

# WRS Employee Benefits Seminar

Learn About Your Retirement Benefits



# You'll Walk Away With...

An overview of these Wisconsin Retirement System (WRS) topics:

- Saving for retirement with your WRS pension
- Survivor benefits
- Beneficiary designation
- Retirement eligibility, benefits and how to apply
- Additional resources

# Who are We?

Department of Employee Trust Funds

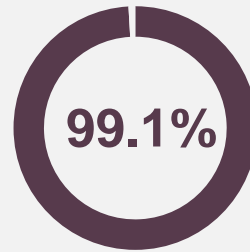
We administer 11 benefit programs



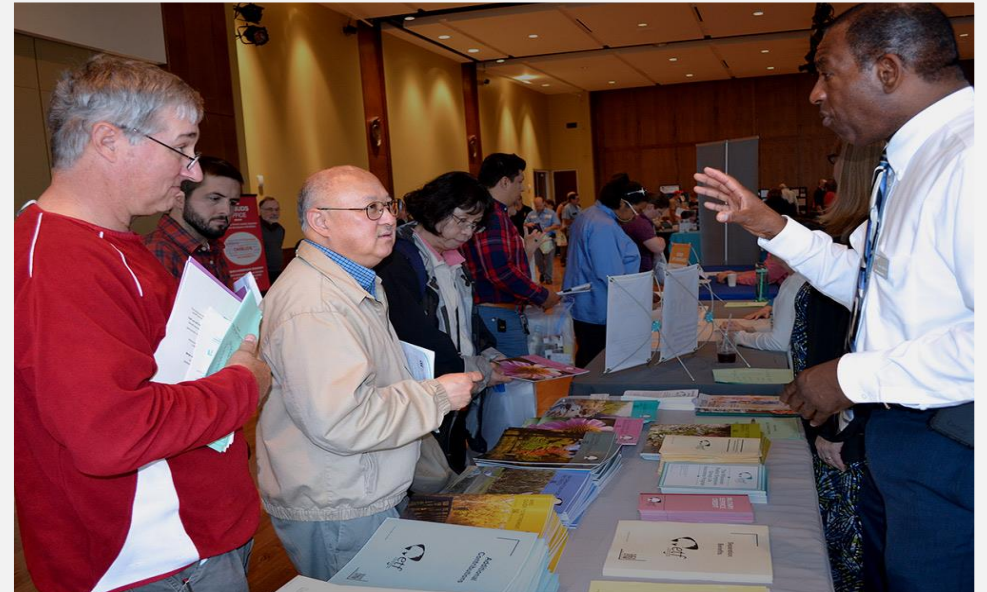
**Largest  
public pension**



**Largest public or  
private pension**



**Fully Funded**





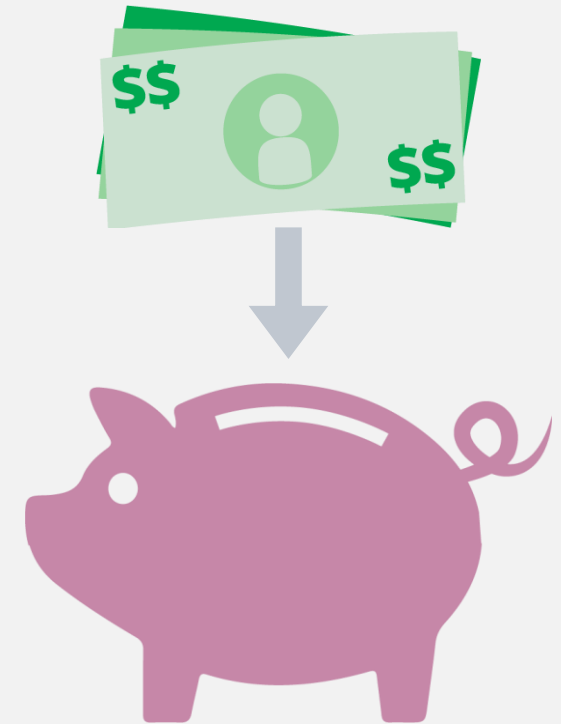


# Saving for Retirement

With Your WRS Pension

# Saving Money for Retirement

- A percentage of each paycheck is set aside for retirement
  - Total is based on your employment category
  - Pre-tax contribution
- You can save more money with additional contributions
  - Payroll deductions or direct contributions
  - After-tax contribution

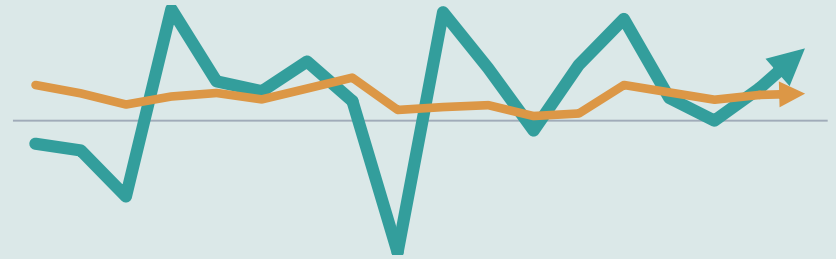


# How Your Contributions are Invested



## Core Fund

- Automatic enrollment for all employees
- Diversified portfolio
  - Guaranteed Core floor when retired
  - 5-year smoothing



