

WRS News

For retired members of the Wisconsin Retirement System • May 2025

Annuity adjustments



**How ETF determines
your WRS annuity adjustments
amidst the curves of investment growth**

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Return-to-Work Bills**
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Michael Jones**
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Core and Variable Annuity Increases Starting May

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

The Core annuity will increase by 2.3%, while the Variable annuity will rise by 15%.

Adjustments will be reflected on retirees' May 1 annuity payments.

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

Sharing Benefit Risks

Risk-sharing is a fundamental component to the WRS being one

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

Any adjustments are based on the level of assets within the Trust Funds. Investment returns of more than 5% can produce an increase in a retiree's annuity. Returns below 5% can result in a decrease.

In 2024, the Core and Variable Funds returned 8.55% and 18.7%, respectively (see page 6).

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

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

Core annuities will be increased if the annuity reserve surplus provides at least a 0.5% increase. On the other hand, annuities will be reduced if a shortfall in this reserve would require at least a -0.5% adjustment.

For the Variable Fund, annuities will be reduced if a shortfall in this reserve would require at least a -2.0% adjustment and increased based on a 2% threshold. ■

WRS News Briefs

Board Officers, Members

The five Boards of Trustees that govern ETF recently reelected their respective officers:

- ETF Board: Bill Ford as Chair, Steve Wilding as Vice Chair, and Chris Heller as Secretary
- Wisconsin Retirement Board: Wilding as Chair, Angela Miller as Vice Chair, and Becky Easland as Secretary
- Group Insurance Board: Herschel Day as Chair, Nathan Houdek as Vice Chair, and Nancy Thompson as Secretary
- Deferred Compensation Board: Jason Rothenberg as Chair, Connie Haberkorn as Vice Chair, and Bill Stebbins as Secretary
- Teachers Retirement (TR) Board: Heller as Chair, Adam Balz as Vice Chair, and Allison Pratt as Secretary

The TR Board also appointed J. Michael Collins as its representative

to the SWIB Board of Trustees. Gov. Tony Evers earlier appointed Collins to the TR Board after David Schalow vacated the Universities of Wisconsin teacher seat.

Ingrid Walker-Henry assumes the TR Board's Milwaukee public school teacher seat this month. She is the president of the Milwaukee Teachers' Education Association.

2024 Retired Lives Valuation

Below are highlights of the 42nd Annual Actuarial Valuation of Retired Lives as of Dec. 31, 2024:

- There were 242,226 Core Fund annuitants, with 43,853 opting to participate in the Variable Fund.
- The median annual Core and Variable benefits were approximately \$24,100 and \$7,300, respectively. The median combined benefit was \$26,400.



Cover: The photo symbolizes a trajectory of retirees' annual annuity adjustments over time and the strength and stability of the WRS.

WRS Trust Funds Investment Returns Calendar year-to-date (as of Feb. 28, 2025)

Core Fund
2.45%

Variable Fund
2.54%

(Net of all fees and costs)

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2025-2027 State Budget and Return-to-Work Proposals



By Tarna Hunter
ETF Budget and
Management Director

In February, Gov. Tony Evers released the 2025-2027 executive state budget, a proposal for how the state should manage expenses for the next two years.

The budget is introduced as separate yet identical legislation (bills) in the Senate and the Assembly. Both bills are currently before the Joint Committee on Finance, which will continue to review and make changes over the next few weeks.

What's in the Budget

The proposed budget contains changes affecting benefit programs administered by ETF. The governor included the following resources that ETF requested in the budget bill.

Spending authority to replace antiquated legacy pension administration systems. ETF currently operates a portfolio of legacy systems that are 11 to 38 years old. These systems significantly increase agency risks related to information security, fulfillment of business objectives, financial costs, and agency reputation. ETF has embarked on multiple projects intended to lessen these risks and enhance the quality of service we provide. The funding will provide the resources to support the successful implementation of these projects.

Position and statutory changes to create an independent Office of Internal Audit. These will strengthen

ETF's Office of Internal Audit's ability to conduct objective reviews of third-party administrators, IT project implementation, and staff oversight of external vendors.

