribution:**
 1. A participant first contacts the college benefits office to discuss the hardship withdrawal process and request the appropriate forms. At this time, you should inform him or her about the restrictions on hardship withdrawals and the requirement to complete both the TIAA-CREF and SBRP forms. Encourage the participant to seek professional tax advice from a CPA or Certified Financial Planner (of his/her choosing) regarding tax implications and early withdrawal penalties before applying for a hardship distribution. All tax implications are the participant's responsibility.
 2. If the participant wishes to apply, have him or her complete the *Hardship Withdrawal Application Form*. Verify that the form is complete, that at least one of the three required reasons for a hardship withdrawal is initialed (not checked) by the participant and that the participant has signed the required certification on the form. Get the completed form signed by the college president or designee. Retain a copy for the college's file.
 3. Contact TIAA-CREF National Contact Center at 1-800-842-2776 to obtain the TIAA-CREF *Request for a Preretirement Cash Withdrawal* form. Have the participant complete this form. Verify that the participant's part of the form is completed and then complete and sign the employer portion.
 4. Send the completed forms to TIAA-CREF, Single Sum Benefit Unit, 730 Third Avenue, New York, NY 10017. Alternatively, you may fax the form to 1-800-914-8922
 5. TIAA-CREF will process the application after the completed forms are received and will make payment directly to the participant.
- 6. Process a Request for Cash out, 90 days after Separation:** TIAA-CREF has different procedures applicable to the cash-out of variable and TIAA traditional accounts. A former participant who has separated from employment in Washington's two-year college system for at least 90 days may withdraw cash from variable accounts by completing a "Request for a Cash Withdrawal" form for each institution that has contributed to the cashable contract from which the participant is requesting a withdrawal. Forms are available by calling the National Contact Center at 1-800-842-2776. The college or state board employer completes a section of the form, confirming the employee's termination date. For information on cash-out of TIAA Traditional accounts, see question/response #1 in the "Q&A."

Q & A:

The questions and answers listed below are intended to provide general information regarding possible solutions to issues that arise in the day-to-day administration of a retirement plan. Please keep in mind that the information is general and the details of your specific situation may impact the suggested answer.

1. *A former employee complained to me about a 2.5% surcharge imposed by TIAA-CREF when he requested a lump-sum distribution of his TIAA accumulations. Please explain.* Lump-sum distribution of accumulations in a participant's TIAA account was first provided for when the plan transitioned to the GRA contract on January 1, 1998. Prior to that time, lump-sum distributions of TIAA accumulations were not allowed. The surrender charge is necessary due to the types of investments made by the TIAA trustees. Contributions allocated to TIAA accounts are mostly invested in long-term bonds that are held until maturity. This allows TIAA-CREF to guarantee an excellent rate of return. A lump-sum withdrawal has a cost associated with it that is passed on to the requesting participant. To avoid this cost, contributions should be allocated to other accounts or participants could elect to receive their TIAA accumulations at a maximum rate of 10% per year. Alternatively, the participant can request a five-year period annuity from TIAA to avoid the surrender charge.
2. *Our college has a "phased" retirement program that allows tenured faculty to reduce their workload, be paid on a pro-rata basis from the full-faculty salary schedule and retain tenure. Is a faculty member participating in this program considered "retired" and begin receiving his or her SBRP retirement benefits.* No, an employee participating in a "phased" retirement program as described above is not "retired" from the SBRP. WAC 131-16-062 limits the payment of benefits to those employees who have terminated their employment. The employee described in the question has simply reduced his or her workload.
3. *A participant wants a hardship withdrawal to purchase a house. Information provided to him by TIAA-CREF states that this is a possibility. Should I sign his hardship withdrawal request?* No, the State Board Retirement Plan does not provide for hardship withdrawals for the purchase of a principle residence or higher education expenses (allowed by some plans in other states). The intent of the SBRP is to provide a retirement benefit. Hardship withdrawals are allowed for emergent situations only – the purchase of a house or payment of education expenses do not qualify.
4. *An employee called TIAA-CREF to get information on hardship withdrawals. She was told that receipt of a hardship withdrawal would disallow contributions for 6 months following the distribution. Is this correct?* No. Although some plans require participants receiving a hardship distribution to stop making contributions for 6 months following their receipt of the funds, the SBRP requires contributions to continue. Voluntary contributions to the State Board's 403(b) plan do stop for 6 months following a hardship withdrawal.
5. *A current SBRP participant would like to make a cash withdrawal under the rule that allows for withdrawals after a participant has separated for 90 days. Prior to coming to work here, he was employed by another district and participated in the SBRP with that other employer. He had a 3 year break in service before coming to work for our district. Can he withdraw his SBRP funds contributed prior to his employment with us?* No. Although he met the 90-day requirement when between jobs, he is currently employed by a college district and participating in the TIAA-CREF plan. The rule provides for cash out only after separation and this employee is not currently "separated" from employment with a participating employer.
6. *To receive a pension, does SBRP require participants to have a break in service prior to being re-employed?* Yes, however the SBRP does not require a break in service of any specified length before a retiree may return to work. However, there should be clear indication that the individual has retired – such as a change in status (tenure to non-tenured). Returning retirees who work more than 40% of full time forfeit any supplemental benefit they may receive under the plan's rules.

SUPPLEMENTAL RETIREMENT BENEFITS

In addition to receiving a basic annuity benefit, participants may be eligible to receive a supplemental retirement benefit from the Community and Technical College System. This additional pension amount will, if necessary, increase an eligible participant's monthly state retirement benefit to a minimum level. The payment of supplemental benefits is provided for in statute (RCW 28B.10.400) and State Board administrative rule (WAC 131-16-061).

GENERAL INFORMATION:

For the most part, the State Board Retirement Plan (SBRP) functions as a "defined contribution" plan throughout a participant's career - with the amounts contributed (matched 100% by the employer) defined in the plan as 5%, 7.5% and 10% depending on age.

By contrast, the SBRP Supplemental Benefit is a "defined benefit," or formula-driven calculation. If the age and years of service eligibility criteria are met, a statutorily defined calculation will be performed to determine qualification for a minimum level of state paid retirement income termed the "Supplemental Benefit."

The SBRP Supplemental Benefit is defined under Washington state law, RCW 28B.10, Sections 400 through 480. Specific information about the benefit can be found in the SBRP Plan Document.

Supplemental Benefit calculations are performed only once for each qualifying retiree, and only at the time of retirement. Calculations are complex, require the assistance of a professional actuary, and are market sensitive to the actual date of retirement. As such, the State Board will not provide projected calculations. Once calculated at retirement, there are no future re-calculations.

To understand how the Supplemental Benefit works and its calculation, understanding the following is helpful:

1. Eligibility for the calculation of Supplemental Benefit is based on age and years of service.
2. How "Goal Income" is defined and calculated.
3. How "Assumed Income" is defined and calculated.
4. How the Goal Income and the Assumed Income are used to determine the amount of Supplemental Benefit that is paid to the retiree, if any.

The retiree's actual SBRP account balances or investment allocations are unrelated to the calculation of the Supplemental Benefit. If a retiree qualifies for a Supplemental Benefit, the amount is paid by the State Board regardless of the participant's SBRP account balances. Because the calculations are formulas based on assumptions, any division of a participant's retirement accounts due to divorce is irrelevant to the calculation.

ELIGIBILITY, AGE & SERVICE REQUIREMENTS:

To be eligible for the calculation of the Supplemental Benefit, a participant must meet one of the following minimum requirements:

- **Full Supplemental Benefit Eligibility** - Be at least 65 years old and have a minimum of 10 years full-time participation in SBRP. OR

- **Reduced Supplemental Benefit Eligibility** - Be at least 62 years old and have a minimum of 10 years full-time participation in SBRP, OR
- **Disability Retirement** - Meet special disability retirement provisions at any age.

CALCULATION:

If an eligible participant's "Goal Income" is more than his or her "Assumed Income," a Supplemental Benefit is paid. If it is equal to or less, then nothing is paid. Both the Goal Income and the Assumed Income are calculated as required by law and as described below. The actual supplemental calculation is performed by the State Board using information provided by the employer and TIAA-CREF. Upon receipt of the "Notice of Intent to Retire" and other required information, the State Board performs the calculation using the "Supplemental Benefit Payment Calculation - Worksheet B" (See Sample Forms).

