AN ACT to repeal 41.02 (6) (c) and (20), 41.05 (9) (c), 41.07 (c) and (2) (a) 6, 41.08 (1) (a) 6 and 13, 41.11 (1) (b), (4), (5), (8), (9) and (10), 41.12 (8) (c) and (d), 41.14 (2) (d), (e) and (em), 41.15 (1a), (5), (6), (7) and (8), 41.34 (2) (c), 42.78 (1) (b) and 66.191 (3); to renumber 25.28, 41.02 (29) and 42.245 (6); to
An administrative account from which administrative costs of the department, including charges for services performed by others, shall be paid. Except as otherwise provided in this section, investment income of this fund and moneys received for services performed or to be performed by the department shall be credited to this account. The secretary of employe trust funds shall estimate the administrative costs to be incurred by the department in the next fiscal year and shall also estimate the investment income which will be credited to this account. The estimated administrative costs less the estimated investment income shall be equitably allocated to the several funds and accounts administered by the department. In determining the amount of such allocation adjustments shall be made for any difference in prior years between the actual administrative costs and investment income from that originally estimated under this paragraph. An amount equal to such adjusted allocated costs shall be transferred to this account.

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

SECTION 1. 20.921 (1) (a) 3 of the statutes is amended to read:

20.921 (1) (a) 3. Payment of premiums for group hospital and surgical-medical insurance or plan, group life insurance, and other group insurance, where such groups consist of state officers and employes and where such insurance or plans are provided or approved by the group insurance board.

SECTION 2. 25.28 of the statutes is renumbered 42.223.

SECTION 3. 40.01 (2) (a) of the statutes is amended to read:

40.01 (2) (a) An administrative account from which administrative costs of the department, including charges for services performed by others, shall be paid. Except as otherwise provided in this section, investment income of this fund and moneys received for services performed or to be performed by the department shall be credited to this account. The secretary of employee trust funds shall estimate the administrative costs to be incurred by the department in the next fiscal year and shall also estimate the investment income which will be credited to this account in such fiscal year. The estimated administrative costs less the estimated investment income shall be equitably allocated, with due consideration being given to the derivation and amount of the investment income, to the several funds and accounts administered by the department. In determining the amount of such allocation adjustments shall be made for any difference in prior years between the actual administrative costs and investment income from that originally estimated under this paragraph. An amount equal to such adjusted allocated costs shall be transferred to this account.
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from moneys available for such purposes under the provisions of the respective fringe benefit plans administered by the department.

SECTION 4. 40.03 of the statutes is created to read:

40.03 RECORDS. (1) Individual personal information in the records of the department of employee trust funds is not a public record and shall not be disclosed, except as may be required for the proper administration of the department, unless:

(a) Such information is requested by the person whose record contains such information or by the duly authorized representative of such person;

(b) Such information is requested by a public officer or employee for use in the discharge of his official duties; or

(c) Such information is required to be disclosed pursuant to a court order duly obtained upon a showing to the court that such information is relevant to a pending court action.

(2) Notwithstanding sub. (1), medical records may be disclosed only pursuant to a court order duly obtained upon a showing to the court that such information is relevant to a pending court action.

SECTION 5. 40.10 (2) (a) (intro.), (b) and (c) of the statutes are amended to read:

40.10 (2) (a) (intro.) The group insurance board may take any action deemed advisable and not specifically prohibited, or delegated to some other governmental agency, to carry out the purpose of this section subchapter, including, without limitation because of enumeration, rules and actions relating to:

(b) The board shall on behalf of the state enter into a contract or contracts with one or more corporations authorized to transact insurance business in this state or corporations created under ch. 148 or s. 182.032. The group life and health insurance contract or contracts may be of the type which requires payment of premiums which are known to be sufficient to pay losses, costs, benefits and expenses incurred in its operation and which may permit dividends or premium credits to be applied as provided in ss. 40.24, 40.25 and 40.26, or of a type which requires lower initial premiums with the probability of greatly reduced or nonexistent dividends or rate credits.

(c) The group life and health insurance accounts in the public employee trust fund shall be construed to be a trust and each member of the group insurance board shall be deemed a trustee.

SECTION 6. 40.10 (3) of the statutes is created to read:

40.10 (3) OTHER GROUP PLANS. In addition to the group insurance plans specifically provided in this subchapter, the group insurance board may provide other group insurance plans for public employees and their dependents. The entire premium for such additional plans shall be paid by employee contributions and the terms of such group insurance contracts shall provide that the employer shall not be liable for any obligations accruing due to the operation of such plans, unless the employer specifically provides otherwise.

SECTION 7. 40.11 (2) (intro.) and (a) of the statutes are repealed and recreated to read:

40.11 (2) (intro.) "Employe" means any person who:
(a) Receives earnings as payment for personal services rendered to or for the benefit of the state, and who:

1. Has been employed for not less than 6 months in a state position included under the Wisconsin retirement fund, the state teachers retirement system or the conservation wardens pension fund, and is currently a participant in or a member of such fund or system; or

2. Is a member or employee of the legislature, a state constitutional officer, a justice of the supreme court, a circuit judge or the chief clerk or sergeant at arms of the senate or assembly.

SECTION 8. 40.11 (2) (b) (intro.) of the statutes is amended to read:

40.11 (2) (b) (intro.) The definition of employee shall not exclude any individual who, while insured for the group life or health insurance, is retired on an immediate annuity, or is retired on a disability annuity. In the case of group life insurance, however, except in case of disability annuity, such retired employee shall have been a state employee for at least 20 years or have attained age 65, or have attained age 60 and been mandatorily retired pursuant to § 41.11 (4) (a) reached his normal retirement date, as determined for annuity computation purposes.

SECTION 9. 40.11 (6) of the statutes is amended to read:

40.11 (6) "Dependent" means the spouse of an employee; or an employee's unmarried child under 19 years of age if not a student, or under 23 years if a student as defined by board rule. "Child" includes an adopted child or stepchild who is dependent upon the insured for support and maintenance.

SECTION 10. 40.13 (3) of the statutes is amended to read:

40.13 (3) The amount of life insurance of an employee who prior to age 65 retires on immediate annuity who has been a state employee for not less than 20 years or who has attained age 65 or has attained age 60 and been mandatorily retired pursuant to § 41.11 (4) (a) reached his normal retirement date, as determined for annuity computation purposes, shall be the same as if he had not retired and his earnings had continued as at the time of his retirement.

SECTION 11. 40.15 (1) and (4) of the statutes are amended to read:

40.15 (1) There shall be withheld from the earnings payment of each insured employee under the age of 65 and from retirement benefits paid to annuitants under age 65 pursuant to sub. (4) the sum approved by the board, which shall not exceed 60 cents for each $1,000 of his group life insurance under this subchapter, based upon the last amount of insurance in force during the month for which such earnings are paid. The equivalent premium may be fixed by the board if the annual compensation is paid in other than 12 monthly installments. Such withholdings shall be remitted to the board by the respective departments or agencies in which such employees are employed and by the respective retirement systems for insured annuitants, in the manner and within the time limit fixed by rule. All money received by the board under this subchapter shall be deposited with the state treasurer to the credit of s. 20.515 (2) (w).

(4) Except as provided under sub. (3), any insured employee who is retired on an immediate annuity and who has been a state employee for not less than 20 years or who is age 60 and is mandatorily retired pursuant to § 41.11 (1) (a) and who is otherwise eligible shall continue to be covered and the premium payment shall
be deducted from the appropriate annuity payroll as authorized by s. 41.22 (1)(a), 41.41 or 42.52, if the annuity is sufficient, or such an employe shall continue to be covered if he makes direct payments to continue insurance coverage.

SECTION 12. 40.19 (1) and (2) of the statutes are amended to read:

40.19 (1) To be eligible for continuance of insurance as a retired employe, an insured employe must (a) be entitled to a disability annuity or (b) be entitled to an immediate annuity and must meet all requirements for annuity including filing of application where necessary whether or not final administrative action has been taken. In the case of group life insurance, however, except in case of disability annuity, such retired employe shall have been a state employe for at least 20 years, or have attained age 65, or have attained age 60 and been mandatorily retired pursuant to s. 41.11 (1) or reached his normal retirement date, as determined for annuity computation purposes.

(2) The requirement for an immediate annuity shall be waived for any person attaining age 65 who has an aggregate of 10 years service as specified in s. 41.11 (2) (e). This shall also be in effect with respect to group life insurance for all persons who are annuitants on December 1, 1961, and who were insured under the group life insurance program at the time of retirement.

SECTION 13. 40.20 (title), (2), (5), (7), (8) and (9) of the statutes are amended to read:

40.20 (title) LOCAL EMPLOYES.

(2) The board may by rule extend the coverage of group life insurance to municipal any such employer, with respect to employees who are participants in a pension or retirement plan underwritten by a private insurance company.

(5) Whenever any school district is created, the territory of which includes more than one-half of the last assessed valuation of either a school district which was a municipality an employer included under this subchapter at the time of such creation or a city which at the time of such creation was a municipality an employer included under this subchapter and which operated a city school district, the school district so created shall automatically be included under this subchapter from its inception in accordance with rules adopted by the board.

(7) Each municipality employer shall pay the employer cost for its personnel employees pursuant to s. 40.15 (5), and may pay for all employees any part or all of the premium required to be paid by any employee employees pursuant to s. 40.15 (1). If a municipality an employer elects to pay the entire premium, it shall notify the board in writing of the month in which such election shall be in effect becomes effective. Notwithstanding Following any such election and notwithstanding s. 40.12 (2), a waiver of insurance filed by any employee of such municipality employer shall be revoked and such employe shall be insured commencing on the first day of the month in which such election becomes effective or on the first day of the month next following receipt of notice by the board, whichever is later. The board shall determine the method of administration including the procedure for the collection of premiums and municipality costs. The board shall provide for pooling the employer costs which shall be determined separately for all employees covered insured under this section.

(8) A resolution adopted pursuant to sub. (4) shall be in effect only if the board determines that 75% of the eligible per-
sonnel in employees of that municipality shall be covered at the time such resolution is effective. If a resolution is nullified by insufficient participation another resolution may be submitted after a lapse of 6 months from the previous filing.

(9) The terms "immediate annuity" and "disability annuity" shall also include any such annuity provided under a retirement system in that municipality of an employer as determined by the board.

SECTION 14. 40.26 of the statutes is amended to read:

40.26 DEPOSITING OF MONEYS. All moneys received by the state board pursuant to this subchapter shall be deposited with the state treasurer to the credit of s. 20.515 (2) (w) and as provided in s. 40.01.

SECTION 15. 40.41 (7) and (9) of the statutes are amended to read:

40.41 (7) Effective July 1, 1966, all services performed by teachers an individual in positions a position covered by the a retirement systems system under ch. 42, but who are is ineligible to be members a member of such a retirement system, shall be covered under the federal OASDHI system if such coverage is not prohibited by federal regulations. This shall not affect the status of members of the separate group of a retirement system under ch. 42 who became members of the separate group by reason of eligibility for a choice in 1957 pursuant to s. 38.24 (3) (d), 1967 Stats. 1957 stats. or 42.241 (4), 1967 Stats. 1957 stats.

(9) The director with the approval of the secretary shall, pursuant to sub. (2) or upon the submission to him of a certified copy of a resolution adopted by the governing body of any public agency in accordance with sub. (1), execute upon behalf of the state an agreement or modification of an agreement, with the secretary of health, education and welfare for the inclusion of a coverage group of the employees and officers of such public agency under the federal OASDHI system established by federal regulations in conformity with such resolution or in conformity with sub. (2) and in conformity with federal regulations. The state and each public agency included under such agreement or modification thereof shall be bound by federal regulations, and by rules promulgated under s. 40.43 including any rule requiring payment of interest. No such agreement or modification shall be executed after December 31, 1972, for the purpose of permitting one or more individuals to transfer individual choice from that part of a retirement system which is composed of positions of members who do not desire social security coverage to that part of a retirement system which is composed of positions of members who desire such coverage.

SECTION 16. 40.42 (1) of the statutes is amended to read:

40.42 (1) Each public agency included under an agreement made pursuant to this subchapter shall be liable for and shall make the contributions required of an employer under federal regulations. Payment by the state from the appropriation under s. 20.255 (1) (f) shall be made no more than 5 days after receipt by the department of administration of vouchers certified by the department of employee trust funds.

