



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0251/3
RAC:kjf:jm

DOA:.....Waterman, BB0156 - WRS Break in Service and Rehired
Annuitants

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

Under current law, a Wisconsin Retirement System (WRS) participant who has applied to receive a retirement annuity must wait at least 30 days between terminating covered employment with a WRS employer and returning to covered employment again as a participating employee. If the participant does not wait the 30-day period, and is rehired before the expiration of the 30-day period, the participant is not eligible to receive a WRS retirement annuity. This bill provides that the participant must remain separated from covered employment under the WRS for at least 75 days in order to be an eligible rehired annuitant.

Currently, when a WRS participant terminates employment and receives an annuity he or she may return to covered employment and either terminate the annuity and again become a WRS participating employee or, instead, continue to receive the annuity, as well as wages from covered employment. If a participant does not terminate the annuity, the participant may not be a participating employee in the WRS and, in the case of state employment, is not eligible for group insurance benefits provided to participating employees, and may not use any of his or her employment service as a rehired annuitant for any WRS purposes. If the participant terminates the annuity, the participant returns to participating employee status and is eligible for all group insurance benefits provided other participating employees,

as well as is able to accumulate additional years of creditable service under the WRS for the additional period of covered employment.

The bill provides that if a WRS participant who is receiving an annuity, or a disability annuitant who has attained his or her normal retirement date, is appointed to a position in covered employment in which he or she is expected to work at least two-thirds of what is considered full-time employment by DETF, the participant's annuity must be terminated and no annuity payment is payable until after the participant again terminates covered employment.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill.

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

SECTION 1. 40.26 (1) of the statutes is amended to read:

40.26 (1) Except as provided in sub. (1m) and ss. 40.05 (2) (g) 2. and 40.23 (1) (am), if a participant receiving a retirement annuity, or a disability annuitant who has attained his or her normal retirement date, receives earnings that are subject to s. 40.05 (1) or that would be subject to s. 40.05 (1) except for the exclusion specified in s. 40.22 (2) (L), the annuity shall be terminated and no annuity payment shall be payable after the month in which the participant files with the department a written election to be included within the provisions of the Wisconsin retirement system as a participating employee.

SECTION 2. 40.26 (1m) of the statutes is created to read:

40.26 (1m) If a participant receiving a retirement annuity, or a disability annuitant who has attained his or her normal retirement date, is employed in a position in covered employment in which he or she is expected to work at least two-thirds of what is considered full-time employment by the department, as determined under s. 40.22 (2r), the participant's annuity shall be terminated and no

annuity payment shall be payable until after the participant terminates covered employment.

SECTION 3. 40.26 (2) (intro.) of the statutes is amended to read:

40.26 (2) (intro.) Upon termination of an annuity under sub. (1) or (1m), the retirement account of the participant whose annuity is so terminated shall be reestablished on the following basis:

SECTION 4. 40.26 (5) (intro.) of the statutes is amended to read:

40.26 (5) (intro.) If a participant applies for an annuity or lump sum payment during the period in which less than 30 75 days have elapsed between the termination of employment with a participating employer and becoming a participating employee with any participating employer, all of the following shall apply:

SECTION 9312. Initial applicability; Employee Trust Funds.

(1) PARTICIPATION IN WISCONSIN RETIREMENT SYSTEM. The treatment of section 40.26 (1), (1m), (2) (intro.), and (5) (intro.) of the statutes first applies to participating employees under the Wisconsin Retirement System who terminate covered employment under the Wisconsin Retirement System on the effective date of this subsection.

(END)