Goal Income Calculation

"Goal Income" is defined by state law and is calculated as follows:

Goal Income = (Average Monthly Compensation) X (Eligible Years of Participation) X (Service Factor)

Average Monthly Compensation is calculated using SBRP-eligible salary for the highest paid two consecutive years in a SBRP-eligible position.

Eligible Years of Participation includes all time participating in SBRP up to a maximum of 25 years. For participants with service credit from a Department of Retirement System (DRS) plan, that service credit is included in the Goal Income calculation if:

- The participant transferred directly from the DRS plan to the SBRP **with the same employer and no break in service**; and,
- The DRS contributions were not withdrawn.

If the participant was on an approved leave of absence without pay, he/she can recover up to two years of service if **both** the employer and employee contributions were paid while on the authorized leave of absence **and** if the participant returned to employment with the a Washington State two-year college system employer immediately following the leave of absence for a period of not less than two years.

The Service Factor used in the calculation is 2%, if at age 50 the participant chose to increase his/her SBRP retirement plan contribution to the 10% amount. The service credit factor is only 1.5% for any years of service in which the participant was at least age 50 and did not elect to participate at the 10% contribution rate. (The option to not contribute at the 10% rate was eliminated on December 31, 1996.)

Assumed Income Calculation

"**Assumed Income**" is a theoretical amount of monthly income from an annuity that your actual employee and employer retirement contributions would have generated if they had been allocated **equally** between a **fixed dollar** and a **variable dollar annuity**. (This assumed allocation split is required by state law.) Professional actuaries, who are not State Board employees, perform this part of the calculation.

If applicable, DRS retirement plan income will be included in the assumed income. Former DRS plan members are required to provide the State Board official documentation of the DRS calculation of a single life income option before the State Board can perform the SBRP Supplemental Benefit calculation.

SUPPLEMENTAL BENEFIT DETERMINATION:

Participants are only eligible to receive a Supplemental Benefit payment if the calculated "Goal Income" is greater than the amount of the calculated "Assumed Income". The Supplemental Benefit payment is reduced by 0.5% per year for each year of retirement before age 65, unless the retirement was due to disability.

INCOME OPTIONS AT RETIREMENT:

If qualified to receive Supplemental Benefit income, a participant has the following income options:

- **Single Life Supplemental Payment:** The retiree receives the full payments as a lifetime income with payments stopping upon death. This provides the highest payment to the retiree.

Survivor options offered below provide a lower payment amount than that calculated for the Single Life payment. However these options provide an ongoing payment to the survivor.

- **2/3 Supplemental Payment to Survivor:** Both the retiree and spouse/beneficiary receive this reduced monthly payment as a lifetime income. At either the death of the retiree or death of the spouse/beneficiary, the monthly payment amount drops to 2/3 of the original amount.
- **Full Supplemental Payment to Survivor:** The retiree receives this reduced monthly payment for his/her lifetime. Upon the death of either the retiree or spouse/beneficiary, the payments continue to the survivor for life, in the same amount.
- **1/2 Supplemental Payment to Survivor:** Retiree receives this reduced monthly payment for his/her lifetime. Upon death of the retiree, surviving spouse/beneficiary will receive 1/2 this amount. If spouse/beneficiary passes away before retiree, retiree continues to receive this amount for his/her lifetime with no reduction.

For the above options, the designated beneficiary must be the retiree's surviving spouse; or with the written consent of the spouse (or if no spouse), such other person or persons who have an insurable interest in the retiree's life as documented and filed by the retiree with the participating employer.

DEATH BEFORE RETIREMENT:

If a participant dies while an active SBRP participant, and prior to retirement, the Plan will perform a calculation as if the participant retired on the date of death. If the results are positive, the SBRP will determine a 2/3 benefit with a 10-year guaranteed benefit for a married retiree's spouse, or, for single retirees, a single life annuity with a 10-year guaranteed benefit payable to the beneficiary.

SEPARATION BEFORE RETIREMENT:

To be considered a SBRP retiree, an application for retirement must be made while an active participant in the SBRP (making contributions through employment). If you separate from college or state board employment or otherwise lose eligibility and cease active participation in the plan prior to achieving eligibility to retire, no Supplemental Benefit will be calculated or due.

DEFINITIONS:

To ensure participants are treated uniformly with respect to this benefit, special definitions, assumptions and conditions apply in making the supplemental retirement benefit calculation.

- “Year of full-time service” means retirement credit based on full-time employment or the equivalent thereof of part-time employment in an eligible position for a period of not less than five months in any fiscal year during which retirement contributions were made by both the participant and a Washington public higher education institution or the State Board or any year or fractional year of prior service in a Washington public retirement system while employed at a Washington public higher education institution: *Provided* that the participant will receive a pension benefit from such other retirement system and that not more than one year of full-time service will be credited for service in any one fiscal year. (WAC 131-16-011(3))
- “Fiscal year” means the period beginning on July 1 of any calendar year and ending June 30 of the succeeding calendar year. (WAC 131-16-011(4))
- “Average annual salary” means the amount derived when the salary received during the two consecutive highest salaried fiscal years of full-time service for which SBRP contributions were made by both the participant and a Washington public higher education institution divided by two. (WAC 131-16-011(5))
- “SBRP retirement benefit” means the amount of annual retirement income derived from a participant’s accumulated annuities including dividends at the time of retirement; provided, that solely for the purpose of calculating a potential supplemental retirement benefit such amount shall be adjusted to meet the assumptions set forth in WAC 131-16-061(2). (WAC 131-16-011(6))
- “Salary” means all remuneration earned and received by the participant from the employing college district or state board, including summer quarter compensation, extra duty pay, leave stipends, grants made by or through the college district or state board; but not including any severance pay (including settlement payments), early retirement incentive payment, remuneration for unused sick or personal leave or remuneration of unused annual or vacation leave in excess of the amount payable for thirty days or two hundred and forty hours of service. For the purpose of calculating supplemental benefits, deferred income will be recognized the year it was earned. (WAC 131-16-011(7))
- “Designated beneficiary” means the surviving spouse of the retiree or, with the consent of such spouse, if any, such other person or persons as shall have an insurable interest in the retiree’s life and shall have been nominated by written designation duly executed and filed with retiree’s employer (college district or the State Board). (WAC 131-16-011(8))

IMPORTANT CONSIDERATIONS:

The following must be considered in the supplemental benefit calculation:

- The amount of supplemental retirement benefit for a participant who has not attained age 65 at retirement is calculated by reducing the “goal” percentage of two percent per year of qualified service by one-half of one percent for each calendar month remaining until age 65, provided that the supplemental retirement benefit of an otherwise qualified participant retired for reason of health or permanent disability shall not be so reduced.

- Any portion of a participant's SBRP accumulation paid to a participant's spouse upon dissolution of a marriage is included in any subsequent calculation of supplemental retirement benefits just as if these funds had remained in the participant's SBRP accounts.
- The selection of a retirement option of joint and two-thirds survivorship with ten-year guarantee shall not alter the method of calculating the supplemental retirement benefit; however, if the participant's combined retirement benefit and calculated supplemental retirement benefit exceeds fifty percent of the participant's average annual salary, the supplemental benefit is reduced so that the total combined benefits do not exceed fifty percent of average annual salary.

SUPPLEMENTAL RETIREMENT BENEFIT PAYMENTS WILL BE CONSISTENT WITH THE FOLLOWING:

- Payments are made in equal monthly installments, except that if the monthly payment is less than \$10, it may be paid at longer intervals as determined by the Plan Administrator.
- Payments continue for the lifetime of the retired participant; however, prior to retirement, a participant may choose to provide for the continuation of supplemental retirement benefit payments, on an actuarially equivalent reduced basis, to his or her spouse or designated beneficiary after the retiree's death. Notification of such choice shall be filed in writing with the Plan Administrator and shall be irrevocable after retirement. If such option is chosen, the supplemental retirement benefit payment shall be in the same proportion as any survivor annuities option potentially payable to and elected by the participant. If a designation of a survivor's option is not made and the participant dies after attaining age 62 but prior to retirement, any supplemental benefit payable shall be based on the two-thirds benefit to survivor option.
- Prior to making any supplemental benefit payments, the State Board shall obtain a document signed by the participant and spouse, if any, or designated beneficiary acknowledging the supplemental retirement benefit option chosen by the participant.

