Wisconsin Department of Employe Trust Funds

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Wisconsin Act 11 Current Status

Supreme Court Rules ETF Board and Trustees Lack Standing

At *Trust Fund News* press time, the Wisconsin Supreme Court had not decided whether to take original jurisdiction over a challenge to parts of 1999 Wisconsin Act 11, the retirement benefit legislation signed by Governor Thompson in late December. The new law provides several changes to Wisconsin Retirement System (WRS) benefits and funding mechanisms and will affect all 461,000 WRS members. A temporary court injunction delaying the implementation of Act 11 is in effect.

However, in a major development, the Court did rule that the original petitioners, the Employe Trust Funds Board, Department of Employe Trust Funds (ETF) and Eric Stanchfield, ETF Secretary, lack standing to bring the case. The original ETF petitioners subsequently asked the Wisconsin Supreme Court to reconsider its decision, but that motion to reconsider was also denied. As a result, the trustees of the Public Employe Trust Fund and administrators of the Wisconsin Retirement System are no longer parties to the case and have no formal role in the proceedings.

The Court applied a ruling from a 1962 case, *Columbia County v. Board of Trustees of the Wisconsin Retirement Fund,* which declared that "... an arm of the state has no right to question the constitutionality of the acts of its superior and creator or of another arm or governmental agency of the state."

State agencies and public officers can question the constitutionality of a statute if it is their official duty to do so. The Court was not persuaded that the trustees' fiduciary duty with respect to the Wisconsin Retirement System was the same as an official duty to challenge the constitutionality of a statute.

Despite the rejection of the trustees' original petition, the matter continues before the Court because other parties were allowed to intervene. The Court elected to treat a complaint filed by the Wisconsin Professional Police Association (WPPA) with its motion to intervene as the petition for original juris-

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ETF Announces Investment Returns, Effective Interest Rates, Annuity Increases

Another year of positive investment experience has generated some of the largest increases for Wisconsin Retirement System (WRS) members in a decade. The chart on page two outlines the good news:

- The 1999 effective interest rate for the Fixed and Variable Trust Funds is 13.5% and 28%, respectively.
- The 1999 Fixed Annuity Dividend and Variable Annuity Adjustment is 7.5% and 21%, respectively.
- State of Wisconsin Investment Board (SWIB) published earnings for the Fixed and Variable Trust Funds were 15.5% and 27.8%, respectively.

Impact on Active Members

The effective rate increases – the fifth year in a row they've been in double digits – mean a significant portion of the System's 253,000 active participants will see a substantial boost in their retirement account balances. By law, the effective rates apply only to those who began WRS-covered employment before January 1, 1982. About 28% of active WRS members qualify for effective rate interest crediting. The 13.5% posted to the Fixed fund is the highest since 1989.

Approximately 12,000 active employes participate in the Variable fund; that portion of their accounts will see a 28% effective interest rate credit. That rate is among the highest

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diction and declaratory judgment. In other actions on the case, on February 10, 2000, the Court granted petitions to intervene by WPPA, the State Engineering Association (SEA), and the Wisconsin Education Association Council (WEAC). WEAC intervened to defend Act 11 and was therefore joined with the original named respondents, Department of Administration Secretary George Lightbourn and State Treasurer Jack Voight.

WEAC's court documents differ from the other respondent in one regard: WEAC believes that if any part of the legislation is unconstitutional, the remaining provisions should be allowed to go into effect. The original State respondents contend the legislation should not be severable. That is, if one provision is deemed unconstitutional, then the entire law is unconstitutional.

The remaining parties were directed to prepare an agreement listing all the facts concerning Act 11 and the litigation that they agree to be true. The court appointed Reserve Judge Michael Barron, formerly a Milwaukee County Circuit Court judge, to resolve any remaining factual disputes and prepare findings of fact for the Supreme Court. On March 31, 2000, the remaining parties signed the factual agreement, so that there are no factual disputes that Judge Barron will be required to resolve. The factual agreement will now be presented to the Wisconsin Supreme Court for it to consider when it decides whether it will accept the case under its original jurisdiction.

Background

The original ETF petition, filed December 23, 1999, expressed concern about the constitutionality of several provisions in the legislation. ETF's complaint identified four provisions of the legislation as potentially being both a taking of property without just compensation and an impairment of contract under both the state and federal constitutions. The four specific provisions identified by the trustees as potential problems were:

1) Requiring the ETF Board to use specified actuarial assumptions when setting the required contribution rates for 2001. The

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ever posted to the Variable.

Impact on Annuitants

Favorable investment returns will give WRS retirees some of the biggest pension increases ever posted. The WRS set the Fixed Annuity dividend at 7.5% and the Variable Annuity dividend at 21 percent. All 102,000 System annuitants participate in the Fixed Fund. Meanwhile, about 25% of annuitants also participate in the separate Variable Fund. The increases compare to a 2.7 percent increase in the Consumer Price Index in 1999.

Many WRS participants wonder why the effective interest rates and the dividends are not the same as SWIB published investment returns. Simply put, the WRS uses SWIB investment results to determine the effective rates, which, in turn, play a role in determining the annuitant dividends. The 13.5% fixed effective rate is less than SWIB's published fixed earnings rate of 15.5% since, by law, only 20% of the market value gain of stocks and bonds that are recorded in the Transaction Amortization Account (TAA) are distributed annually. This 20% distribution helps smooth the volatile effects of market gains and losses over time.

