

## TITLE VI-A.

### Employe Trust Funds.

#### CHAPTER 40

##### GENERAL TRUST FUNDS FOR PUBLIC EMPLOYES

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#### SUBCHAPTER I

##### PURPOSE AND STRUCTURE OF FUNDS

**40.01 Public employe trust fund.** (1) **PURPOSE.** A "public employe trust fund" is created to aid public employes in protecting themselves and their beneficiaries against the financial hardships of old age, disability, death, illness and accident, thereby promoting economy and efficiency in public service by facilitating the attraction and retention of competent employes, by enhancement of employe morale and by providing for the orderly and humane departure from service of employes no longer able to effectively perform their duties. Such fund shall be administered by the department of employe trust funds (hereinafter in this section referred to as "department") and all statutes relating to such fund shall be construed liberally in

furtherance of the purposes set forth in this subsection.

(2) **ACCOUNTS.** The following separate accounts and such additional accounts as determined by the department to be useful in achieving the fund's purposes, shall be maintained within the public employe trust fund:

(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 employe trust funds shall estimate the administrative costs to be incurred by the department in each fiscal year and shall also estimate the investment income which will be credited to this account in such fiscal year. The estimated administrative costs

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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 from moneys available for such purposes under the provisions of the respective fringe benefit plans administered by the department.

(b) A group life insurance account to which shall be credited moneys received from operations of the group life insurance plans under subch. II for life insurance premiums, as dividend or premium credits arising from operation of life insurance plans and from investment income on any reserves established in the public employe trust fund for life insurance purposes. Premium payments to life insurance carriers shall be charged to this account. This paragraph shall not be deemed to prohibit the direct payment of premiums to insurance carriers when appropriate administrative procedures have been established for such direct payments.

(c) A group health insurance account to which shall be credited moneys received from operation of the group health insurance plans under subch. II for health insurance premiums, as dividend or premium credits arising from operation of health insurance plans and from investment income on any reserves established in the public employe trust fund for health insurance purposes. Premium payments to health insurance carriers shall be charged to this account. This paragraph shall not be deemed to prohibit the direct payment of premiums to insurance carriers when appropriate administrative procedures have been established for such direct payments.

(d) A social security account to which shall be credited all moneys received pursuant to subch. VI from employe and employer social security contributions including any penalties for late transmission of moneys or reports. All disbursements pursuant to subch. VI and s. 20.515 (2) (x) shall be charged to this account.

History: 1971 c. 214

**40.02 Actuarial services.** The employe trust funds board shall select and retain an actuary or an actuarial firm, under one or more contractual agreements which shall run to the department of employe trust funds, for the purpose of performing all actuarial services which are

necessary for the operation and control of each of the insurance and benefit programs under chs. 40, 41 and 42. The board shall:

(1) Determine the qualifications of the actuary or the actuarial firm so retained.

(2) Determine the terms and conditions of each such contractual agreement, and the time any such agreement shall be in force.

(3) Determine the procedure for the selection of an actuary or an actuarial firm.

(4) Direct the secretary of employe trust funds to sign on behalf of the department any contractual agreement approved by the board.

History: 1971 c. 125

**40.03 Records.** (1) Individual personal information in the records of the department of employe 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 employe 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.

History: 1971 c. 214.

**40.06 Retirement investment trusts.** (1) There are created as separate funds a fixed retirement investment trust and a variable retirement investment trust under the jurisdiction and management of the investment board for the purpose of managing the securities of all the retirement funds specified in chs. 41 and 42. Within the fixed retirement investment trust there shall be maintained a transaction amortization account and a current income account, and such other accounts as are established by the investment board or the employe trust funds board. Administrative costs determined in accordance with s. 40.01 shall be paid from the fixed retirement investment trust and the variable retirement investment trust prior to any distribution therefrom.

(2) At such time as the employe trust funds board determines, all of the securities held by the retirement funds provided for in chs. 41 and 42 shall be transferred, at values determined by the

employe trust funds board to be equitable to each fund as of the date of transfer (with appropriate provision, if necessary, for amortizing over a period of years any one-time adjustments required to achieve such equity) to the appropriate trust created under sub. (1) together with such amounts of cash as may be required to provide each contributing fund an equity in each of the trusts created under sub. (1) which may be expressed in terms of even thousands of dollars. Thereafter the department of administration shall make such subsequent transfers of money between the individual funds and the trusts created under sub. (1) as are necessary to meet the current cash requirements of the individual funds, such transfers to be made on the basis of even thousands of dollars, and shall furnish to the department of employe trust funds and to the investment board such information with respect to daily balances of individual funds within the trusts created under sub. (1) as are required.

(3) All earnings, profits or losses of the fixed retirement investment trust and the net gain or loss of the variable retirement investment trust, less transfers made in accordance with s. 40.01, shall be distributed to each participating fund in the same ratio as each such fund's average daily balance within the respective investment trust bears to the total average daily balance of all participating funds in that investment trust. The distribution may be made at such times as the department of employe trust funds determines, but must be made at least semiannually on June 30 and December 31. Any such distribution shall be determined as follows:

(a) For the fixed retirement investment trust the amount to be distributed as provided herein, on a semiannual basis, shall be 3.5% of the then balance of the transaction amortization account plus the then balance of the current income account. For any distribution on other than a semiannual basis, the percentages specified herein shall be changed proportionately.

