

**AGENDA AND NOTICE OF MEETING  
STATE OF WISCONSIN  
EMPLOYEE TRUST FUNDS BOARD**

**Friday, December 14, 2007**

**8:30 a.m.**

**Sheraton Madison Hotel  
706 John Nolen Drive  
Madison, Wisconsin**

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Documents for this meeting are available on-line at:  
**[http://etf.wi.gov/boards/board\\_etf.htm](http://etf.wi.gov/boards/board_etf.htm)**  
To request a printed copy of any of the agenda items, please contact  
*Ann McCarthy, at (608) 261-0736.*

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 *Denotes action item*

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|------------|---|---|
| 8:30 a.m.  |    | 1. <b>Consideration of Minutes of Previous Meeting</b>  |
| 8:35 a.m.  |   | 2. <b>2007-2009 Biennial Budget Update</b>  |
| 8:45 a.m.  |   | 3. <b>2007-2009 Biennial Objectives</b>   |
| 9:05 a.m.  |   | 4. <b>Consideration of Administrative Rule</b> <ul style="list-style-type: none"><li>• <b>Death and Late Reported Earnings</b></li></ul>            |
| 9:25 a.m.  |  | 5. <b>Prior Non-Covered Service Statutory Change</b>  |
| 9:35 a.m.  |   | 6. <b>Variable Fund Asset Allocation</b>  |
| 9:45 a.m.  |  | 7. <b>Proposed <i>Scope Statement</i> Concerning Amendments to Wisconsin Administrative Code ETF 11.11 Relating to Appointment of Board Counsel</b> |
| 10:00 a.m. |   | 8. <b>Appointment to the State of Wisconsin Investment Board</b>  |
| 10:15 a.m. |   | 9. <b>Miscellaneous</b> <ul style="list-style-type: none"><li>• <b>Retirement Statistics</b></li><li>• <b>Future Items for Discussion</b></li></ul> |

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The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Ann McCarthy, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931. Telephone: (608) 261-0736. TTY: (608) 267-0676. E-mail: [ann.mccarthy@etf.state.wi.us](mailto:ann.mccarthy@etf.state.wi.us)

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- 10:20 a.m.        \*10. Procurement of Consultant Services for Governance Study
- 10:40 a.m.        \*11. Appeals
- 2006-061-ETF
  - 2006-068-ETF
- 11:10 a.m.                    12. Announcement of Action Taken on Business Deliberated During Closed Session
- 11:15 a.m.                    13. Adjournment

*Times shown are estimates only.*

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\* The Board may be required to meet in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (a) (e), for quasi-judicial deliberations and to discuss use of public funds.

If a closed session is held, the Board will reconvene into open session for further action on these and subsequent agenda items.

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***CORRESPONDENCE MEMORANDUM***

**DATE:** December 3, 2007  
**TO:** Employee Trust Funds Board  
**FROM:** Jon Kranz, Director  
 Office of Internal Audit and Budget  
**SUBJECT:** FY 2007-09 Department Biennial Budget Update

Attached is a summary of the fiscal year (FY) 2007-09 biennial budget that was signed into law by the Governor as 2007 Wisconsin Act 20 on October 26, 2007. The period covered by the budget is July 1, 2007-June 30, 2009.

The tables that follow provide a summary of three items: the FY 2007 base full-time equivalent (FTE) position and funding allocation (the starting point for the biennial budget), the Department's FY 2007-09 request, and the final enacted budget.

Work units providing direct customer service to Wisconsin Retirement System (WRS) participants will be allocated 15.5 FTE positions. The remaining 9.0 FTE positions provided will be used to continue supporting the Department's efforts in re-engineering critical information technology systems. Additional funding has been provided to offset increased costs due to membership growth and inflation.

**Summary of FTE Position Authority**

	<b>FY 2007 (Base)</b>	<b>FY 2008-09 Department Request</b>	<b>FY 2008-09 Final Budget Act 20</b>	<b>Change Base to Final Budget</b>
SEG Permanent	193.10	250.10	211.60	18.50
SEG Project	0.00	6.00	6.00	6.00
<b>SEG Total</b>	<b>193.10</b>	<b>256.10</b>	<b>217.60</b>	<b>24.50</b>

**Summary of Administrative Expenditure Authority**

	<b>FY 2007 Base Budget</b>	<b>Department Request</b>		<b>Final Enacted Budget</b>	
		<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2009</b>
SEG Funding	\$21,513,600	\$31,358,000	\$26,880,400	\$29,471,000	\$25,016,900
Change Over Base		\$9,844,400	\$5,366,800	\$7,957,400	\$3,503,300
Percent Change		<b>45.8%</b>	<b>24.9%</b>	<b>37.0%</b>	<b>16.3%</b>

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Board	Mtg Date	Item #
ETF	12/14/07	2

The intent of our budget request was to obtain resources sufficient to address projected workload increases associated with the retirement of members of the "baby boom" generation, and to increase customer service levels closer to stated Department standards. While the final enacted budget only provided a portion of this request, options are available to us should the actual workload experienced during the biennium warrant additional resources. One option is to seek additional position and/or expenditure authority from the Joint Committee on Finance (JCF) under s.13.10 of the Wisconsin Statutes.

In addition, you will recall that a number of fringe benefit-related policy items proposed in various earlier versions of the budget would have had potentially negative effects on our participants. None of those provisions survived in the final version approved by the Legislature. The following is a select list of those policy items that had caused the most concern:

- Changes to the statutory process for establishing Wisconsin Retirement System (WRS) contribution rates.
- Modifications to the statutory provisions that allow employers to pick up some or all of the employee required WRS contributions.
- Statutory changes regarding the health insurance programs that could potentially erode the savings associated with the tiering of the employee share of health insurance premiums.

The budget also provides \$15,000 of general purpose revenue (GPR) for the Joint Survey Committee on Retirement Systems to fund an actuarial study on proposed legislation (2007 Senate Bill 19) that would modify the statutory provisions governing the granting of military service credits should the Committee choose to request this analysis.

A description of each initiative related to the Department, along with the final disposition, is included in the attachment. In addition, three tables that summarize the total position and funding request by fund source are included.

Please contact me at (608) 267-0908 should you desire any additional information.

**Department of Employee Trust Funds**  
**Summary of Fiscal 2007-2009 Biennial Budget Request**

Updated October 29, 2007

2007 Wisconsin Act 20 Effective October 26, 2007

**Segregated Trust Fund Dollars Only**

	<b>FTE</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Base Budget (FY 2007)</b>	193.10	\$21,513,600	\$21,513,600
<b>ETF Request Over Base*</b>	63.00	\$9,844,400	\$5,366,800
<b>Governor's Recommendations**</b>	18.5	\$7,457,900	\$3,294,100
<b>Joint Committee on Finance</b>	24.5	\$7,907,400	\$3,403,300
<b>Legislature</b>	24.5	\$7,957,400	\$3,503,300
<b>Final Enacted Budget</b>	<b>24.5</b>	<b>\$7,957,400</b>	<b>\$3,503,300</b>

\* Includes new initiatives and standard technical adjustments

\*\* Includes anticipated correction for Continuation of Critical Customer Service Function request

**New Department Initiatives**

**1. Continuation of Critical Customer Service Functions**

	<b>FTE</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>ETF Request</b>	51.0	\$4,535,900	\$4,222,800
<b>Governor's Recommendations*</b>	9.5	\$2,268,200	\$2,276,600
<b>Joint Committee on Finance**</b>	14.5	\$2,767,700	\$2,485,800
<b>Legislature</b>	14.5	\$2,767,700	\$2,485,800
<b>Final Enacted Budget</b>	<b>14.5</b>	<b>\$2,767,700</b>	<b>\$2,485,800</b>

\* Includes an anticipated correction \$917,200 in FY 2008 and \$945,400 in FY 2009

\*\* JCF approved a correction (from the Gov. recommendations) of \$870,800 in FY 2008 and \$945,500 in FY 2009

Funding and positions to address current work backlogs and anticipated workload growth due to the retirement of the "baby boom" generation. Addresses need to continue core customer service functions. Includes the conversion of 3.5 FTE GPR unfunded positions to SEG positions.

**Governor's Recommendation:** Provides 4.0 FTE permanent positions in FY 2008 and 5.5 FTE 4-year project positions in FY 2009 to accommodate the additional workload. Funding for the 5.5 FTE project positions will be placed in unallotted reserve with release contingent upon Department of Administration approval of an implementation plan submitted by ETF. Recommendations include the deletion of 3.5 FTE GPR positions that are currently not funded.

**Joint Committee on Finance:** Converts the 5.5 FTE project positions recommended by the Governor for FY 2009 to permanent positions that will be provided in FY 2008. Eliminates the requirement that the Department provide an implementation plan to the Department of Administration to release the associated funding for these 5.5 FTE positions. Provides an additional 5.0 FTE permanent positions beginning in FY 2008.

**Legislature:** Same as Joint Committee on Finance.

## 2. Governing Board Operational Flexibility

	FTE	FY 2008	FY 2009
<b>ETF Request</b>	0.0	\$0	\$0
<b>Governor's Recommendations</b>	0.0	\$0	\$0

Statutory changes to provide additional operational flexibility to better allow the Department and Board to fulfill their statutory and fiduciary obligations described in Chapter 40 of the Wisconsin State Statutes. Requested changes include:

- The ability to create or delete position authority based on workload demands (a passive review process similar to s. 16.505).
- Expenditure authority flexibility to ensure resources are available to meet the terms of the Trust (changing the primary administrative appropriation from an annual to an "all funds" continuing appropriation).
- Contracting flexibility to ensure that the Trust is administered at the lowest reasonable cost. This also includes the ability for the Board to appoint outside legal counsel without the approval of the Governor.
- The ability for the Board to establish and administer a compensation plan for the three unclassified executives of the Department. This will assist in attracting and retaining high quality Department leaders.

**Governor's Recommendation:** None of the items requested are included in the Governor's recommendations.

## 3. Continuation of Core Processes Reengineering

	FTE	FY 2008	FY 2009
<b>ETF Request</b>	9.0*	\$4,936,800	\$760,700
<b>Governor's Recommendations</b>	9.0*	\$4,936,800	\$760,700
<b>Joint Committee on Finance</b>	9.0*	\$4,936,800	\$760,700
<b>Legislature</b>	9.0*	\$4,936,800	\$760,700
<b>Final Enacted Budget</b>	<b>9.0*</b>	<b>\$4,936,800</b>	<b>\$760,700</b>

\* Includes 6.0 2-year project FTE and 3.0 permanent FTE

Funding and positions to continue the replacement of legacy information technology systems coincident with the reengineering of core agency processes. Projects planned for the FY 2007-09 biennium include the completion of the Lump Sum Payment System and planning for the Health Insurance Eligibility and Enrollment System. In addition, the request includes 3.0 FTE positions for the maintenance of the current system used for health insurance processes. These positions will also be used to maintain the replacement system.

**Governor's Recommendation:** Same as the agency request except that funding will be held in unallotted reserve with release contingent upon Department of Administration approval of a plan submitted by ETF.

**Joint Committee on Finance:** Same as the Governor's recommendations with the addition of the following reporting and approval requirements: 1) Requires the Department to provide the Joint Committee on Finance (JCF) with copies of any materials submitted to the Department of Administration related to the release of funding from the unallotted reserve; 2) Places

\$2,487,900 of funding associated with the lump sum payments project into the Committee's supplementation appropriation with release contingent upon the submission of a final report on the design and implementation plan for this project. Release of funding would be handled via a 14-day passive review process. 3) Requires the Department to submit a final report to the Committee related to the implementation plan for the integrated health insurance enrollment, eligibility, and processing system. This report will also need to specify how the Department's plan will conform to yet-to-be developed Department of Administration standards for major information technology projects.

**Legislature:** Same as Joint Committee on Finance.

#### 4. Manager of Medicare Part D

	FTE	FY 2008	FY 2009
<b>ETF Request</b>	1.0	\$59,400	\$63,300
<b>Governor's Recommendations</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>

Funding and a position to manage the Medicare Part D prescription drug benefit component of the Department's health insurance programs. This request also relates to the general increase in workload in the Health Benefits and Insurance Plans Bureau.

**Governor's Recommendation:** Not included in the Governor's budget recommendations.

#### 5. Value-Based Health Care Purchasing Initiatives

	FTE	FY 2008	FY 2009
<b>ETF Request</b>	0.0	\$425,000	\$425,000
<b>Governor's Recommendations</b>	0.0	\$425,000	\$425,000
<b>Joint Committee on Finance</b>	0.0	\$375,000	\$325,000
<b>Legislature</b>	0.0	\$425,000	\$425,000
<b>Final Enacted Budget</b>	<b>0.0</b>	<b>\$425,000</b>	<b>\$425,000</b>

Funding to continue the Department's initiatives related to value-based health care purchasing. Projects planned for FY 2007-09 include continued support for the Wisconsin Health Information Organization's efforts to create a physician office visit database, contracting with the University of Wisconsin Medical School for the provision of medical advisor services to further Department efforts related to quality and overall value of health care, and pilot projects that offer a high potential for success (to be identified during FY 2007-09).