Positions to maintain service levels for members and employers. ETF's member and employer populations have significantly increased. Since 2014, the retiree population rose by 25%, and 250 more employers joined the WRS.

Position for ETF to manage actuarial duties. Increased actuarial oversight ensures the accuracy of actuarial valuations and reliability of financial reporting.

The budget bill did not include ETF requests related to agency risk management and information security functions, positions for locating WRS missing participants, and increased autonomy toward managing personnel.

Return-to-Work Proposals

The governor also included the following changes to WRS return-to-work laws:

- Allow an annuitant to return to work for a WRS employer, work two-thirds of full time, and elect to not become a participating WRS employee, and instead continue to receive their annuity
 - Reduce the break-in-service requirement from 75 to 30 days
- Likewise, lawmakers introduced their versions of return-to-work proposals. 2025 Senate Bill (SB)

170 and Assembly Bill (AB) 196 seek to allow an annuitant to return to work for a WRS employer, work two-thirds of full time, and elect to not become a participating WRS employee, and instead continue to receive their annuity for up to 60 months.

The bills also require WRS employers that hire these annuitants to make payments to ETF equal to what they would have paid as required contributions for an active employee. It does not require an employee contribution from the rehired annuitant.

Further to these, 2025 SB 35 and AB 36 seek to allow an annuitant who was a law enforcement officer or firefighter to return to work for a WRS employer, work two-thirds of full time, and elect to not become a participating WRS employee, and instead continue to receive their annuity.

Finally, 2025 SB 105 and AB 138 have a wider coverage by seeking to allow an annuitant who was a WRS protective occupation participant or a county jailer who was not a WRS protective occupation participant to return to work for a WRS employer, work two-thirds of full time, and elect to not become a participating WRS employee, and instead continue to receive their annuity.

ETF will monitor the progress of these bills and provide updates to WRS members. ■

Health Insurance Benefit Changes for 2026

The Group Insurance Board approved benefit changes for plan year 2026.

The board also decided not to adjust cost-sharing for any of the Group Health Insurance Program plan designs offered.

While rate negotiations with health plans are in process, ETF expects premiums will need to be increased to offset rising insurance costs and a stabilization charge added for the reserve fund.

Rates for 2026 will be set by the board in May. These and other changes will be shared during open enrollment on Oct. 6-31, 2025.

Highlights of changes for 2026:

- Shift the diabetes pilot program for non-High Deductible Health Plan members to a standard benefit
- Cover continuous glucose monitors (CGM) solely under the pharmacy benefit for non-Medicare members
- Expand eligible conditions for medically necessary biofeedback treatment
- Update a qualifying life event to allow members to change plans when enrolling in Medicare and change coverage and health plans after the death of a spouse or dependent
- Allow Medicare Advantage members to earn the Well Wisconsin incentive (see related story next page) ■

Insurance News Briefs

Pharmacy Mail Order

Starting May 1, 2025, Costco Pharmacy will be the new mail-order pharmacy for members of ETF-administered health insurance.

Members do not need to be a Costco member to use this service or pick up prescriptions inside any Costco Warehouse.

Those with prescriptions through Serve You Rx should have already received an email or letter from Navitus and Serve You Rx with information about prescriptions transfer to Costco.

Members will still receive mail-order prescriptions and be eligible for three months' worth of prescriptions for two months' worth of copayments.

Costco Pharmacy can be reached at 1-800-607-6861 or webpharmacy@costco.com.

Call Navitus at 866-333-2757 (non-Medicare) or 866-270-3877 (Medicare) for questions on pharmacy coverage. Members can

visit benefitplans.navitus.com/etf to view their benefits online.

Medicare Enrollment Period

Retirees and their dependents who will be eligible for Medicare effective July 1, 2025, or later may change health plans for a period of up to seven months.

This period includes:

- The three months before you or a dependent turns age 65 or enroll in Medicare Parts A and/or B
- The month you turn age 65
- Up to three months following your Medicare effective date

To align your new plan effective date with your Medicare start date, submit an application to ETF up to three months before you or your dependent is eligible for Medicare Parts A and/or B.

