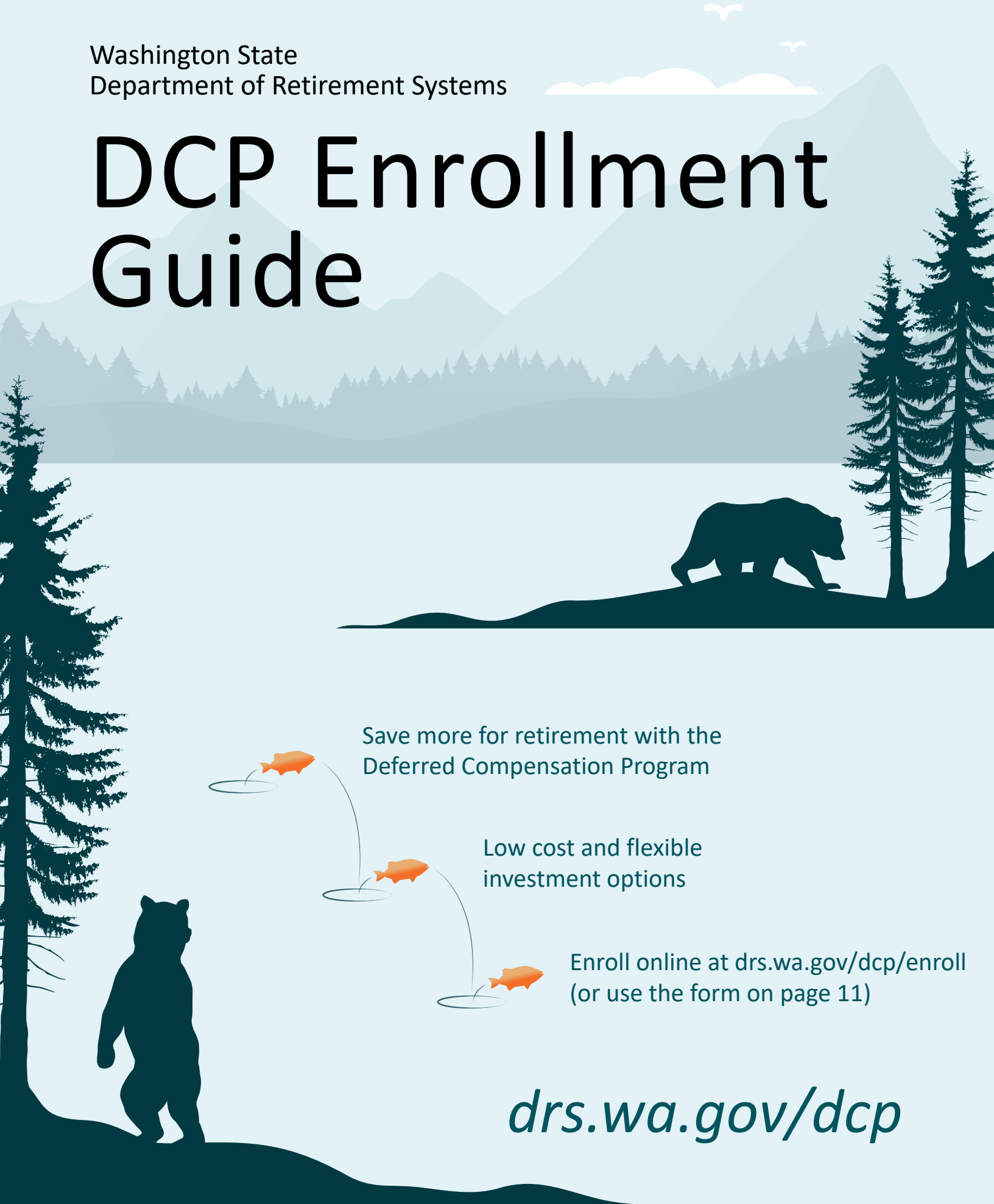
Washington State
Department of Retirement Systems

DCP Enrollment Guide



Save more for retirement with the Deferred Compensation Program

Low cost and flexible investment options

Enroll online at drs.wa.gov/dcp/enroll (or use the form on page 11)

drs.wa.gov/dcp

Financial independence

Setting and maintaining your course toward financial independence could take less time than you think.

