

Structure of the Governing Boards

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Road Map

- **WRS History**
- **Board Powers**
- **Board Composition**
- **Peer Systems**
- **Final Observations**



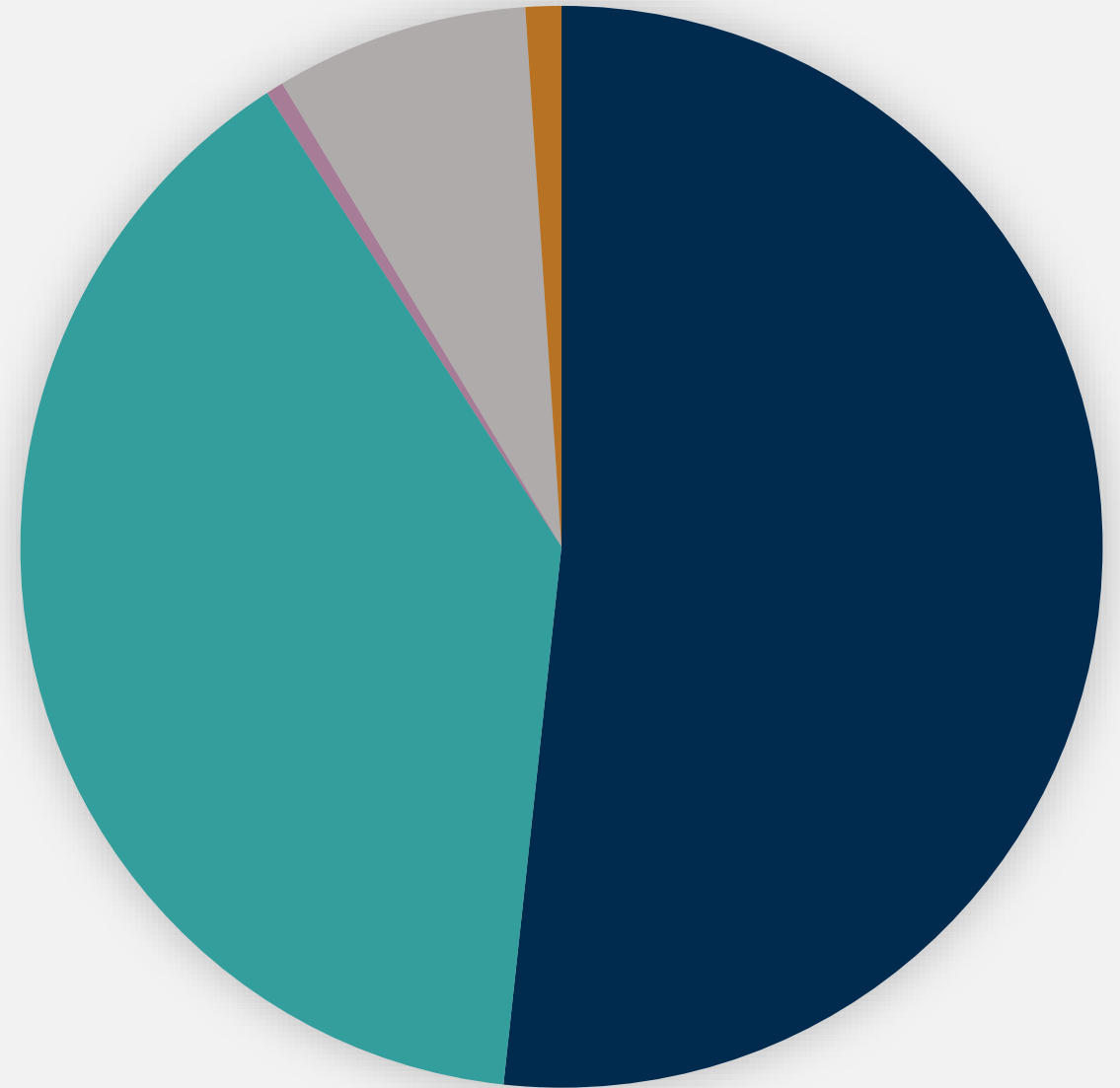
History

- Origins of Wisconsin's Public Pension System
- Merger of Wisconsin's Public Pension Funds
 - WR & TR Boards as 'Councils' to ETF Board
 - WR & TR Boards Created due to Political Negotiations
- Uniform Benefits Today



