

# Wisconsin Coalition of Annuitants

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## Minutes of Meeting November 14, 2016

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; B. Brooks, CWCR; D. Chickering, WREA; S. Drew, SWIB; E. Frank, DNR; J. Groszklaus, West Allis; P. Haubrich, UWMRA; B. Holmes, ESP; C. Howard, WEAC-R; A. Knop, WEAC-R; R. Kratz, DOC; K. Kreul, AFT-R; J. Maydak, West Allis; J. Miller, DNR; G. Mitchell, UWRA; J. Munro, WARSDA; J. Palmer, WPPA; D. Rohweder, ESP/WREA; B. Schaefer, SEA; J. Skiles, UW-R; J. Stangl, DCAREA; J. Vreeland, Wauwatosa; C. Welch, BAREA.

**GUESTS:** T. Hunter, N. Ketterhagen, B. Kox, C. Preisler, D. Schmidt, R. Wojciak.

**EXCUSED:** J. Egan, R. Hoessel, A. Wallace.

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

### **GUEST - Dan Schmidt, Principal Analyst & Operations Manager, Wisc. Legislative Council.**

Two pieces of legislation proposed last session resulted in the request for an actuarial study. Mr. Schmidt has received the Gabriel Roeder Smith and Company actuarial study addressing the legislation and the impact on the Wisconsin Retirement System.

He shared a summary of the legislation, which resulted in the actuarial study, and which we have previously discussed and reviewed. Senate Bill 328 would change the retirement annuity calculation from the three highest years Final Average Earnings, FAE, to the five highest years FAE. Senate Bill 329 would increase the minimum retirement age by two years, with an amendment to increase minimum retirement to age 60, or a five year increase.

SB328 - The actuarial report indicates that the contribution rate would initially drop for general employees (0.55%) and over the long term, 30 years, there would be a minimal change (0.27%) shared by employer and employee. The protective employees with and without Social Security would also see a reduction in contributions. As the bill is written, there is a reduction in accrued benefits for some participants which could result in a cliff effect or rush to retirement. It would be similar to the ACT 10 results. The report suggests modification of the bill to minimize the rush to retirement. However, changing the FAE to five years would result in lower benefits for almost all participants and result in a lower cost to the plan. An amendment to the bill is that upon the effective date new hires would use the five-years FAE and the current employees would use the three year FAE.

SB329 - The two year increase (5 year with the amendment) in retirement would be for new hires and those under the age of 40 at the effective date of passage. There is negligible savings in this bill. It is possible that there will be a small increase in disability benefits with people working beyond their physical demanding or productive ability.

It is apparent that there is minimal savings in these bills. The actuary did not do any modeling of the bills and did not review compliance of the bills with Federal or State Laws.

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

Mr. Preisler provided the monthly Asset Allocation Summary and Performance Evaluation as of October 31, 2016. The core fund is at 7.1% with a benchmark of 6.7% and the variable fund is at 5.8% with a benchmark of 5.5%. The core fund is at \$88.7 billion and the variable is \$6.9 billion for a total of \$95.6 billion with total assets under management at \$104.197 billion. For comparison the S&P 500 was 5.9%, the Russell 3000 was at 5.8%, and MSCI World US equities was at 1.1%.

Historically after a presidential election there is movement in the markets. At this time we have not seen much movement.

Member comment - Regarding elections, if the party out of power wins, the market will go up a couple percentage points and if the party in power wins, it goes up 4-5%. So no matter who wins the market goes up slightly. Research doesn't say that the change will stay.

David Villa, CIO, was again recognized by Chief Investment Officer magazine's Power 100 list at #12. He has been on the list since it's inception in 2012. Newly added to the list is Carrie Thome, Director of Investments, Wisconsin Alumni Research Foundation and a former portfolio manager at SWIB. WARF and SWIB have a joint investment, 4490, with investment increase being considered.

In response to a question regarding SWIB's involvement with Wells Fargo. In September SWIB had \$371.6 million, less than 0.4% of assets, invested in Wells Fargo. Managed internally was \$225 million in Wells Fargo stocks and managed externally was \$150 million in fixed income.

The Legislative Audit Bureau is finishing up the required two-year management audit of SWIB and will be releasing a report within the next couple of weeks.

The Wisconsin Early Stage Symposium Conference will be held next week in Madison. SWIB is a sponsor along with Wisconsin Technology and will be networking small start-up companies with angel investors.

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

With the recent election the legislature remains the same, including party leadership. It is expected that many of the same bills introduced the last session will again be introduced in the next session.