SECTION 17. 40.80 of the statutes is created to read:

40.80 MILITARY LEAVE CREDITS. (1) Creditable service or equivalent amounts of deposits shall be granted in accordance with s. 41.09 (3), 42.245 (1a) or 42.78 (1a), for active service in the U.S. armed forces after December 31, 1965, for participants in the
Wisconsin retirement fund, or after June 30, 1966, for members of a retirement system created under ch. 42, based on the total period of such service in the armed forces, provided:

(a) The participant or member enlisted or was ordered or inducted into active service in the armed forces of the United States; and

(b) The participant or member left the employment of a public employer covered by ch. 41 or 42 to enter such armed forces; and

(c) The participant or member returns to the employment of the public employer whose employment he left to enter such armed forces within 180 days of his release or discharge from such armed forces, or within 180 days of his release from hospitalization because of injury or sickness resulting from service in such armed forces; and

(d) The period of service in the armed forces is not more than 4 years, unless involuntarily extended for a longer period; and

(e) The participant or member was discharged from the armed forces of the United States under conditions other than dishonorable; and

(f) The participant or member upon his return from service in such armed forces furnishes such evidence as is required to establish his rights hereunder.

(2) In this section, "armed forces" means the U.S. army, including the WACS; the U.S. navy, including the WAVES; the U.S. air force, including the WAFS; the U.S. marine corps, including the WMS and the U.S. coast guard, including the SPARS.

SECTION 18. Chapter 41 (title) of the statutes is amended to read:

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SECTION 19. 41.01 (1) of the statutes is amended to read:

41.01 (1) PURPOSE. The purpose of this fund is to provide for the payment of annuities and other benefits to employees and to beneficiaries of employees of the state of Wisconsin and municipalities other public employers in the state, thereby enabling such employees to provide for themselves and their dependents in case of old age, disability and death, and thereby effecting economy and efficiency in the public service by furnishing an orderly means whereby employees who become aged or otherwise incapacitated may, without hardship or prejudice, be retired from active service.

SECTION 20. 41.02 (6) (b) of the statutes is amended to read:

41.02 (6) (b) Is employed by such employer in a position normally requiring actual performance of duty during not less than 600 hours a year in such municipality, except that a participating employee who is simultaneously employed by another participating municipality shall be included under the fund by such other participating municipality for his service thereto.

SECTION 21. 41.02 (6) (c) of the statutes is repealed.

SECTION 21m. 41.02 (7) of the statutes is amended to read:

41.02 (7) "Participating employee" means an employee other than an annuitant receiving a retirement annuity or a disability annuity who is currently in the service of a participating municipality, or an employee who is on a leave of absence, subject to the limitations
in s. 41.07 (1) (b), but after December 31, 1965, no person who becomes an employee or after the date he attains age 70 if not employed in a protective occupation, or age 63 if employed in a protective occupation, shall become a participating employee. After June 30, 1974, no person employed in a protective occupation who becomes an employee or after the date he attains age 58 shall become a participating employee.

SECTION 22. 41.02 (10) of the statutes is amended to read:

41.02 (10) "Group C participant" means a participant whose creditable current service determined pursuant to s. 41.09 for a participating municipality employer commences on or after January 1, 1966, or an annuitant or participant who, after December 31, 1965, again becomes a participating employee and is required by s. 41.09 (2) to be considered a new participant, but he shall be a Group C participant only with respect to his subsequent creditable service of such employer.

SECTION 23. 41.02 (10m) of the statutes is created to read:

41.02 (10m) "Group D participant" means a participant whose creditable service under the fund terminates on or after the effective date of this act (1971).

SECTION 24. 41.02 (11) (a) and (12) (i) of the statutes are amended to read:

41.02 (11) (a) "Protective occupation participant" means any participant whose principal duties involve active law enforcement or active fire suppression or prevention, provided such duties require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning. This definition is deemed to include any participant whose name is certified to the fund as provided in par. (d) and who is a conservation warden, conservation patrol boat captain, conservation patrol boat engineer, conservation pilot, conservation patrolman, forest fire control assistant, member of the state patrol, state motor vehicle inspector (if hired prior to January 1, 1968), policeman, including the chief and all other officers, fireman, including the chief and all other officers, sheriff, undersheriff, deputy sheriff, county traffic policeman, state forest ranger, or fire watchman employed by the Grand Army home for veterans, or who is determined by his participating employer (or by the department head in the case of a state employee) to meet the qualifications set forth in this paragraph.

(12) (i) Who are elected to office by vote of the people unless any such elected person requests the board in writing to be included within this fund. Any elected person included at his request shall be included during any subsequent term or part thereof which he may serve in the same office or in any other elective office in the same municipality or in any other participating municipality, and at all times while he is included shall be subject to the compulsory retirement provisions of s. 41.11 (4) while serving any participating employer. Persons so electing to participate shall be considered employees on the effective date of participation of the participating employer except as provided in s. 41.07 (1) (a) - (c), employer, but only if such election is received by the board within 90 days of such effective date and if such person was in the service of such participating employer on such effective date. In all other cases any person so electing to participate shall become an employee as of the first day of the month following the receipt by the board of notice of such election. The administrative determination to the effect that the compulsory retirement provisions in s. 41.11 (1) apply to all persons who have once elected or shall once elect to be included in accordance with this paragraph is hereby declared to express and confirm the intention of the legislature.
SECTION 25. 41.02 (14) of the statutes is amended to read:

41.02 (14) Any participating employee who originally obtained membership in the Wisconsin retirement fund under provisions of the statutes relating to supreme court justices, circuit judges, county judges, members of the state legislature or state constitutional officers who later accepts employment in a state position subject to this subchapter without the occurrence of a break in service will continue to have his retirement annuity computed in accordance with s. 41.11 (6) (c) 3. b. or s. 41.11 (6) (d) 3. b if eligible thereunder, providing said employee pays into the retirement fund a sum equal to the difference between the contributions required under s. 41.07 (2) (a) 3. or (am) 2 and the actual contributions said member employee made under s. 41.07 (2) (a) 1. for all service rendered under s. 41.07 (2) (a) 1. and providing he makes all future contributions to the fund pursuant to s. 41.07 (2) (a) 3. or (am) 2.

SECTION 26. 41.02 (18) of the statutes is amended to read:

41.02 (18) "Earnings" means an amount equal to the sum of the total amount of money earned by an employee of a municipality participating employer for personal services rendered to or for such municipality employer and the money value, as determined by rules prescribed by the governing body of the employing municipality, of any board, lodging, fuel, laundry and other allowances provided for such employee in lieu of money, but excluding uniforms purchased directly by the municipality employer, and excluding employer contributions for insurance and retirement. For any participating municipality employer earnings paid to the individual a participant directly by any other unit of government shall be excluded for that municipality employer.

SECTION 27. 41.02 (20) of the statutes is repealed.

SECTION 28. 41.02 (21) of the statutes is repealed and recreated to read:

41.02 (21) "Formula final rate of earnings" means:

(a) Except as provided in par. (b) or (c), the monthly rate of earnings obtained by dividing 1) the participant's total earnings received from a participating employer during the 5 calendar years (excluding any year more than 5 years prior to the effective date) in which such earnings were the highest during the calendar years preceding the January 1 following the date of his latest separation from the service of that employer by 2) the number of months of service creditable to him for such 5 years; if a participant has earnings for less than 5 such calendar years his formula final rate of earnings is the rate obtained by dividing his total earnings for all such years by the total number of months of his creditable service therefor; or

(b) If so elected by a participant, "formula final rate of earnings" means, but only with respect to any annuity computed for a participant for service as a supreme court justice, circuit judge, county judge, member of the legislature or state constitutional officer elected by vote of the people, one-twelfth of the annual statutory salary which would have been payable to such participant during the last completed month in which such participant was a participating employee in such a position if he had not been prohibited by law from receiving an increase in such salary during his term of office; or

(c) Except as provided in par. (b), "formula final rate of earnings" for a Group D participant means the monthly rate of earnings obtained by dividing 1) the participant's total earnings
received from all participating employers during the 3 calendar years (excluding any year more than 3 years prior to the effective date for any participating employer) in which such earnings were the highest during the calendar years preceding the January 1 following the date of his latest separation from the service of all such employers by 2) the number of months of service creditable to him for such 3 years; if a participant has earnings for less than 3 such calendar years his formula final rate of earnings is the rate obtained by dividing his total earnings for all such years by the total number of months of his creditable service therefor. The divisor in 2) shall not include more than one month for each calendar month in the divisor period. The board may adjust any computation hereunder as necessary to prevent any inequity which might otherwise exist if a participant has a combination of full-time and part-time service.

SECTION 29. 41.02 (23) and (24) of the statutes are amended to read:

41.02 (23) "Normal retirement date" means the day on which a participant attains the age of a) 60 years if he is or was a protective occupation participant; b) 62 years if he is or was a supreme court justice, circuit judge, county judge, member of the legislature, state constitutional officer elected by vote of the people, or a Group D participant who is or was a county or municipal officer elected by vote of the people; or c) 65 years otherwise; but after June 30, 1974, normal retirement date for each protective occupation participant means the day on which such participant attains the age of 55 years, and after June 30, 1969, for purposes of s. 41.11 (6) (e)–3–only, normal retirement date for each protective occupation participant means the day on which such participant attains the age of 55 years. The normal retirement date of any participant shall be determined by the employment classification category of the participant at—time and the applicable statutory provisions at the earlier of either the date it is necessary to make any determination or to take any action relative to such participant for purposes of the fund, or the date of termination of employment of the participant, notwithstanding the fact that a participant may have been in one or more different employment classification categories at any previous time. For purposes of computing the formula annuity under s. 41.11 (6) of a participant who has creditable service in 2 or more of the categories specified in s. 41.07 (2) (a) or (am), the normal retirement date for each such category shall be used to determine the amount of annuity to be paid with respect to creditable service in each such category.

(24) "Annuitant" means a person receiving a retirement annuity, beneficiary annuity or a disability annuity from this fund, including a person whose annuity has been suspended.

SECTION 30. 41.02 (25) of the statutes is repealed and recreated to read:

41.02 (25) (a) "Beneficiary" means the person, or a trust in which such person has a beneficial interest, so designated by a participant or annuitant in the last written designation of beneficiary on file with the board at the time of death.

(b) In the absence of a designation of beneficiary as provided in par. (a), or if no beneficiary so designated survives the participant or annuitant, the beneficiary shall be the person or persons surviving as next of kin of the participant, determined in the following sequence: group 1, widow or widower; group 2, child or children (including stepchild or legally adopted child), but the share of any deceased child shall be payable to the surviving spouse of that child, or to the surviving children of that child if there is no spouse, or otherwise to the other eligible children in this
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41.04 (1) (b) Consider and pass on all applications for annuities and benefits, authorize the payments of all annuities and benefits and terminate any such payment, all in accordance with ss. 41.81 – 41.10 this subchapter. Separation benefits, death benefits, retirement annuities, beneficiary annuities and disability annuities which do not involve any medical uncertainty as to the existence of a disability may be processed and paid upon the initial approval of the director and the actuary when his certification has been requested, but no such annuity shall be continued beyond the date of the meeting of the board next following the first payment thereof unless the payment of the annuity is then authorized by the board. The director with the approval of the legal advisor may sus-
Any elected state officer who was elected prior to August 30, 1957, but who was not eligible to be included under the fund before said date, and who, after such date and having served in such elective office continuously therefrom, files with the fund an election under s. 41.02 (12) (i) and within 60 days thereafter makes all normal contributions from January 1, 1957, to the first day of the month following the date of filing such election, shall be credited with prior service credits as of January 1, 1957, for eligible state service prior thereto at the rate of 2 times the employee credit for current service and with normal employee credits from January 1, 1957, to the first day of the month following the date of filing of such election. Any such election made after the effective date of this amendment (1971) shall result in the crediting, as of the date of payment in compliance with this paragraph, of creditable service for the period of time indicated in each case rather than in the crediting of prior service credits or employee credits.

(a) 1. Notwithstanding this section every county having a population of less than 500,000 which has not hitherto elected to
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become a participating municipality employer shall on January 1, 1962, be a participating municipality. Each such county may elect to provide prior service credits at rates equal to 2, 1 1/2 or one times the rate of county credits for current service. If any county fails to certify to the director of the fund the prior service credit rate which it has elected on or before January 1, 1962, the applicable rate for such county shall be 2 times the rate of county credits for current service employer.

