

# Composition of the WRS Governing Boards

Office of Policy, Privacy and Compliance

Laura Patterson, Policy Analyst



# Board Structure Recap

## The Wisconsin Retirement System's History

- Numerous Wisconsin public pensions systems merged to form the WRS
- Today, nearly all WRS members have uniform benefits
- The WR & TR Boards were created due to political negotiations during 'Merger'

## Reduced Workloads for WR & TR Board

- The WR & TR Boards' primary functions are to appoint members to ETF Board and SWIB
- The WR & TR Boards duplicate the functions of the ETF Board
- The number of appeals and administrative rules heard has been reduced in recent years

## WRS' Board Membership is Uncommonly Large

- The ETF, WR & TR Boards have a larger combined board membership than any other public pension plan
- 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

# Road Map

- Fiduciary Duties
- Board Composition Criteria
- Peer Systems
- Composition Conclusions







# Board Composition – Fiduciary Duties

# WRS Fiduciaries

Who

- Board members must act in the interests of all fund beneficiaries

What

- Duty of Loyalty
- Duty of Care
- Duty of Prudence

Source: National Association of State Retirement Administrators & Funston Advisory Services LLC, 2018 Reinhart Boerner Van Deuren s.c. Presentation

A photograph of a family of three walking on a dirt path through a forest. The mother, with dark curly hair and wearing a red and black plaid shirt, is on the left. The father, with a beard and wearing a blue and red plaid shirt over a white t-shirt, is on the right. A young girl with a white bow in her hair, wearing a white sleeveless dress with a polka-dot collar, is walking in front of them. The background is filled with green trees and foliage. The entire image is overlaid with a semi-transparent dark blue filter.


