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Putting 2008 in the Rear-View Mirror

— Robert Conlin, ETF Secretary

2012 was a busy year and had no shortage of newsworthy events affecting or about the Wisconsin Retirement System (WRS). Significant annuity reductions, contribution rate increases, studies examining the WRS, and national and international financial crises and other events affecting the economy and the WRS all played out in the press quite regularly.

Yet through it all, as the table near the bottom of this page shows, the folks at the State of Wisconsin Investment Board (SWIB) quietly and competently put together another very good year

for the WRS. Retirees participating in the Variable Fund should see sizable increases in May and the returns should provide renewed optimism about the long-term future.

I think one of the best things about 2013 is that we can finally start to put the losses from 2008 behind us, even though they will still weigh heavily on the Core annuity adjustment that will take effect May 1 (see story on page 3) and on active employee contribution rates for next year.

If SWIB hits its investment targets this year (7.2% return for the Core *Rear-View Mirror, continued on page 2*

Despite Challenging Economic Times, WRS Well Positioned for What Lies Ahead

— Michael Williamson, SWIB Executive Director

It is no secret that the past several years have been challenging. There is a great deal of economic uncertainty across the globe. Since 2008 when the stock market dropped by 40%, investors have been trying to overcome challenges to meet that uncertainty head on. Despite all that, the Wisconsin Retirement System (WRS) remains a solid performer, due in large part to the investment returns of the State of Wisconsin Investment Board (SWIB).

This year, the Core Fund closed with a preliminary return of 13.6% and the Variable Fund returned 16.9%. In the difficult

Calendar Year-to-Date Preliminary Returns as of 12/31/2012

Core Fund	13.6%
Benchmark	12.8%
Variable Fund	16.9%
Benchmark	16.7%

environment since 2008, SWIB has been able to earn positive returns each year in the Core Fund and in three of the last four years in the Variable Fund. Over the last ten

Positioned, continued on page 11

Rear-View Mirror, continued from page 1

Fund), we should be in a position to issue a positive Core annuity adjustment in 2014. Contribution rates also should start to decline, gradually, beginning in 2015. Michael Williamson's column highlights some of the challenges SWIB faces and what SWIB is doing to manage the risks that are inherent in the investment world.

The years since 2008 have been hard for all of our members, as the five-year smoothing mechanism has required us to relive 2008 over and over (it's no wonder a retiree recently referred to it as the "five-year *smothering* mechanism"). After this year's adjustments, retirees will have collectively seen their annuities reduced by more than \$4 billion and an increas-

ing number of annuities are falling behind the rate of inflation. Contribution rates for active employees (and employers) have gone up and employees' net take-home pay has been negatively affected. In short, most WRS members are feeling the pain caused by 2008 in one form or another.

The risk-sharing nature of the WRS helps to keep the balance sheets strong so we can provide all promised benefits. But it's important to remember the very real effect on people. And as annuities and paychecks shrink, it invariably means less money going into the state's economy. Getting 2008 behind us once and for all is a very good thing.

Expansion of Member Education Program a Success

Two years ago the Department of Employee Trust Funds (ETF) created nine "service delivery districts" (see map at right) and began offering regularly-scheduled presentations, individual and group appointments, webinars and other opportunities for members to meet with ETF specialists.

In a small group appointment, designed for 8-10 attendees, a specialist helps members understand and complete their retirement applications. The format is identical to an individual appointment. Group appointments also cover annuity adjustments, return to work rules, divorce after retirement, death benefits and beneficiary designation forms.

Since the expansion, more than 6,300 members have attended a small group appointment, held in 41 cities throughout the state. According to satisfaction surveys, attendees rated these sessions as "excellent" in overall quality and usefulness. Attendees have said they liked group appointments because not only can they ask questions, they also learn from other questions asked.

