2017 ASSEMBLY BILL 324


AN ACT to amend 40.02 (33) (a) (intro.), 40.02 (33) (c), 40.23 (1) (a) (intro.), 40.23 (1) (am) 2., 40.23 (1) (bm), 40.25 (2) and 40.63 (7); and to create 40.02 (33) (am) of the statutes; relating to: increasing the minimum retirement age under the Wisconsin Retirement System and determining final average earnings for the purpose of calculating Wisconsin Retirement System annuities.

Analysis by the Legislative Reference Bureau

For individuals who first become participating employees in the Wisconsin Retirement System on or after the effective date of this bill, this bill increases the minimum retirement age for general participants from age 55 to age 60 and for protective occupation participants from age 50 to age 52. The bill does not change the minimum retirement age for an individual who was a participating employee in the WRS before the effective date of the bill.

For individuals who first become participating employees in the WRS on or after the effective date of this bill, this bill modifies the formula method for calculating a participant’s retirement annuity by calculating the participant’s final average earning using the participant’s five highest annual earning periods rather than three highest annual earning periods. Under current law, when a WRS participant terminates covered employment and becomes eligible for an annuity, the Department of Employee Trust Funds calculates the participant’s annuity amount using two methods and pays the participant an annuity using whichever method results in a higher amount. The first method, known as the formula method, is based
on the participant’s final average earnings, the participant’s number of years of
creditable service, and a percentage multiplier. Under current law, a participant’s
final average earnings is a monthly rate of earnings calculated based on the three
annual earnings periods in which the participant’s earnings were highest. The
second method is to calculate the amount of a money purchase annuity, which is
determined based on the sum of a participant’s accumulated required and additional
contributions plus an amount that equals the participant’s accumulated required
contributions. This bill does not change the formula method for calculating a
participant’s annuity if the participant was a participating employee in the WRS
before the effective date of the bill.
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. 40.02 (33) (a) (intro.) of the statutes is amended to read:

40.02 (33) (a) (intro.) The For a participant who was a participating employee
before the effective date of this paragraph .... [LRB inserts date], the monthly rate
of earnings, ignoring any fractions of a dollar, obtained by dividing:

SECTION 2. 40.02 (33) (am) of the statutes is created to read:

40.02 (33) (am) For a participant who first became a participating employee
on or after the effective date of this paragraph .... [LRB inserts date], the monthly
rate of earnings, ignoring any fractions of a dollar, obtained by dividing:

1. The participant’s total earnings received or considered to be received under
sub. (22) (e), (ef), or (em) and for which contributions are made under s. 40.05 (1) and
(2) during the 5 annual earnings periods (excluding any period more than 5 years
prior to the effective date for any participating employer) in which the earnings were
the highest, subject to federal annual compensation limits; by

2. Twelve times the total amount of creditable service for the 5 periods.
**SECTION 3.** 40.02 (33) (c) of the statutes is amended to read:

40.02 (33) (c) For a participant who makes an election under s. 40.30 (2), the monthly rate of earnings applicable under par. (a), (am), or (b), increased as provided under s. 40.30 (4) (b) but subject to federal annual compensation limits.

**SECTION 4.** 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 was a participating employee before the effective date of this paragraph .... [LRB inserts date], who has on or before the annuity effective date attained age 55, and any participant who first became a participating employee on or after the effective date of this paragraph .... [LRB inserts date], who has on or before the annuity effective date attained age 60, any protective occupation participant who was a participating employee before the effective date of this paragraph .... [LRB inserts date], who has on or before the annuity effective date attained age 50, on or before the annuity effective date and any protective occupation participant who first became a participating employee on or after the effective date of this paragraph .... [LRB inserts date], who has on or before the annuity effective date attained age 52 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 5.** 40.23 (1) (am) 2. of the statutes is amended to read:

40.23 (1) (am) 2. Any participant who has attained age 55 if the participant was a participating employee before the effective date of this paragraph .... [LRB inserts date], or age 60 if the participant first became a participating employee on or after the effective date of this paragraph .... [LRB inserts date], 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 6.** 40.23 (1) (bm) of the statutes is amended to read:

40.23 (1) (bm) If an application by a participant who was a participating
employee before the effective date of this paragraph .... [LRB inserts date], who has
attained age 55 or over, or by a participant who first became a participating
employee on or after the effective date of this paragraph .... [LRB inserts date], who
has attained age 60, by a protective occupation participant who was a participating
employee before the effective date of this paragraph .... [LRB inserts date], who has
attained age 50 or over, or by a protective occupation participant who first became
a participating employee on or after the effective date of this paragraph .... [LRB
inserts date], who has attained age 52, 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 7. 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 or for participants who were participating employees before the effective date of this paragraph .... [LRB inserts date], age 60 for participants who first became participating employees on or after the effective date of this paragraph .... [LRB inserts date], age 50 for protective occupation participants who were participating employees before the effective date of this paragraph .... [LRB inserts date], or age 52 for protective occupation participants who first became participating employees on or after the effective date of this paragraph .... [LRB inserts date], 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 for participants who were participating employees before the effective date of this paragraph .... [LRB inserts date], 60th birthday for participants who first became participating employees on or after the effective date of this paragraph .... [LRB inserts date], 50th birthday for protective occupation participants who were participating employees before the effective date of this paragraph .... [LRB inserts date], or 52nd birthday for protective occupation participants who first became participating employees on or after the effective date of this paragraph .... [LRB inserts date], 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 8. 40.63 (7) of the statutes is amended to read:

40.63 (7) If an application, by a participant who was a participating employee before the effective date of this paragraph .... [LRB inserts date], who has attained age 55 or over, or a participant who first became a participating employee on or after
the effective date of this paragraph .... [LRB inserts date], who has attained age 60, by a protective occupation participant who was a participating employee before the effective date of this paragraph .... [LRB inserts date], who has attained age 50 or over, or by a protective occupation participant who first became a participating employee on or after the effective date of this paragraph .... [LRB inserts date], who has attained age 52, 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.

(END)