

Chapter ETF 20

WISCONSIN RETIREMENT SYSTEM

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ETF 20.01 Actuarial estimate charges. (1) Before submitting a resolution to become a participating employer under the Wisconsin retirement system, an employer, as defined in s. 40.02 (28), Stats., may obtain, upon written request to the department and the payment of a fee of \$50.00 if more than 10 employes or \$25.00 if 10 employes or less, an actuarial determination of its estimated prior service liability. The employer shall supply the data with respect to its employes in accordance with instructions from the department.

(2) The determination of the prior service liability shall be furnished without charge to any employer which has submitted a resolution for inclusion under the Wisconsin retirement system.

(3) The secretary of the department is authorized to set the rates for special actuarial studies or estimates requested by state agencies, local units of government, or other organizations when in the secretary's judgment it is feasible and appropriate to perform the studies.

History: Emerg. eff. 6-30-77; cr. Register, November, 1977, No. 263, eff. 12-1-77; renum. from ETF 4.03 and am., Register, December, 1982, No. 324, eff. 1-1-83.

ETF 20.015 Participating employes. Only a person classified as a teacher under s. 40.02 (55), Stats., who is employed with the expectation that there will be at least 440 hours of actual performance of duty during an annual earnings period with that employer shall be deemed to be employed one-third of what is considered full-time employment with that employer and thereby meet the 600 hour requirement of s. 40.22 (1) (b) and (2), Stats.

History: Cr. Register, January, 1985, No. 349, eff. 2-1-85.

ETF 20.02 Continued employment with a participating employer. A participant to whom a retirement annuity is payable under s. 40.23, Stats., and who is subsequently employed by any participating employer and does not otherwise satisfy the requirements of s. 40.22 (1), Stats., shall not be considered to be a continuing participating employe for purposes of s. 40.22 (2), Stats.

History: Emerg. cr. eff. 7-1-83; cr. Register, October, 1983, No. 334, eff. 11-1-83.

ETF 20.03 Annuity computations. (1) For purposes of annuity computations, other than option conversion, an applicant's age shall be deter-

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mined 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 s. 40.23 (2), Stats., and integrated benefits under s. 40.24 (4), Stats., the estimated OASDHI benefit shall be based on the following:

(a) It shall be assumed that the employe has been in a position covered under 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. 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 OASDHI wage base and approximate average changes in earnings during that time.

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

(d) Based upon the assumptions in 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 final average earnings with a primary OASDHI benefit, adjusting the table as necessary to prevent, in most cases, assumed OASDHI benefits from exceeding actual OASDHI benefits.

(e) Notwithstanding 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 participant's OASDHI account at the time of application for Wisconsin retirement system 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 annuities. For purposes of computing a beneficiary social security integrated annuity the beneficiary's estimated OASDHI benefit shall be the primary OASDHI benefit amount determined for the deceased participant pursuant to sub. (2).

History: Renum. from ETF 7.01 (2), 7.03 and 7.06 and am. Register, December, 1983, No. 336, eff. 1-1-84.

ETF 20.04 Optional forms of annuity. Pursuant to s. 40.24, Stats., a participant may elect one of the optional annuity forms prescribed in sub. (1) or (2) in lieu of a statutory option:

(1) A joint survivorship annuity with payments reduced 25% upon the death of the participant or the one beneficiary who was designated by the participant in the original application for an annuity.

(2) An annuity payable under sub. (1) plus a social security integrated annuity as determined under s. 40.24 (4), Stats.

History: Cr. Register, November, 1982, No. 323, eff. 12-1-82.
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ETF 20.05 Annuity options integrated with social security. (1) A participant or beneficiary shall not be eligible for the social security integrated annuity if the reduced annuity payable for life under s. 40.24 (4), Stats., or s. ETF 20.04 would be less than \$25.00 per month for a benefit with an effective date in calendar year 1982 or, for a benefit with an effective date in a subsequent calendar year, the monthly amount applied under this section for the previous calendar year increased by the salary index, as defined in s. 40.02 (52), Stats., ignoring fractions of the dollar.

