

CHAPTER 251

AN ACT to repeal 66.904 (1) (a) 2. d, 66.906 (1) (c), 66.9065 (13) and (14) and 66.915 (2), (3), (4), (5) (a) and (6); to amend 66.901 (1), (2), (3), (4) (intro. par.), (4a), (6), (7), (8) and (9), as amended by chapter 33, laws of 1965, (10) to (13), (14), as amended by chapter 33, laws of 1965, (14a) to (20) and (21), as amended by chapter 33, laws of 1965, 66.902 (3) (intro. par.), 66.903 (1) (b) and (2) (a) 2, 66.904 (1) (a) 1 and 2. c and (b) 4, 66.905 (2) (c), (3) and (6), 66.906 (1) (a) and (b) and (2) (b) (intro. par.), 66.9065 (2), (4) (c), (7) (c), (9) (a) and (12) (a) 1, 66.907 (2) (a) 1, (c) 1 and 2, (d) and (3) (c) 2, 66.908 (2) (a), as amended by chapter 33, laws of 1965, 66.916 (1) (b) and 66.919 (4) (a) 2 (intro. par.), (6) (c), (8) (cc) and (12); to repeal and recreate 66.9025 (8), 66.905 (2) (a) and (b), 66.9065 (8) (a) and (b), 66.908 (2) (e) and 66.915 (1); and to create 20.890 (1) (x), 66.901 (4b) to (4e) and (11a) to (11c), 66.902 (4), 66.903 (2) (f) and (g), 66.904 (1) (b) 5 and (e), 66.9045, 66.906 (2) (c) to (g), 66.9065 (6a) and 66.908 (2) (em) and (g) of the statutes, relating to changes in the benefit program, and the contribution rates of participating employes and participating municipalities and other matters pertaining to the Wisconsin retirement fund, granting rule-making authority and making an appropriation.

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

SECTION 1. 20.890 (1) (x) of the statutes is created to read:

20.890 (1) (x) From the moneys received by the Wisconsin retirement fund under ss. 66.90 to 66.9185, in addition to other amounts provided for administration, such amounts for administration as are necessary to implement chapter 251, laws of 1965 (Senate Bill 471), but not to exceed \$60,000 for the 1965-67 biennium.

SECTION 1m. 66.901 (1), (2), (3), (4) (intro. par.) and (4a) of the statutes are amended to read:

66.901 (1) "*Fund*" means the Wisconsin retirement fund.

(2) "*Municipality*" means the state and any city, village, town, county, common school district, high school district, unified school district, county-city hospital established under s. 66.47, sewerage commission organized under s. 144.07 (4) or a metropolitan sewerage district organized under ss. 66.20 to 66.209, or any other unit of government, or any agency or instrumentality of 2 or more units of government now existing or hereafter created within the state.

(3) "*Participating municipality*" means any municipality included within the provisions of this fund.

(4) (intro. par.) "*Employe*" means any person who:

(4a) "*Participating employe*" means an employe other than an annuitant receiving a retirement annuity or a disability annuity who is cur-

rently in the service of a participating municipality, or an employe who is on a leave of absence, subject to the limitations in s. 66.903 (1) (b), but after December 31, 1965, no person who becomes an employe on or after the date he attains age 70 if not employed in a protective occupation, or age 63 if employed in a protective occupation, shall become a participating employe.

SECTION 2. 66.901 (4b) to (4e) of the statutes are created to read:

66.901 (4b) "Group A participant" means a participant whose creditable service determined pursuant to s. 66.9045 for employment by a participating municipality terminates prior to January 1, 1966.

(4c) "Group B participant" means a participant whose creditable current service determined pursuant to s. 66.9045 for a participating municipality commences prior to January 1, 1966, and terminates after December 31, 1965, provided such participant was a participating employe on January 1, 1966, or a Group A participant whose creditable service determined pursuant to s. 66.9045 terminates prior to January 1, 1966, but after the effective date of this subsection (1965).

(4d) "Group C participant" means a participant whose creditable current service determined pursuant to s. 66.9045 for a participating municipality commences on or after January 1, 1966, or an annuitant or participant who, after December 31, 1965, becomes a participating employe and is required by s. 66.9045 (2) to be considered a new participant, but he shall be a Group C participant only with respect to his subsequent creditable service.

(4e) "Protective occupation participant" means any participant who is a conservation warden, conservation patrol boat captain, conservation patrol boat engineer, conservation airplane pilot, state forest ranger, employe of the conservation commission who is designated by the conservation director as being subject to call for forest fire control or warden duty, member of the state traffic patrol, state motor vehicle inspector, policeman, including the chief and all other officers, fireman, including the chief and all other officers, county undersheriff, deputy sheriff or traffic policeman.

SECTION 3. 66.901 (6), (7), (8) and (9), as amended by chapter 33, laws of 1965, (10) to (13), (14), as amended by chapter 33, laws of 1965, (14a) to (20) and (21), as amended by chapter 33, laws of 1965, of the statutes are amended to read:

66.901 (6) "*Participant*" means any person included within the provisions of this fund by virtue of being or having been a participating employe.

(7) "*Prior service*" means the period beginning on the first day upon which any participating employe first became an employe of the municipality by which such employe was employed on the effective date of participation of such municipality, and ending on such effective date, excluding all intervening periods during which such employe was separated from the service of such municipality following a resignation, dismissal, layoff, or expiration of any term of appointment or election as certified by the governing body of such municipality. For a person becoming a participating employe of a municipality on or after January 1, 1966, creditable prior service for that municipality shall be determined pursuant to s. 66.9045.

(8) "*Current service*" means the period beginning on the day for which the employe first receives credit as a participating employe and

ending on the day of the latest separation from the service of all participating municipalities, excluding all intervening periods during which such employe shall not receive, nor have a right to receive, earnings from a participating municipality. For service on or after January 1, 1966, creditable current service shall be determined pursuant to s. 66.9045.

(9) "*Earnings*" means an amount equal to the sum of the total amount of money earned by an employe of a municipality for personal services rendered to or for such municipality and the money value, as determined by rules prescribed by the governing body of the employing municipality, of any board, lodging, fuel, laundry and other allowances provided for such employe in lieu of money, but excluding uniforms purchased directly by the municipality and excluding employer contributions for insurance and retirement. For any participating municipality earnings paid to the individual directly by any other unit of government shall be excluded for that municipality.