# Board Composition – Criteria

# Board Composition Criteria

- Number & Size
- Balance
- Representation
- Experience



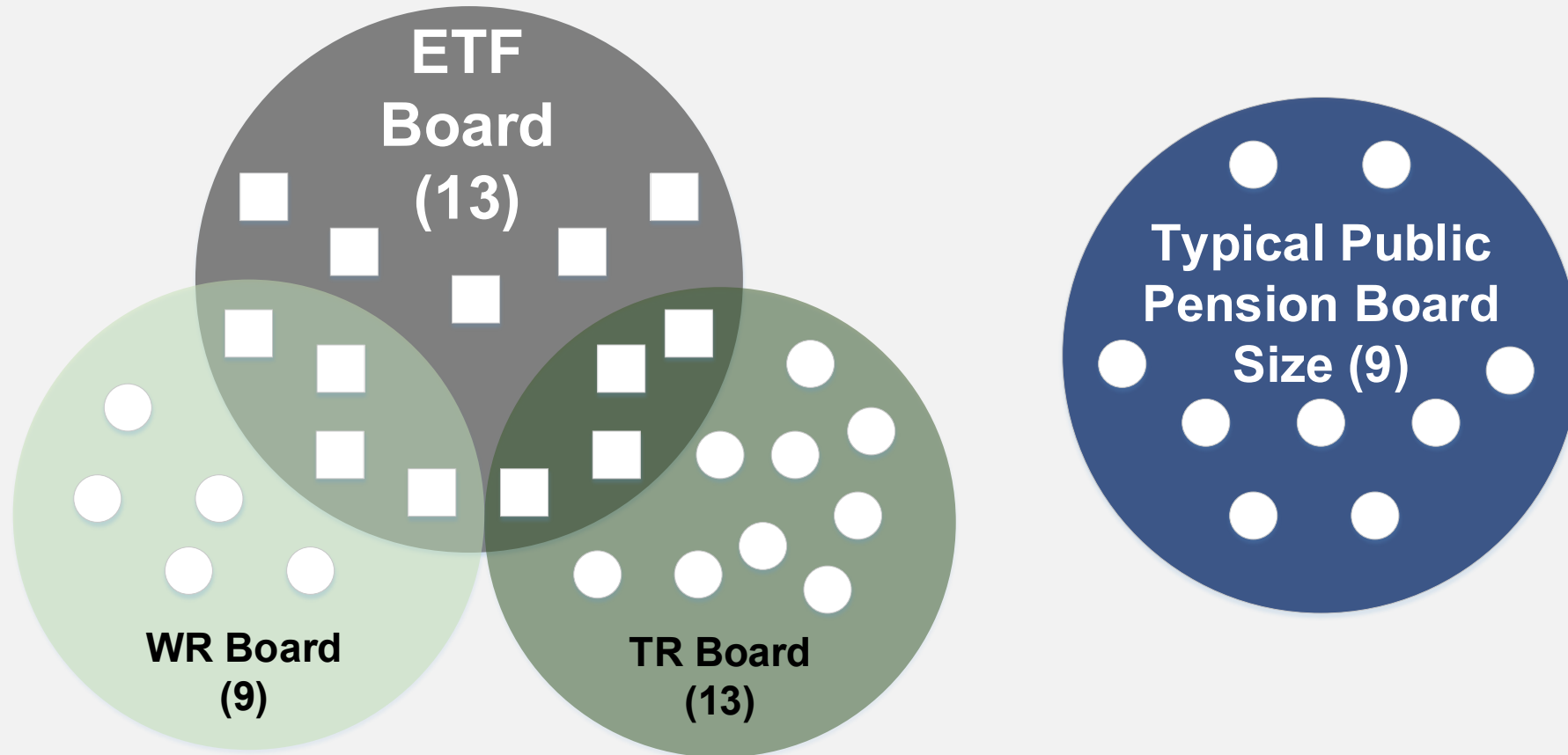


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# Composition Criteria – Size & Number



# Number & Size of Boards



Source: National Association of State Retirement Administrators

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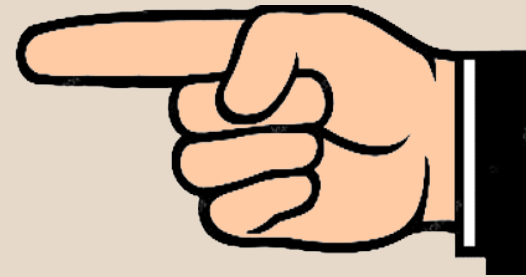
# Composition Criteria – Balance

# Balance - Types of Board Members

Elected



Appointed & Ex Officio



# Ex Officio & Appointed Members

## Role

- Sit in their board seat by virtue of their office or they are appointed by government officials

## Who are they?

- 9 ETF Board members
- All WR Board members
- 4 TR Board members

## Value

- Related expertise and experience
- Experience in state government





# Elected Members

## Role

- Elected to their board seat by their peers

## Who are they?

- 2 ETF Board members
- 9 TR Board members

## Value

- Have a personal stake in the WRS
- Can provide their unique perspective
- Communicate the needs of members



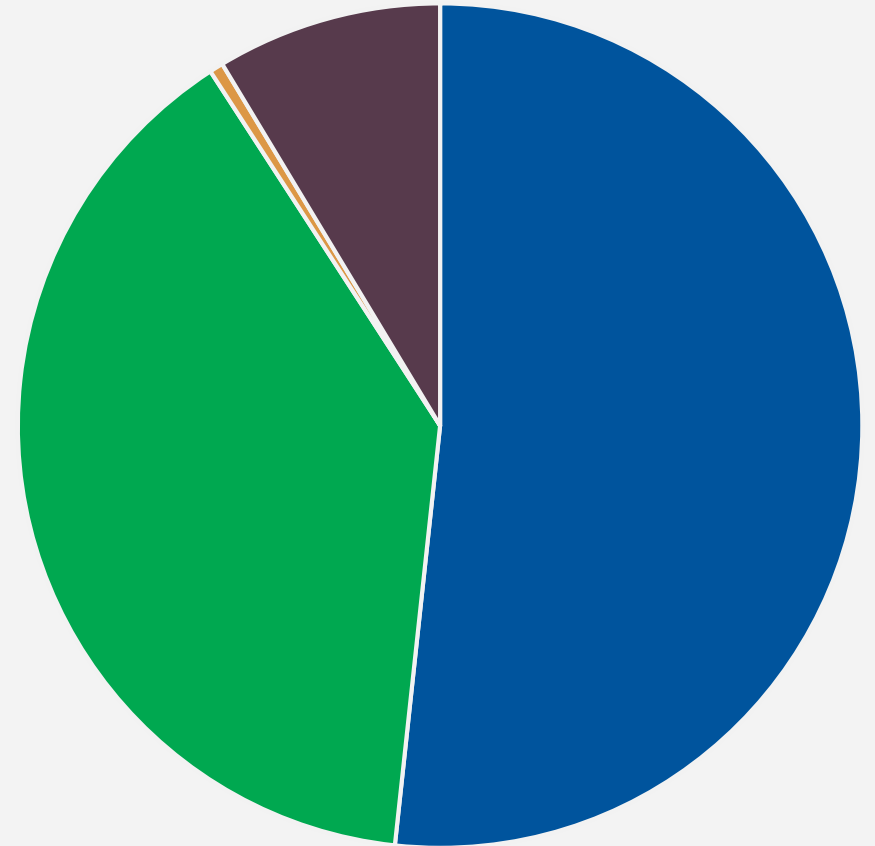
A photograph of a family of three walking on a path in a forest. The mother is on the left, wearing a red and black plaid shirt and blue jeans. The father is on the right, wearing a white t-shirt and a red and black plaid shirt. They are both smiling and holding hands with their young daughter, who is in the center, wearing a white dress with a polka dot collar. The background is a lush green forest with tall trees and dense foliage. The image is overlaid with a dark blue semi-transparent layer.