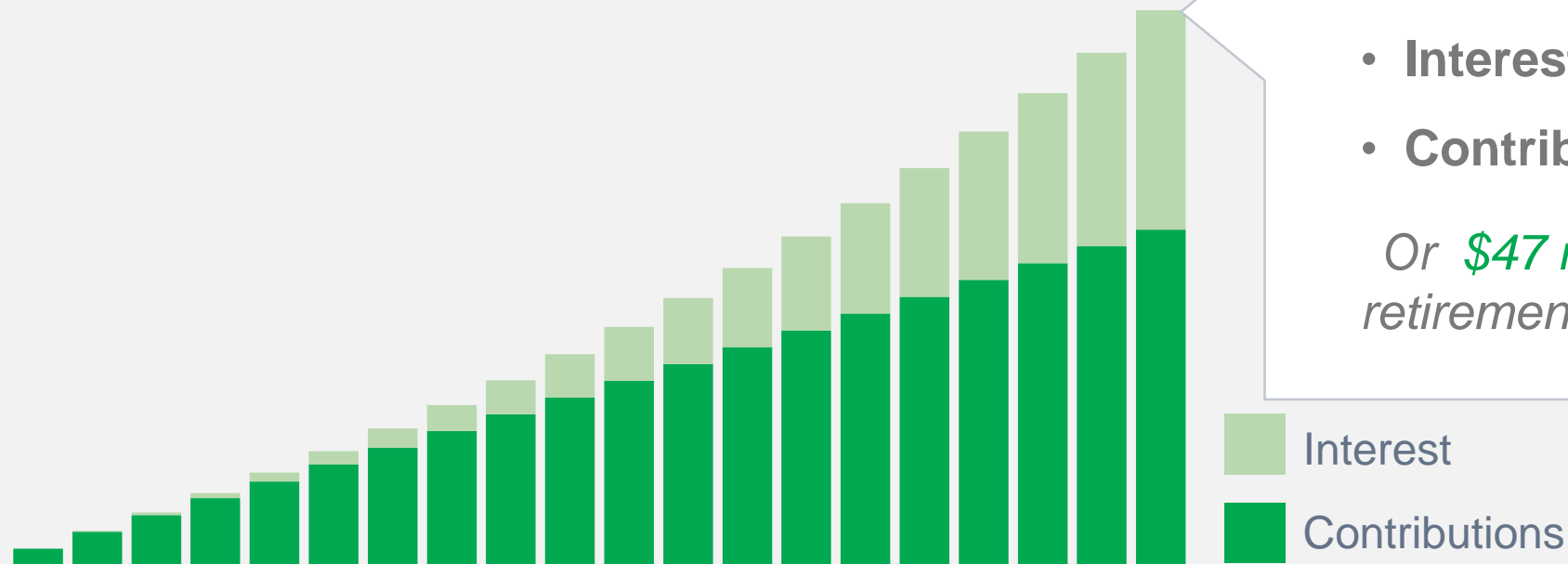
## Core + Variable Fund

- Variable participation is optional
- Variable Fund is a riskier investment
  - Money is not guaranteed. Savings could drop below what you started with
  - 100% Stocks
  - No smoothing
- You can cancel and be in Core only

# Additional Contributions Example

You contribute **\$10 every two weeks**  
Or **\$260 per year**

Assuming a 5% return each year



After 20 Years: **\$8,597.15**

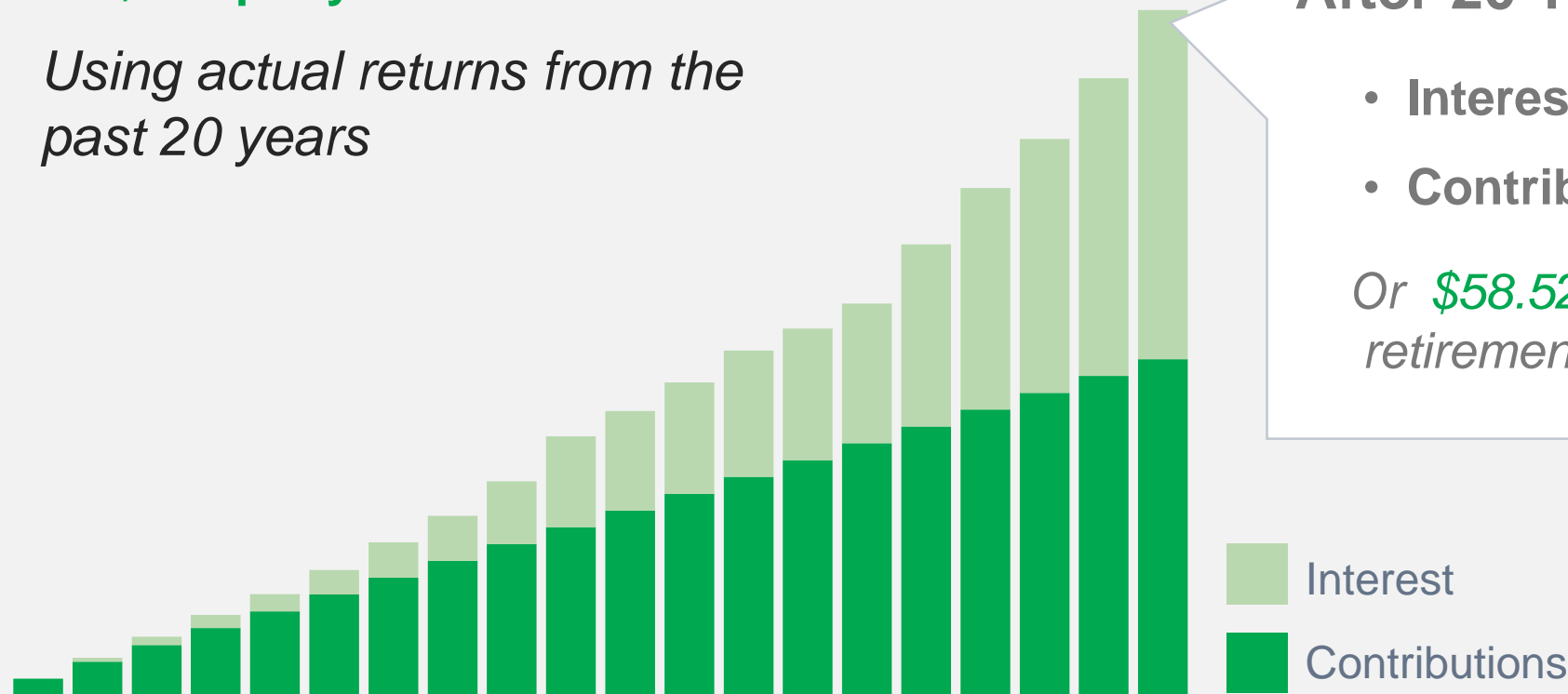
- Interest: \$3,397.15 (taxable)
- Contributions: \$5,200

Or **\$47 more per month** in retirement if you retire at 55.

# Additional Contributions Example

You contribute **\$10 every two weeks**  
Or **\$260 per year**

*Using actual returns from the  
past 20 years*



After 20 Years: **\$10,601.45**

- **Interest:** \$5,401.45 (taxable)
- **Contributions:** \$5,200

Or **\$58.52 more per month** in  
retirement if you retire at 55.