"Retirement" means a lot of things to different people. For some, it means you stop working and begin new adventures. For others, it means you start collecting income while you continue to work. But the common thread is to achieve financial independence. Being financially independent gives you the freedom to work only if you WANT to work.

No matter what age you actually retire, we can all agree that a solid goal is to build wealth as much as you can so that working in old age is an option and not a necessity.

Here's where DCP comes in

The single biggest action you can take right now is to sign up for an additional retirement savings plan like DCP. The Deferred Compensation Program (DCP) is a 457(b) investment program administered by Washington State Department of Retirement Systems (DRS).

How much do you need to save?

Visit drs.wa.gov/calculators to estimate the amount you'll need to reach financial independence.

DCP is easy

The Deferred Compensation Program (DCP) is a special type of savings program that helps you save for retirement.

DCP is an IRC Section 457(b) program administered by the Washington State Department of Retirement Systems (DRS). DCP is similar to a 403(b) program.

Simple

Contributions are automatically deducted from your paycheck, so saving is easy. Start with as little as 1% per month. Or choose a flat dollar amount.

Flexible

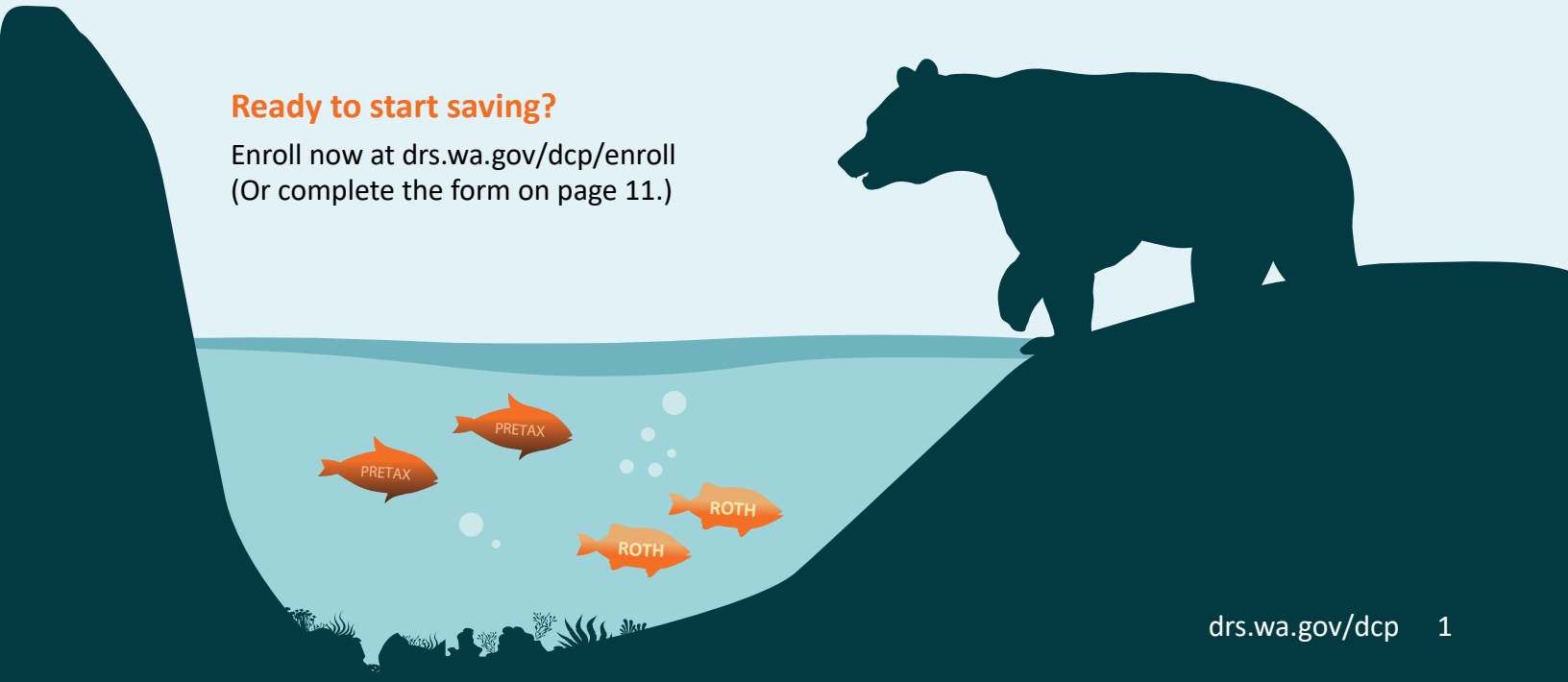
Online or by phone, change your contribution amount and investment selections at any time. Your changes can take up to 30 days to go into effect, depending on your employer's payroll cycle.