# Composition Criteria – Representation

# Representation – WRS Demographics by Profession

## Type:

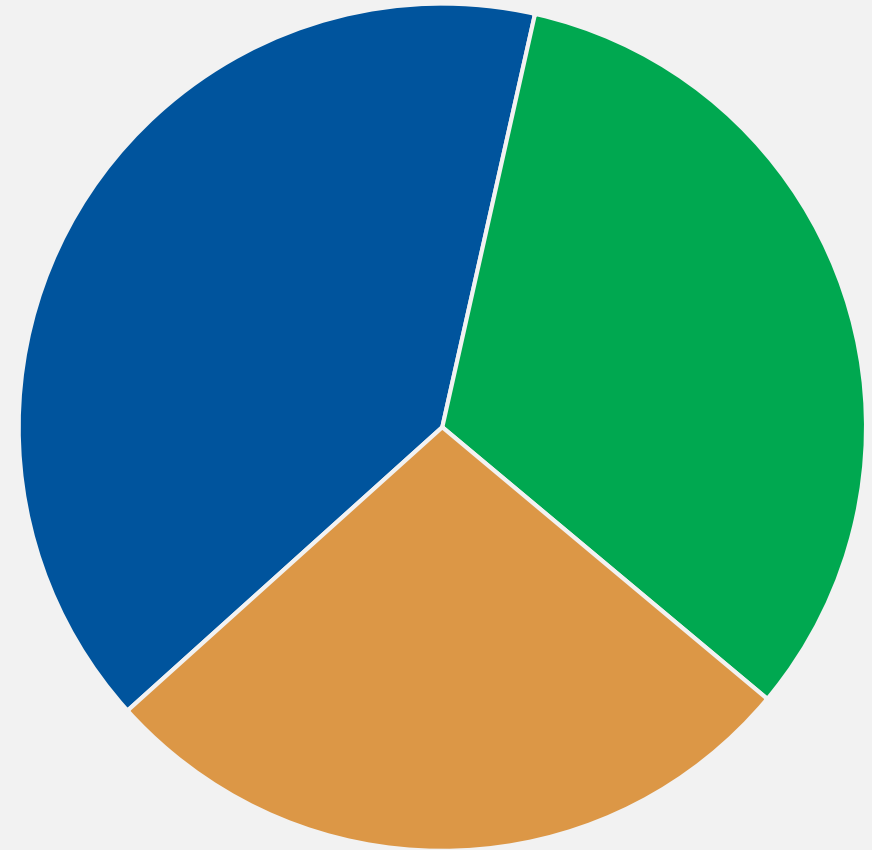
- General: 52%
- Teachers: 39%
- Executives & Elected Officials: <1%
- Protective Occupations: 9%



