

# **STATE BOARD RETIREMENT PLAN**

# **SUMMARY PLAN DESCRIPTION**

**This handbook has been prepared to respond to the most common questions asked by participants of the State Board Retirement Plan. Information is summarized in a question and answer format organized by broad topic areas. Complete information about the Plan can be found in the administrative rules governing the Plan and the Plan Document.**

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## INTRODUCTION

The 1969 Washington Legislature authorized the State Board for Community and Technical Colleges (State Board) to establish a retirement savings program for college faculty and exempt employees. This same authority was extended to the universities and, in 2010, the Higher Education Coordinating Board (HECB). Basically, statute provides the legal authority:

1. To sponsor a retirement plan, adopt and amend rules implementing the plan and determine investment accounts offered;
2. To adopt and amend rules providing for retirement; and,
3. To pay a supplemental amount to participants in the plan prior to July 1, 2011, under certain conditions, in the event that the retirement income from plan accumulations falls below a minimum level.

Exercising this authority, the State Board has adopted rules that establish the general conditions under which the plan operates. At the request of the HECB, the State Board extended its plan to eligible HECB employees. The major provisions of the State Board's plan answers the questions most asked by employees – who participates, how much does it cost, when am I vested, who controls the money, how and when can I get it out.

The companies chosen by the State Board to fund retirement benefits and maintain records are the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF). TIAA, established in 1918, and CREF established in 1952, are operated by a single management organization. TIAA-CREF is a non-profit organization dedicated to providing pension services primarily to members of the educational and research community.

Prior to January 1998, the State Board Retirement Plan was governed by Section 403(b) of the Internal Revenue Code (IRC). Beginning January 1998 through December 2005, the State Board Plan was governed by IRC Section 403(a). Effective January 2006 the Plan became a 401(a) retirement plan. These changes were made to maximize Plan benefits for participants.

This Summary Plan Description has been prepared to explain the major provisions of the State Board's 401(a) Retirement Plan. Copies of the Plan Document and rules are available on the State Board's website ([www.sbctc.ctc.edu](http://www.sbctc.ctc.edu)) or may be accessed by visiting a participating employer's human resource, payroll or benefits office. Although care has been taken in the preparation of this Summary Plan Description, it is not the official text of the retirement plan.

**Unless otherwise noted, this plan description applies to the 401(a) plan adopted with an effective date of January 1, 2006. This plan description is not intended to confer any benefits or establish any rights to benefits. Benefits related to the plan described are based solely on the rules adopted for that purpose by the State Board and the TIAA-CREF companies. In the event of any inconsistency between the information in this summary and that in the rules or Plan Document, the provisions of the rules or Plan Document will prevail.**

## **PART 1: INFORMATION ABOUT THE STATE BOARD RETIREMENT PLAN**

### ***1. What is the State Board Retirement Plan (SBRP)?***

The SBRP is a “qualified defined contribution” plan that provides for the accumulation of retirement savings through purchasing guaranteed annuities, variable annuities and mutual funds.

A “defined contribution plan” means that the amount contributed by the employee and employer is defined, with the benefits received at retirement based upon the accumulated account balances at the time benefits are drawn and the benefit option selected by the participant. The SBRP does not have a guaranteed benefit amount at retirement.

The amount in the employee’s TIAA-CREF accounts at retirement depends on the amounts contributed and the investment experience of the accounts chosen within the SBRP plan. The amount of time the investment grows on a tax-deferred basis before benefits begin also impacts the amount available. The monthly retirement benefit received reflects the payout option selected (e.g., providing for a spouse) and, if a lifetime annuity is chosen, the employee’s age when benefits begin.

Under certain limited circumstances, those participating in the plan prior to July 1, 2011 may qualify for a supplemental benefit payable by the State Board. For more information on the Supplemental Benefit, see responses #26 through #30. The 2011 Legislature closed the supplemental benefit portion of the plan to participants establishing eligibility after June 30, 2011.

