STATE OF WISCONSIN

Legislative Audit Bureau

NONPARTISAN • INDEPENDENT • ACCURATE

Report 26-10
September 2026

Wisconsin Retirement System

Calendar Year 2025

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Legislative Audit Bureau

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The financial statements and our opinion on them are included in the Department of Employee Trust Funds' *Wisconsin Retirement System Financial Report.*

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Legislative Audit Bureau

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State Auditor

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September 10, 2026

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Wimberger and Representative Wittke:

As required by s. 13.94 (1) (dd), Wis. Stats., we have completed an audit of the financial statements of the Wisconsin Retirement System (WRS) as of and for the year ended December 31, 2025, prepared by the Department of Employee Trust Funds (ETF). ETF's *Wisconsin Retirement System Financial Report*, which can be found on its website, includes the financial statements and our unmodified opinion on them. ETF chose to separately issue the WRS financial statements and plans to issue its *2025 Annual Comprehensive Financial Report* (ACFR), which will also include the WRS financial statements, at a later date.

The WRS is the largest program administered by ETF. The WRS fiduciary net position, which represents resources available to pay pension benefits, increased from $134.5 billion as of December 31, 2024, to $149.3 billion as of December 31, 2025, or by 10.9 percent. This increase is primarily attributable to an increase in the value of investments.

ETF calculated a net pension asset of $2.3 billion as of December 31, 2025. This is a $3.9 billion, or 239.1 percent, increase from the $1.6 billion net pension liability calculated as of December 31, 2024. Under accounting standards, each of the more than 1,600 employers participating in the WRS will be required to report its proportionate share of the net pension asset on its financial statements if prepared on the basis of generally accepted accounting principles (GAAP). To assist employers with this reporting, ETF prepared employer schedules. We audited and provided unmodified opinions on the employer schedules in report 26-11.

The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is required by *Government Auditing Standards,* begins on page 23.

We appreciate the courtesy and cooperation extended to us by ETF staff during the audit. A response from the Secretary of ETF follows the Appendix.

Respectfully submitted,

Joe Chrisman
State Auditor

JC/ES/ss

Introduction

The WRS is a cost-sharing, multiple-employer, defined-benefit pension plan.

Created in January 1982, the Wisconsin Retirement System (WRS) is a cost-sharing, multiple-employer, defined-benefit pension plan that provides postretirement financial benefits to participating employees, as well as disability and death benefits to participants and their beneficiaries. Further, the WRS is an irrevocable trust, and all funds remain in the trust and can only be used to fund pension benefits.

Under s. 40.03, Wis. Stats., the 13-member ETF Board is responsible for the overall direction and oversight of ETF, including oversight of the WRS. The 2026 ETF Board members are shown in the Appendix and include:

- the Governor, or the Governor's designee on the Group Insurance Board;
- the Administrator of the Division of Personnel Management in the Department of Administration (DOA), or designee;
- four members of the Teachers Retirement Board;
- four members of the Wisconsin Retirement Board;
- one member nominated by the Governor and appointed with the advice and consent of the Senate, as a public representative, who is not a member of the WRS but has at least five years of actuarial, insurance, or employee benefits plan experience;

- one annuitant elected by retired WRS participants; and

- one active WRS participant who must be either a technical college or school district educational support personnel employee, elected by participating employees who meet the same employment criteria.

Although the ETF Board is the overall governing body for ETF, the 13-member Teachers Retirement Board and the 9-member Wisconsin Retirement Board each serve in an advisory role on issues related to the WRS. The members of the Teachers Retirement Board and the Wisconsin Retirement Board represent state and local government employers, employees, annuitants, and the general public.

As of December 31, 2025, 711,412 individuals participated in the WRS, including:

- 270,520 (38.0 percent) active participants who were making contributions;

- 245,323 (34.5 percent) retired participants or their beneficiaries who were receiving WRS benefits; and

- 195,569 (27.5 percent) inactive participants, such as former employees, who were not yet receiving benefits and who were not required to make contributions.

