# Introduction

# Program Highlights

## Wisconsin Retirement System

### Summary Financial Statements

| | 2002 million $ | 2001 million $ | Increase (Decrease) million $ | Increase (Decrease) % |
|---|---|---|---|---|
| **Assets** | $ 55,334 | $ 63,676 | ($ 8,342) | (13.1%) |
| **Liabilities** | 3,593 | 4,443 | (850) | (19.1%) |
| **Net Assets Held in Trust** | 51,741 | 59,233 | (7,492) | (12.6%) |
| **Additions** | | | | |
| Contributions | 963 | 925 | 38 | 4.1% |
| Investment Income | (5,881) | (1,986) | (3,895) | 196.1% |
| Other Additions | 133 | 154 | (21) | (13.6%) |
| Total Additions | (4,785) | (907) | (3,878) | 427.6% |
| **Deductions** | | | | |
| Benefits and Distributions | 2,689 | 2,530 | 159 | 6.3% |
| Admin & Other Expenses | 20 | 16 | 4 | 25.0% |
| Total Deductions | 2,709 | 2,546 | 163 | 6.4% |
| **Net Increase (Decrease)** | (7,494) | (3,453) | (4,041) | 117.0% |

## Financial Highlights

- Implementation of GASB Statement 34 in 2002 resulted in blending the administrative fund, general fund and fixed assets into the Wisconsin Retirement System (WRS) financial statements.

- Net Assets Held in Trust decreased by 12.6% from $59.2 billion to $51.7 billion. This decrease was primarily the result of declines in the global equity markets.

- Contributions increased by 4.1% from $925 million to $963 million. This included a 4.5% increase in employer contributions from $418 million to $437 million and a 3.8% increase in employee contributions from $507 million to $526 million. The increased contributions were caused by a 2.1% increase in covered payrolls and a 1.8% increase in average contribution rates.

- Net investment losses increased by 196% from $1.99 billion to $5.88 billion. The balanced Fixed Trust Fund recognized an 8.8% loss, while the equity based Variable Trust Fund experienced a 21.9% loss. The Fixed Trust Fund loss, after being smoothed through the Market Recognition Account, resulted in a fixed effective rate of 5.0% being credited to the fixed accounts and reserves. The Variable Trust Fund loss was passed through to variable fund accounts and reserves with a negative 23% variable effective rate.

- Benefit payments increased by 6.3% from $2.53 billion to $2.69 billion. Fixed annuities increased by 9.5% from $2.01 billion to $2.20 billion and variable annuities decreased by 10.0%, from $431 million to $388 million. Lump sum payments (separations, death benefits and minimum annuities) increased by 9% from $75.4 million to $82.2 million.

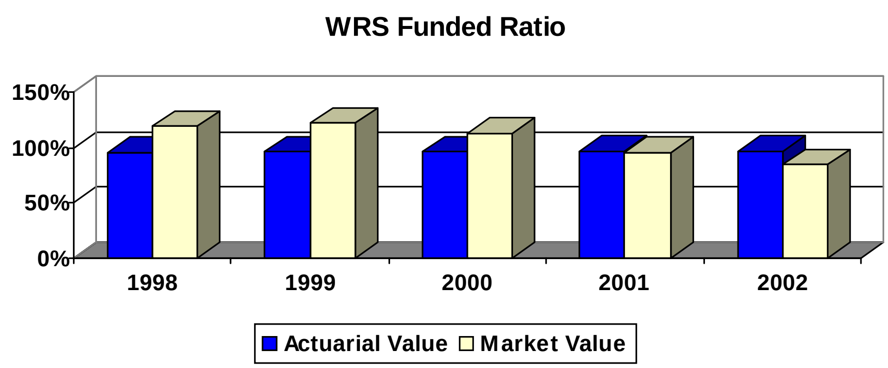
- 314 employers made voluntary payments totaling in excess of $369 million to reduce their prior service obligation to the WRS.

## Funded Status

The funded status of the WRS is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using the current fair market value of assets or using the smoothed actuarial value of assets. The market value measurement gives a more timely measurement, but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year to year volatility.

The actuarial value based funded ratio increased from 96.5% funded to 97.1% funded. The increase in the actuarial value funded ratio was the result of employers paying off their unfunded prior service liabilities to the WRS.

The market value based funded status for the WRS declined from 95.0% funded to 83.9% funded. The decrease in the market value funded ratio was the result of significant losses in the market value of investments during 2002.

