

September 2023

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### Year-to-Date Investment Returns as of 6/30/2023

Core Fund	6.50%
Benchmark	6.44%
Variable Fund	13.83%
Benchmark	14.36%

Performance is net of fees.

## Projections for Core Annuity Adjustments

At its March meeting every year, the AETF Board discusses projected Core effective rates and Core annuity adjustments for the following year. These projections, prepared by the Department of Employee Trust Funds, incorporate the results of Core Trust Fund investment performance over the previous four years plus an assumed 6.8% investment return for the current year. As you know, as part of its risk sharing design, the Wisconsin Retirement System does not provide for a guaranteed cost-of-living adjustment. Instead, adjustments depend on investment performance and can be reduced due to trust fund investment losses.

WRS members find the projections helpful for anticipating what the adjustments could be under various investment gain and loss scenarios. At the same time, we also frequently advise that for any given year there is an annuity increase, it's wise to be frugal and plan for possible decreases in future years due to the effects of market losses.

Here are some highlights from the Board's discussion of rate projections. Keep in mind that the only timeframe that matters, as it relates to the actual adjustments, is the full calendar year, which

*Projections, continued on page 3*

### [The SWIB Podcast](#)

## Despite Challenges, Venture Capital and Private Debt Ecosystems Remain Strong

Investors have been navigating challenging financial markets for the past several years. From stocks to bonds, asset classes have been impacted by high inflation, rising interest rates, and the lingering effects of the pandemic. But were venture capital and private debt investments the exception?

Chris Prestigiaco oversees the State of Wisconsin Investment Board's Venture Capital and Private Debt portfolios. He says the investment opportunities for both portfolios remain strong.

"Despite the rollercoaster ride the financial markets have been on the past couple of years, we continue to see invest-

ment opportunities for both portfolios," Prestigiaco said. "I am encouraged by what I am seeing across the country and particularly in Wisconsin."

Although investments overall have not rebounded to pre-pandemic levels, Prestigiaco said the number of dollars committed to private debt continues to climb because of demand from companies wanting to access capital and investors looking for higher returns.

"There is demand, but I think credit will continue to tighten up," he said. "Banks are probably not going to lend as much as they have been over the past cou-

*Prestigiaco, continued on page 11*

## Legislative Update

— by Tarna Hunter, ETF Government Relations Director

Wisconsin's 2023-25 biennial budget bill, **2023 Wisconsin Act 19**, became law on July 5. We have completed an initial review of the law and prepared a summary of the provisions that relate to the Department of Employee Trust Funds. Here is a brief description:

- **Modernization-Related Ongoing IT Expenses.** Provides seven positions and funding to support our modernization effort related to ETF's Insurance Administration System, data management and consulting/contractor costs related to replacing outdated legacy IT systems.
- **Critical Customer Service Functions.** Provides five positions to maintain basic, critical customer service functions related to significant increases in the number of Wisconsin Retirement System members and employers.

These resources support ETF's commitment to providing exceptional and dependable service, which includes ensuring benefits are calculated accurately and paid on time; that we provide expert benefits guidance; and safeguard member personal information.

### Enacted Legislation

**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 the city's and county's unfunded pension system liabilities. Imposing the sales tax would require Milwaukee City 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.

In July, the Milwaukee City Common Council and the Milwaukee County Board of Supervisors voted to impose the sales tax. ETF is working with the city and county to prepare them for WRS and duty disability enrollment. WRS consulting actuaries have determined that since only new hires from these two entities would participate in the system, the census of our active employee population is projected to increase gradually, reaching an ultimate count of 270,000 in 30 to 50 years. This is not expected to have a material impact on the WRS. In addition, the legislation does not affect other ETF-administered programs at this point.

### Other Legislative Proposals

**2023 SB 9** and **2023 AB 18** eliminate the annuity suspension requirement for teachers of school districts who return to work as a substitute teacher for a school district and work more than two-thirds of full time and reduce the break-in-service requirement for teachers of school districts from 75 days to 30 days. The changes apply to retired teachers who are hired between the effective date of the bill and August 1, 2026.

**2023 SB 273** and **2023 AB 278** allow an annuitant who was a law enforcement officer or fire fighter to return to work with an employer who participates in the WRS, work two thirds of full-time, and elect to not become a participating employee for purposes of the WRS, and instead continue to receive his or her annuity.



