

Trust Fund News

Active/Retiree Edition Volume 21, No. 2 May 2003

ETF Sets Effective Interest Rates and Annuity Adjustments

The Department of Employee Trust Funds (ETF) established the 2002 fixed and variable effective interest rates for active Wisconsin Retirement System (WRS) members and eligible inactive members. The **fixed effective rate** is 5% and the **variable effective rate** is negative 23% (-23%). These rates affect the retirement accounts of all active employees, and inactive members who began employment before January 1, 1982 or terminated employment after December 29, 1999. The Department also set the annual post-retirement adjustments affecting retirees. The **fixed annuity adjustment** is 0% (no change) and the **variable annuity adjustment** is negative 27% (-27%).

“Paper” investment gains from previous years helped keep this year’s fixed effective rate (for actives) positive *and* enabled a 0% fixed annuity dividend (instead of a negative fixed dividend), in

Special Feature Inside:
Pull-out section from the State of Wisconsin Investment Board (SWIB)

spite of last year’s fixed fund losses.

Retirees: It is important for you to know that this year’s dividend computation process actually resulted in a negative three-tenths of one percent (-.3%) fixed annuity dividend. However, the Department did not pass through that loss this year because the loss did not meet or exceed the “threshold” of negative five-tenths of one percent (-.5%) set last December by the ETF Board. Instead of reducing retirees’ fixed annuities this year, that loss will be carried over into next year’s dividend computation process.



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Department Distributes Annual Statement of Benefits

Each year, the Department of Employee Trust Funds (ETF) produces *the Annual Statement of Benefits* for all actively employed members who have Wisconsin Retirement System (WRS) account balances. ETF distributes statements for active employees through their employers; distribution this year began in mid April.

You will not receive a *Statement* if you have already closed your WRS account by taking a lump sum benefit, or if you are receiving a monthly WRS annuity, unless you have an additional contribution account balance remaining from which you have not started to draw a benefit. Your annual

Statement shows your WRS account balances as of January 1, 2003 plus other information including: your 2002 earnings and service as reported by your employer; your years of creditable service by employment category, showing “Before 2000” and “After 1999” and “Total Service”; your employee required contributions (and additional contributions, if any); and your fixed interest and variable gains/losses on your required (and additional contributions, if any).

For security and privacy reasons, annual *Statements* no longer display your complete Social Security number. Instead, your *Statement* now displays only the last four digits of your Social Security Number for ETF identification purposes.

If you have questions regarding your 2002 service, earnings or contributions, contact your employer for an explanation. Your employer is responsible for reporting any corrections to the department.

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The *Statement* also provides account information for benefit purposes. This includes amounts as of January 1, 2003 for separation benefits (if you are eligible), minimum death benefits payable to your beneficiaries, formula benefits data and money purchase benefit balances. For most WRS members, your *Statement* will also include a projection of formula and money purchase monthly retirement benefit amounts at your earliest retirement age and the normal retirement age.

However, due to the complex nature of some accounts, we are unable to provide a benefit projection on all statements. In those exception situations, a written explanation will appear in the "Retirement Benefit Projections" area. The monthly amounts are based on your current balances as of January 1, 2003, and assume that you have reached the retirement ages shown on that date. Carefully review your *Statement of Benefits* and thoroughly read the materials enclosed with it.

Compare your *Statement* to the one you received last year (or that of other years) to see how your WRS account balances and projected benefits have changed. Keep this *Statement* with your important personal papers as it is your record of the information and balances in your WRS Account as of January 1, 2003.

Important Note:

If you elected variable fund participation effective January 1, 2001 or later, your *Statement* now accurately reflects 2001 and 2002 variable contributions. Due to significant programming changes, ETF was unable to display 2001 variable contributions separately on last year's *Statement*. System changes have now been completed and the January 1, 2003 *Statement* accurately displays variable contributions.



Group Life Insurance Benefits Available Before Death

State and local employees insured under the Wisconsin Public Employers (WPE) group life insurance program may receive part or all of their life insurance while still living if they meet certain medical criteria.

This provision, called **Living Benefits**, can help disabled or terminally ill persons pay for medical expenses or other needs from their life insurance benefits.

The Living Benefit option is available to employees, dependents (if the employee has spouse and dependent coverage), or annuitants who are insured under the WPE plan if they qualify under at least one of the following options:

Terminal Condition Option — the employee has a condition caused by sickness or injury which directly results in a life expectancy of 12 months or less; or

Confinement Option — the employee is confined for medical reasons in a skilled, intermediate, or cus-

tomodial care facility for six continuous months and is expected to continue to be confined until death; or

Hospice Care Option — the employee has entered a certified hospice program.

