



# Wisconsin Retirement System Early Retirements from 1987-2018

September 09, 2019

## Early Retirement Age Ranges

General, Teachers, University:	55 through 64
Executive and Elected Officials:	55 through 61
Protective Category Employees:	50 through 53

## Introduction

This paper provides comparative data on rates of early retirement among members of the Wisconsin Retirement System (WRS). Early retirement from the WRS is when a member retires within the window (represented in the above table) between their minimum retirement age and their statutory normal retirement date.<sup>1</sup> Early retirement can significantly decrease the WRS pension benefit received. The amount is determined by using a reduction factor based on age and is permanent – it continues after the retiree reaches their normal retirement date.<sup>2</sup>

As demonstrated in this paper, trends in early retirement rates vary depending on the category of employee. The categories utilized by the WRS for this purpose include: General, Public School, University, Executive & Elected Officials, Protectives with Social Security, and Protectives without Social Security. These categories are used by ETF and its actuaries in annual evaluations of the Trust Fund. They are not statutorily defined employment categories.

General, Public School, University, and Executive & Elected Official employees can initiate retirement benefits with a reduction as early as age 55. Protective category employees (for example, police and fire fighters) can retire with a reduction in benefit as early as age 50.

There are a few exceptions to the application of the age reduction factor. General, Public School, and University employees with at least 30 years of creditable service can retire at age 57 or above without a reduced pension. Protectives with at least 25 years of creditable service can retire as early as age 53 without a reduced pension.<sup>3</sup>

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<sup>1</sup> [Wis. Stat. § 40.02 \(42\)](#)

<sup>2</sup> The annuities of protective category employees are reduced .4% per month for each month of age below normal retirement age. The annuities of non-protective employees are reduced .4% per month between ages 55 and 57. Between age 57 and normal retirement age, the .4% is reduced by .001111% for each month of creditable service including creditable active military service. These are permanent reductions.

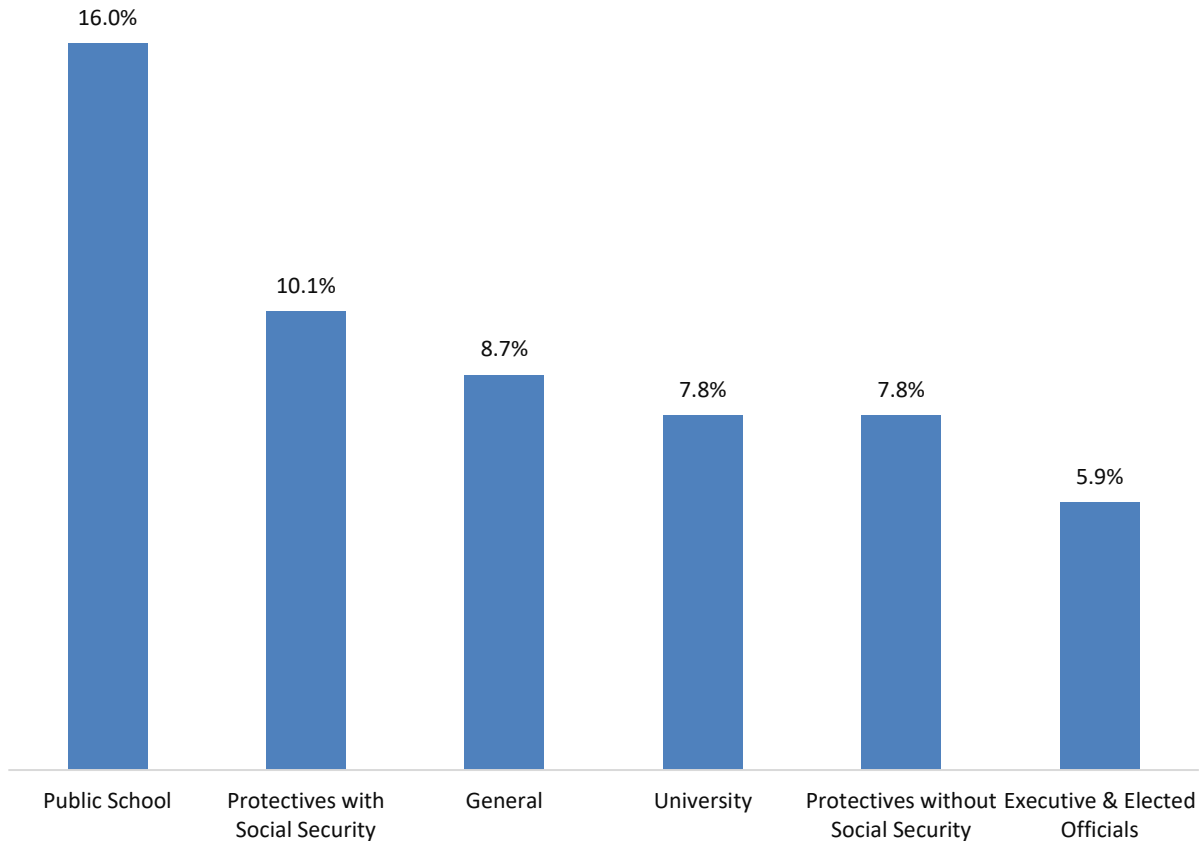
<sup>3</sup> Charts in this paper include as early retirements any retirement prior to normal retirement date even if the retiree's benefit is not reduced due to creditable service.



