



BRIEFING SHEET

[Report 20-2](#)
February 2020State Auditor
[Joe Chrisman](#)

Wisconsin Retirement System Actuarial Audit

Background

The Wisconsin Retirement System (WRS) is a cost-sharing, multiple-employer, defined-benefit plan that provides post-retirement financial benefits to participating employees, as well as disability and death benefits to participants and their beneficiaries. The Department of Employee Trust Funds (ETF) is responsible for managing the operations of the WRS, including collecting contributions and paying retirement benefits. ETF hires a consulting actuary to perform calculations to assess the long-term viability of the WRS, establish contribution rates that are needed to meet current and future obligations of the WRS, and to ensure actual experience supports the actuarial assumptions used in the annual actuarial valuation.

As required by statute, we contracted for the performance of an actuarial audit of the WRS. After a formal request-for-proposal process, a contract was awarded to Segal Consulting Midwest to conduct an independent audit of the December 31, 2018 actuarial valuation and the three-year experience study, covering the period from January 1, 2015, through December 31, 2017. The actuarial audit replicated the December 31, 2018 actuarial valuation and assessed the reasonableness of the actuarial assumptions. The actuarial audit was conducted in accordance with the actuarial standards of practice, which are prescribed by the Actuarial Standards Board.

Key Findings

The actuarial auditor:

- reported that a sound valuation process was used for the December 31, 2018 actuarial valuation;
- generally agreed with the results of the experience study and concluded that the actuarial cost method and the asset valuation method conformed with the actuarial standards of practice; and
- indicated that the 7.0 percent long-term expected rate of return assumption, which was approved by the ETF Board in December 2018, was within national benchmarks.

Actuarial Audit Recommendations

To improve the actuarial valuation, the overall evaluation of the WRS experience, and the assumptions used, the actuarial auditor provided comments and recommendations to be considered by ETF and its consulting actuary. In separate responses, both ETF and its consulting actuary describe the steps they will take to make future improvements.

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