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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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**2003 Assembly Bill 692**

**Assembly  
Amendment 1**

*Memo published:* February 26, 2004

*Contact:* Dan Schmidt, Analyst (267-7251)

*Current law* provides that annual surpluses in the fixed annuity reserve in the Wisconsin Retirement System (WRS) are distributed to annuitants as a percentage increase in the amount of their annuities, if the amount of the surplus will result in at least a 2% increase in annuities. Surpluses in the fixed annuity reserve that are not distributed to annuitants in any year because they would not result in at least a 2% increase are retained in the fixed annuity reserve and are distributed to annuitants in the first year that the 2% threshold is reached.

*2003 Assembly Bill 692* eliminates the statutory 2% threshold and, instead, provides that the percentage threshold for fixed annuity increases is to be established by an administrative rule promulgated by the Department of Employee Trust Funds. In addition, under the bill, proposed administrative rules relating to the percentage threshold for increases in fixed annuities are approved by the Employee Trust Funds Board but not by the Teacher's Retirement Board or the Wisconsin Retirement Board.

*Assembly Substitute Amendment 1* alters the bill to provide that annuities paid from the fixed annuity reserve fund shall be increased in any year that a surplus in the fixed annuity reserve fund for the prior year will result in at least a 0.5% increase in fixed annuities in force, on recommendation of the actuary, unless the Department of Employee Trust Funds has promulgated an administrative rule that establishes a different percentage threshold for increases in fixed annuities. Similarly, the substitute amendment also provides that annuities paid from the fixed annuity reserve fund shall be decreased, to the extent authorized in s. 40.27 (2) (c), Stats., in any year that a deficit in the fixed annuity reserve fund for the prior year will result in at least a 0.5% decrease in fixed annuities. Finally, the substitute amendment authorizes the Department of Employee Trust Funds to promulgate administrative rules that establish threshold percentages for increases or decreases in annuities paid from the fixed annuity reserve fund that differ from those established by statute.

Assembly Substitute Amendment 1 was adopted by a vote of Ayes, 6; Noes, 0, and Assembly Bill 692 was recommended for passage, as amended, by a vote of Ayes, 6; Noes, 0, by the Assembly Committee on Government Operations and Spending Limitations on February 25, 2004.

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