

Department of Employee Trust Funds
WISCONSIN RETIREMENT SYSTEM ADMINISTRATION MANUAL

PREFACE

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The *Wisconsin Retirement System (WRS) Administration Manual* is a reference source intended to aid your administration of and participation in the WRS. Its contents are based on state statute and administrative code, and contain guidelines and instructions relevant to administrative and reporting practices of the WRS. Wisconsin statutes, administrative code and case law are reviewed on an ongoing basis. They may be revised after the manual printing, making the contents no longer applicable.

The Department of Employee Trust Funds (ETF) will make every effort to communicate the impact of legislative changes by way of *Employer Bulletins*. This manual contains examples relevant to the administration of the WRS, but may not cover every eventuality. Specific WRS related questions and situations will be considered with regard to current statute, administrative code and/or case law by this agency.

Consult this manual as an initial resource for WRS-related questions or concerns. For more information, contact the Employer Communication Center. The Employer Communication Center can help resolve eligibility and reporting issues for all ETF administered benefit programs. Incoming calls are routed to staff members within the Member and Employer Services Bureau. A central voicemail system handles calls if Employer Communication Center staff lines are busy. The voicemail system is regularly monitored on a regular basis and all calls are returned within 24 hours. The Employer Communication Center phone number is (888) 681-3952 toll free or (608) 264-7900 locally.

Employers should not provide the Employer Communication Center telephone numbers to their employees. WRS participating employees with questions regarding their specific WRS account or WRS benefits should contact the ETF Member Call Center at (877) 533-5020 toll free or (608) 266-3285 locally.

Your efforts to accurately administer WRS provisions are appreciated. If you have comments on this edition or suggestions for the next edition of the manual, please contact the Employer Communication Center toll free at (888) 681-3952 or locally at (608) 264-7900.

001 Programs Administered

ETF administers several employee benefit programs including:

Wisconsin Retirement System

The Wisconsin Retirement System (WRS) is a multi-employer qualified retirement system under Section 401(a) of the Internal Revenue Code. Employees of the State of Wisconsin; University of Wisconsin; local government employers, technical colleges, and school districts are included in this system. Employer participation is based on legislation and may be mandatory or optional.

The WRS is a hybrid pension plan with both defined benefit and defined contribution components. Although structured as a defined benefit plan, separate individual accounts for all participants are maintained. Contributions—employee and employer required, may fluctuate annually as determined by the actuary with the former recorded directly on individual participant accounts. Annual interest adjustments are made to each participant's account balance based either on the earnings of the trust or on a pre-defined interest adjustment mandated in Wisconsin statutes.

Because of this hybrid design, a participant's retirement benefit is based on the higher of two calculations:

1) Defined benefit formula: Uses the three highest years' earnings to calculate the final average earnings and the number of years of WRS creditable service to determine the benefit. An actuarial reduction is applied if the benefit begins before the employee attains normal retirement age or a specified age and number of years of service (e.g., for general employees age 57 with 30 years of service).

OR

2) Money purchase (defined contribution) benefit: Calculated based on the value accumulated in the participant account at the time of retirement and matched equally with an amount from the employer reserve. Although an actuarial reduction based on the employee's age is not directly applied, a minimum retirement age must be attained to be eligible for any WRS annuity benefit (e.g., age 55 for general employees).

Disability Benefits (§ 40.63)

The 40.63 disability benefit is available to certain eligible employees who are disabled by a mental or physical impairment expected to result in death or be of a long-continued or indefinite duration. An employee must have earned at least one half year (.50) creditable service in at least five (5) calendar years out of the preceding seven (7) calendar years beginning with the year prior to filing a disability application. This minimum service requirement can be waived if the

disability is work related and the disability application is received within two years from the last day worked for a participating employer.

Each disability annuity consists of two components. The first component is a regular retirement benefit based on the employee's actual age, years of creditable service and account balances. This amount will be the higher of either a defined benefit formula or money purchase calculation. The second component is based on the assumed creditable service the disabled employee would have earned had they continued working until normal retirement age. These two amounts added together equal the employee's total disability benefit.