If you have a retirement estimate and want to make a reservation for a small group appointment, call ETF at 1-877-533-5020. You must be of minimum retirement age (55, or 50 for protective occupation employees). To review the sched-

ule of group appointments and other WRS benefits-related events in your area, consult the map on our website (click on your district). Find the map under the Members tab (click on Benefits Presentations). It is continuously updated and works in tandem with ETF's e-mail notification service, ETF E-Mail Updates. Sign up today—look for the red envelope icon on our website.



Benefit presentations

ETF has for many years offered benefit presentations for large groups—including members at any stage of their careers—around the state each spring and fall. These presentations are great for understanding WRS retirement benefits, how additional contributions work, health and life insurance benefits, separation benefits, beneficiaries, annual adjustments, etc. See the Spring 2013 schedule on page 7, or find it on our website.

When Will ETF Announce Rates and Adjustments?

Now that preliminary investment returns for calendar year 2012 are available (see page 1), Wisconsin Retirement System (WRS) members often want to know what to expect for the Core and Variable Trust Fund effective rates and annuity adjustments. The Department of Employee Trust Funds (ETF) will have that information later in February and March, once final investment results have been determined. However, based on the preliminary investment returns from the State of Wisconsin Investment Board (SWIB), here are ETF's rate projections:

Projected Effective Rates*

Core: between 2.1% and 2.5%

Variable: between 15% and 17%

**applied to employees' account balances*

Projected Annuity Adjustments**

Core: between 0% and -13%

Variable: between 9% and 11%

*** applied to retirees' monthly payments*

This is the last year in which the Core effective rate and Core annuity adjustment reflect 2008 investment declines. The Core Fund has exceeded its investment earnings goal in three out of the last four years. Therefore, we are hoping that Core annuity increases return in 2014, barring another substantial downturn.

While many retirees have been planning for possible reductions, we understand this has been an extremely difficult time for those affected by the negative Core Fund annuity adjustments, especially those who do not have supplemental income other than Social Security.

At last September's retirement board meetings, various concepts/ideas for avoiding annuity reductions were discussed. Examples included allowing the WRS to run a deficit or build up an unfunded liability; increasing employer contribution rates; or asking the legislature for general purpose tax revenue. The boards acknowledged the real pain many retirees are experiencing. The boards also concluded any "fix" must balance the interests of all WRS participants. Accordingly, the only viable

option for the system is to continue to administer the WRS as it is designed and get the losses from 2008 behind us.

Why is the projected Core annuity adjustment range so spread out? Because of the shortfall in the annuity reserve (the fund from which WRS annuities are paid), and the fact that not all retirees will be subject to the full adjustment, ETF developed a projected range for this adjustment. Some retirees will receive a reduction at the lower end of the range (or none at all) because their Core annuities are already either near or at the guaranteed Core "floor" set at retirement. Others will experience a Core annuity reduction at the higher end of the range because their Core annuities have grown that much over time with dividends. Approximately half of all 170,000 WRS retirees will not be subject to the full reduction.

Please keep in mind:

- The unique "risk-sharing" nature of the WRS is such that all members benefit from positive trust fund investment experience and likewise share the risk of negative investment results. For example, the amounts employers and employees pay into the system change each year, depending on trust fund investment performance. For retirees, annuity adjustments are based solely on investment performance—there is no cost-of-living increase.
- A retiree's Core annuity is guaranteed for his or her lifetime and, by law, it cannot be reduced to an amount below the original ("floor") amount established at retirement.
- Often touted as the best-funded public pension plan in the country, the WRS is well positioned to pay all promised benefits now and in the future.
- By law, WRS Core Fund investment returns are smoothed over five years. Without smoothing, Core annuities not at the floor amount would have been reduced up to approximately 35% in 2009 as a result of the 2008 global economic crisis. Instead, the 2009 Core annuity adjustment was -1.2%.

What is Your Personal Retirement Savings Goal?

Did reviewing your *Annual Statement of Benefits* spark some serious thought about your overall retirement savings plan? Keeping in mind that your Wisconsin Retirement System (WRS) annuity is one component of your retirement portfolio, do you think you will have enough money to meet your retirement needs?

