

WRS NEWS



For retired members of the Wisconsin Retirement System

May 2024

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WRS Trust Funds Investment Performance

Year-to-Date
as of Jan. 31, 2024

Core Fund
0.15%

Variable Fund
0.63%

(Net of fees and costs)

A Closer Look at WRS Retirees' Impact

in Wisconsin's
Communities
and **Economy**



WRS Retirees to Receive Annuity Increases in May

Retirees of the WRS will receive an increase in their pension benefits this year.

The Core annuity will increase by 3.6%, while the Variable annuity will rise by 15%. Both adjustments will be reflected on retirees' annuity payments on May 1, 2024.

ETF Sec. John Voelker and ETF Board Chair William Ford recently approved the annuity adjustments based on calculations performed by the WRS consulting actuaries.

Risk sharing is a fundamental component to the WRS being one of the few U.S. public employee pension systems to be consistently fully funded. For retirees, this is represented by the fact that the WRS does not guarantee payment of annual annuity adjustments.

Adjustments are based on the level of assets within the trust funds. In determining the adjustments for the Core and Variable annuities, investment returns of more than 5% can produce an increase in a retiree's annuity. Investment returns below 5% may result in a decrease.

In 2023, the Core Fund returned 11.4%, with the Variable Fund growing by 22.2%.

The Core Fund is invested in a fully diversified portfolio, with its

returns recognized over a period of five years to smooth market volatility effects. Meanwhile, the Variable Fund is an all-stocks fund with investment returns recognized every year.

Based on assets generated by positive investment performance in 2023, the WRS consulting actuaries recommended the 3.6% and 15% adjustments for the Core and Variable annuities, respectively. Notably, both increases are higher than the 3.4% inflation in 2023. ■

Comparison of WRS Annuity Adjustments and Inflation Changes (Annualized as of December 31, 2023)				
Adjustment/Change	2023	5-Year	10-Year	20-Year
Core Fund Adjustment	3.6%	3.9%	2.7%	1.6%
Variable Fund Adjustment	15.0%	7.4%	4.2%	3.1%
Change in Consumer Price Index	3.4%	4.1%	2.8%	2.6%

ETF News Briefs

Voelker in Stanford University

The Hoover Institution in Stanford University invited ETF Sec. John Voelker to speak during its two-day conference on "Public Pensions: Past, Present, and Future" on March 14-15, 2024.

Voelker presented the WRS experience and discussed how its shared risk design made the system sustainable and resilient over time.

It was the only session in the conference that featured one speaker. After his presentation, Voelker answered questions from the audience.

The conference gathered researchers and practitioners to discuss current challenges of public employee retirement policies in U.S. state and local governments.

2023 Retired Lives Valuation

The ETF Board in its March 2024 meeting approved the 41st Annual Actuarial Valuation of Retired Lives as of Dec. 31, 2023.

The report determines the amounts to be transferred from member and employer accounts to fund 2023 new annuities and the amount available to adjust existing Core and Variable annuities.

It recommended increases for both the Core and Variable annuities. (Read related story on this page.)

Other highlights include:

- There were 238,111 WRS retirees who received Core annuities, of whom 43,560 opted to participate in the Variable Fund as of Dec. 31, 2023.

- As of the same period, the median annual Core and Variable benefits were approximately \$23,400 and \$6,400, respectively, with a median combined benefit of \$25,500.
- The ratio of assets to liabilities in the Core Fund is 1.036 as of Dec. 31, 2023. For the Variable Fund, it stood at 1.155.

Gabriel, Roeder, Smith & Company (GRS) performed the actuarial valuation.

Well Wisconsin Exceeds Goal

The Well Wisconsin Program achieved a significant first in 2023 by attaining its goal of surpassing 50,000 participants earning their \$150 incentive.

Continued next page

WI Legislature Passes Bills Affecting ETF Benefit Administration



By Tarna Hunter
ETF Budget and Management Director

The Wisconsin Legislature

concluded the 2023-2024 Regular Session on March 12, 2024, when the Senate adjourned.

