

# Trust Fund News



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Employee Trust Funds  
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## INSIDE

2

New Program Administrator  
When Will ETF Announce  
Rates and Adjustments?

3

Some Teachers May Be  
Eligible for Service Credit

4

Disability Benefits  
Department Mailing  
Important Tax Forms

5

Reporting Changes  
Keep Beneficiary  
Designation Up to Date

6

Board Corner  
Retirees' Corner  
Statements Expected

7

Presentation Schedule  
Small Group Counseling

## Department Must Prepare for Demographic, Staffing Challenges Ahead

An article in the last edition of *Trust Fund News* talked about the Wisconsin Retirement System's (WRS) excellent funding condition (*The WRS is Financially Sound, Vol. 23, No. 3, September 2005*). According to its independent actuary, the WRS is in "excellent financial condition" and viewed as one of the strongest public employee retirement systems in the United States because of its well thought-out financial structure and careful benefit design. In addition, due to our solid investment experience, contribution rates for employers and employees have remained relatively low, compared to other retirement systems.

An equally important component of success is a firm commitment to provide the best possible service to members. The Department of Employee Trust Funds (ETF) continually strives to provide quality service that is timely, accurate, thorough and accessible. However, demographic projections, in terms of the large numbers of new retirees expected over the next decade, indicate a need for increased staffing levels in the future. Within ten years, for example, there will be nearly a 75% increase in

new retirement applications.

Here are the results of two recent studies analyzing WRS participant demographic data:

- In less than ten years, ETF will process 120,000 new retirement applications, bringing the total retiree population to 209,049.
- In less than 20 years, the WRS annuitant population will more than double — surging to 277,014 individuals — and peak in 2034 at nearly 300,000 retirees.
- The ratio of participants per ETF employee has grown rapidly. In 1988, there were 2,057 WRS members for every one ETF employee; by next year, the ratio is projected to be 2,803 to one.
- WRS membership has grown 66% in less than 20 years, while ETF staff levels increased only about 20%.

As workload pressures increase, we need to start now to make sure that future retirees get the critical services that they deserve, such as benefit counseling, retirement estimates, and finalized annuities. The good news is that we

*Growth, continued on page 2*

## Department Launches New Benefit Payments System

Employee Trust Funds (ETF) Secretary Eric Stanchfield is pleased to announce the completion of a project that will allow the Department to more efficiently access annuitant information and produce monthly payments. This project is a building block on which subsequent applications will be developed in order to handle the increasing number of annuitants and benefit payments the Department expects in upcoming years.

ETF currently processes more than \$3 billion in retirement and disability payments to more than 130,000 retirees and their beneficiaries each year. A recent actu-

arial analysis predicted Wisconsin Retirement System (WRS) membership would grow at a rate three times greater than the agency's current number of employees.

Said Stanchfield, "We need improved automation in order to deliver the level and quality of services our members need and deserve; this system will help us achieve that goal."

For annuitants, the most visible change will be the redesigned "annuity mailer," an ETF letter communicating important information whenever there has been a change

*System, continued on page 3*

*Growth, continued from page 1*

have already started to address the workload issues through the use of technology (e.g., the new Benefit Payments System and Call Management Bureau) and adoption of various workforce management strategies.

In the past, we have operated reasonably well with the limited resources we have. Studies that compare the cost of doing business for peer retirement systems have shown that we rank among the lowest in terms of administrative costs per member, indicating that we have been very cost effective. However, those same studies have ranked our service levels only average. Our efforts to control costs have limited our ability to provide services of the quality that members want and deserve. The challenge is to balance the cost of doing business with providing reasonable service levels. In order to do that, we will need to rely both on technology improvements and additional staff.

## Great-West Retirement Services Deferred Compensation Program Administrator

Effective December 1, 2005, Great-West Retirement Services became administrator of the Wisconsin Deferred Compensation (WDC) Program. The WDC Program is an Internal Revenue Code Section 457 deferred compensation plan, a supplemental retirement savings program. It is available to all active state and university employees. Active local government and school district employees may also be eligible if their employer has elected to offer this optional benefit program. The WDC allows participants to invest a portion of their pre-tax earnings in a variety of investment options. Participants' deferrals reduce their taxable income, which lowers their current state and federal income taxes. Also, any interest or gains received grow on a pre-tax basis.