Smart

DCP offers a variety of professionally managed investment options, including target date funds that automatically rebalance the asset mix as you approach retirement age. Funds are provided by the Washington State Investment Board, with fees among the lowest in the marketplace.

Ready to start saving?

Enroll now at drs.wa.gov/dcp/enroll
(Or complete the form on page 11.)



This is how your DCP savings could grow contributing $100 a month.

This chart assumes a 6% rate of return.
Actual rate of return depends on fund performance.

DCP gives you options

DCP is a supplemental retirement savings program. You are in control when it comes to increasing your retirement contributions. DCP is flexible, allowing you more involvement in your investment planning.

With DCP you choose:

- Your contribution amount
- Percentage or dollar contributions
- Roth or traditional pretax options
- When to start or stop saving
- Your investment options
- When to withdraw your balance

And you can manage your account online or by phone.

$ or %

Choose dollar or percentage savings

You can choose a flat dollar amount to contribute each month, or you can choose a percentage option that can scale with your pay.

Contributions

Your DCP contributions are deferred from your gross income before taxes are calculated. The contribution amount you choose is for the month. If you receive more than one paycheck each month, your contributions will be divided equally. Contribute using whole dollar amounts or percentages. The most common percentage contributions are 10%, 5% or 3% of your paycheck.

The following limits apply to Roth and pretax contributions. The combined totals for Roth and pretax options must fall within IRS annual limits for the DCP 457(b) program.

DCP contribution limits can change annually.

Here are the limits for 2026:

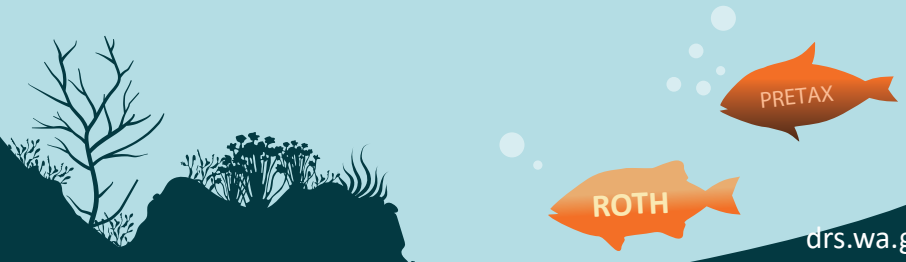
- Minimum: $30 per month (or 1%)
- Maximum: $24,500 per year

Change your contribution amount anytime by logging in through drs.wa.gov/login or calling 888-327-5596. You can also suspend your DCP savings by setting your contribution amount to zero. Your changes can take up to 30 days to go into effect, depending on your employer's payroll cycle. Your account will remain open so you can resume contributing anytime.

Are you age 50 or older?

Participants age 50 and older: You're allowed an additional $8,000, for a maximum limit of $32,500. For high income employees ($150,000 in FICA wages in 2025), the additional $8,000 may be required as Roth contributions.

Special Catch-up limit: You could contribute up to $49,000 annually when you're within three years of retirement. To determine your eligibility, call DRS at 800-547-6657.



Compare Roth or pretax options

DCP gives you even more flexibility to save for retirement by providing pretax and Roth options. Each option affects when your retirement contributions will be taxed.

