

Committee Name:

**Joint Survey Committee – Retirement Systems
(JSC–RS)**

Appointments

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Clearinghouse Rules

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STATE OF WISCONSIN

APPENDIX TO 1997 ASSEMBLY BILL 196

REPORT OF JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

(Introduced by Representatives Kreuser, Turner, Vander Loop, Grothman and Seratti; cosponsored by Senators Grobschmidt and Buettner.) An Act to amend 40.08 (1m)(f) 1., 40.08 (1m)(f) 2. and 40.08 (1m)(j) and to create 40.08 (1m)(f) 3. of the statutes; relating to qualified domestic relations orders under the Wisconsin retirement system.

EXTRACT OF COMMITTEE'S RECOMMENDATION ON THIS BILL**PURPOSE OF THE BILL**

Under current law a Wisconsin Retirement System (WRS) participant whose marriage ends on or after April 28, 1990, may have accrued benefits under the retirement system divided according to a qualified domestic relations order as governed by provisions of s. 40.08 (1m), Stats. This bill newly provides that a WRS participant whose marriage ended by a court order between January 1, 1982, and April 28, 1990, may also have accumulated WRS benefits divided according to a qualified domestic relations order received by the Department of Employee Trust Funds after the effective date of this bill, but only with respect to the payment of future benefits after that effective date.

ACTUARIAL EFFECT

This bill should have no effect upon the actuarial balance or goals of the WRS.

PROBABLE COST

Provisions of WRS law governing the division of benefits pursuant to a qualified domestic relations order specifically prohibit the payment of benefits that would exceed in value the benefits to which the participant is entitled. Accordingly, this bill would have no effect upon the employer and employee contribution rates to the WRS as determined by the retirement board and consulting actuary.

PUBLIC POLICY

Legislation was enacted during the 1989 session to provide a process for a division of accrued benefits under the WRS according to a qualified domestic relations order, subject to the governing provisions enacted under the WRS law. This division process only applied to those participants whose marriage ended after April 28, 1990. The purpose of this bill is to extend the division process as provided by WRS statutes to those marriages which ended by a court order between January 21, 1982, and April 28, 1990, if the Department of Employee Trust Funds receives a qualified domestic relations order after the effective date of this legislation.

This legislation would extend the division process as it was enacted as good public policy during the 1989 session to those participants whose marriages ended after January 1, 1982, (the effective date of the merged WRS) and April 28, 1990, which was the effective date of the WRS law governing qualified domestic relations orders. This new legislation would have no effect upon the actuarial balance or contribution rates to the WRS as determined by the ETF Board.

RECOMMENDATION