RETIREE EMPLOYMENT:

A retired participant who is re-employed is eligible to continue receiving SBRP retirement benefits. However, supplemental benefits shall not continue during periods of employment more than forty percent of full-time or seventy hours per month for five months during any fiscal year. Only the supplemental benefit is affected by a return to work. (WAC 131-16-061(4))

HOW TO:

This is a step-by-step guide on how to process supplemental retirement benefit calculation requests.

1. Supplemental benefits are paid directly by the State Board to qualified retirees. Forms for making the necessary calculation must be completed by the college or the retiree. They do not need to be submitted unless the retiree meets the minimum criteria to participate in this benefit (age 62 and at least ten years of full-time TIAA-CREF service or its equivalence). A laypersons' guide to this benefit is available at http://www.sbctc.ctc.edu/college/hr_retirement.aspx.

2. “Notice of Intent to Retire/Request for Supplemental Benefits Calculation.” This form initiates the supplemental benefit calculation process and should be completed for all participants who meet the age and years of service thresholds (62 and 10 years of full-time/equivalent service). It also provides information about the contribution rate following age 50 – a factor in making the calculation. In addition, the form provides a personal mailing address and telephone number for the retiree so communications can continue as necessary after the individual has left employment.
3. “Request for Benefit Offset” (A TIAA-CREF form). This form should be completed in draft form and forwarded to the State Board office along the “Notice of Intent to Retire/Request for Supplemental Retirement Benefit Calculation” form. It is the basis for seeking a calculation from TIAA-CREF of the retirees pension income under the standard assumptions established for determining supplemental benefit eligibility.
4. “Service Record Recap – Worksheet A.” This form is the official report of the service credit the retiree has in TIAA-CREF (and in some cases TRS or PERS) in Washington public higher education institutions. Instructions for completing it are included with the form.

Q & A:

The question and answer listed below is intended to provide general information regarding possible solutions to issues that arise in the day-to-day administration of a retirement plan. Please keep in mind that the information is general and the details of your specific situation may impact the suggested answer.

1. *We send the supplemental retirement benefits data to the State Board periodically and no one has ever qualified. Why is that?*
Based upon the calculations, their retirement benefits have exceeded the 50 percent minimum provided for in statute and administrative rule. Typically, those who have qualified were in the system prior to the SPRB being offered and did not spend their career in the plan.

CONTACTS

TIAA-CREF/Seattle

4730 University Way NE, Suite 201
Seattle, WA 98105

Local number: (206) 529-2600 Fax: (206) 523-6866

Toll-Free: (866) 928-4221 (for administrators as well as employees arranging local office counseling appointment; otherwise, employees should be directed to the National Contact Center)

Mal Moran: mmoran@tiaa-cref.org (206) 529-2647 Primary administrator contact

Jeff Hughes: jhughes@tiaa-cref.org (800) 842-2638 Ext. 2835 (recordkeeping and monetary transactions)

Seattle office

Jonathan Jepsen: jjepsen@tiaa-cref.org (206) 529-2646

Emily Everett: eeverett@tiaa-cref.org (206) 529-2616

Rod Coyan: rcoyan@tiaa-cref.org (206) 529-2610

Peter Stankovich: pstankovich@tiaa-cref.org (206) 529-2640

Brett Morris: bmorris@tiaa-cref.org (206) 529-2637

Tyler Forsythe: tforsythe@tiaa-cref.org (206) 529-2636

Patty Kuntz: pkuntz@tiaa-cref.org (206) 529-2611

Portland office

Leah Smith: lsmith2@tiaa-cref.org (503) 452-6984

Mark Gilgan: mgilgan@tiaa-cref.org (503) 534-3671

College and Assigned TIAA-CREF Individual Consultants (For arranging employee counseling and group meetings)

Institution	Individual Consultant	Institution	Individual Consultant
Bates	Jonathan Jepsen	Olympic	Tyler Forsythe
Bellevue	Tyler Forsythe	Peninsula	Tyler Forsythe
Bellingham	Peter Stankovich	Pierce	Jonathan Jepsen
Big Bend	Tyler Forsythe	Renton	Peter Stankovich
Cascadia	Rod Coyan	Seattle	Patty Kuntz
Centralia	Rod Coyan	Shoreline	Jonathan Jepsen
Clark	Leah Smith	Skagit Valley	Peter Stankovich
Columbia Basin	Jonathan Jepsen	South Puget Sound	Peter Stankovich
Edmonds	Peter Stankovich	Spokane	Emily Everett and Brett Morris
Everett	Peter Stankovich	State Board – Olympia	Jonathan Jepsen
Grays Harbor	Leah Smith	State Board – Bellevue	Tyler Forsythe
Green River	Jonathan Jepsen	Tacoma	Jonathan Jepsen
Highline	Jonathan Jepsen	Walla Walla	Emily Everett
Lake Washington	Rod Coyan	Wenatchee Valley	Tyler Forsythe
Lower Columbia	Leah Smith	Whatcom	Peter Stankovich
		Yakima Valley	Peter Stankovich
Higher Education Coordinating Board (HECB)	Jonathan Jepsen		

TIAA-CREF Corporate Center Address

TIAA-CREF
1670 Broadway
Denver, CO 80202

TIAA-CREF Telephone Services

National Contact Center: (800) 842-2776

(Open 5:00a. to 7:00p. PT M – F, 6:00a. – 3:00p. PT Saturdays)

Enrollment Hotline (for employees who do not have a TIAA-CREF contract): (800) 842-2888

Automated Telephone Service: (for transfers and premium allocations): (800) 842-2252

Telecommunications Service for the Hearing Impaired: (800) 842-2755

Administrator Telephone Center: (888) 842-7782

Insurance Planning and Service Center (mutual funds, after-tax annuities,
individual insurance): (800) 223-1200

TIAA-CREF on the WEB

Homepage: <http://www.tiaa-cref.org/>

Ordering Supplies, Call Mal Moran directly

Applications

Fax: (800) 914-8922

State Board for Community and Technical Colleges

1300 Quince Street SE, PO Box 42495

Olympia, WA 98504-2498

Local Number: (360) 704-4303, Fax Number: (360) 704-4415

Internet Address: <http://www.sbctc.edu/>

HISTORY OF TIAA-CREF IN THE CTC SYSTEM

The following timeline captures, in summary form, the major changes made to the State Board Retirement Plan since its inception. This information is not intended to be complete.

- January 1, 2011 Effective this date, the plan is extended to provide for HECB employee participation.
- January 1, 2006 Effective this date, the plan becomes a qualified Group Retirement plan under IRC Section 401(a). The State Board provides for participation in mutual fund type accounts.
- April 14, 2000 State Board acts to clarify plan participation for employees simultaneously employed by a PERS employer.
- October 16, 1999 State Board acts to enhance portability of the plan by providing for eligibility to be maintained for participants moving between participating employers without a break in service. Employee and employer notification requirements are also adopted.
- July 1, 1999 Effective this date, the State Board revised the eligibility criteria to be 50 percent for two consecutive quarters based upon funding received from the Legislature. Application of the TRS “eligible position” standard to establishing SBRP eligibility is eliminated.
- January 1, 1998 Effective this date, the plan becomes a qualified Group Retirement plan under IRC Section 403(a).
- January 1, 1997 Effective this date, the 403(b) plan becomes a mandatory plan, allowing greater deferrals for plan participants and simplifying local plan administration. Changes include, elimination of option to defer participation for up to two years, limiting choice to contribute to plan on a “before tax” and “after tax” basis to a one-time choice, requiring a 10 percent contribution beginning at age 50. Additional changes included allowing cash out of participant’s account 180 days after termination and allowing more than one voluntary salary reduction agreement in a year.
- June 6, 1996 Effective date of RCW 28B.50.489 which defines full- and part-time workloads and requires that only “in-class teaching” hours be used when calculating part-time faculty workload and determining eligibility for SBRP participation. Statute recognizes that workload is defined through collective bargaining and will be different between disciplines and colleges.
- May 30, 1991 Effective date of administrative rule revisions that include:
- “State Board” and “Appointing Authority” definitions;
 - Eligibility rules were revised to provide for those meeting the “eligible position” standard in TRS or assigned 80 percent of a locally defined full-time workload to participate in the SBRP;
 - Option to continue participating in TRS/PERS clarified;
 - Contribution rate change effective dates clarified;
 - Greater flexibility in the allocation of premiums to TIAA or CREF was provided;
 - The payment of retirement benefits was enhanced by allowing payment to be made in keeping with any settlement option offered by TIAA-CREF; and,
 - Various other housekeeping changes.

