



Employer *Bulletin*

Employer Communication Center (608) 266-3285 Toll free: 1-877-533-5020 <http://etf.wi.gov>

Wisconsin Act 20 (Budget Bill) Contains Important Changes Pertaining to WRS Eligibility and the Rehiring of WRS Annuitants

Wisconsin Act 20, **effective July 2, 2013**, contains several revisions to statutory language directly affecting employers' determination of Wisconsin Retirement System (WRS) eligibility for newly hired employees, including rehired WRS annuitants.

This *Employer Bulletin* is meant to provide some basic information relevant to your WRS eligibility determinations. More detailed information will be forthcoming in future *Employer Bulletins*, the Frequently Asked Questions (FAQ) section of the Department of Employee Trust Funds' (ETF) Internet site and future Webinars. Important updates to the group health insurance contracts will be provided in a future *Employer Bulletin*.

It is imperative that you keep up to date regarding these changes. If you have not done so already, please sign up for the new employer topics available through ETF E-mail Updates so you have the most up to date *Employer Bulletins* and information regarding the WRS and ETF-administered programs sent directly to your e-mail address. ETF will no longer mail paper copies of *Employer Bulletins*.

Minimum Break in Service Requirement Increased from 30 Days to 75 Days for WRS Participants Who Terminate On or After July 2, 2013

Prior to July 2, 2013, Wis. Stat. § 40.26 (5) required a WRS participant who had applied for a retirement annuity or lump sum payment to wait at least 30 days between terminating WRS covered employment and returning to WRS participating employment. If the participant did not meet the minimum 30-day break prior to reemployment, the participant was not eligible to receive a WRS retirement annuity.

Effective July 2, 2013, Wisconsin Act 20 amended Wis. Stat. § 40.26 (5) to require that WRS participants who terminate employment **on or after July 2, 2013** wait at least 75 days between terminating WRS covered employment and returning to WRS participating employment. Returning to WRS eligible employment within the 75-day minimum break period will invalidate a retirement annuity or lump sum payment.

There will now be two categories of rehired annuitants; those grandfathered under the old law who have the option of electing WRS participation and those subject to the new law who are mandated to participate in the WRS. The key variable for determining which law applies is the participant's termination date for retirement purposes; therefore, if the:

- ▶ Termination date is **prior to** July 2, 2013, the earliest return to WRS eligible employment is the **latest** of the following dates:
 - The day after the annuity effective date.
 - The 31st day after termination of all WRS participating employment.
 - The 31st day after the date ETF receives the benefit application.

- Termination date is **on or after** July 2, 2013, the earliest return to WRS eligible employment is the **latest** of the following dates:
- The day after the annuity effective date.
 - The 76th day after termination of all WRS participating employment.
 - The 76th day after the date ETF receives the benefit application.

WRS Annuitants Who Terminated Employment On or After July 2, 2013 Are Subject to Automatic Termination of Annuity upon Returning to WRS Eligible Employment in a Position Expected to Require at Least Two-Thirds of Full Time

Prior to July 2, 2013, Wis. Stat. § 40.26 (1) permitted rehired WRS annuitants who met the minimum 30-day break in service requirement to return to WRS eligible employment and provided them with the **option** of electing to discontinue their WRS annuity and again participate in the WRS or continue their WRS annuity and not have their earnings subject to WRS crediting. The WRS annuitant was required to complete a *Rehired Annuitant Form* (ET-2319) to notify ETF of their choice.

Note: WRS eligible employment for rehired annuitants with termination dates prior to July 2, 2013 is employment expected to last at least one year and require at least **one-third of full time service**, which is defined as 600 hours (440 hours for teachers and educational support staff).

Effective July 2, 2013, Wisconsin Act 20 created Wis. Stat. § 40.26 (1m), which requires that rehired WRS annuitants who terminate employment **on or after July 2, 2013**, meet the minimum 75-day break in service, and return to WRS eligible employment automatically have their WRS annuity suspended and are reactivated as WRS participating employees of that employer. There is no longer an option to continue the annuity and not participate in the WRS. Under the new law, the WRS annuitant is required to complete a *Rehired Annuitant Form* (ET-2319) to notify ETF of their return to work.

Note: WRS eligible employment for rehired annuitants with termination dates on or after to July 2, 2013 is employment expected to last at least one year and require at least **two-thirds of full time service**, which is defined as 1,200 hours (880 hours for teachers and educational support staff).

Rehired Annuitant Form (ET-2319)

ETF staff is currently revising the *Rehired Annuitant Form* (ET-2319) so employers can enroll rehired annuitants grandfathered under the old law with termination dates prior to July 2, 2013, who **elect to participate**, as well as those with termination dates on or after July 2, 2013 who are expected to work at least one year and two-thirds of full time (defined as 880 hours for teachers and educational support staff and 1,200 hours for all others) and are mandated into the WRS and suspend their WRS annuities.

Eligibility for Employees First Hired by a WRS Employer Prior to July 1, 2011

2011 Wisconsin Act 32 increased the number of hours that an employee must work in order to become a WRS participating employee, from one-third of full-time employment (defined as 440 hours for teachers and educational support staff and 600 hours for all others) to two-thirds of full-time employment (defined as 880 hours for teachers and educational support staff and 1,200 hours for all others).

Under 2011 Wisconsin Act 32, this change did not apply to employees who were *“initially employed”* by a WRS employer before July 1, 2011, regardless of whether they were WRS participating employees before that date; they merely had to have been an employee of a WRS participating employer. This terminology made it difficult for employers to determine which criteria to use, since there was really no way for an employer to know whether their newly hired employee was *“initially employed”* by a WRS employer prior to July 1, 2011 or not.

Wisconsin Act 20, effective July 2, 2013, amended Wis. Stat. § 40.22 (2m), to replace “*initially employed*” with “*participating employee*”, which will make it easier for employers to determine which criteria to use, one-third of full-time employment or two-thirds of full-time employment. The one-year duration of employment criterion remains in both scenarios. Employers can now use ETF’s Previous Service and Benefit Inquiry application on the Online Network for Employers (ONE) site to verify when a new employee was first a participating employee, before or after July 2, 2011, and which criteria to use in making WRS eligibility determinations.

Employers are to apply the “participating employee” eligibility standard for new employees who start work on or after July 2, 2013.

Contact

For questions related to the contents of this *Employer Bulletin*, please contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285.

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This *Employer Bulletin* is published by the Wisconsin Department of Employee Trust Funds. Questions should be directed to contact persons listed in the *Bulletin*. Employer agents may copy this *Bulletin* for further distribution to other payroll offices, subunits or individuals who may need the information. Copies of the most recent *Employer Bulletins* are available on our Internet site at the following URL: <http://etf.wi.gov/employers.htm>

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