The overall purpose of a WRS retirement benefit is to provide, after a full career, a benefit that—when combined with other personal savings and income (like Social Security)—would replace 50% to 85% of your pre-retirement income. This is an especially important point if you will not have worked your entire career under the WRS or if you want to retire early.

It's never too early, and never too late, to start financially preparing for retirement. If your personal retirement savings plan could use a boost, consider maximizing these opportunities available to you now, as an active WRS employee:

1. Make additional contributions

Any employee can make regular (after-tax) additional contributions. Your contributions are invested in the WRS trust funds and earn the effective rate of interest each year. There are no fees charged for managing these contributions. When you retire, you may either withdraw the funds in the form of a benefit or delay distribution up to April 1 of the year you reach age 70 ½. To review Core and Variable investment returns, effective rates and annuity adjustments since 1986, go to <http://etf.wi.gov/retirees/dividends.htm>.

2. Participate in the Wisconsin Deferred Compensation (WDC) Program or another supplemental retirement savings program

A supplemental retirement savings program, the WDC is available to all active state and University of Wisconsin System employees. Local government and school district employees may also be eligible if their employers elect to offer this optional benefit. Some employers offer other similar programs. You can invest pre-tax or post-tax (Roth) dollars in the WDC program via an easy deferral from your paycheck. In addition, the WDC offers a wide range of investment options and participation costs are extremely low.

3. Purchase service

If you are eligible to purchase WRS creditable service, doing so would increase your retirement or disability benefit. Buying service adds more years of creditable service to your account, which is a factor in a WRS formula benefit calculation. It also increases your WRS account balance, which is a factor in a WRS money purchase benefit. If you are actively employed in a position covered under the WRS (or on a leave of absence from a covered position), you may be eligible to purchase service. Eligible types of service include service earned during prior WRS covered employment and forfeited through a separation benefit, and some types of service earned with other government employers.

For more information on eligibility and using these strategies to supplement your WRS retirement benefit, see the resources listed below. In addition, talk with your own financial advisor for personal investment advice and/or guidance.

For More Information

ETF website: <http://etf.wi.gov>

ETF brochures

Additional Contributions (ET-2123)

Buying Creditable Service (ET-4121)

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

ETF Online Videos

Additional Contributions

Buying WRS Creditable Service

Retirement Planning—An Action Plan (WDC)

Your Journey to Retirement (WDC)

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

ETF calculator

WRS Forfeited Service Cost Calculator

Calculate the cost to buy your WRS creditable service previously forfeited by taking a separation benefit. <http://etf.wi.gov/calculator.htm>

ETF Customer Service

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

WDC Program

1-877-457-9327

<https://wisconsin.gwrs.com>

Information for Retirees

What's My Minimum Core Annuity (Core "Floor") Amount?

A Wisconsin Retirement System (WRS) Core annuity is guaranteed by law to never be reduced to an amount below the original Core "floor" amount established at retirement. If you do not know what your Core annuity floor is, then locate any annuity payment statement you received from the Department of Employee Trust Funds (ETF) since last April. Look in the "Required Contributions" section of the statement and find the phrase, "Regular Core"—that dollar figure is your Core floor, your minimum guaranteed amount. If you participate in the Variable Fund, that portion of your payment will be shown as well, but it is not included in your minimum guaranteed amount.

Some Monthly Annuity Payment Dates Affected by Calendar

When the first day of the month falls on either a weekend or a holiday, financial institutions may not make monthly annuity payments available until the "settlement date". This is the date a financial institution actually receives the money from the Federal Reserve. This year, payments for January, June, September and December may be affected because the first of the month falls on a weekend or holiday. 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 actual receipt date will depend on the speed of the mail delivery.

