



Welcome to the Employee Trust Funds Board

March 25, 2021



Announcements

Item 1 – No Memo



**Consideration of
Open and Closed Minutes of
December 10, 2020
January 20, 2021
February 24, 2021**



Item 2 - Memo Only



Election of Officers

Item 3 - Employee Trust Funds Board



Cheryllynn Wilkins, Board Liaison

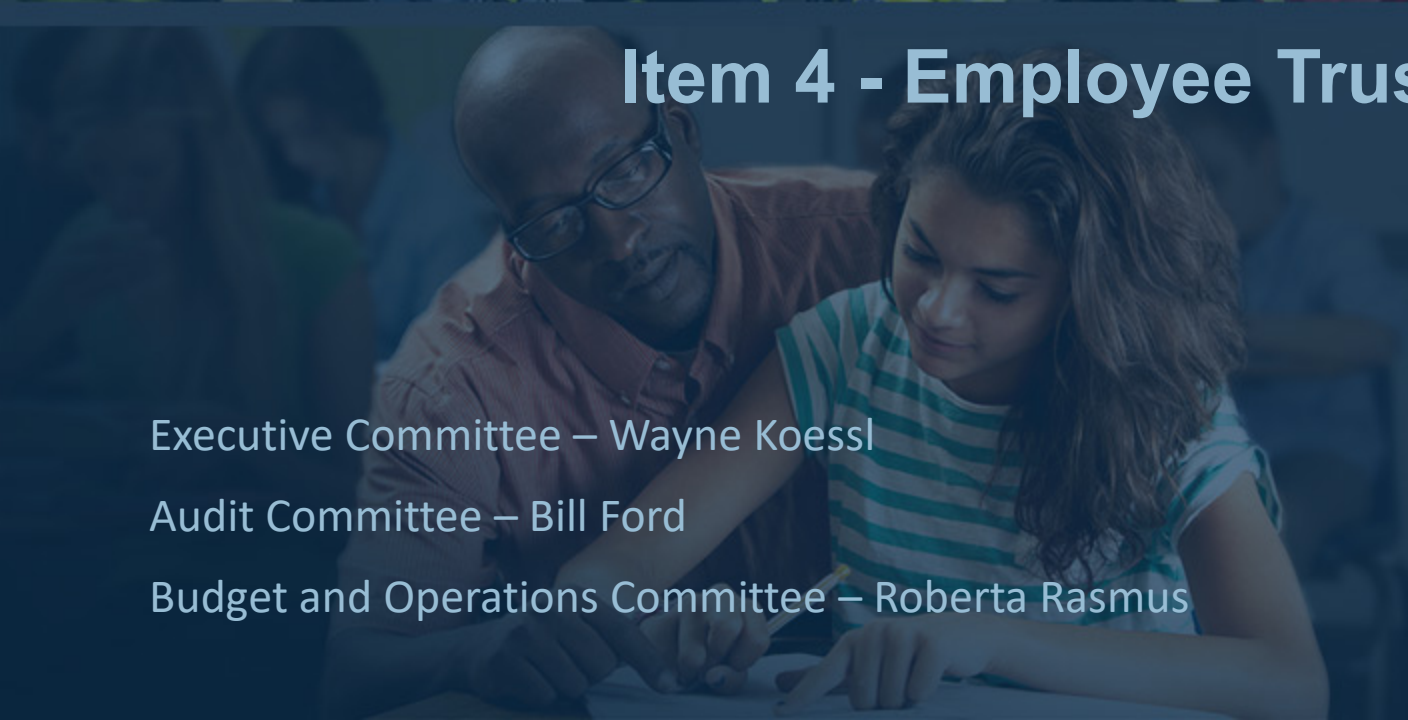
Office of the Secretary





Committee Reports

Item 4 - Employee Trust Funds Board



Executive Committee – Wayne Koessl

Audit Committee – Bill Ford

Budget and Operations Committee – Roberta Rasmus



Wisconsin Retirement System 37th Annual Valuation of Retired Lives – December 31, 2020