The WRS is among the 10 largest public pension plans in the United States. As of December 31, 2025, the WRS had a fiduciary net position of $149.3 billion, which represents resources available to pay pension benefits. ETF is responsible for managing the WRS operations that interact with employers and participants, including those operations that involve collecting contributions from and paying retirement benefits to WRS participants. ETF also uses an actuary to perform actuarial calculations such as projecting future benefit payments and establishing contribution rates.

ETF and SWIB work together to manage the WRS.

The State of Wisconsin Investment Board (SWIB) is responsible for managing the WRS investments. ETF and SWIB work closely together to ensure the solvency and long-term future of the WRS.

WRS Participating Employers

Under s. 40.21, Wis. Stats., any Wisconsin public employer may participate in the WRS, but certain entities are required to participate, including state agencies, all counties, and the City of Milwaukee.

In addition:

- second-, third-, and fourth-class cities must allow police officers and paid firefighters to participate if those employees were allowed to participate in Wisconsin's retirement system before March 31, 1978;
- villages with a population of 5,000 or more must allow police officers to participate, and villages with a population of 5,500 or more must also allow paid firefighters to participate, if those employees were allowed to participate in Wisconsin's retirement system before March 31, 1978; and
- school districts must allow employees in teaching positions to participate.

As of December 31, 2025, 1,662 employers were participating in the WRS.

As shown in Table 1, most of the 1,662 employers that participated in the WRS as of December 31, 2025, were local governments and school districts.

Table 1

Types of Employers Participating in the WRS
As of December 31, 2025

Type	Number
School Districts	421
Towns	350
Villages	321
Special Districts[1]	223
Cities	190
Counties	72
State Agencies, University of Wisconsin System, and Public Authorities	57
Wisconsin Technical College System Districts	16
Cooperative Educational Service Agencies	12
Total Employers	**1,662**

[1] Includes employers such as the Madison Metropolitan Sewerage District, the Oshkosh City Housing Authority, and the South Central Library System.

Under current law, any employee of a participating WRS employer is eligible to participate in the WRS if the expected duration of employment is one year or more and the employee is expected to be employed for at least two-thirds of what is considered full-time. Current statutes require five years of creditable service before such an employee is considered vested.

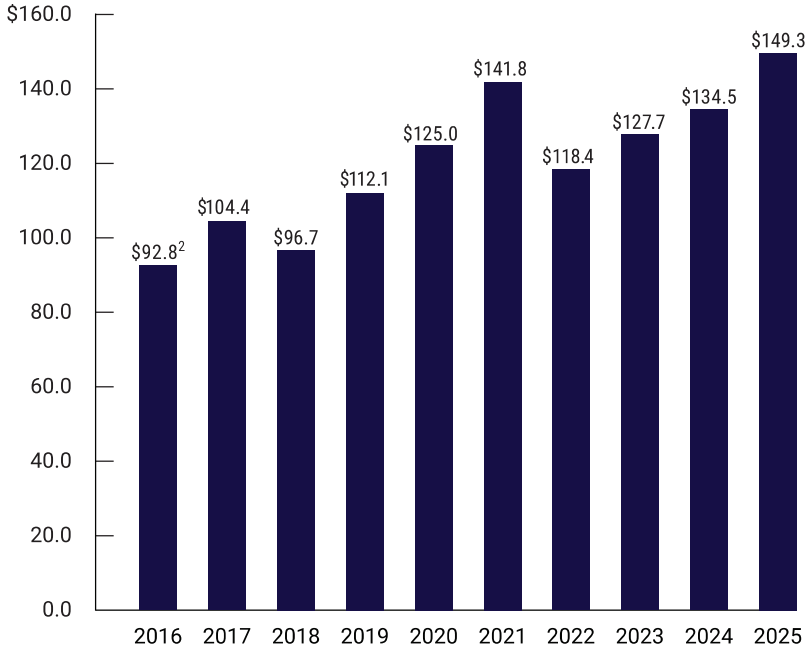
Financial Condition of the WRS

As of December 31, 2025, the fiduciary net position of the WRS was $149.3 billion.

