

Wisconsin Retirement System

New Employee Orientation

Retirement Benefits



April 2012

By Kathryn Fields - Member Education
Department of Employee Trust Funds (ETF)



Five Governing Boards

Employee Trust Funds Board

Teachers Retirement Board

Wisconsin Retirement Board

Group Insurance Board

Deferred Compensation Board



3

ETF-Administered Benefits

Retirement

- ◆ Group Life Insurance
 - ◆ Group Health Insurance
 - ◆ Group Income Continuation Insurance
 - ◆ Long-Term Disability Insurance
 - ◆ Wisconsin Deferred Compensation
- State employees only:
- ◆ Long-Term Care Insurance
 - ◆ Employee Reimbursement Account (ERA) Program
 - ◆ Accumulated Sick Leave Conversion Credit Program (ASLCC)

4

Retirement Benefit Objective

Qualified under Sec 401 (a) of the Internal Revenue Code (IRC)



- ◆ Plan expects that you will **supplement** your WRS retirement with your own savings program

5

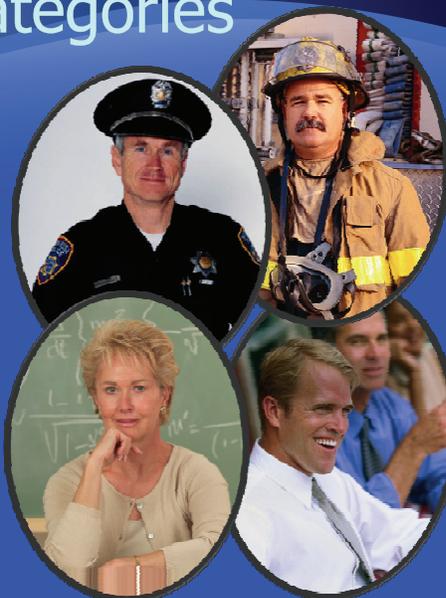
WRS Participating Employers

- ◆ State of Wisconsin (including UW System)
- ◆ All counties (except Milwaukee County)
- ◆ Wisconsin Technical Colleges and Cooperative Education Service Agencies (CESAs)
- ◆ All public school districts (including Milwaukee Public School District)
- ◆ Any other public employer in the State of Wisconsin that elects to participate (except City of Milwaukee)

6

Employment Categories

- ◆ General: Includes Teachers, Educational Support, University faculty
- ◆ Elected Officials and State Executives
- ◆ Protective with Social Security (Police Officers, Correctional Officers)
- ◆ Protective without Social Security (Firefighters)



7

Eligibility

8

WRS Eligibility

WRS Participation Standards			
Initially employed before 7/1/2011		Initially employed on or after 7/1/2011	
Must be expected to work <ul style="list-style-type: none"> • At least 1/3 of full time • For at least one year 		Must be expected to work <ul style="list-style-type: none"> • At least 2/3 of full time • For at least one year 	
440 hours	Teachers and non-teaching employees of school districts	880 hours	Teachers and non-teaching employees of school districts
600 hours	All others	1200 hours	All others

