

No. 121. S.]

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**CHAPTER 176.**

AN ACT to create 20.726 and 42.60 to 42.70 of the statutes, relating to a retirement system for state employes, and making an appropriation.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. 20.726 of the statutes is created to read:

20.726 ANNUITY AND INVESTMENT BOARD; STATE EMPLOYES RETIREMENT FUND. There is appropriated to the annuity and investment board:

(1) Annually, beginning July 1, 1943, from the respective funds from which employes' salaries are paid, such sums as may be necessary to pay the state's contribution to the state employes' retirement system under sections 42.60 to 42.70, pursuant to certification by the annuity and investment board as provided in section 42.69 (3). The appropriation from each such fund shall be the amount required to pay state pensions under sections 42.60 to 42.70 to employes whose salaries were normally paid from such fund. This appropriation shall be credited to the annuity reserve fund for the payment of pensions therefrom to state employes under said sections. All moneys in the annuity reserve fund and employes' savings fund, which together shall constitute a fund in the state treasury to be known as the "State Employes' Retirement Fund", shall be used for the purpose of carrying into effect the provisions of sections 42.60 to 42.70. Separate accounts of the members' deposits shall be kept for each member of the state retirement system.

(2) From the general fund, on July 1, 1943, \$10,000 and on July 1, 1944, \$10,000; and annually, beginning July 1, 1945, from the interest earnings of the state employes' retirement fund, \$10,000 for the administration of sections 42.60 to 42.70 exclusive of expenditures incurred in the investment of the moneys belonging to said fund which shall be paid as provided in section 42.69 (2).

SECTION 2. 42.60 to 42.70 of the statutes are created to read:

42.60 LEGISLATIVE PURPOSE. The legislature declares that the purpose of the state employes' retirement system, in the furtherance of which sections 42.60 to 42.70 are enacted, is to promote

efficiency and economy in the state service by providing an orderly means for the retirement of employes who become aged or totally and permanently disabled. In the absence of retirement benefits for public employes under the old-age and survivors insurance title of the federal social security act, the legislature declares that it is in the public interest for this state to establish a retirement system for state employes which will provide for the payment of annuities to state employes or to their beneficiaries thereby enabling employes to care for themselves and their dependents in old age, disability, or death, and which by its provisions will stabilize state employment, reduce excessive personnel turnover, and offer suitable attraction to high grade men and women to enter state service and make such service a life career.

42.61 MEMBERSHIP IN RETIREMENT SYSTEM; EXCEPTIONS. (1) Membership in the state employes' retirement system shall be compulsory for all persons in the employ of the state except the following classes of persons:

(a) Elective and appointed state officers who are not subject to chapter 16; but any such appointed officer may become a member on the same basis as an employe if he is a full-time appointed officer and if he exercises this option within 6 months after the taking effect of sections 42.60 to 42.70 or within 6 months after initially taking office.

(b) Teachers who are covered by the teachers' state retirement system; except that any teacher who accepts a non-teaching position in the state service shall be permitted to transfer his deposits in the retirement deposit fund to the state employes' retirement system, and vice versa, under rules and regulations governing such transfers to be made by the annuity and investment board.

(c) University professors who are entitled to any benefit from the Carnegie foundation for the advancement of teaching under any plan in force prior to November 17, 1915.

(d) Employes subject to the conservation warden pension fund provided for in section 23.14.

(e) Provisional, emergency, or temporary employes as defined by the bureau of personnel pursuant to chapter 16.

(f) Part-time employes, except part-time employes who because of age or otherwise have become partially incapacitated and

have been placed on a part-time service basis at a part-time rate of pay under rules and regulations of the bureau of personnel.

(2) In cases involving the question of eligibility to membership in the state employes' retirement system, the bureau of personnel shall make such investigation as may be necessary and shall make determination of the question of eligibility.

(3) Employes who have become members of the state employes' retirement system shall not thereafter lose their status as members while they remain in the state service on any basis, including leaves of absence. Employes who are absent from the state service on military leave under section 16.275 (3), or section 16.35 or section 21.70 shall be deemed to be members of the state employes' retirement system the same as other state employes who qualify for membership therein under this section.

