

## CHAPTER 19 – ACTUARIAL REDUCTION PROGRAM

### 1900 Explanation of Program

#### 1901 Who is Eligible

#### 1902 Procedure for Completing the Election to Pay Cost of Actuarial Reduction (ET-4311)

### 1900 Explanation of Program

Employees retiring after reaching minimum retirement age, but before reaching normal retirement age for their employment category, are deemed to have taken an early retirement. Normal retirement age by employment category is:

- **General**—65 (57 with 30 years of service)
- **Protective**—54 (53 with 25 years of service)
- **Executive and Elected**—62 (57 with 30 years of service); for those who become Executive or Elected on or after 1/1/2017—65 (57 with 30 years of service)

The annuity paid to any person who takes an early retirement is subject to an actuarial reduction. The annuities of protective occupation participants are reduced by 0.4% per month for each month of age below normal retirement age. The annuities of non-protective occupation participants are reduced by 0.4% per month between ages 55 and 57 and by 0.001111% for each month between age 57 and normal retirement age.

Employers may elect to pay the Department of Employee Trust Funds all or part of the cost of actuarial reduction for early retirement for a participating employee who voluntarily terminates employment. Employers may agree to pay all or a portion of the cost of the discount for any one of their employees. This agreement must be made prior to the employee terminating employment.

### 1901 Who is Eligible

Employees terminating employment and eligible for a retirement annuity involving an age reduction factor (formula benefits only) can participate in the program. The election to pay the cost of actuarial reduction for an employee must be received by ETF no later than the employee's termination date. Once the employer certifies an agreement it is irrevocable unless ETF receives written notice that the employer is rescinding this election within 30 days after ETF receives the election. Use the *Election to Pay Cost of Actuarial Reduction* (ET-4311) form to certify an agreement to pay all or part of an employee's cost. (Refer to subchapter 1902 for sample.)

Upon receipt of the certified election, ETF will determine the actual cost at the time of final calculation of the retirement benefit and bill the employer. The employer's actual cost to purchase the reduction depends on whether an election to pick up 100% or a lower amount has been made. The amount paid by the employer is credited as employer current service contributions.

Information concerning the cost or the effect on an employee's benefit can be directed to the

Member Communications Center in Madison toll free at 1-877-533-5020 or 608-266-3285.  
Send written requests ETF at:

PO Box 7931  
Madison, WI 53707-7931

## **1902 Procedure for Completing the Election to Pay Cost of Actuarial Reduction (ET-4311)**

1. Employee requests an annuity estimate from ETF. When requesting their annuity estimate, the employee should also request the *Election to Pay Cost of Actuarial Reduction* (ET-4311) be computed and included in their retirement estimate packet.
2. Employee gives the ET-4311 (with estimated cost) to the employer.
3. Employer completes the employer section of the agreement and sends it to ETF. By signing the agreement, the employer agrees to pay the portion indicated as the actuarial cost of the increased formula benefit. This is a legal and binding agreement that must be received by ETF no later than the date the participant terminates covered employment.
4. ETF completes the final annuity calculation and the Division of Trust Finance bills the employer for the cost.