Tarna Hunter

## ETF Notice of Privacy Practices Available

The Department of Employee Trust Funds *Notice of Privacy Practices* describes how medical information about participants in the State of Wisconsin Group Health Insurance Program may be used and disclosed, and how a participant can access this information. The notice is available on ETF's website. Visit <https://etf.wi.gov/health-benefits/notice-privacy-practices>.

# New Web Pages: Power of Attorney and Guardianship Information and Resources

The Department of Employee Trust Funds has published new web pages on power of attorney documents and guardianship orders. Both pages provide information and resources on these important personal finance topics and how they pertain to Wisconsin Retirement System benefits.

## Financial Power of Attorney

As a WRS member, you can authorize someone to make changes to your account by submitting a financial power of attorney document to ETF. This is a legal document that allows you (the “principal”) to choose a person (the “agent”) to act on your behalf. This document can impact your WRS account, as well as other finances and property. ETF can only provide information about how a financial power of attorney document will impact your WRS account. An attorney can provide information on how such a document affects your other finances and properties.

ETF’s new Financial Power of Attorney web page centers on how to create, submit, or revoke a power of attorney document; what an agent can do; and has information about statements of incapacity. A financial power of attorney document is different than a power of attorney for health care. ETF cannot accept power of attorney for health care documents because they relate to making medical decisions.



## Guardianship

A guardian is appointed by a court when a member is unable to make or communicate medical decisions, financial decisions, or both. ETF’s new Guardianship page explains ETF’s role in guardianships; how to submit, change, or terminate a guardianship order; and what a guardian can do. ETF cannot advise you on the guardianship process. ETF can only provide information about how Letters of Guardianship can impact a WRS account.

### For More Information

**ETF Web Pages**  
**Financial Power of Attorney**  
**Guardianship**

Find these pages on our website or call ETF at 1-877-533-5020.

### *Projections, continued from page 1*

runs January 1 to December 31. The actual rates will be announced in March.

- If the Core Fund returns 6.8% in 2023, then the average Core annuity adjustment is projected to be between 2.6% to 3.0%.
- If the Core Fund returns 0% in 2023, then the average Core annuity adjustment is projected to be between 1.3% to 1.7%.
- If the Core Fund returns -11% in 2023, then the Core annuity adjustment is projected to be 0.0% (no adjustment).

Core Fund investment returns are smoothed over a five-year period, in order to reduce the effects of market volatility. The 2024 adjustment will incorporate investment gains and losses from 2019-2023. Regardless of the Core’s 2023 final calendar year investment performance, only 20% of it will affect the 2024 adjustment. For more information and educational resources, visit <https://etf.wi.gov/wrs-performance>.

# Wisconsin Deferred Compensation Program Updates

## Automated Outreach to WDC Participants

The WDC's recordkeeper, Empower, introduced a new web experience last year. The website enables you to aggregate your financial accounts in one location, access sophisticated calculators, and much more. Additionally, Empower has begun proactively providing suggested next steps you can consider for managing your WDC account and making better saving and investing decisions. Based on your communication preferences, you will now receive messages in several ways, such as an email, post-log-in message, or a call. To ensure the best experience, you may hear from your local Retirement Plan Advisor or from another Empower representative for topics outside of what your advisor can provide. The communications you receive are based on your personal situation (age, retirement status, etc.) and intended to encourage you to take action toward a more financially secure retirement.

## WDC Distribution Options

Even in retirement, you're always in control of managing your hard-earned retirement savings in the WDC. Let's review your options:

### 1. Stay in the WDC

You can leave your funds in the WDC for as long as you'd like—or until you reach age 73. At that point the Internal Revenue Service says you must begin taking a required minimum distribution (RMD) if you have stopped working. The WDC offers a great feature to help you automatically meet RMD rules at age 73 and avoid the 25% IRS penalty for failing to take your RMD.

### 2. Take a withdrawal

You'll have several flexible payout options. Be aware there may be tax implications, depending on which one you choose.

- **Periodic payments:** You can choose the dollar amount and frequency.
- **Partial lump sum:** Take what you need when you need it.
- **Full lump sum:** While you have immediate access to your money, taking it out all at once could come with a hefty price tag due to taxes and/or the lost savings opportunity.

