BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Business & Finance Committee

Thursday, December 7, 2023
8:45 a.m. – 10:15 a.m.

Overture Room, 2nd Floor
Gordon Dining & Event Center
770 W. Dayton Street
Madison, Wisconsin
& via Zoom Videoconference

A. Calling of the Roll

B. Declaration of Conflicts

C. Approval of the Minutes of the November 9, 2023 Meeting of the Business & Finance Committee

D. UW System Draft 2023 Annual Financial Report

E. UW Institutional Service Agreements for International Recruitment

1. UW-Eau Claire Contractual Agreement with Shorelight, LLC
2. UW-Green Bay Contractual Agreement with Shorelight, LLC
3. UW-Platteville Contractual Agreement with Shorelight, LLC
4. UW-Superior Contractual Agreement with Shorelight, LLC
5. UW-Stout Contractual Agreement with Kings Education

F. Approval of University Insurance Association (UIA) Board Restructuring

G. Annual Report on Faculty Turnover for FY23

H. Intermediate Term Cash Management Fund: Approval of Investment Policy Statement

I. Intermediate Term Fund Quarterly Investment Report

J. Trust Funds Quarterly Investment Report

UNIVERSITIES OF WISCONSIN
DRAFT 2023 ANNUAL FINANCIAL REPORT

REQUESTED ACTION

For information and discussion.

SUMMARY

<u>Overview of Accrual-Based Financial Reporting</u>

The Universities of Wisconsin's (UW) Annual Financial Report is prepared using full accrual-based accounting, which is required by the Governmental Accounting Standards Board (GASB) and measures the financial performance and position of an entity by recognizing economic events when the transactions occur, regardless of when cash is paid or received.

In accordance with Generally Accepted Accounting Principles (GAAP), the draft Annual Financial Report for the year ending June 30, 2023, includes a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows. Because the financial audit is not yet complete, it does not include an audit opinion from the Legislative Audit Bureau.

The accompanying Notes to the Financial Statements are an integral part of the statements, including both disclosures required by GASB and explanations intended to aid the reader in understanding the statements. In addition, the Annual Financial Report includes a "Management's Discussion and Analysis" (MD&A) that is intended to provide an objective and easily readable analysis of the UW's financial activities.

<u>Analysis of Draft Financial Statements</u>

Statement of Net Position – There were several significant changes within the UW's net position between fiscal year (FY) 2022-23 and FY 2021-22, as reflected in the table below.

Net Position *(in millions):*

	2023	2022	$ Change	% Change
Net Investment in Capital Assets	$ 4,069.3	$ 3,833.5	$ 235.8	6.2 %
Restricted Net Position	1,587.1	2,810.8	(1,223.7)	(43.5)%
Unrestricted Net Position	726.0	(205.7)	931.7	(452.9)%
Total Net Position	$ 6,382.4	$ 6,438.6	$ (56.2)	(0.9)%

The Statement of Net Position, provided on pages 24-25 of the 2023 Annual Financial Report, shows that the UW's Total Net Position decreased by $56.3 million. Restricted Net Position—the "equity" with external limitations—decreased between years by $1,223.7 million, or 43.5%. However, the Statement of Net Position reports a $931.7 million increase in Unrestricted Net Position in FY 2023. Unrestricted Net Position represents the difference between assets, liabilities, and deferred outflows and inflows of resources that do not have external restrictions regarding their use or function.

These changes between years primarily relate to three factors:

- Cash and Cash Equivalents decreased by $323.3 million, or 17.1%, in FY 2023, largely due to additional transfers to the Intermediate Term Cash Management Fund. This fund was established in accordance with State of Wisconsin statutes and investment policies and guidelines authorized by the Board of Regents, and it is governed by a Memorandum of Understanding between Universities of Wisconsin administration and UW-Madison. Intermediate Term Cash Management Fund investments of $651.8 million now appear as a separate line on the UW's Statement of Net Position.

- Capital Assets increased $157.9 million, or 2.7%, in FY 2023, as several large construction projects were in progress or completed during the year.

- Accounting standards for pensions and other postemployment benefits require governmental entities to report the difference between the value of a plan's assets and the present value of projected benefit payments. In FY 2023, the Department of Employee Trust Funds, which manages the Wisconsin Retirement System, reported the pension plan's net position decreased, primarily attributable to the decrease in the value of pension plan investments. As a result, UW reported Restricted Net Pension Liability of $709.7 million for fiscal year 2023, a change of $1,794.8 million from the reported Restricted Net Pension Asset of $1,085.1 million for fiscal year 2022. Condensed statements, with and without these accruals, are presented on page 20 so readers understand the magnitude of these required adjustments.

Statement of Revenues, Expenses and Changes in Net Position – Operating revenues, which are reported on page 26 of the 2023 Annual Financial Report, increased $345.7 million, or 8.8%. This was driven by increases in nonresident, graduate and professional school tuition and a greater return to traditional, on-campus activities for students, faculty, and staff in the 2022-23 academic year.

In total, an operating loss of nearly $2.0 billion was reported in FY 2023. The UW's operating loss will likely continue to be significant since governmental accounting standards require state appropriations to be reported as non-operating revenue. Within FY 2023 non-operating revenues, Coronavirus Federal Grants and Aid decreased $262.5 million, to $26.3 million, while state appropriations increased by $28.2 million for the state compensation plan and related fringe benefits.

Presenters

- Rod Dole, Director of Financial Reporting
- Ginger Hintz, Assistant Vice President & Controller
- Julie Gordon, Senior Associate Vice President for Finance

BACKGROUND

Analysis of the UW's draft financial statements and notes are intended to provide management with a better understanding of operations and assist in making business decisions. The statements may also be used by Regents and other key stakeholders, including legislators and the Higher Learning Commission, in evaluating financial performance. Finally, because the UW's financial statements are included in the State's Annual Comprehensive Financial Report, financial institutions, such as lending and bond rating agencies, use the statements when extending debt securities to finance capital projects.

ATTACHMENTS

A) 2023 Universities of Wisconsin Annual Financial Report

UNIVERSITIES OF WISCONSIN

2023
ANNUAL FINANCIAL REPORT

DRAFT 12/7/2023

Published by the Office of Finance
Universities of Wisconsin
1220 Linden Drive
Madison, WI 53706

Editor: Rod Dole

DRAFT 12/7/2023

Cover Photo: University of Wisconsin-Superior students walk past the Yellowjacket Union. The 84,600-square-foot student center, built in 2010 and featuring a 17,000-square-foot vegetated roof, was awarded the following: the U.S. Green Building Council LEED Silver rating; the Associated General Contractors of Wisconsin 2011 Build Wisconsin Award; the State of Wisconsin Excellence in Architectural Design 2010; the State of Wisconsin Excellence in Sustainable Design 2009; and the Daily Reporter Top Project Award 2010.

More than just classrooms, labs and award-winning buildings, UW-Superior has stood as a landmark in the City of Superior since 1893, impacting countless lives and careers along the way. UW-Superior fosters intellectual growth and career preparation that emphasizes individual attention and embodies respect for diverse cultures and multiple voices.

UW-Superior enrolls approximately 2,700 students, including nearly 500 graduate students. Its size and 13:1 student-instructor ratio give faculty members time to engage, challenge, and mentor students. Students apply academic knowledge to projects that meet real community needs in the Academic Service-Learning program, logging 26,000 community-service hours in 2022-23.

Researchers at four institutes study Lake Superior's ecosystem and work to improve the transport and shipping industries in sustainable ways. UW-Superior's graduates are regional and national leaders in government, education, business, the arts and the professions.

Photo Credit: UW-Superior

Universities of Wisconsin

2023 Annual Financial Report

TABLE OF CONTENTS

Regents, Chancellors, and Officers of the Universities of Wisconsin	2
Introduction from the Vice President for Finance and Administration	3
Independent Auditor's Report	7
Management's Discussion and Analysis	13
Financial Statements of the Universities of Wisconsin:	
Statement of Net Position	24
Statement of Revenues, Expenses, and Changes in Net Position	26
Statement of Cash Flows	27
Financial Statements of Related University Campus Foundations	29
Notes to the Financial Statements of the Universities of Wisconsin	31
Required Supplementary Information	97
Supplemental Information:	
Charts 1 and 2 - Ten-Year Comparison of Current Funds Revenues	108

DRAFT 12/7/2023

2023 Annual Financial Report

Regents, Chancellors, and Officers of the Universities of Wisconsin

OFFICERS

Jay O. Rothman,
President

Sean P. Nelson,
Vice President for Finance and Administration

Jeff Buhrandt,
Vice President for University Relations

Johannes Britz,
Interim Senior Vice President for Academic and Student Affairs

Quinn Williams,
General Counsel

FINANCE STAFF

Julie Gordon,
Senior Associate Vice President for Finance

Ginger Hintz,
Assistant Vice President for Financial Administration and Controller

Rod Dole,
Director of Financial Reporting

Renee Stephenson,
Assistant Vice President of Budget Development and Planning

Charles Saunders,
Chief Investment Officer
Office of Trust Funds

CHANCELLORS

James Schmidt, UW-Eau Claire
Michael Alexander, UW-Green Bay
Joe Gow, UW-La Crosse
Jennifer L. Mnookin, UW-Madison
Mark Mone, UW-Milwaukee
Andrew J. Leavitt, UW Oshkosh
Scott Menke (interim), UW-Parkside
Tammy Evetovich, UW-Platteville
Maria Gallo, UW-River Falls
Thomas Gibson, UW-Stevens Point
Katherine P. Frank, UW-Stout
Renée Wachter, UW-Superior
Dr. Corey King, UW-Whitewater

REGENTS

Angela Adams, Mequon
Robert Atwell, Sturgeon Bay
Amy Bogost, Madison (Regent Vice President)
Evan Brenkus, Oneida
Héctor Colón, New Berlin
Mike Jones, Milwaukee
Jim Kreuser, Kenosha
Edmund Manydeeds III, Eau Claire
John Miller, Fox Point
Cris Peterson, Grantsburg
Joan Prince, Milwaukee
Ashok Rai, Suamico
Jennifer Staton, Kenosha
Mark Tyler, Emerald Township
Jill Underly, Hollandale
Dana Wachs, Eau Claire
Karen Walsh, Madison (Regent President)
Kyle Weatherly, Milwaukee

DRAFT 12/7/2023

Years Ended June 30, 2023 and 2022

INTRODUCTION FROM THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

DRAFT 12/7/2023

INTRODUCTION FROM THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

FINANCIAL REPORT 2023

We are pleased to submit the Universities of Wisconsin's (UW) 2023 Annual Financial Report, which includes accrual-based statements for fiscal years 2023 and 2022. This report has received an unmodified (clean) audit opinion from the state's Legislative Audit Bureau.

Some of the UW's accomplishments in 2023 include:

- Enrolling nearly 161,000 students across our 13 four-year universities with campuses across the state, including students from every county in Wisconsin, every state in the nation and 145 other countries;
- Awarding nearly 37,000 degrees;
- Limiting the average increase in the cost of attendance (tuition, room and board, segregated fees) for Wisconsin resident undergraduate students at the four-year campuses to 1.7 % over the prior year, including the tenth year of a resident undergraduate tuition freeze;
- Advancing groundbreaking research with more than $1.4 billion of sponsored research activity annually across our 13 universities.

In December of 2022, after months of engagement with myriad campus constituencies, the Board of Regents approved President Jay Rothman's 2023-2028 Strategic Plan. The plan is focused on four key strategies:

1. Enhancing the student experience and social mobility;
2. Fostering civic engagement and serving the public good;
3. Creating and disseminating knowledge that contributes to innovation and a better understanding of the human condition; and,
4. Advancing economic prosperity.

In support of those objectives, the strategic plan details nine core strategies including one to ensure our universities are financially and environmentally sustainable so they are positioned to fulfill their strategic missions. Since we believe the old adage "What is not measured cannot be improved," it is important to quantify our success to achieve this strategy. Specifically, each UW university has established goals of eliminating its structural deficit, if one exists, by fiscal year 2027-28 and maintaining a composite financial index (CFI) of 1.1 or greater as a general marker of financial health. The Universities of Wisconsin will also increase returns on current resources through prudent management and commonly accepted investment practices.

DRAFT 12/7/2023

Annual Financial Report Highlights

Since 2020, higher education finances nationwide have been significantly impacted by the coronavirus (COVID) pandemic. Though the effects of COVID have subsided, fiscal year 2023 was again characterized by profound financial changes. We have faced volatility in the capital markets, rising inflation, and rising interest rates. Each UW university is unique in its mission, student body, and financial condition, but in facing these challenges, the overall net position of the Universities of Wisconsin decreased $56.3 million in fiscal year 2023.

Revenues within the Universities of Wisconsin —both operating and non-operating— increased by $393.0 million, or 6.9%, in fiscal year 2023. However, expenses increased at a greater rate of 16.5%. The Statement of Revenues, Expenses, and Changes in Net Position reflects this activity.

Operating revenues increased $345.7 million, with the primary increases in student tuition and fees, federal grants and contracts, sales and services of auxiliaries, and sales and services of educational activities. Since resident tuition was frozen for the tenth consecutive year, the increase in tuition and fees is attributable to increases in non-resident undergraduate, graduate, and professional school tuition and additional non-resident students. Non-operating revenues increased $47.3 million between fiscal year 2022 and 2023 primarily due to additional gifts, investment income, and state appropriations.

The increases in these revenue sources help offset the significant reduction in COVID-related federal grants and aid funding. UW universities were awarded $666.9 million in such federal grants and aid through fiscal year 2023. We recognized $26.3 million as non-operating COVID-related revenue in fiscal year 2023, after reporting $288.8 million in fiscal year 2022 alone and $312.8 million in earlier years. These funds were crucial in addressing financial needs created by the public health emergency, such as lost revenues from university operations and emergency student grants, but they have largely been exhausted. UW universities cannot rely on these funds going forward.

UW expenses increased by $907.3 million in fiscal year 2023. Salaries and fringe benefits were the largest contributor to this growth, increasing by $687.5 million. However, of this amount, $444.2 million relates to non-cash adjustments for the University's pension and other postemployment benefit programs. Supplies and services expenses also increased $246.6 million, with significant increases in travel expenses as the UW universities return to more regular operations after the pandemic and increases in consultants as the Universities of Wisconsin undertake several large projects, such as the Administrative Transformation Program (ATP).

Other highlights within the UW's 2023 Annual Financial Report include the following:

- Cash and Cash Equivalents decreased by $323.4 million. The reduction is partly due to transfers that increased UW's Intermediate Term Cash Management Fund by $172.5 million at fiscal year end 2023, which is reported as investments and accounts for the increase in Investments on the Statement of Net Position.

- The Wisconsin Retirement System (WRS), which is managed by the state's Department of Employee Trust Funds (ETF), was negatively impacted by instability in the global financial markets. The WRS reported a Net Pension Liability in 2022-23, with the UW's share of that liability being $709.7 million. This is a significant swing from our Restricted Net Pension Asset of nearly $1.1 billion in 2021-22. The effect of this swing from an asset to a liability on the UW's Restricted and Unrestricted Net Position is summarized on page 20.

- Current and noncurrent Notes and Bonds Payable decreased by $56.2 million in fiscal year 2023. These payable obligations are managed by the state's Department of Administration, which undertook several refunding initiatives in fiscal year 2023.

- Capital Assets increased $157.9 million in fiscal year 2023, to $6.0 billion. This

DRAFT 12/7/2023

increase is the result of several large construction projects that were in progress or completed during the year. These projects are often funded with a combination of general fund and program revenue supported borrowing, cash, and gift funds. Note 4 provides examples of these capital projects.

- Effective for fiscal year 2023, the UW adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (GASB 96) which establishes accounting and financial reporting standards for subscription-based information technology arrangements (SBITAs) by a government end user. The UW recognized subscription assets and related liabilities at the present value of subscription payments expected to be made during the subscription term. The financial statements for fiscal year 2022 have been restated to present the impact of GASB 96.

As previously noted, UW's overall expenses rose 16.5% this fiscal year, more than double the increase in revenue. This is not sustainable. Looking forward, we must respond prudently, by prioritizing activities which most consequentially contribute to our missions, and by identifying and operationalizing ways to use our financial, physical, and technological resources more effectively.

The Universities of Wisconsin are not static and have repeatedly demonstrated their willingness to be open to change and take new paths when needed. With the changes identified in our post-COVID world, several UW universities have already made decisions to reimagine themselves – through new academic programs, new approaches to important student services, different organizational structures, and difficult budget reductions.

As we face these challenges, we remain committed in our mission, and the Universities of Wisconsin will continue to provide a world-class education to a diverse body of students, produce groundbreaking research, and remain a leading contributor to the Wisconsin economy. By doing so, we will be future ready, for all.

Sean P. Nelson, Vice President for Finance and Administration

DRAFT 12/7/2023

Years Ended June 30, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

DRAFT 12/7/2023

Years Ended June 30, 2023 and 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

DRAFT 12/7/2023

Management's Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of the Universities of Wisconsin (University) for the years ended June 30, 2023 and 2022, with comparative information for the year ended June 30, 2021, where appropriate. This discussion has been prepared by management, is unaudited, and should be read in conjunction with the financial statements and footnotes.

The University is made up of a constellation of 13 public universities with campuses across the state. In academic year 2022-2023, the University enrolled 160,782 students, employed approximately 31,821 faculty and staff, and granted 36,432 associate, bachelor's, master's, and other advanced degrees. The University was awarded over $1,409.3 million in federal grants and contracts in fiscal year 2023 and an additional $881.3 million from non-federal sponsors. The University has a long tradition of public service, embodied by an ongoing commitment to the Wisconsin Idea, that the boundaries of the University are the boundaries of the State.

Degrees Granted	
UW-Madison	*12,444*
UW-Milwaukee	*5,284*
UW-Eau Claire	*2,283*
UW-Green Bay	*1,730*
UW-La Crosse	*2,358*
UW-Oshkosh	*2,091*
UW-Parkside	*951*
UW-Platteville	*1,497*
UW-River Falls	*1,226*
UW-Stevens Point	*1,605*
UW-Stout	*1,697*
UW-Superior	*601*
UW-Whitewater	*2,665*
Total	*36,432*

Headcount Enrollments	
UW-Madison	*49,587*
UW-Milwaukee	*22,866*
UW-Eau Claire	*10,060*
UW-Green Bay	*9,608*
UW-La Crosse	*10,257*
UW-Oshkosh	*13,714*
UW-Parkside	*3,966*
UW-Platteville	*6,485*
UW-River Falls	*5,212*
UW-Stevens Point	*8,011*
UW-Stout	*7,226*
UW-Superior	*2,703*
UW-Whitewater	*11,087*
Total	*160,782*

DRAFT 12/7/2023

Using the Financial Statements

The University's annual financial report includes the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and the Notes to the Financial Statements. These items are prepared in accordance with standards established by the Governmental Accounting Standards Board (GASB).

Effective for the fiscal year ended June 30, 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement establishes standards of accounting and financial reporting for University subscription-based information technology arrangements (SBITAs). The University recognized subscription assets and related subscription liabilities at the present value of subscription payments expected to be made during the subscription term. The impacts to the Statement of Revenues, Expenses, and Changes in Net Position include reclassifying certain subscription payments from operating expenses to non-operating expenses and recognizing annual amortization of subscription assets over the subscription term. The adoption of GASB 96 has been reflected as of July 1, 2021. The financial statements for the years ended June 30, 2022, and 2021, have been restated to present the impact of GASB 96. See Note 14 for the effects of the University's adoption of GASB 96.

The Statement of Net Position is a financial condition snapshot as of June 30, 2023 and 2022, and includes all assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Current assets are those that are available to satisfy current liabilities inclusive of assets that will be converted to cash within one year. Current liabilities are those that will be paid within one year. Increases or decreases in net position provide an indicator of the improvement or erosion of the University's financial health when considered in conjunction with non-financial information, such as conditions of facilities and enrollment levels. Net Position is divided into three major categories: Net Investment in Capital Assets, Restricted, and Unrestricted. Net Investment in Capital Assets consists of capital assets reduced by the outstanding balances of borrowings for the construction, acquisition, or improvement of those assets. Restricted Net Position has constraints put on by external parties, such as sponsors for research and donors, or by State Statute and Board of Regent policy as in the case of student segregated fees. Unrestricted Net Position consists of funds that do not meet either of those definitions.

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's operating results as well as non-operating revenues and expenses. Operating revenues are comprised primarily of student tuition and fees, grants and contracts, and auxiliary service activities. GASB Statement No. 35 requires that state appropriations, gifts, and investments income/loss be reported as non-operating revenue. Public universities, including the University, are typically reliant on these revenue sources to fulfill their missions and, therefore, report operating expenses in excess of operating revenues. As a result, non-operating revenues are a significant component in determining the increase or decrease in total net position.

The Statement of Cash Flows summarizes cash inflows and outflows by category as relating to operating, capital, financing, or investing activities. Cash flow information can be used to evaluate the financial viability of the University and its ability to meet financial obligations as they mature. Cash flows from operating activities result from exchange transactions in which one party gives another something in return. Cash flows from investing activities are a result of the purchase or sale of investments, withdrawals from the long-term investment pool, and collecting interest and dividends earned. Cash flows from capital activities include receipts from capital grants, donor receipts specifying use for capital assets, and activity related to debt issued for the explicit purpose of acquisition, construction, or improvement of capital assets. Cash flows from noncapital financing activities include state appropriations and private gifts restricted for noncapital purposes.

DRAFT 12/7/2023

The Notes to the Financial Statements are an integral part of the basic financial statements and communicate information essential for fair presentation. For example, the notes convey information concerning significant accounting policies used to prepare the financial statements, detailed information on cash and investments, capital assets, notes and bonds payable, relationships with affiliated organizations, and classification of net position.

In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by required supplementary information regarding the University's pension and other postemployment benefits (OPEB) obligations.

DRAFT 12/7/2023

Analysis of Financial Position and Results of Operations

The University's total net position remained stable after fiscal year 2023. As of June 30, 2023, the University had total assets of $9.7 billion and total liabilities of $4.4 billion.

Statement of Net Position (in millions)	**2023**	**2022 Restated**	**2021 Restated**
Current Assets	$ 3,017.9	$ 3,054.1	$ 2,778.2
Capital Assets, Net	6,015.5	5,857.6	5,683.0
Other Noncurrent Assets	690.5	1,864.9	1,667.3
Total Assets	9,723.9	10,776.6	10,128.5
Deferred Outflows of Resources	2,880.1	2,340.5	1,556.2
Current Liabilities	1,112.8	1,067.3	839.4
Noncurrent Liabilities	3,242.2	2,739.9	2,735.5
Total Liabilities	4,355.0	3,807.2	3,574.9
Deferred Inflows of Resources	1,866.6	2,871.3	2,111.0
Net Investment in Capital Assets	4,069.3	3,833.5	3,668.3
Restricted Net Position	1,587.1	2,810.8	2,361.5
Unrestricted Net Position	726.0	(205.7)	(31.0)
Total Net Position	$ 6,382.4	$ 6,438.6	$ 5,998.8

Current assets minus current liabilities represents the net working capital of the University. Net working capital decreased from $1,986.8 million at June 30, 2022 to $1,905.1 million at June 30, 2023.

The following table contains a summary of Current Assets which consists of operating cash and cash equivalents, investments, securities lending collateral, accounts receivable, student loans receivable, supply inventories, and prepaid expenses. The largest change between 2023 and 2022 was in cash and cash equivalents, which decreased by $323.3 million due to assets transferred into the University Intermediate Term Fund, a current asset investment, established during fiscal year 2022.

Current Assets (in millions)	2023	2022 Restated	2021 Restated
Cash & Cash Equivalents	$ 1,567.3	$ 1,890.6	$ 2,219.4
Investments	651.8	479.3	—
Securities Lending Collateral	244.4	228.9	148.0
Accounts Receivable, Net	348.6	339.2	320.7
Other Current Assets	205.8	116.1	90.1
Total Current Assets	$ 3,017.9	$ 3,054.1	$ 2,778.2

The Board of Regents has authority to invest gifts and bequests received by the University. Effective April 1, 2018 and as permitted through Section 36.11 (11m) of the Wisconsin statutes, the Board of Regents transferred its investment management responsibilities to the State of Wisconsin Investment Board (SWIB). The Board of Regents establishes investment policies and guidelines, including target investment allocations. Benefiting UW entities receive quarterly distributions from the Long Term Fund, principally endowed assets, based on an annual spending rate applied to a twelve-quarter moving average market value of the Fund. Additional information on cash and investments is provided in Note 2 to the Financial Statements.

Noncurrent assets are comprised mainly of endowment investments, capital assets (net of accumulated depreciation and amortization), student loans receivable and pension and OPEB assets. Notable changes between years include:

- Endowment investments, valued at $548.3 million at June 30, 2023, increased by $18.1 million during fiscal year 2023. The increase was driven by market-based fluctuations in investment performance.
- Volatility in investment performance and fluctuations in the investment market related to the pension plan fiduciary net position resulted in the reporting of a noncurrent net pension liability of $709.7 million in 2023 and a noncurrent net pension asset of $1,085.1 million in 2022.
- In 2020, the Department of Employee Trust Funds (ETF), which has program administration and oversight of postemployment benefits, determined that the Supplemental Health Insurance Conversion Credit (SHICC) program should be considered a defined benefit other postemployment benefit. As such, the University has recorded its proportionate share of the net OPEB noncurrent asset at June 30, 2023 and 2022 of $45.1 million and $148.3 million, respectively.

Deferred outflows increased by $539.6 million in fiscal year 2023, due to adjustments related to pension and OPEB obligations.

Current liabilities increased by $45.5 million in fiscal year 2023, driven by increases in securities lending collateral liabilities, accounts payable and current portion of notes and bonds payable.

Noncurrent liabilities increased by $502.3 million in fiscal year 2023. The most significant reason for this is the reporting of a noncurrent net pension liability in 2023.

Deferred inflows decreased by $1,004.7 million in fiscal year 2023, due to adjustments related to pension and OPEB obligations.

Further, these reporting changes resulted in $174.0 million of additional pension expense being included on the Statement of Revenues, Expenses, and Changes in Net Position. These changes are more fully described in Notes 1 and 8 to the Financial Statements.

DRAFT 12/7/2023

Most of the unrestricted net position has been identified for purposes to fulfill the University's fiduciary responsibilities, including academic and research programs and capital projects. Additional information related to net position can be found in Note 13 to the Financial Statements.

Capital and Debt Activities

Of the $6.4 billion in net position, $4.1 billion is net investment in capital assets. In an effort to maintain quality in the University's academic and research programs and residence halls, the University has implemented a long-range plan to fund new construction and modernize existing facilities. Capital additions consist of new construction, replacement and renovation of academic and research facilities, as well as significant investment in technology and equipment. Note 4 to the Financial Statements describes the University's capitalization, depreciation and amortization policies, and includes summarized changes in the book value of these assets, including major construction projects completed or in progress. Note 6 to the Financial Statements describes the University's long term debt and includes summarized information on those balances, as well as future debt service requirements.

There are four primary sources of funding for University capital projects: General Fund Supported Borrowing (GFSB) 20-year state-issued bonds repaid with General Program Revenue (GPR); Program Revenue Supported Borrowing (PRSB) 20- or 30-year state-issued bonds repaid with the University program revenue; Program Revenue Cash (Cash); and cash from gift and grant funds (Gifts). State general obligation bonds issued for the University's purpose are rated by Moody's and S&P Aa1 and AA, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the University's operating results as well as non-operating revenues and expenses. A summary of the Statement of Revenues, Expenses, and Changes in Net Position is as follows (in millions):

	2023	2022 Restated	2021 Restated
Total Revenues	$ 6,120.0	$ 5,727.0	$ 5,432.9
Total Expenses	6,405.7	5,498.6	5,094.2
Income (Loss) Before Capital and Endowment Additions	(285.7)	228.4	338.7
Capital Appropriations, Contributions & Endowment Additions	229.4	211.5	257.4
Increase in Net Position	$ (56.3)	$ 439.9	$ 596.1

The University's operating and non-operating revenues are provided in the table below. Operating revenues increased $783.9 million since fiscal year 2021 with the primary increases in student tuition and fees, federal grants and contracts, sales and services of auxiliaries and sales and services of educational activities. Non-operating revenues decreased $96.7 million between fiscal year 2021 and fiscal year 2023 primarily due to decreases in coronavirus federal grants and aid funding and lower net investment income.

The University was awarded $640.6 million in coronavirus federal grants and aid through 2022-23. In accordance with the federal award agreements, the University must meet certain eligibility requirements before recognizing the funding. The University recognized $26.3 million as non-operating revenue in 2022-23, $288.8 million as non-operating revenue in 2021-22, and $72.3 million as non-operating revenue in 2019-20. The remaining amount will be recognized in future periods. These funds are restricted and must be used to address financial needs created by the coronavirus public health emergency, such as personal protective equipment, emergency student grants, housing and dining refunds and technology to accommodate remote learning.

DRAFT 12/7/2023

Revenues (in millions):	2023	2022 Restated	2021 Restated
Operating Revenues			
Student Tuition and Fees, Net	$ 1,523.8	$ 1,422.7	$ 1,403.2
Federal Grants and Contracts	884.9	725.7	707.8
State, Local, & Private Grants and Contracts	515.2	532.1	438.0
Sales and Services of Educational Activities	377.8	328.5	241.1
Sales and Services of Auxiliaries, Net	444.8	405.0	263.3
All Other Operating Revenues	521.5	508.3	430.7
Total Operating Revenues	4,268.0	3,922.3	3,484.1
Non-Operating Revenues			
State Appropriations	1,026.4	998.2	961.6
Gifts	512.3	415.8	438.1
Federal Pell Grants	140.9	137.5	141.0
Coronavirus Federal Grants and Aid	26.3	288.8	240.5
Net Investment Income (Loss)	56.2	(63.8)	129.0
Other Non-Operating Revenues	89.9	28.2	38.5
Total Non-Operating Revenues	1,852.0	1,804.7	1,948.7
Total Revenues	$ 6,120.0	$ 5,727.0	$ 5,432.8

Operating expenses, classified by function, and non-operating expenses, are as follows:

Expenses (in millions):	2023	2022 Restated	2021 Restated
Operating Expenses			
Instruction	$ 1,667.5	$ 1,136.2	$ 1,012.8
Research	1,245.0	1,118.4	1,056.5
Public Service	409.3	346.0	345.8
Academic Support	469.8	419.9	412.4
Student Services	576.9	548.4	487.9
Institutional Support	317.3	297.9	324.5
Operation/Maintenance	326.0	338.6	316.1
Financial Aid	305.9	380.7	292.0
Auxiliary Enterprises	312.5	282.2	247.0
Other Functions	164.1	74.9	70.9
Depreciation and Amortization	440.6	413.6	378.2
Total Operating Expenses	6,234.9	5,356.8	4,944.1
Non-Operating Expenses	170.7	141.5	146.8
Total Expenses	$ 6,405.6	$ 5,498.3	$ 5,090.9

One of the University's strengths has been its ability to supplement student tuition and fee revenue and state appropriations with support from other sources, including foundations, investment income, and government-sponsored programs (see Charts 1 and 2 in the Supplemental Information of this report). The University continues to aggressively seek funding sources consistent with its

DRAFT 12/7/2023

mission to meet operating activities in a financially prudent manner. In addition, the University will continue to make cost containment and revenue diversification a priority. The higher Instruction operating expenses in fiscal year 2023 is attributed to the increase in pension plan expense reported within salary and fringe benefits expense in that year.

Statement of Net Position adjusted for the pension and other postemployment benefit obligations as allocated to the UW System are as follows (in millions):

	2023	Adjustment for Pension and OPEB	Adjusted 2023	2022 Restated	Adjustment for Pension and OPEB	Adjusted 2022 Restated
Current Assets	$ 3,017.9	$ —	$ 3,017.9	$ 3,054.1	$ —	$ 3,054.1
Capital Assets, Net	6,015.5	—	6,015.5	5,857.6	—	5,857.6
Other Noncurrent Assets	690.5	45.1	645.4	1,864.9	1,233.4	631.5
Total Assets	9,723.9	45.1	9,678.8	10,776.6	1,233.4	9,543.2
Deferred Outflows of Resources	2,880.1	2,813.6	66.5	2,340.5	2,297.6	42.9
Current Liabilities	1,112.8	—	1,112.8	1,067.3	—	1,067.3
Noncurrent Liabilities	3,242.2	1,306.8	1,935.4	2,739.9	709.2	2,030.7
Total Liabilities	4,355.0	1,306.8	3,048.2	3,807.2	709.2	3,098.0
Deferred Inflows of Resources	1,866.6	1,822.3	44.3	2,871.3	2,856.0	15.3
Net Investment in Capital Assets	4,069.3	—	4,069.3	3,833.5	—	3,833.5
Restricted Net Position	1,587.1	45.1	1,542.0	2,810.8	1,233.4	1,577.4
Unrestricted Net Position	726.0	(315.5)	1,041.5	(205.7)	(1,267.6)	1,061.9
Total Net Position	$ 6,382.4	$ (270.4)	$ 6,652.8	$ 6,438.6	$ (34.2)	$ 6,472.8

In fiscal year 2023, salary and fringe benefits expenses amounted to $4,123.5 million, including additional expense of $198.4 million related to the pension and other postemployment benefit obligations. Compared to fiscal year 2022, salary and fringe benefits expenses amounted to $3,435.9 million, including an expense credit of $245.8 million related to the pension and other postemployment benefit obligations.

Factors Affecting Future Periods

2021 Wisconsin Act 58, the 2021-23 biennial budget, returned tuition-setting authority to the UW Board of Regents. In the 2023-24 academic year, the Board of Regents approved the first resident undergraduate increase in 10 years. The exact increase varies by university, but overall, the increase in cost of attendance for resident undergraduates averages 4.2% across the UW universities when room and board is included.

2023 Wisconsin Act 19, the 2023-25 biennial budget, reduced the Universities of Wisconsin's general program operations appropriation by approximately $16.0 million annually. An equivalent amount was placed in the state's Joint Committee on Finance's supplemental appropriation for release to the Universities of Wisconsin, pending legislative approval of a plan to address workforce issues. Such a plan was developed by UW universities, approved by the Board of Regents on November 9, 2023, and transmitted to the state's Joint Committee on Finance.

DRAFT 12/7/2023

The Universities of Wisconsin will continue to be impacted by fluctuations in enrollment in fiscal year 2024 and beyond. Inflationary pressures on capital and operating costs and a competitive labor market will present additional economic challenges. The leadership of the UW has adopted a new strategic plan that will serve to better align resources with our priorities and further elevate the strong reputation of the UW throughout the state, the nation, and the world. The UW remains committed to maintaining responsible stewardship of our resources while identifying new opportunities that enhance the university mission.

DRAFT 12/7/2023

This page intentionally
left blank.

DRAFT 12/7/2023

Years Ended June 30, 2023 and 2022

FINANCIAL STATEMENTS OF THE UNIVERSITIES OF WISCONSIN

DRAFT 12/7/2023

Universities of Wisconsin

Statement of Net Position

	June 30, 2023	June 30, 2022 Restated
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 1,567,271,076	$ 1,890,633,800
Investments	651,841,265	479,346,772
Securities Lending Collateral	244,396,309	228,877,256
Accounts Receivable, Net	348,588,224	339,153,958
Student Loans Receivable, Net	13,831,330	17,469,694
Inventories	45,810,011	38,535,572
Prepaid Expenses & Other Current Assets	146,146,833	60,106,348
Total Current Assets	3,017,885,048	3,054,123,400
Noncurrent Assets		
Endowment Investments	548,280,304	530,189,820
Accounts Receivable, Net	18,341,270	11,806,692
Student Loans Receivable, Net	78,741,133	89,454,189
Capital Assets, Net	6,015,528,176	5,857,612,906
Restricted Net Pension Asset	—	1,085,067,412
Restricted Other Postemployment Benefits Asset	45,140,684	148,325,679
Total Noncurrent Assets	6,706,031,567	7,722,456,698
TOTAL ASSETS	$ 9,723,916,615	$10,776,580,098
DEFERRED OUTFLOWS OF RESOURCES	$ 2,880,126,274	$ 2,340,546,782
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 389,645,455	$ 322,120,684
Securities Lending Collateral Liabilities	244,396,309	228,877,256
Notes and Bonds Payable	132,364,476	112,346,558
Lease and Financing Obligations	39,048,033	47,428,101
Unearned Revenue	201,781,712	203,715,058
Compensated Absences	99,156,591	98,758,514
Deposits Held for Others	6,408,181	6,308,494
Other Current Liabilities	—	47,740,576
Total Current Liabilities	1,112,800,757	1,067,295,241
Noncurrent Liabilities		
Notes and Bonds Payable	1,518,084,771	1,594,349,838
Lease and Financing Obligations	256,712,795	270,009,257
Perkins Loan Program	60,123,586	73,557,110
Compensated Absences	86,873,003	79,709,131
Other Postemployment Benefits	597,019,122	709,192,081
Net Pension Liability	709,734,328	—
Other Noncurrent Liabilities	13,643,103	13,056,310
Total Noncurrent Liabilities	3,242,190,708	2,739,873,727
TOTAL LIABILITIES	$ 4,354,991,465	$ 3,807,168,968
DEFERRED INFLOWS OF RESOURCES	$ 1,866,638,843	$ 2,871,277,871

(continued)

DRAFT 12/7/2023

Universities of Wisconsin

Statement of Net Position (continued)

	June 30, 2023	June 30, 2022 Restated
NET POSITION		
Net Investment in Capital Assets	$ 4,069,318,101	$ 3,833,479,153
Restricted for		
Nonexpendable	239,302,589	229,619,124
Expendable		
Pension	—	1,085,067,412
Other Postemployment Benefits	45,140,684	148,325,679
Gifts, Grants & Contracts	327,940,185	391,535,797
Donor Investments & Earnings	323,947,313	307,458,099
Construction Fund	343,961,923	394,029,815
Student Loans & Federal Aid	197,010,566	140,050,615
Other	109,827,248	114,841,296
Total Restricted-Expendable	1,347,827,919	2,581,308,713
Unrestricted	725,963,972	(205,726,950)
TOTAL NET POSITION	$ 6,382,412,581	$ 6,438,680,040

The accompanying notes to the financial statements are an integral part of these statements.

DRAFT 12/7/2023

Universities of Wisconsin

Statement of Revenues, Expenses, and Changes in Net Position

	Year ended June 30, 2023	Year ended June 30, 2022 Restated
OPERATING REVENUES		
Student Tuition and Fees (net of Scholarship Allowances of $312.4 million and $331.3 million, respectively)	$ 1,523,838,086	$ 1,422,724,026
Federal Grants and Contracts	884,931,543	725,744,678
State, Local, and Private Grants and Contracts	515,242,460	532,083,158
Sales and Services of Educational Activities	377,848,600	328,538,986
Sales and Services of Auxiliary Enterprises (net of Scholarship Allowances of $42.6 million and $47.7 million, respectively)	444,788,675	404,998,108
Sales and Services to UW Hospitals and Clinics Authority	52,707,100	60,560,814
Student Loan Interest Income and Fees	2,153,371	3,272,153
Other Operating Revenue	466,524,365	444,409,883
Total Operating Revenues	4,268,034,200	3,922,331,806
OPERATING EXPENSES		
Salaries	2,918,234,394	2,704,802,032
Fringe Benefits	1,006,785,199	976,874,067
Fringe Benefits Related to Noncash Pension and OPEB	198,435,379	(245,758,624)
Total Salary and Fringe Benefits	4,123,454,972	3,435,917,475
Scholarship and Fellowships	192,660,956	269,921,116
Supplies and Services	1,459,524,500	1,212,861,776
Other Operating Expenses	18,690,448	24,794,753
Depreciation and Amortization	440,619,039	413,591,372
Total Operating Expenses	6,234,949,915	5,357,086,492
OPERATING LOSS	(1,966,915,715)	(1,434,754,686)
NON-OPERATING REVENUES AND (EXPENSES)		
State Appropriations	1,026,414,311	998,232,594
Gifts	512,291,511	415,776,981
Federal Pell Grants	140,888,409	137,477,922
Coronavirus Federal Grants and Aid	26,349,014	288,846,012
Investment Income (Loss) (net of Investment Expense of $0.9 million and $0.7 million, respectively)	56,227,317	(63,792,475)
Loss on Disposal of Capital Assets	(1,712,230)	(2,790,095)
Interest Expense on Capital Asset-Related Debt	(70,073,227)	(46,201,882)
Transfer to State Agencies	(98,994,183)	(92,483,835)
Other Non-Operating Revenues	89,796,894	28,119,189
(Loss) Gain Before Capital and Endowment Additions	(285,727,899)	228,429,725
Capital Appropriations	208,071,848	191,287,604
Capital Grants and Gifts	15,940,874	19,075,963
Additions to Permanent Endowment	5,447,718	1,072,702
(DECREASE) INCREASE IN NET POSITION	(56,267,459)	439,865,994
NET POSITION		
Net Position - beginning of period	6,438,680,040	5,998,814,046
NET POSITION - end of period	$ 6,382,412,581	$ 6,438,680,040

The accompanying notes to the financial statements are an integral part of these statements.

DRAFT 12/7/2023

Universities of Wisconsin

Statement of Cash Flows

	Year ended June 30, 2023	Year ended June 30, 2022 Restated
Cash Flows from Operating Activities		
Student Tuition and Fees	$ 1,521,844,922	$ 1,432,888,431
Federal, State, Local, and Private Grants & Contracts	1,399,627,336	1,258,439,423
Sales and Services of Educational Activities	356,375,418	322,551,971
Sales and Services of Auxiliary Enterprises	451,441,321	416,044,054
Sales and Services to UW Hospitals and Clinics Authority	64,948,192	54,050,394
Payments for Salaries and Fringe Benefits	(3,960,373,125)	(3,673,128,346)
Payments to Vendors and Suppliers	(1,458,652,914)	(1,193,497,902)
Payments for Scholarships and Fellowships	(192,660,956)	(269,921,116)
Student Loans Collected	19,237,980	24,845,232
Student Loan Interest and Fees Collected	2,153,371	3,272,153
Student Loans Issued	(9,507,548)	(9,068,422)
Student Direct Lending Receipts	525,836,726	527,008,248
Student Direct Lending Disbursements	(528,878,803)	(527,668,502)
Other Revenue	437,813,586	405,027,095
Net Cash Used in Operating Activities	(1,370,794,494)	(1,229,157,287)
Cash Flows from Investing Activities		
Interest and Dividends on Investments, Net	4,764,226	1,180,823
Proceeds from Sales and Maturities of Investments	185,446,606	183,304,029
Purchase of Investments	(324,919,929)	(666,515,478)
Net Cash (Used in) Provided by Investing Activities	(134,709,097)	(482,030,626)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Issuance of Capital Debt	502,525,676	192,832,128
Payments for Debt Retirements (Refundings)	(443,455,096)	(63,943,792)
Capital Appropriations	208,071,848	191,287,604
Gifts and Other Receipts	67,901,578	5,357,048
Purchase of Capital Assets	(606,913,379)	(509,797,950)
Principal Payments on Capital Debt and Leases	(312,180,056)	(283,980,645)
Interest Payments on Capital Debt and Leases	(107,293,414)	(126,484,169)
Net Cash Used in Capital and Related Financing Activities	(691,342,843)	(594,729,776)
Cash Flows from Noncapital Financing Activities		
State Appropriations	1,252,937,716	1,204,804,996
Gifts and Other Receipts	546,855,036	432,917,124
Federal Pell Grants	140,888,409	137,477,922
Coronavirus Federal Grants and Aid Receipts	26,349,014	293,390,845
Transfer to State Agencies	(98,994,183)	(92,483,835)
Additions to Permanent Endowments	5,447,718	1,072,702
Net Cash Provided by Noncapital Financing Activities	1,873,483,710	1,977,179,754
Net Decrease in Cash and Cash Equivalents	(323,362,724)	(328,737,935)
Cash and Cash Equivalents - beginning of year	1,890,633,800	2,219,371,735
Cash and Cash Equivalents - end of year	$ 1,567,271,076	$ 1,890,633,800

(continued)

DRAFT 12/7/2023

Statement of Cash Flows (continued)

	Year ended June 30, 2023	Year ended June 30, 2022 Restated
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	$ (1,966,915,715)	$ (1,434,754,686)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization Expense	440,619,039	413,591,372
Changes in Assets, Liabilities and Deferred Outflows and Inflows of Resources:		
Receivables, net	5,054,155	(6,066,983)
Inventories	(7,274,439)	(7,710,257)
Prepaid Expense (including Deferred Charges)	(42,879,291)	(9,520,029)
Accounts Payable and Accrued Liabilities	9,200,057	99,857,220
Perkins Loan Liability	(13,433,524)	(20,430,015)
Unearned Revenue	(1,162,104)	35,496,143
Compensated Absences	7,561,949	(6,120,852)
Other Noncurrent Liabilities	—	(47,740,576)
Deferred Outflows of Resources	(553,653,312)	(790,048,483)
Pension Liability (Asset) and Deferred Inflows of Resources	761,076,655	510,227,980
Other Postemployment Benefits	(8,987,964)	34,061,879
Net Cash Used in Operating Activities	$ (1,370,794,494)	$ (1,229,157,287)
Noncash Investing, Capital and Financing Activities		
Lease and Financing Obligations (Initial Year):		
Fair Market Value	$ 44,269,972	$ 44,385,877
Current Year Cash Payments	18,093,069	24,858,223
Gifts-In-Kind	1,416,087	17,133,850
Net Change in Unrealized Gains (Losses)	22,378,871	(62,606,522)

The accompanying notes to the financial statements are an integral part of these statements.

DRAFT 12/7/2023

UNIVERSITIES OF WISCONSIN

Years Ended June 30, 2023 and 2022

FINANCIAL STATEMENTS OF RELATED UNIVERSITY CAMPUS FOUNDATIONS

All foundations reported are legally separate, tax-exempt, affiliated campus foundations formed to generate private support for the respective public universities.

DRAFT 12/7/2023

Universities of Wisconsin Campus Foundations

Consolidated Statements of Financial Position

	June 30, 2023	June 30, 2022
ASSETS		
Cash and Cash Equivalents	$ 58,516,181	$ 176,695,581
Income and Redemption Receivables	46,215,033	149,464,158
Pledges Receivable, Net	142,906,029	170,502,407
Prepaid Expenses and Other Assets	76,365,202	73,972,617
Investments	5,781,002,539	5,193,245,703
Property and Equipment, Net	155,280,495	154,719,013
Real Estate	875,168	1,366,380
TOTAL ASSETS	$ 6,261,160,647	$ 5,919,965,859
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 9,497,965	$ 13,334,250
Pending Investment Purchases Payable	49,805,680	115,409,595
Accrued Expenses and Other Liabilities	31,279,638	27,134,512
Note Payable	140,995,207	149,277,493
Liability Under Split-Interest Agreements	40,575,894	41,535,214
Funds Due to Other Organizations	262,021,827	235,626,601
Total Liabilities	534,176,211	582,317,665
NET ASSETS		
Without Donor Restrictions	198,703,881	158,595,051
With Donor Restrictions	5,528,280,555	5,179,053,143
Total Net Assets	5,726,984,436	5,337,648,194
TOTAL LIABILITIES AND NET ASSETS	$ 6,261,160,647	$ 5,919,965,859

Consolidated Statements of Activities

	Year ended June 30, 2023	Year ended June 30, 2022
REVENUES, GAINS AND OTHER SUPPORT		
Contributions	$ 447,605,064	$ 523,981,714
Investment Return, Net of Fees	394,900,166	(506,272,831)
Rental Income	19,009,347	14,591,980
Other Income	10,131,378	7,743,122
Total Revenues, Gains and Other Support	871,645,955	40,043,985
EXPENSES		
Program Expenses	414,297,235	340,573,713
Management and General Expenses	31,411,473	38,966,490
Fundraising Expenses	43,052,201	38,586,475
Total Expenses	488,760,909	418,126,678
OTHER CHANGES IN NET ASSETS	6,451,196	(10,581,543)
CHANGE IN NET ASSETS	389,336,242	(388,664,236)
Net Assets - Beginning of Year	5,337,648,194	5,726,312,430
Net Assets - End of Year	$ 5,726,984,436	$ 5,337,648,194

The accompanying notes to the financial statements are an integral part of these statements.

DRAFT 12/7/2023

Years Ended June 30, 2023 and 2022

NOTES TO THE FINANCIAL STATEMENTS OF THE UNIVERSITIES OF WISCONSIN

DRAFT 12/7/2023

NOTE 1 – Organization and Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The University of Wisconsin System (d/b/a Universities of Wisconsin) (University) is a major enterprise fund of the State of Wisconsin. The financial statements are presented in the proprietary fund financial statements of the State of Wisconsin's Annual Comprehensive Financial Report (ACFR). The University's financial information presented in the ACFR has been adjusted to reflect reclassifications and adjustments which are done to conform to reporting requirements relative to the ACFR.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). In fiscal year 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). In fiscal year 2022, the University adopted GASB Statement No. 87, *Leases* (GASB 87).

The University's annual report consists of three basic financial statements prepared in accordance with GASB principles: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows have been prepared using the economic resources measurement focus and the accrual basis of accounting. The Universities of Wisconsin reports as a Business Type Activity, as defined by GASB Statement No. 35*, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35). Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Revenues, Expenses, and Changes in Net Position classifies the University's fiscal year activity as operating and non-operating. Operating revenue results from exchange transactions, such as payment received for providing goods and services, including tuition and fees, certain grants and contracts, sales and services of educational activities, and auxiliary enterprise revenue. Other operating revenues include resources generated from units such as intercollegiate athletics, stadium, arena, student health services, car fleet, stores operations, child care services, copy centers, and student service programs such as placement, orientation, intramurals, and counseling centers.

Other operating revenues are summarized as follows:

	Year ended June 30, 2023	Year ended June 30, 2022
Athletics	$ 146,125,762	$ 147,357,725
Student Health Services	49,794,384	49,121,000
Student Union/Student Center	42,537,780	42,944,992
All Other Areas	228,066,439	204,986,166
Total Other Operating Revenues	$ 466,524,365	$ 444,409,883

Certain significant revenue streams relied upon for operations are reported as non-operating revenues, as defined by GASB 35, including state appropriations, gifts, and investment income. The majority of the University's expenses are exchange transactions, which GASB defines as operating expenses for financial statement presentation. Non-operating expenses include capital financing costs and costs related to investment activity.

The Statement of Cash Flows presents the change in the cash and cash equivalents balance for the fiscal year. Cash and cash equivalents include bank accounts and investments with original maturity

DRAFT 12/7/2023

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

dates of 90 days or less at the time of purchase. These investments consist primarily of commercial paper, money market funds, and U.S. Treasury bills. Investments in marketable securities are carried at fair value as established by the major securities markets. Investments in limited partnerships are carried at fair value based on quarterly reports from the limited partnerships' management. Annually, these reports are audited by independent auditors.

Financial Reporting Entity

The University is made up of 13 four-year universities with campuses across the state. The University has also considered all potential component units for which it is financially accountable and other affiliated organizations where the nature and significance of their relationships, including their ongoing financial support, with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the University's reporting entity is based on the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity;* GASB Statement No. 39, *Determining whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14;* GASB Statement No. 61, *The Financial Reporting Entity; Omnibus, an amendment of GASB Statements No. 14 and No. 34;* GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14;* and GASB Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61.* Based upon the application of these criteria, 13 campus foundations are included in the financial statements as discretely presented component units because they operate entirely for the benefit of the University.

Other Organizations

The financial statements do not include the accounts of the University of Wisconsin Hospitals and Clinics Authority (UWHCA), which is a separate legal organization reported as a discrete component unit within financial statements of the State of Wisconsin; the University of Wisconsin Medical Foundation (UWMF), which is a blended component unit of UWHCA; or the La Crosse Medical Health Science Consortium, Inc., which is a Wisconsin non-stock corporation tax exempt under Internal Revenue Code (IRC) 501(c)(3) not meeting the criteria of a component unit. In addition, the financial statements do not include the accounts of various legally independent and fully self-governing support organizations, such as booster clubs and alumni groups; funds contributed to the University by these organizations are reported at the time they are received. Note 11 describes the effect of affiliation and operating agreements with the UWMF; UWHCA; Wisconsin Alumni Research Foundation (WARF), relating to the Wisconsin Institutes for Discovery; and La Crosse Medical Health Science Consortium, Inc. had on the University's financial statements.

Summary of Significant Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The University eliminates intra-fund assets and liabilities to prevent double counting in the Statement of Net Position. Likewise, revenues and expenses related to internal service activities are also eliminated in the Statement of Revenues, Expenses, and Changes in Net Position.

Inventories consist of consumable supplies used in operations or items held for resale. Fuels are reported at market value, while other inventories held by individual university cost centers are valued using a variety of cost flow assumptions that, for each type of inventory, are consistently applied from year to year. In addition to central stores and fuels, the major types of inventories

DRAFT 12/7/2023

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

include laboratory supplies, physical plant supplies, food service and student housing supplies, and items held for resale by campus computer outlets.

Prepaid expenses represent payments made prior to June 30th for goods and services received after the close of the fiscal year, primarily health and life insurance coverage, and costs associated with revenues that have not yet been earned as of June 30th, primarily summer session costs incurred prior to the close of the fiscal year. The revenues and expenses of the 2023 and 2022 summer sessions are reportable within the fiscal year beginning July 1 and ending June 30, based on the prorated portion of the number of summer session days that occurred in fiscal year 2023 and 2022, respectively.

Accounting policies related to capital assets are described in Note 4.

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from the WRS' fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned revenues consist of payments received but not yet earned as of June 30th, primarily summer session tuition payments, tuition and room deposits for the next fall term, advance ticket sales for athletic events, and amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement.

The compensated absences liability consists of accumulated unpaid annual leave, compensatory time, personal holiday hours, and Saturday/legal holiday hours earned and vested. The University leave policies restrict the accumulation of unused vacation and thus limit the actual payments made to employees upon termination or retirement.

