YOUR BENEFIT HANDBOOK

WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS

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INTRODUCTION

This handbook provides general information about the provisions of the benefit plans administered by the Department of Employee Trust Funds (ETF). The legal provisions governing these benefit plans are in Chapter 40 of the Wisconsin Statutes, master contracts and the Wisconsin Administrative Code.

ETF administers the following benefit programs:

- Wisconsin Retirement System
- Group Life Insurance
- Group Health Insurance
  - Wisconsin Public Employees
  - Local Annuitant Health Program for Public Employees
  - State of Wisconsin Employees
- Group Income Continuation Insurance
  - Wisconsin Public Employees
  - State of Wisconsin Employees
- Long-Term Disability Insurance (LTDI)
- Long-Term Care Insurance
- Deferred Compensation Program
- Employee Reimbursement Account Program
- Accumulated Sick Leave Conversion Credits Program

The ETF Internet site contains video presentations on many of the topics covered in this handbook. You may access them by going to **etf.wi.gov/webcasts.htm** and clicking on ***Members (Participants)***.

The retirement benefit calculation provisions described in this handbook apply to individuals covered by the Wisconsin Retirement System (WRS), but may not apply if your last date of WRS covered employment was before January 1, 2001. Please review this handbook carefully to determine which benefit provisions apply to you.

VESTING REQUIREMENTS

You may have to meet one of two vesting laws in order for your employer contributions to be vested. This is based on when you first began WRS employment.

- If you first began WRS employment after 1989 and terminated employment before April 24, 1998, then 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 (see page 10).

OVERSIGHT OF ETF

Five Boards oversee ETF. The Boards set policy and review the overall administration of the benefit programs provided for state and local government employees. The five Boards are:

- Employee Trust Funds Board
- Wisconsin Retirement Board
- Deferred Compensation Board
- Teachers Retirement Board
- Group Insurance Board

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

Depending on when you began your job, your job will have to meet one of these two standards for it to be covered under the WRS.

One-third standard — A position that is subject to the one-third standard meets WRS participation standards if you are expected to work at least one-third of full-time (600 hours for non-teaching employees and 440 hours for teachers) for at least one year from date of hire. You will remain eligible even if your job subsequently drops below one-third.

Two-thirds standard — A position that is subject to the two-thirds standard meets WRS participation standards if you are expected to work at least two-thirds of full-time (1200 hours for non-teaching employees and 880 hours for teachers) for at least one year from date of hire. You will remain eligible even if your job subsequently drops below two-thirds.

If you were a continuing employee as of July 1, 2011, your job must meet the one-third standard. You will remain eligible even if your job subsequently drops below one-third.

If you were hired after July 1, 2011:

- If you were a participating employee before July 1, 2011, left WRS service, did not take a separation benefit, and are now returning in a new job, your job must meet the one-third standard.
- If you were a participating employee before July 1, 2011, left WRS service, took a separation benefit, and are now returning in a new job, your job must meet the two-thirds standard.
- If you were not a participating employee before July 1, 2011, your job must meet the two-thirds standard.*

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

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 contributions are calculated as a percentage of your WRS earnings. The contribution rates are different for each WRS employment category. The rates generally change from year to year based on the recommendation of the consulting actuary.

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	2013	2014
General/Teachers/Educational Support Personnel	6.65%	7.0%
Protectives with Social Security Coverage	6.65%	7.0%
Protectives without Social Security Coverage	6.65%	7.0%
Elected Officials/Executive Retirement Plan	7.0%	7.75%

* If you were hired on or after July 1, 2011, and before July 2, 2013, and were employed by a WRS employer before July 1, 2011 but were not covered by the WRS, your job must meet the one-third standard.

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	2013	2014
General Employees/Teachers/Educational Support Personnel	6.65%	7.0%
Protectives with Social Security Coverage	9.75%	10.1%
Protectives without Social Security Coverage	12.35%	13.7%
Elected Officials & State Executive Retirement Plan Employees	7.0%	7.75%

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

Annual WRS Contribution Limits

Certain WRS additional contributions are subject to annual limits as imposed by federal tax law in IRC Section 415(c). In 2013, you may contribute 100% of your gross compensation for the calendar year, up to $51,000. This $51,000 maximum limit may increase in future years.

The gross earnings amount that you will use to calculate the 100% limit includes the total of the taxable income you receive from your WRS employer(s), plus any amounts that are deferred from these earnings (such as to an IRC Section 403(b) or 457 deferred compensation plan or a Section 125 employee reimbursement account).

If you make contributions to a plan other than the WRS, please consult with your tax professional in order to determine which of those contributions may be combined with WRS contributions to reach the IRC Section 415(c) limit, as individual circumstances may vary.

The following contributions apply toward your annual contribution limit.

You must include these contributions in the calculation of your annual maximum contribution:

- Any employee required contributions that are actually paid by you.*
- Any voluntary additional (after-tax) employee WRS contributions.

A *Maximum Additional Contribution Worksheet* (ET-2566) is available on ETF's Internet site at etf.wi.gov/publications/et2566.pdf or call ETF for the current form.

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 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.

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* Effective July 1, 2011, 2011 WI Act 32 required that the WRS employee-required contributions made by the employee be treated as pre-tax contributions, not post-tax contributions. As a result, WRS employee-required contributions paid by the employee via pre-tax payroll deduction are technically employer contributions for IRS purposes. This type of contribution is allowed under IRC Section 414(h)(2) for an IRC Section 401(a) governmental plan, such as the WRS. Therefore, it will be very rare for WRS employee-required contributions to apply toward your annual contribution limit. The exception would be employee-required contributions made post-tax pursuant to a collective bargaining agreement or contract.

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 opposite-sex or same-sex 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 $177 (the $177 threshold applies to annuities beginning in 2013, 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 year 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. If you are not vested, you are eligible only for a separation benefit.

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 to a vested participant 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.

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

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,

* 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.