If you submit your application after your Medicare effective date, the new plan will not be effective at the same time as your Medicare coverage. Your new plan will begin

the first of the month following ETF's receipt of your application.

If you are not sure of your Medicare effective date, you may file your application early and send a copy of your Medicare card later.

My Insurance Benefits

ETF continues development of My Insurance Benefits, which is an online application for members to manage their ETF-administered insurance benefits 24/7.

Insurance benefits available in the online application include health, dental, vision, life insurance, and Health Savings Accounts (HSAs) for certain state retirees. Note: Long-term care insurance is not included in My Insurance Benefits.

For a smooth transition, retirees will initially continue to submit paper applications to enroll in, change plans, or increase coverage for insurance benefits.

Continued next page

May is Mental Health Awareness Month

As we enter May, ETF is excited to join the nation in recognizing Mental Health Awareness Month.

This year's theme, "Turn Awareness into Action," couldn't be more timely.

One in five people will experience a mental health condition in any given year. Mental health affects us all, and it's critical that we move beyond awareness to take meaningful steps for our well-being and that of our community.

ETF invites you to take action about your mental health. Visit mhascreening.org to take a quick, free, and anonymous screening.

Taking care of your mental health isn't just self-care — it's an

investment in your future. Whether you're joining a support group, trying a new stress-relief technique, or seeking professional help,

every action counts. Visit the ETF webpage at etf.wi.gov/mental-health-resources and let's turn awareness into action together. ■



Well Wisconsin Offers Biometric Screenings

Well Wisconsin's biometric screenings allow members of ETF-administered insurance to check their health status and identify early warning signs of health risks, so they can prevent or manage potential diseases.

Participants receive cholesterol, blood pressure, glucose, and blood pressure readings during a short onsite appointment at various locations around Wisconsin.

Members can also request a self-collection kit to complete the screening at home.

Completing a screening counts toward the \$150 Well Wisconsin incentive. The incentive deadline is Oct. 17, 2025.

UnitedHealthcare Medicare Advantage members can participate in the biometric screenings but cannot earn the Well Wisconsin incentive. This limitation, however,

will be lifted next year, so Medicare Advantage members can earn the incentive in 2026 (see page 4).

To register for a screening, visit webmdhealth.com/wellwisconsin and click "Benefits" to display the Biometric Screening option.

Visit etf.wi.gov/well-wisconsin-members to know your Well Wisconsin benefits and resources, including schedules of free fitness classes, workshops, and webinars. ■

From previous page

Retirees may use My Insurance Benefits to view their insurance information, update their profile, and cancel or reduce coverage.

My Insurance Benefits is part of ETF's modernization effort to improve online self-service for WRS members and employers (see related story on page 3).

Pre-Tax Savings Changes

Total Administrative Services Corporation (TASC) will be the new administrator for pre-tax savings accounts programs beginning Jan. 1, 2026.

These programs include:

- HSAs
- Employee Reimbursement

Accounts, such as Health Care Flexible Spending Accounts (FSAs), Limited Purpose FSAs, and Dependent Day Care FSAs

- Commuter fringe benefit accounts, such as Parking and Transit Accounts

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Understanding your Annuity Adjustments

Starting May, retirees will receive increases in their Core (2.3%) and Variable (15%) annuities (see page 2).

As designed by law, annual WRS annuity adjustments are based on actuarial assumptions used in calculating the pension liability, actual member experience, and the value of WRS assets. These are not cost-of-living adjustments to offset inflation.

This article is the first in a series that aims for WRS retirees to better understand how annuity adjustments are determined and the fiscal guardrails that help make the WRS a strong and resilient public pension system.

Value of Assets

The level of Trust Fund assets is a significant factor for adjusting annuities. The WRS aims to grow these assets through SWIB’s investment strategy.

Based on investment earnings and other inputs, ETF calculates the effective rate of interest, resulting in a portion of investment gains or losses to be recognized in the current year and a portion to be deferred for future years.

Pension Liability

Actual experience of retirees impact the annuity adjustments. Certain years may have more employees retiring or fewer retirees passing away.

