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**Department of Employee Trust Funds**  
Robert J. Conlin  
SECRETARY

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***Correspondence Memorandum***

**Date:** June 14, 2018  
**To:** Matt Adamczyk, Wisconsin State Treasurer  
**From:** Robert J. Conlin, Secretary  
**Subject:** Follow-up to WRS Retirement Benefits Memo

You recently asked the Department of Employee Trust Funds (ETF) to provide the following supplemental information to an October 2017 memo (revised May 2018), ETF memo to you about pension and sick leave conversion benefits. That memo provided information about retirees who retired in 2015 and 2016 with pension benefits more than \$150,000 per year or who had sick leave account balances greater than \$500,000. The memo is attached for your reference.

**Your new request specifically asks for the following information for years 2013 - 2017:**

- WRS Retirement Annuities – 25 highest annual benefit amounts greater than an employees' final average earnings for years 2013-2017 (retirements – all ages).
- WRS Retirement Annuities – 25 highest annual benefit amounts greater than an employees' final average earnings for years 2013-2017 (retirements – age 70 and under).
- WRS Retirement Annuities – 25 highest annual benefit amounts for years 2013-2017 (retirements – all ages).
- Sick Leave Benefits – 25 highest account balances for years 2013-2017 (retirements – all ages).
- Sick Leave Benefits – 25 highest account balances for years 2013-17 (retirements – 65 and under).
- Active Employee Retirement Account Balances - 25 highest WRS retirement account balances.

As you will see, the individuals that meet the above criteria are exceptions to the norm, largely due to remarkably long public service careers, older age at retirement, and interest accumulated in the account.

## 2013 – 2017 WRS Retirements

Out of the 52,184 retirements during these five years, 245 (.0047%) had annual benefits that fit into the following three categories about which you requested information. Charts providing more detail about the 245 retirees and their annuity amounts can be found at the end of this section.

**Table 1**

<b>25 Highest Annuities 2013-2017 (Annual Averages) - Annuities More Than Final Average Earnings (All Ages)</b>				
<b>Retirement Year</b>	<b>Annual Retirement Annuity*</b>	<b>Annual Final Average Earnings**</b>	<b>Creditable Service - Years</b>	<b>Age at Retirement</b>
<b>2013</b>	\$102,000	\$80,000	43	70
<b>2014</b>	\$151,000	\$100,000	43	73
<b>2015</b>	\$129,000	\$100,000	41	69
<b>2016</b>	\$150,000	\$100,000	43	74
<b>2017</b>	\$180,000	\$110,000	44	74
<b>Averages</b>	\$142,000	\$100,000	43	72
*Rounded to the nearest thousandth				
**Rounded to the nearest ten thousandth				

The group in Table 1 includes the highest 25 retirees (all ages) for each year (2013-2017) whose annual pension amounts are greater than their final average earnings. These retirements were calculated under the money purchase method, which does not use final average earnings in the calculation.

As explained in the May 2018 memo, retirements are calculated using both the formula and money purchase calculation. The retiree receives the higher benefit. Formula benefits are limited to a percentage of final average earnings. For most members, this is 70% of the final average earnings. Formula benefits are a traditional defined benefit or pension calculation. The money purchase calculation uses the participant's WRS account balance (contributions + accrued interest) and an actuarial age factor to annuitize the account balance.

These retirement annuities ranged from \$80,754 to \$751,127, with a median annuity of \$123,495. As the chart shows, the individual receiving \$751,127 was 87 years old when they retired. More than 75% of these annuities were under \$150,000. (See Tables 4 -13)

Also, noted in the May 2018 memo, the Internal Revenue Code limits the annual benefit that an employee can receive. The 2017 limit is \$215,000. Generally, individuals employed before 1990 are excluded from this limit. Additionally, the IRC limits the maximum amount of annual compensation on which retirement contributions may be based (which limits benefits paid) for employees hired after January 1, 1996. The maximum amount for 2017 is \$267,500. These retirees would not have been subject to the IRS compensation limitations because they were hired prior to January 1, 1996.

Retirement ages for the group were older than the average retirement age of 61 with an average retirement age of 72 years old. The final average earnings of the retirees were also higher, with a median final average earnings of \$90,000 (rounded to the nearest ten thousandth).

Additionally, these retirees worked much longer than the average retiree's tenure of 21 years. This group had an average of 43 years of creditable service which allows for more years of compounding interest. These individuals are closer to their expected mortality, and have higher account balances due to additional years of compounding interest and higher contributions.

**Table 2**

<b>25 Highest Annuities 2013-2017 (Annual Averages) - Annuities More Than Final Average Earnings (70 and under)</b>				
<b>Retirement Year</b>	<b>Annual Retirement Annuity*</b>	<b>Annual Final Average Earnings**</b>	<b>Creditable Service - Years</b>	<b>Age at Retirement</b>
<b>2013</b>	\$89,000	\$80,000	41	67
<b>2014</b>	\$99,000	\$80,000	42	67
<b>2015</b>	\$107,000	\$90,000	40	66
<b>2016</b>	\$97,000	\$80,000	43	67
<b>2017</b>	\$104,000	\$80,000	41	66
<b>Averages</b>	<b>\$99,000</b>	<b>\$80,000</b>	<b>41</b>	<b>67</b>
*Rounded to the nearest thousandth				
**Rounded to the nearest ten thousandth				

The group in Table 2 includes the highest 25 retirees (age group 70 years old and under) for each year (2013-2017) whose annual pension amounts are greater than their final average earnings. Like the previous group, these retirements were calculated under the money purchase method, which does not use final average earnings in the calculation. Instead, this calculation uses the participant's WRS account balance (contributions + accrued interest) and an actuarial age factor to annuitize the account balance.

These retirement annuities ranged from \$65,883 to \$174,195, with a median annuity of \$90,325. More than 99% of these annuities were under \$150,000. (See Tables 4 – 13)

Retirement ages for the group were older than the average retirement age of 61, with an average retirement age of 67. The final average earnings of the retirees were also higher, with a median final average earnings of \$80,000 (rounded to the nearest ten thousandth).

Additionally, these retirees worked much longer than the average retiree's tenure of 21 years. This group had an average of 41 years of creditable service. As previously mentioned, compounding interest and contributions are significant drivers of higher than average annual annuities. Simply stated, when an employee delays retirement, their account has more years of accumulation of interest and contributions, which will increase benefits.

**Table 3**

<b>25 Highest Annuities 2013-2017 (Annual Averages)</b>				
<b>Retirement Year</b>	<b>Annual Retirement Annuity*</b>	<b>Annual Final Average Earnings**</b>	<b>Creditable Service - Years</b>	<b>Age at Retirement</b>
<b>2013</b>	\$124,000	\$160,000	40	69
<b>2014</b>	\$173,000	\$170,000	41	71
<b>2015</b>	\$152,000	\$200,000	39	69
<b>2016</b>	\$183,000	\$190,000	41	71
<b>2017</b>	\$190,000	\$130,000	43	73
<b>Averages</b>	\$164,000	\$170,000	41	71
*Rounded to the nearest thousandth				
**Rounded to the nearest ten thousandth				

The group in Table 3 includes the 25 highest ranged from \$96,831 to \$751,127, with a median annuity of \$139,641. Approximately 57% of these annuities were under \$150,000.

