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A Message from the Secretary: WRS News

— David Stella, ETF Secretary

The Department of Employee Trust Funds (ETF) and the State of Wisconsin Investment Board (SWIB) are pleased to present the first edition of our new joint publishing venture, *WRS News*.

With this newsletter, members of the Wisconsin Retirement System (WRS) will receive news and information about the WRS in one publication. Each agency had its own newsletter and separate readership prior to combining forces: *Trust Fund News*, published three times a year; and *The SWIB Report*, published quarterly.

This combined effort immediately creates efficiencies for both ETF and

SWIB — but that is not the only reason we joined forces. We also see a great opportunity to provide, in one place, information that will focus on the direct relationship between the management and investment of WRS assets and your WRS benefits.

The new name is the result of conversations with many WRS members, active employees as well as retirees, who told us that *WRS* is a more identifiable term than Trust Fund. Internally, we are fond of this equation:

ETF + SWIB = WRS.

This newsletter is divided into two sections: **Benefits** and **Investments**.

Message, continued on page 2

Market Update: 2010 Year in Review Investment Returns Positive for WRS Trust Funds; Recovery Remains Slow

— Keith Bozarth, SWIB Executive Director

During another challenging year for the U.S. economy, the State of Wisconsin Investment Board (SWIB) earned solid returns for both Wisconsin Retirement System trust funds. The Core Fund ended the year with a preliminary return of 12.3 percent and the Variable Fund returned 15.6 percent. Both funds were ahead of their benchmarks.

Strong stock markets in the fourth quarter gave the trust funds a boost

Market Update, continued on page 11

Calendar Year-to-Date Preliminary Returns as of 12/31/2010

Core Fund	12.3%
Benchmark	12.1%
Variable Fund	15.6%
Benchmark	15.3%

Preliminary Market Values (in millions)

Core Fund	\$73,520
Variable Fund	\$ 5,577



ETF Secretary David Stella

Message, continued from page 1

ETF administers WRS benefits. Therefore, our portion of the newsletter provides updates and information about WRS retirement benefits. For example, ETF will continue to cover such topics as:

- annuity adjustments and effective rates
- federal and state law changes that affect WRS benefits
- where and when to attend a benefit presentation in your area
- new online videos and other benefits-related communications
- customer service enhancements such as new web-based tools

And SWIB, the state agency that invests WRS assets, presents news about the investment performance of WRS assets, how WRS assets are invested, federal and state laws that impact investments, and other important related topics. Like *Trust Fund News*, *WRS News* is set for publication each January, May and September. And for now, the same distribution methods apply: Active employees will receive the newsletter through their employers; we will mail it to retirees. I hope you find this new venture informative and useful. Let us know what you think.

Core annuity reduction possible

When Will ETF Announce Rates and Adjustments?

The State of Wisconsin Investment Board (SWIB) recently announced 2010 preliminary investment returns of 12.3% for the Core Trust Fund and 15.6% for the Variable Trust Fund. Once final investment results have been determined, the Department of Employee Trust Funds (ETF) calculates the effective rates and annuity adjustments; look for this news in late February or early March.

Given SWIB's preliminary returns, however, ETF has prepared the following rate projections:

Projected Annuity Adjustment Rates*

Core: between -1.0% and -1.5% (a decrease)

Variable: between +7% and +11%

Projected Effective Rates**

Core: between +4.6% and +5.1%

Variable: between +13% and +17%

*applied to retirees' monthly payments

**applied to employees' account balances

The Core Fund gained 22.4% in 2009 and 12.3% in 2010. Why does ETF anticipate another negative annuity adjustment? The Department may have to reduce Core annuities for the third year

in a row due to the size of the decline in Core Fund value caused by 2008's stock market crash. Core Fund investment increases and decreases are recognized ("smoothed") equally over a five-year period to mitigate volatility. The result is that the "highs" are not so high and the "lows" are not so low. For example, Core Fund annuities would have been reduced by more than 30% in 2009 if Core investment returns were not smoothed. The impact of 2008's Core Fund decline will be carried forward (recognized) each year through 2012 and play a role in both Core annuity and Core effective rate calculations until then.