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 under Chapter 40 of the Wisconsin Statutes 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 $177 or less per month, you will be required to take a lump sum payment of the present value of your annuity. For annuities between $177 and $360, you will have a choice between a monthly annuity or a lump sum. Retirement annuities over $360 per month must be paid in monthly payments. These amounts apply to annuities that begin in 2013; these thresholds change annually.

Break in Service Requirement

To be eligible for a WRS retirement benefit, you must terminate all WRS-covered employment.

- If you terminated WRS employment before July 2, 2013, you must remain terminated from all employment with a WRS employer that meets participation standards for at least 30 days after your termination date or the date the department receives your application, or on your benefit effective date, whichever is latest. If you return to the same WRS employer from which you retired, the 30-day requirement applies to all WRS employment regardless of whether it meets WRS participation standards.
- If you terminated WRS employment on or after July 2, 2013, you must remain terminated from all employment with a WRS employer that meets participation standards for at least 75 days after your termination date or the date the department receives your application, or on your benefit effective date, whichever is latest. If you return to the same WRS employer from which you retired, the 75-day requirement applies to all WRS employment regardless of whether it meets WRS participation standards.

Taking a Job After Retirement That Is Not Covered By The WRS

Whether or not you need to satisfy a break in service (see above) depends on whether you go back to the same employer that you retired from.

- If your WRS employer is the same employer from whom you retired, the break in service requirement applies even though your new job does not meet WRS participation standards.
- If you are going to work for a different WRS employer, you do not have to satisfy a break in service requirement. You can take a non-WRS job at any time.

Taking a Job After Retirement That Is Covered By The WRS

How you are impacted if you take a position covered by the WRS depends on when you last terminated WRS employment.

- *If You Last Terminated WRS Employment Before July 2, 2013*

  If you return to work for any WRS employer in a qualifying position after your required 30-day break, you have two choices:

  1. Remain an annuitant. If you decide to remain an annuitant and continue receiving your WRS annuity, you must file the Rehired Annuitant form (ET-2319) with your employer electing not to participate in the WRS as an active employee. You may elect active WRS coverage in the future, depending on eligibility.
  2. Elect coverage under the WRS. You can elect to become covered under the WRS at any time. If you choose to be covered by the WRS again, you must file the Rehired Annuitant form (ET-2319) with your employer. Your employer will forward this form to ETF. Your annuity will be suspended and your WRS coverage will begin effective on the first of the month after ETF receives your completed election form.

- *If You Last Terminated WRS Employment On or After July 2, 2013*

  If you return to work for a WRS employer in a position in which you are expected to work at least two-thirds of full time after your required 75 day break, your annuity will be automatically suspended. It will be re-established when you retire again.

  If you work less than two-thirds of full time in your new position, what happens to your annuity depends on when you were first employed in a WRS position.

  * If you first began work under the WRS before July 1, 2011, and you return to work for a WRS employer in a position that is at least one-third of full time, but less than two-thirds of full time, you may choose whether you want to continue or stop your annuity.
  * If you first began work under the WRS on or after July 1, 2011, and you return to work for a WRS employer in a position that is less than two-thirds of full time, you may not become a participating employee. Your annuity will continue.

Disability Benefits

If you began WRS employment on or after October 16, 1992, or have a break in WRS participation on or after that date, you are only eligible to apply for Long-Term Disability Insurance (LTDI) benefits (see LTDI on page 23.) A WRS disability annuity is not available.

If you have been continuously employed under the WRS since before October 16, 1992, you are eligible to choose between Long-Term Disability Insurance and a WRS disability annuity.

To be eligible for a WRS disability benefit, you must be totally disabled by a mental or physical impairment that is likely to last indefinitely. In addition, you must not have reached the normal retirement age for your employment category, and you must have earned either a total of five years of creditable service in the last seven calendar years or one-half year of service in five of the seven calendar years preceding ETF's receipt of your disability application. You do not have to meet the service requirements if your disability is work-related. However, if your disability is work-related, ETF must receive your application for a disability annuity within two years after your last day worked.

A disability benefit is calculated by multiplying your final average earnings and years of service times the “formula multiplier” for your employment category, except that in addition to credit for service actually earned, you will be granted “assumed service credit” from the last day for which earnings are paid to the date you would have reached your normal retirement age. A disability benefit under the WRS is a monthly annuity payable for as long as you remain disabled.

If you are a protective occupation employee under the WRS, you may qualify for a special disability benefit if you become disabled between age 50 and 55 to the extent that you can no longer safely and efficiently perform the duties of your position as a protective occupation participant. To qualify, you must meet the above service and age requirement **and** have at least 15 years of creditable service. As a protective occupation employee who meets certain criteria, you may also be eligible for a duty disability benefit under Wis. Stat. § 40.65 that is not based on your WRS account.

To be eligible to continue to receive disability benefits, you will be required to submit our annual income statement. If you earn more than the statutory “earnings limit,” your disability benefit will be suspended when you exceed the limit. There is no earnings limit for a special disability. However, a special disability benefit will be suspended for any period during which you are employed in a law enforcement or firefighting capacity. If your benefit is suspended, we will advise you of the date when your benefit will resume.

You may be required to provide medical evidence each year that states that you continue to be disabled according to our definition. If your physician indicates that you are able to perform the duties of a gainful occupation for which the annual compensation would exceed the earnings limit, your disability benefit will be terminated.

Benefit payments from Social Security (either disability or regular benefits) would be in addition to the amount payable from the WRS.

Death Benefits

If you die before you receive a WRS benefit, your beneficiary(ies) will receive a death benefit. The amount of the death benefit payable from your retirement account may vary depending on your age at the time of death, your creditable service, the amount of accumulated contributions in your account, the age of your beneficiary(ies) and whether you are still actively employed under the WRS on your date of death. In general:

- The benefit will always include the full amount of employee required and additional contributions (whether paid by you or by your employer as a fringe benefit), plus interest.
- If you were covered under the retirement system before 1966 (teachers or non-teachers), the benefit may include employer contributions made to your account prior to 1966, plus accumulated interest.
- If you die as an *active* WRS employee, your death benefit is equal to your money purchase balance (the employee required contribution balance and a matching amount of employer contributions), plus any voluntary additional contributions in your account plus interest.