Retirement ages for the group were older than the average retirement age of 61, with an average retirement age of 71. The final average earnings of the retirees were also higher, with a median final average earnings of \$140,000 (rounded to the nearest ten thousandth).

Additionally, these retirees worked much longer than the average retiree's tenure of 21 years. This group had an average of 41 years of creditable service. (See Tables 4 - 13)

More than 75% of these annuities were calculated under the money purchase method. These retirees were much older and worked much longer than the average retiree.

Almost 50% of the 245 WRS accounts were invested in the Variable Fund, compared to about 20% of total WRS accounts. The Variable Fund is invested in stocks only, while the total stock investment of the Core Fund is a diversified fund, with investments in stocks, bonds, and more. Members who elect to participate in the Variable are exposed to more investment risk. Variable Fund investment has a direct effect on a member's account at the end of each calendar year, while the impact of Core Fund investment returns is smoothed over five years. Additionally, retirees who participate in the Variable take on more risk. If there are negative Core and/or Variable annuity adjustment rates based on investment losses, the Core portion of a participant's annuity can never be decreased below the finalized initial amount. However, there is no limit to how much the Variable portion of a participant's annuity can be reduced. The Variable portion of an annuity is similar to a defined contribution benefit because the member bears 100% of the risk with no guaranteed floor annuity amount.

Table 4

2013 Retirements							
Retiree	Annual Retirement Annuity	Annual Final Average Earnings*	Creditable Service - Years	Age at Retirement	Group A	Group B	Group C
Retiree #1	\$65,683	\$40,000	20	61			X
Retiree #2	\$65,955	\$60,000	40	66			X
Retiree #3	\$65,960	\$60,000	31	65			X
Retiree #4	\$72,023	\$70,000	41	62			X
Retiree #5	\$72,143	\$70,000	37	66			X
Retiree #6	\$79,043	\$70,000	38	70			X
Retiree #7	\$79,193	\$80,000	43	64			X
Retiree #8	\$80,556	\$80,000	43	67			X
Retiree #9	\$80,755	\$60,000	47	70		X	X
Retiree #10	\$81,523	\$80,000	41	63		X	X
Retiree #11	\$81,978	\$70,000	44	69		X	X
Retiree #12	\$83,138	\$70,000	40	71		X	
Retiree #13	\$84,434	\$60,000	47	68		X	X
Retiree #14	\$86,215	\$80,000	43	68		X	X
Retiree #15	\$86,806	\$80,000	42	66		X	X
Retiree #16	\$87,797	\$70,000	40	70		X	X
Retiree #17	\$89,010	\$50,000	48	74		X	
Retiree #18	\$89,058	\$60,000	47	69		X	X
Retiree #19	\$89,880	\$80,000	44	71		X	
Retiree #20	\$90,324	\$60,000	45	68		X	X
Retiree #21	\$90,325	\$70,000	46	69		X	X
Retiree #22	\$93,463	\$60,000	37	66		X	X
Retiree #23	\$96,831	\$70,000	46	67	X	X	X
Retiree #24	\$97,125	\$170,000	34	58	X		
Group A - 2017 Retirements - 25 Highest Annuities							
Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages							
Group C - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - 70 years old and under							
*Rounded to the nearest ten thousandth							

Table 5

2013 Retirements Continued							
Retiree	Annual Retirement Annuity	Annual Final Average Earnings*	Creditable Service - Years	Age at Retirement	Group A	Group B	Group C
Retiree #25	\$97,639	\$100,000	40	64	X	X	X
Retiree #26	\$98,649	\$100,000	36	67	X	X	X
Retiree #27	\$98,847	\$150,000	40	69	X		
Retiree #28	\$101,878	\$160,000	39	62	X		
Retiree #29	\$103,225	\$170,000	38	60	X		
Retiree #30	\$103,455	\$70,000	46	69	X	X	X
Retiree #31	\$108,761	\$120,000	45	69	X		
Retiree #32	\$110,386	\$230,000	33	74	X		
Retiree #33	\$110,665	\$90,000	42	72	X	X	
Retiree #34	\$111,153	\$170,000	39	60	X		
Retiree #35	\$112,535	\$160,000	44	67	X		
Retiree #36	\$114,441	\$250,000	27	65	X		
Retiree #37	\$117,618	\$200,000	38	67	X		
Retiree #38	\$123,248	\$220,000	36	67	X		
Retiree #39	\$123,272	\$70,000	46	73	X	X	
Retiree #40	\$129,477	\$120,000	44	69	X	X	X
Retiree #41	\$132,848	\$130,000	42	71	X	X	
Retiree #42	\$138,169	\$210,000	41	69	X		
Retiree #43	\$139,641	\$60,000	45	83	X	X	
Retiree #44	\$153,912	\$100,000	36	79	X	X	
Retiree #45	\$156,480	\$150,000	44	70	X	X	X
Retiree #46	\$162,492	\$240,000	42	68	X		
Retiree #47	\$248,762	\$350,000	37	75	X		
Group A - 2017 Retirements - 25 Highest Annuities							
Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages							
Group C - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - 70 years old and under							
*Rounded to the nearest ten thousandth							

Table 6

2014 Retirements							
Retiree	Annual Retirement Annuity	Annual Final Average Earnings*	Creditable Service - Years	Age at Retirement	Group A	Group B	Group C
Retiree #1	\$77,810	\$70,000	44	64			X
Retiree #2	\$77,935	\$80,000	41	69			X
Retiree #3	\$78,653	\$70,000	43	62			X
Retiree #4	\$80,696	\$50,000	48	70			X
Retiree #5	\$80,741	\$70,000	24	67			X
Retiree #6	\$82,293	\$60,000	41	68			X
Retiree #7	\$84,553	\$80,000	44	67			X
Retiree #8	\$84,679	\$80,000	42	67			X
Retiree #9	\$84,761	\$80,000	42	64			X
Retiree #10	\$86,257	\$60,000	46	68			X
Retiree #11	\$87,183	\$70,000	44	66			X
Retiree #12	\$87,788	\$80,000	43	65			X
Retiree #13	\$89,686	\$80,000	41	67			X
Retiree #14	\$90,437	\$80,000	45	67			X
Retiree #15	\$91,134	\$40,000	44	80		X	
Retiree #16	\$96,996	\$70,000	17	65		X	X
Retiree #17	\$97,029	\$50,000	48	69		X	X
Retiree #18	\$101,890	\$70,000	44	70		X	X
Retiree #19	\$103,980	\$100,000	40	72		X	
Retiree #20	\$104,453	\$60,000	40	74		X	
Retiree #21	\$107,641	\$70,000	47	73		X	
Retiree #22	\$108,405	\$110,000	43	70		X	X
Retiree #23	\$112,320	\$110,000	44	67		X	X
Retiree #24	\$113,268	\$70,000	44	69		X	X
Retiree #25	\$114,499	\$90,000	44	66	X	X	X
Group A - 2017 Retirements - 25 Highest Annuities							
Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages							
Group C - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - 70 years old and under							
*Rounded to the nearest ten thousandth							

