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## Effective Rates, Annuity Adjustments Set

The effective rates and annuity adjustments for Wisconsin Retirement System active members and retirees have been set and are shown in the accompanying table.

**For active employees:** The Core effective rate is 10.9% and the Variable effective rate is 31.0%. The rates were applied to active members' account balances and are shown in their annual *Statement of Benefits*, which was distributed in April (see page 7).

**For retirees:** The Core annuity adjustment is 4.7% and the Variable annuity adjustment is 25.0%. This is the first Core annuity increase provided since the financial crisis of 2008.

	Core	Variable
2013 Investment Return	13.6%	29.0%
Effective Rate	10.9%	31.0%
Annuity Adjustment	4.7%	25.0%

Department of Employee Trust Funds Secretary Bob Conlin acknowledged the work of the State of Wisconsin Investment Board (SWIB) for another strong investment year. This marks the fifth year in a row that SWIB has surpassed investment benchmarks.

“SWIB’s strong investment performance not only allows the WRS to pro-  
*Rates, continued on page 2*

## Strong Performance Adds \$2.6 Billion to WRS

— Michael Williamson, SWIB Executive Director

In my role as executive director of the State of Wisconsin Investment Board, I get the opportunity to interact with other public pension executives. Inevitably, the discussion always turns to the challenges many public pension systems are facing today.

Underfunded and under attack from groups wanting to see defined benefit plans eliminated, many public pension systems have gone through or are experiencing dramatic changes. However, here in Wisconsin we can celebrate having one of the highest-funded and most stable pension systems in the country.

The Wisconsin Retirement System is considered a model pension system. In my last column, I shared with you the story about the Massachusetts Pension Reserves Investment Management Board (MassPRIM) seeking to put in

*Performance, continued on page 11*

### Calendar Year-to-Date Preliminary Returns as of 03/31/2014

**Core Fund** 2.0%  
Benchmark 2.1%

**Variable Fund** 1.5%  
Benchmark 1.6%

*Rates, continued from page 1*

vide increases to retirees, it also helps maintain solid funding and hold down contribution rates for employees and employers,” said Conlin.

A positive Core annuity adjustment can be expected next year as well, if the Core Fund earns its assumed investment rate of 7.2% in 2014. In addition, contribution rates for active employees and employers are expected to decrease slightly in 2015, due to favorable investment returns.

**How are effective rates and annuity adjustments calculated?** You can learn more about effective rates and annuity adjustments by attending an online **ETF webinar** offered in May. Get your questions answered by a benefits specialist during this live, interactive 30-minute webinar, *WRS Effective Rates and Annuity Adjustments*.

For webinar dates and times, go to our website at <http://etf.wi.gov/members/webinars.htm>.

ETF also offers a **13-minute, online video** that you can watch any time. You’ll find the video, *Interest Rates and Annuity Adjustments 2013*, in the Video Library at <http://etf.wi.gov/webcasts.htm>.

### For More Information

*Information for Retirees—Annuity Adjustments*  
Questions and answers about WRS annuity adjustments. Find it on the Core/Variable Info menu of our website at <http://etf.wi.gov>.

*Returns, Rates and Adjustments*  
Core and Variable investment returns, effective rates and annuity adjustments since 1986. Find it at <http://etf.wi.gov/retirees.htm>.



Tarna Hunter

## Legislative Spotlight

— Tarna Hunter, ETF Legislative Liaison

**T**he Wisconsin Legislature has adjourned its 2013-14 session and will not return until January 2015, following the November elections. One significant piece of legislation that was enacted is 2013 Wisconsin Act 191, effective April 6, 2014. The law allows participating employees in the Wisconsin Retirement System to purchase years of creditable service for active service in the U.S. armed forces. **Contact ETF if you would like an estimate**

**for purchasing creditable service under the provisions of Act 191.**

**To purchase creditable service under the program, the employee:**

1. must pay the full actuarial cost of the benefit increase the service will provide;
2. must have three continuous years of service under the WRS;
3. must have been discharged from the U.S. armed forces under honorable or general conditions; and
4. 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. The exceptions are 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.

