

Welcome to the Joint Meeting of the Employee Trust Funds, Teachers Retirement and Wisconsin Retirement Boards

December 8, 2022

Meeting will begin at: 9:00 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**

Announcements

Item 1 – Joint Meeting of Retirement Boards



Consideration of Minutes of

March 24, 2022 Open Session



Item 2 – Joint Meeting of Retirement Boards



Board Policies & Procedures

Item 3A – Joint Meeting of Retirement Boards

Laura Patterson

Office of Policy, Privacy & Compliance



Agenda:

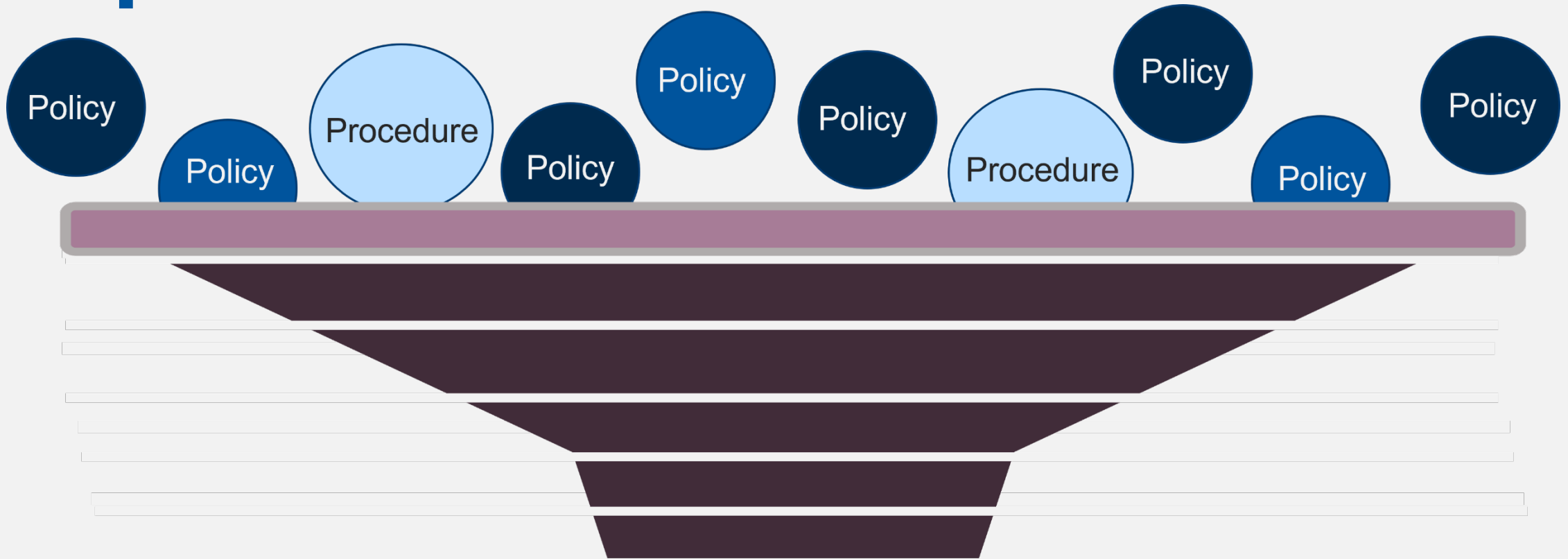


- **A New Look**
- **Types of Policies**
- **Policy Review**
- **Approval**

The

A New Look

Updates Made:



**Single Policy &
Procedure Document**

Types of Policies

Types of Policies:



**Board
Policies**



**Plan &
Program
Policies**

The

Policy Review

Conflict of Interest

Fiduciary Duty

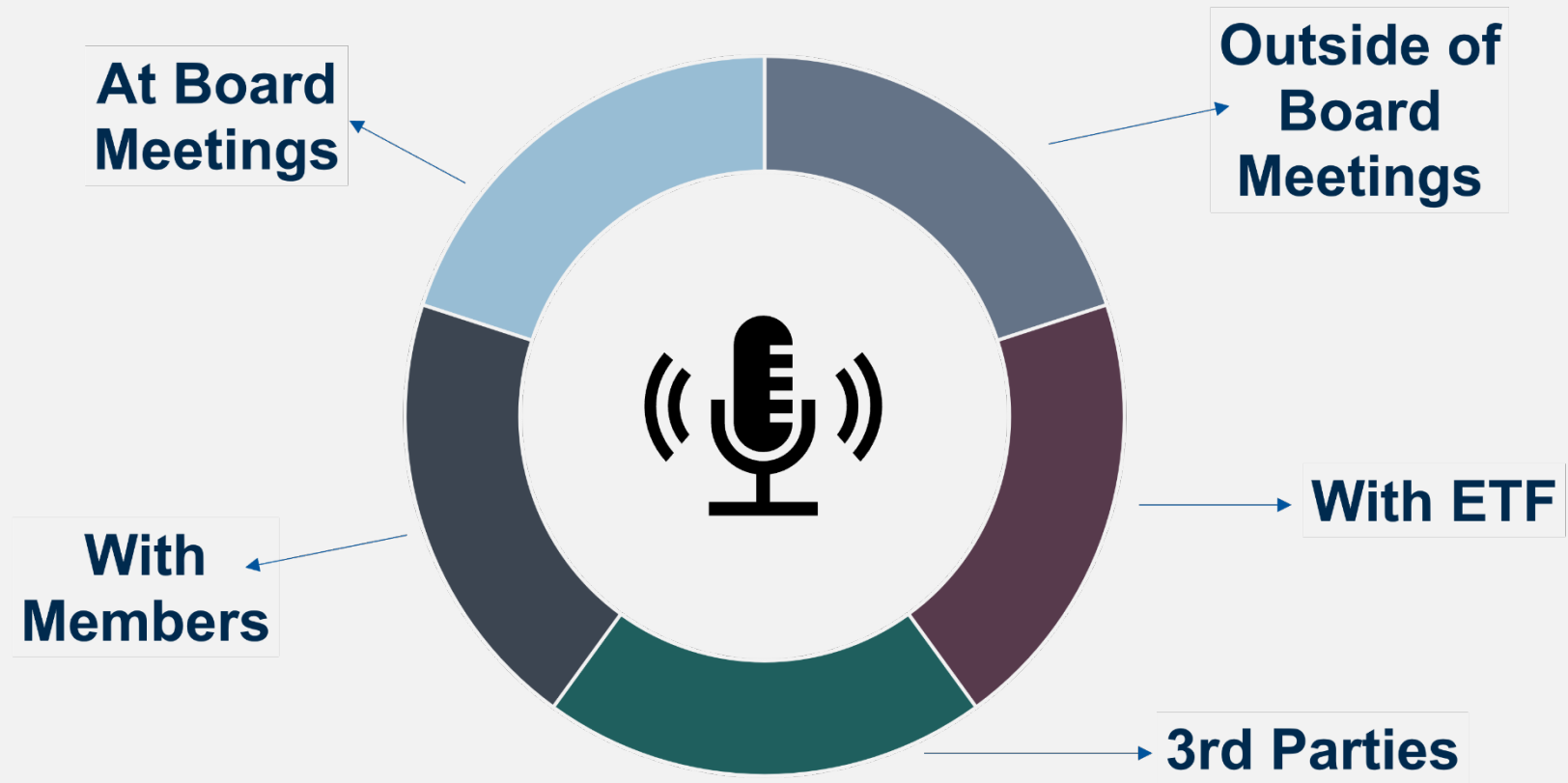
Disclosure of Actual or Potential Conflicts

Recusal & Resignation

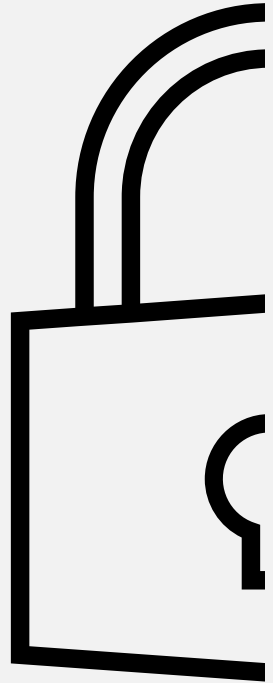
Board Action

Avoiding the Appearance of a Conflict of Interest

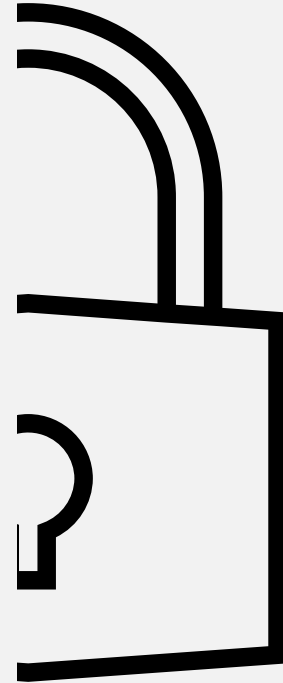
Communications:



Privacy of Personal Information:

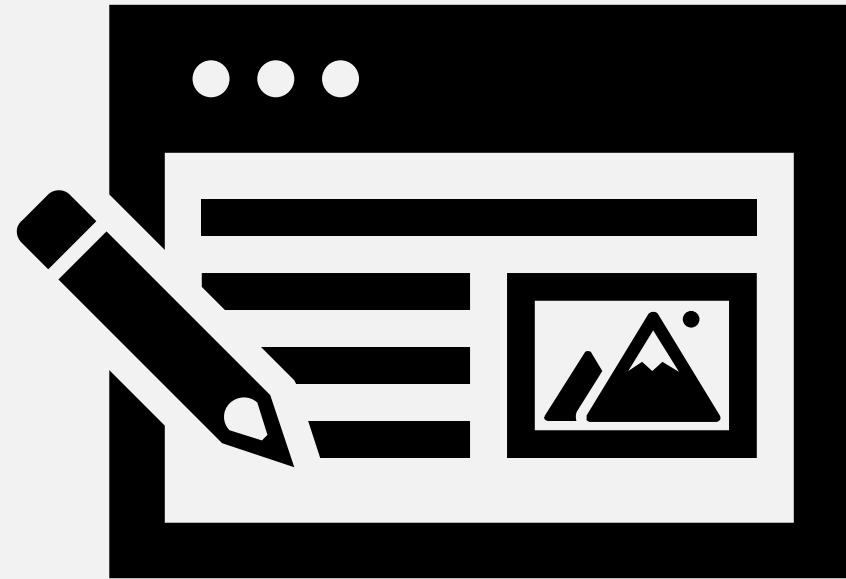


- Wisconsin Privacy Record Laws
- Individual Personal Information is not a Public Record
- ETF is subject to HIPAA
- Examples of Personal Information



Board Operations:

- Regular Meetings
- Emergency Meetings
- Public Noticing of Meetings
- Joint Meetings
- Committees
- Elections
- Conduct of Board Meetings
- Board Member Expenses



Vendor Procurement Appeals:



The

Questions?

The

Approval



Action Needed

A motion is needed to approve replacing the current Board Policies with a unified Board Policies & Procedures Document that includes updated policies and procedures.

Thank you



[wi_etf](#)



[etf.wi.gov](#)



ETF E-mail Updates



608-266-3285
1-877-533-5020

WRS Numbers from the Member Point of View

Joint Meeting of the Retirement Boards
Item 3B

Kyle Kundert, Policy Advisor
Division of Retirement Services



WRS Demographic Trends – What to Look For

Significant Influences

- Covid Separations
- Post **2008/09** Recession Separations
- Natural Demographic Shifts
 - Baby **Boomers** at or near retirement age (born **1946 – 1964**)

Demographic Trends – Current WRS Workforce (2021)

Active WRS Members

• 257,683

Average Age

• 44.6

Average Years of Service

• 11.1

Number of WRS Employers

• 1,555

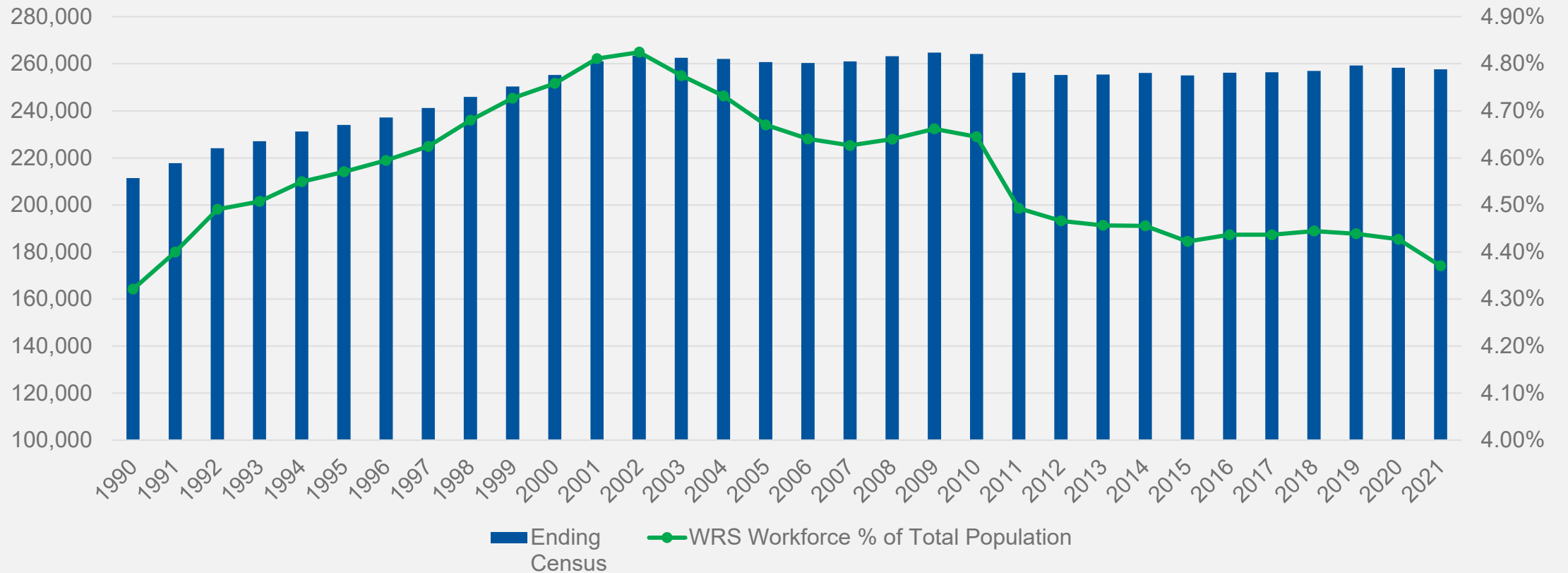
Five (5) Largest Non-State Employers (by covered employees)