WRS Membership

- General: 52%
- Teachers: 39%
- Executives & Elected Officials: >1%
- Protective Occupations with Social Security: 8%
- Protective Occupants without Social Security: 1%





Board Powers

Employee Trust Funds Board

Powers Exclusive to the ETF Board

- Appointing the ETF Secretary
- Approving actuarial tables
- Contracting with actuarial, legal, medical and other independent contractors
- Determining whether to contract with insurance plans for death and disability benefits through the Group Insurance Board
- Delegating powers as desirable or necessary

Common Powers with the WR & TR Boards

- Approving administrative rules
- Authorizing benefit payments
- Hearing appeals of ETF determinations
 - ETF Board hears all appeals except disability determinations, which are heard by the WR & TR Boards

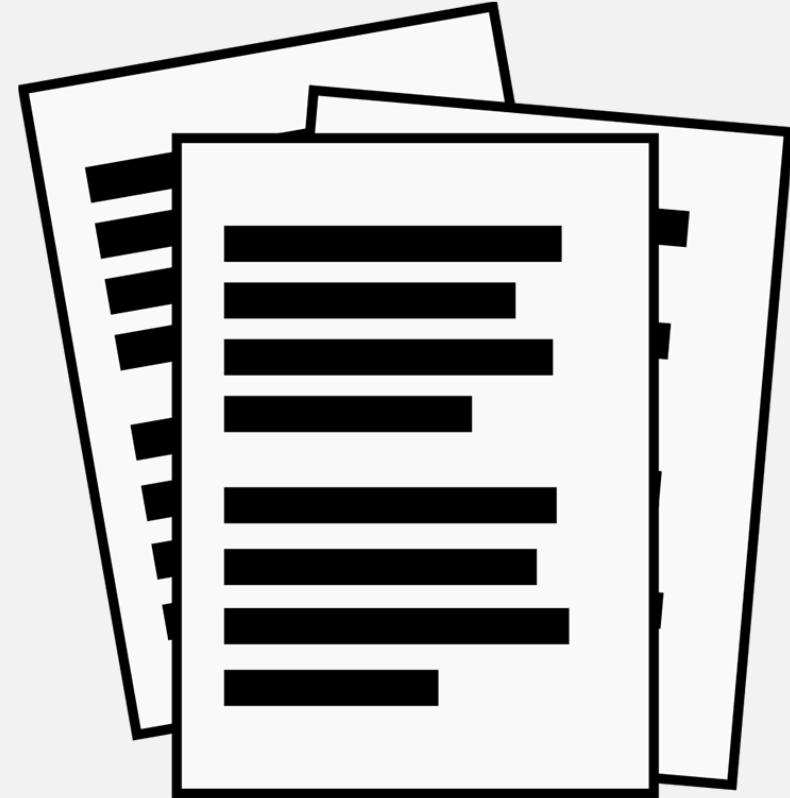
Wisconsin Retirement Board

- Appoints 4 members to the ETF Board
- Appoints 1 member to SWIB
 - Historically the ETF Secretary
- Studies and recommends alternate administrative policies and rules
- Approves administrative rules relating to non-teachers
- Oversees disability annuities of non-teachers
- May amend any rule, created prior to 1982, to make it no longer applicable to non-teachers

