

2003 DRAFTING REQUEST

Bill

Received: **02/01/2003**

Received By: **rchampag**

Wanted: **Today**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Caucutt**

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

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - miscellaneous
Employ Pub - retirement**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Caucutt -

Topic:

Separation period for purpose of receiving a retirement annuity under the 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>
/?				_____			S&L Retire
/1	rchampag 02/01/2003	kgilfoy 02/01/2003	chaskett 02/01/2003	_____	sbasford 02/03/2003		S&L Retire
/2	rchampag	kgilfoy	jfrantze	_____	sbasford		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	02/04/2003	02/04/2003	02/04/2003	_____	02/05/2003		

FE Sent For:

<END>

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*12-2/4/03
trmg*

2/4

[Signature]

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1?	rchampag	1-2/1/03 Krupp	1-2/1 cph	cph/ch 2/1			

FE Sent For:

<END>

Possible Changes To Laws To Facilitate Voluntary Departure or Reduction to Less Than Full Time (Transitional Retirement)

("transitional retirement" simply refers to the changing in retirement lifestyles; 70% of people plan to work part-time in retirement for social or economic reasons; defined benefit plans make this difficult without losing one's shirt; these changes facilitate part-time employment or removing the golden handcuffs that keep highly paid employees in state service even when they have job offers elsewhere)

- 1. Change Accumulated Sick Leave Programs to permit escrowing of accumulated credits if one has 20 years of service, without having to be eligible for an immediate annuity** (highly desirable because this is biggest barrier to taking a job outside government; cost negligible)

- 2. Eliminate the 30-day break-in-service requirement for employees that are at an "unreduced benefit age" (e.g. age 57 with 30 years of service for general employees)** (highly desirable for encouraging voluntary movement into part-time employment, since it allows a benefit to be started while still working; cost negligible, but perception of double dipping must be considered)

- 3. Change Accumulated Sick Leave Programs to lock in the highest rate of pay earned by an employee (this further makes it possible for some employees to voluntarily take lower paid or part-time positions)** (minor change but highly desirable as an adjunct to #2 above; cost negligible)

- 4. Remove the 30-day break-in-service requirement when a retirement eligible employee (age 55 for most) terminates with one WRS employer and takes a position with another WRS employer (for our purposes, the IRS employers are the State of Wisconsin, University of Wisconsin, and each other individual employer)** (highly desirable to encourage voluntary resignations when other full or part-time government jobs are available; cost negligible; some perception of double dipping)

- 5. Temporarily lower retirement age to 53 and 48, respectively** (desirable in that there are some employees that just plain want to go; this gives them the chance to go and yet take a benefit. Many would try to work elsewhere, but could take lower paying jobs because they'd receive their discounted annuity from the WRS; cost minimal)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1895/1

RAC: King

Tidg

DOA:.....Caucutt – Separation period for purpose of receiving a retirement annuity under the WRS

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ^{DON'T CAT.} ^{GEN.} relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

Under current law, for receipt of a retirement annuity under the Wisconsin Retirement System, the participant must have attained age 55, or have attained age 50 if the participant is a protective occupation participant, and must be separated from covered employment for a certain period. The bill provides that the participant is not required to be separated for any period from covered employment if the participant has attained his or her normal retirement date or has attained age 57 and has at least 30 years of creditable service; or the participant has terminated employment with a participating employer and is employed by a different participating employer, as determined under any applicable provision under the Internal Revenue Code.

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 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. 40.23 (1) (a) 1. of the statutes is renumbered 40.23 (1) (a) 1. a. and
2 amended to read:

3 40.23 (1) (a) 1. a. The Except as provided in subd. 1. b. the participant is
4 separated, regardless of cause, and continues to be separated until the annuity
5 effective date, the date 30 days after the application is received by the department
6 or the date 30 days after separation, whichever is later, from all employment meeting
7 the qualifications for inclusion specified in s. 40.22 for any participating employer.

History: 1981 c. 96, 386; 1983 a. 141, 267, 391; 1987 a. 309, 372; 1987 a. 403 s. 256; 1989 a. 13; 1989 a. 56 s. 259; 1991 a. 152; 1995 a. 225, 302, 414; 1997 a. 35, 69; 1999
11.