### ***2. What is a Qualified Plan?***

Effective January 1, 2006, the plan sponsored by State Board became a “Qualified” 401(a) retirement plan. For the purposes of this summary, a “qualified” plan is any plan eligible to receive an advance determination letter from the IRS regarding the tax status of the contributions. This allows participants greater voluntary tax deferrals. Section 414(h)(2) of the Internal Revenue Code (IRC) allows governmental employers to “pick-up” the contribution that an employee is typically required to make. These mandatory pick-up contributions come from the employee’s salary but are considered to be employer contributions for federal income tax purposes. Because the contributions are mandatory, they are not applied against IRS limit for voluntary tax deferrals.

## SBRP PARTICIPATION

### 3. *Who is eligible to participate in the SBRP?*

Eligibility is based upon:

- Employment as a full- or part-time faculty member, exempt professional or exempt administrator; and,
- Employment requiring compensated services of no less than 50 percent of full-time, as defined by the collective bargaining agreement and/or the appointing authority, at one or more participating employers for at least two consecutive quarters or an equivalent period.
- For the purpose of determining eligibility, a “full-time” academic workload is determined by the number of “in-class” teaching hours that a full-time employee must teach to fulfill his/her teaching obligations in accordance with RCW 28B.50.489.
- Specific to the HECB, the Legislature limited participation to employees who have previously participated in a similar plan and excluded employees who are receiving or accruing a publically funded retirement allowance.
- The 2011 Legislature prohibited retirees and those eligible to retire from a Department of Retirement System (DRS) administered plans (e.g., PERS, TRS) from participating in a higher education retirement plan, like the SBRP.

Legislation adopted during the 2011 session of the Legislature requires employees who initially meet the SBRP eligibility criteria after June 30, 2011 to be given the option to participate in PERS 3 or TRS 3 (if faculty). These employees have 30 days to make this choice. Failure to make a choice results in default into the SBRP. There are other options available under limited circumstances:

- TRS Plan 1 members must continue membership in that plan.
- Eligible employees with membership in a PERS/ TRS 2 or 3 retirement plan and who meet the TRS or PERS “eligible position” standard may irrevocably elect to retain such membership within 30 days of being notified of their SBRP eligibility.
- Eligible employees who are actively participating in a PERS plan through concurrent employment with another employer are prohibited by statute (RCW 41.40.023) from participating in two state funded retirement plans. Employees in this situation are required to notify their college system employer and must elect one of the following options<sup>1</sup>:
  - To participate in the SBRP with the college employer, forgoing active membership in PERS with the other employer; or
  - To continue active membership in PERS through the other employer, forgoing SBRP participation with the college employer.

Failure to make election within 30 days of notification results in placement in the SBRP. PERS members electing to participate in SBRP are required to notify their other employer.

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<sup>1</sup> Additional options may be available under rules governing the PERS and TRS Plans, including the possibility of earning service credit through both employers. Members should consult with DRS for more information.

Employees electing to continue active PERS membership are required to notify their Participating Employer should they cease active PERS membership. This is an irrevocable election that remains in effect as long as the employee is an active PERS member. SBRP participants who later become PERS members through other employment are required to notify their Participating Employer and will be provided the options listed above.

Once eligibility is established in the SBRP, participation continues, even if workload drops below 50 percent of the normal full-time workload or you change participating employers - so long as there is not a break in service and the position otherwise qualifies as an eligible position. (For the sole purpose of establishing and/or maintaining retirement plan eligibility, spring and fall quarters are considered to be consecutive.)

#### ***4. Must I be a participant or can I waive participation?***

The SBRP is a mandatory plan, meaning that eligible employee cannot waive retirement plan participation but must exercise one of the options outlined in the response to Response #3.

The mandatory nature of the SBRP provides participants the tax advantages described in the response to Response #2.

#### ***5. As a part-time faculty member, what provisions apply to me?***

All SBRP provisions apply equally to full- and part-time faculty employees. However, because part-time instructors typically work less than full-time, several provisions of the plan may require additional interpretation. Provisions addressing eligibility and years of service are two areas that generally require additional explanation.