Participants can apply for up to the total amount of insurance in force. The minimum request is \$5,000 or the total amount of the insurance coverage, if less. If a partial living benefit is paid, the participant's remaining amount of coverage will be reduced by the amount of the living benefit payment. The payment may be subject to income tax. Any coverage remaining at the insured's death will be paid to his or her beneficiaries.

More detailed information is available in our *Living Benefits* brochure (ET-2327). You will find a copy on the Department's Internet site, etf.wi.gov, or call us to request a paper copy. If you wish to apply for a Living Benefit, contact ETF to request the *Living Benefits Application* (ET-2322). We will confirm your life insurance coverage and send you the materials and instructions necessary to complete the application process.

How Will Recent Fixed Fund Losses Affect Future Interest and Dividend Rates?

As you may already know, the fixed trust fund has experienced investment losses for the last three years. But due to the smoothing effects of the Transaction Amortization Account (TAA) and now the Market Recognition Account (MRA), the department has always been able to credit fixed interest to all participant accounts (active and inactive members) and, until this year, grant a dividend increase to annuities paid from the fixed fund.

Unfortunately, three consecutive years of investment losses will eventually catch up with us. The primary reason why there has not yet been a negative fixed dividend rate, despite fixed fund losses over the past three years, is because there were exceptional investment gains in the 1990s. These exceptional gains were credited to the TAA and will continue to be distributed through 2004.

What's going to happen after 2004? Eventually, the distribution of the aforementioned gains in the TAA will not be sufficient to offset the cumulative losses that began in 2000. This will become a problem beginning in 2005 because all of the pre-2000 deferred investment gains in the TAA will have been distributed by that time, and the fixed interest and dividend rates will be based **only** on the investment returns from 2000 through 2004 and thereafter. The MRA, created by 1999 Wisconsin Act 11, smoothes the fixed returns over a five-year period, but so far all of the investment returns smoothed through the MRA have been negative.

It is very unlikely that any fixed fund investment gains in the next couple of years will be large enough to offset the cumulative effect of the investment losses from the last three years. As a result, even if there are investment gains in the fixed fund in 2003 and thereafter, it is still likely that there will be some years with negative fixed annuity dividends beginning in 2004 or 2005.

Below is a sample projection of fixed effective and dividend rates through 2008. These projections are for illustration purposes only. They were created to show what the fixed effective and dividend rates *could be* after State of Wisconsin Investment Board (SWIB) investment returns have been smoothed through the Market Recognition Account (MRA). These projected rates assume that SWIB's investment returns will be exactly 8% for 2003 through 2008. If the investment returns differ from the assumed 8% earnings shown for each of the next six years, the actual fixed effective and dividend rates will be different than those shown below.

It is important to remember that even if there are "negative" fixed annuity dividend rates, your fixed



Future Dividends continued on page 4

Recent and Projected Future Fixed Fund Rates

	<u>2000*</u>	<u>2001*</u>	<u>2002*</u>	<u>2003*</u>	<u>2004*</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
SWIB's Investment Returns	-0.8%	-2.3%	-8.8%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Fixed Effective Interest Rates	10.9%	8.4%	5.0%	4.8%	4.7%	2.4%	4.3%	7.6%	7.9%
Fixed Annuity Dividend Rates**	5.7%	3.3%	0.0%	0.0%	-0.5%	-2.5%	-0.6%	2.5%	2.8%

*The remainder of the December 31, 1999, Transaction Amortization Account (TAA) balance (after the \$4 billion transfer under 1999 Wis. Act 11) was divided into equal amounts that are being added to SWIB's investment returns for each year from 2000 through 2004. After 2004 the rates will only be based on the investment returns, which will be "smoothed" through the MRA.

** The annuity dividend rates are shown in the year in which the investment gains or losses were recognized; the dividend will actually be paid in the following year. For example, the 3.3% dividend shown in 2001 was actually applied to monthly annuities on the May 1, 2002, payment.

Future of Dividends continued from page 3

annuity amount can never go below your finalized beginning annuity amount. A “negative fixed dividend” is really the repeal of a previously granted fixed dividend. If you have never received a fixed dividend increase, you have no dividend that can be repealed. If a negative fixed dividend would reduce your annuity to an amount below your finalized original annuity amount, your annuity would only be reduced to that original amount.

This is different than a variable annuity, where there is no minimum guaranteed benefit amount below which your annuity can never be reduced. For more information on how a variable cancellation affects your minimum guaranteed annuity amount, please refer to *How Variable Participation and Cancellation Affect Your Retirement Benefits* on page 7.

Why are my fixed annuity dividend and variable annuity adjustment always about 5% lower than the annual fixed and variable interest rates applied to em-

ployee accounts? When you retired, we calculated how much money it would cost to pay your annuity for your lifetime, using assumptions determined by the WRS actuary. Sufficient monies to pay your annuity for life were then transferred into the annuity reserve, the fund from which all annuities are paid. The calculation of the amount needed to pay your annuity for your lifetime is based on an assumption that the trust funds will earn 5% interest every year. In other words, the fund must earn 5% just to “break even”.