1. Milwaukee Teachers (5,920)
2. Madison Metro School District (SD) (4,462)
3. Green Bay SD (2,847)
4. City of Madison (2,993)
5. Kenosha Unified SD (2,868)



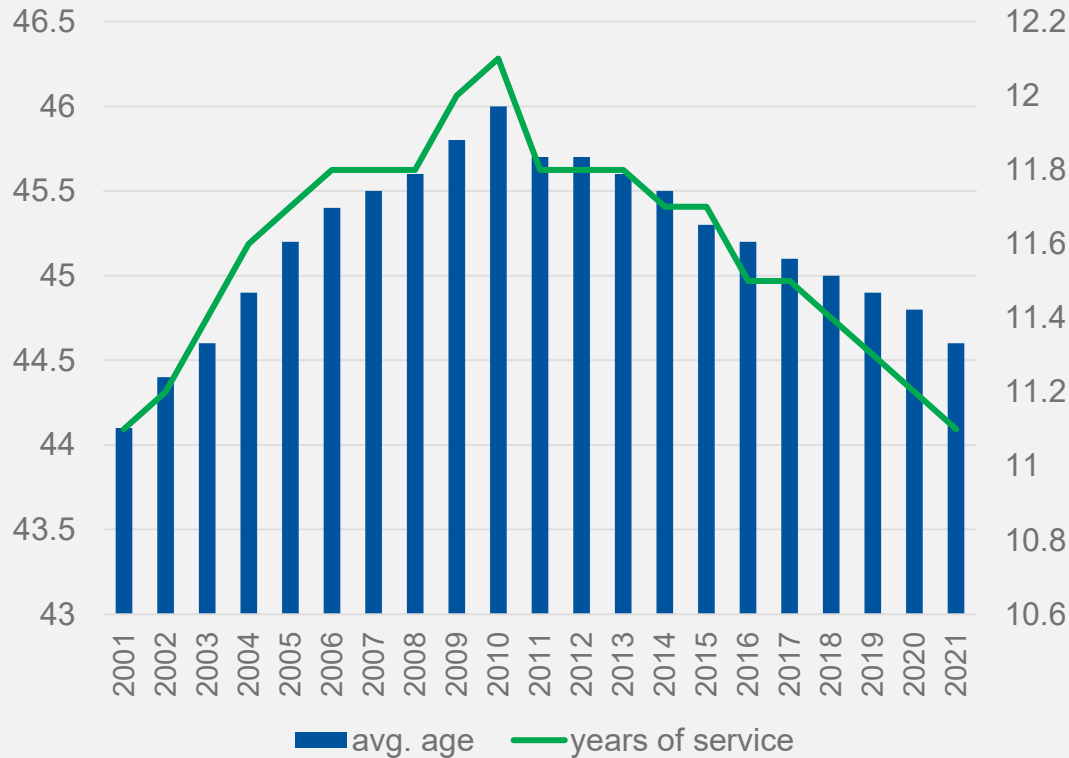
Demographic Trends – WRS Workforce and WI Population

WRS Workforce % of Total WI Population

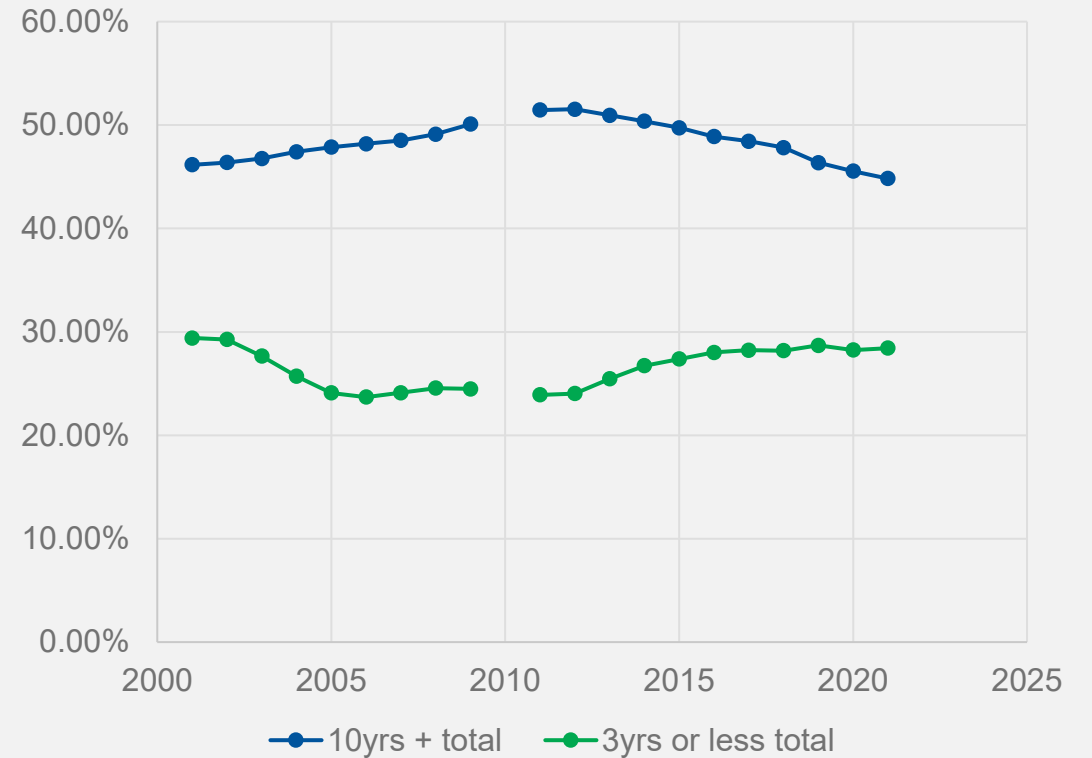


Demographic Trends – Age and Service

Avg. Yrs. of Service and Age of WRS Participants

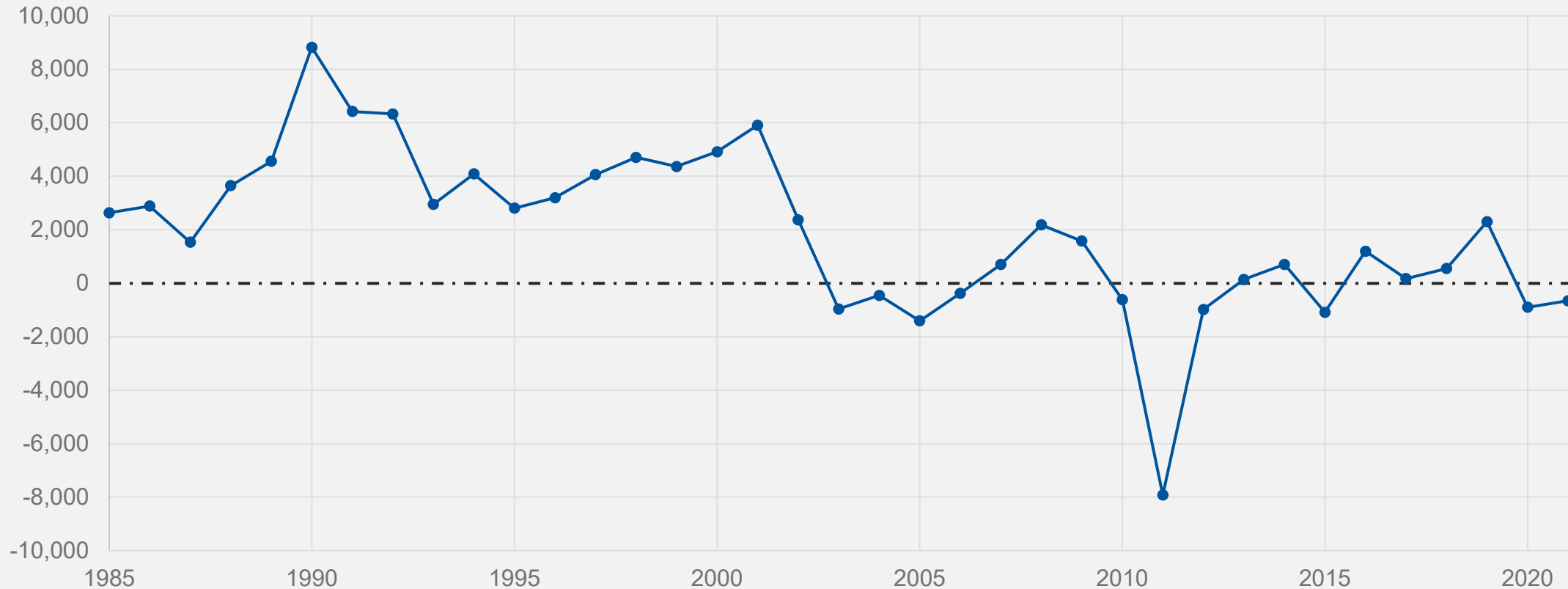


% WRS Participants with <3 or >10 Yrs. of Service



Data Trends – Demographic Shifts

WRS Active Membership Net Gain/Loss (1985 - 2021)





Withdrawals

Withdrawals – What Does the Data Show?



