

(d) Each separate retirement system's proportionate ownership share in the fixed or variable investment trusts as of the first day of a month shall be calculated as the ratio of the current market value of that system's investment as of the last day of the previous month, plus any deposits and minus any withdrawals made by that system as of the first day of the new month, to the current market value of the total fund as of the last day of the previous month, plus all deposits and minus all withdrawals made by any system as of the first day of the new month.

(e) Each participating separate retirement system shall be given 6 months advance notice of any changes in the method of valuing investments or calculating proportionate ownership shares, unless an earlier effective date for the changes is mandated by statute. A participating separate retirement system may waive this notice requirement.

(f) The costs of administering and investing the assets shall be charged directly against the investment earnings monthly.

(3) **REPORTS.** The department shall provide, at least quarterly, each separate retirement system a report showing all transactions in its account during the preceding quarter and the current value of the system's investment.

(4) (a) **WITHDRAWALS.** Requests for withdrawal of funds shall be on a form prescribed by and in accordance with instructions issued by the department.

(b) The separate retirement system shall provide the department no less than 60 days advance notice of any withdrawal in excess of \$10 million.

(c) Withdrawals by a separate retirement system shall be limited in any calendar month to the greater of 5% of the system's balance on deposit or \$2 million.

(d) All withdrawals by a separate retirement system shall be deemed to have been made on the first day of the month of withdrawal.

(e) If a separate retirement system's balance on deposit drops below \$2 million, that system's investment shall be refunded and the account closed.

Note: Section ETF 10.12 requires a form which is available at no charge by contacting the Department of Employee Trust Funds.

History: Cr. Register, October, 1985, No. 358, eff. 11-1-85; am. (2) (e) and (f), Register, December, 1990, No. 420, eff. 1-1-91.

ETF 10.15 Annuity reserves. 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 with adjustments as necessary to reflect actual and projected experience of participants under the retirement system and not on the basis of the combined male-female experience used in individual benefit computations.

History: Renum. from ETF 7.07 and am. Register, December, 1983, No. 336, eff. 1-1-84.

ETF 10.20 Approval of group insurance plans for state employees. (1) In addition to group insurance plans specifically provided in ch. 40, Stats., and pursuant to s. 20.921 (1) (a) 3, Stats., the group insurance board

Register, December, 1990, No. 420

shall approve or disapprove group insurance plans for which payment of premiums is made through payroll deductions.

(a) The group insurance board shall determine, after notice and hearing, whether the group insurance plan fulfills an important coverage need through consideration of, but not limited to, the following factors:

1. Number of employees affected
2. Amount and variation in premiums
3. Adequacy of other approved coverage providing the same or similar protection
4. Duration of contract
5. History, performance and acceptance of the plan by the employees
6. New or additional coverage provided

(b) The group insurance board shall determine whether the plan is adequately supervised through consideration of, but not limited to, the following factors:

1. Continuing representation of employee participants with professional insurance guidance
2. Maintenance of adequate statistical records relating to retentions, experience, premiums, participants and other data necessary for actuarial computations
3. Procedures for negotiating coverage

(2) Notwithstanding approval granted to any plan under sub. (1), the group insurance board may subsequently withdraw its approval, after notice and hearing, upon finding that the plan does not meet the criteria established by sub. (1) (a). Withdrawal of approval shall be effective, at the discretion of the group insurance board, on the first day of the month subsequent to issuance of a finding that the plan does not meet the criteria pursuant to sub. (1) (a) or on the anniversary date of the contract under which the plan is provided.

History: Renum. from ch. Grp 26 and am. Register, December, 1983, No. 336, eff. 1-1-84.

ETF 10.25 Fixed retirement investment trust participation in the variable retirement investment trust. The fixed retirement investment trust may invest in the variable retirement investment trust subject to the following:

(1) **COMBINED STOCK FUND.** A combined stock fund shall be established and shall operate as a separate account within the variable retirement investment trust as follows:

(a) All investments in common and preferred stock by the fixed retirement investment trust and the variable retirement investment trust shall be made through the combined stock fund account.

(b) The trusts shall transfer funds to be invested in common and preferred stocks to the combined stock fund account. In exchange, the fixed retirement investment trust and variable retirement investment trust shall receive shares in the combined stock fund.

Register, December, 1990, No. 420

(c) Shares in the combined stock fund may be purchased only as of the first day of each month.

(d) All shares purchased in the combined stock fund shall, at the time of purchase, have a book value of one dollar per share.