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## Historical Rates of Early Retirement by Category, 1987-2018 (Chart 1)



### *Analysis and Additional Information, Chart 1:*

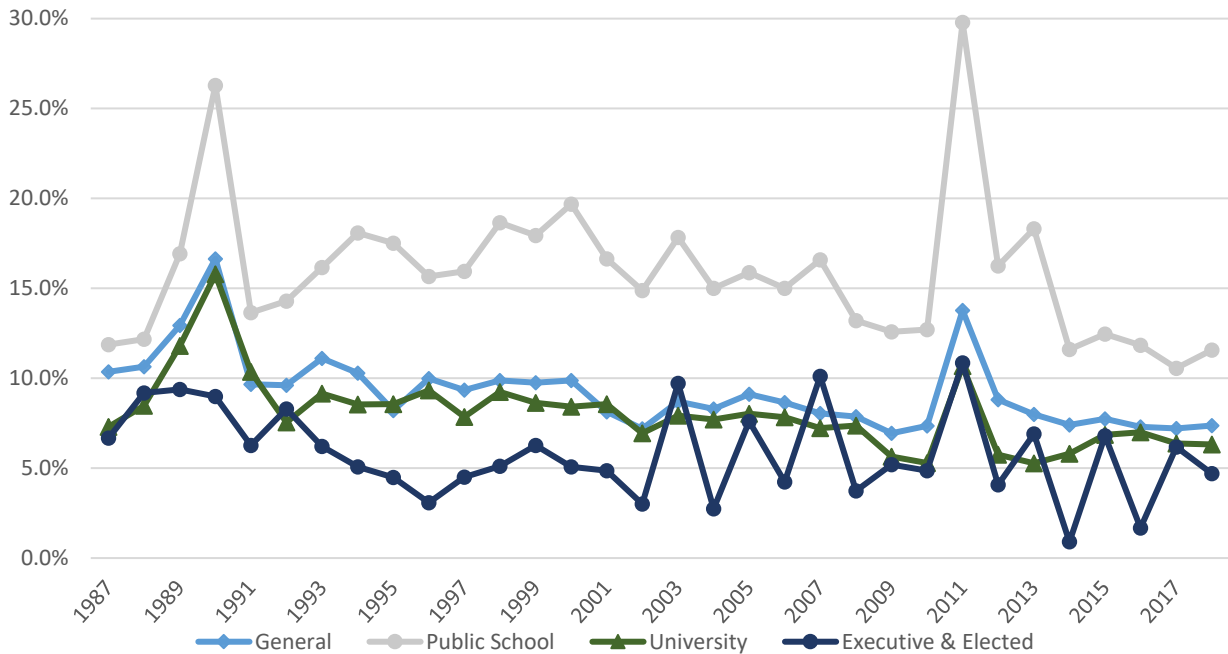
- At a historical rate of 16.0%, Public School employees choose early retirement (usually at age 62; see Chart 5) at almost double the rate of most other employment categories in this paper. However, this rate has slowed significantly in the last year to 11.6% (Chart 5).
- University employees tend to select early retirement at half the rate of Public School employees; and, when choosing early retirement, University employees retire later (see Chart 6).
- Executives & Elected Officials have the lowest rate of early retirement. Age at early retirement is most commonly 61 years (see Chart 7).
- The average rate of early retirements for all categories in this period is 10.8%.



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## Non-Protective WRS Early Retirements, 1987-2018 (Chart 2)



