

Trust Fund News



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Developing and delivering quality benefits and services to members while safeguarding the integrity of the Trust Funds.

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ETF Secretary Stanchfield Takes New Post; Board Conducts National Search

Department of Employee Trust Funds (ETF) Secretary Eric Stanchfield was recently appointed executive director of the District of Columbia Retirement Board in Washington, D.C. Stanchfield began his new duties in July. The ETF Board, the oversight body for the Department and the entire Wisconsin Retirement System (WRS), has commenced a national search for Stanchfield's replacement.

Stanchfield, a native of Washington, D.C., told the Board he was confident he was leaving the administration of the WRS in very capable hands and that the system will continue to be one of the best-funded and respected systems in the country. He said the Department is well positioned to continue its mission to develop and deliver quality benefits and services to members while safeguarding the integrity of the Trust.

27 years of public service

Stanchfield's career with the State of Wisconsin spanned 27 years. He had served ETF since 1987, when he was appointed deputy secretary by agency head Gary Gates; the ETF Board appointed him secretary following Gates' retirement in 1992. During Stanchfield's time as secretary, WRS membership grew from 250,000 participants to more than 530,000 members, with annual benefit payments of more than \$3.2 billion. Stanchfield was also a leader in the development of cost-effective, high-quality public employee group health, life, and disability insurance programs and was known for his expertise in health care and public pension governance, funding, and design.

The ETF Board hopes to complete the recruitment of a new Department secretary this fall.

Contribution Rates to Remain Level in 2008

Required Wisconsin Retirement System (WRS) contribution rates for all employment categories will remain unchanged for next year. At its quarterly meeting in June, the Employee Trust Funds Board (Board) approved the consulting actuary's rate recommendation, which will go into effect for wages and salaries beginning January 1, 2008. The Department had been expecting small rate increases next year, but better-than-anticipated investment returns offset the expected increases. By law, the WRS receives funding from three separate sources: employee contributions, employer contributions,

and investment earnings. Together, these must be sufficient to meet the present and future pension and benefit commitments of the system. Stable contribution rates are a very good sign that the WRS is achieving the intended goal of financial stability and continues to be well funded. In other action, the Board approved the actuary's recommendation to reduce contribution rates for the Accumulated Sick Leave Conversion Credit Program, which covers state employees. The cost of this program has declined steadily over the past three years and will now be 1% of payroll.

SWIB Appoints Bozarth Executive Director

Keith S. Bozarth was appointed executive director of the State of Wisconsin Investment Board (SWIB) in June. SWIB is the separate state agency that invests the assets of the Wisconsin Retirement System (WRS). Bozarth, former chief executive officer of the Orange County Employees Retirement System in California, also has fifteen years of experience with four other public pension systems, including

the Teachers' Retirement System of Illinois and both the State Employees' and Public School Retirement systems in Missouri. Bozarth replaced David Mills, who retired after serving four years as SWIB executive director.

With more than \$87 billion in assets, the WRS is the 9th largest U.S. public pension fund and the 24th largest public or private pension fund in the world.

Did You Know?

- Due to privacy regulations, the Department cannot provide beneficiary information over the phone. It takes several weeks to notify you in writing of your current beneficiary. Completing and sending us a new *Beneficiary Designation* form (ET-2320) is the quickest way to ensure that you have named the beneficiaries you want on your account.
- 88% of Wisconsin Retirement System (WRS) annuities are paid through electronic deposit (also called ACH). This method is far more secure and confidential than receiving a paper check in the mail. To sign up for ACH, send us a completed *Direct Deposit Authorization* form (ET-7282). Complete a new form each time you change your financial institution or when your account number changes.
- Paper annuity checks are mailed on the last mail date of the payment month, including Saturdays. Notify us if your check has not arrived by the

12th of the month. We will stop payment on the original check and mail a replacement in about seven days. Most checks arrive by the 12th; if we have stopped payment on the original check it can no longer be cashed. If you know that your check was thrown out by mistake, stolen, or destroyed, you can contact us immediately.

