WISCONSIN RETIREMENT SYSTEM (WRS)

Retirement Benefits

WRS benefits are calculated under two methods:

- The formula method is based on your final average earnings, years of service, formula multipliers for your employment category, and any actuarial reduction for early retirement. *It is a "defined benefit" calculation*.

- The money purchase method is based only on your WRS retirement account balance and your age when your retirement benefit begins. *It is a "defined contribution" calculation*. The money purchase retirement guarantees that your retirement benefit will never be less than the annuity (monthly payments) that can be provided by your employee-required contributions plus an equal amount of employer contributions plus accumulated interest.

Retirement benefits are always calculated under both methods. You receive the **higher** of the two benefit calculations.

Retirement Plan Objectives

If you are a *career public employee* and retire at your normal retirement age, the intent is that your formula retirement benefit plus your Social Security benefit will produce a total retirement income between 50% and 85% of your pre-retirement earnings. This objective was established by the Wisconsin Legislature in recognition that retirees normally pay less in income tax and have decreased expenses.

A full career of public employment is considered to be 25 to 30 years of service or more. You should plan on supplementing your retirement income with your own savings program, especially if part of your career has been employment not covered by the WRS or if you intend to retire early. You should also consider any benefits you may receive from other retirement systems.

Which Employers Participate

- The State of Wisconsin
- All Wisconsin counties except Milwaukee County
- Wisconsin Technical College System and/or districts
- Cooperative education service agencies (CESA) for teaching personnel; most also cover non-teaching personnel
- All public school districts for teaching personnel; most also cover non-teaching personnel
- Any other public employer in the State of Wisconsin that elects to participate except the City of Milwaukee and Milwaukee County, which have their own retirement systems.

NOTE: Certain cities and villages are only required to provide WRS coverage for eligible employees who serve as police or firefighters. If you are employed by one of these cities or villages as a general employee or elected official, you are not eligible to participate in the WRS unless your employer elected to provide retirement coverage for all eligible personnel.

Eligibility to Participate

As an employee of a state agency or another WRS-participating employer, your employer is required to cover you under the WRS if you work in a position that meets WRS participation standards.

- If you were employed by a WRS employer before July 1, 2011, to qualify for WRS coverage you must receive earnings for your employment (volunteer work is not covered), and you must be expected to work for at least one full year at least one-third of full time (440 hours for teachers and non-teaching employees of school districts, 600 hours for all other employees).
- If you began your first employment with a WRS-employer on or after July 1, 2011, to qualify for WRS coverage you must receive earnings for your employment (volunteer work is not covered), and you must be expected to work for at least one full year at least two-thirds of full time (880 hours for teachers and non-teaching employees of school districts, 1200 hours for all other employees).

If you are not expected to meet these eligibility criteria when you are hired, you will not be enrolled in the WRS at that time. However, if you subsequently work at least 12 months, and in any 12-month period you meet the hours requirement, you are prospectively enrolled in the WRS. In this situation, your WRS coverage is not retroactive.

Mandatory Employee Contributions

Contributions to the WRS are required as soon as your employment is eligible for WRS coverage and are calculated as a percentage of your WRS earnings. The contribution rates are different for each WRS employment category, and the rates can change from year to year based on the recommendation of the consulting actuary.

If your employment is eligible to be covered under the WRS, you must make employee-required contributions. These contributions are credited to your individual WRS account. These contributions are vested immediately.

Your employer may have agreed to pay part or all of your employee required WRS contributions on your behalf, pursuant to a contract or collective bargaining agreement entered into prior to June 29, 2011. In addition, certain employees retained the right to bargain with their employers after that date over who will pay the employee-required contributions. Please contact your employer for more information.