While many aspects under the new administrator will remain the same — fees, local service staff, and quarterly statements and newsletter — some things are new. They are as follows:

- New telephone number: 1-877-457-WDCP (9327). Customer service hours are 7 a.m. to 7 p.m., Monday through Friday.
- New office address: WDC, 5325 Wall Street, Suite 2755, Madison, WI 53704.
- New personal identification numbers for Internet access were mailed to participants on December 7.
- Statements will have a personalized rate of return.
- New, optional asset allocation service that allows par-

Through our workforce planning efforts, we have identified key areas where staff retirements are expected within the near future. As staff retire and improvements in technology are made, opportunities emerge that allow us to examine how to best structure various positions to meet future needs. We are already making organizational changes and planning budget initiatives that will provide the flexibility we need. Our goal is to continue to take care of our members who have worked hard and deserve to feel confident that they have all the tools they need to make the best retirement decisions possible. Yes, the thought of nearly doubling our workload over the next few years is daunting. But, with wise management and careful use of our resources, members can rest assured that we will be prepared to provide needed services to all.

Participants to rebalance their WDC account at any time.

- Redesigned Internet site and communications materials.

For more information about the WDC or your participant account, review the Frequently Asked Questions document on the WDC Internet site, [www.wdc457.org](http://www.wdc457.org), or contact the WDC by calling toll-free 1-877-457-WDCP (9327).

### When Will ETF Announce Effective Interest Rates and Annuity Adjustments?

Members can expect the news to come over the course of three separate announcements, beginning in **early- to mid-January**. First, the State of Wisconsin Investment Board (SWIB) will announce the fixed and variable fund investment returns for 2005. Next, the Department of Employee Trust Funds (ETF) calculates the effective interest rates credited to the retirement accounts of active WRS members and eligible inactive members, based on SWIB returns. Look for this news in **early February**. Watch for ETF's announcement on annuity dividends and adjustments in **late February**.

Since SWIB's 2005 final investment returns were not available at *Trust Fund News* printing deadlines, ETF could not project what this year's effective interest rates and annuity adjustment rates will be.

## Some Teachers May Be Eligible for Additional Service Credit

Earlier this year the Wisconsin Supreme Court issued a decision on the *Solie and Baxter v. Employee Trust Funds Board* case. The court ruled that these participants were eligible to receive credit without cost for part of the service they forfeited through withdrawing their contributions. As a result, teachers and former teachers who meet the eligibility criteria are also eligible for this service credit.

**Note: If you were already granted creditable service under the *Benson et al., v. Employee Trust Funds Board* court decision, you have already received credit for the years of service at issue.\*** The *Solie and Baxter* court decision generally applies only to participants who were ineligible for service credit under the *Benson* court decision, and very likely affects only a small number of teachers and former teachers. At right is a partial list of the criteria that can be used to self-identify whether you may be eligible. **If you do not meet all of these criteria, you will not be eligible for service credit under the court's decision.**

If you believe that you meet all of the criteria listed here, please contact the Department to request

a review of your account for service credit eligibility under the *Solie and Baxter* court decision. We will review your records and notify you in writing whether you qualify. Call us toll-free at 1-877-533-5020 or at 608-266-3285 (local Madison).

\* Exception: If you were granted service credit under the *Benson* court decision, and taught under both the State Teachers Retirement System (STRS) and the Milwaukee Teachers Retirement Fund (MTRF), you may be eligible for additional service credit under the *Solie and Baxter* court decision.

### Self-Screening Criteria

1. You first began teaching covered under the STRS or MTRF before September 11, 1965.
2. You terminated teaching employment before May 11, 1973, and withdrew your member contributions more than once.
3. You did not terminate teaching employment after May 10, 1973, and then closed your account by withdrawing your employee contributions in a lump sum benefit.