8 SECTION 2. 40.23 (1) (a) 1. ^b of the statutes is created to read:

9 40.23 (1) (a) 1. b. For a participant who has attained his or her normal
10 retirement date or has attained age 57 and has at least 30 years of creditable service;
11 or who has terminated employment with a participating employer and is employed
12 by a different participating employer, as determined under any applicable provision
13 under the Internal Revenue Code, the participant is not required to be separated
14 from covered employment.

15 SECTION 9316. Initial applicability; employe trust funds.

16 (1) RECEIPT OF AN ANNUITY UNDER THE WISCONSIN RETIREMENT SYSTEM. The
17 ~~creation~~ ^{of the statutes} of section 40.23 (1) (a) 1. and 1. b. of the statutes first ^{the creation of section 40.23 (1) (a)} applies to individuals
18 who are participating employees, as defined in section 40.02 (46) of the statutes, on
19 the effective date of this subsection.

20 (END)

renumbering
and amendment

Champagne, Rick

From: Kranz, Jonathan
Sent: Tuesday, February 04, 2003 4:58 PM
To: Champagne, Rick
Subject: FW: Changes to LRB 1895

Importance: High

Rick,

This is the second (and final) change requested - is it still possible to incorporate these?

-----Original Message-----

From: Henning, Pamela
Sent: Tuesday, February 04, 2003 4:55 PM
To: Kranz, Jonathan
Cc: Mills, Dave
Subject: Changes to LRB 1895
Importance: High

Jon,

These are the necessary changes for the 30-day break in service legislation per Rob Weber and Julie Reneau. These are necessary to deal with the unreduced benefit language discrepancy and also to make the appropriate changes to who is eligible for a separation benefit and when.

The LRB draft on retirement (LRB-1895/1) would allow an in-service distribution only to a person at least age 57 with 30 years of creditable service. This is not the same thing as providing a retirement benefit to someone who has reached unreduced formula benefit age.

The LRB draft does not address eligibility for separation benefits. Under the LRB draft a person who simply moves from one WRS employer to another would be eligible to take a separation benefit., regardless of the break in service. Given the new retirement eligibility criteria, an amendment of Wis. Stats. § 40.25 (2) would be necessary to prevent that.

If DETF wants to combine the concepts of in-service pension and pension eligibility by moving between employers, plus provide for in-service distribution to anyone at the unreduced benefit age, while still paying separation benefits only when the current requirements are met (including all participating employment has terminated), then I suggest revising LRB-1895 to do it in the following way:

SECTION 1. Wis. Stat. § 40.23 (1) (a) is amended to read:

Wis. Stat. § 40.23 (1) (a) Except as provided in par. (am), any participant who has attained age 55, and any protective occupation participant who has attained age 50, on or before the annuity effective date shall be entitled to a retirement annuity in accordance with the actuarial tables in effect on the effective date of the annuity if the participant submits an application for a retirement annuity on a form furnished by the department and all one of the following apply applies:

Wis. Stat. § 40.23 (1) (a) 1. The participant is not on a leave of absence from any participating employer and is separated, regardless of cause, and continues to be separated until the annuity effective date, the date 30 days after the application is received by the department or the date 30 days after separation, whichever is later, from all employment meeting the qualifications for inclusion specified in s. 40.22 for any participating employer.

SECTION 2. Wis. Stat. § 40.23 (1) (a) 2. is repealed and recreated to read:

Wis. Stat. § 40.23 (1) (a) 2. The participant is not separated from all covered employment but terminates all employment with a participating employer and is employed by a different participating employer, as determined under any application provision of the Internal Revenue Code. A participant whose annuity is based on such a termination shall be treated under s. 40.26 with respect to all employment subsequent to that termination.

SECTION 3. Wis. Stat. § 40.23 (1) (a) 3. is created to read:

Wis. Stat. § 40.23 (1) (a) 3. The participant has attained normal retirement age or a combination of age and creditable service as of the annuity effective date such that the annuity reduction calculated in the manner specified by sub. (2m) (f) is zero or less, regardless of whether the participant's actual annuity benefit may be calculated under the money purchase method.