(10) "*Rate of earnings*" means the actual rate upon which the earnings of any employe are calculated at any time, as certified by the governing body of the employing municipality in a written notice received by the board, assuming that, unless otherwise specified, the following are equivalents: 2,000 hours, 250 days, 50 weeks, 12 months, one year.

(11) "*Final rate of earnings*" means the monthly rate of earnings obtained by dividing the employe's total earnings during the period of the 5 consecutive calendar years in which his total earnings were the highest, by the number of months constituting the calendar quarter years in such period during which any earnings were received by such employe; provided that the earnings for all calendar years of prior service of any employe shall be considered as being equal to earnings determined at the rate upon which prior service credits are granted under s. 66.904 (1) (a) 1 and 8.

(12) "*Annuitant*" means a person receiving a retirement annuity, beneficiary annuity or a disability annuity from this fund.

(13) "*Beneficiary*" means the person so designated for that particular purpose by a participant or annuitant in the last written designation of beneficiary on file with the board at the time of death. In the absence of any effective designation of beneficiary the beneficiary shall be the person determined by the court having jurisdiction to be a surviving wife of the participant or if there is no surviving wife, the persons determined by such court to be minor children of the participant. If no person so designated by the participant survives, or if no designation is on file, or where there is no court determination as herein provided, the estate of such participant or annuitant. A designation of beneficiary may be signed and filed by a guardian when accompanied by a certified copy of an order of a circuit or county court approving the specific terms thereof.

(14) "*Annuity*" means a series of monthly payments payable at the end of each calendar month during the life of the annuitant except as provided in ss. 66.906 (3) and (3a) and 66.909 (6) and (8). Each such annuity shall accrue from its beginning date as specified in s. 66.906 (2) (a) 2, 66.907 (2) (a) 3 or 66.909 (2). The first instalment of each annuity shall be due on the last day of the calendar month in which the annuity was approved and shall be the amount of annuity accrued through such due date. The last payment shall be made as of the end of the calendar month prior to the month in which the annuitant dies, except as provided in ss. 66.906 (3) and (3a) and 66.909 (6) and (8).

(14a) "*Variable annuity*" means any annuity provided by credits segregated for a variable annuity pursuant to s. 66.9065 the amount of

which will change in accordance with s. 66.9065 (10). A "fixed annuity" shall be is any other annuity.

(15) "*Board*" means the board of trustees of the Wisconsin retirement fund.

(16) "*Governing body*" means the council or common council in cities, village board in villages, county board in counties, school boards in common school districts or high school districts, joint county-city hospital board, joint sewerage commission, or metropolitan sewerage commission, or town board, or the board or commission having the final authority for any other unit of government or for any agency or instrumentality of 2 or more units of government, or any agent duly appointed by any such body and designated in a written notice filed with the board as being authorized to act for any such body in matters pertaining to the fund. For the state there shall be a governing body for each department, board or commission thereof which governing body shall be, for each such department, board or commission, the respective head thereof, who shall be certified in writing to the board of trustees by the director of the bureau of personnel for the state, except as provided in s. 256.54 (7). The head of each state department may, in a written designation filed with the board, name a departmental employe to act for him in all matters pertaining to the fund.

(17) "*Effective date*" means the date upon which the provisions of this fund become applicable to any participating municipality as provided in s. 66.902.

(19) "*Effective rate of interest*" means the rate determined by the board from the experience of the calendar year or part thereof for the fixed annuity division which, after making provision for the reserves authorized by s. 66.916 (2) and after providing for interest requirements on the fixed annuity reserves, will distribute the remaining interest income from assets of the fixed annuity division for the year to the balances in the ~~additional, normal, municipal and prior service credit~~ accounts of the individual employes in the fixed annuity division *and to the municipality accumulation accounts.*

(20) "*Prescribed rate of interest*" means the rate of interest to be used for all calculations of amounts of annuities and benefits, as determined and certified by the board on the basis of the probable average effective rate of interest earnable on investments on a long-term basis.

(21) "*Calendar quarter year*" means a period of 3 months beginning on January 1, April 1, July 1 or October 1 of any year. Solely for the purpose of determining the number of calendar quarter years of completed service, a person entitled to current or prior service credit for any part of a calendar quarter year shall be deemed to have completed service for such quarter year.

SECTION 4. 66.901 (11a) to (11c) of the statutes are created to read:

66.901 (11a) "Formula final rate of earnings" means, with respect to retirement annuities computed pursuant to s. 66.906 (2) (c), the monthly rate of earnings obtained by dividing a) the participant's total earnings received from a participating municipality during the 5 calendar years in which such earnings were the highest during the 10 calendar years (excluding any year more than 5 years prior to the effective date) preceding both 1) the date of his separation from the service of that municipality and 2), the 5th anniversary of his normal retirement date or

January 1, 1966, if later, by b) the number of months of service creditable to him for such 5 years. If a participant has earnings for less than 5 such calendar years his final rate of earnings is the rate obtained by dividing his total earnings for all such years by the total number of months of his creditable service therefor. Other provisions of this subsection notwithstanding, formula final rate of earnings means, with respect to any retirement annuity computed for a participant pursuant to s. 66.906 (2) (c) 3. b, one-twelfth of the annual statutory compensation or salary which would have been payable to such participant during the month preceding the last month in which such participant was a participating employe in a position or office specified in s. 66.906 (2) (c) 3. b if he had not been prohibited by law from receiving an increase in such compensation or salary during his term of office.

(11b) Final excess OASDI earnings means, with respect to retirement annuities computed pursuant to s. 66.906 (2) (c), the monthly rate of earnings obtained by dividing a) the participant's total earnings for the 5 calendar years, or such lesser period, determined pursuant to sub. (11a), in excess of the amounts subject to contributions under s. 66.99, by b) the number of months of service creditable for such years, but such monthly rate shall not exceed the amount by which the formula final rate of earnings of the participant exceeds \$550. Other provisions of this subsection notwithstanding, final excess OASDI earnings means, with respect to any retirement annuity computed pursuant to s. 66.906 (2) (c) 3. b, the monthly rate of earnings equal to the excess of a) the formula final rate of earnings over b) the greater of one-twelfth of the maximum annual amount of earnings subject to contributions under s. 66.99 during the month preceding the last month in which a participant was a participating employe in a position or office specified in s. 66.906 (2) (c) 3. b, or \$550. Final excess OASDI earnings of any participant not subject to s. 66.99 shall be determined as if he were subject to s. 66.99.

