

Wyoming Retirement System

InGov™ Profile Benchmarking Results

December 2018



Overview

- This benchmarking profile for the Wyoming Retirement System (WRS) was prepared based upon:
 - Survey responses from WRS staff during November 2018
 - Prior Funston Advisory Services (FAS) public pension fund benchmarking studies
 - FAS experience in working with other public pension funds
- WRS responses are indicated on most charts with green shading

Summary of Conclusions

Board of Trustees

- The size of the WRS Board is typical, but is more heavily appointees than peers, with no elected members
- Most peer funds have a requirement that one or more appointed trustee have expertise in investment, financial management, actuarial or insurance matters; with ten appointed trustees, WRS is on the low end with a requirement for one trustee with expertise
- The six-year trustee terms at WRS are longer than the typical 3-4 year terms at peers
- The WRS Board has fewer Board meetings than most peer funds
- Although WRS has fewer Board meetings, the trustees spend at least as much time as trustees at peer funds as a result of committee meetings, legislative advocacy and interactions with staff
- The amount of time spent by WRS staff supporting the Board is typical
- Similarly, the number of pages supplied to board members for each meeting is also typical
- The areas where the Board seeks independent third-party advice (legal, investments, actuarial, governance/ leadership) is typical
- The WRS Board has most of the typical committees found at peer integrated funds, although a committee focused on personnel and compensation is also usually found
- The WRS Board spends proportionally more time in committee meetings and less in full Board meetings than most peer funds

Summary of Conclusions

Authorities

- Although many peer agencies have more budgeting autonomy, which is a leading practice, WRS's budgeting authorities are typical for its peer group
- Similarly, many peer agencies have leading practice autonomy to hire additional staff; WRS's authorities are common for its peer group
- It is more common for peer fund Boards to have additional staff compensation authority
- WRS' procurement authorities are more restricted than peer funds; prevailing practice is to have relief from standard policies and rules for procurement of investment consultants and other direct investment-related support services (portfolio accounting systems, risk management tools, etc.)

Organization

- WRS utilizes prevailing practice with formal delegations of authority and ED annual performance evaluations
- WRS is leading practice in having a succession plan for the agency ED
- The WRS organization has most of the senior executive positions found at peer funds, with the exception of Chief Technology Officer and Chief Financial Officer

Summary of Conclusions (continued)

Asset/Liability Study

- WRS practice of updating the asset/liability study annually is a lagging practice; typical and prevailing practice is 3-5 years

Powers Reserved and Delegations

- WRS Board delegation of investment manager hiring/firing and evaluation to staff could be considered leading practice
- Delegation of portfolio allocations and risk management to staff is consistent with delegation of manager selection, with Board oversight
- The WRS Board appears to be more involved in the development of the Investment Policy Statement than peer funds

Summary of Conclusions (continued)

Investment-Related Decision Making

- The WRS practice of staff-led search processes for public and private asset managers, with consultant assistance for private assets, is consistent with peer funds
- WRS due diligence participation is consistent with its peer group, with the exception that most peers have participation in operational due diligence by their operations staff
- WRS investment manager monitoring site visits are less frequent than most peer funds; in particular, lack of site visits to international managers is a lagging practice for WRS
- WRS appears to extensively monitor its transaction costs
- WRS investment staff training types and venues appears to be comparable to most funds

Custodian

- WRS utilizes a broad range of services from its custodian, slightly more than most peers

Communications

- WRS has a documented communications plan, a leading practice, which has extensive coverage of various stakeholder groups
- WRS trustees appear to have a more formal communications role with constituent groups than most peer funds
- Meetings with employers appear to be less frequent for WRS than peers

Board Composition

- The typical retirement agency Board has a mix of ex-officio, appointed and elected members
- The WRS Pension Board size is typical, but the composition is more heavily appointees, with no elected members, compared to the peer group

	Ex-Officio				Appointed				Elected				Total			
	Min	Max	Med	WRS	Min	Max	Med	WRS	Min	Max	Med	WRS	Min	Max	Med	WRS
Public Officials	0	3	1	1	0	1	0	0	0	0	0	0	0	3	1	1
Plan Participants	0	0	0	0	0	6	1	2	0	6	1	0	1	6	5	2
Union Representatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retirees	0	0	0	0	0	2	0	1	0	2	1	0	0	2	1	1
Members of the Public	0	0	0	0	1	7	4	5	0	0	0	0	1	7	4	5
Industry Representatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employer Representatives	0	1	0	0	0	2	0	2	0	0	0	0	0	2	0	2
Total	0	4	1	1	4	11	5	10	0	7	2	0	5	15	11	11

Source: 2015 FAS Benchmarking Study of State and County Retirement Agencies

Board Composition

- Some jurisdictions specify qualifications for appointed members; the requirements vary significantly from one to another

Appointed members. N=6	Yes	No	Not Applicable
Are specific qualifications required for trustees? If so, what are they?	4	2	1
Comments:			
Must be competent by training or experience in finance, accounting or pensions.			
One must have at least five years of experience in actuarial analysis, administration of an employee benefit plan, or significant administrative responsibility in a major insurer			
Three members of the board must have experience in business management, pension management or investing.			
A non-representative member may not be appointed to the board unless the person possesses at least one of the following qualifications: (a) at least twelve years of professional experience in the financial management of pensions or insurance plans; (b) at least twelve years academic experience and holds a bachelor's or higher degree from a college or university as classified by the Carnegie Foundation; (c) at least twelve years of professional experience as a certified public accountant with financial management, pension, or insurance audit expertise; (d) at least twelve years as a Certified Financial Planner credentialed by the Certified Financial Planner Board of Standards; or (e) at least twelve years membership in the South Carolina Bar and extensive experience in one or more of the following areas of law: (i) taxation; (ii) insurance; (iii) health care; (iv) securities; (v) corporate; (vi) finance; or (vii) the Employment Retirement Income Security Act (ERISA). (2) A representative member may not be appointed to the board unless the person: (a) possesses one of the qualifications set forth in item (1); or (b) has at least twelve years of public employment experience and holds a bachelor's degree from a college or university as classified by the Carnegie Foundation.			

