

# OUR WISCONSIN RETIREMENT SYSTEM

Strong for Wisconsin





*John Voelker, Secretary; Diana Felsmann, Deputy Secretary Designee; and Pam Henning, Assistant Deputy Secretary.*

Since the Wisconsin Retirement System was created, it has established itself as a model public pension system and one of the best funded in the country. Our WRS is well positioned to pay promised benefits to more than 692,000 members long into the future because of the system's cost- and risk-sharing design and disciplined administration.

One in five Wisconsin residents are either a WRS member or are affected by the WRS as a family member. The Department of Employee Trust Funds appreciates the significance of this responsibility and works hard to develop and deliver quality services and safeguard the integrity of the Trust Funds.

In these pages you will find information that demonstrates the strength of the WRS. This includes how the well-managed WRS contributes to individual retirement security, helps build a strong public workforce, and supports local economies across the state. It is truly a system to be proud of.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Voelker".

John Voelker  
Secretary  
Department of Employee Trust Funds

#### **WISCONSIN STATUTE CHAPTER 40**

The WRS Trust Funds were created to:

- Protect public employees and their beneficiaries against the financial hardships of old age and disability
- Attract and retain a qualified public workforce
- Establish modest and portable benefits to move with employees throughout their careers into retirement
- Achieve administrative expense savings

**\$140** BILLION  
IN ASSETS

**TOP 10** LARGEST  
IN THE USA

**100%** FUNDING  
LEVEL

With some \$140 billion in assets as of October 2024, the WRS ranks among the 10 largest U.S. public pension funds and the best-managed pension plans with the highest funding levels and lowest unfunded liabilities. Approximately 692,000 individuals participate in the WRS.



annuitants  
(retirees, disability  
and beneficiaries)



former public employees  
with deferred benefits



**1,607**

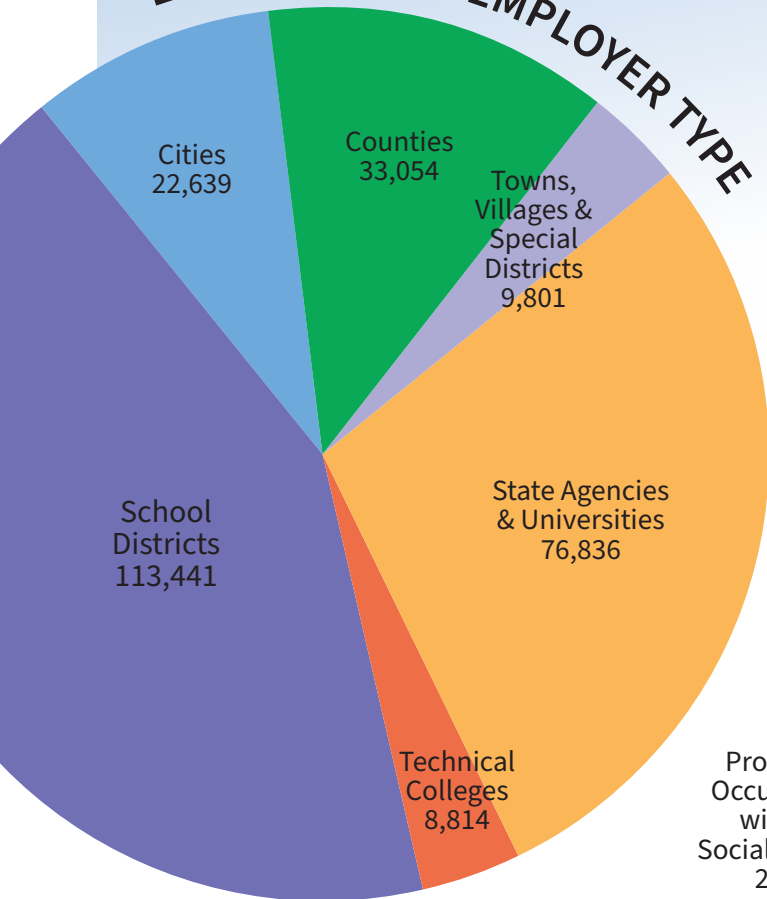
state and local  
government units  
throughout Wisconsin



