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## A Message from the Secretary

— Robert Conlin, ETF Secretary

Wisconsinites know that winters around here are long, cold and snowy. We face this annual period with stoic resignation and a few simple survival rules (e.g., wear layers and keep your car gassed up, your stick on the ice and your tongue off of metal objects). As I write this, Wisconsin is in the midst of what weather experts call a “polar vortex,” what newscasters call a “POLAR VORTEX!,” and what Canadians call “chilly”. Why do we keep putting up with this? In a word, “spring”.

As harsh as winters may be, we know that spring, and its thaw, is com-

“Winter is not a season, it’s an occupation.”

— Sinclair Lewis

ing. It may not get here until March or April...or June, but it will get here.

The Wisconsin Retirement System (WRS) will have a bit of a thaw this spring, too. After five long years of negative annuity adjustments caused by the financial crisis of 2008, and buoyed by the State of Wisconsin Investment Board’s (SWIB) solid investment performance over the last few years, the WRS will once again make positive annuity adjustments in May

*Secretary, continued on page 2*

## Executive Director’s Message

— Michael Williamson, SWIB Executive Director

I am happy to report that once again, the State of Wisconsin Investment Board (SWIB) generated positive double digit returns for both the Core Trust Fund and the Variable Trust Fund. The Core Trust Fund finished 2013 with a preliminary return of 13.5% and the Variable Trust Fund finished the year with a preliminary return of 29.0%.

Strong equity markets, especially in the U.S., helped deliver the positive performance. Cumulatively, investment choices made by SWIB over the past five years have added over \$3 billion in excess return. These positive returns, along with the end of the smoothing of the effects of losses from 2008 will generate increases in monthly retiree payments in 2014.

This marks the fifth year in a row that the Core Fund produced positive returns, and four out of five years for the Variable Fund. I am also pleased to report the Core and Variable Trust Funds both performed ahead of their respective benchmarks

*Executive Director, continued on page 11*

### Calendar Year-to-Date Preliminary Returns as of 12/31/2013

<b>Core Fund</b>	<b>13.5%</b>
Benchmark	12.9%
<b>Variable Fund</b>	<b>29.0%</b>
Benchmark	28.0%

*Secretary, continued from page 1*

and begin rebuilding the Core Fund's dividend pool. SWIB's investment performance should also allow for a modest decrease in WRS contribution rates for 2015. We are continuing to work with SWIB and our actuaries to ensure that the WRS stays solidly funded for the long-term, with reasonable contribution rates and appropriate investment strategies.



Robert Conlin

This spring also marks the beginning of a multi-year effort by the Department to upgrade our customer service capabilities. To provide you with the best service possible, we need to replace

our disjointed and aged information technology systems with an integrated benefits administration system that will allow us to operate more efficiently. This new member-centric system will offer you access to your retirement, insurance and other account information via a secure, online portal. Many members have asked for this capability.

Department staff will be heavily involved in system development and implementation, so at times you may experience some periods of service delays. We ask for your understanding and patience as we work to improve your overall customer service experience. Watch our website and this newsletter for news and progress reports on this exciting project. *I'm looking forward to spring. I hope you are, too.*

## WRS Legislative Update

— Tarna Hunter, ETF Legislative Liaison

Several bills affecting the Wisconsin Retirement System (WRS) were introduced last fall in the state legislature. **2013 Senate Bill (SB) 330** and **Assembly Bill (AB) 414** allow participating WRS employees to purchase years of creditable service for active service in the U.S. armed forces. Both bills require the following to purchase creditable service under the program:



Tarna Hunter

able service under the program:

1. The employee must pay ETF an amount equal to the present value of the creditable service to be purchased, in accordance with rates actuarially-determined to be sufficient to fund the cost of the increased benefits that will result from granting the creditable service.
2. The employee must have at least three continuous years of creditable service at the time of application to purchase the creditable service.
3. The employee must have been discharged from the U.S. armed forces under honorable or general conditions.
4. The employee may not receive creditable service under the program for any service that is used for the purpose of establishing entitlement

to, or the amount of, any other benefit to be paid by any federal, state, or local government entity, with the exception of a disability or Social Security benefit, a benefit under the federal retired pay for non-regular military service program, or a benefit paid for service in the National Guard.

