

# Wisconsin Coalition of Annuitants

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## Minutes of Meeting March 16, 2015

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

**DIRECTORS & ALTERNATES PRESENT:** R. Beglinger, WFT-R; D. Chickering, WREA; S. Drew, SWIB; B. Ford, ETF; E. Frank, DNR; J. Groszklaus, West Allis; R. Hoessel, DOT; C. Howard, WEAC-R; D. Kratz, CORR; J. Maydak, West Allis; J. Palmer, WPPA; D. Rohweder, ESP; B. Schaefer, SEA; J. Skiles, UW-R; S. Sweet, BAREA; J. Vreeland, Wauwatosa; A. Wallace, UWRA.

**GUESTS:** T. Hunter, V.J. Link, J. McAusland, C. Preisler.

**EXCUSED:** D. Bennett, B. Davis, J. Egan, B. Fendel, B. Holahan, A. Knop, J. Miller, J. Munro, F. Nepple, C. Welch.

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

Visiting guest: Judy McAusland was introduced, a retiree of the Public Service Commission.

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

Legislative update - Private Retirement Security Plan legislation has been introduced by Sen. Hanson SB 45 and Rep. Genrich AB 70. No further action has occurred.

Joint Finance Committee is conducting public hearings on the budget throughout the state, and executive sessions will follow in Madison. Other than some health insurance benefits there is nothing in the budget regarding the WRS.

Ms. Hunter attended a joint conference on the National Institute on Retirement Security and the National Association of State Retirement Administrators. Report and summary follows:

[http://www.nirsonline.org/storage/nirs/documents/2015%20Opinion%20Research/final\\_opinion\\_research\\_2015.pdf](http://www.nirsonline.org/storage/nirs/documents/2015%20Opinion%20Research/final_opinion_research_2015.pdf)

“Retirement Security 2015: Roadmap for Policy Makers” is the result of a nationwide telephone interview of 801 Americans age 25 and older to assess their retirement concerns. There were four generation groups identified: the silent generation born before 1946, the baby boomers born between 1946 - 1964, generation X born between 1965 - 76, and millennials born in and after 1977. Retirement needs are growing, people are living longer, health care costs are increasing and retirement savings are lacking. In addition there have been changes in public sector retirement benefits. It is estimated there are 38 million working-age households that do not have any retirement plan. A majority of respondents, 86% believe there is a retirement crisis and 91% of females and 93% of millennials believe there is a retirement crisis. Over age 65 twice as many females are in poverty and when female minorities are considered the percentage increases. There are numerous factors for this since females are not in the labor force as long as males and are care providers much of their life. ETF is looking at some of these factors since overall female benefits are significantly lower than males. Americans, 73%, feel that it is difficult to save for retirement and 87% believe that leaders in Washington do not understand the retirement crisis. A 2014 Gallup poll found only 7% of Americans have confidence in Congress. Congress has introduced legislation with various forms of IRAs and retirement plans, but beyond introduction nothing has happened. At least 20 states, including Wisconsin, have introduced legislation or are considering private retirement plans. Americans do not understand public pension plans and view Social Security benefits as becoming more important.

Highlights of the conference report were shared with a handout. There were seven key findings. 1) As stated above 86% of Americans believe there is a retirement crisis. 2) Anxiety over retirement and economic recovery is at 75%. 3) Around 82% say a pension is worth having, and 67% are willing to take less pay for a guaranteed retirement income. 4) The report finds 87% believe Washington does not understand retirement struggles, and 71% support state efforts to set up retirement plans for uncovered workers. 5) Salary is seen as important to 75% of Americans and retirement benefits important to 72%. 6) Americans support pensions for public employees;

however, 25% do not understand that public employees pay 25% or less of the pension costs. 7) Social Security benefits are important to 73%, and 69% oppose any cuts for future retirees.

The handout provides details on each of the seven findings. Of interest are the following: Anxiety and concern about retirement for all respondents is 75%; however, it is at 92% for those making over \$75,000 annually and the millennials. Americans who plan to stay in their jobs is 72%, cut spending in retirement is 77%, and seek full- or part-time employment upon retirement is 56%. Over 82% agree a pension is worth having for steady lasting income. Because of their risky jobs 88% support public pensions for police officers and firefighters. Because of the low pay 75% of Americans support pensions for teachers. Only 25% of Americans understand that taxpayers pay for about one fourth of the cost of pensions. In the WRS 77% of the benefits are from investments. The report further states 87% of Americans say that pensions are a good tool to recruit teachers, police officers, and firefighters. Public employees indicate retirement benefits are more important to them, 88%, whereas only 65% of private sector employees view benefits as important. Americans agree at 81% that all workers should have a pension, and 42% of Americans are worried they will have to sell their home to be financially secure in retirement. Sponsored retirement savings plans are positively viewed by 71%. Important features of state private plans are portability at 76% and a monthly check during retirement at 75%.

Annuity adjustment May 1, 2015 - The adjustment will be announced shortly. The announcement is later this year due to ETF implementing a new financial management information system. Different calculations were done to assure accuracy.

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

ETF contacted SWIB last week so a press release on adjustments is expected to soon.

In SWIB preliminary returns as of February 28, 2015, the Core was at 2.5% and the Variable was at 3.5%, both slightly below their benchmarks. Total in the two funds, \$98 billion and total assets under management \$106 billion. With the change at the Department of Administration, Scott Neitzel is now a SWIB Board of Trustees member.

Two articles were shared. The first from Fundfire warning pensions to de-risk exposure to public equities, which SWIB has been doing the last couple of years. The bull run in domestic equities is dwindling and there are numerous articles on when it will end. In addition the federal reserve move on interest rates will impact the markets. The second article is on the Badger Fund of Funds which is a State venture capital fund. SWIB was involved in the hiring of the manager and also suggesting operational goals and procedures. The \$25 million in the fund was provided by the State. This State fund started about the same time that the joint venture with WARF and SWIB, 4490 Ventures, started.

Traditional Investor, a trade publication, annually recognizes “intelligent investors” and SWIB has three nominees; Todd Ludgate head of fixed income, Dominic Garcia senior fund of funds manager and David Villa CIO. Voting is by peers. Another trade publication, Chief Investment Officer, selects 40 investment officers under the age of 40. SWIB has Derek Drummond nominated and he works with Dominic Garcia who has been a two-time winner.

#### **CORRESPONDENCE - None**

**OLD BUSINESS** - Annual Conference - Two speakers have been confirmed, ETF Secretary Conlin and AARP representative Lisa Lampkins. Other speakers have been contacted and either have not responded or are not available.

Blair Testin Award - If anyone has any nominations bring them to the April meeting.

**NEW BUSINESS** - Bill Ford thanked us for our support in ETF Board elections. There was discussion on the voting process/online and the number system/location.

**TREASURER'S REPORT** - Checkbook balance \$7755.54.

Treasurer's report accepted as presented.

We welcomed a new member to the WCOA. The Beloit Area Retired Educators Association will be represented by Director Shirley Sweet and Alternate Director Clara Welch.

**NEXT MEETING:** April 20, 2015, 9:30 a.m., Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, WI.

**WCOA Annual Conference, Monday, May 18, 2015.**

The meeting adjourned at 10:50 a.m.

Respectfully submitted – Dick Kratz