



# Buying Service

A Saving and Investing topic



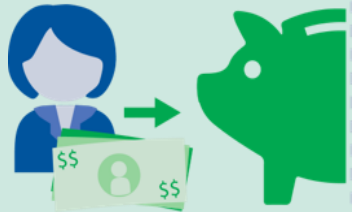
# Objectives:

## By the end of this presentation, you will be able to:

- Identify if you are eligible to purchase service
- Define the different types of service that may be purchased
- Explain how purchasing service increases your benefit
- Take steps to purchase service
- Find resources for more information

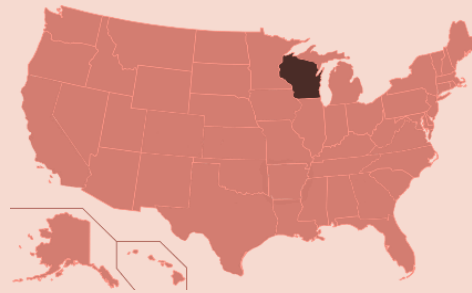
# Buying Service Definition

## Buy Creditable Service Lost from Separation



Terminated employment  
& closed account  
prior to retirement

## Buy Creditable Service from Non-WRS Public Service



Another state or federal

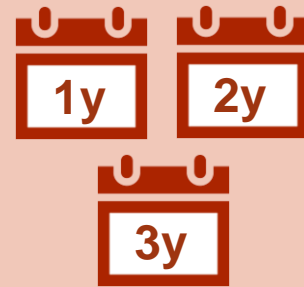
## Increases your retirement benefit



# Eligibility Requirements



WRS Employee



3 continuous years of service since returning to WRS employment



past

Buy service equal to the number of years currently have worked



now



You must buy service before you terminate from the WRS

# Why Buy Service?



## What it CAN do for you:

- Increase your retirement account balance
- Increase your years of service used in your calculation
- Therefore, it can increase your monthly WRS retirement payment



## What it CAN'T do for you:

- Be used toward vesting
- Be used toward pre-1974 military service credit
- Buy eligible years for sick leave
- Buy years lost to divorce

# Return on Investment Example

Calculation Factor	Amount
Cost to Purchase Service	\$18,000
Estimated Annual Increase (\$300 monthly increase to annuity)	÷ \$3,600
<b>Years to Recover Investment</b>	<b>= 5 years</b>

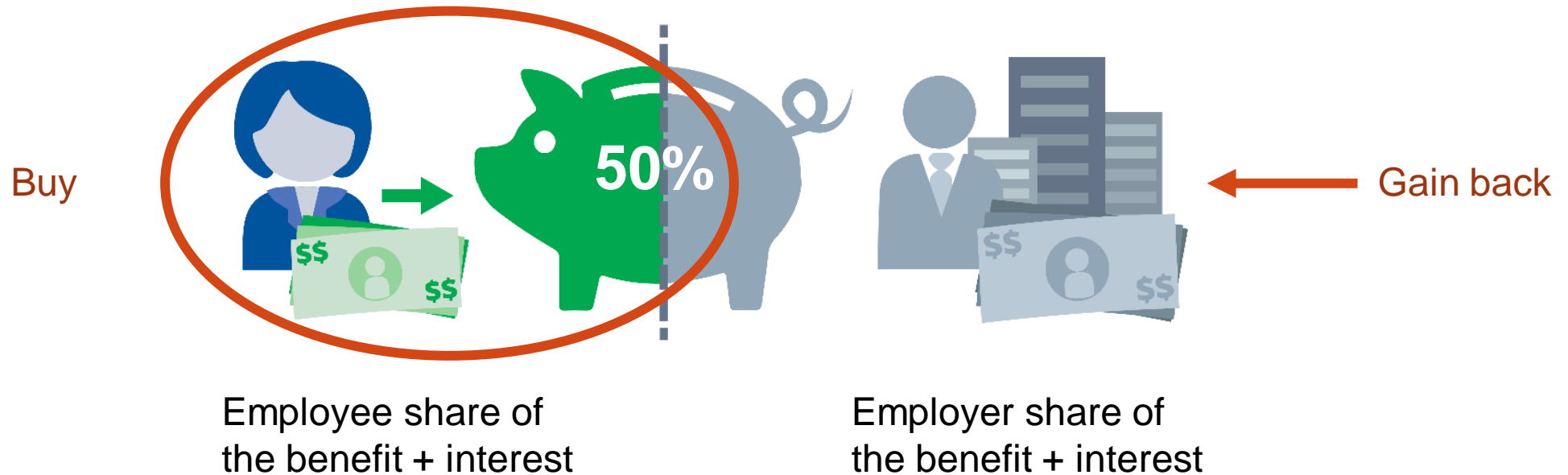




# Forfeited Service

# Forfeited Service Definition

- Service that was lost when a WRS separation benefit was taken







# Wisconsin Retirement System Forfeited Service Cost Calculator

Name: Example

## Estimated Cost to Purchase Your Total Forfeited Service:

### Forfeited Service

### Employment Categories

	General/ Teacher/ Educational Support	Totals for All Categories
# Years to Purchase	5.00	5.00
<b>Cost for Years</b>	<b>\$12,765.02</b>	<b>\$12,765.02</b>
Monthly Formula Annuity Increase	\$288.85	\$288.85
Monthly Money Purchase Annuity Increase	NA	\$166.97**

