

CR 85-85

CERTIFICATE

RECEIVED

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

SEP 24 1985
2:50
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 rules relating to the reestablishment of creditable service and the purchase of qualifying service under the Wisconsin Retirement System were duly approved by the Employee Trust Funds, Wisconsin Retirement and Teachers Retirement Boards and adopted by this department on September 23, 1985.

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 24th day of September, 19 85.

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

11-1-85

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

To renumber ETF 20.16; to amend ETF 20.15 (1) and (4); to repeal and recreate ETF 20.15 (2); and to create ETF 20.16 (2) to (5), relating to the reestablishment of creditable service and the purchase of qualifying service under the Wisconsin Retirement System.

Analysis Prepared by the Department of Employee Trust Funds

Section ETF 20.15, and Sections 1 to 4 of the proposed rules, clarify the policies for reestablishing creditable service previously forfeited. Section ETF 20.16, and Sections 5 and 6 of the proposed rules, pertain to the provisions for purchasing up to 6 months of qualifying service served under the Wisconsin Retirement System.

SECTION 1 clarifies the annual earnings period to use when calculating the amount due. This will enable the computation to be based on the most recent full year's earnings for which the department has records and will thereby require fewer adjustments.

SECTION 2 provides that an applicant will always have at least 30 days to submit payment without incurring additional interest charges and provides that if it will result in an increased benefit, the balance outstanding to repurchase creditable service will be subtracted from the death benefit, which has been increased by the repurchased creditable service, if the applicant dies before making all the installment payments.

SECTION 3 provides that installments are due on June 30 for teachers who apply to reestablish creditable service after the effective date of this rule.

SECTION 4 gives the applicant the option of withdrawing the application without prejudice if the department notifies the applicant that the actual amount due is greater than the estimate provided.

SECTION 5 is merely housekeeping to renumber a rule.

SECTION 6 clarifies the earnings to be used in the calculation to determine the amount payable to purchase qualifying service; deems the application received date to be the first day of the annual earnings period, allowing the department to use the most current earnings reported and requiring fewer adjustments; ensures that an applicant always has at least 30 days to submit the application and amount payable without incurring an additional amount due; and allows the applicant to withdraw the application without prejudice if the actual amount due is greater than the estimate provided by the department.

These rules have no impact on small businesses.

These rules interpret ss. 40.02 (17) (b) and 40.25 (6), 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 rennumbers, rennumbers and amends, amends, repeals and recreates, and creates rules interpreting ss. 40.02 (17) (b) and 40.25 (6), Stats., as follows:

SECTION 1. ETF 20.15 (1) is amended to read:

ETF 20.15 COMPUTATION FOR REESTABLISHMENT OF CREDITABLE SERVICE FORFEITED.

~~(1) The payment to reestablish creditable service as provided in s. 40.25 (6), Stats., shall be based on the earnings in effect at the time of application multiplied by 12 times the creditable service to be reestablished and the participating employe's statutory contribution on earnings under s. 40.05 (1) (a), Stats.~~ For purposes of reestablishing creditable service as provided in s. 40.25 (6) (a) 3, Stats., the application received date is deemed to be the first day of the annual earnings period in which it is received. In cases where the service to be reestablished was earned in more than one employment category separate calculations shall be done for each period of service using the statutory contribution under s. 40.05 (1) (a), Stats., for each employment category.

SECTION 2. ETF 20.15 (2) is repealed and recreated to read:

ETF 20.15 (2) Upon making application, the amount payable shall be due as follows:

(d) Failure to pay the installments as due shall result in notification by the department of the past due installment. If within 30 days from the date of the notification the past due amount is not received or the department is not advised in writing by the employe of eligibility under sub. (4), and eligibility under sub. (4) is subsequently certified by the employer, all amounts previously paid plus any interest credited to the amounts shall be refunded as provided in s. 40.08(6), Stats., and the application to reestablish the forfeited service shall be cancelled.

(e) If the department notifies the applicant that the payment or first installment accompanying the application is insufficient, the additional amount payable shall be due within 30 days from the date of the department's notice.

(f) If a benefit application is received by the department, any unpaid balance, including prorated interest on that balance from the last regular installment date, shall be due within 30 days after the benefit application is effective. Failure to pay the amount due within 30 days after the benefit application is effective shall result in the department refunding any amounts previously received as provided in s. 40.08 (6), Stats., and the application to reestablish the forfeited service shall be cancelled.

(g) If the participant dies prior to repayment of all installments due under this subsection, and the department determines that after deducting the unpaid balance the benefit available under s. 40.25 (6), Stats., would be greater if the previously forfeited creditable service had been fully reestablished than the value of the benefit without reestablishing the creditable service previously forfeited, the department shall deduct any unpaid balance due under this subsection from the benefit payable under s. 40.25 (6),

Stats., prior to approval of the benefit application; otherwise the installments already received shall be refunded with the death benefit as provided in s. 40.08 (6), Stats.