Three bills were passed that affect ETF and the benefit programs it administers.

Changes Awaiting Signature

As of this writing, 2023 AB 1098 is awaiting the governor's signature before being enacted into law.

2023 AB 1098 made remedial changes recommended by ETF. These changes are technical and do not make substantive changes:

- Correcting a reference to the effective date of 2023 Wisconsin Act 4.
- Clarifying that a participant cannot have a benefit effective date before their separation from service date.

WRS and Milwaukee

2023 Wisconsin Act 12 modifies the state's approach to shared revenue for local governments, repeals Wisconsin's personal property tax, and authorizes the City of Milwaukee and Milwaukee County to impose sales and use taxes, primarily to address their unfunded pension system liabilities.

Imposing the sales tax would require the City of Milwaukee and Milwaukee County to join the WRS.

Additionally, the bill closes the City of Milwaukee and the Milwaukee County retirement systems to new employees, prohibits the city or county from creating a new retirement system, and prohibits the city or county from changing the benefits of employees that remain enrolled in the two systems.

The Milwaukee City Common Council and the Milwaukee County Board of Supervisors voted to impose the sales tax. The City of Milwaukee joined the WRS on Jan. 1, 2024, and Milwaukee County is planning to join in 2025.

Jailers Law

2023 Wisconsin Act 4 provides that, starting in 2024, county correctional officers previously categorized as general category employees are now protective occupation employees under WRS, unless they opt out.

Other bills not passed by the full Legislature are likely "dead" (except in the unlikely event of a special or extraordinary session) and will need to be reintroduced next session if the Legislature intends to take action on them. ■

This represents approximately 33% of eligible members of the State of Wisconsin Group Health Insurance Program (GHIP).

Aside from earning an incentive, participants also experienced valuable health improvements.

Repeat participants from 2022 to 2023 saw an improvement of 5.6% in their health.

Those engaged in health coaching saw even greater results with an improvement of 7.3%.

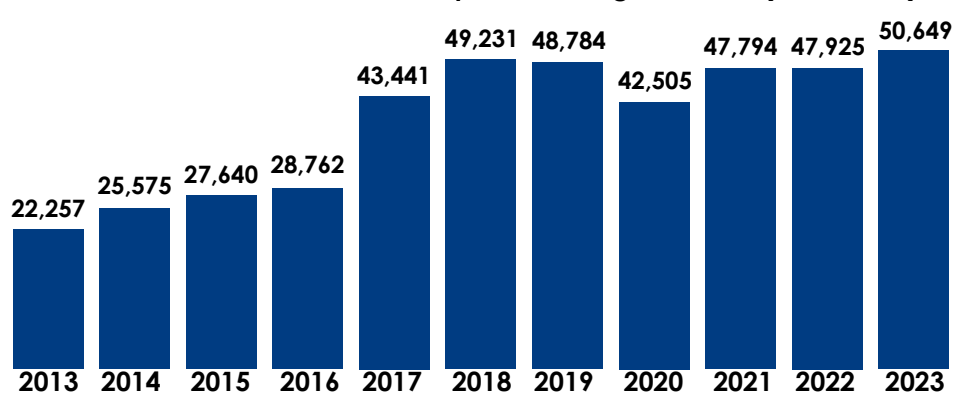
Well Wisconsin is a voluntary incentive program for employees, retirees, and their spouses enrolled in GHIP, excluding Medicare

Advantage subscribers. To earn the incentive, participants complete a health assessment, health check, and one well-being activity from

a menu of tools and resources provided by the program.