9

Required Contributions

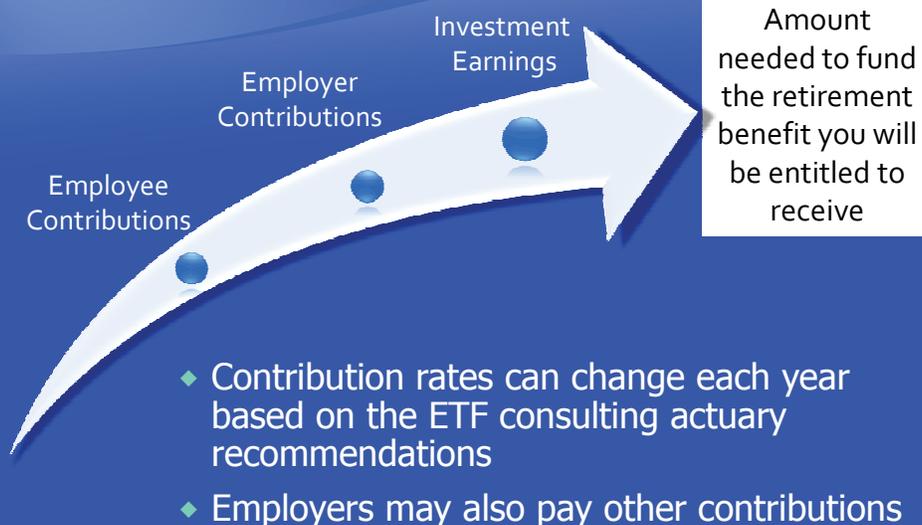
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Employee Required Contributions

- ◆ Contribution rates (by statute) are calculated as a percentage of WRS earnings and vary by employment category
- ◆ Members are required to contribute (exceptions may apply for protective employees covered by a collective bargaining agreement prior to 6/29/11)
- ◆ Contributions are credited to the Employee Reserve, which carries a separate balance for each WRS member
- ◆ Contribution rates can change each year based on the ETF consulting actuary recommendations

11

Employer Required Contributions



12

Employee/Employer Required Contribution Rates

Employee + Employer Required Contribution Rates 2012				
Rates subject to change annually				
Employment Category	Mandatory Employee	Mandatory Employer	Matching Employer	Total Contribution to your WRS Account
General, Teacher and Educational Support	5.9%	5.9%	5.9%	11.8%
Protectives with Social Security	5.9%	9.0%	5.9%	11.8%
Protectives without Social Security	5.9%	11.3%	5.9%	11.8%
Elected Officials & State Executive Retirement Plan employees	7.05%	7.05%	7.05	14.1%

For retirement purposes the employer contribution is an equal match of the employee contribution

13

Supplement Your Retirement

Employee Voluntary Additional Contributions

Wisconsin Deferred Compensation Program

Additional Contributions

Also qualified under Sec 401 (a) of the Internal Revenue Code (IRC)

- ◆ Regular (after-tax) Additional Contributions



- ◆ Additional contributions receive the same rate of interest as required contributions

15

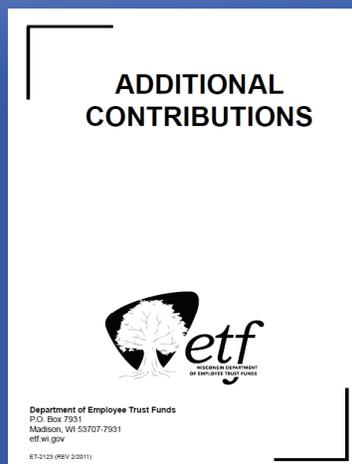
Additional Contributions

- ◆ Contributions can be made by payroll deduction or direct payment to ETF
- ◆ Only pay tax on the interest accrued when you receive the benefit
- ◆ Contributions are subject to federal annual contribution limits

16

Additional Contributions Resources

- ◆ Brochure (ET-2123)
- ◆ Worksheet (ET-2566)
- ◆ Visit ETF's Website
- ◆ ETF Video Library
see webcast entitled
Additional Contributions



17

Wisconsin Deferred Compensation Program

Qualified under section 457b of the Internal Revenue Code



- ◆ Tax deferred (pre-tax) **or** Roth (post-tax) Savings Program
 - ◆ State/UW, Local, School District employees
- ◆ Wide variety of investment options
- ◆ No minimum deferral (invest a little or a lot!)
- ◆ Offers *Investing Advisory Services*
- ◆ Easy to enroll, monitor and modify
- ◆ 24/7 web access at www.wdc457.org
- ◆ Multiple distribution options at retirement

