

WRS NEWS



News and information for retired members of the Wisconsin Retirement System

September 2022

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Year-to-Date Investment Returns as of 6/30/2022	
Core Fund	-13.25%
Benchmark	-13.33%
Variable Fund	-20.07%
Benchmark	-20.26%

Performance is net of fees.

Projections for Core Annuity Adjustments

Every year, in March, the ETF Board approves annuity adjustments affecting Wisconsin Retirement System monthly payments, based on the recommendations of its consulting actuary. The Board also discusses projections for Core annuity adjustments for the *following year*. These projections, prepared and presented by the Department of Employee Trust Funds, incorporate the results of investment performance over the previous four years and a 6.8% investment return assumption for the coming year.

WRS retirees find the projections helpful for anticipating what the adjustments could be, under various investment gain and loss scenarios. For any given year there is an annuity increase—such as this year's impressive 7.4% adjust-

ment—it's wise to be frugal and plan for possible decreases in future years due to the effects of market losses. Keep in mind these important points:

- Projections are useful for anticipating the magnitude—not the exact amount—of future adjustments.
- The only timeframe that matters, as it relates to WRS annuity adjustments, is the *full* calendar year, which runs January 1 to December 31.
- There are still four months to go in calendar year 2022. As of *WRS News* printing deadlines, year-to-date returns for the Core Trust Fund were available only through June 30, but you can monitor our Latest Investment Performance page for the latest

Projections, continued on page 2

SWIB Real Estate Portfolio Important to Overall WRS Investment Strategy

Office buildings, warehouses, and apartment complexes dot the landscape from coast to coast. They are common landmarks that we usually pass by every day without a second thought. We know these brick-and-mortar spaces are important to a thriving economy, but what might surprise you is how important they are to the State of Wisconsin Investment Board's investment strategy.

SWIB's real estate portfolio helps diversify the Core Trust Fund and has generated an impressive track record of investment performance, which has greatly benefited the Wisconsin Retirement Sys-

tem, helping to keep it fully funded and well positioned to deliver on its promise to more than 652,000 members.

"SWIB has been regarded as a leader in using real estate to help build a diversified investment portfolio for a long time," Jason Rothenberg, SWIB's head of real estate, said. "In fact, investment reports dating all the way back to SWIB's inception in 1951 show some level of exposure to real estate, both as a direct owner of property and as a commercial mortgage lender. It was really in the early 1980s that SWIB went a step further by adding

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- information. Visit the Latest Investment Performance page on our website.
- Core Fund investment returns are "smoothed" over a five-year period to reduce the effects of market volatility on retirees' payments. This year's 7.4% Core annuity adjustment was the result of strong investment performance from 2017-2021 achieved by the State of Wisconsin Investment Board, including a 16.89% calendar year 2021 return.
 - The 2023 adjustment will incorporate investment performance from 2018-2022. If the Core Fund has a loss in 2022, only 20% of that loss will affect the 2023 adjustment (because of smoothing).

Here are some highlights from ETF's presentation about 2023 Core annuity adjustment projections for retirees.

- If the Core Fund returns 6.8% in 2022, then the average Core annuity adjustment is projected to be between 5.5% and 5.9%.
- If the Core Fund returns 0% in 2022, then the average Core annuity adjustment is projected to be between 4.1% and 4.5%.
- If the Core Fund returns -18% (a loss) in

2022, then the Core annuity adjustment is projected to be between -0.5% (a loss) and 0% (no adjustment).

Retirees' annuities will be increased if a surplus in the annuity reserve provides at least a 0.5% increase. Annuities will be reduced if a shortfall in the annuity reserve would require at least a -0.5% adjustment. Remember that your Core annuity cannot be reduced below the original amount set at retirement (your "Core Floor").

Unlike the Core Fund, investment returns of the Variable Trust Fund are not smoothed. They are fully recognized each year. Therefore, the Variable annuity adjustment more closely mirrors the performance of the fund in the previous calendar year. Participants' Variable annuities can be adjusted if the increase or decrease would be at least 2.0% (or -2.0%). If you participate in the Variable Fund, this portion of your payment can be reduced (in the form of negative adjustments) to an amount below your starting point.

The 2023 annuity adjustments will be announced in March and will first be reflected in the May 1 payment.

