



2009 SENATE BILL 88

February 25, 2009 – Introduced by Senators LEIBHAM, HOPPER, PLALE, DARLING, HARSDORF and OLSEN, cosponsored by Representatives PETERSEN, BIES, GUNDERSON, KERKMAN, KESTELL, LEMAHIEU, LOTHIAN, A. OTT, SPANBAUER and SUDER. Referred to Joint Survey Committee on Retirement Systems.

- 1 **AN ACT to amend** 40.02 (17) (intro.); and **to create** 40.285 (2) (g) of the statutes;
2 **relating to:** purchase of creditable service under the Wisconsin Retirement
3 System for active service in the U.S. armed forces.

Analysis by the Legislative Reference Bureau

This bill establishes a program under which participating employees in the Wisconsin Retirement System (WRS) may purchase years of creditable service under the WRS for all years of active service in the U.S. armed forces. A number of conditions must be satisfied to receive creditable service under the program, the most important of which include the following:

1. The employee pays to the Department of Employee Trust Funds (DETF) for each year of creditable service to be purchased the employee required contribution on earnings for general employees — currently, 5 percent of earnings — based on the employee's final average earnings, determined as if the employee had retired on the first day of the annual earnings period during which DETF received the application.

2. The employee may not purchase more than four years of creditable service under the program.

3. The employee must have been discharged from the U.S. armed forces under conditions other than dishonorable.

4. The employee may not receive creditable service under the program for any active service in the U.S. armed forces that is also used to qualify for the current law creditable military service program.

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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 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:

1 **SECTION 1.** 40.02 (17) (intro.) of the statutes is amended to read:

2 40.02 (17) (intro.) “Creditable service” means the creditable current and prior
3 service, expressed in years and fractions of a year to the nearest one–hundredth, for
4 which a participating employee receives or is considered to receive earnings under
5 sub. (22) (e) or (em) and for which contributions have been made as required by s.
6 40.05 (1) and (2) and creditable military service, service credited under s. 40.285 (2)
7 (b) and (g) and service credited under s. 40.29, expressed in years and fractions of
8 years to the nearest one–hundredth. How much service in any annual earnings
9 period is the full–time equivalent of one year of creditable service shall be
10 determined by rule by the department and the rules may provide for differing
11 equivalents for different types of employment. Except as provided under s. 40.285
12 (2) (e) and (f), the amount of creditable service for periods prior to January 1, 1982,
13 shall be the amount for which the participant was eligible under the applicable laws
14 and rules in effect prior to January 1, 1982. No more than one year of creditable
15 service shall be granted for any annual earnings period. Creditable service is
16 determined in the following manner for the following persons:

17 **SECTION 2.** 40.285 (2) (g) of the statutes is created to read:

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1 40.285 (2) (g) *Military service*. Beginning on the effective date of this paragraph
2 ... [LRB inserts date], a participating employee may receive creditable service for all
3 years of active service in the U.S. armed forces, subject to all of the following:

4 1. If the participating employee is eligible to receive creditable military service
5 under s. 40.02 (15), he or she may not receive creditable service under this paragraph
6 for any service in the U.S. armed forces that is used to receive creditable military
7 service under s. 40.02 (15). The department shall refund to the participating
8 employee any amount paid to receive any creditable service under this paragraph if
9 the participating employee subsequently receives creditable military service under
10 s. 40.02 (15) based on those years of creditable service.

11 2. The active service in the U.S. armed forces is not used for the purpose of
12 establishing entitlement to, or the amount of, any benefit, other than a disability
13 benefit to be paid by any federal retirement program, except OASDHI and the retired
14 pay for nonregular military service program under 10 USC 12731 to 12740, or if the
15 participant makes an election under s. 40.30 (2) by any retirement system specified
16 in s. 40.30 (2) other than the Wisconsin Retirement System.

17 3. The participating employee has at least 3 continuous years of creditable
18 service at the time of application to purchase the creditable service.

19 4. The number of years that may be purchased is not greater than the
20 accumulated current creditable service of the participating employee at the date of
21 application.

22 5. A participating employee may apply to receive part or all of the creditable
23 service that he or she is eligible to receive under this paragraph, except that no
24 participating employee may receive more than 4 years of creditable service under
25 this paragraph.

