

TRS PLAN 3 REPORT

January
2003

Visit ICMA-RC on the Internet at: <http://www.icmarc.org/plan3/>

Retirement planning resources are at your fingertips

Planning for retirement is an on-going process. The earlier you start the more likely you are to enjoy a comfortable and successful retirement. Here are some simple things you can do to help build your plan for retirement:

- Study your Member Handbook as a resource to your state retirement benefits. The most current version of the handbook can be viewed on the DRS Web site (<http://www.wa.gov/drs/member/publications.htm>).
- Visit the DRS Web site to run an estimate of the monthly benefit you will receive from the defined benefit portion of your plan (<http://www.wa.gov/drs/estimate-unix/index.htm>).
- Review your defined contribution account to determine how much income your account will generate and which payment option will best meet your retirement needs. Contact ICMA-RC (1-888-711-8773) or visit the Web site (<http://www.icmarc.org/trs/planning/>) to learn about payment options and defined contribution estimates.
- Make sure the correct beneficiary is listed on your Beneficiary Designation Form. This form is available from your employer or can be downloaded from the DRS Web site (<http://www.wa.gov/drs/forms/fmz-mbr.htm>).
- Early in your career, attend one of DRS' Retirement Planning Seminars. These full-day sessions feature speakers on a number of retirement subjects and are free of charge to all state retirement plan members. The dates and locations for these seminars are announced in the member newsletter, Retirement Outlook, and on the DRS Web site (<http://www.wa.gov/drs/member/planning/workshop.htm>). Over the course of your career, you may want to attend several seminars.
- Learn more about investing at an Investment Education Seminar. Seminar locations can be found on the TRS Plan 3 Web site (<http://www.icmarc.org/trs/newmember/education/schedule.html>).

TRS PLAN 3 WSIB TOTAL ALLOCATION PORTFOLIO (TAP)

AS OF 09/30/2002

	AVERAGE ANNUAL RETURNS			
	3rd Qtr 2002	1-Year	3-Year	5-Year
TOTAL ALLOCATION PORTFOLIO	-7.26%	-6.18%	-1.71%	2.90%

The Washington State Investment Board (WSIB) periodically reviews and adjusts the TAP Fund's asset allocation. Over the last five years, the TAP Fund has shifted to a more aggressive asset mix. These returns reflect the actual asset mixes during the time periods shown.

TRS PLAN 3 SELF-DIRECTED FUNDS

AS OF 12/31/2002

	4th Qtr 2002	1-Year	3-Year	5-Year
MONEY MARKET FUND	0.46%	1.96%	4.21%	4.63%
WASHINGTON STATE BOND FUND*	1.78%	7.81%	N/A	N/A
U.S. LARGE STOCK INDEX FUND	8.35%	-22.15%	-14.67%	-0.77%
U.S. STOCK MARKET INDEX FUND	8.04%	-21.62%	-13.91%	-0.69%
U.S. SMALL STOCK INDEX FUND	5.93%	-20.42%	-7.61%	-1.77%
INTERNATIONAL STOCK INDEX FUND	5.17%	-18.29%	-18.59%	-3.75%
SHORT-HORIZON FUND	3.05%	-2.00%	N/A	N/A
MID-HORIZON FUND	4.95%	-7.52%	N/A	N/A
LONG-HORIZON FUND	6.35%	-14.68%	N/A	N/A

* The Bond Market Index Fund closed on August 31, 2000. Investments were transferred to the Washington State Bond Fund. Performance shown is from its September 1, 2000 inception date.

The Horizon Funds were created for Washington State TRS Plan 3 participants in September 2000. Please refer to the *Plan 3 Investment Guide* or the Web site <http://www.icmarc.org/trs/investing> for additional fund information and estimated long-term performance.

All returns are net of fees. Self-Directed funds are valued daily; your account balance and rate of return will vary accordingly. Past performance is no guarantee of future results. For more information about the funds, please see the *Plan 3 Investment Guide* or the Web site at <http://www.icmarc.org/trs/investing>.

Returns cover the period ending December 31, 2002.

N/A - Not Applicable

As you get closer to retirement, consider the following:

- Contact the Social Security Administration periodically to review your file's accuracy. The toll-free telephone number for Social Security information is 1-800-772-1213. You can also obtain valuable information about Social Security and Medicare by visiting the Social Security Internet site (<http://www.ssa.gov>).
- Obtain a copy of Internal Revenue Service Publication 575, *Pensions and Annuities*, also available on the Internet (<http://www.irs.gov/pub/irs-pdf/p575.pdf>).
- If you are within a year of your retirement date, request an estimate of your defined

benefit from DRS. DRS will return a retirement application form with your estimate.