ETF hires independent actuaries to regularly conduct WRS member experience and valuation studies. These studies inform the actuarial assumptions used in calculating the pension liability, which is a significant input in calculating annuity adjustments.

Core Annuities and Five-Year Smoothing

To cushion the effects of investment volatility for the Core Trust Fund, SWIB invests the funds in a diverse and balanced portfolio, not just in stocks.

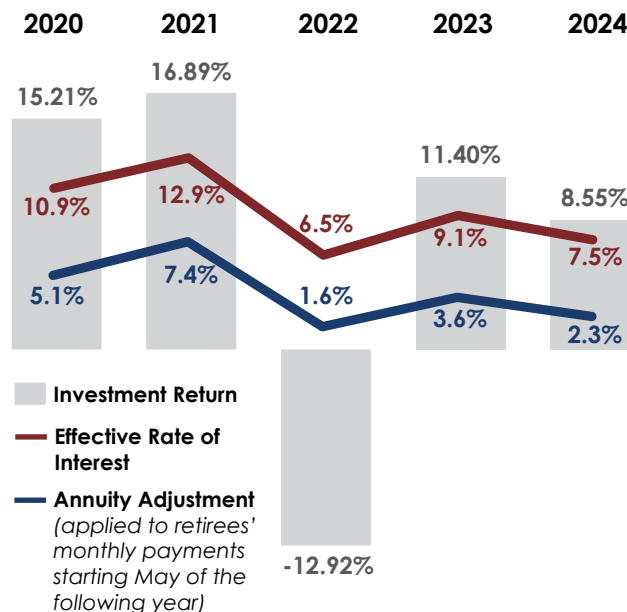
Further, ETF’s annual calculation of effective rate and annuity adjustment recognizes investment performance over the last five years. This five-year smoothing helps stabilize Core annuity adjustments every year.

Annuities can also be reduced from the previous year’s level. This has already happened when investments returned with a 26.2% loss in

2008, resulting in the calculation of annuity decreases between 1.2% and 9.6% the following five years.

