

NOTE: The meeting will start earlier than usual (8:00 a.m. instead of 8:30 a.m.) due to a full agenda. Please plan accordingly. Thank you.

**AGENDA AND NOTICE OF MEETING  
STATE OF WISCONSIN  
EMPLOYEE TRUST FUNDS BOARD**

**Friday, September 14, 2007**

**8:00 a.m.**

**Sheraton Madison Hotel  
706 John Nolen Drive  
Madison, Wisconsin**

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Documents for this meeting are available on-line at:

**[http://etf.wi.gov/boards/board\\_etf.htm](http://etf.wi.gov/boards/board_etf.htm)**

To request a printed copy of the agenda items, please contact  
*Ann McCarthy, at (608) 261-0736.*

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- 8:00 a.m.      1.    Consideration of Minutes of Previous Meeting**
- 8:05 a.m.      2.    Long-Term Disability Insurance Annual Valuation**
- 8:10 a.m.      3.    Group Insurance Board Update**
- 8:15 a.m.      4.    Actuarial Report**
- **Gain/Loss Analysis of Experience Among Active Members During Calendar Year 2006 (Mark Buis, Gabriel, Roeder, Smith, & Company)**
- 8:25 a.m.      5.    Consideration of Administrative Rule**
- **Clearinghouse Rule 07-066 (Hearsay Evidence)**
- 8:35 a.m.      6.    Summary of Training Opportunities for Board Members**
- 8:40 a.m.      7.    Miscellaneous**
- **Investment of Group Health Plan Reserves in the Core Fund**
  - **Retirement Statistics**
  - **Future Items for Discussion**
- 8:45 a.m.      BREAK**
- 9:00 a.m.      \*8.   Personnel Matters: Secretary Recruitment**
- **Secretary Search and Screening Committee Report**
  - **Candidate Interviews**
  - **Discussion and Action**

**12:25 p.m. 9. Announcement of Action Taken on Business Deliberated on During Closed Session**

**12:30 p.m. 10. Adjournment**

*Times shown are estimates only.*

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\* The Board may be required to meet in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (c), for personnel matters regarding the recruitment of a Secretary. If a closed session is held, the Board will reconvene into open session for further action on these and subsequent agenda items.

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The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Ann McCarthy, Department of Employee Trust Funds, P.O. Box 7931, Madison, Wisconsin 53707-7931. Telephone: (608) 261-0736; TTY: (608) 267-0676, Email: [ann.mccarthy@etf.state.wi.us](mailto:ann.mccarthy@etf.state.wi.us)

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# The State of Wisconsin Group Insurance Board & Employee Trust Funds Board



Long-Term Disability  
Insurance Plan  
2008 Premium Development  
As of December 31, 2006

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# Introduction

Deloitte Consulting LLP (“Deloitte Consulting”) and Gabriel, Roeder, Smith & Co. (“GRS”) shared the development of the Long Term Disability Insurance (LTDI) numbers for December 31, 2006. The results of the GRS work are contained in a separate document. This report contains the reserve for claims incurred plus the development of the recommended premium rates for 2008, both of which were developed by Deloitte Consulting. Additional items, developed by GRS, are displayed in this report as required to support the recommended premiums.

# Highlights

|                                | <u>12/31/2006</u> | <u>12/31/2005</u> | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> | <u>12/31/2001</u> |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| LTDI Beg Assets                | \$296,747,117     | \$289,288,911     | \$277,654,620     | \$266,967,728     | \$260,550,273     | \$226,170,712     |
| Closing Adjustments            | (\$2,075,655)     | (\$76,319)        | (\$380,135)       | (\$799,976)       | \$417,059         | \$21,501,124      |
| Contributions                  | \$0               | \$0               | \$0               | \$0               | \$0               | \$0               |
| Inv Earnings                   | \$28,493,846      | \$18,444,252      | \$21,943,394      | \$19,403,498      | \$12,394,761      | \$19,557,449      |
| Paid Claims                    | \$12,329,911      | \$9,863,169       | \$8,817,188       | \$7,039,042       | \$5,592,879       | \$5,706,460       |
| Expenses                       | \$1,147,421       | \$1,046,558       | \$1,111,780       | \$877,588         | \$801,486         | \$972,551         |
| LTDI Ending Assets             | \$309,687,976     | \$296,747,117     | \$289,288,911     | \$277,654,620     | \$266,967,728     | \$260,550,274     |
| Incurred Claims Reserve        | \$108,286,975     | \$90,302,382      | \$71,254,858      | \$53,950,828      | \$43,806,162      | \$34,345,986      |
| RFC                            | \$201,401,001     | \$206,444,735     | \$218,034,053     | \$223,703,792     | \$223,161,566     | \$226,204,287     |
| Regular Premium (% of payroll) | 0.22%             | 0.22%             | 0.22%             | 0.22%             | 0.24%             | 0.24%             |
| RFC Adjustment                 | -0.22%            | -0.22%            | -0.22%            | -0.22%            | -0.24%            | -0.24%            |
| Recommended Premium Rate       | None – 2008       | None – 2007       | None – 2006       | None – 2005       | None – 2004       | None – 2003       |

The funded status of the LTDI plan decreased slightly as evidenced by the approximately \$5 million decrease in the Reserve for Future Claims ("RFC"). This is due to a 19.9% increase in the incurred claim reserve and a 4.4% increase in the LTDI assets. The reserve increase is due to a significant growth in the number of claims, as well as a modest 5% increase in average benefit. This is the expected outcome due to the combination of the immaturity of the plan's experience and the suspended premium payments. The RFC does not include the \$7.4 million in 2005 deferred market gains which need to be smoothed into the asset balance over the next five years. This large positive funded status will enable the Plan to continue to suspend premium payments for another year.

