Choosing an Annuity Option
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*Photos contributed by Wisconsin Department of Tourism*
An annuity is a Wisconsin Retirement System (WRS) benefit paid monthly. There are different types of annuities available called annuity options. A person who receives monthly benefit payments is called an **annuitant**.

All annuities are payable for the lifetime of the annuitant, except those for additional contributions, annuity certain and accelerated options. You have a choice of annuity options, unless your account is too small for a monthly benefit. The option you select will determine the amount and whether death benefits will be payable after your death.

Everyone who is eligible for monthly payments has three Life Annuity Options. They are:

- For Annuitant’s Life only;
- Life with 60 Payments Guaranteed; and
- Life with 180 Payments Guaranteed.

If you provided ETF with information regarding a qualified joint survivor, you are provided Joint and Survivor Annuity Options. They are:

- 75% Continued to Named Survivor;
- 100% Continued to Named Survivor;
- Reduced 25% on Death of Annuitant or Death of Named Survivor; and
- 100% Continued to Named Survivor with 180 Payments Guaranteed.

All options provide you with payments for the rest of your life. The options differ in what happens after you pass away. There are three possible outcomes after you pass away:

a. Nothing more is payable.
b. Annuities payable for a guarantee period are still in effect, and payment will be made to a beneficiary.
c. A joint and survivor annuity option was selected and, as long as the named survivor is living, they will receive benefits.

The amounts for joint and survivor annuities are calculated using rates based on the life expectancy of you and your named survivor. Please contact the Department of Employee Trust Funds (ETF) if your application has an incorrect date of birth for either of you, or to request a new application that includes joint and survivor estimates.

### Annuity Option Selection

You select an annuity option at the time you apply for retirement by completing a retirement benefit application. This application is sent to you upon your request, and contains estimates of your payments under each of the available options. You should request your estimate at least 6 to 8 months, but no more than 12 months, before you plan to retire.

When choosing an annuity option, you should consider all of the assets in your estate such as life insurance, home, investments, savings, etc., to determine what type of survivor protection, if any, is needed.

A thorough understanding of the various options will assist you in making the selection that will best meet your needs. Contact ETF before completing your benefit application if your understanding of any of these options is unclear.

### Available Annuity Options

These descriptions explain death benefits for the regular (non-accelerated options) and the after-age-62 lifetime portion for accelerated options. See the Accelerated Payment Options section, which explains death benefits on the temporary accelerated portion.

### Life Annuity Option

#### FOR ANNUITANT’S LIFE ONLY (No Death Benefit)

- This option is payable to you for life.
- The monthly payment will terminate at your death.
- There is no death benefit payable to any beneficiary.

### LIFE ANNUITY

#### With 60 Payments Guaranteed

- This option is payable to you for life.
- If you die before 60 monthly payments have
been made, the remainder of the 60 monthly payments are paid to your beneficiary(ies).

**LIFE ANNUITY**

**With 180 Payments Guaranteed**

- This option is payable to you for life.
- If you die before 180 monthly payments have been made, the remainder of the 180 monthly payments are paid to your beneficiary(ies).

**JOINT AND SURVIVOR ANNUITY**

Joint and survivor options provide for one person who you choose as your named survivor. Your named survivor will receive a lifetime annuity if he or she survives you. You may choose a named survivor who is not your spouse if that person fits within the age limits specified for each option. If you did not specify a named survivor when you requested your retirement application, these options will be blank.

Your named survivor can be changed only if we receive your written request within 60 days after the date of your first payment.

The amounts for joint and survivor annuities are calculated using rates based on the life expectancy of you and your named survivor. Please contact ETF if your application has an incorrect date of birth for either of you or to request a new application, which includes joint and survivor estimates.

**75% Continued to Named Survivor**

- This option is payable to you for life.
- When you die, your named survivor will receive 75% of your monthly payment for the rest of his or her life.
- If your named survivor dies before you, all payments stop upon your death.
- If your named survivor dies within the first five years that you are receiving your annuity, your annuity increases to the “For Annuitant’s Life Only” amount.
- You may not choose this option if your named survivor is more than 19 years younger than you and is not your spouse.

**100% Continued to Named Survivor**

- This option is payable to you for life.
- When you die, your named survivor will receive the same monthly payment that you did for the rest of his or her life.
- If your named survivor dies before you, all payments stop upon your death.
- If your named survivor dies within the first five years that you are receiving your annuity, your annuity increases to the “For Annuitant’s Life Only” amount.
- You may not choose this option if your named survivor is more than 10 years younger than you and is not your spouse.