The Net Position-Restricted for Pensions (fiduciary net position) of the WRS represents the value of the plan's assets that are available to meet benefit obligations as they become due. As of December 31, 2025, the WRS had a fiduciary net position of $149.3 billion, which was a 10.9 percent increase from the prior year. This increase is primarily attributable to the increase in the value of investments. From December 31, 2016, through December 31, 2025, the fiduciary net position of the WRS increased by $56.5 billion, or by 60.8 percent, as shown in Figure 1.

Figure 1

WRS Fiduciary Net Position[1]
As of December 31
(in billions)



[1] Shown as Net Position Restricted for Pensions in the financial statements.

[2] Due to changes in reporting during calendar year 2017, the fiduciary net position for calendar year 2016 was restated from $92.6 billion to $92.8 billion.

Pension Administration System

In June 2026, ETF contracted with a vendor to provide and maintain a new pension administration system.

In January 2024, ETF contracted with a vendor to provide consulting services to obtain and implement a new pension administration system. In October 2024, ETF issued a request for proposal for a vendor to provide and maintain a pension administration system, and in June 2026 contracted with Heywood Limited. The initial contract term is 10 years at a cost of $60.8 million. The contract also includes an option to renew for an additional five years at a cost of $26.5 million. 2025 Wisconsin Act 15, the 2025-27 Biennial Budget Act, included $71.0 million for pension administration system implementation. ETF reports annually to the Legislature's Joint Committee on Finance and the Secretary of DOA on the status of its progress in modernizing its business practices and integrating its information technology systems.

Audit Results

As required by statutes, we have completed an audit of the financial statements and related notes of the WRS as of and for the year ended December 31, 2025. The WRS financial statements were prepared by ETF using generally accepted accounting principles (GAAP) prescribed by the Governmental Accounting Standards Board (GASB). To complete our audit of the financial statements of the WRS, we reviewed ETF's internal controls over financial reporting; tested financial transactions; and reviewed the financial statements, notes, and required supplementary information that were prepared by ETF management.

For 2025 reporting, ETF again chose to separately issue the WRS financial statements and plans to issue its *2025 Annual Comprehensive Financial Report* (ACFR), which will also include the WRS financial statements, at a later date.

We provided an unmodified opinion on the financial statements of the WRS as of and for the year ended December 31, 2025.

In addition to providing an unmodified opinion on the financial statements and related notes of the WRS as of and for the year ended December 31, 2025, we have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is required by *Government Auditing Standards* and begins on page 23.

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WRS Funding and Benefits

The WRS is funded through a combination of employer and employee contributions and investment income.

The WRS is funded through annual employer and employee contributions and investment income. The ETF Board has established a WRS funding policy with three primary goals:

- ensure funds are adequate to pay benefits;
- maintain stable and predictable contribution rates for employers and employees; and
- maintain intergenerational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

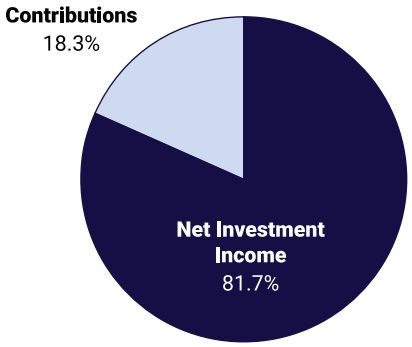
In 2025, ETF reported net investment income for the WRS of $19.8 billion and contributions from WRS employers and employees of $2.9 billion.

Investment Income

From 2016 through 2025, net investment income represented 81.7 percent of total funding for the WRS. Employer and employee contributions represented 18.3 percent of total funding for the WRS, as shown in Figure 2.

Figure 2

WRS Funding Sources
2016 through 2025



Net investment income increased from $11.7 billion in 2024 to $19.8 billion in 2025.

