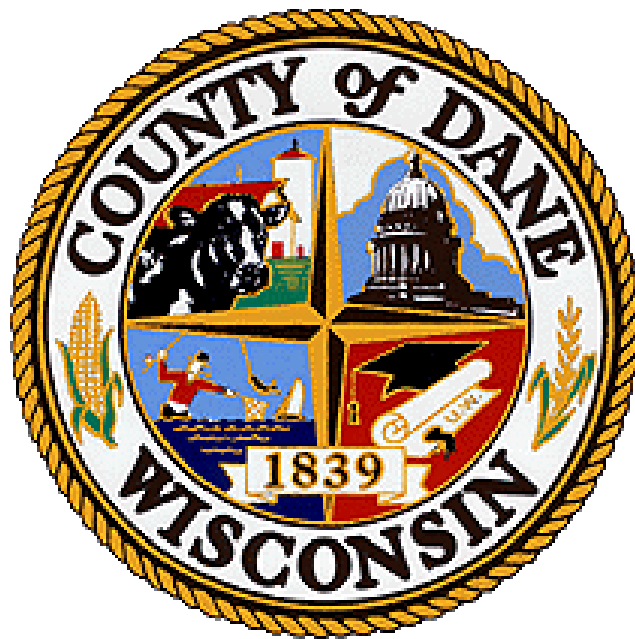


DANE COUNTY EMPLOYEE'S RETIREMENT GUIDE



12/09/19

4/5/2023

Dane County Employee's Retirement Guide

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COUNTY PAYROLL AND INSURANCE RETIREMENT PROCEDURES CHECK LIST

Begin the following procedures several months before anticipated retirement date.

1. Check with the following agencies to make sure you have the funds to cover expenses after retirement, and to determine timing of benefits.
 - a. Wisconsin Retirement System (also administers life insurance after retirement)
(608) 266-3285 or (608) 266-3286
 - b. Social Security (608) 833-1607 or 1-800-772-1213
 - c. Deferred Compensation Plan
Wisconsin Deferred Compensation
Madison office 1-877-457-9327, option #2
2. Send your written notice of retirement (letter) to your supervisor/department head specifying your retirement date. This letter must be submitted before you will be allowed to attend a retirement workshop offered by Payroll. You do not need to be at work on your last day. With supervisor approval you can use accumulated, earned, paid leave time to extend your retirement date (excluding sick leave).
3. To be considered a retiree, you must apply for a retirement annuity within sixty (60) days of his/her last day paid –or- Employees who retire prior to age 65 but not before age 55 or who become totally disabled and by retirement or disability are eligible for at least the minimum Wisconsin Retirement Fund and/or Social Security retirement or disability benefits and who have exhausted their sick leave credits, shall be allowed to participate in the County's group hospital, surgical, major medical and dental insurance plans until they die provided that the retired employee shall pay all premiums or contributions directly to the Insurer prior to the 10th day of the month preceding the month of coverage.
4. Contact the Employee Relation's Office to attend a meeting to discuss conversion to retiree insurance coverage and to get a packet of information from Precision Retirement Group (see #5 below). The office will assist you with enrollment in the retiree health, dental, and vision insurance plans. If you are participating in the Long-Term Care or the Section 125 Flex plan you will receive continuation forms in the mail **after** your termination of employment.

5. If you have Vacation, Holiday, Sick, Vacation Bank or Sabbatical leave balances at retirement they will all be converted to retirement monetary accounts. Contact your union representative, or Employee Relations, for a copy of the MOU regarding this new plan.

Contact Precision Retirement Group to schedule an interview with them to discuss how these balances will be applied. Per the MOU you are entitled to Union representation at your meeting with Precision. Your meeting can be in person, or via phone conference.

Precision Retirement Group: 1-800-238-9101

Health, Dental and Vision Insurance Notes:

-All retirees who continue health, dental, or vision insurance will now be “Direct Pay” immediately upon retirement. Employees may still defer their participation in the health and dental plans for up to 10 years. (See the Precision documentation for more information.) The vision plan offers open enrollment each year when the plan year starts, May 1. It is your responsibility to enroll or cancel your enrollment in the vision plan as you wish each year. The County will NOT be mailing annual open enrollment materials to retirees.

