

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!