- Retirees can receive e-mail notification of the availability of *Trust Fund News* online, and we'll stop sending a paper copy to your home. Registering for this service, called E-Routing, is fast and easy. All you need is an e-mail address. To learn more, go to the E-Routing Registration Center at the following Internet address:
<http://wsp3.state.wi.us/state/erouting>

Best ways to obtain WRS forms and brochures:

- Go to the Publications menu of our Internet site <http://etf.wi.gov/publications.htm>.
- Call our toll-free Self-Service Line at 1-877-383-1888.

BOARD CORNER

Candidates Sought for Board Seats

The Department of Employee Trust Funds (ETF) has issued a call for nomination papers for individuals seeking election to two seats on the Teachers Retirement (TR) Board. **Technical college district teachers** who are participating employees in the Wisconsin Retirement System (WRS) and **retired WRS teacher participants** may request nomination papers. The Department plans to conduct elections in January; the winning candidates will serve five-year terms beginning May 1. Completed nomination papers must be received by the Department of Employee Trust Funds by 4:30 p.m., Tuesday, November 13.

To request a packet, contact Ann McCarthy, board election coordinator, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931; e-mail Ann.McCarthy@etf.state.wi.us.

- Please specify the nomination packet wanted:
- Technical college district teacher participant
 - Retired teacher participant

For more information, including meeting schedules, agendas and membership, see the "Governing Boards" section on our Internet site at the following address: http://etf.wi.gov/gov_boards.htm

Early Retirement and the “Rule of 85”

Many Wisconsin Retirement System (WRS) participants believe they can retire early under the WRS with an unreduced formula retirement benefit if they satisfy the “Rule of 85,” that is, if their combined age and years of WRS service total at least 85. However, there really is no “Rule of 85.”

When you retire, the Department of Employee Trust Funds (ETF) calculates your retirement benefits using two separate methods: the formula method and the money purchase method. You do not need to decide which method is best; the Department automatically pays the higher amount.

Formula benefit calculation

Your formula retirement benefit amount is based on four factors: your final average earnings, years of WRS service, the formula multiplier(s) for your employment category(ies), and any applicable reduction for retiring before your “normal retirement age.” Your formula benefit will be reduced for each month of age you are under your normal retirement age when the benefit begins. If you are a general category employee (this includes teachers and educational support employees), your normal retirement age is 65. Normal retirement age for elected officials or executive category employees is 62. If you are a protective occupation employee (for example, police officers and firefighters), your normal retirement age is 54.

However, if you have enough years of service, you may be eligible for an unreduced formula benefit even if you retire before your normal retirement age. If you are a general category employee, an elected official, or an executive category employee, and you are at least 57 years

old and have at least 30 years of WRS service, you are eligible for an unreduced formula retirement benefit. Protective occupation employees may receive unreduced formula benefits if they are 53 years old with at least 25 years of WRS service or 54 years old with less than 25 years of service.

Money purchase benefit calculation

The money purchase method is based solely on two factors: the “money purchase” balance in your account (shown on your annual *Statement of Benefits*) and your age when the benefit begins. Under this method, ETF calculates the amount of annuity that your account can “purchase,” based on your projected life expectancy. Your years of WRS service have no effect on the amount of your money purchase retirement benefit. The money purchase calculation is identical for all employment categories and there is no reduction for early retirement.

For more information:

- Review your annual *Statement of Benefits* for formula and money purchase benefit projections based on your current account balances.
- Use our WRS Retirement Benefits Calculator to calculate your own projections.
- Review our brochure, *Calculating Your Retirement Benefits* (ET-4107).
- Review our video, *Calculating Your Retirement Benefits Online*.

You will find the brochure, the calculator and the online video on our Internet site at <http://etf.wi.gov>.

Annuitants: Receive *Trust Fund News* Electronically

Registration is ongoing for retired members who want to receive *Trust Fund News* electronically, via E-Routing. A service of the Department of Administration, E-Routing offers e-mail notification of the availability of the latest issue of *Trust Fund News*. Members voluntarily forgo receiving a paper copy of the newsletter and instead

read it online. Simply register on the E-Routing database with a current e-mail address and select *Trust Fund News* for E-Routing delivery. To learn more, go to the registration center at the following Internet address:

<http://wsp3.state.wi.us/state/erouting>

Tax Liabilities on WRS Annuities

When you retire, most of your Wisconsin Retirement System (WRS) benefit will be taxable income. The only portion of your annuity not subject to income tax is the amount based on any employee contributions that were made with “after-tax” dollars. That amount is called your “Investment in Contract,” which is shown on your annual *Statement of Benefits*. Most WRS employers pay most or all of the WRS employee contribution as a fringe benefit, so most annuities are either fully taxable or the non-taxable portion is very small.