(b) For the variable retirement investment trust the amount of net gain to be distributed for any period shall be the excess of 1) the increase within the period in the value of the assets of the trust resulting from income from the investments thereof and from the sale or appreciation in value of any investment thereof, over 2) the decrease within the period in the value of such assets resulting from transfers made pursuant to s. 40.01, and from the sale or the depreciation in value of any investments thereof. If the decrease exceeds the increase the amount of such excess shall be the net loss of the trust for the period.

(4) The assets of each of the investment trusts shall be mingled in one fund, and no particular contributing fund shall have any right in any

specific item of cash, investment or other property other than an undivided interest in the whole as provided herein. The department of administration shall maintain such records as may be required to account for each contributing fund's share in the corresponding investment trust.

(5) The department of employe trust funds shall advise the investment board and the state treasurer as to the limitations on the amounts of cash to be invested in order to maintain such cash balances as are deemed advisable to meet current annuity, benefit and expense requirements.

History: 1973 c. 137.

## SUBCHAPTER II

### GROUP INSURANCE

**40.10 Group insurance board.** (1) PURPOSE. Group life and group health insurance accounts are created as provided in s. 40.01 for the purpose of providing state employes with group life insurance in amounts based upon their annual earnings and group health insurance, including income continuation insurance, for employes and their dependents under plans contributed to and conducted by the state through a group insurance board to improve morale and efficiency in state service.

(2) METHOD. The group insurance provided under this subchapter shall be administered in conformity with the rules prescribed by the board.

(a) 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 subchapter, including, without limitation because of enumeration, rules and actions relating to:

1. Eligibility of active and retired employes to participate, and giving an option not to participate and to withdraw.

2. The payments by employes for such insurance.

3. The time that changes in coverage and payments shall take effect.

4. The terms and conditions of the insurance contract or contracts.

5. The date such program shall be effective.

7. The kind, amount, and conditions pertaining to benefits available to employes as a result of dividends or premium refunds.

8. The time that coverage shall be effective.

(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 s. 40.24, 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 employe trust fund shall be construed to be trusts and each member of the group insurance board shall be deemed a trustee.

(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 employes and their dependents. The entire premium for such additional plans shall be paid by employe 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.

History: 1971 c. 125, 214; 1973 c. 20

#### 40.11 Definitions. In this subchapter:

(1) "Board" means the group insurance board.

(2) "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 or the state teachers retirement system, and is currently a participant in or a member of such fund or system; or

2. Is a member or employe 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.

(b) The definition of employe 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 employe shall have been a state employe for at least 20 years or have reached his normal retirement date, as determined for annuity computation purposes.

1. For the purposes of this subchapter the term retired employe shall include the surviving spouse of an employe who is currently covered by health insurance at the time of death of the employe, and the spouse shall have the same right of health insurance coverage as the

deceased employe but without state contribution, under rules adopted by the board, but such inclusion and right as to a widow shall terminate upon her remarriage.

2. For the purposes of this subchapter the term retired employe shall include the surviving spouse of a retired employe who is currently covered by health insurance at the time of death, and the spouse shall have the same right of health insurance coverage as the deceased retired employe but without state contribution, under rules adopted by the board.

(c) No statutory provision shall be construed to exclude any person otherwise eligible under this subchapter because such employe is not a full-time civil service employe.

(d) Subsequent to the effective date of participation by the state or any employer, no person who has attained age 65 at the time of becoming initially eligible under this subchapter shall be included, but this provision does not exclude from participation in the state's group health and accident insurance plan any member of the legislature who has attained age 65.

(e) For the purposes of this subchapter "employe" includes the blind employes of the Wisconsin workshop for the blind under s. 47.06 as of the beginning of the calendar month following completion of 1,000 hours of service, but such employes shall not be eligible for cessation of premiums because of disability directly or indirectly attributable to blindness. Any such employe may convert insurance coverage only once under the contract.

(f) For the purpose of providing group health insurance coverage in this subchapter "employe" includes any person appointed as a visiting faculty member as defined by s. 42.35 (2) and (3), in the university of Wisconsin system who has been employed for not less than 6 months.

(g) For purposes of this subchapter a person who becomes an employe of the state of Wisconsin pursuant to chapter 90, laws of 1973, section 546, as affected by chapter 333, laws of 1973, section 189b, may use service as a member of the employe's retirement system of the county of Milwaukee to meet any service requirement under this subchapter.

(3) "Immediate annuity" means an annuity under the Wisconsin retirement fund or the state teachers retirement system which begins to accrue not later than one month after termination of employment.

(4) "Disability annuity" means the same as prescribed in s. 41.13, 42.242 (4), 42.245 (3), 42.49 (9) or 66.191.

(5) "Earnings" means the total salary or wages paid to an employe by the state during the previous calendar year. If employment and

compensation are not continuous during such period, the earnings shall be determined by rule. For persons covered initially the earnings shall be a projection on an annual basis of the compensation at the time of coverage, which shall continue until there is coverage during a calendar year.

(6) "Dependent" means the spouse of an employe or an employe's unmarried child as defined by board rule.

History: 1971 c. 214 ss. 7 to 9, 148; 1973 c. 90, 151, 333

**40.12 Group insurance provided.** (1) Each employe shall be insured in accordance with this subchapter, unless such employe executes and files with his employing office a written waiver of any such coverage, within the time limit fixed by rule, which shall be transmitted forthwith to the director, or the board may provide a different method of enrollment.