Nominations Sought in Governing Board Elections

The process to elect two retired members to the Wisconsin Retirement System governing boards has begun! If you are interested in running for either of these positions, the nomination materials are now available: Employee Trust Funds Board-Annuitant Member; and Teachers Retirement Board-Retired Teacher Member.

Self nominations are the first step in the process. If you're interested in serving, have questions, or want to download the nomination materials, see the instructions below.

How to declare your candidacy

- Nominate yourself. Download nomination materials from our website or request that the Department of Employee Trust Funds mail them to you. You may send an email to BoardElections@etf.wi.gov or write to

ETF, Retirement Board Liaison, P.O. Box 7931, Madison, WI 53707-7931. Please specify which seat you are running for to ensure you receive the correct packet of materials.

- Gather a minimum of 25 signatures from other members qualified to vote in the election and complete the rest of the paperwork.
- ETF must receive your completed nomination materials by October 14.

ETF supports a diverse and inclusive environment for staff and board members and seeks a diverse pool of nominees for board vacancies. People identifying with traditionally underrepresented groups, particularly women, people of color, and persons with disabilities, are encouraged to submit their nominations.

Frequently Asked Questions About the Variable Trust Fund

I want to cancel Variable Fund participation. When should I file the cancellation and when does it take effect? This is a good time to remind all Variable Trust Fund participants that whether to remain in or cancel participation in this optional fund is a personal decision and should be based on one's risk tolerance and financial situation.

If you decide to cancel—and as a retiree, you will have two options for doing so—it will become effective on the January 1 after the date you turn in the *Cancelling Variable Participation* form (ET-2313). Access this form on our website and submit it electronically or contact us to request a paper copy.

Note: Your annuity will receive the Variable annuity adjustment for the year in which ETF receives your cancellation form. Example: If you file a Variable cancellation form any time in 2022, the Variable portion of your annuity will still receive the Variable annuity adjustment for the year, beginning with the May 1, 2023 payment. The Vari-



able annuity adjustment will be based on Variable Fund investment performance for the 2022 calendar year.

If I cancel Variable Fund participation, is there a way to avoid incurring a loss due to unfavorable market conditions? Yes—you can file a “conditional” Variable cancellation, which means that you will remain in the Variable until you are at least “breaking even”. The Department of Employee Trust Funds

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ETF is Your Source for all Things WRS

This is just a quick reminder to contact the Department of Employee Trust Funds for any questions related to your Wisconsin Retirement System account and your WRS benefits and how they work. Occasionally we hear about outside (non-ETF) retirement finance advisors/professionals providing incorrect information about WRS benefits to members who also happen to be their clients, prospective clients, or are attending a presentation. While these professionals can be subject matter experts on many retirement financial security topics, ETF is your primary source of information about:

- your WRS annuity and annual annuity adjustments
- your available WRS health, life, disability, and death benefits
- providing forms for withholding taxes for monthly annuities
- how, why, and when to use ETF's online tools

- returning to work after retirement
- state laws governing WRS benefits
- the unique design and funding mechanisms of the WRS and much more

Find ETF-administered benefits information, forms, brochures, benefit calculators, educational offerings, and other online resources on our website, <https://etf.wi.gov>. ETF benefits specialist are available to answer your questions. Call 1-877-533-5020 from 7:00 a.m. to 5:00 p.m., Monday-Friday. Send a confidential email through the “Contact Us” page on our website.

To learn more about how the State of Wisconsin Investment Board manages the assets of the WRS, visit the Investments page of SWIB's website at <https://www.swib.state.wi.us>.

Wisconsin Deferred Compensation Program members: For information and questions related to your account, your investments, distributions, etc., call the WDC 1-877-457-9327 or send an email to wdcquestions@empower-retirement.com.

ETF Board Approves Contribution Rates for Employers and Employees

Following the recommendations of its consulting actuary, the Employee Trust Funds Board in June increased required contribution rates to be paid in 2023 by Wisconsin Retirement System employers and active (non-retired) employees.

The increases are due to the effects of a reduced WRS assumed rate of investment return, approved by the Board last December in the wake of economic forecasts. The Board took these two actions—lowering the investment assumption return and slightly raising 2023 contribution rates—to support its policy to be 100% funded.

In keeping with the WRS's shared risk design, however, the total impact of the investment return reduction on 2023 contributions was partially offset by investment gains, particularly last year's 16.89% Core Trust Fund return.

