



Your Wisconsin Retirement System Benefits

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Wisconsin Department of Employee Trust Funds

July 2012

Topics

- Statistics
- Eligibility
- Funding
- Beneficiaries
- Benefits
- Retirement Benefit Calculations
- Payment Options
- Options to Increase Benefits (are you eligible?)
- Taxability and Annuity Adjustments
- Returning to Work Provisions
- Group Life and Health Insurance

Wisconsin Retirement System (WRS)

Statistics



Department of Employee Trust Funds

- ETF administers 11 benefit programs including Retirement, Health and Life Insurance, and disability benefits
- Statistics – December 31, 2011
 - WRS Assets: \$77.2 billion
 - WRS Annuity payroll in 2011 = \$4.6 billion
 - Employers = 1500
 - Members = 577,918

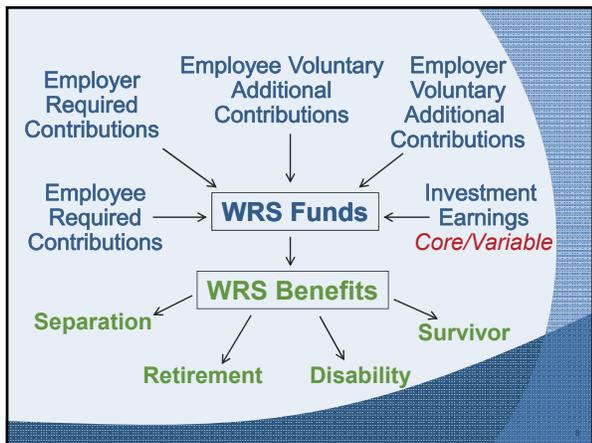
WRS Eligibility

WRS Eligibility

WRS Participation Requirements			
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

Employees initially eligible on or after July 1, 2011 must also meet a vesting requirement in order to receive a retirement benefit

Funding



WRS Trust Funds

Core	Variable (Optional)
<ul style="list-style-type: none">• Fully diversified• Market gains and losses recognized over a 5-year periods	<ul style="list-style-type: none">• All stocks• Market gains and losses fully recognized<ul style="list-style-type: none">• No smoothing

WRS Contributions - 2012

Pre-tax Contribution Rates Subject to change annually			
Employment Category	Employee	Matching Employer	Total Contribution to your WRS Account
General, Teacher and Educational Support	5.9%	5.9%	11.8%
Protectives with Social Security	5.9%	5.9%	11.8%
Protectives without Social Security	5.9%	5.9%	11.8%
Elected Officials & State Executive Plan Employees	7.05%	7.05%	14.1%

10

Supplement Your Retirement Benefit

Voluntary Additional Contributions

- WRS members can make after-tax contributions to *supplement* retirement benefits
 - Can be payroll deducted (if employer agrees), OR
 - Paid direct to ETF
- Deposited in members account based on current fund choice (*exceptions apply*)
- Can use to purchase service



11

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

Beneficiaries

Beneficiaries

- Benefits are paid according to most recent *Beneficiary Designation* on file with ETF
 - Benefits are not paid according to your will
- If no designation on file with ETF, **Standard Sequence** applies



Standard Sequence

- Group 1 **Surviving Spouse/Domestic Partner (DP)**
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** If grandchild dies before member, that grandchild's share is divided between the deceased grandchild's children
- Group 4 **Parents**
- Group 5 **Brother(s)/Sister(s)** If sibling dies before member, that sibling's share is divided between the deceased sibling's children
- Group 6 **Estate**

