

1999 DRAFTING REQUEST

Bill

Received: **10/6/98**

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget 6-8777**

By/Representing: **Presser**

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

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **Employ Pub - retirement**

Extra Copies:

Topic:

DOA:.....Presser - Purchasing Forfeited Service under WRS

Instructions:

See Attached.

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>
/1	champra 10/7/98	gilfokm 10/7/98	jfrantze 10/8/98	_____	lrb_docadmin 10/8/98		Retire

FE Sent For:

<END>

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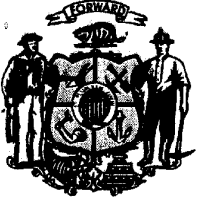
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1?	champra	1-10-97 KMG	26/10/8	26/10/8 RM			

FE Sent For:

<END>



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864



Date: 5 October, 1998

To: Steve Miller
Chief, Legislative Reference Bureau

From: Dennis Presser 
Policy and Budget Analyst, G-8777

Subject: Department of Employee Trust Funds statutory language proposals

Please draft the following eight statutory language proposals from the Department of Employee Trust Funds for its FY99-01 biennial budget request.

They include:

- Interest on refunds and underpayments
- Purchasing forfeited service
- QDRO--participant's status
- Death benefit under accelerated payment option
- Accumulated Sick Leave Conversion Credit Program changes
- Accumulated Sick Leave Conversion Credit base pay rate changes
- Closure and publication of write-off accounts
- Establishment of statutory lien provision

Please call with any questions. Thanks.



**Department of Employee Trust Funds
Statutory Language Drafting Request**

Draft for Possible 99-01 Budget Bill Introduction

Draft for Possible Introduction as Department-sponsored or Independent Bill

Subject: Purchasing Forfeited Service

Request Date: September 15, 1998

Contact Name in Agency for Drafter (phone no): Pam Henning (267-2929)

Brief Description of Intent:

Under current law, participating employees must buy all of the forfeited creditable service they are eligible to purchase at the time they submit their applications to purchase the forfeited service. If the participant hasn't accrued as much service since returning to WRS employment as was forfeited through the participant's separation benefit, s. 40.25 (6) limits the amount of service that can be purchased to an amount equal to the service that the participant has accrued at the time of purchase.

The proposed change would eliminate the requirement to purchase all the forfeited service a participant is eligible to purchase through one application. Instead, the amended language would provide flexibility to participants by allowing a participant to submit more than one application per year and apply for all or part of the creditable service the participant has forfeited. The change would eliminate the administrative difficulty of not being able to provide a participant with an accurate projection of the cost of service they can buy, since the amount of service and cost is dependent on the exact date the application is received. In addition, the change also states that the department must receive the application no later than the date the participating employee terminates from employment.

Related Statutory Citations

s. 40.25 (6) (a) 2. of the statutes is amended to read:

Applications A participating employe may submit not more than two applications for reestablishment of creditable service must include all creditable service that has been forfeited except that the in each calendar year. A participating employe may apply for all or part of the creditable service that he or she has forfeited, subject to rules promulgated by the department. The total number of years which may be reestablished under this subsection may not be greater than the creditable service of the participating employe at the date of application, or 10 years, whichever is smaller. The department must receive an application for reestablishment of creditable service under this subsection and the requirement payment no later than the date the participating employe terminates employment with a participating employer.

s. 40.25 (6) (a) 3. of the statutes is amended to read:

The participating employe applying for forfeited creditable service under this subsection shall pay to the fund an amount equal to the employe's statutory contribution on earnings under s. 40.05 (1) (a) for each year of forfeited service to be reestablished, based upon the participating employe's final average earnings, determined as if the employe retired on the date the department receives the application. The application and the amount payable under this subdivision shall be paid in a lump sum payment, except that the department, may, by rule, permit a participating employe to reestablish creditable service by making payments over a period of one year must be received by the department no later than the date the participating employe terminates from employment with a participating employer. No employer may pay any amount payable under this subdivision on behalf of any participating employe.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0467/1

RAC:.....
King

soon

DOA:.....Presser – Purchasing Forfeited Service under WRS

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT <sup>Don't
GenCat</sup> relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

Under current law, a participating employe in the Wisconsin retirement system (WRS) may purchase any creditable service that he or she may have forfeited in the past. In order to reestablish the creditable service, the participating employe must submit an application to the department of employe trust funds (DETF) for *all* of the creditable service that he or she may have forfeited and pay a lump sum to DETF that equals the employe's statutory required contributions on his or her earnings for each year of creditable service.

This bill permits a participating employe to submit more than one application to purchase forfeited WRS creditable service and allows the participating employe to purchase *all or part* of the creditable service that he or she may have forfeited at the time of each application. The bill also provides that the participating employe may not submit more than two applications in each calendar year and requires that the application and required payments ~~must~~ be received by DETF no later than the date the participating employe terminates employment with a participating employer.

e

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.

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

1 **SECTION 1.** 40.25 (6) (a) 2. of the statutes is amended to read:

2 40.25 (6) (a) 2. Applications A participating employe may submit one or more
3 applications for reestablishment of creditable service ~~must include all creditable~~
4 service that has been forfeited except that the, except that a participating employe
5 may not submit more than 2 applications in each calendar year. A participating
6 employe may apply for all or part of the creditable service that he or she has forfeited,
7 subject to rules promulgated by the department. The total number of years which
8 may be reestablished under this subsection may not be greater than the creditable
9 service of the participating employe at the date of application, or 10 years, whichever
10 is smaller. The department must receive an application for reestablishment of
11 creditable service under this subsection and the required payment no later than the
12 date the participating employe terminates employment with a participating
13 employer.

14 History: 1981 c. 96, 201; 1981 c. 386 ss. 14 to 16, 19; 1983 a. 290; 1989 a. 13, 166; 1991 a. 152, 269; 1993 a. 229, 360, 426; 1995 a. 302; 1997 a. 69, 173, 237.

14 **SECTION 2.** 40.25 (6) (a) 3. of the statutes is amended to read:

15 40.25 (6) (a) 3. The participating employe applying for forfeited creditable
16 service under this subsection shall pay to the fund an amount equal to the employe's
17 statutory contribution on earnings under s. 40.05 (1) (a) for each year of forfeited
18 service to be reestablished, based upon the participating employe's final average
19 earnings, determined as if the employe retired on the date the department receives
20 the application. The department must receive the application and the amount
21 payable under this subdivision shall be paid in a lump sum payment, except that the

1 ~~department may, by rule, permit a participating employe to reestablish creditable~~
2 ~~service by making payments over a period of more than one year no later than the~~
3 ~~date~~ [✓] the participating employe terminates employment with a participating
4 employer. No employer may pay any amount payable under this subdivision on
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(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0467/1
RAC:kmg:jf

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1 employer. No employer may pay any amount payable under this subdivision on
2 behalf of any participating employe.

3 (END)