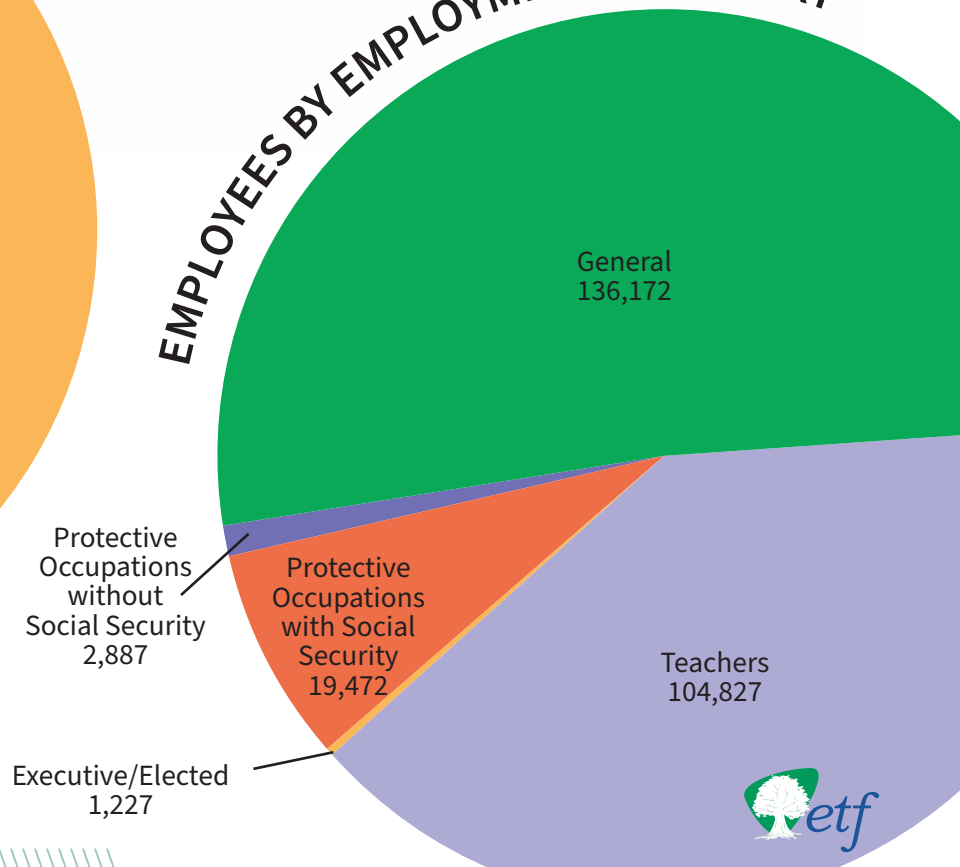
**265K**

public employees in  
Wisconsin's state agencies,  
Universities of Wisconsin,  
technical colleges and school  
districts, cities, counties, and  
local units of government

### EMPLOYEES BY EMPLOYER TYPE



### EMPLOYEES BY EMPLOYMENT CATEGORY







## WRS: Well Designed = Well Funded

The WRS is a hybrid defined benefit plan. It contains elements of both a 401(k) or defined contribution plan and a defined benefit plan. The WRS is a strong public pension plan because of its stable funding, unique plan design and robust governance. These factors set the WRS apart from the vast majority of other plans in the United States.

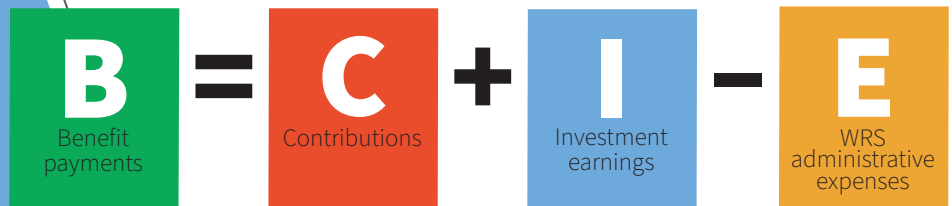
Although a number of plans in the U.S. are near or above 100%, the national median funding level in 2023 was 76.9%. The WRS is 100% funded as of December 31, 2023.