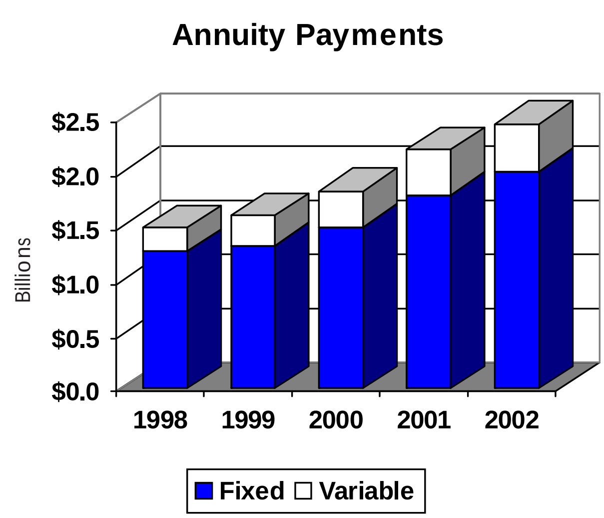



## Annuity Payments

In 2002 ETF paid out a total of $2.59 billion in annual benefits to retired persons, disabled retirees, and beneficiaries of retirees, an increase of 6.1%, or $149 million over 2001. Fixed annuities increased by 9.5% from $2.01 billion to $2.20 billion, while variable annuities decreased by 10.0%, from $431 million to $388 million.

Individual fixed annuities were increased by 3.3% effective April 1, 2002, based on investment earnings in 2001, while individual variable annuities were decreased by 14% as of the same date.

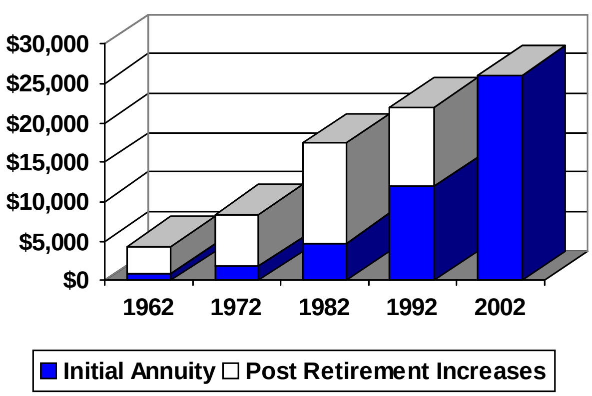
Approximately 7,159 additional persons began receiving annuities, while 3,012 annuities were ended due to death or expiration of a guarantee period. At year end, 116,289 people were receiving retirement, disability or beneficiary annuities, an increase of 3.7% over 2001.



The **average** annual annuity received by **all** retirees (fixed and variable combined) reached $22,364 in 2002, up 1.4% from the previous year. The average annual annuity for new annuities begun during 2002 was $25,956, down 0.8% from $26,187 in 2001. The reduction in the average amount of new annuities is the result of investment losses in the variable fund reducing the value of new variable annuities.

The average annual benefit has been increasing through the years. The chart below shows how new annuities have increased over time, as well as how post-retirement increases multiply the value of the annuity over time.

