

Welcome to the Employee Trust Funds Board

September 22, 2022

Meeting will begin at: 9:30 a.m.



WIFI

WI-GUEST

No Password is needed



Please Sign In

- Who? All meeting attendees
- Sheet available at the door



Meeting Materials

- Available at etf.wi.gov



**Please Silence your
Cell Phone and Mute
your Microphone**

Announcements

Item 1 – Employee Trust Funds Board



Consideration of Minutes of

June 23, 2022 Open and Closed



Item 2 – Employee Trust Funds Board



Committee Reports

Item 3 – Employee Trust Funds Board

Executive Committee – Bill Ford

Audit Committee – Leilani Paul

Budget and Operations Committee – Roberta Rasmus



WRS Numbers from the Member's Point of View

Item 4A – Employee Trust Funds Board

Matt Stohr, Administrator

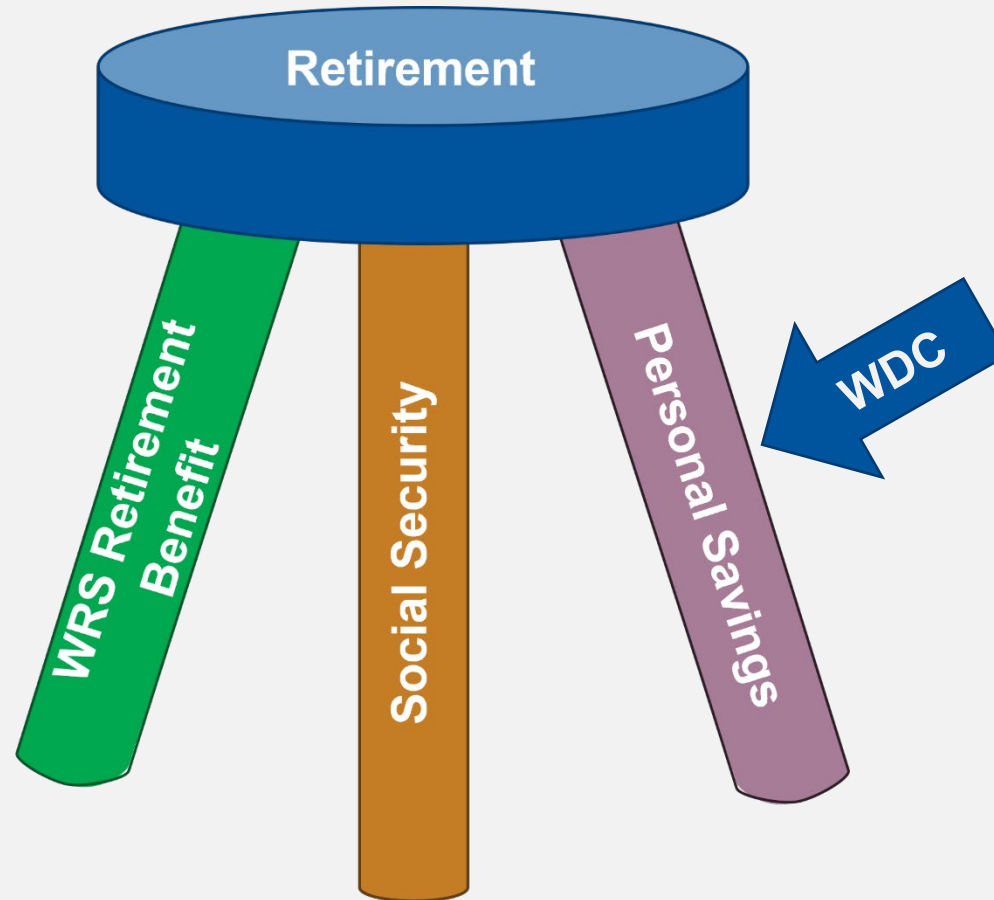
Division of Retirement Services



Purpose of WRS

A “public employee trust fund” is created to **aid public employees in protecting themselves and their beneficiaries against the financial hardships of old age, disability, death, illness and accident**, thereby promoting economy and efficiency in public service by facilitating the attraction and retention of competent employees, by enhancing employee morale, by providing for the orderly and humane departure from service of employees no longer able to perform their duties effectively, by establishing equitable benefit standards throughout public employment, by achieving administrative expense savings and by facilitating transfer of personnel between public employers.

