

# WRS Numbers from the Member's Point of View

Item 4A – Employee Trust Funds Board

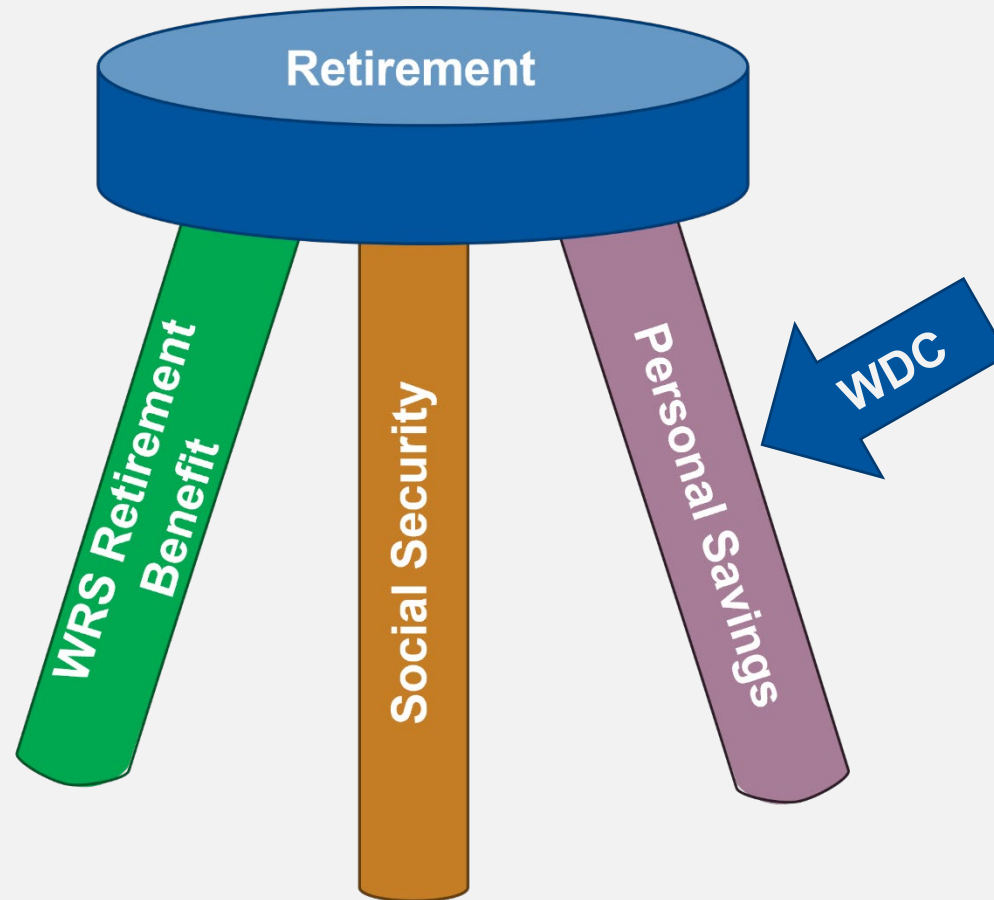
Matt Stohr, Administrator  
Division of Retirement Services




# Purpose of WRS

A “public employee trust fund” is created to **aid public employees in protecting themselves and their beneficiaries against the financial hardships of old age, disability, death, illness and accident**, thereby promoting economy and efficiency in public service by facilitating the attraction and retention of competent employees, by enhancing employee morale, by providing for the orderly and humane departure from service of employees no longer able to perform their duties effectively, by establishing equitable benefit standards throughout public employment, by achieving administrative expense savings and by facilitating transfer of personnel between public employers.