### System, continued from page 1

to an individual's net annuity payment (including tax withholding and/or insurance deduction changes). The "look and feel" of the mailer, shown at right, has been improved to ease readability. Customized messages will be easier to understand and contain more complete information.

Said Sari King, administrator of ETF's Division of Retirement Services, "The Department wishes to thank the members of the Annuity Round Table for their help in reviewing the mailer and offering input during the design process. We appreciate their time and consideration of this important document."



**Payment Date:** April 1, 2005  
**Payment Month:** March, 2005  
**Party ID Number:** 12345678  
**Annuity Type:** Retirement  
**Plan Type:** Participant

John Doe  
 123 Main St.  
 Madison, WI 53701-1111

Annuity Payment:	Previous Month	Current Month
Regular Fixed	1500.00	1500.00
One-time Adjustment	00.00	15.00
Accelerated Regular Fixed	900.00	900.00
One-time Adjustment	00.00	9.00
<b>Gross Annuity Payment</b>	<b>2400.00</b>	<b>2424.00</b>

Deductions	Previous Month	Current Month
Federal Tax Withholding	495.00	450.00
Wisconsin State Tax Withholding	125.00	125.00
Health Insurance Premiums	250.00	675.00
One-time Adjustment	00.00	425.00
Life Insurance Premiums	25.00	25.00
<b>Total Deductions</b>	<b>895.00</b>	<b>1700.00</b>

<b>Net Annuity Payment Amount</b>	<b>724.00</b>
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**Federal Income Tax Withholding:**  
 Marital Status Claimed: Ma  
 Allowances Claimed:

**Wisconsin State Income Tax Withholding:**  
 Marital Status Claimed: Ma  
 Allowances Claimed:

**Messages:**

Your federal tax withholding status changed per your request. Your current federal tax withholding status is shown above.

Your annuity begin date has been changed to 01/20/2005.

Your annuity payment contains a one-time adjustment as a result of a change in your annuity begin date.

Your health insurance premium has increased due to your change from single to family coverage.

Your health insurance premium contains a one-time adjustment as a result of your change from single to family coverage.

## Disability Benefits Available to Active Employees

Most active employees are unaware that there are disability benefits available under the Wisconsin Retirement System (WRS). If you are a participating WRS employee and you become disabled and unable to work until normal retirement age due to a physical or mental disability, then you may qualify for disability benefits. This article provides a basic overview of the disability benefits that are available to you. For more detailed information and instructions, refer to the Department's booklets, *Disability Benefits* (ET-5102) and *Long-Term Disability Insurance Benefits* (ET-5314). You'll find them on our Internet site at <http://etf.wi.gov> or call us to request a paper copy.

To be eligible for a disability benefit from the WRS, you must be totally disabled from any occupation (not just your current WRS position) by a mental or physical impairment that is likely to be of an indefinite duration. In addition, you must not have reached the "normal retirement age" for your employment category (see accompanying chart). There is also a service requirement, which is waived if your disability is work-related.

If you believe you meet these criteria, then you should contact ETF as soon as possible to request a

personalized disability benefit estimate, application form, and additional instructions and information. **If you apply more than 90 days after your last day paid, you will not have the earliest possible annuity effective date, and you will have lost a partial month or more of benefits.**

**Special Eligibility for Protective Occupation Employees:** If you are employed in a protective employment category position and become disabled to the extent that you can no longer safely and efficiently perform the duties of your protective position, you may qualify for disability benefits even though you might still be able to engage in some other type of work.

Your employer may also offer temporary or other long-term disability benefits. You should contact your employer regarding any other disability-related programs under which you may be covered. For instance, some WRS members have coverage under the Income Continuation Insurance (ICI) program administered by the Department. If you have ICI coverage, contact your employer for information about applying for benefits, or contact ETF toll free at 1-877-533-5020.

