

CHAPTER 658

AN ACT to renumber chapter 201, laws of 1937, sections 1 (5) and 13; to amend chapter 201, laws of 1937, section 5 (1) (c), as created by chapter 357, laws of 1947, and amended by chapter 264, laws of 1955; section 5 (6) (a) 2, as created by chapter 357, laws of 1947, and amended by chapter 445, laws of 1951; section 8 (2), (3) (d) and (e), and (4) (a), as amended by chapter 357, laws of 1947; and to create chapter 201, laws of 1937, sections 1 (5) (b) and (c), (23) and (24), 5 (1) (g), (2) (ba) and (d), (3) (c) and (3a), 8 (1) (e), 13 (2), 13a (3) and 20, relating to combining coverage under employes retirement systems of counties having populations of 500,000 or more and federal old-age and survivors insurance.

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

SECTION 1. Chapter 201, laws of 1937, section 1 (5), is renumbered section 1 (5) (a).

SECTION 2. Chapter 201, laws of 1937, section 1 (5) (b) and (c), (23) and (24), are created to read:

(Chapter 201, laws of 1937) Section 1 (5) (b) "Member of Group A" means a member who chooses to be a member of group A in accordance with section 20.

(c) "Member of Group B" means a member who chooses to be a member of group B in order to be covered under OASI in accordance with section 20, or is required to become a member of group B by said section.

(23) "OASI" means federal old-age and survivors insurance, as provided under Title II of the federal social security act.

(24) "Age of eligibility for an unreduced OASI primary retirement benefit" means the age at which an OASI primary retirement benefit is payable without an actuarial or percentage reduction in the amount of said benefit based on an age differential.

SECTION 3. Chapter 201, laws of 1937, section 5 (1) (c), as created by chapter 357, laws of 1947, and amended by chapter 264, laws of 1955, is amended to read:

(Chapter 201, laws of 1937) Section 5 (1) (c) Each member in active service, except deputy sheriffs, who has attained the age of 70, and in the case of deputy sheriffs the age of * * * 65, shall be retired at the end of the month at which such age is attained. A member who is elected by vote of the people shall not be required to retire at age 70. This amendment (1955) shall not affect continuances in service after age 70, effective prior to the effective date (1955) of this amendment.

SECTION 4. Chapter 201, laws of 1937, section 5 (1) (g), (2) (ba) and (d), (3) (c) and (3a), are created to read:

(Chapter 201, laws of 1937) Section 5 (1) (g) Notwithstanding the provisions of pars. (d) and (e), the service retirement allowance for members of group B shall be computed under par. (d) 1 to 3 for members other than deputy sheriffs and par. (e) for deputy sheriffs, except that after the attainment of the age of eligibility for an unreduced OASI primary retirement benefit, the pension payable to members other than deputy sheriffs shall be reduced by one-two hundred and fortieth, and the pension payable to deputy sheriffs shall be reduced by one-two hundredth, of that part of the member's final average salary which does

not exceed the maximum annual earnings upon which OASI contributions and benefits are based, for each year of membership service. In the event a woman member elects to receive a reduced OASI benefit at age 62 or such other age of eligibility for a reduced OASI benefit, then the reduction as computed shall immediately go into effect and shall permanently be applied proportionately in respect to the reduction in benefits as computed under the reduced OASI benefit. Paragraph (d) 4 and 5 shall not apply to members of group B, except that in the case of a person employed by the state where part of his wage or salary is paid by the county as described in par. (d) 5 the final average salary used in calculating his pension shall be the average of his annual county earnable compensation during all his years of creditable service in state and county employment.