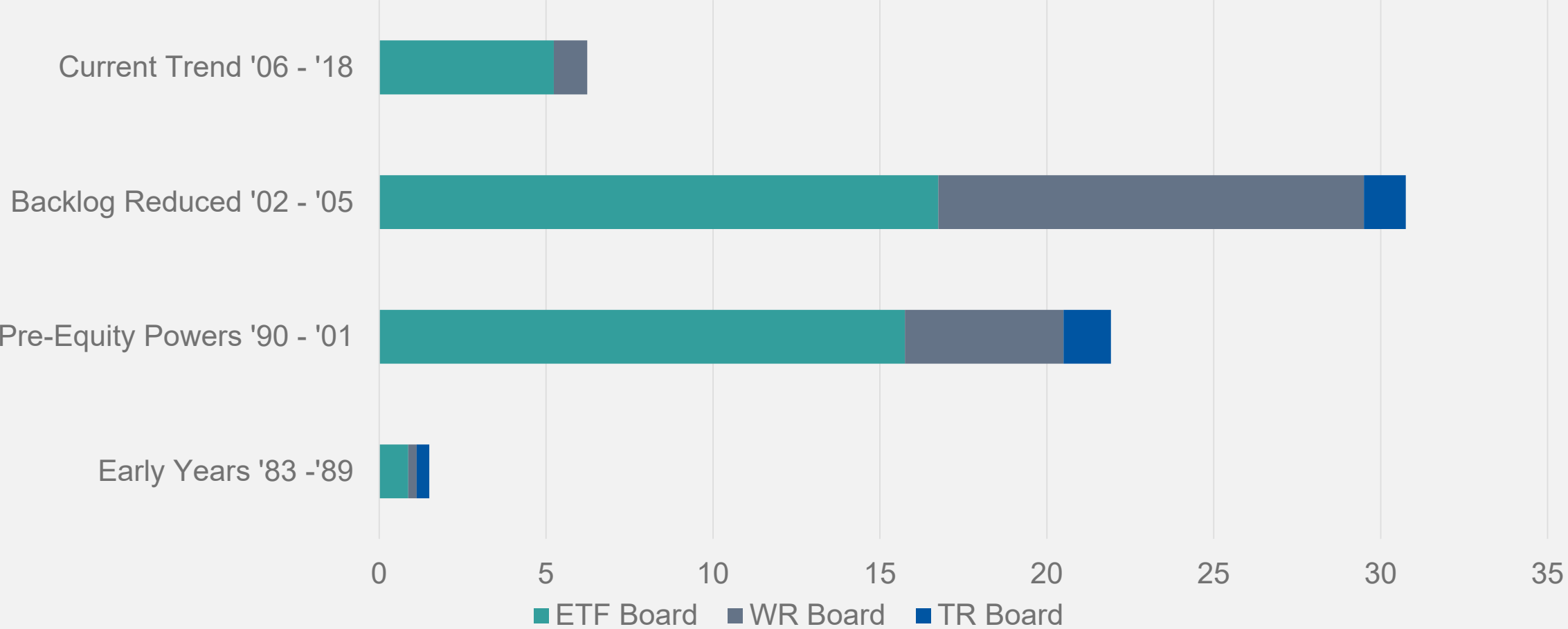


Teachers Retirement Board

- Appoints 4 members to the ETF Board
- Appoints 1 teacher participant to SWIB
- Studies and recommends alternate administrative policies and rules
- Approves administrative rules relating to teachers
- Oversees disability annuities of teachers
- May amend any rule, created prior to 1982, to make it no longer applicable to teachers



