

1999 SENATE BILL 119

April 21, 1999 – Introduced by Senators WIRCH, RISSER, SCHULTZ, ROESSLER, ERPENBACH, PLACHE and ROBSON, cosponsored by Representatives JENSEN, BOCK, MUSSER, BLACK, BRANDEMUEHL, YOUNG, J. LEHMAN, TURNER, POCAN, PLOUFF and REYNOLDS. Referred to Joint survey committee on Retirement Systems.

1 **AN ACT to amend** 40.73 (1) (c) of the statutes; **relating to:** the payment of death
2 benefits for participating employes in the Wisconsin retirement system.

Analysis by the Legislative Reference Bureau

Under current law, the death benefit for most participants in the Wisconsin retirement system (WRS), other than annuitants, equals the sum of the additional and employer-required contribution accumulations credited to the participant's account. In other words, the death benefit does not include the employer-required contribution accumulations. However, if the participant at the time of death was a participating employe, had attained the age of 55, or the age of 50 if he or she was a protective occupation participant, and his or her beneficiary is a dependent, the death benefit is equal to the present value of the life annuity that the beneficiary would have received had the participating employe been eligible to receive an annuity and had elected to receive the annuity in the form of a joint and survivor annuity. The valuation of such a death benefit would include the employer-required contribution accumulations.

This bill eliminates the requirement that the beneficiary be a dependent in order to receive the death benefit that equals the present value of a life annuity in the form of a joint and survivor annuity.

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.

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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.** 40.73 (1) (c) of the statutes is amended to read:

2 40.73 (1) (c) In lieu of the benefit payable under par. (a) or (b), upon the death
3 of a participating employe who, prior to death, met all of the requirements under s.
4 40.23 (1) except termination of employment and the filing of an application, ~~if the~~
5 ~~beneficiary to whom a death benefit is payable is a dependent of the participating~~
6 ~~employe, or a trust in which such a beneficiary has a beneficial interest,~~ the present
7 value on the day following the date of death of the life annuity to the beneficiary
8 which would have been payable if the participating employe had been eligible to
9 receive a retirement annuity, computed under s. 40.23 or 40.26, beginning on the
10 date of death and had elected to receive the annuity in the form of a joint and survivor
11 annuity providing the same amount of annuity to the surviving beneficiary as the
12 reduced amount payable during the participant's lifetime. If there is more than one
13 beneficiary the amount of the annuity and its present value will be determined as
14 if the oldest of the beneficiaries were the sole beneficiary. If the death benefit payable
15 to the beneficiary under this paragraph would be less than the amount determined
16 under par. (a) or (b) the death benefit shall be payable under par. (a) or (b) and this
17 paragraph shall not be applicable to the beneficiary. An annuitant receiving an
18 annuity only under s. 40.24 (1) (f), which annuity was an immediate annuity, shall
19 be deemed a participating employe for purposes of this paragraph only, but the
20 amount payable under s. 40.24 (1) (f) shall not be changed. For the purpose of this

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1 paragraph, the department may not require that the beneficiary be a dependent of
2 the participating employe.

3 **SECTION 2. Initial applicability.**

4 (1) This act first applies to death benefits paid to participants in the Wisconsin
5 retirement system who are participating employes in the Wisconsin retirement
6 system on the effective date of this subsection.

7 (END)