# Development of 2008 LTDI Premiums

Based Upon 5-Year Adjustment of RFC  
December 31, 2006

|                                     |           |                     | Protective           |                         |            |
|-------------------------------------|-----------|---------------------|----------------------|-------------------------|------------|
|                                     | General   | Executive & Elected | With Social Security | Without Social Security | Total      |
| <b>\$ in Millions</b>               |           |                     |                      |                         |            |
| 1) Payroll                          | \$9,933.5 | \$92.6              | \$976.9              | \$167.3                 | \$11,170.2 |
| 2) RFC                              | 166.9     | 1.4                 | 26.4                 | 6.7                     | 201.4      |
| <b>%'s of Active Member Payroll</b> |           |                     |                      |                         |            |
| 3) Regular Premium                  | 0.18%     | 0.16%               | 0.29%                | 0.43%                   | 0.19%      |
| 4) RFC Adjustment:<br>20% x (2)/(1) | (0.34)    | (0.30)              | (0.54)               | (0.80)                  | (0.36)     |
| 5) 2008 LTDI Rate                   | 0.00%     | 0.00%               | 0.00%                | 0.00%                   | 0.00%      |
| Prior Year Rate                     | 0.00%     | 0.00%               | 0.00%                | 0.00%                   | 0.00%      |

## 2008 Recommendation:

The 2008 premium rates shown above are based upon a continuation of the 20% (5 year) adjustment to the RFC that was adopted by the Board in connection with the development of the 1996 rates and continued thereafter. The assets as calculated under this methodology have been sufficient to temporarily suspend premiums, which was done beginning in 1999.

Premium rates merely designate amounts to be transferred from the WRS retirement fund to the LTDI fund, so reductions in premium rates only result in a different allocation of funds and not in a reduction in amounts collected. The plan continues to be well funded as evidenced by the large positive Reserve for Future Claims. The current funded status allows for substantial lead time for any changes necessary due to anticipated higher claim levels in 2009 and beyond.

In light of the excellent funded status of the plan, as well as the fact that any premium reduction is transparent to both employers and employees, we recommended continuing the premium suspension which began in 1999.

# Benefits Being Paid and Reserves

## By Year Incurred

|                               | 1993    | 1994    | 1995    | 1996      | 1997      | 1998      | 1999      | 2000      | 2001      | 2002      | 2003       | 2004       | 2005       | 2006       | Total      |
|-------------------------------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| <b>General &amp; Teachers</b> |         |         |         |           |           |           |           |           |           |           |            |            |            |            |            |
| Number                        | 3       | 8       | 10      | 19        | 10        | 39        | 43        | 51        | 56        | 82        | 145        | 104        | 184        | 113        | 867        |
| Annual Benefits               | 72,070  | 133,489 | 154,031 | 280,664   | 190,229   | 549,948   | 624,488   | 589,324   | 612,099   | 1,085,358 | 1,839,914  | 1,242,866  | 2,257,648  | 1,563,002  | 11,195,130 |
| Actuarial Present Value       | 414,249 | 546,151 | 920,010 | 1,628,965 | 1,222,566 | 3,543,503 | 4,156,820 | 3,440,415 | 4,086,904 | 7,901,594 | 12,012,119 | 9,452,208  | 18,204,601 | 12,832,873 | 80,362,977 |
| <b>Local Elected Official</b> |         |         |         |           |           |           |           |           |           |           |            |            |            |            |            |
| Number                        | 0       | 0       | 0       | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0          |
| Annual Benefits               | 0       | 0       | 0       | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0          |
| Actuarial Present Value       | 0       | 0       | 0       | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0          |
| <b>Prot w/Social Sec</b>      |         |         |         |           |           |           |           |           |           |           |            |            |            |            |            |
| Number                        | 0       | 0       | 0       | 1         | 1         | 4         | 1         | 4         | 8         | 7         | 9          | 10         | 8          | 6          | 59         |
| Annual Benefits               | 0       | 0       | 0       | 2,718     | 22,807    | 58,581    | 21,467    | 59,222    | 128,313   | 74,489    | 115,694    | 137,091    | 137,769    | 91,973     | 850,123    |
| Actuarial Present Value       | 0       | 0       | 0       | 9,225     | 21,857    | 329,031   | 300,240   | 664,624   | 1,037,677 | 711,021   | 1,024,344  | 1,324,929  | 1,171,855  | 1,024,823  | 7,619,626  |
| <b>Prot w/out Social Sec</b>  |         |         |         |           |           |           |           |           |           |           |            |            |            |            |            |
| Number                        | 0       | 0       | 0       | 0         | 0         | 0         | 0         | 0         | 1         | 1         | 1          | 1          | 0          | 0          | 4          |
| Annual Benefits               | 0       | 0       | 0       | 0         | 0         | 0         | 0         | 0         | 17,764    | 12,684    | 21,791     | 28,262     | 0          | 0          | 80,501     |
| Actuarial Present Value       | 0       | 0       | 0       | 0         | 0         | 0         | 0         | 0         | 272,809   | 0         | 166,533    | 215,992    | 0          | 0          | 655,333    |
| <b>Totals</b>                 |         |         |         |           |           |           |           |           |           |           |            |            |            |            |            |
| Number                        | 3       | 8       | 10      | 20        | 11        | 43        | 44        | 55        | 65        | 90        | 155        | 115        | 192        | 119        | 930        |
| Annual Benefits               | 72,070  | 133,489 | 154,031 | 283,382   | 213,036   | 608,529   | 645,954   | 648,547   | 758,176   | 1,172,531 | 1,977,398  | 1,408,219  | 2,395,417  | 1,654,974  | 12,125,753 |
| Actuarial Present Value       | 414,249 | 546,151 | 920,010 | 1,638,189 | 1,244,423 | 3,872,534 | 4,457,060 | 4,105,039 | 5,397,390 | 8,612,615 | 13,202,996 | 10,993,129 | 19,376,456 | 13,857,695 | 88,637,936 |

# Development of Reserve for Future Claims (RFC)

December 31, 2006

|   |                       |
|---|-----------------------|
| LTDI Assets                                     | <u>\$ 309,687,976</u> |
| <b>Actuarial Present Value of:</b>              |                       |
| Benefits being paid December 31, 2006           | \$ 86,629,580         |
| Incurred but not reported claims (IBNR reserve) | <u>21,657,395</u>     |
| <i>Total</i>                                    | <u>\$ 108,286,975</u> |
| Reserves for Future Claims (RFC)                | <u>\$ 201,401,001</u> |

Incurred but not reported claims are 25% of the total LTDI claims in payment status. The liability is an increase of 19.9% over 2005. The increase is due to a significant growth in the number of claims, as well as a modest 5% increase in average benefit. 2005 also saw similar increases in claims and the liability over 2004.

