

Department of Employee Trust Funds
WISCONSIN RETIREMENT SYSTEM ADMINISTRATION MANUAL

CHAPTER 11 — PRIOR YEAR ADJUSTMENTS

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1100 General Information

Occasionally, employers may need to submit an adjustment to an employee's previously reported WRS service and/or earnings or report previously unreported service and earnings for a prior year. A contract settlement is a common example of late reported earnings. The contract settlement earnings must be reported back to the year they would have been paid had the contract been settled timely.

Prior year adjustments for correcting errors, reporting retroactive earnings and requesting refunds can be submitted electronically via our Online Network for Employers (ONE).

Note: Some prior year adjustments, such as category changes involving hours and earnings, and arbitration awards involving payments to the grievant, must be reported on paper. Refer to Appendix A for data and field specifications on electronic media reporting.

WRS contributions, plus interest, may be due with many prior year adjustments. However, **do not send contributions** until ETF generates an invoice (or statement). The invoices, generated mid-month and mailed to the employer, indicate:

- The amount owed, amount credited or a zero balance.
- Instructions on how to remit the appropriate amount due or take the appropriate credit from a future monthly remittance, and
- The due date in order to avoid additional interest charges, if any.

Wis. Stat. § 40.06 (5), states, "Whenever it is determined that contributions...were not paid in the year when due, the amount to be paid shall be determined at the employee and employer contribution...rates in effect when the payment should have been made and increased by interest at the effective rate which would have been credited if the amount had been paid and deposited in the accumulation reserves of the core annuity division...at the time the contributions ...were due."

Both employer and employee may be liable for back contribution and interest payment. It is the employer's responsibility to collect from the employee the amount that the employer would

have deducted from their paychecks had the amounts been paid when due, plus corresponding interest. 2011 Wisconsin Act 10, effective June 29, 2011, prohibits employers from paying the Employee-Required Contributions (EERC) on behalf of the employee except when collective bargaining agreements in place prior to the law provided for payment of the EERC by the employer. ***Under no circumstances*** may an employer require that an employee pay back Employer-Required Contributions (ERRC) or interest assessed on the ERRC. The employer remits both the ERRC and EERC when processing the WRS Contribution Remittance Entry on ONE.

Note: Time restrictions may apply to changing an employee's employment category, crediting WRS service when none was previously reported and correcting previously reported service, earnings and/or contributions. (Refer to subchapters 315, 316, 403 and 404 for specific exceptions, time restrictions, and additional information.)

1101 2011 Acts 10 and 32 - Prior Year Reporting

2011 Wisconsin Act 10, effective June 29, 2011, enacted two changes affecting Employee-Required Contributions (EERC). First, there was a mid-year WRS contribution rate redistribution that necessitated an employment category change in 2011 for all employees. Second, statutory revision required the employee to pay the EERC unless there was a collective bargaining agreement in place on the effective date that provided for the employer payment of the EERC.

2011 Wisconsin Act 32, effective July 1, 2011, mandated that the EERC be deducted as pre-taxed contributions unless there was a collective bargaining agreement in place on the effective date that explicitly prohibited pre-tax contributions.

When enrolling an employee retroactively to 2011 or adjusting an existing employee's hours and/or earnings for calendar year 2011, employers must make two adjustments to account for the change in employment categories as well as the change from post-tax to pre-tax employee-paid contributions.

1102 Methods Available for Prior Year Reporting

Available methods for prior year reporting include:

A. Online Network for Employers (ONE):

Once authorized for ONE access, employers can electronically submit prior year adjustments using either the WRS Account Update application or the Transaction Upload application.

- **WRS Account Update:** Most adjustments to a participating employee's account can be completed using the WRS Account Update application. The application can be used for smaller numbers of adjustments. (Refer to subchapter 1103 for instructions and an example to assist you when completing Prior Year Adjustments using this application.)
- **Transaction Upload:** This application is used for a large number of transactions, such as

contract settlements. (Refer to subchapter 1104 for instructions on completing Prior Year Adjustments using this application.)

B. File Transfer Protocol (FTP):

File Transfer Protocol provides electronic transmission of prior year adjustments. An electronic version of the *Electronic Reporter Transmittal (ET-2536)* must accompany FTP files. Refer to Appendix A for FTP data description and formatting requirements. Deviations from the prescribed formats will not be accepted.

In order to use FTP, you must install the necessary software on your computer system. ETF has purchased the hardware and software required for the FTP method of transmission and will provide employers with the necessary software **free of charge**.