**Governor's Recommendation:** Same as the agency request.

**Joint Committee on Finance:** Same as the Governor and agency request with the following modification. Funding for the Wisconsin Health Information Organization was converted to one-time funding for both years and reduced to \$100,000 for FY 2008 and \$50,000 for FY 2009. The reduction reflects more current Department estimates regarding the amount and timing of these costs.

**Senate:** Same as the Joint Committee on Finance.

**Assembly:** Same as the Department request.

**Legislature:** Same as Assembly/Department request.

## 6. Ombudsperson Services

	FTE	FY 2008	FY 2009
<b>ETF Request</b>	2.0	\$118,800	\$126,500
<b>Governor's Recommendations</b>	1.0	\$59,400	\$63,300
<b>Joint Committee on Finance</b>	1.0	\$59,400	\$63,300
<b>Legislature</b>	1.0	\$59,400	\$63,300
<b>Final Enacted Budget</b>	<b>1.0</b>	<b>\$59,400</b>	<b>\$63,300</b>

Funding and positions to enhance services provided by the Department's ombudsperson services. 1.0 FTE position is associated with the increasing workload related to insurance related inquiries and complaints. 1.0 FTE position is associated with the expansion of this successful service to retirement related concerns from participants.

**Governor's Recommendation:** Provide 1.0 permanent FTE to address health insurance concerns.

**Joint Committee on Finance:** Same as Governor.

**Legislature:** Same as Joint Committee on Finance.

## Summary of Department FTE Positions By Fund Source

	FY 2007 (Base)	FY 2008-09 Department Request	FY 2008-09 Governor	FY 2008-09 Joint Committee on Finance	FY 2008-09 Final Budget Act 20	Change Base to Final Budget
SEG Permanent	193.10	250.10	200.10	211.60	211.60	18.50
SEG Project	0.00	6.00	11.50	6.00	6.00	6.00
<b>SEG Total</b>	<b>193.10</b>	<b>256.10</b>	<b>211.60</b>	<b>217.60</b>	<b>217.60</b>	<b>24.50</b>
<b>GPR Perm</b>	<b>3.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(3.50)</b>
<b>All Funds Total</b>	<b>196.60</b>	<b>256.10</b>	<b>211.60</b>	<b>217.60</b>	<b>217.60</b>	<b>21.00</b>

## Summary of Department Budget Request By Fund Source Through the Final Budget (10/26/07)

	FY 2008	FY 2009
SEG Funding Adjusted Base (FY 2007)	\$21,513,600	\$21,513,600
Standard Technical Adjustments	(231,500)	(231,500)
<b><i>New SEG Funded Initiatives</i></b>	<b>\$8,188,900</b>	<b>\$3,734,800</b>
<b><i>Total SEG Funded Budget Request</i></b>	<b>\$29,471,000</b>	<b>\$25,016,900</b>
<i>GPR Funding Adjusted Base (FY 2007)</i>	1,832,600	1,832,600
Standard Technical Adjustments*	(282,200)	(513,900)
<b><i>Total GPR Funded Budget Request</i></b>	<b>\$1,550,400</b>	<b>\$1,318,700</b>
<b><i>All Funds Total</i></b>	<b>\$31,021,400</b>	<b>\$26,335,600</b>

\* Includes JCF reduction to the GPR Supplement appropriation of \$14,900 in FY 2008 and \$12,800 in FY 2009. The reduction was based on an updated estimate provided by the Department.

**FY = Fiscal Year** - the state fiscal year begins July 1 and ends June 30.

**FTE = Full-time Equivalent position**

**GPR = General Purpose Revenues** – represents appropriations from the general fund; these are primarily funds derived from income and sales taxes.

**SEG = Segregated Funds** – for ETF, this represents appropriations from the Public Employee Trust Fund; the source of funds included employer/employee contributions and investment earnings.

## Governor's Initiatives

### 1. Attorney Consolidation

	FTE	FY 2008	FY 2009
<b>Governor's Recommendations</b>	(1.0)	\$0	\$0
Joint Committee on Finance	-	-	-
Legislature	-	-	-

**Governor's Recommendation:** Transfer 1.0 FTE attorney position on 7/1/08 to the Department of Administration as part of a statewide attorney consolidation initiative. Funding associated with the transferred position will remain in the Department's base budget to procure legal services from the newly created Division of Legal Services in the Department of Administration.

**Joint Committee on Finance:** The Committee did not maintain this item in the budget bill.

**Senate:** Same as the Governor's recommendation.

**Assembly:** Same as the Joint Committee on Finance.

**Legislature:** Same as Joint Committee on Finance; maintains current law.

### 2. Domestic Partner Health Insurance Coverage

**Governor's Recommendation:** Modify the definition of a dependent for the purposes of the state group health insurance program to include a domestic partner. A domestic partner is defined as an individual who is in a relationship with another individual where both individuals are at least 18 years of age, neither individual is married or in another domestic partner relationship, the two individuals are not related by blood in any way that would prohibit marriage, the two individuals consider themselves to be members of each other's immediate family, and the two individuals agree to be responsible for each other's basic living expenses. This provision would be effective for coverage that begins on or after 1/1/09.

**Joint Committee on Finance:** The Committee did not maintain this item in the budget bill.

**Senate:** Includes the Governor's recommendation and provides that local governments that participate in the ETF administered Wisconsin Public Employer Health Insurance program can choose to provide domestic partner coverage.

**Assembly:** Same as the Joint Committee on Finance.

**Legislature:** Same as Joint Committee on Finance; maintains current law.

### 3. Provide State Employer Health Insurance Contribution After Two Months of Employment

**Governor's Recommendation:** Provide the state employer contribution for group health insurance premiums to eligible state employees not appointed to a limited-term position after two months of employment. Current law provides this contribution after six months of

employment except for faculty and academic staff employed by the University of Wisconsin System (contribution for these employees is provided upon hire). These provisions would be effective 7/1/08.

**Joint Committee on Finance:** Same as the Governor.

**Senate:** Same as the Joint Committee on Finance.

**Assembly:** Deletes the provision and maintains current law.

**Legislature:** Same as Senate/Joint Committee on Finance.

#### **4. Modification of the WRS Benefit Calculation for Educational Support Staff**

**Governor's Recommendation:** Modify s. 40.02 (17) to specify that participants employed as educational support staff qualify for one year of creditable service if they work at least 1,320 hours in that year. Increases the final average earnings calculated under the current statutory method for educational support staff by 25%. This provision also lowers the minimum number of work hours required for educational support staff to be considered a participating employee to 440 hours per year from the current amount of 600 hours.

**Joint Committee on Finance:** These provisions were deemed non-budget policy and deleted from the budget bill.

#### **5. Health Care Quality and Patient Safety Council**

**Governor's Recommendation:** Creates the Health Care Quality and Patient Safety Council as an attached Board to the Department of Health and Family Services. Designates the Secretary of the Department of Employee Trust Funds as one of the 20 members of the Council. The purpose of this new entity is to determine the most cost-effective means of implementing a statewide integrated or interoperable health care information system.

**Joint Committee on Finance:** The Committee did not maintain this item in the budget bill.

#### **6. Coverage for Health Services Related to Autism and Related Conditions by Health Plans**

**Governor's Recommendation:** Provides that health plans including the plans administered by the Group Insurance Board must include coverage for services related to autism and related conditions.

**Joint Committee on Finance:** These provisions were deemed non-budget policy and deleted from the budget bill.

**Senate:** Includes the Governor's recommendation.

**Assembly:** Same as the Joint Committee on Finance.

**Legislature:** Same as Assembly/Joint Committee on Finance; maintains current law.

## **7. Increased Minimum Coverage for Mental Health and Alcohol and Drug Abuse (AODA)**

**Governor's Recommendation:** Increases the minimum coverage for mental health and AODA provided by health plans.

**Joint Committee on Finance:** These provisions were deemed non-budget policy and deleted from the budget bill.

**Senate:** Same as the Governor's recommendation.

**Assembly:** Same as the Joint Committee on Finance.

**Legislature:** Same as Assembly/Joint Committee on Finance; maintains current law.

## **8. One Percent Assessment on Hospital Revenues**

**Governor's Recommendation:** Provides for up to a one percent assessment on hospital gross revenues replacing the current assessment on private-pay hospital patient revenues. The assessments will be deposited into the proposed Health Care Quality Fund. The revenues will be used to support the Medicaid program.

**Joint Committee on Finance:** Same as the Governor.

**Senate:** Same as the Joint Committee on Finance

**Assembly:** Deletes the provision and maintains current law.

**Legislature:** Same as Assembly; maintains current law.

## **9. Includes Certain Public Authorities in the Definition of a State Agency for the Purposes of Chapter 40**

**Governor's Recommendation:** Modifies the definition of a state agency for the purposes of the WRS to include the Healthy Wisconsin Authority and the Health Insurance Risk-Sharing Plan Authority.

**Joint Committee on Finance:** The Committee maintained this item for the Health Insurance Risk Sharing Plan Authority with a technical adjustment that allows current employees to be immediately eligible for the employer contribution for state group health insurance. The Committee did not maintain any provisions related to the Health Wisconsin Authority in the budget bill.

## **10. Healthy Wisconsin Authority**

**Governor's Recommendation:** Creates the Healthy Wisconsin Authority which is a public authority and not a state agency. This provision directs the Healthy Wisconsin Authority to develop recommendations for providing reinsurance for catastrophic claims under health insurance policies.

**Joint Committee on Finance:** This item was not maintained in the budget bill.

## **11. Milwaukee County Retirement System Pension Obligation Bonds**

**Governor's Recommendation:** Authorizes Milwaukee County to issue appropriation bonds on a one-time basis to pay all or a portion of the prior service liability of the Milwaukee County Retirement System subject to certain conditions. These conditions include enacting an ordinance to implement a five-year plan related to the payment of unfunded employee retirement benefits. This plan must ensure that future annual pension liabilities are funded on a current basis and must include quantifiable benchmarks to measure compliance with the plan.

**Joint Committee on Finance:** These provisions were deemed non-budget policy and deleted from the budget bill.

## **Joint Committee on Finance Initiatives**

### **12. Actuarial Study of Military Credit Service**

**Joint Committee on Finance:** Provide \$15,000 GPR to the Joint Survey Committee on Retirement Systems to fund costs associated with an actuarial study of the costs related to 2007 Senate Bill 19. This bill would modify the WRS provisions for military service credit eligibility including the removal of the requirement that the military service be performed prior to the 1974.

**Legislature:** Same as the Joint Committee on Finance.

## **Senate and Assembly Initiatives**

### **13. Required WRS Contributions for Non-Represented State Employees**

**Assembly:** Require that the state may not pay the first five percent of earnings related to the employee required WRS contribution for non-represented staff (including the University of Wisconsin faculty and academic staff). The provision would first apply to earnings paid on or after September 1, 2007. In addition, this provision prohibits the ETF Board from approving an employee required contribution rate of less than five percent.

**Senate:** Maintains current law.

**Legislature:** Same as Senate; maintains current law.

### **14. Required WRS Contributions for Local Government Employees**

**Assembly:** Provides that a local government employer subject to the Municipal Employment Relations Act (MERA) may not pay the first three percent of the employee required WRS contribution for employees who first become a WRS participating employee on or after the effective date of the provision.

**Senate:** Maintains current law.

**Legislature:** Same as Senate; maintains current law.

## **15. Health Insurance Contributions for Non-Protective Category Employees**

**Assembly:** Requires that state employees, except for protective occupation employees, be required to contribute 10% of the cost of state group health insurance premiums beginning with coverage effective January 1, 2008.

**Senate:** Maintains current law.

**Legislature:** Same as Senate; maintains current law.

## **16. Elimination of Sick Leave For Certain State Elected Officials**

**Assembly:** Eliminates sick leave for legislators, judges, and state elected officials.

**Senate:** Maintains current law.

**Legislature:** Same as Senate; maintains current law.

## **17. Reduce Sick Leave Benefit for New Non-Protective State Employees**

**Assembly:** Reduce the annual number of sick days provided to non-protective category state employees who begin employment after the effective date of this provision to six days. Current law provides 16.25 sick leave days annually to most employees.

**Senate:** Maintains current law.

**Legislature:** Same as Senate; maintains current law.

## **18. Authority of Local Government Employers to Select Group Insurance Plans**

**Assembly:** Specifies that local government selection of health plans would be a prohibited subject of collective bargaining if the local government employer offers either a plan provided by the Group Insurance Board (GIB) or a plan substantially similar to one offered by the GIB. In addition, this provision would require the Office of the Insurance Commissioner to promulgate rules to be used in determining if a offered plan is substantially similar to one offered by the GIB.

**Senate:** Maintains current law.

**Legislature:** Same as Senate; maintains current law.

## **19. Health Insurance Coverage of a Full-Time Student on Medical Leave**

**Assembly:** Requires health plans including plans offered by the GIB to continue to provide coverage to full-time student dependents who cease to be a full-time student as a result of a medical leave of absence. The coverage provided under these circumstances would continue for up to one year.