# The Three Parts of Retirement

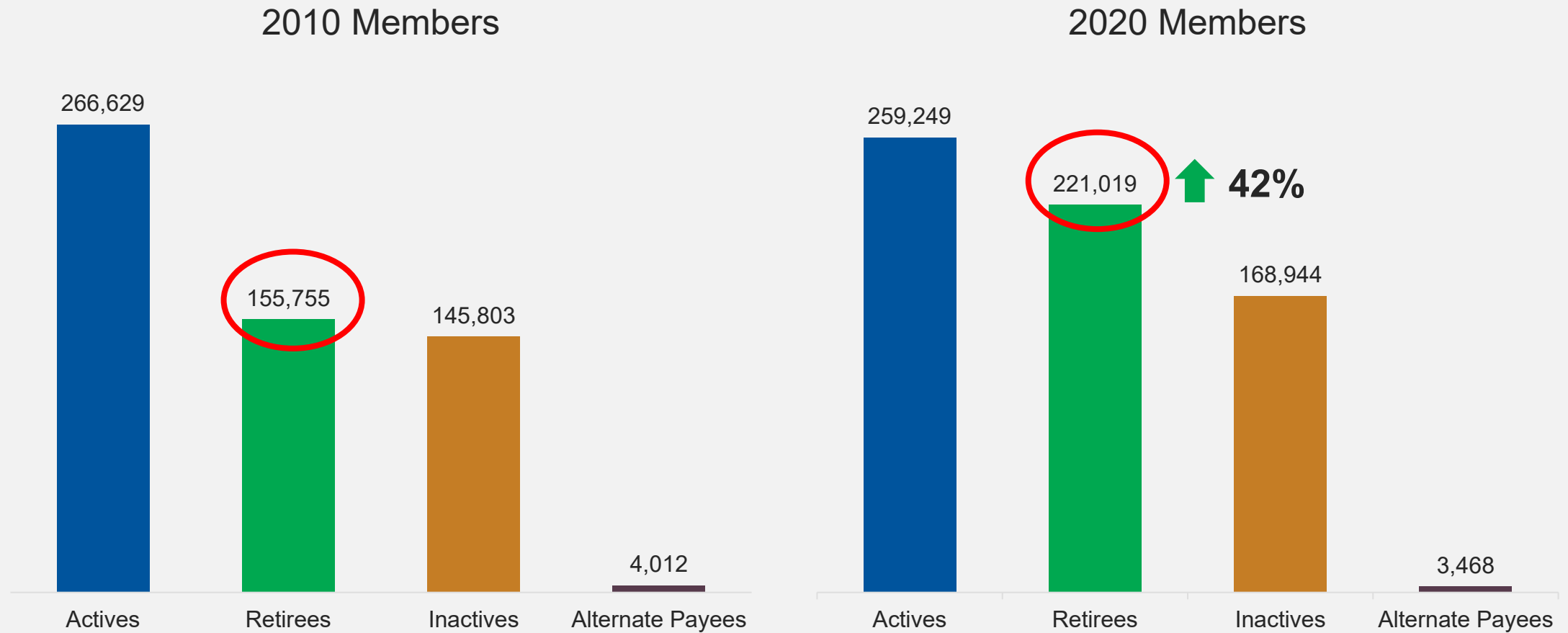




# WRS Demographics-Retirees

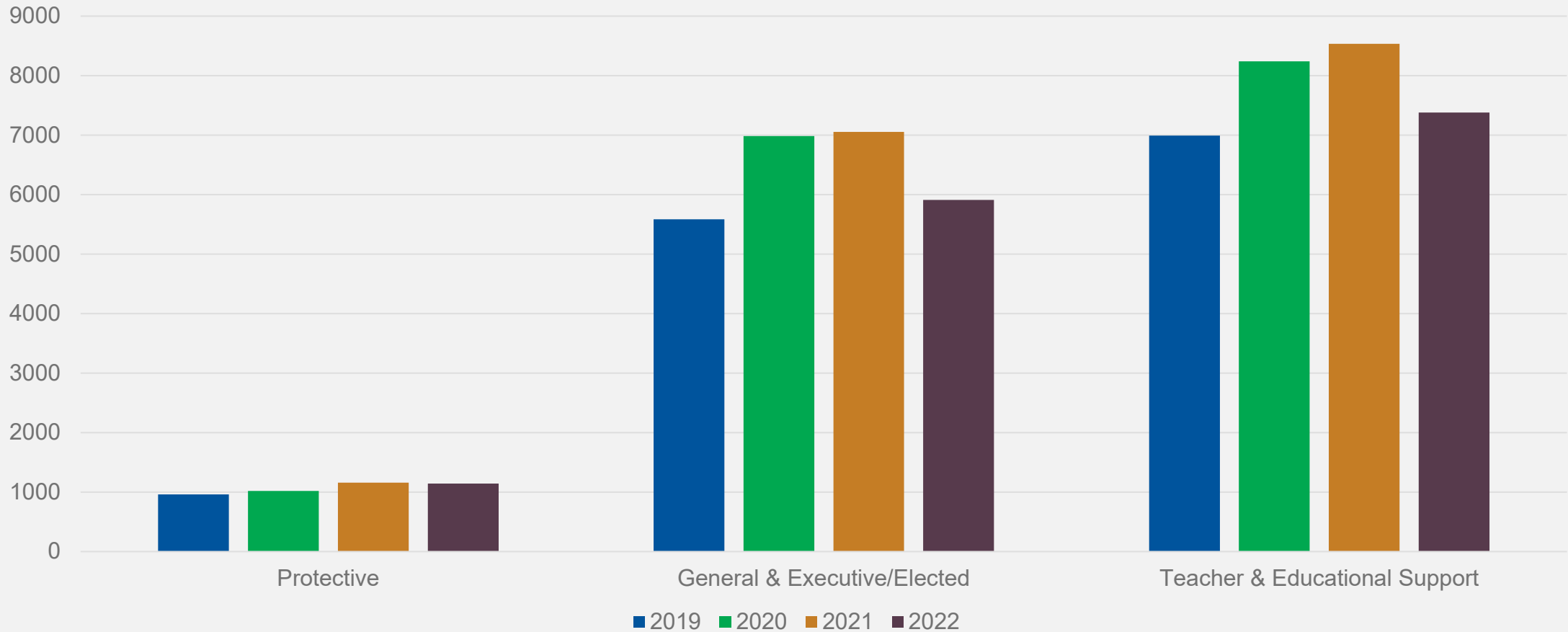
# Number of WRS Retirees

1/3 of membership, 42% increase since 2010



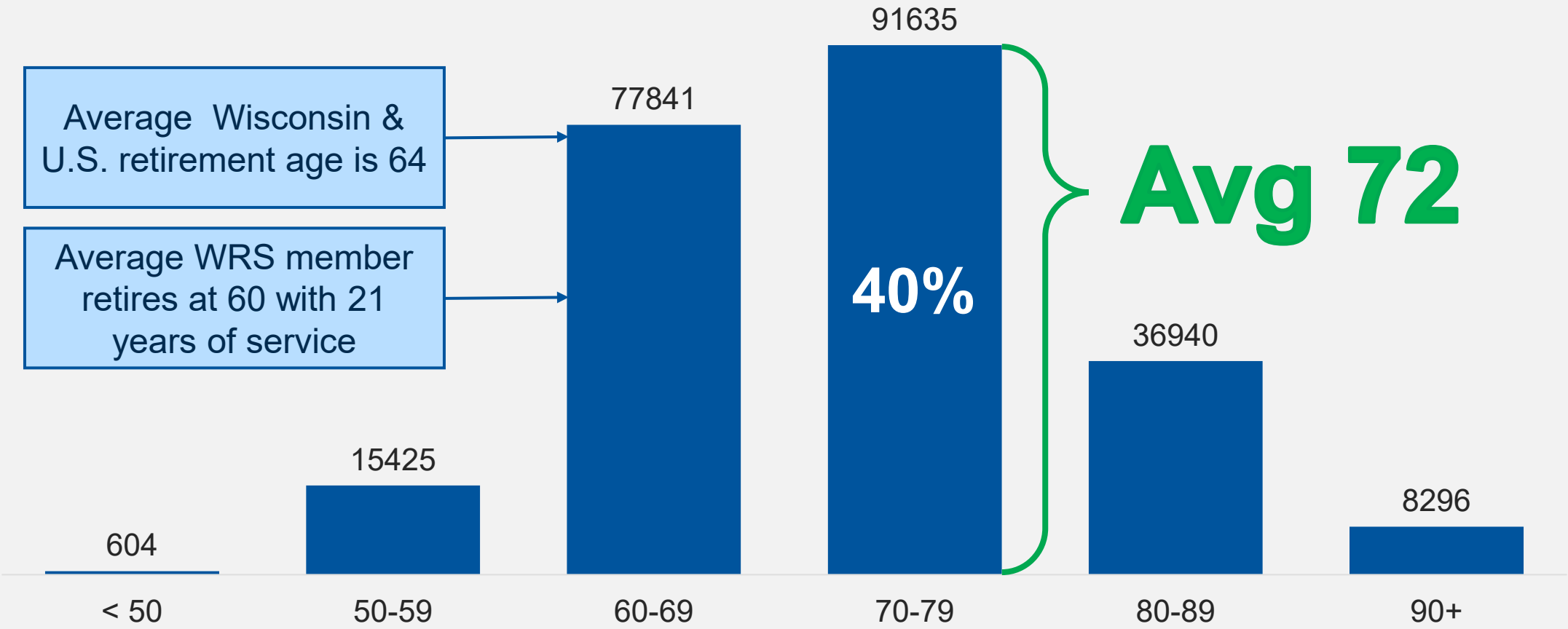
# Number of New Annuities

## By Fiscal Year



# Age of Retirees

40% between 70 and 79



# Participation in ETF Benefit Programs

## WRS

### Health Insurance

- 45,000 covered retirees and dependents

### Sick Leave Credits

- 18,000 state retirees using credits
- Another 6,000 have escrowed/preserved credits

### Deferred Compensation

- Nearly 20,000 retirement age participants (62% state, 38% local) have balances
- 11,300 of these are over age 65