- February 28, 1991 State Board eliminates rule provisions excluding temporary employees from the plan. Eligibility rules provide for application of the TRS “eligible position” standard to SBRP participation, retroactive to September 1990. (TRS eligible position standard was defined as 2 months with 90 or more compensable hours until 9/1/91 when it changed to 5 months with 70 hours of earnable compensation in one position with one employer.)
- 1976 – 1990 Minor revisions to the plan were made
- January 9, 1976 Filing date of revisions made to eligibility rules, including:
 - Ability to maintain eligibility when moving from an eligible position to an ineligible position (classified) or to participate in the plan when moving from a classified position to a faculty or exempt position;
 - Ability to continue participation when workload drops below the eligibility standard as long as employed in a faculty or exempt position;
 - Ability to defer participation up to 2 years;
- July 1, 1974 The filing date for revisions to the rules providing for the SBRP revisions are extensive and include:
 - Definitions of mandatory retirement age, participant, supplemental retirement benefit, year of full-time, normal retirement age, disability retirement, salary and average annual salary;
 - Retirement Benefit Goal provisions;
 - Provisions providing for the payment of supplemental retirement benefits; and
 - Other housekeeping changes.
- 1973 Engrossed Senate Bill 2119 amends RCW 28B.10.400, clarifying the State Board’s ability to sponsor an annuity retirement plan and amending contribution rate language to allow for age graduated contribution rates.
- February 18, 1972 Administrative rules providing for Optional Retirement Transition Benefit are filed.
- November 22, 1969 Effective date of the State Board’s administrative rules first implementing its defined contribution plan. Rule provisions adopted at this time addressed the establishment of the plan, eligibility, option to continue participation in TRS or PERS, definition of “Retirement Age,” designation of the contribution rates (5 percent for the employee; matched by the college) and, annuity contract “repurchase” (cash out after separation). Eligibility was limited to tenured or probationary faculty, exempt employees and other full-time employees of the colleges and State Board. Full-time was defined as 80 percent or more for at least 90 days during a fiscal year and not designated as a temporary employee.
- 1969 Legislature adopts HB58, codified in statute as RCW 28B.10.480, providing for higher education to provide an annuity retirement plan for faculty and other employees.
- 1957 Legislature adopts SB 39 allowing college and university trustees/regents to provide an annuity retirement plan for faculty.

GLOSSARY OF TERMS

Academic employee, (For the purposes of determining eligibility for retirement benefits under RCW 28B.10.400) in a community or technical college means any teacher, counselor, librarian, or department head who is employed by a college district, whether full- or part-time, with the exception of the chief administrative officer of, and any administrator in, each college district.

Accumulation is the current dollar value of a TIAA-CREF deferred annuity not yet producing retirement income. For TIAA Traditional Annuity, the accumulation equals all contributions allocated, plus interest and dividends to date, minus any withdrawals or transfers. For the variable account, the accumulation equals the total value of the accumulation units purchased with contributions allocated to the CREF or TIAA Real Estate Accounts. Variable accumulation values rise or fall.

Active, when used to describe status of membership or participation, means contributions are currently being made and service credit currently being earned.

Administrative Expenses are the costs of operating the plan including, but not limited to marketing expenses. This expense is usually subtracted before the calculation of the fund performance.

Administrative Appointment (Administrator) means employment in a specific administrative position as determined by the appointing authority and exempt from civil service rules and bargaining units.

Alternate Payee means any spouse, former spouse, child or other dependent of a participant who is recognized by a domestic relations order as having the right to receive all or a portion of the benefits payable under a plan with respect to such participant.

Annuity is a contract by which an insurance company agrees to provide a stream of regular payments to someone for their life (or joint lives). See Fixed Annuity and Variable Annuity.

Appointing Authority means a college district board of trustees, the state board or HECB and designees of such boards.

Asset Allocation, in finance, means choosing or rejecting certain investments based on an underlying strategy, such as aggressive growth, income, tax relief, etc.

Average Annual Salary means the amount derived when the salary received during the two consecutive highest salaried fiscal years of full-time service for which SBRP contributions were made by both the participant and a Washington public higher education institution is divided by two. (WAC 131-16-011(5))

Balanced Fund is a fund that invests in both equities (e.g., stocks and preferred stocks) and debt instruments (e.g., bonds) to reduce risk by investing in different markets.

Bond is a formal certificate of debt, usually issued by corporations or units of government.

Break-in-Service, for the sole purpose of determining initial and continuing eligibility to participate in the SBRP, means a one-quarter break in employment (excluding summer) at a Washington State two-year college system employer.

Capital are assets that are invested in a venture; or the net assets of a legal entity, such as a corporation or partnership, plus all gains and profits.

Common Stock represents equity, or ownership, in a corporation. Stockholders participate in a company's profits or losses through dividends and changes in the stocks' market value.

Compensation or Salary means all remuneration received by the participant from the employing college district or the state board, including summer quarter compensation, extra duty pay, leave stipends and grants made by or through the college district or state board; but not including any severance pay, settlement payment, early retirement incentive payment, remuneration for unused sick or personal leave or remuneration for unused annual or vacation leave in excess of the amount payable for thirty days or two hundred and forty hours of service. For the purpose of calculating supplement benefit eligibility, deferred salary is recognized in the year it is earned.

Contribution is the transfer of funds by either an employer or employee to the employee's retirement plan. In the State Board's Retirement Plan, contributions are made up of the employer non-election and the employer pick-up contributions.

Defined Benefit Plan is a retirement plan that specifies a formula for calculating the amount of income an employee will receive in retirement. The formula is usually a percentage of final salary times years of service. Actuarial calculations set the employer contributions to yield the benefit stipulated under the plan. The benefit normally doesn't change unless the formula is adjusted or special payments are declared. In Washington State's retirement systems, the PERS and TRS plans 1 and 2 are defined benefit plans.

Defined Contribution Plan is a retirement plan that specifies a rate of employer and /or employee contributions. How much income a participant receives in retirement will depend upon several factors, including level and duration of contributions, investment earnings and age at retirement.

Dividend is an amount distributed to stockholders from a company's net profits.

Earliest Retirement Age means the earliest of

- The date on which the participant is entitled to a distribution under the plan, or
- The later of
 - The date the participant attains age 50 or
 - The earliest date on which the participant could begin receiving benefits under the plan if the participant separated from service.

Employer Non-Elective Contributions are contributions made by the participating employer that match the required "pick-up" contributions.

Employer Pick-up Contributions are mandatory salary contributions made by the employer in lieu of employee contributions which have been "picked-up" by the participating employer pursuant to IRC Section 414(h)(2). The contributions are made from the same source of funds as the employee's salary.

Equity is a synonym for ownership or share of ownership. In finance, equity is synonymous with stock and real estate.

Exempt Employee means an employee exempt from coverage of the civil service statutes and rules and exempt from the classified employee bargaining units.

Fixed Annuity is a traditional insurance investment vehicle, often used for retirement accounts, that guarantees principal and a specified interest rate and may also offer dividends.