18

Interest Crediting

Trust Fund Investments

Trust Fund Investments

By law, the assets of the WRS are invested by the *State of Wisconsin Investment Board (SWIB)*

<h3>Core</h3>	<h3>Variable (optional)</h3>
<p>Fully diversified</p> <ul style="list-style-type: none">◆ Mixture of assets helps stabilize effects of market changes◆ Market gains and losses recognized over 5-year periods	<p>All stocks</p> <ul style="list-style-type: none">◆ Greater degree of risk due to stock market fluctuation◆ Market gains and losses fully recognized (no smoothing)

20

Trust Fund Investments

100% of all contributions are deposited into the Core Fund **unless** . . .



you elect Variable Fund participation

- 50% Core
- 50% Variable

There are separate **Core** and **Variable** interest rates each year

By law, the effective rate of interest is credited each December 31 to that year's January 1 balance

21

Core and Variable Rate Comparison

ETF Core and Variable Fund Average Rates				
2002 To 2011	Core Fund		Variable Fund	
	Effective Rate	Annuity Adjustment	Effective Rate	Annuity Adjustment
10 yr Avg	6.36%	0.22%	3.53%	- 2.11%
5 yr Avg	5.31%	-1.09%	0.98%	- 6.09%

22

Participating in the Variable Fund

Is Variable participation right for you?

- ◆ If yes:
 - ◆ ETF must receive your election form (ET-2356) within 30 days of your begin date (for participation to be effective immediately)
 - ◆ If received more than 30 days after begin date, participation is effective on the January 1 after it is received by ETF

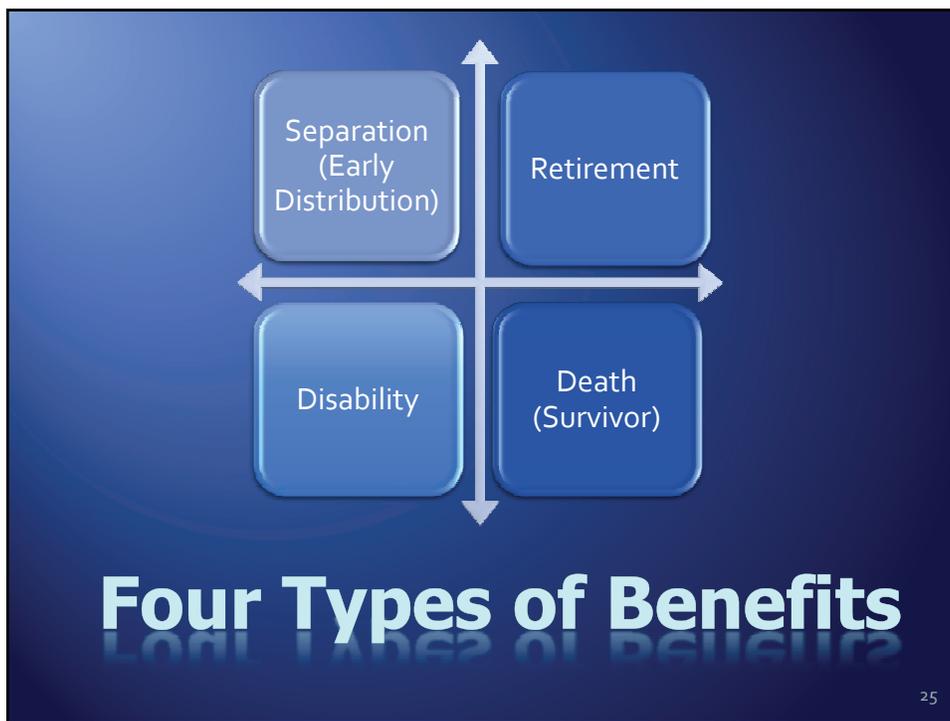


Carefully consider your own risk tolerance!

