

1999 ASSEMBLY BILL 426

August 17, 1999 – Introduced by Representatives STASKUNAS, BLACK, J. LEHMAN, BOCK, LA FAVE, RICHARDS, SCHNEIDER, MUSSER, F. LASEE, MILLER, YOUNG, RHOADES, PLOUFF and LASSA, cosponsored by Senators ROSENZWEIG, GROBSCHMIDT, HUELSMAN, ROESSLER, ERPENBACH, CLAUSING and FARROW. Referred to Joint survey committee on Retirement Systems.

1 **AN ACT to create** 20.515 (1) (bm) and 40.73 (1) (cm) of the statutes; **relating to:**
2 death benefits provided under the Wisconsin retirement system and making an
3 appropriation.

Analysis by the Legislative Reference Bureau

Under current law, a beneficiary of a participant in the Wisconsin retirement system (WRS) may receive a death benefit upon the death of the participant. Generally, if the participant at the time of death was not an annuitant under the WRS, the value of the death benefit equals the sum of the additional and employer required contribution accumulations credited to the participant's account. The value of the death benefit does not include the employer required contribution accumulations. However, there is one exception. If the participant at the time of death was a participating employee and had attained the age of 55, or the age of 50 if the participant was a protective occupation participant, his or her beneficiary is eligible to receive an automatic joint survivor death benefit. The value of the joint survivor death benefit would be based on the sum of the additional and employer required contribution accumulations credited to the participant's account and the employer required contribution accumulations.

This bill provides that any WRS participant who at the time of death was a participating employee and had attained at least 20 years of creditable service shall have his or her death benefit based on the sum of the additional and employer required contribution accumulations credited to the participant's account and the employer required contribution accumulations, but only if the beneficiary to whom

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a death benefit is payable is the spouse of the participating employe, or a trust in which the spouse has a beneficial interest. Under the bill, the death benefit provided the spouse is in the form of a joint survivor death benefit.

This bill first applies to individuals who were participating employes under the WRS on June 30, 1999.

This bill will be referred to the joint survey committee on retirement systems for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 20.515 (1) (bm) of the statutes is created to read:

2 20.515 (1) (bm) *Increased death benefits.* A sum sufficient to pay the cost of any
3 increased death benefits required under 1999 Wisconsin Act (this act), for
4 individuals who were participating employes in the Wisconsin retirement system on
5 June 30, 1999, but who terminated covered employment before the effective date of
6 this paragraph [revisor inserts date].

7 **SECTION 2.** 40.73 (1) (cm) of the statutes is created to read:

8 40.73 (1) (cm) In lieu of the benefit payable under par. (a), (b) or (c), upon the
9 death of a participating employe who, prior to death, had attained at least 20 years
10 of creditable service, if the beneficiary to whom a death benefit is payable is the
11 spouse of the participating employe, or a trust in which the spouse has a beneficial
12 interest, the present value on the day following the date of death of the life annuity
13 to the beneficiary which would have been payable if the participating employe had
14 been eligible to receive a retirement annuity, computed under s. 40.23 or 40.26,
15 beginning on the date of death and had elected to receive the annuity in the form of
16 a joint and survivor annuity providing the same amount of annuity to the surviving
17 beneficiary as the reduced amount payable during the participant's lifetime. If the

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1 death benefit payable to the beneficiary under this paragraph would be less than the
2 amount determined under par. (a), (b) or (c) the death benefit shall be payable under
3 par. (a), (b) or (c) and this paragraph shall not be applicable to the beneficiary.

4 **SECTION 3. Initial applicability.**

5 (1) This act first applies to death benefits for individuals who are participating
6 employes in the Wisconsin retirement system on June 30, 1999.

7 (END)