New Responsibilities for Rehired Annuitants, Employers

Are you retired and going back to work for a WRS employer? Your employer is required to submit to ETF a *Rehired Annuitant Form* (ET-2319). This requirement applies to all re-hired annuitants who receive compensation and all positions, regardless of whether the position is WRS eligible. This change was put in place to monitor compliance with state law requiring employees to have a minimum 30-day break in service; empha-

size the need for a valid, good-faith termination; and ensure the WRS meets federal Internal Revenue Code provisions and maintains its status as a qualified plan.

Coming Soon: ETF Video on Preliminary Rates, Adjustments

Watch for the Department's newest video presenting 2012 investment results for the Core and Variable Trust Funds and subsequent projections for this year's effective rates and annuity adjustments. The program will also briefly explain the Core Fund investment return smoothing process and the effect of 2008's decline on the rates. <http://etf.wi.gov/webcasts.htm>.

Rehired WRS Annuitants Audit Released

The Legislative Audit Bureau (LAB) has released its report on a planned audit of the practice of Wisconsin Retirement System (WRS) employers hiring retired WRS members. Among the findings:

- Most WRS annuitants employed by Wisconsin state agencies worked part-time for less than a year and were paid either the same hourly wage or a lower hourly wage than they had been paid before retiring.
- Local governments and school districts reported re-hiring annuitants for their skills and experience, and in most cases their hourly wages were lower than at the time of retirement.
- State laws allow individuals with good-faith terminations from employment to receive WRS annuities and return to work for employers participating in the WRS.

The audit report, which includes ETF's response letter, provides valuable information about rehired annuitants and offers a range of possible changes to policy and processes for rehiring annuitants. Look for the audit summary and the full report on LAB's website at <http://legis.wisconsin.gov/lab>.

BOARD CORNER

Teachers Retirement Board Election Set

The Department of Employee Trust Funds (ETF) will conduct a Teachers Retirement (TR) Board election to select the retired teacher member to the TR Board. The term of the current retired teacher member, Lon Mishler, is set to expire in May. Three candidates filed nomination papers for this election: Dennis Murphy, Beloit, Wisconsin; Douglas Perry, South Milwaukee, Wisconsin; Bill Trarbach, Clinton, New Jersey.

All Wisconsin Retirement System (WRS) retired teacher members will soon receive a ballot

mailed to their home addresses on file. Please cast your ballot by the deadline, February 15. Results will be announced at the TR Board meeting in March and published on ETF's website and in the May edition of *WRS News*. Voters receiving a ballot should note that ETF cannot give advice on which candidate to choose and ballots must be cast by the voting deadline.

For information about the governing boards of the WRS, including roles and responsibilities, go to http://etf.wi.gov/gov_boards.htm.

2013 WRS Governing Board Meetings Set

All meetings are held in the Events Room, State Revenue Building, 2135 Rimrock Rd., Madison, unless otherwise stated. Agenda items are posted one week prior to each meeting. To review meeting times, agendas and materials and learn more about the boards in general, go to the Governing Boards menu on our website, http://etf.wi.gov/gov_boards.htm.

Employee Trust Funds Board, Wisconsin Retirement Board, Teachers Retirement Board

March 7 June 20 September 26 December 5

Group Insurance Board

February 5 May 21 August 27 November 12

Deferred Compensation Board

February 19 June 5 November 5

RETIRES' CORNER

The WRS News periodically runs brief announcements submitted by and about WRS-related retiree organizations, subject to space availability and made on a first-come, first-served basis. Inclusion here should not be construed as an endorsement by the Department of Employee Trust Funds.

Wisconsin Education Association Council-Retired (WEAC-R)

As a group of former teachers and education support professionals, WEAC-R is committed to being a voice for sustaining quality public schools in Wisconsin. Retirement security for professionals who work in our schools is an important part of keeping schools strong, because that attracts and keeps the best educators in the profession. Our group closely monitors the performance and investments of the WRS and keeps close tabs on legislative activity that affects our benefits. Our state's pension system is the strongest in the nation. We are committed to informing our members about the WRS and advocating for retirees on important issues. If you are a retired educator or education support professional, we invite you to join us at weac.org/retired.