Restricted funds received as gifts, grants, and contracts are used according to donor restrictions or the specific purpose of the grantor. In addition, restrictions are statutorily established that limit the use of certain resources for specific purposes. These restrictions apply not only to state support but also to many of the University's program revenue sources, including segregated fee auxiliary operations. The funds reported as restricted will be used in accordance with the purposes for which they are restricted and are the first resources used for these purposes. Unrestricted funds would be used only secondarily to support these restricted purposes.

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to future periods and will be recognized as an outflow of resources (expense/expenditure) in those periods. The University's deferred outflows of resources are related to the net pension asset (liability), other postemployment benefits (OPEB) asset (liability), debt refunding and capital asset retirement obligation. Additional information related to pensions is available in Note 8, OPEBs is available in Note 9, and debt is available in Note 6. See Note 10 for more information regarding deferred outflows of resources.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position that applies to future periods and will be recognized as an inflow of resources (decrease in expense/expenditure) in those periods. The University's deferred inflows of resources are related to the net pension asset (liability), OPEB asset (liability), lease agreements where the University serves as the lessor, and debt refunding. Additional information related to pensions is available in Note 8, OPEBs is available in Note 9, lease receivables is available in Note 3, and debt is available in Note 6. See Note 10 for more information regarding deferred inflows of resources.

DRAFT 12/7/2023

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

Student tuition and fees are presented net of scholarships and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Coronavirus Federal Grants and Aid

The COVID global pandemic which was first identified in December 2019 has had a significant impact on the University's operations and financial results. The University was compelled to make several difficult decisions as a result of COVID-19, such as implementing employee furloughs, delaying employee recruitments, postponing new projects and initiatives and limiting travel. All these decisions, which resulted in reduced expenses, were intended to safeguard the well-being of our students, faculty, staff and the citizens of Wisconsin, while working to secure the long-term financial health of our public universities.

Federal relief funding also helped offset the financial impact due to the pandemic. In accordance with each individual federal grant, these funds are restricted in use, and UW public universities were required to meet certain eligibility requirements before recognizing the funding as revenue, which included distributing certain portions to students as emergency financial aid. Amounts recognized in fiscal year 2023 and 2022 and reported as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position are summarized as follows:

	Year ended June 30, 2023	Year ended June 30, 2022
Coronavirus Aid, Relief, and Economic Securities (CARES) Act:		
Institutional Aid	$ —	$ 29,137
Coronavirus Relief Funds	—	4,702,075
Coronavirus Response and Relief Supplemental Appropriations:		
Emergency Student Aid	—	531,983
Institutional Aid	16,731	9,074,903
American Rescue Plan:		
Emergency Student Aid	1,531,039	134,584,630
Institutional Aid	24,801,244	139,923,284
Total Coronavirus Federal Grants and Aid	$ 26,349,014	$ 288,846,012

Newly Adopted Accounting Pronouncements

The University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), effective for the fiscal year ended June 30, 2023. The GASB statement establishes standards of accounting and financial reporting for University subscription-based information technology arrangements (SBITAs). The University recognized SBITA assets and related SBITA liabilities at the present value of subscription payments expected to be made during the subscription term. GASB 96 increases the usefulness of financial statements by requiring recognition of the amortization of the SBITA assets as an outflow of resources over the subscription term. The adoption of GASB 96 has been reflected as of July 1, 2021. See Note 14 for the effects of the University's adoption of GASB 96.

New Accounting Pronouncements

DRAFT 12/7/2023

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections. The provisions of GASB 100 are effective for fiscal year 2024.

GASB Statement No. 101, *Compensated Absences* (GASB 101), updates the recognition and measurement guidance for compensated absences. The provisions of GASB 101 are effective for fiscal year 2025.

The University is in the process of evaluating whether these GASB statements will be applicable to the University and the impact these statements may have on it's financial statements.

NOTE 2 – Cash and Investments

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of shares in the State Investment Fund (SIF), a short-term pool of state and local funds managed by the State of Wisconsin Investment Board (SWIB) with oversight by a Board of Trustees as authorized in Wisconsin Statutes Sections 25.17 (3) (b), (ba), (bd), and (dg). SWIB is not registered with the SEC as an investment company. The fair value of the investment in the SIF is based on net asset value (NAV) per share (or its equivalent), as of June 30, 2023. The SIF is a commingled fund with the investment objective of safety of principal and liquidity while earning a competitive money market rate of return. The valuation of the underlying investments of the SIF depends on asset class. Repurchase Agreements and non-negotiable Certificates of Deposit are valued at cost. All remaining short-term debt investments (U.S. Government/Agency securities, Banker's Acceptances, Commercial Paper, and negotiable Certificates of Deposit) are carried at fair value. Because quoted market prices for SIF securities are often not available, at month end, BNY Mellon, as SWIB's custodial bank, compiles fair values from third party pricing services which use matrix pricing models to estimate a security's fair value. There are no unfunded commitments relating to the SIF and shares of the SIF can be fully redeemed at any time with no notice or other restrictions. Further information about the investments in the SIF can be obtained from the separately issued State Investment Fund Annual Financial Report for the Fiscal Year Ended June 30, 2023.

Of the $1,567.3 million and $1,890.6 million in cash and cash equivalents as of June 30, 2023 and 2022, respectively, $1,369.6 million and $1,608.0 million, respectively, represent amounts held within the SIF; $197.7 million and $282.6 million, respectively, was maintained by individual public universities in local bank accounts to meet operating needs; and a small, residual amount was held at BNY Mellon to meet the cash needs of the investing activities of the Trust Fund. Interest distributions are received on a monthly basis for balances associated with trust funds, federal aid programs, and funds attributable to the appropriations listed in Wisconsin Statutes Section 20.285 (1) (Li). Investment earnings for all other funds do not accrue to the University.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits that are in possession of an outside party. The University does not have a deposit policy specifically for custodial risk. Shares in the SIF are not required to be categorized under GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

For the remaining deposits, the University had balances in excess of Federal Deposit Insurance Corporation limits totaling $192.0 million and $276.3 million at June 30, 2023 and 2022, respectively. These amounts, deposited in approved financial institutions, are uninsured and uncollateralized. A state appropriation for losses on public deposits (Wisconsin Statutes Section 34.08) insures up to $400,000 over the amount of federal insurance.

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Deposits in foreign currency at June 30, 2023 and 2022 are insignificant. The University does not have a formal policy for foreign currency risk.

Investments

The University invests its Trust Funds, primarily gifts and bequests, in accordance with the investment policies and guidelines governed and authorized by the Board of Regents. The Board of Regents retained SWIB as it's investment manager, as permitted through Section 36.11 (11m) of the Wisconsin statutes. The SWIB-managed Long Term Fund has a target asset allocation to public markets of the following: 57% public equities, 20% fixed income, and 23% inflation sensitive securities. SWIB achieves these allocations through the use of externally-managed index funds. In addition, this fund continues to have an allocation to private markets through a “legacy” portfolio that will self-liquidate over time as investments are sold and cash proceeds are received. The target allocations to public markets were last affirmed/approved by the Board of Regents in April 2018.

The Intermediate Term Cash Management Fund was established in 2022 in accordance with the investment policies and guidelines governed and authorized by the Board of Regents, and is currently distributed among fixed income funds, bank loans and global equities. The objective of the Intermediate Term Fund is to manage principal, ensure liquidity for anticipated needs and maintain purchasing power for existing assets. The Intermediate Term Fund has a target asset allocation to public markets of the following: 83.3% fixed income and 17.3% public equities. The target allocations were last affirmed/approved by the University Investment Committee in January 2022. The Intermediate Term Fund is an intermediate term portfolio, governed by and subject to a Memorandum of Understanding between Universities of Wisconsin administration and the University of Wisconsin - Madison.

An internally managed investment fund was established for a limited and select number of participating Trust Funds accounts by the University Board of Regents to provide educational investment management opportunity for the UW-Madison School of Business's Applied Security Analysis Program. The "RegentFund" is an intermediate-term fixed income portfolio, governed by and subject to a University Board of Regents approved Memorandum of Understanding, which includes detailed investment guidelines.

The SWIB-managed Long Term Fund consisted of the following actual asset allocation by investment category on June 30, 2023 and 2022:

Investment Category	2023	2022
Global Equities	43.8 %	38.9 %
Treasury Inflation Protection Securities (TIPS)	16.0 %	17.0 %
Investment Grade Government/Credit	16.2 %	16.8 %
Hedged Non-U.S. Equities (Developed Markets)	6.1 %	5.2 %
Real Estate Investment Trusts (REITs)	2.3 %	2.7 %
Emerging Markets Equities	2.3 %	2.4 %
Private Markets[1]	13.3 %	17.0 %
Total	100.0 %	100.0 %

[1] Private Markets is not included in the target allocation. The Private Markets category is comprised of private equity funds of J.P. Morgan, Adams Street Partners, and a TRG Forestry Fund.

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

The Intermediate Term Fund consisted of the following actual asset allocation by investment category on June 30, 2023 and 2022:

Investment Category	2023	2022
Global Equities	17.6 %	14.9 %
High Yield Fixed Income	16.7 %	7.9 %
Bank Loans	8.3 %	8.2 %
Short-Term Fixed Income	8.1 %	34.5 %
Intermediate Fixed Income	32.8 %	17.3 %
Broad Fixed Income	16.5 %	17.2 %
Total	100.0 %	100.0 %

The RegentFund consisted of the following actual asset allocation by investment category on June 30, 2023 and 2022:

Investment Category	2023	2022
Fixed Income Securities	94.5 %	93.2 %
Short Term Investment Funds	5.5 %	6.8 %
Total	100.0 %	100.0 %

Benefiting University entities receive quarterly distributions from the Long Term Fund and the Intermediate Term Fund. The Long Term Fund distribution is primarily comprised of endowed assets, based on an annual spending rate applied to a twelve-quarter moving average market value of the Fund. The annual distribution rate is currently 4.0%. The Intermediate Term Fund distribution is comprised of the accumulated cash from interest and dividends that resides in the fund at the end of each quarter, less any applicable administrative fees. Distributions from the RegentFund, which is comprised of expendable gifts, consisted of quarterly interest earnings distributions. During the fiscal year ended June 30, 2023, the amount made available to spend from these funds was $21.5 million, relative to $20.6 million available during the fiscal year ended June 30, 2022.

At June 30, 2023 and 2022, the University's investments were as follows:

Investments	2023	2022
Equity Index Funds	$ 395,986,821	$ 315,072,324
Fixed Income Index Funds	706,946,954	583,998,483
Real Estate Index Fund	12,626,366	14,012,201
Fixed Income Securities	6,129,962	6,372,818
Short Term Investment Funds	6,306,798	1,211,162
Private Markets Limited Partnership	72,124,667	88,869,604
Total Investments	$1,200,121,568	$1,009,536,592

The total return on the Long Term Fund, including capital appreciation, was 5.6% for fiscal year 2023 compared to -7.6% in fiscal year 2022. The total return on the Intermediate Term Fund, including capital appreciation, was 4.2% for fiscal year 2023 compared to -4.1% in fiscal year 2022. The total return on the RegentFund, including capital appreciation, was 1.65 for fiscal year 2023, compared to -10.8% for fiscal year 2022.

Credit Risk: Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit ratings issued by the major rating agencies are one indication of the perceived

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

credit quality of the issuer. As of June 30, 2023, the University was exposed to credit risk directly through its separately-managed fixed income portfolio, the RegentFund, and indirectly through the ownership of shares of commingled or mutual funds.

The following schedule displays the credit ratings for debt securities owned as of June 30, 2023 and 2022. Obligations of the United States and obligations explicitly guaranteed by the U.S. government are included in the Aaa rating below.

Ratings	**2023**	**2022**
AAA/Aaa	$ —	$ —
AA/Aa	682,560	1,388,814
A	1,686,422	1,133,535
BBB/Baa	2,764,184	2,886,738
BB/Ba	826,986	788,998
B	—	—
Commingled Fixed Income Funds	706,946,954	583,998,483
Not Rated	6,476,608	1,385,895
Totals	$ 719,383,714	$ 591,582,463

Custodial Credit Risk: Custodial credit risk related to investments is the risk that, in the event of a failure of a counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The University's separately-held investment securities are registered in the name of the University. Investment securities underlying the University's investment in shares of external investment pools or funds are in custody at those entities. The shares owned in these external investment pools are registered in the name of the University. The University does not have a formal policy for custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. Separately-managed debt/fixed income accounts that the University held as of June 30, 2023 and 2022 were limited to holding no more than 5.0% in any one issuer (U.S. Government/Agencies were exempted).

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University used the option adjusted modified duration method to analyze interest rate risk for separately-held securities. Fixed income securities held by the University as of June 30, 2023 was expected to be within a range of two years below to one year above the effective duration of the established benchmark's duration.

The following schedule displays the interest rate risk statistics for individually-held debt securities owned as of June 30, 2023 and 2022, grouped by sector.

Fixed Income Sector	**2023**		**2022**	
	Market Value	Effective Duration (In Years)	Market Value	Effective Duration (In Years)
Corporate Debt	$ 5,447,401	4.74	$ 5,265,650	5.00
Government Debt	6,989,359	4.61	2,318,330	6.97
Totals	$ 12,436,760		$ 7,583,980	

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

The following schedule displays the interest rate risk statistics for the commingled debt/fixed income funds held as of June 30, 2023 and 2022, as determined by the providers of the funds.

Fixed Income Commingled Fund	2023		2022	
	Market Value	Effective Duration (In Years)	Market Value	Effective Duration (In Years)
BlackRock U.S. TIPS Fund B	$ 87,657,653	6.68	$ 88,162,587	6.89
BlackRock Government/Credit Bond Index Fund B	86,558,284	6.51	88,971,982	6.67
iShares Core 1-5 Year USD Bond Fund	52,599,547	2.67	164,952,000	2.81
Intermediate Government/Credit Bond Index Fund B	211,941,488	6.51	82,829,258	3.95
U.S. Debt Index Fund B	106,417,043	6.34	82,101,047	6.54
U.S. High Yield Bond Index Non-Lendable Fund B	107,973,469	1.51	37,974,990	1.08
BlackRock Floating Rate Income Portfolio	53,799,470	0.26	39,006,619	0.3
Totals	$706,946,954		$583,998,483	

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Long Term Fund held positions only in passively-managed, indexed commingled funds which may invest in securities denominated in foreign currencies. However, the fund used for exposure to developed market equities generally seeks to hedge against the variations in returns deriving solely from the value of the foreign currencies in the fund relative to the U.S. dollar. The fund used for exposure to emerging market equities generally does not engage in similar foreign currency hedging efforts, due largely to the high cost and more limited efficacy of such hedging. Deposits in foreign currency for the RegentFund at June 30, 2023 are immaterial.

Securities Lending: The University has an agreement with BlackRock Institutional Trust Company, N.A., which acts as custodian for the University's Long Term Fund and Intermediate Term Fund investments and authorizes the bank to lend securities held in the University's accounts to third parties. The bank must obtain collateral from the borrower, or acceptable securities. When the University's securities are delivered to a borrower as part of a securities lending arrangement, the borrower is required to place collateral with the lending agent equal to at least 102% of the loaned securities' fair value, including interest accrued, as of the delivery date. Both the collateral and the securities loaned are marked-to-market on a daily basis, with additional collateral obtained or refunded as necessary. In the event that the loaned securities are not returned by the borrower, the bank will, at its own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, credit the University’s accounts with cash equal to the fair value of the loaned securities.

The University receives 75 percent of the net revenue derived from all securities lending activities and the bank receives the remainder of the net revenue. Interest and dividend income reported as part of non-operating investment income in the Statement of Revenues, Expenses, and Changes in Net Position includes $434,144 and $299,345 earned by the University during the fiscal years ended June 30, 2023 and 2022, respectively, in conjunction with the securities lending program.

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

Although the University's securities lending activities are collateralized as described above, the securities lending program involves both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities or the collateral, or that the bank's investment of collateral received from the borrowers of the University's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

At June 30, 2023 and 2022, the fair value of securities loaned was $245.0 million and $223.8 million, respectively, while the collateral held was $244.4 million and $228.9 million, respectively. Collateral received consisted of cash and non-cash collateral. The cash collateral was invested in a U.S. Dollar Cash Collateral Pool. There was non-cash collateral received of $306,033 and $415,447 as of June 30, 2023 and 2022, respectively. In accordance with accounting standards the value of the collateral held and a corresponding liability to return the collateral have been reported on the accompanying Statement of Net Position.

Donor-restricted endowments: For University-controlled, donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Wisconsin, permits the Board of Regents of the University to appropriate, for current spending, an amount of realized and unrealized endowment appreciation as it determines to be prudent. Realized and unrealized appreciation in excess of that amount appropriated for current spending is retained by the endowments. Net appreciation since the inception of the endowment accounts of $162.6 million and $166.0 million at June 30, 2023 and June 30, 2022, respectively, is available to meet spending rate distributions and is recorded as restricted net position.

Fair Value Measurements: The University and the Foundations categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are described as follows:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted market prices included that are observable for the asset or liability. Matrix pricing, which is a mathematical technique used principally to value debt securities, is consistent with the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Level 3 – Unobservable inputs for the asset and liability used to measure fair value that rely on the reporting entity's own assumptions.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to level 1 measurements and the lowest priority to level 3 measurements. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The University and the Foundations measure the fair value of investments in certain entities that do not have a quoted market price at the calculated net asset value (NAV) per share or its equivalent. As these investments are not readily marketable the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investments existed.

As of June 30, 2023, the University's investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value per share or its equivalent.

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

The following table presents these investments by investment category.

Investments	Level 1	Level 2	Level 3	Measured at NAV	Total June 30, 2023
Equity Index Funds				$ 395,986,822	$ 395,986,822
Fixed Income Index Funds	—	—	—	442,405,919	442,405,919
Real Estate Index Fund	264,541,035	—	—	12,626,366	277,167,401
Fixed Income Securities	682,560	5,447,401	—		6,129,961
Short Term Investment Funds	297,721	—	—	6,009,078	6,306,799
Private Equity Limited Partnership	—	—	—	72,124,667	72,124,667
Total Investments at Fair Value	$265,521,316	$ 5,447,401	$ —	$ 929,152,852	$ 1,200,121,569

The equity index funds includes a global equity index fund (89%) with an investment strategy designed to track the return of equity securities traded both inside and outside of the United States. An additional 3% of this category includes an emerging markets index fund with an investment strategy designed to track the return of equity securities in emerging markets. The remaining 8% is included in an international currency hedged equity index fund with an investment strategy designed to track the return of the markets in certain countries for equity securities outside of the United States while mitigating exposure to fluctuations between the value of the currencies in the fund and the U.S. dollar. The international and emerging markets index funds have daily liquidity with 2 days notice. The international hedged index fund has monthly liquidity with 2 days notice.

The fixed income index funds category includes government/credit bond index funds (28%) primarily invested in debt securities to approximate the total rate of return with maturities between one and ten years, a U.S. TIPS index fund (12%) with an investment strategy of closely approximating the return of all outstanding U.S. TIPS with a maturity of one year or greater, a U.S. Debit Index Fund (15%) and U.S. High Yield Bond Index Fund (8%) with the objective of approximating the total rate of return of the market for debt securities. Also Level 1 investments are a floating rate income fund (7%) with an investment strategy focused on seeking high-quality loans with attractive risk-adjusted returns and a 1-5 year USD Bond ETF (30%) that provides exposure to short-term high yield bonds with maturities between one and five years. The index funds have daily liquidity with 2 days notice. ETF has 1-2 day trade settlement.

The real estate index fund includes an investment strategy designed to track the return of publicly traded real estate equity securities. The real estate index fund has daily liquidity with 2 days' notice.

The short term investments fund consists of short-term cash funds with the investment objective of safety of principal and liquidity while earning a competitive money market rate of return. The short-term cash funds have daily liquidity with same day notice.

As of June 30, 2022, the University's investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value per share or its equivalent.

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

The following table presents these investments by investment category.

Investments	Level 1	Level 2	Level 3	Measured at NAV	Total June 30, 2022
Equity Index Funds	$ —	$ —	$ —	$ 315,072,324	$ 315,072,324
Fixed Income Index Funds	—	164,952,000	—	419,046,483	583,998,483
Real Estate Index Fund	—	—	—	14,012,201	14,012,201
Fixed Income Securities	1,107,168	5,265,650	—	—	6,372,818
Short Term Investment Funds	402,693	—	—	808,469	1,211,162
Private Equity Limited Partnership	—	—	—	88,869,604	88,869,604
Total Investments at Fair Value	$ 1,509,861	$170,217,650	$ —	$ 837,809,081	$ 1,009,536,592

The private equity limited partnership fund includes a fund-of-funds private equity limited partnership. This investment is illiquid and is generally not resold or redeemed. Distributions from the fund will be received over the life of the investment as the underlying investments are liquidated. The investment strategy of the limited partnership focuses globally on corporate finance, venture capital, and forestry/agricultural investments. The fund-of-funds limited partnership is estimated to have an average remaining life of approximately 3.5 years at June 30, 2023. The estimated remaining life of the underlying investments are between 1-6 years at June 30, 2023.

The following table presents the fair value and unfunded commitments of the University's investments in private markets Limited Partnerships Funds as of June 30:

	2023		2022	
Investment Type	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private Markets Limited Partnership Funds	$ 72,124,667	$ 6,890,883	$ 88,869,604	$ 7,431,046

No further new commitments to these or other private markets funds are anticipated. The existing positions in the private markets Limited Partnership Funds will eventually self-liquidate, as underlying private investments are sold off and distributions are made to investors.

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

As of June 30, 2023, the Foundations' investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value (NAV) per share or its equivalent. The following table presents these investments by investment category.

Investments	Level 1	Level 2	Level 3	Measured at NAV	Total June 30, 2023
Certificates of Deposit	$ —	$ 3,861,573	$ —	$ —	$ 3,861,573
Money Market Funds	199,756,317	26,561,466	—	—	226,317,783
Federal and State Government Securities	112,490,238	171,718,176	—	—	284,208,414
Equity Securities	494,747,431	—	2,052,561	—	496,799,992
Debt Securities	5,448,086	100,021,968	—	—	105,470,054
Bond Funds	—	10,433,378	—	—	10,433,378
Stock Funds	12,844,977	—	—	1,825,455,018	1,838,299,995
Exchange Traded Funds	176,031,574	—	—	—	176,031,574
Mutual Funds	306,622,129	—	—	—	306,622,129
Other	87,460,071	595,483,516	8,299,714	178,654,844	869,898,145
Subtotal	1,395,400,823	908,080,077	10,352,275	2,004,109,862	4,317,943,037
Alternate Investments					
Private Equity	—	—	21,889,107	764,214,367	786,103,474
Real Estate	—	—	—	344,306,226	344,306,226
Hedge Funds	—	—	—	234,926,435	234,926,435
Other	—	—	—	97,723,367	97,723,367
Total investments at fair value	$1,395,400,823	$ 908,080,077	$ 32,241,382	$3,445,280,257	$5,781,002,539

DRAFT 12/7/2023

NOTE 2 – Cash and Investments (continued)

As of June 30, 2022, the Foundations' investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value (NAV) per share or its equivalent. The following table presents these investments by investment category.

Investments	Level 1	Level 2	Level 3	Measured at NAV	Total June 30, 2022
Certificates of Deposit	$ —	$ 100,000	$ —	$ —	$ 100,000
Money Market Funds	212,147,221	10,756,518	—	—	222,903,739
Federal and State Government Securities	226,978,624	158,830,536	—	—	385,809,160
Equity Securities	734,492,375	—	2,052,561	—	736,544,936
Debt Securities	17,093,229	622,028,833	5,860,369	—	644,982,431
Bond Funds	7,413,023	11,673,686	—	165,387,937	184,474,646
Stock Funds	16,255,719	—	—	1,013,623,823	1,029,879,542
Exchange Traded Funds	122,839,014	—	—	—	122,839,014
Mutual Funds	299,507,990	—	—	—	299,507,990
Other	85,210,493	9,027,174	2,930,102	146,377,354	243,545,123
Subtotal	1,721,937,688	812,416,747	10,843,032	1,325,389,114	3,870,586,581
Alternate Investments					
Private Equity	—	—	231,633	706,095,169	706,326,802
Real Estate	—	—	757,187	325,748,291	326,505,478
Hedge Funds	—	—	—	206,345,409	206,345,409
Other	—	—	—	83,481,433	83,481,433
Total investments at fair value	$1,721,937,688	$ 812,416,747	$ 11,831,852	$2,647,059,416	$5,193,245,703

NOTE 3 – Receivables

Accounts receivable and student loans receivable as of June 30, 2023 and June 30, 2022, are summarized as follows:

Receivables (Net)	2023	2022 Restated
Student Academic Fees	$ 21,415,595	$ 23,500,377
Grants and Contracts	78,806,672	69,807,936
Educational Activities and Other	44,302,559	28,640,298
Auxiliary Enterprises	11,223,953	9,386,609
UW Hospitals and Clinics Authority and La Crosse Medical Health Science Consortium Inc.	1,081,191	13,322,284
Investment	568,659	121,542
Student Loans Receivable	92,572,463	106,923,883
Leases Receivable	21,093,065	14,790,854
State Agencies	33,569,265	30,270,005
Other Governments	154,868,535	161,120,744
Total Receivables (Net)	$ 459,501,957	$ 457,884,532

DRAFT 12/7/2023

NOTE 3 – Receivables (continued)

Student loans receivable at June 30, 2023 included allowances for uncollectible loans of $3.6 million relative to $4.2 million in the prior year. Principal repayment and interest rates of University and federal loans vary. Federal loan programs are funded primarily with federal contributions to the University under the Perkins loan program and a variety of health professions loan programs.

Allowances for uncollectible on all non-student loan receivables totaled $35.0 million and $40.8 million at June 30, 2023 and 2022, respectively.

The University distributed student loans through the United States Department of Education federal direct lending program totaling $528.9 million during fiscal year 2023 and $527.7 million in fiscal year 2022. These distributions and the related funding sources are not reflected as expenses and revenues in the financial statements. However, related cash inflows and outflows are shown in the Statement of Cash Flows.

The University leases land, facility space, and equipment to various third parties. In accordance with GASB 87, the University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the state's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2023 and 2022, the University recognized revenues related to these lease agreements totaling $4.9 million and $5.4 million, respectively.

NOTE 4 - Capital Assets

Land, buildings, improvements (e.g., parking lots, fences, street lighting, etc.), equipment, and library holdings are capitalized at cost at date of acquisition or acquisition value at the date of donation in the case of gifts-in-kind. Generally, capital equipment is defined as any single asset with a minimum value of $5,000 and having a useful life of more than one year. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets: buildings over 40 years, improvements over 20 years, capital equipment over periods ranging from 3 to 15 years for specified asset classes, and library holdings over 15 years. The componentized methodology of depreciation is used for major research facilities generally using estimated useful lives ranging from 10 to 50 years. The buildings and land related to the 13 additional campuses are not owned by the University and thus are not reported in these financial statements. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Proceeds from the sale, exchange, or other disposal of any item belonging to a collection of works of art or historical treasures must be applied to the acquisition of additional items for the same collection.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for a capital asset that has experienced a significant, unexpected decline in its service utility. No individual asset met these criteria in fiscal year 2023 or 2022. Insurance recoveries received in fiscal year 2023 included $3.5 million for water damage at University of Wisconsin-La Cross, University of Wisconsin-Milwaukee, and a university administration buildings. No reportable insurance recoveries were received in fiscal year 2022. Insurance recoveries are reported as other non-operating revenues in the financial statements.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting standards for an intangible asset that lacks physical substance, is nonfinancial in nature, has a useful life extending beyond one year, and is not acquired or created primarily for the purpose of directly obtaining income or profit. Intangible assets are capitalized with a minimum value of $1.0 million and are included in the equipment balance. Depreciation for

DRAFT 12/7/2023

NOTE 4 - Capital Assets (continued)

intangible assets is calculated on a straight-line basis over ten years. At June 30, 2023, the equipment balance includes $12.2 million for intangible assets net of depreciation, compared to $17.5 million at June 30, 2022.

GASB Statement No. 87, *Leases*, establishes standards of accounting and financial reporting for leases by lessees and lessors. The University adopted GASB 87 effective for the fiscal year ended June 30, 2022. The implementation has been reflected as of July 1, 2020. Amortization for leased assets is calculated on a systematic manner over the shorter of the lease term or the useful life of the underlying asset.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by a government end user. The University adopted GASB 96 effective for the fiscal year ended June 30, 2023. The implementation has been reflected in the following restated schedules as of July 1, 2021. Amortization for subscription assets is calculated on a systematic manner over the shorter of the subscription term or the useful life of the underlying asset.

Real property and equipment purchased or constructed under National Science Foundation (NSF) cooperative agreements issued to the University vests immediately with the federal government as Federally-owned property (FOP). Although the University is responsible for the control and maintenance of FOP under these awards, ownership does not transfer to the University and therefore is not recorded as an asset in the statement of net position. Total book value of FOP purchased or constructed under NSF cooperative agreements totaled $0.9 million and $1.0 million as of June 30, 2023 and 2022, respectively. Work-in-Progress for the FOP under these awards totaled $7.9 million and $5.5 million as of June 30, 2023 and 2022, respectively.

Depreciation and amortization expense for fiscal years ended June 30, 2023 and 2022 was $440.6 million and $413.6 million, respectively.

During both fiscal year 2022 and 2023, several major construction projects were in progress including the following projects with a budget of $50.0 million or more:

UW University	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Eau Claire	Science and Health Sciences Building	Academic	$ 340.3	GFSB/PRSB/Cash/Gifts
Madison	Gymnasium/Natatorium Replacement	Student Life	126.4	PRSB/Gifts
Madison	Sellery Hall Addition & Renovation	Student Life	78.8	PRSB/Cash
Madison	Veterinary Medicine Addition & Renovation	Academic	128.1	GFSB/Gifts
Green Bay	Cofrin Technology & Education Center	Academic	96.3	GFSB/PRSB
Madison	College of Letters & Science Academic Building	Academic	88.4	GFSB/Gifts
River Falls	Science & Technology Innovation Center	Academic	116.7	GFSB/Gifts
Madison	Computer, Data, & Information Sciences Building	Academic	230.0	Gifts
Madison	Camp Randall Stadium Renovation & Field House Repairs	Athletics	77.6	PRSB/Cash/Gifts
Madison	Engineering Drive Utilities Replacement & Renovation	Utilities	73.1	GFSB/PRSB
Stevens Point	Albertson Hall Replacement	Academic	96.0	GFSB

DRAFT 12/7/2023

NOTE 4 - Capital Assets (continued)

During fiscal year 2023, several new major construction projects were initiated and in progress including the following projects with a budget of $50.0 million or more:

UW University	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Madison	Camp Randall Sports Center Replacement	Athletics	$ 285.2	PRSB/Cash
Stout	Heritage Hall Addition & Renovation	Academic	138.9	GFSB

Several construction projects were completed during fiscal year 2022, including the following projects with $50.0 million or more in actual expenditures:

UW University	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Madison	Babcock Hall Dairy Plant & Center for Dairy Research Addition	Academic	$ 72.6	GFSB/Cash/Gifts
Madison	Chemistry Building Addition & Renovation	Academic	133.1	GFSB/Cash/Gifts
Milwaukee	Chemistry Building STEM Program Renovation	Academic	129.5	GFSB
Milwaukee	Northwest Quadrant Renovation	Academic	52.2	GFSB/PRSB/Cash
Platteville	Sesquicentennial Hall	Academic	55.2	GFSB/PRSB

DRAFT 12/7/2023

NOTE 4 - Capital Assets (continued)

The change in book value from July 1, 2022 to June 30, 2023 is summarized as follows:

	Book Value July 1, 2022	Additions	Transfers	Deductions	Book Value June 30, 2023
Buildings	$ 8,368,507,080	$ 185,381,500	$ 126,943,476	$ (5,076,303)	$ 8,675,755,753
Improvements	553,224,253	438,490	19,500	(93,549)	553,588,694
Land	167,594,966	3,960,042	—	—	171,555,008
Construction in Progress	458,333,985	230,363,130	(129,015,743)	—	559,681,372
Equipment	1,327,999,557	112,497,796	2,052,767	(42,362,458)	1,400,187,662
Right-to-Use Assets	323,473,911	17,415,525	—	(6,056,839)	334,832,597
Subscription Assets	77,044,513	28,023,648	—	—	105,068,161
Library Holdings	1,141,101,540	23,320,116	—	(27,496,361)	1,136,925,295
Subtotal	$12,417,279,805	$ 601,400,247	$ —	$ (81,085,510)	$12,937,594,542

Less Accumulated Depreciation and Amortization:

	Book Value July 1, 2022	Additions	Transfers	Deductions	Book Value June 30, 2023
Buildings	$ 4,099,596,355	$ 247,950,593	$ —	$ 7,754,136	$ 4,355,301,084
Improvements	377,004,798	17,727,705	—	(467,696)	394,264,807
Equipment	1,010,959,505	75,699,755	—	(39,990,161)	1,046,669,099
Right-to-Use Assets	59,842,502	30,078,226	—	(5,379,284)	84,541,444
Subscription Assets	—	34,113,057	—	—	34,113,057
Library Holdings	990,502,347	22,181,421	—	(27,268,285)	985,415,483
Total Accumulated Depreciation and Amortization	6,559,666,900	427,750,757	—	(65,351,290)	6,900,304,974
Capital Assets, Net	$ 5,857,612,905	$ 173,649,490	$ —	$ (15,734,220)	$ 6,015,528,176

DRAFT 12/7/2023

NOTE 4 - Capital Assets (continued)

The change in book value from July 1, 2021 to June 30, 2022 is summarized as follows:

	Book Value July 1, 2021 Restated	Additions	Transfers	Deductions	Book Value June 30, 2022 Restated
Buildings	$ 7,994,873,479	$ 144,858,703	$ 233,053,043	$ (4,278,145)	$ 8,368,507,080
Improvements	552,832,305	391,948	—	—	553,224,253
Land	162,642,909	4,952,057	—	—	167,594,966
Construction in Progress	403,676,894	288,600,534	(233,943,443)	—	458,333,985
Equipment	1,265,124,278	89,702,995	(1,351,891)	(25,475,825)	1,327,999,557
Right-to-Use Assets	319,206,575	4,267,336	—	—	323,473,911
Subscription Assets	38,424,884	36,377,338	2,242,291	—	77,044,513
Library Holdings	1,138,044,260	22,986,188	—	(19,928,908)	1,141,101,540
Subtotal	$11,874,825,584	$ 592,137,099	$ —	$ (49,682,878)	$12,417,279,805

Less Accumulated Depreciation and Amortization:

	Book Value July 1, 2021 Restated	Additions	Transfers	Deductions	Book Value June 30, 2022 Restated
Buildings	$ 3,853,343,234	$ 247,950,593	$ —	$ (1,697,472)	$ 4,099,596,355
Improvements	359,277,093	17,727,705	—	—	377,004,798
Equipment	960,454,765	75,699,756	—	(25,195,016)	1,010,959,505
Right-to-Use Assets	29,764,276	30,078,226	—	—	59,842,502
Subscription Assets	—	21,761,393	—	—	21,761,393
Library Holdings	988,249,834	22,181,421	—	(19,928,908)	990,502,347
Total Accumulated Depreciation and Amortization	6,191,089,202	415,399,094	—	(46,821,396)	6,559,666,900
Capital Assets, Net	$ 5,683,736,382	$ 176,738,005	$ —	$ (2,861,482)	$ 5,857,612,905

The University leases land, buildings, equipment and vehicles from various third parties. In accordance with GASB 87, the University records right-to-use assets and lease and financing obligations (see Note 7) based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the state's incremental borrowing rate. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The University does not have any leases that contain residual value guarantees.

The University also leases certain assets that are subsequently subleased by the University to a third party. The noncancelable terms of these leasing arrangements mature between 2023 and 2036. The discount rates applicable to these leasing arrangements range from 0.53 percent to 1.81 percent. Payments are generally fixed monthly with certain variable payments required based on initial index or market rate.

DRAFT 12/7/2023

NOTE 4 - Capital Assets (continued)

The amount of lease assets by major classes of underlying assets at June 30, 2023 and 2022, respectively, are as follows:

	Right-to-Use Assets			
	June 30, 2023		June 30, 2022	
Asset Class	**Cost**	**Accumulated Amortization**	**Cost**	**Accumulated Amortization**
Land	$ 2,027,953	$ 1,135,887	$ 2,169,859	$ 932,360
Buildings	317,602,996	74,064,718	307,069,030	50,151,444
Equipment and Other	15,201,648	9,340,839	14,235,022	8,758,698
Totals	$ 334,832,597	$ 84,541,444	$ 323,473,911	$ 59,842,502

The University has entered into subscription-based contracts with various third parties that conveys control of the right to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) provide the University with access to vendors' IT software, alone or in combination with associated tangible capital assets for subscription payments without granting the University perpetual license or title to the IT software and associated tangible capital assets. In accordance with GASB 96, the University records intangible right-to-use assets and a subscription liability (see Note 7) measured at the present value of subscription payments expected to be made during the subscription term. The expected payments are discounted using the interest rate charged on the subscription, if available, and are otherwise discounted using the state's incremental borrowing rate. Payments are generally fixed monthly with certain variable payments not included in the measurement of the subscription liability unless they are fixed in substance. For subscriptions featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate.

DRAFT 12/7/2023

NOTE 5 - Liabilities

Accounts payable and accrued liabilities, consisting of salary and fringe benefits, due to state agencies and other governments, and vendor payables, resulting from University's activities as of June 30, 2023 and 2022, are summarized as follows:

Fiscal Year 2023 University Activities	Salary and Fringe Benefits	Due to State Agencies and Other Governments	Vendors	Total Payables
Operating	$ 113,109,122	$ 58,186,453	$ 45,933,907	$ 217,229,482
Gifts, Grants, and Contracts	36,450,992	5,066,689	32,920,848	74,438,529
Capital Projects	—	15,291	79,639,920	79,655,211
Auxiliary Enterprises	7,644,802	1,435,636	5,986,180	15,066,618
Investment and Other	558,345	467,844	2,229,426	3,255,615
Total Activities	$ 157,763,261	$ 65,171,913	$ 166,710,281	$ 389,645,455

Fiscal Year 2022 University Activities	Salary and Fringe Benefits	Due to State Agencies and Other Governments	Vendors	Total Payables
Operating	$ 124,158,755	$ 70,726,015	$ 30,288,032	$ 225,172,802
Gifts, Grants, and Contracts	29,983,029	5,007,611	15,718,298	50,708,938
Capital Projects	—	1,272,153	81,431,253	82,703,406
Auxiliary Enterprises	5,150,910	1,284,360	2,273,025	8,708,295
Investment and Other	497,229	381,012	1,689,578	2,567,819
Total Activities	$ 159,789,923	$ 78,671,151	$ 131,400,186	$ 369,861,260

Long-term liability activity for the fiscal years ended June 30, 2023 and 2022 is as follows:

Long-term Liabilities 2023	Balance July 1, 2022	Increases (Decreases)	Balance June 30, 2023	Current Portion
Bonds Payable	$ 1,668,052,278	(94,785,923)	$ 1,573,266,355	$ 125,128,391
Notes Payable	38,644,118	38,538,774	77,182,892	7,236,085
Lease and Financing Obligations	317,437,358	(21,676,530)	295,760,828	39,048,033
Perkins Loan Program	73,557,110	(13,433,524)	60,123,586	—
Compensated Absences	178,467,645	7,561,949	186,029,594	99,156,591
Net Pension Liability	—	709,734,328	709,734,328	—
Other Postemployment Health	316,651,203	2,903,072	319,554,275	—
Other Postemployment Life	392,540,878	(115,076,031)	277,464,847	—
Capital Asset Retirement Obligations	13,056,310	586,793	13,643,103	—
Employer Deferred Payroll Tax	47,740,576	(47,740,576)	—	—
Total	$ 3,046,147,476	$ 466,612,332	$ 3,512,759,808	$ 270,569,100

DRAFT 12/7/2023

NOTE 5 - Liabilities (continued)

Long-term Liabilities 2022	Balance July 1, 2021 Restated	Increases (Decreases)	Balance June 30, 2022 Restated	Current Portion
Bonds Payable	$ 1,631,190,174	$ 36,862,104	$ 1,668,052,278	$ 109,336,417
Notes Payable	58,782,428	(20,138,310)	38,644,118	3,010,141
Lease and Financing Obligations	324,882,140	(7,444,782)	317,437,358	47,428,101
Perkins Loan Program	93,987,125	(20,430,015)	73,557,110	—
Compensated Absences	184,588,496	(6,120,851)	178,467,645	98,758,514
Other Postemployment Health	287,515,221	29,135,982	316,651,203	—
Other Postemployment Life	363,828,903	28,711,975	392,540,878	—
Capital Asset Retirement Obligations	12,232,364	823,946	13,056,310	—
Employer Deferred Payroll Tax	95,481,152	(47,740,576)	47,740,576	47,740,576
Total	$ 3,052,488,003	$ (6,340,527)	$ 3,046,147,476	$ 306,273,749

NOTE 6 - Long Term Debt

The State of Wisconsin issues general obligation bonds and notes on behalf of its constituent agencies, including the University, the proceeds of which are used to construct or acquire facilities and other capital assets. The University holds title to the assets thus acquired. As an enterprise fund of the State of Wisconsin, the University reports on its Statement of Net Position the portion of the debt that will be repaid with program revenues generated by the University's self-supporting operations. Debt on academic facilities that is repaid by an appropriation from the State of Wisconsin to the University for that purpose is reported by the State of Wisconsin and not as an obligation of the University. However, cash inflows and outflows are shown in the Statement of Cash Flows.

DRAFT 12/7/2023

NOTE 6 - Long Term Debt (continued)

The following information is the University's proportionate share of the new bonds and notes issued by the State of Wisconsin during the fiscal years of 2023 and 2022:

2023 Series	Interest Rate	Maturity Fiscal Year	Initial Amount	Use
2022-A (FRN)	Variable	2025	$ 24,673,388	Capitalized Projects
2022-3	5.00%	2024	12,247,653	Refunding
2022-4	5.00%	2043	198,955,420	Refunding
2022-5	4.75% - 5.73%	2037	20,585,000	Refunding
2023-A	4.00% - 5.00%	2043	34,579,795	Capitalized Projects
EM23-A (EMCP)	Variable	2032	19,034,842	Capitalized Projects
2023-1	5.00%	2028	33,670,430	Refunding
2023-2	5.00%	2042	126,069,736	Refunding
			$ 469,816,264	

2022 Series	Interest Rate	Maturity Fiscal Year	Initial Amount	Use
2021-4	1.08% - 2.20%	2036	33,974,758	Refunding
2021-B	4.00% - 5.00%	2042	65,107,668	Capitalized Projects
2022-1	5.00%	2028	17,632,282	Refunding
2022-2	2.24% - 3.09%	2037	16,070,543	Refunding
2022-A	4.00% - 5.00%	2042	44,413,634	Capitalized Projects
			$ 177,198,885	

The following information relates to the status of bonds and notes payable outstanding at June 30, 2023:

	Balance July 1, 2022	New Debt/ Accretion	Principal Paid/ Adjustments	Balance June 30, 2023
Bonds (Gross)	$ 1,532,884,095	$ 426,108,034	$ (527,597,498)	$ 1,431,394,631
Notes	38,644,118	43,708,230	(5,169,456)	77,182,892
Total	$ 1,571,528,213	$ 469,816,264	$ (532,766,954)	$ 1,508,577,523

The bonds have maturity dates ranging from October 17, 2023 to May 1, 2043. The notes have maturity dates ranging from May 1, 2026 to May 1, 2038. Interest rates range from 0.36% to 5.73%.

DRAFT 12/7/2023

NOTE 6 - Long Term Debt (continued)

As of June 30, 2023, the current and noncurrent bonds and notes payable net of discounts and premiums totaled $132.4 million and $1,518.1 million, respectively.

	Balance June 30, 2023	Current	Noncurrent
Bonds (Gross)	$ 1,431,394,630	$ 99,264,068	$ 1,332,130,562
Discount	(80,912)	(30,261)	(50,651)
Premium	141,952,637	25,894,584	116,058,053
Bonds (Net)	1,573,266,355	125,128,391	1,448,137,964
Notes	77,182,892	7,236,085	69,946,807
Total	$ 1,650,449,247	$ 132,364,476	$ 1,518,084,771

The following information relates to the status of bonds and notes payable outstanding at June 30, 2022:

	Balance July 1, 2021	New Debt/ Accretion	Principal Paid/ Adjustments	Balance June 30, 2022
Bonds (Gross)	$ 1,485,760,251	$ 177,198,885	$ (130,075,041)	$ 1,532,884,095
Notes	58,782,428	—	(20,138,310)	38,644,118
Total	$ 1,544,542,679	$ 177,198,885	$ (150,213,351)	$ 1,571,528,213

The bonds have maturity dates ranging from May 1, 2022 to May 1, 2042. The notes have maturity dates ranging from May 1, 2026 to May 1, 2038. Interest rates range from 0.8% to 7.0%.

As of June 30, 2022, the current and noncurrent bonds and notes payable net of discounts and premiums totaled $112.3 million and $1,594.3 million, respectively.

	Balance June 30, 2022	Current	Noncurrent
Bonds (Gross)	1,532,884,095	84,971,963	1,447,912,132
Discount	(44,691)	(6,537)	(38,154)
Premium	135,212,874	24,370,991	110,841,883
Bonds (Net)	1,668,052,278	109,336,417	1,558,715,861
Notes	38,644,118	3,010,141	35,633,977
Total	$ 1,706,696,396	$ 112,346,558	$ 1,594,349,838

DRAFT 12/7/2023

NOTE 6 - Long Term Debt (continued)

Future debt service requirements for bonds and notes outstanding at June 30, 2023 are as follows:

Fiscal Year(s)	Bonds		Notes	
	Principal	Interest	Principal	Interest
2024	$ 99,264,117	$ 63,675,249	$ 7,236,085	$ 3,523,132
2025	71,252,461	59,424,367	25,296,546	3,240,640
2026	96,200,313	55,751,693	5,387,824	1,975,812
2027	81,492,040	51,974,818	1,998,439	1,706,422
2028	98,862,148	47,731,394	2,098,464	1,606,500
2029-2033	447,831,579	175,879,948	9,495,498	6,349,890
2034-2038	332,275,668	89,340,777	25,670,037	4,942,190
2039-2043	204,216,305	20,017,148	—	—
Total	$ 1,431,394,631	$ 563,795,394	$ 77,182,893	$ 23,344,586

As noted above, debt on academic facilities that is repaid by an appropriation from the State of Wisconsin to the University for that purpose is reported by the State of Wisconsin and not as an obligation of the University. As of June 30, 2023, the principal balances of such bonds and notes were $1,384.3 million and $119.4 million, respectively. As of June 30, 2022, the principal balances of such bonds and notes were $1,419.7 million and $30.1 million, respectively. Debt service payments made by the State of Wisconsin for the years ended June 30, 2023 and 2022 were allocated as follows:

2023	Bonds	Notes
Principal	$ 145,861,643	$ 11,723,721
Interest	64,308,036	4,630,005
Total Paid	$ 210,169,679	$ 16,353,726

2022	Bonds	Notes
Principal	$ 117,434,447	$ 28,675,596
Interest	60,462,360	—
Total Paid	$ 177,896,807	$ 28,675,596

DRAFT 12/7/2023

NOTE 7 – Lease, Subscription and Financing Obligations

The University had lease, subscription and financing obligations with a net present value of $295.8 million as of June 30, 2023 compared to $317.4 million at June 30, 2022.

The following information relates to the status of lease, subscription and financing obligations outstanding at June 30, 2023:

	Balance July 1, 2022	New Leases/ Subscriptions/ Financings	Principal Paid/ Adjustments	Balance June 30, 2023
Lease Obligations	$ 270,358,122	$ 17,415,525	$ (27,797,473)	$ 259,976,174
Subscription Liabilities	43,165,648	25,866,945	(37,540,148)	31,492,445
Installment Purchases	3,913,588	987,502	(608,881)	4,292,209
Total	$ 317,437,358	$ 44,269,972	$ (65,946,502)	$ 295,760,828

	Balance June 30, 2023	Current	Noncurrent
Lease Obligations	$ 259,976,174	$ 21,763,074	$ 238,213,100
Subscription Liabilities	31,492,445	16,654,701	14,837,744
Installment Purchases	4,292,209	630,258	3,661,951
Total	$ 295,760,828	$ 39,048,033	$ 256,712,795

The following information relates to the status of lease, subscription and financing obligations outstanding at June 30, 2022:

	Balance July 1, 2021	New Leases/ Subscriptions/ Financings	Principal Paid/ Adjustments	Balance June 30, 2022
Lease Obligations	$ 293,159,666	$ 4,267,336	$ (27,068,880)	$ 270,358,122
Subscription Liabilities	30,631,992	36,377,337	(23,843,682)	43,165,647
Installment Purchases	1,090,481	2,889,059	(65,952)	3,913,588
Total	$ 324,882,139	$ 43,533,732	$ (50,978,514)	$ 317,437,357

	Balance June 30, 2022	Current	Noncurrent
Lease Obligations	$ 270,358,122	$ 24,215,385	$ 246,142,736
Subscription Liabilities	43,165,648	22,737,633	20,428,015
Installment Purchases	3,913,588	475,083	3,438,505
Total	$ 317,437,358	$ 47,428,101	$ 270,009,256

DRAFT 12/7/2023

NOTE 7 – Lease, Subscription and Financing Obligations (continued)

Future principal and interest payment requirements related to the University's lease, subscription and financing obligations at June 30, 2023 are as follows:

Fiscal Year(s)	Lease Obligations		Subscription Liabilities		Installment Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 21,763,074	$ 4,647,756	$ 16,654,701	$ 440,307	$ 630,258	$ 166,358
2025	18,546,761	4,314,286	8,922,792	233,219	627,349	150,746
2026	17,364,364	4,002,031	4,633,767	90,662	610,776	124,267
2027	16,384,159	3,696,806	1,233,433	21,549	560,350	97,584
2028	15,718,876	3,395,297	47,752	1,336	524,874	73,012
2029-2033	67,827,157	12,934,683	—	—	1,338,602	106,292
2034-2038	50,225,095	7,238,408	—	—	—	—
2039-2043	35,213,149	3,395,792	—	—	—	—
2044-2048	16,930,405	410,473	—	—	—	—
2049-2053	3,134	9	—	—	—	—
Total	$ 259,976,174	$ 44,035,541	$ 31,492,445	$ 787,073	$ 4,292,209	$ 718,259

NOTE 8 – Retirement Benefits

Basis of Accounting. The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

All assets of the WRS are invested by the State of Wisconsin Investment Board. The retirement fund assets consist of shares in the Variable Retirement Investment Trust and the Core Retirement Investment Trust. The Variable Retirement Investment Trust consists primarily of equity securities.

DRAFT 12/7/2023

NOTE 8 – Retirement Benefits (continued)

The Core Retirement Investment Trust is a balanced investment fund made up of fixed income securities and equity securities. Shares in the Core and Variable Retirement Investment Trust are purchased as funds are made available from retirement contributions and investment income, and sold when funds for benefit payments and other expenses are needed.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

DRAFT 12/7/2023

NOTE 8 – Retirement Benefits (continued)

Year	Core Fund Adjustment	Variable Fund Adjustment
2013	(9.6)%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	(5.0)%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	(10.0)%
2020	1.7%	21.0%
2021	5.1%	13.0%
2022	7.4%	15.0%

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the University's contributions recognized by the WRS amounted to $156.1 million and $159.6 million, respectively. Contribution rates as of June 30, 2023 and 2022 were:

Employee Category	June 30, 2023		June 30, 2022	
	Employee	Employer	Employee	Employer
General (including teachers, executives, and elected officials)	6.80%	6.80%	6.50%	6.50%
Protective with Social Security	6.80%	13.20%	6.50%	12.00%
Protective without Social Security	6.80%	18.10%	6.50%	16.40%

Pension Assets, Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the University reported a net pension liability of $709.7 million for its proportionate share of the net pension liability, compared to the net pension asset of $1,085.1 million at June 30, 2022. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the University's proportion was 13.4 percent, which was a decrease of 0.1 percent from its proportion measured as of December 31, 2021. At December 31, 2021, the University's proportion was 13.5 percent, which was an increase of 0.2 percent from its proportion measured as of December 31, 2020.

DRAFT 12/7/2023

NOTE 8 – Retirement Benefits (continued)

For the fiscal year ended June 30, 2023 and June 30, 2022, the University recognized pension expense of $361.5 million and $93.4 million, respectively.

At June 30, 2023, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Fiscal Year ended June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ (354,687,656)	$ 1,130,386,889	$ (1,485,074,545)
Change in Proportion	812,368	1,374,812	(562,444)
Employer Contributions Subsequent to Measurement Date	104,726,993	104,726,993	—
Net Difference Between Projected and Actual Earnings	1,205,674,697	1,205,674,697	—
Assumption Changes	139,563,147	139,563,147	—
Total	$ 1,096,089,549	$ 2,581,726,538	$ (1,485,636,989)

At June 30, 2022, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Fiscal Year ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 1,626,470,590	$ 1,752,871,558	$ (126,400,968)
Change in Proportion	328,771	1,230,876	(902,105)
Employer Contributions Subsequent to Measurement Date	73,478,997	73,478,997	—
Net Difference Between Projected and Actual Earnings	(2,427,386,026)	—	(2,427,386,026)
Assumption Changes	202,436,473	202,436,473	—
Total	$ (524,671,195)	$ 2,030,017,904	$ (2,554,689,099)

The amount reported as pension-related deferred outflows of resources resulting from the University's contributions subsequent to the measurement date is recognized as part of the net pension liability calculation in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension benefits will be recognized in pension expense (revenue) as follows:

DRAFT 12/7/2023

NOTE 8 – Retirement Benefits (continued)

Fiscal Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 462,925,574	$ (421,673,262)
2025	626,751,287	(421,556,385)
2026	631,994,786	(421,333,601)
2027	755,327,898	(221,073,741)
Totals	$ 2,476,999,545	$ (1,485,636,989)

Additional information related to deferred outflows of resources and deferred inflows of resources is presented in Note 10.