23

Variable Participation Resources

1. Brochures
 - How Participation in the Variable Fund Affects your WRS Benefits (ET-2313)
 - Investment Earnings Distribution Report (ET-2124)
2. ETF Website (see interest rate history)
 - ETF Video Library
 - WRS Interest vs. Annuity Adjustments
 - Variable Participation: Is it Right for You?
3. SWIB Website - swib.state.wi.us



Early Distribution

Separation Benefit

A lump sum withdrawal of only the *employee contribution balance*

26

Separation Benefits

- ◆ Eligibility
 - ◆ Terminate all WRS employment and apply for a benefit prior to MRA (55 or 50) or meeting the vesting requirement
- ◆ Benefit includes
 - ◆ Employee required contributions
 - ◆ Additional contributions (if applicable)
 - ◆ Accumulated interest
 - Employer contributions, interest, and creditable service are **forfeited**
- ◆ Taxed as ordinary income
 - ◆ Early distribution penalties apply!
 - ◆ Can rollover into another qualified plan to avoid tax and penalties



27

Retirement Benefits

28

Retirement - Eligibility

- Terminate all WRS employment, and
- Meet Minimum Retirement Age (55 or 50), and
- Meet the vesting requirement

Employment Category	Minimum Retirement Age (MRA)	Normal Retirement Age (NRA)
General, Teacher & Educational Support employees	55	65
Protective - less than 25 years of service	50	54
Protective - 25 or more years of service	50	53
Elected Officials & State Executive Plan Employees	55	62

29

Vesting Requirements

- ◆ Vesting allows members to receive benefits based on their full account value upon retirement
- ◆ Employees who initially become a WRS member on or after July 1, 2011 must accrue 5 years of creditable service to be vested

Required hours
to earn one year (1.0) of service credit

Teachers – 1320

All others - 1904

30

Retirement Calculations

WRS always pays the higher of two calculations

Formula

- Years of creditable service
- Final average earnings
- Formula factors
- Age Reduction (if applicable)
- Variable adjustment (if applicable)

Money Purchase

- Account balance
- Age

31

Retirement – Payment Options

WRS offers 7
payment (annuity)
options

- ◆ All options provide **lifetime** annuities
 - ◆ Most include continued benefits for your beneficiaries



32

Disability Benefits

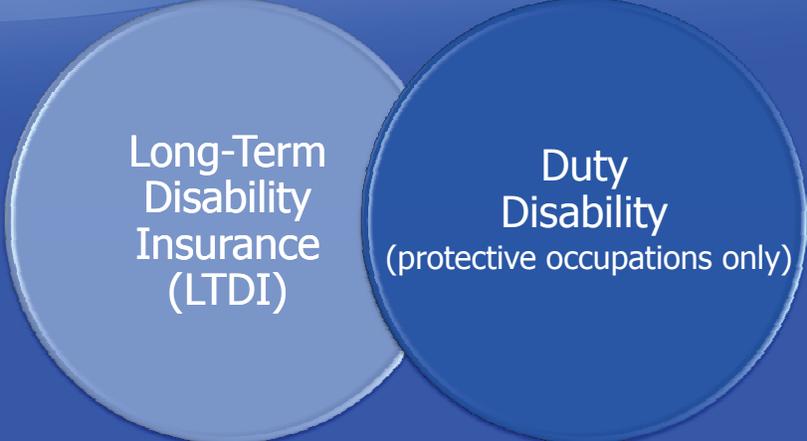
33

Disability Benefits

 <p>Must be disabled based on specific criteria set by Statute or Wis. Administrative Code</p>	 <p>Your treating physicians determine if you qualify</p>	 <p>The monthly benefit is payable for as long as you remain disabled or until age 65</p> <p>May need to provide medical evidence annually</p>
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34

Disability Plan Types



Long-Term Disability Insurance (LTDI)

Duty Disability (protective occupations only)

WRS Members employed prior to October 1993 could also be eligible for a "Retirement Disability" benefit