### Formula Benefit

### Money Purchase Benefit

Formula Benefit projected monthly increase at normal retirement age is:

\$288.85

The estimated years to recover your cost is:

3.68

Estimated annual rate of return is:

27.2%

Money Purchase projected monthly increase at age 65 is:

\$166.97\*\*

The estimated years to recover your cost is:

6.37\*\*

Estimated annual rate of return is:

15.7%\*\*

# Forfeited Service Cost Calculator

## Estimates Cost and Benefit Increase

### Estimated Cost to Purchase Your Total Forfeited Service:

#### Forfeited Service

#### Employment Categories

	General/ Teacher/ Educational Support	Totals for All Categories
# Years to Purchase	5.00	5.00
<b>Cost for Years</b>	<b>\$12,765.02</b>	<b>\$12,765.02</b>
Monthly Formula Annuity Increase	\$288.85	\$288.85
Monthly Money Purchase Annuity Increase	NA	\$166.97**

# Forfeited Service Cost Calculator

## Monthly Benefit Increases

Formula Benefit		Money Purchase Benefit	
Formula Benefit projected monthly increase at normal retirement age is:	\$288.85	Money Purchase projected monthly increase at age 65 is:	\$166.97**
The estimated years to recover your cost is:	3.68	The estimated years to recover your cost is:	6.37**
Estimated annual rate of return is:	27.2%	Estimated annual rate of return is:	15.7%**
		** The Money Purchase calculations assume a retirement age of 65.	

# Forfeited Service Cost Calculator Options

Forfeited Service Calculator Options:

- **Change the original information you entered and recalculate**
- **Calculate the cost of purchasing a part of your total years of forfeited service.** Select this option to estimate the cost of buying less than your total forfeited service or to estimate the years of forfeited service you can buy with a specific dollar amount.

Partial Purchase

Return to Beginning

# Forfeited Service Cost Calculator Location

1. Go to [etf.wi.gov](http://etf.wi.gov)
2. Scroll down to bottom of page and click [Calculators](#)
3. Select [WRS Forfeited Service Cost Calculator](#)
4. Calculator link at bottom of information page

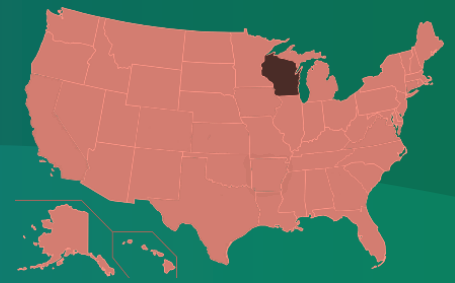






# Other Governmental Service (OGS)

# OGS Definition



- The service you earned working for non-WRS public employers at the federal, state, or local level
- OGS will always be credited as general category service regardless of the type of duties you performed or your current WRS employment category



Employee share of  
the benefit + interest

Employer share of  
the benefit + interest

# Who is Eligible for OGS?

- Active WRS employees who previously worked for a non-WRS public employer
  - Must have 3 continuous years of WRS employment
- Examples:
  - Teaching service outside of Wisconsin
  - Federal employment (including military post-1974)
  - Public service outside of Wisconsin

# Not OGS Eligible

- You cannot purchase OGS based on any service from which you are already (or will be) receiving a benefit
  - For example, you worked in Illinois as a teacher and are receiving a monthly benefit for that service
- This does not apply to Social Security, disability, or benefits paid for service in the Reserves or National Guard



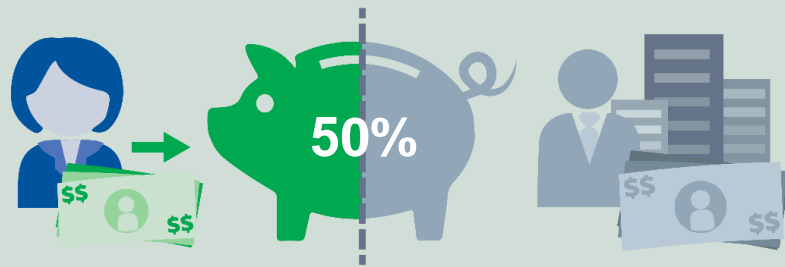


# Purchasing Service



# Cost Of Buying Service

## Forfeited Service



Based on 3 highest years of earnings, the contribution rate, and years to be bought

## Other Governmental Service (OGS)



Based on the projected amount needed to completely fund the increase your service purchase provided

# How to Purchase

## Personal Check or Money Order



## Use Additional Contributions



## Plan-to-Plan Transfer



Retirement Account



WRS Retirement Benefit

90% of the cost can be paid by a plan-to-plan transfer from a qualifying retirement account

## Minimum 10% of Payment



Participant portion



Minimum 10% of the payment must come from the participant

# Summary



**Can never buy more service than you have currently earned as an active employee**



**Doesn't have to be bought all at once – you can make multiple purchases (2 purchases per year max)**



**ETF can accept plan-to-plan transfers from non-WRS retirement plans or from additional contributions to pay for up to 90% of the purchase cost**



**Must have 3 continuous years of service since your return to WRS employment**

# Next Steps

- Contact ETF for an estimate
- The estimate will provide the following:
  - The amount of service you are eligible to buy
  - The cost to buy the service
  - How much the purchase could increase your monthly benefit



# Stay Connected



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1-877-533-5020



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