

INVESTMENT BOARD

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY25 Adjusted Base	FY26 Recommended	% Change Over FY25	FY27 Recommended	% Change Over FY26
PR-O	102,814,700	102,814,700	0.0	102,814,700	0.0
TOTAL	102,814,700	102,814,700	0.0	102,814,700	0.0

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY25 Adjusted Base	FY26 Recommended	FTE Change Over FY25	FY27 Recommended	FTE Change Over FY26
PR-O	298.00	298.00	0.00	298.00	0.00
TOTAL	298.00	298.00	0.00	298.00	0.00

AGENCY DESCRIPTION

As of June 30, 2024, the board managed approximately \$160.2 billion in assets. The trust funds of the Wisconsin Retirement System comprise nearly 86 percent of the funds under management at \$137.0 billion in assets. The Wisconsin Retirement System is a risk-sharing defined benefit plan. It is a hybrid model in that it contains elements of a defined benefit plan and a defined contribution plan, similar to a 401(k). The board works to protect and grow the assets of the Wisconsin Retirement System for the benefit of the approximately 677,000 participants who count on the pension for a more secure financial future. The Wisconsin Retirement System consistently ranks among the ten largest public pension funds in the United States.

The board also manages the state investment fund, which invests the commingled cash balances of the state and its agencies, local governments, and the Wisconsin Retirement System. Funds are managed to protect principal, provide liquidity and enhance returns. In addition, the board manages several separate trust funds. Each separate fund has investment objectives to fulfill specific financial needs and requirements.

The board is comprised of nine trustees, selected as follows:

- Five public members appointed by the Governor with the advice and consent of the Senate to staggered six-year terms. Four of these five members must possess at least ten years of investment experience.
- One member representing a local government that participates in the Local Government Investment Pool. This member is appointed by the Governor with the advice and consent of the Senate to a six-year term and must meet prescribed statutory eligibility criteria.

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- Two members must be Wisconsin Retirement System participants. One member is appointed by the Teachers Retirement Board from among Wisconsin Retirement System teacher participants and the other is appointed by the Wisconsin Retirement Board from among Wisconsin Retirement System nonteacher participants, for six-year terms.
- One member is the secretary of the Department of Administration, or his or her designee.

MISSION

To be a trusted and skilled global investment organization contributing to a strong financial future for the beneficiaries of the funds entrusted to the board.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Investment of Funds

Goal: Earn a reasonable rate of investment return, with an appropriate level of risk, for each fund managed.

Objective/Activity: The board strives to exceed measurable investment goals for each fund. The board's overall objective for each fund it manages is to seek aggregate investment returns in excess of the applicable benchmarks over all cumulative time periods constructed with a prudent level of risk. The investment objective for the Wisconsin Retirement System trust funds is to achieve a long-term rate of return that will help the system meet pension obligations to current and future beneficiaries. Successful investment performance reduces the amount that participants and taxpayers contribute to the funding of system benefits and provides for increases in pension benefits. The investment objective for the state investment fund is to exceed its established performance benchmark while ensuring the safety of principal and liquidity. The investment objective for the separately managed funds is to meet annual fund cash flow requirements, as established by their governing boards.

PERFORMANCE MEASURES

2023 AND 2024 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2023	Actual 2023	Goal 2024	Actual 2024
1.	Investment returns for the Wisconsin Retirement System exceed market index returns for the asset classes in which the funds are invested on a net basis. ¹	Net investment returns exceed market performance benchmarks on a one-, five- and ten-year basis	<u>Core:</u> 1 Year: Yes 5 Year: Yes 10 Year: Yes <u>Variable:</u> 1 Year: Yes 5 Year: No 10 Year: No	Net investment returns exceed market performance benchmarks on a one-, five- and ten-year basis	<u>Core:</u> 1 Year: Yes 5 Year: Yes 10 Year: Yes <u>Variable:</u> 1 Year: No 5 Year: No 10 Year: No
1.	Long-term investment returns for the core retirement fund meet or exceed the rate of return assumed by Wisconsin Retirement System actuary. ^{1,2}	Net return averages at least 6.8% annually over the long term (five and ten years)	5 Year: 6.25% 10 Year: 7.25%	Net return averages at least 6.8% annually over the long term (five and ten years)	5 Year: 9.4% 10 Year: 7.09%

Note: Based on calendar year.

