October 14, 2015 – Introduced by Senators STROEBEL, LE MAHIEU and KAPENGA, cosponsored by Representatives SANFELIPPO, BRANDTJEN, R. BROOKS, CRAIG, GANNON, HORSCHER, HUTTON, KNO DL, KREMER, KUGLITSCH and ROHRKASTE. Referred to Committee on Labor and Government Reform.

1 AN ACT to amend 40.23 (1) (a) (intro.), 40.23 (1) (am) 2., 40.23 (1) (bm), 40.24 (1) (f), 40.25 (2), 40.63 (4) and 40.63 (7) of the statutes; relating to: increasing the minimum retirement age under the Wisconsin Retirement System.

Analysis by the Legislative Reference Bureau

Currently, under the Wisconsin Retirement System (WRS), a participant may retire as early as age 55 and a protective occupation participant may retire as early as age 50. This bill increases the minimum retirement age by two years, with the result that a WRS participant must be at least age 57 and a WRS protective occupation participant must be at least age 52 in order to qualify for an immediate retirement annuity under the WRS. This change in the minimum retirement age first applies to individuals who are under the age of 40 on the bill’s effective date and who terminate WRS-covered employment on the bill’s effective date.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the 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:
SECTION 1. 40.23 (1) (a) (intro.) of the statutes is amended to read:

40.23 (1) (a) (intro.) Except as provided in par. (am), any participant who has attained age 55 57, and any protective occupation participant who has attained age 50 52, 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 of the following apply:

SECTION 2. 40.23 (1) (am) 2. of the statutes is amended to read:

40.23 (1) (am) 2. Any participant who has attained age 55 57 and who is a participant because of employment other than part-time service as an elected official and who is also a participating employee because of part-time service as an elected official may, after termination of all covered employment other than service as a part-time elected official, waive further participation under the fund for his or her current, and any future, part-time service as an elected official. Any election under this paragraph is irrevocable and is effective beginning the day after the date of election. Notwithstanding par. (a), any participant who elects under this paragraph may receive a retirement annuity for all service under the fund credited to the participant to the date he or she elects. The date a participant elects under this paragraph is deemed to be the date of separation from the last participating employer by which that participant was employed.

SECTION 3. 40.23 (1) (bm) of the statutes is amended to read:

40.23 (1) (bm) If an application by a participant age 55 57 or over, or by a protective occupation participant age 50 52 or over, for long-term disability insurance benefits is disapproved under rules promulgated by the department, the date which would have been the effective date for the insurance benefits shall be the
retirement annuity effective date if requested by the applicant within 60 days of the disapproval or, if the disapproval is appealed, within 60 days of the final disposition of the appeal.

SECTION 4. 40.24 (1) (f) of the statutes is amended to read:

40.24 (1) (f) From accumulated additional contributions made under s. 40.05 (1) (a) 5. only, an annuity certain payable for and terminating after the number of months specified by the applicant, regardless of whether the applicant dies before or after the number of months specified, provided that the monthly amount of the annuity certain is at least equal to the minimum amount established under s. 40.25 (1) (a). Subject to the period of distribution required under s. 40.23 (4) (b) 2., the number of months specified shall not exceed 180 and shall not be less than 24. If the death of the annuitant occurs prior to the expiration of the certain period, the remaining payments shall be made in accordance with s. 40.73 (2) without regard to any other annuity payments payable to the beneficiary. An annuity under this paragraph may be initiated prior to any other annuity amount provided under this subchapter and prior to age 55 57 if all other qualifications for receiving an annuity payment are met.

SECTION 5. 40.25 (2) of the statutes is amended to read:

40.25 (2) Subject to sub. (2t), if all requirements for payment of a retirement annuity are met except attainment of age 55 57 or age 50 52 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 57th birthday or 50th 52nd 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.

SECTION 6. 40.63 (4) of the statutes is amended to read:

40.63 (4) Notwithstanding sub. (1) (b), a protective occupation participant is
not disqualified from receiving a disability annuity if the participant has
accumulated 15 or more years of creditable service and would attain age 55 57 in 60
months or less after the occurrence of disability and the medical evidence, as
provided in sub. (1), establishes a disability to the extent that the participant can no
longer efficiently and safely perform the duties required by the participant’s position,
and that the condition is likely to be permanent.

SECTION 7. 40.63 (7) of the statutes is amended to read:

40.63 (7) If an application, by a participant age 55 57 or over, or by a protective
occupation participant age 50 52 or over, for any disability annuity is disapproved,
the date which would have been the disability annuity effective date shall be the
retirement annuity effective date if so requested by the applicant within 60 days of
the disapproval or, if the disapproval is appealed, within 60 days of final disposition
of the appeal.

SECTION 8. Initial applicability.

(1) This act first applies to individuals who are under the age of 40 on the
effective date of this subsection and who terminate covered employment under the
Wisconsin Retirement System on the effective date of this subsection.