(11c) "Normal retirement date" means the day on which a participant attains the age of (a) 60 years if he is or was a protective occupation employe; (b) or 65 years otherwise. The normal retirement date of any participant shall be determined by the employment classification of the participant at the time it is necessary to make any determination or to take any action relative to such participant for purposes of the fund, notwithstanding the fact that a participant may have been in one or more different employment classifications at any previous time.

SECTION 5. 66.902 (3) (intro. par.) of the statutes is amended to read:

66.902 (3) (intro. par.) *If the effective date is prior to January 1, 1966*, prior service credits shall be computed pursuant to s. 66.904 (1) (a) 1, provided that in the computation of such prior service credits:

SECTION 6. 66.902 (4) of the statutes is created to read:

66.902 (4) If the effective date is after December 31, 1965, creditable prior service shall be computed pursuant to s. 66.9045.

SECTION 7. 66.9025 (8) of the statutes is repealed and recreated to read:

66.9025 (8) Required municipality contributions shall be computed as for any other participating municipality.

SECTION 8. 66.903 (1) (b) and (2) (a) 2 of the statutes are amended to read:

66.903 (1) (b) Every leave of absence granted by a participating municipality to a participating employe except a military leave shall automatically terminate at the end of 2 years for the purposes of this fund, *except for the purposes of s. 66.9045 (2)*, if not previously terminated by the participating municipality. No leave of absence shall be deemed to have been ended or interrupted by reason of resumption of active duty until the participating employe has resumed active performance of duty for the participating municipality which granted such leave of absence for at least 18 working days within a period of 30 consecutive calendar days.

(2) (a) 2. Additional contributions of such amount from any payment of earnings as shall be received for any employe but not to exceed ~~\$1,000~~ \$2,000 in any calendar year. Each such amount shall be an even multiple of \$1.

SECTION 9. 66.903 (2) (f) and (g) of the statutes are created to read:

66.903 (2) (f) Effective for participating earnings paid on or after January 1, 1966, participating employes shall make contributions to the fund as follows:

1. For each employe not otherwise specified,  $4\frac{1}{2}\%$  of such earnings which are subject to contributions under s. 66.99, plus 7% of such earnings in excess of the amount subject to such contributions.

2. For each supreme court justice, circuit judge, county judge, member of the state legislature, and state constitutional officer, 5% of such earnings which are subject to contributions under s. 66.99 plus 7% of such earnings in excess of the amount subject to such contributions.

3. For each protective occupation employe covered by the federal old-age, survivors and disability insurance system,  $5\frac{1}{2}\%$  of such earnings which are subject to contributions under s. 66.99 plus 8% of such earnings in excess of the amount subject to such contributions.

4. For each other protective occupation employe,  $7\frac{1}{2}\%$  of such earnings which would be subject to contributions under s. 66.99 if he were included in the federal old-age, survivors and disability insurance system plus 8% of such earnings in excess of the amount which would be subject to such contributions.

5. No participating employe shall make normal contributions with respect to such earnings paid in any period subsequent to the end of the calendar quarter year in which he attains the age of 63 years if he is a protective occupation employe, or the age of 70 years otherwise, and there shall be no municipality contribution for the service for which such earnings were paid.

(g) Paragraph (a) 1 to 1p shall be inapplicable for participating earnings paid on or after January 1, 1966.

SECTION 10. 66.904 (1) (a) 2. d of the statutes is repealed.

SECTION 11. 66.904 (1) (a) 1 and 2. c and (b) 4 of the statutes are amended to read:

66.904 (1) (a) 1. For prior service, each participating employe who is an employe of a participating municipality on the effective date *provided such date is prior to January 1, 1966*, shall be credited, as of such date, with a prior service credit of an amount equal to 2 times the accumulated value, as of such date, of the contributions which would have been

made during the entire period of prior service of such employe, assuming the earnings of such employe to have been uniform during such period of prior service and equal to the monthly earnings obtained by dividing the total earnings during the period of the 3 calendar years immediately preceding the effective date, by the number of months in such period for which any earnings were received by such employe; the rate of contribution to have been 3% except that for policemen, including the chief and all other officers, county undersheriffs, deputy sheriffs and traffic policemen, the rate shall be 5%, and for firemen, including the chief and other officers, the rate shall be 7% unless on the effective date such employment is included under the federal old age, survivors, and disability insurance system in which event the rate shall be 5%; the contributions for each calendar year to have been made at the end of such year; and the contributions to have accumulated with interest at the rate of 3% per annum compounded annually.

2.c. Municipality credits of amounts equal to each normal credit of each employe, as of the date of each corresponding normal credit; *in respect to earnings payable to the employe prior to January 1, 1966.*

(b) 4. Upon the granting of a retirement annuity, a disability annuity, a death benefit or a separation benefit, all of the accumulated credits *and the creditable service* of such participant shall thereupon be terminated and no further right to such credits shall exist other than the right to such annuity or benefit so granted except as provided by s. 66.908 (2) (c), (d) and (e).

SECTION 12. 66.904 (1) (b) 5 of the statutes is created to read:

66.904 (1) (b) 5. As of December 31, 1965, credits granted pursuant to par. (a) 2.d shall be deleted from the account of each participant, but such deletion shall not destroy any benefit right arising from such credits for annuitants or persons with annuity applications pending on such date.

SECTION 13. 66.904 (1) (e) of the statutes is created to read:

66.904 (1) (e) As of December 31, 1965, the accounts in the fixed annuity division and the variable annuity division of each participant whose accounts include accumulated additional credits attributable to regular contributions and interest under the former state employes retirement fund shall be adjusted by such transfers within such accounts as are required to include in his accumulated normal credits the amount of such accumulated additional credits not in excess of the amount of his accumulated prior service credits and to include the remainder of any of such accumulated additional credits in his additional credits within the meaning of s. 66.903 (2) (a) 2; and to decrease his accumulated prior service credits and increase his accumulated municipality credits by the amount so included in his accumulated normal credits. Transfers of credits within the accounts of any participant as provided herein shall not affect the total amount of his accumulated credits in the fixed annuity division or in the variable annuity division, the total amount of his accumulated credits attributable to his own contributions, or the total amount of his accumulated prior service and municipality credits.