While progress has been made over the last two years, there is a long road ahead. No one can predict what the investment markets will do each year. In addition, while ETF would prefer not to reduce Core annuities or raise employer and employee contribution rates, the "risk sharing" nature of the system is working to keep WRS funding relatively stable and 100% capable of paying retirement benefit promises.

Remember these basic facts about the WRS:

- Employer and employee contributions fund earned retirement benefits.

Projections, continued on page 3

Projections, continued from page 2

- Annuity adjustments depend primarily on investment performance; there is no cost-of-living increase guarantee.
- Core annuities are **increased** only when investment income, adjusted to reflect actuarial factors such as mortality, is enough to pay at least a 0.5% increase for all retirees. Core annuities are **decreased** only when the decrease for all retirees is -0.5% or more. If the decrease is less than -0.5% it will be carried over to the next year's calculation.
- While a retiree's Core annuity can be reduced (by repealing past increases), it can never go below the original finalized amount.
- There is no such limit on Variable annuity reductions.

For More Information

ETF document

Core Fund and Variable Fund Percentages

This online chart shows Core and Variable Trust Fund investment returns and corresponding rate adjustments over the past 25 years. Find it on ETF's Internet site at <http://etf.wi.gov/retirees/dividends.htm>.

ETF video

Annual Annuity Adjustments

This online video covers frequently-asked questions about Wisconsin Retirement System annual annuity adjustments and explains how the rates are calculated. Find it in ETF's Video Library at <http://etf.wi.gov/webcasts.htm>.

WRS Retirement Statistics, Information at a Glance

Annuity Adjustments Depend on Investment Returns

The table below shows how the value of a \$1,000 Wisconsin Retirement System (WRS) annuity — Core as well as Variable — has been affected by actual WRS annuity adjustments over a period of time.

If You Retired In	A \$1,000 Core Annuity is Receiving	The Annual Rate of Increase is	A \$1,000 Variable Annuity is Receiving	The Annual Rate of Increase is	The Annual Change in CPI is
2005	\$1,069	1.4%	\$802	(4.3%)	2.6%
2000	\$1,215	2.0%	\$599	(5.0%)	2.5%
1995	\$1,849	4.2%	\$1,300	1.8%	2.5%
1990	\$2,292	4.2%	\$1,476	2.0%	2.7%
1985	\$3,269	4.9%	\$2,496	3.7%	2.9%

Annual Report Available

The Department of Employee Trust Funds 2009 (ETF) *Comprehensive Annual Financial Report* is now available. Contents include Wisconsin Retirement System financial statements, statistics, benefit program highlights, legislation affecting the retirement system, employer payrolls, ETF annual accomplishments, and more. Find it online at <http://etf.wi.gov/publications/cafr.htm>.

Trend: Retirement Estimate Requests, Applications Up Over Past Two Years

As expected, the workload associated with two separate, yet essential steps in the retirement decision-making process for Wisconsin Retirement System (WRS) members has spiked over the past two years, according to Department of Employee Trust Funds (ETF) records. The number of **retirement estimates requested** by members grew by 11% and 10% in 2009 and 2010, respectively; the number of **retirement applications received** increased about 3% and 7% over the same periods. What is the difference between the two? The estimate is just that — an estimate of an employee's retirement benefit, showing monthly payment options. When ready to "make it official," the employee completes and sends the application to ETF.

The "baby boomers" are aging in droves: This year alone, more than 7,000 will turn 65 every single day, according to AARP. Indeed, ETF expects both the number of retirement estimate requests and the WRS retiree population to continue to climb over the next two decades.

Find information on estimate requests and retirement applications received since 2004 by visiting the What's New section on ETF's Internet site, <http://etf.wi.gov>.

Thinking About Returning to Work After Retirement?

No matter the reason — economic, social, etc. — Wisconsin Retirement System (WRS) retirees can return to work after retirement. Going back to work for a **non-WRS** employer will have no effect on benefits administered by the Department of Employee Trust Funds (ETF).

If you are thinking about going back to work for a **WRS** employer, however, you should take steps to ensure your WRS retirement benefit is not adversely affected. For specific information on meeting the two primary requirements involved (the break-in-service and valid termination), review the important resources listed at right or contact ETF. In the meantime, here are some tips that will help you make a smooth transition from retirement to work — and back to retirement again.