If you have made voluntary additional after tax contributions to your account, a larger portion of your annuity will be tax exempt. However, the portion of your additional annuity based on investment earnings credited to your additional account will be taxable. All benefits paid from tax-deferred additional contributions are fully taxable.

Did you know...

- If you will not have a Wisconsin state income

tax liability for 2007, but are having the Department of Employee Trust Funds (ETF) withhold state income tax from any of your 2007 annuity payments, you can request that we refund the state tax withheld directly to you rather than getting the refund through filing a Wisconsin income tax return.

Due to ETF processing deadlines, we must receive your written request by November 1 in order to refund any Wisconsin tax that has been withheld thus far in 2007.

- The Department withholds state income tax only for the state of Wisconsin from your monthly annuity payment. If you live outside of Wisconsin, we cannot withhold taxes for the state in which you reside.
- Your taxable income is determined by all sources of income you had for the year, not just WRS benefits.

ETF's Online Video Library Excellent Source of WRS Benefits-Related Information



Do you want to learn more about your Wisconsin Retirement System (WRS) benefits? Are you about to retire and want to know more about what to expect as a WRS retiree? The Department of Employee Trust Funds (ETF) has two new online presentations providing detailed information on these and other topics of interest to employees as well as retired participants. The previously recorded presentations can be viewed on demand (at anytime) from any computer with an Internet connection.

To access the programs, go to our Video Library at <http://etf.wi.gov/webcasts.htm>.

The newest online videos are as follows:

Now That You're Retired...

This program answers frequently-asked questions from WRS participants as they move into

retirement, acquainting new retirees with what they need to know as they make the adjustment to retirement. Topics covered include: direct deposit, taxes, life and health insurance premiums, interaction with Social Security, and post-retirement pension adjustments.

WRS Benefit Basics

This 75-minute presentation, geared toward new state and local government employees eligible for WRS benefits, summarizes the benefit programs administered by ETF. Topics covered include retirement, separation, and survivor benefits, as well as health and life insurance.

Other titles in the ETF Video Library:

Buying WRS Creditable Service

Annual Retirement Annuity Adjustments

Calculating Your Retirement Benefits Online

How to Complete a Retirement Application

Planning for the Inevitable (Information about Survivor Benefits and Beneficiary Designations)

Retiring Soon? Here's What You Should Do Over the Next 12 Months

The following information is meant to be a general guideline for Wisconsin Retirement System (WRS) members who are planning to retire within the next 12 months. If you are more than a year away from retirement and want to know how much your retirement benefit might be, use our online calculators to project an unofficial estimate. You'll find them at <http://etf.wi.gov>.

12 Months before retirement

- Contact the Social Security Administration for your *Social Security Statement*, a projection of Social Security benefits at age 62 or at your anticipated retirement date, whichever is later. To request your *Statement*, go to <http://www.ssa.gov> or call 1-800-772-1213.
- Contact ETF to request a "retirement packet." The packet will contain informational brochures and forms, including a new beneficiary designation form and an official retirement estimate customized with your information and the benefit payment options available to you. The estimate also serves as your official retirement application. Please note: Due to high demand for retirement services, the current wait time for receiving your retirement packet, once you've requested it, is about 8-10 weeks. Please take this into account as you formulate your retirement plans.
- If you are planning to retire before you reach age 62, we recommend sending us a copy of your *Social Security Statement* so we can use the projected amounts to better prepare your official retirement estimate. Otherwise, we have to use estimated Social Security amounts from our tables to prepare your estimate.

6 months before retirement

- Thoroughly review your retirement estimate and the information in your packet. If you have any questions about any of the annuity options for which you are eligible, it is very important that you contact us for clarification. Your option selection is irrevocable 60 days after the date of your first annuity payment.
- Select your annuity option and file the application with ETF. If you are currently working or in pay status, you may apply up to 90 days before your termination date. If you apply more than 90 days after your termination date, you are not eligible for an immediate annuity and you will lose benefits.

Other items on the "to-do" list...