Actuarial assumptions. The total pension liability in the December 31, 2021 and December 31, 2020 actuarial valuations were determined using the following fiscal year 2023 and 2022, respectively, actuarial assumptions, applied to all periods included in the measurement.

Actuarial Valuation Date:	December 31, 2021	December 31, 2020
Measurement Date of Net Pension Asset/Liability	December 31, 2022	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, published November 2021	January 1, 2018 - December 31, 2020, published November 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	Fair Value	Fair Value
Long-Term Expected Rate of Return:	6.8%	6.8%
Discount Rate:	6.8%	6.8%
Salary Increases:		
Wage Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%	1.7%

** No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Long-term Expected Rate on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

DRAFT 12/7/2023

NOTE 8 – Retirement Benefits (continued)

Asset Allocation Targets and Expected Returns[1]

	As of December 31, 2022			As of December 31, 2021		
Core Fund Asset Class	**Asset Allocation %**	**Long-Term Expected Nominal Rate of Return %**	**Long-Term Expected Real Rate of Return %[2]**	**Asset Allocation %**	**Long-Term Expected Nominal Rate of Return %**	**Long-Term Expected Real Rate of Return %[2]**
Public Equity	48.0%	7.6%	5.0%	52.0%	6.8%	4.2%
Public Fixed Income	25.0%	5.3%	2.7%	25.0%	4.3%	1.8%
Inflation Sensitive	19.0%	3.6%	1.1%	19.0%	2.7%	0.2%
Real Estate	8.0%	5.2%	2.6%	7.0%	5.6%	3.0%
Private Equity/Debt	15.0%	9.6%	6.9%	12.0%	9.7%	7.0%
Total Core Fund[3]	115.0%	7.4%	4.8%	115.0%	6.6%	4.0%
Variable Fund Asset Class						
U.S. Equities	70.0%	7.2%	4.6%	70.0%	6.3%	3.7%
International Equities	30.0%	8.1%	5.5%	30.0%	7.2%	4.6%
Total Variable Fund	100.0%	7.7%	5.1%	100.0%	6.8%	4.2%

[1]Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

[2]New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

[3]The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DRAFT 12/7/2023

NOTE 8 – Retirement Benefits (continued)

Sensitivity of the University's proportionate share of the net pension liability/(asset) to changes in the discount rate. The following presents the University's proportionate share of the net pension liability/(asset) calculated using the current discount rate, as well as what the University's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal years ended June 30, 2023 and 2022:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2023			
Discount Rate	5.80 %	6.80 %	7.80 %
Net Pension Liability/(Asset)	$ 2,355,585,082	$ 709,734,327	$ (422,469,849)
June 30, 2022			
Discount Rate	5.80 %	6.80 %	7.80 %
Net Pension Liability/(Asset)	$ 769,932,263	$ (1,085,067,412)	$ (2,420,322,019)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements

Other Retirement Benefits

In addition to the WRS, certain employees associated with federally funded activities are partially covered by the Federal Retirement Program. The University's contributions to this program totaled $27,354 during fiscal year 2023, compared with $59,383 during fiscal year 2022.

NOTE 9 – Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/ expenditures in financial reports of state and local governmental employers. GASB statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, establishes reporting standards for other postemployment benefits included in the general purpose external financial reports of state and local governmental OPEB plans.

Under Chapter 40 of Wisconsin Statutes, the Department of Employee Trust Funds (ETF) and Group Insurance Board (GIB) have statutory authority for program administration and oversight of postemployment benefits. ETF administers postemployment benefit plans other than pension plans for the Retiree Life Insurance, Retiree Health Insurance, and Supplemental Health Insurance Conversion Credit plans (for retired state employees). University employees are employees of the State.

ETF issues publicly available financial reports that include financial statements, additional note disclosures, and required supplementary information for these plans. The reports are available at www.etf.wi.gov or may be obtained upon request from: Department of Employee Trust Funds, 4822 Madison Yards Way, Madison, Wisconsin 53705-9100.

The State of Wisconsin Annual Comprehensive Financial Report includes financial statements, additional note disclosures, and required supplementary information for this plan. That report is

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

publicly available at www.doa.state.wi.us or may be obtained by writing to: Department of Administration, 101 East Wilson Street, Madison, Wisconsin 53703.

Basis of Accounting. The OPEB plans are reported in accordance with GASB standards and accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. The OPEB liability, deferred outflows of resources and deferred inflows of resources, OPEB expense, and fiduciary net position, if any, have been determined on the same basis. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

Retiree Life Insurance Funds

The State Retiree Life Insurance Fund is a single-employer defined benefit OPEB plan for State of Wisconsin employers. GASB standards classify the State Retiree Health Insurance program as a single-employer defined benefit OPEB plan with multiple participating employers, which includes the State, the University, and other component units of the State. Plan benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

The plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

Contributions. The GIB approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with basic coverage after age 65. There are no employer contributions required for pre-65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65. All contributions are actuarially determined.

Contribution rates as of December 31, 2022 are:

Coverage Type	Employer Contribution
50% postretirement coverage	28% of employee contribution

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). Disabled members under age 70 receive a waiver-of-premium benefit. The member contribution rates in effect for the year ended December 31, 2022 are as listed below:

Attained Age	Basic	Supplemental
Under 30	$0.0486	$0.0486
30-34	0.0486	0.0486
35-39	0.0486	0.0486
40-44	0.0730	0.0730
45-49	0.1216	0.1216
50-54	0.1945	0.1945
55-59	0.2674	0.2674
60-64	0.3647	0.3647
65-69	0.4741	0.4741

During the reporting period, the OPEB plan recognized $747,217 in contributions from the University.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University reported a liability of $277.5 million and $392.5 million for its proportionate share of the net OPEB liability at June 30, 2023 and 2022, respectively. The June 30, 2023 and June 30, 2022 net liability was measured as of December 31, 2022, and 2021, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, and January 1, 2021, respectively, rolled forward to December 31, 2022 and December 31, 2021, respectively. The University's proportion of the net OPEB liability was based on the University's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the University's proportion was 42.1 percent, which was an increase of 0.7 percent from its proportion of 41.4 percent measured as of December 31, 2021. At December 31, 2021, the University's proportion was 41.4 percent, which was a decrease of 0.6 percent from its proportion of 42.0 percent measured as of December 31, 2020.

For the years ended June 30, 2023 and 2022, the University recognized OPEB expense of $24.3 million and $44.3 million, respectively.

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

At June 30, 2023, the University reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Fiscal Year ended June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ (6,686,103)	$ 940,159	$ (7,626,262)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	3,920,758	3,920,758	—
Assumption Changes	(57,571,590)	77,541,372	(135,112,962)
Changes in Proportion	1,198,482	5,031,888	(3,833,406)
Total	$ (59,138,453)	$ 87,434,177	$ (146,572,630)

At June 30, 2022, the University reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Fiscal Year ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ (6,936,316)	$ 1,126,304	$ (8,062,620)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	4,290,744	4,290,744	—
Assumption Changes	86,088,958	102,265,290	(16,176,332)
Changes in Proportion	(3,998,635)	1,461,920	(5,460,555)
Total	$ 79,444,751	$ 109,144,258	$ (29,699,507)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 29,363,359	$ (32,950,015)
2025	25,901,501	(30,271,504)
2026	21,731,292	(24,589,494)
2027	8,689,614	(24,123,537)
2028	1,388,866	(23,354,515)
Thereafter	359,545	(11,283,569)
Total	$ 87,434,177	$ (146,572,634)

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

The total OPEB expense is determined as follows:

Net Proportionate Share of Plan OPEB Expense (Income)	$ 24,689,369
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(434,982)
Total OPEB Expense	$ 24,254,387

Actuarial Assumptions. The total OPEB liability in the January 1, 2022 and January 1, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	January 1, 2022	January 1, 2021
Measurement Date of Net OPEB Liability	December 31, 2022	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, published November 2021	January 1, 2018 - December 31, 2020, published November 2021
Actuarial cost method	Entry age normal	Entry age normal
20-year tax-exempt municipal bond yield* *Based on the Bond Buyers GO index	3.72%	2.06%
Long-term expected rate of return	4.25%	4.25%
Discount rate	3.75%	2.15%
Salary increases: Wage Inflation Seniority/merit	 3.00% 0.1% - 5.6%	 3.00% 0.1% - 5.6%
Mortality rates	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

Long-Term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.Investments for the OPEB plan are held with Securian, the insurance carrier. Interest is calculated and credited to the OPEB plan based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

State OPEB Life Insurance
Asset Allocation Targets and Expected Returns

		As of December 31, 2022		As of December 31, 2021	
Asset Class	**Index**	**Target Allocation**	**Long-Term Expected Geometric Real Rate of Return**	**Target Allocation**	**Long-Term Expected Geometric Real Rate of Return**
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50%	2.45%	45%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	—	—	5%	1.82%
U.S. Mortgages	Bloomberg U.S. MBS	50%	2.83%	50%	1.94%
Inflation		—	2.30%	—	2.30%
Long-Term Expected Rate of Return			4.25%		4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25 percent. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30 percent.

Single Discount Rate. A single discount rate of 3.7 percent was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.15 percent for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06 percent as of December 31, 2021 to 3.72 percent as of December 31, 2022. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2033.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65. The current employer contribution schedule includes annual increases of 5 percent for nine years, as approved by the Group Insurance Board in August 2019.

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Sensitivity of the University's Proportionate Share of Net OPEB Liability to Changes in the Discount Rate. The following presents what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2023			
Discount Rate	2.75 %	3.75 %	4.75 %
OPEB Liability	$ 362,089,682	$ 277,464,847	$ 211,891,094
June 30, 2022			
Discount Rate	1.15 %	2.15 %	3.15 %
OPEB Liability	$ 516,352,191	$ 392,540,881	$ 298,218,312

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

Retiree Health Insurance Funds

The Retiree Health Insurance plans offer group health insurance to retired University employees. Retirees pay the full premium amount. The plans are not administered through a trust. The Retiree Health Insurance Funds contain certain non-OPEB components relating to post-Medicare pharmacy and health insurance benefits. ETF and the GIB have statutory authority for program administration and oversight under Wisconsin Statutes Chapters 15.165 (2) and 40.03 (6).

University employees participating in the State Health Insurance Plan are eligible to continue their health insurance coverage after leaving covered employment. Membership includes former university employees or their beneficiaries.

Employees may choose between self-insured health plans and alternate health plans with specific provider networks (i.e., HMOs). The HMOs follow GIB guidelines for eligibility and program requirements. All HMOs offer a prescribed benefit package called Uniform Benefits and participate in a yearly competitive premium rate bid process. The Standard Plan and State Maintenance Plan are self-insured by the GIB and administered by WPS Health Insurance. Self-insured coverage for health insurance was discontinued as of December 31, 2017. The Standard Plan is a preferred provider plan. The pharmacy benefit is self-insured by the GIB and administered by Navitus Health Solutions.

Effective January 1, 2012, prescription drug coverage for Medicare eligible retirees enrolled in the state group health insurance program is provided by a self-funded Medicare Part D Employer Group Waiver Plan (EGWP). A Medicare "Wrap" product is also included to provide full coverage to members, as required by uniform benefits, when they reach the Medicare coverage gap, also known as the "donut hole."

Contributions. As of the January 2022 actuarial valuation, the state's annual required contributions were $105.4 million and $88.5 million for fiscal years ended June 30, 2023 and June 30, 2022, respectively. The state's annual OPEB costs were $45.1 million and $46.3 million for fiscal years ended June 30, 2023 and June 30, 2022, respectively, and the state's actual contributions were $47.4 million in fiscal year 2023 and $56.8 million in fiscal year 2022, which results in a net OPEB obligation for the State of $712.9 million as of June 30, 2023, and $642.0 million as of June 30, 2022.

DRAFT 12/7/2023

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

State Retiree Health Insurance OPEB. The State Retiree Health Insurance program provides postemployment health insurance coverage to all eligible retired employees of the University. The University does not directly pay any portion of the premium for participating retirees. However, because retirees pay the same premium rate set for active employees, an implicit rate subsidy exists for employers. This implicit rate subsidy is reported as an OPEB liability. At age 65, when eligible, retirees are required to enroll in Medicare.

Retiree Health Insurance Plan Description. GASB standards classify the State Retiree Health Insurance program as a single employer defined benefit OPEB plan with multiple participating employers. Medical, prescription drug and dental benefits are provided to eligible retirees.

Retirees pay the full premium until age 65 directly to the plan either through “out-of-pocket” or from unused accumulated sick leave conversion credits.

Contribution requirements are established and may be amended by the GIB. Premiums for non-Medicare retirees are based on an effective rate structure for the health care service provider selected. Monthly rates range from $618 to $1,379 for single coverage and $1,509 to $3,415 for family coverage.

Total Retiree Health OPEB Liability. The OPEB plan liability was measured as of June 30, 2022. It was determined by an actuarial valuation as of January 1, 2021. The University reported a liability of $319.6 million and $316.7 million for its proportionate share of the OPEB liability amounts as of a June 30, 2023 and June 30, 2022 reporting date, respectively. At June 30, 2023, the University’s proportion was 44.6 percent which was 0.2 percent of an increase from its proportion of 44.4 percent measured as of June 30, 2021. At June 30, 2022, the University’s proportion was 44.4 percent which was 0.4 percent of a decrease from its proportion of 44.8 percent measured as of June 30, 2020.

The actuarial valuation was based on the plan of retiree benefits and was made for purposes of fulfilling GASB accounting standards which require recognition of the employer cost of postemployment benefits over an employee’s career. The total cost of providing postemployment benefits is projected, considering relevant assumptions, then discounted to determine the total OPEB liability. The total OPEB liability was allocated to participating employers based on their proportionate share of health insurance premiums contributed for active employees.

Changes in the Total OPEB Liability. Changes to the University’s proportionate share of the OPEB plan liability during the fiscal year include the following:

OPEB Liability – June 30, 2022	$ 316,651,203
Service Cost	27,609,990
Interest	7,229,116
Change of Assumptions	(10,687,418)
Benefit Payments	(21,248,616)
OPEB Liability – June 30, 2023	$ 319,554,275

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Actuarial Valuation Date	January 1, 2021
Measurement Date of Total OPEB Liability	June 30, 2022
Reporting Date	June 30, 2023
Actuarial cost method	Entry age normal
Asset Valuation Method	N/A
Inflation	2.40%
Salary increases	Separate merit and longevity increase rates by employer and service, plus 3.00%
Discount Rate	Discount rate was changed to 3.54% for the June 30, 2022 measurement from 2.16% for the June 30, 2021 measurement
Health care cost trend rates	
Medical	4.10% and 7.67% for the first two years then 6.50% grading down 0.25% per year to 4.50%
Prescription drug	10.67% and 9.39% for the first two years then 7.25% grading down 0.25% per year to 4.50%
Dental	0.00% and 2.89% for the first two years then 3.00%
Administrative costs	(4.03)% and 2.89% for the first two years then 3.00% every year after
Mortality Rates	Wisconsin 2020 Mortality Table
Benefit Changes	None
Participation Rate	Active: 60% are assumed to elect coverage at retirement, 2.5% of the 40% that defer are assumed to be covered over the next 5 years (1.0% per year), so 65% assumed to be covered after 5 years Deferred: 5% per year over 8 years
Assumed Claims	Per capita claims costs were based on premium equivalent rates for plan year 2021 and actuarial factors applied to weighted average premium rates to estimate costs
Termination Rates	Rates for General, University, Protective, Executive and Elected employees matched the 2018-2020 experience study for the pension valuation
Disability Rates	Rates for General, University, Protective, Executive and Elected employees matched the 2018-2020 experience study for the pension valuation
Normal Retirement Rates	Rates for General, University, Protective, Executive and Elected employees matched the 2018-2020 experience study for the pension valuation
Lapse Rate	5% per year after the later of assumed commencement or the valuation date
Retiree Contribution Increase Rate	Retiree contributions are expected to increase with average benefit trend
Benefit End Date	Benefits end when participants turn 65 years old

Valuation assumption changes decreased the liability by $10.7 million. This was a net result of a decrease in obligations due to raising the discount rate which was offset by an increase in obligations due to updating the healthcare trend rates to reflect recent experience.

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

There was no actuarial experience gain or loss that impacted the net OPEB liability. This was because actual 2022 contributions and benefit payments were the same as expected 2022 contributions and benefit payments. This was taken into account in reviewing assumptions for the current valuation.

Sensitivity of the University's Proportionate Share of Total OPEB Liability to Changes in the Discount Rate. The following presents what the University's liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2023			
Discount Rate	2.54 %	3.54 %	4.54 %
OPEB Liability	$ 343,428,912	$ 319,554,275	$ 297,241,917
June 30, 2022			
Discount Rate	1.16 %	2.16 %	3.16 %
OPEB Liability	$ 339,756,133	$ 316,651,203	$ 294,839,430

Sensitivity of the University's Proportionate Share of Total OPEB liability to Changes in the Healthcare Cost Trend Rates. The following presents what the University's liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or higher than the current healthcare trend rates. The various healthcare trend rates can be found in the actuarial assumptions section listed above.

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2023			
OPEB Liability	$ 283,347,097	$ 319,554,275	$ 362,542,388
June 30, 2022			
OPEB Liability	$ 281,947,864	$ 316,651,203	$ 357,950,707

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The total deferred outflows and inflows of resources are amortized over the average active participants service life of 10 years. For the years ended June 30, 2023 and 2022, the University recognized OPEB expense amounting to $23.8 million and $20.0 million, respectively.

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Total deferred outflows and inflows of resources to be recognized in the current OPEB expense for the fiscal year ended June 30, 2023 and 2022 are as follows:

	Fiscal Year ended June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 3,850,044	$ 5,528,405	$ (1,678,361)
Assumption Changes	(14,854,314)	1,981,432	(16,835,746)
Total	$ (11,004,270)	$ 7,509,837	$ (18,514,107)

	Fiscal Year ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 4,638,341	$ 6,436,570	$ (1,798,229)
Assumption Changes	(14,558,021)	2,306,927	(16,864,948)
Total	$ (9,919,680)	$ 8,743,497	$ (18,663,177)

In addition, the contributions subsequent to the measurement date of $21.8 million (a deferred outflow of resources) will be included as a reduction of the net OPEB liability in the next year (2024). The deferred outflows and inflows of resources to be recognized in the future OPEB expense for the fiscal year ended June 30, 2023 and 2022 are as follows:

	Fiscal Year ended June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 38,403,284	$ 52,226,406	$ (13,823,122)
Change in Proportion	1,117,095	6,010,146	(4,893,051)
Assumption Changes	(87,044,056)	16,070,211	(103,114,267)
Employer Contributions Subsequent to Measurement Date	21,751,845	21,751,845	—
Total	$ (25,771,832)	$ 96,058,608	$ (121,830,440)

	Fiscal Year ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 42,885,382	$ 58,449,471	$ (15,564,089)
Change in Proportion	15,123	5,669,785	(5,654,662)
Assumption Changes	(90,740,932)	18,308,849	(109,049,781)
Employer Contributions Subsequent to Measurement Date	21,182,545	21,182,545	—
Total	$ (26,657,882)	$ 103,610,650	$ (130,268,532)

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 7,509,837	$ (18,514,001)
2025	7,509,837	(18,514,001)
2026	7,509,837	(18,514,001)
2027	7,509,837	(18,514,001)
2028	7,509,837	(18,514,001)
Thereafter	36,757,579	(29,260,436)
Total	$ 74,306,764	$ (121,830,441)

The total OPEB expense is determined as follows:

Service Cost	$ 27,609,990
Interest	7,229,116
Recognition of Deferred Outflows of Resources	7,509,837
Recognition of Deferred Inflows of Resources	(18,514,107)
Total OPEB Expense	$ 23,834,836

The Schedule of Changes in the University's proportionate share of the total OPEB liability and related ratios is presented as required supplementary information following the notes to the financial statements.

Supplemental Health Insurance Conversion Credit Program

The Supplemental Health Insurance Conversion Credit Program (SHICC) is a single-employer defined benefit OPEB plan for State of Wisconsin employers. GASB standards classify the SHICC as a single-employer defined benefit OPEB plan with multiple participating employers, which includes the State, the University, and other component units of the State. The plan is administered through a trust.

The SHICC program allows members with more than 15 years of eligible service to convert unused sick leave balances into credits to pay for postretirement health insurance premiums. The SHICC program provides a limited match of the members sick leave credits earned through the Accumulated Sick Leave Conversion Credit (ASLCC) program. ASLCC program credits are computed at the time of retirement, layoff or death by multiplying the sick number of hours of unused sick leave by the highest hourly pay rate at which the employee accrued sick leave that is eligible for conversion. The SHICC program also includes a provision for the restoration of 500 hour of credits upon retirement, layoff or death provided at least 500 hours of accrued sick leave were used for a single injury or illness during the three years immediately preceding the retirement, layoff or death while in University service. SHICC benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes.

All ASLCC program credits must be used before the SHICC program credits. Unused ASLCC and SHICC credits have no cash value, are carried forward from year to year without interest, and when total health insurance premiums paid on behalf of the retired employee exceed the conversion credits, no further payments are made under the ASLCC and SHICC programs. ASLCC and SHICC

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

credits may be escrowed indefinitely after retirement for participants who provide evidence of comparable health insurance coverage from another source.

OPEB Plan Fiduciary Net Position. ETF issues a standalone Annual Comprehensive Financial Report (ACFR) which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

Benefits Provided. The SHICC plan provides eligible members with credits that can be used to pay for postretirement health insurance.

Contributions. The ETF Board approves contribution rates annually, based on recommendations from the actuary. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions in accordance with Wis. Stat. § 40.05(4)(by). Employer contributions made during a member's working lifetime funds a postretirement benefit.

Employer Contribution rates for the University as of December 31, 2022 and December 31, 2021 were 0.1 percent and 0.3 percent, respectively.

During the reporting period, the SHICC recognized $2.4 million and $7.1 million in contributions from the University, respectively.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University reported an asset of $45.1 million and $148.3 million for its proportionate share of the net OPEB asset at June 30, 2023 and 2022, respectively. The June 30, 2023 and June 30, 2022 net OPEB asset was measured as of December 31, 2022 and 2021, respectively, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 and 2021, respectively. The University's proportion of the net OPEB asset was based on the University's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the University's proportion was 43.9 percent, which was 1.2 percent of a decrease from its proportion of 43.7 percent measured as of December 31, 2021. At December 31, 2021, the University's proportion was 45.1 percent, which was 1.4 percent of an increase from its proportion of 43.7 percent measured as of December 31, 2020.

For the year ended June 30, 2023 and June 30, 2022, the University recognized OPEB expense of $1.8 million and OPEB income of $27.4 million, respectively.

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	$ (67,556,283)	$ —	$ (67,556,283)
Net Difference Between Projected and Actual Earnings	37,772,296	37,772,296	
Assumption Changes	46,125,649	46,125,649	—
Change in Proportion	861,579	1,533,117	(671,538)
Employer Contributions Subsequent to Measurement Date	1,702,878	1,702,878	—
Total	$ 18,906,119	$ 87,133,940	$ (68,227,821)

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year ended June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	$ (64,241,775)	$ —	$ (64,241,775)
Net Difference Between Projected and Actual Earnings	(76,323,678)	—	(76,323,678)
Assumption Changes	54,646,457	54,646,457	—
Change in Proportion	(673,237)	97,139	(770,376)
Employer Contributions Subsequent to Measurement Date	1,702,878	1,702,878	—
Total	$ (84,889,355)	$ 56,446,474	$ (141,335,829)

The $1.7 million amount reported as deferred outflows of resources resulting from the University's contributions subsequent to the measurement date is recognized as part of the net OPEB asset calculation in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense (revenue) as follows:

Fiscal Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 2,819,797	$ (12,623,829)
2025	12,972,209	(12,623,828)
2026	20,417,287	(12,623,828)
2027	30,717,403	(11,373,880)
2028	6,266,154	(8,303,895)
Thereafter	12,238,212	(10,678,561)
Total	$ 85,431,062	$ (68,227,821)

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions. The total OPEB asset in the December 31, 2022 and December 31, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2022	December 31, 2021
Measurement Date of Net OPEB Liability	December 31, 2022	December 31, 2021
Wisconsin Sick Leave Conversion Credit Programs Experience Study	January 1, 2018 - December 31, 2020, published November 2021	January 1, 2018 - December 31, 2020, published November 2021
WRS Experience Study	January 1, 2018 - December 31, 2020, published November 2021	January 1, 2018 - December 31, 2020, published November 2021
Actuarial cost method	Entry age normal	Entry age normal
Long-term expected rate of return	6.80%	6.80%
Discount rate	6.80%	6.80%
Salary increases: Wage inflation Seniority/merit	 3.00% 0.1% - 5.6%	3.00% 0.1% - 5.6%
Mortality rates*	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Health Care Trend Rate	5.75% for the first year grading down to an ultimate health care trend rate of 3.5% over a 11 year period	6.0% for the first year grading down to an ultimate health care trend rate of 3.5% over a 12 year period
Participation	100% of active and preserved members will begin using sick leave credits immediately upon reaching eligibility	100% of active and preserved members will begin using sick leave credits immediately upon reaching eligibility
Usage for Escrowed Benefits	50% of members currently in escrow status will at some point begin using their sick leave balances to pay for health care costs	50% of members currently in escrow status will at some point begin using their sick leave balances to pay for health care costs
Sick Leave Accumulation	The assumed annual sick leave accumulation for each individual is at their same rate as in the past (earned less used), but not more than 100% of the gross earned rate based on the person's employer and not less than 25% of their gross earned rate.	The assumed annual sick leave accumulation for each individual is at their same rate as in the past (earned less used), but not more than 100% of the gross earned rate based on the person's employer and not less than 25% of their gross earned rate.

** Note that mortality assumptions were not applied to members who currently have healthcare coverage for more than one person since the benefit may be transferred to a beneficiary upon death.*

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Actuarial assumptions are based upon experience studies conducted in 2021 on the WRS and Wisconsin Sick Leave Conversion Credit programs that covered a three-year period from January 1, 2018 to December 31, 2020.

Long-Term Expected Return on Plan Assets. The assets of the SHICC are commingled with assets from other benefit programs and invested in the Core Retirement Investment Trust (Core Fund). Earnings are allocated between the benefit programs based on the average balance invested for each program. The State of Wisconsin Investment Board (SWIB) manages the Core Fund with oversight by the SWIB Board of Trustees, as authorized in Wis. Stat. § 25.17. The long-term expected rate of return is reviewed every three years in conjunction with the Wisconsin Retirement System experience study.

Best estimates of geometric real rates of return of each major asset class included in the OPEB plan's target allocation are summarized in the following table:

Wisconsin Supplemental Health Insurance Conversion Credit
Asset Allocation Targets and Expected Returns[1]

	As of December 31, 2022		As of December 31, 2021	
Asset Class	**Asset Allocation**	**Long-Term Expected Real Rate of Return[2]**	**Asset Allocation**	**Long-Term Expected Real Rate of Return[2]**
Public Equity	48.0%	5.0%	52.0%	4.2%
Public Fixed Income	25.0%	2.7%	25.0%	1.8%
Inflation Sensitive Assets	19.0%	1.1%	19.0%	0.2%
Real Estate	8.0%	2.6%	7.0%	3.0%
Private Equity/Debt	15.0%	6.9%	12.0%	7.0%
Total Core Fund[3]	115.0%	4.8%	115.0%	4.0%
Long-Term Expected Rate of Return		6.8%		6.8%

[1]Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

[2]New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.5%

[3]The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

The long-term expected rate of return is 6.8 percent for the current and prior year. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Single Discount Rate. A single discount rate of 6.8 percent was used to measure the Total OPEB Asset for the current and prior year. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.8 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net

DRAFT 12/7/2023

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Asset and projections were excluded from this report.

Sensitivity of the University's Proportionate Share of Net OPEB Asset to Changes in the Discount Rate. The following presents what the University's proportionate share of the net OPEB asset calculated using the discount rate, as well as what the University's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2023			
Discount Rate	5.80 %	6.80 %	7.80 %
OPEB Liability/(Asset)	$ 4,212,620	$ (45,140,684)	$ (87,541,859)
June 30, 2022			
Discount Rate	5.80 %	6.80 %	7.80 %
OPEB Liability/(Asset)	$ (98,582,201)	$ (148,325,679)	$ (191,199,635)

Sensitivity of the University's Proportionate Share of Net OPEB Asset to Changes in the Healthcare Cost Trend Rates. The following presents the University's proportionate share of the collective net OPEB asset, calculated using the assumed healthcare cost trend rate, as well as what the University's net OPEB asset would be if it were calculated using an assumed healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2023			
Healthcare Trend Rate	4.75 %	5.75 %	6.75 %
OPEB Liability/(Asset)	$ (75,687,268)	$ (45,140,684)	$ (15,668,945)
June 30, 2022			
Healthcare Trend Rate	5.00 %	6.00 %	7.00 %
OPEB Liability/(Asset)	$ (179,146,488)	$ (148,325,679)	$ (119,151,348)

DRAFT 12/7/2023

NOTE 10 – Deferred Outflows and Deferred Inflows of Resources

At June 30, 2023 and June 30, 2022, the University reported deferred outflows of resources from the following sources:

Deferred Outflows of Resources	Pension	Other Postemployment Benefits	Debt Refundings	Other	Total
Fiscal Year 2023					
Differences between expected and actual experience	$1,130,386,889	$ 53,166,566	$ —	$ —	$ 1,183,553,455
Net differences between projected and actual earnings on pension and OPEB plan investments	1,205,674,697	41,693,054	—	—	1,247,367,751
Employer contributions subsequent to the measurement date	104,726,993	23,454,723	—	—	128,181,716
Changes in Actuarial Assumptions	139,563,147	139,737,232	—	—	279,300,379
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,374,811	12,575,151	—	—	13,949,962
Unamortized Losses	—	—	19,051,220	—	19,051,220
Asset Retirement Obligations	—	—	—	8,721,791	8,721,791
Total Deferred Outflows	$2,581,726,537	$ 270,626,726	$ 19,051,220	$ 8,721,791	$ 2,880,126,274
Fiscal Year 2022 Restated					
Differences between expected and actual experience	$1,752,871,558	$ 59,575,775	$ —	$ —	1,812,447,333
Net differences between projected and actual earnings on pension and OPEB plan investments	—	4,290,744	—	—	4,290,744
Employer contributions subsequent to the measurement date	73,478,997	22,366,089	—	—	95,845,086
Changes in Actuarial Assumptions	202,436,472	175,220,597	—	—	377,657,069
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,230,877	7,228,844	—	—	8,459,721
Unamortized Losses	—	—	32,621,608	—	32,621,608
Asset Retirement Obligations	—	—	—	9,225,222	9,225,222
Total Deferred Outflows	$2,030,017,904	$ 268,682,049	$ 32,621,608	$ 9,225,222	$ 2,340,546,783

DRAFT 12/7/2023

NOTE 10 – Deferred Outflows and Deferred Inflows of Resources (continued)

At June 30, 2023 and June 30, 2022, the University reported deferred inflows of resources from the following sources:

Deferred Inflows of Resources	Pension	Other Postemployment Benefits	Debt Refundings	Other	Total
Fiscal Year 2023					
Differences between expected and actual experience	$1,485,074,545	$ 89,005,667	$ —	$ —	$ 1,574,080,212
Net differences between projected and actual earnings on pension and OPEB plan investments	—	—	—	—	—
Changes in Actuarial Assumptions	—	238,227,230	—	—	238,227,230
Changes in proportion and differences between employer contributions and proportionate share of contributions	562,444	9,397,996	—	—	9,960,440
Unamortized Gains	—	—	23,831,801	—	23,831,801
Leases Receivable	—	—	—	20,519,845	20,519,845
Gifts	—	—	—	19,315	19,315
Total Deferred Inflows	$1,485,636,989	$ 336,630,893	$ 23,831,801	$ 20,539,160	$ 1,866,638,843
Fiscal Year 2022 Restated					
Differences between expected and actual experience	$ 126,400,967	$ 87,868,485	$ —	$ —	$ 214,269,452
Net differences between projected and actual earnings on pension and OPEB plan investments	2,427,386,026	76,323,678	—	—	2,503,709,704
Changes in Actuarial Assumptions	—	125,226,113	—	—	125,226,113
Changes in proportion and differences between employer contributions and proportionate share of contributions	902,104	11,885,594	—	—	12,787,698
Unamortized Gains	—	—	612,333	—	612,333
Leases Receivable	—	—	—	14,529,509	14,529,509
Gifts	—	—	—	143,062	143,062
Total Deferred Inflows	$2,554,689,097	$ 301,303,870	$ 612,333	$ 14,672,571	$ 2,871,277,871

DRAFT 12/7/2023

NOTE 11 – Other Organizations

GASB Statement No. 14, *The Financial Reporting Entity;* GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14;* GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, *an amendment of GASB Statements No. 14 and No. 34;* GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14;* and GASB Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61* provide guidance in determining whether organizations are to be included as part of a reporting entity. The University has defined significance as 5% of the primary government (individual campus) that the potential component unit exists to support. The University has determined that the Campus Foundations individually and in aggregate exceed the 5% threshold and therefore are disclosed in these financial statements as discretely presented component units. Campus Foundations have fiscal year reporting periods that end on either December 31 or June 30. The following pages show the summarized financial information of the major component unit campus foundations for the most current audited financial reporting period available.

DRAFT 12/7/2023

NOTE 11 – Other Organizations (continued)

Condensed financial statement information related to the University's campus foundations for the year ended June 30, 2023 is as follows:

Condensed Statement of Financial Position	**University of Wisconsin Foundation, Inc.**	**The University of Wisconsin Milwaukee Foundation Inc.**	**Others**	**Total**
ASSETS				
Cash and Cash Equivalents	$ [redacted]	$ [redacted]	$ [redacted]	$ 58,516,181
Income and Redemption Receivables	[redacted]	[redacted]	[redacted]	46,215,033
Pledges Receivable, Net	[redacted]	[redacted]	[redacted]	142,906,029
Prepaid Expenses and Other Assets	[redacted]	[redacted]	[redacted]	76,365,202
Investments	[redacted]	[redacted]	[redacted]	5,781,002,539
Property and Equipment, Net	[redacted]	[redacted]	[redacted]	155,280,495
Real Estate	[redacted]	[redacted]	[redacted]	875,168
TOTAL ASSETS	$ [redacted]	$ [redacted]	$ [redacted]	$6,261,160,647
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	$ [redacted]	$ [redacted]	$ [redacted]	$ 9,497,965
Pending Investment Purchases Payable	[redacted]	[redacted]	[redacted]	49,805,680
Accrued Expenses and Other Liabilities	[redacted]	[redacted]	[redacted]	31,279,638
Note Payable	[redacted]	[redacted]	[redacted]	140,995,207
Liability Under Split-Interest Agreements	[redacted]	[redacted]	[redacted]	40,575,894
Funds Due to Other Organizations	[redacted]	[redacted]	[redacted]	262,021,827
Total Liabilities	[redacted]	[redacted]	[redacted]	534,176,211
NET ASSETS				
Without Donor Restrictions	[redacted]	([redacted]	[redacted]	198,703,881
With Donor Restrictions	[redacted]	[redacted]	[redacted]	5,528,280,555
Total Net Assets	[redacted]	[redacted]	[redacted]	5,726,984,436
TOTAL LIABILITIES AND NET ASSETS	$ [redacted]	$ [redacted]	$ [redacted]	$6,261,160,647
Condensed Statement of Activities				
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	$ [redacted]	$ [redacted]	$ [redacted]	$ 447,605,064
Investment Return, Net of Fees	[redacted]	[redacted]	[redacted]	394,900,166
Rental Income	[redacted]	[redacted]	[redacted]	19,009,347
Other Income	[redacted]	[redacted]	[redacted]	10,131,378
Total Revenues, Gains and Other Support	[redacted]	[redacted]	[redacted]	871,645,955
EXPENSES				
Program Expenses	[redacted]	[redacted]	[redacted]	414,297,235
Management and General Expenses	[redacted]	[redacted]	[redacted]	31,411,473
Fund raising Expenses	[redacted]	[redacted]	[redacted]	43,052,201
Total Expenses	[redacted]	[redacted]	[redacted]	488,760,909
OTHER CHANGES IN NET ASSETS	[redacted]	[redacted]	[redacted]	6,451,196
CHANGE IN NET ASSETS	[redacted]	[redacted]	[redacted]	389,336,242
Net Assets - Beginning of Year	[redacted]	[redacted]	[redacted]	5,337,648,194
Net Assets - End of Year	$ [redacted]	$ [redacted]	$ [redacted]	$5,726,984,436

DRAFT 12/7/2023

NOTE 11 – Other Organizations (continued)

Condensed financial statement information related to the University's campus foundations for the year ended June 30, 2022 is as follows:

Condensed Statement of Financial Position	**University of Wisconsin Foundation, Inc.**	**The University of Wisconsin Milwaukee Foundation Inc.**	**Others**	**Total**
ASSETS				
Cash and Cash Equivalents	$ 137,512,696	$ 5,531,663	$ 33,651,222	$ 176,695,581
Income and Redemption Receivables	149,446,633	—	17,525	149,464,158
Pledges Receivable, Net	100,769,223	12,192,282	57,540,902	170,502,407
Prepaid Expenses and Other Assets	50,075,243	2,080,089	21,817,285	73,972,617
Investments	4,513,308,351	209,322,436	470,614,916	5,193,245,703
Property and Equipment, Net	14,098,126	53,500,390	87,120,497	154,719,013
Real Estate	—	—	1,366,380	1,366,380
TOTAL ASSETS	$4,965,210,272	$ 282,626,860	$ 672,128,727	$5,919,965,859
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	$ 9,075,863	$ 149,007	$ 4,109,380	$ 13,334,250
Pending Investment Purchases Payable	115,409,595	—	—	115,409,595
Accrued Expenses and Other Liabilities	17,701,227	4,023,173	5,410,112	27,134,512
Note Payable	—	75,885,966	73,391,527	149,277,493
Liability Under Split-Interest Agreements	40,645,070	—	890,144	41,535,214
Funds Due to Other Organizations	232,404,268	2,805,340	416,993	235,626,601
Total Liabilities	415,236,023	82,863,486	84,218,156	582,317,665
NET ASSETS				
Without Donor Restrictions	123,117,790	(7,695,581)	43,172,842	158,595,051
With Donor Restrictions	4,426,856,459	207,458,955	544,737,729	5,179,053,143
Total Net Assets	4,549,974,249	199,763,374	587,910,571	5,337,648,194
TOTAL LIABILITIES AND NET ASSETS	$4,965,210,272	$ 282,626,860	$ 672,128,727	$5,919,965,859
Condensed Statement of Activities				
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	$ 378,419,715	$ 34,786,451	$ 110,775,548	$ 523,981,714
Investment Return, Net of Fees	(466,213,412)	(27,830,213)	(12,229,206)	(506,272,831)
Rental Income	—	5,568,119	9,023,861	14,591,980
Other Income	4,403,588	177,789	3,161,745	7,743,122
Total Revenues, Gains and Other Support	(83,390,109)	12,702,146	110,731,948	40,043,985
EXPENSES				
Program Expenses	272,226,114	30,721,434	37,626,165	340,573,713
Management and General Expenses	27,468,593	5,669,881	5,828,016	38,966,490
Fundraising Expenses	32,579,633	1,208,288	4,798,554	38,586,475
Total Expenses	332,274,340	37,599,603	48,252,735	418,126,678
CHANGE IN NET ASSETS	-415,664,449	(24,897,457)	51,897,670	(388,664,236)
Net Assets - Beginning of Year	4,965,638,698	224,660,831	536,012,901	5,726,312,430
Net Assets - End of Year	$4,549,974,249	$ 199,763,374	$ 587,910,571	$5,337,648,194

DRAFT 12/7/2023

NOTE 11 – Other Organizations (continued)

A – University of Wisconsin Medical Foundation

The University of Wisconsin Medical Foundation (UWMF) is the not-for-profit clinical practice organization for the faculty physicians of the School of Medicine and Public Health within the UW-Madison and is reported as a blended component unit of the University of Wisconsin Hospitals and Clinics Authority. The UWMF provides clinical sites, technical and professional staff, and administrative services for the UW-Madison faculty physicians group.

During fiscal year 2007-08, the Wisconsin Department of Health Services (DHS) implemented a Certified Public Expenditure (CPE) program for the services the UW faculty physicians group provides to Medical Assistance (MA) recipients. Because the UW faculty physicians group qualifies as a public provider, it is eligible to receive cost-based reimbursement under federal MA rules.

Under the CPE program, DHS is able to claim additional federal MA funds based upon the difference between the established MA reimbursement rate for the services provided by the UW-Madison faculty physicians group and the actual cost of providing those services. To enable the draw of these federal funds by DHS, UW-Madison remitted a total of $6.9 million to DHS during fiscal year 2023 and $9.6 million in fiscal year 2022, representing the state's share of this difference. DHS then claimed the federal share of the difference from the federal government and subsequently provided $19.8 million during fiscal year 2023 and $25.3 million during fiscal year 2022, representing both the state and federal share of the difference, to the UWMF. In addition, transfers of $12.9 million and $15.7 million were made by UW-Madison to the MA Trust Fund under this program during fiscal year 2023 and fiscal year 2022, respectively, reported as a transfer to state agencies on the financial statements.

During fiscal year 2023, the UWMF remitted $19.8 million to UW-Madison as reimbursement for payments to DHS during fiscal year 2022. During fiscal year 2022, the UWMF remitted $25.3 million to UW-Madison as reimbursement for payments to DHS during fiscal year 2021.

In addition, UW-Madison incurred expenditures for which reimbursement was received from the UWMF. Of the $181.8 million expended in fiscal year 2023, $165.5 million was for salaries and fringe benefits of staff in the UW-Madison School of Medicine. In fiscal year 2022, of the $157.4 million expended, $143.8 million was for salaries and fringe benefits of staff in the UW-Madison School of Medicine.

B – University of Wisconsin Hospitals and Clinics Authority

The University of Wisconsin Hospitals and Clinics Authority (UWHCA), pursuant to an act of the Wisconsin State Legislature, began operating on June 29, 1996 as a separate public authority, and is reported as a discrete component unit within the financial statements of the State of Wisconsin. As required by this legislation, the University has entered into various affiliation and operating agreements with UWHCA, including a lease agreement. Under the terms of the lease, UWHCA makes payments equal to the debt service on all outstanding bonds issued by the State of Wisconsin to acquire, construct, or improve the leased facilities. At June 30, 2023, the present value of these future lease payments totaled $7,562, compared to $9,466 at June 30, 2022, an amount equal to the principal on the related bonds outstanding; the asset is included on the statement of net position as part of the capital lease receivable, and the related debt is included as part of the total University bonds outstanding of $1,431.4 million and $1,532.9 million at June 30, 2023 and June 30, 2022, respectively. The leased facilities are not included as part of the University's investment in buildings since they have been reported by UWHCA in their audited financial statements in accordance with the generally accepted accounting principles that pertain to the reporting of leased assets.

During the fiscal year ended June 30, 2023, the University received services from UWHCA totaling $4.9 million and provided services to UWHCA totaling $52.7 million, compared to amounts for fiscal

DRAFT 12/7/2023

NOTE 11 – Other Organizations (continued)

year ended June 30, 2022 of $4.8 million and $60.6 million. The cost of the services provided and the associated revenue are separately identified in the Statement of Revenues, Expenses, and Changes in Net Position. The amounts spent for services received are included as salaries and fringe benefits and supplies and services expenses on this statement. The services received were funded by an equivalent amount of state appropriations revenue.

C – The Wisconsin Institutes for Discovery

The Wisconsin Institutes for Discovery, which opened in December 2010, is a visionary public-private facility that has taken shape as an innovative building housing two world-class biomedical research institutes and a public space known as the Town Center for campus and community members to gather and collaborate. The public institute, the Wisconsin Institute for Discovery, is organized under the UW-Madison Graduate School. The private portion of the facility is owned by the Wisconsin Alumni Research Foundation (WARF), which is an independent, nonprofit foundation chartered to support research at UW-Madison and the designated technology transfer organization for the university. The facility was originally undertaken with $50.0 million in State of Wisconsin and University funding, $110.0 million contributed by WARF, and a $50.0 million donation from a private donor. The Morgridge Institute for Research, an independent IRC 501(c)(3) medical research organization, occupies the majority of the WARF-owned portion of the building.

The Wisconsin Institutes for Discovery facility is a 300,000 square foot building located at 330 North Orchard Street in Madison, Wisconsin. Since the University initially owned all of this land, the University and WARF became parties to a Real Property Exchange Agreement dated January 19, 2007. Under the terms of the Exchange Agreement, the University agreed to convey to WARF a portion of this land, and WARF agreed to convey to the University properties of equal value as defined in the agreement. In fiscal years 2008-09 and 2010-11, the University recorded $4.3 million and $7.7 million, respectively, as Land and Capital Contributions for the fair market value of the properties WARF has conveyed to the Universities of Wisconsin under this agreement. The remainder of the property was transferred to the Board of Regents of the University in November 2016. As such, The Wisconsin Institutes for Discovery does not meet the criteria of a component unit of the University.

The Wisconsin Institutes for Discovery is operated as a condominium. University and WARF are the members of The Wisconsin Institutes for Discovery Condominium Association, Inc. (Association), as set forth in the Condominium Declaration dated September 25, 2009. Ownership of the facility has been determined to be 30% University and 70% WARF. Of the total capitalized cost, the University capitalized $60.1 million as Buildings, and the remaining amount was capitalized by WARF. Under the terms of the Condominium Declaration, the Association contracts with WARF for purposes of the management and operation of the property. The parties also entered into an Operating and Services Agreement that sets forth the mutually agreed upon specifics of such management and operation.

D – La Crosse Medical Health Science Education Research Center

On June 6, 1997, the Board of Regents entered into a Use Agreement with The La Crosse Medical Health Science Consortium, Inc. (The Consortium), a Wisconsin non-stock corporation tax exempt under IRC 501(c)(3) with offices at 1725 State Street, La Crosse, Wisconsin. As such, The Consortium does not meet the criteria of a component unit of the University.

The Use Agreement makes available the exclusive use of the La Crosse Medical Health Science Education Research Center to The Consortium. As required by this Use Agreement, the University has entered into various operating agreements with The Consortium, including a lease agreement. Under the terms of the lease, The Consortium made payments equal to the debt service on all outstanding bonds issued by the State of Wisconsin to acquire, construct, or improve the leased facilities. All lease payments were made as of June 30, 2020 and all obligations satisfied. The leased

DRAFT 12/7/2023

NOTE 11 – Other Organizations (continued)

facilities are not included as part of the University's investment in buildings since they have been reported by The Consortium in their audited financial statements in accordance with the generally accepted accounting principles that pertain to the reporting of leased assets.

During the fiscal years ended June 30, 2023 and 2022, the University provided services and rent to The Consortium totaling $0.7 million and $0.7 million, respectively. The cost of the services provided, and the associated revenue are included in the Statement of Revenues, Expenses, and Changes in Net Position. The amounts spent for services received are included as salaries and fringe benefits and supplies and services expenses on this statement. The services received were funded by an equivalent amount of revenue from state appropriations.

E – Funds Held In Trust by Others

Funds held in trust by others are endowment funds held by trustees outside of the University Trust Funds for the benefit of the University. The market value of these funds amounted to $210.1 million at June 30, 2023, compared with $136.1 million at June 30, 2022. During fiscal year 2023, $1.6 million of these funds was made available by the trustees for spending. In fiscal year 2022, $1.4 million of these funds was made available by the trustees for spending.

DRAFT 12/7/2023

NOTE 12 – Operating Expenses by Functional Classification

Operating expenses by functional classification for the fiscal year ended June 30, 2023:

	Salary and Fringe Benefits	Scholarships and Fellowships	Supplies and Services	Other	Depreciation and Amortization	Total
Instruction	$ 1,520,463,307	$ 3,321,782	$ 143,575,066	$ 161,280	$ —	$ 1,667,521,435
Research	862,414,276	4,023,324	376,101,612	2,481,333	—	1,245,020,545
Public Service	240,843,494	945,500	150,049,799	17,413,052	—	409,251,845
Academic Support	360,413,453	339,651	109,394,930	(302,043)	—	469,845,991
Student Services	379,124,247	579,452	198,080,556	(860,056)	—	576,924,199
Institutional Support	311,272,621	(150,059)	6,042,538	118,589	—	317,283,689
Operation/Maintenance	178,796,260	18,284	146,531,086	635,689	—	325,981,319
Financial Aid	124,278,672	182,877,410	(306,539)	(931,047)	—	305,918,496
Auxiliary Enterprises	125,548,495	19,365	186,923,627	(32,687)	—	312,458,800
Other Functions	20,300,148	686,247	143,131,825	6,338	—	164,124,558
Depreciation and Amortization	—	—	—	—	440,619,039	440,619,039
Total Operating Expenses	$ 4,123,454,973	$ 192,660,956	$ 1,459,524,500	$ 18,690,448	$ 440,619,039	$ 6,234,949,916

Operating expenses totaled $6.2 billion. Salary and fringe benefits; scholarships and fellowships; and supplies and services and other expenses constituted 66.1%, 3.1%, and 23.7% of total operating expenses, respectively. Depreciation and amortization comprised $440.6 million or 7.1% of total operating expenses.

Operating expenses by functional classification for the fiscal year ended June 30, 2022 (restated):

	Salary and Fringe Benefits	Scholarships and Fellowships	Supplies and Services	Other	Depreciation and Amortization	Total
Instruction	$ 1,038,238,387	$ 985,508	$ 94,113,846	$ 2,856,960	$ —	$ 1,136,194,701
Research	812,572,009	3,442,330	299,380,332	3,006,849	—	1,118,401,520
Public Service	214,935,685	410,578	111,903,632	18,792,623	—	346,042,518
Academic Support	337,464,107	536,492	82,388,127	(329,732)	—	420,058,994
Student Services	336,926,292	506,048	210,280,118	709,082	—	548,421,540
Institutional Support	290,227,245	327,328	7,487,775	(98,081)	—	297,944,267
Operation/Maintenance	163,801,295	—	174,112,063	676,247	—	338,589,605
Financial Aid	117,979,596	263,704,230	176,083	(1,129,384)	—	380,730,525
Auxiliary Enterprises	109,519,767	8,602	172,370,035	313,165	—	282,211,569
Other Functions	14,253,092	—	60,649,765	(2,976)	—	74,899,881
Depreciation and Amortization	—	—	—	—	413,591,372	413,591,372
Total Operating Expenses	$ 3,435,917,475	$ 269,921,116	$ 1,212,861,776	$ 24,794,753	$ 413,591,372	$ 5,357,086,492

Operating expenses totaled $5.4 billion. Salary and fringe benefits; scholarships and fellowships; and supplies and services and other expenses constituted 64.1%, 5.0%, and 23.1% of total operating expenses, respectively. Depreciation and amortization comprised $413.6 million or 7.7% of total operating expenses.

DRAFT 12/7/2023

NOTE 13 – Classification of Net Position

Net Position is reported in the following categories: Net Investment in Capital Assets, Restricted - Nonexpendable, Restricted - Expendable, and Unrestricted.

Net Investment in Capital Assets includes assets, such as buildings, construction in progress, and equipment, that are reported net of related debt. Restricted funds are those that have externally-imposed stipulations. Restricted - Nonexpendable funds are those that must be permanently maintained, such as permanent endowments. Restricted - Expendable includes balances such as those for quasi-endowments; segregated fees; student loans; federal aid; and gifts, grants, and contracts. These funds are expendable subject to actions of the University that are pursuant to stipulations or may become expendable by the passage of time. Unrestricted funds are those that are not subject to external stipulations. However, most of the unrestricted funds have been identified for academic and research programs and initiatives, and capital programs.

DRAFT 12/7/2023

NOTE 13 – Classification of Net Position (continued)

The amounts within each category at June 30, 2023 and June 30, 2022 are as follows:

	2023	2022 Restated
Net Investment in Capital Assets	$4,069,318,101	$3,833,479,153
Restricted - Nonexpendable Permanent Endowment	239,302,589	229,619,124
Restricted - Expendable		
Restricted for Pensions	—	1,085,067,412
Restricted for Other Postemployment Benefits	45,140,684	148,325,679
Restricted Endowment Earnings	1,117,365	1,078,193
Restricted Donor Investments	322,829,948	306,379,907
Auxiliary Operations - Segregated Fees	104,569,525	109,108,064
Restricted for Student Loans		
Federal Aid	15,659,321	15,659,321
Gifts	58,865,471	48,164,150
Endowment Funds	26,437,424	14,498,599
Subtotal	100,962,216	78,322,070
Restricted - Other		
Federal Aid	96,048,349	61,728,545
Gifts and Nonfederal Grants & Contracts	327,940,185	391,535,797
Construction Fund	343,961,923	394,029,815
Segregated Revenue	1,714,816	1,568,985
All Other Restricted Program Revenue	3,542,908	4,164,246
Subtotal	773,208,181	853,027,388
Total Restricted - Expendable	1,347,827,919	2,581,308,713
Unrestricted		
Tuition (Academic & Extension Student Fees)	138,160,509	134,522,748
General Operations	155,969,893	83,297,908
Auxiliary Operations (Non-Segregated Fee)	216,204,776	139,453,543
Indirect Cost Reimbursement	276,238,854	228,491,848
Quasi-Endowment Funds	47,625,416	47,229,620
Unrestricted Donor Investments	40,471,476	62,039,000
All Other Unrestricted Program Revenue	26,719,623	19,899,270
Gifts and Nonfederal Grants & Contracts^	79,708,729	(61,088,057)
Federal Aid^	(74,899,517)	(146,736,871)
All Other Non-Program Revenue*	(180,235,787)	(712,835,959)
Total Unrestricted	725,963,972	(205,726,950)
Total Net Position	$6,382,412,581	$6,438,680,040

^ Funds are typically collected on a reimbursement basis resulting in a negative balance at year end.
* The negative balance results primarily from an accumulating effect of accrual entries on General Purpose Revenue and Segregated Revenue funds.