**Senate:** Maintains current law.

**Legislature:** Same as Senate; maintains current law.

## **20. Create the Healthy Wisconsin Authority and the Healthy Wisconsin Plan**

**Senate:** Creates a public authority to design and administer a newly created health plan that would provide health care insurance to most non-Medicare eligible state residents (including state and local government employees). The plan would be funded via a combination of employer/employee assessments, premiums, co-insurance, and co-pays.

**Assembly:** Maintains current law.

**Legislature:** Same as Assembly; maintains current law.



STATE OF WISCONSIN  
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**CORRESPONDENCE MEMORANDUM**

**DATE:** December 3, 2007

**TO:** Personnel Evaluation Committee  
Employee Trust Funds Board

**FROM:** David A. Stella, Secretary

**SUBJECT:** 2007-2009 Biennial Objectives Report

Every two years in the fall, the Department identifies biennial objectives that will help us achieve the goals of our strategic business plan. This fall, our managers held two meetings to review, discuss, and update our objectives for the next two years. Attached you will find the objectives that were identified for the 2007-2009 biennium.

Now that we have a better sense of the resources available in the coming fiscal biennium, our work units will begin the task of establishing the tactics they will employ to meet these objectives. The objectives and tactics developed as a result of this process will enable us to deliver on our mission “to develop and deliver quality benefits and services to our customers while safeguarding the integrity of the Trust.”

The objectives and tactics will be reviewed throughout the biennium and modified as needed to reflect available resources, retirement and other workload trends, and legislative initiatives.

Thank you for reviewing the biennial objectives.

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**DEPARTMENT OF EMPLOYEE TRUST FUNDS  
BIENNIAL OBJECTIVES  
2007 - 2009**

**Mission Statement**

*Our mission is ... to develop and deliver quality benefits and services to our customers while safeguarding the integrity of the Trust.*

**Values**

**INTEGRITY:** We earn the trust of our members by keeping our promises. We maintain their confidence by adhering to the highest standards of ethical conduct in all of our activities.

**RESPECT:** We appreciate the diversity of those we serve, and we treat each individual with respect. We listen to our members, are helpful and courteous, and make their needs our highest priorities.

**QUALITY:** We believe in providing quality service that is timely, accurate, thorough and accessible. We approach the challenges of the future by continuously improving our service through creativity and innovation.

**PEOPLE:** We strive to develop employees to their full potential and foster diversity and team effort. Enthusiasm, skill, dedication, and pride in their work make them our most valuable assets.

**Overall Goals**

1. To protect the integrity of the Trust and administer benefits through effective **GOVERNANCE** with an emphasis on fiduciary responsibilities.
2. To provide competent and efficient **SERVICE** to participants, employers, and other customers.
3. To deliver cost-effective, quality **BENEFITS** through prudent administration.
4. To develop and maintain a **WORKFORCE** with the necessary knowledge and skill sets.

**Objectives**

**GOVERNANCE**

- Broaden administrative flexibility to enhance the ability to carry out fiduciary responsibilities.
- Assist Boards in developing effective governance measures.
- Educate external and internal parties about the Department's responsibility to be effective stewards of benefit programs, including fiduciary and Trust administration responsibilities.
- Identify internal and external risks to the Trust, develop and monitor controls to safeguard Trust assets, and ensure effective and efficient administration of the Wisconsin Retirement System and related benefits.

## **SERVICE**

- Identify existing organizational structures, processes and operations within the Department that can be simplified or streamlined, develop a plan to implement, and execute plan.
- Meet customer needs for guidance and timely, accurate information via clear, high quality, accessible and customized communications.
- Assist participants in resolving benefit issues and assess whether customer needs are being met through current services.
- Maintain high quality operations and service by continually assessing issues raised; reviewing and adopting appropriate best practices; and changing benefit processes, structures and/or delivery as needed.

## **BENEFITS**

- Protect benefits now offered to participants, continually assess benefit design needs, seek statutory changes needed to reflect present operating conditions and workforce needs, and suggest changes that would maximize both the levels of service and the cost effectiveness of current benefits.
- Develop and implement information technology applications based on business strategies that effectively and efficiently improve internal functions and external services.
- Educate members and other stakeholders on the advantages of the Department's integrated employee benefit programs.
- Communicate to members and other stakeholders the role of the Department in effectively administering well-funded benefit programs.

## **WORKFORCE**

- Facilitate the transition of knowledge among employees.
- Promote an atmosphere where candid discussion, critical thinking and innovation are encouraged and rewarded.
- Develop a highly skilled workforce with employees who each have significant understanding of all aspects of the Department's benefit programs and processes.
- Refine employee development and recruitment efforts to ensure staff has needed skill sets.
- Provide a forum for policy and operational discussions across divisions, cultivating staff that understands the business processes and interrelationships across the organization.

**State of Wisconsin  
Department of Employee Trust Funds,  
Employee Trust Funds Board, Teachers Retirement Board  
and  
Wisconsin Retirement Board**

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**FINAL DRAFT REPORT ON CLEARINGHOUSE RULE #07-068**

**FINAL RULE** to create ETF 20.37 regarding the status of a non-annuitant Wisconsin Retirement System participant at death, for purposes of determining the applicable death benefit.

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**Agency Person to be Contacted for Questions**

Please direct any questions about the proposed rule to Robert Weber, Chief Counsel, Office of Legal Services, Department of Employee Trust Funds, P.O. Box 7931, Madison WI 53707. Telephone: (608) 266-5804. E-mail address: rob.weber@etf.state.wi.us.

**Statement Explaining Need for Rule**

This rule making is needed to codify the Department’s interpretation of s. 40.71 (1) (b), Stats., and eliminate a potential misreading of the last clause of the statute. The last clause might be misread to imply that if an employer terminated an employee, but did not report the termination to the Department until after the employee died, then the death benefits would be determined as if the decedent was “deemed” to be an active employee at the time of death. The codified interpretation will better effectuate the purpose of the statute and also reflect the Department’s general policies of treating participants in the Wisconsin Retirement System impartially and of administering their benefits in accord with the statutory eligibility criteria.

**Analysis Prepared by the Department of Employee Trust Funds**

1. Statute interpreted:  
Section 40.71 (1) (b), Stats.

2. Statutory authority:

Sections 40.03 (2) (i) and 227.11 (2) (a), Stats.

3. Explanation of agency authority:

By statute, the DETF Secretary is expressly authorized, with appropriate Board approval, to promulgate rules required for the efficient administration of any benefit plan established in ch. 40 of the Wisconsin Statutes. Also, each state agency may promulgate rules interpreting the provisions of any statute enforced or administered by the agency if the agency considers it necessary to effectuate the purpose of the statute.

4. Related statute or rule:

Section 40.02 (46), Stats., which defines a participating employee, including the criteria that the person be "... an employee who is currently in the service of, or an employee who is on a leave of absence from, a participating employer ... ."

Section 40.02 (26), Stats., which defines "employee" and provides in part that, "... an employee is deemed to have separated from the service of an employer at the end of the day on which the employee last performed services for the employer, or, if later, the day on which the employee-employer relationship is terminated because of the expiration or termination of leave without pay, sick leave, vacation or other leave of absence. ... ."

Section ETF 10.08 (3) (a), Wisconsin Admin. Code, governs the date of termination for purposes of purposes of establishing eligibility to receive benefits from the Wisconsin retirement system, including separation benefits, lump sum benefits and retirement annuity benefits. That rule expressly provides that the date of termination is the earliest of several listed alternatives, among which are the expiration of an unpaid leave of absence (when the termination is based on failing to return to work after such a leave), the date the employer discharged the employee, the date the employee's resignation is effective, and the date of the employee's death.

5. Plain language analysis:

The purpose of this rule is to codify an interpretation of s. 40.71 (1) (b), Stats., and eliminate a potential misunderstanding. The clarified interpretation will better effectuate the purpose of the statute and also reflect the Department's general policies of treating participants in the Wisconsin Retirement System impartially and of administering benefits in accord with the statutory eligibility criteria.

This rule applies to death benefits payable because of the death of a person who was not an annuitant of the Wisconsin Retirement System. The rule will codify that a person's actual status on the date of the person's death determines whether the death benefits payable from the Wisconsin Retirement System are those for an active employee or a former employee. If the person's employment

was terminated prior to the date of death, then the benefits payable will be those appropriate for a former employee. The date the employer's report is received by the Department will not dictate the benefits due.

Section 40.71 (1) (b), Stats., is one of several statutes that determines whether a deceased participant is treated as an active employee, a former employee or an annuitant for purposes of paying the applicable death benefits from the Wisconsin Retirement System. This particular provision states:

If the date of death is less than one year after the last day for which earnings were paid, a participant is deemed a participating employee on leave of absence, notwithstanding the fact that no formal leave of absence is in effect, if the participating employer for which the participant last performed services as a participating employee has not filed notice of the termination of employment prior to the employee's death.

The purpose of the statute is clearly to treat a decedent whose employment had not been formally terminated as a person on leave of absence, for up to a year. Participating employees granted a leave of absence continue to be participating employees, as expressly provided by s. 40.02 (46), Stats.

It has come to the Department's attention that a misreading of the last clause of the statute is possible. Instead of referring to a termination that occurred prior to the employee's death, the last clause might be misread to imply that if an employer terminated an employee, but did not notify the Department of the termination until after the employee died, then the death benefits would be determined as if the decedent was "deemed" to be an active employee at the time of death. A clear interpretation of the last clause of s. 40.71 (1) (b), Stats., is necessary in order for the Department to calculate and pay the correct death benefits.

The interpretation to be promulgated by this rule will do nothing to change the one-year presumption in s. 40.71 (1) (b), Stats., that a deceased employee who was not terminated prior to death was an employee at death, even if no formal leave of absence had been granted.

6. Summary of, and comparison with, existing or proposed federal regulations:

There are no known existing or proposed federal regulations that are intended to address the activities regulated by this rule.

7. Comparison with rules in adjacent states:

Although there are a number of governmental retirement plans in Illinois, Iowa, Minnesota and Michigan, their administrative rules are not directly relevant to

interpreting the Wisconsin statutes governing the Wisconsin Retirement System. Governmental plans differ in the degree to which the terms of the plan are established by enabling legislation or left to subsequent administrative rulemaking or other means.

### Illinois

There appear to be no Illinois administrative rules relating to the belated reporting of the severance or termination of employment of a person who subsequently dies, and the computation of death benefits from a public employee pension system.

A rule adopted by the State Employees Retirement System, Ill. Admin. Code title 80 § 1540.255 e), does not deal with the computation of a death benefit, but does provide that if the member has elected to use payroll deductions for the purchase of permissive service credits or reinstating past service credits, the deductions end upon the earliest of several alternative events, including the employee's death or termination of employment.

For purposes of making distributions, the rules governing the State of Illinois Employees Deferred Compensation Plan treat the employee's severance from employment or death as two distinctly different events. Death is not included in the definition of severance from employment. See Ill. Admin. Code title 80 §§ 2700.200 and 2700.700 b) 1) and 2).

### Iowa

There appear to be no Iowa administrative rules relating to the belated reporting of the severance or termination of employment of a person who subsequently dies, and the computation of death benefits from a public employee pension system.

### Michigan

There appear to be no Michigan administrative rules relating to the belated reporting of the severance or termination of employment of a person who subsequently dies, and the computation of death benefits from a public employee pension system.

### Minnesota

There appear to be no Minnesota administrative rules relating to the belated reporting of the severance or termination of employment of a person who subsequently dies, and the computation of death benefits from a public employee pension system.

8. Summary of factual data and analytical methodologies:

The Department considered, and rejected, the alternative interpretation of the statute that would permit an employer to delay reporting a termination and thereby possibly increase the benefits payable if the former employee should die. The Department has a duty to administer benefits in accord with the laws governing the Wisconsin Retirement System. These laws include requirements for employers to make accurate, regular and timely reports to the Department concerning covered employees. The alternative interpretation would conflict with those duties by appearing to permit a delay in reporting terminations of employment. Any effort to administer such an interpretation would also likely give rise to differing treatment of similarly situated former employees. The Department has a duty to treat participants impartially within the laws governing the retirement system.

9. Analysis and supporting documents used to determine effect on small business or in preparation of economic impact report:

The rule can have no effect on small businesses because private employers and their employees do not participate in, and cannot be covered by, the Wisconsin Retirement System. The Wisconsin Retirement System is required to be maintained and administered as a qualified governmental plan, covering only governmental employees.

10. Anticipated costs incurred by private sector:

None.

11. Effect on small business:

No effect.

**Regulatory Flexibility Analysis:**

The proposed rule has no significant effect on small businesses because only governmental employers and their employees may participate in the benefit programs under ch. 40 of the statutes administered by the Department of Employee Trust Funds.

**Fiscal Estimate:**

The proposed rule has no direct fiscal impact since it codifies a Department interpretation already in effect. The rule generates no revenues for any employer. The rule itself has no effect on the fiscal liabilities of any county, city, village, town, school district, technical college district or sewerage. The rule has no state fiscal effect during the current biennium and no fiscal impact on state funds.

## Text of Proposed Rule

**SECTION 1.** ETF 20.37 is created to read:

**ETF 20.37 Death benefits.** (1) **TERMINATION PRIOR TO DEATH.** If employment with a participating employer actually terminated prior to the death of the participant, then the participant may not be treated as a participating employee for purposes of s. 40.71, Stats., regardless of when notice of the termination is filed with the department.