**Growth in Average Annual Annuity Amounts**

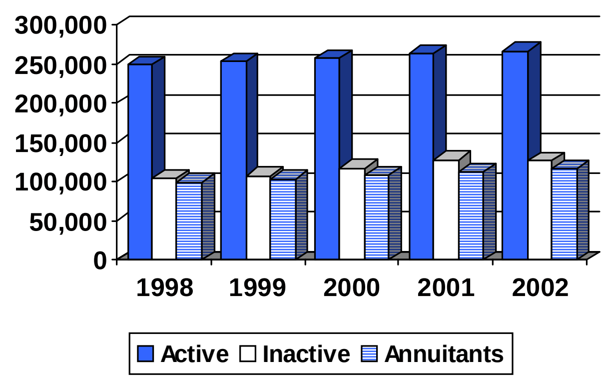



## Participation

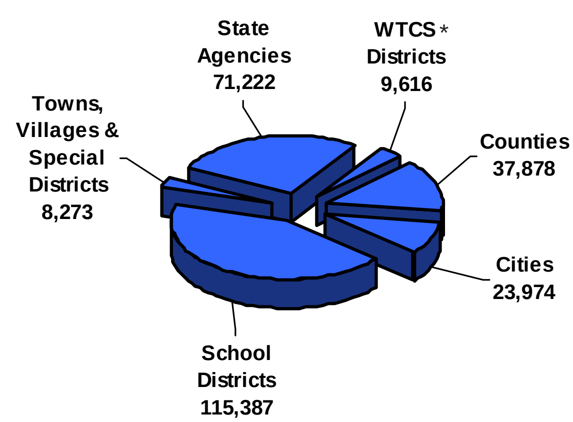
There were 509,484 individual WRS participants as of December 31, 2002, an increase of 1.2% over the previous year. Participants include 266,350 active public employees, an increase of 0.9% over the previous year; 116,289 retirees and others receiving annuities; and 126,845 “inactives,” former public employees who had not yet taken a benefit from their retirement accounts. To put the WRS growth in perspective, the total participation level has risen by 129,146 persons since 1992, a 34% increase.

The total number of employers participating in the WRS increased from 1,321 to 1,359. The increase included the addition of 13 new villages, 17 new townships and 8 special districts.

**WRS Particpants**




**Participants by Employer Type**




*Wisconsin Technical College System

## Deferred Compensation Program

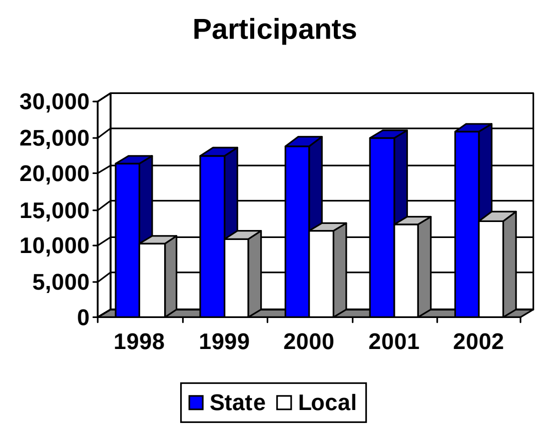
**Summary Financial Statements**

| | 2002 *million $* | 2001 *million $* | Increase (Decrease) *million $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $1,042.5 | $1,131.8 | ($89.3) | (7.9%) |
| **Liabilities** | 0.0 | 0.1 | (0.1) | (100.0%) |
| **Net Assets Held in Trust** | 1,042.5 | 1,131.7 | (89.2) | (7.9%) |
| **Additions** | | | | |
| Contributions | 106.9 | 93.7 | 13.2 | 14.1% |
| Investment Income | (133.6) | (103.2) | (30.4) | 29.5% |
| Other Additions | 0.8 | 1.0 | (0.2) | (20.0%) |
| Total Additions | (25.9) | (8.5) | (17.4) | 204.7% |
| **Deductions** | | | | |
| Benefits and Distributions | 61.0 | 37.4 | 23.6 | 63.1% |
| Admin & Other Expenses | 2.4 | 2.2 | 0.2 | 9.1% |
| Total Deductions | 63.4 | 39.6 | 23.8 | 60.1% |
| **Net Increase (Decrease)** | (89.3) | (48.1) | (41.2) | 85.7% |

### Financial Highlights

- Net assets decreased by 7.9% from 2001 as a result of investment losses.
- Contributions increased by 14.1 % in 2002. This was a combination of a 3.6% increase in the number of participants and a 10.1% increase in the average deferral per participant. The increased average deferral may have been impacted by higher maximum deferral limits. The growth in participation and deferrals is notable given three years of adverse investment results.
- Payouts increased by 63.1% in 2002. Aging of the population, along with increased flexibility in the ability to transfer Deferred Compensation plan assets into other retirement plans were responsible for this increase.

### Participation




The Deferred Compensation Program had another substantial participation increase of 3.6% during 2002. There were 25,708 state employees and 13,457 local employees who set aside a portion of their earnings on a tax-deferred basis at the end of the year. Thirty seven additional local employers came into the program in 2002, bringing the total to 603 local participating employers.

Participants deferred $106.9 million of their earnings in 2002 or an average of $2,729 per participant. This is an increase of 10.1% over the 2001 average deferral of $2,478 per participant.

