

# Wisconsin Coalition of Annuitants

[www.wicoa.org](http://www.wicoa.org)

## Minutes of Meeting June 16, 2014

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

**DIRECTORS & ALTERNATES PRESENT:** R. Beglinger, WFT-R; S. Drew, SWIB; B. Fendel, AFSCME; J. Grosklaus, West Allis; R. Hoessel, DOT; C. Howard, WEAC-R; A. Knop, WEAC-R; D. Kratz, CORR; J. Maydak, West Allis; J. Miller, DNR; D. Rohweder, ESP; W. Rowe, ACE; J. Skiles, UW-R; J. Vreeland, Wauwatosa; A. Wallace, UWRA.

**GUESTS:** V. Cutler, A. Fendel, T. Hunter, F. Nepple, C. Preisler, M. Stohr, J. Strohl, S. Sweet, C. Welch, R. Wojciak.

**EXCUSED:** D. Bennett, D. Chickering, B. Davis, J. Egan, J. Palmer, B. Schaefer.

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

### **GUEST: Tarna Hunter, Legislative Liaison, ETF.**

ETF is in the process of preparing their budget which is due the end of September. ETF is looking at needed technical and compliance statutory changes that may be included in ETF's budget request.

The legislative session ended in April, and it appears there will be numerous changes in Senators and Representatives in the next session. All 99 house seats are up for election with 22 open (incumbents not running). In the Senate 17 seats are up for election with 7 open.

The Joint Survey Committee on Retirement Systems Co-Chairs are leaving. Sen Schultz is retiring and Rep. Stroebel is running for the 6th Congressional District. ETF is looking into being included in the orientation for new legislators. ETF is in the process of creating educational handouts as well as evaluating other ways to effectively share information, including one-on-one information sharing.

ETF's Transformation, Integration and Modernization Initiative is in the beginning of its 100 day launch and presently working with Vitech, the vendor, putting together the 5 year project.

There was a brief discussion on the role of the WCOA with legislators and if we should be more active. In the past we have been active with issues relating to the WRS. The JSCRS has not met the last few sessions. Several of our organization representatives have direct legislative contact.

The WRS being fully funded has been used by state government as an incentive for companies to move to Wisconsin since the companies would not need to be concerned about being taxed for pension deficits.

### **GUEST: Matt Stohr, Administrator, Retirement Division, ETF.**

Mr. Stohr provided a handout on ETF operations showing statistics relating to the first quarter of 2014, new services being offered, and ETF performance compared with other states programs.

ETF has a policy that retirement estimate requests must have a one year or less projected retirement date. Requests for retirement applications must be within 90 days of the retirement date.

The first two slides on the handout show the number of retirement estimates received and the number of retirement benefits finalized during the first quarter of 2014. It also shows the

number selected of the seven retirement options and lump sum payments. The next quarter, April - June, historically has the most retirements. The following slide is a breakdown of money purchase and formula calculated benefits along with core fund only or core fund and variable benefits. In addition there is a breakdown of local and state government retirements and total retirements by gender. Each month the WRS pays \$35 million in federal taxes. Over 99% of annuitants have direct deposit. Over 86% of annuitants have their monthly annuity deposited in Wisconsin.

New services are the outreach and webinars programs. The state is divided into nine districts and outreach personnel are responsible for providing seminars and information to WRS members. The outreach staff conduct regular hours in their district, and it has been a beneficial service for all. The webinars are on line and last approximately 30 minutes. Popular topics have been annuity options, buying service, additional contributions, and the variable fund. The key time for webinars has been during members' lunch hour. Employer training is also being conducted by webinar.

In response to a question on the return-to-work legislation, that passed last year the workforce concerns related to the 75 day break in service requirement have been mainly from the rural school districts.

The Benefit Administration System (BAS) phase 1 is beginning and, to maintain the current service level, cross training of staff has been conducted. The BAS will be a project for the next five years.