The deadline to earn the incentive this year is Oct. 11. ■

Number of Well Wisconsin Participants Earning Incentive (2013–2023)



WRS Retirees Support Wisconsin's Communities and Economy

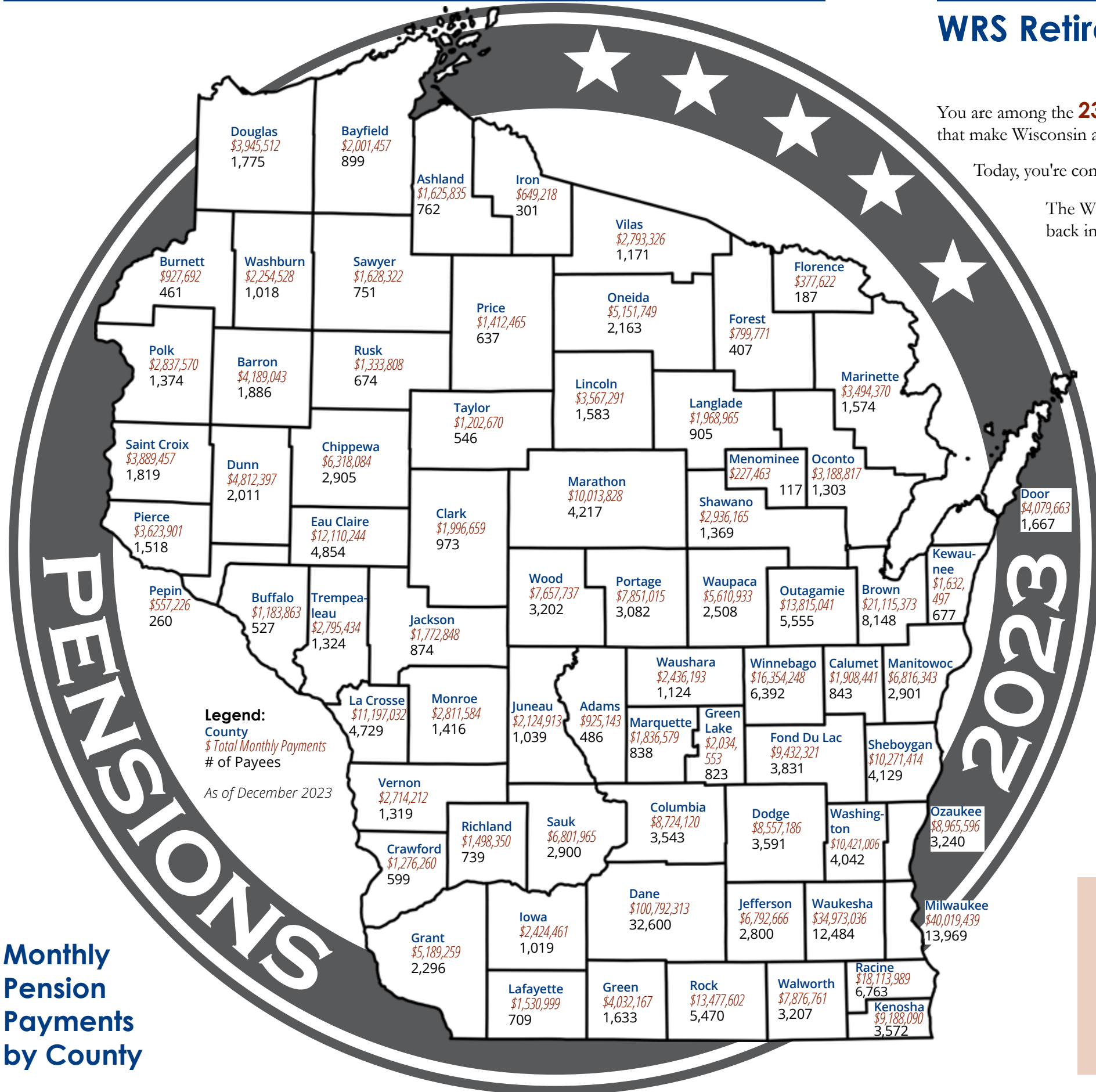
You are among the **238,000** Wisconsin Retirement System (WRS) retirees, who provided vital public services that make Wisconsin a great place to live and work.

Today, you're continuing to keep our communities strong. More than **85%** of WRS retirees live in Wisconsin.

The WRS paid approximately **\$7.1 billion** in retirement benefits in 2023. You put this money back into the state's economy by purchasing goods and services and paying taxes.