Eligibility - The eligibility thresholds established in the SBRP (50 percent of full-time for two consecutive quarters or equivalent time period) apply to all employees in faculty and exempt professional/administrative positions. However, the following special provisions apply to part-time faculty:

- State law specifies that, for the purpose of determining eligibility for state mandated insurance and SBRP benefits, workload measurement is restricted to “in-class” teaching hours. “In-class teaching hours” means contact classroom and lab hours.
- Part-time faculty employed at more than one college district may add the percentage of “in-class teaching hours” together to meet the 50 percent of full-time eligibility threshold and begin participation in the SBRP or elect to participate in TRS 3.
- Once SBRP eligibility is established, if the percent of workload falls below 50 percent, part-time faculty members maintain participation unless or until there is a break in service. For the sole purpose of determining SBRP eligibility, summer quarter is not considered to be a break in service.
- Part-time Faculty who have established eligibility at a college(s) and then begin employment at a different college(s) are eligible (mandated) to continue participation with the “new” employer(s), as long as there is not a break in service. It is the employee’s responsibility to provide written notification to the new employer of his or her previously established eligibility. In no case will there be a requirement of retroactive contributions if an employee fails to inform the new Participating Employer of his or her previously established eligibility.

## **6. When do I begin participating in the SBRP?**

Participation in the retirement plan begins on the first day the conditions of your employment meet the eligibility criteria. While employees have 30 days to make a retirement plan choice, the effective date of the choice will be the first day of eligibility.

Once you begin participation in the Plan, you may not cease participation while you are continuously employed in a faculty or professional/administrative exempt position<sup>2</sup>.

## **7. Are there other ways by which I may become a participant in the SBRP?**

Participation in the Plan is also permitted for:

- Current and former employees of Participating Employers who are on leave of absence or who have terminated employment by reason of permanent disability who are receiving a salary continuation benefit through a plan made available by the State of Washington (Such non-contributory participation shall not be creditable toward the number of years of full-time service utilized in calculating supplemental retirement benefit eligibility.);
- An employee who moves from an ineligible to an eligible position for the same appointing authority by electing to participate within 30 days following such move;
- A participant who moves from an eligible to an ineligible position for the same appointing authority may continue to be a participant by so electing within 30 days following such move;

Participation continues regardless of the proportion of full-time duties assigned as long as there is not a break in service. For the purposes of establishing or maintaining eligibility, summer is not considered to be a break in service.

Former participants re-employed by a Participating Employer in a faculty or exempt position must reestablish eligibility prior to renewing participation.

## **8. When will my participation in the SBRP cease?**

You will cease to be a participant in the Plan if:

- You retire or otherwise separate from all employment within the Washington State Community and Technical College System;
- You are transferred or reclassified to a position that is not an eligible position and you do not elect within 30 days to remain a participant in the Plan; or,
- The SBRP is terminated.

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<sup>2</sup> An exception is made for participants who become concurrently employed with another public employer and establish PERS eligibility. See question 3.

**9. What if I am rehired after leaving employment with the Participating Employer before retirement?**

If you are a former Plan participant who has been rehired into a SBRP eligible position with a Participating Employer (community/technical college, HECB or the State Board), you may renew participation through reestablishing eligibility (See response #3 and #6).

**CONTRIBUTIONS**

**10. What am I required to contribute to the SBRP?**

The contribution rates listed below apply to both the employer and employer pick-up contributions. (“Employer pick-up” contributions are made by your employer from your salary. Additional information is available in the responses #11 and #12.) Contribution rates are as follows:

- If you are under age 35 . . . . . 5.0 percent of salary
- If you are between age 35 and 49, inclusive . . . . . 7.5 percent of salary
- If you are age 50 and over . . . . . 10.0 percent of salary

“Salary” means all remuneration received by you from the Participating Employer including summer quarter compensation, extra duty pay, leave stipends, and grants made by or through the Participating Employer. It does not include any severance pay, settlement payments, early retirement incentive payment, remuneration for unused sick or personal leave or remuneration for unused vacation leave in excess of the amount payable for thirty days or two hundred and forty hours of service.