Net investment income, which is the sum of realized and unrealized gains and losses less SWIB's investment expenses and amounts distributed to other benefit programs, increased by $8.1 billion, from $11.7 billion in 2024 to $19.8 billion in 2025. The increase in net investment income reflects the increase in investment returns of the Core Retirement Investment Trust Fund (Core Fund) and the Variable Retirement Investment Trust Fund (Variable Fund). The one-year investment return, net of all fees and costs, of the Core Fund increased from 8.5 percent in 2024 to 14.4 percent in 2025. The one-year investment return, net of all fees and costs, for the Variable Fund increased from 18.7 percent in 2024 to 22.0 percent in 2025.

The long-term expected rate-of-return assumption for the WRS is 6.8 percent.

As noted, WRS assets are invested by SWIB in the Core Fund and the Variable Fund. SWIB has a fiduciary responsibility to prudently invest the pension assets in a diversified manner to meet WRS funding needs while minimizing the risk of large losses. SWIB's investment strategy is to meet the long-term expected rate-of-return assumption. The ETF Board approves any changes to the long-term expected rate-of-return assumption, which is reviewed with the results of the triennial experience study, at least once every three years. The most recent experience study was for the period January 1, 2021, through December 31, 2023, and was presented to the ETF Board in December 2024. At that time, the ETF Board approved a long-term expected rate-of-return assumption of 6.8 percent. As of December 31, 2025, SWIB's 20-year return for the Core Fund was 7.2 percent. As noted in report 26-05, SWIB reported that the one-year, five-year, and 10-year investment returns for the Core Fund, as of December 31, 2025, also exceeded the long-term expected rate-of-return assumption.

Contribution Rates

Contribution rates, which include both an employer and an employee share, are actuarially determined as a percentage of an employee's earnings and are approved annually by the ETF Board. Contributions to the WRS from employers and employees increased by $152.1 million, or 5.5 percent, to $2.9 billion in 2025. The increase is the result of an increase in contribution rates and covered payroll. As shown in Table 2, total contribution rates for general employees, which include teachers and most other employees, have increased from 13.4 percent of wages in 2018 to 14.5 percent in 2027.

Table 2

Total Contribution Rates for General Employees in the WRS

Calendar Year	Total Contribution Rate[1]
2018	13.4%
2019	13.1
2020	13.5
2021	13.5
2022	13.0
2023	13.6
2024	13.8
2025	13.9
2026	14.4
2027	14.5

[1] Includes both the employer share and the employee share of contributions, but does not include prior-service cost rates for specific employers.

Contribution rates are set to fund the benefits earned by employees during the year.

The basic objective of the WRS is to invest contributions paid by employers and employees so that the investment income and the contributions will be sufficient to pay projected future pension benefits. Contribution rates are set to fund the benefits earned by employees during the year. In setting these rates, one of the most significant factors considered is investment performance.

In order to maintain steady contribution rates and comply with s. 40.04 (3) (am), Wis. Stats., the consulting actuary for the WRS uses the market recognition account (MRA) to smooth investment income or loss for the Core Fund investment activity over a five-year period. The MRA

accumulates the difference between actual investment income or loss and expected investment income calculated at the long-term expected rate-of-return assumption in place during the calendar year. During calendar year 2025, the long-term expected rate-of-return assumption was 6.8 percent. The difference is then distributed into the calculated plan net assets over a five-year period so that the expected investment income is affected by portions of the amounts included in the MRA in the prior four years. Use of the MRA results in less volatility in net assets and thus less volatility in the calculation of the contribution rates for employers and employees.

Use of the MRA affects the amount of investment income or loss recognized by the actuary when determining contribution rates.

Investment income or loss used for purposes of determining contribution rates differs from the investment income or loss recognized in the financial statements due to the use of the MRA. For example, the net investment income of the Core Fund for 2025 for financial reporting was $18.1 billion based upon the fair value of the investments. Through the use of the MRA, the actuary recognized investment income of $9.4 billion, which was the amount used in determining the actuarial value of the WRS assets as of December 31, 2025, and determining contribution rates for 2027.

WRS Benefits

Annuity payments are determined either by a formula based on the participant's years of service or the value of contributions and investment income.

