



Wisconsin Retirement System FACT SHEET

Covered Public Employees and Employers

The Wisconsin Retirement System covers employees of the State of Wisconsin and local government employers who elect to participate. This includes the Universities of Wisconsin System, local police and firefighters, and all publicly employed teachers. Participation by eligible employees is mandatory for retirement and optional for insurance and other benefit programs.

The 2023 Wisconsin Act 12 allows new employees of the City of Milwaukee and Milwaukee County to join the WRS. This is effective January 1, 2024, for the City of Milwaukee. Milwaukee County plans to join the WRS in 2025. Act 12 provided that if the city or county imposed a sales tax, they would have to close their pension systems and move new employees into the WRS.

As of December 31, 2022, total coverage comprises:

- 1,586 employers
- Active employees by employer type: 29% state, 71% local
- Participants in the WRS:

Active employees	260,504
Annuitants (retirees, disability recipients, and beneficiaries)	232,384
<u>Inactive employees with deferred benefit payable</u>	<u>185,017</u>
Total	677,905

Contributions

Employee and employer contributions are adjusted annually.

Normal Cost	2024 Contributions as Percent of Payroll		
	General, Executive and Elected	Protective with Social Security	Protective without Social Security
Employee	6.9%	6.9%	6.9%
Employer	6.9%	14.3%	19.1%
Total	13.8%	21.2%	26.0%

Vesting

Vested participants are eligible to receive a retirement benefit at age 55 (age 50 for protective category participants) once they terminate all WRS employment. Some participants must meet one of two vesting laws:

- Those who first began WRS employment after 1989 and terminated employment before April 24, 1998, must have some WRS creditable service in five calendar years; or
- Those who first began WRS employment on or after July 1, 2011, must have five years of WRS creditable service.

If neither vesting law applies, participants were vested when they first began WRS employment. Those not vested may only receive a separation benefit.

Retirement Benefits

The minimum retirement age (must be vested) is 55 (50 for protectives). Benefits are taxed by Wisconsin for most participants. ETF calculates retirement benefits using two methods, and participants will automatically be paid the highest amount: **Formula Benefit** or **Money Purchase Benefit**.

1. **Formula Benefit** = Years of Service x Final Average Monthly Earnings x Formula Factor(s) x Actuarial Reduction Factor for Early Retirement (if applicable).

- **Normal Retirement Age:** the age at which you can receive a formula retirement benefit with no reduction for early retirement.

Category	Age	Years of Service
General and Teachers	65	Any*
	57	30
Executive and Elected	62**	Any*
	57	30
Protective	54	Any*
	53	25

* Must satisfy applicable vesting provisions.

** 2015 Wisconsin Act 55 changed the normal retirement age for the Executive and Elected category from age 62 to 65 for new employees entering the category after December 31, 2016.

- **Final Average Monthly Earnings** = Total of Highest Three Years of Earnings ÷ Total Service (decimal equivalent of years) in Those Years ÷ 12.
- **Formula Factors:** based on when creditable service was earned.*

Category	Service Before 1/1/2000	Between 2000 and 2011	After 2011
General and Teachers	1.765%	1.6%	1.6%
Executive and Elected	2.165%	2.0%*	1.6%*
Protective with Social Security	2.165%	2.0%	2.0%
Protective without Social Security	2.665%	2.5%	2.5%

*2011 Wisconsin Act 10 changed the Executive and Elected formula factor from 2.0% to 1.6%. The effective date of the change varies among different employee categories, and generally applies to the service earned after Act 10 effective date (i.e., June 29, 2011).

- **Actuarial Age Reduction:** applied if younger than normal retirement age:
 - General, and Executive Group and Elected Official employees:
 - Age 57 and above: 0.4%, decreased by 0.001111% per month of service for each month remaining before normal retirement age.
 - Age 55 and 56: 0.4% for each month before age 57.
 - Protective Service employees: 0.4% per month prior to normal retirement age.
- **Benefit Maximum:** 70% of final average earnings (85% for Protectives without Social Security and 65% for Protectives with Social Security).

2. **Money Purchase Benefit** = Employee and Matching Employer Dollars (including interest) x Money Purchase Factor for Current Age when Retirement Benefit Begins.

Post-Retirement Adjustments

Core and Variable annuities can be adjusted based on the investment performance of the Core and Variable Trust Funds. Annuities are funded based on the assumption that the Trust Funds will earn 5% interest each year.

Annuity adjustments are based on investment earnings above and beyond the 5% assumed earnings.

- Core annuities can be adjusted annually if the increase or decrease would be at least 0.5%; these can never be decreased below the original Core annuity amount.
- Variable annuities can be adjusted annually if the increase or decrease would be at least 2%.

WRS Funding

- Net assets of Core Fund and Variable Fund: \$136.3 billion (as of March 31, 2024)
- Actuarial Assumptions (as of December 31, 2022):
 - Projected salary increases: 3.1% to 8.6%
 - Investment return for active participants: 6.8%
 - Investment return for retired and post-retirement active participants: 5.0%