

**AGENDA AND NOTICE OF MEETING  
STATE OF WISCONSIN  
EMPLOYEE TRUST FUNDS BOARD**

**Friday, December 12, 2008**

**8:30 a.m.**

**Holiday Inn Hotel and Suites  
Conference Room ABC  
1109 Fourier Drive  
Madison, Wisconsin**

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Documents for this meeting are available on-line at:

**[http://etf.wi.gov/boards/board\\_etf.htm](http://etf.wi.gov/boards/board_etf.htm)**

To request a printed copy of any of the agenda items, please contact  
*Cindy Gilles, at (608) 261-0736.*

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 *Denotes action item*

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|------------|---|---|
| 8:30 a.m.  |    | 1. <b>Consideration of Minutes of Previous Meeting</b>  |
| 8:35 a.m.  |   | 2. <b>Announcements</b>   |
| 8:40 a.m.  |   | 3. <b>Board Discussion and Consideration</b> <ul style="list-style-type: none"><li>• <b>Design Philosophy of the Wisconsin Retirement System: Core vs. Variable</b></li><li>• <b>Actuarial Update on Projected Future Contribution Rates, Projected Dividends, and Other Actuarial Items for Consideration</b></li></ul>                        |
| 10:10 a.m. |  | 4. <b>Approvals</b> <ul style="list-style-type: none"><li>• <b>Development of and Appointments to Board Committees</b><ul style="list-style-type: none"><li>➤ <b>Internal Audit Committee</b></li><li>➤ <b>Budget/Operational Committee</b></li><li>➤ <b>Executive Committee</b></li><li>➤ <b>Other</b></li></ul></li></ul>                     |
| 10:40 a.m. |   | <b>Break</b>  |
| 10:50 a.m. |   | 5. <b>Operational Updates</b> <ul style="list-style-type: none"><li>• <b>Secretary's Report</b></li><li>• <b>2009-2011 Biennial Budget Update</b></li><li>• <b>Wisconsin Retirement System Reportable Earnings</b></li><li>• <b>Miscellaneous</b><ul style="list-style-type: none"><li>➤ <b>Future Items for Discussion</b></li></ul></li></ul> |

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The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Cindy Gilles, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931. Telephone: (608) 261-0736. Wisconsin Relay Service 7-1-1. E-mail: [cindy.gilles@etf.state.wi.us](mailto:cindy.gilles@etf.state.wi.us)

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|------------|-----|--|
| 11:30 a.m. | 6.  | <b>Committee Reports</b> <ul style="list-style-type: none"><li>• Personnel Evaluation Committee Report</li></ul>   |
| 11:35 a.m. | *7. | <b>Personnel Matters</b> <ul style="list-style-type: none"><li>• Department Reorganization</li><li>• Annual Performance Evaluation Process and Performance Expectations for the Department Secretary</li></ul> |
| 12:10 p.m. | 8.  | <b>Announcement of Action Taken on Business Deliberated on During Closed Session</b>   |
| 12:15 p.m. | 9.  | <b>Adjournment</b>   |

*Times shown are estimates only and agenda items may be taken out of order at Board chair's discretion.*

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\* The Board may be required to meet in closed session pursuant to the exemptions contained in Wis. Stat. § 19.85 (1) (c), for personnel matters. If a closed session is held, the Board will reconvene into open session for further action on these and subsequent agenda items.

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Chart B - Variable Fund Communication Efforts

**EFFORTS BY ETF TO INFORM MEMBERS  
ABOUT THE VARIABLE TRUST FUND  
SELECTED EXAMPLES  
(January 2000-September 2008)**

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
May 2000	Trust Fund News (Actives/Retirees Edition)	Variable Participation and 1999 Wisconsin Act 11 (background on Variable Fund)***
September 2000	Trust Fund News	About the Variable Fund (caution about possible losses resulting in less than the initial monthly amount)***
May 2001	The SWIB Report (Insert, Trust Fund News Active/Retirees Edition)	Q & A: The Variable Fund (what investments how stocks are selected, is it a good choice for me)***
September 2002	Trust Fund News	Frequently Asked Questions About the Variable Trust Fund (effect on retirement benefit, can I cancel my election decision, can I change to fixed annuity)***
May 2003	Trust Fund News (Active/Retiree Edition)	Active Employees: How Variable Participation and Cancellation Affect WRS Benefits

Chart B - Variable Fund Communication Efforts

<u>DATE</u>	<u>SOURCE</u>	<u>TOPIC</u>
May 2003	Trust Fund News (Active/Retiree Edition)	Annuitants Inquire About Minimum Fixed Annuity Amount Guarantee (minimum amount of a reduction in fixed annuity and variable annuity)***
September 2003	Trust Fund News	Annuitant Questions About Variable Cancellations and Annual Annuity Adjustments (how does cancellation process work, can I get out without a loss, can I cancel and change my mind)***
September 2004	Trust Fund News	Questions and Answers About Variable Fund Participation After Retirement (can the variable amount be decreased below my original annuity amount, can I figure out if I am ahead or behind, impact if I transfer to fixed fund)***
January 2005	Trust Fund News	WRS Calculators Available on ETF Internet Site, Variable Excess/Deficiency Update Calculator
May 2006	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Core versus Variable (overview, investment objectives, types of investments)***

Chart B - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
January 2007	Trust Fund News (SWIB guest article David Mills)	Variable Fund Participa- tion: Investment Risks and Rewards
January 2007	Trust Fund News	Questions and Answers on Variable Participation (how does variable fund affect my WRS retirement benefit, what if I cancel variable before I retire)***
May 2007	ETF Website (ETF video library)	Annual Retirement Annuity Adjustments and WRS Trust Funds: Core and Variable Fund
July 2007	ETF Website (ETF video library)	Now That You're Retired- What You Need to Know (includes discussion re- garding Variable Fund)***
January 2008	ETF Website (ETF video library)	The WRS Trust Funds: Core and Variable (what are the differences, affects on WRS benefits, and many other issues)***
March 2008	ETF Website	"What's New": Variable Annuity Explanation