# Appendix 1

## Assumptions

**Mortality:** The projected future benefit stream is reduced for mortality. The Wisconsin Projected Experience Table – 93 is used; 98% of male mortality and 97% of female mortality.

**Set Forward:** Male mortality is adjusted by incorporating a 12 year set forward (males only).

**Recovery:** No recoveries are assumed in the projected future benefit stream.

**Benefit Period:** Projected benefits cease at age 65.

**Interest:** 4.8% (which approximates a 7.8% valuation rate (reduced from 8% on February 1, 2004) with 3% annual benefit increases) is used to discount the projected future benefit stream to the valuation date.

**IBNR:** 25% of the Reserve for reported claims (reduced from 30% in 2005 to reflect the pattern of decreasing actual IBNR to total LTDI claims in payment status, the factor had been reduced from 35% to 30% in 1999).

**Eligibility:** 1) Employees who begin or resume covered WRS employment on or after October 16th, 1992 or 2) employees who have been continuously employed under the WRS since before October 16th, 1992, and are eligible for coverage under the WRS disability program, but elect coverage under the LTDI program. (This right to elect between programs is temporary and has been renewed annually.)



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<http://etf.wi.gov>

**CORRESPONDENCE MEMORANDUM**

**DATE:** August 30, 2007  
**TO:** Members of the Employee Trust Funds Board, Teachers Retirement Board and Wisconsin Retirement Board.  
**FROM:** Robert Weber, DETF Chief Counsel  
**SUBJECT:** Final Draft Report on Clearinghouse Rule #07-066, Relating to Hearsay Evidence

The Boards are asked to approve the Final Draft Report on Clearinghouse Rule 07-066, relating to hearsay evidence, for promulgation.

**Background**

Clearinghouse Rule #07-066 amends the rules governing the procedures for administrative appeals heard by the ETF Board and the four Boards attached to the Department. The current administrative rule prohibits the Boards from basing a finding of fact in an appeal case upon hearsay. This rule-making amends that provision to instead allow the Boards to make a finding of fact based upon hearsay to the same, limited, extent as allowed in state courts.

“Hearsay” is second-hand information, such as a witness repeating what he heard someone else say. Hearsay evidence is generally excluded in court because of concerns over its reliability. However, some hearsay evidence is allowed because it is considered sufficiently trustworthy or important. Typical examples of allowable hearsay evidence include dying declarations, excited utterances, admissions against interest, and business or public records. Wisconsin has created a number of statutory hearsay exceptions. For example, a witness’s prior inconsistent statement, used to impeach his testimony, is not defined as hearsay and may be allowed. Similarly, records of regularly conducted activities, health care provider records, public records, former testimony, and statements against interest are examples of allowable hearsay, at least if certain prerequisites are met.

The rule will allow the Boards some increased discretion in evaluating the evidence presented in an appeal. The rule might, in some cases, allow parties the option of presenting certain kinds of evidence by complying with the hearsay exceptions instead of going to the expense of calling a witness to testify from his or her personal knowledge. This may be a useful option, for example, with respect to certain health care provider records that may be offered without having to call the physician or other health care provider as a witness.

Reviewed and approved by David Stella, Deputy Secretary.  
  
\_\_\_\_\_  
Signature Date

| Board | Mtg Date | Item # |
|-------|----------|--------|
| WR    | 09/13/07 | 4      |
| TR    | 09/13/07 | 3      |
| ETF   | 09/14/07 | 5      |

CR 07-066 memo  
August 15, 2007  
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The final draft report has already been approved by the Group Insurance Board and will also need to be approved by the Deferred Compensation Board. After approval by all five Boards, it will be submitted to the Legislature for review.



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**CORRESPONDENCE MEMORANDUM**

**DATE:** August 20, 2007  
**TO:** Employee Trust Funds Board  
Wisconsin Retirement Board  
Teachers Retirement Board  
**FROM:** Dave Stella, Deputy Secretary  
**SUBJECT:** General Information on Board Training Opportunities

The Department of Employee Trust Funds (ETF) believes it is important to educate our 50 board members (35 serve on the retirement-related boards) on a variety of topics to help fulfill the responsibilities of being a trustee. Given the number of board members and limited resources of the agency, a variety of strategies are used to accomplish that goal over a period of time. The four key methods are described in more detail below.

**1. Board Orientation**

Each time a new board member is appointed or elected to the retirement boards, the Department provides training to help prepare board members for their role. General orientation topics include:

- role and responsibilities of the boards and the Department Secretary
- current board rosters and meeting schedules
- board meeting structure, practices, and activities
- fiduciary responsibility
- Joint Survey Committee on Retirement Systems (legislative oversight committee)
- contact information
- ETF history and organization
- benefit program information
- Wisconsin Retirement System funding and the role of the actuary
- agency publications

**2. In-house Resources**

Board members may have program questions or want specific information to enhance their understanding of a particular topic. In these cases, board members may review the agency's website at [etf.wi.gov](http://etf.wi.gov) or contact a staff member for assistance. ETF's website includes extensive organizational and program material, answers to frequently asked questions, brochures and forms, benefit calculators, and a helpful video library. These

Reviewed and approved by Dave Stella, Deputy Secretary.  
\_\_\_\_\_  
Signature Date

| Board | Mtg Date | Item # |
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| TR    | 09/13/07 | 4      |
| ETF   | 09/14/07 | 6      |

resources assist board members in learning more about employee benefits and how the boards and the Department function.

### **3. *Joint Informational (JI) Meetings***

The JI meetings provide an efficient and cost-effective way to educate the three retirement boards on general topics of interest. Presenters include Department staff and other pension, investment, actuarial, and legal experts. The following list notes some of the subjects that have been discussed over the last three years.

