

No. 279, S.]

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AN ACT to repeal 60.73, 60.731, 66.901 (5a), 66.902 (3) (o) and (p), 66.908 (2) (aa) and (ab) and 66.915 (5a); to amend 66.902 (2) (d), 66.905 (2) (c) and (6), 66.906 (1) (c), (1a), (1d) and (4) (a), 66.9065 (4) (a), 66.907 (2) (a) 1, (b) and (c) 2, 66.908 (2) (f), 66.909 (1) (d) (intro. par.), 66.912 (1) (n) and 66.915 (2), (7) and (8); to repeal and recreate 66.908 (2) (a) and (b), 66.915 (4) and (6) and 66.916; and to create 66.902 (1c), 66.904 (1) (a) 13 and 66.918 (6) of the statutes, relating to the clarification and modification of various provisions pertaining to the Wisconsin retirement fund.

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

SECTION 1. 60.73 and 60.731 of the statutes are repealed.

SECTION 2. 66.901 (5a) of the statutes is repealed, but such repeal shall not affect any rights created or action taken pursuant thereto before the effective date of such repeal.

SECTION 3. 66.902 (1c) of the statutes is created to read:

66.902 (1c) Whenever any school district shall be created, the territory of which includes more than one-half of the last assessed valuation of either a school district which was a participating municipality at the time of such creation or a city which at the time of such creation was a participating municipality in which the schools operated under the city school plan, then in either case the school district so created shall automatically be a participating municipality from its inception, but no prior service credits shall be provided for any personnel thereof.

SECTION 4. 66.902 (2) (d) of the statutes is amended to read:

66.902 (2) (d) Be officially certified by the clerk of the municipality, or * * * person having a comparable status if no person holds the title of clerk.

SECTION 5. 66.902 (3) (o) and (p) of the statutes are repealed, but such repeal shall not affect any rights created or action taken pursuant thereto prior to the effective date of such repeal.

SECTION 6. 66.904 (1) (a) 13 of the statutes is created to read:

66.904 (1) (a) 13. Any participating municipality may provide by resolution that the recomputation of credits pursuant to subds. 8 and 9 shall also be applicable to credits for periods of employment by another municipality if the area or any part thereof is included within the limits of that participating municipality, to the extent that such employment has been included under the Wisconsin retirement fund. The participating municipality shall file a certified copy of such resolution with the fund promptly, and also certify to the fund the names of the persons affected and the identity of the former participating municipality by which such persons were previously employed.

SECTION 7. 66.905 (2) (c) of the statutes is amended to read:

66.905 (2) (c) The amount of the one-year term premium required to provide the excess, if any, of the present value of the disability benefits expected to be granted during such year to the employes of such municipality, over the available accumulated credits of such employes *adjusted for any surplus or deficiency as provided in s. 66.916 (1) (b)*.

SECTION 8. 66.905 (6) of the statutes is amended to read:

66.905 (6) Whenever any * * * participating municipality shall have its existence terminated because of consolidation or for any other reason, the * * * municipality which thereafter includes the area of such * * * *terminated municipality* shall be liable for all prior service obligations or other obligations payable to the * * * fund by such * * * *municipality*. If the territory of such former participating municipality is attached to 2 or more * * * municipalities, the total obligation to the * * * fund shall be allocated to such * * * municipalities in proportion to the equalized valuation of each area so attached. The amount of such obligation and the allocation thereof to the respective * * * municipalities shall be certified by the board of trustees of the * * * fund to the clerk of each such * * * municipality. If the * * * municipality to which the territory is so added is or becomes a participating municipality the obligation so certified to its clerk shall be added to its obligation under *this section* * * *. If the * * * municipality to which any part of * * * *the former municipality* is added is not a participating municipality the obligation shall be liquidated by an annual payment to be made not later than May 1 in each year following a certification which shall be made by the board in conformity with * * * *sub. (2) (a)*. Whenever such obligation is discharged pursuant to the law, the board shall refund any overpayment.

SECTION 9. 66.906 (1) (c), (1a), (1d) and (4) (a) of the statutes are amended to read:

66.906 (1) (c) Subject to the provisions of * * * *par. (a)* * * * a participating employe who is a policeman, fireman, state traffic officer, *state motor vehicle inspector*, state conservation warden, state forest ranger or other state conservation department employe subject to the 5 per cent normal contribution rate who has attained age 60 or more on the effective date for that participating municipality shall be retired at the end of his first * * * *calendar quarter year* as a participating employe. Any such participating employe who attains age 60 shall be retired at the end of the * * * *calendar quarter year* in which such age is attained. * * *

(1a) Each supreme court justice and circuit judge included under this fund * * * who attains age 70 * * * shall be retired at the end of the month in which such age is attained except * * * *that any such justice or judge may complete the term in which he was serving on July 1, 1955, or to which he had been elected before said date.* This subsection shall supersede the provisions of sub. (1) for supreme court justices and circuit judges.