Withdrawals =
Employees leaving
prior to minimum
retirement age

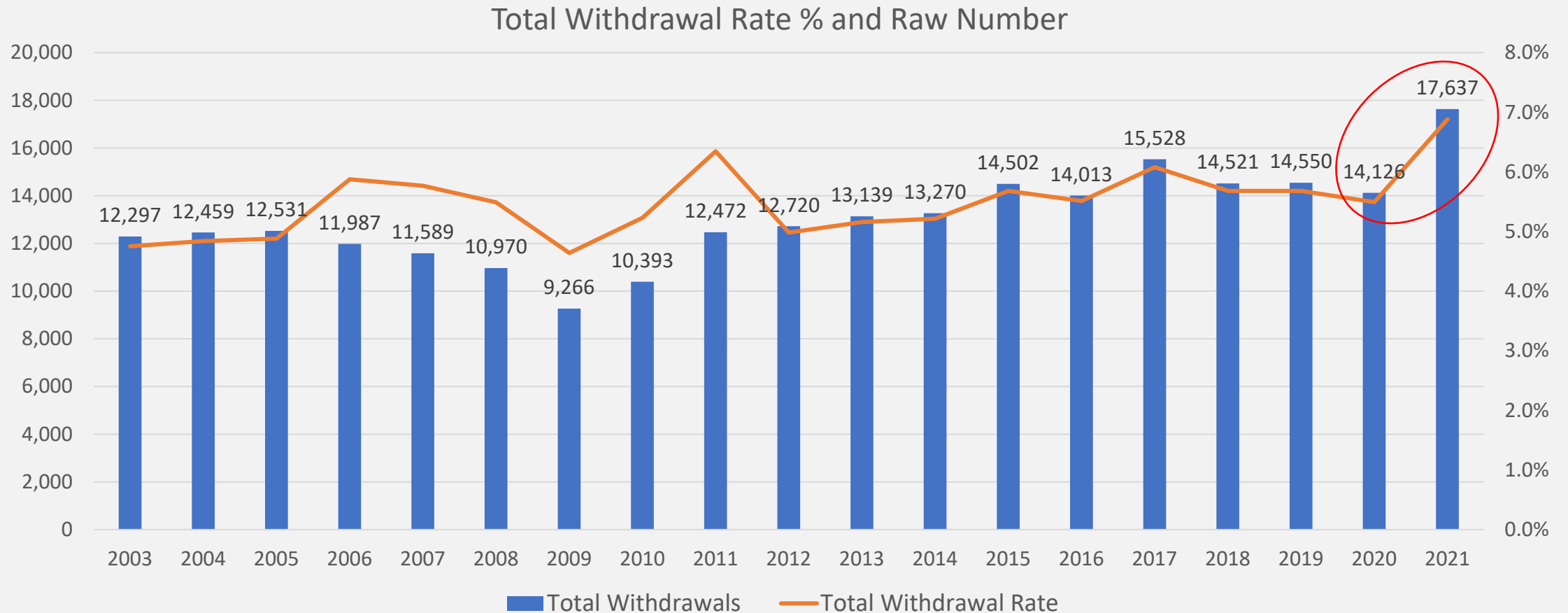


Withdrawals slightly
increasing since 2003

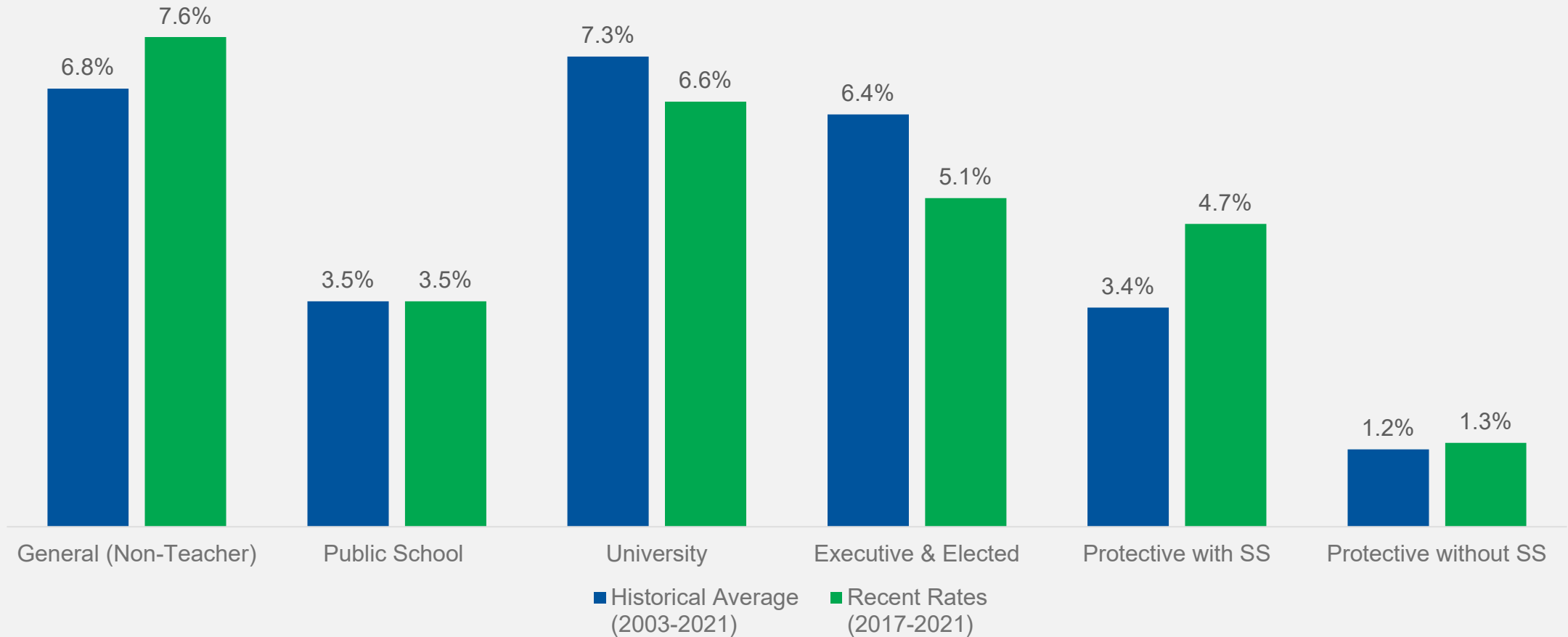


Significant jump
between 2020 and
2021

Total Withdrawals



Withdrawals - Last 5 Years vs. Historical Rates (2003 – 2021)



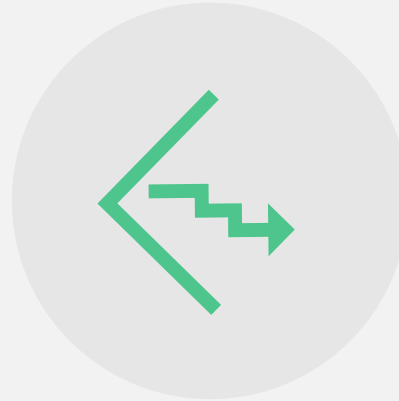


Early Retirements

Early Retirements – What Does the Data Show?



EARLY RETIREMENTS =
EMPLOYEES RETIRING PRIOR
TO NORMAL RETIREMENT AGE



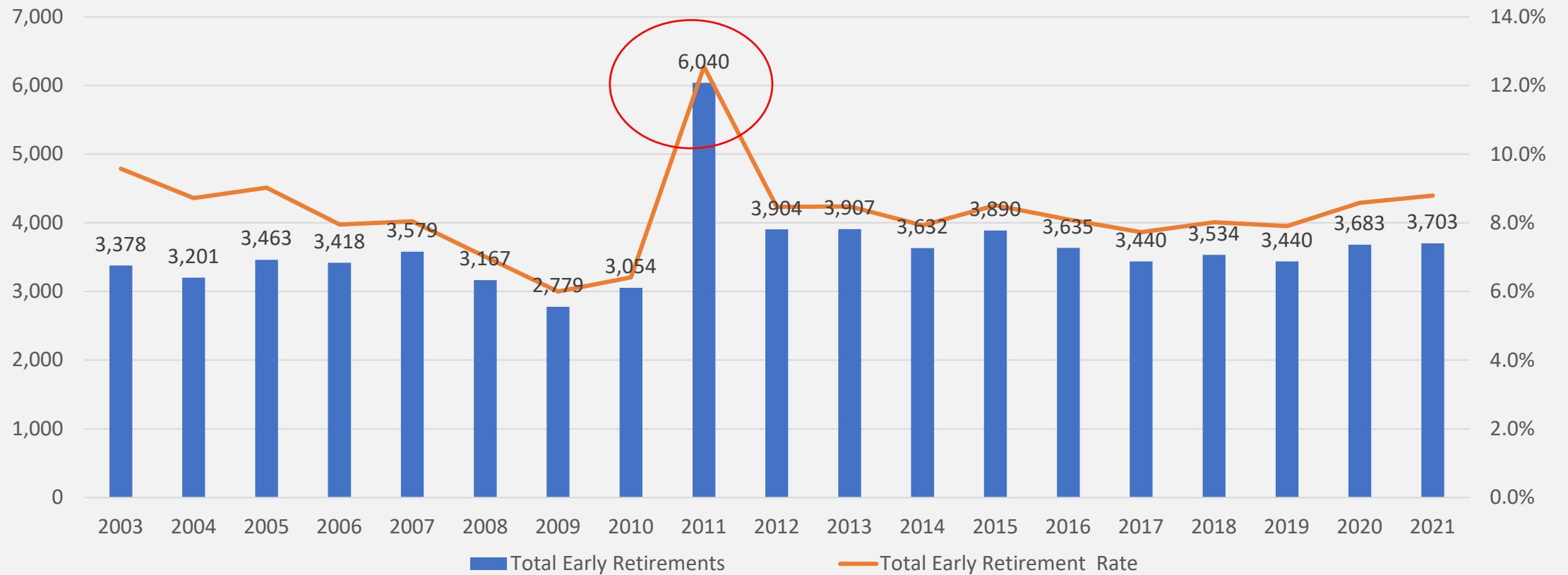
EARLY RETIREMENTS **FLAT**
SINCE 2003



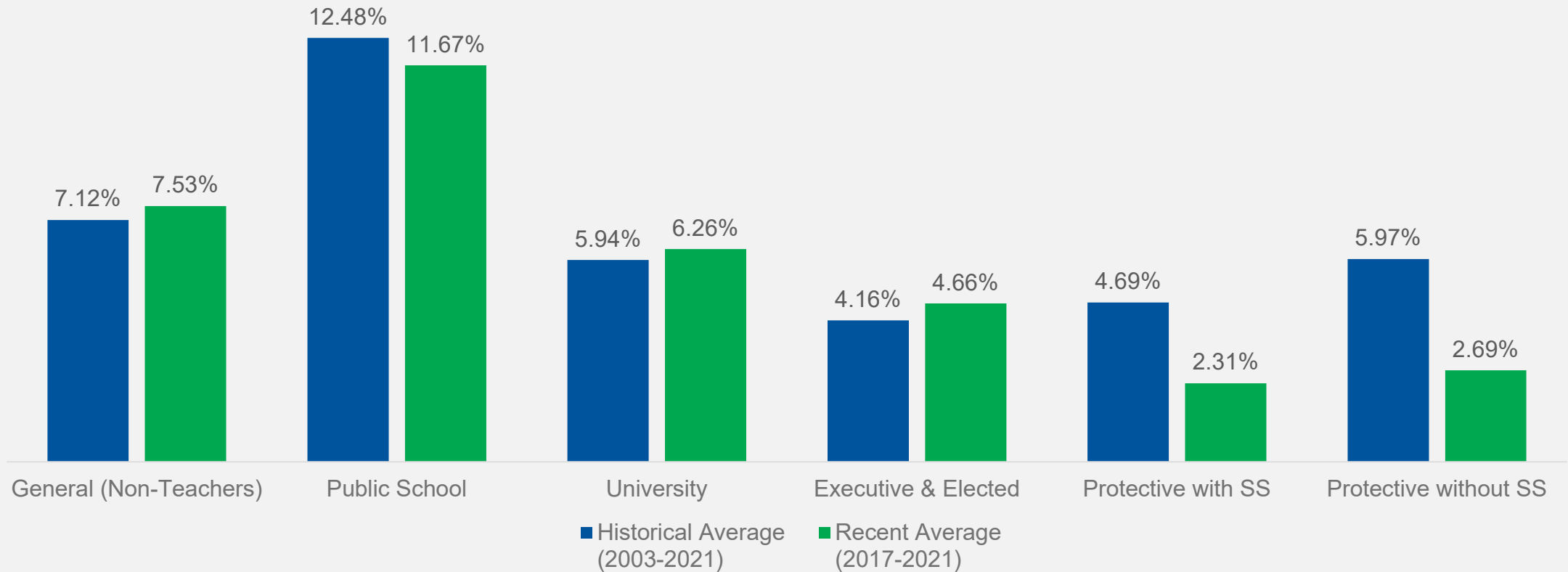
SIGNIFICANT JUMP IN 2011

Total Early Retirements

Total Early Retirement Rate % and Raw Number (2003-2021)



Early Retirements – Last 5 Years vs. Historical Rates (2003 – 2021)





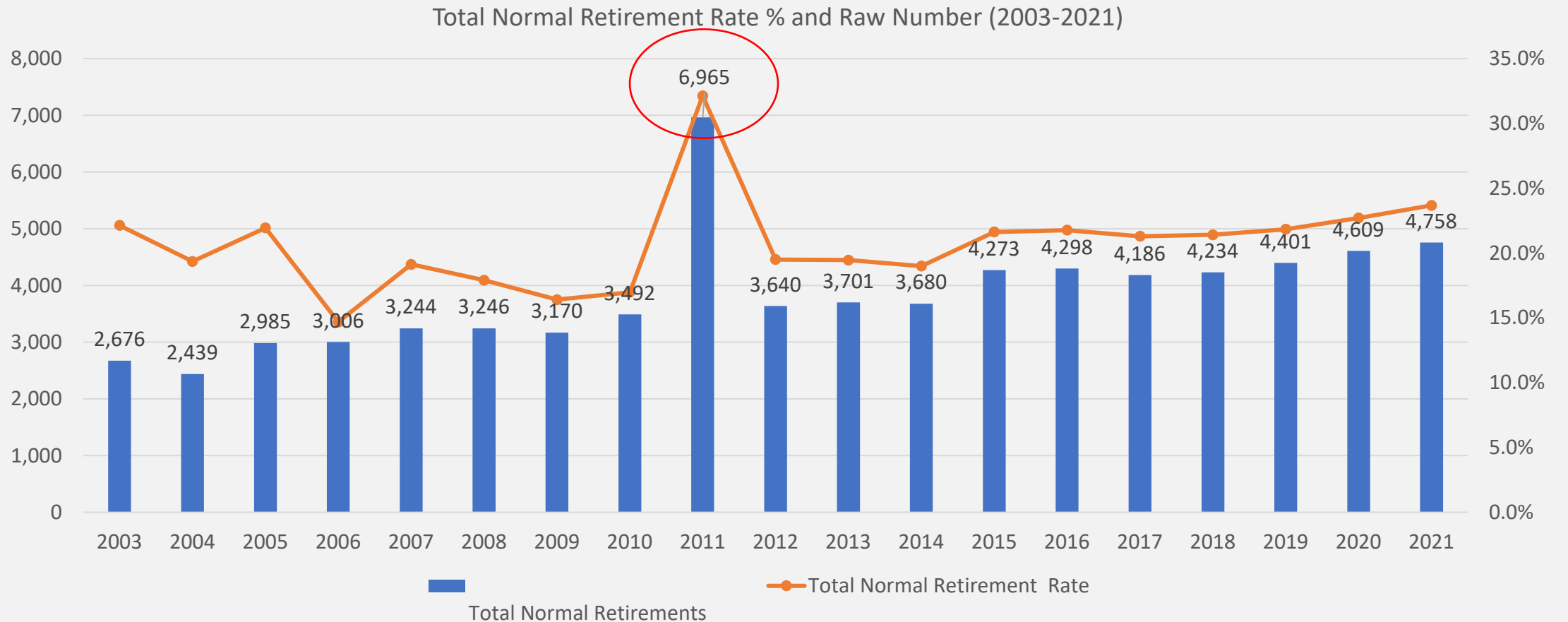
Normal Retirements

Normal Retirements – What Does the Data Show?

