



Educators' Guide

20 WRS FAQs

you should know about your
**Wisconsin
Retirement
System
Pension**

QUICK FACTS

You Need to Know About WRS

- WRS stands for the Wisconsin Retirement System. WRS is the pension plan for most State of Wisconsin employees, including Wisconsin public school employees.*
- Both you and your employer contribute to WRS (50% equally).
- The amount you contribute, called a contribution rate, can change each year.
- The amount you contribute comes out of your paycheck, pretax.
- The WRS pension is designed to cover 33%–45% of your income in retirement.**
- The WRS benefit is an annuity—a series of monthly payments payable during your lifetime.
- WRS is administered by the Wisconsin Department of Employee Trust Funds (ETF).
- ETF administers several programs for state employees.
- The State of Wisconsin Investment Board (SWIB) manages the WRS pension funds.
- WRS is a pre-funded pension, and has historically been near or above a 100% funding level each year.
- WRS funding: \$129.8 billion in WRS assets as of December 31, 2021.
- The WRS is the 8th largest U.S. public pension fund as of December 31, 2021.

***The WRS covers employees of the State of Wisconsin and employees of local government employers who elect to participate, and Milwaukee Public School District teachers. Employees of the City of Milwaukee and Milwaukee County are covered under different pension systems. **The percentage of salary replaced is tied to your years of creditable service. 33%–45% assumes someone accrues 25–30 years of creditable service.**

1. What is the earliest age I can retire and receive WRS benefits?

All employees other than those in the protective category (police, firefighters, etc.) can retire and receive a retirement benefit at age 55. Normal retirement age (the age at which you may begin receiving a retirement annuity that is not reduced by an age reduction factor) for teachers and general employees is 65. The second way you can achieve an unpenalized benefit is to be age 57 with 30 years or more of creditable service.

About your ETF statement

- Each year you receive a copy of the Annual Statement of Benefits from the Department of Employee Trust Funds (ETF).
- Look it over and pay attention to the current beneficiaries that are listed, creditable years of service, etc. Be sure these figures match what your employer has on file.
- Your creditable service from all WRS-covered positions accrues into the same WRS account. Therefore, your total years of service include current and past WRS employers you may have worked for.
- Keep in mind, the dollar figure in Section 9 of your statement reflects your balance as of the statement date. It does not reflect future earnings or contributions.
- The numbers in Section 10 are based on your account as of the statement date. It does not reflect continued service past the date of the statement.

EMPLOYER RETURN ADDRESS

LAST NAME, FIRST NAME ADDRESS

Department of Employee Trust Funds (ETF)
Wisconsin Retirement System (WRS)
P.O. Box 47106 and 47300
Toll Free 1-877-633-5000

January 1, 2022 Annual Statement of Benefits

Please review this document carefully. The amounts shown reflect ETF records as of January 1, 2022 and may be subject to corrections and updates concerning WRS accounts, service history, earnings, contributions and other records. Keep this document with your important personal records. Go to etf.wisconsin.gov for more information.

Member ID: *****

If you plan to retire within the next 12 months, you must contact ETF for a retirement packet that includes an official retirement application.

Section 1 - 2021 Earnings and Service

The earnings and service below were reported by your WRS employer for calendar year 2021. Earnings and service for teachers, judges and educational support personnel are also shown for the first half of the current fiscal year.

Category	Year	Earnings	Years of Service
General	2021	\$42,226.40	3.00

2. What happens if I terminate employment before my earliest retirement age? Do I need to withdraw my retirement account?

You have two options:

1. **You can take a withdrawal and forfeit half of the account** (the employer share). If you decide to withdraw your account, your only option is to take a separation benefit (lump sum).
2. **If you leave the account where it is until you are vested**, you can apply for a retirement benefit once you reach age 55. Generally, to be fully vested, you must have five years of creditable service. Once vested, you will receive both the employee and employer shares. Generally speaking, it is often best to leave the account where it is.

