

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>15-3390/1</b>	<b>Introduction Number</b> <b>AB-0397</b>	
<b>Description</b> Increasing the minimum retirement age under the Wisconsin Retirement System		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS		
<b>Agency/Prepared By</b> ETF/ Tarna Hunter (608) 267-0908	<b>Authorized Signature</b> Pam Henning (608) 267-2929	<b>Date</b> 10/16/2015

## Fiscal Estimate Narratives

ETF 10/16/2015

LRB Number	<b>15-3390/1</b>	Introduction Number	<b>AB-0397</b>	Estimate Type	<b>Original</b>
<b>Description</b> Increasing the minimum retirement age under the Wisconsin Retirement System					

### Assumptions Used in Arriving at Fiscal Estimate

2015 AB 397 increases the minimum retirement age for all Wisconsin Retirement System (WRS) employees by two years.

- General employees, teachers, elected officials and executive employees are currently eligible to retire at age 55 with an age reduction factor. The bill would change the minimum retirement age for this group to age 57.
- Protective employees, such as police and firefighters, are currently eligible to retire at age 50 with an age reduction factor. The bill would change the minimum retirement age for this group to age 52.
- This change would only apply to WRS participants who are under age 40 on the effective date of the bill.

As of December 31, 2014, the WRS had 256,100 active (currently working) employees. Of these active employees, 83,674 (73,451 general category, 104 executive & elected category, 8,967 protective with social security category, 1,152 protective without social security category) were under age 40, and would be subject to the MRA change of the bill. This equals 32.67% of total active employees.

As of December 31, 2014, the WRS had 154,286 inactive employees (former employees who have not taken a benefit). Assuming that the demographics used above are the same for inactives, the Department estimates 50,405 inactive members would be subject to the minimum retirement age change in the bill.

ETF anticipates that there will be one-time administrative costs associated with this bill. ETF systems will need to be modified so that the subset of employees affected by this bill is identifiable and that the proper retirement and disability processes are developed and applied to them. It is estimated that staff training, publication and forms revisions, compliance, and other administrative functions will cost approximately \$151,580. The information technology systems changes are estimated to cost \$88,788.

ETF will be able to absorb on-going costs.

However, this fiscal estimate is based on current systems and staffing levels. The Department is in the process of replacing information technology systems. This may impact future costs of these changes.

Only administrative costs associated with this bill are included in this estimate. An estimate of the financial effect on the WRS Public Employee Trust Fund and benefits needs to be provided by the Joint Survey Committee on Retirement Systems.

### Long-Range Fiscal Implications