

**2003 DRAFTING REQUEST**

**Senate Substitute Amendment (SSA-SB344)**

Received: **01/22/2004**

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **Dale Schultz (608) 266-0703**

By/Representing: **Bill Ford**

This file may be shown to any legislator: **NO**

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - retirement**

Extra Copies: **e-mail copy to Bill Ford at Leg**

Submit via email: **YES**

Requester's email: **Sen.Schultz@legis.state.wi.us**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Fixed annuities under the WRS and DETF rulemaking authority

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**Instructions:**

Same as s0311, but make rulemaking bypass permanent

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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FE Sent For:

**<END>**

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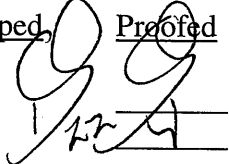
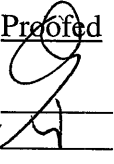
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State of Wisconsin  
2003 - 2004 LEGISLATURE

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LRBs0317/1

RAC:jld

SENATE SUBSTITUTE AMENDMENT,  
TO 2003 SENATE BILL 344

Regen

- 1 AN ACT to amend 40.27 (2) (intro.) and 40.27 (2) (c) of the statutes; relating to:  
2 payment of fixed annuities under the Wisconsin Retirement System.

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*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 substitute amendment reduces the percentage threshold to 0.5 percent. In addition, the substitute amendment provides that, in any year in which a deficit in the fixed annuity reserve occurs and such a deficit would result in a 0.5 percent or greater decrease in the amount of annuities then in force, the fixed annuity increases previously granted in prior years may be reduced. (Current law does not establish a percentage threshold for deficits in the fixed annuity reserve.) However, for both fixed annuity increases and decreases, the substitute amendment authorizes the Department of Employee Trust Funds to change the percentage thresholds by rule.

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 substitute

amendment provides that for rules governing fixed annuity increases and decreases under the WRS the approval of the Teachers Retirement Board and the Wisconsin Retirement Board is not required.

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

1           **SECTION 1.** 40.27 (2) (intro.)<sup>✓</sup> 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%~~ 0.5 percent increase in the  
5 amount of annuities in force, except as otherwise provided by the department by rule,  
6 on recommendation of the actuary, as follows:

7           **SECTION 2.** 40.27 (2) (c)<sup>✓</sup> of the statutes is amended to read:

8           40.27 (2) (c) The distributions shall not be offset against any other benefit being  
9 received but shall be paid in full, nor shall any other benefit being received be  
10 reduced by the distributions. The annuity reserve surplus distributions authorized  
11 under this subsection may be revoked by the board in part or in total as to future  
12 payments upon recommendation of the actuary if a deficit occurs in the fixed annuity  
13 reserves and such deficit would result in a 0.5 percent or greater decrease in the  
14 amount of annuities in force, except as otherwise provided by the department by rule.

↑  
In part 2-15

15           **SECTION 3. Nonstatutory provisions.**

16           (1) EMERGENCY RULES. Before January 1, 2005, the department of employee  
17 trust funds may, using the procedure under section 227.24 of the statutes,  
18 promulgate emergency rules under section 40.27 (2) of the statutes, as affected by  
19 this act, for the period before any permanent rules become effective, but not to exceed  
20 the period authorized under section 227.24 (1) (c) and (2) of the statutes.

1 Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the department  
2 is not required to provide evidence that promulgating a rule under this subsection  
3 as an emergency rule is necessary for the preservation of the public peace, health,  
4 safety, or welfare and is not required to provide a finding of emergency for a rule  
5 promulgated under this subsection.

6 (2) APPROVAL BY EMPLOYEE TRUST FUNDS BOARD. Notwithstanding section 40.03  
7 (2) (i), (7) (d), and (8) (d) of the statutes, the department of employee trust funds may  
8 promulgate rules under section 40.27 (2) of the statutes, as affected by this act,  
9 without the approval of the teachers retirement board and the Wisconsin retirement  
10 board.

11 (END)

2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

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RAC:.....

2-15

X  
SECTION 1. 40.27 (2) (d) of the statutes is created to read:

40.27 (2) (d) Notwithstanding s. 40.03 (2) (i), (7) (d), and (8) (d),<sup>✓</sup> the department may promulgate rules under this subsection without the approval of the teachers retirement board and the Wisconsin retirement board.

(end ins)