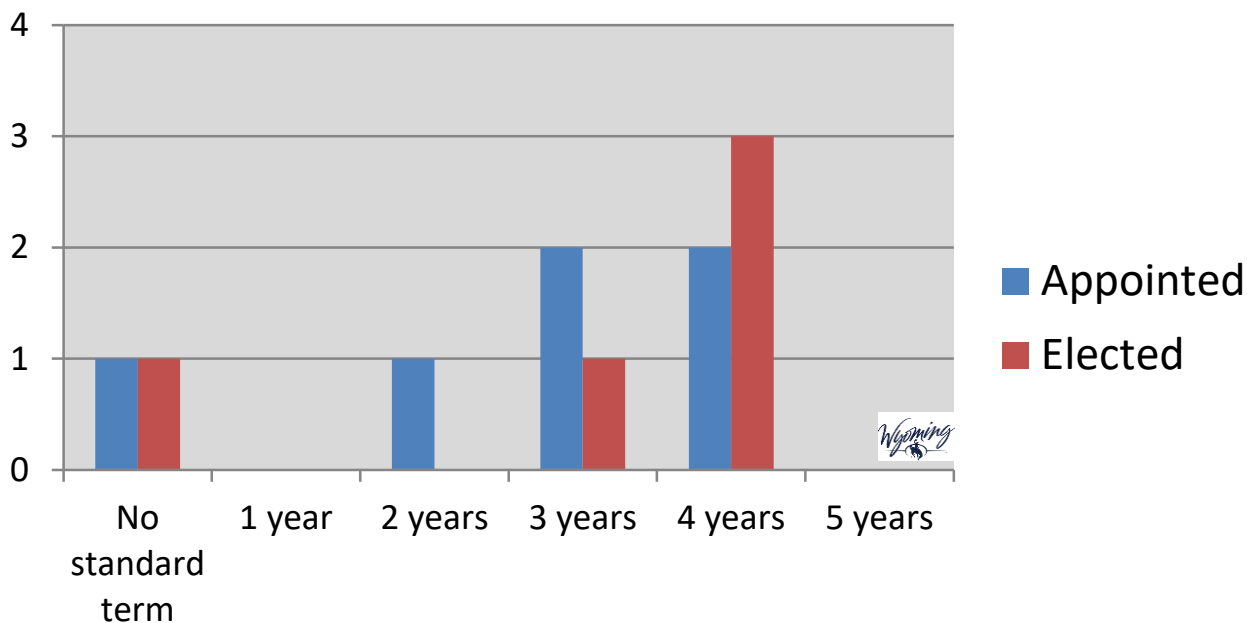
Source: 2015 FAS Benchmarking Study of State and County Retirement Agencies

Green shading indicates WRS response

Board Composition

- The typical term for elected and appointed trustees is three or four years; WRS trustees have a longer term at six years
- Leading practice is to stagger trustee terms, as WRS does, for improved continuity
- None of the peer agencies have term or age limits for board members

Is there a standard length of an elected or appointed trustee's term?



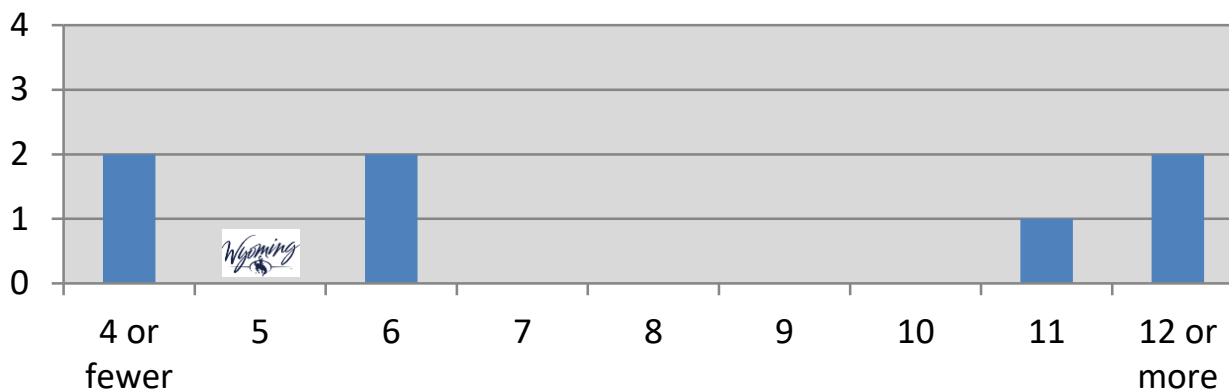
	Yes	No
Are trustee terms staggered to ensure continuity?	5	2

Source: 2015 FAS Benchmarking Study of State and County Retirement Agencies

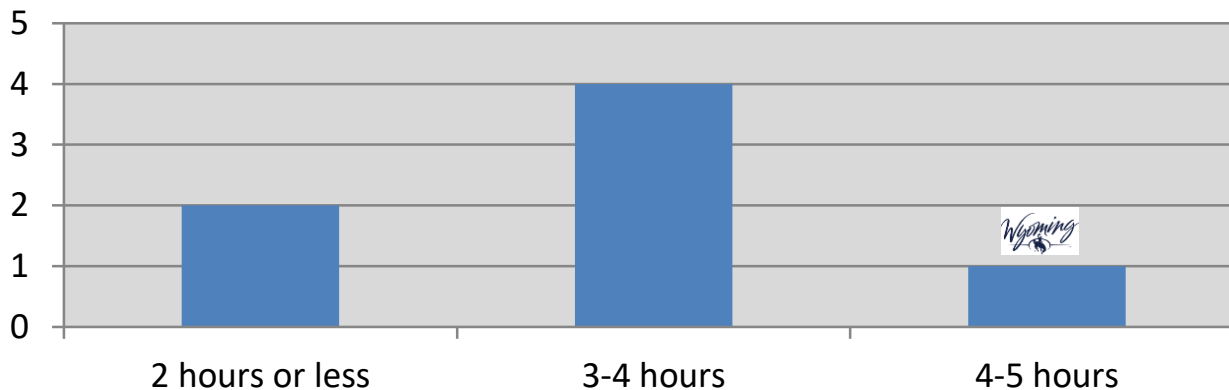
Board Practices

- Four of the peer agency boards meet six times annually or less
- Three of the agencies, including WRS, meet 11 or more times per year (one meets twice monthly)
- WRS board meetings, at 4-5 hours in length, are slightly longer than the peer group

On average, how many times has your Board met annually over the past three years?



