



Governor Thompson Signs Law Enacting WRS Funding and Benefit Changes; ETF Seeks Court Injunction, Supreme Court Review

Major retirement benefit changes were enacted when Governor Tommy Thompson signed Assembly Bill 495 into law on December 16, 1999. The law provides several changes to Wisconsin Retirement benefits and funding mechanisms and will affect Wisconsin Retirement System (WRS) members, whether retired, currently working, or "inactive."

The Employee Trust Funds Board and the Department of Employee Trust Funds subsequently requested that the Wisconsin Supreme Court take original jurisdiction over their request for a declaratory judgment and has sought a temporary court injunction delaying the implementation of the law's provisions in the interim, until a decision is reached.

The Board requested that the Court take the case because it is important that the members of the trust have legal questions answered as quickly as possible. (See accompanying article, An Important Message from Secretary Stanchfield...).

The temporary injunction would prevent ETF from implementing any part of the law until the Court has issued final rulings on the many legal issues raised by provisions of the new law. At Trust Fund News press time, the Supreme Court had yet to decide whether it would take original jurisdiction of the legal action, and whether to honor the request for an injunction.

The following is a brief summary of the provisions of the new law. For a

Should You Retire? ETF Urges Caution

The Department of Employee Trust Funds advises caution to all participants who are making retirement decisions based on the provisions of the new law. We advise you to first evaluate your individual retirement needs and the WRS benefits available prior to the effective date of the new law. Do not take any irrevocable action based on the assumption that some or all of the provisions of this law will be enacted.

complete summary, visit the Department's Internet site, <http://badger.state.wi.us/agencies/etf>

Governor Thompson continued on page 2

An Important Message from Secretary Eric Stanchfield Regarding New WRS Benefit Improvement Law

Many of you want to know why the Employee Trust Funds Board and the Department of Employee Trust Funds (ETF) have asked the Supreme Court to consider legal questions raised by the new law and sought a temporary court injunction covering the implementation of the new legislation in the interim. Both the Employee Trust Funds Board and the Department have concerns about a number of the law's provisions, and I would like to take this opportunity to briefly outline these for you.

Keep in mind that as fiduciaries of the trust, our foremost obligation is to protect the security of the fund and each participant's beneficial

interest in the trust. The trust funds are managed, administered, and invested for you and all other WRS participants. Together, we are 249,000 active employees; 101,000 retirees; and approximately 104,000 "inactive" employees - those who have left the WRS prior to retirement but still "participate" by keeping their funds in the system.

As fiduciaries of the trust, we must attempt to ensure the proper operation of the WRS. Accordingly, we seek to avoid having to reverse or void decisions and minimize uncertainty for WRS participants.

The Special Investment Performance

Dividend (SIPD) case is an example of what can happen if this course is not taken. After 9-1/2 years of litigation, the state had to pay \$215 million to settle a lawsuit over money that was redirected from the trust funds to increase the retirement benefits of a single group of annuitants. ETF is still working to handle the remedial payments to annuitants and their heirs. Taking a deliberate and cautious approach by seeking legal guidance prior to implementation will help protect you and the trust funds in the long run.

An Important Message continued on page 3

1. Distribute \$4 billion from the Transaction Amortization Account (TAA)

The portion credited to the employer accumulation reserve will, in part, help fund the benefit changes. The portions credited to the annuity and employee accumulation reserves will provide a special annuitant fixed dividend, effective April 1, 2000, and special credits to participant accounts. Of the amount transferred to the Employer Reserve, \$200 million will be used to establish a credit account for each employer. First, the credit accounts will be used to pay employers' Unfunded Actuarial Accrued Liability balances and then they will be used to pay their required WRS contributions, until exhausted.

2. Increase the Maximum Annuity Percentage

The law increases the maximum formula benefit limit from 65% to 70% of final average earnings for all employment categories except the protective categories. The maximum formula benefit remains at 65% of final average earnings for protective category employees covered under Social Security (who are, typically, law enforcement officers), and at 85% for protective employees not covered under Social Security (generally, firefighters). These maximums do not apply to the money purchase annuity amount.

3. Increase Formula Factor by .165

To be eligible for the higher formula factors for service performed before 2000, a participant must be actively employed after 1999. A participant who is on an official leave of absence is considered to be actively employed. The formula factor remains at the current levels for WRS creditable service after 1999.

4. Reopen the Variable Trust

Participating employees on or after January 1, 2001 can elect to have future contributions placed in the Variable Trust. This does not apply to current contributions or annuitant payments. Active

employees can elect to have 50% of their future required and additional contributions deposited in the Variable Trust. Former variable participants who have cancelled their original variable participation may also re-enroll. Participants cannot transfer past contributions into the Variable Trust; the election applies only to future contributions.