**Reduced 25% on Death of Annuitant or Named Survivor**

- This option is payable to you for life.
- When you or your named survivor dies, the survivor will receive 75% of the monthly amount for life.
- If your named survivor dies first and your annuity began on or after January 1, 2002, your monthly payment will reduce by 25% beginning with the payment for the month after your named survivor’s death.
- You may not choose this option if your named survivor is more than 19 years younger than you and is not your spouse.

**100% Continued to Named Survivor with 180 Payments Guaranteed**

- This option is payable to you for life.
- When you die, your named survivor will receive the same monthly payment that you did for the rest of his or her life.
- If both you and your named survivor die before 180 payments have been made, the remainder of the 180 payments are made to your designated beneficiary(ies).
- You may not choose this option if your named survivor is more than 10 years younger than you and is not your spouse.

**LIFE ANNUITY WITH ACCELERATED PAYMENTS**

The accelerated options provide a higher WRS annuity until you reach age 62, when you can
apply for Social Security benefits. At age 62, your WRS annuity will reduce to your current gross after-age-62 lifetime amount because the temporary portion ends. The intent is that your age 62 Social Security benefit will replace some or most of the temporary portion of your annuity that ends at age 62.

These options are available only if you have not reached age 62 on your annuity effective date and your after-age-62 amount meets the monthly minimum when the annuity begins. These options will be listed on your application only if you are eligible for them.

**Accelerated payment options are paid in two portions:**

1. A reduced monthly annuity for life in one of the seven options described earlier.

2. A temporary portion of your annuity payable monthly, until the month following the month you reach age 62. For example, if you reach age 62 in December, your January 1 check will be the last one with the temporary portion.

If you die while receiving an accelerated annuity, 100% of that temporary annuity will be paid as a death benefit through the month in which you would have reached age 62, even if no death benefit is payable from the lifetime portion of your annuity.

**Note:** For accelerated annuities that began before July 1, 2008, the temporary portion ends at death. Then, any death benefit is based on only the after-age-62 portion.

If your named survivor dies before you and you chose the reduced 25% option, only the after-age-62 portion of your annuity is reduced by 25%. Your temporary accelerated portion is not reduced.

The temporary portion of your annuity begins as an estimated amount of what your Social Security benefits may be at age 62. We do not obtain this from your Social Security records. It is calculated based on tables that assume an entire career of employment (30 or more years) covered under Social Security using your age and average monthly WRS earnings. This amount may be significantly different than your actual Social Security benefit at age 62. This difference may be even greater for an alternate payee because the original participant’s earnings are used. An *alternate payee* is a person who is awarded a portion of a participant’s WRS benefits in a Qualified Domestic Relations Order (QDRO). You may obtain a projection of your Social Security benefits by requesting an Online Social Security Statement from the Social Security Administration (SSA) at [www.ssa.gov](http://www.ssa.gov). If you send ETF a copy of this statement and your stop work age is within one year of your age on your WRS retirement effective date, we will use it to calculate your accelerated payment option amounts. Please be sure that anything you send to ETF contains your name and your social security number or member identification number.

The lifetime and temporary portions of your annuity change with applicable annual Core and Variable adjustments until age 62. When the temporary portion of your annuity ends, it may be higher than your Social Security benefit.

If you are a protective category employee not covered under Social Security (firefighter), but have other employment covered under Social Security, you may be eligible for the accelerated payment options. Please send us a copy of your Social Security statement if you want estimates for these options. Your estimate from the SSA office will be more accurate if it includes their reduction for the Windfall Elimination Provision, which applies to people who receive a pension for employment that was not subject to Social Security. When we receive a copy of your SSA statement and your stop work age is within one year of the age on your WRS benefit begin date, we will use their estimated benefit to calculate your accelerated payment options.

**Caution:** If your before-age-62 amount is increased based on a SSA Statement, your after-age-62 lifetime amount will be reduced. This means any death benefit on the lifetime portion will be lower.

Regardless of any change in the before and after age 62 amounts, your option can be changed only within the 60-day period explained in the Changing Options section.
Depending on the option you select, your spouse may be required to sign your retirement application. Spousal consent is required on all annuity applications for required contributions if you select any option other than a joint and survivor option with your spouse as named survivor. Spousal consent is not required if you:

- select a joint and survivor option with your spouse as named survivor;
- are applying for an annuity from additional contributions only; or
- have been married to your spouse less than one full year immediately preceding your annuity effective date, or you are legally separated from your spouse on your annuity effective date.