To ensure you have capability to perform FTP transmissions, you should discuss the system requirements with your information technology department. **Please make sure you will be able to send data even if you have a firewall on your system.**

Employers interested in using FTP should contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285.

C. Paper Reporting: (Only for corrections older than 7 years or when directed by ETF staff)

Employers may be required to report prior year adjustments to employee hours, earnings or employee-paid required contributions by completing and submitting an *Employee Transaction Report (ET-2533)*.

1103 Completion of Prior Year Adjustment on the WRS Account Update Application

1. Go to the ONE site (<http://etfonline.wi.gov/etf/internet/employer/one.html>) and click on “WRS Account Update.”
 - Enter User ID and Password when prompted and click on “Login.”
 - Enter the Employer Number when prompted and click on “Submit.”
2. Click on “Prior Year Transactions P027 or P029.” Refer to subchapter 1105 for a description of other prior-year action codes and subchapter 1106 for field requirements.
 - Select the adjustment year from the drop-down menu.
3. Items A through I below provide a description of the data fields that may be needed to complete a prior year adjustment.

A. Report Date

Enter the report date as MM/DD/CCYY. The year of the report date is the calendar year in which WRS contributions will be posted. Current year earnings are reported, and their corresponding contributions remitted, in the calendar year when the earnings are paid. The report date can not be earlier than any Action/Termination date entered.

B. Social Security Number

Enter the employee's Social Security number without dashes.

C. Name

Enter the employee's first name, middle initial and last name.

D. Action/Termination Date (MM/DD/CCYY)

The Action/Termination date is pre-populated.

E. Employment Category

Select from the drop down list the employee's employment category. (Refer to subchapter 401 for detailed explanation of employment categories.)

F. Fiscal Year Reporting - January to June Hours and Earning for Teachers, Judges and Educational Support Personnel Only

Enter the fiscal year hours (rounded to the nearest hour or as a decimal equivalent to the nearest one-hundredth) and earnings (in dollars and cents) paid from January 1 to June 30 of the calendar year being reported. Refer to Section 903 C and D for 9 and 10 month teachers. Complete for teachers, educational support staff, and judges (categories 40, 41, 42, 45, 47 and 48) only.

Note: Fiscal year earnings field is only available when one of the above employment categories is selected. Leave fiscal year fields blank for employees of the above categories who begin enrollment between July 1 and December 31.

G. Calendar Year-to-Date Reporting of Hours and Earnings

Enter the hours (rounded to the nearest hour or as a decimal equivalent to the nearest one-hundredth), and earnings (in dollars and cents) paid from January 1 to the termination/action date. This applies to all employees, including teachers, judges and educational support personnel.

H. Employee-Required Contributions - Deducted from the Employee

Enter the dollar amount actually deducted from the employee's paychecks toward the Employee-Required Contributions (EERC) in the pre-tax and post-tax field(s). This amount can never exceed the maximum EERC percentage for the employment category reported. The percentage rate that may be withheld from the employee may change annually, and the value for the coming year is reported each summer in an *Employer Bulletin*.

Do not include the amount of EERC paid by the employer, if applicable.

2011 Wisconsin Act 10, effective June 29, 2011, prohibits employers from paying the EERC on behalf of the employee, except where collective bargaining agreements in place prior to the law provided for payment of the EERC by the employer. Certain employees who meet the Chapter 111 Employment Relations definition of “public safety employee” may also continue to bargain with their employer over who may pay the EERC.

Please note that there are numerous pending legal challenges to certain provisions of Act 10. Therefore, the information provided above may change at any time based on the status of the law.

I. Benefit Adjustment Contribution (BAC) - Deducted from Employee

This may only be used for earnings reported as paid prior to June 29, 2011; the BAC was eliminated by 2011 Act 10.

WRS Account Update Screen Example

The screenshot shows the 'WRS Account Update Screen Example' for the 'P029 Prior Year Additions Entry Form'. The form is titled 'Wisconsin Retirement System (WRS) P029 Prior Year Additions Entry Form' and includes a 'Report Date' field set to 12/31/2010. The form is divided into several sections: Employer Information, Employee's Indicative Data, Coverage Data, Earnings, and Contributions Deducted from Employee. Each section contains various input fields and dropdown menus, with letters A through I marking specific areas of interest.

