

No. 378, S.]

[Published May 14, 1957.

CHAPTER 78

AN ACT to repeal 38.24 (8) and (20) (a) and (b); to renumber 38.24 (1) to (7); to renumber and amend 38.24 (20) (c); to amend 20.552 (42), 38.24 (13) and (14), 39.35 (14) (a) and (b), as created by chapter 12, laws of 1957, and 71.14 (8) and (9); and to create 20.005 (2) (a) (line 516b), 20.551 (11b), 38.24 (1) to (4), (9) (d) and (e), (11) (f), (12) (s) and (16) (e) and 66.99 (1) (am) and (3m) of the statutes, relating to combining coverage under teachers' annuity and retirement funds in cities of the first class and the federal old-age and survivors insurance system, making appropriations and granting rule-making authority.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.005 (2) (a) (line 516b) of the statutes is created to read:

20.005 (2) (a)		1957-58	1958-59
516b. Milwaukee teachers OASI (11b) S		\$	\$

SECTION 2. 20.551 (11b) of the statutes is created to read:

20.551 (11b) MILWAUKEE TEACHERS OASI. There is appropriated from the general fund annually, beginning January 1, 1958, such sums as may be necessary to make the contributions required for members of any teachers' annuity and retirement fund established under s. 38.24, pursuant to ss. 38.24 and 66.99.

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SECTION 2m. 20.552 (42) of the statutes is amended to read:

20.552 (42) Annually, such portion of the revenues derived during the fiscal year as may be necessary to pay to each city of the first class its share of the teachers' surtax equivalent *and the funds provided for* under s. 71.14 (8) *and* (9).

SECTION 3. 38.24 (1) of the statutes is renumbered 38.24 (41).

SECTION 4. 38.24 (1) of the statutes is created to read:

38.24 (1) FUNDS. A teachers' annuity and retirement fund is created in each city of the first class. The fund shall consist of:

(a) A reserve fund made up of amounts transferred from the general fund and the retirement deposit fund for the payment of annuities granted pursuant to this section and interest accretions thereto.

(b) A retirement deposit fund, made up of deposits made under sub. (11) (f) and interest accretions thereto.

(c) A general fund made up of: 1. deposits by teachers, 2. deposits from public sources, 3. gifts and legacies, and 4. amounts received from any other source, together with interest accretions thereto, except such amounts which are paid into the retirement deposit fund.

SECTION 5. 38.24 (2) to (7) of the statutes are renumbered 38.24 (8) (a) to (f), respectively.

SECTION 6. 38.24 (2), (3) and (4) of the statutes are created to read:

38.24 (2) DEFINITIONS. As used in this section, unless the context clearly requires otherwise:

(a) "Accumulation" means the total resulting from the addition of interest to required deposits, member's deposits, state deposits or additional deposits made under sub. (11) (f).

(b) "Board" or "board of trustees" means the board of trustees of a teachers' annuity and retirement fund created under this section.

(c) "Contribution" means a deposit as defined in par. (d) or an OASI contribution.

(d) *Deposits.* 1. "Additional deposit" means any deposit made in the retirement deposit fund by or on behalf of a member, excluding required deposits and state deposits.

2. "Member's deposit" means any deposit made in the retirement deposit fund by or on behalf of a member, excluding the state deposit.

3. "Required deposit" means the reservation made under sub. (11) from the salary of a teacher.

4. "State deposit" means the deposit made by the state in the retirement deposit fund on behalf of any member.

(e) "Fiscal year" is the year beginning September 1 and ending August 31.

(em) "General fund" means the fund created by sub. (1) (c).

(f) "Interest" means the actual rate earned by deposits.

(g) "Member" means a person who, as the result of having been a teacher as defined in sub. (19), has a credit in the retirement deposit fund or a reserve in the reserve fund, or who is or may be entitled to a present or future benefit under this section. For the purposes of sub. (3):

1. "Active member" means a member who is not receiving an annuity under this section and who has made a deposit in the retirement fund based on earnings after August 31, 1956, or is deemed an active member under sub. (3) (g), or is on a leave of absence from a teaching position in the public schools of a city of the first class.

