

No. 192, A.]

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CHAPTER 175.

AN ACT to create 66.90 of the statutes, relating to the creation and operation of a municipal retirement system.

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

66.90 of the statutes is created to read:

66.90 WISCONSIN MUNICIPAL RETIREMENT FUND. (1) PURPOSE. The purpose of this fund is to provide for the payment of annuities and other benefits to employes and to beneficiaries of employes of municipalities in the state, thereby enabling such employes to provide for themselves and their dependents in case of old age, disability and death, and thereby effecting economy and efficiency in the public service by furnishing an orderly means whereby employes who become aged or otherwise incapacitated may, without hardship or prejudice, be retired from active service.

(2) CREATION OF FUND. A retirement and benefit fund to be operated and maintained in accordance with the provisions of this section is hereby created. This fund shall be known as the "Wisconsin municipal retirement fund."

(3) DEFINITIONS. The following words and phrases as used herein, unless different meanings are plainly indicated by their context, shall have the following meanings respectively:

(a) *Fund*. The Wisconsin municipal retirement fund.

(b) *Municipality*. Any city, or village now existing or hereafter created within the state; and, for the purpose of including its employes within the provisions of the fund, the fund itself.

(c) *Participating municipality*. Any municipality included within the provisions of this fund in accordance with subsection (4) of this section.

(d) *Employe*. Any person who:

1. Receives earnings out of the general funds of any municipality or out of any special fund or funds controlled by any municipality as payment for personal services.

2. Whose name appears on a regular pay roll of such municipality.

3. Is employed in a position normally requiring actual performance of duty during not less than 600 hours a year in such municipality, and

4. Has completed at least 6 months continuous service or 12 months total service for the municipality by which such person is employed when such person otherwise first becomes eligible for participation in the fund;

(e) *Exceptions.* The definition of employe shall not include persons:

1. Who are eligible to be included within the teachers' retirement act, pursuant to chapter 42,

2. Who are or may be included within any policemen's or firemen's pension fund by virtue of section 61.65 or section 62.13 (9) or 10),

3. Who are elected to office by vote of the people unless such elected person shall request the board in writing to be included within the provisions of this fund. Persons so electing to participate shall be considered employes on the effective date of participation of the employing municipality only if such election is received by the board within 90 days of such effective date and if such person was in the service of such municipality on such effective date. In all other cases any person so electing to participate shall become an employe as of the first day of the month following the receipt by the board of notice of such election,

4. Employes other than those specified in subdivisions 1 and 2 who are included under the provisions of a retirement system existing in the employing municipality on the effective date of participation of such municipality if notice of election by the governing body of such municipality, to exclude such persons from participation in this system, has been received by the board prior to the effective date of participation of such municipality.

(f) *Participating employe.* Any person included within the provisions of this fund as provided in subsection (5) of this section.

(g) *Prior service.* The period beginning on the first day upon which any participating employe first became an employe of the municipality by which such employe was employed on the effective date of participation of such municipality, and ending on such effective date, excluding all intervening periods during which such employe was separated from the service of such municipality following a resignation, dismissal, lay-off, or expiration of any term of appointment or election as certified by the governing body of such municipality.

(h) *Current service.* The period beginning on the day the employe first becomes a participating employe and ending on the day of the latest separation from the service of all participating municipalities, excluding all intervening periods during which such employe shall not receive, nor have the right to receive, earnings from a participating municipality.

(i) *Earnings.* An amount equal to the sum of:

1. The total amount of money paid on a regular pay roll by a municipality to an employe for personal services rendered to such municipality and

2. The money value, as determined by rules prescribed by the governing body of the employing municipality, of any board, lodging, fuel, laundry, and other allowances provided for such employe in lieu of money.

(j) *Rate of earnings.* The actual rate upon which the earnings of any employe are calculated at any time, as certified by the governing body of the employing municipality in a written notice received by the board, assuming that, unless otherwise specified, the following are equivalents: 2,000 hours, 250 days, 50 weeks, 12 months, one year.

(k) *Final rate of earnings.* The monthly earnings obtained by dividing the total earnings during the period of the 5 consecutive calendar years in which the total earnings of an employe were the highest, by the number of months in such period during which any earnings were received by such employe; provided that the earnings for all calendar years of prior service of any employe shall be considered as being equal to earnings determined at the rate upon which prior service credits are granted under subsection (7) (a) 1.

(l) *Annuitant.* A person receiving a retirement annuity or a disability annuity from this fund.

(m) *Beneficiary.* The person so designated by a participating employe or annuitant in the last written designation of beneficiary on file with the board; or if no person so designated survives, or if no designation is on file, the estate of such employe or annuitant.

(n) *Annuity.* A series of equal monthly payments, payable at the end of each calendar month during the life of an annuitant; the first payment to be made as of the end of the first complete calendar month following the date upon which such annu-

ity shall begin, and the last payment to be made as of the end of the calendar month prior to the month in which the annuitant shall die. In addition to the regular monthly amount, the first payment shall include an amount equal to the pro rata portion of such monthly amount for any fraction of a month elapsing between the date such annuity begins and the end of such calendar month.

(o) *Board.* The board of trustees as provided in subsection (16) of this section.

(p) *Governing body.* The council or common council in cities, or village board in villages, or any agent duly appointed by any such body and designated in a written notice on file with the board as being authorized to act for any such body in matters pertaining to the fund, or the board itself with respect to its own employes.

(q) *Effective date.* The date upon which the provisions of this fund become applicable to any participating municipality as provided in subsection (4).