**Table 7**

<b>2014 Retirements - Continued</b>							
<b>Retiree</b>	<b>Annual Retirement Annuity</b>	<b>Annual Final Average Earnings*</b>	<b>Creditable Service - Years</b>	<b>Age at Retirement</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Retiree #26	\$115,775	\$110,000	43	73	X	X	
Retiree #27	\$116,841	\$100,000	42	64	X	X	X
Retiree #28	\$124,119	\$70,000	47	76	X	X	
Retiree #29	\$124,145	\$230,000	36	66	X		
Retiree #30	\$124,477	\$280,000	29	57	X		
Retiree #31	\$128,145	\$140,000	38	68	X		
Retiree #32	\$128,249	\$120,000	42	67	X	X	X
Retiree #33	\$131,545	\$280,000	31	65	X		
Retiree #34	\$134,963	\$240,000	33	67	X		
Retiree #35	\$136,948	\$280,000	30	62	X		
Retiree #36	\$137,502	\$80,000	44	70	X	X	X
Retiree #37	\$145,610	\$130,000	40	72	X	X	
Retiree #38	\$150,456	\$80,000	49	77	X	X	
Retiree #39	\$162,321	\$120,000	42	78	X	X	
Retiree #40	\$164,985	\$120,000	42	67	X	X	X
Retiree #41	\$178,395	\$230,000	36	69	X		
Retiree #42	\$180,345	\$190,000	40	71	X		
Retiree #43	\$193,413	\$290,000	43	70	X		
Retiree #44	\$194,828	\$140,000	42	75	X	X	
Retiree #45	\$194,918	\$150,000	57	84	X	X	
Retiree #46	\$217,818	\$330,000	38	62	X		
Retiree #47	\$230,083	\$120,000	46	82	X	X	
Retiree #48	\$297,965	\$250,000	43	74	X	X	
Retiree #49	\$466,745	\$110,000	52	83	X	X	
<b>Group A - 2017 Retirements - 25 Highest Annuities</b>							
<b>Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages</b>							
<b>Group C - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - 70 years old and under</b>							
<b>*Rounded to the nearest ten thousandth</b>							



**Table 8**

2015 Retirements							
Retiree	Annual Retirement Annuity	Annual Final Average Earnings*	Creditable Service - Years	Age at Retirement	Group A	Group B	Group C
Retiree #1	\$85,555	\$60,000	42	65			X
Retiree #2	\$85,929	\$80,000	40	66			X
Retiree #3	\$86,368	\$70,000	42	67			X
Retiree #4	\$87,096	\$90,000	43	64			X
Retiree #5	\$88,442	\$80,000	25	64			X
Retiree #6	\$88,749	\$50,000	49	70			X
Retiree #7	\$90,065	\$80,000	42	63			X
Retiree #8	\$90,293	\$70,000	46	67			X
Retiree #9	\$91,690	\$60,000	46	66			X
Retiree #10	\$91,721	\$70,000	29	64		X	X
Retiree #11	\$94,124	\$90,000	41	75		X	
Retiree #12	\$94,413	\$50,000	40	73		X	
Retiree #13	\$95,591	\$80,000	43	65		X	X
Retiree #14	\$95,603	\$70,000	45	67		X	X
Retiree #15	\$100,071	\$80,000	30	65		X	X
Retiree #16	\$102,188	\$90,000	41	67		X	X
Retiree #17	\$105,855	\$100,000	42	68		X	X
Retiree #18	\$110,772	\$100	43	65		X	X
Retiree #19	\$112,007	\$40,000	26	69		X	X
Retiree #20	\$112,084	\$100,000	39	62		X	X
Retiree #21	\$114,002	\$80,000	47	68		X	X
Retiree #22	\$118,818	\$120,000	37	68			
Retiree #23	\$119,761	\$70,000	48	76		X	
Retiree #24	\$120,107	\$290,000	25	68	X		
Retiree #25	\$123,168	\$170,000	39	65	X		
Group A - 2017 Retirements - 25 Highest Annuities							
Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages							
*Rounded to the nearest ten thousandth							

Table 9

2015 Retirements - Continued							
Retiree	Annual Retirement Annuity	Annual Final Average Earnings*	Creditable Service - Years	Age at Retirement	Group A	Group B	Group C
Retiree #24	\$120,107	\$290,000	25	68	X		
Retiree #25	\$123,168	\$170,000	39	65	X		
Retiree #26	\$126,513	\$120,000	40	63	X	X	X
Retiree #27	\$128,053	\$70,000	48	78	X	X	
Retiree #28	\$129,199	\$200,000	41	66	X		
Retiree #29	\$129,222	\$120,000	40	71	X	X	
Retiree #30	\$131,960	\$100,000	42	65	X	X	X
Retiree #31	\$133,239	\$120,000	41	68	X	X	X
Retiree #32	\$135,189	\$420,000	19	65	X		
Retiree #33	\$135,335	\$120,000	46	72	X	X	
Retiree #34	\$139,097	\$160,000	38	70	X		
Retiree #35	\$146,520	\$100,000	43	68	X	X	X
Retiree #36	\$148,223	\$120,000	46	70	X	X	X
Retiree #37	\$155,352	\$140,000	35	69	X	X	X
Retiree #38	\$157,771	\$440,000	25	61	X		
Retiree #39	\$157,808	\$200,000	41	73	X		
Retiree #40	\$157,927	\$160,000	41	69	X		
Retiree #41	\$188,104	\$90,000	52	77	X	X	
Retiree #42	\$200,006	\$330,000	36	67	X		
Retiree #43	\$213,009	\$180,000	47	74	X	X	
Retiree #44	\$238,887	\$700,000	20	63	X		
Retiree #45	\$242,188	\$180,000	41	76	X	X	
Retiree #46	\$371,424	\$540,000	42	68	X		
Group A - 2017 Retirements - 25 Highest Annuities							
Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages							
*Rounded to the nearest ten thousandth							

**Table 10**

2016 Retirements							
Retiree	Annual Retirement Annuity	Annual Final Average Earnings*	Creditable Service - Years	Age at Retirement	Group A	Group B	Group C
Retiree #1	\$77,698	\$80,000	44	64			X
Retiree #2	\$78,446	\$70,000	43	67			X
Retiree #3	\$78,798	\$50,000	43	69			X
Retiree #4	\$80,275	\$60,000	45	67			X
Retiree #5	\$81,471	\$70,000	41	62			X
Retiree #6	\$81,686	\$70,000	46	69			X
Retiree #7	\$82,324	\$80,000	41	65			X
Retiree #8	\$84,570	\$80,000	41	66			X
Retiree #9	\$85,095	\$80,000	43	65			X
Retiree #10	\$87,003	\$60,000	38	70			X
Retiree #11	\$87,871	\$80,000	43	65			X
Retiree #12	\$87,961	\$80,000	43	66			X
Retiree #13	\$88,774	\$80,000	39	60			X
Retiree #14	\$91,107	\$80,000	45	67			X
Retiree #15	\$94,317	\$80,000	42	67			X
Retiree #16	\$102,648	\$70,000	44	66			X
Retiree #17	\$103,230	\$90,000	43	66			X
Retiree #18	\$103,403	\$80,000	42	69		X	X
Retiree #19	\$103,499	\$80,000	42	70		X	X
Retiree #20	\$106,557	\$90,000	37	74		X	
Retiree #21	\$106,981	\$90,000	43	66		X	X
Retiree #22	\$108,468	\$70,000	22	71		X	
Retiree #23	\$116,329	\$90,000	44	64		X	X
Retiree #24	\$119,609	\$60,000	48	70		X	X
Retiree #25	\$121,410	\$120,000	46	71		X	
Retiree #26	\$126,098	\$120,000	41	70		X	X
Retiree #27	\$128,240	\$100,000	46	69		X	X
Group A - 2017 Retirements - 25 Highest Annuities							
Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages							
Group C - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - 70 years old and under							
*Rounded to the nearest ten thousandth							