Full-time academic workload (For the purposes of determining eligibility for retirement benefits under RCW 28B.10.400) means the number of in-class teaching hours that a full-time instructor must teach to fulfill his or her employment obligations in a given discipline in a given college. If the full-time academic workload is defined in a contract adopted through the collective bargaining process, the definition shall prevail. If the full-time workload bargained in a contract includes more than in-class teaching hours, only that portion that is in-class teaching hours may be considered academic workload. (The last two sentences have been interpreted to mean that, for the purposes of determining SBRP eligibility; a college may only use in-class teaching hours to calculate percent of workload.)

Group Retirement Annuity (GRA) is a type of TIAA-CREF annuity used to fund a retirement plan in which the sponsor elects to participate in a group plan whose assets are held in trust. Certificates of participation are issued to each individual plan participant. Since 1998, the State Board's Retirement Plan has used the GRA.

Group Supplemental Retirement Annuity (GSRA) is a TIAA-CREF tax-deferred savings annuity that permits participants to borrow against their TIAA Traditional Annuity accumulation. Contributions are made by participants through salary reduction, lowering their current taxable salary. Earnings on GSRA's are also tax-deferred. The accumulations are taxed as income when paid as a lifetime annuity, for a fixed period, or in cash. Certificates of participation are issued to each plan participant. Since 1992, the State Board has offered a GSRA and the loan option.

Guaranteed Period is a contract provision guaranteeing annuity payments for a stated time period. The guaranteed period begins when the first scheduled annuity payment is made. If the annuitant lives longer than the guaranteed period, payments continue for life. If the annuitant dies before the end of the guaranteed period, payments continue to the beneficiary until the end of the guaranteed period.

Higher Education Retirement Plan (HERP) means a defined contribution plan sponsored by one of the state's public higher education institutions or the community and technical college system. This term is generally used by state agencies (DRS, HCA) to refer to the retirement plans allowed by RCW 28B.10.400.

In-class teaching hours (For the purposes of determining eligibility for retirement benefits under RCW 28B.10.400) means contact classroom and lab hours in which full- or part-time academic employees are performing contractually assigned teaching duties. The in-class teaching hours shall not include any duties performed in support of, or in addition to, those contractually assigned in-class teaching hours.

Late Retirement Date means the first day of the month coinciding with or next following a participant's actual Retirement Date after having reached his Normal Retirement Date.

Normal Retirement Date means the participant's Normal Retirement Age that is age 55, completion of 30 years of service or disability as determined by the participating employer after consideration of a medical examination.

Part-time academic workload (For the purposes of determining eligibility for retirement benefits under RCW 28B.10.400) means any percentage of a full-time workload for which the part-time academic employee is not paid on the full-time academic salary schedule.

Participant, as defined in WAC 131-16-011, “means any employee who is eligible to purchase retirement annuities through the SBRP who, as a condition of employment, on and after January 1, 1997, shall participate in the SBRP upon initial eligibility.”

Participating Employer means a Washington State community or technical college or the State Board (acting as an employer of State Board employees).

Plan means the State Board 403(a) retirement plan as described in Plan Document as adopted effective January 1, 1998 and as amended thereafter.

Plan Administrator means the Washington State Board for Community and Technical Colleges.

Plan Year means the Plan’s accounting year of 12 months commencing on January 1st of each year and ending the following December 31st.

Predecessor Plan means the Washington State Board for Community and Technical Colleges 403(b) Plan in effect prior to January 1, 1998, also referred to as the SBRP.

Preferred Stock is a type of stock that gets preference over common stock in that it stands first in line for the payment of dividends and liquidation in the case of bankruptcy.

Prospectus is a document outlining the terms of an investment offering.

Qualified Domestic Relations Order is a judgment, decree or court order (including an approved property settlement agreement) issued under a domestic relations law that:

- Relates to the rights of someone other than a participant to receive benefits from a qualified retirement plan or a tax-sheltered annuity,
- Relates to payment of child support, alimony, or marital property rights to a spouse, former spouse, child, or other dependent of the participant, and
- Specifies the amount or portion of the participant’s benefits to be paid to the participant’s spouse, former spouse, child, or dependent.

Repurchase (Available only with RAs), if permitted by the sponsor, is an extra-contractual administrative procedure, whereby, when certain conditions are met, TIAA-CREF buys back Retirement Annuity contracts for a single sum from a participant who terminates employment. Repurchase was provided for in the State Board’s TIAA-CREF retirement plan when it was considered an RA plan. Employees who participated in the plan prior to January 1998 were issued RA contracts.

Retirement Annuity (RA) is TIAA-CREF’s individually owned basic retirement plan annuity contract, designed primarily to provide a lifetime income to the participant (or to a participant and a second annuitant/annuity partner) as well as a death benefit if the participant dies before beginning retirement income. Prior to 1998, contracts in the SBRP were RAs.

Retirement Date means the date on which a participant retires, whether such retirement occurs on a participant's Normal Retirement Date, Early or Late Retirement Date.

Rollover is an employee's transfer of retirement funds from one retirement plan to another plan of the same type or to an IRA without incurring a tax liability. The transfer must be made within 60 days of receiving a cash distribution. The law requires 20 percent federal income tax withholding on money eligible for rollover if it is not moved directly to the second plan or investment company.

SBRP Retirement Benefit means the amount of annual retirement income derived from a participant's accumulated annuities including dividends at the time of retirement: provided, that solely for the purpose of calculating a potential supplemental retirement benefit, such amount shall be adjusted to meet the assumptions set forth in WAC 131-16-061(2).

Securities are the investment instruments issued by corporations, government bodies, or other entities that offer investors shares of ownership or a creditor relationship.

Sponsor means Washington State Board for Community and Technical Colleges as created in RCW 28B.50.050.

Supplemental Retirement Annuity (SRA) is a TIAA-CREF tax deferred savings vehicle. Contributions are made by participants through salary reduction, lowering their current taxable salary. Earnings on SRAs are also tax deferred. The accumulations are taxed as income when paid as a lifetime annuity, or in a fixed period, or in cash. SRAs do not have a loan provision. (State Board offers a GSRA. See Group Supplemental Retirement Annuity)

Tax Deferred Annuity is an annuity available to certain groups, such as employees of nonprofit and educational organizations. A part of the employee's income is excluded from current taxation and invested in stocks, bonds, and/or other funds. Contributions and their earnings are tax-deferred until they are withdrawn from the plan.

Treasury Bonds are government-backed securities available in registered or bearer form with interest paid every six months. They mature in no less than seven years, but many are callable prior to maturity.

Variable Annuity is an annuity, the value of which fluctuates based on the market performance of an underlying securities portfolio. Unlike fixed annuities, there is no guarantee of principal or rate of return.

Vesting represents an employee's right, usually earned over time, to receive some retirement benefits regardless of whether or not the individual remains with the employer. Employees who have met the eligibility criteria and have begun participation in the State Board's TIAA-CREF plan are immediately vested.

Year of Service means retirement credit based on full-time employment or the equivalent thereof based on part-time employment in an eligible position for a period of not less than five months in any fiscal year during which Plan contributions were made by a Washington public higher education institution or the State Board. Any year or fractional year of prior service in a Washington Public Retirement System while employed at a Washington public higher education institution is credited; provided that the participant will receive a pension benefit from such other retirement system; and not more than one year of full-time service will be credited for service in any one fiscal year. Years of service with any participating employer shall be recognized.

APPENDIX

- 1) **Revised Codes of Washington (RCW)**
 - a. RCW 28B.10.400 - .480
 - b. RCW 28B.50.489
- 2) **Washington Administrative Code (WAC) 131-16**
- 3) **Sample Forms**
 - a. **Sample Employee Notification**
 - b. **Verification of Retirement Plan Status**
 - c. **“Retirement Plan Options for Faculty and Exempt Employees”**
 - d. **Hardship Withdrawal Application**
 - e. **Notice of Intent to Retire/Request for Supplemental Benefit Calculation**
 - f. **Instructions for Completing Worksheet A**
 - g. **TIAA-CREF Supplemental Benefit Calculation, Service Record Recap – Worksheet A**
 - h. **Supplemental Benefit Payment Option for TIAA-CREF Participants**
 - i. **Supplemental Benefit Options For Participants**
 - j. **Request for Annuity Income Illustration (TIAA-CREF Form)***
 - k. **Request for Benefit Offset (TIAA-CREF Form)***
 - l. **Benefit Offset- Worksheet (TIAA-CREF Form)***
 - m. **Transfer/Rollover Authorization (TIAA-CREF Form)***
 - n. **Authorization to Begin Fixed Period Income (TIAA-CREF Form)***
 - o. **Authorization to Begin Retirement Income (TIAA-CREF Form)***
 - p. **Request for Retirement Annuity (RA) Payment (TIAA-CREF Form)***
 - q. **Request for GRA Payment (TIAA-CREF Form)***
- 4) **Summary Plan Document (See State Board Website)**
- 5) **State Board Retirement Plan Supplemental Benefit (See State Board Website)**

* Some forms are not available electronically. Please supplement the electronic version of this handbook locally with hardcopy versions of the sample forms.