The “Do not” list:

1. Do not engage in contractually-binding conversations with your employer about returning to work before you actually retire. You could render your termination invalid and make yourself temporarily ineligible for any kind of retirement benefit under the WRS.
2. Do not ask for any kind of commitment or contract for employment during the required 30-day break-in-service. Doing so would raise questions about your intent to sever all employment ties with your employer. Federal regulations prohibit a WRS retirement benefit from being paid if there was no intent to sever the employee-employer relationship. ETF investigates such cases.

The “Do” list:

1. Inform any WRS employer of your status as a WRS annuitant when you take a new job.

Statement of Benefits Due Soon

Distribution of the annual *Statement of Benefits* will take place in April. Will you need some help understanding the information found on your *Statement*? We suggest viewing our online video first. Look for *Your Annual Statement of Benefits* in the Video Library at <http://etf.wi.gov/webcasts.htm>.

- Your employer will conduct a “previous service check” and determine whether your new position meets WRS eligibility criteria.
2. Ensure that you meet the minimum break-in-service requirement before going back to work. Retirees are prohibited from returning to work until the **latest** of the following:
 - o The day after the annuity effective date.
 - o The 31st day after employment termination.
 - o The 31st day after ETF receives the benefit application.
3. Obtain (from your employer) and complete a *Rehired Annuitant Election* form (ET-2319), which documents whether you intend to re-join the WRS if your new position is eligible for WRS coverage.
4. Carefully consider your long-term needs if you are eligible to re-join the WRS with your new position. If you return to participation your WRS annuity will stop for the time being, but you will earn service credit that could enhance your future retirement benefit when you re-retire. Re-joining the WRS would also potentially make you eligible for other kinds of employer-provided fringe benefits.

For More Information

ETF brochure

Information for Retirees (ET-4116)

Find it under the Publications menu at <http://etf.wi.gov> or call for a paper copy.

ETF video

Returning to WRS Employment

This video details what is required before returning to work with a WRS employer. It also explains the effects of re-employment as an annuitant versus an active WRS employee. Information about the impact on health and life insurance benefits is also covered. Find this and all of our informative WRS benefits-related videos in ETF’s Video Library at <http://etf.wi.gov/webcasts.htm>.

Supplement Your Retirement Savings with a Deferred Compensation Account

Are you saving enough for the retirement of your dreams? Let the Wisconsin Deferred Compensation (WDC) Program help you get there. With contributions to your WDC account, you are consistently and automatically saving money and investing extra money for retirement on a tax-deferred basis.

The WDC, a low-cost, supplemental retirement savings program, is available to State and University of Wisconsin employees, and employees of local governments and school districts in Wisconsin that elect to offer the program.

Note: If you are a University of Wisconsin System employee or an educational professional working for a local government employer (including school districts), you may now contribute to both your s. 403(b) tax-sheltered annuity plan and the WDC, up to the maximum federal limits set for each type of plan. In 2011, the limit for both plan types is \$16,500, for a total maximum annual deferral of \$33,000 if using both plans.

To reduce your 2011 taxable income, enroll in the WDC today. Contact the WDC at 1-877-457-9327 or online at www.wdc457.org.

For active employees

Consider Buying WRS Forfeited Service

Have you ever considered purchasing the Wisconsin Retirement System (WRS) service that you forfeited in the past? If you have ever taken a separation benefit (a lump sum withdrawal of employee contributions), your account was closed. All service and employer contributions credited to your account was “forfeited”.

If you are eligible to purchase forfeited service, doing so would increase your retirement benefit (and any death benefits payable from your account). Here’s why:

- You will have more years of service, a factor in your formula benefit calculation; and
- Your account will have a higher dollar balance, which is a factor in your money purchase benefit. Your account will also include the matching amount of employer contributions.

In addition, any death benefits payable from your account will be higher. If you die as an active employee under the WRS, your forfeited service purchase payment, plus accumulated interest, plus the matching amount of employer contributions, will be included in your death benefit.

For More Information

Review the following ETF resources to learn more about costs, eligibility requirements, when and how to buy forfeited service, etc.

ETF online calculator

Use the *WRS Forfeited Service Calculator* to project the cost of buying forfeited service and how it would affect your formula and money purchase retirement benefits. Go to <http://etf.wi.gov/calculator.htm>.