Chart B - Variable Fund Communication Efforts

<u>DATE</u>	<u>SOURCE</u>	<u>TOPIC</u>
May 2008	Trust Fund News	Frequently Asked Questions About the Variable Fund (how will Variable Fund affect my retirement benefit, what happens if I cancel variable before retirement, after I retire can I transfer variable part of annuity to Core Fund)***
May 2008	The SWIB Report (on ETF website)	Annual Investment Returns, 1988-2007 Core Fund Variable Fund
September 2008	Trust Fund News	ETF Board Discusses the Variable Trust Fund
September 2008	Trust Fund News	Common Questions from Recently-Retired Members (variable adjustment is not prorated; can I get out of the variable fund)***
September 2008	Trust Fund News	Additional Resources: (to learn more about how Variable Fund affects your benefits: brochure, form. online video, online calculator, chart showing Core and Variable Fund investment returns, effective rates and annuity dividends and adjustments for 20 years)***

Chart B - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
September 2008	Trust Fund News	Options for Canceling Variable Participation
2000-2008	ETF Publication ET-4930 (revised periodically hard copy and on ETF website since 1998)	How Participation in the Variable Fund Affects Your WRS Benefits
2000-2008	ET-2356 Form	Election to Participate in the Variable Trust
2000-2008	ET-2313 Form	Canceling Variable Participation
2000-2008	ETF Field Presentations (Statewide, various locations)	Various subjects regarding the WRS including the Variable Fund
2000-2008	ETF Individual Appointments (at ETF offices)	Various subjects regarding the WRS including the Variable Fund

**NOTE:**

\*\*\*Denotes that the explanation in parentheses was added to better explain the title of the article, presentation, etc.

# Alternatives for the Variable Fund

## Option A

Leave the Variable Fund open, but proactively expand participant education on concerns about the risk/return ratio of Variable Fund investments and the potential negative effects of Variable participation on Wisconsin Retirement System (WRS) benefits. This will better enable participants to make well-informed decisions about whether to elect or cancel Variable participation. *Note: This option does not phase out the Variable Fund, but is intended to provide comprehensive participant education on the risk/return of participation.*

### Pros

- All current and future participants retain the choice of electing and canceling Variable participation.
- No statutory changes are required.
- No administrative or Information Technology (IT) changes are necessary.
- No exposure to legal challenges for eliminating existing participant rights.

### Cons

- Participants can still elect Variable participation, and may assume that the Variable Fund option would not be offered if it contained a high level of risk.
- Participants whose benefits are decreased due to Variable participation may blame the Department and the ETF Board for continuing to provide an option that negatively affected their benefits.

## Option B

Close the Variable Fund to new employees who begin WRS participation on or after the effective date of the change.

- Participants who began WRS coverage before the effective date of the closure would still be eligible to elect Variable participation at any time.
- Participants whose elections to participate in the Variable Fund were effective prior to the date the Fund is closed continue to make Variable contributions until such time as they may elect to cancel their Variable participation.
- Proactively expand participant education on concerns about the risk/return ratio of Variable Fund investments and the potential negative effects of Variable participation on WRS benefits.

### Pros

- This closure option affects a minimal number of participants.
- Least exposure of the Variable closure options to a legal challenge because existing rights are not taken away.

### Cons

- New participants who cannot elect Variable participation may feel discriminated against because they do not have the same choices available to other participants.
- Since existing participants would have an open-ended Variable enrollment period, the life of the Variable Fund could be extended considerably.
- Any closure of the Variable Fund would require a statutory change.
- Costly administrative and IT changes would be necessary.

### Option C

Close the Variable Fund to new employees who begin WRS participation on or after the effective date of the change and close the Variable Fund to existing WRS covered employees not currently participating in the Variable Fund.

- Participants whose elections to participate in the Variable Fund were effective prior to the date the Fund is closed continue to make Variable Fund contributions until such time as they may elect to cancel participation.
- Proactively expand participant education on concerns about the risk/return ratio of Variable Fund investments and the potential negative effects of Variable participation on WRS benefits.

#### **Pros**

- Participants could still enroll in Variable before the effective date of the closure.
- Because this is how the Variable Fund was closed in 1980, there may be less exposure to legal challenges.

#### **Cons**

- After the Variable Fund closes, some participants may express concern that they cannot elect participation, particularly when the Variable Fund outperforms the Core Fund.
- Administrative and IT changes would be necessary.
- Since existing participants would have an open-ended Variable enrollment period, the life of the Variable Fund could be extended considerably which could have a negative impact of the viability of the Fund.
- Any closure of the Variable Fund would require a statutory change.

## Option D

Close the Variable Fund to all new contributions.

- Proactively expand participant education on concerns about the risk/return ratio of Variable Fund investments and the potential negative effects of Variable participation on WRS benefits.

### Pros

- This option would limit participants' exposure to inherent investment risks of the Variable Fund.
- Unless they choose to cancel Variable participation, existing participants could still retire with a Variable annuity based on their previous Variable Fund contributions and interest.

### Cons

- Prohibiting existing Variable participants from making future contributions could be perceived as a take-away of their rights.
- May be significantly more vulnerable to a legal challenge.
- Costly administrative and IT changes would be necessary.
- Any closure of the Variable Fund would require a statutory change.

### **Options Relative to Existing Variable Fund Balances**

The following presents options for the treatment of existing Variable Fund balances if the Variable Fund is closed to all new contributions.

#### Option 1:

Participants can leave their Variable contributions in the Fund until such time as they elect to cancel participation, and cannot make any new Variable contributions.

#### **Pros**

- This option would maintain the Variable Fund as an investment option.
- From an administrative standpoint, this option would not require as many administrative changes as other options.
- For example, it would not require as many policy related decisions or as much education of, or communication to, participants.

#### **Cons**

- Administrative changes would still be necessary.
- This option would prohibit new elections, which could be viewed as discriminatory by new participants.
- Similar to the options listed throughout, this would require statutory changes.

Option 2:

Transfer participants' Variable Fund balances/annuities to the Core Fund *conditionally only*, as though they had filed a conditional Variable cancellation form in the year before the Fund is closed. This means that each individual's Variable balance would only transfer to the Core Fund when the participant does not have a Variable deficiency.

**Pros**

- The Variable Fund would cease to exist as soon as no participant had a Variable deficiency, alleviating the State of Wisconsin Investment Board's (SWIB) concerns about achieving an optimal risk/return ratio in the Variable Fund.