5. Eliminate the 5% interest crediting cap. Restore effective rate interest crediting to post-1981 member accounts

The current 5% cap on the fixed interest credited to the required contribution balances of actively employed participants first employed under the WRS after January 1, 1982, is prospectively eliminated. Beginning December 31, 1999, all participants received the annual fixed effective rate interest credited to their accounts. The 3% cap on fixed investment earnings for separation benefits was also eliminated. This provision affects all benefits that are based on a participant's account balances: separation benefits, death benefits and money purchase retirement benefits. Note: A participant who is currently subject to the five percent and three percent interest caps must be actively employed on or after the effective date of the law to be eligible for full effective fixed interest crediting.

6. Increase active participant death benefits

The death benefit of participants who die as active WRS employees before reaching minimum retirement age (age 55 or 50 if a protective occupation employee) will include the employee required and matching employer contributions plus any voluntary additional contributions in the employee's account. The law also eliminates the restriction that the beneficiary be a spouse, dependent child(ren), or a trust in which a spouse or dependent child has a beneficial interest in order to qualify for the special death benefit if an active WRS member dies after reaching a minimum retirement age. However, the beneficiary must be a natural living person (or a trust in which a living person has a beneficial interest).

7. Eliminate the TAA over five years. Create Market Recognition Account (MRA)

Balances in the current TAA will be paid out over a five-year period and investment gains/losses after 1999 will be credited to the new MRA. The MRA would become the new accounting mechanism that would smooth the fixed investment trust earnings over a five-year period, replacing the TAA. The change to the MRA would mean a faster recognition of gains and losses than occurs with the current TAA.

8. Change the Actuarial Assumptions

The current assumed investment earnings rate of the trust fund for actuarial purposes is set by statute, but the Board is given authority to make adjustments. The new law specifies a rate that the actuary shall use unless the Board revises it due to changed economic circumstances. The rate specified has the effect of temporarily reducing annual contribution rates below what they otherwise would be, by assuming that the cost of providing formula annuities in the future will be less.

9. Allow Legislators and legislative service agency employees to purchase creditable service

Legislators and legislative service agency employees have a seven month window to purchase uncredited service.

10. Adjust Calculation of Unfunded Accrued Actuarial Liabilities

The law allows the Employee Trust Funds Board to adjust Unfunded Accrued Actuarial Liabilities (UAAL) when there are changes to the actuarial assumptions.

For a complete summary of the new law, including the impact it will have on member accounts and how it will impact payments to current benefit recipients and annuitants, visit the Department's Internet site at <http://badger.state.wi.us/agencies/etf>. You may also call the Department and request a paper copy.

An Important Message *continued from page 1*

Our legal concerns about the new law include four key areas:

- Funding
- ETF Board Authority
- Equity
- Retroactivity
- Use of trust funds to establish Employer Credit Account

Funding

To pay for the benefit improvements, the law relies on “internal” funding mechanisms rather than on new employer and employee contribution dollars. Specifically, it calls for transferring \$4 billion in stock market gains from the Transaction Amortization Account (TAA) to the Trust Fund reserves and widening the spread between our actuary’s long-term assumed rate of investment earnings and the assumed wage inflation. Keep in mind that by law, 20% of the TAA balance gets distributed to the Trust Fund reserves each December. The \$4 billion transfer is in addition to this year’s 20% transfer. Estimates show that the two transfers combined will reduce the TAA balance from \$12 billion to approximately \$5.6 billion.

The Wisconsin Supreme Court has issued several rulings over the past decade involving public employee retirement systems. These decisions limited legislative intervention in funds and cautioned against using funds for non-trust purposes. It’s not clear whether using assets already within the WRS (i.e., stock market “paper” gains) to fund pension changes is legal. These contributions and the earnings on them were paid into the system to support the current benefit structure. We need a court determination of whether these funds can be used to pay for a different benefit design, particularly since not all current members would share equitably, and some would actually lose benefits over the long-term, if the law is implemented.

In Association of State Prosecutors v. Milwaukee County (March 1996), the Wisconsin Supreme Court stated that

“the structure of a pension fund merely delineates the method of financing the pension funds and determines the appropriate amount of employer contributions. Any pension fund’s ability to meet its obligations can be jeopardized when funds are taken from it, since every dime is arguably part of a management strategy dependent upon spreading the fund’s monies as broadly as possible.”

ETF Board Authority

The legislation changes the actuarial spread, which is set by the Employee Trust Funds Board. Do participants have a contractual or property right to have the Employee Trust Funds Board exercise this authority? In one of the recent Supreme Court cases, the Court ruled that the Legislature could not “usurp” the Board’s authority to equitably distribute dividends.

Equity

Under the provisions of the new law, retirees could see an estimated 10% increase in their pensions next year, in addition to the regular annual increase, and active employees (except protective category members) will see a five percent boost in the formula maximum benefit. Moreover, in the future the accounts of all active employees will receive the annual fixed effective rate interest credited to their accounts. On the surface, these improvements appear to be good news.

But is it legal to increase the pension benefits of some individuals and not others with funding that comes from within the system? For instance, the bill increases the formula maximum benefit from 65% to 70% for general workers and elected officials. But the law leaves the limit at 65% for protective occupation members. And inactive members who terminated covered WRS employment before the effective date of the law are not eligible for its provisions.