(r) *Prior service contribution rate.* The rate at which prior service credits for employes are computed. For municipalities designating rates in accordance with the provisions of subsection (4) the rates shall be the rates so designated; for other municipalities, the rate shall be 5 per cent.

(s) *Effective rate of interest.* The rate determined from the experience of the calendar year which, after providing for interest requirements at the prescribed rate on the annuity reserves will distribute the remaining interest income for the year to the balances in the additional, normal, municipal and prior service credit accounts of the individual employes.

(t) *Prescribed rate of interest.* The rate of interest to be used for all calculations of the rates of normal contributions and amounts of annuities and benefits, as determined and certified by the board on the basis of the probable average effective rate of interest earnable on investments on a long term basis. For prior service obligation purposes, and until the board certifies otherwise for other purposes, such rate shall be 3 per cent per annum compounded annually.

(4) MUNICIPALITIES INCLUDED AND EFFECTIVE DATES. (a) Any municipality, except a city of the first class, shall be included within, and shall be subject to, the provisions of this fund by electing, in accordance with this subsection. The

effective date of participation of any such municipality shall be January 1 of the year after the year in which proper official notice of election to be included has been received by the board.

(b) Election by a municipality to be included within the provisions of this fund, shall be made in accordance with section 66.01. The governing body of any municipality so electing shall immediately submit a certified notice of such election to the board. Such notice must:

1. Be in writing;
2. Indicate the date and results of such election;
3. Include a certification of the prior service contribution rate, if any, selected as being applicable to the employees of the municipality; and
4. Be officially certified by the clerk of the municipality.

(c) Municipalities electing to participate may also elect to provide prior service credits at rates equal to 2, one and one-half or one times the rates of municipality credits for current service, provided such basis is specifically designated in the notice of election to participate in the fund, as being applicable to all employees included as of the effective date.

(d) Notwithstanding any other provisions of this section, the board may defer the first possible effective date from January 1, 1944 to a subsequent date, if it appears that there will be insufficient participating employees to satisfactorily operate this fund during the ensuing year.

(5) EMPLOYEES INCLUDED AND EFFECTIVE DATES.

(a) All persons subject to this section shall be included within, and shall be subject to, the provisions of this fund, beginning upon the dates hereinafter specified:

1. All such persons who are employees of any municipality on the effective date of participation of such municipality as provided in subsection (4), beginning upon such effective date.

2. All such persons who become employees of any participating municipality after the effective date of participation of such municipality as provided in subsection (4), beginning upon the date any such person becomes an employee.

(6) CONTRIBUTIONS BY EMPLOYEES. (a) Each participating employee shall make contributions to the fund as follows:

1. Normal contributions of 5 per cent of each payment of earnings paid to any such employee by any participating municipality.
2. Additional contributions of such percentage of each pay-

ment of earnings paid to any such employe by a participating municipality as shall be elected by the employe.

3. Provided, however, that no amount in excess of \$250 per month, or an equivalent for any other period, shall be considered for any purposes of this system.

(b) Normal contributions shall continue at the percentages specified in this subsection until the first day of the year following any year in which the board certifies that the rates shall be changed. Thereafter, the rates shall be those designated in the last certification of the board.

(c) The normal contribution rates shall be the uniform rates to the closest one-half per cent, which should be in effect in order generally to provide, on the basis of the available average experience, average retirement annuities of approximately one-half of 50 per cent of final earnings for an employe hereafter first becoming an employe of any participating municipality at the age of 30 and continuing as an employe until retirement at age 65.

(d) Each rate of additional contribution shall be a multiple of one-half per cent and shall not exceed twice the normal contribution rate applicable to the employe. The selected rate shall be applicable to all earnings beginning on the first day of the second month following receipt by the board of written notice of election to make such contributions. Additional contributions shall be made concurrently with normal contributions and shall continue at the elected rate until the end of the calendar year in which written notice of discontinuance or change is received by the board.

(e) All normal contributions and all additional contributions shall be deducted from each corresponding payment of earnings paid to each participating employe and shall immediately be remitted to the board by the employing municipality.

(f) Whenever any employe becomes subject to the old age and survivors insurance benefit provisions of the federal social security act any contribution required by this subsection shall be reduced by the amount of the contribution made by such employe pursuant to said old age and survivors insurance benefit provisions.

(7) CREDITS TO EMPLOYEES. (a) For the purpose of determining the amount of any annuity or benefit to which an employe or beneficiary shall be entitled, each participating em-

ploye shall be credited with the following amounts, as of the dates specified:

1. For prior service, each participating employe who is an employe of a participating municipality on the effective date, shall be credited, as of such date, with a prior service credit of an amount equal to the accumulated value, as of such date, of the contributions which would have been made during the entire period of prior service of such employe, in accordance with subsection (4) (c). Assuming the earnings of such employe to have been uniform during such period of prior service and equal to the monthly earnings obtained by dividing the total earnings during the period of the 3 calendar years immediately preceding the effective date, by the number of months in such period during which any earnings were received by such employe, the rate of contribution to have been the prior service contribution rate applicable to such employe, the contributions for each calendar year to have been made at the end of such year, and the contributions to have accumulated with interest at the rate of 3 per cent per annum compounded annually.

2. For current service, each participating employe shall be credited with the following amounts as of the dates specified: (a) Additional credits of amounts equal to each payment of additional contributions received from such employe, as of the date the corresponding payment of earnings is payable to the employe; (b) Normal credits of amounts equal to each payment of normal contributions received from such employe, as of the date the corresponding payment of earnings is payable to the employe; (c) Municipality credits of amounts equal to each normal credit of each employe, as of the date of each corresponding normal credit.

