

Wisconsin Coalition of Annuitants

www.wicoa.org

Minutes of Meeting January 25, 2016

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. Bennett, WREA; B. Brooks, CWCR; D. Chickering, WREA; S. Drew, SWIB; E. Frank, DNR; J. Groszklaus, West Allis; R. Hoessel, DOT; P. Haubrich, UWMRA; B. Holmes, ESP; C. Howard, WEAC-R; A. Knop, WEAC-R; R. Kratz, DOC; J. Maydak, West Allis; W. Rowe, ACE; B. Schaefer, SEA; J. Skiles, UW-R; S. Sweet, BARTA; J. Vreeland, Wauwatosa; A. Wallace, UWRA; C. Welch, BARTA.

GUESTS: J. Forester, T. Hunter, G. Mitchell, J. Pavlou, C. Preisler, J. Strohl, L. Wilkens, R. Wojciak.

EXCUSED: B. Davis, J. Egan, B. Fendel, J. Miller, J. Palmer, D. Rohweder,.

MINUTES of the December meeting were approved as mailed.

Due to human error, the recording of the January minutes is not available and the Secretary's notes are sparse. Thanks to Ms. Hunter and Mr. Preisler for their assistance.

Several guests were introduced.

GUEST: Tarna Hunter, Legislative Liaison, ETF.

Three bills appear heading to both houses for a vote.

AB 156 and SB 134 permitting municipalities to join the WRS will likely become law. The Joint Survey Committee on Retirement Systems concluded the legislation is good public policy.

AB 460 and SB 322 makes changes to the resolution of claims against the state for wrongful imprisonment of innocent persons. One of the changes would permit individuals who receive compensation from the state for wrongful imprisonment to elect, for up to ten years, health care coverage under plans offered by the Group Insurance Board.

AB 678 and SB 553 are remedial legislation proposed by ETF and are not substantive changes. The legislation would clarify current law and practice, and clean up statutory language.
Bill signed into law by the Governor.

SB 312 and AB 394 requires the Group Insurance Board to notify the Joint Committee on Finance if it intends to execute a self-insured health plan on a regional or state wide basis. The Governor has signed the bill into law, 2015 Act 191.

Proposed bills that will receive no further action this session.

AB 233 and SB 183 eliminates sick leave for state representatives and senators. There has been no action since September.

SB 45 and AB 70 creates the Wisconsin private retirement security board which Senator Hanson shared with us several months ago. A public hearing was held in December.

AB 300 would allow WRS participants to receive military service credit for any military service, not just that performed before 1974. Other than introduction there has been no action.

AB 269 and SB 213 apply to local governments and requires their post retirement health care benefits have segregated funding and other conditions.

AB 361 and SB 278 requires the Group Insurance Board to make optional insurance plans available to local government employers. Public hearings have been held. The Senate committee has held a public hearing but has not scheduled an executive session.

AB 397 and SB 329 increases the minimum retirement age by two years for all WRS participants. The bills have been referred to committees with no further action.

AB 398 and SB 328 changes the retirement formula from 3 to 5 years of highest average earnings. The bills have been referred to committees with no further action.

AB 678 and SB 553 are remedial legislation proposed by ETF. The changes would clarify current law and practice and cleaning up statutory language.

ANNUITY PROJECTED ADJUSTMENT: Core is 0.0% to 0.8% and Variable is -4% to -8%.

DISCUSSION There was considerable interaction and discussion among WCOA members regarding the Group Insurance Board and Segal report. The Segal report emphasizes self-insuring

workers on a regional or state wide basis. WCOA members stated the cost savings appear to be a cost shifting from the state to the participants. This is evident in last year's doubling most out-of-pocket costs for medical services. It is possible that the change will disrupt the competitive health insurance market and increase the risk and cost to the state.

ETF as the administrator of benefits does not take a position nor advocate for participants. The Group Insurance Board within ETF sets the policies.. The WRS retired employee representative on the GIB is Charles Grapentine, who may be contacted at Group Insurance Board, c/o Board Liaison, Department of Employee Trust Funds, PO Box 7931, Madison, WI 53707-7931.

The Segal report is available at: www.wicoa.org.

GUEST: Chris Preisler, Communications Specialist, SWIB.

Mr. Preisler provided a copy of the Allocation Summary and Performance Evaluation as of December 31, 2015. The core fund is at \$85.3 billion and the variable fund is at \$6.7 billion for a total of \$92 billion. Total assets under management are \$99.167 billion. Internal management is 65% with external management at 35%.

A copy of the press release dated January 13, 2016 was also shared.

You should receive your copy of the WRS news within the next few days. SWIB continues to be a low-cost pension manager and with the increase in internal management, and lower external management fees, there was an additional \$63 million in savings in 2014.

Soon SWIB will be announcing performance compensation and we can expect annuitants questioning compensation with this year's annuity adjustment. The staff compensation plan was implemented in 2001. A major improvement was that three years prior to the plan the turnover rate for investment staff was 8.7%. Three years following the plan, 2001-2003, the turnover rate dropped to 4.1%. The current rate for investment staff is 2.4%. Average compensation is below the median of the peer group made up of banks, insurance companies, and plan sponsors excluding East and West coast firms. Investment management staff five-year average cash compensation is 86% of the peer median and investment services staff five-year average compensation is at 72% of the peer median. SWIB is competitive with its peer groups to attract and retain quality staff.

Lon Roberts, SWIB Chair, was recently appointed to a cabinet position by Governor Walker. There has been no word on his plans for retaining or stepping down from the Board.

CORRESPONDENCE - None

OLD BUSINESS - None

NEW BUSINESS - We received an organization request to join the WCOA, which resulted in the following motion.

MSC Central Wisconsin Center Retirees, CWCR, have been approved for membership to the WCOA. Bob Brooks is the WCOA Director representing CWCR.

There was a comment regarding starting our meetings later, at 10 AM, to provide those traveling the additional time. Those traveling the farthest preferred to continue with the 9:30 AM start time.

TREASURER'S REPORT - Check book balance \$7,940.47. No activity

NEXT MEETING: February 15, 2016, 9:30 a.m., Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, WI.

Annual Conference, Friday, May 13, 2016, American Family Headquarters, Madison, WI.

The meeting adjourned by 11:35 a.m.

Respectfully submitted – Dick Kratz