If you have a Chapter 40 domestic partnership in effect at ETF for one year prior to your benefit effective date, your domestic partner’s signature may be required on your application. Please see the Domestic Partner Benefits information on ETF’s Internet site at etf.wi.gov or call ETF to request it.

Note: A spouse should not sign the spousal consent if he or she wants to preserve his or her spousal rights to being your named survivor for a joint and survivor annuity option. This is also true for a domestic partner when any joint and survivor options are available and your domestic partnership has been in effect on ETF records for at least one year before your annuity effective date.

Before choosing an accelerated option, Applicants approved for Social Security Disability Insurance or §40.65 Duty Disability benefits should cautiously consider and understand how choosing an accelerated option will impact their total and taxable income before and after age 62.

Contact your local SSA office before you reach age 62 for information about applying for your Social Security benefits.

PRESENT VALUE LUMP SUM PAYMENT

This includes employer and employee contributions. You may select it only if your For Annuitant’s Life Only option (regular with no death benefit) is less than $371 per month. You must select it if your monthly amount for this option is equal to or less than $182. Any additional contributions will be included in your payment.

These amounts apply to annuities beginning in 2014. These amounts change annually.

Domestic Partnership

Under state law, same-sex and opposite-sex domestic partners are treated similarly to spouses for the benefit programs authorized in Chapter 40 of the state statutes. Chapter 40 benefit programs are administered by ETF, and include the Wisconsin Retirement System (WRS), group health insurance, deferred compensation, life insurance and other programs.

An Affidavit of Domestic Partnership form (ET-2371) must be received and approved by ETF to establish a Chapter 40 domestic partnership. Please see the domestic partnership information on ETF’s Internet site at etf.wi.gov or call ETF to request the packet. When domestic partner is used in this brochure, it means a Chapter 40 domestic partnership is in effect at ETF.

Consent of Spouse or Domestic Partner

Depending on the option you select, your spouse may be required to sign your retirement application. Spousal consent is required on all annuity applications for required contributions if you select any option other than a joint and survivor option with your spouse as named survivor. Spousal consent is not required if you:

- select a joint and survivor option with your spouse as named survivor;
- are applying for an annuity from additional contributions only; or
- have been married to your spouse less than one full year immediately preceding your annuity effective date, or you are legally separated from your spouse on your annuity effective date.

If you have a Chapter 40 domestic partnership in effect at ETF for one year prior to your benefit effective date, your domestic partner’s signature may be required on your application. Please see the Domestic Partner Benefits information on ETF’s Internet site at etf.wi.gov or call ETF to request it.

Note: A spouse should not sign the spousal consent if he or she wants to preserve his or her spousal rights to being your named survivor for a joint and survivor annuity option. This is also true for a domestic partner when any joint and survivor options are available and your domestic partnership has been in effect on ETF records for at least one year before your annuity effective date.

Changing Options

ETF must receive your request to change your annuity option within 60 days after the date of your first payment or the date your lump sum payment was issued, if applicable. Based on WRS regulations, you may be eligible for only a monthly option, only a lump sum option, or for either a monthly or lump sum option.

- If you are eligible for only a monthly option, you can change from one monthly option to another monthly option.
- As long as you are eligible to choose either a
monthly or lump sum option, you can request to change to or from a lump sum option.

- From monthly to lump sum option - unless you return the monthly payment(s) issued, the amount paid will be deducted from your lump sum payment.

- From lump sum to monthly option - you must return the net lump sum payment (or the gross payment if your lump sum benefit was paid in the prior tax year). ETF cannot begin your monthly benefit until ETF receives your payment that refunds your entire lump sum benefit.

Your spouse’s or domestic partner’s signature may be required for an option change. You can use the Retirement (ET-4319) or Disability (ET-5333) option change application form. The option you select on your original application cannot be changed if your acceptable request is not received by the deadline.

Since the period in which you can change your annuity option is short, it is especially important to carefully consider your annuity option selection before you apply.

### Canceling Your Application

ETF must receive your written request to cancel your application no later than the last working day before the 21st of the month in which your first monthly benefit payment is dated. To cancel your application for a lump sum payment, ETF must receive your written request to cancel no later than the last business day before the date of your lump sum check. If ETF approves your request to cancel your application, it becomes void and you must repay any payment issued. You must request and complete a new application when you wish to apply for a benefit.

