



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: November 8, 2011

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Gene Janke, Policy Analyst
Office of Policy, Privacy and Compliance

SUBJECT: Act 32 Wisconsin Retirement System Study Update

This memo is for informational purposes only. No Board action is required.

The purpose of this memorandum is to report the progress of a study directed by 2011 Wisconsin Act 32 (see statutory language on page 2). Act 32 requires the Department of Employee Trust Funds (Department), the Department of Administration (DOA), and the Office of State Employment Relations (OSER) to conduct a study of the structure and benefits of the Wisconsin Retirement System (WRS), specifically addressing the following:

- Creating an optional defined contribution (DC) plan;
- Allowing employees the option to withhold required contributions and limit those employees to a money purchase annuity.

The findings of the study must be reported to the Governor and the Joint Committee on Finance by June 30, 2012.

The Department is currently conducting research and gathering the information necessary to complete the study.

It is expected that a study of this magnitude should contain information about the current structure of the WRS as well as comparative information gained from a thorough review of similar studies conducted by other state retirement systems. Any peer retirement systems that have actually implemented such options will need to be reviewed and analyzed closely

Reviewed and approved by Steve Hurley, Director, Office of Policy, Privacy and Compliance.

Signature

Date

Steve Hurley
11-17-2011

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to determine what valid conclusions can be made based on similarities and differences between the structure of such plans and the WRS. Finally, given the size and complexity of the WRS, an actuarial study of the two options listed in the Act 32 study mandate is essential. We intend to request the Board's actuary conduct an analysis of the specific options required under the Act.

Department staff will be available at the meeting to answer any questions.

2011 Wisconsin Act 32 Study Mandate

SECTION 9115.0 Nonstatutory provisions; Employee Trust Funds.

(3c) MODIFICATIONS TO WISCONSIN RETIREMENT SYSTEM. (a) The secretary of administration, the director of the office of state employment relations, and the secretary of employee trust funds shall study the structure of the Wisconsin Retirement System and benefits provided under the Wisconsin Retirement System. The study shall specifically address the following issues:

1. Establishing a defined contribution plan as an option for participating employees, as defined in section 40.02 (46) of the statutes.
2. Permitting employees to not make employee required contributions under section 40.05 (1) (a) of the statutes and limiting retirement benefits for employees who do not make employee required contributions to a money purchase annuity calculated under section 40.23 (3) of the statutes.

(b) No later than June 30, 2012, the secretary of administration, the director of the office of state employment relations, and the secretary of employee trust funds shall report their findings and recommendations to the governor and the joint committee on finance.