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Pages 6 and 7:
Important ETF Board election candidate information and voting instructions.

Essential Elements of a Successful Pension System

— Robert Conlin, ETF Secretary

As 2015 begins, I am pleased to report that your Wisconsin Retirement System remains very strong, stable, and able to play a key role in helping to meet your financial needs in retirement. Due to SWIB's investment performance over the last several years, and the unique, gain/loss-sharing benefit structure of the WRS, overall employee and employer contribution rates will be lower this year, active employee accounts will be credited with a healthy effective rate, and retirees will see another solid increase in their annuities this spring.

But the WRS didn't become one of the top state pension systems in the country by accident. Far from it. The policymakers who launched the WRS set out to create a retirement system that could withstand the test of time. They sought to create a system to help protect public employees and their families against the financial hardships of old age, disability and death, while also helping to attract and retain quality employees for state and local governments and school districts throughout Wisconsin.

Essential, continued on page 2

Looking Back at a Successful 2014 and Forward to 2015

— Michael Williamson, SWIB Executive Director

As I talk with members across the state, the question I am most asked this time of year is, "How did we do?" Those of us in the Wisconsin Retirement System are interested in knowing how the State of Wisconsin Investment Board did in meeting its primary goal of making money. Of course, that question is almost always followed by, "What does the coming year look like?" I would like to address both of those questions in this column.

How did we do?

When I am asked this question I am reminded of the importance of the job we do at SWIB in managing over \$96 billion in retirement funds. As many of you know, almost 80% of the income of the WRS comes from investment earnings.

Successful, continued on page 11

Calendar Year-to-Date Preliminary Returns as of 12/31/2014

Core Fund	5.7%
Benchmark	5.6%
Variable Fund	7.3%
Benchmark	7.5%



Robert Conlin

Two key elements underpin the success of the WRS: the **unique gain/loss-sharing benefit structure** in which benefits are affected by investment performance; and **funding discipline** that ensures the cost of the benefits being earned is appropriately funded. Add to that mix the investment flexibility that allows SWIB to invest prudently to meet the needs of the system and you have a recipe for a successful public pension system. This newsletter routinely discusses these key ingredients.

However, another key element exists that doesn't get the attention it properly deserves: The WRS is fortunate to have an informed and engaged membership that cares deeply about the

long-term health of the system. Almost 600,000 of you from all corners of the state can claim an interest in the well-being of the WRS. That number grows significantly when you include your spouses, partners and family members who also have a vested interest.

You watch how ETF administers the benefits and how SWIB invests the assets of the WRS. You stay informed about the system and you voice concerns when necessary. You are actively engaged in the governance of the system by running for board seats or voting in board elections. In short, you support the WRS in a variety of ways.

When I talk with groups of active employees and retirees, it's clear to me that you don't take the success of our system for granted. Your engagement, I believe, makes a really good WRS *great*. Thank you for continuing to do your part and for your trust in us.

When Will ETF Announce Rates and Adjustments?

The State of Wisconsin Investment Board has announced preliminary 2014 investment returns of 5.7% for the Core Trust Fund and 7.3% for the Variable Trust Fund. Based on these preliminary investment returns, the Department of Employee Trust Funds anticipates modest Core and Variable annuity increases for retirees this year, as shown in the below table.

Keep in mind these are only preliminary investment returns. The actual annuity adjustments will be announced after final investment returns have been determined and an actuarial analysis completed. Watch for our announce-

ment in March. Annual annuity adjustments will first appear on your May 1 payment.

By the way, ETF can notify you immediately when the actual annuity adjustments are set—subscribe to our free e-mail notification service, *ETF E-mail Updates*. To sign up, look for the red envelope icon on our website, <http://etf.wi.gov>.

To learn more about how WRS effective rates and annuity adjustments are calculated, sign up for one of our March webinars on this topic.

Look for registration information on the Member Education page on our website at http://etf.wi.gov/member_education.htm.