**2013 AB 470** and **2013 AB 471** were introduced in November. AB 470 would increase the minimum retirement age by two years. Currently, Protective category employees are eligible to retire at age 50; all other members, age 55. The proposal would require that Protectives be at least 52 years old and general members be at least 57 years old to be eligible to retire. This change would only apply to members under the age of 40 on the effective date of the bill.

AB 471 would change the formula method for calculating a WRS retirement benefit. Under current law, a formula benefit is based on the average of the **three** highest years of earnings. Under the bill, a formula benefit would be based on the average of the **five** highest years of earnings.

As with any legislative proposal, the provisions of these bills are subject to change. We will continue to monitor developments and provide updates as they occur. Watch our website for the latest information.

## When Will ETF Announce Rates and Adjustments?

The State of Wisconsin Investment Board (SWIB) has announced preliminary 2013 investment returns of 13.5% for the Core Trust Fund and 29.0% for the Variable Trust Fund. Given this good news, it's understandable that many would immediately want to know how these preliminary figures affect Wisconsin Retirement System (WRS) annuity payments and employee retirement accounts. The Department of Employee Trust Funds (ETF) will announce the rates in late February and early March, after final investment returns are determined and an actuarial analysis is conducted.

However, based on the preliminary figures noted above, we anticipate a return to positive Core annuity adjustments this spring. The projections at right are based on SWIB's preliminary investment returns for 2013. Monitor our website for the news—even better, sign up for *ETF E-Mail Updates* to receive instant notification via e-mail. Look for the red envelope icon on our website to get started.

Core Fund	
Preliminary 2013 Net Investment Return	13.5%
Projected Effective Rate <i>applied to employees' account balances</i>	between 11.1% and 11.5%
Projected Annuity Adjustment <i>applied to retirees' monthly payments May 1, 2014</i>	between 4.4% and 4.8%

Variable Fund	
Preliminary 2013 Net Investment Return	29.0%
Projected Effective Rate <i>applied to employees' account balances</i>	between 29% and 31%
Projected Annuity Adjustment <i>applied to retirees' monthly payments May 1, 2014</i>	between 23% and 25%

## WRS Benefits from Diligent Oversight

While the State of Wisconsin Investment Board (SWIB) is responsible for managing the assets of the Wisconsin Retirement System (WRS) trust funds, the Department of Employee Trust Funds (ETF) administers the system's benefit programs with the oversight of the ETF Board. That oversight includes regular actuarial reviews to ensure that pension benefits are pre-funded, sustainable for the long-term, and that benefit costs are not transferred to future generations.

Each year, for example, the system's consulting actuaries analyze demographic and economic data pertaining to non-retired members. Such a "valuation" is done to set the employer and employee contribution rates for the next year. A separate review of the data, called a "gain/loss" study, helps measure year-to-year changes in the various risk areas of the WRS—such as investments, retirements, inflation, wage increases and member longevity.

Actuaries routinely make certain assumptions about these risk areas. The gain/loss analysis helps determine how those assumptions fared against reality. A separate gain/loss analysis is conducted every three years to determine whether trends are taking shape that would be cause for changing the actuarial assumptions.

Similarly, annual actuarial valuations of the WRS retiree population are performed. These studies specifically look at the number and amount of Core and Variable annuities being paid from the WRS. The results become the basis of the actuary's recommendations for the annual Core and Variable annuity adjustments. These actuarial studies are publicly available on ETF's website, under the forms and publications menu.

Another important steward is the Joint Survey Committee on Retirement Systems (JSCRS), a 10-member state legislative committee. Estab-

*Oversight, continued on page 4*

*Oversight, continued from page 3*

lished by law in 1947, the JSCRS provides reports to the legislature on proposed statutory changes to the WRS. The committee reviews bills or amendments and identifies possible affects on the WRS.