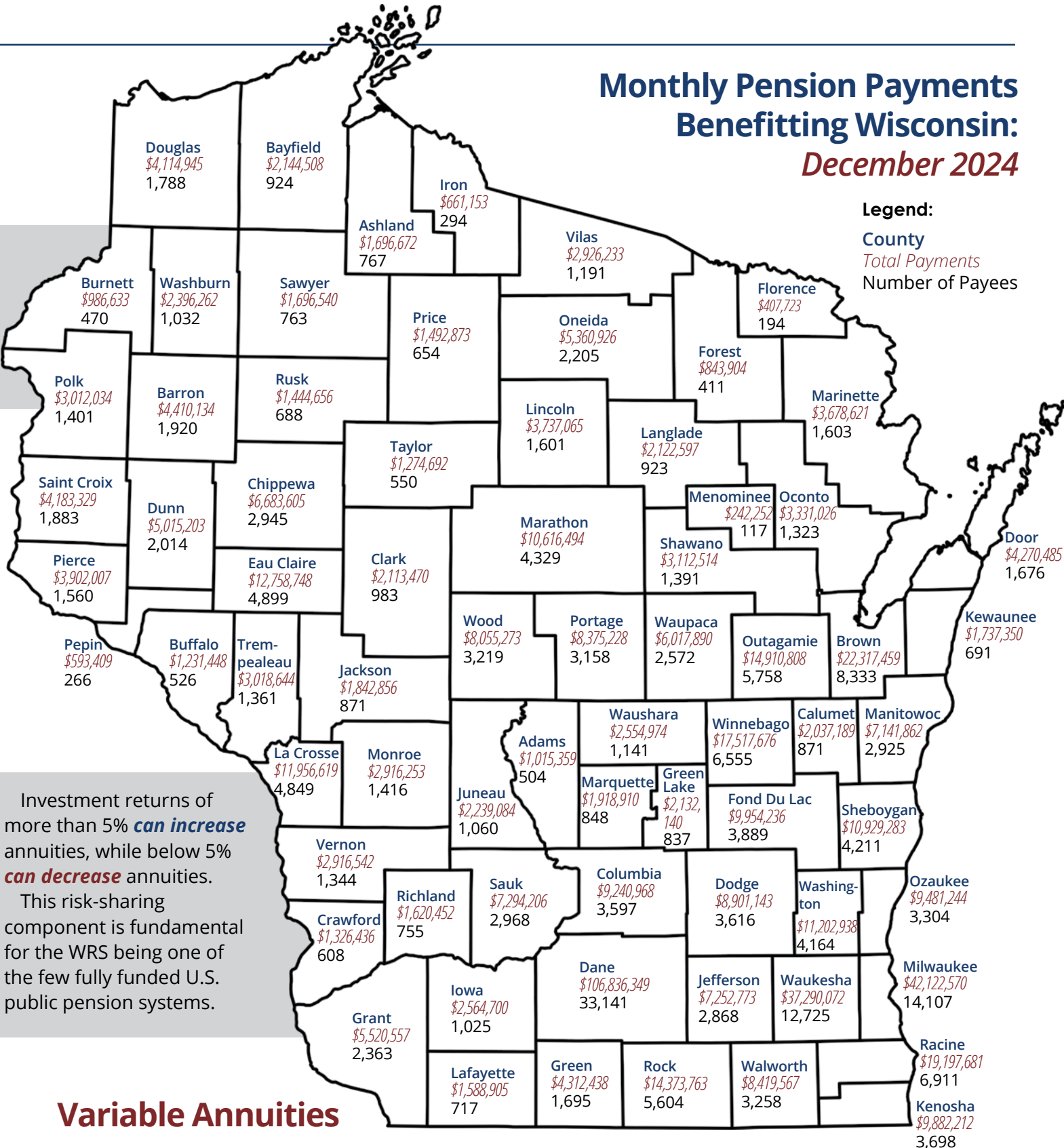
Fortunately, WRS annuitants have guaranteed protection that their pensions will never go below their “Core floor,” or the lowest payment limit calculated upon retirement.

In 2022, investments returned a 12.92% loss (see graph) because of unfavorable market conditions. Given the five-year smoothing, a portion of the 2022 investment performance was already recognized in adjusting annuities for the past three years and will continue to be recognized through 2026, impacting the Core annuity adjustments for 2026 and 2027.



Monthly Pension Payments Benefitting Wisconsin: December 2024

Legend:
County
Total Payments
Number of Payees



Investment returns of more than 5% **can increase** annuities, while below 5% **can decrease** annuities. This risk-sharing component is fundamental for the WRS being one of the few fully funded U.S. public pension systems.

Variable Annuities

The optional Variable Trust Fund is invested by SWIB purely in stocks. Investment returns are not smoothed, so gains and losses are applied in full each year. There is also no guaranteed “Variable floor.”

While it is possible for Variable annuities to have annual adjustment rates higher than Core annuities, it is also possible for Variable annuities to be reduced below the amount first calculated upon retirement. ■

This article series will continue in the September 2025 issue with a closer look at projected annuity adjustments for next year.

WRS Trust Funds Yield \$4.1 Billion Above 5-Year Benchmark

Investment management of the WRS generated more than \$4.1 billion of net outperformance over the last five years, according to the latest report by SWIB.

These strong investment returns, through SWIB's cost-effective internal management, has helped the WRS remain among the best-funded public pension systems in the country.

Over the last 20 years, SWIB's active management and diversified holdings generated \$15 billion for the Core Trust Fund, above what it would have earned by simply investing in a passive portfolio consisting of 60% global equities and 40% domestic bonds.

In 2024, the Core Fund, the larger of the two WRS Trust Funds with

more than \$128 billion in assets, ended the year with a one-year net return of 8.5% and a five-year net return of 7.2%.

Fifteen of 17 active investment strategies outperformed their benchmarks, contributing to a one-year excess return of 1.1% (the most since 2009) and a five-year excess return of 0.7%.