2. "Inactive member" means a member who is not receiving an annuity under this section, who has not made a deposit in the retirement fund

based on earnings after August 31, 1956, and is not on a leave of absence from a teaching position in the public schools of a city of the first class.

3. "Retired member" means a member who is receiving an annuity under this section.

4. Each member shall be a member of the separate group or the combined group, upon completion of the procedures under sub. (3), except that if less than a majority of the members of the combined group vote in favor of OASI coverage in a referendum under sub. (3) (j) all members shall thereafter be deemed members of the separate group.

(h) "OASI" means federal old-age and survivors insurance, as provided under Title II of the federal social security act.

(i) "Retirement fund" means a teachers annuity and retirement fund in a city of the first class.

(j) "Secretary" means secretary of the board of trustees.

(k) "Teacher" has the meaning provided in sub. (19).

(3) FUND DIVIDED; REFERENDUM ON OASI. (a) *Division into groups.* Each retirement fund created under this section is divided into 2 parts known as the separate group and the combined group.

(b) *Combined group.* The combined group shall be composed of:

1. Members who indicate in accordance with this subsection that they desire coverage under an agreement under section 218 of Title II of the federal social security act;

2. Individuals who become members after the effective date of this subsection (1957); and

3. Inactive and retired members who become active members after said date.

4. Persons who become members of the combined group under subd. 2 or 3 shall become members of the combined group as of July 1, 1957, or later.

(c) *Separate group.* The separate group shall be composed of all other members.

(d) *Information and forms to be furnished to members.* Not later than May 15, 1957, or not more than 15 days after the effective date of this subsection (1957) if such date is after April 30, 1957, the secretary shall mail or deliver to each person who is an active member on the effective date of this section (1957) information concerning the contributions, benefits and other features of the 2 groups into which the retirement fund is divided under this subsection, together with an envelope addressed to the retirement fund, with postage prepaid, and a form to be signed and returned to the office of the retirement fund by each member who desires to become a member of the combined group. A member who chooses to become a member of the combined group shall thereby elect to become subject to the laws relating to the combined group and the form provided under this paragraph shall contain a statement to that effect.

(e) *Evidence of mailing.* The secretary shall certify and file with the board and the governor a list of the names and addresses of all members to whom he delivers the materials specified in par. (d). Upon being filed, the certified list shall constitute prima facie evidence of compliance with par. (d).

(f) *Delivery other than mailing.* In lieu of mailing the materials specified in par. (d) to individual members, the secretary may mail or deliver sufficient supplies of such materials to other responsible persons, who shall deliver such materials to members as specified by the secretary. Such delivery to the individual members may be accomplished personally, by mail, or by means of a regularly constituted institutional or departmental delivery service. A certificate signed by any such person stating that on the dates specified therein he has so delivered such materials to the members named in a list attached to said certificate, when filed with the board,

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shall constitute prima facie evidence of compliance with par. (d) with respect to the members named in such list. Delivery may be made under this paragraph as to some members and under par. (d) as to other members.

(g) *Active status for retired members.* 1. Any retired member from whose salary reservations have been made under sub. (11) based on earnings during 2 or more calendar quarters after December 31, 1954, shall be deemed an active member if before December 1, 1957, he requests that the annuity he is then receiving be discontinued. Such request shall be made on a form furnished for that purpose by the secretary, who shall also inform such retired members concerning the provisions of this subsection and sub. (4).

2. When a person deemed to be an active member under this paragraph becomes a member of the combined group, the reserve held in the reserve fund based on the annuity being received by such member, shall be transferred to the general fund until an annuity is again granted to such member. Such reserve shall be based on the member's attained age when such funds are transferred. An annuity subsequently granted to any such member shall be granted in accordance with sub. (4).

