

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 employees or \$25.00 if 10 employees or less, an actuarial determination of its estimated prior service liability. The employer shall supply the data with respect to its employees 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 employees: one-third of full-time employment.

(1) **NON-TEACHERS.** Except as provided in sub. (2), for purposes of s. 40.22, Stats., 600 hours of employment with an employer in one year is considered one-third of full-time employment.

(2) **TEACHERS.** For an employee classified as a teacher under s. 40.02 (55), Stats., for purposes of s. 40.22, Stats., 440 hours of employment with an employer in one year is considered one-third of full-time employment.

(3) **YEAR.** For purposes of this section "year" means 365 consecutive calendar years, or 366 consecutive calendar days if the period measured includes February 29.

History: Cr. Register, January, 1985, No. 349, eff. 2-1-85; r. and recr. Register, September, 1992, No. 441, eff. 10-1-92.

ETF 20.016 Student employees. (1) As provided in s. 40.22 (2) (gm), Stats., a participating employer may not include under the provisions of the Wisconsin retirement system an employee first hired on or after April 23, 1992, if the employee is under the age of 20 and is regularly enrolled or

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expected to be enrolled as a full-time student in a public, private, or parochial elementary or high school as defined in s. 118.257 (1) (d), Stats.

(2) For purposes of this section, an employe who is not enrolled in school is expected to be regularly enrolled as a full-time student in a school included under s. 118.257 (1) (d), Stats., if all of the following apply:

(a) The employe is under age 20 and has not received a high school diploma or a general equivalency diploma;

(b) The employe was enrolled in a school included under s. 118.257 (1) (d), Stats., during the immediately prior regular semester;

(c) The employe has not notified the employer, as provided in sub. (3) (c), that he or she does not intend to enroll as a full-time student in a school included under s. 118.257 (1) (d) during the next regular semester.

(3) An employe who is excluded from participation in the Wisconsin retirement system by s. 40.22 (2) (gm), Stats., shall become eligible for participation, subject to s. 40.22 (2) and (2m), Stats., as if he or she had been initially hired on the earliest of the following dates:

(a) The date the employe attains age 20;

(b) The employe's first working day following the date the employe completes all requirements for a high school diploma;

(c) The employe's first working day following the date the employe notifies the employer that he or she has ceased to be enrolled, and does not expect to be enrolled during the next regular semester, as a full-time student in a school included under s. 118.257 (1) (d), Stats. The written statement of the employe or, if the employe is under age 18, of the employe's parent or guardian shall be sufficient to establish that the employe has left school and does not intend to return in the next semester. If the employe intends to continue as a part-time student only, he or she may establish this fact by submitting to the employer a written certification from the principal of the school in which the student is enrolled. The definition of full-time student shall be that of the school in which the student is enrolled.

History: Cr. Register, October, 1992, No. 442, eff. 11-1-92.

ETF 20.02 Re-hired annuitants. (1) In this section, "re-hired annuitant" means a participant to whom a retirement annuity is payable under s. 40.23, Stats., who was separated from all employment meeting the qualifications for inclusion under the Wisconsin retirement system specified in s. 40.22, Stats., on the date he or she became an annuitant, and who is employed by a participating employer after becoming an annuitant.

(2) A person is deemed to become an annuitant for purposes of s. 40.22 (2) (L), Stats., on the annuity effective date.

(3) (a) The department shall include a re-hired annuitant under the provisions of the Wisconsin retirement system as a participating employe if all of the following conditions apply:

1. The re-hired annuitant is employed in a position which meets the requirements for participation specified in s. 40.22, Stats.;

2. The re-hired annuitant exceeds the earnings limit specified in s. 40.26 (1) (a), Stats., during his or her annual earnings period;

3. The re-hired annuitant files with the department a written election to be included under the provisions of the Wisconsin retirement system as a participating employe. The election shall be on a form provided by the department and shall include employer certification of the date on which the earnings limit was exceeded.

(b) A re-hired annuitant may not file an election earlier than the date on which the earnings limit was exceeded or later than 31 days after the last day of the annual earnings period in which the earnings limit was exceeded. A re-hired annuitant who does not file an election when eligible shall subsequently qualify to file an election by meeting the requirements of par. (a) 1 and 2 in a subsequent annual earnings period.

(c) An election filed pursuant to par. (a) shall take effect on the first day of the month following its receipt by the department. The department shall terminate the annuity on the day prior to the effective date of the election, unless the department receives the re-hired annuitant's written notice revoking the election prior to the effective date of the election.

(4) The department may not consider a re-hired annuitant as a continuing participating employe for purposes of s. 40.22 (3m), Stats., unless the employe meets the requirements to become a participating employe as provided in ss. 40.22 and 40.26 (1), Stats.