ETF Sets Spring 2013 WRS Presentation Schedule

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

NOTE: Watch the online video of these WRS presentations from the convenience of home. Find *Your WRS Benefits* in our Video Library on our website at <http://etf.wi.gov>.

Presentation Schedule

All presentations held 6:30 p.m. to 8:30 p.m. In the event of severe weather, listen to local radio stations for possible cancellations.

Appleton	Thurs., March 7	Fox Valley Technical College, Cafeteria/Commons, 1825 N. Bluemound Dr., Appleton
Eau Claire	Thurs., March 21	Chippewa Valley Technical College, Auditorium (Rm.103), 620 W. Clairemont Ave., Eau Claire
Hayward	Wed., April 24	Hayward High School, Auditorium, 10320 Greenwood Lane, Hayward
Janesville	Thurs., April 4	Blackhawk Technical College, Cafeteria/Commons, 6004 S. County Rd. G, Janesville
La Crosse	Wed., April 24	UW La Crosse-Centennial Hall (Corner of Vine & 16th St.), La Crosse. Free parking in Lots C-2, C-3, C-7.
Note: Social Security Administration presentation set for 5:00 p.m.		
Marinette	Mon., March 18	Marinette High School, W.J. Jones Auditorium, 2135 Pierce Ave., Marinette
Middleton/ Madison	Wed., March 13	Middleton High School, Performing Arts Center, 2100 Bristol St., Middleton (north side of building)
Pewaukee	Wed., April 10	Waukesha County Technical College, Richard T. Anderson College Ctr., 800 Main St., Pewaukee (free parking in lots 7,8,9)
Racine	Wed., March 20	Case High School, Auditorium, 7345 Washington Ave., Racine
Wausau	Wed., April 10	Northcentral Technical College, Center for Health Sciences Auditorium, 1000 W. Campus Dr., Wausau

Tentative Fall 2013 WRS presentations set for: Fond du Lac, Green Bay, Kenosha, Madison, Milwaukee, Platteville, Rhinelander, River Falls, Superior and Wisconsin Rapids.



Receive WRS News and Announcements by E-mail

Find out about important Wisconsin Retirement System benefits-related news and information between regularly-scheduled editions of *WRS News*. Sign up for *ETF E-Mail Updates*, an e-mail notification service of the Department of Employee Trust Funds. Registration for *ETF E-Mail Updates* is easy, free and fast. Look for the red envelope icon on our website. More than 25,000 subscribers have signed on thus far!

SWIB CIO Villa Named Among Best Investment Leaders

David Villa, the State of Wisconsin Investment Board's (SWIB) chief investment officer, has been ranked among the top investment leaders in the world. Asset International's Chief Investment Officer magazine has included Villa in its inaugural "Power 100" list.

The list features the most influential and powerful investment managers in the world of pension, endowment, foundation, insurance and sovereign fund investing. Villa was ranked No. 18 in the world and is one of only seven investment managers from the United States to be ranked in the list's top 20. Villa was selected by the editors of Chief Investment Officer, an international finance magazine for chief investment officers and senior investment professionals, as well as members of the magazine's advisory board who are asset management industry veterans, consultants and asset owners.

This most recent honor is not the first time Villa has been recognized for his work as chief investment officer for SWIB. In 2010 *Institutional Investor Magazine* presented its inaugural U.S. Investment Management Awards and named Villa Large Public Fund Manager of the Year. He joined SWIB as chief investment officer in 2006.



David Villa

A native of Albuquerque, New Mexico, Villa received a bachelor's degree in economics from Princeton University, completed post-graduate work at Stanford University in economics and received a Master's in Business Administration from Northwestern University.

Morningstar, Inc. Report: WRS Highest Funded Public Pension Plan in U.S.

An independent analysis by a global investment research firm has found that the Wisconsin Retirement System (WRS) is the strongest funded pension system in the country. Chicago-based Morningstar, Inc. found that with a funded ratio of 99.8% in 2011, the WRS has the highest funded ratio of any public pension system in the United States.

