Wisconsin Retirement System Administration Manual

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PREFACE

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The *Wisconsin Retirement System Administration Manual* (ET-1127) is a reference source intended to aid your administration of and participation in the WRS. Its contents are based on state statute and administrative code and contain guidelines and instructions relevant to administrative and reporting practices of the WRS. Wisconsin statutes, administrative code and case law are reviewed on an ongoing basis. They may be revised after the manual publication, making the contents no longer applicable.

The Department of Employee Trust Funds will make every effort to communicate the impact of legislative changes by way of *Employer Bulletins.* You can sign up for email notifications of the *Employer Bulletins*, as well as other WRS updates, on the ETF home page at etf.wi.gov. This manual contains examples relevant to the administration of the WRS but may not cover every eventuality. Specific WRS-related questions and situations will be considered by this agency with regard to current statute, administrative code and/or case law.

Consult this manual as an initial resource for WRS-related questions or concerns. For more information, contact the Employer Communication Center. The Employer Communication Center can help resolve eligibility and reporting issues for all ETF-administered benefit programs. Incoming calls are routed to staff members within the Employer and Contact Services Bureau.

A central voicemail system handles calls if Employer Communication Center staff lines are busy. The voicemail system is monitored on a regular basis and calls are typically returned within 24 hours. The Employer Communication Center phone number is 1-877-533-5020 or 608-266-3285. Employers can either contact their case manager or send an email to mailto:ETFSMBEmployerWRS@etf.wi.gov for questions.

Your efforts to accurately administer WRS provisions are appreciated. If you have comments on this edition or suggestions for the next edition of the manual, please contact the Employer Communication Center.

001 Programs Administered

ETF administers several employee benefit programs including:

Wisconsin Retirement System

The Wisconsin Retirement System is a qualified retirement system under Section 401(a) of the Internal Revenue Code. Employees of the state of Wisconsin; University of Wisconsin; local government employers, technical colleges, and school districts are included within this system. Employer participation is based on legislation and may be mandatory or optional.

The WRS is a pension plan with both defined benefit and defined contribution components. Although structured as a defined benefit plan, separate individual accounts for all participants are maintained. Contributions—employee and employer required—may fluctuate annually as calculated by the actuary and approved by the ETF Board, with the former recorded directly on individual participant accounts. Annual interest adjustments are made to each participant's account balance based either on the earnings (or losses) of the trust or on a pre-defined interest adjustment mandated in Wisconsin statutes.

Because of the plan design, a participant's retirement benefit is based on the higher of two calculations:

1. **Defined benefit formula**: Uses the three highest years' earnings to calculate the final average earnings and the number of years of WRS-creditable service to determine the benefit. An actuarial reduction is applied if the benefit begins before the employee attains normal retirement age or a specified age and number of years of service (e.g., for general employees age 57 with 30 years of service).

   or

2. **Money purchase (defined contribution) benefit**: Calculated based on the value accumulated in the participant account at the time of retirement and matched equally with an amount from the employer reserve. Although an actuarial reduction based on the employee's age is not directly applied, a minimum retirement age must be attained to be eligible for any WRS annuity benefit (e.g., age 55 for general employees).

Vesting Requirement

Wisconsin Act 32, effective July 1, 2011, created a new vesting requirement to be eligible for Wisconsin Retirement System retirement benefits for employees who become WRS eligible on or after July 1, 2011. The vesting provision provides that WRS members are not eligible for a WRS retirement annuity or lump sum retirement benefit until they have 5.00 years of creditable service, as defined in Wisconsin Administrative Code 10.03 (refer to Chapter 5, subchapter 509). However, the member would still be eligible for a separation benefit, which would include the employee contributions plus investment returns. ETF will determine employee vesting based on employer reporting. Refer to Wis. Stat. §40.23 (2m) (er) and §40.23 (3) (b) for more information.

Disability Benefits (§40.63)

The § 40.63 disability benefit is available to certain eligible employees who are disabled by a mental or physical impairment expected to result in death or be of a long-continued or indefinite duration. An employee must have earned at least one half year (.50) creditable service in at least five (5) calendar years out of the preceding seven (7) calendar years beginning with the year prior to filing a disability application. This minimum service requirement can be waived if the disability is work related and the disability application is received within two years from the last day worked for a participating employer.

Each disability annuity consists of two components. The first component is a regular retirement benefit based on the employee's actual age, years of creditable service and account balances. This amount will be the higher of either a defined benefit formula or money-purchase calculation. The second component is based on the assumed creditable service the disabled employee would have earned had they continued working until normal retirement age. These two amounts added together equal the employee's total disability benefit.

Duty Disability (§40.65)

The duty disability program is an income replacement benefit available only to WRS protective occupation employees (employment categories 33 and 34). Benefits are available to eligible participants who have either sustained an injury in the performance of their duties or contracted a disease due to their occupation, which appears to be permanent. The disability must directly result in one of the following:

- Reduction in pay or position.
- Permanent assignment to light work duty.
- Adverse effect on the employee's promotional opportunities within the service of the employer.
- Retirement from the job.

Deferred Compensation

The Wisconsin Deferred Compensation (WDC) program is a supplemental retirement savings program regulated by Section 457 of the Internal Revenue Code. Eligible employees of participating employers can invest a portion of pre-tax earnings (up to the maximum allowed by Sec. 457) through payroll deduction in any of the investment options offered by the program.

Group Life Insurance Plans

The group life insurance plans are offered to employees of state and local government units that elect to join the Wisconsin Public Employers Group Life Insurance Program.

If eligible, coverage is provided without evidence of insurability if the application is received by the employer within 30 days after the hire date. Late enrollees must give evidence of insurability.

Plans available to eligible employees are:

- **Basic Life Insurance**
  The Basic Plan features group term life insurance equal to 100% of the employee's previous WRS calendar year earnings rounded up to the next thousand. It also provides for reduced amounts of coverage when the employee retires and for employees older than age 65 (age 70 if still working) without cost. The employer is required to contribute to the cost of this insurance. When the employee turns age 70, basic coverage will be reduced to the final post retirement coverage level and continue for life with no premiums due.

- **Supplemental Life Insurance**
  The Supplemental Plan provides coverage equal to the employee's previous WRS calendar year earnings rounded up to the next thousand. The state contributes to the cost of this coverage for state employees. Local government employers are not required to contribute. Supplemental coverage ceases on the employee's 70th birthday.

- **Additional Life Insurance**
  The Additional Plan provides units of coverage equal to the employee's previous WRS calendar year earnings rounded up to the next thousand. Employer contributions are not required. If offered by the employer, the employee may choose one, two or three units of Additional coverage. Employees who reach age 70 before becoming eligible for coverage are only eligible to apply for the Additional Plan and must apply through evidence of insurability.

- **Spouse and Dependent Life Insurance**
  The Spouse and Dependent Plan provides coverage for a spouse and dependent(s). If one unit of coverage is elected, a spouse will have $10,000 in coverage and each dependent (regardless of the number) will have $5,000 in coverage. If two units are elected, a spouse will have $20,000 in coverage and each dependent will have $10,000. Employees after the age of 70 may not apply for spouse and dependent coverage.

Income Continuation Insurance

Income continuation insurance (ICI) is offered to employees of the state and local government units that elect to participate in the ICI Program. State and local employees under the WRS are immediately eligible for ICI coverage if they enroll within 30 days of becoming WRS eligible.

The ICI plan replaces a portion of the employee's income in the event the employee becomes disabled. Benefits for physical or mental disabilities under this program begin after an elimination period has been satisfied. The program covers approved rehabilitation training expenses.

The ICI plan is intended to cover short- and long-term disabilities. The plan is integrated with all benefits available to an employee from other state or federal programs, meaning that ICI benefits are reduced by the amount of these other income replacement benefits. Coverage may be continued for a maximum of 36 months during an authorized leave. However, when an ICI claim is approved for payment the ICI premiums are waived.

Group Health Insurance

The group health insurance program is available to the following employees:

- Local government employees whose employer elects to participate in the program, and who meet eligible employee criteria. Participating local government employers select coverage from the following program options (PO):

  1. Local Traditional Plan, PO 2, 12

  2. Local Deductible Plan, PO 4, 14

  3. Local Health Plan, PO 6, 16

  4. Local High Deductible Plan, PO 7, 17

     The eligible employee may enroll either:

     * within 30 days of hire, effective first of the month that first occurs on or following the hire date if the application is received within 30 days of hire, or

     * prior to becoming eligible for the employer's contribution toward premium, with coverage effective the first of the month on or after the date the employer contribution begins.

- State of Wisconsin employees covered by the WRS, or in certain other jobs specified by statute, are immediately eligible upon hire. Two months of state service under the WRS may be required before employer contributions begin. The state premium contribution varies depending on which health plan the employee selects, as established in law and guidelines governing the program.

Flexible Spending Account (FSA) Program (State Agencies Only)

The FSA program is an optional tax-free benefit for state employees. It allows participants to earmark a portion of their pre-tax gross salary to pay certain IRS-approved expenses. By earmarking part of their pre-tax salary to pay expenses, participants effectively reduce their taxable gross income, which reduces their state and federal tax liabilities and increases their take-home salary.

Social Security

ETF is the designated state agency to administer the state of Wisconsin's Section 218 Agreement with the Social Security Administration. The Section 218 Agreement provides for Social Security coverage of public employees. All employers participating in the WRS are covered by a Section 218 Agreement.

002 Internet Address

ETF's website at etf.wi.gov provides information on various benefit topics of interest to active/inactive members, retirees and employers.

This site contains numerous forms and brochures, news, ETF contact numbers and email for inquiries, past *Employer Bulletins*, present *Department and Employer News*, administration manuals and multiple benefit calculators. The site also provides links to information on Supplemental Insurance plans, the State of Wisconsin Investment Board, Social Security Administration and Internal Revenue Service websites.

Additionally, our Member Education and Employer Training web pages contain informational videos and webinars for WRS members and employers.

003 ETF Web Application for Employers

This secured website provides detailed participant information on administering ETF-administered benefit programs. Applications are available for:

- Online WRS enrollments.
- Descriptive data changes.
- The remittance of WRS contributions.
- Electronic transmission (or upload) of annual detail.
- Annual reporting of service and earnings detail.
- Pre-and post-annual reconciliation reports.
- Late reported earnings adjustments.

004 Ordering ETF Forms

Employers can order forms online using the ETF website. Refer to subchapter 002 for directions to the internet site. In addition, some employer forms on the Employer Forms page can be pre-filled online, printed and submitted to ETF electronically.

Checking on the Status of an Order

Response time depends on the number of requests received, staffing levels and other workload demands. Urgent orders and/or orders not received within three weeks should be followed up with a call to the Employer Communication Center at 1-877-533-5020 or 608-266-3285. Please state the following:

- Date the order was initially placed.
- Employer's name, caller's name and telephone number.

CHAPTER 1– PUBLIC EMPLOYERS INCLUDED

100 Employers that can Elect to Participate
101 Employers with Mandatory Participation
102 Dissolution of Employer
103 Employer Name Change

100 Employers that can Elect to Participate

Participation in the Wisconsin Retirement System is open to any Wisconsin public employer. The city and county of Milwaukee operate independent retirement programs and are excluded. The "governing body" of the employer must file a resolution of participation in the WRS. The resolution must be received at the Department of Employee Trust Funds by November 15 for participation to become effective the following January 1. [Admin. Code ETF 20.017]

A resolution of participation may be withdrawn if the employer's written notice to withdraw is received by ETF before the November 15 preceding the January 1 effective date.

- Employer is defined in statutes as:

  "…the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created within the state, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more, a local exposition district created under subch. II of ch. 229 and a long-term care district created under s. 46.2895, except as provided under ss. 40.51 (7) and 40.61 (3). "Employer" does not include a local cultural arts district created under subch. V of ch. 229. Each employer shall be a separate legal jurisdiction for OASDHI purposes." [Wis. Stat. §40.02 (28)].

- Governing Body:

  The body having final authority in making decisions for the employer as defined. Examples: common council, village board, county board, town board, school board, or commission. For state departments and agencies, the "governing body" is the head of the department or agency, or designated representative. [Wis. Stat. §40.02 (36)].

Upon receipt of a completed resolution to participate in the WRS, ETF will determine if the employer meets the above definition of a public employer and if so, will provide the employer with the necessary eligibility, enrollment, and reporting requirements and instructions.

For public employers interested in participating in the WRS, detailed information is contained in the handbook *How to Become a Participating Employer Under the Wisconsin Retirement System* (ET-1129).

101 Employers with Mandatory Participation

Participation in the WRS is optional for some public employers. However, the following public employers are statutorily required to participate:

1. Every county (except Milwaukee).

2. Villages and cities as follows:

   - **Villages** with a population of 5,000 or more must continue to cover past, present and future police officers if the village was mandated to include them in the Wisconsin Retirement Fund (WRF) prior to March 31, 1978 [Wis. Stat. §61.65 (6) 1975, repealed by Wis. Stat. §40.21 (4), Chapter 96, Laws of 1981].

   - **Villages** with a population of 5,500 or more must continue to cover past, present and future police officers and firefighters if the village was mandated to include them in the WRF prior to March 31, 1978 [Wis. Stat. §61.65 (7) 1975, repealed by Wis. Stat. §40.21 (4), Chapter 96, Laws of 1981].

   - **Cities** that are second, third and fourth class must continue to cover police officers and firefighters (except volunteer firefighters) if the city was mandated to include them in the WRF prior to March 31, 1978 [Wis. Stat. §62.13 (9) (e), (9a), (10) (f) and (g), 1975, repealed by Wis. Stat. §40.21 (4), Chapter 96, Laws of 1981].

3. A newly created school district for non-teaching personnel, if its territory includes more than one half of the last assessed valuation of a school district which was an employer under the WRS at the time of such creation.

4. All school districts for teaching personnel.

102 Dissolution of Employer

No provision exists in Wisconsin Statutes permitting the withdrawal of a resolution of inclusion after the November 15 due date directly preceding its January 1 effective date. However, if the resolution of inclusion is received after the November 15 due date, the effective date will be the January 1 after the ensuing January 1; in these cases, the employer may withdraw a resolution of inclusion if the employer's written notice to withdraw is received by ETF before the November 15 deadline of the year before the January effective date. [Admin. Code ETF 20.017].

A governing body's resolution to participate in the WRS is irrevocable. Wis. Stat. 40.21 (1) provides that:

> "Any employer shall be included within and thereafter subject to the provisions of the Wisconsin retirement system by so electing, through adoption of a resolution by the governing body of the employer."

Whenever the existence of a participating employer is terminated due to consolidation or any other reason, the employer who thereafter has responsibility for the governmental functions of the previous employer shall be liable for all contributions payable to the WRS. However, if no other employer assumes responsibility, the prior service liability, if any, will be collected from the assets of the (original) employer [Wis. Stat. §40.05 (2) (f)].

103 Employer Name Change

Notification and documentation of an entity's name change (i.e., a copy of statutes or a board resolution) must be forwarded to:

Department of Employee Trust Funds
Social Security Liaison
Division of Retirement Services
PO Box 7931
Madison WI 53707-7931

Following receipt of the legal documentation, ETF will provide notification to the Social Security Administration (SSA) as required by Wisconsin's Section 218 Agreement with the SSA.

CHAPTER 2 – EMPLOYER RESPONSIBILITIES

200 Naming an Employer Agent
201 Employer Agent Responsibilities
202 Designation of Agent (ET-1313)

200 Naming an Employer Agent

The governing body of each Wisconsin Retirement System participating employer must file with the Department of Employee Trust Funds a written designation authorizing an agent or agents to act on its behalf in all matters pertaining to the WRS and all other ETF-administered programs [Wis. Stat. §40.03 (2) (j)]. The agent(s) so designated shall be responsible for WRS eligibility determinations, reporting, insurance administration, etc., and will serve as the contact through which all WRS transactions shall be channeled. However, ultimate responsibility for the actions of the designated agent(s) lies with the governing body.

Note: ETF reserves the right to reject an employer's designated WRS agent under the authority of Wis. Stat. §40.03 and require that a different agent be designated.

A resource to use if you are a new employer agent or contact is the *New Employer Agent/Contact Wisconsin Retirement System Training Checklist* (ET-2572a). Refer to subchapter 202 for the *Designation of Agent* (ET-1313) form.

201 Employer Agent Responsibilities

Employers are responsible for effective administration of WRS. This role includes, but is not limited to the following tasks:

Administration	1. Understand WRS participation and coverage provisions. 2. Understand proper methods used in administering the WRS. 3. Determine WRS eligibility for each employee. 4. Determine proper employment category for each WRS eligible employee. 5. Determine WRS previous service for each employee. 6. Certify necessary information on behalf of the employer. 7. Maintain employee records used in the proper administration of the WRS. 8. Maintain adequate supplies of forms used in WRS administration. 9. Maintain historical WRS information. 10. Subscribe to electronic delivery of *Employer Bulletins* and other ETF updates at: etf.wi.gov/employer-updates.htm. 11. Complete and submit an *Online Access Security Agreement* (ET-8928) form for staff responsible for WRS reporting. 12. Report to ETF and verify WRS reportable hours and earnings for employees who meet WRS eligibility.

Reporting	1. Comply with Chapter 40, Wis. Stat. and Wis. Admin. Code reporting requirements, including the reporting of valid, good-faith terminations. 2. Certify necessary information on behalf of the employer. 3. Transmit information used by ETF to determine eligibility or benefit amounts, in accordance with the current method employed by the Department. 4. Ensure every rehired WRS annuitant receives and completes a *Rehired Annuitant Form* (ET-2319) and submits it to ETF timely.
Transmit Contributions	1. Transmit required employee and employer contributions by established due date. 2. Transmit contributions using proper reporting methods.
Inform Employees	1. Communicate to employees your determination of eligibility and employment category for participation in the WRS. • The *New Employee Benefit Checklist* (ET-2572) is a valuable tool to document when and how the employee met WRS eligibility criteria, dates insurance applications were provided, etc. 2. Inform employees that the Secretary of the Department of Employee Trust Funds is authorized, under Wis. Stat. §40.03 (2) (h), to request from any participating employee or employer any information deemed necessary for the proper operation of the WRS, such as Social Security numbers, dates of birth, etc. 3. Refer WRS participating employees to the Member Communications Center at 1-877-533-5020 for any benefit-related questions and/or information regarding their individual accounts. 4. Provide a *Request for Benefit Information* (ET-7301) when an employee terminates WRS employment or plans to retire. 5. Provide a *Disability Retirement Benefits* (ET-5107) brochure, a *Request for Benefit Information* (ET-7301) and ETF contact numbers to employees who become disabled to ensure they are aware of all possible disability benefits available to them.

Distribute Materials	1. Ensure staff responsible for the day-to-day administration of the WRS and ETF-administered benefit programs receives all ETF communications sent to the designated WRS agent. 2. Distribute all materials necessary for the effective administration of the WRS to each WRS participating employee, including but not limited to: • Copy of the WRS enrollment validating WRS eligibility and employment category determinations, including a copy of any *Rehired Annuitant Form* (ET-2319), if applicable. • Variable election form. Eligible employees can designate that 50% of their WRS contributions be invested in the Variable Trust Fund. • *Your Benefit Handbook* (ET-2119). You can distribute paper copies or provide employees with the link to the electronic copy from ETF's Internet site. • *WRS Annual Statement of Benefits* (ET-7365) and any supporting documentation for the issuance of the statements. • *Disability Retirement Benefits* (ET-5107) brochure and a *Request for Benefit Information* (ET-7301) as well as ETF contact numbers to employees who become disabled to ensure the employee is aware of all possible disability benefits available to them.

202 Designation of Agent (ET-1313)

Each WRS participating employer must submit a completed *Designation of Agent* (ET-1313) form to:

- Designate a WRS agent (satisfactory to ETF)
- Designate a WRS alternate agent
- Change your existing WRS agent
- Change your existing WRS alternate agent
- Designate and/or change a Retirement and/or an Insurance Contact

You must include both the title and name of the WRS agent, since ETF communications are mailed directly to each employer's designated agent. You are encouraged to also provide an email address to ETF. The designated agent is then responsible for forwarding all ETF communications to all staff designated to administer the WRS and any ETF-administered benefit programs. A WRS agent may designate an alternate agent or a retirement contact to work on the agent's behalf and submit relevant data to ETF; however, the WRS agent is ultimately responsible for the information provided.

To designate or change the WRS agent or alternative agent, you must complete a new *Designation of Agent* (ET-1313) form. It is recommended that employers review their designation annually.

CHAPTER 3 – WRS ELIGIBILITY DETERMINATION

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300 Eligibility for Participation in the WRS

Employers are responsible for evaluating and determining each employee's eligibility for Wisconsin Retirement System participation. Anyone who receives earnings for personal services rendered must be evaluated for WRS eligibility, including those initially employed as seasonal, project, temporary and/or part-time employees, members of boards and commissions, and elected officials. It is the intent of the statutes that all employees participate in WRS, unless your employee is excluded as defined in Wis. Stat. §40.22.

- Employees who meet the eligibility criteria **must** be enrolled in the WRS. (The employee has no choice unless the employee is a WRS annuitant upon hire. Refer to Chapter 15.)
- Employees who do not meet the eligibility criteria may **not** be enrolled in the WRS.
- The WRS eligibility criteria must be met independently at each WRS participating employer.

Employees can appeal their employer's determination regarding WRS eligibility. Upon such an appeal the employer will be required to justify their determination. Refer to subchapter 315 for appeal information.

301 Current Eligibility Effective July 1, 2011 (WI Act 32)

Wisconsin Act 32 doubled the hourly WRS eligibility criterion for any employee covered by the WRS after July 1, 2011. Employees covered by the WRS at any WRS participating employer **prior to** July 1, 2011, and who did not take a benefit, fall under the old hourly WRS eligibility criterion. Therefore, employers must determine whether a new employee does or does not have WRS creditable service prior to July 1, 2011, and who did not take a benefit, and then apply either the one-third of full-time or the two-thirds of full-time hourly criterion to determine current WRS eligibility.

Please access the *Prior Service and Benefit Inquiry* application on the ETF Web Applications for Employers site to identify the employee's original enrollment date in the WRS and whether or not the individual took a lump-sum benefit to determine whether the one-third full-time or the two-thirds full-time criterion applies. If the information on the site is inconclusive, contact the Employer Communication Center toll free at 1-877-533-5020.

Note: Employees who have taken a WRS lump sum benefit lose their earlier rights under the WRS and are subject to the two-thirds of full-time employment criterion.

Several opportunities exist in statute for an employee to be eligible for participation in the WRS. The various opportunities for the eligibility criteria to be met are:

1. When first hired.
2. When expectations change.
3. On the one-year anniversary date of employment.
4. During a 12-month rolling look-back if not WRS eligible within the first year.

New Employee Has WRS Creditable Service *Prior to July 1, 2011:*

To qualify for participation in the WRS, newly hired employees must meet ***both*** of the following WRS eligibility criteria:

1. **Employee is expected to work at least *one-third* of what is considered full-time employment, as defined:**

- 440 hours for teachers and educational support personnel, ***or***
  - 600 hours for all other employment categories.

  Note: The "600-hours-per-year" requirement for WRS participation applies to educational support personnel at technical colleges or other educational institutions other than school districts (e.g. CESAs).

and

2. **Employee is expected to be employed for at least one year (365 consecutive days, 366 in leap year) from employee's date of hire.**

   Note: Employees hired to work nine or ten months per year, (e.g., teacher contracts), but expected to return year after year are considered to have met the one-year requirement. An employee should be expected to return year after year unless the employer has a specific expectation that the employee will not be returning the following year. This applies to all employees, including rehired annuitants. For more information on rehired annuitants, see

chapter 15.

New Employee Has WRS Creditable Service Only *On or After July 1, 2011:*

To qualify for participation in the WRS, newly hired employees must meet ***both*** of the following eligibility criteria:

1. **Employee is expected to work at least *two-thirds* of what is considered full-time employment, as defined:**
   - 880 hours for teachers and educational support personnel, ***or***
   - 1,200 hours for all other employment categories.

   Note: The "1,200-hours-per-year" requirement for WRS participation applies to educational support personnel at technical colleges or other educational institutions other than school districts (e.g. CESAs).

and

2. **Employee is expected to be employed for at least one year (365 consecutive days, 366 in leap year) from employee's date of hire.**

   Note: Employees hired to work nine or ten months per year, (e.g., teacher contracts), but expected to return year after year are considered to have met the one-year requirement. An employee should be expected to return year after year unless the employer has a specific expectation that the employee will not be returning the following year.

   Once the employee is determined to be WRS eligible, they remain WRS eligible until they terminate employment and remain terminated for a period of 12 months, or they terminate and take a lump sum separation benefit, thus closing their WRS account.

Example 1: An employee was first covered under the WRS **prior to** July 1, 2011 as a permanent, nine-month contract cafeteria cook in a school district. Breakfast and lunch preparation will require 4 hours per day or 720 hours per fiscal year. Because the cook is a permanent school district educational support employee expected to work more than 440 hours (one-third full-time), the employee is WRS eligible upon hire.

Example 2: An employee was first covered under the WRS **on or after** July 1, 2011 as a permanent, nine-month contract cafeteria cook in a school district. Breakfast and lunch preparation will require 4 hours per day or 720 hours per fiscal year. Because the cook is a permanent school district educational support employee **not** expected to work more than 880 hours (two-thirds full-time), the employee is **not** WRS eligible upon hire.

Example 3: A long-term substitute teacher, first covered under the WRS **prior to** July 1, 2011, is taking over during another teacher's leave. The assignment is expected to require more than 440 hours (one-third full-time). The substitute teacher is not eligible for WRS participation unless the district has an expectation that the duration of employment will be for at least a year.

302 History of Eligibility for Participation in the WRS

This is a historical summary of the WRS eligibility criteria. Participation is based on the eligibility laws and statutes in force at the time of hire. There may be criteria that employees need to meet prior to participating in the WRS. Each situation is unique and requires research beyond what is

stated here. Specific questions may be directed to the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285.
The following are the criteria for WRS eligibility as listed in Wis. Stat. §40.22 (previously Ch. 41 for non-teachers and Ch. 42 for teachers on or after 1982). Please note that the criteria vary based on time periods of employment and whether the employee was a teacher or non-teacher.

Teacher Eligibility Requirements

If the period of employment **began prior to January 1, 1982**, the participation requirements were:

> Employee was expected to teach for at least half a month of what was considered full-time employment. Teaching may have been done at one or more employers. Eligibility was evaluated on a month-by-month basis, so that a part-time teacher might be eligible in some months but not in others. (Wisconsin Administrative Code TR 3.01)

If the period of employment **began on or after January 1, 1982**, the participation requirements were:

> Employed with the expectation that there would be at least 440 hours and the expected duration of employment was at least 24 months.

If the period of employment **began on or after July 1, 1989**, whether a continuing employee or a new hire, the participation requirements were:

> Employee was expected to work at least one-third of what is considered full-time employment **and** be employed for at least one year. Wisconsin Administrative Code 20.015 defines one-third full time as 440 hours and one year as 365 consecutive days (366 in leap year) from the date of hire.
>
> Effective July 1, 2009, these criteria also apply to school district educational support personnel[1]. School district educational personnel include **all** non-teaching employees of school districts (custodial staff, administrative assistants, etc.).

If the teacher or school district educational support personnel employee (after July 1, 2009) was not WRS eligible upon hire, the statute provided additional opportunities to become eligible for participation. The subsequent opportunities for eligibility were:

1. Within the first year of employment; if expectations change and the employee is expected to work 440 hours and for at least a year. Refer to subchapter 305 for explanation.

2. On the employee's one-year anniversary date of employment; if the employee has worked 440 hours in the first year of employment. Refer to subchapter 306 for explanation.

3. During a 12-month rolling look-back; if the employee worked 440 hours in the immediately preceding 12-month period. Refer to subchapter 307 for explanation.

[1] 2009 Wisconsin Act 28 amending Wis. Stat §40.22 (2m) (a) effective July 1, 2009.

Non-Teacher Eligibility Requirements

If the period of employment began **before January 1, 1982**, the participation requirements were:

- the position was expected to require 600 hours or more each year (Wis. Stat. § 41.02)

If the period of employment **began on or after January 1, 1982**, the participation requirements were:

- employed with the expectation that there would be at least 600 hours of actual performance of duty per calendar year and the expected duration of employment was at least 24 months; or
- had completed at least 600 hours of actual performance of duty for an employer in each of three consecutive calendar years. Coverage began with the 601st hour in the third year.

If the period of employment **began on or after January 1, 1990**, whether a continuing employee or a new hire, the participation requirements were:

- employee was expected to work at least one-third of what is considered full-time employment **and** be employed for at least one year. Wisconsin Administrative Code 20.015 defines one-third as 440 hours for teachers and 600 hours for all others; one year is defined as 365 consecutive days (366 in leap year) from the date of hire.

  Note: Effective July 1, 2009, the 600-hours criterion for educational support personnel of school districts was reduced to 440 hours.
  Effective July 1, 2010, the 600-hours criterion for educational support personnel of technical colleges and CESAs was reduced to 440 hours.

If an employee was **not** WRS eligible upon hire, the statute provided additional opportunities to become eligible for participation. The subsequent opportunities for eligibility were:

1. Within the first year; if expectations change and the employee is expected to work 600 hours and for at least a year. Refer to subchapter 305 for explanation.

2. On their one-year anniversary date of employment; if the employee has worked 600 hours in the first year of employment. Refer to subchapter 306 for explanation.

3. During a 12-month rolling look-back; if the employee worked 600 hours in the immediately preceding 12-month period. Refer to subchapter 307 for explanation.

303 Employees Not Eligible for WRS Participation

Employees who do not meet the eligibility criteria listed in subchapter 301 are not eligible for participation in the WRS. In addition, the following individuals are not considered “participating employees”:

1. Persons employed under a contract involving the furnishing by the person of more than personal services.

2. Persons engaged in an independently established trade, business or profession whose services are not compensated for on a payroll of that employer. Refer to subchapter 314 for guidelines to determine employee vs. contracted personnel.

   Note: A rehired WRS annuitant whose WRS termination date is after July 2, 2013, and returns to work for a WRS employer as an independent contractor, will have their WRS annuity suspended if they are expected to meet WRS eligibility criteria, but **will not** get WRS credit for their service as an independent contractor. Refer to Chapter 15.

3. Persons employed for fewer than 30 calendar days. For exceptions, refer to subchapter 310.

4. Patients or inmates of a hospital, home or institution performing service therein.

5. Welfare recipients performing services in return for assistance payments. The primary intent of such work relief programs is to provide assistance to needy individuals and their families. Work is not compensated but is a condition of receiving assistance.

6. Students under age 20 regularly enrolled—or expected to be enrolled—as a full-time student in grades 1-12 in a public, private, or parochial elementary or high school and hired on or after April 23, 1992.

   Note: Eligibility evaluation begins when the student obtains a high school or equivalency diploma, turns age 20 or supplies the employer with written notification of leaving school.

7. WRS annuitants whose WRS termination date was prior to July 2, 2013, returned to work for a WRS employer and have elected not to return to active participation in the WRS.

8. Employees appointed by a school or other educational system (in which the individual is regularly enrolled as a student and attends classes) to perform services incidental to their course of study at that school or education system. Employees appointed by the University under Wis. Stat. §36.19, or by the University of Wisconsin Hospitals and Clinics Authority, as student assistants or employees in training.

9. Employees who were working prior to the effective date of the employer's resolution of inclusion in the WRS when that resolution covered only employees hired on or after the effective date of the resolution of inclusion in the WRS per Wis. Stat. §40.21 (7).

304 Considerations in Determining WRS Eligibility

Employers must assess the reasonable number of hours necessary for an employee to perform their assigned duties. Please remember that your employee's WRS original enrollment date by a WRS participating employer must be considered to determine whether pre- or post-2011 WI Act 32 WRS eligibility criteria apply. Refer to ETF Web Applications for Employers site, using the *Previous Service and Benefit Inquiry* application, to determine whether your new employee was previously enrolled in the WRS and is subject to pre-WI Act 32 eligibility criteria.

Note: The WRS eligibility criteria must be met independently at each state agency or local government employer.

Example 1: A part-time teacher first covered under the WRS **on or after** July 1, 2011, expected to return year after year, is hired at a community college to teach five one-hour classes per day. The college compensates the teacher on a per/class basis. The employer must determine whether the teacher is expected to work 880 hours, or two-thirds of full-time, for one year to qualify for WRS participation on date of hire.

The employer must consider the number of hours the teacher is expected to work, including preparation time, rather than just the actual number of hours the teacher is in the classroom even though classroom hours are the basis upon which the teacher receives compensation. Reasonable preparation time must be considered, as it is a necessary and required component of a successful classroom experience.

Example 2: A part-time bus driver is first covered under the WRS **on** September 1, 2010 (prior to Act 32, effective July 1, 2011) by a school district to drive two routes per

day. The employer estimates each route will take one hour to complete for a total of two hours each day and pays the drivers on a per route basis.
The driver is also required to inspect, clean, and fuel the bus for each route. The employer estimates this will take 30 minutes on each route for a total of 1 hour each day. There are 180 days in the school year. [180 days x 3 hours/day = 540 hours per school year.] The bus driver is expected to meet the pre-Act 32 criteria of 440 hours and one-year duration of employment expectation. Therefore, the employee qualifies for WRS on date of hire because the bus preparation time is necessary and mandatory in the acceptable performance of the driver's duties, even though the driver is paid on a per route basis.

Example 3: A part-time bus driver is hired on August 25, 2012 (after Act 32, effective July 1, 2011) by a school district to drive two routes per day. The employer estimates each route will take one hour to complete for a total of two hours each day and pays the drivers on a per route basis.

The driver is also required to inspect, clean, and fuel the bus for each route. The employer estimates this will take 30 minutes on each route for a total of 1 hour each day. There are 180 days in the school year. [180 days x 3 hours/day = 540 hours per school year.] The bus driver is **not** expected to meet the minimum requirement of 880 hours and one-year duration of employment expectation for WRS eligibility. Therefore, the employee **does not** qualify for WRS on the date of hire. The bus preparation time must be considered in the evaluation as it is necessary and mandatory in the acceptable performance of the driver's duties, even though the driver is paid on a per route basis.

Example 4: A coach is employed for the high school football team. The coach does not hold any other position with the school district. The coach receives a stipend and the number of hours expected to work is unknown. The employer must determine a reasonable number of hours necessary to perform the job in comparison to the paid compensation. In this example, the duties include:

- attend all practices, games and tournaments;
- meet with coaching assistants on a regularly scheduled basis or as needed;
- evaluate game film;
- attend team meals; and
- serve as a counselor to team members.

In the event the employer is unable to determine a standard number of hours, requirements from other athletic programs can be considered. Once the reasonable number of hours is determined, the standard hours must be applied to all future employees hired to fill the football coaching position. This is true even in cases where the coach works more or less hours than the employer previously determined to be reasonable. The hours of overzealous or under-performing coaches should not be used; reasonable hours to complete the duties must be the standard.

All employment for which an employee receives earnings for personal services must be included when determining WRS eligibility. Each employer must determine their employee's WRS eligibility independently of any service performed for another WRS employer.

Employment for which an amount is paid to the employee by the employer, regardless of the source of funding (e.g., grants, class reduction grants) and regardless of whether

reimbursement for earnings is made by a second employing entity, must be included in the evaluation of WRS eligibility. If an employee is employed at two school districts but only one district reports to WRS while the other reimburses part of the total earnings, eligibility is determined using the hours worked for both districts.

Employers who have elected WRS participation may not limit participation to a particular department, a classification of employees, special interest groups or union contract groups nor may it be limited to only full-time employees. Employers with mandatory participation need only cover those employees who are statutorily mandated, such as teachers of a school district, until such time they elect WRS coverage for their other employees. (Refer to subchapter 101.)

305 Employees Not WRS Eligible on Date of Hire and Expectations Change

An employee who does not meet the WRS eligibility requirements on their date of hire can subsequently become eligible and must be enrolled. For example, any time the employer's expectation of hours to be worked and/or duration of employment changes to an extent that the employee will now meet the WRS eligibility criteria, the employee must be enrolled in the WRS at the time the expectation changed. A previously WRS ineligible employee must be enrolled in the WRS as soon as the expectation exists of meeting the eligibility criteria in subchapter 301.

Note: After an employee is enrolled due to a change in the employer's expectations, WRS contributions begin as of the enrollment date. The employer is not responsible for retroactively remitting contributions back to the original hire date, as the employee was not WRS eligible until the change of expectations.

Example 1: On October 2, (post-2011 Act 32) an employee was hired as a full-time clerical assistant. At the time of hire, only two months of employment (approximately 320 hours) were expected, and the employee was determined not WRS eligible. Effective November 6, the employee's position is updated to a 4 hour per day (1,040 hours per year) permanent position.

On November 6, the employer's expectation changes so that the minimum one year duration of employment criterion is met, however, the 1,040 hours per year does not meet the minimum 1,200 hours per year criterion required by Act 32. As a result, the employee is still **not** eligible to participate in WRS.

Example 2: A limited term employee (LTE) is employed full-time on March 1, 2011 (pre-2011 Act 32) with an expected duration of six months through August 31, 2011. On August 15, 2011, the LTE is offered and accepts another six-month appointment to begin on September 1, 2011 and end February 28, 2012.

On August 15, 2011, the employer's expectation that the employee would be employed for less than a year changes to an expectation that the employee would be employed for at least one year. One year is defined as 365 consecutive days (not a leap year). The employee becomes eligible to participate in WRS on Aug. 15, 2011, the date expectations changed and not the first day of the second appointment.

Example 3: An employee with no previous WRS participation is hired to teach full-time for one semester from January 4, 2011 to June 3, 2011 (pre-Act 10). On April 14, 2011, the employee is offered and accepts a contract to teach full-time for the

following school year, beginning September 9, 2011, and ending June 2, 2012.

On April 14, 2011, the employer's expectation that the employee would be employed for less than a year changes to an expectation that the employee would be employed for at least one year. The employee becomes eligible for WRS participation on April 14, 2011, the date expectations changed.

Example 4: Jerry is hired to teach 4 hours per day for one semester from January 4 to June 2 (post-2011 Act 32). On May 14, he is offered and accepts a contract to teach 5 hours per day for the following school year, beginning September 10, 2019 and ending June 2, 2020.

On May 14, the employer's expectation changes such that Jerry will be employed for at least one year and for the minimum number of hours (880 under Act 32) per year. The employee is eligible to participate in WRS on May 14, the date the expectations changed.

Example 5: Funding for park maintenance and staffing is done on a yearly basis. Two months into the fiscal year an employee is initially employed full-time for the remaining 10 months of the funded position. At the time of hire it is unknown whether funding will be renewed for the park employee's position. The employee is not enrolled in WRS at the time of hire since there is only an expectation of 10 months of funding. However, 8 months later the position is funded for another 12 months. The employee is WRS eligible on the date the funding is renewed because, at that time, the expectation has been met that the employee will be employed for at least a year and working the minimum required number of hours for participation.

Example 6: Jim is hired to work as a part-time custodian on July 1 (post-2011 Act 32). At the time of hire, he is expected to be employed year after year but is not expected to work the minimum 1,200 hours per year criterion required by Act 32. On March 6, the employer sees that he worked 1201 hours due to picking up extra shifts at work. The employee is eligible to participate in the WRS on March 6, because he meets the hours requirement and initially upon hire he was already expected to meet the duration requirement.

306 Evaluation on the One-Year Anniversary of Employment

Once an employer has made an initial determination that an employee will be employed for less than one year ***or*** less than the required minimum hours, the employee is ineligible for WRS participation at that time.

On the one-year anniversary of the initial date of employment (if the expectations did not change during the year) the employer must evaluate:

1. If the employee was covered under the WRS **before July 1, 2011**, has the employee worked more than:

    a. 440 hours for teachers and educational support personnel during the preceding 12-month period; **or**

    b. 600 hours for all other employment categories during the preceding 12-month period.

Note: The "600-hours-per-year" requirement for WRS participation applies to educational support personnel at technical colleges or other educational institutions other than school districts (e.g. CESAs).

Employees who have worked the required **one-third** of full-time hours must then be enrolled **on their one-year anniversary date** (not retroactively to the hire date), since both WRS eligibility criteria were met.

2. If the employee was covered under the WRS **on or after July 1, 2011**, has the employee worked more than:

   a. 880 hours for teachers and educational support personnel during the preceding 12-month period; **or**

   b. 1,200 hours for all other employment categories during the preceding 12-month period.

   Note: The "1,200-hours-per-year" requirement for WRS participation applies to educational support personnel at technical colleges or other educational institutions other than school districts (e.g. CESAs).

   Employees who have worked the required **two-thirds** of full-time hours must then be enrolled on their **one-year anniversary date** (not retroactively to the hire date), since both WRS eligibility criteria were met.

Example 1: A general employee is hired on July 13, 2010 (pre-Act 32); they have never been covered under the WRS. It is determined they will be employed for at least one year, but they are not expected to work at least 600 hours so they are not enrolled in WRS upon hire.

One year later, July 13, 2011, the employer reviews the actual hours worked from July 13, 2010, to July 12, 2011; the employee worked 625 hours. However, due to the WRS eligibility criteria having changed effective July 1, 2011, and the employee not becoming WRS eligible prior to that date, the employer must now begin assessing WRS eligibility using the new hourly criterion of two-thirds of full-time employment (1,200 hours; 880 hours for teachers and educational support personnel).

Example 2: An educational support personnel employee is hired on August 15, 2012 (post-Act 32); they have never been covered under the WRS. It is determined they will be employed for at least one year, but they are not expected to be employed for at least 880 hours so they are not enrolled in WRS upon hire.

One year later, August 15, 2013, the employer reviews the actual hours worked from August 15, 2012, to August 14, 2013; the employee worked 925 hours. The employer must enroll the employee in WRS effective August 15, 2013, the one-year anniversary date the employee has worked 925 hours in the previous year meeting both WRS eligibility criteria.

307 Evaluation on a 12-Month Rolling Look-Back

Once an employer has determined that an employee was not WRS-eligible when first hired or at their one-year anniversary date, continued eligibility monitoring on a rolling 12-month basis must begin.

Employees who work the required hours in any 12 consecutive months must be enrolled in the WRS on the day **after** they have worked the required number of hours.

Note: As each future payroll is processed, the employer must add the hours from the most recent payroll period and subtract the hours from the oldest payroll period to determine the total hours worked in the immediately preceding 12 months. The employer must determine the actual day in that payroll week that the employee reached the required hours and enroll the employee in the WRS, effective the next day.

1. For employees covered under the WRS **prior to July 1, 2011**, they must be enrolled in the WRS on the day **after** they have worked:
   1. at least 440 hours for teachers and educational support personnel during the preceding 12-month period; **or**
   2. at least 600 hours for all other employment categories during the preceding 12-month period.
   3. *Note*: The 600-hours-per-year requirement for WRS participation applies to educational support personnel at technical colleges or other educational institutions other than school districts (e.g. CESAs).

2. For employees covered under the WRS **on or after July 1, 2011**, they must be enrolled in the WRS on the day **after** they have worked:
   1. at least 880 hours for teachers and educational support personnel during the preceding 12-month period; **or**
   2. at least 1,200 hours for all other employment categories during the preceding 12-month period.

   Note: The "1,200-hours-per-year" requirement for WRS participation applies to educational support personnel at technical colleges or other educational institutions other than school districts (e.g. CESAs).

   In these situations, you may **not** use the first day of the next pay period as the WRS effective date unless the employee reaches the required minimum number of hours on the last day of the pay period.

Example 1: A teacher is hired on March 7, 2017; they have never been covered under the WRS. It is determined that they will be employed for at least one year but will **not** be employed for at least 880 hours. The employee is not enrolled in WRS upon hire. One year later, on March 7, 2018, the employer reviews the hours worked from March 7, 2017, through March 6, 2018, and determines the employee worked 800 hours during the preceding 12 months. The teacher does not meet the eligibility rules of 880 hours so is still **not enrolled** in the WRS on their one-year anniversary date.

The employer must continue to monitor the employee's hours on a **12-month rolling period.** As each future payroll is processed, the employer must add the hours from the most recent payroll period and subtract the hours from the oldest payroll period to determine the total hours worked in the immediately preceding 12 months.

In this case, the employee reached 880 hours in the April 15 through April 28, 2018, payroll cycle. The employer must now determine the actual day in that payroll cycle that the employee reached 880 hours and enroll the employee in the WRS effective **the next day**.

Example 2: A general employee is hired part-time on September 12, 2017 (post-Act 32); they have never been covered under the WRS. It is determined they will be employed for at least one year but will not be expected to work at least 1,200 hours. Therefore, the general employee is not enrolled in WRS upon hire. One year later, on September 12, 2018, the employer reviews the actual hours worked from September 12, 2017 to September 11, 2018, and determines the employee still has not worked at least 1,200 hours. Since both WRS eligibility criteria have not been met, the general employee is **not enrolled** in the WRS on their one-year anniversary date.

The employer must continue to evaluate the employee's eligibility on a **12-month rolling period.** As each future payroll is processed, the employer must add the hours from the most recent payroll period and subtract the hours from the oldest payroll period to determine the total hours worked in the immediately preceding 12 months.

In this case, the employee reached 1,200 hours in the October 21 through November 3, 2018, payroll cycle. The employer must now determine the actual day in that payroll cycle that the employee reached 1,200 hours and enroll the employee in the WRS effective **the next day**.

Table 3.2 – Rolling Look-Back
(How to Monitor Hours of Employees Who First Participated Under the WRS *After* 07/01/2011)

Pay Period		One Year Review		Hours Worked-One Year Review
From:	Through:	From:	Through:	
09/09/2018	09/22/2018	09/23/2017	09/22/2018	1,135
09/23/2018	10/06/2018	10/07/2017	10/06/2018	1,160
10/07/2018	10/20/2018	10/21/2017	10/20/2018	1,185
10/21/2012	11/03/2018	**11/04/2017**	**11/03/2018**	**1,215**

Example 3: A general employee is hired in part-time, seasonal work for 260 hours June 1, 2010 (pre-Act 32), on the city's street crew. Upon hire the employee is not expected to meet the 600-hour and one-year requirement to qualify for WRS participation.

On October 1, 2010, the employee is rehired by the city to do snow removal for a maximum of 200 hours. This second position with the city also does not meet the 600-hour and one-year requirement to qualify for WRS. However, the employer is required to look back to determine if the employee has worked 600 hours in the

immediately preceding 12-month period. In this case, the employee has not worked 600 hours in the preceding 12-month period, is not expected to work 600 hours with the new position, and is not enrolled in the WRS.

On June 1, 2011, the employee's 12-month anniversary date, the employee is rehired to work on the city's street crew as part-time, seasonal for 260 hours. The employee has now met the 12-month WRS eligibility criterion, but after applying the 12-month look-back provision, has not worked sufficient hours to be WRS eligible (260 hrs. + 200 hrs. = 460 hrs.) and is not expected to meet the hourly criterion with this new position. Therefore, the employee still does not qualify for WRS participation.

For each subsequent pay period, the employer must continue to assess the number of hours worked in the immediately preceding 12-month period by subtracting the oldest pay period hours and adding the most recent pay period hours. Due to the implementation of WI Act 32, effective July 1, 2011, and the employee having not yet been enrolled in the WRS, the employer must now determine WRS eligibility

using the two-thirds of full-time employment criterion (**1,200** hours in this example).

Table 3.3 – Rolling Look-Back
(How to Monitor Hours of Employees Who First Participated Under the WRS *Prior* to 7/1/2011)

Pay Period		One Year Review		Hours Worked-One Year Review
From:	Through:	From:	Through:	
05/29/2012	06/11/2012	06/12/2011	06/11/2012	480
06/12/2012	06/25/2012	06/26/2011	06/25/2012	520
06/26/2012	07/09/2012	07/10/2011	07/09/2012	600
07/10/2012	07/23/2012	07/24/2011	07/23/2012	640

308 WRS Eligibility for Employees of a Joint Instrumentality

Some local government units are permitted under state law to create a joint instrumentality. It is possible for two or more employers to create a joint instrumentality that is not recognized as a separate unit of government for purposes of Titles II and XVIII of the Federal Social Security Act and for WRS purposes. One example would be a joint library district.

An employee of a joint instrumentality is a participating employee under the WRS if:

1. any of the units of government forming the joint instrumentality is a WRS participating employer; and
2. the employee meets the WRS eligibility criteria.

In determining whether an employee meets the WRS eligibility criteria, the employee's work for the joint instrumentality must be considered in its entirety, without regard to the number of separate units of government upon which the joint instrumentality is created or any agreement among them apportioning responsibility for the retirement contributions.

Although all hours are considered for **eligibility** purposes, this is not the case for determining the hours and earnings for WRS **reporting** purposes. The number of hours and amount of earnings to be reported by each WRS participating employer with respect to an employee of the joint instrumentality is determined by prorating the hours and earnings among the employers that created the joint instrumentality. If the proration is not specified by the agreement establishing the joint instrumentality, it must be in accord with the agreed proration of other expenses. If no proration is provided in the agreement, each WRS participating employer must report, as hours and earnings, the total amount divided by the number of units of government forming the joint instrumentality.

Example 1: A librarian with no previous WRS participation is hired into a permanent position after July 1, 2011, and works 1,300 hours per year for a joint library district created by six towns and villages. Only one of the employers of the joint library district is a WRS participating employer.

For purposes of determining WRS eligibility, the employee's hours of service for the joint instrumentality must be considered in their entirety, without regard to the number of separate units of government which created the joint instrumentality. Therefore, the librarian is WRS-eligible upon hire due to the total number of hours to be worked exceeding the 1,200 hours criterion for WRS eligibility. However, only one-sixth of the hours and earnings get reported to WRS.

Refer to subchapters 508-M and 509 for additional information on determining what earnings and

associated hours are WRS reportable for a WRS eligible employee working for a joint instrumentality.

309 WRS Eligibility for Emergency Workers

Employers are responsible for making WRS eligibility determinations for all types of emergency workers, taking into consideration the number of hours required in the performance of the job's duties and the expected duration of employment. "Emergency worker" is undefined in Chapter 40, Wis. Stat., but for purposes of this discussion includes—but is not limited to—permanently staffed firefighters, volunteer firefighters and emergency medical technicians (EMTs). Due to the varying employment conditions and compensation schemes employers assign to this type of employee, it can be difficult to project the number of work hours required. These guidelines should assist employers in evaluating which hours to consider for WRS eligibility purposes. Ultimate responsibility for determining the reasonable hours necessary to perform the job, along with the expected duration of employment, resides with the employer.

Frequently asked questions pertaining to Firefighters/EMTs:

1. *Is the firefighter/EMT who donates time or receives a token payment considered a volunteer and therefore not eligible for the WRS?*

   Not necessarily. The definition of employee varies, depending on the context in which the term is used. The federal Fair Labor Standards Act (FLSA), US Code Title 29, §203 (e) (4) (a) (i), excludes someone who performs "volunteer" services for local governments from its definition of employee as such:

   > (4) (a) The term "employee" does not include any individual who volunteers to perform services for a public agency which is a State, a political subdivision of a State, or an interstate governmental agency, if:
   >
   > (i) the individual receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered; and
   >
   > (ii) such services are not the same type of services which the individual is employed to perform for such public agency.

   However, the WRS is administered in accordance with Chapter 40 of the Wisconsin Statutes. Sections 40.22 and 40.02 (26), Wis. Stat., define "employee" as one who is providing compensated services to a participating employer. Emergency workers not receiving compensation other than expense reimbursement are not considered employees for WRS eligibility purposes. On the other hand, once compensated, even with a token payment, the worker is no longer a volunteer and must be considered for WRS eligibility.

   Chapter 40 neither permits ETF to set a minimum threshold for earnings, nor provides guidance in setting a minimum threshold for hourly compensation. The statute only requires that there be compensated service. WRS eligibility is based on the expectation of hours and duration of employment; therefore, the compensation scheme employed is irrelevant to the eligibility determination.

2. *Are an employee's on-call/standby hours considered when determining WRS eligibility?*

   Not always. Although an employee who is on call/standby might be receiving some form of compensation, the employee isn't rendering service to the employer. Instead, they are being compensated for making themselves available to work. Even if the employer has placed restrictions on the employee while serving on call/standby – for example, requiring that they stay within a set radius of the firehouse – that employee is still able to perform personal activities until they actually respond to a call.

The ETF Board has determined that on-call/standby time is not counted in determining WRS eligibility in every instance. Including on-call hours when no actual service rendered would unfairly result in WRS eligibility for an employee who renders fewer service hours than required by state statute. The exception would occur if an employer directed the employee to perform compensable service while on call/standby.

3. *May an employer apply Wisconsin Administrative Code ETF 10.03 (7) for determining eligibility?*

   No. ETF 10.03 (7) codifies a method for determining the number of on-call/standby hours to report **after** the employee is determined WRS eligible. ETF 10.03 (7) is therefore appropriately discussed in subchapter 513 of the *WRS Employer Administration Manual,* which addresses earnings and hours issues, not WRS eligibility. The rule instructs employers to calculate on-call/standby hours for reporting purposes by dividing the compensation by the employee's base hourly rate of pay.

4. *In the event an emergency worker becomes eligible for the WRS, should an employer report only those hours associated with the emergency call or may the employer also include on-call/standby hours?*

   Report all earnings and associated service hours once WRS eligibility has been determined. Again, hours used to assess WRS **eligibility** are not necessarily the hours that will be used for **reporting** once eligibility has been determined. If a WRS-eligible employee receives earnings for on-call/standby or other service incidental to primary employment, all earnings and associated hours [using ETF 10.03 (7)] are reportable and contributions are due.