At the end of 1999 the TAA balance was $17.4 billion and ETF recognized and distributed 20% of that balance, or $3.5 billion.

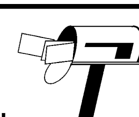
Impact of Wisconsin Act 11

The Variable was closed in 1980. And by law, those who started WRS-covered employment after January 1, 1982 are limited to 5% interest instead of being entitled to the effective rate of interest. Wisconsin Act 11 could change all that. For active employes, the law would reopen variable participation, lift the 5% maximum interest cap and restore effective rate interest crediting.)

1999 Investment Returns, Effective Interest Rates, Annuity Increases

	State of Wisconsin Investment Board Return	Employe Trust Fund Effective Interest Rate	Employe Trust Fund Annuity Increase
Fixed Fund	15.5%	13.5%	7.5%
Variable Fund	27.8%	28%	21%

Attention Retirees: Keep Your Address Current!



It is very important that you keep us informed whenever your address changes. The Department regularly mails important information to your home address, such as your 1099-R forms and this newsletter. To report your address change, call our toll-free self-service system at (877) 383-1888.

Variable Participation and 1999 Wisconsin Act 11

Due to the high investment earnings of the Variable Trust fund over the past decade, there has been considerable interest in reopening the Variable Trust to new enrollments. State law closed the Variable Trust to new entrants in April 1980, but Wisconsin Act 11 includes a provision that re-opens it to new enrollment. This article provides some background on the Variable program, the impact of Act 11 on current Variable participants, and eligibility requirements and procedures for new enrollees, should the Wisconsin Supreme Court rule Act 11 constitutional.

Background

Prior to 1980, new employes could place a portion of their pension fund contributions in the Variable Trust Fund, which is invested exclusively in common stocks. Their other contributions were placed in the Fixed Trust Fund, which is invested in a mixture of stocks, bonds, real estate, and other investment vehicles. The WRS annually credits investment gains (or losses) to certain active and inactive member accounts and dividends to all annuities. But the Variable portion of participating active and inactive accounts receives an effective rate of interest based on investment returns posted to the Variable Trust Fund. Likewise, annuitants participating in the Variable receive adjustments based on Variable returns. It is credited to the variable portion of their annuities.

The rate of interest for participating active and inactive member accounts has been close to or above 20% for the seven of the past ten years. Annuitants have enjoyed similar good fortune, with double digits most of the past decade. However, those in the Variable must be prepared for the possibility that poor stock market performance could result in losses. Variable annuitants experienced a 4% decrease in their Variable annuities in 1994 and a 14% decrease in 1990.

If and when Act 11 is deemed constitutional, active employes can elect to have 50% of their contributions after 2000 credited to the Variable Trust. Active participants who cancelled their Variable participation before 1999 can elect to re-enroll.

Act 11 Impact on Current Variable Participants

Act 11 provides for a one-time $4 billion transfer from the Transaction Account (TAA) to the three reserves of the trust fund. If the Court deems this $4 billion TAA transfer legal, one consequence will be an increase in the fixed effective interest rate for 1999.

While a TAA transfer would not affect the variable interest rate for 1999, the higher fixed effective rate resulting from the TAA transfer could affect participant "variable excess" balances. If the TAA transfer under Act 11 is allowed, the fixed effective rate will increase by about

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ETF Fine Tunes Procedures and Preparations in Advance of Act 11 Implementation

As of this writing, the Supreme Court's injunction on the implementation of 1999 Wisconsin Act 11 is still in place. In the meantime, the Department of Employe Trust Funds (ETF) is planning and developing for the many changes in retirement operations created by the new law. These preparations are necessary due to the extensive amount of time and programming effort required to implement the provisions of Act 11. We have approached planning for change as if every provision in the new law will be found legal. We are completing the work in separate "modules" that could be implemented if some or all of Act 11's provisions are struck down by the Supreme Court.

Our on-line formula retirement benefits calculator, found on our Internet site at http://badger.state.wi.us/agencies/etf , has been enhanced to reflect Act 11 provisions. In addition, the retirement benefit estimates (with retirement dates effective January 1, 2000 or after) that we calculate for members contain benefit estimates under the previous law as well as a printout from our on-line calculator showing formula retirement estimates under Act 11 provisions.

Please be aware that the retirement benefit estimate containing Act 11 provisions is for informational purposes *only*. If you apply for a retirement benefit while the injunction is still in effect, estimated benefits paid to you will be based on current law. If some or all of the benefit changes in Act 11 are determined to be legal, changes in the benefit amount due to Act 11 will be included in your benefit amount when it is finalized.

Retirement benefits that began after January 1, 2000 will continue to be paid on an estimated basis until a court determination on the legal issues has been made.

Since the beginning of the year, ETF has seen a tremendous increase in requests for information, benefit estimates and other services. More than 60,000 participants are eligible to retire right now; another 65,000 members will become eligible in the next five years. We ask for your continued patience and understanding as we respond to your needs during this period of extremely heavy workload.

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setting of these actuarial assumptions was previously reserved to the discretion of the Employe Trust Funds Board in consultation with the system's actuary.