Do all individuals in the WRS need to gain, and if so, receive a commensurate benefit in order to legally use internal funding mechanisms?

Retroactivity

Another question is whether the legislation makes retroactive changes in benefits, and if so, whether the changes comply with the State Constitution (Article IV, Sect. 26), which bars the Legislature from granting extra compensation to employees after services have been rendered. Since the new law improves the formula factor for years of service prior to January 1, 2000, the Court may be asked whether this change constitutes a retroactive increase in benefits or rather a future change to the method of calculating benefits that passes the Article IV, Sect. 26 test.

Use of trust funds to establish Employer Credit Account

Under the new law, some TAA funds will go to the employer reserve, where a portion will be used to create separate “credit balance” accounts for each WRS employer. The credit balances will essentially give employers a temporary “holiday” in paying their unfunded accrued actuarial liabilities balances or their required contributions. The key question is whether this is a legal use of the Trust Funds. How does this “holiday” benefit the members of the trust?

You can see there are many complex issues facing ETF and the ETF Board.

It is difficult to speculate on the impact this legislation will have on our members until legal counsel and the courts have provided guidance. Like all court proceedings, this could take many months, depending on the court’s schedule and the complexity of the issues raised.

In taking steps to gain answers to the many complicated legal questions that are raised by the new law, the Board and Department are acting to protect the interests of all members of the trust. Once the Court has ruled, we will move quickly to implement any decision, including adjusting the amounts (in recognition of delays in implementation) as may be ordered by the Courts.

Some Retired Teachers Lose State Income Tax Exemption

As of January 1, 2000, the WRS annuities of certain retired teachers will no longer qualify for an exemption from state income tax. You may be affected by this Wisconsin Department of Revenue (DOR) decision if you meet all of the following criteria:

- You were a teacher under the State Teachers Retirement System before 1964, but completely closed your retirement account by withdrawing your member contributions, and

- You returned to Wisconsin teaching after 1963, and
- Credit for part or all of your pre-1964 teaching service was restored to your account, either through purchasing the service and/or having such service restored to your account as a result of a court decision (e.g. Schmidt v. ETF or Benson v. Gates).

The DOR had previously determined that when pre-1964 service was restored to a teacher's account under these conditions, benefits

from the teacher's retirement account were exempt from state income tax liability. However, the DOR recently announced its new interpretation as a result of tax appeal rulings. The new interpretation applies to WRS annuity payments issued in 2000 and later.

The DOR makes the determination of who qualifies for the teachers' state income tax exemption, not ETF. For more information about this issue, please contact DOR, P.O. Box 8933, Madison, WI 53708; (608) 266-2772.

Department to Mail Important Tax Forms in January

The Department will mail annuitant 1099-R forms for 1999 to annuitant home addresses during the first week of January. Annuitants need this form when filing income tax returns for 1999. The 1099-R includes information such as the total and taxable amounts of your annuity for the past year, the unrecovered balance of your Investment In Contract (the portion of your retirement account that was actually paid by you from after-tax

dollars), the amounts of federal and state tax withheld, and the total health and life insurance premiums deducted from your annuity.

If you selected an "Accelerated Payment" option that pays a higher benefit before you reach age 62 and you were under age 62 in 1999, you will receive two separate 1099-Rs. One is for the temporary portion of your account that is paid until you reach age 62 and one is for the perma-

nent payment which continues after reaching age 62. These will be in separate envelopes and, depending on postal delivery, may arrive on separate days. Combined, the two payments total what you received in 1999.

If you do not receive your 1099-R by January 31, or if it is lost or destroyed, please contact the Department for a replacement 1099-R.

Electronic Records Improve Security, Work Efficiencies

Historic Project to Electronically Convert Paper Records Nearly Complete

A massive Department of Employee Trust Funds project to convert paper documents in member folders to electronic images is nearing completion. The first document was "imaged," or electronically scanned, in November 1997. Two years later, more than 9.3 million pages have been converted from paper to electronic format. We have about one million pages left to scan, and we expect to finish this "imaging project" by the end of January. We've been scanning all new paper documents since September 1998.

The completion of this project means that all member documents

are safer than ever before. Backup copies of the electronic images will be stored offsite, offering much more security than under the old system: Paper files were always subject to possible destruction from natural disasters such as water, wind or fire damage. In addition, we're now able to use the physical space that the files occupied for other ETF business purposes.

Converting paper documents to electronic images provides fast access to information in individual member folders because they're available for viewing from any computer in the department. The new

system also allows ETF staff to provide off-site counseling for the first time. Simultaneously, we implemented a new software system that allows us to electronically route documents (including daily paperwork) between work units and individual employee workstations. This new system increases the efficiency of daily tasks, as staff can access the same documents simultaneously. The system also allows us to monitor and track the status of any work process or procedure. As always, we are taking all reasonable steps to ensure the security and confidentiality of our member records.