SECTION 4. Wis. Stat. § 40.25 (2) is amended to read:

Wis. Stat. § 40.25 (2) Subject to sub. (2t), if sub. (1) (a) 1. and all requirements for payment of a retirement annuity are met except attainment of age 55 or age 50 for protective occupation participants, a separation benefit may be paid, if the participant's written application for a separation benefit is received by the department prior to the participant's 55th birthday or 50th birthday for protective occupation participants, in an amount equal to the additional and employee required contribution accumulations of the participant on the date the application for a separation benefit is approved.

The LRB initial applicability provision in LRB 1895/1 is OK.

-----Original Message-----

From: Henning, Pamela
Sent: Tuesday, February 04, 2003 2:39 PM
To: Weber, Rob
Subject: FW: Drafts for review - confidential
Importance: High

-----Original Message-----

From: Kranz, Jonathan
Sent: Tuesday, February 04, 2003 1:29 PM
To: Henning, Pamela
Subject: Drafts for review - confidential

Dan wanted me to forward the attached three drafts for your review. One (permissive service credits) has previously been forwarded to you but I believe this is a more recent version.

Please note that we are on a tight deadline. Please contact me ASAP if there are any material errors or omissions.

<< File: 03-1895/1 >> << File: 03-0912/2 >> << File: 03-1698/1 >>

Please let me know when your review is complete. Thanks for all of your assistance

Jon Kranz
6-8777



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1895/12
RAC:kmg:cph

RMR

DOA:.....Caucutt – Separation period for purpose of receiving a retirement annuity under the WRS

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1

DON'T GEN. CAT.
AN ACT ...; relating to: the budget.

a combination of age and years of creditable service such that the participants is not subject to an annuity reduction penalty

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

Under current law, for receipt of a retirement annuity under the Wisconsin Retirement System, the participant must have attained age 55, or have attained age 50 if the participant is a protective occupation participant, and must be separated from covered employment for a certain period. The bill provides that the participant is not required to be separated for any period from covered employment if the participant has attained his or her normal retirement date or has attained ~~age 57 and has at least 30 years of creditable service,~~ or the participant has terminated employment with a participating employer and is employed by a different participating employer, as determined under any applicable provision under the Internal Revenue Code.

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 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.** 40.23 (1) (a) 1. of the statutes is renumbered 40.23 (1) (a) 1. a. and
2 amended to read:

3 40.23 (1) (a) 1. a. ~~The Except as provided in subd. 1. b., the participant is~~
4 ~~separated, regardless of cause, and continues to be separated until the annuity~~
5 ~~effective date, the date 30 days after the application is received by the department~~
6 ~~or the date 30 days after separation, whichever is later, from all employment meeting~~
7 ~~the qualifications for inclusion specified in s. 40.22 for any participating employer.~~

8 **SECTION 2.** 40.23 (1) (a) 1. b. of the statutes is created to read:

9 40.23 (1) (a) 1. b. ~~For a participant who has attained his or her normal~~
10 ~~retirement date or has attained age 57 and has at least 30 years of creditable service;~~
11 ~~or who has terminated employment with a participating employer and is employed~~
12 ~~by a different participating employer, as determined under any applicable provision~~
13 ~~under the Internal Revenue Code, the participant is not required to be separated~~
14 ~~from covered employment.~~

15 **SECTION 9316. Initial applicability; employe trust funds.**

16 (1) RECEIPT OF AN ANNUITY UNDER THE WISCONSIN RETIREMENT SYSTEM. The
17 ~~renumbering and~~ amendment of section 40.23 (1) (a) ^{3. ✓} ~~of the statutes and the~~ ^{and 40.25(2) ✓}
18 creation of section 40.23 (1) (a) ~~AA~~ ^{AA} of the statutes first apply to individuals who are
19 participating employees, as defined in section 40.02 (46) of the statutes, on the
20 effective date of this subsection.

21 (END)

Insert
2-15 ✓

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1895/2ins
RAC:.....