(5) A re-hired annuitant whose annuity has not been terminated as provided in s. 40.26 (1), Stats., is ineligible for inclusion as a participating employe pursuant to s. 40.22 (2) (L), Stats., and is not subject to the 30-day separation requirement in s. 40.23 (1) (a) 1, Stats.

Note: A re-hired annuitant or employer may secure a copy of the election form required by s. ETF 20.02 at no charge by contacting the department of employe trust funds and asking for form ET-2319.

History: Emerg. cr. eff. 7-1-83; cr. Register, October, 1983, No. 334, eff. 11-1-83; r. and recr. Register, October, 1992, No. 442, eff. 11-1-92.

ETF 20.03 Annuity computations. (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 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 from the year in which age 30 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 not be counted.

(b) It shall be assumed that covered earnings increased from the year in which age 30 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.

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(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; r. and recr. (2) (a) and (b), Register, December, 1990, No. 420, eff. 1-1-91.

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 this section in lieu of an option prescribed under s. 40.24, Stats.:

(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) (a) A joint survivorship annuity payable for the life of the annuitant, with a guarantee period of at least 180 monthly payments, and after the death of the annuitant continued at 100% for the life of the one beneficiary who was designated by the participant as the joint survivor in the original application for the annuity.

(b) The participant may name a secondary beneficiary or beneficiaries to receive the balance of payments due in the event of the death of both the participant and named joint survivor before 180 monthly payments have been made.

(c) The participant, or in the event of the death of the participant, the named joint survivor, may at any time change the designation of the secondary beneficiary.

(d) In the event of the death of the joint survivor who is receiving continued benefits after the death of the participant, but prior to payment of 180 monthly benefits, the remainder of the 180 monthly payments shall continue to the secondary beneficiary, or in the absence of a secondary beneficiary or the death of the secondary beneficiary prior to the death of the joint survivor, payment shall be made under the joint survivor's standard sequence as set forth in s. 40.02 (8) (a) 2, Stats.

(e) In the event of the death of the joint survivor prior to the death of the participant, the remainder of the 180 monthly payments shall continue to the secondary beneficiary, or in the absence of a secondary beneficiary designation or the death of the secondary beneficiary prior to the

death of the participant, payment shall be made under the participant's standard sequence as set forth in s. 40.02 (8) (a) 2, Stats.