### 3. Roll over your money

If you are thinking of consolidating accounts, you have several options.

- Transfer your account balance to a different qualified retirement savings plan.
- Convert your before-tax WDC funds to a WDC Roth account.
- Roll money into your WDC account from another retirement account.

## Plan Your Future With a WDC Retirement Plan Advisor

Your local WDC Retirement Plan Advisor is available to meet with you and offer guidance, answer questions, and help you take action to reach your long-term goals. Visit <https://wdc.timetap.com/#/> to set up a meeting or call the WDC at 1-877-457-9327.

## Mark Your Calendar: November 15 Webinar

Join us Nov. 15 from 9:00 a.m. to noon for a live "Steppingstones to Your Retirement" webinar. Get your questions answered by a benefits specialist! This webinar is a repeat of a popular webinar originally presented last spring and will once again be hosted by representatives from ETF, the Social Security Administration, and the WDC Program.

**Note:** Although some content is for non-retired members, there is still plenty to learn for retirees, particularly in the Social Security and WDC portions. Social Security topics include when to start receiving benefits; spousal benefits, including divorced spouses; survivor benefits; taxes; and Medicare eligibility and enrollment. WDC topics include withdrawals and rollovers; fees; investment risk and asset allocation; Empower Advisory Services; and meeting with your local WDC representative. To register for the Nov. 15 webinar, visit <https://etf.wi.gov/events> or call ETF.

If you cannot join us for the live webinar, watch a recording of the session from last spring. The presentations are available on ETF's website as three separate videos—watch at your leisure and in any order. To access the series, visit ETF's video library at <https://etf.wi.gov/education/videos>.

## The Importance of Timely Reporting: Death of a Retiree or Joint Survivor

Life events can and will affect your Wisconsin Retirement System benefits. For family members dealing with the loss of a loved one, the days and weeks following the death can be a stressful and busy time. However, it is very important to immediately contact the Department of Employee Trust Funds to notify us of a death, whether it is the retired member or the joint survivor, to ensure that any *subsequent* benefits are paid quickly and accurately. For example, if a death is late reported and if any subsequent benefit payments were to be overpaid because of the option selected at retirement, it is the benefit recipient's responsibility to pay the money back. Under state law, ETF must recover overpayments, including interest. Collection methods include reducing future monthly payments and taking from WRS death benefits or life insurance proceeds.

In summary, although it can be a difficult and emotional time, it is very important to immediately report the death of a WRS member or the member's joint survivor. To do so, contact ETF and

provide the deceased's name, address, and dates of birth and death as well as ETF Member ID or Social Security number. We will also need your relationship to the deceased as well as primary contact information.

When a death is reported, ETF will determine if any benefits are payable and who the beneficiaries are. How long it takes for a beneficiary to receive a payment depends on the type of benefit, how quickly beneficiaries are located, how long it takes them to apply, etc.

### For More Information

**ETF Web Pages**  
**Report the Death of a WRS Member**  
**ETF Life Events Guide**

Find these pages on our website at  
<https://etf.wi.gov> or call ETF at 1-877-533-5020.

## News and Notes

### We're Sorry

An article in the May edition of *WRS News* incorrectly referenced a candidate in the recently concluded election to select the annuitant member of the ETF Board. The candidate's correct name, as seen on the official printed ballot materials, is Mark William Walters, of Madison.

### When Are Monthly Payments Available?

Take note that the next time the first of the month falls on a weekend or holiday is October 1. Under state law, when the first day of the month falls on a weekend or holiday, the timing of when your funds are available in your account at your financial institution may be affected. The settlement date for the October 1 payment is October 2. To learn more, visit <https://bit.ly/3hngMKG>.

### On Our Website: Caregiving Resources

The costs of providing care are high and demands on a caregiver's time are significant. Even if you are not a caregiver currently, there is a good chance you

will be at some point in your life. Use the information, tips and resources we have curated on our Caregiving webpage and make a plan for financial security. You'll find resources from national entities, such as AARP, and the U.S. Administration on Aging, as well as links to caregiving websites like the Women's Institute for a Secure Retirement, the Family Caregiver Alliance, and more. Visit <https://bit.ly/3Nnpm9O>.

