

State of Misconsin 2007 - 2008 LEGISLATURE

## ASSEMBLY SUBSTITUTE AMENDMENT 1, TO 2007 ASSEMBLY BILL 485

January 24, 2008 – Offered by COMMITTEE ON FINANCIAL INSTITUTIONS.

1 AN ACT to amend 40.24 (1) (f) of the statutes; relating to: distribution of 2 accumulated additional contributions under the Wisconsin Retirement 3 System.

## Analysis by the Legislative Reference Bureau

Currently, participants in the Wisconsin Retirement System (WRS) may make additional contributions for retirement purposes. Additional contributions are invested in the same manner as required contributions and are payable to the participant as an annuity certain payable over a specified number of months, unless the participant opts for a lump sum payment. The number of months over which the annuity is paid may not exceed 180 and may not be less than 24 months.

This bill provides that the number of months over which the annuity is paid under the WRS may not exceed the participant's life expectancy. For the purpose of calculating life expectancy, the bill requires the Department of Employee Trust Funds to use the same tables that the Internal Revenue Service uses for determining single life expectancy for retirement pension plans.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill. For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 40.24 (1) (f) of the statutes is amended to read: 2 40.24 (1) (f) From accumulated additional contributions made under s. 40.05 3 (1) (a) 5. only, an annuity certain payable for and terminating after the number of 4 months specified by the applicant, regardless of whether the applicant dies before or  $\mathbf{5}$ after the number of months specified, provided that the monthly amount of the 6 annuity certain is at least equal to the minimum amount established under s. 40.25 7 (1) (a). Subject to the period of distribution required under s. 40.23 (4) (b) 2., the The number of months specified shall not exceed 180 the life expectancy of the participant 8 9 and shall not be less than 24 months. For the purpose of determining life expectancy under this paragraph, the department shall use the same tables that the federal 10 11 Internal Revenue Service uses for determining single life expectancy for pension 12plans under 26 USC 401 (a). If the death of the annuitant occurs prior to the 13expiration of the certain period, the remaining payments shall be made in 14accordance with s. 40.73 (2) without regard to any other annuity payments payable to the beneficiary. An annuity under this paragraph may be initiated prior to any 1516 other annuity amount provided under this subchapter and prior to age 55 if all other 17qualifications for receiving an annuity payment are met.

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## SECTION 2. Initial applicability.

(1) This act first applies to annuities paid under section 40.24 (1) (f) of the
statutes that become effective on the effective date of this subsection.

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