## Accumulated Sick Leave Conversion Credits

**Summary Financial Statements**

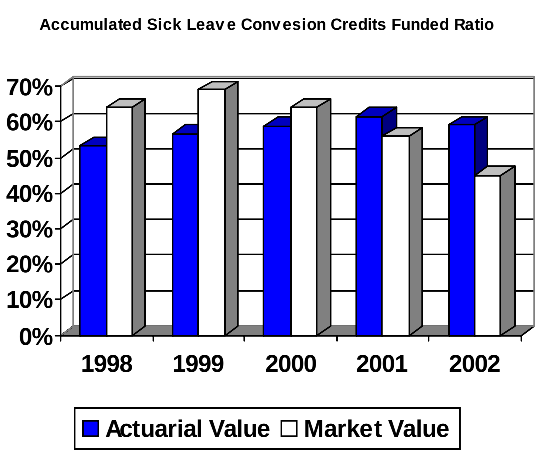
| | 2002 *million $* | 2001 *million $* | Increase (Decrease) *million $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $ 593.8 | $673.5 | ($ 79.7) | (11.8%) |
| **Liabilities** | 1,309.7 | 673.5 | 636.2 | 94.5% |
| **Net Assets Held in Trust** | (715.9) | 0.0 | (715.9) | (100.0%) |
| **Additions** | | | | |
| Contributions | 45.4 | 78.3 | (32.9) | (42.0%) |
| Investment Income | (66.1) | (19.3) | (46.8) | 242.5% |
| Total Additions | (20.7) | 59.0 | (79.7) | (135.1%) |
| **Deductions** | | | | |
| Benefits and Distributions | 159.7 | 58.8 | 100.9 | 171.6% |
| Admin & Other Expenses | 0.1 | 0.2 | (0.1) | (50.0%) |
| Total Deductions | 159.8 | 59.0 | 100.8 | 170.8% |
| **Net Increase (Decrease)** | (180.5) | 0.0 | (180.5) | (100.0%) |

### Financial Highlights

- Implementation of GASB Statement No. 34 resulted in the recognition of the full actuarial liability for future benefits in the financial statements. Previously, only the liability expected to be paid from available financial resources was recognized.

- The State of Wisconsin suspended payment of all contributions for the period beginning July 1, 2002, and extending through June 30, 2003. During this time the actuarially required contributions were diverted to the state's general fund for budget deficit reduction.

### Funded Status



The funded status of the Sick Leave Conversion program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using the current fair market value of assets, or using the smoothed actuarial value of assets. The market value measurement gives a more timely measurement, but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year to year volatility.

The actuarial value based funded ratio decreased from 61.6% funded to 59.0% funded. The decrease in the actuarial value funded ratio was the result of the state not paying contributions during the second half of 2002.

The market value based funded status declined from 55.7% funded to 45.3% funded. The decrease in the market value funded ratio was the result of significant losses in the market value of investments during 2002 along with the state's suspension of contributions.

## Life Insurance

**Summary Financial Statements**

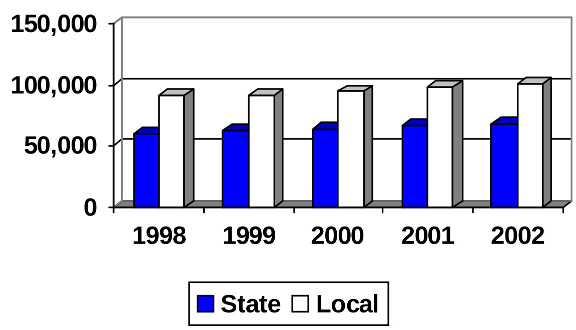
| | 2002 *million $* | 2001 *million $* | Increase (Decrease) *million $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $2.0 | $ 1.9 | $ 0.1 | 5.3% |
| **Liabilities** | 1.7 | 1.7 | 0.0 | 0.0% |
| **Net Assets Held in Trust** | 0.3 | 0.2 | 0.1 | 50.0% |
| **Additions** | | | | |
| Contributions | 35.1 | 31.8 | 3.3 | 10.4% |
| Investment Income | 0.0 | 0.0 | (0.0) | (0.0%) |
| Other Additions | 0.3 | 0.2 | 0.1 | 50.0% |
| Total Additions | 35.4 | 32.0 | 3.4 | 10.3% |
| **Deductions** | | | | |
| Benefits and Distributions | 35.1 | 31.8 | 3.3 | 10.4% |
| Admin & Other Expenses | 0.3 | 0.2 | 0.1 | 50.0% |
| Total Deductions | 35.4 | 32.0 | 3.4 | 10.6% |
| **Net Increase (Decrease)** | 0.0 | 0.0 | (0.0) | (0.0%) |

## Financial Highlights

- Premiums increased by 10.4% in 2002. This reflected an 8.2% increase in insurance in force for state employees and a 7.4% increase in insurance in force for local government employees.