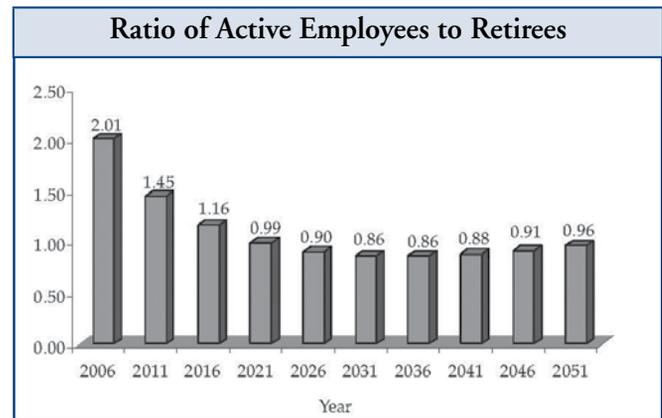
And approximately every five years, ETF and the State of Wisconsin Investment Board (SWIB) conduct a 50-year actuarial projections study. This type of study is fairly unique, but it is a best practice when it comes to managing pension funds. The purpose is to review emerging demographic trends, project the cash flow needs of the system, and evaluate possible investment outcomes and their implications for the WRS.

Having a basic understanding of past investment performance and how market changes have affected the WRS, and projecting possible future scenarios all help SWIB in its work of controlling costs, managing risk and making money to benefit WRS members and taxpayers. This analysis also helps ETF identify potential areas of concern in program design and develop appropriate policies to address them.

In addition to careful plan design and a strong commitment to funding, these mechanisms for diligent oversight help ensure the WRS continues to be an important source of retirement income for current—and future—generations of Wisconsin public employees and their families.

WRS Retiree Population Changes	
Current Retirees	173,655
Retirees in 2017	232,189 (estimate)
Retirees in 2027	292,659 (estimate)
Retirees in 2035	303,483 (estimate)

*Among other things, SWIB's 50-year actuarial projections study examines emerging demographic trends among WRS member groups, such as retiree population changes (see figures above) and the ratio of active employees to retirees (see chart below). Findings can help forecast and quantify possible effects on the WRS and influence strategic policy and planning decisions.*



## Why It's Important to Keep Your Beneficiary Designation Form Updated

**D**oes your Wisconsin Retirement System (WRS) beneficiary designation accurately reflect how you would want your WRS benefit paid in the event of your death? Many members die with outdated beneficiary designations. The law requires the Department of Employee Trust Funds (ETF) to follow the member's written instructions on the beneficiary designation form even if, for example, it still lists a former spouse or domestic partner. When it comes to your WRS account, few things are more important than keeping your beneficiary designation up to date. That is because your will does not take the place

of a WRS beneficiary designation. In addition, your beneficiary does not automatically change when your life circumstances change.

**What is easiest way to ensure your designation is current?** Call ETF at 1-877-533-5020 or simply download a *Beneficiary Designation Form* (ET-2320) from our website. Complete the form and submit it to ETF by mail or fax.

If you have a Wisconsin Deferred Compensation (WDC) Program account, make sure your beneficiary designation for that account is current as well. Call the WDC at 1-877-457-9327 or go to [www.wdc457.org](http://www.wdc457.org).

## Information for Retirees

### Calendar Affects Some Payment Dates

When the first day of the month falls on a weekend or a holiday, financial institutions may not make monthly annuity payments available until the “settlement date”. The settlement date is the date a financial institution actually receives the money from the Federal Reserve. This year, payments for February, March and November may be affected because the first of the month falls on a Saturday. If your payment is an automated deposit: Ask your financial institution how it handles deposits for payments that are dated on non-business days. If your payment is a paper check: The checks are taken to the post office on the last mailing day of the month. Your receipt date will depend on the speed of the mail delivery.

### Remember: New Rules for Going Back to Work

If you are retired and going back to work for a Wisconsin Retirement System (WRS) employer, keep in mind 2013 Wisconsin Act 20 contains a number of provisions that will affect retirees with termination dates on or after July 2, 2013:

- The minimum break-in-service requirement was increased from 30 days to 75 days; and
- The WRS annuity is automatically suspended upon returning to work for a WRS participating employer in a position in which the employee is expected to work at least two-thirds of full time.

**How will I know if a job I want to take is covered by the WRS?** Your prospective employer can tell you if the job you are considering is eligible for coverage under the WRS.

### How do I...

**...Change financial institutions or account numbers for my annuity payments?** Submit a new *Direct Deposit Authorization Form* (ET-7282) or contact ETF to request it. If you want to change your deposit to a different account within the same financial institution, you can either submit a new *Direct Deposit Authorization Form* (ET-7282) or contact us by telephone or in writing. Note: In either case, do not close your old account until deposits start posting to your new account.