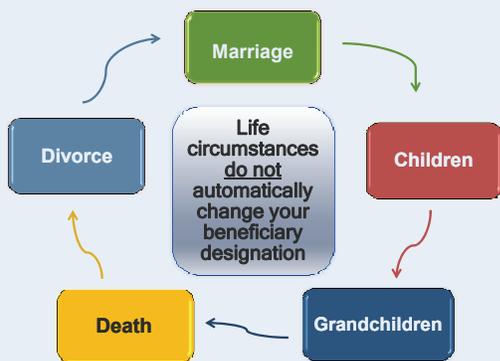
16

BENEFICIARY DESIGNATION		COMPLETE IF APPLICABLE	
<p>DO NOT SIGN THIS FORM</p> <p>THIS FORM IS TO BE COMPLETED BY THE MEMBER OR AN AUTHORIZED REPRESENTATIVE OF THE MEMBER.</p> <p>IF YOU WANT THIS DESIGNATION TO APPLY TO ALL YOUR IRAs, 401(k) PLANS, 403(b) PLANS, AND 457 PLANS, YOU MUST SIGN THIS FORM IN ALL STATES WHERE YOU HAVE IRAs, 401(k) PLANS, 403(b) PLANS, AND 457 PLANS.</p>		<p>Member's name</p> <p>Member's Social Security Number</p>	
<p>PRIMARY - The beneficiary designated by this form will be the first to receive the proceeds of any death benefit payable to the beneficiary designated by this form.</p> <p>Name Last, First, Middle Initial</p> <p>Relationship</p> <p>Address</p> <p>City</p> <p>State</p> <p>Zip</p>		<p>Your Social Security Number</p> <p>Your Beneficiary's Name</p> <p>Your Beneficiary's Telephone No. (include area code)</p>	
<p>SECONDARY - If the primary beneficiary designated by this form should die before the member, the proceeds of any death benefit payable to the beneficiary designated by this form will be paid to the beneficiary designated by this form.</p> <p>Name Last, First, Middle Initial</p> <p>Relationship</p> <p>Address</p> <p>City</p> <p>State</p> <p>Zip</p>		<p>Your Social Security Number</p> <p>Your Beneficiary's Name</p> <p>Your Beneficiary's Telephone No. (include area code)</p>	
<p>TERTIARY - If the secondary beneficiary designated by this form should die before the member, the proceeds of any death benefit payable to the beneficiary designated by this form will be paid to the beneficiary designated by this form.</p> <p>Name Last, First, Middle Initial</p> <p>Relationship</p> <p>Address</p> <p>City</p> <p>State</p> <p>Zip</p>		<p>Your Social Security Number</p> <p>Your Beneficiary's Name</p> <p>Your Beneficiary's Telephone No. (include area code)</p>	
<p>IF YOU WANT THIS DESIGNATION TO APPLY TO ALL YOUR IRAs, 401(k) PLANS, 403(b) PLANS, AND 457 PLANS, YOU MUST SIGN THIS FORM IN ALL STATES WHERE YOU HAVE IRAs, 401(k) PLANS, 403(b) PLANS, AND 457 PLANS.</p> <p>Signature (Do not print)</p> <p>Date (MM/DD/YYYY)</p>			

ETF Beneficiary Designation Form ET-2320

Alternate Form ET-2321

Update Your Beneficiary



18

Benefits

Separation Benefits (early distribution)

- Eligibility
 - Terminate all WRS employment prior to minimum retirement age (MRA) or becoming vested
- Benefit includes
 - Employee required contributions
 - Additional contributions
 - Accumulated interest
 - Creditable service and employer contributions forfeited
- Taxed as ordinary income
 - Early distribution penalties may apply



Disability Benefits

- **WRS Regular Disability**
- **Long-Term Disability Insurance (LTDI)**
- **Duty Disability (40.65)**

Please contact ETF



Retirement Eligibility

- Terminate all WRS employment
 - Must be minimum retirement age (55 or 50 if protective)
 - Must be Vested



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
- Employees enrolled prior to 7/1/11 remain vested regardless of hours worked and service earned

Retirement Calculations

WRS always pays the higher of two calculations



Annuity/Lump Sum availability restricted to annual minimum and maximums (indexed annually)