ETF Plans Implementation of WRS Benefit Legislation

As Secretary Stanchfield explains in his article on page one, there are many legal questions involving the funding and equity issues of provisions found in the new legislation. Implementation of this legislation may be delayed, pending court review and subsequent rulings relative to its provisions. For a summary of the law, refer to the Trust Fund News article on page one, or visit the Department's Internet site, <http://badger.state.wi.us/agencies/etf>.

Until the court review process has been completed, it is difficult for the Department of Employee Trust Funds (ETF) to advise you on the features of the new law. Nevertheless, we recognize that you have many questions about this legislation and how it could affect your WRS benefits. In this space, we will address some of the most commonly asked questions regarding the new law. Please note that the responses provided are based on the assumption that all provisions of the Act are determined to comply with current law and it is implemented in its entirety and effective on the dates provided in the law.

ELIGIBILITY REQUIREMENTS

Who is eligible for the improved benefits under the provisions of the new law?

To qualify for the higher formula multipliers for pre-2000 creditable service and the higher 70% formula benefit maximum (for all categories other than protectives), you must be a participating employee on or after January 1, 2000. To be eligible to elect prospective participation in the variable trust, you must be a participating employee on or after January 1, 2001. For all other provisions of the new law, you must be a participating employee on or after the law's effective date.

If you are an inactive WRS participant on the various effective dates of the new law, but you later return to covered WRS employment, you would

be prospectively eligible for its benefit provisions.

What do you mean by "participating employee"?

A participating employee is an employee who is currently in the service of, or on an official leave of absence from, a WRS participating employer, and meets all the requirements for WRS participation.

If a participating employee terminates covered employment after January 1, 2000 and applies for a WRS retirement benefit, will this benefit be immediately calculated and paid under the provisions of the new law?

If the legislation is stayed (enjoined) by the courts, all WRS benefits will be calculated and paid based on the laws currently in effect without regard to the provisions of the Act. Upon conclusion of the court review process, adjustments will be made to WRS benefits in accordance with the applicable court rulings. If no injunction is issued, benefits will be calculated under the new law.

IMPACT ON THOSE CONSIDERING RETIREMENT

I could afford to retire now with the benefit improvements provided by the new law but it would be very difficult for me financially if my benefits were calculated under the old law. Should I retire and assume that my retirement benefits will ultimately be calculated and paid under the provisions of the new law?

No. In fact, ETF strongly cautions all participants not to take any irrevocable actions based on the assumption that the new law, in whole or in part, will become law and be implemented. Until the legality of the new law has been determined by the courts, the Department has asked the Court to permit us to calculate and pay all ben-

efits based on the laws in effect prior to the enactment of the Act. Furthermore, due to the volume and complexity of the benefit adjustments, it could be many months after final court action before WRS benefit adjustments are completed.

How can I get an estimate of my WRS retirement benefits based on the provisions of the new law?

The formula retirement benefit calculator on our Internet site has been updated to project the monthly amount of your WRS retirement benefits under the provisions of the new law. You can access the Department's Internet site at <http://badger.state.wi.us/agencies/etf>.

If your anticipated retirement date is within one year, you should complete the request for benefit estimates form found on page seven of this issue of the Trust Fund News. These estimates will be prepared based on the laws in effect prior to the law's enactment. However, the retirement estimate/information packet sent to you will include a print-out showing the estimated amount of your benefits under the provisions of the new law for informational purposes only.

If I have already received retirement benefit estimates from ETF, should I request new estimates based on the provisions of Wisconsin Act 11 before I apply?

No. Until the courts have completed their review of the law, and assuming the Court enjoins implementation in the interim, ETF will calculate and pay benefits without regard to its provisions. Therefore unless there have been significant changes to the information on which your estimates were based (e.g., annual earnings, years of service, etc.), new estimates are not necessary. Should you retire based on

New Legislation continued on page 6

these estimates, adjustments would be made to your WRS benefits in accordance with any subsequent court rulings regarding the new law.

If I have already applied for a retirement or separation benefit, can I cancel my application?

If you have terminated WRS employment and applied for a monthly annuity, ETF must receive your written request to cancel no later than the 20th of the month in which your first annuity payment is issued. If you have terminated employment and applied for a lump sum retirement or separation benefit, the Department must receive your written request to cancel your application before the date that your benefit payment is issued.

If you applied for a benefit based on your intent to terminate employment, but changed your mind and did not actually terminate, you are not entitled to a benefit. If this is the case, please contact ETF to advise us that you have not actually terminated employment. Please note that eligibility for the provisions of the new law is based on the date you terminate WRS covered employment, not on the effective date of your WRS benefit.

IMPACT ON ANNUITANTS

Does this law provide any benefits to current WRS annuitants?

The legislation does not provide annuitants with new benefits as such. However, the portion of the special transfer of \$4 billion from the TAA into the annuity reserve would be distributed to annuitants as an extra dividend on the May 1, 2000 annuity payment. If the courts approve the TAA transfer, the "extra" dividend will apply to annuities that became effective prior to January 1, 2000. Unlike the regular annual dividend, this special dividend will not be prorated for annuities beginning during 1999.

