



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: December 1, 2008
TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board
FROM: Matt Stohr, Director of Legislation, Communications and Planning
SUBJECT: Legislative Update and Communications Update

This memorandum is for informational purposes only. No action is required.

Legislative Update

The 2009-2010 Legislative Session is scheduled to begin in January of 2009. Due to the November election, the make up of the Wisconsin State Legislature has changed since the September Board meetings. The make up of the State Senate remains 18 Democrats and 15 Republicans. However, the Assembly has changed. The make up of the Assembly is 52 Democrats, 46 Republicans and one Independent.

The Department recently submitted a 2009-10 remedial legislation request to the Law Revision Committee. The request asks the Committee to consider introducing remedial legislation that would modify state statutes to comply with the federal requirements brought about by the "Heroes Earnings Assistance and Relief Tax Act of 2008" (HEART). Among other things, the HEART Act provides tax benefits for certain members of the military and their survivors. The Wisconsin Retirement System (WRS) must be amended by December 31, 2012, to reflect certain provisions in federal law.

Communication Update

The stock market has seen considerable volatility since the September Board meetings. As a result, the Communications Office developed and implemented a comprehensive plan to inform WRS members and employers about how the market changes affect the WRS and their benefits. Please find below a brief summary of the communication initiatives and projects that we have implemented to provide this important information.

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- 1) The Department, in collaboration with the State of Wisconsin Investment Board (SWIB), prepared and mailed a letter to all WRS retirees and employers in October. The letter reassured retirees that, despite the significant losses in the market, the WRS is solvent and will be able to pay benefits long into the future. The letter also prepared retirees for the likely possibility of negative annuity adjustments in 2009. The letter was also posted on the Department's website and e-mailed to numerous groups and organizations, such as the Legislature and other stakeholders.
- 2) The Department created a menu page ("one-stop shop") on the ETF website for information relating to the market conditions and its impact on the WRS. This page includes an online video covering similar issues as the aforementioned joint ETF/SWIB letter. Dave Stella and Keith Bozarth, SWIB Executive Director, are the presenters in the video. In addition to the video, the website includes the joint letter and other informational items relating to how the market conditions affect the WRS.
- 3) The Department also created a menu page ("one-stop shop") on the ETF website for information about the Variable Fund. A communication priority for the Department is to provide WRS members with information about the effect of canceling Variable Fund participation with a deficiency.
- 4) Throughout the months of October, November and December, the Department and SWIB met with numerous stakeholders to present information about the market conditions and its impact on the WRS.
- 5) In November, the Department prepared and distributed a letter that centered on Core Fund and Variable Fund projected 2009 effective rates and annuity adjustments. The purpose of the letter was to give WRS members an approximate projected range of 2009 effective rates and annuity adjustments. The letter is on the ETF website.

I will be at the December 11, 2008, meeting to answer any questions you may have.