* If applicable

Money Purchase Calculation

(Sample – general/teacher category)

Money Purchase balance	\$263,200
Money Purchase factor (56 years, 4 months old)	x .00572
“Annuitant’s Life Only” annuity	\$1,505

Formula Calculation (*Sample)

Final Average Monthly Earnings	\$3,320	
	<u>Before 2000</u>	<u>After 1999</u>
Formula multiplier	x .01765	x .016
Creditable Service	x 20.75	x 5.67
Age Reduction Factor	x .890	
Subtotal	\$ 1,350	
Variable Adjustment	+ \$118	
“Annuitant’s Life Only” Annuity	\$1,468	

* general/teacher category 29

Formula Calculation

Final Average Monthly Earnings

Full-Time Employee

2010	\$ 39,486	1.00
2008	\$ 39,915	1.00
2007	\$ 40,125	1.00
Total	\$119,526 ÷ 3.00 ÷ 12 months = \$3,320	

Service Credit - Required hours:
 Teachers - 1320 All others - 1904 30

Formula Calculation Formula Multipliers

	Creditable Service Earned		
	Before 2000	After 1999	On/after 6/29/2011
Teacher/General	.01765	.016	
Protective (with Social Security)	.02165	.020	
Protective (without Social Security)	.02665	.025	
Elected/Executive	.02165	.020	.016

- ### Formula Calculation Creditable Service
- Years of reported WRS employment
 - Active Military Service
 - Purchased Creditable Service
 - Qualifying
 - Forfeited
 - Other Governmental Service

Formula Calculation - Age Reduction



	Minimum Retirement Age	Normal Retirement Age
General/Teacher	55	65
Elected/Executive	55	62
Protective (< than 25 years)	50	54
Protective (25 or more years)	50	53

Formula Calculation - Age Reduction

- Reductions to formula benefits occur when a member begins a benefit before normal retirement age
 - Exceptions apply
- Reductions based on:
 - Employment category
 - Years of Service
 - Age



See Calculating Your Retirement Benefits Brochure (ET-4107)

34

Formula Calculation Variable Adjustment

Variable Excess/Deficiency

\$ 20,848 Total excess/deficiency *
 x .00566 Money purchase factor
\$ 118 Variable Adjustment

Variable excess/deficiency amounts are based on a comparison of the *actual* account balance vs. what it would be if there was no Variable Fund participation

* If deficiency, annuity is decreased

35

Formula Calculation Maximum Benefit

Category	Max %	* Years of Creditable Service Range
General/Teacher	70%	39.66 - 43.75
Executive/Elected	70%	32.33 - 35.00
Protective with Social Security	65%	30.02 - 32.50
Protective without Social Security	85%	31.89 - 34.00

*Based on Formula factors before 1/1/2000 and after 12/31/1999

36

Calculation Comparison

Members are always paid the larger of the two calculated amounts

Money Purchase Calculation	\$1,505
Formula Calculation	\$1,468



A WRS *Annuity* is a benefit paid monthly

WRS annuities are paid to members for Life

Benefit Payment Options (Sample Payment Amounts)

Payment Options	Regular	Accelerated	
		Until age 62	After age 62
Life Annuity Options			
For Annuitants Life Only	\$1,505	\$2,021	\$1,239
Life w/60 Payments Guaranteed	\$1,500	\$2,018	\$1,236
Life w/180 Payments Guaranteed	\$1,465	\$1,989	\$1,207
Joint & Survivor Annuity Options			
75% Continued to Named Survivor	\$1,392	\$1,928	\$1,146
100% Continued to Named Survivor	\$1,357	\$1,900	\$1,118
Reduced 25% on Death of Annuitant or Named Survivor	\$1,431	\$1,961	\$1,179
100% Continued to Named Survivor w/180 Payments Guaranteed	\$1,356	\$1,899	\$1,117



Accelerated Payment Cost Calculator

- Quick and easy to use
- Shows the **Accelerated Threshold** (the point at which you begin to lose benefits as a result of taking an accelerated payment)
- Shows the cumulative difference between *Regular* and *Accelerated* option amounts up to age 100

The longer you live after age 62, the more it "costs" for the temporary annuity received before 62

59
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The loss is paid over the life of your annuity . . .