Item 5A- Employee Trust Funds Board

Gabriel Roeder Smith & Company
Brian Murphy, Senior Consultant
Jim Anderson, Senior Consultant
Mark Buis, Senior Consultant



Summary of Results – December 31, 2020

\$ Millions

	Core	Variable
Number of Annuitants	222,723	41,753
Annual Amount of Annuities Paid	\$ 5,423.2	\$ 449.7
Fund Balance	63,805.8	4,954.0
Actuarial Reserve	60,691.1	4,383.0
Ratio	1.051	1.130

Core effective earnings rate = 10.9%, dividend adjustment = 5.1%.
Variable effective earnings rate = 18.0%, and the variable adjustment = 13.0%.

(Report- Cover Letter & Pages 6 and 16)



WRS Funding Policy Change Options Related to Dividend Risk



Item 5B- Employee Trust Funds Board

Steve Hurley, Director


Office of Policy, Privacy and Compliance





Secretary's Report

Item 6A - Employee Trust Funds Board



Bob Conlin, Secretary



The background of the slide is a collage of three images. The top left shows three firefighters in full gear, including helmets and jackets, smiling and looking towards the right. The top right shows a close-up of a female police officer in a dark uniform, smiling at the camera. The bottom left shows a man with glasses and a woman sitting at a desk, looking at a document together. The entire image has a dark blue overlay.

ETF Organizational North Star Metrics

Item 6B - Employee Trust Funds Board

John Voelker, Deputy Secretary





State Budget Update

Item 6C - Employee Trust Funds Board

Tarna Hunter, Director of Strategic Engagement and
Government Relations

Office of the Secretary



Equity and Inclusion Plan Update

Employee Trust Funds Board
Item 6D – March 25, 2021

Lisa Dally, Human Resources Director

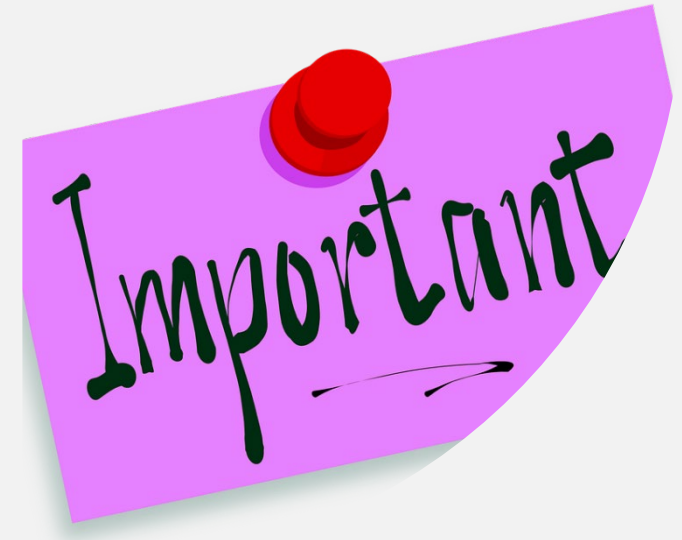


Equity & Inclusion Plan Overview

- Required by Ch. 230 of WI State Statutes
- ETF Plan approved by DOA Division of Personnel Management Dec. 2020
- Recommendations anchored on: Recruitment, Retention, Culture
- Implementation is underway...
 - 9 initiatives will be implemented in FY21
 - Additional 30 initiatives planned for FY22 and FY23
- Full plan available on ETF's website

Why is this Important?