(2) Any employe who has filed a waiver pursuant to sub. (1), or any employe whose insurance terminates pursuant to s. 40.18 (1) by reason of filing such a waiver, shall not thereafter become insured unless prior to his attainment of age 50 and after at least one year has elapsed since the effective date of such waiver, he furnishes evidence of insurability satisfactory to the insurer, at his own expense. If such evidence is approved, such employe shall become insured from the date of such approval.

(3) An employe shall be deemed to have filed a waiver upon becoming eligible for group life insurance if during the 6 months subsequent to becoming eligible he makes no required contribution toward premiums. Such waiver shall not preclude the employe from obtaining group life insurance coverage after such 6 months have elapsed if contributions were omitted as a result of employer error and the employe files with the group insurance board a written request to withdraw the constructive waiver within 30 days after the employe receives written notice of the error. No evidence of insurability for such employe shall be required and such coverage shall be effective on the date such request is received by the board.

History: 1971 c. 125.

**40.13 Amount of life insurance.** (1) Except as provided in sub. (2), (7) or (9), the amount of group life insurance of an employe shall be \$1,000 of insurance for each \$1,000 or part thereof of his earnings, but not in excess of any limitation of amount that may otherwise be provided by law.

(2) The amount of life insurance for any employe who is 65 years of age or over is the lesser of the following:

(a) If he is then insured, the amount of insurance at the age of 65 as computed under sub. (1) reduced by 25% of said amount for each year commencing with his 65th birthday, with a maximum reduction of 75%.

(b) If he is 65 years of age or over when he first becomes insured, the amount as computed under sub. (1) reduced by 25% of said amount for each year commencing with his 65th birthday, with a maximum reduction of 75%.

(c) Notwithstanding par. (a) or (b), the maximum reduction in the amount of insurance for any insured state employe who attains age 65 on or after July 1, 1972, shall be 50%, but this paragraph shall not apply to teachers, as defined in s. 42.20, in the unclassified service of the state. Any municipal employer may elect by resolution to extend this additional amount of coverage to all of its eligible employes. The board shall determine the method of administration and the procedure for collection of premiums and municipal employer costs.

(3) The amount of life insurance of an employe who prior to age 65 retires on immediate annuity who has been a state employe for not less than 20 years or who has 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.

(4) The amount of insurance specified under sub. (3) shall not be changed because such person again becomes an employe, but while so re-employed the person shall pay premiums pursuant to s. 40.15 for such insurance which shall be in lieu of any other insurance provided hereunder.

(5) The amount of insurance of an employe who retires on disability annuity shall be the same as if he had not retired and his earnings had continued as at the time of his retirement.

(6) During a period of disability in which premiums are waived under the terms of the insurance contract the amount of insurance shall be the same as if he had not become disabled and his earnings had continued at the amount thereof at the time of becoming disabled, and the contract may provide that such insurance continues during the continuance of such disability even if the person ceases to be an employe.

(7) An insured employe who is still eligible may elect that the life insurance in effect during the previous year shall not be reduced during subsequent years of employment with the same employer as defined in s. 41.02 (4). The right to so elect shall apply only where the previous year's employment was with the same employer as at the time of such election. Such election shall be made pursuant to rules established by the board.

This subsection is subject to the limitations of sub. (2).

(8) In addition to the insurance provided under sub. (1), insurance may be provided against accidental death and dismemberment as defined by the board in accordance with benefit schedules established by the board.

(9) Any state employe under age 65 and insured under sub. (1) may elect an additional amount of such group life insurance which shall terminate at age 65 and be equal to:

(a) 50% of his earnings rounded to the next higher \$1,000, if earnings are not in even \$1,000 increments; or

(b) 100% of his earnings rounded to the next higher \$1,000, if earnings are not in even \$1,000 increments.

(10) Notwithstanding s. 40.20 (3), the optional group insurance provided under sub. (9) shall be available only to eligible state employes.

History: 1971 c. 125; 1971 c. 214 ss. 10, 148; 1973 c. 51.

**40.14 Health insurance defined; contracts.** (1) As used in this subchapter, "health insurance" means contractual arrangements with one or more 3rd parties for the full or partial payment, which may include indemnity or service benefits or both, of the financial expense incurred as a result of the injury or illness of an insured state employe or insured annuitant or of an insured dependent of such person. Such expense may include hospitalization, surgery and medical care, as well as ancillary items or services. Contracts for payment of the foregoing, plus other related benefits which may be negotiated by the board, shall be made with corporations licensed to transact disability insurance under s. 201.04 (4), or with corporations organized under and whose contracts are issued in accordance with s. 148.03 or 182.032.

(2) The board by rule shall determine the possible coverage when there is or has been state employment by more than one member of a family.

(3) The board shall provide a plan or plans of standard health insurance coverage which shall include the type of coverage normally referred to as "major medical insurance" and may provide, under the contract or contracts, other coverages optional with each eligible employe and at his expense.