### Analysis and Additional Information, Chart 2:

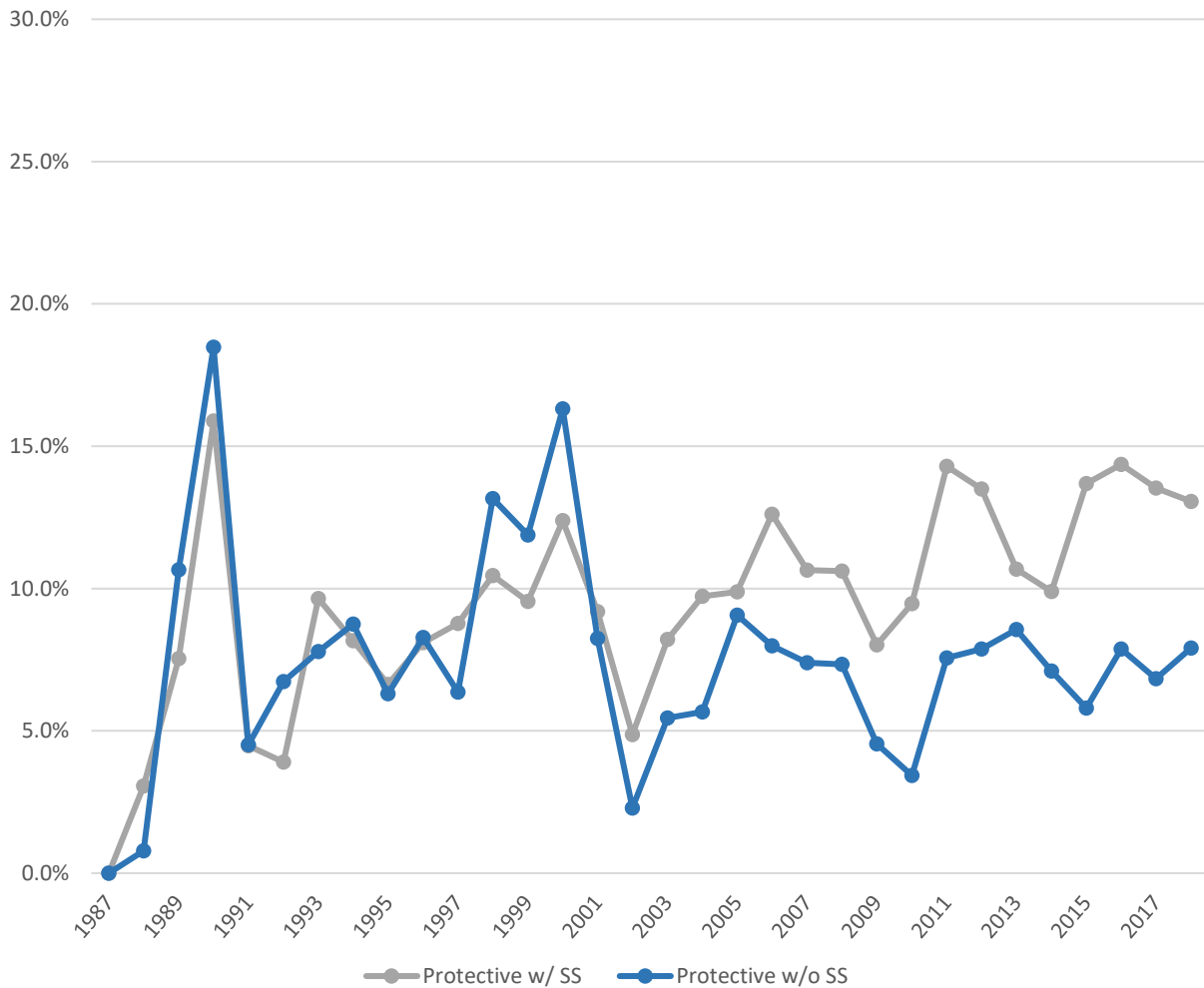
- This chart illustrates early retirement trends over the last 31 years for more than 90% of WRS members. (The Protective category is in Chart 3 below).
- The average rate of early retirements for these categories is 10.9%.
- The 2011 spike in early retirement rates was much higher than previous years, possibly due to perceptions about [2011 Wisconsin Act 10](#) and [Act 32](#). There may also have been members who had planned to retire in 2008, but who had held off retiring in the 2008-2010 period, due to uncertainty about the economy.
- The 1989-90 spike in early retirement rates was a result of [1989 Wisconsin Act 13](#) which, among other things, created incentive for employees to retire early to reduce employers' payroll costs.
- For most categories, early retirement rates have returned to levels close to the trending values in the years preceding 2011. The Executive and Elected category illustrates higher levels of volatility due its small pool of eligible retirees relative to other categories.



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### Protective Category WRS Early Retirements, 1987–2018 (Chart 3)



#### Analysis and Additional Information, Chart 3:

- The smaller pool of overall eligible members in both Protective categories creates increased volatility between years.
- The average rate of early retirements for Protective categories is 9.6%.
- Rates of early retirement from both Protective categories appear to be increasing slowly to average rates since the dramatic decrease in 2002.
- Protectives without Social Security had lower rates of early retirement than Protective with Social Security in the last seventeen years.