3. What's the difference between the Core and Variable Fund?

These are the two trust funds into which the assets of the WRS are placed and managed by the State of Wisconsin Investment Board (SWIB). The Core Fund is a fully diversified, balanced fund. It includes a mixture of holdings, such as stocks, bonds, and real estate, and is diversified to stabilize the effects of stock market changes. All WRS members participate in the Core Fund. The Variable Fund is primarily a stock fund, which results in a greater degree of risk and return due to the volatility of the stock market. The Core Fund is also partially invested in the stock market, and the particular stocks held by the Core and Variable Funds are the same. If you don't elect otherwise, your dollars will be deposited to the Core Fund by default. If you opt to participate in the Variable Fund, 50% of your ongoing contributions will be directed to the Variable Fund while the other 50% of ongoing contributions continue to the Core Fund.

A BENEFICIARY

- Receives the remaining balance of guaranteed payments from your WRS annuity for a finite period.
- Can be a person, a trust, an estate, or an organization.
- Can be changed at any time.
- Supersedes your will.
- Is named on your account prior to beginning your retirement annuity.

** Only if one of the several joint and survivor annuity options are selected that provide a lifetime annuity for both the retiree (annuitant) and one named survivor.*

A NAMED SURVIVOR

- Will receive payments for the remainder of their lifetime.*
- Can be anyone, but there are age difference restrictions for non-spouses.
- Cannot be more than 10-19 years younger than you if not your spouse (typically excludes your children).
- Cannot be changed or eliminated once the 60-day change deadline has passed.
- By law, your spouse or domestic partner has a right to be named survivor and must waive that right if a survivor option is not selected.



4. In the past, I worked in a WRS-covered position but left my job and withdrew my funds. Is there any way I can buy back the creditable service?

Yes. And generally speaking, you should consider this option. If you are currently employed under the WRS and meet the eligibility criteria, you can buy back your forfeited service. Keep in mind, **you must buy back your years of service BEFORE you retire or you will lose them**. The cost is based on your three highest annual earning years completed at the time you repurchase. Ninety percent can be paid by a transfer of funds from a 403(b) or other retirement account (if you don't have a 403(b), this is a great reason to start one) and at least 10% must be paid out-of-pocket.

5. Can I make additional contributions?

Yes, you can make after-tax additional contributions to your WRS account to supplement your benefit at any time while you are actively employed by a WRS employer. Generally speaking, you should take advantage of tax-favored options (like a 403(b) or IRA) first so you don't miss out on the tax benefits that are available to you.

Annuity payment options

When you retire, your WRS benefit will be paid out in a monthly annuity unless your account is too small for a monthly benefit. All annuity options provide you with payments for the rest of your life, but differ in what happens after you pass away. There are several annuity payment options from which to choose.

Keep in mind that you can only change annuity options within 60 days of receiving your initial annuity payment. The only exception is if you choose the *75% or 100% Continued to Named Survivor* options and your named survivor dies within the first five years of you receiving your annuity, your annuity increases to the *For Annuitant's Life Only* amount.

LIFE ANNUITY OPTIONS

- For Annuitant's Life Only
- Life with 60 Payments Guaranteed
- Life with 180 Payments Guaranteed

JOINT AND SURVIVOR OPTIONS

- 75% Continued to Named Survivor
- 100% Continued to Named Survivor
- Reduced 25% on Death of Annuitant or Death of Named Survivor
- 100% Continued to Named Survivor with 180 Payments Guaranteed

6. How do Core and Variable investments affect my pension payout? Can I move my money between the two funds?

Once you retire and start taking a monthly pension benefit, the starting amount of your monthly benefit attributed to the Core Fund establishes a “floor” that your benefit payments will never fall below. For example, a retiree invested 100% in the Core Fund starts with a \$1,000 pension payment each month. Your monthly payments will never go below \$1,000 regardless of future investment performance. Additionally, the Core Fund returns utilize a five-year average that is designed to smooth out significant fluctuations in the market. In contrast, the Variable Fund does not average and your payout can be less than your initial “floor” when you started. So your \$1,000 payout could be less (or more) depending on what happens in the market each year.

