

# Wisconsin Retirement System Payment Options



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## Resource Information

*Choosing An Annuity Option*  
(Form # ET-4117)

Included in your  
retirement packet

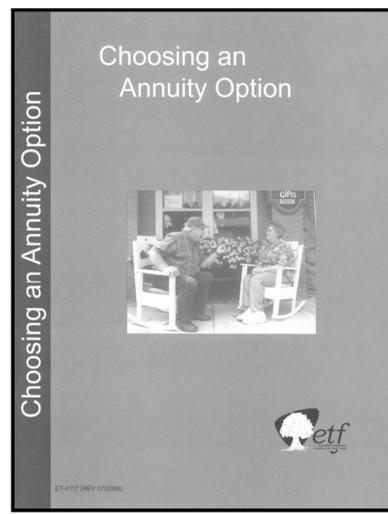
**or**

Order by phone

**or**

Download from  
ETF's web site . . .

*(Click on link in  
this presentation)*



## Resource Information



*Your WRS Benefits Webcast* provides information on how retirement benefits are calculated and covers many other topics relevant to your benefits under the WRS

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## The WRS Retirement Process

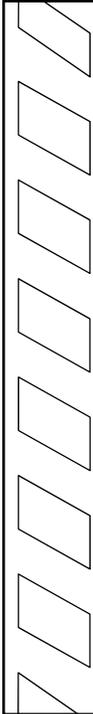
You select an annuity option *at the time you apply* for a retirement benefit

Upon request, ETF provides you with an *estimate of benefits (application)*

Review and contact ETF with questions **and/or** you may make a group or individual appointment *if desired*

Submit application to ETF

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# The Basics

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## What Is An Annuity?

- An **Annuity** is a *monthly* retirement benefit
  - *Most* WRS participants are eligible for a monthly annuity
- There are different types of annuities available called **Annuity options** and a person who receives a monthly annuity is called an **Annuitant**
- The option you select determines whether any benefits will be payable after your death

## Benefit Payment Options



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## Option Selection (A Personal Choice)

- When choosing an annuity option
  - It is best to consider all your assets (and liabilities) to determine what type of survivor protection (if any) is needed
    - Life insurance, your home, investments, savings, etc. . .
  - A thorough understanding of the various options will assist you in making the selection that will best meet your needs

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# Lump Sum Payments

- ☉ Eligibility restricted
  - If the "Annuitant's Life Only" annuity
    - Is less than \$161 (2008) = Lump Sum only
    - Is over \$327 (2008) = Monthly annuity only
    - Is between \$161 - \$327 (2008) = Choice of monthly or Lump Sum
  - Minimum/maximum indexed annually
- ☉ Additional contributions included in payment
- ☉ Eligible for a direct rollover (taxable portion)
  - You must apply for rollover when you apply for your benefit

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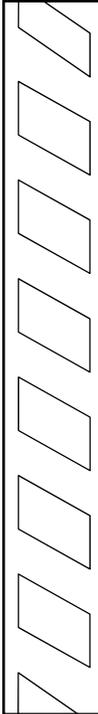
# Lump Sum Payments

Lump sum/annuity options as listed on application  
 Annuitant's Life only amount determines restriction to Lump Sum benefit

Check only one box for your Monthly Retirement Benefit. Check only one box under Employee Additional Contributions Benefit if you want to apply for your employee additional contributions at this time.

	MONTHLY RETIREMENT BENEFIT				EMPLOYEE ADDITIONAL CONTRIBUTIONS BENEFIT				
	Regular	OR	Accelerated Payments Until Age 62 After Age 62						
<b>Life Annuity Options:</b>									
• For Annuitant's Life Only	<input type="checkbox"/>		\$286	OR	<input type="checkbox"/>	NOT ELIG	<input type="checkbox"/>	N/A	01
• Life with 60 Payments Guaranteed	<input type="checkbox"/>		\$284	OR	<input type="checkbox"/>	NOT ELIG	<input type="checkbox"/>	N/A	02
• Life with 180 Payments Guaranteed	<input type="checkbox"/>		\$270	OR	<input type="checkbox"/>	NOT ELIG	<input type="checkbox"/>	N/A	04
<b>Joint and Survivor Annuity Options:</b>									
Named survivor, birthdate and relationship used in estimate:									
• 75% Continued to Named Survivor*	<input type="checkbox"/>			OR	<input type="checkbox"/>				07
• 100% Continued to Named Survivor	<input type="checkbox"/>			OR	<input type="checkbox"/>				11
• Reduced 25% on Death of Annuitant or Named Survivor*	<input type="checkbox"/>			OR	<input type="checkbox"/>				09
• 100% Continued to Named Survivor with 180 Payments Guaranteed	<input type="checkbox"/>			OR	<input type="checkbox"/>				12
									29
									30
									31
									21
* The amount shown is prior to 25% reduction upon death.									
<b>Lump Sum Payment Option:</b>			Required Contributions				Additional Contributions		
			\$33,113				N/A		50

