



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2003 Senate Bill 344**

**Senate Substitute  
Amendment 1**

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Under current law, annual surpluses in the fixed reserve in the Wisconsin Retirement System may be distributed to annuitants as a percentage increase in the amount of their annuities. Such an increase may only be granted if the amount of the surplus would result in a 2% increase in the amount of the annuities then in force. Current law does not set a threshold trigger for decreases.

2003 Senate Bill 344 eliminates the statutory 2% threshold and allows the percentage threshold to be set by rule by the Department of Employee Trust Funds (department). In addition, the bill allows the department to utilize the emergency rule procedure to promulgate rules for the period before permanent rules become effective. Finally, the bill would allow the rules governing the fixed annuity increases to be promulgated without the approval of the Teachers Retirement Board or the Wisconsin Retirement Board.

The substitute amendment sets a new statutory threshold trigger that could be modified by rule. Under the substitute amendment, annuities would be increased if a surplus in the fund would result in a 0.5% increase in the annuities in force, and decreased if a deficit in the fund would result in a 0.5% decrease in annuities in force. The department can change these statutory thresholds by rule. The amendment also limits the department's ability to promulgate rules for the period before permanent rules become effective to the period before January 1, 2005.

On January 29, 2004, the Senate Committee on Labor, Small Business Development and Consumer Affairs recommended adoption of the substitute amendment by a vote of Ayes, 5; Noes, 0.

NZ:ksm