2) Directing that $4 billion be transferred from the Transaction Amortization Account (TAA) within the Trust Fund, in which participants and beneficiaries of the Trust have an interest, to the other accounts and reserves in the Trust. The complaint questioned whether this transfer contravened the purpose of the TAA as a smoothing mechanism intended to insulate against major market shifts in a single year, and pointed out that the ability of the Legislature to direct transfers from the TAA could arguably cause the harms and inequities which the TAA had been created to eliminate.

3) Taking $647 million from the TAA, as part of the $4 billion, for the specific purpose of creating a $200 million "employer credit account." The legislation permits employers to use these credits to pay their monthly contributions to the WPS towards prior service liability or towards required employer contributions for current services. In effect, it can be argued that Act 11 forgives employers' debts to the Trust Fund by allowing the debt to be repaid using dollars already in the Trust Fund.

4) About 51,000 inactive participants who left covered employment before Act 11 first became effective on December 30, 1999, are not eligible for any of the new benefits or benefit improvements. Because of the limit of 5% interest crediting, their accounts cannot be credited with any portion of the $4 billion transfer. Finally, when these inactives eventually retire and take a WRS annuity, they will receive annual annuity dividends which will likely be lower than otherwise, because $4 billion was taken out of the TAA in 1999, instead of gradually flowing out of the TAA over years.

Taking Private Trust Funds

In addition to the constitutional reservations about these provisions, the ETF complaint alleged that taking the $4 billion could be viewed as taking private trust funds for an improper purpose. The ETF complaint also noted that the $200 million employer credit, the changes in actuarial assumptions and the $4 billion transfer from the TAA were not actions which were necessary to preserve the actuarial soundness of the Trust Fund.

Equal Protection Under The Law

Another question raised by the ETF complaint was whether provisions of Act 11 violated the guarantees of the state and federal constitutions which provide for equal treatment under law. The complaint identified two possible problems in this regard:

- Protective occupation participants were excluded from any increase in the "cap" on formula benefits. For other participants, Act 11 increased by 5% the percentage of final average earnings (FAE). Act 11 would use assets already within the WRS and in which all members have a beneficial interest to fund the expense of the benefit improvement.
- Act 11 increases the formula multiplier used to calculate formula annuity benefits for creditable service associated with years prior to 2000, using existing Trust Funds to pay for the new benefit. However about 51,000 "inactive" participants in the Trust do not benefit from the increase when they take annuity benefits from the WRS.

Stay on top of all the latest news and information regarding Wisconsin Act 11 by frequently visiting our Internet site, http://badger.state.wi.us/agencies/etf. We've also included the entire text of the law, a summary of its provisions, and all legal documents connected with the case – including those of the Respondents and the Supreme Court. Our on-line calculator has been programmed to allow all WRS members to calculate their formula retirement benefits under the provisions of Act 11.

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10.5 percent. The difference between the Variable and the Fixed will be reduced from about 14% to about four percent. Therefore, the variable excess balance will increase by less than it would have without the Act 11 transfer.

If your money purchase benefit is larger than your formula retirement benefit, ETF will not use the variable excess in your retirement benefit calculation. Your Variable excess balance is shown on your annual *Statement of Benefits.*

However, a higher fixed effective rate would increase account balances, which would have the affect of increasing money purchase retirement benefits. The Department of Employe Trust Funds publishes two booklets, *Calculating Your Retirement Benefits* (ET-4107) and *How Participation in the Variable Trust Affects Your WRS Benefits* (ET-4930), that provide detailed information about calculating formula and money purchase retirement benefits, including the adjustments for Variable participation.

New Enrollment Opportunity

Act 11 provides an opportunity for active WRS participants to elect to participate in the Variable Trust. To be eligible, a participant must be an active WRS employe after 2000. Active employes can elect to have fifty percent of their future contributions deposited in the Variable Trust; existing account balances based on past contributions cannot be transferred into the Variable Trust.

If this provision in Act 11 is ruled legal by the Court, the first possible

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effective date of the new variable enrollment will be January 1, 2001. To become effective on that date, ETF must receive the participant's election to enroll in the Variable Trust by December 29, 2000. Variable enrollment elections received after that date will become effective on the January 1 after the date they are received by the Department.

The Department cannot predict when the Court will rule on the constitutionality of Act 11. However, to guarantee that active employes have the opportunity for variable enrollment effective January 1, 2001, we will provide the Variable Trust enrollment forms, instructions, and informational materials this fall. You will find more detailed information in the September issue of *Trust Fund News.*

For a 16-year history of the investment earnings of the Variable and Fixed Trust Funds, see the *Fixed Fund and Variable Fund Percentages* chart on our Internet site. To find it, click on "Benefit Programs" and "Wisconsin Retirement System Benefits."

How Wisconsin Act 11 Affects Your Retirement Application

If you are interested in either applying for a retirement benefit or obtaining a retirement estimate, please be aware that the new law will have a significant impact on the levels of service the Department of Employe Trust Funds (ETF) can provide. The biennial budget gave ETF temporary staff and financial resources to help meet the substantially increased demands for retirement services created by Act 11. Over the next twelve months, ETF staff will be working overtime to meet requests from thousands of participants for information and services.

This means that you need to start planning as early as possible in order to obtain the information you need to make an informed decision, and to ensure you receive your benefit as soon as possible after you terminate employment.

