Preparing for Your Retirement

Information for WRS Members 5 or Less Years from Retirement
Objectives

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

• Explain how the WRS retirement benefit works
• Recognize eligibility and prepare to apply for benefits
• Identify the different types of annuity options
• Prepare for health and life insurance changes in retirement
• Find additional resources
Who are We?

Department of Employee Trust Funds

We administer the WRS benefit programs

- Largest public pension
- Largest public or private pension
- Fully Funded
Meet Sally
We will explore key questions with Sally as she nears retirement

21 years of service
59.5
How the WRS Retirement Benefit works

| Pre-Retirement | Applying | Retired |
Preparing for Your Retirement

Saving Money for Retirement

Pre-tax contribution

Salary

100%

Employer Contribution Amount

Determined by your employment category
(General, Executive and Elected Officials, Protective Occupation)
Additional Contributions

Post-Tax Dollars

- 50% will go in the Variable Fund, if you participate

Interest Earned

- Based on investment performance

Leave until Required Minimum Distribution

- Earns interest
Buying Service

Forfeited Service

Separation Benefit

Other Governmental Service

Work done for another public employer outside State of Wisconsin
### How Your Contributions are Invested

**Core Fund**
- Automatic enrollment for all employees
- Diversified portfolio
  - Guaranteed base payment when retired
  - 5-year smoothing

**Core + Variable Fund**
- Optional 50% of contribution
- All stock portfolio
  - No guaranteed base payment. Annuity could drop below what you started with
  - No smoothing
- You can cancel and be in Core only
Survivor Benefits

**Active Employees**
- 100%
- Your contributions
- Employer match
- + interest

**Inactive Employees**
- 50%
- Your contributions
- Employer match
- + interest
  on your contributions only
Who ETF Pays...

- **Not** paid according to your will
- Paid according to most recent **beneficiary designation**
- Send designation forms to ETF (not your employer)
  - No form on file: ETF follows Standard Sequence

Print from our website: [etf.wi.gov/publications](http://etf.wi.gov/publications)

1-877-533-5020
Standard Sequence

- Surviving Spouse
- Children (Natural or Adopted)
- Parent(s)
- Brother(s) and Sister(s)
- Estate
Update Your Beneficiaries!

Marriage

Examples of why you may need to update your beneficiary.

Divorce

Children

Death

Grandchildren
Eligibility, Benefits, and Application Process
Eligibility – Must Have All 3

- Vested in WRS
- Met minimum retirement age (50/55)
- Terminated ALL WRS employment
Request an Official Estimate

Request an Official Estimate 6-12 Months Before Benefit Effective Date (Online or Mail)

Review

Options

Finances

Advisor

Retirement Application

Benefit Effective Date

30-45 days before

Process Application

Preparing for Your Retirement
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 accrued 5 years of creditable service
We compare two calculations:

**Money Purchase**
- Account balance
- Age

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

You get paid the higher of the 2
Applying for Retirement

1. Call or go online for estimate/application packet.
   6-12 months prior to termination

2. Review and contact ETF with questions or to schedule an appointment.
   Individual, Group, Online

3. Submit application.
   No earlier than 90 days prior to the effective date
Annuity Options

Life Annuity Options

Receive a WRS Annuity Payment for Life
Annuitant’s Life Only

$1,505/month
Life with 60 Payments Guaranteed

$1,500/month

Payments ALWAYS last for your lifetime
Life with 180 Payments Guaranteed

$1,465/month

Payments ALWAYS last for your lifetime
Annuity Options

Joint and Survivor Annuity Options
75% Continued to Named Survivor

- Survivor receives 75% of payment upon your death: $1,392/month
- Survivor dies in first 5 years, you receive “Annuitant’s Life Only” amount: $1,505/month
- Survivor dies before you, payments stop upon your death: $1,392/month
- Non-spouse survivor may not be 19+ years younger than you
100% Continued to Named Survivor

- **Survivor receives** same payment upon your death
  - **$1,357/month**

- **Survivor dies** in first 5 years, you receive “Annuitant’s Life Only” amount
  - **$1,505/month**

- **Survivor dies before you, payments stop** upon your death
  - **$1,357/month**

- **Non-spouse survivor may not** be 10+ years younger than you

Preparing for Your Retirement
Reduced 25% on Death of Annuitant or Named Survivor

When you or named survivor dies, the benefit will reduce by 25%

$1,431/month

Non-spouse survivor may not be 19+ years younger than you

Survivor dies before you, payments stop upon your death

$1,431/month
100% Continued to Named Survivor with 180 Payments Guaranteed

$1,356/month

Non-spouse survivor cannot be 10+ years younger than you

Remaining Payments

100

80

180
Preparing for Your Retirement

Accelerated Payment Options

Retiring Before 62?