Core Fund Projections	
Preliminary 2014 Net Investment Return	5.7%
Projected Effective Rate applied to employees' account balances	between 8.6% and 9.0%
Projected Annuity Adjustment applied to retirees' monthly payments beginning May 1, 2015	between 2.8% and 3.2%

Variable Fund Projections	
Preliminary 2014 Net Investment Return	7.3%
Projected Effective Rate applied to employees' account balances (if applicable)	between 7.0% and 8.0%
Projected Annuity Adjustment applied to retirees' monthly payments beginning May 1, 2015 (if applicable)	between 0.0% and 3.0% By law, a Variable annuity adjustment will be paid if the adjustment rate is at least 2%; if less than 2%, no adjustment is paid.

Returning to Work? Understand Break in Service Rules

Are you thinking of going back to work for a WRS employer? Be sure to understand the laws involving your break in service period so that you don't jeopardize your monthly annuity. When you can take a position covered by the WRS depends on when you last terminated WRS employment. Your "break in service" requirement begins the day you terminate employment or the day ETF receives your retirement application, whichever is later.

If you last terminated WRS employment on or after July 2, 2013, the earliest day you may return to WRS employment is the **latest** of the following dates:

- The day after the effective date of your annuity
- The 76th day after you terminated your WRS participating employment
- The 76th day after ETF received your benefit application

If you last terminated WRS employment before July 2, 2013 you have a different break in service requirement. It is as follows, whichever is **latest**:

- The day after the effective date of your annuity
- The 31st day after you terminated your WRS participating employment
- The 31st day after ETF received your benefit application

However, do not focus only on the last day you worked. If you waited to submit your retirement application until after your last day, then your break in service requirement begins on the day after ETF received your retirement application, not

on the last day you worked. If you return to work more than 75 days after your last day, but fewer than 75 days after ETF received your application, you will not have met your break in service, and you will have to pay back the annuity payments you've received.

Here are a few more key things to keep in mind:

1. A new state law requires the termination of your monthly annuity if you are expected to work at least two-thirds of full time. This law will only affect you if you last terminated WRS employment on or after July 1, 2013.
2. If you expect to work less than two-thirds time but more than one-third time, the same state law allows you the option to either terminate your monthly annuity (elect coverage with the WRS) or continue to receive your monthly annuity (not elect coverage with the WRS).
3. Once the break in service is established, all employees will need to complete the *Rehired Annuitant* form (provided by the employer).

For More Information

ETF webinar

Returning to Work After Retirement

Look for registration information on the Member Education menu of our website at <http://etf.wi.gov>.

ETF brochure

Information for Retirees (ET-4116).

ETF Customer Service

Call toll-free 1-877-533-5020 or send a secure email via our website.

Vote for Annuitant Member of ETF Board

All Wisconsin Retirement System annuitants are invited to vote in the upcoming election to select the annuitant member of the ETF Board. Four candidates are vying for the post, which has a five-year term beginning May 1, 2015.

See pages 6-7 for candidate information, voting instructions

Vote Online or via Phone! In order to make it more convenient for you to vote, to reduce paper and postage costs and speed up the voting process in general, ETF is going paperless with this board election! ETF will not send you a paper ballot. Instead, cast your ballot online or use your telephone during the voting period. See pages 6 and 7 for information about your registration number, voting instructions, the balloting period, and the candidates themselves.

ETF Seeks Persons with Abandoned WRS Accounts

The Department of Employee Trust Funds is looking for individuals age 70 and older who have “abandoned” Wisconsin Retirement System accounts. The list of members known to have abandoned accounts has been updated with the names shown below. These WRS members or their heirs have ten years after the published notification to apply for the benefit.

In 2014, ETF located more than 45 individuals who had abandoned accounts. If you know the whereabouts of anyone on this list, please ask them or their heirs to contact ETF. Written inquiries

to ETF must include the member’s complete name (published name, current and prior name), date of birth, Social Security number and the year the name was published. Mail to: ETF, P.O. Box 7931, Madison, WI, 53701-7931 or send a secure e-mail via the “contact ETF” section of our website, <http://etf.wi.gov>. Please note that we cannot accept telephone calls regarding these accounts.

The names below were added to the list this month. Find the **complete list** on our website at http://etf.wi.gov/news/abandoned_wrs.htm.

