

Educators' FAQ's

- **How does TRS 1 pension work?** TRS Plan 1 is a 401 (a) defined benefit plan. When you retire, you will receive a monthly benefit for the rest of your life that is based on your years of public service and your average final compensation (AFC).
- **How does TRS 2 pension work?** Plan 2 has one part – a 2 percent **defined benefit** plan. You and your employer contribute to your plan, but your benefit does not depend on the amount of the contributions.
- **How does TRS 3 pension work?** Plan 3 has two parts—a defined benefit and a defined contribution. Your employer contributes to your defined benefit. You contribute to the defined contribution. You choose your investment program and contribution rate for the defined contribution part of your plan. Once chosen, your defined contribution rate is permanent unless you change employers.
- **Can I choose between Plan 2 and Plan 3?** As a new public employee, you have 90 days to choose between two different pension plans – Plan 2 or Plan 3. Public employees in Washington state are eligible for retirement benefits administered by the Department of Retirement Systems (DRS).
- **What are my options for saving money outside of Plan 3?** Depending on what school district you work in, you may have access to a 403(b) program and/or a Deferred Compensation Program (DCP) program.
 - **403(b) Program:** The 403(b) Program is a supplemental retirement savings program (an IRC Section 403(b) plan) that offers you the opportunity to invest money toward retirement. There are Traditional 403(b) plans and Roth 403(b) plans that may be offered through your employer. Traditional 403(b) and Roth 403(b) plans offer different tax advantages to consider.
 - **DCP Program:** The Washington State Deferred Compensation Program (DCP) is a supplemental retirement savings program (an IRC Section 457 plan) that offers you the opportunity to invest money toward retirement.
- **What is the difference between “separating from service” and “retiring”?** Essentially, when you Separate from Service, you stop working and when you Retire, you receive your pension. Common reasons for Separating from Service and not Retiring include not wanting to take a reduced pension, working at another job or being too young to receive your pension.
- **What are the rules concerning working after retirement?** As of July 2016 the rules concerning returning to work while collecting pension benefits have changed for members of the Teachers Retirement System (TRS). Retired members may be able to return to work without restriction.
- **When does it make sense to take my pension?** Activating your pension benefits is a very personal, irrevocable decision. With so many important variables to consider, understanding your options and the consequences can help you make the choice that best fits your situation.
- **How does the “30-Year” rule affect me?** With respect to collecting your full pension, there is now an option to collect your pension as early as age 62 with no reduction in pension benefits.
- **How does the “20-Year” rule work?** Providing you have at least 20 years of service credit when you separate from service, your pension benefits will increase by 3% per year up to age 65 for every year before you activate your pension.
- **What is the TAP annuity?** The TAP annuity is an investment product offered by the state.
- **What is VEBA?** ⁽²⁾A Voluntary Employees Beneficiary Association plan (VEBA) is a tax-free post-retirement medical expense account used by retirees and their eligible dependents to pay for any eligible medical expenses.

- What healthcare options are available for Public Employees? ⁽³⁾
 - COBRA: The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires most employers with group health plans to offer employees the opportunity to continue temporarily their group health care coverage under their employer's plan if their coverage otherwise would cease due to termination, layoff, or other change in employment status (referred to as "qualifying events").
 - PEBB: Available through the Washington State Health Care Authority, the Public Employees Benefits Board (PEBB) offers medical and Medicare Supplemental programs for eligible public employees.
 - Other: Medical coverage may be available through a spouse's employer or through another provider.

Providing Tools & Strategies for Educators since 1987

We work with Educators & Administrators, School District Employees and Public Employees who are pension system members. Each group belongs to a specific pension system:

- Washington State Teachers Retirement System (TRS)
- Washington State School Employees Retirement System (SERS)
- Washington State Public Employees Retirement System (PERS)

Due to the experience and knowledge we have in understanding the Washington State Retirement System, we are a valuable resource to pension system members. ***Please let us know if you would like to schedule a time to meet the next time someone from Behm Financial is at your school. CONTACT US*** via email at Ken@BehmFinancial.com or dialing direct at 253-640-8437. We look forward to the opportunity to connect soon!

Our Process

The Behm Financial Process begins by gaining an understanding of the individual situation of each client. It continues with us designing specific strategies for every stage of a financial life.

We help you make sense of all of the uncertainty in your financial life.

This summary outlines information provided by the following sources. Please refer to source for complete details.

- Source: www.drs.wa.gov
- Source 2: www.veba.org and www.hraveba.org
- Source 3: www.cobrainurance.com

www.FinancialPlanningForEducators.com ~ Providing Tools & Strategies to Educators ~ Ken@BehmFinancial.com
5801 42nd Street W; University Place, WA 98466 ~ Call Direct: 253-640-8437

Representative registered with and offers only securities and advisory services through PlanMember Securities Corporation (PSEC), a registered broker/dealer, investment advisor and member FINRA/SIPC. 6187 Carpinteria Ave, Carpinteria, CA 93013 • (800) 874-6910. Behm Financial and PSEC are independently owned and operated companies. PSEC is not liable for ancillary products or services offered by this representative or Behm Financial.