

Wisconsin Coalition of Annuitants

www.wicoa.org

Minutes of Meeting April 16, 2012

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 Jerald Vreeland at 9:38 am.

DIRECTORS & ALTERNATES PRESENT: D. Bennett, WREA; O. Berge, WARSDA; L. Bundy, ESP; V. Cutler, UWMRFA; B. Davis, WFT-R; S. Drew, SWIB; B. Fendel, AFSCME; E. Frank, DNR; J. Grosklaus, West Allis; R. Hoessel, DOT; A. Knop, WEAC-R; D. Kratz, CORR; J. Maydak, West Allis; B. Meyer, WREA; D. Rohweder, ESP; W. Rowe, ACE; B. Schaefer, SEA; J. Skiles, UW-R; M. Susman, UWMRA; J. Vreeland, Wauwatosa; A. Wallace, UWMRA.

GUESTS: L. DeBack, D. Lueck, C. Preisler, P. Sickel, J. Strohl, S. Sweet, C. Welch.

EXCUSED: J. Egan, C. Howard, J. Miller, J. Palmer.

DIRECTOR: Dave Bennett, recently hired as the WREA Executive Director, was introduced and will be representing WREA.

MINUTES of the March meeting were approved as mailed.

GUEST: Chris Preisler, Communications Specialist, SWIB

Preliminary returns for March 31: Core fund 7.4% with a benchmark of 7.1% and the Variable fund 12.7% with a benchmark of 12.4%.

Mr. Preisler also provided a summary of returns for the total fund and the individual major division, portfolio, returns.

At the last SWIB Board meeting incentive compensation was approved. Incentive compensation is based on out-performance of the investment benchmarks over a five-year average. Out-performance in 2011 was around \$350 million for the core fund and around \$30 million for the variable fund. Approximately 1% of the \$380 million out-performance will be used in incentive compensation. The incentive compensation plan is by state statute and has been in place for several years with the design not only to reward but to retain professional staff. The WCOA supports the compensation plan. Not all staff receive incentive compensation.

Costs of assets managed internally are approximately 1/3 of the cost of having external asset managers.

Last week SWIB sponsored a venture capital seminar with Kevin Kinsella, who is the founder of Avalon Ventures. Mr. Kinsella shared insight on today's sectors for investing in venture capital. There were over 100 in attendance which provides SWIB and others with the opportunity for networking with the venture capital community. Mr. Kinsella also spoke to the SWIB Board.

The Council of Institutional Investors elected Jane Hamlin, SWIB's chief legal counsel, to the Board of Directors. CII is a nonprofit, nonpartisan association of pension funds, employee benefit funds, foundations and endowments. This organization is a strong voice for corporate governance and shareholder rights.

The SWIB Board continues to operate one member short with Mr. Boldt serving as the Chair. Dave Stella has been appointed to the Board, as a non-educator participant in the WRS, and was appointed by the Wisconsin Retirement Board.

SWIB's newly appointed executive director, Michael Williamson, is in town and is beginning to meet with staff. Mr. Williamson has been invited to our annual conference.

LEGISLATIVE REPORT: The rehired annuitants bill, along with other bills, died with the closing of the Legislative session.

CORRESPONDENCE: None

OLD BUSINESS: - WCOA/WRS PowerPoint presentation is being worked on in committee and the committee will be reviewing the final draft this week.

- Annual Conference speakers have been arranged and confirmed. The Blair Testin award recipients, Dave Stella and Keith Bozarth, have been notified. There was a request for additional copies of any handouts especially those of ETF and SWIB. If hard copies are not available they will be made available electronically. Also the pamphlets provided by ETF could be requested at the conference and made available for later pick up at the ETF office. Registrations are at 112 with over a month to go. Organizations will remind members to register. The Alliance for Retired Americans is interested in having a display table.

- ALEC was mentioned a couple meetings ago and there is a speaker from Illinois who addresses the topic and might be a speaker for us. Recently a number of large corporations have withdrawn membership in ALEC. These corporations have provided “scholarships” in the form of travel and lodging expenses to several of our state senators which is a means of “laundering” corporate money. The major legislation introduced in Wisconsin the past year has been taken from ALEC’s models.

NEW BUSINESS: - AFT-W Director Buzz Davis introduced two items. The first is an e-mail sent to the WCOA Directors for discussion and decisions regarding media efforts in the next seven weeks. The second item is a resolution, Understanding and Protecting the Wisconsin Retirement System, with the suggestion that we review it and consider it at a subsequent meeting.

Mr. Davis provided the following: It is recognizing that the WCOA provides accurate information with a proactive slant to protect present and future annuitants of the Wisconsin Retirement System. For many privatization of the WRS by the Legislature has been a topic and ongoing concern. First, with the May 8 and June 5 recall elections it is important that we use our influence to communicate to our membership the importance of participating in the elections. Secondly, we need to communicate to non-public workers and their families how private pensions have changed from defined benefit plans to nonexistent or insufficient pensions. A third area is to communicate with editorial boards the structure of the WRS and the present problems and need for changes in private sector retirement systems. What can and what should the WCOA do? Periodic emails to legislators, editorials on private retirement systems, press conferences?

The discussion that followed emphasized the need for the WCOA to remain politically neutral. We should emphasize our website, www.wicoa.org, news section for information. We need to get our membership involved early in their career and not at the time of retirement. The joint unions committee that was recently established is addressing editorial boards, and we should be seeing press releases in the next month. There was a re-emphasis of the positives in the WRS and the lack of understanding or false information shared by some of our members and the

public in general. There is an urgency to get our members to do something, especially think and vote.

Mr. Davis was complimented for his proposal and getting us to think about some issues. There were five areas identified that the WCOA might support: 1) that people understand the issues that are coming up with the elections, 2) that we encourage members to get out and vote and become involved, 3) that we support defined benefit pension plans, 4) that we alert our membership on the status of the study when it is released the end of June, and 5) that we show concern for all workers that they have a quality pension plan.

In addition, there should be mention of the low cost of the WRS to taxpayers. The Comparative Study also indicates that there are only seven of 87 major retirement systems that, by percent of payroll, cost less than Wisconsin's. The report is available at our website, [www.wicoa.org/](http://www.wicoa.org/archives) archives, second item, "2010 Comparative Study..", page 21, chart 111.

Further discussion resulted in the passing of the following motion:

MSC The Wisconsin Coalition of Annuity (WCOA) supports the merits of a defined benefit retirement plan that provides a modest benefit and financial security in retirement. The Wisconsin Retirement System (WRS) is a model pension system that is low cost for taxpayers. The WCOA urges its members to become knowledgeable about the WRS, become involved in retirement issues and support public policies that sustain a quality pension system for both public and private workers.

The Secretary and Treasurer were complimented.

MSC The WCOA secretary be given a \$150 honorarium.

MSC The WCOA treasurer be given a \$100 honorarium.

TREASURER'S REPORT: Checkbook balance \$8986.36. Report accepted as presented.

NEXT MEETING: June 18, 2012 9:30 am, WI Professional Police Association Building. Annual Conference Monday, May 14, 2012, American Family Headquarters Madison, WI
The meeting adjourned at 11:45 am.

Respectfully submitted – Dick Kratz

Don't forget to register for the Annual Conference Monday, May 14, 2012

Information available at www.wicoa.org (lower right corner).