

## Notes to the Financial Statements (cont.)

**WSPRS:** Each biennium, the state Pension Funding Council adopts the employee and state contribution rates, subject to revision by the Legislature. The employee and state contribution rates are developed by the Office of the State Actuary to fully fund the plans.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 43.43 and 41.45 RCW.

**JRS:** No active members are in the Judicial Retirement System. The state guarantees the solvency of JRS on a pay-as-you-go basis. Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For fiscal year 2017, the state contributed \$9.3 million.

**JRF:** No active members are in the Judges' Retirement Fund. The state guarantees the solvency of JRF on a pay-as-you-go basis. Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For fiscal year 2017, the state contributed \$0.5 million

### D. Judicial Retirement Account

The Judicial Retirement Account (JRA) was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan the state of Washington Administrative Office of the Courts administers under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals and superior courts who are members of PERS for their services as a judge. Vesting is full and immediate.

Since January 1, 2007, any newly elected or appointed Supreme Court justice, Court of Appeals judge or superior court judge may no longer participate in JRA. As of June 30, 2017, three active members and 123 inactive members were in JRA. The state is the sole participating employer in JRA.

JRA plan members are required to contribute 2.5% of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and

employee obligations to contribute are established in Chapter 2.14 RCW. Plan provisions and contribution requirements are established in state statute, and only the state Legislature can amend them.

A JRA member who separates from service for any reason is entitled to receive a lump sum distribution of accumulated contributions. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate or such person or persons, trust, or organization as the member has nominated by written designation.

The administrator of JRA has entered into an agreement for services with DRS and with the Washington State Investment Board (WSIB). Under this agreement, DRS is responsible for all recordkeeping, accounting and reporting of member accounts and WSIB is granted the full power to establish investment policy, develop participant investment options and manage the investment funds for the JRA plan, consistent with the provisions of RCW 2.14.080 and 43.84.150.

### E. Deferred Compensation Program

The state of Washington offers participation to its employees and employees of those political subdivisions that elect to participate in the Deferred Compensation Program (DCP), pursuant to RCW 41.50.770, in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death or unforeseeable financial emergency. DRS administers DCP.

The intent of the program is to provide additional income upon retirement. By deferring part of their income, participants can reduce their taxable income each year. The investments remain tax-free until they are withdrawn. The program provides participants with a means to easily save money and help supplement their other retirement income.

Employers of active participants may contribute to the participant's DCP account, but the participant and employer combined contributions may not exceed the