Other WRS-related bills were introduced this session, but they were not passed by the full Legislature. Unless the bills are considered in a special or extraordinary session, they will need to be reintroduced next session if the Legislature intends to take action on them. We will continue to monitor developments and provide updates. Watch ETF’s website for the latest information.

## High Deductible Health Plans Offered in 2015

Beginning January 1, 2015, the State of Wisconsin Group Health Insurance Program will offer the option of a high deductible health plan (HDHP). In addition, those who enroll in the HDHP can set up a health savings account (HSA). These program options were part of the state's 2013-2015 biennial budget (2013 Wisconsin Act 20).

Eligibility information for this program will be provided to participants in time for the It's Your Choice open enrollment period this fall.

The HDHPs will be offered through the health plans that are a part of the state's group health insurance program.

An HDHP is a health plan that has a minimum annual deductible and a maximum annual out-of-pocket limit. An HDHP generally begins paying for health care costs once the annual deductible

has been met (except for preventive services mandated by federal law).

An HSA is a savings or investment account set up by an individual to pay for health care. Health savings accounts are

owned by the individual employee and balances roll over from year to year. In addition, the funds in an HSA are portable—the employee keeps them if they leave the plan or state employment.

Planning for these program options is underway. Monitor our website and newsletters for updates over the next several months and into the health insurance open enrollment period.



[For group health insurance program participants](#)

### Well Wisconsin Program Rewards Participants

Did you know the health insurance plans participating in the State of Wisconsin Group Health Insurance Program are providing a \$150 reward for participating in the Well Wisconsin program? This program is designed to build members' awareness of their current health status and future risk factors. [Here is how you can participate in the Well Wisconsin program:](#)

1. Complete a biometric screening to measure your blood pressure, cholesterol level, glucose and body mass index. This can be completed with your doctor or at a workplace on-site biometric screening offered by Well Wisconsin's screening vendor, Optum.
2. Complete your health plan's Health Risk Assessment. This questionnaire will ask about your current risk factors. After completing the risk assessment you will receive tips about maintaining and improving your overall health.

Once both steps are completed and all information is processed by your health plan, you will receive the reward.

For more information about the Well Wisconsin program or to find a link to your health plan's Health Risk Assessment, visit Well Wisconsin's website at <http://wellwisconsin.wi.gov>.

Every eligible adult enrolled under your group health insurance coverage can participate in the Well Wisconsin program. Health plans may limit the total dollar amount that can be issued for wellness incentives.

Contact your health plan to determine your eligibility for the reward if you participate in other wellness incentives offered by your health plan. At this time, Humana Medicare Advantage members are not eligible.

**Note:** The Internal Revenue Service considers the \$150 reward to be taxable income.

**For active employees****Diversify Your Retirement Savings with the WDC**

Will you have enough money to live the retirement of your dreams? The Wisconsin Deferred Compensation Program can help you reach your retirement financial goals.

The WDC is a supplemental retirement savings program available to state and university employees. Local government and school district employees may also be eligible if their employers offer this optional program.

When you enroll in the WDC, growing your supplemental retirement savings is easy (paycheck deductions), inexpensive (comparatively low fees) and lowers your taxable income with tax-deferred investments. Pre-tax (Roth) options are also available.

The WDC offers 16 different investment options to suit your investment style and risk tolerance, including index funds, actively managed mutual funds, global and domestic funds, fixed income and equity options. Participants also have the added convenience of accessing their accounts online by using the WDC's new mobile Web application.

**Do you have neither the time nor the interest to figure out where to invest?** A "lifecycle fund," also known as a target date fund, may be the right choice for you. The target manager, Vanguard, automatically adjusts the fund's risk exposure over time and, in general, it will become more conservative (less volatile) as you approach your target retirement date.

**Already confident with your investment knowledge and willing to take more risk?** Schwab's self-directed brokerage account provides you the opportunity to invest in mutual fund options not found in the WDC core lineup.

If you are ready to start planning for your financial future, try out some of the WDC's free calculators at [www.wdc457.org](http://www.wdc457.org) under the "education and planning" tab. These tools include:

- Retirement Planner – helps you figure out if your current retirement savings will be enough to fund the expenses you anticipate.