The WRS is a defined-benefit plan that provides participants with lifelong monthly retirement annuity payments and, depending upon the annuity type selected, may also provide benefits to a beneficiary after the participant's death. Annuity payments are initially determined by either:

- a formula, which is based on the participant's years of service and final average monthly earnings; or
- a money purchase benefit, which is based on the participant's contributions, an employer's matching contributions, and investment income.

The method that yields the largest annuity payment is used to calculate a participant's initial annuity. A defined-benefit plan is in contrast to a defined-contribution plan, such as a 401(k) plan, in which benefits are based on the amounts contributed to a participant's account and investment gains or losses on those funds.

The average annual annuity payment increased from $30,993 in 2024 to $31,919 in 2025, or by 2.9 percent.

WRS benefits provided to retired or disabled participants or their beneficiaries as annuity payments increased from $7.6 billion in 2024 to $7.9 billion in 2025, or by 5.0 percent. The number of retired participants increased from 241,125 as of December 31, 2024, to 245,323 as of December 31, 2025, or by 1.7 percent. The average annual annuity payment increased from $30,993 in 2024 to $31,919 in 2025, or by 2.9 percent.

WRS Reserves and Accounts

The fiduciary net position of the WRS primarily consists of three statutorily required reserves: the employer accumulation reserve (employer reserve), the employee accumulation reserve (the employee reserve), and the annuity reserve. The employer reserve consists of all employer-required contributions, amounts to amortize the employer's share of the unfunded accrued liabilities, and investment earnings. Unlike the employee reserve, the employer reserve is pooled into one account. Contribution rates are set to fund the benefits earned by employees during the year based, in part, on the balances of the employee and the employer reserves.

The employee reserve consists of employee-required contributions, contributions paid by the employer on behalf of the employee, any voluntary additional contributions, and investment earnings. A separate account is maintained in this reserve for each WRS participant. If a participant leaves service with a WRS employer before being eligible to receive a retirement annuity, the participant can receive the balance of the contributions and earnings included in the account.

The annuity reserve was $87.1 billion as of December 31, 2025, and represented the largest share of the WRS fiduciary net position.

The annuity reserve consists of the amounts transferred from the employer and employee accumulation reserves, as well as investment earnings, and is used to provide annuity payments to retired participants. Annually, the actuary determines the amount to transfer to the annuity reserve based upon the participants and their beneficiaries that began to receive annuities in the past year. The total amount transferred into the annuity reserve will increase and decrease each year depending upon the number of participants that began receiving annuities during the year. The annuity reserve is separated into amounts for Core Fund and Variable Fund annuities. All retired participants receive a Core Fund annuity payment. However, those retired participants who had elected participation in the Variable Fund and who do not elect to terminate their Variable Fund participation also receive a separate Variable Fund annuity. As shown in Table 3, the $87.1 billion annuity reserve represented the largest share (58.3 percent) of the WRS fiduciary net position as of December 31, 2025.

Table 3

WRS Reserve and Account Balances
As of December 31, 2025
(in millions)

Reserve/Account	Balance	Percentage of Total
Annuity Reserve	$ 87,053.6	58.3%
Employer Accumulation Reserve	30,039.6	20.1
Employee Accumulation Reserve	26,870.3	18.0
Market Recognition Account[1]	5,190.4	3.5
Other[2]	99.4	0.1
Total WRS Fiduciary Net Position	**$149,253.3**	**100.0%**

[1] The balance in this account will fluctuate based on investment performance. A negative balance represents investment losses that will be allocated in future years.

[2] Includes accounts that hold undistributed amounts for investments that have not yet been allocated and other administrative accounts.

The annuity reserve includes the dividend reserve, which is assets that are accumulated to fund the liability for the dividend adjustments that have been provided to participants in prior years. The dividend reserve increases when there are positive dividend adjustments and decreases when there are negative dividend adjustments. A dividend reserve of zero would reflect that all retired participants are receiving their original annuity amount. Since 2012, and at least annually thereafter, the WRS actuary has provided information on this component of the overall annuity reserve. The WRS funding policy indicates that the ETF Board and ETF will review dividend reserve levels and consult with the WRS actuary during its annual retired lives valuation discussion and as part of biennial stress testing.