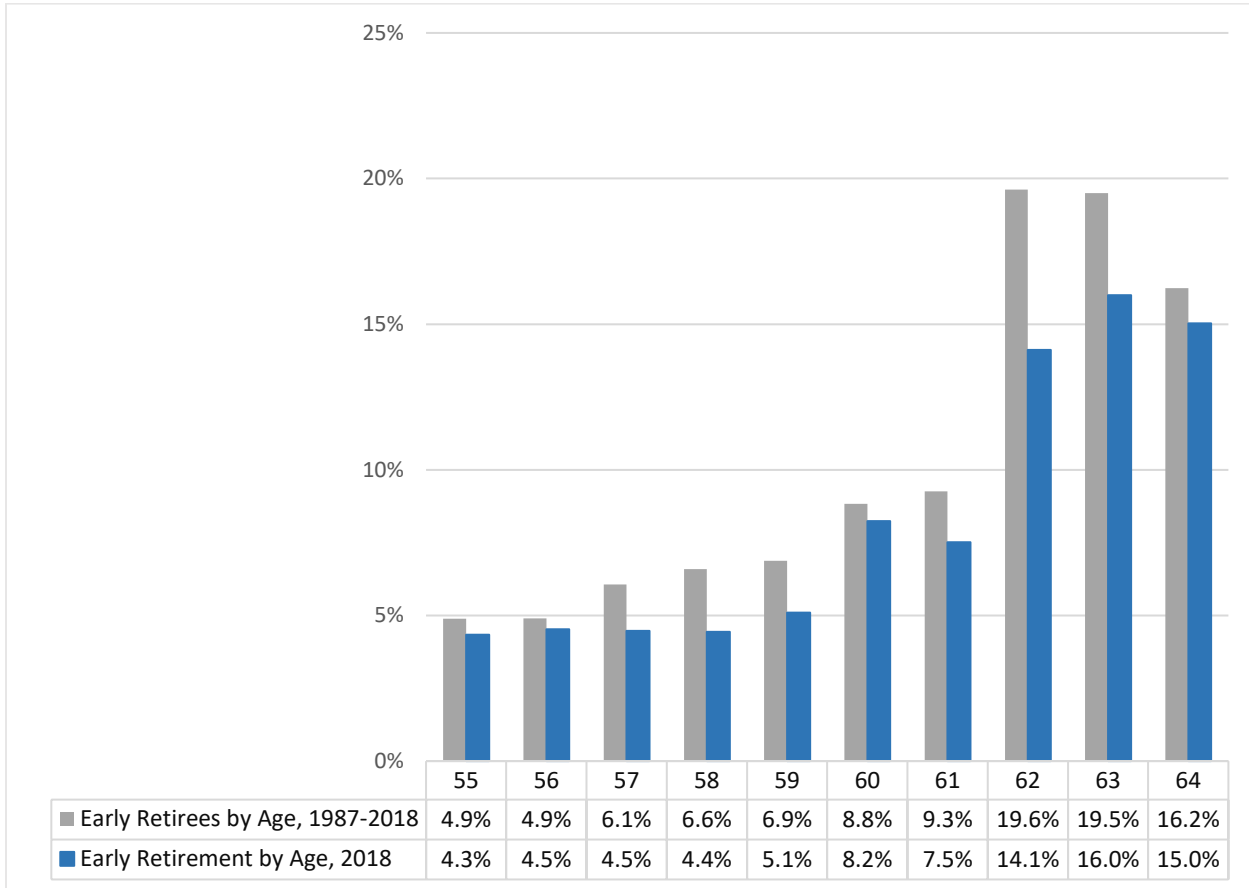


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## Age at Early Retirement for General Employees (Chart 4)

Average in 2018 vs. Overall Historical Average



### Analysis and Additional Information, Chart 4:

- Overall, fewer General category employees are opting for early retirement compared to historical averages. Over the last 31 years, 8.7% of General employees eligible to retire early, did so. In 2018, an average of 7.4% retired early.
- 2,082 General category employees retired early in 2018 out of 28,246 eligible employees (7.4%).
- Historically, of the General employees who choose to retire early, a majority (55%) retire close to normal retirement age: ages 62, 63, or 64. 2018 was similar with a noticeable spike in percentage beginning at age 62. Prior to age 62, rates increase only slightly on average both historically and in 2018.

