As a Plan 2 or Plan 3 member of the Public Employees’ Retirement System (PERS), School Employees’ Retirement System (SERS) or Teachers’ Retirement System (TRS), you have the option to retire early and begin receiving a monthly benefit once you meet the minimum service requirements. This publication provides information about some of the things you might want to consider before deciding whether early retirement is right for you.

What is my normal retirement age?

**Plan 2 members:** If you have at least five years of service credit, you are eligible for normal retirement at age 65.

**Plan 3 members:** If one of the following is true, you are eligible for normal retirement at age 65:
- You have at least 10 service credit years.
- You have at least five service credit years and at least 12 service credit months of those five years were earned after age 44.
- You earned at least five service credit years in Plan 2 and transferred to Plan 3 before the system-specific date below:
  - **PERS:** June 1, 2003
  - **SERS:** Sept. 1, 2000
  - **TRS:** July 1, 1996

How soon can I retire?

In some cases, you can retire at age 62 with a monthly benefit that isn’t reduced (see the Early Retirement Factors chart on page 2). Retirement before age 65 is considered an early retirement.

**Plan 2 members:** You can retire as early as age 55 with a reduced benefit if you have at least 20 service credit years.

**Plan 3 members:** You can retire as early as age 55 with a reduced benefit if you have at least 10 service credit years.
How would retiring early affect my monthly benefit?

When you retire early, your monthly benefit amount is reduced to reflect that you will be receiving your defined benefit for a longer period of time. The amount of the impact depends on the amount of service credit you have, the date you retire, your age and the Early Retirement Factor used. (See “Monthly benefit formulas” on page 3.)

**Plan 2 members:** If you retire with between 20 and 30 years of service credit, your monthly benefit is reduced by a factor that is based on your average life expectancy. The reduction is greater than if you retire with at least 30 service credit years.

**Plan 3 members:** If you retire with between 10 and 30 years of service credit, your monthly benefit is reduced by a factor that is based on your average life expectancy. The reduction is greater than if you retire with at least 30 service credit years.

If you retire with at least 30 years of service credit, you can choose one of the following options:

- A 3% Early Retirement Factor (ERF) reduction for each year (prorated monthly) before you turn age 65
- The 2008 ERF, which provides a smaller benefit reduction but imposes stricter return-to-work rules (see page 4)

Early retirement rules are different for members who are first hired on or after May 1, 2013. At age 55 with 30 years of service credit, your benefit is reduced by 5% for each year (prorated monthly) before you turn age 65.

**Plan 2**

<table>
<thead>
<tr>
<th>Retirement age</th>
<th>At least 10 or 20 years of service credit</th>
<th>3% ERF</th>
<th>2008 ERF</th>
<th>5% ERF</th>
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<tr>
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1 Plan 3 members must have at least 10 years of service credit. Plan 2 members must have at least 20 years of service credit.

The ERFs are subject to change based on State Actuary figures. The administrative factors used in the table above are for illustrative purposes only. To review the factors in detail, visit the complete table online at www.drs.wa.gov/administration/administrative-factors/default.htm.

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If I retire early, what reductions will apply?

The amount of the reduction to your monthly benefit will depend on how much younger than age 65 you are when you retire and the amount of service credit you have. This reduction will reflect that you will be receiving your defined benefit for a longer period of time than if you had retired at age 65. Consider how the ERFs are applied in the early-retirement examples on page 3.

For more information on early retirement, read Washington Administrative Code 415-02-320.
Early retirement by the numbers

How much difference can this choice make?
That depends on your circumstances, including your wages and age at retirement. Consider the examples below.

