

Report From Agency
Clearinghouse Rule 10-137
State of Wisconsin
Department of Employee Trust Funds,
Employee Trust Funds Board, Teachers Retirement Board
and Wisconsin Retirement Board

FINAL DRAFT REPORT ON CLEARINGHOUSE RULE #10-137

FINAL RULE to amend administrative rule ETF 20.055 relating to the waiver of spousal/domestic partner consent on Wisconsin Retirement System benefit applications.

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Agency Person to be Contacted for Questions

Please direct any questions about this rule-making to Lucas Strelow, Policy Analyst, Office of Policy, Privacy and Compliance, Department of Employee Trust Funds, P.O. Box 7931, Madison WI 53707. Telephone: (608) 267-0722. E-mail address: lucas.strelow@etf.state.wi.us.

Statement Explaining Need for Rule

This rule-making is needed to amend the existing spousal consent rule to provide flexibility in situations where a spouse’s signature is unobtainable.

Analysis Prepared by the Department of Employee Trust Funds

1. Statutes Interpreted:
S. 40.24 (7) and s. 40.25 (3m), Stats. relating to ETF waiving the requirement for a spouse’s/domestic partner’s signature on Wisconsin Retirement System benefit applications.
2. Statutory Authority:
Sections 40.03 (2) (i), (ig), (ir), (t) and 227.11 (2) (a), Stats.

3. Explanation of Agency Authority:

By statute, the ETF Secretary is expressly authorized, with appropriate board approval, to promulgate rules required for the efficient administration of any benefit plan established in ch. 40 of the Wisconsin statutes. Also, each state agency may promulgate rules interpreting the provisions of any statute enforced or administered by the agency if the agency considers it necessary to effectuate the purpose of the statute.

4. Related Statute or Rule:

There are no other rules that clarify the circumstances under which ETF will accept a participant's documentation and certification that a participant is unable to obtain a spouse's/domestic partner's signature on a Wisconsin Retirement System benefit application.

5. Plain Language Analysis:

If a participant has been married for at least one full year at the time a retirement benefit begins, s. 40.24 (7), Stats., requires a spouse's/domestic partner's signature on Wisconsin Retirement System retirement benefit applications unless the participant selects a joint and survivor annuity with the spouse as the named survivor. Section 40.25 (3m), Stats., requires a spouse's/domestic partner's signature on Wisconsin Retirement System separation benefit applications, and on lump sum retirement benefit applications when the participant is not restricted to a lump sum retirement benefit.

Both ss. 40.24 (7) and s. 40.25 (3m), Stats., provide that ETF may waive the requirement for a spouse's/domestic partner's signature in situations where the participant's spouse's or domestic partner's signature cannot be obtained. ETF 20.055 currently restricts ETF to waiving the spousal/domestic partner's signature only in cases where either the spouse/domestic partner has been declared incompetent or the participant does not know the spouse's/domestic partner's whereabouts for at least 90 days. The proposed amendment would increase ETF's flexibility to waive the spousal/domestic partner consent requirement if the participant submits evidence to the department's satisfaction that the spouse's/domestic partner's signature is unobtainable. This flexibility is more consistent with the statutory language and intent than the current rule.

6. Summary of, and Comparison with, Existing or Proposed Federal Regulations:

There are no existing federal regulations that specifically address how public retirement plans administer a spousal/domestic partner consent requirement.

7. Comparison with Rules in Adjacent States

- Illinois – The State Retirement Systems of Illinois does not require a spouse's signature either on refunds (equivalent to WRS separation benefits under s. 40.25 (2), Stats.) or on retirement benefit applications. Therefore, waiving the spousal consent requirement is not an issue.
- Iowa – The Iowa Public Employees Retirement System (IPERS) does not require a spouse's signature on refunds (equivalent to WRS separation benefits

under s. 40.25 (2), Stats.). A spouse's signature is required on retirement benefit applications, even if the member selects a joint and survivor annuity with the spouse as the named survivor. IPERS will only waive that requirement if the member submits a sworn statement that he/she cannot locate the spouse. If the spouse has a legal guardian or has granted power of attorney (POA), the guardian or POA can sign on behalf of the spouse.