3. A person deemed to be an active member under this paragraph shall be entered upon the teachers' roster as provided for under s. 39.35 (14).

(h) *Member to indicate choice.* Each member to whom the materials are sent under par. (d) shall indicate whether he desires to be a member of the separate group or the combined group on the form furnished for that purpose, and mail or deliver said form to the office of the retirement fund. Such form must be received by the board not later than June 20, 1957, or not more than 50 days after the effective date of this subsection (1957) if such date is after April 30, 1957. Each such member shall enter on such form the address at which he will receive mail, or from which first class mail will be forwarded to him, during the following 120 days. Such forms shall be retained by the board until December 31, 1957, and shall then be delivered to the secretary of state to be preserved until their destruction is authorized by law.

(i) *Secretary to certify membership of combined group.* On or before July 5, 1957, or not more than 65 days after the effective date of this subsection (1957) if such date is after April 30, 1957, the secretary shall certify to the governor the names and addresses of the members of the combined group. The secretary shall make such further certifications regarding membership of the fund as the governor may require to carry out the procedures under this subsection and s. 66.99.

(j) *Referendum to be held.* When the secretary has certified to the governor the names and addresses of the members of the combined group under par. (i), the governor shall forthwith take all actions necessary for the conduct of a referendum under s. 66.99 (3a), so that the members of the combined group may vote in favor of or against coverage under the federal old-age and survivors insurance system. If a majority of the members of the combined group vote in favor of such coverage this subsection (1957) shall be fully operative. If less than a majority vote in favor of such coverage this subsection (1957) shall not continue in effect and the retirement fund shall not be divided into the separate group and the combined group.

(k) *OASI coverage retroactive to January 1, 1955.* Coverage of members of the combined group under OASI shall be effective as of January 1, 1955, or the date on which covered earnings were first paid to any such member, if such date is later. The employer and employe contributions to the public employes social security fund in behalf of such members, for

covered employment under OASI between January 1, 1955, and the end of the calendar quarter in which the agreement extending such coverage is executed, shall be paid by transferring the amounts necessary to make such payment from the general fund of the retirement fund. Such funds shall be transferred pursuant to sub. (9) (d).

(L) *Nature of contractual rights unchanged.* It is not intended that the enactment of this act (chapter , laws of 1957), shall extend or impair the nature of any contractual rights of members of the retirement fund.

(m) *Extension of dates.* The governor may extend the times within which certain actions are to be taken under pars. (d), (h) and (i), if the circumstances indicate that such extension is desirable.

(4) **BENEFITS UNDER THE COMBINED GROUP.** This subsection applies only to members of the combined group.

(a) *Retirement annuities on future service.* When a member of the combined group has ceased to be employed as a teacher, and is not on leave of absence from a teaching position, the accumulation from the member's and state deposits made under sub. (11) (f) based on earnings after August 31, 1958, may be applied by the member as a net single premium at the rate certified by the board, to the purchase of an annuity or annuities, the first payment to be made in such month and year after the application for the annuity is received by the board as the member directs.

(b) *Annuity based on past service.* In addition to the annuity under par. (a), an annuity shall be paid for teaching service before September 1, 1958, which annuity shall be determined as follows:

1. For any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (a) or (b), the annuity shall be \$2.50 per month for each year of such service not to exceed 35 years.

2. For any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (c), the annuity shall be \$3.25 per month for each year of such service not to exceed 35 years.

3. For any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (d), the annuity shall be \$4 per month for each year of such service not to exceed 35 years.

4. For any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (e), the annuity shall be \$5 per month for each year of such service not to exceed 35 years.

5. In computing years of service under this paragraph a member shall be given credit for years of service before September 1, 1958, for which he would have received credit under sub. (12) if he had remained a member of the separate group.