**Cons**

- Participants' Variable accounts and annuities being involuntarily transferred to the Core Fund could be viewed as a take-away of their existing statutory rights.
- Significant administrative and IT changes would be necessary.

Option 3:

Transfer participants' Variable Fund balances and annuities to the Core Fund *immediately* when the Variable Fund is closed, regardless of whether they have an excess or deficiency. Annual Core Fund interest would be subsequently credited to residual Variable excess or deficiency balances as provided under current law.

**Pros**

- The Variable Fund would immediately cease to exist, and all WRS Funds would immediately be invested in the (Core) Fund with the most optimal risk/return ratio.
- Since the Variable Fund would immediately cease to exist, there could be no unfavorable comparisons with Core Fund investment returns and what the Variable Fund would have earned if it still existed.

**Cons**

- Participants with residual deficiencies would be significantly harmed because their deficiencies will grow annually, based on Core Fund effective interest rates.
- Increases the likelihood of legal challenges from participants.
- Significant administrative and IT changes would be necessary.

Option 4:

Transfer participants' Variable Fund balances and annuities to the Core Fund immediately when the Variable Fund is closed (January 1). Participants' Variable excess balances and annuities that are at least "breaking even" would transfer as-is, and residual Variable excess balances would be credited with annual Core Fund interest as under current law. Participants with a Variable deficiency or whose annuities are "behind" would be "made whole" by eliminating their Variable deficiencies or increasing their annuities to the amount they would be receiving if they had never participated in the Variable Fund.

**Pros**

- The Variable Fund would immediately cease to exist, and all WRS Funds would immediately be invested in the Core Fund, with the most optimal risk/return ratio.
- The mandatory immediate transfer of their Variable Funds to the Core Fund would not harm participants.

**Cons**

- This option would require transferring Funds from the employer reserve to make up the shortfall between participants' actual account balance or annuities and what it would be if they were not being made whole.
- This option would require statutory authority to transfer Funds from the employer reserve to make participants with a deficiency "whole," which in turn would place upward pressure on both employee and employer contribution rates.
- This option would be extremely vulnerable to a successful legal challenge from both participants and employers.
- Significant administrative and IT changes would be necessary.



STATE OF WISCONSIN  
Department of Employee Trust Funds

David A. Stella  
SECRETARY

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**CORRESPONDENCE MEMORANDUM**

**DATE:** September 9, 2008

**TO:** Employee Trust Funds (ETF) Board

**FROM:** Sari King, Administrator  
Division of Retirement Services

John Vincent, Administrator  
Division of Trust Finance and Employer Services

**SUBJECT: Variable Fund**

**This memo is for information and discussion purposes. No action is required.**

At the June ETF Board meeting the Board voted to recommend that the Variable Investment Fund be phased out, and requested that Department staff provide options to achieve this result. This can only be done through a statutory change. Before the Department forwards the Board's recommendation to phase out the Variable Fund to the Legislature, it would be prudent to explore alternatives and the ramifications of each option. Attached are options for consideration, with the presumption that any change to the Variable Fund would be effective on the first day of a calendar year.

attachment

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

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STATE OF WISCONSIN  
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**CORRESPONDENCE MEMORANDUM**

**DATE:** December 1, 2008  
**TO:** Employee Trust Funds Board  
**FROM:** Sari King, Administrator  
Division of Retirement Services  
  
John Vincent, Administrator  
Division of Trust Finance and Employer Services  
**SUBJECT:** Variable Trust Fund: Participant Education and Options for Phasing Out the Fund

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

At the September 19, 2008, Employee Trust Funds (ETF) Board meeting, several options for phasing out the Variable Trust Fund were presented and discussed. Attached is the information and options that were provided to the Board. The Board took action on one option and deferred any further discussion on the direction it would take until the December meeting.

The option that met with ETF Board approval directed the Department to initiate a participant education effort to raise awareness of the risks of participation in the Variable Fund on Wisconsin Retirement System (WRS) benefits. This effort would primarily target active, inactive and annuitants of the WRS. However, WRS employers would also appreciate information on how best to ensure employees receive valuable information in a timely manner.

An internal communications work group compiled the following list of frequently asked questions (FAQs) received by the Department. The FAQs will help focus our future communication efforts, including those outlined on the following pages.

- How are SWIB investment returns, effective rates and annuity dividends inter-related?
- Does the Variable have a smoothing mechanism like the Core Investment Fund?
- As an annuitant in Variable Fund, can my annuity be eliminated with excessive market losses?
- If I'm in the Variable, and in view of the current investment results, am I better off to retire before the end of the year? Also, would I be better off to take a lump sum retirement benefit?
- If I'm in the Variable, how will the current down market affect my annuity calculation, specifically my money purchase and formula calculations?
- What are the Variable cancellation options and how does each affect me?
- Where do I send the variable cancellation form?
- Why can't I get out of the Variable at anytime?

Reviewed and approved by Robert J. Conlin, Deputy Secretary.  
  
\_\_\_\_\_  
Signature Date

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- Why can't ETF give advice about whether the Variable Fund is right for me?
- What does "risk tolerance" mean, and how do I determine my risk tolerance?
- Why hasn't ETF explained the magnitude of the risks of the Variable Fund?
- What does it mean to have a Variable excess or deficiency?
- What is my Core guaranteed annuity payment and is there a minimum on the variable portion of my account?
- How do I know if I'm in the Variable?
- How are my funds allocated between Core and Variable?
- Do I need to re-enroll when I change employers?

Specifically, the workgroup recommended the Department incorporate the following strategies, which will benefit both members and internal staff, into its plans.