(2) **INVESTMENT OF COMBINED STOCKS.** All funds received in the combined stock fund from the fixed retirement investment trust and the variable retirement investment trust shall be used to invest in common or preferred stocks or the state investment fund.

(3) **EARNINGS DISTRIBUTIONS.** Earnings shall be distributed from the combined stock fund to the fixed retirement investment trust and the variable retirement investment trust according to the following:

(a) The book value of all investments in the combined stock fund shall be adjusted to current market value as of the last day of each month. The appraisal gain or loss shall be recognized in the month incurred.

(b) As of the last day of each month the combined stock fund shall distribute to the fixed retirement investment trust and the variable retirement investment trust all income recorded for that month including interest received, dividends received, gain or loss realized on the sale of investments and the unrealized gain or loss recognized on the adjustment of investment book value to market value. Following these distributions the unit value of shares in the combined stock fund shall be one dollar.

(c) For any month, the distribution of income between the fixed retirement investment trust and the variable retirement investment trust shall be based on the ratio of the relative number of combined stock fund shares held by each trust as of the first day of that month to the total number of combined stock fund shares outstanding.

(d) Monthly distributions from the combined stock fund to the fixed retirement investment trust resulting from gains or losses realized on the sale of investments or unrealized appraisal gains or losses shall be transferred to the transaction amortization account. Distributions resulting from all other sources shall be recognized as current income to the fixed retirement investment trust in the month of distribution.

(e) All distribution to the variable retirement investment trust shall be treated as current income in the month of distribution.

(4) **WITHDRAWALS.** The fixed retirement investment trust or the variable retirement investment trust may withdraw funds from the combined stock fund as of the first day of any month. The withdrawal shall be accomplished by selling combined stock fund shares to the combined stock fund. Withdrawals made after the first day of any month shall be deemed to have been made on the first day of that month for purposes of distributing income at the end of that month.

History: Cr. Register, October, 1985, No. 358, eff. 11-1-85; r. and recr. (1), r. (2) and (4) (a), renum. (3), (4) (intro.), (b) to (f) and (5) to be (2) to (4), Register, December, 1990, No. 420, eff. 1-1-91.

ETF 10.30 Effect of variable transfer on benefits. Any gains or losses at the effective date of a transfer pursuant to s. 40.04 (7), Stats., including

Register, December, 1990, No. 420

ETF 10

subsequent interest credits, shall be reflected as an adjustment to the benefit at the time it is payable.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81; renum. from ETF 8.02 and am., Register, December, 1982, No. 324, eff. 1-1-83.

ETF 10.31 Effective date of election to cancel variable participation. Pursuant to s. 40.04 (7), Stats., an election to cancel variable participation shall be made on a form provided by the department and shall be effective, for future contributions, on the January 1 following receipt of the form by the department. A participant may further elect the transfer of variable annuity contribution accumulations to the fixed division on:

(1) An unconditional basis effective the January 1 following receipt of the election form by the department; or

(2) A conditional basis as follows:

(a) For annuitants, effective the first January 1 after receipt of the form by the department on which the condition under s. 40.04 (7) (a) 1, Stats., is satisfied.

(b) For all other participants, effective the first January 1 after receipt of the form by the department on which the condition under s. 40.04 (7) (a) 2, Stats., is satisfied.

(3) For purposes of this section, whenever the last day of the year falls on a Saturday, Sunday or holiday when state offices are closed, an election to cancel variable participation or to transfer variable annuity contribution accumulations to the fixed division which is received on the next succeeding working day shall be deemed to have been received within the preceding calendar year.

History: Cr. Register, December, 1982, No. 324, eff. 1-1-83; cr. (3), Register, October, 1987, No. 382, eff. 11-1-87.

ETF 10.32 Additional contributions. When a participant makes an election pursuant to s. 40.04 (7), Stats., and has additional contributions, the election shall be governed by an evaluation of all contributions and shall be effective as prescribed in s. ETF 10.31.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81; renum. from ETF 8.04 and am., Register, December, 1982, No. 324, eff. 1-1-83.

ETF 10.33 Multiple accounts or accumulations. An election filed pursuant to s. 40.04 (7), Stats., shall be effective for all accounts and accumulations of the participant except that for an annuitant who has variable accumulations from which no annuity is being paid, the effective date of an election shall be separately determined for the current annuity or annuities and for the variable accumulations from which no annuity is being paid.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81; renum. from ETF 8.05 and am., Register, December, 1982, No. 324, eff. 1-1-83.