

# Wisconsin Retirement System Presentation Highlights

ET-4135P (10/3/2019)



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## Thank You!

Thank you for attending this presentation about the Wisconsin Retirement System. This brochure is intended to provide you with an overview of the topics that were discussed, as well as a summary of other benefit information that may be of interest to you.

Detailed information about a variety of WRS topics can be found in the publications referenced throughout this brochure. All of the documents are available at [etf.wi.gov](http://etf.wi.gov) or you may contact the Department of Employee Trust Funds to request them.

Individual circumstances vary and some of the information outlined in this presentation may not apply to every member in the same way. Contact ETF with any questions you may have about your specific situation.

Please remember to fill out the survey that is available at the end of the presentation. Audience feedback helps ETF strengthen and refine the quality of our presentations. We value your input!

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ETF has made every effort to ensure that this brochure is current and accurate. However, changes in the law or processes since the last revision to this brochure may mean that some details are not current. Visit [etf.wi.gov](http://etf.wi.gov) to view the most current version of this document. Please contact ETF if you have any questions about a particular topic in this brochure.

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## WRS-Required Contributions

- Employee and employer contributions are made on a pre-tax basis.
- Contribution rates are based on employment category and are subject to change annually.

## Voluntary Additional Contributions

Voluntary additional contributions may enhance a WRS retirement benefit. See the [\*Additional Contributions \(ET-2123\)\*](#) brochure for more information.

- Additional contributions are voluntary, after-tax contributions.
- Additional contributions can be used for eligible creditable service purchases.
- Members can make direct contributions or use payroll deduction (if allowed by the employer).
- Additional contributions are deposited into members' accounts based on their fund participation—either the Core Trust Fund alone or split between the Core and Variable Trust Funds.
- Members may not make additional contributions once their WRS employment is terminated.

## Variable Trust Fund Participation

See the *How Participation in the Variable Trust Fund Affects Your WRS Benefits (ET-4930)* brochure for more information.

- There are three options for canceling Variable Trust Fund participation: Members may cancel all future contributions, or make a conditional or unconditional cancellation.
- Variable Trust Fund participation can be canceled anytime by filing a *Canceling Variable Participation (ET-2313)* form with ETF. The change will be effective January 1 of the following year.
- Once out of the Variable Trust Fund, there is no opportunity to rejoin.
- The Variable Trust Fund portion of an annuity does not have a guaranteed floor amount and returns are not smoothed like the Core portion.
- **Important:** Variable Trust Fund gains and losses will impact your annuity amount. Negative stock market performance may cause significant decreases in Variable Trust Fund accounts and annuity payments.

## Death Benefits

The benefit(s) that may be payable depends on the member's status at the time of death. For more information, see the *Death Benefits (ET-6101)* brochure.

- **Active members:** Beneficiary(ies) will receive both the employee- and employer-required contributions, additional contributions (if applicable) and interest.
- **Inactive members:** Beneficiary(ies) will receive only the employee-required contributions, additional contributions (if applicable) and interest. Beneficiaries are not eligible for the employer contributions.
- **Annuitants:** Once a retirement benefit begins, survivor benefits, if any, are based on the annuity option selected.

## Beneficiaries

It is important to have a beneficiary designation on file with ETF.

- Survivor benefits are paid according to the most recently approved beneficiary designation on file with ETF.
- ETF does not pay benefits according to the terms of a will.
- If no beneficiary designation form is on file, standard sequence applies. Information about standard sequence can be found on the *Beneficiary Designation (ET-2320)* or *Beneficiary Designation-Alternate (ET-2321)* forms.
- Your beneficiary information does not automatically change when a significant life event occurs, such as a marriage or divorce. You may add, change or remove beneficiaries at any time by completing a new beneficiary designation form.

**Do you have a current beneficiary designation form on file?**

## Annual Statement of Benefits

ETF sends an annual *Statement of Benefits (ET-7365)* (generally in April) that provides an individual account summary to WRS members until they retire.

## Retirement Benefit Eligibility

See the [WRS Guide to Retirement \(ET-4133\)](#) brochure for information about applying for a retirement benefit. To be eligible for a retirement benefit, a member:

- Must terminate all WRS employment.
- Must be at least MRA (age 55 for most, age 50 if protective).
- Must be vested.

You may have to meet one of two vesting laws depending on when you first began WRS employment:

1. If you first began WRS employment after 1989 and terminated employment before April 24, 1998, then you must have some WRS creditable service in five calendar years.
2. If you first began WRS employment on or after July 1, 2011, then you must have five years of WRS creditable service.

If neither vesting law applies, you were vested when you first began WRS employment.

## Retirement Calculations

WRS always pays the higher of two calculations:

- **Money Purchase Calculation:** based on the member's WRS account balance, an age reduction factor and the assumed interest based on the termination date, **or**
- **Formula Calculation:** based on the member's creditable service, military service credit (if applicable), final average monthly earnings (from three highest years), formula multiplier for employment category(ies), age reduction factors (if applicable), and the Variable excess or deficiency (if applicable).