# Representation – WRS Demographics by Status

## Type:

- Active: 40%
- Retired: 33%
- Inactive: 27%

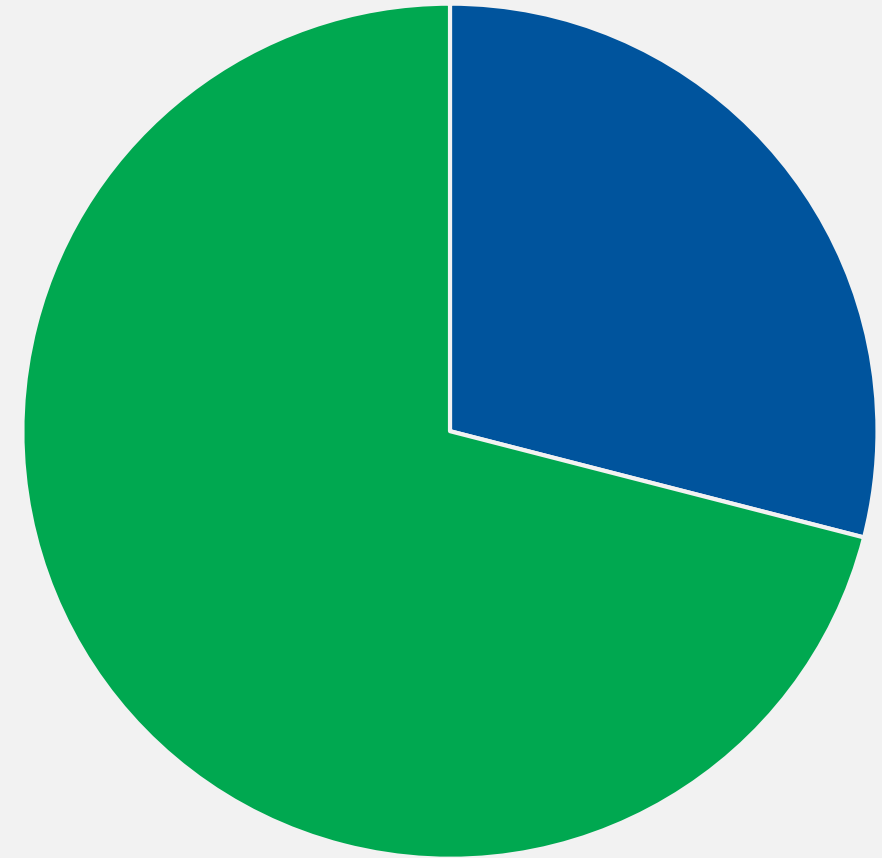




# Representation – WRS Demographics by State & Local

Type:

- State: 29%
- Local: 71%

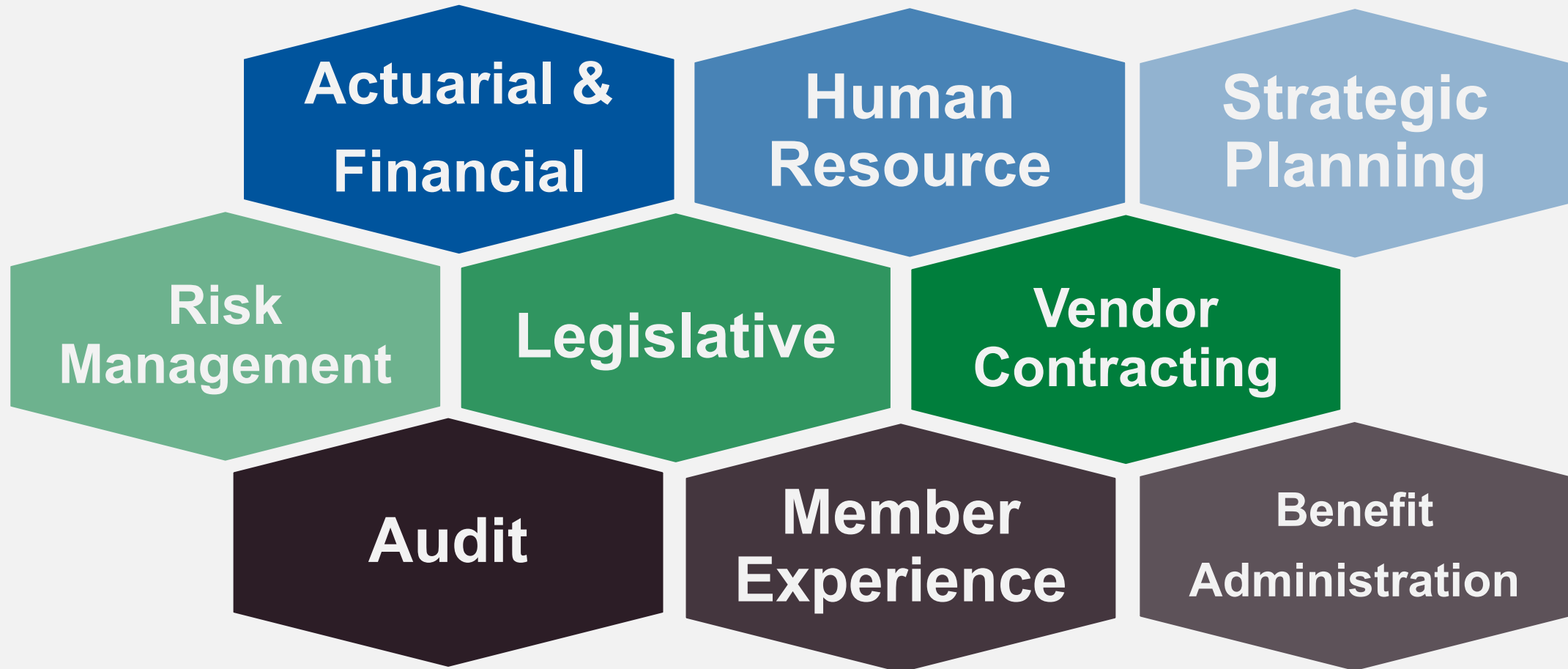


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# Composition Criteria – Experience