**...Research whether I want to remain in the Variable Fund?** Deciding whether to remain in the Variable Fund is a personal decision that you should base on factors such as how much of your annuity is paid from the Variable Fund, your tolerance for risk and your personal financial situation. Retirees have two options for canceling Variable participation—take the time to thoroughly review and understand them making a final decision. See the resources listed below.

### ETF Video Reviews Social Security, Medicare Benefits

The Department of Employee Trust Funds (ETF) has revised its informative video, *Social Security Retirement Benefits*. This 31-minute video gives an overview of the federal Social Security retirement program as well as the Medicare and survivor benefit programs. It further provides information on how to get the Social Security Statement online, eligibility, how benefits are calculated and how and when to apply for benefits. Viewers will also learn about some of the new resources available on the Social Security website. Find *Social Security Retirement Benefits* in the Video Library on our website.

### For More Information

#### ETF brochures

*Information for Retirees* (ET-4116)

*How Participation in the Variable Trust Affects Your WRS Benefits* (ET-4930)

<http://etf.wi.gov/publications.htm>

#### ETF documents

*Return to Work FAQs*

<http://etf.wi.gov/news/ht-act20faqs.htm>

*Address/Name Change Form* (ET-2815)

*Direct Deposit Authorization Form* (ET-7282)

<http://etf.wi.gov/publications.htm>

#### ETF online videos

*Social Security Retirement Benefits*

*Returning to Work After Retirement*

Find them in our Video Library at

<http://etf.wi.gov/webcasts.htm>

#### ETF Customer Service

1-877-533-5020 or (608) 266-3285

## **BOARD CORNER**

### **2014 Board Meetings**

The 2014 meeting schedules of the Wisconsin Retirement System boards have been set. All meetings are held at the State Revenue Building, 2135 Rimrock Rd., Madison, unless otherwise noted. Agenda items are posted one week prior to each meeting. To review meeting times, agendas, materials and learn about the boards, go to the Governing Boards menu at [http://etf.wi.gov/gov\\_boards.htm](http://etf.wi.gov/gov_boards.htm).

2014 Board Meeting Schedules
ETF Board, Teachers Retirement Board, Wisconsin Retirement Board March 27, June 26, September 25, December 11
Group Insurance Board February 19*, May 21*, August 26**, November 18* *at Lussier Family Heritage Center, Madison **at Monona Terrace, Madison
Deferred Compensation Board March 4, June 3, November 4 *All meetings held at the Department of Employee Trust Funds, 801 W. Badger Rd., Madison

### **Board Member News**

Jeffrey Zore, a school counselor employed by the School District of Cudahy, and Brent Grochowski, an elementary physical education teacher employed by the Burlington Area School District, have been selected to serve on the Teachers Retirement Board, effective May 1, 2014.

### **Board Election News**

The Department of Employee Trust Funds anticipates conducting three elections in January 2015, due to term expirations. Watch for our call for nomination papers in the September edition of *WRS News* for the following Wisconsin Retirement System governing board seats:

#### ETF Board Seats

WRS annuitant  
Educational Support Personnel

#### Current Member

William Ford  
Kimberly Hall

#### Teachers Retirement Board Seat

Milwaukee Public School District Teacher

#### Current Member

Michael Langyel

## **ETF Webinars: Spring 2014 Schedule**

The Department of Employee Trust Funds (ETF) offers live, interactive webinars designed to increase your understanding of Wisconsin Retirement System (WRS) 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, monitor our website for registration opportunities. Better yet: Sign up for *ETF E-mail Updates*. You will receive immediate notification of all ETF learning opportunities, including webinars. Look for the red envelope icon on our website at <http://etf.wi.gov>. The webinar schedule over the next several months covers the following topics:

#### January

*Overview of the WRS*  
*Returning to Work*  
*Contribution Rates*

#### February

*Steps to Retire*  
*How a Divorce Can Affect Your WRS Benefits*  
*Additional Contributions*  
*Sick Leave Conversion After Retirement*  
*Beneficiary Designations*

#### March

*Retirement Annuity Options*  
*Effective Rates*  
*How to Use the Online Calculator*  
*Retirement Benefit Calculations*  
*Overview of the WRS*

#### April

*Steps to Retire*  
*Life Insurance When Retiring*  
*Beneficiary Designations*  
*Understanding Your Statement of Benefits*

# WRS Benefit Presentations for Employees Statewide Set

Each spring and fall the Department of Employee Trust Funds (ETF) hosts presentations for employees throughout the state on Wisconsin Retirement System (WRS) and other benefit programs. ETF offers two different benefit presentations, one for those within five years of retirement and one for new- and mid-career employees.