The National Institute on Retirement Security reports that retiree spending from public pensions supported the state of Wisconsin through:

- **50,368** jobs that paid **\$2.7 billion** in wages and salaries
- **\$8.1 billion** in total economic output
- **\$1.2 billion** in federal, state, and local tax revenues



Retirees like Ramzan (left), who was a state facilities engineer, and Diane (right), a former educator, shared how their WRS pensions gave them a secure, stable retirement and peace of mind. Their testimonies are a big part of the WRS success story.

How has your WRS pension helped your retirement life in Wisconsin?

Share your experience as a WRS retiree, and you might be featured in the next issues of *WRS News* and other ETF publications. Email your stories to:

ETFsmbCommunications@eff.wi.gov

Tinnen Appointed SWIB Board Chair

Gov. Tony Evers appointed Clyde Tinnen as chair and Tom Merfeld as vice-chair of the SWIB Board of Trustees.

Tinnen succeeded Barbara Nick, who stepped down from the Board in December after over eight years of service.

Tinnen, appointed to the Board in 2021, is a corporate partner in the Milwaukee office of Foley & Lardner LLP. He represents fund sponsors and companies in forming and operating private investment funds, investments, securities law reporting and compliance, and negotiating and structuring complex business deals.

Nick served on the Board since 2015 and as chair since 2022.

"I am incredibly grateful for the opportunity to serve Wisconsin's current and former public employees over the past eight years. It has been a pleasure to work alongside such a dedicated and talented group of fellow trustees



SWIB Board Chair Clyde Tinnen

and SWIB staff. I am confident that Trustee Tinnen will be a thoughtful and committed leader for this esteemed board. I leave SWIB in capable hands," said Nick.

Merfeld, appointed to the Board in 2023, is the retired chief risk officer and chief financial officer of CUNA Mutual Group (now TruStage) in Madison. He was the chief financial officer for a life reinsurance company in Kansas City, an investment analyst for Franklin Savings Association, and assistant economist for the Federal Reserve Bank of Kansas City.

Gov. Evers also appointed Barb Bolens to fill the vacancy left by Nick. Bolens is the Director of the Nicholas Center for Corporate Finance and Investment Banking at the University of Wisconsin School of Business. She was the executive vice president of strategy and investor relations at Enerpac Tool Group, vice president and treasurer at Komatsu America, Joy Global Inc., and Brady Corporation, and director of investor relations/assistant treasurer at Quad.

Finally, Kristi Palmer, who is currently the Marathon County finance director, was appointed to another term. She was first appointed to the Board in 2019.

The state Senate confirmed the appointments of Merfeld, Bolens, Palmer, and Jeff DeAngelis, who is the former chief investment officer of the Northwestern Mutual Wealth Management Company, as well as former president of Mason Street Advisors. ■

SWIB News Briefs

\$3.1 Billion in 5 Years

SWIB's investment management of the WRS generated more than \$3.1 billion of net outperformance over the last five years.

Over the last 20 years, SWIB's cost-effective active management and diversified holdings generated \$29.5 billion for the Core Trust Fund above what it would have earned by simply investing in a passive portfolio of 60% global equities and 40% domestic bonds.

In 2023, SWIB beat its benchmarks for the Core Trust

Fund, with a one-year net return of 11.4%, five-year net return of 9.3%, and 7.1% 10-year return net of external manager fees.

By exceeding the WRS actuarial target return for all periods, SWIB helps provide continued stability in employer and employee contribution rates.

"The WRS trust funds had a strong performance year. Despite numerous challenges, we remained committed to our long-term investment strategy that aims to keep annuity adjustments and

contribution rates stable and meet the benefits promised to over 677,000 WRS participants," said SWIB Executive Director/Chief Investment Officer Edwin Denson.

Derek Drummond in SBAI Board

SWIB Head of Funds Alpha Derek Drummond was elected to the Standards Board for Alternative Investments (SBAI) Board.