- Governor's Executive Order #59 November 2019
- National racial injustice/social unrest
- Staff feedback at Secretary's listening sessions Summer 2020
- "We must make a fundamental shift in how we address diversity and inclusion at ETF" - Bob's Blog July 2020
- ETF's mission of service

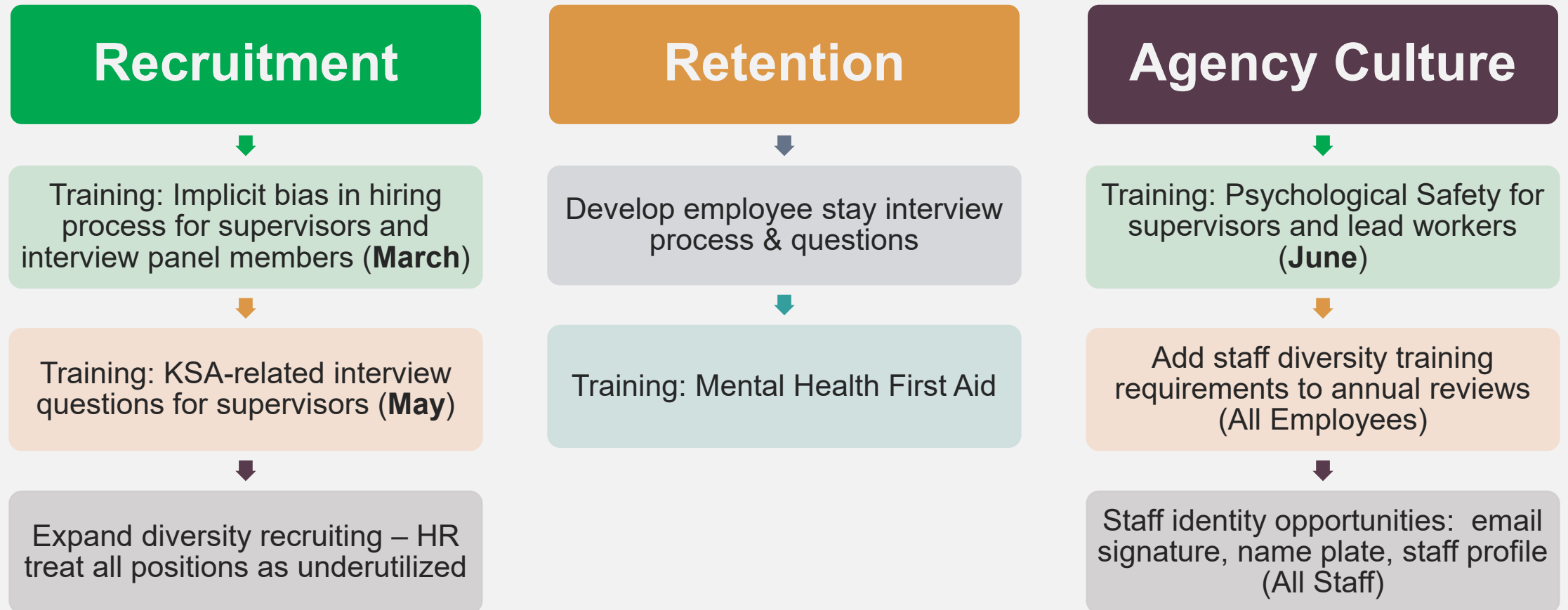


Equity & Inclusion in the Strategic Plan

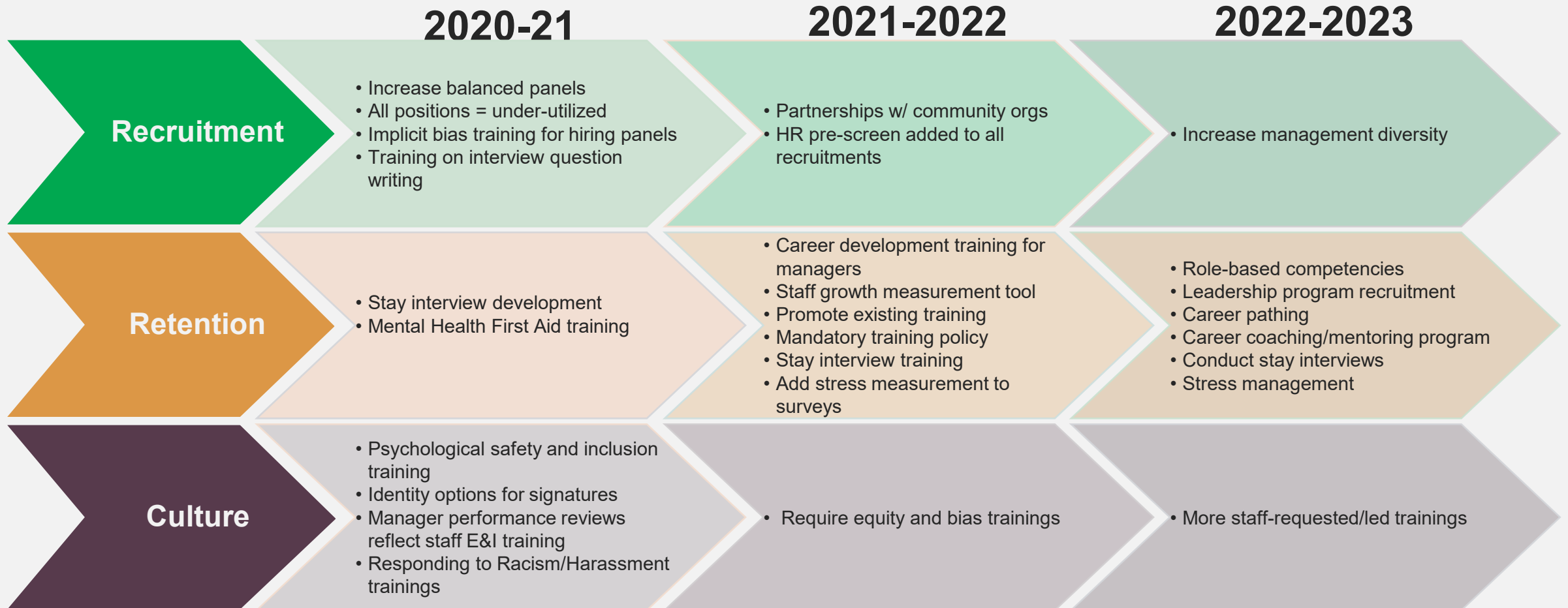
Goal 3: Build a talented and agile workforce

- Summer 2020 added new E&I objective 3.3:
 - *Build the culture, recruitment and retention practices that will make ETF an equitable and inclusive organization*
- Strategic Initiative 3.3.1 & Project Charter approved by Strategic Council and Portfolio Committee December 2020

E&I Initiatives in FY21



E&I Plan – 3 Year Overview



Additional Activities

- Peer-led Trainings on Systemic Racism
 - History of Redlining in Milwaukee
 - Effects of Systemic Racism in Education
- Employee Discussion Groups
 - Lunchtime meetings of peers to discuss world events
- Diversity Bookclub
 - The Color of Law
 - So You Want to Talk About Race





Questions?

Thank you



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ETF E-mail Updates



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Wisconsin Deferred Compensation Program Display of WRS Pension Estimates