### Relative Value of Annuity Options

The monthly amounts vary for each option based on potential death benefits. The total amount required to fund the benefit is the same no matter which option is selected. If you choose an option that continues payments to a named survivor or a beneficiary, that higher death benefit is funded by reducing the monthly benefit. This means you give up some of your benefit to choose an option with potential death benefits. As the potential death benefit increases, your benefit decreases. It is important that you understand the options. The best option for you is the one that meets your individual needs.

The following table illustrates, for comparison purposes only, the differences in the amounts that would be payable under the various annuity options. The examples are based on a For Annuitant’s Life Only option of $1,000.

<table>
<thead>
<tr>
<th>Example</th>
<th>Annuitant’s Age</th>
<th>Named Survivor’s Age</th>
<th>Annuity Option Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>57</td>
<td>53</td>
<td>For Annuitant’s Life Only</td>
</tr>
<tr>
<td>B</td>
<td>60</td>
<td>59</td>
<td>Life Annuity with 60 Payments Guaranteed</td>
</tr>
<tr>
<td>C</td>
<td>65</td>
<td>65</td>
<td>Life Annuity with 180 Payments Guaranteed</td>
</tr>
</tbody>
</table>

*The amounts for the joint and survivor options are based on the age of both the annuitant and the named survivor. Different age combinations produce different results.*
The amounts payable for accelerated options are shown in the chart above. This example is a general category employee age 60, with 30 years of service, a named survivor age 58, and an estimated Social Security benefit (temporary portion) of $738 at age 62 based on final average monthly earnings of $2,000. The $738 is based on 2014 tables.

### Accelerated Payments With These Annuity Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Total WRS Payment Before Age 62</th>
<th>Temporary Portion</th>
<th>WRS Payment After Age 62 - Life Annuity</th>
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<tbody>
<tr>
<td>For Annuitant’s Life Only</td>
<td>$1,653</td>
<td>$738</td>
<td>$915</td>
</tr>
<tr>
<td>Life Annuity with 60 Payments Guaranteed</td>
<td>$1,649</td>
<td>$738</td>
<td>$911</td>
</tr>
<tr>
<td>Life Annuity with 180 Payments Guaranteed</td>
<td>$1,623</td>
<td>$738</td>
<td>$885</td>
</tr>
<tr>
<td>*Joint and Survivor Annuity-75% Continued to Named Survivor</td>
<td>$1,567</td>
<td>$738</td>
<td>$829</td>
</tr>
<tr>
<td>*Joint and Survivor Annuity-100% Continued to Named Survivor</td>
<td>$1,542</td>
<td>$738</td>
<td>$804</td>
</tr>
<tr>
<td>*Joint and Survivor Annuity-Reduced 25% on Death of Annuitant or Named Survivor</td>
<td>$1,587</td>
<td>$738</td>
<td>$849</td>
</tr>
<tr>
<td>*Joint and Survivor Annuity-100% Continued to Named Survivor with 180 Payments Guaranteed</td>
<td>$1,540</td>
<td>$738</td>
<td>$802</td>
</tr>
</tbody>
</table>

*The amounts for the joint and survivor options are based on the age of both the annuitant and the named survivor.

The amounts payable for accelerated options are shown in the chart above. This example is a general category employee age 60, with 30 years of service, a named survivor age 58, and an estimated Social Security benefit (temporary portion) of $738 at age 62 based on final average monthly earnings of $2,000. The $738 is based on 2014 tables.

### Additional Contributions

Once all WRS-covered employment ends, you may apply for your employee additional contributions. You may take this benefit as one of the following:

- A lump sum payment.
- A life annuity, when combined with your required life annuity, meets the monthly minimum and both annuities begin on the same date. If the begin dates are different, however, your additional life annuity must meet the minimum monthly on its own.
- An annuity certain is paid monthly for a specified period with the following restrictions:
  1. Monthly payments must be a minimum of 24 months and maximum of 180 months.
  2. You must be receiving an annuity from your required account or be eligible to receive an annuity by meeting the minimum monthly amount on its own. An annuity certain amount must also meet the minimum monthly amount on its own.

To meet the minimum monthly amount for annuities beginning in 2014, the For Annuitant’s Life Only option amount must be more than $182. This amount changes annually.

If you die before the specified number of payments have been made from the annuity certain, your beneficiary(ies) will receive the remaining monthly payments.

