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2001 SENATE BILL 323

November 21, 2001 – Introduced by Senators Wirch, Risser, Burke and Moen, cosponsored by Representatives Sykora, Huber, McCormick, Musser and Kreuser. Referred to Joint survey committee on Retirement Systems.

- AN ACT to amend 40.23 (2m) (b) of the statutes; relating to: annuity payments
- 2 for protective occupation participants under the Wisconsin retirement system.

Analysis by the Legislative Reference Bureau

Under current law, when a participant in the Wisconsin retirement system (WRS) terminates state or local government employment and becomes eligible for a retirement annuity, one of the ways in which the amount of his or her retirement annuity is determined is by multiplying the participant's final average earnings by the participant's years of creditable service and by a percentage multiplier. Currently, the maximum amount of an initial retirement annuity that is calculated with the percentage multiplier is 70% of the participant's final average earnings, unless the participant is a protective occupation participant. For a protective occupation participant who is covered by social security, the maximum amount is 65% of the participant's final average earnings; for a protective occupation participant who is not covered by social security, the maximum amount is 85% of the participant's final average earnings. This bill increases the maximum initial retirement annuity amount to 70% for protective occupation participants who are covered by social security and to 90% for protective occupation participants who are not covered by social security.

This bill will be referred to the joint survey committee on retirement systems for a detailed analysis, which will be printed as an appendix to this bill.

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 40.23 (2m) (b) of the statutes is amended to read:

40.23 (2m) (b) Except as provided in s. 40.26, subject to the limitations under section 415 of the Internal Revenue Code, the initial amount of the normal form annuity shall be an amount equal to 70%, or 65% for participants whose formula rate is determined under par. (e) 3. or 85% 90% for participants whose formula rate is determined under par. (e) 4., of the participant's final average earnings plus the amount which can be provided under pars. (c) and (d) or, if less, shall be in the monthly amount equal to the sum of the amounts determined under pars. (c), (d) and (e) as modified by par. (f) and in accordance with the actuarial tables in effect on the annuity effective date. If the participant has creditable service under both par. (e) 4. and another category under par. (e), the percent applied under this paragraph shall be determined by multiplying the percent that each type of creditable service is of the participant's total creditable service by 85% and 65% 90% or 70%, respectively, and adding the results, except that the resulting benefit may not be less than the amount of the normal form annuity that could be paid based solely on the creditable service under par. (e) 4.

SECTION 2. Initial applicability.

(1) This act first applies to the calculation of retirement benefits for individuals who are participating employees in the Wisconsin retirement system on the effective date of this subsection.