



1995 ASSEMBLY BILL 420

May 30, 1995 – Introduced by Representatives R. POTTER, BLACK, BALDUS, RYBA, CULLEN, GROBSCHMIDT, L. YOUNG, ROBSON, WILDER, NOTESTEIN and BOYLE, cosponsored by Senators BURKE, ANDREA and MOORE. Referred to Joint survey committee on Retirement Systems.

1 **AN ACT to amend** 40.02 (3) (a) and 40.23 (2m) (fm); and **to create** 40.02 (52m)
2 of the statutes; **relating to:** the calculation of a retirement annuity for
3 educational support personnel employes participating in the Wisconsin
4 retirement system.

Analysis by the Legislative Reference Bureau

Under current law, when a participant in the Wisconsin retirement system (WRS) retires from active service, he or she may be eligible for a WRS retirement annuity. The monthly annuity is computed on the basis of the participant's final average earnings, which is based on the 3 annual earnings periods in which the earnings were highest and the years of creditable service. For most participants, an annual earnings period means a calendar year. But for teachers under the WRS, an annual earnings period means the period beginning on the first day of a school year and ending on the day prior to the beginning of the next school year. This bill provides that teachers and other school district employes shall have the same annual earnings period.

Under current law, a participant, other than a teacher, who has at least 0.75 of a year of creditable service in any annual earnings period may treat that 0.75 of a year as one year of creditable service for the purpose of determining the amount of annuity reduction that the participant will incur if he or she terminates covered employment before the normal retirement date. To qualify for this treatment, this participant must have earned only a partial year of creditable service in at least 5 of the 10 annual earnings periods immediately preceding the annual earnings period in which the participant terminated covered employment.

This bill provides that a school district employe other than a teacher may qualify for this treatment if he or she has earned such creditable service in at least 5 of 10 annual earnings periods immediately preceding the effective date of the bill.

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:

1 **SECTION 1.** 40.02 (3) (a) of the statutes is amended to read:

2 40.02 **(3)** (a) For a teacher or school district employe, it means the period
3 beginning on the first day of a school year and ending on the day prior to the
4 beginning of the next school year, as determined by the employer in accordance with
5 rules of the department.

6 **SECTION 2.** 40.02 (52m) of the statutes is created to read:

7 40.02 **(52m)** "School district employe" means an employe of a school district
8 other than a teacher.

9 **SECTION 3.** 40.23 (2m) (fm) of the statutes is amended to read:

10 40.23 **(2m)** (fm) Notwithstanding s. 40.02 (17) (intro.), for purposes of
11 determining creditable service under par. (f) 2., ~~participants~~ a participant with at
12 least 0.75 of a year of creditable service in any annual earnings period shall be
13 treated as having one year of creditable service for that annual earnings period. ~~To~~
14 ~~be eligible for the treatment provided by this paragraph, if the participant must have~~
15 has earned only a partial year of creditable service in at least 5 of the 10 annual
16 earnings periods immediately preceding the annual earnings period in which the
17 participant terminated covered employment or, for purposes of creditable service as
18 a school district employe that was earned before the effective date of this paragraph
19 [revisor inserts date], in at least 5 of the participant's 10 annual earnings periods
20 immediately preceding the effective date of this paragraph [revisor inserts date],
21 and ~~if the participant must notify~~ notifies the department of the applicability of this

1 paragraph to the participant's service. The participant is not eligible for the
2 treatment provided by this paragraph if such notification is provided by the
3 participant later than 60 days after the participant's annuity effective date. This
4 paragraph does not apply to service credited under s. 40.02 (15) or to creditable
5 service as a teacher.

6 **SECTION 4. Initial applicability.**

7 (1) This act first applies to the calculation of a retirement annuity under the
8 Wisconsin retirement system of an annuitant who is first eligible to receive such a
9 retirement annuity beginning on the effective date of this subsection.

10 (END)