3. For re-entrance into service upon termination of an annuity in accordance with the provisions of subsection (10) (c), or of subsection (12) (f), each employe so re-entering shall be credited, as of the date such annuity is terminated, with additional, normal, municipality and prior service credits of amounts equal to the then present value of the portion of the terminated annuity which was originally provided by the corresponding type of credit.

(b) The credits of each individual participating employe shall be accumulated in a separate account for each type of credit, and interest shall be credited thereon as follows:

1. All balances at the beginning of each year remaining in such accounts at the end of the year shall be improved with interest, at the end of each year, at the effective rate of interest for the year:

2. All amounts credited to employes during the year because of re-entrance into the service in accordance with paragraph (a) 3 remaining in such accounts at the end of the year shall be improved with interest at the end of such year for each full month elapsing between the date of credit and the end of the year, at one-twelfth of the effective rate of interest for the year.

3. All balances at the beginning of any year, and all amounts credited to employes during the year in accordance with paragraphs (a) 3, not remaining in such accounts at the end of the year because of the granting of annuities or benefits during the year, shall be improved with interest, on the first day of the month in which the first annuity or benefit payment is due, for each full month elapsing between the first day of the year or the date of credit, as the case may be, and the first day of the month in which such first annuity or benefit payment is due, at one-twelfth of the effective rate of interest for the preceding year.

4. Upon the granting of a retirement annuity, a disability annuity, a death benefit or a separation benefit, because of any employe, all the individual accumulated credits of such employe shall thereupon be terminated.

(8) CONTRIBUTIONS BY MUNICIPALITIES. (a) Each participating municipality shall make contributions to the fund as follows:

1. Municipality contributions of the percentages, as specified in this subsection, of each payment of earnings made to each participating employe.

2. Advance contributions of such amounts as shall be determined by any such municipality for the purpose of reducing any existing obligation of such municipality for prior or current service.

(b) Each such percentage shall be the rate computed as necessary to provide, as of the beginning of such year, the total of the following:

1. The uniform annual amount required, at 3 per cent interest per annum, to amortize, over the remainder of the period of 40 years following the effective date, the amount, as of the begin-

ning of such year, of the obligation for the prior service credits granted to the employes of the municipality.

2. The amount of the single premium required, because of earnings paid to employes of any such group, to provide all municipality credits granted during such year; adjusted by the uniform annual amount required, at the prescribed rate of interest, to amortize or to refund, as the case may be, over 10 years, the amount, as of the beginning of such year, of any then existing obligation for, or surplus applicable to, the municipality credits previously granted to the employes of the municipality.

3. 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.

4. The amount of the one-year term premium required to provide the excess, if any, of the death benefits expected to be granted during such year on account of the employes of such municipality, over the available accumulated credits of such employes.

5. The amount required to provide that proportion of the total administrative expense for the year, adjusted for any surplus or deficiency existing as of the end of the previous year which the number of employes in the municipality, as of the beginning of such year, is of the total number of employes then in all municipalities.

(c) Computations of the rates of municipality contributions for the following calendar year shall be made prior to the regular meeting of the board each December, from the information available at the time of making such computation and on the assumption that the employes in each municipality at such time will continue in service until the end of such calendar year at their respective rates of earnings in effect at such time. Such rates shall become effective, after certification by the board, as of the beginning of the calendar year to which they are applicable and shall remain in effect during such year.

(d) The amount of each municipality contribution shall be determined by applying the proper percentage rate of contribution to the total of all earnings paid to employes of the municipality on each pay day, and all such amounts shall be immediately remitted to the board by the municipality.

(9) **COMPULSORY RETIREMENT.** Any participating employe who attains the age of 65 shall be retired from active service at the end of the month in which such age is attained, unless:

(a) At such time, the amount of the retirement annuity to which a person who was an employe of any municipality on the effective date is entitled shall be less than 25 per cent of the final rate of earnings of such employe, in which event such employe shall be retired at the end of the first month in which the amount of such annuity equals or exceeds 25 per cent of such final rate of earnings; or,

(b) Written notice is received by the board certifying that the governing body of the municipality by which such employe is employed has, because of some special qualification of the employe, specifically authorized such employe to continue in employment for a period not to exceed one year beyond such date, or one year beyond the date of expiration of any previous certification date, or until the end of the ensuing term if chosen for a definite term, in which event such employe shall be retired at the expiration of the period designated in the last certification for such continuance on file with the board.

(10) **RETIREMENT ANNUITIES.** (a) The following described persons shall be entitled to retirement annuities, beginning on the dates hereinafter specified:

1. Any participating employe who, regardless of cause, is separated from the service of all municipalities at any time after the accumulated credits of any such employe are sufficient to provide an annuity of at least \$10 per month beginning upon the attainment of age 65 in the case of an employe who is separated prior to age 65, or upon the date of separation of any employe who is separated on or after the attainment of age 65.

2. Such annuities shall begin on the date specified by the employe in the written application therefor, provided such date is not prior to the date of separation from the last participating municipality by which such employe was employed, and provided such date is not more than 60 days prior to the date of receipt of such application by the board; and provided the credits of the employe are sufficient as of such date to provide an annuity of at least \$10 beginning immediately; and provided the employe has attained the age of 55; and provided the employe is not entitled to receive earnings from any municipality on or after such date.