**40.145 Integration of state group health insurance with federal plan for aged.** It is the policy of the legislature that health insurance benefits under this subchapter be integrated with benefits under federal plans for hospital and health care for the aged. The board is directed to integrate the state health insurance with federal

plans for hospital and health care for the aged, and the board shall adopt appropriate rules which, notwithstanding any other provision of this subchapter, may establish exclusions and limitations with respect to benefits and different rates for persons eligible under such federal plans for hospital and health care for the aged in recognition of the utilization by persons within the age limits eligible under the federal program. As part of such integration plan the board may out of premiums collected under this subchapter pay premiums for the federal health insurance for persons covered under state health insurance. Such plan may include special provisions for spouses and other dependents covered under state health insurance where one spouse is eligible under federal plans for hospital and health care for the aged but the others are not eligible because of age or otherwise.

**40.146 Income continuation insurance.**

(1) As used in this subchapter, "income continuation insurance" means full or partial payment of the financial loss of earnings incurred as a result of the injury or illness of an insured state employe.

(2) The board shall provide a plan or plans of standard income continuation insurance through contracts negotiated with one or more corporations licensed to transact disability insurance in this state or through other means determined by the board.

(3) Each employe shall be insured in accordance with this subchapter, unless such employe executes and files with his employing office a written waiver of any such coverage, within the time limit fixed by rule, which shall be transmitted forthwith to the director, or the board may provide a different method of enrollment.

(4) There shall be withheld from the earnings payment of each insured employe the amount of premium necessary for such coverage and at the time fixed by the board. Such withholdings shall be remitted by the respective departments or agencies in which such employes are employed, in the manner and within the time limit fixed by rule.

(5) The board shall establish by rule the provisions of a short-term plan with a benefit duration of 2 years and a long-term plan covering injury or illness of indefinite duration.

(6) The state shall contribute toward the payment of premiums for the short-term income protection insurance under this section an amount equal to 100% of the gross premium for any insured employe who accumulates 10 days of sick leave or more each year or who has accumulated 65 days of sick leave or more. Sick leave accumulation shall be determined in

accordance with s. 16.30 (2) and the rules of the board.

(7) (a) The state shall contribute toward the payment of premiums for the long-term income continuation insurance under this section an amount equal to 50% of the gross premium for any insured employe who has accumulated at least 65 days or more of sick leave.

(b) The state shall contribute 75% of the gross premium if an insured employe has accumulated at least 91 days or more of sick leave.

(c) The state shall contribute 100% of the gross premium if an insured employe has accumulated over 130 days of sick leave.

(8) (a) The board shall establish by rule the elimination periods necessary for both the short and long-term plans.

(b) Employes insured under either the short or long-term plan shall be covered under these plans upon exhaustion of accumulated sick leave and the elimination period required under the respective policies.

(9) (a) Any insured employe who has, as a result of disability or illness, exhausted his accumulated sick leave and has been covered under the long-term plan shall upon his return continue to be covered under the plan regardless of his accumulated sick leave status.

(b) The state's contribution toward the payment of premiums under this subsection shall be 50% of the gross premium until the employe is eligible to qualify under sub. (7) (b) or (c).

(10) State contributions for the payment of premiums under this section shall be made for all employes who meet the requirements of subs. (6), (7) and (9) with the exception of teachers, as defined in s. 42.20, in the unclassified service of the state.

(11) Effective July 1, 1974, teachers, as defined in s. 42.20, in the unclassified service of the state employed by the board of regents of the university of Wisconsin system, shall have the benefit of income continuation insurance under a sick leave program as adopted by the board of regents of the university of Wisconsin system under ch. 227. The sick leave program may take into account previous practices and may permit reasonable crediting of sick leave for previous service in the system. With regard to income continuation insurance for such employes:

(a) The state shall contribute an amount equal to 100% of the gross premium for any employe who has more than one year of service and who elects to take a 130-day waiting period.

(b) The state shall contribute an amount equal to the gross premium for a 130-day waiting period for any other employe with more than one year's service who elects a shorter waiting period

with the balance of the premium to be paid by the employe.

(c) Employes covered under the board of regents program with less than one year's service shall be allowed to purchase income continuation insurance at their own expense.

(d) Insofar as applicable subs. (1), (2), (3), (4), (5), (8) and (9) (a) shall apply.

History: 1971 c. 125, 336; 1973 c. 90.

#### 40.15 Payment of premiums for life insurance.

(1) There shall be withheld from the earnings payment of each insured employe 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 instalments. Such withholdings shall be remitted to the board by the respective departments or agencies in which such employes are employed and by the respective retirement systems for insured annuitants, in the manner and within the time limit fixed by rule.

(2) Beginning with the month in which an insured employe reaches his 65th birthday, no withholdings from his earnings shall be made under this section. Withholdings shall not be made from the earnings of an insured employe during a period of disability in which premiums are waived under the terms of the insurance contract.

(3) Beginning with the month in which an insured employe has attained age 65 and either is retired on an immediate annuity, or has 10 years' service pursuant to s. 40.19 (2), or an insured employe is retired on a disability annuity, no further withholdings from his earnings or retirement benefits shall be made under this section and the cost of life insurance for such employe pursuant to s. 40.13 shall be paid by the state, but the state shall not pay for any month prior to attaining age 65 for which a disability annuity is suspended or terminated, unless such disability still exists, in which event the state shall continue to pay the cost. The disability annuitant shall make contributions for any month for which earnings are paid by the state.

(4) Except as provided under sub. (3), any insured employe who is retired 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. 41.41, 1971 stats., or by s. 41.22 (1) (a) 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.