**Table 11**

2016 Retirements - Continued							
Retiree	Annual Retirement Annuity	Annual Final Average Earnings*	Creditable Service - Years	Age at Retirement	Group A	Group B	Group C
Retiree #28	\$131,225	\$70,000	46	82		X	
Retiree #29	\$134,125	\$130,000	44	72		X	
Retiree #30	\$134,387	\$270,000	33	62	X		
Retiree #31	\$137,037	\$270,000	30	61	X		
Retiree #32	\$138,096	\$300,000	30	64	X		
Retiree #33	\$138,857	\$160,000	38	69	X		
Retiree #34	\$144,976	\$120,000	43	77	X	X	
Retiree #35	\$146,064	\$110,000	36	75	X	X	
Retiree #36	\$146,229	\$80,000	40	85	X	X	
Retiree #37	\$149,135	\$140,000	44	72	X	X	
Retiree #38	\$150,956	\$100,000	47	70	X	X	X
Retiree #39	\$152,725	\$90,000	39	86	X	X	
Retiree #40	\$154,463	\$190,000	44	70	X		
Retiree #41	\$162,822	\$310,000	31	57	X		
Retiree #42	\$164,655	\$180,000	44	66	X		
Retiree #43	\$171,093	\$100,000	48	76	X	X	
Retiree #44	\$173,416	\$90,000	49	74	X	X	
Retiree #45	\$182,287	\$90,000	50	75	X	X	
Retiree #46	\$183,647	\$240,000	41	66	X		
Retiree #47	\$185,218	\$130,000	44	75	X	X	
Retiree #48	\$186,546	\$300,000	42	68	X		
Retiree #49	\$188,452	\$210,000	36	70	X		
Retiree #50	\$222,390	\$130,000	40	72	X	X	
Retiree #51	\$250,083	\$100,000	49	77	X	X	
Retiree #52	\$258,892	\$320,000	41	66	X		
Retiree #53	\$275,300	\$190,000	44	77	X	X	
Retiree #54	\$364,238	\$610,000	30	64	X		
Group A - 2017 Retirements - 25 Highest Annuities							
Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages							
Group C - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - 70 years old and under							
*Rounded to the nearest ten thousandth							

Table 12

2017 Retirements							
Retiree	Annual Retirement Annuity	Annual Final Average Earnings*	Creditable Service - Years	Age at Retirement	Group A	Group B	Group C
Retiree #1	\$78,964	\$70,000	40	62			X
Retiree #2	\$79,076	\$80,000	38	63			X
Retiree #3	\$80,063	\$60,000	44	69			X
Retiree #4	\$80,721	\$80,000	42	62			X
Retiree #5	\$81,055	\$80,000	43	67			X
Retiree #6	\$82,117	\$70,000	28	64			X
Retiree #7	\$82,228	\$70,000	31	65			X
Retiree #8	\$83,832	\$70,000	44	70			X
Retiree #9	\$89,547	\$70,000	33	65			X
Retiree #10	\$90,163	\$70,000	44	67			X
Retiree #11	\$91,924	\$80,000	40	62			X
Retiree #12	\$94,641	\$90,000	42	64			X
Retiree #13	\$96,402	\$60,000	44	64			X
Retiree #14	\$98,128	\$80,000	44	62			X
Retiree #15	\$98,555	\$90,000	45	66			X
Retiree #16	\$99,769	\$100,000	43	64			X
Retiree #17	\$115,984	\$110,000	45	66			X
Retiree #18	\$116,430	\$110,000	42	69		X	X
Retiree #19	\$117,253	\$90,000	40	72		X	
Retiree #20	\$119,544	\$120,000	39	72		X	
Retiree #21	\$121,408	\$80,000	49	74		X	
Retiree #22	\$121,474	\$80,000	44	69		X	X
Retiree #23	\$121,828	\$60,000	42	70		X	X
Retiree #24	\$121,878	\$70,000	46	69		X	X
Retiree #25	\$123,495	\$60,000	30	80		X	
Group A - 2017 Retirements - 25 Highest Annuities							
Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages							
Group C - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - 70 years old and under							
*Rounded to the nearest ten thousandth							

**Table 13**

<b>2017 Retirements - Continued</b>							
<b>Retiree</b>	<b>Annual Retirement Annuity</b>	<b>Annual Final Average Earnings*</b>	<b>Creditable Service - Years</b>	<b>Age at Retirement</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Retiree #24	\$121,878	\$70,000	46	69		X	X
Retiree #25	\$123,495	\$60,000	30	80	X	X	
Retiree #26	\$126,339	\$80,000	37	75	X	X	
Retiree #27	\$126,465	\$130,000	39	66	X		
Retiree #28	\$127,335	\$130,000	42	73	X		
Retiree #29	\$131,319	\$110,000	42	74	X	X	
Retiree #30	\$131,706	\$130,000	37	68	X		
Retiree #31	\$132,314	\$60,000	50	78	X	X	
Retiree #32	\$133,149	\$100,000	44	74	X	X	
Retiree #33	\$133,457	\$130,000	39	68	X	X	X
Retiree #34	\$137,900	\$90,000	47	70	X	X	X
Retiree #35	\$139,323	\$260,000	35	72	X		
Retiree #36	\$139,386	\$90,000	39	74	X	X	
Retiree #37	\$140,340	\$100,000	44	69	X	X	X
Retiree #38	\$164,819	\$270,000	39	63	X		
Retiree #39	\$167,038	\$190,000	43	69	X		
Retiree #40	\$170,456	\$70,000	55	79	X	X	
Retiree #41	\$174,195	\$140,000	38	70	X	X	X
Retiree #42	\$177,832	\$100,000	45	73	X	X	
Retiree #43	\$199,827	\$110,000	51	73	X	X	
Retiree #44	\$210,256	\$230,000	42	71	X		
Retiree #45	\$213,434	\$210,000	42	73	X	X	
Retiree #46	\$241,302	\$100,000	54	77	X	X	
Retiree #47	\$241,811	\$160,000	47	74	X	X	
Retiree #48	\$302,010	\$150,000	42	80	X	X	
Retiree #49	\$751,127	\$140,000	49	87	X	X	
<b>Group A - 2017 Retirements - 25 Highest Annuities</b>							
<b>Group B - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - All Ages</b>							
<b>Group C - 2017 Retirements - 25 Highest Annuities with Annuities Greater than Final Average Earnings - 70 years old and under</b>							
<b>*Rounded to the nearest ten thousandth</b>							

## **2013 – 2017 Sick Leave Accounts**

You also asked for the 25 highest sick leave account balances for members that retired during years 2013-2017 for all ages and the highest 25 for retirees that were 65 and under. The charts detailing this request are on the following pages. (Tables 14 - 18)

As noted in the October memo, sick leave is calculated using the employee's highest rate of pay. Similar to higher pension benefits, employees with higher value sick leave account balances tend to have a higher rate of pay, work longer and are older than the average retiree.

## **Active Employee Retirement Account Balances**

Lastly, you asked for the 25 highest retirement account balances for active employees.

These current employee retirement account balances ranged from \$2,739,912 to \$5,219,432 with a median account balance of \$3,057,089.