SECTION 14. 66.9045 of the statutes is created to read:

66.9045 CREDITABLE SERVICE. (1) The creditable service of each participant at any time prior to January 1, 1966, shall be the sum of his periods of prior service and current service as a participating employe as determined pursuant to the applicable statutes and rules. The period of creditable service of a participant after 1965 shall be the number of years and completed months of service for which he receives earnings

until his employment is terminated, but not including any period subsequent to the end of the calendar quarter year in which he attains the age of 63 years if he is a protective occupation employe, or the age of 70 years otherwise. The board shall fix and determine by proper rules how much service in any year is equivalent to one year of creditable service.

(2) A participant shall be considered as a separate participant with respect to each separate period of current service for each participating municipality and with respect to service within each of the 4 classes of participating employes described in s. 66.903 (2) (f), but the current service of a participant shall not be considered to have been interrupted by reason of any change of employers arising solely from the operation of s. 66.902 (1c) or 66.905 (6) if both the predecessor and the successor municipality were participating municipalities on the date of such change. A separate period of current service shall be deemed to commence on the date a former participating employe of a municipality again becomes a participating employe of such municipality more than 2 years after the last date for which he was entitled to earnings as a participating employe thereof, but not if such resumption of employment occurs at or prior to the expiration of an authorized leave of absence or prior to the effective date of this subsection (1965). The commencement of a separate period of current service shall not cause the loss of any benefit to which a participant is entitled by virtue of any preceding service with any municipality, nor shall it subject him again to the requirements of s. 66.901 (4) (d).

(3) Current service credit for military service after December 31, 1965, shall be granted on the basis of creditable service equal to one-half the period of service in the armed forces of the United States between the beginning of such service and the date of completion of such service if the employe left the service of a participating municipality to enter such armed forces and resumes employment with such municipality in conformity with s. 45.50 (1).

(4) Notwithstanding any other provision of this section, any participating municipality may provide by resolution for the inclusion in the creditable prior service of its participating employes' periods of employment by another municipality from whose area or any part thereof the participating municipality was created, or by another municipality all or part of whose area is included within such participating municipality. In such event, the governing body of the participating municipality shall certify to the fund all periods of service and the earnings received by the employe which are needed to compute the creditable service of said employe as though accrued as an employe of the participating municipality.

(5) The computation of the creditable prior service of a person who was an employe on the effective date shall include all previous service for such municipality, including service as an elective or appointive official or as an employe, if such service or employment conformed to the requirements of s. 66.901 (4).

(6) Each employe of the state who is a participating employe on January 1, 1966, shall be granted as of such date creditable service for all service as a member of the legislature which has not been credited under any other provision of law if, prior to such date, the member makes all required contributions which he would have made as a participating employe during such service after January 1, 1957, and prior to the first day of the month in which he became a participating employe.

SECTION 15. 66.905 (2) (a) and (b) of the statutes are repealed and recreated to read:

66.905 (2) (a) The uniform annual amount required, after allowance for anticipated employe separations, at the prescribed rate of interest, to



amortize, over the remainder of the period of 40 years following the effective date, the amount of the obligation as of December 31, 1965, for prior service credits granted to the employes of the municipality, and to amortize over the remainder of the period of 40 years following December 31, 1965, or the effective date, if later, the amount by which the then present value of all future benefits of the then participants of the municipality other than benefits financed by employe contributions and benefits financed pursuant to par. (c) exceeds the sum of the then present values of:

1. All future contributions pursuant to par. (a) (intro. par.);
2. All future contributions by the municipality with respect to such participants pursuant to par. (b); and
3. The then balance of the municipality's accumulation account.

(b) The uniform percentage of the earnings of each participating employe which if contributed throughout the period of his creditable service would have the same present value as of the date of its commencement as the amount of his retirement annuity not provided by his own contributions.

SECTION 16. 66.905 (2) (c), (3) and (6) of the statutes are amended to read:

66.905 (2) (c) The amount of the one-year term premium required to provide the excess, if any, of the present value of the disability benefits expected to be granted during such year to the employes of such municipality, over the ~~available accumulated credits of such employes present value of the annuities to which such employes would be entitled under s. 66.906 in the absence of the minimum age and amount requirements thereof, adjusted for any surplus or deficiency as provided in pursuant to~~ s. 66.916 (1) (b).

(3) Computations of the rates of municipality contributions for each calendar year shall be made from the information available at the time of making such computation and on ~~the assumption that the employes in each municipality at such time will continue in service until the end of such calendar year at their respective rates of earnings in effect at such time such assumptions as the actuary recommends and the board approves from time to time.~~ Such rates shall become effective, after certification by the board, as of the beginning of the calendar year to which they are applicable and shall remain in effect during such year.

(6) Whenever ~~the existence of~~ any participating municipality ~~shall have its existence~~ is terminated because of consolidation or for any other reason, the municipality which thereafter includes the area of such terminated municipality shall be liable for all ~~prior service obligations or other obligations contributions~~ payable to the fund by such municipality. If the territory of such former participating municipality is attached to 2 or more municipalities, the total ~~obligation to the fund accumulation account of such former participating municipality~~ shall be allocated to such municipalities in proportion to the equalized valuation of each area so attached. The amount of such ~~obligation and the allocation thereof allocations~~ to the respective municipalities shall be certified by the board of trustees of the fund to the clerk of each such municipality. If the municipality to which the territory is so added is or becomes a participating municipality the ~~obligation allocation~~ so certified to its clerk shall be added to its ~~obligation under this section accumulation account.~~ If the municipality to which any part of the former municipality is added is not a participating municipality the ~~obligation contribution required to liquidate the allocated accumulation account shall be liquidated by~~ made by the suc-

cessor municipality as an annual payment to be made not later than May 1 in each year following a certification which shall be made by the board in conformity with sub. (2) (a). Whenever such obligation is discharged pursuant to the law, the board shall refund any overpayment.