Applying for retirement

When retiring from Plan 3, you must complete separate applications for your defined contribution and defined benefit accounts.

- For the defined contribution account, obtain a *Plan 3 Request for Payment of Defined Contribution Funds* from ICMA-RC.
- For the defined benefit account, obtain a *Plan 3 Retirement Application* from DRS.

If you need assistance or have questions

about the defined contribution retirement process, you can speak with an ICMA-RC representative by calling 1-888-711-8773. If you have questions about your defined benefit, you can call DRS, or you can schedule a visit to review your defined benefit account information and benefit payment options with Retirement Services Analysts. To schedule an appointment, or to ask questions, please call 1-800-547-6657. If you live in the Olympia area, call (360) 664-7000.

New law creates options for divorced members and ex-spouses

New provisions relating to divorce, annulments and legal separations could impact members of TRS.

One provision in Engrossed Senate Bill (ESB) 6380 provides an alternative to the current method of providing retirement benefits to an ex-spouse. This provision becomes effective on July 1, 2003.

DRS will continue to provide updated information on this and other features of the new law on the Web at <http://www.wa.gov/drs/member/faq/survivorfaq.htm>.

Need to update your address? Contact your employer

When you move, there is always a list of people and places to notify. One of those on your list should be your employer.

DRS and ICMA-RC receive address information from your employer. Employers regularly provide up-to-date information about you, so we can manage your retirement account.

The next time you have an address change, don't worry about calling DRS or ICMA-RC. Simply notify your employer.

Washington State Self-Directed Investment Program Annual Fees and Expenses

The Washington State Investment Board (WSIB) adjusts its advisor fee for all Plan 3 Self-Directed funds annually. The 2002 WSIB advisor fee was 1.12 basis points (bps). For 2003, the WSIB advisor fee increases to 1.45 bps. However, other Self-Directed Investment Program manager fees have declined, and in some cases this means that the overall total fees will actually be reduced for 2003.

New Annual Fees

Money Market	Bond Fund	US Large Stock Index	US Stock Market Index	US Small Stock Index	International Stock Index	Short Horizon	Mid Horizon	Long Horizon
.2545%	.1651%	.1672%	.1692%	.1700%	.2245%	.2163%	.1755%	.1795%

If you have any questions, please contact ICMA-RC (1-888-711-8773) or visit the Web site (<http://www.icmarc.org/trs>).

Our Privacy Policy.

The ICMA Retirement Corporation (ICMA-RC) recognizes the sensitive nature of your personal financial information, and takes every precaution to protect your privacy. In order to provide services to you, the Department of Retirement Systems (DRS) collects certain nonpublic personal information about you from your employer. DRS then provides that information to ICMA-RC, to allow us to service your account. Our policy is to keep this information strictly safeguarded and confidential. We will use this information only as necessary to provide services to you or as otherwise required or permitted by law. Our contract with DRS requires us to maintain the privacy of your personal information. You can be certain your financial information will only be used within our strict guidelines. Our privacy policy and practices apply equally to nonpublic personal information about former clients and individuals who have inquired about our services.

Information We Collect.

"Nonpublic personal information" is personally identifiable financial information about you as an individual or your family. Nonpublic personal information we have about you includes information provided by DRS and information you provide to us in telephone calls, forms, and correspondence.

Information We Disclose.

We use this information to process your requests and transactions, for example, to provide you with additional information about the investments available in your plan or to process a transaction. In order to service your account and carry out your instructions, we may also provide your personal information to firms that assist us in servicing your account. For example, we will provide your address to the vendor that mails your quarterly financial statements. We do not provide customer names and addresses to outside firms, organizations or individuals except

as provided to conduct official business on your behalf, or as otherwise allowed by law. In addition to our own policies, our contract with DRS requires us to maintain all information regarding plan members confidential. We are prohibited from disclosing, using, selling or sharing your personal information except to conduct business on your behalf or as directed by DRS.

How We Safeguard Your Information.

We restrict access to nonpublic personal information about you to those persons with ICMA-RC who need the information to provide services to you or who are permitted by law to receive it. We maintain internal policies and procedures to safeguard your personal information.

If you have any questions regarding our Privacy Policy, please contact us at 1-888-711-8773.