Albertson, Lucinda A	Eilam, Gad	Kreuter, Nancy A	Polege, Louis J
Andrews, Roberta A	Fleiter, Joseph W	Kshetrapal, Viney	Rainey, Nancy L
Anlagan, Omer	Freeman, Johnny W	Lenheim, Sandra L	Rommel, Charlene
Braunsdorf, Veronica M	Froehlich, Susan H	Macinnes, Sherry A	Riedel, Norman C
Briedis, Uldis	Gill, Richard E	Matzker, Raymond L	Schnabl, Gary
Busch, Ruth W	Grant, David R	McFadden, Clarence	Sederstrom, Leonard R
Clemente, Wilfredo A	Haddal, Odd	McMurray, Nancy E	Sundquist, Walter D
Conrad, Ann M	Henry, Robert J	Meeker, Larry D	Swiatczak, Jeffrey A
Daugherty, Peter J	Hightower, Harry J	Mueller, Fairy L	Sykes, Karen J
Davis, Mary E	Hofmanova, Dagmar D	Nichols, Barbara J	Thompson, Frank J
Decker, Rose L	Howe, Christine	Noggle, Toni E	Treichel, Bruce A
Dobbins, Caroline M	Karabetsos, Virginia S	Olsen, Joanne	Walheim, Harvey T
Doege, Carol A	Karst, Richmond H	Pancheri, Susan M	Wehrspann, William H
Douglas, Johnny L	Kaye, Sandra L	Platt, Margarete	Williams, Christopher

ETF Webinars for Retired Members

The Department of Employee Trust Funds offers live, interactive webinars designed to increase your understanding of Wisconsin Retirement System benefits. Each 30-minute webinar is conducted online by an ETF specialist and focuses on a single topic of interest.

To sign up for a webinar and review the entire list of webinar topics, see the Member Education menu on our website at <http://etf.wi.gov>. Webinars that may be of interest to retirees over the next several months cover the following topics:

January

Returning to Work After Retirement

February

Beneficiary Designations

How to Read the Statement of Sick Leave Account (for State and University retirees)

March

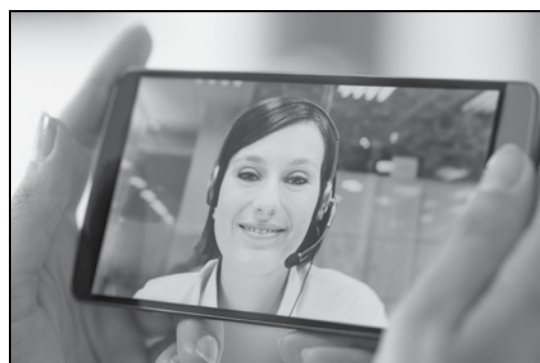
WRS Effective Rates and Annuity Adjustments

April

Life Insurance After Retirement

Beneficiary Designations

WRS Effective Rates and Annuity Adjustments



Same-Sex Marriages Recognized

On October 6, 2014, the U.S. Supreme Court denied review of the *Wolf v. Walker* case, in which the U.S. District Court for the Western District of Wisconsin and the Seventh Circuit Court of Appeals had ruled unconstitutional the provision in the Wisconsin Constitution that recognizes only opposite-sex couples' marriages. As a result, same-sex marriage is now legal and recognized in Wisconsin.

For Wisconsin Retirement System purposes, as of October 6, 2014, a same-sex spouse is treated the same as an opposite-sex spouse. This includes changes to health insurance eligibility, retirement options and death benefits. ETF has developed a set of frequently-asked questions about the effect on ETF-administered benefit programs to assist members. Here are highlights of this online document:

Effective Date: Same-sex marriages solemnized and contracted in Wisconsin on or after October 6, 2014 are recognized.

Other Jurisdictions: Legal same-sex marriages solemnized and contracted in another state or country (even prior to October 6, 2014) are recognized in Wisconsin.

