

# Understanding the Wisconsin Retirement System (WRS) your state pension plan

WEA Member Benefits | [weabenefits.com](http://weabenefits.com)



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underwritten by multiple life insurance carriers.

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We operate as a trust which reinvests any profits back into programs that benefit participants.

**For a full list of disclosures, visit: [weabenefits.com/disclosures](https://weabenefits.com/disclosures)**

For more information about the Wisconsin Retirement System visit their website: [etf.wi.gov](https://etf.wi.gov)

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# Questions you may have

- WEA Member Benefits and WRS...different or the same?
- Is WRS a good program?
- How much will I get from WRS?
- Is there any way to increase my benefit?
- How and when can I get my money out?
- What happens to my account if I die?
- Will my benefit increase during retirement?
- What is my next step?

# WEA Member Benefits and WRS: Different or the same?

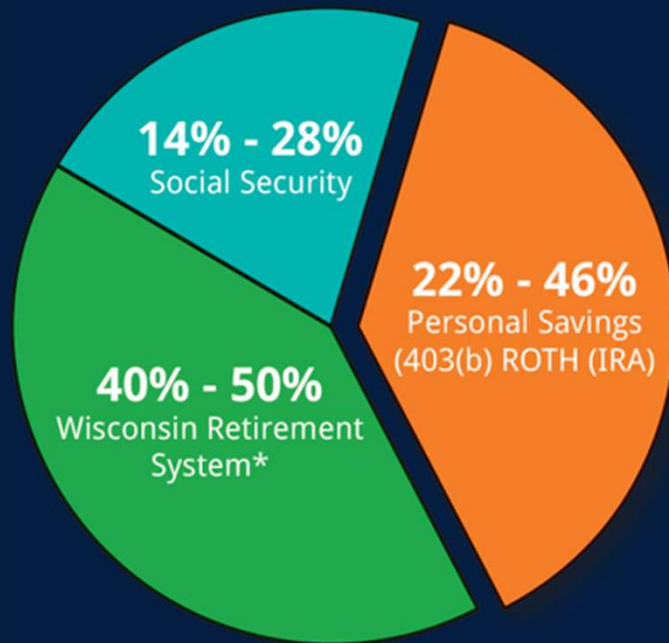
## WEA Member Benefits

- Private
- Created by WEAC
- Voluntary benefits
- General WRS information
- Individual consultations
- [weabenefits.com](http://weabenefits.com)

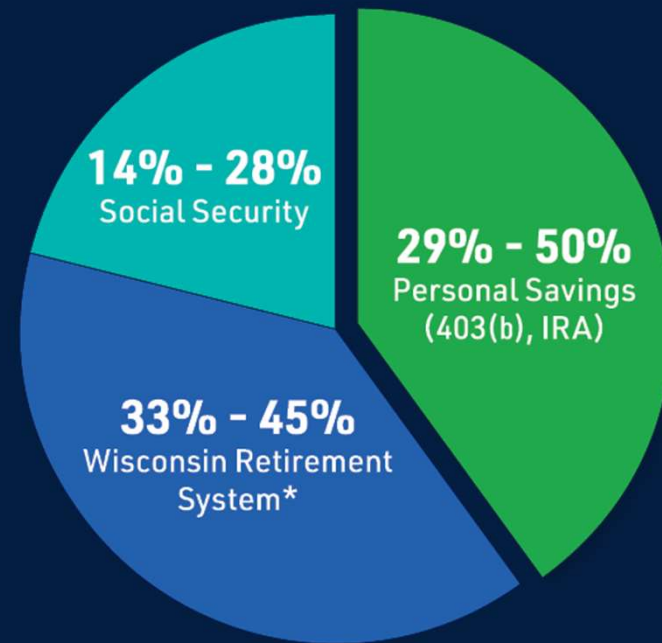
## Wisconsin Retirement System

- Public
- State agency
- Group pension
- Specific WRS information
- [etf.wi.gov](http://etf.wi.gov)

# Saving has become even MORE important



Previous estimates



Current estimates

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.