Note. If the termination of employment occurs on the last day on which the employee actually performs services for the employer, and the death occurs on the same day, the participant will be treated as an employee through the end of that day, as provided by s. 40.02 (25), 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 Wis. Stat. s. 227.22 (2).



**WISCONSIN LEGISLATIVE COUNCIL  
RULES CLEARINGHOUSE**

Ronald Sklansky  
Clearinghouse Director

Terry C. Anderson  
Legislative Council Director

Richard Sweet  
Clearinghouse Assistant Director

Laura D. Rose  
Legislative Council Deputy Director

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 07-068

**AN ORDER to create ETF 20.37, relating to the status of a non-annuitant Wisconsin retirement system participant at death, for purposes of determining the applicable death benefit.**

Submitted by DEPARTMENT OF EMPLOYE TRUST FUNDS

07-05-2007 RECEIVED BY LEGISLATIVE COUNCIL.

07-25-2007 REPORT SENT TO AGENCY.

**RNS:WF**  
**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

### **Response to Legislative Council Staff Recommendations**

The Legislative Counsel staff recommended no changes.

### **List of Persons Appearing or Registering For or Against the Rules.**

No persons, other than DETF staff, appeared or registered either for or against the rule at the public hearing on August 14, 2007.

### **Summary of Comments Received at Public Hearing.**

No person wished to testify concerning the rule. The record was held open for written comments until 4:30 p.m. on August 15, 2007, but no comments were received.

### **Modifications to Rule as Originally Proposed as a Result of Public Comments**

None.

### **Modifications to the Analysis Accompanying the Proposed Rule.**

The sixth paragraph of the "Plain Language Analysis," beginning "It has come to the Department's attention ..." has been revised slightly for clarity.

### **Modifications to the Initial Fiscal Estimate**

None.

### **Board Authorization for Promulgation**

This final draft report on Clearinghouse Rule #07-068 has been duly approved for submission to the Legislature, and for promulgation, by the Department of Employee Trust Funds and by:

The Employee Trust Funds Board at its meeting on \_\_\_\_.

The Teachers Retirement Board at its meeting on \_\_\_\_.

The Wisconsin Retirement Board at its meeting on \_\_\_\_.

Respectfully submitted,

**DEPARTMENT OF EMPLOYEE TRUST FUNDS**

\_\_\_\_\_  
David Stella  
Secretary

Date: \_\_\_\_\_



STATE OF WISCONSIN  
Department of Employee Trust Funds

David A. Stella  
SECRETARY

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**CORRESPONDENCE MEMORANDUM**

**DATE:** December 3, 2007

**TO:** Teachers Retirement Board  
Wisconsin Retirement Board  
Employee Trust Funds Board

**FROM:** Robert Weber, Chief Counsel

**SUBJECT:** Approval of Final Draft Report on Clearinghouse Rule #07-068, Relating to the Status of a Non-annuitant at Death for Purposes of a Death Benefit

**The Department asks the Board to formally approve the attached Final Draft Report on CR #07-068 so that the rule can be submitted to the Legislature for promulgation.**

This rule creates a new WIS. ADMIN. CODE § ETF 20.37 codifying the Department's interpretation of WIS. STAT. § 40.71 (1) (b), that the deceased individual was not a participating employee at the time of death if the employment was actually terminated sometime before the day on which the employee died.

This Department interpretation is consistent with the definitions of "employee" and "participating employee" found in WIS. STAT. § 40.02 (26) and (46), respectively, and is in accord with WIS. ADMIN. CODE § ETF 10.08 (3) (a) concerning the date of termination of employment for purposes of receiving Wisconsin Retirement System (WRS) benefits.

WIS. STAT. § 40.71 (1) (b) is one of several provisions that governs whether a deceased WRS participant is considered an active employee, a former (i.e., "inactive") employee, or an annuitant for purposes of paying death benefits from the WRS. This particular statute treats a decedent, whose employment had not been formally terminated as being an employee on an informal leave of absence, for up to a year after the last date for which the person was paid.

This rule making does nothing to alter that presumption. Rather, the focus of the rule making is to clarify the phrase "... has not filed notice of the termination of employment prior to the employee's death" to eliminate a potential misunderstanding and make certain that the correct death benefit is paid. This clause might otherwise be misread to imply that if an employer terminated an employee, but did not notify the Department of the termination until after the employee died, then the death benefits would be determined as if the decedent was "deemed" to be an active employee at the time of death.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature

Date

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WR	12/13/07	5
ETF	12/14/07	4



STATE OF WISCONSIN  
Department of Employee Trust Funds

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**CORRESPONDENCE MEMORANDUM**

**DATE:** November 30, 2007  
**TO:** Employee Trust Funds Board  
**FROM:** John Vincent, Administrator  
Division of Trust Finance and Employer Services  
**SUBJECT:** Prior Non-Covered Employment (PNCE) Statutory Change

At the September 14, 2007 meeting, the Board approved draft language that would amend the statutes to permit an employee to purchase creditable service for work performed for a Wisconsin Retirement System (WRS) employer prior to the time he or she became eligible to participate in the WRS. **Staff is seeking the Board's consideration to expand the scope of the proposed statutory change.**

The changes we are proposing would expand the scope of the original proposal to allow greater flexibility in the type of non-covered prior employment that could be purchased, and allow participants to buy the service in the employment category in which the service was performed. However, the critical provision that would require the participant to pay the full actuarial value of the service remains intact. If the Board approves the changes, the Department will have official draft language prepared by the Legislative Reference Bureau and seek to have the draft introduced as legislation and approved by the Legislature.

**Proposed Changes**

1. **Original Draft:** The original draft restricted buying PNCE to situations where a WRS employer hired an employee who was not expected to work enough hours or for a sufficient duration to meet WRS participation standards, but the employer's expectations changed while the employee was still working in the same position and the employee was enrolled in the WRS.

**Recommended Change:** Participants be allowed to buy all non-covered employment with a WRS employer, regardless of whether the employee subsequently became covered under the WRS in the same position because the employer's expectations changed.

This recommendation is intended to address the administrative complexity that would result with the original draft. For example, it would be very difficult to determine what qualifies as the "same position" for purposes of determining eligibility to buy PNCE. Because the participant pays the full actuarial value of the service, there would be no disadvantage to the trust fund in allowing all PNCE to be purchased.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.  
\_\_\_\_\_  
Signature Date

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2. **Original Draft:** The original proposal did not require the participant to have the three continuous years of creditable service\* that are required for most other service purchases. Participants could buy PNCE shortly after becoming covered under the WRS, with the restriction that they could not buy more service than the amount of creditable service they have on the date of application (excluding any previously purchased creditable service).

**Recommended Change:** Participants would be required to have three continuous years of service to be eligible to buy PNCE.

The Board intended for participants to pay the full actuarial value of the PNCE. A key factor in determining the actuarial value of creditable service is the participant's current annual earnings pattern. The recommendation would ensure that there is an annual earnings pattern on which to base the cost calculation.

3. **Original Draft:** The original proposal would have restricted all PNCE service to the general employment category, regardless of the nature of the service that the participant performed for the WRS employer.

**Recommended Change:** Participants would be allowed to purchase the service in the appropriate employment category for the type of duties performed, rather than restricting PNCE to general category service. Service would be purchased in the same employment category in which the participant would have been reported to the WRS if the employment had met participation standards.

The cost of the service would reflect the full actuarial value for service in the employment category in which it is purchased. Consequently, there would be no disadvantage to the trust fund in allowing PNCE to be purchased in different employment categories.

**Other Consideration:**

If a PNCE statute were enacted, the Department is considering an online PNCE cost calculator, similar to the forfeited service cost calculator. This could be developed in tandem with the proposed Other Governmental Service (OGS) cost calculator.

Since participants often initially assume that the cost of OGS is comparable to forfeited service, an online calculator would give them a more realistic idea of the cost of OGS and PNCE. This would also have the advantage of screening out estimate requests from participants for whom the cost would be prohibitive, thereby reducing workload for the Department.

Staff will be available at the meeting for discussion and questions.

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\* "Three continuous years of creditable service" is defined in ETF 10.01 (7), Wis. Admin. Code



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
 David A. Stella  
 SECRETARY

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***CORRESPONDENCE MEMORANDUM***

**DATE:** December 4, 2007

**TO:** Employee Trust Funds Board  
 Wisconsin Retirement Board  
 Teachers Retirement Board

**FROM:** David H. Nispel, Deputy Chief Counsel

**SUBJECT:** Approval of Scope Statement Regarding Proposed Amendment to Wisconsin Administrative Code S. ETF 11.11

**The Boards are asked to approve the attached Scope Statement.**

The Department of Employee Trust Funds proposes to modify Wis. Admin. Code s. ETF 11.11, relating to appointment of legal counsel to advise the governing boards attached to the Department while the boards consider a final decision pertaining to an appeal. The Department requests approval of the attached Scope Statement. Approval of the Scope Statement is the first step in promulgating an administrative rule. The final version of the proposed rule will be submitted to the boards in the spring of 2008.

Currently, board staff arranges for legal counsel to advise the Employee Trust Funds Board, the Teachers Retirement Board, the Wisconsin Retirement Board, the Group Insurance Board, and the Deferred Compensation Board from one of three sources: 1) the Department of Justice, if the Department is a party to the appeal; 2) the Department's chief counsel, if the Department is not a party to the appeal; and 3) outside counsel, if neither the Department's chief counsel nor the Department of Justice is able to provide legal counsel. The current rule also prescribes a number of specific duties of the legal counsel.

The proposed amendment was prompted by the need to provide the boards with additional flexibility in the use of legal counsel. Under the proposed amendment covered by the scope statement, board staff may arrange for legal counsel for the boards as deemed necessary and in accordance with the statutory responsibilities of the Department of Justice to provide legal counsel. In addition, the proposed amendment would eliminate the itemized list of duties of the legal counsel contained in the current rule, and simply provide that the legal counsel shall provide legal representation to the board.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.	
_____ Signature	_____ Date

Board	Mtg Date	Item #
TR	12/13/07	5
WR	12/13/07	4
ETF	12/14/07	7

# **Statement of Scope of Proposed Rule Department of Employee Trust Funds**

The Department of Employee Trust Funds (department) gives notice pursuant to Wis. Stat. s. 227.135, that it proposes to modify an existing administrative rule, specifically Wis. Admin. Code s. ETF 11.11. The rule relates to legal counsel advising the boards that are attached to the department while a board considers a final decision pertaining to an appeal.

## **DESCRIPTION OF RULE**

The proposed modifications concern appointment of legal counsel by the Employee Trust Funds Board, Wisconsin Retirement Board, Teachers Retirement Board, Group Insurance Board, and the Deferred Compensation Board and the nature of the legal representation provided to those boards during their consideration of a final decision pertaining to a pending appeal. The proposed rule does not change the responsibility of the Department of Justice to provide legal counsel pursuant to Wis. Stat. s. 40.03 (3).

## **POLICY ANALYSIS**

Under current law (Wis. Stat., s. 40.03 (3)), the Department of Justice is required to furnish legal counsel and prosecute and defend all actions brought by or against the Employee Trust Funds Board, the Group Insurance Board, the department, or any employee of the department as a result of the performance of the department employee's duties. Under the current administrative rules, board staff arrange for legal counsel to advise the Employee Trust Funds Board, Wisconsin Retirement Board, Teachers Retirement Board, Group Insurance Board, and the Deferred Compensation Board from one of three sources: 1) the Department of Justice, if the department is a party to the appeal; 2) the department's chief counsel, if the department is not a party to the appeal; and 3) outside counsel, if neither the department's chief counsel nor the Department of Justice is able to provide legal counsel. The current rule also prescribes a number of specific duties of the legal counsel.

Under the proposed modifications, board staff may arrange for legal counsel for the boards as deemed necessary and in accordance with Wis. Stat. s. 40.03 (3). In addition, the proposed modifications will eliminate the specific duties of the legal counsel contained in the current rule and simply provide that the legal counsel shall provide legal representation to the board. The proposed modifications will provide the boards with additional flexibility in the use of legal counsel.

## **STATUTORY AUTHORITY**

Wis. Stat. ss. 40.03 (2) (i) and 227.11 (2) (a) provide the authority for the proposed rule.

## **ESTIMATE OF AGENCY STAFF TIME TO DEVELOP RULE:**

The Department estimates that state employees will spend 40 hours to develop this rule.

## **ENTITIES LIKELY TO BE AFFECTED BY THE PROPOSED RULE**

The proposed modifications would affect the various boards attached to the department, the department itself, and the Department of Justice.

## **SUMMARY OF AND COMPARISON TO FEDERAL REGULATIONS**

No specific federal regulation is implicated by this rulemaking. There is no impact on the provisions of the Internal Revenue Code regulating qualified pension plans. Similarly, there is no impact on Wis. Stat. s. 40.015, which requires that the Wisconsin Retirement System be maintained as a qualified plan.

I have reviewed this Statement of Scope and approve it for publication in the Administrative Register this \_\_\_\_\_ day of \_\_\_\_\_, 200\_.