Item 6E – Employee Trust Funds Board

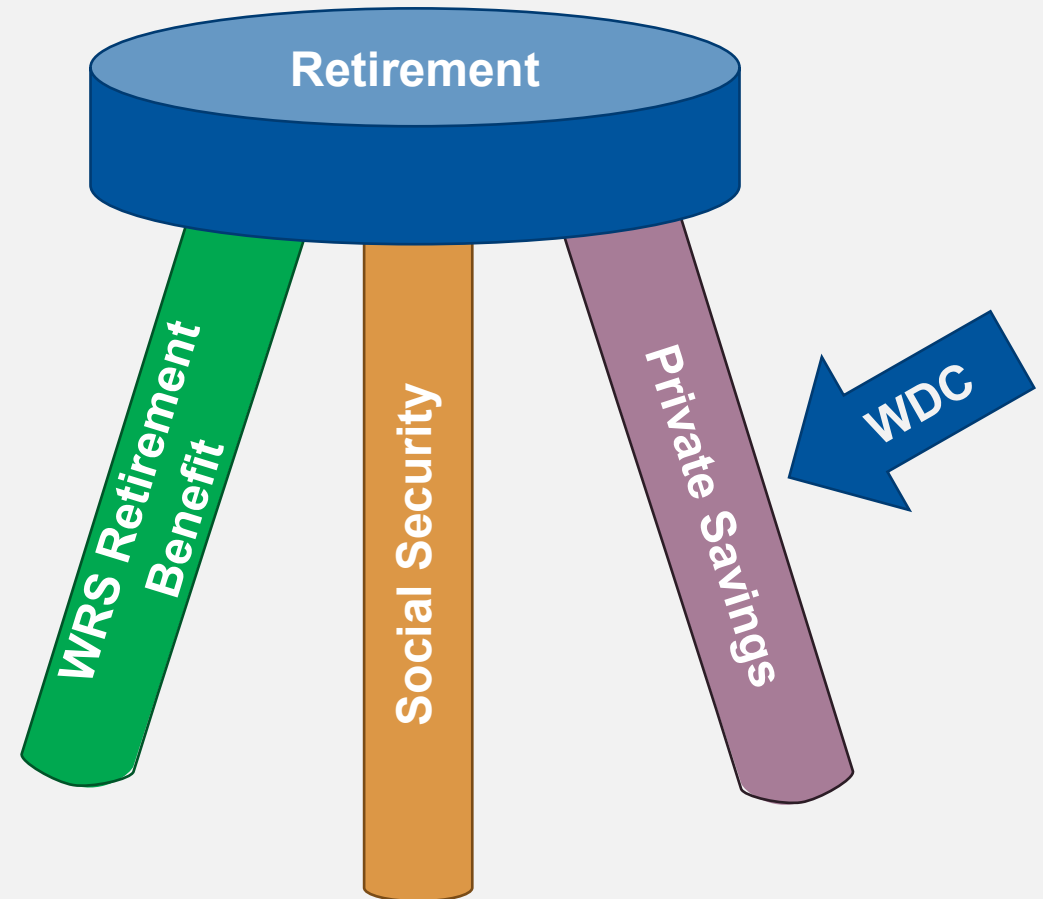
Shelly Schueller, Director

Wisconsin Deferred Compensation Program



Retirement is a Three-Legged Stool

- Supplementary retirement savings are an important component of retirement preparation
- Public employees in Wisconsin can use the Wisconsin Deferred Compensation Program (WDC) to save