- Budget, legislative, and staffing updates
- State of Wisconsin Investment Board updates
- Comprehensive Annual Financial Report (CAFR) overview
- Annual Valuation of Retired Lives overview
- Annual Valuation of Active Lives overview
- Gain/Loss Analysis of Experience Among Active Members results
- Three Year Experience Study overview
- Effective Rate and Dividend Projections
- Comparative Study of Major Retirement Systems
- Fiduciary Duty presentation
- Administrative Rules status
- National proposals affecting retirement and social security
- Retirement Statistic Highlights
- Fifty-Year Projections
- Wisconsin Retirement System Actuarial Audit results
- Government Accounting Standards Board (GASB) 45 summary
- Deferred Compensation Program overview

### **4. *Formal External Training***

The International Foundation of Employee Benefit Plans (IFEBP) provides formal training opportunities for Department staff and board members. This is accomplished through the IFEBP's Certificate of Achievement in Public Plan Policy program (CAPPP), Certificate of Distinction in Board Governance program (for CAPPP graduates), and two annual benefit conferences. ETF's budget typically allows for a total of two or three board members to attend these sessions each year. The 2008 dates and locations, along with the board member training policy, are attached. Board chairs approve attendance requests after discussing the options with trustees and determining overall interest. Often, interest exceeds available funds and requests may need to be deferred.

### ***Summary***

Board member training is provided in a variety of ways to enhance understanding and occurs over a period of time. Any suggestions for JI training topics or other educational opportunities will be explored by the Department to determine if they are feasible.

## **International Foundation of Employee Benefit Plans (IFEBP) 2008 Training Opportunities**

### *Certificate of Achievement in Public Plan Policy (CAPPP)*

#### *Employee Pensions: Part 1*

June 10-11, 2008: Chicago, Illinois

November 15-16, 2008: San Antonio, Texas

#### *Employee Pensions: Part 2*

February 23-24, 2008: Savannah, Georgia

June 12-13, 2008: Chicago, Illinois

### *Scholar Series in Board Governance Program (CAPPP graduates only)*

#### *Certificate of Distinction in Board Governance (including Trustees Masters Program)*

November 15-16, 2008: San Antonio, Texas

### *IFEBP Training Conferences*

#### *Benefits Conference for Public Employees*

February 25-26, 2008: Savannah, Georgia

#### *U.S. Annual Employee Benefits Conference*

November 16-19, 2008: San Antonio, Texas

## TRAINING POLICY RETIREMENT BOARD MEMBERS

The Department of Employee Trust Funds (ETF) strongly believes in the value of relevant education and training for members of the ETF, Wisconsin Retirement, and Teachers Retirement Boards. When possible, ETF will sponsor local and national experts for training sessions with entire boards. In addition, ETF will provide funding for individual training opportunities for board members.

Funds to provide training opportunities are not unlimited, however. Accordingly, ETF must prioritize the use of its limited training resources in order to provide training in the most cost-effective manner. To that end, ETF will adhere to the following priority schedule in determining how to allocate funds for individual training:

- ◆ First priority will be given to the Chairs of each board. The Chair is in a position of leadership and is most in need of current information that training can provide. The Chair is also in the best position to use what is learned at the training in a way that will be most beneficial to the entire board.
- ◆ Second priority will be given to the Vice Chairs of the respective boards. If there is insufficient funding to offer the opportunity to each Vice Chair, the Vice Chair with the least recent training will be given priority.
- ◆ Participation by ETF Board members in the Certificate of Achievement in Public Plan Policy (CAPPP) will be based on the seniority status of those members showing interest in attending. Wisconsin Retirement and Teachers Retirement Board members interested in CAPP training will be considered after ETF Board members. Again, seniority status will govern attendance decisions.



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**CORRESPONDENCE MEMORANDUM**

**DATE:** August 23, 2007  
**TO:** Employee Trust Funds Board  
**FROM:** Robert C. Willett, CPA  
Chief Trust Financial Officer  
**SUBJECT:** Investment of Group Health Plan Reserves in Core Trust Fund

Trust funds administered by the Department of Employee Trust Funds are invested in one of three investment pools offered by the State of Wisconsin Investment Board (SWIB). The Department's administrative account and reserves for those programs where funds are held for relatively short periods before being needed for benefit payments (Health Insurance, Employee Reimbursement Accounts, Commuter Benefits, etc.) are invested in the State Investment Fund (SIF). The SIF is a short-term money market type investment pool operated by SWIB for the state and local governments. It offers immediate availability of funds but at the cost of low investment returns. Over the last ten years, the SIF has returned 3.8% on investments.

Funds for those programs where reserves are held for longer periods before being needed for benefit payments (retirement and disability programs) are invested in the Core Trust Fund. The Core Trust Fund is a balanced investment pool with holdings in equities, fixed income, real estate and other alternative investments. Because of its long-term investment emphasis, the Core Trust Fund provides limited liquidity, but offers significantly higher investment returns. Over the last ten years, the Core Trust Fund has averaged an 8.9% investment return.

The final investment pool, the Variable Trust Fund, is used exclusively for voluntary variable participant account balances in the Wisconsin Retirement System.

Historically, reserves for the health insurance program have been classified as short-term, with most premiums being paid out in benefits within one year. Accordingly, these funds have been invested in the SIF. However, since 2004 when the Department began self-insuring the pharmacy benefit portion of all health plans, the size of the health insurance reserve has increased significantly. Plan assets, which totaled only \$54 million at the end of 2003, currently exceed \$140 million. The increased size of the program has also reduced volatility, making cash requirements more predictable.

The Department intends to transfer all health insurance reserves from the SIF to the Core Trust Fund. SWIB has advised us that a transfer of this size will not adversely affect either the SIF or the Core Trust Fund. If future investment performance is similar to the ten-year averages, the

Reviewed and approved by John Vincent, Administrator, Division of Trust Finance and Employer Services.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

| Board | Mtg Date | Item # |
|-------|----------|--------|
| ETF   | 09/14/07 | 7      |

