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**CORRESPONDENCE MEMORANDUM**

**DATE:** August 29, 2012

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

**FROM:** Steve Hurley, Director  
Gene Janke, Policy Analyst  
Office of Policy, Privacy and Compliance

**SUBJECT:** Act 32 Wisconsin Retirement System Study

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

The purpose of this memorandum is to report the completion of a study directed by 2011 Wisconsin Act 32 (see statutory language on page 2). Act 32 required the Department of Employee Trust Funds (ETF), 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.

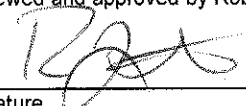
The WRS Study was presented to the Governor and the Joint Committee on Finance and made available to WRS Boards, members, and the general public on July 2, 2012.

The overall study recommendation stated that the WRS is in good health and neither an optional DC plan nor an opt out of employee contributions should be implemented.

The main external contributors to the WRS Study included:

- Gabriel Roeder Smith & Company (GRS – ETF's actuary);
- State of Wisconsin Investment Board (SWIB);
- Ice Miller, LLP (ETF's tax counsel).

Reviewed and approved by Robert Marchant, Deputy Secretary

  
Signature \_\_\_\_\_ Date 8-5-12

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Since releasing the WRS Study, ETF has made presentations to several WRS stakeholder groups and fielded legislative, media, and WRS member inquiries. However, the level of interest in the WRS Study has significantly decreased since the release of the report.

ETF staff will be available at the meeting to answer any questions you may have.

**2011 Wisconsin Act 32 Study Mandate**

**SECTION 9115.0 Nonstatutory provisions; Employee Trust Funds.**

(3q) 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.