- Financial Planner – offers suggestions to help you meet your financial goals, based on your cash flow, net worth and current finances.
- Paycheck Comparison – shows how paycheck contributions to the WDC affect your take-home pay.
- Retirement Income Control Panel (for current WDC participants). Available after logging into your WDC account, this tool provides a projection of how your WDC account balance will translate into a monthly income amount. Tailor the results even further by entering your annual salary, your retirement age, the percentage of income you want to replace and other income sources.

**For More Information****ETF Videos**

WDC-related videos are located in ETF's Video Library at <http://etf.wi.gov/webcasts.htm> (see folder marked "Other Related Benefits").

*Retirement Planning: An Action Plan*

This 23-minute video reviews what you can do now to prepare for retirement, including setting goals; making "catch up" contributions; WDC distribution options; and the importance of carefully evaluating your investment options.

*WDC Stable Value Fund Overview*

The Stable Value Fund is one of the most popular investment options in the WDC. This 30-minute, pre-recorded webinar provides an overview of stable value investing, as well as a review of the Stable Value Fund investment option.

**ETF Website**

Find answers to frequently asked questions, forms and publications, and links to the WDC website. Go to our WDC menu at <http://etf.wi.gov/members> and look for Deferred Compensation.

**Contact the WDC**

Go to [www.wdc457.org](http://www.wdc457.org) or call toll free: 1-877-457-9327.



**For active employees****Variable Participation Before and After Retirement**

**A**re you one of the approximately 50,000 yet-to- retire members of the Wisconsin Retirement System who participate in the Variable Trust Fund? If so, take the time to determine whether Variable participation **after** retirement is right for you.

**Upon enrollment in the WRS:** All of your employee and employer contributions were invested in the Core Trust Fund, a fully-diversified, balanced fund. With a diversified portfolio, the Core Fund has more protection from extreme market swings than does the Variable Fund. Additionally, Core Fund returns are “smoothed” (spread out) over a five-year period. This works to stabilize the effects on your account and on how much you and your employer pay into the system from one year to the next.

**When you elected to participate in the Variable:** 50% of all future employee and employer contributions were deposited into this fund, which is invested almost exclusively in the stock market. Variable Fund participants are exposed to a higher degree of risk because of possible losses from unfavorable stock market performance, in exchange for the possibility of greater returns. Variable returns are not smoothed—they are fully recognized each year. Therefore, Variable effective rates (interest) and annuity adjustments closely mirror actual Variable Fund investment returns.

You can see the effects of Core and Variable Fund investment performance on your WRS account balances in the annual *Statement of Benefits*. Statements were mailed in April.

**If you stay in the Variable after retirement:**

- The Core portion of your monthly payment will receive the annual Core annuity adjustment;
- The Variable portion of your monthly payment will receive the annual Variable annuity adjustment;
- Your Variable annuity amount could fluctuate widely from year to year, depending on investment returns in this fund. For example,

the 2008 Variable annuity adjustment was -42% (a loss); the next year it was 22.0% (an increase);

- Your Variable annuity can be decreased (by negative annuity adjustments) to an amount that is less than the initial monthly amount; and
- The Core portion of your annuity can never be decreased to less than the initial monthly amount (the guaranteed “Core floor”).

**Knowledge is power:** You should base your decision to continue participating in the Variable Fund on such factors as:

1. How much of your annuity will be paid from the Variable;
2. Your overall risk tolerance; and
3. Your personal financial situation.

In the meantime, take the time to review the many in-depth resources available from ETF so that you can make a well-informed decision before you retire.

**For More Information****ETF Resources**

*Core and Variable Returns/Rates/Adjustments Since 1986*

<http://etf.wi.gov/retirees/dividends.htm>

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

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

*Canceling Variable Participation (ET-2313)*

<http://etf.wi.gov/publications/et2313.pdf>

**ETF Videos**

*Variable Participation-Is It Right For You?*

*WRS-Interest and Annuity Adjustments*

Find them in our Video Library at

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

**ETF Customer Service**

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

**SWIB Document**

*How Do Variable Fund Investments Affect Me?*

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

## Information for Retirees

### ETF E-mail Updates = Instant News

Do you want to stay up on Wisconsin Retirement System-related news and announcements that occur between editions of *WRS News*? Would you like to hear about investment returns and annuity adjustments on the day this news is released? Sign up for *ETF E-mail Updates*, our free e-mail notification service. Registration is easy and quick. Look for the red envelope logo on our website, <http://etf.wi.gov>. You can pick from more than 20 informational topics. More than 32,000 subscribers have already signed on—we hope to see you, too!