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Pension Accounting Standards

Accounting standards for public pension plans establish accounting and financial reporting requirements for measuring the pension liability, as well as requirements for both the notes and required supplementary information to the WRS financial statements, and the GAAP-based financial statements of the employers that participate in the plan. The accounting standards require ETF to calculate the total pension liability and the net pension liability or asset for the WRS. Each of the participating employers in the WRS reports its proportionate share of this net pension liability or asset in its own financial statements if prepared under GAAP.

Calculating the Total Pension Liability

The total pension liability is the sum of the amounts needed to pay for the pension benefits earned by each participant.

The total pension liability for the WRS is the sum of the amounts needed to pay for the pension benefits earned by each participant based on service provided as of the date the actuarial valuation is performed. A total pension liability exists because the employers participating in the WRS have committed to provide benefits to their employees in the future when those employees retire. That commitment is part of employee compensation and constitutes a liability.

The calculation of the total pension liability is complex and includes various actuarial assumptions and calculations, such as:

- a projection of future benefit payments for current and former participants and their beneficiaries based upon the current terms of the WRS;
- a discount of those payments to their present value, or the amount of funds currently needed to provide the projected payments in the future; and

- an allocation of the present value of benefit payments over past, present, and future periods of employee service.

The total pension liability for the WRS was $147.0 billion as of December 31, 2025.

To determine the total pension liability for the WRS as of December 31, 2025, ETF's actuary performed an actuarial valuation as of December 31, 2024, and adjusted for changes in assumptions, interest earned, contributions paid, benefits paid, and dividend adjustments during 2025. As noted, a three-year experience study for the period January 1, 2021, through December 31, 2023, was presented to the ETF Board in December 2024, and at that time, the ETF Board approved changes in certain assumptions. The total pension liability for the WRS was $147.0 billion as of December 31, 2025.

A change in the discount rate can have a significant effect on the amount of the total pension liability.

The discount rate is one of the critical assumptions in calculating a pension plan liability, and it can have a significant effect on the amount of the total pension liability. The discount rate, or interest rate, is used to calculate the present value of projected benefit payments and is specifically defined under the accounting standards. ETF used the long-term expected rate-of-return assumption as of December 31, 2025, for the WRS, which is 6.8 percent, as the discount rate because current and projected future plan assets are expected to cover the projected benefit payments for the WRS. Increasing or decreasing the discount rate can have a significant effect on the total pension liability. For instance, a one percentage point decrease in the discount rate (5.8 percent) would increase the total pension liability to $161.9 billion. A one percentage point increase in the discount rate (7.8 percent) would decrease the total pension liability to $136.2 billion.

Calculating a Net Pension Liability or Asset

To determine the net pension liability or asset, accounting standards require the total pension liability to be subtracted from the pension plan's fiduciary net position. When the total pension liability is greater than the fiduciary net position, the pension plan will disclose a net pension liability in its notes. When the fiduciary net position is greater than the total pension liability, the pension plan will disclose a net pension asset in its notes.

ETF reported a net pension asset of $2.3 billion for the WRS as of December 31, 2025.

As of December 31, 2025, the WRS had a fiduciary net position of $149.3 billion and a total pension liability of $147.0 billion, which resulted in a net pension asset of $2.3 billion. A net pension asset indicates that, as of December 31, 2025, the assets of the WRS were sufficient to cover the projected liability for benefit payments to employees under the financial reporting standards. This is a $3.9 billion, or 239.1 percent, increase from the $1.6 billion net pension liability ETF reported as of December 31, 2024.

As shown in Table 4, the WRS has reported a net pension asset in two of the past five years. The fluctuation between a net pension liability and a net pension asset is largely associated with the change in fair value of the investments as of the end of each calendar year. Under the accounting standards, pension plan assets are valued at fair value as of the reporting period end date, which is December 31 for the WRS. The use of the fair value of the plan assets in the calculation will cause a large degree of volatility in the reported net pension liability or asset, depending upon investment performance and fluctuations in the investment market.

