

# Wisconsin Coalition of Annuitants

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

## Minutes of Meeting September 21, 2015

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

**DIRECTORS & ALTERNATES PRESENT:** R. Beglinger, WFT-R; D. Bennett, WREA; B. Fendel, AFSCME; E. Frank, DNR; J. Groszklaus, West Allis; P. Haubrich, UWMRA; R. Hoessel, DOT; A. Knop, WEAC-R; R. Kratz, DOC; J. Maydak, West Allis; J. Miller, DNR; J. Munro, WARSDA; F. Nepple, OCI; J. Palmer, WPPA; D. Rohweder, ESP; W. Rowe, ACE; B. Schaefer, SEA; J. Skiles, UW-R; S. Sweet, BARTA; J. Vreeland, Wauwatosa; A. Wallace, UWRA; C. Welch, BARTA.

**GUESTS:** Sally Drew, A. Fendel, J. Forester, V. Hearing, T. Hunter, M. Lamkins, D. Schmidt, R. Springman, R. Wojciak.

**EXCUSED:** B. Davis, Sandy Drew, J. Egan.

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

### **GUEST: Dan Schmidt, Principal Analyst, Wisconsin Legislative Council.**

Within the 999 motion to the budget, it was proposed to remove the public members of the Joint Survey Committee on Retirement Systems. Public reaction was intense, and this item was subsequently removed from the motion. At this time we have not heard of any further legislative action.

Sen. Stroebel and Rep. Sanfelippo are circulating, for co-sponsorship, two bills that would 1) increase the minimum retirement age for all employees by two years, and 2) calculate final average earnings on the average of five highest years rather than the present three highest years. We had considerable discussion that included potential legal action, impact on ETF, and the need for an actuarial study.

Jim Skiles mentioned there was a similar bill in the last session and also in 1985. In 1985 Blair Testin, head of the Retirement Research Committee, calculated that an increase in years of final average earnings would result in a 5% decrease in an annuitant's initial annuity. The initial 5% decrease compounded over the lifetime of the annuitant would result in a loss of thousands of dollars in retirement. The change to three-year average was done a number of years ago, and there should be supportive documentation.

AB156/SB 134 would permit municipal employees to become part of the WRS. There are only nine municipalities that are not part of the WRS. This bill would not impact WRS since the cities interested would be paying their "entry" costs.

Why the above bills? Is there a need for them? The governor had requested a study of the WRS and found that it is a well-organized, functioning pension system and probably the best in the nation. Why is there a need to change the retirement age, average years of earnings, and desire to join the WRS? What is the motivation for change? Act 11 of 1999 was the last WRS change.

NOTE: 1981 AB272, Chapter 96 changed the final average earnings of five years to three years.

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

Ms. Hunter provided a handout detailing proposed legislation.

AB156/SB134 involving municipalities participating in the WRS, mentioned above.

AB233/SB183 eliminates sick leave for state representatives and state senators.

SB45/AB70 is the Wisconsin private retirement security board for private retirement. This was thoroughly discussed with Senator Hansen several months ago.

AB300 would credit veterans for military service performed prior to 1974. This bill was also introduced in the last session.

AB269/SB 213 restricts technical colleges, school district, cities, villages, towns, and counties from providing post-retirement health care benefits unless they meet some specific pre-funding requirements. This legislation applies only to local governments.

Proposed legislation co-sponsorship memos are out, Sen. Kapenga and Rep. Steffens, to make Group Insurance Board optional insurance plans available to local government employers.

Co-sponsor memo, Sen. Darling and Rep. Nygren, to have all Group Insurance Board program changes be in consultation with the Division of Personnel Management (within DOA) and be approved by the Joint Finance Committee, with a 21- day passive review process.

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

The recent AARP magazine had a fairly extensive article on private retirement systems.

Preliminary returns as of August 31: core at -0.6 with a benchmark of -0.7, variable -2.9 with a benchmark of -3.0. Public equity is at -3.1; SWIB strategy of diversity appears to be working.

SWIB will be redesigning its website and will be conducting a survey. The survey link will be forwarded to WCOA members and will be posted on the SWIB website. It will be a brief six-question survey. Survey completion and implementation is targeted for June 2016. Since January SWIB board minutes have been online. Chris Preisler has been serving as the SWIB webmaster and will soon need assistance.

The Edvest fund is now private and the balance with SWIB was before the change. As funds are used, the balance will decline.

**CORRESPONDENCE** - Sally Drew was present to invite us to the ACE annual meeting September 28. Meeting location is 333 W. Main St., Madison. Speakers will be Marty Beil, former AFSCME Executive Director, and Chris Taylor, Wisconsin Assembly District 76.

**OLD BUSINESS** - Last month a request was made to discuss the Measuring Pension Risk article by Gabriel Roeder Smith and Company. No discussion.

By Laws Section 2... Annual nominations for these offices (1) Chair, 2) Vice-Chair, 3) Secretary, and 4) Treasurer.) will be due to the Secretary by the October meeting.

**NEW BUSINESS** - The following was approved:

**MSC The WCOA secretary be given a \$150 honorarium.**

**MSC The WCOA treasurer be given a \$100 honorarium.**

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

**NEXT MEETING:**, October 19, 2015, 9:30 a.m., Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, WI.

The meeting adjourned by 11:15 a.m.

Respectfully submitted – Dick Kratz