

# Wisconsin Coalition of Annuitants

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## Minutes of Meeting February 18, 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 Jerald Vreeland at 9:40 a.m.

**DIRECTORS & ALTERNATES PRESENT:** D. Bennett, WREA; L. Bundy, ESP; J. Craig, UWRA; V. Cutler, UWMRA; E. Frank, DNR; R. Hoessel, DOT; C. Howard, WEAC-R; A. Knop, WEAC-R; D. Kratz, CORR; J. Maydak, West Allis; J. Miller, DNR; J. Munro, WARSDA; D. Rohweder, ESP; B. Schaefer, SEA; Vreeland, Wauwatosa.

**GUESTS:** R. Boehnen, T. Hunter, C. Preisler, M. Susman, R. Wojciak.

**EXCUSED:** B. Davis, S. Drew, J. Egan, B. Fendel, J. Grosklaus, J. Palmer, A. Wallace.

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

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

Mr. Preisler provided a copy of the Asset Allocation Summary and Performance Evaluation report covering the year 2012. As previously announced, performance was positive with the Core at 13.7% and the Variable at 16.9%, both exceeding their benchmarks. All 2012 portfolios were positive, at or exceeding their benchmarks. The end of January 2013 the Core was 2.3% and the Variable 5.1%, both at their benchmarks. Assets under management for the Core are \$80 billion and the Variable \$6 billion for a total of \$86 billion. With the additional funds total assets under management are just over \$91 billion.

A copy of the *Milwaukee Journal Sentinel* article on WEDC's request for \$200 million was shared. By State Statutes, the former Department of Commerce and now the Wisconsin Economic Development Corporation bi-annually make suggestions to SWIB on potential Wisconsin investments and the \$200 million investment was a suggestion. SWIB responds to suggestions with a report titled "Goals for Investing in Wisconsin", which is available on the website. In this particular case the suggestion for not investing \$200 million created media and WRS participant interest. Numerous participants have responded thanking SWIB for their decision. SWIB, as in the past, will continue to look at investment opportunities in Wisconsin.

A *New York Times* article on social investing and using public pension funds to make political statements was distributed. As indicated in previous meetings the only SWIB investment related to manufacturing of firearms is through Cerberus Capital Management. Cerberus, as SWIB's funds manager, has indicated they will divest of the Freedom Group, which is composed of several firearm manufacturing companies, one of which made the Bushmaster rifle used in the Newtown murders. The Freedom Group manufacturing and selling of weapons was legal using federal and state licensed dealers. With any divesting done by Cerberus it will require SWIB to monitor Cerberus closely to make sure they maintain the investment goals for the portfolio. SWIB does have investments in Olin Corp. and Alliant Techsystems, Inc. which manufacture ammunition, not weapons. A few WRS participants have requested SWIB to divest of any investments in companies manufacturing firearms. Historically, SWIB periodically receives divestment requests based on social concerns and political positions. Should SWIB have divested of BP because of the oil spill or automotive manufacturers because of recalls? A handful of WRS participants have an issue with the investments made by SWIB managers. A majority of the 570,000 participants have no problem with SWIB's investment decisions. CalPERS was required to make divestment decisions because of several state laws that are unique to California.

With the internal management of assets increased to 55%, SWIB is considering a permanent consultant to review the internal management portfolios. The hiring process has begun and should be completed during the year. External management consultants have been used for a number of years.

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

The governor will be presenting his budget on February 20 and ETF has requested additional funding for their modernization project. The funds will be utilized in updating and modernizing the

IT system and the benefits administration system. The ultimate goal is that ETF participants will be able to access and monitor their accounts on line.

As part of the statewide wellness initiative DOA has hired a wellness coordinator. ETF health plans will have financial incentives for healthy living. A recent newspaper article highlights the health risk assessment and the wellness initiative.

Once the governor's budget is released and ETF has an opportunity to review, Ms. Hunter will provide more information on specifics.

Annuity adjustment and contribution rates for 2013 will be approved and announced following the ETF Board meeting March 7, 2013. In April the Annuity Payment Statements will be mailed to all participants, reflecting the adjustment effective May 1, 2013. This is the last year of smoothing the 2008 losses. If the Board determines, for example, the maximum negative adjustment at -13%, depending on the amount of dividends in individual accounts, the adjustment would be 0% to -13%.

With SWIB's performance 2014 will have positive annuity adjustments and in 2015 the contribution rates for active members will be reduced.

The rehired annuitants issue will be of legislative interest. Rep. Stroebel, who is a co-chair of the JSCRS, continues to express an interest in rehired annuitants. Sen. Frank Lasee had been appointed co-chair of JSCRS and withdrew when co-chair Sen. Schultz was appointed to serve on the committee.

**LEGISLATIVE REPORT:** The Governor's budget will be announced on Wednesday, February 20.

**CORRESPONDENCE:** Professor Don Nichols, a past presenter at our Annual Conference, passed away on Friday, February 15.

**OLD BUSINESS:** Bylaw changes - Tabled to March meeting.

Annual Conference, May 13, 2013 at the American Family Headquarters Madison. Cost of food and beverage has not been received. The committee is recommending the same registration fee as last year, \$25 early bird registration and \$30 after April 15.

**MSC WCOA annual conference registration fee will be \$25 prior to April 15 and \$30 after April 15.**

The committee is still pursuing a guest speaker. Several suggestions have been received.

**NEW BUSINESS:** WCOA several years ago had a trifold describing our organization. A request has been received for copies to include with an organization's mailing. It was suggested that the trifold be placed on our website as a PDF and organizations could then print copies. The secretary will forward a copy to the webmaster.

**TREASURER'S REPORT:** Eighteen organizations have paid their annual dues of \$50 and those unpaid will be contacted.

Checkbook balance, \$6943.62. Report accepted as presented. If anyone is interested, the treasurer will provide a copy of the financials.

**NEXT MEETING: March 18, 2012 9:30 a.m., State of Wisconsin Investment Board, Board Room, 121 E. Wilson Street, Madison.**

Annual Conference Monday, May 13, 2013, American Family Headquarters, Madison, WI

The meeting adjourned at 10:40 a.m.

Respectfully submitted – Dick Kratz