

Choosing When To Retire

(Including December vs. January)



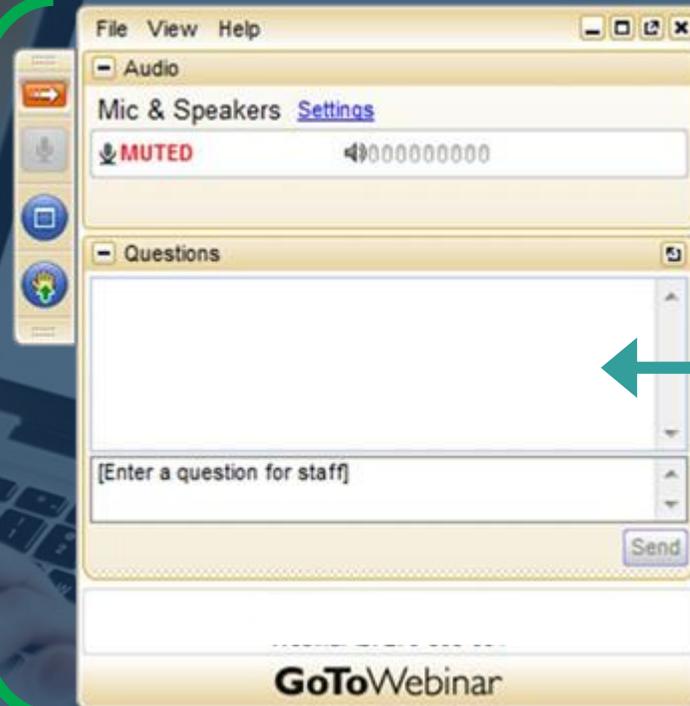
Randall Porter
Presenter



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You will be muted for the entire webinar.

Webinar Agenda

- Why one should research and prepare when choosing a WRS benefit date
- The multiple retirement benefits to consider when determining your WRS termination date
- Why the Dec./January timeframe may demand extra monitoring when taking a WRS retirement benefit
- What resources can one utilize to help choose a WRS retirement benefit effective date

WRS Termination Date vs. Benefit Effective Date

- Retirement date?
- A WRS member approaching retirement needs to decide on a “Termination Date” and a “Benefit Effective Date”
- Termination Date is the last day a member can say that they are an employee of the WRS employer
- Benefit Effective Date is the date your benefit is effective for calculation purposes, generally the day after the Termination Date
- ETF does not instruct a member to use a specific termination date, we can provide information

Importance of Termination Date

- Termination Date should not be chosen randomly – please take into account the effect the date can have on retirement benefits
 - WRS Retirement Annuity/Lump Sum
 - Health Insurance benefits
 - Life Insurance benefits
 - Non-WRS retirement benefits

WRS Retirement Benefit Calculations

- **Know which calculation will determine your retirement benefit!**
- Formula Calculation: FAE (3 highest earnings years), WRS reported service, job classification, age reduction
- Money Purchase Calculation: Money Purchase Balance and Money Purchase Factor

Formula Calculation

- Considerations for choosing when to retire
- Formula Calculation
 - FAE (Three highest earnings years)
 - Calendar year vs. fiscal year
 - Age Reduction
- ETF website calculator is your best friend

Formula Calculation – Age Reduction

- A component of the Formula Calculation when benefit is taken before normal retirement age (65 for most WRS members)
- Age reduction factor changes incrementally with passing weeks and more WRS service hours reported
- Age 57 and 30 years of WRS service
- Protective Category age reduction – importance of 25.00 years of WRS service
- Reference: <https://etf.wi.gov/sites/default/files/publications/et4107.pdf>

Money Purchase Calculation

- Money Purchase balance (combination of employee contributions and equal match from employer contributions), multiplied by a factor based on age at benefit effective date
- Money Purchase calculation factors generally change every three years; most recent adjustments took on January 1, 2014. There is NOT going to be a change in Money Purchase factors on January 1st, 2017.
- Trend has been for calculation factors to go lower, which decreases the dollar amount of the monthly annuity or lump sum benefit
- Use the ETF retirement benefit calculator at our website, as it will state the exact money purchase calculation factor for a specific benefit effective date and member's date of birth.

WRS Money Purchase Calculation Prorated 5% Monthly Interest Rates

- (Interest granted when Benefit Effective Date is part way through year)

January	0.000%
February	0.417%
March	0.833%
April	1.250%
May	1.667%
June	2.083%
July	2.500%
August	2.917%
September	3.333%
October	3.750%
November	4.167%
December	4.583%

Money Purchase Calculation SWIB Return/Effective Rate (Core Trust Fund)

YEAR	TOTAL RATE OF RETURN	EFFECTIVE RATE <i>Active employees</i>
2018	-3.3% (loss)	5.0%
2017	16.2%	8.5%
2016	8.6%	7.9%
2015	-0.4% (loss)	6.4%
2014	5.7%	8.7%
2013	13.6%	10.9%
2012	13.7%	2.2%
2011	1.4%	1.5%
2010	12.4%	4.8%
2009	22.4%	4.2%