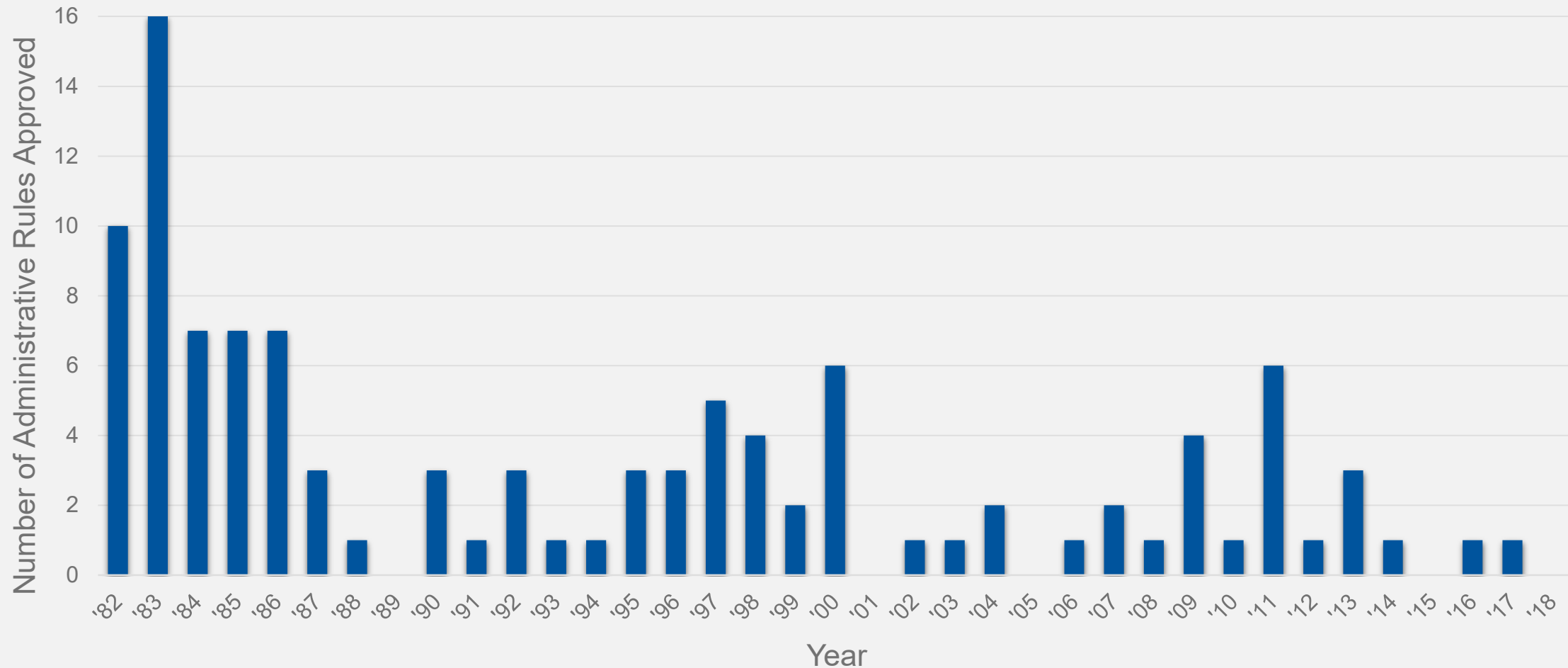
Average Number of Appeals Heard Each Year*



*The data in this chart was calculated using historical board meeting minutes. Some of the data in this chart may slightly differ from the actual number