

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

I, Eric O. Stanchfield, Secretary of the Department of Employee Trust Funds and custodian of the official records, certify that the annexed rule, relating to the Department of Employee Trust Funds' procedures for locating missing participants and transferring the balances of abandoned accounts to the annuity reserve, was duly approved and adopted by the State of Wisconsin Teachers Retirement Board and Wisconsin Retirement Board on September 25, 1997 and by the State of Wisconsin Employee Trust Funds Board on September 26, 1997.

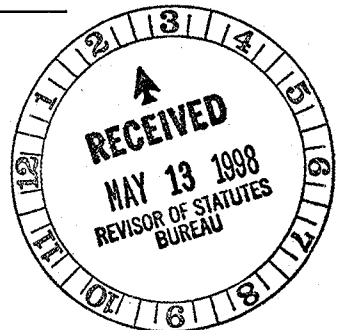
I further certify that this copy has been compared by me with the original on file in this department and that it is a true copy of the original, and of the whole of the original.

(no seal)

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department of Employee Trust Funds at 801 West Badger Road in the city of Madison, this

13th day of May 1998

Eric O. Stanchfield
 Eric O. Stanchfield



State of Wisconsin
DEPARTMENT OF EMPLOYE TRUST FUNDS -- OFFICE OF THE SECRETARY
and
EMPLOYE TRUST FUNDS BOARD
TEACHER RETIREMENT BOARD
WISCONSIN RETIREMENT BOARD

Clearinghouse Rule #CR 97-105

AN ORDER creating ss. ETF 10.79, Wisconsin Administrative Code, relating to the Department of Employee Trust Funds procedures for locating missing participants and transferring the balances of abandoned accounts to the annuity reserve.

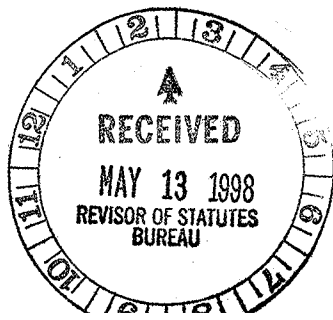
REPORT OF THE WISCONSIN DEPARTMENT OF EMPLOYE TRUST FUNDS
ON THE FINAL DRAFT RULE

This report, prepared in compliance with ch. 227, Wis. Stats., includes the following:

- Part 1 - Analysis prepared by the Department of Employee Trust Funds;
- Part 2 - Rule text in Final Draft Form;
- Part 3 - Recommendations of the Legislative Council Staff;
- Part 4 - Report prepared pursuant to the provisions of s. 227.19 (3), Wis. Stats., including:
 - (a) Statement of the Need for the Rule;
 - (b) Explanation of Modifications to the Rule after Public Hearings;
 - (c) List of Persons Appearing or Registering an Opinion;
 - (d) Response to Legislative Council Staff Recommendations;
 - (e) Final Regulatory Flexibility Analysis.

Submitted by:

Linda Owen
Division of Retirement Services
Wisconsin Department of Employee Trust Funds
801 East Badger Road
P.O. Box 7931
Madison, Wisconsin 53713-2526
Telephone: (608) 261-8164



Analysis Prepared by the Wisconsin Department of Employee Trust Funds

Section 40.08 (8), Stats., defines the conditions under which a participant's or alternate payee's WRS account will be considered abandoned. This section makes several references to the Department making "reasonable efforts" to locate missing participants, alternate payees and beneficiaries before the account is either paid to a deceased participant's or alternate payee's beneficiaries or estate under the provisions of ss. 40.08 (a) 1. or 2m., Stats., or considered abandoned and the monies in the account transferred to the employer accumulation reserve under the provisions of ss. 40.08 (8) (a) 2., 2m., 3. or 4. or ss. 40.08 (8) (b), Stats. The purpose of this rule is to define the "reasonable efforts" that the Department will make to locate these individuals before the account is considered abandoned. Once the account is abandoned the account can be restored and the benefits paid to the appropriate payee within 10 years after the account is considered abandoned and the funds transferred into the employer accumulation reserve.

General Summary of Rule

This rule would codify the Department's current policies and practices for locating missing participants, alternate payees and beneficiaries, and identify additional resources which the Department may decide to utilize based on cost and effectiveness. Past and current practices include requiring employers to provide current addresses for terminating employes, requesting members to provide Social Security numbers and current addresses for beneficiaries on beneficiary designation forms, stressing in the Department's publications the importance of notifying the department of address changes, contacting other state agencies such as the Departments of Revenue and/or Transportation for current addresses for participants the Department cannot locate, etc. Current and future resources may include contracting for private locator and database services, plus other resources that may become available in the future.

