

Deferred Compensation Program
Presentation
LEOFF Plan 2 Retirement Board
July 28, 2010

Brian Berghoff, DCP Administrator
Department of Retirement Systems



- WASHINGTON STATE -
Deferred Compensation Program



What is the Washington State Deferred
Compensation Program?

- An IRS 457(b) supplemental retirement savings investment plan
 - Similar to a 401(k), Private Sector
 - Similar to a 403(b), Non-Profit
- Offered by Washington State
 - DRS administers DCP
 - WSIB selects and monitors investment options

What is the Washington State Deferred Compensation Program?

- Available to Public Employees of:
 - State Agencies
 - Higher Education Institutions
 - Political Sub Divisions if employer has signed resolution adopting DCP

What is the Washington State Deferred Compensation Program?

- Voluntary Program
- Reduces current taxable income
- Account savings grow on a tax-deferred basis
- DCP fees are typically lower than other plans
- We do not offer loans - some plans do
 - Hardship withdrawals are available

Deferred Compensation Program

- 1,317 retirement system employers
- 1,017 DCP participating employers
- Over 53,000 participants
- Over \$2.6 billion in assets
 - As of June 30, 2010

LEOFF Plan 2

374 LEOFF Plan 2 Employers – 16,887 employees

- 144 Fire Protection Districts
- 39 Counties
- 177 Cities and Towns
- 14 Other

LEOFF Plan 2 – Active DCP Employers

227 LEOFF Plan 2 DCP Employers - 5,462 employees

- 85 Fire Protection Districts
- 22 Counties
- 110 Cities and Towns
- 10 Other

LEOFF Plan 2 – Fire Protection Districts

144 Fire Protection Districts - 3,563 total employees

- FPDs in DCP – 85
 - 2,075 employees
 - 907 participants – 44%
- FPDs not participating in DCP – 59
 - 1,488 employees

LEOFF Plan 2 – Counties

39 Counties – 2,831 total employees

- Counties in DCP – 22
 - 662 employees
 - 76 participants – 11%
- Non-DCP counties – 17
 - 2,169 employees

LEOFF Plan 2 – Cities and Towns

177 Cities/Towns – 10,052, total employees

- Cities/Towns in DCP – 110
 - 2,494 employees
 - 617 participants – 25%
- Non-DCP Counties – 67
 - 7,558 employees

LEOFF Plan 2 – Miscellaneous

14 Miscellaneous – 441, total employees

- In DCP – 10
 - 231 employees
 - 103 participants – 45%
- Non-DCP – 4
 - 210 employees

LEOFF Plan 2 and DCP – Statistics

Total LEOFF 2 employers – 374

- 61% have joined DCP: 227
- 39% do not participate in DCP: 147

Total LEOFF 2 employees – 16,887

- 32% - DCP participants – 5,462
- 68% - Not in DCP – 11,425

Maximum Deferral – 2010

- Regular annual deferral \$16,500
 - Monthly deferral \$ 1,375
- 50+ annual catch-up \$22,000
 - Monthly deferral \$ 1,833
- 3-year catch-up provision \$33,000
 - From normal retirement

It's Smart!

Employees

- Defer Federal Income Tax
- Tax-deferred growth
- Dollar cost averaging
- Low Administrative Fee .14%
 - No sales commissions
 - No transaction fees

It's Smart! **Employees**

- No Penalties for Early Withdrawals
 - No 10% penalty if younger than 59 ½
- Washington State Investment Board
 - Selects investment options
 - Monitors fund managers

It's Easy! **Employees**

- Simple enrollment process
- Automatic payroll deduction
- You decide how much
 - Minimum contribution \$30 per month
 - Maximum contribution \$16,500 per year
- Change your deferral amount any time

Employee/Participant Resources

Employee Resources



It's Smart!

Employers

- **Employee benefit package**
 - Take advantage of this program
 - Positive effect on recruitment and retention
- **Administration**
 - No direct costs
 - Reporting method used for LEOFF can be used for DCP
- **Employer match**

It's Easy!

Employers

- **Washington State Investment Board**
 - Selects investment options
 - Monitors fund managers
- **Can contact DRS for support when necessary**
 - Training, Education and to Increase Awareness
 - Reporting questions
 - Supplies such as Publications

Employer Resources

Education and Outreach

Our goal - "Increase awareness and knowledge in support of better retirement planning."

- The E&O team travels across the state to:
 - Increase awareness of retirement benefits
 - To promote retirement education for employers and their employees

Education and Outreach

- On-site presentations
 - DCP
 - Retirement
- On-site one-on-one appointments
 - Employees
 - Employers
- New Employee Orientation
- Benefit fairs

Education and Outreach

- Host retirement seminars around the state specially designed for members who are within five years of retirement. These informational seminars cover:
 - Social Security
 - VEBA
 - PEBB Health Insurance
 - Retirement system benefits
 - DCP

Education and Outreach

Employer

- Learn how the Education and Outreach team can help employers and their employees
 - Schedule a presentation
 - new employee orientation
 - one-on-one appointments

Contact the Education and Outreach team at:
 360-664-7000 ext 47115 or 800-547-6657 ext 47115

Investment Options

- Two different approaches to investing
 - One-Step Investing
 - Build and Monitor
- Ten fund options to choose from
 - 9 fund choices
 - 12 Retirement Strategy Funds

Investment Options

- One Step Investing - Retirement Strategy Funds
 - Diversification
 - Automatic rebalancing
 - Adjusts your asset mix as you move toward your target date

Investment Options – Retirement Strategy



Investment Options – Build and Monitor

- Build and Monitor
 - A full spectrum of investment choices for people who want to take a more hands-on approach with their portfolio

Investment Options – Build and Monitor

- The Savings Pool
- Washington State Bond Fund
- Washington State Social Balanced Fund
- Active US Value Stock Fund
- U.S. Stock Market Index Fund
- Active US Core Stock Fund
- Fidelity Growth Company Fund
- U.S. Small Stock Index Fund
- International Stock Fund



Distribution Options

- Separate from Service or Retirement
 - Lump sum
 - Installments
 - Partial lump sum & installments
 - Annuity purchase
 - Rollovers
 - Death – balance to beneficiaries
 - No IRS early withdrawal penalties

Discover The Smart, Easy Way to Save



Enrollment Education Investments Calculators Publications Forms Links

Washington State Deferred Compensation Program

This site is the portal to your DCP account where you can review your account details, make changes to your investment selections and much more. Be sure to take advantage of the many educational materials and tools the website has to offer.

Account Access

Welcome to your new Account Access
If this is your first time logging into this site

[Register Your Account](#)

Secure Account Access

Username:

PIN:

[Sign In](#)

- Forgot your Username?
- Forgot your PIN?
- First time logging in to your account?

Contact DCP Participant

Call the DCP Information Line

1-888-327-5596

Press 1 to verify balance and manage your account
Press 2 with enrollment & distribution questions

Online access at: www.drs.wa.gov/dcp

DRS Department of Retirement Systems Thank you DCP