- Michigan – The Michigan State Employees Retirement does not require a spouse's signature on refunds (equivalent to WRS separation benefits under s. 40.25 (2), Stats.). The spouse's consent is required on retirement benefit applications unless the member selects a joint and survivor annuity continued at 100% to the spouse. The only exception to the spousal consent requirement is if the spouse has a legal guardian or has granted power of attorney (POA); in that case the guardian or POA can sign the application on behalf of the spouse.
- Minnesota – The Minnesota State Retirement System (MSRS) does not require a spouse's signature on refunds (equivalent to WRS separation benefits under s. 40.25 (2), Stats.). MSRS does not waive the spousal consent requirement; if the spouse's signature cannot be obtained, the annuity option defaults to a joint and survivor annuity continued at 50% to the spouse. The only exception is if the spouse has a legal guardian or has granted power of attorney (POA), the guardian or POA can sign on behalf of the spouse.

8. Summary of Factual Data and Analytical Methodologies:

The proposed rule amendment is intended to bring ETF's waiver of spousal/domestic partner consent rule into closer harmony with the statutes, and provide ETF with the greater flexibility authorized in the statutes.

9. Analysis and Supporting Documents Used to Determine Effect on Small Business or in Preparation of Economic Impact Report:

The rule does not have an effect on small businesses because private employers and their employees do not participate in, and are not covered by, the Wisconsin Retirement System.

10. Effect on small business:

There is no effect on small business.

11. Agency contact person:

Lucas Strelow, Policy Analyst, Department of Employee Trust Funds, 801 W Badger Rd, Madison, WI 53713-7931, P.O. Box 7931 (use ZIP Code 53707 for PO Box); Phone: 608-267-0722; E-mail: lucas.strelow@etf.state.wi.us

12. Proposed Effective Date:

This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided by s. 227.22 (2) (intro.), Stats.

13. Fiscal Estimate:

The rule will not have any fiscal effect on the administration of the Wisconsin Retirement System, nor will it have any fiscal effect on the private sector, the state

or on any county, city, village, town, school district, technical college district, or sewerage districts.

14. Free Copies of Proposed Rule:

Copies of the proposed rule are available without cost from the Office of the Secretary, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931. The telephone number is: (608) 266-1071.

Text of Rule

SECTION 1. ETF 20.055 is amended to read:

ETF 20.055 Spouse's or domestic partner's signature on a benefit application.

Documentation of inability to obtain a spouse's or domestic partner's signature on an annuity application as required under s. 40.24 (7) (a) or s. 40.25 (3m), Stats., or on a separation benefit application as provided in s. 40.25 (3m), Stats., ~~shall be accepted for the following reasons only~~ shall be accepted for any of the following reasons:

(1) ~~(a)~~ The spouse or domestic partner is incompetent as defined under s. 54.10 (3), Stats., and a copy of the court order appointing the spouse's or domestic partner's guardian is submitted to the department, ~~except guardianship papers are not required when the benefit payable is a single sum benefit payable under s. 40.25 (1), Stats.~~

~~(b)~~ The guardian's signature shall be required on the annuity application in lieu of the spouse's or domestic partner's signature if the participant chooses an annuity option other than an option specified under s. 40.24 (7) (a) or 40.25 (1) (a), Stats.; ~~or.~~

~~(c)~~ The spouse's, domestic partner's or guardian's signature is not required when the participant is only eligible for a single sum benefit payable under s. 40.25 (1) (a), Stats.

(2) The participant certifies, on a form provided by the department, that the participant does not now know and has not known the whereabouts of the spouse or domestic partner for at least the 90 days immediately prior to the date the application is signed, or the participant provides evidence to the department's satisfaction that the spouse's or domestic partner's signature is otherwise not obtainable.

Note: ~~Section ETF 20.055 (2) requires forms a form which are~~ is available at no cost by contacting the Department of Employee Trust Funds, P.O. Box 7930, Madison, WI 53707.