Example 1
Retiring Sept. 1, 2018, at age 55 with 22 years of service credit

Mario retires Sept. 1, 2018, at age 55 with 22 years of service credit. His AFC is $3,600. He is retiring early, so his monthly benefit is 36.5% of what it would have been at age 65, calculated as follows:

Plan 2
\[ = 2\% \times 22 \text{ years} \times 3,600 \times 0.365 \]
\[ = 0.02 \times 22 \times 3,600 \times 0.365 \]
\[ = $578.16 \]

Plan 3
\[ = 1\% \times 22 \text{ years} \times 3,600 \times 0.365 \]
\[ = 0.01 \times 22 \times 3,600 \times 0.365 \]
\[ = $289.08 \]

Example 2
Retiring March 1, 2018, at age 60 with 30 years of service credit

Haani retires March 1, 2018, at age 60 with 30 years of service credit. Her AFC is $4,000. She is retiring early, so her monthly benefit is 85% of what it would have been at age 65, calculated as follows:

Plan 2
\[ = 2\% \times 30 \text{ years} \times 4,000 \times 0.85 \]
\[ = 0.02 \times 30 \times 4,000 \times 0.85 \]
\[ = $2,040 \]

Plan 3
\[ = 1\% \times 30 \text{ years} \times 4,000 \times 0.85 \]
\[ = 0.01 \times 30 \times 4,000 \times 0.85 \]
\[ = $1,020 \]

Example 3
Retiring April 1, 2018, at age 62 with 30 years of service credit using the 3% ERF

Ron retires April 1, 2018, at age 62 with 30 years of service credit. His AFC is $4,400. If he chooses the 3% ERF, his monthly benefit is calculated as follows:

Plan 2
\[ = 2\% \times 30 \text{ years} \times 4,400 \times 0.91 \]
\[ = 0.02 \times 30 \times 4,400 \times 0.91 \]
\[ = $2,402 \]

Plan 3
\[ = 1\% \times 30 \text{ years} \times 4,400 \times 0.91 \]
\[ = 0.01 \times 30 \times 4,400 \times 0.91 \]
\[ = $1,201 \]

Example 4
Retiring April 1, 2018, at age 62 with 30 years of service credit using the 2008 ERF

If Ron instead chooses to retire under the 2008 ERF, his benefit is not reduced. But he now must follow stricter return-to-work rules than retirees who pick the 3% ERF (see page 4). If he chooses the 2008 ERF, his monthly benefit is calculated as follows:

Plan 2
\[ = 2\% \times 30 \text{ years} \times 4,400 \times 1 \]
\[ = 0.02 \times 30 \times 4,400 \times 1.00 \]
\[ = $2,640 \]

Plan 3
\[ = 1\% \times 30 \text{ years} \times 4,400 \times 1 \]
\[ = 0.01 \times 30 \times 4,400 \times 1.00 \]
\[ = $1,320 \]

The administrative factors used in the examples above are for illustrative purposes only.
Can I retire early, return to work and continue to receive my monthly benefit?

If you return to work for an employer not covered by a Washington state retirement system, your benefit is not impacted. You can work an unlimited number of hours. The rules are different, however, for returning to work in a position that is eligible for Washington state retirement system coverage. You must wait at least 30 consecutive days after your retirement date before returning to work.

If you retire with fewer than 30 years of service credit or under the 3% ERFs (see page 2), you can work up to 867 hours in an eligible position each calendar year and continue to receive a monthly benefit. If you work more than 867 hours, your monthly benefit will be suspended until you quit working or the next calendar year begins.

If you retire using the 2008 ERFs and have not reached age 65, different rules apply:
- You cannot work in any capacity for a DRS-covered employer and continue to receive your benefit. If you do return to work, you will not receive your monthly benefit for any month in which you work. Your benefit will restart the first of the month after you stop working. Once you reach age 65, you can work under the rules previously described. However, if you are a Teachers’ Retirement System (TRS) member, the rules are temporarily different for you. As a retired teacher, you can return to work exclusively as a K-12 substitute teacher and continue receiving your TRS benefit during the first 867 hours you substitute teach each calendar year. Any hours worked outside the role of K-12 substitute teacher will still suspend your benefit. This opportunity is available through July 31, 2020.
- You cannot earn compensation from a DRS-covered employer for services performed as a contractor and continue to receive a monthly benefit.

For more information, read the brochure Thinking About Working After Retirement?

This document is a summary. It is not a complete description of early retirement. State retirement laws govern your benefit. If a conflict exists between the information in this document and what is contained in current law, the law governs.