

Fiscal Estimate Narratives

RET 3/9/2005

LRB Number	05-1446/1	Introduction Number	AB-81	Estimate Type	Original
Subject					
Creditable military service for all military service under the Wisconsin Retirement System					

Assumptions Used in Arriving at Fiscal Estimate

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The Department Employee Trust Funds estimates that an additional 80 persons will apply for military service credit under this bill annually. It is assumed that these persons will receive an average of two years of military service credit.

In 2004, 7,050 persons retired from the Wisconsin Retirement System (WRS) with an average of approximately 25 years of service. Adding 160 hours of service under the bill would increase the total number of years of service claimed by .09%. The average WRS annuity of persons who retired in 2004 was \$26,144. Assuming that an increase of .09% in the total number of years of service claimed would equate approximately to an .09% increase in the dollar amount of annuities claimed by retirees in a given year, this bill is estimated to increase WRS expenses by \$166,000 annually. This amount would be added to the amount of required contributions to the WRS and would be reflected in contribution rates paid by WRS employers. Local government employers would pay 72% of this cost and the state would pay 28% of the cost.

Long-Range Fiscal Implications

Under current law, only military service performed prior to 1974 is eligible for WRS credit under the "5-20 year" military credit provision. Assuming a minimum military entry age of 18 and a maximum normal retirement age of 65, under current law the population eligible for military service crediting under this provision would be phased out of the WRS within 16 years, or by 2021. Under this bill, the population of eligible participants would continue indefinitely.