Normal Retirement Age					
General		Protective		Executive & Elected	
Age	Service	Age	Service	Age	Service
65	Any	54	Any	62	Any
57	30	53	25	57	30

## Department Mailing Tax Forms in January

The Department will mail annuitant *1099-R* forms to annuitant home addresses in early January. If you are receiving a monthly annuity, you need this form to file income tax returns for 2005. The *1099-R* includes information such as the total and taxable amounts of the annuity for the past year, the unrecovered balance of your Investment In Contract (the portion of your retirement account that was actually paid by you from after-tax dollars), and the amounts of federal and state tax withheld.

**Important Note:** If you are receiving more than one annuity from the Wisconsin Retirement System (WRS), such as an "accelerated payment option" or a benefi-

ciary annuity, you will get a separate *1099-R* form for each annuity. These will be in separate envelopes and, depending on postal delivery, may arrive on separate days. The combined amounts on these *1099-R* forms equal the total that you received in payments from the WRS in 2005. For some individuals, the total 2005 income tax withheld may be reflected on just one of the *1099-R* forms, not divided between the two forms.

If you do not receive your *1099-R* by January 31, or if it is lost or destroyed, please contact the Department for a replacement. Call toll-free: 1-877-533-5020 or (608) 266-3285 (local Madison).

## Making/Reporting Changes

**How do I change my mailing address on file with the Department?** You should notify the Department of Employee Trust Funds (ETF) when your home address changes. Telephone or write us if you receive your monthly annuity benefit by direct deposit. If you receive your benefit by paper check, you must write to us – we need your signature to authorize this change.

It is important to keep your home address current with ETF even if your monthly benefit is directly deposited into your account at your financial institution. Important materials such as benefit change notices, *1099-R* tax statements, and *Trust Fund News* are sent to your home address. Please allow up to 30 days for a change of address to be completed.

### **Can I change my withholding for taxes after I retire?**

Change your federal or Wisconsin state income tax withholding over the telephone by calling our toll-free Self-Service Line at 1-877-383-1888 or (608) 266-2323 (local Madison). Access the form (ET-4310) on our Internet site at the following address: <http://etf.wi.gov/publications/et4310.pdf> and then mail it to the Department. Please allow up to 30 days after we receive the completed form for the change to be reflected in your monthly annuity benefit.

### **How do I change my direct deposit for my monthly annuity benefit to a different financial institution?**

Each time you change your financial institution, you must complete a new *Direct Deposit Authorization* form (ET-7282). Access the form on our Internet site at the following address:

<http://etf.wi.gov/publications/et7282.pdf>. You may also call the toll-free Self-Service Line to request it. If you are only changing your account number at your financial institution, you can telephone us with this change or complete and mail the ET-7282 form. Please note we can deposit your benefit only into an account held in your name.

### **Will I receive a statement for income tax purposes after I retire?**

Every year prior to January 31, ETF will send a *1099-R* tax statement form to you for the benefits paid to you by the Department in the previous calendar year. This form provides important tax information necessary to file your income tax return, including the previous calendar year's gross and taxable annuity benefits paid to you and the federal and state income tax withholding, if any, deducted from these benefits. If applicable, your original investment in contract (amount of contributions actually paid by you) is reflected on the *1099-R* form. In addition, for informational purposes, the Department provides you with the amount of health and/or life insurance premiums (if any) deducted from your annuity benefits.

#### ETF Contact Information:

Toll Free: 1-877-533-5020

Local Madison: (608) 266-3285

Department of Employee Trust Funds

P.O. Box 7931

Madison, WI 53707-7931

Toll-Free Self-Service Line 1-877-383-1888  
(608) 266-2323 (local Madison)

## Keep Your Beneficiary Designation Up to Date

**H**ave your personal circumstances changed since you first filed a Wisconsin Retirement System (WRS) beneficiary form? Keeping your beneficiary designation current is very important because it is NOT automatically updated in the event of divorce, marriage, birth or death of children, or any other changes in your personal situation.