The Three Parts of Retirement

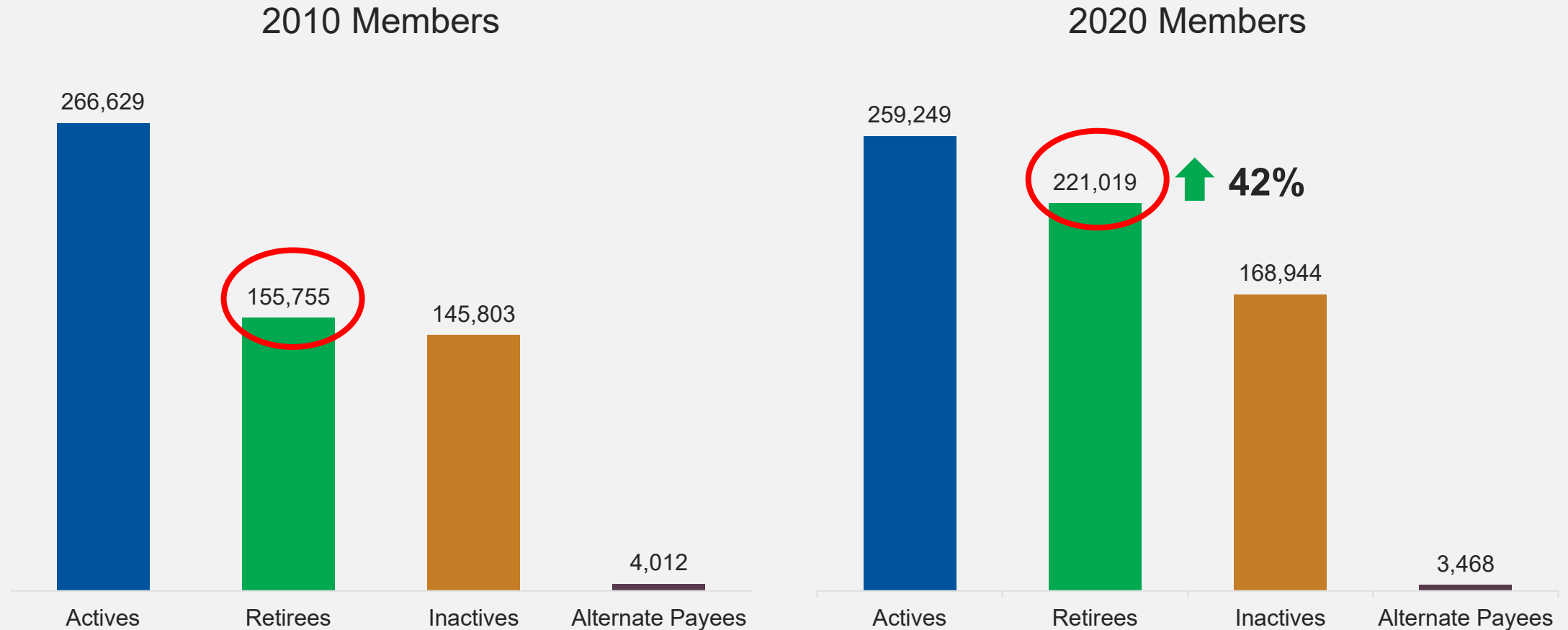




WRS Demographics-Retirees

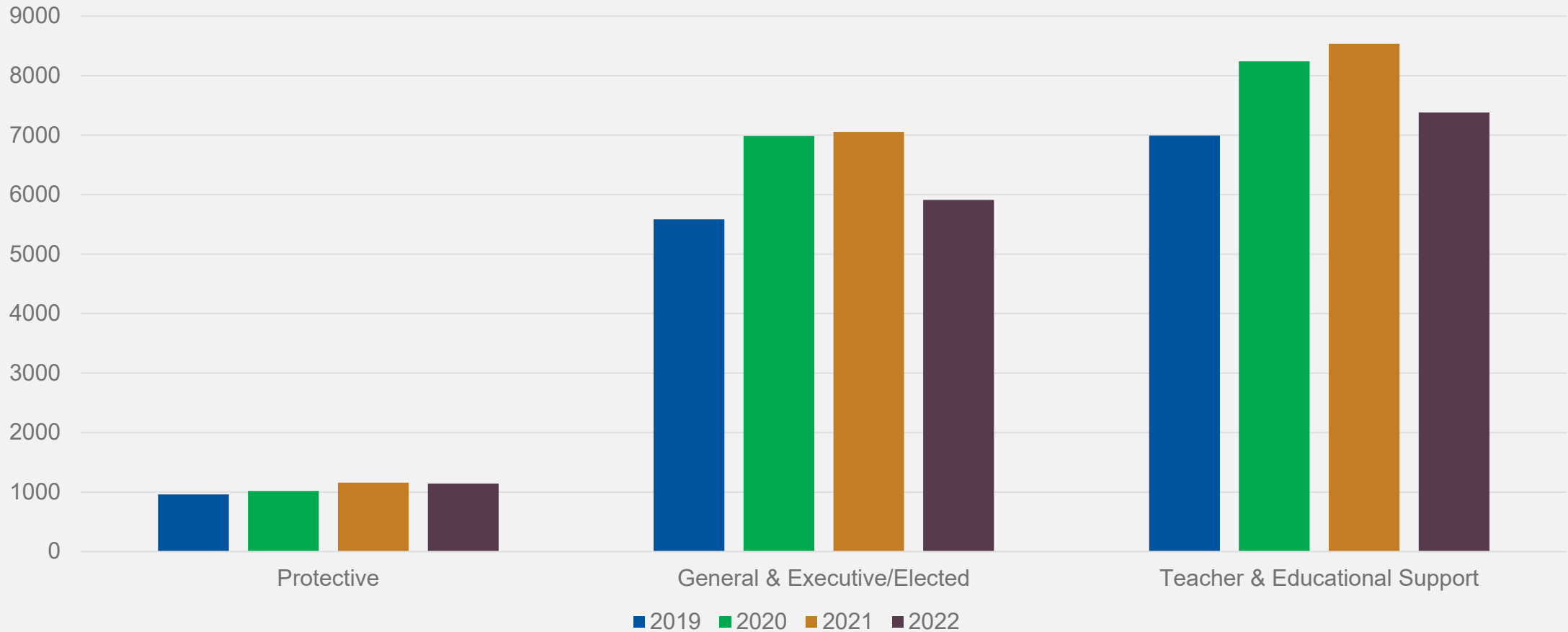
Number of WRS Retirees

1/3 of membership, 42% increase since 2010



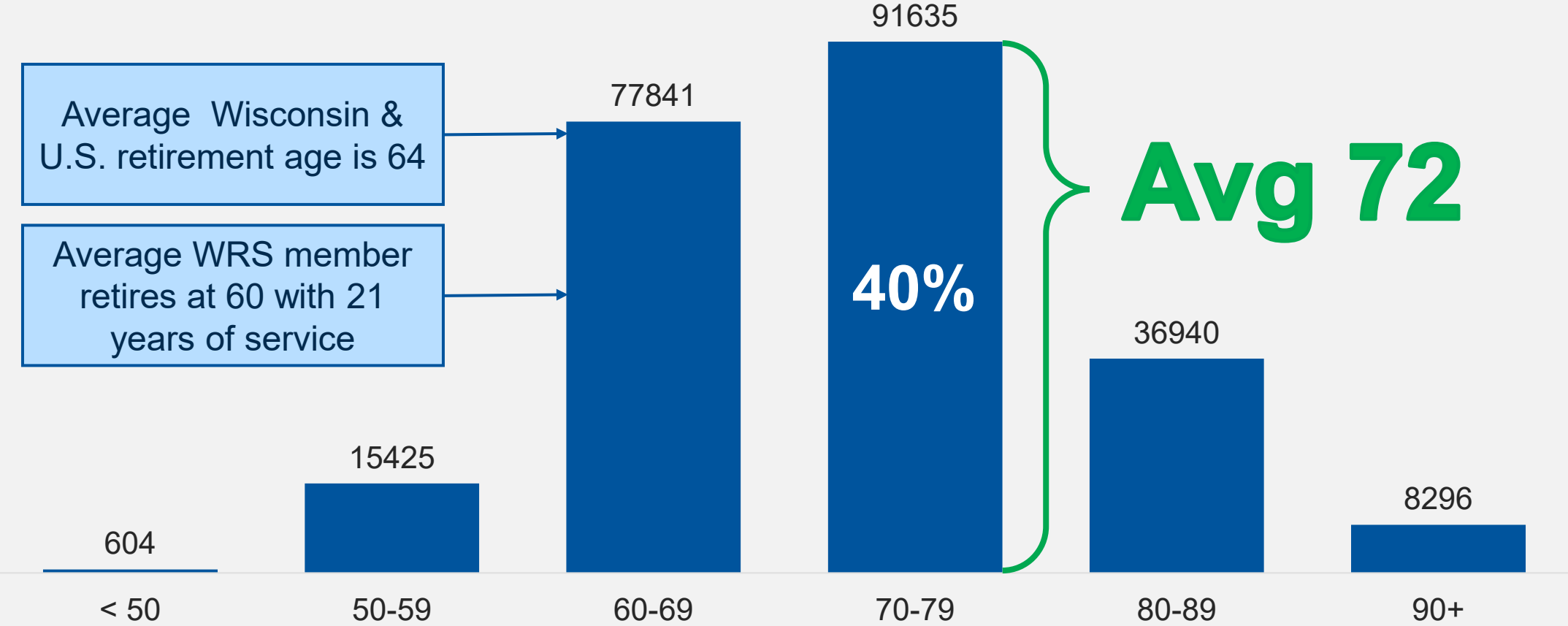
Number of New Annuities

By Fiscal Year



Age of Retirees

40% between 70 and 79



Participation in ETF Benefit Programs

WRS

Health Insurance

- 45,000 covered retirees and dependents

Sick Leave Credits

- 18,000 state retirees using credits
- Another 6,000 have escrowed/preserved credits

Deferred Compensation

- Nearly 20,000 retirement age participants (62% state, 38% local) have balances
- 11,300 of these are over age 65