### Variable Cancel Deadline

Here's a reminder to members who participate in the Variable Trust Fund: If you want to cancel participation, file a *Canceling Variable Participation* (ET-2313) form; it will become effective on the January 1 after the date you return it to ETF. Access this form on our website and submit it electronically or contact ETF to request a paper copy. **Note:** Your annuity will receive the Variable

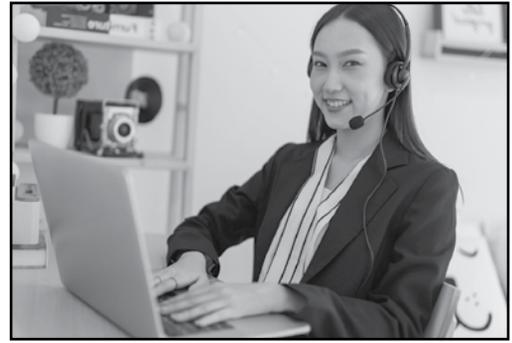
*News and Notes, continued on page 6*

## Know Your Benefits: ETF Ombudsperson Services

I have a Wisconsin Retirement System benefits-related issue. How do I get it resolved? Where do I begin? The first thing to do is contact either your health plan or the Department of Employee Trust Funds to clearly explain the problem. Many issues are resolved within a few calls or emails. Keep in mind that not every service you either want or need is covered by your health insurance. Contact your plan if you are uncertain about coverage, or to find out whether prior authorization is required for the services you want to receive.

If you are unable to resolve the matter yourself, you can choose to go through a grievance process. Contact your health plan or program administrator for information about this process. If your issue is about WRS retirement benefits, contact ETF.

ETF Ombudsperson Services will attempt to resolve questions and issues on your behalf, including trying to resolve your plan issue outside of the grievance process. You may also contact an ombudsperson before or after going through the plan grievance process. In either case, the ombudsperson



can assist as a “navigator,” by providing guidance, options, and resources. If your complaint cannot be resolved informally by an ombudsperson and you wish to pursue it further, they will explain the appeals process available to all WRS members.

Contact ETF’s Ombudsperson Services if you have questions about services as well as the grievance and appeal process. Call ETF at 1-877-533-5020 or email [ombudsperson@etf.wi.gov](mailto:ombudsperson@etf.wi.gov). You may also visit our new webpage. Visit Benefits Dispute at <https://etf.wi.gov/benefits/benefits-dispute>.

### *News and Notes, continued from page 5*

annuity adjustment for the year in which ETF receives your cancellation form. Example: If you file a Variable cancellation form anytime in 2023, the Variable portion of your annuity will still receive the Variable annuity adjustment for the year, starting May 1, 2024. The adjustment will be based on calendar year 2023 investment performance. Transferring out of the Variable Fund will depend on the type of Variable cancellation you select — either a “conditional” cancellation or an “unconditional” cancellation. For detailed information how Variable Fund participation affects your WRS annuity and how to cancel participation, cancellation options, etc., review our *Variable Trust Fund* brochure, (ET-4930).

### **ETF Is Your Source For All Things WRS**

If you have questions related to your Wisconsin Retirement System account and benefits, be sure to contact the Department of Employee Trust Funds. We occasionally hear about fi-

nancial advisors/professionals not associated with ETF who are providing incorrect information about WRS benefits to prospective or current clients. While these professionals can be subject matter experts on many retirement financial security topics, ETF is your primary source of information about all things WRS, including:

- your WRS annuity and annual annuity adjustments
- beneficiary designations as well as WRS health, life, disability, and death benefits
- how and when to use ETF’s online tools
- the unique design and funding mechanisms of the WRS

Find WRS benefits information and other resources online at <https://etf.wi.gov> or call ETF at 1-877-533-5020. You may also send a secure email from the Contact Us page.

## Health Insurance Benefits Updates

### Health Benefits Open Enrollment

The 2024 health benefits open enrollment period is set for September 25-October 20. This is when you can make changes for next year, including switching health plans, coverage levels, or adding/deleting certain dependents. Watch for open enrollment materials, which the Department of Employee Trust Funds will distribute and post online in mid-September. Any changes made during the open enrollment period will be effective January 1, 2024. A couple notable changes for 2024, as of *WRS News* printing deadlines, are included below. Consult your materials when they arrive and our website for the latest information.