ETF brochure

Buying Creditable Service (ET-4121)

Contact ETF for a paper copy or find it on the Publications menu of our Internet site, <http://etf.wi.gov>.

ETF video

Buying WRS Service

This video explains the type of service that can be purchased, eligibility criteria, how to purchase, how to calculate cost, payment options and why you should consider purchasing service. Find it in ETF’s Video Library at <http://etf.wi.gov/webcasts.htm>.



Sign up for *ETF E-Mail Updates*

The Department of Employee Trust Funds (ETF) is pleased to introduce *ETF E-Mail Updates*, a new way for you to stay informed about your Wisconsin Retirement System benefits. Use this new service to receive e-mail alerts any time the Department's Internet site is updated with important news and information. Registration for *E-Mail Updates* is fast, easy, and free. Look for the red envelope (icon) on ETF's Internet site at <http://etf.wi.gov>.

BOARD CORNER

Retirement Boards Honor Wigdahl

The Employee Trust Funds (ETF) Board, the Wisconsin Retirement (WR) Board and the Teachers Retirement Board recently honored WR Board chair Marilyn Wigdahl for her dedication and service to the boards and the members of the Wisconsin Retirement System. Wigdahl, of La Crosse, announced her resignation from the boards effective September 17, 2010. She has

been a WR Board member since 1984, serving as that board's chair for the past 23 years. She was simultaneously a member of the ETF Board (23 years), serving as chair from 1991 until her resignation. Board members, ETF Secretary Stella and the ETF staff extend appreciation to Marilyn for her years of exemplary service on the boards and wish her the best.

Election Set: Employee Trust Funds Board — Annuitant Member

Ballots have been mailed for the election to elect the annuitant member of the Employee Trust Funds (ETF) Board. Four candidates are vying for the post, which has a five-year term beginning May 1. All Wisconsin Retirement System annuitants were sent a packet containing an official ballot, voting instructions, candidate information and a return envelope. Results will

be announced at the March 10 ETF Board meeting, posted on our Internet site and publicized in the May edition of *WRS News*. The candidates are as follows:

Philip Evenson, Brookfield
William Ford, Prairie du Sac
Kathleen Kreul, Highland
Dennis Panicucci, Hartford

Second Call for Nominations — Educational Support Personnel Board Member

The Department has issued a second call for nominations in an election to select an educational support personnel member to the Employee Trust Funds (ETF) Board. The term of the current seat holder, Kathleen Kreul, expires in May; she is not eligible to seek re-election for this seat. Any active educational support personnel employee of a Wisconsin Retirement System

technical college district or school district employer may request nomination papers. Contact Cindy Gilles, board liaison, ETF, P.O. Box 7931, Madison, Wis., 53707-7931. E-mail: cindy.gilles@etf.state.wi.us. Completed nomination papers must be returned to ETF by 4:30 p.m. on Thursday, March 3, 2011. Voting will take place in April.

2011 Retirement Board Meetings

The 2011 meetings of the Employee Trust Funds Board, the Wisconsin Retirement Board and the Teachers Retirement Board have been set. The meeting dates are as follows:

March 10 June 23
September 15 December 1

Meetings are held at the Holiday Inn and Suites, 1109 Fourier Drive, in Madison. Find meeting start times, agendas and materials on ETF's Internet site one week prior to each meeting. Go to http://etf.wi.gov/boards/agendas_ji.htm.

ETF Sets Spring 2011 WRS Presentation Schedule

The Department of Employee Trust Funds (ETF) has scheduled free, public presentations for Wisconsin Retirement System (WRS) members, especially those considering or planning retirement in the near future. ETF specialists will discuss WRS retirement, death and separation benefits, and health and life insurance benefits. Reservations are not needed. All locations are handicap accessible.

Presentation Schedule — Spring 2011

(Presentations 6:30 p.m. to 8:00 p.m., unless otherwise indicated. If weather becomes severe, listen to local radio stations for possible cancellations.)

