

Fiscal Estimate Narratives

ETF 10/16/2015

LRB Number	15-2270/1	Introduction Number	SB-329	Estimate Type	Original
Description Increasing the minimum retirement age under the Wisconsin Retirement System					

Assumptions Used in Arriving at Fiscal Estimate

SB 329 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

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Increasing the minimum retirement age under the Wisconsin Retirement System		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
\$240,368		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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