

# State of Wisconsin



1995 Assembly Bill 617

Date of enactment: **November 22, 1995**

Date of publication\*: **December 7, 1995**

## 1995 WISCONSIN ACT 81

AN ACT to amend 40.02 (33) (a) 1., 40.02 (33) (b), 40.02 (33) (c), 40.05 (1) (intro.), 40.05 (2) (intro.), 40.05 (2m) and 40.30 (4) (b) of the statutes; relating to: calculating an annuity for participating employes under the Wisconsin retirement system.

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

**SECTION 1.** 40.02 (33) (a) 1. of the statutes is amended to read:

40.02 (33) (a) 1. The participant's total earnings received or considered to be received under sub. (22) (e) or (em) and for which contributions are made under s. 40.05 (1) and (2) during the 3 annual earnings periods (excluding any period more than 3 years prior to the effective date for any participating employer) in which the earnings were the highest, subject to the annual compensation limits under 26 USC 401 (a) (17) for a participating employe who first becomes a participating employe on or after January 1, 1996; by

**SECTION 2.** 40.02 (33) (b) of the statutes is amended to read:

40.02 (33) (b) For a state elected official who is prohibited by law from receiving an increase in compensation during the official's term of office and who so elects, one-twelfth of the annual salary, subject to the annual compensation limits under 26 USC 401 (a) (17) for a participating employe who first becomes a participating employe on or after January 1, 1996, which would have been payable to the participant during the last completed month in which the participant was a participating employe in such a position if the participant had not been

prohibited by law from receiving an increase in salary during his or her term of office, but only with respect to service as a state elected official.

**SECTION 3.** 40.02 (33) (c) of the statutes is amended to read:

40.02 (33) (c) For a participant who makes an election under s. 40.30 (2), the monthly rate of earnings applicable under par. (a) or (b), increased as provided under s. 40.30 (4) (b) but subject to the annual compensation limits under 26 USC 401 (a) (17) for a participating employe who first becomes a participating employe on or after January 1, 1996.

**SECTION 4.** 40.05 (1) (intro.) of the statutes is amended to read:

40.05 (1) EMPLOYE RETIREMENT CONTRIBUTIONS. (intro.) For Wisconsin retirement system purposes employe contributions on earnings for service credited as creditable service shall be subject to the annual compensation limits under 26 USC 401 (a) (17) for a participating employe who first becomes a participating employe on or after January 1, 1996, and shall be made as follows:

**SECTION 5.** 40.05 (2) (intro.) of the statutes is amended to read:

40.05 (2) EMPLOYER RETIREMENT CONTRIBUTIONS. (intro.) For Wisconsin retirement system purposes and subject to the annual compensation limits under 26 USC 401 (a) (17) for a participating employe who first

\* Section 991.11, WISCONSIN STATUTES 1993-94: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

becomes a participating employe on or after January 1, 1996:

**SECTION 6.** 40.05 (2m) of the statutes is amended to read:

40.05 (2m) **BENEFIT ADJUSTMENT CONTRIBUTION.** Except as provided in sub. (2n), in addition to the amounts under subs. (1) and (2), a benefit adjustment contribution equal to 1% of earnings shall be paid by or for participating employes whose formula rate is determined under s. 40.23 (2m) (e) 1. and 3. This contribution shall be deducted from each payment of earnings to participating employes unless the employer provides through its compensation provisions or agreements that all or part of the contribution will be paid by the employer. For benefit purposes, this contribution shall be treated as if it were an employer required contribution regardless of whether the employer or the employe pays the contribution and, for a participating employe who first becomes a participating employe on or after January 1, 1996, shall be subject to the annual compensation limits under 26 USC 401 (a) (17).

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**SECTION 7.** 40.30 (4) (b) of the statutes is amended to read:

40.30 (4) (b) The Subject to the annual compensation limits under 26 USC 401 (a) (17) for a participating employe who first becomes a participating employe on or after January 1, 1996, the final average salary or final average earnings used in the benefit formula computation for each retirement system under par. (a) shall be the individual's final average salary or final average earnings under the respective retirement system, determined in accordance with the provisions of that retirement system based on the earnings covered by that retirement system and on all service permitted under that retirement system to be used in determining the final average salary or final average earnings, increased by the percentage increase in the average of the total wages, as determined under 42 USC 415 (b) (3) (A), between the date on which the individual terminated all employment covered by that retirement system and the date on which the individual terminated all employment covered by any of those retirement systems.