-The month before the retiree and/or spouse turns 65 new *health* forms will need to be completed for conversion to Medicare, which will start the first of the month in which you or your spouse turns 65. At that time, Medicare will be the primary insurer, and the County’s provider will be secondary. The premiums will be lower with Medicare. Retirees who are covered under the County’s health plan do not have to apply for Medicare Part D. You must apply for Part A and B when you turn 65 if you are on the Dane County plan.

-Upon the death of a retiree, payout of any remaining retirement fund balances, life insurance benefits, and/or a retirement benefit is made. The payout of the remaining retirement monetary fund balance is done through the Controller’s office, if there are no surviving dependents to use the funds. Payout of the life insurance benefit is completed through Minnesota Life. Employee Trust Funds should be contacted for payout of any retirement benefits.

Minnesota Life Insurance Company	608-277-8690
Employee Trust Funds (WRS)	608-266-3285

RETIREMENT INFORMATION

WISCONSIN RETIREMENT SYSTEM

You need to place a call to WRS (266-3285 or 877-533-5020) to request a retirement packet. It often takes two months to receive this packet, which contains all of the necessary forms and estimated amounts for the various retirement annuity options. When you request this packet from WRS, you need to provide them a projected date of retirement that is less than one year in the future. This is **NOT** a date that you will be held to – it is merely a date used for the computations.

Retirement paperwork must be returned to the WRS a minimum of 60 days prior to your effective retirement date in order to get the first check in a timely fashion. You cannot return the retirement package to WRS any earlier than 90 days before the effective retirement date.

The WRS uses two methods of computing your retirement benefits. The first method is a formula calculation that takes your highest three calendar years of pay times a factor times the number of years you have made contributions to WRS. The WRS uses one factor for service before 2000 and another factor for service in 2000 and later. The second method is a money purchase benefit calculation, which uses the total funds (contributions & earnings) that have been accumulated into your WRS account and your current age. You receive the larger of the two calculations. WRS has booklets available that describe the two calculations in detail. You can also visit the Employee Trust Funds web site (<http://etf.wi.gov/>) and use calculators that compute estimated retirement payments.

You have the ability to purchase prior service that you may have forfeited earlier. You also have the opportunity to purchase certain other governmental service. Contact the WRS for a booklet and details.

If you have military service you need to provide the WRS with a copy of your DD214 at any time. WRS will keep it on file for the calculation when you retire. This service will not show up on any year-end statements showing years of service. It is only used when you retire and your retirement benefit is being calculated.

At the above ETF web site you can click on “retirement planning” and you will find a Retirement Planning Checklist and a Pre-Retirement Planning Program that is a 12-hour course that is offered through the Wisconsin Technical College System (WTCS).

RETIREMENT INFORMATION

DEFERRED COMPENSATION

Through Dane County you have the option of contributing to a deferred compensation plan (457 plan). The plan is offered by Wisconsin Deferred Compensation (WDC) Program.

It is very important to note that the 2001 Tax Relief Act changed many provisions of the 457 plans, besides allowing substantially larger contributions. Now you do not have to elect a start date to receive benefits before you retire and you can change the start date and the amount of the benefit an unlimited number of times as long as the new IRS guidelines are followed. The new law now allows you to rollover your 457 plan into an IRA and roll other tax-deferred retirement accounts into your 457 plan. You must begin drawing benefits in the year you reach age 70½. Minimum benefits must be calculated using IRS guidelines.

The Wisconsin Deferred Compensation Program has a variety of distribution options. You can receive information on these options by calling the plan directly.

For further and more detailed and up to date information please contact:

Wisconsin Deferred Compensation (WDC) Program:

Eric Jochimsen,

Madison Office (608) 241-6604

www.wdc457.org

Eric.Jochimsen@empower-retirement.com

Besides the annual contribution limit, participants in 457 deferred compensation plans are able to take advantage of two catch-up provisions. One catch-up provision is an additional annual contribution that you are able to make when you are 50 or over. The second catch-up provision is an additional amount in the final three years of employment preceding the year of retirement. If you are interested in information on either or both of these provisions, contact your deferred compensation representative listed above.



The Dane County PRIME Choice Retiree Benefit Plan Introduction

Dane County has adopted a Post-Retirement Leave Conversion Medical Reimbursement Plan (hereinafter, "Medical Plan") and a Governmental 401(a) Special Pay Plan (hereinafter, "Retirement Plan") (together called the "Plans") to allow retiring employees to convert accumulated leave into a supplemental retirement benefit. Participation in this program is mandatory.

