



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: November 29, 2013

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

FROM: Tarna Hunter, Legislative Liaison

SUBJECT: Legislative Update

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

This memorandum provides information on pertinent legislative issues.

Several bills affecting the Wisconsin Retirement System (WRS) were recently introduced in the Wisconsin State Legislature.

2013 SB 330 and 2013 AB 414 allow participating employees in the WRS to purchase years of creditable service for active service in the United States armed forces.

Both bills require the following to purchase creditable service under the program:

- The employee must pay the Department of Employee Trust Funds (ETF) an amount equal to the present value of the creditable service to be purchased, in accordance with rates actuarially determined to be sufficient to fund the cost of the increased benefits that will result from granting the creditable service.
- The employee must have at least three continuous years of creditable service at the time of application to purchase the creditable service.
- The employee must have been discharged from the United States armed forces under honorable or general conditions.
- The employee may not receive creditable service under the program for any service that is used for the purpose of establishing entitlement to, or the amount of, any other benefit to be paid by any federal, state, or local government entity. The exceptions are a disability or social security benefit, a benefit under the federal retired pay for non-regular military service program, or a benefit paid for service in the National Guard.

Reviewed and approved by Robert Marchant, Deputy Secretary

Electronically Signed 12/2/13

Board	Mtg Date	Item #
JM	12.5.13	4B

2013 SB 330 was introduced by Senator Gudex and was referred to the Senate Committee on Transportation, Public Safety, and Veterans and Military Affairs. 2013 AB 414 was introduced by Representative Petryk and was referred to the Assembly Committee on Veterans.

2013 AB 470 increases the minimum retirement age for all employees by two years.

- General employees, teachers, elected officials and executive employees are currently eligible to retire at age 55. The bill would change that to age 57.
- Protective employees, such as police and firefighters, are currently eligible to retire at age 50. The bill would change that to age 52.
- This change would only apply to WRS participants who are under age 40 on the effective date of the bill.

The bill was introduced by Representative Stroebel and referred to the Joint Survey Committee on Retirement Systems.

2013 AB 471 changes the formula method for calculating a WRS retirement benefit.

- Under current law, a formula benefit is based on the average of the three highest years of earnings.
- Under the bill, a formula benefit would be based on the average of the five highest years of earnings.
- This change would take effect five years after the effective date of the bill.

The bill was introduced by Representative Stroebel and referred to the Joint Survey Committee on Retirement Systems.

As with any legislative proposal, the provisions of these bills are subject to changes. ETF will continue to monitor developments and provide updates as they occur.

I will be available at the December 5, 2013, Board meeting to answer questions.