5. *What time should be included in determining the length of an emergency call?*

   This can vary by employer and employment situation. One method is to begin tracking the hours when the emergency worker arrives at the station/fire/emergency and end tracking when the emergency call is over and the worker is dismissed from or leaves the station, fire or emergency. Depending on the employer requirements, the worker could be dismissed as late as the time equipment cleanup at the station is completed, or as early as arrival at the emergency, due to already-adequate staffing.

Employment Situation	Description	Requirements Expectations	Compensation	WRS Eligibility Determination Guidelines
Firefighter (FT or PT) assigned to staff firehouse shifts.	Provide shift coverage in the firehouse. Employer doesn't employ on-call/ standby workers.	Serve in the capacity of professional firefighter; attends to firehouse duties when not responding to calls.	Salary or hourly wage.	All shift hours at the station or attending calls are used in determining WRS eligibility. Compensation scheme employed is irrelevant.
Rotation between staff firefighter and on-call/ standby duty.	Staff firehouse on a rotating basis. Provide on-call/ standby coverage on a rotating basis.	Weekly rotation of firehouse shift work and on-call/ standby when not on the firehouse rotation. Employee is on call for a set number of shifts per month. While on-call, the employee must: • remain within a set radius of the station (may stay at their homes if within the radius); • stay at the station or elsewhere within the radius if they reside outside the radius; • be available by phone or radio; • use their own vehicle to respond to fire/ambulance station; and • refrain from consuming alcoholic beverages.	Hourly rate when filling a normal shift. Paid a set dollar per hour amount while on call and paid a higher rate if responds to call.	Hours worked staffing the firehouse and responding to incoming calls must be included in determining WRS eligibility. Only on-call hours spent responding to calls or performing other employer directed activities are considered in determining WRS eligibility. On-call hours not spent responding to actual calls are not considered in determining WRS eligibility. Employees are making themselves available to work but are not performing actual duties. Travel time to the firehouse is not considered in determining WRS eligibility. Compensation scheme employed is irrelevant.
On-call/ standby	Employed in an on-call/ standby capacity only.	Employee is on call for a set number of shifts per month. While on-call the employee must: • remain within a set radius of the station (may stay at their homes if within the radius); • stay at the station or elsewhere within the radius if they reside outside the radius; • be available by phone or radio; • use their own vehicle to respond to fire/ambulance station; and • refrain from consuming alcoholic beverages.	Stipend or flat rate while on call; a higher rate if responding to a call.	Only on-call hours spent responding to calls or performing other employer directed activities are considered in determining WRS eligibility. On-call hours not spent responding to actual calls are not considered in determining WRS eligibility. Employees are making themselves available to work but are not performing actual duties. Travel time to the firehouse is not considered in determining WRS eligibility. Compensation scheme employed is irrelevant.

Employment Situation	Description	Requirements Expectations	Compensation	WRS Eligibility Determination Guidelines
Volunteer Firefighter	Responds to fire calls conveyed over employing entity's emergency siren system.	Employer schedules specific group of "volunteers" to be on-call/standby during certain weeks. Volunteer decides to respond to siren or not. They may also elect to respond to calls during weeks they are not specifically scheduled to do so. During the scheduled week, employee: • Remains close to the community; • Is available by phone or radio; • Uses their own vehicle to respond to fire/ambulance station • Refrains from consuming alcoholic beverages.	Reimbursement for personal • expenses only; or • yearly stipend; or a flat rate while on-call/ standby with a higher rate, if responding to call.	If working for reimbursement of personal expenses only, employee is a true volunteer and not WRS eligible. Employer must document expense payments. If compensated, only the hours spent responding to calls or performing other employer directed activities must be included in determining WRS eligibility. On-call hours not spent responding to actual calls are not considered in determining WRS eligibility since the employees are making themselves available to work but are not performing actual duties. Travel time to the firehouse is not considered in determining WRS eligibility. Compensation scheme employed is irrelevant.
Travel time to and from the firehouse or the site of the emergency when responding while on-call/ standby.	Travel time to firehouse or emergency from home, job, etc. and return to home or job, etc. at end of call.	When on call/standby, employee is expected to report to the firehouse or the emergency site.	Possible yearly stipend or hourly rate, depending on employer's compensation scheme.	Travel times to and from are not considered in determining WRS eligibility. Compensation scheme employed is irrelevant.
On the job training/drills	Weekly training and drills held for all firefighters.	All firefighters, including those enrolled in the firefighter certification training, are required to attend weekly training/drill sessions at the fire station, if they are not in class or on duty.	Pay is dependent on status. FT and PT staff firefighters are paid their hourly rate. On-call/standby staff is paid an hourly rate or it's included in their yearly or monthly stipend.	Since the training is mandatory and compensated, it is for the benefit of the employer, and the hours are considered in determining WRS eligibility. Travel times to and from a training site are not considered in determining WRS eligibility. Compensation scheme employed is irrelevant.

Employment Situation	Description	Requirements Expectations	Compensation	WRS Eligibility Determination Guidelines
Certification Training	Attending courses at local technical schools for the purpose of attaining state certification.	State law requires fire fighters/EMTs to be certified when hired as emergency workers. The firefighter/EMT programs are offered at the technical colleges.	Employer pays for the cost of the course and may or may not pay the employee for their time in attendance.	Since the course is state mandated, the hours in attendance are not considered in determining WRS eligibility, unless the employee is being paid to be there. The fact the employer pays the tuition is irrelevant.
Responds to call but remains on scene only for a short period.	Employee provides minimal service when responding to a call due to: • adequate staffing so employee dismissed; • false alarm; or • responds to call long after being dispatched.	Employee performs service for the employer from the time arriving at the station or site of the emergency until the employer determines service is not required.	Set dollar amount or stipend paid regardless of time spent responding to the call.	Hours spent from the time arriving at scene or firehouse until the time of dismissal are considered in determining WRS eligibility. If the employer uses historical information to set a standard, the shortened calls must be built into the standards. Compensation scheme employed is irrelevant.

Employment Situation	Description	Requirements Expectations	Compensation	WRS Eligibility Determination Guidelines
Fraction of hour worked.	Calls are paid at value of whole hours, i.e., employer rounds up for pay purposes.	Employee responds to 200 calls per year and the average time allocated is 2.5 hours per call, so real hours worked equals 500 hours. However, employer rounds to whole hours, paying employee for 600 hours.	Employee is paid hourly fee for every hour or fraction of hour worked.	Only the hours performing actual duties are considered in determining WRS eligibility. If the employer has set a standard of 2.5 hours per call, that must be used in determining WRS eligibility; not the paid hours.
Multiple employment positions for a WRS participating employer.	Primary employment is WRS eligible. Secondary emergency worker position does not meet WRS eligibility criteria on its own.	Due to primary employment being WRS eligible, both primary employment and emergency worker earnings and hours are reported to WRS.	All compensation reported to WRS, with on-call hours reported per ETF 10.07(3).	If employee terminates primary employment, but retains the emergency worker position, the employee has not ended the employee-employer relationship and the termination transaction applies to the primary employment only. Emergency worker hours and earnings must continue to be reported under protective category.

310 Duration of Employment Exceeds 30 Calendar Days

For an employee to be WRS eligible, their **duration of employment** (as opposed to duration of WRS covered employment) must be at least 30 calendar days, regardless of original expectations. Per Wis. Stat. §40.22 (6), in the event an employee's employment with an employer terminates after a period of service of fewer than 30 calendar days, the employee is not eligible for WRS for that period of service, regardless of whether the period was originally expected to be WRS eligible. On the other hand, an employee may be eligible for WRS coverage of fewer than 30 calendar days if their duration of employment was at least 30 calendar days.

Note: This does not apply to employees who were previously enrolled in the WRS, terminated, did not take a benefit, and returned to the same employer within 12 months. These employees must be re-enrolled regardless of expected duration.

Example 1: Duration of Employment is *Over* 30 Days:

A limited-term employee is hired without the expectation of meeting the WRS eligibility criteria and, therefore, not enrolled in WRS upon hire. One year later the employer determines the employee worked the minimum required number of hours or more during the preceding 12-month period. The employee is enrolled in WRS on the one year anniversary date.

The employee then terminates employment fewer than 30 calendar days after becoming enrolled in the WRS. In this situation, the employee's period of service from the time of WRS enrollment through termination continues to be covered under the WRS even though the period of WRS coverage is fewer than 30 calendar days because the **duration of employment** was more than 30 calendar days.

Example 2: Duration of Employment is *Under* 30 Days:

A school hired an employee to work as a full-time data entry clerk. The employee was expected to meet the WRS eligibility criteria and was enrolled in WRS upon hire.

The employee then terminates employment after fewer than 30 calendar days of becoming hired and enrolled in the WRS. In this situation, the employee's period of service is not WRS eligible because the **duration of employment** with the employer was less than 30 calendar days. The employer must process a termination transaction with an transaction type "P003" (not eligible) on the *WRS Account Update* application to nullify the enrollment and any retirement contributions withheld from the employee's salary must be refunded.

311 Continuation of Participation

A WRS covered employee continues to be WRS eligible even if hours are subsequently reduced to less than one-third or two-thirds full-time.

Once an employee becomes eligible for WRS, eligibility continues until:

- the employee-employer relationship has been terminated for 12 or more consecutive months; **or**

- the employee terminates and receives a benefit under Wis. Stat. §§40.23 [retirement annuity], 40.25 (1), (2) [separation benefit or lump sum payment] or 40.63 [disability annuity].

An employee covered under WRS who terminates, does not apply for a WRS benefit and subsequently returns to work for the same employer **within** 12 consecutive months must be reenrolled in WRS **without consideration as to the expectation of the number of hours or duration** in the new period of employment [Wis. Stat. §40.22 (3m) and (6)].

312 Employees Returning to Work at the Same Employer

When determining WRS eligibility, employers must consider previous employment when rehiring a former employee. Refer to subchapter 311 regarding continuation of WRS participation.

1. **WRS covered** employee terminates, **does not receive a WRS benefit**, and returns to employment:

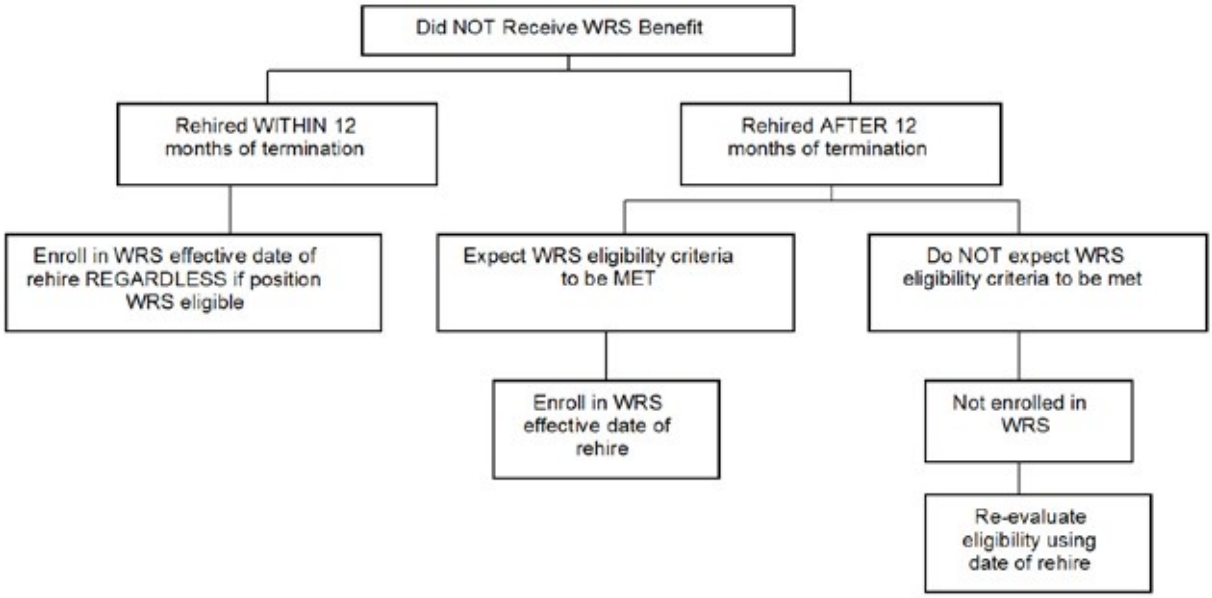
   a. ***within 12 months*** of termination. When an employee returns to work within 12 months of their previous termination, without having received a WRS benefit, they retain their WRS eligibility. The employee must be re-enrolled in the WRS immediately upon rehire, regardless of whether the new employment period is expected to meet the WRS eligibility criteria or not, and even if their new employment period is expected to last fewer than 30 calendar days.

Example 1: A former WRS covered teacher is rehired into a non-teaching position within 12 months of termination and has not received a WRS benefit. The school district covers educational support personnel under the WRS. Due to the employee returning within 12 months and not having received a WRS benefit, they are WRS eligible upon hire regardless of the expected hours or duration of their new employment period. Because the employee's new duties do not meet the definition of a teacher, the employee is enrolled in employment category 42, Educational Support Personnel. (If the school district did not provide WRS coverage for its educational support personnel, the employee would not be eligible to participate in WRS for the new employment period.)

   b. ***after 12 months*** of termination. When 12 or more months have elapsed since the employee's previous termination, the employee no longer retains their WRS eligibility. Upon rehire, you must reevaluate the rehired employee's eligibility for WRS participation as you would any newly hired employee. Refer to subchapter 301 for WRS eligibility criteria.

Example 1: A former WRS covered employee is rehired after 12 months have elapsed since their previous termination. They are expected to work 1,040 hours for a period of six months. Due to a 12 month lapse between their previous termination date and their subsequent rehire date, the former employee no longer retains their WRS eligibility with that employer. Upon rehire the employee must be reevaluated to determine WRS eligibility. In this example, the employee is not expected to meet the WRS eligibility criteria of at least 12 months of employment and is, therefore, not WRS eligible upon rehire.

Example 2: A former WRS covered employee is rehired after 12 months have elapsed since the date of their previous termination. They are now rehired into a permanent, full-time position. Due to a 12 month lapse between their previous termination date and their subsequent rehire date, the former employee no longer retains their WRS eligibility. Upon rehire the employee must be reevaluated to determine WRS eligibility. In this example, the employee is expected to meet the WRS eligibility criteria and is therefore WRS eligible upon rehire.



2. **WRS-covered** employee terminates, **takes a WRS lump sum benefit** (refer to Chapter 15 for examples where the employee **returns** to work after receiving a WRS annuity), and returns to employment:

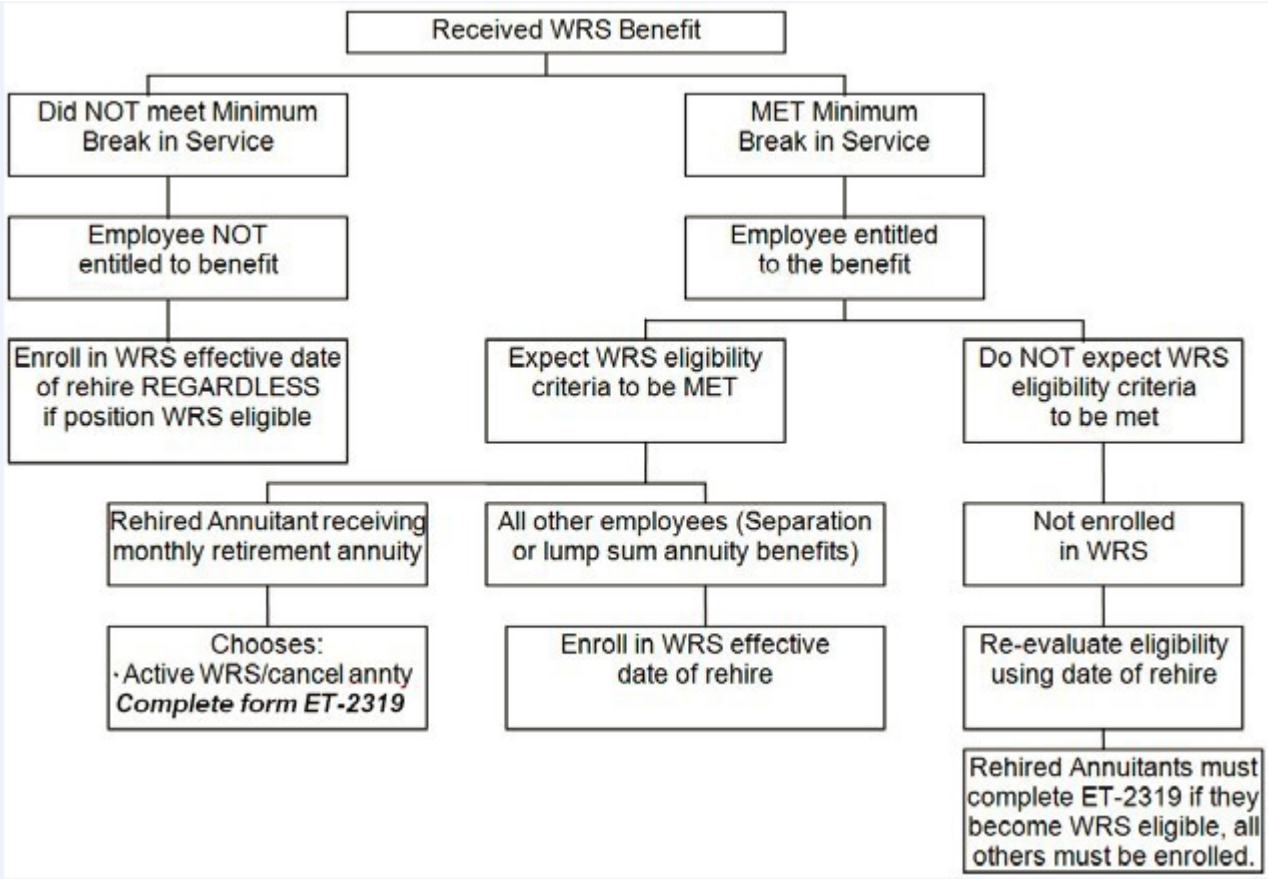
   a. ***prior to fulfilling the minimum break in service requirement*** for lump sum benefit eligibility (refer to subchapter 1401, Eligibility for Benefits – Minimum Break in Service). Because the employee is rehired prior to fulfilling the minimum break in service requirement, the lump sum benefit is invalid.

      Due to the benefit being invalid, an employee rehired within 12 months of termination is WRS eligible upon rehire; an employee rehired after 12 months of termination must be reevaluated for WRS participation as you would any newly hired employee.

      Note: The employee will be required to repay the invalid lump sum benefit.

   b. ***after fulfilling the minimum break in service requirement*** for lump sum benefit eligibility (refer to subchapter 1401, Minimum Break in Service). Because the former employee is rehired after fulfilling the minimum break in service required for lump sum benefit eligibility, the benefit is valid.

      Due to the benefit being valid, upon rehire you must reevaluate the rehired employee's eligibility for WRS participation as you would any newly hired employee, even if the employee returns within 12 months of the previous termination. Refer to subchapter 302.



3. **Non-WRS covered** employee terminates and **returns** to employment:

   a. ***regardless of the interval between termination and rehire***, if you expect the new period of employment to qualify for WRS, you must enroll the employee under the WRS on the rehire date.

   b. ***within 12 months*** of termination and you **do not** expect the new period of employment to meet the WRS eligibility criteria of one-third or two-thirds full-time and at least one-year in duration, you must still consider their previous employment.

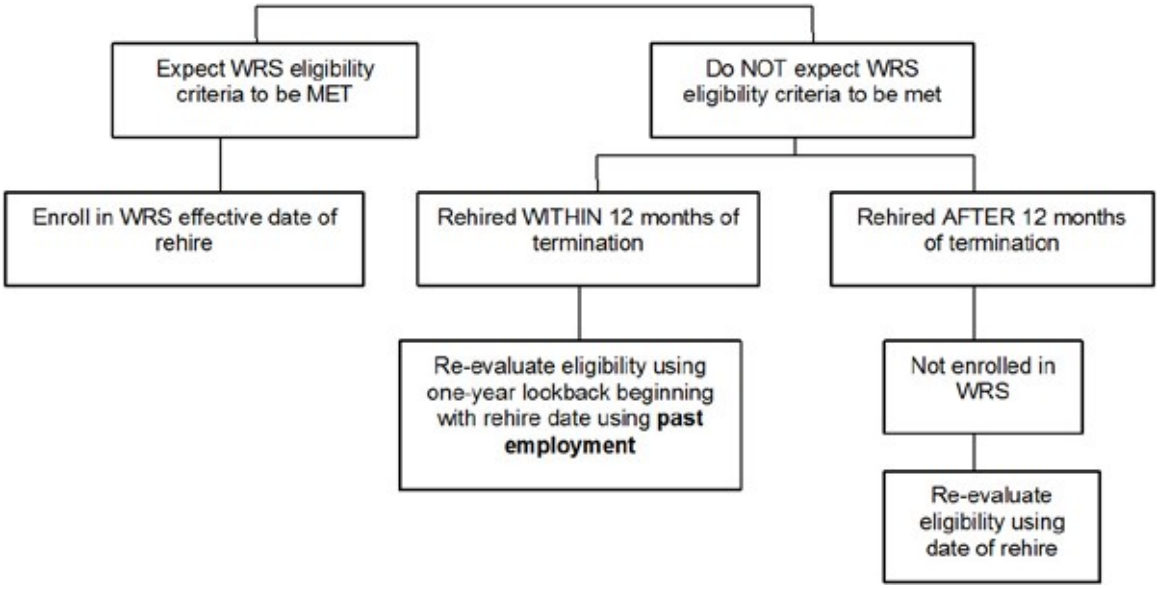
      - If the rehire was your former employee 12-months prior to the rehire date and worked the required number of hours to be WRS eligible, you must enroll them in the WRS on the rehire date because on that date the employee met both the required number of hours (either one-third or two-third of full-time) and the 12-month duration of employment criteria.

      - If the rehire was your former employee 12-months prior to the rehire date and they did **not** work the required number of hours to be WRS eligible, you must begin monitoring the employee's hours on a 12-month rolling period basis, beginning with the rehire date and looking back 12 months. Enroll the employee in WRS on the date the required hourly criterion is met (because the one-year duration criterion has already been met).

      - If the rehire was your former employee fewer than 12 months prior to the rehire date, you must reevaluate their WRS eligibility on the 12-month anniversary date of their original hire date,

unless expectations have changed and you determine both WRS eligibility criteria will be met with the rehire, in which case you enroll them in the WRS on the rehire date.

c. ***after 12 months*** from termination and you **do not** expect the new period of employment to meet the WRS eligibility criteria on the employee's rehire date. Do not enroll the employee in the WRS; reevaluate their WRS eligibility on the 12-month anniversary of the rehire date, unless expectations change. If they are still not WRS eligible on their 12-month anniversary date, you must begin monitoring the employee's hours on a 12-month rolling period basis.



313 Examples of Employment Situations and Eligibility for Participation Table 3.1—WRS Eligibility Situations

When assessing a new employee's WRS eligibility, it is imperative that you know whether the employee is subject to the old WRS eligibility criterion of one-third of full-time hours or the new WRS eligibility criterion of two-thirds of full-time hours. 2011 Wisconsin Act 32 changed the hourly criterion, as defined in Wis. Stat. §40.22 (2m) and (2r), effective July 1, 2011.

To determine which hourly WRS eligibility criterion to apply, consult the ETF Web Applications for Employers, using the *Previous Service and Benefit Inquiry* application and apply the:

- One-third of full-time hourly criterion (440 hours for teachers and educational support personnel and 600 hours for all other employment categories) if the employee was a WRS participant prior to July 1, 2011, and has never taken a WRS lump sum benefit;

- Two-thirds of full-time hourly criterion (880 hours for teachers and educational support personnel and 1,200 hours for all other employment categories) if the employee was first a WRS participant after July 1, 2011, or has taken a WRS lump sum benefit.

  Note: The "600-hours-per-year" and "1,200-hours-per-year" requirement for WRS participation applies to educational support personnel at technical colleges or other educational institutions other than school districts (e.g. CESAs).

Note: In all cases, there must be an expectation of employment lasting at least 12 months.

EX.	Employment Characteristics	WRS Eligible?	Reason
A	Non-teaching and non-educational support personnel employee is hired to work 2,080 hours on a special project to last one year with no expectation of reassignment to another project or position.	Yes	Meets both the WRS eligibility criteria of Wis. Stat. §40.22 (2m) and/or (2r) (2m) and/or (2r). Expected duration of employment is one year and employed for at least the minimum number of hours (1,200) required for non-teachers and non-educational support personnel.
B	Non-teaching and non-educational support personnel employee is hired permanently to work 1,300 hours per year and perform several functions for one or more departments at the same employer. *Previous Service and Benefit Inquiry* application verified the employee had no WRS coverage prior to July 1, 2011.	Yes	All work performed for the same employer is considered when determining whether an employee meets the WRS eligibility criteria as defined in Wis. Stat. §40.22 (2m) and/or (2r) requirement of two-thirds of full-time employment (1,200 hrs.) for a 12-month period.
C	Employee is newly hired to fill full-time permanent position and is enrolled in the WRS, but then terminates after two months.	Yes	Upon hire, the employee was expected to meet WRS eligibility criteria as defined in Wis. Stat. §40.22 (2m) and/or (2r). The fact they did not continue working does not negate their WRS eligibility for the period they worked, unless their **period of employment** was less than 30 days.
D	Employee is newly hired to fill a full-time position and is enrolled in the WRS but terminates before working 30 calendar days.	No	Because the **period of employment** was less than 30 days, the employee is not WRS eligible for that period of service and any retirement contributions withheld from the employee's salary must be refunded. Wis. Stat. §40.22 (6). For exceptions, refer to subchapters 310 and 311.[2]
E	Employee is hired part-time on February 14, 2018 and does not meet WRS eligibility requirements upon hire. On August 19, 2018, expectations changed and now the employee is expected to meet WRS eligibility requirements, so the employee is enrolled in the WRS on August 19, 2018, at the time the expectations changed. On September 7, 2018, the employee terminates employment.	Yes	The employee met the WRS eligibility criteria when expectations changed. Since their **period of employment** was more than 30 calendar days, the less than 30-day restriction in Wis. Stat. §40.22 (6) exception does not apply.
F	WRS covered employee has their hours reduced from 1,500 hours per year to approximately 300 hours per year.	Yes	WRS participation continues until the employee-employer relationship is terminated for 12 or more consecutive months, or employee terminates and receives a separation, retirement or disability benefit.
G	Employee is hired on a permanent basis, but the number of hours is unknown at the time of hire; however, employer thinks the hours probably will meet the minimum required for WRS eligibility.	Yes	Upon hire, there exists an underlying expectation that the WRS eligibility criteria defined in Wis. Stat. §40.22 (2m) and/or (2r) will be met.
H	Employee is hired in a general category position late in the year to a half-time position expected to require about 1,000 hours a year for two years. The employer checks the *Previous Service and Benefit Inquiry* application and determines the employee has previous WRS service **prior to July 1, 2011** and has never taken a WRS lump sum benefit.	Yes	Upon hire, there is an expectation that the WRS eligibility criteria defined in Wis. Stat. §40.22 (2m) and/or (2r) will be met. The duration of employment will be at least 12 months and the minimum required hours of service (600 hrs. or more) will be performed.
I	When hired, the employee is not expected to meet the WRS eligibility criteria as defined in Wis. Stat. §40.22 (2m) and/or (2r); however, expectations change after the employee has been on the job for several months.	Yes, when expectations change	Once an employer's expectations that the employee will meet the WRS eligibility criteria, defined in Wis. Stat. §40.22 (2m) and/or (2r), change, the employee must be enrolled in WRS. (WRS enrollment date is the date the expectations change.)

[2]This does not affect an employee's eligibility for insurance coverage during this period.

EX.	Employment Characteristics	WRS Eligible?	Reason
J	Employee is hired on a stand-by, temporary, LTE, on-call, seasonal, or substitute teacher basis. Employment is full-time, but for five months only.	No	Employee does not meet the criterion that the duration of employment will be at least 12 months. (Refer to subchapter 301.)
K	WRS covered employee terminates employment, takes a WRS retirement annuity, meets the minimum break in service requirement and is rehired to work **less than the minimum number of hours** required to be WRS eligible per Wis. Stat. §40.22 (2m) and/or (2r). (Refer to Chapter 15.)	No	A WRS annuitant who is subsequently employed by a WRS employer is not enrolled in the WRS for that employment since they are not expected to meet the WRS eligibility criteria. All annuitants must file a *Rehired Annuitant Form* (ET-2319). (Refer to Chapter 15.)
L	WRS covered employee terminates employment, takes a WRS annuity, meets the minimum break in service requirement, and is rehired to work **more than the minimum number of hours** to qualify for WRS eligibility for more than 12 months. (Refer to Chapter 15.)	Yes	A WRS annuitant who is subsequently employed by a WRS employer is enrolled in the WRS for that employment if they 1) elect to participate in the WRS, or 2) are required to participate in the WRS, dependent upon which law they fall under (which is based on their WRS termination date). All annuitants must file a *Rehired Annuitant Form* (ET-2319). (Refer to Chapter 15.)
M	Employee is expected to work one year and the minimum required hours of service defined in Wis. Stat. 40.22 (2m) and/or (2r) at Employer A and also works 150 hours per year at Employer B.	Yes, at Employer A; No at Employer B	Each employer must determine their employees' WRS eligibility independently of service performed for any other WRS employer.
N	Participating non-teaching and non-school district educational support employee terminates WRS-covered employment, does not take a WRS benefit and is rehired by the same employer within 12 consecutive months in a position **not** expected to meet the minimum required number of hours in a year to be WRS eligible.	Yes, immediately upon hire	Regardless of expected hours of employment, a WRS participating employee returning to their same employer remains WRS eligible unless terminated from employer for 12 consecutive months or receives a benefit under §§40.23, 40.25 (1) (2) or (2m), or 40.63.
O	Seasonal employee who is not enrolled in WRS was hired May 1, 2017, works over the minimum number of hours required for WRS eligibility before terminating in November. Employee is rehired on May 1, 2018.	Yes, immediately upon rehire	Employee completed the minimum number of hours required for WRS eligibility in the immediately preceding 12-month period. WRS begin date is May 1, 2018.
P	A seasonal employee is initially employed to a position that typically requires about 1,220 hours during summer months. The employer considers the employee-employer relationship to remain intact since the employee is committed to returning year after year.	Yes	Although a seasonal employee, the employee-employer relationship is expected to be continuous in nature. Since the employee is also expected to work more than the minimum number of hours per year required for WRS eligibility, the employer has the expectation that the WRS eligibility criteria will be met and the employee should be enrolled in WRS upon hire.
Q	A general employment category employee, who has prior July 1, 2011 service, is hired to work 400 hours for a duration of six months. After five months, you notice the minimum number of required hours necessary to be WRS eligible has been worked.	No	***Both*** WRS eligibility criteria must be expected or met to be WRS eligible. Enroll in WRS if and when expectations change such that the employee is expected to work both for 12 months and the minimum number of hours required to be WRS eligible. If there is no change in expectations, enroll on one-year anniversary if a look back indicates that the minimum required number of hours for WRS eligibility had been worked during the previous 12-month period.

EX.	Employment Characteristics	WRS Eligible?	Reason
R	Substitute teacher is initially employed on September 21, 2017. Employment is sporadic. On September 20, 2018, she is subbing for the first time in the new school year. Upon evaluation, you discover that from September 21, 2017, to September 20, 2018, she has worked 885 hours at the same employer.	Yes	As of September 20, 2018, she had worked for both one year and for at least 880 hours. **Her WRS begin date is September 21, 2018, the day following completion of 880 hours of service**.
S	A school district bus driver was initially employed July 1, 2016 and has never worked 880 hours in any 12-month period. Additional extracurricular driving for basketball season is offered and accepted. Employee is now expected to work at least 880 hours per year.	Yes, upon change of expectations	The WRS begin date is the date that the employee accepts the additional hours. On this date, you can reasonably determine that the driver is expected to complete the minimum of 880 hours. The 12-month criterion has already been met.
T	School District only covers teachers in WRS. Teacher participates in WRS while also employed as a substitute bus driver.	Yes, but only for teacher earnings	Earnings paid for driving the bus are not reportable for WRS since the employer does not cover non-teaching positions under WRS.
U	Employee initially employed September 1, 2017, and expectation is that the employee will not work the minimum required hours to meet WRS eligibility. On the one year anniversary, September 1, 2018, the employee did work the minimum required hours and becomes eligible for WRS. The employee terminates employment effective September 17, 2018.	Yes	Even though the employee's WRS coverage was for fewer than 30 calendar days, the employee's duration of employment exceeded 30 calendar days; therefore, the less than 30-day restriction in Wis. Stat. §40.22 (6) does not apply and the employee is WRS eligible for the period September 1 through September 17, 2018.
V	Employee terminates from a WRS eligible position and continues working "on-call" for the same employer.	Yes	Once WRS eligibility is established, the employee continues to be WRS eligible until they terminate from all employment with the employer for 12 consecutive months or terminates and receives a benefit under Wis. Stat. §§40.23, 40.25 (1) (2) or (2m) or 40.63.
W	A WRS participating teacher's aide reduces hours to fewer than the minimum number required to determine WRS eligibility, but continues to work for the school district.	Yes	Once WRS eligibility is established, the employee continues to be WRS eligible until they terminate from all employment with the employer for 12 consecutive months or terminates and receives a benefit under Wis. Stat. §§40.23, 40.25 (1) (2) or (2m) or 40.63.
X	Permanent WRS covered state employee transfers to a LTE position within the **same** state agency.	Yes	WRS eligibility continues because **once WRS eligibility has been determined** an employee continues to be WRS eligible even though the LTE position is typically non-WRS eligible.
Y	Permanent WRS covered state employee transfers to a LTE position with a **different** state agency.	No	Each state agency is a separate employer for WRS eligibility purposes. Therefore, the new employing state agency must make their WRS eligibility determination independently of the employee's WRS eligibility at another state agency or local WRS employer.
Z	Long term substitute teacher is initially employed in a 9-month academic year appointment full-time but is not WRS eligible due to no expectation of a return to work. At the end of the appointment the teacher signs a contract to teach the following year. Change in expectation occurs when the employee signs the new contract.	Yes, upon change of expectations	Employee is not WRS eligible when hired because there's no expectation of meeting the 12-month job duration. Once contracted to return to employment the following year, the WRS eligibility criteria is met (the 12 months' duration of employment and the minimum number of hours). Enroll when the change occurs; not retroactive to date of hire.

314 Employee or Contracted Personnel

The following information regarding employees and contractors is designed to serve as a reference point for WRS employers as well as supplement the other sections in Chapter 3 of the *WRS Administration Manual* (e.g., WRS eligibility determination). In addition, WRS employers may wish to consult other sources such as: "Employer's Supplemental Tax Guide," which is Publication 15-A of the Internal Revenue Service; the U.S. Department of Labor; Wisconsin tax law; the Wisconsin Department of Workforce Development; and Wisconsin laws concerning unemployment compensation and worker's compensation. While this section is designed to help provide guidance in determining the employment relationship, the responsibility of the determination rests solely with the WRS employer.

Employee

An employer-employee relationship exists when the employee performs services for the employer and the employer has the right to control what will be done and how it will be done. The employer withholds and pays income, social security and Medicare taxes on wages of the employee and may provide benefits such as vacation leave, health insurance benefits and retirement benefits.

Employees, including rehired WRS annuitants, are potentially WRS eligible and must be evaluated to determine whether they meet the WRS eligibility criteria as described in subchapter 301. This evaluation must include individuals who are hired as seasonal, project, temporary and/or part-time employees, members of all boards and commissions, and elected officials. All employees who meet the eligibility criteria as listed in Wis. Stat. §40.22 must be enrolled in the WRS.

Contracted Personnel

Contractors, unlike employees, are not eligible for WRS participation. However, in the case of a WRS annuitant rehired as a contractor, expectations of meeting the WRS eligibility criteria could result in the annuity being suspended until the termination of the contract (refer to Chapter 15).

An employer may have a relationship with a worker in which the employer

a. contracts directly with the worker for specified services or

b. enters into a relationship with the worker in which the employer contracts with a third-party vendor (for example, a staffing service or a vendor providing IT services) for specified services.

In the former category, IRS Publication 15-A indicates that relationship between the worker and the employer must be examined by the employer for evidence of the degree of control and independence. Facts that provide evidence of the degree of control and independence fall into three categories:

- Behavioral control,
- Financial control,
- Type of relationship of the parties.

IRS Publication 15-A provides detailed information regarding each of those categories. Generally, an employer does not withhold or pay any taxes on payments to independent contractors or provide benefits.

The other category of contractor, where the employer contracts with a third-party vendor, typically appears in one of two forms. First, a staffing service or temporary employment service enters into a contract with a client under which the client specifies the services to be provided. A fee is paid by the client to the staffing service for each individual provided to the client. The staffing service maintains the right to control and direct the worker's services for the client, including the right to discharge or reassign the worker. The staffing service hires the workers, controls the payment of wages and benefits and is the employer for employment tax purposes.

In the second form, a vendor enters into a contract under which the client specifies the services to be provided and the vendor indicates which of its employees it will commit to performing those services. A fee is paid by the client to the vendor for those services. The vendor hires the workers, controls the payment of wages and benefits and the payment of employment taxes.

315 WRS Eligibility Appeals

Before going through the appeal process, the employer and member should contact ETF to gather information on the issue.

1. An employee may appeal the employer's determination of WRS eligibility as outlined below:

   An employee may challenge:

   a. their employer's determination that they are not eligible to participate in the WRS, or
   b. their WRS effective date, if they are covered by the WRS.

   The employee must file a written appeal directly to the Employee Trust Funds Board based on the following criteria:

   a. Employees hired on or after April 27, 1984, are subject to the seven-year statute of limitations in Wis. Stat. §40.06 (1) (e) that became effective on April 27, 1984. These appeals may not apply to any service rendered more than seven years prior to the date the appeal is received by the Board.

   b. Employees hired before April 27, 1984, are not subject to the seven-year statute of limitations in Wis. Stat. §40.06 (1) (e) because the statute was not in effect at the time of their hire.

2. Appeal Process

   An *Appeal Form* (ET-4938) is available on ETF's Internet site or can be requested from ETF by calling the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285. Use of the form, however, is optional. A letter from the employee providing the same information is also acceptable. Employee appeals must be submitted in writing to:

   Appeals Coordinator
   Department of Employee Trust Funds
   P.O Box 7931
   Madison, WI 53707-7931

An employee appealing an employer's determination of WRS eligibility or WRS effective date is required to present sufficient information at a hearing before a hearing examiner. An employee may request or subpoena documents and witnesses from the employer. Depending on the nature of the appeal, relevant information may include a log of hours worked during the dates in question, a position description with percentage breakdowns of time spent on each task or other information maintained by the employer.

Employers and employees may request applicable ETF records or information. Under normal circumstances the hearing examiner will prepare a proposed decision for the Board to consider before it issues its final decision. Board decisions are appealable to the Dane County Circuit Court.

316 Statute of Limitations for Corrections to Service, Earnings, Contributions that Impact WRS Disability, Retirement Benefit Payments

In some circumstances, the Wisconsin Court of Appeals has held that the period of limitation under Wis. Stat. §40.08 (10) within which errors may be corrected may not begin until ETF calculates a participant's benefits. Based on this ruling, the period within which an employer is accountable for payment to correct any potential errors may be longer than anticipated.

Correction of such an error can entail substantial cost to the employer, since contributions and interest at the effective rate will be assessed on late reported earnings. **Employers should exercise extreme caution to guarantee compliance with WRS requirements and take measures to audit their employees' accounts to ensure that errors do not go undetected for extended periods**. Requests for correction must be received prior to the end of seven full calendar years beginning on the date the final annuity computation notice is issued ***or*** on the date payment is issued for a lump sum.

Refer to Chapter 9 for corrections of hours and earnings reported for the current calendar year and to Chapter 11 for corrections of hours and/or earnings reported for a prior year.

Note: There is no limitation for corrections of purely clerical errors in reporting or recording contributions, service and earnings. Each case will be reviewed by ETF.

317 Maintaining Records Longer than Seven Years

Employers are advised to retain employee payroll and benefit records since WRS eligibility and effective date determinations, as well as account adjustments may not be time barred and employers may be liable for past hours and earnings reporting regardless of when the error occurred. The employer must, however, submit acceptable evidence for ETF to make a correction beyond seven years. If the employer no longer has records or refuses to submit records, ETF will consider acceptable evidence from the employee in making the determination to correct errors. Clerical errors made in reporting or recording contributions, service or earnings have no time limit.

CHAPTER 4 – EMPLOYMENT CATEGORY DETERMINATION

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400 Employment Category

Once an employer has determined an employee is Wisconsin Retirement System eligible, the next step is to determine the appropriate employment category within which to enroll that employee. Determination of the proper employment category for each eligible employee is essential because contribution rates and benefit payments vary by employment category.

It is the employer's responsibility to determine the appropriate employment category classification for its WRS-eligible employees. Employment category classifications must be based on an employee's duties as performed in the service of the employer. Employees doing the same work for an employer must be enrolled in the same category. Use the criteria in subchapter 401 to assist in making the employment category determination. The process to determine employment category is left to each WRS employer. Whatever process the employer implements for determining employment category should include documentation and a thorough review of position expectations and standards and should be a consistent process applied to all WRS employment positions.

The employer should consider the job duties and expectation of the employee's position and how that fits in the guidance below and with WRS statutory definitions. Irrelevant factors in determining an employment category classification include but are not limited to: perceptions of "professional," contracts or collective bargaining agreements, titles, educational attainment, certifications not related to the job or any other factor not specifically related to the WRS statutory definition of the position. Any change in employment classification should be documented and communicated to any affected employee. While it is the employer's responsibility to determine the correct employment category the WRS agent should consult with ETF directly as changing an employee's category could have unintended consequences such as direct appeals and benefit distortions for employees.

Note: Educational and/or job training certifications earned that denote expertise in areas such as teacher, police officer or firefighter, for example, do not automatically confer Teacher category or Protective category classification upon their holders. Employment categories must be based solely on the employee's duties as performed for the employer.

Example 1: Employee without previous WRS service was hired **after** July 1, 2011. and works full time in the town's public works department. In addition, the town requires the employee to be certified as a firefighter and respond to fire calls. Fire response typically requires fewer than the minimum 1,200 hours needed to qualify as an independent employment category. Since only the public works department service qualifies on its own for WRS participation, employee must be enrolled in the WRS under the General category.

The hours and earnings associated with the firefighter duties also must be reported to WRS under the General category. Firefighter certifications do not automatically confer Protective Occupation status on an employee if the employee does not work the minimum number of hours required for the firefighter employment to qualify on its own. (Refer to subchapter 402 for information on employees working in multiple employment categories at the same employer.)

Example 2: A college graduate with a degree in elementary education and teacher certification from the Department of Public Instruction was hired by a school district as a full-time teachers' aide prior to July 1, 2011. The employee was expected to work about 1,500 hours per year and the position is permanent.

The employee is grandfathered under the pre-Act 10 WRS hourly eligibility criterion (440 hours) and was enrolled in the WRS under the Educational Support Personnel category based on the duties required. Teacher certification does not automatically confer Teacher category status on the employee.

An employee may appeal your determination of WRS employment category. This is why documentation and developing a process for determining employment categories should be a priority for WRS employers. Refer to subchapter 403 for detailed information on employment category appeals.

Please note that employers needing to change an employee's WRS employment category after the employee has been enrolled in the WRS should first contact the Employer Communications Center toll free 1-877-533-5020 or locally 608-266-3285, as such a change may have implications on past, present and future benefits.

401 Employment Category Descriptions

2011 Wisconsin Act 32 required the implementation of employment category changes for all WRS members; the new category designations are listed below. The effective date(s) were staggered depending on applicable Wisconsin laws.

Employment Code/Title		Description
30	**General Employee**	Includes all reserve judges, court reporters and employees not specifically designated under one of the other employment categories.
31	**Court Reporter** (used only by state agencies)	
32	**State Executive Retirement Plan** (used only by state agencies)	This applies only to state officers and employees serving in positions specified in Wis. Stat. §19.42 (10) (L) or §20.923 (4), (4m), (8) or (9) or authorized under §230.08 (2) (e) during the time of employment.

33	**Protective Occupation Under Social Security**	Includes only those employees whose principal duties (51% or more) meet all the following requirements as defined in Wis. Stat. §40.02 (48) (a): 1. Involvement in active law enforcement or active fire suppression or prevention. 2. Frequent exposure to a high degree of danger or peril. 3. A high degree of physical conditioning. Wis. Stat. §40.02 (48) (am) enumerates specific occupations typically qualifying for protective occupation participation. **Bearing the title of one of the occupations listed does not, however, automatically confer protective occupation participant status upon the employee. The employee's principal duties must also meet the "protective occupation participant" requirements defined in §40.02 (48) (a), Wis. Stat.** The specifically enumerated occupations are: • Police Officer • Conservation Warden • Conservation Patrol Boat Engineer • Conservation Patrol Officer • Member of the State Traffic Patrol • Sheriff/Under Sheriff • Deputy Sheriff Officer • State Correctional-Psychiatric Officer • Fire watcher employed at Wisconsin veteran facilities • Special Criminal Investigation Agent in the Department of Justice • Firefighter • Conservation Patrol Boat Captain • Conservation Pilot • Forest Fire Control Assistant • State Motor Vehicle Inspector • County Traffic Police Officer • State Probation/Parole • State Forest Ranger • Excise Tax Investigator • Deputy Fire Marshal • Village Police and Firefighter Protection Services under Wis. Stat. §61.66 (1) Per Wis. Stat. §40.02 (48) (bm), an employer may determine an Emergency Medical Technician (EMT) is a protective occupation participant, and the employer may do so without determining that the principal duties of the EMT involve active law enforcement or active fire suppression. The effective date of a determination that an EMT is protective category is the date ETF is notified of the classification; service prior to that date must remain under the general employment category. EMTs classified as general employees are not eligible for ETF-administered duty-disability benefits. In cases of multiple employment duties with a single employer – if one duty is that of EMT– only those hours in the performance of EMT duties can be classified as protective; the other employment hours would require separate reporting under their appropriate employment category.
34	**Protective Occupation *not* Under Social Security** (hired/ rehired after March 31, 1986 have Medicare coverage)	Firefighters who meet protective requirements are the only employees who qualify under this category. **Note**: If an employer acted to provide Social Security coverage before the beginning date of the employer's participation in WRS, firefighters have Social Security coverage and come under Emp. Code 33.

40	**Teacher**	Includes **any** employee (certification is not the defining criteria) engaged in the exercise of any educational function for compensation in the public schools or the University in instructing or controlling pupils or students, or in administering, directing, organizing or supervising any educational activity, but does not include any employee determined to be an auxiliary instructional employee [Wis. Stat. §40.02 (55)]. Teacher includes: librarians employed by a school board for a school in a library under the board's jurisdiction who meet the minimum librarian qualifications prescribed by the state superintendent of public instruction, employee of a full-time social center or community house, adult education or recreation director, instructor, or other employee employed by the Board of School Directors of the City of Milwaukee who possesses the qualifications required for employment as a teacher. A teacher's aide is not specifically included in the definition of teacher. **Note:** The definition of *teacher* in Chapter 40 does not contain specific reference to school nurses, however, the definition is broad enough that it is possible that an employer may determine that their school nurse duties may fall within the language of the statute. Employers should evaluate the duties of school nurses in relation to §40.02(55) to make the determination. The first clause of the statutory definition of *teacher* is very broad. It seems to require only that the employee perform an educational function in public schools. It does not require any certain amount or percentage of work devoted to an educational function. This classification depends on both the employee's duties and place of employment. A school nurse could fall in category 40 if determined by the employer. Due to the definition of *teacher*, employers should evaluate the duties of school nurses in relation to what they constitute an "educational function." "Educational function" has been customarily viewed as activities related to classroom teaching and instruction.
41	**State Teacher Executive Plan** (State Agencies Only)	This category applies only to state employees serving in positions specified in Wis. Stat. §20.923 (4), (8) or (9) who meet the definition of "teacher". For State Teacher Executive Plan category, one year equals 1,904 hours.
42	**Educational Support Personnel**	Effective 07/01/1997, this category applies to non-teaching employees of school districts. Effective 07/01/1998, this category also applies to non-teaching employees of Wisconsin, technical colleges or cooperative education service agencies. (This does not include employees of the University.) Educational support personnel include all non-teaching staff such as teacher's aides, custodial staff, administrative assistants, business office staff, etc.
45*	**Supreme Court Justice**	Note that reserve judges and deputy/assistant district attorneys are treated as General Employees (Emp. Code 30).
46*	**Legislative Officers, State Constitutional Officers, or District Attorneys**	
47*	**Appellate (Court of Appeals) Judge**	
48*	**Circuit Court Judge**	

49*	**Local Elected Official or Person Appointed to Fill an Elected Position**	This group includes local officials who are elected to office by vote of the people or persons appointed to fill an unexpired elected office term. Elected sheriffs are classified as Protective Occupation Under Social Security (Emp. Code 33).

***2011 Wisconsin Act 32 changed the Formula Factor applied to accrued service performed after the effective dates for individuals in these employment categories. Implementation required two employment category changes for these employment categories.**

402 Employment in Multiple Categories at the Same Employer

A. **All employment categories meet** the WRS-eligibility criteria for an employee with multiple positions at the same employer:

Report the hours and earnings separately for each employment category (Wis. Admin. Code ETF 10.03 (4) (a)).

EXAMPLE 1: Employee **with WRS service prior to July 1, 2011**, is hired by a school district to work 660 hours as a Teacher and 660 hours as an Educational Support Personnel. Since the hours in both employment categories independently meet the eligibility criteria of at least 440 hours, the employee's hours and earnings must be reported separately in their respective employment categories, i.e., the employee must be enrolled in both the Teacher and the Educational Support Personnel categories.

EXAMPLE 2: Employee with **no WRS service prior to July 1, 2011**, is hired to work 1,225 hours as a police officer and 1,225 hours as a dispatcher. Because the hours in both positions meet the WRS-eligibility criteria of at least 1,200 hours, the employee's hours and earnings must be reported separately in their respective employment categories, i.e., the employee must be enrolled in both the Protective with Social Security and the General categories.

EXAMPLE 3: Employee with **no WRS service prior to July 1, 2011**, is hired to work 885 hours as a Teacher and 1,225 hours as an administrative aide. Since the hours in both employment categories meet the eligibility criteria of at least 880 hours, the employee's hours and earnings must be reported separately in their respective employment categories, i.e., the employee must be enrolled in both the Teacher and the Educational Support Personnel categories.

EXAMPLE 4: Employee **with WRS service prior to July 1, 2011**, is hired by the city to work 650 hours as a both a police officer and 650 hours as a dispatcher with an expectation of working beyond 12 months. Since the hours in both positions meet their respective WRS-hourly eligibility criterion of at least 600 hours, the employee's hours and earnings must be reported separately in their respective employment categories, i.e., the employee must be enrolled in both the Protective and the General categories.

B. **Only one employment category meets** the WRS eligibility criteria, **and all other employment with the employer does not**, for an employee with multiple positions at the same employer:

Report all the employee's hours and earnings under the one employment category that meets the eligibility criteria (Wis. Admin. Code ETF 10.03 (4) (b)). Continue to monitor the hours of all other employment that does not originally meet the eligibility criteria on its own. Should the other employment eventually qualify on its own, the employee must be enrolled in the WRS under that employment category, and hours and earnings must be reported to their respective category.

EXAMPLE 1: Employee **with WRS service prior to July 1, 2011** and is now hired by a school district to work 660 hours as a Teacher and 300 hours as a teacher's aide. The employee's total hours and earnings for both positions must be reported in the Teacher category because the hours performing teacher's aide duties do not meet the minimum required to be WRS eligible in the Educational Support Personnel category. Continuously monitor the hours as a teacher's aide to determine if WRS eligibility in the separate Educational Support Personnel category is required.

EXAMPLE 2: Employee with **no WRS service prior to July 1, 2011**. The town hires him to work as a dispatcher (650 hours) and as a police officer (400 hours). The employee's total hours and earnings must be reported in the General category because the employee does not meet the hourly WRS eligibility criteria of 600 hours required to qualify separately in the Protective category. Continuously monitor the hours as a police officer to determine if WRS eligibility in the separate Protective category is required.

EXAMPLE 3: Employee with **no WRS service prior to July 1, 2011**, is hired by a school district to work 880 hours as a Teacher and 700 hours as a teacher's aide. The employee's hours and earnings for both positions must be reported in the Teacher category because the hours performing the teacher's aide duties do not meet the minimum 880 hours required to be WRS eligible in the Educational Support Personnel category. Continuously monitor the hours as a teacher's aide to determine if WRS eligibility in the Educational Support Personnel category.

EXAMPLE 4: Employee with **no WRS service prior to July 1, 2011**, is hired to work 1,200 hours as a dispatcher and 1,040 hours as a police officer. The employee's total earnings and hours must be reported in the General category because the employee's hours as a police officer do not meet the minimum 1,200 hours required to qualify for WRS coverage separately in the Protective category. Continuously monitor the hours as a police officer to determine WRS eligibility in the separate Protective category is required.

C. **More than one, but not all, employment categories** meet the WRS eligibility criteria for an employee with multiple positions at the same employer:

Report the employee's hours and earnings in the employment categories that meet the eligibility criteria. The hours and earnings for employment categories that do not meet the eligibility criteria are reported in:

1. the employment category in which the greatest number of hours is worked;
   or
2. the priority employment category as listed in Table 4.1 if the greatest number of hours worked is equal in two or more qualifying categories [Wis. Admin. Code ETF 10.03 (4) (c)].

