



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: September 6, 2013

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Mark Lamkins, Director, Office of Communications and Legislation

SUBJECT: Communications Update

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

New External Communication Initiatives

Web-based Newsletter for Active Members—The current Wisconsin Retirement System (WRS) member newsletter, *WRS News*, is designed for both members who are employed (active) and those retired. It is distributed three times a year in January, May and September, in both print and electronic formats. In an effort to customize communications for members, the Department of Employee Trust Funds (ETF) is undertaking a project to develop a separate web-based newsletter for active members only. The launch is scheduled for January 2015. The printed *WRS News* will continue to be published and include even more content geared towards retirees.

The web-based newsletter will allow for:

- A high level of flexibility in frequency of distribution and interactivity;
- Visual graphics and a streamlined design for quick reading;
- Links to social media such as Twitter, Facebook and LinkedIn; and
- Improved access to timely information, online resources and self-service tools (e.g., myETF Benefits, calculators)

Overall the focus is on improving the customer experience. This requires supporting members as their needs change throughout the customer lifecycle—from the beginning of a member's public service career to mid-career to retirement. A customized newsletter dovetails with efforts by ETF's Outreach and Education staff to educate members earlier in their careers about WRS benefits and planning for retirement. Savings on printing and distribution expenses will also be realized.

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Electronically Signed 9/10/13

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We will collaborate with the State of Wisconsin Investment Board (SWIB), co-publisher of the *WRS News*, in development. We will identify the most effective e-mail distribution channel and coordinate efforts with state and local employers. Today, members and employers must sign up for ETF E-mail Updates to receive information electronically. However, this does not necessarily preclude them from receiving information in paper form, as well. The new Benefits Administration System (BAS) will change how we communicate—capturing e-mail addresses and other profile data, including members' choices for different communication mediums (e.g., mobile devices).

For feedback on the web-based newsletter's design, content, functionality and throughout user testing phases, we plan to seek input from members and employers. This project could fit well with the member and employer advisory groups, which are being created to assist with the implementation of the BAS.

Social Media—The communications team is beginning to explore ways in which ETF may use social media (e.g., Twitter, Facebook, LinkedIn, blogs) for engaging and sharing timely, relevant information with members, employers, legislators and other stakeholders. Social media gives us an opportunity to build customer relationships, pull members to ETF online resources and tools, and complement other communication activities. A part of this process is identifying the appropriate social media for each audience, back-end technology requirements and policies, and putting together a multi-faceted communications plan and schedule. The timeline for rollout is planned for some time in 2014.

Other Updates

Media Coverage—The *Milwaukee Journal Sentinel* published an editorial column by Secretary Conlin, which ran on August 1, 2013, during the National Governors Association Summer Meeting in Milwaukee. With the public pension system funding challenges of neighboring states Michigan and Illinois, and other states, in the media limelight, the column addressed the funding and plan design principles that keep Wisconsin's public pension system solidly funded. The column is available on the ETF website. Please see Attachment A.

ETF Website—In July 2013, new content sections on the ETF website were launched specifically for military service members and their families to learn about how to receive earned WRS benefits under state and federal laws. Online resources include clarification of pension rights, frequently asked questions and fact sheets.

ETF Online Videos—The *Social Security Retirement Benefits* online video has been updated and was released last month. In addition to an overview of the federal Social Security program, the video explains eligibility, benefit calculations, how and when to apply for benefits, and Medicare and survivor benefits.

It's Your Choice—In collaboration with the Division of Insurance Services and other business areas, the decision and reference guides for the 2014 It's Your Choice Open

Enrollment period, October 7-November 1, 2013, have been finalized. Guides should be published and distributed to state and local employers the week of September 23, 2013.

Other activities:



- Prior to the guides going out, the *It's Your Benefit* newsletter, highlighting group health insurance program changes and other useful benefits information, will be published and distributed to members.
- We are set to conduct a live webcast of the It's Your Choice kickoff meeting for state and local employers on September 26, 2013. Providing the event and materials online will give more employers the opportunity to participate.
- The ETF website will also be updated with the new guides, 2014 premium rates, state employee contribution rates and other insurance benefits information.