	Employee Contribution Rates	
Employment Category	2014	2015
General/Teachers/Educational Support Personnel	7.0%	6.8%
Protectives with Social Security Coverage	7.0%	6.8%
Protectives without Social Security Coverage	7.0%	6.8%
Elected Officials/Executive Retirement Plan	7.75%	7.7%

Employer Contributions

Your employer is also required to make contributions to the WRS. The intent is for employee and employer contributions plus investment earnings to be sufficient to fund the retirement benefits to which you will be entitled.

The employer contribution rates are adjusted each year, based on the recommendations of the consulting actuary. Employers also pay any other contributions for unfunded actuarial accrued liabilities, such as duty disability benefits (protective category employers only) and accumulated sick leave conversion credit program (state employees only).

	Employer Contribution Rates	
Employment Category	2014	2015
General Employees/Teachers/Educational Support Personnel	7.0%	6.8%
Protectives with Social Security Coverage	10.10%	9.5%
Protectives without Social Security Coverage	13.70%	13.10%
Elected Officials & State Executive Retirement Plan Employees	7.75%	7.7%

Additional Contributions

Regular Additional—As a participating employee in the WRS you may make voluntary additional contributions to your account to supplement your regular WRS benefit. You may make after-tax additional contributions either by payroll deductions through your employer or by direct payment to ETF. The contributions are not tax-deductible, but the tax liabilities on the interest they earn is deferred until you receive the benefit. You may use monies in your additional account to purchase any creditable service that you are eligible to buy under the WRS. Employee additional contributions are subject to federal annual contribution limits.

Tax-Deferred Additional—Prior to 2009, employees of certain educational institutions could make tax-deferred additional contributions to the WRS under Sec. 403(b) of the Internal Revenue Code. As of January 1, 2009, the WRS no longer accepts tax-deferred contributions due to changes in the Internal Revenue Code. You may use any monies in your tax-deferred additional account to purchase any creditable service that you are eligible to buy under the WRS.

Employer Additional—Employers may make additional contributions for participating employees. Taxes on both the contribution and the interest are deferred until a benefit is received. Lump-sum withdrawals of employer additional contributions are generally not permitted.

Annual WRS Contribution Limits

The Internal Revenue Code limits the annual amount of contributions that can be made to an employee's account in a qualified pension system, such as the WRS. You can get the current year contribution limits from ETF by calling (608) 264-7900 or by visiting ETF's Web site at
etf.wi.gov.

Your gross compensation, on which your contribution limits are based in part, includes your earnings before they are reduced by any contributions to a tax-deferred plan or to a deferred compensation and/or employee reimbursement account, and includes lump sum payouts of accrued leave and expense reimbursements in addition to your actual salary.

The following contributions apply toward your annual contribution limit:

- All employee-required contributions to your WRS account actually paid by you;
- Any voluntary employee additional contributions.

More detailed information about voluntary additional contributions is available in the *Additional Contributions* brochure (ET-2123).

Participating in the Variable fund

- **Current Active WRS Participants:** Your election to participate in the Variable fund is effective on the January 1 after ETF receives your completed election form (ET-2356).
- **New active WRS participants**: If ETF receives your election form (ET-2356) within 30 days of the start of your WRS participating employment, your participation in the Variable fund is effective immediately on your WRS participation begin date. An election form received by the ETF more than 30 days after the start of WRS participating employment becomes effective on the January 1 after it is received by ETF.

NOTE: A participant who is on an official leave of absence is considered an active participant.

An election to participate in the Variable fund authorizes the investment of one-half of your future employee contributions plus an equal amount of employer contributions in the Variable fund, which consists of equity securities, primarily common stocks. The election applies only to future contributions; you cannot transfer past contributions into the Variable fund. If you elect Variable annuity participation, part of your retirement or disability annuity will be paid as a Core annuity and part as a Variable annuity.

If you close your account by taking a separation benefit, your Variable participation automatically ends. Participants in the Variable fund who do not close their WRS accounts may cancel their Variable participation. An *Election to Cancel Variable Participation* is effective on the January 1 after it is received by ETF. As of January 1, 2000, active participants who have cancelled their original Variable fund participation before that date have one opportunity to re-enroll in the Variable fund. The election applies only to future contributions; participants cannot transfer past contributions into the Variable fund.

