

# Wisconsin Coalition of Annuitants

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Minutes of Meeting August 15, 2013

The meeting was held at the Wisconsin Education Association Council, 33 Nob Hill, Media Room, Madison and was called to order by Vice Chair Jerold Vreeland at 9:30 a.m.

**DIRECTORS & ALTERNATES PRESENT:** O. Berge, WARSDA; B. Davis, WFT-R; S. Drew, SWIB; B. Fendel, AFSCME; E. Frank, DNR; J. Grosklaus, West Allis; R. Hoessel, DOT; B. Holahan, UWMRA; A. Knop, WEAC-R; D. Kratz, CORR; J. Maydak, West Allis; J. Miller, DNR; D. Rohweder, ESP; W. Rowe, ACE; B. Schaefer, SEA; J. Skiles, UW-R; T. Speranza, RPFFW; J. Vreeland, Wauwatosa; A. Wallace, UWRA.

**GUESTS:** V. Cutler, A. Fendel, V. Hearing, T. Hunter, K. Lesandrini, D. Schmidt, M. Susman, S. Sweet, E. Wambold, R. Wojciak.

**EXCUSED:** R. Beglinger, J. Egan, J. Palmer.

**COALITION DIRECTOR:** Bill Holahan was introduced, representing UW Milwaukee.

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

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

Ms. Hearing provided a “talking points” handout on the core fund investment strategy which is good information for our constituents. Strategic planning is one of several areas that SWIB is presently emphasizing. The SWIB strategic planning consultant is Kent Lesandrini who is with us today.

### **Kent Lesandrini, SWIB Strategic Planning Consultant**

Mr. Lesandrini provided an outline of several discussion areas to generate feedback from our attendees. He indicated that strategic planning is a “stepback” look at what the organization is doing well, where it could improve, and what is changing in the environment. He has conducted interviews with trustees and staff and collected background information on the environment. The strategic timeline is assessment during July and August, planning in September and a preliminary report to the SWIB Board in October followed by the report to staff and the WRS membership.

Mr. Lesandrini’s discussion areas were: the role of WCOA and the challenges for WCOA with our constituents, SWIB strengths and what we value as important in the SWIB operation, what are the problems, issues or concerns that have opportunities for improvement, and ways of communication that would be helpful for everyone.

The majority of meeting time was spent in dialogue between Mr. Lesandrini and the WCOA members.

The many varied, insightful responses of today will be incorporated with the other surveys that will be or have been conducted. Ms. Hearing indicated that when the report is available she will share it with us.

SWIB also is working on a Process Management Initiative to increase efficiency of processes in the investment operation by improving infrastructure and strategically looking at technology. The present structure has been described as having a 21st-century investment strategy but a 20th-century technology platform.

### **Tarna Hunter, Legislative Liaison, ETF**

In the past we've focused on state and local pension laws and regulations. In the last year the Federal government has become involved. The proposed Federal Public Employee Pension Transparency Act will change the method that state and local pension plans report to the US Treasury. Specific impact of any changes in reporting is unknown; however, noncompliance would result in loss of qualified tax benefits. The intention of the bill is to prohibit any future public pension bailouts by the federal government. Sen. Hatch introduced the Secure Annuities for Employees’ (SAFE) Retirement Act. The

intent of this act is to take employees risk out of pension systems by having professional advisers. Additional details on both proposals will be provided next month.

With changes in health care, there is a concern by constituents that dental coverage will drastically change. This will be a topic for next month.

It was mentioned that members in the variable fund who are considering an opt out should watch the stock market at the end of November and then make a decision by the end of December. As of July 31 the returns are Core 6.5% and the Variable 16%.

#### **LEGISLATIVE REPORT: Dan Schmidt, Senior Analyst, Legislative Council**

Mr. Schmidt provided an update summary on the Joint Survey Committee on Retirement Systems (JSCRS). Three provisions were subject to the committee, with only one having an actuarial component. The first related to modifying the WRS language to comply with IRS code. The second provision was also a housekeeping item, clarifying 2011 Act 32, to exempt part-time employees hired prior to July 1, 2011 who did not meet new full-time definition. The third provision was the time requirement for separation of service from 30 days to 75 days, and rehired annuitants working more than 2/3 time would be required to terminate their annuity. Upon second retirement the annuity would be recalculated. The actuarial affect of the 2/3 provision is estimated as positive around .03% or \$3.6 million. Savings occurred because of a reduction in payroll cost by hiring newer and lower-paid employees and increased turnover gains in delay of retirements.

There was discussion on the 75-day separation of service requirement and the rehiring of annuitants. This is a hot topic in almost every discussion.

Other bills that were mentioned at past meetings and prior to the budget have not been introduced.

The comparative study report done by Mr. Schmidt will be available at the end of the year. There are a number of new resources on the internet for retirement and pension information simply because of the increased interest nationally. The comparative report format may be different.

**CORRESPONDENCE:** Correspondence was received from UW-Milwaukee indicating that Bill Holahan and Bruce Fetter are the new WCOA directors. Vern Cutler was thanked for his years of service representing UW-Milwaukee. It is sad to report the passing of WCOA Director Larry Bundy, ESP, on July 8 and Carol Kehl, wife of Ed, on July 17.

**OLD BUSINESS:** Bylaws will be reviewed for consideration of so-called splinter groups being members of WCOA as well as being represented by a larger organization. How do we generate interest in WCOA or even retirees interest in the WRS?

**NEW BUSINESS:** September meeting should focus on health insurance. There are questions on the WRS insurance program of re-enrollment and any other changes.

Should we contact Lieutenant Governor Kleefisch regarding her press release indicating that Act 10 solved all the problems for the WRS? Not everyone was aware of the article; once it is retrieved, it will be forwarded.

The Chair then acknowledged an unscheduled guest, Edward Wambold of Rhinelander. Mr. Wambold summarized a report he compiled and titled the Wisconsin Retirement System: A Critical Review. Utilizing a number of reports and documents he has identified several areas of concern and has made recommendations for improving the system. The complete report has been e-mailed to the WCOA directors for their review.

**TREASURER'S REPORT:** The treasurer report of a present balance of \$6955.15 was approved as presented.

**NEXT MEETING: September 16, 2013, 9:30 a.m., Wisconsin Education Association Council, 33 Nob Hill, Media Room, Madison, WI. The meeting adjourned at 11:45 a.m.**

Respectfully submitted – Dick Kratz