What is the typical duration of a meeting of the full Board?

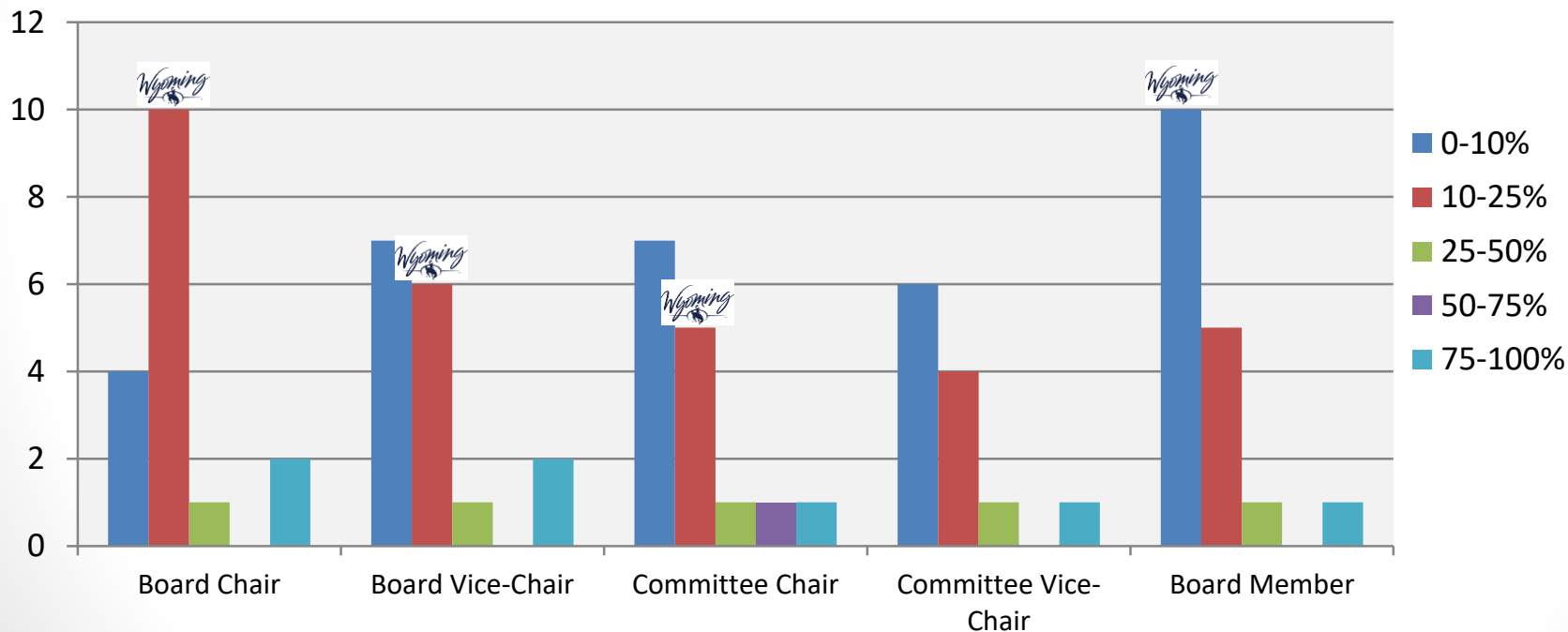


Source: 2015 FAS Benchmarking Study of State and County Retirement Agencies

Board Practices

- Fourteen of the 17 board chairs in this large fund peer group spend up to 25% on board matters; consistent with the WRS chair.
- In 12 of the 15 funds with committee chairs, the chairs spend up to 25% of their time on board matters, similar to WRS.
- In 10 of the 17 boards, the average board member spends up to 10% of their time on board matters, similar to WRS.

On a full time equivalent (FTE) basis, how much time do board members dedicate to your board, by category?



Board Practices

- Among the peer group, the Executive Director typically develops the draft Board agenda and the Board provides feedback, similar to WRS practice

Which statement most closely describes how the Board agenda is set? (N=7)	Yes
The chair prepares the draft agenda and asks the Board and Executive Director/CEO for feedback	0
The Executive Director/CEO prepares the draft agenda and asks the Board for feedback	5
Board members and the Executive Director/CEO submit their requests to the chair and the chair finalizes the agenda	1
Staff prepare the agenda and distribute to the Board. Board members may request to include specific agenda items provided the request is timely.	1

Source: 2015 FAS Benchmarking Study of State and County Retirement Agencies

Board Practices

- All the participants in a recent study of large public funds utilize a board portal to distribute meeting materials; a board portal is becoming prevailing practice
- Four of nine funds also offer the option of hard copies to trustees
- WRS use of a board portal is prevailing practice