DRAFT 12/7/2023

NOTE 13 – Classification of Net Position (continued)

The following table shows reclassifications which are done to conform to reporting requirements related to the State of Wisconsin's ACFR. As a reporting entity, the University cannot exercise total discretion over the use of net position of segregated fee auxiliary operations because of statutory mandates; however, they do have discretion in the use of the net position of quasi-endowments reported as unrestricted.

ACFR reclassifications as of June 30, 2023 (in millions):

	Universities of Wisconsin	Auxiliary Operations	Endowments	Student Loans	State of Wisconsin ACFR
Net Investment in Capital Assets	$ 4,069.3	$ —	$ —	$ —	$ 4,069.3
Restricted for					
Pension	—	—	—	—	—
OPEB	45.1	—	—	—	45.1
Nonexpendable	239.3	—	—	—	239.3
Expendable	428.5	(104.6)	47.6	—	371.5
Student Loans	101.0	—	—	(101.0)	—
Other	773.2	—	—	101.0	874.2
Unrestricted	726.0	104.6	(47.6)	—	783.0
Total Net Position	$ 6,382.4	$ —	$ —	$ —	$ 6,382.4

ACFR reclassifications, restated, as of June 30, 2022 (in millions):

	Universities of Wisconsin	Auxiliary Operations	Endowments	Student Loans	State of Wisconsin ACFR
Net Investment in Capital Assets	$ 3,833.5	$ —	$ —	$ —	$ 3,833.5
Restricted for					
Pension	1,085.1	—	—	—	1,085.1
OPEB	148.3	—	—	—	148.3
Nonexpendable	229.6	—	—	—	229.6
Expendable	416.6	(109.1)	47.2	—	354.7
Student Loans	78.3	—	—	(78.3)	—
Other	853.0	—	—	78.3	931.3
Unrestricted	(205.7)	109.1	(47.2)	—	(143.8)
Total Net Position	$ 6,438.7	$ —	$ —	$ —	$ 6,438.7

DRAFT 12/7/2023

NOTE 14 – Adoption of New Accounting Standards and Other Restatements

Effective for the fiscal year ended June 30, 2022, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by a government end user. The adoption of GASB 96 has been reflected as of July 1, 2021.

Beginning net position as of July 1, 2021 was restated for the effects of the University's adoption of GASB 96 as follows:

	June 30, 2021 as Originally Reported	GASB 96 Adoption	July 1, 2021 Restated
Current Assets	$ 2,778,192,403	$ —	$ 2,778,192,403
Noncurrent Assets	7,319,647,204	30,631,992	7,350,279,196
Total Assets	10,097,839,607	30,631,992	10,128,471,599
Deferred Outflows of Resources	1,556,179,957	—	1,556,179,957
Current Liabilities	815,095,771	24,287,243	839,383,014
Noncurrent Liabilities	2,729,135,216	6,344,749	2,735,479,965
Total Liabilities	3,544,230,987	30,631,992	3,574,862,979
Deferred Inflows of Resources	2,110,974,531	—	2,110,974,531
Net Position	$ 5,998,814,046	$ —	$ 5,998,814,046

The Statement of Net Position as of June 30, 2022 was restated for the effects of the University's adoption of GASB 96 as follows:

	June 30, 2022 as Originally Reported	GASB 96 Adoption	June 30, 2022 Restated
Current Assets	$ 3,042,789,016	$ 11,334,384	$ 3,054,123,400
Noncurrent Assets	7,686,735,424	35,721,274	7,722,456,698
Total Assets	10,729,524,440	47,055,658	10,776,580,098
Deferred Outflows of Resources	2,340,546,782	—	2,340,546,782
Current Liabilities	1,044,557,609	22,737,632	1,067,295,241
Noncurrent Liabilities	2,719,445,711	20,428,016	2,739,873,727
Total Liabilities	3,764,003,320	43,165,648	3,807,168,968
Deferred Inflows of Resources	2,871,277,871	—	2,871,277,871
Net Position	$ 6,434,790,031	$ 3,890,010	$ 6,438,680,041

DRAFT 12/7/2023

NOTE 14 – Adoption of New Accounting Standards and Other Restatements (continued)

The Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2021 was restated for the effects of the University's adoption of GASB 96 as follows:

	June 30, 2022 as Originally Reported	GASB 96 Adoption	June 30, 2022 Restated
Operating Revenues	$ 3,922,331,806	$ —	$ 3,922,331,806
Operating Expenses	5,361,027,264	(3,940,772)	5,357,086,492
Operating Loss	(1,438,695,458)	3,940,772	(1,434,754,686)
Non-operating Revenues	1,804,660,223	—	1,804,660,223
Non-operating Expenses	(141,425,049)	(50,763)	(141,475,812)
Capital Appropriations	191,287,604	—	191,287,604
Capital Grants and Gifts	19,075,963	—	19,075,963
Additions to Permanent Endowment	1,072,702	—	1,072,702
Increase(Decrease) in Net Position	435,975,985	3,890,009	439,865,994
Net Position, Beginning of Year	5,998,814,046	—	5,998,814,046
Net Position, Beginning of Year, As Adjusted	$ 6,434,790,031	$ 3,890,009	$ 6,438,680,040

The Statement of Cash Flows for the year ended June 30, 2022 was restated for the effects of the University's adoption of GASB 96 as follows:

	June 30, 2022 as Originally Reported	GASB 96 Adoption	June 30, 2022 Restated
Net Cash Used in Operating Activities	$ (1,253,051,731)	$ 23,894,444	$ (1,229,157,287)
Net Cash Provided by Investing Activities	(482,030,627)	1	(482,030,626)
Net Cash Used in Capital and Related Financing Activities	(570,835,331)	(23,894,445)	(594,729,776)
Net Cash Provided by Noncapital Financing Activities	1,977,179,754	—	1,977,179,754
Net Increase in Cash	(328,737,935)	—	(328,737,935)
Cash and Cash Equivalents - beginning of year	2,219,371,735	—	2,219,371,735
Cash and Cash Equivalents - end of year	$ 1,890,633,800	$ —	$ 1,890,633,800

DRAFT 12/7/2023

NOTE 15 – Contingent Liabilities

The Universities of Wisconsin is covered by the State of Wisconsin's self-funded program with settlements or judgments paid from the State Risk Management Fund. Loss experience is charged back to the individual University of Wisconsin public universities in subsequent years based on exposure and experience with caps in place for large losses.

The Universities of Wisconsin is party in a number of legal actions. While final resolutions have not yet been determined, management is of the opinion that any liabilities resulting from these actions will not have a material adverse effect on the Universities of Wisconsin's financial position.

NOTE 16 – Subsequent Events

In August 2023, the State of Wisconsin issued $271.4 million of 2023 Series B general obligation bonds to be used for the acquisition, construction, development, extension, enlargement or improvement of land, water, property, highways, buildings, equipment or facilities for public purposes. The interest rates associated with these bonds were set at 5.0 percent payable semiannually beginning November 1, 2023. The bonds mature annually beginning May 1, 2025 through May 1, 2044. The total par amount of the 2023 Series B bonds that was issued for University of Wisconsin purposes is $77.4 million.

DRAFT 12/7/2023

This page intentionally left blank.

DRAFT 12/7/2023

Years Ended June 30, 2023 and 2022

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT 12/7/2023

Universities of Wisconsin's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System

The University's proportionate share of the net pension liability (NPL) or net pension (asset) (NPA) of the Wisconsin Retirement System is provided below:

Fiscal Year*	Proportion of the NPL (NPA)	Proportionate Share of the NPL (NPA)	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	WRS' Net Position as a Percentage of the Total Pension Liability
2023	13.40%	$709,734,327	$2,385,255,376	29.76%	95.72%
2022	13.46%	$(1,085,067,412)	$2,353,339,815	(46.11)%	106.02%
2021	13.32%	$(831,629,182)	$2,197,452,793	(37.85)%	105.26%
2020	13.35%	$(430,532,171)	$2,141,382,732	(20.11)%	102.96%
2019	13.34%	$474,419,425	$2,034,643,431	23.32%	96.54%
2018	13.44%	$(399,079,716)	$1,967,891,964	(20.28)%	102.93%
2017	13.54%	$112,698,659	$1,929,105,545	5.79%	99.10%
2016	13.59%	$220,459,696	$1,924,520,818	11.47%	98.20%
2015	13.44%	$(330,166,674)	$1,896,092,723	17.41%	102.74%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2015 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2024.

Universities of Wisconsin's Pension Contributions
Wisconsin Retirement System

The University's pension contributions to the Wisconsin Retirement System are provided below:

Fiscal Year*	Contractually Required Contributions	Contributions Made	Contribution Deficiency (Excess)	Covered Payroll	Contributions Made as a Percentage of Covered Payroll
2023	$156,086,421	$156,086,421	$—	$2,385,255,376	6.54%
2022	$159,624,608	$159,624,608	$—	$2,353,339,815	6.78%
2021	$149,158,680	$149,158,680	$—	$2,197,452,793	6.79%
2020	$140,901,540	$140,901,540	$—	$2,141,382,732	6.58%
2019	$136,968,134	$136,968,134	$—	$2,034,643,431	6.73%
2018	$134,517,079	$134,517,079	$—	$1,967,891,964	6.84%
2017	$127,760,738	$127,760,738	$—	$1,929,105,545	6.62%
2016	$131,542,672	$131,542,672	$—	$1,924,520,818	6.84%
2015	$133,468,069	$133,468,069	$—	$1,896,092,723	7.04%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2015 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2024.

DRAFT 12/7/2023

Notes to Required Supplementary Information for the Year Ended June 30, 2023
Wisconsin Retirement System (continued)

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes in assumptions.

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

DRAFT 12/7/2023

DRAFT 12/7/2023

Universities of Wisconsin's Proportionate Share of the OPEB Liability
Retiree Life Insurance Fund

The University's proportionate share of the OPEB liability is provided below:

Fiscal Year*	Proportion of the OPEB Liability	Proportionate Share of the OPEB Liability	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	42.06%	$277,464,847	$1,414,648,000	19.6%	31.49%
2022	41.42%	$392,540,881	$1,307,842,000	30.0%	25.22%
2021	41.96%	$363,828,903	$1,296,225,000	28.1%	27.80%
2020	42.09%	$287,530,560	$1,253,058,000	23.0%	33.75%
2019	41.83%	$180,490,611	$1,205,222,000	15.0%	44.36%
2018	41.42%	$204,440,597	$1,318,898,190	15.5%	41.63%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

Universities of Wisconsin's OPEB Contributions
Retiree Life Insurance Fund

The University's OPEB contributions are provided below:

Fiscal Year*	Contractually Required Contributions	Contributions Made	Contribution Deficiency (Excess)	Covered Payroll	Contributions Made as a Percentage of Covered Payroll
2023	$747,217	$747,217	$—	$1,414,648,000	0.05%
2022	$691,619	$691,619	$—	$1,307,842,000	0.05%
2021	$644,090	$644,090	$—	$1,296,225,000	0.05%
2020	$483,771	$483,771	$—	$1,253,058,000	0.04%
2019	$580,265	$580,265	$—	$1,205,222,000	0.05%
2018	$552,145	$552,145	$—	$1,318,898,190	0.04%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

Notes Notes to Required Supplementary Information for the Year Ended June 30, 2023
Retiree Life Insurance Fund

Changes of benefit terms. There were no recent changes of benefit terms.

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

Notes to Required Supplementary Information for the Year Ended June 30, 2023

Retiree Life Insurance Fund (continued)

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

DRAFT 12/7/2023

Universities of Wisconsin's Proportionate Share of the OPEB Liability
Retiree Health Insurance Plan

The University's proportionate share of the OPEB liability is provided below:

Fiscal Year*	Proportion of the OPEB Liability	Proportionate Share of the OPEB Liability	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll
2023	44.56%	$ 319,554,275	$ 1,814,298,170	17.6%
2022	44.42%	$ 316,651,203	$ 1,761,454,534	18.0%
2021	44.78%	$ 287,515,221	$ 1,780,579,173	16.1%
2020	44.37%	$ 302,798,250	$ 1,725,367,417	17.6%
2019	43.95%	$ 237,204,014	$ 1,622,101,587	14.6%
2018	43.89%	$ 315,687,625	$ 1,577,063,898	20.0%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

Universities of Wisconsin's OPEB Contributions
Retiree Health Insurance Plan

The University's OPEB contributions are provided below:

Fiscal Year*	Contractually Required Contributions	Contributions Made	Contribution Deficiency (Excess)	Covered Payroll	Contributions Made as a Percentage of Covered Payroll
2023	$ 478,523,132	$ 478,523,132	$—	$ 1,814,298,170	26.4%
2022	$ 471,298,165	$ 471,298,165	$—	$ 1,761,454,534	26.8%
2021	$ 457,551,942	$ 457,551,942	$—	$ 1,780,579,173	25.7%
2020	$ 437,853,488	$ 437,853,488	$—	$ 1,725,367,417	25.4%
2019	$ 435,919,184	$ 435,919,184	$—	$ 1,622,101,587	26.9%
2018	$ 433,914,171	$ 433,914,171	$—	$ 1,577,063,898	27.5%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

Notes to Required Supplementary Information for the Year Ended June 30, 2023
Retiree Health Insurance Plan

Changes of benefit terms. There were no changes of benefit terms.

Changes in assumptions.

<u>Changes Effective June 30, 2022</u>

Healthcare trend rates were updated to reflect recent experience and known premium rates.

The effective discount rate for June 30, 2022, was 3.54%. The effective discount rate as of June 30, 2021 was 2.16%

DRAFT 12/7/2023

Notes to Required Supplementary Information for the Year Ended June 30, 2023
Retiree Health Insurance Plan (continued)

Changes Effective June 30, 2021

Healthcare claims costs and trend were updated based on most recent modeling.

Active retiree participation rates for eligible retirees were changed from 80% immediately upon retirement with 2.5% per year of the active deferrals choosing to be covered for 8 years to 60% immediately upon retirement with an additional 1% per year of the active deferrals choosing to be covered over the next 5 years.

Deferred vested participation rates were changed from 12.5% per year for 8 years to 5% per year for 8 years.

Retiree health participation lapse rates changed from 10% to 5%.

The marital assumptions for future retirees were changed from being based on the participants current healthcare tier status in the active population to assuming 60% of future retirees elected to cover a spouse.

The effective discount rate was changed to 2.16% for the June 30, 2021 measurement from 2.21% for the June 30, 2020 measurement.

The inflation, retirement, termination, disability, husband to wife age relationship, and mortality rates were changed in conjunction with the 2018-2020 pension assumption study completed by GRS in 2021.

Changes Effective June 30, 2020

Healthcare claims costs and trend were updated based on most recent modeling.

The discount rate was changed to 2.21% for the June 30, 2020 measurement from 3.50% for the June 30, 2019 measurement.

Changes Effective June 30, 2019

Healthcare claims costs and trend were updated based on most recent modeling.

Administrative expenses no longer include costs associated with the administration of medical and prescription claims. These costs are now reflected in the respective per capita healthcare costs, as they are built into the premium rates used to develop these costs.

The discount rate was changed to 3.50% for the June 30, 2019 measurement from 3.87% for the June 30, 2018 measurement.

The excise tax on high cost health plans was repealed effective December 20, 2019 and as such has been removed from this valuation.

Changes Effective June 30, 2018

The discount rate was changed to 3.87% for the June 30, 2018 measurement from 3.58% for the June 30, 2017 measurement.

The participation rates changed. The Participation rate was previously 85%, and was changed to 80% immediate commencement, with 12.5% of the deferred participants electing coverage each year for eight years, based on the Segal study completed in July 2019.

Lapse rates were added. In this valuation we are assuming 10% of participants that are covered lapse coverage each year, based on the Segal study completed in July 2019.

DRAFT 12/7/2023

Notes to Required Supplementary Information for the Year Ended June 30, 2023
Retiree Health Insurance Plan (continued)

The inflation, salary scale, retirement, termination, disability and mortality rates were changed in conjunction with the 2015-2017 pension assumption study completed by GRS in 2018.

No assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 to pay related benefits.

DRAFT 12/7/2023

Universities of Wisconsin's Proportionate Share of the OPEB Liability(Asset)
Supplemental Health Insurance Conversion Credit Program

The University's proportionate share of the OPEB liability or (asset) is provided below:

Fiscal Year*	Proportion of the OPEB Liability (Asset)	Proportionate Share of the OPEB Liability (Asset)	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2023	43.90%	$ (45,140,684)	$ 2,385,255,376	(1.9)%	109.8%
2022	45.09%	$ (148,325,679)	$ 2,353,339,815	(6.3)%	131.6%
2021	43.73%	$ (124,539,601)	$ 2,197,452,793	(5.7)%	130.8%
2020	44.72%	$ (67,871,882)	$ 2,141,382,732	(3.2)%	116.3%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.
GASB standards require the presentation of 10 years of information. Because fiscal year 2020 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2029.

Universities of Wisconsin's OPEB Contributions
Supplemental Health Insurance Conversion Credit Program

The University's OPEB contributions are provided below:

Fiscal Year*	Contractually Required Contributions	Contributions Made	Contribution Deficiency (Excess)	Covered Payroll	Contributions Made as a Percentage of Covered Payroll
2023	$ 2,387,366	$ 2,387,366	$—	$ 2,385,255,376	0.1%
2022	$ 7,059,851	$ 7,059,851	$—	$ 2,353,339,815	0.3%
2021	$ 6,595,006	$ 6,595,006	$—	$ 2,197,452,793	0.3%
2020	$ 6,425,910	$ 6,425,910	$—	$ 2,141,382,732	0.3%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.
GASB standards require the presentation of 10 years of information. Because fiscal year 2020 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2029.

Notes to Required Supplementary Information for the Year Ended June 30, 2023
Supplemental Health Insurance Conversion Credit Program

Changes of benefit terms. There were no recent changes in benefit terms.

Changes of assumptions. Based upon experience studies conducted in 2021 on the WRS and Wisconsin Sick Leave Conversion Credit programs that covered a three-year period from January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total OPEB liability, beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

DRAFT 12/7/2023

- The healthcare cost trend rate was changed from an increase of 3.0% in each future year to 6.0% for the 1st year and declining each future year to an ultimate trend rate of 3.5% over a 12 year period
- Health care premium assumptions were changed to reflect 1-person and 2-person coverage for non Medicare and Medicare along with an election percentage assumption of 50%. Previously, the average non Medicare and Medicare premiums were based on active annuitant data with a 10% increase applied to the average premium
- The escrowed benefit usage assumes 50% of escrowed members will will at some point begin using their sick leave balance to pay for health care costs. The present value of future benefits is now calculated by drawing down each member's account balance using the same average premiums applicable to active members and a 50% factor applied to the present value to account for the 50% escrowed benefit usage assumption. Previously, the present value of future benefits was calculated by taking the balance on deposit for escrowed annuitants multiplied by the ratio of the present value of future benefits for active status annuitants to the balance on deposit for active status annuitants multiplied by 50%
- The sick leave accumulation assumes each individual is at their same rate as in the past(earned less used), but not more than 100% of the gross earned rate based on the person's employer and not less than 25% of their gross earned rate. The assumed annual gross earned rates range from 6.4 to 16.25 days depending on the employer. Previously, each individual was assumed to continue using sick leave at the same rate as in the past but not less than 25% nor more than 75% of the person's annual accrual rate (usually 16.25 days)

Based upon a three year experience study conducted in 2018 that covered a three-year period from January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total OPEB liability, beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table
- The healthcare cost trend rate was changed from an increase of 3.2% in each future year to 3.0%

DRAFT 12/7/2023

Years Ended June 30, 2023 and 2022

SUPPLEMENTAL INFORMATION

DRAFT 12/7/2023

CHART 1
COMPARISON OF CURRENT FUNDS REVENUES
2013 - 2023

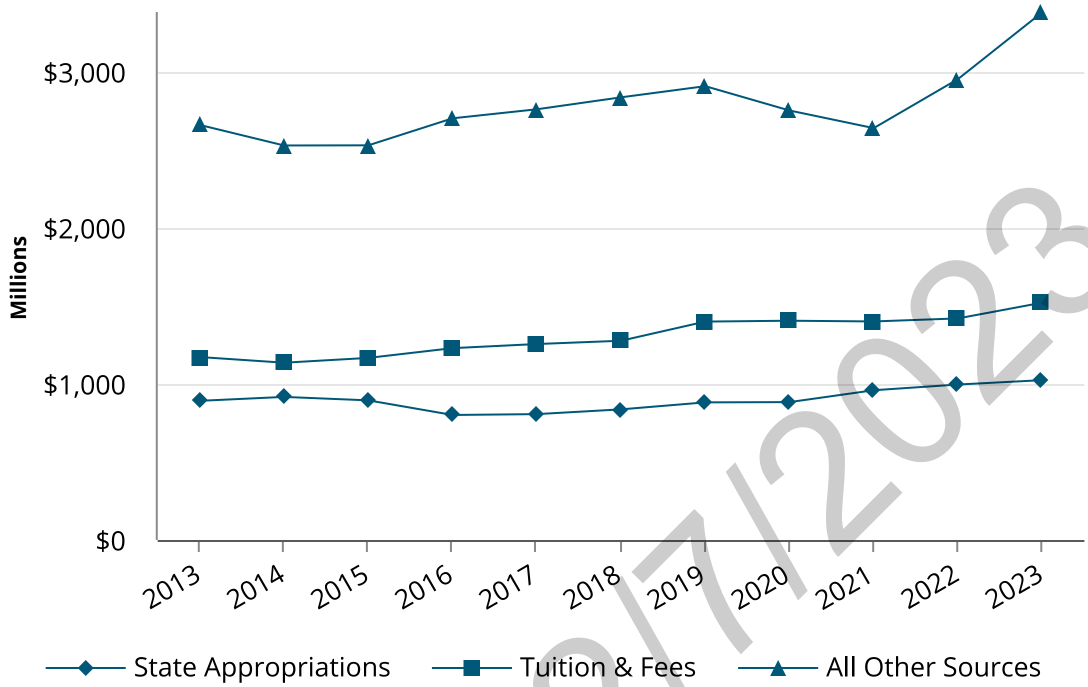
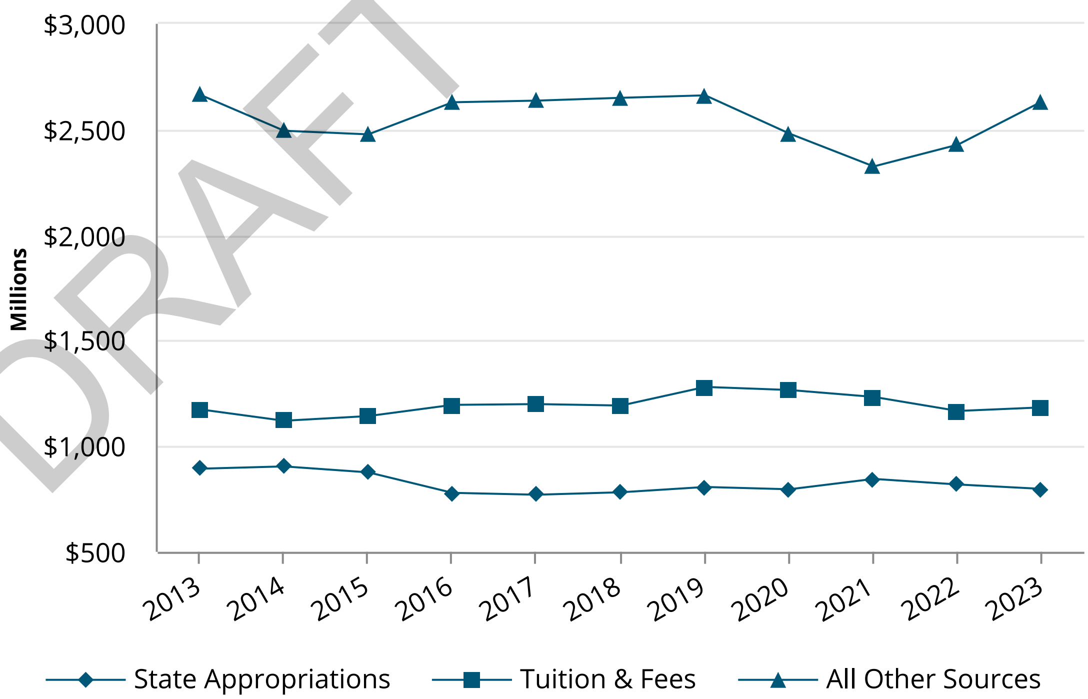


CHART 2
COMPARISON OF CURRENT FUNDS REVENUES
ADJUSTED FOR INFLATION
2013 - 2023



DRAFT 12/7/2023

UW INSTITUTIONAL SERVICE AGREEMENTS FOR INTERNATIONAL RECRUITMENT

REQUESTED ACTION

Adoption of Resolutions E.1, E. 2., E.3., E.4., and E.5.

Resolution E. 1. That, upon recommendation of the Chancellor of the University of Wisconsin-Eau Claire and the President of the UW System, the Board of Regents approves the five-year contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Eau Claire, and Shorelight LLC.

Resolution E. 2. That, upon recommendation of the Chancellor of the University of Wisconsin-Green Bay and the President of the UW System, the Board of Regents approves the five-year contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Green Bay, and Shorelight, LLC.

Resolution E. 3. That, upon recommendation of the Chancellor of the University of Wisconsin-Platteville and the President of the UW System, the Board of Regents approves the five-year contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Platteville, and Shorelight, LLC.

Resolution E. 4. That, upon recommendation of the Chancellor of the University of Wisconsin-Superior and the President of the UW System, the Board of Regents approves the five-year contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Superior, and Shorelight, LLC.

Resolution E. 5. That, upon recommendation of the Chancellor of the University of Wisconsin-Stout and the President of the UW System, the Board of Regents approves the five-year contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Stout, and Kings Education.

SUMMARY

UW-Eau Claire, UW-Green Bay, UW-Platteville, and UW-Superior seek approval of their respective proposed agreements with Shorelight LLC, and UW-Stout seeks approval of its proposed agreement with Kings Education. Each of these agreements falls under the terms of the Master Service Agreements and Participating Institution Forms provided for review by the Board of Regents. Each agreement is expected to exceed $1 million in value over the 5-year terms of the contracts.

Universities of Wisconsin Administration (UWA) is taking a strategic approach to enhance its recruitment of international students by partnering with reputable and capable international recruitment agent aggregators. These aggregators are not agents themselves, but engage with agents overseas to identify and recruit interested international students. Since these agreements are non-exclusive and only provide revenue to the recruiter when they actually identify students, a Request for Proposals is not necessary, and an exception to UW System Administrative Policy 522 allows for such contracts.

To promote consistency in contractual terms and conditions when multiple UW institutions contract with the same agent aggregator, reduce the need for UW institutions to compete against each other through the offering of higher agent fees, and increase bargaining power vis-à-vis agent fees across the UW institutions, UWA has created a Master Service Agreement (MSA) based on common industry terms and incorporating the suggestions from UWA's Office of Internal Audit on best practices regarding such relationships. This MSA is the basis for negotiations between UW institutions and any vendor with whom an MSA has been established, which to date include Shorelight LLC and Kings Education under identical terms.

UW institutions choosing to utilize the MSA will work closely with the vendor, utilizing a UWA-developed Participating Institution Form (PIF) to itemize the details of services between the university and the vendor. Each UW institution choosing to utilize this MSA will be required to gain Board approval prior to signing a Participating Institution Form with the vendor if the value is estimated to be greater than $1 million.

Presenters:

- Tracy Davidson, Associate Vice President for Academic Affairs, UW Administration
- Renee Wachter, Chancellor, UW-Superior
- Louisa Rice, Interim Associate Vice Chancellor for Academic Affairs, UW-Eau Claire
- Courtney Sherman, Associate Provost for Academic Affairs, UW-Green Bay
- Wayne Weber, Interim Provost and Vice Chancellor of Academic Affairs, UW-Platteville
- Erik Guenard, Vice Chancellor for Business, Finance and Administrative Services, UW-Stout

BACKGROUND

Regent Policy Document 13-1 requires that any grant or contract with private, profit-making organizations with a value greater than $1,000,000 for all universities other than UW-Madison be presented to the Board of Regents for formal approval prior to execution.

Previous Action or Discussion

Agreements with Shorelight LLC under the terms of the MSA were approved by the Board of Regents on behalf of both UW-River Falls and UW-Whitewater at the November 2023 meeting.

Related Policies

- Regent Policy Document 13-1, "General Contract Signature Authority, Approval, and Reporting"

APPROVAL OF UNIVERSITY INSURANCE ASSOCIATION (UIA) BOARD RESTRUCTURING

REQUESTED ACTION

Adoption of Resolution F.

Resolution F. That, upon the recommendation of the President of the UW System, the UW System Board of Regents adopts the recommendation to transfer ownership of the University Insurance Association Life Insurance Plan to the UW System Board of Regents from the University Insurance Association Board effective January 1, 2024, and grants approval to terminate the plan dependent on the creation of a special enrollment period for its Individual and Family Life Insurance and/or State Group Life programs, no earlier than December 31, 2024.

SUMMARY

The University Insurance Association (UIA) is a separate corporation that was established under the auspices of the Board of Regents in 1939 to provide life insurance benefits to faculty, academic staff, and limited appointees. Based on the advice of Universities of Wisconsin Office of General Counsel, the University Insurance Association corporation should be dissolved and brought under direct administration of the Board of Regents. This advice is based on Wisconsin Attorney General Letter to Plache from January of 1994 which opined that the Board of Regents did not have the authority to separately incorporate the University Insurance Association.

This item requests that the Board authorize the transfer of ownership of the University Insurance Association Life Insurance plan to the UW System Board of Regents and that the current University Insurance Association Board may continue to serve the plan in an advisory capacity.

It is further recommended that the Board authorize the President to terminate the UIA plan no earlier than December 31, 2024, subject to establishment of an appropriate special enrollment period to allow current UIA plan participants, who are active employees, to enroll in either the Individual and Family Life insurance or the State Group Life insurance programs and to offer conversion coverage for current retirees participating in the UIA program.

Presenter

- Daniel Chanen, Associate Vice President and Chief Human Resource Officer

BACKGROUND

The University Insurance Association (UIA) is a non-stock corporation established in May 1939. The objective of the corporation is to negotiate, execute and administer low-cost group insurance to protect the families of Universities of Wisconsin employees who die before reaching retirement age. The Board of Regents adopted Regent Resolution #1754 in 1978, creating a Regent Policy Document extending group life insurance coverage to all UW institutions. The Regent policy was amended by Resolution #3458 in 1986, to require participation by all faculty and academic staff who met the eligibility requirements. In December 2018, the Board of Regents approved the removal of the Regent Policy Document regarding the University Insurance Association, as the policy did not meet current standards and protocols for Regent Policy Documents. However, the UIA membership requirement established through Regent Resolutions #1754 and #3458 was not altered and remains in force.

The UIA Articles of Incorporation and Bylaws provide for a nine-member Board of Directors elected from members of the UIA. The UIA Board manages the UIA Life Insurance Plan and has a contract with Minnesota Life Insurance Company (Securian) to provide decreasing term life insurance to UIA members. Members (faculty, academic staff and limited appointees who meet the monthly salary threshold) are required to enroll in coverage ranging from $101,000 to $3,400, that declines with the employee’s age. Effective January 1, 2023, the annual premium is $38.40, fully paid by the employee.

The monthly salary threshold for eligibility for enrollment in the plan is $2,952 for the 2023 plan year. Enrollment is mandatory for employees who meet the eligibility requirements. Employees have other voluntary life insurance options that can be enrolled in if the employee is eligible and enrollment requirements are met.

As of December 31, 2022, the UIA plan covered 26,853 active and retired employees for a total annual premium of $650,239. The Premium Deposit Account balance is valued at $793,844 and during the 2022 plan year, 108 claims were incurred totaling $947,314. Attachment A provides the plan’s 2022 Financial Experience Report.

In 1958, the State of Wisconsin established the State Group Life insurance program to provide life insurance for all state employees, including employees of the Universities of

Wisconsin. State Group Life Insurance is the only life insurance benefit where the employer contributes to the premium and is the most valuable life insurance program for our employees. However, employees of the Universities of Wisconsin under-enroll in this benefit. Currently, 56% of employees enroll in State Group Life, compared to 82% of non-UW state employees. The number of life insurance options, including the mandatory UIA plan, provides a disincentive for employees to enroll in State Group Life. Therefore, we recommend that this plan be discontinued.

In order to facilitate, the Office of Human Resources is working with the Wisconsin Department of Employee Trust Funds and Securian to establish special enrollments for State Group Life and/or the Individual and Family Life plan to provide options for employees currently enrolled in UIA. Retirees participating in the UIA plan will be offered a conversion option.

ATTACHMENTS

A) University Insurance Association (UIA) Life Insurance Financial Experience Report, January 1, 2022 through December 31, 2022, Policy Number: 32872
B) University Insurance Assocation (UIA) Life Insurance Plan Certificate

FINANCIAL EXPERIENCE REPORT

University of Wisconsin Insurance Association Board

January 1, 2022 through December 31, 2022

Policy Number: 32872

Submitted by

Minnesota Life Insurance Company

©2023 Securian Financial Group, Inc. All rights reserved.

Participating Experience Calculation
Policy Number: 32872
For the Period January 1, 2022 through December 31, 2022

			Term Life Total
1.	Remitted Premium	$	650,239
2.	Premium from PDA		400,931
3.	Incurred Claims		947,314
4.	Insurer Expense and Risk Charge		56,571
5.	State Premium Tax		23,651
6.	Policyholder Expenses		1,000
7.	University of Wisconsin Expenses		21,732
8.	Interest Credit on Cash Flow		(902)
9.	Policy Year Result (1+2-3-4-5-6-7+8)	$	0

Plan Statistics

Premium Deposit Account Activity*		
Beginning balance	$	1,182,946
Interest on beginning balance		11,829
Deposits		0
Withdrawals		0
Experience addition to/(from) premium deposit account		(400,931)
Ending balance	$	793,844

***This Premium Deposit Account Activity report summarizes the transactions within the Premium Deposit Account (PDA) held on behalf of University of Wisconsin Insurance Association Board for the calendar year January 1 through December 31. Please consult your Benefits Accounting department for advice on tax treatment of interest credited within the account. If you have any other questions, please call Kjirsten Elsner at Minnesota Life.**

© 2023 All Rights Reserved

Experience by Coverage
Policy Number: 32872
For the Period January 1, 2022 through December 31, 2022

Coverage	Earned Premium*	Incurred Claims	Incurred Loss Ratio
Employee Term Life	$543,288	$521,125	95.9%
Direct Pay Term Life	507,882	426,189	83.9%
Total Term Life	**$1,051,170**	**$947,314**	**90.1%**

***Includes $401,153 withdrawn from PDA and cleared as premium for this policy year's participating experience calculation**

Notes:

Incurred Claims = Paid Claims + Interest
+ Current Pending Claims - Prior Pending Claims
+ Conversion Charges

© 2023 All Rights Reserved

Page Contained Individual Claims Data - Page Redacted

Number of Paid Claims by Age
Policy Number: 32872
For the Period January 1, 2022 through December 31, 2022

Age	Number of Claims
30	0
35	1
37	1
39	1
40	1
42	1
46	2
47	1
48	1
49	1
52	1
53	3
54	0
58	1
61	2
63	2
64	2
65	2
67	3
68	1
69	3
70	2
72	4
73	1
74	3
75	3
76	2
77	3
78	4
79	3
80	2
81	2
82	2
83	1
84	7
85	3
86	7
87	5
88	2
89	1
90	3
91	5
92	3
93	2
94	2
95	5
96	1
TOTAL	108

© 2023 All Rights Reserved

Cumulative Participating Experience
Policy Number: 32872

	Earned Premium	Incurred Claims	Incurred Loss Ratio
Employee Term Life			
01/01/22 - 12/31/22	$543,288	$521,125	95.9%
10/01/21 - 12/31/21	0	181,232	0.0%
10/01/20 - 09/30/21	539,568	654,469	121.3%
09/20/03 - 09/30/20	8,192,457	5,460,778	66.7%
Total Employee Term Life	**$9,275,313**	**$6,817,604**	**73.5%**
Direct Pay Term Life			
01/01/22 - 12/31/22	$507,882	$426,189	83.9%
10/01/21 - 12/31/21	359,496	169,497	47.1%
10/01/20 - 09/30/21	545,117	326,957	60.0%
09/20/03 - 09/30/20	3,302,131	3,891,340	117.8%
Total Direct Pay Term Life	**$4,714,626**	**$4,813,983**	**102.1%**
Total			
01/01/22 - 12/31/22	$1,051,170	$947,314	90.1%
10/01/21 - 12/31/21	359,496	350,729	97.6%
10/01/20 - 09/30/21	1,084,685	981,426	90.5%
09/20/03 - 09/30/20	11,494,588	9,352,118	81.4%
Total Term Life	**$13,989,939**	**$11,631,587**	**83.1%**

© 2023 All Rights Reserved

APPENDIX

Summary of Incurred Claims
Policy Number: 32872
For the Period January 1, 2022 through December 31, 2022

Coverage	(+) Insurance Amount Paid	(+) Interest Paid	(+) Current Reserve	(-) Prior Reserve	(+) Conversion Charge	Incurred Claims
Employee Term Life	$ 503,850.00	$ 624.70	$ 236,283.34	$ 219,633.34	$ 0	$ 521,125
Direct Pay Term Life	411,933.33	1,089.05	96,900.00	83,733.33	0	426,189
Total	$ 915,783.33	$ 1,713.75	$ 333,183.34	$ 303,366.67	$ 0	$ 947,314

© 2023 All Rights Reserved

Policy Holder Expenses
Policy Number: 32872
For the Period January 1, 2022 through December 31, 2022

	Audits	Other Expenses
12/31/2022	$ 0.00	$ 1,000.00
Total	$ 0.00	$ 1,000.00

© 2023 All Rights Reserved

Group Term Life Policy Amendment #R6

Minnesota Life Insurance Company - A Securian Company
400 Robert Street North • St. Paul, Minnesota 55101-2098

To be attached to and made a part of Group Policy No. 32872-G issued by Minnesota Life Insurance Company to University of Wisconsin Insurance Association Board. This amendment is effective as of October 1, 2021. Continued payment of premiums shall constitute acceptance of the conditions stated in this amendment.

The next policy anniversary will occur on January 1, 2022. After that, policy anniversaries will occur on January 1 of each year.

Agreed to by Minnesota Life Insurance Company May 18th, 2022.

By Susan Munson-Regala
LL
Vice President and Actuary

POLICYHOLDER:	University of Wisconsin Insurance Association Board **POLICY NO.:** 32872-G
POLICY EFFECTIVE DATE:	October 1, 2010. This specifications page represents the plan of insurance in effect as of October 1, 2021.
POLICY ANNIVERSARY DATE:	January 1 of each year beginning January 1, 2022.
PREMIUM DUE DATE(S):	The Policy Anniversary Date.

GROUP:

The group is composed of members of the University Insurance Association (UIA) who hold an appointment by the Board of Regents of the University of Wisconsin System (UWS) as faculty, academic staff or limited, whose rate of compensation when eligibility is evaluated, is not less than 45% of the average instructor's salary for the previous year. An employee must re-qualify on an annual basis by meeting the salary requirement and be actively employed as of January 1st of the deduction year. All members must pay the annual premium in order to be eligible for coverage and must not be in one of the excluded employee groups.

Employee groups excluded from UIA membership:

- Anyone who does not hold a faculty, academic staff or limited position such as classified employees, student assistants or employees-in-training.
- Wisconsin Retirement System (WRS) rehired annuitants, defined as anyone who is receiving a WRS annuity, are not eligible for coverage as active employees. If a rehired annuitant continued UIA coverage upon retirement from UWS, membership and coverage will continue as a retiree as long as the premium is paid timely. If a rehired annuitant who suspends his or her annuity, qualifies for coverage as an active employee, retiree continuation will be ended and the rehired annuitant will be covered as an active employee.
- Faculty, academic staff and limited appointees who refused membership on one of the two occasions in 1959 and 1966 when classes eligible for membership were enlarged.
- Anyone employed in the former Wisconsin State Universities System who submitted a written irrevocable Election of Non-Participation on or before March 16, 1979.

As an exception to the excluded groups of employees are those Post-Doctoral or Research Associate employees who were eligible for coverage through employment prior to October 1, 2010. They were eligible for continuation of coverage and must have elected continuation on or before October 1, 2010, otherwise coverage ended as of October 1, 2010.

Any member whose eligibility would cease as a result of retirement or termination due to disability from the University of Wisconsin System on or after October 1, 2013, but whose membership in the UIA is maintained by submitting a completed UIA Continuation Application/Ballot Request and required premium payments on or before the premium due date are eligible to continue membership and coverage. Coverage may continue indefinitely as long as the required premium is paid on or before the premium due date and the continuant does not re-qualify for coverage as an active employee. A member whose termination is not due to retirement or disability cannot continue coverage under the group policy, but may convert their coverage according to the terms of the Conversion Right provision. Members who retired or terminated prior to October 1, 2013 and have elected to continue coverage shall remain continuants provided premium is paid by the due date and the continuant does not re-qualify for coverage as an active employee.

"Retirement" for purposes of the above means terminating UW employment to begin an immediate annuity under the Wisconsin Retirement System (WRS). WRS retirement is available to vested employees after reaching age 55 (50 for participants with some protective category service) and who have terminated all WRS employment.

"Disability" for purposes of the above means terminating UW employment due to a disability approved for benefits payable to eligible members under disability retirement (40.63), duty disability (40.65), Income Continuation Insurance (ICI) or Long-Term Disability Insurance (LTDI) plans under the Wisconsin Retirement System.

WAITING PERIOD: None

PLAN OF INSURANCE

EMPLOYEE BENEFIT SCHEDULE

EMPLOYEE TERM LIFE INSURANCE:

Basic Life Insurance

Eligible Class	Amount of Insurance
All members	As indicated in the attached Addendum A.

GENERAL PROVISIONS FOR EMPLOYEE INSURANCE

CONTRIBUTORY/NONCONTRIBUTORY: All insurance is contributory.

GUARANTEED ISSUE AMOUNT: All insurance is guaranteed issue.

EFFECTIVE DATE OF DECREASES: The amount of insurance will be decreased at the beginning of each policy year based on the member's age at the beginning of the policy year.

ADDITIONAL INFORMATION

RIDER(S) TO THE GROUP POLICY: Accelerated Benefits

Group Term Life Policy Amendment #R5

Minnesota Life Insurance Company - A Securian Company
400 Robert Street North • St. Paul, Minnesota 55101-2098

To be attached to and made a part of Group Policy No. 32872-G issued by Minnesota Life Insurance Company to University of Wisconsin Insurance Association Board. This amendment is effective as of December 1, 2016. Continued payment of premiums shall constitute acceptance of the conditions stated in this amendment.

1. The minimum percent of annual interest paid due to the death of an insured is changed. As a result of this change, the "When will the death benefit be payable?" section in the Group Term Life Certificate of Insurance is amended to read as follows:

   When will the death benefit be payable?

   We will pay the death rate benefit upon receipt at our home office of written proof satisfactory to us that an individual dies while insured under this policy. All payments by us are from our home office.

   The death benefit will be paid in a single sum or by any other method agreeable to us and the beneficiary. We will pay interest on the death benefit from the date of the insured's death until the date of payment. Interest will be at an annual rate determined by us, but never less than 0.1% per year compounded annually, or the minimum required by state law, whichever is greater.

   Payment of the death benefit will extinguish our liability under the certificate for which the death benefit has been paid.

2. As a correction to the policy, the language has been updated in the "When does a member's coverage terminate?" section to read as follows:

   When does a member's coverage terminate?

   The member's coverage ends on the earliest of the following:

   (1) the ate the member ceases to be a member of the Association, as determined by the Association according to its rules; or
   (2) on the date the group policy terminates.

Agreed to by Minnesota Life Insurance Company this 5th day of December, 2016.

By Paul Fruedler
LL
Vice President and Actuary

Group Term Life Policy Amendment R4

Minnesota Life Insurance Company - A Securian Company
400 Robert Street North • St. Paul, Minnesota 55101-2098

To be attached to and made a part of Group Policy No. 32872-G issued by Minnesota Life Insurance Company to University of Wisconsin Insurance Association Board. This amendment is effective as of October 1, 2015. Continued payment of premiums shall constitute acceptance of the conditions stated in this amendment.

The definition of Member is amended to read as follows:

An individual is a member of the University Insurance Association (UIA) if they hold an appointment by the Board of Regents of the University of Wisconsin System (UWS) as faculty, academic staff or limited, whose rate of compensation when eligibility is evaluated is not less than 45% of the average instructor's salary for the previous year. An employee must re-qualify on an annual basis by meeting the salary requirement and be actively employed as of October 1st of the deduction year. All members must pay the annual premium in order to be eligible for coverage and must not be in one of the excluded employee groups.

Employee groups excluded from UIA membership:

- Anyone who does not hold a faculty, academic staff or limited position such as classified employees, student assistants or employees-in-training.
- Wisconsin Retirement System (WRS) rehired annuitants, defined as anyone who is receiving a WRS annuity, are not eligible for coverage as active employees. If a rehired annuitant continued UIA coverage upon retirement from UWS, membership and coverage will continue as a retiree as long as the premium is paid timely. If a rehired annuitant, who suspends his or her annuity, qualifies for coverage as an active employee, retiree continuation will be ended and the rehired annuitant will be covered as an active employee.
- Faculty, academic staff and limited appointees who refused membership on one of the two occasions in 1959 and 1966 when classes eligible for membership were enlarged.
- Anyone employed in the former Wisconsin State Universities System who submitted a written irrevocable Election of Non-Participation on or before March 16, 1979.

  As an exception to the excluded groups of employees are those Post-Doctoral or Research Associate employees who were eligible for coverage through employment prior to October 1, 2010. They were eligible for continuation of coverage and must have elected continuation on or before October 1, 2010, otherwise coverage ended as of October 1, 2010.

Any member whose eligibility would cease as a result of retirement or termination due to disability from the University of Wisconsin System on or after October 1, 2013, but whose membership in the UIA is maintained by submitting a completed UIA Continuation Application/Ballot Request and required premium payments on or before the premium due date are eligible to continue membership and coverage. Coverage may continue indefinitely as long as the required premium is paid on or before the premium due date and the continuant does not re-qualify for coverage as an active employee. A member whose termination is not due to retirement or disability cannot continue coverage under the group policy, but may convert their coverage according to the terms of the Conversion Right provision. .Members who retired or terminated prior to October 1, 2013 and have elected to continue coverage shall remain continuants provided premium is paid by the due date and the continuant does not re-qualify for coverage as an active employee.

"Retirement" for purposes of the above means terminating UW employment to begin an immediate annuity under the Wisconsin Retirement System (WRS). WRS retirement is available to vested employees after reaching age 55 (50 for participants with some protective category service) and who have terminated all WRS employment.

"Disability" for purposes of the above means terminating UW Employment due to a disability approved for benefits payable to eligible members under disability retirement (40.63), duty disability (40.65), Income Continuation Insurance (ICI) or Long-Term Disability Insurance (LTDI) plans under the Wisconsin Retirement System.

As a result of this change, Group Term Life Policy document 03-30563 Rev 10-2010 is replaced with the attached Group Life Term Policy document 03-30563 Rev 8-2015

Agreed to by Minnesota Life Insurance Company this 28th day of August, 2015.

By ______________________ CAS

Second Vice President

Minnesota Life Insurance Company • 400 Robert Street North • St. Paul, Minnesota 55101-2098

Read Your Policy Carefully

This policy was issued to the policyholder on the effective date shown on the specifications page attached to this policy. We promise to pay the benefits provided by this policy, subject to its conditions, limitations, and exceptions. We make this promise and issue this policy in consideration of the application for this policy and the payment of the premiums.

Minnesota Life Insurance Company is a subsidiary of Minnesota Mutual Companies, Inc., a mutual insurance holding company. The policyholder is a member of Minnesota Mutual Companies, Inc., which holds its annual meetings on the first Tuesday in March of each year at 3 p.m. local time. The meetings are held at 400 Robert Street North, St. Paul, Minnesota 55101-2098.

Right to Cancel

It is important to us that you are satisfied with this policy after it is issued. If you are not satisfied with this policy, you may cancel it by delivering or mailing a written notice or sending a telegram to Minnesota Life Insurance Company (Minnesota Life), 400 Robert Street North, St. Paul, Minnesota 55101-2098 and returning the policy before midnight of the 30th day after you received this policy.

Notice given by mail and return of the policy by mail are effective on being postmarked, properly addressed, and postage prepaid. If you return this policy, you will receive, within 10 days of the date we receive a notice of cancellation, a full refund of any premiums you paid. Upon cancellation of this policy, it will be void as if it had never been issued.

Signed for Minnesota Life Insurance Company at St. Paul, Minnesota on the effective date.

Secretary

President

TABLE OF CONTENTS

Definitions..2
General Information 3
Premiums..3
Death Benefit..4
Termination..4
Continuation of Insurance 5
Conversion Right..6
Additional Information..6

GROUP TERM LIFE INSURANCE POLICY • NONPARTICIPATING

Definitions

age

Age at the beginning of a policy year.

certificate effective date

The date the insured's coverage under this policy becomes effective.

contributory insurance

Insurance for which a member is required to make premium contributions.

domestic partner

A person with whom the insured employee is in a domestic partnership under one or more of the following:

1) The insured and the insured's domestic partner satisfy the definition of a domestic partnership set forth in Wis. Stats. §40.02(21d) and have submitted the Department of Employee Trust Funds' Affidavit of Domestic Partnership (ET-2371) to establish a domestic partnership as set forth in Wis. Stats. §40.51(2m)(a); and/or

2) The insured and domestic partner have a registered domestic partnership as set forth in Chapter 770, Wis. Stats.; and/or

3) The insured and the insured's domestic partner satisfy the definition of a domestic partnership set forth in Wis. Stats. §40.02(21d) and have submitted a University of Wisconsin System Affidavit of Domestic Partnership (UWS 50) to the University of Wisconsin.

insured

A member who is eligible for and becomes insured according to the terms of this policy.

member

An individual is a member of the University Insurance Association (UIA) if they hold an appointment by the Board of Regents of the University of Wisconsin System (UWS) as faculty, academic staff or limited, whose rate of compensation when eligibility is evaluated is not less than 45% of the average instructor's salary for the previous year. An employee must re-qualify on an annual basis by meeting the salary requirement and be actively employed as of October 1st of the deduction year. All members must pay the annual premium in order to be eligible for coverage and must not be in one of the excluded employee groups.

Employee groups excluded from UIA membership:

- Anyone who does not hold a faculty, academic staff or limited position such as classified employees, student assistants or employees-in-training.
- Wisconsin Retirement System (WRS) rehired annuitants, defined as anyone who is receiving a WRS annuity, are not eligible for coverage as active employees. If a rehired annuitant continued UIA coverage upon retirement from UWS, membership and coverage will continue as a retiree as long as the premium is paid timely. If a rehired annuitant, who suspends his or her annuity, qualifies for coverage as an active employee, retiree continuation will be ended and the rehired annuitant will be covered as an active employee.
- Faculty, academic staff and limited appointees who refused membership on one of the two occasions in 1959 and 1966 when classes eligible for membership were enlarged.
- Anyone employed in the former Wisconsin State Universities System who submitted a written irrevocable Election of Non-Participation on or before March 16, 1979.

As an exception to the excluded groups of employees are those Post-Doctoral or Research Associate employees who were eligible for coverage through employment prior to October 1, 2010. They were eligible for continuation of coverage and must have elected continuation on or before October 1, 2010, otherwise coverage ended as of October 1, 2010.

Any member whose eligibility would cease as a result of retirement or termination due to disability from the University of Wisconsin System on or after October 1, 2013, but whose membership in the UIA is maintained by submitting a completed UIA Continuation Application/Ballot Request and required premium payments on or before the premium due date are eligible to continue membership and coverage. Coverage may continue indefinitely as long as the required premium is paid on or before the premium due date and the continuant does not re-qualify for coverage as an active employee. A member whose termination is not due to retirement or disability cannot continue coverage under the group policy, but may convert their coverage according to the terms of the Conversion Right provision. Members who retired or terminated prior to October 1, 2013 and have elected to continue coverage shall remain continuants provided premium is paid by the due date and the continuant does not re-qualify for coverage as an active employee.

"Retirement" for purposes of the above means terminating UW employment to begin an immediate annuity under the Wisconsin Retirement System (WRS). WRS retirement is available to vested employees after reaching age 55 (50 for participants with some protective category service) and who have terminated all WRS employment.

"Disability" for purposes of the above means terminating UW Employment due to a disability approved for benefits payable to eligible members under disability retirement (40.63), duty disability (40.65), Income Continuation Insurance (ICI) or Long-Term Disability Insurance (LTDI) plans under the Wisconsin Retirement System.

policy anniversary

The policy anniversary date shown on the specifications page attached to this policy.

policy effective date

The date this policy was issued as shown on the specifications page attached to this policy.

policyholder

The owner of the group policy as shown on the specifications page attached to the group policy.

specifications page

The outline which summarizes the policyholder's plan of insurance.

we, our, us

Minnesota Life Insurance Company.

you, your

The policyholder named on the specifications page attached to this policy.

General Information

What is your agreement with us?

This policy and your application contain the entire contract between you and us. Any statements you make will be considered representations and not warranties. Also, any statement that you make will not be used to void this policy, nor will it be used in our defense if we refuse to pay a claim, unless the statement is contained in your application. No change or waiver of any provisions of this policy, or any certificate issued under it, will be valid unless made in writing by us and signed by our president, a vice-president, our secretary, or an assistant secretary. No agent or other person has the authority to change or waive any provisions of this policy, or of any certificate issued under it.