Life Insurance, Supplemental Dental, Vision, Accident, Long-Term Care

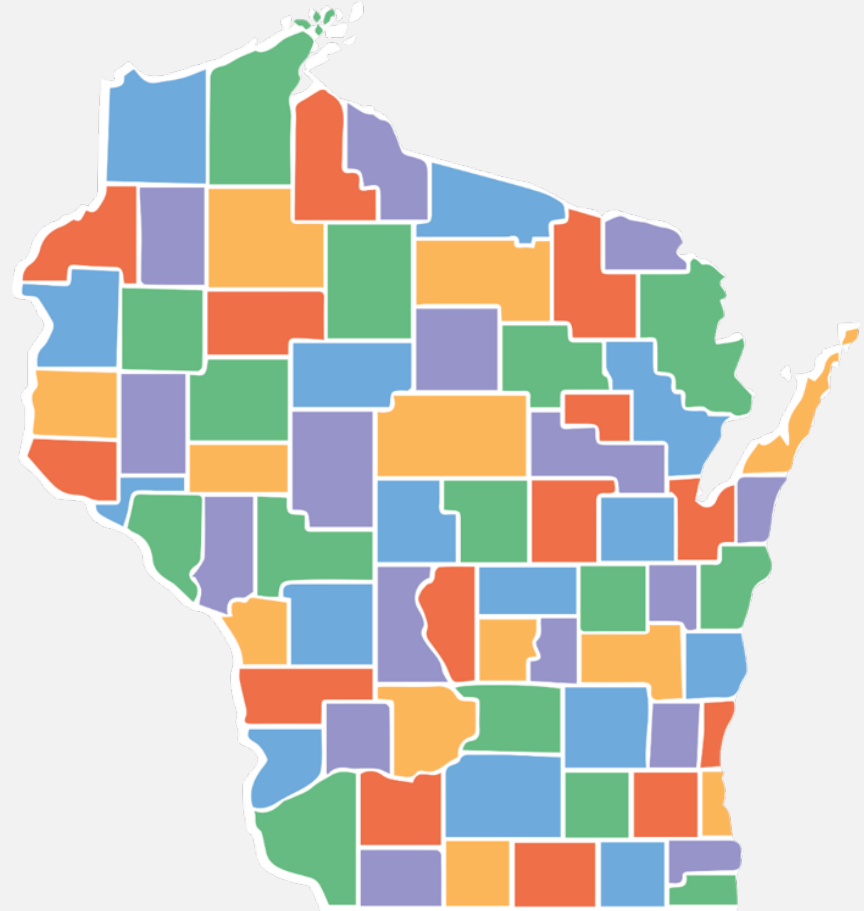


Where WRS Retirees Live

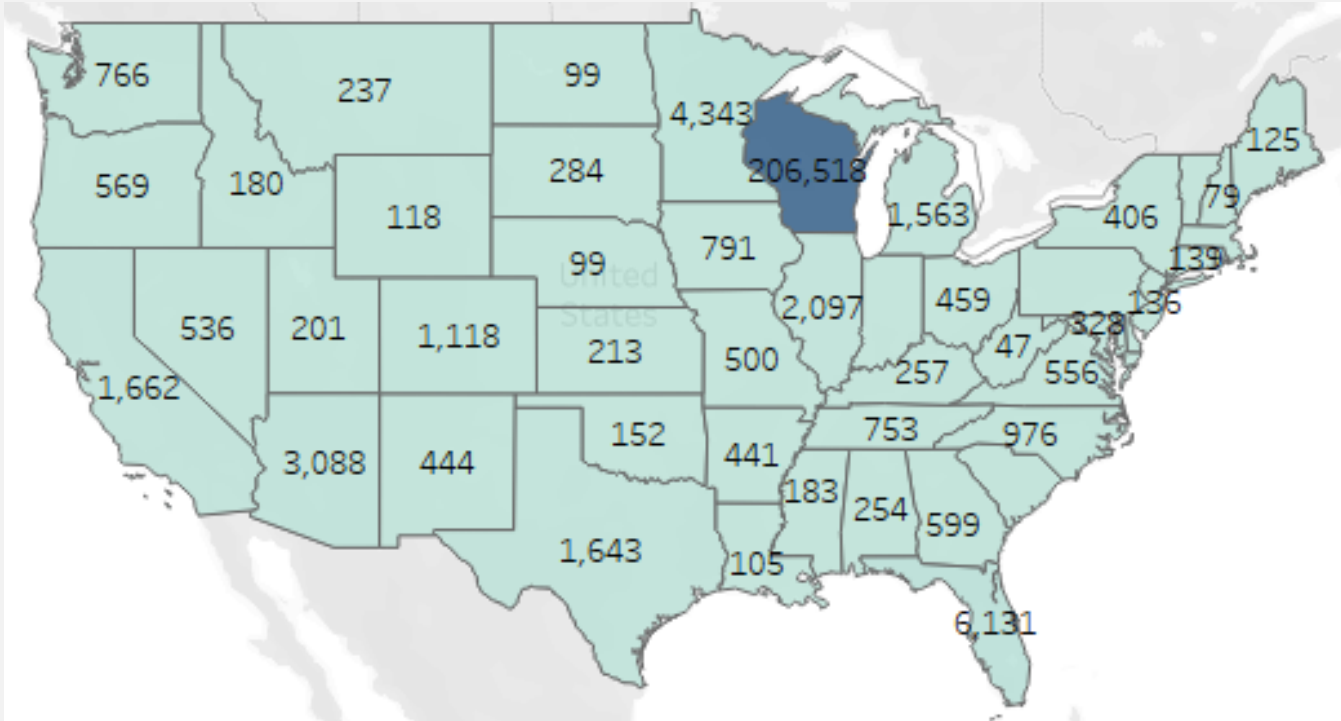
WRS Retirees in Wisconsin

86%

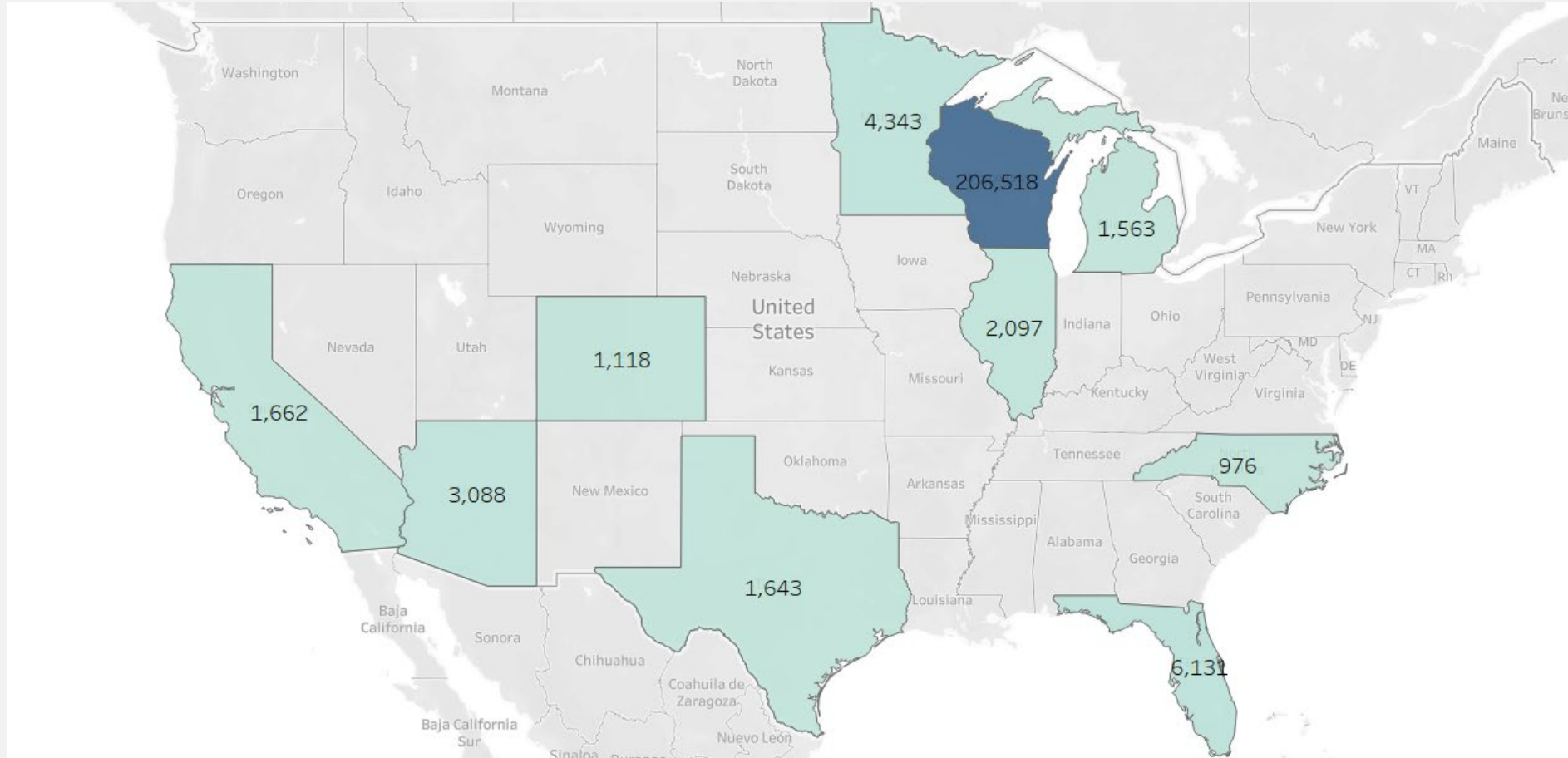
206,518



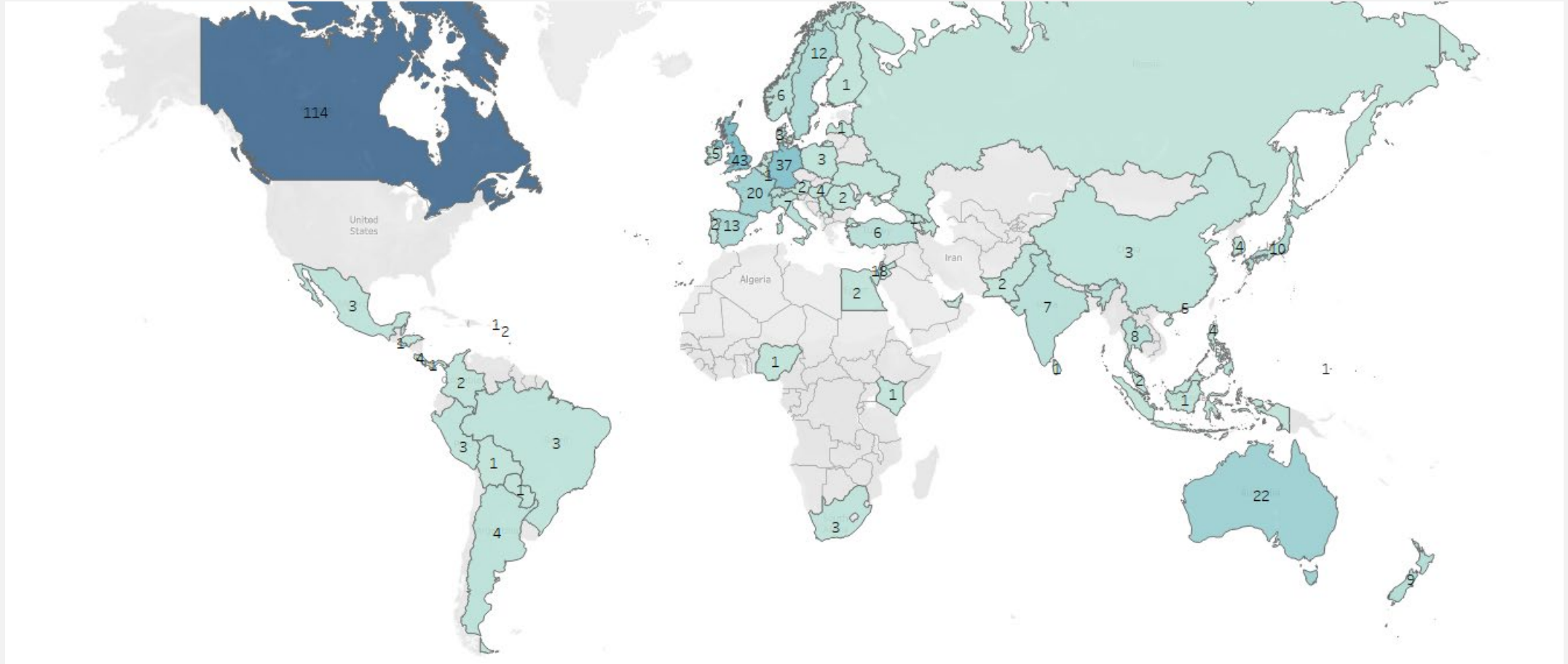
WRS Retirees in United States



Top 10 Locations in United States



WRS Retirees-International Locations





Financial Wellness

WRS Annuity Data

Average annuity

\$2,431/month

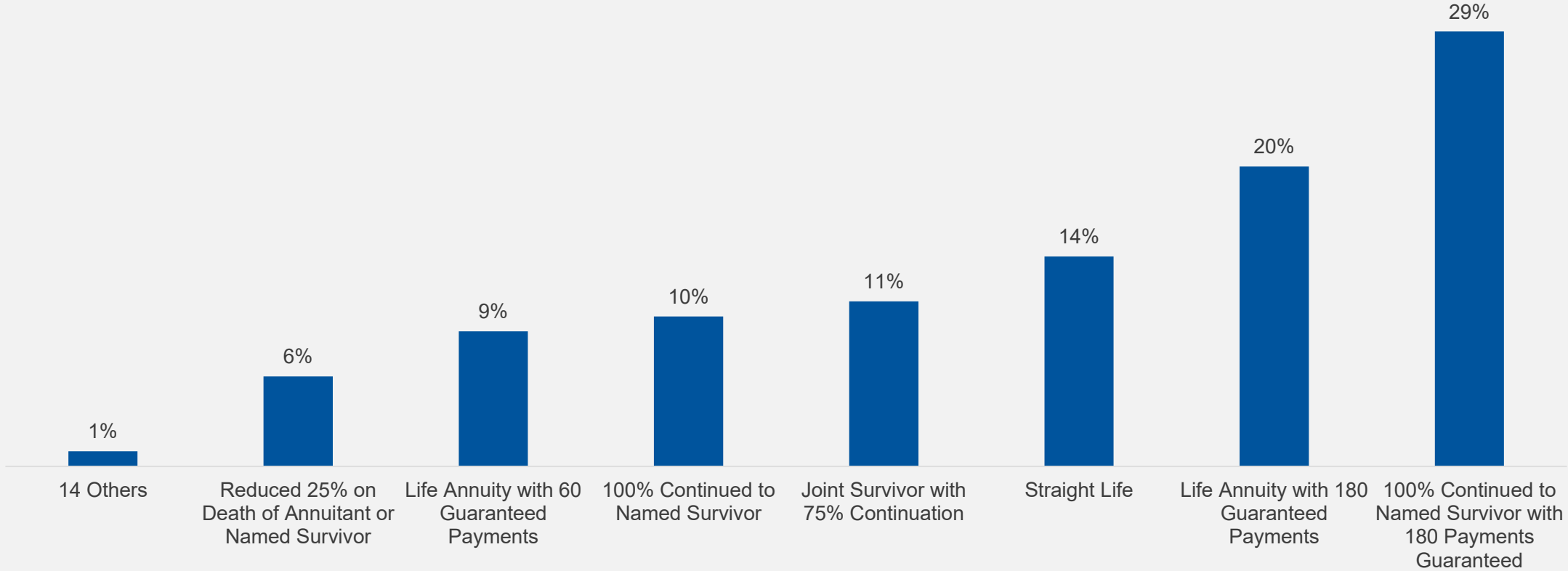
\$29,180/year

Oldest current annuity
(was effective 9/1/80)

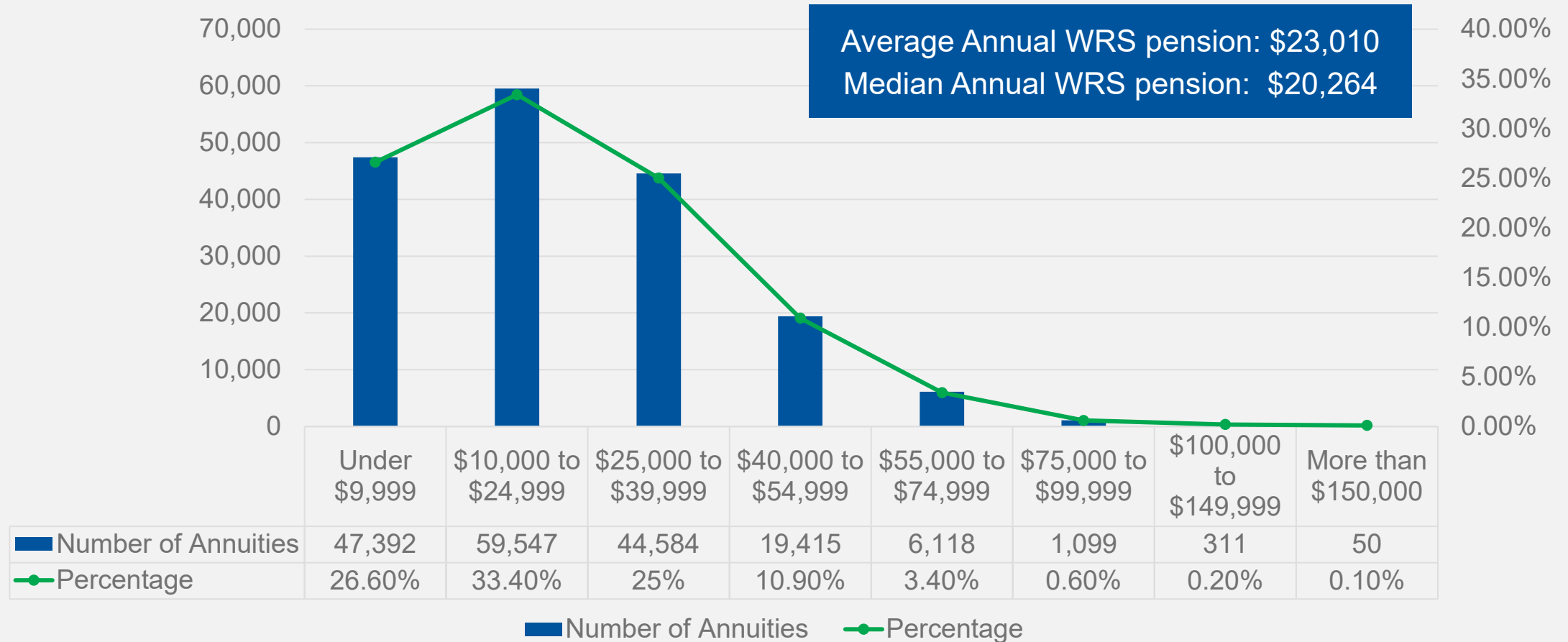
504 monthly
payments

42 years

WRS Annuity Options Selected

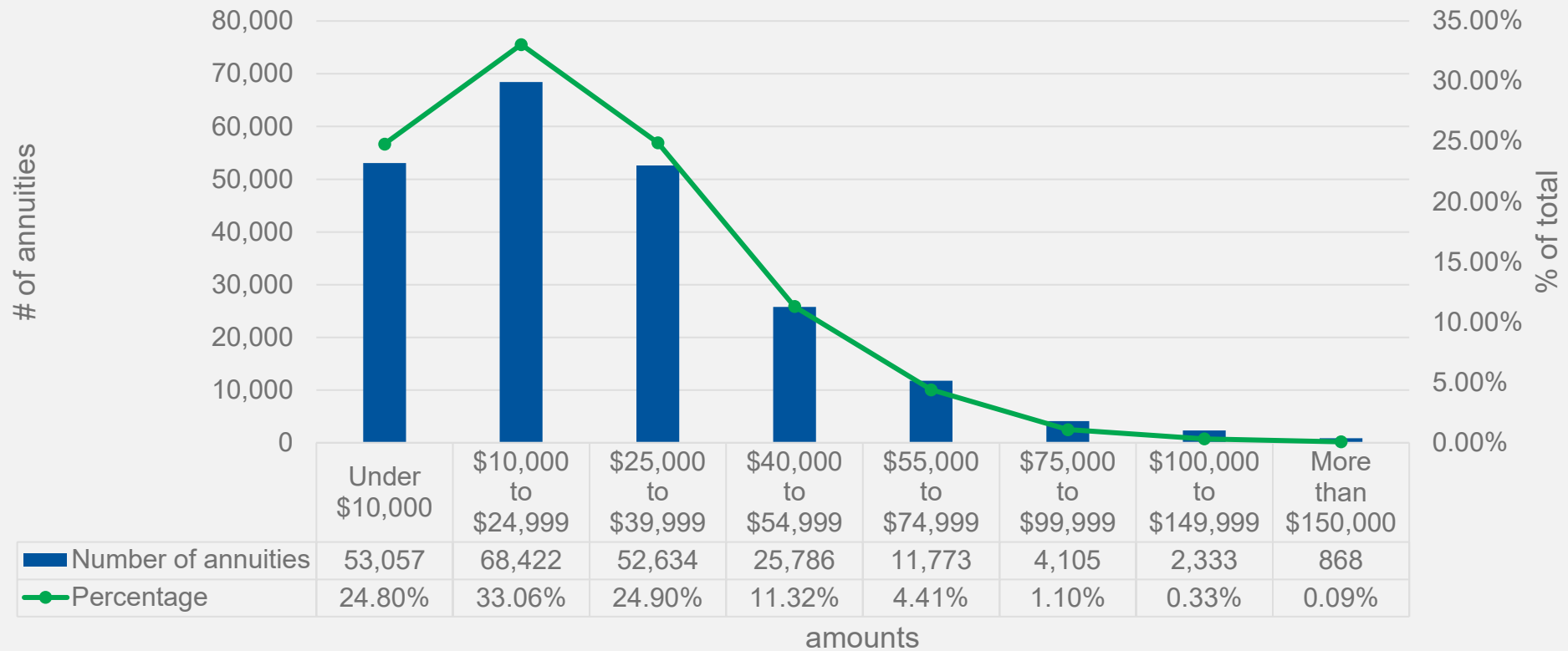


What did WRS annuities look like in 2012?