Enrollment in health and life insurance:

1. For members in marriages that took place in Wisconsin between June 6, 2014 and the stay of the Federal District Court decision on June 13, 2014 and for members who were legally married outside of Wisconsin before October 6, 2014:

- Members and subscribers received a 30-day enrollment opportunity from October 15, 2014 (the date ETF provided notification of the qualifying event) to make an application for family coverage, or to add a spouse to existing coverage. Members who missed the enrollment opportunity will be able to enroll a spouse upon a qualifying event (birth, adoption, etc.) or the next It's Your Choice Open Enrollment period.

2. New same-sex marriages: The member/subscriber is eligible to file for coverage within 30 days of the qualifying event.

3. Domestic Partnerships where the partners were also legally married: The member or subscriber must file a *Health Insurance Application/Change Form* (ET-2301) to reflect the change in marital status.

4. Life insurance for domestic partners now married: Members or subscribers, who previously filed an *Affidavit of Domestic Partnership* (ET-2371) form and did not elect spouse and dependent coverage at that time, cannot elect spouse and dependent coverage for life insurance due to the domestic partner's relationship status changing to spouse.

Imputed income: The Department of Revenue has a frequently-asked-questions document (available online) on tax-related issues, including imputed income. Retirees covered under the State of Wisconsin Group Health Insurance Program may also contact ETF with questions.

Important note: Marriage and other life changes do not automatically affect or replace your beneficiary designation on file with ETF. After any life change, you should review and, if necessary, update your *WRS Beneficiary Designation* (ET-2320) form. See your annual *Statement of Benefits* for the beneficiary on file with ETF.

For More Information

ETF document and forms

Legalization of Same-Sex Marriage in Wisconsin: Information for Members and Employers

Health Insurance Application/Change Form (ET-2301)

Affidavit of Domestic Partnership form (ET-2371)

ETF forms and documents available online at <http://etf.wi.gov>.

ETF Customer Service

Call toll-free 1-877-533-5020 or send a secure e-mail via our website.

ETF Board—Annuitant Member Seat

Carefully review the candidates' statements and cast your ballot during the voting period, **February 2 through February 27, 2015**. Vote either online or use your telephone. The Department of Employee Trust Funds no longer produces paper ballots.

You must use your six-digit registration number to cast a ballot in this election.

Locate your registration number above your name on this newsletter's mailing label (page 12).



VOTE ONLINE <https://govoteetf.everyonecounts.com>



VOTE VIA TELEPHONE Call toll free **1-888-879-9641**

Follow the instructions provided by the phone prompts

For assistance, call ETF's election services vendor toll free at 1-888-492-4763 during these hours:

January 15 - January 30, 2015 8:00 a.m. to 5:00 p.m., CST, Monday-Friday

February 2 - February 27, 2015 24 hours a day, 7 days a week

email: helpdesk@everyonecounts.com

CANDIDATES

ETF Board — Annuitant Member Seat

Vote Online or Use Your Telephone

(four candidates vying for one position)

William L. Ford, Prairie du Sac, Wis.



I retired in 2009 as a Senior Attorney with the nonpartisan Wisconsin Legislative Council, with 33 years of service. One of my duties in this role was to advise the Wisconsin State Legislature on issues relating to the Wisconsin Retirement System (WRS). In 2008, I received the Blair Testin Award from the Wisconsin Coalition of Annuitants, given in recognition of outstanding service to the WRS. In 2011, I was elected to serve as the annuitant member of the Employee Trust Funds Board. I have been an active member of the Board and currently serve as chairperson of the Board's Audit Committee. I would like to serve another four years on the Board and ask for your support.

Eugene F. Lillge, Madison, Wis.

A lifelong resident of Wisconsin, I was born and raised in Appleton in a one-bathroom house with my parents, a grandfather, three brothers, and three sisters. Like many of today's annuitants, I was inspired by President Kennedy to a career in public service. I worked nearly 25 years for Outagamie County—most as executive coordinator under four elected county executives—supervising and coordinating the day-to-day operations of county government. Before retiring in 2011, I was an administrative policy advisor/project director for the State of Wisconsin Department of Workforce Development at the agency headquarters in Madison. I served over 10 years on the Appleton School Board, and was a member of Appleton's Parks and Recreation Commission, and the city's Alcohol and Other Drug Abuse Commission. I attended UW-Madison on a Chick Evans Caddy Scholarship and graduated with a BSEd. I am a Wisconsin Certified Public Manager and a Packer Shareholder.