# Experience

The skill set the Boards need to make decisions



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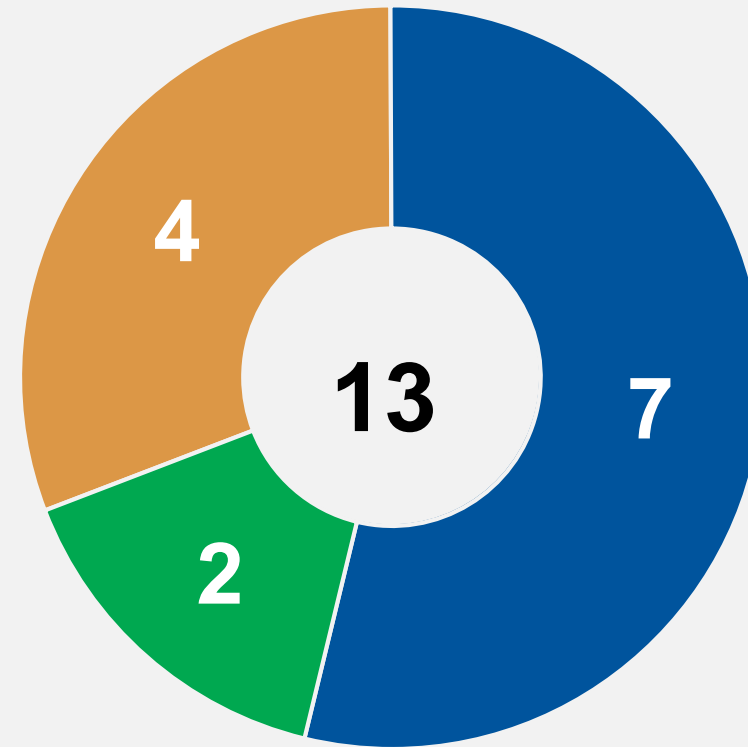
# Board Composition – Peer Systems