Only investment gains that exceed that 5% assumed rate of earnings are available to generate annuity increases. Consequently, the fixed and variable annuitant rates will normally be roughly 5% less than the fixed and variable interest rates that are credited to WRS accounts from which no annuity is being paid. Actual dividend adjustments also are dependent on other calculations made each year by the WRS actuary.

Annuitants' Minimum continued from page 5

Situation 3: When your annuity began you received annuities from both the fixed and variable funds, but later cancelled your variable participation and now receive a fixed annuity only. If your annuity began with portions paid from both the fixed and variable funds, the fixed and variable portions were treated separately until the variable portion of your

annuity was transferred into the fixed fund. The amount of your variable annuity at the time it transferred to the fixed fund is added to the original finalized amount of your fixed annuity; that total became your new minimum fixed annuity amount, below which your fixed annuity can never be reduced.

Example 3: (assumes a 3% negative fixed dividend is now being applied to fixed annuities)

	<u>Original Finalized Fixed and Variable Annuity Amounts</u>	<u>Dividends Had Changed Your Annuity To These Amounts As of the Date When Your Variable Annuity Was Transferred from</u>	<u>New Minimum Fixed Annuity Amount Created at Time Your Variable Annuity Transferred to</u>	<u>Amount to Which Your Annuity Would Be Adjusted when -3% applied to Fixed Annuity</u>
A	F \$1,500.00 V +1,700.00 \$3,200.00 Total	F \$1,500.00 (no previous dividends) V +1,700.00 \$3,200.00 Total (Now all in fixed fund)	F \$1,500.00 V +1,700.00 \$3,200.00 Total*	F \$3,200.00
B	F \$ 450.00 V + 600.00 \$1,050.00 Total	F \$ 460.00 V + 570.00 \$1,030.00 Total (Now all in the fixed fund)	F \$ 450.00 V + 570.00 \$1,020.00 Total (Now all in the fixed fund)	F \$1,020.00
C	F \$ 900.00 V+1,600.00 \$2,500.00 Total	F \$1,300.00 V +1,800.00 \$3,100.00 Total (Now all in the fixed fund)	F \$ 900.00 V +1,800.00 \$2,700.00* Total (Now all in the fixed fund)	F \$3,007.00

**These are your minimum fixed annuity amounts (below which your fixed annuity can never be reduced).*

Annuitants Inquire About Minimum Fixed Annuity Amount Guarantee

Variable annuity decreases in the last three years, coupled with the possibility of negative fixed annuity dividends in the near future, have left many retirees wondering about the minimum amount to which their annuities can be decreased. It is important that you understand your fixed annuity cannot be reduced below the finalized original fixed annuity amount. But what does that mean, exactly?

Keep this very important point in mind as you read on: **A negative fixed annuity dividend is more accurately described as the repeal of a previously granted fixed dividend.** If you have never received a fixed dividend increase, you have no previously granted fixed dividend that can be repealed. When determining the minimum amount below which your annuity can never be reduced, there are three possible situations:

Situation 1: Your entire annuity has always been paid from the fixed fund. If you have never partici-

pated in the variable fund, or if you participated in the variable fund but transferred your variable balance to the fixed fund **before** you retired, your entire annuity will always be paid from the fixed fund. In this case, your fixed annuity can never go below your finalized original annuity amount. (Example A below). If you have received fixed dividend increases, and a negative fixed dividend would reduce your annuity below your finalized original annuity amount if it were applied in full, your annuity would only be reduced to that original amount (Example B below).

However, if after applying the full negative fixed dividend your fixed annuity amount would still be at least as much as your original fixed annuity, the full negative dividend would be applied (Example C below).



Example 1 (assumes a 3% negative fixed dividend to be applied to fixed annuities):

	<u>Your Original Finalized Fixed Annuity Amount</u>	<u>Your Fixed Annuity Has Increased With Dividends to:</u>	<u>Amount to Which Your Annuity Would Actually Be Reduced</u>
A	\$1,500.00*	\$1,500.00 (no previous dividends)	\$1,500.00
B	\$ 450.00*	\$ 460.00	\$ 450.00
C	\$ 900.00*	\$1,300.00	\$1,261.00

*These are your minimum fixed annuity amounts (below which your fixed annuity can never be reduced).

Situation 2: You are still receiving annuities from both the fixed and variable funds. If portions of your annuity are currently being paid from both the fixed and variable trust funds, the fixed and variable portions are treated separately. Your minimum fixed annuity amount is your original finalized fixed annuity amount, and nega-

tive fixed dividends cannot reduce your fixed annuity below that amount. *However, there is no minimum amount below which your variable annuity cannot be reduced.* If the stock market would continue to experience losses, the variable portion of your annuity could continue to be reduced.