While this rule identifies current practices and resources currently available, it does not require the Department to utilize any specific types of resources or services nor restrict the Department from using other types of resources. As technology progresses and new data sources become available, it is important to retain the flexibility to utilize the options that are determined to be the most efficient and cost effective and within reasonable costs.

Authority for Rule.

Section 40.08 (8), Stats.

Statutes Interpreted:

Section 40.08(8), Stats.

Initial Fiscal Estimate. The Department estimates that there will be no direct fiscal impact from this rule making upon the state and anticipates no effect upon the fiscal liabilities or revenues of any county, city, village, town, school district, vocational, technical and adult education school district or sewerage district.

Initial Regulatory Flexibility Analysis. The Department anticipates that the provisions of this proposed rule will have no direct adverse effect on small businesses.

Copies of Rule and Contact Persons. Copies of this rule are available without cost by making a request to the Department of Employee Trust Funds, Office of the Secretary, P.O. Box 7931, Madison, Wisconsin 53707, telephone (608) 261-8167. For questions about this rule, please call Linda Owen, Benefit Plan Policy Analyst, (608) 261-8164.

TEXT OF RULE

Section ETF 10.79 is created to read:

ETF 10.79 REASONABLE EFFORTS TO LOCATE BENEFIT PAYEES (1) The department shall make reasonable efforts to maintain current addresses on file for participants, other than for participating employees under s. 40.02 (46), Stats., alternate payees, beneficiaries or other potential benefit recipients. These efforts shall include, but shall not be limited to, the following:

- (a) Require participating employers to report a current address for all terminating participants.
- (b) Request social security numbers and addresses for all named beneficiaries on the departmental beneficiary designation form.
- (c) Initiate a minimum of one written contact per year to alternate payees and participants, other than participating employees and annuitants, which may be accomplished by sending those persons an annual statement of account or benefit statement.
- (d) Publish an article annually in the departmental participant newsletter communicating the importance of notifying the department of address changes.

(2) Before considering a benefit abandoned under s. 40.08 (8), Stats., the department shall make reasonable efforts to locate participants, alternate payees and beneficiaries except those persons whose accounts meet the conditions specified in s. 40.08 (8) (f), Stats. Reasonable efforts to locate potential benefit payees may include, but are not limited to: (a) Seek current address information for potential benefit payees through locator services available from the social security administration, internal revenue service or other federal or state agencies.

(b) Seek current address information for potential benefit payees through private company data bases or locator services.

(c) Publish the names of potential benefit payees in the official state newspaper with instructions for contacting the department for application information. This paragraph shall not apply to accounts that meet the conditions specified in s. 40.08 (8) (f), Stats.

Proposed Effective Date: This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22 (2) (intro.), Wis. Stats.

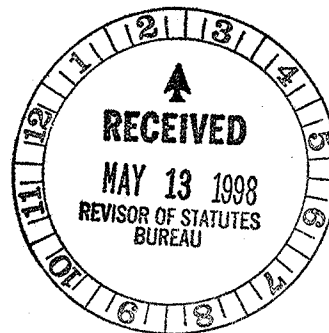
(END OF RULE TEXT)

Effective Date: This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22 (2) (intro.), Wis. Stats.

Signed at Madison, Wisconsin this 30th day of
September, 1997.

Eric O. Stanchfield

Eric O. Stanchfield, Secretary
Wisconsin Department of Employee Trust Funds



WISCONSIN LEGISLATIVE COUNCIL STAFF



RULES CLEARINGHOUSE

Ronald Sklansky
Director
(608) 266-1946

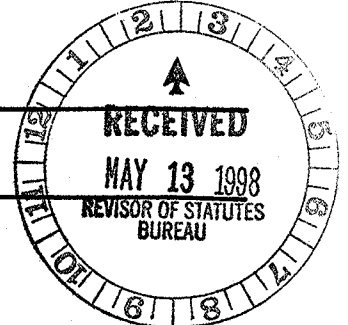


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CLEARINGHOUSE REPORT TO AGENCY



[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 97-105

AN ORDER to create ETF 10.79, relating to the department of employe trust funds procedures for locating missing participants and transferring the balances of abandoned accounts to the annuity reserve.