RELEVANT STATUTES AND RULES

FOR STATUTES, SEE RCW 28B.10.400 AT

[HTTP://APPS.LEG.WA.GOV/RCW/DEFAULT.ASPX?CITE=28B.10.400](http://apps.leg.wa.gov/rcw/default.aspx?cite=28B.10.400) THROUGH RCW 28B.10.480

FOR ADMINISTRATIVE RULES, SEE WAC 131-16-10 THROUGH WAC 131-16-066 AT

[HTTP://APPS.LEG.WA.GOV/WAC/DEFAULT.ASPX?CITE=131-16](http://apps.leg.wa.gov/wac/default.aspx?cite=131-16)

SAMPLE FORMS*

- a. Sample Employee Notification**
- b. Verification of Retirement Plan Status**
- c. “Retirement Plan Options for Faculty and Exempt Employees”**
- d. Hardship Withdrawal Application**
- e. Notice of Intent to Retire/Request for Supplemental Benefit Calculation**
- f. Instructions for Completing Worksheet A**
- g. TIAA-CREF Supplemental Benefit Calculation, Service Record Recap – Worksheet A**
- h. Supplemental Benefit Payment Option for TIAA-CREF Participants**
- i. Supplemental Benefit Options For Participants**
- j. Request for Annuity Income Illustration (TIAA-CREF Form)***
- k. Request for Benefit Offset (TIAA-CREF Form)***
- l. Benefit Offset- Worksheet (TIAA-CREF Form)***
- m. Transfer/Rollover Authorization (TIAA-CREF Form)***
- n. Authorization to Begin Fixed Period Income (TIAA-CREF Form)***
- o. Authorization to Begin Retirement Income (TIAA-CREF Form)***
- p. Request for Retirement Annuity (RA) Payment (TIAA-CREF Form)***
- q. Request for GRA Payment (TIAA-CREF Form)***

* Some forms are not available electronically. Please supplement the electronic version of this handbook locally with hardcopy versions of the sample forms.

DATE:

TO: All Part-time Faculty

FROM: Benefits Office

RE: Benefit Eligibility Information

Insurance Benefits:

Part-time faculty must work 50 percent or more of a full-time workload* for two consecutive quarters at one or more public higher education institutions to establish eligibility. Insurance benefit eligibility may be maintained through maintaining a 50% workload or through averaging workload gained over the academic year. If a part-time faculty member works at more than one institution, workload at both can be used to determine eligibility. **Each quarter, it is the employee's responsibility to notify the Benefits Office at each institution in writing, if he/she has become or continues to be employed at multiple institutions and wishes to establish or continue his/her insurance eligibility.** At the end of the quarter, the college will notify all part-time faculty who are no longer eligible for benefits. For those instructors no longer eligible, COBRA information will be provided that allows continuation of insurance on a self-pay basis for up to 18 months. For further details, please contact the Benefits Office. Questions and/or appeals regarding health care eligibility may be made to HCA.

State Board Retirement Plan (SBRP):

The eligibility threshold for participation in the SBRP is 50 percent of a full-time workload* at one or more college districts, the HECB or the State Board for two consecutive quarters (for eligibility, spring and fall are considered consecutive). **Part-time faculty who have established eligibility in the SBRP with one college employer and move to another college employer without a break in service are required to provide written notification to the Benefits Office of their potential right to continue participation.** In no case will there be a requirement for retroactive contributions if an employee fails to inform his/her participating employer about eligibility previously established with participating employer. For details, please contact the Benefits Office.

Teachers' Retirement System (TRS) Plans and Public Employees Retirement System (PERS) Plans:

Part-time instructors may continue or establish membership in a TRS Plan under the circumstances summarized below:

TRS Plan 1: Retain membership in TRS and must be enrolled and reported to the Department of Retirement Systems (DRS) from the first day of employment with the college, regardless of percent of workload.

TRS Plan 2 & 3: May establish eligibility at the college through employment in a TRS defined "eligible position" (employment at one institution in a position requiring 70 hours of earnable compensation per month for any five months in a school year), or through the DRS substitute teacher rules (employment of 70 hours of earnable compensation for one or more employers for any five months in a school year). "Substitute teachers" are also required to apply to DRS for service credit or credit for earnable compensation. If eligible, members may choose to participate in the SBRP. For details, contact the Benefits Office or the Department of Retirement Systems (DRS).

PERS Plan 1, 2 & 3: If in a PERS and SBRP eligible position, PERS members have various options from participating in SBRP to electing to receive additional PERS service credit. For details, contact the Benefits Office or the Department of Retirement Systems.

Attached to this memo is a "Verification of Retirement Systems' Membership" form. Please complete this verification sheet and return it to the Benefits Office.

**Workload as defined by the collective bargaining agreement and/or the appointing authority and, for insurance and SBRP eligibility purposes, is calculated in accordance with RCW 28B.50.489.*

**WASHINGTON COMMUNITY AND TECHNICAL COLLEGES
VERIFICATION OF RETIREMENT PLAN STATUS**

Date: _____

State law details certain conditions for mandatory retirement system membership. To determine your eligibility, we require your completion of the appropriate sections listed below. RCW 41.50.130 and WAC 131-16-031 require employers to solicit this information.

Employee Name: _____

Social Security Number: _____

PLEASE CHECK THE APPROPRIATE BOX:

1. Have you ever been a member of a Washington State Retirement System? Yes No

2. Are you currently making contributions and earning service credit through employment with another public employer? Yes No

3. If your response to either one of the above questions is yes, what system and plan?

Teachers' Retirement System (TRS) Plan 1 Plan 2 Plan 3
Public Employees' Retirement System (PERS) Plan 1 Plan 2 Plan 3
Other Washington State Plan _____

4. Have you withdrawn your contributions? Yes No

5. Have you ever retired from one of the retirement systems listed above? Yes No

6. Are you currently employed at another participating employer (a college, HECB or SBCTC)? If yes, complete the information below: Yes No

College/Agency Name: _____

7. Are you currently (or were last quarter) a contributing participant of State Board Retirement Plan at the community/technical college, the HECB or the state board listed immediately above? Yes No

I hereby certify that the statements completed above are true and complete.

Please sign and date:

Employee signature: _____ Date: _____

Retirement Plan Options for Faculty and Exempt Employees*

Employees meeting the State Board Retirement Plan (SBRP) eligibility standards are required to participate in the retirement plan unless they:

- Are currently members of the Public Employees Retirement System (PERS) or Teachers Retirement System (TRS), **AND**;
- Are employed in a college, the HECB or State Board position that meets the eligibility standard established for the PERS or TRS retirement plans in which they have membership (“eligible position” or TRS 1), **OR**;
- Are active members of PERS through concurrent employment with another employer and, as such, are prohibited by statute from simultaneously participating in two state retirement plans and who elect to continue active PERS membership.