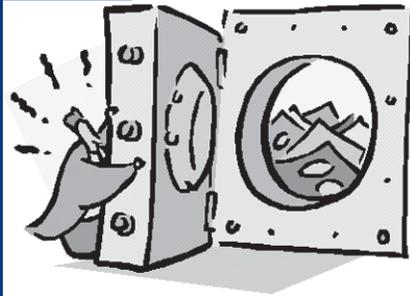
Example 2: (assumes a 3% negative fixed dividend and a 20% negative variable adjustment are now being applied respectively to fixed and variable annuities)

	<u>Original Finalized Fixed (F) and Variable (V) Annuity Amounts</u>	<u>Annuity Has Been Adjusted Through Past Fixed and Variable Dividends to:</u>	<u>Amount to Which Your Annuity Would Actually Be Adjusted</u>
A	F \$1,500.00* V +1,700.00 \$3,200.00 Total	F \$1,500.00* (no previous dividends) V +1,700.00 \$3,200.00 Total	F \$1,500.00 V +1,360.00 \$2,860.00 Total
B	F \$ 450.00* V + 600.00 \$1,050.00 Total	F \$ 460.00 V + 570.00 \$1,030.00 Total	F \$ 450.00 V + 456.00 \$ 906.00 Total
C	F \$ 900.00* V +1,600.00 \$2,500.00 Total	F \$1,300.00 V +1,800.00 \$3,100.00 Total	F \$1,261.00 V +1,440.00 \$2,701.00 Total

*These are your minimum fixed annuity amounts (below which your fixed annuity can never be reduced).

Department Works Hard to Protect and Secure Confidential Member Information

The Department of Employee Trust Funds (ETF) recognizes that it has some *very* personal information about you, our participants. Data such as your Social Security number, birthdate, marital status, and



income are critical for us to maintain your account and ensure that you receive the benefits to which you are entitled. We consider account security of paramount importance, and work very hard to protect your account. Wisconsin Statutes mandate that we

keep your account information secure. We have policies and procedures in place to verify caller identity, for example, and we do monitor compliance in this regard.

Access to Account Information

The department is committed to giving you complete and ready access to all of your account information, except for personal information specifically restricted by statute. Access to information is governed by section 40.07, Wisconsin Statute, and section ETF 10.70, Wisconsin Administrative Code. In most cases, only **you** are able to obtain your own account information. You may request information in writing, you may call us, or you may stop by in person. We will always verify your identity before releasing any account-specific information. If you call us, for example, we will at a minimum ask for your full name, birth date, and Social Security number. It does take a minute or two to verify identity, but it is for your privacy and the protection of your account.

In some cases, under very strict rules, others may obtain information about your account. Wisconsin law allows disclosure of information (a) to your representative, as authorized in writing by you (b) to a public employee who requires the information to discharge official duties, (c) in response to a court order when the information is relevant to a pending action, or (d) when the department determines that a limited disclosure is necessary for proper administration of benefits. The last two situations rarely arise, although the department has occasionally used its authority to identify participants who appear to have abandoned or forgotten about their Wisconsin Re-

tirement System (WRS) accounts.

Authorized Representatives

An authorized representative may obtain your account information. The source of their authority could be your written instructions, or perhaps an order from a court appointing someone to act for you. Usually, an authorized representative is someone with whom we may communicate according to your written instructions. It could be that you signed an Authorization to Disclose Individual Personal Information form (ET-7406), or that you executed a Power of Attorney. The representative's authority may be broad, or it may be restricted to certain information. For example, you may authorize your accountant to have your tax information but not to see a copy of your beneficiary designation or other confidential information.

If you have not filed some type of written authorization with us, we could still speak with a third party if we had both of you on the telephone together and you had given us permission to speak with that other person on the line. This is often a convenient way for spouses to share account information. Remember: Without authorization, we cannot give information even to your spouse.

An authorized representative could also be someone a court has ordered to act on your behalf. For example, we would accept a court-certified copy of the order appointing a guardian for you. After your death, we would also accept a court-certified copy of the order appointing your personal representative.

Public Employees

All public employees are not entitled to obtain your account information. Only those who actually need it to carry out their job duties may obtain information. The department is very vigilant in this regard. We will verify the identity of the public employee. We must be convinced that the information is truly required to carry out job duties and will limit the disclosure only to absolutely necessary information. In most instances, we require a written request from the public identity as verification. A good example of this is when a housing agency requests income verification so that an annuitant may obtain or remain in public housing. In this case, the department will provide income verification, but will not provide other account information. This public employee

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Active Employees: How Variable Participation and Cancellation Affect Your WRS Benefits

The variable fund investment losses in the last three years have generated many questions about how those losses will affect participants' future Wisconsin Retirement System (WRS) benefits, and what happens if they cancel variable participation to avoid the possibility of more losses in the future. *After the investment losses in 2002, approximately 90% of all accounts with variable balances now have a "variable deficiency".* If you are considering canceling participation in the variable fund, it is important to understand what the effects could be on your future retirement benefits.