The monthly amount as an annuity depends on the payment period you choose (24 to 180 months) and the amount of money in your additional contributions account. The following table shows the amount payable per month for each $1,000 in an additional contributions account.

<table>
<thead>
<tr>
<th>Number of Months Paid</th>
<th>Monthly Amount Provided For Each $1,000</th>
<th>Number of Months Paid</th>
<th>Monthly Amount Provided For Each $1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>$43.82</td>
<td>108</td>
<td>$11.46</td>
</tr>
<tr>
<td>36</td>
<td>$29.92</td>
<td>120</td>
<td>$10.55</td>
</tr>
<tr>
<td>48</td>
<td>$22.98</td>
<td>132</td>
<td>$9.81</td>
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<tr>
<td>60</td>
<td>$18.82</td>
<td>144</td>
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<tr>
<td>72</td>
<td>$16.05</td>
<td>156</td>
<td>$8.67</td>
</tr>
<tr>
<td>84</td>
<td>$14.08</td>
<td>168</td>
<td>$8.23</td>
</tr>
<tr>
<td>96</td>
<td>$12.61</td>
<td>180</td>
<td>$7.85</td>
</tr>
</tbody>
</table>
Examples

<table>
<thead>
<tr>
<th>Additional Accumulation</th>
<th>Number of Years Payable</th>
<th>Calculation</th>
<th>Monthly Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 1,000</td>
<td>2 Yrs. (24 Payments)</td>
<td>$43.82 x 1</td>
<td>$43.82</td>
</tr>
<tr>
<td>$ 5,000</td>
<td>15 Yrs. (180 Payments)</td>
<td>$7.85 x 5</td>
<td>$39.25</td>
</tr>
<tr>
<td>$10,283</td>
<td>3 Yrs. (36 Payments)</td>
<td>$29.92 x 10.283</td>
<td>$307.67</td>
</tr>
<tr>
<td>$10,283</td>
<td>15 Yrs. (180 Payments)</td>
<td>$7.85 x 10.283</td>
<td>$80.72</td>
</tr>
</tbody>
</table>

Additional lump sum payments and annuities certain paid over a period of fewer than 10 years are eligible for a direct rollover of the taxable portion of the payment. You must apply for the rollover when you apply for your benefit.

Additional contributions paid by your employer can be paid only as a life annuity, unless you are eligible for and choose a lump sum retirement benefit.

Minimum Distribution Requirements

If you are no longer employed in a position covered under the WRS, federal and state laws require that you receive a minimum distribution amount each year beginning with the year in which you reach age 70½. This requirement applies to both required and additional contributions. If you fail to meet the minimum distribution requirement, you may be subject to substantial federal taxes as a penalty.

Wisconsin statutes limit the optional forms of payment in which you can receive your WRS contributions. This could affect when your benefit must begin to meet this requirement. The WRS cannot make any partial distributions. Unless you are eligible for a monthly option, your whole balance will be paid as a lump sum benefit and your account will be closed.

For information about the federal minimum distribution requirement, please contact the Internal Revenue Service or your tax consultant.
Contact the Department of Employee Trust Funds

Internet Site
etf.wi.gov

Find Wisconsin Retirement System and related benefit program information, as well as several ways to contact ETF by e-mail. Look for the red envelope at etf.wi.gov to sign up for free ETF E-mail Updates.

Self-Service Lines
1-877-383-1888 (toll free)
(608) 266-2323 (local Madison)

Request forms or brochures through the ETF self-service lines, available 24 hours a day, seven days a week. Annuitants may also call to change address information or tax withholding elections.

Main Telephone Lines
1-877-533-5020 (toll free)
(608) 266-3285 (local Madison)

Employees and employers can speak on the telephone with an ETF benefit specialist from 7 a.m. to 5 p.m. Monday through Friday (except holidays).

Wisconsin Relay Service (for hearing and speech impaired) 7-1-1 or 1-800-947-3529 (English) 1-800-833-7813 (Spanish)

Current Topics of Interest
1-800-991-5540 (toll free)
(608) 266-3285 (local Madison)

Listen to important topics of interest on a variety of WRS related subjects, 24/7. During business hours, you may elect to speak with a representative at any time.

Mailing Address
P. O. Box 7931
Madison, WI 53707-7931

Street Address
801 West Badger Road
Madison, WI 53713

Appointments
To register for a group appointment in your area, visit http://etf.wi.gov/members/presentation_map.html.

To schedule an individual appointment in Madison, call:
1-877-533-5020 (toll free)
(608) 266-3285 (local Madison)