That said, you can make a one-time election to invest half of your future contributions in the Variable Fund. If you make this election, the other half of your future contributions will still go to the Core fund—it is not possible to customize this 50/50 split of future contributions. Over time, it is possible to have more than half of your account value in the Variable Fund due to performance differences between the two funds. Once in, you can also make a one-time election to cancel your Variable fund participation. Upon opting out of the Variable fund, you will not be able to opt in again in the future.

GOOD TO KNOW

At the time of retirement, the WRS will run two calculations (Formula and Money Purchase) to determine your monthly annuity payment or benefit.

The **Formula** calculation method is based on your three highest earning years, years of creditable service, formula multipliers for your employment category, and any actuarial reduction for early retirement. It is a defined benefit calculation.

The **Money Purchase** calculation method is based only on your WRS retirement account balance and your age when your retirement benefit begins. It is a defined contribution calculation.

Retirement benefits are always calculated under BOTH methods. You automatically receive the HIGHER of the two benefit calculations at retirement.



7. Can I get a lump sum benefit when I retire or am I limited to receiving a monthly annuity?

If your benefit is less than \$255* (for 2024), you are restricted to a lump sum payment. If your annuity is at least \$255* (for 2024) but less than \$528* (for 2024), you may choose between a lump sum payment or a monthly annuity. If your monthly annuity is more than \$528* (for 2024), a lump sum payment is not available. The annuity option you select will determine the amount and whether death benefits will be payable after your death.

*These amounts increase annually and are based on the "Annuitant's Life Only" option.

For current figures, visit etf.wi.gov.

8. What if I become disabled? Are any disability benefits available through WRS?

If you become permanently and totally disabled while you are actively employed under the WRS, you may qualify for disability benefits. If you meet the service requirements, your disability does not have to be work-related to qualify.

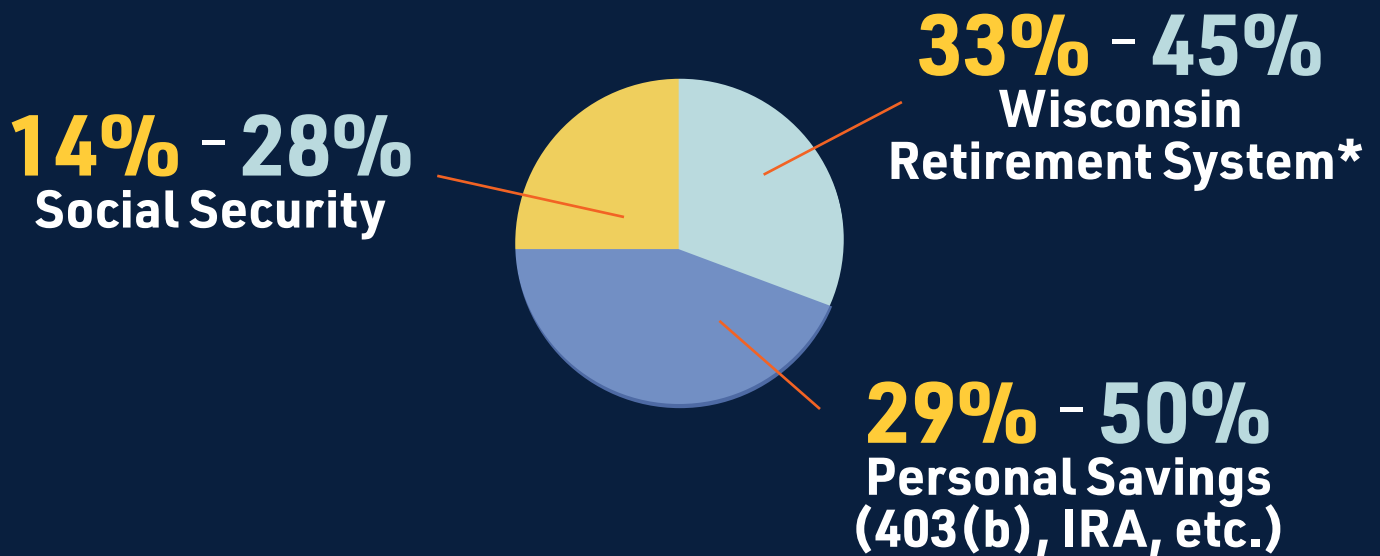
9. Is it necessary to visit the WRS office before I decide to retire? What do I need to do?