Continue to monitor the hours of all positions that do not originally meet the eligibility criteria on their own. Should the other position eventually qualify on its own, the employee must be enrolled in the WRS under that employment category, and hours and earnings must be reported to their respective category from that point on.

Table 4.1 – Employment Category Priority

Priority	Employment Category	Category Number(s)
1	Protective Occupation NOT Under Social Security	34
2	Protective Occupation Under Social Security	33
3	State executive retirement plan, elected official, including judges	32, 45, 46, 47, 48, 49, 41
4	Teachers	40
5	Educational support personnel	42
6	General and court reporters (state only)	30, 31

EXAMPLE 1: Employee with **no WRS service prior to July 1, 2011**, is hired to work 350 hours as a firefighter, 1,250 hours as a city parks director and 1,200 hours as an elected official. Since the employee meets the hourly eligibility criteria separately in both the Elected Official and General categories, their respective hours and earnings are reported separately in each of those categories.

Hours performed as a firefighter are insufficient to separately meet the hourly eligibility criteria of 1,200 hours; therefore, those earnings and hours must be added to the qualifying category with the greatest number of hours, i.e., the General category.

Of the 2,800 total hours, 1,600 (350 Protective without Social Security hours plus 1,250 General hours) are reported in the General category and 1,200 hours reported in the Elected Official category.

EXAMPLE 2: Employee **with WRS service prior to July 1, 2011**, is hired by the city to work 350 hours as a firefighter, 800 hours as a custodian and 800 hours as an elected official. The hours and earnings associated as a firefighter must be reported in the Elected Official category because the:

a. number of hours in the separately qualifying categories (General and Protective without Social Security) are equal; and

b. Elected Official category has a higher priority than the General category.

D. **No employment category** on its own meets the WRS eligibility criteria for an employee with multiple positions at the same employer, but the criteria is met when all employment hours are added together. Report the combined hours and earnings under the:

1. employment category in which the greatest number of hours is worked;
   or
2. priority employment category as listed in Table 4.1 if the greatest number of hours is equal in two or more categories [Wis. Admin. Code ETF 10.03 (4) (d)].

Continue to monitor the hours of all employment that does not originally meet the eligibility criteria on its own. Should the other employment eventually qualify on its own, the employee must be enrolled in the WRS under that employment category with hours and earnings reported to each respective employment category.

EXAMPLE 1: Employee **with WRS service prior to July 1, 2011**, is hired as a local elected official, a firefighter and as a grounds keeper, none of which are expected to require many hours; therefore, the employee is not enrolled in the WRS. On their one-year anniversary date, the employee had worked 320 hours as a local elected official, 440 hours as a firefighter and 440 hours as a grounds keeper. The total hours exceed the one-third of full time criterion. Since the firefighter (Protective category) and the grounds keeper (General category) had the same number of hours, all hours and earnings must be reported under the Protective category because:

- none of the categories meet eligibility criteria of at least 600 hours separately; and
- the Protective category is the higher priority of the two employment categories (as shown in the priority listing) with 440 hours.

EXAMPLE 2: Employee with **no WRS service prior to July 1, 2011**, is hired by a *school district* as a part-time instructor and part-time secretary. The employee is not expected to be WRS eligible on their date of hire due to low expectations for the number of hours required for both positions.

On their one-year anniversary date, it is determined that the individual worked 400 hours as a Teacher and 420 hours as an Educational Support Personnel.

Note: The employee is **not** WRS eligible on the one-year anniversary date because the total number of hours worked (400 + 420 = 820 hours) is less than the minimum 880 hours required to be reported as an Educational Support Personnel.

EXAMPLE 3: An employee with **no WRS service prior to July 1, 2011**, is hired by a *technical coll*ege as a part-time instructor and part-time administrative assistant. Due to the low expectation for hours required, the employee is not eligible for WRS when initially hired. On the one year anniversary date, the individual had worked 400 hours as a Teacher and 520 hours as a *technical college* Educational Support Personnel.

Note: The greatest number of hours worked was as a *technical college* Educational Support Personnel. This employee is **not** WRS eligible on the one-year anniversary date because the total number of hours worked (400 + 520 = 920) is less than the minimum 1,200 hours required to be reported as a *technical college* Educational Support Personnel.

EXAMPLE 4: An employee **with WRS service prior to July 1, 2011**, is hired by a *school district* as a part-time instructor and part-time secretary. Due to the low expectation for hours required, the employee is not eligible for WRS on the date of hire. On their one-year anniversary date, the individual had worked 240 hours as a Teacher and 200 hours as an Educational Support Personnel.

Note: The greatest number of hours worked is as a Teacher. This school district covers non-teachers under WRS; therefore, WRS eligibility is determined by combining hours for both employment categories. The employee is

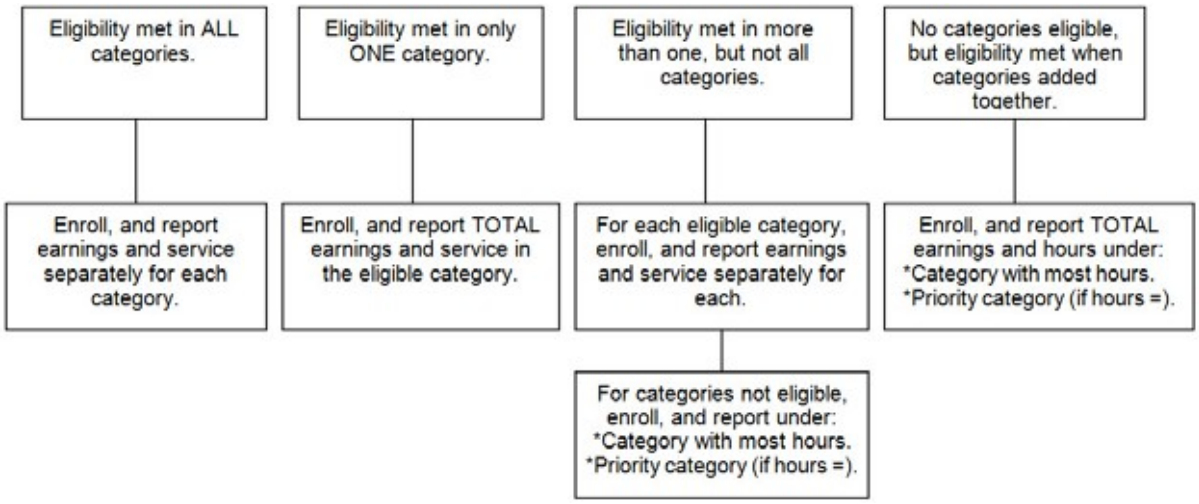
eligible for WRS using combined hours for both employment categories because the total number of hours worked (240 + 200 = 440 hours) is equal to the 440 hours necessary for both categories. The employee is ultimately reported in the Teacher category because the greatest number of hours worked is as a Teacher.

E. **Employment at a school district that does not cover its non-teachers under WRS**. An employer cannot combine hours of both employment categories (teaching and non-teaching) to determine WRS eligibility in cases where the employer does not provide WRS coverage for the non-teaching employment category.

EXAMPLE 1: An employee **with WRS service prior to July 1, 2011**, is hired to work 420 hours as a Teacher and 200 hours in a non-teaching position. The school district does not cover non-teachers under WRS. Therefore, only teaching hours are used in WRS eligibility determinations. Having WRS service prior to the July 1, 2011 change to the hourly criterion for WRS eligibility, the employee is grandfathered under the one-third of full time rule, i.e., at least 440 hours; the non-teaching hours are not factored because the district only provides WRS coverage to its Teachers.

Note: If the Teacher had not had WRS service prior to July 1, 2011, they would be required to meet the new hourly criterion of two-thirds of full time hours, i.e., 880 hours, to be WRS eligible.

EXAMPLE 2: An employee **without WRS service prior to July 1, 2011**, is hired by a *school district* to work 820 hours as a Teacher and 200 hours in a non-teaching position. The school district does not cover non-teachers under WRS. Therefore, only teaching hours are used in WRS eligibility determinations. The employee must work two-thirds of full time, i.e., 880 hours, as a Teacher to be WRS eligible. Once WRS eligible, only teaching hours and earnings are WRS reportable.



403 Employment Category Appeals

An employee may appeal their employer's determination of employment category as outlined below:

The employee must file a written appeal directly to the Employee Trust Funds Board based on the following criteria:

a. **Determinations made on or after January 1, 1982 -** are subject to the seven-year statute of limitations in Wis. Stat. §40.06 (1) (e). Appeals regarding employment category may not apply to any service rendered more than seven years prior to the date the appeal is received by the Board.

b. **Determinations made prior to January 1, 1982 -** are not subject to the seven-year statute of limitations in Wis. Stat. §40.06 (1) (e) because the statute was not in effect at the time the category determination was made.

Appeal Process

An *Appeal Form* (ET-4938) is available on ETF's Internet site or can be requested from ETF by calling the Employer Communication Center toll free 1-877-533-5020 or locally at 608-266-3285. However, use of the form is optional. A letter from the employee providing the same information is also acceptable. Employee appeals must be submitted in writing to:

Appeals Coordinator
Department of Employee Trust Funds
P. O. Box 7931
Madison, WI 53707-7931

An employee appealing an employer's determination of WRS-employment category is required to present sufficient information at a hearing before a hearing examiner. An employee may request or subpoena documents and witnesses from the employer. Depending on the nature of the appeal, relevant information may include a log of hours worked during the dates in question, a position description with percentage breakdowns of time spent on each task or other information maintained by the employer.

Employers and employees may request applicable ETF records or information. Under normal circumstances, the hearing examiner will prepare a proposed decision for the Board to consider before it issues its final decision. Board decisions are appealable to the Dane County Circuit Court.

404 Statute of Limitations for Corrections to Service, Earnings and Contributions that Impact WRS Disability and Retirement Benefit Payments

In some circumstances, the Wisconsin Court of Appeals has held that the period of limitation under Wis. Stat. §40.08 (10) within which errors may be corrected may not begin until ETF calculates a participant's benefits. Based on this ruling, the period of time for which an employer is accountable for payment to correct any potential errors may be longer than anticipated.

Correction of such an error can entail substantial cost to the employer since contributions and interest at the effective rate will be assessed on late reported earnings. **Employers should exercise extreme caution to guarantee compliance with WRS requirements and take measures to**

audit their employees' accounts to ensure that errors do not go undetected for extended periods. Requests for correction must be received prior to the end of seven full calendar years beginning on the date the final annuity computation notice is issued **or** on the date payment is issued for a lump sum.

Refer to Chapter 9 for corrections of service and earnings that have been reported for the current calendar year and to Chapter 11 for corrections for service and/or earnings reported for a prior year.

Note: There is no limitation for corrections of purely clerical errors in reporting or recording contributions, service and earnings. Each case will be reviewed by ETF.

405 Maintaining Records Longer than Seven Years

Employers are advised to retain employee payroll and benefit records, since WRS eligibility and category determinations, as well as account adjustments, may not be time-barred and employers may be liable for past hours and earnings reporting, regardless of when the error occurred. The employer must, however, submit acceptable evidence for ETF to make a correction beyond seven years. If the employer no longer has records or refuses to submit records, ETF will consider acceptable evidence from the employee in making the determination to correct errors. Clerical errors made in reporting or recording contributions, hours or earnings have no time limit.

Employers may also be asked to provide earnings for Qualified Domestic Relations Orders (QDRO) going back to 1982.

CHAPTER 5 – EARNINGS AND REPORTABLE HOURS

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500 Definition of Reportable Earnings

Wis. Stat. §40.02 (22) (a), defines earnings for Wisconsin Retirement System purposes as:

"The gross amount paid to an employee by a participating employer as salary or wages, including amounts provided through deferred compensation or tax shelter agreements, for personal services rendered to or for an employer, or which would have been available for payment to the employee except for the employee's election that part or all of the amount be used for other purposes and also includes the money value, as determined by the employer, of any board, lodging, fuel, laundry and other allowances provided for the employee in lieu of money. For purposes of this paragraph, the gross amount shall be determined prior to deductions for taxes, insurance premiums, retirement contributions or deposits, charitable contributions or similar amounts and shall be considered received as of the date when the earnings would normally be payable by the employer. For reporting and computation purposes, fractions of a dollar shall be disregarded in determining annual earnings."

Note: The provisions of Chapter 40 of the Wisconsin Statutes relating to WRS earnings will always take precedence over any conflicting public entity resolution, order, ordinance, bargaining unit agreement, etc., for purposes of administering the WRS. An employer may not redefine payments as WRS earnings if the earnings do not meet the criteria in Chapter 40.

The definition of WRS earnings differs from the definition of wages for IRS purposes. Some major differences include:

- Employee elective contributions to deferred compensation and tax-sheltered plans are included in WRS earnings, but for IRS purposes, most are not subject to income tax at the time of contribution.
- Retroactive wage settlements must be reported to the year in **which they would have been paid** for WRS purposes but are reported in the year **when paid** for IRS purposes.

  Example: In June of the current year, you settle contracts for the current and previous years. The portion of the settlement that is retroactive wages must be reported to the previous year for WRS purposes, with contributions invoiced and paid at that year's rate, plus interest. The current year's portion of the retroactive wages must be included as current year earnings on that month's WRS Contribution Remittance Entry on the Online Network for Employers site. Refer to Chapter 11 for reporting prior year earnings.
- Section 125 cafeteria reduction amounts **are** reportable for WRS purposes, but **are not** included in wages for IRS purposes.

501 Earnings Reportable for WRS Purposes

This subchapter discusses what payment types are earnings for WRS purposes. Employers may attach conditions to some payment types made to their employees, which may affect whether they are WRS reportable. Please consult the appropriate cross references provided in this chapter when making your determination (e.g. refer to subchapter 502), and if still in doubt, contact the Employer Communication Center toll-free at 1-877-533-5020 or locally at 608-266-3285.

Payments reported as earnings for WRS purposes include, but are not limited to the following:

A. Cash payments for personal service.

B. Overtime pay (report associated hours).

C. Vacation pay, including "personal time" and holiday pay, when used **or** when unused leave balances are paid out (no associated hours are reportable when unused leave is paid out) at least annually as a result of a broadly applicable employer policy, but not at the employee's option/discretion (refer to subchapter 502 and 504).

D. Sick pay when used (report associated hours) or when unused leave balances are paid out (no associated hours are reportable when unused sick leave is paid out) at least annually as the result of a broadly applicable employer policy, but not at the employee's option/discretion (refer to subchapter 502 and 504).

E. Compensatory time pay when the time is used, the payment in lieu of the compensatory time if paid out annually as a result of a broadly applicable employer policy or unused and paid out as cash where employer has no annual payout policy (report associated hours when comp time is used, when unused and paid out annually due to employer policy and when unused not due to employer policy back to the year earned, since it then technically reverts back to overtime pay) (refer to subchapters 503 and 504).

F. Clothing allowances provided to employees to purchase clothing that is required for employment but is also **reasonably** adaptable for street wear and is considered the "property" of the employee (refer to subchapter 508-E for a description of non-reportable uniform allowances).

Example 1: Undercover police officers may be required to wear blue jeans, tennis shoes and tee shirts for use in undercover duties. The value of the allowance to purchase these items is reportable for WRS purposes because the clothing is reasonably adaptable for street wear.

Example 2: Special Education aide at a local school district is provided an annual allowance for the purchase of a swimsuit due to the damaging effects of the pool's chlorine. Any unused portion of the allowance that the employee is permitted to keep, or the entire allowance, is reportable for WRS purposes if the employee is permitted to make personal use of the swimsuit.

Example 3: Kitchen staff at a local school district are required to wear white shirts, white pants and white shoes while on duty. The district provides them with an annual clothing allowance to purchase these clothing items. No specific clothing or shoe style is mandated, only the color. The annual clothing allowance is reportable earnings for WRS purposes because the clothing is adaptable for street wear.

G. Value of free meals, lodging or allowances provided in lieu of money (money value to be determined by employer), with certain exceptions explained in subchapter 507-G.

Example 1: A city hires a new administrator from another part of the country. Rather than pay the administrator entirely in dollars for personal services rendered, the city agrees to provide free room and board to the new administrator until the administrator can secure permanent living arrangements. The value of this free room and board is considered earnings for WRS purposes.

Example 2: A school district is contractually obligated to provide one free meal per day to its WRS covered support staff. The value of the meals, as determined by the employer, is WRS reportable earnings as it is part of the employment and is provided in lieu of money.

H. Value of using an employer owned vehicle for employee personal use without being required to reimburse the employer. The employer is responsible for maintaining documentation to support the portion of the value reportable as WRS earnings; if no documentation is maintained, none of the allowance is earnings for WRS purposes.

Example 1: A county provides an unmarked police vehicle to a Sheriff for work-related activities. The Sheriff is permitted to use the vehicle for personal use without reimbursing the county. The value of using the county owned vehicle for the Sheriff's personal use is reportable for WRS purposes provided documentation is maintained.

I. Vehicle and/or cell phone allowance for using a personal vehicle and/or cell phone for non-work-related activities when detailed records are kept. The employer must maintain detailed records to support the portion of the car and/or cell phone allowance reportable for WRS purposes; if no documentation is maintained, none of the allowance is earnings for WRS purposes.

Example 1: A city provides its fire chief with a monthly car and cell phone allowance, as it is often necessary for the chief to use his personal vehicle and cell phone for work-related activities. During some months, the car and cell phone allowance exceeds the actual expense the chief incurs for using his

personal vehicle and cell phone for work-related activities. That portion of the vehicle and cell phone allowance not used for work-related activities is reportable as WRS earnings, provide documentation is maintained.

J. Value of a general expense allowance when used for non-work-related expenses and for which reimbursement is not made by the employee. The employer must maintain documentation to support the portion of the general expense that is reportable as WRS earnings. If no documentation is maintained, none of the allowance is WRS reportable earnings.

Example 1: A city provides the mayor with a general expense allowance to cover work-related expenses incurred in the performance of the job. The mayor receives this allowance as an advance and is permitted to claim the allowance even if work-related expenses are not incurred. The portion of the general expense allowance **not** used for work-related expenses is earnings for WRS purposes, provided proper documentation is maintained. if no documentation is maintained, none of the allowance is earnings for WRS purposes.

K. Retroactive pay for service performed. These earnings must be allocated to the year(s) in which the earnings would normally have been paid (refer to Chapter 11).

L. Length of service bonuses, signing bonuses, residency bonuses, performance bonuses or merit payments (unless these payments are contingent on the employee terminating eligible employment) are WRS reportable to the year when paid.

M. Section 125 Cafeteria Plan reduction amounts (reimbursement accounts for medical expenses, daycare expenses, etc.).

N. Payment received from the **employer** while the employee serves jury duty (no service hours are associated with this payment).

O. Credit for earnings that would have been paid during the period an employee receives temporary disability benefits from worker's compensation (refer to subchapter 505).

P. Back pay that represents salary paid as a result of a compromise settlement. The compromise settlement must be submitted to ETF for review and meet the conditions of Administrative Code ETF 20.12, to determine whether or not the payments are earnings for WRS purposes (refer to Chapter 13 for reporting details).

Q. Compensation paid during a leave of absence (refer to subchapter 506).

R. Compensation for part-time police officer training time that is paid by the city and reimbursed by the state.

S. Compensation provided to EMTs and firefighters for attending mandated training and/or drill sessions.

T. Compensation that would have been payable to a state elected official prohibited by law from receiving an increase in compensation during the official's term in office.

U. Earnings for on-call, standby, extra-curricular or other service **which is incidental to the primary employment**. In situations where compensation is paid on a flat-fee basis

(regardless of hours worked), the following formula should be used to determine hours of service to report, if the employer is not keeping track of actual hours worked. Divide the amount paid annually by the participating employee's current basic pay rate and report the resulting quotient for hours of service.

Note: One year is the maximum amount of service granted annually [Wis. Admin. Code ETF 10.03 (7) (c)].

V. Credit, upon return to employment, for earnings that would have been paid during the period an employee left employment to perform in the uniformed services (refer to Chapter 22).

502 Vacation Pay and Sick Pay (Accumulated Leave)

Vacation pay (which includes personal time and paid holidays) and sick leave payments (not due to termination) are reportable earnings for WRS purposes when:

- **Used as leave time**. Payment and associated hours will be WRS reportable to the annual earnings period ***when used*** even if the leave time is earned in a previous annual earnings period.

- **Unused and paid out as cash.** Only WRS reportable if the employer has a broadly applicable mandatory policy of routinely converting unused accumulated vacation or sick leave to cash. Routinely, for this purpose, is defined as at least annually. These earnings will be WRS reportable to the annual period ***when paid***. When paid out annually as cash, only the earnings are WRS reportable, not hours.

  Note: If the employee is given the ***option or discretion*** to convert vacation or sick leave to cash, the payment is not WRS reportable earnings [Wis. Stat. §40.02 (22) (b) 11].

  Example 1: An employer makes lump sum payouts of accumulated, unused vacation and/or sick leave, to **all** eligible employees at the end of each year. The payments are earnings for WRS purposes. Also, when an employee terminates prior to this **routine payment** date and receives the lump sum payment at the time of termination, the payment is reportable for WRS purposes. No hours are associated with these payments.

  Example 2: A city limits its administrative staff to 500 hours of accumulated sick leave. Any sick leave accumulation exceeding 500 hours is paid out at the employee's basic hourly rate at year end. The value of the lump sum sick leave payments exceeding 500 hours is WRS reportable earnings because it is being paid routinely to **all** administrative staff employees who have reached the 500-hour maximum sick leave accumulation. No hours are associated with these payments.

  Lump sum payouts for vacation and sick leave must be made routinely (at least once a year) and must be provided to ***all*** employees on a regular basis, regardless of whether the employee terminates, for the earnings to be reportable for WRS purposes. In these situations, "all employees" refers to ***all*** employees within a bargaining unit, a specific employment category or classification, all management employees, all employees who have met specific criteria, etc.

For employers who have a policy of routinely (at least once a year) paying out unused leave over and above the employer policy's stated maximum accumulation, the payments are WRS reportable earnings. These payments are WRS earnings to the annual period when paid.

Example: The Town of Trees has a policy where employees can accumulate sick leave up to a maximum of 50 days. When, at the end of the year, an employee has accumulated more than 50 days of sick leave, the employee will be paid out.

Elliot has accumulated 56 days of sick leave at the end of the year. The town will give him a cash payment for the 6 days over the limit. That payment is WRS reportable.

Please refer to subchapter 504 regarding accumulated leave payments upon termination from employment.

503 Compensatory Pay (Accumulated Leave in Lieu of Overtime Pay)

Compensatory time payments are considered WRS reportable earnings:

- **Used as leave time**. Payments and hours for used compensatory time will be WRS reportable to the annual earnings period ***when used*** even if the compensatory leave time is earned in a previous annual earnings period.
- **Unused, paid-out as cash and reported to the year earned**. When compensatory time is not used, and paid out as cash, the payment and associated hours must be reported to the annual earnings period during which the compensatory time was ***earned***.

Example 1: A city employee earns 40 hours of compensatory time during 2018. The city does not have any broadly applicable policy regarding compensatory time and the employee carries it over into the following year.

In 2019, the employee requests to have the 40 hours of compensatory time paid out as cash. At this point, the compensatory time reverts back to overtime; the earnings and hours are WRS reportable to 2018, the year in which the compensatory time was earned. The employer must report these hours and earnings to ETF by submitting a prior year adjustment transaction. ETF will invoice the employer for the required contributions plus interest at the effective rate.

Compensatory time **does not** need to be used or paid out within the same annual earnings period to be considered WRS reportable. In cases where the employee decides to bank compensatory time, but later elects to take cash in lieu of the compensatory time, late reported interest may be assessed to the employer per Wis. Stat. §40.06 (5), since the payment (and hours) must be reported to the year when the hours were worked and the payment would normally have been made if not for the previous election to accept compensatory time.

When unused compensatory time, accrued in a previous year, is converted to pay and the employer reports the payment to that previous year, the earnings should be reported at the rate the employee held at the time the compensatory time was paid out, but not less than one and

one-half the rate of pay held at the time the service was performed, since the conversion of compensatory time to a cash payout technically makes the payment overtime pay.

It is not required that employers institute a broadly applicable policy mandating that employees use any accrued compensatory time or it will be paid out routinely, such as at year's end, for compensatory pay to be WRS reportable. However, a policy of this nature will eliminate the potential for employers to be subject to late interest assessments that will be due if they must report the payment to a prior year, i.e., when the service was performed, and the payment was earned.

Please refer to subchapter 504 regarding accumulated leave payments upon termination from employment.

504 Accumulated Leave Payments at Termination and WRS Disability

Accumulated leave payments (vacation and sick leave) paid at termination are reportable earnings for WRS purposes when:

- **Used as leave time and termination date is extended** by the corresponding amount of leave time. Payments and hours for used accumulated leave will be WRS reportable to the annual earnings period ***when used***.

  Example: An employee terminates employment with two weeks of unused vacation time. The last day of work is June 6. For the vacation earnings to be WRS reportable, the termination date must be extended to June 20 (the amount of the unused vacation time).

- **Unused and paid-out as cash**, regardless of whether in a lump sum or as installments, if the employer has a broadly applicable mandatory policy of routinely converting unused accumulated leave time to cash. Routine is defined as at least **annually**. When unused vacation or sick leave is paid out as cash at termination, only the earnings are WRS reportable, not the hours.

Accumulated leave payments (compensatory pay) paid at termination are reportable earnings and hours for WRS purposes when:

- **Used as leave time and termination date is extended** by the corresponding amount of leave time. Payments and hours for used accumulated leave will be WRS reportable to the annual earnings period when used.
- **Unused and paid-out as cash**, the payments and associated hours must be reported to the annual earnings period **when earned**.

  If the employee is given the **option or discretion** to convert vacation or sick leave to cash at termination, it is not WRS reportable earnings [Wis. Stat. §40.02 (22) (b) 11]. When compensatory time is converted to cash at termination, both the earnings and hours are WRS reportable to the year the service was performed, and the payment earned.

  Example: An employee terminates employment with 40 hours of unused vacation time and 40 hours of unused compensatory time. The last day of work is June 6. The employer has a policy mandating that at year end, all employees are paid out in cash for unused vacation and compensatory time from the current year. The employee's termination date will not be extended, and the cash payments will be

WRS reportable. Both the hours and earnings for the unused compensatory time will be WRS reportable, since the service hours were actually worked; only the earnings for the unused vacation will be WRS reportable.

Note: For employers who have a policy of annually paying out unused leave over and above the employer policy's stated maximum accumulation, the payments are WRS reportable earnings. Upon termination, only the payment for the unused leave over and above the maximum accumulation is WRS reportable, regardless of how much unused leave is paid out. These payments are WRS earnings reportable to the annual period when paid.

The last day worked is normally the termination date, unless the employee was on an unpaid leave prior to termination. There should be a signed agreement between the employee and employer stating that the leave is either being used or paid off to eliminate questions concerning the handling of payments for accumulated leave.

Example: The Town of Sunshine has a maximum accumulation policy that any unused vacation over 20 hours will be paid out in December of each year. Jen terminates from employment with 35 hours of unused vacation. Only the earnings that equate to 15 hours will be WRS reportable because that is over the maximum accumulation policy of the employer.

WRS Disability

When an employee files a WRS disability annuity application, state statute requires that the employer certify that all earnings have been paid to the employee, including pay for accumulated vacation and sick leave (regardless if the employer has a broadly applicable annual payout policy) before the benefit can be approved. Termination date and last day worked should be extended accordingly and corresponding service hours reported.

Example: An employee applying for a disability annuity last works on June 6. At that time, they still have two weeks of accumulated vacation leave and one week of accumulated sick leave. Because the employee is applying for a disability benefit, the accumulated leave is WRS reportable earnings and the employer is required to report the additional hours and earnings associated with the two weeks of accumulated vacation leave and one week of accumulated sick leave, extending the termination date and the last day worked accordingly. In this example, the employer reports a termination date and last day worked of June 27, 15 working days after the last day worked.

In the example above, if the employee chose to convert their unused sick leave to pay for health insurance premiums, the employer would report a last day worked of June 20, 10 days after the last day worked. The one week of accumulated sick leave would not be WRS reportable and would not extend the last day worked. The disability benefit may then begin earlier.

Participating employees whose compensation plan or contract provides for converting unused sick leave to pay group health insurance premiums, and who qualify for a disability benefit, can either use sick leave until exhausted or convert it for credits to pay health insurance premiums. To convert unused sick leave to pay health insurance the employee must terminate WRS covered employment (i.e., sever the employee/employer relationship) for the sick leave to no longer be considered earnings for WRS purposes. (Refer to Chapter 14 for more information on "Disability Termination Requirements".) Then the disability benefit will begin earlier.

505 Retirement Credit for Worker's Compensation

Employers must report hours and earnings, as if the employee is still working, for any WRS participating employee during any period for which that employee receives **temporary** disability compensation through Workers Compensation. A temporary disability may be temporary-partial or temporary-total. In the case of a **permanent** total disability determination, or if the employee terminates employment, the employer should discontinue reporting the hours and earnings to the WRS.

The law governing temporary disability and WRS service and contributions, Wis. Stat. §40.29, provides that:

- Earnings must be reported at the rate that would have received if the disability not occurred, including adjustments to the pay rate during that period.
- Service hours must be reported on the same basis as were reported immediately prior to the temporary disability.
- While the employee is receiving temporary disability compensation, the employer must pay all employee and employer-required WRS contributions on the earnings reported for the employee. Once the employee has returned to work the employer may recover from the employee's earnings, paid after the employee's return to work, the employee-required contributions paid by the employer on the employee's behalf.
- If the employer chooses to recover from the employee the employee-required WRS contributions paid by the employer while the employee was receiving temporary disability compensation, the amount recoverable may not be deducted from the employee's paycheck at a rate greater than 5% of each payment of earnings. Refer to subchapter 500 for the definition of earnings for WRS purposes.

Wis. Stat. §102.43 provides detailed information regarding the employee's weekly compensation schedule, offsets to temporary disability compensation, and exceptions to paying temporary disability compensation.

506 Pay During a Leave of Absence or Sabbatical

Earnings paid to a WRS participating employee during a leave of absence or sabbatical are reportable for WRS purposes.

Hours are determined and reported by the employer as follows:

- If the compensation paid to the employee during the leave is less than the earnings paid in the immediately preceding period of the same length as the leave:
    - Hours credited are to be prorated based on the ratio of pay during the leave to the earnings that were received in the preceding period.
    - Hours are computed by dividing the compensation paid during the leave by the earnings paid in the **preceding** period and multiplying the result by the hours reported for that preceding period (Wis. Admin. Code ETF 10.07 (2)(a)).

Example: In 2020, an employee received $32,000 earnings. In 2021, the employee would have received $35,000 if not for the leave of absence. During the paid leave of absence, the employee receives 60% of his salary or $21,000. The corresponding hours are calculated by:

$21,000 divided by $32,000 (pay in preceding year) = 66% 1,904 hours x 66% = 1,257 hours

- If the compensation paid to the employee during the leave is equal to or greater than the earnings paid for the hours immediately preceding (in a period of the same length as the leave), the hours reported shall be the same as the preceding period.

507 Earnings Not WRS Reportable

A. Employer contributions for Social Security, insurance, health savings accounts and retirement are not WRS reportable.

B. Lump sum cash payments made specifically at termination ***or due to death of an employee*** are not WRS reportable, including payments for:

- Accumulated vacation or sick leave when employer **does not** have a broadly applicable policy of routinely converting unused accumulated leave time to cash. Routinely is defined as at least annually.

  Note: Payments made at termination for unused compensatory time earned in a **preceding year** must be reported as an earnings adjustment to the year in which the compensatory time was earned, since it now reverts back to overtime pay.

- A contractual or other agreement where the payment is contingent on the employee having terminated employment, retire, or having died, including a bonus or any form of severance pay which is made solely because the employee terminates, retires, or dies. (Refer to subchapter 504 for a further description of payments at termination.)

  Example: An employer wants to improve an employee's WRS benefit at their retirement by providing a retroactive salary increase. As a result, the employee's average three high salary years will increase creating a higher monthly WRS annuity. The salary increase **is not WRS reportable** earnings because it is made during the employee's last five years of employment, is not the result of a significant change in the employee's duties, and is not broadly applicable to the employees of the employer.

C. Payments received in lieu of sick leave (e.g., Income Continuation Insurance payments to employees).

D. Payment—regardless of lump sum, increments, or salary increases—in lieu of fringe benefits normally paid for or provided by the employer ***but which can be paid to the employee at the employee's option*** is not considered WRS reportable. This includes IRAs or Tax Deferrals purchased with monies originally intended to purchase another fringe benefit (e.g., health insurance). This also includes banked vacation or sick leave time for which a cash payment is made at employee's option/discretion. (Refer to subchapters 502 and 504.)

Example 1: A local municipality offers an incentive payment of $200 per month for any employee who chooses **not** to be covered under the municipality's group health insurance plan. This monthly payment **is not WRS reportable** earnings, as it is a payment in lieu of a fringe benefit that is paid at the employee's option.

Example 2: A school district offers a $2.00 per hour increase in the hourly rate of pay for any employee who chooses **not** to be covered under the school district's group health insurance plan. The increase in the employee's hourly rate of pay **is not WRS reportable** earnings, as it is a payment in lieu of a fringe benefit that is paid at the employee's option.

E. Uniforms purchased directly by the employer or uniform allowances (either advances or reimbursements to employees) for the purchase of uniforms required to be worn in the performance of service for the employer that are not of a type normally adaptable to general or continued wear such that they could take the place of ordinary clothing.

Example 1: A city provides an annual allowance to police officers so that they can purchase blue or brown uniforms, hats and bulletproof vests. This clothing is not adaptable for everyday use, but instead is worn to perform a job for the employer. This uniform allowance **is not WRS reportable** earnings.

Example 2: A local fire department supplies its firefighters with blue pants and blue T-shirts with the department's logo emblazoned on the front for required wear while on duty at the firehouse. Though some firefighters may wear this clothing while
on personal time, the clothing is provided for use as firehouse attire and is not reasonably adaptable for everyday personal use. The value of the clothing **is not WRS reportable** earnings.

F. Amounts paid as advances or reimbursements for ordinary and necessary expenses (meals, lodging, travel, personal cell phone use, etc.) incurred while the employee is conducting the business of the employer. The employer must identify these advances or reimbursements either by making a separate payment or by specifically indicating separate amounts where wage and expense allowances are combined in a single payment.

Example 1: The employer directs an employee to attend an out-of-town training session. The employer reimburses the employee for a lunch expense. The reimbursement **is not WRS reportable** earnings.

Example 2: As part of their job, a city employee is required to travel extensively throughout the state. The employee incurs expenses for meals and lodging for which the employer reimburses the employee. For extended travel trips, the employee receives a partial advance of money to be used exclusively for meal and lodging expenses. The payment **is not WRS reportable** earnings.

Example 3: A village employee is asked to use their personal vehicle and personal cell phone to deliver village reports to a state agency. The employee is reimbursed for use of their personal car and cell phone. The employee received this reimbursement for a business-related expense incurred for the convenience of the employer. The reimbursement **is not WRS reportable** earnings.

G. The value of meals provided on the employer's premise for the convenience of the employer and the employee does not have the option of taking cash.

Example: A county elected official is asked by the employer to participate in a luncheon seminar with state officials on the county's premise. The value of the lunch **is not WRS reportable** earnings.

H. The value of the use of an employer owned vehicle when used for commuting purposes or in conducting employer business for the convenience of the employer.

Example: A city provides its police chief with a city owned vehicle to ensure that the chief has access to transportation 24 hours a day. The chief also uses the vehicle for personal use, but is required to reimburse the city for the personal use of the vehicle. The cost of the chief's vehicle expense for city business **is not WRS reportable** earnings.

I. Payments for damages, attorney fees, interest or penalties.

J. Amounts paid to students younger than age 20 who began employment on or after April 23, 1992, and who are regularly enrolled or expected to be enrolled as full-time students (grades 1-12) in a public, private or parochial elementary or high school.

K. Payments on a fee-for-service basis to an independent contractor (refer to subchapter 314).

L. Payments made in the last five years of employment that are the result of a change in the method of computing the base compensation, unless the change is permanent and applicable to all employees or is the result of significant changes in the employee's duties.

M. Earnings attributable to the non WRS participating employers of a joint instrumentality.

508 Reportable and Non-Reportable Earnings Guide

Reportable AND Non-Reportable Earnings Guide				
Compensation Type	**Payment Type**	**Example**	**WRS Reportable**	**Comments**
Advance	Cash payment	Advance for ordinary and necessary expenses incurred in the business of the employer (e.g., meals, lodging, etc.)	No	The advance must be identified separately by the employer when the payment is made. Refer to subchapter 507-F.
Allowances (See clothing, expense, lodging and vehicle)				Refer to subchapter 501.
Attorney Fees	Cash payment	Employee is awarded a payment representing attorney fees resulting from a grievance, compromise settlement, court order, etc.	No	Cash settlements for attorney fees are considered damages and are not reportable for WRS purposes. Refer to subchapter 507-I.
Back Pay Awards	Cash payment	Payment resulting from a compromise settlement, court order, etc., which represents back wages.	Yes	Back pay awards are reportable for WRS purposes, if the settlement agreement meets the requirements in Wis. Admin. Code ETF 20.12.
			No	If all requirements in Wis. Admin. Code ETF 20.12 are not met in the settlement agreement, a back-pay award is not reportable for WRS purposes. Refer to Chapter 13 – Compromise Settlements.
Cafeteria Plan (IRC Section 125) Reductions	Reductions from IRS gross wages	Medical expense, dependent care expense and insurance premiums expense reductions.	Yes	WRS earnings include amounts deducted from gross wages for Section 125 plans. Refer to subchapters 500 & 501-M.
Cash	Cash payments of salary, wages, bonuses, etc.	Payment for personal services rendered to an employer.	Yes	Amounts paid to an employee for personal services rendered are reportable for WRS purposes. Refer to subchapter 501-A.
Cell Phone	Cash/Stipend	Payment for use of employee's personal cellphones for work-related purposes.	No	Amounts paid as advances or reimbursements for ordinary and necessary expenses incurred while the employee is conducting the business of the employer and for the convenience of the employer is not WRS reportable. Refer to subchapter 507-F.

Compensation Type	Payment Type	Example	WRS Reportable	Comments
Clothing Allowance	Cash advancement or reimbursement for clothing that is adaptable for street wear.	Blue jeans, tennis shoes, tee shirts, etc. issued to undercover police officers	Yes	Clothing allowances used for the purchase of normal street wear benefit the employee as well as the employer and are, therefore, reportable for WRS purposes. Refer to subchapter 501-F
	Cash advancement or reimbursement for standard uniforms (non-adaptable to regular street wear)	Official uniforms (e.g. police, fire, bus driver, etc.) including hats, bulletproof vests, etc.	No	Standard uniforms are for the benefit of the employer only and are not reportable for WRS purposes. Refer to subchapter 507-E.
Compensatory Time	Cash payment resulting from the use of compensatory time as leave time.	An employee works extra hours and receives compensatory time that is used as leave time.	Yes	Payment for compensatory time is earnings for WRS purposes when used as leave time. Earnings and hours are WRS reportable to the year when used. Compensatory time does not need to be used in the same annual earnings period it was earned to be WRS reportable. Used compensatory time at termination is WRS reportable if the termination date is extended by the amount of used leave time.
	Cash payment for unused accumulated compensatory time.	An employee receives a lump sum payment for unused, accumulated compensatory time.	Yes	Payment for unused compensatory time is earnings for WRS purposes. Earnings and hours are WRS reportable to the year when earned. Unused compensatory time is not required to be paid out in the same annual earnings period when earned to be WRS reportable. Refer to subchapters 503 and 504.
Contributions Paid by Employer	Employer's share of contributions	Employer's share of: insurance premiums, retirement contributions, Social Security taxes, etc.	No	Employer share of contributions and premium are not reportable for WRS purposes. Refer to subchapter 507-A.
Contract Buy Outs	Cash payment		No	Wis. Stat. §40.02 (22) (b) 8. Refer to subchapter 507-B.
Damages Payment	Cash settlement	Employer agrees to pay employee an arbitrary amount to compensate for some wrongdoing on the part of the employer.	No	A cash settlement may not be considered earnings for WRS purposes unless it meets the requirements of Wis. Admin. Code ETF 20.12. Refer to subchapter 1302.
Deferred Compensation	Amounts deferred from gross wages	Employee voluntarily defers wages to a tax-sheltered program under section 403(b) of the IRC or a deferred compensation program under section 457 of the IRC, etc.	Yes	Amounts paid for personal services rendered, but deferred for tax purposes are reportable for WRS purposes in the year when earned. Refer to subchapter 507-D.

Compensation Type	Payment Type	Example	WRS Reportable	Comments
Employee Reimbursement Accounts	Deduction from gross wages for tax purposes	See examples under Cafeteria Plans.	Yes	Amounts paid for personal services rendered, but deducted from gross wages for tax purposes are reportable for WRS purposes. Refer to subchapter 501-M.
Expense Allowance	Cash payment	A city mayor receives a monthly expense allowance for use in attending work-related functions and activities. A police officer receives a monthly stipend for the city using their dog as K-9 unit.	No	Expense allowance payments used for the ordinary and necessary expenses incurred in the business of the employer are not reportable for WRS purposes. The employer must make separate payments or indicate separate amounts where both wages and expense allowances are combined in a single payment. Refer to subchapter 507-F.
Extra-Curricular Activity Pay	Cash payment	A teacher also performs as the football team's coach.	Yes	The additional earnings are reportable for WRS purposes. Hours are calculated by dividing the amount paid annually by the employee's current basic pay rate. Refer to subchapters 501-U & 514.
Fringe Benefit	Cash payment	An employee requests and receives a direct payment or a payment to an account (e.g. IRA or tax-deferred annuity) on their behalf, or an increase in wages, instead of using the money for health, life or disability insurance premiums.	No	Payments in lieu of fringe benefits normally paid for or provided by the employer, but which can be paid to the employee at the employee's option are not reportable for WRS purposes. Refer to subchapter 507-D.
Health Savings Account (HSA)	Employee salary reduction	Employee instructs employer to take a pre-tax deduction from salary for deposit into a HSA.	Yes	Employee salary reductions for deposit to an HSA are earnings for WRS purposes since WRS reportable earnings are gross earnings prior to deductions for insurance premiums, required WRS contributions, etc. Employer contributions to an employee's HSA in return for the employee's election of a specific health plan, in lieu of other benefits, or to defray higher out-of-pocket expenses is considered a fringe benefit and not WRS earnings. Refer to subchapter 507.
	Employer Contribution	Employer makes a monthly contribution to an employee's HSA in return for employee's election of a higher deductible health insurance option.	No	
		Employer makes a monthly contribution to their employees' HSA accounts	No	

Compensation Type	Payment Type	Example	WRS Reportable	Comments
Independent Contractor Payments **Note:** Must meet federal Independent Contractor rules. See IRS publication 1779.	Fee-for-service cash payment	Employer hires a system analyst/programmer working for a consulting firm to complete a special project.	No	An independent contractor is not an employee of the employer, therefore, the earnings are not reportable for WRS purposes. Refer to subchapters 507-K & 314.
Insurance Benefit Payments	Cash payment	Income continuation or life insurance payments made to an employee by an insurance carrier.	No	Insurance payments are not payment for services rendered and are not reportable for WRS purposes. Refer to subchapter 507-A.
Interest Payments	Cash payment	An employee receives a settlement award from an employer that includes interest on lost back wages.	No	Amounts paid as interest in settlement agreements are considered damages and are not reportable for WRS purposes. Refer to subchapter 1305-A.
IRA Payment Given to Employee by Employer in Lieu of a Fringe Benefit	Employer provides an amount to an employee in lieu of a fringe benefit, which the employee chooses to place into an IRA	An employer provides money to an employee to be placed in to the employee's IRA instead of using the money to pay health insurance premiums.	No	Payments in lieu of fringe benefits normally paid for by the employer, but which can be paid to the employee at the employee's option are not reportable for WRS purposes. Refer to subchapter 507-D.
Joint Instrumentality Earnings	Salary	An employee works for a joint library district created by six towns and villages. Only one of which is a WRS participating employer. All six entities pay a portion of the salary.	Yes/No	Although all hours worked are used in determining the employee's WRS eligibility, only the hours and earnings attributable to the WRS participating employer are reportable. Refer to subchapters 308 & 507-M.
Jury Duty Compensation	Cash payment	An employee receives regular wages from the employer while serving jury duty.	Yes	The regular salary amount is reportable for WRS purposes. **Note**: Any amount of money paid to the employee by the court is not reportable for WRS purposes. Refer to subchapter 501-N.
Length of Service Payment	Cash payment	An employer pays an annual bonus to all employees based on a specified number of years of service.	Yes	This payment is reportable for WRS purposes as long as it is not contingent on termination of employment. Any bonus not contingent on termination is WRS earnings. Refer to subchapter 501-L.

Compensation Type	Payment Type	Example	WRS Reportable	Comments
Lodging Advancement or Reimbursement	Lodging provided in lieu of salary	An employer provides a new employee with lodging in lieu of salary.	Yes	The value of the lodging is reportable for WRS purposes if it is not provided for the convenience of the employer or as a condition of employment. Refer to subchapter 501-G.
	Cash advance or reimbursement	An employee receives cash reimbursement for lodging expenses incurred while attending a work-related conference or training seminar.	No	Advancement or reimbursement for ordinary and necessary expenses incurred in the business of the employer is not reportable for WRS purposes. Refer to subchapter 507-F.
Leave of Absence Compensation	Cash payment	A teacher or police officer, for example, receives payment during an administrative leave of absence.	Yes	These earnings and their associated hours are reportable for WRS purposes. Refer to subchapters 501-Q & 506.
Meals Advancement or Reimbursement	Cash payment	An employee receives cash reimbursement for meal expenses incurred while attending a work-related conference or training seminar.	No	Advancement or reimbursement for ordinary and necessary expenses incurred in the business of the employer is not reportable for WRS purposes. Refer to subchapter 507-F.
	Free meal in lieu of salary	Free meals provided by the employer in lieu of salary.	Yes	The value of the meal is reportable for WRS purposes if the employee has the option of taking cash in lieu of the free meal, if the meal is not a condition of employment and if the meal is not provided for the convenience of the employer. Refer to subchapter 501-G.
	Free meal for the employer's convenience	As a condition of employment, a police dispatcher is provided with a meal on the premises of the employer, strictly for convenience of the employer. The employee has no option to request cash payment in lieu of this free meal.	No	The value of a free meal which is provided to an employee for the convenience of the employer (as a condition of employment) and for which the employee may not take cash payment is not reportable for WRS purposes. Refer to subchapter 507-G.
Merit Pay	Cash payment	An employee receives a one-time or base building merit pay award for exceptional job performance.	Yes	The merit pay is reportable as earnings for WRS purposes as long as the merit award is not contingent on termination of employment. Any bonus not contingent on termination is WRS earnings. Refer to 501-L.
Moving Expenses	Cash payment	An employee receives payment to cover moving expenses.	No	Payments made to relocate a new employee are not WRS reportable.

Compensation Type	Payment Type	Example	WRS Reportable	Comments
On-call Pay	Cash payment	A village EMT employee is paid a minimal amount per hour for being on-call.	Yes	The on-call earnings are reportable for WRS purposes. Hours are calculated by dividing the amount paid for on-call services in the annual earnings period by the employee's current base pay rate. Refer to subchapters 501-U & 514.
Overtime Pay	Cash payment	An employee receives overtime pay for hours worked in excess of 40 per week.	Yes	Overtime pay is reportable for WRS earnings when paid regularly to an employee during an employment relationship. Refer to subchapter 501-B.
Penalty Payments	Cash payment	An employee receives a settlement award from an employer that includes a penalty payment to the employee for wrongdoing on the part of the employer.	No	Amounts paid as penalties in settlement agreements are considered damages and are not reportable for WRS purposes. Refer to subchapter 1305-A.
Reimbursement (see clothing, lodging and vehicle)				
Sabbatical (see Leave of Absence Compensation)			Yes	Refer to subchapter 506.
Severance Pay	Lump sum or installments	Employee receives a severance payment resulting from, or to secure, a resignation.	No	Amounts paid which are not compensation paid for services rendered to or for an employer are not WRS reportable. Refer to subchapter 507-B.
Sick Leave Pay	Cash Payment	All employees of an employer receive an annual payout for unused sick leave.	Yes	1. The sick leave payout is reportable for WRS purposes when paid regularly to an employee during an employment relationship, when made routinely to all employees on a regular basis.
		An employee's last day worked is January 29, 2018. The employee receives payment for using 20 days of remaining sick leave and the employer extends the termination date to February 26, 2018.	Yes	2. The sick leave payout is reportable for WRS purposes at termination when the payment results in extending the employee's termination date to account for the payout. The earnings and hours are WRS reportable.

Compensation Type	Payment Type	Example	WRS Reportable	Comments
Sick Leave Pay continued		An employee's last day worked is January 30, 2018. The employee receives payment for 28 days of unused sick leave, but the employer does not extend the employee's termination.	No	The sick leave payout is not reportable for WRS purposes at termination if the termination date is not extended to account for the accumulated leave and the employer does not have a broadly applicable policy that routinely pays out sick leave. Routinely is defined as at least annually.
		An employee's last day worked is January 30, 2018. The employee receives payment for 28 days of unused sick leave, but the employer does not extend the employee's termination date beyond January 30. The employer does have a policy of routinely converting unused sick leave to cash.	Yes	The sick leave payout is reportable for WRS purposes at termination if the employer does have a broadly applicable policy that routinely pays out sick leave. Routinely is defined as at least annually. Report only the earnings to the WRS, not the hours.
		An employee is allowed, **at their option**, to convert sick time to cash. The employee would like to convert 40 hours of vacation to cash.	No	Payments in lieu of fringe benefits normally paid for or provided by the employer, but which can be paid to the employee at the employee's option are not WRS reportable [Wis. Stat. §40.02 (22) (11)]. Refer to subchapters 502 and 504.
Standby (See On-Call)			Yes	Refer to subchapter 514.
State Elected Official Salary Increase	Delayed effect	A State senator votes to increase the pay of senators and the law is passed. The senator is prohibited from receiving the pay increase until the next term.	Yes	The value of the increase in compensation the State elected official would have received had it not been prohibited by law is reportable for WRS purposes. Refer to subchapter 501-T.
Tax Deferral (See Deferred Compensation)			No	Refer to subchapter 507-D.
Tax Shelter (See Deferred Compensation)			No	Refer to subchapter 507-D.
Training Pay	Cash payment	A part-time police officer is sent to training that is paid by the city and may be reimbursed by the state.	Yes	If the employee is otherwise eligible for WRS, the training pay is reportable by the city for WRS purposes. Refer to subchapter 501-R.

Compensation Type	Payment Type	Example	WRS Reportable	Comments
Vacation Pay	Cash payment	All employees of an employer receive an annual payout for unused vacation.	Yes	The vacation payout is reportable for WRS purposes when paid routinely to all employees on a regular basis. Report only the earnings to the WRS, not the hours. Routinely is defined as at least annually.
		An employee's last day worked is January 29, 2018. The employee receives payment for using 10 days of remaining vacation and the employer extends the date of termination to February 12, 2018.	Yes	2. The vacation leave payout is reportable for WRS purposes at termination when the leave is used resulting in the extension of the employee's termination date. Report the earning and hours to the WRS.
		An employer routinely pays employees for unused vacation on an annual basis. If an employee terminates prior to the annual payout, the payout is made at termination.	Yes	3. The vacation payout is reportable for WRS purposes as the employer regularly pays out unused vacation annually or upon termination if the employee terminates prior to the annual payout. Report only the earnings to the WRS; not the hours.
		An employee's last day of work is January 29, 2018. The employee receives payment for 15 days of unused vacation. The employer does not regularly pay unused vacation and the employer will not allow the employee to extend their termination date to use vacation. The employer reports a termination date of January 29, 2018.	No	4. The vacation payout is not reportable for WRS purposes at termination if the termination date is not extended and the employer does not regularly pay out unused vacation.
		Employees are allowed, **at their option or discretion**, to convert vacation time to cash. An employee would like to convert 40 hours of vacation to cash.	No	5. Payments in lieu of fringe benefits normally paid for or provided by the employer, but which can be paid to the employee at the employee's option, are not WRS reportable [Wis. Stat. §40.02 (22) (11)] Refer to subchapters 502 and 504.

Compensation Type	Payment Type	Example	WRS Reportable	Comments
Vehicle Advancement, Allowance and Reimbursement	Cash payment.	An employee receives an allowance, advancement or reimbursement for use of a personal vehicle for work-related meetings and events.	No	Advancement or reimbursement for ordinary and necessary expenses incurred in the business of the employer is not reportable for WRS purposes. Unused amounts available to the employee for personal use are WRS reportable. Refer to subchapters 501-H & 506-F.
		An employee receives an allowance, advancement, or reimbursement for use of any personal item for work. This could include a dog, fireman, vehicle, or other items.	No	Advancement or reimbursement for ordinary and necessary expenses incurred in the business of the employer is not reportable for WRS purposes. Unused amounts available to the employee for personal use are WRS reportable. Refer to subchapters 501-H & 506-F.
	Value of personal use of employer-owned vehicle.	An employee receives use of an employer-owned vehicle for work and personal use, and the employee is not required to reimburse the employer for personal use of this vehicle.	Yes	Only the value of the personal use of the employer-owned vehicle is reportable for WRS earnings. The employer must maintain detailed reporting of personal versus work-related use. Refer to subchapter 501-G.
	Value of work-related use of an employer-owned vehicle.	A city fire chief is provided with a city-owned vehicle to commute to work-related destinations at any time of the day or night for the convenience of the employer. The fire chief maintains records of personal versus work mileage and reimburses the city for personal usage.	No	The value of the use of the employer owned vehicle when used for commuting purposes for the convenience of the employer is not reportable for WRS purposes. Refer to subchapter 506-H.
Voluntary Employee Benefits Association (VEBA)	Employee Contributions	Employee is required to make the contribution to fund post-employment medical expenses from their earnings and the contributions are made from pre-tax income.	Yes	VEBA is authorized under Section 501(c)(9) of the Internal Revenue Code. It allows for the tax-free pre-funding of post-employment medical expenses. Funds can only be used for post-employment medical expenses. Premium payments both incoming funds and earnings and post-employment expenditures are exempt for State, Federal and FICA taxation. Typically, a third-party administrator is responsible for account activity.

