



Ohio Retirement Study Council

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To: Senator Romanchuk
From: Jeffery A. Bernard, Senior Research Associate
Date: June 21, 2024
Subject: State of Wisconsin Investment Board (SWIB) Composition

You asked ORSC staff to review the board appointment requirements for the State of Wisconsin Investment Board (SWIB). SWIB is responsible for the investment management of the trust funds of the Wisconsin Retirement System (WRS), State Investment Fund, and several other smaller trust funds in Wisconsin. The vast majority of the assets under management by SWIB are from the WRS (89%).

WRS is composed of a number of state retirement systems, the largest of which are Wisconsin Retirement and Teachers Retirement systems. The WRS is itself administered by the Wisconsin Department of Employee Trust Funds (ETF). The ETF sets the *administrative* standards and guidance for all the boards included in the Wisconsin Retirement System.

Representatives of SWIB described Wisconsin's "two-sides of the same coin" approach, where SWIB *controls investments* and the ETF *administers the benefits* in Wisconsin. While the Wisconsin Retirement Board is composed almost entirely of Governor's appointees, the Teachers Retirement Board is majority elected. This memo primarily addresses the composition of SWIB.

Composition of the State of Wisconsin Investment Board (SWIB)

SWIB is a professional board composed of nine members. Six appointed by the Governor with the advice and consent of the Senate, one ex-officio of the Department of Administration, and two WRS participants. According to SWIB staff, the appointed members are typically those who have retired from a career of some sort of investment or asset management.¹ Under Wisconsin Statutes & Annotations 15.76, the SWIB is composed of:

- 1) The Secretary of Administration (or designee).
- 2) One appointed representative of a local government that participates in the local government pooled-investment fund. The member shall be employed by the local government in a finance position and have had

¹ Telephone conversation between Jay Risch, SWIB Government Relations and Jeff Bernard (6/14/2024).

at least 10 years of financial experience but may not be an elected official. The requirements also include county/city size limitations.

- 3) Five appointed members, four of whom must have at least 10 years' experience in making investments, but any person having a financial interest in or whose employer is primarily a dealer or broker in securities or mortgage or real estate investments is not eligible;
- 4) Two appointed participants in the Wisconsin Retirement System, one of whom must be a teacher participant appointed by the Teacher Retirement Board, and one of whom must be a participant other than a teacher appointed by the Wisconsin Retirement Board.