---

David A. Stella, Secretary  
Department of Employee Trust Funds

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT BENEFIT ANNUITY STATISTICAL REPORT  
January - March, 2007**

This report provides summary information on recent retirement benefit annuity applications approved and terminated by the Boards. If you have any questions, or would like additional information regarding retirement benefits, please contact Jean Gilding at (608) 266-1210 or jean.gilding@etf.state.wi.us.

**WRS RETIREMENT ANNUITIES**

<b>RETIREMENT BENEFIT APPLICATIONS</b>				
	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Retirement Estimates Requested</b>	1,550	1,446	1,593	4,589
<b>Retirement Estimates Completed</b>	1,517	1,469	1,115	4,101
	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Estimated Annuities Started</b>	918	941	380	2,239
<b>Annuities Finalized</b>	795	459	642	1,896
	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Finalized Options</b>				
01 For Annuitant's Life Only	104	102	70	276
02 Life Annuity with 60 Payments Guaranteed	78	96	68	242
04 Life Annuity with 180 Payments Guaranteed	157	175	133	465
07 75% Continued to Named Survivor (Jt. Survivor)	71	139	76	286
09 Reduced 25% on Death of Annuitant or Named Surv. (Jt.S.)	45	55	31	131
11 100% Continued to Named Survivor (Jt. Survivor)	68	70	46	184
12 100% Cont'd to Named Surv.(Jt. S.)w/180 Paym'ts Guaranteed	258	303	218	779
21 Annuity Certain (Specified 24-180 Months)	2	1	0	3
29 Annuity Certain -- 24 Months**	0	2	1	3
30 Annuity Certain -- 60 Months**	0	0	0	0
31 Annuity Certain -- 120 Months**	0	0	1	1
40 Life with 180 Payments Guaranteed (Mandatory)	12	1	0	13
41 Life with Optional Length Guaranteed (Mandatory)	1	0	0	1
42 Life with Optional Length Guaranteed	0	0	0	0
50 Retirement Lump Sum	65	74	111	250
	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Finalized - Calc Type</b>				
Formula	324	383	285	992
Money Purchase	472	547	363	1,382
	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Finalized at Max</b>	6	6	1	13

\*Note: Because participants with additional contributions may select different additional annuity options for their regular and additional retirement benefits, the total by option selected will not match the total number of retirement annuities finalized on a month-to-month basis.

\*\* Annuities based on Additional Contributions

<b>RETIREMENT ANNUITIES FINALIZED BY FUND TYPE</b>				
	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Core Fund</b>	550	253	507	1,310
<b>Variable Fund</b>	261	701	140	1102

<b>RETIREMENT ANNUITIES FINALIZED BY EMPLOYER TYPE</b>				
	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Local Employers</b>	570	812	603	1,985
<b>State Government</b>	226	133	40	399

<b>RETIREMENT ANNUITIES FINALIZED BY GENDER</b>				
	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Females</b>	469	565	444	1,478

<b>Males</b>	326	376	198	900
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**RETIREMENT BENEFIT ANNUITY TERMINATIONS**

<b>Termination Type</b>	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
Returned to Work	7	4	3	14
Medical (s. 40.63)	0	0	0	0
Added in error	0	0	0	0
Didn't meet 30 day break	0	0	0	0
Cancelled Application	0	0	1	1
Recover Overpayment	0	0	0	0
Put on Reg. Add'l in Error	0	0	0	0
Other	0	0	1	1
<b>Total Benefit Terminations</b>	7	4	5	16

**GROSS ANNUITY PAYMENTS IN DOLLARS (\$)**

<b>Payroll Month</b>	<b>Core</b>	<b>Variable</b>	<b>Subtotal</b>	<b>General (GPR)</b>	<b>Total</b>
<b>Jan-07</b>	241,107,641.42	32,734,003.25	273,841,644.67	128,744.83	273,970,389.50
<b>Feb-07</b>	241,491,601.96	32,762,885.70	274,254,487.66	127,182.99	274,381,670.65
<b>Mar-07</b>	241,822,345.06	32,820,628.13	274,642,973.19	125,960.25	274,768,933.44

**WRS BENEFICIARY ANNUITIES**

	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
<b>Beneficiary Annuities Started</b>	3	6	10	19
<b>Beneficiary Annuities Terminated</b>	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Total</b>
Converted Contin. to Lump Sum	0	0	0	0
File set up in error (spouse living)	0	0	0	0
Other	2	0	0	2
<b>Total</b>	2	0	0	2

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT BENEFIT ANNUITY STATISTICAL REPORT  
April - June, 2007**

This report provides summary information on recent retirement benefit annuity applications approved and terminated you have any questions, or would like additional information regarding retirement benefits, please contact Jean Gilding 1210 or jean.gilding@etf.state.wi.us.

**WRS RETIREMENT ANNUITIES**

<b>RETIREMENT BENEFIT APPLICATIONS</b>			
	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
<b>Retirement Estimates Requested</b>	1,374	1,693	1,615
<b>Retirement Estimates Completed</b>	1,194	1,357	1,668
	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
<b>Estimated Annuities Started</b>	453	490	2,624
<b>Annuities Finalized</b>	811	1,184	1,091
	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
<b>Retirement Annuities Finalized by Option Selected*</b>			
01 For Annuitant's Life Only	120	168	161
02 Life Annuity with 60 Payments Guaranteec	83	133	107
04 Life Annuity with 180 Payments Guaranteec	141	253	246
07 75% Continued to Named Survivor (Jt. Survivor)	113	104	94
09 Reduced 25% on Death of Annuitant or Named Surv. (Jt.S.)	50	65	66
11 100% Continued to Named Survivor (Jt. Survivor)	75	105	111
12 100% Cont'd to Named Surv.(Jt. S.)w/180 Paym'ts Guaranteec	229	351	297
21 Annuity Certain (Specified 24-180 Months)	0	3	5
29 Annuity Certain -- 24 Months**	0	1	0
30 Annuity Certain -- 60 Months**	0	0	1
31 Annuity Certain -- 120 Months**	3	1	1
40 Life with 180 Payments Guaranteed (Mandatory)	0	1	0
41 Life with Optional Length Guaranteed (Mandatory)	0	0	0
42 Life with Optional Length Guaranteed	0	0	0
50 Retirement Lump Sum	214	69	56
	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
<b>Finalized - Calc Type</b>			
Formula	391	590	500
Money Purchase	424	572	574
	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
Finalized at Max	0	5	11

\*Note: Because participants with additional contributions may select different additional annuity options for their regular retirement benefits, the total by option selected will not match the total number of retirement annuities finalized on a monthly basis.

\*\* Annuities based on Additional Contributions

<b>RETIREMENT ANNUITIES FINALIZED BY FUND TYPE</b>			
	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
<b>Core Fund</b>	651	971	895
<b>Variable Fund</b>	164	228	219

<b>RETIREMENT ANNUITIES FINALIZED BY EMPLOYER TYPE</b>			
	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
<b>Local Employers</b>	705	739	786
<b>State Government</b>	112	449	310

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT BENEFIT ANNUITY STATISTICAL REPORT  
April - June, 2007**

<b>RETIREMENT ANNUITIES FINALIZED BY GENDER</b>			
	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
<b>Females</b>	536	644	622
<b>Males</b>	275	540	469

<b>RETIREMENT BENEFIT ANNUITY TERMINATIONS</b>			
<b>Termination Type</b>	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
Returned to Work	8	2	1
Did not Meet 30-day Break in Service	0	0	0
Medical (s. 40.63)	0	0	0
Cancelled Application	1	3	1
Recover Overpayment	0	0	0
Put on Reg. Add'l in Error	0	0	0
Other	2	0	2
<b>Total Benefit Terminations</b>	<b>11</b>	<b>5</b>	<b>4</b>

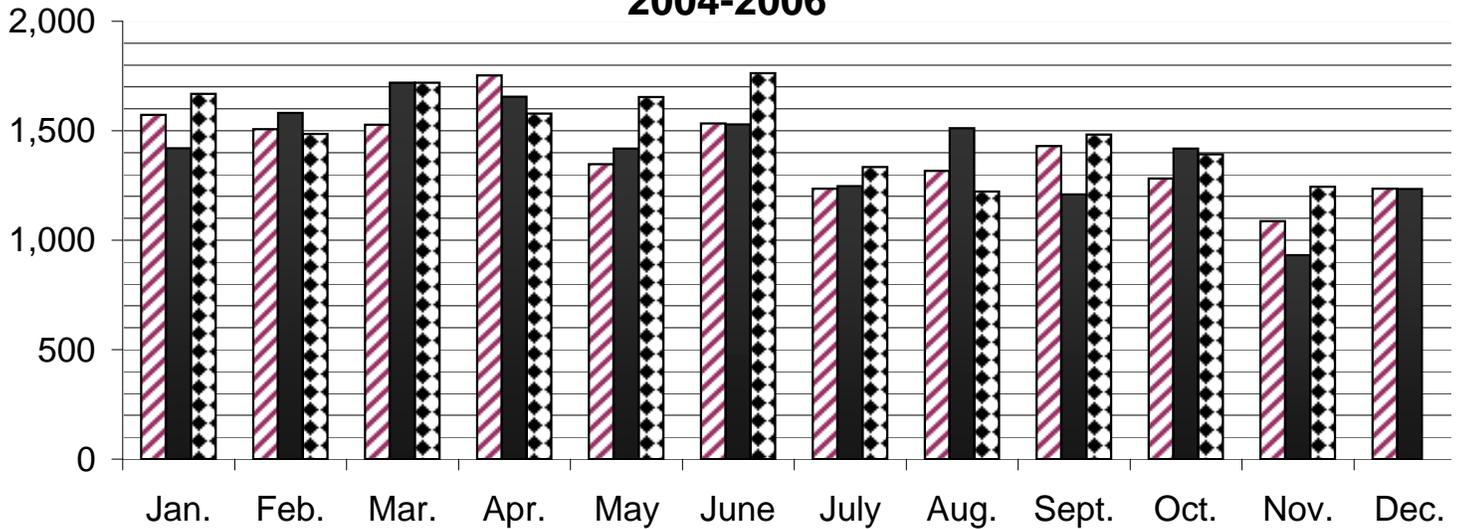
<b>GROSS ANNUITY PAYMENTS IN DOLLARS (\$)</b>				
<b>PAYROLL MO</b>	<b>Core</b>	<b>Variable</b>	<b>Subtotal</b>	<b>General (GPR)</b>
<b>Apr-07</b>	249,539,978.87	35,417,527.98	284,957,506.85	123,655.63
<b>May-07</b>	249,734,843.09	35,417,832.81	285,152,675.90	119,634.43
<b>Jun-07</b>	254,537,314.49	35,799,487.90	290,336,802.39	119,196.82

**WRS BENEFICIARY ANNUITIES**

	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
<b>Beneficiary Annuities Started</b>	3	2	3
<b>Beneficiary Annuities Terminated</b>	<b>Apr-07</b>	<b>May-07</b>	<b>Jun-07</b>
Converted Contin. to Lump Sum	0	0	0
File set up in error (spouse living)	0	0	0
Other	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

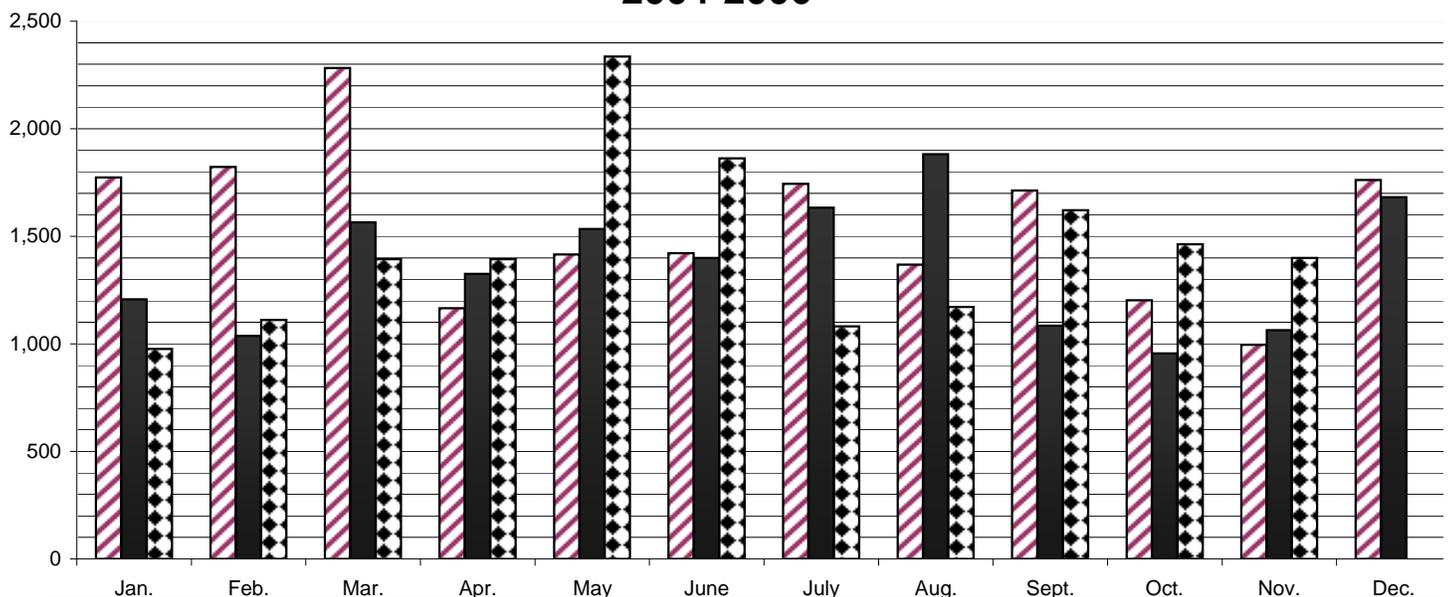
STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT BENEFIT ANNUITY STATISTICAL REPORT  
April - June, 2007