Your own computer	Wed., March 16	7:00-9:00 p.m. Watch a live, interactive WRS benefits presentation. Find the link on ETF's Internet site at http://etf.wi.gov under "What's New"
Appleton	Thurs., March 24	Fox Valley Technical College, Cafeteria/Commons, 1825 N. Bluemound Dr., Appleton
Eau Claire	Thurs., March 24	Chippewa Valley Technical College, Auditorium (Rm.103), 620 W. Clairemont Ave., Eau Claire
Hayward	Wed., March 23	Hayward High School, Auditorium, 10320 Greenwood Ln., Hayward
Janesville	Mon., April 4	Blackhawk Technical College, Cafeteria/Commons, 6004 S. County Rd. G, Janesville
La Crosse	Tues., April 26	UW La Crosse-Graff Main Hall Auditorium (Rm. 260), 1725 State St., La Crosse note: Social Security Administration presentation set for 5:00 p.m.
Marinette	Tues., April 12	Marinette High School, W.J. Jones Auditorium, 2135 Pierce Ave., Marinette
Middleton/ Madison	Wed., March 9	Middleton High School, Performing Arts Center, 2100 Bristol St., Middleton (north side of building)
Pewaukee	Tues., March 29	Waukesha County Technical College, Richard T. Anderson College Ctr., 800 Main St., Pewaukee (free parking in lots 7,8,9)
Racine	Thurs., April 7	Starbuck Middle School, Auditorium, 1516 Ohio St., Racine
Wausau	Thurs., April 14	Northcentral Technical College, Center for Health Sciences Auditorium, 1000 W. Campus Dr., Wausau

For active employees

Customer Service Districts Ready to Serve Members

Last fall the Department of Employee Trust Funds (ETF) announced the creation of nine service delivery "districts," which allow ETF to offer group appointments and large public presentations more often and in more convenient and accessible locations for WRS members and employers. Group appointments are for members who have retirement estimates and need help completing their retirement applications.

ETF is pleased to announce the new service districts are now ready to serve WRS members.

ETF specialists will be in 37 different cities around the state from January to the end of June.

For more information about group appointments and presentations in your area, go to the **Benefit Presentations link** under the "Members" menu on ETF's Internet site. The direct link is <http://etf.wi.gov/members.htm>. There, you will find the benefit presentations schedule and an interactive map showing benefit presentations by district). To make a group appointment, call ETF toll free at 1-877-533-5020 ext. 65717. Reservations are required.

Report: Use of SWIB Staff to Invest Lowers Investment Costs

The State of Wisconsin Investment Board (SWIB) paid \$22 million less to manage the Core Fund in 2009 than its peers spent for similar services, according to an independent report from CEM Benchmarking, Inc. CEM compared SWIB's costs to those of a peer group that includes 14 other large U.S. public pension funds. In its report to SWIB Trustees, CEM attributed SWIB's lower costs primarily to:

- Greater reliance on SWIB's own staff to manage investments and less use of outside firms.
- Paying lower rates than peers for the outside investment services that SWIB does use.

Since December 2007, the share of retirement fund assets managed by SWIB staff has increased from 21% to over 46%. In 2011, the internal

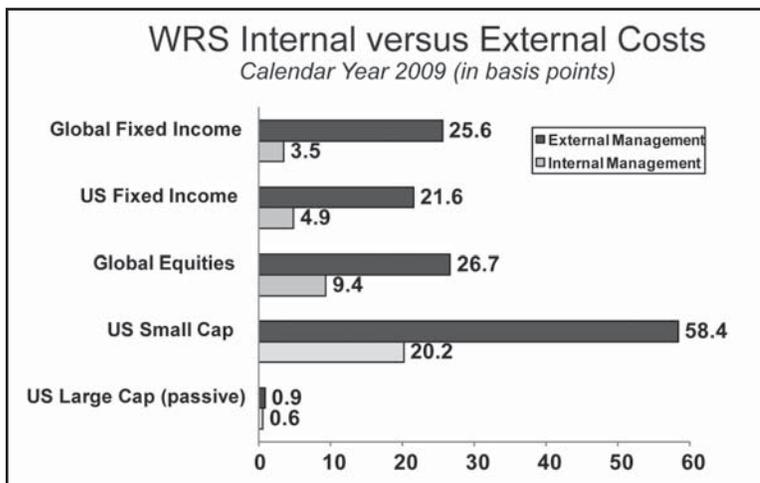
management share is expected to rise to over 50%, which will be nearly double the average for SWIB's peers.

With the support of the Governor and Legislature we have been able to build a stronger internal management program that is providing a significant financial benefit to the retirement system. That SWIB staff has been able to expand internal management during some of the most difficult market conditions in decades is a considerable accomplishment.