SECTION 38. 41.05 (9) (c) of the statutes is repealed.

SECTION 39. 41.07 (1) (a) 2 and (b) of the statutes are amended to read:

41.07 (1) (a) 2. All such persons who become employees of any participating municipality employer after the effective date of participation of such municipality employer as provided in s. 41.05, beginning upon the first day of the calendar month following the date on which any such person has met all of the other qualifications for becoming a participating employee but beginning immediately for any former participating employee who is otherwise eligible.

(b) Every leave of absence granted by a participating municipality to a participating employee except a military leave shall automatically terminate at the end of 2 years for the purposes of this fund, except for the purposes of s. 41.09 (2), if not previously terminated by the participating municipality. No leave of absence shall be deemed to have been ended or interrupted by reason of the resumption of active duty until the participating employee has resumed active performance of duty for the participating municipality which granted such leave of absence for at least 18 working days within a period of 30 consecutive calendar days.

SECTION 40. 41.07 (1) (c) of the statutes is repealed.

SECTION 41. 41.07 (1) (d) of the statutes is amended to read:

41.07 (1) (d) Effective on January 1, 1969-[1970-]. employees of the Minnesota-Wisconsin boundary area commission are state employees for purposes of subchs. II and VI of ch. 40 and subch. I of ch. 41 provided if such employees, as a result of any agreement approved under s. 14.82, are not eligible to receive similar benefits from any other state covering the same period.

SECTION 42. 41.07 (2) (a) 6 of the statutes is repealed.

SECTION 43. 41.07 (2) (a) 7 of the statutes is amended to read:

41.07 (2) (a) 7. Additional contributions of such amount from any payment of earnings as are received for any participating employee, but not to exceed $2,000 in any calendar year. Each such amount shall be in even multiples of $1.

SECTION 44. 41.07 (2) (am) of the statutes is created to read:

41.07 (2) (am) Effective for earnings paid on or after January 1, 1974:

1. For each employee not otherwise specified, 5% of such earnings.

2. For each supreme court justice, circuit judge, county judge or state, county or municipal officer elected by vote of the people, 5-1/2% of such earnings.
3. For each protective occupation participant covered by the federal OASDHI system, 6% of such earnings.

4. For each other protective occupation participant, 8% of such earnings.

5. Additional contributions of such amount as are received for any employe.

SECTION 45. 41.07 (2) (b) and (c) of the statutes are amended to read:

41.07 (2) (b) Except as provided in par. (c) or (d) all normal contributions and additional contributions shall be deducted from each corresponding payment of earnings paid to each participating employe and shall be due and be deposited in the office of the board by the employing municipality employer not later than the end of the month in which the earnings are paid. The deductions from earnings of participating employes of the state of Wisconsin and the duplicate monthly report of earnings required by the fund shall be due and be deposited in the office of the board by the respective departments, boards or commissions in which such employes are employed not later than the end of the month in which the earnings are paid.

(c) For participating employees other than state employees, in lieu of the contributions required by par. (a) or (am), all or part of such contributions may be paid by the employing municipality employer: but all such payments of contributions shall be reported to the fund in the same manner as though deducted from the earnings of participating employes and shall be treated by the board as though contributed by participating employes, and all such payments of contributions made by the employing municipality shall be available for all retirement fund benefit purposes to the same extent as normal contributions which were deducted from the earnings of such participating employes. Action by any participating municipality to assume employe contributions as provided herein shall be by resolution adopted by a majority of all the members of the governing body of such participating municipality, and shall be effective on the following January 1, following receipt of a certified copy of such resolution by the fund taken at such time and in such form as is determined by the governing body of the participating employer.

SECTION 46. 41.07 (2) (d) of the statutes, as affected by ch. 125, laws of 1971, is amended to read:

41.07 (2) (d) Effective for earnings received after June 30, 1967, by each participating employe of the state, an amount equal to 2% of each payment of earnings shall be paid by the state, in lieu of an equal amount of the contributions required to be made by par. (a) or (am). The amount to be paid by the state under this paragraph shall be increased on July 1, 1969, to 2-1/2%, on January 1, 1970, to 3%, and on July 1, 1970, to 4% of each payment of earnings. Such payments by the state shall be credited to the account of each participating employe and shall be available for all retirement fund benefit purposes to the same extent as normal contributions which were deducted from the earnings of such participating employes. For purposes of computing retirement fund contributions and benefits and maintaining accounts, all earnings of state employes earned but not paid, prior to July 1, 1967, shall be deemed to have been paid prior to July 1, 1967.

SECTION 47. 41.08 (1) (a) 3 of the statutes is amended to read:
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41.08 (1) (a) 3. Upon termination of an annuity in accordance with s. 41.11 (12) (a) or 41.13 (2) (e), each participant whose annuity is so terminated shall be credited, as of the date such annuity is terminated, with additional, normal, municipality employer and prior service credits of amounts equal to the then present value of the portion of the terminated annuity which was originally provided by the corresponding type of credit. Upon receipt by the fund of reimbursement under s. 41.13 (4) of disability annuity payments paid to any participant, such participant shall be credited, as of the date of such receipt, with additional, normal, municipality employer and prior service credits of the same amounts as were accumulated in his accounts on the date of commencement of such annuity.

SECTION 48. 41.08 (1) (a) 6 of the statutes is repealed.

SECTION 49. 41.08 (1) (a) 7 of the statutes is amended to read:

41.08 (1) (a) 7. Notwithstanding any other provision of this section, any participating municipality employer other than the state may grant creditable prior service credits to any participant participating employer who has been employed by such participating municipality employer for not less than 15 years (whether before or after the effective date for such participating municipality) employer, but who, as a result of action by the governing body of such participating municipality, was not an employee of such participating municipality employer on the effective date, provided that if such participating employer returned to the employment of such participating municipality employer within 4 years following such effective date, when a participating municipality employer desires to grant any such creditable prior service credits to the participating municipality employer shall so certify to the fund and shall furnish all information necessary to make a determination of the amount of such creditable prior service. The present value of the creditable prior service thus granted shall be paid by the participating employer which grants such service within 30 days after the date of notification by the governing body of the amount due, but such amount shall not be considered an employer contribution for purposes of s. 41.05 (9) (b).

SECTION 50. 41.08 (1) (a) 13 of the statutes is repealed.

SECTION 51. 41.08 (1) (a) 16 of the statutes is created to read:

41.08 (1) (a) 16. Any state participating employe who has not received prior service credit, who had at least 5 continuous years of eligible state service prior to January 1, 1948, including any period of military service by such a participating employee who left the service of the state to enter the armed forces and who returned to state service not more than 90 days after his release from military service, and who has been a participating employee continuously for 5 years or more immediately prior to the effective date of this subdivision (1971), shall be granted creditable service for such eligible state service and military service prior to 1950 as of said effective date. Such creditable service shall be granted only if any such participating employee within 60 days of the effective date of this subdivision (1971) contributes to the fund as a normal contribution any amounts previously withdrawn from the former state employees' retirement system, together with interest on such amount compounded annually at the effective rate of interest from January 1, 1948, to the date of such contribution.

SECTION 52. 41.08 (1) (b) 3, 4 and (2) (b) of the statutes are amended to read:
41.08 (1) (b) 3. All balances at the beginning of any year, and all amounts credited to participants during the year in accordance with par. (a) 3, not remaining in such accounts at the end of the year because of the granting of annuities or death benefits during the year, shall be increased with interest, on the first day of the month in which the first annuity or death benefit payment is due, for each full month elapsed between the first day of the year or the date of credit, as the case may be, and the first day of the month in which such first annuity or death benefit payment is due, at one-twelfth of the effective prescribed rate of interest for the preceding year.

4. Upon the granting of a retirement annuity, a disability annuity, a death benefit or a separation benefit, all of the accumulated credits and the creditable service of such participant shall thereupon be terminated and no further right to such credits shall exist other than the right to such annuity or benefit so granted except as provided by s. 41.14 (2) (c), (d) and (e).

(2) In each such case the earnings computed under sub. (1) (a) 1 shall be adjusted to reflect any salary increase or salary adjustment which would have altered the rate of earnings during the period of the 3 calendar years immediately preceding the effective date if such employment had not been interrupted by service in the armed forces. Whenever because of service in the armed forces an employee shall have no earnings as computed under sub. (1) (a) 1, then the rate of earnings shall be computed by dividing the earnings during the last 12 calendar months of municipal employment by 12, and such rate of earnings shall be adjusted as provided in this paragraph.

SECTION 53. 41.09 (1) of the statutes is amended to read:

41.09 (1) The creditable service of each participant at any time prior to January 1, 1966, shall be the sum of his periods of prior service and current service as a participating employee as determined pursuant to the applicable statutes and rules. The period of creditable service of a participant after 1965 shall be the number of years and completed months of service for which he receives earnings until his employment is terminated, but not including any period subsequent to the end of the calendar quarter in which he attains the age of 65 years if he is in a protective occupation, or the age of 70 years otherwise, including any period covered by a payment which could be considered earnings if the participant was alive during such period. The board shall fix and determine by proper rules how much service in any year is equivalent to one year of creditable service. Effective July 1, 1974, no protective occupation participant shall receive creditable service for any period after June 30, 1974, which is subsequent to the end of the calendar quarter in which such participant attains the age of 65 years.

SECTION 54. 41.09 (2) of the statutes is repealed and recreated to read:

41.09 (2) A participant shall be considered as a separate participant with respect to service within each of the classes of participating employees described in s. 41.07 (2).

SECTION 55. 41.09 (3) of the statutes is repealed and recreated to read:

41.09 (3) Creditable service for active service in the U.S. armed forces after December 31, 1965, shall be granted as provided in s. 40.80, determined and credited as follows:
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(a) Creditable prior service shall be granted only to a participant who is otherwise eligible and who was an employee on the effective date of participation of his employer. Such creditable prior service shall be credited as of the date of return to employment in accordance with s. 40.80 (1) (c).

(b) Creditable current service shall be credited as of the date of return to employment in accordance with s. 40.80 (1) (c).

(c) Notwithstanding any other provision of this subchapter any state participant who has creditable service for not less than 20 years, exclusive of any period of active service in the armed forces of the United States and any period of civilian war department service previously credited, shall be granted creditable service, but not to exceed 4 years, for the actual period of active service in the armed forces of the United States as defined in s. 40.80 (2) which meets the standards under s. 40.80 (1) (e).

SECTION 56. 41.09 (4) of the statutes is amended to read:

41.09 (4) Notwithstanding any other provision of this section, any participating municipality employer may provide by resolution for the inclusion in the creditable prior service of its participating employees' periods of employment by another municipality employer from whose area or any part thereof the area governed by the participating municipality employer was created, or by another municipality employer all or part of whose area is included within the area governed by such participating municipality. In such event, the governing body of the participating municipality shall certify to the fund all periods of service and the earnings received by the employee which are needed to compute the creditable service of said employee as though accrued as an employee of the participating municipality employer. The present value of the creditable service thus granted shall be paid by the participating employer which grants such service within 30 days after the date of notification by the board of the amount due, but such amount shall not be considered an employer contribution for purposes of s. 41.05 (9) (b).

SECTION 56m. 41.09 (5) of the statutes is amended to read:

41.09 (5) The computation of the creditable prior service of a person who was an employee on the effective date shall include all previous service for such municipality, including service as an elective or appointive official or as an employee, if such service or employment conformed to the requirements of s. 41.02 (6) ; but after December 31, 1965, in no case shall creditable prior service include any service rendered after the end of the calendar quarter in which a participant attains the age of 63 years if he is a protective occupation participant or the age of 70 years otherwise; but after June 30, 1974, in no case shall creditable prior service include any service rendered after the end of the calendar quarter in which a protective occupation participant attains the age of 65 years.

SECTION 57. 41.09 (9) of the statutes is created to read:

41.09 (9) The creditable service of every supreme court justice and circuit or county judge shall include all periods of service as a supreme court justice, circuit judge or county judge, or as full-time judge of a court of record, municipal or inferior, or as a member of the legislature, or as a state constitutional officer elected by vote of the people, but excluding any such period of service for which credit has been granted under any other public retirement system in this state except as provided in s. 41.03 (6) (n). The creditable service of each circuit judge and county judge who has received any supplemental salary pursuant to s. 252.071 or
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253.07 (2) shall also include, for the county which paid such salary, a period equal to the total period of service as a circuit judge or county judge in such county.