35

Disability Eligibility



Each plan has different eligibility criteria

ETF will tell you which plan you may be eligible for

If you become disabled, contact ETF

36

Death Benefits

37

Death Benefit Amount

Amounts vary depending on member status at time of death

- ◆ Active members
Total account balance *plus* any voluntary additional contributions
- ◆ Inactive members
Employee required contribution balance (1/2 account value) *plus* any voluntary additional contributions
 - ◆ Annuitants
Benefit is based on the annuity option selected at time of retirement

38

You can ensure prompt payment
of death benefits

Beneficiary Designations

39

Beneficiaries

By law, death benefits can only be paid
according to your most recent
beneficiary designation on file with ETF

If you own a WRS account
and/or
are enrolled in the
*Wisconsin State and Public Employers Group
Life Insurance Program*
**You should complete a
beneficiary designation form!**

40

Beneficiaries

If you do not file a beneficiary designation form with ETF, any benefits payable will be paid according to

Statutory Standard Sequence

4.1

Standard Sequence

- Group 1 **Surviving Spouse/Domestic Partner (DP)**
Requires Chapter 40 ETF approved affidavit
- Group 2 **Children** (natural children or legally adopted)
If child dies before member, that child's share is divided between the deceased child's children
- Group 3 **Grandchildren**
- Group 4 **Parents**
- Group 5 **Siblings** - If sibling dies before member, that sibling's share is divided between the deceased sibling's children
- Group 6 **Estate**

4.2

Beneficiary Designation Form (ET-2320)

Alternate (ET-2321)

Forms available from:

- Employer
- ETF (online/or call)
- Link in this presentation

WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS
P.O. BOX 7031
Madison, Wisconsin 53707-7031
(608) 266-3000 (toll free)

BENEFICIARY DESIGNATION
Wis. Stat. § 40.02 (8) (a) and 40.74
REFER TO ATTACHED INSTRUCTIONS

COMPLETE IF APPLICABLE

Beneficiary of _____

Alternate Payee of _____

DO NOT SUBMIT TO YOUR EMPLOYER

TYPE OR PRINT IN INK

YOUR NAME - Last	First	Middle I.	Middle II.	Your Social Security Number
Address - No. and Street				Your Birthdate (MM/DD/YYYY)
City		State	Zip Code	
Your Weekly Telephone No. (include area code)				

PRIMARY Any benefits payable by the Wisconsin Retirement System and Life Insurance program at my death shall be paid in EQUAL SHARES, unless otherwise specified, to the following primary beneficiary(ies) who survive me:

Name - Last, First, Middle	Relationship	Birthdate (MM/DD/YYYY)	SOC. Sec. No.	Address - Street, City, State, Zip

SECONDARY In the event the primary beneficiary(ies) die before me, the death benefit shall be paid in equal shares, unless otherwise specified, to the following secondary beneficiary(ies) who survive me, if any:

Name - Last, First, Middle	Relationship	Birthdate (MM/DD/YYYY)	SOC. Sec. No.	Address - Street, City, State, Zip

TERTIARY In the event the primary and secondary beneficiary(ies) die before me, the death benefit shall be paid in equal shares, unless otherwise specified, to the following tertiary beneficiary(ies) who survive me, if any:

Name - Last, First, Middle	Relationship	Birthdate (MM/DD/YYYY)	SOC. Sec. No.	Address - Street, City, State, Zip

IF YOU WANT THIS DESIGNATION TO APPLY ONLY TO SPECIFIC BENEFIT PLAN(S) OR ACCOUNT(S), use this space to specify the benefit plan(s) or account(s) to which you want this designation to apply. See "Effective for all benefit plans and accounts" section of instructions before completing this section.

I understand that Wis. Stat. § 943.305 provides criminal penalties for making false or fraudulent claims on this form and hereby certify to the best of my knowledge and belief, the above information is true and correct.