If an annuitant returns to WRS covered employment and elects to have his/her annuity terminated, when he/she "re-retires", would the higher formula multipliers under the new law be applied to any years of service?

Generally, no. The higher formula multiplier would only be applied to pre-2000 service accrued after the individual again becomes a participating employee. However, there is one exception. If the re-hired annuitant works for at least three full consecutive annual earnings periods, the number of years of the "old" service that matches the total years of service accrued after returning to work would qualify for the increased multipliers under Act the new law.

PURCHASING SERVICE AND CREDITABLE MILITARY SERVICE

Did a participating employee have to buy forfeited or other service before January 1, 2000 for the higher formula multipliers under the new law to apply to this purchased service?

No, the date of purchase is irrelevant. However, for the higher formula multipliers to apply to purchased forfeited service, the service must have originally been forfeited before January 1, 2000. For other types of purchased service (e.g. other governmental Service, qualifying service, etc.), if the service was actually performed before January 1, 2000, the higher formula multipliers under the new law would apply.

Would the higher formula multipliers under the new law apply to my years of creditable military service?

The higher formula multipliers will apply to the years of creditable military service for which you are eligible based on your WRS creditable service as of January 1, 2000. The current lower formula multipliers would apply to any

additional years of creditable military service for which you become eligible after January 1, 2000.

PARTICIPATION IN THE VARIABLE TRUST

How can I elect to have 50% of my WRS contributions deposited into the variable trust?

The new law provides that participating employees that do not currently participate in the Variable Trust may elect to have 50% of their future contributions deposited in the Variable Trust. You must be a participating employee on or after January 1, 2001 to elect variable participation. The election applies only to future contributions; existing account balances remain in the Fixed Trust. Variable elections received in 2000 or after will be effective for contributions received on and after January 1 of the following year.

You will need to contact your employer's payroll/benefits office for information and a variable election form (Note: This form will not be available until later this year). You must submit your variable election form directly to your employer, who is responsible for processing and reporting your election to this Department. Do not send your variable election form directly to ETF. Your employer will fill out the election form to indicate the date your election was received by the employer, and then return one copy to you as an acknowledgement of receipt. Save this copy with your important papers in case a question ever arises about your election.

IMPACT ON OTHER BENEFITS

Does the new law provide any increase in the amount of separation benefits, survivor benefits or money purchase retirement benefits?

There would not be any change in how separation and money purchase retirement benefits are calculated.

However, the portion of the \$4 billion from the Transaction Amortization Account (TAA) transferred into the employe reserve would be credited to participant accounts, effective December 31, 1999, if the transfer is not barred by the courts. For participants whose accounts can be credited with these funds, either because the

participant terminated WRS employment on or after the effective date of the new law or because the participant was never subject to the five percent fixed interest cap, this would result in higher balances used to calculate separation, money purchase retirement and death benefits. Survivor benefits payable upon the death of a participating employe will be increased to include the matching employer contri-

butions, effective on the same date that the Act became law.

IMPACT ON BENEFITS TO ALTERNATE PAYEES

In cases of divorce, a Qualified Domestic Relations Order (QDRO) divides a participant's WRS account between the participant and the ex-spouse (alternate payee). Will the

New Legislation continued on page 9

ETF Sets Schedule for Spring Public Benefit Sessions

The Department of Employee Trust Funds (ETF) has scheduled free, public presentations this spring for Wisconsin Retirement System (WRS) participants considering or planning retirement. These popular presentations are valuable opportunities for members seeking general information on retirement issues and WRS benefit programs. In 1999, more than 3,000 people considering or planning retirement attended 27 meetings held throughout the state. The presentations, conducted by ETF

retirement specialists, cover WRS retirement, disability, death, and separation benefits, as well as health and life insurance. A question-and-answer session follows each presentation. Presentations run from 7 to 9 p.m. All locations are handicapped accessible with adequate free parking. Reservations are required for some of the Interactive Television Presentations, but not for the other general group session locations.

Retirement Workshop Schedule

Appleton February 23	Fox Valley Technical College Cafeteria 1825 N. Bluemound Dr, Appleton
Crandon March 22	Crandon School-Auditorium Hwy 8 West, Crandon
Galesville March 27	Gale-Ettrick-Trempeleau High School Library , 17511 N. Main St., Galesville
Hudson April 4	Hudson High School Auditorium 1501 Vine St., Hudson
Ladysmith March 15	Ladysmith High School Auditorium 1700 Edgewood Ave. East, Ladysmith
Schofield March 14	DC Everest Senior High School-Auditorium 6500 Alderson St., Schofield
Soldiers Grove March 28	North Crawford School Facility-Performance Center , Junction Co., Trunk X & Hwy. 171, Soldiers Grove

The following presentations are hosted by individual employers:

Brillion March 1	Brillion High School Cafeteria 315 South Main, Brillion
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Cleveland April 17	Lakeshore Technical College Lakeshore Bldg. Multipurpose Room 1290 North Ave., Cleveland
New Berlin March 8	Eisenhower Middle School/High School Auditorium 4333 S. Sunny Slope Rd., New Berlin
Waunakee March 9	Waunakee High School Auditorium 100 School Dr., Waunakee
Whitewater March 7	UW-Whitewater Roseman Auditorium

Interactive Television Public Presentation

Ashland February 23	CESA #12 Conference Center 618 Beaser Ave., Ashland
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Interactive Television Presentations

Reservations needed for the following sites

Hosted by WWLEARN Network:	
March 14	CESA #4 with sites at Bangor, Cashton, DeSoto
March 15	CESA #4 with sites at Hillsboro, Sparta, Viroqua

Update: Department Still Seeking Claims for Distribution of SIPD Lawsuit Funds

The Department of Employee Trust Funds (ETF) is seeking the beneficiaries, heirs and estate representatives of former Wisconsin Retirement System annuitants who may be eligible for a distribution as a result of the Special Investment Performance Dividend (SIPD) lawsuit. To qualify for a distribution, the original annuity had to begin before November 2, 1987 and continue to be paid to either the original annuitant or a beneficiary after April of 1988.

As of mid-December 1999, ETF had paid more than \$15 million in lump sum payments to approximately 11,650 claimants. The average amount of claims paid over the last month is between \$800 and \$900.

The annuity increases and retroactive supplements payable to eligible individuals who are currently receiving an annuity have already been paid.

Of the 30,000 potential Wisconsin Retirement System (WRS) accounts eligible to receive SIPD funds, only about half of the account holders (or

their beneficiaries and estate representatives) have contacted ETF about getting a distribution. The Department continues to send claim forms and issue payments to the individuals who have already contacted ETF. Due to the volume of inquiries received, the time it takes to actually receive a payment – from the time ETF mails out a claim form to the time the check gets mailed -- can be several months.

To assure that all individuals and estates receive the benefits from the recovered funds to which they are entitled, the Department has contracted with Education Credit Services, a professional locator service, to locate and contact the heirs of eligible former annuitants who have not contacted us about a claim. Information about more than 9,000 former annuitants with potential payments of at least \$250 were referred to the locator service. However, the Department will pay all claims regardless of the benefit amount; the \$250 threshold was used only to determine which potential claims were referred to the locator service.

If you are the beneficiary or heir of a deceased WRS participant whose annuity may qualify for a share of the SIPD funds, and you have not already contacted the Department about this potential benefit, please write to the Department for further information about eligibility and claim procedures or call us at (608) 261-4444. Be prepared to provide as much of the following information as possible: The deceased annuitant's name, date of birth, date of death, Social Security number and approximate date of retirement, plus your name, address, phone number and relationship to the deceased.

The Employee Trust Funds Board's objective is to distribute the recovered funds to all beneficiaries. The deadline for the Department to receive an SIPD claim inquiry has been extended to June 30, 2001. However, we encourage anyone who may be eligible for a possible claim to contact us as soon as possible, as claim inquiries are generally handled on a first-come, first-served basis.

Employee Trust Funds Reaches Service Milestone: 100,000 Annuitants

The Department of Employee Trust Funds can now proudly proclaim "over 100,000 served." One hundred thousand annuitants, that is. We "went over the top" for the first time last July, sending out annuity checks to 100,753 retirees. But we didn't stop there: Our December "check run" count was 102,071!

This growing trend won't reverse itself anytime soon, as more "Baby Boomers" reach their retirement eligi-

bility age. Figures show that more than 60,000 participants are eligible to receive a retirement benefit right now. Actuarial reports predict that within three years, the WRS annuitant population will swell to 116,000, crest to more than 190,000 by 2023, and then decline slowly.

Here are a few other interesting facts about current WRS annuitants:*

- The oldest living annuitant is 105 years old.
- For all annuitants, the average annuity for 1998 was \$16,537.
- Of those who retired prior to 1959, nearly 300 individuals are still drawing annuity payments!

*source: Wisconsin Retirement System 16th Annual Actuarial Valuations of Retired Lives, December 31, 1998

Retirees Corner

(Editorial policy statement) Trust Fund News will periodically run brief announcements submitted by and about retiree organizations. Publication is subject to space availability and made on a first-come, first-served basis. Trust Fund News does not guarantee publication of any particular submission.)

WEAC-Retired Growing Rapidly
WEAC-Retired (WEAC-R), a statewide affiliate of the Wisconsin Education Association Council (WEAC), is specifically for retired public school employees. It is also affiliated with the National Education Association (NEA). WEAC-Retired is dedicated to monitoring and improving the retirement, pension and health benefits for retired educators, promoting quality public education

and advocating for human, civil and economic rights for all.

WEAC-Retired, with over 5,000 members and eight local chapters, continues to grow rapidly. Dues are: \$15-annual membership; \$100-life membership. Associate membership is open to spouses, spouses of deceased former members, and others who support the organization's purposes and programs. Membership in WEAC-Retired requires concurrent membership in NEA-Retired, an NEA organization that provides economic, professional, and personal services to retired educators.

