

# Wisconsin Coalition of Annuitants

## Minutes of Meeting March 24, 2010

The meeting was held at the Wisconsin Professional Police Association Building, 304 Coyier Lane Madison and was called to order by Chair Jim Palmer at 9:40am.

**MEMBERS & ALTERNATES PRESENT:** O. Berge, WARSDA; J. Corry, UWMRA; E. Frank, DNR; B. Frantz, DOT; J. Groszklaus, West Allis; R. Hoessel, DOT; C. Howard, WEAC-R; D. Kratz, CORR; A. Lee, WSAA; J. Maydak, West Allis; J. Palmer, WPPA; D. Rohweder, ESP, B. Schaefer, SEA; J. Skiles, UW-R; J. Stoddard, CORR; J. Vreeland, Wauwatosa; J. Zwadzich, SWIB.

**GUESTS:** J. Gruentzel, S. Sweet, M. Stohr, C Welch

**EXCUSED:** V. Cutler, J. Egan, J. Elmer, B. Fendel, D. Klimpel, J. Miller, A. Wallace

**MINUTES** of the February meeting were approved as mailed.

### **GUEST: Matt Stohr, Director Legislation, Communication, Planning, ETF**

Legislation: The present legislative session which began in January 2009 is scheduled to conclude general business on April 22, 2010. The "clean up" floor period begins on April 13 with several floor periods scheduled in May for additional action primarily for technical bills. Any bills not passed this session are dead and will need to be reintroduced in the next session beginning in January 2011. Several bills that pertain to ETF have not had any action for a significant period and will most likely die in committee. The two active bills that could impact ETF are:

SB320 introduced by the Co Chairs of the JSCRS would close the variable fund to new enrollees beginning in January 2011. This bill was recommended by the ETF Board. There has not been any action probably due to the variable doing well this past year and no complaints to legislators. Also the JSCRS does not meet as often as other committees and that is fortunate since a number of bills referred would have increased contribution rates. This bill will be reintroduced next session for closing the variable enrollment in January 2012.

SB390 has been a bill of discussion for several months. The bill would: 1) Allow the ETF, upon request of a retiree, to deduct money from their annuity and forward to a specific employee or retiree organization. 2) Open mailing lists to organizations through a vendor since ETF does not do mailings, including present publications. There is no companion bill in the Assembly. The ETF Board opposes the bill because it is not good use of resources which are designed to pay benefits and provide member services. This bill also opens up mailing lists for solicitation purposes and has a potential for expanding to other areas once the protection of annuitants information is released. An amendment to the bill provides ETF to charge administrative costs for the fee or dues deduction and the mailing costs and apply those funds to administrative operations. It was voted out of the senate Labor, Elections and Urban Affairs committee on a 3-2 vote and could be scheduled on the senate floor the week of 4/13. The assembly also has to have a bill introduced, a hearing and have it moved to the floor for a vote. There is time for passage. Unfortunately the JSCRS was bypassed. The bill may be referred to the Joint Committee on Finance because of the Chapter 20 appropriation with cost reimbursement.

Communication: Nationally there has been media attention to numerous pension systems for corruption, poor investments including allocations, under funding of the system and contribution rates. Each system seems to have its own unique problems and as a result draws attention to the good systems such as the WRS. National Public Radio is focusing this week on broadcasting various pension systems operations. WRS is listed as one of the top five nationally being funded at about 99% and not having health insurance liabilities that many states are experiencing. NPR is following up on the recent PEW Report. The WPRI report by George Lightbourn, a member of the WRS, had many errors and misinformation in comparing public and private pensions. The WPRI report created discussion between WCOA directors and concluded that the report had many, many flaws and will be a political issue in the Governors campaign.

Secretary Stella provided a response to the WPRI report and it was provided to the media. Also, several ETF and SWIB staff has met with the Journal/Sentinel staff to educate them on the WRS.

Milwaukee County has been reported in the media as interested in joining the WRS. The ETF has not been contacted. Rep. Stone has requested Sen. Wirth to research the county joining the WRS; however, Milwaukee County has not requested any information or desire to be considered. Mr. Stohr provided a brief history of the Milwaukee County pension system and issues in joining the WRS. One big issue would be the unfunded liability which was and has been a problem for school districts since joining in 1982. Some schools still have unfunded liability that costs them annually 7.8% interest. Additional information regarding Milwaukee County is available at the Legislative Audit Bureau website and ETF website has employers' contributions and unfunded liabilities.

Annuity Adjustment: In March the annuity adjustments were announced: Core Fund -1.3% and the Variable 22%. The effective rates were announced in February, which are the interest rates for active employee accounts, core fund 4.2% and the variable 33%. The SWIB returns for 2009 were core 22.2% and variable 33.7%. There has been inquires on the variable adjustment being 11% less than earned. This is the largest difference ever and is a result of various factors including the 2008 loss which reduced the fund 39% and higher payments made for four months before the May 2009 adjustment. There were a number of negatives that all came together at the most inopportune time. Additional information is available on the ETF website and the ETF video presentations.

Staffing: ETF is considering a 1310 request to upgrade online access for participants to make personal changes or requests and to add a RSS feed which would provide email notices from ETF to anyone who signs up with an email address. It would provide information to the membership at the same time as the media receives it. The 1310 request will be discussed further and may be ready in June.

Employer contribution rates are being discussed and when information is available it will be shared.

Mr. Stohr was again thanked by the membership for the timely and detailed information he provides.

**CORRESPONDENCE:** None

**OLD BUSINESS:** Annual Conference Monday May 10 - committee update was provided prior to Mr. Stohr's presentation. Committee will meet following today's WCOA meeting.

Website - Following discussion and the many opportunities of sharing information on our own website it was agreed to obtain a proposal from last month's speaker, Richard Wojacik.

**TREASURERS REPORT:** Checkbook balance: \$6,081.88. The annual conference mailing to 291 past conference attendees has 18 returns as undeliverable. Approximately 25 registrations have been received. Annual conference printing and mailing costs were \$494.83.

**MSC Treasurers report approved as presented.**

**NEW BUSINESS:** The representative for annuitants on the ETF Board is elected by annuitants and has never acknowledged our request to attend our meetings, has not provided any information to us and it is unknown if he provides information to anyone. As our representative Mr. Fisher has been a disappointment to the WCOA. The elections are next spring with the term expiring 5/1/11. WCOA needs to begin consideration and get support for a representative who will actively represent all annuitants. A main consideration is having a representative who will attend WCOA meetings.

**NEXT MEETING:** April 21, 2010 9:30 am, WI. Professional Police Association Building.

The meeting adjourned at 11:15am

Respectfully submitted – Dick Kratz