Required contribution rates are not applicable to retired members. You may recall that WRS contribution rates change annually, based on investment performance of the WRS trust funds and actuarial factors to pre-fund retirement benefits.

The total contribution rates for all WRS employee categories, expressed as a percentage of salary, are as follows:

- General category employees (including executive and elected): 13.6% (an increase of 0.6% over the 2022 rate)
- Protective with Social Security: 20% (increase of 1.5% over the 2022 rate)
- Protective without Social Security: 24.9% (increase of 2.0% over the 2022 rate)

WRS Facts and Figures

- Funds to pay WRS pension benefits are generated from three sources: investment earnings, employer contributions, and employee contributions. Of these, investment earnings comprise 80% of resources needed to fund benefits.
- The WRS is a low-cost system. Wisconsin and local governments spend 2.1% of their budgets on the WRS, compared to 5.0% nationally*. No general taxes are required to support the WRS. *percentages include the City of Milwaukee and Milwaukee County.

Variable, continued from page 3

will evaluate your annuity annually to determine whether you are “ahead” (your Variable portion is greater than had you not participated). If your annuity is equal to or greater than the amount it would be if you had never participated, then the Variable portion of your annuity will be transferred to the Core Fund.

Conversely, if your Variable annuity is “behind” (it is less than if you never participated), then it will remain invested in the Variable for another year. With a conditional Variable cancellation, your Variable annuity will remain in the Variable Fund until you are at least “breaking even”.

What is the deadline for filing a Variable cancellation? To become effective January 1,

2023, ETF must receive your cancellation form no later than the first business day in January, which is January 2.

For More Information

ETF brochure, *Variable Trust Fund* (ET-4930)

Information on how Variable Trust Fund participation affects your WRS annuity and how to cancel participation.

ETF form, *Canceling Variable Participation* (ET-2313)

Find all forms on our website.

Wisconsin Deferred Compensation Program Updates

The Wisconsin Deferred Compensation Program website has always been a great resource to help you manage this vital source of retirement income—and now it can do a great deal more. Recent enhancements provide you the option to track every aspect of your finances in real time—in one place, and with one login.

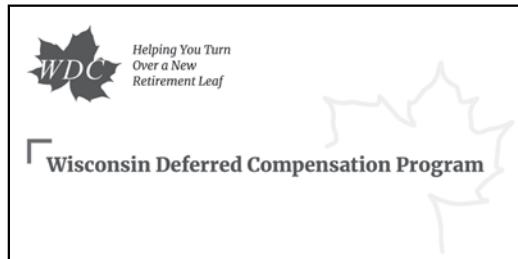
After all, your financial life isn't limited to just your WDC account, and every dollar you have set aside for retirement has an impact on your cash flow, your debt, and your net worth. You may have multiple financial accounts, each with its own website, user name, and password.

Here's how this new and completely optional WDC website feature can help you put together the varied snapshots of your finances into a single comprehensive picture:

- **Link all of your accounts.** You can add other accounts, such as checking, savings, credit cards, mortgages, health savings accounts, and brokerage accounts, to your WDC account. You'll get a complete, real-time overview of all your finances on one site with a single login.
- **Track your net worth.** The consolidated view of your finances can help you understand your net worth so you can clearly see what you own and what you owe.
- **Monitor your budget and cash flow.** Keep track of the income you earn each month and where you spend it. You'll be able to track your spending by category and spot month-to-month patterns.
- **Prepare for the future with retirement and savings planners.** Get insight into your progress toward your savings goals and make a plan to help you reach them.

Security features like multifactor authentication, proactive security alerts, device fingerprinting, and access controls help keep your account and information secure.

Log in to your account at to link your other financial accounts to your WDC profile—and get an end-to-end view of your finances. If you have questions, set up a free one-on-one appointment



with your local WDC Retirement Plan Advisor. Find the link on the WDC website, under "Schedule a Meeting" or call the WDC at 1-877-457-9327.

A retirement investment strategy just for you
While basic investment strategies often consider only your age, My Total Retirement™ offered through the WDC Program, looks at a wide range of factors to develop a more in-depth picture of who you are before creating a strategy that best fits your individual needs. The result is a retirement investment strategy that is personalized, simplified, comprehensive, and one to one. For a limited time, you can experience all the benefits of My Total Retirement with a free, 90-day, no obligation trial. This offer expires November 30.