### State Income Tax Withholding Change

A revision to the Wisconsin income tax withholding tables in March affected WRS annuitants who withhold Wisconsin income tax based on the tax tables. This change did not affect those who withhold Wisconsin state income

taxes at a fixed dollar amount. The withholding table changes reflect the individual income tax rate cuts effective in tax year 2013 and an additional proposed rate cut that would be effective in tax year 2014. The revised federal tables can be found at [www.irs.gov/pub/irs-pdf/p15.pdf](http://www.irs.gov/pub/irs-pdf/p15.pdf). Find the revised state tables on the Wisconsin Department of Revenue (DOR) website at <http://www.revenue.wi.gov/pubs/pb166.pdf>.

To adjust your federal or state tax withholding, you can submit an *Income Tax Withholding Election form* (ET-4310), call ETF toll-free at 1-877-533-5020, or send an e-mail through the “contact ETF” section of our website, <http://etf.wi.gov>. You may use our online tax withholding calculator to determine how much you would like to withhold from your payment for taxes. The calculator produces a withholding election form you may print and submit to ETF. Find it at <http://etf.wi.gov/calculator.htm>.

## ETF Seeks Persons with Abandoned WRS Accounts

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

In 2013, ETF located more than 213 individuals who had abandoned accounts. If you know the whereabouts of anyone on this list, please ask them or their heirs to contact ETF. Unlike most “finding” services, ETF does not charge a fee if our staff find the rightful account owner.

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

accept telephone calls regarding these accounts.

The names below were added to the list this year. Find the **complete list** on our website at [http://etf.wi.gov/news/abandoned\\_wrs.htm](http://etf.wi.gov/news/abandoned_wrs.htm).

Baer, Bonnibel B	Martinez, Armando
Bahr, Gordon C	Mc Kinney, Alice M
Barclay, Joanne	McCutcheon, Mark J
Barton, Barry F	McGrath, Judie E
Brown, Jessie	Mitchell, James
Cashman, Kathleen M	Nam, Hwa J
Chan, Joseph C	Njuguna, George
Cook, Marlin L	Nusberger, Alan C
Dambrauskas, Al	Nuss, Julie A
Danzy, Nancy L	Parker Jr., Willie
Davis, James C	Payne, James E
Fisher, Janet C	Pearson, Barbara
Fitzgerald, Ronald E	Reed, James M
Geohagan, Judith A	Rogers, Gail R
Ginner, Kenneth F	Ruland, Barbara E
Green, Phillip M	Tilander, Charles S
King, Gloria D	Trevino, Pedro
Kinnear, Mary J	Vieiralves, Sonia M
Knutson, Wanda	White, Bettie B
Lister, David G	Williams, John C
Mackenzie, David	Yang, Chao-Luan

## Information for Active Employees

### Review Your Annual Statement of Benefits

Now that you have received your annual *Statement of Benefits*, there are several things you should take the time to do. Statements were distributed to all Wisconsin Retirement System active employees last month. If you did not receive your statement, please contact your employer. The statement provides a year-end summary of your account, including the 2013 effective rates of interest.

#### Why is it important to review your statement?

1. To see how your account balances change with interest. This is a good time to ask yourself, *How can I supplement and diversify my retirement savings?*
2. To ensure all information is correct.
3. To confirm that your beneficiary designation accurately reflects how you want your WRS death benefits paid. Did you know when your life circumstances change (e.g., divorce, marriage, birth of children), this does not automatically change your beneficiary

designation on file at ETF? Also, a will does not take the place of a beneficiary form. To update your beneficiary designation, download a *Beneficiary Designation* form (ET-2320) from our website. Complete the form and submit it to ETF.

### Military Service and Your WRS Benefits

Military service members and their families can access online information and forms in order to receive all of WRS benefits to which they are entitled under state and federal laws. This includes those who are:

- leaving WRS employment to go on a military leave of absence;
- currently on a military leave of absence;
- returning from a military leave of absence; and
- in need of information about how previous military service affects WRS benefits.

