

The State of Wisconsin Investment Board (SWIB) manages the assets of the Wisconsin Retirement System (WRS) and other state trust funds. The information provided below is as of Dec. 31, 2018, unless otherwise stated.

Wisconsin Retirement System Ranks Among the Best

- One of the nation's only fully funded public employee retirement systems
- Core Fund annualized 10-year gross return as of 12/31/18 was 8.8%, which exceeds the WRS investment target
- Investment returns account for about 75 percent of the income needed to fund the WRS
- 8th largest public pension fund in the US; 25th largest public or private pension fund in the world
- Over 632,000 participants: current and former employees of Wisconsin's state agencies and most local governments other than the City of Milwaukee and Milwaukee County; 1,500 state and local employers

SWIB's Investment Management Adds Billions Over the Long Term

- SWIB earned \$2.69 billion above the benchmark over 10 Years; \$224.5 million above the benchmark over 5 years
- Manages more than \$110 billion in assets; 93 percent, or \$100.6 billion, comprise the WRS Trust Funds
- Two retirement funds
 - \$93.5 billion Core Fund includes holdings in global stocks, bonds, real estate and private equity
 - \$7.1 billion Variable Fund, optional stock fund
- SWIB uses both internal and external managers and active and passive strategies to implement the asset allocation decisions for WRS assets

Managing Assets Internally Saves Money

- Qualified staff allow for lower-cost, in-house investing while maintaining strong performance to the benefit of taxpayers and WRS participants
- Costs are lower than peers because SWIB attracts and retains qualified professionals to manage money in-house
- SWIB uses its own team to invest a majority of assets for multiples less than what it would pay external managers to do the same work
- Compared to its peers, SWIB saved approximately \$90 million in 2017 (the latest data available), and \$1.3 billion from 2008 to 2017, due to having fewer high cost assets and more internal management, according to an independent cost consultant

Paying for Performance Works

- On average, eighty-five percent of incentive compensation awards are based on five-year performance to avoid excessive short-term focus and risk taking and to align with WRS benefit adjustments
- SWIB compensates employees based on ability, contributions and risk-adjusted performance
- Investment management is a specialized skill and competition for staff comes from the private sector
- Pay for performance plan has proved effective in hiring and keeping well-trained and dedicated experts needed to maintain the retirement system and manage investment risk
- Total compensation (salary plus incentive compensation) is less than the average paid by banks, insurance companies, etc., and significantly lower than East and West coast financial centers
- Trustees -- with the help of an independent compensation consultant -- set the terms of the plan

Contact

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