

**2001 DRAFTING REQUEST**

**Bill**

Received: **09/25/2001**

Received By: **champra**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Wirch (608) 267-8979**

By/Representing: **Amber**

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

Drafter: **champra**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - retirement**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Wirch@legis.state.wi.us**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Annuity options under the Wisconsin retirement system

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**Instructions:**

See Attached.

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**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 11/02/2001	csicilia 11/05/2001	pgreensl 11/05/2001	_____	lrb_docadmin 11/05/2001	lrb_docadminState 01/24/2002	Retire

FE Sent For:

<END>

At Intro.

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*for Senate  
per RAC*

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/?	champra	1/19/01	1/15/01 PS	_____	_____		

FE Sent For:

<END>

## Champagne, Rick

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**From:** Meyer, Amber  
**Sent:** Monday, September 24, 2001 2:51 PM  
**To:** Champagne, Rick  
**Subject:** Retirement Benefit Extension

### Retirement Benefit Extension

1. When a public employee retires in Wisconsin they decide which retirement plan to participate in. Under most plans, when the annuitant dies, their surviving spouse will then receive a reduced annuity.
2. The reduced annuity takes affect immediately, the same month as the death.
3. The legislation would insure that the surviving spouse continue to receive the full annuity for the three months following the death of the annuitant.
4. The extra benefit would be paid for by the reducing the monthly annuity so that it is actuarially sound.
5. Make the extra benefit optional for those already retired.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-3872/1

RAC:j:....

cjs

Monday

2001 BILL

off cost

1 AN ACT ... relating to: payment of annuities under the Wisconsin retirement  
2 system.

5

*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 form 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.

forms

Under current law and under rules promulgated by the department, 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, 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.

under the reduction

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.

**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            <sup>X</sup> 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 initial annuity amount if either the  
9 annuitant or the named survivor dies, then any reduction in the annuity amount that  
10 is to be paid to the annuitant or the named survivor may not take effect until the first  
11 day 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.

**BILL**

1 5. "Participant" has the meaning given in section 40.02 (45) of the statutes.

2 (b) Notwithstanding section 40.02 (5) of the statutes, any participant in the  
3 Wisconsin retirement system who is an annuitant on the effective date of this  
4 subsection, and who is receiving an annuity from the Wisconsin retirement system  
5 in which the amount of the annuity payment is reduced in the event of the death of  
6 either the annuitant or the named survivor, may elect to have any reduction in the  
7 annuity amount that is to be paid to the annuitant or the named survivor not take  
8 effect until the first day of the 4th month beginning after the month in which the  
9 annuitant or named survivor dies.

10 (c) An annuitant may make the election under paragraph (b) by notifying the  
11 department, on a form provided by the department, no later than the first day of the  
12 7th month ~~that begins~~ <sup>beginning</sup> after the effective date of this paragraph.

13 (d) If an annuitant makes an election under paragraph (b), the department  
14 shall recalculate the amount of the annuity payments that will be paid the annuitant  
15 after the election to cover the cost of paying the additional annuity amount to the  
16 annuitant or named survivor in the event of the death of the annuitant or named  
17 survivor.

**SECTION 3. Initial applicability.**

18  
19 (1) The treatment of section 40.24 (2m) of the statutes first applies to  
20 participants in the Wisconsin retirement system who initially elect to receive an  
21 annuity under section 40.24 of the statutes on the effective date of this subsection.

22 (END)