(5) The state shall contribute toward the payment of premiums under this section an amount, which together with the employee's contribution, will equal the gross monthly premium for such employee's insurance. Any contribution which may be required from the state shall be made in accordance with s. 20.865 (1) (d).

(6) The full amount of the premium shall be remitted to the insurance carrier or carriers substantially in accordance with s. 20.921.

History: 1971 c. 214; 1973 c. 151.

**40.16 Payment of premiums for health insurance.** (1) There shall be withheld from the earnings payment of each insured employe and from the retirement benefit of each insured retired employe (if the annuity is sufficient) the amounts of premium and at the time fixed by the board. Such withholdings shall be remitted by the respective departments or agencies in which such employes are employed, and by the respective retirement systems from which insured annuitants are paid, in the manner and within the time limit fixed by rule.

(2) The state shall contribute toward the payment of premiums for health insurance under this section an amount equal to 50% of the gross premium for any insured employe, who is not an annuitant or who is not a retired employe qualifying for continued insurance coverage under s. 40.19 (2), and his dependents for the standard health insurance coverage determined by the board. The amount to be contributed by the state under this subsection shall be increased on January 1, 1970, to 75% and on July 1, 1970, to 90% of the premium for the standard health insurance coverage, but such increased contributions by the state shall not be made for teachers, as defined in s. 42.20, in the unclassified service of the state. The state shall contribute toward the payment of premiums for health insurance under this section an amount equal to 90% of the gross premium for all teachers, as defined in s. 42.20, in the unclassified service of the state, commencing July 1, 1972.

(3) Health insurance shall be continued after retirement for any eligible employe who has not elected to discontinue such coverage and the full premium therefor shall be deducted from credits earned under s. 16.30 (2) and (2m) until exhausted, and then from annuity payments, if the annuity is sufficient. The board shall provide for the direct payment of premiums by the annuitant to the insurer if the premium to be withheld exceeds the annuity payment.

(4) Notwithstanding ss. 40.11 (2) (a) 1 and 42.35 (3), any person appointed as a visiting

faculty member in the university of Wisconsin system who has been employed by such system for not less than 6 months shall be eligible for health insurance and shall be considered an insured employe for the purposes of s. 40.16.

History: 1971 c. 125, 336; 1973 c. 90.

**40.165 Graduate assistant's health insurance coverage.** The board of regents of the university of Wisconsin system, working with the group insurance board, shall establish a health insurance plan for graduate assistants within the system who are employed on a one-third full-time basis, or more. The group insurance board shall take any action deemed advisable and not specifically prohibited or delegated to some other governmental agency to carry out the purpose of this section. The state contribution toward such coverage shall be not more than the percentage of premium paid by the state for employe's health insurance coverage under s. 40.16 (2).

History: 1973 c. 90.

**40.17 Premium deductions.** For the insurance premium withholding purposes of this subchapter an insured state employe on more than one state payroll or paid from more than one appropriation shall have premium deductions made only under that department, agency or appropriation from which he receives the greater portion of his earnings. For purposes of state contributions s. 20.904 shall be applicable.

**40.18 Cancellation and termination of life or health insurance.** (1) An insured employe may at any time cancel his life or health insurance by filing a waiver of such coverage with his employing office; similarly an insured retired employe may at any time cancel his life or health insurance by filing a waiver of such coverage with the office of his retirement system. Such waiver shall be transmitted forthwith to the board. Such waiver shall be effective and such insurance shall cease at the end of the calendar month which begins after the waiver is received by such office.

(2) The life and health insurance shall terminate as provided in the contract or contracts therefor, which contract or contracts shall also provide an option for an employe to convert insurance coverage upon termination of employment if covered by such insurance during the entire 6 months preceding termination or if covered by such insurance from the initial effective date established under s. 40.20 (4), to the date of termination, and provided that such employe has been employed by the same employer for 6 months prior to termination.

(3) The board may provide for the continuance or suspension of insurance coverage during any month in which no earnings are received and during any leave of absence or period of disability as defined by the board.

History: 1971 c 214 s 148

**40.19 Retired employees.** (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 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 year's service. 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.

(3) The board may by rule provide that persons who are otherwise eligible and who retire during the calendar year 1959 or subsequently may be eligible.

History: 1971 c 214.

**40.20 Local employes.** (1) The board shall make the group life insurance provided pursuant to this subchapter available to any employer as defined in s. 41.02 (4) for the purpose of providing the employes thereof with group life insurance in amounts based upon their annual earnings under a plan contributed to by such employer, thereby improving morale and efficiency in the public service. The board shall have the option of providing such insurance under a separate contract. Any company authorized to sell life insurance in the state may provide such insurance.

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

(3) All provisions of this subchapter pertaining to the state and to state employes with respect to group life insurance shall be applicable to such employers as act to be included hereunder and to the employes thereof. Service for the state and for each employer shall be treated independently, including the 20-year requirements in s. 40.19 (1), except that an

aggregate of such service under the state teachers' retirement system shall meet the requirement and except that service for a predecessor employer shall be treated as service for the participating employer.

(4) The governing body of any employer may elect to provide group life insurance pursuant to this subchapter for the employes thereof by the adoption of a resolution in the form prescribed by the board. A certified copy of such resolution shall be filed with the board and if received on or before November 15 in any year shall be effective as of the beginning of the ensuing calendar year.