If you are a member	And:	Your options are to:
<p style="text-align: center;">TRS/PERS PLAN 1, 2 OR 3 (<u>NOT CONCURRENTLY EMPLOYED</u>)</p> <p><i>Note: “<u>Not concurrently employed</u>” means not simultaneous employed and earning TRS or PERS service credit with a different employer.</i></p> <p><i>If you have withdrawn your TRS/PERS funds, contact DRS to ascertain your membership status.</i></p>	<p>A. Meets the SBRP eligibility criteria and is eligible to participate in TRS or PERS (TRS Plan 1 or in a TRS/PERS “eligible position.”)</p> <p>B. Meets the SBRP eligibility criteria but <i>not</i> eligible to participate in TRS or PERS (not in an “eligible position”).</p> <p>C. Does not meet the SBRP eligibility criteria and is not in a TRS/PERS defined eligible position.</p>	<p>1. Continue with TRS or PERS (TRS Plan 1 must continue Plan 1 membership) <i>or</i>;</p> <p>2. Begin SBRP participation immediately <i>or</i>;</p> <p>3. Remain in TRS or PERS until vested and then begin SBRP participation.</p> <p>4. TRS Plan 1 members must continue TRS Plan 1 membership.</p> <p>5. Immediately begin SBRP participation.</p> <p>6. Members of TRS Plan 1 must continue with TRS regardless of percent of full-time.</p> <p>7. TRS Plan 2 and 3 members may apply to DRS for service credit under the substitute teacher provisions (Provide brochure or refer to DRS. PERS members receive no benefits.</p>
<p style="text-align: center;">PERS PLAN 1, 2 OR 3 AND CONCURRENTLY EMPLOYED</p> <p><i>Note: This section applies to PERS members who <u>are</u> simultaneous employed by the college (or SBCTC) and another PERS employer.</i></p> <p><i>It is the employee’s responsibility to notify his or her college or state board employer if they are no longer active PERS members with the other employer.</i></p>	<p>D. Meets the SBRP eligibility criteria and <i>does not</i> meet the PERS or TRS eligible position criteria.</p> <p>E. Meets the SBRP eligibility criteria and meets TRS or PERS eligible position criteria</p> <p>F. Does not meet the SBRP, PERS or TRS eligibility criteria.</p>	<p>8. Begin SBRP participation immediately and forgo active PERS membership with other employer. Employee notifies other employer. College notifies DRS; OR</p> <p>9. Forgo SBRP participation to continue active PERS membership solely through other employer. Employee notifies college when no longer participating in PERS. Also, see #11.</p> <p>10. See #8 & #9.</p> <p>11. Elect to have service credit in both positions reported in PERS or TRS. Refer employee to DRS. If not vested, see #3.</p> <p>12. No retirement plan participation through the college/state board employer.</p>
<p style="text-align: center;">TRS MEMBER AND IS CONCURRENTLY EMPLOYED</p> <p><i>Note: This section applies to TRS members simultaneously employed by another TRS employer who are earning service credit and receiving contributions with that other employer.</i></p>	<p>G. Meets the SBRP eligibility criteria but does not meet TRS eligible position standard.</p> <p>H. Does not meet the SBRP eligibility standard. Does not meet the TRS eligibility standards.</p>	<p>13. TRS Plan 1 members must remain with TRS Plan 1.</p> <p>14. Begin SBRP participation immediately.</p> <p>15. Members of TRS Plan 1 must continue with TRS regardless of percent of full-time.</p> <p>16. No SBRP participation. However, TRS Plans 2 or 3 members may be eligible for additional service credit through application made under DRS’s substitute teacher provisions. Provide substitute teacher brochure and/or refer employee to DRS.</p>

Employee’s Irrevocable Retirement Plan Choice:

This is to certify that I fully understand the retirement plan information and options applicable to me and I wish to select option number _____ from the chart above. I understand that this choice may not be revoked during my employment with this college or agency.

Employee’s Name (*printed*)

Employee’s Signature

Date

* The options presented in this form are designed to cover most circumstances. If your situation does not appear to fit those described, check with your benefits officer. Except as noted above, participation in the SBRP is required of faculty and exempt employees employed at one or more colleges, the HECB or the SBCTC for at least 50 percent of full-time, as defined by the collective bargaining agreement and/or their appointing authority, for at least two consecutive quarters.

**WASHINGTON COMMUNITY AND TECHNICAL COLLEGES
TIAA-CREF FUNDED RETIREMENT PLAN**

HARDSHIP WITHDRAWAL APPLICATION FORM

Note: Before applying for a hardship withdrawal, it is strongly recommended that you obtain advice from a certified financial planner regarding the tax implications. Funds can be withdrawn from your TIAA account only by irrevocable agreement to withdraw the funds at 10 percent per year over a ten-year period. Subject to the restrictions below, funds in your CREF account are available for hardship withdrawal.

WAC 131-16-056 (copy provided with form) and the Internal Revenue Code permit hardship withdrawals of member contributions from the basic State Board Retirement Plan under specified and limited circumstances. To apply for a hardship withdrawal, complete and sign the participant application below and TIAA-CREF's "Request for a Preretirement Cash Withdrawal" form and present them to the benefits officer. The appointing authority or designee must approve all hardship withdrawals before processing by TIAA-CREF.

Participant Application

Name: _____ Social Security Number: _____

Address: _____

TIAA Contract Number: _____ CREF Contract Number: _____

I hereby apply for approval of a hardship withdrawal of \$ _____ from my State Board Retirement Plan account(s) listed above. I have an immediate and heavy financial need as indicated by the condition(s) I have initialed below (*initial all conditions that apply*):

- _____ The requested withdrawal is needed to prevent eviction from or foreclosure on my principal residence.
- _____ The requested withdrawal is needed to pay unreimbursable medical expenses for myself, my spouse, and/or my dependents (may include children or parents).
- _____ The requested withdrawal is needed to prevent impending bankruptcy.

Note: In order to make a hardship withdrawal, the Internal Revenue Code requires that a participant be unable meet the above identified financial need through any and all of the following: (a) reasonable liquidation of assets, (b) borrowing from supplemental retirement accounts, (c) reimbursement or compensation by insurance or any other source, and/or (d) stopping any voluntary employee contributions to tax deferral or savings plans made available through my employer.

I certify that I have read and understand all of the above conditions for hardship withdrawals. I further certify that I have the immediate and heavy financial need(s) initialed above, that I meet the above-described Internal Revenue Code conditions for hardship withdrawals, and that the requested withdrawal is the minimum necessary to meet the indicated financial need(s) plus related taxes and early withdrawal penalties. I understand that amounts withdrawn may not be replaced in my State Board Retirement Plan accounts and the withdrawals are taxable income in the year they are received.

Participant's Signature: _____ Date: _____

Participant's Printed Name: _____

College Approval

I have reviewed this application for a hardship withdrawal from the above named employee's State Board Retirement Plan account. The employee has certified that he or she has one or more of the immediate and heavy financial needs that permit withdrawals in accordance with WAC 131-16-056 and the Internal Revenue Code. The employee has also certified that he or she is unable to meet the need(s) through other resources including (a) reimbursement or compensation by insurance or other source, (b) reasonable liquidation of assets, (c) borrowing from supplemental retirement accounts, life insurance values, or commercial sources, and/or (d) stopping any voluntary employee contributions to tax deferral or savings plans available through the employer. Accordingly, the employee's request for hardship withdrawal is approved.

Signature of President/Exec. Director or Designee: _____ Date: _____

Name of President/Exec. Director or Designee: _____ Title: _____

**WASHINGTON COMMUNITY AND TECHNICAL COLLEGES
STATE BOARD RETIREMENT PLAN**

Beneficiary Designation Consent Form

(Washington Administrative Code (WAC 131-16-011(8)) requires the consent of the participant's spouse for the designation of someone other than the spouse as beneficiary. Such other person must have an insurable interest in the participant or retiree's life.)

By my signature below, I, _____ *(printed name)*, do hereby designate the following named person(s) as beneficiary(ies) to all benefits associated with my participation in the State Board Retirement Plan, pursuant to WAC 131-16. I further acknowledge that I am aware of the effect of making this designation.

Designation of Beneficiary

Name(s) of Primary Beneficiary(ies)	Relationship to You	Date of Birth	Social Security Number
Name(s) of Contingent Beneficiary(ies)	Relationship to You	Date of Birth	Social Security Number

(Signature of Witness)

(Signature of Participant)

(Address of Witness)

(Date)

Consent by Spouse

(Complete the following section only if the designated beneficiary is someone other than the spouse.)

