

2003 SENATE BILL 344

December 10, 2003 – Introduced by Senators SCHULTZ and WIRCH, cosponsored by Representatives VRAKAS, MUSSER, ALBERS, HAHN, HINES, SERATTI, STONE and J. LEHMAN. Referred to Joint Survey Committee on Retirement Systems.

1 **AN ACT to amend** 40.27 (2) (intro.) of the statutes; **relating to:** payment of fixed
2 annuity increases under the Wisconsin Retirement System.

Analysis by the Legislative Reference Bureau

Current law governing annuity increases under the Wisconsin Retirement System (WRS) provides that no fixed annuity increase in any year may be granted to annuitants if the increase will not result in at least a two percent increase in the amount of annuities then in force. This bill eliminates this percentage threshold and, instead, provides that the percentage threshold for fixed annuity increases is to be established by rule by the Department of Employee Trust Funds.

Under current law, the secretary of employee trust funds, with the approval of the Employee Trust Funds Board, must promulgate all rules that are required for the efficient administration of the employee trust fund and the benefit plans offered under the WRS. Current law also requires that any rules relating to teachers must be approved by the Teachers Retirement Board and any rules affecting other WRS participants must be approved by the Wisconsin Retirement Board. This bill provides that for rules governing fixed annuity increases under the WRS the approval of the Teachers Retirement Board and the Wisconsin Retirement Board is not required.

This bill will be referred to the Joint Survey Committee on Retirement Systems for a detailed analysis, which will be printed as an appendix to this bill.

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 40.27 (2) (intro.) of the statutes is amended to read:

2 40.27 (2) FIXED ANNUITY RESERVE SURPLUS DISTRIBUTIONS. (intro.) Surpluses in
3 the fixed annuity reserve established under s. 40.04 (6) and (7) shall be distributed
4 by the board if the distribution will result in at least a 2% an increase in the amount
5 of annuities in force at least equal to the percentage threshold established by the
6 department by rule, on recommendation of the actuary, as follows:

7 **SECTION 2. Nonstatutory provisions.**

8 (1) EMERGENCY RULES. The department of employee trust funds may, using the
9 procedure under section 227.24 of the statutes, promulgate the rules under section
10 40.27 (2) of the statutes, as affected by this act, for the period before permanent rules
11 become effective, but not to exceed the period authorized under section 227.24 (1) (c)
12 and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the
13 statutes, the department is not required to provide evidence that promulgating a rule
14 under this subsection as an emergency rule is necessary for the preservation of the
15 public peace, health, safety, or welfare and is not required to provide a finding of
16 emergency for a rule promulgated under this subsection.

17 (2) APPROVAL BY EMPLOYEE TRUST FUNDS BOARD. Notwithstanding section 40.03
18 (2) (i), (7) (d), and (8) (d) of the statutes, the department of employee trust funds may
19 promulgate the rules under section 40.27 (2) of the statutes, as affected by this act,

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1 without the approval of the teachers retirement board and the Wisconsin retirement
2 board.

3 (END)