No Named Survivor Listed

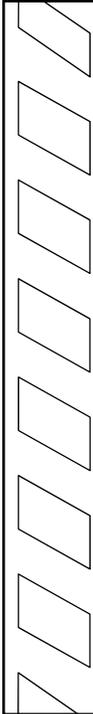


# Monthly Annuity Options

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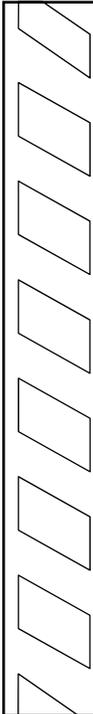


Monthly annuities are  
paid to participants  
***For Life !***



# Life Annuity Options

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## Life Annuity Options

### Option #1

#### ***For Annuitant's Life Only***

(No death benefit)

- Payable to you ***for life***
- Payment terminates at your death

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## Life Annuity Options

### Option #2 and #3

#### ***Life with 60 or 180 Payments Guaranteed***

Benefits may be payable to a Beneficiary(ies)

- Beneficiary(ies) can be:
  - Person(s)
  - Future children/grandchildren
  - A trust - restricts benefit to a *lump sum*
  - Organization
  - Estate - restricts benefit to a *lump sum*

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## Life Annuity Options

### Option #2

#### ***Life with 60 Payments Guaranteed***

- Payable to you ***for life***
- If death occurs before 60 monthly payments are made, the remainder of the 60 monthly payments are paid to Beneficiary(ies)
- If less than 12 months left in guarantee period, Beneficiary(ies) limited to Lump Sum benefit

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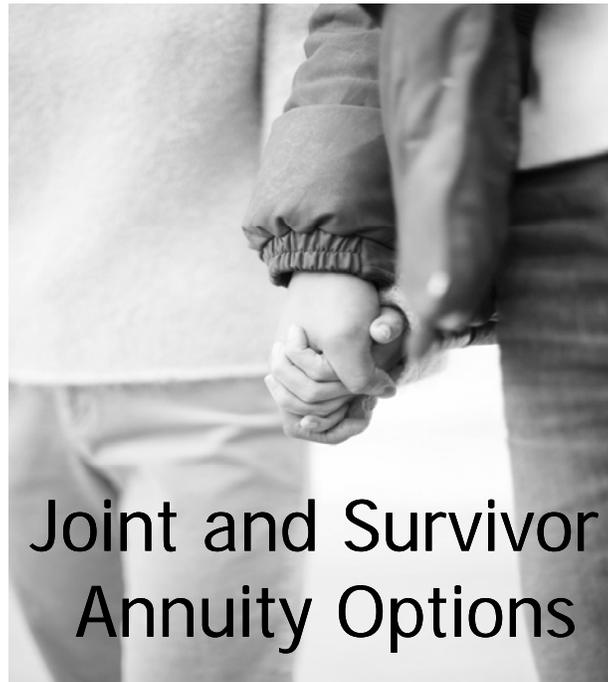
## Life Annuity Options

### Option #3

#### ***Life with 180 Payments Guaranteed***

- Payable to you ***for life***
- If death occurs before 180 monthly payments are made, the remainder of the 180 monthly payments are paid to Beneficiary(ies)
- If less than 12 months left in guarantee period, Beneficiary(ies) limited to Lump Sum benefit

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Joint and Survivor  
Annuity Options

## Joint and Survivor Annuity Options

- If you select a *Joint and Survivor Annuity*
  - You indicate one *Named Survivor*
    - Can only change (in writing) within 60 days after the date on first payment
  - The amount of the benefit is calculated based on the life expectancy of both the Annuitant and the Named Survivor
  - Named Survivor receives a benefit ***for life***

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## Joint and Survivor Annuity Options