SBAI is a global alliance of alternative investment managers and institutional investors dedicated

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What are RMDs? Know the Rules on Mandatory Withdrawals

The Internal Revenue Service (IRS) requires Wisconsin Deferred Compensation (WDC) Program participants to begin withdrawing money from pretax accounts at a certain age.

Such withdrawals only require withdrawing a portion of funds from the account each year. These are called "required minimum distributions" (RMDs).

Here are some things to keep in mind about RMDs.

Start date. The required beginning date for the first RMD for pretax accounts is April 1 following the year a person turns 73. The passage of SECURE 2.0 Act changed this age from 72 starting in 2023 and will further delay the age to 75 starting in 2033.

Pretax and Roth accounts differ. For WDC participants with both pretax and Roth options, RMD requirements after a certain age do not apply to the Roth portion. The latter requires RMDs only after the original account holder's death.

How much to take. The required minimum amount is based on the account balance at the end of the previous year divided by the applicable distribution period or an age-based life expectancy factor.

Penalty for not taking RMDs. The IRS penalty for not taking the full amount of an RMD is 25% of the amount not taken on time. If you correct this within two years, the penalty is reduced to 10%.

Inherited accounts under RMD. Rules require a beneficiary of a retirement



account (including Roth option) to take distributions.

Spouse's age difference. When a spouse is the sole beneficiary of an inherited account, the RMD calculation will differ if the spouse is 10 or more years younger than the original account owner.

WDC offers an automated minimum distribution option for participants who are eligible for RMDs. Contact the WDC at 1-877-457-9327. ■

Generational Financial Wisdom: Gen X vs. Baby Boomers

In 2023, Empower surveyed Americans across generations regarding their approaches to building wealth and reaching financial freedom. Here are a few results comparing Generation X (born 1965-1980) and Baby Boomers (1946-1964). More highlights can be read in *The Currency* at empower.com/the-currency. ■









Top Hacks to Achieve Financial Success

Gen X	Baby Boomers
Cook at home 63%	Cook at home 61%
Work a side hustle 52%	Avoid fad purchases 50%
Avoid fad purchases 48%	Work a side hustle 41%
Buy used and second-hand 35%	Buy used and second-hand 37%

Key Factors in Wealth Building

Gen X	Baby Boomers
Being debt-free 70%	Being debt-free 70%
Salary 64%	Home ownership 59%
Living below your means 61%	Living below your means 59%
Job stability 44%	Salary 53%
Alternative income streams 41%	Maximizing company benefits like retirement plans 50%

Top 3 Most Valuable Financial Lessons and Age at Which They Learned These Lessons

	Gen X	Baby Boomers
1	 Having an emergency fund 24 years old	 Avoiding excessive debt 27 years old
2	 Living below your means 22 years old	 Budgeting and tracking expenses 23 years old
3	 Avoiding excessive debt 24 years old	 Paying off debt 28 years old

WebMD Health Coaches Support Whole-Person Well-Being



By Kara Williams

Vice President, Coaching and Operations
WebMD Health Services

Note: WebMD administers Well Wisconsin, a voluntary incentive program for employees, retirees, and their spouses enrolled in the State of Wisconsin Group Health Insurance Program (GHIP). This article was edited for space considerations; its full version can be read at webmdhealthservices.com/blog.

Many well-being programs offer health coaching as part of their platform. We like to think that WebMD health coaching services are different. What sets our health coaches apart?

1. We consider the whole person.

Participants often come to a health coach with a specific health goal in mind — for example, become more active. And while we're happy to offer a plan to increase physical activity, our health coaches first take time to understand all aspects of the participant's life — hobbies, home life, family — that might impact their ability to improve fitness. This way, the coach can develop a realistic plan that's tailored to the participant's unique life circumstances.

2. We help people connect the well-being dots. Say a participant comes to a health coach struggling to lose weight. Our health coaches will naturally ask about eating and exercise habits, but they will also ask about sleep, given the connection between poor sleep and increased eating throughout the day. If sleep is an issue, they can offer a plan to begin improving sleep quality — in addition to any diet and activity recommendations.