The Plans are intended to allow flexibility in the conversion of the unused accumulated sick leave, vacation and holiday pay. Dane County will apply a formula, described, to convert a retiring employee's unused accumulated leave balances into a dollar amount. During an exit interview, the county will determine if the accumulated leave should be placed in a medical trust account or a tax deferred retirement account.

Under this program, retirees will continue to be allowed to defer their enrollment in the county's health and dental plans for a period of up to ten years after their retirement, provided that they were participating in the health and/or dental plans at their retirement.

Conversion of Leave Balance to a Dollar Amount

- 1) **Sick Leave:** The retiree's sick leave balance will be converted to a dollar amount as follows: Total hours of accumulated sick leave to a maximum of 1800 x regular normal hourly rate of pay or conversion rate of pay (as defined below). (WPPA Deputies and Supervisory unit maximum of 1840).

The Department of Administration will determine the average hourly rate of filled management employees, the "Average Manager Hourly Rate" for each payroll year. The "Conversion Rate" for an employee will be the greater of their current normal hourly rate or the Average Manager Hourly Rate.

- 2) **Vacation:** The retiree's vacation leave balance will be converted to a dollar amount as follows: Total hours of earned vacation leave x regular rate of pay including longevity and incentive pay at time of retirement.
- 3) **Sabbatical/vacation bank:** The retiree's sabbatical/vacation bank will be converted to a dollar amount as follows: Total hours in the employee's sabbatical/vacation bank x regular rate of pay including longevity and incentive pay at time of retirement.
- 4) **Holiday and Wellness pay:** The retiree's holiday balance (including wellness hours) will be converted to a dollar amount as follows: Total hours of holiday pay x regular rate of pay including longevity and incentive pay at time of retirement.

Vacation and Holiday/Wellness Pay

No later than fifteen (15) days after the retirement of an employee Dane County will deposit the amount calculated under #2 (vacation) and under #4 (holiday) into a 401(a) retirement account. This amount will not be subject to FICA tax. In addition, federal and state income tax will not be due on the amount deposited until it is withdrawn from the 401(a) plan. The retiree will have immediate access to these funds and can decide to leave them in the 401(a) plan, roll the balance to an individual IRA or withdraw them and pay tax on any amount withdrawn. The IRS has an annual limit to 401(a) deposits of \$57,000.

Sick Leave and Vacation/Sabbatical Bank

The amount calculated under #1 (sick leave) and #3 (Vacation/Sabbatical Bank) is subject to the PRIME Choice plan. Under this plan, the county chooses how these amounts will be paid to the retiree, either as a contribution to a retiree medical trust account for payment of insurance premiums and other medical expenses or to the 401(a) plan as a cash distribution.

This decision is based on an exit interview designed to assess the retiree's financial needs and their access to health care. The interview includes a formal questionnaire, but the retiree is encouraged to bring whatever information they want to assist in this decision process. Employees can bring anyone to the interview such as a spouse or partner. Represented employees may also ask a bargaining unit representative to attend. Once the decision is made, it is irrevocable. The county will notify the employee of the result in writing, not more than 30 days after the interview.

If the retiree refuses to participate in the interview process, then the amount of those leave balances will go to the 401(a) plan as described below.

The Medical Plan Trust

If the interview determines that the retiree needs to use their sick leave and vacation/sabbatical bank amount for medical costs, Dane County will make an annual contribution to the Medical Plan Trust. These funds can be used for insurance premiums and for other medical expenses such as prescription or dental copays. Interest will accrue on the unspent funds.

The annual contribution will be equal to 135% of the annual cost of health and dental insurance premiums for County sponsored insurance for the retiree and dependent(s), if any. If the retiree chooses a non-County sponsored plan, the annual contribution will be equal to 135% of the annual cost of the health and dental insurance premiums for the retiree and dependent(s), if any, plus the amount of the plan deductible up to \$5,000 per person (\$10,000 maximum), annually. If the retiree's health and/or dental insurance premium cost increases during the calendar year, the retiree **must notify** the County, and the County will make a supplemental contribution equal to 100% of the additional premium amount for that calendar year.

If the retiree participates in outside insurance, it is the responsibility of the retiree

to notify the County and provide documentation of any premium change including annual increases.