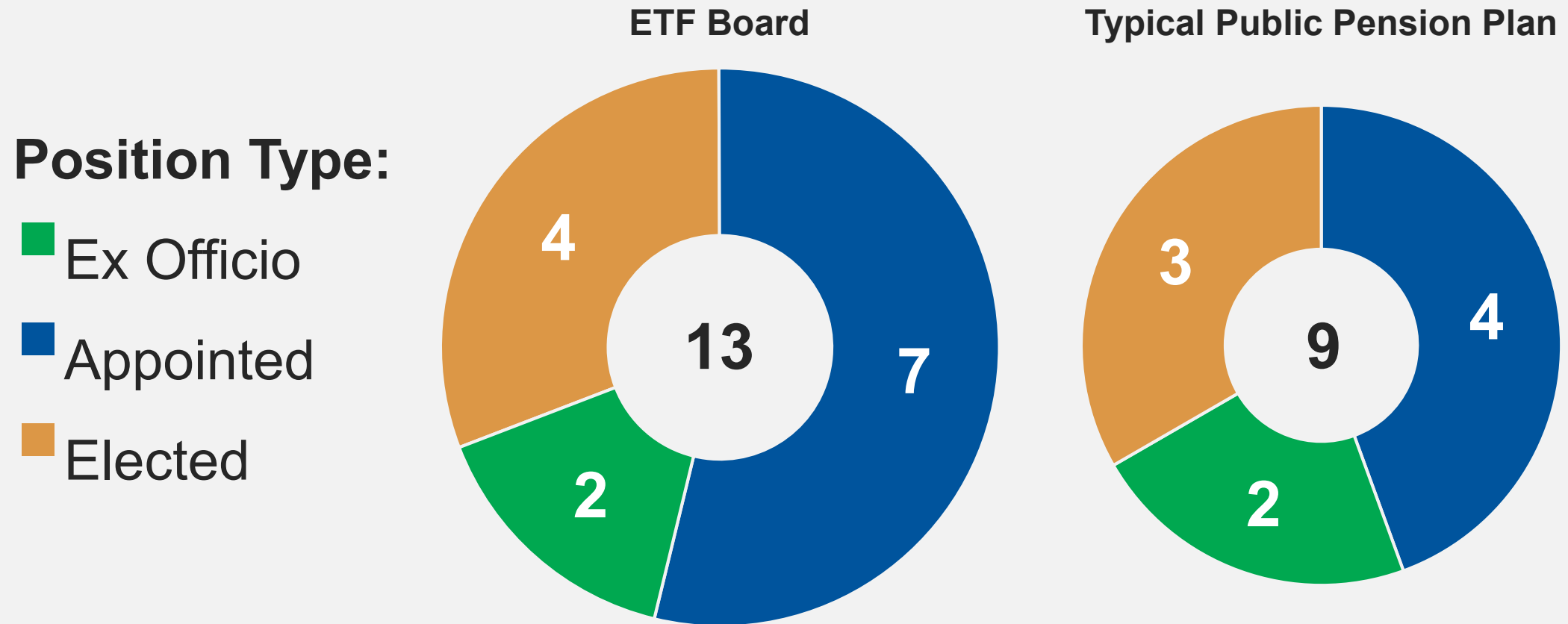
# ETF Board Composition

## Position Type:

- Ex Officio
- Appointed
- Elected
- Indirectly Elected

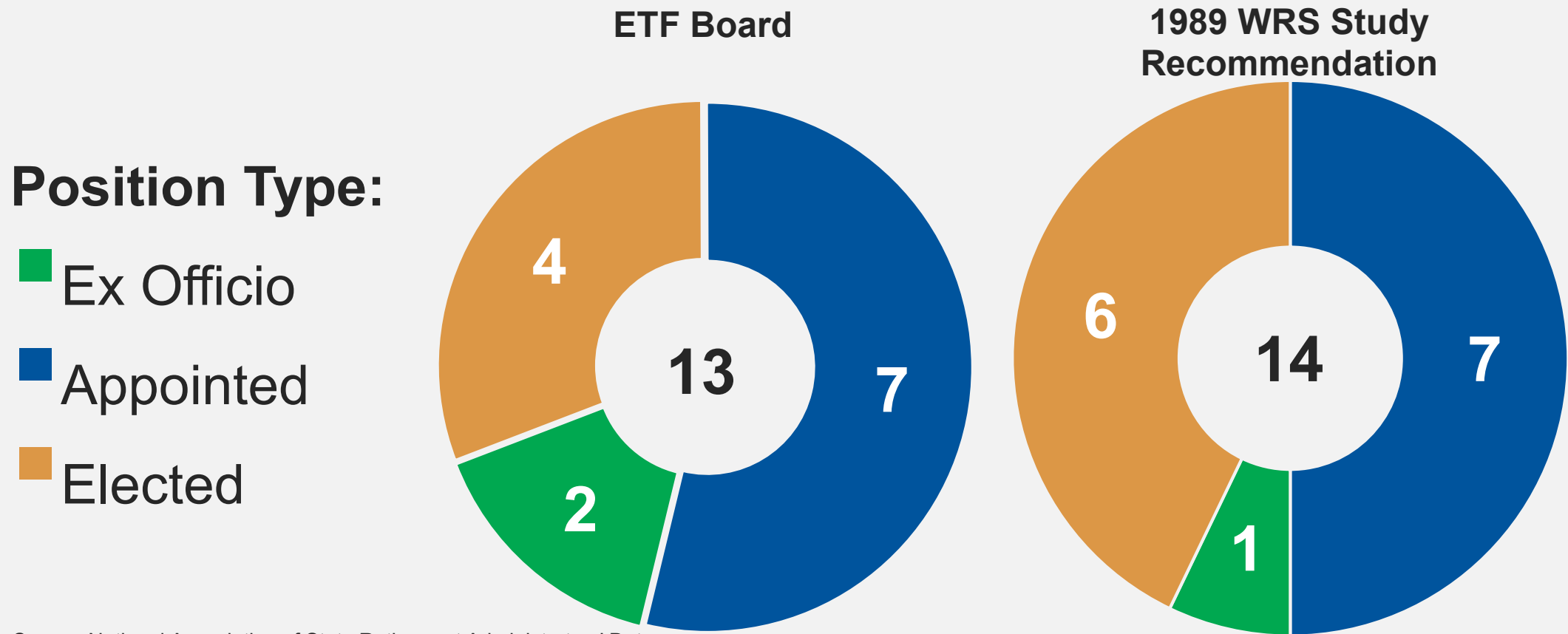


