

COMPARISON OF RETIREMENT PLAN OPTIONS

Washington State Community and Technical Colleges

	Public Employees Retirement System Plan 3 Teachers Retirement System Plan 3 (For Faculty)	State Board Retirement Plan (SBRP) (TIAA-CREF)
Plan Type	Hybrid Plan comprised of two components: a defined benefit and defined contribution. Defined benefit component is funded by employer contributions that will provide a fixed lifetime income at retirement (dependent upon length of service, average salary, and age at retirement) Defined contribution is funded by employee contributions, with the benefit dependent upon contributions and investment returns.	401(a) defined contribution plan with employer and employee contribution amounts set and benefit dependent upon accumulations at retirement and retirement income option selected. Accumulations are affected by investment choices, market experience and time in the plan.
Vesting	10 years of service credit; or 5 years of service credit and at least 12 of those months earned after age 44.	Immediate vesting.
Employee Contribution	Option A = 5% all ages; Option B = 5% up to age 35; 6% ages 35-44; 7.5% age 45 & older Option C = 6% up to age 35; 7.5% ages 35-44; 8.5% age 45 & older Option D = 7.5% all ages Option E = 10% all ages Option F = 15% all ages Default = 5% all ages PERS members may only change options when changing employers; TRS members may change when changing employers or in January.	Employee contributions are mandatory at 5% up to age 35; 7.5% ages 35 – 49; 10% ages 50 & older.
Employer Contribution	Employer contribution rates vary over time and do not impact the defined benefit a retiree receives.	Employer matches the employee contributions.
Investment Direction	Employees may choose to self-direct investments or have the contributions directed by the Washington State Investment Board (WSIB).	Employees self-direct from 34 choices, a family of multi-asset funds managed by TIAA-CREF based on your projected retirement date.
Investment Choices	Those that self-direct can invest in Retirement Strategy Funds which target your retirement date or can select your own mix from seven choices: money market, Washington State Bond, Socially Responsible balanced, U.S. Large Stock Index, U.S. State Market Index, U.S. Small Stock Index and International Stock Index. WSIB invests in a diversified portfolio of U.S. and international stocks, bonds, private equity and real estate investments.	Investment choices can be viewed at http://enroll.tiaa-cref.org/sbctc/inv_opt_home.html In general, the 34 options are grouped into Equities, Guaranteed Income, Fixed Income, Real Estate, Money Market and Multi-Asset. Equities include value, growth and index funds; international and balanced funds; emerging market; real estate; S&P 500; and Social Choice.
Minimum Retirement Age	With full benefit at 65 if you have at least 5 years of service credit. If you have at least 10 years of service credit and are 55 or older, you can choose to retire early but your benefit may be reduced.	No minimum retirement age.
Retirement Income Options	Guaranteed monthly benefit for the rest of your life from defined benefit portion.	Lifetime annuity (including options for beneficiaries) or a variety of cash withdrawals (subject to certain limitations).
Calculation of Retirement Benefit	1% x service credit years x average final compensation = defined retirement benefit. Retirement benefit from defined contribution portion is based on the accumulated value of contributions plus investment experience.	Retirement benefit based on the accumulated value of contributions made by the employee and the employer plus investment experience. Monthly benefit is affected by the payout and survivor options selected.
Death Benefit	Survivor may be eligible to receive a benefits based on your years of service credit.	Survivor receives the value of your accumulations.

Considerations

- **Choice is irrevocable as long as you remain employed by the participating employer**
- **30 days to make a choice or be defaulted into the SBRP**
- **Your length of Service**
 - **Depending upon your age, you may not be eligible for the defined benefit provided by Plan 3 unless you have 5 to 10 years of service credit.**
 - **Full benefit of Plan 3 is not received until age 65**
- **Your career plans**
 - **Plan Portability: The SBRP is fully portable. The defined contribution portion of Plan 3 is portable.**
 - **Importance of retirement benefits: Does participation in a retirement plan important to you? Or are you more likely to withdraw your contributions and earnings when you terminate employment? The SBRP allows for withdrawal of all employer and employee contributions and earnings; Plan 3 allows for withdrawal of employee contributions and earnings.**
- **Investment decisions: Do you want to select your own investment strategies and accept the risks and rewards associated with your choices? Or would you prefer that your investments be managed by the Washington State Investment Board. Both the SBRP and Plan 3 allow participants to self-manage investments: with the SBRP providing over 30 choices and Plan 3 providing 6 choices.**
- **Retirement benefit type: Do you want your retirement benefit to be based on the performance of investments you select? Or would you prefer your retirement benefit be based on a predetermined formula that takes into account your earnings and years of service? The SBRP retirement benefit is wholly funded by contributions and earnings based on investment choices you make. Plan 3 includes a defined benefit component, where the retirement benefit is determined through a formula.**