

1999 SENATE BILL 127

April 21, 1999 – Introduced by Senators RISSER and BURKE, cosponsored by Representatives BLACK, TURNER, POCAN and YOUNG. Referred to Joint survey committee on Retirement Systems.

- 1 **AN ACT to create** 20.515 (1) (bm) of the statutes; **relating to:** death benefits
2 provided under the Wisconsin retirement system and making an 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. If the participant at the time of death was not an annuitant, 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, if the participant at the time of death was a participating employe, died after December 22, 1997, and had attained the age of 55, or the age of 50 if the participant was a protective occupation participant, his or her beneficiary could 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. If the participant died before December 23, 1997, the participant must have attained the age of 60, or the age of 55 if the participant was a protective occupation participant, for the beneficiary to be eligible to receive an automatic joint survivor death benefit. These age limits were reduced on December 23, 1997, to 55 and 50, respectively, as a result of 1997 Wisconsin Act 58.

This bill provides that any WRS participant who at the time of death was a participating employe, who died between January 1, 1997, and December 22, 1997, who, prior to death, had not attained the age of 60 years, or age 55 if the participant

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was a protective occupation participant, but who was at least 55 years of age, or at least 50 years of age if the participant was a protective occupation participant, shall have his or her death benefit retroactively increased by an amount equal to the participant's employe required contribution accumulations that were credited to the participant's account on the beneficiary annuity effective date, or in the case of a lump sum payment, on the first day of the month in which the department of employe trust funds (DETF) approved the payment of the death benefit.

In order to qualify for the increased death benefit, the beneficiary to whom the death benefit was payable must either have been a dependent of the participant or a trust in which a dependent had a beneficial interest. In addition, the beneficiary must submit an application to DETF, on a form provided by DETF, before the first day of the sixth month beginning after the effective date of the bill.

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* 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), section 2
4 (1) to (3).

5 **SECTION 2. Nonstatutory provisions.**

6 (1) In this section:

7 (a) "Beneficiary" has the meaning specified in section 40.02 (8) of the statutes.

8 (b) "Beneficiary annuity" has the meaning specified in section 40.02 (9) of the
9 statutes.

10 (c) "Department" has the meaning specified in section 40.02 (19) of the statutes.

11 (d) "Dependent" has the meaning specified in section 40.02 (20) of the statutes.

12 (e) "Employe required contribution" has the meaning specified in section 40.02
13 (27) of the statutes.

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1 (f) “Participant” has the meaning specified in section 40.02 (45) of the statutes.

2 (g) “Participating employe” has the meaning specified in section 40.02 (46) of
3 the statutes.

4 (h) “Protective occupation participant” has the meaning specified in section
5 40.02 (48) of the statutes.

6 (2) Notwithstanding section 40.73 (1) (a) of the statutes, any participant who
7 at the time of death was a participating employe, who died between January 1, 1997,
8 and December 22, 1997, who, prior to death, met all of the requirements under
9 section 40.23 (1) of the statutes except termination of employment and the filing of
10 an application and who was not eligible for the death benefit provided under section
11 40.73 (1) (c), 1995 stats., because he or she had not attained the age of 60 years, or
12 age 55 if the participant was a protective occupation participant, shall have his or
13 her death benefit retroactively increased by an amount equal to the participant’s
14 employe required contribution accumulations that were credited to the participant’s
15 account on the beneficiary annuity effective date, or in the case of a lump sum
16 payment, on the first day of the month in which the department approved the
17 payment of the death benefit.

18 (3) An increased death benefit may be provided under this section only if all of
19 the following conditions are satisfied:

20 (a) The beneficiary to whom the death benefit was payable must either have
21 been a dependent of the participant or a trust in which a dependent had a beneficial
22 interest.

23 (b) The beneficiary submits an application to the department, on a form
24 provided by the department, before the first day of the 6th month beginning after the
25 effective date of this paragraph.