**11. What happens when I’m on a leave of absence?**

During periods when you are on an authorized leave of absence and are receiving partial compensation, your employer will continue to make the contributions on the same percentage basis. That is, if your contributions (employer and employer pick-up) were being made at the 7.5 percent rate prior to the leave of absence, they will continue at that rate as long as you are receiving partial compensation. The dollar value of contributions will be based on the salary you are receiving. With the exception of participants receiving long term disability (LTD) payments, contributions are not made if you are on full leave without pay, not working and not earning a salary.

To the extent required by the Uniformed Services Employment and Reemployment Act of 1994, if you are absent from employment because of service in the United States uniformed services, you will be entitled to make up contributions that would have been made had you remained at your job during your period of service and to benefit from matching employer funds.

**12. May I contribute any additional amounts to the SBRP?**

No. However, employees of the community and technical college system may defer additional income through payroll deduction by participating in the voluntary tax deferred 403(b) retirement savings plan sponsored by the State Board. College system and HECB employees may also participate in Washington State’s Deferred Compensation 457 Program. Although these programs are governed by different sections of the IRC, both allow for income to be tax deferred. Your employer does not match the amount you contribute to these voluntary programs.

**13. Will my employer contribute to the SBRP?**

Yes. Under a “Qualified” Retirement Plan, such as the SBRP, your employer makes the following contributions:

- Employee contributions on your behalf called “Employer Pick-up Contribution”; and
- An additional sum equal to the “employer pick-up” contribution called “Employer Non-Elective Contribution.”

The percentage rate of these contributions is based upon your age. (See response #10.)

**14. May I transfer contributions to and from the SBRP?**

Yes.

Transfers from other plans are accepted by the Plan provided that the plan from which such funds are transferred permits the transfer and the transfer does not jeopardize the tax status or create adverse tax consequences for the SBRP. The amounts transferred are set-up in a separate account called the “Participant Rollover Account.” As transferring funds into the SBRP subjects the funds to the plan rules, such a move should be carefully considered.

If you leave employment and are not employed by a participating employer, you may transfer your existing fund balances to any other employer’s retirement plan provided the other employer’s plan will accept the transferred balances.

**INVESTMENT OF CONTRIBUTIONS**

**15. How are contributions to the SBRP invested?**

The companies chosen by the State Board to provide the investment options are the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF). These companies, operated by a single management organization, provide retirement savings tools for employees of educational and scientific institutions on a nonprofit basis.

While actively employed, you may exercise any or a combination of the following options for allocation of current premiums or transfer of accumulated TIAA or CREF fund balances:

- **Current premiums** may be allocated among the available accounts in any whole percentage proportions. The available investment vehicles available are listed on TIAA-CREF’s website at [http://enroll.tiaa-cref.org/sbctc/inv\\_opt\\_home.html](http://enroll.tiaa-cref.org/sbctc/inv_opt_home.html).
- **Account accumulations** resulting from previously contributed premiums may be transferred in whole or in part among any of the available accounts.
- **TIAA Traditional Annuity accumulations** resulting from previously contributed premiums or from transfers from other accounts may be transferred to any of the CREF accounts on the basis of an irrevocable ten-year schedule of payments, subject to procedures established by TIAA-CREF.

**16. What investment accounts are available?**

The available investment vehicles available are listed on TIAA-CREF's website at [http://enroll.tiaa-cref.org/sbctc/inv\\_opt\\_home.html](http://enroll.tiaa-cref.org/sbctc/inv_opt_home.html). If you do not have internet access or need assistance, you may contact the college's HR, Payroll or Benefits Office.

***17. Who directs my investments?***

You are responsible for directing your Plan premiums and accumulations. You may allocate Plan contributions among the TIAA-CREF investment options in any whole-number percentages that total 100 percent.