Here are a few reasons why the WRS is successful:

### PRE-FUNDED

- Contribution rates are determined annually by an independent actuary.
- Amounts paid by both employees and employers are paid in full, not deferred into the future.
- Funds are invested for longer periods, which minimizes the chances that one generation will have to pay for the obligations of another.

Pre-funding calculation:



*The WRS meets all the criteria of a model retirement system and offers a road map for other states, according to the Pew Charitable Trusts.*

## SHARED COSTS & SHARED RISKS

Investment risks and costs of the WRS are shared between government employees, employers (taxpayers), and retirees. Unlike members of other public pension plans, WRS employees and retirees bear most of the risk.

- Contribution rates are generally split evenly between employees and employers and adjusted annually, ensuring full funding of future benefits.
- Post-retirement adjustments (dividends) depend on investment performance and can be reduced based on annual investment returns.
- There are no guaranteed cost of living adjustments or COLAs.
- Annuities cannot be reduced below the original amount set at retirement.

## FINANCIALLY SOUND

The financial strength of the WRS ensures that benefit promises made today can be kept without burdening future generations.

- **Sustainable** – Assets are sufficient to pay all benefits when due.
- **Contribution Stability and Predictability** – Employee and employer annual pension contributions are paid in full, and the contribution rates have remained stable over time.
- **Intergenerational Equity** – The cost of benefits are paid by those who receive the benefits, not passed on to the next generation.
- **Realistic Rate of Return on Investments** – An assumed rate of return of 5.0% for retirees and 6.8% for active employees is used to determine plan liabilities. This rate is lower than the national median of 7.0%.
- **Modest Benefits** – The median annual retirement benefit is \$25,500.

### Funds to pay pension benefits are generated from three sources:

1. Employee contributions
2. Employer contributions
3. Investment earnings

Investment income accounts for approximately 78% of the WRS revenues over the past 10 years.





## WRS: Well Managed

WRS pension benefit and administrative expenses are paid from the WRS Trust Funds, not from general state operating revenues.

- **Low Cost for Taxpayers** – Wisconsin state and local governments spend 2.13% of their budgets to fund public employee pension benefits.\* Nationally, this figure is 5.06%.
- **Low Unfunded Liabilities** – Wisconsin ranks among the top 5 states with the highest funded ratio, usually at 100%, and the lowest levels of unfunded liabilities or long-term debt for public employee pensions.
- **Strong Investment Earnings** – The State of Wisconsin Investment Board professionally and prudently manages and invests the assets of the WRS. Approximately 78% of WRS benefits paid come from investment earnings.
- **Efficient** – The WRS provides lifetime benefits by pooling mortality and other risks for more than 692,000 participants.

\*percentages include City of Milwaukee and Milwaukee County

*Wisconsin is among a few states whose public retirement systems have not reduced pension benefits nor suspended or eliminated annuity adjustment since 2009, according to the National Association of State Retirement Administrators.*



*"I worked for UW-Madison's Tandem Press for over 25 years. The WRS has allowed me to transition to creating art full time now, while helping augment my family's income and health insurance premiums. Because of my WRS annuity, I'm free to focus on our creative endeavors and help my wife restore and run a historic vacation rental."*