(1d) Each state officer elected by the vote of the people, other than a justice of the supreme court or a judge, who becomes a participating employe pursuant to s. 66.901 (5) (i) and who has attained age 65 when electing to participate shall be retired at the end of the then current term. Any such state officer who attains age 65 after electing to become a participating employe shall be retired on the date of the expiration of the term in which he attained age 65. In either case any subsequent election of such a state officer after age 65 by the voters shall constitute the notice required under sub. (1) * * * (a) authorizing such elected state officer to serve for the duration of the term for which he was elected.

(4) (a) Notwithstanding the fact that any annuity is payable for life, if any annuitant under age 65 receiving a retirement annuity enters the service of any participating municipality by which he was employed within 5 years prior to the beginning date of the annuity, the annuity payable to such annuitant at that time shall be terminated as of the end of the month prior to the date upon which such person received total earnings in all such services in excess of \$1,200 in any calendar year. *If an annuitant who has attained 65 is re-employed by the participating municipality by which last employed prior to the approval of the annuity and receives total earnings therefrom in any year in excess of one-half of his final rate of earnings the annuity shall be terminated as of the end of the month prior to the receipt of such excess.* Earnings under this subsection shall be construed to include also any payment received from any municipality for personal services, including services performed on a contractual basis. No annuitant shall be deemed to be a participating employe.

SECTION 9m. 66.9065 (4) (a) of the statutes is amended to read:

66.9065 (4) (a) Any participating employe who has acted pursuant to sub. (1) may by written notice to the fund provide that a specified amount of the credits accumulated in accounts in his name pursuant to s. 66.904 (1) (b) be segregated for a variable annuity. The aggregate amount so segregated shall not exceed 10 per cent of the accumulated credits in all his accounts as of the beginning of the calendar year in which the original notice under sub. (1) is effective. Such segregation shall be effective as of the beginning of the calendar quarter year following the receipt by the fund of such notice and shall be improved with interest for each month of the current year prior to such segregation at one-twelfth of the effective rate of interest for the preceding year. *For the purposes of this subsection credits to which a participant is entitled pursuant to s. 66.904 (1) (a) 8 and 9 shall be considered as included in his accumulated credits at the beginning of the calendar year in which his original notice under sub. (1) was effective and any credits which were not segregated for a variable annuity under par. (a) or (b) solely because action entitling a participant to credits pursuant to s. 66.904 (1) (a) 8 or 9 was completed after the date as of which such a segregation was effective shall be so segregated as of the beginning of the calendar year following such action.*

SECTION 10. 66.907 (2) (a) 1, (b) and (c) 2 of the statutes are amended to read:

66.907 (2) (a) 1. Any participating employe who has not attained age 65 and * * * is totally disabled, either mentally or physically, by a dis-

ability which is likely to be permanent. A person shall not be deemed to be disqualified solely because he is able to perform the duties of any position for which the compensation does not exceed \$1,200 in any calendar year. *Totally disabled means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of permanent duration.* The participating municipality shall certify to the fund that * * * *the participating employe is unable to continue in employment because of * * * a total disability of such a nature as to reasonably prevent performance of the duties of any position and as a consequence is not entitled to any earnings from such municipality.* For the purposes of this subsection a participant shall, within the limitations of s. 66.903 (1) (b), be considered to be a participating employe on leave of absence, notwithstanding the fact that no formal leave of absence is in effect, if no other employment has intervened since service for the participating municipality, and if the termination of active service for the participating municipality was due to such disability.

(b) A participating employe shall be considered totally and permanently disabled only after the board * * * *has received * * * written certification by at least 2 licensed and practicing physicians approved or appointed by the board, that the employe is totally and likely to be permanently disabled, for performance of the duties of any position * * *.*

(c) 2. The sum of the amount of the annuity that can be provided from the accumulation of additional credits on the date the disability annuity begins, plus the lesser of the following amounts: 50 per cent of the final rate of earnings, or 1½ per cent of the final rate of earnings multiplied by the number of years of prior service and of current service including in the latter assumed service between the date the disability occurred and the date on which the applicant will attain the age of 65. The number of such total years shall be determined to the nearest full year. Whenever the applicant * * * *qualifies* for disability benefits or for old-age benefits as a retired worker under the federal old-age and survivors insurance system, the amount of his disability annuity, other than the amount attributable to his additional contributions, shall be reduced by * * * *20 per cent of the amount thereof, but in no event shall such reduction lower the disability annuity below that which could have been provided under subd. 1.* Such reduction shall be effective with the annuity for the * * * *eighth* month after the attainment of age 50, or after the annuity * * * *begins* if over age 50, except during such period as the disability annuitant shall furnish evidence to the fund that he is not eligible for benefits from the federal old-age and survivors insurance system.