The Core Fund's 10-year and 20-year returns, net of external manager fees, continue to exceed its target return of 6.8%, with SWIB outperforming the Core Fund benchmark for these periods.

"The WRS Trust Funds delivered another strong performance year, driven by an investment strategy designed to withstand financial challenges and provide participants

with the retirement security they deserve," said SWIB Executive Director/Chief Investment Officer Edwin Denson.

Denson added: "No matter what the future holds, I am confident the WRS will remain among the nation's most resilient pension funds — growing and protecting participants' benefits, giving them peace of mind to focus on their work, life, and future."

In his statement, SWIB Board of Trustees Chair Clyde Tinnen said, "I am incredibly proud of the work SWIB staff does on behalf of over 692,000 WRS members."

"These results reaffirm the value of highly skilled employees executing a sophisticated investment program," he added. ■

SWIB Private Equity Team Earns Recognitions

Two members of SWIB's private equity team have recently received industry recognition for their work.

Senior Portfolio Manager Beth Holzberger is one of 10 allocators featured in *PE Hub's* "Women in Private Equity 2025."

The list features "women who have excelled as leaders, innovated, executed on novel strategic visions, and pushed the industry's boundaries."

Holzberger manages and underwrites fund investments and co-investments as part of SWIB's private equity portfolio worth \$25 billion.

She has strategically expanded SWIB's private equity exposure to the technology sector, spanning



Beth Holzberger and Salah Khalaf

from the lower middle market to mega funds.

Holzberger joined SWIB in 2006 and rose to become a senior portfolio manager in 2023. Since her arrival, private equity has

grown to become a pillar of SWIB's strategy, increasing from approximately 5% of the agency's asset allocation to 20% under her and her team's technical guidance.

"Beth has been a key contributor to SWIB's private equity efforts for nearly two decades," SWIB Executive Director/Chief Investment Officer Edwin Denson said.

"With deep expertise across private equity, growth, private credit, secondaries, and co-investments, she is a versatile investor that brings a lot to the table," Denson added.

Meanwhile, Senior Portfolio Engineer Salah Khalaf was named

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swib.state.wi.us/podcasts

The **SWIB PODCAST**

MARKET UPDATE

TODD MATTINA
SWIB Head Economist,
Asset & Risk Allocation
Chief Investment Officer

SWIB Launches Market Update Podcasts

A quarterly market update in a mini-podcast format is part of a brand new series being released by The SWIB Podcast.

The 5-10 minute episodes will feature SWIB staff talking about the economy, the markets, and how the WRS Trust Funds are impacted.

In the newest episode of The SWIB Podcast Market Update, Todd Mattina shares his thoughts on the economy through the first quarter of 2025 and some of the key trends that SWIB monitors to make disciplined and informed investment decisions.

Check out the first episode of The SWIB Podcast Market Update on SWIB's website at swib.state.wi.us/podcasts or on most major podcast platforms. After listening, be sure to share the link with your friends, family, or other WRS members. ■

WDC Helps Navigate Evolving Retirement Life

Planning does not end with retirement. Your financial needs and circumstances continue to evolve as you age.

Having a Wisconsin Deferred Compensation Program (WDC) account can help retirees navigate their evolving needs.

By keeping savings in your WDC account, you will continue to have access to the WDC's many features and advantages. These include:

Continued access to your local WDC retirement plan advisor. Make an appointment with the WDC to review your retirement income sources, investments and spend down strategy during your retirement years.

A diverse lineup of quality investment options. You have access to the full slate of investments in your WDC account, so you can build the portfolio that matches your evolving retirement strategy.

The potential for lower fees. All investments come with fees. The WDC works to keep fees low and competitive, so you can enjoy having more retirement income.

Educational content and planning resources. Learn by attending free WDC webinars or utilizing calculators and other free tools that can help you make informed decisions about your finances.

Advice through Empower. As the WDC's recordkeeper, Empower



provides multiple ways for you to be guided on choosing and managing investments for your WDC account.