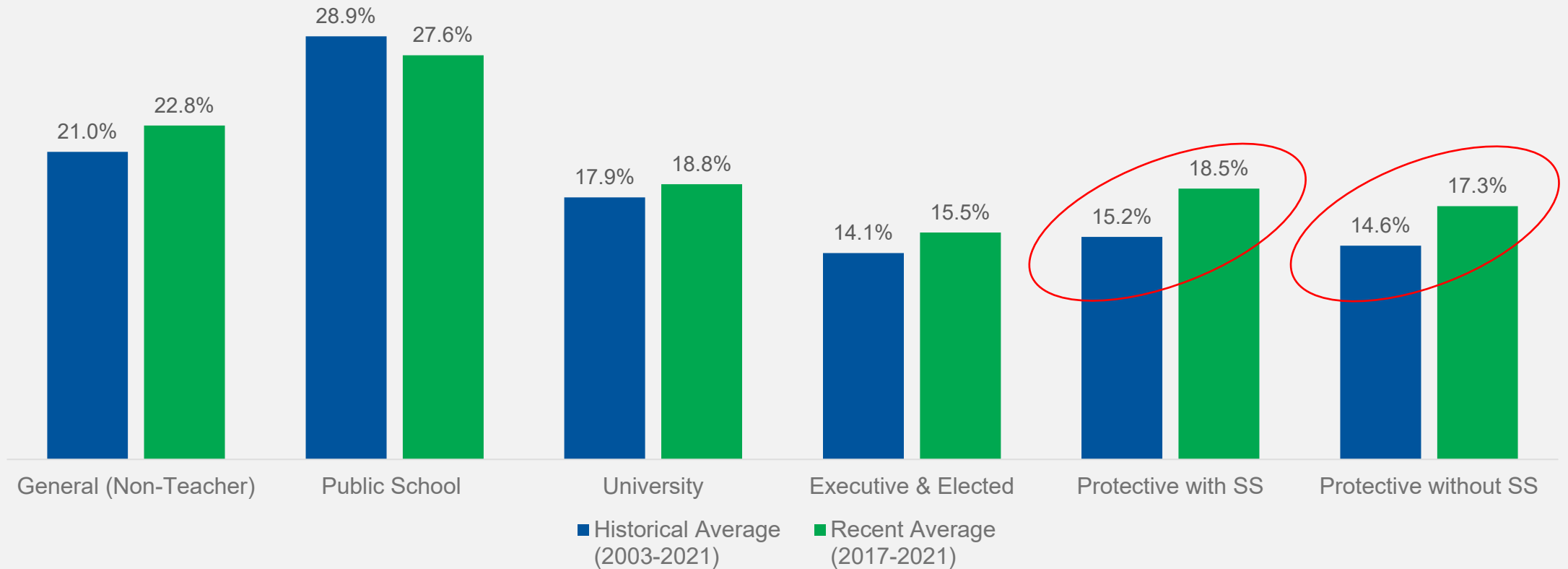
- Normal Retirements = Employees retiring at or after normal retirement age
- Normal Retirements slightly increasing since 2003
- Significant jump in 2011
- Jump in protective retirements since 2017



Total Normal Retirements



Normal Retirements – Last 5 Years vs. Historical Rates (2003 – 2021)





WRS Contribution Rates and WRS Assets

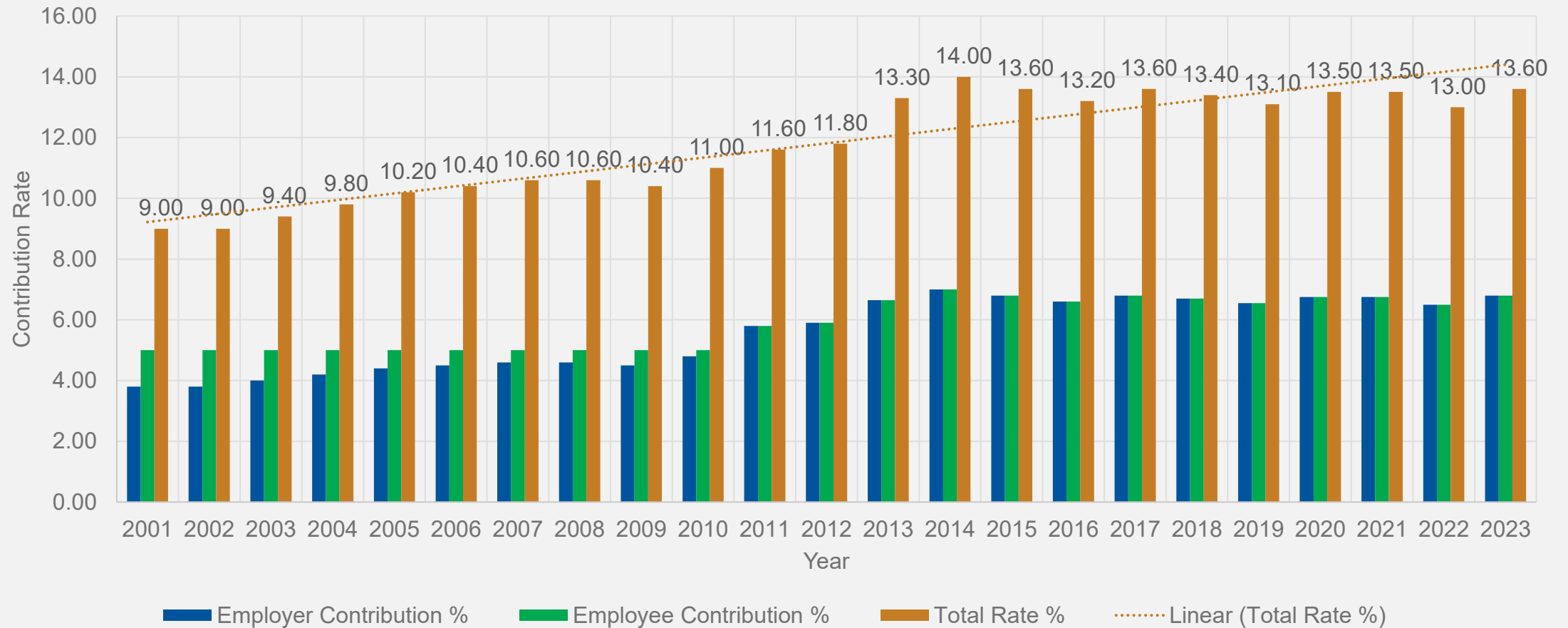
Impact on Employers and Employees

Contribution Rate Changes and WRS Performance - What to Look For

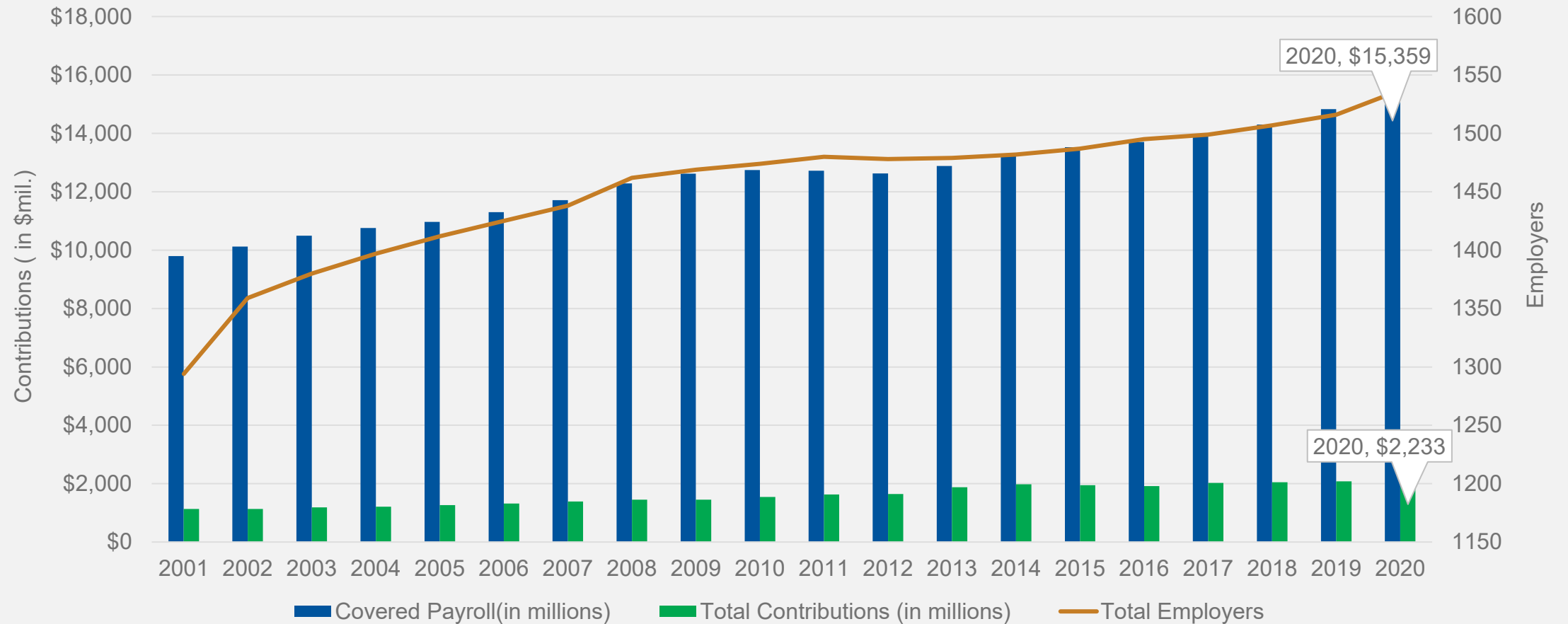
Significant Influences

- Contribution rates increasing slightly over time
 - Rates relatively flat since 2013
- WRS Recovery from Great Recession

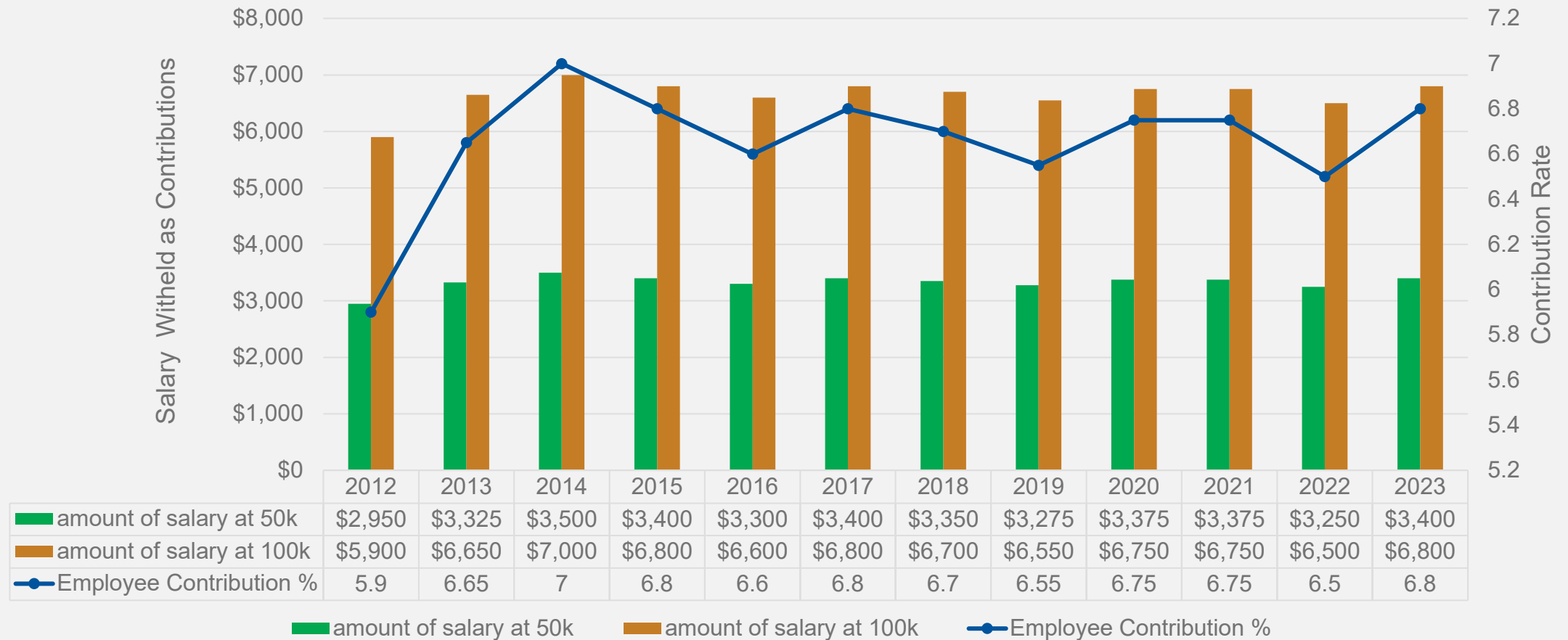
Historic Contribution Rates – Generals and Teachers



Total Contributions and Covered Payroll



Employee Contribution Rates – Hypothetical Employee at 50k and 100k Salary



Sample Employee Account (2012 – 2021)

Section 3 - 2011 Employee Required Contributions

	Core	Variable	Total
January 1, 2011 Balance	\$22,750.57	\$18,691.22	\$41,441.79
Interest (Core: 1.5%, Variable: -3.0%)	\$341.26	\$560.74-	\$219.48-
Employee Paid Contributions	\$1,061.54	\$1,061.55	\$2,123.09
Employer Paid Employee Contributions	\$1,466.17	\$1,466.16	\$2,932.33
Adjustment	\$.00	\$.00	\$.00
January 1, 2012 Balance	\$25,619.54	\$20,658.19	\$46,277.73