### Highlights of Changes Effective January 1

1. GHC of South Central Wisconsin (GHC-SCW) will split into two separate networks: **GHC-SCW Dane Choice** and **GHC-SCW Neighbors**. Both networks will include UW and Meriter specialists and hospitals.

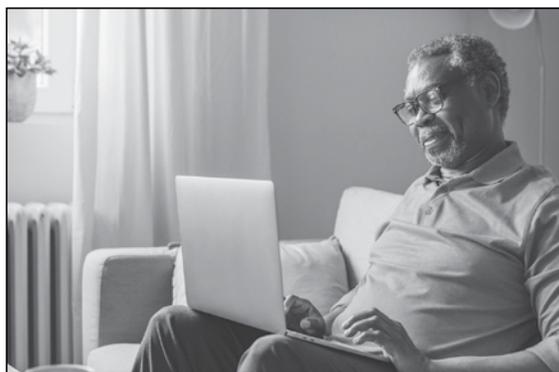
If you are currently enrolled in GHC-SCW, you will automatically be enrolled in GHC-SCW Dane Choice unless you elect to enroll in GHC-SCW Neighbors during open enrollment. If you have a primary care provider or primary care clinic outside of Dane County, you will need to enroll in GHC-SCW Neighbors. GHC-SCW Dane Choice will include current in-network providers in Dane County. GHC-SCW Neighbors will include current in-network providers in the follow-

*Updates, continued on page 8*

## Tips for Choosing a New Health Plan

The annual health benefits open enrollment period provides members the opportunity to change health plans within the State of Wisconsin Group Health Insurance Program, as administered by the Department of Employee Trust Funds. When considering a change in health plans, there are several things you may want to consider, including:

- Are my providers in the health plan's network?
- Are my dependents providers within the plan's network?
- Does the health plan have adequate access to specialty providers I might need?
- Is the in-network hospital my hospital of choice?
- Are there any prior authorization requirements/requests I may need to consider being covered under a new plan? Check on coverage of special treatments.
- Are there any medical management programs at the plan that may be of interest to myself



- and my dependents?
- What would my premium payments be under different plans (e.g., IYC Health Plan, High Deductible Health Plan, IYC Medicare Plan)?
- Did I review the plan's quality information found on the ETF website?

ETF benefits specialists are always available to answer your questions. Call ETF at 1-877-533-5020. You may also send a secure email from the Contact Us page at <https://etf.wi.gov/contact-us>.

*Updates, continued from page 7*

ing counties: Columbia, Grant, Iowa, Sauk, Jefferson\*, Juneau\*, and Lafayette\*.  
(\* limited provider availability)

2. The annual medical deductible for the High Deductible Health Plan and Access HDHP plans for individual and family coverage increased from \$1,500 and \$3,000 to \$1,600 and \$3,200, respectively, to comply with federal requirements.

#### **Attend An ETF Online Benefits Fair**

ETF will host online benefits fairs (webinars) during the open enrollment period for you to learn about the 2024 plan year. You'll have the opportunity to ask questions directly to representatives of the health plans and vendors. Participate in as many sessions as desired to learn more about important changes, where to find resources, and how to make the most of your benefits. Check our website for more information as the open enrollment period draws closer.

#### **Get Your Flu Vaccine This Fall**

Stay healthy and stay out of urgent care — get a flu vaccine this fall. All group health insurance program members can visit their in-network doc-

tor's office or pharmacy to get the flu vaccine. If you get sick and need help deciding whether not to seek care, call your nurse line or try telehealth.

#### **Supplemental Dental**

Supplemental dental premiums are set to change, effective January 1. The Preventive Plan will increase 4%; the Select Plus plan will increase 3%; and the Select Plan will increase 7%. Specific rates will be listed on our website and in your health benefits decision guide.

#### **Life Changes That May Affect Group Health Insurance Program Benefits**

Throughout the year you may experience life events that allow you to change your benefits outside of the annual open enrollment period. Visit our web page, *Life Events Guide*, to review these events, along with applicable required documentation and filing deadlines. Life event examples include marriage, divorce, death of a spouse or dependent, etc. Find this guide under the Insurance menu on our website. Visit <https://etf.wi.gov/insurance> or call ETF or send a secure email from the Contact Us page on our website.