Health and Life Insurance: If you are eligible for coverage under the state's group health and life insurance programs, your packet will include more detailed information, including post-retirement premium costs and payment methods.

Deferred Compensation:

If you have an account with the Wisconsin Deferred Compensation (WDC) Program, contact the WDC toll-free at 1-877-457-9327 any time before you retire to establish how you want your funds distributed. You have great flexibility as to how and when you can receive your money, but you must begin distributions by age 70 ½. In addition, remember to keep the WDC informed of any changes to your address or beneficiary designation.



Dual-Choice Enrollment Period October 8-26

Review the September edition of *It's Your Benefit* for more details or visit our Internet site, <http://etf.wi.gov>.

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.

Wisconsin Education Association Council-Retired

The Wisconsin Education Association Council-Retired (WEAC-Retired), the only retiree affiliate of the Wisconsin Education Association Council and the National Education Association, now has more than 10,000 members statewide. Membership keeps you connected with colleagues (especially those negotiating with post-retirement benefit providers) and gives you a continuing voice in maintaining quality public education, to which you dedicated so much of your life. Chapter programs deliver current information on critical issues such as Medicare Part D and Social Security; WEAC-R also offers social opportunities and forums

on other topics of interest. At the state and national levels, members have the opportunity to mentor young educators, actively participate in *Read Across America* and attend conferences/workshops. Membership entitles you to purchase quality, low-cost insurance coverage and gives you access to discounts at hundreds of retailers, hotels and restaurants across the country. WEAC-Retired welcomes as members all retired public education personnel (teachers, education support professionals, and administrators). For more information, go to www.weac.org/constit/retired.htm, or call 1-800-362-8034.

Wisconsin Coalition of Annuitants Dental Coverage Announcement

The Wisconsin Coalition of Annuitants has learned that annuitants can purchase dental insurance through the following opportunities -- but only during the October 15 to December 31, 2007, open enrollment.

1. Most state employees have access to DentalBlue payroll deduction plans. For 2008, these same plans at the same 2008 premiums can be purchased by Wisconsin Retirement System (WRS) retirees. Applications and annual premium (paid in full) are due by Dec. 31, 2007. WRS retirees already enrolled will be billed directly. **Note: It is probable that future open enrollment opportunities for new participants will be limited.** To access DentalBlue plan informa-

tion, go to the "Quick Links" section of the Office of State Employment Relations (OSER) Internet site, <http://oser.state.wi.us>; or write to Brian Siegenthaler, DentalBlue, P.O. Box 910, New Glarus, WI 53574. Please identify yourself as a WRS retiree and provide your return mailing address. OSER's site will be updated when 2008 plan information becomes available (2008 premium increases may be substantial). For unresolved problems or questions regarding DentalBlue Insurance, call DentalBlue customer service at 1-800-627-0004.

2. Dental insurance is also available through the Wisconsin Retired Educators' Association. For more information, see the corresponding article below.

Wisconsin Retired Educators' Association

The Wisconsin Retired Educators' Association (WREA) is an independent, non-partisan organization committed to monitoring and improving pension benefits for retired educators and other members of the Wisconsin Retirement System (WRS). WREA offers a broad range of member services including pension fund protection. In addition, a statewide legislative alert network matches constituents to legislators, assuring ongoing communication and participation in the legislative process.

WREA members are also eligible for substantial discounts on long term care insurance, health insurance, travel programs, AAA roadside assistance, and auto and homeowners insurance. In addition, WREA has dental/vision, hearing and prescription drug programs. Two new offerings are an afford-

able whole insurance plan and an identify theft plan. A number of free publications and a newsletter six times a year provide important information.

WREA is a grassroots organization with 12,500 members and 72 local units. It is affiliated with the National Retired Teachers Association (NRTA), AARP's Educator Community.

Annual dues of \$40 for regular members (retired teachers, administrators and school personnel) and \$20.00 for associate members (other annuitants in the WRS, friends of education and active educators) are payable to WREA and can be sent to WREA, 2564 Branch Street, Middleton, WI 53562. Phone (608) 831-5115; FAX (608) 831-1694; Internet site: www.wrea.net.

ETF Sets Fall 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. No reservations are needed. All locations are handicap accessible.

