

# WRS Annuity Payment Options

## Receiving Your Retirement Benefit

When you retire, there will be many options for how you can collect your retirement benefit. This short video from the Wisconsin Department of Employee Trust Funds discusses those options.

Most members receive their retirement benefit as a monthly payment from ETF. This monthly payment is called an annuity. If your account is too small for a monthly benefit, then you will receive a one-time lump sum payment. Follow along as we use Sally's retirement benefit as our example to talk about monthly annuity payments.

The most important thing to know is that no matter which annuity payment option you select, your annuity is always paid for your entire life. It may also extend beyond your lifetime, depending on which option you select and how long you live.

The first option is Annuitant's Life Only. This is usually the highest paying option, however it will terminate upon your passing. Money will not be paid to your spouse, children, or other beneficiaries once you pass.

If you want your benefit paid to your beneficiaries once you pass away, you have other options. The first type is Payments Guaranteed.

With this option, your annuity will be paid for your lifetime, or the number of guaranteed payments, whichever is longer.

We offer both 60 and 180 Payments Guaranteed. Let's look at an example.

Sally selected 180 Payments Guaranteed, but only received 100 before she passed away. The remaining 80 will be paid to her beneficiary or beneficiaries on file with ETF.

In contrast, if Sally passed away after receiving 200 payments, no additional payments would be made to her beneficiaries, and her benefit would end.

As you can see, her monthly annuity would not be as high as if she had selected Annuitant's Life Only.

Our next type is a percentage guaranteed to your named survivor. After you pass, your named survivor will receive a percentage of your annuity payment for his or her lifetime. A named survivor is usually a spouse. If you choose someone other than a spouse, certain age restrictions apply.

You can choose from 75% or 100% of your annuity payment continued to your named survivor. Once selected, your named survivor cannot change unless ETF receives a written request within 60 days of your first annuity payment.

The next option is a variation on the 75% Continued to Named Survivor. It's called Reduced 25% on Death of Annuitant or Named Survivor. Upon your death, your named survivor receives 75% of your annuity payment. However, if your named survivor passes before you, your annuity will be reduced by 25%. As you can see, this option offers a higher annuity payment with more risk.

The final variation is 100% Continued to Named Survivor with 180 Payments Guaranteed. With this option, you'll receive your annuity until you pass away at which point your named survivor will receive 100% of your annuity for the rest of his or her life. If you both pass prior to receiving 180 payments, your annuity will be continued to your beneficiaries on file with ETF for the remainder of the payments.

For example, Sally designated her husband as her named survivor. She passed after receiving 40 annuity payments.

The annuity payments are continued to her husband, who passed after receiving 60 more payments. Since only 100 payments were paid, the remaining 80 payments will be made to her husband's beneficiaries, in this example, their daughter.

Now that we've talked about the annuity payment options, there's one more topic we have to discuss: your age at retirement. If you are retiring before age 62, you may be eligible for accelerated payments.

Accelerated payments provide a higher annuity before you turn 62, and a lower annuity after your 62nd birthday. Let's take a look at an example.

You can see the annuity payment Sally would receive if she selected 100% Continued to Named Survivor with 180 Payments Guaranteed. If she selected the accelerated version, Sally would receive quite a bit more money before she turned 62. After she turns 62, her payment would be lower because she is eligible to receive Social Security.

Accelerated payments are available with all monthly annuity payment options. One thing to keep in mind is that your annuity will lower at age 62, even if you decide to defer Social Security. As you can see, there are a few considerations before choosing an annuity option. Know that if you change your mind once you have selected an option, you only have 60 days after the first annuity payment to notify ETF in writing that you are picking a different option.

While we cannot advise you on which option to choose, we are here to assist with questions you have while weighing the pros and cons. Check out our handy brochure on Annuity Options, visit the Member Education section of our website at [etf.wi.gov](http://etf.wi.gov), or give us a call.

Also, remember to stay connected with ETF by signing up for ETF E-Mail Updates on our website and follow us on Twitter (@WI ETF).