Keep the following in mind as you make your retirement decisions:

- Getting a retirement estimate from ETF currently takes about three months. We will provide an estimate up to one year in advance of your retirement date. Make your estimate request within 6-9 months of your retirement date to make sure you receive the estimate in a timely manner.
- ETF will provide retirement estimates using pre-Act 11 provisions, along with a tentative estimate benefits calculated under the provisions of Act 11. Until the court injunction is lifted, benefits will be paid according to the old law. If Act 11 benefit provisions are found to be legal, ETF will update your retirement benefit with these changes at the time your benefit is finalized.
- It can take up to three months to get an appointment with a benefits specialist. Make appointments well in advance of your retirement date.
- Read the information in your retirement packet carefully and thoroughly. The materials we provide will help you understand your options and clarify questions may have. The decision to retire is one of the most important life decisions you will make, so it is important to take the time and effort to fully understand the information provided to you.
- If possible, attend one of the benefit presentations sponsored by ETF. The schedule is published in the September and January editions of *Trust Fund News* .It is also posted on our Internet site, http://badger.state.wi.us/agencies/etf . Click on "Retirement Planning" and then "Benefit Presentations."

Understanding Your Annual Statement of Benefits

Important note: Due to a preliminary injunction issued by the Wisconsin Supreme Court, the information and amounts on your January 1, 2000 Statement of Benefits do not reflect the WRS benefit changes under 1999 Wisconsin Act 11. Please read the "Special Notice Regarding 1999 Wisconsin Act 11" included with the Statement.

The Department's annual distribution of Statement of Benefits began in late April. The *Statements* are produced for participants who have Wisconsin Retirement System (WRS) account balances. ETF distributes *Statements* for active employes through their employers. You will not receive a statement if you are receiving a monthly WRS annuity – unless you have an additional contribution balance remaining on your account.

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Here's what you should do with your *Statement of Benefits:*

• Carefully review it and thoroughly read the accompanying materials. It is your record of the information and balances in your WRS account as of January 1, 2000.

• Compare it to your 1998 *Statement* to see how your WRS account balances and benefits have changed.

• Keep this and all of your annual statements with your important personal papers.

• Use it to estimate your formula retirement benefits using the calculator on our Internet site: http://badger.state.wi.us/agencies/etf

Your *Statement of Benefits* shows your WRS creditable service by employment category and your account balances as of January 1, 2000. You will also see the 1999 fixed interest and variable gains/losses credited to your employe-required balance, and additional contribution balance (if any). If you terminated WRS-covered employment during 1999, your *Statement* includes any 1999 service, earnings and contributions reported by your employer. If you have any questions regarding this reported information, you should contact your former employer – not ETF – for an explanation. Your employer is responsible for reporting corrections of this type to Employe Trust Funds.

The *Statements* also provide account information for benefit purposes. This includes amounts as of January 1, 2000 for separation benefits (if you are eligible), minimum death benefits payable to your beneficiaries, and formula benefits data and money purchase benefit balances. If you are eligible for any of the provisions of Wisconsin Act 11, some of these balances may be affected by its implementation. Your *Statement of Benefits* contains a special insert specifically addressing these changes.

For most participants, the statement also includes a projection of your formula and money purchase monthly retirement benefit amounts at both your earliest retirement age and your normal retirement age. However, due to the complex nature of some accounts, we are unable to provide a benefit projection on all statements. In those situations, a written explanation will appear in the "Retirement Benefit Projections" area of the statement.

Why does it take four months to prepare and distribute the annual statements?

Each January, employers submit detailed annual reports of their employes' WRS-covered earnings and service to the Department of Employe Trust Funds (ETF). There are more than 1,250 WRS employers. In addition, ETF keeps track of nearly 360,000 active and inactive participant accounts.

ETF must edit and reconcile this reported information to ensure it is accurate and complete. After individual WRS account balances are updated and reconciled, 1999 interest is added to each account. Once the annual interest has been loaded, the *Statements* are produced and distributed.

How accurate are the benefit projections?

We have not included assumptions of future interest, earnings, creditable service, voluntary contributions or military service in your benefit projections. If your retirement date is many years away, the amounts shown on your *Statement* may be significantly less that what you will actually receive when you retire. If you are near retirement, the projection should be close to what you could expect to receive if you select an annuity option that would be paid for your lifetime without financial protection for a joint survivor or beneficiary. Annuity option choices that provide protection for joint survivors and beneficiaries produce a lower monthly payment.

How can I do my own projections?

Use our on-line formula retirement benefit calculator. Go to http://badger.state.wi.us/agencies/etf. In addition, the Department's brochure, *Calculating Your Retirement Benefits*, has step-by-step instructions for calculating your retirement benefit. You can read the brochure on our Internet site, or request a paper copy from the Department.

How will Wisconsin Act 11 affect my benefit projections?

Please read the "Special Notice" that was included with your *Statement of Benefits* for detailed information.

Two Programs Allow Insured to Use Life Insurance Value While Still Living

The Department of Employe Trust Funds (ETF) administers two programs that allow participants to use the value of their life insurance policies while they are still living. This article reviews the features and eligibility requirements of the Living Benefits Program and the Life Insurance Conversion Options Programs.

The Living Benefits program allows terminally ill active State or local government employes participating in the Wisconsin Public Employers Group Life Insurance Program to receive the entire face amount of their life insurance coverage as a Living Benefit, regardless of age.