- Effective Rate is State of Wisconsin Investment Board (SWIB) Investment Return adjusted with a 5-year smoothing calculation

WRS Benefit Dec. vs. Jan. Example

- Hypothetical Money Purchase calculation example:
- WRS member, \$50,000.00 WRS earnings for 2016, 60 years old on December 31, 2016, with \$250,000.00 as a Money Purchase balance as of January 1, 2016 -- the resulting amount for a Straight Life annuity:

Benefit Effective Date	Prorated Interest	Projected Monthly Amount	
12/31/2016	4.583%	\$1,602.98	
	SWIB Return	Effective Rate	
01/01/2017	0.0%	6.2%	\$1,627.16
01/01/2017	7.2%	7.6%	\$1,648.09
01/01/2017	- 3.8%	5.4%	\$1,615.20

(Effective rates are approximate projections based on SWIB performance.)

Terminating Dec. 30th Strategy

- If member terminates employment on December 30th or earlier, beginning the annuity in December, the 4.583% prorated interest will be applied; member has 60 days from first annuity payment to change Benefit Effect Date to January
- Once 60 days pass, Benefit Effective date locked in.

(Request to change Benefit Effective Date must be made in writing.)

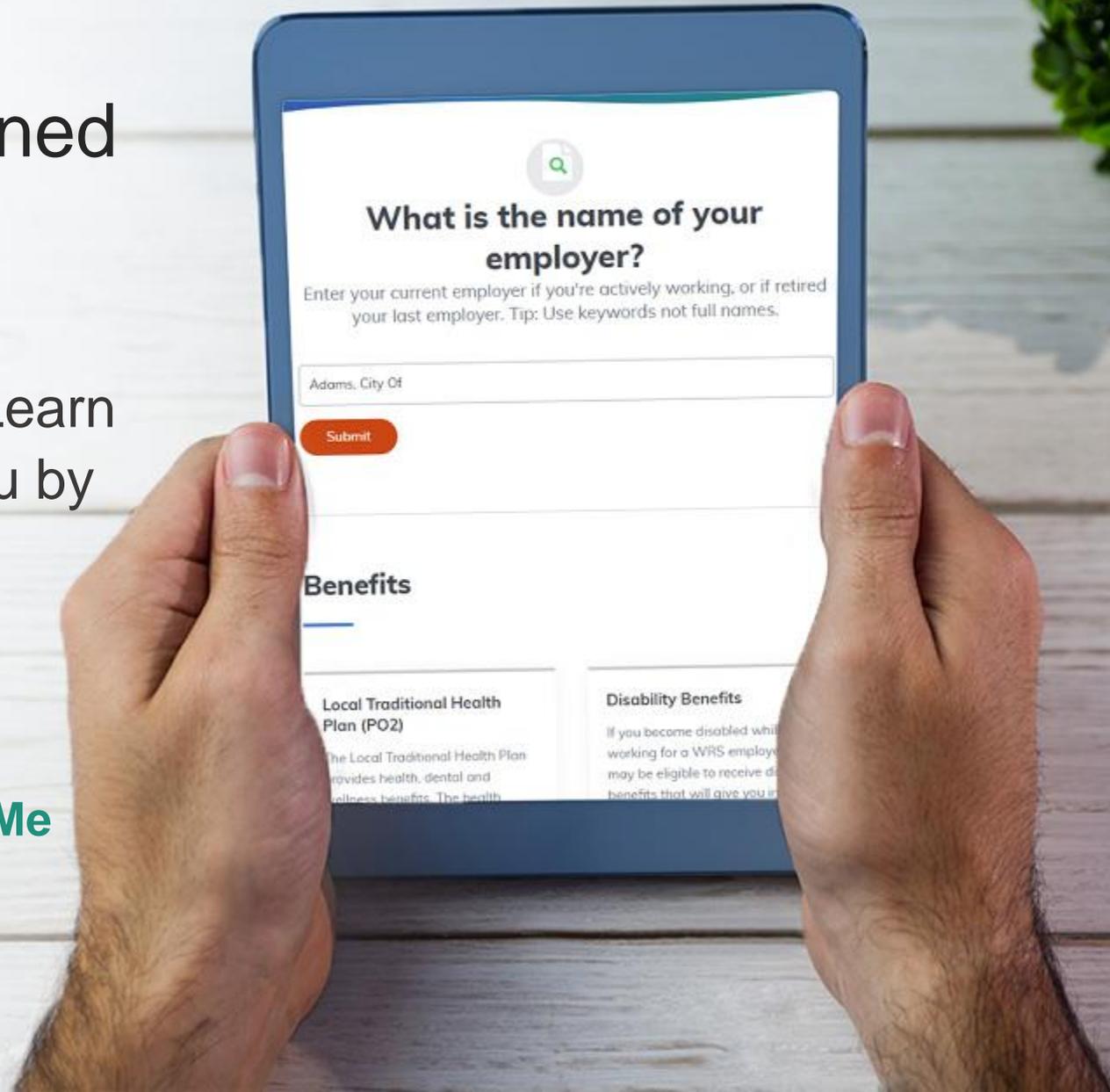
Related Topics

- Additional Contributions – You might be higher under a formula calculation for your primary annuity amount, but additional contributions are always calculated with a money purchase calculation
- Variable Fund Participation – Dec. vs. Jan. effect on Variable Fund participation more pronounced in years AFTER a Variable Fund negative effective rate