6. If any such member does not qualify for an OASI primary benefit, and will not qualify for such benefit upon reaching the age of eligibility therefor, his annuity for teaching service before September 1, 1958, shall be determined as follows: for any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (a) or (b), the annual annuity shall be \$24 for each of the first 25 years of service and \$40 for each additional year of service, but not to exceed \$1,200 per year; for any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (c), the annual annuity shall be \$32 for each of the first 25 years of service and \$85 for each additional year of service, but not to exceed \$1,650 per year; for any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (d), the annual annuity shall be \$45 for each of the first 10 years of service and \$66 for each additional year of service, but not to exceed \$2,100 per year; for any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (e), the annual annuity shall be \$60 for each of the first 10 years of service and \$84 for each addi-

tional year of service, but not to exceed \$2,700 per year. If such member subsequently qualifies for an OASI primary benefit, his annuity for teaching service before September 1, 1958, shall thereafter be determined under subsds. 1 to 4.

(c) *Optional forms of annuities.* Annuities paid under pars. (a) and (b) may at the option of the member be in any of the forms provided in sub. (12) (o).

(d) *Age for receiving annuity.* The first payment of an annuity under this subsection shall not be made before the fifty-fifth birthday anniversary of the member unless he has qualified for a disability annuity under par. (f) or (fg).

(da) *Compulsory retirement.* Any member of the combined group who attains the age of 70 years shall be retired by the board of school directors at the end of the school year in which he reaches age 70. Under this paragraph the school year shall be deemed to begin on July 1 and end on June 30.

(e) *Optional integrated annuity.* Any member of the combined group who is eligible to receive a retirement annuity under pars. (a) and (b), which annuity is to begin before the member reaches the age of eligibility for an OASI retirement benefit, and who has sufficient quarters of OASI coverage to qualify for an OASI benefit upon reaching the age of eligibility therefor, may with the approval of the board elect in lieu of such annuity to take the actuarial equivalent thereof as:

1. A reduced annuity payable monthly for life; and
2. A temporary annuity payable monthly and terminating at death or with the payment due in the month in which the participant attains the age specified in the application for such annuity.

The purpose of this option is to provide a life annuity and temporary annuity in such amounts that the member's total anticipated retirement benefits from the retirement fund and primary OASI will be approximately the same both before and after attainment of the age of eligibility for an OASI retirement benefit, assuming that the member has no further wages credited to his account under OASI after payment of such annuity begins.

(f) *Disability annuities for future members.* 1. This paragraph applies only to persons who first become members after August 31, 1958.

2. If, before attaining age 50, a member who has made required deposits during each of 5 fiscal years and who was employed in teaching or was on leave of absence from teaching in this state, within the 12-month period immediately preceding the occurrence of disability, becomes unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be a long-continued and indefinite duration, and furnishes due proof thereof and that such disability has then existed for 60 days, the member shall be paid an annuity during the continuance of such disability, in monthly payments of \$100 each, in addition to any other benefit payable to such member. The board may at any time not more than once in any year require proof of the continuance of such disability and if the member fails to furnish satisfactory proof thereof, or if it appears at any time that the member has become able to engage in any substantial, gainful activity, such annuity shall cease.

3. If a member receiving a disability annuity under subd. 2 becomes eligible to receive an OASI disability or primary retirement benefit the amount of such annuity paid from the general fund shall be reduced by the amount of such OASI benefit. If any such member fails to apply for an OASI benefit upon reaching the age of eligibility therefor, or fails to pursue any such application in good faith, the portion of such annuity paid from the general fund shall cease.

4. Each initial determination of disability under subd. 2 shall be made by the state agency designated to make determinations of disability by agreement with and for the secretary of health, education and welfare under the federal social security laws. An initial determination of ineligibility shall be binding upon the board. An initial determination of eligibility may be accepted or rejected by the board. Continued eligibility for benefits under subd. 2 shall be determined in the same manner. As a condition of continued payment of the portion of the annuity paid from the general fund, the board may require a member receiving a disability annuity under subd. 2 to reapply for an OASI disability benefit on the basis of any examination or determination under subd. 2, or to apply for the freezing of his OASI earning record on the basis of his disability.

