

Wisconsin Coalition of Annuitants

Minutes of Meeting November 18, 2009

The meeting was held at the Wisconsin Professional Police Association Building, 304 Coyier Lane Madison and was called to order by Facilitator Jim Miller at 9:32am.

MEMBERS & ALTERNATES PRESENT:R. Alesch, ACE; V. Cutler, UWMRFA; B. Fendel, AFSCME; B. Frantz, DOT; J. Grosklaus, West Allis; J. Gruentzel, DOT; R. Hoessel, DOT; C. Howard, WEAC-R; D. Klimpel, UWMRA; D. Kratz, CORR; A. Lee, WSAA; J. Maydak, West Allis; J. Miller, DNR; J. Munro, WARSDA; D. Rohweder, ESP, W. Rowe, ACE; J. Skiles, UW-R; T. Speranza, RPPFW; J. Stoddard, CORR; J. Vreeland, WAUWATOSA; A. Wallace, UWMRA; J. Zwadzich, SWIB.

GUESTS: S. Drew, A. Fendel, S. King, D. Schmidt.

EXCUSED: J. Egan, J. Elmer, E. Frank, J. Palmer, B. Schaefer.

MINUTES of the October meeting, with spelling corrections, were approved as mailed.

GUEST: Dan Schmidt, Senior Analyst, Legislative Council

Mr. Schmidt reported on the actuary study for the police protective classification, to match the firefighter's classification, which was requested and funded in the budget. The future costs would be \$45,059,175 and would increase the contribution rate by 0.003 which is three times as much as the military credit study which was considered expensive. There has not been a bill introduced and no reaction has been received.

The 2008 Comparative Study of Major Public Retirement Systems data has been received. The report will be available in early January. Two systems were added to the study, Nebraska and Kentucky split into State and Civil systems. With the data through 2008 some of the trends are: retirees continue to grow faster than active employees, there continues to be a conversion of systems from defined benefits to defined contributions, a slight increase in earlier retirement age, employee contributions increased, employer contributions increased due to paying postponed payments, formula multiplier is stable following several years of increase, CPI adjustments have less being paid out, system funding ratios average is 81% compared to 82% in 2006 with disparity among systems. The report will be online and copies will be made available to the WCOA.

Question: Will the legislature be addressing the federal tax on conversion of IRAs to Roth IRAs?

Mr. Schmidt will follow and inform us of any legislation.

WCOA Directors: Bill Frantz is replacing Jim Gruentzel as a DOT representative. Jim was thanked for his 20+ years of representation and service on the ETF Board.

GUEST: Sandy Drew, Legislative and Beneficiary Liaison, SWIB

For some time Congress has been looking at reforms of the financial regulatory market. This week Sen. Dodd proposed an 1100 page bill and Sen. Kohl is on the main committee. Several of the financial regulations are important to institutional investors. A draft letter was circulated with a request that the WCOA consider sending a letter to the WI delegation, Sen. Kohl, Rep. Kagen, Rep. Baldwin, and Rep. Moore are on committees receiving the bill. There is strong lobbying by other than institutional investors for the bill, however, the four major issues for SWIB are:

1) Institutional shareholders such as the State of Wisconsin Investment Board, which manages and invests our WRS pensions, should have the ability to nominate directors to protect shareholders.

2) The Securities and Exchange Commission should have the resources and authority it needs to regulate corporations and protect investors.

3) Boards of directors should be independent and oversee management. A CEO of a company should typically not be allowed to also serve as chair of the board.

4) Directors should be elected annually and by a majority vote of the shareholders voting.

MSC The WCOA supports the SWIB recommendations to the Restoring American Financial Stability Act by contacting our WI delegation.

(WCOA Chair Jim Palmer has written to Senator Kohl)

There was discussion on voting “weight” by institutional investors, non-voting, proxy and how to vote along with how individuals are appointed to boards. SWIB uses RiskMetrics which provides an analysis of individuals running for election to various boards. If an individual is on more than three boards they are considered “over boarded”.

SWIB internal management is close to 40% up from 25% in 2007.

Returns for October 31 - Core 17.1% and Variable 24.4%, both ahead of their benchmarks.

(November 30 - Core 21.1% and Variable 30.4%)

GUEST: Sari King, Administrator, Division of Retirement Services, ETF

This year has a record number of people asking for retirement estimates, with actual retirements lower. There does not appear to be any benefit in retiring in December rather than January and it is anticipated people will continue to work. The WCOA was surprised to hear that there are 138 annuitants over 100 years of age and only 18 are males (13%).

ETF has received a lot of questions on the Variable but encourage participants to discuss their individual situation with a financial advisor and view the web cast on the Variable Fund.

Legislation has not moved on the Variable Fund elimination or the organization dues deduction through ETF. A summary of variable participation changes will be made available. Ms King said we should anticipate another tax table change in January. It appears employees are continuing to work to have health coverage. The length of escrow health coverage for retirees is difficult to determine because of the options. There has not been any discussion on the impact, if any, that the federal health plan would have on the state plan. Request was made to have an impact report from ETF at the December meeting. It is estimated that ETF health plans insure 200,000 of the 550,000 participants. State health coverage with Badger Care covers almost everyone. Ms King will provide a listing and an updated map of annuitants’ residence by state; 86% have stayed in WI. There have been over 800 registrations for Domestic Partners and some added dependents to age 27 to the health plans; web casts provide specific requirements.

If you change your residence be sure to contact ETF.

CORRESPONDENCE: None

OLD BUSINESS: Annual Conference committee report. The committee recommends that the WCOA Chair MC the conference. The date: Monday May 10, 2010. The committee will be securing speakers. The cost will be \$30 with an early bird \$25 registration. The committee will identify the need for volunteer assistance and provide a timetable for publicity and registrations. In the past Ed and Carol Kehl did the work of many. ETF and SWIB offered their assistance.

MSC The WCOA Chair will MC the 2010 Annual Conference

WCOA Officers were nominated last month and elected. They will be installed in January 2010.

Jim Palmer, Chair; Ed Frank, Vice Chair; John Maydak, Treasurer, Dick Kratz, Secretary.

NEW BUSINESS: There discussion on how to coordinate WCOA monthly meeting speakers. Mr. Frank was appointed to review the procedure; however, Ms Drew and Ms King stated that they will attend the meetings or have a representative. Dan Schmidt will also be asked to attend the meetings.

MSC The WCOA monthly agenda will permanently include representation from ETF, SWIB and the Legislative Council.

NEXT MEETING: December 16, 2009 9:30 am, WI. Professional Police Association Building.
The meeting adjourned at 11:40??am Respectfully submitted – Dick Kratz