


Wisconsin Retirement System (WRS)

# WRS Legislative Oversight Committee and Employee Trust Funds History

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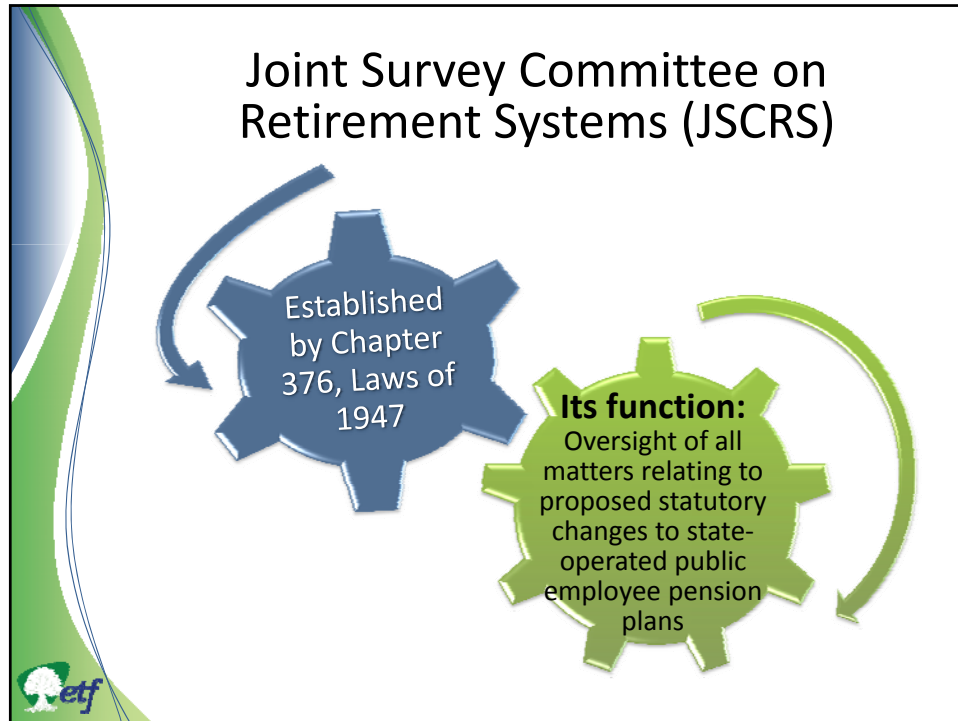
November 2013



Employee Trust Funds

# Legislative Oversight Committee





## Committee Membership Terms

- Co-chairs - one senate member and one assembly member
- Four-year terms
  - Assistant Attorney General and Public member
    - Continue in office until a successor is appointed and qualified
- Two-year Terms
  - Legislative members (appointment or reappointment) at the commencement of a new legislature

Any member of the committee ceases to be a member upon losing the status on which membership is based



## Current Law

### Prohibits legislation without first:

- Referring to the JSCRS
  - The committee provides a written report on the subject
  - Actions of the JSCRS requires a majority member approval




## The Committee report on a bill includes:

- A description of what the bill would do
- The probable costs in terms of total dollars and as a percent of participating employers' total annual payroll
- The likely effect of the bill on the actuarial soundness of the WRS
- The judgment of the Committee as to whether the bill is desirable as a matter of public policy

## The Committee

- May hold hearings, receive testimony, review legislation
  - May conclude proposed legislation to be good public policy *if amended*
  - Committee's report may indicate facts and amendments to accomplish changes
  - May subsequently be introduced by one or both of the co-chairs of the JSCRS or any other legislator



The Committee has no authority to introduce retirement legislation or amendments



## Legislative Council Staff

- Provides legal/research assistance to the JSCRS
- May prepare fiscal estimates on bills referred to the Committee
- Every two years must prepare a comparative study of major public employee retirement systems
  - Funds may be appropriated to enable the Legislative Council Staff to contract for actuarial studies approved by the JSCRS

