



## Wisconsin Retirement System (WRS)- Single Payroll Transition Program Frequently Asked Questions (FAQ)

**IMPORTANT: Fiscal Year 2024 (application due date May 1, 2024) is the last year to request to have wages accelerated under the WRS-Single Payroll Transition Program.**

### **Background:**

For Wisconsin Retirement System (WRS) purposes, Faculty, Academic Staff, and Limited Appointees service and earnings are reported on a fiscal year (July 1 – June 30) basis.

Fiscal years are as follows:

- FY 2021 – July 1, 2020 – June 30, 2021
- FY 2022 – July 1, 2021 – June 30, 2022
- FY 2023 – July 1, 2022 – June 30, 2023
- FY 2024 – July 1, 2023 – June 30, 2024
- FY 2025 – July 1, 2024 – June 30, 2025

In July 2021, the Universities of Wisconsin modified its payroll practices for employees paid monthly by transitioning them to the biweekly payroll cycle. Prior to July 2021, employees paid monthly were paid-to-date for all days worked within a month. Generally, employees paid monthly were paid on the following first of each month, except for June, when employees were always paid June 30 (prior to the end of the fiscal year).

Employees paid biweekly receive a paycheck approximately two weeks after the end of the payroll period, which typically results in 26 paychecks during any given fiscal year. With the transition to a biweekly payroll cycle, employees received 25 paychecks instead of 26 for fiscal year 2022 because employees were paid for all days worked in June 2021 on their June 30, 2021 paycheck. This resulted in a reduction in earnings reported to the Wisconsin Retirement System (WRS) for fiscal year 2022 because earnings are reported to the WRS on the date paid.

As a result, employees who separate from service during fiscal years 2022, 2023, 2024 and who include FY 2022 as one of their highest years of earnings may be affected if they are eligible for the WRS *formula benefit* calculation.

The WRS-Single Payroll Transition Program allows eligible employees to apply to make a one-time election to accelerate payment of wages for days worked at the end of their last full fiscal year of employment. This means wages will be paid in June for all days worked in June. This will result in higher reported earnings for the last full fiscal year worked and address the timing difference of when earnings are paid and reported between June and July 2022.

### **Frequently Asked Questions**

1) Question: Why is the WRS-Single Payroll Transition Program available?

Answer: The program was implemented to smooth the reporting of earnings to the WRS because of the transition from the monthly payroll to the biweekly payroll for employee's whose earnings for WRS purposes are calculated on a fiscal year basis and who may be eligible for the WRS formula benefit. The WRS formula benefit uses an employee's three highest fiscal year earnings in the benefit calculation.

2) Question: Why does this program only last until FY 2025?

Answer: WRS benefits calculated under the formula method are generally determined based on the three highest years' earnings. The WRS-Single Payroll Transition Program is designed to address employees who may be retiring within the three years following the transition to a biweekly payroll to help ensure that the total average earnings are not affected by this one-time transition. The shift in when wages were reported between FY 2021 and FY 2022



## Wisconsin Retirement System (WRS)- Single Payroll Transition Program Frequently Asked Questions (FAQ)

will average out for employees over time (i.e., if an employee continues on a consistent pay calendar for three or more years).

3) Question: What is the WRS-Single Payroll Transition Program?

Answer: Payment of wages for days worked up to June 30 prior to the end of the fiscal year.

A chart which outlines eligible separation dates and wages for days worked that will be accelerated is provided on the last page of this FAQ.

4) Question: What is meant by accelerated payment of wages?

Answer: Payment of wages for days worked through June 30 (that would have been paid in July) prior to the end of the fiscal year. Creditable service associated with wages that are accelerated would also be moved.

For example: Earnings from the June 16, 2024 to June 30, 2024 pay period are currently set to be paid on July 11 and July 25, 2024 and would apply towards FY 2024 earnings. Through the WRS-Single Payroll Transition Program, if a request is submitted on a timely basis and approved, earnings from June 16, 2024 to June 30, 2024 could instead be paid out on June 27, 2024 so they would apply towards FY 2023 earnings.

5) Question: Will creditable service associated with the accelerated payment of wages also be moved?

Answer: Yes.

