

Wisconsin Coalition of Annuitants
Nineteenth Annual Conference
May 10, 2010
American Family Headquarters Madison, WI

The following is a summary of the WCOA 19th annual conference held on Monday, May 10, 2010 at the American Family Headquarters in Madison. This summary is based on handout information since the secretary was occupied with other activities and did not participate in all the conference presentations. Any corrections are of your own desire.

Registration and a continental breakfast for the participants were completed by 9:00 AM. Opening remarks and a warm welcome by WCOA Chair Jim Palmer set the tone for the conference.

Dave Stella Secretary, Department of Employee Trust Funds addressed the attendees with the theme Focusing on the long term - the need for perspective in difficult times. He reviewed the Core Fund adjustment of -1.3% and the Variable Fund adjustment of 22%. The number of annuitants in the core fund is 151,000 and variable approximately 35,000. Mr. Stella reviewed the primary sources and how the core and variable adjustments are determined. Several projections on future core fund adjustments, NOT predictions, were presented. Recent studies on pension system funding status rank the WRS as one of the best in the nation.

Major provisions of the federal health care legislation were addressed. Extension of dependent coverage, prohibition against cancellation of coverage, no lifetime or restrictive annual coverage limits, freezes to Medicare advantage plans, cost ratio requirements, requirement to have health coverage, annual limits prohibited waiting period restrictions, pre-existing condition exclusions prohibited for all, excise tax on high costs plans, and mandated coverage for preventive health services for all plans were issues that have yet to be fully interpreted

Matt Stohr, Director Legislation, Communications and Planning, ETF highlighted the legislation during the period of January 2009 through April 2010. The Variable Fund elimination for new employees was not passed and will be reintroduced in the next session. A bill allowing ETF to deduct retiree organization dues also was not passed and is expected to be reintroduced in the next session. Nationally there has been media attention to pension systems and we can expect future attention on the WRS. ETF continues to upgrade communication to meet the needs of the participants.

Daniel Schmidt, Senior Analyst, Wisconsin Legislative Council reviewed the 2008 Comparative Study of Major Public Employee Retirement Systems. This report is compiled every two years and is one of the most comprehensive national reports being utilized by many states. Mr. Schmidt pointed out the changes in the report. The WRS participation has grown 4.5% since 2006 and the ratio of actives to beneficiaries has decreased to 1.83. WRS funding ratio at the end of 2008 was 99.7%.

The **Blair Testin award** was given to **James Gruentzel**. Jim has been an active participant of the WCOA and has also served as the annuitant representative on the ETF Board. Jim has spent many hours in describing and educating individuals to the value of the WRS as designed by Blair Testin.

Keith Bozarth, Executive Director, SWIB titled his presentation Investing in WRS Assets - Current Topics. He addressed the Core Fund performance to date and then shared several organizational improvements. The 2010 asset allocation is to reduce the volatility within the market. Leverage and Hedge Funds have ways of reducing risk and maintaining earnings of the assumed rate of 7.8%. Points to remember are the proposed allocation changes are to reduce risk associated with equities and to provide better protection in negative markets. Hedge funds and leverage does not involve borrowed cash and any changes will be slow and deliberate with the approval of the SWIB board.

Prof. William Duddleston., Economist, Edgewood College spoke on the US Economy 2010 - 2012, Uneven Recovery and Strong Headwinds. He addressed the labor force and employment along with personal income growth and personal consumption growth within the last 12 months. Durable goods, sales and orders, new housing permits, and construction spending were compared from 2000 to 2010. Construction spending by several categories was also detailed. Goods producing jobs versus government jobs were described as well as excess reserves in the US banking system. Prof. Duddleston explained the economics of petroleum futures, copper, Euro futures, 10 year treasuries, and the S&P 500.

Following each presentation and with a brief break the speakers were available to answer individual questions.

All reports indicate the facilities were exceptional and the noon lunch was “very good”.

Thanks to the committee for their efforts-

Committee: Jack Stoddard, Ed Frank, Jean Grosklaus, John Maydak, Jim Palmer, DeWayne Rohweder, Dick Kratz.

Next WCOA Meeting: June 16, 2010