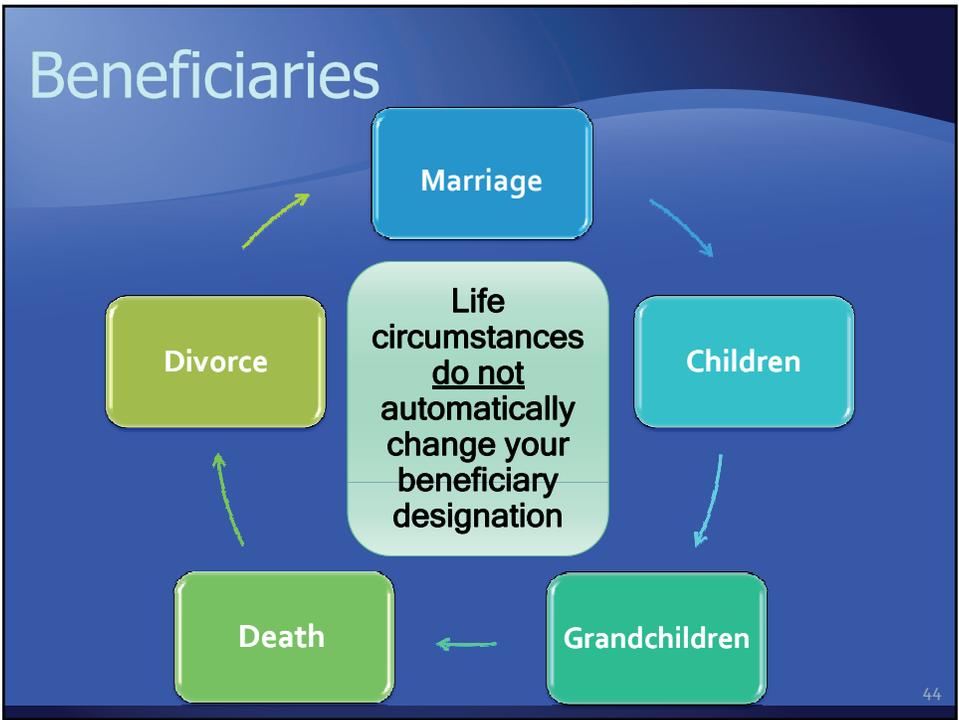
SIGN	Signature (Do not print) _____	Date Signed (MM/DD/YYYY) _____	DATE
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NOTE: The date the form is signed is not the date it becomes effective. A Beneficiary Designation form does not become effective until received by the Department of Employee Trust Funds, assuming that it is approved. The person filing the designation must still be alive when the Department receives the form. An acknowledgment will be sent when this designation has been reviewed and accepted. Invalid designations will be rejected and returned to you.

ET-2320 (REV 9/2009) MAKE A COPY FOR YOUR RECORDS.

For more information on Death Benefits and Beneficiaries

• Video - Planning for the Inevitable Death Benefits and Beneficiaries



Annual Statement of Benefits

STANLEY, CITY OF
114 E 3RD AVE
STANLEY WI 53188-0155

0065-000
Name
Address
City, State Zip

DEPARTMENT OF EMPLOYEE TRUST FUNDS
WISCONSIN RETIREMENT SYSTEM (WRS)
ANNUAL STATEMENT OF BENEFITS
January 1, 2009
IRS Codes: 401(a) & 403(b)

Review carefully. The amounts shown reflect our records as of 1/1/2009 and may be subject to corrections. Select the items that apply to corrections or appeals concerning WRS accounts, service history, earnings, contributions and other records. Keep this document with your important personal records.

ACCOUNT INFORMATION Member # 123456

2008 Earnings and Service

These are earnings and service as reported by your WRS employer for the calendar year just prior to the date of this statement. Earnings and service for Teachers/Judges/Educators Support Personnel are also shown for the fiscal year.