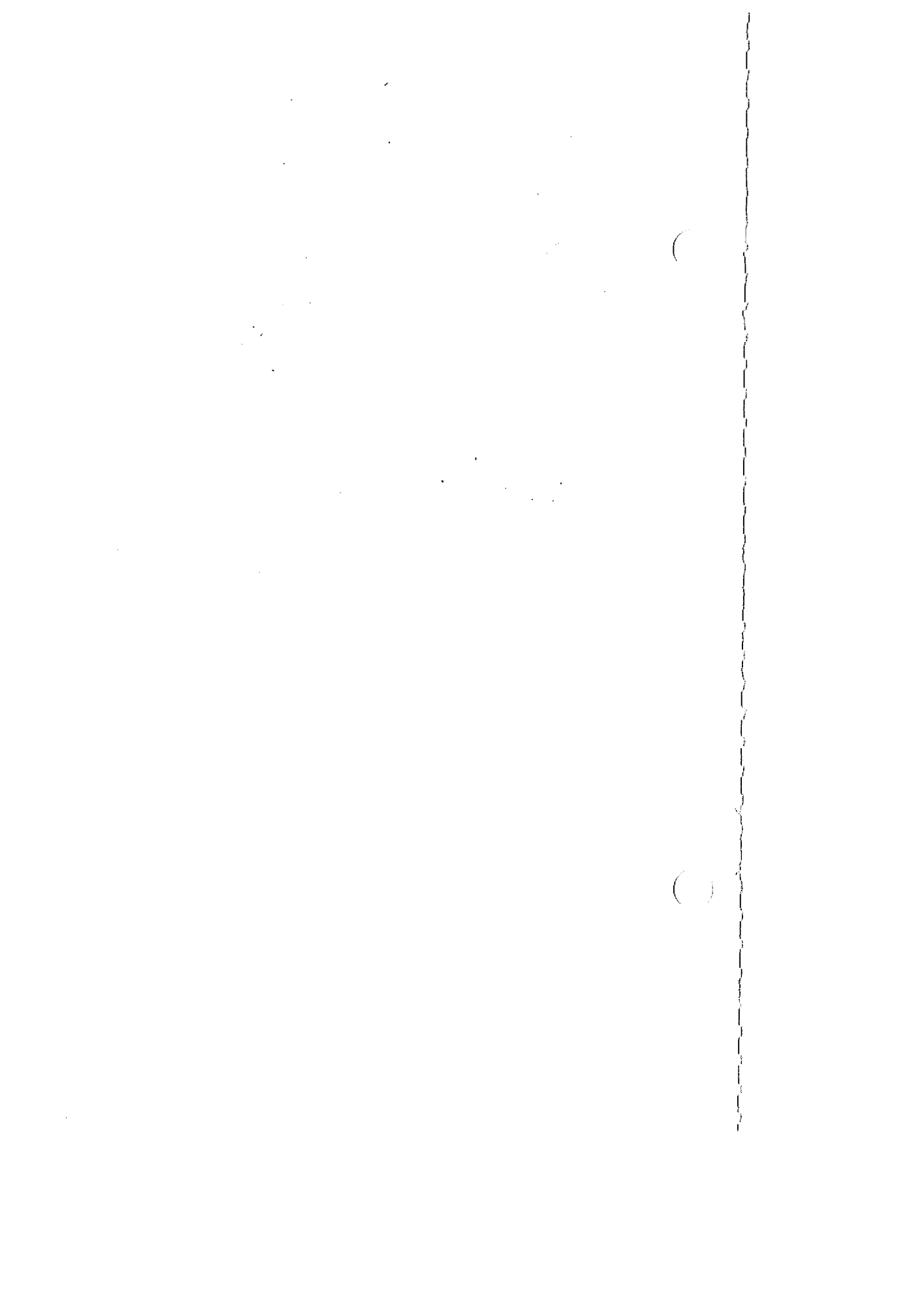
(f) In the event of the death of the secondary beneficiary after becoming entitled to receive monthly payments but before receipt of the remainder of the guaranteed 180 monthly payments, the then present value of the annuity shall be paid, in lieu of the continuation of monthly payments, pursuant to s. 40.73 (2) (b) 3, Stats., as a death benefit to the secondary beneficiary's named beneficiary, or in the absence of a beneficiary designation or the death of the secondary beneficiary's named beneficiary prior to the death of the secondary beneficiary, the then present value of the annuity shall be paid under the secondary beneficiary's standard sequence as set forth in s. 40.02 (8) (a) 2, Stats.

(g) In the event of the death of both the joint survivor and secondary beneficiary prior to being entitled to receive benefits, the remaining monthly payments shall continue pursuant to the participant's standard sequence as set forth under s. 40.02 (8) (a) 2, Stats., if the participant's death occurs before 180 monthly payments have been made.

(3) An annuity payable under sub. (1) or (2) 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; am. (intro.), renum. (2) to be (3) and am., cr. (2), Register, May, 1987, No. 377, eff. 11-1-87.

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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) Application to reestablish credits under s. 40.25 (6), Stats., shall be accepted only once for a participant unless:

(a) The previous application has been canceled or withdrawn as provided in sub. (4);

(b) The participant receives a subsequent separation benefit, a retirement annuity under s. 40.23 or 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; or

(c) The participant, after re-establishing forfeited service, becomes newly eligible to purchase additional forfeited service under a statute which became effective after the last application was provided by the department. However, only the newly authorized service shall be available for purchase, and the total service re-established by all purchases shall not exceed the limits specified in s. 40.25 (6) (a) 2., 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 employee's covered employment and the employee 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.

(5) Payment by installments for reestablished credits shall not be available to any participant whose application is actually received by the

department on or after October 1, 1992, notwithstanding the deemed application receipt date specified in sub. (1). The provisions of this section regarding installment payments shall continue to apply to those repurchases for which an installment payment was made prior to October 1, 1992, until that repurchase is completed or terminated pursuant to sub. (4).

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; renum. 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; am. (3), cr. (5), Register, October, 1992, No. 442, eff. 11-1-92.

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.

(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.

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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) or (2m), Stats., shall be cancelled if:

(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; am. (3) (Intro.), Register, October, 1992, No. 442, eff. 11-1-92.

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.

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(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 valuation 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.

ETF 20.30 Annuity underpayments. Pursuant to s. 40.08 (7) (c), Stats., if an annuity under s. 40.23, 40.24, 40.63, or 40.73, Stats., is underpaid by more than \$2 per month, and if the underpayment continues for 12 or more monthly payments, the payment to the annuitant to correct the underpayment shall include interest equal to 0.4% of the cumulative underpayment amount multiplied by the number of monthly payments in which the annuity was underpaid.

History: Cr. Register, October, 1992, No. 442, eff. 11-1-92.