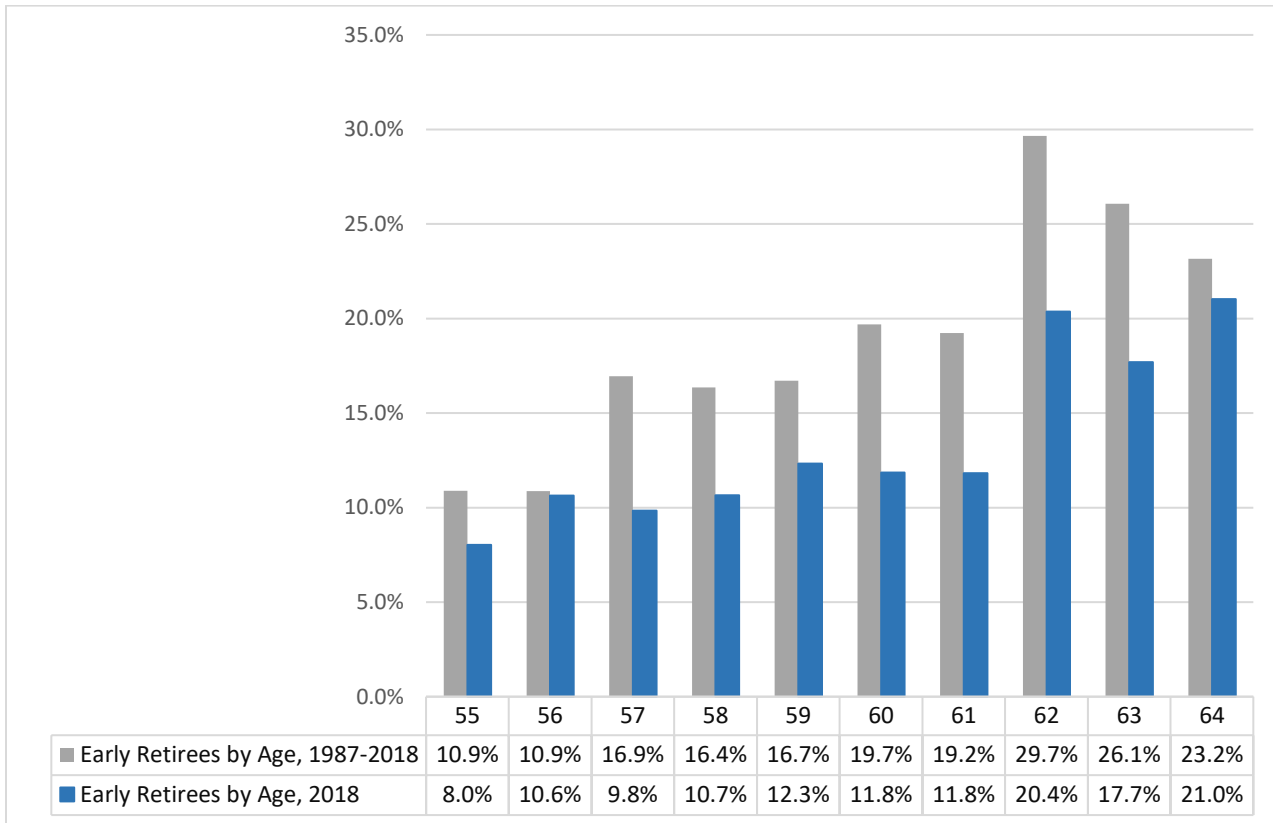


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## Age at Early Retirement for Public School Employees (Chart 5)

Average in 2018 vs. Overall Historical Average



### Analysis and Additional Information, Chart 5:

- Public School employees retire early at a higher rate on average than other employment categories.
- 1,110 Public School category employees retired early in 2018 out of 9,594 eligible employees (11.6%).
- The Public School employee early retirement rate of 11.6% is in line with rates since 2014. Historical rates are much higher, with a spike in rates in 2011, 2012, and 2013 at 30%, 16%, and 18% respectively. The historical average rate of early retirement for Public School category employees is 16.5%.
- Most Public School employees choose to retire early at age 62. The next most popular ages for early retirement are 63 or 64. The least common early retirement age for teachers is age 55. 2018 is similar to historical trends.