Long-Term Disability Insurance Benefit (LTDI)

The LTDI benefit is available to certain eligible employees disabled by a mental or physical impairment expected to result in death or to be of a long-continued or indefinite duration. An eligible employee must have earned at least .33 year of creditable service in at least five (5) calendar years out of the proceeding seven (7) calendar years beginning with the year prior to filing a disability claim. This minimum service requirement can be waived if the disability is work-related and the disability claim is received within two years from the last day worked for a WRS participating employer.

Duty Disability (§ 40.65)

The duty disability program is an income replacement benefit available only to WRS protective occupation employees (employment categories 03 and 04). Benefits are available to eligible participants who have either sustained an injury in the performance of their duties or contracted a disease due to their occupation, which appears to be permanent. The disability must directly result in one of the following:

- Reduction in pay or position.
- Permanent assignment to light work duty.
- Adverse effect on the employee's promotional opportunities within the service of the employer.
- Retirement from the job.

Deferred Compensation

The Wisconsin Deferred Compensation (WDC) program is a supplemental retirement savings program regulated by Section 457 of the Internal Revenue Code. Eligible employees can invest a portion of pre-tax earnings (up to the maximum allowed by Sec. 457) through payroll deduction in any of the investment options offered by the program.

Group Life Insurance Plans

The Group Life Insurance program is offered to employees of the state and to employees of local units of government that elect to join the Wisconsin Public Employers Group Life Insurance Program. State and local employees must be an

active member of the WRS for at least six months in order to be eligible for group life insurance participation.

Elected state officials are immediately eligible for participation in the life insurance program. For rehired employees who have not applied for and received a separation benefit from the retirement system, eligibility is dependent on the amount of their previous WRS service. Employees who reach age 70 before becoming eligible for coverage are only eligible to apply for the Additional Plan.

If eligible, coverage is provided without evidence of insurability if the application is received during the initial 30-day enrollment period. Late enrollees must give evidence of insurability and may not apply after age 55 (age 70 for spouse and dependent coverage, and additional coverage).

Plans available to eligible employees are:

- **Basic Life Insurance:**
The Basic Plan features group term life insurance equal to 100% of the employee's previous WRS calendar year earnings rounded up to the next thousand. It also provides for reduced amounts of coverage when the employee retires and for employees older than age 65 (age 70 if still working) without cost. The employer is required to contribute to the cost of this insurance.
- **Supplemental Life Insurance:**
The Supplemental Plan provides coverage equal to the employee's previous WRS calendar year earnings rounded up to the next thousand. The state contributes to the cost of this coverage for state employees. Local government employers are not required to contribute.
- **Additional Life Insurance:**
The Additional Plan provides units of coverage equal to the employee's previous WRS calendar year earnings rounded up to the next thousand. Employer contributions are not required. If offered by the employer, the employee may choose one, two, or three units of Additional coverage. When the employee turns age 70, Basic coverage will reduce to the final post-retirement coverage level and continue for life with no premiums due. Supplemental coverage ceases on the employee's 70th birthday.
- **Spouse and Dependent Life Insurance:**
The Spouse and Dependent Plan provides coverage for a spouse or domestic partner and dependent(s). If one unit of coverage is elected, a spouse/domestic partner will have \$10,000 in coverage and each dependent (regardless of the number) will have \$5,000 in coverage. If two units are elected, a spouse/domestic partner will have \$20,000 in coverage and each dependent will have \$10,000.

Income Continuation Insurance

Income Continuation Insurance (ICI) is offered to employees of the state and local units government units that elect to participate in the ICI program. State and local employees must be covered under the WRS for six months in order to be eligible for ICI coverage.

The ICI plan replaces a substantial portion of the employee's income in the event the employee becomes disabled. Benefits for physical or mental disabilities under this program begin after an elimination period has been satisfied. The program covers approved rehabilitation training expenses.

The ICI plan is intended to cover short and long-term disabilities. The plan is integrated with all benefits available to an employee from other state or federal programs, meaning that ICI benefits are reduced by the amount of these other income replacement benefits. Coverage may be continued for a maximum of 36 months during an authorized leave. However, when an ICI claim is approved for payment the ICI premiums are waived.

