

1987 Senate Bill 362

Date of enactment: **April 20, 1988**
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1987 Wisconsin Act 309

AN ACT *to repeal* 40.74 (3) and 757.71; *to consolidate, renumber and amend* 40.05 (5) (b) 1 and 2; *to amend* 40.02 (8) (b), 40.05 (5) (b) 3, 40.06 (1) (c), 40.08 (7) (a), 40.21 (4), 40.23 (2m) (f), 40.61 (2), 40.62 (1), 40.63 (7), 40.63 (8) (h) 2, 40.71 (2), 40.73 (1) (a) (intro.), 40.73 (1) (c) and (e) and 40.73 (2) (a); and *to create* 40.08 (9m) and 40.62 (1m) of the statutes, *relating to* technical changes affecting rights and benefits under the Wisconsin retirement system.

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

SECTION 1. 40.02 (8) (b) of the statutes is amended to read:

40.02 (8) (b) "Beneficiary" does not include a person who dies before filing with the department either a beneficiary designation applicable to that death benefit or an application for any death benefit payable to the person except as otherwise provided under group 2, under par. (a) 2. If a person dies after filing a beneficiary application but before the date on which the benefit check, share draft or other draft is issued or funds are otherwise transferred, any benefit payable shall be paid in accord with the written designation of beneficiary, if any, filed with the department in connection with the application or, if none, in accord with the last designation previously filed by the person, or otherwise to the person's estate.

SECTION 2. 40.05 (5) (b) 1 and 2 of the statutes are consolidated, renumbered 40.05 (5) (b) 1 and amended to read:

40.05 (5) (b) 1. ~~For the short-term income protection insurance under this section, an amount equal to 100% of the gross premium for any insured employe who accumulates 10 days of sick leave or more each year or who has accumulated 65 days of sick leave or more.~~ 2. ~~For the long-term income continuation insurance under this section, an amount equal to 50%, 77% of the gross premium for any insured employe who has accumulated at least 65 days of sick leave, 75% 85% of the gross premium if an insured employe has accumulated at least 91 days of sick leave and 100% of the gross premium if an insured employe has accumulated over 130 days of sick leave.~~

SECTION 3. 40.05 (5) (b) 3 of the statutes is amended to read:

40.05 (5) (b) 3. Any insured employe for whom an employer contribution of ~~50%~~ 77% or more of the premium was paid under subd. ~~2~~ 1 shall continue to be eligible for an employer contribution equal to 50% of that same percentage of the premiums until the employe is eligible for a higher level even if, as a result of disability or illness, the accumulation is subsequently reduced to less than 65 days.

SECTION 4. 40.06 (1) (c) of the statutes is amended to read:

40.06 (1) (c) For state agencies, ~~employer contributions paid by employers~~ shall be made from the respective funds from which the salaries are paid to the employe for whom the contributions are being made. The heads of the respective state agencies shall, at the time that salary deductions in accordance with par. (a) are sent to the department, determine the amount of the corresponding employer contributions, indicate the amount of the contribution on the report submitted to the department and ~~prepare a voucher provide~~ for payment to the department, by any method approved by the department, from the appro-

appropriate state funds of the amounts payable. ~~The If payment is by voucher,~~ the department shall transmit the voucher to the department of administration. The department of administration shall approve the ~~voucher~~ vouchers for payment of contributions due under s. 40.05 within 5 working days, s. 16.53 (10) notwithstanding, and the state treasurer shall immediately issue a check, share draft or other draft to the department for the amount of the voucher.

SECTION 5. 40.08 (7) (a) of the statutes is amended to read:

40.08 (7) (a) Any overpayment or underpayment of a lump-sum payment under s. 40.25 or a death benefit which ~~does not exceed \$10~~ is less than 60% of the amount specified in s. 40.25 (1) (a) rounded to the next highest dollar amount, and any annuity payment error which ~~does not exceed~~ is less than \$2 per month may not be corrected but shall be credited or debited to the employer accumulation reserve or the appropriate insurance account. If the amount of unapplied additional contributions which would increase an annuity payment by ~~less than \$2 or less~~ exceeds \$10, the unapplied additional contributions shall be paid to the annuitant as a lump sum.

SECTION 6. 40.08 (9m) of the statutes is created to read:

40.08 (9m) GUARDIANS. An application for a benefit, a designation of a beneficiary or any other document which has a long-term effect on a person's rights and benefits under this chapter and which requires a signature may be signed and filed by a guardian when accompanied by a certified copy of an order of a circuit court approving the specific terms of the document.

SECTION 7. 40.21 (4) of the statutes is amended to read:

40.21 (4) Every city or village which was subject to ss. 61.65 and 62.13, 1975 stats., on or before March 30, 1978, except a city of the 1st class, which is not otherwise a participating employer, is a participating employer but only with respect to present and future employes of its police and fire departments specified by ss. 61.65 (6) and (7) and 62.13 (9) (e), (9a) and (10) (f) and (g), 1975 stats.

SECTION 8. 40.23 (2m) (f) of the statutes is amended to read:

40.23 (2m) (f) If the annuity effective date is before the normal retirement date of the participant, the annuity amount computed under par. ~~(b)~~ (e) shall be reduced by 0.4% for each full month, and for each partial month including at least 15 days, before the participant's normal retirement date.

