



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**

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**Wisconsin Retirement System (WRS) Rate Increases and Impact on Some State Employees**

Some State of Wisconsin employees will pay a portion of their required retirement contributions beginning in January, due to:

- 1) an increase in WRS contribution rates, which will be effective January 1, 2011 and
- 2) the 2007-2009 labor agreements (contracts) for many represented employees and the 2009-2011 Compensation Plan for many non-represented employees. *Note: ETF does not play a role in these agreements and does not determine who pays what portion of retirement contributions.*

As a result, state employees in the “general” category will pay 0.2% of their retirement contributions beginning in January 2011.

Background

As it does every year, the Employee Trust Funds (ETF) Board reviewed its independent consulting actuary's recommendations for the 2011 WRS contribution rate changes in June 2010. The actuary recommended slight rate increases across all employee categories, due to the effects of the severe 2008 market declines brought about by the global economic crisis. The increases are necessary to fully fund the WRS. Specifically, the rates for general category employees, which includes most state and University of Wisconsin employees, increased a **total of 0.6%**. As per state law, contribution rate changes are shared between employers and employees.

**Here is where the 0.2% these employees will pay in 2011 comes from:**

- Half of the 0.6% increase will be applied to the employer-required contribution.
- The other half of the 0.6% increase will be applied to the Benefit Adjustment Contribution (BAC), which is technically an employee responsibility.
- As a result, the BAC is **1.2%** in 2010 and will be **1.5%** in 2011. ( $1.2\% + 0.3\% = 1.5\%$ )
- The current language in the 2009-2011 Compensation Plan and labor contracts currently in place, which date to 2007-2009, provide for the employer (State) to pay a **maximum of 1.3%** of the BAC for these employees.
- Because the Compensation Plan and union contracts do not cover the additional **0.2%**, employees will be required to pay the difference.

Keep in mind the Compensation Plan and union contracts determine how much employees pay toward their mandatory contributions. ETF does not play a role in this area of labor relations. Therefore, state employers should contact the Office of State Employment Relations (OSER) for detailed questions about the Compensation Plan or union contracts. State employees with questions should contact their employers or labor unions.

For Protective Occupation Employees:

- The 2011 employee required contribution for employees in the “Protective with Social Security” category will increase from 5.5% to 5.8%. Therefore, there will be an employee deduction of 0.8% in 2011 -- an increase of 0.3% from the 2010 deduction of 0.5%.

Additional information for both General Category and Protective Occupation Employees

- The 2007-2009 union contracts continue to be in effect because the 2009-2011 contracts have not been finalized and approved by the Legislature. Therefore, the 2007-2009 contracts have been extended since June 2009 and will be in force until the new contracts have been ratified and signed into law by the Governor.
- The BAC is an employee responsibility unless, through collective bargaining or other compensation agreements, the employer agrees to pay all or a portion of it on behalf of the employee.
- Although the BAC for employees in the “Executive and Elected Official” and “Protective without Social Security” categories is 0.0%, their 2011 contribution rates increased by 4% and 1.8%, respectively.
- Contribution rate changes, whether increases or decreases, are considered normal for retirement systems like the WRS that pre-fund retirement benefits for its members. Overall, WRS contribution rates have been very stable for many years.
- ETF does not monitor contracts between employers and employees. Therefore, ETF has no information regarding the affect of the 2011 rates on local government employee pay.
- To review the detailed information that was sent to employers about the rate changes, go to: [http://www.etf.wi.gov/employers/bulletins\\_all/eba20100624.pdf](http://www.etf.wi.gov/employers/bulletins_all/eba20100624.pdf).