Life Insurance, Supplemental Dental, Vision, Accident, Long-Term Care



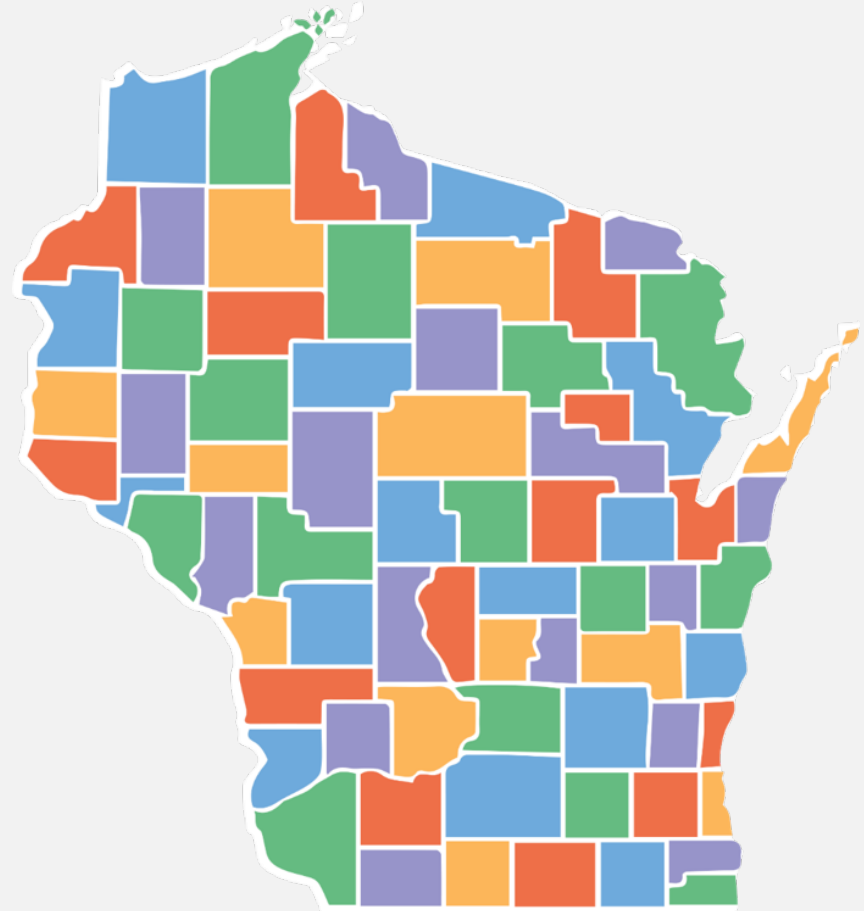


# Where WRS Retirees Live

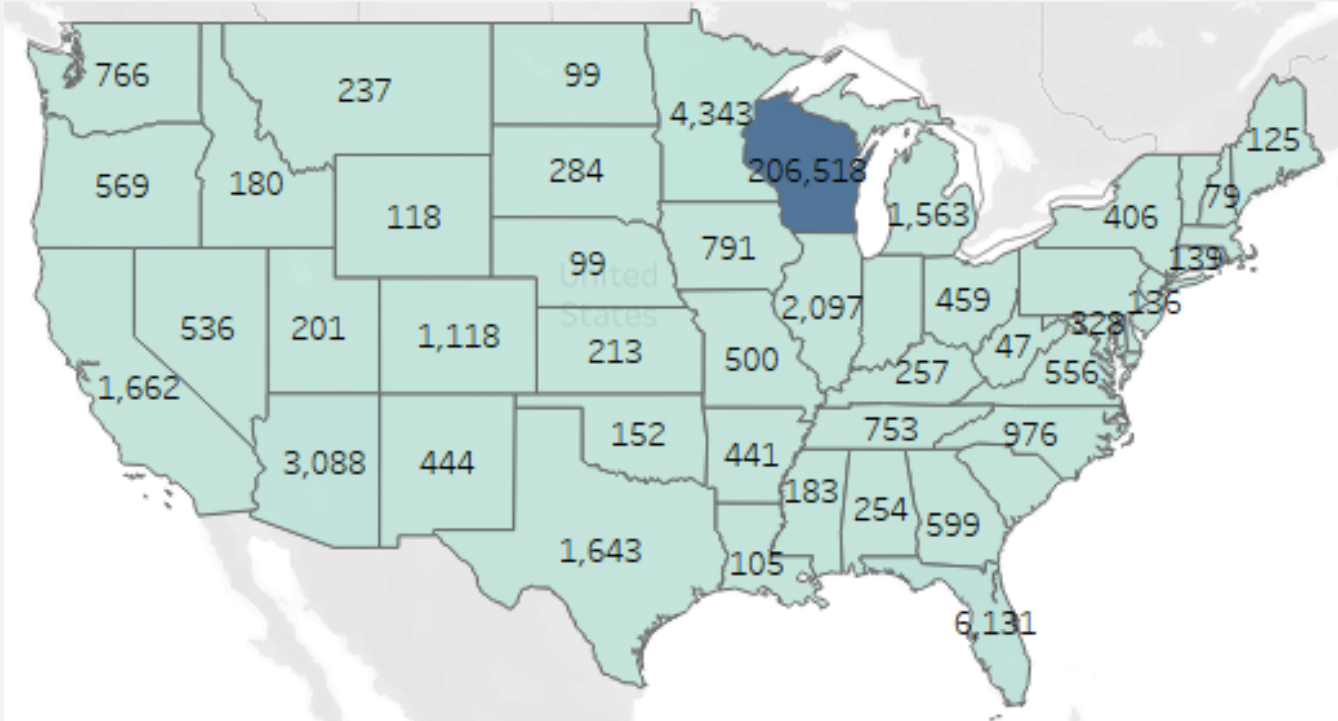
# WRS Retirees in Wisconsin

86%

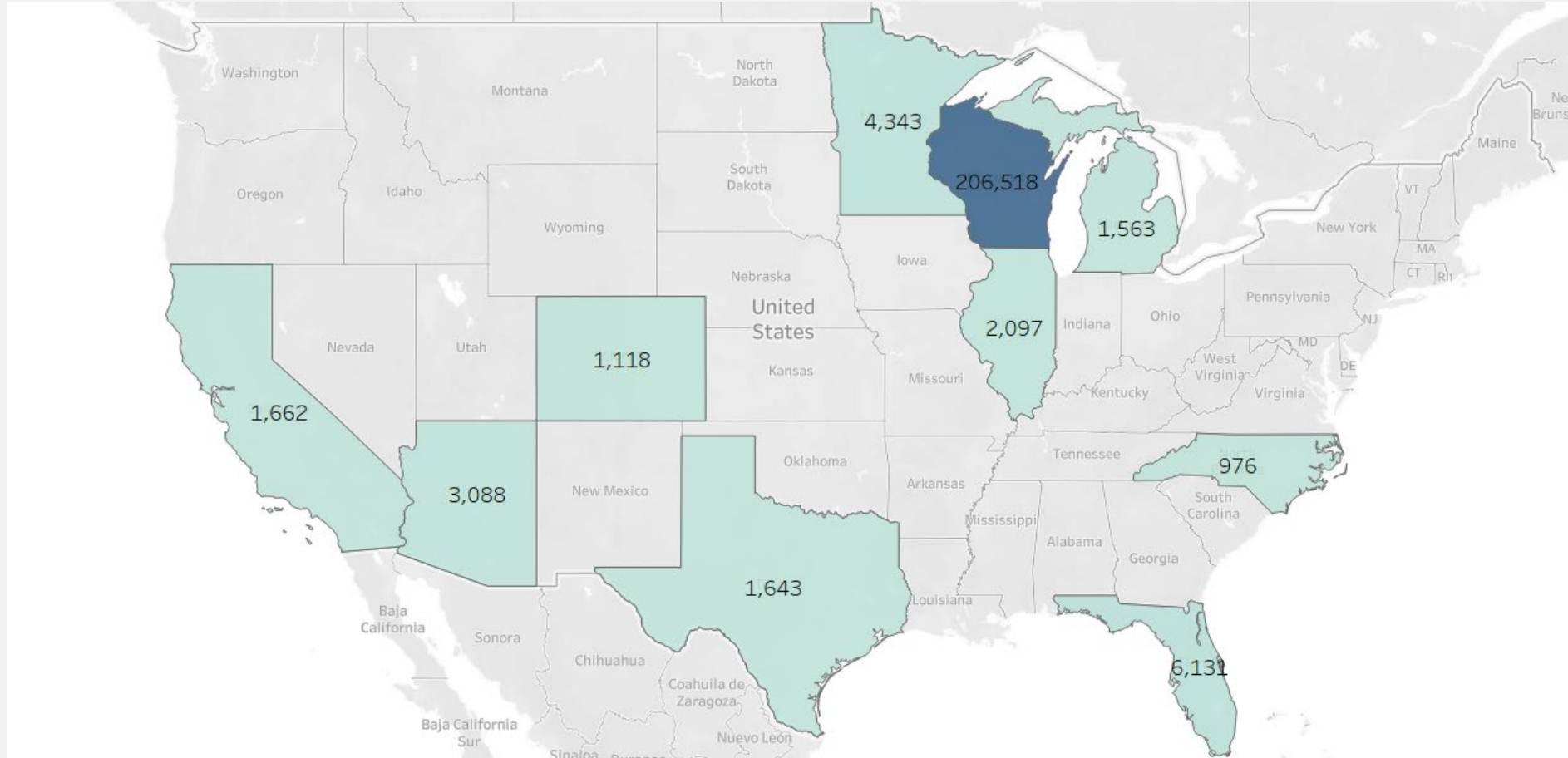
206,518



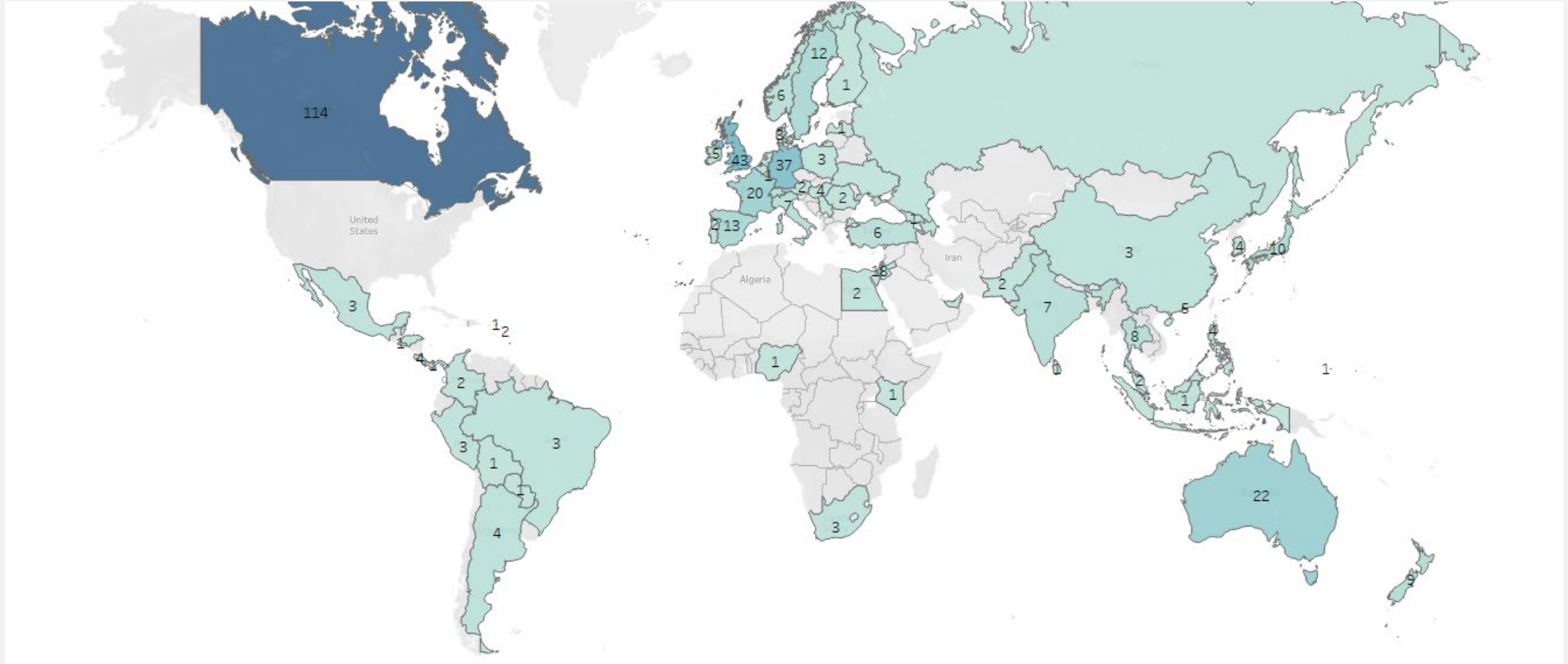
# WRS Retirees in United States



# Top 10 Locations in United States



# WRS Retirees-International Locations





# Financial Wellness

# WRS Annuity Data

Average annuity

\$2,431/month

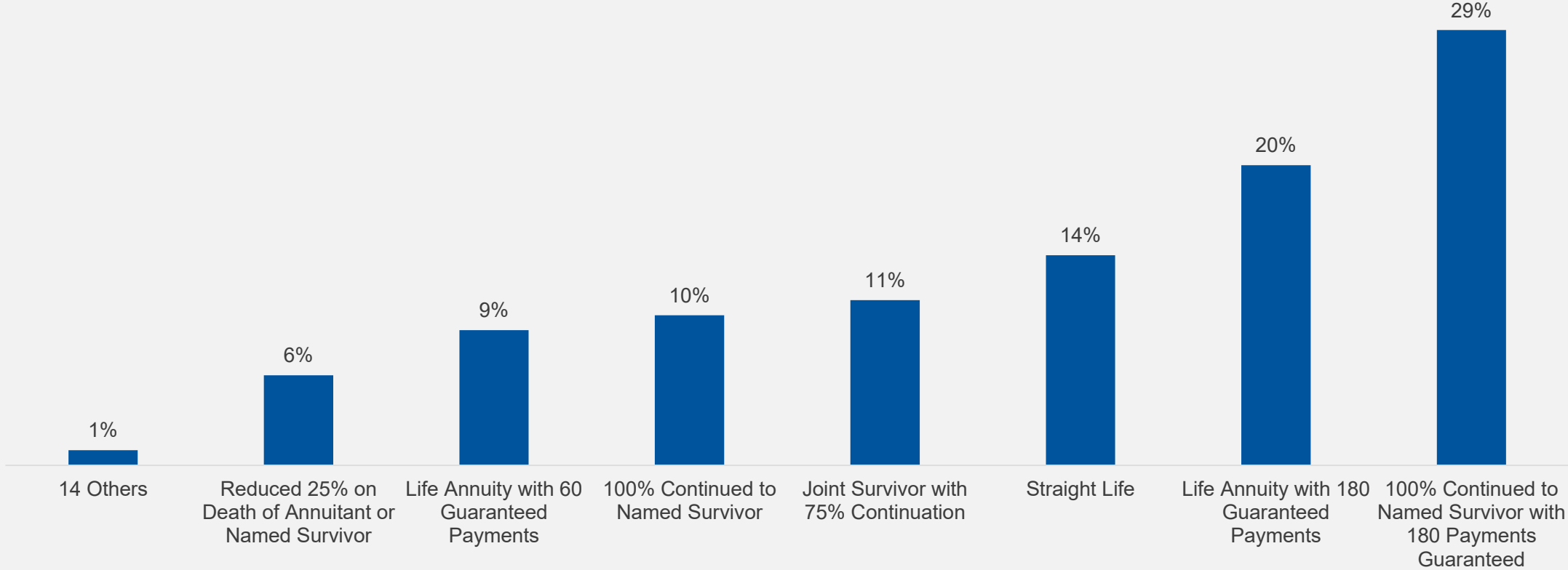
\$29,180/year

Oldest current annuity  
(was effective 7/1/73)

591 monthly  
payments