## Participation

Life Insurance Participants




The basic life insurance program covered 168,447 individuals at the end of 2002, a 2.4% increase in coverage over the previous year. Basic life insurance covered 55,359 active state employees and 83,438 active local employees working for 612 local employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 12,809 retired state and 16,841 retired local employees participate in the basic life plan. Many of these employees also have life insurance under supplemental, additional and spouse and dependent plans.

At the end of the year, there was $13.9 billion worth of life insurance in force for participants in all plans, up from the $12.9 billion the previous year.

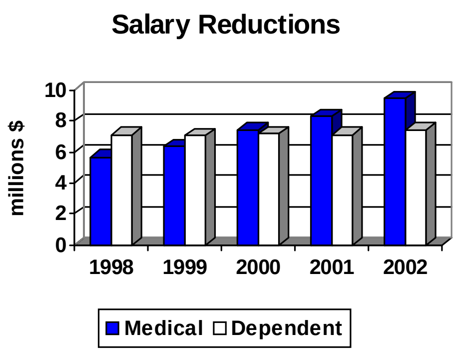
## Employee Reimbursement Accounts

Summary Financial Statements

| | 2002 *million $* | 2001 *million $* | Increase (Decrease) *million $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $ 3.8 | $ 3.4 | $ 0.4 | 11.8% |
| **Liabilities** | 3.6 | 2.6 | 1.0 | 38.5% |
| **Net Assets Held in Trust** | 0.2 | 0.8 | (0.6) | (75.0%) |
| **Additions** | | | | |
| Contributions | 16.8 | 15.8 | 1.0 | 6.3% |
| Investment Income | 0.1 | 0.1 | 0.0 | 0.0% |
| Total Additions | 16.9 | 15.9 | 1.0 | 6.3% |
| **Deductions** | | | | |
| Benefits and Distributions | 16.7 | 15.3 | 1.4 | 9.2% |
| Admin & Other Expenses | 0.7 | 0.7 | 0.0 | 0.0% |
| Total Deductions | 17.4 | 16.0 | 1.4 | 8.7% |
| **Net Increase (Decrease)** | (0.5) | (0.1) | (0.4) | 400.0% |

## Financial Highlights

- Net assets decreased by 75% from the 2001 balance as a result of a reduction in employer administrative fees. This was a deliberate action to reduce the surplus reserves to the target of approximately $300,000.




## Participation

At the end of 2002 Employee Reinbursement Accounts (ERA) had 10,849 participants, an increase of 5.5% over 2001 participation. Employees created 1,986 dependent care accounts and 8,863 medical expense accounts. The ERA program allows state employees to establish pre-tax reimbursement accounts for medical care expenses not covered by insurance and for dependent child or adult care expenses.

Total salary reductions were $16.9 million ($7.4 million for dependent care and $9.5 million for medical), an increase of 9.7% over 2001. Reductions in FICA tax from this program saved the state an estimated $1.3 million in 2002, with combined FICA and income tax savings of $4.1 million realized by participants.

## Commuter Benefits

**Summary Financial Statements**

| | Increase 2002 *thousands $* | Increase 2001 *thousands $* | (Decrease) *thousands $* | (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $ 41 | $0.0 | $ 41 | 100% |
| **Liabilities** | 79 | 0.0 | 79 | 100% |
| **Net Assets Held in Trust** | (38) | 0.0 | (38) | 100% |
| **Additions** | | | | |
| Contributions | 235 | 0.0 | 235 | 100% |
| Total Additions | 235 | 0.0 | 235 | 100% |
| **Deductions** | | | | |
| Benefits and Distributions | 182 | 0.0 | 182 | 100% |
| Admin & Other Expenses | 91 | 0.0 | 91 | 100% |
| Total Deductions | 273 | 0.0 | 273 | 100% |
| **Net Increase (Decrease)** | (38) | 0.0 | (38) | 100% |

## Financial Highlights

- The Commuter Benefits program began operations in August, 2002.
- Startup costs were funded through an advance from the state's general fund. As of year end, $79,000 remained payable to the general fund.