### Retirement Estimates Requested 2004-2006



Estimates Requested 2004
  Estimates Requested 2005
  Estimates Requested 2006

### Retirement Estimates Completed 2004-2006



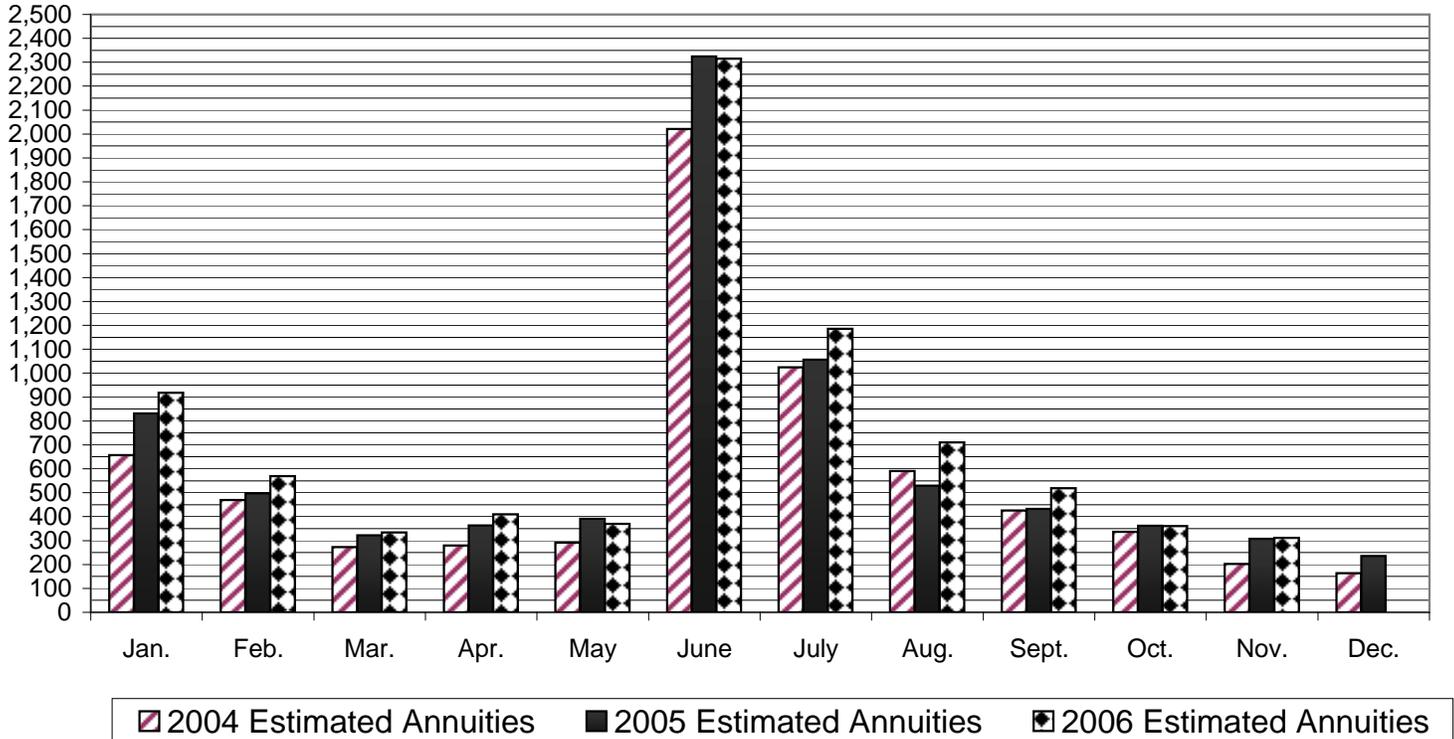
Estimates Completed 2004
  Estimates Completed 2005
  Estimates Completed 2006

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT BENEFIT ANNUITY STATISTICAL REPORT  
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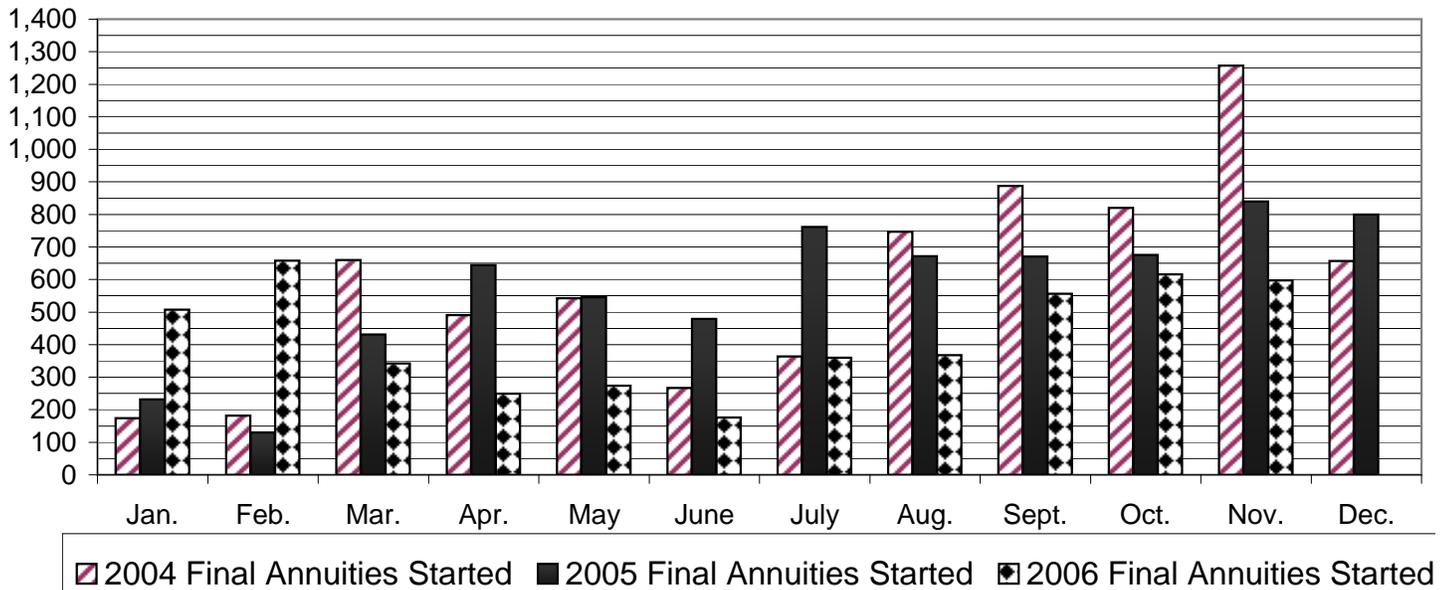
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**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT BENEFIT ANNUITY STATISTICAL REPORT  
April - June, 2007**

**Retirement Annuities Started as Estimated**



**Retirement Annuities Finalized**



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<b>Total</b>
4,682
4,219

<b>Total</b>
3,567
3,086

<b>Total</b>
449
323
640
311
181
291
877
8
1
1
5
1
0
0
339

<b>Total</b>
1,481
1,570

<b>Total</b>
16

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month-to-month

<b>Total</b>
2,517
611

<b>Total</b>
2,230
871

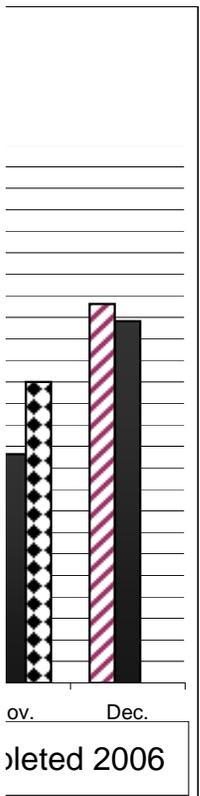
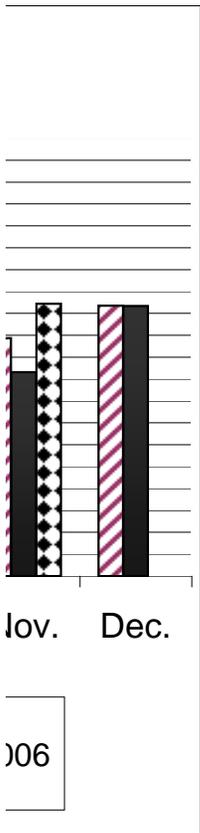
<b>Total</b>
1,802
1,284

<b>Total</b>
11
0
0
5
0
0
4
20

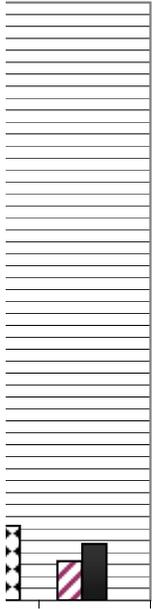
<b>Total</b>
285,081,162.48
285,272,310.33
290,455,999.21

<b>Total</b>
8

<b>Total</b>
0
0
0
0

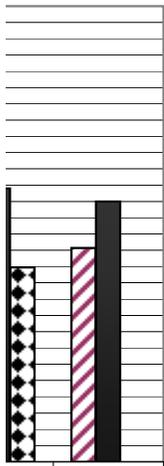






Dec.

Annuities



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**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT ANNUITY STATISTICAL REPORT  
July - September, 2007**

This report provides summary information on recent retirement benefit annuity applications approved and terminated you have any questions, or would like additional information regarding retirement benefits, please contact Jean Gilding 1210 or jean.gilding@etf.state.wi.us

**WRS RETIREMENT ANNUITIES**

**RETIREMENT BENEFIT APPLICATIONS**

	Jul-07	Aug-07	Sep-07
<b>Retirement Estimates Requested</b>	1,341	1,564	1,267
<b>Retirement Estimates Completed</b>	1,095	1,671	1,233
	Jul-07	Aug-07	Sep-07
Estimated Annuities Started	1,150	670	494
Annuities Finalized	450	683	861
<b>Retirement Annuities Started by Option Selected*</b>	Jul-07	Aug-07	Sep-07
For Annuitant's Life Only	57	65	116
Life Annuity with 60 Payments Guarantee	60	69	98
Life Annuity with 180 Payments Guaranteed	92	143	197
75% Continued to Named Survivor (Jt. Survivor)	37	84	65
Reduced 25% on Death of Annuitant or Named Surv. (Jt. Survivor)	17	45	43
100% Continued to Named Survivor (Jt. Survivor)	48	53	91
100% Cont'd to Named Surv.(Jt. S.)w/180 Paym'ts Guaranteed.	137	223	239
Annuity Certain (Specified 24-180 Months)	1	0	2
Annuity Certain -- 24 Months**	0	0	2
Annuity Certain -- 60 Months**	1	1	0
Annuity Certain -- 120 Months**	0	0	2
Life with 180 Payments Guaranteed (Mandatory)	0	1	5
Life with Optional Length Guaranteed (Mandatory)	0	0	0
Life with Optional Length Guaranteed	0	0	0
Retirement Lump Sum	138	225	164
<b>Finalized - Calculation Type</b>	Jul-07	Aug-07	Sep-07
Formula	235	348	388
Money Purchase	212	336	467
	Jul-07	Aug-07	Sep-07
Finalized Maximum	2	4	5

\*Note: Because participants with additional contributions may select different additional annuity options for their regular retirement benefits, the total by option selected will not match the total number of retirement annuities started on a monthly basis.