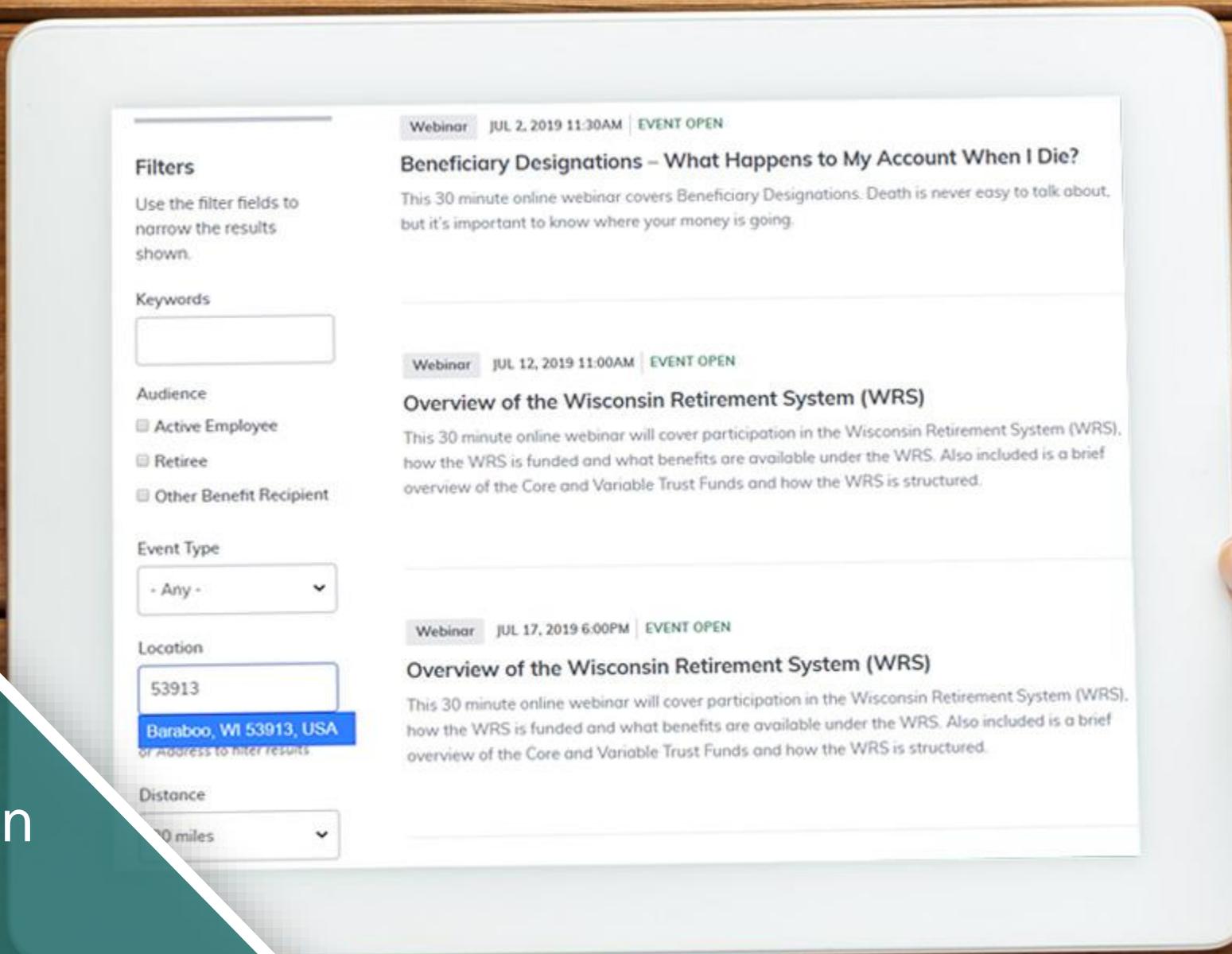
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Webinar JUL 2, 2019 11:30AM | EVENT OPEN

Beneficiary Designations – What Happens to My Account When I Die?

This 30 minute online webinar covers Beneficiary Designations. Death is never easy to talk about, but it's important to know where your money is going.

Webinar JUL 12, 2019 11:00AM | EVENT OPEN

Overview of the Wisconsin Retirement System (WRS)

This 30 minute online webinar will cover participation in the Wisconsin Retirement System (WRS), how the WRS is funded and what benefits are available under the WRS. Also included is a brief overview of the Core and Variable Trust Funds and how the WRS is structured.

Webinar JUL 17, 2019 6:00PM | EVENT OPEN

Overview of the Wisconsin Retirement System (WRS)

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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?

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