42.62 VOLUNTARY AND COMPULSORY RETIREMENT; AGE OF. (1) The ages of retirement shall be distinguished. Voluntary retirement shall be permitted at age 65 after January 1, 1944, after 30 years of service, upon application to the annuity and investment board. The compulsory retirement age shall be 70 years after January 1, 1944, for both men and women except as provided in subsections (2) and (4). Retirement shall be effective on the first day of the month next succeeding the month in which the employe reaches the age of retirement.

(2) The provisions relative to compulsory retirement shall not apply to members of the state employes' retirement system who are appointive state officers and not subject to chapter 16.

(3) An employe, who is discharged after being eligible for voluntary retirement, shall be regarded as having voluntarily retired and the discharge of an employe who has reached compulsory retirement age shall be deemed compulsory retirement for the purposes of sections 42.60 to 42.70.

(4) In the event that the continuance of an employe's service would promote the best interests of the state, an employe upon reaching the age of compulsory retirement or who, on the effective date of sections 42.60 to 42.70, has reached the age of 70 or over, may with the employe's consent, be continued in employment by his department with the approval of the bureau of personnel, for periods of not more than 2 years each, but not exceeding a total of 4 years. This subsection shall be inoperative after January 1, 1948.

42.63 RETIREMENT ALLOWANCE. (1) The annual retirement allowance payable monthly shall be the straight life annuity or its actuarial equivalent as provided in section 42.64 which the accumulations of the member's deposits will buy at the time of retirement in accordance with rates specified by the annuity and investment board plus a state pension or its actuarial equivalent to those who have been in service 20 years or more computed as follows:  $1/140$  of the average full-time salary earned during the last 5 years of full-time employment multiplied by the number of years or major fraction thereof of service as a member of the state employes' retirement system plus  $1/70$  of the average full-time salary earned during the last 5 years of full-time employment multiplied by the number of years or major fraction thereof of service prior to the effective date of sections 42.60 to 42.70.

(2) In no event shall the total state pension of any employe who is retired upon attaining age 70 or over with at least 20 years of service, or who elects to retire upon attaining age 65 with at least 30 years of service, exceed the actuarial equivalent of \$900 per annum or be less than the actuarial equivalent of \$600 per annum.

(3) An employe who reaches the age of compulsory retirement and whose total length of service does not equal 20 years shall be entitled to a state pension or its actuarial equivalent computed as follows: an amount per month equal to \$2.50 for each year of service or major fraction thereof.

(4) In the case of persons employed on a seasonal basis as defined by the bureau of personnel, only time actually worked for which a salary or compensation was paid shall be credited in computing years of service under this section.

(5) No appointed officer shall be entitled to any state pension until he has served at least 10 years.

42.64 ALLOWANCE; HOW PAID. Retirement allowances under section 42.63 shall be payable under any of the following plans, as the member may elect at the time of retirement, of which the plans specified in subsection (2) shall be the actuarial equivalent as determined by the annuity and investment board, of the plan specified in subsection (1). Actuarial equivalents shall be com-

puted on the mortality and interest assumptions adopted by the board and approved by the commissioner of insurance.

(1) A straight life annuity.

(2) An annuity payable to the member during his life and a survivorship annuity payable to his spouse after the death of the member.

42.65 REFUND TO MEMBERS; CREDIT TO ESTATE OF DECEASED.

(1) Upon filing an application with the annuity and investment board, an employe who is not eligible for retirement and who has ceased to be employed in the state service may withdraw his deposit in the employes' savings fund, with interest as earned by the fund. In case of the death of a member while in the state service or after leaving the state service otherwise than by retirement under sections 42.60 to 42.70, his estate or named beneficiary shall receive the deceased member's deposits with interest as earned.

42.66 DEDUCTIONS FROM SALARIES; PAYMENT INTO FUNDS.

(1) Each department of the state government shall deduct 3 per cent from the wage or salary of each employe who is a member of the state employes' retirement system on each and every pay roll after this section takes effect. An employe may elect to have a larger deduction than 3 per cent of his wage or salary under such rules and regulations as the annuity and investment board may prescribe. Such deduction shall be governed by rules and regulations of the annuity and investment board. Each such pay roll shall be so prepared as to show the entire monthly salary of each employe, the amount to be paid to him, the amount to be deducted for the employes' savings fund, and the total deductions to be paid into such fund. This subsection shall take effect July 1, 1943.