Most Employees Need to Save More

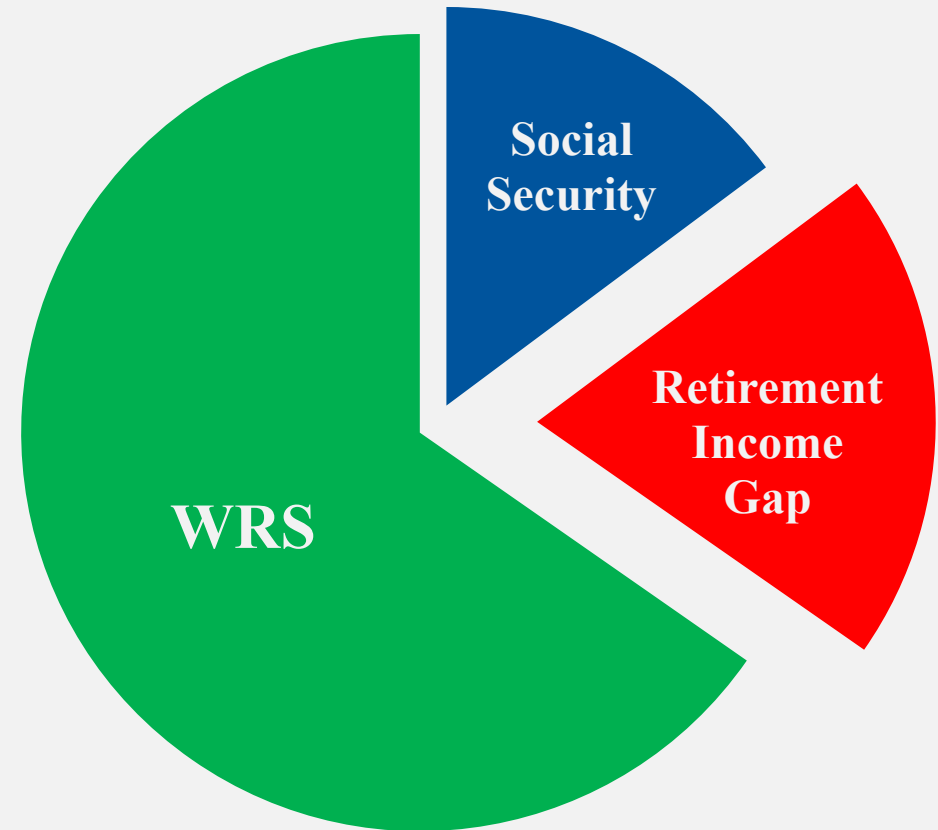
Retirement Income Needed = 80-90%

WRS may pay: 40-60%

Social Security may pay: 20% or less

Retirement “Gap” = 10-40%

The WDC enables Wisconsin public sector employees to easily save more for their retirement



The Wisconsin Deferred Compensation Program (WDC)

- 7th largest s. 457 plan in the United States (*P&I*, 2/8/21)
- As of December 30, 2020:
 - Over 900 local employers offer the WDC to their employees
 - 67,000 participants (39,000 state and 28,000 local) hold more than \$6.4 billion
- Established in 1982
- No state funds used for administration of the WDC
- Oversight by the 5 member Deferred Compensation Board, which provides policy direction and program oversight including selecting and monitoring investment options, setting participant fees, approving contracts for administrative services and audits, and hearing participant appeals

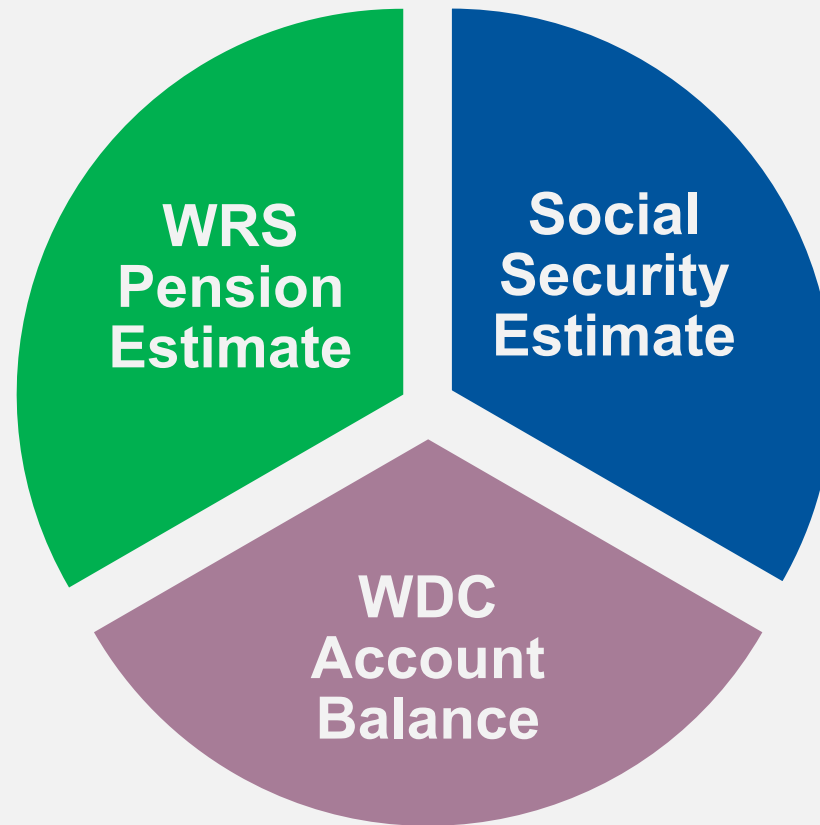


The WDC at a Glance



- Authorized under s. 457 of the federal tax code
- Convenient payroll deduction
- Tax deferred and Roth (pre-tax) options
- Maximum contribution of \$19,500 or 100% of compensation in 2021
- Catch-up provisions for those nearing retirement
- Flexible distribution options
- No early withdrawal penalty (considered ordinary income in year distribution received)
- Portable among qualified plans: roll \$ in or roll \$ out of another 457, 401(k), 403(b) or traditional IRA
- May use WDC to purchase WRS forfeited and qualifying service