What did WRS annuities look like in 2020?

Number of WRS Annuities by Amount in 2020



■ Number of annuities ● Percentage



Retiree Income Replacement

- WRS career employees with 30+ years of creditable service can expect to have between **60 – 95%** of their income replaced
- The WRS, like most retirement plans, provides income replacement at a proportionately lower percentage of pre-retirement gross income for shorter-term employees
- See Table on next slide

Why the large gap (60 – 95%) in replacement rate?

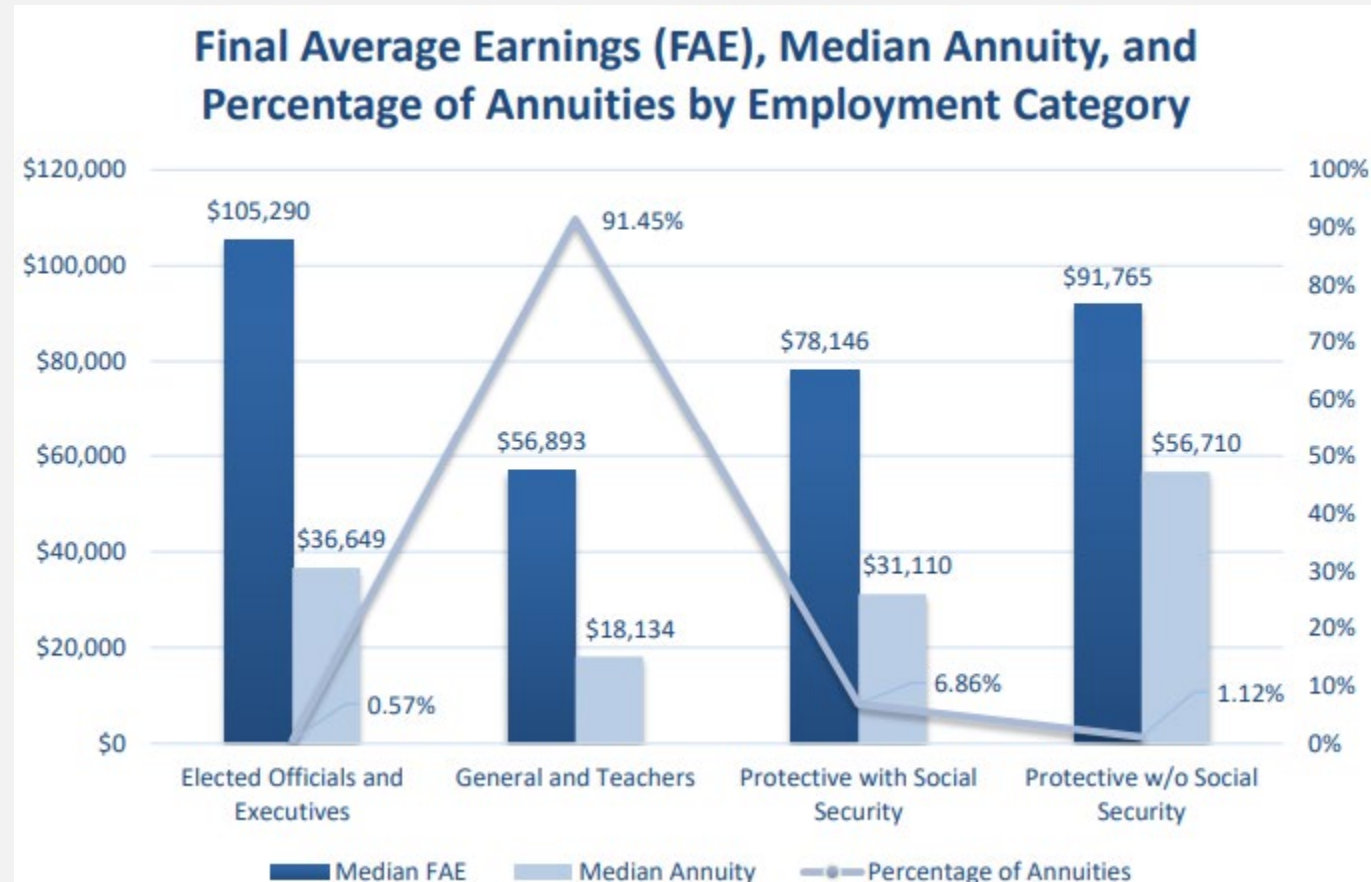
- Replacement includes Social Security (SS) amounts. Because SS is a progressive benefit, lower career income earners will have a higher % of their income replaced
- Ratio will also vary for each WRS member due to earnings history, employment history, benefit option chosen, and individual experience of each WRS member

Age 65 Annuity Amounts

- Table illustrates a normal age 65 retirement monthly annuity amount at different service and earning amounts

Monthly Final Average Earnings (FAE)	WRS Annuity	Social Security	Monthly Total	
			Amount	% of FAE
35 Years of Service				
\$2,000	\$1,176	\$1,071	\$2,247	112%
3,000	1,764	1,363	3,127	104
4,000	2,352	1,655	4,007	100
5,000	2,940	1,947	4,887	98
25 Years of Service				
\$2,000	\$823	\$1,071	\$1,894	95%
3,000	1,235	1,363	2,598	87
4,000	1,646	1,655	3,301	83
5,000	2,058	1,947	4,005	80
15 Years of Service				
\$2,000	\$480	\$1,071	\$1,551	78%
3,000	720	1,363	2,083	69
4,000	960	1,655	2,615	65
5,000	1,200	1,947	3,147	63

WRS Replacement Rates w/o Social Security-Version 1



WRS Replacement Rates w/o Social Security-Version 2

WRS Retirement Data for 2020 ²						
Employment category	Median years of service	Median age at retirement	Final average earnings at retirement	Median annuity (Annual)	Income replacement ratio ³	Weighted ⁴ income replacement ratio
Elected officials and executives	20.39	63	\$105,290	\$36,649.37	34.81%	51.21%
General and teachers	21.27	62	\$56,893	\$18,134.3	31.87%	44.96%
Protective with social security	25.53	53	\$78,146	\$31,110.04	39.81%	46.78%
Protective without social security	25.88	54	\$91,765	\$56,710.14	61.80%	71.64%



Separated Employees

Savings Rates for Separated Employees

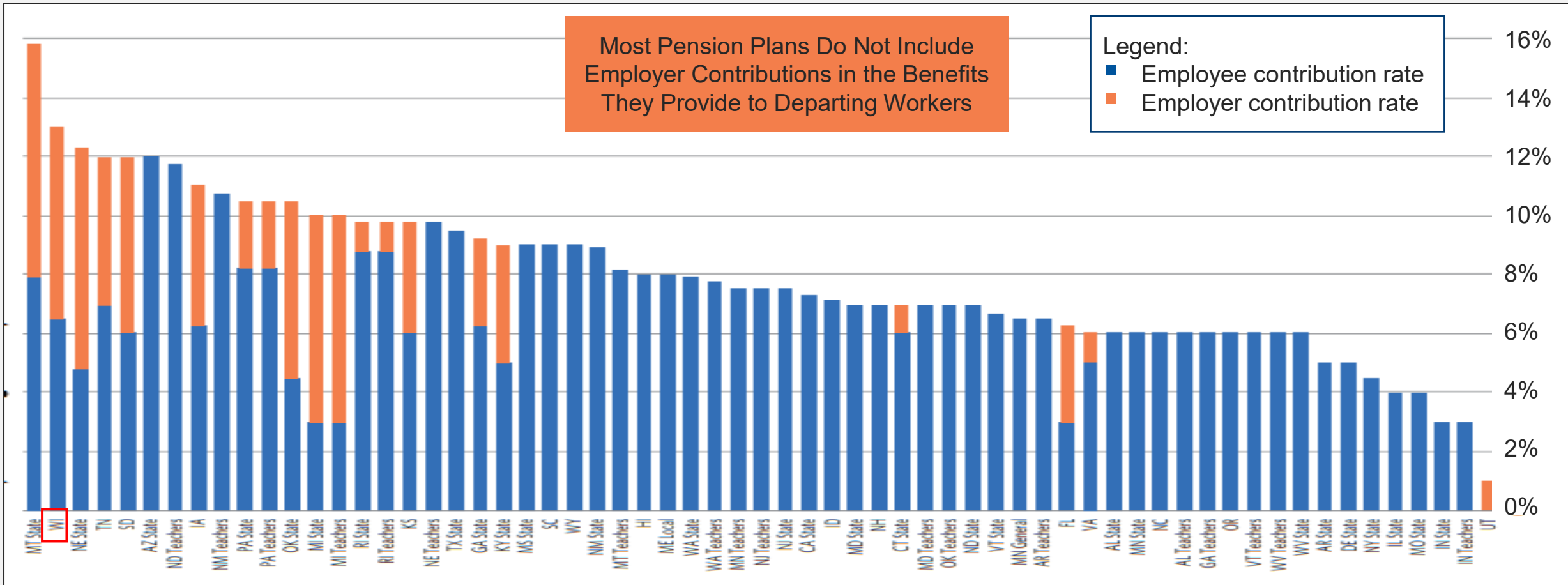
Savings Rates for Retirement Systems That Participate in Social Security, by State

State	Plan name	Employee contribution	Employer contribution	Total savings rate
Montana	Public Employees' Retirement System	7.90%	7.90%	15.80%
Wisconsin	Wisconsin Retirement System	6.50%	6.50%	13.00%
Nebraska	State Employees' Retirement System	4.80%	7.49%	12.29%
Tennessee	Tennessee Consolidated Retirement System	7.00%	5.00%	12.00%
South Dakota	South Dakota Retirement System	6.00%	6.00%	12.00%

Note: These savings rates, shown as a percentage of salary before accounting for accrued interest, assume that workers are fully vested at separation. For systems that offer multiple plans, the rate shown is for the default plans—those that workers are automatically enrolled in if they do not choose a plan.

