



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-0414/P1
MIM:emw

DOA:.....Sherwin, BB0014 - ETF earnings allocations

FOR 2023-2025 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

ADMINISTRATIVE CHANGES

Trust funds earnings allocations

Under current law, investment gains and losses of the core and variable retirement investment trust funds are distributed in a ratio of each participating account's average daily balance to the total average daily balance of all participating accounts. The State of Wisconsin Investment Board invests assets of the core and variable investment trust funds, which are commingled under current law, but all activity is not recorded on a daily basis for the separate participating accounts. SWIB provides certified annual earnings reports for the core and variable trust funds.

This bill provides that ETF must distribute the earnings to each participating account by calculating a simple average balance, which uses beginning and end-of-year balances for each participating account, and comparing that average balance to the total average balance of all participating accounts.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 40.04 (3) (a) of the statutes is amended to read:

40.04 (3) (a) The net gain or loss of the variable retirement investment trust shall be distributed annually on December 31 to each participating account in the same ratio as each account's average daily balance within the respective trust bears to the total average daily balance of all participating accounts in the trust. The amount to be distributed shall be the excess of the increase within the period in the value of the assets of the trust resulting from income from the investments of the trust and from the sale or appreciation in value of any investment of the trust, over the decrease within the period in the value of the assets resulting from the sale or the depreciation in value of any investments of the trust.

SECTION 2. 40.04 (3) (am) 3. (intro.) of the statutes is amended to read:

40.04 (3) (am) 3. (intro.) Annually, on December 31, the sum of all of the following shall be distributed from the market recognition account to each participating account in the core retirement investment trust in the same ratio as each account's average daily balance bears to the total average daily balance of all participating accounts in the trust:

(END)