\*\* Annuities based on Additional Contributions

**RETIREMENT ANNUITIES FINALIZED BY FUND TYPE**

	Jul-07	Aug-07	Sep-07
<b>Core Fund</b>	331	468	654
<b>Variable Fund</b>	128	216	232

**RETIREMENT ANNUITIES FINALIZED BY EMPLOYER TYPE**

	Jul-07	Aug-07	Sep-07
<b>Local Employers</b>	119	426	251
<b>State Government</b>	337	262	613

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT ANNUITY STATISTICAL REPORT  
July - September, 2007**

<b>RETIREMENT ANNUITIES FINALIZED BY GENDER</b>			
	<b>Jul-07</b>	<b>Aug-07</b>	<b>Sep-07</b>
<b>Females</b>	234	347	502
<b>Males</b>	216	336	359

<b>RETIREMENT BENEFIT ANNUITY TERMINATIONS</b>			
<b>Termination Type</b>	<b>Jul-07</b>	<b>Aug-07</b>	<b>Sep-07</b>
Returned to Work	3	6	4
Did not Meet 30-day Break in Service	0	0	0
Medical (s. 40.63)	0	0	0
Cancelled Application	0	6	0
Recover Overpayment	0	0	0
Put on Reg. Add'l in Error	0	0	0
Other	0	0	0
<b>Total Benefit Terminations</b>	<b>3</b>	<b>12</b>	<b>4</b>

<b>GROSS ANNUITY PAYMENTS IN DOLLARS (\$)</b>				
<b>PAYROLL MO</b>	<b>Core</b>	<b>Variable</b>	<b>Subtotal</b>	<b>General (GPR)</b>
<b>Jul-07</b>	258,486,990.92	36,136,144.61	294,623,135.53	117,995.33
<b>Aug-07</b>	259,872,209.71	36,198,358.53	296,070,568.24	114,817.14
<b>Sep-07</b>	259,655,538.13	36,120,894.66	295,776,432.79	113,379.40

**WRS BENEFICIARY ANNUITIES**

	<b>Jul-07</b>	<b>Aug-07</b>	<b>Sep-07</b>
<b>Beneficiary Annuities Started</b>	12	12	3
<b>Beneficiary Annuities Terminated</b>	<b>Jul-07</b>	<b>Aug-07</b>	<b>Sep-07</b>
Converted Continuation to Lump Sum	0	0	0
File set up in error (spouse living)	0	0	0
Other	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

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<b>Total</b>
4,172
3,999

<b>Total</b>
2,314
1,994

<b>Total</b>
238
227
432
186
105
192
599
3
2
2
2
6
0
0
527

<b>Total</b>
971
1,015

<b>Total</b>
11

lar and additional  
month-to-month

<b>Total</b>
1,453
576

<b>Total</b>
796
1,212

<b>Total</b>
1,083
911

<b>Total</b>
13
0
0
6
0
0
0
19

<b>Total</b>
294,741,130.86
296,185,385.38
295,889,812.16

<b>Total</b>
27
<b>Total</b>
0
0
0
0

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT ANNUITY STATISTICAL REPORT  
October - December, 2007**

This report provides summary information on recent retirement benefit annuity applications approved and terminated you have any questions, or would like additional information regarding retirement benefits, please contact Jean Gilding 0222 or jean.gilding@etf.state.wi.us.

**WRS RETIREMENT ANNUITIES**

<b>RETIREMENT BENEFIT APPLICATIONS</b>			
	<b>Oct-07</b>	<b>Nov-07</b>	<b>Dec-07</b>
<b>Retirement Estimates Requested</b>	1,441	0	0
<b>Retirement Estimates Completed</b>	1,128	0	0
	<b>Oct-07</b>	<b>Nov-07</b>	<b>Dec-07</b>
Estimated Annuities Started	389	0	0
Annuities Finalized	853	0	0
<b>Retirement Annuities Started by Option Selected*</b>	<b>Oct-07</b>	<b>Nov-07</b>	<b>Dec-07</b>
01 For Annuitant's Life Only	126	0	0
02 Life Annuity with 60 Payments Guaranteed	111	0	0
04 Life Annuity with 180 Payments Guaranteed	170	0	0
07 75% Continued to Named Survivor (Jt. Survivor)	73	0	0
09 Reduced 25% on Death of Annuitant or Named Surv. (Jt.S.)	42	0	0
11 100% Continued to Named Survivor (Jt. Survivor)	76	0	0
12 100% Cont'd to Named Surv.(Jt. S.)w/180 Paym'tsGuarant.	246	0	0
21 Annuity Certain (Specified 24-180 Months)	0	0	0
29 Annuity Certain -- 24 Months**	1	0	0
30 Annuity Certain -- 60 Months**	1	0	0
31 Annuity Certain -- 120 Months**	0	0	0
40 Life with 180 Payments Guaranteed (Mandatory)	8	0	0
41 Life with Optional Length Guaranteed (Mandatory)	0	0	0
42 Life with Optional Length Guaranteed	0	0	0
50 Retirement Lump Sum	289	0	0
<b>Finalized - Calc Type</b>	<b>Oct-07</b>	<b>Nov-07</b>	<b>Dec-07</b>
Formula	382	0	0
Money Purchase	477	0	0
	<b>Oct-07</b>	<b>Nov-07</b>	<b>Dec-07</b>
Finalized at Max	6	0	0

\*Note: Because participants with additional contributions may select different additional annuity options for their regular retirement benefits, the total by option selected will not match the total number of retirement annuities started on a monthly basis.

\*\* Annuities based on Additional Contributions

<b>RETIREMENT ANNUITIES FINALIZED BY FUND TYPE</b>			
	<b>Oct-07</b>	<b>Nov-07</b>	<b>Dec-07</b>
<b>Core Fund</b>	598	0	0
<b>Variable Fund</b>	277	0	0

<b>RETIREMENT ANNUITIES FINALIZED BY EMPLOYER TYPE</b>			
	<b>Oct-07</b>	<b>Nov-07</b>	<b>Dec-07</b>
<b>Local Employers</b>	526	0	0
<b>State Government</b>	334	0	0

STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT ANNUITY STATISTICAL REPORT  
October - December, 2007

RETIREMENT ANNUITIES FINALIZED BY GENDER			
	Oct-07	Nov-07	Dec-07
<b>Females</b>	455	0	0
<b>Males</b>	398	0	0

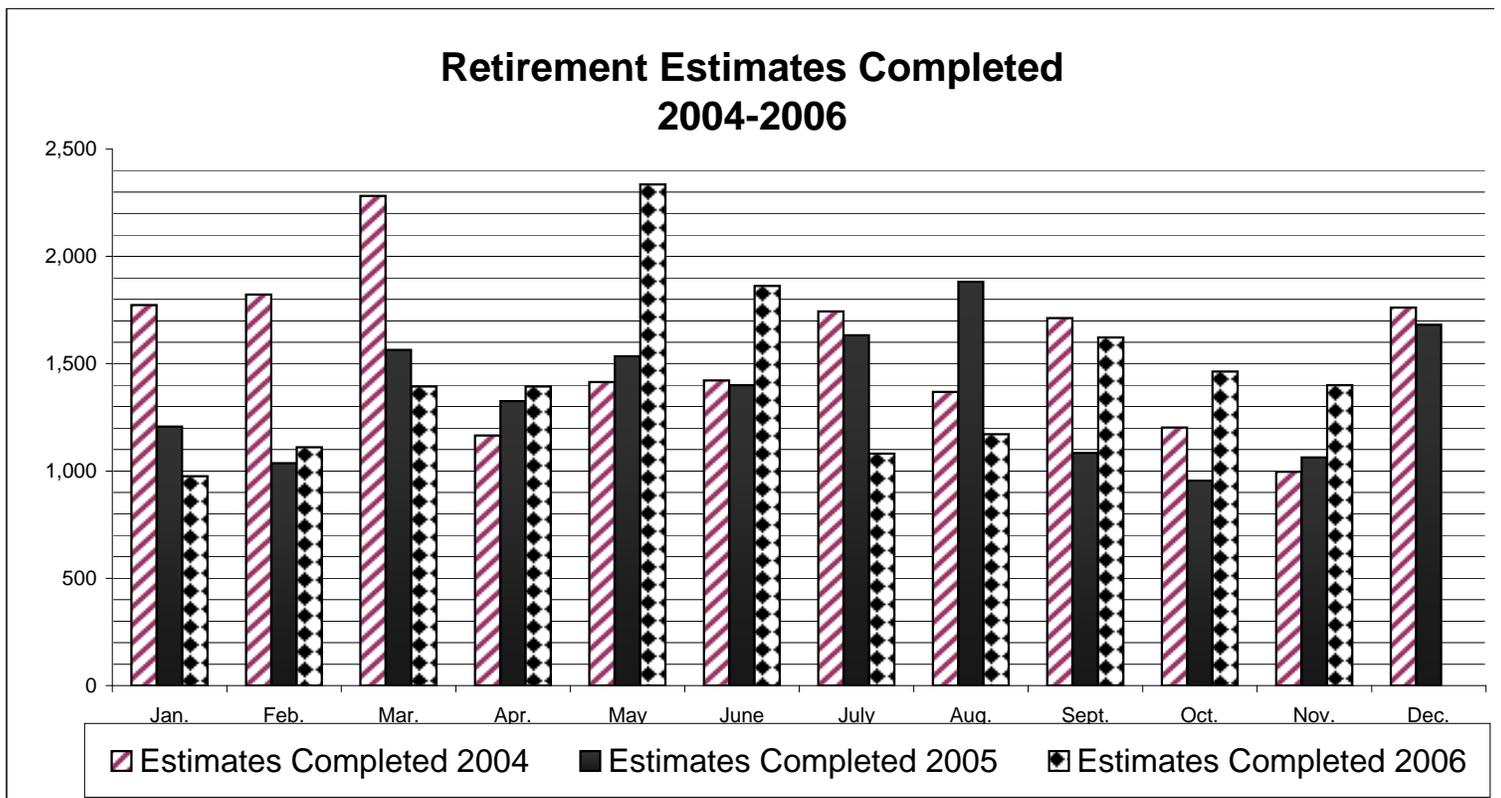
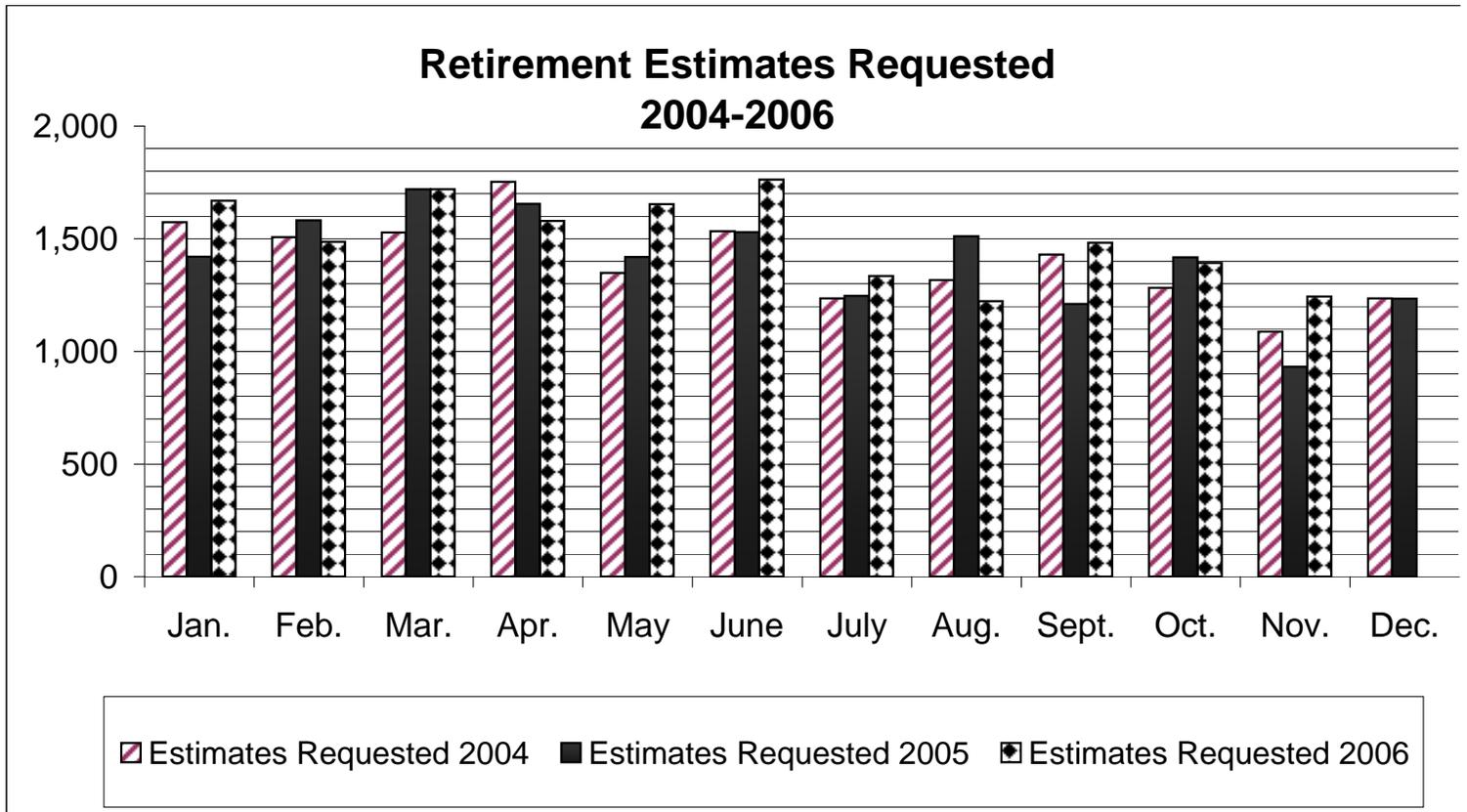
RETIREMENT BENEFIT ANNUITY TERMINATIONS			
Termination Type	Oct-07	Nov-07	Dec-07
Returned to Work	7	9	0
Did not Meet 30-day Break in Service	0	0	0
Medical (s. 40.63)	0	0	0
Cancelled Application	0	0	0
Recover Overpayment	0	0	0
Put on Reg. Add'l in Error	0	0	0
Other	1	0	0
<b>Total Benefit Terminations</b>	<b>0</b>	<b>0</b>	<b>0</b>