# Annual Statement of Benefits

Shows what happened in the previous year and your current account balances

## January 1, 2017 Annual Statement of Benefits

Please review this document carefully. The amounts shown reflect ETF records as of January 1, 2017 and may be subject to corrections and appeals concerning WRS accounts, service history, earnings, contributions and other records.

Keep this document with your important personal records. Go to [etf.wi.gov](http://etf.wi.gov) for more information.

Member ID: #####

If you plan to retire within the next 12 months, you must contact ETF for a retirement packet that includes an official estimate/application.

### Section 1 - 2016 Earnings and Service

The earnings and service below were reported by your WRS employer for calendar year 2016. Earnings and service for teachers, judges and educational support personnel are also shown for the first-half of the current fiscal year.

<u>Category</u>	<u>Year</u>	<u>Earnings</u>	<u>Years of Service</u>
General	2016	\$55,291.28	1.00

### Section 2 - Years of Creditable Service as of January 1, 2017

Years of service for teachers, judges and educational support personnel are based on fiscal years. This statement shows both fiscal and calendar year service.

<u>Category</u>	<u>Before 2000</u>	<u>After 1999</u>	<u>After Act 10</u>	<u>Total Service</u>
General	7.68	17.00	.00	24.68

<b>Total Years of Creditable Service</b>	7.68	17.00	.00	24.68
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### Section 3 - 2016 Employee Required Contributions

	<u>Core</u>	<u>Variable</u>	<u>Total</u>
January 1, 2016 Balance	\$96,913.89		\$96,913.89
Interest (Core: 7.9%)	\$ .00		\$ .00
Employee Paid Contributions	\$3,649.21		\$3,649.21
Employer Paid Employee Contributions	\$ .01 *		\$ .01 *
Adjustment	\$ .00		\$ .00
<b>January 1, 2017 Balance</b>	<b>\$100,563.11</b>		<b>\$100,563.11</b>

\* Small amounts shown in Employer Paid Employee Contributions occur due to rounding in calculations used to produce this statement or from your employer's payroll system.

Non-taxable portion of employee contributions (investment in contract):	\$766.03
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# Survivor Benefits

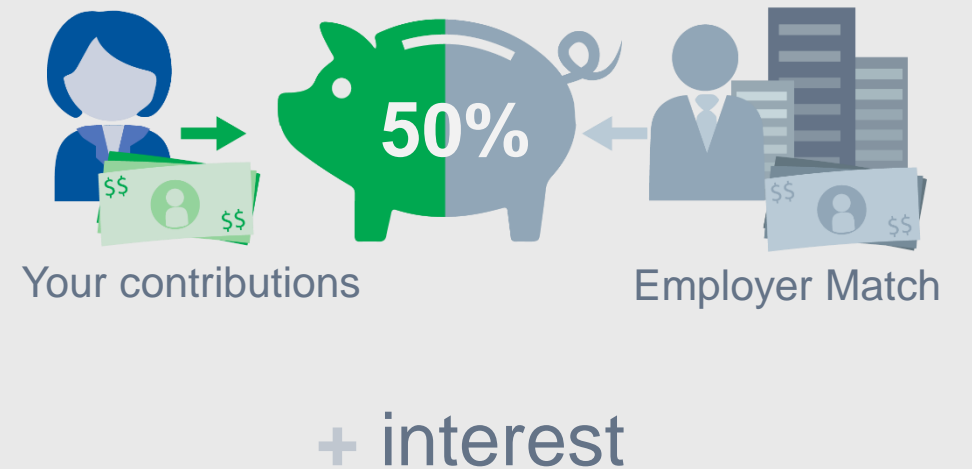
Before Retirement

# Survivor Benefits

## Active Employees



## Inactive Employees



# Who ETF Pays...

- Not paid according to your will
- Paid according to most recent **beneficiary designation**
  - No form on file: ETF follows Standard Sequence

Wisconsin Department of Employee Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931  
etf.wi.gov  
1-877-533-5020 (toll free)

**Beneficiary Designation**  
Wis. Stat. § 40.02 (8) (a) and 40.74

**Do not submit to your employer**

**Complete if applicable**

Beneficiary of:

Alternate Payee of:

**Refer to instructions on reverse**

Type or print in ink

Your name First	Middle I.	Last	Former/maiden	Your Social Security number
Your address (Street number and street name)				Your birth date (MM/DD/YYYY)
City	State	ZIP Code	Your weekday telephone number (Include area code)	

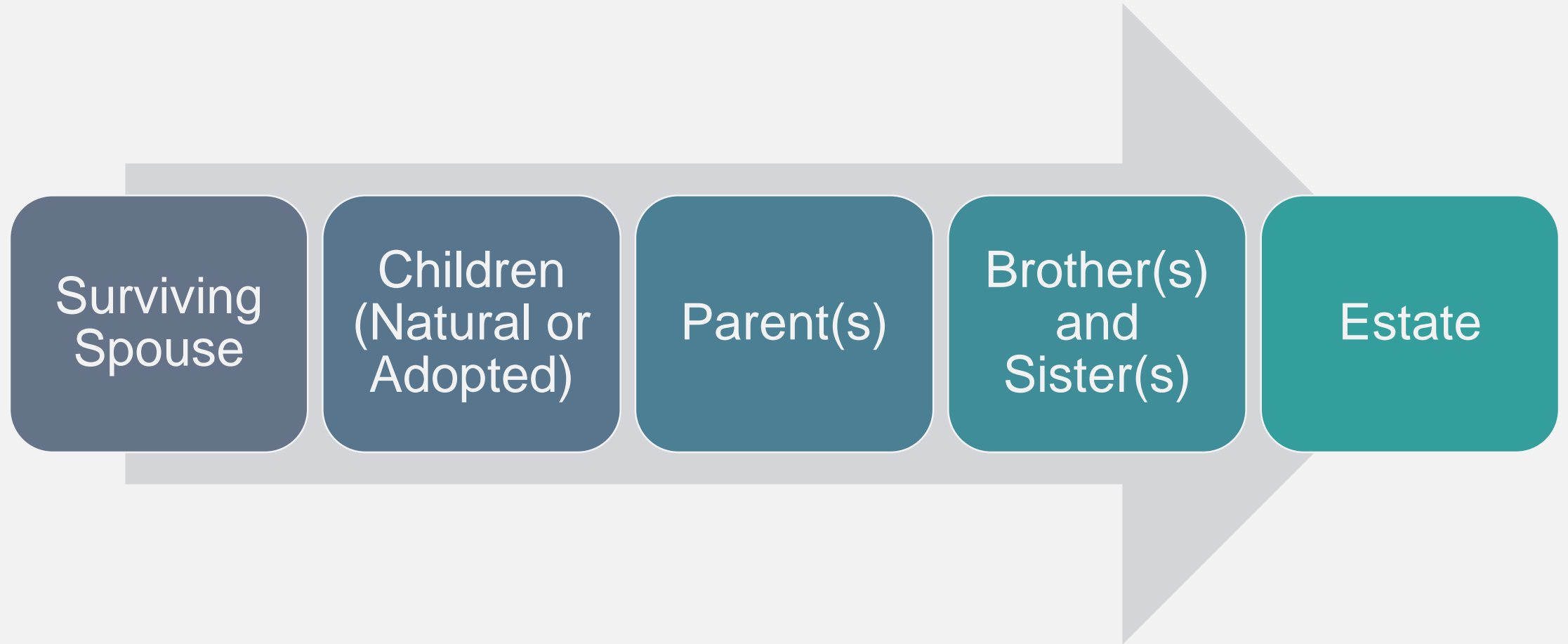
Any benefits payable by the Wisconsin Retirement System and Life Insurance program at my death shall be paid in EQUAL SHARES, unless otherwise specified, to the following primary beneficiary(ies) who survive me.