6) Question: Who is eligible for the WRS-Single Payroll Transition Program?

Answer: Faculty, academic staff, and limited appointees who are vested in the WRS, are of minimum retirement age as of the date of their separation, and meet all the following conditions:

- Had an active appointment and were paid on the monthly pay date of June 30, 2021
- Separate from service between June 15, 2022 and February 15, 2025
- Perform compensable work between June 15 and June 30 in the fiscal year in which the WRS-Single Payroll Transition Program Application is being submitted
- Submit a completed WRS-Single Payroll Transition Program Application by May 1 of the year in which the payment will be accelerated

7) Question: What is considered compensable work?

Answer: Compensable work is any time worked with the Universities of Wisconsin, including any leave paid prior to your separation from service. Leave paid out after your separation date is not considered compensable work.

8) Question: What if I am paid on an academic year basis and do not normally have wages in July?

Answer: If you are normally paid on an academic year basis and do not normally receive wages in July, then the transition between monthly and biweekly payroll did not affect your reported earnings for WRS and there is no advantage to participation in the program. An employee must have compensable work hours at the end of July of the FY 2021 fiscal year to be eligible for participation in this program.

9) Question: If I am eligible what do I need to do to apply for the program?

Answer:

The following are needed to apply for the program:

- Completed [WRS-Single Payroll Transition Program Application](#).
- A copy of an official WRS Retirement Benefit Estimate (ET-4301) that is dated within 12 months of your separation date (required). To request an estimate, if you do not already have one, go to the Department of Employee Trust Funds (ETF) [WRS Retirement Estimate Request web page](#) and submit your request. It can



## Wisconsin Retirement System (WRS)- Single Payroll Transition Program Frequently Asked Questions (FAQ)

take up to six weeks for ETF to generate an estimate. A WRS Retirement Estimate Request will not be accepted.

Completed documents must be submitted to your [human resources contact](#).

10) Question: Can I request to have payment of wages accelerated for multiple fiscal years?

Answer: No. Wages may only be accelerated for one fiscal year. There is no benefit to you to have wages accelerated for multiple years. See question 2 for additional information.

11) Question: Am I eligible for the program if my last day worked was in one fiscal year but I am using banked vacation to remain on payroll into the next fiscal year?

Answer: Yes.

12) Question: What is the WRS formula benefit?

Answer: The formula monthly retirement benefit is calculated using:

- Your final average monthly earnings,
- Your total years of creditable service,
- The formula multiplier(s) for your service and employment categories, and
- Any age reduction factor(s) based on your age when you start your WRS benefit.

Final average earnings are expressed as a monthly amount. The average is calculated by adding the highest earnings for three fiscal years and dividing this total by the creditable service earned during these years, then dividing by twelve. The three years used are those in which reported earnings were the highest; they do not need to be consecutive, nor the last years reported.

13) Question: How can I find out if my earnings in fiscal year 2022, 2023, or 2024, may be one of my three highest for WRS formula benefit purposes?

Answer: As a starting point, review your WRS Statement of Benefits in the MyUW portal. To access your WRS Statement of Benefits, once in the [MyUW portal](#), launch the Benefit Information tile and go to the WRS Statement of Benefits tab. For more information review the [WRS Statement of Benefits web page](#).

Updated statements are provided in the MyUW portal in April of each year and are for the prior year. Your 2023 statement of benefits will be available in April 2024.

Use your WRS Statement of Benefits and your current earnings to estimate future years earnings.

14) Question: How can I estimate how my WRS benefit may be affected?

Answer: ETF has a [WRS Retirement Benefits Calculator](#) that you can use to get an unofficial estimate of your benefit. The calculator allows you to enter your information using information using your WRS Statement of Benefits.

15) Question: How can I find out which benefit calculation method (formula benefit or money purchase) will be higher?

Answer: WRS benefits are calculated using two methods: the formula method and the money purchase method\*. Upon receipt of your final service and earnings records from the Universities of Wisconsin, the Department of Employee Trust Funds (ETF) calculates your WRS benefit using both methods and automatically pays you the higher benefit amount.