Compensation Type	Payment Type	Example	WRS Reportable	Comments
Voluntary Employee Benefits Association (VEBA)	Employer Contributions	Employer contributes money to fund post-employment medical expenses for the employee.	No	VEBA is authorized under Section 501(c)(9) of the Internal Revenue Code. It allows for the tax-free pre-funding of post-employment medical expenses. Funds can only be used for post-employment medical expenses. Premium payments both incoming funds and earnings and post-employment expenditures are exempt for state, federal and FICA taxation. Typically, a third-party administrator is responsible for account activity.
Wellness Incentive	Cash Payment	An employee receives a payment from the employer for engaging in healthy behaviors.	No	Wellness incentive is a payment to encourage the employee to do something for their own benefit, not payment for personal services rendered to or for an employer.
Workers' Compensation Credit	No payment	An employee is injured and receives temporary disability benefits through Worker's Compensation.	Yes	The earnings (and associated hours of service) that would have been paid to the employee during the period the employee was receiving temporary disability benefits from Worker's Compensation are reportable for WRS purposes. Refer to subchapter 505. **Note**: The amount paid to the employee from Worker's Compensation is not reportable**.**

509 Definition of WRS Creditable Service

Wis. Stat. §40.02 (14), defines WRS "creditable current service" as the creditable service granted for service performed for a participating employer and for which a participating employee receives earnings after the effective date of WRS participation for that employer.

The full time equivalent of one year of creditable service for a **teacher is 1,320 hours**. A teacher will be granted a full year of service if at least 1,320 hours are reported. A full year of service for **all other employment categories is 1,904 hours**.

Note: 2009 Wisconsin Act 28 ***does not*** change the actual service crediting for educational support personnel (or for any other non-teaching participants). Non-teachers (including educational support personnel) creditable service will continue to be calculated by dividing the hours worked in a year by 1,904.

Employers track and report hours to ETF and the reported hours are subsequently converted to creditable service. Hours must be reported accurately since the resulting service credited to the participant account is a key factor in determining formula benefits.

510 Annual Earnings Period is Basis for Reporting Hours

The annual earnings period for all participants (except teachers, educational support personnel and judges) is the calendar year beginning on January 1 and ending December 31. A "fiscal year" is the annual earnings period for teachers, educational support personnel and judges, and is the period beginning July 1 and ending June 30.

Hours and earnings (such as payroll lag or balance-of-contract payments) of a nine- or 10-month contract fiscal year employee paid after July 1 for services rendered in the preceding fiscal year are deemed to be received on June 30 and must be reported to the preceding fiscal year (refer to Chapters 9 and 10). Hours and earnings for a 12-month contract fiscal year employee must be reported when paid.

511 Computing and Reporting Hours

Wis. Admin. Code ETF 10.03, requires that each WRS participating employer determine and report hours worked for each WRS participating employee. The following provisions apply in crediting WRS service for your employees:

- WRS can grant no more than one year of creditable service for any annual earnings period, even if an employee exceeds the number of hours needed during an annual earnings period for a full year of credit. It is essential, however, that all hours worked are reported because they are used to determine whether a normal 'hours-to-earnings' progression exists during the employee's employment history.

- Employees receiving earnings from one or more WRS participating employers, in more than one employment category, will be granted no more than one year of creditable service for any annual earnings period. Should the total hours from all sources exceed the number required to receive one year of creditable service, that service shall be allocated and credited in the sequence specified in Wis. Admin. Code ETF 10.03 (5), until one year of service is granted.

- Service is based on the number of hours for which earnings are paid. A salaried employee who works additional hours, but is not paid additional earnings, should not have additional hours reported.

- Hours for on-call, standby, extracurricular or other service incidental to the primary employment must be reported as the quotient derived from dividing the compensation paid for such service by the employee's current basic pay rate. (Wis. Admin. Code ETF 10.03 (7))

- Overtime hours must be reported based on hours worked, not based on hourly pay rate. If overtime hours are paid at 1.5 times the basic hourly rate, report actual hours worked and not hours worked times 1.5.

Note: Pursuant to Wis. Admin. Code ETF 10.03(5)(a), for purposes of calculating creditable service, fractions of an hour shall be rounded to the nearest hour prior to crediting and if the fraction is one-half hour then the hours credited shall be rounded up to the next whole number.

512 Reporting for Eight-Hour Workday

Wis. Admin. Code ETF 10.03, defines the full-time equivalent of one day of service as eight hours. Employers with an established full-time workday of eight hours must report the actual hours for which earnings are paid for both their full-time and part-time employees.

Teachers

For teachers and school district educational support personnel, a school day is any day in which school is actually taught. This includes legal holidays, if they fall within the scheduled school term. Also, included as days of service are:

- State teacher's conventions
- Days when school is closed by order of the health officer

513 Computing and Reporting Hours for Other Than an Eight-Hour Workday

The full-time equivalent of one day of service is eight hours. However, if an employer has an established, reasonable written policy for an employee or group of employees of a full-time workday other than eight hours (for example, a 7 or 7.5-hour day), the hours must be calculated and reported using the formula in Wis. Admin. Code ETF 10.03 (2). The established, reasonable written policy can be contractual or as determined by personnel policy.

Note: The above-referenced Administrative Code provision was intended to apply to specific groups of employees who may work non-standard hours. For example, as recognized below, firefighters and police officers may work in shifts longer than eight hours, or they may work six days in a row, with three days off. Another group to whom this provision was meant to apply is teachers, whose standard work day is considered to be 7.5 hours. ***This provision was not intended to apply to employees who would typically work standard eight-hour work days or to create a situation where a typically part-time hourly standard is converted to full-time with the intent of obtaining additional WRS service credit***.

The formula for calculating an other-than eight-hour workday is as follows:

1. Divide the number of hours for which earnings are paid in the reporting period by the number of hours that would have been worked in that period by a regular full-time employee in the same kind of employment.

2. Multiply the result by 40.

3. Multiply this result by the number of weeks (and fractions of a week) in the reporting period being determined.

$$\left(\frac{\text{Hours Worked}}{\text{Full Time Hours}}\right) \times 40 \times \text{Number of weeks in the reporting period}$$

A. The following examples illustrate how the formula is used to report accurate hours for *full-time employees*:

Example 1: A 7½-hour workday is considered full-time for teachers, and a full-time teacher works 75 hours in a two-week pay period.

$$\frac{75 \text{ hrs worked}}{75} = 1 \times 40 \times 2 = 80 \text{ hrs to be reported}$$

Example 2: The same teacher was paid for ten hours of overtime.

$$\frac{85 \text{ hrs worked}}{75} = 1.13 \times 40 \times 2 = 90.4 = 90 \text{ hrs to be reported}$$

Example 3: The established work week for a full-time firefighter is 56 hours, or 112 hours for a two-week pay period.

$$\frac{112 \text{ hrs worked}}{112} = 1 \times 40 \times 2 = 80 \text{ hrs to be reported}$$

Example 4: The work schedule for a local police department is six days on followed by 3 days off, eight hours per shift. The schedule results in 88 hours for one two-week pay period and 64 hours for the next two-week pay period, for an average of 76 hours per pay period for a full-time officer.

$$\frac{76 \textit{ hrs} \text{ worked}}{76} = 1 \times 40 \times 2 = 80 \text{ hrs to be reported}$$

Example 5: A 7½-hour workday is full-time for a teacher (75 hours in a two-week period). Ateacher who substitutes for another teacher during a free period in the regular workday and is paid additional earnings must have additional hours reported. During a pay period one teacher was paid for substituting for another for an additional two hours.

$$\frac{77 \textit{ hrs} \text{ worked}}{75} = 1.03 \times 40 \times 2 = 82.13 = 82 \text{ hrs to be reported}$$

B. The following examples illustrate how the formula is used to report accurate hours for ***part-time employees***:

Example 1: A seven-hour workday has been established as full-time employment for a group of employees. Full-time employment for a two-week pay period is 70 hours. A part-time employee works 3.5 hours per day.

$$\frac{35 \textit{ hrs} \text{ worked}}{70} = .50 \times 40 \times 2 = 40 \text{ hrs to be reported}$$

Example 2: A 7½-hour workday is full-time employment for teachers (75 hours in a two-week period). A teacher works 37.5 hours in a two-week period.

$$\frac{37.5 \text{ hrs worked}}{75} = .5 \times 40 \times 2 = 40 \text{ hrs to be reported}$$

Example 3: A 7½-hour workday is full-time employment for teachers (75 hours in a two-week period). A teacher ordinarily works 37 hours in a two-week period, but during one period works four hours extra and is paid for the extra service. (37.5
+ 4 = 41.5)

$$\frac{41.5 \text{ hrs worked}}{75} = .55 \times 40 \times 2 = 44 \text{ hrs to be reported}$$

Example 4: A 7½-hour workday is full-time employment for a teacher (75 hours in a two-week period). A half-time teacher who substitutes for another teacher during a free period in the regular workday and is paid additional earnings must have additional hours reported. During one pay period, the half-time teacher was paid for substituting for an additional two hours.

$$\frac{39.5 \text{ hrs worked}}{75} = .53 \times 40 \times 2 = 42 \text{ hrs to be reported}$$

514 Earnings and Hours for On-call, Standby, Extracurricular and Other Non-Standard Hours

Participating employee earnings for on-call, standby, extracurricular or other service, which is incidental to the primary employment, **must be reported** and contributions paid on those earnings on the **same basis as for any other earnings**. [Wis. Admin. Code ETF 10.03 (7) (a)].

The number of hours to report for the "incidental" service is determined by dividing the compensation received for the service by the employee's current basic pay rate. The "current basic pay rate" as defined in Wis. Admin. Code ETF 10.01 (1m) (a), is the hourly rate or its equivalent, excluding any overtime or supplementary compensation, at which the employee is paid, unless otherwise provided in Chapter 230 of the Wisconsin Statutes on State Employment Relations or Chapter 111, Subsection V of the Wisconsin Statutes on State Employment Labor Relations. Please see Wis. Admin. Code ETF 10.01 (1m) (b) to determine the current basic pay rate if the participating employee was formerly a WRS annuitant.

Example 1: A teacher is paid $1,000 extra to serve as advisor for the school yearbook. The teacher's current basic pay rate is equivalent to $25 per hour. Report 40 additional hours with the teacher's earnings (1000/25 = 40).

Example 2: An employee is asked to be on-call for two days on a holiday weekend. The employee is paid $80 extra to be on call. His current basic pay rate is $20 an hour. Divide the $80 compensation received for the on-call duty by the pay rate of $20 an hour. The resulting 4 hours must be included in the total hours reported with the employee's earnings.

Example 3: A teacher with a basic pay rate of $30.00 an hour also coaches girls softball for an additional $1,500 per season. The district has properly applied the rule for determining and reporting hours for extracurricular work. In this example, the district reported an additional 50 hours of service along with the $1,500 in coach's salary.

The teacher terminated employment with the district following the school year, took no WRS benefit, and returned the following season to coach. Since the teacher returned within 12 months without having taken a WRS benefit, the coaching is WRS eligible and the earnings and hours must be reported to WRS. Unless a new hourly rate of pay is contracted for the coaching, the earnings and hours must be reported on the same basis as before the termination.

Example 4: A full-time public works employee also referees games for the city recreation department. As a referee, the employee is paid by the number of games refereed rather the number of hours worked. For this type of employment situation, the employer calculates referee hours by dividing total referee compensation by the employee's current basic pay rate as a public works employee. The number of games refereed is irrelevant for the purpose of reporting hours to ETF.

515 Reportable Hours for Part-Time Local Elected Officials

Wis. Admin. Code ETF 10.03 (6), provides guidance in determining the number of hours to report for part-time local elected officials eligible for participation in the WRS. The rule is *not* intended for use in determining WRS eligibility. The rule's use is intended for determining hours to report to WRS once the employee is expected to meet WRS eligibility criteria and has been enrolled. It should be applied based upon the **type of elected position** held, as follows:

- **Ministerial Positions** (officials other than members of the governing body such as clerk of courts, register in probate, county clerk, etc.).

  Regular Work Schedule – Report the number of hours actually worked.

  No Regular Work Schedule – Report no more than the hours obtained by dividing the official's yearly salary by twice the non-farm federal minimum wage for the appropriate year.

  The non-farm federal minimum wage is currently $7.25 an hour. The following example shows how to apply the above rule:

$$\frac{\text{Yearly Salary}}{\text{Twice Minimum Wage}} = \text{Hours of creditable service}$$

$$\frac{\$5{,}500}{\$14.50} = 379.31 \text{ rounded to } 379 \text{ hours of creditable service}$$

The non-farm federal minimum wage from 1976 to the present is as follows:

1976-1977	2.30
1978	2.65
1979	2.90
1980	3.10
1981 - March 1990	3.35
April 1990 - April 1991	3.80
May 1991 - Sept. 1996	4.25
Oct. 1996 - Aug. 1997	4.75
Sept. 1997 - July 2007	5.15
July 2007 - July 2008	5.85
July 2008 - July 2009	6.55
July 2009 - Present	7.25

- Members of a Governing Body or other Policy-Making Group (such as city council members, county board members, town or village board members, mayors, etc.).

Report the number of hours in actual attendance at board and committee meetings and a reasonable number of hours for time spent in preparation for the meetings. In no case, can the number of hours determined to have been spent in preparation time exceed twice the number of hours actually spent at the meeting.

It is the responsibility of the employer to maintain the necessary documentation to justify the reasonableness of the basis used in reporting hours for local-elected officials.

516 Reportable Hours for County Agents

Most Wisconsin counties, excluding Menomonee and Milwaukee, have established and maintain an educational program in cooperation with the University of Wisconsin (UW). Employees of this

program are considered employees of both the county and the UW. It was determined that the employees are performing teaching service and should be covered for WRS.

Hours reported for county agents must be based on the percentage of total earnings that the county or the UW pays. Neither the county nor the UW should report more hours than those related to their percentage of the total earnings. The number of hours reported **by either party must not exceed** 1,320 hours.

Example of reporting county agent:
Agent has 2,080 hours of service with $50,000 annual income.

University reports 60%:	1,248 hrs.	$30,000 earnings
County reports 40%:	832 hrs.	20,000 earnings
	2,080 hrs.	$50,000 earnings

517 Earnings That Exceed Internal Revenue Code Limits

The Internal Revenue Code (IRC) provides a limit to the amount of compensation that may be considered when calculating certain defined benefits for employees who first became WRS participants after January 1, 1996. 26 U.S.C. §401 (a) (17). That compensation limit may change annually. For calendar year 2019, that limit is $280,000, and increases to $285,000 in 2020. For updates to that limit, please visit the Internal Revenue Service website at www.irs.gov.

Please be aware that for WRS purposes, the employer should be keeping track of the employee's earnings to correctly report to ETF.

Since employers stop taking employee contributions from the employee beyond the IRC limit, employers should not report earnings over the IRC limit for an employee on the Monthly Remittance Report.

When an employer reports the employee's earnings to the employee's account on the *WRS Account Update* application or on the Annual Reconciliation Report, please report only up to the IRC limit.

Employers are responsible for keeping track of the employee's earnings on a fiscal year basis for the IRC limit. In order to determine the IRC limit for fiscal employees, ETF adds the calendar limits together and divides by two.

Note: If anything over the IRC limit is reported, ETF will review and the employer will be contacted for corrections.

Example: Emily works for the City of Money and has an annual salary of $400,000. The city reports her earnings each month on the Monthly Remittance Report and pay the contributions. When entering the August Remittance Report, the city sees that they have already reported her earnings and paid the contributions up to the IRS limit, so Emily's earnings are not included on the Monthly Remittance Reports for the rest of the year.

When it is time to report Emily's earnings on the annual report, the city also reports $285,000 in earnings. The city will balance on the annual report.

CHAPTER 6 – EMPLOYEE'S INDIVIDUAL WRS ACCOUNT

600 Creating a New Individual WRS Account
601 Methods Available for Reporting WRS Enrollments and Correcting or Updating WRS Enrollment Information
602 Completing the P060 WRS Enrollment Entry on the *WRS Account Update*
603 Sample P060 WRS Enrollment Entry Screen on the *WRS Account Update*
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607 Sample P033 Employment Begin Date Change on the *WRS Account Update*

600 Creating an Individual WRS Account

Creation or reactivation of an individual's Wisconsin Retirement System account requires that an enrollment be completed for each eligible employee. An enrollment must be completed and submitted to the Department of Employee Trust Funds by the employer agent within 10 days of an employee becoming eligible. A WRS enrollment:

- creates an employee (participant) account at ETF;
- adds the employee to the employer's Annual Employee Listing Selections;
- meets initial eligibility requirements for insurance enrollment; and
- reactivates an employee's existing WRS account when rehired or reinstated.

A late enrollment may cause a benefit from previous WRS-covered employment to be paid in error, as well as delay application processing for ETF-administered insurances.

601 Methods Available for Reporting WRS Enrollments and Correcting or Updating WRS Enrollment Information

Employers can submit WRS enrollments and corrections/changes to employee descriptive data by using the following methods:

A. ETF Web Applications for Employers:
Once authorized for access to the ETF Web Applications, employers can use the 'WRS Account Update' application to create an eligible employee's individual WRS account, reactivate an inactive WRS account and update or correct the account's descriptive data fields, such as name and/or address, employment begin date, gender and/or employment category. Refer to subchapter 604 for instructions and Chapter 23 for further information regarding the *WRS Account Update* application.

B. File Transfer Protocol (FTP):

An electronic version of the *Electronic Reporter Transmittal* (ET-2536) must accompany FTP files. Refer to Appendix A for FTP data description and formatting requirements.

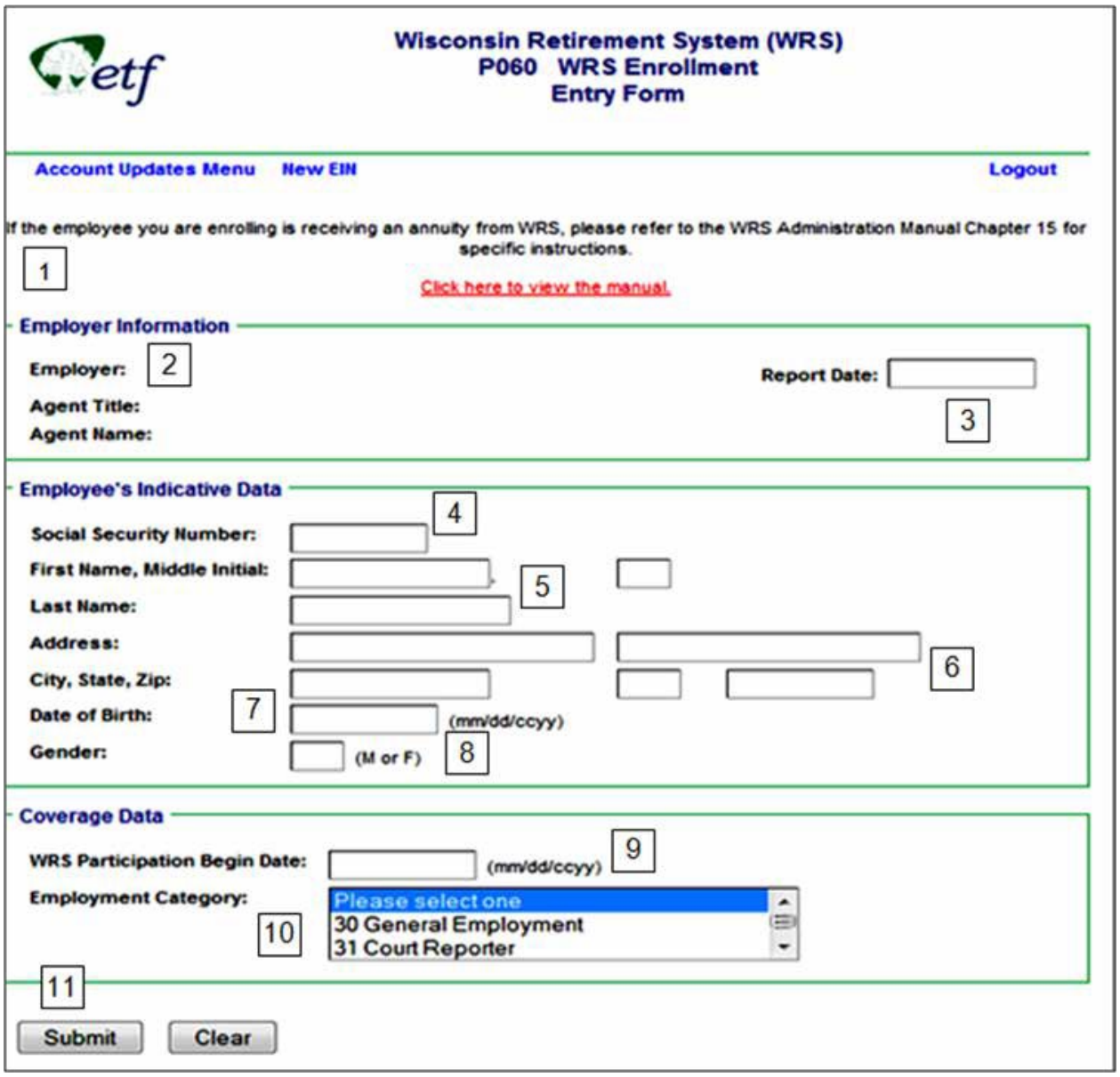
602 Completing the P060 WRS Enrollment Entry Using the *WRS Account Update*

This section provides instructions on completing the P060 Enrollment Entry transaction using the *WRS Account Update* application on ETF Web Applications for Employers. A sample copy of the screen is in subchapter 603. Complete the P060 Enrollment Entry using the following instructions:

#	Item Name	When Completing WRS Enrollment Form
1	If the employee you are enrolling is receiving a WRS annuity . . .	An enrollment is not completed in this situation. A *Rehired Annuitant Form* (ET-2319) must be completed. Refer to Chapter 15 for further information.
2	Employer Indicative information	Automatically pre-filled - employer number, name, agent's name and title.
3	Report Date	The current date is automatically pre-filled with the current date.
4	Social Security Number (SSN)	Obtain the SSN directly from the employee's Social Security card. The SSN becomes the employee account number for ETF. Accuracy here is extremely important. If corrections need to be made, a copy of the SSN must be sent to ETF.
5	Employee First, Middle Initial and Last Name	Enter the complete name as it appears on the Social Security card or birth certificate. Enter the first name, middle initial and last name.
6	Address	Enter the employee's complete permanent home address. Upon submission, the address is verified with the U.S. Postal Service and you may be asked to accept this corrected address.
7	Birth date	Enter the date as it appears on the birth certificate. Birthdates are used for benefit entitlement calculations. The member may encounter difficulty when applying for a benefit if this date is not reported accurately.
8	Gender	Enter "M" for male or "F" for female
9	WRS Participation Date (MM/DD/YYYY)	Enter the date WRS eligible employment began with you. Refer to Chapter 3 for determining eligibility. For most employees, this will be their first day worked.
10	Employment Category	Determine the appropriate Employment Category from the categories listed in subchapter 401. Category determination must be based on duties performed by the employee and not licenses or certifications.
11	Submit	Select submit.
12	Confirm	Review the data entered for accuracy and select confirm to complete the enrollment. Make a copy for your records.

603 Sample P060 WRS Enrollment Entry Screen on the *WRS Account Update*

The numbers coinciding with the fields on the screen refer back to subchapter 602



604 Codes for Correcting Enrollment Information

Should it be necessary to correct or change information reported to ETF through the WRS enrollment process, use either the ETF Web Applications for Employers site or File Transfer Protocol (FTP) reporting. A correction to a social security number and/or a birth date (P030 and P032) will require submission of the *Employee Identification Correction/Change* (ET-2810) (paper) form.

Table 6.1 – Employee Identification Correction/Change Codes

Code	Corrects	Description
P030	Social Security Number*	Social Security Numbers (SSN) are used by ETF as the major identifier for participant records. Ensure it is correct on all forms. Only the *Employee ID Correction/Change* (ET-2810) form can be used to correct the SSN by completing the required fields as listed in Table 6.2. ***Note: Requires paper reporting.***
P031	Name/ Address	To correct or change a name or address, use the *WRS Account Update* application on ETF Web Applications for Employers—filling in the required fields as listed in Table 6.2.
P032	Birth date** (Verification Required, Certified Copy of Birth Certificate)	Date of birth is crucial in computing benefits and is used by ETF as the second identifier (in addition to the SSN) to further identify a participant's record. Only the *Employee Identification Correction/Change* (ET-2810) form can be used to correct the date of birth by completing the required fields listed in Table 6.2. A certified copy of their birth certificate must be attached, which will be returned to the employee upon request. Refer to subchapter 605 for additional information on documentation requirements. ** ***Note: Requires paper reporting.***
P033	Employment Begin Date	It is critical that WRS records reflect the participant's correct employment begin date. To correct a begin date, use the *WRS Account Update* application on ETF Web Applications for Employers—filling in the required fields as listed in Table 6.2. Attach an explanation for the change.
P036	Gender	To correct the employee's Gender Indicator, use the *WRS Account Update* application on ETF Web Applications for Employers 6.2

* P030 (Social Security Number Correction): Under federal regulations individuals requested to furnish their Social Security numbers are to be informed that disclosure of such number is required under policies established pursuant to the authority of Wis. Stat. §40.03 (2) (h). The number is used to maintain a record of contributions as well as for required reports to the Federal Internal Revenue Service.

** P032 (Birth date Correction): In the event an employer indicates they made an error in reporting the date of birth during the enrollment process, refer to subchapter 605 for the Vital Records policy that establishes standards for the type, quantity, and priority of documents that ETF will accept in verifying an employee's date of birth.

605 Vital Records and Age Verification Policy

The Vital Records and Age Verification Policy establishes enterprise standards for the type, quantity and priority of documents that ETF will accept in verifying employee date of birth and for any benefits administration purpose, including age verification.
Note: The documents listed do not represent a comprehensive list of all documents that adequately evidence an individual's date of birth. If other documents are provided by the employee to confirm their date of birth, ETF may determine whether they are acceptable.

Vital Records
Vital Records Include:

- Birth Certificates
- Death Certificates
- Marriage Certificates
- Divorce or Annulment Certificates

For records originating from the State of Wisconsin, ETF will only accept *certified* copies of vital records from the State of Wisconsin pursuant to the requirements set forth in Wis. Stat. § 69.24.
Note: ETF cannot accept photocopies, faxes, electronic copies or other reproductions of certified State of Wisconsin vital records, unless the copies are marked "For Administrative Use Only" and are sent to ETF directly from employers in furtherance of the proper administration of benefits. ETF can also copy a certified copy if stamped "For Administrative Use Only" and is used only internally for administrative purposes. ETF shall then return the original to its owner.
For records originating from other jurisdictions, ETF may accept copies (including faxes, photocopies, and electronic copies) of vital records from other states, territories, and other jurisdictions. Employees are expected to follow the laws governing copies of vital recorded in their respective jurisdictions.

Age Verification
Only one document is required from the following preferred list of documents. If the employee does not have any of the documents in the preferred list, the employee may submit two documents from the list of Alternative Documents in this policy.
Preferred Document List (One Required):

- Birth Certificate
- Current U.S. Passport
- Hospital Birth Record
- Naturalization (citizenship) certificate
- Current Resident Alien Card
- Permanent Resident Card

Alternative Documents List (Two Required): Any two of the following alternative documents may be used to establish date of birth in lieu of the documents in the preferred list above.

- School Record
- Child's Birth Certificate showing parent's date of birth
- Signed statement by the physician, midwife, or other certified health professional who was in attendance at birth
- Immigration Record
- Bible or other family record
- Other hospital chart/record
- Insurance policy
- Current Foreign Passport
- Marriage Certificate
- Labor Union or Fraternal Records
- Divorce or Annulment Certificate
- Driver's Permit or Driver's License
- Voter Registration
- State, Federal, or Tribal Census Record
- Employment Record
- Alien Registration Card
- Military Record
- Adoption Record
- State Identification Card
- School Identification Card
- US Governmental Employee Identification Card
- State Employee Identification Card

606 Completing a Correction on the *WRS Account Update*

Subchapter 607 provides a sample of a P033 Employment Begin Date Change on the ETF Web Applications for Employers site. Please note that the boxed numbers on the sample form correspond to the numbers in the table below. Required fields for each correction type are indicated in Table 6.2, with the letter R.

Table 6.2 – Employee Identification Correction/Change - Field Requirements

This section provides required fields (indicated with an R) for transactions on the *WRS Account Update* application and on the *Employee ID Correction/Change* (ET-2810) form. Asterisk after the code denotes paper reporting only.

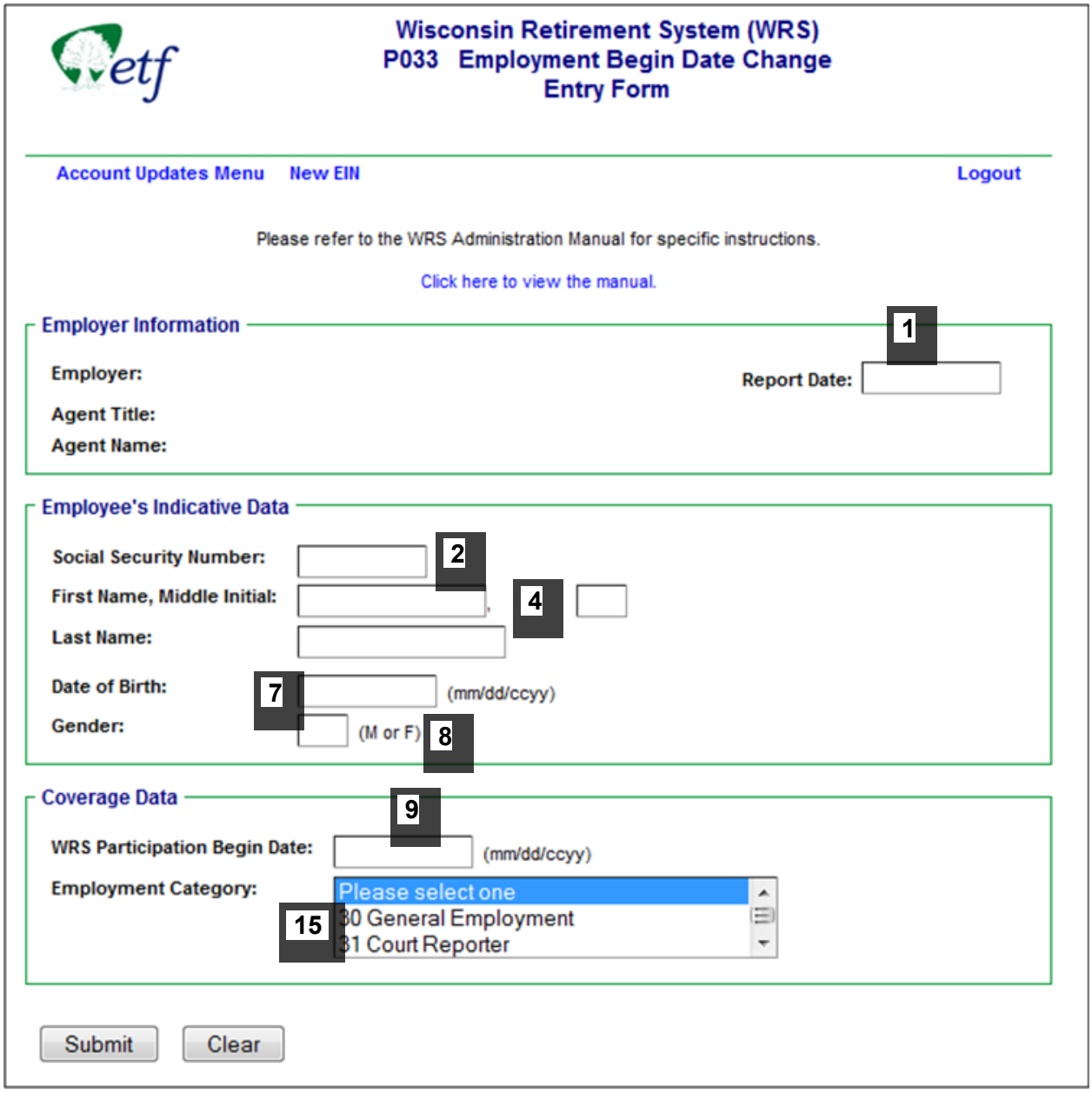
Fields	Account Correction Codes		
	P030*	**P032***	**P033**
1. Report Date*	R	R	R
2. Social Security Number (Correct)	R	R	R
3. Social Security Number (Incorrect)*	R		
4. Employee Name (First, Middle, Last)	R	R	R
5. Former Name*			
6. Address			
7. Date of Birth (Correct)	R	R	R
8. Gender	R	R	R
9. Employment Begin Date			R
10. SOB Code*			
11. ETF Employer No. (Incorrect)*			
12. RETF Employer No. (Correct)*	R	R	
13. Employer Name*			
14. Employment Category (Incorrect)			
15. Employment Category (Correct)	R	R	R
16. Account Correction (Check Box)*	R	R	
17. Signature & Title of Agent/Date*	R	R	

R = Required Field

* Used in paper reporting only

607 Sample P033 Employment Begin Date Change Entry on the *WRS Account Update*

The numbers coinciding with the fields on the screen refer back to subchapter 606.



CHAPTER 7 – CONTRIBUTION RATES

700 Introduction
701 Employer-Required Contribution Rates
702 Employer Payment of Employee-Required Contributions
703 Benefit Adjustment Contribution
704 Employer Contribution Rate Information
705 Municipal Police and Firefighters Pension Group

700 Introduction

Wisconsin Retirement System contribution rates are reviewed annually and may change based on actuarial assumptions and recommendations. Each year, at their June meeting, the Employee Trust Funds Board approves the rates for the following year. The approved rates are then published in an *Employer Bulletin*. Contribution rate changes are considered normal for systems that pre-fund retirement benefits. Annuity benefits are not affected by these rate changes.

Under Wis. Stat. §40.05, WRS contribution rate changes are distributed between the employer and employee rates. 2011 Wisconsin Act 32 require that each contribution rate be evenly divided between the Employer-Required Contribution (ERRC) and the Employee-Required Contribution (EERC) for Judges, Elected Officials and State Executive positions designated in Wis. Stat. §20.923 (4), (8) or (9) and for General category including Teachers and Educational Support Personnel. The Protective with Social Security and Protective without Social Security EERC rate is the same as the General category EERC.

Note: Employers electing to increase prior service coverage or pay off their unfunded liability balances may also experience a change to their prior service rates.

701 Employer-Required Contribution Rates (ERRC)

Each participating employer shall make contributions for current service determined as a percentage of the earnings of each participating employee. Under no circumstances may an employee be required to pay any portion of the Employer-Required Contributions (ERRC). The employer contribution rates for each of the categories consist of:

A. Current Service Costs

Current service costs are set annually based on an actuarial valuation.

B. Unfunded Actuarial Accrued Liability (UAAL)

Unfunded Actuarial Accrued Liability (UAAL) (also known as Prior Service Liability) is the cost of providing benefits for service credit earned prior to an employer joining the WRS or for providing benefit improvements based on service credit earned prior to the effective date of certain major benefit legislative changes.

Monthly retirement contribution rates include a small component for prior service liability (1 or 2% for most employers), if applicable. Each month retirement contributions are made, you are also paying toward your prior service liability. The prior service rate must be paid by the employer.

Employers have the option of paying off their liability faster, thereby minimizing future interest charges. Employers can pay off the entire liability in a single payment or make payments larger than the required amounts. ETF will develop a customized payment plan for employers interested in paying off liabilities early.

UAAL prior service contribution rates are set individually for each participating employer, based on the employer's outstanding unfunded liability balance. This liability is being amortized as a level percentage of payroll over a 40-year period beginning January 1, 1990, for employers in the WRS prior to 2009. The remaining balance is expected to be fully amortized by December 31, 2029. Liabilities for employers joining the WRS beginning in 2009 are amortized over 30 years. Interest is assessed on the outstanding liability at year end at the assumed earnings rate. Any liabilities remaining at the end of the amortization period will continue to be payable by the employer.

ETF provides an optional UAAL calculator on its website to assist employers in projecting their UAAL amortization schedule. The UAAL Calculator projects the employer prior service payments and interest using current Actuarial Assumptions of interest and salary increases. On the calculator page, select the "Employers" tab. Go to the "Wisconsin Retirement System" dropdown tab. Click on the link to "General Informatio"' to find a link to the "Local Employer Projected Unfunded Actuarial Accrued Liability" (UAAL) calculator.

C. Duty Disability Costs

Duty Disability costs are applicable to protective employment category employees as defined in Wis. Stat. §40.02 (48) (c).

The Duty Disability contribution rates, mandated by Wis. Stat. § 40.05 (2) (ar), are individually experience-rated for each participating employer. Contribution rates paid by an employer are directly related to the number and value of claims filed by each employer's participants. This rate must be paid by employers and can change yearly.

The definition of protective occupation participants, for this purpose only, is broader than for other benefit purposes in that any state employee whose duties involve supervision or discipline of inmates at a state penal institution is included in the duty disability provision.

D. Sick Leave Conversion Costs (State Agencies Only)

The Accumulated Sick Leave Conversion Credits (ASLCC) Program allows retirees of the State of Wisconsin, the University of Wisconsin (UW) System, the UW Hospital & Clinics Authority and other state authorities, at the time of their retirement, to convert the value of their unused sick leave accumulation into an account to be used to pay for post-retirement health insurance. ETF's board sets sick leave conversion costs based on the actuary's recommendation. This rate must be paid by the employer. Refer to the *Sick Leave Credit Conversion Program Brochure* (ET-4132) for more information about the program.

702 Employer Payment of the Employee-Required Contribution

Chapter 40 [§40.05(1)(b)1., Wis. Stats.] prohibits an employer from paying the WRS Employee-Required Contribution (EERC) except for explicitly specified circumstances. If no specified circumstances apply, employees must pay the employee-required contributions. The exceptions for non-represented managerial positions are contained in Chapter 40, while the exceptions for represented positions are contained in Chapter 111, which relates to employment relations.

ETF is governed by Chapter 40 of the Wisconsin Statutes. Questions which involve the interpretation and application of provisions in Chapter 111 dealing with collective bargaining are outside our purview and realm of expertise. Therefore, ETF recommends employers consult with their own legal counsel or seek an independent legal opinion regarding any contractual and collective bargaining questions in connection with Chapter 111 and collective bargaining agreements.

The situations in which an employer may pay the EERC are as follows:

1. Public Safety Employees Employed by A Municipal Employer. A municipal employer may pay the EERC in accordance with the terms of a collective bargaining agreement, for a public safety employee as defined in §111.70 (1) (mm), Wis. Stats., who was initially employed by the municipal employer prior to July 1, 2011.

   Under §111.70 (1) (mm), a public safety employee is a protective occupation participant who is any of the following: a police officer, a firefighter, a deputy sheriff, a county traffic police officer, a person employed by a town, village, or city combined protective services department, or an emergency medical service provider for an emergency medical service department.

2. Public Safety Employees Employed by a State Agency. A state agency may pay the employee-required contribution in accordance with the terms of a collective bargaining agreement, for a state traffic patrol or state motor vehicle inspector employee, who was initially employed by the municipal employer prior to July 1, 2011.

3. Other Employees Covered by a Collective Bargaining Agreement. An employer may pay the EERC for employees other than public safety employees in accordance with a collective bargaining agreement if that collective bargaining agreement has not been terminated, extended, modified, or renewed since June 30, 2011. Because of the passage of time, ETF would expect that very few employers would pay the EERC under this situation.

In certain circumstances, an employer must pay the EERC. The situations all involve employers which pay the employee-required contributions for represented employees whom they initially employed before July 1, 2011. These situations are as follows:

1. Municipal non-represented law enforcement, firefighting, and EMT managerial employees. A municipal employer must pay the EERC on behalf of its non-represented law enforcement, firefighting, and EMT managerial employees who it initially employed before July 1, 2011, to the same extent that it paid those contributions for represented law enforcement, firefighting, and EMT employees that it initially employed before July 1, 2011. Essentially, if the employee fits situation 1 from above the employer must also pay the EERC for these individuals as well.

2. Persons hired into non-represented law enforcement, firefighting, and EMT managerial position but previously employed in a represented position by the same municipal employer. A municipal employer must pay the EERC on behalf of its represented law enforcement, firefighting, and EMT employees who it initially employed before July 1, 2011 and who after July 1, 2011, it employed in a non-represented law enforcement, firefighting, and EMT managerial position to the same extent that it paid those contributions for represented law enforcement, firefighting, and EMT employees that it initially employed before July 1, 2011.

3. Non-represented managerial state patrol employees and state motor vehicle inspectors. A state agency must pay the EERC on behalf of its non-represented managerial state patrol employees and state motor vehicle inspectors who it initially employed before July 1, 2011 to the same extent that it paid those contributions for represented state patrol employees and state motor vehicle inspectors that it initially employed before July 1, 2011.

703 Benefit Adjustment Contribution

2011 Wisconsin Act 32, effective in 2011, eliminated the Benefit Adjustment Contribution (BAC). The BAC contribution was enacted by legislation in 1984 to fund improved retirement benefits for members of the WRS as established in Wis. Stat. §40.05 (2m). The BAC was not credited to the employee's WRS account, but was used to fund overall system benefit liabilities. The BAC may still apply when adding earnings to an employment segment prior to 2011.

704 Employer Contribution Rate Information

Information on "current year" and "future year" employer contribution rates are provided in the Current/Future Rate Inquiry on ETF's Internet site at etf.wi.gov. To reach the contribution rate calculator, select the 'Employers' tab at the top of the Homepage. Click on the "Wisconsin Retirement System" dropdown tab. Scroll down and select "Read More" under Employers: WRS Contribution Rates. Click on *WRS Contribution Rates Current/Future* and select the employer you are interested in viewing from the list and click "Display." Current and future year contribution rates will appear. Please note that future year rates will be updated each year once they have been announced by the ETF Board and employers will be notified via an annual *Employer News* email.

705 Municipal Police and Firefighters Pension Group

As of March 31, 1978, administration of certain local funds for police officers and firefighters was assumed by the Wisconsin Retirement Fund. This included approximately 2,000 members. As of December 31, 2018, approximately 46 annuitants or their beneficiaries remained in the system. This group was closed to new members after January 1, 1948.

The liability for retirement benefits for these annuitants is funded by employers, as benefit payments are made. Annuity reserves for these police and firefighter annuities are established by a transfer from the employer accumulation reserve at the time the annuity is approved. Earnings on these reserves are used to fund annuity adjustments on the same basis as for WRS annuitants. The unfunded liability for these annuitants as of December 31, 2018, was $1.2 million.

CHAPTER 8 – MONTHLY RETIREMENT REMITTANCE REPORT

800 Introduction
801 Access for the ETF Web Applications for Employers
802 WRS Contribution Remittance Entry
803 Late Reporting Interest Due Charge
804 Annual Reconciliation/December Remittance Reporting

800 Introduction

The Department of Employee Trust Funds only accepts transactions electronically through ETF Web Applications for Employers. This includes monthly remittance reports, Wisconsin Retirement System enrollments, terminations, late reported earnings, year-end annual reports and other periodic transactions.

Each month, employers must submit to ETF a reporting of total WRS earnings by contribution category and remit contribution payment based on those earnings using the WRS Contribution Remittance Entry application.

Important Monthly Remittance items to remember:

- **Reporting Frequency**—A WRS Contribution Remittance Entry must be performed each month of the calendar year, even when there are no earnings to report. All remittances must be deposited on or before the deadline filing dates as specified by Administrative Rule ETF 10.63. Refer to Table 8.1 for due dates.

  Note: If you realize you have made a mistake on any WRS Contribution Remittance Entry, contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285 for further instructions on correcting that report.

- **Report Period Covered**—Each monthly contribution remittance entry must include the WRS reportable earnings for the month based on “when paid” (not when earned). For example, earnings for the last pay period of December, if paid in January, should be included as part of the January contribution remittance entry.

- **Report Submission**—WRS Contribution Remittance Entries can be keyed as soon as the last payroll amounts for a month are known. The requested payment date to ETF will default to the due date. Employers are encouraged to enter reports early in the month to avoid late fees, especially when holidays and weekends fall at the end of the month, just before the due date. Please note that entries must be made **a minimum of three banking days before the due date** to ensure payment is made timely. Payment to ETF can only be initiated by an employer entry.

- **Report Due Dates**—All WRS Contribution Remittance Entries must be received at ETF, or its specified agent, on or before the due dates in Table 8.1 as required in Wis. Stats. §40.06 (1) (a). If the entry is not made by the due date, Wis. Stat. §40.06 (3) requires that an interest charge be assessed.

TABLE 8.1 DUE DATES FOR MONTHLY REMITTANCE REPORT

Report for the month of:	Deadline filing date	
	Local entities only*	State departments only
January	February 28 or 29	February 24
February	March 31	March 24
March	April 30	April 24
April	May 31	May 24
May	June 30	June 24
June	July 31	July 24
July	August 31	August 24
August	September 30	September 24
September	October 31	October 24
October	November 30	November 24
November	December 31	December 24
December***	January 31	January 24

State Only: State agencies employing teachers may report teacher earnings on the 24th with other employees or by the deadline for local entities while continuing to report all other employees' earnings on the 24 of each month.

801 Access for the ETF Web Applications for Employers

Access to use ETF Web Applications for Employers can be obtained by submitting a completed *Online Network for Employers Security Agreement* (ET-8928) to ETF. This form can be found on ETF's Internet site at etf.wi.gov.

Once received, ETF will send your login by email. ETF will contact you directly with a temporary password and instructions for setting up your own password. Passwords expire every 60 days. Employers may request network security for multiple employees.

When an employee with network security leaves your employment, please submit a completed *Online Network for Employers Security Agreement* to both delete access and file a new security agreement for the successor.

When using the *WRS Contribution Remittance Entry* application found in ETF Web Applications for Employers, payments must be made electronically through the Automated Clearing House (ACH) process. Complete and return the *Automated Clearing House (ACH) Direct Withdrawal Authorization* (ET-1734). Changes to your bank, routing number and/or account number require that you submit a new form ET-1734.

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* Should this date fall on a Saturday, Sunday or holiday when state offices are closed, the report is due on the last working day of the month.

** Should this date fall on a Saturday, Sunday or holiday when state offices are closed, the report is due the following workday.

***Though employers are encouraged to reconcile annual earnings, do not delay submission of your December report beyond the due date.

802 WRS Contribution Remittance Entry

Below is a sample of the Monthly (Employer) Remittance application screen.

1. Review employer name, agent name, address, and employer number for accuracy. Please contact ETF with updates.

2. Report type – Select either Regular or Supplemental. A Supplemental Report is used to correct a previously submitted Regular report.

   Note: During the beginning phase of the annual reconciliation process, you may submit a supplemental December report to correct earnings if you have not already submitted an Annual Report**.**

3. Normal Due Date – Is automatically filled with the current month's report due date.

   Note: If there are less than three banking days before the due date, contact ETF at the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285 for further instructions for timely options.

4. Reporting Month and Year – The month and year are automatically prefilled on the report. Be sure the date displayed is the reporting month you wish to report. Change the report month and year if necessary.

5. Date Entered – Current date is automatically filled in.

6. Requested Transfer Date – The requested transfer date is the date your payment will be transferred from your account to ETF. It is important that you review this date for accuracy. The requested transfer date is automatically filled in based on the due date for the report. **This date must be at least three banking days in the future.** If you wish to make payment on a date earlier than the date prefilled, you may change the date.

7. Employee Earnings – Enter in the WRS reportable earnings by employment category. This should be the total reportable earnings paid (dollars and cents) during the designated reporting period for each employment category. To determine what constitutes WRS reportable earnings, refer to Chapter 5.

   Note: Our system does not permit amounts less than 0 to be entered. Please contact ETF if you have negative earning amounts that cause the overall total to be less than 0.

   Note: Recheck the dollar figures for each employment category after you enter them. *Accuracy is essential. If earnings are incorrect, the remainder of your report is likely to be incorrect.*

   - Current year earnings reported for each reporting month are earnings paid during that month, based upon actual pay date (on check), regardless of when they were earned. Prior year earnings resulting from contract settlements, reinstatements, etc., must be handled separately (refer to Chapter 11).
   - Employers on a biweekly pay plan must include three pay periods during certain months of the year.
   - If there is an error, it is necessary to correct earnings/contributions reported on a previous WRS *Monthly Retirement Remittance Report* within the current calendar year, add or subtract these earnings/contributions on the next month's remittance report.
   - If there are no earnings to report for the reporting month, enter "No Earnings" in the "Total Earnings" block and place "0" in the earnings field and submit the report by the designated due date.

8. Calculate this amount (dollars and cents) for each employment category by multiplying the earnings in the category by the total appropriate rate for that category, including employer and employee contribution rates, (prior service, duty disability and sick leave rates may constitute part of your rate, if applicable). Refer to WRS Contribution Rates for more information on specific employer rates.

9. Over and Underpayments and/or Interest Due (Line 1) – Fill in amounts from the Over/Under and/or late reporting interest notice(s) received from ETF via the U.S. postal system. Your current balance is shown on the top portion of the screen.

10. Additional Contributions (Line 2) – Enter optional employee payroll deductions for additional contributions and employer-paid additional contributions, if applicable.

11. Total Invoice (Line 3) – Outstanding invoice amounts and numbers are shown on the top portion of the screen. Key the invoice number(s) only in the spaces at the bottom of the screen. The invoice amount(s) will be displayed. The total of all invoices entered will be shown on Line 3. You must pay or take credit for the full invoice amount. No partial payments can be made. Contact ETF if your credit invoice is larger than the total amount due on your report.

12. Other Payments (Line 4) – Enter optional principal payments for your Unfunded Actuarial Accrued Liability (Prior Service), if applicable.

13. Grand Total (Line 5) – Automatically calculates the sum of the report. This is the total amount that will be transferred to ETF for the month.

14. Please remember:
    a. For negative amounts, you must enter a minus sign.
    b. Decimal points are required.
    c. Do not enter commas.

15. Select ***Submit*** when information is entered. At this point, mathematical and certain date edits will be performed. You will have an opportunity to correct entries as indicated.

16. Review information and verify the:
    a. Report month and year
    b. Transfer and due dates
    c. Employee earnings by employment categories
    d. Total contributions to be paid
    e. Additional contributions, if applicable
    f. Invoices included, if applicable
    g. Total amount to be transferred to ETF

17. Select ***Confirm*** after reviewing your information for accuracy.
18. A confirmation number (tracking number) is displayed and your entry is complete.
19. ***Print*** a copy of the screen for your records.
20. Select ***Logout***.

Note: If there are issues with your report or you have any questions, contact ETF for assistance.

803 Late Reporting Interest Due Charge

Wis. Admin. Code ETF 10.64, specifies that an interest charge will be assessed on all reports and remittances **not received** by the due date for the specified report period. The date used to determine whether a report is late is the date the report is received at ETF or the state bank, not the postmark date. When reports and remittances are received after the due date, a WRS Over/ Underpayment and/or an *Interest Due Notice* (ET-1517) is sent to the employer.

Note: To view a current list of charges, refer to the ETF Web Applications for Employers, choose the "WRS Earnings Reports (On-going)" application, select the current year in the drop-down box and report to view "Late Reported Earnings." Contact ETF with questions.

A. Wis. Stat. §40.06 (3), specifies that late interest is determined by taking the calculated contributions for the month and multiplying it by .04% times the number of days the report is late.

B. The minimum interest charge is $3.00.

C. A late reporting interest charge cannot be waived according to Wis. Stat. §40.06 (3).

D. Interest amounts that are not paid may be collected from state shared taxes as provided in Wis. Stat. §40.06 (4).

804 Annual Reconciliation/December Remittance Reporting

After the final payroll for the calendar year, each employer should reconcile earnings on ETF Web Applications for Employers. December WRS Contribution Remittance Entry with the Employee Transactions detail submitted for the year. It is recommended that the reconciliation be performed before finalizing December's remittance entry. This is done to determine the correct amounts remaining to be reported for the final month of the calendar year. However, do not delay payment of the December remittance entry beyond the due date to avoid late interest charges.

- If the amount paid to the WRS for an employment category is **greater** than the liability for the employees of that category, and all employee transactions are listed, the employer may take an advance credit on the December remittance entry. This can be done by deducting the earnings and contributions from the appropriate employment category therefore reducing the total contributions paid on the December remittance entry.
- If the amount paid to the WRS for an employment category is **less** than the liability for the employees of that category, an additional amount is due on the December remittance entry and must be included in that category's December earnings and contributions.