Robert Martin, West Bend, Wis.

For the past 34 years, I have been contributing to the WRS, and for the past 6 years I've been benefitting from WRS. My journey in public service started by and serving our country in Vietnam. I received my BS from UW-Whitewater and taught accounting/business for 4 years at Random Lake High School. From there, I trained to become an auditor and worked for the IRS and the Wisconsin Department of Revenue for 4 years. Missing education, I returned to teaching accounting and tax at Lakeshore Technical College for 24 years until retirement in 2008. Currently, I teach accounting, tax and fraud at Lakeland College. I am a nationally certified Fraud Examiner, since 2010. I have run a private tax practice for the past 25 years, serving over 300 clients. I'm interested in investments and protecting our wonderful WRS and would be honored to use my knowledge to help its members. Married 38 years, 2 grown children.

Wayne B. Meyer, Oak Creek, Wis.

My name is Wayne Meyer. I worked for the Cudahy School District for 35 years. I was a Graphic Communications and Electronics teacher for most of those years. For ten years, I was the Athletics Director for Cudahy High School. I was responsible for budgeting and all other aspects of running the department. I retired from Cudahy June 13, 2014. I have been covered under the Wisconsin Retirement System for the entire 35 years I worked at Cudahy. I became an annuitant as of June 14, 2014. Personally, I have an avid interest in finance and keeping abreast of retirement issues, locally and nationally. I have a daughter who is an actuary specializing in defined benefits. I believe this gives me a valuable resource for any questions or clarifications I might need concerning retirement benefits issues. Thank you for your attention and I would appreciate your support.

SWIB Remains a Low-Cost Pension Fund Manager

The State of Wisconsin Investment Board's decisions to increase internal and passive management, negotiate lower fees for external managers and invest in a mix of low-cost assets have added \$171.5 million above market returns, after costs are subtracted, over the past year—and \$1.8 billion over the past five years to the Wisconsin Retirement System. These decisions have also resulted in SWIB's costs being \$175 million less than its peers.

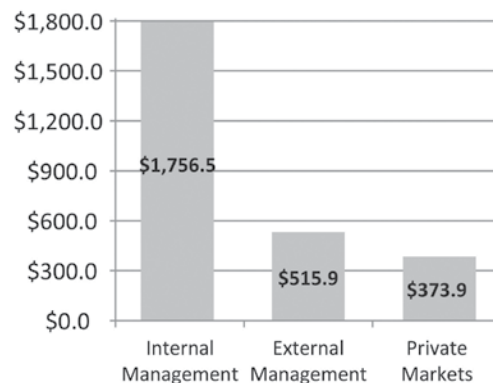
Independent reports from Callan Associates, Inc., and CEM Benchmarking, Inc., found that SWIB, when compared to its peers, continues to be a low-cost pension fund manager that produces favorable results. SWIB's management of the WRS provides a significant financial benefit to the retirement system and its mix of investments, diversification and long-term investment strategy allow for favorable returns, according to the reports.

"At SWIB, we focus on three things: making money, managing risk and controlling cost," says Michael Williamson, SWIB executive director. "Every dollar we save in the cost of managing the WRS trust funds is just as important as a dollar we make in returns. These two firms report that we are doing well in both areas."

CEM, an independent provider of objective and actionable benchmarking information for pension plans, found SWIB's cost of management to be lower than its peers, given a similar mix of assets. The lower costs are a result of decisions made by SWIB's Board of Trustees to, when possible, use less expensive internal and passive management and to allocate investments to less expensive asset classes.