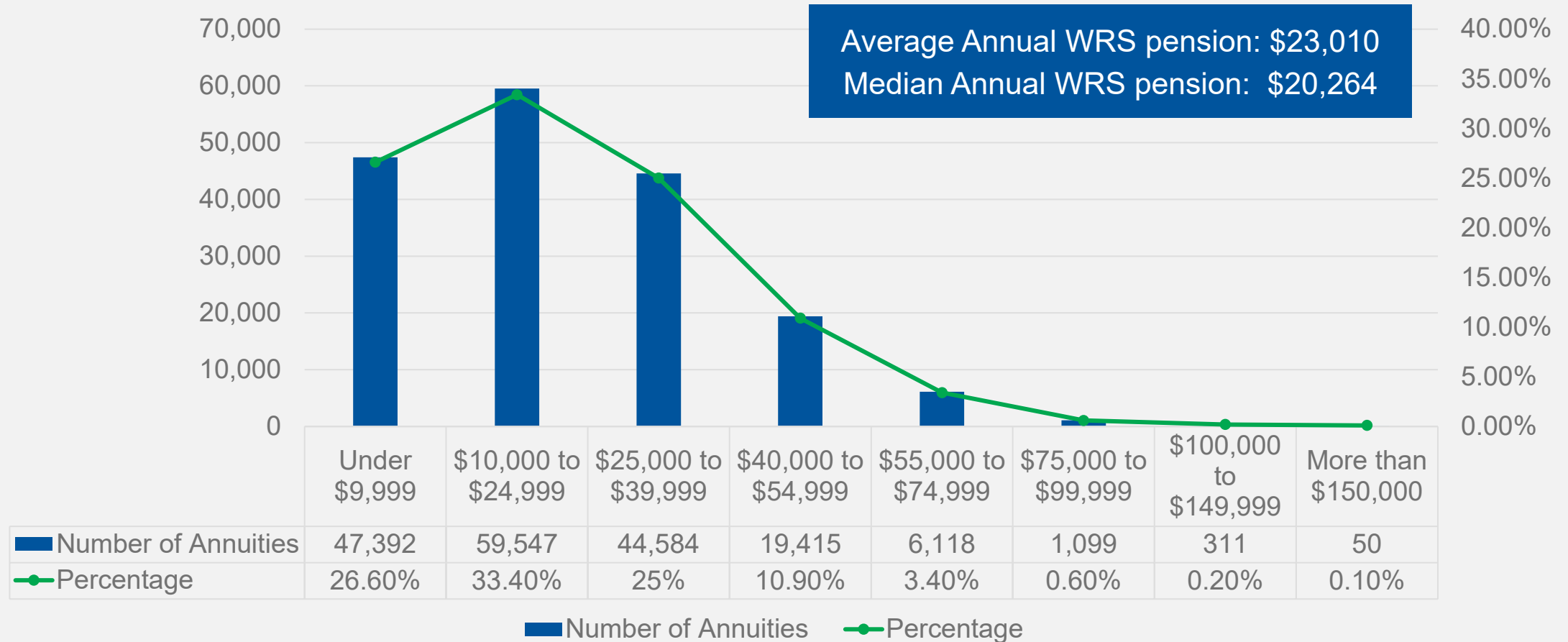
49 years

# WRS Annuity Options Selected



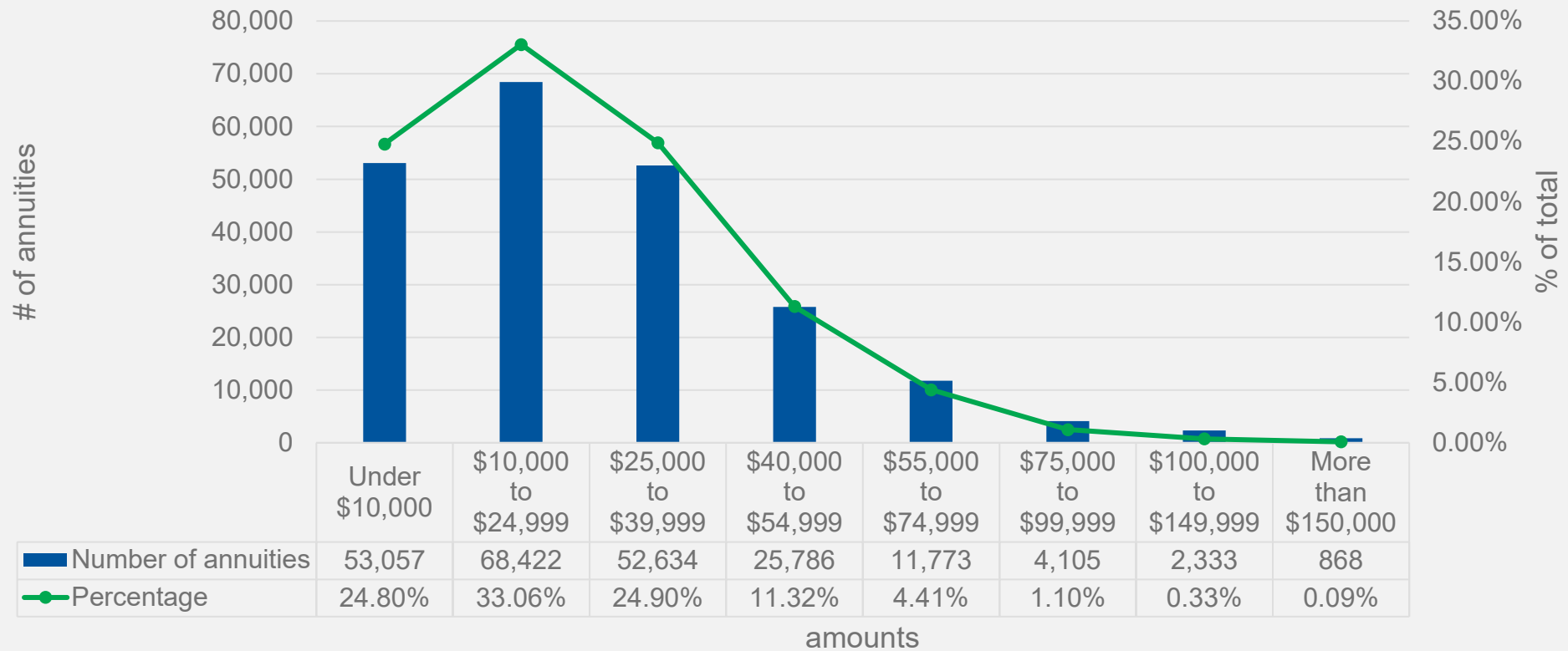


# What did WRS annuities look like in 2012?



# What did WRS annuities look like in 2020?

Number of WRS Annuities by Amount in 2020



■ Number of annuities    ● Percentage



# Retiree Income Replacement

- WRS career employees with 30+ years of creditable service can expect to have between **60 – 95%** of their income replaced
- The WRS, like most retirement plans, provides income replacement at a proportionately lower percentage of pre-retirement gross income for shorter-term employees
- See Table on next slide