(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 an employer included under this subchapter at the time of such creation or a city which at the time of such creation was 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.

(6) The definition of "employe" shall include:

(a) The personnel of any participating employer as defined in s. 41.02 (5) who meet the requirements of s. 40.11 other than state employment, or who are included under a retirement plan pursuant to s. 61.65, 62.13 (9) or (10) or 66.80.

(b) In cities of the 1st class and counties having a population of 500,000 or more any person included under a retirement system for such city or county whose current employment or official status has continued for 6 months.

(7) Each employer shall pay the employer cost for its employes pursuant to s. 40.15 (5), and may pay for all employes any part or all of the premium required to be paid by employes pursuant to s. 40.15 (1). If an employer elects to pay the entire premium, the board shall be notified in writing of the date on which such election becomes effective. Following any such election, and notwithstanding s. 40.12 (2), a waiver of insurance filed by any employe of such 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. The board shall provide for pooling the employer costs which shall be determined separately for all employes 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 employees of that employer 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 of an employer as determined by the board.

(10) The governing body of any employer may repeal any resolution enacted pursuant to sub. (4), to be effective at the end of the calendar year if such rescinding resolution is received by the board 90 days prior to the end of the calendar year, otherwise at the end of the next calendar year.

(11) If any covered employee enters the employment of a different employer providing insurance hereunder, or of the state, and there is no gap between employments, then coverage shall be continuous and s. 40.18 (2) pertaining to conversion of insurance shall not be applicable except if a waiver is filed.

History: 1971 c. 214 ss. 13, 148.

**40.21 Coverage for new employees.** In addition to coverage subsequently provided any person who enters employment in which incumbents are eligible for health insurance under this subchapter and who meets all the requirements of s. 40.11 (2) other than the completion of the qualifying period shall be eligible when enrolled pursuant to rule for such health insurance until the end of such qualifying period, but until the end of the qualifying period the full cost of such coverage shall be paid by such person.

**40.22 Certification of amount.** (1) Whenever any employer fails to remit within the period fixed by rules promulgated by the board any sum payable pursuant to this subchapter or any interest or minimum fee due under the rules the amount or the estimated amount thereof shall be certified to the department of administration and such shall be included in the next apportionment of state special charges to local units of government and such shall be credited to the board. When the exact amount due is determined and the board has received from any employer a sum in excess of such amount, the board shall pay such excess amount to the employer.

(2) If any employer fails to transmit any report required by this subchapter or by rule established pursuant thereto within 30 days after

the date prescribed therefor, the board shall cause such report to be prepared and furnished. Thereupon the board shall submit to the employer a statement of the expenses incurred in securing such report, including the value of the personal services rendered in the preparation of the same, and shall file a certified copy of such statement with the department of administration. Within 60 days after the receipt of the above statement by the employer such statement shall be audited as other claims against the employer are audited and shall be paid into the state treasury and credited to the appropriation made by s. 20.515 (1) (w). In default of payment by the employer, the amount specified as aforesaid shall become a special charge against the employer and shall be included in the next apportionment of state special charges and shall be collected, with interest at the rate of 10% per annum from the date such statement was submitted to the employer, as other charges are certified and collected, and when so collected such amount and said interest shall be credited to the appropriation made by s. 20.515 (1) (w).

History: 1971 c. 214 s. 148.

**40.23 Payments exempt from process.** No payment of insurance provided under this subchapter shall be assignable, either in law or equity, or be subject to execution, levy, attachment, garnishment or other legal process.

**40.24 Disposition of surplus.** The group insurance board shall apportion all excess moneys becoming available to it through operation of the group insurance plans to reduce premium payments in following contract years, to establish reserves to stabilize costs in subsequent years or to purchase additional insurance.

**40.25 Payment of administrative expenses.** The group insurance board shall certify to the respective insurance carriers for payment to the administrative account under s. 40.01 the amounts determined pursuant to s. 40.01 to be necessary for administrative costs.

**40.26 Depositing of moneys.** All moneys received by the 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.

History: 1971 c. 214.

## SUBCHAPTER VI

### SOCIAL SECURITY FOR PUBLIC EMPLOYEES

**40.40 Social security for public employes; definitions.** In this subchapter:

(1) "Public agency" means the state and any county, city, village, town, school district or other unit of government, or agency or instrumentality of 2 or more thereof which is eligible for inclusion under the federal OASDHI system.

(2) With respect to persons serving in positions subject to the state teachers retirement system who are employed by vocational, technical and adult education districts "public agency" means the state until July 1, 1974, except that for the purposes of s. 40.42 (2), and the applicable portions of s. 40.42 (3) to (5) "public agency" means the employer school district or other local unit of government.

(4) "Federal regulations" means the provisions of section 218 of Title II of the social security act enacted by the congress of the United States, and applicable regulations adopted pursuant thereto, and applicable provisions of the U.S. internal revenue code. "OASDHI" Means federal old age, survivors, disability and health insurance under Titles II and XVIII of the federal social security act.

(5) "Coverage group" has the meaning given that term by federal regulations.

(6) "Secretary" means the secretary of employe trust funds.

(7) "Director" means the director of the bureau which is responsible for the administration of the public employes social security fund.