Additional Payment Options

If you made employee additional contributions you may . . .

- Leave on account up to age 70 ½
- or
- Collect a benefit:
 - At any age
 - Lump Sum
 - Annuity Certain (24-180 months)
 - At MRA
 - Lifetime Annuity



Additional Contribution Options

. . . as shown on application

BENEFIT PAYMENT OPTIONS (based on above data)
 Check only one box for your Monthly Retirement Benefit. Check only one box under Employee Additional Contributions Benefit if you want to apply for your employee additional contributions at this time.

	MONTHLY RETIREMENT BENEFIT				EMPLOYEE ADDITIONAL CONTRIBUTIONS BENEFIT	
	Regular	OR	Accelerated Payments Until Age 62	After Age 62		
Life Annuity Options:						
● For Annuitant's Life Only	<input type="checkbox"/> \$1,489	OR	<input type="checkbox"/> \$2,372	<input type="checkbox"/> \$1,199	<input type="checkbox"/>	<input type="checkbox"/> \$270 01
● Life with 60 Payments Guaranteed	<input type="checkbox"/> \$1,483	OR	<input type="checkbox"/> \$2,367	<input type="checkbox"/> \$1,194	<input type="checkbox"/>	<input type="checkbox"/> \$269 02
● Life with 180 Payments Guaranteed	<input type="checkbox"/> \$1,438	OR	<input type="checkbox"/> \$2,331	<input type="checkbox"/> \$1,158	<input type="checkbox"/>	<input type="checkbox"/> \$261 04
Joint and Survivor Annuity options:						
Named survivor, birthdate and relationship used in estimate:	SPOUSE (AMTHE)		05/30/1955		SPOUSE	
● 75% Continued to Named Survivor*	<input type="checkbox"/> \$1,350*	OR	<input type="checkbox"/> \$2,261	<input type="checkbox"/> \$1,088*	<input type="checkbox"/>	<input type="checkbox"/> \$245* 07
● 100% Continued to Named Survivor	<input type="checkbox"/> \$1,310	OR	<input type="checkbox"/> \$2,228	<input type="checkbox"/> \$1,055	<input type="checkbox"/>	<input type="checkbox"/> \$237 11
● Reduced 25% on Death of Annuitant or Named Survivor*	<input type="checkbox"/> \$1,385*	OR	<input type="checkbox"/> \$2,288	<input type="checkbox"/> \$1,115*	<input type="checkbox"/>	<input type="checkbox"/> \$251* 09
● 100% Continued to Named Survivor with 180 Payments Guaranteed	<input type="checkbox"/> \$1,307	OR	<input type="checkbox"/> \$2,226	<input type="checkbox"/> \$1,053	<input type="checkbox"/>	<input type="checkbox"/> \$237 12
	Annuity Certain - Additional Contributions Only					
	Payable for 24 Months				<input type="checkbox"/>	<input type="checkbox"/> \$1,987 29
	Payable for 60 Months				<input type="checkbox"/>	<input type="checkbox"/> \$853 30
	Payable for 120 Months				<input type="checkbox"/>	<input type="checkbox"/> \$478 31
	Payable for <input type="text"/> Months (write in 25-180)				<input type="checkbox"/>	<input type="checkbox"/>
* The amount shown is prior to 25% reduction upon death.						
Lump Sum Payment Option:	Required Contributions		Additional Contributions			
	<input type="checkbox"/> NOT ELIG		<input type="checkbox"/> \$45,361 50			

Changing Payment Options

Consider Carefully

To change your option:

- ETF must receive a written request no later than 60 days after the date of your first payment



For further detail on payment options:
 WRS Payment Options Video
 and
 Choosing An Annuity Option Brochure (ET-4117)

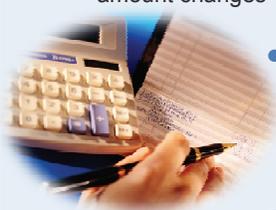
How and When to Apply

- 6 to 12 months before anticipated retirement date
 - Call or write to ETF to Request a *Retirement Packet*
- Review and contact ETF with questions, or visit ETF's video library
 - Road to Retirement – Online Retirement Appointment
 - WRS Payment Options
- Submit application no sooner than 90 days before termination date



After Applying for Annuity

- ETF sends *Annuity Payment Statement*
 - Subsequent statements sent only when amount changes
- Annuity payments require *Direct Deposit*



Options to Increase Benefits

... are you eligible?

Formula Benefits Military Service Credit

- Active duty prior to 1/1/74
 - Submit copy of discharge papers Now!
 - Active Duty for training not credited
- Continuous Service/USERRA
- Military Service Affidavit required

Years of WRS Service	Years of Creditable Military Service
0 to 4.99	0
5 to 9.99	1
10 to 14.99	2
15 to 19.99	3
20 or more	4 (maximum)

Formula & Money Purchase Benefits Purchasing Service

Forfeited Service

- Service forfeited via separation benefit
 - Can purchase if returned to WRS employment for at least 3 years
 - Can buy all, or part of eligible service
 - Can only purchase as much as earned since return to WRS

Qualifying Service

- Applies to non-teachers employed prior to 1/1/73
- No contributions made/no service earned during qualifying period
- Can purchase up to 6 months of qualifying service

Must submit application to purchase before WRS termination date

Taxability and Annuity Adjustments

Taxability of Benefits



- Taxable as ordinary income for federal and state taxes
 - Less applicable exclusion amounts
- May change tax withholding anytime
- ETF sends a 1099R in January
 - Includes any *non-taxable* benefit information

Annual Annuity Adjustments



- Based on investment results
- Reflected on May 1 payment (if applicable)
- Core Adjustment:
 - First adjustment prorated by number of months retired the previous year
- Variable Adjustment
 - Full adjustment applied regardless of retirement date

Annuity Adjustment History

WRS Core Fund Percentages			
Year	SWIB Investment Return	ETF Effective Rate	ETF Annuity Adjustment
2011	1.4%	1.5%	-7%
2010	12.4%	4.8%	-1.2%
2009	22.4%	4.2%	-1.3%
2008	-26.2%	3.3%	-2.1%
2007	8.7%	13.1%	6.6%
2006	15.8%	9.8%	3.0%
2005	8.6%	6.5%	0.8%
2004	12.8%	8.5%	2.6%
2003	24.1%	7.4%	1.4%
2002	-8.8%	5.0%	0.0%
Compounded Average		10 yr avg: 6.36% 5 yr avg: 5.31%	10 yr avg: .22% 5 yr avg: -1.09%

Annuity Adjustment History

WRS Variable Fund Percentages			
Year	SWIB Investment Return	ETF Effective Rate	ETF Annuity Adjustment
2011	-3.0%	-3.0%	-7%
2010	15.6%	16.0%	11.0%
2009	33.7%	33.0%	22.0%
2008	-39.0%	-40.0%	-42.0%
2007	5.6%	6.0%	0.0%
2006	17.6%	18.0%	10.0%
2005	8.3%	9.0%	3.0%
2004	12.7%	12.0%	7.0%
2003	32.7%	34.0%	25.0%
2002	-21.9%	-23.0%	-27.0%
Compounded Average		10 yr avg: 3.53%	10 yr avg: -2.11%
		5 yr avg: 0.98%	5 yr avg: -6.09%