- Employer Information:** Employer: 1000-000, Report Date: 12/31/2010 (A)
- Employee's Indicative Data:** Social Security Number: (B), First Name, Middle Initial: (C), Last Name: (C)
- Coverage Data:** Adjustment Year: 2010, Action/Yearselect Date: 12/31/2010 (D), Employment Category: (E)
- Earnings:** January to June Teachers/Judges: (F), Educational Support Personnel Only: (G), Calendar Year to Date (Use Dec): (G)
- Contributions Deducted from Employee:** Post-Tax Employee Required Contribution: (H), Post-Tax Benefit Adjustment Contribution: (I), Pre-Tax Employee Required Contribution: (H), Pre-Tax Benefit Adjustment Contribution: (I)

4. Click “Submit.”
5. Click “Confirm.”
 - This will take you to the “LRE Confirmation Screen.”
 - You can print this screen for your records.
 - This will submit the report to ETF.

1104 Completion of Prior Year Adjustment on the Transaction Upload Application

There are two ways to create the necessary file for submission:

1. Create a TEXT file from our payroll system, using the formatted specification from Appendix A; or
2. Use an ETF Excel file (CSV formatted).

To use ETF created file and upload it as a CSV file:

1. Go to the ONE site.
2. Click on “WRS Earnings Reconciliation Reports (Final).”
3. Enter User ID and Password when prompted and click on “Login.”
4. Enter the Employer Number when prompted and click on “Submit.”
5. Choose the appropriate year after “Select the Year to View the Reports.”
6. Select “Contract settlement” and click on “Display.”
7. Click on “Export to Excel.”
8. Enter the applicable data into the required/appropriate fields.
9. Save file by choosing “Save As” and choose the type CSV (comma delimited) (*.csv)

Submission Process

1. Go to the ONE site (<http://etfonline.wi.gov/etf/internet/employer/one.html>).
2. Click on “WRS Transaction Upload.”
3. Enter User ID and Password when prompted and click on “Login.”
4. Enter the Employer Number when prompted and click on “Submit.”
5. Within “Report to Upload” click “Browse” and select the saved file. If you do not see a browse option with this title, please call Employer Communication Center at 608-266-3285 or 1-877-533-5020 (toll free).
6. Click on “Upload” Report Submission screen will populate.
On the bottom of the Report Submission screen “Check” the User Agreement box.
7. Click “Submit.”

Verify Late Reported Earnings Transactions

1. Go to the ONE site at <http://etfonline.wi.gov/etf/internet/employer/one.html>
2. Click on “WRS Earnings Reports (On-going).”
3. Enter User ID and Password when prompted and click on “Login.”
4. Enter the Employer Number when prompted and click on “Submit.”
5. Choose the appropriate year.
6. Select “Late Reported Earnings” after “Select the Year to View the Reports” and click “Display.”

1105 Prior Year Action Code Description – Table 11.1

Table 11.1 Prior Year Action Code Descriptions

Action Code	Description
22	Used to report hours, earnings and/or employee paid contributions that result from a compromise settlement or an employee being reinstated to a position due to appeal. Include a copy of the compromise settlement with the <i>Employee Transaction Report</i> (ET-2533)
23	Used to report retroactive earnings resulting from a collective bargaining agreement. To obtain a pre-printed list either access the WRS Earnings Report application, Active Employee Reports on the ONE or contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285.
27	Used to subtract previously reported earnings and corresponding hours and/or employee paid contributions – if applicable. This code is also used to report subtractions to employee paid pre- and/or post-tax contributions. The hours, earnings, and employee paid pre- and/or post-tax contributions should be entered as negative numbers.
28	Used for a prior year employment category change. The transactions will transfer prior year service and earnings from the incorrect employment category to the correct employment category. This will require an <i>Employee Transaction Report</i> (ET-2533) with a correction to both employment categories.
29	Used to report prior year hours and earnings or add to the amount of earnings and corresponding hours, and/or employee paid contributions, if applicable, that were previously reported. This code is also used to report additions to employee paid pre- and/or post-tax contributions.

1106 Prior Year Reporting Field Requirements - Table 11.2

Table 11.2 Prior Year Adjustment Reporting Field Requirements

Report Field	Action Code				
	22	23	27	28	29
Report Date	R	R	R	R	R
Social Security Number	R	R	R	R	R
Name (Last, First, Middle Initial)	R	R	R	R	R
Employment Category	R	R	R	R	R
Action Code	R	R	R	R	R
Action Date	R	R	R	R	R
Last Earnings Date					
New Employment Category					
Teachers/Judges/Educational Support	A		A	A	A
(Jan - June Hours) H	A	A	A	A	A
Teachers/Judges/Educational Support	R		A	R	A
(Jan - June Earnings) H	R	R	A	R	A
Calendar Year Hours	A	A	A	A	A
Calendar Year Earnings	A	A	A	A	A
Employee Paid EERC					
Employee Paid BAC					
Additional Contributions					

Key:

Blank Fields = Leave blank

R = Required Fields

A = If Applicable

H = For Employment Categories 40, 41, 42, 45, 47 and 48, ONLY

1107 Examples of Prior Year Adjustments

The following examples of prior year adjustments may assist in the processing of earnings, hours, and employee paid contributions adjustments.

