

# Wisconsin Retirement System

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Department of Employee Trust Funds



March, 2011



## Agenda

- ▶ WRS Statistics
- ▶ WRS Funds
  - Investments and Asset Allocation
  - Annuity Adjustments
- ▶ WRS Resources

## Wisconsin Retirement System

State of Wisconsin  
Investment Board  
(SWIB)

Department of  
Employee Trust Funds  
(ETF)

Manages and  
Invests WRS  
Assets

Administers  
Benefits for WRS  
Participants

## Five Governing Boards

Employee Trust Funds  
Board

Teachers Retirement Board

Wisconsin Retirement  
Board

Group Insurance Board

Deferred Compensation  
Board





## ETF Mission

Our mission is to develop and deliver quality benefits and services to our customers while safeguarding the integrity of the Trust.



## Statistics

January 1, 2011

# Statistics

- ▶ WRS Employers: 1,474
  - Local 1,415
  - State 59
- ▶ WRS Participants: 566,317
  - 267,293 Active
  - 150,671 Annuitants
  - 148,353 Inactive
- ▶ WRS is the 9<sup>th</sup> largest public pension in the U.S. and the 30<sup>th</sup> largest in the world
- ▶ Asset value – \$79.1 billion
- ▶ \$3.9 billion paid in 2010



# WRS Funds

# Retirement Fund Investments

By law, the assets of the WRS are invested by the

*State of Wisconsin Investment Board (SWIB)*

## Core

Fully diversified

- ▶ Mixture of assets helps stabilize effects of market changes
- ▶ Market gains and losses recognized over 5-year periods

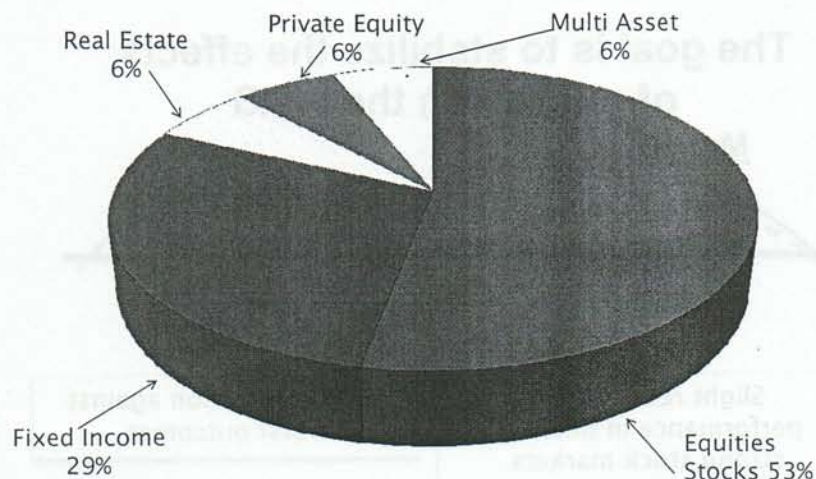
## Variable (optional)

All stocks

- ▶ Greater degree of risk due to stock market fluctuation
- ▶ Market gains and losses fully recognized (no smoothing)

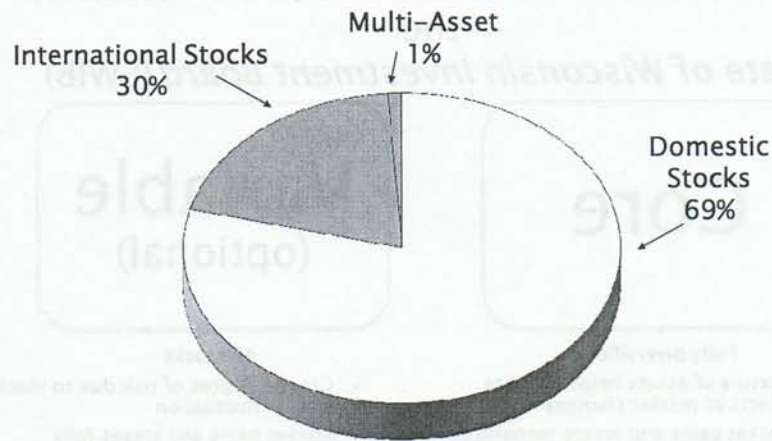
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# Core Fund Asset Allocation Targets



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## Variable Fund Asset Allocation Targets

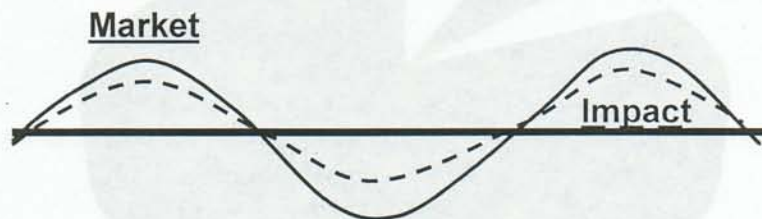


Asset Allocation Targets for 2011

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## Reducing Fund Volatility

The goal is to stabilize the effects of returns on the WRS



Slight reduction in performance in times of strong stock markets

Better protection against worst outcomes

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## 2010 Annuity Adjustments

Core  
-1.2

Variable  
+11%

- ▶ Based on 2010 actual Core Trust Fund investment returns
- ▶ Includes 2006-2009 investment gains and losses carried forward in the MRA

## Investment Performance and Annuity Adjustments

### WRS Core Fund Percentages

Year	SWIB Investment Return	ETF Effective Rate	ETF Annuity Adjustment
2010	12.3%	4.8%	-1.2%
2009	22.4%	4.2%	-1.3%
2008	-26.2%	3.3%	-2.1%
2007	8.7%	13.1%	6.6%
2006	15.8%	9.8%	3.0%
2005	8.6%	6.5%	0.8%
2004	12.8%	8.5%	2.6%
2003	24.1%	7.4%	1.4%
2002	-8.8%	5.0%	0.0%
2001	-2.3%	8.4%	3.3%
		10 yr ave: 7.06%	10 yr ave: 1.28%
		5 yr ave: 6.97%	5 yr ave: 0.95%