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# The basics

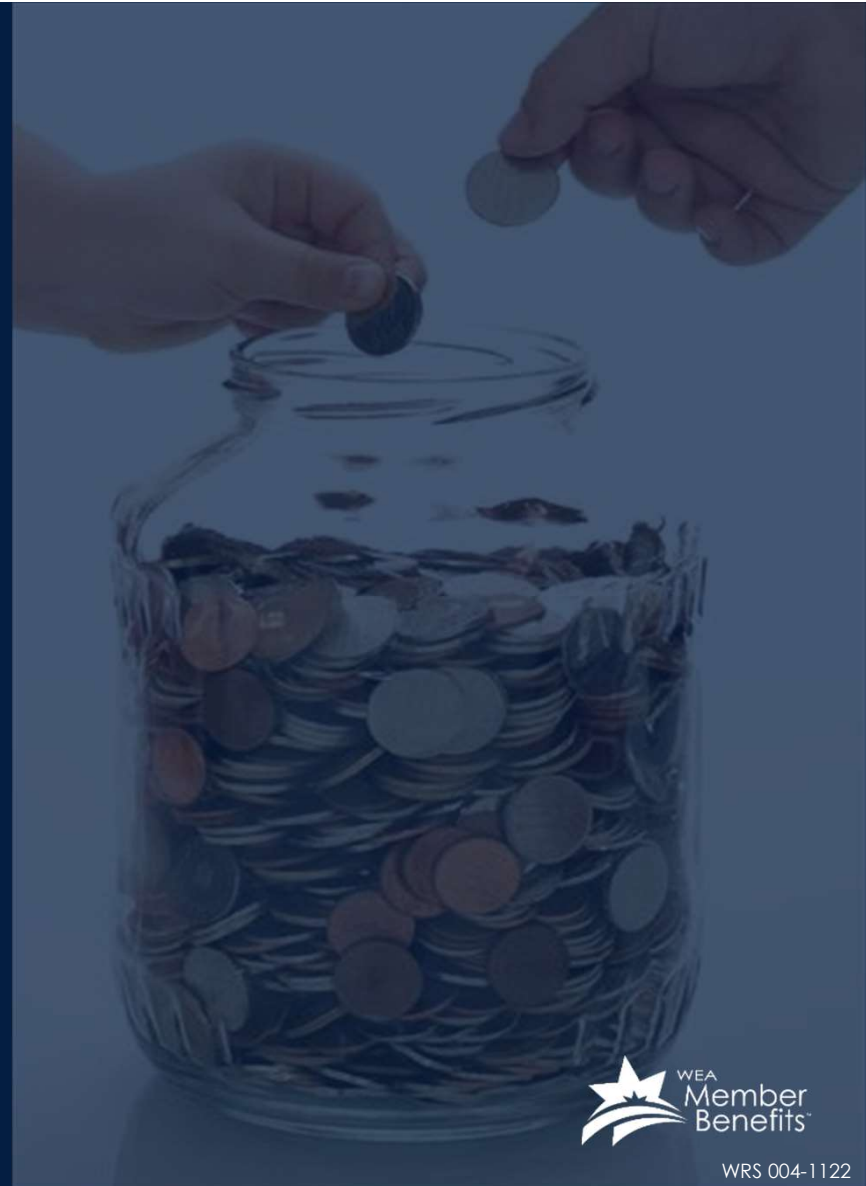
## ▶ Contributions

- ▶ Employer is 6.8%
- ▶ Employee is 6.8%
- ▶ Total contribution in 2023 is 13.6%

## ▶ Earliest retirement age is 55

- ▶ Age 50 for protective category
- ▶ No access to money while working

Source: [efw.wi.gov](http://efw.wi.gov)