What is a variable excess or a variable deficiency? Your variable contributions are credited each year with that year's variable fund investment gains or losses. The department keeps a record of how much interest has been credited to your variable account compared to how much fixed interest those contributions would have earned if they had been invested in the fixed fund instead. The difference between the amount that is **actually** in your WRS account and the amount that **would be** in your account if you had never participated in the variable fund is your "variable excess" (the amount you are "ahead" as a result of your variable participation) or your "variable deficiency" (the amount you are "behind" from your variable participation).

Why does the "variable excess" or "deficiency" amount only affect formula retirement benefit calculations, and not retirement benefits calculated under the money purchase method?* Your variable investment gains and losses are already reflected in your WRS account balances. Consequently, all benefits that are calculated based on your account balances will already reflect your variable investment experience. Using the variable excess/deficiency to adjust a benefit based on your account

balance would result in using your variable gains and losses twice. Benefits based on your account balances include separation benefits, retirement benefits calculated under the money purchase method, and most death benefits when you die before taking a benefit from your WRS account.

**When you retire your retirement benefit will be calculated under both the formula and money purchase methods, and you will receive the higher of the two calculations.*

There are different options for canceling variable participation. What are they and what are the differences between them? A "future contributions only" cancellation becomes effective at the end of the year in which we receive it. Once it is effective, all new contributions to your account will be deposited in the fixed trust fund only. However, your existing variable balance remains in the variable fund, and continues to earn variable interest each year. A "conditional" cancellation results in your variable fund being transferred to the fixed fund only when your WRS account balance is equal to or greater than what your balance would be if you had never participated in the variable fund. (In other words, you do not have a variable deficiency.) An "unconditional" cancellation means that after the variable gain or loss is applied to your account for the year in which we receive your variable cancellation, your variable balance will be transferred into the fixed fund.

Variable Participation continued on page 8



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could not, for example, obtain information about where the annuitant worked before he retired.

Others Who Inquire

Your attorney may have a question about how an account might be split in a divorce situation. Your accountant may stop in with a question about a tax form we issued. In all cases, we will first determine which account is the subject of the inquiry, verify the identity of the person who has asked for information, and establish whether or not that person has the authority to obtain specific account

information. If the person has proper authorization, we will discuss your account with that person. If no authorization exists, we will give general information only, and answer general questions about WRS programs and policies.

Our goal is not to create barriers for you but to protect your account from those who lack proper authority. We strive to assist all of our participants in understanding their account information and in obtaining all WRS benefits to which they may be entitled.

For more detailed information about the types of variable cancellations and other detailed information about variable participation, see our booklet, *How Participation in the Variable Trust Affects Your WRS Benefits* (ET-4930). You can find it on our Internet site at etf.wi.gov. To request a paper copy, call us toll-free at 1-877-533-5020 or (608) 266-3285 (local Madison).

What happens to my variable excess or deficiency amount after my variable balance is transferred to the fixed fund?

The Department retains a record of your variable excess or deficiency balance as of the date that your variable funds are transferred into the fixed fund. After that transfer of your funds, each year your variable excess (or variable deficiency) amount will be credited with fixed effective rate interest each year until you take a benefit from your account.

This means that if your account is “behind” due to variable participation (you have a variable deficiency), when you transfer your variable monies to the fixed fund, each year the deficiency amount in your account will be increased to a larger deficiency amount by that year’s fixed effective rate of interest. Conversely, if you are “ahead” (you have a variable excess), the amount of your excess will increase each year by that year’s fixed effective rate of interest.

Example: The following sample calculation shows how a participant’s remaining variable deficiency balance could increase after a participant files an unconditional variable cancellation election. The example assumes that the Department receives the unconditional cancellation in 2002, and that the participant has a variable *deficiency* balance of - \$45,000 as of January 1, 2003 (after the variable loss for 2002 was credited to the participant’s variable account). It also assumes that the fixed effective interest rate is 8% for both 2003 and 2004. *This example is for illustration purposes only; we cannot predict what the actual fixed effective rates of interest will be for 2003 or 2004.*

Variable Deficiency Balance

Deficiency as of Jan. 1, 2003	- \$45,000.00
8% Assumed Fixed interest for 2003	x 1.08
Deficiency as of Jan. 1, 2004	- \$48,600.00
8% Assumed Fixed interest for 2004	x 1.08
Deficiency as of January 1, 2005	- \$52,488.00

How does a variable excess or deficiency affect

my formula retirement benefit? Your formula retirement benefit is calculated as usual, then is adjusted based on your variable excess or deficiency balance as of the date that your benefit begins. Your formula annuity will be increased by the monthly value of a variable excess or will be decreased by the monthly value of a variable deficiency. If you were to retire in 2005 with this \$52,488.00 variable deficiency, the amount that it would decrease your monthly formula annuity would depend on your age.