For more information, see our webpage at <http://etf.wi.gov/members/military-service.htm>.

## New Rules in Place for Returning to Work

If you are thinking about going back to work for a Wisconsin Retirement System employer after you have retired **and taken a benefit**, keep in mind the changes provided by 2013 Wisconsin Act 20 affect those with WRS 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.

**Why must there be a break between retirement and returning to WRS service?** The WRS is a federal Internal Revenue Code §401(a) defined benefit plan. As such, the system must remain in compliance with Internal Revenue Service regulations that require a retiring employee to have a good-faith termination from employment and a separation from service. The IRC does not dictate

a specific waiting period, but it does require that retirement benefits generally can not be distributed to members unless there has been a clear indication of complete severance of the employment relationship with the former employer(s).

**Can I discuss future employment opportunities prior to my termination from employment?** Internal Revenue Service guidance regarding what constitutes a good-faith termination reflects that there must be a **complete separation of the employment relationship**. The IRS focuses on the intent of the employee to completely retire, with no prior arrangements to return to work for the employer. Wisconsin state statutes and the administrative code reflect IRS requirements for a good faith termination and separation from service.

For more detailed information and answers to frequently asked questions, review our Return to Work FAQs webpage. You'll find it in the What's New column at <http://etf.wi.gov>. Or call ETF at 1-877-533-5020.

## Stein Appointed to SWIB Board of Trustees

The state Senate in March confirmed the appointment of David Stein as trustee to the State of Wisconsin Investment Board by Gov. Walker. His term will expire May 1, 2017.

Stein is executive vice president and head of retail banking for Green Bay-based Associated Banc Corp, the largest bank holding company headquartered in Wisconsin. In this capacity, he leads the bank's efforts directed at consumers and small businesses across its Wisconsin, Illinois and Minnesota footprint. His role encompasses oversight of the bank's 230 branches, mortgage company, brokerage company and card businesses. Stein is chairman of Associated Investment Services and is a director of Associated Financial Group and the Associated Banc-Corp Foundation.

Prior to joining Associated in 2005, Stein held various positions with J.P. Morgan Chase & Co., and one of its predecessors, Bank One Corporation, for 16 years. He began his career with what is now US Bancorp.

Stein is a 1985 graduate of St. Cloud State University, majoring in finance and economics. In 1989 he earned a master of management degree from the J.L. Kellogg Graduate School of Business at Northwestern University, with concentrations in finance and marketing.

### About the Board of Trustees

The SWIB Board of Trustees consists of nine members meeting specific requirements.

These include:

- The secretary of the Department of Administration or a designee;
- One member appointed for a six-year term representing a local government that participates in the Local Government Investment Fund;
- Five public members appointed for staggered six-year terms and four having at least 10 years of investment experience; and
- Two participants in the Wisconsin Retirement System appointed for six-year terms, one a teacher participant appointed by the Teachers Retirement Board and one a participant other than a teacher appointed by the Wisconsin Retirement Board.



David Stein

Trustees have a fiduciary responsibility to act solely in the interest of the WRS trust funds. They also appoint the executive director and internal auditor. Trustee responsibilities include establishing asset allocation, investment guidelines and performance benchmarks. Staff is responsible for making the day-to-day decisions about investments and operations following the policies.

## SWIB Named Among Best Limited Partners of the Year

The State of Wisconsin Investment Board is the only investor to be named a finalist two years in a row for the Limited Partner of the Year in North America Award presented by Private Equity International (PEI). SWIB finished second behind the California Public Employees' Retirement System, after winning the category last year.

PEI is a financial information and media company that publishes multiple trade magazines dedicated to covering alternative

assets. The organization has handed out the awards annually since 2001. Four finalists for each award, as well as an option for write-in candidates, are circulated and thousands of votes by peers are cast in total.

Private equity is an investment directly involving a company that is not quoted on a public exchange. Investors and funds invest directly into private companies or conduct buyouts of public companies.



## SWIB Recognized as Low-Cost Fund Manager

Two independent reports show the State of Wisconsin Investment Board continues to be recognized as a low-cost pension fund manager that produces favorable returns when compared to its peers.