No, it is not necessary to visit the WRS office. When you've decided to retire, you will need to request a retirement estimate packet from the WRS. You should request your estimate packet between six and twelve months in advance of when you plan to retire. The packet includes your application for benefits, information about income tax liabilities, electronic deposit of your payments, etc. You can submit your application in person or by mail. If you have questions, contact the WRS to make an appointment with a benefit specialist. But plan ahead, 12-16 weeks ahead, especially if you would like an appointment in the spring when most teachers are nearing retirement. ETF can accept your retirement application up to 90 days before the date you terminate employment.



Request your retirement estimate packet by phone, in writing, or by visiting the WRS website at etf.wi.gov.

Most Wisconsin public school employees can expect their retirement income to come from these sources:



Sources of retirement income for most Wisconsin public school employees. *The percentage of salary replaced is tied to how many years one works in state service. The 33%-45% figure assumes 25-33 years of WRS service and depends on individual circumstances.

Even with a pension and Social Security, **you will need personal savings to fill the gap.**



Q&A: Is it too late to start saving in a 403(b) or IRA to help fill my retirement savings gap?

"We get this question all the time. It's never too late to start saving. The earlier you start, the more time is on your side. When you start later, you will have to save longer or save more."

**Brenda Echeverria, CRPC®, ChFC®, Financial Planner at
WEA Member Benefits**



10. I don't remember who I designated as my beneficiary, or whether I ever filed a designation form. How do I find out who my designated beneficiary is?

You can call or write to ETF, as ETF does provide beneficiary information over the phone. If you file a new form, it will supersede all forms you filed in the past, including a will if you have one. It is extremely important to keep your beneficiary designations up to date on all of your retirement accounts (this also includes your 403(b), IRA, etc.). Under the law, all death benefits must be paid according to the most recent designation filed by you, regardless of any changes in your personal situation, such as divorce, remarriage, birth of your children, etc.

11. Will I lose benefits if I don't apply for retirement immediately?

It depends. If ETF receives your application within 90 days after your termination date, they will pay benefits retroactively to your retirement date. However, if ETF receives your retirement benefit application more than 90 days after you terminate employment, you will lose some benefits since your annuity cannot be backdated more than 90 days. Keep in mind that if you retire and pass away prior to starting your WRS pension, your beneficiary will lose half of your account balance. Therefore, you should generally apply to begin your retirement benefit as soon as you are eligible to do so.

Use the Accelerated Payment Cost Calculator at etf.wi.gov to help determine if an accelerated payment option may be right for you.

12. I'm thinking about selecting an accelerated payment option. How does this affect any payments when I retire, and what happens when I reach age 62?

The accelerated payment option is available if you want your WRS annuity to begin before you are eligible for Social Security. The option provides two annuities: a lifetime annuity and a temporary (or accelerated) annuity that ends at age 62. The purpose is to temporarily provide a higher WRS benefit until you are eligible for Social Security benefits at age 62. Once you reach age 62, your WRS annuity permanently decreases.

This is a popular option for early retirees, but remember that the longer you live after age 62, the more it will "cost" you for the temporary annuity. The reduction in monthly benefit lasts for your lifetime, and your pension percentage increases will be based on a smaller number. After many years your total lifetime income may be less. If you are in good health and expect to live a long life and don't need the extra funds to age 62, you may want to consider not taking the accelerated payment option.

GOOD TO KNOW

WRS and Social Security don't talk to each other. Therefore, if you choose the accelerated payment option, you will need to apply for Social Security yourself when you want to take the benefit.





Q&A: I'd like to retire soon. Where do I start?

- Use **ETF's calculator** to run your own (unofficial) benefit projection.
- Review their brochure ***Calculating Your Retirement Benefits*** to get an idea of your WRS benefit.
- Set up an appointment to **meet with one of our financial planners**. We can help you make informed decisions that are best for your situation.
- Use our handy **Pre-Retirement Checklist** at the end of this eBook.