You may file a supplemental entry if you have already submitted your December remittance and subsequently find that the earnings reported on your annual report do not equal the earnings submitted on your monthly WRS contribution remittance entries. The supplemental entry may be made as long as you did not already submit your Annual Report. The supplemental entry must include only the amount of the correction needed to balance earnings to contributions for the calendar year. Please contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285 for instructions on making these corrections.

At the end of the calendar year, earnings (by employment category) and additional contributions reported on the twelve WRS Contribution Remittance Entries, as well as any supplemental remittance entries, are reconciled by ETF to the participant earnings detail reported by category on:

- Any WRS Account Updates, such as terminations, leaves of absence, deaths, etc., submitted during the year (refer to Chapter 9).
- The Annual Employee Transaction Report (refer to Chapter 10).

Refer to Chapter 10 for further details on Annual Reporting and Reconciliation.

CHAPTER 9 – PERIODIC EMPLOYEE TRANSACTION REPORTING

900 When to Use Periodic Reporting
901 Methods Available for Periodic Reporting
902 Reporting Frequency
903 Types of Terminations
904 Employer Statement (ET-5607)
905 Termination (P001) Transaction Screen
906 Completion of the Termination Transaction
907 Termination, Leave of Absence, Employment Category Change, Transaction Type Descriptions and Reporting Requirements
908 Correction Codes and Reporting Requirements for Previously Submitted Current Year Terminations

900 When to Use Periodic Reporting

In most cases, detailed earnings and service information is reported on the year-end annual report since most employees remain employed in the same position throughout the entire calendar year. However, periodic reporting of detailed earnings and service information is necessary when:

- An employee terminates employment. (Refer to sub chapter 903 for more information on how to report different types of terminations)
- An employee takes a leave of absence. (Refer to subchapter 903 E and F.)
- An employee applies for a Wis. Stat. §40.63 WRS Disability Benefits. (Refer to subchapter 903 G.)
- An employee changes employment categories due to a change in job duties. (Refer to Transaction Type 10 in Table 9.1 of subchapter 907.)
- A previously submitted employee transaction requires correction. (Refer to subchapter 908.)
- A prior year wage settlement is reached and payment made. (Refer to Chapter 11.)

It is important that employers be prompt and accurate when reporting detailed earnings and hours information. This allows the Department of Employee Trust Funds to provide timely benefit payments and maintain accurate and up-to-date information on Wisconsin Retirement System participant accounts.

901 Methods Available for Periodic Reporting

Several methods are available for reporting periodic WRS transactions throughout the year, such as terminations, corrections to current year terminations, leaves of absences, mid-year employment category changes, etc. ETF encourages employers to automate WRS reporting transactions. Available methods include:

A. ETF Web Applications for Employers:

Once authorized for ETF Web Applications, employers can use the Internet to submit a periodic transaction using the 'WRS Account Update' application. Employee's hours and earnings can be submitted electronically for terminations, employment category changes, leaves of absences, and corrections to previously reported current year terminations. Refer to subchapter 906 and Chapter 24 for further information regarding completing periodic transactions.

Note: Employers can submit the same periodic transactions using the following methods; however, deviations from the prescribed formats will not be accepted.

B. Secure File Transfer Protocol (SFTP):

File Transfer Protocol provides electronic transmission of data. An electronic version of the *Electronic Reporter Transmittal* (ET-2536) must accompany FTP files. Refer to Appendix A for FTP data description and formatting requirements and Appendix C for FTP File Specifications and copy of the *Electronic Reporting Transmittal*.

Note: Check the SFTP access box on the *Online Access Security Agreement* (ET-8928) form to get access to the SFTP server.

C. Paper Reporting:

Employees applying for Section 40.63 benefits must have their terminations and/or leave of absences reported on an *Employer Statement* (ET-5607). Refer to subchapter 903 G. for completion instruction and subchapter 904 for a copy of the §40.63 *Employer Statement*.

902 Reporting Frequency

Prompt reporting is essential for the efficient administration of the WRS. Employers reporting periodic transactions should report detailed employee earnings and hours within one week of the event or within one week of the employee's last paycheck (for employees terminating or going on a leave of absence). Employers should not wait until the annual report is due to report terminations or other actions that occur during the calendar year.

Note: Once earnings and service information is reported with a termination transaction, it must **not** be reported again on the annual report. (Refer to Chapter 10 for details on annual reporting.)

903 Types of Terminations

Current year earnings are reported and contributions remitted on a **when paid** basis (refer to exceptions below). When an employee terminates employment at the end of the calendar year, but receives their final paycheck in the subsequent year, it is important to report the service hours and earnings to the correct year, i.e., the year when paid.

A. Terminations that Occur at the End of the Calendar Year – No Payroll Lag:

The following example represents proper reporting of service hours and earnings for an employee terminating employment at the end of a calendar year and there is no payroll lag, i.e., all earnings are paid in the current year.

Example 1: Non-teaching employee terminates employment effective December 13 and receives the last paycheck on December 27. Complete the employee transaction as follows:

Report Date	Trans Type	Action/Termination Date	Jan - June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
12/27/2018	01	12/13/2018			2,080	$40,800.00

B. Terminations that Occur at the End of the Calendar Year – Payroll Lag:

The following example represents proper reporting of service hours and earnings for an employee terminating employment at the end of a calendar year and there is a payroll lag resulting in final earnings being paid in the following year.

Example 1: Employee terminates employment effective December 13 and receives their last paycheck on January 2 of the following year. This situation requires two transactions. The report date on each transaction coincides with the year in which the earnings were paid and WRS contributions remitted.

The first transaction will be processed as an annual transaction, in this example with a 2020 report date and a 2020 action date (on the annual report), reporting the hours and earnings paid for the final year of employment (2020).

The second report will be processed as a termination transaction, in this example with a 2021 report date and a 2020 action/termination date, reporting the earnings and corresponding hours associated with the last paycheck (payroll lag) paid in the following year. Complete the employee transactions as follows:

Transaction 1 (Annual Report):

Report Date	Trans Type	Action/Termination Date	Jan – June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
12/31/2020	00	12/31/2020			2,080	$40,800.00

Transaction 2 (Termination Report):

Report Date	Trans Type	Action/Termination Date	Jan – June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
01/02/2021	01	12/13/2020			160	$3,139.00

C. Correct Termination Date for Teachers

When a teacher terminates employment at the end of a school year, it may be confusing as to whether the proper termination date should be the last day worked or the last day of the teacher's contract. An employee is deemed to have separated from the service of the employer at the end of the day on which the employee last performed services for the employer. Wis. Stat. §40.02 (26).

The following guidelines may be used in determining a teacher's correct termination date for WRS reporting purposes:

- When there ***has not*** been a contract signed for the upcoming school year, the teacher's proper termination date is the last day that the teacher is required to report to school or perform contracted duties for the district. On that date, the teacher is deemed to have fulfilled their employment contract.
- When there ***has*** been a contract signed for the upcoming school year and the teacher resigns before the contract commences or prior to the contract's completion, the resignation date is the teacher's proper termination date.

D. Reporting Terminations for Teachers with Earnings Paid on or After July 1

Earnings paid to a nine or 10-month contract teacher on or after July 1, for service rendered in the preceding school year, are deemed received on June 30 and must be reported accordingly. Whether the payments are routine payroll lag earnings or balance-of-contract payments (i.e., the teacher has elected to reduce their normal payroll checks in order to extend payments over the summer months) the earnings and associated service hours must be included in the January-June portion on the transaction so as to be allocated to the correct fiscal year.

Similarly, hours and earnings for summer school that are paid in June, July or August must be included with the January through June fiscal year earnings, if the summer school teaching was part of the contract for the previous school year. Summer school employment that is a separate contract, unassociated with either the previous or subsequent school year contract, must have hours and earnings reported "when paid." [Wis. Admin. Code ETF 10.03 (1)]

Note: Twelve-month contract teachers must have hours and earnings reported when paid. In addition, educational support staff must have hours and earnings reported when they would "normally" be paid, even though they may elect to defer some payments to the summer months.

Example 1: School districts frequently permit nine or 10-month contract teachers to reduce their regular payroll checks in order to receive payments over the non-working summer months. For example, a teacher with a $50,000 fiscal year contract typically receives $2,632 bi-weekly over 19 pay periods (eight pay periods from July-Dec and 11 pay periods from Jan-June). Instead, the teacher elects to receive $2,000 bi-weekly over 25 pay periods (eight pay periods from July-Dec and 17 pay periods from Jan-Aug). The balance-of-contract payments made throughout the summer must be reported in the January through June portion of the transaction, **along with their corresponding service hours,** as though received during the preceding fiscal year.

Transactions 1 and 2 illustrate terminations without and with balance-of-contract payments, respectively.

Transaction 1 (No Balance-of-Contract Payments – 11 pay periods Jan-June):

Report Date	Trans Type	Action/Termination Date	Jan – June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
06/20/2020	01	06/15/2020	880	$28,947.36	880	$28,947.36

Transaction 2 (Balance-of-Contract Payments – 17 pay periods from Jan-Aug):

Report Date	Trans Type	Action/Termination Date	Jan – June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
06/20/2020	01	06/15/2020	1,034	$34,000.00	1,034	$34,000.00

Example 2: A teacher signs a contract in the summer of 2020 to teach during the 2020-2021 school year as well as the 2021 summer school session. The regular school year ends on June 15 and summer school ends on July 23, at which time the teacher terminates employment with the district. Complete the employee transaction with all service hours and earnings (including summer school), reported as though paid before the end of June so it is credited to the correct fiscal year as follows:

Transaction 3 (Termination Report - Summer School Part of School Year Contract):

Report Date	Trans Type	Action/Termination Date	Last Day Worked	Jan – June		Calendar Year-to-Date	
				Hours	Earnings	Hours	Earnings
7/23/2021	01	7/23/2021	6/30/2021	930	$27,400.00	930	$27,400.00

Note: Summer school hours and earnings in this case are deemed received the previous June, as they were a part of that fiscal year contract. Since the termination date is significantly later than when the summer school hours and earnings are deemed reported as paid, report the Last Day Worked at the end of the fiscal year. Refer to Table 9.2 in subchapter 909 regarding when to report the Last Day Worked.

Example 3: A teacher signs a contract to teach during the 2020-2021 school year. Each year employees apply separately for summer school teaching so the summer school contract is independent of the regular school contract. The regular school year ends on June 15 and summer school runs from June 22 through July 23, at which time the teacher terminates employment with the district.

All earnings and associated hours for the regular school year, plus any summer school earnings and associated hours paid before July 1 would be included in the January-June and calendar year columns of the Employee Transaction Report. Summer school earnings and associated hours paid after July 1 must only be included in the calendar year column. Because the summer school contract was independent of the regular school contract, the earnings and associated hours must be reported when paid. Complete the employee transaction as follows:

Transaction 4 (Termination Report - Summer School as a Separate Contract):

Report Date	Trans Type	Action/Termination Date	Jan - June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
7/23/2021	01	7/23/2021	800	$23,568.00	930	$27,400.00

E. Reporting Leave of Absence Due to Non-Work-Related Illness or Injury

Transaction Type P054 is used to report an employee on a leave of absence due to non-work-related illness or injury. For leaves of absence, the last day worked is entered. In the event of an illness or injury-related leave, once a disability annuity application is approved by ETF, the employer must certify that all earnings, including service and pay for vacation and sick leave, have been paid. The employer, using Transaction Type P004, must report the final termination date, any additional service hours and earnings represented by the vacation or sick leave payouts, and **must extend the employee's last day worked accordingly**.

An employee receiving pay from the employer while on a leave of absence is considered a WRS participating employee. Earnings paid during this time are reportable for WRS purposes. Corresponding hours are determined and reported by the employer, according to subchapter 506.

F. Reporting Leave of Absence Due to Work-Related Illness or Injury

An employee on temporary disability and receiving temporary Worker's Compensation Benefits under Wis. Stat. §102.43 ***must have hours and earnings reported on the same basis as those reported immediately prior to the leave (refer to chapter 5 subchapter 505)***. Transaction Type P058 is used to report an employee who is on leave of absence due

to work-related illness or injury and who is not on Worker's Compensation. The last day worked is entered as the last earnings date. Once a permanent disability has been determined or the employee terminates employment, the employer's obligation to report hours and earnings ceases.

ETF processing of a disability annuity application requires the employer to certify that all earnings, including service and pay for vacation and sick leave, have been paid. The employee's **last day worked must be extended accordingly**. (Refer to subchapter 504.) The proper termination transaction type under this situation is Transaction Type P008.

G. Reporting Terminations for WRS Disability Annuitants (§40.63)

An employee who ceases employment due to disability can contact ETF to apply for a WRS disability benefit using a *Disability Retirement Estimate/Application* (ET-5302). When ETF receives the disability application from the participant, an *Employer Statement* (ET-5607) will be sent to the employer's WRS agent.

Use of the *Employer Statement* expedites the processing of your employee's application for disability benefits. The *Employer Statement* provides employers the capability of reporting the termination date, last day paid, and previously unreported hours and earnings directly on this form, eliminating the past requirement to complete a separate employee transaction on the WRS Account Update application. Employers reporting through electronic media are encouraged to use the *Employer Statement*.

A sample §40.63 *Employer Statement* appears in subchapter 904. Chapter 14 of this manual provides information on determining the termination date.

When completing the *Employer Statement*, the WRS agent must respond to all applicable questions including the following information:

- Last day worked
- Last day paid
- Termination date
- Hours and earnings

Note: Include hours and earnings for vacation and sick leave for disability annuitants. Sick leave need not be reported if it is being converted to pay health insurance premiums.

The employer indicates whether the employee is expected to resume active service. An employer has the right to contest the employee's application for disability benefits by indicating the reason(s) for contesting on the Employer Statement and the employee's disability will be denied. The employee has a right to appeal the denied application and the employer is responsible for presenting its case contesting the employee's application at an evidentiary hearing.

Upon receipt of the *Employer Statement* from the employer, ETF updates the employee's WRS account with the last day paid, termination date, hours and earnings as indicated by the employer not previously reported to ETF.

904 Employer Statement (ET-5607)

Employer Statement

Wis. Stat. § 40.63

Wisconsin Department
of Employee Trust Funds
801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

(Date sent:)

Applicant Information

Employee name	Social Security number	ETF ID
	XXX-XX-	

Employee address

Your employee has applied for a disability benefit from the Wisconsin Retirement System. Employee Trust Funds is reviewing the application. **Please complete all the following information as soon as it is available and return this form to avoid delays in processing your employee's application.**

1. Date employee last rendered services *(see second page for explanation)*
2. Are there any earnings payable after the date last rendered services? ☐ Yes ☐ No
   If yes, please identify the types of payments that extend the last day paid. _____.
   Were any of these earnings paid out as a lump sum? ☐ Yes ☐ No (If yes, last day paid date needs to be extended accordingly).
3. Last day paid _____ *(see second page for explanation)*
4. Is the employee expected to resume active service?
   ☐ Yes (date expected to resume service_____) ☐ No ☐ Unknown (please explain _____)
   In order to approve this benefit, the employee must have a termination date* reported to the WRS. If not previously reported, please include the termination information in the table under #8.
5. Are (were) medical issues a contributing factor in this employee's termination? ☐ Yes ☐ No
   If no, please explain: _____
6. Employee's Full-Time Equivalent (FTE) Percentage ☐ 100% ☐ Other: *(see second page for explanation)*
7. If employee is an elected official, indicate the date of the end of the official's term of office: _____
8. **Employee Transaction Reporting**—Please report employee category, action code**, termination date* and hours and earnings that have not previously been reported to ETF in the space provided below *(see page 2 for explanation)*:

Employer name	Employer Identification Number	Report date (MM/DD/CCYY)
	69-036-	

Section A. Current Year			Teachers/Judges/Educ. Support Personnel Only 1-1-XX thru 6-30-XX		Calendar Year-to-Date (All Employees, including Teachers, Judges & Educ. Support Personnel)		Deducted from Employee	
Emp Cat.	Action Code**	Termination*/ Action Date (MM/DD/CCYY)	Fiscal hrs. Of Service	Fiscal Earnings	Calendar hrs. of Service	Calendar Earnings	Employee Required Contribution Pre Tax	Post Tax
Section B. Prior Year (if applicable)								

I understand that Wis. Stat. § 943.395 provide penalties for knowingly making false or fraudulent claims on this form and hereby certify that, to the best of my knowledge and belief, the above information is true and correct. Employer representative signing this form attests to being the WRS Agent's Designee authorized to sign.

Date (MM/DD/CCYY)	Signature of WRS Agent, Agent's Designee or Certifying Officer	Telephone

* For disability benefit purposes, "termination of employment" means that the participant has ceased to be a participating employee on the termination date that the employer reports to the department for the purpose of all benefits administered under Chapter 40, Wis. Stat. Such benefits include health insurance and sick leave credit usage, life insurance, income continuation insurance, long-term disability insurance, employee reimbursement accounts, long-term care, EPIC, Spectera, Wisconsin Retirement System coverage and death benefits, and making deferred compensation contributions. A disability termination does not preclude a participating employer from keeping the participant on an administrative leave for the purpose of benefits not administered under Chapter 40.

** Use 04 termination code (or 08 for termination due to work related injury/illness)

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SAMPLE

905 Termination (P001) Transaction Screen

Below is the P001 Termination Transaction Screen on ETF Web Applications for Employers, under the *WRS Account Update* application. Refer to subchapter 906 for instructions on completion.

Wisconsin Retirement System (WRS)
P001 Termination - Employment or Retirement
Entry Form

Account Updates Menu New EIN Logout

Please refer to the WRS Administration Manual for specific instructions.

Click here to view the manual.

Employer Information

Employer:
Agent Title:
Agent Name:
Report Date: 12/27/2011

Employee's Indicative Data

Social Security Number:
First Name, Middle Initial:
Last Name:
Address:
City, State, Zip:

Coverage Data

Action/Termination Date: (mm/dd/ccyy)
Last Earning Date: (mm/dd/ccyy)
Employment Category:
- Please select one
- 30 General Employment
- 31 Court Reporter

Earnings

	Hours	Earnings
January to June Teachers/Judges/ Educational Support Personnel Only		
Calendar Year to Date (Jan-Dec)		

Contributions Deducted from Employee

Post-Tax Employee Required Contribution:
Post-Tax Benefit Adjustment Contribution:
Pre-Tax Employee Required Contribution:
Pre-Tax Benefit Adjustment Contribution:

Additional Contributions

	Fixed	Variable
Employee Paid:		
Employer Paid:		

Submit Clear

906 Completion of the Termination Transaction

The following information must be entered for an employee who terminates or retires. Choose the proper termination transaction type code that corresponds to the reason for termination. Refer to the sample termination transaction screen in subchapter 905. For assistance, contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285, or send an email to ETFSMBEmployerWRS@etf.wi.gov.

A. Report Date

The report date (MM/DD/YYYY) is prefilled to be the current date. The year of the report date must be the calendar year in which the earnings were paid and the WRS contributions posted; therefore, for certain end of year terminations where the final paycheck is received in the subsequent year, ETF may instruct you to change the prefilled date to a future date. The report date cannot be earlier than any Action/Termination date entered.

B. Social Security Number

Enter the employee's Social Security number without dashes.

C. Name/Address

Enter the employee's first name, middle initial and last name. The address is required only if reporting termination transaction types 01, 03, 04, 05, 07, and 08. The address entered will be used for future communication with the employee.

Note: A name change may not be entered on the termination screen (P001); it must be completed using the P031 - Name/Address entry screen. Refer to subchapter 607, for instructions on reporting a name change.

D. Action/Termination (MM/DD/YYYY)

Enter the month, day and four-digit year on which the termination occurred. The action/termination date is the date on which the employee/employer relationship was severed. Refer to subchapter 1403 for information on determining the termination date.

E. Last Day Worked (MM/DD/YYYY)

This date represents the **last day for which** the employee was paid for work, e.g., the last day the employee physically worked or the last day for which the employee received earnings using sick leave or vacation time. It does ***not*** refer to the date of the last payroll check. The last day worked must be equal to or earlier than the action/termination date. **In most instances of termination, the last day worked is not required** if the employee is paid through the termination date. The last day worked is required, however, when reporting a leave of absence, the employee is applying for a disability benefit, or there is a significant gap between the last day for which the employee was paid and the actual termination date.

F. Employment Category

Select from the drop down list the employee's employment category. Refer to subchapter 401 for detailed explanation of employment categories.

G. Fiscal Year Reporting - January To June Hours and Earnings for Teachers, Judges And Educational Support Personnel Only

Enter the fiscal year hours (rounded as a decimal equivalent to the nearest one-hundredth) and earnings (in dollars and cents) paid from January 1 to June 30 of the calendar year being

reported. Refer to Section 903 C and D for 9 and 10-month teachers. Complete for teachers, educational support staff, and judges (categories 40, 41, 42, 45, 47and 48) only.

Note: The fiscal year earnings field is only available when one of the above employment categories is selected. Leave fiscal year fields blank for employees of the above categories who began enrollment between July 1 and December 31 since they were not employees during January to June.

H. Calendar Year-To-Date Reporting of Hours and Earnings

Enter the hours (rounded as a decimal equivalent to the nearest one-hundredth), and earnings (in dollars and cents) paid from January 1 to the action/termination date. This applies to all employees, including teachers, judges and educational support personnel.

I. Employee Required Contribution – Deducted from Employee

Enter the dollar amount **deducted** from the employee's paychecks toward the Employee-Required Contributions (EERC) in the pre-tax field. **This amount can never exceed the maximum EERC percentage for the category reported.** The percentage rate that may be withheld from the employee may change annually, and the value for the coming year is reported each summer in *Department and Employer News*.

Do not include the amount of EERC **paid by the employer**. Refer to Chapter 7 subchapter 702 for more information regarding employee contributions.

J. Benefit Adjustment Contribution (BAC) – Deducted from Employee

This may only be used for earnings reported as Late Reported Earnings prior to July 1, 2011; the BAC was eliminated by 2011 Act 32.

K. Employee Paid Additional Contributions

Enter the total additional contribution deducted from the employee. Leave this field blank if there are no additional contributions. (Refer to Chapter 12 for instructions.)

L. Employer Paid Additional Contributions

Enter the total additional contributions paid by the employer for the employee. Leave this field blank if there are no additional contributions. (Refer to Chapter 12 for instructions.)

907 Termination, Leave of Absence, Employment Category Change, Transaction Type Descriptions and Reporting Requirements

Table 9.1 – Transaction Type Descriptions

Trans Type	Description
01	Used for resignation or retirement terminations.
02	Used as a termination code for a state employee terminated due to permanent layoff (State only).
03	Used when an employee is enrolled in WRS, but is not eligible (i.e., employed for fewer than 30 calendar days, is an employee or rehired annuitant enrolled in error, or is enrolled in the wrong employment category by error). Reimburse the employee for any WRS contributions taken as a payroll deduction. Refer to subchapter 311 for an exception when rehiring employees. **Note**: The date for a P003 termination must be the **same date** as the enrollment date for that employment segment. **Note: Ensure that any hours, earnings, or employee paid employee required contributions reported for this employee on any other periodic transaction have been removed prior to submitting this transaction.** Contact ETF with any questions.
04	Used when an employee is terminated due to a non-work-related illness or injury. Must be used to terminate an employee–for Chapter 40 purposes only–when notified by ETF that the employee is approved for a WRS disability annuity.
05	Used when an employee is dismissed or discharged.
06	Used when the termination is due to an employee's death. If the employee was an Active employee at the time of death, the date of death on the death certificate must be used for the action/termination date, not the last day worked.
07	Used to report the termination for a local elected official who is waiving part-time local elected service for WRS purposes only. Refer to Chapter 15.
08	Used when an employee is terminated due to a work-related illness or injury. Must be used to terminate an employee–for WRS purposes only–when notified by ETF that the employee is approved for a WRS disability annuity.
10	Used when an employee is changing employment category due to a change in job duties. This transaction type will terminate the old category and create the new category. Hours and earnings associated with the old category are reported with the transaction. The new category must be listed in the new employment category code column. The action/termination date is the effective date of the category change. Hours and earnings associated with the new category should be reported on annual report or as a termination, if employee resigns or retirees. **Note: Transaction Type 10 is not to be used to correct an employment category mistake made on the *WRS Enrollment* (P060).**
50	Used when an employee is on a military leave of absence and will be given the choice to make up the required employee contributions upon return from military service. The last day worked must be entered. Refer to Chapter 22.
54	Used when an employee is on leave of absence due to a non-work-related illness or injury. The last day worked must be entered. Once this code is reported, nothing more is reported until the employee returns to active employment or is terminated. Refer to subchapter 1800.
58	Used when an employee is on a leave of absence due to a work-related illness or injury. The last day worked must be entered. Once this code is reported, nothing more is reported until the employee returns to active employment or is terminated. Refer to subchapter 1800.

Table 9.2: Termination/Leave of Absence/Employment Category Change Reporting Field Requirements

Report Field	01	02	03	04	05	06	07	08	10	50	54	58
Report Date (MM/DD/YYYY)	R	R	R	R	R	R	R	R	R	R	R	R
Social Security Number	R	R	R	R	R	R	R	R	R	R	R	R
Name (Last, First, Middle Initial)	R	R	R	R	R	R	R	R	R	R	R	R
Address	R	R		R	R		R	R				
Employment Category	R	R	R	R	R	R	R	R	R	R	R	R
Transaction Type	R	R	R	R	R	R	R	R	R	R	R	R
Action Date (MM/DD/YYYY)	R	R	R	R	R	R	R	R	R			
Last Day Worked	A	A		R	A	A		A		R	R	R
New Employment Category									R			
Hours for Teachers/ Judges/Educational Support Personnel (Jan-June) ** H	B	B		C	B	B		C	B	B	B	B
Earnings for Teachers/Judges/ Educational Support Personnel (Jan-June) ** H	B	B		C	B	B		C	B	B	B	B
Calendar Year Hours **	R	R		A	R	R	R	A	R	R	R	R
Calendar Year Earnings **	R	R		A	R	R	R	A	R	R	R	R
Employee Paid EERC	A	A		A	A	A	A	A	A	A	A	A
Employee Paid BAC	A	A		A	A	A	A	A	A	A	A	A
Additional Contributions	A	A		A	A	A	A	A	A	A	A	A

Key:
Blank Fields = Leave Blank
R = Required Fields
A = If Applicable–required if employee is applying for a disability benefit or if the termination date is significantly later than the last day worked.
B = Required for fiscal year employees. For those hired on or after July 1, there will be no January-June hours and earnings to report.
C = If applicable–employees who have been on leave due to illness or injury may not have service and earnings to report in the year of termination. For fiscal year employees hired on or after July 1, there will be no January-June hours and earnings to report.
H = For Employment Categories 40,41, 42, 45, 47, 48 **ONLY**
** = If you previously reported a terminated employee on your annual report, and are reporting the termination date, do not report hours and earnings again.

908 Correction Codes and Reporting Requirements for Previously Submitted Current Year Terminations

The following transaction types should only be used to correct information previously reported in the current calendar year.

Note: Only the difference (the number of hours, earnings, or employee paid contributions to be added to or subtracted from what has already been reported) is reported on the transaction report, i.e., the ETF system is an add-on and subtract-from system.

Table 9.3: Correction Code Descriptions

Transaction Type	Descriptio n
81	Used to correct previously submitted 01 termination.
82	Used to correct previously submitted 02 termination (State only).
83	Used to correct previously submitted 03 termination.
84	Used to correct previously submitted 04 termination.
85	Used to correct previously submitted 05 termination.
86	Used to correct previously submitted 06 termination.
87	Used to correct previously submitted 07 termination.
88	Used to correct previously submitted 08 termination.
89	Used to correct previously submitted 54 and 58 leave of absence transactions.
90	Used to correct previously submitted 10 employment category change

A. Current Year Correction Examples

Example 1—Correcting Hours, Earnings and Termination Date

Employee terminates employment October 4, 2018. Using transaction type 01; the employer reported earnings of $25,100; 1,900 hours; and an action/termination date of 10/04/2018.

Transaction 1 (Termination Report):

Report Date	Trans Type	Action/Termination Date	Jan - June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
10/5/4/2018	01	10/04/2018			1,900	$25,100.00

The employer later realizes the employee's termination date should have been October 18, 2018, because the employee decided to use two weeks of vacation. This vacation time is WRS reportable only if it is used and it extends the termination date. The used vacation time included earnings of $1,057 and 80 hours.

The employer must now report a correction to the original termination by reporting **only** the correcting information. The employer will use transaction type 81, an action (termination) date of 10/18/2018, earnings of $1,057 and 80 hours.

Transaction 2 (Correction to a Termination Report):

Report Date	Trans Type	Action/Termination Date	Jan - June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
10/19/2018	81	10/18/2018			80	$1,057.00

When the correction is processed by ETF, the participant account will reflect the original transaction plus the correcting transaction and will correctly show the termination date of October 18, 2018, with total earnings of $26,157 and 1,980 hours.

Example 2—Correcting Earnings Only (Termination Date remains the same)

Employee terminates employment October 4, 2018. Using Transaction Type 01, the employer reported earnings of $25,100, with 1,900 hours and action (termination) date of 10/04/2018.

Transaction 1 (Termination Report):

Report Date	Trans Type	Action/Termination Date	Jan - June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
10/5/4/2018	01	10/04/2018			1,900	$25,100.00

The employer later realized that the earnings should have been $26,100. All other information remained the same.

The employer must now report a correction to the original termination by reporting only the $1,000 difference in earnings. The employer will use transaction type 81, action (termination) date 10/04/2018, and earnings of $1,000.

Transaction 2 (Correction to Termination Report):

Report Date	Trans Type	Action/Termination Date	Jan - June		Calendar Year-to-Date	
			Hours	Earnings	Hours	Earnings
10/19/2018	81	10/04/2018				$1,000.00

When the correction is processed by ETF, the participant account will reflect the original transaction plus the correcting transaction, and will correctly show the termination date of October 4, 2018, with total earnings of $26,100 and 1,900 hours.

Table 9.4: Correction Code Reporting Requirements

Report Field	When Using Transaction Type…									
	81	82	83	84	85	86	87	88	89	90
Report Date (MM/DD/YYYY)	R	R	R	R	R	R	R	R	R	R
Social Security Number	R	R	R	R	R	R	R	R	R	R
Employee's Name (Last, First, Middle Initial)	R	R	R	R	R	R	R	R	R	R
Address	A	A		A	A		A	A		
Employment Category	R	R	R	R	R	R	R	R	R	R
Transaction Type	R	R	R	R	R	R	R	R	R	R
Action Date (MM/DD/YYYY) **	R	R	R	R	R	R	R	R		
Last Day Worked				B				B	R	
New Employment Category										R
Hours for Teachers/ Judges/Educational Support Personnel (Jan-June) H	A	A		A	A	A		A	A	A
Earnings for Teachers/ Judges/Educational support Personnel (Jan-June) H	A	A		A	A	A		A	A	A
Calendar Year Hours	A	A		A	A	A	A	A	A	A
Calendar Year Earnings	A	A		A	A	A	A	A	A	A
Employee Paid Pre-tax EERC	A	A		A	A	A	A	A	A	A
Additional Contributions	A	A		A	A	A	A	A	A	A

Key:

Blank Fields = Do Not Include Anything
R = Required Fields
A = If Changed from Original Report (report the difference for hours and money fields)
B = If Reported on Original Report
** = Enter the original Action Date if the date is the same as entered on the original transaction report. If changed, insert the amended date.
H = For Employment Categories 40, 41, 42, 45, 47, and 48 **ONLY**

CHAPTER 10 – ANNUAL REPORTING AND RECONCILIATION

1000 Define Annual Reporting and Reconciliation
1001 Employees to be Reported
1002 Due Dates for Annual Reports
1003 Annual WRS Reconciliation Process
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1000 Define Annual Reporting and Reconciliation

Annual reporting is the process by which employers provide the Department of Employee Trust Funds with calendar year (as well as Fiscal Jan-June, if applicable) hours, earnings, employee-paid required contributions and additional contributions (if any) for all their Wisconsin Retirement System participating employees actively employed at year's end. All WRS employers are required to submit an annual report. The annual report is due at ETF no later than January 31.

Annual reconciliation is the process by which employers reconcile total annual earnings (by employment category) reported periodically throughout the year, to the total earnings (by employment category) reported monthly via the WRS Contribution Remittance Entry application. Reconciliation assures that contributions have been paid for the calendar year for all WRS covered employees. (Refer to subchapter 1008.)

Reconciliation should be completed before the December WRS Contribution Remittance Entry is submitted so that any under-reported or over-reported earnings and contributions may be included in the December submission.

Note: The December WRS Contribution Remittance Entry must be submitted by the designated due date, three business days before the last business day of the month, to avoid late interest charges.

If you have questions regarding annual reporting or the reconciliation process, please contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285, or send an email to ETFSMBEmployerWRS@etf.wi.gov.

1001 Employees to be Reported

The WRS annual report should include hours, earnings, employee-paid required contributions and additional contributions (if any) for the following WRS participating employees:

- Active employees.
- Payroll lag terminated employees (using transaction type P000 on the annual) who terminated late in December but who have a final paycheck coming in the upcoming year (the P001 is reported in the upcoming year with the final hours and earnings).
- Employees on leave of absence or layoff (with or without earnings) at year-end.
- Employees not on formal leave but for whom no earnings were paid during the year.

The annual report ***should not*** include employees who terminated employment during the year and whose final hours and earnings were previously reported on a termination transaction. Employers should ensure all terminated employees, who do not have payroll lag, have been reported on a termination transaction before the Annual Report is submitted.

Note: Employees who changed employment categories during the year should only have hours and earnings reported for the new employment category on the annual report. The hours and earnings associated with the old employment category should have been reported (using transaction type P010) at the time the employer reported the category change. (Refer to subchapter 907 Table 9.1.)

1002 Due Dates for Annual Reports

Annual reports can be submitted as soon as the last payroll for the calendar year has been processed and ***must be received on or before the January 31 deadline, as specified in Administrative Code ETF 10.63 (1) (c)***. When this date falls on a Saturday, Sunday or holiday on which state offices are closed, the report is due on the last working day of the month.

Note: Late reports will be subject to expenses as stipulated in Wis. Stat. §40.06 (2).

1003 Annual WRS Reconciliation Process

ETF provides seven electronic reports through ETF Web Applications for Employers *WRS Earnings Reports (Ongoing)* application, to assist with the reconciliation process. The seven reports/listings are:

- **Employee Transaction Detail**—Includes all employee transactions the employer entered for the year (including additional contributions if any) processed through the end of the previous day. Earnings totals by employment category are also provided. (Refer to subchapter 1012, Exhibit 4.)

- **Remittance Reports by Month**—Includes the total earnings by employment category (including additional contributions, if any) reported to ETF through the 'WRS Contribution Remittance Entry' application from January through end of the previous day. The total will depend on when this application is accessed. If accessing at year-end, the November and December monthly remittance values may not be included right away.

- **Suspended Employee Transactions**—Includes a list of submitted transactions that have not successfully loaded to the individual's WRS account. Transactions shown are current as of the previous day. This report will allow employers to see the error that caused the transaction to suspend. ETF must process the corrections to these transactions. Please contact the Employer Communication Center at 608-266-3285 or 1-877-533-502, or send an email to ETFSMBEmployerWRS@etf.wi.gov regarding suspended transactions.

  Common Suspended Transaction Error Types:

  - Status in category is not active—The participant has already been terminated or is no longer active within this employment category. To become an active employee after a termination, a new WRS enrollment is required.

  - Social Security Number not found—The Social Security number, as entered, is not associated with anyone enrolled in the WRS. This could be the result of a keying error or the suspended transaction could be for an employee not yet enrolled in the WRS.

  - Begin date is later than current date—The action (begin) date cannot be a future date. Employees can only be enrolled in the WRS on or after their actual start date.

  - No original transaction exists for this correction—To correct a previously submitted transaction, there must be an original transaction. For example, to submit a transaction type 81 (correction to a previously submitted 01 termination), there must be a valid 01 termination loaded. This message means that there was no original transaction on the system.

  - SS#/empr/category do not match to table—This is commonly the result of the employee being enrolled in the wrong employment category. If an employee is WRS eligible in multiple categories, an enrollment is needed for each category. Refer to chapter 4 for more information.

- **Active Employee Listing Selection (Pre-Lists)**—This application includes three lists/ reports to assist employers in reconciliation. In ETF Web Applications for Employers, select "WRS Earnings Reports (On-going)," select the year of the annual process, Active Employee Listing Selection, and the list/report needed.

  - Active Employee Listing—Includes a list of all employees, by category, enrolled in the WRS with the employer. This report is current as of the previous night. Select the "Export to Excel" button to download the information into a spreadsheet. The report is used to verify all WRS-eligible employees are enrolled with ETF.

  - End of Year Active Employees List—This list will be your Annual Report if you choose to use the list provided by ETF. It includes all employees actively employed per ETF records. The following information is pre-filled based on what was reported to ETF:

    - Employer Identification number (EIN)
    - Trans Type (P000)
    - Action Date YYYYMMDD)
    - Report Date (YYYYMMDD)
    - Social Security number
    - Name
    - Gender
    - Date of Birth
    - Employment Category (Empt Cat)

This report lists your active employees at year's end. Select the "Export to Excel" button to download the information to a spreadsheet. After filling in each employee's hours, earnings, employee-paid contributions and additional contributions (if any), the report **must** be saved in the **.csv** file format (Comma Delimited) and uploaded using the *WRS Transaction Upload* application found on ETF Web Applications for Employers. Instructions for uploading this file can be found at etf.wi.gov/employers/ar-trans-upload-instructions.pdf.

- Correction to End of Year Active Employees List—Includes all employees actively employed per our records. The following information is pre-filled, based on what you've reported to ETF:
  - Social Security Number
  - Name
  - Gender
  - Date of Birth
  - EIN
  - Trans Type (P080)
  - Action Date (YYYYMMDD)
  - Report Date (YYYYMMDD)
  - Employment Category (Empt Cat)

This report is a file to correct or adjust a large number of employees' previously submitted annual report. Select the "Export Excel" button to download the information to a spreadsheet. Report **only** the number of hours, amount of earnings, employee-paid contributions and additional contributions (if any) to be added or subtracted (only report the **difference** between what should have been reported and what was previously reported). The report **must** be saved in the **.csv file format** and uploaded using the *WRS Transaction Upload* application found on ETF Web Applications for Employers.

- **List of Over and Under Entries**—Includes a detail list of any over or under payment notices received and paid during the year. If the balance shown is positive, an employer owes ETF contributions. If the balance shown is negative, an employer has a credit with ETF.

- **Listing of Active Employee with No Reported Earnings**—Includes a detail list of any active employees, by category, without earnings. The report is generated and used after the annual report is processed to identify employees missed on the annual report.

- **Earning/Contribution Reconciliation**—Includes, by employment category, all reported employees' earnings from periodic and annual reports as well as the earnings from the WRS Contribution Remittance Entries. This report may not include the December WRS Contribution Remittance Entry depending on when the report is accessed. (Refer subchapter 1012, Exhibit 3. The following columns can be seen on this report.
  - Employee Transaction Earnings—These are the earnings reported on periodic transactions (terminations and leave of absences) by the employer so far. Eventually the earnings on your Annual report will be included in this column.
  - Monthly Contribution Earnings—These are the total earnings reported on your Monthly Remittance Report each month.
  - Over/Under Reported Earnings—The earnings in this column is still missing and have not been reported yet. When the Annual Report is reported, the earnings from this column will move to the Employee Transaction Earnings.

Note: In order to balance your Annual Report, the Employee Transaction Earnings column must match the Monthly Contribution Earnings column.

Review the information on these summary reports to verify that all the employee transactions are correct. To report an omitted transaction, refer to subchapter 1010. Refer to Chapters 9 and 12 for instructions on preparing the corrections.

After processing your periodic and annual transactions (including additional contributions), ETF reconciles the earnings reported on these transactions with the earnings reported on your 12 WRS Contribution Remittance Entries (by employment category). ETF will contact you if a discrepancy exists.

Once the reconciliation process is complete, employers will have access to the WRS Earnings Reconciliation Reports (Final) application, which provides online access to the post-annual reconciliation reports via ETF Web Applications for Employers. These reports are used by employers to identify and resolve annual reconciliation variances.

Table 10.1 Illustrates how Employee Transactions and monthly WRS Contribution Remittance.

Entries are compared to complete annual reconciliation. To be reconciled, the total of all transaction earnings should equal the total of all 12 of the WRS Contribution Remittance Entry earnings.

Employee Transactions (A + B)	**=**	**Monthly Retirement Remittance Entries (C + D)**
Includes Transactions: A. Reported to the WRS • Earnings (by employment category) via WRS Account Update • Earnings (by employment category) on the Employee Suspended Transaction **+** B. Not Reported to the WRS • Earnings (by employment category) on the Annual Transaction Report • Earnings (by employment category) from any terminations	**=**	Includes Remittance Entries: C. Reported to the WRS • Earnings (by employment category) on the monthly WRS Contribution Remittance Entries (January-October, possibly November if paid early) **+** D. Not Reported to the WRS • Earnings (by employment category) on the WRS Contribution Remittance Entries submitted for November (possibly) and December
• Employers report employee earnings (transactions) to ETF throughout the year.Add each individual's earnings. This should equal your transaction totals. • Monthly remittance entries show earnings (by category) at each employer. They do not show individual earnings. • At year-end, individual earnings (on periodic reports and the annual report, by category) are reconciled to earnings reported, by category, on the 12 monthly contribution remittance entries. **These totals must be the same to be reconciled and have a balanced Annual.**		

1004 Potential Reconciliation Errors

When completing annual reconciliation, you may find that the total transaction report earnings do not equal the total earnings reported on the 12 WRS monthly retirement remittance entries. Review the monthly retirement remittance entries and the employee transactions to locate any discrepancies. The following list of commonly occurring problems may assist you in finding the errors.

A. Monthly Remittance Review:

- Are all 12 months of remittances submitted to ETF used in the total? Have you reviewed monthly amounts for consistency and reasonability?
- Is the same amount of earnings different in two or more employment categories?
- Is there a debit amount for earnings on the monthly remittance and no corresponding credit amount for the same month?
- Were contributions on earnings calculated and paid for all eligible employees, including new employees?
- Were contributions paid in error for ineligible employees? For example, employees initially eligible who end up working fewer than 30 calendar days (refer to subchapter 310). Did the employer take a credit?
- Were earnings reported (and contributions paid) in the appropriate category for employees eligible in multiple categories?
- Were non-reportable lump sum payments included as earnings for the calculation of contributions?
- For employees on temporary disability (workers'compensation - refer to Chapter 505) were earnings reported based on the earnings they would have received had the disability not occurred, included in the monthly remittance entries?
- For employee who terminated at the end of the prior year; were contributions paid on current year earnings (due to payroll lag)?

B. Employee Transactions Review:

- Has earnings data been verified for accuracy?
- Have all enrollments and transactions for newly eligible employees been submitted to ETF? Were earnings reported?
- For employees who received temporary disability (worker's compensation); were earnings reported based on the earnings they would have received had the disability not occurred, included on the annual report?
- Were terminated employee earnings reported at the time of termination?
- Have there been terminations and rehires in the same year? If so, were the previously reported hours and earnings associated with the termination included in the annual earnings?
- Were earnings because of a leave of absence previously reported through periodic transaction also included on the annual report?
- Are terminations reported in the correct year (payroll lag)?
- Have transactions for all employees who terminated during the year been submitted to ETF?
- Have earnings for all employees not terminated during the year been submitted to ETF on the annual report?
- Were there employees enrolled and contributing in more than one category and you reported all or part of the earnings and hours in both categories?
- Were previous year's retroactive contract settlements reported in the correct year?
- Are there duplicate entries?

1005 Methods Available for Annual Reporting

Methods available for annual reporting include:

- The End of Year Active Employees List downloaded from the WRS Earnings Report (on-going) application on ETF Web Applications for Employers, saved as a csv. file type and uploaded using the *WRS Transaction Upload* application.

- An individual P000 transaction for each employee in Annual Processing on the *WRS Account Update* application found on ETF Web Applications for Employers.

- A text file generated from an employer's payroll system uploaded using the *WRS Transaction Upload* application found on ETF Web Applications for Employers.

  Note: File Transfer Protocol (FTP) and Disk reporting are no longer options for annual reports.

The following describes the available reporting methods:

A. ETF Web Applications for Employers

Once authorized for access, employers can use the Internet to submit their WRS annual report. Authorization requires that an *Online Network for Employers Security Agreement* (ET-8928) be on file with ETF.

- WRS Transaction Upload Application

  Text File - The application allows employers to upload their annual file in the text format (.txt) from a payroll system, provided the file meets the format specifications in Appendix A. The file is saved and uploaded to ETF.

  ETF's End of Year Active Employees List – The application allows employers to upload the completed list, which meets the formatting specifications in Appendix B. The list can be downloaded from the *WRS Earnings Reports (On-going)* application and the annual data entered. The file must be converted to the .csv file format and uploaded using the WRS Transaction Upload application, which runs the file through validation edits to identify any errors and displays them allowing for quick correction of problems and upload to ETF with the click of a button.

- *WRS Account Update* Application - Annual Processing Transaction

  This application is found on ETF Web Applications for Employers. It allows employers to individually key each employee's annual data. The *WRS Account Update* application displays each active employee in alphabetical order by category so you can enter their hours, earnings, pre-tax Employee-Required Contributions and any additional contributions. Once all employee data has been entered and has been confirmed, the information is saved and uploaded to ETF. (Refer subchapter 1012, Exhibit 2.)

1006 Completing the End of Year Active Employees List for Annual Report

The End of Year Active Employees List can be downloaded from the *WRS Earnings Reports (Ongoing)* application found on the ETF Web Applications for Employers, selecting the Active Employees Listing Selection (Pre-list), the reporting year and End of the Year Active Employee List then export it to Excel. After completing the annual report data, save it as a .csv (comma delimited) file and upload the file via the ONE's *WRS Transaction Upload* application. Refer to subchapter 1007, Table 10.3 for the required fields.

The following information must be included on your report. Contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285, or send an email to ETFSMBEmployerWRS@etf.wi.gov for assistance.

A. Name/Address

The employee's last name, first name and middle initial are prefilled on the file. The address is needed to update information and to prevent the need for you to submit another file for annual WRS *Statement of Benefits* purposes. If you include addresses on your Annual Report, you will **not** need to submit a separate CDAD file for addresses.

Note: You may not change a name with the annual report; refer to Chapter 6 for instructions on reporting a name change.

B. Employment Category

The two-digit employment category in the "Emp Cat" column is prefilled for each employee. Refer to Chapter 4 for detailed explanation of codes.

C. Transaction Type

The transaction type 000 is prefilled. Refer to subchapter 1007, Table 10.2 for valid annual reporting Transaction Types and required data elements.

D. Action Date (YYYYMMDD)

The action date of YYYY1231 is prefilled for annual transaction types 00 and 80. The action date year is the calendar year being reported.

Note: Annual Report - Do not include terminations you have already reported.

Leave the action date blank for transaction type 40 (refer to E. below).

E. Last Earnings Date (YYYYMMDD)

Enter day worked date for transaction type 40 only (refer to subchapter 1007, Table 10.2).

- Transaction type 40 requires a last day worked of YYYY1231; you will need to delete the pre-filled date in the Action/Termination Date field.

F. January to June hours and earnings for Teachers, Judges and Educational Support Personnel only.

Enter the fiscal year hours (rounded as a decimal equivalent to the nearest one-hundredth) and earnings (in dollars and cents) paid from January 1 to June 30 of the calendar year being reported. Complete for teachers, judges and educational support personnel, categories 40, 41, 42, 45, 47 and 48, only.

Note: Leave the fiscal year fields blank if you have employees in these categories that

begin enrollment between July 1 and December 31.

Teachers and Educational Support Personnel contracted under a 9 or 10-month contract who are **paid on or after July 1** for services rendered in the preceding fiscal year (i.e., due to balance of contract) are deemed to have been paid on June 30th for WRS reporting purposes. Therefore, those hours and earnings must be included in both the January-June and Calendar Year fields on the annual report. Hours and earnings for summer school paid in June, July or August also must be included in both the January-June and Calendar Year fields, if the summer school teaching was part of the contract for the previous school year. Twelve-month contract fiscal year employees must have hours and earnings reported "when paid." [refer to Admin. Code ETF 10.03 (1)].

Note: Refer to subchapter 903 for additional information on proper reporting for Teachers, Judges, and Educational Support Personnel.

G. Hours and Earnings for Calendar Year-To-Date

Enter the hours and earnings **paid** from January 1 through December 31 of the year reported. This applies to all employees, including fiscal year employees such as teachers, judges and educational support personnel.

- Hours of Service (calendar year). Round partial hours to the decimal equivalent nearest to one-hundredth.
- Earnings (calendar year) in dollars and cents.

H. Pre-tax Employee-Required Contribution—Deducted from Employee

Enter the dollar amount deducted from the employee's paychecks in the Pre-tax field. This amount can never exceed the maximum percentage for the category. **Do not** include the employer paid amount.

The percentage rate that can be withheld from the employee may change annually and is reported each summer in an *Employer Bulletin*.

I. Employee-Paid Additional Contributions

Enter the total additional contributions deducted from the employee. If there are no additional contributions, leave this field prefilled with '0.00'. Refer to Chapter 12 for additional contribution reporting information.

Note: Do not include additional contributions on the annual report that were already reported on previous termination reports.

J. Employer-Paid Additional Contributions

Enter the total additional contributions paid by the employer for the employee. If there are no additional contributions, leave this column prefilled with 0.00. Refer to Chapter 12 for additional contribution reporting information.

Note: Do not include additional contributions on the annual report that were already reported on previous termination reports.

1007 Annual Reporting Transaction Type Descriptions and Field Requirements

Table 10.2 - Annual Reporting Transaction Type Descriptions

Transaction Type	Transaction Type Description
00	Used to report annual hours, earnings and/or employee-paid contributions (if applicable) for employees not terminated or not on leave of absence. The Action Date must be 12/31 of the year being reported (YYYY1231).
40	Used to report employees on an informal leave of absence with no annual earnings. The Action Date must be left blank and Last Day Worked must be YYYY1231. No hours and earnings are reported with this transaction type.
80	Used to correct or adjust an incorrect transaction type 00 transaction on the annual report. Report **only** the number of hours, amount of earnings and/or employee-paid contributions to be added or subtracted (only report the **difference** between what should have been reported and what was previously reported).

Table 10.3 - Annual Reporting Field Requirements

Report Field	00	40	80
Report Date (YYYY1231)	R	R	R
Social Security Number	R	R	R
Name (Last, First, Middle Initial)	R	R	R
Address	R		A
Employment Category	R	R	R
Transaction Type	R	R	R
Action Date (YYYY1231)	R		R
Last Day Worked (YYYYMMDD)		R	
New Employment Category			
Teachers/Judges/Educational Support (Jan - June Hours) H	B		B
Teachers/Judges/Educational Support (Jan - June Earnings) H	B		B
Calendar Year Hours	R		R
Calendar Year Earnings	R		R
Employee Paid EERC	A		A
Employee Paid BAC	A		A
Additional Contributions	A		A

Key:

Blank Fields = Leave Empty

R = Required Fields

A = If Applicable

B = Required for fiscal year employees. For those hired on or after July 1 there will be no January-June hours and earnings to report.

H = For Employment Categories 40, 41, 42, 45, 47 & 48 **only.**

1008 Completing Reconciliation

For each employment category, determine the calendar year earnings and additional contributions, if any, for the following:

- All employees reported on the Annual Report.
- All employees shown on the *Employee Transaction Detail* on the WRS Earnings Reports (On-going) found on ETF Web Applications for Employers.
- Any outstanding employees on the *Suspended Employee Transactions* report submitted to ETF throughout the calendar year which may not appear on the Employee Transaction Detail Report.

Note: Include only those transactions that apply to the calendar year being reported. An employee terminating employment in December with final earnings paid in January must be treated as an active employee on the annual report with January through December hours and earnings reported. A termination entry using the ONE's 'WRS Account Update' application is then submitted in January, with a January report date, certifying the employee's December termination date and reporting the final hours and earnings paid in January (so it is loaded as the employee's subsequent year of earnings).

Refer to subchapter 1012, Exhibit 1 for a sample of annual reconciliation.

1009 Reporting Year-End Terminations

Employees who terminate in December may still have compensation due in the next calendar year (payroll lag). It is very important that an employee's hours and earnings are credited in the appropriate year. The following are important items to remember when an employee terminates employment during the month of December:

- The report year date must correspond to the year in which earnings were actually **paid** and the required contributions remitted.
- The employee must be reported as active on the annual report if there are earnings paid in the following year. Earnings paid to the employee during a calendar year should be reported on the annual report with an action date of 1231YYYY, transaction type of 00 and report date of 1231YYYY (same date as the action date). (Refer to subchapter 1012, Exhibit 1.)
- The employee's final earnings paid by the employer in January following the December termination date (sometimes referred to as a payroll lag) should be reported on a separate entry. The report date is the date that the payroll was paid, and the required contributions remitted. Though now January, the action/termination date is the December termination date, the transaction type is 01, and the report date is January of the current year.
- The earnings, service and required contributions will be credited to the appropriate year based on the report date.

Example: Teacher terminates employment on December 15, 2018 and receives a final paycheck on January 12, 2019. The employee will remain active and the employer will not process a termination. The employee's earnings paid in 2018 should be reported on the annual report with an action date of 12/31/2018, transaction type of 00 and report date of 12/31/2018. The employee's final earnings paid on January 12, 2019 should be reported separately on the termination transaction with the

report date of January 12, 2019, action date of December 15, 2018 and transaction type of 01.

