

**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 employee 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, except as provided in par. (em), shall be due no later than 30 days from the date of the department's notice.

(em) Any amount due as a result of the actual amount of repurchase being greater than the estimate provided shall be deducted from the applicant's annuity, if an annuity is being paid, when the final repurchase calculation is complete. Notification of such deduction shall be provided to the applicant and the option of withdrawal provided under sub. (4) (b) shall still be available.

(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 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 shall result in cancellation of the application to reestablish forfeited service and all amounts previously paid plus interest credited to the account shall be refunded as provided in s. 40.08 (6), Stats.

(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. If withdrawal of the application is desired, the applicant shall notify the department no later than 30 days from the date of the department's notice of the actual amount due, and any amounts previously received by the department shall be refunded as provided in s. 40.08 (6), Stats.

Note: Section ETF 20.15 requires a form which is available at no charge by contacting the Department of Employee Trust Funds.

History: Emerg. cr. eff. 1-1-82; cr. Register, June, 1982, No. 318, eff. 7-1-82; renun. from ETF 9.01 and am. (2) and (3), cr. (4), Register, March, 1983, No. 327, eff. 4-1-83; am. (1) and (4), r. and recr. (2), cr. (4) (b), Register, October, 1985, No. 358, eff. 11-1-85; am. (2) (e) and (4) (b), cr. (2) (em), Register, March, 1987, No. 375, eff. 4-1-87.

**ETF 20.16 Credit for service during qualifying period.** (1) If a participating employe has previously received a separation benefit, and the employe has reestablished the maximum possible forfeited creditable service under s. 40.25 (6), Stats., the employe may receive credit for service during any qualifying period if otherwise eligible under s. 40.02 (17) (b), Stats.

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(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, except as provided in sub. (4m), shall be due no later than 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. If withdrawal of the application is desired, the applicant shall notify the department no later than 30 days from the date of the department's notice of the actual amount due, and any amounts previously received by the department shall be refunded as provided in s. 40.08 (6), Stats.

(4m) Any amount due as a result of the actual cost being greater than the estimate provided shall be deducted from the applicant's annuity, if an annuity is being paid, when the final calculation is complete. Notification of such deduction shall be provided to the applicant and the option of the withdrawal provided under sub. (4) shall still be available.

(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.

History: Emerg. cr. eff. 2-19-82; cr. Register, June, 1982, No. 318, eff. 7-1-82; renum. from ETF 9.02 and am., Register, March, 1983, No. 327, eff. 4-1-83; renum. to be (1), cr. (2) to (5), Register, October, 1985, No. 358, eff. 11-1-85; am. (4), cr. (4m), Register, March, 1987, No. 375, eff. 4-1-87.

**ETF 20.20 Cancellation of retirement annuity and separation applications.**

(1) Any separation, retirement or lump sum payment application cancelled pursuant to this section shall have no force or effect, and any subsequent application shall be treated as a new application. A written request to cancel an application under sub. (3) (a) or (4) shall be accompanied by repayment of any check issued pursuant to the application.

(2) A written request to cancel an application under this section which is due on a Saturday, Sunday or holiday when the state offices are closed shall be timely if received in the department the next working day.

(3) An application for a separation benefit under s. 40.25 (2), Stats., shall be cancelled if:

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(a) The applicant's written request for cancellation is received by the department within 30 days after the application was received by the department.

(b) The applicant becomes a participating employe within 30 days after the application was received by the department.

(c) The applicant dies prior to the date of the separation benefit check.

(4) An application for a retirement annuity under s. 40.23 or 40.24, Stats., or s. ETF 20.04, or a lump sum payment under s. 40.25 (1), Stats., shall be cancelled if the participant's written request for cancellation is received by the department within 30 days after the application was received by the department or within 30 days after the annuity effective date, whichever is later.

History: Cr. Register, April, 1983, No. 328, eff. 5-1-83.

**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 pars. (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.

History: Cr. Register, February, 1984, No. 338, eff. 3-1-84.

**ETF 20.25 Fixed and variable annuity changes.** Annuity changes shall be made as follows:

(1) A fixed annuity dividend, as recommended by the actuary and approved by the chair of the employe trust funds board and the department's secretary, shall be distributed based on each December 31 valua-

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tion as specified in s. 40.27 (2), Stats. The dividend shall be effective on the April 1 following the valuation date and shall apply to fixed annuities effective on or prior to the date of the valuation. As authorized under s. 40.27 (2) (b), Stats., different percentages shall be determined for annuities effective for less than a full year on the valuation date. The percentages shall be determined by multiplying the number of full months the annuity was in force times the percentage change applicable to annuities effective for the full year, dividing the result by 12 and rounding the answer to the nearest tenth of a percent. No increase shall be applied to any annuity for which the resulting increase would be less than one percent.

(2) Variable annuity changes, as recommended by the actuary and approved by the secretary, shall be made based on each December 31 valuation as specified in s. 40.28 (2), Stats. The changes shall be effective on the April 1 following the valuation and shall apply to variable annuities effective on or prior to the date of the valuation, regardless of whether the annuity becomes a fixed annuity in the following year.

History: Cr. Register, November, 1957, No. 23, eff. 12-31-57; r. and recr. Register, December, 1976, No. 252, eff. 1-1-77; renum. from Ret 8.05 (2) and am., Register, January, 1983, No. 325, eff. 2-1-83; emerg. r. and recr. eff. 1-1-84; r. and recr. Register, April, 1984, No. 340, eff. 5-1-84.