SECTION 61. 41.10 (6) of the statutes is amended to read:

41.10 (6) Whenever the existence of any participating municipality employer is terminated because of consolidation or for any other reason, which employer thereafter includes the area has responsibility for the governmental functions of such terminated municipality previous employer shall be liable for all contributions payable to the fund by such municipality previous employer. If the territory of such former participating municipality previous employer is attached to 2 or more municipalities employers, the total accumulation account of such former participating municipality previous employer shall be allocated to such municipalities employers in proportion to the equalized valuation of each area so attached. The amount of such allocations to the respective municipalities employers shall be certified by the board of trustees of the fund to the clerk of each such municipality employer. If the municipality employer to which the territory is so added whom such an allocation is made is or becomes a participating municipality employer the allocation so certified to the clerk shall be added to its the accumulation account of such employer. If the municipality to which employer who becomes responsible for any part of the former municipality is added territory of the previous employer is not a participating municipality employer the contribution required to liquidate the allocated accumulation account shall be made by the successor municipality employer as an annual payment not later than May 1 in each year following a certification which shall be made by the board in conformity with sub. (2) (a). Whenever such obligation is discharged pursuant to law, the board shall refund any overpayment.

SECTION 62. 41.105 of the statutes is created to read:

41.105 ADJUSTED EMPLOYER CONTRIBUTIONS. (1) Effective for earnings paid after December 31, 1973, each participating employer shall make contributions to the fund as follows:

(a) For current service, the percentage of each payment of earnings made to each participating employe determined as provided in sub. (2).

(b) For disability, the percentage of each payment of earnings made to each participating employe determined as provided in sub. (2), as required to provide the excess, if any, of the present value of the disability benefits expected to be granted during such year over the present value of the annuities which would be payable under s. 41.11 in the absence of the minimum age and amount requirements thereof, adjusted for any surplus or deficiency pursuant to s. 41.20 (1) (b).

(c) The uniform annual amount required, after allowance for anticipated employe separations, at the prescribed rate of interest, to amortize over the period of 40 years following December 31, 1973, or the effective date if later, the amount by which the then present value of all future benefits of the then participants of the employer, other than benefits financed by employe contributions and benefits financed pursuant to par. (b), exceeds the then present values of:

1. All future contributions by the employer with respect to such participants pursuant to par. (a); and

2. The then balance of the employer's accumulation account.
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(d) Advance contributions of such amounts as are determined by any participating employer for the purpose of reducing any existing liability under par. (c).

(2) The contributions required under sub. (1) (a) and (b) shall be expressed as a percentage of the earnings of each participating employer, and shall be determined as though all employees of all participating employers are employees of a single employer. Such determinations shall also be made in such a manner as to require the use of one percentage rate with respect to the earnings of all protective occupation participants and a separate percentage rate with respect to the earnings of all other participants. Such rates shall be determined on the basis of the information available at the time such determinations are made, and on such assumptions as the actuary recommends from time to time and the board approves. The percentage under sub. (1) (a) for 1974 and subsequent years shall be computed by the frozen initial liability valuation method.

(3) The amounts and percentage rates determined hereunder shall become effective, after certification by the board, as of the beginning of the calendar year to which they are applicable and shall remain in effect during such year, except that the director upon the written certification of the actuary may change any amount determined under sub. (1) (c) during any calendar year for the purpose of reflecting in such amount any reduced obligation which results from any payment of advance contributions.

(4) The amount of each municipality contribution shall be the sum of one-twelfth of the annual amount determined under sub. (1) (c), plus the amount determined by applying the proper percentage rate as determined in accordance with sub. (2) to the total of all earnings paid to employees on each pay day, and all such amounts shall be due and be deposited in the office of the board by the employer not later than the end of the month in which earnings are paid. Such contributions shall be made by the state from the respective funds from which the salaries are paid to the employee for whom such contributions are being made; the heads of the respective state departments and agencies which make the salary deductions in accordance with s. 41.07 (2) (b) shall, at the time that said salary deductions are sent to the board, determine the amount of the corresponding employer contribution and shall indicate the amount of such contribution on the monthly report submitted in duplicate to the fund. The fund shall transmit one copy of such monthly report to the department of administration together with a voucher for payment to the retirement fund from the appropriate state funds of the amounts payable thereto as indicated by the reports so submitted. Thereupon the department of administration shall promptly approve such voucher for payment and the state treasurer shall forthwith issue his check therefor to the retirement fund.

(5) The provisions of s. 41.10 (5), (6) and (8) shall continue in effect after December 31, 1973, but may be adjusted by the board as necessary to carry out the purpose of this section.

SECTION 63. 41.11 (1) (a) of the statutes is renumbered 41.11 (1) and amended to read:

41.11 (1) Any participating employee, except an appointed state officer elected by the vote of the people, who has reached his normal retirement date on the effective date for his employer shall be retired at the end of his first calendar quarter year as a participating employee and any participating employee, except an officer elected by the vote of the people, who reaches his normal retirement date shall be retired at the end of the calendar quarter year in which such date occurs, unless written notice is received by the board certifying that the governing body of the municipality by which such employee is employed has specifically authorized such
41.11 (6) (d) Notwithstanding paragraphs (b) and (c), the initial amount of retirement annuity in the normal form of a Group D participant shall not be less than the sum of the following:

3. c. For each participant subject to subch. VI of ch. 40 for creditable service as a protective occupation participant, \(-1\frac{1}{3}\) of one per cent of his formula final rate of earnings, plus one-sixth of one per cent of his final excess OASDHI earnings, if any, but for any annuity initially approved by the board after June 30, 1969, such amount shall be \(-1\frac{1}{3}\) of one per cent of his formula final rate of earnings, plus one-fifth of one per cent of his final excess OASDHI earnings, if any;

3. d. For each participant not subject to subch. VI of ch. 40 for creditable service as a protective occupation participant, \(-\frac{3}{4}\) of one per cent of his formula final rate of earnings, less one-fourth of one per cent of his final excess OASDHI earnings, if any, but for any annuity initially approved by the board after June 30, 1969, such amount shall be \(-\frac{2}{5}\) of one per cent of his formula final rate of earnings, less three-tenths of one per cent of his final excess OASDHI earnings, if any.

SECTION 66. 41.11 (6) (d) of the statutes is created to read:

41.11 (6) (d) Notwithstanding paragraphs (b) and (c), the initial amount of retirement annuity in the normal form of a Group D participant shall not be less than the sum of the following:
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1. The annuity which can be provided from the accumulated additional credits of the participant;

2. The annuity which can be provided from a sum equal to 200% of the excess accruing after December 31, 1965, of a) his accumulated normal credits reserved for a variable annuity over b) the amount to which such credits would have accumulated if not so reserved, but if item a) is less than item b), the annuity shall be reduced by the amount which could be provided by a sum equal to 200% of the deficiency; and

3. An annuity computed on the basis of the earnings and creditable service of the participant, if the annuity begins on or after the normal retirement date of a participant (or, if the annuity begins prior to the normal retirement date of the participant the annuity computed as provided in this subdivision but reduced as recommended by the actuary and approved by the board by a percentage of the amount thereof for each month or major portion thereof between the beginning date of his annuity and his normal retirement date), determined by multiplying the number of years of his creditable service by the following amount:

   a. For each participant for creditable service of a type not otherwise specified in this subdivision, 1.3% of his formula final rate of earnings;

   b. For each participant for creditable service as a supreme court justice, circuit judge, county judge, or state, county or municipal officer elected by vote of the people, 1.8% of his formula final rate of earnings;

   c. For each participant subject to subch. VI of ch. 40 for creditable service as a protective occupation participant, 1.8% of his formula final rate of earnings;

   d. For each participant not subject to subch. VI of ch. 40 for creditable service as a protective occupation participant, 2.3% of his formula final rate of earnings.

4. The initial amount of any annuity determined under subd. 3 in the normal form shall not exceed the amount which, when added to the primary or disability insurance benefit for which he is eligible or for which he will be eligible upon attaining the lowest age at which old-age benefits are payable under the OASDHI program, equals 80% of the participant's formula final rate of earnings. If a participant does not receive such OASDHI amount by reason of his failure to apply therefor or by virtue of the suspension thereof, he will notwithstanding such fact be deemed to receive such amount. If a participant fails to establish the amount of, or his eligibility for, such OASDHI benefit, determination thereof shall be made by the board on such basis as the board, by rule, establishes. If any participant is eligible for an annuity based on service for more than one participating employer, his formula final rate of earnings for purposes of this subdivision shall be the sum of his formula final rate of earnings for all participating employers.

SECTION 67. 41.11 (6) (f) of the statutes is amended to read:

41.11 (6) (f) The normal or ordinary form of retirement annuity is a modified cash refund annuity which provides for a death benefit equal to the excess, if any, of the accumulation from the member's additional and normal credits at the commencement of the annuity over the total amount of the annuity payments to date of death an annuity payable monthly for the life of the annuitant with a guarantee of 60 monthly payments.
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SECTION 68. 41.11 (7) of the statutes is repealed and recreated to read:

41.11 (7) OPTIONAL RETIREMENT ANNUITIES. Any participant who is eligible to receive a retirement annuity in the normal form as provided in sub. (6) may elect to receive the actuarial equivalent thereof in one of the following optional annuity forms, or in any optional form provided by rule adopted by the board, but any such optional form shall be based on actuarial equivalent values with due regard to selection against the fund:

(a) As a straight-life annuity terminating at the death of the annuitant.

(b) As a retirement annuity payable monthly for the life of the annuitant with a guarantee of 180 monthly payments.

(c) As an annuity payable monthly for the life of the annuitant, and after the death of the annuitant, monthly payments of 75% of the amount of the annuity paid to the annuitant to be continued to such one beneficiary during life as the participant shall have designated in his original application for an annuity.

(d) As a reduced annuity payable monthly for the life of the annuitant, plus a temporary annuity payable monthly but terminating with the payment for the month in which the annuitant attains age 62. It is the intent of this option that so far as is practicable the aforesaid life annuity and temporary annuity shall be determined in such relative amounts that the annuitant's total anticipated benefits from the fund and from his primary OASDHI benefit will be the same each month both before and after attainment of age 62, assuming that the annuitant has no further wages credited to his account under the federal OASDHI system after ceasing to be a participating employee. An annuity granted under this paragraph shall include a guarantee of 60 monthly payments, but each monthly payment due after the death of the annuitant shall be in the same amount as the annuity which would have been paid in such month to the annuitant if living.

SECTION 69. 41.11 (8), (9) and (10) of the statutes are repealed.

SECTION 70. 41.11 (8) of the statutes is created to read:

41.11 (8) If the retirement annuity in the normal form which could be provided under sub. (6) from all available credits is less than $10 monthly, such retirement annuity shall not be paid, but in lieu thereof the then present value of such retirement annuity shall be paid in a single sum.

SECTION 71. 41.11 (11) of the statutes is renumbered 41.11 (11) and amended to read:

41.11 (10) LUMP SUM PAYMENT IN LIEU OF ANNUITY. Notwithstanding any other provision of this subchapter, any participant who is eligible to receive an ordinary annuity in the normal form of less than $25 per month under sub. (6) may elect in lieu of such annuity, to receive a separation benefit as provided in s. 41.16 the then present value of such retirement annuity in a single sum.

SECTION 72. 41.11 (11) of the statutes is created to read:

41.11 (11) (a) Upon the death of an annuitant receiving a retirement annuity which provides a guaranteed number of monthly payments, monthly payments shall be continued to one beneficiary, or be divided as specified by the annuitant, and equally if not speci-
4. The amount of the monthly payments to the beneficiary is less than $25; or

5. At the death of the annuitant the remainder of the period for which payments are guaranteed is less than 12 months.

(c) Any beneficiary entitled to receive monthly payments of less than $25 as of the effective date of this subsection (1971), may elect at any time to receive the then present value of the remainder of his annuity.