## Why the large gap (60 – 95%) in replacement rate?

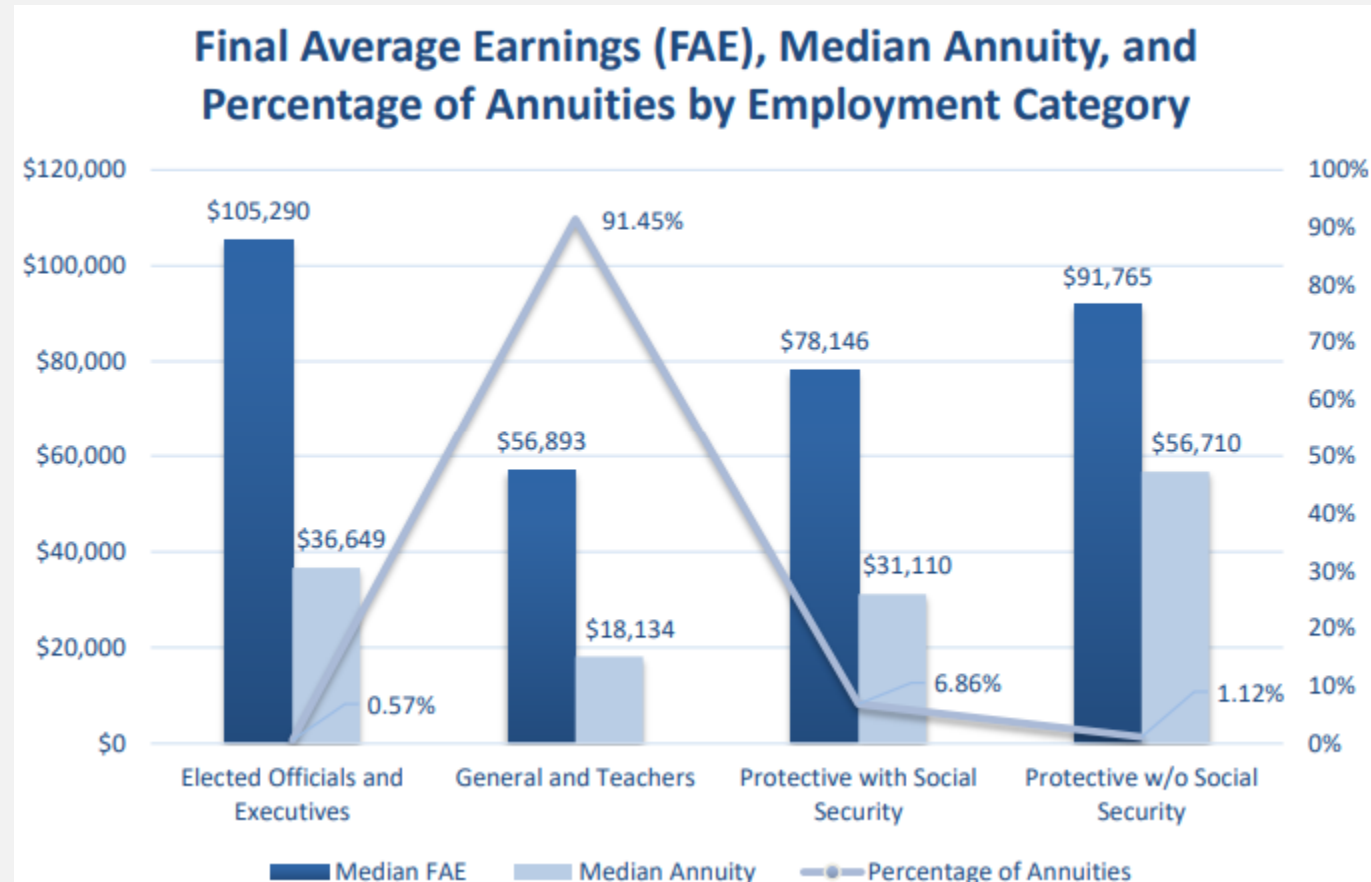
- Replacement includes Social Security (SS) amounts. Because SS is a progressive benefit, lower career income earners will have a higher % of their income replaced
- Ratio will also vary for each WRS member due to earnings history, employment history, benefit option chosen, and individual experience of each WRS member

# Age 65 Annuity Amounts

- Table illustrates a normal age 65 retirement monthly annuity amount at different service and earning amounts

Monthly Final Average Earnings (FAE)	WRS Annuity	Social Security	Monthly Total	
			Amount	% of FAE
<b>35 Years of Service</b>				
\$2,000	\$1,176	\$1,071	\$2,247	112%
3,000	1,764	1,363	3,127	104
4,000	2,352	1,655	4,007	100
5,000	2,940	1,947	4,887	98
<b>25 Years of Service</b>				
\$2,000	\$823	\$1,071	\$1,894	95%
3,000	1,235	1,363	2,598	87
4,000	1,646	1,655	3,301	83
5,000	2,058	1,947	4,005	80
<b>15 Years of Service</b>				
\$2,000	\$480	\$1,071	\$1,551	78%
3,000	720	1,363	2,083	69
4,000	960	1,655	2,615	65
5,000	1,200	1,947	3,147	63

# WRS Replacement Rates w/o Social Security-Version 1



# WRS Replacement Rates w/o Social Security-Version 2

WRS Retirement Data for 2020 <sup>2</sup>						
Employment category	Median years of service	Median age at retirement	Final average earnings at retirement	Median annuity (Annual)	Income replacement ratio <sup>3</sup>	Weighted <sup>4</sup> income replacement ratio
Elected officials and executives	20.39	63	\$105,290	\$36,649.37	34.81%	51.21%
General and teachers	21.27	62	\$56,893	\$18,134.3	31.87%	44.96%
Protective with social security	25.53	53	\$78,146	\$31,110.04	39.81%	46.78%
Protective without social security	25.88	54	\$91,765	\$56,710.14	61.80%	71.64%



# Separated Employees



# Savings Rates for Separated Employees

## Savings Rates for Retirement Systems That Participate in Social Security, by State

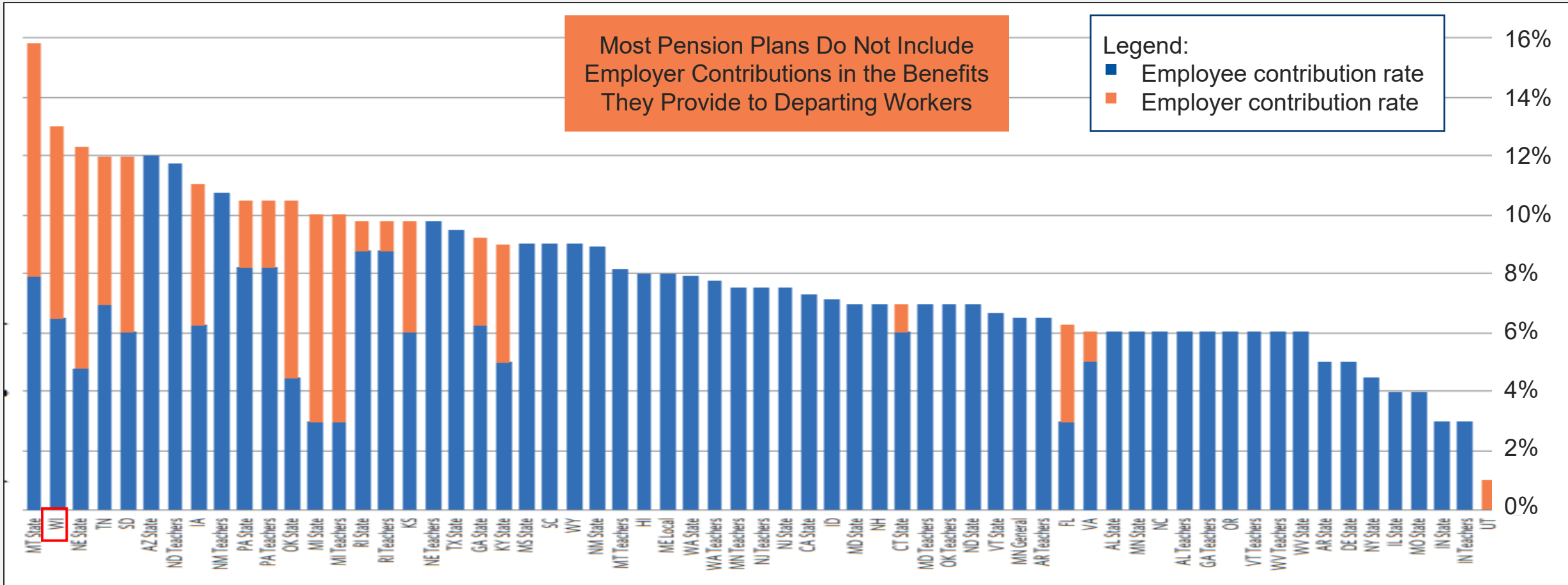
State	Plan name	Employee contribution	Employer contribution	Total savings rate
Montana	Public Employees' Retirement System	7.90%	7.90%	15.80%
Wisconsin	Wisconsin Retirement System	6.50%	6.50%	13.00%
Nebraska	State Employees' Retirement System	4.80%	7.49%	12.29%
Tennessee	Tennessee Consolidated Retirement System	7.00%	5.00%	12.00%
South Dakota	South Dakota Retirement System	6.00%	6.00%	12.00%

Note: These savings rates, shown as a percentage of salary before accounting for accrued interest, assume that workers are fully vested at separation. For systems that offer multiple plans, the rate shown is for the default plans—those that workers are automatically enrolled in if they do not choose a plan.