PRIMARY	Name (First, Middle I., Last)	Relationship	Birth date (MM/DD/YYYY)	SSN	Address (street, city, state, ZIP code)
				/ /	- -
			/ /	- -	
			/ /	- -	
			/ /	- -	
			/ /	- -	
			/ /	- -	
			/ /	- -	
			/ /	- -	

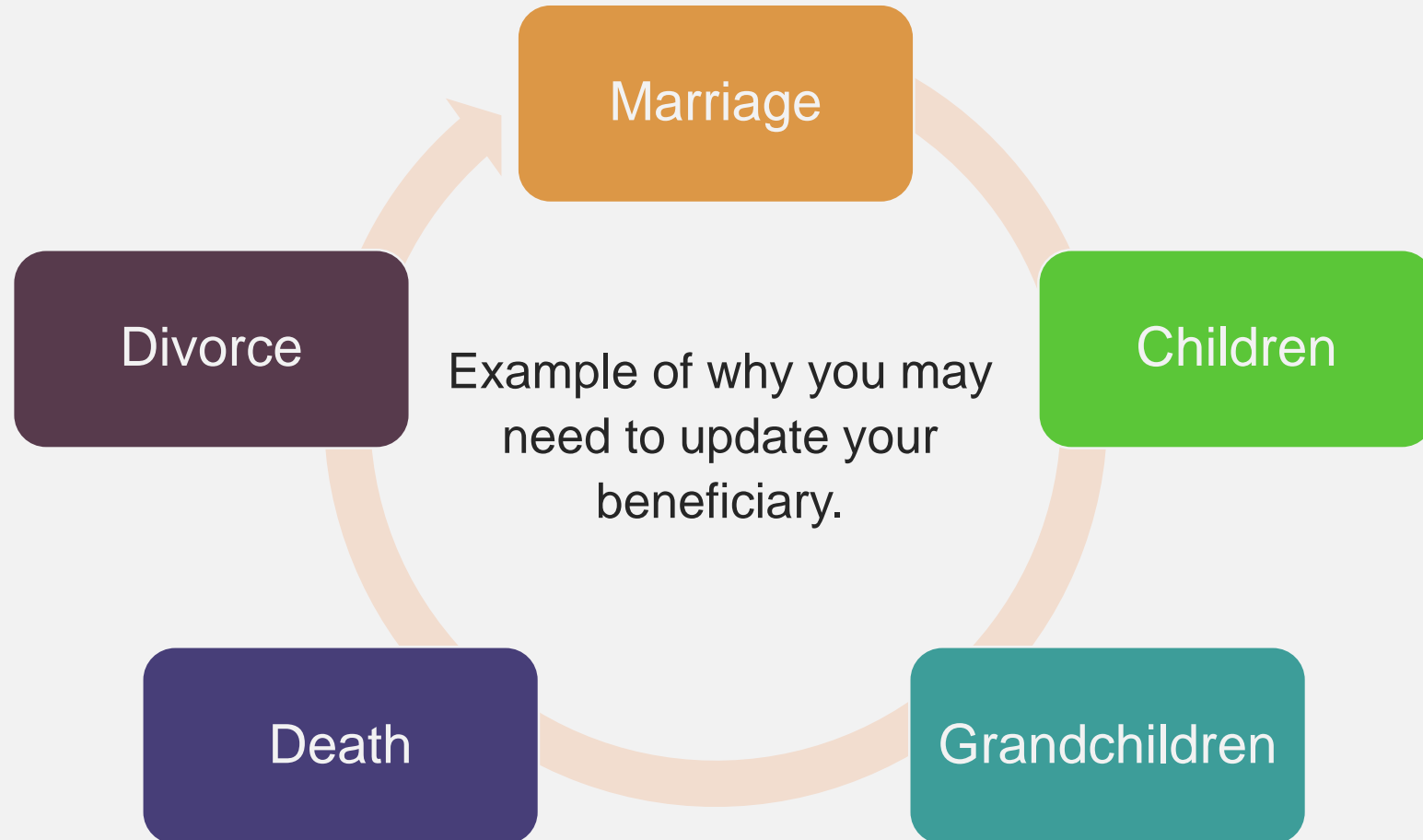
Pick up tonight or print from our website:  
[etf.wi.gov/publications.htm](http://etf.wi.gov/publications.htm)