SECTION 3. ETF 20.15 (4) is amended to read:

(4) (a) If a participant fails to pay an installment, as required by sub. (2) (b) to (d), to reestablish credits under s. 40.25 (6), Stats., the application shall not be cancelled if failure to pay is due to an involuntary leave of absence or is due to a discharge or removal from the employe's covered employment and the employe exercises a right to appeal within 30 days of the discharge or removal. The involuntary leave of absence, or the discharge, or removal must have had a duration of at least 90 calendar days at the time the installment is first due. The past due installment plus interest ~~will~~ shall be deferred until the following June 30 for teachers who applied to reestablish creditable service on or after November 1, 1985, or December 31 for non-teachers at which time both the deferred installment and any other installment regularly due on that date shall be payable. Failure to pay the deferred installment ~~will~~ shall result in cancellation of the application to reestablish forfeited service and all amounts previously paid plus interest credited to the ~~amounts~~ account shall be refunded as provided in s. 40.08(6), Stats.

SECTION 4. ETF 20.15 (4) (b) is created to read:

ETF 20.15 (4) (b) If the actual amount due under sub. (2) (e) is greater than the estimate provided the applicant by the department, the applicant shall have the option of withdrawing the application without prejudice, in which case

any amounts previously received by the department shall be refunded as provided in s. 40.08 (6), Stats.

SECTION 5. ETF 20.16 is renumbered ETF 20.16 (1).

SECTION 6. ETF 20.16 (2) to (5) are created to read:

ETF 20.16 (2) The payment to purchase qualifying service as provided in s. 40.02 (17) (b), Stats., shall be based on the applicant's highest earnings in a single annual earnings period at the time the application is received. The earnings shall be annualized prior to calculating the amount due from an applicant who worked less than full-time as defined in s. ETF 10.03 (3) or had less than a full year of service reported. For purposes of this section, the application received date is deemed to be the first day of the annual earnings period in which it is received. In cases where the applicant has service credited in more than one employment category, the service shall be credited to the employment category in effect at the time the service originally would have been credited.

(3) The amount payable shall accompany the application and shall be deemed to be received within the preceding annual earnings period if received within the first month after the end of an annual earnings period.

(4) If the department notifies the applicant that the payment accompanying the application is insufficient, the additional amount payable shall be due within 30 days from the date of the department's notice. If the actual amount due is greater than the estimate provided the applicant by the department, the

applicant shall have the option of withdrawing the application without prejudice.

(5) Except as provided in sub. (4), application to purchase qualifying service as provided under s. 40.02 (17) (b), Stats., shall be accepted only once from a participant.

NOTE: Section ETF 20.16 requires a form which is available at no charge by contacting the Department of Employee Trust Funds, P.O. Box 7930, Madison, WI 53707.

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

Sept. 24, 1985
Date

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

FISCAL ESTIMATE
AD-MBA-23 (Rev. 11/84)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
ETF 20.15 & 20.16
Amendment No. if Applicable

Subject
Reestablishment of creditable service and qualifying period under the WRS.

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 proposed amendments and additions to ss. ETF 20.15 and ETF 20.16 provide clarification and additional flexibility to a participant who is purchasing creditable service previously forfeited or buying qualifying service under the Wisconsin Retirement System. It is not anticipated that these types of changes will have any fiscal effect.

In addition to the general changes mentioned above, the amendments provide that a participant will always have at least 30 days from the date a payment is due or a payment notice is mailed to submit that payment. The savings in administrative costs to send late notices, answer inquiries regarding the short notice of payments due, and to delete participants who are delinquent with their payments from the repurchase of service program is expected to offset any small amount of interest lost by extending the due date slightly. We therefore expect any fiscal effect to be negligible.

Long-Range Fiscal Implications

None

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

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

Authorized Signature/Telephone No.

Diane M. Bass 266-5804

Date

3/7/85



State of Wisconsin \ DEPARTMENT OF EMPLOYEE TRUST FUNDS

September 23, 1985

Gary I. Gates
Secretary201 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

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Dear Gary:

Re: Clearinghouse Rule No. 85-85

Enclosed is a Certificate and two copies of an Order Renumbering, Amending, Repealing, Recreating and Creating Rules. A certified copy of this order has also been forwarded to the Secretary of State.

Sincerely,

A handwritten signature in cursive script that reads "Diane M. Bass".

Diane M. Bass
Policy Analyst
(608) 266-5804

DB/abc Md2