The Life Insurance Conversion Options program allows members to convert life insurance to pay health or long-term care insurance premiums. To qualify, you must be an active employe age 70 or older, or a retiree insured under both the Wisconsin Public Employers Group Life Insurance Program and one of the health or tax-qualified long-term care insurance plans offered by ETF.

Living Benefits Program

Insured persons (including employes, annuitants, spouses and dependents) with serious medical problems may be eligible for this program. The insured may apply for living benefits if he or she:

1) has been diagnosed with terminal illness or injury and has a life

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Deadline to Purchase Uncredited Service with Legislature or Legislative Service Agency Set for July 1, 2000

Wisconsin Act 11 provides a window during which any active WRS participant* can purchase uncredited service that was earned as a member or employe of the Legislature, or as the employe of a legislative service agency. The deadline for purchasing such service is July 1, 2000.

For the service to qualify for purchase, you must have performed such service for at least 600 hours either during the calendar year in which the uncredited service was performed or 600 hours during the following year. Verification of your hours of employment as a member or employe of the Legislature, or as the employe of a legislative service agency, will be required.

The injunction prohibiting implementation of Act 11 remains in effect. However, the Department must receive your application and payment no later than July 1, 2000 in order to comply with the terms of the law, assuming the provision is eventually found to be constitutional. If the Court strikes down this provision of Act 11, your payment will be refunded. You can obtain the certification form, *Certification of Legislative Service* (ET-9039), by visiting the Department's Internet site, http://badger.state.wi.us/agencies/etf. Go to "Publications," then "Wisconsin Retirement System Forms & Brochures."

* A participant who is on an official leave of absence is considered to be actively employed.

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expectancy of 12 months or less, OR

2) is enrolled in a certified hospice care program, OR

3) has been confined for the last 6 months in a skilled, intermediate or custodial care facility and is expected to remain confined until death.

The minimum benefit that may be requested is $5,000 or the whole value of the insurance, if less. Any value remaining at death will be paid to the beneficiary(ies), or to the insured, if the coverage selected was the Spouse and Dependent Plan. Living Benefits may be taxable to the recipient as regular income in the year of payment.

To apply for a Living Benefit, contact ETF for an *Application for Living Benefits* (ET-2322) form.

Life Insurance Conversion Options Program

This program allows qualified participants to convert life insurance to pay health or long-term care insurance premiums.

Under the Wisconsin Public Employers Group Life Insurance Program, insured retirees pay premiums until age 65. After age 65, the life insurance amount reduces to 50% or 25% of the previous Basic coverage, and the premiums for this coverage are paid from an employer-owned reserve held by the insurance company. When you convert, you are directing that the money that is reserved to provide your life insurance should instead be used to pay premiums for an ETF-authorized health or tax-qualified long-term care insurance plan. The contracted insurance company, currently Minnesota Life, creates a non-interest-bearing conversion account in your name and credits the account with the conversion value of your life insurance coverage. The conversion value is always less than the face amount. The company then pays your monthly health or long-term care insurance premiums from your account until the account is used up. You cannot receive any direct cash payment.

To be eligible for the conversion program, your basic life insurance coverage must be at its final reduced amount. If you are retired from the State of Wisconsin you must be at least age 66. If you are retired from a local government employer you must be either age 66 or 67, depending on whether your basic life insurance coverage reduces to 50% or 25% of the original amount after retirement. If you are retired from the State your sick leave credits must be exhausted before you can convert your life insurance to pay health insurance premiums.

If you elect this conversion, your life insurance coverage will be converted to credits equal to the present value of your life insurance. The present value ranges from about 45% to 80% of the face amount, depending on your age. Again, your converted life insurance credits will be used to pay your health or long-term care insurance premiums until the credits are exhausted.

Our brochure, *Converting Your Group Life Insurance to Pay Health Premiums* (ET-2325), provides more detailed information on this subject. If you are eligible now, or will meet all eligibility requirements within the next 12 months, you may request a *Conversion Election* (ET-2324) form. This form will show the face amount and estimated present value of your life insurance. For a copy of the brochure and election form, contact ETF. You'll find more information about all of your insurance benefits on ETF's Internet site.

Department Still Seeking Claims for Distribution of Funds Recovered Through the Special Investment Performance Dividend (SIPD) Lawsuit

The Department is still seeking the beneficiaries, heirs and estate representatives of former Wisconsin Retirement System (WRS) annuitants who may be eligible for a distribution from the recovered funds. To qualify, 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. *The annuity increases and retroactive supplements payable to eligible individuals who are still receiving their annuities have already been paid.*

There are nearly 30,000 total potential claims for former annuitants, but we have only received claim inquiries for approximately 18,000 of these. As March 31, 2000, we paid over $17.5 million in lump sum payments to nearly 14,000 claimants. Currently, the average amount of the payments we are issuing is approximately $1,000, with amounts ranging from under fifty dollars to several thousand dollars. We are still in the process of sending claim forms and issuing payments to the individuals who have already contacted us. Due to the number of inquiries we have received and the time it takes to process claims, it can take several months to receive a payment from the Department.

