

CR 83-105

CERTIFICATE

RECEIVED

STATE OF WISCONSIN)
)
DEPARTMENT OF EMPLOYE TRUST FUNDS) SS

NOV 9 1983
3:30 pm
Revisor of Statutes
Bureau

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Gary I. Gates, Secretary of the Department of Employee Trust Funds, and custodian of the official record do hereby certify that the annexed repealing, renumbering and amending of rules relating to disability annuities, annuity rates and actuarial assumptions for the Wisconsin Retirement System were duly approved by the Teachers Retirement Board, Wisconsin Retirement Board and Employee Trust Funds Board and adopted by this department on November 7, 1983.

I further certify that this copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I
have hereunto set my hand
at 201 East Washington Avenue,
in the City of Madison, this
8th day of November,
1983.

Gary I. Gates
Gary I. Gates, Secretary
Department of Employee Trust Funds

RECEIVED

ORDER OF THE DEPARTMENT OF EMPLOYE TRUST FUNDS
REPEALING, RENUMBERING AND AMENDING RULES

NOV 9 1983

Revisor of Statutes
Bureau

To repeal ch. ETF 6 and ETF 7.01 (1); and to renumber and amend ETF 7.01 (2) and 7.03 to 7.07; relating to disability annuities, annuity rates and actuarial assumptions for the Wisconsin Retirement System.

Analysis Prepared by the Department of Employee Trust Funds

This order, relating to Wisconsin Retirement System disability annuities, annuity rates and actuarial assumptions, is mostly housekeeping in nature to repeal rules which duplicate or conflict with statutes; and to renumber and amend rules to clarify language, correct statutory cites and place the rules within the newly created chapters ETF 10 and 20.

Section ETF 20.03 (1), as renumbered and amended, provides that an annuity applicant's age shall be determined to the nearest quarter year, rather than to the nearest month, for converting the normal form annuity to another option. This results in simplification of annuity factors to lessen the possibility of computation errors with minimal effects on benefit annuities. The average effect would be about 10¢.

These rules interpret ss. 40.02 (7), 40.03 (1) (b) and (2) (k) and (5) (b) and (5) (d), 40.05 (1) (a) 4, 40.23, 40.24 (4), 40.63 (9), 40.73 (2) and (3) and 40.74 (1), Stats.

Pursuant to the authority vested in the secretary of the department of employe trust funds by s. 40.03 (2) (i), Stats., the secretary of the department of employe trust funds hereby repeals, renumbers and amends rules interpreting ss. 40.02 (7), 40.03 (1) (b) and (2) (k) and (5) (b) and (5) (d), 40.05 (1) (a) 4, 40.23, 40.24 (4), 40.63 (9), 40.73 (2) and (3) and 40.74 (1), Stats., as follows:

SECTION 1. Chapter ETF 6 is repealed.

SECTION 2. Chapter ETF 7 (title), ETF 7.01 (title), ETF 7.03 (title) and ETF 7.06 (title) are repealed:

SECTION 3. ETF 7.01 (1) is repealed.

SECTION 4. ETF 7.01 (2), ETF 7.03 and ETF 7.06 are consolidated, renumbered ETF 20.03 and amended to read:

ETF 20.03 (1) For purposes of annuity computations, other than option conversion, an applicant's age shall be determined to the nearest month. For option conversion purposes, an applicant's age shall be determined to the nearest quarter year.

(2) For purposes of determining maximum benefits under ~~ss. 41.11(6), (e)-4, and (d)-4, 42.245(2)(b)-2, e, and (c)-2, and 42.78(2)(b)-2, and (e)-2, s. 40.23(2), Stats., and integrated benefits under ss. 41.11(7)(d), 41.15(4)(e), 42.242(2) and (2a), and 42.73(6) and (7) s. 40.24(4), Stats.,~~ the estimated ~~social-security~~ OASDHI benefit shall be based on the following:

(a) ~~The employe~~ It shall be assumed to have that the employe has been in a position covered under ~~social-security~~ OASDHI in all years from 1956, or if later, from the year after the year in which age 21 was attained, to the year of retirement or death, except that years in which earnings are reported under ~~s. 41.07(2)(a)-5, and (am)-4,~~ 40.05(1)(a) 4., Stats., shall be counted as zero.

(b) It shall be assumed that covered earnings increased from 1956, or if later, from the year after the year in which age 21 was attained, to the year of retirement or death at a rate determined by the actuary to reflect changes in the ~~social-security~~ OASDHI wage base and approximate average changes in earnings during such that time; ~~it shall be assumed also that the formula final rate of earnings or final average salary is equal to the earnings for the last full calendar year prior to retirement or death.~~

(c) The delayed retirement credit under federal social security ~~statutes~~ regulations shall be applied to each year after age 65 and up to age 72.