After your death, if amounts remain credited to your account, your beneficiary is responsible. If a portion of your account is transferred to an alternate payee under a divorce or separation order, your alternate payee will be responsible for the transferred portion.

***18. How do I contact TIAA-CREF?***

With your Social Security Number, date of birth and contract number, you may get your accumulation values, transfer accumulations, change your allocation, request forms and booklets and get TIAA-CREF performance information by:

- Using TIAA-CREF's automated telephone service at 1-800-842-2252. It operates 24 hours per day/seven days per week;
- Using TIAA-CREF's dedicated microsite for the SBRP: [http://enroll.tiaa-cref.org/sbctc/inv\\_opt\\_home.html](http://enroll.tiaa-cref.org/sbctc/inv_opt_home.html).
- Using TIAA-CREF's home page ([www.tiaa-cref.org](http://www.tiaa-cref.org)).

To speak with a consultant about retirement savings and planning, quarterly and annuity benefits reports, receiving annuity payments, annuity options and tax reports call TIAA-CREF's National Contact Center at 1-800-842-2776. This service operates Monday through Friday, 5 a.m. to 7 p.m. Pacific Time, and Saturdays, 6 a.m. to 3 p.m. Pacific Time.

Hearing- or speech- impaired participants may call TIAA-CREF's Text Telephone Service at 1-800-842-2755.

TIAA-CREF can be contacted in writing by mailing to the following address:

TIAA-CREF  
730 Third Avenue  
New York, NY 10017

***19. Who will send me information about my accumulations in the SBRP?***

TIAA-CREF sends each participant quarterly and annual reports of premiums paid and accumulated values. You may obtain similar reports or benefit illustrations at any other time by logging onto TIAA-CREF's website or by writing directly to TIAA-CREF, using their web site or by requesting such information through your employer.

## **RETIREMENT AND THE DISTRIBUTION OF BENEFITS**

### ***20. When will I acquire a vested interest in my accumulations under the SBRP?***

Participants are, at all times, 100 percent vested in their accumulations under the Plan. Accumulations, including the employer's contributions, are **not** forfeited upon your separation from employment.

### ***21. When will I receive benefits under the SBRP?***

You are entitled to receive benefits under the Plan upon retirement or 90 days after separation from employment at any of the Participating Employers, regardless of age or years of service. You are not entitled to make withdrawals from the Plan while you are employed by a participating employer - except under the conditions discussed in the responses #25 and #35.

You need not receive your benefits at the time you separate from employment. However, federal regulations require that you start them by April 1 after the year you reach age 70 ½ unless employment continues.

### ***22. When may I retire?***

While the SBRP does not mandate a specific retirement age, the following information is important to consider:

- “Normal Retirement Date” means age 55 or completion of 30 years of service or disability as determined by your employer after consideration of a medical evaluation.
- Relevant to employees participating in the Plan prior to July 1, 2011, the “Retirement Goal” for participants is at age 65 with 25 years of full-time service, receive a minimum annual retirement of 50 percent of their average annual salary. This goal factors into the Supplemental Retirement benefit calculations. (See question 27.) The minimum threshold for supplemental retirement benefit eligibility is age 62 and at least 10 years of full-time service.
- Personal considerations. (Social Security payments, health care coverage, etc.).

Provided that employment is terminated from all Participating Employers for 90 consecutive calendar days, an annuity payment may begin at any age, pursuant to TIAA-CREF policies.

### ***23. How will my benefits be paid?***

Upon termination of employment at any age, you may begin to receive a monthly income under one of the options set forth in the TIAA or CREF contracts. Several options provide a lifetime income for you and also provide income for your spouse or other beneficiary. The plan provides an optional retirement transition benefit that, at retirement, provides a 10 percent single sum payment to you. Your monthly retirement benefit is based on the remaining 90 percent of the annuity value. Other cash distribution options are available, including one lump-sum payment in cash (with some limitations).

**24. *What happens if I die before receiving benefits?***

In the event you should die prior to commencement of monthly retirement benefit payments, the full current value of the accumulation, including the portion attributable to contributions made by your employer, is payable to your named beneficiary. Payment may be received in a single sum or the survivor may choose any one of the retirement income options offered by TIAA-CREF.