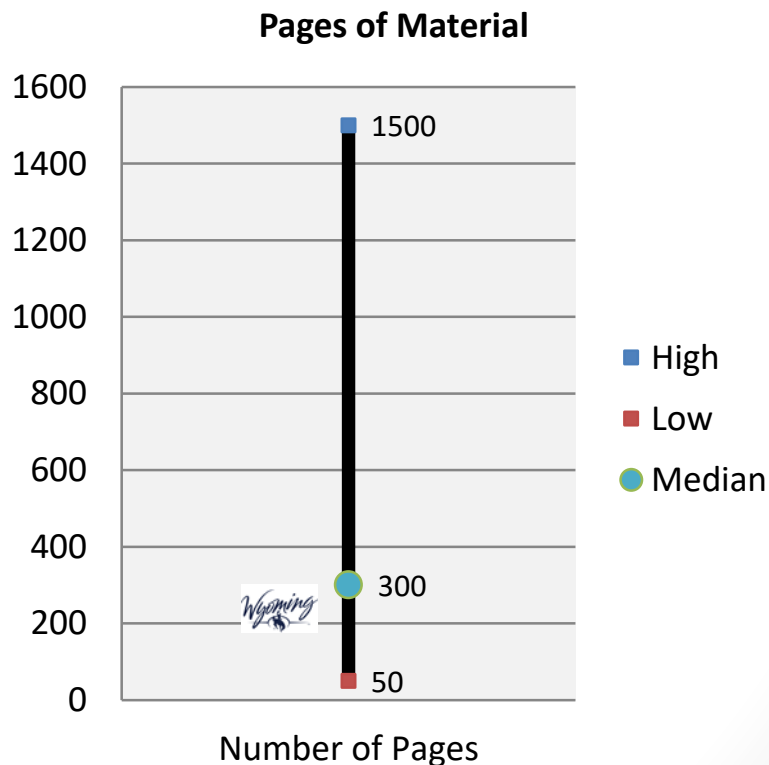
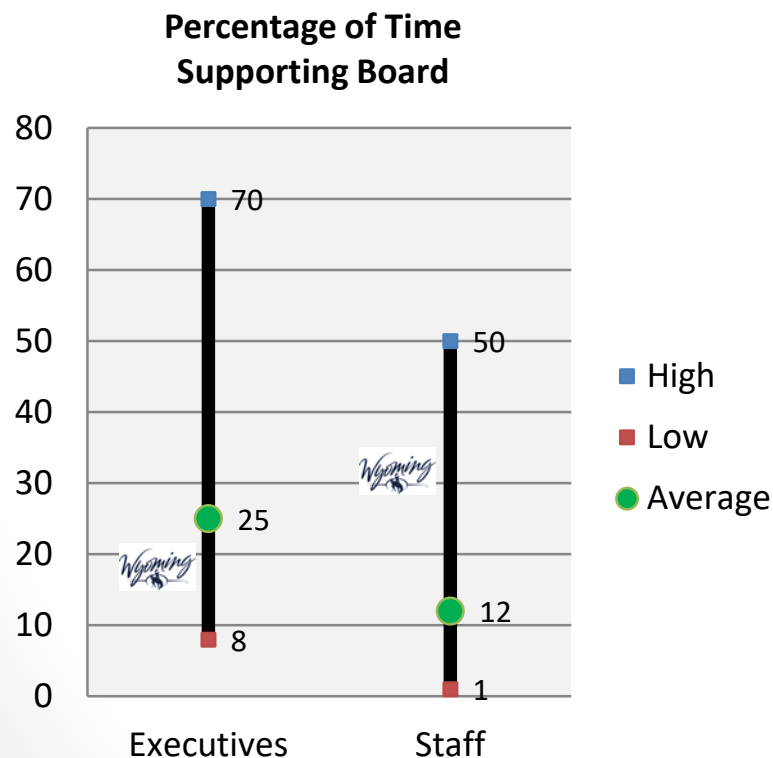
How are your board meeting packages distributed to trustees?	Responses (N = 10)
Everything is provided digitally via our board portal	9
Everything is provided in hard copy via courier	
Some receive materials digitally and others in hard copy, depending upon their preference	4
We provide a mix of digital and hard copy materials to each member	

Source: 2018 FAS Board Reporting Benchmarking Study

Board Time Commitment

- Executives and staff board support efforts vary widely among the survey group; WRS Board support time is typical
- Similarly, the number of pages supplied to board members for each meeting also varies dramatically; the WRS Board packages appear to be of manageable size

On average, what percentage of time is spent supporting the board (e.g., preparing for meetings, responding to board requests, etc.)? Approximately how many pages of material does each board member receive for a regularly scheduled board meeting and committee meetings?



Source: 2011 FAS Governance Benchmarking Study

Third-Party Advice to the Board

- The areas where the WRS Board utilizes outside expertise is similar to most other funds

For what topical areas does the board utilize independent third-party expertise? (N=17)	Yes	No
• Legal	15	2
• Investment	15	2
• Actuarial	13	4
• Governance / leadership	10	7
• Pension benefit plan design	6	11
• Legislation	6	11
• Health benefit plan design	6	11
• Strategy	5	12
• Public relations	4	13
• Other	1	16

Source: 2011 FAS Governance Benchmarking Study

Board Committees

- The WRS Board has most of the typical committees found at peer integrated funds, although a committee focused on personnel and compensation is also usually found

What committees exist, are they standing, ad hoc or advisory, and are there any specific competency and/or experience requirements?

Committees (N=15)	Standing and Ad Hoc		WRS Comments
	Survey	WRS	
Average Number of Committees	6.5		
Audit	15		
Investment <u>1/</u>	15		3hrs @ 4 quarterly board meetings; 8 hrs at 4 committee only meetings (1 prior to each board meeting)
Performance & Compensation / Personnel	13		
Board Governance <u>2/</u>	9		
Finance / Budget	9		
Shareholder Responsibility/Corporate Governance	7		
Pension Benefits / Actuarial	7		
Appeals / Disability Review	6		
Risk	4		
Policy / External Affairs	4		
Executive	4		
Health Benefits <u>3/</u>	4		
Administrative	3		
Legislation	3		
Deferred Compensation 457 Plan			
Other	9		

1/ Two smallest funds oversee investments with the whole board

2/ Includes Ethics Committee and Nominations Committee

3/ Seven funds offer health benefits to members

Source: 2011 FAS Governance Benchmarking Study

Board Committees

- WRS committee meeting frequency and time is typical of the peer group, although the Investment Committee appears to spend more time than at peers
- On average, the peer boards spend 43 hours per year meeting as the full board, compared to 25 at WRS
- Peer Board committees meet for 74 hours per year compared to 85 for WRS

How many trustees serve on each committee? How many times per year do the board and committees meet? Typically, how long are the board and committee meetings (in hours)?