Interest Crediting

The assets of the WRS are invested by the State of Wisconsin Investment Board, a separate state agency. The assets are divided into a Core Retirement Investment Trust (previously called the Fixed Trust) and a Variable Retirement Investment Trust. All contributions to your individual account are credited with interest each year, based on the investment earnings of the trust fund. There are separate Core and Variable rates each year.

Unless you elect to participate in the Variable fund, 100% of your required and any additional contributions will be deposited in the Core fund. If you elect Variable fund participation, 50% of your required and additional contributions will be deposited in the Variable fund and the other 50% in the Core fund.

Interest is credited each December 31 to that year’s January 1 balance. Contributions received by ETF during a calendar year will not receive any interest for that year because, by law, contributions do not begin to earn interest until the January 1 after they are received by ETF. Consequently, if you decide to make voluntary additional contributions to your WRS account, you may wish to do so late in the year so you can earn interest elsewhere until you make the additional contributions. *Note: ETF must actually receive your additional contributions by the last working day in the calendar year for those contributions to begin earning interest on January 1. If ETF receives your additional contributions after the end of the year, they will not begin to earn interest until the following year.*

Interest and Variable gains and losses are credited to your WRS account(s) at the annual effective rate(s). A brochure entitled *Investment Earnings Distribution Report* (ET-2124) is available that shows the rates credited to the Core and Variable funds for the past ten years. For the year in which your benefit begins, you will receive prorated 5% interest from January 1 through the end of the month prior to the month in which your benefit begins. This partial year of interest does not have any effect on the amount of your annuity if it is calculated under the formula method.

Investment in Contract

Your Investment in Contract (IIC) is the amount in your account that was actually contributed by you, on which you already paid income taxes. The remainder of your account consists of your pre-tax contributions, employer-paid contributions and accumulated interest. Your IIC is used to determine the non-taxable portion of your benefit when you begin receiving payment(s). The amount of your benefit in excess of your IIC is fully taxable.

Social Security

All WRS participating employees are also covered for their service by the federal Social Security system except:

- Some firefighters are not covered.

- Teachers who, as active members of the State Teachers Retirement System or the Milwaukee Teachers Retirement System, had a choice in 1956-57 for Social Security coverage as teachers and elected against such coverage, remain excluded if in subsequent enrollment opportunities they did not elect to become covered under Social Security.

  (NOTE: As of April 1, 1986, newly hired employees in the above two excluded groups are covered for the Medicare portion of Social Security.)

- Certain other employment situations are excluded from Social Security such as foreign nationals on F-1 or J-1 visas.

Contact the Social Security Administration for information regarding benefits under that system.

Social Security Number

You are required to provide us with your Social Security number. It is used to maintain a record of contributions and other data needed to pay retirement or other benefits to you, as well as to report information about your benefits to the Internal Revenue Service. The authority to require your Social Security number is found in Wis. Stat. § 40.03 (2) (h).

Qualified Domestic Relations Orders

If you are divorced after January 1, 1982, or a domestic partnership is terminated after January 1, 2010, your WRS account or annuity will be divided between you and an alternate payee (your former spouse or domestic partner) if ETF receives a Qualified Domestic Relations Order (QDRO). The QDRO can award the alternate payee up to 50% of your account value on the decree date. Years of service earned prior to the decree date (including military service credit for which the participant would be eligible as of that date) are also divided by the same percentage.

Obtaining Information about your Account

With proper identification, we can provide most information about your account to you by telephone. This includes such data as account balances, pension information, insurance information and status of pending benefit applications. Certain sensitive information is not available by telephone. If you want ETF to provide information to someone else, we must receive your written authorization. Please allow up to six weeks for reply.