For example:

Age 55 -	\$300.75 per month reduction
Age 60 -	\$337.67 per month reduction
Age 62 -	\$345.89 per month reduction
Age 65 -	\$373.71 per month reduction

My account now has a variable deficiency. Should I cancel variable participation now to avoid more losses in the future, or should I continue to participate in the variable fund hoping that the variable investment returns will improve, and I can then recoup my losses?

Only you can make that decision. We cannot advise you on when it would be most advantageous to cancel variable participation. That would depend largely on the investment performance of the fixed and variable funds during the next few years, which (like everyone else) we are unable to predict. However, keep in mind these basic factors as you consider this decision:

- Your personal tolerance level for financial risk.
- How long it will be until you retire. Until you actually take a benefit, your investment gains and losses are on paper only; they have no effect on your current income. However, once you retire the investment gains and losses have a direct impact on how much money you will receive every month. Furthermore, the longer it will be until you retire, the longer you will have to recoup your losses.
- If you stay in the variable fund, the deficiency amount could potentially become a variable excess when the variable investment returns improve — although this approach involves the risk of further losses, and therefore a larger variable deficiency. On the other hand, if you transfer your variable balance into the fixed fund, you are permanently locking into a deficiency balance that will grow each year based on each year’s fixed effective interest rate. However, filing a “conditional” variable cancellation assures that your variable balance will not be transferred to the fixed fund until you account is at least at the “break even” point or better.



Active Employees Facing Termination: Understand the Consequences of Taking a Separation Benefit

If you are an active employee about to terminate (or considering termination of) Wisconsin Retirement System (WRS) employment AND if you are under age 55 (age 50 for protective category employees), one of the options available to you is a separation benefit. Before applying for such a benefit, however, you should carefully consider the consequences of exercising this option.

When you take a separation benefit, you are completely closing your retirement account. You will receive a lump sum payment of the **employee required contributions** in your account plus accumulated interest. Employee required contributions may have been deducted from your paychecks, or paid by your employer as a fringe benefit. Your separation benefit will also include any voluntary additional contributions you have made to your account. You would forfeit the matching employer contributions in your account and all benefit rights earned during your employment, including your years of creditable service.

If you take a separation benefit and...

...later return to WRS employment, you may be eligible to purchase the service you forfeited. However, the cost may be considerably higher than the amount you withdrew, depending on your annual earnings after you return to WRS employment.

...if you do not roll over your payment into another qualified retirement plan or Individual Retirement Account (IRA), you will be liable for significant federal and state tax liabilities on the payment in addition to the income tax liability.

You are eligible for a separation benefit if you have been *terminated* (i.e., your employer has reported a termination date to the Department) from **all** WRS covered employment and under age 55 when you apply (50 for protective category employees). You cannot be on a leave of absence. If you terminate WRS employment due to a disability, you should contact the Department about eligibility for disability benefits **before** you apply for a separation benefit. Once you have closed your account by taking a separation benefit, you are no longer eligible for disability benefits payable from the WRS.

If you want to apply for a separation benefit, contact the department to request an application. We must receive the application before your 55th (50th for protectives) birthday.

What if I return to WRS employment? Your application will be canceled if you are re-employed or reinstated as a WRS participating employee within 30 days after we receive your application (or after your termination date, if later). Upon reemployment after payment of a separation benefit, you are treated as a new participant for all programs, such as life insurance, health insurance and income continuation insurance.

Can I leave my contributions in the WRS instead of taking a separation benefit? Yes! If you leave your contributions in the WRS, they will receive annual interest. Once you reach age 55 (50 for protectives), you are eligible for a retirement benefit. If you decide not to apply for a WRS benefit until you are eligible for a retirement benefit (which would be based on both employee and employer contributions), be sure to contact us at least once every seven years to ensure that you do not lose your benefit rights. Notify us of any change in your address. You will receive an annual *Statement of Benefits* if you keep the Department informed of your current mailing address.

For more detailed information on applying for a separation benefit, review our *Separation Benefits* brochure (ET-3101). You can find it on our Internet site, etf.wi.gov. To request a paper copy, call us toll-free, 1-877-533-5020 or (608) 266-3285 (local Madison).



Is Your Beneficiary Designation Up to Date?