**Strategy A:** Highlight and provide information on the ETF Internet site:

1. Develop online videos on the Variable Fund, SWIB investment returns, effective rates and dividend calculations, and other topics that address the most frequently asked questions.
  - **Status:** The following videos were developed and/or updated:
    - (1) *Canceling Variable Fund Participation*
    - (2) *WRS Trust Funds – Core and Variable*
    - (3) *Annual Retirement Annuity Adjustment*
2. Provided answers to a list of Frequently Asked Questions on ETF's Internet site.
  - **Status:** The following are examples of many we currently have listed on our Internet site and will add more over time.
    - I am currently enrolled in the Variable Fund. How does participation in the Variable Fund affect my WRS benefits? Can I get out of the Variable Fund if I so choose?
    - I will be retiring within the next few years. What impact will it have on my retirement benefits if I enroll in the Variable Fund?
3. Provide relevant and updated information regarding the performance and projections for the Variable Fund on ETF's Internet site.
  - **Status:** The following have already been developed and posted:
    - ETF-SWIB letter discussing the current market volatility
    - ETF-SWIB video on the condition of the WRS
    - ETF paper, *Core Fund Projected Annuity Adjustments*
    - ETF paper, *What is My Minimum Core Annuity Amount?*
    - SWIB Informational Paper: *Frequently Asked Questions about Market Conditions and the WRS*

**Strategy B:** Revise ETF's brochure, How Variable Participation Affects Your WRS Benefit (ET-4930), to include the separate Variable election and cancellation forms.

1. Revise brochure, making it easier to understand and include more examples.
  - **Status:** Revision to brochure will be completed in January 2009. Revised brochure will include election and cancellation forms, which will include a new space for the individual to sign, acknowledging they read the cautionary information on the form.

**Strategy C:** Employer Education

1. Instruct Employers to distribute brochures to each new employee. This measure is to ensure, as much as possible, that new employees are receiving the information on the Variable Fund.
  - **Status:** Accompanying Employer Bulletin now in development.
2. Ask that employers not distribute Election and Cancellation forms separately from ET-4930, which is the general Variable Fund brochure. Educate them about the need to distribute the brochure to each new employee, on the importance and process of distributing these forms, and other essential Variable Fund information.
  - **Status:** Employer Bulletin now in development.

Staff will be available at the meeting to answer questions on the above education strategies. In addition, staff will be available to answer questions during the Board's consideration of the alternatives to phase out the Variable Fund.

Attachments



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Department of Employee Trust Funds  
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***CORRESPONDENCE MEMORANDUM***

**DATE:** November 28, 2008  
**TO:** Employee Trust Funds Board  
**FROM:** Matt Stohr, Director of Legislation, Communications and Planning  
**SUBJECT:** Variable Trust Fund Communication Efforts

**This memorandum is for information only. No action is required.**

This memorandum is a follow-up to the Board's discussion at the September 19, 2008, meeting regarding the Variable Trust Fund (herein, Variable Fund). At the meeting, the Board expressed a desire to obtain information pertaining to the Department's Variable Fund communication efforts. This memorandum highlights previous communication efforts of the Department and provides information about current communication initiatives relating to the Variable Fund. In addition, please find attached correspondence relating to the Variable Fund received by the Department since the last Board meeting. State Representative Parisi asked that the enclosed correspondence from Mr. Shorey be shared with the Board.

**Previous Communication Efforts Regarding the Variable Fund**

Attached are two charts, each covering the period of 2000 through September 2008, that list efforts made by the Department to inform Wisconsin Retirement System (WRS) members about the Variable Fund and the risks associated with participating in the Fund. The first chart, Chart A, is a 15-page list of such efforts, while the second chart, Chart B, is a 5-page subset of those efforts. The subset is a list of articles, video library presentations and more that focused specifically on the risks associated with Variable Fund participation.

The Department has communicated with WRS members through the Trust Fund News (which is mailed to all WRS annuitants, inactives, and employers—who are asked to distribute to all active members), Department publications and forms, the Department's website, field presentations, as well as individual and group appointments. The Department's website provides links to pertinent publications and the video library.

**Current Communication Efforts Regarding the Variable Fund**

The information provided below is similar to the information in the memo prepared by Sari King and John Vincent. The memo prepared by Ms. King and Mr. Vincent contains more detailed information.

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Since the September 19, 2008, meeting, the Department has worked expeditiously and diligently to develop a Variable Fund communications plan. The Department established a work group to take a look at current communication efforts and brainstormed about new and better ways to inform WRS members and employers about the risks associated with Variable Fund participation. As a result of the work group's efforts, the Department has two new resources available to members. First, the Department developed a "Things to Consider Before You Cancel Participation in the Variable Fund" document. Among other things, this document explains the difference between conditional and unconditional cancellation options and the importance of canceling with a deficiency. This document was added to the existing Variable Fund cancellation form.

Second, in mid-November, the Department filmed a video library presentation, which covers similar topics to that of the previously described document. The video is on the Department's website.

In addition to those efforts, another work group has been assembled to examine, and potentially revise, the Variable Fund brochure in its entirety. The group expects to have a draft document by the end of the year.

Due to the likely possibility of substantial negative Variable Fund investment returns for 2008, the Department determined that the priority at this point in time should be informing WRS participants who are currently in the Fund about the implications of opting out with a deficiency.

I will be available at the December 12, 2008, meeting to answer any questions you may have.

Attachments

Chart A - Variable Fund Communication Efforts

**EFFORTS BY ETF TO INFORM MEMBERS  
ABOUT THE VARIABLE TRUST FUND  
(January 2000-September 2008)**

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
May 2000	Trust Fund News (Actives/Retirees Edition)	Variable Participation and 1999 Wisconsin Act 11 (background on Variable Fund)***
May 2000	The SWIB Report (Insert, Trust Fund News Actives/Retirees Edition)	A Historic Look at Investment Returns, 1990-1999
May 2000	The SWIB Report (Insert, Trust Fund News Inactive Edition)	A Historic Look at Investment Returns, 1990-1999
September 2000	Trust Fund News	Wisconsin Act 11 and Participation in the Variable Fund
September 2000	Trust Fund News	About the Variable Fund (caution about possible losses resulting in less than the initial monthly amount)***
January 2001	Trust Fund News	Need More Information About the Variable Trust Fund? (short list of resources)***
May 2001	Trust Fund News (Active/Retirees Edition)	ETF Establishes Fixed and and Variable Interest Rates, Dividends for Post-Retirement Adjustments