SECTION 17. 66.906 (1) (a) and (b) and (2) (a) 1 and (b) (intro. par.) of the statutes are amended to read:

66.906 (1) (a) Any participating employe, except an appointed state officer, who has attained age 65 or more reached his normal retirement date on the effective date shall be retired at the end of his first calendar quarter year as a participating employe and any participating employe who attains the age of 65 reaches his normal retirement date shall be retired at the end of the calendar quarter year in which such age is attained date occurs, unless written notice is received by the board certifying that the governing body of the municipality by which such employe is employed has specifically authorized such employe to continue in employment for a period not to exceed one year beyond such date, or not to exceed one year beyond the date of expiration of any previous certification date, or until the end of the current term if chosen for a definite term, in which event such employe shall be retired at the expiration of the period designated in the last certification for such continuance on file with the board. The election by the voters of any member of a governing body of a participating municipality other than the state shall constitute the notice required pursuant to this paragraph authorizing such elected official to serve for the duration of the term for which he was elected. The employment of a participating employe who is an appointed state officer less than 65 years of age on January 1, 1948, or a state employe who is the head of a state department, board or commission may be continued only upon receipt by the board of such a written notice from his appointing officer, board or commission who or which shall act as the governing body under this subsection for the sole purpose of granting such continuances.

(b) Each county officer, elected by a vote of the people, who becomes a participating employe pursuant to s. 66.901 (5) (i) and who has attained the age 65 when electing to participate shall be retired at the end of the then current term. Any such county officer who attains age 65 after electing to become a participating employe shall be retired on the date of the expiration of the term in which he reached age 65. In either case Any subsequent election of such a county officer after age 65 by the voters shall constitute the notice required under par. (a) authorizing such elected county officer to serve for the duration of the term for which he was elected.

(2) (a) 1. Any participant who has attained age 55 and who, regardless of cause, is separated, and continues to be separated until such annuity is initially approved pursuant to s. 66.912 (1) (b), from all service for every participating municipality for which he has been a participating employe prior to becoming an annuitant. Until the annuity is initially approved employment for any other participating municipality shall be limited to that for which the compensation is would not be subject to normal contributions under any circumstance.

(b) (intro. par.) The initial amount of any retirement annuity of a Group A participant who is not also a Group B participant shall be determined in accordance with the prescribed rate of interest and the approved actuarial tables in effect on the date of approval of such annuity by the board and shall be the sum of the following:

SECTION 18. 66.906 (1) (c) of the statutes is repealed, effective January 1, 1966.

SECTION 19. 66.906 (2) (c) to (g) of the statutes are created to read:

66.906 (2) (c) The initial amount of retirement annuity of a Group B or Group C participant shall be the sum of the following:

1. The annuity which can be provided, on the date such annuity begins, from the accumulated additional credits of the participant at such time on the basis of the actuarial tables in effect on the date of approval of the annuity;

2. The annuity which can be provided, on the date such annuity begins, from a sum equal to 200% of the excess accruing after December 31, 1965, of a) his accumulated normal credits reserved for a variable annuity over b) the amount to which such credits would have accumulated if not so reserved, providing that if item a) is less than item b), the annuity shall be reduced by the amount which could be provided by a sum equal to 200% of the deficiency; and

3. An annuity computed on the basis of the earnings and creditable service of the participant, if the annuity begins on or after the normal retirement date of a participant (or, if the annuity begins prior to the normal retirement date of the participant the annuity which is the actuarial equivalent of such annuity deferred to the normal retirement date), determined by multiplying the number of years of his creditable service by the following amount:

a. For each participant not otherwise specified, six-sevenths of one per cent of his formula final rate of earnings plus three-sevenths of one per cent of his final excess OASDI earnings, if any;

b. For each participant who was a supreme court justice, circuit judge, county judge, member of the legislature or state constitutional officer,  $1\frac{1}{5}$  of one per cent of his formula final rate of earnings, plus three-fifths of one per cent of his final excess OASDI earnings, if any;

c. For each participant who was a protective occupation employe subject to s. 66.99,  $1\frac{1}{3}$  of one per cent of his formula final rate of earnings, plus one-sixth of one per cent of his final excess OASDI earnings, if any;

d. For each participant who was a protective occupation employe not subject to s. 66.99,  $1\frac{3}{4}$  of one per cent of his formula final rate of earnings, less one-fourth of one per cent of his final excess OASDI earnings, if any;

4. The initial amount of any annuity determined under subd. 3 in the normal form shall not exceed the amount which, when added to the primary or disability insurance benefit for which he is eligible or for which he will be eligible upon attaining the lowest age at which old-age benefits are payable under the federal old-age, survivors and disability insurance program, equals 75% of the participant's formula final rate of earnings. If a participant does not receive such OASDI amount by reason of his failure to apply therefor or by virtue of the suspension thereof, he will notwithstanding such fact be deemed to receive such amount. If a participant fails to establish the amount of, or his eligibility for, such OASDI benefit, determination thereof shall be made by the board on such basis as the board, by rule, establishes.

(d) In no case shall the initial amount of the retirement annuity in the normal form of a Group B or Group C participant be less than the sum of the following:

1. An annuity determined pursuant to par. (c) 1;

2. The annuity which can be provided, on the date such annuity begins, from the accumulated normal credits of the participant at such time; and

3. One-half the amount determined pursuant to par. (c) 2 and 3.

(e) The initial amount of any retirement annuity of a Group B participant shall be the amount determined pursuant to par. (c), (d) or this paragraph, as the participant elects, provided that if the participant fails to make an election, the annuity shall be that sum calculated under said paragraphs which results in the largest annuity. The annuity under this paragraph shall be the annuity which can be provided by the sum of the following:

1. The accumulated additional and normal credits of the participant on the date such annuity begins;

2. The accumulated municipality credits and prior service credits of the participant at the date such annuity begins if prior to December 31, 1965, or otherwise the amount of such accumulated credits at December 31, 1965, compounded to the end of the last completed calendar month prior to the date such annuity begins at the respective rates of interest credited to individual accounts in the fixed annuity division from year to year;

3. The amount equal to the accumulated normal credits of the participant attributable to his earnings paid after December 31, 1965, which would have resulted if his normal contribution rate was the rate applicable at December 31, 1965, to his position and if all such credits were accumulated in the fixed annuity division; and

4. If the annuity begins after December 31, 1965, and if the participant's accounts include credits reserved for a variable annuity, the amount equal to the excess if any of a) the accumulated normal credits and prior service credits of the participant on the date the annuity begins over b) the accumulation therefrom which would have resulted if such accumulated credits in the variable annuity division at December 31, 1965, had been transferred to, and all subsequent credits included in the fixed annuity division. If a) is less than b), the accumulated credits under either subd. 2 or 3 shall be reduced by the amount of such deficiency. For the purposes of this subdivision accumulated prior service credits shall be determined as if included in the accounts of the participant and not in the municipality accumulation account.