Because your final benefit cannot be determined until ETF receives your final service and earnings, the method that will be used cannot be determined until after you separate from service with the Universities of Wisconsin. Any information you may receive on your WRS benefit calculation is an estimate only until you separate from service and receive a final WRS benefit calculation\*.



## Wisconsin Retirement System (WRS)- Single Payroll Transition Program Frequently Asked Questions (FAQ)

For more information on how your WRS benefit is calculated review the [WRS Calculating Your Retirement Benefits Brochure \(ET-4107\)](#).

\*The final calculation, which is done after you separate from service, may change the method your benefit is calculated from money purchase to formula, so you may want to apply for this program even if your benefit may initially be money purchase.

16) Question: Are there deadlines to apply for the program?

Answer: Yes. To participate in the program, your WRS-Single Payroll Transition Program Application is due May 1 of the year in which the payment will be accelerated.

A chart is included on the last page of this FAQ that outlines when your WRS-Single Payroll Transition Program Application is due for various separation dates.

17) Question: Why is the time frame of February 16 – June 14 not considered eligible separation dates for the program?

Answer: The program is designed to benefit employees who separate from service following the end of a full fiscal year to account for the shift in earnings that occurred at the end of FY 2022 and potentially affect their average high earnings under the WRS formula benefit calculation. The February 15 eligibility cutoff date ensures that employees who participate in the program do not lose the intended benefit of the program if they separate from service prior to the close of a full fiscal year and prior to working an additional full year of service.

18) Question: How will I find out if my WRS-Single Payroll Transition Program Application was accepted?

Answer: You will receive a notification from [serviceoperations@support.wisconsin.edu](mailto:serviceoperations@support.wisconsin.edu) upon approval or denial of your application.

19) Question: If my WRS Single Payroll Transition Program Application is accepted, what do I do next?

Answer: Inform your manager of your separation date.

You may apply for your WRS retirement benefit up to 90 days before your separation date.

Your WRS Retirement Benefit Estimate is your application to start your WRS retirement benefit. To apply to start your WRS retirement benefit, complete the Retirement Benefit Estimates and Application and return it to the Department of Employee Trust Funds (ETF). For information on how to complete your application, refer to [How to Fill Out Your Retirement Estimates and Application \(ET-4301\)](#).

Additional resources:

- [Applying for Your Retirement Benefit \(ET-4106\)](#)
- [WRS Guide to Retirement Brochure \(ET-4133\)](#)
- [ETF Retirement Checklist](#)
- [Universities of Wisconsin Employee Benefits Life Events Retirement web page](#)

20) Question: What if I miss the deadline and decide to retire after the May 1 deadline but do not work another full fiscal year? Can I ask to have my wages moved back into a prior fiscal year?

Answer: No. Due to WRS rules, the timing of wage payments between fiscal years cannot be changed retroactively. Therefore, it is essential that employees review timelines for participation in this program closely and plan for potential retirements in future fiscal years.



## Wisconsin Retirement System (WRS)- Single Payroll Transition Program Frequently Asked Questions (FAQ)

21) Question: If my WRS-Single Payroll Transition Program application is accepted and later I decide not to start my retirement benefit, what do I need to do?

Answer: Applying for the Single Payroll Transition Program is a one-time election. Once the wages have been accelerated, they will not be changed. You will not lose any wages; they will just be paid on an accelerated schedule in June of that fiscal year. Multiple years cannot be accelerated.

Work with your supervisor and human resources contact to update your separation date.

22) Question: I don't know whether I will be retiring by February 15, 2025. What should I do?

Answer: You have until May 1 of the fiscal year in which you would like wages accelerated to apply for the program. Note: Fiscal year 2024 is the last year of the program. The deadline to submit an application for fiscal year 2024 is May 1, 2024

23) Question: Is the WRS-Single Payroll Transition Program an incentive program to encourage employees to separate from service with the Universities of Wisconsin?

Answer: No. The WRS-Single Payroll Transition Program is **not** a termination or retirement incentive plan. Employees who separate from service with the Universities of Wisconsin and are approved under this program do not receive any incentive when they separate from service. The WRS-Single Payroll Transition Program is simply accelerating wages to a different fiscal year.