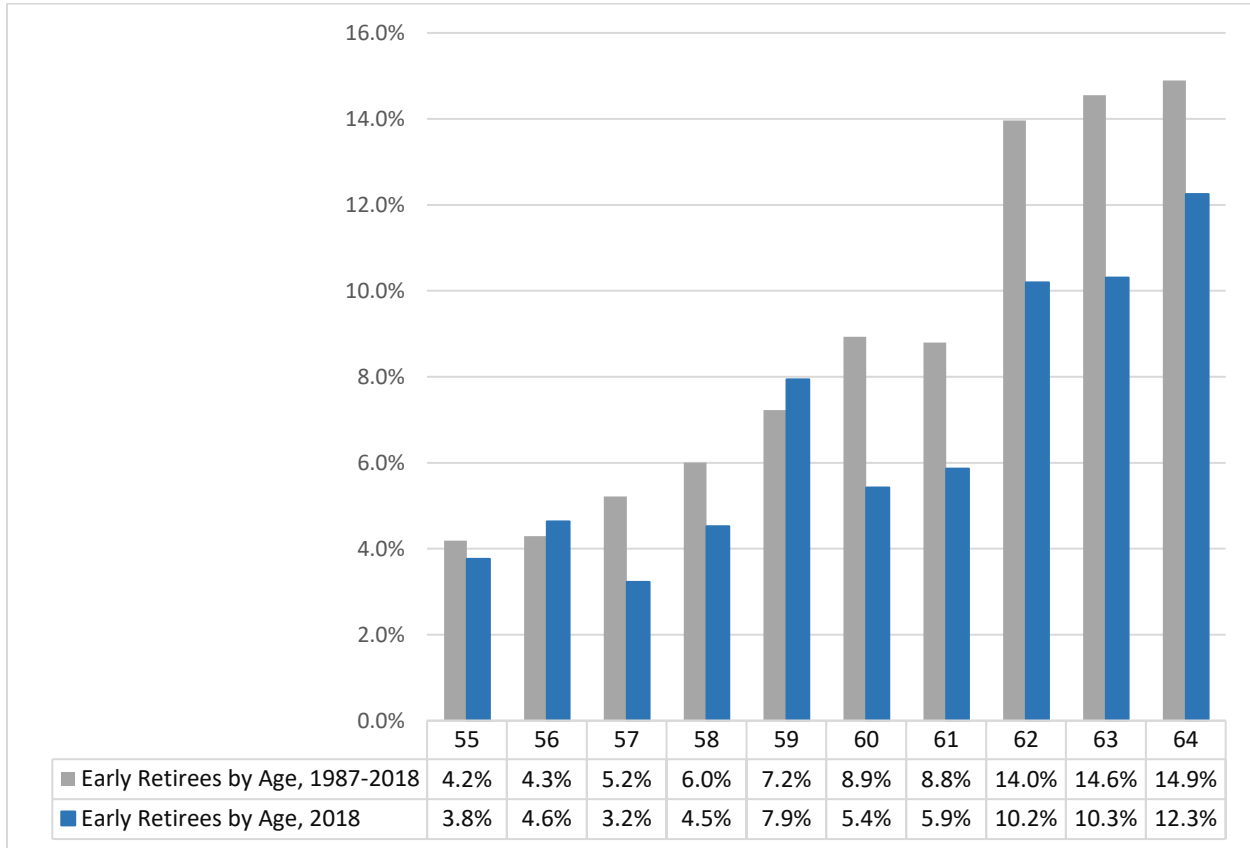


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## Age at Early Retirement for University Employees (Chart 6)

Average in 2018 vs. Overall Historical Average



### Analysis and Additional Information, Chart 6:

- 235 University employees retired early in 2018 out of 3,717 eligible (6.3%).
- The 2018 rate of early retirement of 6.3% continues a trend of lower early retirement amongst University employees over the past few years. The historical average rate of early retirement for University employees is 8.0%.
- Historically, when University employees choose to retire early, most choose to retire between ages 62 and 64. The least common early retirement age for university employees is age 56. 2018 is similar to historical trends.

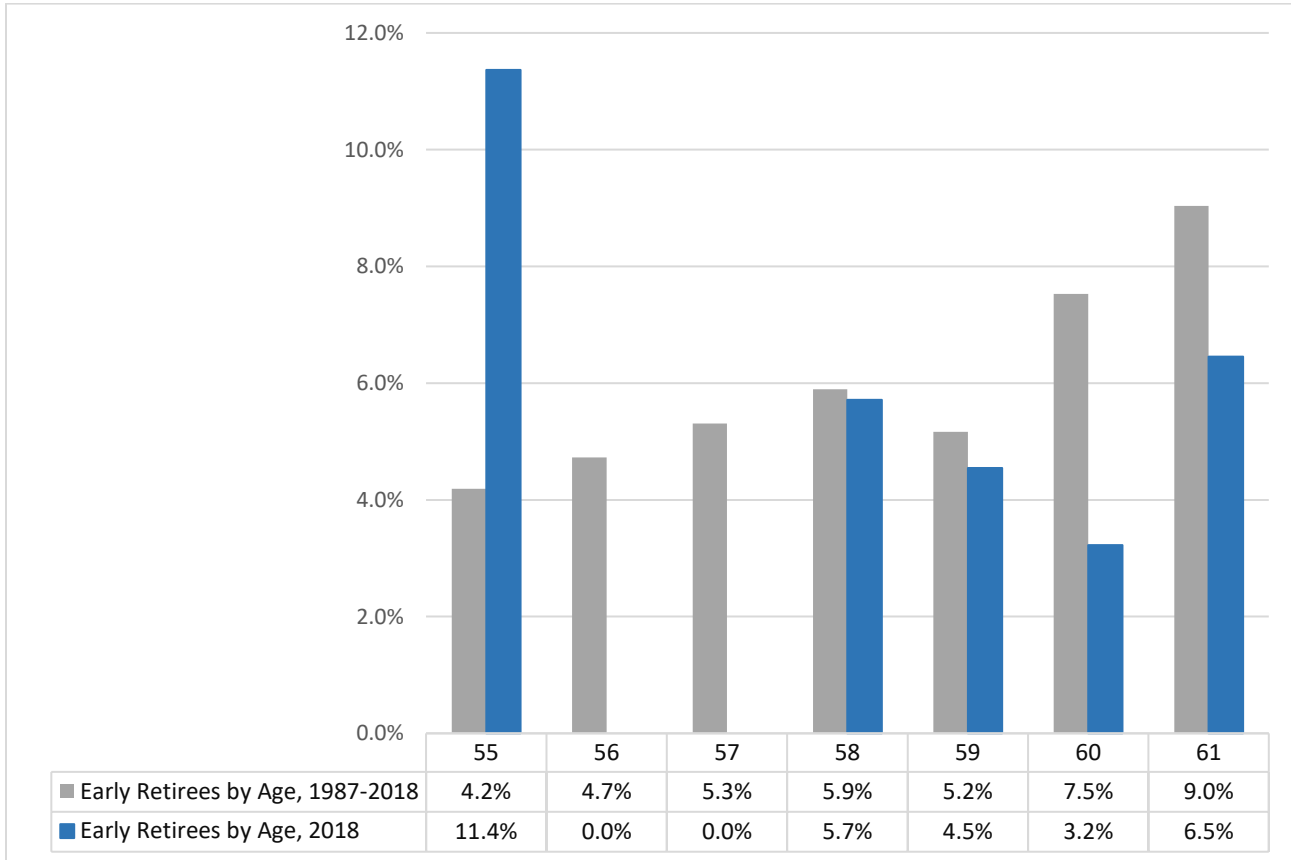


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## Age at Early Retirement for Executive and Elected Officials (Chart 7)

