



Frequently Asked Questions

Are Washington's pension funds secure?

Given the current financial turmoil it is important for members of Washington's public pension funds to know that:

- ❖ The state's retirement systems are sound.
- ❖ Your defined benefits are guaranteed by law.
- ❖ Our highly diversified portfolio is well-positioned for a market recovery.

How does this financial crisis impact my defined benefit retirement system?

Washington's defined benefit pension plans are some of the most secure and well funded public retirement systems in the country. Market downturns do not affect your defined retirement benefits which are based on your compensation, plan and years of service.

Should retirees be concerned about their pension benefit checks?

No. Despite the losses in asset values in the past year, our cash flow from dividends on stocks, interest payments on bonds and income received from real estate is more than ample to make benefit payments. As members of a defined benefit pension plan, your pensions are secure.

What about those in the Plan 3 systems, Deferred Compensation Program, or the Judicial Retirement Account? What can we do to protect our self-directed investments?

We understand this is a more difficult and challenging time for those invested in the defined contribution portion of PERS, SERS, and TRS Plan 3 retirement plans, as well as the DCP and JRA plans. Depending on the options you have chosen for your self-directed investments, market fluctuations may have a greater and more immediate impact on your investment performance. The best advice we can give is not to panic or make any decision to move from one investment option to another based on fear. The Plan 3, DCP, and JRA guidebooks provide information that should help you determine which investment option or combination of them best meets your tolerance for risk and turmoil. Before you make any decision about which investment choice is best for your retirement needs and peace of mind, please review those guidebooks which are available through the Department of Retirement Systems at www.drs.wa.gov.

How secure are my investments in the Deferred Compensation Program's Savings Pool?

The DCP Savings Pool is comprised of Guaranteed Investment Contracts (GICs) which are a fixed rate, fixed maturity contract always valued at par. GICs are issued by insurance companies with a financial strength rating of Aa3 or better when the investment is made. The GICs in the Savings Pool are with the following insurance companies:

- ❖ Genworth Life and Annuity Assurance Co.
- ❖ Hartford Life Insurance Co.
- ❖ ING USA Annuity & Life Insurance Co.
- ❖ John Hancock Life Insurance Co.
- ❖ Metropolitan Life Insurance Co.
- ❖ Monumental Life (subsidiary of Aegon)
- ❖ New York Life Insurance Co.
- ❖ Pacific Life Insurance Co.
- ❖ Protective Life Insurance
- ❖ Prudential Insurance Company of America
- ❖ Security Life of Denver (subsidiary of ING)
- ❖ Travelers Life and Annuity Co. (subsidiary of Met Life)

Recently, some of the companies were downgraded to A1 including Genworth, Hartford, and Protective. We do not place additional funds with companies that do not hold the Aa3 rating. These companies are heavily regulated by state insurance departments which require each company to keep a certain amount of cash reserves based on their liabilities. The GICs rate *pari passu* with policy holders in the capital structure of the companies. That means we are first in line to get our money back should one of them fail and go bankrupt.



What agency should I contact if I decide to change my self-directed investment choices?

The Department of Retirement Systems is responsible for providing Plan 3, JRA, and DCP participants the assistance and tools they need to move money from one self-directed investment option to another. For online assistance from the [DRS website](#), please call DRS at (360) 664-7000 in Olympia or toll-free at 1-800-547-6657.

Does the WSIB have any immediate plans to change its investment strategies for the state's retirement Commingled Trust Fund?

Not at this time. One of the great virtues of focusing on long-term investments is the knowledge that we have the capacity to ride out this financial storm. The WSIB has a globally diversified portfolio of high quality assets that is built to withstand the ups and downs that come from investing in capital markets. This confidence in our strategy may seem overoptimistic considering the fear that surrounds us, but one of the profound lessons of the past is that a steady and determined focus on one's investment plan, combined with the courage to stick with it, will be rewarded. Diversification really is the best response to the vast uncertainty that confronts us.

Why doesn't the WSIB's website provide daily performance results for each fund?

Although we constantly track market data, the WSIB is a long-term investor and does not calculate and provide fund performance numbers on a daily basis. The measurements of longer period performance are more relevant in making important strategic decisions. We do publish monthly, quarterly, and annual performance reports which, to ensure complete accuracy, must undergo a rigorous review and accounting process before they are posted to our website.

What's going to happen with the Lehman Indices?

A. Barclay's Capital bought the Lehman unit that produced the index and intends to continue publishing all Lehman indices.

- ❖ [Full Press Release](#)