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# The basics

- ▶ **WRS investments**

- ▶ Core
- ▶ Variable

- ▶ **Interest rates**

- ▶ Effective rate
- ▶ Dividend rate

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# Variable participation

## Election to cancel

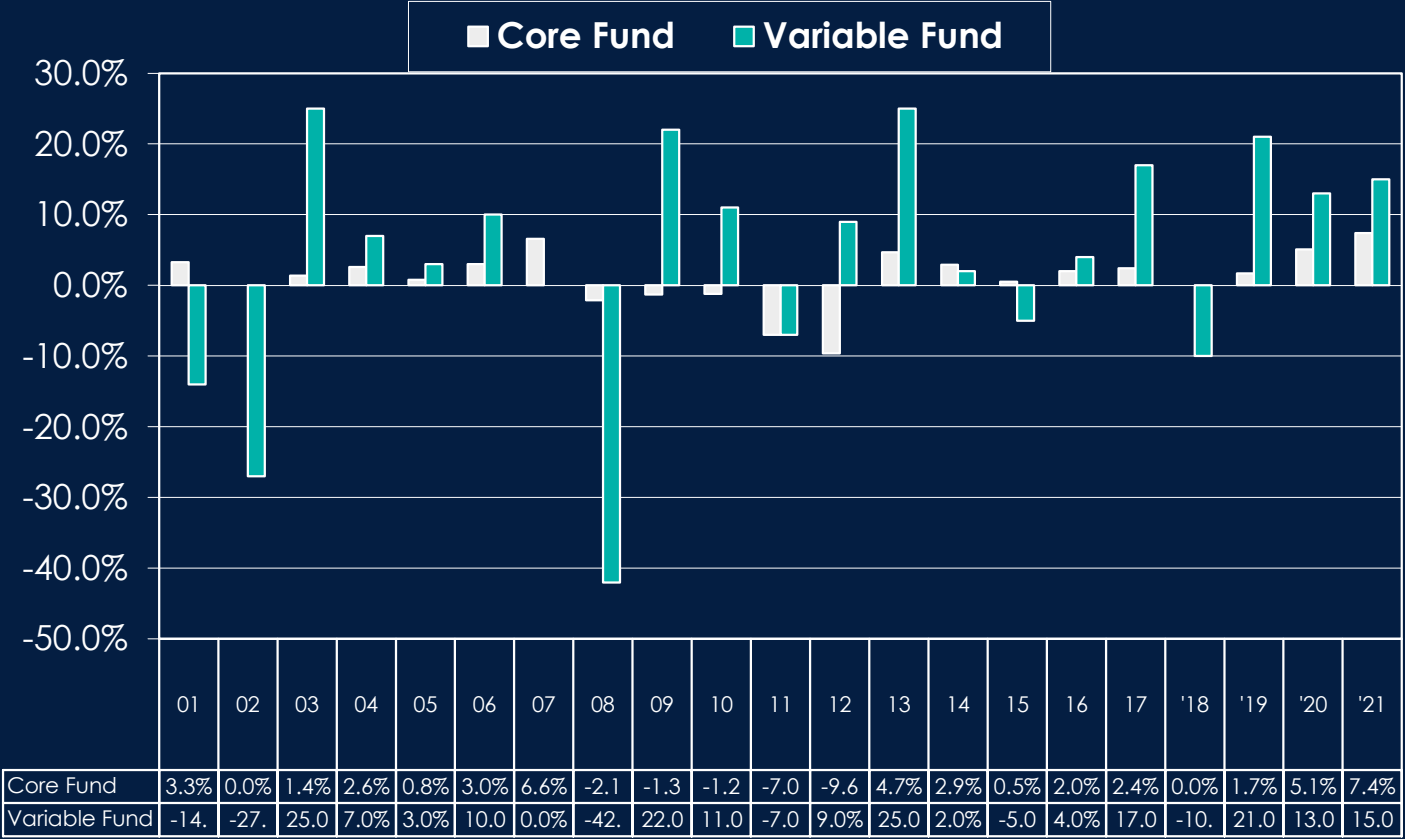
- ▶ Effective January 1 of following year
- ▶ Check variable deficiency
- ▶ Conditional
- ▶ Unconditional





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# Annuity dividends 2001–2021