5. The amount attributable to prior service credits so applied under subds. 2 and 4 shall not exceed the amount which would result in an annuity, provided other than by accumulated additional credits, equal to 60% of the formula final rate of earnings.

(f) The normal or ordinary form of retirement annuity is a modified cash refund annuity which provides for a death benefit equal to the excess, if any, of the accumulation from the member's additional and normal credits at the commencement of the annuity over the total amount of the annuity payments to date of death.

(g) The provisions of pars. (c), (d) and (e) shall be effective with respect to any retirement annuity provided therein if application therefor is filed after the effective date of this subsection (1965) and if the beginning date of such annuity is after such effective date, but until January 1, 1966, each such annuity shall be determined and paid as provided by the law in effect prior to the creation of this subsection. As soon as possible after January 1, 1966, each such annuity shall be increased to the amount determined pursuant to par. (c), (d) or (e), subject to the same optional modification if any as was applied to the original annuity, and payment of such increased amount shall be made retroactively to the beginning date of each such annuity. Any such increased amount shall be included, as provided herein, as a part of any related death benefit or beneficiary annuity arising from the death of a participant.

SECTION 20. 66.9065 (2), (4) (c), (7) (c), (9) (a) and (12) (a) 1 of the statutes are amended to read:

66.9065 (2) A portion of the municipality credit for current service provided by s. 66.904 (1) (a) 2. c, *or in the case of segregations made after December 31, 1965, a portion of the municipality accumulation account*, which is equal to the amount of the normal contribution segregated by a participating employe for a variable annuity pursuant to sub. (1) shall also be segregated for a variable annuity ~~for that person~~.

(4) (c) In effecting such segregation the accumulation of additional credits as of the beginning of the calendar year shall first be segregated until exhausted, ~~next~~. *Then* equal amounts of the accumulation of normal credits and municipality credits shall be segregated until such accumulations as of the beginning of the calendar year have been exhausted. Finally, accumulated prior service credits shall be segregated to the extent required, *provided that after December 31, 1965, all such segregations of municipality and prior service credits shall be made within the municipality accumulation account.*

(7) (c) The rate of net gain or loss for any period shall be determined by dividing the amount thereof by the average of the amounts of the assets of the variable annuity division at the beginning of each month in the period. Any net gain or loss of the variable annuity division not credited or debited to participants' accounts pursuant to sub. (6) (a) or (b), *to municipality segregated reserves pursuant to sub. (6a)*, or to the reserve for variable annuities granted account pursuant to sub. (9) at the end of any period shall be considered in the determination of the rate of net gain or loss for the ensuing period.

(9) (a) All accumulated credits applied to provide variable annuities, *including transfers from municipality accumulation accounts*, shall be credited to the reserve for variable annuities granted account and all variable annuity payments shall be charged to that account.

(12) (a) 1. If the total accumulated credits segregated for a variable annuity as of the beginning of the year in which the date of separation occurs *including amounts attributable to such person segregated in the municipality accumulation account* aggregates less than \$2,000 such ~~credits~~ *accumulated credits* shall be ~~credited~~ *transferred* to the *corresponding accounts in the fixed annuity account of such person division* at the end of the following calendar year unless previously terminated pursuant to s. 66.904 (1) (b) 4.

SECTION 21. 66.9065 (6a) of the statutes is created to read:

66.9065 (6a) Within the accumulation account maintained for each participating municipality pursuant to s. 66.915, there shall be established as of January 1, 1966, a segregated reserve for variable annuities equal to the sum of the accumulated municipality and prior service credits of all of its participants segregated for variable annuities. Such reserve shall be credited or debited with net gain or net loss as the case may be at the same times and at the same rates of each net gain or net loss as are credited or debited to the accounts of individual participants pursuant to sub. (6) (a) or (b). The segregated reserves maintained pursuant to this subsection shall be included in the variable annuity division.

SECTION 22. 66.9065 (8) (a) and (b) of the statutes are repealed and recreated to read:

66.9065 (8) (a) Any annuity provided pursuant to s. 66.906, 66.907 or 66.909 to a participant or the beneficiary of a participant whose accounts include credits segregated for a variable annuity pursuant to sub.

(1) or (4) shall consist of a fixed annuity and a variable annuity. The initial amount of the variable annuity shall be the amount which can be provided on the basis of the actuarial tables in effect on the date of approval of such annuity by the following amounts, if otherwise available:

1. The amount of the accumulated additional credits reserved for a variable annuity as of the date the annuity begins;
2. The amount equal to 200% of accumulated normal credits reserved for a variable annuity as of the date the annuity begins; and
3. The amount equal, as of the date the annuity begins, to the accumulated prior service credits reserved for a variable annuity as of December 31, 1965, or thereafter transferred to the segregated reserves within the municipality accumulation account, together with the net gain or loss credited to such accumulations after such date.

(b) The initial amount of the fixed annuity shall be the excess of the total annuity payable pursuant to s. 66.906, 66.907 or 66.909, over the variable annuity.

SECTION 23. 66.9065 (13) and (14) of the statutes are repealed.