(2) (ba) Notwithstanding par. (b), the ordinary disability retirement allowance for a member of group B except for deputy sheriffs shall consist of:

1. An annuity which is the actuarial equivalent of his accumulated contributions, and

2. A pension equal to 90 per cent of one-one hundred and twentieth of the member's final average salary multiplied by the number of years of service which would be credited to him if his service were continued to age 60, and

3. If the member has a prior service certificate or a military service certificate in full force and effect, a pension of 90 per cent of one-sixtieth of the member's final average salary for each year of creditable prior service and creditable military service, but

4. The pension payable under this paragraph to a member after the attainment of the age of eligibility for an unreduced OASI primary retirement benefit, or attainment of eligibility for an OASI disability benefit, shall be reduced by one-two hundredth and fortieth of that part of his final average salary which does not exceed the maximum annual earnings upon which OASI contributions and benefits are based, for each year of service which would be credited to him if his service were continued to age 60.

(d) Notwithstanding par. (c), the ordinary disability retirement allowance for a deputy sheriff who is a member of group B shall consist of:

1. An annuity which is the actuarial equivalent of his accumulated contributions, and

2. A pension equal to 90 per cent of one-one hundredth of the member's final average salary multiplied by the number of years of membership service which would be credited to him if his service were continued to age 57, and

3. If the member has a military service certificate in full force and effect, a pension of 90 per cent of one-fiftieth of the member's final average salary for each year of creditable military service, but

4. The pension payable under this paragraph to a member after the attainment of the age of eligibility for an unreduced OASI primary retirement benefit, or attainment of eligibility for an OASI disability benefit, shall be reduced by one-two hundredth of that part of his final average salary which does not exceed the maximum annual earnings upon which OASI contributions and benefits are based, for each year of service which would be credited to him if his service were continued to age 57.

(3) (c) The pension payable under this paragraph to any member of group B after the attainment of the age of eligibility for an unreduced OASI primary retirement benefit, or attainment of eligibility for an OASI disability benefit, shall be reduced by one-two hundred and fortieth of that part of his final average salary which does not exceed the maxi-

imum annual earnings upon which OASI contributions and benefits are based, for each year of membership service which would be credited to the member if his service were continued to age 57 in the case of deputy sheriffs or age 60 in the case of all other members of group B. During any period when such disability insurance benefit is reduced by a workmen's compensation benefit the reduction under this paragraph shall be decreased proportionately.

(3a) The reduction in the pension of a member, provided for by subs. (1) (g), (2) (ba) 4 and (d) 4 and (3) (c), shall be computed on an annual basis and applied proportionately on a monthly basis, but in no instance shall it exceed 50 per cent of the OASI primary retirement benefit payable to such member. Such reduction shall not be made during any period for which the member is not eligible for an OASI disability or retirement benefit by reason of having insufficient quarters of OASI coverage. The member must furnish proof of such ineligibility in such form and at such intervals as the board prescribes, or such reductions will be made. The board may require any member of group B to authorize the social security administration to provide the retirement system with information regarding the OASI benefits payable or to be payable to such member.

SECTION 5. Chapter 201, laws of 1937, section 5 (6) (a) 2, as created by chapter 357, laws of 1947, and amended by chapter 445, laws of 1951, is amended to read:

(Chapter 201, laws of 1937) Section 5 (6) (a) 2. If he is separated from the service for any cause other than fault or delinquency on his part, and his retirement allowance at age 60 as calculated in accordance with this paragraph equals or exceeds \$10 per month, he may elect not to withdraw any part of his accumulated contributions and to receive a retirement allowance commencing at the attainment of age 60 * * * *calculated in the same manner as provided in sub. (1) (d) and (g), irrespective of the exception for deputy sheriffs. If the member is removed or otherwise involuntarily separated from service for any cause other than fault or delinquency on his part after having completed 15 years of creditable service, including not less than one-half year during the year immediately preceding such discontinuance, he may elect to receive in lieu of a retirement allowance commencing at age 60 the amount of his accumulated contributions in a lump sum or an annuity of equivalent actuarial value, and a pension commencing immediately which shall be the actuarial equivalent of the * * * pension commencing at age 60. The provisions of * * * sub. (1) (d) 4 shall not apply in calculating the retirement allowance provided for in this subdivision. Failure of re-election by a member elected by vote of the people shall not be construed as fault or delinquency on the part of such member as such phrase is used in this subsection and paragraph.*