  Exception: If you die as an *active* WRS employee after reaching minimum retirement age (age 55 for most–age 50 for employees with some protective category service) and your beneficiary is a natural living person or a trust in which a living person has a beneficial interest, a higher death benefit may be payable. The benefit is the higher of your money purchase balance (plus any voluntary additional contributions and interest) **or** an amount calculated as a formula retirement as though you had retired on your date of death and selected a joint and survivor annuity continued in full to your WRS beneficiary.

There are specific requirements that apply to distributions to your beneficiary(ies). If you die before your benefit from your regular or additional account begins, your beneficiaries are subject to the following restrictions:

- **If your beneficiary is your opposite-sex or same-sex spouse:** Your surviving spouse may delay receiving a death benefit until January 1 of the year in which you would have reached age 70½. Your spouse must file a beneficiary designation form with ETF by September of the year after your death to be allowed to postpone this distribution.

- **If your beneficiary is a not a spouse:** Your beneficiary has two options: 1) begin a monthly annuity effective no later than November 1 of the year following the calendar year in which you die; or 2) apply for a lump sum payment of your entire account balance by September of the fifth year after your death.

If you die after your retirement or WRS disability application has been received and approved, and your annuity has become effective, any death benefit payable will be based on the annuity option you selected. This includes your annuity from your required account and from any additional contributions. Any payments to your beneficiary(ies) must continue to be paid out at that time; distribution **cannot** be delayed.

It is important to keep your *Beneficiary Designation* current (see the “Beneficiary Designation” section). In the event of your death, your survivors should contact ETF.

BENEFICIARY DESIGNATION

Who Completes A Beneficiary Designation

If you have a WRS account or annuity from which a death benefit or life insurance benefits will be payable upon your death, you may file a beneficiary designation. Most WRS participants, some alternate payees (former opposite-sex or same-sex spouses or domestic partners of participants) and some beneficiaries of deceased participants are eligible to name their own beneficiary(ies). If no *Beneficiary Designation* is on file, death benefits will be paid according to the statutory standard sequence in effect on the date of death as explained in the “Standard Sequence” section.

Standard Sequence

Under the standard sequence established in Wis. Stat. § 40.02 (8) (a), any benefit payable is paid to the person or persons in the lowest numbered group as listed below. No payment will be made to a person included in any group if there is at least one living person in a lower-numbered group. Payment to two or more persons included in any group will be made in equal shares.

The standard sequence described below is subject to change, based on changes in state statutes. If benefits are paid according to standard sequence, the statutory standard sequence in effect at the time of your death will determine your beneficiary(ies).

The present statutory standard sequence is as follows:

Group 1. Surviving opposite-sex spouse or domestic partner.

Group 2. Children (natural or legally adopted). If one of your children dies before you, that child’s share is divided between your deceased child’s children. The beneficiaries in Group 2 will include all of your marital and non-marital children (or grandchildren, when applicable) as long as any relevant paternity is established, regardless of whether your child's date of birth is before or after your date of death.

Group 3. Parent(s)

Group 4. Brother(s) and Sister(s). If one of your siblings dies before you, that sibling's share is divided between your deceased sibling's children.

Group 5. If there are no survivors in Groups 1 through 5, any death benefits will be paid to your estate.

Standard sequence is the simplest method of establishing a death benefit payment since it does not require revision to add new children, deletions in the event of divorce, etc. If you want to name standard sequence as beneficiary, simply enter the words "standard sequence." **Do not include any specific names.**

If the standard sequence does not meet your needs, you may complete and file a form with ETF naming specific beneficiaries. Call ETF to request a designation form. You may also print a *Beneficiary Designation* form (ET-2320) or a *Beneficiary Designation - Alternate* form (ET-2321) from our Internet site at etf.wi.gov.

Completing A *Beneficiary Designation*

Our objective is to ensure prompt payment of any death benefits available upon your death, as specified by you on the *Beneficiary Designation* form (ET-2320 or ET-2321). Please read all instructions on the form before completing it. Submit the form, completed with your signature and current date, to ETF at the address listed on the front of the form. Make a photocopy of the completed form and keep it for your records. An acknowledgment notice will be sent to you.

Once the properly completed *Beneficiary Designation* is received and approved by ETF, it remains in effect until you file a new designation or until there are no further benefits payable. EXCEPTION: This designation will be set aside, and standard sequence will govern payment of your retirement account death benefits if ETF makes a mandatory distribution of your retirement account to you. (Note: This will only occur when you reach age 70½ and have not applied for your retirement.) Designations continue to apply to any life insurance or beneficiary account that may be payable. If you later become covered under the WRS after closing your account, the previously filed *Beneficiary Designation* is invalid.

If you file a *Beneficiary Designation* form rather than relying on statutory standard sequence, be sure to update your designation as needed to reflect changes in your personal situation. **By law, death benefits must be paid according to your most recent designation on file regardless of any changes in your personal situation, such as divorce, remarriage, etc.** A divorce, annulment or similar event will not invalidate a *Beneficiary Designation* that named your former opposite-sex or same-sex spouse or domestic partner. To remove a former spouse, domestic partner or other individual as a beneficiary, you **must** file a new designation form.

Unless otherwise specified on the *Beneficiary Designation* form, a *Beneficiary Designation* form filed with ETF will apply to the benefits payable upon your death from all benefit plans and accounts administered by ETF. Life insurance and WRS benefits are separate benefit plans. The separate WRS accounts you may hold are your own account and/or those you may own as a beneficiary or an alternate payee. However, your designation does **not** apply to benefits from the Wisconsin Deferred Compensation Program. Please contact the Deferred Compensation Program administrator for details regarding naming or changing beneficiaries for that account.