SECTION 24. 66.907 (2) (a) 1, (c) 1 and 2, (d) and (3) (c) 2 of the statutes are amended to read:

66.907 (2) (a) 1. Any *protective occupation participant who is a participating employe who has not attained age 60 and any other participating employe who has not attained age 65 and is totally disabled, either mentally or physically, by a disability which is likely to be permanent. A person shall not be deemed to be disqualified solely because he is able to perform the duties of any position for which the compensation does not exceed \$1,200 in any calendar year. Totally disabled means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected in result in death or to be of permanent duration. The participating municipality shall certify to the fund that the participating employe is unable to continue in employment because of a total disability of such a nature as to reasonably prevent performance of the duties of any position and as a consequence is not entitled to any earnings from such municipality. For the purposes of this subsection a participant shall, within the limitations of s. 66.903 (1) (b), be considered to be a participating employe on leave of absence, notwithstanding the fact that no formal leave of absence is in effect, if no other employment has intervened since service for the participating municipality, and if the termination of active service for the participating municipality was due to such disability. For the purposes of this subsection a participant who is an official elected by the voters shall be considered as a participating employe for 30 days after the cessation of his earnings as an elected official.*

(c) 1. ~~The amount that can be provided from the total accumulated credits of the employe on the date such annuity begins; or of the annuity to which he would be entitled under s. 66.906 (2).~~

2. ~~The sum of the amount of the annuity that can be provided from the accumulation of additional credits on the date the disability annuity begins, plus the lesser of the following amounts: 50% of the final rate of earnings, or 1½% of the final rate of earnings multiplied by the number of years of prior service and of current service creditable service including in the latter assumed service between the date the disability occurred and the date on which the applicant will attain the age of 65 applicable to him under par. (a) 1. The number of such total years shall be determined to the nearest full year. Whenever the applicant becomes eligible~~

for disability benefits or for old-age benefits as a retired worker under the federal old-age and survivors insurance system, the amount of his disability annuity, other than the amount attributable to his additional contributions, shall be reduced by 20% of the amount thereof, but in no event shall such reduction lower the disability annuity below that which could have been provided under subd. 1. Such reduction shall be effective with the annuity payment for the 8th month after the annuity begins except during such period as the disability annuitant furnishes evidence to the fund that he is not eligible for benefits from the federal old-age and survivors insurance system.

(d) The board may require that any annuitant receiving a disability annuity shall be examined by at least one licensed and practicing physician appointed by the board during any period such annuitant shall receive such annuity and prior to ~~age 65~~ *the date on which the annuitant attains the age applicable to him under par. (a) 1.* A written report of such examination which shall indicate whether or not the annuitant is still totally and permanently disabled, shall be filed with the board by each such physician.

(3) (c) 2. A special disability annuity payable monthly during life of an amount which, when added to the monthly retirement annuity paid under subd. 1 (excluding any portion thereof based upon additional contributions), equals the lesser of a) 50% of the final rate of earnings of the employe at the time of application for benefits under this subsection, or b) the retirement annuity which would have been payable to such person if he had continued to be a participating employe in the same position and at the same salary until attaining age 60, ~~from the accumulation of normal, municipal and prior service credits, excluding supplementary municipality credits, which would be available at such time, assuming, for purposes of computing any applicable money-purchase annuity, the accumulation of all such his credits at the prescribed rate of interest from the last day for which participating earnings were paid.~~

SECTION 25. 66.908 (2) (a) of the statutes, as amended by chapter 33, laws of 1965, is amended to read:

66.908 (2) (a) Upon the death of a participant whose beneficiary to whom the death benefit is payable is a spouse, parent, child (including legally adopted child), grandchild, brother or sister of such participant the amount equal to the accumulated normal, ~~and additional, municipal-ity and prior service~~ credits of such participant on the date of his death, *plus the sum of the accumulated prior service credits and municipality credits in his account at the date of his death if prior to December 31, 1965, or otherwise the amount of such accumulated prior service and municipality credits at December 31, 1965, compounded to the first day of the month in which such death occurs, at the effective rates of interest as determined from year to year, or in the case of such amounts segregated in the variable annuity division, at the rates of net gain or loss credited or debited to individual accounts in the variable annuity division, except that the total accumulated municipality and prior service credits so compounded used to provide the total death benefit shall not exceed such respective credits which could have been used to provide an annuity for the deceased participant to the time of his death, assuming that such an annuity could have been granted to him at such time. No benefit shall be payable under this paragraph unless such participant at the date of his death was: 1) A participating employe; or 2) A participant who is receiving a benefit under s. 66.191, but who is not an annuitant; or 3) A participant, other than an annuitant, who had prior or current service*

credit, or both, for at least 60 calendar quarter years as a participating employe; or 4) A participant who is currently contributing to the state teachers retirement system or the Milwaukee teachers retirement fund. For the purposes of this paragraph, a participant is deemed a participating employe on the date of his death if he is then an applicant for a retirement annuity whose application has been received within 30 days after termination of employment and who would have been entitled to such annuity had he lived, and a participant is deemed a participating employe on leave of absence, subject to the limitations of s. 66.903 (1) (b), if the participating municipality for which he last performed services as a participating employe has not filed notice of the termination of his employment, notwithstanding the fact that no formal leave of absence is in effect. If the death of a participating employe on leave of absence arises from employment by any employer other than such participating municipality his employment shall be deemed to have terminated and he shall not be considered a participating employe on the date of his death.

SECTION 26. 66.908 (2) (e) of the statutes is repealed and recreated to read:

66.908 (2) (e) Upon the death of a participant receiving a disability annuity under s. 66.907 (2) or a person who had been granted such a disability annuity which had not commenced, if a beneficiary or beneficiaries to whom a death benefit is payable are a wife, minor child, or dependent husband designated as beneficiaries on the date the disability annuity was approved:

1. If such death occurs prior to the normal retirement date of the participant, the present value, at the date of death of such annuitant, of a beneficiary annuity (terminating in the case of a minor child at the end of the month in which he reaches the age of 21) of the monthly amount to which such beneficiary would have become entitled if death had occurred on the day prior to the date on which the disability annuity commenced and if the death of the beneficiary or beneficiaries who failed to survive the disability annuitant had occurred prior to said date. For the purposes of this paragraph, the \$10 minimum annuity provision in s. 66.909 (1) shall be disregarded and present values shall be determined in accordance with the prescribed rate of interest and approved actuarial tables in effect on the date of approval of such death benefit by the board; or

2. If such death occurs on or after his normal retirement date, the excess of the accumulated normal and additional credits of the participant at the date the annuity began, over the sum of all annuity payments to which he had become entitled after his normal retirement date.

SECTION 27. 66.908 (2) (em) and (g) of the statutes are created to read:

66.908 (2) (em) Payment under par. (e) shall be completely in lieu of any payment to such beneficiary under par. (c), provided that if the death benefit payable to such beneficiary under par. (e) would be less than the amount determined under par. (c) the death benefit shall be payable under par. (c) and par. (e) shall not be applicable to such beneficiary.