Pilot to Display Primary Retirement Income Sources

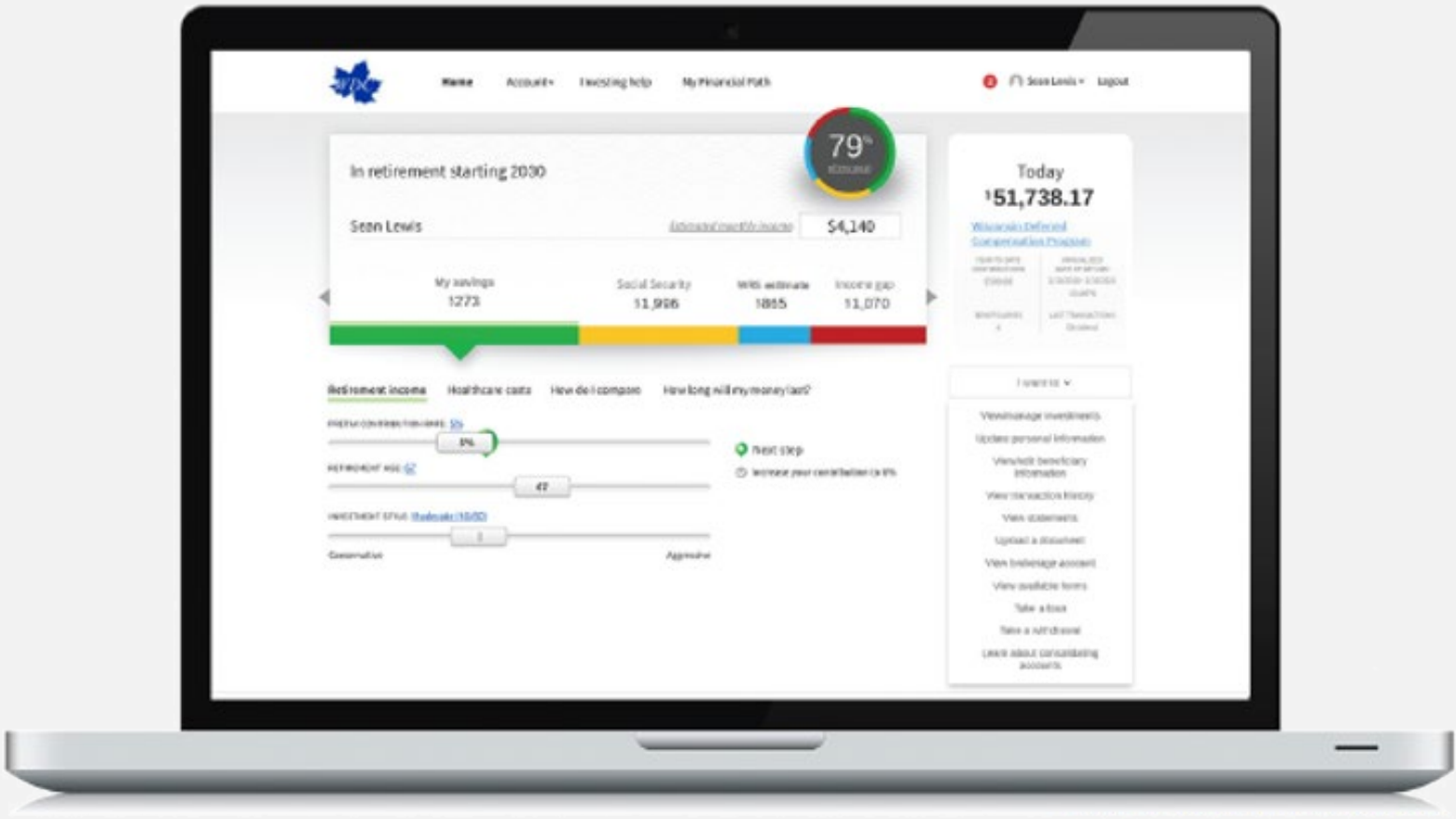


2020 Pilot



- **7 employers**
- **1,000 employees**
- **Data visible during 10-week pilot window**
- **Participant data** to capture anonymous demographics, and changes in behaviors and actions
- **Participant satisfaction** measured via pre- and post-pilot surveys