Benefits are paid on an estimated basis until the final calculation is complete, usually six to nine months after the termination date.

## Retirement Options

For information regarding the WRS annuity options, see the *Choosing an Annuity Option (ET-4117)* brochure.

All monthly annuities are paid during the annuitant's lifetime.

- **Life Only Annuity Options:** The 60- and 180-payment guarantee options will pay a beneficiary if the annuitant dies before the guarantee period expires. The guarantee period begins with the annuitant's first payment.
- **Joint and Survivor Options:** Upon the death of the annuitant, the 75% and 100% continued to Named Survivor options will pay the named survivor for life. If the named survivor dies within the first five years of payments, the member's annuity payment will increase to the "For Annuitant's Life Only" amount.
- The temporary portion of an Accelerated Payment option will automatically end at age 62, whether or not the annuitant applies for Social Security benefits.
- Lump sum annuity options can be paid directly to the member or rolled over to another qualified plan.
- Spouse or Chapter 40 domestic partner consent is required for all Life Only Annuity Options.

### **Important Annuity Option Deadlines:**

- To change annuity options, ETF must **receive** a written request within 60 calendar days after the date of the first monthly payment **or** the date a lump sum payment was issued, if applicable.
- To cancel an application for a monthly benefit: ETF must **receive** a written request by the last working day **before** the 21st day of the month of the first payment.
- To cancel a lump sum application: ETF must **receive** a written request by the last working day **before** the date of the payment.



## When to Apply for a Retirement Benefit

Members should apply for retirement benefits within 90 days after termination or they will not be eligible for an immediate annuity (and will lose one or more months of benefits). Additionally, members may lose eligibility for group health and/or life insurance coverage.

Estimates can be obtained up to one year in advance of the anticipated termination date.

**Active members** may submit an application up to 90 days before their WRS termination date.

### **Inactive members:**

- If at MRA, may apply immediately (for the earliest possible backdated effective date). If specifying a future effective date, may apply up to 60 days in advance.
- If under MRA, may apply up to 30 days before reaching minimum retirement age.

## Annuity Adjustments

Annuities are adjusted annually, either negatively (subject to the Core floor) or positively, based on the investment results for the previous calendar year.

Adjustments are reflected on the May 1 annuity payment. Information about investment performance is available at: [etf.wi.gov](http://etf.wi.gov).

The first adjustment after retirement may be prorated:

- **Core adjustments:** A prorated adjustment is made to the Core portion of an annuity based on the number of full months the member was retired during the previous calendar year.
- **Variable adjustments:** The full adjustment is applied to the Variable portion of a member's annuity, regardless of their retirement date.

## Important Reminders

- Annuitants will receive a 1099-R each year for tax reporting purposes. For more information about taxes and your WRS benefits, see the *Tax Liability on WRS Benefits (ET-4125)* brochure.
- Direct deposit, tax withholding, effective date change and/or cancellations must be done in writing.
- Anticipated termination dates associated with a retirement estimate can be updated by phone or in writing.

## Additional Information about WRS Benefits

Although not specifically addressed in this presentation, the following pages provide an overview of additional WRS benefits that may be available to you. Your employer may also participate in other benefits offered by the WRS.

A comprehensive overview of WRS benefits can be found in *Your Benefit Handbook (ET-2119)* available at [etf.wi.gov](http://etf.wi.gov).

Please note, individual circumstances vary and some of the information outlined in this publication may not apply to every member in the same way. Contact ETF with any questions you have about your specific situation.

## Separation Benefit (Early Distribution)

A separation benefit consists of employee-required contributions, additional contributions (if applicable) and interest. For more information, see the [Separation Benefits \(ET-3101\)](#) brochure.

### Important Considerations:

- A separation benefit **does not** include employer contributions and the associated interest (*approximately half of the value of a WRS account*).
- If vested, a member must terminate all WRS employment and apply for the separation benefit **prior** to reaching their minimum retirement age (MRA). MRA is age 55 for most and age 50 for protective category employees.
- If not vested, and have terminated all WRS employment, a member can apply for a separation benefit at any time (MRA requirements do not apply).
- Taking a separation benefit closes the WRS account.
- A separation benefit is taxable and early distribution tax penalties may apply.

## Purchasing Service

Certain types of service can be purchased to increase a retirement benefit. However, purchased service does *not* count toward the service requirements for WRS vesting.

- For information about purchasing forfeited and qualifying service, see the *Buying Creditable Service (ET-4121)* brochure.
- For information about purchasing other governmental service, see the *Buying Other Governmental Service (ET-2207)* brochure.
- For information about eligibility for certain military service credits, see the *Military Service Credit (ET-4122)* brochure.

### **Service purchase deadline:**

- All eligible service purchases **must** be completed before terminating WRS employment.

## Disability Benefits

The WRS offers benefits for eligible members experiencing a total or long-lasting disability that prevents gainful employment.