(b) The amount of any retirement annuity shall be determined in accordance with the prescribed rate of interest in the approved actuarial tables in effect at the time the annuity begins, and shall be the sum of the following:

1. The annuity which can be provided, on the date such annuity begins, from the total accumulated additional and normal credits of the employe at such time, and

2. The annuity which can be provided, on the date such annuity begins, from the total accumulated municipality and prior service credits of the employe at such time; subject, however, to the limitation that in no event shall any annuity arising out of the total of the accumulated municipality and prior service credits, exceed either of the following: (a) The amount which, when added to the annuity provided, on the date such annuity begins, from the accumulated normal credits of the employe at such time, will equal 50 per cent of the final salary of the employe, or (b) The amount of the annuity which could have been provided at age 65 from the accumulations at age 65, or on the effective date of participation for employes who are over age 65 on such date, assuming the employe as then exactly age 65, from the total municipality and prior service credits of the employe, assuming that the prior service credits of such employe had been accumulated on the basis of a contribution rate equal to the sum of the rates of normal and municipality credits as they were on the effective date of participation of such employe.

(c) Notwithstanding the fact that any annuity is payable for life, if any annuitant receiving a retirement annuity again becomes an employe of any municipality in the state of Wisconsin or of the state itself the annuity payable to such employe at that time shall be terminated as of the end of the month prior to the date upon which such person again becomes an employe.

(d) If any employe elects a reversionary annuity in accordance with subsection (11), the amount of the retirement annuity to which such employe would otherwise be entitled shall be reduced to the amount which can be provided from the total accumulated credits remaining after deduction of those required to provide the reversionary annuity.

(11) REVERSIONARY ANNUITIES. (a) Any employe entitled to a retirement annuity may elect to provide a reversionary annuity for a beneficiary, provided, that at the time such retirement annuity begins the accumulated additional credit of

such employe is sufficient to provide a reversionary annuity for the designated beneficiary of the employe of at least \$10 per month and the remaining credits of such employe are sufficient to provide an immediate annuity of at least \$10 per month for the employe.

(b) Any such election shall become effective only:

1. If written notice thereof by the employe is received by the board together with the application of the employe for the retirement annuity, and

2. If the amount of the reversionary annuity specified in such notice for the beneficiary is not less than \$10 nor more than that which can be provided at the time, by the accumulation of additional credits.

(c) The amount of such reversionary annuity shall be that specified in the notice of election to have such annuity paid.

(d) Any such reversionary annuity shall begin on the date the last payment of the employe annuity is payable because of death, provided the beneficiary is alive at such time. If the beneficiary does not survive the employe annuitant, no reversionary annuity shall be payable, but only the death benefit as provided in subsection (13).

(12) DISABILITY ANNUITIES. (a) The following described persons shall be entitled to disability annuities, beginning on the dates hereinafter specified.

1. Any participating employe who regardless of age and irrespective of the amount of accumulated credits at the time, is separated from the service of all participating municipalities, and who at such time is totally disabled, either mentally or physically, by a disability which is likely to be permanent.

2. Such annuities shall begin on the date such disability occurred, unless written application for such benefits is not received by the board within 60 days of such date, in which case, benefits shall begin to accrue on the day 60 days prior to the receipt of such application, or unless all earnings have not ceased to be payable to such employe on such date, in which case, benefits shall begin on the day following the day for which the last payment of earnings to such employe is made by any employing municipality.

(b) A participating employe shall be considered totally and permanently disabled only after the board shall have received:

1. 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 further performance of the duties of any assigned position, and

2. Written certification by the governing body of each of the employing municipalities that such employe has been separated from the service because of a total disability of such a nature as to reasonably prevent further performance of duty, and as a consequence is not entitled to any earnings from such municipality.

(c) The amount of any disability annuity shall be the greater of the following:

1. The amount that can be provided from the total accumulated credits of the employe on the date such annuity begins; or

2. The sum of the amount of the annuity that can be provided from the accumulation of additional credits on the date such annuity begins plus the lesser of the following amounts: Twenty-five per cent of the final rate of earnings, or the amount of the annuity that could be provided at age 65, from the accumulation of normal, municipal, and prior service credits which would be available at such time, had the employe continued in the service at the final rate of earnings until such time and had the rate of interest during such period been the effective rate for the year previous to the year in which the disability annuity began.

(d) Any annuitant receiving a disability annuity of which more than \$10 per month was provided by other than accumulated credits of the employe at the time such annuity began and because of a disability, the nature of which is such that recovery is possible, shall be examined by at least one licensed and practicing physician appointed by the board at least once a year during any period such annuitant shall receive such annuity and prior to age 65. A certified report of such examination which shall indicate whether or not the annuitant is still totally and permanently disabled, shall be filed by each such physician in writing with the board.

(e) If the report of any such physician indicates that the annuitant has recovered from disability and is able to perform the duties of any regular position, or if the annuitant refuses to submit to such examination, the disability annuity shall termi-

nate as of the end of the month previous to the date of determination by the board of such recovery or refusal. Thereupon, if the annuity which can be provided on such date of termination from the present value of the portion of the terminated disability annuity originally provided by accumulated credits of the employe:

1. Is equal to at least \$10 beginning immediately, such annuitant shall be entitled to a retirement annuity of the amount which can be so provided, beginning upon the date of termination of the disability, annuity, or

2. Is equal to less than \$10 beginning immediately, such annuitant shall be for the purposes of this fund, classified as an employe and shall be credited as of the date of termination of the disability annuity with additional, normal, municipality and prior service credits of amounts equal to the then present value of the portion of the terminated annuity which was originally provided by the corresponding type of credit.