Cost Effective Management (CEM) benchmarking annually reviews ETF retirement services. Some of the areas reviewed are call center received and response time, counseling sessions, death benefits processing, beneficiary designations processing, and service functions. ETF is then compared to a peer group of Virginia, Ohio, California, New York, North Carolina and several others. ETF total service score was 70 out of a 100 which is below the peer median of 78. ETF has shown improvement in call center response time and consultation but continues to fall behind on online access. ETF is a low-cost service provider compared to the peer group. In 2013 retirement administration cost was \$62 dollars per active member and annuitant, which is \$24 below the peer average of \$86. CEM provides assistance on ways to improve retirement functions, based on how others operate. The peer group has approximately six staff per 10,000 members, and ETF has approximately five staff per 10,000 members. The complete CEM report is available on ETF's website under forms and publications.

<http://www.etf.wi.gov/publications/cem2013.pdf>

The next two slides graph retirement estimate requests and retirement applications from 2007 through 2013. Retirements have been increasing each year and will continue to increase to 2025 - 2030.

The handout is available at [www.WICOA.org](http://www.WICOA.org) and at the ETF website. ETF website also provides additional ongoing information.

Same-sex marriage and ETF benefits have been a recent topic. There are information and FAQ's available on ETF's website.

**GUEST: Chris Preisler, Communications, SWIB.**

Preliminary returns as of May 31 were core fund 4.6% with a benchmark of 4.8% and the variable fund 4.0% with a benchmark of 4.2%.

Assets under management were core trust fund \$89.5 billion and variable trust fund \$7.3 billion. Total assets under management \$104.675 billion with 57% internally managed and 43% externally managed.

In past years SWIB has held a September reception. Following a survey the interest in the reception was not sufficient to merit continuation. Also considered was the reduced attendance the past couple of years. SWIB will be looking at other options in reaching out to participants. Regional events and webinars are an option. SWIB is available for any organizational meetings. Contact Mr. Preisler for scheduling.

The SWIB board met last week and approved a total cost management plan for FY 2015. There were two action items. Approved were five positions for internal investment strategies and the internal operating budget of \$46.9 million. Included in the internal budget is the updating of software in the IT investment system.

SWIB expenditures for FY 2014 are \$2.7 million less than budgeted. Staff compensation, incentive compensation, salary and benefit expenditures were less than expected.

There was a question on the GASB presentation made at the conference. All PowerPoint presentations from the conference are available at [www.wicoa.org](http://www.wicoa.org), bottom left home page. Also, for a GASB summary see WCOA minutes December, 2012.

**CORRESPONDENCE:** None

**OLD BUSINESS:** Annual Conference report - Expenses \$1709.06, Registration \$2090.00. Profit \$380.94. Conference financial report accepted as presented. There were 80 registrations, 11 no shows, 5 new attendees with 1 no show (included in 11).

We continue to have people coming to the conference, and indicate they had not received notification. With only four new faces at the conference we need to look at how to reach annuitants.

Extensive discussion revolved around how to increase attendance at the annual conference. It was stated that most organizations have had a drop-off in participation. The goal of WCOA is to provide annuitants with a voice in the WRS. Annual conference will be a discussion item at our next meeting.

**NEW BUSINESS:** The Association of Career Employees sent a donation in memory of Robert Alesch, one of our WCOA founders. The secretary will send a thank you.

The WEAC has been providing a space for our monthly meetings for the past year. It was suggested that a monetary donation be made in appreciation.

**MSC - The WCOA will make a \$200 donation to WEAC in appreciation for the monthly use of their facility.**

**TREASURER'S REPORT:**

Treasurer provided a financial report for 2014 with details through 5/20/14. Checkbook balance \$7,617.16. Treasurer's report accepted as presented.

There was discussion on the merits of conducting a meeting during July and or August. The following motion was introduced.

**MSC - The WCOA will not conduct meetings during the months of July and August.**

**NEXT MEETING:** September 15, 2014 9:30 a.m., Wisconsin Education Association Council,  
Media Room, 33 Nob Hill, Madison, WI.  
The meeting adjourned at 11:25 a.m.  
Respectfully submitted – Dick Kratz