The report found that only seven states have a funding ratio of 90% or better, led by Wisconsin. That compares to 21 states that fall below Morningstar's fiscally-sound threshold of a 70% funded ratio.

The Morningstar pension plan analysis focused on two key metrics, funded ratio—which is the ability of a pension plan to meet

its obligations—and the unfunded liability per capita, which is the amount each person in the state would need to pay to fully fund an unfunded liability. Fourteen states have an unfunded liability under \$1,500 per capita, Morningstar's threshold for "good" unfunded liability levels. Wisconsin's unfunded liability per resident is \$23, the lowest of any public pension plan in the country.

Morningstar's report, *The State of State Pension Plans: A Deep Dive into Shortfalls and Surpluses*, analyzed current data for pension plans administered by all 50 states.

To review the report, look for the link on the State of Wisconsin Investment Board's website at www.swib.state.wi.us.

Roberts Appointed Board of Trustees Chair

Lon Roberts has been appointed chair of the Board of Trustees for the State of Wisconsin Investment Board (SWIB). Roberts was named to the Board of Trustees in December 2011 and confirmed by the state Senate last January. Roberts, an attorney in the Wausau office of Ruder Ware, has more than 30 years of business and commercial law experience. He has an undergraduate degree from the University of Wisconsin-Stevens Point and a law degree from the University of Wisconsin-Madison.

“I welcome Lon to the position and look forward to working with him in that role,” Michael Williamson, SWIB executive director, said. “He brings a wealth of professional experience and service on other boards to the table. It is clear he understands our fiduciary duty to generate returns to support the pensions of the public employees and annuitants.”

In addition, Gov. Walker reappointed Tom Boldt as vice chair of the board. Boldt



Lon Roberts



Tom Boldt

assumed the role of acting chair in January last year. “Tom stepped into the role of acting chair and provided able and skillful leadership during that time,” Williamson said. “He has provided outstanding service on SWIB’s board during his tenure and we look forward to his continuing contributions as a SWIB trustee.”

There is one vacancy on the board, to be filled by appointment of the Governor.

SWIB Executive Director Discusses WRS Investments

What is the long-term investment outlook for the Wisconsin Retirement System (WRS)? What is the State of Wisconsin Investment Board (SWIB) doing to manage the volatility associated with the financial markets? What investments is SWIB making to assure the WRS remains fully funded? These are just some of the questions SWIB Executive Director Michael Williamson answered in a recent episode of *Newsmakers*,



a production of WisconsinEye. To watch this *Newsmakers* episode, see WisconsinEye’s website at <http://www.wiseye.org>.

2013 SWIB Board of Trustee Meetings Set

Meetings are held in the Board Room at the State of Wisconsin Investment Board, 121 W. Wilson St., Madison, unless otherwise stated. Agendas are posted the Monday before each meeting at www.swib.state.wi.us/meetings.aspx. Meeting dates for the rest of 2013 are as follows:

February 13	May 14-15	August 14	November 13
March 19-20	June 12	September 10-11	December 11
April: No Meeting	July: No Meeting	October 9-10	

Portfolio Benefits Businesses, Wisconsin, and the WRS

As the country's largest producer of organic milk, Organic Valley is a recognizable name on grocery store shelves from New York to California. What started as a group of seven organic farmers committed to agriculture and building a future for sustainable family farming in rural communities has become a company that is a national leader in organic agriculture with more than 1,700 family farms.

The State of Wisconsin Investment Board (SWIB) played a vital role in Organic Valley's success story. A loan through SWIB's Wisconsin Private Debt Portfolio helped the La Farge-based Organic Valley finance a fully automated distribution center in Cashton, Wisconsin, that enables the company to store and transport products more efficiently across the country.

"Because it allowed us to grow nationally, we were able to hire more people," said Mike Bedessem, chief financial officer for Organic Valley. "We were able to add hundreds of farmers in Wisconsin and the rest of the upper Midwest and, because of our equity position, it was a very safe investment."

Organic Valley is just one example of how SWIB's Wisconsin Private Debt Portfolio has helped businesses grow and meet their goals while helping the Wisconsin Retirement System (WRS) remain the only fully-funded public pension plan in the country. More than 200 businesses in Wisconsin have benefited from loans through the portfolio.

"We get to meet with a lot of top-notch managers and business owners throughout the state," Chris Prestigiaco, Wisconsin Private Debt Portfolio manager, said. "We lend these businesses money to help them fulfill their objectives, strategies and goals while at the same time making investments that are

providing good returns for the beneficiaries of the WRS and contributing to the state's economy. We consider this a win-win-win portfolio."

When Wisconsin Pharmacal was looking for a loan to supplement financing offered by the company's primary lender, the Madison-based manufacturer turned to SWIB.

As part of its investment strategy SWIB has been making loans to Wisconsin businesses since 1965. More than \$2 billion in loans have been made since that time.

When smaller companies cannot get the attention of very large investors they may often find access to loans through SWIB's Private Debt Portfolio. SWIB can be a good partner with the company's banks, providing the long-term loan that complements the bank's short-term financing, but does not compete with the bank to provide other financial services.

The program, which invests almost exclusively in Wisconsin companies, offers flexibility with loans as small as \$3 million. The loans typically mature in five to 15 years and feature a fixed interest rate for the life of the loan.

"Most of our loans are highly customized to fit our borrower's needs," Prestigiaco said.

Portfolio, continued on page 11



Portfolio, continued from page 10

“In addition, the investments we are making are meeting our investment objectives.”

Other companies that have received loans through the Wisconsin Private Debt Portfolio include Jockey International, Cops, National Guardian Life and Harley Davidson.

SWIB welcomes new investment opportunities that fit the Wisconsin Private Debt Portfolio’s guidelines. “This portfolio has helped hundreds of businesses in Wisconsin grow and create jobs while generating good investment returns for the portfolio and the WRS,” Prestigiacommo said. “We will continue to look for

opportunities to help meet the goals of the WRS.”

For More Information

Want to Learn More About the Private Debt Portfolio Program? SWIB has created a video that highlights this program and how it has successfully helped hundreds of Wisconsin businesses grow, while meeting Wisconsin Retirement System trust fund investment goals. Find it on SWIB’s website, www.swib.state.wi.us.

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years, the Core Fund has had eight years of positive returns while the Variable Fund has had seven years of positive returns.

Despite the positive returns, some retirees are once again faced with a reduction in their monthly annuities in 2013. This will be the last reduction due to the losses sustained in 2008. I fully understand that the benefit reductions WRS retirees have experienced in recent years are very difficult. However, the unique shared risk and reward design of the WRS, along with our historical investment returns, is what allows the system to remain fully funded and able to meet the annuities promised to retirees.

To assure the system remains a solid performer, we are implementing a number of initiatives that will help meet the goals of SWIB and the WRS. Some of those initiatives include additional investment strategies, strategic planning, improved project management, a technology systems upgrade and building on an already strong relationship with the Department of

Employee Trust Funds. Our investment strategy continues to focus on managing risk and reducing costs. We have moved increasing amounts of investments in-house to save the WRS money and we will continue to look at ways to cut costs. Because our biggest risk is the stock market, which accounts for 84% of our risk, we have reduced our exposure to stocks by 5% over the past three years. With 75% of the assets in the trust funds coming from return on investments, we continue to diversify our holdings to protect the funds from severe market downturns and better protect WRS participants.

These are challenging times but I believe we are well positioned for what lies ahead. We cannot control or influence what happens in the world and U.S. economies. We cannot control or influence what happens on the world or U.S. political stages. While those are concerns, we are focused on what we do best: investing your money and generating the best returns within acceptable risk levels to keep the WRS healthy.

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WRS NEWS



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Contact ETF

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800-833-7813 (Spanish)

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SWIB

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