(f) Notwithstanding the fact that any annuity granted is for life, if any annuitant receiving a disability annuity again becomes an employe, the annuity payable to such employe at that time shall be terminated as of the end of the calendar month prior to the date upon which such person again becomes an employe.

(g) Notwithstanding any provisions to the contrary, if any disabled employe receives or is entitled to receive any award under or by virtue of the workmen's compensation act, disability payments due hereunder shall be reduced by such amounts.

(13) DEATH BENEFITS. (a) The following described persons shall be entitled to death benefits, in the form and at the times hereafter specified:

1. The beneficiary of any participating employe or of any annuitant on the date of death of the employe or annuitant.

2. Such death benefits shall be paid in the form of a single cash sum except where an annuity is payable under the provisions of subsection (14).

3. Whenever any death benefit is payable in a single cash sum, it shall be paid to the beneficiary as soon as practicable after receipt by the board of: (a) a certified copy of the death certificate of the employe or annuitant: (b) a written application of the beneficiary for such benefit, and (c) such additional evidence as the board deems necessary or desirable.

(b) The amount of the death benefit shall be:

1. Upon the death of any employe while in the employment of any participating municipality, the sum of (a) the accumulated additional credits of such employe on the date of death, and (b) the total accumulated normal credits of such employe on the date of death, or \$500, whichever is the greater.

2. Upon the death of an employe after such employe has been separated from the service of all participating municipalities but before becoming an annuitant, the sum of the accumulated additional and normal credits of such employe on the date of death.

3. Upon the death of an annuitant receiving a retirement annuity, unless a reversionary annuity begins at such time in which case upon the death of the annuitant receiving the reversionary annuity, the excess of the sum of the accumulated additional and normal credits of such annuitant which were used at the time the retirement annuity began, to provide both the retirement and reversionary annuities, over the sum of all annuity payments made prior to the time of such death.

4. Upon the death of an annuitant receiving a beneficiary annuity, the excess of the death benefit which was used to provide the annuity, over the sum of all annuity payments made to such beneficiary.

(14) BENEFICIARY ANNUITIES. (a) If the amount of any death benefit is sufficient to provide an immediate annuity of at least \$10 for the beneficiary, the death benefit shall be paid in the form of annuity of such amount as can be provided from the death benefit on the date such annuity begins, provided:

1. The beneficiary is the widow of the employe or annuitant, or
2. The beneficiary is other than the widow of the employe or annuitant, but such beneficiary has specified in the application for the death benefit, or the employe prior to his death has so specified in a written notice received by the board, that such benefit shall be paid as an annuity.

(b) Whenever any death benefit is payable in the form of an annuity, such annuity shall begin on the day following the date of death of the employe or annuitant provided the board has received:

1. A certified copy of the death certificate of the employe or annuitant, and
2. A written application of the beneficiary for such benefit.

(c) The amount of any beneficiary annuity shall be that which can be provided from the death benefit on the date such annuity begins in accordance with the prescribed rate of interest and the approved actuarial tables in effect at the time.

(15) SEPARATION BENEFITS. The following described persons shall be entitled to separation benefits at the times hereinafter specified.

(a) Any participating employe who at the time of application therefor would not be entitled to either a retirement or disability annuity beginning immediately.

(b) Such separation benefits shall be paid in the form of a single cash sum as soon as practicable after receipt by the board of both a written application by the employe for such benefits, and a written notice from the last employing municipality certifying that such employe has been separated from the service. The amount of any separation benefit shall be the sum of the accumulated additional credits and normal credits of the employe as of the date of separation from the service.

(16) BOARD OF TRUSTEES. (a) This fund shall be construed to be a trust and shall be administered by a board of trustees, consisting of 5 persons, each of whom shall be designated as a trustee. After municipalities from 4 or more different counties have become participating municipalities, each trustee other than the commissioner of insurance shall be appointed from a different county. Each finance trustee, and each employe trustee who becomes a trustee after July 1, 1944, shall be a participating employe.

(b) The board shall consist of representatives of various groups as follows:

1. One trustee shall be a member of the governing body of a participating municipality and shall be designated as the municipality trustee. The first such appointee shall serve until January 1, 1949.

2. One trustee shall be a chief executive of a participating municipality and shall be designated as the executive trustee. The first such appointee shall serve until January 1, 1948.

3. One trustee shall be a principal finance officer of a participating municipality and shall be designated as the finance trustee. The first such appointee shall serve until January 1, 1947.

4. One trustee shall be an employe of a participating municipality and shall be designated as the employe trustee. The first such appointee shall serve until January 1, 1946.

5. One trustee shall be the commissioner of insurance who shall serve ex-officio.

(c) After the original appointment, the term of office of each trustee other than the commissioner of insurance shall begin on January 1 and shall continue for a period of 5 years and until a successor has been elected and qualified, or until a prior resignation, death, incapacity, or disqualification. Any trustee shall be disqualified and cease to be a member of the board upon losing the status upon which his appointment as a trustee was based. Vacancies shall be filled in the original manner for the unexpired term.

(d) Each trustee shall be appointed by the governor, and in the case of both the municipality trustee and the executive trustee such appointments shall be made from a list of 5 names for each vacancy submitted by the executive committee of the League of Wisconsin Municipalities. Each such list shall be submitted to the governor not less than 30 days following the enactment of this statute by the legislature, and within 30 days following any vacancy or expiration of any term requiring such list. All appointments shall be made within 30 days after receipt of any such list or prior to 30 days before expiration of any term of a trustee not requiring such list. Each trustee shall be notified in writing of his appointment and in the case of the first board, the governor shall designate the time and place of the first meeting, which shall be within 15 days of the date of such notification.