- WRS Disability Retirement § 40.63: see the *Disability Retirement Benefits (ET-5107)* brochure.
- Duty Disability § 40.65: see the *Duty Disability and Survivor Benefits (ET-5103)* brochure.

## Return-to-Work Rules

For information regarding the return-to-work rules, see the *Information for Retirees (ET-4116)* or the *Information for Rehired Annuitants (ET-4105)* brochures.

- If the new employer **does not** participate in the WRS, no restrictions apply: no earnings limit; no effect on a WRS annuity.
- If the new employer participates in the WRS, and the member's WRS termination date was on or after July 2, 2013, the WRS requires a 75-day break-in-service.
  - Cannot return to work until the 76th day after termination of participating WRS employment.
  - If after meeting the break-in-service requirement, WRS employment exceeds two-thirds of full time during a year, the annuity will be suspended.
- If the new employer participates in the WRS and the WRS termination date was before July 2, 2013, the member can choose whether or not to suspend the annuity upon return to work.
- If returning to work for the same WRS employer from which initially retired, the break-in-service requirement must be met **regardless** of whether or not the position meets participation requirements.

## Life Insurance

For additional information about life insurance benefits, see *The Wisconsin Public Employers Group Life Insurance Program (ET-2101)* and the *Group Life Insurance After You Terminate Employment (ET-4104)* brochures.

- Coverage continues automatically with an immediate annuity unless canceled in writing. Spouse and dependent coverage ends upon termination unless converted.
- Premiums are deducted from a monthly annuity payment until the member reaches age 65.
  - At age 65, only basic coverage continues at a reduced amount. Premiums are no longer required.
- Beginning at age 66, state employees can convert their life insurance to pay for health insurance or long-term care if their sick leave credits will be exhausted within 12 months.
- Beginning at age 66 or age 67 (depending on the reduced amount selected by the employer), local employees can convert their life insurance to pay for health insurance administered by ETF if their employer participates.

## State Health Insurance

You can find information about current It's Your Choice health insurance options for state employees at [etf.wi.gov](http://etf.wi.gov).

### **Wisconsin Public Employer (WPE) Group Health Insurance Program**

- Coverage continues automatically with an immediate annuity unless canceled in writing or a *Sick Leave Credit Escrow Application (ET-4305)* is submitted because the member has other comparable coverage.
- Employers certify the value of Accumulated Sick Leave and Supplemental Health Insurance Conversion Credits (SHICC). See the *Sick Leave Credit Conversion Program (ET-4132)* brochure for more information.
  - SHICC is available after 15 years of adjusted continuous state service.
  - Once sick leave credits are exhausted, premiums are deducted from the annuity.
- If the annuity is smaller than the monthly insurance premium, the entire premium will be billed directly by the insurance carrier.

### **Medicare**

Enrollment in Medicare Parts A & B is mandatory. Part B may be waived until the subscriber and/or dependent are no longer working. Once enrolled in Medicare A & B, WRS monthly insurance premiums will decrease. Part D (prescription drug coverage) is included in the health plans administered by ETF.

When you are Medicare eligible, visit ETF's website for more information about your health care options.

### **Re-enrolling in Health Plans**

Members may re-enroll in health plans administered by ETF upon loss of comparable coverage, during the annual It's Your Choice open enrollment period, or if there is another qualifying event.



## Local Health Insurance

You can find information about current It's Your Choice health insurance options at [etf.wi.gov](http://etf.wi.gov).

Depending on the option selected by your employer, there are two health insurance programs that may be available to local retirees.

### **Local Employee Health Insurance**

This option is available if your local employer participated in the Wisconsin Public Employer (WPE) Group Health Insurance Program, administered by ETF.

- Members must retire on an immediate annuity and submit the *Local Employer Verification of Health Insurance Coverage (ET-4814)* form to ETF.
- Coverage continues until voluntarily canceled, premiums are not paid, or the employer no longer offers the program.

### **Local Annuitant Health Plan (LAHP)**

This option provides health insurance for local retirees whose health insurance is not offered by their former employer after retirement.

- Eligible retirees must have retired from a local public employer who currently participates in the Wisconsin Retirement System.

### **Medicare**

Enrollment in Medicare Parts A & B is mandatory with either local insurance option. Part B may be waived until the subscriber and/or dependent are no longer working. Once enrolled in Medicare A & B, WRS monthly insurance premiums will decrease. Part D (prescription drug coverage) is included in the health plans administered by ETF.

When you are Medicare eligible, visit ETF's website for more information about your health care options.

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# Contact ETF

**etf.wi.gov**



Find ETF-administered benefits information, forms, brochures, benefit calculators, educational offerings and other online resources. Stay connected with:

 ETF E-Mail Updates

 @wi\_etf

**1-877-533-5020**

7:00 a.m. to 5:00 p.m. (CST), Monday-Friday



Benefit specialists are available to answer questions.

Wisconsin Relay: 711



**P.O. Box 7931**

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Write ETF or return forms.