- Wisconsin is one of only five states (including Montana, Nebraska, South Dakota, and Tennessee), which provides a savings rate for separated employees above 12%
- Experts recommend that individuals save at least 12% to 15%, depending on age and other factors, of their annual salary for retirement  
– Source: Pew Trusts



# Retirement System Savings Rates by Contributor Share as of December 2021



# Some Retirees Return to Work

- 3,500 annuitants, on average over the past decade, return to WRS employment each year
- 125 of those, on average over past 5 years, suspend their annuity by exceeding 2/3 full-time work per 2013 Act 20
- No measure for return to non-WRS paid or volunteer work



# Wisconsin Strong

## 2021 Financial Security Program

- 2,000 of 12,000 participants were retirees
- Online assessment of financial fitness. Results on 1-10 scale:

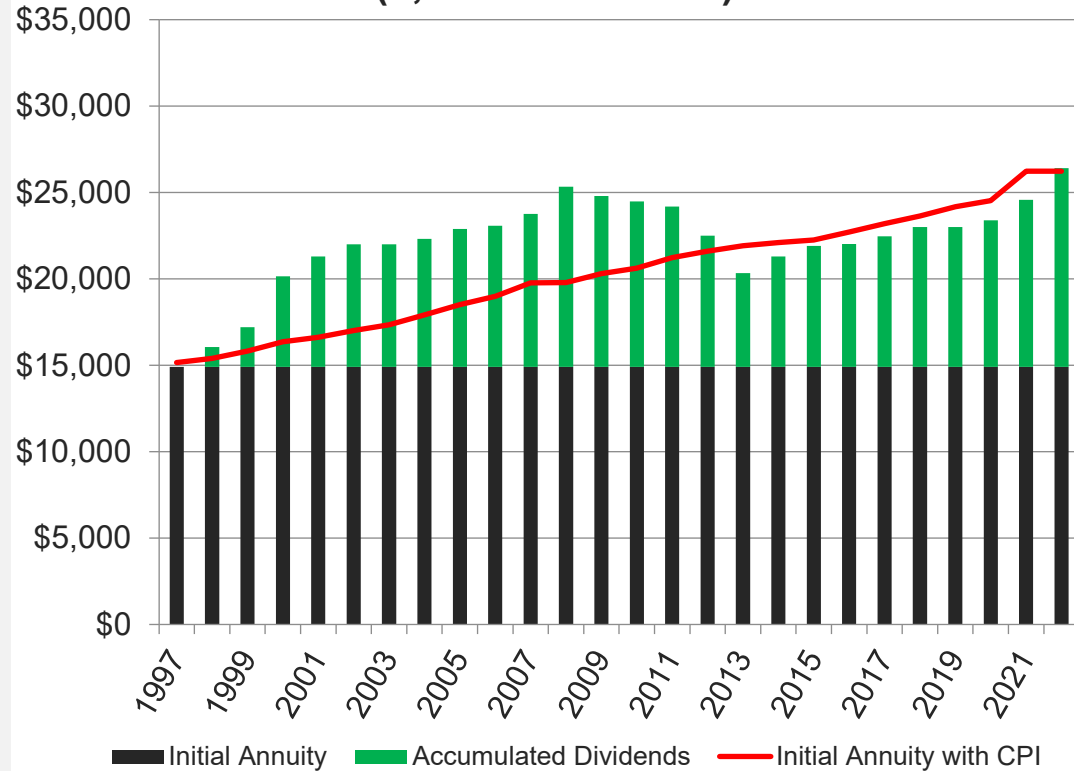
Categories	Employees	Retirees
Aptitude	8.78	9.06
Behavior	8.08	8.36
Confidence	7.35	8.35



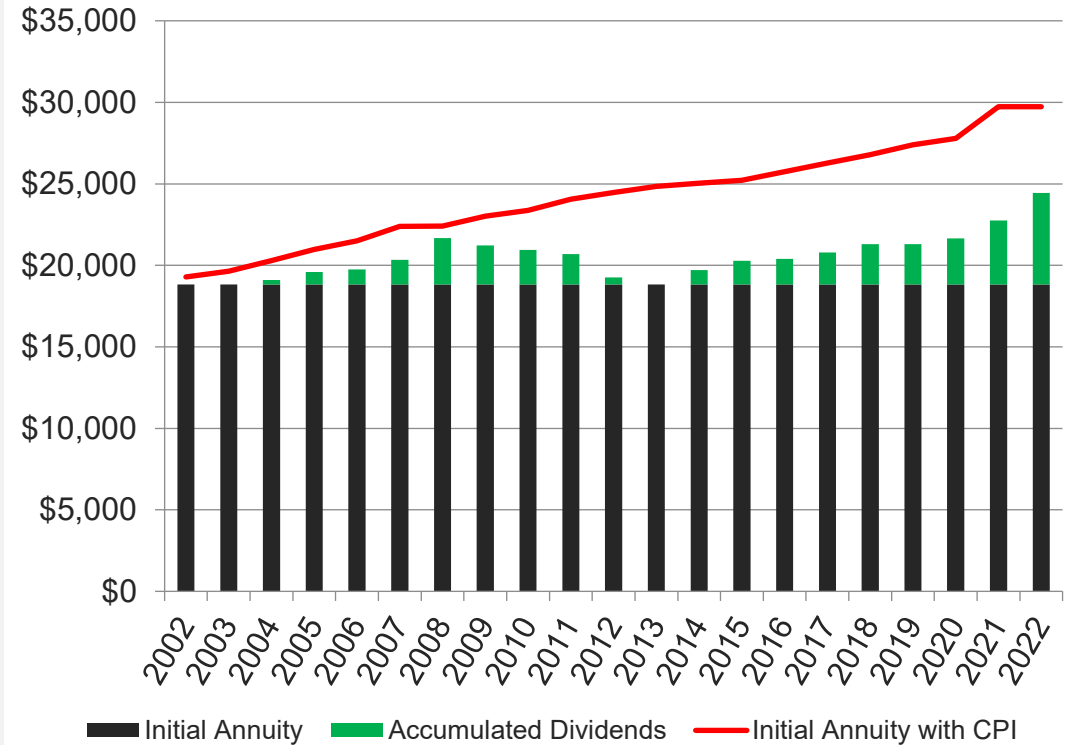
# A Look at Core Annuity Increases versus Cost of Living