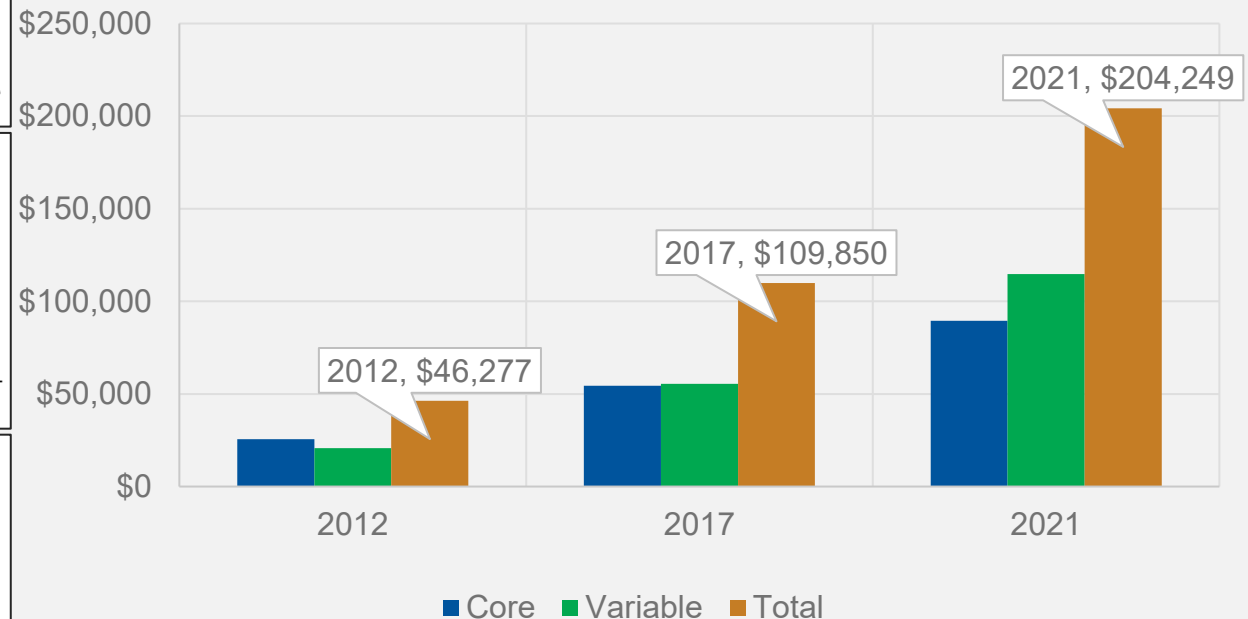
Section 3 - 2016 Employee Required Contributions

	Core	Variable	Total
January 1, 2016 Balance	\$47,411.22	\$47,533.65	\$94,944.87
Interest (Core: 7.9%, Variable: 10.0%)	\$3,745.49	\$4,753.37	\$8,498.86
Employee Paid Contributions	\$3,203.46	\$3,203.46	\$6,406.92
Employer Paid Employee Contributions	\$.00	\$.00	\$.00
Adjustment	\$.00	\$.00	\$.00
January 1, 2017 Balance	\$54,360.17	\$55,490.48	\$109,850.65

Section 3 - 2020 Employee-Required Contributions

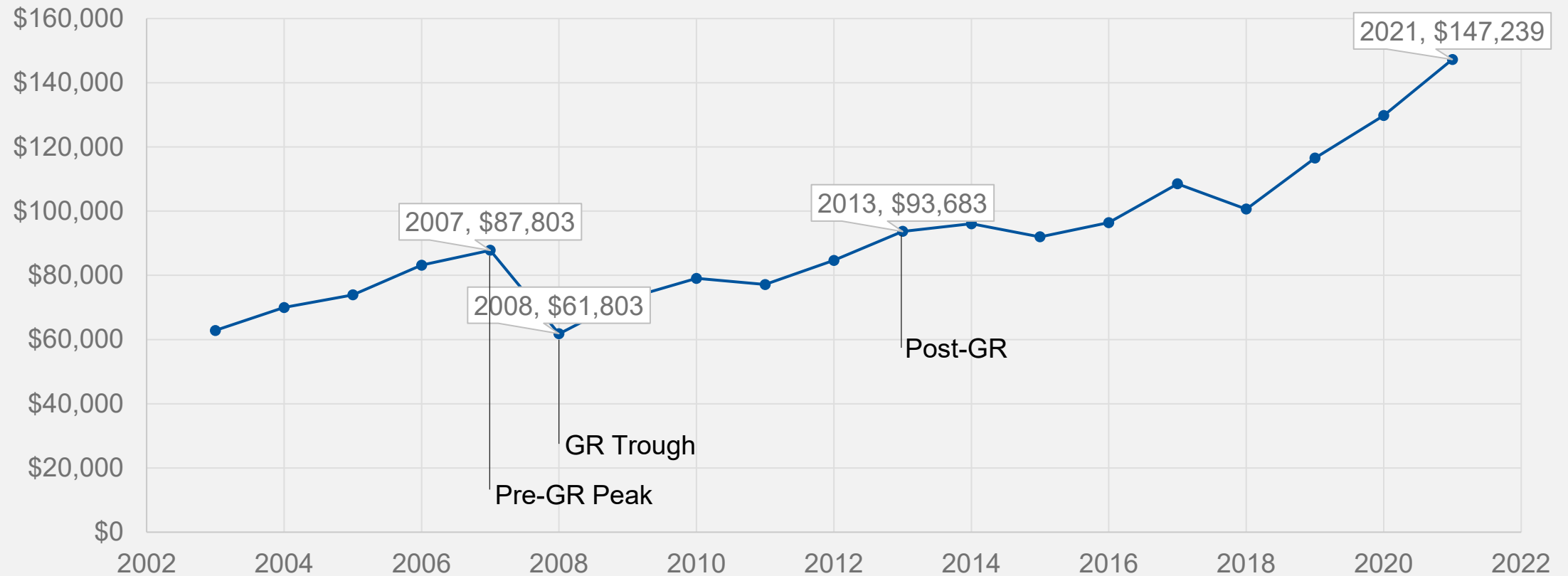
	Core	Variable	Total
January 1, 2020 Balance	\$77,428.10	\$94,209.89	\$171,637.99
Interest (Core: 10.9%, Variable: 18.0%)	\$8,439.66	\$16,957.78	\$25,397.44
Employee-Paid Contributions	\$3,606.91	\$3,606.90	\$7,213.81
Employer-Paid Employee Contributions	\$.00	\$.00	\$.00
Adjustment	\$.00	\$.00	\$.00
January 1, 2021 Balance	\$89,474.67	\$114,774.57	\$204,249.24

Sample Employee Account - Account Size 2012 - 2021

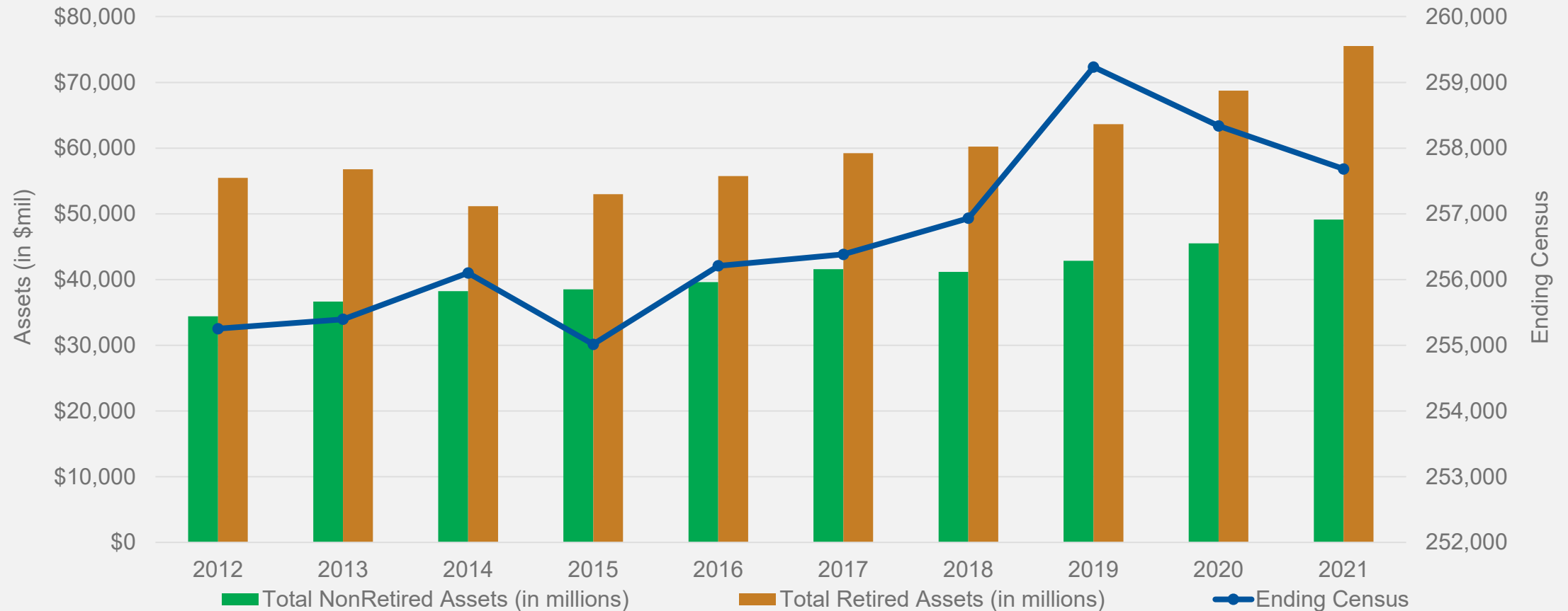


Recession & Recovery

Total WRS (\$ Mil.)

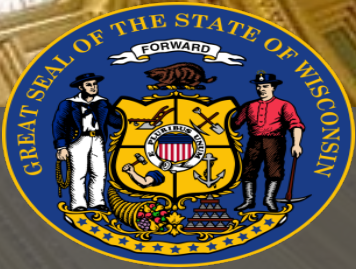


Total Retired and Non-Retired Assets (in millions)





Questions?



State of Wisconsin
Ethics Commission

ETHICS AND LOBBYING LAW FOR EMPLOYEE TRUST FUNDS, TEACHER RETIREMENT, AND WISCONSIN RETIREMENT BOARD MEMBERS

David Buerger
Staff Counsel



POLITICAL MARKET

Conscientious Railroad President to

Dealer: "Ah! Let me see. I think I'll take this bunch of Legislators at \$5000 a head. The Senators, at - what price did you say?"

Dealer: "Can't afford 'em less than \$10,000 each."

R.R.P.: "Well, hand them over. I suppose I'll have to take the lot."

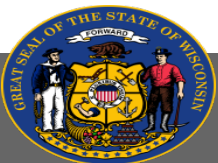
Dealer: "Anything else to-day? I have a lot of Editors, at various prices, from a Thousand down to Fifty Cents."

R.R.P.: "No, nothing in that way, to-day. But I want a Governor very much indeed, and will stand \$50,000 for him. Get me a Wisconsin one, if possible!"

Cartoon published in *Harper's Weekly* of June 12, 1858, at the time of the Land Grant Investigation

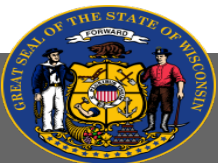
ABOUT THE ETHICS COMMISSION

- Created by 2015 Wisconsin Act 118
- 6 members – Partisan Appointments
 - 2 former judges, 4 others
 - 5-year terms
- All actions require four votes
- Staff Headed by Commission Administrator
- Small agency- Asst. Administrator, Staff Counsel; Five Other Staff Positions
- Confidentiality: Advice & Investigations



RESPONSIBILITIES

- Administer Wisconsin Statutes
 - Chapter 11: Campaign Finance
 - Subchapter III, Chapter 13: Lobbying
 - Subchapter III, Chapter 19: Code of Ethics

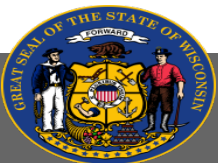




IMPORTANT LAWS TO KNOW

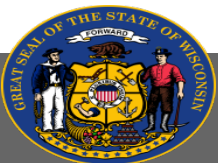
IMPORTANT LAWS TO KNOW

- Lobbying
 - Limits on soliciting or accepting something of value from lobbyists or lobbying principals
- Code of Ethics
 - Use of office for financial gain
 - Influence and reward
 - Food, drink, transportation, lodging
 - Use of confidential information for private gain
 - Unlawful benefit
 - Conflicts of Interest
 - Statements of Economic Interest (SEI)



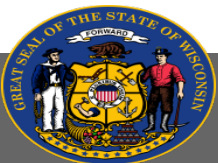
LOBBYING: PROHIBITED PRACTICES

- WIS. STAT. § 13.625
- No lobbyist or lobbying principal may give to an agency official, legislative employee, any elective state official, or candidate for state elective office, or to the candidate committee of the official, employee or candidate:
 - Lodging
 - Transportation
 - Food, meals, beverages
 - Money or any other thing of pecuniary value
- Except...