(d) Based upon the assumptions in ~~subs. (1), (2) and (3) above~~ pars. (a) to (c) and in accordance with the provisions of the federal social security act, the actuary shall prepare a table correlating the employe's age and ~~formula~~ final ~~rate of~~ average earnings ~~or final average salary~~ with a primary ~~social security~~ OASDHI benefit, adjusting the table as necessary to prevent, in most cases, assumed ~~social security~~ OASDHI benefits from exceeding actual ~~social security~~ OASDHI benefits.

(e) Notwithstanding ~~subs. (1) to (4)~~ pars. (a) to (d), if the applicant furnishes the official social security award certificate or a letter from the social security administration which shows that the retirement or disability benefit that is first payable from the ~~applicant's social security~~ participant's OASDHI account at the time of application for Wisconsin retirement system ~~retirement~~ benefits is or will be in a different amount, the amount certified by the social security administration shall be used in the benefit computation.

(3) The actuarial factors used in computing annuities for beneficiaries shall be the same as the factors used in computing retirement ~~benefits~~ annuities. For purposes of computing a beneficiary social security integrated annuity the ~~spouse's~~ beneficiary's estimated ~~social security~~ OASDHI benefit ~~at age 62~~ shall be ~~82.9% of~~ the primary ~~social security~~ OASDHI benefit amount determined for the ~~employe at age 65 in s. EFF-7.06 of this chapter~~ deceased participant pursuant to sub. (2).

SECTION 5. ETF 7.07 is renumbered ETF 10.15 and as renumbered is amended to read:

ETF 10.15 ANNUITY RESERVES. ~~Notwithstanding the previously stated assumptions in this chapter, the~~ The amounts credited to and the liabilities of the reserves for annuities granted shall be determined by the actuary on the basis of separate male-female experience ~~under the 1971 Group Annuity Mortality Table~~ with such adjustments as necessary, ~~including separate adjustments for different types of annuities,~~ to reflect actual and projected experience of members participants under the retirement ~~fund~~ system and not on the basis of the combined male-female experience used in individual benefit computations.

SECTION 6 ETF 20.03 (title) is created to read:

ETF 20.03 ANNUITY COMPUTATIONS

The rules, amendments and repeals contained in this order shall take effect as provided in s. 227.026 (1) (intro.), Stats.

November 8, 1983
Date

Gary I. Gates
Gary I. Gates, Secretary
Department of Employee Trust Funds

FISCAL ESTIMATE WORKSHEET

1983 Session

Detailed Estimate of Annual Fiscal Effect

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No. Ch. ETF 6 & 7	Amendment No.
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AD-MBA-22 (Rev. 11/82)

Subject

Wis. Retirement System annuities, rates and actuarial assumptions.

I. One-time Costs or Revenue Fluctuations for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs: Note: Treat fiscal costs like a "checkbook"; increased costs reduce available funds (-); decreased costs increase available funds (+).	Annualized fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
Salaries and Fringes	\$ -	\$ +
Staff Support Costs	-	+
Other State Costs	-	+
Local Assistance	-	+
Aids to Individuals or Organizations	-	+
TOTAL State Costs by Category	\$ - 0	\$ + 0
B. State Costs by Source of Funds		
GPR	\$ -	\$ +
FED	-	+
PRO PRS	-	+
SEG SEG S	-	+
C. FTE Position Changes	Increased Pos. + (0)	Decreased Pos. - (0)
III. State Revenues-Complete this only when proposal will increase or decrease state revenues, such as taxes, license fees, etc.	Decreased Rev.	Increased Rev.
GPR Taxes	\$ -	\$ +
GPR Earned	-	+
FED	-	+
PRO PRS	-	+
SEG:SEG S	-	+
TOTAL State Revenues	\$ - 0	\$ + 0

Net Annualized Fiscal Impact on State & Local Funds

State	Annual Increases	Annual Decreases	Local	Annual Increases	Annual Decreases
Total Costs	\$ -	\$ +	Total Costs	\$ -	\$ +
Total Revenues	+	-	Total Revenues	+	-
NET Impact on State Funds	\$ (+) or (-)	None	NET Impact on Local Funds	\$ (+) or (-)	None

Agency/Prepared by: (Name & Phone No.)

Diane M. Bass
 Dept. of Employee Trust Funds 266-5804

Authorized Signature/Telephone No.

Diane M. Bass 266-5804

Date

6/10/83

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Ch. ETF 6 & 7
Amendment No. if Applicable

Subject

Wis. Retirement System annuities, rates and actuarial assumptions.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation
or affects a sum sufficient appropriation.

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May Be Possible to Absorb
Within Agency's Budget Yes No
 Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

This proposed order is mostly housekeeping in nature to repeal rules which
conflict with or duplicate the statutes.

We expect there will be no fiscal effect.

Long-Range Fiscal Implications

None

Agency/Prepared by: (Name & Phone No.)

Diane M. Bass 266-5804
Dept. of Employe Trust Funds

Authorized Signature/Telephone No.

 266-5804

Date

6/10/83