5. If, before attaining age 55, a member who had made required deposits during each of 5 fiscal years and who was employed in teaching or was on leave of absence from teaching in this state, within the 12-month period immediately preceding the occurrence of disability, becomes physically or mentally incapacitated to such extent that the member is wholly, and presumably will be permanently, unable to engage in teaching, and furnishes due proof thereof and that such disability has then existed for 60 days, the member shall be paid an annuity during the continuance of such disability, in monthly payments of \$25 each, in addition to any other benefit payable to such member. The board may at any time not more than once in any year require proof of the continuance of such disability and if the member fails to furnish satisfactory proof thereof, or if it appears at any time that the member has become able to engage in teaching, such annuity shall cease.

6. A member may not receive an annuity under subds. 2 and 5 at the same time.

(fg) *Disability annuities for present members.* Any teacher who first became a member before September 1, 1958, upon certification for total and permanent disability in the manner provided in sub. (12) (f) or temporary disability after 5 years or more of teaching service in the public schools of a city to which this section applies in the manner provided in sub. (12) (d), may receive an annuity under par. (a) increased by such an additional amount so that the total annual disability annuity received by such teacher is as follows:

1. For any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (a) or (b), the annual disability annuity shall be \$24 for each of the first 25 years of service and \$40 for each additional year of service, but not to exceed \$1,200 per year.

2. For any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (c), the annual disability annuity shall be \$32 for each of the first 25 years of service and \$85 for each additional year of service, but not to exceed \$1,650 per year.

3. For any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (d), the annual disability annuity shall be \$45 for each of the first 10 years of service and \$66 for each additional year of service, but not to exceed \$2,100 per year.

4. For any member from whose salary reservations before September 1, 1958, were last made under sub. (11) (e), the annual disability annuity shall be \$60 for each of the first 10 years of service and \$84 for each additional year of service, but not to exceed \$2,700 per year.

5. When an annuity is increased under this paragraph the additional annuity shall be paid by transferring a sufficient amount from the general fund to the reserve fund to establish the reserve required to pay such additional annuity which shall be paid from the reserve fund. Such additional annuity shall be reduced by the amount of any social security (OASI) primary disability or retirement benefit received by the member.

6. In computing years of service under this paragraph a member shall be given credit for years of service for which he would have received credit under sub. (12) if he had remained a member of the separate group.

7. A period of time during which an annuity is paid under this paragraph shall not be considered teaching service under this section for purposes of computing retirement annuities.

(fr) *Reserves upon which annuities are based.* All annuities paid under this subsection shall be paid from the reserve fund. If the annuity or part thereof is based on an accumulation in the retirement deposit fund the board shall transfer such accumulation from the retirement deposit fund to the reserve fund. If the annuity or part thereof is not based on an accumulation in the retirement deposit fund, the board shall transfer from the general fund to the reserve fund an amount sufficient to establish the necessary reserve to pay such annuity. If the benefit is paid in a lump sum such payment may be made directly from the retirement deposit fund if based on an accumulation in said fund, from the reserve fund if based on a reserve in said fund, and otherwise from the general fund. The board may make such transfers between funds as may be necessary to carry out the purposes of this section.

(g) *Separation benefits.* Any member who has ceased to be employed as a teacher, and is not on leave of absence from a teaching position, may be paid the accumulation from the member's deposits made while a member of the combined group, on filing with the board before the fifty-fifth birthday anniversary of such member a written request therefor and a full and complete discharge and release of all right, interest or claim on the part of such member to state deposit accumulations which accrued while he was a member of the combined group. Such state deposit accumulations shall thereupon be transferred to the general fund. Withdrawal of member's deposits made before said member became a member of the combined group shall be governed by sub. (16).