Building a robust and successful internal management program requires the ability to attract and retain experienced staff. SWIB conducts a review of the employment market annually to be certain it is setting total compensation at appropriate levels.

In the report, CEM officials also noted that

pension funds with more internal management have lower costs and as a result perform better and SWIB's favorable results are consistent with its peers and other large funds globally that rely more on internal management. In fact, the cumulative value added, return in excess of market benchmarks, from SWIB's internal investments in stocks and bonds over the five years ending December 31, 2009, was over \$200 million after costs.



The cost of using SWIB staff compared to using external fund management firms to manage public market assets in 2009 in basis points. One basis point equals one-hundredth of one percentage point (1 basis point represents 1 cent for each \$100).

2011 SWIB Board of Trustees Meetings Set

Meetings are held in the Board Room located on the second floor of the SWIB offices, 121 E. Wilson Street, unless otherwise stated. Agendas, posted at www.swib.state.wi.us/meetings.aspx, are available the Monday before each meeting.

January 12	April: No Meeting	July: No Meeting	October 19-20
February 16	May 10-11	August 17	November 16
March 15-16	June 8	September 13-14	December 14

Managing Risk is More Important Than Ever

Risk can often be thought of as something to be avoided. However, every investment involves some degree of risk. Successful investors make informed, intelligent decisions to ensure they are rewarded for the risk they take. The challenge for the State of Wisconsin Investment Board (SWIB) is to limit risk exposure to an acceptable level while still capturing maximum returns.

What Is Risk?

While there are many different types of risk considered by the SWIB staff, several are larger than others. In finance, risk can be defined as the probability that an investment return will be different than expected. Risk can be close to zero — as in the case of a U.S. Treasury security, which is backed by the U.S. government. Risk can be very high, such as owning real estate in a developing country. Generally, assets with higher expected returns are riskier.

SWIB monitors other types of risks associated with the WRS, too. Risk management takes into account how it all works together. The largest types of risk include the following:

- Market risk is the chance that investments can lose value because of a market decline. Diversifying increases the chances of having a portion of your investments performing well at any given time. Market risk is one of the most difficult risks to manage for the WRS.
- Interest rate risk is the possibility that interest rates rise causing bond prices to fall. Long-term bond holdings in financial, utility and telecom stocks are most sensitive to interest rate risk.
- Liquidity risk is the chance that an investor would not be able to sell an investment in an orderly fashion at the time the proceeds are needed, without the risk of loss.
- Being unable to meet pension liabilities is the



most fundamental risk for the WRS. Funding is the basic measure of the system's ability to pay promised benefits to members. The WRS actuary and SWIB's asset allocation consultant agree the WRS is positioned to meet its current and future obligations.

Volatility is the amount of uncertainty about changes in an investment's value. Minimizing annual fluctuations in Core Fund returns helps to stabilize required contributions by employers and employees as well as adjustments paid to retirees.

How Do We Manage Risk?

SWIB has focused on risk management throughout its existence. However, with increased market volatility, monitoring risk has become even more important. All WRS stakeholders share the rewards and risks from investment returns. Investment returns affect contribution rates, a member's initial annuity, and a retiree's monthly annuity. The significant market drop in 2008 was a catalyst for employing new ways to moderate the risk associated with SWIB's investment in public stock markets.

The first step is to determine risk for a given level of expected return by carefully choosing the proportions of various assets, including stocks and bonds. SWIB's trustees set targets with the help

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of modeling developed by a board-appointed consultant. Once the return and risk for various asset mixes are calculated, Trustees select the mix of assets that should provide the optimum balance of risk and return over the next several market cycles. Modeling also measures risk during extreme market stress conditions.

Diversification is one tool used to manage risk. SWIB diversifies holdings not only by asset class but within the asset classes, for example by investing in companies that differ in size, industry and location. A diversified portfolio reflects the proverb “don’t put all your eggs in one basket.”

SWIB also is incorporating new investment strategies that diversify risk away from stocks, including decreasing stock allocations and substituting alternative allocations that produce similar long-term returns, but with different risk characteristics than stocks. Because there is a tradeoff of less market risk (stock volatility)

for increased liquidity risk, new monitoring tools have been developed by SWIB to enable the assessment of all cash needs. As always, market conditions are considered as changes are contemplated.