Personal information such as your Social Security number, date of birth, etc., will not be used for any purpose other than for the administration of the benefit programs administered by ETF.

Benefit Payment Options

When you terminate employment or retire from your position, you are eligible for a WRS benefit. You may also defer distribution up to April 1 of the year following the calendar year you reach age 70½. You cannot withdraw your required or additional contributions until you terminate all WRS-covered employment.

There is no minimum age for a distribution. However, if you terminate WRS employment prior to age 55, you may be subject to an early distribution penalty if you receive a lump sum benefit before you reach age 59½. You should contact a tax advisor for more information regarding this potential tax penalty.

You may withdraw your additional contributions, both regular and tax-deferred, in a lump sum payment or as a monthly annuity. However, a monthly annuity is only available to you, from both your required contribution account and your additional account, if your monthly payment amount is $168 (the $168 threshold applies to annuities beginning in 2011, and it is indexed annually) or more per month. If you made both regular and tax-deferred additional contributions, your benefit is based on the combined account balances.

If you are under age 55 (50 for participants with some protective employment category service) and withdraw your employee required contributions, your additional contributions are included in your lump sum separation benefit. If you leave your required contributions in the WRS, you may take a benefit from your additional account immediately or at a later date. [See "Distribution Requirements" section.]

If you are over age 55 (50 for participants with some protective employment category service) and begin an annuity benefit from your required contributions, you may include your additional contributions with this benefit or elect to delay distribution until a later date. However, if your required contribution benefit is paid in a lump sum, your additional contributions are also included in this payment.

If you select an annuity from your additional account only, your annuity will be based on your age, the balance in your account and the annuity rates in effect when the annuity begins. The number of payments you select cannot exceed your life expectancy based on federal mortality tables. For more information about the different benefit options, see the brochure entitled *Choosing An Annuity Option* (ET-4117).

Distribution Requirements

Distributions from your WRS required and additional accounts must comply with federal tax laws. You must begin distribution from both your required and additional accounts by your required begin date. **Your required benefit begin date is April 1 of the year following the calendar year you reach age 70½ or the year you retire, whichever is later.**

If you delay beginning your distribution until your required begin date (in the year you reach age 71½), your first payment must also include the minimum distribution amount for the previous year. If you fail to meet the minimum distribution requirements, you may be subject to substantial federal tax penalties.

Wisconsin statutes require that you **apply** for a benefit from your required and additional accounts no later than the end of the year that you reach age 69½ or the year you terminate employment if later. If you are age 69, you may elect a later date for your benefit distribution (up to your required begin date).

ETF will notify you during your 69½ year, or the year you retire if later, that you must apply for a distribution. If you fail to submit a benefit application by the end of the year you reach age 69½ (or the year you retire, if later), ETF may begin an automatic distribution from your account effective on the following January 1.

You may request benefit estimates from ETF up to one year in advance of your anticipated benefit begin date. For detailed information about the federal distribution requirements, please contact the Internal Revenue Service or your tax consultant.

Rollovers to Another Plan

To avoid an immediate tax liability on a lump sum payment or an annuity certain of less than 10 years (120 months), you may roll over payments from your WRS account directly into an eligible employer plan, a traditional Individual Retirement Account (IRA) or a Roth IRA. To do this, you must submit an *Authorization for Direct Rollover* form (ET-7355) with your benefit application.

You are responsible for verifying that the receiving institution is qualified to receive this rollover. The check(s) for the amount of your rollover payment(s) will be issued to the receiving financial institution, but mailed directly to you. You are responsible for transmitting the check(s) to the receiving institution. Note: If you are older than age 70½, the amount you can roll over may be limited. Consult your tax advisor for further information.

You may not roll in or transfer money into your WRS account from other qualified retirement plans, Sec. 403(b) tax deferred annuity plans or Section 457 deferred compensation plans. The WRS can only accept rollovers when used to buy eligible creditable service.