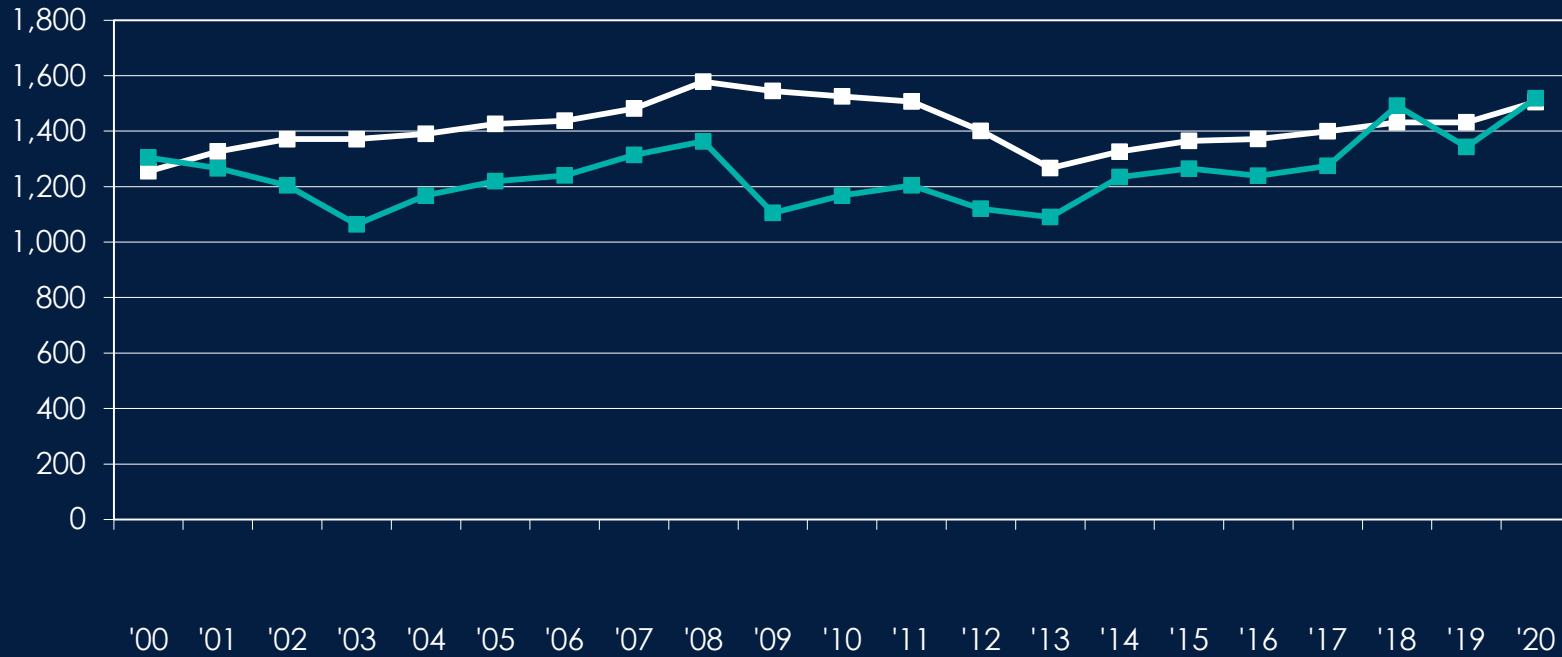


Source of information: [etf.wi.gov](http://etf.wi.gov)

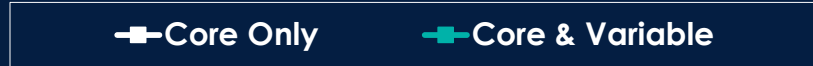


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# Examples: \$1,000 monthly pension payments starting in 2000 with historical dividends



Source of information: [etf.wi.gov](http://etf.wi.gov)



# *Wisconsin Retirement System* Formula benefit components

$$(A \times B \times C \times D) +/- E$$

- ▶ Average three highest earning years = **A**
- ▶ Creditable service = **B**
- ▶ Formula multipliers = **C**
- ▶ Age-reduction factor if applicable\* = **D**
- ▶ Variable excess/deficiency = **E**

\*For more information, see [Calculating Your Retirement Benefits](#), provided by the Wisconsin Department of Employee Trust Funds.