If you wish to name different beneficiaries for separate benefit plans or accounts, please contact ETF toll free at 1-877-533-5020 or at (608) 266-3285 (local Madison) to request forms and special instructions. If you file a *Beneficiary Designation* form for a specific benefit plan or account and later file a form which does not specify a benefit plan or account, the new designation will supersede **all** designations previously filed with ETF.

A beneficiary designation form filed with ETF does not apply to any life insurance program not administered by ETF.

Effects of federal distribution requirements. Federal tax law requires retirement benefits to be distributed (paid) to a participant or beneficiary by certain deadlines. After your death, if we cannot locate your beneficiaries within the legal deadlines, the benefit will be forfeited. Therefore, it is very important for you to provide current address information for your beneficiaries.

GROUP INSURANCE BENEFITS

Group Life Insurance Program

If you are an employee of the state or of a local unit of government that has elected to join the Wisconsin Public Employers (WPE) Group Life Insurance Program **and** you have been an active member of the WRS for at least six months, you may enroll in the group life insurance program.

Certain legislative members and employees, judges, district attorneys and re-hired employees who have not applied for and received a separation benefit from the retirement system are eligible immediately. Employees who are age 70 before becoming eligible for coverage are only eligible to apply for the Additional Plan.

For eligible employees, coverage is provided without evidence of insurability if the application is received during the initial 30-day enrollment period. Late enrollees must provide evidence of insurability by completing an *Evidence of Insurability* application (ET-2305). The application must be completed prior to age 70, except for the additional plan, which is available to employees older than age 70.

You may also enroll for one level of employee coverage or increase your employee coverage by one level by submitting an application within 30 days of a qualifying family status change event. Qualified events include opposite-sex marriage, establishment of a domestic partnership as defined in Wis. Stats. 40.02(21d) or the birth, adoption, placement for adoption, or award of legal guardianship of a dependent child.

The following levels of life insurance coverage are available:

The **Basic Plan** provides coverage equal to your earnings reported to the WRS for the previous year, rounded to the next thousand. The Basic Plan also provides for a reduced amount of coverage when you are retired and over age 65 (or over age 70 if you are still working) without cost to you. Your employer is required to contribute to the cost of Basic Plan Coverage. You must have basic coverage to be eligible for the other plans.

The **Supplemental Plan** provides coverage equal to your previous year's WRS earnings, rounded to the next thousand. The state contributes to the cost of this coverage for state employees. Local government employers are not required to contribute.

Each unit of the **Additional Plan** provides coverage equal to your previous year's WRS earnings rounded to the next thousand. Employer contributions are not required. If offered by your employer, you may choose 1, 2 or 3 units of Additional coverage.

If you are actively employed when you turn age 70, your Basic coverage will reduce to the final post-retirement coverage level and continue for life with no premiums due. Your Supplemental coverage and Spouse and Dependent coverage will cease on your 70th birthday. Additional coverage will continue until you terminate employment, cancel coverage, or stop paying premium, whichever is earliest.

The **Spouse and Dependent Plan** provides coverage for your opposite-sex spouse or domestic partner and all dependent(s). If your same-sex spouse is your domestic partner, you can obtain coverage by filing an *Affidavit of Domestic Partnership* form (ET-2371) with ETF. If you elect one unit of coverage, your spouse will have $10,000 in coverage and each dependent (regardless of the number) will have $5,000 in coverage. If you elect two units, your spouse will have $20,000 in coverage and each dependent will have $10,000.

All levels of coverage under the WPE group life insurance plan offer these benefits:

Accidental Death and Dismemberment (AD&D)—All levels of employee coverage, except the additional plan for employees older than age 70, include an AD&D benefit. The AD&D coverage does **not** apply to Spouse and Dependent coverage.

Living Benefits—Insured persons, including employees, annuitants, opposite-sex spouses, domestic partners and dependents may apply to receive all or part of the value of their group life insurance coverage while still living if they meet certain criteria.

Conversion of Life Insurance to Pay Health or Long-Term Care Insurance—The value of your Basic life insurance coverage may be converted to pay premiums for your health or long-term care insurance when you are retired and you have reached your final insurance reduction age (67 for most local government employees; age 66 for state employees and local government employees whose employers elect this option). The health or long-term care insurance must be a policy offered through ETF. The conversion value (the present value) of your coverage is always less than the face value of your life insurance.

Disability Premium Waiver—Your insurance can be continued and your premiums waived if you become totally disabled and unable to work while you are under age 70 and still actively employed.

The *Wisconsin Public Employers Group Life Insurance* brochure (ET-2101) provides more detailed information about life insurance benefits.

Group Health Insurance Program

- **Local government employees in the Wisconsin Public Employers group**

  If you are a local employee covered by the WRS and your employer has elected to participate in the program, or you are an employee of a local government employer who participates in the program under Wis. Stat. 40.02 (28), you are eligible to enroll in the Wisconsin Public Employers' Group Health Insurance program.

  Depending upon your geographic location, the program allows you a choice between two or more health care plans.

  You may enroll either:

  1. Within 30 days of hire (effective first of the month on or after receipt of your application).
  2. Within 30 days prior to becoming eligible for the employer's contribution toward

premium, with coverage effective the first of the month on or after the date the employer contribution begins. Check with your employer as to when you are eligible for employer contribution toward premium. This time varies by employer.

3. Open Enrollment period in October for coverage to be effective January 1 of the following year.

4. Following a HIPAA qualifying event, within 30 or 60 days as required by federal law. For more information, see the *It's Your Choice Reference Guide*.

