PERS PLAN 3 REPORT

Visit Plan 3 on the Web at: www.icmarc.org/plan3/pers

Fund Transition Complete

As of 1:00 p.m. PT on October 28, 2011 the changes to the investment options in the Self-Directed Investment Program were finalized and three funds were discontinued. As we mentioned in prior communications, if you had a balance and/or future payroll allocation directed toward a fund/s that closed, your investments were moved into a Retirement Strategy Fund based on your birth year and an assumed retirement at age 65. A letter was mailed in early November to those members whose balances or contributions were moved from the discontinued funds. These and any other adjustments are reflected in your enclosed quarterly statement.

You can evaluate your current investments, review fact sheets on investment options and make changes online. Be sure to consult with your financial advisor if you have questions about your investment strategy. Additional resources explaining the fund transition in detail are available on the DRS website at *www.drs.wa.gov*. Just look for the Fund Transition article on the home page under News and Announcements.

PERS PLAN 3 WSIB TOTAL ALLOCATION PORTFOLIO (TAP) AS OF 9/30/2011

	3rd Qtr 2011	1-Year	3-Year	5-Year
TOTAL ALLOCATION PORTFOLIO	-6.69%	4.95%	2.40%	2.59%

All returns are net of fees. The TAP fund is valued monthly; your account balance and rate of return will vary accordingly. Past performance is no guarantee of future results. For more information about the TAP fund, please see the Plan 3 Investment Guide or the website at www.icmarc.org/pers/investing.

PERS PLAN 3 SELF-DIRECTED FUNDS AS OF 12/31/2011

	4th Qtr 2011	1-Year	3-Year	5-Year
EMERGING MARKET EQUITY INDEX FUND	5.32%	N/A	N/A	N/A
U.S. SMALL CAP VALUE EQUITY INDEX FUND	15.63%	N/A	N/A	N/A
GLOBAL EQUITY INDEX FUND	7.93%	N/A	N/A	N/A
U.S. LARGE CAP EQUITY INDEX FUND	11.85%	2.14%	14.20%	-0.18%
2055 RETIREMENT STRATEGY	6.84%	-8.84%	N/A	N/A
2050 RETIREMENT STRATEGY	6.94%	-8.65%	10.28%	N/A
2045 RETIREMENT STRATEGY	6.95%	-8.81%	10.22%	N/A
2040 RETIREMENT STRATEGY	6.97%	-8.76%	10.19%	N/A
2035 RETIREMENT STRATEGY	7.06%	-8.52%	10.30%	N/A
2030 RETIREMENT STRATEGY	6.99%	-7.77%	11.00%	N/A
2025 RETIREMENT STRATEGY	6.74%	-6.90%	11.63%	N/A
2020 RETIREMENT STRATEGY	6.43%	-5.47%	11.94%	N/A
2015 RETIREMENT STRATEGY	6.03%	-4.06%	12.15%	N/A
2010 RETIREMENT STRATEGY	5.60%	-2.51%	12.19%	N/A
2005 RETIREMENT STRATEGY	4.95%	-1.11%	11.57%	N/A
2000 RETIREMENT STRATEGY	4.18%	0.24%	10.68%	N/A
SOCIALLY RESPONSIBLE BALANCED FUND	7.27%	3.24%	10.59%	4.70%
WASHINGTON STATE BOND MARKET FUND	1.79%	5.88%	10.97%	7.55%
MONEY MARKET FUND	0.00%	0.06%	0.11%	1.55%

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 website at www.icmarc.org/pers/investing.

Tax Time

If you received a distribution from your Plan 3 defined contribution account in 2011, we will mail you a 1099-R tax form during the third week of January 2012. Taxable distributions and rollovers to other retirement plans are reported to the Internal Revenue Service on Form 1099-R.

If you have general questions, please call Plan 3 Investor Services at 888-711-8773. You may also wish to consult with a professional tax advisor or visit *www.irs.gov* to review the following IRS publications:

- 575, Pension and Annuity Income; or
- 590, Individual Retirement Arrangements.

DRS reports defined benefit payments on a separate 1099-R. They mail by the end of January, but will be available online in Defined Benefit Access after January 18.

Privacy Policy

The following is the privacy policy for DRS' Plan 3 record keeper, ICMA-RC.

We at ICMA-RC recognize the sensitive nature of your personal financial information, and take every precaution to protect your privacy. Our contract with DRS also requires us to maintain the privacy of your personal information. DRS collects certain nonpublic personal information about you from your employer and then provides that information to us. We use it within strict guidelines and only as necessary to provide services to you or as otherwise required by law. Our privacy policy applies equally to nonpublic personal information about former members 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. We receive this information from both DRS and you directly through your phone or written correspondence.

Information We Disclose

We use your information to help process your requests and transactions (i.e. providing additional investment information or processing a withdrawal). We may also provide your personal information to firms that assist us in conducting business. For example, we provide your address to the company that mails your quarterly statement. 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 maintain internal policies and procedures to safeguard your personal information. We restrict access to only those persons with ICMA-RC who need to provide services to you or who are permitted by law to receive it.

Automatic email notifications of DRS website updates

To help you stay connected to the latest retirement information available, DRS is introducing a free digital subscription service. This service allows you to voluntarily opt in for automatic emails when items on the DRS website change or when new information becomes available. The only information that's required from you is your email address. After you sign up, you can change your subscription details or cancel the service at any time.

How it works

Every hour, the service checks the DRS website to see what's been updated and sends emails to people who have signed up to receive notification (for example, an update to the PERS Plan 3 handbook or a new edition of the Outlook newsletter). As a subscriber, you can tailor the frequency you wish to receive notices: immediately upon posting, daily, weekly or monthly (please note that the page you select may not be updated at each of those intervals, depending upon the topic).

It's easy to use – with just a few clicks you can sign up for updates on a variety of topics including, news and announcements, job openings and legislation impacting retirement. And as you browse the DRS website, you'll notice that individual articles also feature a link reading, "Email me when this page is updated." Clicking on this link will enable you to subscribe for updates to that particular page and topic.

Subscribe now

If you are interested in receiving updates from DRS, visit *www.drs.wa.gov* and look for the link and envelope icon at the top of the page. Once you click on the link, you can start creating your personalized list of subscription options.

Subscription benefits

- *Quick email notification:* Know as soon as a publication or news article becomes available or has been updated on the DRS website
- *Individual:* Sign up only IF you want to; cancel your subscription any time
- *Customizable:* Offers a list of our retirement plans, systems and topics to choose from at sign up that you can change any time
- *Automatic:* Once you establish a subscription profile, you will automatically receive updates without having to check the DRS website for changes

Privacy

We value your privacy. Email updates are a free service provided by the Department of Retirement Systems. Your email address will only be used to deliver the information you have requested and allow you to access your account.

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