# Age reduction factor

Years of Service	General / Teachers												
	Age 55	Age 56	Age 57	Age 58 *		Age 59 *		Age 60	Age 61	Age 62	Age 63	Age 64	Age 65
5	.584	.632	.680	.720	.704	.760	.752	.800	.840	.880	.920	.960	1.000
6	.597	.645	.693	.731	.712	.770	.760	.808	.846	.885	.923	.962	1.000
7	.610	.658	.706	.742	.720	.779	.768	.816	.853	.890	.926	.963	1.000
8	.622	.670	.718	.754	.728	.789	.776	.824	.859	.894	.930	.965	1.000
9	.635	.683	.731	.765	.736	.798	.784	.832	.866	.899	.933	.966	1.000
10	.648	.696	.744	.776	.744	.808	.792	.840	.872	.904	.936	.968	1.000
11	.661	.709	.757	.787	.752	.818	.800	.848	.878	.909	.939	.970	1.000
12	.674	.722	.770	.798	.760	.827	.808	.856	.885	.914	.942	.971	1.000
13	.686	.734	.782	.810	.768	.837	.816	.864	.891	.918	.946	.973	1.000
14	.699	.747	.795	.821	.776	.846	.824	.872	.898	.923	.949	.974	1.000
15	.712	.760	.808	.832	.784	.856	.832	.880	.904	.928	.952	.976	1.000
16	.725	.773	.821	.843	.792	.866	.840	.888	.910	.933	.955	.978	1.000
17	.738	.786	.834	.854	.800	.875	.848	.896	.917	.938	.958	.979	1.000
18	.750	.798	.846	.866	.808	.885	.856	.904	.923	.942	.962	.981	1.000
19	.763	.811	.859	.877	.816	.894	.864	.912	.930	.947	.965	.982	1.000
20	.776	.824	.872	.888	.824	.904	.872	.920	.936	.952	.968	.984	1.000
21	.789	.837	.885	.899	.832	.914	.880	.928	.942	.957	.971	.986	1.000
22	.802	.850	.898	.910	.840	.923	.888	.936	.949	.962	.974	.987	1.000
23	.814	.862	.910	.922	.848	.933	.896	.944	.955	.966	.978	.989	1.000
24	.827	.875	.923	.933	.856	.942	.904	.952	.962	.971	.981	.990	1.000
25	.840	.888	.936	.944	.864	.952	.912	.960	.968	.976	.984	.992	1.000
26	.853	.901	.949	.955	.872	.962	.920	.968	.974	.981	.987	.994	1.000
27	.866	.914	.962	.966	.880	.971	.928	.976	.981	.986	.990	.995	1.000
28	.878	.926	.974	.978	.888	.981	.936	.984	.987	.990	.994	.997	1.000
29	.891	.939	.987	.989	.896	.990	.944	.992	.994	.995	.997	.998	1.000
30+	.904	.952	1.000	1.000	.904	1.000	.952	1.000	1.000	1.000	1.000	1.000	1.000
Elected/Executives				Age 55	Age 56	Age 57	Age 58	Age 59	Age 60	Age 61	Age 62	Age 63	Age 64

Source of information:  
[etf.wi.gov](http://etf.wi.gov)

\* In columns with two factors, the factors on the right apply only to elected/executives.



# Money purchase calculation

- ▶ **Total money purchase balance at retirement**
  - ▶ Future contributions
  - ▶ Interest earnings
- ▶ **Money purchase calculation factor**

# Money purchase calculation factors

Age	Monthly Benefit Per \$1	Age	Monthly Benefit Per \$1
50	.00513	66	.00670
51	.00519	67	.00687
52	.00526	68	.00705
53	.00532	69	.00725
54	.00539	70	.00746
55	.00547	71	.00770
56	.00555	72	.00795
57	.00563	73	.00823
58	.00572	74	.00853
59	.00581	75	.00887
60	.00591	76	.00923
61	.00602	77	.00963
62	.00614	78	.01007
63	.00626	79	.01056
64	.00640	80	.01109
65	.00654		

Source of information:  
[etf.wi.gov](http://etf.wi.gov)



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# Taxes

- ▶ **Contribution pre-tax**
- ▶ **Taxation of withdrawals**
  - ▶ Retirement
    - ▶ Ordinary income (federal and state)
    - ▶ No FICA
  - ▶ Separation (prior to retirement)
    - ▶ Forfeit employer share (50%)
    - ▶ Ordinary income (federal and state)
    - ▶ Penalty tax (10% federal, 3.3% Wisconsin)

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# Increasing creditable service

## Forfeited service

- ▶ Years lost through a separation benefit
- ▶ Cost tied to three highest earning years
- ▶ Repay employee share
- ▶ Receive matching employer share at no cost

## Military service

- ▶ Active duty performed before 1974
- ▶ No cost





## Wisconsin Retirement System (WRS) Retirement Benefits Calculator

Please read the [disclaimer page](#) before using the calculator. Your most recent Statement of Benefits contains current data that may be helpful to you as you use the calculator.

