

1999 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB426)

Received: 11/08/1999

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Tony Staskunas (608) 266-0620**

By/Representing: **Himself**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **Employ Pub - miscellaneous**
Employ Pub - retirement

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Death benefit provisions under the Wisconsin retirement system

Instructions:

Draft the death benefit changes from 1999 AB 495 as a sub, but have the retroactive date provided in AB 426.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	champra 11/08/1999	wjackson 11/08/1999		_____			
/1			mclark 11/08/1999	_____	lrb_docadmin 11/08/1999	lrb_docadmin 11/08/1999	

FE Sent For:

<END>

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/?	champra	1 wlg 11/8	MRC 11/8	MRC/JF 11/8			

FE Sent For:

<END>

Per Rep. Starkunas:

Incorporate death benefit
changes from 1999 AB 495
into the sub.

Champagne, Rick

From: Ramirez, Adrienne
Sent: Tuesday, October 26, 1999 11:50 AM
To: Champagne, Rick
Subject: Drafting request

Rick-

This summer you drafted LRB-3285/2, AB 426 for Rep. Staskunas. This is a request to have a Substitute Amendment drafted to AB 426.

It is my understanding that a portion of this proposal is in AB 495, currently before the Governor. In reviewing both proposals, Rep. Staskunas has asked that you draft a substitute amendment to have AB 426 pay a lump sum to a surviving spouse or dependent children, rather than have them become annuitants. This lump sum provision was contained in AB 495.

However, Tony still wants to maintain the retroactive provision. This brings me to our second request. Could we get clarification from you as to why if the employee and employer contribution are within the Wisconsin Retirement System, GPR funds would need to be appropriated? Would a change to a lump sum payment to survivors alter the GPR funding issue?

Your assistance with the drafting and the clarification are greatly appreciated. Please call me if you have any questions

Thank you,

Adrienne Ramirez
Office of Rep. Staskunas
6-0620

SOON

ASA

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.

Regen

- 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 employe 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 employe 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 employe 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 employe 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 employe required contribution accumulations credited to the participant's account and the employer required contribution accumulations, but only if the beneficiary to whom

ASSEMBLY BILL 426

a death benefit is payable is the spouse of the participating employee, 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 employees 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 employees 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 employee 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 employee, 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 employee 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

ASSEMBLY BILL 426

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 employees in the Wisconsin retirement system on June 30, 1999.

7 (END)

Insert A

ASSEMBLY BILL 495

A

1 40.26 (5) (c) Any annuity or lump sum payment made to the participant shall
 2 be considered to have been made in error and is subject to s. 40.08 (4). The sum of
 3 the payments made in error shall be credited to a memorandum account. The
 4 memorandum account is subject to s. 40.04 (4) (a) 2., 2g. and 2m. and (c). If the
 5 annuity was recomputed under s. 40.08 (1m), the memorandum account established
 6 under this paragraph shall be adjusted pursuant to s. 40.08 (1m) (f) 2. The
 7 retirement account of a participant paid in error, and whose annuity was terminated,
 8 shall be reestablished as if the terminated annuity had never been effective,
 9 including the crediting of interest.

10 SECTION ~~24~~[#] 40.73 (1) (a) (intro.) of the statutes is amended to read:

11 40.73 (1) (a) (intro.) Upon the death of a participant, other than an annuitant
 12 or a participating employe, the sum of the additional and employe required
 13 contribution accumulations credited to the participant's account on the beneficiary
 14 annuity effective date or, in the case of a lump sum payment, the first day of the
 15 month in which the death benefit is approved. In addition:

16 SECTION ~~25~~[#] 40.73 (1) (am) of the statutes is created to read:

17 40.73 (1) (am) Upon the death of a participating employe who has not attained
 18 age 55, and any protective occupation participant who has not attained age 50, the
 19 sum of the additional contribution and twice the employe required contribution
 20 accumulations credited, including any interest credited to the accumulations, to the
 21 participant's account on the beneficiary annuity effective date or, in the case of a
 22 lump sum payment, the first day of the month in which the death benefit is approved.

23 SECTION ~~26~~[#] 40.73 (1) (c) of the statutes is amended to read:

24 40.73 (1) (c) ~~In lieu of the benefit payable under par. (a) or (b), upon~~ Upon the
 25 death of a participating employe who, prior to death, met all of the requirements

ASSEMBLY BILL 495

SECTION 26

1 under s. 40.23 (1) except termination of employment and the filing of an application,
 2 if the beneficiary to whom a death benefit is payable is a ~~dependent of the~~
 3 ~~participating employe~~ natural person, or a trust in which ~~such a beneficiary the~~
 4 natural person has a beneficial interest, the present value on the day following the
 5 date of death of the life annuity to the beneficiary which would have been payable
 6 if the participating employe had been eligible to receive a retirement annuity,
 7 computed under s. 40.23 or 40.26, beginning on the date of death and had elected to
 8 receive the annuity in the form of a joint and survivor annuity providing the same
 9 amount of annuity to the surviving beneficiary as the reduced amount payable
 10 during the participant's lifetime. If there is more than one beneficiary the amount
 11 of the annuity and its present value will be determined as if the oldest of the
 12 beneficiaries were the sole beneficiary. If the death benefit payable to the beneficiary
 13 under this paragraph would be less than the amount determined under par. (a) ~~or~~
 14 ~~(b)~~ ^(a.m) the death benefit shall be payable under par. (a) ~~or (b)~~ ^(a.m) and this paragraph shall
 15 not be applicable to the beneficiary. An annuitant receiving an annuity only under
 16 s. 40.24 (1) (f), which annuity was an immediate annuity, shall be deemed a
 17 participating employe for purposes of this paragraph only, but the amount payable
 18 under s. 40.24 (1) (f) shall not be changed.

SECTION 27. Nonstatutory provisions.

19 ~~(1) TRANSFER OF FUNDS FROM THE TRANSACTION AMORTIZATION ACCOUNT OF THE~~
 20 ~~FIXED RETIREMENT INVESTMENT TRUST.~~

21 ~~(a) On December 31, 1999, after the annual distribution required under section~~
 22 ~~40.04 (3) (a) of the statutes for the 1999 calendar year is made, \$4,000,000,000 shall~~
 23 ~~be distributed from the transaction amortization account of the fixed retirement~~
 24 ~~investment trust to the reserves and accounts of the fixed retirement investment~~
 25

end of A