Chart A - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
May 2001	The SWIB Report (Insert, Trust Fund News Active/Retirees Edition)	WRS Trust Funds Strategy Review (Fixed Fund, Variable Fund, stock exposure)***
May 2001	The SWIB Report (Insert, Trust Fund News Active/Retirees Edition)	Q & A: The Variable Fund (investments, how stocks are selected, is it a good choice for me)***
May 2001	The SWIB Report (Insert, Trust Fund News Active/Retirees Edition, Patricia Lipton article)	Weathering Volatile Markets Requires Steadfast Strategy
May 2001	The SWIB Report (Insert, Trust Fund News Active/Retirees Edition)	A Historic Look at Investment Returns, 1981-2000
May 2001	Trust Fund News (Inactive Edition)	ETF Establishes Fixed and Variable Interest Rates, Dividends for Post-Retirement Adjustments
May 2001	The SWIB Report (Insert, Trust Fund News Inactive Edition)	WRS Trust Funds Strategy Review (Fixed Fund, Variable Fund, stock exposure)***
May 2001	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Q & A: The Variable Fund (what investments, how stocks are selected, is it a good choice for me)***

Chart A - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
May 2001	The SWIB Report (Insert, Trust Fund News Inactive Edition, Patricia Lipton article)	Weathering Volatile Markets Requires Steadfast Strategy
May 2001	The SWIB Report (Insert, Trust Fund News Inactive Edition)	A Historic Look at Investment Returns, 1981-2000
August 2001	Trust Fund News (Act 11 Edition)	Act 11 Reopens the Variable Trust Fund
January 2002	Trust Fund News	Sample Variable Contribution Interest Credit Calculation
May 2002	Trust Fund News (Active/Retiree Edition)	ETF Establishes Fixed and and Variable Interest Rates, Dividends for Post-Retirement Adjustments
May 2002	Trust Fund News (Active/Retiree Edition)	2001 Variable Contribution Not Shown on Annual Statement of Benefits for New Participants
May 2002	The SWIB Report (Insert, Trust Fund News Active/Retiree Edition)	WRS Trust Funds Strategy Review (Fixed Fund, Variable Fund, Stock exposure)***
May 2002	The SWIB Report (Insert, Trust Fund News Active/Retiree Edition)	20-Year Returns, Investment Returns, 1982-2001

Chart A - Variable Fund Communication Efforts

<u>DATE</u>	<u>SOURCE</u>	<u>TOPIC</u>
May 2002	Trust Fund News (Inactive Edition)	ETF Establishes Fixed and Variable Interest Rates, Dividends for Post-Retirement Adjustments
May 2002	Trust Fund News (Inactive Edition)	2001 Variable Contribution Not Shown on Annual Statement of Benefits for New Participants
May 2002	The SWIB Report (Insert, Trust Fund News Inactive Edition)	WRS Trust Funds Strategy Review (Fixed Fund, Variable Fund, Stock exposure)***
May 2002	The SWIB Report (Insert, Trust Fund News Inactive Edition)	20-Year Returns, Investment Returns, 1982-2001
September 2002	Trust Fund News	Frequently Asked Questions About the Variable Trust Fund (effect on retirement benefit, can I cancel my election decision, can I change to fixed annuity)***
January 2003	Trust Fund News	Active Employees: What Happens if You Cancel Variable Participation
May 2003	Trust Fund News (Active/Retiree Edition)	ETF Sets Effective Interest Rates and Annuity Adjustments

Chart A - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
May 2003	Trust Fund News (Active/Retiree Edition)	Active Employees: How Variable Participation and Cancellation Affect WRS Benefits
May 2003	Trust Fund News (Active/Retiree Edition)	Annuitants Inquire About Minimum Fixed Annuity Amount Guarantee (minimum amount of a reduction in fixed annuity and variable annuity)***
May 2003	The SWIB Report (Insert, Trust Fund News Active/Retiree Edition)	Another Difficult Year, But SWIB Has Some Bright Spots
May 2003	The SWIB Report (Insert, Trust Fund News Active/Retiree Edition)	WRS Trust Funds Strategy (Fixed Fund, Variable Fund, Stock exposure)***
May 2003	The SWIB Report (Insert, Trust Fund News Active/Retiree Edition)	Investment Returns, 1984-2002
May 2003	Trust Fund News (Inactive Edition)	ETF Sets Effective Interest Rates and Annuity Adjustments
May 2003	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Another Difficult Year, But SWIB Has Some Bright Spots
May 2003	The SWIB Report (Insert, Trust Fund News Inactive Edition)	WRS Trust Funds Strategy (Fixed Fund, Variable Fund, Stock exposure)***

Chart A - Variable Fund Communication Efforts

<u>DATE</u>	<u>SOURCE</u>	<u>TOPIC</u>
May 2003	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Investment Returns, 1984-2002
May 2003	Trust Fund News (Inactive Edition)	How Participation In Variable Fund Affects Your WRS Retirement Benefits
September 2003	Trust Fund News	Annuitant Questions About Variable Cancellations and Annual Annuity Adjustments (how does cancellation process work, can I get out without a loss, can I cancel and change my mind)***
May 2004	Trust Fund News (Active/Retiree Edition)	Fixed Fund and Variable Fund Percentages
May 2004	The SWIB Report (Insert, Trust Fund News Active/Retiree Edition)	Trust Funds Investment Strategy (Fixed Fund, Variable Fund, Stock exposure)***
May 2004	The SWIB Report (Insert, Trust Fund News Active/Retiree Edition)	Investment Returns, 1984-2003
May 2004	Trust Fund News (Inactive Edition)	Fixed Fund and Variable Fund Percentages
May 2004	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Trust Funds Investment Strategy (Fixed Fund, Variable Fund, Stock exposure)***

Chart A - Variable Fund Communication Efforts

<u>DATE</u>	<u>SOURCE</u>	<u>TOPIC</u>
May 2004	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Investment Returns, 1984-2003
September 2004	Trust Fund News	Questions and Answers About Variable Fund Participation After Retirement (can the variable amount be decreased below my original annuity amount, can I figure out if I am ahead or behind, impact if I transfer to fixed fund)***
January 2005	Trust Fund News	WRS Calculators Available on ETF Internet Site, Variable Excess/ Deficiency Update Calculator
May 2005	Trust Fund News	ETF Sets Effective Rates and Post-Retirement Increases
May 2005	The SWIB Report (Insert, Trust Fund News)	Trust Funds Investment Strategy (Fixed Fund, Variable Fund)***
May 2005	The SWIB Report (Insert, Trust Fund News)	Annual Investment Returns, 1985-2004
May 2005	Trust Fund News (Inactive Edition)	ETF Sets Effective Rates and Post-Retirement Increases

