

# Wisconsin Coalition of Annuitants

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## Minutes of Meeting November 16, 2011

The meeting was held at the Wisconsin Professional Police Association Building, 660 John Nolen Drive, 2nd Floor Conference Room Madison and was called to order by Vice Chair Ed Frank at 9:38am.

**DIRECTORS & ALTERNATES PRESENT:** O. Berge, WARSDA; J. Calkins, UWMRA; V. Cutler, UWMRFA; S. Drew, SWIB; B. Fendel, AFSCME; W. Ford, ETF-B; E. Frank, DNR; J. Grosklaus, West Allis; R. Hoessel, DOT; C. Howard, WEAC-R; A. Knop, WEAC-R; D. Kratz, CORR; J. Maydak, West Allis; B. Meyer, WREA; J. Miller, DNR; J. Munro, WARSDA; D. Rohweder, ESP; W. Rowe, ACE; B. Schaefer, SEA; J. Skiles, UW-R; J. Stoddard, Corr; M. Susman, UWMRA.

**GUESTS:** B. Davis, B. Feitlinger, V. Hearing, C. Preisler, S. Smith, M. Stoddard, R. Wojciak.

**EXCUSED:** J. Egan, J. Elmer, J. Palmer, T. Speranza, J. Vreeland, A. Wallace.

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

Several Directors guests attending today's meeting were introduced.

### **GUEST: William Ford, ETF Board Member**

William Ford is the Annuitant Representative on the ETF Board. Mr. Ford was invited to share with us the selection process of Bob Conlin as the ETF Secretary. On November 1 the Board held a special meeting and following an interview with Mr. Conlin offered the position to him. Mr. Conlin has been Deputy Secretary the past four years and will begin his new duties on January 4, 2012.

Mr. Ford worked with Mr. Conlin for 15 years at the Legislative Council. Mr. Ford found Mr. Conlin very intelligent, conscientious and hard working. He will do a good job as Secretary of ETF.

The selection process began at the Board's September 15 meeting. Mr. Stella had announced that he would be retiring around the first of the year. The Board then identified the qualities that they wanted to see in the Secretary and created a position description. There was concern for continuity and stability with Mr. Bozarth also retiring from SWIB and the legislative external challenge to the WRS. The Board then established a search and screen committee made up of the Board Officers. The Board asked the search and screen committee to first try and find someone internally who possessed the identified qualifications. Mr. Conlin was identified as an individual interested in the position. Following a structured interview and a review of references the committee met again and unanimously agreed to recommend that the Board interview Mr. Conlin and recommended him for the position to the full Board.

In its written comments to the Board, the committee indicated Mr. Conlin showed a strong interest in the position and has made a commitment to public service, plans on staying in the position for a long time and is well qualified based on his experience as ETF Deputy Secretary, Director of Legislation, Communications and Planning and his years at the Legislative Council. The Committee also noted that ETF Secretary Stella and former Secretary Eric Stanchfield along with five other state and local government references highly rated Mr. Conlin.

In addition, the committee determined that Mr. Conlin has the educational requirements appropriate for the position of ETF Secretary. He has a BA from St. John's University, a law degree from UW Madison and has also earned certificates in Public Plan Policy in Pensions and Health from the International Foundation of Employee Benefit Plans. He has also developed effective and respectful working relationships with the ETF Board members, the Governor's Office, state agency

executives and constituents utilizing a non-partisan approach. He has integrity and will do everything possible to protect the WRS.

With Mr. Conlin being identified as an outstanding candidate a nationwide recruiting was not implemented. In addition, at a national conference when Mr. Stella's retirement was announced it did not generate any interest in applying for the position.

The November 1 ETF Board meeting was then held and again a structured interview was conducted with the full board. Mr. Conlin was then offered the position on November 1 which affords him the opportunity before he formally assumes the position to think about filling the deputy secretary position and several key vacancies that have been the result of retirements.

The WCOA thanked Mr. Ford for sharing the selection process with us and his service on the ETF Board.

**GUEST: Vicki Hearing, Public Information Officer, SWIB**

Ms Hearing introduced newly hired Chris Preisler, SWIB Communications Director.

There has not been any word on the SWIB Board reappointments or appointments.

A replacement for Mr. Bozarth is being conducted through a consultant and until the board receives a response from the consultant there will no information.

Returns as of October 31 are: Core 2.8% and the Variable -1.8%.

ETF recently announced projected annuity adjustments. A return of 5% will have an annuity adjustment of -3.2 to -4.2; a return of 0% will have an adjustment of -4.1 to -5.1 and a return of -5% will have an adjustment of -4.9 to -5.9%.

The SWIB Board is meeting today and will be receiving a report from CEM which is a consultant reviewing SWIB's costs of management. The increased internal management and reduced external management has contributed to the value-added in beating benchmarks.

If you want to receive by e-mail the year-to-date end of month returns, send an e-mail to [info@swib.state.wi.us](mailto:info@swib.state.wi.us) and ask to be added to the year-to-date returns monthly emails.

Chris Preisler will be on the "hot line" and will be contacting some of us for information on the methods we use to communicate with our members.

SWIB is continuing to move forward slowly and deliberately with the asset allocation options and this is a topic at today's Board meeting. You will be hearing more in the media on SWIB's leverage and hedge funds.

SWIB compensation will be a topic the next couple months.