Transaction 1: (Annual Report)

Report Date	Trans Type	Action Date	Jan - June		Calendar Year to Date	
			Hours	Earnings	Hours	Earnings
12/31/2018	00	12/31/2018	880	$28,947.36	1520	$58,202.00

Transaction 2: (Termination Report)

Report Date	Trans Type	Action Date	Jan - June		Calendar Year to Date	
			Hours	Earnings	Hours	Earnings
01/12/2019	01	12/15/2018	80	$3,063.20	80	$3,063.20

Note: The contribution rates for this 2019 transaction will be based on 2019 rates because the earnings were paid in 2019.

1010 Reporting Employees Omitted from or Appearing in Error on the Annual Report End of Year Active Employees Listing

Employers using ETF's End of Year Active Employees Listing for annual reporting may notice omissions or errors on the list. Employee transactions not reported during the year (e.g. new hires, terminations, employment category changes, etc.) may be submitted during the annual report process. Complete these transactions in accordance with instructions below.

- Adding Omitted Employees

  An employee eligible to participate in WRS, but not included on the End of Year Active Employees Listing annual report, must be added. First, complete a P060—WRS Enrollment on the *WRS Account Update* application (found on ETF Web Applications for Employers) for the employee (if not previously submitted). Second, to add the employee to the annual report, copy the information from an existing employee into a blank line and type the omitted employee information over it, being careful not to delete any spaces. This will preserve the file format.

- Terminated Employees Listed on the End of the Year Active Employees Listing

  Terminated employees will appear as active on the End of the Year Active Employees Listing, if the termination was not submitted previously to ETF.

  In the event an employee appears on the annual report who you already submitted a termination for, delete the employee row from the report.

  If a termination was not submitted in error for the terminated employee, key the appropriate termination transaction (01, 03, etc.) on the 'WRS Account Update' application on the ETF Web Applications for Employers with the total hours, earnings and employee-paid contributions. Delete the employee row from the report.

- Unreported Employment Category Changes

  The employee's name will be on the End of the Year Active Employees Listing under the former employment category, if an employment category change was not reported when it occurred. Reporting an employment category change:

  1. Key the Category Change P010 transaction on the *WRS Account Update* application, list

the hours, earnings and employee-paid contributions for the former category. The Action/Termination Date should be the last day in the old employment category. Enter the employee's new employment category in the *New Empl Cat* column. Submit and Confirm.

2. On the *End of the Year Active Employees Listing* report, enter the New Employment Category along with the hours, earnings and employee-paid employee-required contributions covering the period from the employment category change through the end of the calendar year.

Complete a P031 Name/Address Change transaction on the *WRS Account Update* application according to the instructions in Chapter 6, if the employee's name is different than the name listed on the *End of the Year Active Employees Listing* report.

Note: Entering a new name on the End of Year Active Employees Listing **will not** change the name on the individual's WRS record. The Annual transaction will suspend if there are different last names in ETF's system. A P031 Name/Address Change transaction must be entered first.

1011 Annual Reconciliation Tips

A. The WRS annual report is due on January 31.

B. Employers must annually reconcile the earnings reported by employment category via the earnings reported by category via the *WRS Contribution Remittance Entry* application each month.

C. Employee name changes cannot be processed on the annual report. Completing a P031 Name/Address Change transaction on the *WRS Account Update* application is the only method available for changing an employee's name on their WRS record (refer to subchapter 607 and Chapter 23).

D. The annual report must **not** include employees whose final hours of service, earnings and employee paid contributions were previously reported during the year.

E. Amounts entered in the Pre-Tax Employee Required Contributions (EERC) column of the annual report must represent only those actually paid by the employee. The maximum percentage allowed must not be exceeded for the EERC.

F. Employee transactions (such as terminations) that were not reported during the year may be submitted via the *WRS Account Update* application.

G. Previously omitted employees added to your annual report must **immediately** be reported to ETF through the *WRS Account Update* application on ETF Web Applications for Employers.

H. When completing annual reconciliation:

- If total earnings for a category reported on your WRS Contribution Remittance Entries are greater than the total earnings reported for that category via the *WRS Account Update* application:
  - Ensure all employees for whom you remit WRS contributions have been enrolled and are included on your annual report.
- If total earnings for a category reported via the *WRS Account Update* application are greater

than the category's total earnings reported on the WRS Contribution Remittance Entries:

- Ensure all 12 months' worth of WRS Contribution Remittance Entries have been submitted.

I. Keep your reporting up-to-date.

J. Refer to Chapter 8, subchapter 804, for additional information on December Remittance Reporting after Annual.

1012 Examples of Reports

Exhibit 1 – Sample of Annual Reconciliation

Monthly Contributions (Earnings)			
Month	**Total Earnings (Category 30)**	**Month**	**Total Earnings (Category 30)**
January	5,480.00	July	4,680.00
February	5,480.00	August	4,680.00
March	4,680.00	September	4,680.00
April	4,680.00	October	4,680.00
May	4,680.00	November	4,680.00
June	4,680.00	December	4,680.00
		TOTAL	**57,760.00**

Periodic & Annual Reports			
Employee	**Transaction Type**	**Hours of Service**	**Earnings**
Jim Johnson	01	160	1600.00
Jeffrey Miller	00	2080	24,960.00
Todd Anderson	00	2080	31,200.00
		Total	57,760.00

Employee Transaction Report **submitted at time of termination			
Employee	**Transaction Type**	**Hours of Service**	**Earnings**
Jim Johnson	01	160	1600.00

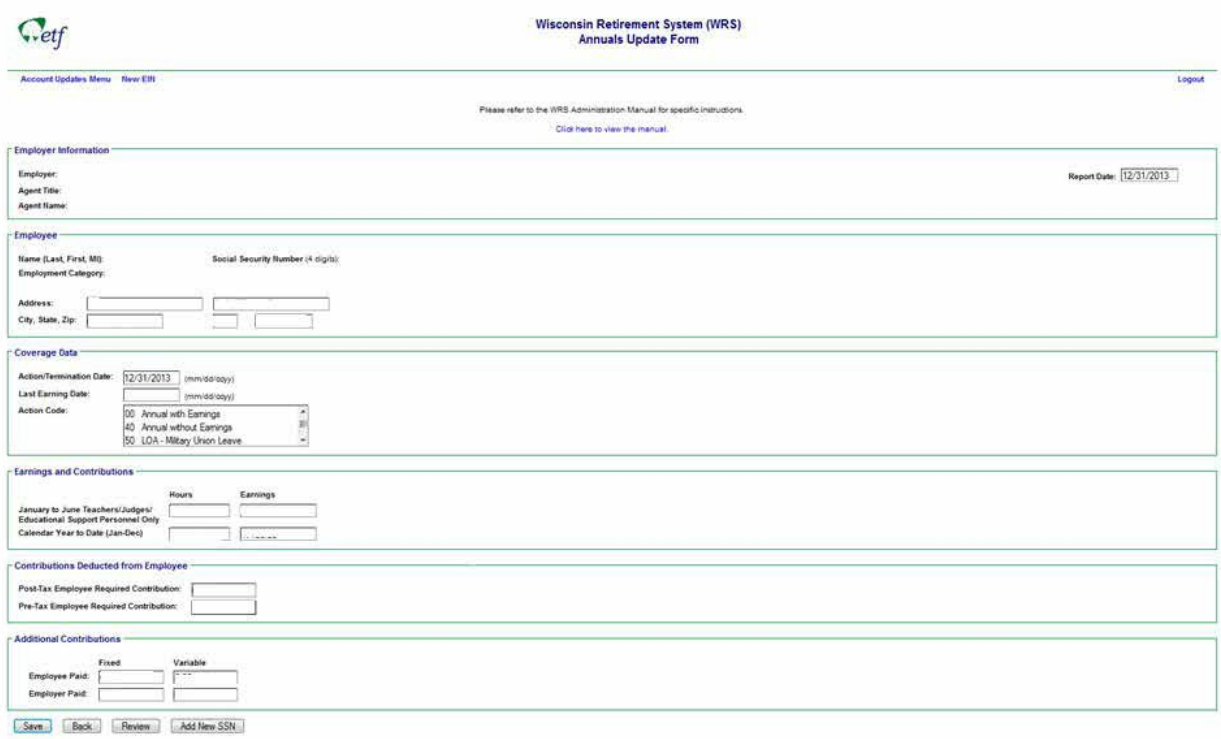
Periodic Reports		=	WRS Contribution Remittance Entries
Total Annual Transactions	57,760.00		**57,760.00**
Periodic Reports	+1,600.00		
	59,360.00		

In this example (on previous page), the monthly remittance total earnings do not match the transaction total earnings submitted throughout the year. The difference between the totals is $1,600.00, the exact amount of Jim Johnson's earnings. The WRS is an "add-to" system. Items reported in December are added to items reported earlier in the year. In this case, Jim's earnings were reported twice, thus explaining the discrepancy.

To correct this situation an 80 transaction is needed to reduce (subtract) Jim's earnings of

$1,600.00 from his total earnings. Then the earnings will be balanced between the monthly remittances and the annual plus the transaction reports.

Exhibit 2—Example of *WRS Account Update* Application Annual Processing Transaction


etf

Wisconsin Retirement System (WRS)
Annuals Update Form

Account Updates Menu New EIN Logout

Please refer to the WRS Administration Manual for specific instructions.
Click here to view the manual.

Employer Information
Employer:
Agent Title:
Agent Name:
Report Date: 12/31/2013

Employee
Name (Last, First, MI):
Social Security Number (4 digits):
Employment Category:
Address:
City, State, Zip:

Coverage Data
Action/Termination Date: 12/31/2013 (mm/dd/ccyy)
Last Earning Date: (mm/dd/ccyy)
Action Code:
00 Annual with Earnings
40 Annual without Earnings
50 LOA - Military Union Leave

Earnings and Contributions
Hours Earnings
January to June Teachers/Judges/ Educational Support Personnel Only
Calendar Year to Date (Jan-Dec)

Contributions Deducted from Employee
Post-Tax Employee Required Contribution:
Pre-Tax Employee Required Contribution:

Additional Contributions
Fixed Variable
Employee Paid:
Employer Paid:

Save Back Review Add New SSN

Exhibit 3—Example of WRS Annual Earnings/Contributions Reconciliation

Employer No: **Employer Name:**

Contribution Category	Employee Transaction Earnings	Monthly Contribution Earnings	Over/Under Reported Earnings	Rate	Contribution Over/Under Payment
30	42,507.13	17,570,817.55	-17,528,310.42	13.40%	-2,348,793.60
40	128,296.72	26,706,651.30	-26,578,354.58	13.40%	-3,561,499.51
Totals	170,803.85	44,277,468.85	-44,106,665.00		-5,910,293.11
	Employee Trans Reported	**Monthly Contr Reported Addl**			**Addl Over/Under**
Additional Contribution:	409.77	57,190.00			-56,780.23
Total Pre Tax Employee Required:	11,443.93				
Total Pre Tax BAC:	0.00				
					Total Over/Under
					-5,967,073.34

Note: Rate is based on the current year's rates for employer and employee's portions.

Exhibit 4—Example of Employee Transaction Detail Report

WRS Employee Transaction Detail
2018

Instructions Logout

Employer No:

Employer Name:

New EIN

Export to Excel

NOTE: This spreadsheet cannot be used to upload your WRS annual file.

Grand Totals For All Employment Categories:

Fiscal		Calendar Year		Post-Tax Employee Paid		Pre-Tax Employee Paid		Additional Contribution Employee		Additional Contribution Employer	
Hours	Earnings	Hours	Earnings	EERC	BAC	EERC	BAC	Core	Var	Core	Var
0.00	0.00	12115.00	233,758.76	0.00	0.00	15,661.99	0.00	0.00	0.00	0.00	0.00

Detail By Employment Category:

Social Security Number	Last Name	Emp Cat	Act CD	Action Date	Last Earning Date	New Emp Cat	Fiscal Year		Calendar Year		Post-Tax Employee Paid		Pre-Tax Employee Paid		Additional Contribution Employee		Additional Contribution Employer	
							Hours	Earnings	Hours	Earnings	EERC	BAC	EERC	BAC	Core	Var	Core	Var
		30	01	01/07/2018			0.00	0.00	128.00	4,223.87	0.00	0.00	283.00	0.00	0.00	0.00	0.00	0.00
		30	60	02/04/2018			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		30	01	05/07/2018			0.00	0.00	768.00	13,038.98	0.00	0.00	873.62	0.00	0.00	0.00	0.00	0.00
		30	60	02/18/2018			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		30	01	01/04/2018			0.00	0.00	64.25	1,198.31	0.00	0.00	80.29	0.00	0.00	0.00	0.00	0.00
		30	60	01/02/2018			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		30	60	04/02/2018			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		30	01	01/10/2018			0.00	0.00	117.00	2,512.76	0.00	0.00	168.36	0.00	0.00	0.00	0.00	0.00
		30	01	02/22/2018			0.00	0.00	116.75	1,545.62	0.00	0.00	103.56	0.00	0.00	0.00	0.00	0.00
		30	60	03/26/2018			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*** This report is current as of the previous night ***

CHAPTER 11—PRIOR YEAR ADJUSTMENTS

1100 General Information
1101 2011 Act 32 - Prior Year Reporting
1102 Methods Available for Prior Year Reporting
1103 Completion of Prior Year Adjustment on the *WRS Account Update* Application
1104 Completion of Prior Year Adjustment on the *Transaction Upload* Application
1105 Prior Year Transaction Type Description – Table 11.1
1106 Prior Year Reporting Field Requirements – Table 11.2
1107 Examples of Prior Year Adjustments

1100 General Information

Occasionally, employers may need to submit an adjustment to an employee's previously reported WRS service and/or earnings or report previously unreported service and earnings for a prior year. A contract settlement is a common example of late reported earnings. The contract settlement earnings must be reported back to the year they would have been paid had the contract been settled timely.

Prior year adjustments for correcting errors, reporting retroactive earnings and requesting refunds can be submitted electronically via the *WRS Account Update* application in ETF Web Applications for Employers.

Note: ETF systems is an add-on or subtract-from system. Previously reported hours, earnings, and/or employee contributions should not be re-reported. Only what is missing from the employee's account or only the amount that needs to be subtracted should be reported on the transaction.

WRS contributions, plus interest, may be due with many prior year adjustments. However, ***do not send contributions*** until ETF generates an invoice (or statement). The invoices, generated mid-month and mailed to the employer, indicate:

- The amount owed, amount credited or a zero balance.
- Instructions on how to remit the appropriate amount due or take the appropriate credit from a future monthly remittance, and
- The due date to avoid additional interest charges, if any.

Wis. Stat. §40.06 (5), states, "Whenever it is determined that contributions…were not paid in the year when due, the amount to be paid shall be determined at the employee and employer contribution…rates in effect when the payment should have been made and increased by interest at the effective rate which would have been credited if the amount had been paid and deposited in the accumulation reserves of the core annuity division…at the time the contributions …were due."

Both employer and employee may be liable for back contribution and interest payment. It is the employer's responsibility to collect from the employee the amount that the employer would have deducted from their paychecks had the amounts been paid when due, plus corresponding interest. 2011 Wisconsin Act 32, effective July 1, 2011, prohibits employers from paying the Employee-Required Contributions (EERC) on behalf of the employee except when collective bargaining agreements were in place prior to the law provided for payment of

the EERC by the employer. ***Under no circumstances*** may an employer require that an employee pay back Employer-Required Contributions (ERRC) or interest assessed on the ERRC. The employer remits both the ERRC and EERC when processing the WRS Contribution Remittance Entry on ONE.

Note: Time restrictions may apply to changing an employee's employment category. For errors that were purely clerical in nature, such as crediting WRS service when none was previously reported and correcting previously reported service, earnings and/or contributions, there is no time restriction. (Refer to subchapters 315, 316, 403 and 404 for specific exceptions, time restrictions, and additional information.)

1101 2011 Act 32 - Prior Year Reporting

2011 Wisconsin Act 32, effective July 1, 2011, enacted two changes affecting Employee-Required Contributions (EERC). First, there was a mid-year WRS contribution rate redistribution that necessitated an employment category change in 2011 for all employees. Second, statutory revision required that the employee pay the EERC unless there was a collective bargaining agreement in place on the effective date that provided for the employer payment of the EERC.

EERC is required to be deducted as pre-taxed contributions unless there was a collective bargaining agreement in place on the effective date that explicitly prohibited pre-tax contributions.

When enrolling an employee retroactively to 2011 or adjusting an existing employee's hours and/or earnings for calendar year 2011, employers must make two adjustments to account for the change in employment categories as well as the change from post-tax to pre-tax employee-paid contributions.

1102 Methods Available for Prior Year Reporting

Available methods for prior year reporting include:

A. ETF Web Applications for Employers

Once authorized for ETF web applications access, employers can electronically submit prior year adjustments using either the *WRS Account Update* application or the Transaction Upload application.

- **WRS Account Update:** Most adjustments to a participating employee's account can be completed using the *WRS Account Update* application. The application can be used for smaller numbers of adjustments. (Refer to subchapter 1103 for instructions and an example to assist you when completing Prior Year Adjustments using this application.)

- **Transaction Upload:** This application is used for many transactions, such as contract settlements. (Refer to subchapter 1104 for instructions on completing Prior Year Adjustments using this application.)

B. Secure File Transfer Protocol (SFTP):

Secure File Transfer Protocol provides electronic transmission of prior year adjustments. An electronic version of the *Electronic Reporter Transmittal* (ET-2536) must accompany SFTP files. Refer to Appendix A for FTP data description and formatting requirements. Deviations from the prescribed formats will not be accepted. In order to have access to the SFTP server, you must have filled out the *Online Access Security Agreement* (ET-8928) and checked the SFTP Server access box.

To ensure you have capability to perform SFTP transmissions, you should discuss the system requirements with your information technology department. **Please make sure you will be able to send data even if you have a firewall on your system**.

Employers interested in using SFTP should contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285, or send an email to ETFSMBEmployerWRS@etf.wi.gov.

1103 Completion of Prior Year Adjustment on the WRS Account Update Application

1. Go to ETF Web Applications for Employers and click on "WRS Account Update."

   - Enter User ID and Password when prompted and click on "Login."
   - Enter the Employer Number when prompted and click on "Submit."

2. Click on "Prior Year Transactions P027 or P029." Refer to subchapter 1105 for a description of other prior-year Transaction Types and subchapter 1106 for field requirements.

   - Select the adjustment year from the drop-down menu.

3. Items A through I below provide a description of the data fields that may be needed to complete a prior year adjustment.

A. Report Date

This date is prefilled to be the current date the prior year correction is made. The report date cannot be earlier than any Action/Termination date entered.

B. Social Security Number

Enter the employee's Social Security number without dashes.

C. Name

Enter the employee's first name, middle initial and last name.

D. Action/Termination Date (MM/DD/YYYY)

The Action/Termination date is pre-populated.

E. Employment Category

Select from the drop-down list the employee's employment category. (Refer to subchapter 401 for detailed explanation of employment categories.)

F. Fiscal Year Reporting—January to June Hours and Earning for Teachers, Judges and Educational Support Personnel Only

Enter the fiscal year hours (rounded as a decimal equivalent to the nearest one-hundredth) and earnings (in dollars and cents) paid from January 1 to June 30 of the calendar year being reported. Refer to Section 903 C and D for 9 and 10 month teachers. Complete for teachers, educational support staff, and judges (categories 40, 41, 42, 45, 47 and 48) only.

Note: Fiscal year earnings field is only available when one of the above employment categories is selected. Leave fiscal year fields blank for employees of the above categories who begin enrollment between July 1 and December 31.

G. Calendar Year-to-Date Reporting of Hours and Earnings

Enter the hours (rounded as a decimal equivalent to the nearest one-hundredth), and earnings (in dollars and cents) paid from January 1 to the action/termination date. This applies to all employees, including teachers, judges and educational support personnel.

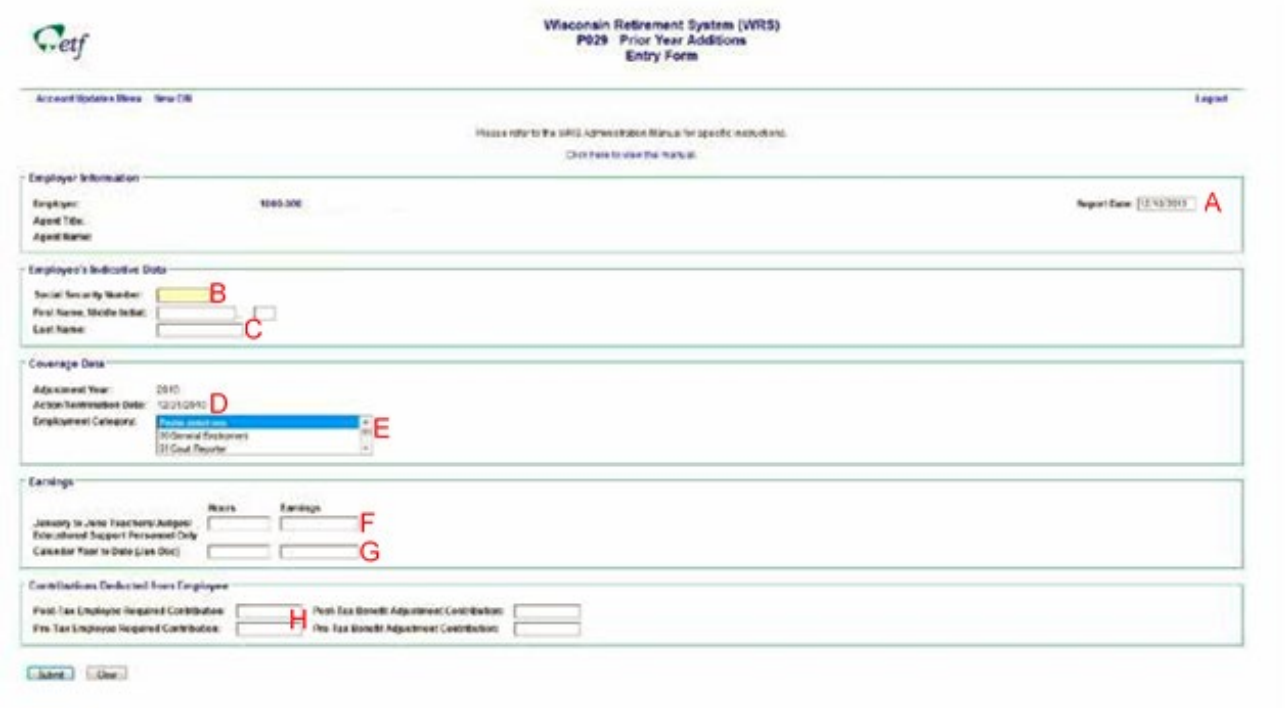
H. Employee-Required Contributions - Deducted from the Employee

Enter the dollar amount actually deducted from the employee's paychecks toward the Employee-Required Contributions (EERC) in the pre-tax field(s). The employee-required contributions would only be post-tax if there were no way for the employer to retrieve the employee-required contributions pre-tax, such as the employee terminated employment and there is no paycheck to deduct the contributions from. This amount can never exceed the maximum EERC percentage for the employment category reported. The percentage rate that may be withheld from the employee may change annually, and the value for the coming year is reported each summer in an *Employer Bulletin*.

Do not include the amount of EERC paid by the employer.

2011 Wisconsin Act 32, effective July 1, 2011, prohibits employers from paying the EERC on behalf of the employee, except where collective bargaining agreements that are in place prior to the law provided for payment of the EERC by the employer. Certain employees who meet the Chapter 111 Employment Relations definition of "public safety employee" may also continue to bargain with their employer over who may pay the EERC. Refer to Chapter 7 subchapter 702 for more information on EERC.

WRS Account Update Screen Example



1. Click “Submit.”
2. Click “Confirm.”
    - This will take you to the “LRE Confirmation Screen.”
    - You can print this screen for your records.
    - This will submit the report to ETF.

1104 Completion of Prior Year Adjustment on the Transaction Upload Application

There are two ways to create the necessary file for submission:

1. Create a TEXT file from our payroll system, using the formatted specification from Appendix A; or
2. Use an ETF Excel file (CSV formatted).

To use ETF created file and upload it as a CSV file:

1. Go to ETF Web Applications for Employers.
2. Click on “WRS Earnings Reconciliation Reports (Final).”
3. Enter User ID and Password when prompted and click on “Login.”
4. Enter the Employer Number when prompted and click on “Submit.”
5. Choose the appropriate year after “Select the Year to View the Reports.”
6. Select “Contract settlement” and click on “Display.”
7. Click on “Export to Excel.”
8. Enter the applicable data into the required/appropriate fields.
9. Save file by choosing “Save As” and choose the type CSV (comma delimited) (*.csv)

Submission Process

1. Go to ETF Web Applications for Employers.
2. Click on “WRS Transaction Upload.”
3. Enter User ID and Password when prompted and click on “Login.”
4. Enter the Employer Number when prompted and click on “Submit.”
5. Within “Report to Upload” click “Browse” and select the saved file that you had saved.
6. Click on “Upload” Report Submission screen will populate.
   On the bottom of the Report Submission screen “Check” the User Agreement box.
7. Click “Submit.”

Verify Late Reported Earnings Transactions

1. Go to ETF Web Applications for Employers.
2. Click on “WRS Earnings Reports (On-going).”
3. Enter User ID and Password when prompted and click on “Login.”
4. Enter the Employer Number when prompted and click on “Submit.”
5. Choose the appropriate year.
6. Select “Late Reported Earnings” after “Select the Year to View the Reports” and click “Display.”

1105 Prior Year Transaction Type Description – Table 11.1

Transaction Type	Description
22	Used to report hours, earnings and/or employee paid contributions that result from a compromise settlement or an employee being reinstated to a position due to appeal. The agreement must be reviewed by ETF before a transaction is submitted to determine if any payment is WRS reportable.
23	Used to report retroactive earnings resulting from a collective bargaining agreement. To obtain a pre-printed list either access the WRS Earnings Report application, Active Employee Reports on ETF Web Applications for Employers or contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285.
27	Used to subtract previously reported earnings and corresponding hours and/or employee paid contributions – if applicable. This code is also used to report subtractions to employee paid pre- and/or post-tax contributions. The hours, earnings, and employee paid pre- and/or post-tax contributions should be entered as negative numbers.
28	Used for a prior year employment category change. The transactions will transfer prior year service and earnings from the incorrect employment category to the correct employment category.
29	Used to report prior year hours and earnings or add to the amount of earnings and corresponding hours, and/or employee paid contributions, if applicable, that were previously reported. This code is also used to report additions to employee paid pre- and/or post-tax contributions.

1106 Prior Year Reporting Field Requirements - Table 11.2

Report Field	Transaction Type				
	22	23	27	28	29
Report Date	R	R	R	R	R
Social Security Number	R	R	R	R	R
Name (Last, First, Middle Initial)	R	R	R	R	R
Employment Category	R	R	R	R	R
Transaction Type	R	R	R	R	R
Action Date	R	R	R	R	R
Last Day Worked					
New Employment Category					
Teachers/Judges/Educational Support	A		A	A	A
(Jan - June Hours) H	A	A	A	A	A
Teachers/Judges/Educational Support	R		A	R	A
(Jan - June Earnings) H	R	R	A	R	A
Calendar Year Hours	A	A	A	A	A
Calendar Year Earnings	A	A	A	A	A
Employee Paid EERC (pre-tax)	A	A	A	A	A
Employee Paid BAC					
Additional Contributions					

Key:

Blank Fields = Leave blank

R = Required Fields

A = If Applicable

H = For Employment Categories 40, 41, 42, 45, 47 and 48, *only*

1107 Examples of Prior Year Adjustments

The following examples of prior year adjustments may assist in the processing of earnings, hours, and employee paid contributions adjustments.

Example Number	Reporting
1	Late Reported Earnings Report (Refer to subchapter 1104).
2	Contract Settlement for Teachers (Current and Prior Years)
3	Correcting Under Reported Hours, Earnings, and Employee-Paid Contributions
4	Correcting Over Reported Hours, Earnings, and Employee-Paid Contributions
5	Employee Category Change in Prior Year (Never Reported to ETF)
6	Employer Did not Enroll an Employee Timely
7	Reporting an Employee's Termination Date for a Prior Year

Example 1 - Late Reported Earnings Transaction

WRS Employee Late Reported Earnings Transactions
2013

Instructions Logout

Employer No: **Employer Name:**

New EIN Export to Excel

NOTE: This spreadsheet cannot be used to upload your WRS annual file

Emp Cat	Social Security No	Last Name	Action CD	Action Date	Last Earning Date	Fiscal Year		Calendar Year		Employee Paid Post-Tax		Employee Paid Pre-Tax		Additional Contribution Employee		Additional Contribution Employer	
						Hours	Earnings	Hours	Earnings	FERC	BAC	FERC	BAC	Core	Var	Core	Var
10			27	12/31/2010		0.00	-0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	0.00	0.00	53.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	0.00	0.00	-53.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	-53.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	319.99	0.00	1,056.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	0.00	0.00	-0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2009		0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	-0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	0.00	0.00	9.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2010		0.00	0.00	0.00	-800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2009		0.00	0.00	0.00	-0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			27	12/31/2009		0.00	0.00	0.00	-49.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2010		0.00	0.00	0.00	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2009		0.00	0.00	0.00	408.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10			29	12/31/2009		0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

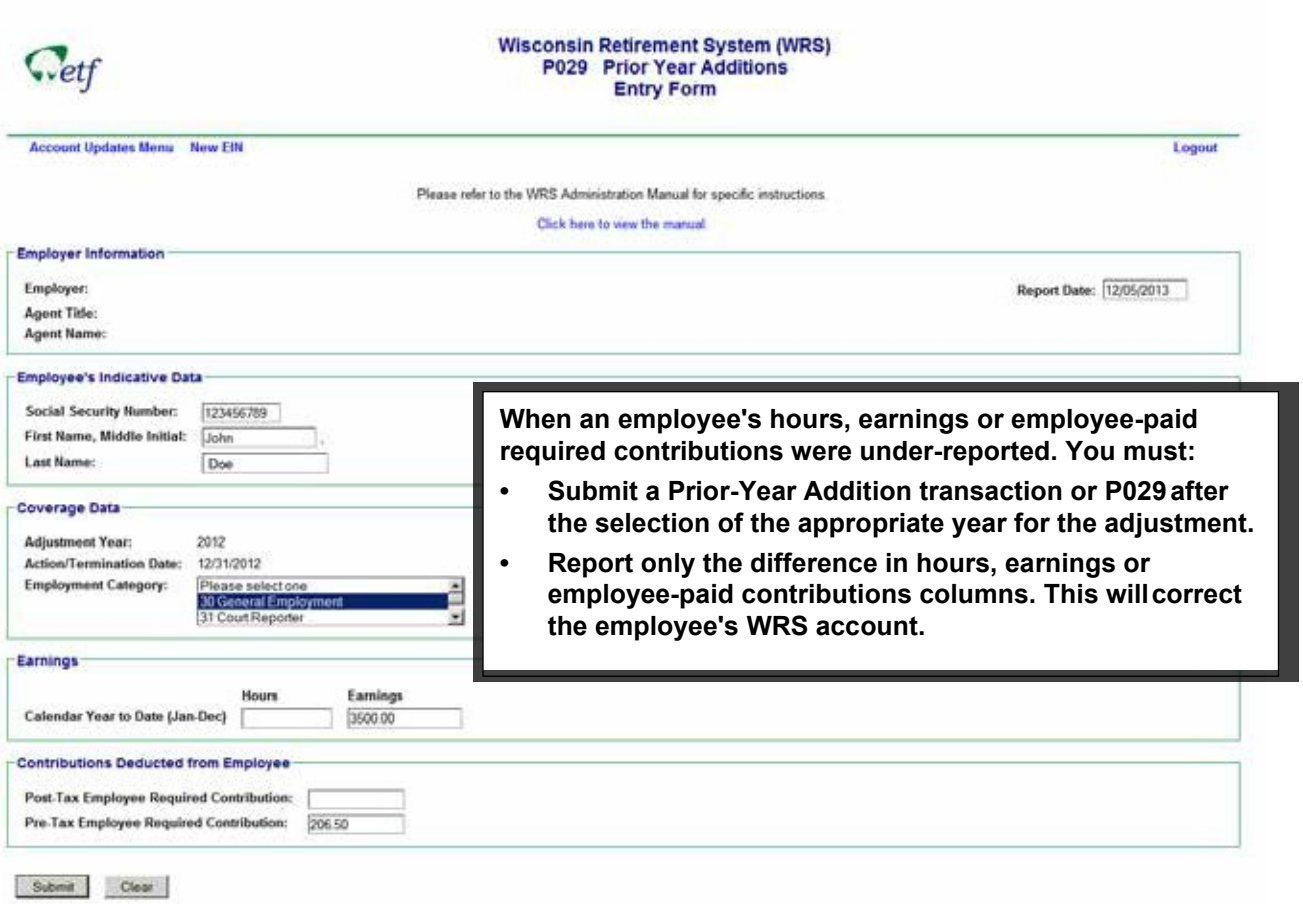
Example 2 - Contract Settlement for Teachers Current and Prior Year in Multiple Categories CSV File Upload

EIN	Report Date	Trans ID	Trans Type	Action Date	Empt Cat	First Name	CY Hours	CY Earnings	Pre-Tax EE-pd EERC
4XX4000	20180611	P	029	20111231	10	LINDA	660.00	13200.00	0.00
4XX4000	20180611	P	029	20111231	10	DEAN	550.00	11000.00	0.00
4XX4000	20180611	P	029	20111231	10	JENNIFER	580.00	11600.00	0.00

EIN	Report Date	Trans ID	Trans Type	Action Date	Empt Cat	First Name	CY Hours	CY Earnings	Pre-Tax EE-pd EERC
4XX4000	20180611	P	029	20111231	40	LINDA	640.00	12800.00	0.00
4XX4000	20180611	P	029	20111231	40	DEAN	600.00	12000.00	0.00
4XX4000	20180611	P	029	20111231	40	JENNIFER	602.00	12040.00	0.00

It is June 6, 2018 and an audit reveals you failed to report three teachers' hours and earnings for school year 2011-2012. Above are examples of the necessary CSV files to adjust service/earnings in multiple categories for 2011. To adjust employee data from Jan 1, 2011 through June 30, 2011 you must use the pre-Act 10 categories (i.e., cat 10). To adjust employee data from July 1 through Dec 31 of the same year you must use the post-Act 32 categories (i.e., cat 40). (Not all rows and columns appear on the Excel File in this example i.e., FY hours and earnings).

Example 3 – Correcting Under-Reported Hours, Earnings, and Employee-Paid Contributions – ONE Site



Example 4 – Correcting Over-Reported Hours, Earnings, and Employee-Paid

Wisconsin Retirement System (WRS)
P027 Prior Year Reductions
Entry Form

Account Updates Menu New EIN Logout

Please refer to the WRS Administration Manual for specific instructions.

Click here to view the manual.

Employer Information

Employer:
Agent Title:
Agent Name:
Report Date: 12/05/2013

Employee's Indicative Data

Social Security Number: 123545678
First Name, Middle Initial: John
Last Name: Doe

Coverage Data

Adjustment Year: 2012
Action/Termination Date: 12/31/2012
Employment Category: 36 Legislator or State Constitutional Officer; 39 Local Elected Official; 40 Teacher

Earnings

	Hours	Earnings
January to June Teachers/Judges/ Educational Support Personnel Only	-50.00	-1250.00
Calendar Year to Date (Jan-Dec)	-50.00	-1250.00

Contributions Deducted from Employee

Post-Tax Employee Required Contribution:
Pre-Tax Employee Required Contribution: -73.75

Submit Clear

When an employee's hours, earnings or employee-paid required contributions were over-reported. You must:

- **Submit a Prior-Year Reduction transaction or P027 after the selection of the appropriate year for the adjustment**
- **Report only the difference in hours, earnings or employee-paid pre-tax contributions columns. This will correct the employee's WS account.**

Contributions - ONE Site

Example 5 - Employee Category Change in Prior Year (Never Reported to ETF)

A county hired a police officer on September 1, 2017, and for the first year incorrectly reported her as a general employee (category 30) rather than a protective employee (category 33). The county must do the following:

- **Enroll the police officer in the protective employment category 33 on September 1, 2017 using the WRS Enrollment P060 on the *WRS Account Update* application. Take the following action:**
- **Complete a P028 Transaction on an *Employee Transaction Report* (ET-2533) with report date 12/31/YYYY of the year to be corrected (in this scenario, 2017). Transaction Type 28 requires two entries for each year you are correcting.**
  1. **On one line enter the old employment category code and subtract previously reported hours, earnings and employee-paid contributions (if applicable).**
  2. **On the second line, enter the new employment category code and add the hours, earnings and employee-paid contributions (if applicable).**
- **Complete an entry terminating the employee from the incorrect employment category using Transaction Type 01 and the effective date of the new employment category as the action date.**
- **Contributions for the current year can be "caught up" on your next WRS Contribution Remittance Entry, by adding the employee's year-to-date earnings in the protective employment category (33) total earnings and deducting the same amount from the general category (30) total earnings.**

Example 6 - Employer Did Not Timely Enroll an Employee

A county hired a police officer on August 1, 2017, but forgot to enroll the officer in the WRS.

The county must complete the following steps to retroactively enroll the police officer in the WRS:

1. **Access the *WRS Account Update* application of the ETF Web Applications for Employers.**
   - **Use the P060 – WRS Enrollment screen to retroactively enroll the employee in the WRS effective August 1, 2017, using employment category 33 – Protective with Social Security.**
   - **Use the P029 – Prior Year Additions screen for adjustment year 2017 to report hour, earnings, and employee-paid contributions (deducted from employee) for the period August 1, 2017, through December 31, 2017. Complete another P029 transaction for each year that was missed.**

     An invoice will be generated with all the required contributions, plus interest, that the county must remit to the WRS for each year that was missed.
2. **Access the WRS Contribution Remittance Entry application on the ETF Web Applications for Employers.**
   - **Include the employee's earnings for the current year, under employment category 33 – Protective with Social Security, on the county's next remittance to catch up on the current year WRS contributions.**

Example 7 - Reporting an Employee's Termination Date for a Prior Year

Hours and earnings were previously reported for an employee on your annual report. You now realize you forgot to terminate the employee. You must do the following:

- **Complete a termination transaction on the WRS Account Update application using transaction type P001.**
- **Enter the correct termination date in the Action/Termination Date column.**
- **Include the employee's address on the termination report so the Department knows where to forward their *Statement of Benefits.***

CHAPTER 12 – ADDITIONAL CONTRIBUTIONS

1200 General Participation Requirements
1201 Types of Additional Contributions
1202 Guidelines for Calculating Maximum Additional Contributions
1203 Reporting Frequency of Employer Submitted Additional Contributions
1204 Completion of the Additional Contributions Section
1205 Employer Options for Providing Increased Retirement Benefits (ET-1137)

1200 General Participation Requirements

Wisconsin Retirement System (WRS) participants may make additional contributions for the purpose of providing supplemental retirement income. Amounts are subject to the maximum contribution levels established in federal tax law.

Employees may make additional contributions by sending a check or money order directly to ETF or by arranging for a payroll deduction. If contributions are remitted through payroll deduction, the employer is required to report the amount on the Monthly Remittance Reports and allocate the additional contribution amount to the individual employee on the annual report at year's end or on the termination report when the employee terminates. Refer to subchapter 1204 for reporting instructions.

Additional contributions begin to earn interest on the January 1 after ETF receives them. For example, payments received in 2019 will not earn interest for calendar year 2019. They will begin earning interest on January 1, 2020.

Employees may request a copy of ETF's *Additional Contributions* (ET-2123) brochure for detailed information on making additional contributions.

Note: Employees participating in the Variable Trust before January 1, 2001, may designate contributions for the Variable Trust, the Core Trust or segregate funds between the two trusts. Employees electing to participate in the Variable Trust on or after January 1, 2001, will have additional contributions automatically segregated 50% between Core and Variable Trusts. (Refer to Chapter 16 for information on Variable participation.)

1201 Types of Additional Contributions

A. Employee (Regular) Additional Contributions

Current active WRS employees may make voluntary, **post-tax** additional contributions to their retirement account either through their employer by payroll deduction or by direct payment to ETF via personal check or money order.

Section 415 (c) of the Federal Internal Revenue Code (IRC) limits the amount of annual contributions to a qualified pension plan such as the WRS. The limitation amount is updated annually by the Federal Internal Revenue Service. When terminating employment, the additional contribution must be received by ETF prior to the termination date in order to be eligible for deposit for that year.

Note: A *Maximum Voluntary Additional Contributions Worksheet* (ET-2566) should be completed by the employee and submitted with the additional contribution (refer to subchapter 1202).

Post-tax employee-required contributions* actually paid by the employee apply toward meeting the employee's annual IRC 415 (c) annual limit.

*Effective July 1, 2011, WI Act 32 required that the WRS contributions, not additional contributions, made by the employee be pre-tax contributions, not post-tax contributions. As a result, required employee-paid contributions are technically employer contributions for IRS purposes. Therefore, it will be rare for WRS employee-required contributions to be included toward the 415 (c) limit after 2011. The exception would be employee-required contributions made post-tax pursuant to a pre-existing collective bargaining agreement or contract.

ETF checks employee-paid additional contributions based on WRS earnings. The maximum employee-paid additional contribution is restricted to the lessor of the employee's gross compensation or the IRS limitation. Any amount remitted that exceeds that limit will be refunded to the employee. This check occurs after all earnings are reported and reconciled and is normally completed by April for the prior calendar year.

In the event an employee's maximum contribution limit is exceeded, ETF contacts the employer to verify the employee's gross compensation and request a copy of the employee's W-2. The employee-paid additional contributions are re-checked when the gross compensation differs from WRS earnings. Employee-paid additional contributions more than the federal limit are removed from the employee's WRS account and refunded to the employee.

B. Employer-Paid Additional Contributions

A participating employer (except state agencies subject to the state's compensation plan) may make voluntary, **pre-tax** additional contributions for any participating employee in active employment status, **in addition** to the **required** employer contributions. The employer cannot begin or continue to make additional contributions after the employee terminates employment. Contributions must be made no later than the first monthly remittance of contributions to ETF following termination and should be reported on the WRS Contribution Remittance Entry application of ETF Web Applications for Employers.

Employer-paid additional contributions are not subject to the same limits as employee additional contributions. The *Maximum Voluntary Additional Contributions* (ET-2566) form is not required when it is employer-paid additional contributions because it is for calculation of employee contribution limits only.

C. Tax Deferred Additional Contributions

As of January 1, 2009, ETF discontinued accepting IRS section 403 (b) additional contributions to participant's WRS accounts.

Historically, ETF accepted IRC section 403 (b) additional contributions (also known as tax-deferred or tax-sheltered additional) from employees of certain school districts and educational institutions that had employees making such contributions prior to May 1982.

On July 26, 2007, the Treasury Department and the Internal Revenue Service published final regulations related to section 403 (b) plans. The 2007 regulations are the first comprehensive section 403 (b) regulations since 1964 and incorporate numerous changes to the arrangements. ETF has determined that it is unable to comply with many of the federal plan requirements and will therefore no longer accept 403 (b) contributions.

Note: Participants who currently have 403 (b) additional contributions credited to their WRS accounts will continue to earn interest on those contributions until they are eligible to withdraw the deposits. Withdrawals are subject to the same terms under which the contributions were made (i.e., withdrawals require termination of all WRS participating employment).

1202 Guidelines for Calculating Maximum Additional Contributions

It is imperative that the employee and employer complete the ETF *Maximum Voluntary Additional Contributions* (ET-2566) worksheet for determining the maximum amount of WRS contributions prior to making employee or employer paid additional contributions. Doing so will decrease the possibility of exceeding the maximum contribution limit and having it removed from their account and refunded. A copy of the ETF *Maximum Voluntary Additional Contributions* (ET-2566) worksheet must be mailed to ETF along with the payment. The form is revised annually to reflect any changes the IRS may make to the annual additional contributions limit.

1203 Reporting Frequency of Employer Submitted Additional Contributions

A. Terminated Employees: Additional contributions must be made while the employee was active. That is why it is critical that ETF receive the report of an employee's termination within one week after their final paycheck. The information is necessary to determine the employee's benefit. The additional contribution information should be included with the employee's final hours, earnings and employee-required contribution information.

B. Active Employees: Submit the additional contribution information along with the annual report of the employee's annual hours, earnings and employee-required contribution information.

1204 Completion of the Additional Contributions Section

Refer to Chapter 9, subchapter 907, table 9.2 for information on completing Additional Contributions on the *Employee Transaction Report*.

1205 Employer Options for Providing Increased Retirement Benefits

Go to our website for the *Employer Options for Increasing Retirement* (ET-1137) manual.

CHAPTER 13 – COMPROMISE SETTLEMENTS (COURT ORDERS, ARBITRATION AWARDS, GRIEVANCES, ETC.)

1300 Types of Awards
1301 Statutory/Rule Basis
1302 Requirements of an Acceptable Compromise Settlement
1303 Compromise Settlements of Disputed Terminations
1304 Earnings Offset
1305 Payments Not Reportable to WRS
1306 Examples of Compromise Settlements
1307 Compromise Settlement Guidelines
1308 Additional Contributions
1309 Insurance Coverage
1310 ETF Procedure Upon Receipt of the Compromise Settlement and Employee Transaction Report
1311 Reporting Compromise Settlements and Remitting Contributions to ETF
1312 Employer Recovery of Benefits Paid

1300 Types of Awards

Pursuant to Wisconsin Administrative Code ETF 20.12(2)(a), "compromise settlement" means a written, binding, agreement between a participating employer and a current or former participating employee of that employer, to settle a wage claim or a dispute involving an involuntary suspension or termination of participating employment. Improper terminations, disciplinary actions and wage disputes sometimes result in grievance settlements, arbitration awards, settlement agreements, resignation/separation agreements, or court orders.

For purposes of this chapter, all of these will be referenced as compromise settlements. Compromise settlements may grant the appellant reinstatement, restore benefits, and/or provide for back wages and/or damages which may or may not be reportable earnings for WRS purposes. Employers must send a copy of the compromise settlement to ETF for review to determine the amount, if any, is WRS reportable. Once the review is completed, ETF will let the employer know what is and is not WRS reportable. Corrections may need to be made to the appellant's account.

Note: Payments resulting from retroactive contract settlements or collective bargaining agreements applicable to all eligible employees in a particular bargaining unit are not considered in this section. Refer to Chapter 11 for reporting retroactive contract settlements.

1301 Statutory/Rule Basis

Wis. Stat. §40.02 (22) (b) 9 excludes payments made under court order or compromise settlement from consideration as WRS earnings, unless provided for by departmental rule. That rule was codified in Wisconsin Administrative Code ETF 20.12 to establish the conditions under which payments made as a remedy for an employment dispute may be considered WRS earnings.

Wis. Stat. §40.25 (5) requires repayment of any WRS benefit taken following a discharge when the compromise settlement reinstates the discharged employee to the employee's former, or like, position. Following repayment, the employee's forfeited WRS rights, creditable service and contributions with accumulated interest are reestablished as though the employee had been continuously employed and the benefit never taken.

Reinstatement, for purposes of Wis. Stat. § 40.25 (5), is defined by Wisconsin Administrative Code ETF 10.01 (3t) as restoring an employee to the same or similar position with the same employer at the same level as prior to the discharge. The termination must be expunged and the employee made whole with respect to all wages and benefits the employee would have received if continuously employed by that employer. The compromise settlement may direct that back wages be reduced by amounts earned from other sources and may identify a period of unpaid suspension.

1302 Requirements of an Acceptable Compromise Settlement

The effective date of the compromise settlement is the latest date signed by the parties involved. The following conditions apply to compromise settlements with an effective date on or after May 16, 1996. These conditions are summarized from Administrative Code ETF 20.12 and are meant as a reference tool. Upon receipt, ETF will review the compromise settlement for compliance with ETF 20.12.

Note: ETF will not pre-review and/or issue pre-approvals on draft compromise settlements.

All the following conditions must be met for compromise settlements to be considered acceptable:

A. The payment must be one of the following:

- Retroactive wages for an involuntary termination. The compromise settlement must also expunge the previous discharge date.
- Retroactive wages for a period of involuntary suspension or unpaid leave of absence.
- Additional wages for hours of service performed and previously reported to WRS.
- Additional wages for hours of service performed, but not previously reported to WRS.

B. The employee or former employee must be living on the effective date of the settlement agreement.

C. The compromise settlement must be written, signed and dated by the issuing authority (court, personnel commission, etc.) or by the parties to the agreement.

D. The compromise settlement must specify the wages to be paid to the employee for each annual earnings period (regardless of when it is taxable) and the associated hours of service performed by the employee or hours that would have been performed if the employee had not been suspended or terminated.

Note: For employment categories 40, 41, 42, 45, 46, 47, 48, the annual earnings period is July 1 through June 30. For all other employment categories, the annual earnings period is January 1 through December 31.

E. You must submit a copy of the compromise settlement to ETF for review, including a breakdown of any hours and earnings and the time period they would have been served and paid. Report the wages and hours resulting from the compromise settlement using the instructions in Chapter 11. ETF may request additional payroll detail as needed.

1303 Compromise Settlements of Disputed Terminations

In addition to the requirements defined in subchapter 1302 for acceptable awards, if the compromise settlement pertains to a disputed termination, the settlement must do ***all*** of the following:

A. Rescind the termination date previously reported or establish a new termination date if the employee is not reinstated. The new termination date cannot be later than the effective date of the compromise settlement.

B. Award back wages from the rescinded termination date to the return-to-work date or the new termination date. Wages must be paid as if the employee had been continuously employed throughout the disputed period. The compromise settlement may direct that back wages paid be offset by amounts earned from other sources as well as identify a period of unpaid suspension. Refer to subchapter 1304.

Note: ETF may not consider as WRS earnings a payment for wages for a period during which the employee was an annuitant or whose WRS account was closed due to receipt of a benefit unless the employee was reinstated.

1304 Earnings Offset

The following procedures are followed when back-wage payments are offset due to earnings from other sources:

A. If the compromise settlement directs that the back-wage payment first be reduced by amounts earned from non-WRS sources, ETF shall determine the earnings to be credited in each annual earnings period based on the unreduced amount, subject to the limitations in Section 415 of the Internal Revenue Code (IRC).

Example 1: An employee who normally earns $22 per hour in a full-time position ($880 per week) works half time in another position not covered under WRS for $10 per hour during the dispute. In each week, the employee earns $200 for 20 hours of service working half time. If the employee is made whole for wages and receives back wages of $680 per week (the offset amount) for the disputed period, the employee will receive WRS credit for $880 and 40 hours of service per week because the unreduced amount is within the IRC limitations. This may not be the case in all instances.

Note: An acceptable compromise settlement will indicate what the employee would have earned if not terminated, which would include any amounts to be offset and the amounts to be paid as back wages to the employee.

B. If the compromise settlement directs that the back-wage payment first be reduced by amounts earned from other WRS participating employment, ETF shall determine the earnings to be credited in each annual earnings period based on the reduced amount.

Example 1: An employee who normally earns $22 per hour in a full-time position ($880 per week) works half time in another WRS participating position for $10 per hour during the dispute. In each week, the employee earns $200 and 20 hours of service working half time. If the employee is made whole for wages and receives back wages of $880 per week for the disputed period, the employee will receive retirement credit for only an additional $680 in earnings and an additional 20 hours of service for each week.

C. If the employee's WRS participating employment during the disputed period was part-time, ETF may credit additional earnings and service if the employee submits satisfactory evidence showing that the total earnings and service credited during the dispute would have been greater than those prevailing before the dispute.

1305 Payments Not Reportable to WRS

The following payments will not be considered WRS reportable earnings as provided in ETF 20.12 (5):

A. Any payments for damages, attorney fees, interest or penalties resulting from the compromise settlement.

B. A payment that results from an employer's failure to hire a person. This does not exclude wages related to failure to promote an employee, if the employee's basic pay rate is permanently increased.

C. Earnings that exceed those normally earned in an equivalent earnings period. The intent of the compromise settlement is not to artificially inflate earnings that would have been reported to WRS if there had not been a dispute.

D. A payment not directed to the applicable earnings period.

E. A payment for actual or constructive services rendered or deemed to have been rendered after termination of employment.

F. Any payment that is excluded under Wis. Stat. §40.02 (22) (b). Refer to subchapter 506 for details.

G. A payment made during a period in which the employee is an annuitant, or whose WRS account was closed following a benefit, unless there is a proper reinstatement.

1306 Examples of Compromise Settlements

Case 1:

Plaintiff grieved his failure to be hired at a state agency. The state agency succeeded in persuading the personnel commission that it need not hire him, but rather make a cash award settlement.

Settlement:

$19,000 cash award.

Question:

Does this payment represent "WRS reportable earnings?"

Answer:

No. It is a payment resulting from a failure to hire or promote.

Case 2:

Plaintiff filed suit in U.S. District Court as well as a complaint with the personnel commission alleging discrimination during her employment and in the termination of her employment by State Agency A. To avoid litigation, the state and the plaintiff reached a compromise settlement.

Settlement:

The state pays $90,000 "in gross wages" to the plaintiff "less any amounts required to be deducted by law or administrative regulation." $50,000 in attorney's fees was also paid. The settlement specifically states that neither the plaintiff nor the defendant admits any wrongdoing. The plaintiff retains three years' reinstatement rights, but agrees not to seek work at State Agency A and agrees to submit a letter of resignation.

Question:

Does this payment represent "WRS reportable earnings?"

Answer:

No. The plaintiff was not offered reemployment and resignation was a part of the settlement. It is not clear how the settlement arrived at the $90,000 figure or for what years the payment is made. Also, attorney's fees are not WRS reportable.