- Wisconsin is one of only five states (including Montana, Nebraska, South Dakota, and Tennessee), which provides a savings rate for separated employees above 12%
- Experts recommend that individuals save at least 12% to 15%, depending on age and other factors, of their annual salary for retirement
– Source: Pew Trusts

Retirement System Savings Rates by Contributor Share as of December 2021



Some Retirees Return to Work

- 3,500 annuitants, on average over the past decade, return to WRS employment each year
- 125 of those, on average over past 5 years, suspend their annuity by exceeding 2/3 full-time work per 2013 Act 20
- No measure for return to non-WRS paid or volunteer work



Wisconsin Strong

2021 Financial Security Program

- 2,000 of 12,000 participants were retirees
- Online assessment of financial fitness. Results on 1-10 scale:

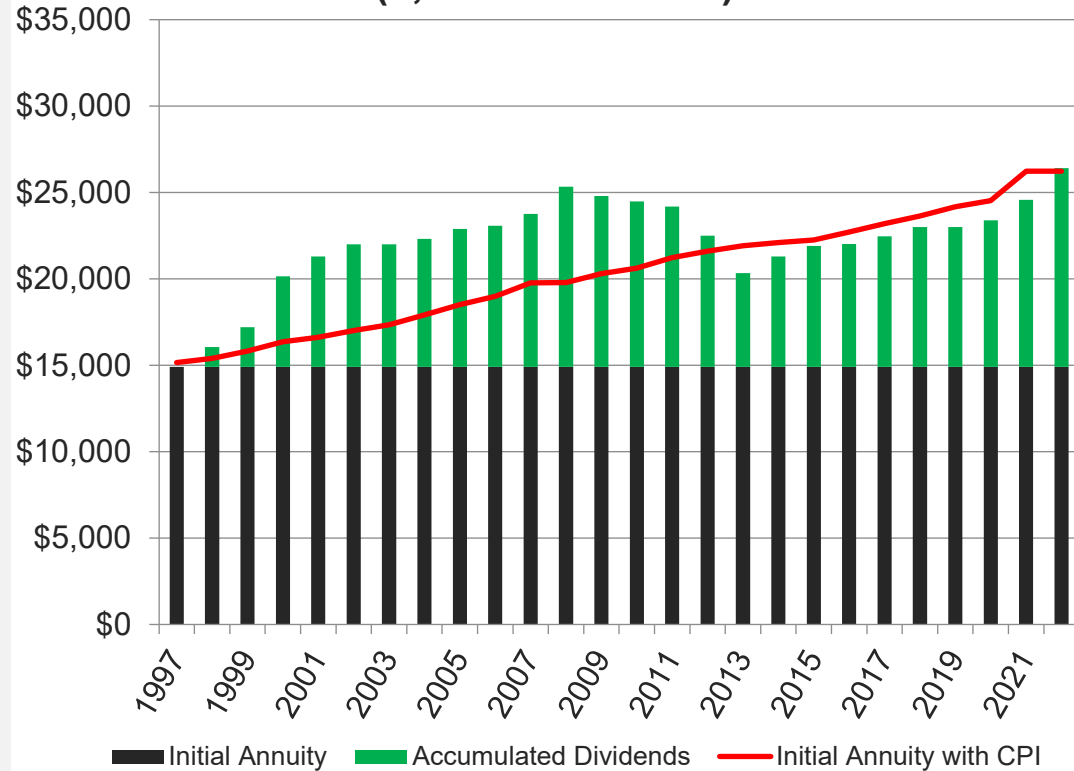
Categories	Employees	Retirees
Aptitude	8.78	9.06
Behavior	8.08	8.36
Confidence	7.35	8.35



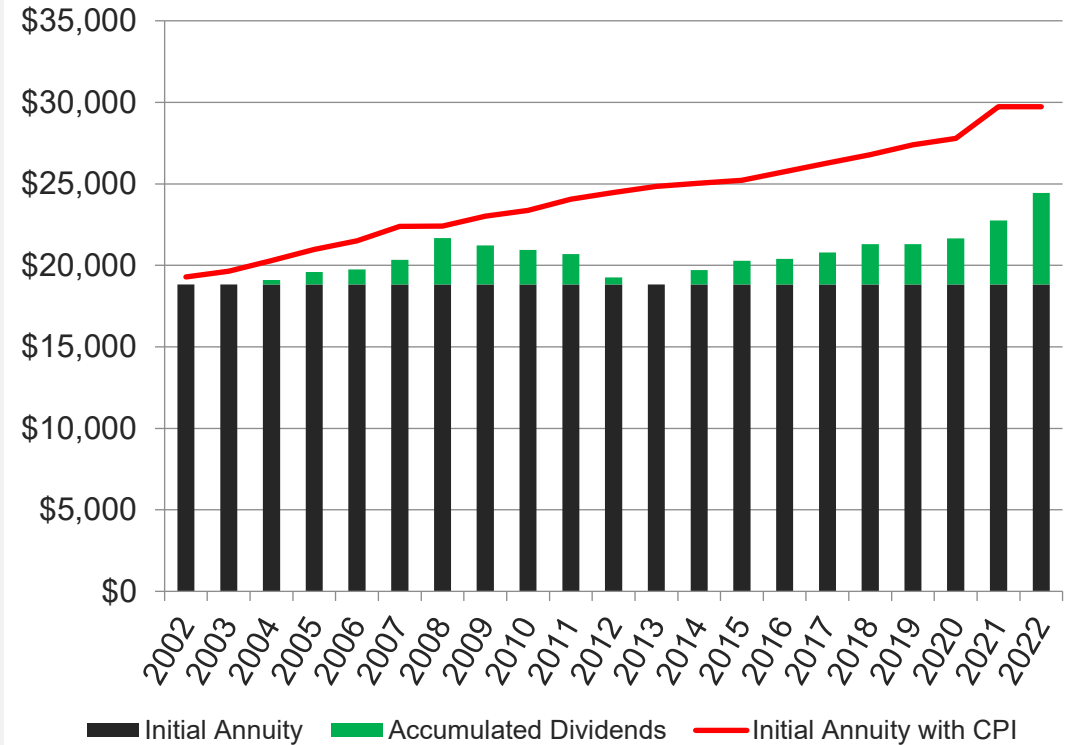
A Look at Core Annuity Increases versus Cost of Living

