

# Wisconsin Coalition of Annuitants

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

## Minutes of Meeting July 20, 2015

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; D. Chickering, WREA; S. Drew, SWIB; B. Fendel, AFSCME; P. Haubrich, UWMRA; R. Hoessel, DOT; C. Howard, WEAC-R; A. Knop, WEAC-R; J. Maydak, West Allis; J. Miller, DNR; J. Munro, WARSDA; F. Nepple, OCI; D. Rohweder, ESP; J. Skiles, T. Speranza, RPPFW; S. Sweet, BARTA; J. Vreeland, Wauwatosa; A. Wallace, UWRA.

**GUESTS:** T. Hunter, C. Preisler, R. Wojciak.

**EXCUSED:** B. Davis, J. Egan, E. Frank, J. Groszklaus, D. Kratz, J. Palmer, B. Schaefer.

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

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

The 2015-17 Biennial Budget was signed by the Governor on July 12. Following are some of the budget changes for ETF.

The final motion 999 always has a number of issues that various legislators submit. This year some drastic changes in the open records law and a change in the committee make up of the Joint Survey Committee on Retirement Systems (JSCRS) got the media attention. In the motion the JSCRS responsibilities remained the same; however, the four public members would be replaced with legislators. Both the open records law and JSCRS changes were removed prior to the budget being signed.

The budget provides \$215,000 in FY 16 and \$150,000 in FY 17 for ETF to conduct an actuarial analysis and new reporting requirements under the Governmental Accounting Standards Board (GASB).

Executive/Elected WRS category will be moved to the general category for contribution rate setting, and the normal retirement age will change from 62 to 65. This change follows legislative changes made in Act 10 and Act 32. Actuarial analysis - no impact.

The budget also directs the Group Insurance Board (GIB) to make changes and identify \$81 million in efficiencies over the biennium. The GIB approved changes at their May meeting resulting in \$85 million in savings.

Child or family support obligations presently may be assigned to WRS pension annuities. This legislation extends that authority to Income Continuation Insurance and the Duty Disability program benefits.

Active employees who opt out of the state health insurance program will receive an annual incentive of \$2000. Ineligible are those who opted out in calendar year 2015, and those whose spouse or domestic partner is covered by state group health insurance.

ETF received one position for the call center and full funding for operations, including funding for the Transformation, Integration, and Modernization (TIM) initiative.

The Governor vetoed the proposal of adding four legislators to the GIB creating a fifteen member board with ten legislators.

Also vetoed was a general procurement of services procedure required of state agencies.

Ms. Hunter provided a handout: "States Forge Ahead of Feds to Address Retirement Crisis". The article relates to Senator Hansen's Wisconsin proposal and mentions other states that are becoming involved in establishing private retirement programs. Details at below link.

<http://www.governing.com/topics/finance/gov-states-create-retirement-plans-private-sector-move-ahead-feds.html>

Also handed out was a New York Times article that was previously emailed July 12.

[http://www.nytimes.com/2015/07/11/business/dealbook/standards-board-struggles-with-pension-quagmire.html?emc=edit\\_tnt\\_20150710&nlid=65089264&tntemail0=y&\\_r=1](http://www.nytimes.com/2015/07/11/business/dealbook/standards-board-struggles-with-pension-quagmire.html?emc=edit_tnt_20150710&nlid=65089264&tntemail0=y&_r=1)

A third handout "GRS Insight - Measuring Pension Risk" attempts to help understand the risk in pension systems. We are asking that you read this article for discussion at our September meeting. Ms. Hunter will respond to any questions you may have and you may contact her ahead of time.

<http://www.gabrielroeder.com/wp-content/uploads/2015/05/GRS-Insight-May-2015.pdf>

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

Mr. Preisler provided a copy of the Asset Allocation Summary and Performance Evaluation as of June 30, 2015. The core fund was at 2.4%, slightly above the benchmark of 2.2%, and the variable was at 2.6%, slightly below its benchmark of 2.7%. The core fund is at \$89,318 million and the variable is at \$7,300 million for a total in retirement funds of \$96,618 million. Total funds under management: \$104 million.

Some economists believe we are entering a low-return environment. Double-digit returns are not going to be as common and frequent as in the past. The important point is that SWIB is a long term investor, 20 - 30 years.

SWIB has fielded inquiries from participants regarding the economic situation in Greece, Puerto Rico and China. SWIB has minimal exposure to Greece. Puerto Rico is dealing with their own debt issues. China stock market has not been a concern however, the slowing of the entire country's economic's is being watched.

The recent termination, for several hours, of trading at the New York Stock Exchange did not impact SWIB. The New York Exchange is one of numerous exchanges utilized by SWIB.

SWIB has a new position to oversee the \$2 billion multi-asset unit. Nicholas Stanton has been promoted from managing analyst in the global equities unit to the position of senior portfolio manager for the multi-asset strategies unit. With the increase in internal management, the multi-asset unit has expanded and is important for future returns. Mr. Stanton started with SWIB in 2001. An article from FundFire news service highlighted Mr. Stanton and the new multi-asset strategy of SWIB.

A Pew Charitable Trust report states that the US is facing a \$1 trillion pension shortfall. Only two states are 100% funded, Wisconsin and South Dakota. Our neighbor Illinois is at the bottom, being funded at 39%. A summary for all states indicates that pension debt is continuing to increase in many states, despite reform efforts, because of missed contributions and the continued impact of investment losses.

**CORRESPONDENCE** - A thank you was received for the WCOA donation to Cure Alzheimer's.

**OLD BUSINESS** - None

**NEW BUSINESS** - Recently heard that Dean Gold health plan will not be available to retirees after November 30, 2015.

The voter ID Law is a problem for the elderly, retirees, and those confined to their homes. The Government Accountability Board, GAB, has material available for distribution. GIB would appreciate assistance in distribution. Additional information is available at: [www.gab.wi.gov](http://www.gab.wi.gov)

**TREASURER'S REPORT** - Check book balance \$8,105.47. No activity

With little discussion the following motion was made.

**MSC The WCOA will not meet during August 2015.**

**NEXT MEETING:** September 21, 2015, 9:30 a.m., Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, WI.

The meeting adjourned by 10:30 a.m.

Respectfully submitted – Dick Kratz

Thanks to Jim Miller for taking the minutes and assisting the Secretary.