## **Well Wisconsin Program Updates**

### **Earn Your Well Wisconsin Incentive**

Subscribers and spouses enrolled in the Group Health Insurance Program still have time to participate in the Well Wisconsin program and earn the 2023 incentive. Go to [webmdhealth.com/wellwisconsin](http://webmdhealth.com/wellwisconsin) or call 1-800-821-6591 to complete a health assessment, health check, and well-being activity by October 13 to receive the \$150 prepaid card.

### **Conquering World Peace (or at Least Your Health) with Coaching**

Check out our unlimited coaching and condition management via the Well Wisconsin Program. These are confidential, convenient, and effective at helping members accomplish health and well-being goals. Listen to testimonials from members and



retirees at [etf.wi.gov/video/health-coaching](http://etf.wi.gov/video/health-coaching). If you have diabetes you may be eligible for reduced cost-sharing for diabetes-related prescriptions. Visit [etf.wi.gov/its-your-health-diabetes](http://etf.wi.gov/its-your-health-diabetes) to learn more about the It's Your Health: Diabetes Program.

## Merfeld Appointed to Board of Trustees

Gov. Tony Evers has appointed Tom Merfeld to the SWIB Board of Trustees. Merfeld is the retired chief risk officer and chief financial officer of CUNA Mutual Group in Madison. Prior to CUNA Mutual, he was the chief financial officer for a life reinsurance company in Kansas City. He was also an investment analyst for Franklin Savings Association and an assistant economist for the Federal Reserve Bank of Kansas City. He is currently a board member of both SSM Health in St. Louis and Dominican Veritas Ministries, which sponsors nine Catholic schools nationwide.



Tom Merfeld

Merfeld, who is a Chartered Financial Analyst charterholder and a Certified Public Accountant, earned his bachelor's and master's degrees from the University of Iowa; his MBA from Rockhurst University in Kansas City, Mo.; and his Ph.D. from Marquette University.

Gov. Evers has also reappointed Trustees Jeff DeAngelis, public member, and Kristi Palmer, local government member, to six-year terms. DeAngelis is the former chief investment officer of the Northwestern Mutual Wealth Management Company and former president of Mason

Street Advisors. He was also a portfolio manager at Putnam Investments and Van Kampen Investments. Palmer is the Marathon County finance director. Prior to that, she was finance director in Door County and then Langlade County.



Jeff DeAngelis

The SWIB Board of Trustees consists of nine members meeting specific membership requirements under state statutes. Trustees have a fiduciary responsibility to act solely in the best interest of the funds under management. They appoint the executive director and the internal audit director and are responsible for approving SWIB's asset allocation, setting the annual budget and performance benchmarks, establishing and overseeing the compensation program, and monitoring performance. To learn more, visit the Trustees web page at <https://www.swib.state.wi.us/board-of-trustees>.



Kristi Palmer

## WRS Receives AAA Issuer Credit Rating from S&P

Standard & Poor's recently released a report assigning the Wisconsin Retirement System a AAA issuer credit rating with a "Stable" outlook. The report concluded a thorough review of the credit worthiness and stability of the WRS.

This rating is an acknowledgement of the robust processes, written procedures, and risk management discipline that the State of Wisconsin Investment Board has built over several decades, as well as the WRS's strong funding status. As mentioned in the report, S&P rated the WRS one notch above the AA+ rating currently assigned to the State of Wisconsin.

In addition to being a strong signal to the markets of the financial and operational strength of the WRS, the rating makes the WRS a more desirable counterparty to market participants and opens up new trading relationships.

For 60 years, S&P has provided credit ratings, analysis and market insights for a diverse range of pension funds, governmental authorities and U.S. states. Every state and many municipalities have a credit rating. A credit rating, in the simplest of terms, is an opinion about the ability of an entity, like the WRS, to meet its financial obligations on time and in full.

## SWIB Relocates to Madison Yards Development

In May, the State of Wisconsin Investment Board moved to a newly finished building in the Madison Yards development on Madison's near west side. Following the pandemic, SWIB had outgrown the available space at its office building in downtown Madison. In 2020, SWIB negotiated a competitive lease for approximately 90,000 square feet of space, and its occupancy cost will change by less than a dollar per square foot compared to its previous location in downtown Madison. The new building is part of the 21-acre complex that includes a state office building housing the Department of Employee Trust Funds.