Example Number	Reporting
1	Late Reported Earnings Report (Refer to subchapter 1104).
2	Contract Settlement for Teachers (Current and Prior Years)
3	Correcting Under Reported Hours, Earnings, and Employee-Paid Contributions
4	Correcting Over Reported Hours, Earnings, and Employee-Paid Contributions
5	Employee Category Change in Prior Year (Never Reported to ETF)
6	Employer Did not Enroll an Employee Timely
7	Reporting an Employee's Termination Date for a Prior Year

Example 1 - Late Reported Earnings Transaction



WRS Employee Late Reported Earnings Transactions
2013

Use Dec 10 11:02:23 2013
Doc ID: 30302

Employee No:
Employee Name:

NOTE: This spreadsheet cannot be used to upload your WRS annual file

Emp Cat	Social Security No	Last Name	Action CD	Action Date	Last Earning Date	Fiscal Year		Calendar Year		Employee Paid Post-Tax		Employee Paid Pre-Tax		Additional Contribution Employee		Additional Contribution Employer	
						Hours	Earnings	Hours	Earnings	FERC	RAC	FERC	RAC	Core	Var	Core	Var
10			27	12/31/2010		0.00	-0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	0.00	0.00	53.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	0.00	0.00	-53.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	-53.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	319.99	0.00	1,056.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	0.00	0.00	-0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2009		0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	-0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	0.00	0.00	-0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	0.00	0.00	9.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	0.00	0.00	-800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2009		0.00	0.00	0.00	-0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2009		0.00	0.00	0.00	-48.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2009		0.00	0.00	0.00	403.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2009		0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Example 2 - Contract Settlement for Teachers Current and Prior Year in Multiple Categories CSV File Upload

EIN	Report Date	Trans ID	Trans Type	Action Date	Empt Cat	First Name	CY Hours	CY Earnings	Pre-Tax EE-pd EERC
4XX4000	20130611	P	023	20111231	10	LINDA	0.00	0.00	0.00
4XX4000	20130611	P	023	20111231	10	DEAN	0.00	0.00	0.00
4XX4000	20130611	P	023	20111231	10	JENNIFER	0.00	0.00	0.00

EIN	Report Date	Trans ID	Trans Type	Action Date	Empt Cat	First Name	CY Hours	CY Earnings	Pre-Tax EE-pd EERC
4XX4000	20130611	P	023	20111231	40	LINDA	0.00	0.00	0.00
4XX4000	20130611	P	023	20111231	40	DEAN	0.00	0.00	0.00
4XX4000	20130611	P	023	20111231	40	JENNIFER	0.00	0.00	0.00

It is June 6, 2013 and a teacher contract has just been settled for school year 2011-2012. Above are examples of the necessary CSV files to adjust service/earnings in multiple categories for 2011. To adjust employee data from Jan 1, 2011 through June 30, 2011 you must use pre-Act 10 categories. To adjust employee data from July 1 through Dec 31 of the same year you must use post-Act 10 categories. (Not all rows and columns appear on the Excel File in this example i.e., FY hours and earnings).

You must:

◆ Complete a Contract Settlement Excel Pre-list with Action Code 23 using 12/31/2011 as the pre-populated action date. For earnings/hours in the first half of 2011 use category 10 for teachers or category 12 for Educational Support Personal; and, if applicable use category 40 and 42 to adjust service and earnings for the second half of 2011. (Refer to subchapter 1104 for CVS upload instructions on submitting the reports online).