## Investment Performance and Annuity Adjustments

### WRS Variable Fund Percentages

Year	SWIB Investment Return	ETF Effective Rate	ETF Annuity Adjustment
2010	15.6%	16.0%	11.0%
2009	33.7%	33.0%	22.0%
2008	-39.0%	-40.0%	-42.0%
2007	5.6%	6.0%	0.0%
2006	17.6%	18.0%	10.0%
2005	8.3%	9.0%	3.0%
2004	12.7%	12.0%	7.0%
2003	32.7%	34.0%	25.0%
2002	-21.9%	-23.0%	-27.0%
2001	-8.3%	-9.0%	-14.0%
		10 yr ave: 2.97%	10 yr ave: -2.87%
		5 yr ave: 2.87%	5 yr ave: -2.88%

## Resources

Online Videos and Email Updates

SWIB and ETF Internet Sites



# ETF Resources

## ETF Web site:

Menus by member type

- What's New/Hot Topics
- Auto. E-mail updates
- Brochures
- Videos (Webcasts)
- Calculators (4)
- Related Links
- myETF Benefits

## Face to Face

- Individual appointments
- Group Appointments and Public Presentations
- Divided into 9 districts throughout the state

## Telephone

- Call Management Center
- Pre-Recorded Benefit Messages
- Self Service Line - Request forms and brochures

## Publications:

- *WRS News*
- It's Your Benefit
- Brochures
- Forms

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The screenshot shows the homepage of the Wisconsin Department of Employee Trust Funds (ETF). The header includes the logo and navigation links for 'members', 'retirees', 'employers', 'governing boards', and 'careers at etf'. A search bar is located in the top right. The main content area features a 'Welcome to the Department of Employee Trust Funds Internet site' message, followed by a paragraph about the department's mission and a link to the SWIB's Internet site. A 'Receive ETF E-Mail Updates' button is prominently displayed. The left sidebar contains a 'calculators' link and a list of other resources like 'publications', 'news', and 'faq'. The right sidebar, titled 'what's new?', lists recent updates such as 'Wait Times', 'WRS Contributions', and 'January Newsletter Delay'.

**ETF Online**  
**etf.wi.gov**

**Home Page**

**calculators**

- publications
- news
- about etf
- faq
- contact etf
- video library
- related links
- top of page

**what's new?**

- [Wait Times](#)
- [WRS Contributions](#)
- [January Newsletter Delay](#)
- [January Payments Reflect Current Tax Tables](#)
- [Information for Retirees with VSP Benefits](#)
- [Cost-Variable Info](#)
- [ETF Secretary on Wisconsin Eye](#)
- [IRS Age Increase - Protective](#)
- [Winter/Spring 2011 WRS Presentations](#)

**Receive ETF E-Mail Updates**

Questions and comments can be sent to ETF anytime by sending an e-mail through the "Contact ETF" section of our site.

## ETF Video Library

- ▶ Road to Retirement - Online Retirement Appointment
- ▶ MEDICARE and Your WRS Health Insurance Benefits
- ▶ Annual Retirement Annuity Adjustments
- ▶ WRS Trust Funds (Core and Variable)
- ▶ Divorce and Your WRS Benefits
- ▶ Canceling Variable Fund Participation
- ▶ WRS - Interest vs. Annuity Adjustments



## Contact SWIB

Website – [www.swib.state.wi.us](http://www.swib.state.wi.us)

Hotline: 608-267-0957 (Madison)  
800-424-7942

General Number 608-266-2381

121 East Wilson Street  
PO Box 7842  
Madison WI 53707-7842

## Contact ETF

Write: Department of Employee Trust Funds  
P. O. Box 7931, Madison, WI 53707

Telephone: Toll Free 1-877-533-5020  
Madison Main Line 608-266-3285

Appointments: 608-266-5717  
Self Service Line: 1-877-383-1888 or 266-2323 (to request forms, brochures and change address or tax withholding)  
Pre-recorded Message Center:  
1-800-991-5540

Website: [etf.wi.gov](http://etf.wi.gov)

Offices: 801 W Badger Road, Madison, WI, 53713

Office Hours: 7:45 a.m. – 4:30 p.m., (Mon – Fri)

- ▶ David A. Stella: Pension obligation claims disputed
- ▶ David A. Stella, secretary, Wisconsin Department of Employee Trust Funds | Posted: Wednesday, March 2, 2011 6:00 am
- ▶ Sunday's commentary by Steve Chapman, "Public workers and taxpayers scammed," refers to a study by Northwestern University professor Joshua Rauh claiming that Wisconsin faces more than \$45 billion in unfunded pension obligations.
- ▶ As most of your readers know, the Wisconsin Retirement System is not underfunded and continues to be recognized as one of the best-funded in the nation.
- ▶ Rauh's study assumes that state and local governments participating in the WRS will contribute nothing to amortize past pension liabilities and that the WRS will only generate investment returns similar to those generated by highly conservative, "risk-free" bond portfolios.
- ▶ These assumptions don't match reality. In Wisconsin, the state, local governments and participating employees combine to pay 100 percent of the annual required contributions, and the State of Wisconsin Investment Board professionally manages a diversified investment portfolio that, since the inception of the WRS in 1982, has earned annual returns averaging about 10.5 percent.
- ▶ It is unfortunate that some in the media continue to use this flawed study to "prove" there is a pension crisis and to attempt to justify an increased role for the federal government in state affairs.