Dates and cities for the spring 2014 presentations are listed below. For specific locations, see the interactive map under the Members tab at <http://etf.wi.gov> (go to Benefits Presentations) or call ETF at 1-877-533-5020. Presentations start at 6:30 p.m., unless otherwise indicated. In the event of severe weather, listen to local radio stations for possible cancellations.



## For New and Mid-Career Employees

These one-hour, evening presentations are designed for WRS members who are **more than five years** from retirement. ETF provides accurate information about WRS benefits early in a member's career so that they can make sound, strategic decisions over the course of their careers. Topics covered at each presentation include vesting requirements, various ways to enhance a WRS retirement

Presentations for New and Mid-Career Employees			
Fond du Lac	April 10	Rhinelanders	March 11
Green Bay	April 14	River Falls	April 22
Middleton <i>(starts at 7:00 p.m.)</i>	March 12	Superior	April 29
Platteville	April 9	Wisconsin Rapids	March 25
Racine	March 4		
<i>For specific locations, times and addresses, see the interactive map under the Members tab on our website at <a href="http://etf.wi.gov">http://etf.wi.gov</a> (click on Benefits Presentations) or call ETF at 1-877-533-5020.</i>			

benefit, purchasing service, military service credit, the Core and Variable Trust Funds, contribution rates, the importance of a beneficiary form and how to complete one, and how "life event" changes affect retirement benefits.

## For Employees Nearing Retirement

These two-hour, evening presentations are designed for WRS members who are **within five years** of retirement. Attendees will receive the information they need to make important decisions at retirement. Topics covered at each presentation include WRS annuity options, return-to-work rules, post-retirement annuity adjustments, the Core and Variable Trust Funds, the importance of keeping a beneficiary form up to date, purchasing service before retirement, the difference between a joint survivor and a beneficiary, and how "life event" changes affect WRS retirement benefits.

Presentations for Employees Nearing Retirement			
Appleton	March 6	La Crosse	April 29
Eau Claire	March 24	Madison	April 2
Hayward	April 28	Marinette	March 3
Janesville	March 25	Pewaukee	April 17
Kenosha	March 26	Wausau	April 16
<i>For specific times, locations and addresses, see the interactive map under the Members tab on our website at <a href="http://etf.wi.gov">http://etf.wi.gov</a> (click on Benefits Presentations) or call ETF at 1-877-533-5020.</i>			

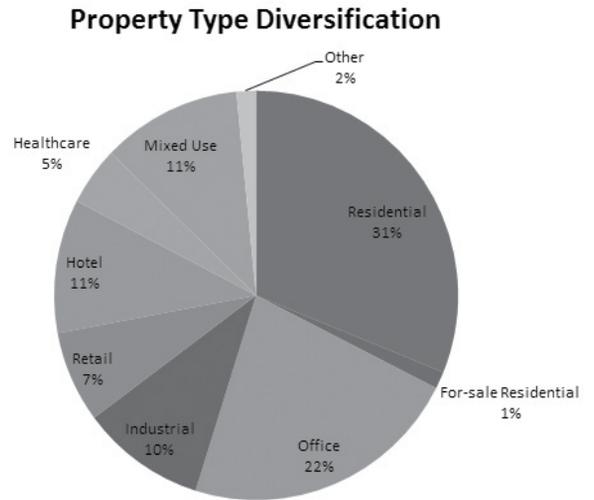
## Real Estate Investments Help With Diversification

The key to long-term investment gains for the Wisconsin Retirement System (WRS) has, and always will be, diversification. The Core Trust Fund, like the majority of pension funds across the country, uses real estate to help reduce volatility, create more consistency in returns, improve overall performance and provide some inflation protection.