# Standard Sequence



# Update your beneficiaries!

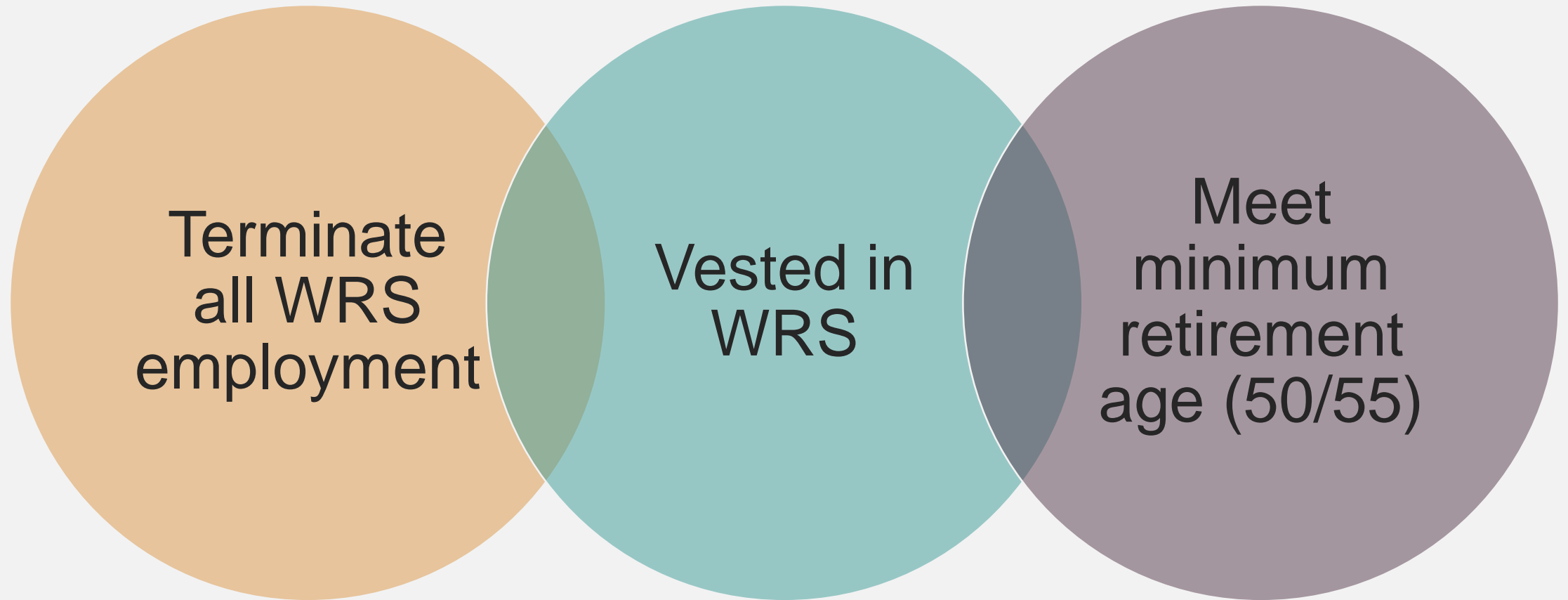




# Retirement

## Eligibility & Benefits

# Requirements – Must Have All 3





# Vested in the WRS

You receive your employer's matching contributions at retirement

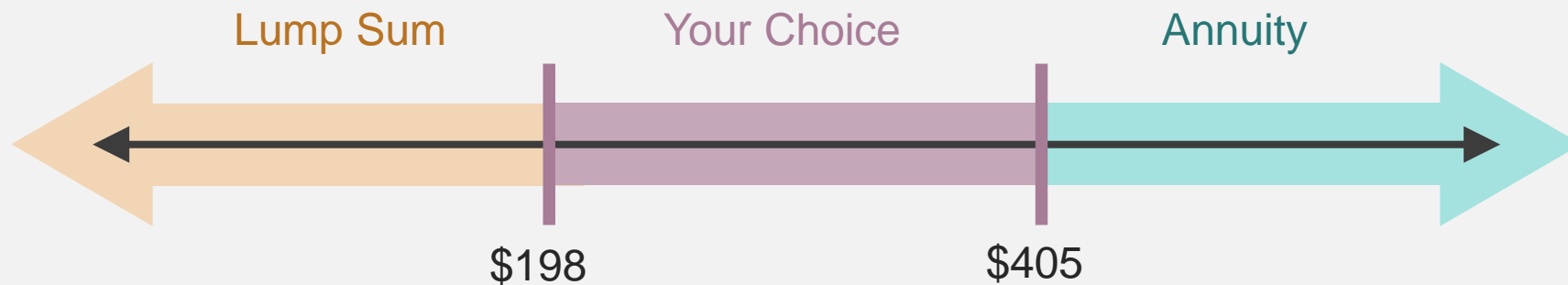
You are vested if:

- You enrolled in the WRS before July 1, 2011 **or**
- You accrue 5 years of creditable service



# How Your Benefit is Paid

- Paid in annuity (monthly payment) or lump sum. For 2018:



- An annuity is paid for your lifetime, no matter what
  - You decide if it extends beyond your lifetime

# Calculating Your Benefit

We compare two calculations:

## Money Purchase

- Account balance
- Age

vs.

## Formula

- Service
- 3 Highest years of earnings

You get paid  
the higher of  
the 2

# Money Purchase Calculation

Example: A city bus driver that retires at age 56 (and 4 months).

$$\begin{array}{rcccl} \$215,000 & \times & 0.00563 & = & \$1,210 \\ \text{Money Purchase} & & \text{Money Purchase Factor} & & \text{"For Annuitant's Life} \\ \text{balance at retirement} & & \text{Age: 56 years, 4 months} & & \text{Only" annuity option} \end{array}$$




# Formula Calculation

Example: A city bus driver that retires at age 56 (and 4 months).

	Final Average Earnings (Monthly)		Formula Factor		WRS Creditable Service		
Pre-2000:	\$3,652	x	0.01765	x	13.35	=	\$860
Post-1999:	\$3,652	x	0.016	x	13.91	= +	\$813
						<b>Subtotal 1:</b>	\$1,673
						Age Reduction Factor	x 0.885
						<b>Subtotal 2*:</b>	\$1,481
						Variable Excess or Deficiency	+ 24
						<b>“For Annuitant’s Life Only” Option</b>	<b>\$1,505</b>


*\*Subject to formula maximum*

# Payment Options



Annuitant's life only  
**\$1,505/month**

The illustration shows a woman with short blue hair and a blue jacket holding a stack of green banknotes. The banknotes have '\$\$' and a person icon on them.