History: 1971 c 125; 1973 c 90

**40.41 Coverage.** (1) Each public agency other than the state may determine to be included under OASDHI through the adoption of a resolution by the governing body thereof with respect to the coverage groups specified in such resolution, which shall also state the effective date of coverage.

(2) Every state employe and state officer while employed in any position which is not included under any retirement system established by statute is included under the agreement authorized by sub. (9) if eligible for inclusion, and all participating employers which have acted pursuant to s. 41.05 to be included under the Wisconsin retirement fund are included when the participating employes thereof are eligible, and each city and village is pursuant to ss. 62.13 (9) (e) and (9a) and 61.65 (6) included under the agreement as to policemen, and each public agency affected by s. 41.05 (8) (b) is pursuant thereto included under the agreement as to the employes affected by such paragraph. This subsection is not applicable to services performed in any fireman's position.

(3) Notwithstanding subs. (1), (2) and (9), the persons included under any retirement system, or any coverage group therein permitted under federal regulations, may be included under the federal OASDHI system pursuant to a referendum held in conformity with section 218 (d) (3) of the federal social security act and a certification by the governor pursuant thereto, and the governor may take any and all actions which may be required in connection therewith. In the case of each public agency other than the state, a referendum shall be conducted only upon, and in conformity with, a request submitted by the governing body thereof. The agreement with the secretary of health, education and welfare may be modified to cover any such coverage group.

(4) For the purposes of sub. (3) the members of the combined group of the state teachers retirement system constitute a coverage group. Members of the state teachers retirement system may be included under the federal OASDHI system under sub. (3) only in accordance with s. 42.241.

(5) Effective April 1, 1966, with the exception of the exclusions under sub. (10) the only exclusions covering positions not under a retirement system which shall be in effect under the state-federal agreement pursuant to action taken under sub. (1) shall be those exclusions which are mandatory under federal regulations.

(6) For the purposes of sub. (3) the members of the combined group of a retirement fund created under s. 42.72 constitute a coverage group. Members of any such retirement fund may be included under the federal OASDHI system under sub. (3) only in accordance with s. 42.72.

(7) Effective July 1, 1966, all services performed by an individual in a position covered by a retirement system under ch. 42, but who is ineligible to be 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), 1957 stats. or 42.241 (4), 1957 stats.

(8) All persons included under the conservation wardens pension fund are subject to this subchapter.

(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 by 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.

(10) No student or member of a board or commission, except members of governing bodies, shall be included under such agreement when filling a position or office which does not normally require actual performance of duty for at least 600 hours in each year.

History: 1971 c 214 ss 15, 148.

**40.42 Financial participation.** (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. 20.292 (1) (fs) shall be made no more than 5 days after receipt by the department of administration of vouchers certified by the department of employe trust funds.

(2) Each public agency included under such an agreement shall withhold from the persons compensated by such public agency who are covered by such agreement the portion of such compensation required to be withheld under the federal regulations.

(3) The contributions required under sub. (1) and the amounts withheld under sub. (2) shall be remitted by each public agency in conformity with rules promulgated under s. 40.43. The state shall be liable for all such remittances due from public agencies in conformity with the agreement under s. 40.41 (9), and shall make payment of all sums which are due under this subsection and become delinquent.

(4) Whenever any public agency fails to remit within the period fixed by rules promulgated under s. 40.43 any sum payable under sub. (3) or any interest or minimum fee due under the rules, such amount or the estimated amount

thereof shall be certified to the department of administration and such shall be included in the next apportionment of state special charges to local units of government. When the exact amount due is determined and a sum in excess of such amount has been received from any public agency, such excess amount shall be paid to the public agency.

(5) If any public agency fails to transmit any report which it is required to submit by law or by any rule established pursuant thereto for 30 days after the date such report is due, the secretary shall cause such report to be prepared and furnished to him. Thereupon the secretary shall submit to said public agency a statement of the expenses incurred in securing such report, including the value of the personal services rendered in the preparation of the same. Duplicates of such statement shall be filed with the department of administration. Within 60 days after the receipt of the above statement by the public agency such statement shall be audited as other claims against the public agency are audited and shall be paid into the state treasury and credited to the appropriation made by s. 20.515 (1) (w). In default of payment by the public agency, the amount specified as aforesaid shall become a special charge against the public agency and shall be included in the next certification of state taxes and charges and shall be collected, with interest at the rate of 10% per annum from the date such statement was submitted to the public agency, as other charges are certified and collected, and when so collected such amount and said interest shall be credited to the appropriation made by s. 20.515 (1) (w).

(6) All money received by the state pursuant to this section shall be deposited as provided in s. 40.01.

(7) Any money paid into the public employes social security account in error may be refunded upon certification to the department of administration of the name of each public agency entitled to a refund and the amount thereof. Thereupon, and notwithstanding s. 20.913, the department of administration shall draw its warrant for the amount and in favor of the public agency so certified, and the state treasurer shall pay the same and charge it to the public employes social security account created by s. 40.01.

History: 1971 c 214; 1973 c 90

**40.43 Rules.** The secretary may promulgate rules to carry out the purposes of this subchapter.

## SUBCHAPTER VIII

### JOINT BENEFIT PLAN PROVISIONS

**40.50 PUBLIC EMPLOYE TRUST FUNDS**

**40.50 Definitions.** In chs. 40, 41 and 42, unless the context requires otherwise:

(1) "Department" means the department of employee trust funds.