Retirees must notify the County of any change in the plan(s) that they will enroll in by November 15 of the preceding year. If the County does not receive such notification, the annual contribution amount shall be based upon the plan(s) that they are currently in.

For retirees who defer their participation in the County's health and or dental insurance plans, contributions will commence once the retiree begins participation in the County's health and or dental plans.

An annual contribution of 35% of the cost of the Single premium shall be made for retirees who choose to defer their participation in the County's health and/or dental insurance plans.

If a retiree initially defers participation in the County's health and or dental plan, and during the deferral period, determines to never participate in the County's health and or dental plans, then the County will begin making an annual contribution equal to 135% of the family health plan and the family dental plan. Such contributions will commence upon notice by the retiree to decline coverage or at the end of 10 years following retirement, whichever comes first.

The annual contributions will continue until the retiree's sick leave and vacation/sabbatical bank balances are exhausted. If the retiree dies, the balance in the medical trust can be used by the retiree's surviving spouse or dependents

If the retiree dies before the balance is exhausted and has no surviving spouse or dependents, the County will make a payment of the remaining balance to the retiree's estate. This distribution will be subject to income tax.

The Special Pay Plan

If the interview determines that the retiree has access to medical insurance or has immediate other financial needs Dane County shall make a contribution equal to 100% of the retiree's sick leave and vacation/sabbatical bank as calculated in #1 and #3 to the 401(a) Retirement Plan Trust up to the annual contribution limit for the Retirement Plan Trust. Any amount over that limit will be deposited into a 457 account, up to the applicable limit for the 457 plan, and will be subject to FICA taxes.

Money from the Retirement Enhancement Program (REP) must go into a medical trust, even if you select the special pay plan.

The retiree may withdraw the funds from the 401(a) account without paying any penalty, sales or surrender charges. The retiree may also leave their balance in the 401(a) account and invest in the mutual funds offered under the plan.

The Retirement Enhancement Program (REP)

The Retirement Enhancement Program (REP) is designed to assist county retirees with medical costs in retirement. Medical costs include premiums for insurance, copays, deductibles and out-of-pocket medical expenses. The program applies to county employees who retire on or after January 1, 2020.

Benefit:

The benefits under the REP are to assist retirees with medical costs. For employees with ten years of verified service, but less than twenty years of service, the county will provide the retiree with five annual payments of \$5,000 each. For employees with twenty years of verified service or more, the county will provide the retiree with ten annual payments of \$5,000 each.

The first payment will be deposited to the retiree's account after the county has been notified by the Employee Trust Funds that the employee has initiated their retirement annuity with WRS, the employee has met with Precision Retirement and the employee has terminated service with the county within that payroll year. The second and subsequent payments under the program will be deposited during the month of January of each subsequent calendar year until the five or ten payments have been made.

If an active employee dies before retirement, no payments will be made. If a retiree dies, a lump sum of the value of remaining payments due will be transferred to the retiree's account for use by their surviving spouse or dependents, if any. If there is no surviving spouse or dependents, then no further payments will be made after the retiree's death.

Service Requirement:

To be eligible, employees must have a minimum of ten years of verified service with the county in a full or part-time permanent position. Elected officials must have a minimum of ten years of verified combined service as an employee or one or more of the elected officials listed below. The term of service does include military service earned while a county employee, absences under Family Medical Leave, periods of disability, handbook or county ordinance leave, worker's compensation, or layoff status so long as the employee has not terminated employment.

Eligible Employees:

Eligible employees include regular full and part-time employees as well as the following elected officials: County Board Chair, County Clerk, Clerk of Courts, Sheriff, County

Executive, County Treasurer, Register of Deeds. To be eligible, the employee or elected official must retire from county service and must collect an annuity under the Wisconsin Retirement System within 60 days of retirement.

Accounts:

Employees with leave balances go through the Prime Choice program to determine how their leave balances will be applied in retirement. Those retirees who are directed to the Medical Trust program have an account established with the third party administrator into which the county deposits funds related to their leave balances. Funds in this account are used by the retiree for medical expenses. The payments under the REP will be made into the retiree's Medical Trust Account in addition to any scheduled deposits from converted leave balances.

If the retiree is directed to the Special Pay Plan or has no leave balances to convert, then they will also have a Medical Trust Account established with the third party administrator specifically to receive the payments under the REP.

