



## Wisconsin Retirement System Actuarial Audit

The Wisconsin Retirement System (WRS) is a cost-sharing, multiple-employer, defined-benefit plan that provides postretirement 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. Actuarial audits provide independent assurance that the work of the ETF consulting actuary was performed in accordance with actuarial standards of practice. After a formal request-for-proposal process, a contract was awarded to Cheiron, Inc., (Cheiron) to conduct an independent audit of the December 31, 2023 actuarial valuation and the three-year experience study, which covered the period from January 1, 2018, through December 31, 2020.

### **The actuarial auditor found the results of the December 31, 2023 WRS actuarial valuation were reasonable**

The actuarial auditor completed a “full-scope” actuarial audit of the WRS to verify and analyze the completeness and validity of the data used in the December 31, 2023 actuarial valuation. As part of the actuarial audit, the actuarial valuation was replicated based on the same data, assumptions, and methods that were used by ETF’s consulting actuary. Based on its replication, the actuarial auditor found the results of the December 31, 2023 actuarial valuation were accurate and generally conformed to actuarial standards of practice.

The actuarial auditor also assessed the reasonableness of the actuarial assumptions from the three-year experience study and found that most of these assumptions were reasonable.

## **The actuarial auditor provided comments and recommendations for improvement**

The actuarial auditor made recommendations for the ETF consulting actuary, including those related to:

- the salary increase assumption for certain employment classifications;
- the consideration of risks identified in the actuarial valuation report;
- the additional disclosure of actuarial methods; and
- clarification of the funding method used in the actuarial valuation.

In separate responses, both ETF and its consulting actuary describe the steps they will take to make future improvements.