SWIB uses more internal and passive management and a lower-cost mix of assets than other large public pension funds, according to CEM. SWIB manages 54% of assets internally, compared to the peer average of 30% and 38% of assets are managed passively, compared to the peer average of 23%. By using qualified staff to manage the assets of the WRS, SWIB lowers costs substantially while maintaining strong performance. Without qualified staff to

Internal Effectiveness — Strong Performance



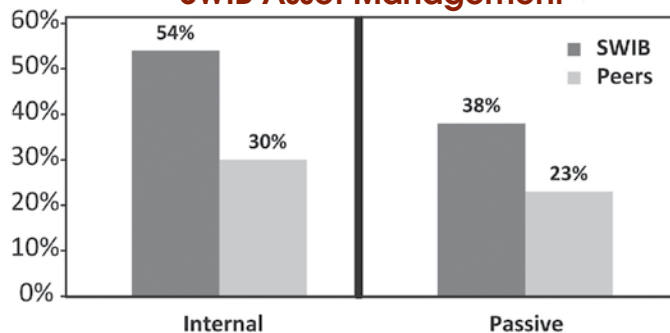
SWIB's internal management of assets has added almost \$1.8 billion above market returns to the WRS over the past five years. That is more than external management and private markets combined added to the WRS.

manage the assets, SWIB would have to contract with expensive external managers to manage the retirement funds.

In addition to savings from managing more assets internally, CEM found that SWIB pays less than its peers for the external management it does use. Taken together, these efforts resulted in SWIB paying \$175 million less than comparable public pension systems in the United States in 2013.

In addition to being a low cost investor, SWIB's mix of assets has performed well. Callan Associates, Inc., a firm that provides research, education, decision support and advice to institutional investors, found that SWIB's investment strategy, when compared to its peers, has performed well and exceeded its benchmarks for the last five years.

SWIB Asset Management



SWIB manages more assets internally and passively than peers.

Investing in Wisconsin's Brightest Businesses

When it comes to investing the funds of the Wisconsin Retirement System, the State of Wisconsin Investment Board takes a global approach, from investing in real estate in the United States to international stocks. But sometimes, the investment opportunities are right here at home, in Wisconsin.

SWIB has partnered with many Wisconsin businesses, from small, family-owned companies that have been passed on from one generation to the next, to billion-dollar global operations.

SWIB's commitment to Wisconsin has been significant. SWIB has invested over \$17 billion in companies with some level of employment and operations in Wisconsin. In the last five years, new investments in state companies totaled over \$1 billion, with projections for new investments over the next five years to reach as much as \$1.8 billion.

"SWIB continues to invest in Wisconsin businesses," Chris Prestigiacomo, Wisconsin Private

Debt Portfolio manager, says. "These investments have generated solid returns with acceptable levels of risk and that, in addition to supporting the state's economy by helping businesses create jobs and thrive in Wisconsin, has benefitted the trust funds we manage, including the WRS."

The economic impact goes beyond SWIB's state-targeted investments. Approximately 75% of the more than \$4.2 billion in annuities paid out in 2013 to WRS participants came from investment returns. With 86% of retirees remaining in Wisconsin, the economic impact is statewide.

SWIB's impact goes beyond investing capital. Investments staff is active in Wisconsin venture capital and small business development. SWIB actively markets its debt financing portfolio to state companies, sponsors venture capital events such as the Wisconsin Early Stage Symposium, and acts as a conduit for small businesses on financing options and available business support services.

Wisconsin, continued on page 10

4490 Ventures Announces First Investments

4490 Ventures has made its first two investments. 4490 Ventures is the \$30 million venture fund—created by the State of Wisconsin Investment Board and the Wisconsin Alumni Research Foundation—focusing on seed and early stage investments primarily in Wisconsin information technology companies.

Last July, 4490 Ventures announced it had invested in Abodo, a Madison-based apartment rental website. The company was founded in 2012 by three University of Wisconsin-Madison graduates who wanted to make searching for an apartment easy. In addition to Madison, Abodo has apartment listings in 17 markets including Milwaukee, Minneapolis, Atlanta and St. Louis.

4490 Ventures' second investment was made in another Madison-based company, EatStreet, an online and mobile food ordering service in over 1,100 cities nationwide. SWIB also made a direct investment in EatStreet.

SWIB and WARF are working closely overseeing the development of 4490 Ventures. The partner-



ship is providing support for the state's emerging and established information technology businesses as well as attracting interest from venture capital investors from outside Wisconsin.

