

Chapter ETF 7

ANNUITY RATES AND ACTUARIAL ASSUMPTIONS

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ETF 7.01 Tables and procedures. (1) Procedures and tables to be used in computing annuity benefits and present values of benefits authorized by subch. 8 of ch. 40 and chs. 41 and 42, Stats., shall be developed in accordance with this chapter by the actuary authorized in s. 40.20, Stats., based on the following:

(a) An assumed rate of interest of 5% per annum.

(b) The combined male and female experience under the 1971 Group Annuity Mortality Table.

(2) For purposes of annuity computations an applicant's age shall be determined to the nearest month.

History: Cr. Register, June, 1979, No. 282, eff. 1-1-80.

ETF 7.02 Retirement annuities. (1) For purposes of computing the social security integrated annuity, the estimated primary social security benefit at age 62 shall be determined in accordance with section 7.06 of this chapter. An employe shall not be eligible for the social security integrated annuity if the reduced annuity payable for life under ss. 41.11 (7) (d), 42.242 (2), and 42.73 (6), Stats., would be less than \$25.00 per month.

(2) In computing a formula annuity in the normal form beginning prior to the normal retirement date of a participant, there shall be a .5% reduction for each month the participant's age is under 65 but at least 60 and a .4% reduction for each month the participant's age is under 60.

History: Cr. Register, June, 1979, No. 282, eff. 1-1-80.

ETF 7.03 Annuities to beneficiaries. (1) The actuarial factors used in computing annuities for beneficiaries shall be the same as the factors used in computing retirement benefits.

(2) For purposes of computing a social security integrated annuity the spouse's estimated social security benefit at age 62 shall be 82.9% of the primary social security amount determined for the employe at age 65 in section 7.06 of this chapter.

History: Cr. Register, June, 1979, No. 282, eff. 1-1-80.

ETF 7.06 Estimated social security benefits. For purposes of determining maximum benefits under ss. 41.11 (6) (c) 4. and (d) 4., 42.245 (2) (b) 2. c. and (c) 2., and 42.78 (2) (b) 2., and (c) 2., Stats., and integrated benefits under ss. 41.11 (7) (d), 41.15 (4) (c), 42.242 (2) and (2a), and 42.73 (6) and (7), Stats., the estimated social security benefit shall be based on the following:

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(1) The employe shall be assumed to have been in a position covered under social security in all years from 1956, or if later, from the year after the year in which age 21 was attained, to the year of retirement or death, except that years in which earnings are reported under ss. 41.07 (2) (a) 5. and (am) 4., Stats., shall be counted as zero.

(2) It shall be assumed that covered earnings increased from 1956, or if later, from the year after the year in which age 21 was attained, to the year of retirement or death at a rate determined by the actuary to reflect changes in the social security wage base and approximate average changes in earnings during such time; it shall be assumed also that the formula final rate of earnings or final average salary is equal to the earnings for the last full calendar year prior to retirement or death.

(3) The delayed retirement credit under federal social security statutes shall be applied to each year after age 65 and up to age 72.

(4) Based upon the assumptions in subs. (1), (2) and (3) above and in accordance with the provisions of the federal social security act, the actuary shall prepare a table correlating the employe's age and formula final rate of earnings or final average salary with a primary social security benefit, adjusting the table as necessary to prevent in most cases assumed social security benefits from exceeding actual social security benefits.

(5) Notwithstanding the above, if the applicant furnishes official information from the social security administration that the initial social security award is or will be in a different amount, such amount shall be used in the benefit computation.

History: Cr. Register, June, 1979, No. 282, eff. 1-1-80.

ETF 7.07 Annuity reserves. Notwithstanding the previously stated assumptions in this chapter, the amounts credited to and the liabilities of the reserves for annuities granted shall be determined by the actuary on the basis of separate male-female experience under the 1971 Group Annuity Mortality Table with such adjustments as necessary, including separate adjustments for different types of annuities, to reflect actual experience of members under the retirement funds.

History: Cr. Register, June, 1979, No. 282, eff. 1-1-80.