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Correspondence Memorandum

Date: August 20, 2020
To: Employee Trust Funds Board
From: Matt Stohr, Administrator
Division of Retirement Services
Subject: December 2020 Meeting Agenda Topics

This memo is for informational purposes only. No Board action is required.

As of now, the December 2020 Board meeting agenda includes Wisconsin Retirement System (WRS) stress testing. With the COVID-19 pandemic roiling global financial markets, there is increased uncertainty about investment returns. To provide some insight into the potential impact unfavorable economic conditions may have on the WRS, staff has engaged the Board's actuary, Gabriel, Roeder, Smith & Company (GRS), to perform some stress testing of the WRS.

GRS will present the results of their testing at the December board meeting. GRS will prepare some deterministic projections including the effect of: (1) various investment returns on contribution rates; (2) reduced contributions paid; (3) active employee furloughs; (4) modifying the amortization period of the Experience Amortization Reserve (EAR); and (5) spreading asset gains and losses over periods greater than five years.

Their work will also include some stochastic projections modeling the impact of certain changes to the annuity dividend structure. The results will inform us and set the stage for any discussions the board may want to have about potential future changes to mitigate effects of unfavorable economic conditions on the WRS.

Staff will be at the meeting to answer any questions.

Reviewed and approved by John Voelker, Deputy Secretary

Electronically Signed 8/28/20

Board	Mtg Date	Item #
ETF	09.17.20	6A