Can this policy be amended?

Yes. The insured's consent is not required to amend this policy or any certificates issued under it. Any amendment will be without prejudice to any claim for benefits incurred prior to the effective date of the amendment.

Who is eligible for insurance?

A member is eligible if he or she is a member of the group and of an eligible class as shown on the specifications page attached to this policy.

Once a member has a UIA deduction, the member will continue to be eligible for a deduction/coverage as long as the member holds an eligible position, even if the member no longer meets the salary threshold requirement.

When does insurance become effective?

Insurance becomes effective on the date that all of the following conditions have been met:

(1) a member meets all eligibility requirements; and
(2) if required, the member applies for the insurance on forms which are approved by us; and
(3) we receive the required premium.

Will a member's coverage remain in effect during sickness, injury, a leave of absence or temporary layoff?

Yes. Insurance will remain in effect for an insured member who is not actively at work due to sickness, injury, leave of absence or temporary layoff.

When a member goes on a paid leave of absence, his/her coverage will remain in effect during the leave of absence.

When a member goes on an unpaid leave of absence or a temporary layoff, his/her coverage will remain in effect through the date for which premium has been paid. After that, the member must submit the required premium directly to the University of Wisconsin by December 1st following his/her coverage end date to maintain such coverage for the duration of the leave or layoff.

Maintenance of insurance must be in accordance with a plan that precludes individual selection.

Coverage during a leave of absence and upon return from a leave of absence shall meet all state and federal requirements. The above limits will be expanded if necessary in order to meet such requirements.

Premiums

When and how often are premiums due?

Premiums for this policy are remitted to us annually. Premiums are due on the premium due date as shown on the specifications page attached to this policy. We apply premiums consecutively to keep the insurance in force.

Premium contributions for contributory insurance are to be paid to you. The premium contributions by insureds for contributory insurance should be remitted to us.

Can we change the premiums?

We may change the premium rate:

(1) on any premium due date following any applicable rate guarantee period; or
(2) after 60 days notice, if the policy terms are amended or the total amount of insurance in force changes by 10% or more.

Can a premium be paid after the date it is due?

Yes. This policy has a 31-day grace period. If a premium is not paid on or before the date it is due, that premium may be paid during the 31-day period following the due date. The insurance under this policy will remain in effect during the 31-day grace period. This grace period does not apply to the first premium payment.

Can the premium be adjusted?

Yes. We will adjust the premium on each due date for insurance which was effective or terminated before the most recent due date, but not reflected in prior premium payments. We will charge you for any additional premium, and will refund any overpayment, excluding any overpayment made more than 12 months before the adjustment.

Death Benefit

What is the amount of the death benefit?

The amount of the death benefit is the amount of insurance shown on the specifications page attached to this group policy.

When will changes in an insured's coverage amount be effective?

Amounts of insurance decrease based on the insured's age. Decreases in insurance amounts will be effective as shown on the specifications page attached to this policy.

When will the death benefit be payable?

We will pay the death benefit upon receipt at our home office of written proof satisfactory to us that an individual died while insured under this policy. All payments by us are payable from our home office.The death benefit will be paid in a single sum or by any other method agreeable to us and the beneficiary. We will pay interest on the death benefit from the date of the insured's death until the date of payment. Interest will be at an annual rate determined by us, but never less than 4% per year compounded annually, or the minimum required by state law, whichever is greater.

Payment of the death benefit will extinguish our liability under the certificate for which the death benefit has been paid.

To whom will we pay the death benefit?

We will pay the death benefit to the beneficiary or beneficiaries. A beneficiary is named by an insured to receive the death benefit to be paid at the insured's death. The insured may name one or more beneficiaries. The insured cannot name you as a beneficiary.

The insured may also choose to name a beneficiary that the insured cannot change without the beneficiary's consent. This is called an irrevocable beneficiary.

If there is more than one beneficiary, each will receive an equal share, unless the insured has requested another method in writing. To receive the death benefit, a beneficiary must be living on the date of the insured's death. In the event a beneficiary is not living on the date of the insured's death, that beneficiary's portion of the death benefit shall be equally distributed to the remaining surviving beneficiaries. In the event of the simultaneous deaths of the insured and a beneficiary, the death benefit will be paid as if the insured survived the beneficiary.

If there is no eligible beneficiary, or if the insured does not name one, we will pay the death benefit to:

(1) the insured's spouse or domestic partner, if living; otherwise
(2) the insured's surviving children, equally; otherwise
(3) the insured's surviving grandchildren equally, otherwise;
(4) the insured's surviving parents, equally, otherwise;
(5) the insured's surviving siblings equally, otherwise;
(6) the insured's estate.

If payment to a beneficiary is prohibited by law, the proceeds may be paid as though such beneficiary had not survived the member, and such payment will bar recovery by any other person.

Can an insured add or change beneficiaries?

Yes. An insured can add or change beneficiaries if all of the following are true:

(1) the insured's coverage is in force; and
(2) we have written consent of all irrevocable beneficiaries; and
(3) the insured has not assigned the ownership of his or her insurance.

A request to add or change a beneficiary must be made in writing. All requests are subject to approval by the policyholder or Minnesota Life. A change will take effect as of the date it is received by Minnesota Life.

Termination

When does a member's coverage terminate?

The member's coverage ends on the earliest of the following:

(1) the date the member ceases to be a member of the Association, as determined by the Association according to its rules (this does not apply to a member who is totally disabled on the date they cease to be a member of the Association. Such

disabled member's insurance continues until the end of the policy year in which the member ceases to be a member of the Association); or

(2) on the date the group policy terminates.

When does this group policy terminate?

You may terminate this policy on the policy anniversary date by giving us 60 days prior written notice, or at any other time by giving us prior written notice within 90 days of the intended date of termination.

We reserve the right to terminate this policy on the earliest of the following to occur:

(1) 31days (the grace period) after the due date of any premiums which are not paid; or
(2) at any policy anniversary date so long as we provide you with one year's notice of our intent to terminate this policy.

Can this policy be reinstated?

No. We will not reinstate this policy after it terminates. You must submit a new application for a new policy after this policy has terminated.

Continuation of Insurance

Can insurance be continued under this policy?

Yes. To continue coverage under the policy an eligible insured must submit a completed UIA Continuation Application/Ballot Request and make the first premium contribution within 60 days after insurance provided by the group policy would otherwise terminate. Evidence of insurability will not be required. Coverage will then be deemed effective retroactive to the beginning of the 60-day period. This date is considered to be the insured's continuation date and the insured is then considered to have continuation status. If the insured dies within 31 days of the date his or her coverage ends, a death benefit will be paid regardless of whether or not the insured applied for continuation.

Who is eligible to continue insurance under the policy?

An insured is eligible to continue insurance under the policy if he or she no longer meets the eligibility requirements of the group policy due to any of the following:

(1) the insured terminates employment, including retirement; or
(2) the insured is no longer in a class eligible for insurance.

The insured will not be eligible to request continued coverage if he or she:

(1) has converted his or her insurance to an individual life policy under the terms of the group policy's conversion right section; or
(2) loses eligibility due to termination of the group policy; or
(3) the insured is on a leave of absence or temporary layoff.

What insurance can be continued under the policy?

Only contributory insurance may be continued under the policy. The insured may also continue coverage under all supplements to such certificate which apply to contributory insurance and by which he or she was insured immediately preceding his or her continuation date.

Will the amount of insurance continued under the policy change?

Yes. The insured's amount of insurance will decrease based on his or her age as shown in Addendum A of the Group Policy specifications Page.

How will premium contributions be paid?

Premium contributions will be paid directly to us on an annual basis and will be subject to an administrative charge per billing period. We may adjust the amount of the charge, but not more often than once per year.

Can the premium rate change?

Yes. The premium rate may increase on the continuation date. The premium rate may also increase in the future but will not change more often than once per year.

Can insurance continued under the policy be converted to a policy of individual insurance?

Yes. At any time after insurance has been continued under the policy it may be converted to a policy of individual insurance with Minnesota Life. All other conditions and provisions of the conversion right section of the group policy will apply.

What happens if an insured again becomes eligible under the group policy?

If an insured who is continuing coverage under the group policy again meets the eligibility requirements of the group policy, he or she shall no longer be considered to have continuation status. Insurance for that insured may be provided under the terms of the group policy, unless and until he or she no longer meets the eligibility requirements of the group policy and again returns to continuation status as provided for herein.

When will insurance continued under the policy terminate?

Insurance continued under the policy will terminate on the earliest of the following:

(1) the date the insured again meets the eligibility requirements of the group policy; or

(2) 31 days after the due date of any premium contribution which is not made; or
(3) the date the group policy is terminated.

Conversion Right

What is the conversion right?

An insured can convert this insurance to a new individual life insurance policy if all or part of the insured's life insurance under this policy terminates.

The insured may convert up to the full amount of terminated insurance if termination occurs because he or she moves from one existing eligible class to another, or he or she is no longer in an eligible class. Amounts of insurance reduced due to age cannot be converted.

What is the limited conversion right?

Limited conversion is available if, after the insured has been insured for at least five years, insurance is terminated because:

(1) the policy is terminated; or
(2) the policy is changed to reduce or terminate the insurance for that individual.

The insured may convert up to the full amount of terminated insurance, but not more than the maximum. The maximum is the lesser of:

(1) $10,000; and
(2) the amount of life insurance which terminated minus any amount of group life insurance for which the insured becomes eligible under any group policy issued or reinstated by us or any other carrier within 31 days of the date the insurance terminated under this policy.

Neither the conversion right nor the limited conversion right is available if the insured's coverage under this policy terminates due to failure to make, when due, required premium contributions. Under both the conversion right and the limited conversion right, the insured may convert his or her insurance to any type of individual policy of life insurance then customarily issued by us, except term insurance. The individual policy will not include any supplemental benefits, including, but not limited to, any disability benefits, accidental death and dismemberment benefits, or accelerated benefits.

How does an insured convert his or her insurance?

An insured converts his or her insurance by applying for an individual policy and paying the first premium within 31 days after the group insurance terminates as described in the section entitled 'What is the conversion right?". No evidence of insurability will be required.

How is the premium for the individual policy determined?

We base the premium for the individual policy on the plan of insurance, the insured's age, and the class of risk to which the insured belongs on the date of the conversion.

When is the individual policy effective?

The individual policy takes effect 31 days after the group insurance provided under this policy terminates.

What happens if the insured dies during the 31-day period allowed for conversion?

If the insured dies during the 31-day period allowed for conversion, we will pay a death benefit regardless of whether or not an application for coverage under an individual policy has been submitted. The death benefit will be the amount of insurance the insured would have been eligible to convert under the terms of the conversion right section.

We will return any premium the insured paid for an individual policy to the insured's beneficiary named under this group policy. In no event will we be liable under both this group policy and the individual policy.

Additional Information

What if an insured's age has been misstated?

If an insured's age has been misstated, the death benefit payable will be that amount to which the insured is entitled based on his or her correct age.

A premium adjustment will be made to the premium an insured pays for contributory insurance so that the actual premium required at the insured's correct age is paid.

When does an insured's insurance become incontestable?

Except for non-payment of premiums, after the insured's insurance has been in force during his or her lifetime for two years from the effective date of his or her coverage, we cannot contest the insured's coverage.

Any statements the insured makes in his or her application will be considered representations and not warranties. Also, any statement an insured makes will not be used to void his or her insurance, nor defend against a claim, unless the statement is contained in the application and any evidence of insurability application attached to the insured's certificate.

Can an insured's insurance be assigned?

Yes. However, we will not be bound by an assignment of the certificate or of any interest in it unless it is made as a written instrument, the insured files the original instrument or a certified copy with us at our home office, and we send the insured an acknowledged copy.

We are not responsible for the validity of any assignment. An insured is responsible for ensuring that the assignment is legal in his or her state and that it accomplishes his or her intended goals. If a claim is based on an assignment, we may require proof of interest of the claimant. A valid assignment will take precedence over any claim of a beneficiary, unless the beneficiary was effectively designated as an irrevocable beneficiary prior to the assignment.

Are you required to maintain records?

Yes. You are required to maintain adequate records of any information necessary for us to administer this policy. We can obtain them from you at any reasonable time.

If a clerical error is made in keeping records on the insurance under this policy, it will not affect otherwise valid insurance. A clerical error does not continue insurance which is otherwise stopped. If an error causes a change in premium payment, we will make a fair adjustment.

Will a certificate of insurance be provided for each certificate holder?

Yes. We will provide you with a certificate of insurance for delivery to each certificate holder. The certificate will include information regarding the principal provisions of his or her coverage.

Will this policy receive experience credits?

Each year we will determine if this policy will receive an experience credit.

Are you our agent?

No. For all purposes of this policy, neither you, nor any administrator you appoint is our agent. We will not be liable for any of your acts or omissions or those of an administrator.

Will the provisions of this policy conform with state law?

Yes. If any provision in this policy, or in the certificates issued under this policy, is in conflict with the laws of the state governing the policy or the certificates, the provision will be deemed to be amended to conform to such laws.

400 Robert Street North • St. Paul, Minnesota 55101-2098

GROUP TERM LIFE INSURANCE POLICY • NONPARTICIPATING

Group Term Life Policy Amendment R3

Minnesota Life Insurance Company - A Securian Company
400 Robert Street North • St. Paul, Minnesota 55101-2098

To be attached to and made a part of Group Policy No. 32872-G issued by Minnesota Life Insurance Company to University of Wisconsin Insurance Association Board. This amendment is effective as of October 1, 2015. Continued payment of premiums shall constitute acceptance of the conditions stated in this amendment.

The eligibility for this group has been amended to read as follows:

GROUP: The group is composed of members of the University Insurance Association (UIA) who hold an appointment by the Board of Regents of the University of Wisconsin System (UWS) as faculty, academic staff or limited, whose rate of compensation when eligibility is evaluated is not less than 45% of the average instructor's salary for the previous year. An employee must re-qualify on an annual basis by meeting the salary requirement and be actively employed as of October 1st of the deduction year. All members must pay the annual premium in order to be eligible for coverage and must not be in one of the excluded employee groups.

Employee groups excluded from UIA membership:

- Anyone who does not hold a faculty, academic staff or limited position such as classified employees, student assistants or employees-in-training.
- Wisconsin Retirement System (WRS) rehired annuitants, defined as anyone who is receiving a WRS annuity, are not eligible for coverage as active employees. If a rehired annuitant continued UIA coverage upon retirement from UWS, membership and coverage will continue as a retiree as long as the premium is paid timely. If a rehired annuitant, who suspends his or her annuity, qualifies for coverage as an active employee, retiree continuation will be ended and the rehired annuitant will be covered as an active employee.
- Faculty, academic staff and limited appointees who refused membership on one of the two occasions in 1959 and 1966 when classes eligible for membership were enlarged.
- Anyone employed in the former Wisconsin State Universities System who submitted a written irrevocable Election of Non-Participation on or before March 16, 1979.

  As an exception to the excluded groups of employees are those Post-Doctoral or Research Associate employees who were eligible for coverage through employment prior to October 1, 2010. They were eligible for continuation of coverage and must have elected continuation on or before October 1, 2010, otherwise coverage ended as of October 1, 2010.

Any member whose eligibility would cease as a result of retirement or termination due to disability from the University of Wisconsin System on or after October 1, 2013, but whose membership in the UIA is maintained by submitting a completed UIA Continuation Application/Ballot Request and required premium payments on or before the premium due date are eligible to continue membership and coverage. Coverage may continue indefinitely as long as the required premium is paid on or before the premium due date and the continuant does not re-qualify for coverage as an active employee. A member whose termination is not due to retirement or disability cannot continue coverage under the group policy, but may convert their coverage according to the terms of the Conversion Right provision. .Members who retired or terminated prior to October 1, 2013 and have elected to continue coverage shall remain continuants provided premium is paid by the due date and the continuant does not re-qualify for coverage as an active employee.

"Retirement" for purposes of the above means terminating UW employment to begin an immediate annuity under the Wisconsin Retirement System (WRS). WRS retirement is available to vested employees after reaching age 55 (50 for participants with some protective category service) and who have terminated all WRS employment.

"Disability" for purposes of the above means terminating UW Employment due to a disability approved for benefits payable to eligible members under disability retirement (40.63), duty disability (40.65), Income Continuation Insurance (ICI) or Long-Term Disability Insurance (LTDI) plans under the Wisconsin Retirement System.

As a result of this change, the Group Policy Specifications Page effective October 1, 2012 is replaced with the attached Group Policy Specifications Page effective October 1, 2015.

Agreed to by Minnesota Life Insurance Company on May 26, 2015.

By ______________________________
Second Vice President CAS

POLICYHOLDER: University of Wisconsin Insurance Association Board **POLICY NO.:** 32872-G

POLICY EFFECTIVE DATE: October 1, 2010. This specifications page represents the plan of insurance in effect as of October 1, 2015.

POLICY ANNIVERSARY DATE: October 1 of each year beginning October 1, 2011.

PREMIUM DUE DATE(S): The Policy Anniversary Date.

GROUP:

The group is composed of members of the University Insurance Association (UIA) who hold an appointment by the Board of Regents of the University of Wisconsin System (UWS) as faculty, academic staff or limited, whose rate of compensation when eligibility is evaluated, is not less than 45% of the average instructor's salary for the previous year. An employee must re-qualify on an annual basis by meeting the salary requirement and be actively employed as of October 1st of the deduction year. All members must pay the annual premium in order to be eligible for coverage and must not be in one of the excluded employee groups.

Employee groups excluded from UIA membership:

- Anyone who does not hold a faculty, academic staff or limited position such as classified employees, student assistants or employees-in-training.

- Wisconsin Retirement System (WRS) rehired annuitants, defined as anyone who is receiving a WRS annuity, are not eligible for coverage as active employees. If a rehired annuitant continued UIA coverage upon retirement from UWS, membership and coverage will continue as a retiree as long as the premium is paid timely. If a rehired annuitant who suspends his or her annuity, qualifies for coverage as an active employee, retiree continuation will be ended and the rehired annuitant will be covered as an active employee.

- Faculty, academic staff and limited appointees who refused membership on one of the two occasions in 1959 and 1966 when classes eligible for membership were enlarged.

- Anyone employed in the former Wisconsin State Universities System who submitted a written irrevocable Election of Non-Participation on or before March 16, 1979.

  As an exception to the excluded groups of employees are those Post-Doctoral or Research Associate employees who were eligible for coverage through employment prior to October 1, 2010. They were eligible for continuation of coverage and must have elected continuation on or before October 1, 2010, otherwise coverage ended as of October 1, 2010.

Any member whose eligibility would cease as a result of retirement or termination due to disability from the University of Wisconsin System on or after October 1, 2013, but whose membership in the UIA is maintained by submitting a completed UIA Continuation Application/Ballot Request and required premium payments on or before the premium due date are eligible to continue membership and coverage.

Coverage may continue indefinitely as long as the required premium is paid on or before the premium due date and the continuant does not re-qualify for coverage as an active employee. A member whose termination is not due to retirement or disability cannot continue coverage under the group policy, but may convert their coverage according to the terms of the Conversion Right provision. Members who retired or terminated prior to October 1, 2013 and have elected to continue coverage shall remain continuants provided premium is paid by the due date and the continuant does not re-qualify for coverage as an active employee.

"Retirement" for purposes of the above means terminating UW employment to begin an immediate annuity under the Wisconsin Retirement System (WRS). WRS retirement is available to vested employees after reaching age 55 (50 for participants with some protective category service) and who have terminated all WRS employment.

"Disability" for purposes of the above means terminating UW Employment due to a disability approved for benefits payable to eligible members under disability retirement (40.63), duty disability (40.65), Income Continuation Insurance (ICI) or Long-Term Disability Insurance (LTDI) plans under the Wisconsin Retirement System.

WAITING PERIOD: None

PLAN OF INSURANCE

EMPLOYEE BENEFIT SCHEDULE

EMPLOYEE TERM LIFE INSURANCE:

Basic Life Insurance

Eligible Class	Amount of Insurance
All members	As indicated in the attached Addendum A.

GENERAL PROVISIONS FOR EMPLOYEE INSURANCE

CONTRIBUTORY/NONCONTRIBUTORY: All insurance is contributory.

GUARANTEED ISSUE AMOUNT: All insurance is guaranteed issue.

EFFECTIVE DATE OF DECREASES: The amount of insurance will be decreased at the beginning of each policy year based on the member's age at the beginning of the policy year.

ADDITIONAL INFORMATION

RIDER(S) TO THE GROUP POLICY: Accelerated Benefits

Group Term Life Policy Amendment R2

MINNESOTA LIFE

Minnesota Life Insurance Company - A Securian Company
400 Robert Street North • St. Paul, Minnesota 55101-2098

To be attached to and made a part of Group Policy No. 32872-G issued by Minnesota Life Insurance Company to University of Wisconsin Insurance Association Board. This amendment is effective as of October 1, 2010. Continued payment of premiums shall constitute acceptance of the conditions stated in this amendment.

The "Premium Due Date" line item found on the Group Policy Specifications Page is corrected to read as follows:

PREMIUM DUE DATE: The Policy Anniversary Date

Agreed to by Minnesota Life Insurance Company on February 24, 2015.

By ______________________
Second Vice President SEM

Group Term Life Policy Amendment R1

Minnesota Life Insurance Company - A Securian Company
400 Robert Street North • St. Paul, Minnesota 55101-2098

To be attached to and made a part of Group Policy No. 32872-G issued by Minnesota Life Insurance Company to University of Wisconsin Insurance Association Board. This amendment is effective as of October 1, 2013. Continued payment of premiums shall constitute acceptance of the conditions stated in this amendment.

The definition of **Group** found on Page A of the Group Policy Specifications Page is amended to read as follows:

The group is composed of members of the University Insurance Association (UIA) who hold an appointment by the Board of Regents of the University of Wisconsin System (UWS) as faculty, academic staff or limited, whose rate of compensation when eligibility is evaluated, is not less than 50% of the average instructor's salary for the previous year. An employee must re-qualify on an annual basis by meeting the salary requirement and be actively employed as of October 1st of the deduction year. All members must pay the annual premium in order to be eligible for coverage and must not be in one of the excluded employee groups.

Employee groups excluded from UIA membership:

- Anyone who does not hold a faculty, academic staff or limited position such as classified employees, student assistants or employees-in-training.
- Wisconsin Retirement System (WRS) rehired annuitants, defined as anyone who is receiving a WRS annuity, are not eligible for coverage as active employees. If a rehired annuitant continued UIA coverage upon retirement from UWS, membership and coverage will continue as a retiree as long as the premium is paid timely. If a rehired annuitant who suspends his or her annuity, qualifies for coverage as an active employee, retiree continuation will be ended and the rehired annuitant will be covered as an active employee.
- Faculty, academic staff and limited appointees who refused membership on one of the two occasions in 1959 and 1966 when classes eligible for membership were enlarged.
- Anyone employed in the former Wisconsin State Universities System who submitted a written irrevocable Election of Non-Participation on or before March 16, 1979.

As an exception to the excluded groups of employees are Post-Doctoral or Research Associate employees who were eligible for coverage through employment prior to October 1, 2010. They were eligible for continuation of coverage and must have elected continuation on or before October 1, 2010, otherwise coverage ended as of October 1, 2010.

Any member whose eligibility would cease as a result of retirement or termination due to disability from the University of Wisconsin System on or after October 1, 2013, but whose membership in the UIA is maintained by submitting a completed UIA Continuation Application/Ballot Request and required premium payments on or before the premium due date are eligible to continue membership and coverage. Coverage may continue indefinitely as long as the required premium is paid on or before the premium due date and the continuant does not re-qualify for coverage as an active employee. A member whose termination is not due to retirement or disability cannot continue coverage under the group policy, but may convert their coverage according to the terms of the Conversion Right provision. Members who retired or terminated prior to October 1, 2013 and have elected to continue coverage shall remain continuants provided premium is paid by the due date and the continuant does not re-qualify for coverage as an active employee.

"Retirement" for purposes of the above means terminating UW employment to begin an immediate annuity under the Wisconsin Retirement System (WRS). WRS retirement is available to vested employees after reaching age 55 (50 for participants with some protective category service) and who have terminated all WRS employment.

"Disability" for purposes of the above means terminating UW employment due to a disability approved for benefits payable to eligible members under disability retirement (40.63), duty disability (40.65), Income Continuation Insurance (ICI) or Long-Term Disability Insurance (LTDI) plans under the Wisconsin Retirement System.

Agreed to by Minnesota Life Insurance Company this 24th day of September, 2013.

By ____________________
Assistant Secretary mmj

Minnesota Life Insurance Company • 400 Robert Street North • St. Paul, Minnesota 55101-2098

Minnesota Life Insurance Company has issued the attached Group Policy Number 32872-G to University of Wisconsin Insurance Association Board effective as of October 1, 2010 as a replacement for an earlier policy containing the same number. Continued payment of premiums by University of Wisconsin Insurance Association Board shall constitute acceptance of the replacement policy.

In no case shall Minnesota Life Insurance Company be liable under both policies.

Agreed to by Minnesota Life Insurance Company this 4th day of May, 2010.

By [signature] mmj

Assistant Secretary

Minnesota Life Insurance Company • 400 Robert Street North • St. Paul, Minnesota 55101-2098

Read Your Policy Carefully

This policy was issued to the policyholder on the effective date shown on the specifications page attached to this policy. We promise to pay the benefits provided by this policy, subject to its conditions, limitations, and exceptions. We make this promise and issue this policy in consideration of the application for this policy and the payment of the premiums.

Minnesota Life Insurance Company is a subsidiary of Minnesota Mutual Companies, Inc., a mutual insurance holding company. The policyholder is a member of Minnesota Mutual Companies, Inc., which holds its annual meetings on the first Tuesday in March of each year at 3 p.m. local time. The meetings are held at 400 Robert Street North, St. Paul, Minnesota 55101-2098.

Right to Cancel

It is important to us that you are satisfied with this policy after it is issued. If you are not satisfied with this policy, you may cancel it by delivering or mailing a written notice or sending a telegram to Minnesota Life Insurance Company (Minnesota Life), 400 Robert Street North, St. Paul, Minnesota 55101-2098 and returning the policy before midnight of the 30th day after you received this policy.

Notice given by mail and return of the policy by mail are effective on being postmarked, properly addressed, and postage prepaid. If you return this policy, you will receive, within 10 days of the date we receive a notice of cancellation, a full refund of any premiums you paid. Upon cancellation of this policy, it will be void as if it had never been issued.

Signed for Minnesota Life Insurance Company at St. Paul, Minnesota on the effective date.

Dennis E. Prohofsky

Secretary

Robert L. Senkler

President

TABLE OF CONTENTS

Definitions 2
General Information 2
Premiums 3
Death Benefit 3
Termination 4
Continuation of Insurance 4
Conversion Right 5
Additional Information 6

GROUP TERM LIFE INSURANCE POLICY • NONPARTICIPATING

GENERAL INFORMATION	Effective October 1, 2010

POLICYHOLDER: University of Wisconsin Insurance Association Board **POLICY NO.:** 32872-G

POLICY EFFECTIVE DATE: October 1, 2010

POLICY ANNIVERSARY DATE: October 1 of each year beginning October 1, 2011.

PREMIUM DUE DATE(S: Premiums will be remitted by November 30 of each calendar year.

GROUP:

The group is composed of members of the University Insurance Association (UIA) who hold an unclassified appointment by the Board of Regents of the University of Wisconsin System (UWS) as faculty, academic staff or limited, whose rate of compensation when eligibility is initially met, is not less than 50% of the average instructor's salary for the previous year. Once a member is eligible for coverage, eligibility will continue even if the member no longer earns 50% of the average instructor's salary for the previous year. All members must pay the annual premium in order to be eligible for coverage and must not be in one of the excluded employee groups.

Employee groups excluded from UIA membership:

- Anyone who does not hold an unclassified faculty, academic staff or limited position such as classified employees, student assistants or employees-in-training.
- Wisconsin Retirement System (WRS) rehired annuitants, defined as anyone who is receiving a WRS annuity, are not eligible for coverage as active employees. If a rehired annuitant continued UIA coverage upon retirement from UWS, membership and coverage will continue as a retiree as long as the premium is paid timely.
- Members of the unclassified staff who refused membership on one of the two occasions in 1959 and 1966 when classes eligible for membership were enlarged.
- Anyone employed in the former Wisconsin State Universities System who submitted a written irrevocable Election of Non-Participation on or before March 16, 1979.

As an exception to the groups of employees are those employees who were in one of these excluded groups prior to October 1, 2010: they will be eligible for continuation of coverage and must elect continuation prior to October 1, 2010, otherwise coverage will end as of October 1, 2010.

Any member whose eligibility would cease as a result of retirement or termination from the University of Wisconsin System but whose membership in the UIA is maintained by submitting a completed UIA Continuation Application/Ballot Request and required premium payment on or before the premium due date are eligible to continue membership and coverage. Coverage may continue indefinitely as long as the required premium is paid on or before the premium due date.

WAITING PERIOD: None

PLAN OF INSURANCE

EMPLOYEE BENEFIT SCHEDULE

EMPLOYEE TERM LIFE INSURANCE:

Basic Life Insurance

Eligible Class	Amount of Insurance
All members	As indicated in the attached Addendum A.

GENERAL PROVISIONS FOR EMPLOYEE INSURANCE

CONTRIBUTORY/NONCONTRIBUTORY: All insurance is contributory.

GUARANTEED ISSUE AMOUNT: All insurance is guaranteed issue.

EFFECTIVE DATE OF DECREASES: The amount of insurance will be decreased based on the member's age at the beginning of the policy year.

ADDITIONAL INFORMATION

RIDER(S) TO THE GROUP POLICY:
Accelerated Benefits

ADDENDUM A Revised 10-1-2010

Member's Age at beginning of Policy Year	Amount of Death Benefit
Under Age 28	$101,000
28 - 30	$ 98,100
31- 33	$ 90,900
34 - 36	$ 78,900
37 - 39	$ 65,000
40 - 42	$ 50,900
43 - 45	$ 39,100
46 - 48	$ 30,000
49 - 51	$ 22,600
52 - 54	$ 17,200
55 - 57	$ 13,100
58 - 60	$ 10,300
61 - 63	$ 8,200
64 - 66	$ 6,100
67 - 69	$ 4,500
Ages 70+	$ 3,400

Definitions

age

Age at the beginning of a policy year.

certificate effective date

The date the insured's coverage under this policy becomes effective.

contributory insurance

Insurance for which a member is required to make premium contributions.

domestic partner

A person with whom the insured employee is in a domestic partnership under one or more of the following:

1) The insured and the insured's domestic partner satisfy the definition of a domestic partnership set forth in Wis. Stats. §40.02(21d) and have submitted the Department of Employee Trust Funds' Affidavit of Domestic Partnership (ET-2371) to establish a domestic partnership as set forth in Wis. Stats. §40.51(2m)(a); and/or

2) The insured and domestic partner have a registered domestic partnership as set forth in Chapter 770, Wis. Stats.; and/or

3) The insured and the insured's domestic partner satisfy the definition of a domestic partnership set forth in Wis. Stats. §40.02(21d) and have submitted a University of Wisconsin System Affidavit of Domestic Partnership (UWS 50) to the University of Wisconsin.

insured

A member who is eligible for and becomes insured according to the terms of this policy.

member

An individual is a member of the Association if: 1) the member holds an unclassified faculty, academic staff or limited appointment by the Board of Regents of the University of Wisconsin System; and 2) the member's rate of compensation when eligibility is initially met, is not less than 50% of the average instructor's salary for the previous year (once a member is eligible for coverage, eligibility will continue even if the member no longer earns 50% of the average instructor's salary for the previous year); and 3) the member remits the annual premium by the premium due date; and 4) the member is not in one of the excluded employee groups.

Any member whose eligibility would cease as a result of retirement or termination from the University of Wisconsin System but whose membership in the UIA is maintained by submitting a completed UIA Continuation Application/Ballot Request and required premium payment on or before the premium due date are eligible to continue membership and coverage. Coverage may continue indefinitely as long as the required premium is paid on or before the premium due date.

The following groups of employees are excluded from membership in the Association: 1) Anyone who does not hold an unclassified faculty, academic staff or limited position such as classified employees, student assistants or employees-in-training; 2) Wisconsin Retirement System (WRS) rehired annuitants, defined as anyone who is receiving a WRS annuity, are not eligible for coverage as active employees; 3) members of the unclassified staff who refused membership on one of the two occasions in 1959 and 1966 when classes eligible for membership were enlarged; and 4) anyone employed in the former Wisconsin State Universities System who submitted a written irrevocable Election of Non-Participation on or before March 16, 1979.

As an exception to the groups of employees are those employees who were in one of these excluded groups prior to October 1, 2010. They will be eligible for continuation of coverage and must elect continuation prior to October 1, 2010, otherwise coverage will end as of October 1, 2010.

policy anniversary

The policy anniversary date shown on the specifications page attached to this policy.

policy effective date

The date this policy was issued as shown on the specifications page attached to this policy.

policyholder

The owner of the group policy as shown on the specifications page attached to the group policy.

specifications page

The outline which summarizes the policyholder's plan of insurance.

we, our, us

Minnesota Life Insurance Company.

you, your

The policyholder named on the specifications page attached to this policy.

General Information

What is your agreement with us?

This policy and your application contain the entire contract between you and us. Any statements you make will be considered representations and not warranties. Also, any statement that you make will not be used to void this policy, nor will it be used in our defense if we refuse to pay a claim, unless the statement is contained in your application.

No change or waiver of any provisions of this policy, or any certificate issued under it, will be valid unless made in writing by us and signed by our president, a vice-president, our secretary, or an assistant secretary. No agent or other person has the authority to change or waive any provisions of this policy, or of any certificate issued under it.

Can this policy be amended?

Yes. The insured's consent is not required to amend this policy or any certificates issued under it. Any amendment will be without prejudice to any claim for benefits incurred prior to the effective date of the amendment.

Who is eligible for insurance?

A member is eligible if he or she is a member of the group and of an eligible class as shown on the specifications page attached to this policy.

Once a member has a UIA deduction, the member will continue to be eligible for a deduction/coverage as long as the member holds an eligible position, even if the member no longer meets the salary threshold requirement.

When does insurance become effective?

Insurance becomes effective on the date that all of the following conditions have been met:

(1) a member meets all eligibility requirements; and
(2) if required, the member applies for the insurance on forms which are approved by us; and
(3) we receive the required premium.

Will a member's coverage remain in effect during sickness, injury, a leave of absence or temporary layoff?

Yes. Insurance will remain in effect for an insured member who is not actively at work due to sickness, injury, leave of absence or temporary layoff.

When a member goes on a paid leave of absence, his/her coverage will remain in effect during the leave of absence.

When a member goes on an unpaid leave of absence or a temporary layoff, his/her coverage will remain in effect through the date for which premium has been paid. After that, the member must submit the required premium directly to the University of Wisconsin by December 1st following his/her coverage end date to maintain such coverage for the duration of the leave or layoff.

Maintenance of insurance must be in accordance with a plan that precludes individual selection.

Coverage during a leave of absence and upon return from a leave of absence shall meet all state and federal requirements. The above limits will be expanded if necessary in order to meet such requirements.

Premiums

When and how often are premiums due?

Premiums for this policy are remitted to us annually. Premiums are due on the premium due date as shown on the specifications page attached to this policy. We apply premiums consecutively to keep the insurance in force.

Premium contributions for contributory insurance are to be paid to you. The premium contributions by insureds for contributory insurance should be remitted to us.

Can we change the premiums?

We may change the premium rate:

(1) on any premium due date following any applicable rate guarantee period; or
(2) after 60 days notice, if the policy terms are amended or the total amount of insurance in force changes by 10% or more.

Can a premium be paid after the date it is due?

Yes. This policy has a 31-day grace period. If a premium is not paid on or before the date it is due, that premium may be paid during the 31-day period following the due date. The insurance under this policy will remain in effect during the 31-day grace period. This grace period does not apply to the first premium payment.

Can the premium be adjusted?

Yes. We will adjust the premium on each due date for insurance which was effective or terminated before the most recent due date, but not reflected in prior premium payments. We will charge you for any additional premium, and will refund any overpayment, excluding any overpayment made more than 12 months before the adjustment.

Death Benefit

What is the amount of the death benefit?

The amount of the death benefit is the amount of insurance shown on the specifications page attached to this group policy.

When will changes in an insured's coverage amount be effective?

Amounts of insurance decrease based on the insured's age. Decreases in insurance amounts will be effective as shown on the specifications page attached to this policy.

When will the death benefit be payable?

We will pay the death benefit upon receipt at our home office of written proof satisfactory to us that an individual died while insured under this policy. All payments by us are payable from our home office.

The death benefit will be paid in a single sum or by any other method agreeable to us and the beneficiary. We will pay interest on the death benefit from the date of the insured's death until the date of payment. Interest will be at an annual rate determined by us, but never less than 4% per year compounded annually, or the minimum required by state law, whichever is greater.

Payment of the death benefit will extinguish our liability under the certificate for which the death benefit has been paid.

To whom will we pay the death benefit?

We will pay the death benefit to the beneficiary or beneficiaries. A beneficiary is named by an insured to receive the death benefit to be paid at the insured's death. The insured may name one or more beneficiaries. The insured cannot name you as a beneficiary.

The insured may also choose to name a beneficiary that the insured cannot change without the beneficiary's consent. This is called an irrevocable beneficiary.

If there is more than one beneficiary, each will receive an equal share, unless the insured has requested another method in writing. To receive the death benefit, a beneficiary must be living on the date of the insured's death. In the event a beneficiary is not living on the date of the insured's death, that beneficiary's portion of the death benefit shall be equally distributed to the remaining surviving beneficiaries. In the event of the simultaneous deaths of the insured and a beneficiary, the death benefit will be paid as if the insured survived the beneficiary.

If there is no eligible beneficiary, or if the insured does not name one, we will pay the death benefit to:

(1) the insured's spouse or domestic partner, if living; otherwise
(2) the insured's surviving children, equally; otherwise
(3) the insured's surviving grandchildren equally, otherwise;
(4) the insured's surviving parents, equally, otherwise;
(5) the insured's surviving siblings equally, otherwise;
(6) the insured's estate.

If payment to a beneficiary is prohibited by law, the proceeds may be paid as though such beneficiary had not survived the member, and such payment will bar recovery by any other person.

Can an insured add or change beneficiaries?

Yes. An insured can add or change beneficiaries if all of the following are true:

(1) the insured's coverage is in force; and
(2) we have written consent of all irrevocable beneficiaries; and
(3) the insured has not assigned the ownership of his or her insurance.

A request to add or change a beneficiary must be made in writing. All requests are subject to approval by the policyholder or Minnesota Life. A change will take effect as of the date it is received by Minnesota Life.

Termination

When does a member's coverage terminate?

The member's coverage ends on the earliest of the following:

(1) the date the member ceases to be a member of the Association, as determined by the Association according to its rules (this does not apply to a member who is totally disabled on the date they cease to be a member of the Association. Such disabled member's insurance continues until the end of the policy year in which the member ceases to be a member of the Association); or
(2) on the date the group policy terminates.

When does this group policy terminate?

You may terminate this policy on the policy anniversary date by giving us 60 days prior written notice, or at any other time by giving us prior written notice within 90 days of the intended date of termination.

We reserve the right to terminate this policy on the earliest of the following to occur:

(1) 31days (the grace period) after the due date of any premiums which are not paid; or
(2) at any policy anniversary date so long as we provide you with one year's notice of our intent to terminate this policy.

Can this policy be reinstated?

No. We will not reinstate this policy after it terminates. You must submit a new application for a new policy after this policy has terminated.

Continuation of Insurance

Can insurance be continued under this policy?

Yes. To continue coverage under the policy an eligible insured must submit a completed UIA Continuation Application/Ballot Request and make the first premium contribution within 60 days after insurance provided by the group policy would otherwise terminate. Evidence of insurability will not be required. Coverage will then be deemed effective retroactive to the beginning of the 60-day period. This date is considered to be the insured's continuation date and the insured is then considered to have continuation status. If the insured dies within 31 days of the date his or her coverage ends, a death benefit will be paid regardless of whether or not the insured applied for continuation.

Who is eligible to continue insurance under the policy?

An insured is eligible to continue insurance under the policy if he or she no longer meets the eligibility requirements of the group policy due to any of the following:

(1) the insured terminates employment, including retirement; or
(2) the insured is no longer in a class eligible for insurance.

The insured will not be eligible to request continued coverage if he or she:

(1) has converted his or her insurance to an individual life policy under the terms of the group policy's conversion right section; or
(2) loses eligibility due to termination of the group policy; or
(3) the insured is on a leave of absence or temporary layoff.

What insurance can be continued under the policy?

Only contributory insurance may be continued under the policy. The insured may also continue coverage under all supplements to such certificate which apply to contributory insurance and by which he or she was insured immediately preceding his or her continuation date.

Will the amount of insurance continued under the policy change?

Yes. The insured's amount of insurance will decrease based on his or her age as shown in Addendum A of the Group Policy specifications Page.

How will premium contributions be paid?

Premium contributions will be paid directly to us on an annual basis and will be subject to an administrative charge per billing period. We may adjust the amount of the charge, but not more often than once per year.

Can the premium rate change?

Yes. The premium rate may increase on the continuation date. The premium rate may also increase in the future but will not change more often than once per year.

Can insurance continued under the policy be converted to a policy of individual insurance?

Yes. At any time after insurance has been continued under the policy it may be converted to a policy of individual insurance with Minnesota Life. All other conditions and provisions of the conversion right section of the group policy will apply.

What happens if an insured again becomes eligible under the group policy?

If an insured who is continuing coverage under the group policy again meets the eligibility requirements of the group policy, he or she shall no longer be considered to have continuation status. Insurance for that insured may be provided under the terms of the group policy, unless and until he or she no longer meets the eligibility requirements of the group policy and again returns to continuation status as provided for herein.

When will insurance continued under the policy terminate?

Insurance continued under the policy will terminate on the earliest of the following:

(1) the date the insured again meets the eligibility requirements of the group policy; or
(2) 31 days after the due date of any premium contribution which is not made; or
(3) the date the group policy is terminated.

Conversion Right

What is the conversion right?

An insured can convert this insurance to a new individual life insurance policy if all or part of the insured's life insurance under this policy terminates.

The insured may convert up to the full amount of terminated insurance if termination occurs because he or she moves from one existing eligible class to another, or he or she is no longer in an eligible class. Amounts of insurance reduced due to age cannot be converted.

What is the limited conversion right?

Limited conversion is available if, after the insured has been insured for at least five years, insurance is terminated because:

(1) the policy is terminated; or
(2) the policy is changed to reduce or terminate the insurance for that individual.

The insured may convert up to the full amount of terminated insurance, but not more than the maximum. The maximum is the lesser of:

(1) $10,000; and
(2) the amount of life insurance which terminated minus any amount of group life insurance for which the insured becomes eligible under any group policy issued or reinstated by us or any other carrier within 31 days of the date the insurance terminated under this policy.

Neither the conversion right nor the limited conversion right is available if the insured's coverage under this policy terminates due to failure to make, when due, required premium contributions.

Under both the conversion right and the limited conversion right, the insured may convert his or her insurance to any type of individual policy of life insurance then customarily issued by us, except term insurance. The individual policy will not include any supplemental benefits, including, but not limited to, any disability benefits, accidental death and dismemberment benefits, or accelerated benefits.

How does an insured convert his or her insurance?

An insured converts his or her insurance by applying for an individual policy and paying the first premium within 31 days after the group insurance terminates as described in the section entitled 'What is the conversion right?". No evidence of insurability will be required.

How is the premium for the individual policy determined?

We base the premium for the individual policy on the plan of insurance, the insured's age, and the class of risk to which the insured belongs on the date of the conversion.

When is the individual policy effective?

The individual policy takes effect 31 days after the group insurance provided under this policy terminates.

What happens if the insured dies during the 31-day period allowed for conversion?

If the insured dies during the 31-day period allowed for conversion, we will pay a death benefit regardless of whether or not an application for coverage under an individual policy has been submitted. The death benefit will be the amount of insurance the insured would have been eligible to convert under the terms of the conversion right section.

We will return any premium the insured paid for an individual policy to the insured's beneficiary named under this group policy. In no event will we be liable under both this group policy and the individual policy.

Additional Information

What if an insured's age has been misstated?

If an insured's age has been misstated, the death benefit payable will be that amount to which the insured is entitled based on his or her correct age.

A premium adjustment will be made to the premium an insured pays for contributory insurance so that the actual premium required at the insured's correct age is paid.

When does an insured's insurance become incontestable?

Except for non-payment of premiums, after the insured's insurance has been in force during his or her lifetime for two years from the effective date of his or her coverage, we cannot contest the insured's coverage.

Any statements the insured makes in his or her application will be considered representations and not warranties.

Also, any statement an insured makes will not be used to void his or her insurance, nor defend against a claim, unless the statement is contained in the application and any evidence of insurability application attached to the insured's certificate.

Can an insured's insurance be assigned?

Yes. However, we will not be bound by an assignment of the certificate or of any interest in it unless it is made as a written instrument, the insured files the original instrument or a certified copy with us at our home office, and we send the insured an acknowledged copy.

We are not responsible for the validity of any assignment. An insured is responsible for ensuring that the assignment is legal in his or her state and that it accomplishes his or her intended goals. If a claim is based on an assignment, we may require proof of interest of the claimant. A valid assignment will take precedence over any claim of a beneficiary, unless the beneficiary was effectively designated as an irrevocable beneficiary prior to the assignment.

Are you required to maintain records?

Yes. You are required to maintain adequate records of any information necessary for us to administer this policy. We can obtain them from you at any reasonable time.

If a clerical error is made in keeping records on the insurance under this policy, it will not affect otherwise valid insurance. A clerical error does not continue insurance which is otherwise stopped. If an error causes a change in premium payment, we will make a fair adjustment.

Will a certificate of insurance be provided for each certificate holder?

Yes. We will provide you with a certificate of insurance for delivery to each certificate holder. The certificate will include information regarding the principal provisions of his or her coverage.

Will this policy receive experience credits?

Each year we will determine if this policy will receive an experience credit.

Are you our agent?

No. For all purposes of this policy, neither you, nor any administrator you appoint is our agent. We will not be liable for any of your acts or omissions or those of an administrator.

Will the provisions of this policy conform with state law?

Yes. If any provision in this policy, or in the certificates issued under this policy, is in conflict with the laws of the state governing the policy or the certificates, the provision will be deemed to be amended to conform to such laws.

Minnesota Life Insurance Company • 400 Robert Street North • St. Paul, Minnesota 55101-2098

Benefits received under this Accelerated Benefits Policy Rider may be taxable. Insureds should seek assistance from a personal tax advisor prior to requesting an accelerated payment of death benefits.

General Information

This rider amends the group policy to which it is attached and is subject to every term, condition, exclusion, limitation, and provision of the group policy unless otherwise expressly provided for herein.

What does this rider provide?

This rider provides for the accelerated payment of either the full or a partial amount of an insured's death benefit provided under the group policy. If the insured has a terminal condition as defined in this rider, an accelerated payment of the death benefit may be requested.

Definitions

death benefit

The amount of the insured's life insurance as shown on the specifications page attached to the insured's certificate.

immediate family

The insured's spouse, domestic partner, children, parents, grandparents, grandchildren, brothers and sisters, and their spouses.

physician

An individual who is licensed to practice medicine or treat illness in the state in which treatment is received. This does not include the insured, or a member of the insured's immediate family.

Terminal Condition

What is a terminal condition?

A terminal condition is a condition caused by sickness or accident which directly results in a life expectancy of twelve months or less.

What evidence do we require of the insured's terminal condition?

We must be given evidence that satisfies us that the insured's life expectancy, because of sickness or accident, is twelve months or less. That evidence must include certification by a physician.

Do we have the right to obtain independent medical verification?

Yes. We retain the right to have the insured medically examined at our own expense to verify the insured's medical condition. We may do this as often as reasonably required while accelerated benefits are being considered or paid.

Accelerated Benefit

What is the accelerated benefit?

The accelerated benefit is the amount of the death benefit payable under this rider. It is the death benefit requested to be accelerated, subject to the minimum and maximum amounts described later.

When can an accelerated benefit be requested?

An accelerated benefit can be requested at any time, provided the following conditions are met:

(1) coverage must be in force and all premiums due must be fully paid; and
(2) application must be made in writing and in a form which is satisfactory to us. We will tell an insured what form is required; and
(3) the insured must be the sole owner of the certificate; and
(4) the insured's insurance must not have an irrevocable beneficiary.

Who may request an accelerated payment of the death benefit?

An insured may request an accelerated payment of the insurance on his or her life.

Is the request for an accelerated benefit voluntary?

Yes. An accelerated benefit will be made available on a voluntary basis only. An accelerated benefit under this rider is not intended to cause an involuntary reduction of the death benefit ultimately payable to the named beneficiary. Therefore, payment of the death benefit cannot be accelerated under this rider if the insured:

(1) is required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise; or
(2) is required by a government agency to use this option in order to apply for, obtain, or keep a government benefit or entitlement.

Is there a minimum or maximum death benefit eligible for an accelerated benefit?

Yes. There is no maximum; an insured's entire death benefit may be accelerated. The minimum death benefit to be eligible for an accelerated benefit under this rider is $10,000. However, if the total amount of insurance is less than $10,000, the insured must accelerate the total amount of insurance for which he or she is insured.

Does an insured have to take the entire accelerated benefit?

No. The insured may choose to receive a partial accelerated benefit. If he or she does so, the insured's remaining coverage will stay in force.

If an insured elects to receive only a partial accelerated benefit amount available under this rider, the remaining death benefit under the certificate must be at least $25,000.

The insured may reapply for the payment of the remaining amount of insurance at any time. However, we may ask for further satisfactory evidence that the insured meets all requirements for the accelerated benefit.

What is the effect on an insured's coverage of the receipt of an accelerated benefit?

If an insured elects to accelerate the full amount of his or her death benefit, the insured's coverage and all other benefits under the certificate and any certificate supplements which apply to that insured will end.

If a partial accelerated benefit is chosen, coverage will remain in force. The remaining amount of insurance under the certificate will be the full amount of insurance minus the amount of insurance that was accelerated.

How will we pay the accelerated benefit?

We will pay the accelerated benefit in one lump sum or in any other mutually agreeable manner.

To whom will we pay accelerated benefits?

All accelerated benefits will be paid to the insured who requested the accelerated payment unless the insured validly assigns them otherwise. If such insured dies before all payments have been made, we will pay the remainder to the insured's beneficiary named under the certificate. Payment will be made in one lump sum which will be the present value of the payments that remain, using the interest rate we use to determine the payments.

Termination

When does an insured's coverage under this rider terminate?

An insured's coverage ends on the date the insured is no longer covered for life insurance under the group policy.

When does this rider terminate?

This rider will terminate on the earlier of:

(1) the date we receive a written request to cancel this rider; or
(2) the date the group policy is terminated.

Dennis E. Prohofsky — Secretary

Robert L. Senkler — President

400 Robert Street North • St. Paul, Minnesota 55101-2098

GROUP TERM LIFE INSURANCE POLICY • NONPARTICIPATING

ANNUAL REPORT ON FACULTY TURNOVER FOR FY23

REQUESTED ACTION

No action required; this report is for information only.

SUMMARY

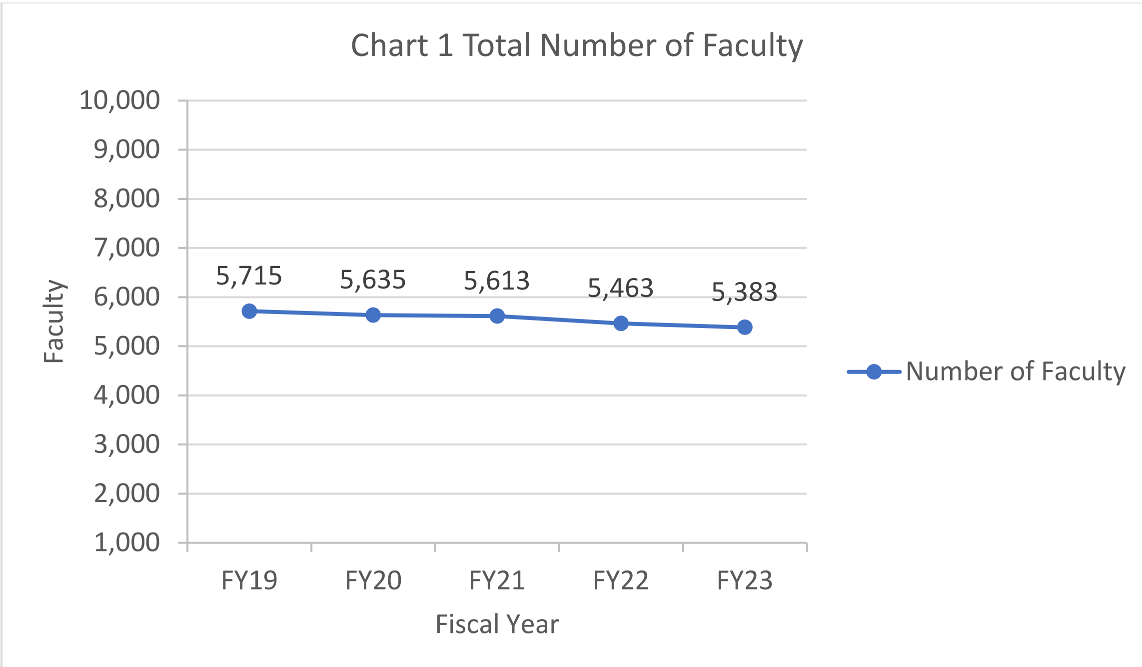
The following charts provide summary comparisons of faculty and faculty turnover (or departures) for the last five fiscal years. In Chart 1, the number of faculty reflects filled positions as reported in the October 2022 payroll. Chart 2 captures faculty departures reported in the HR Information System and reviewed for accuracy by the institutions prior to this report.