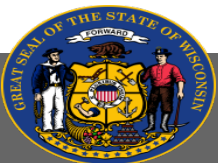
EXCEPTIONS

- Items and services made available to the general public
- Providing or receiving any thing of pecuniary value involving a relative or an individual who resides in the same household
- Lobbyists may provide educational/informational materials
- Providing or receiving payment or reimbursement for actual and reasonable expenses allowed under WIS. STAT. § 19.56: Honorariums, Fees and Expenses
- **NEW!** Meetings with groups to discuss governmental processes, proposals, and issues...Can accept admission, but must pay for food, beverages, or other items included in the cost of admission



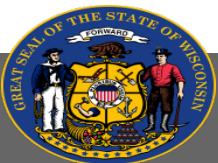
USE OF OFFICE FOR FINANCIAL GAIN

- WIS. STAT. § 19.45(2)
 - No state public official may use his or her public position or office to obtain financial gain or anything of substantial value for the private benefit of himself or herself or his or her immediate family, or for an organization with which he or she is associated.
 - “Organization” does NOT include bodies politic
 - “Associated” includes any organization in which an individual or a member of his or her immediate family is a director, officer, or trustee, or owns or controls at least 10% of the equity, or of which an individual or family member is an authorized representative or agent
- Exceptions:
 - Campaign contributions
 - Candidates/officeholders may solicit for donations to nonprofits



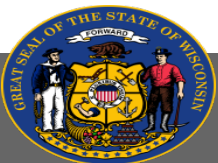
INFLUENCE AND REWARD

- WIS. STAT. § 19.45(3)
 - No person may offer or give to a state public official, directly or indirectly, and no state public official may accept from any person, directly or indirectly, anything of value if it could reasonably be expected to influence the state public official's vote, official actions, or judgment, or could reasonably be considered as a reward for any official action or inaction on the part of the state public official.
 - As a general rule officials should not accept anything of more than nominal value from organizations that have a special or specific interest in an item or matter likely to be before the official.



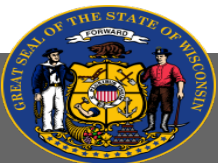
FOOD, DRINK, TRANSPORTATION, AND LODGING

- WIS. STAT. § 19.45(3m)
 - No state public official may accept or retain any transportation, lodging, meals, food or beverage, or reimbursement therefor, except in accordance with § 19.56(3).
- Exceptions (see Guideline ETH-1211):
 - Official talk or meeting
 - Unrelated to holding public office
 - State benefit
 - Reported as an expense by a political committee
 - WEDC/Department of Tourism
- Remember that items from lobbying principals must also meet an exception of the lobbying law.



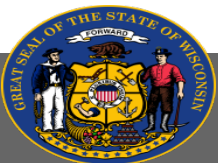
USE OF CONFIDENTIAL INFORMATION FOR PRIVATE GAIN

- WIS. STAT. § 19.45(4)
 - No state public official may intentionally use or disclose information gained in the course of or by reason of his or her official position or activities in any way that could result in the receipt of anything of value for himself or herself, for his or her immediate family, or for any other person, if the information has not been communicated to the public or is not public information.



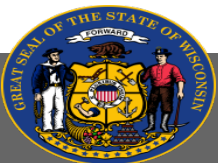
UNLAWFUL BENEFITS

- WIS. STAT. § 19.45(5)
 - No state public official may use or attempt to use the public position held by the public official to influence or gain unlawful benefits, advantages or privileges personally or for others.



CONFLICTS OF INTEREST

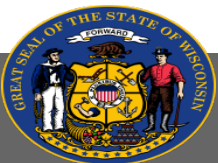
- WIS. STAT. § 19.46(1): No state public official may:
 - Take any official action substantially affecting a matter in which the official, a member of his or her immediate family, or an organization with which the official is associated has a substantial financial interest.
 - Use his or her office or position in a way that produces or assists in the production of a substantial benefit, direct or indirect, for the official, one or more members of the official's immediate family either separately or together, or an organization with which the official is associated.
 - Except...



OFFICIAL MAY ACT IF...

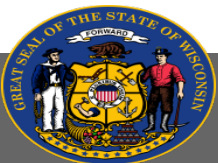
- The official action affects a whole class of similarly-situated interests; and,
- Neither the interests of the official, a member of the official's immediate family, nor a business or organization with which the official is associated is significant when compared to all affected interests in the class; and
- The action's effect on the interests of the official, of a member of their immediate family, or of an associated business or organization is neither significantly greater nor less than upon other members of the class.

[Ethics Commission Guideline 1232](#)



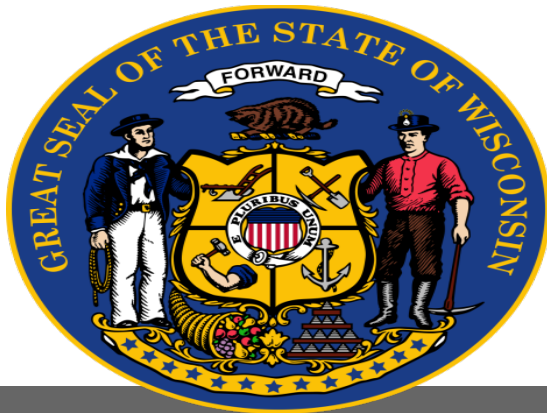
STATEMENT OF ECONOMIC INTERESTS

- Annual requirement
- Must identify certain investments, real estate, businesses, and creditors as of the last day of the prior year.
- All direct sources of family income from prior year of \$1,000 or more.
- All sources of income from prior year of \$10,000 or more received from partnerships, sub S corporations, service corporations, and LLCs (including customers, clients, and tenants) in which your family has a 10% or greater interest.
- **NEW!!** - Final SEI Requirement



WHERE TO FIND MORE INFORMATION

- **Wisconsin Statutes**
 - <https://docs.legis.wisconsin.gov>
- **Advisory Opinions**
 - Prompt, Confidential, Authoritative
- **Guidelines**
 - <https://ethics.wi.gov>



State of Wisconsin
Ethics Commission

Ethics@wi.gov
<https://ethics.wi.gov>
Phone: (608) 266-8123
Fax: (608) 264-9319

SWIB Report for TRB/WRS/ETF 2022

David Schalow PhD, CLU, ChFC, CFA, CFP

Boards: SWIB/TRB/ETF

~~Strong Year!~~
Not So Much

WRS Investment Performance*

Year-to-Date (YTD) as of September 30, 2022. Performance is net of fees.

	Performance	Benchmark
Core Fund	-17.64%	-17.78%
Variable Fund	-25.00%	-25.10%

*YTD returns and benchmarks are subject to final valuation and adjustments that may occur during the calendar year.

Value of WRS Assets Under Management

Year-to-Date as of September 30, 2022.

	Value
Core Fund	\$109.4 billion
Variable Fund	\$7.8 billion
Total	\$117.2 billion

5-Year and 10-Year Investment Performance*

As of September 30, 2022. Performance is net of external manager fees.

	Performance	Benchmark
Core Fund		
5-Year	5.85%	5.35%
10-Year	6.90%	6.48%
Variable Fund		
5-Year	5.84%	5.87%
10-Year	9.04%	8.97%

*Returns and benchmarks are subject to final valuation and adjustments that may occur during the calendar year.

Performance (Target is 6.8% for the Core)

Core Fund thru 9/30 = (17.64%)

Variable was (25.00%)

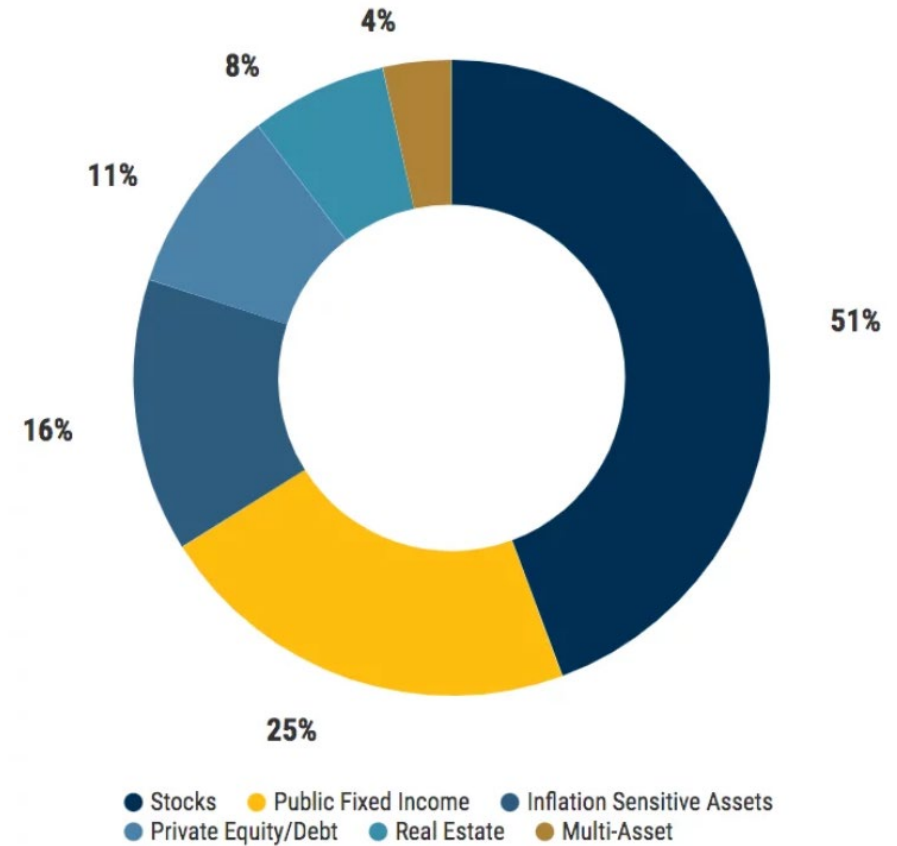
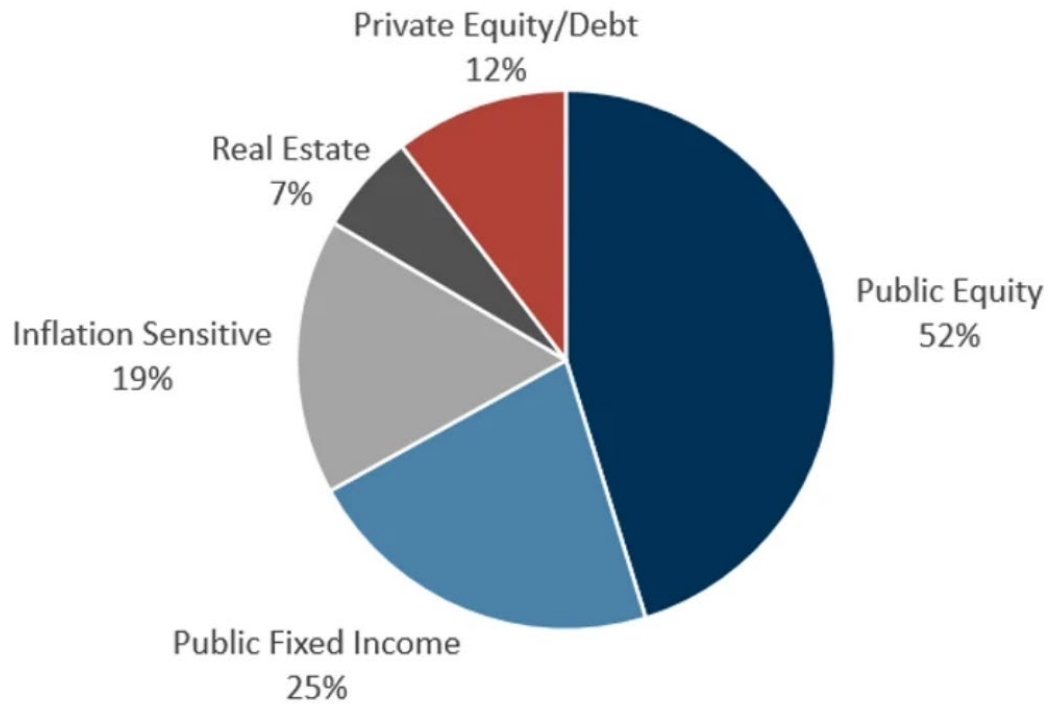
Year	Total Rate of Return
2021	16.89%
2020	15.2%
2019	19.9%
2018	-3.3% (loss)
2017	16.2%

Annuity Adjustment
7.4%
5.1%
1.7%
0.0%
2.4%

Historical Perspective

	Core Performance	Annuity Adjustment
2013	13.6%	4.7%
2012	13.7%	-9.6% (loss)
2011	1.4%	-7.0% (loss)
2010	12.4%	-1.2% (loss)
2009	22.4%	-1.3% (loss)
2008	-26.2% (loss)	-2.1% (loss)

Asset Allocation (Left/2022 – Right 2021)



New Board Member

Kathy Blumenfeld

Secretary-designee of the [Department of Administration](#)

Kathy Blumenfeld was selected as the secretary-designee of the Department of Administration by Gov. Tony Evers and began her role in January 2022. From 2019 to 2021, Kathy led the Wisconsin Department of Financial Institutions, where her priorities included financial literacy and protecting consumers from financial fraud. Prior to state service, she was the executive vice president of special operations at TASC (Total Administrative Services Corporation), leading a federal contract modernizing the workplace charitable giving program for all federal employees and retirees. Kathy previously served as vice president of lending and payment security at CUNA Mutual Group, where she worked for 26 years, co-founded the Women's Leadership Network, and served on the Diversity and Inclusion Council. She also served 10 years on the board of Summit Credit Union, culminating in the role of board chair, and recently served on



New Board Member

Jeff DeAngelis

Public Member

Jeff DeAngelis is the former chief investment officer of the Northwestern Mutual Wealth Management Company and former president of Mason Street Advisors. He also was a portfolio manager at Putnam Investments and Van Kampen Investments. He is currently a board and investment committee member of Cavamont Holdings, chair of the investment committee of the United Negro College Fund, and is a trustee at Carroll University in Waukesha where he serves as chair of the university's investment committee. He is the co-founder of the Milwaukee-based non-profit Unity in Motion. Jeff, who is a CFA charterholder, earned his bachelor's degree from Carroll University and his MBA from Marquette University.