Your employer determines the beginning date and amount of the employer contribution, within established guidelines. Employer contributions can be established one of three ways:

1. Except as otherwise provided in a collective bargaining agreement, the employer must contribute at least 50% but not more than 88% of the average cost Tier 1 qualified health plan available in the service area of the employer. If you are appointed to a position working less than half-time, the minimum employer contribution is 25% of the lowest cost plan.
2. As provided in a collective bargaining agreement, the employer must contribute at least 50%, but no more than 105% of the premium for the lowest-cost qualified health plan in the service area of the employer. If you are appointed to a position working less than half-time, the minimum employer contribution is 25% of that premium.
3. Your employer may also use the health plan three-tiered premium contribution structure established by the Group Insurance Board. Except as otherwise provided in a collective bargaining agreement, tiering is subject to the "88%" limitation described above. The employer may contribute more for employees for whom collective bargaining exemption applies.

You may continue to be covered by the local employee group health insurance program during authorized leaves of absence (or layoff) and when you retire, provided you meet the eligibility requirements when you apply for your retirement benefit and your employer remains participating in the program.

If you die, your covered surviving opposite-sex spouse or domestic partner and/or your covered dependent children are eligible to continue coverage under the local employee group health insurance program for as long as the local employer continues to participate in the program.

The employer contribution for group health insurance coverage is available for active employees. Employers may also pay group health insurance premiums for retired employees and the surviving opposite-sex spouse/domestic partner/children if they elect to do so.

- **Local Annuitant Health Insurance Program for Public Employees**

  If you are or were employed by a local employer covered under the WRS and your retirement health insurance needs will not be met by your employer's group coverage, you may be eligible for health insurance under the Local Annuitant Health Program (LAHP).

  Single or family coverage is available. Eligible individuals age 65 or older who are on

Medicare will be issued a Medicare supplement plan. Those under age 65 are offered a Preferred Provider Organization (PPO) plan.

To enroll in the program without providing evidence of insurability or serving a waiting period for pre-existing conditions, you must file both your insurance application and your WRS annuity application with ETF within 60 days of the date you terminate employment. You may also enroll without providing evidence of insurability when you become age 65 and/or first enroll in Medicare Part B if you are over age 65 although you may still be subject to a waiting period for pre-existing conditions. You may apply at a later date, but you will then be required to provide evidence of insurability and a waiting period for pre-existing conditions may apply.

Survivors of deceased active employees who take the WRS death benefit as a monthly annuity may enroll without providing evidence of insurability if they file an application within 60 days of the date of death. In many situations, coverage is also available to the surviving spouse/domestic partner and eligible dependent children of a deceased retiree.

Annuitants pay the entire premium. If the annuity is large enough, payment is deducted from the WRS annuity; otherwise, annuitants are billed directly by the health plan.

- **State of Wisconsin Employees**

  If you are a state employee covered by the WRS or in certain other jobs specified by statute, you may participate in the State of Wisconsin Group Health Insurance Program. You may join either:

1. Immediately upon being hired (effective the first of month following receipt of your application); or

2. Before completing two months of state service under the WRS (effective first of the month following completion of two months). *Exception: Eligible limited term employees (LTEs) must work six months for a state employer if they do not join immediately upon being hired.*

3. During the annual It's Your Choice Open Enrollment period during October for coverage to be effective January 1st of the following year.

4. Following a HIPAA qualifying event, within 30 or 60 days as required by federal law. For more information, see the It's Your Choice: Reference Guide.

Except for University faculty, if you obtain the group health insurance coverage immediately upon employment, you must pay the entire monthly premium until you have completed two months of state employment under the WRS (six months of state employment for LTEs). Upon completion of two months of employment (six months for LTEs), you are eligible to receive the state contribution toward the premium payment. UW faculty are eligible for employer contribution immediately upon hire. The state contribution will vary depending on which one of the health care plans available to state employees you select.

If you are a state LTE or state employee working less than half-time, and you become eligible for WRS participation, you are eligible for group health insurance benefits and are required to pay about one-half the total state premium. If you decline health insurance coverage when first eligible, you may have another open enrollment opportunity. You can enroll when you meet both of the following: your hours increase **and** you qualify for a higher share of state contribution toward health insurance premium. You must file your application online or submit a *Health Insurance Application* (ET-2301). Check with your employer to learn the date you first qualify for an increase in state contribution. Your health insurance coverage will become effective the first of the month that you qualify for the increase in the state share of premium. If you fail to enroll during this second open enrollment opportunity, you will be eligible to elect health insurance coverage only under the Standard Plan unless you qualify for another open enrollment opportunity later.

You may continue to be covered by the state employee group health insurance program during authorized leaves of absence (or layoff) and at retirement, provided you meet the eligibility requirements when you apply for your benefit. If you are approved for a regular disability benefit, Long-term Disability Insurance (LTDI) or duty disability benefit administered by the WRS, you may continue to be covered by the state employee group health insurance program. You may also re-enroll if you let your coverage lapse while no earnings were being paid to you.

If you die, your covered surviving opposite-sex spouse or surviving domestic partner and/or your covered dependent children are eligible to continue under the state employee group health insurance program with the same benefits, but without the employer's share of premium contribution (see sick leave conversion credits).

- **Sick Leave Conversion Credits**

  The state contributes toward the group health insurance premiums for active employees only. In addition, the state also funds programs for active state employees that will pay for the state health insurance in certain circumstances after employment ends. If you have accumulated sick leave at the time of retirement, disability or death as an active employee, the value of your sick leave is converted to credits through the Accumulated Sick Leave Conversion Credit and the Supplemental Health Insurance Conversion Credit programs. These credits are used to pay group health insurance premiums for you and/or in some instances your surviving opposite-sex spouse or surviving domestic partner and/or your covered eligible dependent children.

  To be eligible to use your sick leave credits to pay post-retirement group health insurance premiums, in most cases you **must be covered under the State of Wisconsin Group Health Insurance program on the date of termination from state employment**.

  The *Sick Leave Conversion Credit* brochure (ET-4132) provides detailed information about who is eligible to use sick leave credits to pay health insurance premiums and how to calculate the amount of your sick leave credit balance. It is available on ETF's website, etf.wi.gov.