**25. *Are there circumstances in which benefit payments must be made prior to my separation from employment?***

Yes. Certain court orders, most frequently associated with divorce or marital separation, may require the Plan to make payments from your account(s) directly to your spouse, former spouse, or other dependents, regardless of whether you have separated from a Participating Employer or are otherwise entitled to benefits under the SBRP Plan.

**SUPPLEMENTAL RETIREMENT BENEFIT**

**26. *When will I be eligible for a Supplemental Benefit?***

Due to legislation adopted during the 2011 Session, only those participating in the plan prior to July 1, 2011 are potentially eligible for a supplemental benefit. You will be eligible for a Supplemental Benefit calculation at retirement if:

- You participated in the Plan prior to July 1, 2011; and
- You are at least age 62 at retirement; and
- You have 10 or more years of full-time service, or its equivalent, in the SBRP; and
- You are an active participant in the Plan at the time you retire.

Actual receipt of a Supplemental Benefit is dependent upon the results of the calculation.

**27. *What is the Supplemental Benefit?***

The Supplemental Benefit is a lifetime benefit, calculated for eligible employees at the time of retirement. It is based upon a “retirement benefit goal” established by the State Board. That goal is a pledge to provide no less than a pension equivalent to a maximum of 50 percent of your final average salary, assuming you have 25 years of full-time service at a Washington public higher education institution, have attained age 65, and have contributed at the maximum allowable rate during your years of employment. In effect, the goal is to provide a guaranteed pension of two percent of your average annual salary for up to 25 years of full-time service. Participants eligible for a supplemental benefit who retire with less than 25 years of service or who did not contribute at 10 percent after age 50, or who are under the age of 65 at retirement, receive a reduced benefit. You are ineligible to receive a supplemental benefit if you do not meet the criteria outlined in response #26.

In simplified terms, the amount of the supplemental benefit is the difference (if any) between the “Retirement Goal” amount (discussed above) and:

- Your SBRP pension benefit amount (calculated according to a standard set of assumptions specified in state law) plus;
- A calculation, which considers the combined retirement benefit from the State Board

sponsored retirement plans and other Washington State Public Retirement System plans in which you participated while employed at a Washington public higher education institution (including the HECB and State Board), actuarially reduced if you are under age 65 at the time of retirement. (If you retire due to a health condition, and are otherwise eligible to receive a supplemental benefit, your benefit would not be actuarially reduced as described in this paragraph.)

As noted above, special definitions, assumptions and conditions apply in making this calculation to ensure participants are treated uniformly with respect to this benefit. More information is available in Plan rules, the Plan Document, the Supplemental Benefit Plan Description and from your employer. The Plan documents are available at [http://www.sbctc.ctc.edu/college/hr\\_retirement.aspx](http://www.sbctc.ctc.edu/college/hr_retirement.aspx).

***28. How are the Supplemental Benefit payments made?***

Payments of the Supplemental Benefit are made as lifetime income and may only be made over (a) your life, or (b) your life and the life of your designated beneficiary, in equal monthly installments. If option (b) is chosen, the monthly benefit will be reduced because it may be paid over a longer period of time. Prior to making any supplemental benefit payments, a document signed by both you and your spouse, if any, or designated beneficiary acknowledging the option chosen must be submitted to the State Board. At the State Board's election, the supplemental benefit may be paid less often than monthly if the monthly installment amount would be less than \$10.

***29. What happens if I die while I'm eligible for the Supplemental Benefit?***

If you die after age 62, while eligible for the supplemental benefit, your designated beneficiary will be entitled to a benefit. That benefit will equal the monthly benefit that your beneficiary would have received if you had begun to receive a supplemental benefit on the first day of the month in which your death occurred and had elected a two-thirds benefit to survivor option.

If you are married at the time of your death, your surviving spouse will automatically be your beneficiary unless your spouse consents, in writing, to another beneficiary.

