

2001 SENATE BILL 410

January 31, 2002 – Introduced by Senators WIRCH, BURKE and ROSENZWEIG, cosponsored by Representatives MUSSER, POCAN, J. LEHMAN, HAHN, TURNER, RYBA, ALBERS, BERCEAU and MILLER. Referred to Joint Committee on Retirement Systems.

- 1 **AN ACT to create** 40.24 (2m) of the statutes; **relating to:** payment of annuities
2 under the Wisconsin retirement system.

Analysis by the Legislative Reference Bureau

Currently, any participant in the Wisconsin retirement system who is eligible to receive a retirement annuity may elect to receive the annuity in one of several actuarially equivalent forms. One form provides for an annuity payable for the life of the annuitant and, after the death of the annuitant, monthly payments of 75% of the amount of the annuity paid to the annuitant to be continued to the named survivor for the remainder of his or her life. Some of the other forms provide for a straight-life annuity terminating at the death of the annuitant or a straight-life annuity with a guarantee of 60 months. In addition, current law authorizes the department of employee trust funds to provide by rule for other forms of annuity options. The department has provided by rule for a joint and survivor annuity option, in which there is a reduction in the initial annuity amount provided to the annuitant or named survivor if either the annuitant or the named survivor dies.

Under current law and under rules promulgated by the department, under any annuity option that provides for a reduction in the annuity amount to the named survivor, if the annuitant dies, or to the annuitant, if the survivor dies, the reduction must take effect in the month in which the annuitant or named survivor dies. This bill provides that any such reduction in the annuity amount must not take effect until the first day of the 4th month after the annuitant or named survivor dies.

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* 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.** 40.24 (2m) of the statutes is created to read:

2 40.24 **(2m)** (a) If a participant elects to receive an annuity under sub. (1) (d),
3 any reduction in the annuity amount that is to be paid to the named survivor may
4 not take effect until the first day of the 4th month beginning after the month in which
5 the annuitant dies.

6 (b) If a participant elects to receive an annuity under sub. (1) (e) and if, under
7 that subsection, the department has provided by rule for a joint and survivor annuity
8 option in which there is a reduction in the annuity amount if either the annuitant
9 or the named survivor dies, then any reduction in the annuity amount that is to be
10 paid to the annuitant or the named survivor may not take effect until the first day
11 of the 4th month beginning after the month in which the annuitant or named
12 survivor dies.

13 **SECTION 2. Nonstatutory provisions.**

14 (1) CHANGE IN ANNUITY OPTIONS FOR ANNUITANTS CURRENTLY RECEIVING AN ANNUITY
15 UNDER THE WISCONSIN RETIREMENT SYSTEM.

16 (a) In this subsection:

17 1. “Annuitant” has the meaning given in section 40.02 (4) of the statutes.

18 2. “Annuity” has the meaning given in section 40.02 (5) of the statutes.

19 3. “Department” means the department of employee trust funds.

20 4. “Named survivor” has the meaning given in section 40.02 (41r) of the
21 statutes.