Employee Trust Funds Board

August 23, 2007

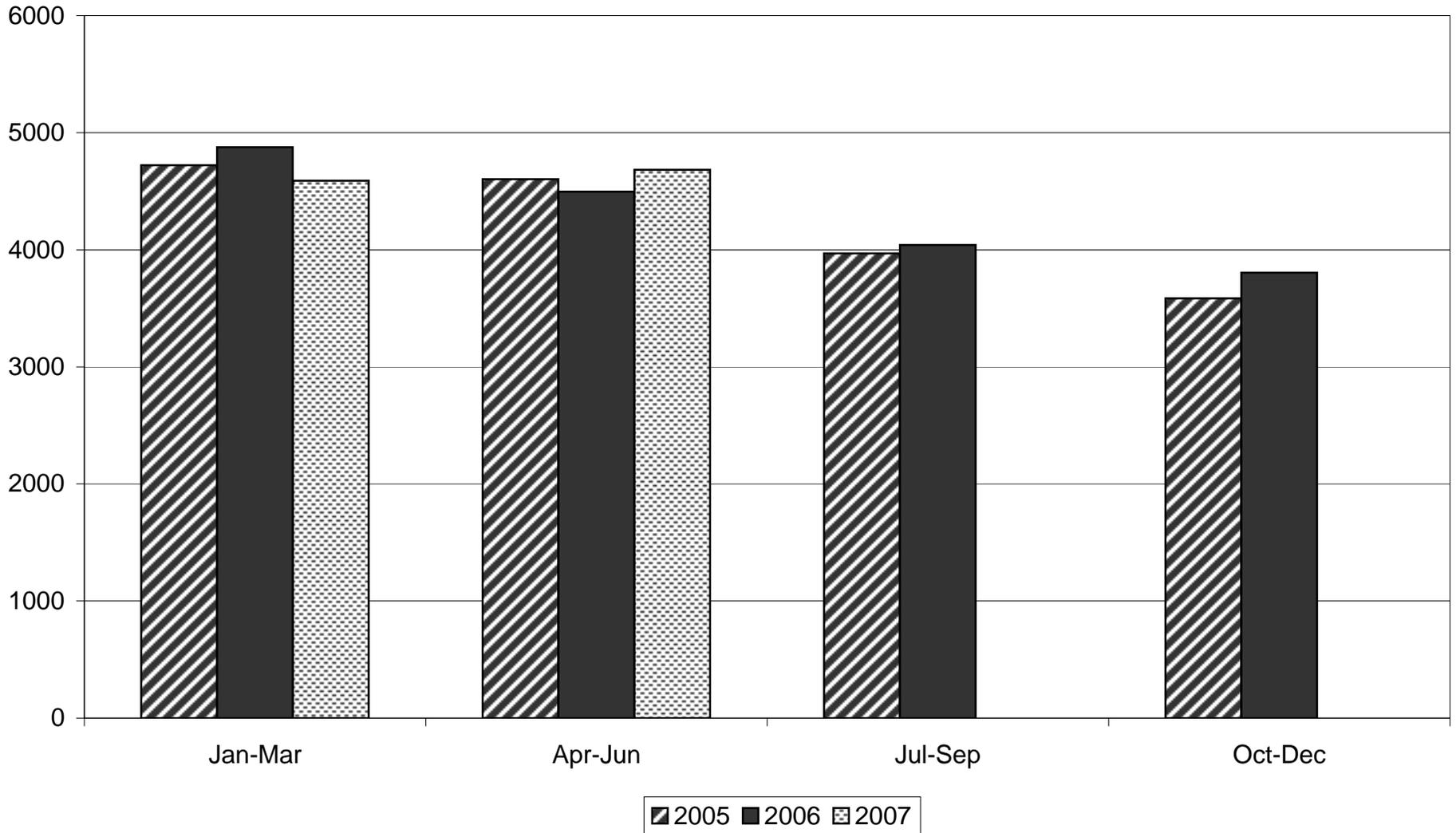
Page 2

health insurance program could realize an additional \$7 million per year in investment income. This additional income will directly offset insurance premiums.

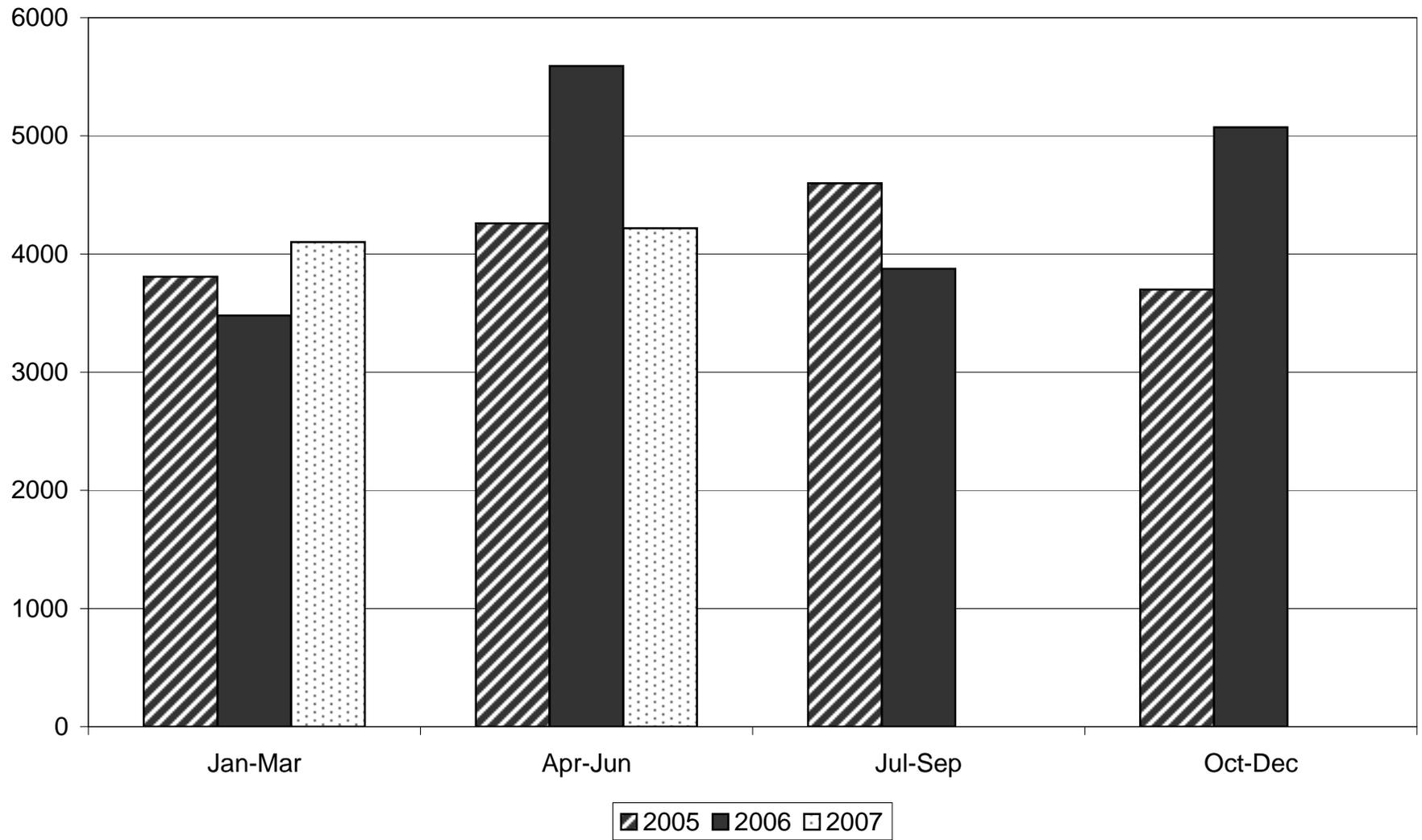
Timing for the transfer will be determined in consultation with SWIB so it can be accommodated in the cash management plans for both the SIF and the Core Trust Funds. The transfer is expected to be completed before year-end.