**GUEST: Shawn Smith, Communications and Legislative Director, ETF**

Ms Smith arrived from another meeting and began her presentation.

ETF is keeping busy with a more than normal increase in retirement estimates and applications.

Good news is Bob Conlin, Deputy Secretary, has been named Department Secretary, for many good reasons including bringing stability and understanding to the system, and his length and breadth of experience. The not so good news is the retirement of Sari King.

Ms. Smith provided the ETF announced projected summary sheet which was shared earlier by Ms. Hearing. ETF has also revised several of the videos to answer questions that actives now have with money coming out of their check. "When should I retire" and money purchase versus formula have been common questions.

Tomorrow is a hearing on rehiring of annuitants and Ms. Smith and Matt Stohr will be testifying for information only on AB 318 and AB 352. Five key areas are: 1) Maintaining public

confidence in the system and its policies, especially with the media coverage of rehired annuitants. 2) Simplicity is important with over 1500 employers statewide and the ripple effects when a slight change in policy impacts human resources and payroll offices throughout the state. 3) How will the long-term health of the system be impacted when baby boomers want to be rehired after retiring. 4) No matter what policy changes occur by drafted legislation they should be referred first to the JSCRS for an actuarial study. 5) The 30 day break in service needs to be reviewed and should follow the guidelines of IRS which is 6 months and would improve public opinion.

Representative Ziegelbauer's Bill AB 352 would reduce the 1200 hour WRS eligibility to 1000 hours for actives and rehires. A retiree working more than 1200 hours would also terminate their annuity until they again retire. Both bills authors have a copy of the Transitional Employment report, prepared a couple years ago, which would permit an employee to reduce work hours when they approach retirement.

A WCOA member mentioned that Rep. Ziegelbauer is double dipping as a State Representative and the Manitowoc County Executive.

There are many sides to the so-called double dipping issue. A WRS retiree working in the private sector is not a concern, a retiree from the military or other agency outside of the WRS may be hired by an employer in the WRS without concern and university researchers retire and want to stay involved in their research. There are organizations that have vested interests on both sides.

If any of your organizations need a speaker contact Pam Licht at the Division of Retirement Services, ETF.

**LEGISLATIVE REPORT:** None, covered by Ms Smith.

**CORRESPONDENCE:** Letter from WFT/AFT-R "Privatizing Pension Fund WRS"

Buzz Davis, representing AFT-W, stated that the letter sent out November 1, 2011 by the Secretary was not the document intended for WCOA. What was emailed was a union resolution that was passed at the convention in late October. Mr. Davis provided a copy of the intended document which states:

"Proposal To The WI Coalition of Annuitants From The Ad Hoc WRS Act 32 Committee 11-15-11 draft.

1. That the WCOA member groups help inform and educate their members: A. As to the Act 32 study committee assignment, and B. As to the present configuration of the WRS, i.e. that it is well funded, not broken and does not need to be fixed
2. That the WCOA could produce a series of WCOA articles which all member organizations can then reprint and publish in their newsletters and electronic messages.
3. That the WCOA ask ETF/SWIB to publish a WCOA article, directed at retirees, explaining the assignment of Act 32's study committee."

The Ad Hoc committees' concern is the Act 32 request for a study by DOA, OSER and ETF to be completed by June 30, 2012.

Ms. Smith provided clarification on the study, which will address a defined contribution plan as an option for WRS participating employees, permitting participating employees to not make employee required contributions under the WRS and limiting retirement benefits for these employees to a money purchase annuity.

AFT-W is asking that WCOA provide a document describing a defined benefit retirement plan, a defined contribution retirement plan, and factual data describing the present WRS plan which could be presented to all WRS participants. In addition that the WCOA produce articles all

organizations could reproduce for their membership and that the WCOA publish an article in the ETF/SWIB newsletter explaining the study committee's directive.

The National Public Pension Council has provided a grant to AFSCME for purposes of addressing the provisions required in Act 32. Sandy Drew is working on a grant committee that had its first meeting last Friday and is focusing on getting information to all participants of the WRS. This group will supplement and combine the information provided by ETF and SWIB. The intent of the grant is to counteract any negative impact on the WRS that may arise from the study included in 2012 WI Act 32.

There was considerable discussion as to the role of WCOA. We do not represent all annuitants but serve to protect the integrity of the WRS. Education of the WRS participants is necessary to have them counter public opinion. Providing and disseminating information is one of our functions but taking a particular position on issues outside the WRS is not our role. This topic was tabled to the December meeting.

**OLD BUSINESS:** Letters to ETF Board - not needed, Bob Conlin has been appointed Secretary. Letter supporting ETFs request for an actuarial study - not needed, ETF received funds through a 13.10 request to conduct the study.

**NEW BUSINESS:** Annual Conference needs presenters lined up. Jack Stoddard has requested to stay on the committee but not as the Chair.

**NOMINATIONS:** We are behind schedule: September ask for nominations, October nominations, November ballots returned, December election results, January installation. Ed Frank has requested to be replaced as the Vice Chair.

**TREASURER'S REPORT:** No changes, balance \$6,338.76  
Membership dues will remain at \$50. Invoice notice will be mailed soon.

**NEXT MEETING: December 12, 2011** 9:30 am, WI. Professional Police Association Building.  
Annual Conference Monday, May 14, 2012 American Family Headquarters Madison, WI  
The meeting adjourned at 11:10am  
Respectfully submitted – Dick Kratz