"We are excited to move to this development and to be in the same area as the Department of Employee Trust Funds, with whom we work closely, as well as other government agencies," SWIB Executive Director/Chief Investment Officer Edwin Denson said. "At the same time, the sale of our existing building at an attractive price benefitted the WRS and provided a prime downtown Madison location for future development."



The new modern workspace in Madison Yards seamlessly integrates technology, design, and physical space. These improvements will provide a superior infrastructure for SWIB's technology, network systems, and growing number of data sources. It creates enhanced security and flexibility for managing the trust funds. The purposeful integration of technology will help SWIB attract and retain talent, build connections and community, and foster a culture of innovation.

## Johnston Named AlphaEdge Rising Star

The State of Wisconsin Investment Board's Ryan Johnston has been named an AlphaEdge Rising Star by *Institutional Investor* magazine. Johnston is being honored as a Next Generation in Alpha Generation Rising Star.

The AlphaEdge awards recognize distinguished allocators across a number of accomplishments including thought leadership, innovation, and alpha generation.

Johnston is a senior analyst on SWIB's Alpha Team in the Private Markets & Funds Alpha Division. This team allocates approximately \$30 billion in assets to external managers in an effort to generate alpha — returns that are not driven by broad market performance. In certain circumstances, highly skilled external managers can supplement

SWIB's internal investment capabilities in specialized strategies or hard to access markets.

Johnston joined SWIB in 2016 as a Funds Alpha investment associate. The Waupaca native is a graduate of Marquette University and Marquette's Applied Investment Management Program. He earned his Chartered Financial Analyst certification from the CFA Institute and his Alternative Investment Analyst Charter from the Chartered Alternative Investment Analyst Association.



Ryan Johnston

## An In-Depth Look at the Economy with Todd Mattina

Lingering concerns from geopolitical crises and supply chain issues to inflation and rising interest rates, along with the continued possibility of a recession, have created a unique set of circumstances for investors to navigate. The State of Wisconsin Investment Board has worked hard to meet the challenges head on. But what lies ahead? Will the Federal Reserve continue with interest rate hikes? Will inflation start to ease? And will the U.S. face a recession?

In Episode 23 of *The SWIB Podcast*, SWIB's Head Economist and Asset and Risk Allocation Chief Investment Officer Todd Mattina talks about what all these headline grabbing issues mean

for investors and the Wisconsin Retirement System. He shares his thoughts on the hurdles investors have faced so far and his perspective on what the economic outlook is going forward.

*The SWIB Podcast* is where members of the WRS can turn to for timely information about SWIB and its investment strategy. The podcast can be found on most major podcast platforms and on SWIB's website at [www.swib.state.wi.us/podcasts](http://www.swib.state.wi.us/podcasts).



Todd Mattina

### *Prestigiacom, continued from page 1*

ple years. We go through these cycles periodically and it's during these times where non-traditional lenders like SWIB will be able to step in and fill a void to lend money to strong businesses."

Venture capital investments, specifically in Wisconsin, are also trending in the right direction, according to Prestigiacom. "If you look at it over the past five to ten years, you'll see that capital invested in the Midwest is increasing," Prestigiacom said. "While we went through a pretty horrible period during the pandemic, one of the positives that came out of it, in particular around venture capital, was managers became more comfortable investing remotely, really leveraging their networks across the country to find great entrepreneurs and great companies. As a result, capital is flowing into underserved and undercapitalized markets and over time, we think the trends are moving in the right direction."

Prestigiacom said that even with the challenges of the past several years, the fully funded status of the WRS gives SWIB an advantage

when making investment decisions.

"We are able to invest for the long term and not make short-term, drastic decisions to sell assets to raise liquidity," he said. "Having liquidity in challenging markets allows us to invest and take advantage of investment opportunities that others, whether it is other pension funds, endowments, or foundations, are exiting because they don't have the capital to put to work. We have the flexibility to make investments at deep discounts, which helps generate long-term, solid investment returns."

You can learn more about SWIB's venture capital and private debt portfolios by listening to episode 22 of *The SWIB Podcast*. You can also read SWIB's *Goals for Investing in Wisconsin* report at [www.swib.state.wi.us/publications](http://www.swib.state.wi.us/publications).



Chris Prestigiacom

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## **WRS NEWS**

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