

The Washington State Department of Retirement Systems (DRS) manages 15 retirement plans and a deferred compensation plan for more than 590,000 active, inactive (vested and non-vested) and retired members, and 1,300 public employers. DRS issued nearly \$2.5 billion last fiscal year in retirement payments, and net assets held in trust for pension benefits totaled \$69.1 billion as of June 30, 2007. The director of DRS is appointed by the Governor and is a member of the Executive Cabinet. The Director serves as a voting member of the State Investment Board, the Select Committee on Pension Policy and the Pension Funding Council. Significant events in the history of DRS are listed below.

Early 1900s-1940s: The Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), Washington State Patrol Retirement System (WSPRS), Judges and many local police and fire fighters' retirement systems are created. (PERS includes state and local government employees.)

1950s-1960s: Independent administration of individual retirement systems continues, including the existence of separate boards.

1970s: Local police and fire fighters' retirement systems are consolidated into the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System.

1976: The Department of Retirement Systems is created to administer state retirement systems. The Office of the State Actuary (OSA) is also created to provide pension cost estimates.

1977: A second benefit tier known as Plan 2 is created in LEOFF, PERS and TRS. Plan 2 differs from Plan 1 in that although both are defined benefit plans (with a two percent multiplier on years of service and final average salary), Plan 1 is capped at 30 years of service, Plan 2 has a higher minimum retirement age (of 65) for an unreduced benefit and Plan 2 has a five year final average salary period instead of two years. All members hired in LEOFF, PERS and TRS eligible positions after October 1, 1977 are required to join Plan 2.

1981: The Washington State Investment Board is created to handle the investment of all state trust funds. Membership consists of the director of DRS; the state treasurer; the director of Department of Labor and Industries; a state senator; a state representative; an active member of LEOFF, PERS, SERS, and TRS; and a retired member of one of the seven systems.

1987: The Joint Committee on Pension Policy (JCPP) is created. The JCPP studies pension benefits and funding policies and appoints the State Actuary. The JCPP consists of eight members of the Senate and eight members of the House of Representatives, split evenly between the two largest caucuses of each body. The OSA provides staffing to the JCPP.

1995: The TRS Plan 3 is created effective July 1, 1996. Plan 3 is a defined benefit plan that also includes a defined contribution component. Employer contributions fund the defined benefit which has a one percent multiplier. Member contributions fund the defined contribution account and the member selects and controls their contribution rate and investment option. TRS Plan 2 members are given the option of staying in Plan 2 or transferring to Plan 3.

1996: The state Deferred Compensation and Dependent Care programs are transferred to DRS. DRS also assumes accounting and reporting responsibility for the Judicial Retirement Account (JRA) defined contribution plan.

1998: The School Employees' Retirement System (SERS) Plans 2 and 3 are created effective September 1, 2000. Classified school employees who were previously in PERS Plan 2 are moved into SERS and provided with the option of staying in Plan 2 or transferring to Plan 3. SERS Plan 3 has the same benefit features as TRS Plan 3.

The Pension Funding Council (PFC) is also created. The PFC adopts economic assumptions for pension funding and member and employer pension contribution rates for LEOFF Plan 1, PERS, SERS, TRS, WSPRS and, starting in 2006, the Public Safety Employees' Retirement System (PSERS). Membership on the PFC consists of the directors of DRS and Office of Financial Management, and the chairs and ranking minority members of the Senate Ways and Means Committee and House Appropriations Committee.

1999: PERS Plan 3 is created effective March 1, 2002, for state and higher education employees; and effective September 1, 2002, for local government employees. PERS Plan 2 members have the option of remaining in Plan 2 or transferring to PERS Plan 3. PERS Plan 3 has the same benefit features as TRS and SERS Plan 3.

2001: The WSPRS Plan 2 is created effective January 1, 2003. Plan 2 has a five year final average salary period instead of two years.

2003: The LEOFF 2 Board is established by statewide initiative effective July 1, 2003. The Board is a policy-making body that studies pension issues, acts as fiduciary of LEOFF Plan 2, sets contribution rates and recommends pension policy to the Legislature. The LEOFF Plan 2 Retirement Board consists of three active fire fighters, three active police officers, three employers and two legislators.

The JCPP becomes the Select Committee on Pension Policy (SCPP). The SCPP studies pension issues and retirement finances, develops pension policies and recommends pension legislation. It is composed of four members of the Senate, four members of the House of Representatives, four representatives of active state retirement system members, two representatives of retired members, four employer representatives and the directors of the Office of Financial Management and the Department of Retirement Systems.

2004: PSERS is created effective July 1, 2006 for certain public employees whose jobs contain a high degree of physical risk to their own personal safety. Members in PSERS can be eligible for full or reduced retirement benefits at younger ages than those in PERS.

2006: DRS assumes responsibility for the collection of Judicial Retirement Account (JRA) contributions.

2008: The Dependent Care program is transferred to the Washington State Health Care Authority, effective January 1, 2009.