To assure that the maximum number of individuals and estates receive the benefits from the recovered funds to which they are entitled, the Department has contracted with a professional locator service to find and contact the heirs of eligible former annuitants who have not yet contacted us about a claim. We provided the service with information on more than 9,000 former annuitants with potential payments of at least $250. Please keep in mind that the Department will pay all claims regardless of the benefit amount; the $250 threshold was used only to determine which potential claims were given 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 Employe Trust Funds Board's primary objective is to distribute as much of the recovered funds as possible to the beneficiaries, heirs and estates who are entitled to these funds. 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.

Need Important Forms, Brochures, Information? Utilize ETF Internet Site and Self-Service Phone Systems

Your benefits under the Wisconsin Retirement System (WRS) are an important part of your financial future. Stay on top of the latest news and information by frequently visiting the Department of Employe Trust Funds' Internet site, http://badger.state.wi.us/agencies/etf. You can also learn about specific WRS benefit programs and download important applications, forms and brochures by dialing into our Self-Service, Toll-Free Telephone Systems. You will find these important resources convenient and very easy to use.

ETF Internet Site

Have you ever wondered….

- How much your formula retirement annuity would be?
- About getting credit for military service toward your retirement benefit?
- If you can get a lump sum benefit rather than a monthly annuity when you retire?
- When you should request a retirement benefit estimate?
- About coming back to WRS-covered employment?
- How to start a retirement planning checklist?

It's all there on our Internet site. Go ahead and log on to http://badger.state.wi.us/agencies/etf.

Self-Service Telephone Systems

If you don't have Internet access, try our new Self-Service Line. With this system you can get an application to apply for separation benefits or request brochures of interest to you. Call the Self-Service Line: It's available toll-free, 24 hours a day, seven days a week. Just dial (877) 383-1888 or 266-2323 (local Madison).

You can also call the Department's Telephone Message Center to hear detailed, recorded messages covering a variety of WRS topics. Call toll-free: (800) 991-5540 or 264-6633 (local Madison).

Both of these systems require the use of a touch-tone telephone. Callers will not be able to speak to ETF staff while using either of these systems.

Blue Cross Blue Shield United of Wisconsin and CompcareBlue Plans Announce New Pharmacy Vendor

Active employes and retirees who take part in the State of Wisconsin Group Health Insurance program should know that in an effort to improve member satisfaction, Blue Cross Blue Shield United of Wisconsin (BCBSUW) and CompcareBlue will switch pharmacy vendors from ProVantage to WellPoint Pharmacy Management, effective June 1, 2000. BCBSUW administers the Standard Plans, which includes Standard Plan I, Standard Plan II, Medicare Plus $100,000, and the State Maintenance Plan (SMP). CompcareBlue has three plans in the State of Wisconsin health insurance program, Compcare Southeast, Compcare Northwest and Compcare Northwoods.

The change in vendors is not expected to affect members' choice of pharmacies in Wisconsin. Officials say the change will expand choices of pharmacies nation-wide. The Plans mailed informational materials on the new vendor to members in April, and new identification cards will be mailed in May. If you do not receive your new identification card by June 1, please contact your health insurance plan directly.

Returning to Work After Retirement

As an annuitant, you may choose to re-enter the workforce after "officially" retiring. Going back to work for a non-WRS employer has no effect on your WRS retirement annuity, and there are no restrictions on when you can return to work. However, if you return to work for a WRS employer, there must be at least a 30-day break between your termination date (or, if later, the day that the Department receives your retirement annuity application) and the date you begin employment with that WRS employer. Furthermore, you may not have a contract to return to work after the 30 day break for any WRS employer.

If your new employment meets the standards for WRS coverage, you have two choices:

• You can continue to receive your WRS annuity, and your new employment will not be covered under the WRS. You will not accrue any additional WRS service or contributions, and your new employment will have no effect on your WRS annuity

• You can elect to terminate your WRS annuity and become covered under the WRS. Your WRS account will be reestablished, and you will begin to accrue additional WRS service and contributions. When you "re-retire" you must apply for a new WRS annuity. If you originally retired before your normal retirement age, there will be an offset from your new annuity based on the payments you received before your normal retirement age.

Higher Formula Multipliers For Service Performed Before January 1, 2000

Participants receiving WRS annuities who return to work for a WRS employer can elect to become a covered WRS employe and have their annuity terminated. When a rehired annuitant "re-retires", a new annuity is calculated based on both the old and new creditable service. However, if the Wisconsin Supreme Court rules that the higher multipliers provided in Wisconsin Act 11 are legal, the higher formula multipliers under Act 11 will apply only to any creditable service performed before 2000 that the participant earned after returning to work. The original formula multipliers used to calculate the original annuity would apply to the creditable service performed before the participant's original retirement date.

There is one exception: If the rehired annuitant works for at least three full continuous years (fiscal years for teachers, judges and educational support personnel, and calendar years for all other employment categories), then "re-retires" after 1999, the higher formula multipliers under Act 11 will be applied to a number of the pre-2000 years of service earned before the original retirement date that matches the number of years the participant has accrued since returning to covered WRS employment. The higher multipliers also apply to the years of service earned after returning to work that were performed before 2000.

For a detailed summary of 1999 Wisconsin Act 11 and how it would affect annuitants returning to work, contact the Department or visit our Internet site, http://badger.state.wi.us/agencies/etf, and go to "What's New", then click on "Hot Topics."