Limits for 2026

Minimum monthly contribution: $30 or 1% of your earnings

Maximum annual contributions:

Under age 50: $24,500
Age 50 and over: $32,500

What is pretax?

With the DCP pretax option, your contributions are made before tax. Withdrawals, including investment earnings, are taxed in the year of withdrawal.

Taxes on contributions
No, pretax contributions are not taxed

Taxes on withdrawals
Yes, withdrawals from including investment earnings, are taxed

Conversions
No, you cannot convert DCP Roth dollars to pretax

Rollovers
Yes, eligible pretax funds can be rolled in or out

What is Roth?

With the DCP Roth option, your contributions are deferred from your already taxed income. Roth withdrawals, including any investment earnings, are not taxed if you meet the minimum qualifications.*

Taxes on contributions
Yes, Roth contributions are taxed

Taxes on withdrawals
No, there are no taxes for withdrawals, including investment earnings*

Conversions
Yes, you can permanently convert DCP pretax dollars to Roth

Rollovers
Yes, eligible Roth funds can be rolled in or out (Roth IRA is not eligible)

Can I contribute to both Roth and pretax in DCP?

Yes. You can choose to contribute to both or either option. The combined contributions for both options must fall within IRS annual limits.

How is DCP Roth different from a Roth IRA?

The main difference is Roth IRA has income limits to participate. DCP Roth does not. Roth DCP also has higher maximum contribution limits than a Roth IRA.

* You must meet minimum qualifications to withdraw your Roth funds tax-free. These include a five-year holding period from the year of your first contribution and a minimum age of 59½. If you withdraw before meeting these, any investment earnings will be taxed.

Investments

DCP offers two approaches to investing: target date funds or a build and monitor approach.

Target date funds

Investments adjusted for you

Each target date fund offers a diversified asset mix that automatically rebalances over time, adjusting as you approach retirement age.

These funds are identified by a target retirement year, spaced in five-year increments. See the full list on the DCP webpage. To select the fund that's right for you, take the year you were born and add it to the age you expect to retire or withdraw your funds. The sum is your target date.

How it works: 1993 (birth year) + 65 (retirement age) = 2058
(2060 is the closest target date)

Once you have a target date, pick the fund with the year closest to your target. (In the previous example, the selection would be the 2060 Retirement Strategy Fund.)

71% of DCP customers are invested in a target date fund.

Build and monitor

Select and adjust your investments

With build and monitor, you select your own mix of individual funds and decide how much to invest in each one. Choose from a menu of professionally managed funds listed below. The risk and return profiles of the funds range from conservative to more aggressive. You are responsible for monitoring your investments and making changes as you see fit for your circumstances.

Build and monitor funds:

- Savings Pool
- Washington State Bond Fund
- Socially Responsible Equity Investment
- U.S. Large Cap Equity Index Fund
- Global Equity Index Fund
- U.S. Small Cap Value Equity Index Fund
- Emerging Market Equity Index Fund

Find more investment information at drs.wa.gov/dcp.

Weigh your DCP Roth and pretax options.

Use the comparison calculator online at *drs.wa.gov/calculators*

More about DCP

Costs

Because DRS only recovers the cost of administering DCP, we keep the fees low. As of 2025, the annual administrative cost is 0.103%. This cost covers recordkeeping, communications, customer service and the Washington State Investment Board expenses. Administrative costs are posted to customer accounts quarterly. Management costs and other expenses vary with each investment option and are deducted from each fund's earnings. The investment section on the DCP website has more information about costs.

Administration

Department of Retirement Systems (DRS) administers the Deferred Compensation Program (DCP). The Washington State Investment Board (WSIB) selects and monitors DCP investment options. DRS also works with a third party record keeper, Voya Financial, to manage transactions and records for DCP.

Ownership

Your contributions and their earnings, which are always owned by you, are held in a trust by the WSIB until you withdraw your funds. The trust is established for the exclusive benefit of all DCP customers and eligible beneficiaries.

Managing your account

Make changes to your account through drs.wa.gov/login or call 888-327-5596.