## Milwaukee Special Death Benefit

**Summary Financial Statements**

| | 2002 *thousands $* | 2001 *thousands $* | Increase (Decrease) *thousands $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $ 983 | $1,130 | ($ 147) | (13%) |
| **Liabilities** | 983 | 0.0 | 983 | 100% |
| **Net Assets Held in Trust** | 0 | 1,130 | (1,130) | (100%) |
| **Additions** | | | | |
| Investment Income | ( 89) | (28) | (61) | 218% |
| Total Additions | ( 89) | (28) | (61) | 218% |
| **Deductions** | | | | |
| Benefits and Distributions | ( 89) | 53 | (142) | (268%) |
| Total Deductions | ( 89) | 53 | (142) | (268%) |
| **Net Increase (Decrease)** | 0 | (81) | 81 | (100%) |

## Financial Highlights

- Implementation of GASB Statement No.34 resulted in the recognition of the full actuarial liability for future benefits in the financial statements. Previously, no liability was recognized, consistent with the presentation of pension trust funds.
- Effective January 1, 2003, the Group Insurance Board transferred all assets and liabilities for this program to the Minnesota Life Insurance Company.

## Milwaukee Retirement

| Summary Financial Statements | | | | |
|---|---|---|---|---|
| | 2002 *thousands $* | 2001 *thousands $* | Increase (Decrease) *thousands $* | Increase (Decrease) *%* |
| **Assets** | $ 57.2 | $ 75.9 | ($ 18.7) | (24.7%) |
| **Liabilities** | 0.0 | 0.0 | 0.0 | 0.0% |
| **Net Assets Held in Trust** | 57.2 | 75.9 | (18.7) | (24.7%) |
| **Additions** | | | | |
| Deposits | 5.2 | 3.5 | 1.7 | 48.6% |
| Investment Income | (7.4) | ( 2.8) | (4.6) | 164.3% |
| Total Additions | (2.3) | 0.7 | (3.0) | (428.6%) |
| **Deductions** | | | | |
| Benefits and Distributions | 16.4 | 14.4 | 2.0 | 13.9% |
| Total Deductions | 16.4 | 14.4 | 2.0 | 13.9% |
| **Net Increase (Decrease)** | (18.7) | (13.7) | (5.0) | 36.5% |

## Financial Highlights

- Net assets decreased by 24.7% in 2002. This was a combination of $7.4 million in investment losses and a net withdrawal by participating retirement systems of $11.2 million.
- The City of Milwaukee withdrew all remaining funds on deposit and closed their account during 2002.

## Duty Disability Insurance

**Summary Financial Statements**

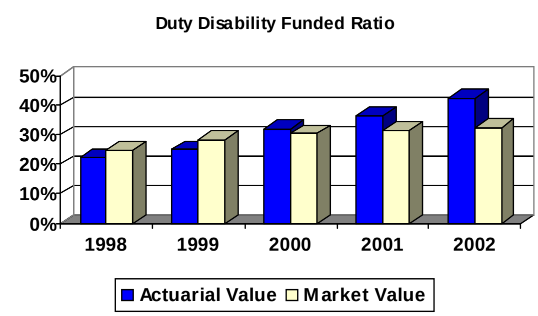
| | 2002 *millions $* | 2001 *millions $* | Increase (Decrease) *millions $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $ 106.2 | $ 102.2 | $ 4.0 | 3.9% |
| **Liabilities** | 322.7 | 320.0 | 2.7 | 0.8% |
| **Net Assets** | (216.5) | (217.8) | 1.3 | (0.6%) |
| **Revenues** | | | | |
| Contributions | 36.8 | 35.2 | 1.6 | 4.5% |
| Investment Income | (11.0) | (2.8) | (8.2) | 292.9% |
| Total Revenues | 25.8 | 32.4 | (6.6) | (20.4%) |
| **Expenses** | | | | |
| Benefits and Distributions | 24.1 | 48.8 | (24.7) | (50.6%) |
| Admin & Other Expenses | 0.4 | 0.3 | 0.1 | 33.3% |
| Total Expenses | 24.5 | 49.1 | (24.6) | (50.1%) |
| **Net Income (Loss)** | 1.3 | (16.7) | 18.0 | (107.8%) |

### Financial Highlights

- Contributions increased by 4.5% over 2001. The contribution formula was unchanged in 2002 so the increase is attributable to higher protective occupation salaries and movement within the contribution rate tiers by individual employers.
- Benefits expense declined 50.6% in 2002. This decline is the result of lower than anticipated disability claims in 2002.