# Change in Value of 1997 and 2002 Annuity

**1997 Annuity**  
(3,721 annuitants)

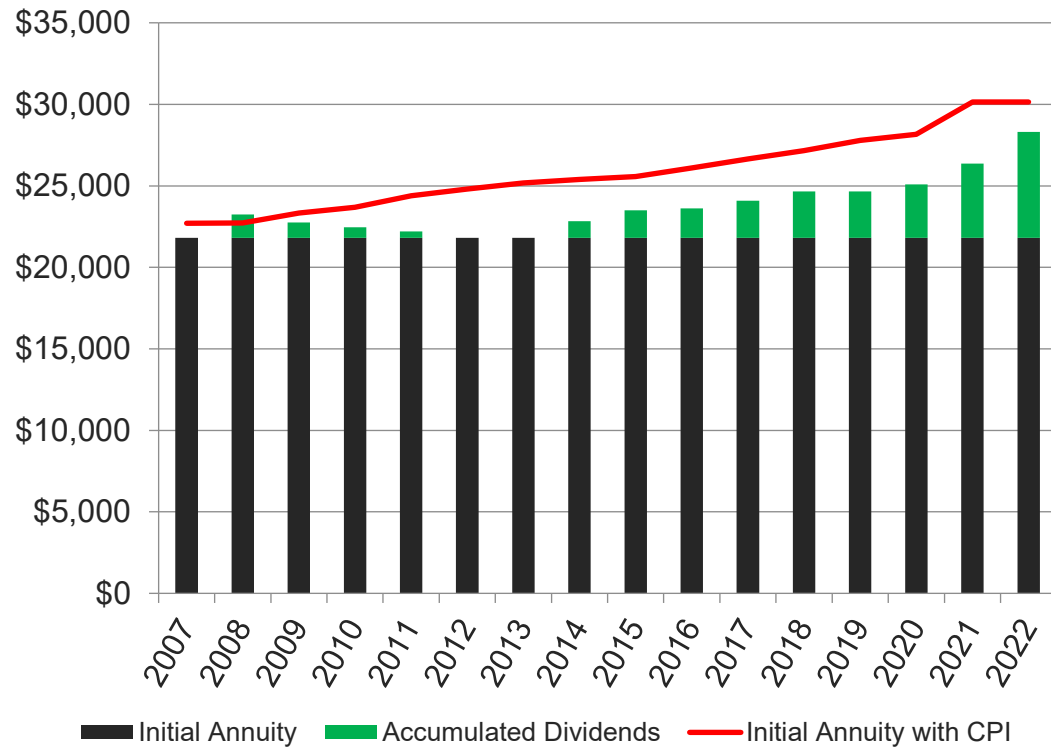


**2002 Annuity**  
(6,097 annuitants)

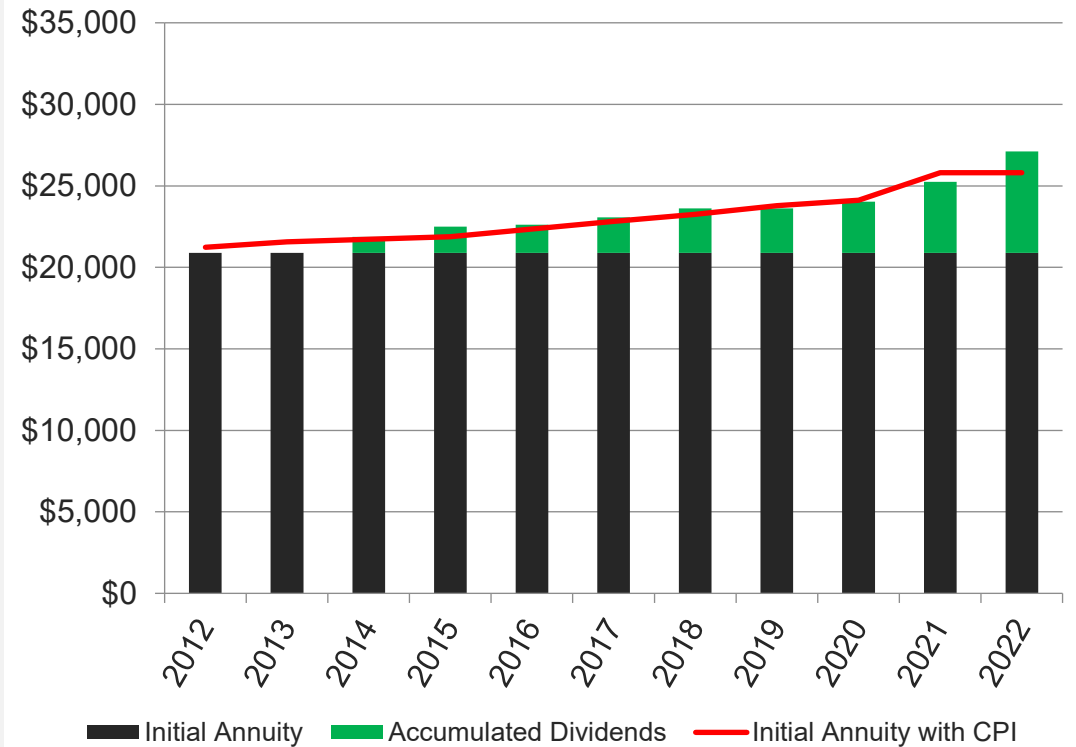


# Change in Value of 2007 and 2012 Annuity

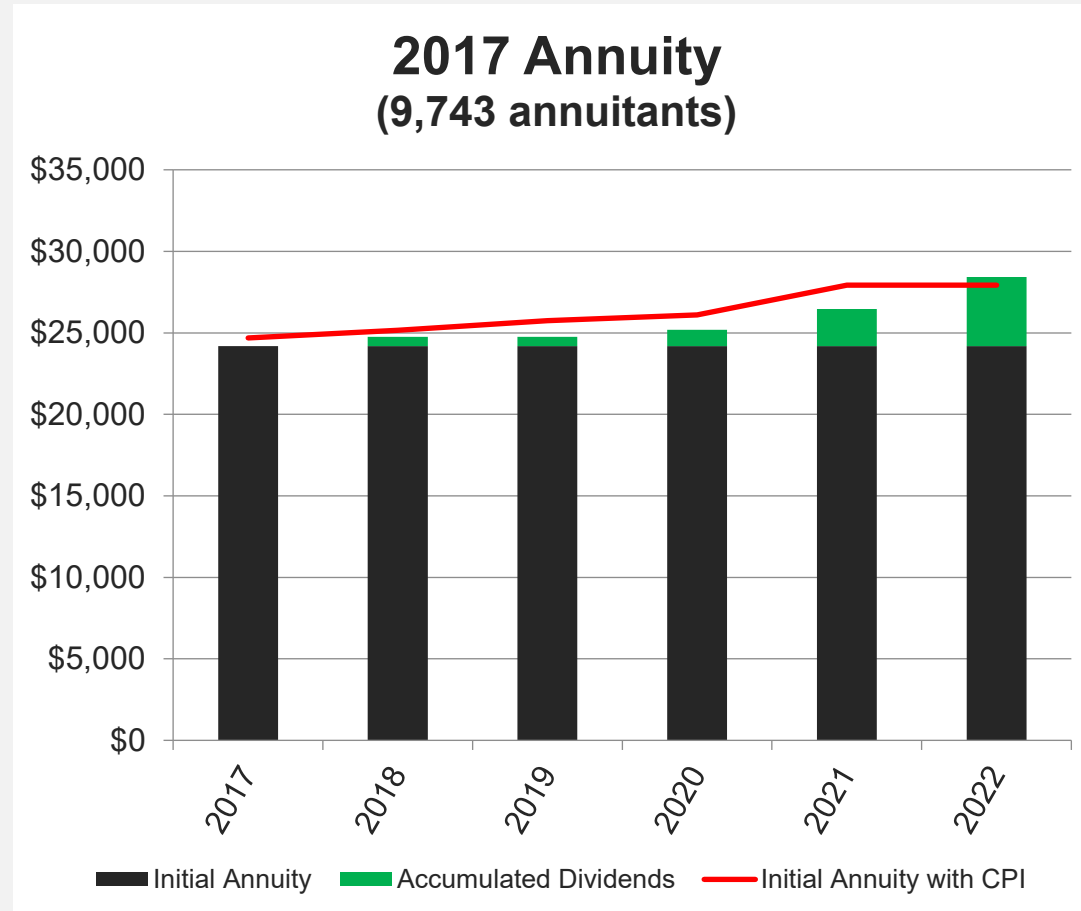
**2007 Annuity**  
(8,041 annuitants)