The employees in this group were much older than the average worker, with an average age of 77 years old. The final average earnings of the employees were also higher, with a median final average earnings of \$180,000 (rounded to the nearest ten thousandth).

Additionally, these current employees have worked much longer than the average employee's tenure of 11.5 years. This group has an average of 48 years of creditable service which is approximately 127% longer than the career of the average WRS retiree, and 317% longer than the average active WRS employee. As noted above in the discussion of annuities, years of compounding interest and contributions are the most significant factors in the accumulation of WRS benefits.

**Table 14**

2013 Sick Leave Balances					
Retirees	Sick Leave Balance	Highest Annual Salary*	Creditable Service - Years	Age at Retirement	Age 65 and Under
Retiree #1	\$822,060	\$250,000	42	68	
Retiree #2	\$703,946	\$210,000	41	69	
Retiree #3	\$622,459	\$440,000	37	75	
Retiree #4	\$622,459	\$440,000	35	75	
Retiree #5	\$620,458	\$210,000	38	67	
Retiree #6	\$563,860	\$200,000	37	66	
Retiree #7	\$524,435	\$240,000	33	74	
Retiree #8	\$504,542	\$250,000	27	65	X
Retiree #9	\$502,002	\$250,000	36	67	
Retiree #10	\$459,995	\$180,000	34	58	X
Retiree #11	\$451,904	\$230,000	27	58	X
Retiree #12	\$439,467	\$130,000	42	71	
Retiree #13	\$437,411	\$170,000	39	60	X
Retiree #14	\$420,153	\$280,000	20	53	X
Retiree #15	\$401,898	\$170,000	33	56	X
Retiree #16	\$390,737	\$110,000	37	65	X
Retiree #17	\$386,981	\$170,000	38	60	X
Retiree #18	\$366,863	\$120,000	39	70	
Retiree #19	\$362,554	\$70,000	46	73	
Retiree #20	\$358,102	\$160,000	28	59	X
Retiree #21	\$354,474	\$100,000	39	67	
Retiree #22	\$353,720	\$200,000	25	58	X
Retiree #23	\$351,956	\$130,000	44	69	
Retiree #24	\$351,287	\$150,000	32	66	
Retiree #25	\$349,473	\$120,000	35	63	X
Retiree #26	\$347,937	\$300,000	16	56	X
Retiree #27	\$343,332	\$120,000	39	61	X
Retiree #28	\$341,023	\$110,000	38	65	X
Retiree #29	\$338,358	\$130,000	18	63	X
Retiree #30	\$322,793	\$110,000	36	62	X
Retiree #31	\$307,291	\$170,000	24	57	X
Retiree #32	\$305,697	\$130,000	31	65	X
Retiree #33	\$303,093	\$110,000	37	59	X
Retiree #34	\$297,612	\$110,000	35	60	X
Retiree #35	\$297,242	\$120,000	30	60	X
Retiree #36	\$291,171	\$120,000	33	60	X
Retiree #37	\$289,198	\$120,000	37	60	X
Retiree #38	\$288,820	\$110,000	31	60	X
Retiree #39	\$282,366	\$110,000	35	61	X

\*Rounded to the nearest ten thousandth



Table 15

2014 Sick Leave Balances					
Retirees	Sick Leave Balance	Highest Annual Salary*	Creditable Service - Years	Age at Retirement	Age 65 and Under
Retiree #1	\$970,211	\$290,000	43	70	
Retiree #2	\$866,860	\$250,000	43	74	
Retiree #3	\$740,795	\$210,000	40	71	
Retiree #4	\$734,376	\$290,000	22	61	X
Retiree #5	\$710,132	\$290,000	31	65	X
Retiree #6	\$656,857	\$120,000	52	83	
Retiree #7	\$653,765	\$290,000	30	62	X
Retiree #8	\$641,080	\$290,000	29	57	X
Retiree #9	\$636,924	\$230,000	36	69	
Retiree #10	\$590,931	\$200,000	37	66	
Retiree #11	\$576,229	\$140,000	44	70	
Retiree #12	\$573,953	\$130,000	40	72	
Retiree #13	\$557,455	\$220,000	33	70	
Retiree #14	\$553,254	\$230,000	36	66	
Retiree #15	\$546,974	\$120,000	46	82	
Retiree #16	\$532,662	\$220,000	33	65	X
Retiree #17	\$532,662	\$220,000	30	65	X
Retiree #18	\$495,242	\$170,000	34	64	X
Retiree #19	\$486,133	\$150,000	57	84	
Retiree #20	\$450,058	\$160,000	33	61	X
Retiree #21	\$448,768	\$170,000	34	63	X
Retiree #22	\$445,583	\$140,000	42	75	
Retiree #23	\$433,676	\$140,000	38	68	
Retiree #24	\$419,308	\$140,000	38	64	X
Retiree #25	\$418,887	\$150,000	42	65	X
Retiree #26	\$396,200	\$130,000	36	64	X
Retiree #27	\$387,055	\$250,000	27	65	X
Retiree #28	\$382,273	\$130,000	36	64	X
Retiree #29	\$370,040	\$140,000	36	60	X
Retiree #30	\$366,776	\$120,000	38	64	X
Retiree #31	\$364,356	\$130,000	25	65	X
Retiree #32	\$359,470	\$110,000	26	65	X
Retiree #33	\$358,094	\$160,000	31	60	X
Retiree #34	\$349,651	\$150,000	29	59	X
Retiree #35	\$345,117	\$210,000	25	59	X
Retiree #36	\$337,157	\$120,000	35	61	X
Retiree #37	\$336,998	\$220,000	17	55	X
Retiree #38	\$330,693	\$350,000	38	62	X
Retiree #39	\$329,719	\$120,000	34	63	X

\*Rounded to the nearest ten thousandth

Table 16

2015 Sick Leave Balances					
Retirees	Sick Leave Balance	Highest Annual Salary*	Creditable Service - Years	Age at Retirement	Age 65 and Under
Retiree #1	\$965,169	\$330,000	36	67	
Retiree #2	\$896,900	\$230,000	33	66	
Retiree #3	\$756,071	\$190,000	44	77	
Retiree #4	\$647,677	\$210,000	41	66	
Retiree #5	\$642,683	\$200,000	41	73	
Retiree #6	\$624,864	\$200,000	47	74	
Retiree #7	\$590,248	\$160,000	38	64	X
Retiree #8	\$585,956	\$170,000	41	69	
Retiree #9	\$583,579	\$170,000	39	65	X
Retiree #10	\$577,146	\$190,000	41	76	
Retiree #11	\$551,619	\$250,000	18	65	X
Retiree #12	\$521,658	\$120,000	46	72	
Retiree #13	\$505,201	\$180,000	37	64	X
Retiree #14	\$489,360	\$280,000	25	52	X
Retiree #15	\$484,265	\$250,000	30	59	X
Retiree #16	\$474,078	\$140,000	45	68	
Retiree #17	\$462,396	\$120,000	37	67	
Retiree #18	\$460,247	\$160,000	38	70	
Retiree #19	\$460,247	\$160,000	35	70	
Retiree #20	\$441,111	\$230,000	26	66	
Retiree #21	\$429,799	\$140,000	35	69	
Retiree #22	\$426,445	\$160,000	35	60	X
Retiree #23	\$422,338	\$400,000	19	65	X
Retiree #24	\$421,441	\$170,000	32	64	X
Retiree #25	\$421,156	\$100,000	43	68	
Retiree #26	\$413,894	\$130,000	40	63	X
Retiree #27	\$409,222	\$180,000	25	59	X
Retiree #28	\$402,479	\$150,000	39	63	X
Retiree #29	\$389,390	\$220,000	25	64	X
Retiree #30	\$382,736	\$170,000	32	61	X
Retiree #31	\$381,490	\$120,000	40	63	X
Retiree #32	\$378,155	\$120,000	38	63	X
Retiree #33	\$370,528	\$120,000	32	60	X
Retiree #34	\$361,344	\$120,000	37	64	X
Retiree #35	\$354,633	\$750,000	20	63	X
Retiree #36	\$354,619	\$90,000	45	64	X
Retiree #37	\$353,704	\$130,000	37	62	X
Retiree #38	\$352,468	\$120,000	39	63	X
Retiree #39	\$346,671	\$110,000	38	62	X
Retiree #40	\$344,464	\$120,000	36	60	X
Retiree #41	\$343,225	\$90,000	36	65	X

