



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: September 18, 2008
TO: Employee Trust Funds Board, Teachers Retirement Board and Wisconsin Retirement Board
FROM: Matt Stohr, Director of Legislation, Communications and Planning
SUBJECT: Legislative Report

This memo is for information only. No action is required.

At the June Board meetings, we provided a brief legislative update on state and federal legislation that passed during the 2007-08 Legislative Session and the legislative session of the 110th Congress. There has not been any legislative proposal introduced or enacted since the June Board meetings that have an affect on the Trust Fund, however, the Department is working on pending federal legislation and to implement recently enacted legislation.

HEART Act

As we discussed at the June meeting, the Department is currently in the process of implementing the recently enacted federal H.R. 6081, the "Heroes Earnings Assistance and Relief Tax Act of 2008" (HEART), which, among other things, provides tax benefits for certain members of the military and their survivors. Several provisions of the HEART Act affect the Wisconsin Retirement System (WRS) and require action by the Department. A mandatory provision in the Act requires qualified pension plans, such as the WRS, to treat persons who die while performing "qualified military service" as if they were active employees at the time of death, for WRS death benefit purposes. The provision is retroactive, applying to deaths on and after January 1, 2007. The Department will work with the Wisconsin State Legislature in the upcoming 2009-10 Wisconsin Legislative Session to modify Chapter 40 of the state statutes and/or administrative code to reflect the changes in federal law brought about by the HEART Act. The WRS must be amended by December 31, 2012 to reflect certain provisions in federal law.

2007 Wisconsin Act 226

The other implementation issue that was discussed at the June meeting was implementation of 2007 Wisconsin Act 226, which relates to public safety officers and health insurance premiums. An update regarding this issue is in the Secretary's Report memorandum that was shared with the Boards.

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H.R. 6382

The Department is working closely with national organizations, such as National Association of State Retirement Administrators (NASRA) and National Council on Teacher Retirement (NCTR), to encourage the passage of the federal Pension Protection Act technical corrections bill, H. R. 6382. Among other things, H. R. 6382 allows governmental defined benefit pension plans to set participant account interest crediting rates under state and local laws without violating new federal restrictions aimed at employee pension plans affected by the Employee Retirement Income Security Act (ERISA). The bill passed the United States House of Representatives by a unanimous vote; however, it has not been scheduled for a hearing in the United States Senate. Please find attached a copy of the letter the Department sent Wisconsin's Representatives to encourage positive action in the House.

I will be available at the meetings to answer any questions you have about these issues or any other legislative matters.

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