Submitted by **DEPARTMENT OF EMPLOYE TRUST FUNDS**

07-24-97 RECEIVED BY LEGISLATIVE COUNCIL.

08-21-97 REPORT SENT TO AGENCY.

RS:WF;jt;kjf

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached YES NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached YES NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached YES NO

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS
[s. 227.15 (2) (e)]

Comment Attached YES NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached YES NO

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL
REGULATIONS [s. 227.15 (2) (g)]

Comment Attached YES NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached YES NO

WISCONSIN LEGISLATIVE COUNCIL STAFF

RULES CLEARINGHOUSE

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CLEARINGHOUSE RULE 97-105

Comments

[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated October 1994.]

2. Form, Style and Placement in Administrative Code

a. As currently drafted, Clearinghouse Rule 97-105 does not state the actions the department will take to locate benefit employees. Section ETF 10.79 (1) states that the department may (rather than shall) take the actions enumerated in pars. (a) to (d) to notify benefit payees. Similarly, s. ETF 10.79 (2) states that the department may (but not shall) take the actions in pars. (a) to (c) to notify benefit payees before considering a benefit abandoned. In addition, both subsections of s. ETF 10.79 explicitly state that the enumerated activities are not the only activities the department may take to locate benefit payees. It is suggested that s. ETF 10.79 be redrafted to at least state what the department will do to locate benefit payees. Would this be accomplished by replacing the word "may" with the "shall" in s. ETF 10.79 (1) and (2)?

b. In s. ETF 10.79 (2) (a), the references to the Social Security Administration and the Internal Revenue Service should be in lower case.

c. In s. ETF 10.79 (2) (c), the notation "par." should be replaced by the word "paragraph."

d. The rule does not contain an effective date provision. [See s. 1.02 (4), Manual.]

5. Clarity, Grammar, Punctuation and Use of Plain Language

It is suggested that s. ETF 10.79 (1) (c) be redrafted in a manner similar to the following, in order to make the paragraph grammatically correct: "Initiate a minimum of one written

contact per year to alternative payees and participants, other than participating employes and annuitants, which may be accomplished by sending those persons an annual statement of account or benefit statement.”

Part 4

Report Required by s. 227.19 (3), Wis. Stats.

(a) Need for the Rule. This rule is intended to codify to some extent the Department's current practices and policies for locating participants with whom we have lost contact, and to establish certain minimum efforts we will make to find these individuals or their heirs. However, it is important that the rule not restrict the Department to specific alternatives with respect to the location methods and outside services used, to allow flexibility to eliminate approaches that are not cost-effective and to take advantage of new services and technology as they become available.

(b) Modifications to the Rule.

The only changes were those recommended by the Legislative Council staff, which were minor technical corrections.

(c) List of Persons Who Appeared or Registered For or Against the Proposed Rule at a Public Hearing.

No one appeared at the public hearing. Jack C. Voight, State Treasurer, submitted written testimony related to the rule; that testimony is included.

(d) Response to Legislative Council Staff Recommendations.

All recommendations of the Legislative Council Staff were implemented except the recommendation that the word "may" be replaced with "shall" in two separate passages to require the Department to take certain specific actions to notify and locate potential benefit payees. It is critical to retain the flexibility to eliminate approaches that are not cost-effective and take advantage of new services and rapidly expanding technology that may prove to be more efficient and effective.

(e) Final regulatory flexibility analysis. The proposed rule itself does not directly affect small businesses.

(END OF FINAL DRAFT REPORT)



STATE OF WISCONSIN

Department of Employee Trust Funds

Eric Stanchfield

Secretary

801 West Badger Road

P.O. Box 7931

Madison, Wisconsin 53707-7931

May 12, 1998

GARY L. POULSON, DEPUTY REVISOR
REVISOR OF STATUTES BUREAU
8TH FLOOR
131 W WILSON ST
MADISON, WISCONSIN 53707

RE: Clearinghouse Rule No. 97-105

Dear Mr. Poulson:

Enclosed is a Certificate and two copies of an Order creating and adopting rules. A certified copy of this Order has been forwarded to the Secretary of State.

I request that the rule be published in the June 30 issue of the administrative register. I also enclose a copy of the rule on disk, in Wordperfect format.

Please contact me if you have any questions.

Sincerely,

David Stella, Administrator
Division of Retirement Services
(608) 267-9038
FAX # (608) 261-4549
TDD # (608) 267-0676