Under current WRS law all death benefits must be paid according to the last beneficiary designation you filed with the department, regardless of any changes in your personal situation. **It is extremely important that you keep your designation up-to-date.**

If you think that your designation may be out of date, the easiest way to make sure your designation meets your current needs is to file a new designation. It will replace any old designation you have filed, and will provide us with current information about your beneficiaries that will help us locate them upon your death. Download or print a beneficiary designation form from our Internet site, etf.wi.gov. You can also call us toll-free at 1-877-533-5020 or (608) 266-3285 (local Madison).

BOARD CORNER

Fisher Named to Employee Trust Funds Board

Theron B. Fisher, of Onalaska, has been appointed to the Employee Trust Funds Board, where he will represent Wisconsin Retirement System (WRS) annuitants. Fisher was the only person to return board nomination packets by the filing deadline for this position last November. As a result, he was automatically seated and

no board election was held. Fisher worked for eight years in student personnel at the University of Wisconsin-La Crosse and 23 years as La Crosse County Director of Parks. Fisher will take the place of James Gruentzel, whose term expired this month. Fisher will serve on the ETF Board until May 2007.

Kreul to Represent Educational Support Personnel on ETF Board

Educational support personnel in Wisconsin Retirement System (WRS) school districts and technical college districts have elected Kathleen Kreul to serve as their representative on the Employee Trust Funds Board. Ms. Kreul, of Highland, has worked at Southwest Wisconsin Technical College for the past 26 years and is a 15-year officer of the union representing educational support per-

sonnel. The Department distributed approximately 41,000 ballots to educational support personnel, and voting was completed a month later. Ballots were cast by 17.48% of the total eligible to vote. Kreul received 51.53% of the votes. She defeated the incumbent, Sherry Brown, an employee of the Hartland/Lakeside School District. Kreul began her four-year term on May 1.

Mishler Wins Seat Representing Retired Teachers on Teachers Retirement Board

Retired Wisconsin Retirement System (WRS) teachers elected Lon Mishler to serve on the Teachers Retirement Board. Mishler, of DePere, recently retired from Northeast Wisconsin Technical College, where he worked as a finance instructor for 22 years. He served on the TR Board for the past four years, representing actively employed technical college instructors. The

department mailed approximately 49,860 ballots to annuitant teachers, who cast 20,115 ballots representing 40.34% of the total eligible to vote. Mishler received 35.77% of the votes. Other candidate vote totals were: Dorothy Vogel, 24.96%; incumbent Don Ganther, 23.08%, John Marita, 16.20%. Mishler began his five-year term on May 1.

New Board Appointments

Employee Trust Funds Board

Karen Timberlake, Secretary of the Department of Employment Relations (DER), assumes the ex-officio seat held by that agency's Secretary or designee. She replaces former DER Secretary Peter Fox.

Wisconsin Retirement Board

Jorge Gomez, Commissioner of Insurance for the state of Wisconsin, assumes the ex-officio seat held by the Commissioner of Insurance or an experienced actuary in the Office of the Commissioner of Insurance (OCI) designated by the Commissioner. He replaces former Commissioner Connie O'Connell. **Rick Gale** was appointed by the Governor as a participating employee of a city or village to the Board. He is president of Professional Firefighters of Wisconsin, Inc. and an executive board member of the National Conference on Public Employee Retirement Systems.

Group Insurance Board

Randy Blumer was designated by the Commissioner of Insurance to fill the ex-officio seat held by the

Commissioner of Insurance or designee. Mr. Blumer is currently Deputy Commissioner of Insurance for the state of Wisconsin. **Jane Hamblen**, Assistant Attorney General of the state of Wisconsin, is appointed to the ex-officio seat held by the Attorney General or Attorney General's designee. She replaces Karen Timberlake, former designee of the Attorney General.

David Riemer was designated by Marc Marotta, Secretary of the Department of Administration (DOA). He replaces former DOA Secretary designee Chuck McDowell. **Karen Timberlake**, Secretary of the Department of Employment Relations (DER), assumes the ex-officio seat held by that agency's Secretary or designee. She replaces former DER Secretary Peter Fox. **Robert Sherwood** was appointed by the Governor to fill a vacancy on the Board for the seat that has no membership requirements. He is a media consultant from Glendale, Wisconsin.

ETF Seeks Persons With Abandoned WRS Accounts

The Department has updated its list of individuals age 70 and older with abandoned Wisconsin Retirement System (WRS) accounts. Each year ETF publishes their names in an attempt to find these individuals or their heirs and let them know this money is available. If you know the whereabouts of anyone on this list, please ask them or their heirs to write to ETF at P.O. Box 7931, Madison, WI 53707-7931.