Table 4

WRS Net Pension Asset (Liability)
As of December 31
(in billions)

	2021	2022	2023	2024	2025
Fiduciary Net Position	$141.8	$118.4	$127.7	$134.5	$149.3
Total Pension Liability	(133.8)	(123.7)	(129.2)	(136.2)	(147.0)
Net Pension Asset (Liability)[1]	**$ 8.1**	**$ (5.3)**	**$ (1.5)**	**$ (1.6)**	**$ 2.3**

[1] May not sum due to rounding.

Actuarial Audit

As part of our audit, we retained an actuary to conduct an independent review of the actuarial calculation and actuarial valuation report for the WRS. The actuarial audit concluded that the actuarial valuation report of the WRS was prepared in compliance with GASB standards and the valuations were performed in accordance with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board.

The actuarial audit had one recommendation for improvement.

The actuarial audit had one recommendation for improvement. The consulting actuary for the WRS stated that they would consider the recommendation as part of the next triennial experience study.

Employer Reporting

Employers participating in the WRS have made a commitment to provide pension benefits and have an obligation to make contributions to fund those benefits.

As noted, the WRS is a cost-sharing, multiple-employer, defined-benefit pension plan with more than 1,600 participating employers. In this type of pension plan, the contributions are combined and the benefits are paid out of a common pool of assets. By participating in the WRS, employers have made a commitment to provide pension benefits to employees, and they are obligated to make contributions into the future to ensure that sufficient resources are available to make the benefit payments. Therefore, because the employers participating in the WRS have ultimate responsibility for the resulting pension obligations, each participating employer is required to report its proportionate share of the net pension liability or asset in its GAAP-based financial statements.

Each employer participating in the WRS must report its proportionate share of the net pension asset in its GAAP-based financial statements.

To assist employers participating in the WRS in determining the employer's proportionate share of these amounts, ETF has prepared a Schedule of Employer Allocations and a Schedule of Collective Pension Amounts as of and for the year ended December 31, 2025. We audited the employer schedules and provided unmodified opinions on them in report 26-11. Because the WRS has calculated a net pension asset for the year ended December 31, 2025, each employer participating in the WRS must report its proportionate share of the net pension asset in its GAAP-based financial statements.

The proportionate share of the net pension asset for State of Wisconsin agencies as of December 31, 2025, was $687.0 million, or 30.1 percent of the total net pension asset. Of this amount, $298.7 million related to the University of Wisconsin System. The net pension asset for the state agencies will be included in the State's GAAP-based financial statements, which will be published in the State of Wisconsin's ACFR as of and for the year ended June 30, 2026.

Comparison to Other Pension Plans

Differences in the structure of pension plans and timing of pension plan reporting affect the comparability across pension plans.

Comparability of the pension liability across public pension plans has increased with the use of accounting standards for pension plans that prescribe how the liability is calculated. However, because pension plans have different plan structures, planned asset allocations, and investment strategies, the comparability of pension plans is affected. In addition, because pension plans have varying fiscal year ends, changes in the condition of investment markets at different points in time during a year will also affect comparability.

We collected information from other cost-sharing, multiple-employer, defined-benefit plans that were part of the WRS peer group defined by a study performed by a private firm in 2020. At 101.6 percent, the WRS had the highest funded ratio in comparison to these plans, as shown in Table 5.

Table 5

Comparison of Selected Pension Plans Based on Financial Reporting Methodology[1, 2]
(in billions)

Pension Plan	Total Pension Liability	Fiduciary Net Position	Net Pension Asset	Net Pension Liability	Funded Ratio
Wisconsin Retirement System[3]	$147.0	$149.3	$2.3	n/a	101.6%
Illinois Municipal Retirement Fund[3]	0.1	0.1	n/a	$ 0.0	99.2
Iowa Public Employees' Retirement System	49.1	46.7	n/a	2.3	95.3
New York State and Local Retirement System[4]	296.3	273.1	n/a	23.2	92.2
Washington State Department of Retirement Systems	10.8	9.6	n/a	1.2	89.1
Ohio Public Employees Retirement System[3]	132.8	115.6	n/a	17.2	87.0
Virginia Retirement System—Teachers Retirement System	31.0	26.6	n/a	4.4	85.8
California State Teachers' Retirement System	433.9	370.2	n/a	63.7	85.3
State Teachers Retirement System of Ohio	114.5	96.3	n/a	18.2	84.1
Indiana Public Retirement System—Public Employees' Retirement Fund	20.3	17.0	n/a	3.3	83.7

[1] Based on information from other cost-sharing, multiple-employer, defined-benefit pension plans that were part of the WRS peer group defined by a study performed by a private firm in 2020.