Example 3 – Correcting Under-Reported Hours, Earnings, and Employee-Paid Contributions – ONE Site

Wisconsin Retirement System (WRS)
P029 Prior Year Additions
Entry Form

Account Updates Menu New EIN Logout

Please refer to the WRS Administration Manual for specific instructions.
[Click here to view the manual.](#)

Employer Information

Employer: Report Date:
Agent Title:
Agent Name:

Employee's Indicative Data

Social Security Number:
First Name, Middle Initial:
Last Name:

Coverage Data

Adjustment Year:
Action/Termination Date:
Employment Category:

Earnings

Calendar Year to Date (Jan-Dec)	Hours	Earnings
<input type="text"/>	<input type="text"/>	<input type="text" value="3500.00"/>

Contributions Deducted from Employee

Post-Tax Employee Required Contribution:
Pre-Tax Employee Required Contribution:

When an employee's hours, earnings or employee-paid required contributions were under-reported for 2012. You must:

- **Submit a Prior-Year Addition transaction or P029 after the selection of the appropriate year for the adjustment.**
- **Report only the difference in hours, earnings or employee-paid contributions columns. This will correct the employee's WRS account.**

Example 4 – Correcting Over-Reported Hours, Earnings, and Employee-Paid Contributions - ONE Site

Wisconsin Retirement System (WRS)
P027 Prior Year Reductions
Entry Form

Account Updates Menu New EIN Logout

Please refer to the WRS Administration Manual for specific instructions.
[Click here to view the manual.](#)

Employer Information

Employer: Report Date: 12/05/2013
Agent Title:
Agent Name:

Employee's Indicative Data

Social Security Number: 123545678
First Name, Middle Initial: John
Last Name: Doe

Coverage Data

Adjustment Year: 2012
Action/Termination Date: 12/31/2012
Employment Category: 36 Legislator or State Constitutional Officer
39 Local Elected Official
40 Teacher

Earnings

	Hours	Earnings
January to June Teachers/Judges/ Educational Support Personnel Only	-50.00	-1250.00
Calendar Year to Date (Jan-Dec)	-50.00	-1250.00

Contributions Deducted from Employee

Post-Tax Employee Required Contribution:
Pre-Tax Employee Required Contribution: -73.75

When an employee's hours, earnings or employee-paid required contributions were over-reported for 2012. You must:

- Submit a Prior-Year Reduction transaction or P027 after the selection of the appropriate year for the adjustment
- Report only the difference in hours, earnings or employee-paid pre-tax contributions columns. This will correct the employee's WRS account.

Example 5 - Employee Category Change in Prior Year (Never Reported to ETF)

A county hired a police officer on September 1, 2011, and for the first year incorrectly reported her as a general employee (category 30) rather than a protective employee (category 33). The county must do the following:

- Enroll the police officer in the protective employment category 33 on September 1, 2011 using the WRS Enrollment P060 on the ONE. Take the following action:
- Complete a P028 Transaction on an *Employee Transaction Report (ET-2533)* with report date 12/31/CCYY of the year to be corrected (in this scenario, 2011). Action Code 28 requires two entries for each year you are correcting.
 1. On one line enter the old employment category code and subtract previously reported hours, earnings and employee-paid contributions (if applicable).
 2. On the second line, enter the new employment category code and add the hours, earnings and employee-paid contributions (if applicable).
- Complete an entry terminating the employee from the incorrect employment category using Action Code 01 and the effective date of the new employment category as the action date.
- Contributions for the current year can be “caught up” on your next WRS Contribution Remittance Entry, by adding the employee’s year-to-date earnings in the protective employment category (33) total earnings and deducting the same amount from the general category (30) total earnings.

Example 6 - Employer Did Not Timely Enroll an Employee

A county hired a police officer on August 1, 2012, but forgot to enroll the officer in the WRS.

The county must complete the following steps to retroactively enroll the police officer in the WRS:

1. Access the WRS Account Update application of the Online Network for Employers (ONE) site.
 - Use the P060 – WRS Enrollment screen to retroactively enroll the employee in the WRS effective August 1, 2012, using employment category 33 – Protective with Social Security.
 - Use the P029 – Prior Year Additions screen for adjustment year 2012 to report hour, earnings, and employee-paid contributions (deducted from employee) for the period August 1, 2012, through December 31, 2012.

An invoice will be generated with the 2012 required contributions, plus interest, that the county must remit to the WRS.

2. Access the WRS Contribution Remittance Entry application on the ONE site.
 - Include the employee’s earnings from January 1, 2013, through present, under employment category 33 – Protective with Social Security, on the county’s next remittance to catch up on the current year WRS contributions.

Example 7 - Reporting an Employee's Termination Date for a Prior Year

Hours and earnings were previously reported for an employee on your annual report. You now realize you forgot to terminate the employee. You must do the following:

- Complete a Transaction using action code P001.
- Enter the correct termination date in the Action/Termination Date column.
- Include the employee's address on the termination report so the Department knows where to forward their *Statement of Benefits*.