	Avg. Members		Avg. Mtgs./Year		Mtg. Length (hrs)		Annual Mtg. Time	
	Survey	WRS	Survey	WRS	Survey	WRS	Survey	WRS
Overall Board	12.9	11	8.5	5	5.1	5	43	25
Audit	5.9	5	4.5	6	2.0	1	9	6
Investment	9.1	5	6.3	8	4.0	6	25	48
Performance & Compensation / Personnel	5.2		4.0		1.8		7	
Board Governance	5.8	5	3.4	6	1.9	2	6	12
Finance / Budget	5.3		4.4		1.6		7	
Shareholder Responsibility/Corporate Governance	6.0		4.0		1.8		7	
Appeals / Disability Review	5.0		8.0		1.6		13	
Pension Benefits / Actuarial	7.8	5	5.3	5	2.4	2	13	10
Policy / External Affairs	5.0		3.7		1.2		4	
Health Benefits	7.8		8.7		2.3		20	
Executive	5.0		4.0		3.0		12	
Administrative	6.0		8.0		1.0		8	
Legislation	5.5		5.5		1.5		8	
Risk	5.7		6.3		2.0		13	
Deferred Compensation 457 Plan		5		6		1.5		9
Other	4.9		7.0		1.7		12	
Committee Averages	6.0	5	5.5	6.2	2.0	2.7	74	85

Source: 2011 FAS Governance Benchmarking Study

Board Authorities

- Although several peer agencies have more budgeting flexibility, WRS’s budgeting authorities are typical for the peer group

Which statement best describes your organization’s process for establishing its annual operating budget and spending authority?	N = 7
Our retirement system trustees have the authority to set our budget without legislative approval	1
Our retirement system trustees establish our budget and report it to the legislature/county board	0
Our retirement system trustees establish our budget and submit it to the legislature/county board for approval	1
Our retirement system is part of the annual state/county budget setting process	4
Our retirement system trustees can budget and spend up to a fixed percentage of our plan liability without legislative review	1

Source: 2015 FAS Benchmarking Study of State and County Retirement Agencies

Board Authorities

- Although several peer agencies have more staffing flexibility, WRS’s headcount authorities are also typical for the peer group

Which statement best describes your organization’s ability to hire additional internal staff?	N = 7
Our retirement system trustees have the authority to allow us to hire as we believe to be prudent	2
Our retirement system trustees must receive approval to add headcount from the legislature or an executive agency	4
Our retirement system trustees can allow hiring of additional internal headcount as long as we remain within our authorized spending level	0
Board only hires Executive and Deputy Director. All other employees are Treasury appointed or union employees.	1

Source: 2015 FAS Benchmarking Study of State and County Retirement Agencies

Board Authorities

- With about half the peer group, staff compensation is subject to constraints imposed by an executive agency or the legislature, similar to WRS

Which statement best describes your organization's ability to set internal staff compensation?	N = 7
Our retirement system trustees have full authority to set staff compensation	2
Our retirement system trustees have authority to set compensation for some, but not all, positions, subject to approval by an executive state agency	1
With the exception of defined exempt positions, our staff compensation must be within defined ranges set by the legislature	0
Our staff compensation must be within ranges set by the legislature and there are staff compensation limits at every level	2
Compensation ranges and position classification are set by an executive state agency	1
Set by law or other agency	1

Source: 2015 FAS Benchmarking Study of State and County Retirement Agencies

Board Authorities

- In this investment board peer group, the Treasurer is the custodian of record at three investment boards and the pension administration board is the custodian at one investment board.
- However, at only one fund does the Treasurer select the custodial bank and manage the relationship.

Who is the custodian of legal record for your pension fund?	Responses (N=7)
Investment Board of Trustees	3
Pension Administration Board	1
State Treasurer	3

Who is responsible for approving the selection of the custodial bank?	Responses (N=7)
Investment Board of Trustees	5
Pension Administration Board	0
State Treasurer	2
Comments:	
By statute, our custody bank contract must be signed by the State Treasurer. However, the investment staff develops the RFP, conducts the search, makes the selection, and administers the contract.	
The board may designate the state treasurer or a master custodial bank approved by the state treasurer as the custodian of the retirement account	

If the answers to the above two questions are different, is this by:	Responses (N=2)
Delegation	0
Statute	2

Source: 2014 FAS Investment Board Benchmarking Study

Board Authorities

- Investment services are not subject to standard purchasing policies at any of the seven investment boards in the survey.
- Similarly, procurement of investment consultants or other direct investment support services are exempt from standard state purchasing policies at most of the investment boards; WRS is unusual in being required to procure these services under standard procurement processes.
- However, at most of the investment boards, routine goods and services not related to investments are subject to standard state purchasing policies.

Which goods/services are subject to standard state purchasing policies and rules? (N=7)	Not subject to State purchasing requirements	Subject to modified State purchasing requirements	Subject to standard State purchasing requirements
Investment services (e.g., investment manager contracts)	4	3	0
Investment consultants	4	2	1
Other direct investment support services (e.g., trading systems, portfolio accounting, risk management)	3	2	2
Routine goods and services (e.g., furniture, computers, non-investment services)	2	1	4
Comments:			
While not specifically subject to state purchasing requirements, we use state purchasing requirements as a guide. Responded: "Subject to modified State purchasing requirements".			

Source: 2014 FAS Investment Board Benchmarking Study

Board/ Staff Interaction

- WRS is prevailing practice with having formal delegations of authority and ED annual performance evaluations
- WRS is leading practice in having a succession plan for the agency ED

	Yes	No
Is there a standard evaluation process/criteria used to evaluate board direct reports?	15	2
Is there a formal policy that outlines delegation of authority?	15	2
How often does your board conduct performance evaluations of your CEO?	Annually: 16 Bi-Annually: 1	
Does your board have a formal CEO succession plan?	7	10
If yes, what does your CEO succession plan include? Check all that apply.		
• A process to replace the CEO in an emergency	7	0
• A process for long-term succession planning	4	3
• Engagement of an executive search firm to identify external candidates	4	3
• Development of internal candidates	3	4

Source: 2011 FAS Governance Benchmarking Study

Board/ Staff Interaction

- All peers in a survey of large U.S. funds have a CEO or Exec. Dir., a Chief Investment Officer, a Chief Legal Officer, and a Chief Auditor
- The CEO/ED is a direct report to the pension board in every case
- The two common senior positions at large peer funds which WRS does not have are Chief Technology Officer and Chief Financial Officer

What executive level positions exist and what are their respective reporting relationships to the board?