✓
2-15
Insert 2-15:

SECTION 1. 40.23 (1) (a) of the statutes is amended to read:

40.23 (1) (a) Except as provided in par. (am), any participant who has attained age 55, and any protective occupation participant who has attained age 50, on or before the annuity effective date shall be entitled to a retirement annuity in accordance with the actuarial tables in effect on the effective date of the annuity if the participant submits an application for a retirement annuity on a form furnished by the department and ~~all any~~ of the following ~~apply~~ ^{applies}

1. The participant is not on a leave of absence from any participating employer and is separated, regardless of cause, and continues to be separated until the annuity effective date, the date 30 days after the application is received by the department or the date 30 days after separation, whichever is later, from all employment meeting the qualifications for inclusion specified in s. 40.22 for any participating employer.

2. The participant is ~~not on authorized leave of absence from any participating employer~~ separated from all covered employment but terminates all employment with a participating employer and is employed by a different participating employer, as determined under any applicable provision of the Internal Revenue Code. A participant whose annuity is based on such a termination shall be treated under s. 40.26 [✓] with respect to all employment subsequent to that termination.

History: 1981 c. 96, 386; 1983 a. 141, 267, 391; 1987 a. 309, 372; 1987 a. 403 s. 256; 1989 a. 13; 1989 a. 56 s. 259; 1991 a. 152; 1995 a. 225, 302, 414; 1997 a. 35, 69; 1999 a. 11.

SECTION 2. 40.23 (1) (a) 3. of the statutes is created to read:

40.23 (1) (a) 3. The participant has attained normal retirement age or a combination of age and creditable service as of the annuity effective date such that the annuity reduction calculated in the manner specified under sub. (2m) (f) is zero

or less, regardless of whether the participant's annuity benefit is actually paid under sub. (3).

SECTION 3. 40.25 (2) of the statutes is amended to read:

40.25 (2) Subject to sub. (2t), if s. 40.23 (1) (a) 1. applies and all requirements for payment of a retirement annuity are met except attainment of age 55 or age 50 for protective occupation participants, a separation benefit may be paid, if the participant's written application for a separation benefit is received by the department prior to the participant's 55th birthday or 50th birthday for protective occupation participants, in an amount equal to the additional and employee required contribution accumulations of the participant on the date the application for a separation benefit is approved.

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; 1999 a. 32.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1895/2
RAC:kmg:jf

DOA:.....Caucutt – Separation period for purpose of receiving a retirement annuity under the WRS

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

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4 before the annuity effective date shall be entitled to a retirement annuity in
5 accordance with the actuarial tables in effect on the effective date of the annuity if
6 the participant submits an application for a retirement annuity on a form furnished
7 by the department and ~~all~~ any of the following ~~apply~~ applies:

8 1. The participant is not on a leave of absence from any participating employer
9 and is separated, regardless of cause, and continues to be separated until the annuity
10 effective date, the date 30 days after the application is received by the department
11 or the date 30 days after separation, whichever is later, from all employment meeting
12 the qualifications for inclusion specified in s. 40.22 for any participating employer.

13 2. The participant is ~~not on authorized leave of absence from any participating~~
14 ~~employer~~ separated from all covered employment but terminates all employment
15 with a participating employer and is employed by a different participating employer,
16 as determined under any applicable provision of the Internal Revenue Code. A
17 participant whose annuity is based on such a termination shall be treated under s.
18 40.26 with respect to all employment subsequent to that termination.

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23 or less, regardless of whether the participant's annuity benefit is actually paid under
24 sub. (3).

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1 40.25 (2) Subject to sub. (2t), if s. 40.23 (1) (a) 1. applies and all requirements
 2 for payment of a retirement annuity are met except attainment of age 55 or age 50
 3 for protective occupation participants, a separation benefit may be paid, if the
 4 participant's written application for a separation benefit is received by the
 5 department prior to the participant's 55th birthday or 50th birthday for protective
 6 occupation participants, in an amount equal to the additional and employee required
 7 contribution accumulations of the participant on the date the application for a
 8 separation benefit is approved.

9 **SECTION 9316. Initial applicability; employee trust funds.**

10 (1) RECEIPT OF AN ANNUITY UNDER THE WISCONSIN RETIREMENT SYSTEM. The
 11 amendment of sections 40.23 (1) (a) and 40.25 (2) of the statutes and the creation of
 12 section 40.23 (1) (a) 3. of the statutes first apply to individuals who are participating
 13 employees, as defined in section 40.02 (46) of the statutes, on the effective date of this
 14 subsection.

15 (END)