

Buying Service

Wisconsin Retirement System
etf.wi.gov



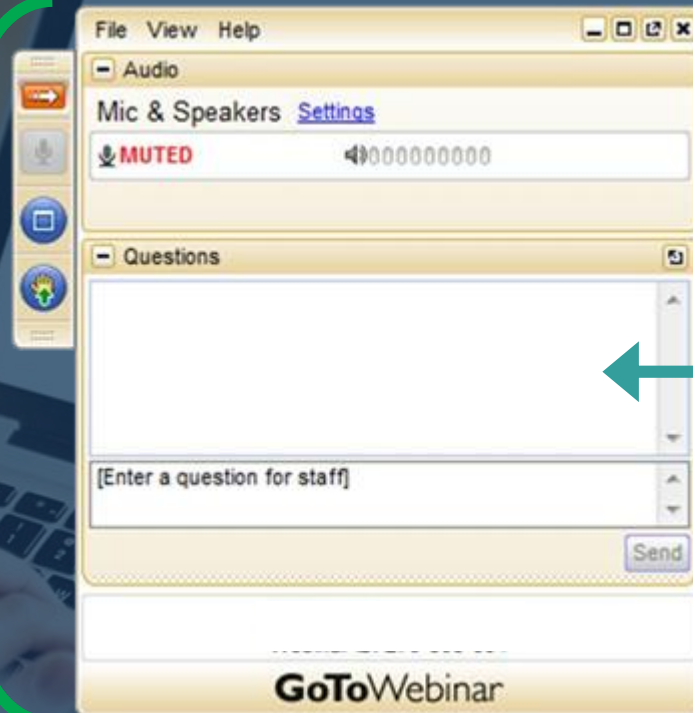
Randall Porter
Presenter



The Department of Employee Trust Funds has made every effort to ensure that this webinar is current and accurate. However, changes in the law or processes since the last revision to this webinar may mean that some details are not current. Please contact ETF if you have any questions about a particular topic in this webinar.

How to Participate:

Click to maximize dashboard



Ask questions here.

Questions are answered at the end of the presentation.

You will be muted for the entire webinar.

Buying Service Webinar Agenda

- What are the types of service that can be purchased?
- What are the eligibility requirements?
- How does a service purchase increase your benefit?



Forfeited Service

- *Forfeited Service*: If a WRS separation benefit is taken, the forfeited creditable service can begin to be purchased upon return to WRS employment and completion of three complete, continuous years of service.
- When buying Forfeited service you are only buying back the employee share of the benefit. The employer share stayed in the WRS when you closed your account and took a separation benefit
- ETF must receive the application ***before WRS termination***

Qualifying Service

- *Qualifying Service*: Non-teaching positions before January 1, 1973 were required to serve a six month “qualifying” period before they were enrolled in the Wisconsin retirement system.
- Any forfeited service you are eligible to buy must be purchased prior to purchasing qualifying service.
- ETF must receive the application ***Before WRS*** termination

Forfeited Service Calculator

- Go to etf.wi.gov
- Click on the calculator icon
- Select the WRS forfeited service cost calculator



Forfeited Service Cost Calculator - Windows Internet Explorer
 http://etfonline.wi.gov/ETFCalculatorWeb/etf/internet/member/ETFForfeitedSvcCalculator.jsp

File Edit View Favorites Tools Help

Non-Annuitant Inqu... Forfeited Service... X

Wisconsin Retirement System (WRS) Forfeited Service Cost Calculator

10/31/2013

Instructions

Name: (optional)

Step 1: Select your **current** employment category:

- General/Teacher/Educational Support Personnel
- Protective with Social Security (e.g., Police Officers)
- Protective without Social Security (e.g., Firefighters)
- Elected Official/Executive Retirement Plan Participant/Judges

Step 2: Enter the earnings in each of your three highest years of WRS earnings (fiscal year earnings for teachers, judges and educational support personnel; calendar year earnings for all other employment categories). Also enter the related service in each year to two decimal places. You may want to refer to your most recent *Annual Statement of Benefits* for information about the earnings and service in your three highest completed years.

| | Highest Years of Earnings | Related Service | |
|---------|--|---|--------|
| Year 1: | \$ <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | (0.00) |
| Year 2: | \$ <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | (0.00) |
| Year 3: | \$ <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | (0.00) |

(If you work less than full-time in any of your three highest years, enter the decimal equivalent of a partial year in the Related Service column. See how to calculate [part-time service](#).)

Step 3: Enter your years of forfeited service in the employment category(ies) in which the service was performed. You must enter the forfeited service as before-2000 or after-1999 service. (The cost to purchase before-2000 and after-1999 service is the same, but your formula benefit increase will be greater from before-2000 service.) **Service forfeited through a separation benefit that was paid before January 1, 2000, is purchased as before-2000 forfeited service. Service forfeited through a separation benefit paid after 1999 is purchased as after-1999 service, regardless of when the forfeited service was performed.**

| Employment Category | Years of Service Forfeited | | |
|-------------------------------------|---|---|---------|
| | Before 2000 | After 1999 | |
| General/Teacher/Educational Support | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | (00.00) |
| Protective with Social Security | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | (00.00) |
| Protective without Social Security | <input style="width: 50px;" type="text"/> | <input style="width: 50px;" type="text"/> | (00.00) |