Chart A - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
May 2005	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Trust Funds Investment Strategy (Fixed Fund, Variable Fund)***
May 2005	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Annual Investment Returns, 1985-2004
May 2006	Trust Fund News	ETF Sets Effective Interest Rates and Post- Retirement Adjustments
May 2006	The SWIB Report (Insert, Trust Fund News)	Core versus Variable (overview, investment objectives, types of investments)***
May 2006	The SWIB Report (Insert, Trust Fund News)	Annual Investment Returns, 1986-2005
May 2006	Trust Fund News (Inactive Edition)	ETF Sets Effective Interest Rates and Post- Retirement Adjustments
May 2006	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Core versus Variable (overview, investment objectives, types of investments)***
May 2006	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Annual Investment Returns, 1986-2005

Chart A - Variable Fund Communication Efforts

<u>DATE</u>	<u>SOURCE</u>	<u>TOPIC</u>
January 2007	Trust Fund News (SWIB guest article David Mills)	Variable Fund Participa- tion: Investment Risks and Rewards
January 2007	Trust Fund News	Questions and Answers on Variable Participation (how does variable fund affect my WRS retirement benefit, what if I cancel variable before I retire)***
January 2007	Trust Fund News	What's New on ETF's Internet Site? Variable Excess/ Deficiency Update Calculator
April 2007	ETF Website (ETF video library)	Statement of Benefits--- Wisconsin Retirement System (includes discussion re- garding Variable Fund)***
May 2007	The SWIB Report (Insert, Trust Fund News)	Core versus Variable (overview, investment objectives, types of investments)***
May 2007	The SWIB Report (Insert, Trust Fund News)	Annual Investment Returns, 1987-2006
May 2007	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Core versus Variable (overview, investment objectives, types of investments)***

Chart A - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
May 2007	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Annual Investment Returns, 1987-2006
May 2007	ETF Website (ETF video library)	Annual Retirement Annuity Adjustments and WRS Trust Funds: Core and Variable Fund
June 2007	ETF Website (ETF video library)	Benefit Basics---Your WRS Benefit Handbook (includes discussion re- garding Variable Fund)***
July 2007	ETF Website (ETF video library)	Now That You're Retired- What You Need to Know (includes discussion re- garding Variable Fund)***
November 2007	ETF Website (ETF video library)	Your WRS Benefits--- 2007
January 2008	Trust Fund News (SWIB guest article Keith Bozarth)	Persevering Under Pressure: Investing During Difficult Markets
January 2008	ETF Website (ETF video library)	The WRS Trust Funds: Core and Variable (what are the differences, affects on WRS benefits, and many other issues)***
March 2008	ETF Website	"What's New": Variable Annuity Explanation

Chart A - Variable Fund Communication Efforts

<u>DATE</u>	<u>SOURCE</u>	<u>TOPIC</u>
May 2008	Trust Fund News	Effective Rates Set; Annuity Dividend and Adjustment Announced (advises caution for those in Variable Fund)***
May 2008	Trust Fund News	Frequently Asked Questions About the Variable Fund (how will Variable Fund affect my retirement benefit, what happens if I cancel variable before retirement, after I retire can I transfer variable part of annuity to Core Fund)***
May 2008	Trust Fund News	What's New in ETF's Video Library? WRS Core and Variable Trust Funds
May 2008	The SWIB Report (Insert, Trust Fund News)	Two Funds: Core provides diversification; Variable option offers more stock exposure
May 2008	The SWIB Report (Insert, Trust Fund News)	Annual Investment Returns, 1988-2007 Core Fund Variable Fund
May 2008	Trust Fund News (Inactive Edition)	Effective Rates Set; Annuity Dividend and Adjustment Announced (advises caution for those in variable fund)***

Chart A - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
May 2008	Trust Fund News (Inactive Edition)	Frequently Asked Questions About the Variable Fund (how will Variable Fund affect my retirement benefit, what happens if I cancel variable before retirement, after I retire can I transfer variable part of annuity to Core Fund)***
May 2008	Trust Fund News (Inactive Edition)	What's New in ETF's Video Library? WRS Core and Variable Trust Funds
May 2008	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Two Funds: Core provides diversification; Variable option offers more stock exposure
May 2008	The SWIB Report (Insert, Trust Fund News Inactive Edition)	Annual Investment Returns, 1988-2007 Core Fund Variable Fund
May 2008	The SWIB Report (on ETF website)	Strategy is important as uncertain markets prevail
May 2008	The SWIB Report (on ETF website)	Two Funds: Core provides diversification; Variable option offers more stock exposure

Chart A - Variable Fund Communication Efforts

<u>DATE</u>	<u>SOURCE</u>	<u>TOPIC</u>
May 2008	The SWIB Report (on ETF website)	Annual Investment Returns, 1988-2007 Core Fund Variable Fund
September 2008	Trust Fund News	ETF Board Discusses the Variable Trust Fund
September 2008	Trust Fund News	Common Questions from Recently-Retired Members (variable adjustment is not prorated; can I get out of the variable fund)***
September 2008	Trust Fund News	Additional Resources: (to learn more about how Variable Fund affects your benefits: brochure, form. online video, online calculator, chart showing Core and Variable Fund investment returns, effective rates and annuity dividends and adjustments for 20 years)***
September 2008	Trust Fund News	Options for Canceling Variable Participation
September 2008	ETF Website	What's New: SWIB Information on the Markets

Chart A - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
Fall 2008 (Distributed in September)	WREA News (David Stella article)	The History and Purpose of the Variable Fund
2000-2008	ETF Publication ET-4930 (revised periodically hard copy and on ETF website since 1998)	How Participation in the Variable Fund Affects Your WRS Benefits
2000-2008	ET-2356 Form	Election to Participate in the Variable Trust
2000-2008	ET-2313 Form	Canceling Variable Participation
2000-2008	ETF Website	Core Fund and Variable Fund Percentages: shows investment returns, effective rates and annuity dividends and adjustments for 1986-2007
2004-2008	ETF Website	Variable excess/deficiency Calculator

Chart A - Variable Fund Communication Efforts

<b><u>DATE</u></b>	<b><u>SOURCE</u></b>	<b><u>TOPIC</u></b>
2000-2008	ETF Field Presentations (Statewide, various locations)	Various subjects regarding the WRS including the Variable Fund
2000-2008	ETF Group Presentations (at ETF offices)	Various subjects regarding the WRS including the Variable Fund
2000-2008	ETF Individual Appointments (at ETF offices)	Various subjects regarding the WRS including the Variable Fund
2000-2008	ETF Group Appointments (at ETF offices)	Various subjects regarding the WRS including the Variable Fund

**NOTE:**

\*\*\*Denotes that the explanation in parentheses was added to better explain the title of the article, presentation, etc.