WRS News—In the September 2013 edition of the *WRS News*, members can learn about different learning opportunities, including online webinars and new statewide presentations for new and mid-career employees; national trends in “retirement readiness”, based on a recent study by the National Institute on Retirement Security; and SWIB’s diversified investment portfolio strategy for reducing trust fund volatility, among other things. The next edition will be January 2014.

Comprehensive Annual Financial Report (CAFR)—The 2011 CAFR, for the calendar year ended December 31, 2011, has been published and is downloadable from the ETF website. Financials for the 2012 CAFR are currently being reviewed by the Legislative Audit Bureau. We anticipate the report will be finalized and published in mid-fourth quarter this year.

Staff members will be at the Board meeting to answer any questions.

Attachment A: ETF Shares Strengths of Wisconsin’s Pension System



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News

Department of Employee Trust Funds
August 6, 2013

ETF Shares Strengths of Wisconsin's Pension System

The following editorial column was written by Department of Employee Trust Funds Secretary Robert J. Conlin and submitted to the Milwaukee Journal Sentinel for publication on August 1, 2013.

Wisconsin Pension System Solid, Should be Model for Others

*By Robert J. Conlin
August 1, 2013*

In a recent "The Right Balance" [blog post](#) at JSONline's Purple Wisconsin, Jay Miller makes note of the underfunded pension issues in Illinois and advises Wisconsinites to learn from the mistakes of others rather than committing them ourselves. Not only is that sound advice, it's something Wisconsin has been doing for years and must continue to do. In fact, policymakers from states and cities with chronic pension underfunding issues may want to look to Wisconsin as they consider reforming their pension systems.

The [Wisconsin Retirement System](#) is a solidly funded public pension system that covers more than 570,000 current, former and retired public workers from around the state. The fact that Wisconsin is not facing a pension crisis like Illinois is the result of thoughtful program design and years of ongoing stewardship. Wisconsin's policymakers have created and maintained a pension system with four critical elements that greatly improve the odds that the WRS will continue to be strong.

First, in the WRS, the contribution rates necessary to fund the system are set annually by an independent board of fiduciaries. The law requires the board to rely upon actuaries, who make recommendations based upon actuarial science and the system's actual experience. Assumptions are routinely compared to observed experience and adjusted as needed. This helps make sure that the contributions are sufficient to fund the benefits.

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- contact etf
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- related links
- home

top of page

Second, the amounts required to be paid, from both employers and employees, are paid in full when due, not deferred to the future. This allows those funds to be invested for longer periods of time and minimizes the chances that one generation will have to pay for the obligations of another.

Third, investment risks of the WRS are shared between governmental employees, employers and retirees. By and large, governmental employees and their employers equally split the cost of contributions required to adequately fund those employees' future WRS benefits. As noted above, that cost is adjusted over time based on many factors, including investment performance.

As for WRS retirees, any post-retirement benefit adjustment depends upon investment performance; they are not guaranteed a cost-of-living adjustment (COLA). A guaranteed COLA is an expensive benefit provided by many other pension systems. In those systems, if investment performance isn't sufficient to fund the guaranteed COLA, significant underfunding can result. Even without a guaranteed COLA, most WRS retirees have historically received post-retirement increases that kept pace with inflation due to strong investment performance, at least until the financial crisis of 2008.

Since that crisis, the WRS has taken back more than \$4 billion of those increases. Although this has meant a lot less money going into our local economies and financial pain for many retirees, the WRS has been able to remain solidly funded without asking taxpayers or current public employees to pay more to support retirees.

Finally, the State of Wisconsin Investment Board has been granted the latitude to invest retirement funds prudently, without political interference or other limitations. The board is able to invest in a highly diversified portfolio of assets and manage funds with an efficient combination of internal staff and external experts. This allows SWIB to invest WRS funds in a way that appropriately balances costs, risk and return.

Because of these critical elements, the WRS is a cost-effective, solidly funded public pension plan that is able to pay reasonable benefits into the future. We must continue to act with vigilance and a commitment to sound funding and plan design principles so that Wisconsin can continue to lead the way.

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