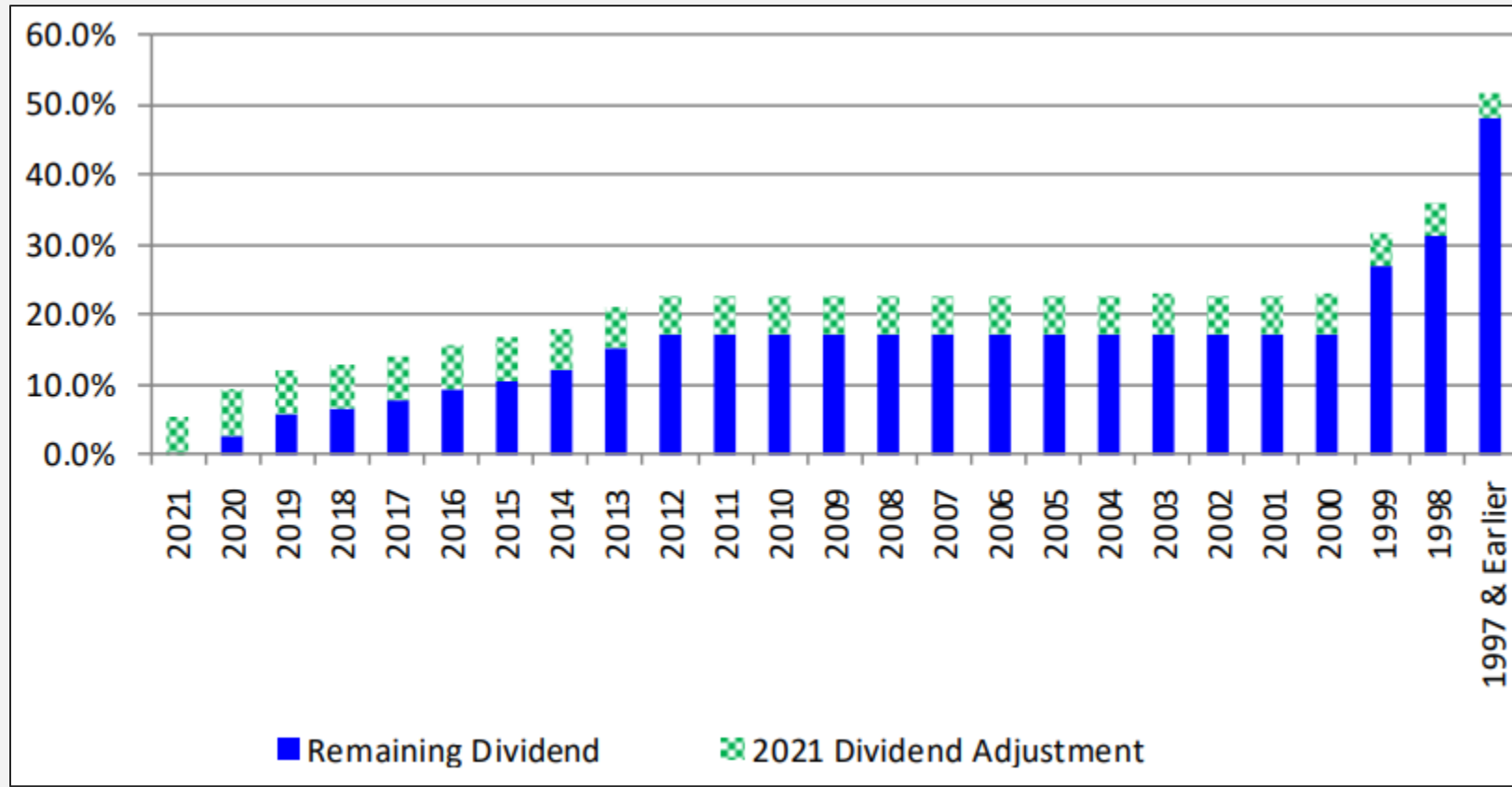
**2012 Annuity**  
(9,376 annuitants)



# Change in Value of 2017 Annuity



# Dividends: Percentage of 2021 vs. Remaining Dividend



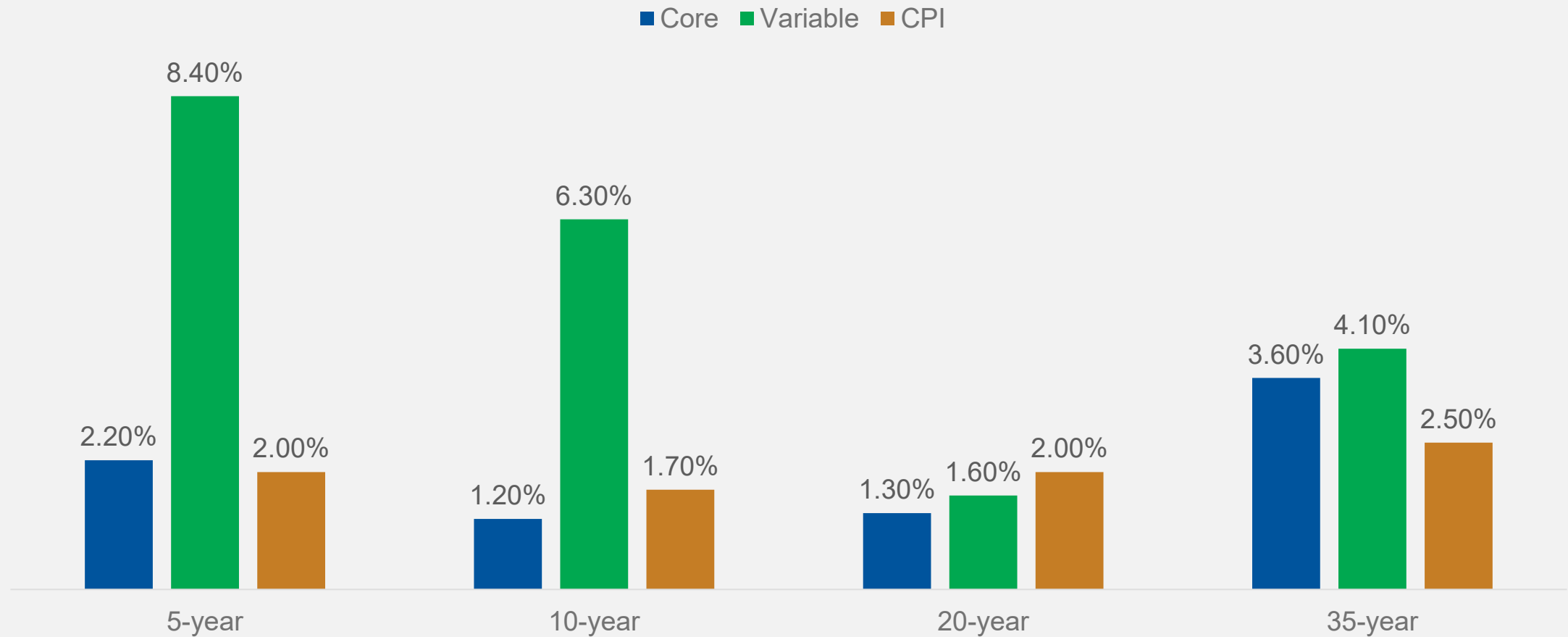


# Current Value of Annuities

If You Retired in	A \$1,000 Core Annuity is Receiving	The Annual Rate of Increase is	A \$1,000 Variable Annuity is Receiving	The Annual Rate of Increase is	The Annual Change in CPI is
2017	\$1,176	3.3%	\$1,656	10.6%	2.9%
2012	\$1,298	2.6%	\$2,273	8.6%	2.1%
2007	\$1,298	1.8%	\$1,661	3.4%	2.2%
2002	\$1,298	1.3%	\$1,837	3.1%	2.3%
1997	\$1,771	2.3%	\$2,249	3.3%	2.3%

Note: Does not include 2022 CPI

# WRS Annuity Adjustments vs CPI



# Sample Accounts

WRS Annuitant: Retired 2007		
Annuity payment Date	April 1, 2019	May 1, 2019
<b>Required Contributions</b>		
Core ("floor")	533.93	533.93
Dividend Gain/Loss	69.89	69.89
One-Time Adjustment	0.00	0.00
<b>Gross Annuity Payment</b>	<b>603.82</b>	<b>603.82</b>
Annuity payment Date	April 1, 2022	May 1, 2022
<b>Required Contributions</b>		
Core ("floor")	533.93	533.93
Dividend Gain/Loss	111.47	159.23
One-Time Adjustment	0.00	0.00
<b>Gross Annuity Payment</b>	<b>645.40</b>	<b>693.16</b>

WRS Annuitant: Retired 2002		
Annuity payment Date	April 1, 2019	May 1, 2019
<b>Required Contributions</b>		
Accelerated Core ("floor")	0.00	0.00
Dividend Gain/Loss	0.00	0.00
One-Time Adjustment	0.00	0.00
Core ("floor")	1,864.20	1,864.20
Dividend Gain/Loss	244.04	244.04
One-Time Adjustment	0.00	0.00
<b>Gross Annuity Payment</b>	<b>2,108.24</b>	<b>2,108.24</b>
Annuity payment Date	April 1, 2022	May 1, 2022
<b>Required Contributions</b>		
Accelerated Core ("floor")	0.00	0.00
Dividend Gain/Loss	0.00	0.00
One-Time Adjustment	0.00	0.00
Core ("floor")	1,864.20	1,864.20
Dividend Gain/Loss	389.23	555.98
One-Time Adjustment	0.00	0.00
<b>Gross Annuity Payment</b>	<b>2,253.43</b>	<b>2,420.18</b>

# Sample Account-Retired 2017

<b>Annuity payment Date</b>	<b>April 1, 2019</b>	<b>May 1, 2019</b>
<b>Required Contributions</b>		
Core ("floor")	4,174.76	4,174.76
Dividend Gain/Loss	75.15	75.15
One-Time Adjustment	0.00	0.00
<b>Gross Annuity Payment</b>	<b>4,249.91</b>	<b>4,249.91</b>
<b>Annuity payment Date</b>	<b>April 1, 2022</b>	<b>May 1, 2022</b>
<b>Required Contributions</b>		
Core ("floor")	4,174.76	4,174.76
Dividend Gain/Loss	367.83	703.97
One-Time Adjustment	0.00	0.00
<b>Gross Annuity Payment</b>	<b>4,542.49</b>	<b>4,878.73</b>

# Retiree Feedback-WRS

## Call Center Contacts

- Mostly happy with WRS benefits and ETF services
- Pleased with 2022 annuity adjustment, concerned about 2023
- Some annuitants forget the annuity option they chose and are surprised when their benefit amount changes after death of named survivor
- Frustration with complex paper forms for changing state and federal tax withholding and lack of online tools

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# Thank you

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608-266-3285  
1-877-533-5020



# Deferred Compensation- Appendix

## Supplemental income-Retirees

# Average 2021 balance by participant age