- **Medicare Requirements**

  It is **mandatory** that you and your dependents apply for federal Medicare (Part A-*Hospital* & Part B-*Medical*) when first eligible because of age or disability. This provision is deferred if the subscriber is actively employed, and if you or your opposite-sex or same-sex spouse is covered as an active employee under an employer group plan that is the primary payer. If you are not disabled, the earliest eligibility is age 65. However, Medicare is available before age 65 if you have received a Social Security disability check for 24 months, or if you have permanent kidney failure. Your state group health insurance will pay benefits secondary to Medicare, and there is a substantial reduction in the premium.

You must notify us when you and other eligible covered family members enroll in Medicare. Failure to do so may result in you being liable for the portion of your claims that Medicare would have paid beginning on the date Medicare coverage would have become effective. Once we know the dates of your Medicare coverage, we reduce your group health insurance premium (which includes prescription drug coverage) to the appropriate amount. State and local Medicare eligible retirees will be automatically enrolled in our group health insurance programs' prescription drug plan for Medicare Part D. They will therefore not need to enroll in an individual Medicare Part D plan.

- **Health Insurance Benefits for Domestic Partners and Same-Sex Spouses**

  Under the State Group Health Insurance Program and the Wisconsin Public Employers Group Health Insurance Program, domestic partners are treated the same as spouses for health insurance purposes.

  - This means that you can cover a domestic partner and your partner's dependent children under your group health insurance coverage.
  - Your same-sex spouse is only eligible for coverage if that person is also your domestic partner. You can obtain coverage by filing an *Affidavit of Domestic Partnership* form (ET-2371) with ETF.

  If you choose to cover a domestic partner or same-sex spouse, be aware that you may be required to pay imputed income taxes.

  If your domestic partner is not your same-sex spouse, the fair market value of the portion of your health insurance premiums paid by your employer (or from unused sick leave credits after retirement) that is attributable to coverage provided for your non-dependent domestic partner (andhis/her children) is reportable as taxable income. This is called "imputed income." You are liable for income taxes and FICA (Social Security) contributions on this imputed income.

  If your domestic partner is also your same-sex spouse, you will not pay federal tax on this imputed income. However, you will still pay Wisconsin tax on this imputed income.

  The *Domestic Partner Benefits* brochure (ET-2166) provides more detailed information about health insurance benefits for domestic partners. It is available at etf.wi.gov, ETF's Internet site.

LONG-TERM DISABILITY INSURANCE PROGRAM

To be eligible for a Long-Term Disability Insurance (LTDI) benefit from the WRS, you must be totally disabled by a mental or physical impairment that is likely to last indefinitely.

You must have earned at least .33 year of creditable service in at least five calendar years during the period that includes the year in which you apply for LTDI benefits plus the preceding seven calendar years. If your disability is work-related, you do not have to meet the service requirement as long as ETF receives your LTDI application within two years after your last day worked with a participating employer. If you took a separation benefit, the service earned is forfeited so cannot be used to qualify for LTDI unless you subsequently return to WRS employment and are eligible and purchase the forfeited service.

The basic monthly LTDI benefit is 40% of your final average salary or 50% of your final average salary if you are not covered under Social Security based on your WRS employment. The basic monthly LTDI benefit is adjusted each year by the same percentage as monthly WRS retirement annuities from the Core fund are adjusted. In addition to your basic LTDI benefits, until you apply for a benefit from your WRS-required account, a supplemental contribution is paid into your WRS account for each month that you are eligible for LTDI benefits. The initial amount of the supplemental contribution is 7% of your final average salary for each month that you meet specific conditions. If you are a protective category employee receiving duty disability benefits, you are not eligible for the LTDI supplemental contributions.

You may be required to provide medical evidence each year that states that you continue to be disabled according to our definition. If your physician indicates that you are able to perform the duties of a gainful occupation for which the annual compensation would exceed the annual earnings limitation, your LTDI benefit will be terminated.

Each year you will be required to certify your earnings from all employment. If you earn more than the statutory “earnings limit” amount during a calendar year, your LTDI benefit will be affected. The first time you reach your earnings limit, your LTDI benefit will be suspended. If your benefit is suspended, we will advise you of the date when your benefit will resume. The second time you reach your earnings limit, your LTDI benefit will be terminated.

If you are classified as a protective category employee under the WRS, you may qualify for special LTDI benefits if you become disabled to the extent that you can no longer efficiently and safely perform the duties of a protective occupation participant. You must meet the above service requirement, become disabled between age 50 and 55, **and** have at least 15 years of creditable service.

The LTDI benefits payable to a protective category employee who was approved for special LTDI benefits because that employee could no longer perform the protective occupation duties will be terminated immediately upon reemployment in a law enforcement or firefighting position. If you are employed in a position other than law enforcement or firefighting, your LTDI benefits will be suspended (not terminated) if you earn more than the earnings limit.

Benefit payments from Social Security, either disability or regular benefits, would be in addition to the amount payable from an LTDI benefit. However, when you elect to receive retirement benefits from the WRS, whether in the form of a retirement or separation benefit, your monthly LTDI benefit will be reduced or suspended. You are not required to apply for WRS retirement benefits. However, when you reach age 62 or the normal retirement age for your employment category (whichever is later), your monthly LTDI benefits will be reduced by the taxable amount of the retirement benefit you are eligible to receive.

LTDI benefits are payable until age 65, except that you may qualify for benefits beyond age 65 if your benefit starts at age 61 or later. LTDI benefits are payable only through the date of your death; there are no LTDI death benefits. However, there may be a death benefit payable from your WRS account or annuity.

INCOME CONTINUATION INSURANCE PROGRAM

Income Continuation Insurance (ICI) protection is available to you if you are an employee covered by the WRS, you have participated under the WRS for a period of six months, and your employer is the state or is a local employer which has elected to participate in the ICI program. If you are enrolled and on an authorized leave, your coverage may be continued for a maximum of 36 months during that leave.