SECTION 73. 41.11 (12) (b) of the statutes is amended to read:

41.11 (12) (b) Upon subsequent retirement, the annuity of a former annuitant shall be computed in the same manner and the annuitant shall be required to accept the same optional form of annuity as that under which he initially retired, and if such annuity is an optional annuity provided under sub. (b), (f), (g), the same beneficiary must be designated, but this sentence shall not apply if the creditable service of the participant for employment after his reentry into service exceeds his creditable service for previous employment. The amount determined under sub. (6) (c) 3 or (d) 3 upon any subsequent retirement shall be reduced by the amount of annuity that can be provided, on the earlier of the subsequent retirement date or the normal retirement date of the participant, by the sum of the aggregate annuity payments as determined under sub. (6) (c) 3 or (d) 3 made to the participant prior to his normal retirement date.

SECTION 74. 41.11 (12) (c) of the statutes is created to read:

41.11 (12) (c) If any participant receiving a retirement annuity which was approved after the effective date of this paragraph (1971) receives from any participating employer earnings for personal services, including services performed on a contractual basis, his annuity shall be terminated as of the end of the month prior to the date on which the total of such earnings received in any calendar year exceeds 6 times his formula final rate of earnings. For purposes of this subsection, earnings are considered received as of the date on which such earnings would normally be paid.

SECTION 74m. 41.11 (13) of the statutes is amended to read:

41.11 (13) NOTICE OF EMPLOYMENT. Whenever any participating municipality employer employs any person who is entitled to receive a retirement annuity from the fund, and who was formerly an employee of that municipality, the municipality employer shall give written notice of such employment to the fund within 15 days of the date of such employment specifying in such notice the name of the employe, his birth date and the date when his new employment began.
SECTION 75. 41.12 (1) (a) and (4) (a) of the statutes are amended to read:

41.12 (1) (a) Any participating employe may by written notice to the board elect to provide for a variable annuity through a segregation of credits in his account to be accumulated from future contributions. Such notice to be effective upon becoming a participating employe. Such notice of segregation is effective as of the beginning of the calendar quarter year following its receipt by the board except that a notice received by the board during the first calendar quarter year of employment shall be effective as of the beginning date of such employment.

(4) (a) Any participating employe who has acted pursuant to sub. (1) may by written notice to the board elect that one-half of the credits accumulated in accounts in his name as of December 31 prior to the effective date of the election under sub. (1) be segregated for a variable annuity. The aggregate amount so segregated shall be made in 5 equal annual instalments except that if such annual instalments would be less than $1,000 the annual instalment shall be the lesser of $1,000 or the amount required to complete the transfers. No election may be made under this subsection after December 31, 1972.

SECTION 75m. 41.12 (6) (b) of the statutes is amended to read:

41.12 (6) (b) Credits segregated for a variable annuity at the beginning of each year and all amounts so segregated within the year pursuant to sub. (4), or because of reestablishment of credit after cancellation of an annuity, not remaining in such accounts at the end of the year because of the granting of annuities or death benefits during the year shall be credited with interest, on the first day of the month in which the first annuity or death benefit payment is due, for each full month elapsing between the first day of the year or the date of credit, as the case may be, and the first day of the month in which such first annuity or death benefit payment is due, at one-twelfth of the effective prescribed rate of interest for the previous year.

SECTION 76. 41.12 (8) (c) and (d) of the statutes are repealed.

SECTION 77. 41.13 (2) (a) 1 and (c) (intro.) and 1 of the statutes are amended to read:

41.13 (2) (a) 1. Any protective occupation participant who is a participating employe who has not attained age 60, but after June 30, 1969, who has not attained age 55, any Group D participant who is a participating employe in a position specified in s. 41.11 (6) (a) who has not attained age 62, and any other participating employe who has not attained age 65 and is totally disabled, either mentally or physically, by a disability which is likely to be permanent. A person shall not be deemed to be disqualified solely because he is able to perform the duties of any position for which the compensation does not exceed $1,200 - $2,000 in any calendar year. "Totally disabled" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of permanent duration. The participating municipality employer shall certify to the board that the participating employe is unable to continue in employment because of a total disability of such a nature as to reasonably prevent performance of the duties of any position and as a consequence is not entitled to any earnings from such municipality employer. For the purposes of this subsection a
41.13 (2) (fl If any annuitant receiving a disability annuity
receives earnings from any source whatsoever for personal services,
including services performed on a contractual basis, his disability
annuity shall be suspended as of the end of the month prior to the
date on which the total of such earnings received in any calendar
year exceeds $2,000. Any disability annuity so suspended shall be
reinstated on January 1 following the date of suspension, or, if
earlier, on the first day of the month following the date of termi-
nation of such personal services. An annuity which is reinstated in
any calendar year on a date other than January 1 thereof shall be
suspended again for any subsequent month thereof in which the dis-
ability annuitant receives any amount of such earnings for personal
services. For purposes of this paragraph earnings are considered

(c) (intro.) The amount of any disability annuity shall be the
greater of the following, determined as provided in this paragraph
and in accordance with the prescribed rate of interest and the actu-
arial tables in effect on the date of initial approval, as provided
in s. 41.04 (1) (b) or on the date of approval by the board if ini-
tial approval is not granted pursuant to s. 41.04 (1) (b):

1. The amount of the annuity to which he a participating employe would be entitled under s. 41.11 (6), or to which he would
be entitled except for the age requirement of s. 41.11 (6) (a).

SECTION 78. 41.13 (2) (c) 2 of the statutes is repealed and
recreated to read:

41.13 (2) (c) 2. The amount of the annuity that can be pro-
vided from the accumulation of additional credits, plus the lesser
of the following amounts: 50% of the participant's formula final
rate of earnings, or 1.3% of such formula final rate of earnings,
but 1.8% of such formula final rate of earnings of a participant
whose normal retirement age is 62 or of a protective occupation par-
ticipant who is subject to subch. VI of ch. 40, but 2.3% of such
formula final rate of earnings of a protective occupation partici-
pant who is not subject to subch. VI of ch. 40, multiplied by the
number of years of creditable service, including in the latter
assumed service between the date the disability occurred and the
date on which the applicant will attain the age applicable to him
under par. (a) 1. The number of such years shall be determined to
the nearest full year.

SECTION 79. 41.13 (2) (e) of the statutes is amended to read:

41.13 (2) (e) If the report of any such physician indicates
that the annuitant has recovered from disability and is able to per-
form the duties of any regular position for which the annual compen-
sation exceeds $1,200, $2,000, or if the annuitant refuses to submit
to such examination, the disability annuity shall terminate as of
the end of the month previous to the date of determination by the
board of such recovery or refusal.

SECTION 80. 41.13 (2) (f) of the statutes is repealed and
recreated to read:

41.13 (2) (f) If any annuitant receiving a disability annuity
receives earnings from any source whatsoever for personal services,
including services performed on a contractual basis, his disability
annuity shall be suspended as of the end of the month prior to the
date on which the total of such earnings received in any calendar
year exceeds $2,000. Any disability annuity so suspended shall be
reinstated on January 1 following the date of suspension, or, if
earlier, on the first day of the month following the date of termi-
nation of such personal services. An annuity which is reinstated in
any calendar year on a date other than January 1 thereof shall be
suspended again for any subsequent month thereof in which the dis-
ability annuitant receives any amount of such earnings for personal
services. For purposes of this paragraph earnings are considered
received as of the date on which such earnings would normally be paid.

SECTION 81. 41.13 (3) (b) 1 and 2 of the statutes are amended to read:

41.13 (3) (b) 1. Have attained age 55, but have not attained age 60, but after June 30, 1969, have attained age 50, but have not attained age 55; and have been a participating employee for not less than 15 years in the municipality by which he is employed; and

2. Have established by medical evidence that he has become physically or mentally disabled after the attainment of the applicable minimum age specified in subd. 1, to such an extent that he can no longer efficiently and safely perform the duties required by his position, and that such condition is unlikely to improve be permanent.

SECTION 82. 41.13 (3) (c) of the statutes is repealed and recreated to read:

41.13 (3) (c) Benefit. Any participant who qualifies under this subsection shall receive a special disability benefit determined as provided in sub. (2) (c).

SECTION 83. 41.13 (3) (h) of the statutes is amended to read:

41.13 (3) (h) No payments shall be made under this subsection for any period as to which payments are being made under sub. (2). Payments under par. (e) 2. this subsection shall be suspended for any period during which the annuitant is employed in a law enforcement or fire fighting capacity in Wisconsin this state by any municipality employer as defined in s. 41.02 (4).

SECTION 84. 41.13 (5) of the statutes is created to read:

41.13 (5) DISAPPROVAL: REAPPLICATION. If an application for any disability annuity is disapproved, the filing date of such application may be used as the filing date of a subsequent application for a retirement annuity or for a separation benefit, but only if the use of such date would prevent the direct loss of benefits or undue delay into the payment of a benefit based on the subsequent application.

SECTION 85. 41.14 (1) (b) of the statutes is amended to read:

41.14 (1) (b) Any death benefit may be paid in the form of as a beneficiary annuity subject to s. 41.15 (1), or in the form of as a single cash sum, as specified by the participant or annuitant in a the last written notice received by the board prior to his death or, in the absence of such written notice by the participant or annuitant, as specified by the beneficiary in the application for the death benefit.

SECTION 86. 41.14 (1) (d) of the statutes is created to read:

41.14 (1) (d) For purposes of this section:

1. A participant is deemed a participating employee on the date of his death if he is then an applicant for a retirement annuity whose application was received by the board within 30 days after he ceased to be a participating employee, and who would have been entitled to such annuity had he lived.

2. A participant is deemed a participating employee on leave of absence, subject to the limitations of s. 41.07 (1) (b), if the participating employer for which he last performed services as a
participating employee has not filed notice of the termination of his employment, notwithstanding the fact that no formal leave of absence is in effect.

3. If the death of a participating employee on leave of absence, other than a leave for purposes of military service, arises from employment by any employer other than a participating employer, his employment shall be deemed to have terminated and he shall not be considered a participating employee on the date of his death.

4. Every participant is deemed to become an annuitant immediately upon the approval of his application for a retirement or disability annuity if he is living at the time of such approval.

5. Any underpayment or overpayment of a death benefit which does not exceed $5 shall not be corrected unless requested by a beneficiary, but shall be credited or debited to the reserve for interest if in the fixed division or to the reserve for net gain and loss if in the variable division.

SECTION 87. 41.14 (2) (a) of the statutes is repealed and recreated to read:

41.14 (2) (a) Upon the death of a participant, the amount equal to the accumulated normal and additional credits of such participant on the date of his death, plus the sum of the accumulated prior service credits and employer credits in his account at December 31, 1965, compounded to the first day of the month in which such death occurs at the effective rates of interest as determined from year to year, or in the case of amounts segregated in the variable annuity division, at the rates of net gain or loss credited or debited to individual accounts in the variable annuity division. No benefit shall be payable under this paragraph unless the participant at the date of his death was:

1. A participating employee;

2. A participant who was receiving a benefit under s. 66.191, but who was not an annuitant;

3. A participant, other than an annuitant, who has some creditable service in each of not less than 15 calendar years;

4. A participant who was currently contributing to a teachers retirement fund or system under ch. 42, or who would have been contributing to such a fund or system except for the attainment of age 70.

SECTION 88. 41.14 (2) (b) and (c) of the statutes are amended to read:

41.14 (2) (b) Upon the death of a participant, other than an annuitant or a participant whose beneficiary or beneficiaries are entitled to receive a death benefit under par. (a), (f) or (g) the amount equal to the sum of the accumulated normal and additional credits of the participant as of the time of his death.

(c) Upon the death of a person receiving a disability or retirement annuity other than an annuity under s. 41.14 (7) or (8), or a person who had been granted a disability or retirement annuity which had not commenced, the excess of the sum of the accumulated additional and normal credits of such annuitant which were used at the time the annuity began to provide the disability or retirement annuity, over the sum of all annuity payments to which he had become entitled prior to his death; but if the beneficiary to whom a death benefit is payable is a wife, minor child (including
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stepchild or legally adopted child) or dependent husband, or a trust in which such beneficiary has a beneficial interest, the death benefit shall be as follows, if greater:

1. If such death occurs prior to the normal retirement date of the annuitant, the single cash sum which, at the date of death of the annuitant, is actuarially equivalent to a beneficiary annuity (terminating in the case of a minor child at the end of the month in which such child attains age 21) of the monthly amount to which such beneficiary would have become entitled if the death of the participant had occurred on the day prior to the date on which the disability annuity commenced, and if the death of any beneficiary who failed to survive the annuitant had occurred prior to said date; or

2. If such death occurs on or after the normal retirement date of the annuitant and prior to the 5th anniversary of such date, the single cash sum which, at the date of death of the annuitant, is actuarially equivalent to an annuity of the same monthly amount as would be payable to the annuitant but terminating as of the end of the month in which occurs the 5th anniversary of the normal retirement date of the annuitant, but if the beneficiary is a minor child such date of termination shall not be later than the end of the month in which such child attains age 21.