(g) Upon the death, after December 31, 1965, of a participating employe who has attained the age of 60 years, if par. (f) is not applicable, and if the beneficiary to whom a death benefit is payable is a spouse, child under age 21 (including legally adopted child), child age 21 or older if handicapped, or other dependent of such participating employe, as deter-



mined by the board, the present value at the day following the date of such death of the life annuity to the beneficiary which would have been payable if the participating employe had been eligible to receive a retirement annuity beginning on the date of his death and had elected to receive such annuity in the form of a joint and survivor annuity providing the same amount of annuity to the surviving beneficiary as the reduced amount payable during his lifetime, but if there is more than one such beneficiary the amount of such annuity and its present value will be determined as if the oldest of such beneficiaries were the sole beneficiary. Payment hereunder shall be completely in lieu of any payment to such beneficiary under par. (a), provided that if the death benefit payable to such beneficiary under this paragraph would be less than the amount determined under par. (a) the death benefit shall be payable under par. (a) and this paragraph shall not be applicable to such beneficiary.

SECTION 28. 66.915 (1) of the statutes is repealed and recreated to read:

**66.915 MUNICIPALITY ACCUMULATION ACCOUNTS.** (1) For the purposes of establishing reserves for the future payment of benefits to participants, a separate accumulation account in the name of each participating municipality shall be created as of January 1, 1966, and maintained as hereinafter described. The accumulation account of any municipality shall be:

(a) Credited as of January 1, 1966, with the aggregate accumulations of prior service, municipality, including additional municipality, and military service credits in the accounts of all participants of the municipality on December 31, 1965.

(b) Debited as of January 1, 1966, with the aggregate amount of the debit balance in the obligation accounts of the municipality on December 31, 1965. If any such obligation account on December 31, 1965, has a credit balance the amount thereof shall be credited to the accumulation account.

(c) Credited as of the date due with the same proportion of each contribution for any calendar year paid by the municipality pursuant to s. 66.905 (1) (a) which the aggregate of the percentages applicable for such year to s. 66.905 (2) (a), (b) and (d) bears to the total percentage determined under s. 66.905 (2) for such year. The proportions of such contributions applicable to s. 66.905 (2) (c) and (e) shall not be credited to any municipality accumulation account.

(d) Credited as of the date of receipt with the amount of any payment received from the municipality pursuant to s. 66.905 (1) (b) and (5).

(e) Debited as of the last day of each month in which any benefits are granted on account of participants of the municipality with the aggregate excess of 1) the amount of each single sum benefit or in the case of an annuity the present value thereof at the date it begins, over 2) the amount equal to the accumulated additional and normal credits of the participant, plus, in the case of a disability annuity, the amount financed pursuant to s. 66.905 (2) (c).

(f) Credited as of the date of termination of any annuity pursuant to s. 66.906 (4) (a) or 66.907 (2) (e) with the excess of the then present value of the terminated annuity over the aggregate amount of credits reestablished in the accounts of the participant.

(g) Credited as of each December 31 with interest at the effective rate on the mean balance for the year then ending of the accumulation account not segregated for variable annuities pursuant to s. 66.9065 (6a).

The mean balance for any year of an accumulation account shall be determined as one-half of the sum of the balance at the beginning of such year plus the balance at the end of such year, but prior to crediting interest pursuant to this paragraph.

SECTION 29. 66.915 (2), (3), (4), (5) (a) and (6) of the statutes are repealed.

SECTION 30. 66.916 (1) (b) of the statutes is amended to read:

66.916 (1) (b) The disability benefit surplus shall be determined as of the end of each year as the amount by which 1) accumulated contributions ~~applicable to disability benefits pursuant to s. 66.905 (2) (c)~~, of all municipalities for all prior years and the current year, exceeds 2) the amounts required to provide, when added to the ~~available accumulated credits of the employees present values of the annuities to which the employees would be entitled under s. 66.906 (2)~~, the present value of all benefits to participating employees granted disability annuities pursuant to s. 66.907 (2) as of the date of commencement of such disability annuities. Amounts required to provide disability annuities terminated pursuant to s. 66.907 (4) shall be excluded from the termination of the disability surplus. Whenever the disability benefit surplus or deficiency exceeds 100% of the average annual requirements under 2) during the 3 preceding calendar years, the contribution rates for disability benefits shall be revised in such manner as the board deems necessary to reduce such surplus or deficiency.

SECTION 31. 66.919 (4) (a) 2 (intro. par.), (6) (c), (8) (cc) and (12) of the statutes are amended to read:

66.919 (4) (a) 2 (intro. par.) The definition of employee shall not exclude any individual who, while insured for the group life or health insurance, is retired on an immediate annuity, or is retired on a disability annuity. In the case of group life insurance, however, except in case of disability annuity, such retired employe shall have been a state employe for at least 20 years or have attained age 65, or have attained age 60 and been mandatorily retired pursuant to s. 66.906 (1) ~~(e)~~ (a).

(6) (c) The amount of life insurance of an employe who prior to age 65 retires on immediate annuity who has been a state employe for not less than 20 years or who has attained age 65 or has attained age 60 and been mandatorily retired pursuant to s. 66.906 (1) ~~(e)~~ (a) shall be the same as if he had not retired and his earnings had continued as at the time of his retirement.

(8) (cc) Except as provided under par. (c) any insured employe who is retired on an immediate annuity and who has been a state employe for not less than 20 years or who is age 60 and is mandatorily retired pursuant to s. 66.906 (1) ~~(e)~~ (a) shall continue to be covered only if he directs the deductions authorized by s. 23.14 (12), 42.52 or 66.918 (1) (a) (if the annuity is sufficient) or makes direct payments to the insurer to continue insurance coverage.

(12) To be eligible for continuance of insurance as a retired employe, an insured employe must (a) be entitled to a disability annuity or (b) be entitled to an immediate annuity and must meet all requirements for annuity including filing of application where necessary whether or not final administrative action has been taken. In the case of group life insurance, however, except in case of disability annuity, such retired employe shall have been a state employe for at least 20 years, or have attained age 65,

or have attained age 60 and been mandatorily retired pursuant to s. 66.906  
(1) ~~(e)~~ (a).

SECTION 32. The subsection titles in section 66.901 of the statutes are  
deleted.

Approved August 30, 1965.

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