Annual Statement of Benefits

Annual Statements of Benefits are distributed each spring that provide your January 1 account balances. The statement includes interest credited on the previous year's January 1 balance, plus the contributions made during the previous calendar year. Contributions do not begin to earn interest until the year after they are received by ETF. For most participants, the annual statements also provide a monthly retirement benefit earned to date.

Note: If your service and earnings are reported on a fiscal year basis, your annual statements will include only half of the current fiscal year service and earnings.

If you terminate employment and leave your funds with the WRS, be sure to keep ETF informed of your current address so that we can send you an annual *Statement of Benefits*. Failure to notify ETF of your current address could ultimately result in forfeiture of your account.

Please keep your annual statements with your important records.

YOUR WRS ACCOUNT PROVIDES FOUR TYPES OF BENEFITS

No WRS benefits are payable unless ETF receives the appropriate completed application form(s). Application forms for Separation Benefits, Retirement Benefits, Disability Benefits and Death Benefits must be requested directly from ETF. If you are an alternate payee pursuant to a Qualified Domestic Relations Order (divorce, annulment, legal separation or termination of a domestic partnership), contact ETF for benefit application information.

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

If you first began WRS employment after 1989 and terminated employment before April 24, 1998, you must have some WRS creditable service in five calendar years.

If you first began WRS employment on or after July 1, 2011, you must have five years of WRS creditable service.

If neither vesting law applies, you were vested when you first began WRS employment. If you are vested, you may receive a retirement benefit at age 55 (age 50 for protective category participants) once you terminate all WRS employment. If you are not vested, you may only receive a separation benefit.

Separation Benefits

To be eligible for a benefit payment, you must terminate all employment covered by the WRS. ETF must receive the termination data from your employer before a separation benefit can be paid.

You are not required to take a separation benefit. Even if you terminate your public employment before age 55 (50), you may leave your contributions in the WRS until you reach age 55 (50) or later. At that time, if you are vested, you will be eligible for a monthly retirement benefit or (depending on the size of your account) a lump sum retirement benefit. If you terminate employment under the WRS before you reach age 55 (50 for protectives), you can apply for a separation benefit. Your application must be received by ETF before your 55th (50th) birthday.

A separation benefit is a lump sum withdrawal of your employee contribution balance. A separation benefit will include all employee contributions (whether deducted from your salary or paid on your behalf by your employer), plus accumulated interest. **However, it does not include the employer-required contributions that would have been available for a retirement benefit at age 55 (50).**

If you file a separation benefit application for your employee-required contributions, your separation benefit will include any voluntary additional contributions to your account. If you return to covered WRS employment within 30 days after ETF receives your separation benefit application or after your termination date, whichever is later, you are not eligible for the separation benefit and will be required to return it.

Once you apply for and receive a separation benefit, your WRS account is completely closed. All rights to any benefits based on WRS employment prior to that separation benefit are forfeited. If you later return to WRS employment, you will be treated as a new WRS participant.

A separation benefit is taxable in the year payment is made unless you roll it over to an eligible employer plan, a traditional IRA or a Roth IRA. Tax information will be enclosed with your separation benefit check. All monies paid to you that have not been previously taxed are considered taxable income when paid. Federal law requires ETF to withhold 20% of the taxable amount unless you roll it over. Separation benefits paid prior to age 59½ are also subject to a 10% federal early distribution tax unless you terminated your employment in the year you reached age 55 or later. If your benefit is subject to the federal early distribution tax, it is also subject to a Wisconsin early distribution tax. The Wisconsin early distribution tax is 33% of the federal early distribution tax. Please contact the IRS, the Wisconsin Department of Revenue or your tax consultant for further information.

If you take a separation benefit and later return to covered WRS employment, you may be eligible to buy back the service you forfeited through your separation benefit. To be eligible to buy back forfeited service, you must work under the WRS for at least three complete annual earnings periods and still be an active participant in the WRS on the date ETF receives your service purchase application.