Name (optional)  [Guide](#) to entering your Annual Statement of Benefits data in the calculator

Your birthdate:  (mm/dd/ccyy)

Benefit Effective Date:  (mm/dd/ccyy)  
 Note: This is the date your benefit is effective for calculation purposes, not the date you will receive your payment. For active members, this is generally the day after your termination date.

If you want [Joint and Survivor Annuity Options](#), enter your named survivor's birthdate:  (mm/dd/ccyy)

Is the named survivor specified your spouse?  Yes  No

If you will be under age 62 at retirement and want [Accelerated Payment Options](#), either:  
 1) enter your projected age 62 monthly Social Security benefit amount; or  
 2) leave it blank and complete the three highest years of earnings and related service fields below, and we will use a projected age-62 Social Security benefit amount from our WRS actuary.  
 \$

Contact the [Social Security Administration](#) for a benefit projection.

For [Formula](#) benefits enter the following:

1. Years of [creditable service](#) you expect to have at retirement by employment category:

<a href="#">Employment Category</a>	Years of Service		
	Before 2000	After 1999	
General/Teacher/Educational Support OR Elected Official/Exec. Retirement Plan Participant/Judges (start date after 12/31/2016)	<input type="text"/>	<input type="text"/>	(00.00)
Protective with Social Security	<input type="text"/>	<input type="text"/>	(00.00)
Protective without Social Security	<input type="text"/>	<input type="text"/>	(00.00)
Elected Official/Executive Retirement Plan	<input type="text"/>	<input type="text"/>	(00.00)
		(Before Act 10) (After Act 10)	

2. Did you terminate employment before 2000?  Yes  No

3. Your three highest years of earnings and related service:  
 If you worked less than full-time, enter decimal equivalent of a year in related service. See how to calculate [part-time service](#).

	Highest Earnings	Related Service
Year 1:	\$ <input type="text"/>	<input type="text"/> 1.00
Year 2:	\$ <input type="text"/>	<input type="text"/> 1.00
Year 3:	\$ <input type="text"/>	<input type="text"/> 1.00

4. If you participate in the [variable program](#), enter your total (employer and employee) variable excess/deficiency amount: \$

Excess  Deficiency

Find this calculator at:

[etf.wi.gov](http://etf.wi.gov)



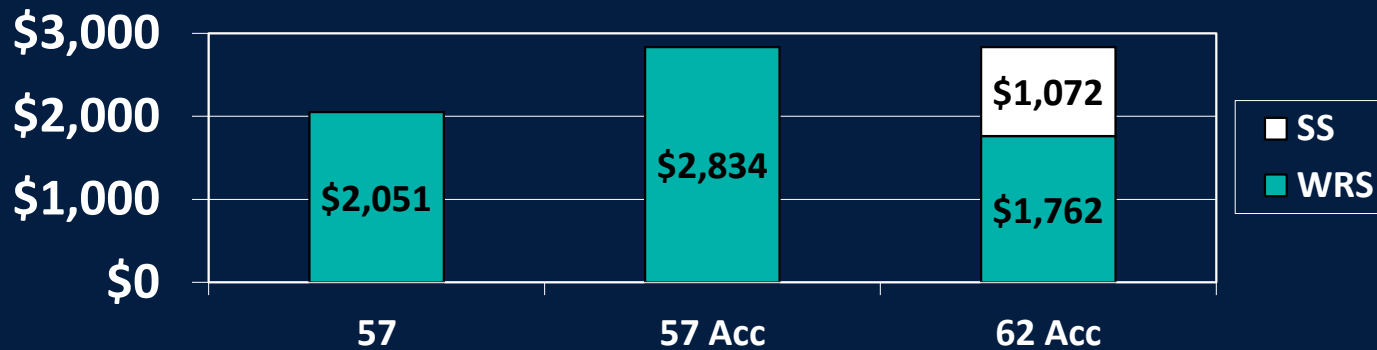
# Annuity payment options (example)

	Regular
For annuitant's life only	\$2,051
60 payments guaranteed	\$2,047
180 payments guaranteed	\$2,012
Named survivor—75% continued	\$1,876
Named survivor—100% continued	\$1,825
Named survivor—25% reduced at either death	\$1,905
Named survivor—100% continued (combined with 180 payments guaranteed)	\$1,823

**Assumptions:** Annuitant retires in 2022 at age 57 with 30 years of service; average high income is \$50,000/year; spouse is age 53; and estimated Social Security benefit for annuitant at age 62 will be \$1,072/month.