(2) Each department shall promptly after each pay roll transmit to the annuity and investment board the total deductions for the employes' savings fund together with a copy of the pay roll on which such deductions are made, such transmittal to be in such form as the board may prescribe. The board shall deposit such deductions with the state treasurer to the credit of the employes' savings fund and shall credit each employe's account with the amount certified and paid for him.

(3) The term "wage or salary" as used in sections 42.60 to 42.70 means and includes cash paid for personal services and the value of board, lodging, laundry, and all other services, accommodations or materials as fixed by the state bureau of personnel paid in whole or in part for such services in lieu of cash.

42.67 STATE'S DEPOSITS. The state's contribution shall be an amount annually sufficient to pay the state pension as provided in section 42.63.

42.68 MANAGEMENT OF FUND; INVESTMENTS. The deposits made by members of the retirement system for state employes and all interest accretions thereto shall be known as the "employes' savings fund". Whenever an annuity has been granted under sections 42.60 to 42.70, the accumulation of the member's deposits in the employes' savings fund shall be transferred to the annuity reserve fund and the annuity payable from such member's accumulation of deposits shall thereafter be paid from the annuity reserve fund. The appropriation to pay the state's contribution to the state employes' retirement system shall be credited to the annuity reserve fund and pensions payable to state employes under sections 42.60 to 42.70 shall be paid from said fund. Such funds shall be managed by the annuity and investment board and shall be invested in securities authorized by section 206.34. As of June 30 of each year the annuity and investment board shall credit the account of each member of the retirement system for state employes with interest at the actual rate earned during the fiscal year as determined by the board subject to section 20.726 (2).

42.69 ADMINISTRATION BY ANNUITY AND INVESTMENT BOARD. (1) Sections 42.60 to 42.70 shall be administered by the annuity and investment board. No annuity shall be paid until January 1, 1944. All applications or claims for annuities or benefits or for refunds of deposits, and proofs in support of any such claims, shall be made to the annuity and investment board in such manner and form as said board may prescribe. Said board may make rules and regulations for filing, hearing, and determining claims and for carrying into effect sections 42.60 to 42.70. The board shall cause to be made at least once in every 3 years after the effective date of said sections an actuarial study of the state employes' retirement system.

(2) The annuity and investment board shall have control of the investment and collection of the principal and interest of the state employes' retirement fund the same as of other funds of the state as provided in section 25.17 (1) and to dispose of securities as provided in section 25.17 (2). Out of the income of said fund the annuity and investment board shall be reimbursed at the end

of each fiscal year for the expenses incurred by the board in connection with the investment of said fund and the collection of the principal and interest.

(3) When the annuity and investment board has determined the amount of pensions payable from the funds specified in section 20.726 (1) for a given month, it shall certify to the secretary of state the total amount so payable and the secretary of state shall thereupon transfer the amount so certified to the state employees' retirement fund.

(4) Annually, within 90 days after June 30 the annuity and investment board shall file with the commissioner of insurance a full report of the operation of the state employees' retirement system for the past fiscal year and the financial condition of the system. The board shall certify to the governor on December 1 of each even-numbered year and to the legislature within 30 days after the beginning of each regular session the amount required to pay the state's contribution under section 42.67 for the next succeeding biennium. The commissioner of insurance shall at least once every 2 years examine the state employees' retirement system and make a report to the governor and to the annuity and investment board.

**42.70 EXEMPTION OF FUNDS AND BENEFITS FROM TAXATION, EXECUTION AND ASSIGNMENT.** All moneys and assets of the state employees' retirement system and all benefits and allowances, and every portion thereof, both before and after payment to any beneficiary, granted under the state employees' retirement system shall be exempt from any state, county or municipal tax, and from attachment or garnishment process, and shall not be seized, taken, detained or levied upon by virtue of any execution, or any process or proceeding whatsoever issued out of or by any court of this state for the payment in whole or in part of any debt, claim, damage, demand or judgment against any member or beneficiary of the state employees' retirement system, and no such member or beneficiary shall have any right to assign his benefit or allowance, or any part thereof, either by way of mortgage or otherwise.

Vetoed. Passed over veto May 19, 1943.