Board Corner
Spotlight On: Wisconsin Retirement Board

Editor's note: This is the third in a series of articles reviewing the specific functions, responsibilities, and make-up of the five Wisconsin Retirement System (WRS) governing and advisory boards. These boards are: the Employe Trust Funds Board, the Teachers Retirement Board, the Wisconsin Retirement Board, the Group insurance Board, and the Deferred Compensation Board.

The Employe Trust Funds Board, the Wisconsin Retirement Board, and the Teachers Retirement Board all have legal and fiduciary responsibilities relating to the Wisconsin Retirement System. The specific responsibilities of the Wisconsin Retirement Board reflect the same general duties of the Teachers Retirement Board, except these responsibilities relate only to non-teacher WRS members. Essentially, the Wisconsin Retirement Board must:

- Appoint four of its members to the ETF Board
- Study and recommend to the ETF Secretary and to the ETF Board alternative administrative policies and rules.
- Appoint a teacher participant in the WRS to the State of Wisconsin Invest-ment Board.
- Approve or reject all administrative rules proposed by the ETF Secretary that relate to teacher participants.
- Authorize and/or terminate the payment of disability benefits for teachers.
- Hear appeals regarding disability annuities for teacher participants.

TEACHERS RETIREMENT BOARD
Number of seats: Nine
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.

Like those of the Teachers Retirement Board, members of the Wisconsin Retirement Board serve staggered, five-year terms. It is composed of the following members:

1) One city or village chief executive or member of the governing body of a city or village, appointed by the Governor from a list of names submitted by the League of Wisconsin Municipalities.
2) One city or village finance officer, appointed by the Governor.
3) One city or village employe, appointed by the Governor
4) One member of a town or county governing body, appointed by the Governor from a list of names submitted by the Wisconsin Counties Association.
5) One county clerk or deputy county clerk, appointed by the Governor
6) One town or county employe, appointed by the Governor.
7) One state employe, appointed by the Governor
8) One public member, not a WRS participant or beneficiary, appointed by the Governor
9) The Commissioner of Insurance or an experienced actuary in that office, as designated by the Commissioner.

Current Wisconsin Retirement Board members are: Marilyn J. Wigdahl (Chair), John L. Brown (Vice-Chair), C.F. Saylor (Secretary), Theodore H. Bauer, Jefferson Davis, David L. Heineck, Wayne E. Koessl, Barbara Ermeling. Vacant: the Governor's appointee from a list of city or village chief executives supplied by the League of Wisconsin Municipalities.

Milwaukee Teachers Elect Macek to Teachers Retirement Board

Elementary and secondary school teachers in the Milwaukee Public School District have elected Irena Macek to serve as their representative on the Wisconsin Retirement System's Teachers Retirement Board. The Teachers Retirement Board plays an important advisory role to the Employe Trust Funds Board on retirement and other benefit matters involving public school, vocational, state and university teachers and teaching professionals.

Macek, a teacher in the Milwaukee Public School District since 1970, is a reading specialist and computer technology instructor at Carleton Elementary. She will begin her five-year term on the TR Board in May. By virtue of her election, she will also serve on the Employe Trust Funds Board.

The Department mailed 8,052 ballots to teachers of the Milwaukee Public School District late last January. Balloting was completed in February. Teachers cast approximately 1,361 ballots, representing 17.2 percent of the total. Macek garnered 63.9% of the votes. The other candidate in the election was Robert N. Phillips, a teacher in the district's Home and Hospital Instruction program.

Macek takes the place of Karen Becker on the TR Board. Becker, who was elected in 1998, chose not to run again.

ETF Seeks Persons with Abandoned WRS Accounts

The Department of Employe Trust Funds has updated its list of individuals age 70 and older with abandoned Wisconsin Retirement System (WRS) accounts. Each year the Department of Employe Trust Funds (ETF) publishes their names in the state newspaper and the *Trust Fund News* in an attempt to find these individuals or their heirs and let them know this money is available.

Last year, ETF located 108 of the 208 persons on the final account list. If you know the whereabouts of anyone on this year's list, please ask them or their heirs to write to ETF at PO Box 7931, Madison, WI 53707-7931. Inquiries must be in writing and include the participant's complete name (published name, current and prior name), date of birth, Social Security number and the year that the name was published. Application forms are available for rightful claimants.

Most accounts are small, but over the years a few have been substantial. ETF began publishing the names of abandoned accounts in 1976. Under current law, WRS participants or heirs have up to ten years after publication to make a claim. Current WRS participants are advised to take precautions against forgetting their accounts in the future. If you terminate WRS-covered employment and do not take a benefit, provide ETF with address changes as you move so that you can receive account information and avoid possible forfeiture of your account.

To see the complete ten-year list of abandoned accounts visit our Internet site http://badger.state.wi.us/agencies/etf and see the "Money Awaits Missing Persons" section under "What's New."

