



## Fiscal Estimate Narratives

ETF 10/16/2015

LRB Number	15-3391/1	Introduction Number	AB-0398	Estimate Type	Original
<b>Description</b> Determination of final average earnings for the purpose of calculating Wisconsin Retirement System annuities					

### Assumptions Used in Arriving at Fiscal Estimate

2015 AB 398 changes the formula method for calculating a Wisconsin Retirement System (WRS) retirement benefit.

- Under current law, a formula benefit is based on the employee's final average earnings over the three highest years of earnings.
- Under the bill, a formula benefit would be based on the five highest years.
- This change would take effect five years after the effective date of 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 \$142,353. The information technology systems changes are estimated to cost \$126,788.

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 its benefits needs to be provided by the Joint Survey Committee on Retirement Systems.

### Long-Range Fiscal Implications