## Attachment B

### Committee Charter

#### **Audit Committee**

##### General

The Employee Trust Funds Board (Board) has established the Audit Committee to assist the Board in fulfilling its fiduciary and oversight responsibilities. Generally, the Committee will review:

1. The adequacy and effectiveness of the Department's system of internal controls, including those relating to information technology systems; and
2. The Department's accounting and financial reporting systems.

##### Membership

Membership shall be determined by the Board chair, except that the Committee shall be composed of [three] [five] Board members.

##### Duties and Responsibilities

In consultation with the Secretary, the Audit Committee shall:

- Provide policy recommendations for an effective system of internal controls to the Board.
- Provide recommendations for periodic assessment of the system of internal controls, including information technology systems.
- Approve the scope and objectives of internal audits, whether conducted by staff or external parties, including the audit plan developed by the Internal Audit Director and approved by the Secretary.
- Review and make recommendations to the Board regarding any audit reports prepared by the Legislative Audit Bureau.
- Review the Comprehensive Annual Financial Report.
- Review the effectiveness of the internal audit function and make recommendations to the Board, the Secretary, and the Internal Audit Director on methods to improve the function.
- Review with the Secretary, the Legislative Audit Bureau, and, as necessary, appropriate legal counsel, any claim or contingency that could have a significant effect on the financial condition of the Trust Fund and how that claim or contingency is being managed.
- Bring to the attention of the Board any audit issue it deems significant or otherwise appropriate for the Board's consideration.
- Keep minutes of Audit Committee meetings and ensure that minutes are made available to Board members.

Meetings

The committee shall meet at least \_\_\_\_ times per calendar year, and may convene more frequently as circumstances require.

Charter Review

The Board, in consultation with the Audit Committee, shall review this charter for relevancy and appropriateness at least once every three years.

History

The Board adopted this charter on \_\_\_\_\_. The Board approved changes to this charter on \_\_\_\_\_.

## Attachment A

### Committee Charter

#### **Executive Committee**

##### General

The Employee Trust Funds Board (Board) has established the Executive Committee to assist the Board in fulfilling its fiduciary and oversight responsibilities. Generally, the Committee will oversee the effective operation of Board and Committee meetings.

##### Membership

Membership shall consist of the Board Chair, who shall serve as Chair of the Committee, the Board Vice-Chair, and the Board Secretary.

##### Duties and Responsibilities

In consultation with the Secretary, the Executive Committee shall:

- Meet in advance of Board meetings to discuss meeting agendas and relevant Board activities.
- Review and make recommendations to the Board on the governance practices of the Board, including Board policies and procedures.
- Oversee the Board's training policy and approve relevant training for Board members, subject to availability of funds.
- Monitor the general effectiveness of the Board, Board meetings and Committee meetings and report to the Board on its findings, as appropriate.
- Keep minutes of the Executive Committee meetings and ensure that minutes are made available to Board members.

##### Meetings

The Committee shall meet at least \_\_\_ times per calendar year, and may convene more frequently as circumstances require.

##### Charter Review

The Board, in consultation with the Executive Committee, shall review this charter for relevancy and appropriateness at least once every three years.

##### History

The Board adopted this charter on \_\_\_\_\_. The Board approved changes to this charter on \_\_\_\_\_.



STATE OF WISCONSIN  
Department of Employee Trust Funds  
David A. Stella  
SECRETARY

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**CORRESPONDENCE MEMORANDUM**

**DATE:** December 1, 2008  
**TO:** Employee Trust Funds Board  
**FROM:** Bob Conlin, Deputy Secretary  
**SUBJECT:** Proposed Committee Charters

**The Board is asked to consider the attached committee charters for adoption.**

At the September Board meeting, Chair Wigdahl asked staff to prepare draft committee charters for consideration by the full Board at the December meeting. The attached charters were prepared in response to that request.

The attached charters are for an Executive Committee (Attachment A), an Audit Committee (Attachment B), and a Budget and Operations Committee (Attachment C). There are a number of issues that need to be addressed by the Board, as follows:

- **Are the duties and responsibilities of the committees in keeping with the intent of the Board?** In preparing the attached, we reviewed charters from other public retirement systems and, where available, model charters created by various associations. We attempted to keep the charters simple while covering what we perceived to be the basic subject matter responsibilities of the respective committees. The charters may be amended periodically by the Board.
- **How many members should the committees have?** We suggest that either three or five members are appropriate for all but the Executive Committee, and that only the three officers of the Board serve on the Executive Committee.
- **How often should committees meet?** Although we believe committee chairs should be able to decide the frequency of meetings, the Board may wish to set some minimum expectations for how often a committee should meet (e.g., not less than once per calendar year).
- **What should become of the Personnel Evaluation Committee?** The Board currently maintains one regular committee, the Personnel Evaluation Committee (PEC). That committee is generally responsible for reviewing personnel matters concerning the Secretary and, as appropriate, other Department staff. While it is appropriate for the PEC to continue to exist, it may also be appropriate for the functions of that committee to be assumed by the Executive Committee.

Staff will be available at the December 12<sup>th</sup> meeting to answer any questions.

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Committee Charter

**Budget and Operations Committee**

General

The Employee Trust Funds Board (Board) has established the Budget and Operations Committee to assist the Board in fulfilling its fiduciary and oversight responsibilities. Generally, the Committee will review:

1. The biennial budget process; and
2. The Department's strategic business and information technology planning activities.

Membership

Membership shall be determined by the Board chair, except that the Committee shall be composed of [three] [five] Board members.