Change in Value of 1997 and 2002 Annuity

1997 Annuity
(3,721 annuitants)

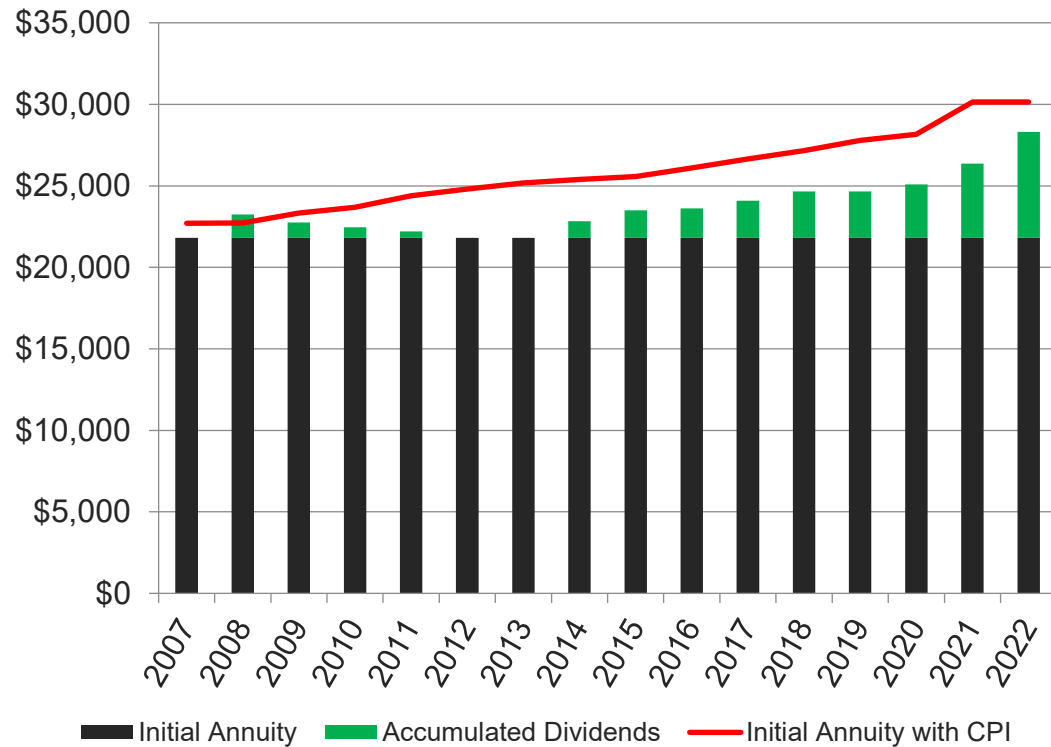


2002 Annuity
(6,097 annuitants)

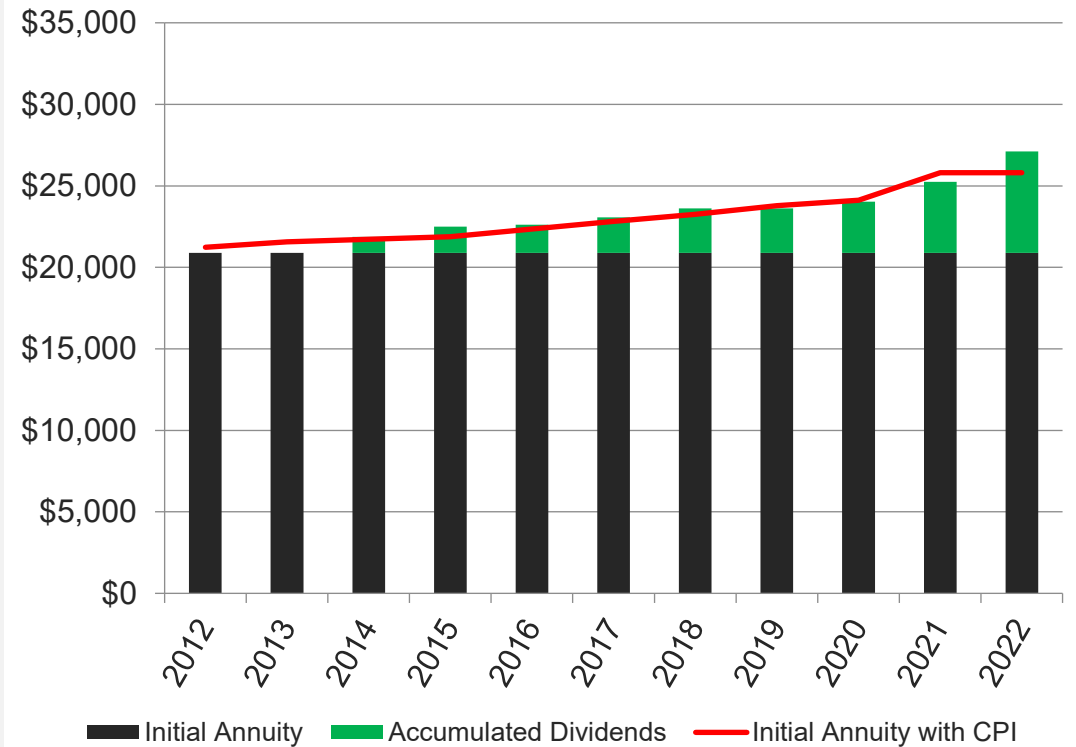


Change in Value of 2007 and 2012 Annuity

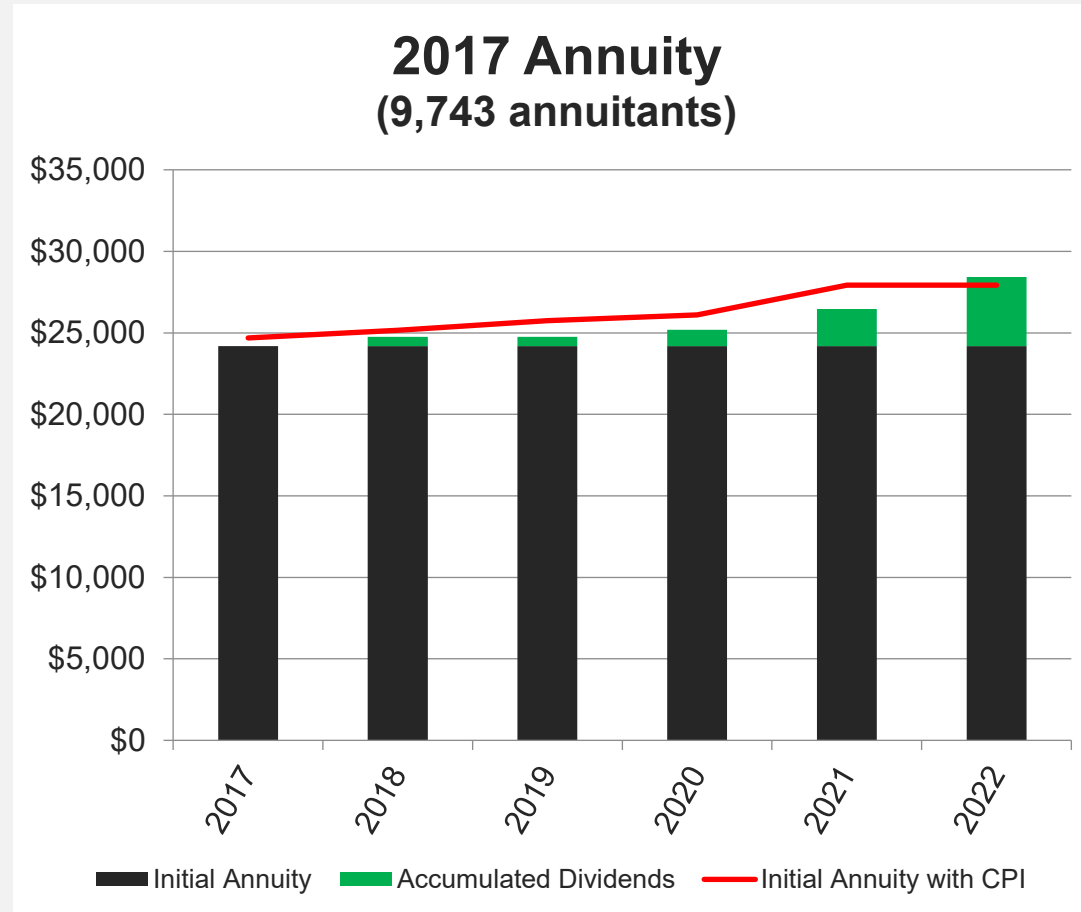
2007 Annuity
(8,041 annuitants)



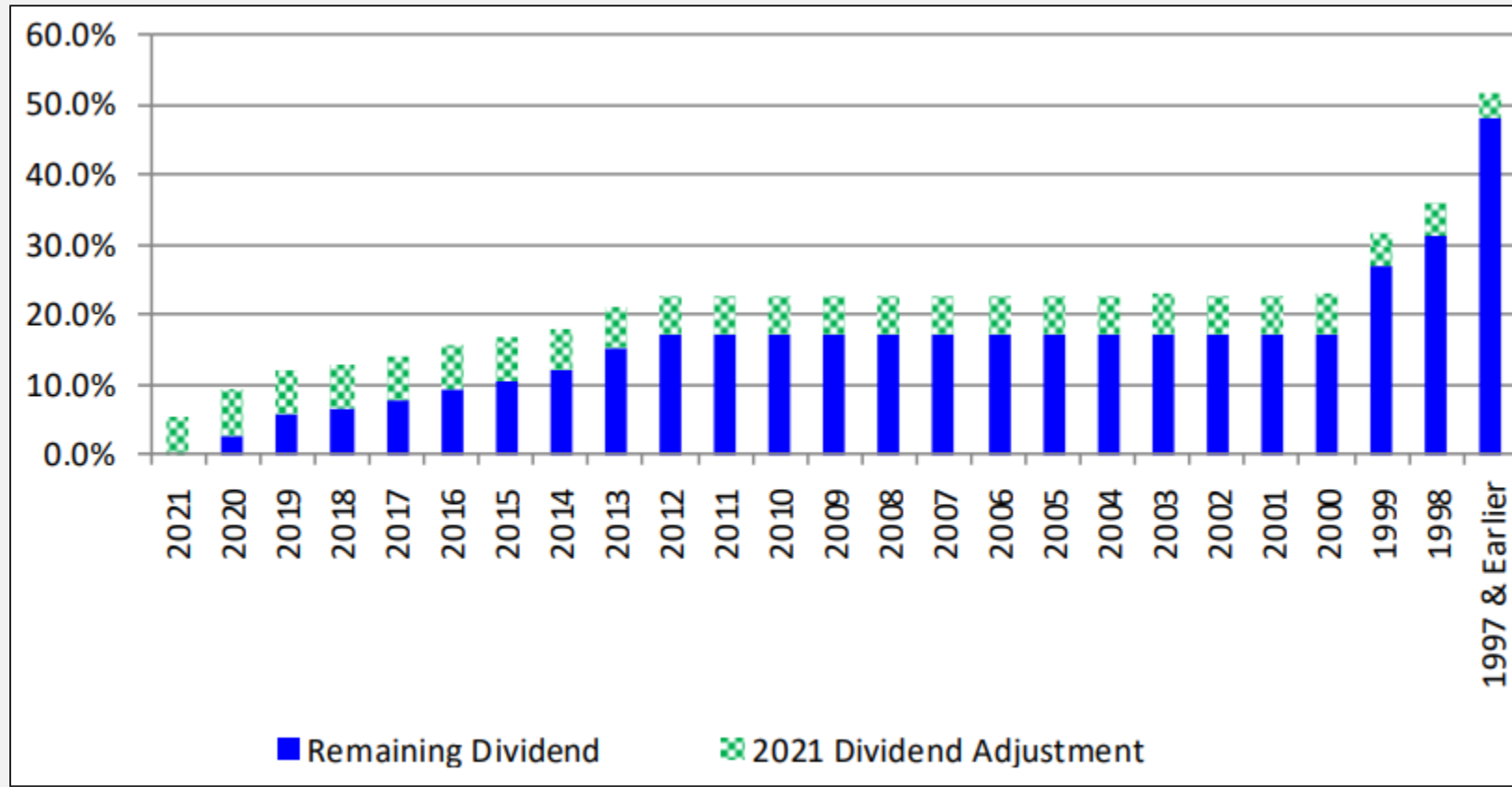
2012 Annuity
(9,376 annuitants)



Change in Value of 2017 Annuity



Dividends: Percentage of 2021 vs. Remaining Dividend

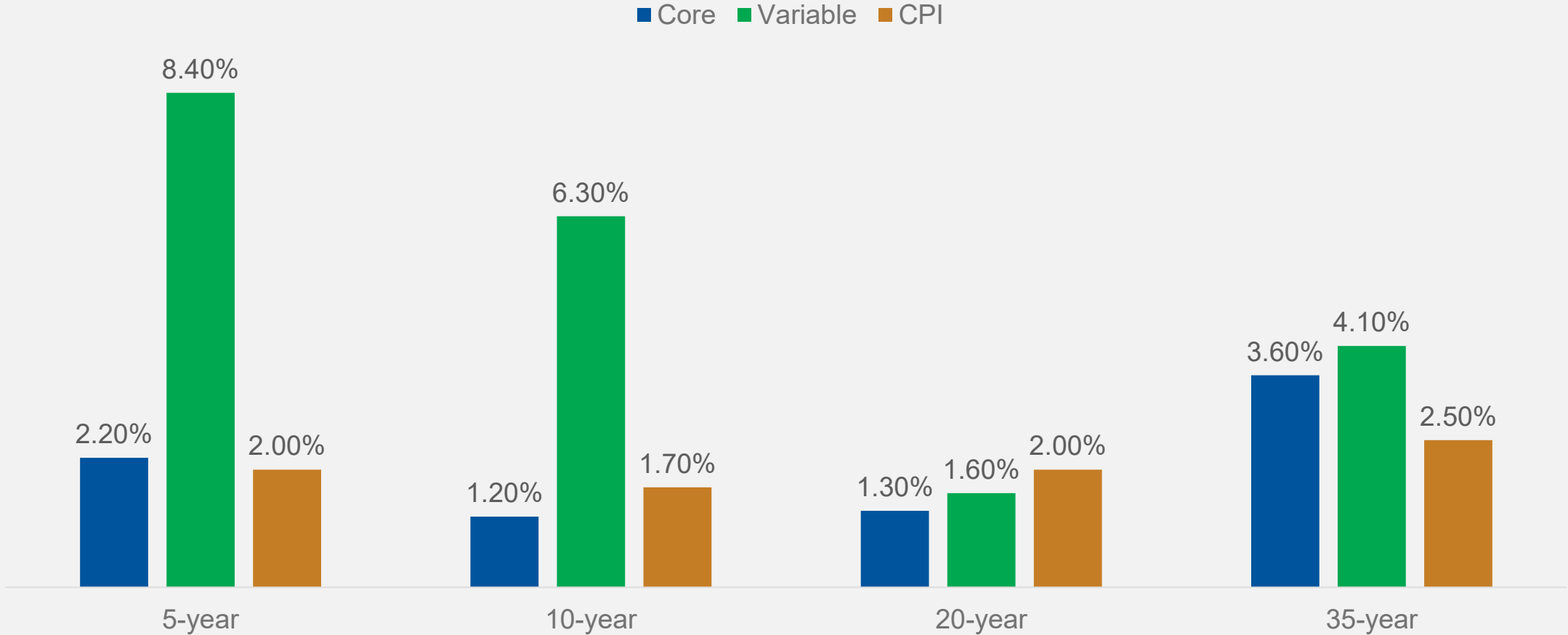


Current Value of Annuities

If You Retired in	A \$1,000 Core Annuity is Receiving	The Annual Rate of Increase is	A \$1,000 Variable Annuity is Receiving	The Annual Rate of Increase is	The Annual Change in CPI is
2017	\$1,176	3.3%	\$1,656	10.6%	2.9%
2012	\$1,298	2.6%	\$2,273	8.6%	2.1%
2007	\$1,298	1.8%	\$1,661	3.4%	2.2%
2002	\$1,298	1.3%	\$1,837	3.1%	2.3%
1997	\$1,771	2.3%	\$2,249	3.3%	2.3%

Note: Does not include 2022 CPI

WRS Annuity Adjustments vs CPI



Sample Accounts

WRS Annuitant: Retired 2007		
Annuity payment Date	April 1, 2019	May 1, 2019
Required Contributions		
Core ("floor")	533.93	533.93
Dividend Gain/Loss	69.89	69.89
One-Time Adjustment	0.00	0.00
Gross Annuity Payment	603.82	603.82
Annuity payment Date	April 1, 2022	May 1, 2022
Required Contributions		
Core ("floor")	533.93	533.93
Dividend Gain/Loss	111.47	159.23
One-Time Adjustment	0.00	0.00
Gross Annuity Payment	645.40	693.16

WRS Annuitant: Retired 2002		
Annuity payment Date	April 1, 2019	May 1, 2019
Required Contributions		
Accelerated Core ("floor")	0.00	0.00
Dividend Gain/Loss	0.00	0.00
One-Time Adjustment	0.00	0.00
Core ("floor")	1,864.20	1,864.20
Dividend Gain/Loss	244.04	244.04
One-Time Adjustment	0.00	0.00
Gross Annuity Payment	2,108.24	2,108.24
Annuity payment Date	April 1, 2022	May 1, 2022
Required Contributions		
Accelerated Core ("floor")	0.00	0.00
Dividend Gain/Loss	0.00	0.00
One-Time Adjustment	0.00	0.00
Core ("floor")	1,864.20	1,864.20
Dividend Gain/Loss	389.23	555.98
One-Time Adjustment	0.00	0.00
Gross Annuity Payment	2,253.43	2,420.18

