



1995 ASSEMBLY BILL 158

February 24, 1995 - Introduced by Representatives GROBSCHMIDT, MEYER, R. YOUNG, BOCK, BOYLE, PLOMBON, HANSON, NOTESTEIN and L. YOUNG, cosponsored by Senators WINEKE and ANDREA. Referred to Joint survey committee on Retirement Systems.

1 **AN ACT to repeal** 40.02 (17) (j), 40.23 (1) (a) 3. and 40.25 (2m); and **to amend**
2 40.02 (45), 40.04 (4) (a) 2m., 40.22 (3m), 40.23 (1) (am) 2., 40.25 (3), 40.25 (6) (b)
3 1. and 40.63 (1) (intro.) of the statutes; **relating to:** the 5-year vesting
4 requirement to receive an annuity under the Wisconsin retirement system.

Analysis by the Legislative Reference Bureau

Under current law, a participant in the Wisconsin retirement system who is initially employed on or after January 1, 1990, must have earned 5 years of creditable service before he or she gains the right to receive a retirement annuity. This bill eliminates the 5-year annuity vesting period for participants employed on or after January 1, 1990.

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 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:

5 **SECTION 1.** 40.02 (17) (j) of the statutes is repealed.

6 **SECTION 2.** 40.02 (45) of the statutes is amended to read:

7 40.02 (45) "Participant" means any person included within the provisions of
8 the Wisconsin retirement system by virtue of being or having been a participating
9 employe whose account has not been closed under s. 40.25 (1), or (2) ~~or (2m).~~

1 **SECTION 3.** 40.04 (4) (a) 2m. of the statutes is amended to read:

2 40.04 (4) (a) 2m. Debited, if a participant terminates covered employment on
3 or after January 1, 1990, and applies for a benefit under s. 40.25 (2) ~~or (2m)~~, with an
4 amount equal to the amount by which the fixed annuity division interest credited on
5 or after January 1, 1990, to employe required contributions, exceeds the interest
6 crediting at an annual rate of 3% on each prior year's closing balance.

7 **SECTION 4.** 40.22 (3m) of the statutes is amended to read:

8 40.22 (3m) Any employe who becomes a participating employe shall continue
9 to be a participating employe notwithstanding sub. (2) (a) or (b) for periods of
10 subsequent employment with that state agency or other participating employer
11 unless the employment with the state agency or other participating employer is
12 terminated for 12 or more consecutive calendar months or unless the employe
13 receives a benefit under s. 40.23, 40.25 (1), or (2) ~~or (2m)~~ or 40.63.

14 **SECTION 5.** 40.23 (1) (a) 3. of the statutes is repealed.

15 **SECTION 6.** 40.23 (1) (am) 2. of the statutes is amended to read:

16 40.23 (1) (am) 2. Any participant who has attained age 55 and who is a
17 participant because of employment other than part-time service as an elected official
18 and who is also a participating employe because of part-time service as an elected
19 official may, after termination of all covered employment other than service as a
20 part-time elected official, waive further participation under the fund for his or her
21 current, and any future, part-time service as an elected official. Any election under
22 this paragraph is irrevocable and is effective beginning the day after the date of
23 election. Notwithstanding par. (a), any participant ~~initially employed before~~
24 ~~January 1, 1990~~, who elects under this paragraph may receive a retirement annuity
25 for all service under the fund credited to the participant to the date he or she elects.

1 ~~Notwithstanding par. (a), any participant initially employed on or after January 1,~~
2 ~~1990, who elects under this paragraph may receive a retirement annuity for all~~
3 ~~service under the fund credited to the participant to the date he or she elects only if~~
4 ~~the participant has creditable service in at least 5 calendar years. The date a~~
5 ~~participant elects under this paragraph is deemed to be the date of separation from~~
6 ~~the last participating employer by which that participant was employed.~~

7 **SECTION 7.** 40.25 (2m) of the statutes is repealed.

8 **SECTION 8.** 40.25 (3) of the statutes is amended to read:

9 40.25 (3) Upon administrative approval of payment of an amount under either
10 sub. (1), or (2) ~~or (2m)~~, the participant's account shall be closed and there shall be no
11 further right, interest or claim on the part of the former participant to any benefit
12 from the Wisconsin retirement system except as provided by subs. (5) and (6). Any
13 former participant who is subsequently employed by any participating employer
14 shall be treated as a new participating employe for all purposes of this chapter. New
15 accumulations of contributions and credits and the computation of any future
16 benefits shall bear no relationship to any accumulations and credits paid as single
17 sums under sub. (1), or (2) ~~or (2m)~~.

18 **SECTION 9.** 40.25 (6) (b) 1. of the statutes is amended to read:

19 40.25 (6) (b) 1. Forfeited because of payment of an amount under sub. (2) ~~or~~
20 ~~(2m)~~; or

21 **SECTION 10.** 40.63 (1) (intro.) of the statutes is amended to read:

22 40.63 (1) (intro.) ~~Notwithstanding the requirement for creditable service in at~~
23 ~~least 5 calendar years for retirement annuities under s. 40.23 (1) (a) and (am), any~~
24 Any participating employe is entitled to a disability annuity from the Wisconsin

1 retirement system, beginning on the date determined under sub. (8) if, prior to
2 attaining his or her normal retirement date, all of the following apply:

3 (END)