The cost of buying back your service will be based on your three highest years of earnings after returning to WRS employment. You cannot buy more forfeited service than the amount of service you have earned since returning to work under the WRS. If you buy back your forfeited service you are only buying additional years of service credit; you are not buying back the benefit rights associated with your previous periods of employment, nor restoring your account as though it had never been closed.

If you are not vested, you remain eligible only for a separation benefit.

Retirement Benefits

Your minimum retirement age is the earliest age at which you can receive a retirement benefit. **Normal retirement age** is the age at which you may begin receiving a formula retirement benefit with no actuarial reduction for early retirement. The minimum and normal retirement ages for the various employment categories are as follows:

Employment Category	Minimum Retirement Age	Normal Retirement Age
General Employees and Teachers	55	65*
Elected Officials and State Executive Retirement Plan Employees	55	62*
Protective Occupation Employees with less than 25 years of creditable service	50	54
Protective Occupation Employees with 25 or more years of creditable service	50	53
Protective Occupation Employees who terminated before 1982 regardless of years of service	55	55

* *If you have at least 30 years of WRS creditable service at age 57, you can receive a formula benefit or a WRS disability annuity with no actuarial reduction for early retirement.*

ETF recommends that you request a retirement estimate/application six to 12 months before your anticipated retirement date.

Years of Creditable Service

Creditable service means the years of service for which you have received credit under the WRS. Included in your creditable service is all service for which contributions have been made to the WRS, any service you have purchased, and any retirement service credit you have been granted by your employer based on employment with that employer prior to the date your employer joined the WRS. Your total years of service as of January 1 each year will be reflected on your annual statements.

Buying Creditable Service

Several circumstances allow you to purchase creditable service in the WRS. These include:

Forfeited Service: If you took a separation benefit (see page 10) during your career, you forfeited the creditable service earned prior to the separation benefit. You can purchase credit for this forfeited service if you meet the eligibility requirements.

Qualifying Service: Before January 1, 1973, non-teacher participants in the former Wisconsin Retirement Fund did not make contributions nor receive service credit for a qualifying period, normally a six-month period. Participants who served a qualifying period can purchase service credit for up to six months of qualifying service.

UW Teacher Improvement Leave and Uncredited Junior Teaching: Under certain circumstances, UW Teacher Improvement Leave and uncredited junior teaching may also be purchased.

Uncredited State Executive Service: Participants who were in the state executive retirement plan who worked in an executive position after age 62 and did not accrue creditable service may purchase that service.

More detailed information about buying these types of WRS service is available in the *Buying Creditable Service* brochure (ET-4121).

Other Governmental Service (OGS): You may be eligible to purchase non-military service with a governmental employer not participating in the WRS and/or service with a WRS employer for which you worked before that employer participated in the WRS. More detailed information about buying OGS is available in the *Buying Other Governmental Service* brochure (ET-2207).

If you have service to buy, you should request cost information at least a year before you plan to retire. It may be to your advantage to purchase the service even earlier, because the cost generally increases as your annual earnings increase.

If you have pre-tax monies in a qualified retirement plan other than the WRS, you may be eligible to directly transfer those funds to the WRS to pay for your service purchase. Retirement plans from which ETF can accept plan-to-plan transfers of funds to buy WRS creditable service include plans qualified under sections 401(a), 401(k), 403(b) and 457(b) of the Internal Revenue Service code. **You will not have an immediate tax liability on the monies transferred from the outside qualified retirement plan to the WRS to buy WRS creditable service.**

Credit for Military Service

You may be eligible for WRS creditable service for periods of active military service if you meet certain eligibility requirements. A maximum of four years of military service can be credited unless your period of military service was involuntarily extended for a longer time.