3. We help participants identify their "why." We use motivational interviewing techniques to uncover what will spur and sustain behavior

change. A coach might ask a participant how their life might be different if they quit smoking, and a response might be: "I'll have more stamina to play with my grandkids." This technique taps into intrinsic motivation, which leads to greater behavior change than having someone say "You need to quit smoking."

4. We offer support for mental and emotional health. Americans suffer from mental health concerns like anxiety and depression, yet there's also a dire shortage of mental health providers. While our mental health coaching is not a substitute for therapy, it can get people on the path to better mental health while they wait to see a therapist. Our health coaches can direct people to the best type of therapy for their concern and help them navigate mental health resources.

5. We provide support for women's hormonal health and menopause. All WebMD lifestyle management health coaches have undergone training on women's hormonal health and menopause and can provide counseling and support strategies for common menopausal symptoms like weight gain, sleep issues, brain fog, mental health concerns, and hot flashes or night sweats.

6. We become trusted partners. WebMD health coaches form true



WELL WISCONSIN
Healthier starts with you

partnerships with participants and provide the emotional support and accountability that making health improvements requires. The relationship is similar to a professional mentor, personal trainer, or even a financial advisor. Whether it's a few words of encouragement or just a listening ear, our coaches are there to support participants however they need it.

7. We make it easy to engage with a health coach. Coaching is available in person, over the phone, through text, via Coach Connect online messaging, and as a group session, allowing participants to interact with WebMD health coaches at the times and in the places that are most convenient for them.

Every WebMD health coach is a teacher, trusted partner, and well-being expert. Their whole-person approach helps participants achieve well-being goals across multiple aspects of their lives. Visit webmdhealthservices.com/contact-us or call 1-800-821-6591. ■

National Accreditation Awarded for WebMD Health Services

The National Committee for Quality Assurance (NCQA) recently awarded a three-year Population Health Program Accreditation to WebMD Health Services for all five of its clinical evidence-based Condition Management Programs.

The accreditation means that WebMD's Condition Management Programs met the rigorous standards set by the NCQA.

The programs are offered through Well Wisconsin to help

participants manage chronic conditions such as asthma, diabetes, chronic obstructive pulmonary disease, coronary artery disease (including hypertension), and heart failure.

Each program provides services, tools, and content, including:

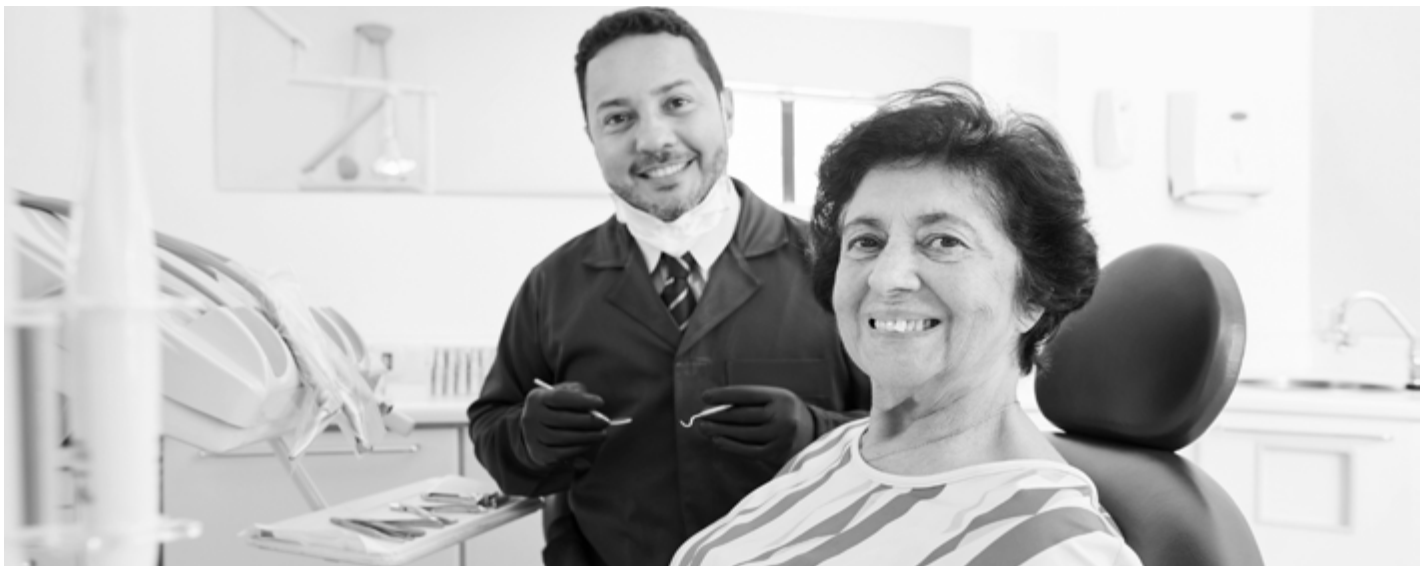
- Personalized health coaching (see article in previous page).
- Condition-specific programs that provide participants with actionable tools to manage