### Option #4

### ***75% Continued to Named Survivor***

- Payable to you ***for life***
- When you die, Named Survivor receives 75% of the annuity ***for life*** that was paid to you
  - If Named Survivor dies within first five years, annuity increases to the "For Annuitant's Life Only" option amount
  - Option not available if Named Survivor is more than 19 years younger than you and is not your spouse

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## Joint and Survivor Annuity Options

### Option #5

#### **100% Continued to Named Survivor**

- Payable to you **for life**
- When you die, Named Survivor receives 100% of the annuity **for life** that was paid to you
  - If Named Survivor dies within first five years, annuity increases to the "For Annuitant's Life Only" option amount
  - Option not available if Named Survivor is more than 10 years younger than you and is not your spouse

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## Joint and Survivor Annuity Options

### Option #6

#### **Reduced 25% on Death of Annuitant or Named Survivor**

- Payable to you **for life**
- When you die, **OR** the Named Survivor dies, the survivor will receive 75% of the annuity **for life** (reduced by 25%)
  - Option not available if Named Survivor is more than 19 years younger than you and is not your spouse

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## Joint and Survivor Annuity Options

### Option #7

***100% continued to Named Survivor with  
180 payment guarantee***

- Payable to you ***for life***
- When you die, Named Survivor receives 100% of the annuity ***for life*** that was paid to you
- If you and your Named Survivor die before 180 payments are made, remainder of payments are paid to Beneficiary(ies)
  - Option not available if Named Survivor is more than 10 years younger than you and is not your spouse<sub>25</sub>



# Accelerated Payment Options

Options as shown on your application

**BENEFIT PAYMENT OPTIONS (based on above data)**  
 Check only one box for your Monthly Retirement Benefit. Check only one box under Employee Additional Contributions Benefit if you want to apply for your employee additional contributions at this time.

	MONTHLY RETIREMENT BENEFIT				EMPLOYEE ADDITIONAL CONTRIBUTIONS BENEFIT
	Regular	OR	Accelerated Payments		
			Until Age 62	After Age 62	
<b>Life Annuity Options:</b>					
• For Annuitant's Life Only	<input type="checkbox"/>	\$1,489	OR	<input type="checkbox"/>	\$270 01
• Life with 60 Payments Guaranteed	<input type="checkbox"/>	\$1,483	OR	<input type="checkbox"/>	\$269 02
• Life with 180 Payments Guaranteed	<input type="checkbox"/>	\$1,438	OR	<input type="checkbox"/>	\$261 04
<b>Joint and Survivor Annuity Options:</b>					
Named survivor, birthdate and relationship used in estimate:	Name <input type="text"/>		05/30/1952		SPOUSE
• 75% Continued to Named Survivor*	<input type="checkbox"/>	\$1,350*	OR	<input type="checkbox"/>	\$245* 07
• 100% Continued to Named Survivor	<input type="checkbox"/>	\$1,310	OR	<input type="checkbox"/>	\$237 11
• Reduced 25% on Death of Annuitant or Named Survivor*	<input type="checkbox"/>	\$1,385*	OR	<input type="checkbox"/>	\$251* 09
• 100% Continued to Named Survivor with 180 Payments Guaranteed	<input type="checkbox"/>	\$1,307	OR	<input type="checkbox"/>	\$237 12
<b>Annuity Certain - Additional Contributions Only</b>					
					\$1,987 29
					\$853 30
					\$478 31
					21
* The amount shown is prior to 25% reduction upon death.					
<b>Lump Sum Payment Option:</b>	Required Contributions		Additional Contributions		
	<input type="checkbox"/> NOT ELIG		<input type="checkbox"/> \$45,361 50		

# Accelerated Payment Options

- Available only if under age 62 on annuity effective date
- Provides a life annuity plus a temporary (*accelerated*) annuity
  - Temporary portion paid until age 62
    - If death occurs before 62, then paid to beneficiary(ies) until annuitant would have reached age 62 (regardless of option chosen)
  - If you die *after* age 62, death benefit is based on the lifetime portion of annuity (*after age 62* amount)
    - Exception - Reduced 25% options: If Named Survivor dies first, only the *after age 62* (lifetime) portion reduces by 25% (temporary portion *not* reduced)

## Accelerated Payment Options

- The temporary portion begins as an *estimate* of what your Social Security benefits may be at age 62
  - We do not obtain estimates from Social Security
    - Estimates are based on tables that assume a full career covered under Social Security and *your age when WRS annuity begins*
      - *May be significantly different than your actual Social Security benefit at age 62*
- Intention of accelerated amount
  - Your Social Security benefit will replace some (or most) of the temporary portion of your annuity