24) Question: Which benefit insurance premiums will be deducted from the accelerated wages?

Answer: Depending on your elected separation date, you will have benefit insurance premiums deducted from your check as you normally do. In addition, depending on your elected separation date you may have certain benefit insurance premiums deducted from your accelerated wages. Benefit insurance premium deductions from the accelerated wages will be used to prepay for your benefits.

Benefit insurance premiums that **may be** deducted from accelerated wages: State Group Health Insurance, Supplemental Dental Insurance, Preventive Dental Insurance, Vision Insurance, State Group Life Insurance, Individual & Family Life Insurance, UW Employees Inc. Life Insurance, Accidental Death & Dismemberment Insurance, Income Continuation Insurance, Accident Insurance.

Benefit plan contributions that **will not be** deducted from accelerated wages: Flexible Spending Account and Health Savings Account.

25) Question: Which retirement plan contributions will be deducted from the accelerated wages?

Answer: Retirement plan contributions that **will be** deducted from regular wages and accelerated wages:

- WRS contribution - Current year contribution rates can be found on the [WRS web page](#).
- UW 403(b) Supplemental Retirement Program (SRP), Wisconsin Deferred Compensation (WDC) 457 Program, WRS Additional Contributions – Your contribution will be deducted as you have elected, either as a percent of pay or a flat dollar amount. If you have elected a flat dollar amount there will be no adjustments made. You may start, stop, increase, or decrease your contribution as long as you follow the established procedures, plan rules, and pre-determined time frames.

26) Question: Are there any tax implications as a result of these adjustments?

Answer: The additional wages on the accelerated paycheck could increase your tax withholdings for that one paycheck. Any form W-4 adjustments you may need **must** be made in advance. Review the [Update Federal and/or State W4 tip sheet](#) for information on how to make changes to your W4. You may want to consider completing an updated W-4 after the accelerated wages have been paid.



## Wisconsin Retirement System (WRS)- Single Payroll Transition Program Frequently Asked Questions (FAQ)

Your overall earnings will not change as a result of the accelerated payment for the calendar year.

27) Question: What is the compensation limit?

Answer: The IRS sets an annual compensation limit that is applicable to retirement plans. For the 2024 calendar year, the IRS compensation limit is \$345,000. For FY 2023, the annual compensation limit is \$337,500. If an employee earns over the compensation limit (typically adjusted annually) there is no benefit to participating in the WRS-Single Payroll Transition Program.

28) Question: Who do I contact if I have more questions about my benefits, the program, or retiring?

Answer: Reach out to your [benefits contact](#).

The chart below outlines when a WRS-Single Payroll Transition Program Application is due for the separation dates listed and wages for days worked that will be accelerated.

Applications to participate in the program are due May 1 of the year in which the payment will be accelerated.

Applying for the WRS-Single Payroll Transition Program is a one-time election. Once the wages have been accelerated, they cannot not be changed. Multiple years cannot be accelerated.

This program applies to separations that occur between June 15, 2022, and February 15, 2025. The program will not be extended and is not available after February 15, 2025.

Last Day of Employment	Last Full Fiscal Year of Employment	Application Due Date	Wages for Days Worked that will be Accelerated	Paycheck Date Wages will be Accelerated To	Paycheck Date Wages were Moved From
June 15, 2022 – February 15, 2023	FY 2022*	May 1, 2022	6/19/2022 – 6/30/2022	6/30/2022	7/14/2022
February 16, 2023 – June 14, 2023	FY 2022*	Not eligible separation dates for participation in the program.			
June 15, 2023 – February 15, 2024	FY 2023*	May 1, 2023	6/18/2023 – 6/30/2023	6/29/2023	7/13/2023
February 16, 2024 – June 14, 2024	FY 2023*	Not eligible separation dates for participation in the program.			
June 15, 2024 – February 15, 2025	FY 2024	May 1, 2024	6/16/2024 – 6/29/2024 6/30/2024	6/27/2024	7/11/2024 7/25/2024
February 16, 2025	The program is not available after February 15, 2025.				

\*The deadline to accelerate wages to FY 2022 and FY 2023 has passed. *FY 2024 is the last fiscal year to accelerate wages.*