



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2005 Wisconsin Act 99
[2005 Assembly Bill 167]

**School District Investments for
Post-Employment Benefits**

The statutes restrict the manner in which a school district may invest its funds and to whom it may delegate its investment authority.

2005 Wisconsin Act 99 expands the investment authority and delegation of investment authority for all school districts with respect to funds that are held in trust, other than funds held in the Public Employee Trust Fund (ETF), solely to provide any of the following benefits: (1) post-employment health care benefits provided either separately or through a defined benefit pension plan; and (2) other post-employment benefits provided separately from a defined benefit pension plan. (Examples of the latter type are life insurance, long-term care, disability, and other benefits provided as compensation for services rendered.)

Under Act 99, all school districts have the same investment authority and delegation of investment authority that the Milwaukee Public Schools (MPS) had under prior law with respect to funds held in trust for MPS's non-ETF qualified pension plans. Thus, with respect to such post-employment benefit funds held in trust, any school district is authorized to:

- Invest and reinvest the funds as authorized under the Uniform Prudent Investor Act (s. 881.01, Stats).
- Delegate its investment authority over the funds to an investment manager who: (1) meets the requirements and qualifications specified in the trust's investment policy; and (2) is registered as an investment advisor under the Federal Investment Advisers Act.

Act 99 also sets forth the following procedural requirements that school boards must follow in establishing post-employment benefit trust funds:

- A school board may not discuss or vote on establishing a trust fund to provide post-employment benefits unless the notice of the school board meeting at which the discussion or vote may occur includes the issue as a separate agenda item.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

- If a school board has established a post-employment benefit trust fund, the report prepared for the annual meeting of a common or union high school district must include the following information relating to the post-employment benefit investments: (1) the amount in the trust; (2) the investment return earned by the trust since the last annual meeting; (3) the total of disbursements made from the trust since the last annual meeting; and (4) the name of the investment manager, if investment authority has been delegated to such a manager.

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Prepared by: Joyce L. Kiel, Senior Staff Attorney

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