Duties and Responsibilities

In consultation with the Secretary, the Budget and Operations Committee shall:

- Review and offer recommendations to the Board and Secretary on the following matters:
  - The Department's biennial budget requests
  - The Department's proposed annual operating budget
  - The Department's annual report of operating expenses
  - The Department's requests to exceed expenditure or position authority, as necessary
  - The Department's capital budget requests and facility planning needs
  - The Department's strategic business plan, including service goals and benchmarks
  - The Department's information technology plans
  - The Department's operational policies, including continuity of operations and disaster recovery
  - The Department's efforts to enhance the efficiency and effectiveness of its administration practices for the benefit plans overseen by the Board
  - Proposed legislation affecting the Department's budget or operations
- Monitor the Department's progress in meeting its strategic business plan goals and benchmarks.
- Monitor WRS demographic data.
- Monitor the Department's workload data.
- Review and approve proposed changes to the policies and procedures for procurements conducted on behalf of the Board.
- Keep minutes of the Budget and Operations Committee meetings and ensure that minutes are made available to Board members.

Meetings

The Committee shall meet at least \_\_\_\_ times per calendar year, and may convene more frequently as circumstances require.

Charter Review

The Board, in consultation with the Budget and Operations Committee, shall review this charter for relevancy and appropriateness at least once every three years.

History

The Board adopted this charter on \_\_\_\_\_. The Board approved changes to this charter on \_\_\_\_\_.



STATE OF WISCONSIN  
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**CORRESPONDENCE MEMORANDUM**

**DATE:** December 12, 2008  
**TO:** Employee Trust Funds Board  
**FROM:** David Stella, Secretary  
**SUBJECT:** Secretary's Report

The following are items that I believe the Board should be aware of.

1. Benefit Payment System – I previously advised you via e-mail that the new Benefit Payment System (BPS) had been completed and was brought on-line in October. The November 1 annuity payments were made by the new system. Some of the many benefits of the new system include:
  - BPS will generate individual member identification numbers, therefore records can be identified without the use of Social Security numbers and therefore provide enhanced security.
  - The format of member annuity payment statements is easier to read and displays relevant and important information about the member's benefit.
  - The system is easier for employees to learn and use because data is labeled with titles rather than assigned codes.
  - The system is maintained in "real time" so it is continuously updated. This eliminates current data entry costs and resources.
  - The system will display detailed annuitant information, making it more efficient for ETF staff to communicate with members and process daily work.
  - The system reduces the volume of manual benefit calculations.
  - BPS has a lot more information readily available for staff use – additional demographic data, display of related accounts, role relationships of different parties to an account, account change history and payment history.
  - The system generates enhanced reports covering a wider range of issues, further enhancing ETF's data analysis abilities.
  - The system has an internal messaging system (workpools) to automatically trigger account reviews or actions when certain events occur on an account.

ETF staff are to be commended for their hard work to successfully deploy this new technology. The success established with this project has generated a real morale boost for the entire Department.

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2. Other IT Projects Underway or Commencing – In December ETF will start work on the Lump Sum Payment System which will modernize the system used to pay thousands of lump sum payments annually. We expect to deploy this new system no later than the Spring of 2010.

Work is already underway on the Health Insurance Electronic Enrollment, Validation and Payment System (EVP) that will improve administration of the health programs ETF administers. The proposed EVP System will improve the timeliness and accuracy of premium payments to vendors by utilizing the current Health Information and Complaint System data, reduce administrative effort through the transfer of responsibility for entry and validation of HICS data to employers, and replace manual processing of paper documents and reports with online applications. We are currently ahead of schedule by over a month in the initial phases of the project and hope to keep that momentum going.

ETF is also deploying the latest version of Microsoft Office 2007 which we hope to complete by the end of 2008.

3. Communication of the Effect of Financial Market Downturn on WRS Members – SWIB Executive Director, Keith Bozarth, and I continue to meet with a variety of annuitant groups, union representatives, legislative agency heads and staff, and other stakeholders to review the potential impacts of the financial market downturn. This is part of a broad communication effort to inform WRS members and other stakeholders. Matt Stohr will be discussing the communication plan in his report to the retirement boards. The implications of the severe downturn are far reaching, affecting retiree annuity adjustments, active and inactive member account interest crediting, and employer and employee contribution rates. The impacts may be felt for a number of years into the future.
4. ETF was advised by the Department of Administration Secretary, Michael Morgan, that all state vacant positions, including those at ETF, must be reviewed and approved by DOA before they can be opened for recruitment. So far DOA has approved filling one ETF position and denied our request to fill another. We currently have 14 vacancies that will be submitted to DOA for approval. Since we are not sure which positions, if any, will be approved, I will be advising Secretary Morgan which positions we believe are a priority for ETF to fill immediately. Many of these vacancies have resulted from normal position turnover resulting from internal transfer, retirement, and termination of employees.
5. ETF Biennial Budget Request – Following my meeting with Secretary Michael Morgan regarding our budget proposal, we have begun discussions with the DOA budget office on the specifics of our request. As I noted in my early e-mail, Secretary Morgan indicated he would keep an open mind about the request and our needs and also indicated that DOA may have some of their own suggestions and ideas about the limits and workload measures that we used to develop the budget. I will keep the Board informed of the progress of our budget request as the discussions continue with DOA.



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**CORRESPONDENCE MEMORANDUM**

**DATE:** November 14, 2008  
**TO:** Employee Trust Funds (ETF) Board  
**FROM:** Michelle Baxter, Director  
Employer Communication and Reporting Bureau  
**SUBJECT:** Wisconsin Retirement System Reportable Earnings

**This memo is for information and discussion purposes. No action is required.**

Earlier this year, both the Wisconsin Retirement Board and the Teachers Retirement Board requested information from the Department about reportable earnings for Wisconsin Retirement System (WRS) purposes. Subsequent, discussions centered on overtime, overtime earnings, and how the Department identifies and evaluates abnormal changes in earnings. This memorandum is in response to a request to share this same information with the ETF Board.

Department staff will be available for any questions.

Attachments

Reviewed and approved by John Vincent, Administrator, Division of Trust Finance and Employer Services.

Signature \_\_\_\_\_

Date \_\_\_\_\_

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