



Resolution of Inclusion Under the Wisconsin Retirement System

Wis. Stat. §§ 40.21, 40.22

Wisconsin Department of Employee Trust Funds
1-877-533-5020 (toll free)
Fax 608-266-5801
etf.wi.gov

The (Governing Body) _____ of the (Employer Legal Name) _____ authorizes and approves participation in the Wisconsin Retirement System on the effective date of January 1, _____.

Eligible employees will participate in the WRS beginning on the effective date pursuant to the participation option chosen below. **This resolution must be received by, and is irrevocable after, November 15 prior to the effective date.**

Eligible Employee Participation Options (check one)

- All current and future eligible employees will participate in the WRS.
- This employer will provide a one-time offer to current eligible employees to elect or waive WRS participation as of the above effective date. All eligible employees hired after the above effective date must be enrolled in the WRS.

Note: Employees who waive WRS coverage and continue to be employed by this employer will never be eligible for future WRS coverage and any other related benefits that may be available because of WRS participation.

- Only future eligible employees hired by this employer on or after the effective date of this resolution will be enrolled in the WRS.

Prior Service (Optional)

If nothing is selected, the default is 0%. Read page 2 of this form for information about Prior Service.

- The employer will pay the cost of providing _____% prior service credit for WRS-eligible employees who worked for the employer before the WRS effective date.

Eligible Employee Participation Exclusion (Applies to all participation options — check only if applicable)

- This employer will exclude employees of a public utility under Wis. Stat. § 196.01(5) from WRS participation pursuant to Wis. Stat. § 40.21(7)(b).

Certification

I hereby certify that this resolution is a true, correct, and complete copy of the resolution adopted by the above governing body on _____ (MM/DD/YYYY).

- I further certify that this employer is not operating, administering, or otherwise participating in an alternative or replacement retirement plan which replaces or exempts the employer from FICA taxes.

I understand that Wis. Stat. § 943.395 provides criminal penalties for knowingly making false or fraudulent statements, and hereby certify that, to the best of my knowledge and belief, the above information is true and correct.

Total number of all employees (includes WRS eligible and ineligible)

Federal tax identification number

Employer County

Certifying Officer signature

Certifying Officer printed name

Certifying Officer title

Employer benefit contact email address

For ETF use only

Date Received:

ETF Employer ID:

Effective Date:

Initials:



Important Information About Prior Service

Prior service is an **optional benefit** where employers pay the entire cost of providing WRS service credit for employees who worked for the employer before they joined the WRS. This program was originally created for employers who did not offer *any* retirement benefits to their employees before joining the WRS. Electing prior service may provide a benefit for your employees but will include costs for the employer and also requires a cost study to be completed. **Prior service costs should be carefully considered by the employer.**

Prior service is **not** an option if the employer:

- Elected to enroll only *future eligible* employees (Option 3)
- Has a creation date that is equal to the WRS Participation date. For example, two entities will merge to become one entity effective 01/01/2023 *and* the entity's WRS Participation date is 01/01/2023.

The employer is still required to pay the remaining balance, even if an employee is not eligible for a monthly retirement annuity. An employee is not eligible for a WRS annuity if they:

- Terminate and take a benefit before they are vested in the WRS
- Terminate and take a benefit before meeting minimum retirement age (age 50 for protective category, age 55 for all others)

Prior Service Benefit Summary																	
Benefit Details	<ul style="list-style-type: none"> • Most valuable to a long-term employee after minimum retirement age who plans to work <i>at least</i> five more years as a full-time employee. • Does not count toward vesting requirements. • Does not increase the employee or employer contribution amounts. • Any employee deemed WRS eligible as of the employer's WRS effective date must be provided with prior service. Participation may not be limited. • A Prior Service election is irrevocable. <p>Prior service does not add monetary contributions to the employee's account. It adds years of WRS creditable service to the employee's account.</p>																
Options	<p>Employers can elect to purchase 25, 50, 75, or 100% service. Any employer can add or increase prior service any time. If an employer does elect prior service, 0% is the default.</p> <p>For example, below are the service purchase options for an employee with 20 years of service prior to the employer's WRS participation:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="padding: 5px;">Prior Service %</td> <td style="padding: 5px;">100%</td> <td style="padding: 5px;">75%</td> <td style="padding: 5px;">50%</td> <td style="padding: 5px;">25%</td> <td style="padding: 5px;">0%</td> </tr> <tr> <td style="padding: 5px;">Service Credit</td> <td style="padding: 5px;">20 years</td> <td style="padding: 5px;">15 years</td> <td style="padding: 5px;">10 years</td> <td style="padding: 5px;">5 years</td> <td style="padding: 5px;">0 years</td> </tr> </table>					Prior Service %	100%	75%	50%	25%	0%	Service Credit	20 years	15 years	10 years	5 years	0 years
Prior Service %	100%	75%	50%	25%	0%												
Service Credit	20 years	15 years	10 years	5 years	0 years												
Vesting Required?	<p>Yes. Prior service is forfeited if an employee closes their account before minimum retirement age or is not vested. To become vested:</p> <ul style="list-style-type: none"> • Employees first enrolled in the WRS on or after 07/01/2011 must have five years of WRS creditable service • Employees first enrolled in the WRS before 07/01/2011 were vested on their enrollment date 																