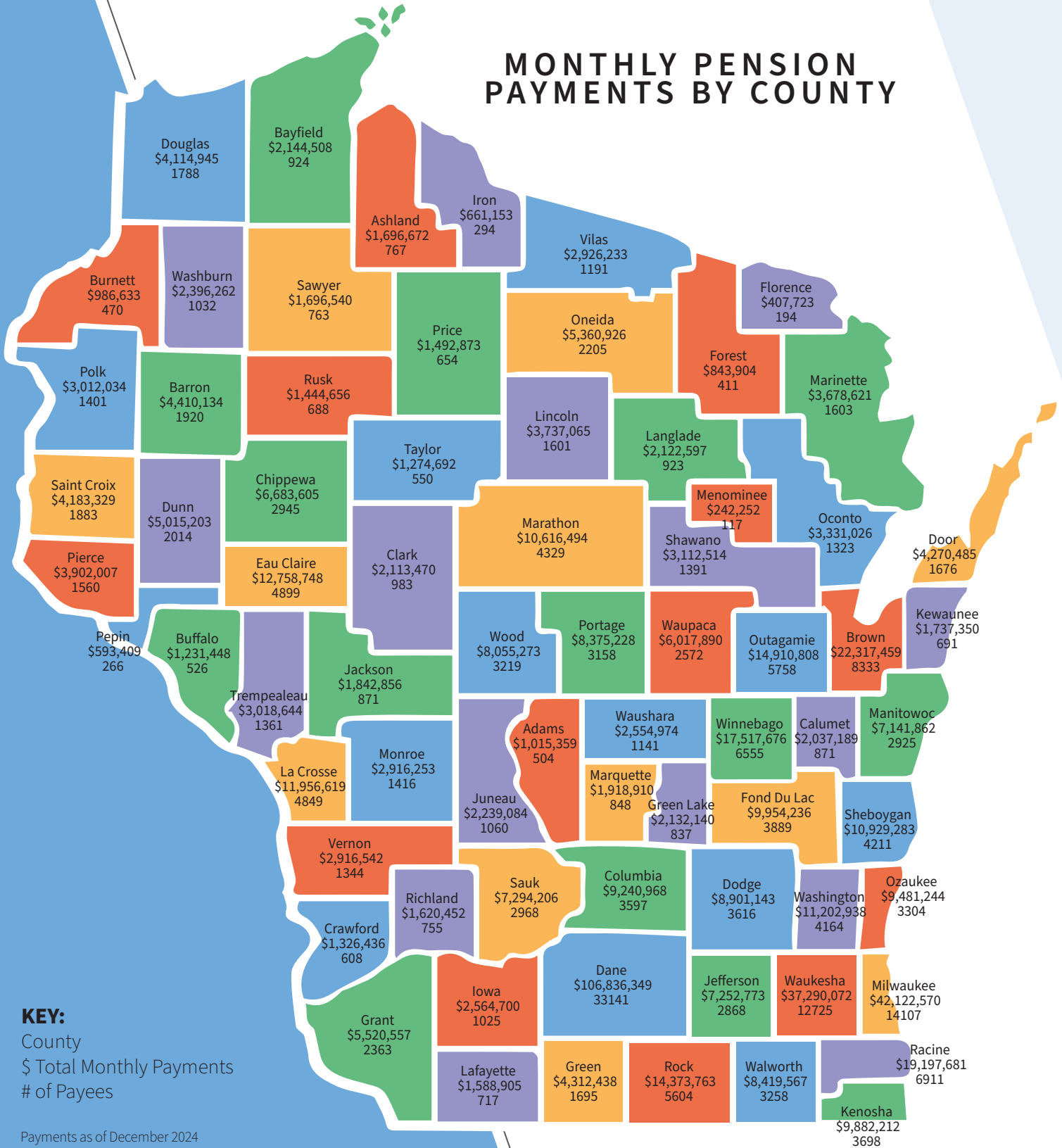
**Bruce**, retiree and WRS member



# WRS: Economic Impact

A well-funded and well-managed retirement plan is not only good for employees, it's also good for Wisconsin. More than 85% of WRS pensions go to retirees living in Wisconsin, who purchase goods and services and pay taxes.

## MONTHLY PENSION PAYMENTS BY COUNTY

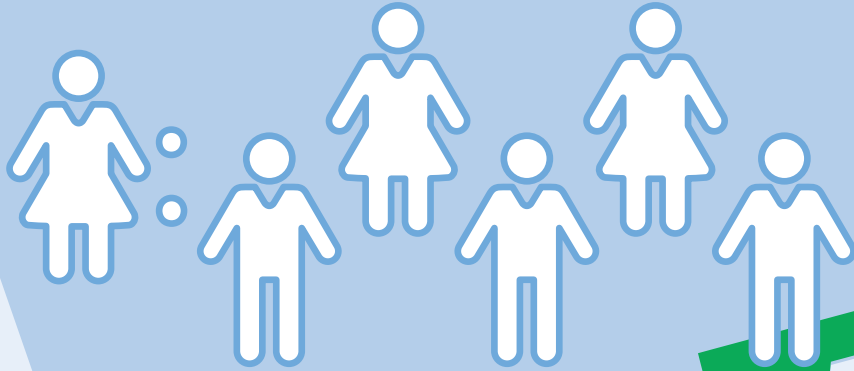


**KEY:**  
 County  
 \$ Total Monthly Payments  
 # of Payees

Payments as of December 2024



# WRS Creates Jobs, Supports Wisconsin's Economy



1 in 5 Wisconsin residents are either a WRS member or are affected by the WRS as a family member.