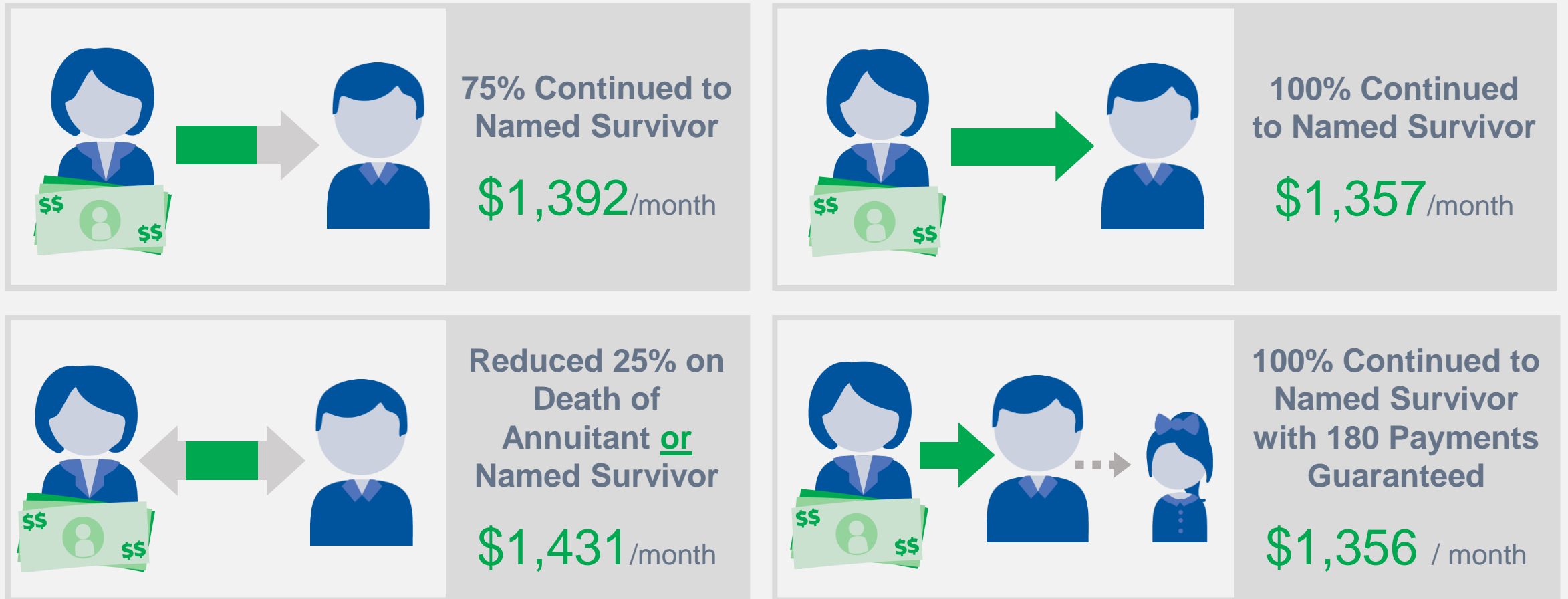


Life with...  
60 payments guaranteed:  
**\$1,500/month**

180 payments guaranteed:  
**\$1,465/month**

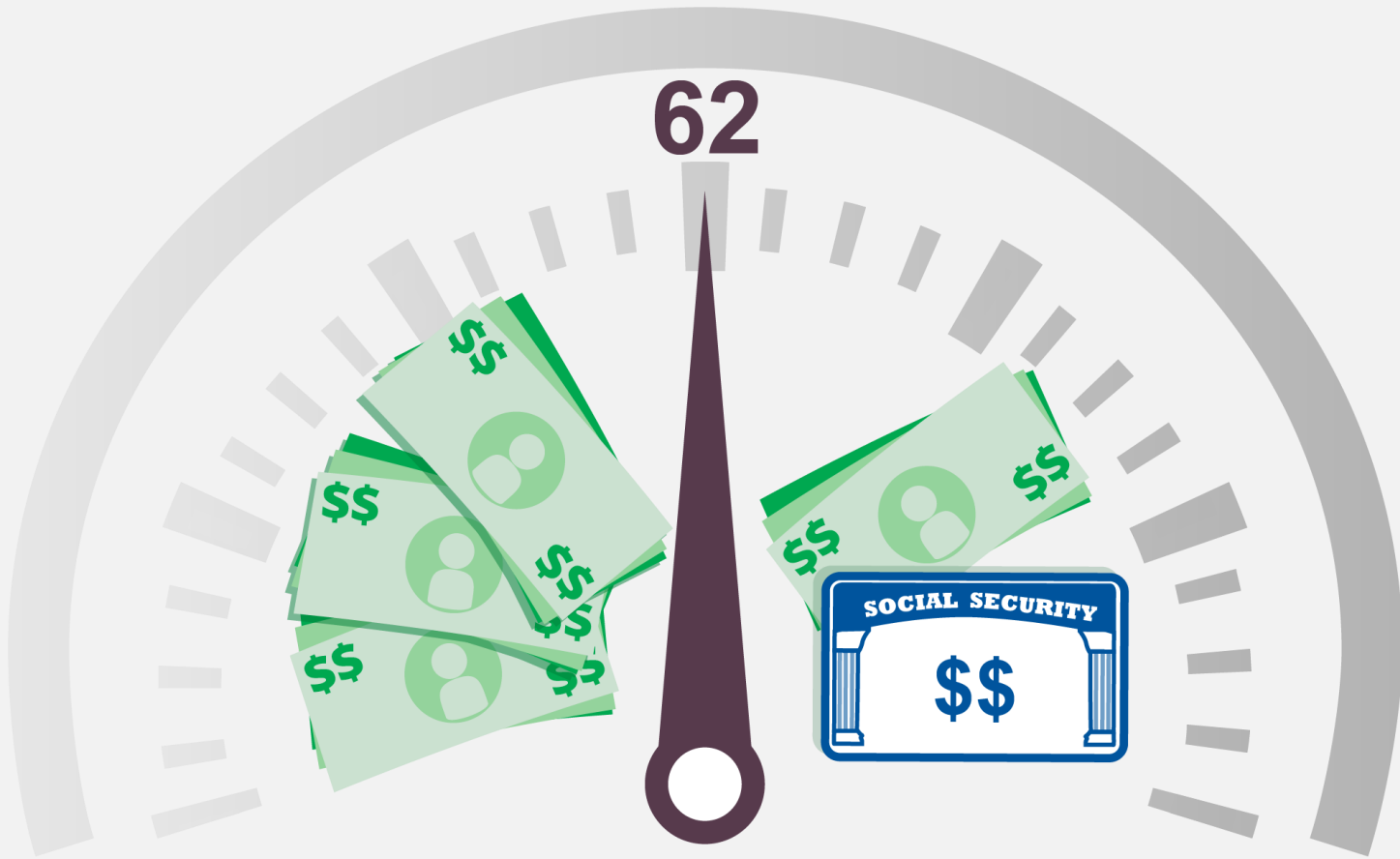
The illustration shows a woman with short blue hair and a blue jacket holding a stack of green banknotes. A dashed arrow points from the banknotes to a man with short blue hair and a blue jacket. A black padlock is placed over the bottom right corner of the banknotes.