(2) "Beneficiary" means the person, or a trust in which such person has a beneficial interest, so designated by a member, participant, employe or annuitant in the last-written designation of beneficiary on file with the department at the time of death except that if a member, participant, employe or annuitant has filed a written designation of beneficiary in a form which is applicable only to a specified benefit plan such written designation shall not apply in determining beneficiaries under another benefit plan or plans. If the member, participant, employe or annuitant designates 2 or more persons as joint beneficiaries, then payment to such beneficiaries shall be share and share alike unless the member, participant, employe or annuitant designates otherwise.

(a) In the absence of a written designation of beneficiary, or if no beneficiary so designated survives the member, participant, employe or annuitant, the beneficiary shall be the person or persons surviving as next of kin, 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 group; group 3, parent; group 4, grandchild; group 5, brother or sister. No payment may be made to a person included in any group if there are living persons in any of the preceding groups as listed. Payment to 2 or more beneficiaries included in any group shall be share and share alike.

(b) If there is no written designation of beneficiary and no beneficiary determined as provided in par. (a), the beneficiary shall be the estate of the member, participant, employe or annuitant.

(c) A designation of beneficiary may be signed and filed by a guardian when accompanied by a certified copy of an order of a circuit or county court approving the specific terms thereof.

History: 1971 c. 125; 1973 c. 20.

**40.60 Disposition of inactive accounts.**

(1) Any person entitled to a benefit under any provision of ch. 40, 41 or 42 who, according to the department's records, has attained the age of 67 and who has not dealt with the department for a period of 7 years shall be presumed, unless it is shown to the contrary, to have died intestate,

without heirs, or to have abandoned such moneys.

(2) All moneys or credits in such an account shall be applied to the appropriate employer accounts to reduce future funding requirements.

(3) The department shall periodically publish a notice in the official state paper stating the names of such persons, name of last employer, and the fact that a benefit will be paid to the respective persons listed or their respective heirs or legatees, without additional interest, on proof of ownership, if applied for.

(4) If any person files a claim within 7 years after the publication of such notice and furnishes proof of ownership of any amounts in an inactive account the claim shall be paid on the same basis as if no action had been taken under this section except that no interest shall accrue after the last normal date for crediting interest which preceded publication of such notices. The cost of the benefit shall be charged to the employer account credited under sub. (2).

(5) Notwithstanding any other provision of the statutes any account subject to this section may be settled as provided in s. 867.03.

History: 1971 c. 125; 1973 c. 20.

**40.61 Benefit corrections.** Any underpayment or overpayment of a separation, withdrawal or death benefit under ch. 41 or 42 which does not exceed \$5, and any correction of an annuity payment which does not exceed \$1 per month, shall not be corrected but shall be credited or debited to the investment income accounts of the fund from which the benefit was paid. If the member, participant, employe or beneficiary requests correction within 2 years of the original payment the benefit shall be corrected and the amount of the correction credited or debited to the appropriate account.

History: 1973 c. 20.

**40.65 Employer additional contributions.**

An employer under any retirement fund or system under ch. 41 or 42 may make contributions for any participant or member in addition to the employer contributions or deposits required under chs. 41 and 42. Such contributions for each employe shall be identified separately on the employer's reports to the appropriate retirement fund or system, and shall be available for all benefit purposes to the same extent as contributions or deposits deducted from the earnings of the employe. Such contributions shall also be considered earnings or compensation for all benefit purposes under chs. 40 to 42.

History: 1973 c. 20.

**40.70 Distribution of annuity reserve surpluses.** Notwithstanding any other provision of the statutes, any distribution of surpluses in the reserves for fixed annuity payments established under any of the plans created by chs. 41 and 42 shall be made as follows:

(1) Such distributions shall be expressed as percentage increases in the amount of the monthly annuity in force, including prior distributions of surpluses but not including any amount paid as a variable annuity or as a supplemental or adjusted benefit, preceding the effective date of the distribution. For purposes of this section, annuities in force shall include any disability annuity suspended because the annuitant had exceeded his earnings limitation for that year.

(2) Different percentages may be applied to annuities with different dates of initial payment as may be determined to be equitable.

(3) Such distributions shall not be offset against any other benefit being received but shall be paid in full, nor shall any other benefit being received be reduced by any such distributions made after May 11, 1973.

(4) The effective date of such a distribution shall be no earlier than the first day of the 3rd full month after the percentages are established by the appropriate board.

History: 1973 c. 20

**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.

History: 1971 c. 214

**40.84 Intrastate retirement reciprocity.**

(1) This section is intended to encourage career public service by permitting earnings and service under 2 or more retirement programs created under chs. 41 and 42 to be combined, as hereinafter provided, for benefit computation and eligibility purposes.

(2) To accomplish the purpose of this section the highest monthly rate of earnings for a member or participant determined in accordance with s. 41.02 (21), 42.20 (26) or 42.70 (2), based on not less than 3 years of earnings, shall be used as the basis for any applicable benefit computation for which the member or participant is eligible under chs. 41 and 42. Creditable service under any of the retirement programs under chs. 41 and 42 may be combined if necessary to establish eligibility for any disability or death benefit.

(3) The employe trust funds board may adopt such rules as may be necessary to assure compliance with the intent of this section.

History: 1973 c. 127.