Quick changes you can make:

- View your account balance
- Make online withdrawals
- Change your contribution amount
- Change your investments
- Compare investment options

Quarterly Updates

Each quarter, you'll receive a statement that shows your account balance and investment performance. You choose whether you want to receive these by mail or email. The default option is email.

What else can I do with DCP?

Rollovers into DCP

You can roll over certain distributions into DCP from a former employer's retirement plan or a non-Roth IRA. First enroll in DCP using the form in this booklet, then complete the Rollover In Request form available at drs.wa.gov/forms. Contact your IRA custodian or former employer to determine how rollovers are handled.

Annuities

Use all or part of your DCP pretax balance to fund a retirement plan annuity. An annuity is a guaranteed lifetime income plan you purchase. Your monthly payments are based on the dollar amount you choose to purchase. Purchasing an annuity allows you to take money out of market risk and give yourself a stable monthly retirement income. See your pension plan page for more information about the annuities available to you.

Convert pretax funds to Roth

At any point, you can convert all or part of your DCP pretax account balance to Roth. You will owe taxes for the converted amount on your next filing for the year the conversion completes. These additional funds will need to be provided by you. Additionally, the balance you are converting must already be in your DCP account (either from rollovers or your contributions).

Automatic escalation

Log into your account to set up an escalation that allows your DCP savings to increase automatically over time. Start or stop the increase at any time.

Early retirement

Some customers use their DCP savings to provide retirement income when they are not yet eligible to retire through their pension plan or through Social Security. Saving more with DCP can help you achieve the retirement you envision.

Automatic enrollment

It pays to start saving early in your career. Washington state agencies, higher education employers and some local governments participate in automatic enrollment. New employees start contributing 3% through DCP. If you were automatically enrolled, you will receive a letter in the mail letting you know about your options. Find out more at drs.wa.gov/dcp.

Withdrawals

When can I withdraw money from DCP?

When you leave DCP-covered employment, you are eligible to receive payment from your DCP account. Payments are issued to you, or in the event of your death, to your beneficiary. DCP payments will not affect your other retirement or Social Security payments.

Can I leave my money in DCP?

Yes, you can keep your DCP account. Keeping your money in DCP may provide you with tax savings and better retirement opportunities. Balances in DCP accounts continue to receive any investment performance earnings.

How do I request a withdrawal?

When you are ready to begin receiving payments, you can apply for a withdrawal through your online investment account. Log in at drs.wa.gov/login or see DCP withdrawals on the DRS website for more information.

What are my payment options?

Payment options include whole or partial lump sum, periodic payment amounts and an annuity purchase. All distributions, with the exception of a rollover to another eligible retirement plan or a traditional IRA, are treated as income in the year you receive them and are subject to federal income taxes.

For more information about your withdrawal options, visit the DCP page:

drs.wa.gov/dcp

DCP and taxes

Do you pay taxes on DCP withdrawals?

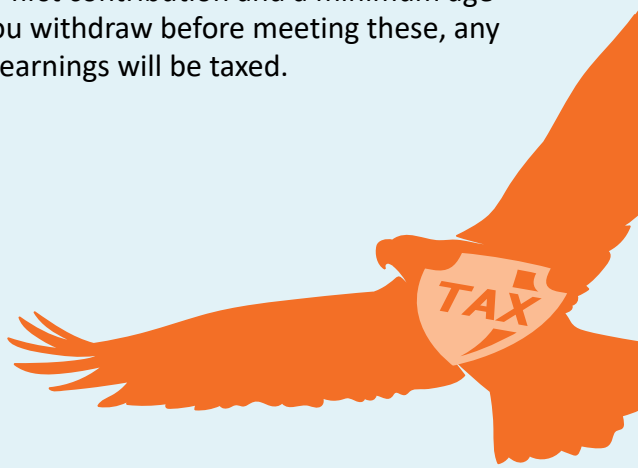
Pretax contributions: Yes. You will pay federal income taxes on any pretax income you withdraw from your DCP account. If you choose a lump sum or partial lump sum to be paid directly to you, or receive payments over a period of less than 10 years, 20% of your distribution will be withheld for federal income taxes. If you choose an installment period of 10 years or more, your payments are considered ordinary income in the year they are issued.