### Funded Status

The funded status of the Duty Disability Insurance program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using the current fair market value of assets or using the smoothed actuarial value of assets. The market value measurement gives a more timely measurement, but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year to year volatility.




The actuarial value based funded ratio increased from 35.2% funded to 42.6% funded. The increase in the actuarial value funded ratio was the result of lower than anticipated claims during 2002.

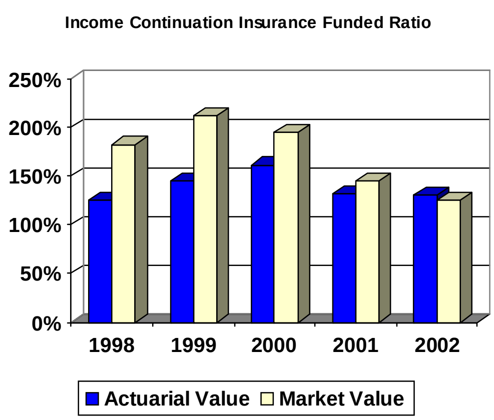
The market value based funded status increased slightly from 31.6% funded to 32.5% funded. The increase in the market value funded ratio was the result of significant losses in the market value of investments being offset by lower than anticipated claims during 2002.

## Income Continuation Insurance

**Summary Financial Statements**

| | 2002 *millions $* | 2001 *millions $* | Increase (Decrease) *millions $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $ 74.2 | $ 83.6 | ($ 9.4) | (11.2%) |
| **Liabilities** | 59.4 | 58.1 | 1.3 | 2.2% |
| **Net Assets** | 14.8 | 25.5 | ( 10.7) | (42.0%) |
| **Revenues** | | | | |
| Contributions | 10.3 | 9.9 | 0.4 | 4.0% |
| Investment Income | (6.6) | (2.0) | (4.6) | 230.0% |
| Other Additions | 0.0 | 0.0 | 0.0 | 0.0% |
| Total Revenues | 3.7 | 7.9 | (4.2) | (53.2%) |
| **Expenses** | | | | |
| Benefits and Distributions | 12.8 | 23.9 | (11.1) | (46.4%) |
| Admin & Other Expenses | 1.6 | 1.9 | (0.3) | (15.8%) |
| Total Expenses | 14.4 | 25.8 | (11.4) | (44.2%) |
| **Net Income (Loss)** | (10.7) | (17.9) | 7.2 | ( 40.2%) |

### Funded Status




### Financial Highlights

Net assets decreased by 42% during 2002, largely as a result of losses in the market value of investments.

The funded status of the Income Continuation Insurance program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using the current fair market value of assets or using the smoothed actuarial value of assets. The market value measurement gives a more timely measurement, but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year to year volatility.

The actuarial value based funded ratio decreased from 132% funded to 130% funded. The decrease in the actuarial value funded ratio was the result of significant losses in the market value of investments during 2002.

The market value based funded status declined from 145% funded to 125% funded. The decrease in the market value funded ratio was the result of significant losses in the market value of investments during 2002.

## Long-Term Disability Insurance

**Summary Financial Statements**

| | 2002 *millions $* | 2001 *millions $* | Increase (Decrease) *millions $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $ 206.6 | $ 237.0 | ($ 30.4) | (12.8%) |
| **Liabilities** | 45.2 | 35.9 | 9.3 | 25.9% |
| **Net Assets** | 161.4 | 201.1 | (39.7) | (19.7%) |
| **Revenues** | | | | |
| Investment Income | (22.9) | (6.9) | (16.0) | 231.9% |
| Total Revenues | (22.9) | (6.9) | (16.0) | 231.9% |
| **Expenses** | | | | |
| Benefits and Distributions | 15.9 | 10.8 | 5.1 | 47.2% |
| Admin & Other Expenses | 0.8 | 1.0 | (0.2) | (20.0%) |
| Total Expenses | 16.7 | 11.8 | 4.9 | 41.5% |
| **Net Income (Loss)** | (39.6) | (18.7) | (20.9) | 111.8% |

### Funded Status

The funded status of the Long-Term Disability Insurance program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using the current fair market value of assets or using the smoothed actuarial value of assets. The market value measurement gives a more timely measurement, but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year-to-year volatility.