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## Accelerated Payment Options (Protective Employees)

- If you are a protective category employee not covered under Social Security (firefighter),  
and
- Have *other employment* covered under Social Security, may be eligible for the accelerated payment options
  - Send ETF a copy of your Social Security benefit projection
    - ETF will then calculate your accelerated payment options

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## Monthly Annuity Payment Options

Benefit Payment Options	Accelerated Payments			
	Regular	To Age 62*	Temporary Portion	After 62
◆For Annuitant's Life Only	\$1,489	\$2,372	\$1,173	\$1,199
◆Life w/60 Payments Guaranteed	\$1,483	\$2,367	\$1,173	\$1,194
◆Life w/180 Payments Guaranteed	\$1,438	\$2,331	\$1,173	\$1,158
◆75% Continued to Named Survivor	\$1,350	\$2,261	\$1,173	\$1,088
◆100% Continued to Named Survivor	\$1,310	\$2,228	\$1,173	\$1,055
◆Reduced 25% on Death of Either the Annuitant or Named Survivor	\$1,385	\$2,288	\$1,173	\$1,115
◆100% Continued to Named Survivor w/180 Payments Guaranteed	\$1,307	\$2,226	\$1,173	\$1,053

\*If death occurs before 62, paid to beneficiary (ies) until annuitant would have reached age 62

*Difference is estimated monthly Social Security Benefit = \$1,173*

## Annual Annuity Adjustments

Annuity amounts may change each year with applicable annual Core and Variable adjustments

See webcast on  
*Annual Retirement Annuity Adjustments*



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# Annual Annuity Adjustments

- If you select an accelerated option, both portions of the annuity receive applicable adjustments
  - When the temporary portion of accelerated benefit ends, so do the accumulated increases
    - The increases on your temporary benefit may exceed increases in your Social Security benefit which means . . .
    - Your actual Social Security benefit may be less than the temporary portion of your WRS benefit that ends at 62

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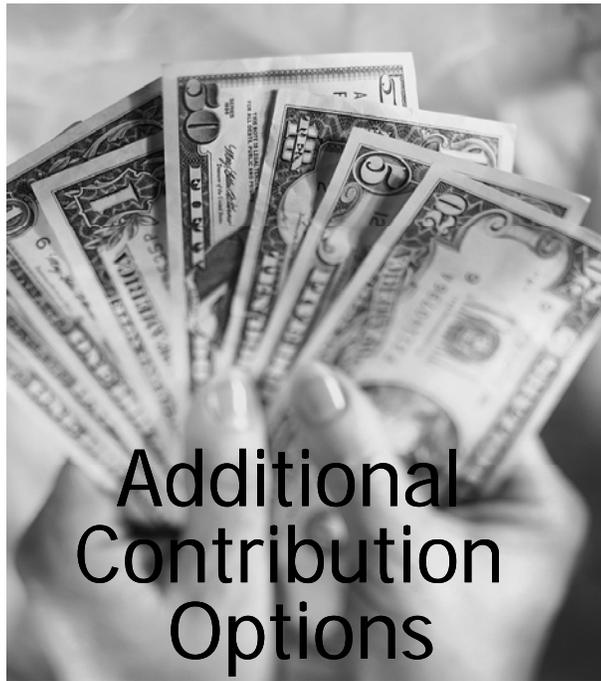
# Accelerated Payment Options

Options as shown on your application

**BENEFIT PAYMENT OPTIONS (based on above data)**  
 Check only one box for your Monthly Retirement Benefit. Check only one box under Employee Additional Contributions Benefit if you want to apply for your employee additional contributions at this time.