(h) *Death benefits.* Each member shall, by written notice to the board, in such form as it shall approve, designate a sole beneficiary, or 2 or more beneficiaries to whom any death benefits payable at the death of the member shall be paid. The member may, from time to time, by a like written notice, change any of the aforesaid designations. Such death benefits shall be the full amount of the accumulation in the retirement deposit fund to the credit of the member from all member's deposits and all state deposits made under sub. (11) (f), plus an amount which is equal to twice the accumulation which would have resulted from the deposits made by such member under sub. (11) (a) to (e) if interest had been compounded thereon at the rate of 3 per cent per annum. Such death benefits shall be payable as an annuity or annuities payable monthly during the life of one or more beneficiaries, except that if any such annuity would be less than \$10 per month, the benefit shall be paid to the beneficiary in a lump sum. This paragraph does not apply in the case of any member who dies before September 1, 1958.

(j) *Information on OASI benefits.* Each member may be required by the board, as a condition of receiving benefits under par. (b) 6, (f) or (fg), to authorize the social security administration to provide the fund with information regarding the present or future OASI benefits payable or to become payable to such member.

(k) *Additional annuity options.* In addition to the optional forms of annuities set forth in sub. (12) (o), an annuity under par. (a), (b), (f) or (fg) may at the option of the member be granted in any form of life annuity established by rule of the board on the basis of actuarial equivalent values, with due regard for selection against the fund. The amount payable

monthly to the member during life under any such additional form shall be not less than the amount payable to others upon the death of the member.

SECTION 7. 38.24 (8) of the statutes is repealed.

SECTION 8. 38.24 (9) (d) and (e), (11) (f) and (12) (s) of the statutes are created to read:

38.24 (9) (d) *Extension of OASI coverage.* 1. The board and treasurer are authorized and directed to take such actions as may be necessary to complete the inclusion of the members of the combined group of the retirement fund under federal old-age and survivors insurance as provided in sub. (3), as of January 1, 1955. The board is authorized to employ such additional personnel as may be necessary for such purposes.

2. Said board shall certify to the treasurer the amounts to be transferred from the retirement fund to the public employes social security fund to provide for the contributions which will thereby become payable to the federal old-age and survivors insurance system as employer and employe contributions for such employes as the result of making such coverage effective as of January 1, 1955, and said board is also authorized and directed to deduct such amounts from the general fund of the retirement fund. Upon such certification by the board the treasurer shall pay such amounts to the public employes social security fund.

3. If the payment of the contributions under subd. 2 is not made to the federal old-age and survivors insurance system before any interest or penalty accrues thereon under federal regulations as defined in s. 66.99 (1) (b), the board is authorized to pay such interest or penalty and charge the same to the interest income of the retirement fund.

(e) *Annuity rates.* The board shall make such investigations of the mortality, disability, service and compensation experience of the several funds as shall be necessary. On the basis of such investigation the board shall determine, adopt and certify the rates at which the annuities and other benefits shall be granted. The rates shall be adequate to provide for all benefits as near as may be at actual cost but shall not be less than the rates based on the minimum standard prescribed by law for granting annuities in this state. No revision of rates shall affect adversely the rights of any beneficiary or annuitant under an application made prior to the date when such revision becomes effective.

(11) (f) *Deposits for members of combined group.* 1. Beginning with the first monthly payment of teachers' salaries after August 31, 1958, the managing body of such schools in any such city shall reserve from the salary of each teacher who is a member of the combined group an amount equal to 4½ per cent of all compensation received for teaching service performed by such teacher.

2. Any such member, or any person on behalf of any such member, may make additional deposits.

3. A state deposit on behalf of each such teacher shall be made in an amount equal to the member's deposit reserved under subd. 1. State deposits shall be credited as of August 31 of the fiscal year for which such member's deposits were made. All amounts credited as state deposits shall be charged to the sums transferred to the retirement fund under s. 20.552 (42).