\*Rounded to the nearest ten thousandth

Table 17

2016 Sick Leave Balances					
Retirees	Sick Leave Balance	Highest Annual Salary*	Creditable Service - Years	Age at Retirement	Age 65 and Under
Retiree #1	\$1,172,125	\$330,000	41	66	
Retiree #2	\$863,899	\$300,000	30	64	X
Retiree #3	\$849,595	\$260,000	41	66	
Retiree #4	\$779,360	\$230,000	42	71	
Retiree #5	\$764,660	\$310,000	42	68	
Retiree #6	\$722,229	\$320,000	31	57	X
Retiree #7	\$694,019	\$210,000	42	73	
Retiree #8	\$652,096	\$190,000	44	70	
Retiree #9	\$643,162	\$260,000	35	72	
Retiree #10	\$636,184	\$230,000	36	68	
Retiree #11	\$634,077	\$270,000	33	62	X
Retiree #12	\$624,190	\$650,000	30	64	X
Retiree #13	\$604,292	\$210,000	40	63	X
Retiree #14	\$580,027	\$120,000	36	75	
Retiree #15	\$578,126	\$230,000	33	63	X
Retiree #16	\$571,264	\$180,000	39	71	
Retiree #17	\$564,077	\$120,000	41	70	
Retiree #18	\$539,321	\$220,000	36	70	
Retiree #19	\$529,579	\$270,000	27	57	X
Retiree #20	\$520,520	\$290,000	27	63	X
Retiree #21	\$507,485	\$170,000	38	69	
Retiree #22	\$507,245	\$180,000	37	65	X
Retiree #23	\$502,695	\$150,000	42	69	
Retiree #24	\$501,460	\$200,000	27	64	X
Retiree #25	\$499,467	\$90,000	50	75	
Retiree #26	\$490,697	\$250,000	26	63	X
Retiree #27	\$470,544	\$180,000	33	59	X
Retiree #28	\$462,741	\$170,000	35	66	X
Retiree #29	\$448,556	\$100,000	32	64	X
Retiree #30	\$442,276	\$170,000	33	56	X
Retiree #31	\$426,826	\$270,000	20	53	X
Retiree #32	\$408,312	\$190,000	35	62	X
Retiree #33	\$394,471	\$130,000	31	64	X
Retiree #34	\$387,168	\$280,000	30	61	X
Retiree #35	\$384,188	\$130,000	41	64	X
Retiree #36	\$380,413	\$190,000	29	57	X
Retiree #37	\$375,636	\$260,000	20	63	X
Retiree #38	\$373,049	\$110,000	38	65	X
Retiree #39	\$363,688	\$70,000	35	60	X
Retiree #40	\$360,429	\$120,000	34	61	X

\*Rounded to the nearest ten thousandth

Table 18

2017 Sick Leave Balances					
Retirees	Sick Leave Balance	Highest Annual Salary*	Creditable Service - Years	Age at Retirement	Age 65 and Under
Retiree #1	\$907,234	\$290,000	27	69	
Retiree #2	\$840,898	\$270,000	39	63	X
Retiree #3	\$771,779	\$160,000	47	74	
Retiree #4	\$740,437	\$200,000	45	71	
Retiree #5	\$734,057	\$150,000	49	87	
Retiree #6	\$677,495	\$390,000	13	58	X
Retiree #7	\$645,332	\$210,000	37	65	X
Retiree #8	\$636,906	\$150,000	42	80	
Retiree #9	\$595,206	\$210,000	37	63	X
Retiree #10	\$550,158	\$190,000	33	66	
Retiree #11	\$546,094	\$190,000	43	69	
Retiree #12	\$526,510	\$180,000	37	62	X
Retiree #13	\$524,480	\$280,000	26	56	X
Retiree #14	\$523,088	\$150,000	39	58	X
Retiree #15	\$515,173	\$240,000	30	62	X
Retiree #16	\$513,813	\$190,000	35	63	X
Retiree #17	\$512,831	\$190,000	33	60	X
Retiree #18	\$509,073	\$140,000	42	73	
Retiree #19	\$507,061	\$250,000	28	65	X
Retiree #20	\$500,907	\$130,000	39	67	
Retiree #21	\$499,988	\$120,000	40	77	
Retiree #22	\$486,509	\$240,000	28	58	X
Retiree #23	\$481,079	\$180,000	38	72	
Retiree #24	\$479,513	\$140,000	39	66	
Retiree #25	\$470,587	\$180,000	23	65	X
Retiree #26	\$457,833	\$150,000	33	65	X
Retiree #27	\$445,671	\$210,000	30	59	X
Retiree #28	\$395,250	\$120,000	33	62	X
Retiree #29	\$391,866	\$160,000	33	63	X
Retiree #30	\$388,965	\$130,000	25	65	X
Retiree #31	\$387,828	\$170,000	37	63	X
Retiree #32	\$382,705	\$160,000	29	63	X
Retiree #33	\$372,039	\$140,000	34	65	X
Retiree #34	\$357,169	\$130,000	24	64	X
Retiree #35	\$354,770	\$170,000	33	65	X
Retiree #36	\$350,591	\$140,000	33	64	X
Retiree #37	\$348,682	\$100,000	41	62	X

\*Rounded to the nearest ten thousandth



**State of Wisconsin**  
**Department of Employee Trust Funds**  
**Robert J. Conlin**  
SECRETARY

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## ***Correspondence Memorandum***

**Date:** May 22, 2018  
**To:** Matt Adamczyk, Wisconsin State Treasurer  
**From:** Robert J. Conlin, Secretary  
**Subject:** WRS Retirement Benefits – Corrected Version of October 17, 2017 memo

You recently asked the Department of Employee Trust Funds (ETF) to provide information about pension and sick leave conversion benefits. Specifically, you asked for information about employees who retired in 2015 and 2016 and receive annual retirement pension benefits of \$150,000 or greater. Additionally, you asked for information on sick leave balances \$500,000 and greater for this same period of time.