SECTION 89. 41.14 (2) (d), (e) and (em) of the statutes are repealed.

SECTION 90. 41.14 (2) (f) and (g) of the statutes are amended to read:

41.14 (2) (f) Upon the death of a participating employe within 3 years after credits have been re-established in his account pursuant to s. 41.08 (1) (a) 3, in lieu of any death benefit otherwise payable, the excess of the accumulated normal and additional credits used to provide the terminated annuity over the sum of all annuity payments to which the employee had become entitled, to which shall be added the amount of the accumulations on the date of death from the normal and additional contributions made by him after the date of the termination of his annuity the amount determined in accordance with par. (a), (b) or (g), but the amount so determined shall be reduced by the sum of all disability or retirement annuity payments received by such employe; but the amount so determined shall not be less than the accumulations from the normal and additional contributions made by the participant after the date of the most recent termination of his annuity.

(g) Upon the death, after December 31, 1965, of a participating employe who has attained the age of 60 years, or upon the death after June 30, 1969, of a protective occupation participant who has attained age 55, if par. (f) is not applicable, and if the beneficiary to whom a death benefit is payable is a spouse, child under age 21 or child age 21 or older if handicapped (including a legally adopted child or a stepchild), child age 21 or older if handicapped, or other dependent of such participating employe, as determined by the board, or a trust in which such beneficiary has a beneficial interest, the present value at the day following the date of such death of the life annuity to the beneficiary which would have been payable in the absence of the $10 minimum annuity provision of s. 41.11 (6) (a) 2, if the participating employe had been eligible to receive a retirement annuity beginning on the date of his death and had elected to receive such annuity in the form of a joint and survivor annuity providing the same amount of annuity to the surviving beneficiary as the reduced amount payable during his lifetime, but if there is more than one such beneficiary the amount of such annuity and its present value will be determined as if the oldest of such beneficiaries were the sole beneficiary. Payment hereunder shall be completely in lieu of any payment to such beneficiary under
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par. (a), but if the death benefit payable to such beneficiary
under this paragraph would be less than the amount determined under
par. (a) the death benefit shall be payable under par. (a) and
this paragraph shall not be applicable to such beneficiary.

SECTION 91. 41.15 (1) of the statutes is repealed and
recreated to read:

41.15 (1) (a) A death benefit may be paid as a beneficiary
annuity, if:

1. The amount of the death benefit is sufficient to provide a
beneficiary annuity in the normal form of at least $25 monthly; and

2. The beneficiary or the participant has elected to have the
death benefit paid as a beneficiary annuity.

(b) The normal form of beneficiary annuity is an annuity pay-
able monthly for the life of the beneficiary, with a guarantee of 60
monthly payments. All of those provisions of s. 41.11 (11) relating
to an annuitant shall also apply to a beneficiary annuitant.

SECTION 92. 41.15 (1a) of the statutes is repealed.

SECTION 93. 41.15 (3) of the statutes is amended to read:

41.15 (3) The amount of any beneficiary annuity shall be that
which can be provided from the death benefit on the date such annu-
ity begins, determined in accordance with the prescribed rate of
interest and the approved actuarial tables in effect on the date of
approval of such annuity by the board as provided in s. 41.04 (1)
(b).

SECTION 94. 41.15 (4) of the statutes is repealed and
recreated to read:

41.15 (4) Any beneficiary who is eligible to receive a bene-
ificial annuity in the normal form as provided in sub. (1) may elect
to receive the actuarial equivalent thereof in one of the following
optional annuity forms:

(a) As a straight-life annuity.

(b) As an annuity payable monthly for the life of the annui-
tant with a guarantee of 180 monthly payments.

(c) If the beneficiary is the widow of a participant, as a
reduced annuity payable monthly for the life of the annuitant, plus
a temporary annuity payable monthly but terminating with the payment
for the month in which the annuitant attains age 62. It is the
intent of this option that so far as is practicable the aforesaid
life annuity and temporary annuity shall be determined in such rela-
tive amounts that the annuitant's total anticipated benefits from
the fund and from the federal OASDHI system will be the same
throughout her lifetime. An annuity granted under this paragraph
shall include a guarantee of 60 monthly payments, but each monthly
payment due after the death of the annuitant shall be in the same
amount as the annuity which would have been paid in such month to
the annuitant if living.

(d) The legal or natural guardian of a minor beneficiary,
when the participant or annuitant has not specified in a written
notice received by the board prior to his death that the death ben-
fit shall be paid as a life annuity, may, in lieu of a life annuity,
elect that such beneficiary receive the death benefit in the form of
a temporary annuity of such amount as is approved, beginning on the
day following the date of death of the participant or annuitant and
ending with the monthly payment immediately prior to the beneficiary's 21st birthday, and a final payment, payable one month after the termination of the temporary annuity, of such amount as can be provided from the death benefit, after providing for the temporary annuity, on the basis of the prescribed rate of interest and the actuarial tables in effect on the date of initial approval of such annuity as provided in s. 41.04 (1) (b), but a beneficiary, prior to the final payment, may, if the amount of such final payment is sufficient to provide an immediate beneficiary annuity in the normal form of at least $25 monthly, elect to receive in lieu of such final payment an annuity commencing on the day following the date of termination of the temporary annuity, determined on the basis of the prescribed rate of interest and the actuarial tables in effect on the date of initial approval of such annuity as provided in s. 41.04 (1) (b).

SECTION 95. 41.15 (5), (6), (7) and (8) of the statutes are repealed.

SECTION 96. 41.16 (1) and (2) of the statutes are repealed and recreated to read:

41.16 (1) Any participant who is not employed as a participating employee and who at the time of application therefor would not be entitled to either a retirement or disability annuity beginning immediately. Subsequent employment as a participating employee prior to the initial approval of the separation benefit shall cancel the application.

(2) Each separation benefit shall be paid in the form of a single cash sum as soon as practicable after receipt by the board of both a written application by the participant and a written notice from the last employer certifying that such participant has ceased to be a participating employee. The amount of any separation benefit shall be the sum of the accumulated additional credits and normal credits of the participant, including any amount paid by an employer in accordance with s. 41.07 (2) (c) or (d), and including all interest and net gains or losses credited to the first day of the year in which the separation benefit application is filed.

SECTION 97. 41.16 (3) of the statutes is created to read:

41.16 (3) Any underpayment or overpayment of a separation benefit which does not exceed $5 shall not be corrected unless requested by a participant, but shall be credited or debited to the reserve for interest if in the fixed division or to the reserve for net gain and loss if in the variable division.

SECTION 98. 41.17 (1) of the statutes is amended to read:

41.17 (1) The assets of the fund, in excess of the amount of cash required for the current operations as determined by the board, shall be invested and reinvested as provided by s. 25.17 (3) (a) and (b), (4) and (5).

SECTION 99. 41.19 (1) (intro.), (2) (b) and (3) of the statutes are amended to read:

41.19 (1) (intro.) For the purposes of establishing reserves for the future payment of benefits to participants, a separate accumulation account in the name of each participating municipality, except as provided in sub. (5), shall be created as of January 1, 1966, and maintained as hereinafter described. The Each accumulation account of any municipality shall be:

(2) (b) Interest shall be charged on accounts receivable from any municipality employer, except the state, for both employe and
municipality employer contributions if the remittance and payroll report are not received by the fund on its last working day of the calendar month following the due date at the rate of one-half of one per cent for each month or fraction thereof, from the due date to and including the date received by the fund with a minimum charge of $3, and such interest or minimum charge shall be paid forthwith to the fund, and if it is not paid within 60 days after it is payable, it shall be collected as provided in s. 41.21 (1a).

(3) Separate accounts shall be maintained for each participating employer participant and, except as provided in sub. (5) for each municipality participating employer. Transactions affecting the employees of any municipality employer shall not affect the accounts of any other municipality employer except as otherwise specifically provided in this subchapter.

SECTION 100. 41.19 (5) of the statutes is created to read:

41.19 (5) Effective January 1, 1974, there is created a joint employer accumulation account consisting of the aggregate debits and credits previously determined in accordance with this section. After such date all credits and debits as provided in this section shall be made within the joint employer accumulation account without regard to the identity of the employer, and all references in sub. (1) to s. 41.10 shall be deemed to include reference to the appropriate or corresponding provision of s. 41.105.

SECTION 101. 41.20 (1) (b) of the statutes is amended to read:

41.20 (1) (b) The disability benefit surplus shall be determined as of the end of each year as the amount by which 1) accumulated contributions pursuant to s. 41.10 (2) (c) or 41.105 (1) (b), of all municipalities for all prior years and the current year, exceeds 2) the amounts required to provide, when added to the present values of the annuities to which the employees would be entitled under s. 41.11 (6), the present value of all contributions as provided in s. 41.13 (2) as of the date of commencement of such disability annuities. Amounts required to provide disability annuities terminated pursuant to s. 41.13 (4) shall be excluded from the determination of the disability surplus. Whenever the disability benefit surplus or deficiency exceeds 100% of the average annual requirements under 2) during the 3 preceding calendar years, the contribution rates for disability benefits shall be revised in such manner as the board deems necessary to reduce such surplus or deficiency.

SECTION 102. 41.22 (2) of the statutes is amended to read:

41.22 (2) In all cases in which any amounts become payable to a minor or to a person adjudged insane or mentally incompetent, the board in its discretion may waive guardianship proceedings, and pay such amounts to the person providing for, or caring for, such minor, or to the wife, parent or blood relative providing for, or caring for, such insane or incompetent person, but no such payment shall be made after the next meeting of the board unless authorized by the board.

SECTION 103. 41.22 (8) of the statutes is created to read:

41.22 (8) If the fund is unable to contact any annuitant or beneficiary for a period in excess of 7 years, the board may determine that for purposes of this subchapter the annuitant or beneficiary is deceased, as of a date determined by the board, and the applicable provisions of s. 41.11 or 41.14 shall be invoked for the
purpose of paying any annuity continuance or death benefit provided therein.

SECTION 104. 41.34 (2) (b) of the statutes is amended to read:

41.34 (2) (b) One and one-half three-tenths per cent of the member's average monthly compensation during the last 5-3 years of service, multiplied by the number of years of service as a member of this fund, determined to the nearest full year, including assumed service during the period between the date of the occurrence of the disability and the date on which the member will attain the age of 65.

SECTION 105. 41.34 (2) (c) of the statutes is repealed.

SECTION 106. 41.38 (intro.) and (2) of the statutes are amended to read:

41.38 (intro.) Notwithstanding any other provisions of this subchapter, any conservation warden, or other member of the conservation warden pension fund, who is eligible to receive a pension under s. 41.30 (3) (b), 41.34 (1) or 41.37, which pension is to begin before the warden's or other member's 65th or 62nd birthday, may elect, if he has attained fully insured status under the federal OASDHI system, in lieu of such pension, to take the actuarial equivalent thereof based on actuarial tables in use by the Wisconsin retirement fund as:

(2) A temporary pension payable monthly and terminating with the payment due in the month in which the warden or other member attains age 65 or 62. It is the intent of this option that so far as is practicable the aforesaid life pension and temporary pension will be determined in such amounts that the warden's or other member's total anticipated retirement benefits from the fund and from his primary social security OASDHI benefit will be the same both before and after attainment of age 65 or 62, assuming that the warden or other member has no further wages credited to his account under the federal OASDHI system after retirement under this subchapter.