chronic conditions and make lifestyle modifications.

- Incentives that encourage participants to engage in healthy lifestyle changes.
- Wellness challenges, whether group or individual, that give participants the structure and support to make positive changes over time.

Visit webmdhealth.com/wellwisconsin to learn more about these programs. ■

Caring for Your Smile Beyond National Dental Care Month



May is National Dental Care Month. It reminds us of the importance of maintaining good oral hygiene and seeking regular dental care. It's also an opportunity to raise awareness about the impact of oral health on overall well-being.

Good oral hygiene prevents dental problems. Regular brushing and flossing helps remove plaque, a sticky film of bacteria that forms on teeth and can lead to tooth decay and gum disease. Regular dental checkups and cleanings

can further prevent other dental problems such as cavities and oral infections. You can avoid discomfort, pain, and expenses associated with these issues by caring for your oral health.

You might be surprised to learn that the benefits of maintaining good oral health extend far beyond just your mouth. Research has shown that poor oral health is linked to systemic diseases such as heart disease, diabetes, and respiratory infections. Prioritizing

your dental care can reduce the risk of developing these conditions and improve your overall health and well-being.

Good oral hygiene is an investment in your overall well-being and quality of life. ETF offers four separate dental plans that provide coverage ranging from basic dental services to coverage for major services.

For more information, visit the ETF website at etf.wi.gov/insurance/dental-insurance. ■

Notes and Reminders

Go Paperless

To receive a PDF copy of *WRS News* in your email, visit this page: public.govdelivery.com/accounts/WIDETF/subscriber/new.

Enter your email address, follow the instructions provided, and be sure to check the box for WRS News for Retirees (under Member Newsletters). You may also check other types of ETF Email Updates you want to receive in your inbox.

Please note that subscribing by email does not automatically stop you from receiving paper copies of *WRS News*. To opt out of receiving paper copies of the newsletter, send us a secure message through our website at etf.wi.gov/contact-us.

Adjusting Tax Withholding

Thinking of adjusting the amount of state or federal taxes that ETF withholds from your WRS monthly payments?

ETF's online tax calculator is a tool for determining the desired amounts ETF should withhold.

Use the calculator to print tax withholding election forms that you need to submit to ETF, such as *Wisconsin Tax Withholding Election for WRS Annuity Payments* (ET-4337) and Internal Revenue Service form W-4P. Note that filing a new W-4P form will not add to the existing amount you have already withheld.

ETF cannot advise you how much to withhold from your monthly payments. If you

ETF's Income Tax Withholding Calculator:

etf.wi.gov/retirement/calculators

Watch a video tutorial by scanning the QR code.



need specific tax information, please contact the IRS or your professional tax advisor. ■

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to improving the alternative investment industry through setting standards, industry guidance, and exchange of ideas.

SWIB Podcast

There are many ways to invest in the private markets. One approach that has been gathering momentum in the past decade is co-investment.