4. All amounts reserved from the salaries of such members, or deposited by or on behalf of such members, shall be held for the benefit of the individual teacher in the retirement deposit fund for the purpose of providing an annuity or other benefit as provided in this section.

(12) (s) Except for pars. (a), (n) and (o), this subsection shall not apply to members of the combined group established under sub. (3).

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SECTION 9. 38.24 (13) and (14) (d) of the statutes are amended to read:

38.24 (13) All annuities granted by the board of trustees under * * * this section shall be uniform in amount except as otherwise provided herein * * *. *Annuities under sub. (12) (a) to (q)* shall be computed from the first day of the month next following the date of retirement of the annuitant from teaching service in such city, except that the temporary incapacity annuity provided for in * * * sub. (12) * * * shall be computed from a date 6 months after such annuitant temporarily has ceased active teaching service. No annuity, except the temporary incapacity annuity provided for in * * * sub. (12) * * * and the disability annuity under sub. (4) (f) or (fg), shall be paid to any person until such person * * * has retired from teaching service in the public schools to which this section applies * * *. No teacher shall be deemed to have retired from teaching service until such teacher * * * has resigned from his position, or the managing body of the schools of such city has legally * * * caused such teacher's name to be stricken from the official list of teachers; *except that a teacher shall be deemed to have retired from teaching service if he has received a disability annuity under sub. (4) (f) or (fg) for 36 consecutive months.*

(14) (d) No teacher shall be required to pay into such fund *under sub. (11) (a) to (e)* for more than 40 years. An annuity may be applied for by a contributing teacher and may be granted or allowed by the board of trustees prior to the retirement of the applicant from teaching service, but no annuity shall be paid until all requirements of this section * * * have been complied with by the applicant.

SECTION 10. 38.24 (16) (e) of the statutes is created to read:

38.24 (16) (e) This subsection shall apply in the case of any member of the combined group established under sub. (3) who dies before September 1, 1958, but not in the case of any such member who dies after August 31, 1958.

SECTION 11. 38.24 (20) (a) and (b) of the statutes are repealed.

SECTION 12. 38.24 (20) (c) of the statutes is renumbered 38.24 (20) and amended to read:

38.24 (20) The board of trustees shall at all times maintain assets in the annuity and retirement fund: (a) in the reserve fund at least equal to the present value of the prospective benefit payments under annuities which have been granted; (b) *in the retirement deposit fund equal to the liabilities for deposits and interest accretions; and (c)* in the general fund, as of August 31 of each year, at least equal to the following ratios to the present value of all future payments of benefits from the general fund, namely: the actual percentage of such assets to such present value on August 31, * * * 1957, which percentage shall be increased by 2½ per cent for each year thereafter, but not to exceed 100 per cent. The board of trustees shall as of August 31 of each year cause a valuation to be made of the funds on such basis as they may establish to determine the amount necessary to maintain the assets of the fund as provided in this subsection, and shall certify the amount required to maintain the assets of the fund each year to the state treasurer.

SECTION 12m. 39.35 (14) (a) and (b) of the statutes, as created by chapter 12, laws of 1957, are amended to read:

39.35 (14) (a) Notwithstanding the provisions of subs. (1) to (12), any person who is deemed an active member of the state teachers' retirement system under s. 42.241 (7) *or a teachers' annuity and retirement*

fund under s. 38.24 (3) (g) shall be placed upon the roster of substitute teachers established by this section, and shall be paid the compensation provided for under sub. (6) beginning December 1, 1957, without regard to the restrictions and limitations contained in subs. (1) to (12). Such compensation shall be paid to any such person until he again receives an annuity under the state teachers' retirement system or such teachers' annuity and retirement fund.

(b) The executive secretary of the state teachers' retirement system and the secretary of each teachers' annuity and retirement fund established under s. 38.24 shall certify to the state superintendent the names of the * * * members of the respective systems who are entitled to be placed on the roster under par. (a) and such persons shall immediately be placed on such roster as of December 1, 1957, without applying therefor.