of administrative rules approved due to the availability of data.



Administrative Rules Approved by the ETF, WR & TR Boards*



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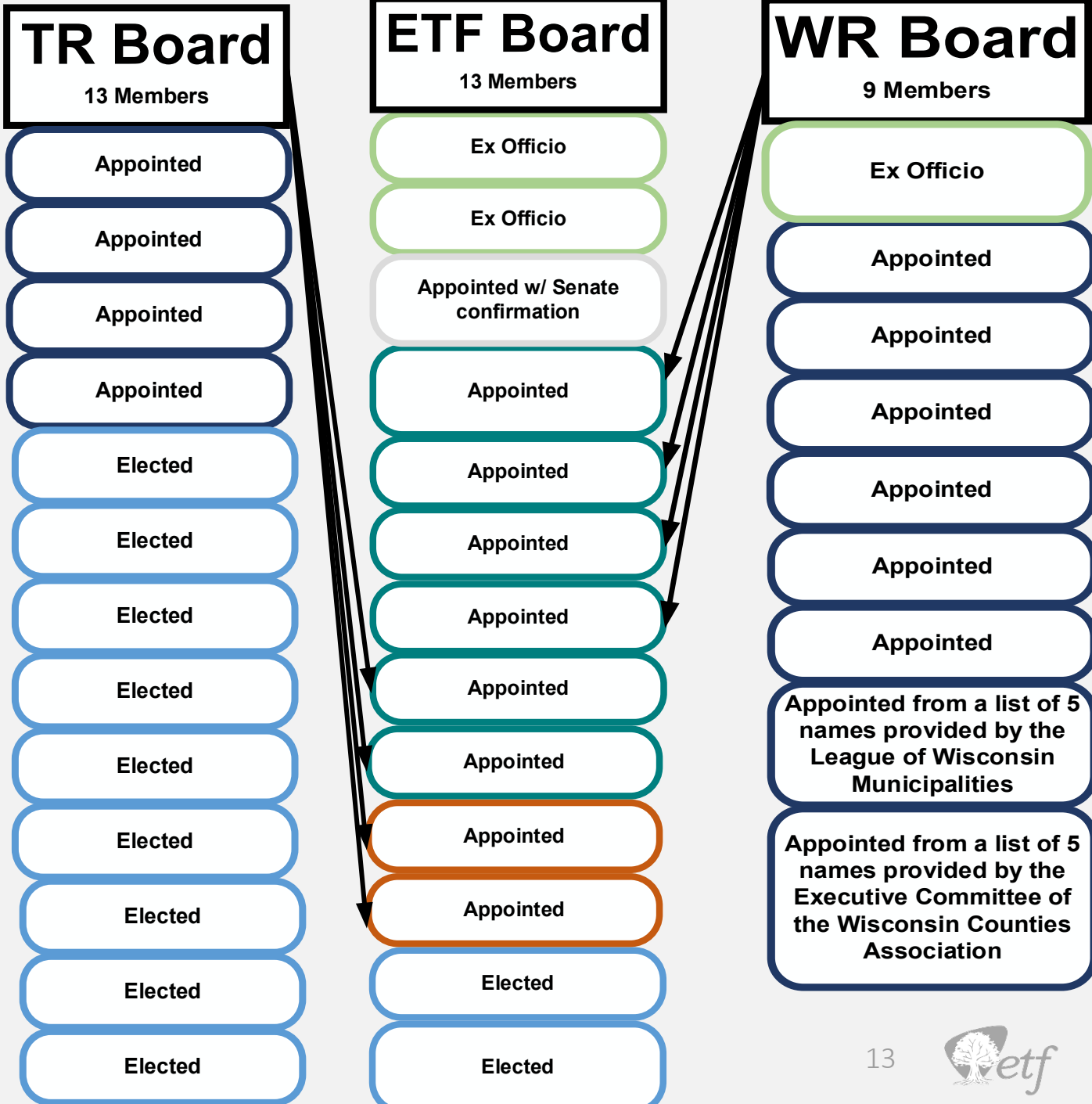
Comments