# Payment Options



# Retiring Before 62?

There are accelerated payment options





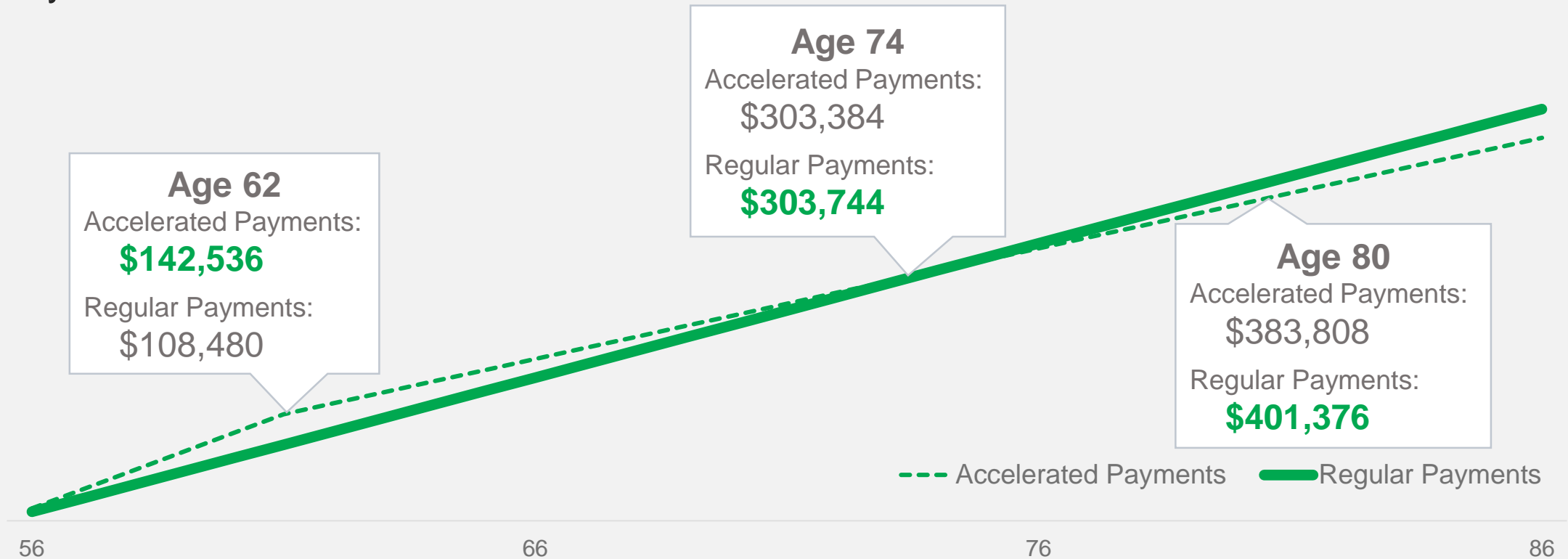
# Accelerated Payment Examples

	Regular Payments	To Age 62	After Age 62
For Annuitant's Life Only	\$1,505	\$2,021	\$1,239
Life w/ 60 payments guaranteed	\$1,500	\$2,018	\$1,236
Life w/ 180 payments guaranteed	\$1,465	\$1,989	\$1,207
75% Continued to Named Survivor	\$1,392	\$1,928	\$1,146
100% Continued to Named Survivor	\$1,357	\$1,900	\$1,118
Reduced 25% on Death of Annuitant or Named Survivor	\$1,431	\$1,961	\$1,179
100% Continued to Named Survivor with 180 Payments Guaranteed	\$1,356	\$1,899	\$1,117

**Social Security Estimate: \$782**

# Regular vs. Accelerated Payments

Example: You retire at age 56 and select 100% Continued to Named Survivor with 180 Payments Guaranteed



# Changing Annuity Options



A written request must be received by the Department within **60 days** after the date of your first payment.