Average in 2018 vs. Overall Historical Average



### Analysis and Additional Information, Chart 7:

- In 2018, only 11 employees in the Executive & Elected Officials (E&EO) category retired early out of 234 eligible (4.7%).
- The 2018 early retirement rate of 4.7% is slightly lower than the historical average rate of 5.8%. Because of the small pool of employees, the rate is more volatile than some other employment categories.
- Historically, when E&EO employees choose to retire early, most choose to retire at age 61 (note that currently, the normal retirement age for E&EO employees is age 62 years). Ages 60 and 58 are the next most common. The least common early retirement age is age 55.



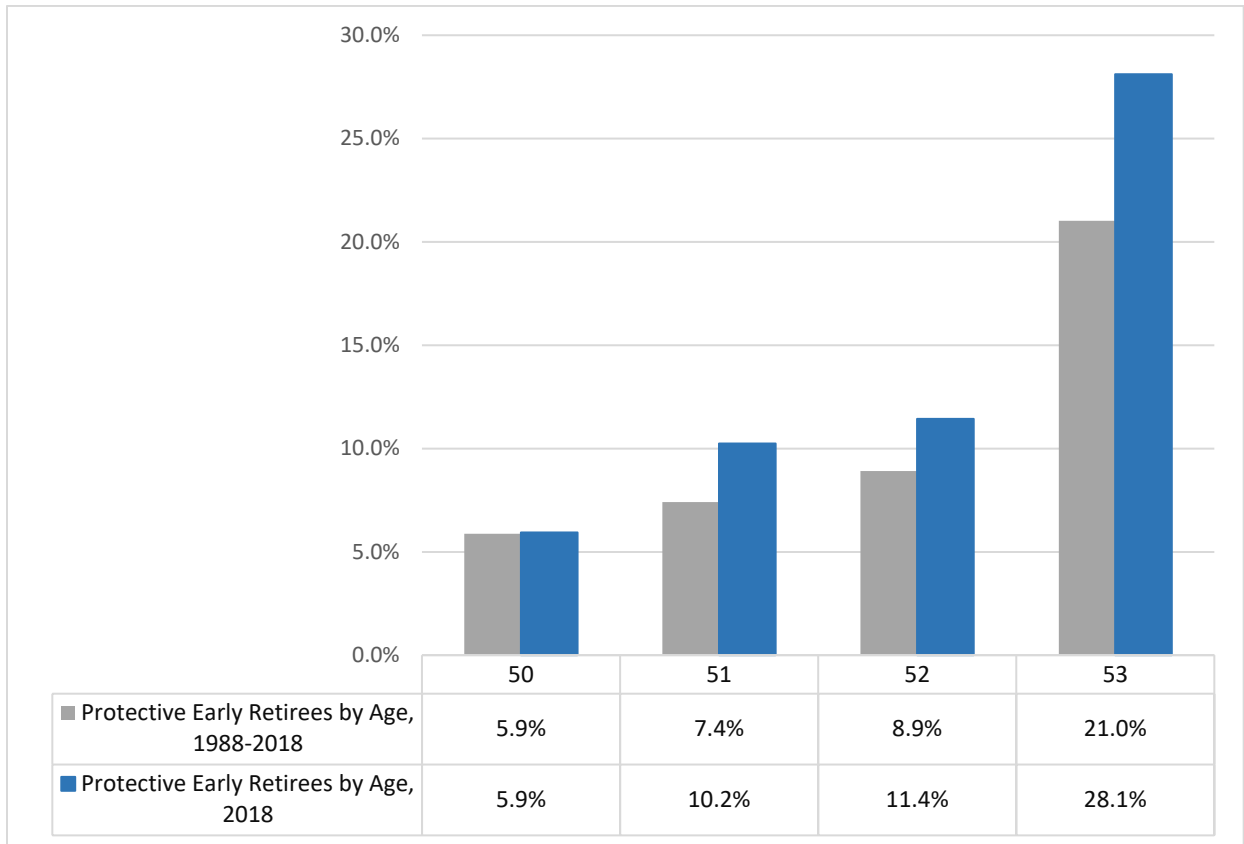


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## Age at Early Retirement for Protective Employees with Social Security (Chart 8)

Average in 2018 vs. Overall Historical Average



### Analysis and Additional Information, Chart 8:

- In 2018, 194 Protectives with Social Security (SS) retired early, out of 1,485 eligible (13.06%).
- The 2018 rate of early retirement of 13.06% is slightly higher than historical rates of early retirement for this group. The historical average rate of early retirement for Protectives with SS is 9.4%.
- Historically, when Protectives with SS choose to retire early, most choose to retire at age 53 (a protective with less than 25 years of creditable service would have a reduced benefit if retiring at age 53).