Since 1951 when SWIB was created, real estate—along with bonds and a small portion of stocks—were part of the approved investment strategy for Wisconsin’s public pension fund.

Having a diversified fund helps protect the Core Trust Fund from extreme market swings. Real estate investments are a part of that diversification, which is designed to stabilize Core Fund returns and, in turn, contribution rates for active employees and annuity adjustments for retirees.

Approximately 7% of the Core Trust Fund is invested in a broadly-diversified real estate portfolio that includes offices, retail buildings, apartments, industrial and warehouse properties and hotels. The majority of the portfolio consists of domestic properties, along with some international investments.



SWIB investments include a warehouse at one of the country’s busiest airports on the East Coast, retail space along downtown Chicago’s “Magnificent Mile,” and a group of buildings in Menlo Park, California—which currently house one of the world’s most popular and fastest-growing, social networking companies. SWIB purchased

*Real Estate, continued on page 9*



*SWIB emphasizes investments in the largest and most active markets in the U.S. This building in downtown Houston, Texas is part of SWIB’s real estate portfolio.*

this 11-building, 57-acre property in northern California, which serves as corporate headquarters for Facebook, in 2011. The purchase was made not because of the possible high-profile tenant but because the investment will benefit WRS members over the long term.

“This property is a great investment,” Steve Spiekerman, SWIB portfolio manager, says. “Regardless of the tenant, this is a property that met our objectives and we feel will provide the portfolio with a solid return. The building design and space configuration is leading edge.”

Spiekerman leads the team of six in-house professionals at SWIB who manage and oversee a real estate portfolio that includes almost \$6 billion in assets. SWIB staff manages and monitors external managers, inspects properties, serves on advisory boards and evaluates investments for possible purchase or sale. The goal is to find investments that will meet the objectives of the portfolio and the WRS.

Although liquidity is not the ultimate goal in a largely private market real estate portfolio, SWIB does emphasize investment in the largest and most active markets in the U.S. SWIB, says Spiekerman, “has learned over many economic cycles that the global gateway cities offer SWIB the best returns and most options for the large dollar commitments we make.”

Despite the challenges faced by the real estate market in 2008, SWIB’s real estate portfolio has performed well, with a three-year return around 18% and a 10-year return around 9%. “The portfolio took some hits in the Great Recession, but



*SWIB’s real estate portfolio includes a warehouse facility at Miami International Airport (pictured above), one of the busiest airports in the U.S. The real estate portfolio also includes a group of buildings that are home to Facebook (pictured below).*



we stayed committed to the asset class and have seen significant improvement and strong performance ever since then,” Spiekerman says.

Predicting the future performance of any type of investment is a challenge—but looking ahead, staff continues to see real estate as being a core component of SWIB’s diversified portfolio of investments.

## Morningstar Finds WRS Remains Strongest Funded

For the second consecutive year, an analysis by Morningstar, Inc. has found that the Wisconsin Retirement System (WRS) is the strongest funded state pension system in the country.

Morningstar, an independent global investment research firm, recently published its annual report, *The State of State Pension Plans 2013: A Deep Dive into Shortfalls and Surpluses*, which analyzes current data for pension plans administered by all 50 states. The report found that the fiscal health of state pension plans varies drastically. The Morningstar report focuses on two key metrics:

- **Funded Ratio**—the ability of a pension plan to meet its obligations, which is calculated by dividing the pension plan's assets by its liabilities; and
- **Unfunded Liability Per Capita**—the amount each person in the state would need to pay to fully fund an unfunded liability.

According to the report, Wisconsin's funded ratio is 99.9%, a 0.1% increase from last year; Wisconsin's liability per capita is \$18, a reduction

of \$3 from 2012 and the lowest of any public pension plan in the country.

The report found that more than half of all states fall below Morningstar's fiscally sound threshold of 70% funded ratio. Only six states have funded levels of more than 90% and a total of 12 states have funded ratios of at least 80%, which is considered "strong" by Morningstar. Just seven states have unfunded liabilities of less than \$100 per capita, according to the report. Thirteen states have an unfunded liability under \$1,499 per capita, Morningstar's threshold for "good" unfunded liability levels.