# Accelerated option (example)

Options	Accelerate Payments If age 62 SS estimate is \$1,072		
	Regular	To age 62	After age 62
For annuitant's life only	\$2,051	\$2,834	\$1,762



# What to do now

- ▶ **Save on your own for retirement:**
  - ▶ 403(b)
  - ▶ IRA (Roth IRA)
- ▶ **Find out how much you need to save**
- ▶ **Have a (financial) plan**

Retirement income analysis—what is it?

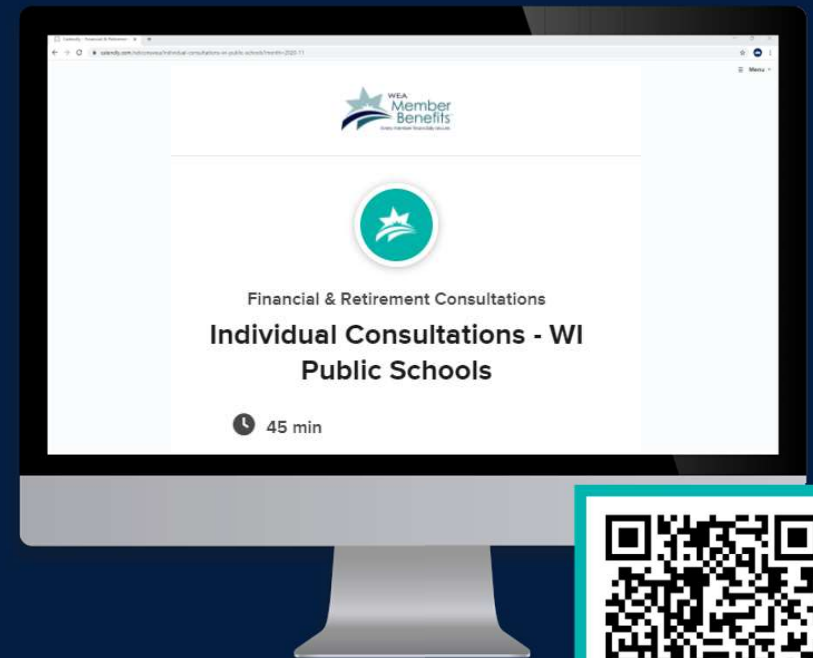
  - ▶ Tells you how much you will need
  - ▶ Tells you how much you will have
  - ▶ Fee-based program; depending on your situation, discounts are possible

# WRS resources

- ▶ WRS booklet  
[Calculating Your Retirement Benefits](#)
- ▶ WRS benefit calculator: [etf.wi.gov](http://etf.wi.gov)
- ▶ Your annual pension statement
- ▶ 20 WRS FAQs eBook: [weabenefits.com/wrsfaqs](http://weabenefits.com/wrsfaqs)
- ▶ WRS resources page: [weabenefits.com/wrsresources](http://weabenefits.com/wrsresources)



# Sign up for an Individual Financial Consultation



 [weabenefits.com/consults](https://weabenefits.com/consults) 

WEA Member Benefit Consultants can provide assistance with your retirement savings accounts but do not offer investment advice. The 403(b) retirement program is offered by the WEA TSA Trust. 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.



REQ 007-0922

# Do something today your future self will thank you for...**Open an IRA**

- ▶ IRA options:
  - ▶ IRA, 403(b), and 401(k) rollovers
  - ▶ SEP-IRA
  - ▶ Roth and Traditional IRAs
  - ▶ Automatic contributions make saving easy
- ▶ Your family members may be eligible



Mutual fund management and redemption fees may apply.



IRA 001-0922

# Who we are

We provide elective benefits to individuals including:



Retirement and  
Investment Savings



Financial  
Planning Services



Personal  
Insurance



# Thank you for attending today!



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