I will be available at the September 14 board meeting if you have any questions.

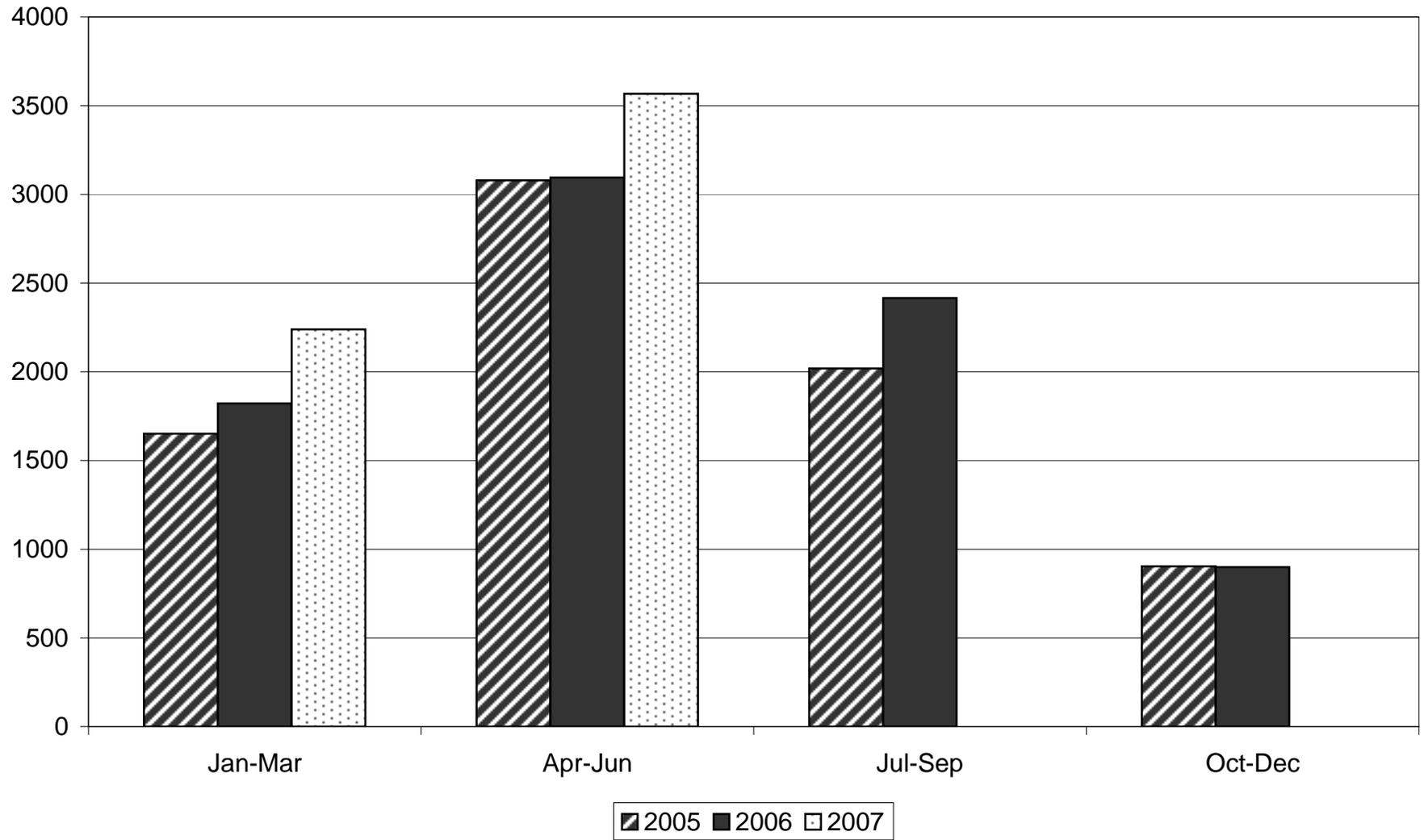
**Retirement Estimates Requested  
2005-2007**