EMPLOYER RETURN ADDRESS

LAST NAME, FIRST NAME
ADDRESS

Department of Employee Trust Funds (ETF)
Wisconsin Retirement System (WRS)
P.O. Box 40140, Madison, WI 53740-0140
Tel: 608-261-5000

January 1, 2022 Annual Statement of Benefits

Please review this document carefully. The amounts shown reflect WRS records as of January 1, 2022, and may be subject to corrections and updates concerning WRS accounts, service history, earnings, contributions and other records.

Keep this document with your important personal records. Do not give it to anyone for more information.

Member ID: 888888

If you do not wish to have the next 12 months of your record (WRS) be a retirement plan for you, please contact the plan administrator.

Section 1 - 2021 Earnings and Service

The earnings and service history were reported to your WRS employer for calendar year 2021. Earnings and service for members, judges and educational support personnel are also shown for the first full of the current fiscal year.

Category	Year	Earnings	Years of Service
Category 1	2021	\$41,279.45	1.00

Section 2 - Years of Creditable Service as of January 1, 2022

Years of service for members, judges and educational support personnel are based on fiscal years. This statement shows both fiscal and calendar year service.

Category	Before 2020	After 2020	After Aug 19	Total Service
Category 1	24.10	22.00	1.00	47.10

Find these tools and more at weabenefits.com/wrsresources.

13. When will I receive my first WRS payment?

If you apply 60–90 days before your annuity effective date (normally the day after your termination date), you should receive your first payment four to six weeks after your termination date. Your payment will include payments retroactive to your annuity effective date. The payment you receive on the first of each month is for the preceding month. The only payment option available is via direct deposit.

14. What if I retire on a day other than the first of the month? Will I be paid for the entire month?

No. You are paid retirement benefits only for the days you are actually retired. Your first payment could be for a partial month or for a full month plus a partial month. For example, if your last day of work is May 20, your annuity effective date is May 21. This means that ETF would add payment for May 21 through May 31 to the payment for the month of June, which you would receive on the first of July.



Check out these helpful websites:

- ETF/WRS: etf.wi.gov
- Social Security Administration: ssa.gov
- Medicare information: medicare.gov

weabenefits.com/wrsresources

15. How long after I retire will my annuity payments be based on the amounts from my annuity estimates?

If you are a recent retiree, it usually takes from 6–8 months after you retire for ETF to do the final calculation of your annuity. When the final calculation is done, they will send you a final calculation notice that provides the total service, earnings, and account balance information on which your final calculation was based. Any retroactive adjustments due will be made to your subsequent payment(s).

16. What about taxes? Do I pay taxes on my monthly pension benefits when I'm retired?

Yes. Since contributions to your pension are pretax (you pay no taxes on your contributions), you will pay taxes on withdrawals in retirement. You will have to pay federal taxes and, depending on which state you reside in when you retire, you may pay state income tax. The amount you pay in state taxes depends on which state you live in, and some states have no state income tax. Since you are no longer employed, you will not pay FICA tax. You will select how you want your taxes to be paid when you set up your annuity payments at retirement.

17. Do my salary reductions for a 403(b) or flex plan reduce my retirement pension benefits?

No.

1 in 5 Wisconsin residents is a WRS member or a family member of a WRS member.



18. What happens to my pension if I die?

If you pass away while still working in a WRS-covered position, you are considered an active employee. Your named beneficiary(ies) would then receive both the employee and employer shares of your account. Your spouse can receive the monthly annuity immediately regardless of their age (i.e., they don't have to be of retirement age) or they can take a lump sum. The beneficiary of a beneficiary can only take a lump sum. Keep in mind taxes will apply to lump sum payments received directly by an individual, so a rollover to an IRA may be a better option.

If you were not working for a WRS employer at the time of your death (and you were not yet receiving a retirement annuity), you are considered inactive. Your beneficiary(ies) would only receive the employee share of the WRS benefit and not the employer share, regardless of your years of service.

If you are receiving a retirement annuity at the time of death, any remaining annuity payments (if any) would depend on which annuity payment option you chose at the time you retired.