If your military service was a break in continuous covered employment with a WRS employer, "continuous military service" credit is granted when you return to work and provide proof of the service. You may have additional rights under federal law if you interrupt covered employment to perform military service.

If you had active military service before January 1, 1974, but did not leave employment with a WRS employer to enter military service and return to that same employer within six months after discharge, you may still be eligible for "non-continuous" military service credit. One year of non-continuous military service credit can be granted for each five years of WRS creditable service. Credit for non-continuous military service is not granted until ETF receives your WRS retirement or disability benefit application. Consequently, non-continuous military service credit will not appear on your annual statements.

It is your responsibility to provide ETF with a photocopy of your military records showing your date of entry into active duty and your discharge date (other than dishonorable) from active duty. More detailed information about military service credit is available in the *Military Service Credit* brochure (ET-4122).

Final Average Earnings

The term "final average earnings" refers to your average monthly earnings during the three years of highest earnings covered by the WRS. The years do not have to be consecutive. For teachers, judges and educational support employees, annual earnings are those amounts earned within a fiscal year that begins July 1 and ends on June 30. For all other employees, annual earnings are those amounts paid within the calendar year that begins January 1 and ends on December 31.

To calculate your final average earnings, add the total amount reported to the WRS as earnings for the three highest years, divide the total by the years of creditable service granted during the same period, then divide by 12 to arrive at your final average monthly earnings. (Your WRS reportable earnings may be different than the earnings reported on your W-2 for the year. Check your most recent *Annual Statement of Benefits* for the annual earnings reported by your employer.)

Formula Multipliers

Formula multipliers are established by state statute and used in a formula benefit calculation. The formula multipliers for WRS creditable service performed before 2000 are higher than the multipliers for WRS creditable service performed after 1999. Note: To be eligible for the higher formula multipliers for creditable service performed before 2000, you must have been actively employed under the WRS after 1999. If you terminated all WRS employment before 2000, the "Post-1999" multipliers must be used for **all** years of creditable service. Your pre-2000 and post-99 years of service are provided on your annual statements. If you are in the Elected Official and State Executive Retirement Plan category, your formula multiplier may have changed since June 29, 2011 due to 2011 Wisconsin Act 10. Your annual Statement of Benefits will provide you with this information. The formula multipliers for the different employment categories are:

Employment Category	**Pre-2000 Service**	**Post-1999 Service**	**Post-Act 10 Service**
General Employees and Teachers	1.765%	1.6%	1.6%
Protectives with Social Security	2.165%	2.0%	2.0%
Protectives without Social Security	2.665%	2.5%	2.5%
Elected Officials & State Executive Retirement Plan Employees	2.165%	2.0%	1.6%

Retirement Age

If you have no protective category service and you are vested, you may begin a retirement benefit any time after you reach age 55. If you have protective category service and you are vested, you can begin a retirement benefit as early as age 50. However, if you retire before reaching your normal retirement age, your monthly annuity payment will be reduced to reflect the longer period over which your monthly annuity payments will be made. See the chart of minimum and normal retirement ages on page 10.

If you retire before your normal retirement age, your annuity is reduced by a small percentage for each month between your actual age and your normal retirement age. Prior to age 57, the reduction is 0.4% per month (4.8% per year). Beginning with age 57, the reduction is less than 0.4% per month, depending on your years of creditable service. For non-protective employees with at least 30 years of creditable service, there is no actuarial reduction after age 57.

If you continue to work beyond your normal retirement age, you will continue to earn additional years of creditable service.

Formula Benefit Calculation

If you terminated WRS-covered employment prior to 2000, your WRS formula benefit may not exceed 65% (85% for protective employees not covered by Social Security) of the final average earnings used in your formula benefit computation. This is the maximum formula benefit retirement payable.

If you were actively employed under the WRS after 1999, the maximum formula retirement benefit limit is 70% of final average earnings for all employment categories **except the protective categories**. The maximum formula is 65% of final average earnings for protective category employees covered under Social Security and 85% for protective employees not covered under Social Security (firefighters).