Roth contributions: No, if you meet requirements. You make these contributions with taxed income, so you don't pay taxes when you withdraw them. However, Roth does have some requirements for you to qualify for tax-free investment earnings. These include a five-year holding period from the year of your first contribution and a minimum age of 59½. If you withdraw before meeting these, any investment earnings will be taxed.

Federal Tax Saver's Credit

Also called a Retirement Savings Contributions Credit, you might qualify for this tax savings. With this credit, you can write off a portion of your annual contributions. Visit the IRS website to see the income limits as well as eligibility information for this opportunity.

For specific tax information, consult your tax advisor.

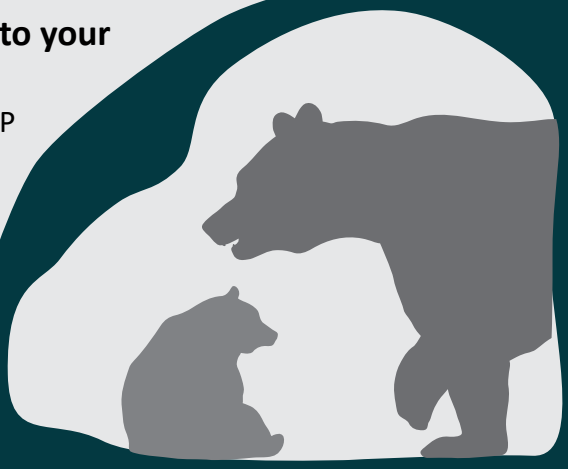


Beneficiaries for your DCP account

Once you are enrolled in DCP, update your beneficiaries online through drs.wa.gov/oaa. Or, complete the paper form Beneficiary Designation and mail it to DRS. See the Forms section of the DRS website.

In the event of your death, your account will be paid out to your beneficiaries.

Keeping your beneficiary information updated is important. Your DCP beneficiaries must be declared separately from any beneficiaries you may have selected for another plan or program, like a pension. You can name anyone as your beneficiary: spouse, child, domestic partner, friend, neighbor, etc. You can also designate a charity or trust. If you die without a current beneficiary designation on file, a distribution will be made to your estate.



How do I join?

Enroll online at drs.wa.gov/dcp/enroll

Or complete the enrollment form and mail it in. Completing page one of this form automatically places you in the target date fund that assumes you retire at age 65.

If you prefer to select different investments now, complete the optional page two as well. You can change your investments through your online account at any time.

Online enrollment form

What happens next?

Once your request is processed, you'll receive a mailed confirmation of your enrollment.

The first contribution from your paycheck will occur 30 to 60 days from the time you enroll. Your earnings statement will show your contributed amount. You can also view your DCP contributions online through drs.wa.gov/login.

How much do DCP customers save each month?

Not sure how much to contribute?

It's helpful to think of your savings as pennies on the dollar. How many pennies per dollar can you afford to save? 10 cents per dollar would be 10%.

10¢

The most common percentage contributions are 10%, 5% or 3% of your paycheck.

Average monthly contribution amount by age:

Age 26-35: $477

Age 36-45: $655

Age 46-55: $800

1 in 20 customers contribute the maximum DCP limit each year.

See limits on pg 3.

Clear Form

WASHINGTON STATE Department of Retirement Systems

Deferred Compensation Program (DCP) Enrollment Form

Washington State Department of Retirement Systems

Use this form only to enroll in the Washington State Deferred Compensation Program, a 457(b) plan with pretax and Roth contribution options.

Instructions

If you are already enrolled in DCP with your current employer, do not use this form. To change contributions, add Roth or opt out of automatic enrollment, make the change through your online DCP account or contact 888-327-5596. To contribute leave cash-out to DCP, use the Lump Sum or Leave Cash-Out Deferral Request.