WDC Participant View During Pilot



WDC Display of WRS Pension Estimate



Pilot Results

- **47%** of pilot participants went online and reviewed their WDC account data
- **58%** of post-pilot survey respondents adjusted the sliders on their WDC website account to make a change in their contribution, planned retirement age or mix of investments
- **92%** of post-pilot survey respondents indicated they would like to continue to see their WRS pension estimate included with their WDC account information
- **Pilot participants engaged with their retirement planning:**
 - **13%** made deferral changes during the pilot
 - **10%** met with their WDC retirement plan advisor to discuss their retirement income and plans
 - **10%** increased their savings deferral amounts
 - **4%** made asset allocation changes
 - **3%** signed up to have their assets rebalanced on a regular basis

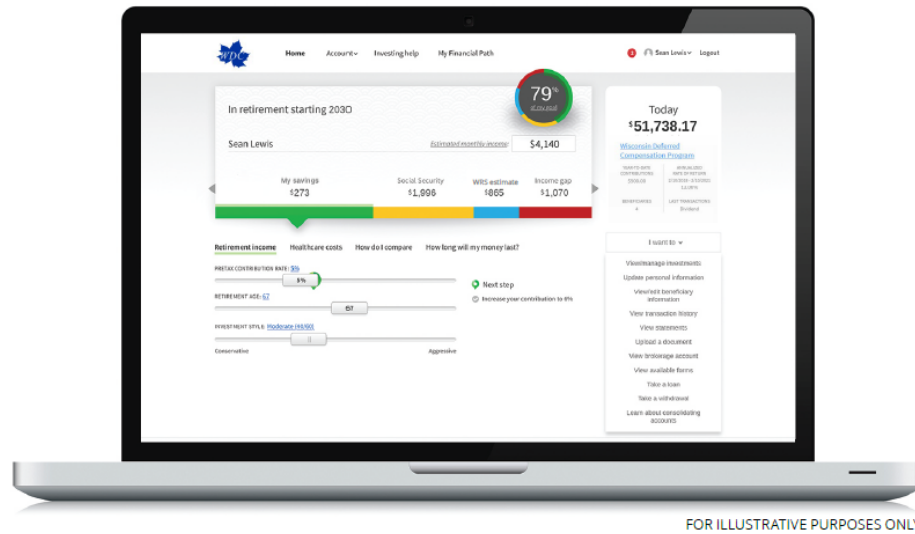
Next Steps



Helping You Turn
Over a New
Retirement Leaf

New WRS estimate feature

Your Wisconsin Deferred Compensation Program (WDC) account now includes a Wisconsin Retirement System (WRS) pension benefit estimate, so you can see your whole retirement picture all in one place. Log in to see your updated estimated retirement income and track your progress towards your retirement goals.



- WDC will share active participant list with ETF
- After the 2021 Statement of Benefits process is done, ETF will link the “for annuitant’s life” WRS Pension Estimate for vested members to the WDC active participant list
- WDC will populate WRS Pension Estimate data and make feature known to participants
- WRS Pension Estimate data will be updated annually
- Participants can opt-out

The background is a dark blue gradient with numerous bokeh light effects in shades of blue and purple, scattered across the frame. The text "Questions?" is centered at the bottom in a large, white, sans-serif font.

Questions?

Thank you



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ETF E-mail Updates



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Operational Updates

Items 6F – 6I - Memo Only



Future Items for Discussion

Item 7A – Employee Trust Funds Board



Adjournment

Item 9 – No Memo



Thank you



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