Choosing When to Retire

A Getting Ready for Retirement topic
Objectives

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

• Define Wisconsin Retirement System termination date and WRS benefit effective date
• Research and prepare to choose a benefit effective date
• Choose a benefit effective date to receive your best benefit
• Find resources to help you choose a benefit effective date
Definitions
Defining the Types of Dates

**Termination Date**

The last day a member can say that they are an employee of the WRS employer

**Benefit Effective Date**

The date your benefit is effective for calculation purposes, generally the day after the Termination Date
Important Factors to Consider
Before Choosing a Termination Date
Health Insurance

Local Employee
Contact your employer

State Employee
Ends the month you terminate employment
Accumulated Leave

- **Lump sum payment**
- **Vacation**
- **Payroll**

State employees/retirees please see our website resources regarding Accumulated Sick Leave
Choosing When to Retire

Retirement Ages

Minimum Retirement Age (MRA)

- Earliest age you can begin receiving a benefit
- Age reduction

Normal Retirement Age (NRA)

- Age you can begin receiving a benefit with NO age reduction factor
Choosing When to Retire

**Employment Categories**

<table>
<thead>
<tr>
<th>General Employees and Teachers</th>
<th>Executive/Elected Official/Judge</th>
<th>Protective Occupation Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Retirement Age (MRA)</td>
<td>MRA 55</td>
<td>MRA 50</td>
</tr>
<tr>
<td>55</td>
<td>Jan. 1, 2017</td>
<td></td>
</tr>
<tr>
<td>Normal Retirement Age (NRA)</td>
<td>Before 62 After 65</td>
<td>Normal Retirement Age (NRA)</td>
</tr>
<tr>
<td>65</td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>25 Years of Creditable Service</td>
<td></td>
<td>25 Years of Creditable Service</td>
</tr>
<tr>
<td>53</td>
<td></td>
<td>53</td>
</tr>
</tbody>
</table>
Which Calculation Will Determine My WRS Retirement Benefit?
Calculating Your Benefit

What calculation is being used for you?

**Formula**
- Years of service
- 3 highest years of earnings
- Category
- Age

**Money Purchase**
- Account balance
- Age

You get paid the higher of the 2
Formula Calculation

Final Average Monthly Earnings

Creditable Service

Formula Multiplier

3 highest years of earnings

Age Reduction Factor

Benefit Amount

\[ \text{Benefit Amount} = \text{Final Average Monthly Earnings} \times \text{Creditable Service} \times \text{Age Reduction Factor} \]
Age Reduction Factors

Retire Before Normal Retirement Age

Reported Years of Service and Service Hours

Retire Before Normal Retirement Age

65

Reported Years of Service and Service Hours
No Age Reduction

<table>
<thead>
<tr>
<th>Normal Retirement Age</th>
<th>Age &amp; WRS Service</th>
<th>Protective Service Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+</td>
<td>57+ 30+</td>
<td>53+ 25+</td>
</tr>
</tbody>
</table>

- **Normal Retirement Age**: 65+
- **Age & WRS Service**:
  - Age: 57+
  - WRS Service: 30+
- **Protective Service Category**:
  - Category: 53+
  - Years: 25+
Money Purchase Calculation

Money purchase balance: All the money in your account

Money purchase factor: Based on your age at retirement

Benefit amount = Money purchase balance × Money purchase factor
December vs January

For Money Purchase calculations ONLY
December vs. January

Prorated Interest
December

Effective Rate of Interest
January
Prorated Interest Credited

<table>
<thead>
<tr>
<th>Month</th>
<th>Interest Credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>0.000%</td>
</tr>
<tr>
<td>February</td>
<td>0.417%</td>
</tr>
<tr>
<td>March</td>
<td>0.833%</td>
</tr>
<tr>
<td>April</td>
<td>1.250%</td>
</tr>
<tr>
<td>May</td>
<td>1.667%</td>
</tr>
<tr>
<td>June</td>
<td>2.083%</td>
</tr>
<tr>
<td>July</td>
<td>2.500%</td>
</tr>
<tr>
<td>August</td>
<td>2.917%</td>
</tr>
<tr>
<td>September</td>
<td>3.333%</td>
</tr>
<tr>
<td>October</td>
<td>3.750%</td>
</tr>
<tr>
<td>November</td>
<td>4.167%</td>
</tr>
<tr>
<td>December</td>
<td>4.583%</td>
</tr>
</tbody>
</table>
December 31 Strategy

**Benefit Effective Date**

December 31

**Prorated interest applied**

4.583%
January 1 Strategy

- **Benefit Effective Date**: January 1
- **Effective Rate of Interest applied**
- **Change Benefit Effective Date**: 60 days

Request must be made in writing.

After 60 days, the Benefit Effective Date is locked in.
Resources
Choosing When to Retire

Calculating Your Retirement Benefits (ET-4107) Brochure

- Detailed information about the retirement calculation methods
- Calculate your formula or money purchase benefit
- Tables to find calculation factors
- Annuity payment options info
Annual Returns, Rates and Adjustments Page

- Rate of return
- Effective rate of interest
- Annuity adjustment
- Yearly list of each since 1986

Annual Returns, Rates and Adjustments

WRS investment performance directly affects WRS benefits

The table below shows investment performance of the WRS trust funds and the impact on WRS members since 1986.

- Preliminary, year-to-date returns are communicated monthly and yearly via our website, social media, and member newsletters.
- Effective rates are applied to your WRS account balances and appear on your annual WRS Statement of Benefits. ETF distributes these statements in April.
- Investment returns also affect annual adjustments to WRS retirees' monthly pensions. ETF notifies retirees about benefit payment changes in April.
Applying for Retirement Page

- Request an official estimate of benefits
- Choose an annuity payment option
- Use the retirement checklist
- Info on annuity payments and adjustments

Deciding to retire may be the hardest part of the entire process. ETF can help you master the next steps so that you make decisions that are right for you.
The Department of Employee Trust Funds has made every effort to ensure that this presentation is current and accurate. However, changes in the law or processes since the last revision to this presentation may mean that some details are not current. Please contact ETF if you have any questions about a particular topic in this presentation.