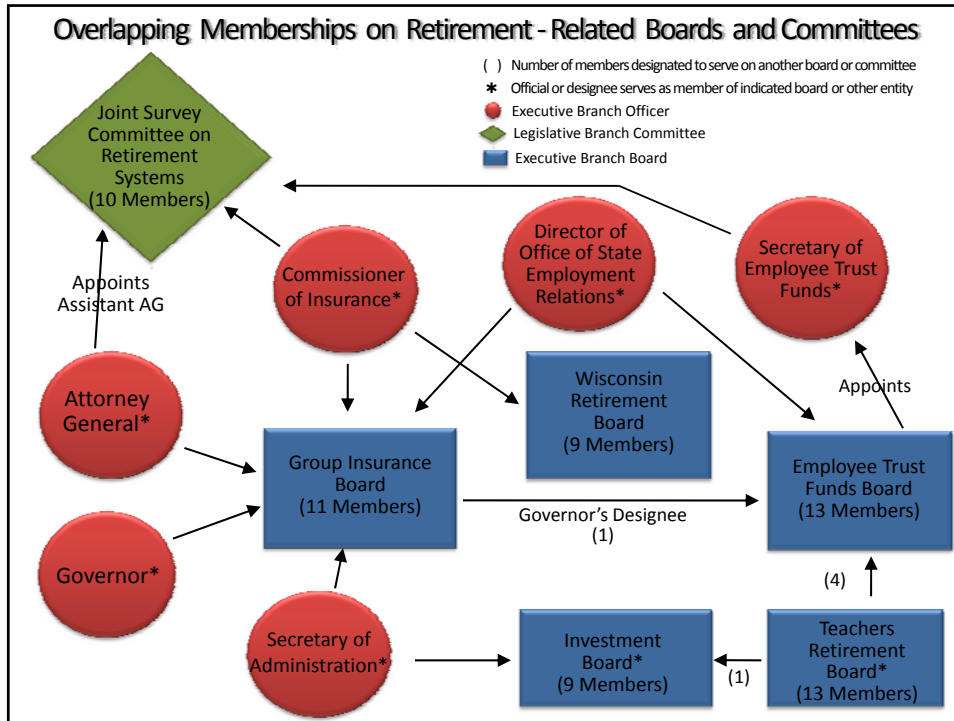


## Separate Entities - Interrelated

While the various trust funds boards, agencies, and legislative committees described above are all separate entities,

the overlapping memberships in these bodies is intended to provide a level of coordination of WRS activities






## The History Of

# *The Wisconsin Department of Employee Trust Funds*

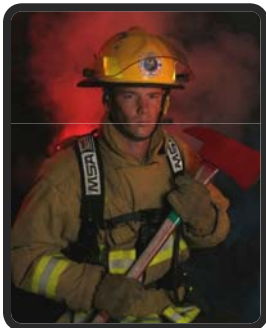
## Employee Trust Funds History


**The Department of Employee Trust Funds (ETF) initially began in 1967**

Concept of providing retirement benefits to Wisconsin public employees began in 1891



It provided retirement protection and security for police officers and fire fighters in Milwaukee






## Employee Trust Funds History

**Today nearly all public employees are assured of retirement protection**

↓

- The history falls into two phases:
  1. 1891 to 1947 when many public employers established separate systems
  2. 1948 to the present - when plans consolidated
    - Public employee retirement systems merged to form one system
    - The Wisconsin Retirement System (WRS), now managed by ETF



## Employee Trust Funds History

### Milestones

- State Teachers Retirement System (STRS) - 1951
- The Wisconsin Municipal Retirement Fund for all non-Milwaukee local employees - 1943
- State Employees Retirement Fund for state employees - 1943
- The legislature created a number of separate systems for Milwaukee County and City of Milwaukee employees (1935 - late 1940s)



## Employee Trust Funds History

### The systems eventually merged . . .

### The Umbrella System

- All newly hired non-teachers (outside Milwaukee) became members of the Wisconsin Retirement Fund (WRF)
- This consolidated the separate police, fire and warden funds into the WRF

The next step (1951) - legislature established the State Teachers Retirement Board, to cover all public teachers, and the State of Wisconsin Investment Board (SWIB)



## Employee Trust Funds History

- The public pension system then consisted of:
  1. The Wisconsin Retirement Fund (WRF)
  2. The State Teachers Retirement System (STRS)
  3. The Milwaukee Teachers Retirement System (MTRS) and the two systems for Milwaukee City and Milwaukee County employees



## Employee Trust Funds History

- ETF was created in 1967
  - ETF operated under the direction of a seven-member ETF Board
  - Responsible for managing STRS and WRF
- In 1975, the legislature declared that STRS, MTRS and WRF merge into one system called the Wisconsin Retirement System (WRS)



**Ensuring a financially-sound retirement system**

## Employee Trust Funds History

- 1977 laws merged the remaining police and fire department retirement systems outside Milwaukee into the WRS
- It created a Teachers Retirement Board *and* a similar Wisconsin Retirement Board for non-teachers

The purpose of the two boards is to advise the primary policy-making board (ETF Board)



## Employee Trust Funds History

- The WRS is one of the largest (public or private) retirement systems in the U.S. and the world
  - ETF tracks service and earnings for over 545,000 WRS participants
  - ETF administers all WRS benefits
  - SWIB invests all contributions to the system