Leadership Change

New Chair



Barbara Nick
Chair, Public Member

Retiring Chair



David Stein
Public Member

New Office (On Schedule for Early 2023)



Questions?

Customer Service Improvements and Trends

Joint Meeting Item 4A
December 8, 2022

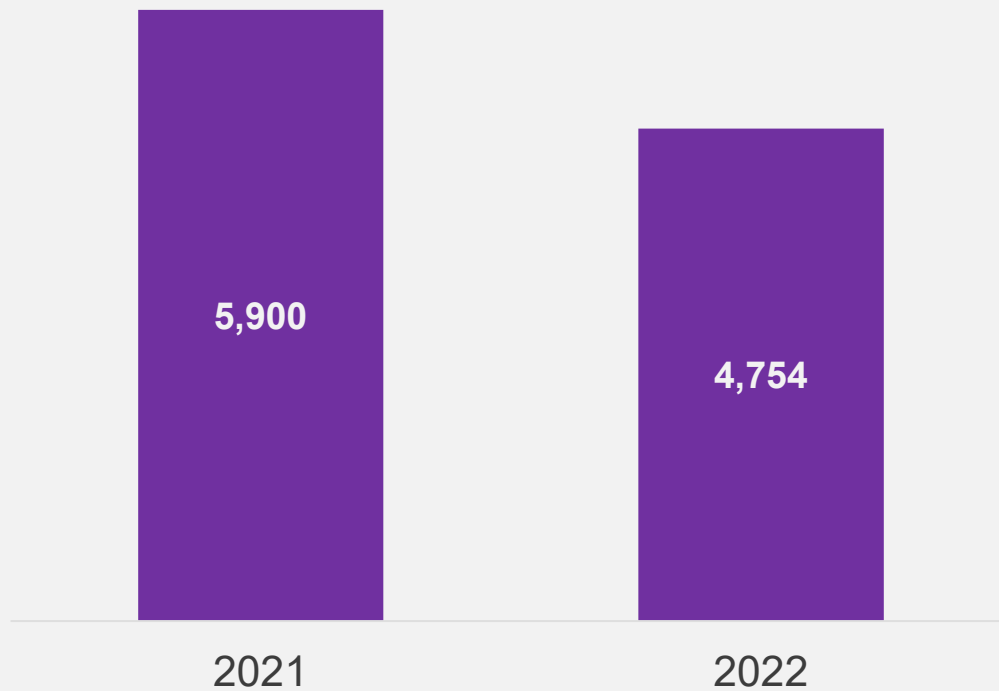
Anne Boudreau, Deputy Administrator
Division of Retirement Services