Last March, 4490 Ventures named Greg Robinson general partner. Robinson brings over two decades of operating and venture capital experience to a fund that is in a unique position to not only access research and development opportunities out of the University of Wisconsin, but also access opportunities throughout the state by leveraging the strong network of relationships of entrepreneurs, key business leaders and investors.

Wisconsin, continued from page 9

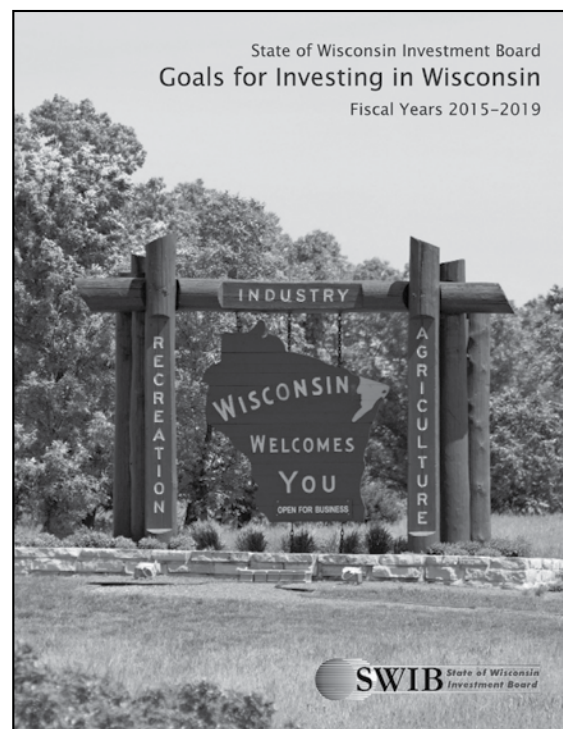
Last year, SWIB helped the Wisconsin Legislature draft legislation that created Wisconsin's first state-funded venture capital initiative, the Badger Fund of Funds. SWIB staff also helped to select the fund manager for the program.

Recognizing additional opportunities in the state, SWIB partnered with the Wisconsin Alumni Research Foundation on the creation of 4490 Ventures, a technology-focused, early-stage venture capital fund helping startups in the region realize their full potential to become successful companies.

Every two years, SWIB publishes its Goals for Investing in Wisconsin report. This report to the Governor and Legislature gives an overview of SWIB's past Wisconsin investments and provides a five-year plan for making investments in the state.

To learn more about SWIB's investments in Wisconsin and how those investments are making a positive impact, read the *Goals for Investing in Wisconsin* report. Find it on our website at

<http://www.swib.state.wi.us>.



Annual Report to be Published at Year-End

The State of Wisconsin Investment Board is transitioning from a fiscal year-end reporting period of June 30 to a calendar year-end reporting period for the Core and Variable Trust Funds.

The change in reporting date was determined in collaboration with the Department of Administration and the Department of Employee Trust Funds, due to standards issued by the Governmental Accounting Standards Board that relate to the accounting and financial reporting of pensions.

In order to transition to a calendar year-end reporting date, SWIB's annual report as of and for the year ended December 31, 2014, will cover the 18-month period from July 1, 2013 to December 31, 2014. The report will be available in the summer of 2015.

SWIB's report for the fiscal year ending June 30, 2013, along with an archive of past reports, is available on the publications menu of our website at <http://www.swib.state.wi.us>.

Receive Preliminary Investment Return Info by E-Mail

Subscribers of *ETF E-mail Updates* can now receive, on a monthly basis, notification of preliminary, calendar year-to-date investment returns for the Wisconsin Retirement System trust funds along with other important information from the State of Wisconsin Investment Board.

Registration is quick and free. Look for the red envelope on ETF's website at <http://etf.wi.gov> or SWIB's website at <http://www.swib.state.wi.us>.

Members with questions about WRS investments can contact SWIB at info@swib.state.wi.us or call the Beneficiary Hotline toll free, 1-800-424-7942 or 608-267-0957. More information about SWIB and how the WRS trust funds are invested can be found in the online brochure, *Investing for Your Retirement*. Find it at <http://www.swib.state.wi.us/publications.aspx>.

