

CHAPTER 16 – VARIABLE TRUST FUND

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1600 Participation and the Variable Election Process

The Variable Trust Fund is open to new elections by active participants pursuant to 1999 Wisconsin Act 11. Employees can elect to deposit 50% of all future Wisconsin Retirement System employee required contributions (and matching employer required contributions) as well as voluntary additional contributions in the Variable Trust Fund by completing an *Election To Participate in the Variable Trust Fund* (ET-2356).

Further information about the election and instructions for completing the form are found on the election form. Employees may obtain a copy of the *Election to Participate In the Variable Trust Fund* by visiting ETF's Internet site at etf.wi.gov or by contacting the Department of Employee Trust Funds toll free at 1-877-533-5020.

Participation in the Variable Trust Fund is not valid until the *Election to Participate in the Variable Trust Fund* is received by ETF. The effective date of the election to participate in the Variable Trust Fund is based on the date ETF receives this election form (refer to examples below). The form should be mailed or faxed directly to ETF by the employee making the election and not submitted through the employer.

Note: If you fax your complete and legible enrollment, the receipt date on the fax is considered ETF's receipt date. You do not need to send the original.

Conditions for enrollment in the Variable Trust Fund vary based on the following individual circumstances:

- A. A current WRS participating employee who has never participated in the Variable Trust Fund is eligible to enroll in the Variable Fund upon ETF's receipt of the election. The election becomes effective on January 1, following the year the election is received by ETF.

EXAMPLE 1: A current employee has been a WRS participant since 1999. Election is received on January 3, 2017. Coverage effective date is January 1, 2018.

- B. A new WRS participant is eligible to file an election form with ETF within 30 calendar days of their WRS effective date making participation in the Variable Fund immediate. For elections received at ETF more than 30 days after the WRS effective date, participation in the Variable Fund begins the following January 1.

EXAMPLE 1: Employee is initially covered under the WRS on November 5, 2017. The election notice is received by ETF on December 3, 2017. Variable Fund participation date is November 5, 2017 and all employee-required contributions after that date will be split between the Variable and Core Funds. If the election is not received by ETF until December 7, 2017, Variable Fund participation will be effective January 1, 2018.

- C. An employee who previously opted out of the Variable Fund with an effective date of January 1, 1999, or earlier may re-elect to participate in the Variable Fund.
- D. An employee who previously opted out of the Variable Fund with an effective date of January 1, 2000, or later, cannot re-enroll in the Variable Fund. This includes an employee who ends WRS participation, does not withdraw their WRS contributions and later returns to work for a WRS participating employer.
- E. An employee who ends WRS participation, withdraws all their WRS contributions (i.e. separation or lump sum retirement benefit), and later returns to work and is enrolled in the WRS, may elect to participate in the Variable Fund.

1601 Election to Participate In the Variable Trust Fund (ET-2356)

[ET-2356 - Election To Participate In The Variable Trust Fund](#) (hyperlink to form)

1602 Canceling Participation in the Variable Trust Fund

A. WRS Benefit Application

Participation automatically terminates for an employee who ends WRS participation and withdraws all their WRS contributions (i.e., separation or lump sum retirement benefit). If this employee later returns to work and is enrolled in the WRS, the employee may elect to participate in the Variable Fund.

B. Filing a Cancellation Election

To cancel participation in the Variable Fund, a participant must file a *Canceling Variable Participation* (ET-2313) form. Once the cancellation form has been received by ETF, it can only be rescinded if ETF receives a written request to rescind the cancellation prior to the cancellation effective date. Once a variable cancellation is effective, it cannot be rescinded.

The variable cancellation becomes effective on the first of the year **after** it is received by ETF. The variable gain or loss for the year in which the form is filed is applied to the employee's WRS account on December 31. All future contributions will be deposited in the Core Fund.

Any excess or deficiency amount is created and stored on the employee's record, based on a comparison of the variable account at the time of the cancellation versus what the account balance would have been, had the employee not participated in the Variable Fund. This "variable excess" or "variable deficiency" amount is credited with core interest each year, and will be used to adjust any future formula annuity benefits.

C. Cancellation Options for Non-Annuitants

- **Cancel participation in the Variable Fund for future contributions only.** Past contributions remain divided between the Variable and Core Funds. Future contributions will be deposited solely within the Core Fund. Non-annuitants may file a conditional or unconditional election any time in the future.
- **Cancel future participation in the Variable Fund and transfer past contributions conditionally.** A conditional election cancels variable participation for all future contributions beginning the next January 1. Past variable contributions will not be transferred to the Core Fund until the January 1 after the variable accumulation equals or exceeds the amount

that would have accumulated had the contributions been deposited in the Core Fund. Non-annuitants electing a conditional cancellation may change to an unconditional election at any time. If the condition of transfer has not been met prior to retirement, the election will apply to the person as a retiree.

- **Cancel future participation in the Variable Fund and transfer past contributions unconditionally.** With an unconditional election, past variable contributions are transferred to the Core Fund effective the next January 1. This type of election may result in a variable excess or a variable deficiency (refer to subchapter 1602 B.)

D. Cancellation Options for Retirees (receiving monthly WRS benefits)

- **Cancel participation in the Variable Fund for future contributions only.** (This option applies only to any new contributions to an annuitant WRS account.) The variable annuity continues to be paid from the Variable Fund and will continue to receive the annual variable annuity adjustments. The annuitant may file a conditional or unconditional election any time in the future.
- **Conditional Transfer.** A conditional cancellation changes the variable portion of the annuity to a core annuity, if and when the variable amount equals or exceeds the amount that would have been paid had the annuitant never participated in the Variable Fund. An annuitant may file an unconditional election at any time, which would become effective on the following January 1. Any annual variable gains or losses earned prior to the January 1 on which the variable cancellation becomes effective will be applied to the variable annuity and will be reflected beginning with each subsequent April 1 payment.
- **Unconditional Transfer.** The annuitant may elect to unconditionally change the variable portion of the annuity to a core annuity effective on the following January 1. Any variable gains or losses in the year in which the form is filed will be applied to the variable annuity and will be reflected beginning with the subsequent April 1 payment. No future variable gains or losses will be applied to this benefit.

1603 Canceling Variable Participation (ET-2313)

[ET-2313 - Canceling Variable Participation](#)