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Department of Employee Trust Funds  
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**CORRESPONDENCE MEMORANDUM**

**DATE:** December 1, 2008

**TO:** Employee Trust Funds Board  
Teachers Retirement Board  
Wisconsin Retirement Board

**FROM:** Lynn Jarzombek, Policy Advisor  
Division of Retirement Services

**SUBJECT:** Implementation of 2007 Wisconsin Act 226 (Pension Protection Act)

**This memo is for informational purposes only. No Board action is required.**

The federal Pension Protection Act of 2006 provides eligible, retired public safety officers an exclusion from gross income up to \$3,000 annually for health and long-term care insurance premiums. The premiums must be deducted by eligible governmental plans from the annuities of the public safety officers and directly remitted to the insurance providers. Under 2007 Wisconsin Act 226, retired public safety officers can elect to have health or long-term care insurance premium deductions taken from their Wisconsin Retirement System (WRS) annuities. These premiums are for health and long-term care coverage from plans other than those offered through the State of Wisconsin Group Insurance Board. Premium deductions are already in place for retired public safety officers covered by Group Insurance Board plans.

The Department is proceeding with implementation of Wisconsin Act 226. This past summer a group was formed to plan and carry out the implementation of this new statutory requirement creating a Retired Public Safety Officer (PSO) Insurance Premium Deduction Program. The group reviewed similar programs in other states and applicable Internal Revenue Service information, researched options to handle the remittance of premium deductions and monthly reporting to third party insurance providers, and determined program requirements. The group also defined and assigned tasks covering creation of program materials, information technology (IT) system programming, procedure development, staff training and a communications plan.

The PSO program communication plan contains several methods of notification to alert retired public safety officers:

- Program information, a question & answer article and the election form retired public safety officers will need to complete to authorize the deduction will be placed on the Department's website by year-end,
- An article announcing the PSO program will appear in the January 2009 *Trust Fund News*, and

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

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Signature

\_\_\_\_\_  
Date

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- Program materials will be made available to both the Police and Firefighter Association Offices by year-end.

Additionally, Department staff will provide written PSO program materials upon request and respond to verbal and written inquiries.

Implementing the IT programming necessary to take the deduction from the annuity payment of the retired public safety officer will be a key component in this process. However, the Department's new Benefit Payment System will allow the Department to create the new deduction fields and, through payroll processing, transmit the deductions electronically directly to the third party insurance providers. Monthly reporting to the insurance providers will occur with a short electronic report listing deduction amounts and identifying annuitants by their insurance policy numbers.

The PSO program will be implemented to meet the statutory effective date of January 1, 2009. As the Department gains experience working with third party insurance providers in this capacity, policies and procedures will be modified accordingly to ensure an effective and efficient program.

Staff will be available at the meeting to answer questions. Contact Jean Gilding at (608) 266-1210 (e-mail [jean.gilding@etf.state.wi.us](mailto:jean.gilding@etf.state.wi.us)) or Lynn Jarzombek at (608) 261-8081 (e-mail [lynn.jarzombek@etf.state.wi.us](mailto:lynn.jarzombek@etf.state.wi.us)) with any further comments or questions.