	MONTHLY RETIREMENT BENEFIT				EMPLOYEE ADDITIONAL CONTRIBUTIONS BENEFIT
	Regular	OR	Accelerated Payments		
Life Annuity Options:			Until Age 62	After Age 62	
• For Annuitant's Life Only	<input type="checkbox"/>	\$1,489	OR	<input type="checkbox"/>	\$270 01
• Life with 60 Payments Guaranteed	<input type="checkbox"/>	\$1,483	OR	<input type="checkbox"/>	\$269 02
• Life with 180 Payments Guaranteed	<input type="checkbox"/>	\$1,438	OR	<input type="checkbox"/>	\$261 04
<b>Joint and Survivor Annuity Options:</b>					
Named survivor, birthdate and relationship used in estimate: <u>Name</u> <u>05/30/1952</u> <u>SPOUSE</u>					
• 75% Continued to Named Survivor*	<input type="checkbox"/>	\$1,350*	OR	<input type="checkbox"/>	\$245* 07
• 100% Continued to Named Survivor	<input type="checkbox"/>	\$1,310	OR	<input type="checkbox"/>	\$237 11
• Reduced 25% on Death of Annuitant or Named Survivor*	<input type="checkbox"/>	\$1,385*	OR	<input type="checkbox"/>	\$251* 09
• 100% Continued to Named Survivor with 180 Payments Guaranteed	<input type="checkbox"/>	\$1,307	OR	<input type="checkbox"/>	\$237 12
<b>Annuity Certain - Additional Contributions Only</b>					
Payable for 24 Months	<input type="checkbox"/>				\$1,987 29
Payable for 60 Months	<input type="checkbox"/>				\$853 30
Payable for 120 Months	<input type="checkbox"/>				\$478 31
Payable for <input type="text"/> Months (write in 25-180)	<input type="checkbox"/>				21
* The amount shown is prior to 25% reduction upon death.					
<b>Lump Sum Payment Option:</b>					
Required Contributions	<input type="checkbox"/> NOT ELIG				Additional Contributions
					\$45,361 50

Difference = Estimated Social Security amount (\$1,173)



# Additional Contribution Options

## Benefit Payment Options (Additional Contributions)

Additional options as shown on your application

BENEFIT PAYMENT OPTIONS (based on above data)							
Check only one box for your Monthly Retirement Benefit			Check only one box under Employee Additional Contributions Benefit if you want to apply for your employee additional contributions at this time.				
Life Annuity Options:	MONTHLY RETIREMENT BENEFIT				EMPLOYEE ADDITIONAL CONTRIBUTIONS BENEFIT		
	Regular	OR	Accelerated Payments				
			Until Age 62	After Age 62			
• For Annuitant's Life Only	<input type="checkbox"/>	\$1,489	OR	<input type="checkbox"/>	\$2,372 \$1,199	<input type="checkbox"/>	\$270 01
• Life with 60 Payments Guaranteed	<input type="checkbox"/>	\$1,483	OR	<input type="checkbox"/>	\$2,367 \$1,194	<input type="checkbox"/>	\$269 02
• Life with 180 Payments Guaranteed	<input type="checkbox"/>	\$1,438	OR	<input type="checkbox"/>	\$2,331 \$1,158	<input type="checkbox"/>	\$261 04
<b>Joint and Survivor Annuity Options:</b>							
Named survivor, birthdate and relationship used in estimate: <input type="text" value="Name"/> 05/30/1952 <input type="text" value="SPOUSE"/>							
• 75% Continued to Named Survivor*	<input type="checkbox"/>	\$1,350*	OR	<input type="checkbox"/>	\$2,261 \$1,088*	<input type="checkbox"/>	\$245* 07
• 100% Continued to Named Survivor	<input type="checkbox"/>	\$1,310	OR	<input type="checkbox"/>	\$2,228 \$1,055	<input type="checkbox"/>	\$237 11
• Reduced 25% on Death of Annuitant or Named Survivor*	<input type="checkbox"/>	\$1,385*	OR	<input type="checkbox"/>	\$2,288 \$1,115*	<input type="checkbox"/>	\$251* 09
• 100% Continued to Named Survivor with 180 Payments Guaranteed	<input type="checkbox"/>	\$1,307	OR	<input type="checkbox"/>	\$2,226 \$1,053	<input type="checkbox"/>	\$237 12
<b>Annuity Certain - Additional Contributions Only</b>							
						<input type="checkbox"/>	\$1,987 29
						<input type="checkbox"/>	\$853 30
						<input type="checkbox"/>	\$478 31
						<input type="checkbox"/>	21
* The amount shown is prior to 25% reduction upon death.							
<b>Lump Sum Payment Option:</b>		Required Contributions			Additional Contributions		
		<input type="checkbox"/> NOT ELIG			<input type="checkbox"/> \$45,361 50		

## Additional Contributions

- Can leave funds on account up to age 70½
- OR**
- Can be paid as follows:
  1. In a Lump Sum - any age **OR**  
If minimum retirement age
  2. A life annuity
    - If, when combined with regular life annuity is more than the minimum amount set for that year (\$161 in 2008)
    - If begin date is different, your ***additional alone*** must be more than the minimum