Co-investing involves buying equity or debt in private companies alongside a private equity or venture capital fund.

What are the benefits of these investments and how do they help the Core Trust Fund? How has SWIB built its co-investment portfolio? And

what is the outlook for co-investments going forward?

Listen to the newest episode of The SWIB Podcast to get the answers from Chris Eckerman and Kirk Wolff of SWIB's Private Equity and Co-Investment Team.

Learn more about private equity co-investments and how SWIB was an early adopter in building out an internal co-investment program.

Check out this episode, as well as past episodes, at swib.state.wi.us/podcasts.

The SWIB Podcast is where members of the WRS can turn to for timely information about SWIB and its investment strategy.

It is available on Apple Podcasts, Google Play, and most major podcast platforms. ■



Letters to WRS News

ETF Sec. Voelker's Column

Dear Mr. Voelker,

Thank you for your article about your heart attack. I retired at 65 and am now 88. I have appreciated the stability and sound decisions that have been made by the retirement board. But it's nice to have a human-interest side to read about in an otherwise pretty dry newsletter.

In your writing, I liked the way you tie in your experience to the vision statement, "Enhance the well-being of members," and the fact that it is positive and vital to be able to rely on others for expertise as we go through life. What would we have in this troubled world if we didn't have that?

So, I thank you for your article. I hope you keep up your good work,



stay with us, and continue your good health.

A late Valentine's greeting. Apologies for using one of my Valentine greeting cards.

REB, WRS Member

Bills Monitored by ETF

After reviewing ("ETF Monitors Several Legislative Bills...") in the latest *WRS News*, I was surprised, if not shocked, to not see any reference to SB 435 and any corresponding Assembly Bills to exempt major portions of a variety of retirement income from state income tax, including IRA distributions. These bills, if enacted and signed into law by Gov. Evers, would significantly help

Wisconsin resident retirees. I urge you to publicize these initiatives at your earliest opportunity, including how to contact Gov. Evers to express their opinions on this important change.

LH, WRS Member

Editors' reply: Tarna Hunter's article (referenced by LH) merely provided a small sample of bills monitored by ETF. It did not intend to show the complete list of bills under ETF's radar, which includes SB 435. ■

We'd love to hear from you!

Send us your comments on the contents you read in *WRS News*.

ETFsmbCommunications@eff.wi.gov

May 2024 Issue Editors: Omar Dum Dum (ETF) and Chris Preisler (SWIB)

WRS NEWS

For retired members of the Wisconsin Retirement System
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Wisconsin Department of Employee Trust Funds



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Madison, WI 53707-7931

Send a secure email: etf.wi.gov/contact-us
Toll-free: 1-877-533-5020
Website: etf.wi.gov

State of Wisconsin Investment Board



4703 Madison Yards Way
Suite 700
Madison, WI 53705

For info on WRS investments, contact SWIB:
P.O. Box 7842
Madison, WI 53707-7842

Email: info@swib.state.wi.us
Toll-free: 1-800-424-7942 or 608-267-0957
Website: swib.state.wi.us

Department of Employee Trust Funds
PO Box 7931
Madison, WI 53707-7931

ET-7402

WRS NEWS

May 2024

Wisconsin Coalition of Annuitants Annual Meetings May 22 and 23, 2024 9:30 a.m. to 12:00 p.m.

The Wisconsin Coalition of Annuitants invites all WRS retirees to attend its annual meetings to be held virtually on May 22-23, 2024.

On the first day, ETF Sec. John Voelker will provide an update on the WRS and answer questions about the system and its benefits. Wisconsin Counties Association Research Director Dale Knapp will also discuss the future of Wisconsin's workforce.

On the second day, SWIB Executive Director/Chief Investment Officer Edwin Denson will discuss how the WRS is invested and protected for the future, while Douglas Poland of Stafford Rosenbaum LLP law firm will tackle gerrymandering in Wisconsin.

Sessions will be held via Zoom from 9:30 a.m. to 12:00 p.m.

Registration is free. To register, visit wicoa.org.