

WREA Stays Vigilant: Update on the WRS Privatization Issue—January 3, 2012

WREA is aware of the emails, petitions and other information that is circulating about the privatization of the Wisconsin Retirement System (WRS). WREA is also aware of meetings that are being held on this issue. There are two trains of thought out there.

1. There are groups that see the request for a defined contribution/defined benefit study as a direct attack on the WRS and our pension fund.
2. There are others (which include the Investment Board and Employee Trust Funds leadership) which are encouraging all of us to put this matter into perspective as a STUDY which will reconfirm
 - *the WRS is an exemplary pension plan;
 - * a defined contribution addition will not make it less costly to the taxpayers;
 - *a defined contribution addition will not make it a better program for the participants; and
 - *allowing employees to opt out of making pension contributions will not be in the best interest of the employees or of the pension fund.

Of course, all of us are especially concerned right now because of the happenings of the last year and the lack of trust and divisiveness that have resulted. WREA certainly is making this issue a top priority and is staying VIGILANT. At the same time, we are trying to put out the best information we have without over-reacting or causing unnecessary alarm.

The message below has been approved by WREA's Executive Council and is consistent with our policies. We have a meeting scheduled with our WREA Legislative Leadership and Executive Council on Thursday morning. After that meeting I will communicate any additional information and/or new developments.

Notice to WREA Members the Privatization of the WRS

There is a great deal of information circulating on line about efforts to privatize the Wisconsin Retirement System (WRS). There are also meetings being held throughout the state. Here are the facts you need to know:

1. As an organization that promotes and protects the public pension fund, WREA is carefully monitoring this issue. WREA wants to communicate factual information. WREA does not want this issue and the WRS to be made the focus of a political battle.
2. As an annuitant of the WRS, your pension benefit is guaranteed by law. Your pension is not imminently at risk. However, if the WRS were to add a defined contribution plan and/or allow employees to opt out of paying contributions into the fund, it could have a negative impact on your monthly pension amount. There would be fewer assets for SWIB to invest which in turn would reduce returns. For this reason, WREA must stay vigilant.
3. If you are currently working in the WRS, the benefits you have earned to date cannot be taken away. IF there are future changes, they will only apply to your benefits going forward,

not to those you have already earned. Changes would also apply to new hires into the system.

4. The emails in circulation relate to a study mandated in the State Budget Bill. The study must be completed by June 30, 2012 and is to look at the following items:
 - Whether to establish a defined contribution (401 k) type option for WRS employees. (Establishing 401-k type pensions are sometimes referred to as “privatization.”)
 - Whether to allow employees NOT to pay into the fund.
5. WREA values and supports the current structure of the WRS. WREA is also providing information about the value of defined benefit plans over defined contribution plans. There are many reports and studies about this.
6. WREA is interested in the results of the mandated WRS study and will keep you informed of the process and outcome.
7. In the meantime, WREA has had reports from members that there are groups using this issue, false information and scare tactics to get people to sign recall petitions. Please be aware of this. As a non-partisan organization, WREA does not take a position on the Recall Efforts. Individuals can make up their own minds.
8. Contrary to what the emails that are circulating indicate, there are no specific plans for the privatization (other than the study) at this time. The first step is for the study to be completed.