Successful, continued from page 1



Michael Williamson

I am pleased to report that both the Core Fund and the Variable Fund again this year finished with positive returns.

The Core Fund's preliminary return as of December 31, 2014, was 5.7%. The Core Fund has had a positive return in each year since the market downturn in 2008. The Variable Fund had a preliminary return as of December 31, 2014, of 7.3%. The Variable Fund has had positive returns in five of the last six years.

More important, I am pleased that the returns are projected to result in positive annuity adjustments for retirees for the second consecutive year.

While other pension systems are struggling with underfunding, the WRS continues to meet its obligations to participants and remains among the top funded systems in the country.

What does the coming year look like?

SWIB continues to make money for the trust funds while helping to protect against market downturns that can be caused by social, political or even natural causes around the world. During the past year, we have seen crises in Ukraine and Gaza and even Ebola developments lead to market disruptions. Other examples include Japan, the world's third-biggest economy, which saw inflation reach 24-year highs. China, which data indicates is now the world's biggest economy

after passing the United States, is struggling with financial and credit concerns that have become critical, when looking at risks to the global economy. Western Europe continues to struggle with high unemployment and a stalled economy. Closer to home, the news was a little more positive, with the U.S. economy continuing to expand and consumer spending increasing as gasoline prices fell toward the end of the year. The nation's labor market strengthened, although wage growth remained slow.

These examples show that in today's market the job of making money is not an easy one. However, it is one we take seriously and are more than willing to accept because we know the results of our work have a direct impact on the retirees, employees and employers who are part of the WRS.

As we look forward to 2015, we will need to continue to monitor many of the issues we watched closely in 2014 to determine what effect a weakening global economy and a strengthening U.S. economy will have on our investments.

To balance the economic forces at home and internally, we continue to diversify our investments. While SWIB staff monitors these issues daily and adjusts our investment strategies, participants in the WRS can be assured that we are working to protect the system and its members by implementing new investment strategies when appropriate and diversification of the funds. There are no guarantees in the investment world, but we will continue to work hard in the coming year with hopes of celebrating a positive 2015.

2015 SWIB Board of Trustee Meetings Set

Meetings are held in the Board Room at the State of Wisconsin Investment Board, 121 E. Wilson St., Madison, unless otherwise stated. Agendas are posted the Monday before each meeting at <http://www.swib.state.wi.us>. Meeting dates for 2015 are as follows:

- | | | | |
|---------------|-------------------|--------------------|-----------------|
| • January 14 | • April 8 | • July: No Meeting | • October 14-15 |
| • February 11 | • May: No Meeting | • August 12 | • November 11 |
| • March 10-11 | • June 10 | • September 9 | • December 9 |

Department of Employee Trust Funds
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Madison, WI 53707-7931

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WRS NEWS



Published in January, May and September by the Department of Employee Trust Funds and the State of Wisconsin Investment Board to inform Wisconsin Retirement System (WRS) members about benefit programs and trust fund investment news and information.

ETF

Contact ETF to make an appointment and ask questions regarding WRS retirement, health and life insurance benefits.

Call us toll free at 1-877-533-5020 or (608) 266-3285

Benefit specialists are available 7:00 a.m. to 5:00 p.m. (CST), Monday through Friday.

ETF Self-Service:

Request forms and brochures, report address changes, tax withholding changes (retirees only).

E-mail ETF: Send a secure e-mail via the "Contact ETF" page on our website, <http://etf.wi.gov>.

Wisconsin Relay Service (for speech and hearing impaired)

7-1-1 or
1-800-947-3529 (English)
1-800-833-7813 (Spanish)

ETF E-Mail Updates

To register for this free e-mail notification service, look for the red envelope icon at <http://etf.wi.gov>.

SWIB

Contact SWIB for information about WRS investments.

P.O. Box 7842, Madison, WI
53707-7842

<http://www.swib.state.wi.us>

e-mail: info@swib.state.wi.us

Phone: 1-800-424-7942
(608) 267-0957

Editors

ETF — Nancy Ketterhagen

SWIB — Chris Preisler

E-mail WRS News editors:
WRSNews@etf.wi.gov