***30. Will my supplemental benefits be affected if I am re-employed?***

Supplemental benefits are discontinued during periods of employment exceeding 40 percent or 70 hours per month for five months duration in any fiscal year.

**ADDITIONAL QUESTIONS**

***31. What happens if I retire from my job and then re-employed within the community and technical college system?***

If re-employed with a participating employer, you will continue to be eligible to receive SBRP retirement income benefits, except that any Supplemental Benefit discontinues during periods of employment for more than 40 percent of full-time or 70 hours per month for five months during any fiscal year. Retirement contributions shall not be made from the salary for such employment unless you once again become eligible to participate (See response to question 3.)

**32. *If I move between participating employers, do I need to complete a new TIAA-CREF application?***

No, the application completed at the time you initially became eligible to participate in the SBRP covers your participation, regardless of movement between participating employers.

**33. *How does a divorce affect my Plan benefits?***

All rights and benefits provided to you in the SBRP are subject to the rights provided to any “alternate payee” under a “qualified domestic relations order.” These court orders may require the Plan to make payments from your account(s) directly to your spouse, former spouse, or other, regardless of whether you have separated employment or are otherwise entitled to benefit. Any portion of your accumulation paid to a spouse, former spouse or dependent will be included in any subsequent Supplemental Benefit calculation - just as if these funds had remained in your account(s).

**34. *Under what conditions may I retire due to a disability?***

Your employer (College District, HECB or the State Board) may approve your retirement for reasons of health or permanent disability either upon request from you or your appointing authority. Reasonable consideration is first given to the written recommendations of your health care provider. If requested by either you or the appointing authority, a review of that recommendation by another health care provider appointed by mutual agreement may occur.

**35. *Can I access my Plan accumulations in an emergency?***

If you are actively employed and experience a financial hardship, you may withdraw all or part of the following plan funds:

- Pre - 1998 employee contributions (these contributions are in the previous State Board 403(b) Retirement Plan)
- Pre - 1989 earnings on employee contributions
- Any Section 414(h) employer pick-up contributions (these are the contributions currently being made on your behalf from your salary by your employer), and
- Any contributions transferred to this plan from another employer’s plan.

Hardship withdrawals may not be larger than the amount necessary to meet the immediate and heavy financial need, plus taxes on withdrawn funds and early withdrawal penalties.

To enable hardship withdrawals, Internal Revenue Code requires that the appointing authority or designee verify that you have certified in writing that:

- You have an immediate and heavy financial need; and,
- You have no other resources reasonably available to meet the need.

For the SBRP, withdrawals are deemed to be for “an immediate and heavy financial need” only if they are:

- Payments to prevent eviction from or foreclosure on your principal residence;

- Payments to prevent your impending bankruptcy; and/or
- Unreimbursable medical expenses incurred by you, your spouse, your dependent children, and/or dependent parents.

Withdrawals are ***not*** allowed for the purchase of a home or to pay educational expenses. You are deemed to have no other resources reasonably available to meet the need if you certify that you cannot meet the need through:

- Reimbursement or compensation by insurance or another source;
- Reasonable liquidation of assets;
- Borrowing from supplemental retirement accounts, life insurance values or commercial sources;
- Stopping any voluntary contributions to tax deferral or savings plans made available by the employer. Contributions to the SBRP must continue while you remain eligible for the plan.

Hardship withdrawals from the Plan are considered taxable income in the year received. Taxes, early withdrawal penalties, and any other consequences of hardship withdrawals are the sole responsibility of the participant.

Withdrawals from the SBRP may not be replaced at a later date. To receive hardship withdrawals, participants must complete two forms – A TIAA-CREF form that includes disclosure information and a State Board form that includes the required participant certification information.