Retirees receive tax-free reimbursement from the third party administrator for qualified medical expenses. Reimbursements can be for one-time expenses, or the retiree can establish recurring reimbursements for recurring expenses such as monthly premiums.

Funds from the REP benefit are available to the retiree as soon as they are deposited. Funds not needed in a calendar year remain in the retiree's individual account for future use.



Corporate Office: 3603 N. Hastings Way, Ste 100 Eau Claire, WI 54703
Securities offered through Pavek Investments, Inc
Member NASD, SIPC 3603 N. Hastings Way, Ste 100
Eau Claire, WI 54703 1.800.238.9101

Retirement Enhancement Plan Questions and Answers

What expenses does the plan cover?

The Retirement Enhancement Plans says the funds go to pay “medical costs.”

What does that mean?

A: The Retirement Enhancement Plan (REP) is designed to assist county retirees with medical costs in retirement. Medical costs include premiums for insurance, copays, deductibles and out-of-pocket medical expenses.

Anything that is currently covered by the medical trust, would be covered under the REP. Anything that is not covered by the medical trust, would not be covered by the REP.

Questions about “verified Service”

How is “verified service” calculated?

A: Verified service means the total years of service to Dane County. In the case of Public Health, Zoo, and Human Society employees, prior service to the City of Madison will be counted. Breaks in County employment, do interrupt the service time calculation. County employees may be asked for reasonable proof of County employment.

Does time served as an LTE, prior to becoming a full-time employee count as “verified service”?

A: LTE’s are not covered and LTE service adjacent to FTE service does not count.

If an employee has 21 years of service as a part-time employee, how many years of “verified service” is that?

A: 21 years. Verified Service counts how many years an employee has worked for Dane County, not how many hours an employee has worked within that year.

Are there any leaves that do not qualify as service, if so why not?

A: The verified service includes military service earned while a county employee, absences under Family Medical Leave, periods of disability, handbook or county ordinance leave, worker’s compensation, or layoff status so long as the employee has not terminated employment.

Questions about funding

Will the funding of the REP happen at the same time as a retiree participates in the County’s health insurance plan? If a retiree delays joining the health insurance plan, is the REP delayed as well?

A: The REP and participation in the County’s health plan are not linked. The first payment will be made shortly after retirement. Then payments will be made annually in January of following years. The retiree does not need to immediately draw on their account if they do not wish to do so.

If someone returns to county employment as an LTE, the Medical Trust is placed in a hold status, will their REP continue to be funded?

A: To be eligible, the employee or elected official must retire from county service and must collect an annuity under the Wisconsin Retirement System within 60 days of retirement. The County will fund the REP program on an annual basis as outlined in question #6. The County will continue to make annual payments until the REP benefit for the retiree is reached (five or ten payments, depending on the individual's verified service).

Where is the plan documentation?

In what document(s) will the language of the memorandum be included for future reference?

A: The Administrative Practices Manual.

RETIREMENT INFORMATION

COUNTY LIFE INSURANCE

As an active employee, you have the option of purchasing life insurance through the County. The plan offered at the County is the State of Wisconsin Life Insurance Plan that is underwritten by Minnesota Mutual Life Insurance Company. When you retire, you are eligible to continue life insurance coverage as follows:

- 1) If you apply for an immediate annuity at retirement, your coverage will be automatically continued, unless you take action to discontinue the coverage.
- 2) If you are age 65 or older, your basic* coverage will be continued automatically at the applicable percentage regardless of when you apply for your annuity.

Continuing Coverage Table

	Percent of Basic* Coverage Continued
<u>Age</u>	<u>After 65</u>
While 65	75%
While 66	50%
While 67	25%

Under this plan you have a cash value of 25% of your basic* coverage payable to your beneficiary at your death at or after age 67.

You can receive a booklet by contacting the Wisconsin Retirement System or by calling Minnesota Mutual Life Insurance Company at (608) 277-8690.

* = This is usually your salary without any supplements.

RETIREMENT INFORMATION

HELPFUL WEB SITES

You may find the following web sites to be useful when planning your retirement:

<http://efw.wi.gov/>

Click on Retirement Planning and then any of the options

www.wdc457.org (Wisconsin Deferred Compensation)

www.ssa.gov/ (Social Security)

www.medicare.gov/ (Medicare)

<http://www.countyofdane.com/insurance/> (Dane County Insurance information)