(e) All trustees shall serve without compensation, but shall be reimbursed for any reasonable traveling expenses incurred in attending meetings of the board and for the amount of any earnings withheld by an employing municipality because of attendance at any board meeting.

(f) Each trustee shall be entitled to one vote on any and all actions before the board for consideration at any board meeting, and at least 3 concurring votes shall be necessary for every decision or action by the board at any of its meetings. No decision or action shall become effective unless presented at a regular or duly called special meeting of the board.

(17) POWERS AND DUTIES. (a) The board shall have, in addition to all other powers and duties arising out of this section not otherwise in this subsection specifically reserved or delegated to others, the following specific powers and duties. The board is authorized and directed to:

1. Hold regular meetings during the months of March, June, September and December of each year and such special meetings at any other time as may be called by the executive director upon written notice of at least 3 trustees. Notice of each meeting shall be mailed to each trustee at least 5 days prior to each meeting. All meetings of the board shall be open to the public and shall be held in the offices of the board, or in such other place designated in the notice of the meeting.

2. Consider and pass on all applications for annuities and benefits, authorize the payments of all annuities and benefits and suspend any such payment, all in accordance with the provisions of this section.

3. Prepare and approve a budget of operating expenses for each calendar year prior to the beginning of such year.

4. Compel witnesses to attend meetings and to testify upon any necessary matter concerning the fund and allow fees not in excess of the statutory provisions.

5. Certify all normal employe and municipality contribution rates and the prescribed rate of interest as authorized in writing by the actuary and notify all participating municipalities thereof.

6. Request such information from any participating employe or from any participating municipality as shall be necessary for the proper operation of the fund.

7. Determine the length of prior service from such information as is available. Any such determination shall be conclusive as to any such period of service unless within 2 years of the issuance of the first individual statement to any employe the board shall reconsider any such case and change the determination.

8. Establish an office at the capital city in quarters to be provided by the state director of purchases. All books and records of the fund shall be kept in such office.

9. Appoint an executive director for the purpose of managing the office and carrying out the technical administrative duties of the fund.

10. Appoint an actuary for the purpose of carrying out all the necessary actuarial requirements of the fund.

11. Employ such additional actuarial, clerical, medical, legal and other employes as shall be required for the efficient administration of the fund.

12. Determine and fix the compensation to be paid to the executive director, actuary, and other employes.

13. Have the accounts of this fund audited at least annually by a certified public accountant or by the municipal accounting division of the state department of taxation.

14. 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 asset, liability, reserve and surplus accounts during such year, a detailed statement of investments showing, as of the end of such year, the title of each security, purchase price, coupon rate, effective interest rate, amortized book value, maturity date, and amount of due and accrued interest, and such additional statistics as are deemed necessary for a proper interpretation of the condition of the fund.

15. Submit an individual statement to any participating employe upon reasonable request of such employe. Such statement shall indicate the amount of accumulations of each type to the credit of such employe as of the end of the latest date practicable.

16. Accept any gift, grant, or bequest of any money or property of any kind, for the purposes designated by the grantor if such purpose is specified as providing cash benefits to some or all of the participating employes or annuitants of this fund; or, if no such purposes are designated for the purpose of distribution to all of the participating employes at the end of the year in the same proportion as the interest at the effective date is allocated for the year.

17. Determine and direct the state annuity and investment board and the state treasurer as to the limitations on the amounts of cash to be invested in order to maintain such cash

balances as may be deemed advisable to meet current annuity, benefit and expense requirements and the general policy to be followed with respect to investments of the fund.

18. Keep in convenient form such data as shall be necessary for all required calculations and valuations as specified by the actuary.

19. Keep a permanent record of all the proceedings of the board.

20. Establish such rules and regulations not inconsistent with the provisions of the statutes as are deemed necessary or desirable for the efficient administration of the fund.

21. Generally carry on any other reasonable activities which are deemed to be necessary to carry out the intent and purposes of this fund in accordance with the provisions of this section.

22. Delegate all technical and administrative duties and such other powers and duties, other than those designated in subdivisions 1, 2, 3, 9, 10, 12, and 17 of the powers and duties of the board, as may from time to time be deemed desirable.

(b) The executive director shall be in charge of the technical administration of the fund and shall have such additional powers and duties as are properly delegated by the board.

(c) The actuary shall be the technical adviser of the board and in addition to general advice shall specifically be responsible for, and it shall be his duty:

1. To make a general investigation immediately upon the establishment of the fund and at least once every 3 years thereafter of the experience of the fund as to mortality, disability, retirement, separation, interest and employe earnings rates and to certify as a result of each such investigation, the tables to be used for computing annuities and benefits and for determining the premiums for disability and death purposes, and the rates of normal contributions in accordance with subsection (4), and the prescribed rate of interest.

2. To determine the proper rates of municipality contributions in accordance with subsection (8).

3. To make an annual valuation of the liabilities and reserves required to pay both present and prospective benefits.

4. To compute and certify the actuarial figures on the annual financial statements of the board.

5. To certify the amounts of each annuity and benefit granted by the board, and

6. Advise the board on any matters of an actuarial nature affecting the soundness of the fund or requiring any changes for more satisfactory operation.

(d) The attorney-general of the state of Wisconsin shall be the legal advisor and shall prosecute or defend, as the case may be, all actions brought by or against the board.

