



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
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***Correspondence Memorandum***

**Date:** September 11, 2020

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

**From:** Laura Patterson, Office of Policy, Privacy & Compliance

**Subject:** Transitioning the ETF, WR & TR Boards (Boards) into Single Board

**If the ETF, WR & TR Boards vote to merge into the Proposed Board, or 'New ETF Board,' implementation of the merger will include the following:**

- **Co-Authoring a Joint Letter to the Governor** – The Board Chairs will co-author a letter, on behalf of the Boards, to the Governor recommending the merger of the Boards.
- **Developing Merger Legislation** – ETF will finalize merger legislation with the Wisconsin Legislative Reference Bureau – the agency that is responsible for drafting the Executive Budget Bill and all legislation that is introduced to the Legislature.
- **Retirement of the TR & WR Boards** – The TR & WR Boards will be retired when the 2021-2023 Wisconsin Executive Budget Bill is passed, which is scheduled to be finalized in July 2021.
- **Seat Transition of the current ETF Board to the New ETF Board** – ETF Board seats will not immediately transition when the 2021-2023 Wisconsin Executive Budget Bill is passed. ETF Board seats will be gradually transitioned over several years by transitioning two or three seats each year. A gradual transition will allow the ETF Board to retain its knowledge through merger. Current terms for elected and appointed ETF Board members are four years. The terms for New ETF Board members can be drafted as four, five or six years.
- **Statutory Language and Administrative Rule Changes** –
  - Statutory language will be included in ETF's 2021-2023 Biennial Budget submission that transfer the powers and functions of the TR & WR Boards to the ETF Board.

- **Contract and other Liabilities** – All contractual obligations and liabilities associated to the TR & WR Boards will be transferred to the ‘New ETF Board.’
- **Transferring Disability Annuity Appeals** – The New ETF Board will be transferred the WR & TR Boards’ power to hear disability annuity appeals. The WR Board currently has several open appeals and the TR Board does not have any open appeals. If the Boards merge, the existing appeals will be transferred to the New ETF Board.
- **Transferring SWIB Appointments** – The TR & WR Boards each appoint one participant to SWIB’s Board. If the Boards merge, the New ETF Board will appoint one WRS participant to SWIB and the ETF Secretary will serve as an ex officio member on SWIB. ETF has discussed these changes with SWIB.

Staff will be available at the Board meeting to answer questions.



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**Subject:** Updates made to the Appointed Positions on the Proposed Board

In June 2020, ETF provided a proposed 13-member board that merged ETF, WR & TR Boards. Each of the Boards approved continuing the merger discussion but did not settle on a final Board composition. After the June meetings, ETF solicited additional feedback on board composition. Based on feedback, ETF changed the composition of the proposed Wisconsin Retirement System Board to allow for broader representation and skill sets among the appointed positions. These changes may also facilitate the appointing authority's ability to identify individuals to serve in these positions.

Appointed positions on the Proposed Board have been updated to:

- A WRS participant who is a UW or state employee.
  - Previous Language – A UW Active Representative.
- A WRS participant who is an administrator in Wisconsin's public schools who is not a classroom teacher.
  - Previous Language – A school administrator or local unit of government administrator.
- A WRS participant who is an administrator for a local unit of government that is not a school district.
  - Previous Language – A participating state or local chief human resources or financial officer (not from a school district).
- A WRS participant who is an elected member of a participating, local employer's governing body.
  - Previous Language – Elected chief executive officer form a participating employer or an elected member of a governing board.
- A Non-participant with 5 years audit, actuarial, financial or other relevant experience relating to employee benefit plans or insurance administration.
  - Remains the same.