SECTION 13. 66.99 (1) (am) and (3m) of the statutes are created to read:

66.99 (1) (am) With respect to members of a retirement fund created under s. 38.24 "public agency" means the state, except that for purposes of sub. (6) and the applicable portions of subs. (7), (8) and (8a) "public agency" means a city of the first class.

(3m) For the purposes of sub. (3a) the members of the combined group of a retirement fund created under s. 38.24 constitute a coverage group. Members of any such retirement fund may be included under the federal old-age and survivors insurance system under sub. (3a) only in accordance with s. 38.24 (3).

SECTION 14. 71.14 (8) and (9) of the statutes are amended to read:

71.14 (8) Any surtaxes imposed by s. 71.01 (2) collected on and after July 1, 1953 shall lose their identity as such and shall be included in the normal income taxes from which the 14 per cent and 8 per cent referred to in sub. (2a) shall be determined, and such 14 per cent and 8 per cent shall be paid into the general fund of the state treasury and set apart for the retirement deposit fund and contingent fund of the state teachers' retirement system and the retirement deposit fund and general fund of the teachers' annuity and retirement funds established under s. 38.24. On or before July 20 of each year the commissioner of taxation shall certify to the director of budget and accounts the net amounts (exclusive of amounts collected under s. 71.14 (10)) of the normal income taxes collected during the preceding fiscal year on taxable income having had a situs in each city of the first class in which a teachers' annuity and retirement fund is maintained under * * * s. 38.24 from (a) corporations and (b) persons other than corporations. Within 10 days after the receipt of such certification the director of budget and accounts shall remit and pay to the city treasurer of such city an amount equal to the sum of (a) 5.6 per cent of the certified normal income taxes collected from such corporations and (b) 3.2 per cent of the certified normal income taxes collected from such persons other than corporations, and it shall be the duty of the city treasurer of such city to pay the whole amount, so remitted and paid, into the retirement deposit fund and the general fund of such teachers' annuity and retirement fund of such city in accordance with s. 38.24, to constitute a part of said fund. As soon after August 31 of each year as * * * practicable, the board of trustees of said teachers' annuity and retirement fund shall certify to the director of budget and accounts, in such form as he shall prescribe, the amount necessary to pay the state deposits and maintain the assets of such fund as provided in s. 38.24. Within 10 days after receipt of such certification the director of budget and accounts shall remit and pay to the city treasurer of such city * * * the amount as certified by the board of trustees,

* * * and it * * * is the duty of the city treasurer of such city to pay the amount, so remitted and paid, into the *retirement deposit fund and general fund* of such teachers' annuity and retirement fund *in accordance with s. 38.24*, to constitute a part of said *annuity and retirement fund*. However, no payments shall be made to the treasurer of any city of the first class pursuant to this subsection which would result in a ratio of assets to the present value of all future payments of benefits from the general fund of the teachers' annuity and retirement fund of said city in excess of 100 per cent.

(9) Whenever in any year the receipts from the surtax imposed by s. 71.01 (2) and * * * the aggregate of the 14 per cent and the 8 per cent referred to in sub. (2a) * * * shall not be sufficient to provide the necessary moneys to carry out the provisions of * * * *sub. (8)*, the deficit shall be paid out of the general fund of the state treasurer, and if in any year such surtax and * * * percentages provide more money than is needed, such excess shall be paid into the general fund of the state treasury.

SECTION 15. In printing the statutes, the revisor of statutes is directed to insert in sections 38.24 (3) (d), (h) and (i) of the statutes the proper dates for the performance of the acts specified therein, which dates are dependent upon the effective date of this act, and the chapter number in section 38.24 (3) (L).

SECTION 16. Section 15.11 of the statutes shall not apply to this bill.

SECTION 17. This act shall be effective upon passage and publication except that SECTION 14 shall take effect July 1, 1957.

Approved May 9, 1957.