By my signature below I am voluntarily and irrevocably giving up my right to a qualified preretirement survivor death benefit under the State Board Retirement Plan's annuity retirement plan. I recognize that any preretirement death benefit payable under this plan will be paid to the beneficiaries as specified above.

(Signature of Spouse)

(Date)

(Signature of Witness)

(Date)

(Address of Witness)

**WASHINGTON COMMUNITY AND TECHNICAL COLLEGES
STATE BOARD RETIREMENT PLAN**

NOTICE OF INTENT TO RETIRE/REQUEST FOR SUPPLEMENTAL BENEFIT CALCULATION

TO: State Board for Community and Technical Colleges
1300 Quince Street SE
PO Box 42495
Olympia, Washington 98504-2495

ATTN: SBRP Administrator

FROM:

Please be informed that the following State Board Retirement Plan participant intends to terminate his or her employment with _____ (*Employer*) for the purpose of retirement. The effective date of retirement is _____¹(*Date*).

Name: _____

Home Address: _____

Home Phone Number: _____

Campus Phone Number: _____

Home E-Mail Address: _____

Campus E-Mail Address: _____

By the effective day of retirement, this State Board Retirement Plan participant will have met the minimum eligibility criteria for participation in supplemental benefits: age 62 and at least ten years of full-time service or its equivalent in a Washington public higher education institution/agency, during which time the SBRP contributions were made. The employee began contributing at the ten percent rate on _____ (*Date*) has contributed at that rate continually since that time.

¹ The effective date of retirement is the first day of the month following the month during which the employee separates.

**WASHINGTON COMMUNITY AND TECHNICAL COLLEGES
STATE BOARD RETIREMENT PLAN**

INSTRUCTION FOR COMPLETING WORKSHEET A

Column 1 - Enter the fiscal years during which the employee had earnings and employer pick-up or employee contributions were remitted to TIAA-CREF (matched by employer non-elective contributions.) "Fiscal year" is defined as the period beginning July 1 of any year and ending on June 30 of the subsequent year.

Service prior to January 1, 1970 is applicable in two instances: (1) a few individuals employed in the interim between establishment of the college system (April 1, 1967) and January 1, 1970, were allowed to retain a prior SBRP membership by a special provision of the Community College Act; (2) individuals who have vested SBRP service time as a result of employment with any other Washington public higher education institutions may have that service time count toward their supplemental calculation. In such latter cases, verification of the dates of such service must be obtained from the former employer and attached to this worksheet.

(Special note regarding otherwise eligible retirees employed by technical colleges): Years of service prior to September 1, 1991, and pension benefits based on such service should not be included in the calculation of a supplemental benefit entitlement. Supplemental benefits are based on years of service at Washington public higher education institutions/agencies only. Prior to September 1, 1991, the former vocational-technical institutions (now the technical colleges) were elements of the public school system.

Column 2 - Enter the number of months of service during which salary was earned and from which matched SBRP contributions were deducted. See example below.

Column 3 - Enter the basic appointment period for that individual for each year. For example, enter "9" for a faculty member with an academic year appointment. If that individual had been on leave of absence without pay for one quarter during a year, you would still enter "9" in column 3, but the correct entry for column 2 would be "6." If the faculty member had received a sabbatical stipend during the leave from which SBRP contributions were deducted and matched, you would enter "9" in both columns. See WAC 131-16-050(2).

Include time representing accrued annual leave days (vacation) only if the individual was entitled to accrue such leave. For example, enter "12" for an administrator with a contract or appointment for the calendar year beginning July 1, but enter "11" for an administrator with a contract or appointment for 240 days of service, etc.

Column 4 - Calculate the FTEs based on your campus's definition of full time or in-class teaching hours, i.e., if full time is 45 credits and the faculty member teaches 20 credits, the FTE would be .44.

In the example for column 3, the faculty member on sabbatical with pay for one quarter (if contributions were made) would receive 1.00 FTE year of service; if contributions were not made or if the leave was without pay, the correct entry would be .66 FTE year.

Column 5 - Enter the total income (salary, moonlight pay, extra duty pay, responsibility or leave stipend) from which SBRP contributions were deducted and matched during the fiscal year. This information is used to determine the final average salary (two highest consecutive fiscal years). Include complete salary spreadsheet for all fiscal years during which the employee had earnings and employer pick-up or employee contributions were remitted to TIAA-CREF. Remuneration for accrued and unused vacation leave from which SBRP contributions were deducted and matched, included in the final year entered, cannot exceed 30 days. Do not include remuneration for unused sick leave, from any early retirement incentive program, or for income from which SBRP contributions were not deducted.

**WASHINGTON COMMUNITY AND TECHNICAL COLLEGES
STATE BOARD RETIREMENT PLAN**

SUPPLEMENTAL BENEFIT OPTIONS FOR PARTICIPANTS

Name: _____

If you become eligible to receive a supplemental benefit in conjunction with retirement as a SBRP participant, you may choose any of the four options listed below. If this form is not executed before any supplemental benefit for which you may be eligible begins, a surviving spouse or designated beneficiary will receive the supplemental benefit based on Option 1. The following options provide an actuarially reduced survivor's benefit:

1. Two-thirds Benefit to Survivor – You and your designated beneficiary receive a lifetime income. At the death of either, the payments are reduced to two-thirds of the amount that would have been paid had both lived; the two-thirds benefit continues to the survivor for life.
2. Full Benefit to Survivor – You and your designated beneficiary receive a lifetime income. At the death of either the payments continue to the survivor for life, in the same amount that would have been paid if both had lived.
3. Half Benefit to Spouse – you receive a lifetime income. If your spouse survives you, he or she receives for life one-half the amount you would have received if you had lived. There is no reduction in your supplemental benefit if your spouse dies first.

The choice made now may be changed prior to retirement. The choice is irrevocable once supplemental payments have begun. If you have chosen either Option 1 or 2 and you wish to designate a beneficiary other than your spouse you should also complete the "Designated Beneficiary for Supplemental Benefit Payments" form. The following option does not provide for a survivor's benefit:

4. Single life – You receive a lifetime income. Payments cease upon your death.

Participant's Choice of Supplemental Benefit Option

I, _____, select option _____ above for any supplemental benefit for which I may be eligible at retirement or for which my designated beneficiary may be eligible in the event of my death prior to retirement.

Executed this _____ day of _____, 20____. _____
(Participant's Signature)

(Signature of Witness)

(Address of Witness)

Consent of Participant's Spouse (If Any)

I, _____, being the spouse of the above participant, do acknowledge that I am aware of the Supplemental Benefit Option chosen here and that I am aware of the effect of same and consent thereto.

Executed this _____ day of _____, 20____. _____
(Signature of Spouse)

(Signature of Witness)

(Address of Witness)

**WASHINGTON COMMUNITY AND TECHNICAL COLLEGES
STATE BOARD RETIREMENT PLAN
SUPPLEMENTAL BENEFIT OPTIONS FOR PARTICIPANTS**

By my signature below, I do hereby designate the following named person as my beneficiary, pursuant to RCW 28B.10.400(3), with respect to my choice of either the "Two-thirds Benefits to Survivor" or the "Full Benefit to Survivor" option for receipt of the supplemental benefit for which I am eligible. This benefit is associated with my retirement from active college employment and my participation in the State Board Retirement Plan. I further acknowledge that I am aware of the effect of making this designation.

Name of Beneficiary: _____

Relationship to Retiree: _____

Address of Beneficiary: _____

Beneficiary's Telephone Number: _____ Beneficiary's Birthdate: _____

(Signature of Witness)

(Signature of Retiree)

(Address of Witness)

(Date)

Acknowledgement by Spouse

(Complete the following section only if the designated beneficiary is someone other than the spouse of the supplemental benefit recipient.)

By my signature below I, being the spouse of the above named retiree, hereby acknowledge and give my consent to the naming of the designated beneficiary identified above, pursuant to RCW 28B.10.400(3), with respect to all supplemental benefits associated with said retiree's participation in the State Board Retirement Plan. I further acknowledge that I am aware of the effect of providing this consent.

(Signature of Spouse)

(Date)

(Signature of Witness)

(Date)

(Address of Witness)

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