Sample Account-Retired 2017

Annuity payment Date	April 1, 2019	May 1, 2019
Required Contributions		
Core ("floor")	4,174.76	4,174.76
Dividend Gain/Loss	75.15	75.15
One-Time Adjustment	0.00	0.00
Gross Annuity Payment	4,249.91	4,249.91
Annuity payment Date	April 1, 2022	May 1, 2022
Required Contributions		
Core ("floor")	4,174.76	4,174.76
Dividend Gain/Loss	367.83	703.97
One-Time Adjustment	0.00	0.00
Gross Annuity Payment	4,542.49	4,878.73

Retiree Feedback-WRS

Call Center Contacts

- Mostly happy with WRS benefits and ETF services
- Pleased with 2022 annuity adjustment, concerned about 2023
- Some annuitants forget the annuity option they chose and are surprised when their benefit amount changes after death of named survivor
- Frustration with complex paper forms for changing state and federal tax withholding and lack of online tools

Thank you



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ETF E-mail Updates



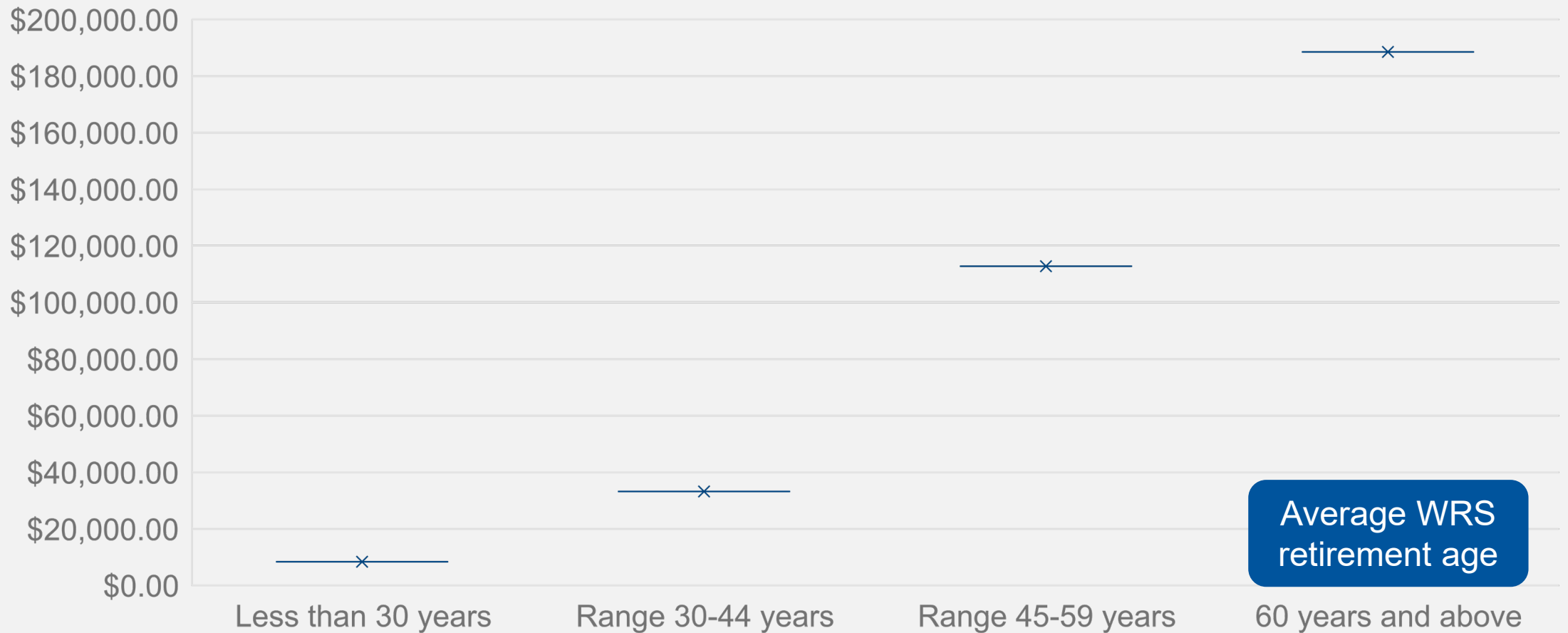
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Deferred Compensation- Appendix

Supplemental income-Retirees

Average 2021 balance by participant age



ETF's Strategic Plan Annual Review And Going Forward

Item 4B - Employee Trust Funds Board

Pam Henning, Assistant Deputy Secretary

Kristin Gunther, Administrative Policy Advisor

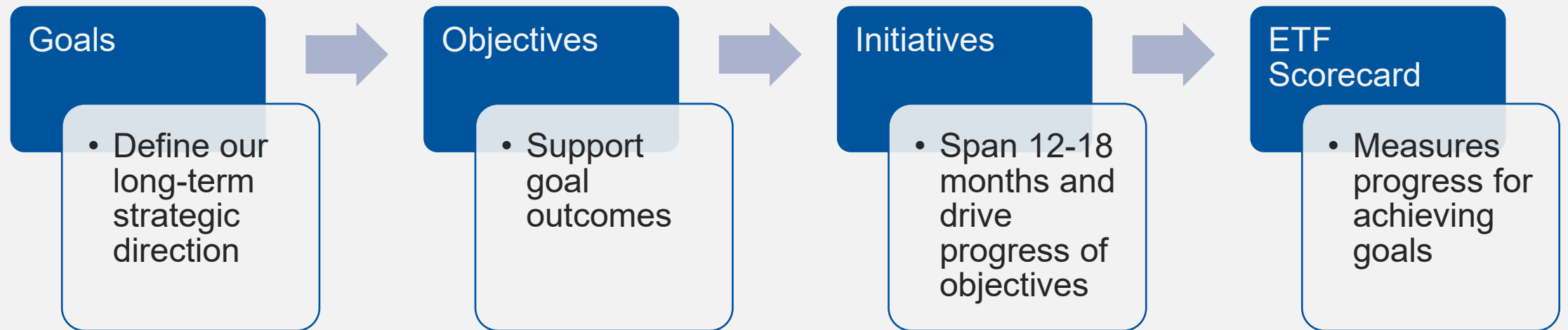


Agenda



- Review FY22 Strategic Plan Accomplishments
- Introduce ETF's FY23 Strategic Plan
- Next Steps

ETF Strategic Plan Framework

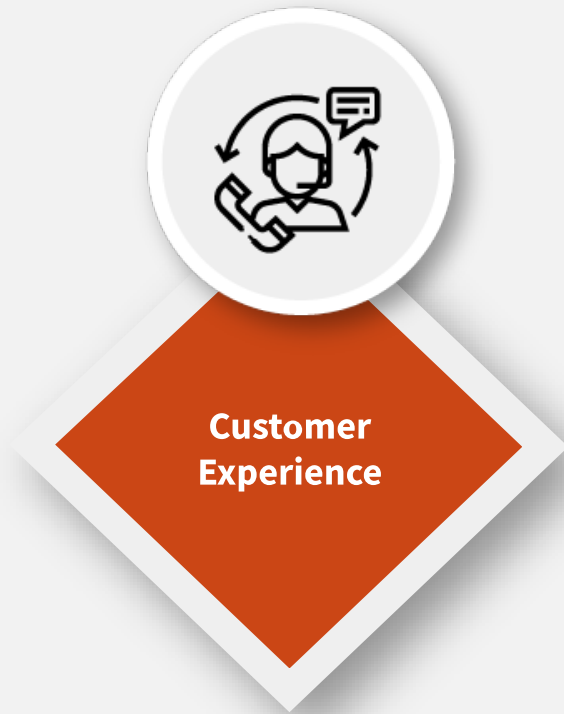




ETF Strategic Plan

FY22 Accomplishments

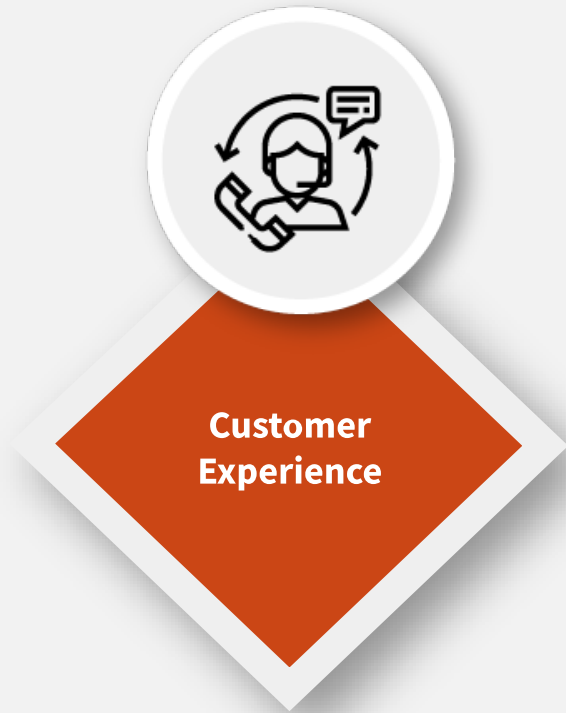
FY 22 Goal 1: Customer Experience Objectives



- Increase employer competency for managing employee benefits
- Determine the strategy, programs, and organizational infrastructure needed to drive customer experience improvements
- Ensure insurance program sustainability

FY 22 Goal 1: Customer Experience

Accomplishments



- WRS Employer training deliverables
- Completed foundational work for Customer Experience Roadmap
- Launched program to reduce specialty drug costs as approved by the Group Insurance Board

FY 22 Goal 2: Performance & Process Management

Objectives



- Improve operational performance management through effective process management, performance metrics, controls, and improvement initiatives.
- Optimize processes to leverage capabilities of modernization initiatives.

FY 22 Goal 2: Performance & Process Management

Accomplishments



Performance &
Process
Management

- Completed ECM documentation
- Completed 22 process improvement projects across the enterprise
- Optimized Enterprise Content Management processes leveraging system capabilities

FY 22 Goal 3: Talented Workforce

Objectives



- Attract, integrate and advance top talent
- Advance employee development through meaningful and intentional performance management approaches
- Build the culture, recruitment and retention practices that will make ETF an equitable and inclusive organization

FY 22 Goal 3: Talented Workforce

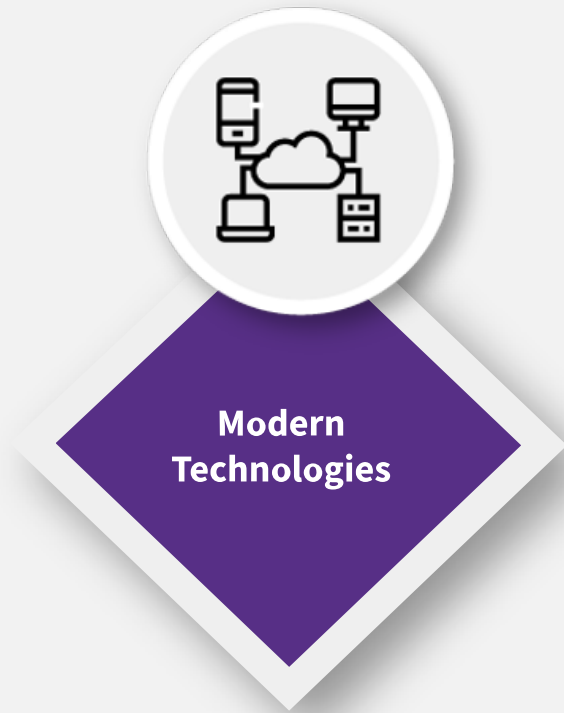
Accomplishments



- Workforce policy updates aligning with new hybrid work model
- Competency Based Performance Management
 - Selected agency core and leadership competencies
- ETF Equity and Inclusion Plan: Year 2