Group Health Insurance

The Group Health Insurance Program is available to:

- Local government employees covered by the WRS whose employer elects to participate in the program. Participating local government employers select coverage from the following program options:
 1. Traditional Health Maintenance Organizations (HMO) Option paired with the Classic Standard Plan
 2. Traditional HMO option paired with the Standard PPP
 3. Deductible HMO option paired with the Deductible Standard Plan
 4. Deductible HMO option paired with the Deductible Standard PPP

The employee may enroll either:

- within 30 days of hire (effective first of the month on or after the employer's receipt of the application); or
- prior to becoming eligible for the employer's contribution toward premium, with coverage effective the first of the month on or after the date the employer contribution begins.

The employer determines the beginning date and the amount of the employer contribution (within guidelines established by the program).

- State of Wisconsin employees covered by the WRS, or in certain other jobs specified by statute, are immediately eligible upon hire. Two months of state service under the WRS may be required before employer contributions begin. The state premium contribution varies depending on which health plan the employee selects.

Employee Reimbursement Account (ERA) Program (State Agencies Only)

The ERA program is an optional tax-free benefit for state employees. It allows participants to earmark a portion of their pre-tax gross salary to pay certain IRS-approved expenses. By earmarking part of their pre-tax salary to pay expenses participants effectively reduce their taxable gross income, which reduces their state and federal tax liability and increases their take-home salary.

Social Security

ETF is the designated state agency to administer the State of Wisconsin's Section 218 Agreement with the Social Security Administration (SSA). The Section 218 Agreements provide for Social Security coverage of public employees. All employers participating in the WRS are covered by a Section 218 Agreement.

002 Internet Address

ETF has designated an Internet site with information on various benefit topics of interest to active/inactive members, retirees, and employers. The address is:

etf.wi.gov

This site contains numerous forms and brochures, news, ETF contact numbers and e-mail for inquiries, past and present *Employer Bulletins*, administration manuals and multiple benefit calculators. The site also provides links to the State of Wisconsin Investment Board, Social Security Administration, and Internal Revenue Service websites.

Additionally, our video library contains informational webcasts for WRS members and employers.

A catalog of all webcasts and minimum technical requirements for viewing presentations are available in the video library information section.

003 Online Network for Employers (ONE)

This secured website provides detailed participant information on administering ETF administered benefit programs. Applications are available for:

- online WRS enrollments,
- descriptive data changes,
- the remittance of WRS contributions,
- electronic transmission (or upload) of annual detail,
- annual reporting of service and earnings detail, and
- post-annual reconciliation reports.

Additionally, a new self-service benefits system called myETF Benefits is available for employers via ONE and to members via the Online Network for Members (ONM). Refer to *Employer Bulletin* Vol. 27, No. 12 dated June 18, 2010, as well as Chapter 23 of this manual for additional information.

004 Ordering ETF Forms

Employers can order forms online. Refer to subchapter 002 for directions to the Internet site. In addition, some employer forms on the homepage can be prefilled online, printed and submitted to ETF.

ETF form and brochure ordering is possible through the Supply and Mail Services' voice mail request line at (608) 266-3302. You can call and order forms and brochures by leaving a recorded message. The message will prompt you to provide the following:

- Four-digit form number beginning with the letters ET-, for example, ET-2316.
- Name of the form, for example, *WRS Enrollment*.
- Quantity desired.
- Employer name.
- Employer seven-digit identification number preceded by 69-036-

The message also will state the amount of time you should allow for your order to be filled.

Checking on the Status of an Order

Response time depends on the number of requests received, staffing levels and other workload demands. Orders not received within three weeks should be followed up with a call to the request line to verify the order's status. Please state the following:

- Date the order was initially placed.
- Employer's name, caller's name and telephone number.

Your call will be returned as soon as possible, informing you of order status.

Receipt of Partially Filled Orders

It is sometimes necessary to partially fill orders because forms may be temporarily in short supply. When this occurs, you may receive fewer copies than requested. A notice will be included with your partial order. The balance of your order is retained and filled when the forms become available. You do not need to resubmit the request.

NOTE: Urgent orders may be placed by calling the Employer Communication Center toll free at (888) 681-3952 or locally at (608) 264-7900.