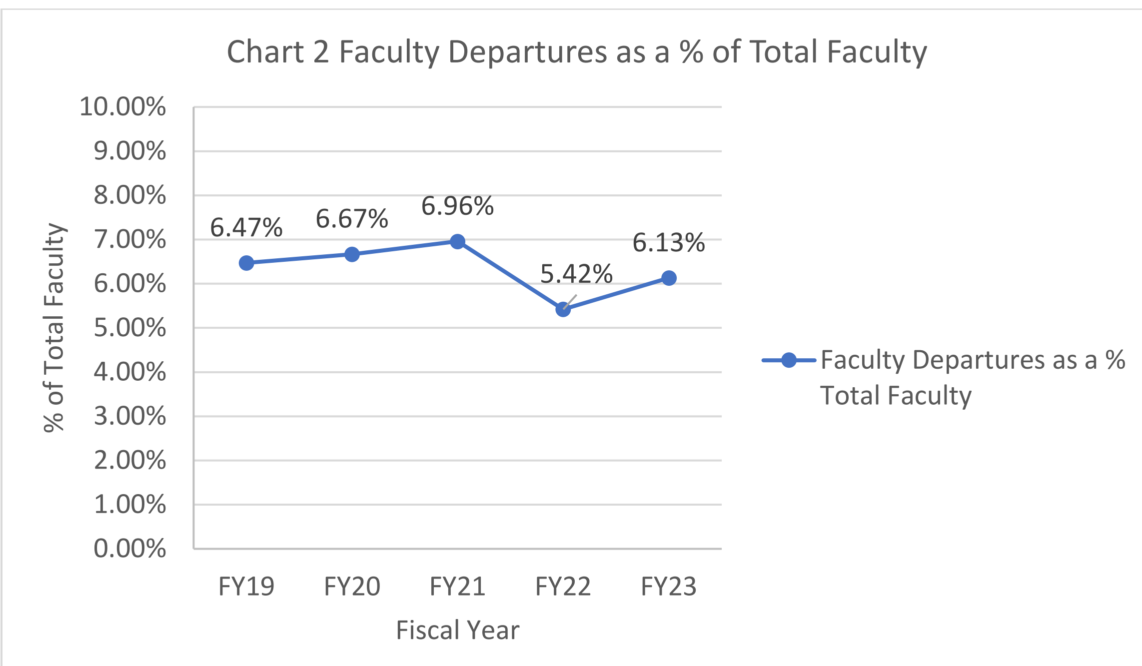
Key observations from the five-year lookback include:

- The total number of faculty continues to decline year over year.
- FY23 shows an increase in faculty departures between FY22 (5.42%) and FY23 (6.13%).
- 330 faculty left the Universities of Wisconsin in FY23: 56.97% of those leaving (188 faculty) retired, 40.61% resigned (134 faculty), and 2.42% (8 faculty) were non-renewed.

Attachment A provides the full FY23 Report on Faculty Turnover.

Faculty Turnover Five-Year Comparison





Notes:

Vacant positions are not included in Faculty FTE.

Faculty FTE is rounded to nearest whole number.

Presenter

- Daniel Chanen, Associate Vice President and Chief Human Resource Officer

BACKGROUND

The Report on Faculty Turnover in the Universities of Wisconsin is presented annually to the Board of Regents. Initially requested in 2013, the report provides a summary of tenured and non-tenured (probationary) faculty departures attributed to retirement, resignation, and non-renewed contracts for the previous fiscal year. Beginning with the 2016 fiscal year, the report also began including the reason for resignation: salary related job changes, non-salary related job changes, personal/family reasons, or other/unknown reasons.

Scope and Definitions

- This report contains summary data on faculty departures provided by all UW institutions through the HR Information System.
- In accordance with Wis. Stat.§ 36.05 (8) faculty means persons who hold the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in an institution and such academic staff as may be designated by the chancellor and faculty of the institution.
- Turnover is defined as a separation or termination of employment from a UW institution.

ATTACHMENT

A) FY23 Report on Faculty Turnover

UNIVERSITIES OF WISCONSIN

FY23 - Report on Faculty Turnover by Institution: Tenured & Probationary										
						Resignation Reason				
Institution	Faculty FTE	Faculty who Left	Faculty Turnover as Percent of Total Faculty	Retirements	Resignations	Salary Related Job Changes	Non-Salary Related Job Changes	Personal / Family	Other / Unknown	Non-Renewed
MADISON										
Professors	1,169	75	*6.42%*	69	6	0	0	0	6	0
Associate Professors	427	17	*3.98%*	9	8	0	0	0	8	0
Assistant Professors	571	19	*3.33%*	0	16	0	0	0	16	3
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***2,166***	***111***	***5.12%***	***78***	***30***	***0***	***0***	***0***	***30***	***3***
MILWAUKEE										
Professors	224	16	*7.14%*	14 (7 VSIP)	2	0	1	0	1	0
Associate Professors	294	17	*5.77%*	9 (5 VSIP)	8	3	2	2	1	0
Assistant Professors	103	3	*2.91%*	0	3	0	3	0	0	0
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***621***	***36***	***5.79%***	***23***	***13***	***3***	***6***	***2***	***2***	***0***
EAU CLAIRE										
Professors	150	14	*9.31%*	14	0	0	0	0	0	0
Associate Professors	92	2	*2.17%*	1	1	0	0	1	0	0
Assistant Professors	99	6	*6.06%*	0	6	0	3	3	0	0
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***341***	***22***	***6.44%***	***15***	***7***	***0***	***3***	***4***	***0***	***0***
GREEN BAY										
Professors	39	6	*15.52%*	5	1	0	0	0	1	0
Associate Professors	88	3	*3.40%*	2	1	0	0	0	1	0
Assistant Professors	52	3	*5.77%*	0	3	0	0	0	3	0
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***179***	***12***	***6.71%***	***7***	***5***	***0***	***0***	***0***	***5***	***0***

FY23 - Report on Faculty Turnover by Institution: Tenured & Probationary										
						Resignation Reason				
Institution	Faculty FTE	Faculty who Left	Faculty Turnover as Percent of Total Faculty	Retirements	Resignations	Salary Related Job Changes	Non-Salary Related Job Changes	Personal / Family	Other / Unknown	Non-Renewed
LA CROSSE										
Professors	110	5	*4.53%*	4	1	0	1	0	0	0
Associate Professors	123	7	*5.67%*	4	3	1	0	1	1	0
Assistant Professors	110	14	*12.78%*	1	13	1	3	2	7	0
Instructors	1	1	*100.00%*	0	1	0	0	1	0	0
Total	***344***	***27***	***7.84%***	***9***	***18***	***2***	***4***	***4***	***8***	***0***
OSHKOSH										
Professors	139	9	*6.50%*	9	0	0	0	0	0	0
Associate Professors	109	4	*3.66%*	1	2	0	0	0	2	1
Assistant Professors	61	4	*6.56%*	0	4	0	1	1	2	0
Instructors	2	0	*0.00%*	0	0	0	0	0	0	0
Total	***311***	***17***	***5.47%***	***10***	***6***	***0***	***1***	***1***	***4***	***1***
PARKSIDE										
Professors	27	5	*18.35%*	4	1	0	0	1	0	0
Associate Professors	56	3	*5.34%*	2	1	0	0	0	1	0
Assistant Professors	38	4	*10.53%*	0	4	0	0	1	3	0
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***121***	***12***	***9.88%***	***6***	***6***	***0***	***0***	***2***	***4***	***0***
PLATTEVILLE										
Professors	86	8	*9.32%*	7	1	0	0	1	0	0
Associate Professors	67	5	*7.47%*	0	5	0	0	4	1	0
Assistant Professors	53	6	*11.43%*	0	6	1	2	3	0	0
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***205***	***19***	***9.26%***	***7***	***12***	***1***	***2***	***8***	***1***	***0***

UNIVERSITIES OF WISCONSIN

FY23 - Report on Faculty Turnover by Institution: Tenured & Probationary										
						Resignation Reason				
Institution	Faculty FTE	Faculty who Left	Faculty Turnover as Percent of Total Faculty	Retirements	Resignations	Salary Related Job Changes	Non-Salary Related Job Changes	Personal / Family	Other / Unknown	Non-Renewed
RIVER FALLS										
Professors	91	8	*8.80%*	8	0	0	0	0	0	0
Associate Professors	34	2	*5.88%*	1	1	0	0	1	0	0
Assistant Professors	58	3	*5.17%*	0	2	0	0	1	1	1
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***183***	***13***	***7.11%***	***9***	***3***	***0***	***0***	***2***	***1***	***1***
STEVENS POINT										
Professors	123	11	*8.92%*	10	1	0	0	0	1	0
Associate Professors	93	3	*3.24%*	1	2	0	0	0	2	0
Assistant Professors	53	3	*5.66%*	0	3	0	0	0	3	0
Instructors	1	0	*0.00%*	0	0	0	0	0	0	0
Total	***270***	***17***	***6.30%***	***11***	***6***	***0***	***0***	***0***	***6***	***0***
STOUT										
Professors	107	7	*6.57%*	7	0	0	0	0	0	0
Associate Professors	49	4	*8.16%*	0	4	3	0	1	0	0
Assistant Professors	66	7	*10.61%*	1	3	2	0	1	0	3
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***222***	***18***	***8.12%***	***8***	***7***	***5***	***0***	***2***	***0***	***3***
SUPERIOR										
Professors	41	3	*7.32%*	2	1	0	0	0	1	0
Associate Professors	17	2	*11.76%*	2	0	0	0	0	2	0
Assistant Professors	16	6	*37.50%*	1	5	0	0	0	3	0
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***74***	***11***	***14.86%***	***5***	***6***	***0***	***0***	***0***	***6***	***0***

FY23 - Report on Faculty Turnover by Institution: Tenured & Probationary

Institution	Faculty FTE	Faculty who Left	Faculty Turnover as Percent of Total Faculty	Retirements	Resignations	Resignation Reason: Salary Related Job Changes	Resignation Reason: Non-Salary Related Job Changes	Resignation Reason: Personal / Family	Resignation Reason: Other / Unknown	Non-Renewed
WHITEWATER										
Professors	104	4	*3.85%*	0	4	1	2	1	0	0
Associate Professors	168	5	*2.99%*	0	5	3	2	0	0	0
Assistant Professors	73	6	*8.22%*	0	6	3	1	2	0	0
Instructors	0	0	*0.00%*	0	0	0	0	0	0	0
Total	***345***	***15***	**4.35%**	***0***	***15***	***7***	***5***	***3***	***0***	***0***
SUBTOTAL										
Professors	2,409	171	7.10%	153 (7 VSIP)	18	1	4	3	10	0
Associate Professors	1,618	74	4.57%	32 (5 VSIP)	41	10	4	10	19	1
Assistant Professors	1,352	84	6.21%	3	74	7	13	14	38	7
Instructors	4	1	23.70%	0	1	0	0	1	0	0
Grand Total	**5,383**	**330**	**6.13%**	**188**	**134**	**18**	**21**	**28**	**67**	**8**
Percent of Total Faculty				**3.49%**	**2.49%**	**0.33%**	**0.39%**	**0.52%**	**1.24%**	**0.15%**
Percent of Total Faculty Leaving				**56.97%**	**40.61%**	**5.45%**	**6.36%**	**8.48%**	**20.30%**	**2.42%**

Last Updated: 11/10/2023

Data Sources:

Number of faculty data is reported from October 2022 Payroll, Schedule V: Summary of Faculty, Academic Staff, Student Assistants and University Staff by Institution-FTE Basis. Retirement, resignation and non-renewed data reported from HRS as of June 17, 2023 (the final day of the last pay period in FY23). Resignation reason details are reviewed by the institutions. ^Non-Renewed category reflects discharge, and nonrenew-performance. ^^Retirement category includes (VSIP).

Notes:

Vacant positions are not included in Faculty FTE.

Faculty FTE is rounded to nearest whole number.

INTERMEDIATE TERM CASH MANAGEMENT FUND: APPROVAL OF INVESTMENT POLICY STATEMENT

REQUESTED ACTION

Adoption of Resolution H.

Resolution H. That, upon the recommendation of the President of the UW System, the UW System Board of Regents approves the Investment Policy Statement for the UW System Intermediate Term Cash Management Fund.

SUMMARY

The UW Office of Trust Funds established the Intermediate Term Fund (ITF) in November 2021 to increase revenue-generating opportunities for cash balances through intermediate term investments. Regent Policy Document (RPD) 31-18, adopted by the Board of Regents in November 2023, sets forth the key elements to be incorporated in the ITF's Investment Policy Statement (IPS), including investment objectives and policies, asset allocations, and the roles and duties of those responsible for its management. The policy also includes reporting obligations to the Board of Regents through the Business and Finance Committee.

In accordance with RPD 31-18, the IPS has been developed and approved by the ITF's internal Investment Committee, and is presented to the Board for its consideration and approval.

Presenter

- Charles Saunders, Chief Investment Officer, Office of Trust Funds

BACKGROUND

At the November 2023 Board of Regents meeting, the Universities of Wisconsin Office of Trust Funds provided to the Business & Finance Committee a presentation on the Intermediate Term Fund, including its background and history, as well as an overview of the asset allocation plan and governance structure. In addition, Regent Policy Document 31-18 was recommended for approval by the Committee and subsequently adopted by the Board of Regents (Resolution 12100).

Related Policies

- Regent Policy Document 31-18, "Intermediate Term Cash Management Fund Investment Policy Statement: Key Elements and Review Process"

ATTACHMENT

A) Investment Policy Statement for the Intermediate Term Cash Management Fund

University of Wisconsin System Intermediate Term

Cash Management Fund

Statement of Investment Policy December 2023

Introduction and Background

This Statement of Investment Policy (IPS) is created pursuant to Regent Policy Document 31-18 "Intermediate Term Cash Management Fund Investment Policy Statement: Key Elements and Review Process" (RPD 31-18) and applies to the invested assets of the University of Wisconsin System (UW) Intermediate Term Cash Management (ITF) Fund (the Fund). As allowed under Wis. Stat. s. 36.11(11m) and RPD 31-18, the Fund's assets can include any revenues designated by the Board of Regents of the University of Wisconsin System (Board), including revenues from gifts, grants, and donations not already covered under Regent Policy Document 31-9 "Investment Policy Statement: Key Elements and Review Process" (RPD 31-9) or its corresponding IPS.

Purpose

The purpose of this IPS is to serve as a detailed stand-alone document and details the guiding principles for all aspects of the management of the Fund and the premises on which these principles rest to provide the Board with an intermediate duration investment option for effective management of cash balances, including obtaining capacity to benefit from both term structures of interest rates and credit spreads. "Intermediate duration" is an average duration of between one and five years for the fixed-income investments held by the Fund.

Organization and Format

The IPS is organized into these five major Sections:

- Section I - General Policy Statement – which discusses the underlying bases for the policies and their implementation, and includes the investment objectives, constraints and competencies and the role of the internal Intermediate Term Cash Management Fund (ITF) Investment Committee
- Section II - Investment Policies – which describes specific policies adopted to attain identified objectives while conforming with the major premises, and includes asset allocations, policy portfolios, and benchmarks, as well as other investment and risk management policies and practices
- Section III - Implementation - which describes by whom and how the policies are to be implemented, and includes roles and responsibilities; investment consultant selection, retention, termination and responsibilities; investment manager selection, retention, termination and responsibilities; and conflicts of interest.
- Section IV - Reporting - which describes how investment performance will be monitored, and includes monitoring and measuring investment performance, and reporting and communication standards.

- Section V - Appendices – which provide greater detail on various policy elements discussed at a broader level in the main body of the document and includes detailed asset allocations and benchmarks for the investment fund.

Review of the IPS

Given the centrality of the IPS itself in ensuring that the Board meets its fiduciary responsibilities and effectively oversees the management of the investment program, it is imperative that the Board review, reaffirm, and/or adopt any necessary revisions to the full IPS document on an on-going basis. The IPS should be considered a living document; revisions and further refinements may be required as and when goals, constraints, or external market conditions change significantly.

I. GENERAL POLICY STATEMENT

A. Investment Objective, Constraints and Competencies

The objective of the Fund is to manage principal, ensure liquidity enough for anticipated needs while obtaining a reasonable return for a prudent level of risk. The ITF Investment Committee, and any UW Official, UW employee or designated investment consultant or investment manager shall manage the Fund as required under Wis. Stat. s. 112.11(3) and as required by any other applicable state or federal law, or Regent Policy.

B. Role of the internal Intermediate Term Cash Management Fund (ITF) Investment Committee

The ITF Investment Committee, along with the Trust Officers of the Board, are delegated by the Board through RPD 31-18 the authority and have the duty to otherwise implement, conduct, oversee, and monitor all aspects of the management and administration of the Fund consistent with the IPS.

II. INVESTMENT POLICIES

A. Asset Allocation, Policy Portfolio and Benchmarks

1. Asset Allocation

The Fund shall maintain an asset allocation as deemed appropriate by the ITF Investment Committee, as advised by an investment consultant. The ITF Investment Committee and investment consultant will review the asset allocation periodically and consider changes consistent with IPS. The ITF Investment Committee has adopted the target asset allocation outlined below to serve as a guide.

	Minimum	**Target**	**Maximum**
Short-Term Fixed Income	23.3%	33.3%	43.3%
Intermediate Fixed Income	6.7%	16.7%	26.7%
Broad Fixed Income	11.7%	16.7%	26.7%
High Yield	3.3%	8.3%	13.3%
Bank Loans	3.3%	8.3%	13.3%
Global Equity	11.7%	16.7%	21.7%

2. Policy Portfolio and Benchmarks

Asset Class	Relative Index	% of Composite Benchmark
Short-Term Fixed Income	Bloomberg Universal 1-5 Year Index	33.3%
Intermediate Fixed Income	Bloomberg Interm. Gov't/Credit	16.7%
Broad Fixed Income	Bloomberg U.S. Aggregate	16.7%
High Yield	S&P/LSTA Leveraged Loan Index	8.3%
Bank Loans	Bloomberg US Corporate High Yield 2% Cap Index	8.3%
Global Equity	MSCI ACWI IMI Index	16.7%

B. Other Policies and Practices

The Fund will use low-cost index-based fund vehicles in asset classes with liquid public markets and efficient and replicable benchmark indexes. The Fund will employ active management in asset classes without efficient benchmark indexes or where active management has a demonstrated ability to generate excess return net of fees.

III. IMPLEMENTATION

A. Roles and Responsibilities

1. Board of Regents and its Business and Finance Committee

The Board is the principal and ultimate fiduciary for the Fund. The Board's Business & Finance Committee is delegated oversight of the management and administration of Fund. The Board and/or its Business & Finance Committee shall regularly review and approve the IPS.

2. The ITF Investment Committee

Membership of the ITF Investment Committee is comprised of the UW System Administration Trust Funds Executive Director as Chair; the UW System Administration Vice President for Finance & Administration (or designee); and additional representatives appointed from participating UW institutions by the Chancellors of those participating UW institutions providing more than 10% of total Fund assets, consistent with the Memorandums of Understanding (MOUs) developed by UW with each participating UW institution.

In addition to broad responsibilities identified in Section I.B. above, the ITF Investment Committee shall:

- **a.** Approve investment asset allocations, policy portfolios, benchmarks and other policies and practices.
- **b.** Provide periodic reports to the Board's Business & Finance Committee.
- **c.** Review the IPS and recommend changes or revisions to the Board's Business & Finance Committee.
- **d.** Retain and terminate investment consultants.
- **e.** Retain and terminate investment managers.
- **f.** Receive periodic reports on investment performance results.

g. Maintain enough knowledge about the IPS and the individual investment consultants and investment managers to be reasonably assured of their compliance with the IPS and Section I.A.
h. Consider other investment related matters relevant to the IPS and the Fund.

3. **SWIB -** SWIB's role and responsibility is limited for this Fund to providing an investment platform and is further detailed in an investment management agreement with the Board, which provides the definitive terms of SWIB's engagement.

4. **Division of Administration and Finance. Vice President for Administration and Finance/Trust Officer**

Primary responsibilities of the Vice President for Administration and Finance are the following:

- **a.** In general, oversee the management and administration of the Office of Trust Funds
- **b.** Perform other duties as required by law or assigned by the Board or ITF Investment Committee

5. **Office of Trust Funds**

   a. Director/Assistant Trust Officer

   Primary responsibilities of the Director of the Office of Trust Funds are the following:

   - **i.** In general, implement, conduct, oversee, and monitor all other aspects of the management and administration of the Fund, including all specific policies and practices contained in the IPS or otherwise approved by the ITF Investment Committee and Board
   - **ii.** Submit periodic reports to the ITF Investment Committee (reporting/communication standards are discussed later)
   - **iii.** Manage and monitor all external and internal expenses and fees
   - **iv.** Manage and maintain all Fund records
   - **v.** Manages and oversees investment consultants
   - **vi.** Manages and oversees investment managers
   - **vii.** Work with participating institutions with which the ITF Investment Committee has Memorandum of Understanding (MOUs) in taking in and properly establishing Fund accounts
   - **viii.** Convene and chair a meeting of the ITF Investment Committee at least once a quarter and organize the agenda and supporting materials for the ITF Investment Committee.
   - **ix.** Execute all authorized decisions of the ITF Investment Committee.
   - **x.** Make periodic Fund performance reports to the Board's Business & Finance Committee.

b. Accounting, Recordkeeping, and Administrative Staff

Primary responsibilities of accounting, recordkeeping and administrative staff are the following:

i. In general, maintain all accounting and recordkeeping systems related to the ITF Investment Committee, including a record of all agendas and meeting minutes, Fund and Fund accounts, contracts with investment consultants and investment managers, and MOUs with participating Institutions.
ii. Assist benefiting campuses and departments in their utilization of Fund accounts.

6. General Counsel's Office

Primary responsibilities are the following:

a. Help ensure compliance with all applicable laws and regulations
b. Provide assistance on any legal matters pertaining to the ITF Investment Committee, IPS and the Fund
c. Provide legal assistance on matters pertaining to any Fund related contracts and agreements
d. Manages any outside counsel relationships on behalf of the ITF investment committee

B. Investment Consultant selection, retention, termination and responsibilities

1. Selection

Selection of an investment consultant will be pursuant to Wis. Stat. s. 36.11(11m)(a)3. using the competitive sealed proposal process described in Wis. Stat. s. 16.75(2m).

2. Retention

Hiring of an investment consultant will be made upon recommendation of the Director of the Office of Trust Funds by the ITF Investment Committee as identified in Section III.A.2.d.

3. Termination

Termination of an investment consultant will be made upon recommendation of the Director of the Office of Trust Funds by the ITF Investment Committee as identified in Section III.A.2.d.

4. Responsibilities

The Investment consultant shall regularly communicate with the ITF Investment Committee and advise on:

a. Investment policy and investment opportunities including:

i. Periodic review and evaluation of investment objectives and asset allocation of the investments for the Fund and specific recommendations about maintaining or modifying investment strategies and rebalancing of such investments.

ii. Recommendations and advice on matters regarding investment manager selection, retention, and termination.
iii. Development of written investment guidelines specific to each investment manager including the use of derivatives, if allowed, for a manager and mandate where applicable.
iv. Recommend performance benchmarks for individual investment managers and for the Fund as a whole.

b. Investment performance that includes:

i. Periodic reports, including formal written quarterly reports, on the performance of the investments and performance of individual investment managers.
ii. Periodic evaluation of investment manager ability to exceed the established benchmark over a full market cycle in comparison with investment markets and other investment managers.
iii. Evaluation of investment manager adherence to the terms and conditions of the investment manager agreement, including compliance with ITF Investment Committee policy and the guidelines provided to each investment manager.
iv. Monitoring of investment manager soft dollar policies and practices to ensure an appropriate relationship to the management of the ITF Investment Committee's investment account.
v. Reviewing of investment and management fees and report on reasonableness.

The investment consultant shall provide immediate notification to the ITF Investment Committee of any major change in its confidence in a particular asset class or individual managers or funds.

C. Investment Managers selection, retention, termination and responsibilities

1. Selection

Selection of an investment manager will be pursuant to Wis. Stat. s. 36.11(11m)(a)3. using the competitive sealed proposal process described in Wis. Stat. s. 16.75(2m).

2. Retention

Hiring of an investment manager will be made upon recommendation of the Director of the Office of Trust Funds by the ITF Investment Committee as identified in Section III.A.2.e.

3. Termination

Termination of an investment manager will be made upon recommendation of the Director of the Office of Trust Funds by the ITF Investment Committee as identified in Section III.A.2.e.

4. Responsibilities

Each investment manager is authorized to execute investment transactions within established investment guidelines, subject to any restrictions established by the ITF Investment Committee, investment management agreement or relevant contract terms.

External investment managers shall manage the Fund as required under Wis. Stat. s. 112.11(3) and as required by any other applicable state or federal law, or Regent Policy.

Investment managers shall:

a. Adhere to stated objectives, guidelines, and restrictions as noted above.

b. Always seek best price/execution when purchasing or selling securities.

c. Provide quarterly reports on performance and other appropriate matters including:

    i. The investment manager's current outlook for the economy and capital markets and how the firm intends to adapt to these expectations.

    ii. Investment portfolio structure, past investment manager performance, and the appropriateness of the present investment portfolio given these expectations and the ITF Investment Committee's investment policies.

d. Recommend changes to investment guidelines developed under Section III.B.4.a.iii.

e. Report any substantive changes expected in the portfolio or in the investment manager's organization.

f. Report notice of any regulatory actions against the investment manager's organization, its principals, owners or employees.

g. Meet with the ITF Investment Committee upon request.

h. Use of soft dollar trades to acquire products or services to be used in the administration of the Fund are permissible only if the trade provides best execution and price. Investment managers shall report soft dollar policies and practices to the ITF Investment Committee's investment consultant.

i. Provide immediate written notification to the Director of the Office of Trust Funds and investment consultant of any extraordinary losses or conditions which could reasonably be expected to lead to an extraordinary loss or substantial violation of the ITF Investment Committee's investment policies or any of the following circumstances:

    i. Any material changes in the investment outlook, strategy, portfolio structure, and ownership or senior personnel of the investment management organization.

    ii. Any noncompliance with any provision of the IPS and investment guidelines, or the terms and conditions established in its investment management agreement or relevant contract with the ITF Investment Committee, and a recommended plan of action and timetable to correct any violations or breach.

    iii. Any regulatory authority's citation of the existence of a material weakness in internal control structure, or regulatory orders or sanctions against the investment manager's organization or any of its personnel, about the type of services being performed under its investment management agreement or relevant contract.

D. Codes of Ethics and Avoiding Conflicts of Interest

All Regents, UW public officials, employees must follow applicable Wis. Stat. Ch. 19, Wis. Admin. Code ch. UWS 8, and relevant Regent and campus ethics policies. Pursuant to these requirements, it is expected that no Regents, UW public officials, UW employees will make, participate in making, or influence a decision in which such individuals have a financial interest. Also, no Regents, UW public officials or UW employees may solicit or accept from any person or organization anything of value pursuant to an express or implied understanding that his or her conduct of UW business would be influenced thereby.

IV. REPORTING

1. Monitoring and measuring investment performance

Responsibilities for monitoring and measuring investment performance are included throughout the IPS, and are shared to various degrees as but are cross-referenced here for convenience as follows:

a. Board and its Business and Finance Committee – "Review of the IPS" introductory Section, Section III.A.
b. ITF Investment Committee – Section I.B., Section III.A.2.c., f., g. and h.
c. Vice President for Administration and Finance/Trust Officer – Section I.B., Section III.A.4.a.
d. Director of the Office of Trust Funds/Assistant Trust Officer – Section I.B., Section III.A.5.i., iii., iv., v. and vi.
e. Investment Consultant – Section III.B.4.
f. Investment Manager – Section III.C.4. a. and c.

2. Reporting and communication standards

Responsibilities for Reporting and communication standards are included throughout the IPS, but are organized here for convenience as follows:

a. ITF Investment Committee –Section III.A.2.b., c. and f.
b. Director of the Office of Trust Funds/Assistant Trust Officer –Section III.A.5. ii., viii. and x.
c. General Counsel – Section III.A.6.a. and d.
d. Investment Consultant – Section III.B.4.b.i. and v.
e. Investment Manager – Section III.C.4.c., d., e., f., g., h. and i.

University of Wisconsin System Intermediate Term

Cash Management Fund

Statement of Investment Policy December 2023

V. APPENDICES

A. Appendix A

Investment Vehicles

Asset Class	**Investment Strategy**	**Description**
Short-Term Fixed Income	iShares Core1-5 Year Bond Fund	Passive strategy that seeks to track the investment results of the Bloomberg U.S. Universal 1-5 Year Index, an index composed of U.S. dollar-denominated bonds that are rated either investment grade or high yield with remaining maturities between one and five years.
Intermediate Fixed Income	Intermediate Government /Credit Bond Index Fund B	Passive strategy that seeks to track the investment results of the Bloomberg U.S. Intermediate Government/Credit Bond Index, an index composed of U.S. dollar-denominated government, government-related and investment-grade U.S. corporate bonds with remaining maturities between one and ten years.
Broad Fixed Income	U.S. Debt Index Fund B	Passive strategy that seeks to track the investment results of the Bloomberg U.S. Aggregate Bond Index, an index comprised of U.S. Government securities and corporate bonds, as well as mortgage-backed securities, asset-backed securities, and commercial mortgage-backed securities.
High Yield	U.S. High Yield Bond Index Non-Lendable Fund B	Passive strategy that seeks to track the investment results of the ICE VofA US High Yield Constrained Index in a portfolio of debt securities that are included in the Index, or which BlackRock believes will allow the portfolio to better track the Index.

Bank Loans	BlackRock Floating Rate Income Portfolio	Active strategy that seeks to provide high current income by investing, under normal market conditions, at least 80% of its assets in floating rate debt securities.
Global Equity	MSCI ACWI IMI Index	Passive strategy that seeks to track the investment results of the MSCI ACWI IMI, a global equity index comprised of large, mid, and small cap equity securities across developed and emerging markets.

UNIVERSITY OF WISCONSIN SYSTEM INTERMEDIATE TERM FUND QUARTERLY INVESTMENT REPORT AS OF SEPTEMBER 30, 2023

REQUESTED ACTION

No action is required; this item is for information only.

SUMMARY

The United States saw strong employment data and wage growth, steady headline inflation and robust GDP growth in the 3rd quarter. On the more concerning side, the U.S. consumer has started to show signs of stress, and several measures of consumer confidence have now slumped to multi-month lows as inflation and a deteriorating outlook for the economy weigh on the American public. In the fixed income markets, the third quarter saw additional rises in interest rates, particularly in September, and these movements have pushed performance of rate-sensitive sectors negative on a year-to-date basis. The broad U.S. fixed income market declined -3.2% for the quarter. U.S. equities began the third quarter on a positive note with leadership from small-cap stocks. However, volatility in August and September brought with it a reversal of fortune. After a strong start to the year for international equities, performance declined for all major non-U.S. indices in the third quarter. The global equity market declined -3.4% for the quarter.

As of September 30, 2023, the Intermediate Term Fund (ITF) assets totaled $645.1 million. For the quarter ended September 30, the ITF decreased in value -0.9% (net of fees), slightly lagging its benchmark (-0.8%).

Presenter:

- Charles Saunders, Chief Investment Officer, Office of Trust Funds

BACKGROUND

The attached UW System Intermediate Term Fund Quarterly Investment Review as of September 30, 2023, prepared by Marquette Associates, provides the following information: 1) a market discussion and commentary section; 2) an overview and summary of the Intermediate Term Fund (ITF) assets and investment performance, asset allocation information, and more detailed investment performance information of the ITF as well as individual asset class levels and detailed characteristics for each of the ITF's investments.

ATTACHMENT

A) Intermediate Term Fund Quarterly Investment Review, September 30, 2023

UNIVERSITIES OF WISCONSIN

University of Wisconsin System

Intermediate Term Fund

Quarterly Investment Review

September 30, 2023

Marquette Associates

Overview/Macro: Payroll figures blew past all estimates in September as employers added around 336,000 jobs during the month, the most since January and roughly twice as many as was expected by most forecasters. The unemployment figure for September was 3.8%, unchanged from the previous month, while headline inflation figures remain hot and wage growth continues to be firm. On the more concerning side, the U.S. consumer has started to show signs of stress as rising gas prices have inhibited spending. Additionally, delinquency rates on credit cards, auto loans, and mortgages have crept up in recent months, and these increases come before student loan payments are scheduled to resume. To that point, several measures of consumer confidence have now slumped to multi-month lows as inflation and a deteriorating outlook for the economy weigh on the American public. Though higher risk premiums in the bond market may create less need for additional monetary policy tightening, investors still currently expect a final interest rate increase from the Federal Reserve before the end of the year.

Fixed Income: The third quarter saw additional rises in interest rates, particularly in September, and these movements have pushed performance of rate-sensitive sectors negative on a year-to-date basis. The 2023 return of the Bloomberg Aggregate Index is now -1.2% after the benchmark posted performance of -3.2% in the third quarter. This recent performance has largely been driven by the prospect of higher-for-longer interest rates and a steepening of the Treasury curve due to higher back-end rates. That said, spread sectors remain resilient. High Yield bonds were up 46 basis points during the quarter and are now higher by almost 6.0% on a year-to-date basis. Going forward, fixed income remains a robust diversifier for risk assets and an attractive asset class given higher starting yields. Agency mortgages and other structured products may provide additional return opportunities for investors. However, corporate credit sits near historical averages and spreads could come under pressure in a recessionary environment.

U.S. Equities: U.S. equities began the third quarter on a positive note with leadership from small-cap stocks, however volatility in August and September brought with it a reversal of fortune. To that point, all major domestic equity indices notched negative returns for the full period but remain in positive territory on a year-to-date basis (with the exception of the Russell 2000 Value Index). Although growth-oriented sectors continue to lead in 2023 after a robust first six months, the Energy sector posted the strongest return in the third quarter given the higher cost of Brent crude after OPEC+ extended production cuts through year-end. As a result, the Russell 1000 Value Index performed roughly in line with the Russell 1000 Growth Index during the quarter after lagging the growth benchmark meaningfully over the prior two periods. September is historically the worst month of the year for equity markets and 2023 was no exception. Markets were challenged during the month due to the threat of a government shutdown, ongoing geopolitical uncertainty, elevated interest rates, and labor strikes. Due to these dynamics, the S&P 500 Index posted four straight weeks of losses during the month. Small-cap equities actually fared worse than their larger peers during September and the third quarter and, as a result of this underperformance, valuations of most small-cap indices remain well below long-term averages. Additionally, while earnings growth has been challenged in recent quarters (with multiples largely driving year-to-date returns), many analysts expect improved earnings in the coming months, which will be necessary to support positive equity performance in light of macroeconomic challenges.

Non-U.S. Equities: After a strong start to the year for international equities, performance declined for all major non-U.S. indices in the third quarter. Emerging markets fared better than developed markets during the period, with the MSCI EAFE and EM indices returning -4.1% and -2.9% for the quarter, respectively. Emerging markets, particularly those in Latin America, have benefitted from being further along in the interest rate cycle, while the notion of "higher for longer" monetary policies have hampered economic growth prospects within developed markets. Style leadership was muted during the quarter, and year-to-date outperformance of the growth factor has waned as growth-oriented sectors suffered due to uncertainty surrounding consumer spending in what could be a prolonged environment of elevated rates. Energy was the lone exception to broadly negative sector performance within non-U.S. markets in the third quarter, as production cuts from some oil-producing countries increased commodity prices. Stocks with higher valuations suffered due to the continued strength of the U.S. dollar, particularly in the semiconductor industry, resulting in stronger performance from cheaper stocks during the period. This trend played out in Japan in particular, where strong performance from the Energy and Financials sectors bolstered returns for the country that continues to be a relatively bright spot within Asia. The outlook for non-U.S. equities remains muddled; while ongoing turmoil in China's property sector creates uncertainty for Emerging Markets indices, India and Latin American countries have proved resilient thus far. Additionally, while inflation is trending down across Europe, the macroeconomic environment will continue to present challenges for central banks across the continent to navigate.

Market Tracker

September 2023

U.S. Equity Returns

	Sep	YTD	1 Yr	3 Yr
S&P 500	-4.8%	13.1%	21.6%	10.2%
Russell 3000	-4.8%	12.4%	20.5%	9.4%
NASDAQ	-5.8%	27.1%	26.1%	6.6%
Dow Jones	-3.4%	2.7%	19.2%	8.6%

Style Index Returns

Month-to-Date	Value	Core	Growth
Large	-3.9%	-4.7%	-5.4%
Mid	-5.1%	-5.0%	-4.9%
Small	-5.2%	-5.9%	-6.6%

Year-to-Date	Value	Core	Growth
Large	1.8%	13.0%	25.0%
Mid	0.5%	3.9%	9.9%
Small	-0.5%	2.5%	5.2%

Non-U.S. Equity Returns

	Sep	YTD	1 Yr	3 Yr
ACWI	-4.1%	10.1%	20.8%	6.9%
ACWI ex. US	-3.2%	5.3%	20.4%	3.7%
EAFE Index	-3.4%	7.1%	25.6%	5.8%
EAFE Local	-1.1%	10.7%	20.3%	10.8%
EAFE Growth	-6.0%	4.3%	20.0%	0.4%
EAFE Value	-0.8%	9.9%	31.5%	11.1%
EAFE Small Cap	-4.4%	1.8%	17.9%	1.1%
Emerging Markets	-2.6%	1.8%	11.7%	-1.7%
EM Small Cap	-2.1%	13.7%	23.1%	10.6%

Regional Returns

	Sep	YTD	1 Yr	3 Yr
Europe	-4.0%	8.1%	29.3%	6.5%
Asia ex-Japan	-2.7%	-0.4%	10.9%	-3.3%
EM Latin America	-2.3%	12.9%	19.4%	15.1%
UK	-0.8%	6.8%	24.9%	12.1%
Germany	-5.9%	8.8%	35.5%	-0.3%
France	-5.3%	10.1%	34.5%	11.1%
Japan	-2.1%	11.2%	25.9%	2.8%
China	-2.8%	-7.3%	5.2%	-14.3%
Brazil	0.2%	12.6%	15.2%	13.3%
India	1.7%	8.0%	10.1%	14.9%

Real Estate Returns

	Qtr	YTD	1 Yr	3 Yr
NCREIF NPI National*	-2.0%	-3.8%	-6.6%	6.8%
FTSE NAREIT	-8.0%	-5.2%	-0.9%	2.7%

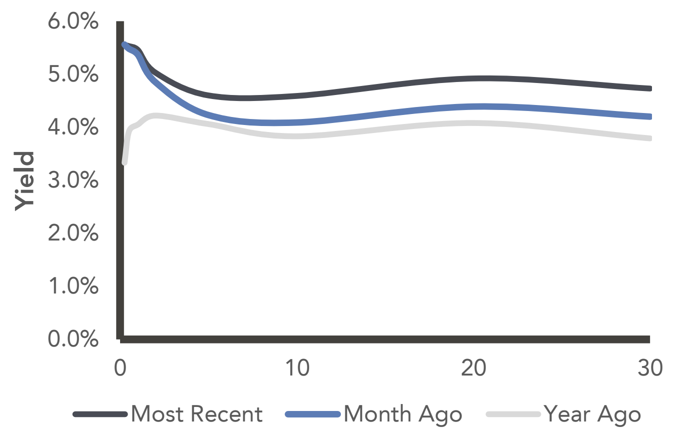
*Returns as of June 30, 2023

MarquetteAssociates

Fixed Income Returns

	Sep	YTD	1 Yr	3 Yr
Aggregate	-2.5%	-1.2%	0.6%	-5.2%
Universal	-2.4%	-0.6%	1.6%	-4.7%
Government	-2.2%	-1.4%	-0.7%	-5.7%
Treasury	-2.2%	-1.5%	-0.8%	-5.8%
Int. Gov/Credit	-1.1%	0.7%	2.2%	-2.9%
Long Gov/Credit	-6.2%	-5.4%	-2.9%	-11.9%
TIPS	-1.8%	-0.8%	1.2%	-2.0%
Municipal 5 Year	-1.7%	-0.9%	2.2%	-1.7%
High Yield	-1.2%	5.9%	10.3%	1.8%
Bank Loans	0.9%	9.9%	12.5%	5.9%
Global Hedged	-1.7%	1.1%	2.1%	-3.7%
EM Debt Hard Currency	-2.6%	1.8%	10.0%	-4.6%

Yield Curve



Hedge Fund Returns

	Sep	YTD	1 Yr	3 Yr
HFRX Global	-0.1%	1.4%	1.6%	1.8%
HFRX Hedged Equity	-0.7%	3.2%	5.0%	6.5%
HFRX Event Driven	0.1%	-0.9%	-2.9%	-1.3%
HFRX Macro	1.1%	0.2%	-2.0%	2.4%
HFRX Relative Value	-0.1%	2.8%	5.1%	-0.4%
CBOE PutWrite	-2.1%	9.3%	16.8%	9.9%

Commodity Returns

	Sep	YTD	1 Yr	3 Yr
GSCI Total	4.1%	7.2%	10.9%	29.5%
Precious Metals	-5.7%	-0.7%	12.5%	-1.5%
Livestock	0.3%	7.8%	17.0%	8.8%
Industrial Metals	1.6%	-9.3%	5.6%	9.7%
Energy	4.4%	-4.3%	-13.0%	26.6%
Agriculture	-4.2%	-4.2%	-1.8%	19.4%
WTI Crude Oil	9.9%	18.8%	24.6%	41.5%
Gold	-4.7%	1.3%	10.9%	-1.4%

University of Wisconsin System

Intermediate Term Fund

Executive Summary

September 30, 2023

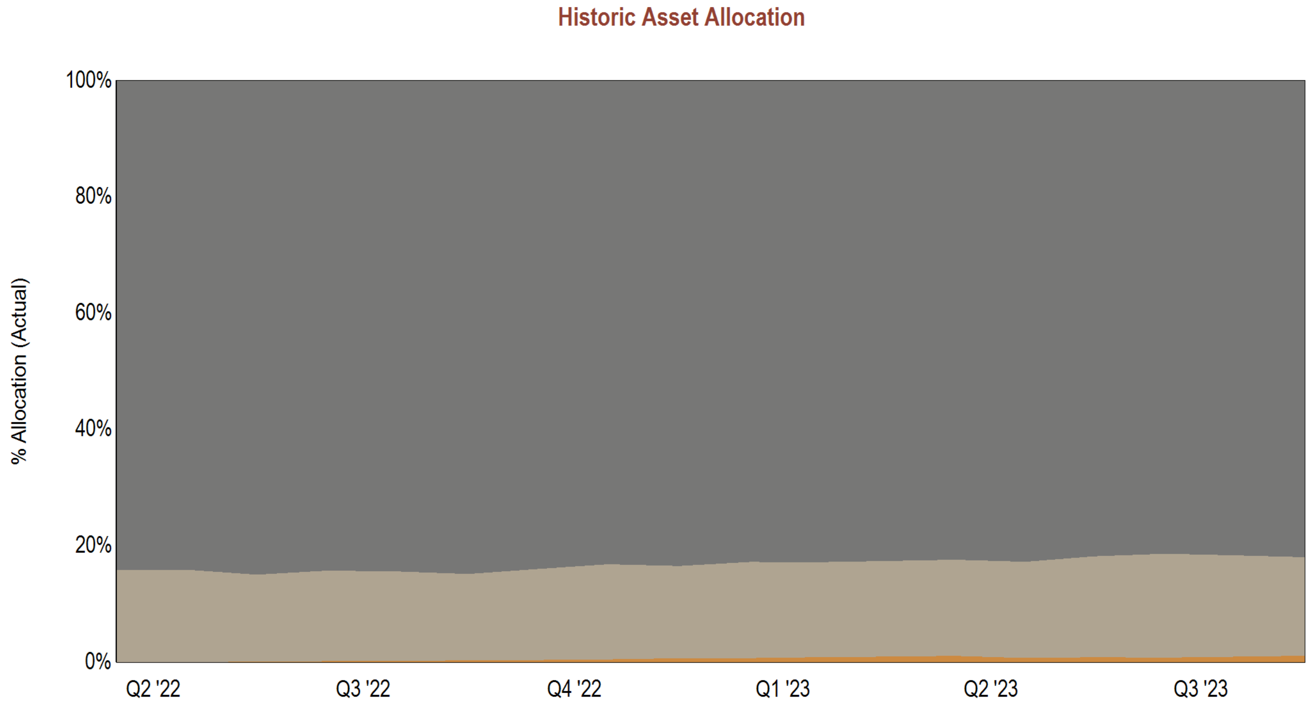
Intermediate Fund

Market Value: $645.1 Million and 100.0% of Fund

	Asset Class	Ending September 30, 2023 Market Value ($)	3 Mo Net Cash Flows ($)	% of Portfolio	Policy %	Policy Difference ($)
Total Fund Composite		**645,073,832**	**-1,297,215**	**100.0**	**100.0**	**0**
Fixed Income Composite		**528,147,821**	**-2,763,868**	**81.9**	**83.3**	**-9,392,203**
iShares Core 1-5 Year Bond Fund	Short-Term Fixed Income	210,759,996	-1,578,164	32.7	33.3	-4,243,112
Blackrock Interm. Govt/Credit Bond Index Fund B	Int. Fixed Income	107,077,031	0	16.6	16.7	-456,776
Blackrock U.S. Debt Index Fund B	Core Fixed Income	103,009,768	0	16.0	16.7	-4,524,040
Blackrock U.S. High Yield Bond Index Fund B	High Yield Fixed Income	54,042,585	0	8.4	8.3	307,935
Blackrock Floating Rate Income Fund	Senior Secured Loans	53,258,440	-1,185,703	8.3	8.3	-476,210
Global Equity Composite		**109,394,660**	**0**	**17.0**	**16.7**	**1,860,853**
Blackrock MSCI ACWI IMI Index Fund B	Global Core Equity	109,394,660	0	17.0	16.7	1,860,853
Cash Equivalents Composite		**7,531,351**	**1,466,653**	**1.2**	**0.0**	**7,531,351**
SWIB Liquidity Fund	Cash & Equivalents	3,363	2,431	0.0		
Cash - iShares Core 1-5 Year Bond Fund	Cash & Equivalents	2,518,247	280,882	0.4		
Cash - Blackrock Floating Rate Income Fund	Cash & Equivalents	5,009,723	1,185,703	0.8		
Cash - Blackrock MSCI ACWI IMI Index Fund B	Cash & Equivalents	17	-2,363	0.0		

* Total market value does not include accrued liabilities or prepaid expenses.

Market Value: $645.1 Million and 100.0% of Fund



	Current	%	Policy	%	Difference	%
Fixed Income Composite	$528,147,821	81.9%	$537,540,024	83.3%	-$9,392,203	-1.5%
Global Equity Composite	$109,394,660	17.0%	$107,533,808	16.7%	$1,860,853	0.3%
Cash Equivalents Composite	$7,531,351	1.2%	$0	0.0%	$7,531,351	1.2%
Total	**$645,073,832**	**100.0%**		**100.0%**		

Annualized Performance (Net of Fees)

Market Value: $645.1 Million and 100.0% of Fund

Ending September 30, 2023

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	Inception	Inception Date
Total Fund Composite	**-0.9**	**3.3**	**6.6**	**--**	**--**	**--**	**--**	**-0.6**	**Apr-22**
Policy Benchmark	*-0.8*	*3.4*	*6.9*	*-2.9*	*0.1*	*1.6*	*2.5*	*-1.5*	*Apr-22*
Fixed Income Composite	**-0.4**	**2.1**	**4.1**	**--**	**--**	**--**	**--**	**-0.1**	**Apr-22**
Bloomberg US Aggregate TR	*-3.2*	*-1.2*	*0.6*	*-7.3*	*-5.2*	*-2.3*	*0.1*	*-3.6*	*Apr-22*
Global Equity Composite	**-3.3**	**9.6**	**20.5**	**--**	**--**	**--**	**--**	**2.2**	**Apr-22**
MSCI ACWI IMI Net USD	*-3.4*	*9.4*	*20.2*	*-2.7*	*6.9*	*7.5*	*6.1*	*1.8*	*Apr-22*

Annualized Performance (Net of Fees)

Market Value: $645.1 Million and 100.0% of Fund

Ending September 30, 2023

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception	Inception Date
Total Fund Composite	**-0.9**	**3.3**	**6.6**	**--**	**--**	**--**	**-0.6**	**Apr-22**
Policy Benchmark	*-0.8*	*3.4*	*6.9*	*-2.9*	*0.1*	*2.5*	*-1.5*	*Apr-22*
Fixed Income Composite	**-0.4**	**2.1**	**4.1**	**--**	**--**	**--**	**-0.1**	**Apr-22**
Bloomberg US Aggregate TR	*-3.2*	*-1.2*	*0.6*	*-7.3*	*-5.2*	*0.1*	*-3.6*	*Apr-22*
iShares Core 1-5 Year Bond Fund	0.2	1.8	3.3	--	--	--	0.1	Apr-22
Bloomberg US Universal 1-5 Years TR	*0.2*	*1.7*	*3.3*	*-2.6*	*-1.4*	*1.2*	*0.3*	*Apr-22*
Short-Term Bond MStar MF Rank	*84*	*87*	*67*	*--*	*--*	*--*	*90*	*Apr-22*
Blackrock Interm. Govt/Credit Bond Index Fund B	-0.8	0.9	2.3	--	--	--	-0.8	Apr-22
Bloomberg US Govt/Credit Int TR	*-0.8*	*0.7*	*2.2*	*-4.2*	*-2.9*	*1.0*	*-0.9*	*Apr-22*
eV US Interm Duration - Govt/Credit Net Rank	*32*	*29*	*42*	*--*	*--*	*--*	*36*	*Apr-22*
Blackrock U.S. Debt Index Fund B	-3.2	-1.0	0.7	--	--	--	-3.5	Apr-22
Bloomberg US Aggregate TR	*-3.2*	*-1.2*	*0.6*	*-7.3*	*-5.2*	*0.1*	*-3.6*	*Apr-22*
eV US Core Fixed Inc Net Rank	*61*	*60*	*66*	*--*	*--*	*--*	*59*	*Apr-22*
Blackrock U.S. High Yield Bond Index Fund B	0.4	5.7	9.9	--	--	--	1.2	Apr-22
Bloomberg US High Yield 2% Issuer Capped	*0.5*	*5.9*	*10.3*	*-2.7*	*1.8*	*2.9*	*1.7*	*Apr-22*
ICE BofA US High Yield TR	*0.5*	*6.0*	*10.2*	*-2.7*	*1.8*	*2.8*	*1.6*	*Apr-22*
eV US High Yield Fixed Inc Net Rank	*63*	*38*	*42*	*--*	*--*	*--*	*64*	*Apr-22*
Blackrock Floating Rate Income Fund	2.8	9.2	12.8	--	--	--	6.6	Apr-22
S&P/LSTA Leveraged Loan	*3.5*	*10.5*	*13.5*	*5.2*	*6.3*	*4.6*	*6.8*	*Apr-22*
Bank Loan MStar MF Rank	*68*	*48*	*23*	*--*	*--*	*--*	*13*	*Apr-22*
Global Equity Composite	**-3.3**	**9.6**	**20.5**	**--**	**--**	**--**	**2.2**	**Apr-22**
MSCI ACWI IMI Net USD	*-3.4*	*9.4*	*20.2*	*-2.7*	*6.9*	*6.1*	*1.8*	*Apr-22*
Blackrock MSCI ACWI IMI Index Fund B	-3.3	9.6	20.5	--	--	--	2.1	Apr-22
MSCI ACWI IMI Net USD	*-3.4*	*9.4*	*20.2*	*-2.7*	*6.9*	*6.1*	*1.8*	*Apr-22*
eV Global Passive Equity Net Rank	*28*	*49*	*77*	*--*	*--*	*--*	*60*	*Apr-22*

Benchmark History

Total Fund Composite		
4/1/2022	Present	33.33% Bloomberg US Universal 1-5 Years TR / 16.67% Bloomberg US Govt/Credit Int TR / 16.67% Bloomberg US Aggregate TR / 8.33% S&P/LSTA Leveraged Loan / 8.33% Bloomberg US High Yield 2% Issuer Capped / 16.67% MSCI ACWI IMI Net USD

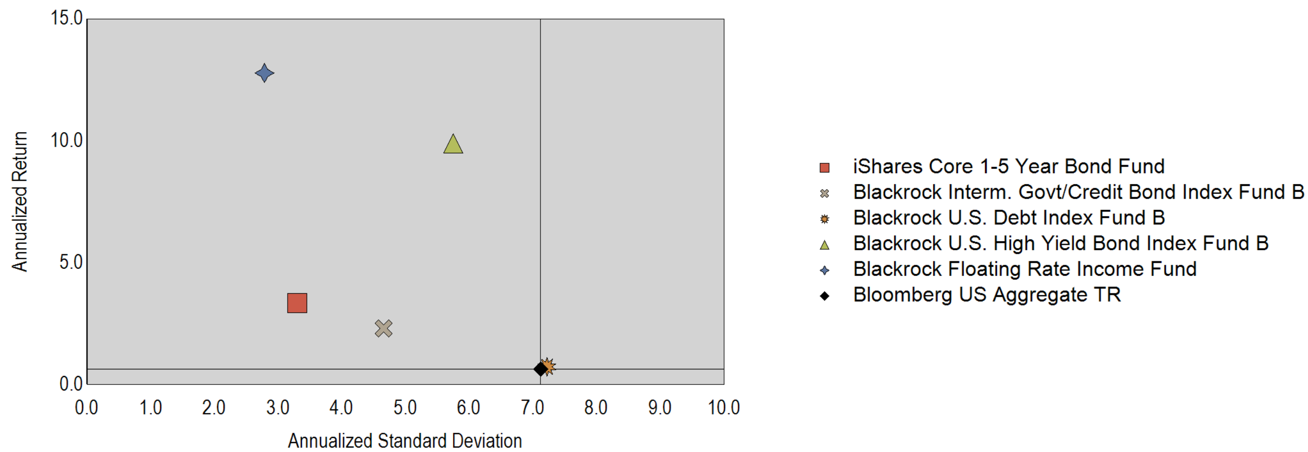
Fixed Income Composite

Characteristics

As of September 30, 2023

Market Value: $528.1 Million and 81.9% of Fund

Risk / Return - 1 Year



Characteristics

	Portfolio	Index
	Q3-23	Q3-23
Yield to Maturity	5.8%	5.4%
Avg. Eff. Maturity	4.6 yrs.	8.4 yrs.
Avg. Duration	3.7 yrs.	5.9 yrs.
Avg. Quality	A	--

Region	Number Of Assets
Americas	11,682
Europe	863
Asia/Pacific	705
Other	745
Total	**13,995**

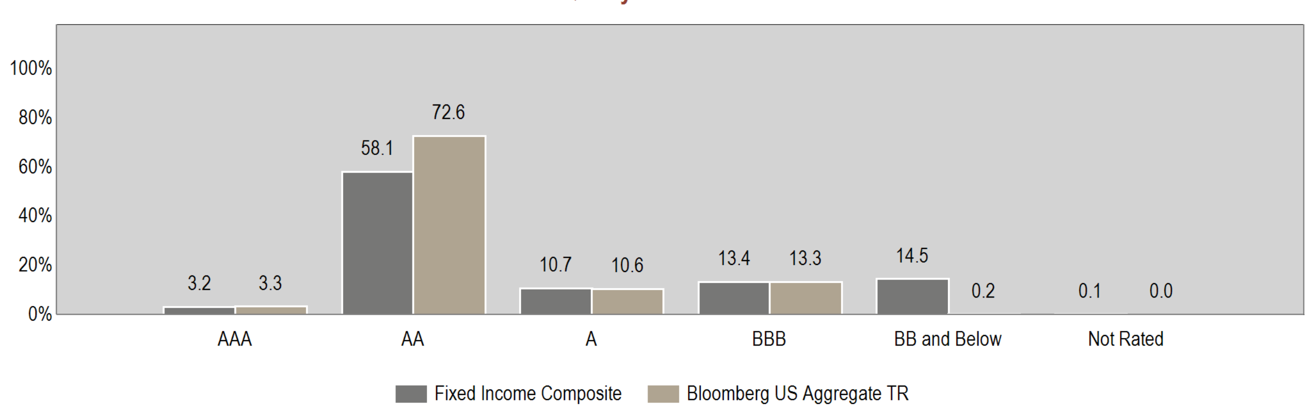
Sector

	Portfolio	Index
	Q3-23	Q3-23
UST/Agency	45.8%	42.5%
Corporate	39.1%	24.7%
MBS	8.6%	28.3%
ABS	0.5%	0.6%
Foreign	4.7%	--
Muni	0.2%	--
Other	1.0%	--

Maturity

	Q3-23
<1 Year	0.9%
1-3 Years	40.0%
3-5 Years	32.0%
5-7 Years	12.2%
7-10 Years	10.9%
10-15 Years	0.5%
15-20 Years	1.1%
>20 Years	2.3%
Not Rated/Cash	0.0%

Quality Distribution

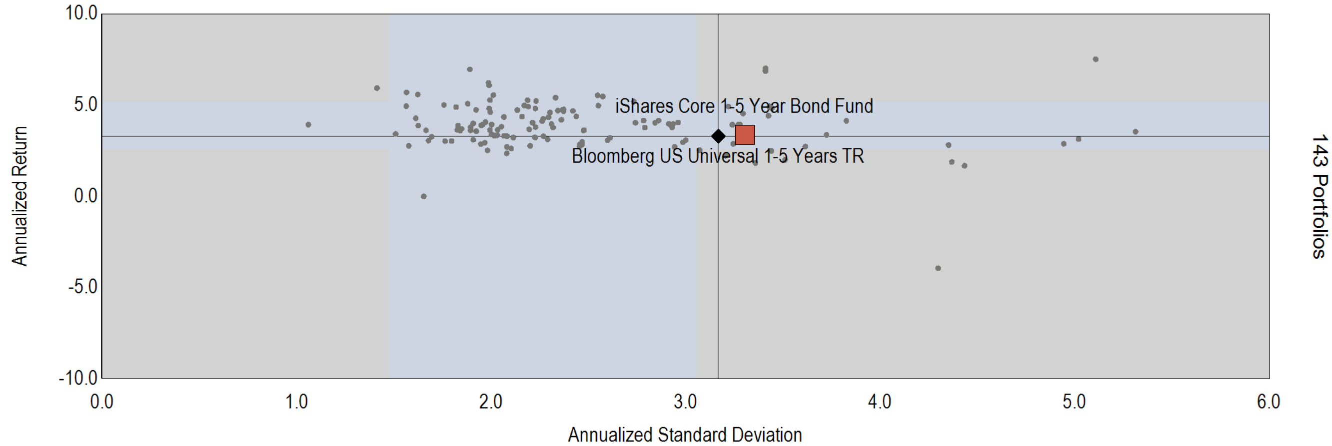


*Characteristics do not include the Blackrock Floating Rate Income Fund.

As of September 30, 2023

Market Value: $210.8 Million and 32.7% of Fund

Risk / Return - 1 Year



Characteristics

	Portfolio Q3-23	Index Q3-23
Yield to Maturity	5.6%	5.2%
Avg. Eff. Maturity	2.9 yrs.	2.8 yrs.
Avg. Duration	2.6 yrs.	2.6 yrs.
Avg. Quality	A	--

Region	Number Of Assets
Americas	3,838
Europe	551
Asia/Pacific	537
Other	614
Total	**5,540**

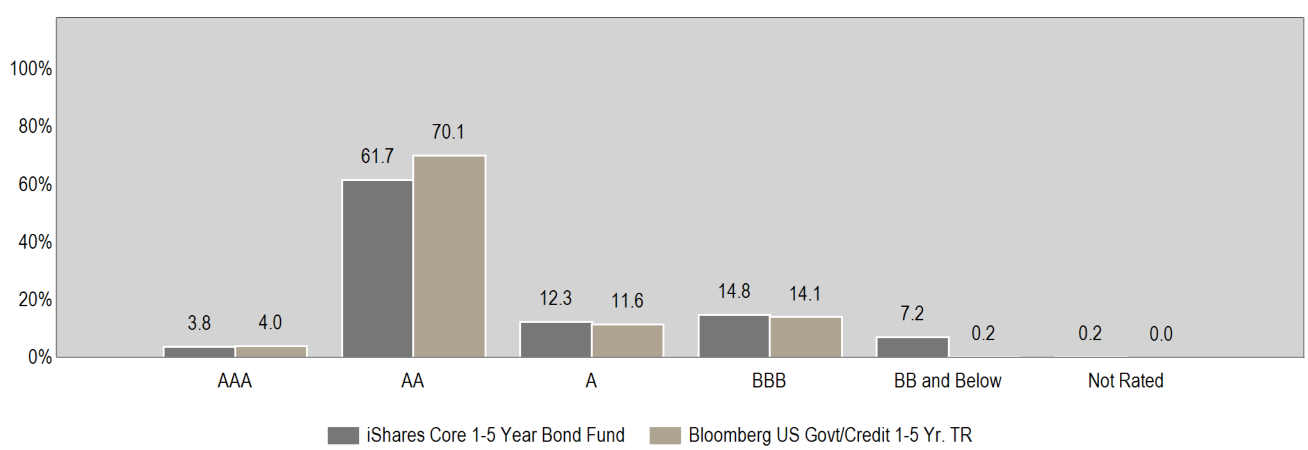
Sector

	Portfolio Q3-23	Index Q3-23
UST/Agency	49.3%	67.4%
Corporate	35.5%	26.9%
MBS	7.0%	--
ABS	0.9%	--
Foreign	6.7%	--
Muni	0.1%	--
Other	0.7%	--

Maturity

	Q3-23
<1 Year	1.0%
1-3 Years	52.8%
3-5 Years	42.8%
5-7 Years	3.3%
7-10 Years	0.0%
10-15 Years	0.0%
15-20 Years	0.0%
>20 Years	0.0%
Not Rated/Cash	0.0%

Quality Distribution

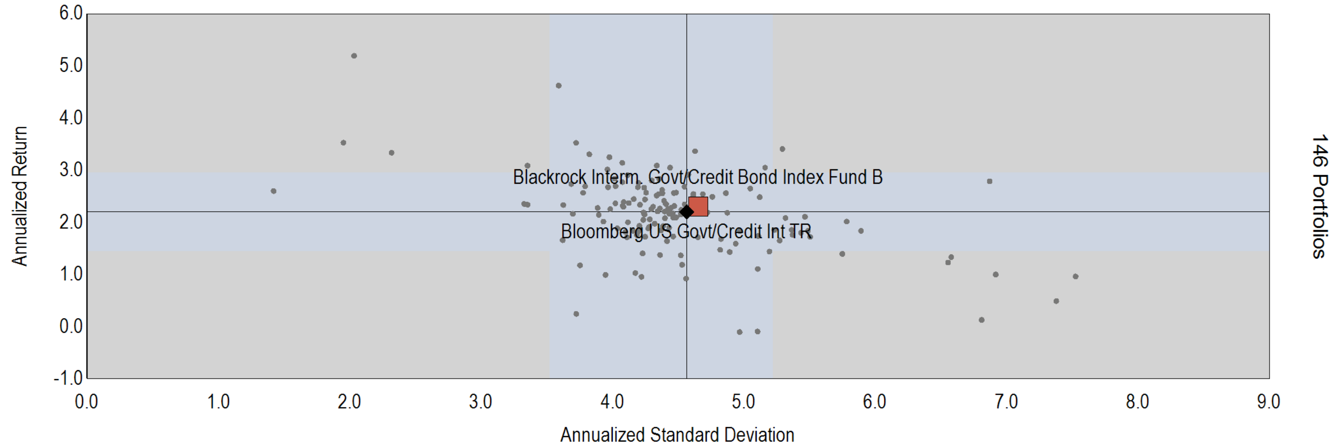


Blackrock Interm. Govt/Credit Bond Index Fund B

As of September 30, 2023

Market Value: $107.1 Million and 16.6% of Fund

Risk / Return - 1 Year



Characteristics

	Portfolio	Index
	Q3-23	Q3-23
Yield to Maturity	5.2%	5.2%
Avg. Eff. Maturity	4.2 yrs.	4.2 yrs.
Avg. Duration	3.8 yrs.	3.8 yrs.
Avg. Quality	AA	--

Region	Number Of Assets
Americas	3,782
Europe	293
Asia/Pacific	225
Other	140
Total	**4,440**

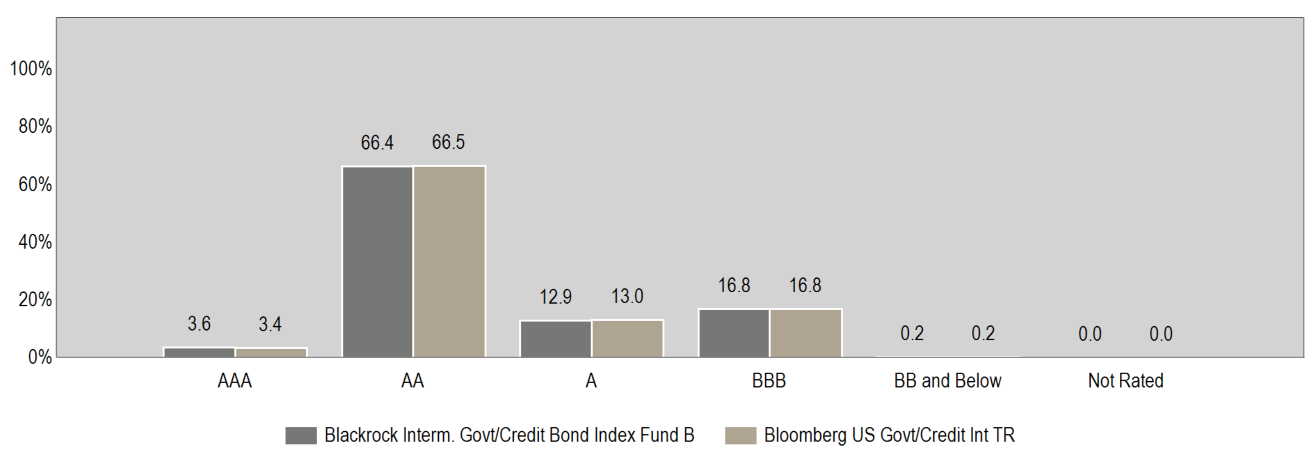
Sector

	Portfolio	Index
	Q3-23	Q3-23
UST/Agency	64.4%	63.9%
Corporate	30.8%	30.7%
MBS	--	--
ABS	0.1%	--
Foreign	4.9%	--
Muni	0.2%	--
Other	-0.4%	--

Maturity

	Q3-23
<1 Year	1.0%
1-3 Years	39.9%
3-5 Years	25.4%
5-7 Years	18.1%
7-10 Years	15.5%
10-15 Years	0.0%
15-20 Years	0.0%
>20 Years	0.0%
Not Rated/Cash	0.0%

Quality Distribution



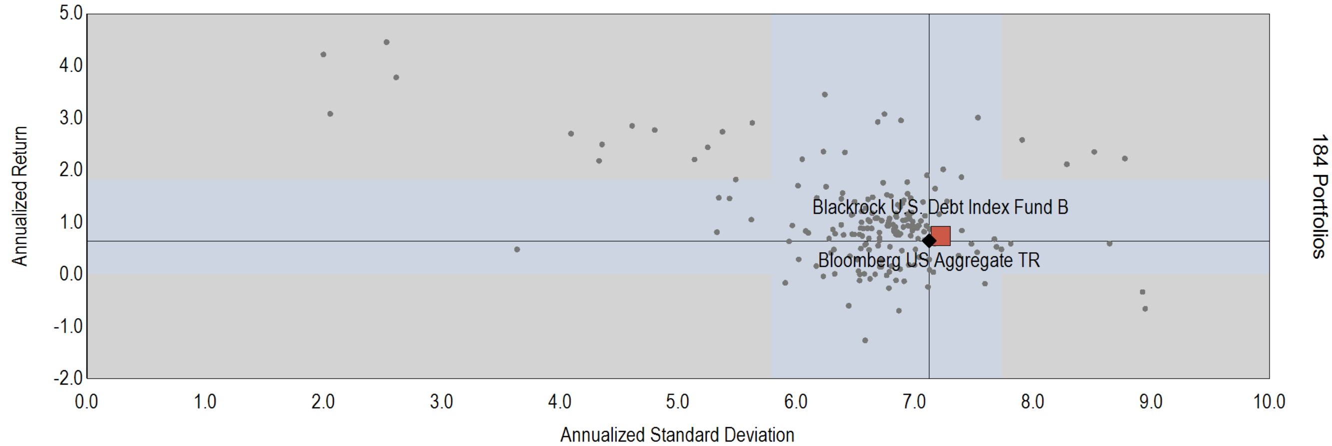
Blackrock U.S. Debt Index Fund B

Characteristics

As of September 30, 2023

Market Value: $103.0 Million and 16.0% of Fund

Risk / Return - 1 Year



Characteristics

	Portfolio	Index
	Q3-23	Q3-23
Yield to Maturity	5.4%	5.4%
Avg. Eff. Maturity	8.4 yrs.	8.4 yrs.
Avg. Duration	6.0 yrs.	5.9 yrs.
Avg. Quality	AA	--

Region	Number Of Assets
Americas	8,846
Europe	405
Asia/Pacific	268
Other	181
Total	**9,700**

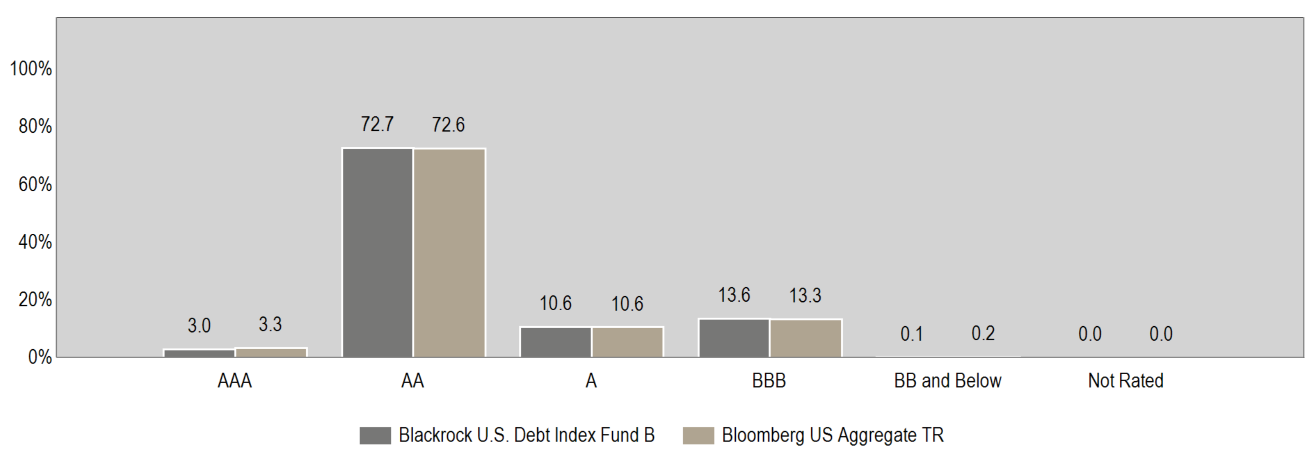
Sector

	Portfolio	Index
	Q3-23	Q3-23
UST/Agency	43.7%	42.5%
Corporate	23.8%	24.7%
MBS	25.4%	28.3%
ABS	0.5%	0.6%
Foreign	3.1%	--
Muni	0.6%	--
Other	3.0%	--

Maturity

	Q3-23
<1 Year	0.6%
1-3 Years	23.1%
3-5 Years	16.0%
5-7 Years	13.8%
7-10 Years	29.3%
10-15 Years	1.7%
15-20 Years	4.9%
>20 Years	10.6%
Not Rated/Cash	0.0%

Quality Distribution



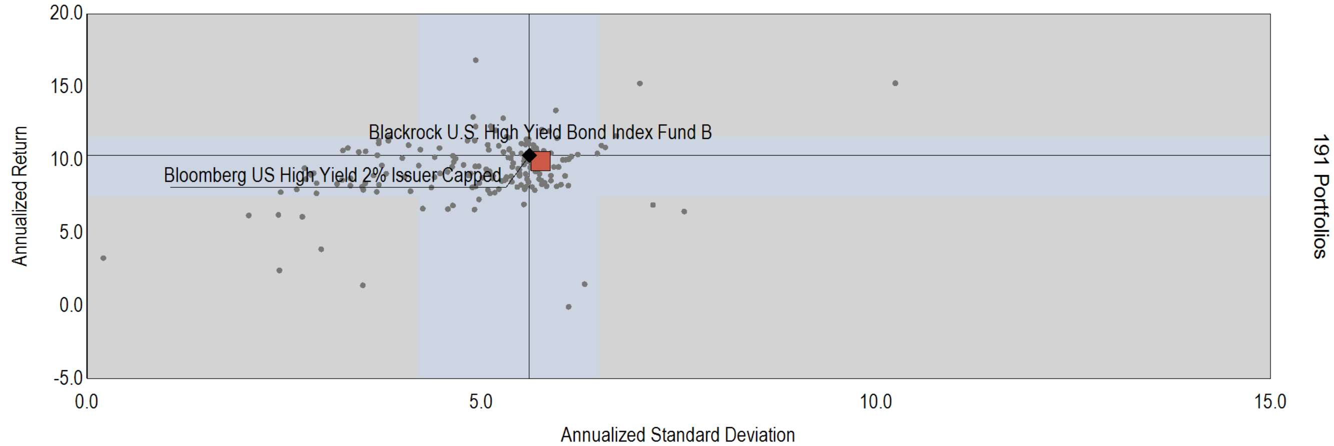
Blackrock U.S. High Yield Bond Index Fund B

Characteristics

As of September 30, 2023

Market Value: $54.0 Million and 8.4% of Fund

Risk / Return - 1 Year



Characteristics

	Portfolio	Index
	Q3-23	Q3-23
Yield to Maturity	8.9%	8.9%
Avg. Eff. Maturity	4.9 yrs.	4.9 yrs.
Avg. Duration	3.9 yrs.	3.9 yrs.
Avg. Quality	B	--

Region	Number Of Assets
Americas	1,628
Europe	135
Asia/Pacific	13
Other	73
Total	**1,849**

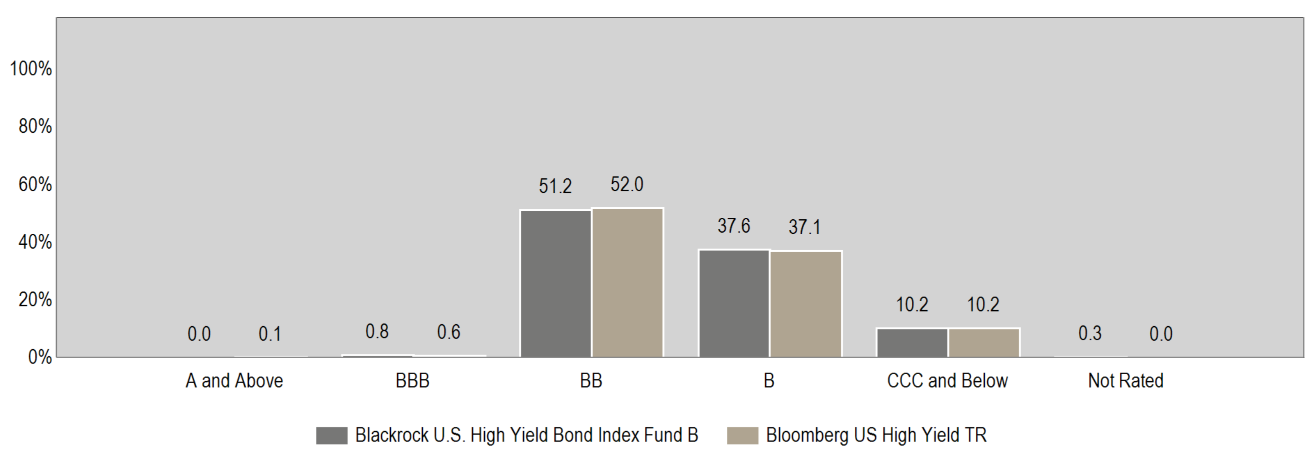
Sector

	Portfolio	Index
	Q3-23	Q3-23
UST/Agency	0.1%	--
Corporate	98.6%	99.9%
MBS	--	--
ABS	--	--
Foreign	0.1%	--
Muni	--	--
Other	1.2%	--

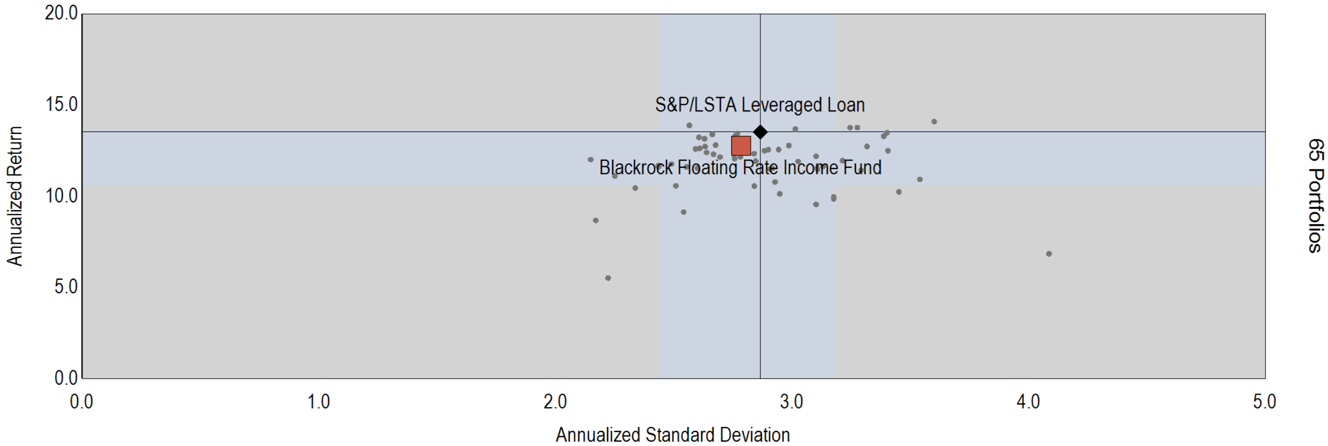
Maturity

	Q3-23
<1 Year	0.4%
1-3 Years	20.8%
3-5 Years	32.8%
5-7 Years	32.7%
7-10 Years	11.1%
10-15 Years	1.2%
15-20 Years	0.4%
>20 Years	0.7%
Not Rated/Cash	0.0%

Quality Distribution



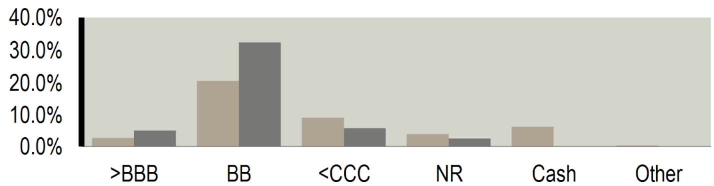
Risk / Return - 1 Year



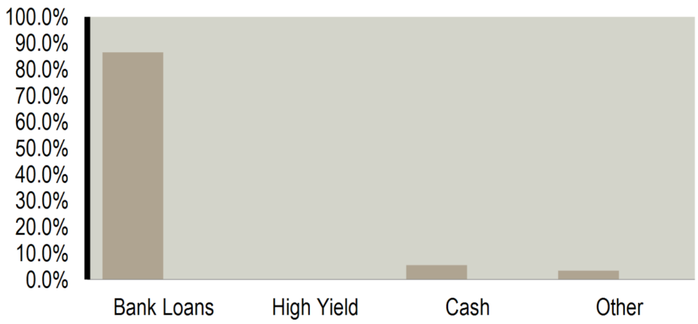
Characteristics

	BlackRock Global Investors	CS Leveraged Loans
Total Number of Holdings	472	1636
Current Yield	9.9%	9.6%
Avg Duration	0.07	0.64
Avg Quality	B+	B

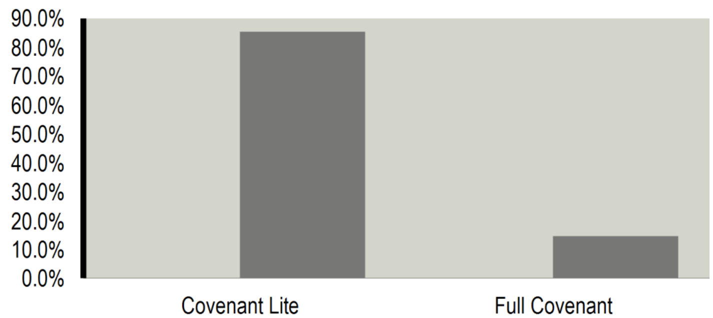
Quality Distribution



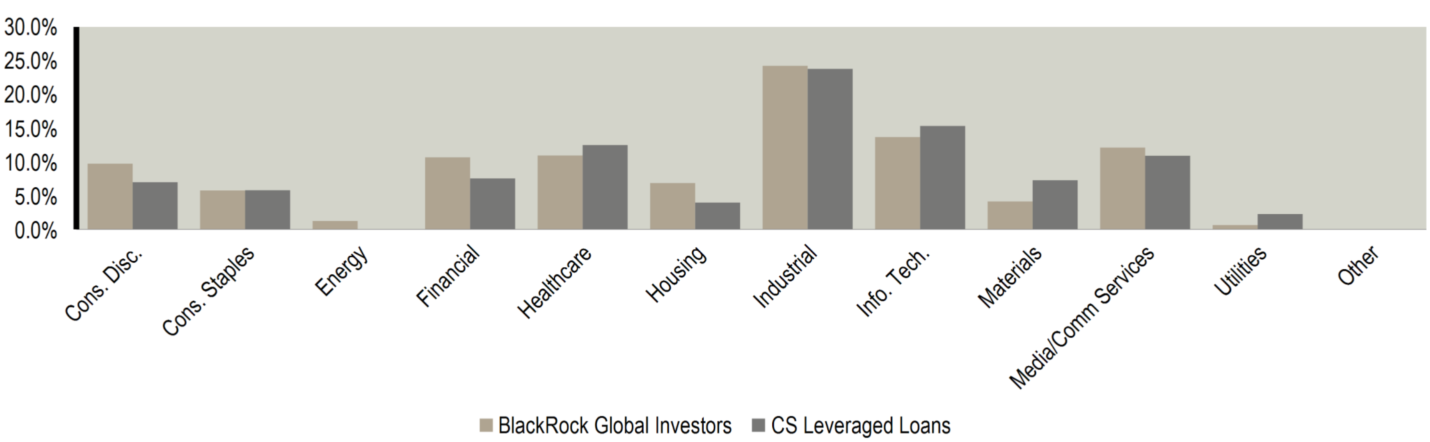
Seniority Breakdown



Covenant Breakdown



Product Sector Breakdown



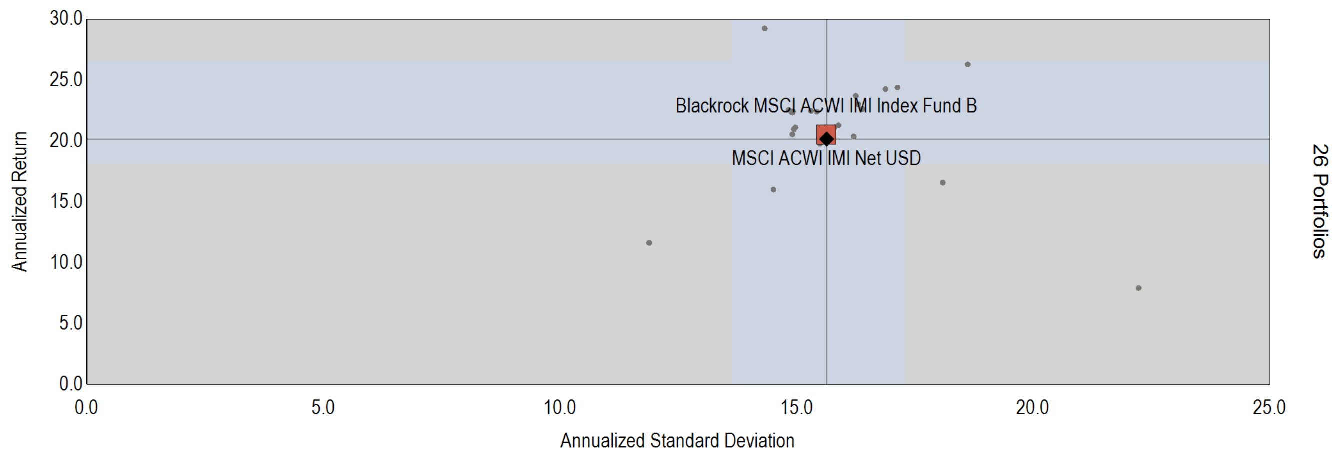
Blackrock MSCI ACWI IMI Index Fund B

Characteristics

As of September 30, 2023

Market Value: $109.4 Million and 17.0% of Fund

Risk / Return - 1 Year



Characteristics

	Portfolio	MSCI ACWI IMI Net USD
Number of Holdings	9,204	9,207
Weighted Avg. Market Cap. ($B)	369.4	366.6
Median Market Cap. ($B)	1.9	1.9
Price To Earnings	17.6	17.5
Price To Book	3.2	3.2
Price To Sales	1.6	1.6
Return on Equity (%)	18.7	18.6
Yield (%)	2.3	2.3

Region	% of Total	% of Bench
North America ex U.S.	3.0%	2.9%
United States	59.5%	61.0%
Europe Ex U.K.	13.6%	11.9%
United Kingdom	3.6%	3.8%
Pacific Basin Ex Japan	3.4%	2.9%
Japan	6.1%	6.1%
Emerging Markets	10.0%	10.9%
Other	0.8%	0.3%
Total	**100.0%**	**100.0%**

Characteristics

	Portfolio	MSCI ACWI IMI Net USD
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	5.2	5.2
Materials	4.9	4.9
Industrials	11.3	11.4
Consumer Discretionary	11.3	11.4
Consumer Staples	6.8	6.9
Health Care	11.6	11.6
Financials	15.4	15.5
Information Technology	20.4	20.5
Communication Services	7.0	7.1
Utilities	2.6	2.6
Real Estate	2.9	2.9
Unclassified	0.4	0.0

Market Capitalization

	Small Cap	**Mid Cap**	**Large Cap**
Blackrock MSCI ACWI IMI Index Fund B	15.0%	16.6%	68.5%
MSCI ACWI IMI Net USD	17.0%	16.2%	66.8%
Weight Over/Under	*-2.1%*	*0.4%*	*1.7%*

Market Value: $645.1 Million and 100.0% of Fund

Asset Class	Investment Manager	Fee Schedule	Expense Ratio & Estimated Annual Fee [1]	Industry Median [2]
Short-Term Fixed Income	iShares Core 1-5 Year Bond Fund	0.06% on the balance	0.06% $126,456	0.47%
Int. Fixed Income	Blackrock Interm. Govt/Credit Bond Index Fund B	0.02% on the balance	0.02% $21,415	0.25%
Core Fixed Income	Blackrock U.S. Debt Index Fund B	0.0175% on the balance	0.02% $18,027	0.07%
High Yield Fixed Income	Blackrock U.S. High Yield Bond Index Fund B	0.12% on the first $100 million 0.105% on the next $400 million 0.09% on the balance	0.12% $64,851	0.50%
Senior Secured Loans	Blackrock Floating Rate Income Fund	0.71% on the balance	0.71% $378,135	0.70%
Global Core Equity	Blackrock MSCI ACWI IMI Index Fund B	0.02% on the balance	0.02% $21,879	0.09%
Total Investment Management Fees			**0.10%** **$630,763**	**0.32%**

[1] Expense Ratio & Estimated Annual Fee are Based on Market Value at Quarter End.
[2] Source: Marquette Associates Investment Management Fee Study. Industry median uses the most applicable active or passive industry median. If no passive option exists, then active industry median is used.

Prepared by Marquette Associates

180 North LaSalle St, Ste 3500, Chicago, Illinois 60601 PHONE 312-527-5500
CHICAGO BALTIMORE MILWAUKEE PHILADELPHIA ST. LOUIS WEB MarquetteAssociates.com

CONFIDENTIALITY NOTICE: This communication, including attachments, is for the exclusive use of the addressee and contains proprietary, confidential and/or privileged information; any use, copying, disclosure, dissemination, or distribution is strictly prohibited. Marquette Associates, Inc. retains all proprietary rights they may have in the information.

Marquette Associates, Inc. ("Marquette") has prepared this document for the exclusive use by the client or third party for which it was prepared. The information herein was obtained from various sources, including but not limited to third party investment managers, the client's custodian(s) accounting statements, commercially available databases, and other economic and financial market data sources. Hedge funds summary information via Morgan Stanley Prime Brokerage.

The sources of information used in this document are believed to be reliable. Marquette has not independently verified all of the information in this document and its accuracy cannot be guaranteed. Marquette accepts no liability for any direct or consequential losses arising from its use. The information provided herein is as of the date appearing in this material only and is subject to change without prior notice. Thus, all such information is subject to independent verification and we urge clients to compare the information set forth in this statement with the statements you receive directly from the custodian in order to ensure accuracy of all account information. Past performance does not guarantee future results and investing involves risk of loss. No graph, chart, or formula can, in and of itself, be used to determine which securities or investments to buy or sell.

Forward-looking statements, including without limitation any statement or prediction about a future event contained in this presentation, are based on a variety of estimates and assumptions by Marquette, including, but not limited to, estimates of future operating results, the value of assets and market conditions. These estimates and assumptions, including the risk assessments and projections referenced, are inherently uncertain and are subject to numerous business, industry, market, regulatory, geopolitical, competitive, and financial risks that are outside of Marquette's control. There can be no assurance that the assumptions made in connection with any forward-looking statement will prove accurate, and actual results may differ materially.

The inclusion of any forward-looking statement herein should not be regarded as an indication that Marquette considers forward-looking statements to be a reliable prediction of future events. The views contained herein are those of Marquette and should not be taken as financial advice or a recommendation to buy or sell any security. Any forecasts, figures, opinions or investment techniques and strategies described are intended for informational purposes only. They are based on certain assumptions and current market conditions, and although accurate at the time of writing, are subject to change without prior notice. Opinions, estimates, projections, and comments on financial market trends constitute our judgment and are subject to change without notice. Marquette expressly disclaims all liability in respect to actions taken based on any or all of the information included or referenced in this document. **The information is being provided based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing.**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any interest in any investment vehicle, and should not be relied on as such. Targets, ranges, and expectations set forth in this presentation are approximations; actual results may differ. The information and opinions expressed herein are as of the date appearing in this material only, are subject to change without prior notice, and do not contain material information regarding the Marquette Model Portfolio, including specific information relating to portfolio investments and related important risk disclosures. The descriptions herein of Marquette's investment objectives or criteria, the characteristics of its investments, investment process, or investment strategies and styles may not be fully indicative of any present or future investments, are not intended to reflect performance and may be changed in the discretion of Marquette. While the data contained herein has been prepared from information that Marquette believes to be reliable, Marquette does not warrant the accuracy or completeness of such information. Client account holdings may differ significantly from the securities in the indices and the volatility of the index may be materially different from client account performance. You cannot invest directly in an index.

ABOUT MARQUETTE ASSOCIATES

Marquette was founded in 1986 with the sole objective of providing investment consulting at the highest caliber of service. Our expertise is grounded in our commitment to client service — our team aims to be a trusted partner and as fiduciaries, our clients' interests and objectives are at the center of everything we do. Our approach brings together the real-world experience of our people and our dedication to creativity and critical thinking in order to empower our clients to meet their goals. Marquette is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request and on our website. For more information, please visit www.MarquetteAssociates.com.

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS QUARTERLY INVESTMENT REPORT AS OF SEPTEMBER 30, 2023

REQUESTED ACTION

No action is required; this item is for information only.

SUMMARY

As of September 30, 2023, UW System Trust Funds assets totaled $559.7 million, comprised of $524.5 million in the Long Term (endowment) Fund and $35.2 million in the Income Cash Fund (a component of the State Investment Fund). Cash flows into/out of the State of Wisconsin Investment Board (SWIB)-managed portfolios for the period included a $3,459,803 distribution from the Long Term Fund. $132,982 was distributed from the SWIB managed funds for payment of fees.

The U.S. equity market initially rallied over the quarter, supported by a falling inflation rate and resilient economic data. The Federal Reserve (Fed) raised its policy rate by 25 basis points, bringing the fed funds rate to 5.25%-5.50%. However, uncertainty about whether the Fed has reached the endpoint for a rate-hiking cycle has dampened the market sentiment.

For the quarter ended September 30, the well-diversified Long Term Fund decreased in value -2.56% (net of fees), slightly outperforming its benchmark. The Income Cash Fund gained +1.33% for the period.

Presenters:

- Charles Saunders, Chief Investment Officer, Office of Trust Funds
- Robert Thornton, Asset & Risk Allocation Business Director, State of Wisconsin Investment Board

BACKGROUND

The attached UW System Trust Funds Quarterly Investment Review as of September 30, 2023, prepared by the State of Wisconsin Investment Board (SWIB), provides the following information: 1) an overview and summary of total Trust Funds assets, investment performance, and cash flows to/from the SWIB-managed portfolios for the period; 2) a market discussion and commentary section; 3) market overview indicators; 4) asset allocation information; 5) more detailed investment performance information at the overall Fund as well as individual asset class levels; and 6) in the appendix, detailed “fact sheets” for each of the BlackRock common trust index funds, which have been selected by SWIB to provide for Trust Funds’ investments in public markets.

ATTACHMENT

A) University of Wisconsin System Trust Funds Quarterly Investment Review September 30, 2023

SWIB
STATE OF WISCONSIN INVESTMENT BOARD

University of Wisconsin System Trust Funds

UNIVERSITY OF WISCONSIN SYSTEM

Quarterly Investment Review
September 30, 2023

UW System Trust Funds: Overview and Investment Summary
Quarter Ended September 30, 2023

Investment Objective

To achieve, net of administrative and investment expenses, reasonable, attainable and sustainable returns over and above the rate of inflation. SWIB seeks to achieve this objective through the use of passive, externally-managed, public markets funds.

Market Values as of September 30, 2023

Total Public Market Assets[1]	$453,939,427
Total Legacy Private Market Assets[1]	$70,308,345
Other Cash and Accruals [2]	$235,592
Total UW System Long Term Fund [1]	**$524,483,364**
Income Cash Fund (State Investment Fund 'SIF') [3]	**$35,203,000**

1 Market values are calculated net of external management fees.

2 Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.

3 Data is sourced from the Quarter End Pool Sheets provided by the DOA and represents the monies available in UW Funds 161 and 162 (STAR account(s) 51100 and 51200).

Performance for Quarter Ended September 30, 2023

	Jul-23	Aug-23	Sep-23	3 Months
UW System Long Term Fund (Gross of Fees)	2.02%	-1.82%	-2.71%	-2.56%
UW System Long Term Fund (Net of All Fees)[4]	2.01%	-1.83%	-2.72%	-2.58%
UW Fund Custom Benchmark	2.02%	-1.85%	-2.74%	-2.61%

4 Returns are calculated net of external management fees.

Contributions/Withdrawals for Quarter Ended September 30, 2023

UW System Long Term Fund - Public Markets [5]	($1,467,622)
UW System Long Term Fund - Private Markets [6]	($1,992,181)
UW System Long Term Fund Contributions for Fees	$366,065
UW System Long Term Fund Fees Expensed [7]	($132,982)

5 Amount represents the net of new contributions and withdrawals by UWS, including endowment spending distributions, assessment of UWS internal fees, as well as reallocations among the public and private market portfolios.

6 Distributions from StepStone and other private market underlying funds are net of external investment management fees paid.

7 Fees expensed can include external and internal management fees, custody & middle office fees, and other pass through fees accrued and paid from both the public and private market accounts.

Performance and Market Discussion

For the quarter ended September 30th, the UW investment portfolio returned -2.56%, performing in-line with its benchmark.

The U.S. equity market initially rallied over the quarter, supported by a falling inflation rate and resilient economic data. The Federal Reserve (Fed) raised its policy rate by 25 basis points, bringing the fed funds rate to 5.25%-5.50%. However, uncertainty about whether the Fed has reached the endpoint for rate-hiking cycle has dampened the market sentiment.

Equity Performance

The U.S. broad-market Russell 3000 Index increased -3.25% in the quarter.

The U.S. equity market initially rallied over the quarter, supported by a falling inflation rate and resilient economic data. The Federal Reserve (Fed) raised its policy rate by 25 basis points, bringing the fed funds rate to 5.25%-5.50%. However, uncertainty about whether the Fed has reached the endpoint for rate-hiking cycle has dampened the market sentiment.

A slight inflation hike in August 2023 weighed down on market performance over the second part of Q3. However, the Federal Reserve (Fed) kept rates unchanged during their September meeting, signaling a hawkish pause that raised concerns about high rates persisting for a longer period and a possibility of another rate hike later this year - driven by increasing oil prices pushing the inflation rate higher.

The MSCI World ex-U.S. (Net) Index returned -4.10% during the third quarter of 2023.

Global growth and inflation concerns took center stage in shaping sentiment across developed markets. Developed European equities fell over the quarter amid worries about the potential impact of further rate hikes on economic growth.

The cooling inflation rate in Europe raised optimism that the rate hike cycle was nearing its endpoint. The European Central Bank (ECB) raised interest in both July and September, signaling a pause ahead, as the current level was deemed sufficient to guide inflation back to its target. However, the Bank of England (BoE) maintained rates unchanged in September but indicated a longer period of elevated rates.

In Japan, equity markets rallied on the back of rising rates and robust earnings results. The weakened Yen, coupled with strong domestic demand, heightened investor sentiment, and supported market performance throughout the quarter. The Bank of Japan (BOJ) announced policy adjustments that supported a gradual increase in Japanese government bond yields.

From a sector perspective, Energy (11.77%), Financials (0.85%), and Real Estate (-0.95%) were among the best performers. While Information Technology (-10.63%) Utilities (-8.71%), and Consumer Discretionary (-8.25%) were among the worst performers.

Fixed Income Performance

The Bloomberg US Government Credit Index posted a return of -3.00% and the Bloomberg Intermediate US Government Credit Index posted a return of -0.83% during the third quarter. In September, the Federal Open Market Committee (FOMC) decided to keep rates unchanged with the target range at 5.25-5.50%. The Survey of Economic Projections (SEP) revealed an upgraded growth outlook and maintained the possibility of one more hike this year. The dot-plot in the SEP was hawkish, with the Fed anticipating cuts of only 50 basis points (bps) next year, compared to the previous projection of 100 bps. This is also less dovish than the market expectation of ~80 bps. The SEP medians indicated a committee more convinced of a soft-landing narrative. The Fed raised its growth forecast for the year to 2.1%, reflecting solid recent data. Decisions will be made on a meeting-by-meeting basis. As a result, US Treasury yields surged and the curve steepened, with the 10-year rate reaching its highest level since 2007 at 4.55% and the 30-year rate reaching 4.67%, driven by market expectations of higher rates for a longer period and elevated supply.

On the data front, August US Headline CPI popped came out at 0.63% MoM and 3.7% YoY, its largest sequential gain since June 2022. Core CPI came in at 0.28% MoM and 4.4% YoY. More than half of the Headline figure was driven up by a pick-up energy price (5.6%), while food posted more modest gains (0.2% MoM). US Core PCE inflation was also trimmed to 3.7% by year-end. GDP was unchanged at 2.1% for the second quarter, slightly higher than first quarter which was 2.0% annualized. Consumers were more cautious in their spending with Consumer spending, which accounts for about 70% of the US economy, revised lower to a 0.8% annualized rate, down from 1.7% in the previous estimate. Labor markets demonstrated some signs of cooling in September as evidenced by JOLTS data which exhibited a decline in both job openings and the quits rate. Concurrently, Non-Farm Payrolls registered below 200,000 for the third month in a row while the participation rate moved higher.

Oil prices have surged above $90 per barrel, apart from the long-standing environmental challenges that drive oil prices high, several factors have contributed to this price jump. Supply constraints from OPEC+ and other producers, demand recovery from China and other major consumers, who are ramping up their oil consumption as they emerge from the pandemic and prepare for the Golden Week holiday. Additionally, sanctions, conflicts, or instability in some oil-producing regions such as Libya, Iran, Nigeria, and Venezuela have further impacted the price.

Corporate spreads remained relatively resilient despite several factors that exerted negative pressure on equities, including higher yields, negative consumer headlines, and rising energy prices. Despite the cooling inflation and labor market data, yields have continued to move higher driven by a pickup in term premium, improving economic growth projections and the Fed's indication that it is unlikely to pivot even if growth slows. Outside of economic news, Investors faced negative headlines surrounding a potential government shutdown, UAW labor strike and significantly higher oil prices driven by OPEC supply cuts. Against this backdrop, the Bloomberg US Investment Grade Credit Index widened by 3bps in September, to 112bps, resulting in a monthly excess return of 3bps. Primary market issuance for September was about $141.9bn, including $114.5bn in corporates and $27.4bn in non-corporates. With rates persistently climbing higher, we continue to see a lack of issuance in the back end of the curve with year-over-year long end issuance down nearly 13%.

Inflation Sensitive Performance

In Q3, breakeven levels in the US increased. Over the quarter, 10-year nominal rates increased ~72 bps while real rates rose ~62bps. These movements drove a ~10bps increase in 10-year inflation expectations. Starting off the quarter, July's FOMC meeting resumed rate hikes following June's skip resulting in the target range being set to 5.25% - 5.5%, the highest Fed Funds level in over 22 years. The resilience of the U.S labor market continued over the quarter, with the unemployment rate remaining low at 3.6% while nonfarm payrolls recorded ~209k jobs added to the US economy. CPI printed at 0.17% MoM, with core CPI printing 0.16% MoM and 4.65% YoY. The inflation prints reflect a moderating inflation as the effects of higher rates start to slow the economy. The CPI deceleration is attributed to contractions in core goods and downshift in shelter inflation. Most markedly, we saw a decrease in used car prices which fell to 1.3% MoM. The third week of August concluded with the annual Economic Policy Symposium held in Jackson Hole, offering valuable insights into forthcoming macroeconomic focal points. Towards the end of the month, there was a significant contraction in job openings, registering at ~8827k MoM, reflecting a substantial decrease of approximately ~755k decrease from July. Moreover, there has been a notable decline in general consumer sentiment, with consumer confidence metrics falling well below the anticipated level of approximately 106.1 points MoM. This suggests a substantial and widespread reduction in consumer moods.

In the final month of the quarter, Fed chair Jerome Powell, announced that the Fed would hold rates steady, keeping the Fed Funds rate between ~5.25% and 5.50%. The meeting maintained the stance that a soft landing is a primary objective for the FOMC. However, Chair Powell highlighted that forecasts remain highly uncertain. The overall resilience in the U.S economy encourages rates to remain higher for longer. Powell concluded the FOMC meeting by keeping the door open for a potential hike in the upcoming months if economic data necessitates it. In tail end of the quarter, jobless claims fell notably below expectations at ~201k WoW compared to ~220k the week prior. The labor market is further supported in the dip in continuing claims which fell from ~1688k WoW to ~1662k WoW. Consumer confidence dipped at the end of the quarter. This modest reduction in consumer expenditures could serve as an early indicator suggesting the potential for deteriorating business conditions in the upcoming months.

Q3 2023: Global REITs* lost -5.6% in Q3 after adding +0.5% in Q2 2023. Global REITs* underperformed both the FTSE Developed Index and MSCI World Index in Q1, which returned -3.3% and -3.4%, respectively. As of 9/30/2023, global REITs* had a dividend yield of 4.57%, compared to 2.08% for the FTSE Developed Index and 2.06% for the MSCI World Index.

US REITs** also lost in Q3 dropping -7.1%, compared to the S&P 500 Index and Russell 1000 Index which dropped -3.3% and -3.2%, respectively. As of 9/30/2023 US REITs** had a trailing 12-month dividend yield of 4.49% which was more than double the trailing 12-month dividend yields of the S&P 500 Index and Russell 1000 Index, which were 1.68% and 1.57%, respectively.

REIT industries all struggled in Q3 with Office REITs fairing the best only declining -0.5% while Infrastructure REITs dropped -5.5% for the worst performing slot. Rising bonds yields in Developed Markets have created headwinds for Global REITs with major central banks leading markets to expect interest rates to remain higher for longer[1]. Looking at the YTD period, Data Center REITs are up +16.4% as AI and crypto remain in focus in the markets, while Infrastructure REITs have continued their trend downwards dropping -24.6% in 2023.

Asset Allocation

Public Markets allocations ended the quarter with 60.1% in equities, versus a target of 57.0%; 18.7% in fixed income versus a target of 20%; and 21.2% in inflation sensitive assets versus a target of 23.0%.

UW System Trust Funds: Market Overview

Quarter Ended September 30, 2023

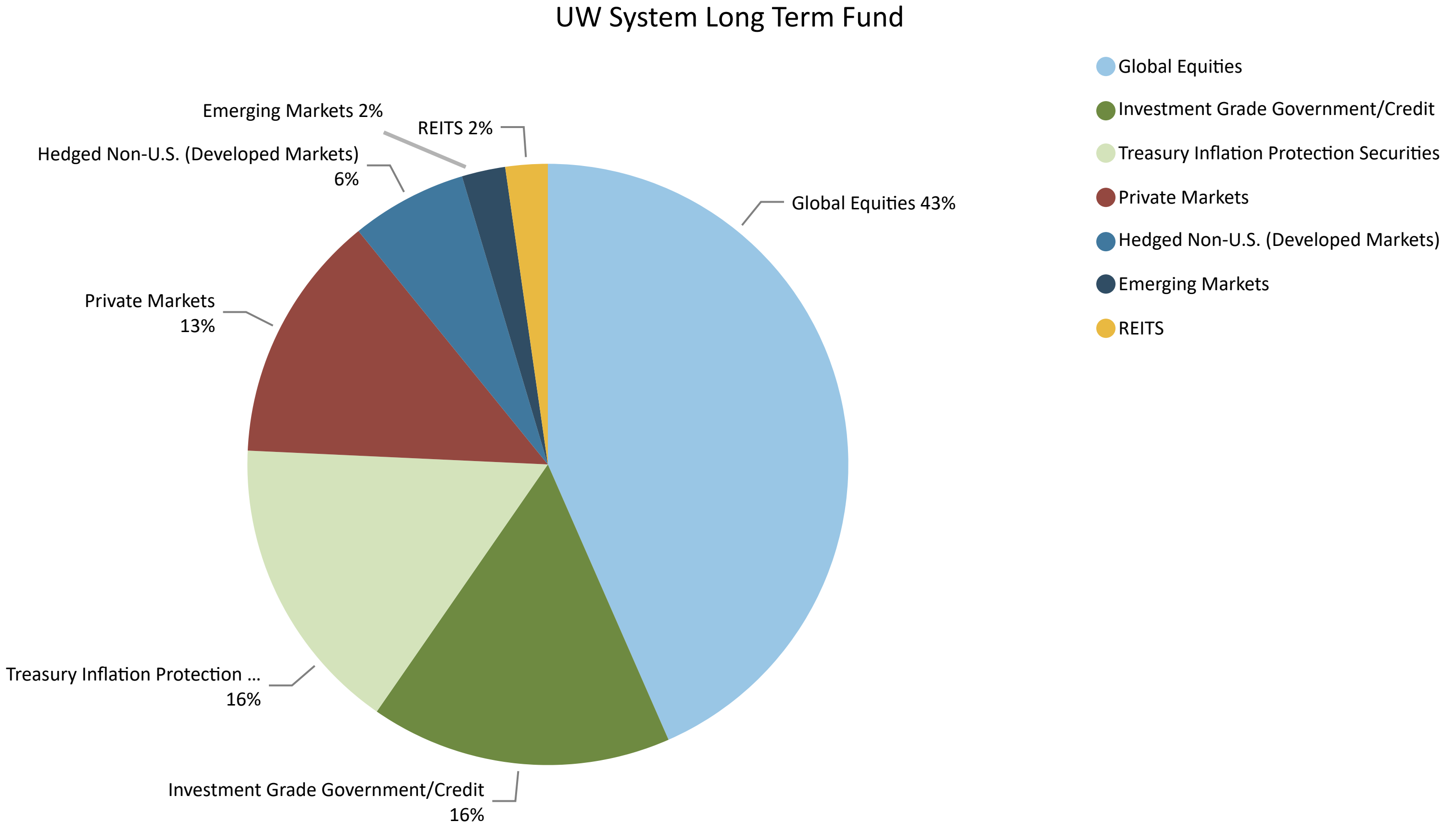
Economic Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
US CPI - U All Urban Consumers Index	0.88%	3.70%	3.70%	5.75%	4.04%	2.77%

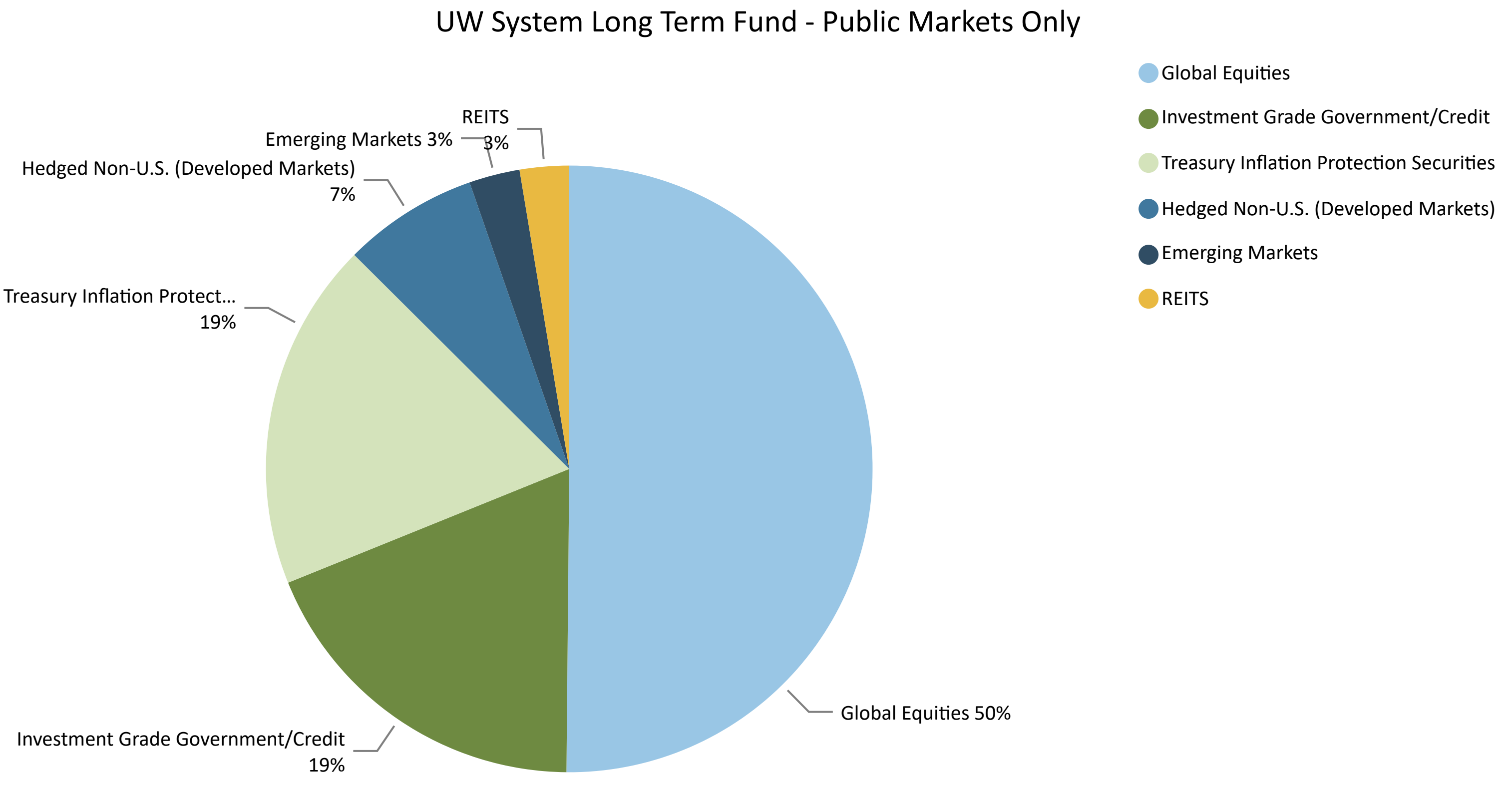
** All returns and growth rates greater than 1 year are annualized.*

Market Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
U.S Large Cap Stocks (S&P 500 Index)	-3.27%	13.07%	21.62%	10.15%	9.92%	11.91%
U.S. Small Cap Stocks (Russell 2000 Index)	-5.13%	2.54%	8.93%	7.16%	2.40%	6.65%
U.S. Broad Market Stocks (Russell 3000 Index)	-3.25%	12.39%	20.46%	9.38%	9.14%	11.28%
International Stocks (MSCI World ex US Index)	-4.10%	6.73%	24.00%	6.07%	3.44%	3.84%
International Stocks - Local Currency (MSCI World ex US Index)	-1.35%	9.90%	19.13%	10.66%	5.69%	6.74%
Emerging Markets Stocks (MSCI EM Net Index)	-2.93%	1.82%	11.70%	-1.73%	0.55%	2.07%
Global Stocks (MSCI ACWI Net Index)	-3.40%	9.39%	20.16%	6.88%	6.09%	7.39%
Government/Credit (Bloomberg Barclays Capital Gov/Credit)	-3.00%	-0.85%	0.93%	-5.32%	0.41%	1.31%
U.S. TIPS (Bloomberg Barclays U.S. TIPS Index)	-2.60%	-0.78%	1.25%	-1.98%	2.12%	1.74%
Real Estate (FTSE EPRA/NAREIT Developed Net Index)	-5.84%	-4.88%	1.64%	0.59%	-1.24%	2.04%

** All returns and growth rates greater than 1 year are annualized.*

UW System Trust Funds: Asset Allocation
Quarter Ended September 30, 2023





* Asset Class Allocation percentages are derived using the Net of Fee market value. Sum of asset class market values may not equal total level Net of Fee market value due to the exclusion of fund level other cash and accruals. Excluded amount is immaterial.

UW System Trust Funds: Actual Versus Target Asset Allocation
Quarter Ended September 30, 2023

Asset Class/Strategy	Current Allocation ($)	Current Allocation (%)	Target Allocation (%)	Min./Max. Guidelines
Total Public Markets	**$453,939,427**	**100.0%**	**100.0%**	
Public Equities [1]	**$272,638,226**	**60.1%**	**57.0%**	**51-63%**
Global Equities	**$227,640,649**	**50.1%**	**48.0%**	**44-52%**
Hedged Non-U.S. Equities (Developed Markets)	**$32,728,696**	**7.2%**	**6.0%**	**5-7%**
Emerging Markets Equities	**$12,268,881**	**2.7%**	**3.0%**	**2-4%**
Fixed Income	**$85,032,800**	**18.7%**	**20.0%**	**18-22%**
Investment Grade Government/Credit	**$85,032,800**	**18.7%**	**20.0%**	**18-22%**
Inflation Sensitive	**$96,268,401**	**21.2%**	**23.0%**	**20-26%**
TIPS (Treasury Inflation Protection Securities)	**$84,352,990**	**18.6%**	**20.0%**	**18-22%**
REITS (Real Estate Investment Trusts)	**$11,915,411**	**2.6%**	**3.0%**	**2-4%**
Private Markets [2]	**$70,308,345**			
Terrace Holdings II	$70,308,345			
Other Cash and Accruals [3]	**$235,592**			
Long Term Fund Total Assets [4]	**$524,483,364**	[illegible]	[illegible]	[illegible]

1 There is a statutory limitation of 85% maximum exposure to public equities. (§36.29)

2 Private Markets is not included in the target allocation. The Terrace Holdings II Fund comprises private equity funds of J.P. Morgan, Adams Street Partners, and a TRG Forestry Fund.

3 Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.

4 Market values are calculated net of external management fees.

Rebalancing Policy:

The asset allocation of fund investments shall be reviewed at the end of each quarter. Quarterly net capital flows to/from the UW System shall be utilized to rebalance toward the target allocations. If the allocation by asset class falls outside the rebalance range following quarterly cash flows, assets will be systematically rebalanced back to the target allocation as soon as practicable and in any event prior to the next quarterly net capital flows. Only the Public Markets allocations will be included in any rebalancing. The legacy Private Markets investments will receive additional inflows based only upon past commitments. No new commitments will be made to private markets. Eventually the legacy Private Markets investments will self-liquidate as distributions are made from existing funds without any new commitments.

Guidelines

Current SWIB Guidelines for UW can be found at https://www.swib.state.wi.us/statutes-guidelines under Board of Trustees State Investment Fund & Separately Managed Funds Investment Guidelines.

Performance results for the UW System Long Term Fund are shown below, both graphically and in table format.

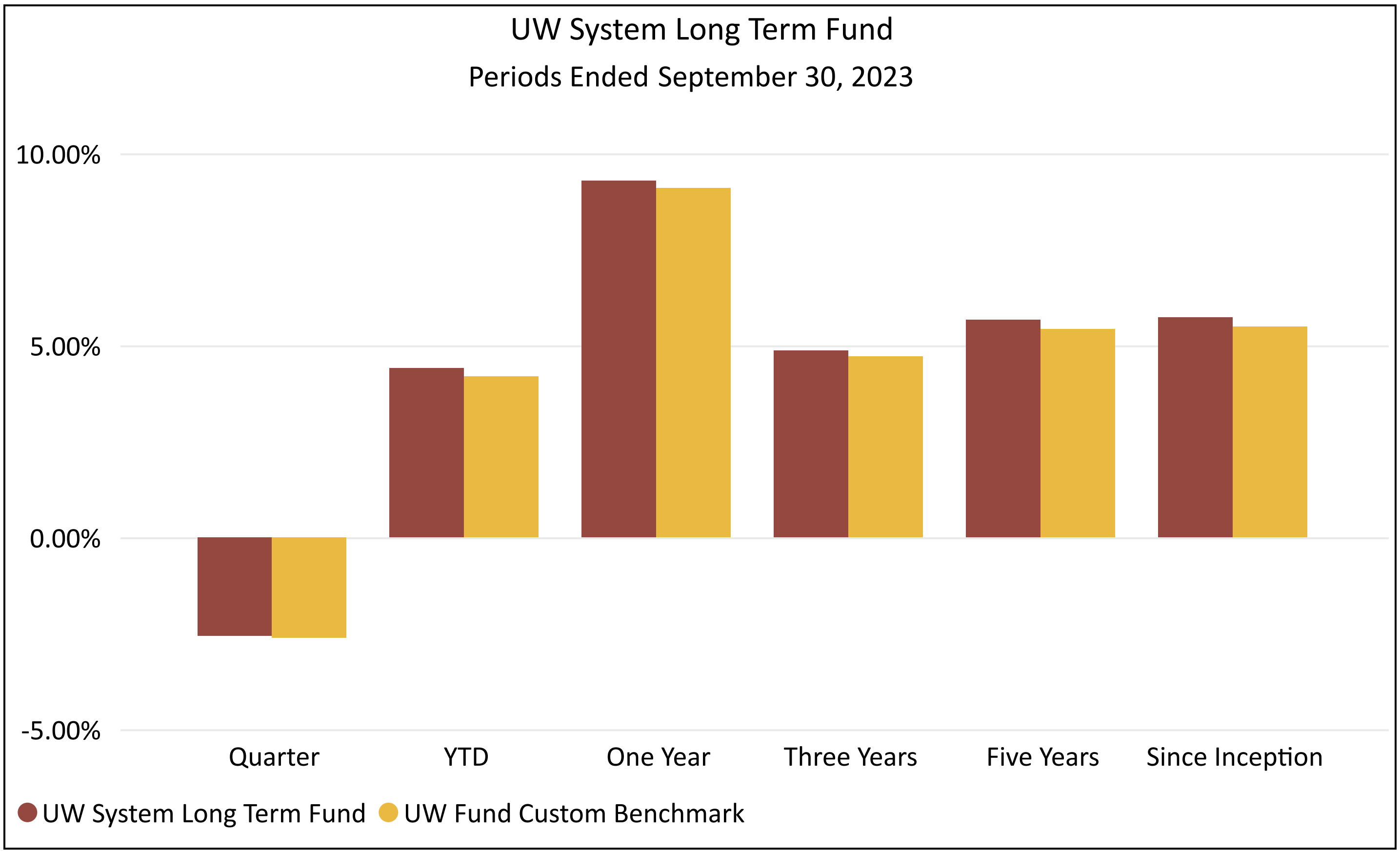
Fund and Benchmark Performance Data	Quarter Ending	Year to Date	One Year	Three Years	Five Years	Since Inception
UW System Long Term Fund	-2.56%	4.40%	9.28%	4.86%	5.66%	5.73%
UW Fund Custom Benchmark	-2.61%	4.19%	9.09%	4.70%	5.43%	5.48%
CPI + Spending Rate [3]	1.87%	6.79%	7.83%	9.96%	8.19%	8.03%
Income Cash Fund (SIF) [4]	1.33%	3.73%	4.67%	1.80%	1.74%	1.76%

1 The UW System Long Term Fund's return is a gross of fees return. Inception date is 4/1/2018.

2 The "UW Fund Custom Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends). The Private Markets Benchmark change has been approved by both the Investment and Benchmark Committees.

3 The annual spending rate is 4.0% and the change in CPI is used as the inflation indicator.

4 Relevant to the extent recipients have allocated a portion of their funds to the Income Cash Fund (SIF). The Income Cash Fund (SIF) is used for receiving spending distributions from the Long Term Fund. UW investment account holders may also allocate a portion of their expendable principal to this fund.



UW System Trust Funds: Fund and Benchmark Performance Data by Asset Class

Quarter Ended September 30, 2023

Asset Class/Strategy	Quarter	YTD	One Year	Three Years	Since Inception
UW System Long Term Fund					
Gross of Fees	-2.56%	4.40%	9.28%	4.86%	5.73%
Net of Fees	-2.56%	4.38%	9.26%	4.84%	5.69%
Net of All Fees	-2.58%	4.33%	9.19%	4.78%	5.63%
UW Fund Custom Benchmark [1]	**-2.61%**	**4.19%**	**9.09%**	**4.70%**	**5.48%**
Public Equities					
Gross of Fees	-2.98%	9.69%	20.54%	7.42%	6.51%
Net of Fees	-2.99%	9.67%	20.51%	7.39%	6.49%
UW Public Equity Benchmark [2]	**-3.06%**	**9.44%**	**20.23%**	**7.15%**	**6.28%**
Blackrock MSCI ACWI Index Fund B [3]					
Gross of Fees	-3.33%	9.66%	20.56%	7.20%	6.77%
Net of Fees	-3.33%	9.64%	20.53%	7.18%	6.75%
MSCI ACWI IM Net Index	**-3.40%**	**9.39%**	**20.16%**	**6.88%**	**6.40%**
Blackrock EAFE Currency Hedged Equity Index Fund B [3]					
Gross of Fees	-0.58%	13.13%	24.07%	13.08%	8.47%
Net of Fees	-0.58%	13.09%	24.03%	13.03%	8.43%
MSCI EAFE Net 100% USD Hedged Index	**-0.54%**	**13.16%**	**24.15%**	**12.99%**	**8.40%**
Blackrock Emerging Markets Free Fund B [3]					
Gross of Fees	-2.84%	1.83%	11.66%	-1.90%	-1.33%
Net of Fees	-2.87%	1.76%	11.56%	-1.97%	-1.39%
MSCI Emeging Markets Net Dividend Index	**-2.93%**	**1.82%**	**11.70%**	**-1.73%**	**-1.20%**
Fixed Income					
Blackrock Government/Credit Bond Index Fund B [3]					
Gross of Fees	-2.99%	-0.58%	1.06%	-5.21%	0.46%
Net of Fees	-2.99%	-0.59%	1.04%	-5.23%	0.44%
Bloomberg Barclays U.S. Government/Credit Bond Index	**-3.00%**	**-0.85%**	**0.93%**	**-5.32%**	**0.32%**
Inflation Sensitive					
Gross of Fees	-2.93%	-0.94%	1.60%	-1.38%	2.05%
Net of Fees	-2.94%	-0.96%	1.58%	-1.40%	2.03%
Inflation Sensitive Benchmark [4]	**-3.01%**	**-1.23%**	**1.40%**	**-1.52%**	**1.79%**
Blackrock U.S. Treasury Inflation Protected Securities Fund B [3]					
Gross of Fees	-2.54%	-0.47%	1.42%	-1.86%	2.10%
Net of Fees	-2.55%	-0.48%	1.40%	-1.88%	2.08%
Bloomberg Barclays U.S. TIPS Index, Series L	**-2.60%**	**-0.78%**	**1.25%**	**-1.98%**	**1.92%**
Blackrock Developed Real Estate Index Fund B [3]					
Gross of Fees	-5.61%	-4.15%	2.73%	1.45%	0.54%
Net of Fees	-5.63%	-4.20%	2.65%	1.37%	0.46%
FTSE EPRA/NAREIT Developed Net Index	**-5.84%**	**-4.88%**	**1.64%**	**0.59%**	**-0.28%**
Private Markets					
Terrace Holdings II [5]					
Gross of Fees	0.26%	-0.49%	-4.90%	15.58%	12.50%
Net of Fees	0.26%	-0.49%	-4.90%	15.56%	12.38%
UW Private Equity Benchmark [6]	**0.26%**	**-0.49%**	**-4.90%**	**15.56%**	**12.38%**

* Net of Fee Returns are net of accrued external manager fees (e.g. BlackRock fees). Net of All Returns are net of SWIB internal and external investment management fees, custody & middle office fees, and other pass though fees accrued and paid. Returns are gross of internal UW fees. All Funds have an inception date of 04/01/2018.

1 The "UW Fund Custom Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends).

2 The "UW Public Equity Benchmark" is comprised of 84% MSCI ACW IM Net Index, 11% MSCI EAFE Net 100% USD Hedged Index, and 5% MSCI Emerging Markets Net Index.

3 Effective 3Q 2021, the valuation frequency for Blackrock mutual funds has been modified from monthly to daily. To correct for the impact of large cash flows, the performance was restated from April 2020 to July 2021 and the revised numbers are included in the 9/30/2021 performance. Note that no impact to performance occurred at the mandate level.

4 The "Inflation Sensitive Benchmark" is comprised of 87% Bloomberg Barclays U.S. TIPS Index, Series L and 13% FTSE EPRA/NAREIT Developed Net Index.

5 The Private Markets valuation update occurs on a lag. The portfolio's performance is updated when SWIB receives an updated quarterly statement, which may not occur in every quarter. The net of fees and net of all returns are net of StepStone manager fees.

6 The "Private Equity Benchmark" is comprised of the net of fees return of Terrace Holdings II, a Private Equity fund of funds being administered by StepStone.

APPENDIX

BlackRock

Q3 2023 Fact Sheet

Developed Real Estate Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The Developed Real Estate Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests in US and non-US equity securities whose total return will approximate as closely as practicable the capitalization weighted total return net of dividend withholding taxes of the Benchmark listed herein. The investment universe consists of publicly traded real estate equity securities of issuers whose principal business is the ownership and operation of real estate as defined by the Benchmark listed herein.

Performance

Total return % as of 09/30/2023 (return percentages are annualized as of period end)

	Q3*	YTD*	1 Year*	3 Year	5 Year	Since Inception
Fund return %	-5.62	-4.16	2.71	1.43	-0.50	1.69
Benchmark return %	-5.84	-4.88	1.64	0.59	-1.24	0.94
Difference	**0.22**	**0.72**	**1.07**	**0.84**	**0.74**	**0.75**

Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Investment details (as of 09/30/2023)

Benchmark	FTSE EPRA/NAREIT Developed Index
Total fund assets	$0.32 billion
Fund inception date	11/18/2014

Characteristics (as of 09/30/2023)

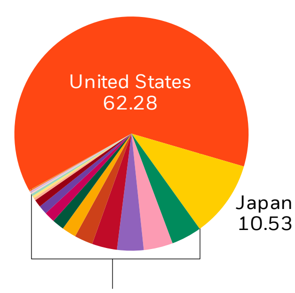
	Fund	Benchmark
Number of securities	344	369
Dividend yield	4.40	4.39

Top 10 holdings (as of 09/30/2023)

	Country	Fund (% assets)
Prologis REIT Inc	United States	7.27
Equinix REIT Inc	United States	4.75
Public Storage REIT	United States	2.89
Welltower Inc	United States	2.85
Digital Realty Trust REIT Inc	United States	2.53
Simon Property Group REIT Inc	United States	2.45
Realty Income REIT Corp	United States	2.37
Vici Pptys Inc	United States	2.05
Extra Space Storage REIT Inc	United States	1.78
AvalonBay Communities REIT Inc	United States	1.70

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Country allocation (% as of 09/30/2023)



Hong Kong	4.18	New Zealand	0.34
United Kingdom	4.01	Spain	0.34
Singapore	3.65	Israel	0.31
Australia	3.44	Netherlands	0.18
Canada	2.53	Finland	0.14
Germany	1.96	South Korea	0.12
Sweden	1.64	Austria	0.09
France	1.47	Norway	0.04
Switzerland	1.21	Italy	0.01
Belgium	1.04	Ireland	0.00

Sources: BlackRock, FTSE International Ltd
Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

For use only with existing or qualified investors in the context of a one-on-one communication — Proprietary and confidential

Important Notes

The Developed Real Estate Index Fund B is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"), European Public Real Estate Association ("EPRA"), or National Association of Real Estate Investments Trusts ("NAREIT") (together, the "Licensor Parties"). The Licensor Parties do not accept any liability whatsoever to any person arising out of the use of Developed Real Estate Index Fund B or the underlying data.

BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested.

The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal.

The Fund, a common trust fund maintained and managed by BTC for investment of fiduciary client assets held by BTC in its capacity as trustee, is available only to certain eligible investors and not offered or available to the general public. In the event of a conflict between this summary description of the Fund and the trust document under which the Fund was established, the trust document will govern. For more information related to the Fund, please see the Fund's trust document, Collective Investment Fund Profile and most recent audited financial statements. BTC, a national banking association operating as a limited purpose trust company, manages the collective investment products and services discussed in this publication and provides fiduciary and custody services to various institutional investors. A collective investment fund is privately offered. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative.

None of the information constitutes a recommendation by BTC or a solicitation of any offer to buy or sell any securities. The information is not intended to provide be relied upon as a forecast, research or investment advice. Neither BTC nor BlackRock, Inc. guarantees the suitability or potential value of any particular investment. The information contained herein may not be relied upon by you in evaluating the merits of investing in any investment.

This material is intended for Canadian permitted clients only.

It is not possible to directly invest in an unmanaged index.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

© 2023 BlackRock, Inc. All rights reserved. BLACKROCK is a trademark of BlackRock, Inc. in the United States and elsewhere. All other trademarks are the property of their respective owners.

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.

BES-0161

MSCI EAFE Currency Hedged Equity Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI EAFE Currency Hedged Equity Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities whose total return will approximate as closely as practicable the cap weighted total return of the markets in certain countries for equity securities outside the US, while seeking to eliminate variations based solely on the value of the currencies in the Fund as compared to the US dollar. The primary criterion for selection of investments in the Fund is the Benchmark listed herein.

Performance

Total return % as of 09/30/2023 (return percentages are annualized as of period end)

	Q3*	YTD*	1 Year*	3 Year	5 Year	Since Inception
Fund return %	-0.58	13.11	24.04	13.02	7.81	9.50
Benchmark return %	-0.54	13.16	24.15	12.99	7.81	9.49
Difference	**-0.04**	**-0.05**	**-0.11**	**0.03**	**0.00**	**0.01**

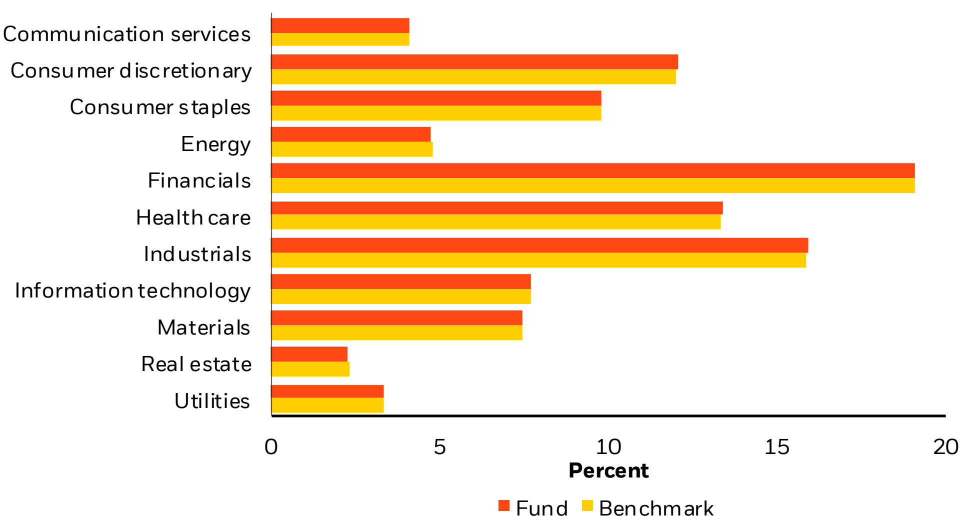
Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Sector allocation

% of Fund or Benchmark as of 09/30/2023



Investment details (as of 09/30/2023)

Benchmark	MSCI EAFE 100% Hedged to USD Net Dividend Return Index
Total fund assets	$0.12 billion
Fund inception date	04/30/2016

Characteristics (as of 09/30/2023)

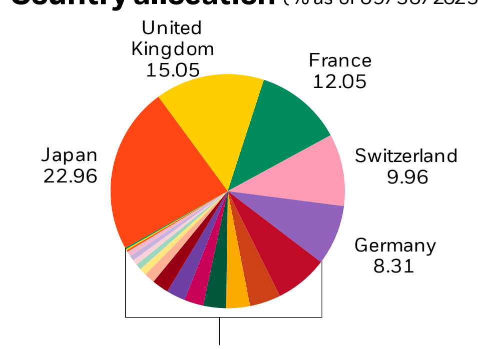
	Fund	Benchmark
Number of securities	795	796
Dividend yield	3.27	3.27

Top 10 holdings (as of 09/30/2023)

	Country	Fund (% assets)
Nestle SA	Switzerland	2.06
Novo Nordisk Class B	Denmark	2.02
ASML Holding NV	Netherlands	1.62
Shell PLC	United Kingdom	1.44
Novartis AG	Switzerland	1.43
AstraZeneca PLC	United Kingdom	1.42
LVMH	France	1.42
Roche Holding Par AG	Switzerland	1.31
Toyota Motor Corp	Japan	1.29
HSBC Holdings PLC	United Kingdom	1.05

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Country allocation (% as of 09/30/2023)



Australia	7.28	Belgium	0.99
Netherlands	4.28	Ireland	0.81
Denmark	3.26	Finland	0.73
Sweden	3.14	Norway	0.72
Spain	2.65	Israel	0.69
Italy	2.61	Portugal	0.21
Hong Kong	2.30	New Zealand	0.20
Singapore	1.46	Austria	0.19

Sources: BlackRock, MSCI Inc.
Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

Important Notes

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Prospectus contains a more detailed description of the limited relationship MSCI has with BlackRock and any related funds.

BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested.

The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal.

The Fund, a common trust fund maintained and managed by BTC for investment of fiduciary client assets held by BTC in its capacity as trustee, is available only to certain eligible investors and not offered or available to the general public. In the event of a conflict between this summary description of the Fund and the trust document under which the Fund was established, the trust document will govern. For more information related to the Fund, please see the Fund's trust document, Collective Investment Fund Profile and most recent audited financial statements. BTC, a national banking association operating as a limited purpose trust company, manages the collective investment products and services discussed in this publication and provides fiduciary and custody services to various institutional investors. A collective investment fund is privately offered. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative.

None of the information constitutes a recommendation by BTC or a solicitation of any offer to buy or sell any securities. The information is not intended to provide be relied upon as a forecast, research or investment advice. Neither BTC nor BlackRock, Inc. guarantees the suitability or potential value of any particular investment. The information contained herein may not be relied upon by you in evaluating the merits of investing in any investment.

This material is intended for Canadian permitted clients only.

It is not possible to directly invest in an unmanaged index.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

© 2023 BlackRock, Inc. All rights reserved. BLACKROCK is a trademark of BlackRock, Inc. in the United States and elsewhere. All other trademarks are the property of their respective owners.

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.

BES-0161

BlackRock

Q3 2023
Fact Sheet

MSCI Emerging Markets Free Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI Emerging Markets Free Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities of issuers in emerging markets, with the objective of providing returns which approximate as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for equity securities traded outside of the United States. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

Performance

Total Return % as of 09/30/2023 (return percentages are annualized as of period end)

	Q3*	YTD*	1 Year*	3 Year	5 Year	10 Year
Fund return %	-2.85	1.82	11.65	-1.91	0.38	1.95
Benchmark return %	-2.93	1.82	11.70	-1.73	0.55	2.07
Difference	**0.08**	**0.00**	**-0.05**	**-0.18**	**-0.17**	**-0.12**

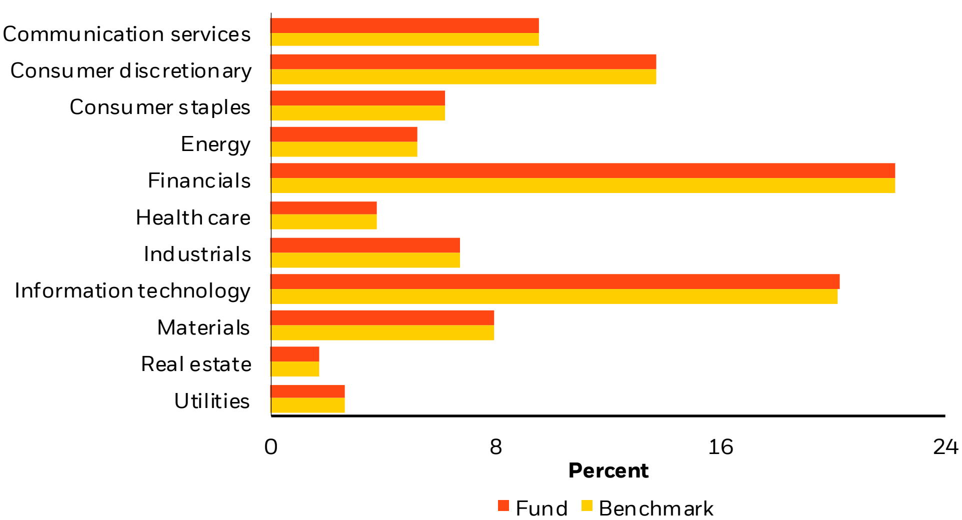
Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset v alue did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Sector allocation

% of Fund or Benchmark as of 09/30/2023



Sources: BlackRock, MSCI Inc.
Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

Investment details (as of 09/30/2023)

Benchmark	MSCI Emerging Markets Net Dividend Return Index
Total fund assets	$2.76 billion
Fund inception date	07/31/2000

Characteristics (as of 09/30/2023)

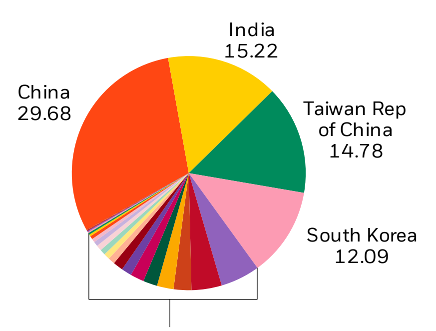
	Fund	Benchmark
Number of securities	1,449	1,437
Dividend yield	3.13	3.13

Top 10 holdings (as of 09/30/2023)

	Country	Fund (% assets)
Taiwan Semiconductor Manufacturing	Taiwan Rep of China	6.14
Tencent Holdings Ltd	China	4.02
Samsung Electronics Ltd	South Korea	3.69
Alibaba Group Holding Ltd	China	2.75
Reliance Industries Ltd	India	1.32
Meituan	China	1.14
ICICI Bank Ltd	India	0.91
PDD Holdings ADS Inc	China	0.90
Infosys Ltd	India	0.88
China Construction Bank Corp H	China	0.83

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Country allocation (% as of 09/30/2023)



Brazil	5.35	Turkey	0.75
Saudi Arabia	4.10	Philippines	0.63
South Africa	2.41	Chile	0.50
Mexico	2.26	Greece	0.44
Indonesia	1.92	Peru	0.26
Thailand	1.86	Hungary	0.24
Malaysia	1.40	Czech Republic	0.16
UAE	1.36	Hong Kong	0.15
Qatar	0.92	Colombia	0.10
Kuwait	0.82	Egypt	0.08
Poland	0.76		

For use only with existing or qualified investors in the context of a one-on-one communication — Proprietary and confidential

Important Notes

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Prospectus contains a more detailed description of the limited relationship MSCI has with BlackRock and any related funds.

BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested.

The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal.

The Fund, a common trust fund maintained and managed by BTC for investment of fiduciary client assets held by BTC in its capacity as trustee, is available only to certain eligible investors and not offered or available to the general public. In the event of a conflict between this summary description of the Fund and the trust document under which the Fund was established, the trust document will govern. For more information related to the Fund, please see the Fund's trust document, Collective Investment Fund Profile and most recent audited financial statements. BTC, a national banking association operating as a limited purpose trust company, manages the collective investment products and services discussed in this publication and provides fiduciary and custody services to various institutional investors. A collective investment fund is privately offered. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative.

None of the information constitutes a recommendation by BTC or a solicitation of any offer to buy or sell any securities. The information is not intended to provide be relied upon as a forecast, research or investment advice. Neither BTC nor BlackRock, Inc. guarantees the suitability or potential value of any particular investment. The information contained herein may not be relied upon by you in evaluating the merits of investing in any investment.

This material is intended for Canadian permitted clients only.

It is not possible to directly invest in an unmanaged index.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

© 2023 BlackRock, Inc. All rights reserved. BLACKROCK is a trademark of BlackRock, Inc. in the United States and elsewhere. All other trademarks are the property of their respective owners.

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.

BES-0161

BlackRock

Q3 2023
Fact Sheet

MSCI ACWI IMI Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. (“BTC”) for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI ACWI IMI Index Fund B (the “Fund”) is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in U.S. and non-U.S. equity securities with the objective of approximating as closely as practicable the capitalization weighted rates of return of the markets in certain countries for publicly traded equity securities. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

Investment details (as of 09/30/2023)

Benchmark	MSCI ACWI IMI Net Dividend Return Index
Total fund assets	$3.74 billion
Fund inception date	03/23/2010

Characteristics (as of 09/30/2023)

	Fund	Benchmark
Number of securities	9,285	9,219
Dividend yield	2.17	2.16

Performance

Total Return % as of 09/30/2023 (return percentages are annualized as of period end)

	Q3*	YTD*	1 Year*	3 Year	5 Year	10 Year
Fund return %	-3.33	9.63	20.52	7.16	6.40	7.72
Benchmark return %	-3.40	9.39	20.16	6.88	6.09	7.39
Difference	**0.07**	**0.24**	**0.36**	**0.28**	**0.31**	**0.33**

Performance disclosure:

The Fund’s net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund’s net asset value did include an accrual for the investment management fee, the Fund’s returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

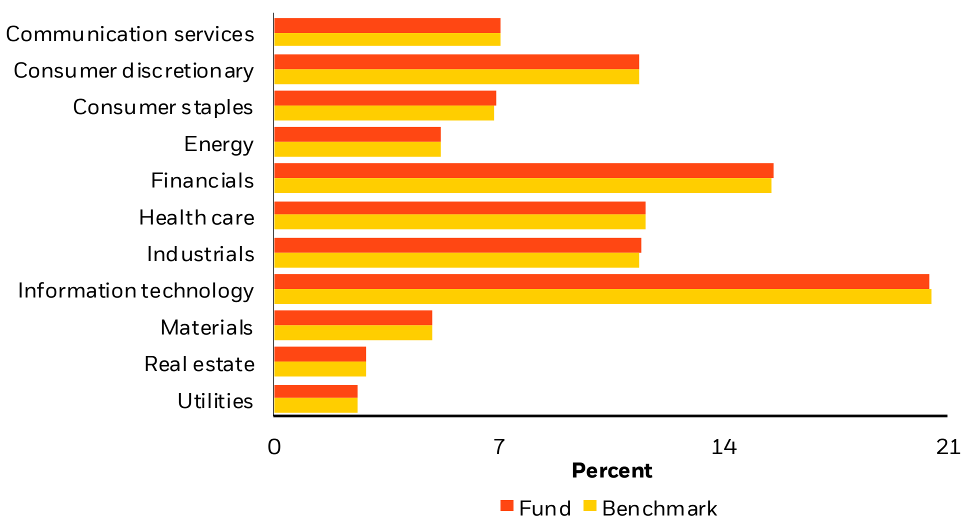
Top 10 holdings (as of 09/30/2023)

	Country	Fund (% assets)
Apple Inc	United States	3.91
Microsoft Corp	United States	3.24
Amazon Com Inc	United States	1.70
Nvidia Corp	United States	1.56
Alphabet Inc Class A	United States	1.13
Tesla Inc	United States	1.04
Alphabet Inc Class C	United States	1.01
Meta Platforms Inc Class A	United States	0.96
Exxon Mobil Corp	United States	0.69
UnitedHealth Group Inc	United States	0.68

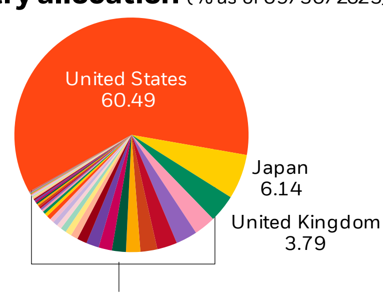
Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Sector allocation

% of Fund or Benchmark as of 09/30/2023



Country allocation (% as of 09/30/2023)



China	2.97	Singapore	0.39	Austria	0.07
Canada	2.94	South Africa	0.28	Philippines	0.07
France	2.76	Belgium	0.26	New Zealand	0.07
Switzerland	2.32	Israel	0.25	Chile	0.06
Germany	1.97	Mexico	0.25	Portugal	0.06
Australia	1.92	Norway	0.24	Greece	0.05
India	1.83	Thailand	0.22	Peru	0.02
Taiwan Rep of China	1.74	Indonesia	0.22	Hungary	0.02
South Korea	1.36	Finland	0.20	Czech Republic	0.02
Netherlands	0.99	Ireland	0.19	Egypt	0.01
Sweden	0.86	Malaysia	0.17	Colombia	0.01
Denmark	0.78	UAE	0.15	Cayman Islands	0.00
Italy	0.69	Turkey	0.10	Virgin Islands, British	0.00
Spain	0.64	Qatar	0.10	Russian Fed	0.00
Brazil	0.59	Kuwait	0.09		
Hong Kong	0.57	Poland	0.09		
Saudi Arabia	0.44				

Sources: BlackRock, MSCI Inc.
Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

For use only with existing or qualified investors in the context of a one-on-one communication — Proprietary and confidential

Important Notes

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Prospectus contains a more detailed description of the limited relationship MSCI has with BlackRock and any related funds.

BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested.

The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal.

The Fund, a common trust fund maintained and managed by BTC for investment of fiduciary client assets held by BTC in its capacity as trustee, is available only to certain eligible investors and not offered or available to the general public. In the event of a conflict between this summary description of the Fund and the trust document under which the Fund was established, the trust document will govern. For more information related to the Fund, please see the Fund's trust document, Collective Investment Fund Profile and most recent audited financial statements. BTC, a national banking association operating as a limited purpose trust company, manages the collective investment products and services discussed in this publication and provides fiduciary and custody services to various institutional investors. A collective investment fund is privately offered. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative.

None of the information constitutes a recommendation by BTC or a solicitation of any offer to buy or sell any securities. The information is not intended to provide be relied upon as a forecast, research or investment advice. Neither BTC nor BlackRock, Inc. guarantees the suitability or potential value of any particular investment. The information contained herein may not be relied upon by you in evaluating the merits of investing in any investment.

This material is intended for Canadian permitted clients only.

It is not possible to directly invest in an unmanaged index.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

© 2023 BlackRock, Inc. All rights reserved. BLACKROCK is a trademark of BlackRock, Inc. in the United States and elsewhere. All other trademarks are the property of their respective owners.

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.

BES-0161

BlackRock

SEP 2023

Fact Sheet

Government/Credit Bond Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. (“BTC”) for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The Government/Credit Bond Index Fund B (the “Fund”) is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return of the Benchmark listed herein.

Investment details (as of 09/30/2023)

Benchmark	Bloomberg U.S. Government/Credit Bond Index
Total fund assets	$0.33 billion
Fund inception date	03/31/1991

Characteristics (as of 09/30/2023)

	Fund	Benchmark
Number of securities	7,508	9,246
Market value (B)	$0.33	$17,646.47
Coupon (%)	2.99	2.99
Yield to maturity (YTM) (%)	5.28	5.30
Weighted avg life (yrs)	11.76	8.64
Effective duration (yrs)	8.05	6.11
Spread duration (yrs)	2.71	2.79
Option adjusted spread (bps)	42	43
Convexity (yrs)	1.27	0.79

Performance

Total return % as of 09/30/2023 (Return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q3*	YTD*	1 Year*	3 Year	5 Year	10 Year
Fund return %	-2.35	-3.00	-0.61	1.02	-5.24	0.50	1.42
Benchmark return %	-2.34	-3.00	-0.85	0.93	-5.32	0.41	1.31
Difference	**-0.01**	**0.00**	**0.24**	**0.09**	**0.08**	**0.09**	**0.11**

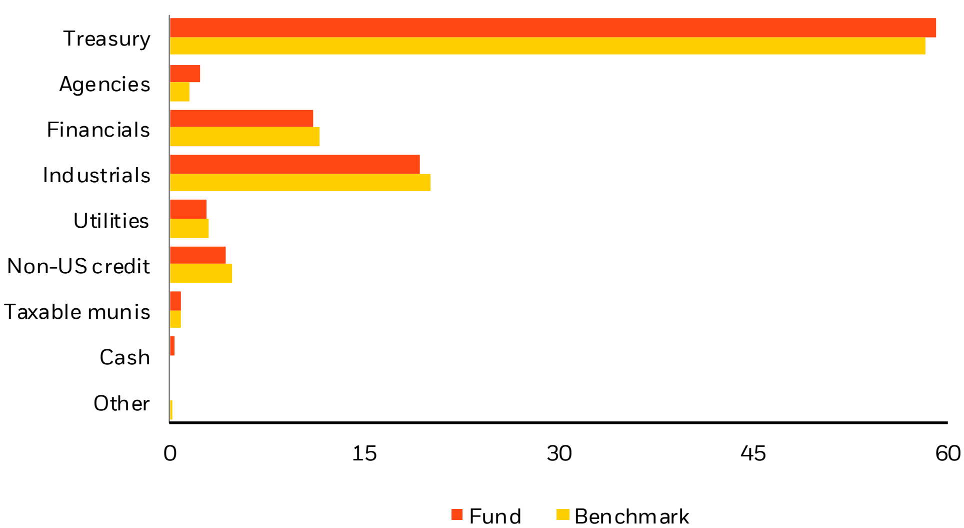
Performance disclosure:

The Fund’s net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund’s net asset value did include an accrual for the investment management fee, the Fund’s returns would be lower. **Past performance is not necessarily an indicator of future performance.**

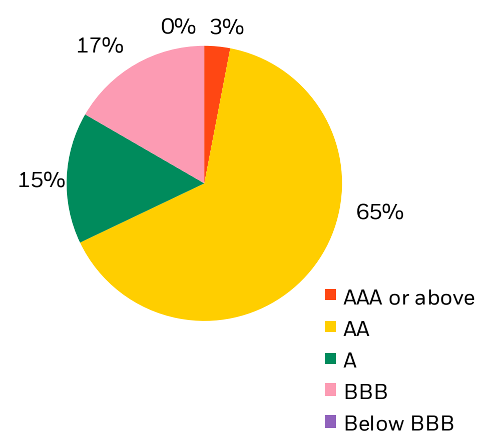
* Period returns for less than one year are cumulative

Sector allocation

% of Fund or Benchmark as of 09/30/2023



Quality breakdown (as of 09/30/2023)



The credit quality of a particular security or group of securities may be based upon a rating from a nationally recognized statistical rating organization or, if unrated by a ratings organization, assigned an internal rating by BlackRock, neither of which ensures the stability or safety of an overall portfolio.

Sources: BlackRock, Bloomberg Finance L.P.
Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

For use only with existing or qualified investors in the context of a one-on-one communication — Proprietary and confidential

Important Notes

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors, own all proprietary rights in the Bloomberg Indices. Bloomberg is not affiliated with BlackRock and neither approves, endorses, reviews or recommends Government/Credit Bond Index Fund B. Bloomberg does not guarantee the timeliness, accurateness or completeness of any data or information relating to Bloomberg U.S. Government/Credit Bond Index, and neither shall be liable in any way to BlackRock, investors in Government/Credit Bond Index Fund B or other third parties in respect of the use or accuracy of the Bloomberg U.S. Government/Credit Bond Index or any data included therein.

BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested.

The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. Common Trust fund performance assumes reinvestment of income and does not reflect management fees and certain transaction costs and expenses charged to the fund. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal.

The Fund, a collective investment fund maintained and managed by BTC, is available only to certain eligible investors and not offered or available to the general public. In the event of a conflict between this summary description of the Fund and the trust document under which the Fund was established, the trust document will govern. For more information related to the Fund, please see the Fund's trust document, Collective Investment Fund Profile and most recent audited financial statements. BTC, a national banking association operating as a limited purpose trust company, manages the collective investment products and services discussed in this publication and provides fiduciary and custody services to various institutional investors. A collective investment fund is privately offered. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative.

None of the information constitutes a recommendation by BTC or a solicitation of any offer to buy or sell any securities. The information is not intended to provide investment advice. Neither BTC nor BlackRock, Inc. guarantees the suitability or potential value of any particular investment. The information contained herein may not be relied upon by you in evaluating the merits of investing in any investment.

This material is intended for Canadian permitted clients only.

It is not possible to directly invest in an unmanaged index.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

© 2023 BlackRock, Inc. All rights reserved. BLACKROCK is a trademark of BlackRock, Inc. in the United States and elsewhere. All other trademarks are the property of their respective owners.

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.

FIRate-0088

U.S. Treasury Inflation Protected Securities Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The U.S. Treasury Inflation Protected Securities Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater, as defined by the Benchmark listed herein.

Performance

Total return % as of 09/30/2023 (Return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q3*	YTD*	1 Year*	3 Year	5 Year	10 Year
Fund return %	-1.83	-2.56	-0.52	1.35	-1.92	2.21	1.87
Benchmark return %	-1.85	-2.60	-0.78	1.25	-1.98	2.12	1.74
Difference	**0.02**	**0.04**	**0.26**	**0.10**	**0.06**	**0.09**	**0.13**

Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Investment details (as of 09/30/2023)

Benchmark	Bloomberg U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L)
Total fund assets	$4.02 billion
Fund inception date	03/05/2002

Characteristics (as of 09/30/2023)

	Fund	Benchmark
Number of securities	48	48
Market value (B)	$4.02	$1,221.81
Coupon (%)	0.75	0.75
Yield to maturity (YTM) (%)	4.73	4.73
Weighted avg life (yrs)	7.06	7.06
Effective duration (yrs)	6.48	6.48
Convexity (yrs)	0.83	0.83

Sources: BlackRock, Bloomberg Finance L.P.
Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods.
Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

For use only with existing or qualified investors in the context of a one-on-one communication — Proprietary and confidential

Important Notes

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors, own all proprietary rights in the Bloomberg Indices. Bloomberg is not affiliated with BlackRock and neither approves, endorses, reviews or recomm ends U.S. Treasury Inflation Protected Securities Fund B. Bloomberg does not guarantee the timeliness, accurateness or completeness of any data or information relating to Bloomberg U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L), and neither shall be liable in any way to BlackRock, investors in U.S. Treasury Inflation Protected Securities Fund B or other third parties in respect of the use or accuracy of the Bloomberg U.S. Treasury Inflation Protected Securities (TIPS) Index (Series -L) or any data included therein.

BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of Bla ckRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested.

The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. Common Trust fund performance assumes reinvestme nt of income and does not reflect management fees and certain transaction costs and expenses charged to the fund. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal.

The Fund, a collective investment fund maintained and managed by BTC, is available only to certain eligible investors and not offered or available to the general public. In the event of a conflict between this summary description of the Fund and the trust document under which the Fund was established, the trust document will govern. For more information related to the Fund, please see the Fund's trust document, Collective Investment Fund Profile and most recent aud ited financial statements. BTC, a national banking association operating as a limited purpose trust company, manages the collective investment products and services discussed in this publication and provides fiduciary and custody services to various institutional investors. A collective investment fund is privately offered. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative.

None of the information constitutes a recommendation by BTC or a solicitation of any offer to buy or sell any securities. The information is not intended to provide investment advice. Neither BTC nor BlackRock, Inc. guarantees the suitability or potential value of any particular investment. The information contained herein may not be relied upon by you in evaluating the merits of investing in any investment.

This material is intended for Canadian permitted clients only.

It is not possible to directly invest in an unmanaged index.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

© 2023 BlackRock, Inc. All rights reserved. BLACKROCK is a trademark of BlackRock, Inc. in the United States and elsewhere. All other trademarks are the property of their respective owners.

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.

FIRate-0088

WISCONSIN SCHOOL OF BUSINESS
UNIVERSITY OF WISCONSIN–MADISON
TOGETHER FORWARD®

HAWK CENTER for INVESTMENT ANALYSIS

RegentFund
September 30, 2023

Third Quarter Newsletter

Portfolio Update

The current RegentFund has been managing the portfolio since April 30, 2023. In September, we began trading more actively in the portfolio to align more closely with our target asset allocation, duration, and sector positioning. We invested about 2% of the portfolio in Kraft Heinz 3.75% 04/01/30 as a replacement for a slightly larger position in Campbells bonds of similar maturity. We believe the deteriorating fundamentals of Campbells are not fully reflected in present spreads and prefer the commitment to deleveraging we see at Kraft Heinz. We also invested just over 1% of the portfolio in FedEx 8-year bonds while trading out of a slightly larger position in Southwest Airlines 4-year bonds. This added some duration to the overall portfolio in line with our rates strategy, while shifting into a name we feel has improving fundamentals. All trading activities are highlighted on page 7. During the third quarter, 18bps of alpha generated by the portfolio was from July and 26bps was from September, with August returning -6bps.

Performance

The BOR Portfolio returned (-98bps) during the third quarter, outperforming the benchmark by +38bps bps. Our outperformance for the quarter was mainly attributable to the fact that we were short duration (-0.40) in comparison to the benchmark and our treasury portfolio relative performance outperformed +24bps as a result of duration contribution. The returns and relative performance of each asset type are shown in Table 1. Performance attribution is shown in Table 2.

Table 1. Contribution to Return by Asset Class

Asset Class	Third Quarter		
	Portfolio	Benchmark	Difference
IG Bonds	-0.92%	-1.05%	0.13%
Treasurys	-0.10%	-0.40%	0.29%
HY	-0.06%	0.03%	(0.09%)
Cash	0.10%	0.06%	0.04%
Total	**-0.98%**	**-1.36%**	**0.38%**

Source: BNY Mellon, Bloomberg

**Numbers may not sum due to rounding*

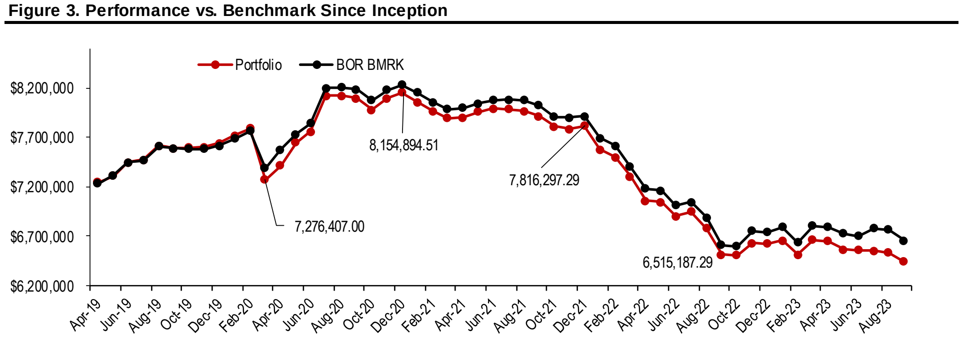
Table 2. Performance Attribution

Active Return Attribution Summary	Third Quarter
Curve Carry	(0.08%)
Curve Change	0.23%
Total Curve Return	**0.15%**
Allocation	0.01%
Selection	0.22%
Total Excess Return	**0.38%**

Source: BNY Mellon, Bloomberg

**Numbers may not sum due to rounding*

Figure 3. Performance vs. Benchmark Since Inception



Source: BNY Mellon, Bloomberg. Note: Investment income is swept quarterly.