

## STATE OF WISCONSIN

### APPENDIX TO 2025 Assembly Bill 50/Senate Bill 45

#### REPORT OF JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

(Introduced by the Joint Committee on Finance by request of Governor Tony Evers.)

An Act relating to: state finances and appropriations, constituting the executive budget act of the 2025 Legislature.

### **PROVISIONS OF THE BILL THAT ARE THE SUBJECT OF THIS REPORT**

Section 13.50 (6) (a), Stats., requires that the Joint Survey Committee on Retirement Systems prepare a report on those provisions of any bill, and any amendments to the bill, that modify the system for, or make any provision for, the retirement of or payment of pensions to public officers or employees. The provisions of this bill that are the subject of this report are the following:

1. Rehired Annuitants. [SECTIONS 677 to 687, 2614, and 9113 (3) of 2025 Assembly Bill 50/Senate Bill 45.]
2. Office of the Marshals of the Supreme Court. [SECTIONS 398, 666, 669 to 671, 696, 2236, 3022, and 3171 of 2025 Assembly Bill 50/Senate Bill 45.]

These provisions are described below.

### **Rehired Annuitants**

#### **Description**

This provision of 2025 Assembly Bill 50/Senate Bill 45 modifies the current break-in-service and rehired annuitant requirements of the Wisconsin Retirement System (WRS).

Under **current law**, any WRS participant who retires on or after July 2, 2013, has a break-in-service requirement of 75 days between termination of employment and becoming a participating employee with a WRS employer. This separation from WRS employment must occur for an individual who applied for an annuity or lump sum payment to continue to qualify for an annuity or to retain the lump sum payment.

Also under current law, any WRS participant who retires on or after July 2, 2013, must suspend their annuity and become a participating WRS employee if they are employed in covered employment, or enter into a contract with a WRS employer, and are expected to work at least two-thirds of what is considered full-time employment by the Department of Employee Trust Funds (ETF).

**2025 Assembly Bill 50/Senate Bill 45** provides that a WRS participant who retires on or after the effective date of the bill would have a break-in-service requirement of 30 days between termination of employment and again working for a WRS employer (as an employee or contractor) to qualify for an annuity or lump sum payment.

The bill also provides that a rehired annuitant, including an annuitant who retired between July 2, 2013, and the effective date of the bill, could provide employee services without suspending annuity payments and without resuming participation in the WRS if: (1) at the time of terminating employment, the individual does not have an agreement to return to employment or enter into a contract with a WRS employer; and (2) the individual elects on a form provided by ETF to not become a participating WRS employee.

In addition, it provides that, no later than 60 days after the effective date of the bill, a WRS participant who already has a suspended annuity could make an irrevocable election to continue the suspension by notifying ETF on a form provided by the agency.

Finally, it eliminates obsolete statutory provisions relating to rehired annuitants hired in critical positions, which applied only during the public health emergency declared by the Governor on March 12, 2020.

### **Actuarial Effect**

Based on discussions with ETF staff who were in consultation with the WRS actuarial firm, these provisions will lead to higher costs to the fund over time that will not be detectable in an actuarial valuation.

The actuary indicated that moving to a shorter waiting period tends to encourage rehiring retirees, and therefore discourages the hiring of new people. They further explained that hiring retirees instead of new staff is detrimental to a retirement system because it tends to produce a smaller covered payroll leading to potential increased variation in percent of payroll costs that would be shared among all employers.

The actuary also indicated that decreasing the waiting period from 75 days to 30 days should make it easier for an employer and employee to agree to a rehire prior to retirement than under the current provision. The actuary explained that this impacts the WRS since an increased number of members are likely to separate from service, commence receiving an annuity, and accept employment with another participating employer than under current provisions if the proposed provision becomes law. The actuary indicated that the result will be annuities payable sooner than otherwise, and a reduction in the participant and employer contributions that WRS receives.

Lastly, the actuary indicated that the removal of participation and annuity suspension requirements that will permit continued receipt of the annuity during the return-to-work period will also increase WRS costs relative to the current provision.

### **Probable Costs**

Specific costs to the WRS are indeterminate as it is unclear how many participants would return to WRS employment under these provisions.

## **Office of the Marshals of the Supreme Court**

### **Description**

This provision of 2025 Assembly Bill 50/Senate Bill 45 creates an Office of the Marshals of the Supreme Court, consisting of eight law enforcement officer positions employed for the purpose of detecting and preventing crime and enforcing laws or ordinances, and two administrative staff positions. The law enforcement officer positions are classified as protective occupation positions and, as such, have a lower retirement age and higher percentage multiplier used to calculate their retirement annuities.

Under **current law**, the Wisconsin Supreme Court has utilized 1.6 GPR positions for a civilian marshal (1.0 GPR position) and a deputy marshal (0.6 GPR position). The positions are currently funded under the Supreme Court proceedings general program operations appropriation. [s. 20.680 (1) (a), Stats.]. The marshal has attended the public sittings of the Court and performed the duties assigned by the Chief Justice, the Supreme Court, and the Director of State Courts, while the deputy marshal has assisted in the marshal duties. Neither position currently has law enforcement powers.

**2025 Assembly Bill 50/Senate Bill 45** creates an office and provides the additional positions described above.

### **Actuarial Effect**

No material actuarial effect to the WRS is expected; however, the precise effect on the WRS may not be discerned without an actuarial study of the effects of the provision.

### **Probable Costs**

This provision is not expected to significantly increase costs to the WRS.

## **POLICY RECOMMENDATION**

The Joint Survey Committee on Retirement Systems finds that the provisions of 2025 Assembly Bill 50/Senate Bill 45, as they relate to the WRS, are not good public policy, by a vote of Ayes, 6; Noes, 4, on June 30, 2025.