Expenditures from public pensions supported 50,368 jobs in Wisconsin that paid \$2.7 billion in wages and salaries, and generated \$1.2 billion in federal, state and local tax revenues.\*



The WRS paid \$7.2 billion in benefits in 2023.



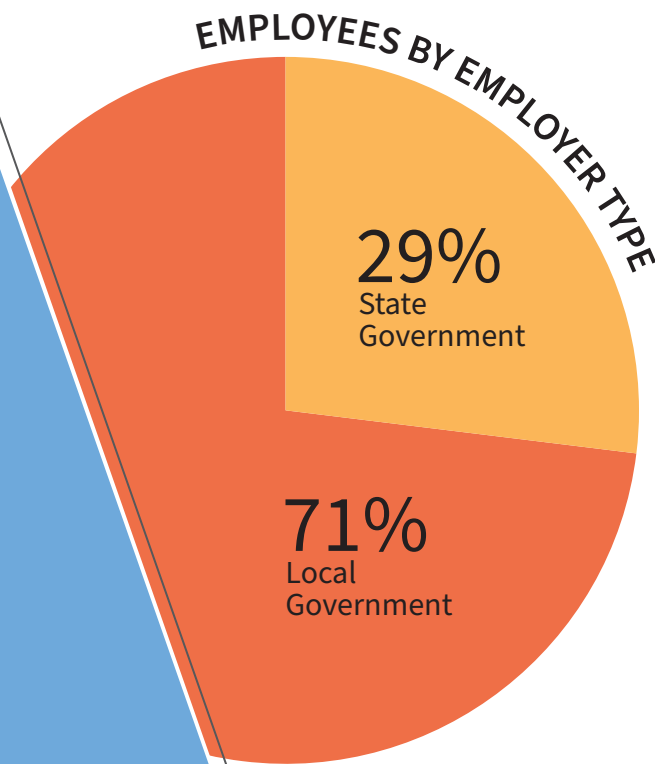
\*Pensionomics 2023: Measuring the Economic Impact of DB Pension Expenditures, report by the National Institute on Retirement Security

# WRS: Strong Public Workforce

The WRS is an important incentive for qualified workers to choose and stay in public service.

The 1,607 state and local government employers participating in the WRS understand the value of a well-funded and well-managed retirement plan. Additional local government employers continue to join the WRS. Over the past five years, 135 local governments have chosen to join the system.

The WRS benefits package is a valuable recruitment and retention tool for the State of Wisconsin, local governments, technical colleges, and school districts throughout the state.



9.1 General

11.5 Protective with Social Security

12.5 Teachers

12.5 Protective without Social Security

14.3 Executives & Elected

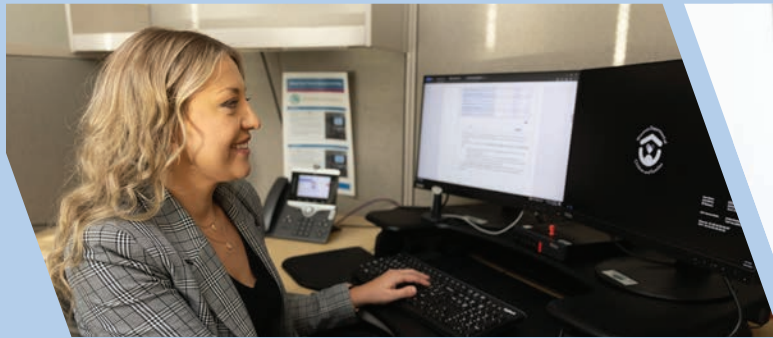
**AVERAGE YEARS OF SERVICE BY EMPLOYMENT CATEGORY**

*More than 82% of Americans view public pensions as an effective way to recruit and retain qualified teachers and public safety employees, according to the National Institute on Retirement Security.*



*“State employment not only provides a strong pension system, it also gave me unique opportunities for my career. I am able to integrate my professional experience in technology development with knowledge from my social work degree. Most importantly, I get to serve the people of Wisconsin every day.”*

**Rachel**, public employee  
and WRS member





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