



1995 ASSEMBLY BILL 453

June 26, 1995 - Introduced by Representatives BAUMGART, GROTHMAN and OTT.
Referred to Joint survey committee on Retirement Systems.

1 **AN ACT to amend** 40.02 (33) (a) 1.; and **to create** 40.02 (33) (a) 3. of the statutes;
2 **relating to:** the determination of final average earnings for the purpose of
3 calculating certain benefits under the Wisconsin retirement system.

Analysis by the Legislative Reference Bureau

Under current law, when a participant in the Wisconsin retirement system (WRS) terminates covered employment and becomes eligible for a retirement annuity, the amount of the annuity is determined based on the participant's final average earnings, the participant's number of years of creditable service and a percentage multiplier. The final average earnings is a monthly rate of earnings that is calculated based on the 3 annual earnings periods in which the participant's earnings were highest.

This bill provides that the amount of total earnings in each of the 3 annual earnings periods that may be considered for the purpose of calculating the amount of the final average earnings may not exceed 110% of the amount of total earnings in the immediately preceding annual earnings period.

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:

4 **SECTION 1.** 40.02 (33) (a) 1. of the statutes is amended to read:
5 40.02 (33) (a) 1. The Subject to subd. 3., the participant's total earnings
6 received or considered to be received under sub. (22) (e) or (em) and for which

1 contributions are made under s. 40.05 (1) and (2) during the 3 annual earnings
2 periods (excluding any period more than 3 years prior to the effective date for any
3 participating employer) in which the earnings were the highest; by

4 **SECTION 2.** 40.02 (33) (a) 3. of the statutes is created to read:

5 40.02 (33) (a) 3. The amount of total earnings in each of the annual earnings
6 periods that may be considered for the purpose of calculating the amount under subd.
7 1. may not exceed 110% of the amount of total earnings in the immediately preceding
8 annual earnings period.

9 **SECTION 3. Initial applicability.**

10 (1) DETERMINATION OF FINAL AVERAGE EARNINGS UNDER THE WISCONSIN
11 RETIREMENT SYSTEM. This act first applies to the calculation of the final average
12 earnings for a participating employe in the Wisconsin retirement system who
13 becomes initially eligible to receive any benefit under chapter 40 of the statutes,
14 which uses a participating employe's final average earnings to determine eligibility
15 for or the amount of the benefit, on January 1, 1996, or on the first day of the 6th
16 month beginning after publication, whichever is later.

17 (END)