Position (N=13)	Exists		Direct		Indirect	
	Survey	WRS	Survey	WRS	Survey	WRS
CEO/ Executive Director	13		13		0	
Deputy ED and/or COO	11		0		11	
Chief Investment Officer	13		4		9	
Chief Auditor	13		6		7	
Chief Legal Officer / General Counsel	13		1		12	
Chief Financial Officer	10		0		10	
Chief Technology Officer	12		0		12	

Source: 2011 FAS Governance Benchmarking Study

Board Charters and Policies

- About half of the funds make board and committee charters and meeting agendas and minutes available online
- Most peers have board and/or committee member position descriptions; WRS does not

Please indicate which of the following are documented and, if so, if it is available on your web site.	Number of Responses (N=15)	
	Documented	Available on Fund Website
Schedule of board and committee meeting agenda topics	14	9
Board and committee charters	13	7
Committee minutes	15	7
Board or committee member charters or job descriptions	11	4

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Open Meeting Requirements

- Similar to all U.S.-based public funds, WRS operates under an open meeting law
- The WRS exceptions allowed under the open meetings law are generally consistent with peers

	Yes	No
Does your jurisdiction or board policy require open meetings?	13	0
If you answered "yes", does your jurisdiction or board policy allow exceptions to the open meeting policy for any of the following reasons? Check all that apply.		
• Personnel evaluations	12	1
• Employee performance appraisals	10	3
• Contract negotiations	9	4
• Investment decisions	5	8
• Invasion of privacy issues	4	9
• Governance/self-evaluation	2	11
• Strategy	0	13
• Information technology issues	1	12
• Other (investment discussion, litigation discussion, appeals, purchase of property, security, appeals, retirement disability)	6	7

Source: 2011 FAS Governance Benchmarking Study

Approvals and Delegations

- Peer funds often delegate proxy voting and, to a lesser extent, corporate actions, to their investment managers
- WRS' practice of the Board and/or ED developing proposed legislation is consistent with peers

Who has approval authority for the following decisions? (N=11)	Proxy Voting	Corporate Actions	Developing Proposed Legislation*
Board	2	3	4
CEO / Executive Director	0	1	6
CIO	2	2	0
Investment Manager	6	4	0
Consultant	1	1	0
Other	0	0	2
Not Applicable	0	1	1

* Two respondents included more than one answer (lobbyists, Treasury staff)

Source: 2016 FAS Investment Governance Benchmarking Study

Asset/Liability Study

- WRS asset/liability processes and approvals are consistent with this peer group

Who recommends and who approves capital market expectations, the asset allocation, and the pension fund rate of return assumption? Please check all that apply. (N=13)	Capital Market Expectations		Asset Allocation		Rate of Return Assumption	
	Recom-mend	Approve	Recom-mend	Approve	Recom-mend	Approve
Fund Investment Staff	2	1	7		3	
Investment Consultant	11		10		1	
Fund Actuarial Staff						
Actuarial Consultant	1				12	
Board of Trustees		7		13		12
State Agency						
Legislature						1
No Applicable		5				

Source: 2013 FAS Governance Benchmarking Study

Asset/Liability Study

- WRS practice of updating the asset/liability study annually is a lagging practice; typical and prevailing practice is 3-5 years

What is the frequency or interval of formally adopting a new asset/liability study?	Responses (N=13)
Annually	1
Biennially (every 2 years)	
Every 3 years	3
Every 4 years	4
Every 5 years	5
Ad hoc, as needed	

Source: 2013 FAS Governance Benchmarking Study

Investment-Related Decision Making

- WRS decision making responsibilities for the target asset allocation are consistent with this peer group of large U.S. funds
- Decision making for asset rebalancing at WRS, which is delegated to staff, is consistent for a fund with delegated manager selection

What are the roles of each of the following groups for the indicated activities of the retirement system?	Number of Responses (N=15)			
	1. Approve	2. Oversee	3. Recommend	4. Monitor
Target asset allocation - Fiduciary (Trustee or Board)	15			
Target asset allocation - Advisory Committee		1	2	
Target asset allocation - Investment Staff		4	11	
Target asset allocation - Consultant		2	9	
Asset rebalancing - Fiduciary (Trustee or Board)	8	3	0	3
Asset rebalancing - Advisory Committee	1	1	2	
Asset rebalancing - Investment Staff	6	3	5	
Asset rebalancing - Consultant		2	5	1

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Investment-Related Decision Making

- Similarly, delegation of portfolio allocations and risk management to staff is consistent with delegation of manager selection, with Board oversight

What are the roles of each of the following groups for the indicated activities of the retirement system?	Number of Responses (N=15)			
	1. Approve	2. Oversee	3. Recommend	4. Monitor
Portfolio allocations - Fiduciary (Trustee or Board)	9			4
Portfolio allocations - Advisory Committee		1	2	
Portfolio allocations - Investment Staff	5	2	7	
Portfolio allocations - Consultant		2	6	1
Investment risk management - Fiduciary (Trustee or Board)	7			6
Investment risk management - Advisory Committee		1	2	1
Investment risk management - Investment Staff	6	1	6	1
Investment risk management - Consultant		2	4	1

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Investment-Related Decision Making

- WRS Board delegation of investment manager hiring/firing and evaluation to staff could be considered leading practice

What are the roles of each of the following groups for the indicated activities of the retirement system?	Number of Responses (N=15)			
	1. Approve	2. Oversee	3. Recommend	4. Monitor
Manager hiring and termination - Fiduciary (Trustee or Board)	8	2		4
Manager hiring and termination - Advisory Committee		1	2	1
Manager hiring and termination - Investment Staff	8		7	
Manager hiring and termination - Consultant	1	1	7	
Ongoing investment manager evaluation - Fiduciary (Trustee or Board)	1	2		8
Ongoing investment manager evaluation - Advisory Committee			1	1
Ongoing investment manager evaluation - Investment Staff	11	2	1	
Ongoing investment manager evaluation - Consultant	1	4	3	1