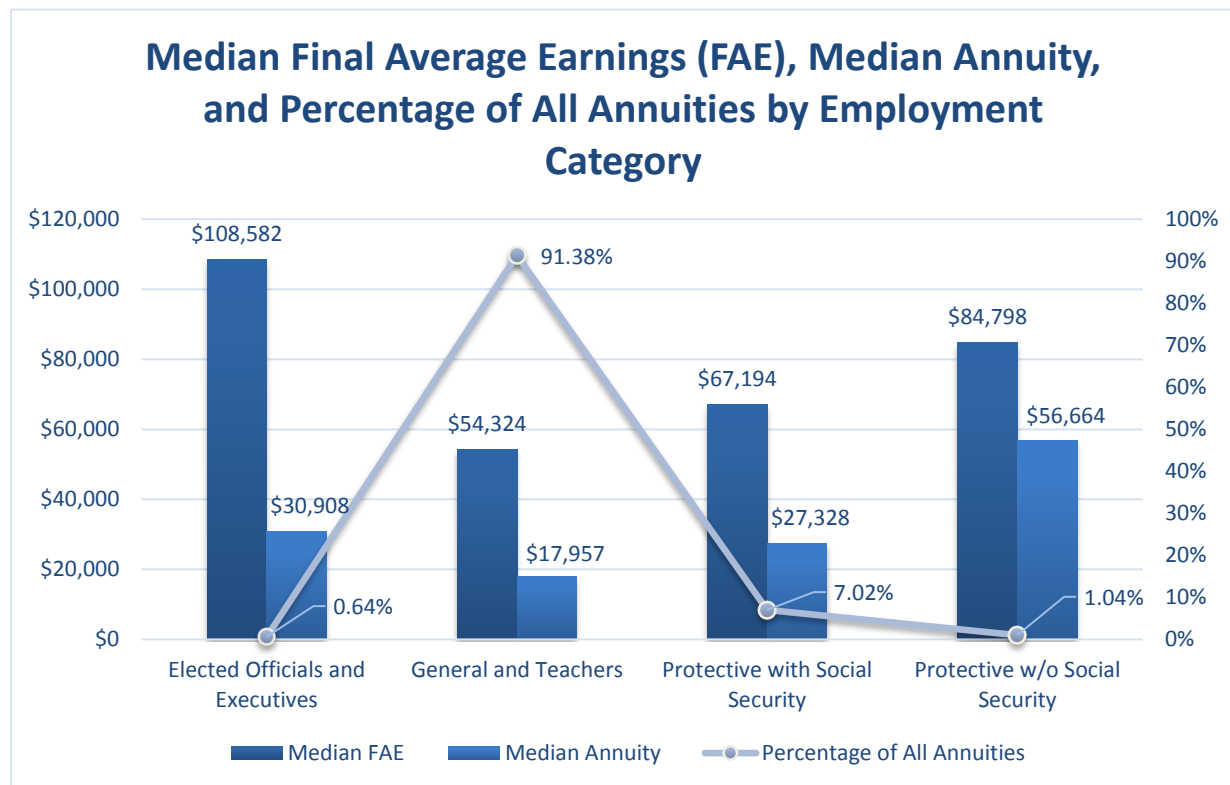
### **Wisconsin Retirement System Retirement Benefits - Background**

The Wisconsin Retirement System (WRS) provides retirement benefits to former public employees and their beneficiaries. The objective of a WRS retirement benefit is to provide a benefit that, when combined with Social Security benefits, would produce a total retirement income to protect WRS members from the financial hardships of old age. Based on actuarial assumptions, a typical WRS career public employee retiring with 30 years of service can expect an income of about 40% to 50% of his or her previous gross earnings.

WRS retirement benefits are pre-funded by employee and employer contributions (currently 6.8% for employees and 6.8% for employers), plus investment earnings. Approximately 75% of benefits being paid come from investment earnings. At the end of 2016, the WRS paid more than \$4.5 billion to approximately 202,600 retired persons, disabled retirees and beneficiaries of WRS participants. In addition:

- The average annual pension paid was approximately \$23,612;
- The median annual pension paid was \$20,565;
- Retirees average 21 years of service;
- 86% of benefit recipients have a Wisconsin address; and
- The average age of a WRS member at retirement is approximately 61 years.

The chart below details final average earnings, median annuity and percentage of all annuities by employment category. In line with national trends, Wisconsin’s public employees are working longer and putting off retirement. The average retirement age for most WRS members (General and Teachers) is 61 and the median annual annuity is \$17,957 for General and Teacher members. This annuity replaces 33.06% of their final average earnings.



A member may apply for a WRS retirement benefit after meeting all retirement benefit eligibility requirements. A retirement benefit is normally a lifetime annuity with several annuity options to choose from at the time of retirement. Two separate retirement benefit calculations are completed when a member applies for retirement: a formula benefit annuity calculation, which is a defined benefit calculation and a money purchase annuity calculation, which is a defined contribution calculation. The participant receives the higher benefit amount resulting from the two benefit calculations.

The formula method is based on the employee’s three highest years of earnings, a formula factor based on the employment category, years of creditable WRS service and any applicable age reduction factor for early retirement. The formula benefit may not exceed 70%<sup>1</sup> of final average earnings.

A WRS money purchase benefit is based on the employee’s money purchase account balance and age at retirement. The money purchase benefit is not subject to a state limit. The employee’s money purchase account is comprised of employer and employee contributions to the account, plus accumulated interest. The balance is multiplied by an age reduction factor, also known as a “money purchase factor,” which

<sup>1</sup> For teachers and general category employees, which make up over 90% of WRS members. 65% for protectives with Social Security coverage, and 85% for protectives without Social Security coverage.

is based the employee's age at retirement, to determine the initial monthly benefit amount.

Which benefit calculation will provide a higher benefit depends on many factors, including the employee's age when the retirement benefit begins, years of WRS service, annual earnings and the interest credited to the account.

The Internal Revenue Code also limits the annual benefit that an employee can receive. The 2017 limit is \$215,000. However, there may be adjustments to the limit for age at retirement, WRS enrollment date, and for certain protective category employees. Generally, individuals employed before 1990 are excluded from this limit. Additionally, the IRC limits the maximum amount of annual compensation on which retirement contributions may be based (which limits benefits paid) for employees hired after January 1, 1996. The maximum amount for 2017 is \$267,500. These retirees would not have been subject to the IRS compensation limitations because they were hired prior to January 1, 1996.

### **2015 and 2016 WRS Retirement Annuities over \$150,000**

Out of 19,717 retirements in 2015 and 2016, 27 (.0014%) had annual benefit amounts over \$150,000. The retirement annuities ranged from \$150,956 to \$371,424, with a median annuity of \$185,218. More 60% of these annuities were under \$200,000 and two were over \$300,000.

Retirement ages for the group were older than the average retirement age of 61 with an average retirement age of 70 years old. The final average earnings of the retirees were also higher, with a median final average earnings of \$190,000\*.

Additionally, these retirees worked much longer than the average retiree's tenure of 21 years. This group had an average of more than 40 years of creditable service.

As stated above, retirements are calculated using both the formula and money purchase calculation. The retiree receives the higher benefit. It is important to note, that benefits paid are fully funded, and consistent with actuarial standards. The majority of the retirees receiving a pension benefit over \$150,000 annually were calculated under the money purchase method. These retirees were much older and worked much longer than the average retiree.