SECTION 11. 66.908 (2) (a) and (b) of the statutes are repealed and recreated to read:

66.908 (2) (a) Upon the death of a participant whose beneficiary or beneficiaries to whom the death benefit is payable are a spouse, parent, child (including legally adopted child), grandchild, brother or sister of such participant the amount equal to the accumulated normal, additional, municipality and prior service credits of such participant on the date of his death; except that the total accumulated municipality and prior service credits used to provide the total death benefit shall not exceed such respective credits which could have been used to provide an annuity for the deceased participant at the time of his death, assuming that an annuity could have been granted to him at such time. No benefit shall be payable under this paragraph unless such participant at the date of his death was:

1. A participating employe; or

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2. A participant who is receiving a benefit under s. 66.191, but who is not an annuitant; or

3. A participant, other than an annuitant, who had prior or current service credit, or both, for at least 60 calendar quarter years as a participating employe.

For the purposes of this paragraph, a participant shall be deemed to be a participating employe on the date of his death if he is then an applicant for a retirement annuity, other than an annuity authorized by s. 66.906 (3), whose application had been received within 30 days after termination of employment and who would have been entitled to such annuity had he lived, and a participant shall be deemed to be a participating employe on leave of absence, subject to the limitations of s. 66.903 (1) (b), if the participating municipality for which he last performed services as a participating employe has not filed notice of the termination of his employment, notwithstanding the fact that no formal leave of absence is in effect. If the death of a participating employe on leave of absence arises from employment by any employer other than such participating municipality his employment shall be deemed to have terminated and he shall not be considered a participating employe on the date of his death.

(b) Upon the death of a participant, other than an annuitant, or a participant whose beneficiary or beneficiaries are entitled to receive a death benefit under par. (a), the amount equal to the sum of the accumulated normal and additional credits of the participant as of the time of death.

SECTION 12. 66.908 (2) (aa) and (ab) of the statutes are repealed.

SECTION 13. 66.908 (2) (f) of the statutes is amended to read:

66.908 (2) (f) If any person, for whom credits have been re-established pursuant to s. 66.904 (1) (a) 3 upon his re-entry into service, * * * *dies* within 3 years after such re-entry, the credits so re-established shall not be payable as a death benefit under * * * *par.* (a) or * * * (b), but in lieu thereof a death benefit shall be payable pursuant to * * * *par.* (c), notwithstanding the provisions of s. 66.906 (3) (e) and (3a) (b), to which shall be added the amount of the accumulations on the date of death from the normal and additional contributions made by the employe after the date of the termination of his annuity.

SECTION 14. 66.909 (1) (d) (intro. par.) of the statutes is amended to read:

66.909 (1) (d) (intro. par.) The legal or natural guardian of a *minor* beneficiary * * * *when the* participant or annuitant has not specified in a written notice received by the board prior to his death that the death benefit shall be paid as a life annuity, may, in lieu of a life annuity, elect that such beneficiary receive the death benefit in the form of a temporary annuity of \$50 per month beginning on the day following the date of death of the participant or annuitant and ending with the monthly payment immediately prior to the beneficiary's twenty-first birthday and a final payment, payable one month after the termination of the temporary annuity, of such amount as can be provided from the death benefit, after providing for the temporary annuity, on the basis of the prescribed rate of interest and the approved actuarial tables in effect on the date of approval of such option by the board, provided:

SECTION 15. 66.912 (1) (n) of the statutes is amended to read:

66.912 (1) (n) Submit an annual statement to the governing body of each participating municipality, and to any participating employe upon

request, as soon after the end of each calendar year as possible. Such statement shall include a balance sheet, showing the financial and actuarial condition of the fund as of the end of the calendar year, a statement of receipts and disbursements during such year, a statement showing changes in the assets, liability, reserve and surplus accounts during such year, information as to investments, and such additional statistics as are deemed necessary for a proper interpretation of the condition of the fund. There shall be available to each participant or participating municipality upon written request a detailed statement of investments * * *.

SECTION 16. 66.915 (2) of the statutes is amended to read:

66.915 (2) As each municipality contribution becomes due, in accordance with s. 66.905 (1) (a) and (5), it shall be prorated in the same proportion that the amount for each purpose under s. 66.905 (2) is of the total of all amounts under such subsection for the corresponding year. The proportions applicable to the prior service obligation, and the current service obligation shall be credited to the corresponding * * * obligation of the participating municipality from which it is receivable. The proportions of such contributions applicable to disability and expense shall not be credited to the municipality required to make such contributions * * *.