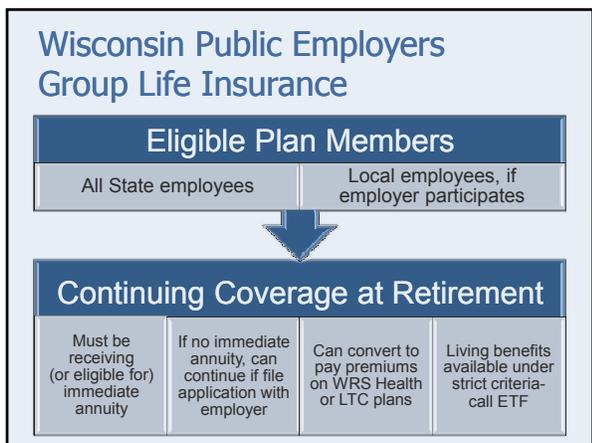
Returning to Work Provisions

Returning to Work

The WRS, requires a "Good Faith Termination" and a "Break-in-Service" in order to qualify for a retirement benefit

- **Good Faith Termination:** No agreement for future WRS employment as of terminate date
- **Break-in-Service:** Cannot return to WRS employment until the latest of the following dates:
 - 31st day after WRS termination date
 - 31st day after application received date
 - Day after annuity effective date
- No earnings limitation

Group Life Insurance



Wisconsin Public Employers Group Life Insurance

Example

Coverage based on highest calendar year earnings period reported to ETF: \$40,125

Age	Basic	Supplemental	Additional		
Under 65	\$41,000	\$41,000	1 \$41,000	2 \$41,000	3 \$41,000
65 (75%)	\$30,750	Coverage and premiums cease at age 65			
66 (50%)	\$20,500				
67 (25%)	\$10,250				
All State employees and some local employees stay at 50%					



State of Wisconsin Group Health Insurance Programs



1. State - *State of Wisconsin Group Health Program*
2. Local - *Wisconsin Public Employers (WPE) Group Health Program*

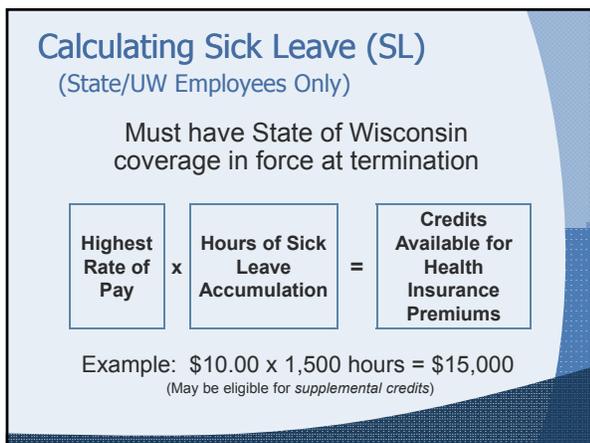
- Subscribers (and their dependents) can continue insurance indefinitely when terminate employment
 - Must be MRA
 - and
 - Retire on an immediate annuity
 - or
 - Have 20 years service (if less than MRA)
- ETF sends certification of eligibility