SECTION 107. 42.20 (26) (a) of the statutes is repealed and recreated to read:

42.20 (26) (a) "Final average compensation" means the monthly rate of compensation obtained by dividing 1) the member's total compensation subject to required deposits for the 5 fiscal years in which such compensation was the highest during the fiscal years preceding the June 30 nearest the date he ceased to be employed as a teacher in Wisconsin teaching by 2) 12 times the number of years of his creditable service for such 5 years. If a member has such compensation for less than 5 such fiscal years his final average compensation is the rate obtained by dividing his total compensation for all such years by 12 times the total number of years of his creditable service therefor.

SECTION 108. 42.241 (12a) (d) of the statutes is created to read:

42.241 (12a) (d) No transfer as provided in this subsection shall be permitted after December 31, 1972.

SECTION 109. 42.242 (4) (c) of the statutes is amended to read:

42.242 (4) (c) Each initial determination of disability under this subsection shall be made by the state agency designated to make determinations of disability by agreement with and for the secretary
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of health, education and welfare under the federal social security laws. An initial determination of eligibility shall be binding upon the board. An such initial determination of eligibility may be accepted or rejected by the board. Continued eligibility for benefits under this subsection shall be determined in the same manner. As a condition of continued payment of the portion of the annuity paid from the contingent fund, the board may require a member receiving a disability annuity under this subsection to reapply for an OASDHI disability benefit on the basis of any examination or determination under this subsection, or to apply for the freezing of his OASDHI earning record on the basis of his disability.

SECTION 110. 42.243 (7) (b) and (c) of the statutes are amended to read:

42.243 (7) (b) Adjustment of variable annuity payments. Whenever the balance in the annuity reserve fund of the variable annuity division, as of June 30 of any year, exceeds or is less than the then present value of all variable annuities in force, determined in accordance with the rate of interest and approved actuarial tables then in effect, by at least 2% of said present value, the amount of each variable annuity payment shall be proportionately increased or decreased effective on a date determined by the board.

(c) Interim adjustments. Notwithstanding par. (b), the board may, in order to avoid substantial inequities, in the event of extraordinary fluctuation in the market value of the investments, increase or decrease the variable annuity payments make a determination and adjustment of annuities as provided in par. (b) at times other than June 30.

SECTION 111. 42.245 (1) (a) of the statutes is amended to read:

42.245 (1) (a) Creditable service shall be expressed in years and such fractions thereof as the board determines. The creditable service of each member at any time prior to July 1, 1966, shall be the number of years of service as a teacher in Wisconsin teaching (including prior service) theretofore creditable to him pursuant to the applicable statutes and rules, provided that military service meeting the requirements of s. 42.45 (3) shall be included for any such period for which the member makes deposits as provided by s. 42.45 (4). The creditable service of a member with respect to teaching after June 30, 1966, shall be the number of years of subsequent service as a teacher in Wisconsin teaching until such service as a teacher is terminated, but not including any period subsequent to the June 30 following or coincident with his 70th birthday. The board shall fix and determine by proper rules and regulations how much teaching in any year is equivalent to one year of creditable service. Military service after July 1, 1966, shall be creditable on the same basis as military service prior thereto.

SECTION 112. 42.245 (1) (b) of the statutes is repealed and recreated to read:

42.245 (1) (b) A period of service as a teacher in Wisconsin teaching shall be deemed to have ended each time a member has been granted an annuity or separation benefit. Such member shall be considered a new member upon resumption of teaching following the granting of an annuity or separation benefit.

SECTION 113. 42.245 (1a) of the statutes is created to read:

42.245 (1a) MILITARY CREDIT. Creditable service for active service in the U.S. armed forces after June 30, 1966, shall be granted as provided in s. 40.80, determined and credited as follows:
(a) Creditable service shall be credited as of the date of return to employment in accordance with s. 40.80 (1) (c).

(b) Any member who is not a formula group member shall receive, upon filing an application for a retirement or disability annuity, in lieu of creditable service, state deposit credits in an amount equal to the present value of the formula annuity which would be provided if such creditable service had been applied to the computation of a formula annuity.

SECTION 114. 42.245 (3) (a) of the statutes is amended to read:

42.245 (3) (a) If, before attaining age 65, a formula group member who has made required deposits for not less than a school year during each of 5 fiscal years within the 84-month period preceding the occurrence of disability, becomes unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, and furnishes due proof thereof, and if the teaching service of the member was terminated because of such disability, such member shall be paid a disability annuity during the continuance of such disability. The teaching service of a member shall not be considered to have been terminated because of disability if a member has engaged in any employment other than Wisconsin teaching between the date the disability occurred and the date of approval by the board of his application for a retirement disability annuity. The board may at any time, but not more than once in any fiscal year, and only until the member has attained age 65, require proof of the continuance of such disability, and if the member fails to furnish satisfactory proof thereof, or if it appears at any time that the member has become able to engage in any substantial gainful activity, such annuity shall be reduced to the amount of the retirement annuity to which he would be entitled under sub. (2), notwithstanding the age 50 requirement expressed therein.

SECTION 115. 42.245 (3) (c) of the statutes is amended to read:

42.245 (3) (c) Each initial determination of disability under this subsection shall be made by the state agency designated to make determinations of disability by agreement with and for the secretary of health, education and welfare under the federal social security laws. An initial determination of ineligibility shall be binding upon the board. An such initial determination of eligibility may be accepted or rejected by the board. Continued eligibility for benefits under this subsection shall be determined in the same manner.

SECTION 116. 42.245 (3) (e) of the statutes is created to read:

42.245 (3) (e) If an application for a disability annuity under this subsection is disapproved, the filing date of such application may be used as the filing date of a subsequent application for a retirement annuity, but only if the use of such date would prevent the loss of benefits.

SECTION 117. 42.245 (6) of the statutes is renumbered 42.245 (6) (a).

SECTION 118. 42.245 (6) (b) of the statutes is created to read:

42.245 (6) (b) Except as provided in par. (a), if the retirement annuity in the normal form which could be provided under this section from all available accumulations and credits, other than
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accumulations from voluntary additional deposits, is less than $25 monthly, any member may elect to receive, in lieu thereof, the then present value of such retirement annuity in a single sum.

SECTION 119. 42.40 (6) of the statutes is amended to read:

42.40 (6) Effective July 1, 1966, each member of the formula group shall make a deposit in the retirement deposit fund equal to 4 1/2% 41/2% of all compensation received for teaching service performed by such teacher which is subject to contributions under subch. VI of ch. 40, plus 7% of such compensation not subject to such contributions, but no deposit shall be required with respect to compensation for teaching service subsequent to the June 30 following or coincident with the 70th birthday of any such member; but each member of the formula group who performs services in connection with an activity carried on co-operatively by the federal government and the state or any political subdivision thereof, which services have been determined not to be subject to subch. VI of ch. 40, shall for purposes of this subdivision subsection and s. 42.20 (26) be deemed to be subject to subch. VI of ch. 40 with respect to such services.

SECTION 120. 42.40 (9) of the statutes is created to read:

42.40 (9) Notwithstanding those provisions of s. 42.41 relating to the deduction and withholding from the compensation paid as a teacher of deposits required under this section, any employer may make all or any part of such deposits in behalf and for the benefit of any teacher. Such payments by the employer shall be available for retirement system benefit purposes to the same extent as required deposits which were deducted from the compensation of such member. This subsection shall not be construed as creating any contract between the employer and any member of the system or as granting any contractual right in any form to any member.

SECTION 121. 42.41 (5) of the statutes is created to read:

42.41 (5) (a) Whenever any payroll report with a remittance due from an employer, other than the state, as required under this section are not received by the end of the next calendar month following the end of the payroll period of such report, interest shall be charged at the rate of 0.5% of the remittance for each month or fraction thereof, beginning with the next calendar month following the end of the payroll period to the date received by the board with a minimum charge of $3, and such interest or minimum charge shall be paid forthwith to the board. If said report with remittance, including interest, is not paid within 60 days after it is payable, it shall be construed to mean that ss. 42.39 to 42.43 have not been complied with within the meaning of s. 121.02 (1) (d). Interest collected under this subsection shall be credited to earnings.

(b) Whenever any payroll report with a remittance on employe and state deposits or state contributions from a department, agency, board or commission of the state as required under this section are not received by the end of the next calendar month following the end of the payroll period of such report, interest shall be charged at the rate of 0.5% for each month or fraction thereof, beginning with the next calendar month following the end of the payroll period to the date received by the board with a minimum charge of $3. When any such interest is payable the board shall certify the amount thereof with an explanation of such charge, together with a voucher in payment thereof to the department of administration which shall forthwith approve such voucher and charge the same to the appropriation of the department, agency, board or commission which failed to submit its payroll and remittance to the board on time. The state treasurer shall forthwith issue his check therefor to the state
teachers retirement system. Interest collected under this subsection shall be credited to earnings.

SECTION 122. 42.45 (5) of the statutes is created to read:

42.45 (5) Notwithstanding the provisions of subs. (2) to (4), no credit shall be granted thereunder for any period after June 30, 1966. Credit for active service in the U.S. armed forces after June 30, 1966, shall be granted as provided in s. 40.80, and shall be determined and credited in accordance with s. 42.245 (1a).

SECTION 123. 42.46 (2) (b) of the statutes is amended to read:

42.46 (2) (b) The board shall certify the contribution rates derived in accordance with par. (a) to the department of administration and shall certify the appropriate contribution rate to each state department or agency and each public school employing or paying the salaries of teachers. The heads of the respective departments and agencies and of each public school which make the salary deductions in accordance with s. 42.40 shall at the time that the salary deductions are sent to the board, by applying the appropriate retirement association's employer contribution rate to the appropriate portion of the compensation of the respective employees of that department or agency or public school determine the amount of the corresponding state contribution to be made from the proper fund and appropriation of the state and shall indicate the amount of such contribution on the payroll report submitted to the system. The system shall transmit summaries of such payroll reports to the department of administration together with a voucher for payment to the state teachers retirement system, from the appropriate state funds and appropriations of the amounts payable thereto as indicated by the payroll reports. Thereupon the department of administration shall approve such voucher for payment within 5 days after its receipt and the treasurer shall issue his check therefor to the state teachers retirement system.

SECTION 124. 42.70 (1) (a) of the statutes is amended to read:

42.70 (1) (a) A reserve fund made up of amounts transferred from the general fund, the state accumulation fund and the retirement deposit fund for the payment of annuities granted pursuant to this subchapter and interest accritions thereto.

SECTION 125. 42.70 (2) (j) of the statutes is created to read:

42.70 (2) (j) For purposes of this subchapter "city of the 1st class" means a city which was a city of the 1st class on the effective date of this paragraph (1971).

SECTION 126. 42.70 (2) (t) of the statutes is repealed and recreated to read:

42.70 (2) (t) "Final average compensation" means the monthly rate of compensation obtained by dividing 1) the member's total compensation subject to required deposits (including any compensation which would have been subject to required deposits if not exempted pursuant to s. 42.84 (4)) for the 5 fiscal years in which such compensation was the highest during the fiscal years preceding the June 30 nearest the date of termination of his membership teaching by 2) 12 times the number of years of his creditable service for such 5 years. If a member has such compensation for less than 5 such fiscal years his final average compensation is the rate obtained by dividing his total compensation for all such years by 12 times the total number of years of his creditable service therefor.
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SECTION 127. 42.71 (1) (c) of the statutes is created to read:

42.71 (1) (c) Receive and consider all applications for annuity under this subchapter, determine the amount thereof and direct payment of such annuities.

SECTION 128. 42.71 (1) (e) of the statutes is amended to read:

42.71 (1) (e) Annually, prior to July 15, estimate As soon as possible after each July 1, determine the amount of the payment to be made by the state to such fund during the fiscal year beginning on the next such July 1, to maintain the assets of the fund as provided in s. 42.89. The board shall certify such estimate amount to the department of administration which shall prepare a warrant each month for one-twelfth of said estimated amount and upon such warrants the state treasurer shall transfer the sums specified therein to the teachers retirement fund from funds appropriated for that purpose. When the board has determined the exact amounts payable by the state to the fund for such fiscal year in accordance with s. 42.89, a final certification thereof shall be made by the board to the department of administration and a final transfer shall be made to or from the fund, as determined from said final certification.