The latest abandoned account list follows:

Ahlers, Marion E.
Albers, Robert J.
Alvarez, Beatriz
Anderson, Betty R.
Antaramian, Paul A.
Armstrong, Alma J.
Banister, Luvenia B.
Bauer, Joanne M.
Bender, Richard C.
Berens, Thomas J.
Berg, Mary C.
Berndt, Walter L.
Boggs, Joann G.
Bond, Ramona C.
Boot, Christine
Brenneke, Robert L.
Busche, Dolores A.
Cash, Nellie J.
Chilton, Maybelle R.
Collins, Betty J.
Conner, John G.
Connors, Patricia
Conti, Marie T.
Corney, Agnes F.
Cox, Rosemary
Crary, Janet L.
Crawford, James A.
Crooks, Nancy E.
Dawson, Georgia S.
Deville, Roberta L.
Diderrich, Alfred J.
Domres, Melvin W.
Donnelly, Jeanne C.
Dopp, Frank A.
Doyle, John P.
Dutton, Doris E.
Eacret, Kathleen F.
Edinger, Joanne M.
Erickson, Lena P.
Espeseth, Marlin O.
Ewing, Clarence L.
Farrell, Patricia A.
Ferrario, Irene
Fischer, Robert N.
Franzen, Eleanora R.
Fritz, June C.
Gagliano, Rosalie J.
Gandt, Claudine J.
Garrity, James D.
Gaustad, Arleen A.
Gerndt, Betty J.
Getter, Jean S.
Graetz, Robert
Grams, Jean A.
Granger, Olidean M.
Green, Erna V.
Grobschmidt, Dennis F.
Hall, David A.
Harper, Virginia B.
Hartman, Jack V.
Harvey, Julia W.
Helland, Arne
Helminen, Edward R.
Henderson, Joeann C.
Hicks, Herbert H.
Hinkle J. L.
Hoag, Dolores J.
Hruschanko, John
Hubbard, Viola M.
Hughes, Martha J.
Humberg, Clarise S.
Hunt, Mary J.
Hurst, Nancy M.
Husted, Yvonne M.
Iding, James R.
Jackson, Faith F.
Jefferson, F. James
Johnson, Charlotte S.
Johnson, Clarice J.
Johnson, Joanne L.
Johnson, Joyce
Johnston, David L.
Johnston, Ella B.
Jones, Ivanne B.
Kaprelian, R. Ludean
Katzenmeyer, William G.
Kerr, Betty L.
Kinser Sr., Charles R.
Knudtson, Dorothy M.
Koch, Joan K.
Koch, Theodore J.
Kordus, Arthur C.
Kostka, Gladys M.
Kovatch, Kenneth F.
Kraus, Dolores E.
Kreimeyer, Douglas L.
Kroeger, E. Lois
Ladenthin, Frances A.
Landergott, Beverly P.
Lebard, Robert K.
Lee, Jean A.
Levelt, Johanna M.
Levy, Doris Y.
Linenberg, Frederick T.
Longley, Olga J.
Lorenz, Ruth A.
Lowry, Bishop T.
Luby, Mary N.
Luquer, Dorothy L.
Lynch, John P.
Mann, Paul E.
Manning, William G.
Martinez, Maria
McDonough, Diane K.
McDowell, Mary P.
McKenzie, Mary E.
McLean, Harley A.
McMahon, James G.
McPhee, Sharon S.
Medina, Angelina
Meehan, David W.
Meiselwitz, Jane M.
Middleton, Dorothy G.
Moran, Leo J.
Morton, James W.
Mullan, Alice L.
Munday, Martha F.
Mundt, Joan L.
Murphey, Mary E.
Myrin, Sven N.
Nelson, Mary J.
Newell, Barbara W.
Newkirk, Ollie B.
Newton, Jack W.
Nickels, Raymond L.
Oelmann, Marjorie L.
Oleary Marquerite C.
Olson, Vernon R.
Olson, Viola L.
Opheim, Ina L. W.
Page, Beverly J.
Paik, Sang K.
Parise, Barbara J.
Pearson, Geraldine S.
Pertzborn, Bernard J.
Petersen, Betty L.
Petri, Muriel I.
Phaneuf, Patricia L.
Phillip, William D.
Poelstra, John C.
Prescott Sr., Howard A.
Prudy, Mary M.
Quinnell, Clara M.
Radtke, Barbara D.
Rasch, Ruth G.
Reidenbach, Beverley G.
Rome, Robert W.
Roney, Lois Y.
Salmon, Jean M.
Sanders, John C.
Sartin, Junior L.
Schaefer, Carol
Schanzenbach, Marianne R.
Schroeder, Gladys
Schulze, June M.
Seigle, Jack C.
Sheets, Gordon C.
Shinn, Gloria E.
Singer, Ella R.
Smiech, Betty J.
Smith, Lois C.
Smith, Wayne H.
Sonstroem, Gwendolyn O.
St. James, Ashley H.
Strobel, Mark L.
Talbot, Patricia A.
Taylor, Sharon
Teteak, Deral D.
Trudel, Ruth A.
Tyson, Barbara J.
Uete, Tetsuo
Underwood, William L.
Vevle, Richard R.
Vincent, Ruth E.
Voss, Dale F.
Wardenga, Edmund
Warweg, Fred L.
Webber, Robert L.
White, Grace E.
Wiener, Charles
Wilkie, Brian
Williams, Charles E.
Williams, Marilyn D.
Winkel, Ruth M.
Wirtz, Elizabeth J.
Wise, Dolores T.
Witte, Ruth F.
Wolf, Donald R.
Wolfe, Geraldine E.
Wolff, Irmie
Yanke, Marion
Yuthas, John

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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 a benefit specialist. 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 Telephone 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, or to report home address changes and to make tax withholding changes (annuitants only): Call our 24-hour Self-Service line toll free: (877) 383-1888.

The Department of Employe 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.