(continued on next page)

<p>Cost</p>	<ul style="list-style-type: none"> • The employer pays the entire cost of prior service which may be prohibitively expensive and requires careful consideration. • Rollovers from other qualified pension plans or personal checks cannot be used to purchase prior service. • Payment options: <ul style="list-style-type: none"> ○ Make full payment, or; ○ Have the payments amortized by paying a small percentage of their total monthly payroll over 30 consecutive years. <p>Note: Employers may make lump sum payments to reduce interest cost over the amortization period. Interest is assessed annually using an assumed interest rate (currently 7.0%) on the outstanding balance of the liability.</p> <p>For some employers, <i>the interest charged may be greater than the principal paid each year</i>, resulting in the liability balance increasing rather than decreasing.</p>
<p>Alternatives</p>	<p>Prior Service can be prohibitively expensive for employers. A more cost-effective alternative is <i>voluntary</i> employer-paid additional contributions.</p> <p>An employer-paid additional contribution is an optional benefit that is:</p> <ul style="list-style-type: none"> • Credited to employee account and increase employee's monthly annuity at retirement, and is credited with the same amount of interest as required contributions. • Payable only as a life annuity; no lump sum or annuity certain is available if employee is eligible for a retirement annuity. • Generally paid in the same optional form as the regular annuity when application is made for the regular annuity on required deposits. • Paid to the employee whether they are vested or not. • Taxable when paid. <p>With additional contributions, the employer may choose who to provide this benefit to. The employer may stop making additional contributions at any time.</p> <p>You do not elect employer-paid additional contributions on the resolution to join the WRS. After the employer's WRS effective date, they may report additional contributions on their Monthly Retirement Remittance report.</p>

Prior Service Cost Study

The cost of prior service varies by employer. **Employers electing 25-100% prior service must complete a cost study before submitting a resolution.**

Cost Study Summary	
Employer Required to Purchase Prior Service?	No. A cost study completed before the resolution is submitted is non-binding. The employer is under no obligation to purchase prior service.
Cost Study Fee	<ul style="list-style-type: none">• 10 or less employees: \$25• 11 or more employees: \$50
How to Request	Send a written request to ETF with the items listed below before October 1: <ul style="list-style-type: none">• Completed Prior Service Cost Study (ET-1321) form• Check made payable to ETF (fees listed above)
Timing	ETF will send the employer a Cost Report four to six weeks after the Cost Study is received. If the employer decides to pay for Prior Service, they can enter the percent of coverage on the Resolution of Inclusion Under WRS (ET-1319).

Adding or Increasing Prior Service

Employers may add or increase prior service in increments of 25% if they:

- do not offer prior service.
- are currently offering 25 – 75% of prior service.
- offered prior service to teachers but want to add prior service for educational support staff (*school districts only*).

Note: Adding coverage for educational support staff may change teacher prior service rate. A weighted average rate will apply to all covered employees.

ETF requires a Prior Service Cost Study before adding or increasing prior service.

Increasing Prior Service	
Employee Eligibility	<p>All employees who were:</p> <ol style="list-style-type: none"> 1. enrolled in the WRS on the employer's initial WRS participation date; <i>and</i> 2. are still active with the employer.
Impact on Employer Contributions	<ul style="list-style-type: none"> • If the employer submits a resolution to add or increase prior service, the employer's monthly contributions will increase. • There is no retroactive adjustment for employees who have terminated since initial participation.
Cost Study Fee	<ul style="list-style-type: none"> • None
How to Request	<p>Send a written request to ETF with the item listed below before October 1:</p> <ol style="list-style-type: none"> 1. Completed Prior Service Cost Study (ET-1321) form <p>Mail to: Dept. of Employee Trust Funds PO Box 7931 Madison, WI 53707-7931</p>
Timing	<p>ETF will send the employer a Cost Report four to six weeks after the Cost Study is received.</p> <p>To add or increase prior service, a Resolution to Increase Prior Creditable Service (ET-1311) must be received by ETF no later than November 15. The increase will be effective the following January 1.</p>
Employer Required to Purchase Prior Service?	<p>If a cost study is completed <i>before</i> the ET-1311 is submitted, the employer is not required to add or increase service.</p> <p>If the ET-1311 is submitted, it is irrevocable after November 15 and the employer is required to pay the cost of increasing prior service.</p>