¹Returns reported Net of Fee. The 10-year returns are reported net of external manager fees.

²The assumed rate of return is established by the Employee Trust Funds Board, acting on recommendation of its independent consulting actuary.

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2025, 2026 AND 2027 GOALS

Prog. No.	Performance Measure	Goal 2025	Goal 2026	Goal 2027
1.	Long-term investment returns for the core retirement fund meet or exceed the rate of return assumed by Wisconsin Retirement System actuary. ^{1,2}	Net return averages at least 6.8% annually over the long term (five and ten years)	Net return averages at least 6.8% annually over the long term (five and ten years)	Net return averages at least 6.8% annually over the long term (five and ten years)
1.	Investment returns for the Wisconsin Retirement System exceed market index returns for the asset classes in which the funds are invested on a net basis. ¹	Net investment returns exceed market performance benchmarks on a one-, five- and ten-year basis	Net investment returns exceed market performance benchmarks on a one-, five- and ten-year basis	Net investment returns exceed market performance benchmarks on a one-, five- and ten-year basis

Note: Based on calendar year.

¹Returns reported Net of Fee. The 10-year returns are reported net of external manager fees.

²The assumed rate of return is established by the Employee Trust Funds Board, acting on recommendation of its independent consulting actuary.

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**Table 1
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY24	ADJUSTED BASE FY25	AGENCY REQUEST FY26	AGENCY REQUEST FY27	GOVERNOR'S RECOMMENDATION FY26	GOVERNOR'S RECOMMENDATION FY27
PROGRAM REVENUE (2)	\$126,335.4	\$102,814.7	\$102,814.7	\$102,814.7	\$102,814.7	\$102,814.7
State Operations	126,335.4	102,814.7	102,814.7	102,814.7	102,814.7	102,814.7
TOTALS - ANNUAL	\$126,335.4	\$102,814.7	\$102,814.7	\$102,814.7	\$102,814.7	\$102,814.7
State Operations	126,335.4	102,814.7	102,814.7	102,814.7	102,814.7	102,814.7

(2) Includes Program Revenue-Service and Program Revenue-Other

**Table 2
Department Position Summary by Funding Source (in FTE positions)**

	ADJUSTED BASE FY25	AGENCY REQUEST FY26	AGENCY REQUEST FY27	GOVERNOR'S RECOMMENDATION FY26	GOVERNOR'S RECOMMENDATION FY27
PROGRAM REVENUE (2)	298.00	298.00	298.00	298.00	298.00
State Operations	298.00	298.00	298.00	298.00	298.00
TOTALS - ANNUAL	298.00	298.00	298.00	298.00	298.00
State Operations	298.00	298.00	298.00	298.00	298.00

(2) Includes Program Revenue-Service and Program Revenue-Other

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**Table 3
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY24	ADJUSTED BASE FY25	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY26	FY27	FY26	FY27
1. Investment of funds	\$126,335.4	\$102,814.7	\$102,814.7	\$102,814.7	\$102,814.7	\$102,814.7
TOTALS	\$126,335.4	\$102,814.7	\$102,814.7	\$102,814.7	\$102,814.7	\$102,814.7

**Table 4
Department Position Summary by Program (in FTE positions)**

	ADJUSTED BASE FY25	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY26	FY27	FY26	FY27
1. Investment of funds	298.00	298.00	298.00	298.00	298.00
TOTALS	298.00	298.00	298.00	298.00	298.00