(e) The state treasurer shall be the treasurer of the fund and shall be responsible for the proper handling of all the assets of the fund in accordance with the provisions of this section. The treasurer shall furnish the board a corporate surety bond of such amount as the board may designate, which bond shall indemnify the board against any loss which may result from any action or failure to act on the part of such treasurer or any of his agents. All reasonable charges incidental to the procuring and giving of such bond shall be paid by the board.

(f) The state annuity and investment board shall be in charge of, and shall be responsible for, the investment of the assets of the fund in accordance with subsection (18) and with the policies adopted by the board.

(18) INVESTMENT OF ASSETS. (a) The assets of the fund, in excess of the amount of cash required for the current operations as determined by the board, shall be invested and reinvested in the following types of securities:

1. First mortgages on improved income-producing residential property located within the corporate limits of a Wisconsin city or village, provided that no mortgage shall exceed 50 per cent of the assessed value of the property, that no one mortgage shall exceed \$5,000, and that the total mortgages held shall not exceed 50 per cent of the total value of the investments of the fund.

2. Investments eligible for trust funds pursuant to subsections (1), (2), (5), (8), and (10) of section 320.01.

3. Bonds, notes or other evidences of indebtedness which are a direct obligation of any city, town, village, county or school district in the state of Wisconsin; bonds issued pursuant to section 66.20 relating to metropolitan sewerage districts; bonds issued pursuant to section 59.96 relating to metropolitan and city sewerage commissions in counties having a city of the first class; bonds, notes or other evidences of indebtedness which are a direct obligation of any city in any other state of the United

States, provided such city had a population as shown by the last federal census next preceding such investment, of not less than 30,000 inhabitants; and bonds, notes, or other evidences of indebtedness which are a direct obligation of any county in any other state of the United States, provided such county had a population, as shown by the last federal census next preceding such investment, of not less than 35,000 inhabitants. The foregoing shall not include the bonds, notes or other evidences of indebtedness of any city, town, village, county, school district or sewerage district which has defaulted for a period longer than 30 days in the payment of any of its funded indebtedness during the 10 calendar years immediately preceding such investment.

(b) All investments shall be made subject to the limitations of section 320.02.

(c) All investments shall be clearly marked to indicate ownership by the fund, and whenever possible, shall be registered in the name of the fund.

(d) Any limitation on investments herein set forth shall be applicable only at the time of purchase and shall not operate to require liquidation of any investment at any time. The annuity and investment board, however, may sell any investment belonging to the fund at any time if in its judgment it is necessary or desirable to do so.

(e) Any uninvested cash shall be maintained by the state treasurer in a separate bank account in the name of the fund.

(19) FUNDS. (a) All money received by the board shall immediately be deposited with the state treasurer for the account of the fund. All disbursements shall be made only upon warrants signed by the executive director pursuant to authorization by the board as properly recorded in the official minute books of the meetings of the board. The treasurer shall accept all warrants so signed and shall be released from liability for proper payments made thereon.

(b) All investments and other evidences of title to property of the fund when received shall also be deposited with the state treasurer who shall provide adequate safe deposit facilities for their preservation and who shall have custody of all the assets of the fund.

(c) The assets of the fund shall be mingled in one fund, and no particular person or municipality shall have any right in

any specific item of cash, investment or other property other than an undivided interest in the whole as provided by this section.

(20) OBLIGATIONS OF MUNICIPALITIES. (a) For the purposes of determining the municipality contribution rates and the amounts of the obligations of municipalities, each participating municipality shall be charged with the following amounts, as of the dates specified:

1. For prior service, a prior service obligation of an amount equal to the present value on the effective date of participation, of all prior service credits granted to the employes of such municipality in accordance with subsection (7) (a) 1., as of such effective date.

2. For current service, a current service obligation of an amount equal to the present value at the end of the year, of all municipality credits granted during such year to the employes of such municipality, in accordance with subsection (7) (a) 2., as of the end of each year.

(b) As each municipality contribution becomes due, in accordance with subsection (8) (a) 1., it shall be prorated in the same proportion that the amount for each purpose under subsection (8) (b), is of the total of all amounts under such paragraph for the corresponding year. The proportions applicable to the prior service obligation, and the current service obligation shall be credited to the corresponding account of the participating municipality from which it is receivable. The proportions of such contributions applicable to disability, death and expense shall not be credited to the municipality required to make such contributions, but shall be credited to the respective surplus accounts maintained for disability, death and expense purposes.

(c) As any payment is received by the fund in accordance with subsection (8) (a) 2, it shall be credited to the prior service obligation or the current service obligation, as the case may be, of the municipality from which it is received, as of the date of receipt.

(d) The surplus or deficiency arising during the year in the prior service credit and municipality credit reserves because of mortality variations and other limitations upon the granting of annuities and benefits, shall be credited or charged, as the case may be, at the end of the year, to the prior service obligation or current service obligation account, as the case may be, of the

participating municipality previously charged with the amounts from which any such reserves were accumulated.

(e) Interest for the year, at the prescribed rate, shall be charged or credited as the case may be, at the end of each year, on the average balances at the beginning of each month in the prior service obligation account and on the balance at the beginning of the year in the current service account; and interest, at the rate of one-twelfth of the effective rate then in effect, for each month or fraction thereof, shall be charged to the current service account, at the end of the year, on all accounts receivable from any municipality for both employe and municipality contributions which are not received by the fund within 30 days of the date each such contribution is due.