Public Presentations

Appleton	Weds., Oct. 10	Fox Valley Technical College-Cafeteria, 1825 N. Bluemound Dr., Appleton
Baraboo	Tues., Sep. 25	Jack Young Middle School-Auditorium, 1531 Draper St., Baraboo
Eau Claire	Weds., Oct. 10	Chippewa Valley Technical College-Auditorium Rm. 103, 620 W. Clairemont Ave., Eau Claire
Green Bay	Thurs., Oct. 25	Southwest High School-Auditorium, 1331 Packerland Dr., Green Bay
Hudson	Thurs., Sep. 27*	St. Croix County Government Center-Community Room, 1101 Carmichael Rd., Hudson; use lower parking lot
Janesville	Tues., Nov. 13	Marshall Middle School-Cafeteria, 25 S. Pontiac St., Janesville
Kenosha	Tues., Oct. 23	Tremper High School-Auditorium, 8560 26th Ave., Kenosha
La Crosse	Weds., Oct. 24	Hogan Administrative Center-Auditorium, 807 East Ave. S, La Crosse
Madison	Thurs., Nov. 1	Monona Grove High School-Auditorium, 4400 Monona Dr., Madison
Madison	Thurs., Nov. 8**	
** Live Internet Broadcast.....Watch live online or attend in-person at the Department of Employee Trust Funds-Conference Rm. GB, 801 W. Badger Road, Madison; Reservations required (limited seating; Go to http://etf.wi.gov for details.		
Minocqua	Thurs., Sep. 27	Lakeland Union High School-Auditorium, 9573 Hwy 70 W., Minocqua
Pewaukee	Tues., Oct. 23*	Waukesha County Technical College-Richard T. Anderson College Center, 800 Main St., Pewaukee; free parking in lots 7,8,9
Platteville	Weds., Nov. 7	UW-Platteville Pioneer Student Center-Univ. Rooms, 1 University Plaza, Platteville
Sheboygan	Weds., Oct. 3	South High School-Commons Room, 3128 S. 12th St., Sheboygan
Spoooner	Tues., Oct. 9	Spoooner Middle School-Cafeteria, 500 College St., Spooner
Superior	Thurs., Sept. 20*	Superior High School-Performing Arts Center, 2600 Catlin Av., Superior
	* 6:30 p.m. to 8:30 p.m.	
Wausau	Tues., Oct. 2	John Muir Middle School-Auditorium, 1400 W. Stewart Ave., Wausau
West Allis	Thurs., Oct. 4	Nathan Hale School-Auditorium, 11601 W. Lincoln Ave., West Allis
West Bend	Weds., Nov. 14	West Bend High School-East Cafeteria, 1305 E. Decorah Rd., West Bend; park on east side of building
Wisconsin Rapids	Tues., Oct. 30	Lincoln Sr. High School-Perf. Arts Center, 1801 16th St. South, Wisconsin Rapids

ETF Offers Group Counseling Appointments

The Department of Employee Trust Funds (ETF) offers small group appointments for Wisconsin Retirement System (WRS) members approaching retirement. The two-hour sessions, designed for up to ten participants and guests, are held three times a week in the Department's Madison office, located at 801 W. Badger Road. On Mondays and Wednesdays sessions begin at 1:00 p.m.; Thursday sessions begin at 8:30 a.m. Sessions are offered Tuesdays in ETF's Waukesha office, located at 141 N.W. Barstow Street, Room 411.

In group retirement sessions, participants receive an overview of WRS benefits and annuity calculations, along with a step-by-step explanation of the retirement estimate,

annuity options, and application process. Participants may ask questions throughout the session and benefit from the questions, comments, and information on the retirement process shared by other session participants. While it is necessary to make an appointment for a group counseling session, attendance can usually be scheduled much sooner than with our individual appointments.

To make a group counseling appointment, call ETF's 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;
- Bring the retirement packet to the session.

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**Send an e-mail via our Internet
site:** <http://etf.wi.gov>

Fax Number: (608) 267-4549

Appointments: (608) 266-5717
Madison: appointments recom-
mended; 801 W. Badger Road

Waukesha: appointments required;
141 N.W. Barstow St., Rm. 411

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 with-
holding changes (annuitants only).*

Write Us:

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

Telephone Message Center:

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

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 the Wisconsin Relay Service at the numbers listed above. We will try to find another way to provide you with usable information.