Under WRS law, all death benefits must be paid according to the last beneficiary designation received and accepted by the Department of Employee Trust Funds (ETF) before your death, regardless of any changes in your personal situation. Your will does not take the place of the beneficiary designation form. Outdated ben-

eficiary designations, for example, have resulted in death benefits being paid to former spouses. If you have a WRS account with a death benefit or life insurance benefit payable upon your death, you may update your designation by filing our *Beneficiary Designation* form. Simply stating who you want to be your beneficiary(ies) in a letter or e-mail sent to ETF does not change your beneficiary designation. You must file the Department's form in order for your designation to be valid. Print the form from our Internet site at the following address: <http://etf.wi.gov/publications/wrs.htm> or request one by calling our toll-free Self Service Line: 1-877-383-1888 or 608-266-2323 (local Madison).

## BOARD CORNER

### Five Candidates Vie for Seat on Teacher Retirement Board

Actively employed teacher participants of the Wisconsin Retirement System (WRS) will get to choose among five candidates to represent them on the Teachers Retirement (TR) Board. The Department is set to distribute ballots, detailed candidate information sheets, and voting instructions to eligible voters through their employers in mid-January.

Three seats are open for election, as the terms of two current members (Suzanne Doemel and Dennis Tripp) expire in May and there is one vacant seat.

Doemel and Tripp have retired and are ineligible to run for re-election. The candidates and their school district employers are as follows, in alphabetical order:

Leonard J. Herricks, Oshkosh Area School District  
Peter J. Kaland, Columbus School District  
Carl M. Millard, School District of Waukesha  
Patrick H. Phair, Waupaca Public School District  
Robin F. Starck, Sheboygan Area School District

## RETIRES' CORNER

### Wisconsin Coalition of Annuitants Annual Conference

The Wisconsin Coalition of Annuitants (WCOA) annual conference is set for Wednesday, May 10, 2006, at the American Family Insurance headquarters in Madison. The conference will feature presentations on the Wisconsin Retirement System, cur-

rent and projected economic trends, healthcare, and other topics of interest to retirees. For details, contact WCOA at (608) 233-6737 or e-mail [wcoaemk@charter.net](mailto:wcoaemk@charter.net); fax (608) 236-0424.

## 2005 Statement of Benefits Distribution Expected in Spring; Check Out Online Statements Presentation

The *Statement of Benefits* mailing to actively employed and inactive Wisconsin Retirement System (WRS) members for calendar year 2005 will commence in April and continue through May. The Department mails *Statements* directly to inactive members; active members receive *Statements* through their employers.

*Statements* reflect changes in member accounts that occurred in calendar year 2005, including contributions paid by the member or their employer, interest credited on account balances, creditable service earned, three high years of earnings, and any changes to the account. You should carefully review your *Statement* and the materials enclosed with it. If you have questions regarding your 2005 service, earnings, or contributions, contact your employer for an explanation. Your employer is responsible for reporting any corrections to ETF.

Retired members do not receive a *Statement of Benefits* because they no longer have account balances. The monies in their accounts were transferred to the annuity reserve to fund their annuities.

**Check out the Department's online explanation of the Statement of Benefits.** This detailed, one-hour presentation reviews information provided on the *Statement*, including creditable service, the money purchase value of accounts, employer and employee contributions, beneficiaries, and making additional contributions.

Participants should have their own *Statement* in hand while watching this presentation. To view the presentation on our Internet site, go to <http://etf.wi.gov/members.htm>, select "Statement of Benefits Online Presentation," and follow the instructions.

## ETF Sets Spring Public Presentation Schedule

The Department of Employee Trust Funds (ETF) has scheduled free, public presentations for Wisconsin Retirement System (WRS) participants, especially those considering or planning retirement in the near future. ETF specialists will discuss WRS retirement, death, and separation benefits as well as health and life insurance benefits. Presentations run from 7 p.m. to 9 p.m., unless otherwise noted. All locations are handicap accessible.