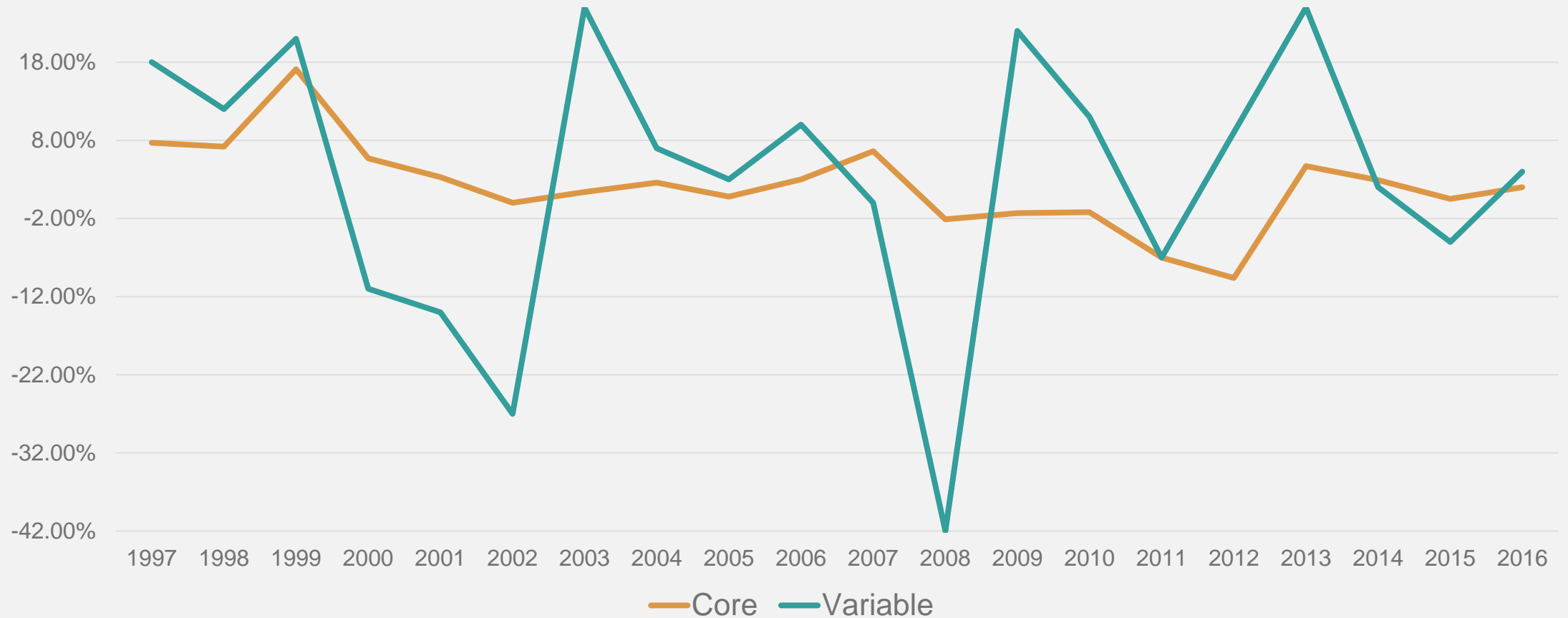
# Adjustments to Your Annuity

Your annuity may be adjusted annually based on investment performance

- Adjusted May 1
- Gains and/or losses determine the adjustment
  - Core Fund: Guaranteed Core floor  
It can't go below that
  - Variable Fund: No minimum monthly payment. Can go below where you start

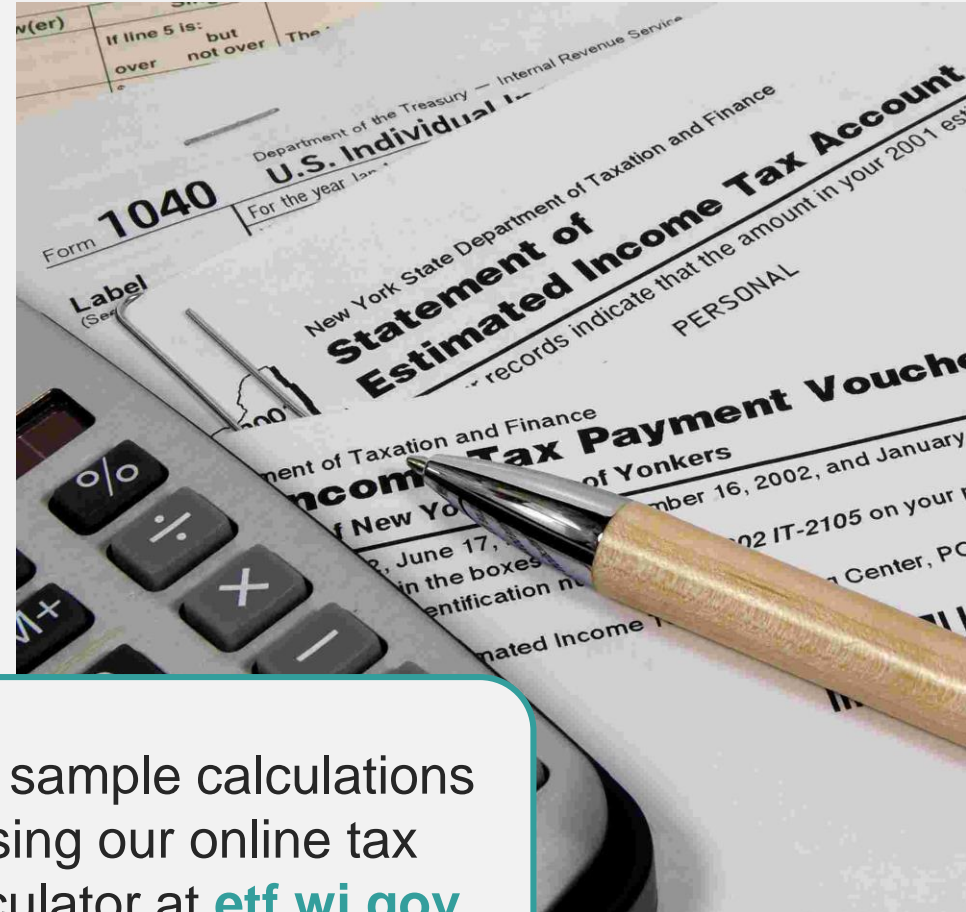


# Annuity Adjustments



# Annuity & Taxes

- Federal – no Medicare or Social Security
- State – Taxed like ordinary income, ETF can only withhold for Wisconsin
- Change tax withholding status at anytime
- 1099-R sent in January



Run sample calculations using our online tax calculator at [etf.wi.gov](http://etf.wi.gov)



# Applying for Retirement

**1** Call or go online for estimate/application packet.

6-12 months prior



**2** Review and contact ETF with questions or to schedule an appointment.



**3** Submit application.

No earlier than 90 days prior

# Wisconsin Retirement System Presentation Highlights



ET-4135P (9/7/2017)



## Learn More...


Your employer may participate in other benefits with the WRS.

Grab a brochure to learn about other topics of interest that weren't covered today.

Also, check out our live interactive webinars.



## To Do:

- Minimum retirement age? Call or go online for an estimate.
- Keep your beneficiary designation up to date.
- Consider additional contributions and other savings to supplement your retirement.
- Sign up for our live interactive webinars.
- Stay connected. Sign up for  ETF E-mail Updates and follow us on Twitter (@WI\_ETF).





**Questions?**

# Stay Connected



wi\_etf



etf.wi.gov



ETF E-mail Updates



608-266-3285

1-877-533-5020