This financial strength is important to the 590,000 members of the WRS as well as to the taxpayers of Wisconsin. The continued strength of the WRS is a credit to its careful benefit design, the commitment of policymakers and administrators to properly fund the system and strong investment returns that have generated over 80% of the money in the pension fund.

## SWIB Hits Historic Mark: \$100 Billion in Assets Managed

The State of Wisconsin Investment Board (SWIB) reached a historic milestone last October, when total assets under management reached \$100.3 billion. It is the first time total assets under management have been more than \$100 billion. SWIB manages the assets of the Wisconsin Retirement System (WRS) along with six other trust funds established by the state. The WRS, which is now the 28<sup>th</sup> largest pension fund in the world and the 9<sup>th</sup> largest public pension

system in the U.S., according to the 2013 P&I/Towers Watson global 300 pension funds rankings, accounts for 92% of the assets managed by SWIB. The WRS had previously been ranked 30<sup>th</sup> largest in the world.

The P&I/Towers Watson global 300 pension funds ranking is prepared using joint research by Pensions & Investments, an investment industry publication, and Towers Watson, a leading global professional services company.

## 2014 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 [www.swib.state.wi.us](http://www.swib.state.wi.us). Meeting dates for the rest of 2014 are as follows:

- |                     |                    |                  |               |
|---------------------|--------------------|------------------|---------------|
| • February 12       | • May 13-14        | • August 13      | • November 12 |
| • March 18-19       | • June 11          | • September 9-10 | • December 17 |
| • April: No Meeting | • July: No Meeting | • October 15-16  |               |

Executive Director, continued from page 1



Michael Williamson

for the one-, three-, five- and ten-year periods. In addition, many of SWIB's internal and external portfolios are at or above their benchmarks. Both of these are significant achievements, given today's financial climate.

SWIB staff continues to work hard to develop and implement strategies that will reduce the impact from significant market declines like we experienced in 2008. Our diversified portfolios helped to boost the overall returns of the Core Trust Fund, while also helping to protect it against dips in the market during volatile stretches. The key to long-term investment gains for the Wisconsin Retirement System (WRS) has been, and always will be, diversification. One area that has provided diversification in SWIB's investments and has performed well this past year is the real estate portfolio. In 2013, the portfolio returned 15.6%. See the article on page 8 to read more about how the Core Trust Fund uses real estate to help reduce risk, create more consistency in returns, improve overall performance and pro-

vide some inflation protection.

Two recent occurrences help reinforce the point that SWIB is considered a model for other systems across the country. First, Morningstar, Inc., an independent global investment research firm, published its annual report late last year and found, for the second consecutive year, that Wisconsin has the strongest funded state pension system in the country. You can read more about Morningstar's findings on page 10. And second, when the Massachusetts Pension Reserves Investment Management Board (MassPRIM) sought to put in place initiatives designed to reduce expenses and increase returns, it turned to SWIB. MassPRIM staff and board members visited SWIB to look at some of our investment strategies and initiatives. The organization is now implementing some of the same strategies that SWIB is already using to help keep the WRS fully funded.

Positive returns over the past five years have helped us through some difficult financial times. What the future may bring is always an uncertainty, but our pension system is strong and continues to be well positioned to meet its promises today and in the future.

## SWIB, ETF Leaders to Address Retirees

State of Wisconsin Investment Board (SWIB) Executive Director Michael Williamson and Department of Employee Trust Funds (ETF) Secretary Robert Conlin will be two of the featured speakers at the 23<sup>rd</sup> annual Wisconsin Coalition of Annuitants' (WCOA) conference, set for Monday, May 19 at American Family Insurance

headquarters in Madison. The conference is open to retired Wisconsin Retirement System (WRS) members. The WCOA consists of statewide and regional organizations representing retirees in the WRS. For more information about the WCOA and the conference, visit [www.wicoa.org](http://www.wicoa.org).



## Receive Investment Return News by E-mail

Subscribers of *ETF E-mail Updates* can now receive monthly notification of preliminary, calendar year-to-date investment returns for the Wisconsin Retirement System (WRS) trust funds, along with other important information from the State of Wisconsin Investment Board (SWIB) and the Department of Employee Trust Funds (ETF). Registration is quick and free. Look for the red envelope logo

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

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**WRS NEWS**



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### **ETF**

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