The ICI plan will replace a substantial portion of your salary. In the event you become disabled, benefits for physical or mental disabilities would begin after an elimination period has been satisfied.

The ICI plan is intended to cover both short and long-term disabilities. The plan is integrated with **all** benefits available to you from other state or federal programs. This means that your ICI benefit is reduced by the amount of these other income replacement benefits. Other income replacement benefits include, but not limited to:

- Worker's Compensation
- Unemployment Compensation
- Social Security (regular or disability)
- WRS (retirement, disability retirement, or separation, including lump sums)
- Long-Term Disability Insurance
- Part-time employment wages

Benefit provisions differ slightly depending on your employer, as shown below:

	UW Faculty and Academic Staff	All Other State Employees	Local Employees
Benefit Level	Up to 75% of gross salary-maximum $4,000/month for standard coverage or $7,500/month for supplemental coverage.		
Elimination period before benefits begin	As long as accumulated sick leave is available,* with a minimum of 30, 90, 125 or 180 days as employee elects	As long as accumulated sick leave is available,* with a 30-day minimum	30, 60, 90, 120 or 180 days as employee elects
Open Enrollment Period	Within 30 days after completing 6 months under the WRS or 12 months of state employment	Within 30 days after completing 6 months under the WRS or during January following a year in which you accumulated 80, 520, 728 or 1,040 hours of sick leave	Within 30 days after completing 6 months under the WRS
Basis of Premium	Salary and selected elimination period	Salary and accumulated sick leave balance	Salary and selected elimination period

LONG-TERM CARE INSURANCE

Long-Term Care Insurance is an optional program available to State of Wisconsin, University of Wisconsin, University Hospital and Clinic employees and annuitants, including their opposite-sex spouses/domestic partners, parents, and their spouse's/domestic partner' parents. By statute, the Group Insurance Board must offer Long-Term Care policies that meet the

* ICI benefits cannot begin until credits for sick leave have been exhausted up to 1,040 hours. This does not apply to employees who are entitled to a WRS disability annuity, LTDI benefit or Duty Disability benefit and who wish to convert their sick leave to pay for health insurance premiums.

Board's requirements. The Long-Term Care insurance offered to state employees may cover expenses usually not covered by group health insurance, including long-term home health care, assisted living, community-based care (adult day care) and nursing home care. ETF monitors the Long-Term Care program.

You may apply for coverage at any time; there is no open enrollment period because all applications are subject to medical underwriting. Some illnesses or pre-existing conditions will disqualify you from these plans. However, once your policy is issued, coverage will not be limited or excluded for any pre-existing conditions or illnesses.

There is no employer contribution for this benefit; you pay the full premium. Current state employees can pay automatically through a deduction from their paychecks, automatic transfer from a personal bank account, or direct billing. Annuitants can pay through automatic transfer from a bank account or through direct billing.

The Office of the Commissioner of Insurance (OCI) publishes a free *Guide to Long-Term Care* (PI-047) to help you evaluate your long-term care needs. If you would like a copy of the guide, contact OCI at 1-800-236-8517 (outside of Wisconsin call (608) 266-3585). OCI may also be contacted via their Internet site at oci.wi.gov. If you would like information regarding the insurers approved to offer this long-term care insurance program, check our Internet site at etf.wi.gov or contact us toll free at 1-877-533-5020 or (608) 266-3285 (local Madison).

Conversion of Life Insurance To Pay Long-Term Care Insurance (State Retirees Only)
The value of your Basic life insurance coverage up to $50,000 may be converted to pay for your long-term care insurance premiums after age 66. The conversion value (the "present value") of your coverage is always less than the face value of your life insurance.

WISCONSIN DEFERRED COMPENSATION PROGRAM

ETF offers a deferred compensation program to state employees and to local government employees whose employers join the program. The deferred compensation program office is located at 5328 Wall Street, Suite 2755, Madison, WI 53718. Information about this benefit program can be obtained by contacting the program toll free at 1-877-457-9327 or through the program's Internet site at www.wdc457.org.

The Wisconsin Deferred Compensation Program (WDC) is a supplemental retirement savings program regulated by Section 457 of the Internal Revenue Code. Eligible employees may invest a portion of earnings (up to the maximum allowed by Sec. 457) through payroll deductions in any of the investment options offered by the WDC. You have two options for making contributions:

1. After-tax Contributions Through the Roth Option. You use after-tax dollars to make Roth contributions. When you choose the Roth option, you pay taxes on the money prior to contributing it to the account. As long as you meet certain requirements, all distributions from your Roth account when you retire are tax-free.

2. Before-tax Contributions. You may use before-tax dollars to contribute to your WDC account. Under this option, you will not pay taxes on your contributions when you make them. You will pay taxes when you take a distribution from your account, which is usually during retirement.

You may access the funds in your WDC account when you terminate employment (regardless of your age), upon retirement, death or in case of extreme financial emergency as defined by Sec. 457. Unlike other tax-sheltered savings programs, payouts from the WDC prior to age 59½ are not assessed a tax penalty.

The Deferred Compensation Board selects the investment options offered by the WDC.

Currently there are fixed interest rate options and over twenty mutual fund options with varying investment objectives, including target retirement date funds. Participants may select one or more of the available options for their deferrals and may transfer their account balance between investment options as often as they like, without any restrictions or additional fees. The Board currently contracts with Great-West Retirement Services to provide administrative record keeping and customer services.

EMPLOYEE REIMBURSEMENT ACCOUNTS

ETF also offers an optional Employee Reimbursement Accounts program (ERA), jointly administered by ETF and a third-party plan administrator. The ERA program is an optional, tax-free benefit for state employees. It allows participants to set aside a portion of their pre-tax gross salary to pay certain IRS-approved expenses. The kinds of expenses eligible for this favorable tax treatment are:

- Dependent care expenses that allow the employee and opposite-sex or same-sex spouse to work.
- Most out-of-pocket medical expenses not reimbursable by any insurance coverage (for example, co-pays, deductibles, glasses, prescription drugs, etc.).