If you prefer to manage your own WDC investments but would like some assistance, Online Advice generates personalized saving and investing suggestions. Contact your local WDC Retirement Plan Advisors to discuss your options or call the WDC.

Note: There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

For More Information

Need help or more information about the WDC Program? To speak with a representative regarding your account, call the WDC Customer Care Center at 1-877-457-9327. Representatives are available weekdays from 7:00 a.m. to 9:00 p.m. Monday-Friday and 8:00 a.m. to 4:30 p.m. on Saturdays, (CST).

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Upcoming Governing Board Meetings

Stay current with Wisconsin Retirement System governing board discussions and actions by reviewing meeting agendas and materials. Find them on our Governing Boards web page at <https://etf.wi.gov/about-etf/governing-boards>.

ETF Board

The Employee Trust Funds Board is scheduled to meet September 22 and December 8. In addition to sub-committee reports, typical meeting topics include ETF budget and legislative updates; status reports on operations projects, contracts, and legal cases.

Group Insurance Board

The next Group Insurance Board meeting is set for November 16. Typical meeting topics include updates on the It's Your Choice open enrollment period; contract status reports; and operational updates on topics such as health plan performance

statistics, data warehouse dashboards, ombudsman services, and quarterly audit reports.

Deferred Compensation Board

The Deferred Compensation Board is set to meet September 1 and December 1. Meeting topics vary, but typically include investment performance updates, a review of participant fees, invest committee reports, and various operational updates.

Contact the Boards

Contact the WRS governing boards by sending an email to BoardFeedback@etf.wi.gov or mail correspondence to Board Liaison, P.O. Box 7931, Madison, WI 53707-7931. Correspondence will be unredacted and not edited, unless redaction is necessary pursuant to applicable laws. In addition, your correspondence may be subject to the Wisconsin Public Records Law.

WRS Benefits-Related Videos of Interest to Retirees

How Divorce Affects Your WRS Retirement Benefits—Annuitants

Did you know that divorce can affect your annuity payment? Learn how a domestic relations order can divide your Wisconsin Retirement System annuity between you and your ex-spouse. See how this may affect your other WRS benefits and what responsibilities you have to receive and maintain your benefits.

Understanding Your Sick Leave Statement

Learn about the types of sick leave statement you may receive in the mail, what they mean, and estimate when your accumulated sick leave will end and when your annuity deduction will begin. (For state agency and UW System retirees)

Beneficiary Designations

Learn what happens to your WRS account when you pass away, why it's important to designate a beneficiary, and the importance of keeping your account up to date.

Newly Retired? What to Expect

Get out and enjoy the retirement you worked so hard for! In your spare time, review this video for a refresher on what to expect the first year from

the Department of Employee Trust Funds. Topics include how your WRS benefits work in retirement, taxes, returning to work, annual adjustments, etc.

Submitting a Form to ETF

Step-by-step instructions for downloading a form, filling out a form electronically, and submitting a form securely to ETF.

Returning to Work

Thinking about working post retirement? Be sure to understand WRS return-to-work rules, e.g., valid termination, break in service, etc., in order to avoid jeopardizing your hard-earned WRS benefits.

New to Medicare

Wisconsin Group Health Insurance Program members: Are you approaching age 65? Find out what Medicare means for your health benefits. Topics include steps you need to take, the parts of Medicare, how Medicare works with WRS health insurance benefits, how much you'll pay, and what happens if others in your family aren't on Medicare yet.

All ETF video pages include links to related resources like forms, publications, and presentation slides with additional information. Find ETF videos at <https://etf.wi.gov/education/videos>.

Health Benefits Update

The annual It's Your Choice open enrollment period is set for September 26—October 21. This is when you can make changes for next year, including switching health plans, coverage levels, or adding/deleting certain dependents. Watch for It's Your Choice materials, which the Department of Employee Trust Funds will distribute and post online in mid-September. Here are some changes for 2023, as of *WRS News* printing deadlines. Consult your materials when they arrive and our website for the latest information.

Health Plan, Medical and Pharmacy Benefit Changes

- See below for information about WEA Trust's exit from the State of Wisconsin Group Health Insurance Program.
- Dean Health Plan will provide coverage for Access plan designs and the State Maintenance Plan beginning January 1. If you are currently enrolled in the Access plan or SMP and would like to continue your current coverage, you must enroll with Dean Health Plan during open enrollment.
- Security Health Plan is newly available for the 2023 plan year.
- Health plans may waive prior authorization for remote patient monitoring when appropriate.
- Separate behavioral therapy sessions with a patient's immediate family will be allowed as part of a mental health and substance use disorder treatment plan.



- A new specialty drug program, clear bagging, has been added through the University of Wisconsin Specialty Pharmacy for non-Medicare members receiving care within the UW System. Clear bagging means that a health system's own specialty pharmacy is responsible for delivering medication to the site of administration to a patient.

Attend an ETF Online Benefits Fair

ETF will host online benefits fairs (webinars) during the open enrollment period for you to learn about the 2023 plan year. You'll have the opportunity to ask questions directly to health plans and vendors like Delta Dental and WebMD. Participate in as many sessions as desired in order to learn more about important changes, where to find resources, and how to help to make the most of your benefits. To register, visit <https://etf.wi.gov/events>.

New Insurance Menu on ETF Website

ETF's website now offers an "Insurance" menu that provides easy access to health and supplemental benefits information. Find the new page on our website at <https://etf.wi.gov/insurance>.

WEA Trust to Exit Group Health Insurance Program

WEA Trust will no longer offer health insurance as of December 31, 2022. This change affects all current WEA network areas and plan designs offered by the State of Wisconsin Group Health Insurance Program.

- Members who currently have coverage through WEA will continue to have coverage with WEA through December 31, 2022.
- Members who currently have coverage through WEA will need to select a new health plan during the 2023 open enrollment period,

which runs September 26 to October 21.

- WEA's departure does not create a special enrollment opportunity.

The Department of Employee Trust Funds has been working with health plans to provide new options in all current WEA network areas for coverage beginning January 1, 2023. More information about the WEA transition and any new coverage option(s) available to members will be provided before and during the open enrollment period.

WEA Trust, continued on page 8

Well Wisconsin Program Updates

Wellness Incentive

Group health insurance subscribers and spouses: If you still need to complete a well-being activity for your Well Wisconsin incentive payment, here's some inspiration:

- Complete three coaching sessions with a WebMD health coach via phone call or online chats
- Complete one Daily Habits plan on the Well Wisconsin portal
- Listen to at least two episodes of Well Wisconsin Radio

Those enrolled in the UHC Medicare Advantage plan may participate in Well Wisconsin but cannot earn the incentive because UHC has a separate wellness incentive program. Complete your three Well Wisconsin activities (health assessment, health check and well-being activity) in any order by [October 14](#) to earn your incentive. To complete your activities to earn your gift card, go to <https://webmdhealth.com/wellwisconsin>.

Get Vaccinated Against the Flu This Fall

Get a flu vaccine to protect yourself and others from getting the flu this year. Where should you go to get a flu vaccine? Contact your local in-network



pharmacy, your doctor, or check to see whether there is a Well Wisconsin flu vaccine clinic in your area. Log in to your account to see the schedule and register for a flu shot clinic at <https://webmdhealth.com/wellwisconsin>.

It's Your Health: Diabetes Program

WebMD and Navitus are working together to offer members a program focused on diabetes management. Participating in the Well Wisconsin diabetes condition management program lowers your diabetes-related prescription drug copays. To learn more about how the program works, eligibility, etc., visit <https://bit.ly/3kIS7Q5> or contact WebMD at 800-821-6591.

WEA Trust, continued from page 7

Affected Members

This change affects all group health insurance program members in the following state and local plan options:

- IYC Medicare Plus
- WEA Trust – East
- WEA Trust West – Chippewa Valley
- WEA Trust – Mayo Clinic Health System
- Access Plan by WEA Trust
- State Maintenance Plan (SMP) by WEA Trust

I am currently insured with WEA. Do I need to take action? Yes, you will need to select a new health plan during the It's Your Choice

open enrollment period to have coverage for plan year 2023. No other action is necessary on your part before open enrollment. WEA's departure does not create a special enrollment opportunity.

Where can I get more information?

Open enrollment materials will be available in mid-September. These include the 2023 Decision Guides and ETF's health insurance web-pages, where you will find additional details about the WEA transition. In addition, take in an ETF webinar about the WEA transition, available health plan options, and how to transition to a new health plan.

SWIB Named Finalist for Pair of Industry Awards

The State of Wisconsin Investment Board has been nominated by its peers for a pair of financial industry awards.

SWIB's Funds Alpha Team has been named one of three finalists for **Team of the Year** by With Intelligence as part of its 2022 Allocator Prizes. With Intelligence connects investors and fund managers to people and data needed to raise and allocate assets.

SWIB's Funds Alpha Team was nominated for the investment strategy and risk management of its top-performing and innovative hedge fund and long-only programs.

SWIB's Head of Funds Alpha Derek Drummond and his team are part of the Private Markets & Funds Alpha Division, which is led by PMFA Chief Investment Officer Anne-Marie Fink. The team allocates approximately \$35 billion in assets to external managers in an effort to generate alpha or outperformance relative to the broader markets. Highly skilled external managers can supplement SWIB's internal investment capabilities in specialized strategies or hard-to-access markets, such as emerging markets. Finding alpha in this challenging market environment is important to keeping the Wisconsin Retirement System among the only fully funded public pension systems in the country.

Nominees for the awards were submitted by industry peers. A group of six investment industry leaders selected the finalists. Winners will be announced in October.

SWIB and LibreMax Capital have been nominated for **Partnership of the Year** by *Institutional Investor* for a multi-year partnership with SWIB's Funds Alpha Team across several different asset

classes, including general partner ownership. LibreMax Capital is a New York-based asset management firm specializing in structured products across both public and private markets. Strategic partnerships like this one give SWIB an industry edge through the ability to move quickly on investment opportunities, reduce costs, gain access to unique and best ideas, and provide SWIB's internal teams with the resources and tools to make sound investment decisions.

The Allocators' Choice Awards are given annually by *Institutional Investor*—a leading international financial publication—to recognize industry leaders. The awards were created as a way for asset allocators to choose peers deserving recognition for their work in different categories. Finalists were selected based on nominations submitted over the summer and were vetted by *Institutional Investor*'s editorial team.

In 2021 SWIB accepted the Partnership of the Year award on behalf of the Global Peer Financing Association. The GPFA is a nonprofit partnership of 20 global investors with nearly \$9 trillion in assets launched by SWIB and three other public pension funds that seeks to increase and support peer-to-peer securities financing trading activity.

You can learn more about SWIB's Funds Alpha Team by listening to Episode 8 of *The SWIB Podcast*. Hear Derek Drummond talk about the team and how it supports SWIB's overall investment strategy. Drummond also talks about how the Funds Alpha Team uses technology to help make investment decisions in Episode 15 of the podcast. All podcasts can be found on SWIB's website at www.swib.state.wi.us/podcasts.

Annual Report, Schedule of Investments Available

The 2021 Retirement Funds Annual Report and the *2021 Schedule of Investments*, a listing of SWIB holdings as of Dec. 31, 2021, are now available on the "Publications" page on SWIB's website, www.swib.state.wi.us. To request a printed copy, send an email to SWIB at info@swib.state.wi.us or call SWIB toll free at 1-800-424-7942.



DeAngelis Appointed to SWIB Board of Trustees

Jeff DeAngelis has been appointed to the SWIB Board of Trustees. He replaces Tim Sheehy, who stepped down following the June board meeting due to another statewide appointment from Governor Evers. Trustee DeAngelis will serve the remainder of Trustee Sheehy's term.

DeAngelis is the former chief investment officer of the Northwestern Mutual Wealth Management Company and former president of Mason Street Advisors. In addition, he was a portfolio manager at Putnam Investments and Van Kampen Investments.

DeAngelis is currently a board and investment committee member of Cavamont Holdings, chair of the investment committee of the United Negro College Fund and is a trustee at Carroll University in Waukesha, where he serves as chair of the university's investment committee. He is the co-founder of the Milwaukee-based nonprofit Unity in Motion. Trustee DeAngelis, who is a CFA char-

terholder, earned his bachelor's degree from Carroll University and his MBA from Marquette University.

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.

The Trustees 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 investment performance.



Jeff DeAngelis

2023 SWIB Board of Trustees Meetings Set

The State of Wisconsin Investment Board's 2023 Board of Trustees meeting dates are set. The Board meets quarterly, in addition to its annual Trustee workshop in October. SWIB's annual Investment Forum will be held during the June Board meeting.

The 2023 meetings will be held at SWIB's new Madison Yards offices, on the southwest corner of University Avenue and N. Segoe Road in Madison, unless otherwise stated. Agendas and Board materials are posted online in advance at www.swib.state.wi.us.



- **2023 SWIB Board of Trustees meeting dates:** March 21-22; June 13-14 (including Investment Forum); Sept. 12-13; Oct. 17-18 (Trustee workshop); and Dec. 14-15.
- **Remaining 2022 meeting dates:** September 13/14; October 18/19; and December 13/14.

Subscribe Today to the SWIB Podcast

The State of Wisconsin Investment Board has helped fuel one of the only fully funded pension systems in the country. *The SWIB Podcast* provides Wisconsin Retirement System members with timely information about the investments that help fund the state's pension system. Learn how SWIB is working to generate returns over the long-term to help ensure the WRS remains strong and capable of paying promised benefits long into the future.



Hear how SWIB is relying on robust and diverse investment strategies to keep the WRS positioned for success. *The SWIB Podcast* is available on SWIB's website and on most major podcast platforms including iTunes, Google Play, iHeart Radio, and Spotify.

Portfolio, continued from page 1

dedicated staff solely focused on building out the real estate equity portfolio, which was relatively uncommon for a pension plan in those days and helped SWIB take advantage of what was then a relatively inefficient market.”

Rothenberg continued, “currently, I lead a team of six in-house professionals who oversee the portfolio, many of whom, including myself, have previous experience working for developers, owners, and operators of real estate.

“As it has been since the 1950s, real estate as an asset class is an important source of diversification for the Core Trust Fund, helping to reduce volatility, create more consistency in returns, improve overall performance, and provide some inflation protection,” he said.

The real estate portfolio, which represents about 8% of the Core Trust Fund or \$10.3 billion, sits within SWIB’s Private Markets and Funds Alpha Division. The majority of the investments in the portfolio are domestic and cover a variety of property types including office buildings, retail stores, apartments, industrial and warehouse properties, as well as other specialty sectors like student housing, scientific lab space, and even hospitality and hotels.

“Our two largest weightings by property type in the current portfolio are industrial buildings or warehouses and apartments, which are known in the industry as multi-family,” Rothenberg said. “Together, those make up about 50% of our portfolio. We found those two property types to be good sources of durable cashflow over time. Office buildings and retail properties, like shopping centers, make up about 20% to 25% of the portfolio. The rest of our portfolio is in what we call alternative or specialty sectors like life science or lab buildings, medical office buildings, student housing properties, and data centers.”

Although investments are spread across the



A recently completed industrial asset (warehouse) in California's Inland Empire region.

country, the COVID-19 pandemic has created a shift in markets that investors are targeting.

“The pandemic has accelerated the trend of people moving into the Sun Belt markets and decelerated the growth of what we call the ‘Gateway markets,’ or the big markets like New York and San Francisco,” SWIB’s Private Markets and Funds Alpha Chief Investment Officer Anne-Marie Fink said.

In a competitive marketplace, SWIB has a number of options in the way it invests in properties from owning 100% of the building to joint ventures. The end result of growing the real estate team and WRS real estate assets has been returns that benefit the WRS over the long term.

“After a somewhat more challenging year in 2020, the portfolio really delivered in 2021, generating about \$1.3 billion in absolute returns,” Fink said. “Our ability to invest for the long term and stay the course during a more difficult period like 2020 was a key element in generating those 2021 returns, and the real estate portfolio contributing to the \$2.2 billion in total added value that SWIB has generated for the Core Trust Fund over the past five years.”

Want more insight into SWIB’s real estate portfolio? Check out Episode 16 of *The SWIB Podcast* and hear more about the history behind SWIB’s real estate portfolio, the types of investments being made, and what the outlook is for the remainder of this year and beyond.

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

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WRS NEWS



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Website <https://etf.wi.gov>

Address for correspondence
ETF
P.O. Box 7931, Madison, WI
53707-7931

Street address
Hill Farms State Office Bldg.
4822 Madison Yards Way
Madison, WI 53705

Wisconsin Relay Service (for speech and hearing impaired)
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Contact SWIB for information about WRS investments.

Address for correspondence
SWIB
P.O. Box 7842, Madison, WI
53707-7842

Website www.swib.state.wi.us

Email SWIB: info@swib.state.wi.us
Call toll-free 1-800-424-7942 or
608-267-0957

Editors

ETF — Nancy Ketterhagen
SWIB — Chris Preisler