SECTION 6. Chapter 201, laws of 1937, section 8 (1) (e), is created to read:

(Chapter 201, laws of 1937) Section 8 (1) (e) The contributions of members of group B shall be those set forth in tables adopted by rule of the board under par. (a), reduced by an amount equal to 2 per cent of that portion of the member's earnable compensation which does not exceed the maximum annual earnings upon which OASI contributions are based. Any member of group B may elect to make such contributions without the 2 per cent reduction provided for in this paragraph.

SECTION 7. Chapter 201, laws of 1937, section 8 (2), (3) (d) and (e) are amended to read:

(Chapter 201, laws of 1937) Section 8 (2) The annuity reserve fund shall be the fund in which shall be held the reserves on all annuities in

force and from which shall be paid all annuities and all benefits in lieu of annuities, payable as provided in this act. Should a beneficiary * * * again become a member of the retirement system, his annuity reserve shall be transferred from the annuity reserve fund to the annuity savings fund and credited to his individual account therein.

(3) (d) Immediately succeeding the first valuation, the actuary engaged by the board shall compute the * * * per cent of the total annual compensation of all members which is equivalent to 4 per cent of the amount of the total pension and death benefit liability on account of all members and beneficiaries which is not dischargeable by the aforesaid normal contribution made on account of such members during the remainder of their active service. The * * * per cent originally so determined shall be known as the "accrued liability contribution" rate. *The accrued liability contribution rate shall be adjusted on the basis of the December 31, 1957 valuation to reflect the change in the accrued liability due to the coverage of members under the Social Security Act; provided, that this shall not become effective unless and until an agreement extending coverage under the Social Security Act to members of group B is executed.*

(e) The total amount payable in each year to the pension accumulation fund shall be not less than the sum of the normal contribution and the accrued liability contribution based on the total earnable compensation of all members during the preceding year; provided * * * that *except at the time the accrued liability contribution rate is adjusted as provided under par. (d)* the amount of each annual accrued liability contribution shall be at least 3 per cent greater than the preceding annual accrued liability payment, and that the aggregate payment by the county shall be sufficient, when combined with the amount in the fund, to provide the pensions and other benefits payable out of the fund during the year then current.

SECTION 8. Chapter 201, laws of 1937, section 8 (4) (a), as amended by chapter 357, laws of 1947, is amended to read:

(Chapter 201, laws of 1937) Section 8 (4) (a) The pension reserve fund shall be the fund in which shall be held the reserves on all pensions granted on account of members not entitled to credit for prior service and from which such pensions and benefits in lieu thereof shall be paid. Should such a beneficiary * * * again become a member of the retirement system his pension reserve shall be transferred from the pension reserve fund to the pension accumulation fund. Should the pension of such a disability beneficiary be reduced as a result of an increase in his earning capacity the amount of the annual reduction in his pension shall be paid annually into the pension accumulation fund during the period of such reduction. Should a beneficiary of an employe dying in service elect to receive the amount or amounts otherwise payable in a lump sum in the form of an annuity, then the amount or amounts otherwise payable in the lump sum shall be transferred to the pension reserve fund and the annuity shall be paid from this fund.

SECTION 9. Chapter 201, laws of 1937, section 13, is renumbered section 13 (1).

SECTION 10. Chapter 201, laws of 1937, section 13 (2), is created to read:

(Chapter 201, laws of 1937) Section 13 (2) The provisions of this section shall not apply in the case of OASI benefits.

SECTION 11. Chapter 201, laws of 1937, section 13a (3), is created to read:

(Chapter 201, laws of 1937) Section 13a (3) It is not intended that

the enactment of this act (1957) shall extend or impair the nature of any contractual rights of members of the retirement system.