A word of caution: Say you die the day after you retire. You terminated employment before you died, but you did not file for your benefit. In this case, the inactive death benefit applies and your beneficiary(ies) are at risk of losing the employer share if you die after separation of service but before you file. Make sure you file **BEFORE** you retire so this doesn't happen.

GOOD TO KNOW

WEA Member Benefits advisors **DO NOT** have access to your specific WRS account information. For that information, please contact the Wisconsin Department of Employee Trust Funds at 1-877-533-5020 or visit etf.wi.gov.

19. How does the WRS benefit fit into my

The WRS pension benefit is designed to replace a portion of your income in retirement. Even if you are years away from retirement, you may need help understanding how WRS fits into your overall financial strategy.

Financial Picture?

At WEA Member Benefits, **we offer a variety of free and fee-based financial planning services** to Wisconsin public school employees. Our financial planners specialize in working with Wisconsin public school employees and understand the unique retirement benefits that are available to you.

"Teaching is a hard job. You should be able to enjoy your retirement...but you have to invest in you."

- Lewis Gunderson
School District of Cadott, WI



Our services

- Visit our website at weabenefits.com/financial-planning to see what services may be right for you.
- **Email** our financial planners to set up your financial planning appointment.



weafa@weabenefits.com

20. What should I do before I retire to help me prepare?



Pre-Retirement Checklist

12+ MONTHS FROM YOUR ANTICIPATED RETIREMENT DATE:

- ☐ Schedule a time to meet with a financial planner to review your retirement plan and decide how or when to withdraw money from your various retirement income sources.
- ☐ Use ETF's calculator to run your own (unofficial) benefit projection to get an idea of what your payments could be.
- ☐ Review the ETF brochure *Calculating Your Retirement Benefits (ET-4107)* at etf.wi.gov.
- ☐ Determine your full retirement age and decide if you want full Social Security benefits at ssa.gov.
- ☐ Decide on a retirement date.

WITHIN 6-12 MONTHS OF RETIREMENT:

- ☐ Plan to contact WRS 6-12 months in advance of your anticipated retirement date. Visit their website at etf.wi.gov.
- ☐ Request an official benefit estimate from ETF by filling out the *Benefit Information Request* form. You can find the form on their website: etf.wi.gov.
- ☐ Notify your district of your anticipated retirement date.
- ☐ Ask your district about any post-employment benefits you may be eligible for.
- ☐ Explore supplemental health insurance options, sign up for Medicare at age 64 and 9 months.
- ☐ If you're retiring before age 65, you will need private health insurance. Check into available options (spouse's plan, COBRA, and health insurance marketplace) at healthcare.gov.

WITHIN 3 MONTHS OF RETIREMENT:

- ☐ Send your retirement application form to ETF no earlier than 90 days before your termination date.
- ☐ If you wish to start receiving Social Security benefits at age 62, contact the Social Security Administration (SSA) about starting your benefit three months before you turn 62. Visit ssa.gov for more information.

Important Disclosures:

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This eBook is for informational purposes only and is not intended to constitute legal, financial, or tax advice. Certain recommendations or guidelines may not be appropriate for everyone. Consult your personal advisor or attorney for advice specific to your unique circumstances before taking action.

The WRS is administered by the Department of Employee Trust Funds. For specific information about your WRS benefit visit their website at etf.wi.gov.

Seminars are free to attend; however, if you choose to invest in the WEA Tax Sheltered Annuity or WEA Member Benefits IRA program, fees will apply. Consider all expenses before investing.

The 403(b) retirement program is offered by the WEA TSA Trust. TSA and IRA program registered representatives are licensed through WEA Investment Services, Inc., member FINRA.

The Trustee Custodian for the WEA Member Benefits IRA accounts is Newport Trust Company.

All advisory services are offered through WEA Financial Advisors, Inc., an SEC registered investment advisor.

Family members, including your spouse or domestic partner, children and their spouses, parents, parents-in-law—and in some cases, your grandchildren—may also be eligible to participate in many of our programs. Restrictions may apply.



weabenefits.com/wrsresources