SECTION 9. 40.61 (2) of the statutes is amended to read:

40.61 (2) Any eligible employe may become covered by income continuation insurance by electing coverage within 30 days of initial eligibility, to be effective as of the first day of the month which begins on or after the date the application is received by the

employer, or by electing coverage ~~prior to~~ within 30 days of initially becoming eligible for a higher level of employer contribution towards the premium cost to be effective upon becoming eligible for employer contributions as of the first day of the month following the date the application is received by the employer for teachers employed by the university and effective as of the following April 1 for all other employees. Any employee who does not so elect at one of these times, or who subsequently cancels the insurance, may not thereafter become insured unless the employee furnishes evidence of insurability under the terms of the contract, or as otherwise provided by rule for employees under sub. (3), at the employee's own expense or obtains coverage subject to contractual waiting periods if contractual waiting periods are provided for by the contract or by rule for employees under sub. (3). An employee who furnishes satisfactory evidence of insurability under the terms of the contract shall become insured as of the first day of the month following the date of approval of evidence. The method to be used shall be determined by the group insurance board under sub. (1).

SECTION 10. 40.62 (1) of the statutes is amended to read:

40.62 (1) The group insurance board shall establish an income continuation insurance plan providing for full or partial payment of the financial loss of earnings incurred as a result of injury or illness with separate provisions for short-term insurance with a benefit duration of no more than ~~2 years~~ one year and long-term insurance covering injury or illness of indefinite duration. Employees insured under ~~either the short-term or long-term~~ plan shall be eligible for benefits ~~under these plans~~ upon exhaustion of accumulated sick leave and completion of the elimination period established by the group insurance board.

SECTION 11. 40.62 (1m) of the statutes is created to read:

40.62 (1m) Notwithstanding sub. (1), no employee may be required to use more than 130 days of accumulated sick leave unless required to exhaust accumulated sick leave under s. 40.63 (1) (c).

SECTION 12. 40.63 (7) of the statutes is amended to read:

40.63 (7) If an application, by a participant age 55 or over, or by a protective occupation participant age 50 or over, for any disability annuity is disapproved, the date which would have been the disability annuity effective date shall be the retirement annuity effective date if so requested by the applicant within 60 days of the disapproval or, if the disapproval is appealed, within 60 days of final disposition of the appeal.

SECTION 13. 40.63 (8) (h) 2 of the statutes is amended to read:

40.63 (8) (h) 2. The ~~applicant submitted~~ department received an application for the disability benefit in the form approved by the department and the medical evidence required under sub. (1) (d); and

SECTION 14. 40.71 (2) of the statutes is amended to read:

40.71 (2) Any death benefit may be paid as a beneficiary annuity, subject to s. 40.73 (3), or as a single cash sum as specified by the beneficiary in the application for the death benefit unless the participant prohibited payment of a single cash sum in a written notice received by the department prior to the participant's death. A prohibition on payment of a single cash sum shall not be effective if the monthly amount of the annuity would be less than the amount determined under s. 40.25 (1) (a) or if the beneficiary is the participant's estate or a trust in which the beneficiary has a beneficial interest.

SECTION 15. 40.73 (1) (a) (intro.) of the statutes is amended to read:

40.73 (1) (a) (intro.) Upon the death of a participant, other than an annuitant, the sum of the additional and employee required contribution accumulations credited to the participant's account on the beneficiary annuity effective date or, in the case of a lump sum payment, the first day of the month in which ~~an application for a lump sum~~ the death benefit is received approved. In addition:

SECTION 16. 40.73 (1) (c) and (e) of the statutes are amended to read:

40.73 (1) (c) In lieu of the benefit payable under par. (a) or (b), upon the death of a participating employee who has attained the age of 60 years, or age 55 if a protective occupation participant, if the beneficiary to whom a death benefit is payable is a dependent of the participating employee, or a trust in which such a beneficiary has a beneficial interest, the present value on the day following the date of death of the life annuity to the beneficiary which would have been payable if the participating employee had been eligible to receive a retirement annuity, computed under s. 40.23 or 40.26, beginning on the date of death and had elected to receive the 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 the participant's lifetime. If there is more than one beneficiary the amount of the annuity and its present value will be determined as if the oldest of the beneficiaries were the sole beneficiary. If the death benefit payable to the beneficiary under this paragraph would be less than the amount determined under par. (a) or (b) the death benefit shall be payable under par. (a) or (b) and this paragraph shall not be applicable to the beneficiary. An annuitant receiving an annuity only under s. 40.24 (5), which annuity was an immediate annuity, shall be deemed a participating employee for purposes of this paragraph only, but the amount payable under s. 40.24 (5) shall not be changed.

(e) Decreased by the balance in the memorandum account established under s. 40.26 (2) (b) except when the death benefit amount is determined under par. (c)

and the retirement annuity would have been computed under s. 40.26.

SECTION 17. 40.73 (2) (a) of the statutes is amended to read:

40.73 (2) (a) Upon the death, prior to the expiration of the guarantee period, of an annuitant receiving an annuity which provides a guaranteed number of monthly payments, monthly payments shall be continued until payments have been made for the guaranteed number of months. Any beneficiary under this paragraph may elect at any time to receive the then

present value of the annuity, including monthly interest at the assumed ~~annuitant~~ benefit rate for each full month between the termination of annuity payments and the month in which the single sum payment is approved, in a single sum.

SECTION 18. 40.74 (3) of the statutes is repealed.

SECTION 19. 757.71 of the statutes is repealed.

SECTION 20. **Effective date.** This act takes effect on the first day of the 2nd month beginning after publication.