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## Additional Contributions (con't)

3. Annuity certain - paid for specified period of time (24-180 months) (at any age)
  - Must reach annual minimum amount
  - If you die before specified number of payments have been made, your Beneficiary(ies) will receive the remaining payments
  - The monthly *amount* of an annuity certain depends upon the payment period chosen (24 to 180 months)
    - Annuity certainties paid in less than ten years are eligible for direct rollover (taxable portion)

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# Benefit Payment Options (Additional Contributions)

Additional options as shown on your application

**BENEFIT PAYMENT OPTIONS (based on above data)**

Check only one box for your Monthly Retirement Benefit.  Check only one box under Employee Additional Contributions Benefit if you want to apply for your employee additional contributions at this time.

	MONTHLY RETIREMENT BENEFIT				EMPLOYEE ADDITIONAL CONTRIBUTIONS BENEFIT			
	Regular	OR	Accelerated Payments					
			Until Age 62	After Age 62				
<b>Life Annuity Options:</b>								
• For Annuitant's Life Only	<input type="checkbox"/>	\$1,489	OR <input type="checkbox"/>	\$2,372	\$1,199	<input type="checkbox"/>	\$270	01
• Life with 60 Payments Guaranteed	<input type="checkbox"/>	\$1,483	OR <input type="checkbox"/>	\$2,367	\$1,194	<input type="checkbox"/>	\$269	02
• Life with 180 Payments Guaranteed	<input type="checkbox"/>	\$1,438	OR <input type="checkbox"/>	\$2,331	\$1,158	<input type="checkbox"/>	\$261	04
<b>Joint and Survivor Annuity Options:</b>								
Named survivor, birthdate and relationship used in estimate: <input type="text" value="Name"/> 05/30/1952 <input type="text" value="SPOUSE"/>								
• 75% Continued to Named Survivor*	<input type="checkbox"/>	\$1,350*	OR <input type="checkbox"/>	\$2,261	\$1,088*	<input type="checkbox"/>	\$245*	07
• 100% Continued to Named Survivor	<input type="checkbox"/>	\$1,310	OR <input type="checkbox"/>	\$2,228	\$1,055	<input type="checkbox"/>	\$237	11
• Reduced 25% on Death of Annuitant or Named Survivor*	<input type="checkbox"/>	\$1,385*	OR <input type="checkbox"/>	\$2,288	\$1,115*	<input type="checkbox"/>	\$251*	09
• 100% Continued to Named Survivor with 180 Payments Guaranteed	<input type="checkbox"/>	\$1,307	OR <input type="checkbox"/>	\$2,226	\$1,053	<input type="checkbox"/>	\$237	12
<b>Eligible (meets minimum amount required)</b>								
* The amount shown is the amount payable upon death.								
<b>Annuity Certain - Additional Contributions Only</b>								
	<input type="checkbox"/>					<input type="checkbox"/>	\$1,987	29
Payable for 24 Months						<input type="checkbox"/>	\$853	30
Payable for 60 Months						<input type="checkbox"/>	\$478	31
Payable for 120 Months						<input type="checkbox"/>		21
Payable for <input type="text"/> Months (write in 25-180)						<input type="checkbox"/>		
<b>Lump Sum Payment Option:</b>								
Required Contributions <input type="checkbox"/> NOT ELIG								
Additional Contributions <input type="checkbox"/> \$45,361 50								

## Relative Value of Options

The total amount required to fund the benefit is the same no matter which option is selected

The best option is the one that meets your individual needs



## Changing Payment Options

- ETF must receive written request to change option no later than 60 days after the date of your first payment
  - Your spouse's signature may be required
- Use form ET-4319 or ET-5333 (disability)  
*Annuity Option Change Application*  
*(Available as a link in this presentation)*
  - If you apply for a monthly option and wish to change to a Lump Sum payment, you must cancel your application and reapply

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## When To Apply

- If actively employed (or in pay status)
  - You may apply up to 90 days *before* your termination date
  - If you apply more than 90 days *after* your termination date, you are not eligible for an immediate annuity and will lose benefits



## When To Apply

- If not working (inactive)
  - May apply up to 30 days before 55th birthday (50th if a protective employment category)
  - If already 55 (50) may apply *up to* 60 days before your effective date
    - Effective date listed on your application



## Instructions on Completing Your Application



1. The back of the application gives specific instructions and an explanation of each payment option
2. See webcast: *How To Complete A Retirement Application*

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