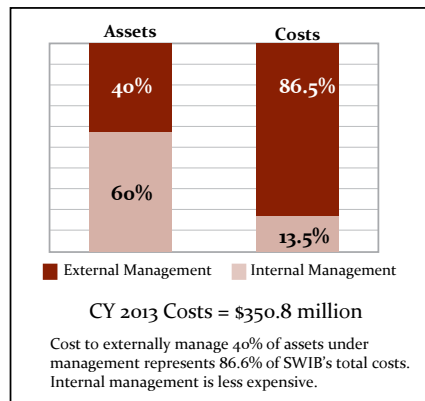
When compared to other similar public pension funds, SWIB's performance exceeded its long-term targets, minimized risk in its investments and did both at lower costs, according to reports from CEM Benchmarking, Inc. and Callan Associates, Inc.

"SWIB manages more money internally and passively than our peers. This generates favorable returns for our members and reduces our costs while taking appropriate risk," said David Villa, SWIB chief investment officer. "The Wisconsin Retirement System continues to be one of the top-funded and best-managed public pension systems in the country because SWIB has hired highly-qualified staff and put an internal management structure in place to meet its obligations over the long term."

CEM officials say large public pension funds that rely more on internal management tend to have lower costs, which improves results.

"Pension fund net investment returns are greatly impacted by the difference in costs between internal and external asset management," says Bruce Hopkins, CEM vice president. "By using its own staff to manage more of the state's retirement funds in-house, SWIB has seen favorable results that are consistent with other large global funds that rely heavily on internal management."

CEM, an independent provider of objective benchmarking information for public pension



plans, found SWIB's cost of management continues to be lower than its peers given a similar mix of assets. SWIB manages more assets internally and passively than its peers and pays less in fees for the external managers it does use. In fact, SWIB saves \$50 million with its internal management initiative based on what it would cost to hire outside money managers.

CEM found SWIB's net earnings for the five-year period ending December 31, 2013 were above its investment targets and compare favorably with its peers. Over the last five years, SWIB has increased pension fund assets by \$2.6 billion above market indexes.

Callan Associates, a firm that provides research, education, decision support and advice to institutional investors, found SWIB's efficient use of risk and reward tradeoffs to be superior to most in its peer group for the five-year period ending Sept. 30, 2013. Callan's report found that SWIB's investment strategy, when compared to its peers, has performed well and exceeded its benchmarks in the last five years.

## Receive Preliminary Return Information Immediately

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

Registration is quick and free. Look for the red envelope logo at <http://etf.wi.gov> or at <http://swib.state.wi.us>. Participants 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, 1-800-424-7942 or (608) 267-0957.



## Robinson Named 4490 Ventures General Partner

Greg Robinson has been named general partner of 4490 Ventures, the \$30 million venture capital fund created by the State of Wisconsin Investment Board and the Wisconsin Alumni Research Foundation (WARF) focused primarily in newly-created Wisconsin information technology companies.

"I'm excited about the opportunity to lead 4490 Ventures and look forward to working with Wisconsin entrepreneurs as well as other participants in the state's start-up ecosystem seeking out new investments for the fund," Robinson said. "There are certain qualities or conditions that are important for successful early stage investing and I believe many of those are already here and that makes me very optimistic about the future. Both SWIB and WARF have been great partners during this process and have created a platform for 4490 Ventures to become one of the premier early stage venture capital funds in Wisconsin and the Midwest."

Robinson has more than 20 years of operating and venture capital experience. Most recently he was a partner at Peninsula Ventures, an early stage venture capital firm in Redwood City, California. Prior to Peninsula, he co-founded and served as chief operating officer at Cogent Technologies, which was acquired by BrightStar. At BrightStar, Robinson served as managing director responsible for the group's mid-market practice.

Robinson holds a master of business degree from the Tuck School of Business at Dartmouth and a bachelor's degree in economics from Arizona State University.

"Greg brings a wealth of technology, operating and investment experience, as well as a network of contacts from his days at Peninsula Ventures," Michael Williamson, SWIB executive director, said. "We are excited to have Greg as a member of our team and look forward to working with him."