\* Rounded to the nearest ten thousand

**2015 and 2016 Retirements -  
Annuities Over \$150,000**

<b>Retiree</b>	<b>Annual Annuity Amount</b>	<b>Annual Final Average Earnings*</b>	<b>Creditable Service Years</b>	<b>Age at Retirement</b>
Retiree #1	\$150,956	\$100,000	47	70
Retiree #2	\$155,352	\$140,000	35	69
Retiree #3	\$152,725	\$90,000	39	86
Retiree #4	\$154,463	\$190,000	44	70
Retiree #5	\$157,771	\$440,000	25	61
Retiree #6	\$157,808	\$210,000	41	73
Retiree #7	\$157,927	\$160,000	41	69
Retiree #8	\$162,822	\$310,000	31	57
Retiree #9	\$164,655	\$180,000	44	66
Retiree #10	\$171,093	\$100,000	48	76
Retiree #11	\$173,416	\$90,000	49	74
Retiree #12	\$182,287	\$90,000	50	75
Retiree #13	\$183,647	\$240,000	41	66
Retiree #14	\$185,218	\$130,000	44	75
Retiree #15	\$186,546	\$290,000	42	69
Retiree #16	\$188,104	\$90,000	52	77
Retiree #17	\$188,452	\$210,000	36	70
Retiree #18	\$200,006	\$330,000	36	67
Retiree #19	\$213,008	\$180,000	47	74
Retiree #20	\$222,390	\$130,000	40	72
Retiree #21	\$238,887	\$690,000	20	63
Retiree #22	\$242,188	\$180,000	41	76
Retiree #23	\$250,083	\$100,000	49	77
Retiree #24	\$258,892	\$320,000	41	66
Retiree #25	\$275,300	\$190,000	44	77
Retiree #26	\$364,238	\$610,000	30	64
Retiree #27	\$371,424	\$540,000	42	68

\*Final average earnings are calculated using the employee's three highest years of earnings. Out of 27 retirees, 19 were calculated as money purchase. Rounded to the nearest ten thousand.



## State of Wisconsin Sick Leave Programs

Sick leave is a fringe benefit available to State of Wisconsin employees<sup>2</sup>. Most employees earn and, depending on usage, accumulate hours of unused sick leave while they are employed with the state. Eligible employees, upon retirement, layoff or death, can use unused sick leave credits to pay post-termination state group health insurance premiums. It is important to note that sick leave credit conversion accounts have no cash value and do not accrue interest over time. Currently, the average State and University of Wisconsin employee is 45.5 years old, has 11.4 years of service and has 84.5 days of sick leave accumulated.

Once an individual's sick leave credits are exhausted, they are responsible for directly paying the full amount of the premiums. Consequently, the value of unused sick leave to pay for health insurance premiums after leaving state service provides a financial incentive for employees to use sick leave as sparingly as possible. It also provides employers a tool to recruit and retain qualified employees. There are two sick leave credit programs for State of Wisconsin employees:

**Accumulated Sick Leave Conversion Credit (ASLCC) Program** – The ASLCC program allows employees to convert sick leave to pay for health insurance at retirement, as well as in other situations such as death, layoff or termination with 20 years of service. Under this program, accumulated sick leave is multiplied by the employee's highest basic pay rate in a qualifying position and converted to credits to pay for State Group Health Insurance in retirement. The ASLCC program was created by Wis. Stat. § 40.05 (4) (b) in 1972. ETF and the ETF Board have statutory authority for program administration and oversight [Wis. Stat. § 40.05 (4) (b) and § 40.95].

**Supplemental Health Insurance Conversion Credit (SHICC) Program** –The SHICC program allows employees who have at least 15 years of continuous state service to earn sick leave credits in addition to those provided by the ASLCC program. The SHICC program was first authorized in 1995. DOA's Division of Personnel Management (DPM) authorizes the continuation of the SHICC program through collective bargaining agreements and compensation plans.

**Funding** – Both sick leave conversion programs are pre-funded, based on a percentage of payroll as recommended by the ETF Board's consulting actuary. The current employer paid contribution rate is 1.2% of covered payroll (effective 01/01/2018). It is reviewed annually and designed to generate sufficient income to support benefits while maintaining a level percent of contribution from year to year.

### 2015 and 2016 State Retiree Sick Leave Balances Over \$500,000

In 2015 and 2016, 38 employees retired with a sick leave account balance worth over \$500,000. As noted above, sick leave is calculated using the employee's highest rate of pay, which ranged between \$120,000 and \$650,000 annually for these individuals, with a median of \$210,000. Generally, the longer an employee works for the state, the greater the opportunity to accumulate sick leave credits. Creditable service for this

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<sup>2</sup> State of WI employees include UW System, UW Hospitals and Clinics, state agencies, the State Legislature and Constitutional Officers, and state authority employees.

group ranged from 15 to 47 years, with a median of 38 years of creditable service. This group also tended to be older than the average retiree. The age at retirement ranged from 57 to 77, with a median of 68 years old.

Please contact ETF's Government Relations Director, Tarna Hunter at 267-0908, if you have any questions or would like additional information.

Table 18

<b>2015 and 2016 Retirements - Sick Leave Accounts Over \$500,000</b>				
<b>Retirees</b>	<b>Beginning Sick Leave Balance</b>	<b>Highest Annual Salary*</b>	<b>Creditable Service - Years</b>	<b>Age at Retirement</b>
Retiree#1	\$501,460	\$210,000	27	64
Retiree#2	\$502,695	\$150,000	42	70
Retiree#3	\$505,201	\$180,000	37	65
Retiree#4	\$505,912	\$150,000	41	77
Retiree#5	\$507,245	\$180,000	37	66
Retiree#6	\$507,485	\$170,000	38	70
Retiree#7	\$520,520	\$290,000	27	63
Retiree#8	\$521,658	\$520,000	46	73
Retiree#9	\$529,579	\$270,000	27	57
Retiree#10	\$531,569	\$120,000	37	64
Retiree#11	\$539,321	\$220,000	36	71
Retiree#12	\$551,619	\$250,000	15	66
Retiree#13	\$564,077	\$120,000	41	71
Retiree#14	\$571,264	\$180,000	39	71
Retiree#15	\$577,146	\$190,000	41	76
Retiree#16	\$578,126	\$230,000	33	64
Retiree#17	\$580,027	\$120,000	36	76
Retiree#18	\$583,579	\$170,000	39	65
Retiree#19	\$585,956	\$590,000	41	70
Retiree#20	\$590,248	\$160,000	38	65
Retiree#21	\$604,292	\$210,000	40	64
Retiree#22	\$624,190	\$650,000	30	64
Retiree#23	\$624,864	\$200,000	47	74
Retiree#24	\$634,077	\$270,000	33	62
Retiree#25	\$636,184	\$230,000	36	68
Retiree#26	\$642,683	\$200,000	41	74
Retiree#27	\$647,677	\$210,000	41	67
Retiree#28	\$648,711	\$260,000	35	72
Retiree#29	\$652,096	\$190,000	44	70
Retiree#30	\$694,019	\$210,000	41	73
Retiree#31	\$722,229	\$320,000	31	58
Retiree#32	\$756,071	\$190,000	44	77
Retiree#33	\$764,660	\$310,000	42	69
Retiree#34	\$779,360	\$230,000	34	71
Retiree#35	\$849,595	\$250,000	41	66
Retiree#36	\$863,899	\$300,000	30	64
Retiree#37	\$896,900	\$230,000	33	67
Retiree#38	\$965,169	\$330,000	36	68

\* Rounded to the nearest ten thousand