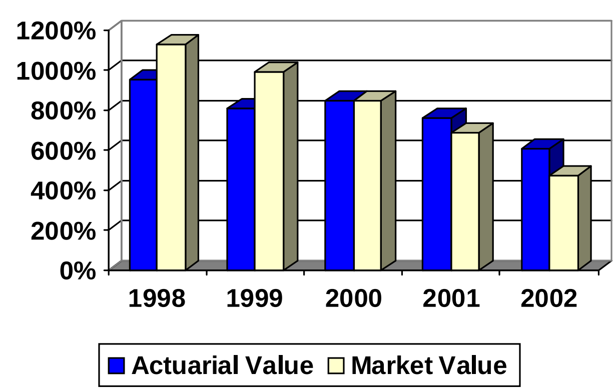
The actuarial value based funded ratio decreased from 760% funded to 608% funded. The decrease in the actuarial value funded ratio was the result of the state's contribution holiday during the second half of 2002.

The market value based funded status declined from 685% funded to 469% funded. The decrease in the market value funded ratio was the result of significant losses in the market value of investments during 2002 along with the actuarially recommended contribution holiday.

### Financial Highlights

- No contributions were collected for this program during 2002 due to the excess reserves accumulated in previous years.
- The Net Assets decreased by 19.7% as a result of the contribution holiday and investment losses.

Long Term Disability Insurance Funded Ratio



## Group Health Insurance

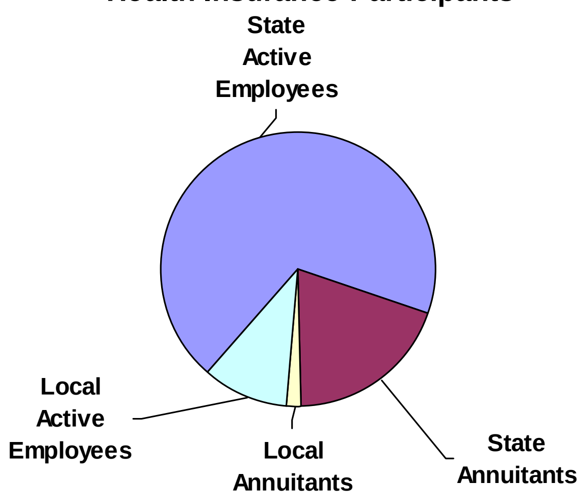
**Summary Financial Statements**

| | 2002 *millions $* | 2001 *millions $* | Increase (Decrease) *millions $* | Increase (Decrease) *%* |
|---|---|---|---|---|
| **Assets** | $ 94.6 | $ 81.5 | $ 13.1 | 16.1% |
| **Liabilities** | 72.7 | 74.9 | (2.2) | (2.9%) |
| **Net Assets** | 21.9 | 6.6 | 15.3 | 231.8% |
| **Revenues** | | | | |
| Contributions | 720.2 | 610.2 | 110.0 | 18.0% |
| Investment Income | 1.0 | 1.9 | (0.9) | (47.4%) |
| Other Additions | 0.0 | 0.1 | (0.1) | (100.0%) |
| Total Revenues | 721.2 | 612.2 | 109.0 | 17.8% |
| **Expenses** | | | | |
| Benefits and Distributions | 702.0 | 602.9 | 99.1 | 16.4% |
| Admin & Other Expenses | 3.9 | 4.8 | (0.9) | (18.8%) |
| Total Expenses | 705.9 | 607.7 | 98.2 | 16.2% |
| **Net Income (Loss)** | 15.3 | 4.5 | 10.8 | 240.0% |

### Financial Highlights

- Net assets increased by $15.3 million in 2002. This was the result of increased premiums intended to restore the plan reserves.

**Health Insurance Participants**




### Participation

The Group Health Insurance program covered 68,090 active and 18,655 retired state of Wisconsin employees at the end of 2002, about 190,000 persons when all covered dependents are included. The total amount of annual health insurance premiums for all participants was $633 million. Participants and annuitants contributed $66 million towards their health insurance premiums.

The Local Employer Group Health Insurance Program covered 9,929 active and 1,629 retired participants. With their dependents, the total number of people covered was about 17,000. Annual premium paid was $84.8 million. At the end of 2002, there were 297 local employers participating in the program.