Membership applications and additional information can be obtained by contacting the WEAC-Retired office

at (800) 354-7816 or e-mailing Douglas S. Lueck, Affiliate Coordinator, at lueckd@brookfield.weac.org.

Wisconsin Coalition of Annuity Annual Conference Set for May 8

The Wisconsin Coalition of Annuity (WCOA) annual conference is set for May 8, 2000 at the American Family Insurance national headquarters, located on American Family Drive in Madison. The conference runs from 9 a.m. to 3 p.m. WCOA is a coalition of 19 organizations representing retired educators as well as retirees of state, county, and local government. For more information, contact: WCOA, Ed Kehl, 318 Karen Court, Madison, WI 53705; (608) 233-6737.

Self-Service Line Improvements Allow Home Address, Tax Withholding Changes

Wisconsin Retirement System (WRS) annuitants can now change federal and Wisconsin income tax withholding amounts and home address information, thanks to a new feature added to the Department of Employee Trust Funds' Self-Service Phone System. The Self-Service Line, launched last summer, allows callers to request information and brochures toll-free, 24 hours a day, seven days a week.

The Self-Service Line also provides access to the Department's Telephone Message Center, where callers can hear detailed, recorded messages on a variety of WRS topics.

To access the Self-Service Line, call toll free: (877)383-1888; or 266-2323 (local Madison).

To access the Telephone Message Center directly, call toll-free: (800)991-5540 or 264-6633 (local Madison).

Callers must have a touch-tone phone to access both systems and will not be able to speak to ETF staff while using either of these systems.

New Legislation *continued from page 7*

provisions of Act the new law (i.e., increased formula multipliers, effective rate interest crediting, etc.) apply to the alternate payee's benefits and account if the decree date is before January 1, 2000?

If the divorce decree date is before the effective dates specified in the new law, the alternate payee is not eligible for the provisions of the new legislation.

ONE FINAL NOTE:

Implementation of the new law represents a major undertaking for the Department of Employee Trust Funds. The legislation affects more than 450,000 participants including 101,000 WRS annuitants. Approximately 65,000 members are currently eligible to retire and another 60,000 will become eligible over the next four years. Consequently, the new law is expected to dramatically

increase the volume of benefit applications and requests for information. In addition, implementing this legislation will require hiring and training additional staff, updating processes and procedures, modifying and testing computer programs, and reviewing and revising numerous forms and brochures. The Department greatly appreciates your patience and cooperation during the implementation of this new law.

Board Corner Spotlight On: Teachers Retirement Board

Editor's note: This is the second in a series of articles designed to review and explain the specific functions, responsibilities, and make-up of the five Wisconsin Retirement System (WRS) governing and advisory boards. These boards are: the Employee Trust Funds Board, the Teachers Retirement Board, the Wisconsin Retirement Board, the Group Insurance Board, and the Deferred Compensation Board.

By law, three of the five boards -- the Teachers Retirement Board (TRBoard), the Employee Trust Funds Board, and the Wisconsin Retirement Board -- have legal and fiduciary responsibilities relating to the Wisconsin Retirement System. The TRBoard plays an important advisory role to the ETF Board on retirement and other benefit matters involving public school, vocational, state and university teachers and teaching professionals.

Wisconsin Statutes dictate TRBoard responsibilities. Essentially, the TRBoard must:

- Appoint four of its members to the ETF Board.
- Study and recommend to the ETF

Secretary and the the ETF Board alternative administrative policies and rules.

- Appoint a teacher participant in the WRS to the State of Wisconsin Investment Board.
- Approve or reject all administrative rules proposed by the ETF Secretary that relate to teacher participants.
- Authorize or terminate disability benefit payments for teachers.
- Hear appeals regarding disability annuities for teacher participants.

The Board's structure reflects the large diversity of educational employers covered by the WRS. By design, the make up of the TRBoard is reflective of the diversity of these employers. Members of the TRBoard serve staggered, five-year terms. It is composed of the following members:

- 1) Six public school teachers, elected by non-Milwaukee public school teachers.
- 2) One Milwaukee public school teacher, elected by public school teachers in the City of Milwaukee.

TEACHERS RETIREMENT BOARD

Number of seats: 13

Length of term: Five years

Primary responsibilities: Advises ETF board on matters relating to elementary, secondary, and post-secondary teachers; Rules on teacher disability benefits and hears disability benefit appeals.

- 3) One technical college district teacher who is a WRS participant, elected by the technical college districts' teachers.
- 4) One teacher annuitant, elected by annuitants who are teacher participants in the WRS.
- 5) Two University of Wisconsin System teachers, appointed by the Governor.
- 6) One public school administrator, appointed by the Governor.
- 7) One public school board member, appointed by the Governor.