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Investment-Related Decision Making

- Evaluation of internal investment staff performance is typically delegated to the ED and/or CIO, consistent with WRS practice

What are the roles of each of the following groups for the indicated activities of the retirement system?	Number of Responses (N=15)			
	1. Approve	2. Oversee	3. Recommend	4. Monitor
Ongoing internal investment staff evaluation - Fiduciary (Trustee or Board)		4		6
Ongoing internal investment staff evaluation - Advisory Committee		1		1
Ongoing internal investment staff evaluation - Investment Staff	11			
Ongoing internal investment staff evaluation - Consultant	1	2		

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Investment-Related Decision Making

- The WRS Board appears to be more involved in the development of the Investment Policy Statement than peer funds in this group

Which statement best describes how your Investment Policy Statement (typically including a general statement of investment beliefs, mission statement, specific guidelines and benchmarks, and asset allocation and risk management approach) is developed?	Number of Responses (N=15)
The investment staff develops the IPS and submits it to the fiduciary or board for approval	15
The investment committee of the board develops the IPS with input from the investment staff	0
The IPS is developed in a joint board / investment staff workshop	0
Our general consultant develops our IPS with input from the fiduciary/board and investment staff and the fiduciary/board approves it	0
<i>Verbatim comments:</i>	
The investment policy of our specialized portfolios starts with a proposal from a portfolio manager to the Risk department. Risk drafts the policy and makes extensive consultation with internal stakeholders (Compliance, Depositors, Investment Policy, etc.) who in turn, may consult our depositors. Ultimately, the investment policy of any specialized portfolio is approved by the board of directors of the Fund.	
The board had key input in developing the document when it was initiated and now staff develops annual recommendations for board approval as updates.	

Investment-Related Decision Making

- The WRS policy for frequency of updating key investment-related policies appears to be consistent with the large funds in this peer group

How frequently are each of the following reviewed and updated?	Number of Responses (N=15)				
	Annually or more frequently	Every 2 years	Every 3 years	More than 3 years	Ad hoc, as needed
Investment Policy Statement	8	1	4		2
Investment benchmarks	6	1	1		7
Asset allocation and rebalancing policies	5	2	1	2	3
Investment manager guidelines	5				10
Risk management policy	5				7
Sustainable investment or ESG policy	3		2		5

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Investment-Related Decision Making

- The WRS practice of staff-led search processes for public and private asset managers, with consultant assistance for private assets, is consistent with this peer group of large U.S. funds

How are external managers and general partners hired? (check all that apply)	Competitive public process (e.g. request for proposals)	Consultant-led search process	Staff-led search process	Other
Public assets	7	5	13	
Private assets	1	9	13	

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Investment-Related Decision Making

- The WRS due diligence participation is consistent with this peer group of investment boards, with the exception that most of these peers have participation in operational due diligence by their operations staff

Who typically participates in due diligence of prospective funds/ managers? (N=7)	Investment Due Diligence	Operational Due Diligence
Trustees	1	0
Investment Staff	7	6
Operations Staff	1	5
General Investment Consultant	3	2
Asset Class Consultant	3	2
Comments:		
Occasionally a Trustee or Investment Committee member joins in an investment due diligence.		
We utilize a general consultant for public markets and specialty consultants for PE, RE and hedge funds. They are expected to conduct due diligence in addition to that of the staff. Sometimes staff and consultant coordinate and meet jointly with managers.		
The trustees have largely delegated investment and operational due diligence to staff.		
Though not required, trustees on a case by case basis do participate in the investment due diligence of managers. Additionally the Consultant is contracted to perform both Investment and Operational Due Diligence on prospective funds/managers.		

Source: 2014 FAS Investment Board Benchmarking Study

Investment-Related Decision Making

- WRS investment manager monitoring site visits are less frequent than most of the peer funds in this group
- In particular, lack of site visits to international managers is a lagging practice for WRS

How often does your investment consultant conduct on-site monitoring visits with your external managers?	Number of Responses (N=14)
Semi-annually or more frequently	4
Annually	4
Biennially (every 2 years)	4
Less frequently than biennially	1
Verbatim comments:	
On average but sometimes more frequently.	
For Private Assets, annually, including partnership meetings.	
Staff performs on-site due diligence biennially while the System's general investment consultant performs on-site due diligence semi-annually.	
The frequency varies depending on the risk rating assigned. For example, the internal operational due diligence group visits external managers with a summary risk rating of "High" more frequently than it visits managers with a summary risk rating of "Low".	
We rarely make visits to managers based internationally	

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Use of Consultants

- WRS appears to have slightly different priorities for its investment consultants, with less emphasis on specific expertise and more on an independent check and balance as compared to this peer group

Please rank, with 1 being the most important, what you value the most from your investment consultants. If the choice is not something you obtain from your investment consultant, please indicate by checking N/A.	Average Rank	Number Responding "Not Applicable" (N=15)	WRS Response
Specific expertise in various asset classes (e.g. private equity or real estate) or investment approaches (e.g. liability driven investment, risk budgeting)	2.00	4	4
A reassurance mechanism for the board	2.46	2	2
An important external perspective and check and balance in the investment process	2.46	2	1
An information source	3.50	1	5
An extension of internal staff to increase resources	3.67	3	3
Verbatim comments:			
Do not use investment consultants.			

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Investment Cost Management

- WRS appears to extensively monitor its transaction costs

In what ways do you monitor and manage transaction costs for public equities, fixed income, derivative contracts, foreign exchange and other?	Public Equities	Fixed Income	Derivative Contracts	Foreign Exchange	Other
An independent measuring service	13	3	1	4	
Self reporting by external managers and/or internal investment staff	8	9	4	8	
We do not measure since we look at our returns on a net basis	2	4	5	4	
Other (please specify):					
Use exchange traded derivative transactions but will soon use contracts.					
No derivative contracts.					
We try to measure all costs in the most accurate fashion.					