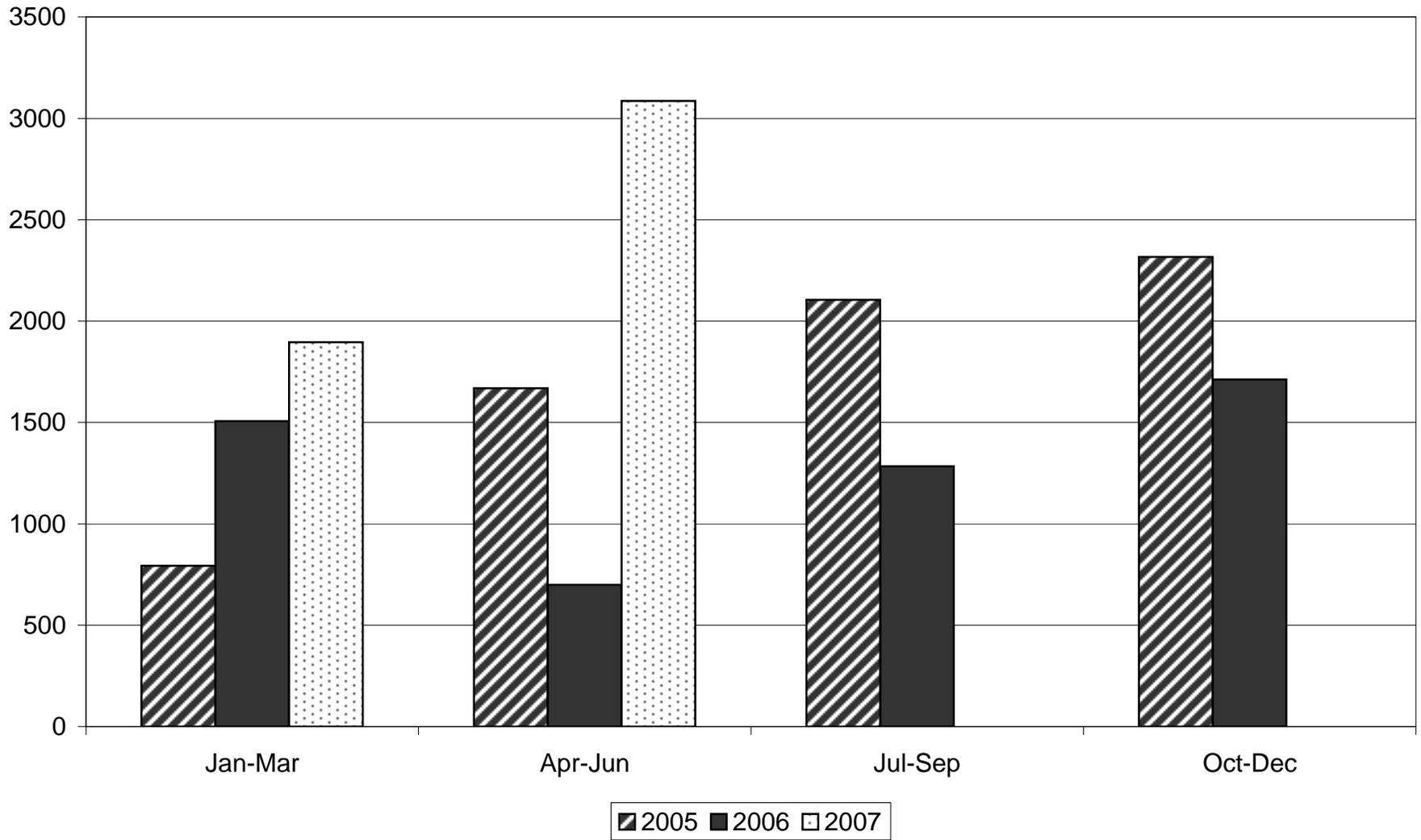
**Retirement Estimates Completed  
2005-2007**



**Estimated Annuities Started  
2005 - 2007**



**Annuities Finalized  
2005 - 2007**



| Retirement<br>Estimates<br>Requested |         |         |         |         |
|--------------------------------------|---------|---------|---------|---------|
|                                      | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| 2005                                 | 4722    | 4603    | 3969    | 3584    |
| 2006                                 | 4875    | 4496    | 4040    | 3805    |
| 2007                                 | 4589    | 4682    |         |         |

| Retirement<br>Estimates<br>Completed |         |         |         |         |
|--------------------------------------|---------|---------|---------|---------|
|                                      | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| 2005                                 | 3809    | 4260    | 4598    | 3700    |
| 2006                                 | 3481    | 5592    | 3875    | 5072    |
| 2007                                 | 4101    | 4219    |         |         |

| Estimated<br>Annuities<br>Started |         |         |         |         |
|-----------------------------------|---------|---------|---------|---------|
|                                   | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| 2005                              | 1651    | 3079    | 2019    | 904     |
| 2006                              | 1822    | 3095    | 2416    | 900     |
| 2007                              | 2239    | 3567    |         |         |

| Annuities<br>Finalized |         |         |         |         |
|------------------------|---------|---------|---------|---------|
|                        | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| 2005                   | 793     | 1669    | 2105    | 2316    |
| 2006                   | 1507    | 699     | 1284    | 1712    |
| 2007                   | 1896    | 3086    |         |         |



STATE OF WISCONSIN  
Department of Employee Trust Funds

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1-877-533-5020 (toll free)  
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<http://etf.wi.gov>

**CORRESPONDENCE MEMORANDUM**

**DATE:** August 1, 2007  
**TO:** Employee Trust Funds Board  
**FROM:** Jean Gilding, Deputy Administrator  
Division of Retirement Services  
  
Audrey Koehn, Policy Analyst  
Division of Retirement Services  
**SUBJECT:** April - June 2007 Retirement Annuity Data Tables

The attached Wisconsin Retirement System (WRS) Annuity Data Tables reflect a portion of the retirement benefit activities completed by the Department of Employee Trust Funds for the months of April, May, and June, 2007.

The tables reflect the total number of retirement estimates requested and completed, and the number of new retirement annuities started from April through June, including a breakdown by option type and calculation factor. The tables further show the number of estimated retirement annuities finalized by fund type, employer type and annuitant gender. Finally, the tables show the number of annuity terminations by type, gross payments and beneficiary data.

**Key Information about Division of Retirement Services Workload**

- New retirement annuities started during this quarter reached an all time quarterly high of 3,567 during this quarter, which was a 15.3% increase over the same quarter in 2006 (3,095). Staff work efforts were focused on this function due to the large number of members who requested a retirement effective date of July 1, 2007.
- Staff also focused work efforts on finalizing retirement annuities that were started based on estimates during this quarter, reducing the length of time members received estimated annuities from eleven months to six months. This effort resulted in a record number of (3,086) annuities finalized during this quarter.

**Retirement Trivia**

Question: What is the percentage of male and female annuitants in the WRS?

Answer: According to the Board's actuary, as of December 31, 2005, 45.0% of our annuitants were male and 55.0% were female.

Attachment

Reviewed and approved by Sari King, Administrator, Division of Retirement Services.  
  
\_\_\_\_\_  
Signature Date

| Board | Mtg. Date | Item # |
|-------|-----------|--------|
| ETF   | 09/14/07  | 7      |

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS**

**WRS RETIREMENT BENEFIT ANNUITY STATISTICAL REPORT  
April - June, 2007**

This report provides summary information on recent retirement benefit annuity applications approved and terminated by the Boards. If you have any questions, or would like additional information regarding retirement benefits, please contact Jean Gilding at (608) 266-1210 or jean.gilding@etf.state.wi.us.