Case 3:

Five-day suspension is changed to a letter of reprimand. The employee gets five days' pay, minus all normal and customary deductions.

Question:

Does this payment represent "WRS reportable earnings?"

Answer:

Yes. If settled in the current year, the employer must include the earnings and hours on their annual report. If settled for a prior year, the employer must submit an appropriately coded transaction (transaction type 29) to ETF. A copy of the compromise settlement need not be submitted to ETF because the award is fewer than 80 hours of pay.

Case 4:

Participating employee is discharged and grieves the discharge.

Settlement:

The discharge is withdrawn. The employer is ordered to pay back wages from the date of the discharge to the date of the compromise settlement. The employer is also ordered to place the grievant on an unpaid leave of absence beginning with the date the compromise settlement is reached until the grievant is brought back to work into the first available position. The order states the amount of earnings and hours for the annual earnings period.

Question:

Does this payment represent "WRS reportable earnings?"

Answer:

Yes. The employer is ordered to pay the employee wages from the rescinded termination and also identifies a period of suspension for which wages are not paid. The settlement also specifies the hours of service and wages for each annual earnings period.

Case 5:

Participating employee is discharged and grieves the discharge.

Settlement:

The compromise settlement provides that the employee will not return to work but the employer is to "deem" service and earnings from the date of discharge to some future date.

Question:

Can the employer pay contributions to WRS for the period of deemed service and earnings?

Answer:

No; contributions paid on deemed service and earnings are not permissible in these cases.

1307 Compromise Settlement Guidelines

The following conditions must be met for payments made under a compromise settlement to be treated as earnings for WRS purposes. These guidelines are not all inclusive of the rule. You must refer to the rule for details and submit the compromise agreement to ETF for approval.

Note: Columns are provided in the table to assist you in determining the conditions that meet or do not meet the requirement.

Wis. Admin. Code	Requirement	Meets	Does Not Meet	Comment:
ETF 20.12 (4) (a)	The payment is for: 1. retroactive wages for an expunged termination; 2. retroactive wages for an involuntary suspension or leave; **3.** additional wages due for hours of service previously reported; **or** 4. additional wages for hours of service not previously reported. **Note**: Wages must be considered WRS earnings to be reportable. Refer to Wis. Admin. Code ETF 20.12 (5), (6) and Wis. Stat. §40.02 (22) (a) and (b).			If the payment made because of the compromise settlement is not one of these types, do not proceed any further as the compromise settlement will not be accepted by ETF. If the payment made because of the compromise settlement is one of these types, proceed to the next requirement.
ETF 20.12 (4) (b)	The member or former member is living at the time of the effective date of the compromise settlement.			If the member is not living on the effective date of the compromise settlement, it will not be accepted by ETF. If the member is living on the effective date of the compromise settlement, proceed to the next requirement.
ETF 20.12 (4) (c)	The compromise settlement must be written, signed and dated by the issuing authority or by parties to the agreement.			If the compromise settlement does not meet these requirements, it will be rejected by ETF. If the compromise settlement is written, signed and dated by the issuing authority or by parties to the agreement, proceed to the next requirement.

Wis. Admin. Code	Requirement	Meets	Does Not Meet	Comment:
ETF 20.12 (4) (d) and ETF 20.12 (8)	The compromise settlement specifies the wages to be paid for each annual earnings period and the associated hours.			If the compromise settlement does not meet this requirement, it will be rejected by ETF. If the compromise settlement specifies the wages to be paid along with the associated hours of service, and the associated hours are indicated for each annual earnings period, proceed to the next requirement.
ETF 20.12 (4) (e)	The employer must report the WRS earnings and hours of service per WRS reporting requirements (i.e., following ETF approval, use the Online Network for Employers site, 'WRS Account Update' application).			Once the compromise settlement is finalized, the employer must complete and submit to ETF the necessary transaction report forms to report the WRS reportable earnings and service for each calendar year. **Note**: The annual earnings period is fiscal year for teachers, judges and educational support personnel.
ETF 20.12 (4) (g)	The employer must remit required contributions on wages (or that portion of wages) which ETF treats as earnings including interest computed under Wis. Stat. §40.06 (5).			If the retroactive wages in the final compromise settlement meet the provisions of ETF 20.12 to be included as WRS earnings, ETF will prepare an invoice based on the employer's report required under 20.12 (4) (e). The invoice will indicate the amount due from the employer for employee contributions, and associated interest, and employer contributions, and associated interest. The employer is required to pay the entire amount due to ETF upon receipt of the invoice. The employer may then collect from the employee the amount the employee would have paid for the employee's share of contributions (if any) had the employee not been terminated and the employee's share of interest. **Note**: The employee may not pay any portion of the employer's contribution or employer's interest. (Refer to Wis. Stat. §40.05).

Wis. Admin. Code	Requirement	Meets	Does Not Meet	Comment:
ETF 20.12 (4) (h)	If the remedy includes payment of wages for a period following a disputed termination of participating employment, the compromise settlement does all of the following: Directs the employer to rescind the termination date and, if employee is not reinstated, gives the employee a new termination date, which cannot be later than the effective date of the compromise settlement. Directs the employer to pay all wages from the rescinded termination date to the return to work date or new termination date (as though the employee had been continuously working). The compromise settlement may reduce wages by amounts earned from other sources and may identify a period of suspension for which wages are not paid. **Note:** If the compromise settlement directs that wages to be paid be offset by other sources during the disputed period, refer to ETF 20.12 (7) and (10).			If the compromise settlement does not direct the employer to pay the full back wages (less applicable offsets), the payment is not WRS reportable.

1308 Additional Contributions

Employees can receive additional contributions resulting from the compromise settlement. If the additional contributions, however, exceed the limits on contributions defined in Section 415 of the Internal Revenue Code, ETF will provide refunds to employees or credits to employers of the excess contributions, regardless of the terms of the compromise settlement.

ETF can provide estimated amounts of additional contributions necessary to fund a benefit equivalent to a hypothetical WRS benefit to either employers or employees.

1309 Insurance Coverage

An employee contesting termination should be encouraged to take advantage of insurance continuation options and include any alleged lost insurance benefits as part of the employee's damage claim against the employer.

Retroactive reinstatement of coverage under any of the group insurance plans is not provided. Participants who are not reinstated to participating employment can not obtain coverage resulting from the compromise settlement.

There are three insurance coverage scenarios that can occur:

1. **Employee is reinstated into participating employment and coverage lapsed in the interim.**

   - An employee whose group health insurance, income continuation insurance, or group life insurance coverage under Wis. Stat. §§40.03 (6) (b), 40.51, 40.61, or 40.70, lapsed in the interim may enroll:

     * Only for the insurance plans and coverage in which the employee participated on the date of the disputed termination, and

     * For any plan or coverage for which the employee is otherwise eligible and that the employer first offered during the disputed termination.

   - The effective date of the insurance enrollment is determined as if the employee were rehired on the date of the reinstatement. Insurance coverage becomes effective the first of the month following the employer's receipt of the application. Applications must be returned to the employer within 30 days of reinstatement (return to work).

2. **Employee is reinstated into participating employment and had continued coverage while grieving the discharge.**

   - Coverage can be continued during the appeal process with premium payments submitted through the employer. The employee pays both the employee and employer share of the premium until the employee is reinstated.

   - The employer should reimburse the employee for the employer share of the premiums if the employee's account is reestablished.

   - No application is required since coverage never lapsed.

3. **Employee is not reinstated and had continued coverage while grieving the discharge.**

   - Insurance is terminated the last day of the month in which the compromise settlement becomes final.

   - Offer employee health and life insurance continuation coverage, if applicable.

1310 ETF Procedure Upon Receipt of the Compromise Settlement

If the compromise settlement meets the conditions of ETF 20.12, and payments made because of the compromise settlement are determined to be reportable for WRS purposes, ETF will instruct the employer to do the following:

1. Reactivate the employee's WRS account by removing the disputed termination, if there had been a disputed termination.

2. ETF will compute the total of any benefit payments (separation or WRS annuity) the employee received after the termination date. Refer to subchapter 1312 for details.

3. ETF will compute the total WRS contributions and interest due based on the calendar year back wages paid as a result of the compromise settlement and reported via the 'WRS Account Update' application on ETF Web Applications for Employers.

4. ETF will invoice the employer for 2 and 3, above.

5. Credit the employee's WRS account with earnings, contributions and service for the appropriate annual earnings period(s) retroactive to the expunged termination date. The net effect is that the employee is treated as though never terminated.

1311 Reporting Compromise Settlements and Remitting Contributions to ETF

Employers must submit a compromise settlement to ETF within 90 days of the settlement effective date. If this is not done, the employee, collective bargaining unit, or the issuing authority may submit the compromise settlement to ETF. ETF will then contact you to request proper reporting if the compromise agreement is in compliance with Admin. Code ETF 20.12.

If the compromise settlement impacts current year earnings, pay the full amount of WRS current year contributions with the next remittance report due after the effective date of the employee's compromise settlement. For instructions, contact the Employer Communication Center toll free at 1-877-533-5020 or 608-266-3285or send an email to mailto:mETFSMBEmployerWRS@etf.wi.gov for reporting details.

If the compromise settlement impacts prior year earnings, ETF will prepare an invoice based on the earnings reported. Employers must submit prior year transactions to report any WRS reportable payments. The invoice will include amounts due from the employer for employer contributions, employee contributions, employer interest, and employee interest. Refer to Chapter 11 for reporting requirements.

1312 Employer Recovery of Benefits Paid

If the participant being reinstated received a benefit after being discharged, the full amount of the benefit must be repaid to the WRS by the employer. ETF will invoice the employer for the amount due.

The employer may deduct from any payment due the employee resulting from the compromise settlement the benefit amount repaid by the employer. If that amount is insufficient, the balance can be deducted from the employee's future earnings. The amount deducted from each earnings payment may not be less than 10% or more than 25% of the employee's earnings payment. The employer may charge the employee interest at a rate not more than the current year's assumed rate on any amount unpaid at the end of the calendar year after the year of reinstatement.

If the employee terminates employment, the employer must notify ETF of the benefit amount not yet recouped from the employee, including any interest due, at the same time it notifies ETF of the termination of employment. ETF will repay the employer the balance not recouped. ETF will then withhold that amount from the participant's future WRS benefit.

Refer to Wis. Stat. §40.25 (5) (b) for employer recovery of benefits paid.

CHAPTER 14 – TERMINATION RULE AND REPORTING

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1400 Introduction

Federal law requires a "good-faith" termination of employment to qualify for a benefit distribution from a qualified retirement plan such as the WRS. A good-faith termination from WRS employment has two requirements:

- Fulfill a Minimum Break in Service
- Meet All Required Conditions to be a Valid Termination

Note: Some exceptions to Wis. Admin. Code ETF 10.08 exist when a participating employee is terminating employment due to disability and applying for benefits from either of the disability programs administered by ETF.

1401 Minimum Break in Service

To be eligible for a WRS benefit, terminating employees must fulfill a **minimum break in service** as required by law and rule. The length of the minimum break in service is dependent on the employee's final WRS termination date.

WRS Termination Date

Employees who terminate WRS-covered employment are ineligible for any benefit (including retirement annuities, lump sum retirement benefits, and separation benefits) per Wis. Stat. §40.23(1) (a) 1., if they return to WRS-eligible employment before:

- The 76th day after termination of participating employment.

The employee's annuity or lump-sum benefit will be canceled if the return to WRS-eligible employment occurs before the required break in service is fulfilled. Any benefit payments received must be repaid.

A 75-day break in service is required when:

- an individual returns to any work at the same employer they terminated/retired from.
- an individual goes to work to a different WRS employer, in a position that is expected to meet the WRS eligibility criteria.

A 75-day break in service is *not* required when:

- an individual goes to work to a different WRS employer, in a position that is not expected to meet the WRS eligibility criteria.
- an individual goes to work to an employer who does not participate in the WRS. The employer does not offer WRS and is not in the WRS program.

Wis. Adm. Code ETF 10.08 (2) (a) provides that "No person may receive any retirement annuity, separation benefit or lump sum payment from the Wisconsin retirement system without first terminating from his or her current participating employment with all participating employers...."

Note: Refer to subchapter 1505 on Waiver of Part-time Local Elected Official for exception.

1402 Required Conditions of a Valid Termination

Wis. Admin. Code ETF 10.08 defines the conditions a termination **must** meet to qualify for a WRS benefit. There are some exceptions for terminations when an employee is applying for WRS administered disability benefits, as described in subchapter 1504. ETF reserves the right to investigate any termination (or subsequent hiring of a WRS annuitant) when it appears there was not a good-faith termination.

A valid termination meets all the following conditions:

1. The employee ceases to render compensable services.

   Note: "Compensable" refers not only to wages, but also includes contributions to a section 457, 403(b), 401(k), or any other Internal Revenue Code retirement savings account, as well as any other item of value.

2. The employee and employer comply with the employer's policies for voluntary termination, including the filing of a letter of resignation.
3. As of the termination date, the employer has no "rights" to **any** future services to be rendered by the employee that meet the qualifications for WRS coverage for which compensation has or will be paid. No agreement for future services can be entered prior to the employee's termination. School districts or other employers seeking to establish such programs need to wait until after the employee terminates before entering such agreements. This means the rule:

   - Prohibits an agreement as of the termination date for any future WRS compensable employment with the **same** WRS employer, regardless of whether that employment would meet WRS participation standards.
   - Prohibits an agreement as of the termination date for future employment with a **different** WRS employer that would meet WRS participation standards.

   Note: This restriction includes "emeritus" programs where compensation in any form is a condition for future services. Entering an emeritus agreement with a retiring employee prior to their termination, regardless of the number of future work hours expected, may violate ETF 10.08 and result in termination of the employee's WRS benefit.

   Note: Contracts or agreements for WRS employment entered during the minimum break in service period bring into question whether the termination was done in "good faith." To ensure compliance with section 401(a) of the federal Internal Revenue Code (IRC), ETF may investigate situations where it appears a contract or agreement was entered during the minimum break-in-service period.

4. The employee is treated consistently with the status of a former employee.

5. The terminated employee has no authority to act as a representative of the employer or exercise any authority/control over employees of the employer, except as provided above. For example, Emeritus professors could render services for the university after termination on the condition that they do not receive any form of compensation, including employer contributions to IRC §403 (b) accounts.

6. The employer has paid the employee any accumulated benefits that are customarily paid to employees at the time of termination.

   Note: These conditions do not prohibit an agreement as of the termination date for future employment with a different WRS employer that ***does not*** meet WRS participation standards or prohibit an agreement prior to termination for purely voluntary future services for which no compensation has been or will be paid.

1403 Determining the Termination Date

Wis. Admin. Code ETF 10.08 (3) termination rule provides criteria for determining the termination date when an employee is no longer considered an employee per 40.02(26). The date reported to ETF should be the earliest of:

1. The date the employer determines that the employment relationship terminates.

   Note: The effective date of the termination cannot be earlier than the date the employer notifies the employee of the termination.

2. The date on which the employer discharges the employee.

3. The last date for which the employee receives earnings for personal services rendered to, or on behalf of, the employer, unless the employer has granted an unpaid leave of absence for a period after this date.

   Note: Teachers employed under a 9-10-month contract may be considered terminated as of the last day they are required to perform district related work rather than the last day of the contract's fiscal year.

4. The date the employee's voluntary resignation is effective as accepted by the employer or, if later, the date the employer receives the employee's notice of resignation. **Retroactive resignation is not permissible**.

5. The date an unpaid leave of absence expires when an employee fails to return to work following the leave.

6. The date three years after an unpaid leave of absence began, except for military leave or union service leave.

7. The date of the employee's death.

Example 1
The school district hires Charley to work the 2018-2019 school year. She completes all assignments and her last day of work is June 10, 2019. Charley signs a contract to teach the following 2019-2020 school year. On August 3, she resigns from employment. The employer will process an August 3, 2019 termination and last day paid of June 10, 2019.

Example 2
The employer and employee relationship ended between the School District of Everywhere and Michael on June 14, 2019. Michael wants to retire. The school district processed a termination transaction with a term date of June 14, 2019. Michael is 54 at the time of termination and does not turn 55 years old until July 1, 2019. Michael asks the employer to change the term date to July 1, 2019. However, the correct termination date that the employer must process is June 14, 2019.

Refer to Chapters 9 and 10 for instructions on reporting terminations.

1404 Rehired Annuitants and Valid Terminations

For an employee to receive a WRS benefit (including retirement annuities, lump sum retirement benefits, and separation benefits) and return to WRS eligible employment, **the two requirements of a good-faith termination must be met:**

- Fulfill a minimum break in service as outlined in subchapter 1401.
- Meet all valid termination conditions as outlined in subchapter 1402.

If the minimum break in service or any termination requirement is not met, the termination is not in good faith and the member is potentially ineligible for their benefits.

Contracts or agreements for WRS employment entered during the minimum break in service period bring into question whether the termination was done in good faith. To ensure compliance with federal IRC §401 (a), ETF may investigate situations where a contract or agreement was entered during the minimum break in service period. Each situation is evaluated independently on the facts and circumstances of the individual case.

ETF may also investigate the termination of any WRS employee to ensure compliance with federal IRC §401 (a). During an investigation, the burden of demonstrating that a termination was done in good faith and met all termination requirements will fall on the employer and employee. Should ETF determine that the conditions of a good-faith termination were not met, the WRS benefit will be considered invalid and need to be repaid. The consequences of this decision have the following effect on the employer and employee:

- Any retirement benefit would be considered paid in error. If an annuitant is receiving a monthly retirement benefit, the monthly payments will be discontinued and ETF will collect any monthly payments paid in error. ETF will also collect any lump sum paid in error.
- Once the determination is made that a benefit has been paid in error, the employer is required to report the hours and earnings that would have been reported had the termination not been reported. ETF will assess interest if the earnings adjustment is not part of the current processing year.
- Other ETF-administered benefits such as health, life, and income continuation insurance may also be affected. In some cases, insurance coverage may be lost, as Wis. Stat. Chapter 40 does not allow enrollment due to employer error.
- When the employee eventually engages in a good-faith termination, the employer must submit a termination report and the employee must reapply for the retirement benefit.

Refer to Chapter 15 for further information regarding rehired annuitants.

Questions concerning valid terminations, termination conditions, disability termination requirements and/or minimum breaks in service can be directed to the Employer Communication Center toll free 1-877-533-5020 or 608-266-3285.

1405 Frequently Asked Questions Concerning Valid Terminations

Q.1 An employee is an elected county sheriff whose term in office expires December 31. The preceding October, the sheriff was reelected to another two-year term. However, on November 15, the sheriff plans to resign and terminate employment with the county. The sheriff plans to return to office on January 1, due to his October reelection to another two-year term. Is the sheriff eligible to retire as of November 15, and return to work January 1, as a rehired annuitant?

A.1 No. The employee is not eligible for a retirement benefit if the employee has a right to compensable employment at the end of the day on which the employee terminates. The right to compensable employment includes a contract for future employment or election to a public office. In this case, reelection prior to termination is considered a contract for future employment and the November 15, termination date would be invalid. The sheriff would, therefore, not be eligible for a retirement benefit.

Q.2 An elected county sheriff whose term in office expires December 31, is currently up for reelection. The sheriff plans to resign the position prior to the November election and apply for a WRS annuity. If reelected, the sheriff will return to work on January 1, as a rehired annuitant. Is the sheriff eligible to retire prior to the November election and return to work as sheriff on January 1, if reelected?

A.2 Yes, if the sheriff is being opposed in the election and meets the statutory minimum required break in service. In the event there is opposition for the sheriff position, no guarantee of future employment with the county exists because the results of the election are unknown. In addition, the sheriff's termination must meet the conditions of a valid termination as specified in Admin. Code ETF 10.08 (2) (b), the minimum break in service requirements and the sheriff must comply with all statutory mandates to notify the Office of the Governor of the vacancy in the office of sheriff. Provided all these conditions are met, the sheriff is eligible for a WRS retirement benefit.

Note: In the event the sheriff is unopposed in the election, the termination would not be valid because victory in the election is assured, consequently, a contract of/for future employment exists.

Q.3 A nine-month contract teacher submitted a WRS retirement application and planned to retire the day after the current school year. The teacher completed all classwork and grading duties on June 15 and was no longer obligated to report to the district. Technically, the contract ran from July 1 through June 30. Is the June 15 termination date valid?

A.3 Yes, because the teacher fulfilled all contractual obligations to the district on June 15. That date is a valid termination date and the teacher is eligible for a WRS annuity.

Q.4 A nine-month contract teacher signed on for the upcoming school year. The current school year was completed on June 15, with the teacher having completed all classwork and grading duties. The teacher then decided not to return to teaching for the upcoming school year and submitted a letter of resignation effective August 1. The teacher requested that the school district submit a termination date of June 15, the date their obligations under the preceding contract were met. Will a June 15 termination date be valid?

A.4 No. The teacher entered a contract for the upcoming school year. As a result, the school district

had a “right” to their services until the effective date of the resignation. In this example, the valid termination date for WRS reporting is August 1, the effective date of resignation.

Q.5 In order to be eligible for a WRS benefit, an employee must meet the statutory minimum break-in-service requirement [refer to subchapter 1401] even if the employee returns to “non-eligible” employment with the same employer. Our school district covers only teachers under the WRS. Our non-teaching employees are not eligible to participate in the WRS. In this situation, does a teacher who terminates and takes a WRS benefit have to complete the minimum required break in service before returning to work in a non-teaching position at the school district?

A.5 Yes, IRC provisions mandate that the employee must terminate any and all employment with the retirement plan sponsor (i.e. their employer) regardless if they move to a non-WRS eligible position. The former employee must have a valid and "good faith" termination that lasts at least 75 days to be eligible for a WRS benefit.

Q.6 As the employer, we have had discussions with an employee who plans to terminate and take a WRS benefit about possibly returning to work. If the employee returns to work (after completing the minimum break in service), will the fact that these discussions took place invalidate the termination, although a contract was not in force at the time of termination?

A.6 It is not in the best interest of the employee to engage in any discussion about returning to work following a termination since it goes against the notion of a good-faith termination taking place. Although there is no specific provision in the termination rule that prohibits the employer and employee from simply discussing the possibility of the employee returning to work, you should be cautious to avoid even the appearance of a verbal agreement of re-employment. These facts, combined with other facts and circumstances, could invalidate WRS benefit eligibility.

Q.7 An employee terminates on July 3. The employee’s WRS benefit is effective July 4. Can the employee return to work for a couple of days prior to completing the minimum required break in service without jeopardizing their benefit?

A.7 No, the employee must complete the minimum required break in service when returning to the same employer, even if the employee only returns for a short period. In this situation, the employee’s benefit would cease and the employer is required to re-enroll the employee in WRS, as provided in Wis. Stat. §40.22 (3m).

Q.8 An employee terminated employment on June 14. The employee began receiving a WRS benefit on June 15. On July 2, the employer entered a written contract with the former employee for a September 1, return-to-work date. Does this contract entered during the minimum required break in service period invalidate the termination?

A.8 ETF will not invalidate a termination for this condition alone, but contracts or agreements entered during the minimum break in service period bring into question whether the termination was done in good faith. However, this fact, combined with other facts and circumstances, could invalidate WRS benefit eligibility. To ensure compliance with federal IRC §401 (a), ETF may investigate situations where a contract or agreement was entered during the minimum break in service period. During an investigation, the burden of demonstrating that a termination was done in good faith and met all termination conditions will fall on the employer and employee. If ETF determines that a termination was not in good faith, the annuity or benefit may be discontinued and ETF may collect all payments made in error. Please refer to subchapter 1404, Rehired Annuitants and Valid Terminations.

Q.9 An employee terminates employment, applies for a WRS benefit and returns to work for you as an independent contractor within the minimum break in service period. Will this affect the employee's retirement benefit?

A.9 An answer will depend on the specific facts of each situation. The IRS generally requires that there exists a clear indication of the complete severance of the employment relationship with an individual's former employer for that individual to be eligible for a retirement benefit. Evidence of that complete severance includes both a good-faith termination and break in service. If a question were to later arise about the individual's intent to retire, ETF would look at all the circumstances surrounding the termination and subsequent return to work to determine whether a good-faith termination existed.

In addition, if a WRS annuitant who terminated WRS employment after July 1, 2013 directly enters a contract with a WRS employer to work at least two-thirds of full-time employment for 12 months or more, 2013 Wisconsin Act 20 requires that the annuity be suspended until the annuitant again terminates employment. The new law was not intended to apply to annuitants who return to work via a third-party contract.

Q.10 An employee who was the clerk of the city terminates and applies for a retirement benefit. However, they remained at the city to help and train the new clerk. Is this employee eligible for the retirement benefit since they are just training the new clerk?

A.10 No, IRC provisions mandate that the employee terminate any and all employment with the employer. The employee must have a valid termination that lasts at least 75 days.

1406 Disability Termination Requirements

Effective April 1, 2006, an employee applying for ETF administered disability benefits does not have to completely sever the employee/employer relationship. An employee may be kept on a leave of absence (LOA) for purposes of maintaining fringe benefits not administered under Chapter 40, such as an employer's private health insurance or other non-ETF administered benefits.

Prior to implementation of this policy change, ETF required the employer to completely sever the employee/employer relationship for the employee to receive §40.63 Disability Retirement. As a result, employees were required to forfeit non-Chapter 40 benefits such as private health insurance offered through their employers. Legal opinions sought by ETF determined that such as policy was unnecessarily restrictive and led to the creation of Chapter 40 terminations.

Chapter 40 terminations still require that employees terminating employment due to disability who are in the process of applying for ETF administered disability benefits be treated as terminated for all Chapter 40 benefits they participate in while remaining in a leave of absence status for non-Chapter 40 benefits the employer may offer. Chapter 40 authorized benefits include health insurance, sick leave credit usage, life insurance, income continuation insurance, employee reimbursement account, Delta Dental, VSP, Zurich, WRS coverage, death benefits, making deferred compensation contributions, and any other optional plans offered.

Sick leave balances with which the employee intends to pay for health insurance premiums are considered unpaid earnings. Should a sick leave balance remain, a Chapter 40 termination is not an option. Both state and local employees must sever the employee/employer relationship if they convert sick leave balances to pay for health insurance premiums. They cannot remain on LOA as permitted with a Chapter 40 termination. To remain on LOA for non-Chapter 40 benefits, all sick leave balances must be paid out, with the Chapter 40 termination date extended accordingly.

CHAPTER 15 – EMPLOYMENT OF ANNUITANTS

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1500 Rehired Annuitants

The Wisconsin Retirement System is a qualified governmental plan under Internal Revenue Code (IRC) §§401 (a) and 414 (d). As such, WRS employers are required to comply with IRC provisions related to the rehiring of WRS annuitants.

The IRC requires that there be a valid severance from employment before someone may become a rehired WRS annuitant. Under IRS guidelines, there must be a complete separation of the employment relationship for a "bona fide" separation of service. The IRS has focused greatly on the intent of the employee to completely retire, with no prior arrangements to return to work for the employer.

Wisconsin state statute codified certain IRS requirements for rehired annuitants, mandating that a WRS employee returning to work for the same WRS employer meet both the conditions of a valid termination ***and*** fulfill a minimum break in service.

Wis. Admin. Code ETF §10.08 (2) provides that a WRS annuitant must meet all conditions of a valid termination before returning to WRS employment. Wis. Stat. §40.23 (1) (a) 1., provides that a WRS annuitant must fulfill a minimum break in service before returning to WRS eligible employment. Rehired WRS annuitants who have fulfilled these requirements and meet the eligibility criteria as defined in Chapter 3 for participation under the WRS, fall under two scenarios depending upon their WRS termination date:

- WRS annuitants whose termination date is prior to July 2, 2013 may elect to return to active WRS participation and suspend their WRS annuity **– OR –** continue their WRS annuity and receive no additional WRS credit for their return to work service and earnings. A *Rehired Annuitant Form* (ET-2319) must be completed to document their choice. Their annuity is suspended effective the first of the month following ETF's receipt of the *Rehired Annuitant Form* (for annuitants electing coverage).

- WRS annuitants whose termination date is on or after July 2, 2013 are statutorily required to return to active WRS participation and suspend their WRS annuity. They must complete a *Rehired Annuitant Form* (ET-2319). Their annuity is suspended the first of the month following the rehire date.

While enrolled in active WRS coverage, the employee earns creditable service and is eligible for ETF-administered insurance benefits offered by the employer. Retirement contributions are due

on the employee's earnings.

Note: The only exception to this is a rehired WRS annuitant who returns to a WRS eligible position as an independent contractor. In these cases, the annuity is suspended but no service or earnings credit is reportable for the new period of employment.

Should the WRS annuitant meet the minimum break in service, but is not expected to meet the eligibility criteria upon returning to active WRS employment, the annuity continues but no creditable service is earned; the employee is ineligible for active ETF-administered insurance, and no WRS retirement contributions are due. Employers must monitor the rehired annuitant's duration of employment and service hours performed and submit a new *Rehired Annuitant Form* (ET-2319) if the rehired annuitant is expected to meet or meets the WRS eligibility criteria. When hiring a new or former employee, employers are encouraged to perform a WRS previous service check to determine whether the employee is currently receiving an annuity from the WRS. (Refer to Chapter 23 for more information about previous service checks.)

WRS annuitants are subject to the same WRS eligibility requirements outlined in chapter 3—WRS Eligibility Determination. Specifically, employers must perform the following evaluation for WRS eligibility for all annuitants:

1. Expectation upon hire.
2. When expectations change.
3. On their one-year anniversary date of employment.
4. During a 12-month rolling look-back period. An annuitant who works the hours required for WRS eligibility in any 12 consecutive months must complete a new *Rehired Annuitant* (ET-2319) form.

This applies to all types of employees or rehired annuitants (substitute teachers, limited term employees, part-time employees, etc.). Rehired annuitants who terminated employment on or after July 2, 2013 must be enrolled in the WRS if they meet current eligibility requirements for the WRS employer to be in compliance with state law.

1501 Required Conditions for a Rehired Annuitant

For a participating employee to receive a WRS benefit (including retirement annuities, lump sum retirement benefits, and separation benefits) and return to WRS eligible employment, two requirements must be met:

WRS Termination Date:

1. All Required Conditions of a Valid Termination

   A termination, whether voluntary or involuntary, must be made with the good-faith intent of ending the employment relationship. A valid termination, for purposes of establishing eligibility to receive benefits (including retirement annuities, lump sum retirement benefits, and separation benefits) under Wis. Stat. §40.23 (1) (a) 1., must meet the conditions set forth in Wis. Admin. Code ETF 10.08 (2). Refer to subchapter 1402 for the six conditions of a valid termination.

   Note: Contracts or agreements for WRS employment entered into during the minimum

break in service period bring into question whether the termination was done in “good-faith.” To ensure compliance with federal IRC §401 (a), ETF may investigate situations where a contract or agreement was entered into during the minimum break in service period. Refer to subchapter 1404.

2. Required Break in Service

Employees who terminate WRS-covered employment are ineligible for any benefit (including retirement annuities, lump sum retirement benefits, and separation benefits) per Wis. Stat. §40.23 (1) (a) 1., if they return to WRS-eligible employment or to the same employer before the **76th calendar day** after termination of participating employment.

The employee’s annuity or lump sum benefit will be suspended if the return to WRS-eligible employment occurs before this required break in service is fulfilled. Any benefit payments received must be repaid.

Table 15.1 - Rehired Annuitant Situations

	WRS Termination Date On or After – July 2, 2013		
Returning to Work - Former Employer	**Employee**	**Independent Contractor**	**3rd Party Contractor**
Minimum break in service required	Yes – 75 days	Yes – 75 day break to indicate there was a good-faith termination.	Should meet 75 day break to indicate there was a good-faith termination.
Rehired Annuitant Form (ET-2319) required	Yes	Yes	Yes
Effect on WRS annuity	None – but if it's determined there was not a good-faith termination the annuity will be invalidated. **Annuity will be suspended** if the position is expected to require **2/3 FT hours*** and be 12 months in duration. (2013 WI Act 20 requirement)	None – but if it's determined there was not a good-faith termination the annuity will be invalidated. **Annuity will be suspended** if the position is expected to require **2/3 FT hours*** and be 12 months in duration. (2013 WI Act 20 requirement)	None – but if it's determined there was not a good-faith termination the annuity will be invalidated.
Returning to Work - Different Employer	**Employee**	**Independent Contractor**	**3rd Party Contractor**
Minimum break in service required	Yes – 75 days if the position is WRS eligible (expected to require **1/3 FT hours*** for employees who became WRS participants before July 1, 2011; **2/3 FT hours*** for employees who became WRS participants after July 1, 2011) and be 12 months in duration. No – if the position is not WRS eligible.	No	No
Rehired Annuitant Form (ET-2319) required	Yes	Yes	Yes
Effect on WRS annuity	Can **elect or decline** WRS participation if the position is expected to require **1/3 FT hours*** and be 12 months in duration. Annuity will be suspended if the position is expected to require **2/3 FT hours*** and be 12 months in duration.	Annuity will be suspended if the position is expected to require **2/3 FT hours*** and be 12 months in duration. (2011 WI Act 32 requirement)	None

Note: Third party contractor is a contractor hired through another entity.

* Refer to Chapter 3 for more information.

*Wis. Stat. §40.22 (3m) states, "Any employee who becomes a participating employee shall continue to be a participating employee for periods of subsequent employment with that state agency or other participating employer unless the employment is terminated for 12 or more consecutive calendar months or unless the employee receives a benefit." In this situation, the benefit is invalid so the employee continues to be eligible for WRS regardless of working less than 30 days.

A. Advising the Annuitant of the Consequences of Returning to Employment for a WRS Employer

The employer must advise the employee or contractor of the requirement to complete a *Rehired Annuitant Form* (ET-2319). Based on the employee's WRS termination date, they either have the right to elect or decline WRS coverage, or have their annuity mandatorily suspended, if the position meets WRS eligibility criteria. Each rehired annuitant should be made aware of the impact on life and health insurance coverage, if applicable. Refer to subchapter 1502 for additional information. If a rehired annuitant's position is not expected to meet WRS eligibility criteria, it is the employer's responsibility to monitor that annuitant's employment and complete and submit a new rehired annuitant form when expectations change or when the WRS eligibility criteria are met.

A *Rehired Annuitant Form* (ET-2319) is required to be submitted to ETF in any and all instances that a WRS annuitant performs work at a WRS employer. This includes work as an employee, independent contractor, or third-party contractor. The duration of the work does not matter. It could be for a day, month, year, etc. the rehired annuitant form must be submitted. If an annuitant refuses to sign and fill out the rehired annuitant form the form must still be completed by the employer and sent to ETF with a notation that the annuitant refused to complete the form.

B. Summary of Rights Under New Annuitant Law

WRS Termination Date	Hours Required ≥ 600 / 440	Hours Required ≥ 1200 / 880
On or After 7/2/2013	• 75-Day Minimum Break Required • Right to Elect WRS Participation	• 75 Day Minimum Break Required • Annuity Suspended

C. Reporting Rehired Annuitants Who Return to Employment for a WRS Employer

All WRS annuitants returning to compensated employment with a WRS participating employer **must** complete a *Rehired Annuitant Form* (ET-2319),even if the employee chooses not to elect WRS coverage or is not expected to meet WRS eligibility criteria. The employer and employee must complete the *Rehired Annuitant Form* and return it to ETF within one week of hire. All information, including the employee's hire date, expected duration of employment, expected hours of work, etc., must be completed so ETF can verify that the minimum break in service occurred before the employee returned to work. WRS annuitants returning to employment as contractors with a WRS employer must also complete the form.

If the annuitant either elects WRS participation or is required to have the annuity suspended based on a WRS termination date on or after July 2, 2013, and the expectation that the annuitant will be returning to work at 2/3 of full-time employment for at least one year, the annuity will be mandatorily suspended. (Refer to Chapter 3 for eligibility determinations.) For employees (not independent contractors), WRS participation will be effective the first of the month following the WRS eligibility date. Both the employer and employee will receive an acknowledgment copy of the *Rehired Annuitant Form* indicating the effective date of WRS participation. It is important that the employer submit the form to ETF within one week of hire or any change in expectation of employment that would impact WRS participation. The *Rehired Annuitant Form* is available on ETF's website at etf.wi.gov.

If the rehired annuitant is not expected to meet WRS eligibility criteria, it is the employer's responsibility to continuously monitor that employee and submit a new *Rehired Annuitant Form* when expectations change or the employee or independent contractor actually meets the WRS eligibility criteria.

D. Annuitant Participation After Minimum Annuity Benefit (Lump Sum)

In the event the employee received a minimum WRS annuity benefit, fulfilled the minimum-required break in service and their position meets the criteria for WRS coverage, the employer **must** enroll the employee in the WRS. This employee is treated as a new participating employee for WRS purposes.

1502 Completing the Rehired Annuitant Form (ET-2319)

Reporting Requirements - The following information must be entered on your report, when applicable. Refer to the sample.

The Rehired Annuitant Form (ET-2319) must be filled out when any of the following events occur:

- The annuitant is hired.
- The annuitant meets eligibility requirements due to a *change in expectations* of duration of employment and/or hours worked.
- The annuitant meets eligibility requirements upon his/her *One-Year Anniversary* of employment evaluation.
- The annuitant meets eligibility requirements upon a *12-Month Rolling Look-Back* evaluation.

Table 15.2 - Rehired Annuitant Election Form Fields

Employer Section

Field	Field Title	Instructions
1	Employer Name	State of Wisconsin agencies: Enter the name of the agency, include department. All other employers are to enter the name exactly as printed on the Monthly Remittance Report application.
2	ETF Employer ID No	Enter your seven-digit EIN (XXXX-XXX) as shown on the Monthly Remittance Report application.
3	ETF-administered Insurance Employer Participation	Check the boxes for the insurances that the employer participates in that is administered by ETF.
4	Hire/Rehire Date	Enter the date the employee is hired or returned to employment at the employer. Remember to send an updated form if the employee later meets WRS eligibility.
5	WRS Termination Date	Enter the WRS annuitant's final WRS termination date as found on the "Prior Service & Benefit Inquiry" application on ETF's website.
6	WRS Employment Category	Determine the appropriate employment category from the categories listed in subchapter 401. This would be the category the employee would be in if they were eligible for WRS.
7	Expected Duration of Employment	The number of months the employee is expected to be employed. Positions expected to last more than 12 months may use "permanent" or "indefinite".
8	Hours Expected to Work	The number of hours per 12 months that the employee is expected to work.
9	Person Hired is a Contractor?	Check the box indicating whether the WRS annuitant is claiming to be an independent contractor or third-party contractor rather than an employee.
10	Agent Signature, Title, and Date	Only the WRS agent (or alternate agent) is authorized to sign this form. By signing the form, the agent is certifying that the information regarding this employee is correct.

Employee Section

Field	Field Title	Instructions
11	Employee Name	The employee enters their first name, middle initial, and last name.
12	Gender	The employee checks the appropriate box.
13	Birthdate	The employee enters their birthdate.
14	SSN or Member ID	The employee enters their SSN or ETF Member ID (found on their Statement of Benefits).
15	Address	The employee enters their permanent home address.
16	Box 1: WRS Termination Date Prior to July 2, 2013 [refer to box 5 above]	The employee must check the appropriate box indicating that their position is not WRS eligible or, if WRS eligible, whether they elect or not to participate in the WRS. If eligible, they must also check the boxes for employer participated insurances they want to participate in. Their annuity will be suspended (effective first of the month following ETF's receipt of the election). The employee must sign and date.
17	Box 2: WRS Termination Date on or After July 2, 2013 [refer to box 5 above]	The employee or independent contractor must check the appropriate box indicating if their position does or does not meet WRS eligibility. If the employee is expected to meet WRS eligibility requirements, they must check the boxes for any employer-sponsored insurances they want to participate in. Their annuity will be suspended the first of the month following the rehire date. The employee must sign and date.

Sample Rehired Annuitant Election (ET-2319)

Rehired Annuitant Form

Wis. Stat. § 40.26 (1) and (1m)

Wisconsin Department
of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

Employer: Complete, Sign and date below. (Make one copy for your records and one copy for your employee. Submit the original to ETF.)

Employer name *(If state of Wisconsin, include dept.)* 1.	**ETF Employer ID No.** 69-036- 2.	**For ETF Use Only**
		WRS Term Date
ETF-administered insurance employer participation (applicable if WRS eligible) ☐ Health ☐ Life ☐ICI 3.	**Hire/Rehire date** 4.	Benefits Effective Date
		WRS Enrollment Date
WRS termination date (Refer to *Previous Service & Benefit Inquiry Application* on ETF's website or contact ETF) 5.		
WRS employment category 6.	**Expected duration of employment** *(number of months)* 7.	**Hours expected to work** *(per year)* 8.

Is the person hired as a contractor? (Contractors complete one of the boxes below depending on WRS termination date. Third-party contractors must only sign and date the form below) 9.

☐ Yes (Third-party) ☐ Yes (Independent) ☐ No

Agent: Sign here and send to ETF 10.	I understand that Wis. Stat. § 943.395 provides criminal penalties for knowingly making false or fraudulent claims on this form and hereby certify that, to the best of my knowledge and belief, the above information is true and correct. I certify that I am responsible for reporting coverage information to the Wisconsin Retirement System.		
	Signature and title of agent *(in ink)*	Telephone	Date

Employee: Complete below and then sign and date Box 1 *or* Box 2

Employee name (first, middle, last) 11.		
Gender ☐ Male ☐ Female 12.	**Birth date** *(MM/DD/YYYY)* 13.	**SSN or Member ID** 14.
Address (street, city, state, ZIP) 15.		

Box 1: WRS Termination Date Was *Prior to July 2, 2013*—Employee Election Under Wis. Stat. § 40.26 (1)

I certify I had a valid termination and am currently receiving a WRS annuity. WRS eligibility criteria is that the employee is expected to work at least 600 hours (440 for teachers and school support staff) **and** be employed for at least one year. (Note: The 600 hours rule applies to educational support personnel at technical colleges and CESAs.)

- ☐ ***I Am Not Eligible*** to participate in the WRS since my position is **not** expected to require 600 hours (440 for teachers and school support staff) **and** last at least one year. Should I become eligible, I understand that I need to complete a new *Rehired Annuitant Form* (ET-2319).
- ☐ ***I Elect to actively participate in the WRS.*** I understand my WRS annuity will be suspended and WRS coverage will begin effective the first of the month following ETF's receipt of this election. ☐ Health ☐ Life ☐ ICI ☐ None (Refer to page 2 for more information.)
- ☐ ***I Do Not Elect*** to actively participate in WRS pursuant to Wis. Stat. § 40.26 (1). I understand I may elect to actively participate in the WRS at any time in the future, provided I meet the WRS eligibility criteria for participation, by filing an updated form. 16.

Employee: Sign here	Employee signature *(in ink)*	Date

Box 2: WRS Termination Date Was *On or After July 2, 2013*—Annuity Suspension Under Wis. Stat. § 40.26(1m)

I certify I had a valid termination, am receiving a WRS annuity and have remained terminated from all WRS participating employment for a minimum of 75 days. WRS eligibility criteria is that the employee is expected to work at least 1,200 hours (880 for teachers and school support staff) and be employed for at least one year. (Note: The 1,200 hours rule applies to educational support personnel at technical colleges and CESAs.)

- ☐ ***I Elect*** to actively participate in the WRS as an active employee because my position is expected to last one year and require 600 hours of service (440 hours for teachers and educational support staff) but is not expected to require 1,200 hours of service (880 hours for teachers and educational support staff). I understand my WRS annuity will be suspended and WRS coverage will begin the first of the month following ETF's receipt of this election. ☐ Health ☐ Life ☐ICI ☐ None (Refer to page 2 for more information.)
- ☐ ***It Is Not Expected*** that my employment will last at least one year and require 1,200 hours of service (880 hours for teachers and educational support staff). I understand that my WRS annuity will continue and no WRS credit will be provided for my service. However, should expectations change, or I meet the eligibility criteria, a new form will be required and my annuity will be suspended at that time.
- ☐ ***It Is Expected*** that my employment will last at least one year and require 1,200 hours of service (880 hours for teachers and educational support staff). I understand and acknowledge that my WRS annuity will be suspended effective the first of the month following my hire date and remain suspended until I again terminate all WRS employment.

I elect to participate in the following insurances: ☐ Health ☐ Life ☐ ICI ☐ None (Refer to page 2 for more information.) 17.

Employee: Sign Here	Employee signature *(in ink)*	Date

ET-2319 (REV 9/19/2019)

Page 1 of 2

1503 Life and Health Insurance Coverage for Rehired Annuitants

Rehired annuitants returning to WRS participation may have questions regarding insurance coverage. The following information pertains only to those employers who offer life and/or health insurance administered by ETF.

Note: Independent contractors who return to WRS eligible employment will have their WRS annuity suspended effective the first of the month following their hire date, but are not eligible for WRS participation for their work as a contractor; therefore, they are ineligible to participate in any ETF administered insurance programs while a contractor.

A. Life Insurance Coverage for Rehired Annuitants

An annuitant insured under the Wisconsin Public Employer's Life Insurance program who elects to participate, or is mandated to participate, in the WRS may choose to keep the life insurance coverage they had as a retiree or enroll in the coverage offered by the employer. If annuitant life insurance coverage is maintained, employees younger than age 65 must contact ETF to arrange for continuation of premium payments through direct pay before the annuitant coverage lapses due to nonpayment of premiums from the WRS annuity (no premiums are due after age 65). Annuitant life insurance coverage will lapse at the end of the month following the month in which the final annuity payment is received. (For example: If the final WRS annuity check is dated June 1, life insurance coverage lapses July 31.)

If the employee (contractors do not have this option) chooses to enroll in the life insurance plans provided by the employer, the employee is subject to the same eligibility rules as all other new employees who have previous WRS service. Applications must be completed and submitted to ETF with the *Rehired Annuitant Form* (ET-2319) as soon as possible, but no later than one week, after beginning active WRS participation. Active life insurance coverage will begin on the day after annuitant coverage lapses or, if the employee was not covered for life insurance as an annuitant, coverage becomes effective the first of the month following receipt of the application by the employer.

B. Health Insurance Coverage for Rehired Annuitants

A rehired annuitant electing, or mandated, to return to active WRS participation is only eligible for health insurance coverage through the active employer. (Contractors do not have this option.) An annuitant rehired by an employer that participates in WRS but does not offer health insurance to its employees will lose health insurance coverage as an annuitant by electing to participate in WRS.

Medicare is the primary payer for an employee older than 65 years who retains annuitant status. If the employee elects to return to active WRS participation and the employer participates in the Group Health Insurance Program, they may cancel any Medicare coverage but must reenroll when WRS participation terminates.

Refer to the *Group Health Insurance Employer Administration Manual*, (on Rehired Annuitants) for further information.

C. Income Continuation Insurance (ICI)

A rehired annuitant electing, or mandated, to return to active WRS participation is eligible to participate in the ICI program. The criteria for enrollment of a rehired annuitant are the same as that for any eligible employee. Refer to the *ICI Administration Manual*, Chapter 2.

1504 Disability Annuitants

A participant receiving a disability annuity cannot actively participate in the WRS. The annuitant can go back to work for a WRS participating employer while receiving the benefit, but the hours and earnings will not be WRS reportable and WRS contributions will not be remitted. If the disability annuity is terminated and the employee meets the WRS eligibility requirements the employee is once again treated as an active WRS covered employee. The employee is eligible for insurance and WRS contributions must be remitted on their WRS earnings.

1505 Waiving WRS Participation for Service as a Part-Time Elected Official

Part-time elected service is defined as 1,044 hours or less per calendar year [Wis. Stat. §40.23 (1) (am)]. Elected officials under the WRS who have attained age 55 (age 50 for protective occupation participants) and are covered for both part-time local elected service and other WRS covered employment may receive an annuity only after terminating the other WRS employment and waiving rights to further WRS participation for their part-time local elected service.

A WRS annuitant who returns to work as a part-time elected official during the required break in service may waive participation in the WRS to avoid cancellation of the annuity.

The waiver becomes effective the day after its receipt by ETF or the date all WRS covered employment other than service as a part-time elected official is terminated, whichever is later. The waiver of part-time elected service is available only for part-time elected officials who have reached the age of 55 or older (age 50 or older for protective category participants). [Wis. Stat. §40.23 (1) (am)]. This waiver is irrevocable. ETF will contact you with the termination information you need to report for WRS purposes.

If a WRS annuitant returns to work as a part-time elected official at more than one WRS participating employer, a waiver must be submitted at each employer for which the annuitant wishes to waive WRS participation. The waiver effective date mentioned in the previous paragraph will be based on the first *Waiver of Part-Time Elected Service* (ET-4303) form received by ETF. This form is available upon request and appears on the next page. The form must be completed by the employer and employee. **It is the responsibility of the employee to submit the form to ETF; the waiver does not become effective until the day after it is received at ETF.** The employer and employee will receive acknowledgment copies.

1506 Waiver of Part-Time Elected Service (ET-4303)

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

WAIVER OF PART-TIME ELECTED SERVICE

Wis. Stat. § 40.23 (1) (am)

FOR ETF USE ONLY
☐ Annuitant ☐ Active Employer

INSTRUCTIONS FOR COMPLETION AND MAILING:

1. Employee must complete the Employee Identifying Information section.
2. Employer must complete the Employer Certification section.
3. Employee must certify the form by signing and dating the Employee Waiver section.
4. Employee is responsible for sending the completed copy to the address above. If you are applying for a benefit from the Wisconsin Retirement System (WRS), send this form with your benefit application.
5. A separate waiver must be filed for each employer at which you wish to waive WRS participation as an elected official.

1. Employee Identifying Information:

Employee Name:	Employee Social Security Number:
Employee Address:	Employee Telephone Number:

2. Employer Certification:

As the designated agent for the named employer, I hereby certify that the above-named employee is an elected official whose position requires less than 1,044 hours per calendar year, and is not employed by the named employer in any other capacity.

SIGN HERE ☞	Employer Name	Employer Number 69-036
	Signature of Employer Agent *(in ink)*	Date *(MM/DD/YYYY)*

3. Employee Waiver:

I hereby certify that I am at least 55 years old (50 years old for a protective occupation participant) and have terminated, or will terminate within the next 90 days, all WRS-covered employment other than service as a part-time elected official and that my elected official position requires less than 1,044 hours per calendar year. I hereby irrevocably waive further participation in the WRS for my current, and any future, service as an elected official that does not exceed 1,044 hours per year.

I understand that it is my responsibility to mail this waiver to the Department of Employee Trust Funds (ETF), that it will become effective on the day after its receipt by ETF, or, if more than one waiver is being submitted, on the first day after the first waiver is received by ETF, and that date, or the date I have terminated all WRS-covered employment other than service as a part-time elected official, whichever is later, will be my WRS termination date.

SIGN, ☞ AND DATE MAIL	Signature of Part-Time Elected Official *(in ink)*	Date *(MM/DD/YYYY)*

ET-4303 (REV 10/2013)

1507 History of Rehired Annuitants

Refer to the links below for a historical perspective on employing rehired annuitants.
What is the history of rehired annuitants from 1982 to 1989?

What is the history of rehired annuitants from 1989 to 1992?

What is the history of rehired annuitants from April 23, 1992 to May 15, 1997? What is the history of rehired annuitants effective May 16, 1997 to present?

CHAPTER 16 – VARIABLE TRUST FUND

1600 Participation and the Variable Election Process
1601 Election to Participate in the Variable Trust Fund (ET-2356)
1602 Canceling Participation in the Variable Trust Fund
1603 Canceling Variable Participation (ET-2313)

1600 Participation and the Variable Election Process

The Variable Trust Fund is open to new elections by active participants pursuant to 1999 Wisconsin Act 11. Employees can elect to deposit 50% of all future Wisconsin Retirement System employee required contributions (and matching employer required contributions) as well as voluntary additional contributions in the Variable Trust Fund by completing an *Election To Participate in the Variable Trust Fund* (ET-2356).

Further information about the election and instructions for completing the form are found on the election form. Employees may obtain a copy of the *Election to Participate In the Variable Trust Fund* by visiting ETF's Internet site at etf.wi.gov or by contacting the Department of Employee Trust Funds toll free at 1-877-533-5020.

Participation in the Variable Trust Fund is not valid until the *Election to Participate in the Variable Trust Fund* is received by ETF. The effective date of the election to participate in the Variable Trust Fund is based on the date ETF receives this election form (refer to examples below). The form should be mailed or faxed directly to ETF by the employee making the election and not submitted through the employer.

Note: If you fax your complete and legible enrollment, the receipt date on the fax is considered ETF's receipt date. You do not need to send the original.

Conditions for enrollment in the Variable Trust Fund vary based on the following individual circumstances:

A. A current WRS participating employee who has never participated in the Variable Trust Fund is eligible to enroll in the Variable Fund upon ETF's receipt of the election. The election becomes effective on January 1, following the year the election is received by ETF.

EXAMPLE 1: A current employee has been a WRS participant since 1999. Election is received on January 3, 2017. Coverage effective date is January 1, 2018.

B. A new WRS participant is eligible to file an election form with ETF within 30 calendar days of their WRS effective date making participation in the Variable Fund immediate. For elections received at ETF more than 30 days after the WRS effective date, participation in the Variable Fund begins the following January 1.

EXAMPLE 1: Employee is initially covered under the WRS on November 5, 2017. The election notice is received by ETF on December 3, 2017. Variable Fund participation date is November 5, 2017 and all employee-required contributions after that date will be split between the Variable and Core Funds. If the election is not received by ETF until December 7, 2017, Variable Fund participation will be effective

January 1, 2018.

C. An employee who previously opted out of the Variable Fund with an effective date of January 1, 1999, or earlier may re-elect to participate in the Variable Fund.