Current Teachers Retirement Board members are: Wayne D. McCaffery (chair), Melvin Pinsker (Vice-chair), Lauri R. Bickel (Secretary), Karen Becker, Theodore Bratanow, George G. Conom, Donald Ganther, Lon Mischler, Robert M. Niendorf, Gerald E. Pahl, Dennis Pratt, Nancy Thompson, and Dorothy Vogel.

Ballots to be mailed in late January ...

Two Candidates Vie for Milwaukee Teacher Seat on TRB

This spring Milwaukee Public School teachers will get to choose between two candidates to serve as their representative on the Teachers Retirement Board. The two candidates are listed below in alphabetical order, along with their biographical information. Complete biographies will be included in the ballot material.

- **Irena Macek**, a teacher in the Milwaukee Public School District since 1970, she is a reading specialist and computer technology instructor at Carleton Elementary. She current-

ly serves on the Milwaukee Teachers Education Association (MTEA) Retirement Committee, and MTEA's Legislative, Bargaining, and Reading Committees. She has also held posts on the Executive Boards of the Milwaukee Teachers Retirement Fund Association and the International Reading Association.

- **Robert N. Phillips**, a teacher in the district's Home and Hospital Instruction Program, has been a teacher in the Milwaukee system since 1985. He is currently an execu-

tive board member of the Milwaukee Teachers Education Association.

District teachers will soon get their ballots directly from the School District and must return them to the Department of Employee Trust Funds by February 18, 2000. The winner will serve a five-year term on the Teachers Retirement Board beginning May 2000 and will also serve on the ETF Board. Karen Becker, the incumbent who was chosen in 1998 in a special election to fill a vacancy, did not seek re-election to the TRB.

Mail this form to:
 Department of Employee Trust Funds
 P.O. Box 7931
 Madison, Wisconsin 53707-7931

RETIREMENT BENEFIT ESTIMATE

The Department of Employee Trust Funds will provide you with Wisconsin Retirement System retirement benefit estimates if you are age 55 or older (age 50 if you are a protective category employee) and are within 12 months of your retirement date.

Please complete the information below and allow 10-12 weeks for your estimates to be prepared and mailed to you.

These estimates will be prepared according to the laws in effect prior to the effective date of the new legislation. However, a "projection" of your retirement benefits under Act 11 will be included in the packet of information sent to you along with your estimates. You may also do your own projections using the benefit calculator found on our Internet site, <http://badger.state.wi.us/agencies/etf>.

Name Last, First, Middle	Social Security Number
Street Address	Date of Birth (MM/DD/CCYY)
City State Zip Code	Telephone Number(s) Home: () Work: ()
Employer	
Your Anticipated Termination Date (MM/DD/CCYY): * _____ (Estimates will only be provided 12 months in advance of your anticipated termination date. This does not commit you to retiring on the date indicated, but we must have a date to prepare estimates.)	
EARNINGS (Teachers, educational support staff and justices use fiscal year earnings (July 1, to June 30). All others use calendar year. Last Year's Gross Earnings (199__): \$ _____ This Year's Anticipated Gross Earnings (199__): \$ _____ Do you have active military service? <input type="checkbox"/> No. <input type="checkbox"/> Yes. If yes, send a copy of your military discharge papers with this request (i.e., DD-214)	
SPOUSE (or other joint survivor) INFORMATION : (for calculating joint survivor estimates) Name of spouse or joint survivor: _____ Date of Birth: _____ <hr style="border: 0; border-top: 1px solid black;"/> <div style="display: flex; justify-content: space-between;"> Date Your Signature </div>	

Department of Employee Trust Funds
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The *Trust Fund News* is published three times a year by the Wisconsin Department of Employee Trust Funds to inform the members of the Wisconsin Retirement System about benefit programs.

Department Secretary Eric Stanchfield
Deputy Secretary David Mills
Editor Nancy Ketterhagen

Write Us: For most requests write to ETF, PO Box 7931, Madison, WI 53707-7931, include your Social Security number and a daytime phone number. Retirees wanting to change mailing addresses should write to Payment Services at the above address. Include Social Security number, signature, and old and new addresses.

Fax Us: (608) 267-4549

Call Us: Monday – Friday, 7:45 a.m. to 4:30 p.m., Central Time. For assistance with retirement or other benefits call the Member Services Bureau. In Madison call (608) 266-3285 to speak with a specialist; for an appointment call (608) 266-5717. In Milwaukee, call (414) 227-4294.

Have your Social Security number available. The Teletypewriter number is (608) 267-0676.

E-mail us Through Our Internet Site:
<http://badger.state.wi.us/agencies/etf>

Listen to Pre-recorded messages on the Benefit Message Center: Call (800) 991-5540 or 264-6633 (local Madison). It is available 24 hours a day, 7 days a week. You must have a touch-tone phone to use this system.

To request ETF Forms and Brochures: Call our 24-hour Self-Service line toll free: (877) 383-1888.

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services or employment. If you are speech, hearing or visually impaired and need assistance, call (608) 266-3285 or TTY (608) 267-0676. We will try to find another way to get the information to you in a usable form.



ET-7402
01/2000