SECTION 129. 42.71 (2) (b) of the statutes is amended to read:

42.71 (2) (b) Administer oaths, to secure by subpoena issued in the name of the board and signed by a member thereof the attendance of witnesses and the production of books, papers and records relevant to any matter pending before the board, and to compel witnesses to answer material and relevant questions put concerning any such pending matter. Such subpoena shall be served as prescribed by law and shall be in such form as will advise the witness of the nature of the proceedings in which he is to testify, and the place and time where and when his testimony is to be given. Each witness so subpoenaed shall receive for his attendance the fees and mileage provided for witnesses in civil cases in circuit courts. When a subpoena is issued on the initiative of the board or a member thereof such witness fees and mileage shall be paid by the board and charged to the administration of the retirement fund. In case of failure of any person to obey the commands of any subpoena lawfully issued or the refusal of any witness to testify before the board to any matter concerning which he may be lawfully questioned, the circuit court or any judge thereof in the county where such board is located, on application by the board or any member thereof, shall compel obedience by attachment proceedings for contempt, as in the case of disobedience of the requirements of a subpoena issued from such court or a refusal to testify therein.

SECTION 130. 42.71 (6) (b) of the statutes is amended to read:

42.71 (6) (b) Any person accepting an appointment as teacher, as defined in s. 42.70 (2) (q), in the regular service of such city, after this subchapter takes effect, and serving thereunder, shall, as a part of the consideration for his employment, be conclusively presumed to have consented to this subchapter; any person who has attained the age of 50 years before entering the service of such city, as any such teacher, and who enters such service as any such teacher after this subchapter takes effect in any such city, shall have the option to elect whether he desires to avail himself of the rights and benefits conferred and to assume the limitations and assessments imposed by this subchapter, and such person shall file written notice of such election with the superintendent of
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SECTION 131. 42.72 (14) (f) of the statutes is created to read:

42.72 (14) (f) No transfer as provided in this subsection shall be permitted after December 31, 1972.

SECTION 132. 42.74 (1) (d) of the statutes is amended to read:

42.74 (1) (d) Each initial determination of disability under par. (b) shall be made by the state agency designated to make determinations of disability by agreement with and for the secretary of health, education and welfare under the federal social security laws. An initial determination of eligibility shall be binding upon the board. An such initial determination of eligibility may be accepted or rejected by the board. Continued eligibility for benefits under par. (b) shall be determined in the same manner. As a condition of continued payment of the portion of the annuity paid from the general fund, the board may require a member receiving a disability annuity under par. (b) to reapply for an OASDHI disability benefit on the basis of any examination or determination under par. (b) or to apply for the freezing of his OASDHI earning record on the basis of his disability.

SECTION 133. 42.76 (8) and (9) of the statutes are amended to read:

42.76 (8) ADJUSTMENT OF VARIABLE ANNUITY PAYMENTS. Whenever the balance in the reserve fund of the variable annuity division as of June 30 of any year exceeds or is less than the present value of all variable annuities in force, determined in accordance with the rate of interest and approved actuarial tables then in effect, by at least 2% of said present value, the amount of each variable annuity payment shall be proportionately increased or decreased effective on a date determined by the board.

(9) INTERIM ADJUSTMENTS. Notwithstanding sub. (8), the board may, in order to avoid substantial inequities in the event of extraordinary fluctuation in the market value of the investments, make a determination and adjustment of annuities as provided in sub. (8) at times other than June 30.

SECTION 134. 42.78 (1) (a) of the statutes is amended to read:

42.78 (1) (a) Creditable service shall be expressed in years and such fractions thereof as the board determines. The creditable service of each member at any time prior to July 1, 1966, shall be the number of years of membership teaching creditable to him pursuant to the applicable statutes and rules. The creditable service of a member with respect to teaching after June 30, 1966, shall be the number of years and completed months of subsequent membership teaching until his employment is terminated but not including any period subsequent to the June 30 following or coincident with his 70th birthday. The board shall determine by rule how much teaching in any year is equivalent to one year of creditable service. Military service after June 30, 1966, shall be creditable on the same basis as prior military service.

SECTION 135. 42.78 (1) (b) of the statutes is repealed.

SECTION 136. 42.78 (1a) of the statutes is created to read:
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42.78 (1a) MILITARY CREDIT. Creditable service for active service in the U.S. armed forces after June 30, 1966, shall be granted as provided in s. 40.80, determined and credited as follows:

(a) Creditable service shall be credited as of the date of return to employment in accordance with s. 40.80 (1) (c).

(b) Any member who is not a formula group member or a separate member shall receive, upon filing an application for a retirement or disability annuity, in lieu of creditable service, state deposit credits in an amount equal to the present value of the formula annuity which would be provided if such creditable service had been applied to the computation of a formula annuity.

SECTION 137. 42.78 (2) (f) of the statutes is amended to read:

42.78 (2) (f) Two annuities shall be deemed to be actuarially equivalent if both require the same net single premium on the date as of which the determination is made. The net single premium for a deferred annuity shall be deemed to include the present value of any death penalty benefit payable prior to its commencement.

SECTION 138. 42.78 (3) (a) of the statutes is amended to read:

42.78 (3) (a) If, before attaining age 65, a formula group member who has made required deposits for not less than a school year during each of 5 fiscal years within the 84-month period preceding the occurrence of disability, becomes unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, and furnishes due proof thereof, and if the teaching service of the member was terminated because of such disability, such member shall be paid a disability annuity during the continuance of such disability. The teaching service of a member shall not be considered to have been terminated because of disability if a member has engaged in any employment other than membership teaching between the date the disability occurred and the date of approval by the board of his application for a retirement disability annuity. The board may at any time, but not more than once in any fiscal year, and only until the member has attained age 65, require proof of the continuance of such disability, and if the member fails to furnish satisfactory proof thereof, or if it appears at any time that the member has become able to engage in any substantial gainful activity, such annuity shall be reduced to the amount of the retirement annuity to which he would be entitled under sub. (2), notwithstanding the age 55 requirement expressed therein.

SECTION 139. 42.78 (3) (c) and (4) of the statutes are amended to read:

42.78 (3) (c) Each initial determination of disability under this subsection shall be made by the state agency designated to make determinations of disability by agreement with and for the secretary of health, education and welfare under the federal social security laws. An initial determination of insolvency shall be binding upon the board. An initial determination of eligibility may be accepted or rejected by the board. Continued eligibility for benefits under this subsection shall be determined in the same manner.

(4) LIMITED DISABILITY ANNUITIES. If, before attaining age 55, a formula group member who has made required deposits for not less than a school year during each of 5 fiscal years, and who was employed in membership teaching or was on authorized leave of absence from membership teaching within the 12-month period immedi-
pletely preceding the occurrence of disability, becomes physically or
mentally incapacitated to such extent that the member is wholly, and
presumably will be permanently, unable to engage in teaching, and
furnishes proof thereof and that such disability has been—[then ]
existed for 60 days, the member shall be paid a life annuity during
the continuance of such disability, in monthly payments of $25 each,
in addition to any other benefit which would be payable to such
member pursuant to sub. (2) in the absence of the age 55 limitation
expressed in sub. (2) (a). The board may at any time, not more
than once in any year, require proof of the continuance of such dis-
ability and if the member fails to furnish satisfactory proof
thereof, or if it appears at any time that the member has become
able to engage in teaching, the $25 monthly annuity payment provided
herein shall cease. A member shall not receive an annuity under
sub. (3) and this subsection at the same time.

SECTION 140. 42.80 (7) (a) of the statutes is amended to
read:

42.80 (7) (a) Beginning with the first monthly payment of
teachers salaries after June 30, 1966, the board of school directors
in any such city shall reserve from the salary of each teacher who
is a member of the formula group an amount equal to-4 1/2% 4-1/2% of
all compensation received for teaching service performed by such
teacher which is subject to contributions under subch. VI of ch.
40, plus 7% of such compensation in excess of the amount subject to
such contributions-...}

SECTION 141. 42.80 (9) of the statutes is created to read:

42.80 (9) Notwithstanding any other provision of this sub-
chapter, the board of school directors in any such city may pay all
or any part of the salary reservations required under this section.
Such payments by the board of school directors shall be available
for all retirement fund purposes to the same extent as amounts which
were reserved from the salary of the member. This paragraph shall
not be construed as creating any contract between the board of
school directors and any member of the fund or as granting any con-
tractual right in any form to any member.

SECTION 142. 42.81 (12a) of the statutes is created to read:

42.81 (12a) Notwithstanding sub. (12), no credit shall be
granted thereunder for any period after June 30, 1966. Credit for
active service in the U.S. armed forces after June 30, 1966, shall
be granted as provided in s. 40.80, and shall be determined and
credited in accordance with s. 42.78 (1a).

SECTION 143. 42.82 (5) of the statutes is amended to read:

42.82 (5) Determinations of eligibility and the amount of any
payment to be made pursuant to this section shall be made by the
board, and shall be certified by the board for payment as specified
in s. 42.70 (1) (f) 42.71 (1) (c).

SECTION 144. 66.191 (3) of the statutes is repealed.

SECTION 145. 943.395 (3) of the statutes is created to read:

943.395 (3) Presents or causes to be presented a false or
fraudulent claim or benefit application, or any false or fraudulent
proof in support of such a claim or benefit application, to be paid
under any employee benefit program created by ch. 40, 41 or 42.
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SECTION 146. TRANSITIONAL PROVISIONS. (1) Any annuity or other benefit approved prior to the effective date of this act shall continue to be paid and controlled by the provisions of law which were in effect prior to such date.

(2) Each participant or member who has not previously received credit for service under subchapter 1 of chapter 41 or under chapter 42 of the statutes due to the attainment of age 70, or age 63 if a protective occupation participant, shall receive credit for all such service, and for the compensation for such service, in the computation of any retirement annuity the beginning date of which is after the effective date of this act. Any such participant or member who continues in employment after the effective date of this act shall make contributions under section 41.07 of the statutes for earnings paid on and after January 1, 1973, or shall make deposits under section 42.40 (6) or section 42.80 (7) of the statutes for earnings paid on and after July 1, 1972.

(3) As a means of implementing the revised contribution basis for employers established under section 41.105 of the statutes and to assist in the funding of the benefit improvements provided by this act the following actions are directed:

(a) The employer contribution rates determined in accordance with section 41.10 of the statutes which are in effect for 1972 shall continue in effect during 1973.

(b) The provisions of section 41.04 (1) (j) 2 of the statutes are suspended for calendar years 1970 and 1971, except with respect to that portion of each annual valuation which relates to annuitants.

(c) Effective for 1974 and continuing until modified by the Wisconsin retirement fund board on the recommendation of the actuary based on the experience of the fund, the interest assumption for the purpose of valuing the liabilities of the Wisconsin retirement fund with respect to participants other than annuitants shall be 5%.

(d) For purposes of computing employer contributions for 1974, and to establish a base for such computations for subsequent years, the employer accumulations shall be apportioned to protective occupation participants in the same proportion as are the accrued liabilities of such participants.

SECTION 147. CROSS REFERENCE CHANGES. In the sections listed below in column A, the cross references to the sections in column B are changed to the cross references shown in column C:

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<th>A</th>
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<td>25.28</td>
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<tr>
<td>41.11 (6) (m)</td>
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<td>41.11 (8) and (9)</td>
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<td>41 .11 (1)</td>
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<td>41.11 (1)</td>
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SECTION 148. CHANGE OF TERMS. (1) Wherever the word or words "municipality", "a municipality" or "municipalities" appear, substitute the word or words "employer", "an employer" or "employers" respectively in the following statutes: 40.11, 40.13, 40.18, 40.20, 40.22, 41.02, 41.04, 41.05, 41.07 to 41.13 and 41.18 to 41.22.

(2) Wherever the words "participating municipality" or "participating municipalities" appear, substitute the words "participating employer" or "participating employers" respectively in the following statutes: 40.20, 40.41, 41.02, 41.04, 41.05, 41.07 to 41.13, 41.19 and 41.21.
(3) Wherever the words "employing municipality" appear, substitute the word "employer" in the following statutes: 41.02, 41.08, 41.13, 41.16, 41.21 and 41.22.

SECTION 149. EFFECTIVE DATES. (1) SECTION 121 shall take effect July 1, 1972.

(2) The following sections of this act shall take effect January 1, 1973: 20, 21, 39, but only as it relates to section 41.07 (1) (a) 2 of the statutes, 40, 75, but only as it relates to section 41.12 (1) (a) of the statutes, and 144.

(3) SECTION 101 shall take effect January 1, 1974.