### Public Presentations

Reservations are not needed for the following presentations:

<u>City/Area</u>	<u>Date</u>	<u>Location</u>
Antigo	Wed., Feb. 8	Antigo High School-Media Tech Room, 1900 10th St., Antigo
Appleton	Tues., Feb. 21	Fox Valley Technical College-Cafeteria, 1825 N. Bluemound Dr., Appleton
Black River Falls	Tues., Feb. 28	Black River Falls Middle School-Lunda Theater, 1202 Pierce St., Black River Falls
Cleveland	Mon., April 10	Lakeshore Technical College-Multi Purpose Room, 1290 North Ave., Cleveland
Green Bay	Thurs., March 30	UW Green Bay-Rose Hall Lecture Hall, 2420 Nicolet Dr., Green Bay
Hudson	Tues., March 21	St. Croix Co. Gov. Ctr.-Community Room, 1101 Carmichael Rd., Hudson
Janesville*	Sat., March 4	Parker High School-Cafeteria, 3125 Mineral Point Ave., Janesville
* (8:30 a.m. to 11:30 a.m.)		This event hosted by the Janesville chapter of the Wisconsin Retired Educators' Association (WREA). It includes presentations by the Social Security Administration and the WREA beginning at 8:30 a.m. <b>The WRS presentation begins at 10:00 a.m.</b>
Madison	Thurs., Feb. 23	James Madison Memorial High School-Auditorium, 201 S. Gammon Rd., Madison
Milwaukee	Tues., March 28	Milwaukee Area Technical College-Auditorium T207, 700 West State St., Milwaukee (Auditorium T207 is on the northwest corner of 6th and Highland)
Marshfield	Thurs., March 16	UW Marshfield/Wood County, Lecture Room 127, 2000 W. Fifth St., Marshfield
Pardeeville	Wed., April 19	Pardeeville High School-Cafeteria, 120 S. Oak St., Pardeeville
Pewaukee	Mon., March 6	WCTC Pewaukee Campus, Richard T. Anderson Ed. Ctr., 800 Main St., Pewaukee
Prairie Du Chien	Tues., March 7	Prairie Du Chien High School-Auditorium, 800 E. Crawford St., Prairie Du Chien
Racine	Tues., April 4	Case High School-Auditorium, 7345 Washington Ave., Racine
Rhineland*	Thurs., March 16	Nicolet Area Technical College-Learning Resources Center/Theater, Co. Hwy G and College Drive, Rhineland
* (6:00 p.m. to 8:00 p.m.)		
Rice Lake	Tues., April 25	Wisconsin Indianhead Technical College-Conference Ctr., 1900 College Drive, Rice Lake

## Department Offers Small Group Retirement Counseling Sessions

The Department of Employee Trust Funds (ETF) offers small group retirement sessions for Wisconsin Retirement System members approaching retirement. The two-hour sessions, designed for up to eight participants and their guests, are held three times a week in the Madison ETF office, located at 801 W. Badger Road. Sessions begin at 1:00 p.m. on Mondays and Wednesdays; Thursdays, 8:30 a.m.

ETF specialists provide a step-by-step explanation of the retirement estimate and application process and an overview of post-retirement changes. Participants may ask questions throughout the session and, in fact, often benefit from the questions and comments on the retirement process shared by other attendees.

Small group retirement sessions provide participants with

an alternative to scheduling individual appointments, which, due to demand, can require a wait of four to six weeks. Since the program's beginning in August 2003, more than 2,800 participants and guests have attended small group retirement sessions.

To make a group counseling appointment, call our Madison appointment line at (608) 266-5717. Group counseling attendees must:

- Be within one year of minimum retirement age;
- Have a valid retirement estimate from ETF; and
- Bring their retirement packet to the session.



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FORWARDING SERVICE REQUESTED



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**Call Toll-Free:**

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:**

<http://etf.wi.gov>

**Telephone Message Center:**

1-800-991-5540 or (608) 264-6633  
*Listen to pre-recorded messages on a variety of WRS topics.*

**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 listed above. Include SSN, signature, and old and new addresses.*

**ETF Fax Number:**

(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.