Done

Internet | Protected Mode: On

2:47 PM
10/31/2013

Forfeited Service Calculator

- The calculator also estimates the number of years it would take to recover your investment by dividing the total service cost by the estimated annual benefit increase. In the following example, the service purchase investment is recovered in five years.
- Example:
 - $\text{Cost to Purchase Service} \div \text{Estimated Annual Increase} = \text{Years to Recover Investment}$
 $\$18,000 \div \$3,600 = 5$ In addition to investment recovery time, the calculator provides the rate of return on your investment by dividing the estimated annual increase by the estimated cost to purchase service. In the following example, the rate of return is 20%.
- $\text{Estimated Annual Increase} \div \text{Cost to Purchase Service} = \text{Rate of Return}$
 $\$3,600 \div \$18,000 = .20$ or 20%

Other Governmental Service

- Generally more expensive than forfeited service because you are paying the full actuarial cost of the benefit increase
- Does not count toward the service requirements for WRS vesting, military service credit, or insurance eligibility after termination



Who is Eligible? – Active WRS Employees Who Previously Worked For a Non-WRS Public Employer For Which They *Did Not Qualify* For Retirement Benefits

- Examples:
 - Teaching service outside of Wisconsin
 - Federal Employment (including military)
 - Public service outside of Wisconsin

Cost Of Buying Service

- Forfeited Service vs Other Governmental Service
- Forfeited Service – based on 3 high years of earnings and the contribution rate
 - Average salary x contribution rate x years bought = cost
- Other Governmental Service (OGS) – is 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
- 90% of the cost can be paid by a plan to plan transfer from a qualifying retirement account such as a 401(k) 401(a) 403(b) 457(b)
- 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
- 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.

What to do next?

- Contact ETF for an estimate
- The estimate will provide you with the following information:

The amount of service you are eligible to buy

The cost to buy the service

How much the purchase will increase your monthly benefit

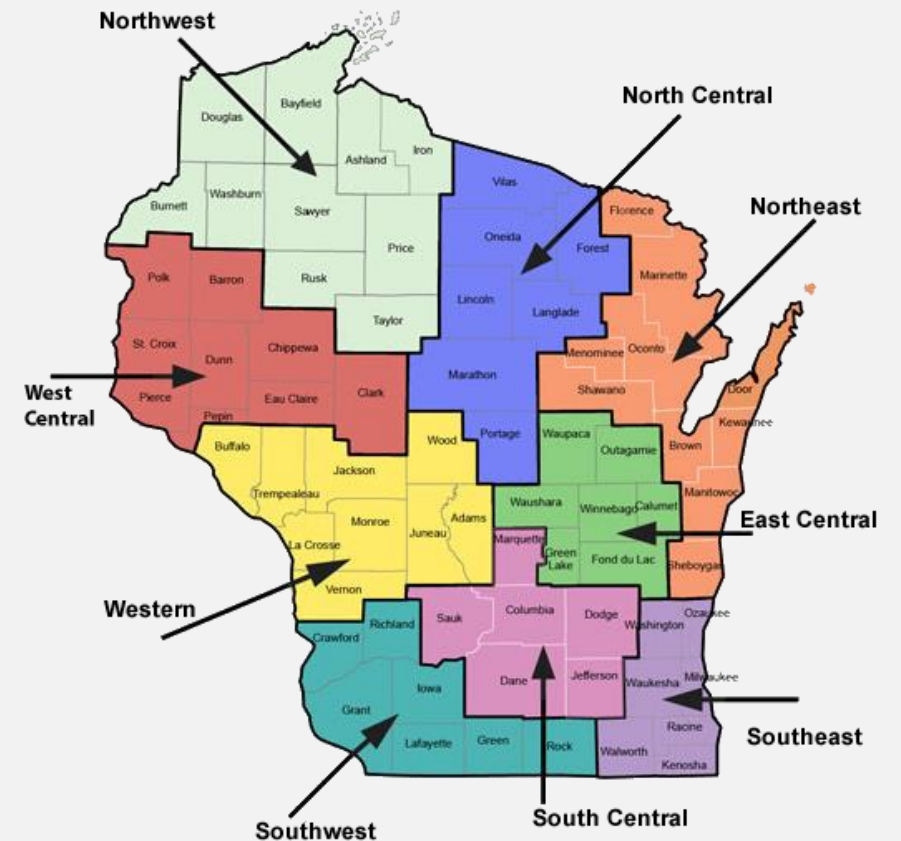


Thank you for attending!

- To ask further questions on these topics, you are welcome to contact our Member Communication Center at 1-877-533-5020 or local Madison (608) 266-3285
- Further information available at our website at etf.wi.gov
- SWIB web site: swib.state.wi.us

Face-to-Face Events

- Regular visits statewide
- Daytime group retirement appointments
 - Retirement packet required
 - Appointment required
- Evening benefits presentations
 - New and mid-career employees
 - Nearing retirement
- Visit etf.wi.gov/member_education.htm and click **Face-to-Face** to learn more.



A family of three—a woman with curly hair, a man, and a young girl—are walking together on a dirt path through a lush, green forest. The woman is on the left, the man is on the right, and the girl is in the center, slightly in front of them. They are all smiling and appear to be enjoying their walk. The background is filled with tall trees and dense foliage. The entire image has a dark blue overlay.

Questions?

Stay Connected



etf_wi



etf.wi.gov



ETF E-mail Updates



608-266-3285

1-877-533-5020



The Department of Employee Trust Funds has made every effort to ensure that this webinar is current and accurate. However, changes in the law or processes since the last revision to this webinar may mean that some details are not current. Please contact ETF if you have any questions about a particular topic in this webinar.