"After an extensive search, we are thrilled to bring Greg on board as the general partner of 4490 Ventures. Greg's background in investing, entrepreneurship, and his understanding of technology make him the ideal candidate to lead this new venture," said Carl Gulbrandsen, manag-

ing director of WARF. "We are pleased to finally launch the fund and begin the process of making investments into promising Wisconsin information technology companies."



Greg Robinson

### About 4490 Ventures

4490 Ventures, a reference to the 44 degrees N latitude and 90 degrees W longitude lines that approximate the center of the state of Wisconsin, is in a unique position to not only access research and development opportunities out of the University of Wisconsin but also access opportunities throughout Wisconsin by leveraging the strong network of relationships of entrepreneurs, key business leaders and investors. Robinson will identify investment themes, source new investment opportunities, serve on boards of new investments he leads and act as a mentor and advisor to young start-up companies. 4490 Ventures will have offices in Madison and Milwaukee as well as a presence in the northern part of the state.

Williamson said the fund will build upon the partners' previous success with startups in a variety of industries to generate attractive returns and build value for WRS participants and WARF's primary beneficiary, the University of Wisconsin-Madison.

"We believe that we have the ingredients necessary for success and to achieve our goal of making money for the participants of the WRS," Williamson said. "Our previous experience has proven that early-stage investments can play an important role in diversifying our portfolio."

### For More Information

SWIB Moves Forward with New Venture Capital Funds

*WRS News, September 2013*

Venture Fund Targets Early-Stage Companies

*WRS News, May 2013*

place initiatives designed to reduce expenses and increase returns. To help implement a new plan, MassPRIM turned to SWIB to look at some of our initiatives and investment strategies that help keep the WRS fully funded.

I have told you about Morningstar, Inc., an independent global investment research firm, that found for the second consecutive year Wisconsin has the strongest funded state pension system in the country.

In this issue of the *WRS News*, you will read about two reports that show SWIB continues to be recognized as a low-cost pension fund manager that produces favorable returns when compared to its peers (see page 9). These examples show that the WRS is strong today and positioned to remain a leader in the future.

When I am asked about why the WRS is a model system, I explain that one of the most important keys is having a highly qualified staff in place at SWIB that adds value to the system. That added value shows up as increased returns and lower volatility and helps keep the system fully funded.

On average, nearly 80 percent of the annual income of the WRS comes from SWIB's investment earnings. Only 20 percent comes from employee and employer contributions.

SWIB hires expert investment managers who provide consistent long-term performance and have increased WRS funds by earning more than the market. In fact, over the last five years, SWIB has increased the WRS trust funds by earning \$2.65 billion above market returns for the same time period.

We also keep our costs low. Our costs for managing the \$95 billion in retirement funds are lower than the average cost of our peers, mainly because of internal fund management. We manage assets inside SWIB for one-fourth of what it costs us to use external managers. Each dollar we save in costs is just as good as a dollar earned in returns

and benefits you.

In order to hire expert investment managers, we must have a competitive compensation plan in place. Over the past several years, SWIB's Board of Trustees, with the help of an independent consultant, has developed a plan that rewards higher performing staff when they add value to the trust funds.



Michael Williamson

SWIB's total compensation goal is to reach the average of that paid by banks and insurance companies, which is substantially lower than the compensation paid in the east and west coast financial centers.

This year, SWIB will award significant incentive compensation payments to staff. The payments are part of the \$33.6 million that has been awarded over the past five years (including 2014) to staff in incentive compensation for generating the \$2.65 billion in additional earnings that I mentioned earlier.

Our mission is to invest the WRS funds so the retirement system can meet its obligations over the long term. We have done that by putting in place a compensation plan that allows us to recruit and retain expert investment professionals to manage these assets. SWIB is a large, complex, sophisticated defined benefit investment firm that adds value at a low cost for participants and taxpayers.

We are entrusted with managing the retirement funds for over 570,000 active and retired participants and we believe having the most qualified money managers on staff benefits you and keeps the WRS among the most successful public pension systems in the country.

*On average, nearly 80 percent of the annual income of the WRS comes from SWIB's investment earnings. Only 20 percent comes from employee and employer contributions.*

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MILWAUKEE, WI  
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ET-7402

**WRS NEWS**



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

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