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Investment Staff Training

- WRS investment staff training types and venues appears to be comparable to most funds in this peer group

What type of training does the investment staff receive in each asset class? (check all that apply)	Number of Responses (N=15)				
	Conference-based (External)	Classroom-based (External)	Classroom-based (Internal)	Web-based	Other
Public Equity	14	6	4	10	5
Fixed Income	14	6	5	10	4
Private Equity	14	5	5	10	5
Real Estate	14	6	5	10	4
Other Alternatives	11	3	3	8	3

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Custodial Services

- WRS utilizes a broad range of services from its custodian, slightly more than the median of this peer group

Which of the following services offered by your custodial institution do you use?	Number of Responses (N=15)
Portfolio performance reporting and analysis	12
Fund accounting	12
Standing instruction foreign exchange trades	10
Directly-negotiated foreign exchange trades	9
Compliance monitoring	9
Daily fund valuation	8
Class action claims processing	8
Derivatives services (trading, valuation, reporting)	7
Tax support	7
Fund exposure and structural analysis	5
Management fee calculations	3
Proxy voting	1
Asset servicing	1
Cash management	1
Transition management	1
Data management	1
Document safekeeping	1
Number of custodial services used	Number of Responses (N=15)
Average	6.2 WRS: 8
Median	6
Low	2
High	11

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Strategic Planning

- At most peer agencies the staff leads development of the strategic plan with varying degrees of involvement by the Board
- Most agencies update their strategies annually, similar to WRS
- Most peer funds have a policy of completely renewing their strategic plan periodically

How does your organization develop a strategic plan?	N = 7
Agency staff develops the strategy and the Board ratifies it`	3
Agency staff develops the strategy with input from the Board	1
Agency staff and the Board work together to develop the strategy	2
The Board develops the strategy with input from agency staff	0
The Treasurer develops a strategic plan in collaboration with agency staff.	1

How frequently is the strategic plan: (N=7)	Updated	Completely Renewed
Annually	4	
Every 2 years	1	2
Every 3 years	1	
Every 4 years or more	1	2

Source: 2015 FAS Retirement Agency Benchmarking Study

External Audit

- WRS is typical of this peer group with the Pension Board contracting with an independent auditing firm

Does the investment board contract directly with an independent external auditor for an audit of your investment fund accounts, valuations and reporting controls?	Responses (N=7)
Yes, with an independent auditing firm	3
Yes, with a state auditing agency	2
Yes, an independent auditing firm is retained by Auditor General, paid for by the fund	1
No, we do not contract with an auditor	1

Source: 2014 FAS Investment Board Benchmarking Study

Communications

- WRS has a documented communications plan, which is a leading practice, which has extensive coverage of various stakeholder groups

Does your system have a documented communications plan?	N = 7
Yes, developed, approved and monitored by the Board	0
Yes, developed by staff and approved and monitored by the Board	1
Yes, developed, approved and monitored by the staff	1
No, we do not have a documented communications plan	5

If you have a communications plan, does it include strategies for communications with:	N = 2
Retirees	2
Active members	2
Inactive members	1
Retiree groups	1
Employer groups	2
Legislators	0
Bodies or individuals who appoint Board members	0
Oversight committee (if applicable)	0
Media	1
Comment: Although we do not have a documented policy/plan, we do have strategies for much of the list	

Source: 2015 FAS Retirement System Benchmarking Study

Communications

- WRS trustees appear to have a more formal communications role with constituent groups than most peer funds
- Meetings with employers appear to be less frequent for WRS than the peer group

Who regularly meets with or otherwise communicates with members, retiree groups, and employers and how often does this occur?	Trustees				Agency Executives				Agency Staff			
	Rarely	Annually	2-3 times per year	Quarterly or more	Rarely	Annually	2-3 times per year	Quarterly or more	Rarely	Annually	2-3 times per year	Quarterly or more
Members			2					2		1		4
Retirees			2			1		2		1		3
Employers	1					1	1	2	1	1	1	3

Source: 2014 FAS Investment Board Benchmarking Study

Compliance

- The investment boards in this peer group have a variety of different policies for both who is required for sign-off of cash transfers for capital calls and for how many signatures are required:
 - Five different positions with final approval authority
 - Number of signatures ranges from one to four

From whom are individual sign offs (signatures) required to fund capital calls?	Responses (N=7)
Fund CEO/ED	1
Fund CFO	1
Director of Operations	1
Portfolio manager	3
CIO	1
General Counsel	

In total, how many signatures are required to release funds?	Responses (N=7)
1	2
2	3
3	1
4	1

Source: 2014 FAS Investment Board Benchmarking Study

Compliance

- The investment accounting staff reports to the Chief Financial Officer in nearly three-quarters (11 of 15) of the large peer funds

To which executive officer does your investment accounting staff report?	Number of Responses (N=15)
Chief Executive Officer	0
Chief Operating Officer	1
Chief Financial Officer	11
Other	3
"Chief of Staff"	
Finance Division Director	
Managing Director of Operations	

Source: 2012 FAS Governance and Investment Operations Benchmarking Study

Compliance

- Nearly half (7 of 15) of the peer funds have an internal committee which signs off on the existence and value of investment assets, similar to WRS
- 80 percent (12 of 15) of the funds have the CFO sign off on the existence and value of investment assets

For the year-end financial statements, does an internal committee (non-Board) officially sign off on the existence and value of investment assets?	Number of Responses (N=15)
Yes	7
No	8
Verbatim comments:	
Sign off is required as part of the audit process and the financial reporting process.	
But only to the extent and so far as certain management representations are made to the System's independent accountants as required by generally accepted auditing and accounting standards.	
No committee per se, but our financial services staff perform Fair Value testing of investment assets.	

Please indicate who officially signs off on the existence and value of investment assets.	Number of Responses (N=15)
Chief Executive Officer	7
Chief Investment Officer	5
Chief Financial Officer	12
Others (please specify):	2
PERS signs off on the financial statements.	
System Actuary	
External Auditor	

Source: 2012 FAS Governance and Investment Operations Benchmarking Study