

# Revised Funding Policy for the Wisconsin Retirement System



Item 5C – Employee Trust Funds Board

Steve Hurley, Director

Office of Policy, Privacy and Compliance





# Action Item

The Department of Employee Trust Funds (ETF) recommends the Employee Trust Funds Board (Board) approve the revised Wisconsin Retirement System (WRS) Funding Policy.

# Agenda

- Revisions
- Meaning of “Funding Policy”
- Financial Objective
- Funding Guidelines
- Funding Methods and Principles
- Risk Management

# Revisions

- City and County of Milwaukee Participation in WRS
- ETF Board Approval of Assumed Rate of 6.8% on December 12, 2024
- Minor Text Edits

# Funding Policy

A pension funding policy outlines how pension benefits are financed. The funding policy summarizes the objectives of the pension plan and the actuarial methods used to achieve those objectives.

# Financial Objective

“...to fully fund the long-term cost of benefits provided by statute, through disciplined and timely accumulation of sufficient assets to deliver earned benefits on a continuing basis.”

# Funding Guidelines

- Contribution Adequacy
- Contribution Stability and Predictability
- Inter-generational Equity

# Funding Methods

- Actuarial Cost Method
- Asset Smoothing Method
- Assumed Benefit Rate
- Funding Target
- Amortization
- Discount Rate



# Risk Management

- Demographic Risk
- Economic Risk
- Benefit Risk
- Dividend Liability Risk
- Governance Risk
- Risk Measures



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The Department of Employee Trust Funds (ETF) recommends the Employee Trust Funds Board (Board) approve the revised Wisconsin Retirement System (WRS) Funding Policy.

A photograph of a family of four outdoors. A man with a mustache and a woman with short grey hair are smiling and hugging. Two children are also visible, one hugging the man and the other hugging the woman. The image has a blue overlay and the word "Questions?" is written in white text across the bottom.

Questions?

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# Thank you

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608-266-3285  
1-877-533-5020