(f) At the end of the year in which the prior service obligation of any municipality is completely amortized, any balance remaining in such account shall be transferred to the current service account of such municipality and thereafter all surpluses and deficiencies arising because of the granting of annuities or benefits or because of variations in mortality in the reserve requirements for prior service credits, shall be credited or charged, as the case may be, to the current service obligation account of such municipality.

(g) Separate accounts shall be maintained for each participating employe and for each municipality. All transactions affecting the employes of any municipality shall be entered in the account applicable to such municipality and no such transactions shall affect the accounts of any other municipality.

(21) SURPLUSES. (a) For the purpose of determining and properly segregating surpluses arising out of the operations of this fund which are to be retained for future variations as distinguished from those which are currently allocated to the participating municipalities, the following surplus accounts shall be created and shall be charged and credited as follows:

1. All surpluses or deficiencies arising during the year because of mortality variations in the reserves for all annuities previously granted shall be credited or charged, as the case may be, to an annuity payment surplus account. Whenever the balance in such account, whether surplus or deficiency, exceeds 15 per cent of the reserves for all annuities granted, the tables used for the determination of annuities shall be reviewed and

revised in such manner as is deemed necessary to reduce such balance.

2. All surpluses or deficiencies, arising because the municipality contributions for disability purposes provide either more or less than the amounts required to pay disability benefits and to meet the normal credits granted to disabled employes, shall be credited or charged, as the case may be, to a disability benefit surplus account. Whenever the balance in such account, whether a surplus or deficiency, exceeds 100 per cent of the average annual disability payments during the 3 preceding calendar years, the tables of disability premiums shall be reviewed and revised in such manner as is deemed necessary to reduce such balance.

3. All surpluses or deficiencies, arising because the municipality contributions for death purposes provide more or less than the amounts required to pay the death benefits in excess of those provided by the additional and normal contributions, shall be credited or charged, as the case may be, to a death benefit surplus account. Whenever the balance in such account, whether a surplus or deficiency, exceeds 100 per cent of the average annual death payments, payable from death premiums, during the 3 preceding calendar years, the tables of death benefit premiums shall be reviewed and revised in such manner as is deemed necessary to reduce such balance.

4. All surpluses or deficiencies, arising because the municipality contributions for expense purposes provide more or less than the amounts required to pay the expenses of the fund, shall be credited or charged, as the case may be, to an expense surplus account. Whenever a balance exists in such account, it shall be included in the basis used for determining the municipality contributions for expense purposes as indicated in subsection (8).

(b) For purposes of determining interest income for any year, all investments shall be carried at a book value such that yield to maturity, computed as a uniform interest rate compounded annually or semiannually, as the case may be, will remain uniform. No adjustments shall be made in investment valuations for ordinary current market price fluctuations; but reserves may be provided for anticipated losses upon redemption as determined by the board.

(c) The balances at the beginning of any year in the annuity payment, disability, and death surplus accounts shall be charged or credited, as the case may be, with interest at the prescribed rate as of the end of each year.

(22) AUTHORIZATIONS. (a) Each participating municipality shall be:

1. Authorized and directed to deduct all normal and additional contributions from each payment of earnings payable to each participating employe who is entitled to any earnings from the municipality, and to remit all such contributions immediately to the board.

2. Authorized and directed to pay to the board concurrently with each remittance of employe contributions, the corresponding municipality contribution out of the general fund or any special fund from which the earnings, from which the corresponding employe contributions were deducted were paid.

(b) Each participating employe shall, by virtue of the payment of any contributions to this fund, receive a vested interest in the annuities and benefits provided in this section and each such employe in consideration of such vested interest in this fund shall be deemed to have agreed and authorized the deduction of all contributions payable to this fund in accordance with this section from the payments of earnings by the employing municipality.

(c) Payment of earnings less the amounts of contributions provided in this section shall be a full and complete discharge of all claims for payment for services rendered by any employe during the period covered by any such payment.

(23) ASSIGNMENTS. (a) All annuities and other benefits payable under the provisions of this fund and all accumulated credits of employes in the fund shall be unassignable and shall not be subject to execution, garnishment, or attachment; provided that:

1. The board in its discretion may pay to the wife of any annuitant or participating employe such portion, or all, of the annuity or separation benefit payable to such annuitant, or employe as any court of equity may order, or as the board may consider necessary for the support of the wife or children of such annuitant or employe in the event of the disappearance or unexplained absence of such employe, or of his failure to support such wife or children.

2. The board may retain out of any annuity or benefit such amount as the board in its discretion may determine, for the purpose of reimbursing the fund for any money paid to any annuitant or employe through misrepresentation, fraud, or error.

(b) In all cases in which any amounts become payable to a minor or to a person adjudged insane, or mentally incompetent, the board in its discretion may waive guardianship and conservatorship proceedings, and pay such amounts to the person providing for, or caring for, such minor, or to the wife, parent or blood relative providing for, or caring for, such insane and incompetent person.

(c) Any action, decision or determination of the board shall be reviewable only by a common law writ of certiorari, and any party to such certiorari proceedings shall have the right of appeal from the decision of the reviewing court.

(d) The board and the fund shall be held free from any liability for any money retained or paid in accordance with the provisions of this subsection and the employe shall be assumed to have assented and agreed to any such disposition of money due.

(24) SEPARABILITY OF PROVISIONS. If any subsection, paragraph, sentence or clause of this section is, regardless of cause, held invalid or to be unconstitutional, the remaining subsections, paragraphs, sentences and clauses shall continue in force and effect and shall be construed thereafter as being the entire provisions of this fund.

Approved May 20, 1943.