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CORRESPONDENCE MEMORANDUM

DATE: February 28, 2007

TO: Employee Trust Funds Board

FROM: Jean Gilding, Deputy Administrator
Audrey Koehn, Policy Advisor
Division of Retirement Services

SUBJECT: 2006 Annual Retirement Annuity and Workload Statistics

Please find attached the 2006 Annual Wisconsin Retirement System (WRS) Annuity Statistics, which reflect a portion of the retirement benefit activities completed by the Department of Employee Trust Funds. The annuity statistics consist of the 2006 WRS Retirement Annuity Data tables and the WRS Benefit Annuity Statistical Report graphs.

The 2006 WRS Retirement Annuity Data tables contain the total number of retirement estimates requested and completed, and the number of new retirement annuities started in 2006 with a breakdown by option type selected and calculation method (money purchase versus formula). The tables also show the number of retirement annuities finalized by fund type, employer type and annuitant gender. Finally, the tables show terminated annuities by type, gross annuity payments, and beneficiary annuities started and terminated.

The Annuity Statistical Report graphs compare the volume of activity for each month from January 2004 through December 2006. The following trends in retirement annuity activity are evident from these graphs:

- Retirement estimate requests normally peak during the months of March and April.
- The processing of retirement estimate requests normally peak in the months of May and December (primarily due to workload reassignments and priorities).
- June and July are peak months for starting new estimated retirement annuities.
- The months of September, October and November consistently experience the most retirement annuities finalized (again this is primarily due to workload priorities and project assignments).

2006 WRS Retirement Annuity Highlights

There were 838 more retirement estimates requested in 2006 than in 2005, representing an increase of approximately 5.0 percent. The percentage increase of retirement estimates completed in 2006 over 2005 represents a 10.1 percent increase (1653 more estimates completed).

Reviewed and approved by Sari King, Administrator, Division of Retirement Services.

Signature _____ Date _____

Board	Mtg Date	Item #
ETF	3/16/2007	8

The number of new estimated annuities started in 2006 represents an increase of 22.2 percent over 2004 volumes. More specifically, 2005 represented an increase of 13.6 percent over 2004, and 2006 volumes represented an 8.6 percent increase over 2005.

The most often selected annuity benefit has remained unchanged for several years, with 20.3 percent of new annuitants choosing the 100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed option. The second most frequently selected option in 2006, at 16.6 percent, was the Life Annuity with 180 Payments Guaranteed.

When looking at the benefit calculation method, 52.1 percent of annuities finalized were higher under the money purchase (defined contribution) calculation while 47.9 percent of annuities finalized were higher under the formula (defined benefit) calculation. This represents a significant change from 2005 when 58 percent of the annuities were higher under the money purchase calculation and 42 percent were higher under the formula calculation.

Of the retirement annuities finalized in 2006, 55.3 percent were for women and 44.7 percent were for men (compared with 58 percent women and 42 percent men in 2004). The WRS population eligible to retire is comprised of 61.8 percent women and 38.2 percent men (based on data in the 25th Annual Actuarial Valuation report dated December 31, 2005).

Gross annuity payments exceeded $3.21 billion for 2006, an increase of 6.6 percent over 2005 ($3.01 billion). The core dividend (0.8 percent) and the variable adjustment (3.0 percent) had minimal impact on the overall increase in benefit dollars paid. More significant is the impact of the increase in new annuities started as the “baby boom” generation is now beginning to retire.

2006 Workload Highlights

The following workload highlights emphasize the Department’s commitment to quality customer service:

- Small group retirement counseling sessions have proven to be an efficient and effective method to provide full retirement counseling to an increased number of members. Up to eight members (each with one guest) can attend a session. In 2005, there were 145 sessions conducted for 969 members. In 2006, there were 176 sessions conducted for 1069 members, representing a 10.3 percent increase over the number of members attending in 2005. In July, small group retirement counseling sessions were started in Waukesha, which accounted for the majority of this increase.

- The Department implemented the use of an interactive, web-based video instructional tool, whereby video presentations can be recorded and accessed through Internet links on ETF’s website. These presentations can be viewed by members at their leisure and convenience. The presentations made available in 2006 and the number of “hits” on each presentation as of January 27, 2007 were as follows:

NAME OF PRESENTATION	DATE RECORDED	HITS AS OF 1/27/07
Your WRS Benefits	3/14/2006	1,575
Your Annual Statement of Benefits	5/16/2006	1,339
How to Complete a Retirement Application	7/25/2006	2,166
Planning for the Inevitable (Death Benefits and Beneficiaries)	9/29/2006	778
Calculating Your Retirement Benefits Online	12/19/2006	1,206

The use of this communication vehicle provides our members with access to benefit information 24 hours a day, seven days a week without having to call and come into ETF's office. The Department has found this to be a valuable tool in providing information to a greater number of individuals. There are several new presentations planned for 2007 on topics such as:

- Forfeited and Qualified Service Purchases
- Effective Rate Interest
- WRS Annuity Adjustments
- Your Benefit Handbook (New Members)
- What to Expect as an Annuitant
- How Divorce Affects Your Retirement

- One-on-one counseling sessions for members with appointments, and those who "walked-in" without a scheduled appointment, increased slightly in 2006 (7,634) as compared to 2005 (7,603). This increase occurred even though there were slightly fewer experienced specialists available in 2006 (due to staff turnover) to provide this service. The slight increase reflects the Department's efforts to encourage participation in small group sessions which are advantageous in two ways: 1) retirement counseling is provided to a greater number of members, and 2) staff resources are more efficiently and effectively utilized.

Staff will be available sat the Board meeting to discuss these topics further.

Please forward your questions or comments regarding the information in this memo, including the tables and charts, to Jean Gilding at 608-266-1210 (e-mail jean.gilding@etf.state.wi.us) or Audrey Koehn at 608- 261-8173 (e-mail audrey.koehn@etf.state.wi.us).

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