**WRS RETIREMENT ANNUITIES**

| <b>RETIREMENT BENEFIT APPLICATIONS</b>                    |               |               |               |              |
|---|---------------|---------------|---------------|--------------|
|   | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| <b>Retirement Estimates Requested</b>                     | 1,374         | 1,693         | 1,615         | 4,682        |
| <b>Retirement Estimates Completed</b>                     | 1,194         | 1,357         | 1,668         | 4,219        |
|   |               |               |               |              |
|   | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| <b>Estimated Annuities Started</b>                        | 453           | 490           | 2,624         | 3,567        |
| <b>Annuities Finalized</b>                                | 811           | 1,184         | 1,091         | 3,086        |
|   |               |               |               |              |
|   | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| <b>Retirement Annuities Finalized by Option Selected*</b> |               |               |               |              |
| For Annuitant's Life Only                                 | 120           | 168           | 161           | 449          |
| Life Annuity with 60 Payments Guaranteed                  | 83            | 133           | 107           | 323          |
| Life Annuity with 180 Payments Guaranteed                 | 141           | 253           | 246           | 640          |
| 75% Continued to Named Survivor (Jt. Survivor)            | 113           | 104           | 94            | 311          |
| Reduced 25% on Death of Annuitant or Named Surv.          | 50            | 65            | 66            | 181          |
| 100% Continued to Named Survivor (Jt. Survivor)           | 75            | 105           | 111           | 291          |
| 100% Cont'd to Named Surv.(Jt. S.)w/180 Paym'ts           | 229           | 351           | 297           | 877          |
| 21 Annuity Certain (Specified 24-180 Months)              | 0             | 3             | 5             | 8            |
| Annuity Certain -- 24 Months**                            | 0             | 1             | 0             | 1            |
| Annuity Certain -- 60 Months**                            | 0             | 0             | 1             | 1            |
| Annuity Certain -- 120 Months**                           | 3             | 1             | 1             | 5            |
| Life with 180 Payments Guaranteed (Mandatory)             | 0             | 1             | 0             | 1            |
| Life with Optional Length Guaranteed (Mandatory)          | 0             | 0             | 0             | 0            |
| Life with Optional Length Guaranteed                      | 0             | 0             | 0             | 0            |
| Retirement Lump Sum                                       | 214           | 69            | 56            | 339          |
|   |               |               |               |              |
|   | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| <b>Finalized - Calculation Type</b>                       |               |               |               |              |
| Formula   | 391           | 590           | 500           | 1,481        |
| Money Purchase  | 424           | 572           | 574           | 1,570        |
|   |               |               |               |              |
|   | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| Finalized at Maximum                                      | 0             | 5             | 11            | 16           |

\*Note: Because participants with additional contributions may select different additional annuity options for their regular and additional retirement benefits, the total by option selected will not match the total number of retirement annuities finalized on a month-to-month basis.

\*\* Annuities based on Additional Contributions

| <b>RETIREMENT ANNUITIES FINALIZED BY FUND TYPE</b> |               |               |               |              |
|--|---------------|---------------|---------------|--------------|
|  | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| <b>Core Fund</b>                                   | 651           | 971           | 895           | 2,517        |
| <b>Variable Fund</b>                               | 164           | 228           | 219           | 611          |

| <b>RETIREMENT ANNUITIES FINALIZED BY EMPLOYER TYPE</b> |               |               |               |              |
|--|---------------|---------------|---------------|--------------|
|  | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| <b>Local Employers</b>                                 | 705           | 739           | 786           | 2,230        |
| <b>State Government</b>                                | 112           | 449           | 310           | 871          |

| <b>RETIREMENT ANNUITIES FINALIZED BY GENDER</b> |               |               |               |              |
|---|---------------|---------------|---------------|--------------|
|   | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| <b>Females</b>                                  | 536           | 644           | 622           | 1,802        |
| <b>Males</b>                                    | 275           | 540           | 469           | 1,284        |

| <b>RETIREMENT BENEFIT ANNUITY TERMINATIONS</b> |               |               |               |              |
|--|---------------|---------------|---------------|--------------|
| <b>Termination Type</b>                        | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| Returned to Work                               | 8             | 2             | 1             | 11           |
| Did not Meet 30-day Break in Service           | 0             | 0             | 0             | 0            |
| Medical (s. 40.63)                             | 0             | 0             | 0             | 0            |
| Cancelled Application                          | 1             | 3             | 1             | 5            |
| Recover Overpayment                            | 0             | 0             | 0             | 0            |
| Put on Reg. Add'l in Error                     | 0             | 0             | 0             | 0            |
| Other  | 2             | 0             | 2             | 4            |
| <b>Total Benefit Terminations</b>              | <b>11</b>     | <b>5</b>      | <b>4</b>      | <b>20</b>    |

| <b>GROSS ANNUITY PAYMENTS IN DOLLARS (\$)</b> |                |                 |                 |                      |                |
|---|----------------|-----------------|-----------------|----------------------|----------------|
| <b>PAYROL</b>                                 | <b>Core</b>    | <b>Variable</b> | <b>Subtotal</b> | <b>General (GPR)</b> | <b>Total</b>   |
| <b>Apr-07</b>                                 | 249,539,978.87 | 35,417,527.98   | 284,957,506.85  | 123,655.63           | 285,081,162.48 |
| <b>May-07</b>                                 | 249,734,843.09 | 35,417,832.81   | 285,152,675.90  | 119,634.43           | 285,272,310.33 |
| <b>Jun-07</b>                                 | 254,537,314.49 | 35,799,487.90   | 290,336,802.39  | 119,196.82           | 290,455,999.21 |

**WRS BENEFICIARY ANNUITIES**

|   | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
|---|---------------|---------------|---------------|--------------|
| <b>Beneficiary Annuities Started</b>    | 3             | 2             | 3             | 8            |
| <b>Beneficiary Annuities Terminated</b> | <b>Apr-07</b> | <b>May-07</b> | <b>Jun-07</b> | <b>Total</b> |
| Converted Contin. to Lump Sum           | 0             | 0             | 0             | 0            |
| File set up in error (spouse living)    | 0             | 0             | 0             | 0            |
| Other                                   | 0             | 0             | 0             | 0            |
| <b>Total</b>                            | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>     |