D. An employee who previously opted out of the Variable Fund with an effective date of January 1, 2000, or later, cannot re-enroll in the Variable Fund. This includes an employee who ends WRS participation, does not withdraw their WRS contributions and later returns to work for a WRS participating employer.

E. An employee who ends WRS participation, withdraws all their WRS contributions (i.e. separation or lump sum retirement benefit), and later returns to work and is enrolled in the WRS, may elect to participate in the Variable Fund.

1601 Election to Participate In the Variable Trust Fund (ET-2356)

ET-2356 - Election To Participate In The Variable Trust Fund (hyperlink to form)

1602 Canceling Participation in the Variable Trust Fund

A. WRS Benefit Application

Participation automatically terminates for an employee who ends WRS participation and withdraws all their WRS contributions (i.e., separation or lump sum retirement benefit). If this employee later returns to work and is enrolled in the WRS, the employee may elect to participate in the Variable Fund.

B. Filing a Cancellation Election

To cancel participation in the Variable Fund, a participant must file a *Canceling Variable Participation* (ET-2313) form. Once the cancellation form has been received by ETF, it can only be rescinded if ETF receives a written request to rescind the cancellation prior to the cancellation effective date. Once a variable cancellation is effective, it cannot be rescinded.

The variable cancellation becomes effective on the first of the year **after** it is received by ETF. The variable gain or loss for the year in which the form is filed is applied to the employee's WRS account on December 31. All future contributions will be deposited in the Core Fund.

Any excess or deficiency amount is created and stored on the employee's record, based on a comparison of the variable account at the time of the cancellation versus what the account balance would have been, had the employee not participated in the Variable Fund. This "variable excess" or "variable deficiency" amount is credited with core interest each year, and will be used to adjust any future formula annuity benefits.

C. Cancellation Options for Non-Annuitants

- **Cancel participation in the Variable Fund for future contributions only**. Past contributions remain divided between the Variable and Core Funds. Future contributions will be deposited solely within the Core Fund. Non-annuitants may file a conditional or unconditional election any time in the future.
- **Cancel future participation in the Variable Fund and transfer past contributions conditionally.** A conditional election cancels variable participation for all future contributions

beginning the next January 1. Past variable contributions will not be transferred to the Core Fund until the January 1 after the variable accumulation equals or exceeds the amount that would have accumulated had the contributions been deposited in the Core Fund. Non-annuitants electing a conditional cancellation may change to an unconditional election at any time. If the condition of transfer has not been met prior to retirement, the election will apply to the person as a retiree.

- **Cancel future participation in the Variable Fund and transfer past contributions unconditionally**. With an unconditional election, past variable contributions are transferred to the Core Fund effective the next January 1. This type of election may result in a variable excess or a variable deficiency (refer to subchapter 1602 B.)

D. Cancellation Options for Retirees (receiving monthly WRS benefits)

- **Cancel participation in the Variable Fund for future contributions only**. (This option applies only to any new contributions to an annuitant WRS account.) The variable annuity continues to be paid from the Variable Fund and will continue to receive the annual variable annuity adjustments. The annuitant may file a conditional or unconditional election any time in the future.
- **Conditional Transfer**. A conditional cancellation changes the variable portion of the annuity to a core annuity, if and when the variable amount equals or exceeds the amount that would have been paid had the annuitant never participated in the Variable Fund. An annuitant may file an unconditional election at any time, which would become effective on the following January 1. Any annual variable gains or losses earned prior to the January 1 on which the variable cancellation becomes effective will be applied to the variable annuity and will be reflected beginning with each subsequent April 1 payment.
- **Unconditional Transfer**. The annuitant may elect to unconditionally change the variable portion of the annuity to a core annuity effective on the following January 1. Any variable gains or losses in the year in which the form is filed will be applied to the variable annuity and will be reflected beginning with the subsequent April 1 payment. No future variable gains or losses will be applied to this benefit.

1603 Canceling Variable Participation (ET-2313)

Go to the ETF website for the *Canceling Variable Participation* (ET-2313) form.

CHAPTER 17 – BENEFITS

1700 Employer Reporting Responsibilities
1701 Requesting Benefit Information
1702 Benefit Presentations
1703 Website
1704 Publications
1705 Sign Up for ETF Email Updates

Benefits may be available when a participating employee terminates employment, retires, becomes disabled or dies. Prompt and accurate reporting of final service and earnings will help ensure that benefits are paid in a timely and accurate manner. Employees who have questions regarding their benefits should contact the Department of Employee Trust Funds at 1-877-533-5020 or 608-266-3285.

1700 Employer Reporting Responsibilities

Report employees' final WRS hours and earnings, as well as the termination date or day of death, through the *WRS Account Update* application on ETF Web Applications for Employers. Refer to Chapter 2 for a more complete listing of WRS employer agent responsibilities.

If you participate in the Group Life Insurance Program administered by ETF, submit a *Notice of Death* (ET-6301) for covered employees who die or submit a *Disability Premium Waiver* (ET-5306) for covered employees who become disabled.

State agencies must certify sick leave through the Online Accumulated Sick Leave System (AcSL) for any employee who becomes disabled, dies or retires (i.e., terminates after reaching age 55; age 50 for protective employees), if that employee participates in the State Group Health Insurance Program. For instructions on completing a sick leave certificate, refer to the *State Health Insurance Manual*, Chapter 12. For more information on Sick Leave, refer to the *Sick Leave Credit Conversion Program* (ET-4132) brochure.

Refer to subchapter 1706 for instructions on ordering forms.

1701 Requesting Benefit Information

When an employee terminates participating employment, plans to retire or becomes disabled, the employee must be provided a *Request for Benefit Information* (ET-7301) to complete and mail to:

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

When an employee dies, the survivors must be provided a *Request for Benefit Information* (ET-7301) to complete and mail to:

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

Employees wishing to schedule a counseling appointment at one of our offices or talk to an ETF Benefit Specialist directly may do so by contacting ETF toll free at 1-877-533-5020 or 608-266-3285.

1702 Benefit Presentations

The schedule of presentations explaining the WRS and other ETF-administered benefit programs is announced by *Department and Member News* and can be found at etf.wi.gov. Employees, spouses, employers and any interested individuals are encouraged to attend one of the sessions. No reservations are required and no fees are charged. Employers wishing to host a presentation should call 608-261-0153 for more information.

Additionally, our video library contains informational webcasts for WRS members and employers. A catalog of all webcasts and minimum technical requirements for viewing presentations are available in the Member Education section of ETF's website.

1703 Website

For quick access to employer training via recorded and live webinars, forms, *Employer News and Department News*, informational brochures and the latest information on WRS plans and programs, visit ETF at etf.wi.gov. You can also email ETF through this website.

1704 Publications

ETF has prepared several brochures explaining the various benefits. Samples are available to employers; however, employees and employers should contact ETF for copies or view these publications online as they are routinely updated. Several publications are routinely sent to employees by ETF. Please visit the Employer Forms, Brochures and Publications section under the Employers page of the ETF website for a complete listing of publications. Employer-specific publications are at etf.wi.gov/publications/employer.

1705 ETF E-mail Updates

ETF delivers employer news **exclusively** through ETF E-mail Updates via GovDelivery. When new users come on board, your ETF case manager will subscribe you to the appropriate ETF E-mail Updates topics. Going forward, if your ETF E-mail Updates subscription needs change, ETF will update it for you.

It is the employer agent's responsibility to receive, read—forwarding to others in your agency as necessary—and take the necessary action related to information provided in each ETF E-mail Updates.

If you are subscribed to an employer topic but do not currently access any of ETF's online applications, you will not receive these email notifications. However, you can continue to access all information on the employer section of the ETF website.

Prevent Emails from Delivery to SPAM Folder:

Add **etfwi@public.govdelivery.com** to your email address book to prevent Employer Bulletins from ending up in a SPAM folder. If you use a spam filter, add **etfwi@public.govdelivery.com** to the list of approved for delivery addresses (also known as a whitelist).

Twitter users can keep in touch via https://twitter.com/wi_etf

CHAPTER 18 – EMPLOYEE BENEFITS DURING LAYOFF OR LEAVE OF ABSENCE

1800 Definitions
1801 Benefits Upon Termination Due to Permanent Layoff
1802 Benefits During Unpaid Leave of Absence or Temporary Layoff
1803 Benefits Upon a Military Leave of Absence

1800 Definitions

"Leave of Absence," as defined in Wis. Stat. §40.02 (40), means any period during which an employee has ceased to render services and receive earnings from a participating employer and there has been no formal termination of the employer-employee relationship.

Wis. Stat. §40.02 (40), provides that a leave of absence, except a military leave or union service leave, shall terminate for Wisconsin Retirement System purposes no later than three years after it begins, or earlier if reported by the employer. If an employee, therefore, continues on leave with the employer after a period of three years, the employer must submit a transaction showing that the employee terminated for WRS purposes three years from the date the leave of absence began. Use termination transaction ("Transaction Type" 01) on the *WRS Account Update* application. The "Action/Termination Date" will be three years from the date the leave of absence began. **The employer can keep the employee on an administrative leave for other non-ETF program fringe benefit purposes, if necessary.**

Note: Wis. Stat. §40.02 (40) states that a leave of absence is not deemed ended or interrupted by reason of returning to work until the employee has resumed active performance of duty for 30 consecutive calendar days for at least 50% of what is considered that employee's normal work time with that employer. Employee benefits may be continued during approved leaves without pay, according to the guidelines described on the chart on the following page.

A separation or retirement benefit may not be paid to an employee on leave unless the employer/employee relationship is terminated. Contributions left in the WRS accumulate annual interest.

1801 Benefits Upon Termination Due to Permanent Layoff

Benefit Type	How Long is Coverage Available	Payment of Premiums	Employee Required Contributions	Employer Required Contributions
WRS	Contributions and service end on the date the employee terminates.	Employee and employer contributions will end on the termination date. The employee is eligible to take a separation or retirement benefit depending on their age.		
LIFE	If the layoff ends the member's employment with that employer and they're no longer WRS eligible, then they would be treated as a standard termination. Employees insured for six or more continuous months at the time coverage ends may continue or convert life insurance coverage. Refer to the *Group Life Insurance Administration Manual*, chapter 15 for details.	Employee and employer contributions will end on the last day of the month following the month in which the employee terminated. For example: If an employee is terminated on May 20, 2018, life insurance coverage will end on June 30, 2018.		
HEALTH	The employer contribution is available for the first 3 months of layoff for which premiums have not already been deducted—that is, health insurance premium that was prepaid prior to going out on a LOA. Thereafter, employee may continue: 1) coverage for up to five years using converted sick leave to pay premiums, if the sick leave credits are sufficient, until the sick leave credits are exhausted; or 2) 36 months under continuation provisions, by paying full premium after the employer contribution ends (thereafter coverage may be continued under continuation coverage (COBRA) regulations for an additional 36 months); or 3) for life, with premiums paid from sick leave or by the employee, if the employee begins an immediate WRS annuity or has 20 years of creditable service and is eligible for a WRS annuity. Refer to the **State Health Insurance Manual (Chapter 7)** for more information.	Paid in advance by deduction from last payroll check or by personal check; then 30 days prior to end of the period for which premiums were previously paid, unless using sick leave credits.	After 3 additional months of employer premium upon layoff, employee is responsible for all employer and employee contributions. Accumulated unused sick leave may be converted to a dollar amount to pay premiums during layoff. Premiums are deducted until the credits are exhausted, or the first of the month following the employee's acceptance of other employment offering comparable health insurance plan or policy, or five years have elapsed from date of layoff, whichever occurs first.	First 3 months (in addition to any prepaid months at time of termination) after employee is laid off.

ICI	Coverage ends on the termination date. Employees who are receiving ICI benefits continue to receive the benefit for as long as they remain disabled under the terms of the ICI contract.	Employee and employer contributions will end on the termination date.

If an employee is rehired after termination due to permanent layoff, the employee must meet the same eligibility requirements as any other rehire for WRS benefits, including insurance. Please access ETF's Previous Service & Benefit Inquiry Application at ETF Web Applications for Employers site or call the Employer Communication Center at 1-877-533-5020 or 608-266-3285 to see if the employee has taken a benefit after termination.

1802 Benefits During Unpaid Leave of Absence or Temporary Layoff *

Benefit Type	How Long is Coverage Available?	Payment of Premiums	Employee Required Contributions	Employer Required Contributions	Upon Return to Work – How to Reinstate Coverage Lapsed During LOA
WRS	36 months before a statutory termination takes effect, unless on military or union service leave.	A separation or retirement benefit may not be paid to an employee on leave unless the employee terminates the employer/employee relationship. Contributions left in the WRS are subject to annual interest.			Employer begins to make retirement deductions upon return to work and reports annual earnings on annual report at year-end.
LIFE	36 months. Extends beyond 36 months if union service leave.	3-month increments due 30 days prior to end of 3-month period.	Same as prior to leave unless employee contribution rates increase or decrease, or the employee attains a new premium age category.	Continue up to 36 months.	Employee Submits life insurance application ET-2304 within 30 days of return to work. Coverage types will remain the same as coverage types prior to leave or temporary layoff in most circumstances.
HEALTH	36 months. Extends beyond 36 months if military or union service leave. COBRA coverage after the 36 months continuation period.	Paid in advance by deduction from last payroll check or by personal check; then 30 days prior to end of the period for which premiums were previously paid.	Employee must pay total premiums after the 3 initial months upon leave or temporary layoff where the employee was only responsible for the employee contributions for those 3 initial months. Local Employer Employee must pay entire premium, unless employer has made provisions for payment for employee.	First 3 months of leave or temporary layoff.	Employee submits *Group Health Insurance Application* (ET-2301) within 30 days of return to work. Coverage type will remain the same unless a qualifying event has taken place. Restriction to the same plan unless the employee moved, or an It's Your Choice open enrollment period occurred during the leave or temporary layoff.

Benefit Type	How Long is Coverage Available?	Payment of Premiums	Employee Required Contributions	Employer Required Contributions	Upon Return to Work – How to Reinstate Coverage Lapsed During LOA
ICI	36 months (extends beyond 36 months if union service leave)	Paid in advance by deductions from last payroll check, then due prior to end of coverage so there is no lapse.	After 3 months, total of employer and employee contributions. **Local Employer -** Employee must pay entire premium unless employer has made provisions for payment for employee.	First 3 months while on leave or temporary layoff.	Employee submits *Income Continuation Insurance Application* (ET-2307) within 30 days of return to work. Coverage will remain the same as coverage prior to leave or temporary layoff in most circumstances.

* Temporary layoff includes temporary layoff as defined under the applicable contract or administrative code, seasonal layoffs, school-year employee summer layoffs, etc.

1803 Benefits Upon a Military Leave of Absence

Military leaves of absence are treated differently than non-military leaves of absence. Military leaves have special insurance benefits, including employer contributions toward health insurance, and employees should contact their employers for more information. Please refer to Chapter 22 for detailed information regarding military leaves of absence.

CHAPTER 19 – ACTUARIAL REDUCTION PROGRAM

1900 Explanation of Program
1901 Who is Eligible
1902 Procedure for Completing the Election to Pay Cost of Actuarial Reduction (ET-4311)

1900 Explanation of Program

Employees retiring after reaching minimum retirement age, but before reaching normal retirement age for their employment category, are deemed to have taken an early retirement. Normal retirement age by employment category is:

- **General**—65 (57 with 30 years of service)
- **Protective**—54 (53 with 25 years of service)
- **Executive and Elected**—62 (57 with 30 years of service); for those who become Executive or Elected on or after 1/1/2017—65 (57 with 30 years of service)

The annuity paid to any person who takes an early retirement is subject to an actuarial reduction. The annuities of protective occupation participants are reduced by 0.4% per month for each month of age below normal retirement age. The annuities of non-protective occupation participants are reduced by 0.4% per month between ages 55 and 57 and by 0.001111% for each month between age 57 and normal retirement age.

Employers may elect to pay the Department of Employee Trust Funds all or part of the cost of actuarial reduction for early retirement for a participating employee who voluntarily terminates employment. Employers may agree to pay all or a portion of the cost of the discount for any one of their employees. This agreement must be made prior to the employee terminating employment. An *Election to Pay Cost of Actuarial Reduction* (ET-4311) must be completed and submitted to ETF. See below for more information.

1901 Who is Eligible

Employees terminating employment and eligible for a retirement annuity involving an age reduction factor (formula benefits only) can participate in the program. The election to pay the cost of actuarial reduction for an employee must be received by ETF no later than the employee's termination date. Once the employer certifies an agreement it is irrevocable unless ETF receives written notice that the employer is rescinding this election within 30 days after ETF receives the election. Use the *Election to Pay Cost of Actuarial Reduction* (ET-4311) form to certify an agreement to pay all or part of an employee's cost. (Refer to subchapter 1902 for sample.)

Upon receipt of the certified election, ETF will determine the actual cost at the time of final calculation of the retirement benefit and bill the employer. The employer's actual cost to purchase the reduction depends on whether an election to pick up 100% or a lower amount has been made. The amount paid by the employer is credited as employer current service contributions.

Information concerning the cost or the effect on an employee's benefit can be directed to the Member Communications Center in Madison toll free at 1-877-533-5020 or 608-266-3285. Send written requests ETF at:

PO Box 7931
Madison, WI 53707-7931

1902 Procedure for Completing the Election to Pay Cost of Actuarial Reduction (ET-4311)

1. Employee requests an annuity estimate from ETF. When requesting their annuity estimate, the employee should also request the *Election to Pay Cost of Actuarial Reduction* (ET-4311) be computed and included in their retirement estimate packet.
2. Employee gives the ET-4311 (with estimated cost) to the employer.
3. Employer completes the employer section of the agreement and sends it to ETF. By signing the agreement, the employer agrees to pay the portion indicated as the actuarial cost of the increased formula benefit. This is a legal and binding agreement that must be received by ETF no later than the date the participant terminates covered employment.
4. ETF completes the final annuity calculation and the Division of Trust Finance bills the employer for the cost.

CHAPTER 20 – PARTICIPANT SERVICES

2000 Buying Creditable Service
2001 Military Service Credit
2002 Beneficiary Designations
2003 Ordering Forms

2000 Buying Creditable Service

Currently, many annuities from the Wisconsin Retirement System are based on a formula that uses total years of creditable service to determine the benefit amount. In general, the more years of accumulated service, the higher the benefit. Eligible participants may be able to purchase forfeited and/or pre-1973 "qualifying" service, thereby increasing the total service credited to their account.

Employees may receive additional information on how creditable service may be purchased by calling the ETF toll free 1-877-533-5020 or 608-266-3285. ETF's brochure, *Buying Creditable Service* (ET-4121) is also available to assist employees considering a purchase of creditable service.

A. Forfeited Service

Employees who previously forfeited service by taking a separation benefit can "buy back" this service. An employee must have at least three continuous years of service since returning to covered WRS employment in order to be eligible to purchase forfeited service. The number of years the employee may purchase cannot exceed the number of years of service earned since returning to WRS covered employment. An application and the required payment must be received by ETF on or before the employee's WRS termination date.

B. Qualifying Service

Prior to January 1, 1973, participants in the former Wisconsin Retirement Fund did not make contributions or receive service credit for a "qualifying period," usually the first six months of employment. Participants may purchase this service.

Participants who forfeited service by taking a separation benefit must first repurchase that forfeited service in order to be eligible to purchase the qualifying service.

C. Other Government Service

Active employees under the WRS who meet all of the eligibility criteria may be eligible to increase their WRS benefits by purchasing any of the following types of Other Governmental Service:

- Employment with a United States governmental employer at the federal, state, or local level.

  Examples include teaching in public schools, colleges or universities outside Wisconsin; service with the federal government, including some military service in the National Guard or Reserves; or employment with a state, county or city government outside Wisconsin.

- Employment with a Wisconsin governmental employer that did not participate in the WRS at that time, or employment with a WRS employer that did not cover employees in that employment category at that time. Examples include employment with Milwaukee County, non-teaching employment with the city of Milwaukee or with a Wisconsin school district that did not cover its non-teachers, or non-protective category employment with a Wisconsin city that did not cover its non-protective employees.

2001 Military Service Credit

Employees may be eligible to receive WRS creditable service for part or all of their active U.S. military service. To receive military service credit, the employee must provide ETF with a photocopy of their military service discharge papers (usually the DD-214) showing the date of entry and the date of discharge from active duty under the functional control of the U.S. armed forces. The discharge must be honorable to receive the credit. For additional information, employees can request a copy of the brochure entitled *Military Service Credit* (ET-4122) from ETF. Refer to Chapter 22 for more information on military service.

2002 Beneficiary Designations

Filing a *Beneficiary Designation* form (ET-2320) helps to ensure prompt payment of any benefit due a beneficiary upon the death of a WRS participant. When no *Beneficiary Designation* form is on file, death benefits are paid according to standard sequence set forth in Wis. Stat. §40.02 (8)(a) 2:

Group 1. Surviving spouse or domestic partner.

Group 2. Children (natural or legally adopted). If one of your children dies before you, that child's share is divided between your deceased child's children.

Group 3. Parent(s)

Group 4. Brother(s) and Sister(s). If one of your siblings dies before you, that sibling's share is divided between your deceased sibling's children.

If there are no survivors in Groups 1 through 4, any death benefits will be paid to your estate. Payment will be made to the person(s)in the lowest numbered group that contains one or more living persons. Wills do not govern the payment of benefits from ETF.

Employers may distribute the *Beneficiary Designation* to each employee who requests one. **The employer should not complete the form for the employee or accept a completed form from the employee.** It is the employee's responsibility to complete and sign the form and send it directly to ETF. Each form includes detailed instructions on how to complete it. Employees may address their questions to the ETF Employer Communications Center toll free at 1-877-533-5020 or 608-266-3285. *Beneficiary Designation* forms can be filled out or downloaded from our website printed, completed and submitted to ETF.

2003 Ordering Forms

Employers may order forms by telephone or online from ETF. Items will be delivered in one to three weeks depending on availability. It is possible to print many forms from ETF's website at etf.wi.gov. Forms available for employer printing are listed in alphabetical order and may be downloaded as needed.

A. Telephone Orders

Employers may use the voice mail request line at ETF's Supply and Mail Services (SAMS). The voice mail program allows employers to call and order forms and brochures by leaving a recorded message.

1. Call ETF's SAMS telephone number at 608-266-3302.
2. Provide the four-digit form number, beginning with the "ET" prefix (e.g. ET-2319)
3. State the name of the form. (e.g., Rehired Annuitant)
4. State the quantity desired.
5. State the employer name.
6. Give your seven-digit employer identification number, which starts with 69-036-

B. Online Orders

Employers may also order forms online.

1. Go to ETF's website at etf.wi.gov.
2. Click on the Employer Forms, Brochures, and Publications section.
3. Click on "Employer Forms Order."
4. Complete the required fields on the employer information section of the form. You will get an error message if you don't complete the required fields.
5. Complete the forms order section of the form—list the ETF form number, quantity, and ETF form name.
6. Click the send button at the bottom of the page.
7. You will receive an automated response message stating that your order has been received.

Note: It is sometimes necessary to partially fill orders because forms may be temporarily in short supply. When this occurs, the employer may receive fewer copies than requested. A notice will be included with the partial order. The balance of the order will be filled when forms become available.

CHAPTER 21 – QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)

2100 General Information
2101 Employer Reporting

2100 General Information

Wisconsin statutes allow for the division of Wisconsin Retirement System participant rights and benefits as required by a divorce action or termination of a domestic partnership (Qualified Domestic Relations Order).

A Qualified Domestic Relations Order (QDRO) awards an alternate payee (former spouse or domestic partner) a percentage—up to 50%—of a participant's WRS account (service and contributions) as of the divorce decree date or date the domestic partnership was terminated. The portion of the account awarded to the alternate payee in the QDRO is deducted from the participant's account and transferred into a separate account established for the alternate payee. Once the account is divided, both the participant and the alternate payee receive a statement showing the new balances in both accounts.

Employees may contact the Department of Employee Trust Funds toll free at 1-877-533-5020 or 608-266-3285or send an email to mailto:ETFSMBEmployerWRS@etf.wi.gov with questions on QDRO awards.

2101 Employer Reporting

After being informed of a WRS participating employee subject to a QDRO, ETF may send a *Report for QDRO of Current Year Earnings/Contributions* (ET-2561) to the employer for certification of any unreported hours, earnings and contributions through the day before the divorce decree date or the date on which the domestic partnership was terminated. The employer completes the form, retains the employer copy and submits the original and alternate payee copies to ETF.

CHAPTER 22 – UNIFORMED SERVICES SUBJECT TO RETIRMENT CREDIT

2200 Uniformed Services Employment and Reemployment Rights Act of 1994
2201 Uniformed Services
2202 Examples of Military Service
2203 Periods of Uniformed Service when Employees Become Eligible for Retirement Credit
2204 Retirement Credit
2205 Employee Responsibility to Receive Military Service Credit
2206 Employer Reporting
2207 Death Benefits for Certain Inactive WRS Participants (HEART Act)

2200 Uniformed Services Employment and Reemployment Rights Act of 1994

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) is a federal law providing certain pension rights to employees returning from uniformed service. USERRA generally provides service credit and Wisconsin Retirement System (WRS) contributions related to a military leave of absence when an employee leaves a WRS-covered position with an employer for active military duty and returns to that same employer within a specific time frame.

The United States Department of Labor considers USERRA to be a restatement and clarification of veterans' reemployment rights laws dating back to 1940. USERRA's reemployment provisions were effective December 12, 1994. Prior to that date, previous federal or state veterans' reemployment rights laws may apply.

Note: Refer to subchapter 2001 for other Military Service credit.

2201 Uniformed Services

- Armed Forces
- Army and Air National Guard, when engaged in active duty for training, inactive duty training or full-time National Guard duty
- Commissioned corps of the Public Health Service
- Any other category of persons designated by the President in time of war or emergency

2202 Examples of Military Service

- Army
- Army Reserve
- Marine Corps
- Marine Corps Reserve
- Air Force
- Air Force Reserve
- Navy
- Navy Reserve
- Coast Guard

- Commissioned Officer of U.S. Public Health Service

2203 Periods of Uniformed Service when Employees Become Eligible for Retirement Credit

- Active duty
- Active duty for training
- Inactive duty for training which includes weekend drills if part of normal work schedule
- Annual training
- Training for which orders were given
- Volunteer or required active duty military service or training
- Time a person is absent for the purposes of a fitness exam

2204 Retirement Credit

USERRA provides WRS service credit and contributions in the amount the employee would have received had the employee been continuously employed with their WRS participating employer.

WRS Contributions

The employee has the choice to make up none, some, or all of the employee-required contributions (EERC) related to the military leave. Upon reemployment, the employee is responsible for paying any missed WRS EERC they chose to make unless the employee had been covered by a collective bargaining agreement providing that the employer would make those contributions. Employers must submit WRS Employer-Required Contributions (ERRC) to match the EERC the employee made up. The employer is also required to fund any additional obligations, including interest that would have accrued on the ERRC and EERC, once those contributions are remitted.

USERRA allows for make-up EERC to the WRS to be made beginning with the date of reemployment and ending on the earlier of three times the period of military service or five years. USERRA specifies that make-up contributions are only allowed while the returning employee is employed with the pre-military service employer.

The deemed earnings are based on the WRS contributions made up by the employee. Deemed earnings are the earnings the employee would have made had the employee not been absent from work to fulfill obligations in the uniformed services. The computation is not based on what the employee earned from the uniformed service. To determine deemed earnings, employers should take the contribution amount that the employee made up and divide it by the contribution rate.

- For example: Joanne goes on a military leave in 2019. The EERC rate for 2019 is 6.55%. She returns to work and makes up $1,000 in employee contributions. Joanne will not make up any more EERC. To determine the corresponding deemed earnings, the employer takes $1,000 and divide it by the 6.55% rate (1,000/0.0655) to get deemed earnings of $15,267.18.

WRS Service Credit

The returning employee will receive WRS service credit for time spent on active military duty as though the employee had been continuously employed with their WRS-participating employer, whether or not any make-up contributions are made. With limited exceptions, the maximum amount of USERRA credit an employee may receive is five years (for federal exceptions to the five-year limit, please visit the U.S. Department of Labor website at www.dol.gov/vets/ or contact ETF toll free at 1-877-533-5020)

To apply for USERRA credit, the employee and employer must submit the *USERRA Certification Form* (ET-4560) with military documentation to ETF. When the *USERRA Checklist* (ET-2573) is filled out, please send a copy of the form to ETF.

Note: In the event your returning employee refuses to sign form ET-4560, the employer should complete Sections B and C, validating that the employee was on active military leave. Also, indicate on the form that the returning employee refuses to sign the form. The employee will then receive service credit through USERRA.

2205 Employee Responsibility to Receive Military Service Credit

For employees to receive USERRA credit for their military service, they must meet the following conditions:

1. Notify the employer that they are going on military leave, unless such notice was precluded by military necessity or otherwise impossible or unreasonable.
2. Leave the military under honorable conditions.
3. Return to the same employer within the following time limits, unless that timely return or re-application for employment was impossible or unreasonable, for leaves which are one of the following:
   - Fewer than 31 days; return at the beginning of the next regularly scheduled work period on the first full day after release from service, taking into account safe travel home plus an eight-hour rest period.
   - 31 to 180 days; service member must submit an application for reemployment within 14 days of release from service. If this is impossible or unreasonable through no fault of the employee, then as soon as possible.
   - More than 180 days; an application for reemployment must be submitted within 90 days of release from service.
   - Service-connected injury or illness: Reporting or application deadlines are extended for up to two years for persons who are hospitalized or convalescing.
4. Provide the employer with a copy of military papers showing the date of entry and the date of discharge.

For more information about USERRA reporting requirements, please refer to the United States Department of Labor website at www.dol.gov.

To receive WRS credit, the employer and employee must submit the *USERRA Certification Form* (ET-4560), along with military documentation, to ETF.

2206 Employer Reporting

Prior to the implementation of 2011 Wisconsin Act 32, ETF provided employers with two reporting options for employees electing their USERRA rights for their military leave:

1. Place the employee on an unpaid leave of absence

Or

2. Continue to report the employee's deemed hours and earnings as if the employee were an active employee.

Act 32 altered how ETF processes employee and employer required contributions related to a military leave of absence. Absent a collective bargaining agreement with provisions to the contrary, the Acts provide that the employee is responsible for making WRS employee required contributions. As a result, if an employee is not covered by a collective bargaining agreement under which the employer pays the total amount of the employee required contributions, employers may no longer continue to report an employee on military leave as an active WRS employee and remit contributions on that employee's behalf.

ETF offers the following guidelines for employers with employees currently on a military leave of absence, or with employees who left on a military leave of absence subsequent to the effective date of the WRS Employee-Required Contribution (EERC) payroll deductions in August of 2011:

1. If the employer is required to continue to pay the WRS EERC due to a collective bargaining agreement, the employer may continue to report that employee as active and remit both the WRS Employer-Required Contribution (ERRC) and EERC. Refer to Chapter 7 Contribution Rates of this manual for situations in which an employer may pay the EERC.

Or

2. If the employee is required to pay their own EERC and is going to perform uniformed services for more than 30 consecutive days, the employer must place that employee on a military leave of absence, by completing a P050-LOA Military Union Leave transaction. Report the hours, earnings, and employee contributions the employee had before their leave. If the hours, earnings, and contributions have already been reported in a previous transaction, leave those fields blank. No WRS, ERRC, or EERC are remitted when the employee is on military leave.

Note: If the employee is performing uniformed services for less than 30 consecutive days due to weekend trainings or similar short-term drills where the employee would have otherwise worked, report the employee according to the employer's provision to ensure employee is receiving full credit for USERRA. A P050 - LOA transaction is not necessary. Contact ETF if you have any questions.

When the employee returns to work they have a choice whether to make up none, some, or all of the missed EERC, provided that they were not covered under a collective bargaining agreement where the employer would pay the EERC. The employer must then match whatever contributions the employee makes up.

Once an employee returns to work with their pre-military leave of absence employer, the employer is required to submit the *USERRA Certification Form* (ET-4560) along with a copy of military-issued papers reflecting the employee's entry and discharge dates, such as the employee's DD-214. The employer should complete and submit the *USERRA Checklist* (ET-2573) to notify ETF of military service that will be reported for an employee. The ET-2573 will provide information on reporting requirements for current year EERC and prior year EERC.

For more information, please see the instructions available on ETF's website or contact the Employer Communication Center toll free at 1-877-533-5020 or locally at 608-266-3285.

2207 Death Benefits for Certain Inactive WRS Participants (HEART Act)

On June 17, 2008, the federal “Heroes Earnings Assistance and Relief Tax Act” (HEART Act) became effective. This federal legislation is retroactive to January 1, 2007 and affects the death benefits payable to the survivors of participants who die as “inactive” Wisconsin Retirement System (WRS) participants while on active military duty.

“Inactive” WRS death benefits consist of the employee required contribution balance plus any voluntary additional contributions. “Active” WRS death benefits generally include the employee required contribution balance plus a matching amount of employer contributions, and any voluntary additional contributions.

Under the HEART Act, when a WRS participant terminates employment to enter the military and then dies in active military service, the death benefit must be calculated as though he/she returned to employment on the date of death and treated as an “Active” WRS death.

This means that the WRS death benefit would also include the matching employer contributions, which, in most situations, will double the death benefit.

Since the HEART Act is retroactive to January 1, 2007, it applies to deaths that occurred on or after that date.

Note: If the participant was on a leave of absence during the period of military service (rather than terminated), and died while on a leave of absence, **the HEART Act has no effect because the death benefits will already be calculated as a death in “Active” WRS employment.**

For questions regarding the HEART Act, contact the Employer Communication Center toll free at 1-877-533-5020 or locally at 608-266-3285.

CHAPTER 23 — FALLEN HEROES TAX EXEMPTION

2300 Fallen Heroes Tax Exemption
2301 Employer Reporting
2302 Employer Certification of Eligibility for Public Safety Officer Survivor Benefit Tax Exemption (ET-6329)

2300 Fallen Heroes Tax Exemption

A Wisconsin Retirement System annuity or lump sum paid to the survivor of a public safety officer killed in the line of duty may be eligible for an income tax exemption under the federal Taxpayer Relief Act of 1997 and the Fallen Hero Survivor Benefit Fairness Act of 2001. Together, these laws provide an income tax exemption for survivor annuities or lump sums paid to the surviving spouse, former spouse and/or children of public safety officers who have been killed in the line of duty.

To not withhold taxes from the survivor's WRS annuity or lump sums, the Department of Employee Trust Funds must receive a completed *Employer Certification of Eligibility for Public Safety Officer Survivor Benefit Tax Exemption* (ET-6329) from the decedent's employer certifying the following:

- The deceased employee was an active WRS-covered public safety officer, as defined in section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968 (OCCSSA), killed in the line of duty.
- The death was ***not*** caused by the intentional misconduct of the officer or the officer's intention to bring about their own death.
- The officer was ***not*** voluntarily intoxicated at the time of death.
- The officer was ***not*** performing their duties in a grossly negligent manner at the time of death.

Important Notes:

1. Not all protective category employees under the WRS fall within the OCCSSA definition of a public safety officer. For example, game wardens do not meet the federal definition of a "public safety officer."

2. ETF cannot determine eligibility; federal law defines who is eligible. It is the responsibility of the survivor, with supporting information from the decedent's employer, to determine eligibility based on federal regulations. ETF does not have the authority or ability to make this determination because federal law defines the eligibility criteria for this tax exemption. If the survivor is unsure about eligibility for this tax exemption, please suggest they contact a tax adviser or the Internal Revenue Service.

[1] The "Omnibus Crime Control and Safe Streets Act of 1968," Act 19, 1969, P.L. 90-351, which appears generally as 42 USC §§ 3701 et seq., including Title 26 USC Sec. 101(h) as amended by the Fallen Heroes Survivor Benefit Fairness Act of 2001.

2301 Employer Reporting

If an actively employed public safety officer dies in the line of duty, complete the *Employer Certification of Eligibility for Public Safety Officer Survivor Benefit Tax Exemption* (ET-6329) and submit it to ETF.

ETF will send the deceased public safety officer's survivor(s) the *Survivor Certification of Eligibility for Public Safety Officer Survivor Benefit Tax Exemption* (ET-6330) to complete and return to ETF.

If both forms show that the decedent's employment and the circumstances of death met the requirements of federal law, ETF will not withhold taxes on the portion of the survivor annuity that is due to the decedent's service as a public safety officer. The survivor's annual 1099-R form from the WRS will show this income as tax exempt.

2302 Employer Certification of Eligibility for Public Safety Officer Survivor Benefit Tax Exemption (ET-6329)

ET-6329 - Employer Certification of Eligibility for Public Safety Officer Survivor Benefit Tax Exemption

ET-6330 - Survivor Certification of Eligibility For Public Safety Officer Survivor Benefit Tax Exemption

Appendix A—Data Description and Format for Ongoing Transactions

Refer to the Data Type Legend at the end for further explanation.

#	Name	Positions	Length	Data Type	Description	
1	Social Security Number	1-9	9	Numeric	The Social Security number of the participant. It must be numeric; an interim number of all zeroes or alphabetic characters cannot be used. This field must be completed for all transaction types.	
2	Social Security Number Tie Breaker	10	1	Unspecified	Leave blank. If it is necessary to use this field, please contact Employer Communication Center toll free 1-877-533-5020 for instructions/approval.	
3	Employer Identification Number (EIN)	11-17	7	Numeric	The seven-digit EIN assigned by the Social Security Administration as shown on your WRS *Monthly Retirement Remittance Report*. **The 69-036 prefix should not be included**. For all local government employers (except Milwaukee Public Schools), the last three digits of the seven-digit EIN must be zero filled. This field must be completed for all transaction types. **Note**: Do not confuse this number with your Federal ID number beginning with 39-	
4	Report Date	18-25	8	Numeric	Enter the date of the payroll transaction (YYYYMMDD). Refer to Chapters 9 and 10 for complete explanation. This field must be completed for all transaction types.	
5	Statement of Benefit Distribution Code	26-33	8	Unspecified	Optional. A maximum of an eight digit code to sort Statement of Benefits into the employers' desired mailing units. This field must be left justified and blank filled if less than eight digits.	
6	Transaction Identifier	34	1	Alpha	Constant P.	
7	Transaction Type	35-37	3	Numeric	000	Annual hours and earnings for employees not terminated or not on leave of absence. Action date should be 12/31 of the year you are reporting (YYYY/12/31). Hours and earnings must be reported.
					001	Resignation or retirement terminations.
					003	Enrolled in WRS, but is not eligible (i.e., the employee works less than 30 calendar days or is an active employee or a rehired annuitant enrolled in error). You should reimburse the employee for any WRS contributions taken as a payroll deduction. Refer to subchapter 311 for an exception for rehiring employees.
					004	Terminated due to a non-work related illness or injury. Must be used to terminate an employee for **WRS purposes only** when ETF notifies you that the employee is approved for a WRS disability annuity.

					005	Dismissed or discharged.

#	Name	Positions	Length	Data Type	Description	
					006	Termination due to an employee's death. The date of death on the death certificate must be used for the action date.
					007	Termination for a local elected official who is waiving part-time elected service for WRS purposes only. Refer to Chapter 15 for more information.
					008	Terminated due to a work-related illness or injury. Must be used to terminate an employee **for WRS purposes only** when ETF notifies you that the employee is approved for a WRS disability annuity.
					010	Changing employment category due to a **change in job duties**. This transaction type will terminate the old category and create the new category. Hours and earnings associated with the old category are reported with this transaction. The new category must be listed in the new employment category code column (positions 287-288). The action date is the effective date of the category change.
					022	Grievance/Arbitration award results in reporting hours, earnings and/or employee-paid contributions. Submit a copy of the settlement to ETF.
					023	Retroactive contract settlement for prior years. Enter retroactive earnings and associated employee-paid contributions with a separate entry for each affected year.
					027	Subtracts over-reported hours, earnings and/or employee-paid contributions for prior years.
					028	Employment category change reporting hours, earnings and/or employee-paid contributions for prior years.
					029	Omitted, invalid or incomplete hours, earnings and/ or employee-paid contributions for prior years.
					031	Name correction or change.
					033	Begin date change.
					034	Statement of benefits code change.
					035	ETF employer number change.
					036	Gender change.
					040	Informal leave of absence with no annual earnings. Action date must be zero filled and last day worked listed as YYYY1231. No hours and earnings are reported with this transaction type.
					050	Military leave of absence at year end. Action date must be left blank (or zero filled) and last day worked listed (YYYY1231). If the employee had hours and earnings for the year reported, they must be indicated.

#	Name	Positions	Length	Data Type	Description	
					051	Unpaid leave of absence at year end. Action date must be left blank (or zero filled) and last day worked listed (YYYY1231). If the employee had hours and earnings for the year reported, they must be indicated.
					053	Layoff at year end. Action date must be left blank (or zero filled) and last day worked listed (YYYY1231). If the employee had hours and earnings for the year reported, they must be indicated.
					054	Leave of absence due to a non-work related illness or injury. Action date must be left blank (or zero filled) and last day worked listed (YYYY1231). Once this code is reported, nothing more is reported until the employee returns to active employment or is terminated. Refer to subchapter 1800 relating to a leave of absence beyond three years.
					058	Leave of absence due to a work related illness or injury. Action date must be left blank (or zero filled) and last day worked listed (YYYY1231). Once this code is reported, nothing more is reported until the employee returns to active employment or is terminated. Refer to subchapter 1800 relating to a leave of absence beyond three years.
					060	New employee.
Note: Transaction types 08X's should include only the difference between what was originally reported and what should have been reported. Refer to Chapters 9 and 10 for further explanation.						
					080	Correct previously submitted 000 entry on the annual report.
					081	Correct previously submitted 001 termination.
					083	Correct previously submitted 003 termination.
					084	Correct previously submitted 004 termination.
					085	Correct previously submitted 005 termination.
					086	Correct previously submitted 006 termination.
					087	Correct previously submitted 007 termination.
					088	Correct previously submitted 008 termination.
					089	Correct previously submitted 054 and 058 transactions.
8	Action Date	38-45	8	Numeric	Enter the four-digit year, month and day on which the action occurred or affects (YYYYMMDD). Refer to Chapters 9, 10 and 11 for complete explanation. This field must be completed for all transaction types except for 040, 050, 054, 058, and 089 when it must be left blank.	
9	Last Day Worked	46-53	8	Numeric	Must be zero filled if this transaction type does not apply. Refer to Chapters 9 and 10 prior to use of this date (YYYYMMDD). This field should be filled out for transaction	

					types 001-010, 027-029, 040-058, and 081-089, when the termination date is different than last day worked. However, it is required for transaction types 004, 054, and 058.

#	Name	Positions	Length	Data Type	Description	
10	Employment Category	54-55	2	Numeric	Employment category field must be completed for all transaction types. The employment categories are:	
					00	General Employee
					01	Court Reporter
					02	State Executive Retirement Plan
					03	Protective With Social Security
					04	Protective Without Social Security
					05	Supreme Court Justice
					06	Legislator or State Constitutional Officer
					07	Appellate Judge
					08	Circuit Court Judge
					09	Local Elected Official
					10	Teacher
					11	State Executive Retirement Plan Teacher
					12	Educational Support Personnel
	New Employment Category	54-55	2	Numeric	The employment categories are:	
	(Changed with implementation of ACT 32)				30	General Employee
					31	Court Reporter
					32	State Executive Retirement Plan
					33	Protective With Social Security
					34	Protective Without Social Security
					35	Supreme Court Justice
					36	Legislator or State Constitutional Officer
					37	Appellate Judge
					38	Circuit Court Judge
					39	Local Elected Official
					40	Teacher
					41	State Executive Retirement Plan Teacher
					42	Educational Support Personnel
	New Employment Category	54-55	2	Numeric	The employment categories are:	
	(Changed for elected officials on effective date(s) with implementation of ACT 32)				N/A	General Employee
					N/A	Court Reporter
					N/A	State Executive Retirement Plan
					N/A	Protective With Social Security
					N/A	Protective Without Social Security
					45	Supreme Court Justice
					46	Legislator or State Constitutional Officer
#	**Name**	**Positions**	**Length**	**Data Type**	**Description**	
					47	Appellate Judge
					48	Circuit Court Judge
					49	Local Elected Official

					N/A	Teacher
					N/A	State Executive Retirement Plan Teacher
					N/A	Educational Support Personnel
11	Employee Name Last	56-72	17	Unspecified	Employee's last name. This field must be completed for all transaction types.	
12	Employee Name First	73-87	15	Unspecified	Employee's first name. This field must be completed for all transaction types.	
13	Employee Name Middle Initial	88	1	Unspecified	Employee's middle initial. This field must be completed for all transaction types.	
14	Sex Indicator	89	1	Alpha	M = Male F = Female This field must be completed for all transaction types.	
15	Birthdate	90-97	8	Numeric	Enter the four-digit year, month and day of the employee's birthdate (YYYYMMDD). This field must be completed for all transaction types.	
16	Fiscal Year Hours	98-104	7	Numeric	For anyone other than teachers, judges and educational support personnel, the fiscal year data should be zero filled. ***For Teachers (CAT 40, 41), Judges (CAT 45, 47, 48) and Educational Support Personnel (CAT 42) Only***: The data shown in this field is the portion of fiscal year hours paid from 01-01-YYYY to 06-30-YYYY of the calendar year being reported. Report hours of service to the nearest hour. For example, 880 hours would be reported as 0088000 without the decimal point. This field must be completed for transaction types 000-001, 004-029, 050-058, and 080-089, if applicable.	
17	Fiscal Year Earnings	105-113	9	Numeric	For anyone other than teachers, judges and educational support personnel, the fiscal year data should be zero filled. ***For Teachers (CAT 40, 41), Judges (CAT 45, 47, 48) and Educational Support Personnel (CAT 42) Only***: The data shown in this field is the portion of fiscal year earnings paid from 01-01-YYYY to 06-30-YYYY of the calendar year being reported. Report earnings (dollars and cents). As an example, 13,580.64 would be reported as 001358064 without the decimal point. This field must be completed for transaction types 000-001, 004-029, 050-058, and 080-089, if applicable.	
18	Calendar Year Hours	114-120	7	Numeric	**Calendar Year to Date**: Enter the hours for which were paid from 01-01-YYYY to date of 12-31-YYYY for annual transactions or the actual termination date. This applies to all employees, including fiscal year employees. Report hours of service to the nearest hour. For example, 2080 hours would be reported as 0208000 without the decimal. This field must be completed for transaction types 000-001, 004-029, 050-058, and 080-089.	

19	Calendar Year Earnings	121-129	9	Numeric	**Calendar Year to Date:** Enter the earnings for which were paid from 01-01-YYYY to date of 12-31-YYYY for annual transactions or the actual termination date. This applies to all employees including fiscal year employees. Report earnings (dollars and cents). For example, 27,161.28 would be reported as 002716128 without the decimal. This field must be completed for transaction types 000-001, 004-029, 050-058, and 080-089.

#	Name	Positions	Length	Data Type	Description
20	Employee Required Contributions Employee Paid (Post-Tax)	130-136	7	Numeric	If you do not deduct anything from the employee's paycheck for this, you must zero fill. Most instances this field will be zero filled for all transaction types because employee contributions must be pre-tax. Enter the amount of money **actually deducted** from the employee's paychecks toward the Employee Required Contributions. This amount can never exceed the maximum contribution for the category reported. Do not include the amount of Employee Required Contributions paid by the employer or the amount deducted for the Benefit Adjustment Contribution. Report contributions (dollar and cents). For example, $135.80 would be reported as 0013580 without the decimal.
21	Benefit Adjustment Contributions Employee Paid (Post-Tax)	137-143	7	Numeric	If you do not deduct anything from the employee's paycheck for this, you must zero fill. Enter the amount of money **actually deducted** from the employee's paychecks toward the Benefit Adjustment Contribution. This amount can never exceed the maximum contribution for the category reported. Do not include the amount of Benefit Adjustment Contributions paid by the employer or the amount deducted for the Employee Required Contributions. Report contributions (dollar and cents). For example, $13.58 would be reported as 0001358 without the decimal.
22	Additional Contributions	144-150	7	Numeric	Additional contributions made by employee. For detailed explanation, refer to subchapter 1201. If nothing, must be zero filled.
23	Spacing	151-157	7	Numeric	Must be zero filled.
24	Spacing	158-164	7	Numeric	Must be zero filled.
25	Spacing	165-171	7	Numeric	Must be zero filled.
26	Employer Paid Additional	172-178	7	Numeric	Additional contributions paid by the employer for the employee. For detailed explanation, refer to subchapter 1201. If nothing, must be zero filled.
27	Spacing	179-185	7	Numeric	Must be zero filled.
28	Home Address Street -1	186-210	25	Unspecified	Home address for employee. Home address fields must be completed for transaction types 000-001, 004-008, 081-088.
29	Home Address Street - 2	211-235	25	Unspecified	Home address for employee.
30	Home Address City	236-250	15	Unspecified	Home address for employee.
31	Home Address State	251-252	2	Alpha/Blank	Home address for employee.
32	Home Address Zip Code	253-257	5	Numeric/ Blank	Home address for employee.
33	Home Address Expanded Zip Code	258-261	4	Numeric/ Blank	This is the additional four-digit code. Include the extended four-digit code if available.

#	Name	Positions	Length	Data Type	Description
34	Home Address Foreign Country	262-271	10	Unspecified	Home address for an employee living outside the U.S. only. If it is necessary to use this field, please contact the Employer Communication Center toll free 1-877-533-5020 for approval.
35	Home Address Foreign Zip Code	272-286	15	Unspecified	Home address for an employee living outside the U.S. only. If it is necessary to use this field, please contact the Employer Communication Center toll free 1-877-533-5020 for approval.
36	New Employment Category	287-288	2	Numeric/ Blank	The employee's new employment category when reporting a 010 or 090 transaction. For all other transactions, leave blank.
37	Pre-Tax Employee Required Contributions (EERC) Employee Paid	289-295	7	Numeric	If you do not deduct anything from the employee's paycheck for this, you must zero fill. Enter the amount of money **actually deducted *Pre-Tax*** from the employee's paychecks toward the Employee Required Contributions. This amount can never exceed the maximum contribution for the category reported. Report contributions in dollar and cents. For example, $135.80 would be reported as 0013580 without the decimal. This field must be completed for transaction types 000-001, 004-029, 050-058, 080-089, if applicable.
38	***Pre-Tax*** Benefit Adjustment Contributions (BAC) Employee Paid (**Not Applicable at this time**)	296-302	7	Numeric	Must be zero filled. Pre-tax BAC is not applicable at this time.
39	Filler	303-346	44	Blank	This field must be blank.
40	Date Stamp	347-354	8	Numeric	Enter the file creation date (YYYYMMDD).
41	Time Stamp	355-360	6	Numeric	Enter the file creation time (HHMMSS).

Data Type Legend

Numeric = Field must be numeric, right justified and zero-filled if no data to report or required.

Unspecified = Any combination of characters allowed - alpha/numeric/blank. Numeric/ Blank = Field must be numeric, right justified or blank-filled if no data to report or required.

Alpha/Blank = Field must be alphabetic or blank filled if no data to report. Blank = Field must be blank.

Alpha = Field must be alphabetic.

APPENDIX B – WRS TRANSACTION TYPE DESCRIPTION AND CHAPTER REFERENCE CHART

Transaction Types		
Code	**Description**	**Chapter Reference**
00	Annual transactions for employees not terminated or not on leave of absence.	10
01	Resignation or retirement.	9
02	Termination Due to Layoff. For Use by State Agencies and UW Only.	9
03	Termination for ineligible employees. (No hours or earnings reported.)	9
04	Termination due to a non-work-related illness or injury.	9
05	Dismissed or discharged.	9
06	Termination due to death.	9
07	Termination for local elected officials who waive part-time elected service.	9, 15
08	Termination due to a work-related illness or injury.	9
10	Employment category change.	9
22	Prior year transaction which results from a grievance settlement or reinstatement/appeal award.	11, 13
23	Prior year transaction for a retroactive contract settlement.	11
27	Prior year transaction to subtract hours, earnings and/or employee paid contributions.	11
28	Prior year transaction to correct the employment category, or move part or all of previously reported earnings from incorrect year to correct year.	11
29	Prior year transaction to add hours, earnings and/or employee-paid contributions.	11
30	Social Security number correction.	6
31	Name change.	6
32	Birthdate correction.	6
33	Employment begin date correction.	6
34	Statement of Benefits Distribution Code change.	6
35	Employer Identification Number (EIN) correction.	6
36	Gender indicator correction.	6
40	Informal leave of absence with no annual earnings.	10
50	Military leave of absence at year-end.	10
51	Unpaid leave of absence at year-end.	10
53	Layoff at year-end.	10
54	Leave of absence due to a non-work-related illness or injury.	9
58	Leave of absence due to a work-related illness or injury.	9
60	New employee (electronic transaction only).	6
63	Corrects wrong employment category submitted on the WRS enrollment.	6

Transaction Types		
Code	**Description**	**Chapter Reference**
80	Corrects a previously submitted 00 annual transaction in the current year.	10
81	Corrects a previously submitted 01 current year termination.	9
82	Corrects a previously submitted 02 current year termination.	9
83	Corrects a previously submitted 03 current year termination.	9
84	Corrects a previously submitted 04 current year termination.	9
85	Corrects a previously submitted 05 current year termination.	9
86	Corrects a previously submitted 06 current year termination.	9
87	Corrects a previously submitted 07 current year termination.	9
88	Corrects a previously submitted 08 current year termination.	9
89	Corrects a previously submitted 54 or 58 current year transaction.	9