Annuity Options
How Accelerated Payments Work

Accelerated Portion: estimated Social Security

$1,899 / month

$782 / month

Estimated Social Security (not guaranteed):

$1,117 / month
Accelerated Payments

Total Dollars Paid Over the Life of a WRS Member

Age 62
Age 74
Age 80

Accelerated
Regular
Annuity Adjustment

Yearly changes to a retiree’s monthly pension payment

Payments may increase or decrease based on investment returns

Annuity Adjustments affect monthly payments starting May 1
Core Fund Annuity

Guaranteed payment amount (Core floor), same as what began at retirement

Core Floor

Guaranteed payment amount with 5% assumed rate of interest built-in

Assumed 5% interest

Annuity Payment

Annuity Adjustment is possible based on investment performance
Variable Fund Annuity

No guaranteed payment amount (no floor), may go below what began at retirement

Annuity Payment

Core portion

Variable portion

Investment Gains/Losses

Variable loss

Variable portion can go **up** and **down** a large amount each year
Annuity & Taxes

• No Medicare or Social Security
• State & Federal – Taxed, 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
Returning to Work

- **Private Entity**: No restrictions
- **Good Faith Termination**: 75-day break in service and no agreements to return
- **Hours and Time Restriction**: Work more than 2/3 of full time, annuity is suspended
  - 880 hours for teachers and school district employees
  - 1,200 hours for other employment categories
Health and Life Insurance

| Pre-Retirement | Applying | Retired |
Wisconsin Public Employers
Group Life Insurance

- Automatic continuation
- Premiums deducted from annuity until age 65
- One Year’s Salary
  - 75% age 65
  - 50% age 66
  - 25% age 67
  - Depending upon employer
Health Insurance

1. **Find out if your employer participates**
   Ask your employer if they participate in the State Group Health Insurance Program or Wisconsin Public Employers Group.

2. **Get to know your health insurance costs**
   What you pay for health insurance will likely go up. You may become responsible for the entire premium.

3. **Learn about qualifying life events**
   If you want to change your plan, you will receive a Decision Guide in the mail during open enrollment. Retirement is not a qualifying life event.
## Health Insurance through WRS

<table>
<thead>
<tr>
<th></th>
<th>Automatic continuation</th>
<th>Allowed to re-enroll</th>
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<tbody>
<tr>
<td><strong>State &amp; UW</strong></td>
<td>✓</td>
<td>✓</td>
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<tr>
<td><strong>Local with</strong></td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Coverage through Group Health Insurance</td>
<td>✓</td>
<td>file verification of coverage with employer</td>
</tr>
<tr>
<td><strong>Local without</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Coverage through Group Health Insurance</td>
<td>✓</td>
<td>may be eligible for LAHP</td>
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<tr>
<td></td>
<td></td>
<td>file health insurance application</td>
</tr>
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</table>
Local Annuitant Health Plan
Local without State Group Health Insurance Program

1. **Open Enrollment**
   - Apply within 60 days of retirement

2. **Second Enrollment**
   - When you become eligible for Medicare

- ✓ Local Retirees
- ✓ Spouses
- ✓ Dependents
Medicare

Send ETF a copy of your Medicare card
Sick Leave Credits
State & UW

highest hourly rate of pay × accumulated hours of sick leave = sick leave credits

* may be eligible for additional sick leave credits based on service
Supplemental Health Insurance Credit Conversion (SHICC)

More than 15 years of service

First 24 years

52 hours per year for each year of service

After 24 years

104 hours per year for each year of service
Escrowing Sick Leave

to escrow your sick leave credits for use at a later date

Requirements to Escrow

Have comparable coverage

Be enrolled in the State Group Health Insurance Program at retirement

Take an immediate annuity

Submit a Sick Leave Credit Escrow Application (ET-4305)
Group Health Insurance
State & UW

Family Plan
or escrowed

Single Plan
Preparing for Your Retirement

To Do:

- Minimum retirement age? Call or go online for an estimate and application.
- Keep your beneficiary designation up to date.
- Consider additional contributions and other savings to supplement your retirement. Learn more on our website at etf.wi.gov.
Find more webinars and events

etf.wi.gov/events
Stay Connected

ETF E-mail Updates 1-877-533-5020 etf.wi.gov

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