GROSS ANNUITY PAYMENTS IN DOLLARS (\$)				
PAYROLL MO	Core	Variable	Subtotal	General (GPR)
<b>Oct-07</b>	259,890,900.65	36,150,594.28	296,041,494.93	112,362.90
<b>Nov-07</b>	0.00	0.00	0.00	0.00
<b>Dec-07</b>	0.00	0.00	0.00	0.00

WRS BENEFICIARY ANNUITIES

	Oct-07	Nov-07	Dec-07
<b>Beneficiary Annuities Started</b>	3	2	0
<b>Beneficiary Annuities Terminated</b>	Oct-07	Nov-07	Dec-07
Converted Contin. to Lump Sum	0	0	0
File set up in error (spouse living)	0	0	0
Other	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT ANNUITY STATISTICAL REPORT  
October - December, 2007

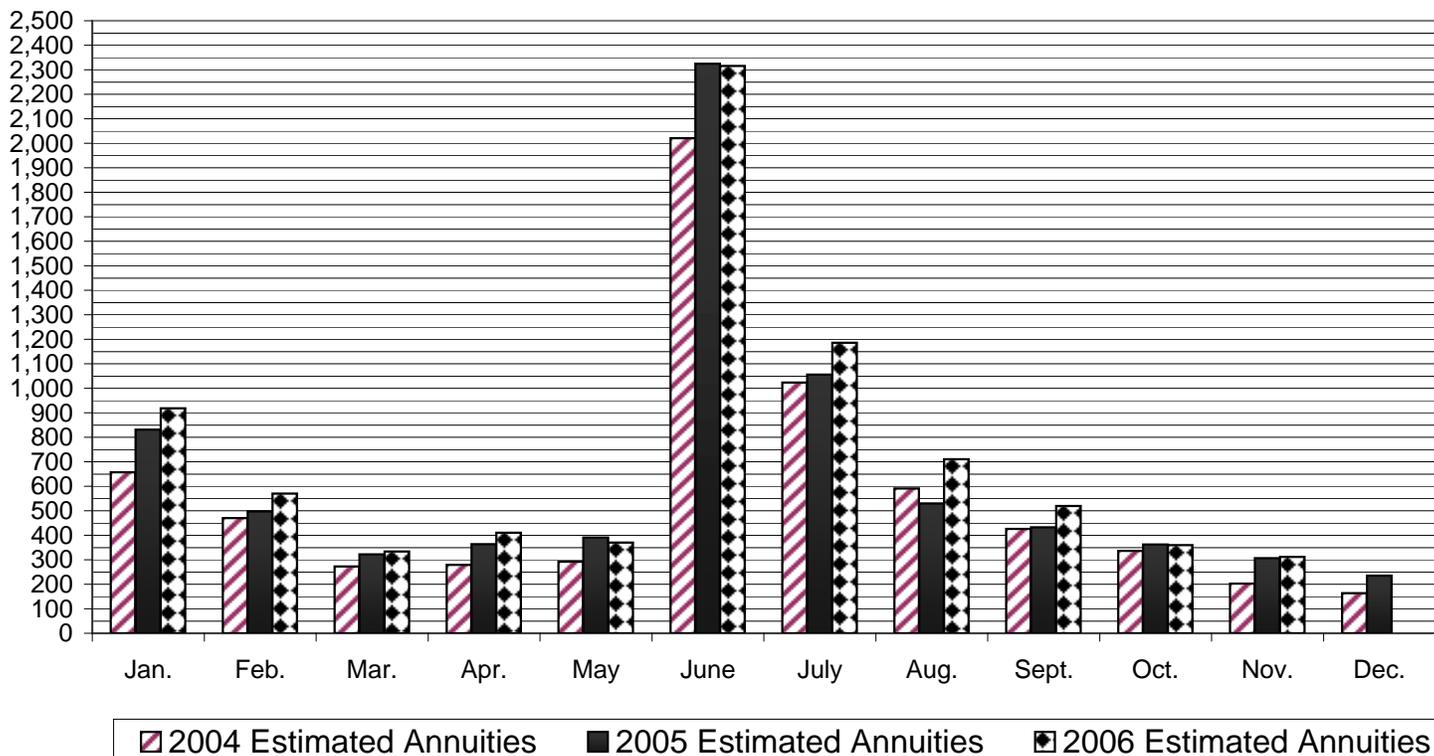


**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT ANNUITY STATISTICAL REPORT  
October - December, 2007**

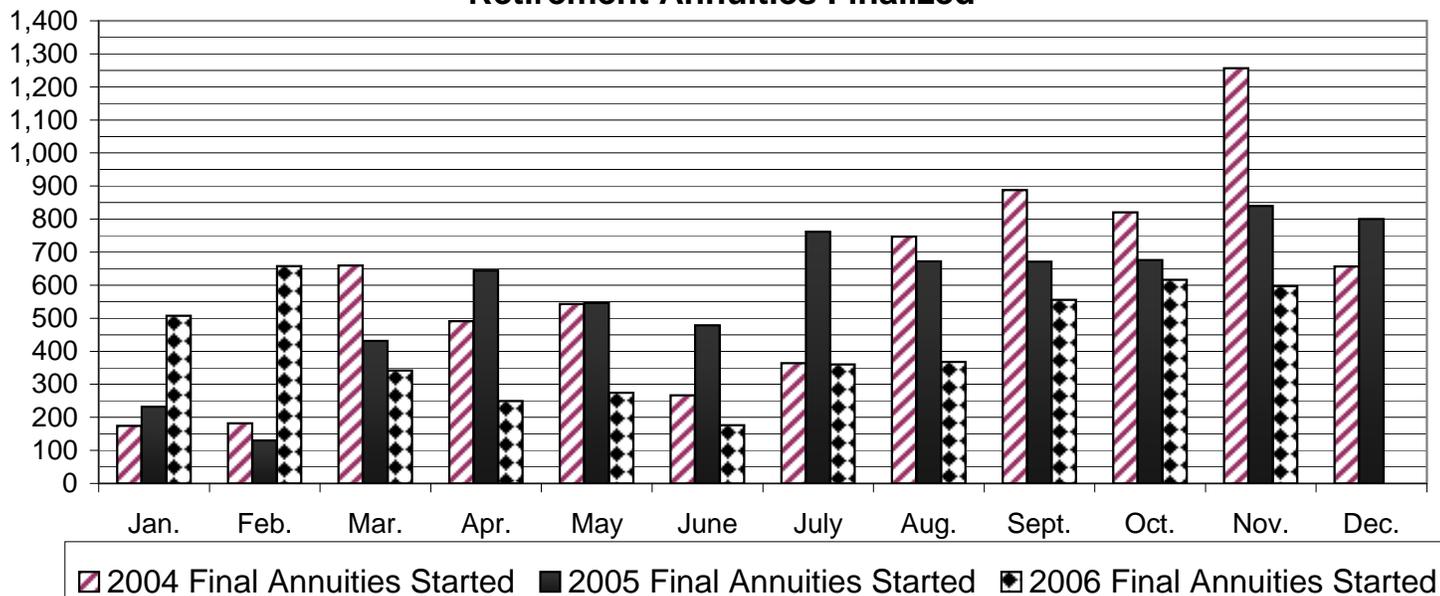
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**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
WRS RETIREMENT ANNUITY STATISTICAL REPORT  
October - December, 2007**

**Retirement Annuities Started as Estimated**



**Retirement Annuities Finalized**



l by the Boards. If  
ng at (608) 266

<b>Total</b>
1,441
1,128

<b>Total</b>
389
853

<b>Total</b>
126
111
170
73
42
76
246
0
1
1
0
8
0
0
289

<b>Total</b>
382
477

<b>Total</b>
6

lar and additional  
month-to-month

<b>Total</b>
598
277

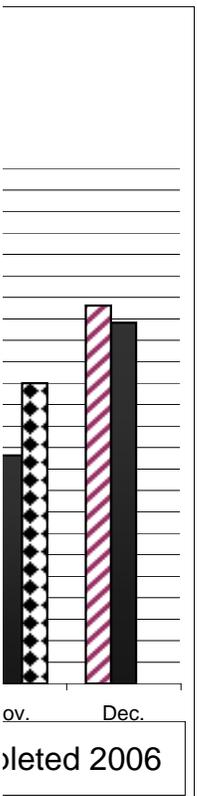
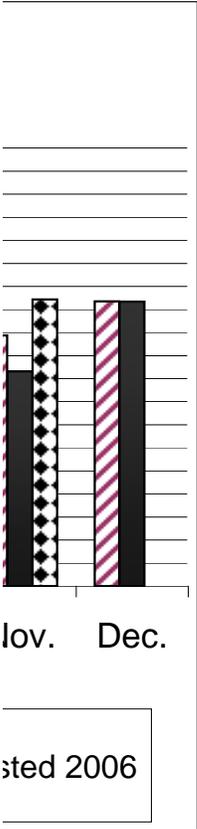
<b>Total</b>
526
334

<b>Total</b>
455
398

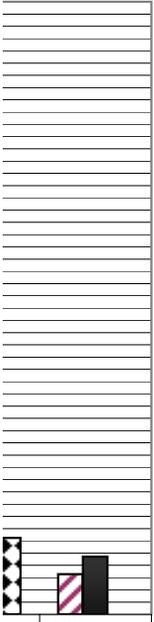
<b>Total</b>
16
0
0
0
0
0
1
17

<b>Total</b>
296,153,857.83
0.00
0.00

<b>Total</b>
0
<b>Total</b>
0
0
0
0

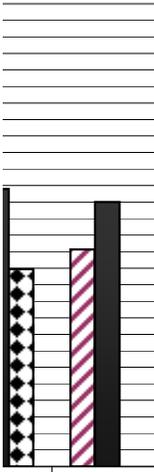






Dec.

Annuities



v. Dec.

ities Started



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
 David A. Stella  
 SECRETARY

801 W Badger Road  
 PO Box 7931  
 Madison WI 53707-7931  
 1-877-533-5020 (toll free)  
 Fax (608) 267-4549  
 http://etf.wi.gov

**CORRESPONDENCE MEMORANDUM**

**DATE:** November 30, 2007

**TO:** Employee Trust Funds Board

**FROM:** Linda Owen, Policy Analyst  
 Division of Retirement Services

Audrey Koehn, Policy Analyst  
 Division of Retirement Services

**SUBJECT:** Wisconsin Retirement System (WRS) Retirement Annuity Statistics for July - September 2007

Attached is the *July - September 2007 WRS Retirement Annuity Statistical Report*. This report provides data on some of the retirement benefit activities completed by the Department for the quarter.

Specifically, you will find data on the number of retirement estimates requested and completed, the number of new retirement annuities started, a breakdown of the annuity options selected for new annuities started, and the annuity calculation method (formula or money purchase). The report further shows the number of estimated retirement annuities finalized by fund type, employer type and gender. In addition, the tables in this report show the number of annuity terminations by type, gross payments, and beneficiary data.

**Key Information**

A comparison of 2007 calendar year-to-date (January-September) statistics and those of the same period in 2006 and 2005, reveals some facts worth noting:

- 2007 new retirements represent an increase of 11% over 2006 new retirements, and an increase of 20% over 2005 new retirements.
- Although the number of new retirements has increased significantly, requests for retirement estimates have remained relatively stable, with requests numbering 13,443, 13,911 and 13,294 for 2007, 2006, and 2005, respectively. This report also shows that for the past several years, the percentage of those retiring after receiving a retirement estimate has increased. Based on 2007 statistics, the percentage of participants retiring is approximately 60% of the number of participants requesting retirement estimates.

Reviewed and approved by Sari King, Administrator, Division of Retirement Services.	
_____ Signature	_____ Date

Board	Mtg Date	Item #
ETF	12/14/07	9

- Under the WRS, retirement benefits are calculated under both the formula calculation and the money purchase calculation and, according to statute, the higher of these calculations is used to establish the annuitant's monthly payment. To date in 2007, money purchase calculations account for 53% of new retirement annuities. The percentages for the same periods in 2006 and 2005 account for 52% and 58%, respectively. Although the percentage of money purchase annuities was slightly higher in 2007 than in 2006, it was nearly 5% lower when compared to 2005. In the future, the percentage of money purchase retirements is likely to decrease, as participants restricted to 5% interest crediting on their WRS accounts during the 1980s and 1990s begin to retire in larger numbers.
- The total monthly annuity payroll continues to increase. For September 2007, the gross annuitant monthly payroll was \$295,889,812. This amount represents an increase of 8% over the September 2006 monthly payroll and an increase of 14% over the September 2005 monthly payroll.

### **Retirement Trivia**

Question: How many WRS annuitants reside outside the United States?

Answer: 222 annuitants reside outside the United States; 55 reside in Canada.

attachment

Retirement Estimates Requested				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
2005	4722	4603	3969	3584
2006	4875	4496	4040	3805
2007	4589	4682	4172	

Estimated Annuities Started				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
2005	1651	3079	2019	904
2006	1822	3095	2416	900
2007	2239	3567	2314	