(2) Pursuant to s. 40.03 (2) (k), Stats., the department will assume that the primary OASDHI benefit, as defined in s. 40.02 (44), Stats., for a person eligible to receive a beneficiary annuity and selecting an option payable under s. 40.24 (4), Stats., will be based on the work record of the participant from whose account the benefit is being paid.

History: Cr. Register, June, 1979, No. 282, eff. 1-1-80; cr. (2), (1) renum. from ETF 7.02 (1) and am., Register, November, 1982, No. 323, eff. 12-1-82.

ETF 20.055 Spouse's signature on an annuity application. Documentation of inability to obtain a spouse's signature on an annuity application as required under s. 40.24 (7) (a), Stats., shall be accepted for the following reasons only:

(1) The spouse is incompetent as defined under s. 880.01 (4), Stats., and a copy of the court order appointing the spouse's guardian is submitted to the department, except guardianship papers are not required when payment is a single sum benefit payable under s. 40.25 (1), Stats. The guardian's signature shall be required on the annuity application in lieu of the spouse's signature if the participant chooses an annuity option other than an option specified under s. 40.24 (7) (a), Stats.; or

(2) The participant certifies, on a form provided by the department, that the participant does not now know and has not known the whereabouts of the spouse for at least the 90 days immediately prior to the date the application is signed.

Note: Section ETF 20.055 (2) requires forms which are available at no cost by contacting the Department of Employee Trust Funds, P.O. Box 7930, Madison, WI 53707.

History: Cr. Register, September, 1986, No. 369, eff. 10-1-86.

ETF 20.06 Early retirement reduction factors. Pursuant to s. 40.23 (2), Stats., this section applies only to participants who are not participating employees after March 9, 1984. In computing a formula annuity in the normal form beginning prior to the normal retirement date of a participant, there shall be a .5% reduction for each month the participant's age is under 65 but at least 60 and a .4% reduction for each month the participant's age is under 60.

History: Cr. Register, June, 1979, No. 282, eff. 1-1-80; renum. from ETF 7.02 (2), Register, November, 1982, No. 323, eff. 12-1-82; am. Register, March, 1986, No. 363, eff. 4-1-86.

ETF 20.15 Computation for reestablishment of creditable service forfeited. (1) 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.

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

(a) If the creditable service being reestablished is 2 or less years the amount payable shall accompany the application. The application and amount payable 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.

(b) If the creditable service being reestablished exceeds 2 years, the amount payable may be divided into 5 equal annual installments. The first installment shall accompany the application. Subsequent installments shall be received by the department on or before the last day of the annual earnings period, June 30 for teachers applying to reestablish creditable service on or after November 1, 1985 and December 31 for non-teachers, or 30 days from the date of the billing by the department, whichever is later. Payment received within 30 days of the date of billing, but later than the last day of the annual earnings period, shall be deemed received within the preceding annual earnings period.

(c) Interest shall be added to each installment after the first installment and shall be paid in full each year. The interest shall be calculated at the most recently established fixed effective rate as defined in s. 40.02 (23) (a), Stats., on the unpaid principal balance outstanding on the prior January 1 for non-teachers or the prior July 1 for teachers. The participant may prepay any or all installments at the time the regular annual installment payment is made. Paying more than the required installment shall reduce the amount of the last installment due. Interest at the most recently established effective rate shall be prorated monthly on the balance remaining after payments made prior to the month of December for non-teachers or the month of June for teachers.

(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.

(3) Except as provided in sub. (4), application to reestablish credits under s. 40.25 (6), Stats., shall be accepted only once for a participant unless the participant receives a subsequent separation benefit, a retirement annuity under s. 40.23, Stats., or s. 40.24, Stats., or a lump sum payment under s. 40.25 (1), Stats., and reapplies under the provisions of s. 40.25 (6), Stats.

(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, 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 shall be deferred until the following June 30 for teachers who applied to reestablish creditable service on or after November 1, 1985 or December

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