



State of Wisconsin
Department of Employee Trust Funds
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Correspondence Memorandum

Date: February 24, 2017

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

From: David H. Nispel, General Counsel
Dan Hayes, Attorney

Subject: Status of Proposed Administrative Rules

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

This memorandum is presented quarterly to inform board members about the status of administrative rules being promulgated by the Department of Employee Trust Funds (ETF) that require approval of one or more of the Boards.

CR 16-033: Technical Rule

Clearinghouse Rule 16-033 makes technical updates to existing ETF rules, deletes obsolete language in ETF rules, and makes other minor substantive changes. The changes include allowing the department to release retirement account information to a named joint survivor if the member dies or experiences a disabling injury or disease, and deleting obsolete language related to guardianships. The rule was approved by the Employee Trust Funds, Wisconsin Retirement and Teachers Retirement Boards on September 29, 2016. The Governor approved the rule on December 28, 2016. ETF then sent the rule to the Legislature for further review. The Assembly Committee on State Affairs and the Senate Committee on Labor and Regulatory Reform took no action on the rule within the 30-day review period. The rule was then referred to the Joint Committee for Review of Administrative Rules on February 16, 2017. If that committee takes no action within 30 days of the referral, the rule will be ready for publication in the Wisconsin Administrative Register.

SS 036-16: Employer Participation in the Wisconsin Retirement System

Statement of Scope 036-16 proposes changes to the administrative code in order to properly administer provisions enacted by 2015 Wisconsin Act 174 in relation to

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed 3/1/17

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employer election to participate in the Wisconsin Retirement System (WRS). The proposed administrative rule would also include clarification of requirements under federal tax law relating to employers' elections to include or exclude employees in a tax-qualified governmental pension plan.

2015 Wisconsin Act 174 allows an employer that elects to be included within the provisions of the WRS (participating employer) to elect to be a participating employer only with respect to employees hired on or after the date on which the employer elects to participate in WRS. The Act also provides that a municipal employer that elects to be a participating employer on or after March 2, 2016, only with respect to employees hired on or after the date on which the employer makes the election, may offer its current employees the option of becoming participating employees in the WRS. An employee who exercises this option must do so in writing, on a form provided by the Department of Employee Trust Funds, prior to the effective date on which the employer becomes a participating employer. Finally, the Act allows a municipal employer that elects to be a participating employer on or after March 2, 2016, to choose not to include its public utility employees as WRS participants.

On May 9, 2016, the Governor approved the statement of scope, and it was published in the Wisconsin Administrative Register on May 16, 2016. ETF is in the process of drafting the rule.

Disability Programs Redesign

ETF proposes to close the Long-Term Disability Insurance program (LTDI) to new claims and re-open the Wis. Stat. §40.63 Disability Annuity Program to all eligible employees effective January 1, 2018. This proposal is intended to eliminate program duplication, reduce costs, reduce confusion, and make the most efficient use of program resources. A draft Statement of Scope was initially submitted to the Governor on November 3, 2016. Due to technical problems with the submission, the Governor did not receive it. The draft Statement of Scope was then successfully resubmitted on January 31, 2017, and is pending approval.

Staff will be available at the Board meeting to answer questions.