

Wisconsin Coalition of Annuitants

Eighteenth Annual Conference

The following is a summary of the WCOA Eighteenth Annual Conference held on Wednesday May 20, 2009 at the Madison Turners Hall. Registration and a continental breakfast for the participants were completed by 9:15am. Opening remarks by MC Jack Stoddard and a warm welcome by WCOA Chair Jim Palmer set the stage for an interesting conference.

Keith Bozarth, Executive Director, SWIB titled his presentation “Is There Life After 2008?”. The Bear Market that began on October 9, 2007 hit a low on March 9, 2009 with a decline of negative 56.8%. This is the second largest decline since September 7, 1929 to June 1, 1932 which had a negative 86.2%.

SWIB returns as of 4/30/09: Core Fund -1.6% YTD, 2.1% five years and 3.2% ten years.

Variable Fund 0.1% YTD, -1.4% five years and -1.0% ten years.

Asset Allocation Targets for 2009: Fixed Income 29%, Domestic Stocks 29%, International Stocks 26%, Real Estate 6%, Private Equity/Private Debt 6%, and Multi-Asset 4%. Allocation review is a continuing process with Board decision in December/January. The WI Act 212 passed in 2008 provides ability to diversify in; active currency management, “long only” constraints and global markets. Strategic asset allocation incremental change could result in Equities going from 58% to 50%, Fixed Income from 30% to 28%, Private Markets from 10% to 14% and Multi-Asset from 2% to 8%.

Internal Changes: additional positions authorized, Internal Management increased from 20.7% to 37.6% resulting in savings. Six of ten Sector Portfolios and the Large Cap portfolio out performed benchmarks. Externally SWIB is involved in Regulatory reform with others, continuing Governance Work and participation with International Accounting Standards Board.

Dan Schmidt, Senior Analyst, Wisconsin Legislative Council described pending legislation found in the budget Bill AB75. Spill drafts were shared addressing; educational support personnel employees, part time school employees, domestic partners and the City of Milwaukee bonding for unfunded liability to their pension fund. In addition several Bills that have been introduced and could have an impact on the WRS were detailed.

Blair Testin Award was presented to Carol and Edwin Kehl in appreciation for the years of service to the WCOA and the many hours in coordinating monthly meetings and the Annual Conferences.

Senator Dale Schultz was able to attend and addressed the audience on the present economic conditions and the budget. Sen. Schultz is a past Co-Chair and present member of the JSCRS.

Arthur Taggart, Executive Director, Epilepsy Foundation South Central Wisconsin spoke on healthcare reform and the issues, political positions and difficulty in coming to a consensus or even partial agreement within various legislative bodies. He addressed what he has experienced in advocating for those with epilepsy. He also compared the healthcare system in the U S to several other countries.

Dave Stella, Secretary, Department of Employee Trust Funds titled his presentation “The Challenge Ahead”. Mr. Stella again shared the May 1, 2009 annuity adjustments we received, the Core a -2.1% and the Variable a -42%. Compared to the CPI the Core adjustment over a 26 year average is 2.1% higher and over the last ten years is 1.2% higher, the Variable is 3.4% over 26 years

and -2.6% over ten years. The 2009 returns must be between 27.9% and 30.7% to avoid a negative Core adjustment. A 0% return in 2009 will result in a -4.5% to -4.9% Core adjustment. A -10% return will result in a -5.9% to -6.3% adjustment. Variable fund facts were shared and the ETF Board is recommending that the fund be closed to new participants. Due to the state and local budget problems there may be temporarily fewer retirements with a later increase due to frozen wages, layoffs, increased benefit costs and other unique issues. The WRS compared to other systems continues to be better funded, given the recession we are in.

Matt Stohr, Director, Legislation, Communications and Planning, ETF updated added services of ETF. The videos are helpful in answering participant questions and two ETF specialists were present today to answer questions of the attendees. There is also a US HR Bill 1413 to allow certain public employees a deduction for distributions from government plans for health and long-term care insurance, additional information is available from ETF. SB 88 & AB126 provides up to four years WRS creditable military service with several conditions including payment to ETF. The ETF budget request was detailed with expected changes. It is unknown how or if the Governor's spending/employee reductions will impact ETF

Throughout the conference the participants had many questions and received many answers.

(Because of agenda changes and time constraints we were not able to conduct a conference evaluation. If you have any suggestions please inform your WCOA representative or contact one of the officers. Thanks to each of you for your attendance)

NEXT WCOA MEETING: June 17, 2009 9:30 am, WI. Professional Police Association Building.
The conference adjourned at 3:00 pm
Respectfully submitted – Dick Kratz