Note: These maximum benefit limits do not apply to benefits calculated under the money purchase method.

Assuming you have reached normal retirement age and you are vested, the formula benefit annuity would be the *lower* of the following two calculations:

1. Monthly final average earnings x formula multiplier (0.01765, 0.02165 or 0.02665) x years of creditable service prior to 2000, plus monthly final average earnings x formula multiplier (0.016 or 0.020 or 0.025) x years of creditable service after 1999 = monthly annuity
2. Monthly final average earnings x 70% (65% for protectives with Social Security and 85% for protectives without Social Security) = maximum formula benefit payable.

Variable participants: When you retire, your formula benefit will be increased or decreased based on Variable “excess” or “deficiency” in your account. Your Variable excess or deficiency amount is provided on your *Annual Statement of Benefits*. The maximum formula benefit test is applied **before** the Variable adjustment is applied to your formula annuity.

Money Purchase Retirement Benefit Calculation

If you are vested, your retirement benefit will be calculated under both the formula and “money purchase” methods, and you will receive the higher of the two benefit calculations. A money purchase benefit is based only on the dollar balance in your WRS account and your exact age (and therefore your life expectancy) when your annuity begins. Your money purchase annuity is the monthly amount that your account balance will "purchase," based on your life expectancy. A money purchase annuity is calculated the same for all employment categories; there are not different multipliers for different employment categories. All annuities from voluntary additional contributions are calculated under the money purchase method.

If you use the WRS Retirement Benefits Calculator on ETF's Internet site, enter your money purchase balance into the calculator as well as your service and earnings information. The calculator will calculate both your formula and money purchase retirement benefits, and provide annuity option amounts for the higher of the two calculations.

Reciprocity with County and City of Milwaukee

If you have service under both the WRS and the City and/or County of Milwaukee retirement systems and have not yet taken a benefit from any account, you may be eligible to elect to have your retirement benefits calculated to provide a higher long-term benefit. Benefits from both systems must begin within 60 days of each other. When you are within six to 12 months of beginning a retirement benefit, contact ETF for information that will help you evaluate whether the reciprocity provisions would provide you with a higher total benefit.

Monthly Annuities and Lump Sum Retirement Benefits

All formula and money purchase retirement annuities and WRS disability annuities are paid for your lifetime. Lifetime annuities can be paid in a number of optional forms, which provide varying amounts of benefit protection for your beneficiaries. The greater the death benefit protection an annuity option provides, the more your annuity is reduced to pay for that protection.

If your "For Annuitant's Life Only" annuity option amount is $168 or less per month, you will be required to take a lump sum payment of the present value of your annuity. For annuities between $168 and $342, you will have a choice between a monthly annuity or a lump sum. Retirement annuities over $342 per month must be paid in monthly payments. These amounts apply to annuities that begin in 2011; these thresholds change annually.

Retirees

To be eligible for a WRS retirement benefit, you must terminate all WRS-covered employment. You must remain separated from all WRS-eligible employment for at least 30 days **after** your termination date, 30 days **after** the date ETF receives your benefit application or until the day after your annuity effective date, whichever is **latest**. Failure to meet this break-in-service requirement will result in cancellation of your annuity, and any overpaid benefits must be repaid to the WRS.

There is no limit on the amount you can earn after you begin a WRS retirement benefit. If you are rehired in a position that meets WRS participation standards, you will have a choice of remaining an annuitant or electing coverage under the WRS. You must file an election form with your employer, who will forward your election to ETF. If you choose to be covered by the WRS again, your annuity will be terminated and your WRS coverage will begin effective on the first day of the month after ETF receives your completed election form. You can elect this coverage any time while you are employed in a WRS-eligible position. If you do not elect to become covered under the WRS and have your annuity terminated, your earnings will have no effect on your retirement benefit.