SECTION 12. Chapter 201, laws of 1937, section 20, is created to read:

(Chapter 201, laws of 1937) Section 20. **SYSTEM DIVIDED; REFERENDUM ON OASI.** (1) **DIVISION INTO GROUPS.** The retirement system is divided into 2 parts known as group A and group B.

(2) **GROUP B.** Group B shall be composed of:

(a) Members who indicate in accordance with this section that they desire coverage under an agreement under section 218 of Title II of the federal social security act;

(b) Individuals, including former members, who become members after the effective date of this section (1957) and inactive members who become active after said date.

(c) Individuals who become members of the system between September 20, 1957 and the effective date of this section (1957) who have been granted the option until November 1, 1957 to become members of this group although not eligible to participate in the referendum and who have exercised said option.

(3) **GROUP A.** Group A shall be composed of all other members.

(4) **MEMBERS TO INDICATE CHOICE.** (a) Each person who is an actively employed member of the retirement system on September 20, 1957, shall indicate whether he desires to be a member of group A or group B on a form furnished for that purpose by the board, and deliver said form to the office of the system. A member who chooses to become a member of group B shall thereby elect to become subject to the laws relating to group B.

(b) Each such member shall enter his mailing address on such form.

(5) **CERTIFICATION OF GROUP B.** On or before September 27, 1957, the board shall certify to the governor the names and addresses of the members of group B.

(6) **REFERENDUM.** (a) When the board has certified to the governor the names and addresses of the members of group B the governor shall forthwith take all actions necessary for the conduct of a referendum under section 66.99 (3a) of the statutes, so that the members of group B may vote in favor of or against coverage under the federal old-age and survivors insurance system. If a majority of the members of group B vote in favor of such coverage the amendments made and provisions created by this act (1957) shall be fully operative. If less than a majority vote in favor of such coverage such amendments and provisions shall not continue in effect and the retirement system shall be deemed not to be divided into group A and group B.

(b) If the applicable federal law permits a procedure for extending OASI coverage in accordance with this section, but without the referendum provided for under par. (a) although by written ballot on the question of whether they wish to be covered by OASI, the board is authorized to adopt and follow such procedure in all respects, in compliance with such federal law. If such alternative procedure is followed the board may extend the date by which members make the election or choice under sub. (4) or establish a new date for such election or choice.

(7) **RETROACTIVE TO JANUARY 1, 1956.** Coverage of members of group B under OASI shall be effective as of January 1, 1956, or the date on which earnings constituting covered earnings under this section were first paid by the county to any such member, if such date is later. The employer contributions to the public employes social security fund in behalf of such members, for covered employment under OASI between January 1, 1956, and the end of the calendar quarter in which the agreement extending such coverage is executed, shall be paid by transferring the amounts

necessary to make such payments from the 1958 contribution to the pension accumulation fund. The employe contributions for such period shall be paid by deducting and transferring the amounts necessary to make such payment from the amounts credited to each such member in the annuity savings fund. The board is authorized and directed to make such deductions and transfers.

(8) **POWERS OF BOARD.** (a) The board is authorized and directed to take such actions as may be necessary to complete the inclusion of the members of group B under federal old-age and survivors insurance as of January 1, 1956.

(b) If the payment of the contributions under sub. (7) is not made to the federal old-age and survivors insurance system before any interest or penalty accrues thereon under federal regulations as defined in section 66.99 (1) (b) of the statutes, the board is authorized to pay such interest or penalty and charge the same to the interest income of the retirement system.

(9) **EFFECTIVE DATES.** The provisions of this act (1957) relating to payment of benefits to and contributions by members of group B shall be effective January 1, 1958 or the first of the month immediately following execution of an agreement if an agreement cannot be executed by January 1, 1958.

SECTION 13. Except as otherwise provided herein, this act shall take effect upon the day that it is officially published.

Approved September 26, 1957.