Category	Year	Earnings	Years of Service
1 GENERAL	2008	445,897.25	1.00

Years of Creditable Service as of 1/1/2009

Category	Before 2000	After 1999	Total Service
2 GENERAL	29.71	9.00	29.71

Total Years of Creditable Service:

Employee Required Contributions

Core: 3.3%
Variable - 49.0%

	Core	Variable	Total
3 1/1/2008 Balance	\$144,457.37	\$8,749.42	\$153,206.79
2008 Interest	\$ 0.00	\$ 0.00	\$ 0.00
2008 Contributions	\$1,895.18	\$1,895.18	\$3,790.36
Adjustment	\$ 0.00	\$ 0.00	\$ 0.00
1/1/2009 Balance	\$147,552.55	\$9,864.60	\$157,417.15
Non-taxable portion of employee contributions (Investment in Contract):			\$ 0.00

Additional Contributions

	Employee Additional Core	Employee Additional Variable	Tax-Derived Core	Tax-Derived Variable	Employer Additional / LTDI Core	Employer Additional / LTDI Variable
4 1/1/2008 Balance						
2008 Interest						
2008 Contributions						
Adjustment						
1/1/2009 Balance						
Non-taxable portion of employee contributions (Investment in Contract):						

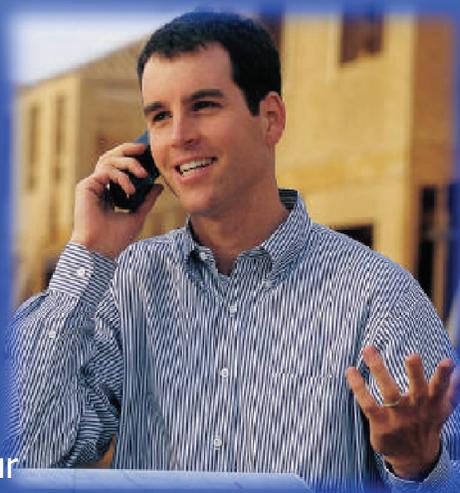
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The enclosed explanation form is important for understanding your Statement of Benefits.

- ◆ Distributed annually
 - ◆ Includes information on
 - ◆ Previous year's earnings/service
 - ◆ Total years of creditable service
 - ◆ Employee Required Contributions
 - ◆ Additional Contributions
 - ◆ Primary Beneficiary Designation
 - ◆ Separation/Death Benefit Data
 - ◆ Formula Benefit Data
 - ◆ Money Purchase Data
 - ◆ Retirement Benefit Projections
- ◆ For more information
 - ◆ See ETF's webcast entitled *WRS Statement of Benefits*

Account Information

- ◆ ETF can provide most information about your account by telephone
- ◆ Records are confidential and will not be disclosed to anyone else without written authorization signed by you
- ◆ Your Social Security number and/or member ID is used to identify your account



Summary

Your retirement account includes annual

1. Required Contributions (employee/employer)
2. Interest

100% of contributions go into the Core Fund (unless you elect Variable participation), contributions are subject to change

Plan ahead -*supplement* your retirement!

Your account provides 4 types of benefits
Retirement, Death, Disability, Separation

Important papers

- *Annual Statement of Benefits*
- **Current** *Beneficiary Designation*

47

Contact Information

Write:	Department of Employee Trust Funds P. O. Box 7931, Madison, WI 53707
Telephone:	Toll Free 1-877-533-5020 Madison Main Line 608-266-3285
Appointments:	Toll Free 1-877-533-5020 ext 65717 Local 608-266-5717
Self Service Line	1-877-383-1888 or 266-2323 (to request forms & brochures)
Pre-recorded Message Center:	Toll Free 1-800-991-5540 Local 608-264-6633
Internet:	etf.wi.gov
Offices:	801 W Badger Road Madison, WI 53713
Office Hours:	7:45 a.m. - 4:30 p.m., Mon – Fri

Thank you for watching

49