# ETF Board Comparison to Typical Public Pension Plan



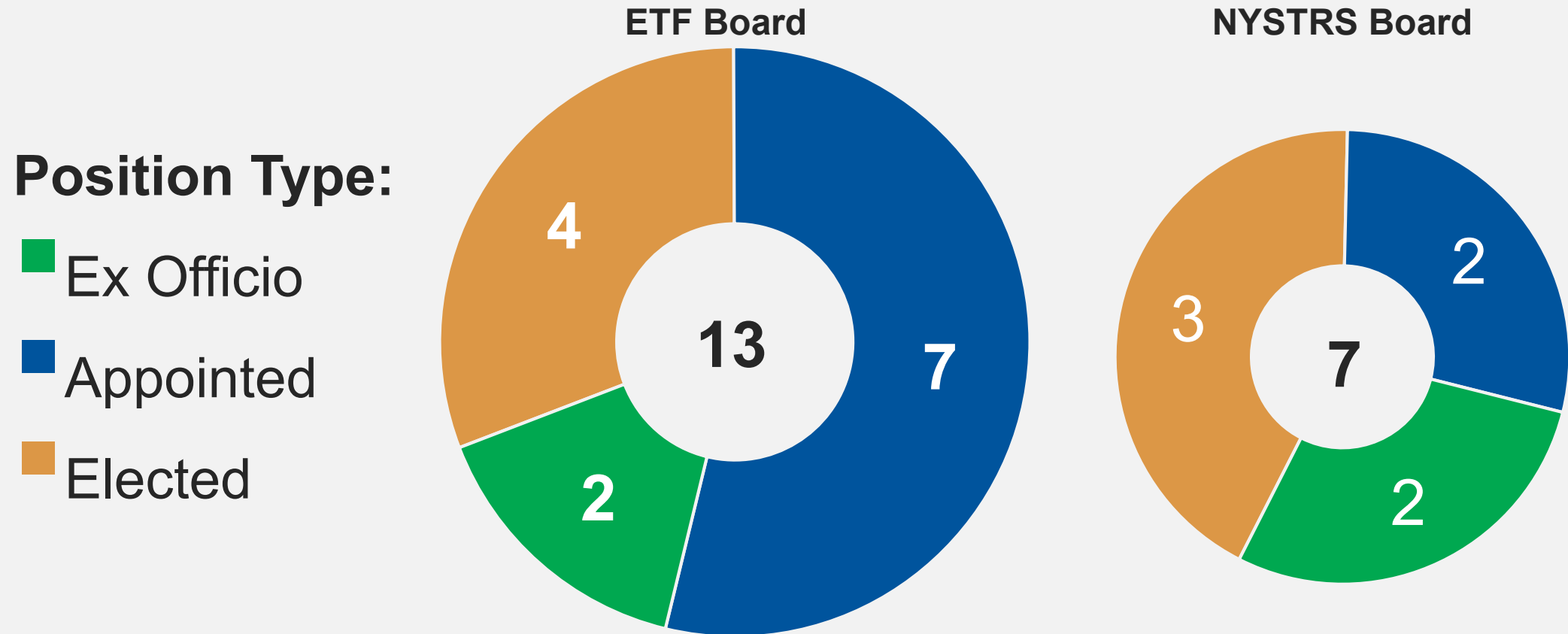
Source: National Association of State Retirement Administrators' Data