To make an in-person or virtual appointment with the WDC, visit the WDC website at wdc457.empower-retirement.com (look for the owl) or call the WDC at 1-877-457-9327. ■



Featured WRS Retiree: Michael Jones

I spent the last 14 years of my working career at the Department of Health Services, then finished up at the Department of Corrections. I retired the day before Thanksgiving in 2023. On May 20, 2024, I began a cross-country bicycle tour. I rode from the shores of the Pacific Ocean to the Atlantic Ocean in 66 days, a total of 4,582 miles. Having a sizable portion of my retirement nest egg managed by ETF allows me to check items off my bucket list, knowing all the while that my pension is working as hard as I do.

How has being part of the WRS helped your retirement life?

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

WRS News Briefs, from page 2

- The ratio of assets to liabilities was 1.023 for the Core Fund and 1.157 for the Variable Fund. The report determines how much is transferred to fund new annuities and available to adjust annuities. GRS independently performed the actuarial valuation. ■

Insurance News Briefs, from page 5

A comprehensive transition plan is in place with support from Optum and TASC. ETF will share key dates and details as soon as the

SWIB Private Equity Team, from page 8

in *Private Equity International's* "40 Under 40: Future Leaders," which recognizes individuals under 40 who are shaping the future of the private equity industry. As a key member of SWIB's Private Markets & Funds Alpha team, Khalaf joined in 2022 and is

redefining the role of analytics in private equity. His pivotal work in developing advanced quantitative tools has transformed a traditionally qualitative process into one driven by robust data insights. "Salah conceptualized and established the portfolio engineer role at SWIB, with a focus on empowering the investment team," Denson said. "He is a professional who thinks outside the box to develop and implement innovative solutions, earning him recognition among peers and the trust of his colleagues," added Denson. ■

contract with TASC is finalized. This change was approved by the Group Insurance Board during its February 2025 meeting. ■

Privacy Policy Notice

As the agency that administers benefit programs to WRS members, ETF is committed to protecting your personal information. ETF maintains strong policies, trains staff to ensure your information is safe, and follows all applicable laws, regulations, and industry best practices. Visit etf.wi.gov/about-etf/privacy-and-policy-notice to know more. ■

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Letters to WRS News

ETF Sec. Voelker's Column

"In a Positive Light" is a great message that I needed to read. I have done my best to look for positives every day. I encourage family members and friends to do the same. I believe that we can move on to a fine place if we model the final paragraph, in our lives anytime we can.

JM, WRS Member

I read (Voelker's) piece in the ETF member news publication. Great job! I enjoyed it and feel a boost from it.

CPK, WRS Member

Coalition of Annuitants Conference

ETF Secretary John Voelker and SWIB Executive Director/Chief Investment Officer Edwin Denson will provide updates on the WRS at the annual conference of the Wisconsin Coalition of Annuitants.

This free online event will be on May 13 and 14, 2025, from 9:30 a.m. to noon.

County-Level Pensions Map

Last year, the graphic showed how WRS retirees continue to support Wisconsin's communities and economy. I used that graphic to inform my local retired educators association how we continue to give back to the county and state, even in retirement. I'd love to see an updated graphic in May of 2025.

MH, WRS Member

New Layout

We have no complaint with the original newsletter; it provided information we needed in a no-nonsense format. The new layout

doesn't seem to provide anything the original didn't. Why not return to the simpler format? Not certain that readers are any more motivated than before.

RG, WRS Member

I compliment the WRS on the newsletter format. It is very inviting and easy to read. I wanted to let you know how much I enjoyed it.

DAG, WRS Member

We want to hear from you!

Send your comments to:
ETFsmbCommunications
@etf.wi.gov

WRS News reserves the right to edit published letters for style, brevity, space, clarity, and legal considerations.

May 2025 issue editors:
Omar Dumdum (ETF) and
Chris Preisler (SWIB)

WRS News

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



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ET-7402

WRS News

May 2025

Finding Strong Investment Opportunities at Home

An Inside Look at How SWIB's Investments in Wisconsin
Benefit the WRS and the State Economy

CHRIS PRESTIGIACOMO
SWIB Portfolio Manager



The
SWIB PODCAST
Wisconsin Retirement System Insights



swib.state.wi.us/podcasts