- The WR & TR Boards perform nearly identical duties for their respective constituents
- Appeals have declined significantly in recent years
 - The ETF Board hears an average of 6 appeals per year
 - The WR Board hears an average of 1-2 appeals per year
 - The TR Board has heard 1 appeal since 2004
- Administrative rules usually end up being approved by all boards
 - The WRS boards hear an average of less than 2 administrative rules per year



Board Composition

WRS Boards



A photograph of a family of three walking on a path in a forest. The mother is on the left, the father is on the right, and a young girl is in the center. They are all smiling and looking towards the camera. The background is a dense forest with tall trees and green foliage. The image has a dark blue overlay.

Peer Systems – Board Structure

Board Structure

Types of Governance Models

A single fiduciary board responsible for both investment and administration oversight

- **74% of Funds**
- Texas Teachers
- Ohio's Teachers and Public Employee Funds
- Florida
- California – CalPERS, CalSTRS

Separate investment and administrative fiduciary boards

- **17% of Funds**
- **Wisconsin**
- South Dakota
- Washington
- New Jersey
- Massachusetts

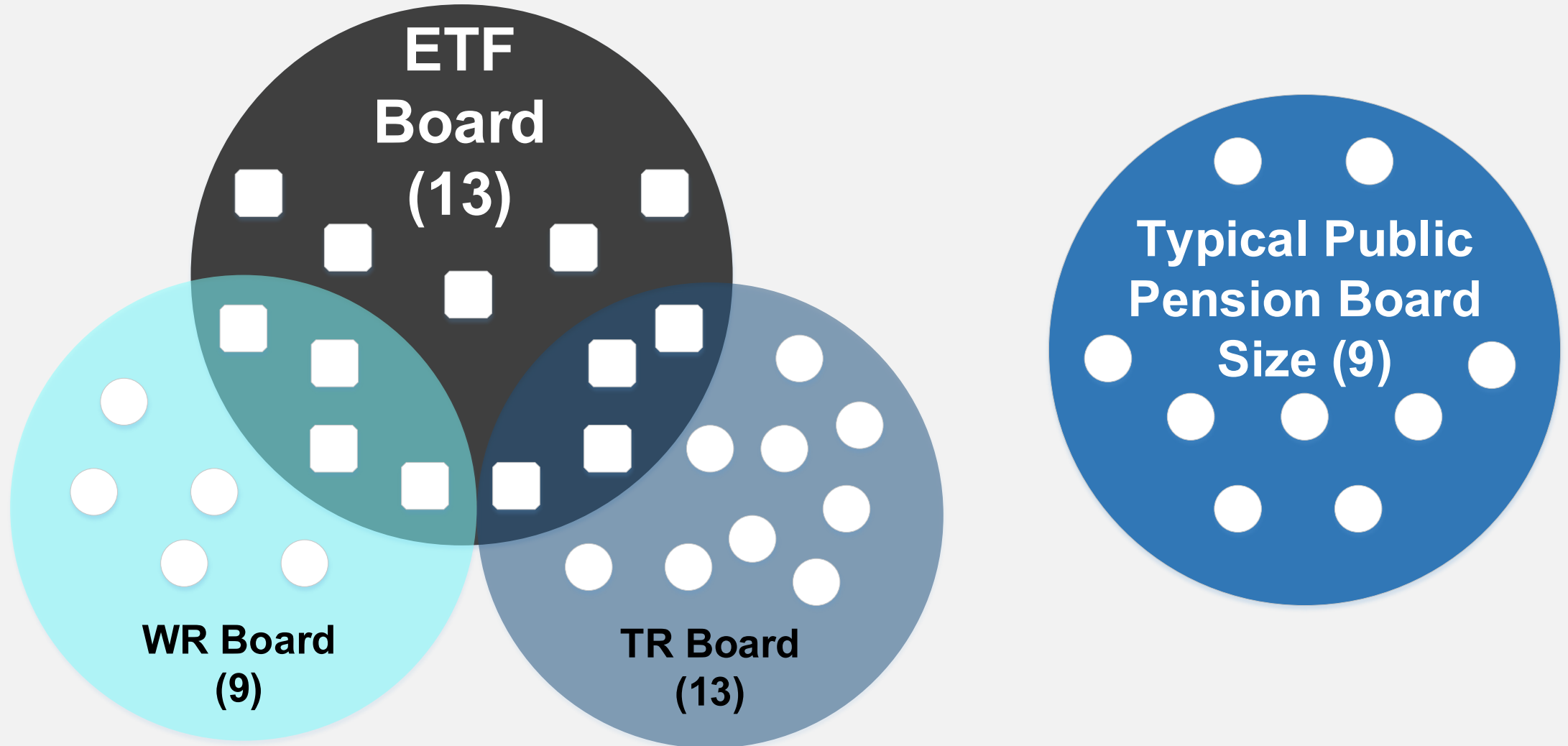
A Sole Fiduciary

- **9% of Funds**
- New York Common
- North Carolina
- Connecticut
- Michigan

A photograph of a family of three walking on a dirt path in a forest. The woman is on the left, wearing a red and black plaid shirt and blue jeans. The man is on the right, wearing a blue and white plaid shirt over a white t-shirt and blue jeans. A young girl is in the center, wearing a white sleeveless dress with a polka-dot pattern and dark shorts. They are all smiling and holding hands. The background is a dense forest with tall trees and green foliage.

Peer Systems – Board Size

Board Size & Number of Boards



WRS' Board Structure is Unique

- WRS' Board membership is uncommonly large
 - The ETF, WR & TR Boards have a larger combined board membership than any other public pension plan
 - The ETF, WR & TR Boards all have governance powers established by statute
- Most governance experts recommend a board size of 6-10 members
- Consolidation has been previously discussed due to the combined size of the ETF, WR & TR Boards

Final Observations



- Reduced Workloads for WR & TR Board
 - Primary functions are to appoint members to ETF Board and SWIB
 - The number of appeals and administrative rules heard has been reduced in recent years
- Multiple Retirement Boards Not Original Intention
 - The WR & TR Boards were created due to political negotiations during 'Merger' nearly 40 years ago
 - Today, nearly all WRS members have uniform benefits and administration of benefits is the same for all members
 - The WR & TR Boards duplicate the functions of the ETF Board
 - Board consolidation has previously been proposed

A family of three—a woman, a man, and a young girl—are walking together on a dirt path through a lush, green forest. The woman is on the left, wearing a red and black plaid shirt and blue jeans. The man is on the right, wearing a white t-shirt under a red and black plaid jacket and blue jeans. The young girl is in the center, wearing a white dress with a polka-dot collar and a white bow in her hair. They are all smiling and holding hands. The background is filled with tall trees and dense foliage. The entire image has a dark blue overlay.

Questions?

Thank you



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