

CR 83-90

CERTIFICATE

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

RECEIVED  
JAN 4 1984  
1:35 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 records do hereby certify that the annexed rule relating to adjusting annuities for equity after reentry into service under the Wisconsin Retirement System was duly approved by the Employee Trust Funds, Teachers Retirement and Wisconsin Retirement Boards and adopted by this department on January 3, 1984.

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 here unto set my hand at 201 East Washington Avenue, in the City of Madison, this 4 day of January, 1984.

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

3-1-84

ORDER OF THE DEPARTMENT OF EMPLOYEE TRUST FUNDS  
ADOPTING A RULE

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To create ETF 20.23 relating to adjusting annuities for equity after reentry into service under the Wisconsin Retirement System.

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Analysis Prepared by the Department of Employee Trust Funds

An annuitant whose annuity is terminated due to return to work under the Wisconsin Retirement System has the annuity recomputed when he or she subsequently retires. It is possible, for various reasons, that the value of a recomputed annuity might be less than that of the original annuity. The Employee Trust Funds Board has the authority, under s. 40.03 (1)(a), Stats., to adjust the computation of these annuities. The Board also has the authority under s. 40.03 (1)(L), Stats., to delegate any of its powers to the department. This rule alleviates the necessity of presenting every case to the Board by establishing a standard adjustment process for those cases which are most likely to occur. The department will continue to present to the Board any annuities which require adjustment and do not meet the criteria set forth in this rule.

Section ETF 20.23 (1) provides an adjusted "estimated social security benefit" which is required because the maximum initial retirement annuity under s. 40.23 (2), Stats., depends in part upon the participant's estimated social security benefit.

Section ETF 20.03 (2), cited in s. ETF 20.23 (1) (e), renumbers and amends s. ETF 7.06 relating to estimated social security benefits.

Section ETF 20.23 (2) ensures that a recomputed annuity will not be less than that earned by a participant at the end of his or her original service, plus any dividends declared on the fixed annuity component of the original annuity before the participant reentered covered service.

This rule interprets s. 40.26 (3), Stats.

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Pursuant to the authority vested in the employee trust funds board by s. 40.03 (1) (a) and (L), Stats., and the secretary of the department of employee trust funds by s. 40.03 (2)(i), Stats., the secretary of the department of employee trust funds hereby creates a rule interpreting s. 40.26 (3), Stats., as follows:

SECTION 1. ETF 20.23 is created to read:

ETF 20.23 ADJUSTING ANNUITIES FOR EQUITY AFTER REENTRY INTO SERVICE.

(1) Pursuant to s. 40.03 (1) (a), Stats., in determining the monthly amount of a recomputed annuity in the normal form under s. 40.26 (3), Stats., the applicant's estimated social security benefit shall not be greater than the amount determined by:

(a) Dividing the creditable service earned prior to the effective date of the prior annuity by the participant's total creditable service.

(b) Dividing the final average earnings determined for the new annuity computation by the final average earnings determined in computing the prior annuity.

(c) Multiplying the result in par. (a) times the result in par. (b) times the social security benefit amount used in determining the amount of the prior annuity.

(d) Dividing the creditable service earned since the effective date of the prior annuity by the participant's total creditable service.

(e) Multiplying the result in par. (d) times the social security benefit amount determined under s. ETF 20.03 (2) based on the participant's total service and earnings.

(f) Adding the amounts determined in par. (c) and (e).

(2) Pursuant to s. 40.03 (1) (a), Stats., the monthly amount of a recomputed annuity in the normal form under s. 40.26 (3), Stats., excluding any portion which on either the original or recomputed annuity was a variable annuity, shall not be less than the monthly amount of the original fixed annuity in the normal form increased by any dividends granted prior to termination of the original annuity,

(3) The board may review adjustments made under this section and may make other adjustments as necessary to prevent any inequity.

The rule contained in this order shall take effect as provided  
in s. 227.026 (1)(intro.), Stats.

January 4, 1984  
Date

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

ORIGINAL       UPDATED  
 CORRECTED       SUPPLEMENTAL

Subject

Adjusting annuities for equity after reentry into service under the Wis. Ret. System.

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

The Employe Trust Funds Board has the authority to adjust the computation of an annuity to prevent inequity when an annuitant returns to work and reretires. This proposed rule defines circumstances under which the Department of Employe Trust Funds will adjust the recomputed annuity in the normal form.

We expect there will be no significant fiscal effect.

Long-Range Fiscal Implications

None

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

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

Authorized Signature/Telephone No.

*Diane M. Bass*      266-5804

Date

8-23-83

FISCAL ESTIMATE WORKSHEET

1983 Session

Detailed Estimate of Annual Fiscal Effect

ORIGINAL  UPDATED  
 CORRECTED  SUPPLEMENTAL

Bill No. / Adm. Rule No.  
 S.B. 20.23 / ETF 20.23

Amendment No.

AD MBA 22 (Rev. 11/82)

Subject

Adjusting annuities for equity after reentry into service under the Wisconsin Retirement System

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

None

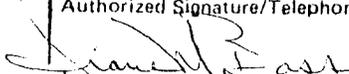
II. Annualized Costs: Note: Treat fiscal costs like a "checkbook": increased costs reduce available funds (-); decreased costs increase available funds (+).

	Annualized fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
Salaries and Fringes	\$ -	\$ +
Staff Support Costs	-	+
Other State Costs	-	+
Local Assistance	-	+
Aids to Individuals or Organizations	-	+
<b>TOTAL State Costs by Category</b>	\$ - 0	\$ + 0
<b>B. State Costs by Source of Funds</b>		
GPR	\$ -	\$ +
FED	-	+
PRO/PRS	-	+
SEG/SEG-S	-	+
<b>C. FTE Position Changes</b>	Increased Pos. + ( 0 )	Decreased Pos. - ( 0 )
<b>III. State Revenues</b> -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	-	+
<b>TOTAL State Revenues</b>	\$ - 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	+	-
<b>NET Impact on State Funds</b>	\$ (+) or (-)	None	<b>NET Impact on Local Funds</b>	\$ (+) or (-)	None

Agency/Prepared by: (Name & Phone No.)  
 Department of Employee Trust Funds  
 Diane M. Bass - 266-5804

Authorized Signature/Telephone No.  
 266-5804

Date  
 8/23/83



State of Wisconsin \ DEPARTMENT OF EMPLOYEE TRUST FUNDS

January 3, 1984

Gary I. Gates  
Secretary

201 EAST WASHINGTON AVENUE  
P.O. BOX 7931  
MADISON, WISCONSIN 53707

IN REPLY REFER TO:

Gary Poulson, Assistant  
Revisor of Statutes  
411 West, State Capitol  
Madison, WI 53702

RECEIVED

JAN 4 1984

Revisor of Statutes  
Bureau

Dear Gary

Re Clearinghouse Rule No. 83-154

Enclosed is a Certificate and two copies of an Order Adopting a Rule. A certified copy of this order has also been forwarded to the Secretary of State.

Sincerely

Diane M. Bass  
Board Coordinator  
(608) 266-5804

DMB/maj 1/g2