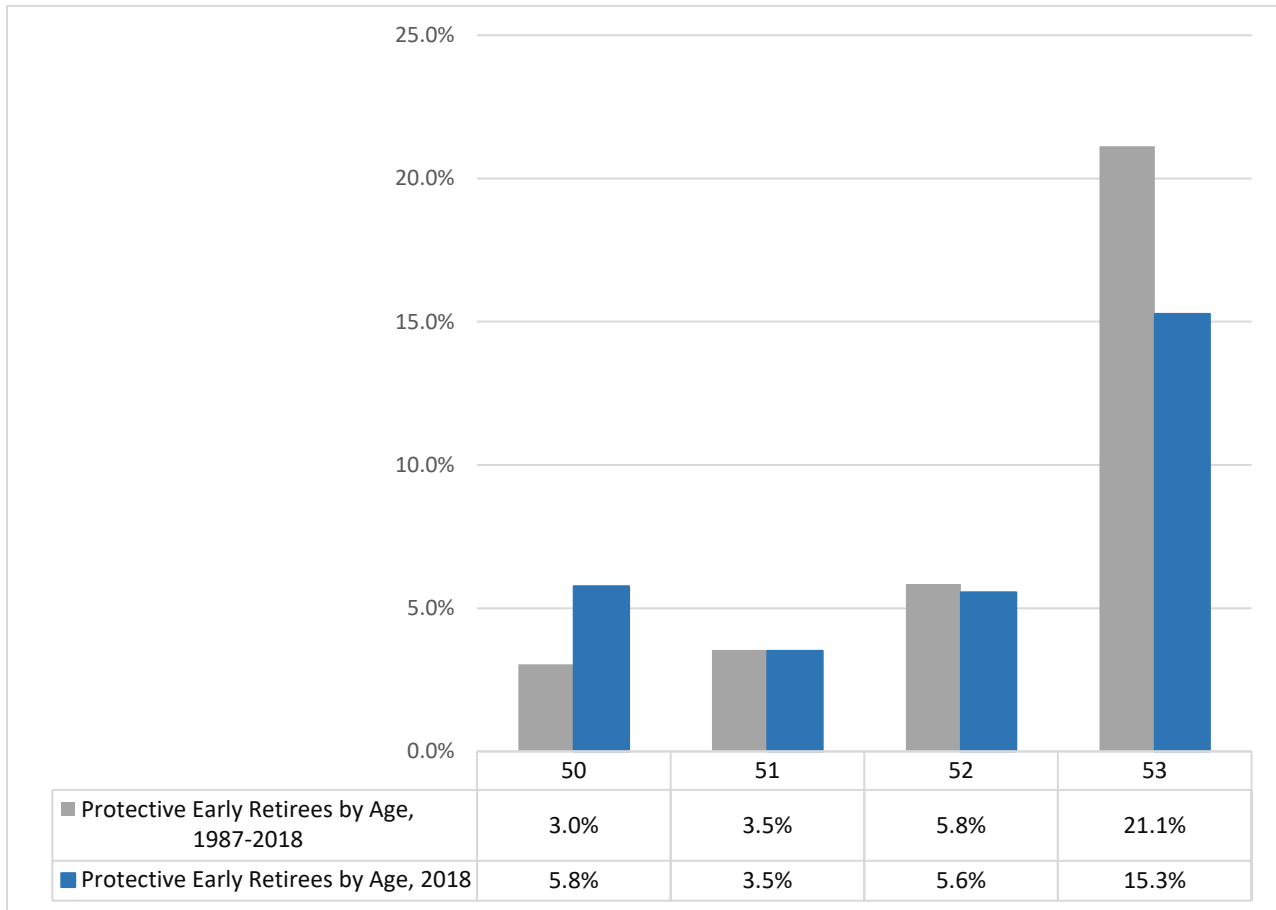


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## Age at Early Retirement for Protective Employees w/o Social Security (Chart 9)

Average in 2018 vs. Overall Historical Average



### Analysis and Additional Information, Chart 9:

- In 2018, 20 employees in the Protectives without Social Security (SS) category retired early, out of 253 eligible (7.91%).
- The 2018 rate of early retirement of 7.91% is fairly representative of historical rates of early retirement for this group. The historical average rate of early retirement for protectives without SS is 7.8%.
- Historically, when protectives without SS choose to retire early, most choose to retire at age 53 (a protective with less than 25 years of creditable service would have a reduced benefit if retiring at age 53).