FY 22 Goal 4: Modern Technologies

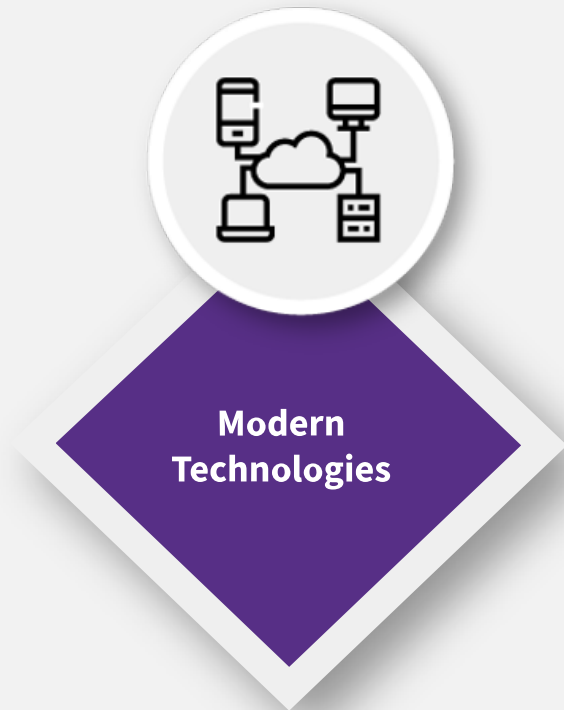
Objectives



- Develop and deploy solutions to support an effortless customer experience that enables accurate self-service and timely benefit administration services.
- Integrate systems and processes to deliver a seamless, timely and secure experience for all stakeholders
- Preserve the safety and security of all ETF systems and data through standard practices, appropriate security controls, risk management and information security technologies.

FY 22 Goal 4: Modern Technologies

Accomplishments

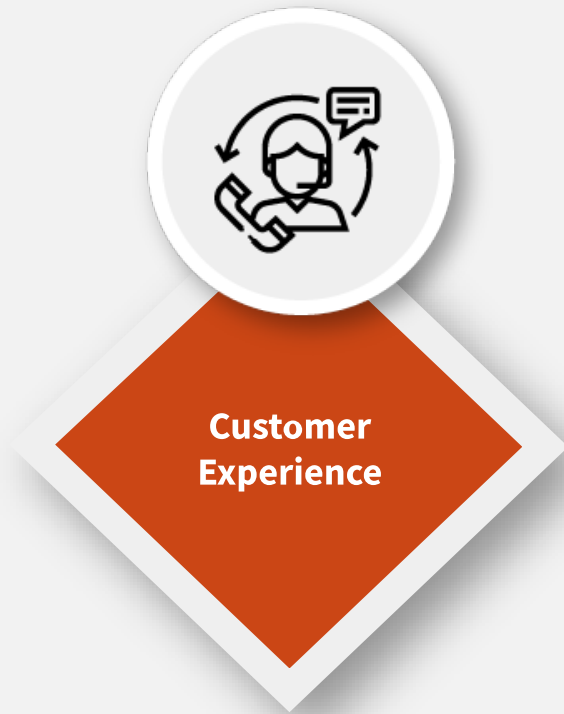


- Enterprise Content Management technology nearing completion
- Insurance Administration System Progress
- Information Risk Management Program
- Data Program implementation
- Technology Program implementation



FY23 Strategic Plan

FY 23 Goal 1: Customer Experience Objectives



- Increase employer competency for managing employee benefits
- Determine the strategy, programs, and organizational infrastructure needed to drive customer experience improvements
- Ensure insurance program sustainability

FY 23 Goal 2: Performance & Process Management

Objectives



Performance &
Process
Management

- Improve operational performance management through effective process management, performance metrics, controls and improvement initiatives.
- Optimize processes to leverage capabilities of modernization activities

FY 23 Goal 3: Talented Workforce

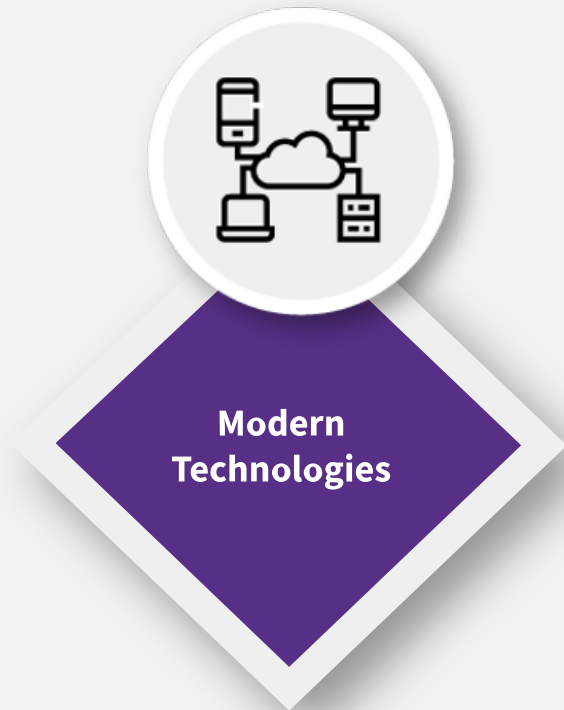
Objectives



- Attract, integrate, and advance top talent
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- Build the culture, recruitment and retention practices that will make ETF an equitable and inclusive organization

FY 23 Goal 4: Modern Technologies

Objectives



- Develop and deploy solutions to support an effortless customer experience that enables accurate self-service and timely benefit administration services.
- Integrate systems and data to support an effortless customer experience
- Preserve the safety and security of all ETF systems and data through standard practices, appropriate security controls, risk management, and information security technologies.
- Strengthen required infrastructure to support and integrate with modernized systems

Next Steps: Resource Prioritization



Ensure alignment of resources to priorities



Continue refining data for reporting and decision-making

Next Steps: Governance

Our Success is Based on ETF Being Organizationally Aligned



=

**Sustainable &
Repeatable
Business Outcome
Success!**



Next Steps: Governance

Focus: continuing to strengthen and mature governance processes

Strategic Council

- Setting the agency's strategic direction and defining priorities

Agency Management Council

- Enhancing alignment of business operations
- Collaborating to improve agency performance
- Approving agency policies

Data Governance Council

- Oversight of the agency's data lifecycle from creation, use, storing and confidentiality

Portfolio Committee

- Resource prioritization oversight
- Recommendations for project alignment



Questions?

Thank you



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ETF E-mail Updates



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ETF's 2023-2025 Biennial Budget



Item 5A - Employee Trust Funds Board

Tarna Hunter, Government Relations Director





Action Items

ETF requests the Employee Trust Funds (ETF) Board's support for the Department's 2023-25 biennial budget proposal.

The background is a dark blue gradient with numerous out-of-focus light spots in shades of blue and purple, creating a bokeh effect.

Questions?

Thank you



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Lunch Break

The meeting will resume following the break.



ETF Organizational North Star Metrics

Item 6A – Employee Trust Funds Board

Pam Henning, Assistant Deputy Secretary



North Star Metrics - Data Management Dashboard

Item 6B – Employee Trust Funds Board

Anne Boudreau, Deputy Administrator

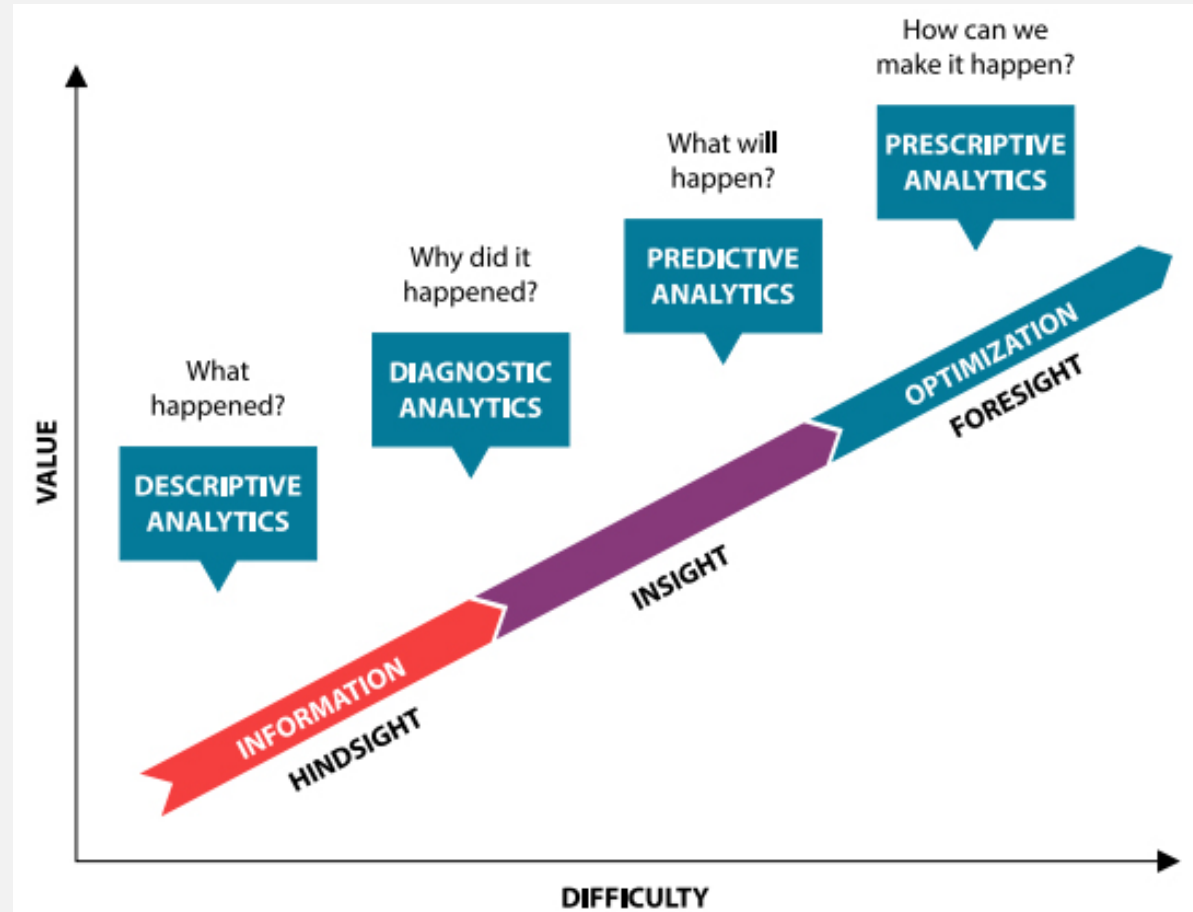
Division of Retirement Services





Data Journey

Data Management Goals



Data Journey for Operations

- Strategic Planning Goal
- Data Challenges
 - Various Sources
 - Numbers Without Context
 - Incomplete Data



North Star Dashboard



- SEE data in new ways
- PREDICT trends
- MAKE CONNECTIONS between data elements

Dashboard Demonstration



Dashboard Outcomes

- Interactive
- Insight-inspiring and Evolving:
 - Revise as we use
 - See new ways to use data
 - Draw meaningful connections
- Collaborative: Best solution. Best product.

Big Picture Outcomes

Strategic Plan Goal 2: Implement outcomes-driven performance measurement and process management



Better management of operations (processes and service delivery)



North Star: An exceptional customer experience!



Questions?

Thank you



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Secretary's Report

Item 6C - Employee Trust Funds Board

John Voelker, Secretary



Operational Updates

Items 6D – 6I - Memo Only



Future Items for Discussion

Item 7A – Employee Trust Funds Board



Adjournment



Item 8 – No Memo