ETF Work Volume and Retirement Trends

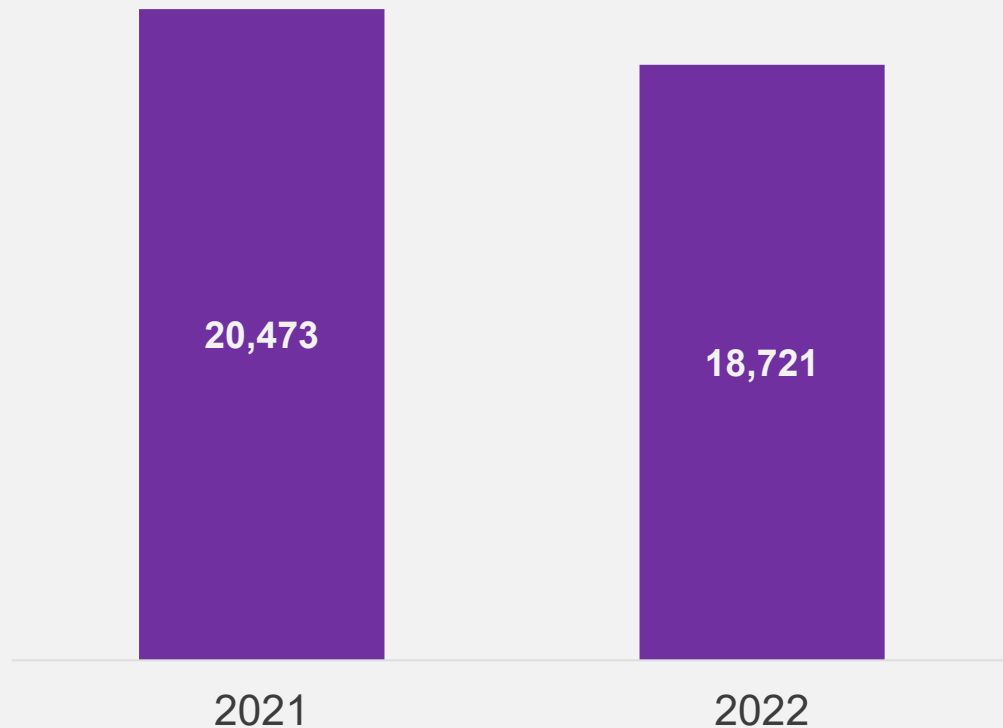
Retirement Estimates – Q3



**Retirement
Estimates**

- 19.4%

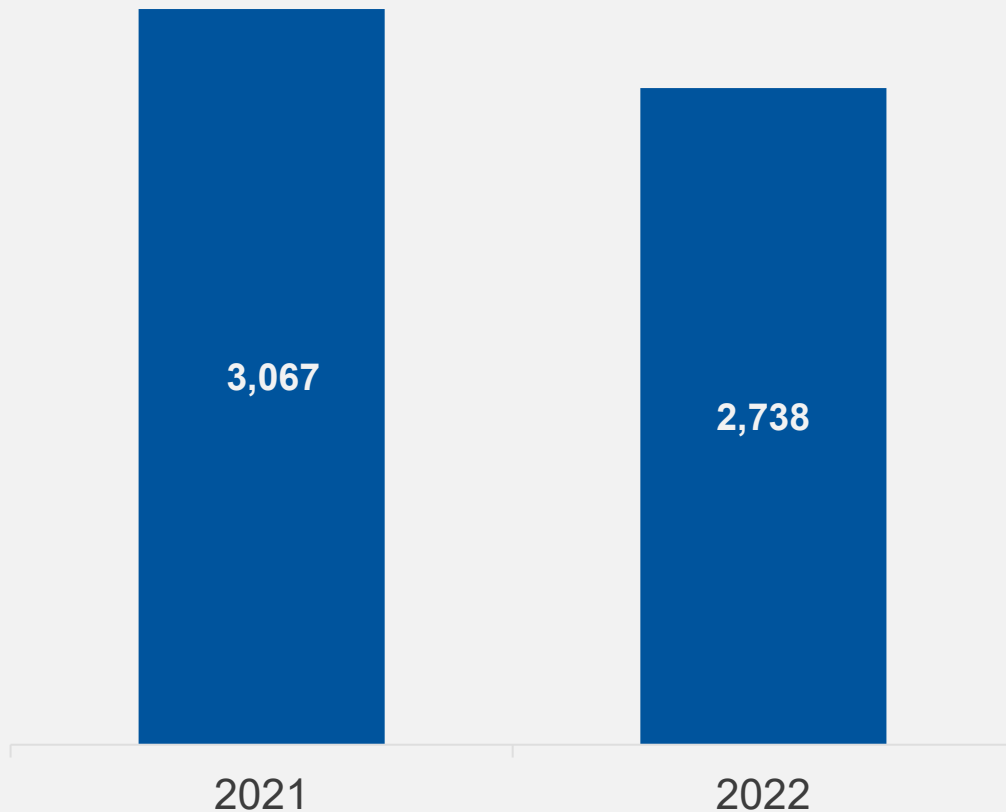
Retirement Estimates – YTD



**Retirement
Estimates**

- 8.6%

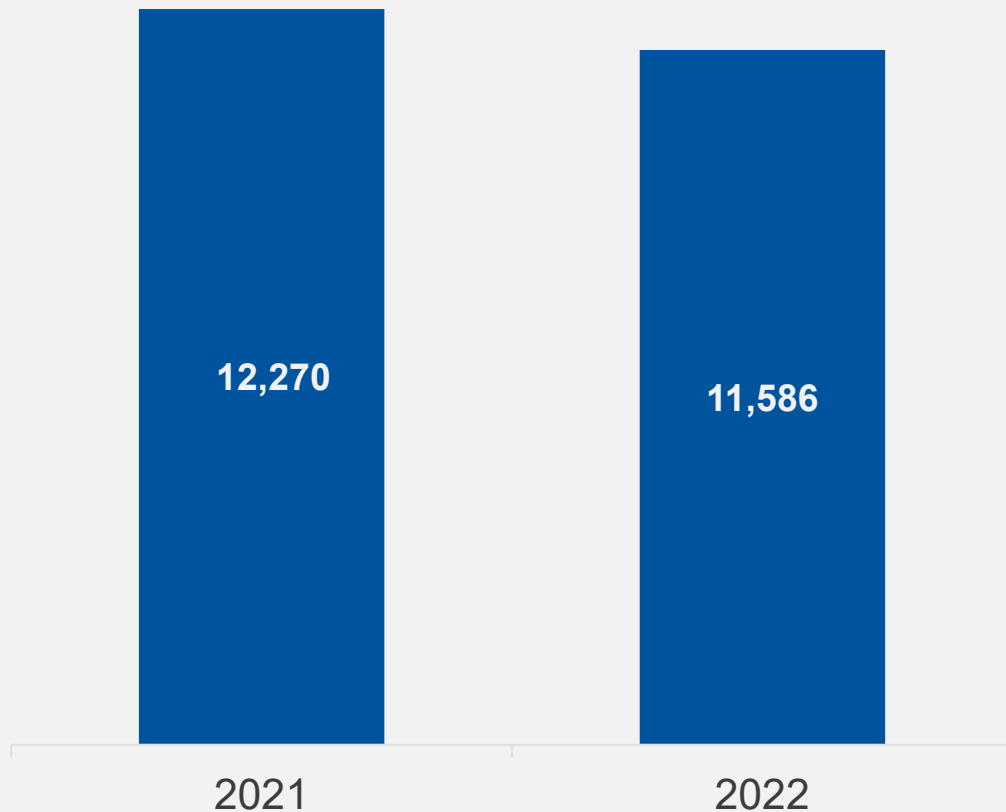
Retirement Applications – Q3



**Retirement
Applications**

- 10.7%

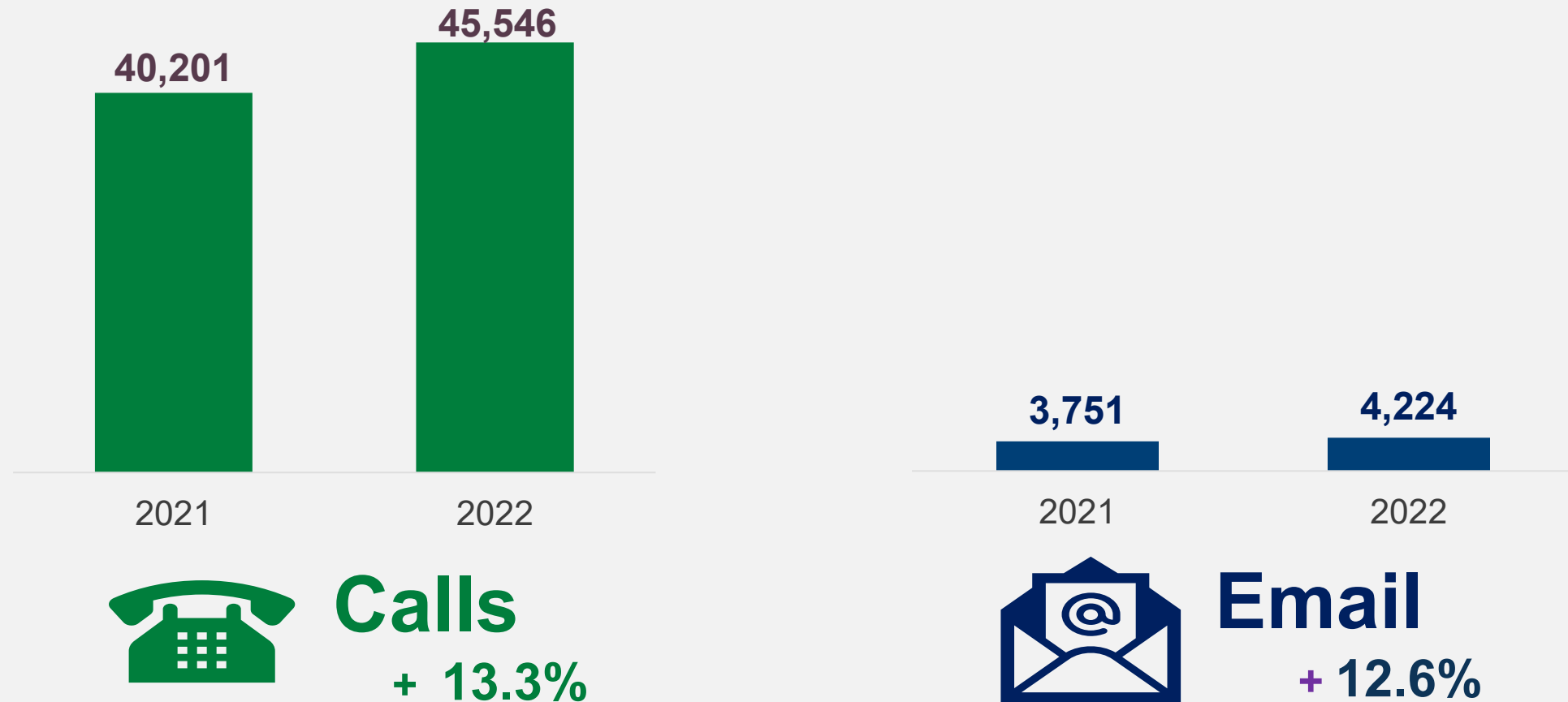
Retirement Applications – YTD



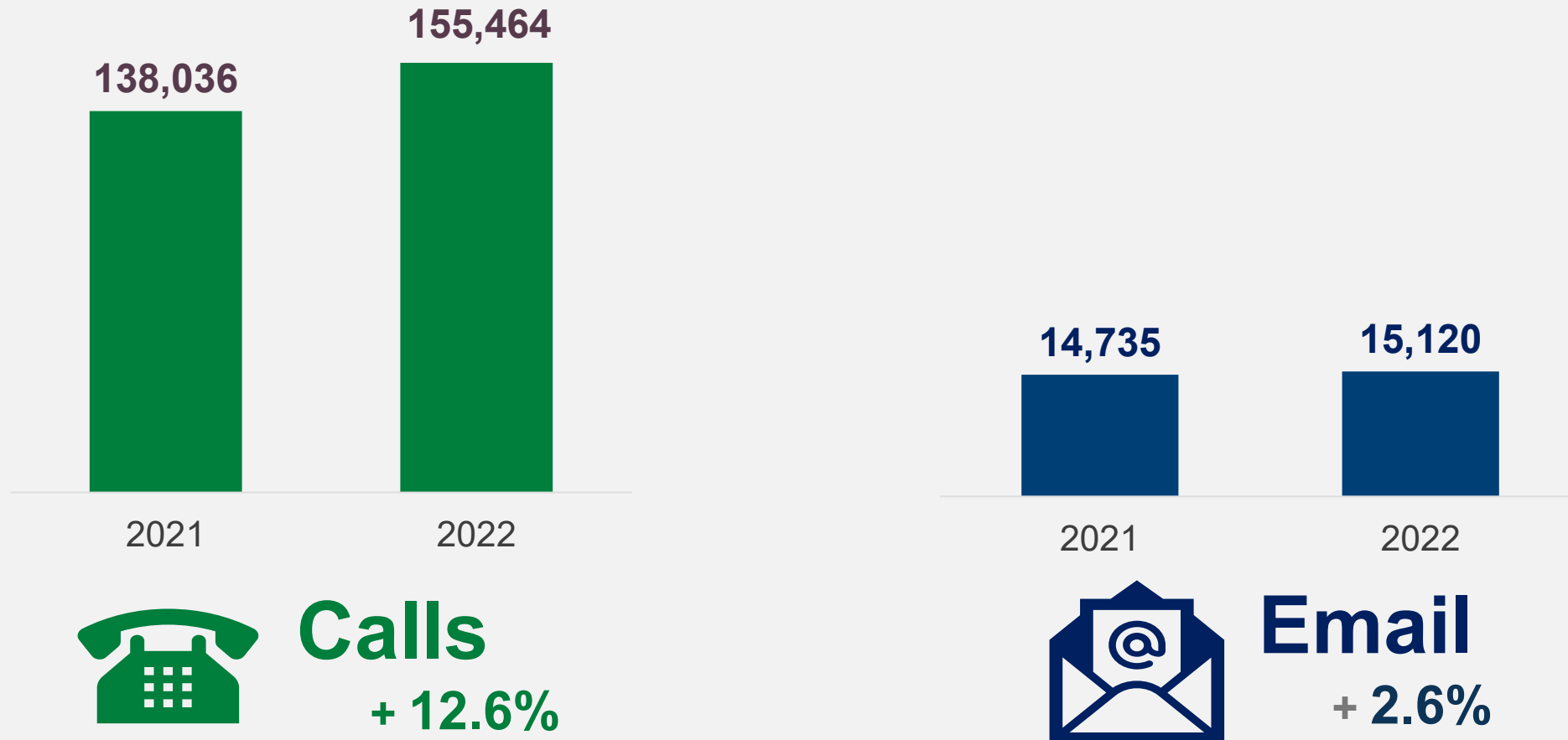
**Retirement
Applications**

- 5.6%

Member Contacts – Q3



Member Contacts – YTD



Open Enrollment for 2023

It's Your Choice – All Four Weeks

	Calls	Average Speed of Answer	Average Talk Time
2021	16,563	1:47	6:35
2022	19,994	10:17	7:50
Change	+20.7%	+476.6%	+19.0%

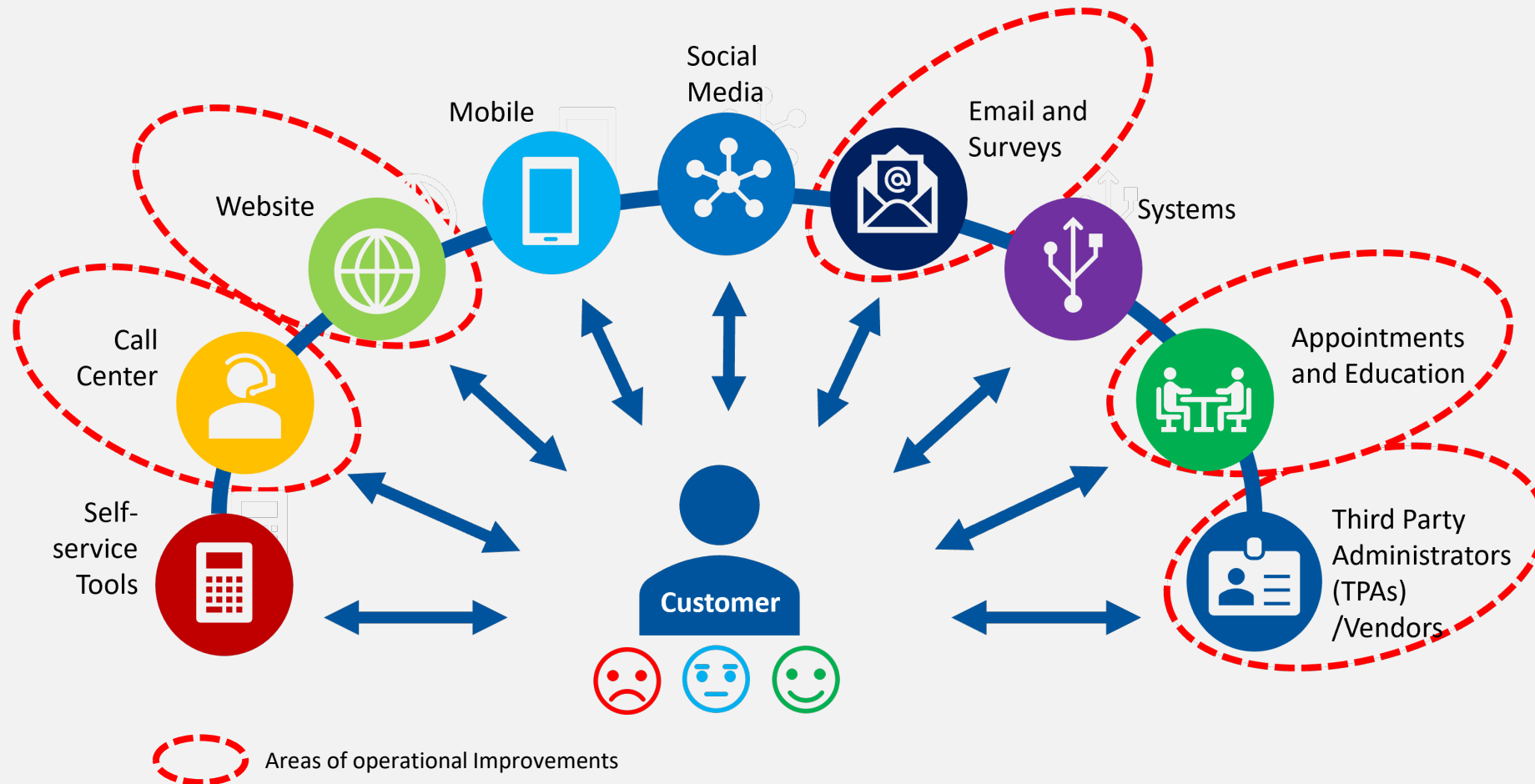


ETF Operational Improvements



As we strategically build for the future, we make incremental operational improvements to better serve our customers

ETF Customer Touchpoints



Customer Service Improvements



Better Call Routing
Features



Targeted Employer
Discovery Sessions

Process Improvement



Accurate Death
Information



Questions?

Thank you



[wi_etf](#)



[etf.wi.gov](#)



ETF E-mail Updates



608-266-3285
1-877-533-5020

2022 Wisconsin Elections & Legislation

Item 4B - Joint Meeting of Retirement Boards
December 8, 2022

Tarna Hunter, ETF Government Relations Director



Statewide Races



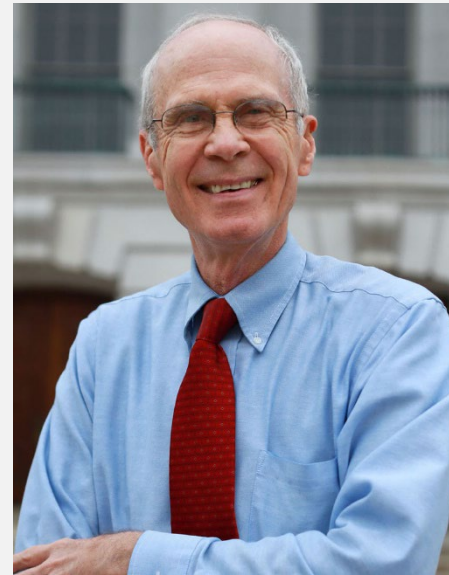
Tony Evers
Governor



Sara Rodriguez
Lieutenant Governor



Josh Kaul
Attorney General



Doug La Follette
Secretary of State

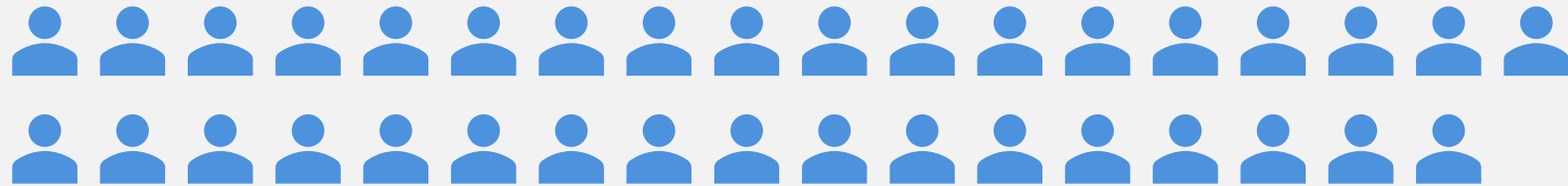


John Leiber
State Treasurer

State Assembly

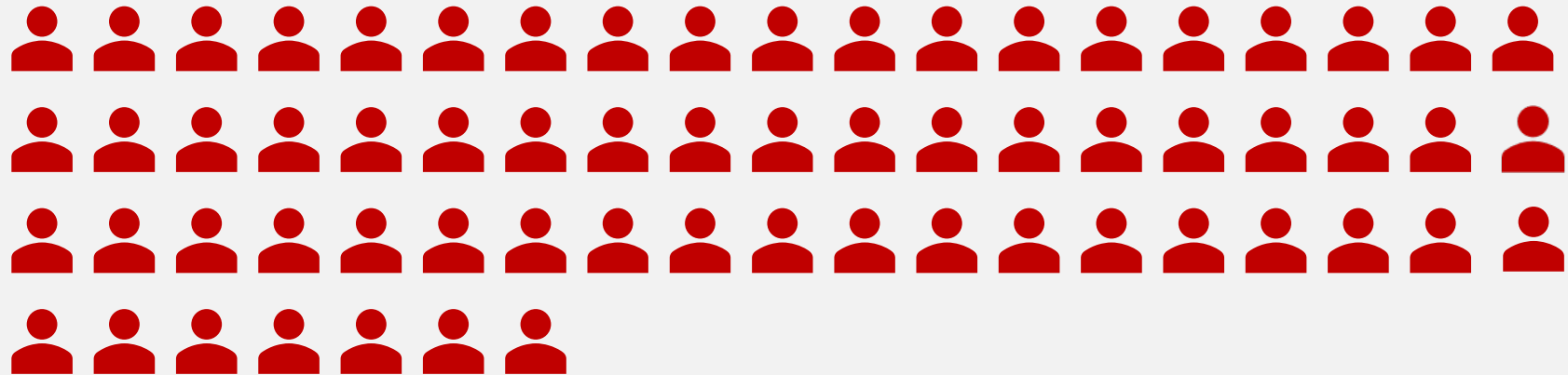
35

Democrats



64

Republicans



State Senate



11

Democrats

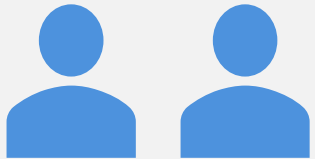


22

Republicans

House of Representatives

Wisconsin



2

Democrats



6

Republicans

Senate

Wisconsin



1

Republican

2023 Potential Session Topics

- ETF's Budget
- Return-to-Work
- Increasing Minimum Retirement Age
- Change Final Average Earnings Calculation
- Jailers Bill
- Milwaukee City & Milwaukee County



Written Reports Only

Items 4C – 4G – Joint Meeting



Future Items for Discussion

Item 5 – Employee Trust Funds Board



Adjournment



Item 6 – No Memo