***36. I'm thinking of quitting my job. Although I'm not retiring, can I receive my Plan accumulations?***

If you have:

- Attained age fifty-five, or
- Completed thirty years of full-time service in this plan or any combination of Washington state sponsored retirement plans, or
- Retired due to disability,

You are eligible to retire and receive retirement payments from TIAA-CREF. However, if these criteria are not applicable, you may elect to receive a lump sum payment of your Plan accounts pursuant to the settlement options made available by TIAA-CREF after 90 consecutive calendar days of no employment for a participating employer (community and technical college districts, HECB or the State Board).

***37. What is the tax treatment of benefits under the SBRP?***

The rules concerning federal income taxation of benefits from the Plan are complicated, and you are strongly encouraged to seek the advice of a competent tax advisor before starting your benefits.

Some payments from TIAA-CREF may be eligible for a tax-free rollover to an IRA or other eligible retirement plan. You may instruct TIAA-CREF to transfer your eligible distribution directly to an IRA or other eligible retirement plan that accepts rollovers, or receive a check and roll over the distribution yourself within 60 days of receipt. Under current law, if you do not use the “direct rollover” option, an automatic 20 percent federal income withholding tax will be applied to

your distribution.

Certain “early distributions” may also be subject to an additional 10 percent income tax penalty. In general, any payment from your account(s) will be considered an early distribution subject to the 10 percent penalty unless it is:

- Rolled over directly or within 60 days to an IRA or another eligible retirement plan;
- Made to you after the age of 59;
- Made to you after the age of 55 if you have separated from service;
- Made to your beneficiary after your death;
- Made to you on account of your disability (that is, unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration); or
- Made as part of a series of substantially equal periodic payments made at least annually, for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your designated beneficiary.

***38. May I assign or pledge my interest in the SBRP?***

No. However, your interest in the Plan may be subject to claims under a “qualified domestic relations order” issued by a court, granting to your spouse, former spouse, children or other dependents a right to receive all or part of your account(s) as support, alimony or property settlement.

***39. May I take out loans under the SBRP?***

No, you may not borrow from your accumulations under the Plan. For information on hardship withdrawals, see response to question #35.

***40. Does the Plan include a claims and appeal process?***

Yes, a claim/appeal procedure is detailed in the Plan Document. Summarizing, a claim may arise when a participant or designated beneficiary either makes an application for a benefit under the Plan or disputes a determination by an Employer or TIAA-CREF. Claims may be filed with the Plan Administrator (the human resource director at the State Board) within one year after the date the individual has knowledge of issues that are the subject of the dispute. The Plan Administrator will assign a Claim Administrator to review the issues being disputed and render a decision. If the claim is denied, the claimant may submit a written request for a review of the denial to the Plan Administrator who will serve as an appeals administrator. Additional details are available in the Plan Document.

***41. May the SBRP change or be terminated in the future?***

The State Board Retirement Plan may be amended or terminated, in whole or in part, at any time by the State Board. However, the State Board shall not make any amendment to the Plan that recaptures for any contribution previously made under the Plan except contributions that were made based on a mistake of fact, or contributions that were made for an employee who failed to complete required enrollment forms.

***42. How may I obtain other information about the Plan?***

Additional information/clarification concerning eligibility, participation, contributions or other aspects of the Plan may be received by contacting your Human Resource, Payroll and/or Benefits Office. Additional general information may be gained by contacting the human resource director at the State Board, who is the designated Plan Administrator, by telephone at (360) 704-4303 or through the State Board's web site ([www.sbctc.ctc.edu](http://www.sbctc.ctc.edu)). You should direct requests for information concerning the investment products, their terms and conditions and claims to TIAA-CREF. (See response to question #18.)

***43. Who has the authority to make decisions in connection with the SBRP?***

Your employer is responsible for the day-to-day administration of the Plan. Typically, this responsibility is assigned to the Human Resource, Payroll or Benefits Office. The State Board for Community and Technical Colleges (State Board) is the plan sponsor and, as such, adopts rules implementing the provisions of the plan. (RCW 28B.10.400) The Human Resource Director at the State Board is the Plan Administrator, responsible for coordinating this process, interpreting plan provisions and settling claims and appeals. The Plan Administrator may be contacted at (360) 704-4303.