Enroll online at drs.wa.gov/dcp/enroll. Or complete and mail this form to enroll in DCP. Your contributions will be automatically placed in the default target date fund for your age. To choose specific investment options, also complete the optional page 3 of this form. Visit drs.wa.gov/dcp for more about DCP.

Your Information

Name (Last, First, Middle)

Employer (Agency Name)

Your Social Security number is required for DRS to report payments to the IRS, as required by IRC sections 6041(a) and 6109.

Social Security Number

Birthdate (mm/dd/yyyy)

Mailing Address (Include Apt. No.)

City

State

ZIP

Country if not US

Gender (choose one)

☐ Male
☐ Female
☐ X
☐ Prefer not to say

Phone Number

Alternate Phone Number

Personal Email Address

Your Contribution

Your contributions can be a percentage or dollar amount. **The monthly minimum is $30 or 1%.** As of 2026, the annual maximum is $24,500; age 50 and older can defer up to $32,500.

Using whole numbers, choose a dollar or percentage amount. If you are contributing to both pretax and Roth DCP options, you must choose dollar for both or percent for both.

Pretax (IRS taxes your withdrawals)

☐ Monthly percent to defer: %

☐ Monthly dollar to defer: $

Roth (IRS taxes your contributions)

☐ Monthly percent to defer: %

☐ Monthly dollar to defer: $

Signature Required

- I am enrolling in the Washington State Deferred Compensation Program (DCP) and authorize my employer to defer the amount indicated each month to my DCP account.
- My monthly contribution will be invested in the target date fund that assumes I will begin withdrawing funds at age 65 (if I do not select an investment on page 3). I understand I can change my investments or contribution amount at any time after I am enrolled.
- The maximum annual contribution limits apply whether I select pretax, Roth or both.
- I understand a DCP administrative fee will be deducted quarterly from my account balance.
- This agreement will continue until further notification by me.

Member Signature

Date

☐ Select this box if you are completing page 3 to choose investments other than the target date fund that assumes you'll withdraw funds at age 65. **Page 3 is optional. See page 4 for how to submit your form.**

Investment Options (Your selection will apply to pretax and/or Roth)

Find out more about the investment funds by visiting drs.wa.gov/dcp. You always have the option to change your investments at a later date. Total percentages must be whole and equal to 100%. If you do not choose an option, or your choices do not equal 100%, your contributions will be placed in the target date fund that assumes you'll begin withdrawing funds at age 65.

Target Date Funds

Choosing just one fund gives you a diversified portfolio. To find which fund is right for you, select the year closest to when you'll start withdrawing funds. Listed from lowest to highest risk:

- ☐ Retirement Maturity Strategy Fund 80
- ☐ 2015 Retirement Strategy Fund 83
- ☐ 2020 Retirement Strategy Fund 84
- ☐ 2025 Retirement Strategy Fund 85
- ☐ 2030 Retirement Strategy Fund 86
- ☐ 2035 Retirement Strategy Fund 87
- ☐ 2040 Retirement Strategy Fund 88
- ☐ 2045 Retirement Strategy Fund 89
- ☐ 2050 Retirement Strategy Fund 91
- ☐ 2055 Retirement Strategy Fund 92
- ☐ 2060 Retirement Strategy Fund 93
- ☐ 2065 Retirement Strategy Fund 94
- ☐ 2070 Retirement Strategy Fund 95

Percentage for selected target date _____ %

(This should be 100% unless you want to mix with build and monitor funds)

Build and Monitor Funds

Mix and match to create a diversified portfolio. Enter the percentages below for each fund you want to invest in. Listed from lowest to highest risk:

Savings Pool _____ % *(Fund 10)*

Washington State Bond Fund _____ % *(Fund 25)*

U.S. Large Cap Equity Index Fund _____ % *(Fund 11)*

Global Equity Index Fund _____ % *(Fund 13)*

Socially Responsible Equity Investment _____ % *(Fund 35)*

U.S. Small Cap Value Equity Index Fund _____ % *(Fund 12)*

Emerging Market Equity Index Fund _____ % *(Fund 14)*

Find information about DCP investments at drs.wa.gov/dcp. While DRS and the DCP record keeper can provide you with information about investments, we cannot offer investment advice. If you are still not sure which investment approach might be right for you, talk with your financial advisor.