(3) The requirements in s. 40.24 (7) (a) (intro) and (b), Stats., and in s. 40.25 (3m), Stats., as it applies to s. 40.25 (1) (b), Stats., related to the requirement for the domestic partner's signature on benefit applications, shall not apply if the participant is prohibited under the internal revenue code from selecting a joint and survivor annuity with the domestic partner as the named survivor, based on the participant's and domestic partner's respective ages.



**WISCONSIN LEGISLATIVE COUNCIL
RULES CLEARINGHOUSE**

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Clearinghouse Director

Terry C. Anderson
Legislative Council Director

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Clearinghouse Assistant Director

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Legislative Council Deputy Director

CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 10-137

AN ORDER to amend ETF 20.055, relating to the waiver of spousal/domestic partner consent on Wisconsin retirement system benefit applications.

Submitted by **DEPARTMENT OF EMPLOYEE TRUST FUNDS**

11-18-2010 RECEIVED BY LEGISLATIVE COUNCIL.

12-07-2010 REPORT SENT TO AGENCY.

RS:HJF

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LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]
Comment Attached YES NO
2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]
Comment Attached YES NO
3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]
Comment Attached YES NO
4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS [s. 227.15 (2) (e)]
Comment Attached YES NO
5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]
Comment Attached YES NO
6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL REGULATIONS [s. 227.15 (2) (g)]
Comment Attached YES NO
7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]
Comment Attached YES NO



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CLEARINGHOUSE RULE 10-137

Comments

[NOTE: All citations to “Manual” in the comments below are to the Administrative Rules Procedures Manual, prepared by the Legislative Reference Bureau and the Legislative Council Staff, dated September 2008.]

2. Form, Style and Placement in Administrative Code

- a. In the rule preface plain language analysis, the second sentence should begin with the reference “Section 40.25 (3m), Stats.” The first sentence of the second paragraph should begin with the phrase “Both ss. 40.24 (7) and 40.25 (3m), Stats.”
- b. References to the law in adjacent states are not informative without comparing and contrasting the Wisconsin provisions and those in the adjacent states.
- c. In the treatment clause, the notation “SECTION 1.” should be inserted before the phrase “ETF 20.055 is amended to read:”.
- d. The end of the introductory clause of s. ETF 20.055 should read “...shall be accepted for any of the following reasons:”.
- e. In s. ETF 20.055 (1) (b), the second occurrence of the notation “s.” should be deleted since the statutory reference is in the disjunctive form.
- f. In s. ETF 20.055 (1) (c), the paragraph letter “c” should be placed within parentheses.
- g. In s. ETF 20.055 (3), the sentence, after it is amended, should read: “The requirements in s. 40.24 (7) (a) (intro.) and (b), Stats., and in s. 40.25 (3m), Stats., as it applies to s. 40.25 (1) (b), Stats., related to....”

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5. Clarity, Grammar, Punctuation and Use of Plain Language

In the rule preface statement of where comments on the rule are to be submitted, and the deadline for their submission, it appears that the date "2010" should be replaced by the date "2011."

Response to Legislative Council Staff Recommendations

ETF implemented all the Legislative Council staff recommendations.

List of Persons Appearing or Registering For or Against the Rules

No persons appeared at the hearing or registered for or against the rule at the public hearing on February 10, 2011.

Summary of Comments Received at the Public Hearing

No person testified concerning the rule. The record was held open for written comments until 4:30 on Friday, February 18, 2011, but ETF did not receive any written comments.

Modifications to Rule as Originally Proposed

No changes were made from the original proposal as a result of public comments.

Modifications to Fiscal Estimate as Originally Proposed

No changes were made to the fiscal estimate in the original proposal.

Modifications to the Analysis Accompanying the Proposed Rule

No changes were made to the analysis accompanying the proposed rule.

Board Authorization for Promulgation

This final draft report on clearinghouse Rule #10-137 has been duly approved for submission to the Legislature, and for promulgation, by the Department of Employee Trust Funds and the following boards:

- Employee Trust Funds Board on March 10, 2011
- Teachers Retirement Board on March 10, 2011
- Wisconsin Retirement Board on March 10, 2011

Effective Date

This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22 (2), Stats.

Respectfully submitted,

DEPARTMENT OF EMPLOYEE TRUST FUNDS

_____ Date: _____
David A. Stella
Secretary