The latest abandoned account list is as follows:

Adams, Nellie	Henthorn, Geraldine J.	Schafer, Nancy M.
Baum, Elizabeth S.	Hess, Ruth D.	Schaller, Frederick P.
Beard, Charles W.	Hirschfeld, Jan K.	Scheerer, Wynelle M.
Borden, Eugene	Holliday, Richard	Scherrer, Agnes M.
Callaway, Blanche P.	Kent, Alan B.	Schultz, Shirley J.
Carella, Joan	Kot, Dorothy M.	Sherrill, Laurence L.
Cerello, James A.	Kuapahi, John J.	Sirimangkalak,
Chrite, C.E.	Leaming, Dorian R.	Somboon
Courtney, Beatrice A.	Maxwell, Isaac	Smart, Janet R.
Dayhoff, Lee E.	McCann, Mary E.	Spillebeen, Willie
Drew, Franklin J.	Moore, Charles R.	Stearns, Robert J.
Drow, Richard	Munson, Louise	Thieme, Alvin W.
Engdahl, Jean P	O'Brien, William A.	Walker, Alfred E.
Farrar, Lancelot L.	Richey, Clarence W.	Weaver, Marjorie P.
Freye, Amaryallis	Rothwell, Wade B.	Welke, Betty M.
Gregory, Harold L	Russell, Kathryn M.	Wolfmeyer, Waldemar W.
Hammersten, Carol Ann	Sammartino, Eunice M.	
Helgeson, Beulah		

Inquiries must include the participant's complete name (published name, current and prior name), date of birth, Social Security number and the year that the name was published. To see the complete list of abandoned accounts visit our Internet site, etf.wi.gov.

Beneficiaries of Life Insurance Claims Sought

The Department also seeks people who, under Wis. Stat. 40.02 (8)(a), are the beneficiaries of the deceased life insurance policy holders listed below. For an application and additional information, write to ETF at P.O. Box 7931, Madison, WI 53707-7931. Inquiries should include the participant's complete name [including published names and former name(s)], date of birth, Social Security Number and year the name was published.

Allen, Agnes
Anderson, Gertrude
Bartholomew, Florence
Best, Lottie
Chaudoir, Doris
Ervin, Irene E.
Gelman, Mary
Havelek, Rose
Hyde, Helen
Kelly, Patrick
Kriewald, Esther
Lord, Helen B.
Lorenz, Leona
Mueller, Catherine
Niles, Bernard
Phillips, Henry
Roach, Maude
Rochau, Adolph
Rohde, Charles
Ruffalo, Emil
Sehrt, Naomi
Steele, Helen
Vogelbaugh, Cecile

RETIRES CORNER

Editorial policy statement: Trust Fund News periodically runs brief announcements submitted by and about retiree organizations, subject to space availability and made on a first-come, first-served basis. The Department of Employee Trust Funds does not guarantee publication of submitted articles.

WEAC-Retired

WEAC-Retired is a statewide affiliate of the Wisconsin Education Association Council (WEAC) specifically for retired public education employees. It is the only Wisconsin public education retiree organization affiliated with WEAC and the National Education Association (NEA). WEAC-Retired membership is open to all retired public education personnel. For annuitants who were WEAC members prior to their retirement, WEAC-Retired keeps them connected with their colleagues, local association, UniServ unit, WEAC and NEA. WEAC-Retired has 7,000+ mem-

bers and is governed by an elected 25 member Board of Directors. It has 19 chapters and more are being organized. Concurrent membership in NEA-Retired is required. 2002-03 WEAC-Retired/NEA-Retired dues are: \$250 life; \$40 annual. Membership doesn't cost, it pays! The dollar value of benefits far exceeds dues cost. For an enrollment form or additional information, contact the WEAC-Retired office at 1-800-362-8034, send an e-mail to lueckd@weac.org or visit the WEAC-Retired Internet site at www.weac.org/constit/retired.htm.



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Internet site: etf.wi.gov

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1-877-533-5020 or (608) 266-3285
Have your Social Security Number available

TTY: (608) 267-0676

For an appointment in Madison:
(608) 266-5717

For an appointment in Milwaukee:
(414) 227-4294

Send an e-mail via our Internet site:
etf.wi.gov

Telephone Message Center:

1-800-991-5540 or (608) 264-6633
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Toll-Free Self-Service Line:

1-877-383-1888 or (608) 266-2323
*Request ETF forms and brochures; Report home
address changes or make tax withholding changes
(annuitants only)*

Write Us:

ETF, P.O. Box 7931, Madison, WI 53707-7931.
*Include your Social Security number (SSN) with all
correspondence. Retirees wanting to change mailing
addresses should contact Payment Services at the
address above. Include SSN, signature, and old and
new addresses.*

Fax: (608) 267-4549

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services, or employment. If you are speech, hearing, or visually impaired and need assistance, call 1-877-533-5020; (608)266-3285 (local Madison) or TTY (608)267-0676. We will try to find another way to provide you with usable information.