SECTION 17. 66.915 (4) of the statutes is repealed and recreated to read:

66.915 (4) As a separation benefit or any other benefit is granted on account of a participant, the amounts of the accumulated prior service credits and municipality credits in his account which are not available under ss. 66.906 to 66.91 to provide such benefit, shall be credited, at the end of the year with interest to the end of the year, to the corresponding obligation of the municipality charged when such credits were granted.

SECTION 18. 66.915 (5a) of the statutes is repealed.

SECTION 19. 66.915 (6) of the statutes is repealed and recreated to read:

66.915 (6) At the end of each year after the prior service obligation of any municipality, with allowance for anticipated employe separations, is completely amortized, any outstanding obligation of or credit to such municipality on account of prior service credits shall be added to the current service obligation of such municipality.

SECTION 20. 66.915 (7) and (8) of the statutes are amended to read:

66.915 (7) Separate accounts shall be maintained for each participating employe and for each municipality. * * * Transactions affecting the employes of any municipality shall * * * not affect the accounts of any other municipality.

(8) Whenever * * * any sum * * * which is due to the fund from * * * any participant * * * cannot be recovered from * * * such participant * * *, the last participating municipality by which the participant was employed shall be charged with * * * said sum if such sum became due as the result of incorrect or incomplete reporting by such participating municipality.

SECTION 21. 66.916 of the statutes is repealed and recreated to read:

66.916 SURPLUSES AND RESERVES. (1) The surpluses arising out of the operations of this fund shall be classified and determined as follows:

(a) The annuity payment surplus shall be determined as of the end

of each year as the amount by which the reserve for annuities previously granted exceeds the actuarially determined liability with respect to such annuities. Whenever such surplus exceeds 15 per cent or there is a deficiency exceeding 15 per cent, of such reserve the tables used for the determination of annuities shall be revised in such manner as the board deems appropriate.

(b) The disability benefit surplus shall be determined as of the end of each year as the amount by which 1. accumulated contributions applicable to disability benefits, of all municipalities for all prior years and the current year, exceeds 2. the amounts required to provide, when added to the available accumulated credits of the employes, the present value of all benefits to participating employes granted disability annuities as of the date of commencement of such disability annuities. Whenever the disability benefit surplus or deficiency exceeds 100 per cent of the average annual requirements under 2. during the 3 preceding calendar years, the contribution rates for disability benefits shall be revised in such manner as the board deems necessary to reduce such surplus or deficiency.

(c) The expense surplus shall be determined as of the end of each year as the amount by which 1. accumulated contributions for expense purposes of all municipalities for all prior years and the current year, exceeds 2. the amounts required to pay the expenses of the fund. The expense surplus or deficiency shall be considered in the determination of municipality contribution rates for expense purposes as provided in s. 66.905 (2) (e).

(2) Reserves shall be established for the purposes and in the manner described below:

(a) A reserve for annuities granted equal to the present value as of the date of commencement of all retirement, disability and beneficiary annuities previously granted; plus interest on the mean amount of such reserve during each calendar year, computed at the prescribed rate or the effective rate, whichever is greater; reduced by the aggregate amount of annuity payments and death benefits paid with respect to such annuities; and reduced by the present value at the date of termination of all annuities terminated in accordance with s. 66.906 (4) (a) or 66.907 (2) (e).

(b) A reserve for investment losses shall be established in such amounts as the board from time to time determines from the interest income and profits on investments. For purposes of determining the interest income in any year, investments shall be carried at a book value such that the yield to maturity will remain uniform. No adjustments in the book value of investments shall be made on account of fluctuations in current market prices.

(c) The board may transfer the balance in the death surplus account which was eliminated by chapter 55, laws of 1955, to any fund account now existing or hereafter created. The board may create such reserves as it deems advisable.

(3) All investment expenses shall be charged to income resulting from interest and profits on investments.

SECTION 22. 66.918 (6) of the statutes is created to read:

66.918 (6) Any person entitled to an annuity may decline to accept all or any part of such annuity by a waiver signed and filed with the board which irrevocably abandons all claims or rights to the sums waived as of a specified date. Such waiver may be revoked in writing filed with the

board at any time, to be effective as of the beginning of the month following the receipt by the board, but such revocation of the waiver shall not reinstate any right to the sums waived.

SECTION 23. The repeal or revision of any statute or portion thereof by this act shall not affect any rights created or action taken or required pursuant thereto prior to the effective date of this act.

SECTION 24. This act shall take effect September 1, 1959.

Approved July 31, 1959.