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The WRS Study: What You Need to Know

Many questions have been asked about the current study of the Wisconsin Retirement System being undertaken by the Department of Employee Trust Funds. This communication provides some basic information about the study.

The Biennial State Budget (Act 32) that was signed into law last summer required a study of the Wisconsin Retirement System (WRS). The Department of Employee Trust Funds (ETF), the Department of Administration (DOA), and the Office of State Employment Relations (OSER) were directed to study the structure and benefits of the WRS. The study must specifically address the issues of (1) establishing a defined contribution plan as an option for participating employees; and (2) permitting employees to not make employee required contributions and limiting retirement benefits for those employees to a money purchase annuity. The study is due no later than June 30, 2012, and the findings and recommendations must be reported to the Governor and the Legislature's Joint Committee on Finance.

ETF is a non-partisan state agency overseen by the independent Employee Trust Funds Board with a core responsibility to act in the best interests of WRS members. ETF takes its responsibility to complete the study seriously and is currently gathering data and conducting research in order to complete it by the deadline. The WRS is a very healthy, fully-funded pension system. We believe the study will shed more light on how the WRS works, its unique features that make it so healthy, and how the WRS supports retirement security for public employees across Wisconsin at a reasonable cost. As noted above, the study will also look at the issues of offering an optional defined contribution plan and allowing employees to opt out of making their employee required contributions. The study will examine how such changes might affect the solvency, funding, mission, and structure of the WRS.

Wisconsin law provides that benefits already earned cannot be modified. No legislation has been introduced and, to our knowledge, no decision has been made to implement either of the two features mentioned above. Any such changes would have to be approved by the Legislature and signed into law by the Governor, and they could only apply to the accrual of future benefits.

The study will be publicly available after it has been submitted to the Governor and the Joint Finance Committee.