# ETF Board Comparison to 1989 WRS Study Recommendation



Source: National Association of State Retirement Administrators' Data

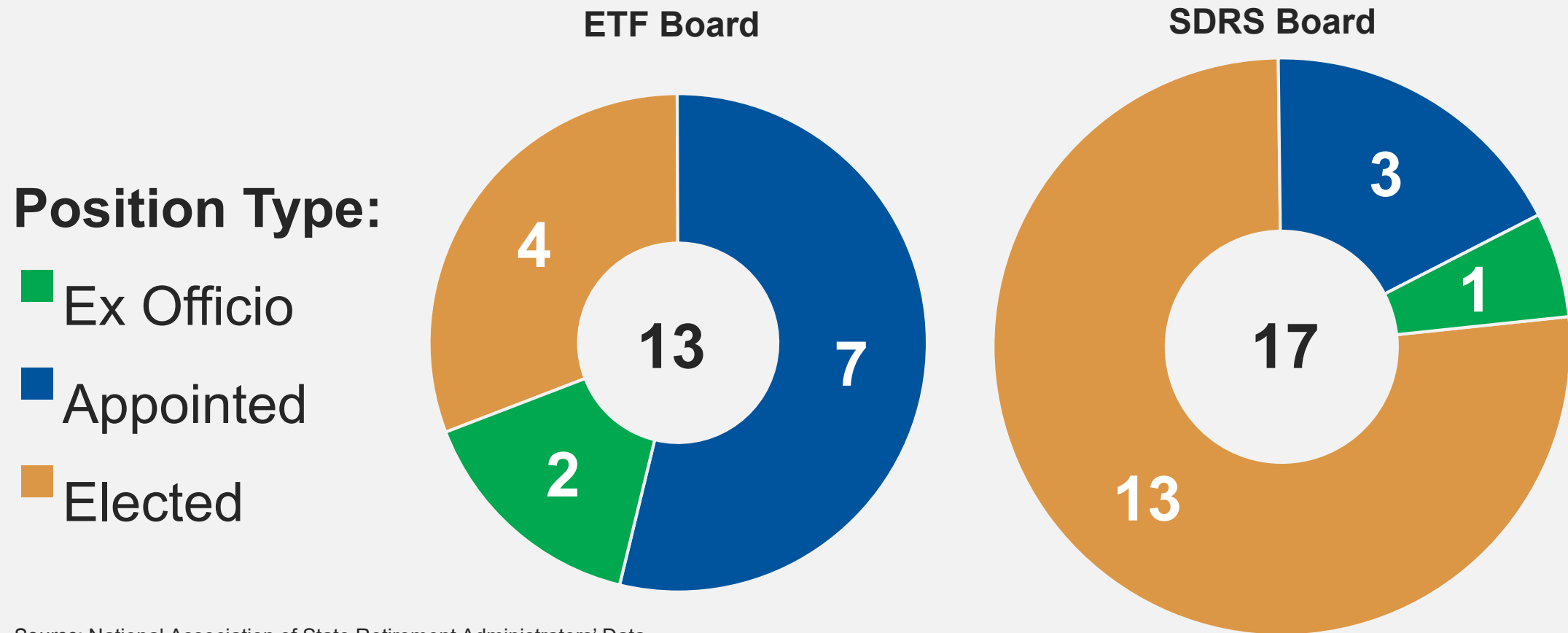
# ETF Board Comparison to NYSTRS Board



Source: National Association of State Retirement Administrators' Data

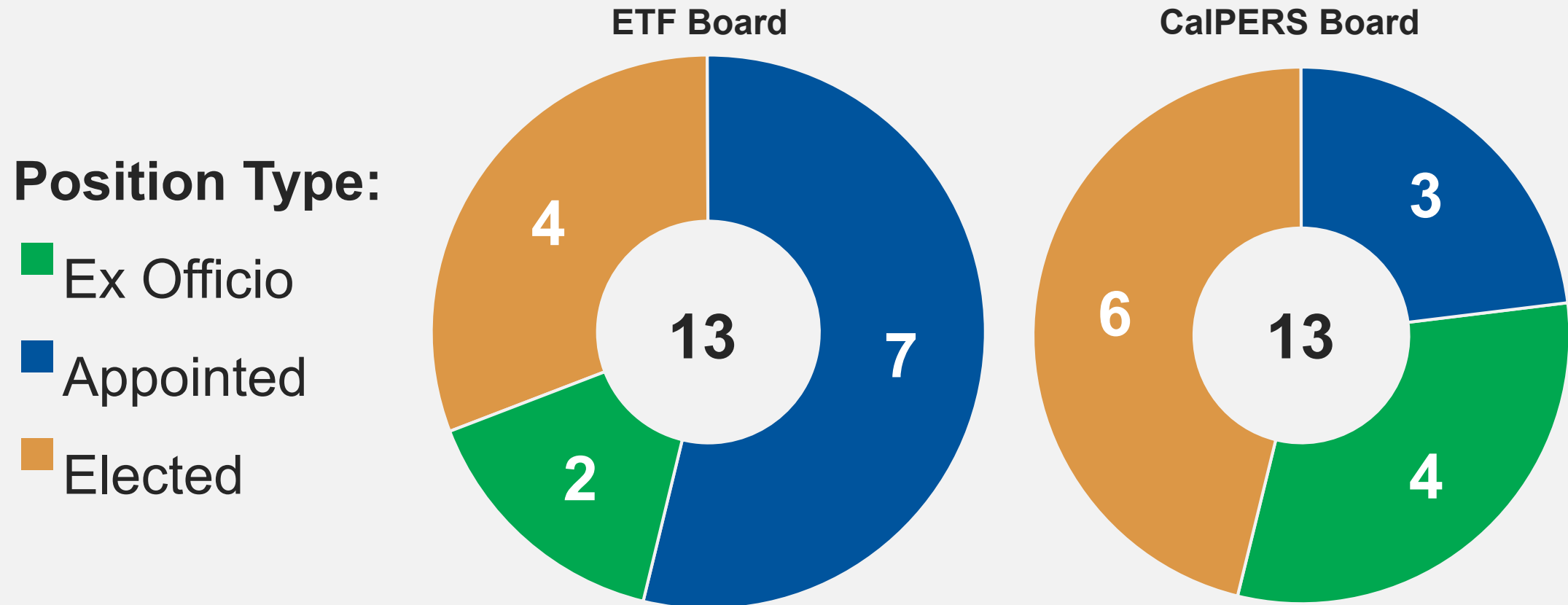


# ETF Board Comparison to SDRS Board



Source: National Association of State Retirement Administrators' Data

# ETF Board Comparison to CalPERS Board



Source: National Association of State Retirement Administrators' Data

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# Board Composition - Conclusions

# Composition Conclusions



## Number & Size

- A single board
- 9 to 13 members

## Balance

- Include ex officio, elected, and appointed members

## Representation

- Base elected seats by plan demographics

## Experience

- Align board member experience requirements with needed skill set



A family of three—a woman with curly hair, 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. The man is on the right, wearing a blue and white plaid shirt over a white t-shirt. The young girl is in the center, wearing a white dress with a polka-dot collar. 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?



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# Thank you

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