



WCCO Opposes AB-397/SB-329 & AB-398/SB-328

Changes to the Wisconsin Retirement System

While AB-397 and AB-398 purport to save money by increasing the minimum retirement age by two years and using a five-year average to calculate a final benefit instead of three years, the opposite could be the result. Consider the following:

The Wisconsin Retirement System is a fully funded pension system, period.

- Unlike countless other public and private pension systems, Wisconsin's employees and legislators are not up at night worrying about the solvency of their pension system. The Wisconsin Retirement System is fully funded, and its structure of combining pre-funded benefits with shared risk is the envy of the nation.

Encouraging employees to work longer is not always better.

- While there may be a benefit to the retirement system for employees working longer, it may end up costing taxpayers more in the long term. Older employees are simply more expensive. Their wages are higher than younger employees with less tenure, and they have higher health costs. Keeping them employed on the tax levies of state and local governments is possibly more expensive than having younger people fill their positions.

The proposed changes are not proportional to their stated purposes.

- While a narrow range of people are targeted by this legislation, these bills **will** punish employees who have played by the rules their entire working lives. The vast majority of employees in the WRS are not political appointees or employees that opt for an early retirement; they are public servants working in every community in Wisconsin.
- Because of shared risk, early retirements have a minimal impact on the WRS; further, early retirees receive a significantly reduced benefit. In fact, only 11.2% of participants in the WRS retire before their normal retirement age, and various factors influence the retirement decision of WRS members.
- Going from a three-year to five-year benefit calculation will only serve to hurt those employees who have played by the rules.

If there is a narrow issue to resolve, then resolve it. Don't resort to mass punishment for narrow issues!

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