[2] For the plan year ended June 30, 2025, unless otherwise noted.

[3] For the plan year ended December 31, 2025.

[4] For the plan year ended March 31, 2025.

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Auditor's Report

STATE OF WISCONSIN
Legislative Audit Bureau

Report 26-10

Joe Chrisman
State Auditor

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Madison, Wisconsin 53703

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee

Members of the Employee Trust Funds Board and
Ms. Diana Felsmann, Secretary
Department of Employee Trust Funds

We have audited the financial statements and the related notes of the Wisconsin Retirement System, administered by the Department of Employee Trust Funds (ETF), as of and for the year ended December 31, 2025. We have issued our report thereon dated September 9, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* which is issued by the Comptroller General of the United States. The financial statements and related auditor's opinion have been included in the *Wisconsin Retirement System Financial Report* for 2025.

Report on Internal Control over Financial Reporting

Management of ETF is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered ETF's internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ETF's internal control. Accordingly, we do not express an opinion on the effectiveness of ETF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent misstatements or to detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Wisconsin Retirement System's financial statements will not be prevented or that a material misstatement will not be detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Wisconsin Retirement System are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used when considering ETF's internal control and compliance. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of ETF's internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

LEGISLATIVE AUDIT BUREAU

Legislative Audit Bureau

September 9, 2026

Appendix

Appendix

Employee Trust Funds Board Membership

August 2026

Name	Affiliation	Board Member Since
William Ford, Chair	Elected by retired Wisconsin Retirement System (WRS) participants, and is a WRS annuitant	2011
Steven Wilding, Vice Chair	Appointed by the Wisconsin Retirement Board	2019
Chris Heller, Secretary	Appointed by the Teachers Retirement Board	2019
Mike Abler	Appointed by the Teachers Retirement Board	2024
Donna Bente	Administrator, Division of Personnel Management, Department of Administration	2025
Becky Easland	Appointed by the Wisconsin Retirement Board	2024
Beau James	Elected by participating employees of either technical college or school district educational support personnel, and is an active WRS participant	2024
Angela Miller	Appointed by the Wisconsin Retirement Board	2022
Karl Morrin	Appointed by the Teachers Retirement Board	2024
Justin Nickels	Appointed by the Wisconsin Retirement Board	2024
Michele Stanton	Appointee of the Governor, with advice and consent of the Senate, representing the public	2023
Ingrid Walker-Henry	Appointed by the Teachers Retirement Board	2025
Vacant	Designee of the Governor	

Response

STATE OF WISCONSIN
Department of Employee Trust Funds
Diana M. Felsmann
SECRETARY

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of Employee Trust Funds
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September 9, 2026

Joe Chrisman, State Auditor
Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53703

Dear Mr. Chrisman,

Thank you for the opportunity to review the audit report of the Wisconsin Retirement System (WRS) for the year ended December 31, 2025. The WRS continues to be in a strong financial position, with a 101.6% funded ratio, and recognized as a successful governmental defined benefit plan. As noted in the audit report, the WRS had the highest funded ratio in comparison to a peer group. We are pleased the audit did not find any deficiencies in internal control or identify any findings. The continued due diligence of the governing boards and staff administering the program, oversight by policymakers, and sound funding principles are fundamental to fulfilling ETF's mission to deliver quality benefits and services to our customers while safeguarding the integrity of the trust.

We appreciate the efforts of your staff in conducting the financial audit of the WRS.

Sincerely,

Diana Felsmann
Secretary