To manage active risk (variation between portfolio return and benchmark return), the Board sets a risk parameter for each portfolio that forces staff to prioritize the use of risk and understand where risk is taken. Portfolios are monitored on a regular basis for compliance with the parameters and staff discusses the rationale and outlook for any exceptions.

Managing risk means focusing on the aspects of investing that can be controlled. A solid understanding of risk in its different forms allows SWIB to better understand opportunities, trade-offs and costs involved with different investment approaches.



Deputy Executive Director Appointed to Accounting Standards Advisory Council

Gail Hanson, SWIB deputy executive director, has been appointed to the Financial Accounting Foundation’s Financial Accounting Standards Advisory Council (FASAC) effective January 1, 2011. The FASAC is responsible for advising the Financial Accounting Standards Board on technical issues, project priorities, and other matters that affect standard setting. Gail also serves as treasurer of the board of directors of the Council of Institutional Investors.

Wisconsin Coalition of Annuitants Annual Conference

The Wisconsin Coalition of Annuitants (WCOA) annual conference is set for May 16, 2011, at the American Family Center in Madison. The conference is for all retired members of the Wisconsin Retirement System. For more information, visit the WCOA Internet site at www.wicoa.org.

Annual Report Available

Now available: The State of Wisconsin Investment Board (SWIB) annual report and schedule of investments, a listing of SWIB holdings as of June 30, 2010. Find copies of the report and the listing of SWIB holdings at <http://www.swib.state.wi.us/publications.aspx>. To request a printed copy, contact SWIB at info@swib.state.wi.us or call Vicki Hearing at (608) 261-2415.



SWIB Executive Director
Keith Bozarth

Market Update, continued from page 1

after a slow start at the beginning of the year. In October, the Dow Jones Industrial Average finished with its highest gains since 2006, rising 3 percent, then managed a 7.3 percent gain for the month of December, ending up 11 percent for the year.

Public fixed income returns remained strong throughout the year returning 8.0 percent as interest rates declined through mid-year and began to increase in the last half of the year. Rising interest rates are cause for caution as higher rates reduce the value of existing bonds.

Uncertainty about economic recovery continues. Consumer spending remains suppressed and the unemployment level remains high in the U.S. Uncertainty continues in global credit markets. A change in direction for those factors would be a positive sign for improved economic growth.

Stella, Bozarth Guests on *Newsmakers*

Department of Employee Trust Funds (ETF) Secretary Dave Stella and Keith Bozarth, executive director of the State of Wisconsin Investment Board (SWIB), were featured guests in a recent episode of *Newsmakers*, a production of Wisconsin Eye.

Following a question-and-answer-style format, host Steve Walters interviewed Stella and Bozarth on a variety of key topics relevant to the Wisconsin Retirement System (WRS), including:

- How the two agencies, with separate and distinct duties and responsibilities, work together to provide benefits to more than 560,000 members.
- Challenges faced by each agency over the past three years, including the effects of 2008's historic market meltdown and the ripple effect it has had on WRS members and employers.
- How the system's funding discipline, "risk-

sharing" design, and cost-effective benefit administration and asset management work together to create a fully-funded public pension benefit program.

- Challenges that lie ahead for each agency, including investment staff recruitment and retention, reducing volatility in investments, and, for ETF, implementing and communicating changes in public policy.
- In addition, the program included a look at how the unique design of the WRS has helped it earn top rankings.

For a link to the program, *Newsmakers: Public Employee Pension System*, visit SWIB's homepage at www.swib.state.wi.us or visit ETF's site, http://etf.wig.gov/news/ht_20101220a.htm. (39 min.)

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WRS NEWS



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Contact ETF

1-877-533-5020 (toll free)
(608) 266-3285 (local Madison)

**Wisconsin Relay Service (for
speech and hearing impaired)**

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

Appointments (608) 266-5717

E-mail ETF via the “contact
ETF” section of our website,
<http://etf.wi.gov>

ETF Self-Service Line

(877)-383-1888 or
(608) 266-2323

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

ETF Message Center

(800) 991-5540 or
(608) 264-6633
Listen to pre-recorded telephone messages on a variety of WRS topics.

Contact SWIB

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