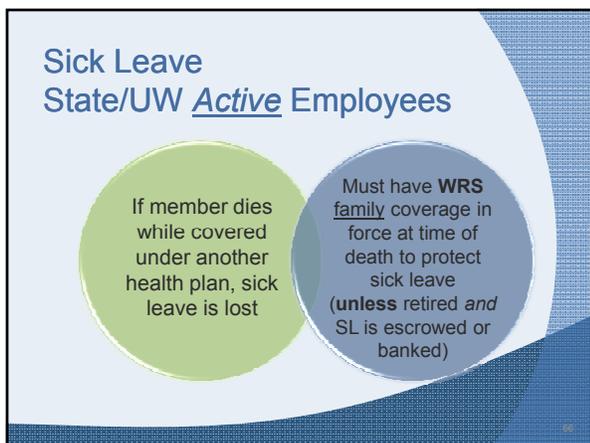
62

Payment Methods

1. Accumulated Sick Leave Conversion Credit Account (ASLCC) **State/UW Retirees**
2. Deduction from Annuity **State/Local Retirees**
3. Direct Bill – **State/Local Retirees**
 - If monthly annuity is not sufficient to cover premium, ETF sets up direct bill
4. Employer Paid – **Local Retirees**
 - Employer sends monthly premium to ETF
 - When employer no longer pays, ETF deducts from annuity, or sets up direct bill







Banked Sick Leave Option (State and UW)

For two married State/UW employees
(includes ETF approved domestic partners)

- Working spouse or domestic partner must carry family coverage (subscriber)
- Retired employee's SL credits are "banked" (set aside)
- When working spouse/DP retires, SL credits used first, then previously banked credits

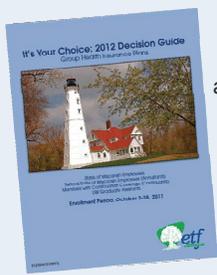
Escrow Sick Leave Option

For State and UW employees
w/Comparable non-state coverage

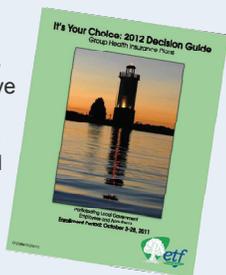
- Member can escrow SL (delay using) if have other coverage
- Must file escrow form with retirement application (or later when eligible for comparable coverage)
 - *If do not escrow, and member dies while covered under another plan, SL is lost*
- When comparable coverage ends, can re-enroll in a WRS health plan
- Effective January 1, 2012 retirement is a qualifying event to enroll

It's Your Choice

- May change plans or coverage (single/family)
- Open enrollment for the uninsured (State/UW only)
- Effective 1/1/2012 retirement is a qualifying event to enroll



Changes are effective the following January 1



Health Insurance & Medicare

- Any insured person must enroll in Medicare Part A and B when first eligible
- ETF sends reminder before your 65th birthday
 - Medicare Eligibility Statement (ET-4307)
- Medicare becomes primary, retiree health plan is secondary
 - Premiums are adjusted (reduced)

Medicare Part D

- Automatically enrolled in
 - Navitus Medicare RX (PDP) program
 - No additional premium



70

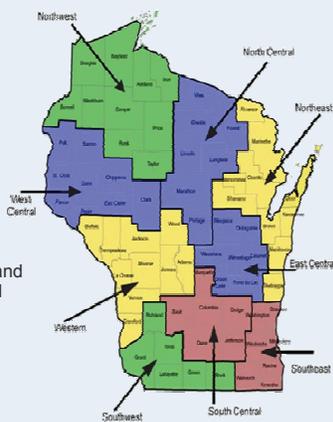
Local Annuitant Health Plan

- Local retirees and dependents eligible to apply
- Open Enrollment:
 - Apply within 60 days of termination
 - If a lump sum, must apply at time the benefit is paid
- Second Enrollment:
 - Age 65 or when first eligible for Medicare
- General Enrollment: can apply anytime through evidence of insurability

71

ETF Outreach

- ETF staff make regular visits to regional districts statewide
 - Daytime Group Appointments
 - Retirement packet and registration required
 - Evening Public Presentations
 - No registration necessary



72

ETF Resources

- ETF Web site: etf.wi.gov
 - What's New, E-mail Updates
 - Calculators, My ETF Benefits, Related links
 - Video Library
- Face to Face
 - Individual and group appointments
 - Public Presentations throughout the State
- Telephone
 - Customer Service Call Center,
 - Pre-recorded messages, Self Service
- Publications
 - *WRS News, It's Your Benefit*
 - Brochures, Forms



**Thank you for
watching**