DCP Beneficiary Designation

To add or edit your beneficiaries once you are enrolled in DCP, log into DRS at drs.wa.gov/oaa and select "My Account." The beneficiary designation for DCP is different from your pension beneficiary designation. You can also request or download a paper form from the DRS website if you cannot access an online account.

Submit Your Form (choose one)

Mail: Department of Retirement Systems
PO Box 48380, Olympia, WA 98504-8380

Fax: Attn: Department of Retirement Systems
360-664-7975

Online: Scan completed form pages. Log into drs.wa.gov/oaa
Select "Upload Documents" under "My Documents."

Questions? Contact DRS

Call: 800-547-6657 or 360-664-7000 (TTY 711)

Visit: drs.wa.gov

Memo of Understanding

This memo highlights certain provisions of the Deferred Compensation Program (DCP). For specific details, refer to the DCP website (*drs.wa.gov/dcp)* or the Washington Administrative Code (WAC) regulations mentioned below.

Contributions

The amount I choose to contribute will be withheld from my monthly salary.

It is my responsibility to ensure my contributions don't exceed the allowable amount specified in IRC 457. If they do, my employer will refund the overage to me as taxable earnings. However, I might qualify for catch-up options mentioned in the *DCP Enrollment Guide*.

My contributions cannot begin sooner than the month following this form's approval (WAC 415-501-410).

Investments

My contributions will be held in trust by the Washington State Investment Board for the exclusive benefit of participants and their beneficiaries until paid to me under the rules of the program (WAC 415-501-580).

I have elected to have my contributions invested as indicated on this form. Earnings, if any, will be applied to the target date fund based on my age (WAC 415-501-475).

I may change or stop the amount I contribute and may change my investment(s) by using the DCP website or calling 888-327-5596.

Withdrawals

I can access my funds upon separation from employment. Refer to WAC 415-501-485 for distribution details and for exceptions that allow access to funds before separation.

I may choose the date and method of distribution of my accumulated contributions according to those methods approved by the Department of Retirement Systems (DRS) (WAC 415-501-485).

In the event of my death, any unpaid benefits will be paid to my designated beneficiaries (WAC 415-501-486).

Administration

DCP is an IRS 457(b) plan. DRS retains administrative control over the program, and the Legislature retains the right to terminate the program (WAC 415-501-530 and WAC 415-501-540).

My employer, DRS, the record keeper and the Washington State Investment Board are not liable for the performance of investments.

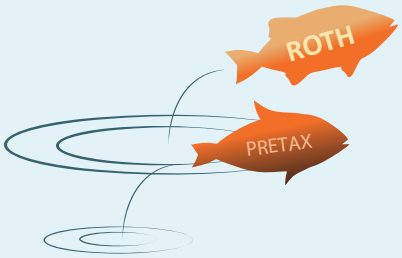
I may not assign or transfer my rights in the program (WAC 415-501-570).

I will receive an enrollment confirmation notice, indicating acceptance into the program.

DCP Beneficiary Designation To add or edit your beneficiaries once you are enrolled in DCP, log in to DRS at *drs.wa.gov/oaa* and select "My Account." The beneficiary designation for DCP is different from your pension beneficiary designation. You can also download a paper form from the DRS website if you are unable to access an online account.

This publication is intended to give you an educational overview of the Washington State Deferred Compensation Program (DCP). It is not a legal document, nor is it a complete description of the law governing this program. If there are any conflicts between what is written in this booklet and what is contained in the law, the current law governs. This booklet is not intended to advise or recommend specific investment strategies. DRS and the record keeper are not able to provide investment advice. Participants making a decision regarding investments might want to seek professional financial assistance.

Enroll online at
drs.wa.gov/dcp/enroll



Over
150,000
Washington public employees have saved with DCP.

DRS
WASHINGTON STATE
Department of Retirement Systems

DCP is administered by the Washington State Department of Retirement Systems

drs.wa.gov/dcp

DCPEB 03/2026