There is an open enrollment period for the dependent care and medical expense reimbursement accounts each fall for the following calendar year.

State group insurance premiums (including the employee's share of state group life, state group health, Vision Service Plan (VSP), EPIC Dental Wisconsin and Benefits+, and Anthem Dental Blue dental insurance) are automatically taken from the employees' pre-tax salary unless an employee files a waiver form asking that this not be done.

By contributing part of their pre-tax salary to pay these kinds of expenses, participants effectively reduce their taxable income. This in turn significantly reduces their state and federal tax liabilities and increases their take-home salary. There will still be Wisconsin tax on imputed income for same-sex spouses.

Additional information about the ERA program can be obtained by calling the current contract administrator at 1-855-428-0446.

DOMESTIC PARTNER BENEFITS

Certain fringe benefit programs have been extended to domestic partners. These benefits are authorized under Chapter 40 of the Wisconsin statutes and administered by ETF, and include the following programs:

- Wisconsin Retirement System
- State of Wisconsin Group Health Insurance Program
- State of Wisconsin Group Life Insurance Program
- Duty disability benefits (available only to protective occupation category employees and their survivors)
- Wisconsin Deferred Compensation Program

To qualify for domestic partner benefits, the member and his/her partner must establish a Chapter 40 domestic partnership with ETF. To establish a Chapter 40 domestic partnership the partners must meet all of the eligibility requirements in Chapter 40 of the statutes and file a signed and notarized Affidavit of Domestic Partnership form (ET-2371) with ETF.

A Chapter 40 domestic partnership is completely separate from the state domestic partner registry under Chapter 770 of the statutes and applies only to the benefit programs administered by ETF. Registering a domestic partnership on the Chapter 770 registry does not create a domestic partnership for Chapter 40 benefit purposes, nor does creating a Chapter 40 domestic partnership with ETF register you as partners on the Chapter 770 state registry. Each is a completely separate process, and the statutory eligibility criteria, rights and responsibilities for each type of domestic partnership are different.

Chapter 40 domestic partner benefits are available to both same-sex and opposite-sex partners. If you have a same-sex partner and were married in a state that recognizes same-sex marriages, or have established a legal domestic partnership in another state, you must still establish a Chapter 40 domestic partnership before your partner is eligible for all Chapter 40 domestic partner benefits.

More detailed information about Chapter 40 domestic partner benefits is available at ETF's Internet site etf.wi.gov.

Department of Employee Trust Funds
P. O. Box 7931
Madison, WI 53707-7931

WISCONSIN RETIREMENT SYSTEM (WRS)
PUBLICATIONS

Many of the publications listed below are available through our Internet site at etf.wi.gov.
You may also call us toll free at 1-877-533-5020 or (608) 266-3285 (local Madison) to request most publications.

ITEM DESCRIPTION	FORM #	ITEM DESCRIPTION	FORM #
Retirement Benefits		***Insurance***	
Benefit Information Request	ET-7301	Group Health Insurance	ET-4112
Information for Retirees	ET-4116	It's Your Choice Decision Guide – State	ET-2107d
Applying for Your Retirement Benefit	ET-4106	It's Your Choice Reference Guide – State	ET-2107r
Calculating Your Retirement Benefits	ET-4107	It's Your Choice Decision Guide – Local	ET-2128d
Choosing an Annuity Option	ET-4117	It's Your Choice Reference Guide – Local	ET-2128r
Tax Liability on WRS Benefits	ET-4125	Retirees Monthly Health Insurance Premiums – Local	ET-1730
How Divorce Can Affect Your WRS Benefits	ET-4925	Retirees Monthly Health Insurance Premiums – State	ET-4701
How Participation in the Variable Trust Fund Affects Your WRS Benefits	ET-4930	Standard Plan – State	ET-2112
Separation Benefits	ET-3101	Standard Plan – Local	ET-2131
Creditable Service		Local Annuitant Health Program	ET-9019
Buying Creditable Service	ET-4121	Life Insurance Booklet State and Wisconsin Public Employees	ET-2101
Military Service Credit	ET-4122	Group Life Insurance After You Terminate Employment	ET-4104
Buying Other Governmental Service	ET-2207	Conversion Information-Group Life Insurance	ET-2306
Contributions (Voluntary)		Converting Your Group Life Insurance To Pay Health or LTC Insurance Premiums	ET-2325
Additional Contributions	ET-2123	***Miscellaneous***	
Disability		Telephone Message Center (Prerecorded Benefit Messages)	ET-7348
Disability Retirement Benefits	ET-5107		
Duty Disability and Survivor Benefits	ET-5103	Your Benefit Handbook (Summary of all Benefits)	ET-2119
Long-Term Disability Insurance	ET-5314	How Part-time Employment Affects Your WRS Benefits	ET-2121
Death Benefits		Investment Earnings Distribution Report	ET-2124
Death Benefits	ET-6101	***Contact Your Employer For***	
Beneficiary Designation	ET-2320	ICI Pamphlet – State Employees	ET-2106
Beneficiary Designation—Alternate	ET-2321	ICI Pamphlet – Local Employees	ET-2129
Deferred Compensation			
Wisconsin Deferred Compensation Program Call 1-877-457-9327 (toll free)			

Contact ETF

Visit us online at etf.wi.gov

Find Wisconsin Retirement System benefits information, forms and publications, benefit calculators, educational offerings, email and other online resources.

Call us toll free at 1-877-533-5020 or 608-266-3285 (local Madison)

Benefit specialists are available by phone 7:00 a.m. to 5:00 p.m. (CST) Monday-Friday

Wisconsin Relay Service for hearing and speech impaired: 7-1-1
1-800-947-3529 (English), 1-800-833-7813 (Spanish)

Write or Return Forms

P.O. Box 7931
Madison, WI 53707-7931

Visit by Appointment

801 West Badger Road
Madison, WI 53713
7:45 a.m. to 4:30 p.m.

etf
WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS