



Employer *Bulletin*

Employer Communication Center 608-266-3285

Toll free: 1-877-533-5020

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Employee Trust Funds Board Announces 2015 WRS Contribution Rates

At its June 26, 2014 meeting, the Employee Trust Funds Board (Board) approved Wisconsin Retirement System contribution rates for 2015, including rates for Wis. Stat. § 40.65 protective occupation duty disability and the State Accumulated Sick Leave Conversion Credit Program. These rates are based on current benefit levels and recommendations from the Board's independent consulting actuary.

Your specific contribution rates effective for salaries and wages paid beginning January 1, 2015 are available on ETF's Internet site at:

<http://etfonline.wi.gov/ETFCalculatorWeb/etf/internet/employer/ETFemployerrates.jsp>

WRS Employment Category:

General, Teachers and Educational Support Personnel
Executive, Elected and Judges
Protective with Social Security
Protective without Social Security

Contribution Rate Change:

Decrease 0.4%
Decrease 0.1%
Decrease 0.8%
Decrease 0.8%

Employers who have either elected to increase prior service coverage or pay off their unfunded liability balances may also experience a change in their prior service rates.

Factors Impacting WRS Rates

There are many complex factors that affect WRS contribution rates, such as investment performance, legislative adjustments to benefit levels, demographics, etc. It is important to remember, WRS investment experience is smoothed over a course of five years to prevent large swings in WRS contribution rates. For more information about the reasons for the 2015 rate decrease, the actuary's full presentation is available on ETF's website at:

<http://etf.wi.gov/boards/agenda-items-2014/etf0626/etf/item4a.pdf>

2011 Wisconsin Acts 10 and 32 in most cases prohibited WRS employers from paying the employee-required portion of the WRS contribution. The 2015 rate decrease will be split equally between the employee and employer for general employees, executives, elected officials and judges for 2015. Act 10 requires that the employee-required contribution for protective occupation employees be equal to the employee-required contribution for general employees.

Note: It is not uncommon for the WRS contribution rate for the Executive, Elected and Judges employment category to experience volatility from year to year because it is a small group of employees.

The annual actuarial valuation incorporates current economic and demographic data into the existing financial condition of the WRS in order to set new contribution rates for the system. It is

normal for contribution rates to fluctuate somewhat from year to year, based on investment earnings, wage inflation and demographic trends. In addition, the change in contribution rates may vary between employment categories, depending on varying demographic trends within those groups. Benefits being paid to current annuitants are not affected by these rate changes.

Why Are Duty Disability Rates Decreasing for Most Employers?

The duty disability rates for 2015 are decreasing compared to previous years. The duty disability rates vary based on claims experience. The rates will decrease for most employers because of strides made toward making the duty disability program fully funded. The reduction in rates shows the positive effect of having fully funded programs.

Contact

For more information regarding the 2015 contribution rates or the Internet contribution rate calculator, please contact ETF via 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>

Wisconsin Department of Employee Trust Funds

P.O. Box 7931

Madison, WI 53707-7931

etf.wi.gov

Employee-Required Contribution – (Must be Paid by Employee Unless There is a Collective Bargaining Agreement in Force):

- 6.80% General, Teachers and Educational Support Personnel – (decreased .20%)
- 7.70% Judges, Elected Officials and State Executive Positions Designated in Wis. Stat. § 20.923 (4), (8), or (9) – (decreased .05%)
- 6.80% Protective with Social Security – (decreased .20%)
- 6.80% Protective without Social Security – (decreased .20%)

Employer-Required Contributions – (Must be Paid by Employer):

- 6.80% General, Teachers and Educational Support Personnel – (decreased .20%)
- 7.70% Judges, Elected Officials and State Executive Positions Designated in Wis. Stat. § 20.923 (4), (8), or (9) – (decreased .05%)
- 9.50% Protective with Social Security – (decreased .60%)
- 13.10% Protective without Social Security – (decreased .60%)

Employer-Required Contributions – Unfunded Actuarial Liability (Must be Paid by Employer):

Same rate as 2014, unless employer elected to provide increased prior service coverage or paid off liability at an accelerated rate.

Employer Duty-Disability Contribution – (Must be Paid by Employer):

Effective January 1, 2015, the experience-rated duty-disability contribution rate schedule will change from 2014 and will be determined as listed below:

- .13% - The lesser of either groups in which the claims payout is less than or equal to 1.5% of total payroll, or employers with one or less in the number of total claims.
- .38% - The lesser of either groups in which the claims payout is greater than 1.5% but less than or equal to 3.0% of total payroll, or employers with 2 total claims.
- .88% - The lesser of either groups in which the claims payout is greater than 3.0% but less than or equal to 4.5% of total payroll, or employers with 3 total claims.
- 1.63% - The lesser of either groups in which the claims payout is greater than 4.5% but less than or equal to 6.0% of total payroll, or employers with a total of 4 claims.
- 2.63% - The lesser of either groups in which the claims payout is greater than 6.0% but less than or equal to 7.5% of total payroll, or employers with a total of 5 claims.
- 3.88% - The lesser of either groups in which the claims payout is greater than 7.5% but less than or equal to 9.0% of total payroll, or employers with a total of 6 claims.
- 5.38% - The lesser of either groups in which the claims payout is greater than 9.0% but less than or equal to 10.5% of total payroll, or employers with a total of 7 claims.
- 6.48% - The lesser of either groups in which the claims payout is greater than 10.5% of total payroll, or employers with 8 or more total number of claims.

Employer Accumulated Sick Leave Conversion Credit Contributions – (Must be Paid by Employer):

This rate applies to state agencies only. Please see your individual rate page for the sick leave rate.