

## **Fact Sheet: Wisconsin Retirement System (WRS)**

**WRS is well managed.** WRS has about \$80 billion in assets. It is “fully funded” (99.7%) which means the WRS assets can cover all expected *current and future* retirement payments. WRS is rated in the *top four public retirement systems* nationally.

**WRS pensions are not overly generous.** In 2010 the average WRS retirement benefit was \$23,800 a year. 83% of WRS annuities were less than \$40,000 per year. \$26% were less than \$10,000 per year. This is close to the average for other states and private sector defined benefit retirements.

**WRS did not cause the budget deficit.** Between 2003 and 2009, 80-90% of Department of Employee Trust Funds (ETF) revenue came from *investment earnings*. Two thirds (66%) of WRS benefits paid in 2010 were funded *by investment returns*. ETF’s 2010-11 administrative budget was \$31 million. It received only \$671,600 in General Purpose Revenue.

**WRS is not properly part of the state budget.** It is a trust fund managed for the benefit of the participants. WRS is compensation paid to employees and is no longer “taxpayer” money. This is a fiduciary duty that can not be broken for budget balancing purposes.

**Defined contribution plans shift the risk from the employer to the employee.** In defined contribution plans, the employer is *only* responsible for providing the employer contribution. They have no responsibility for the final retirement income, its stability, or its adequacy.

**WRS offers many “benefits” of defined contribution plans.** WRS provides individual accounts, portability (or the option to stay with WRS) at separation, individual additional contributions, and participation in “market” returns“. WRS offers a defined contribution type of option with the “money purchase” calculation at retirement.

**Voluntarily participation will weaken WRS. for everyone.** It will siphon off contributions from younger workers and increase contribution rates for the remaining WRS participants. The larger the group the more you can spread risk and diffuse management costs.

**WRS has risk management mechanisms.** WRS offers a guaranteed monthly benefit for core annuitants and “smooths” market losses over a five year period. Defined contribution plans fluctuate with the market.

**WRS is good for Wisconsin’s economy.** In 2006, WRS beneficiaries (86% of them live in Wisconsin) spent \$4.5 billion, accounted for over 33,000 jobs that paid \$1.7 billion in wages and salaries and over \$730 million in federal, state, and local taxes. In 2010, WRS invested \$13 billion in Wisconsin companies and companies with Wisconsin employees.

**I am retired. I don’t have to worry.** Think again! Walker’s plans will weaken the entire system over time and result in higher cost and lower annuity adjustments for existing retirees.

**Walker’s “study” of WRS is a smoke screen** for a national agenda to privatize all pensions. Walker’s agenda will not be beneficial to you or your future retirement security.

**If it isn’t broken don’t fix it!**