With ETFs new employee benefits administration system, ETF is taking the necessary steps to protect against cyber threats and keep members' information secure. ETF will be utilizing its passive review authority to seek additional resources for cyber security. ETF has also been working with DOA to implement security functions, including setting up system firewalls.

The Group Insurance Board (GIB) will be meeting on November 30 and will receiving information on the data warehouse and self-insurance RFPs. The self-insurance information will come from the two evaluation teams. Segal headed up one of the teams that evaluated the cost, data and network access portions of the proposals. The other team consisted of ETF staff members and external subject matter experts who evaluated the general program and technical questionnaires. The GIB will be considering and taking action on recommendations regarding moving towards self-insurance at their December 13 meeting.

Comments - A number of WCOA members continue to have a concern over Segal Consulting and what Segal's role is with ETF and the Group Insurance Board. With the lack of information we have no idea what is being proposed to the GIB. Everyone seems to be operating in secrecy without releasing any information. With November 30 meeting being closed to the public and then the GIB making a decision two weeks later on December 13, there is no opportunity for public input.

Ms. Hunter stated that after the November 30 meeting we should know more on the proposals. When the November 30 GIB agenda is released it will be shared.

ETF Health Insurance open enrollment closed on November 11; there were few health benefit changes from last year.

When the Hill Farms office building is finished ETF will occupy the seventh, eighth, and ninth floor. ETF employees' parking will be \$75 per month, up from the present \$35 dollars per month at Badger Road, but less than the \$100 per month down town.

ETF modernization efforts are on schedule, presently working with the employers section. The employer part (rollout 2) is scheduled for implementation in 2018.

**CORRESPONDENCE** - Letter received from ACE on self insurance was sent to WCOA members.

**OLD BUSINESS** - Annual Conference evaluation summary. Once again there were the annual comments on food choices. Costs are just under \$25 per person and food changes would increase price. Conference location and presenters' response to questions received high marks. A number of attendees did not know if their organization was a member of the WCOA. All attending indicated

that the annual conference should be continued. Suggestions for improvement in attendance and presenters were shared.

- Bylaws revision. To permit various groups' participation in the WCOA that are part of a larger state organization, it is proposed to revise the bylaws by striking the following in Article IV Membership. "However, separate membership is not open to any regional organization that has an available state wide affiliation."

**MSC The WCOA bylaws be revised as proposed.**

**NEW BUSINESS** - After a brief discussion the following was approve.

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

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

**MSC The WCOA Annual Conference Assistant be given a \$50 honorarium.**

Jean Grosklaus has been an invaluable Annual Conference assistant.

**TREASURERS REPORT** - Organization dues invoice, \$50 for the year, have been distributed or will be mailed to the appropriate person. Present checkbook balance is \$8613.10.

Treasures report accepted as presented.

**NEXT MEETING:** December 19, 2016, 9:30a.m., Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, WI.

The meeting adjourned by 11:20 a.m.

*2017 Annual Conference Friday May 19, 2017. Mark your calendar*

Respectfully submitted – Dick Kratz

## BY-LAWS OF THE WISCONSIN COALITION OF ANNUITANTS

### ARTICLE I - NAME

Section 1. The name of the organization shall be the WISCONSIN COALITION OF ANNUITANTS, hereafter referred to as the Coalition.

### ARTICLE II - PRINCIPAL OFFICE

Section 1. The principal office and place of business of the Coalition shall be Madison, WI., Dane County.

### ARTICLE III - OBJECTIVES

Section 1. The objectives of this organization shall be to provide a forum and a mechanism to bring together organizations representing state, school and local annuitants in the Wisconsin Retirement System (WRS) to a) share information on Department of Employee Trust Funds (ETF) and State of Wisconsin Investment Board (SWIB) activities; relevant state and federal legislative proposals that might impact the WRS or annuitants; and information of interest to annuitants, b) discuss and actively pursue issues and problems impacting upon WRS annuitants, and c) promote maintaining the institutional integrity of the WRS and encourage and promote its continuing effectiveness and efficiency.

### ARTICLE IV - MEMBERSHIP

Section 1. Membership in the Coalition will be open to any statewide or regional organization with 100 or more Wisconsin Retirement System annuitant members or with ten percent (10%)

or more of estimated potential annuitant members. ~~However, separate membership is not open to any regional organization that has an available statewide affiliation.~~ Member organizations may include active as well as retired participants of the WRS.

Section 2. Organizations that have been instrumental in establishing the Coalition that do not meet the membership criteria of Section 1 as to number of members or a statewide presence may participate as charter members. All other organizations must meet these criteria to be eligible for membership.

Section 3. After the effective date of the formation of the Coalition, any organization not a charter member shall file an application for membership that will be screened for eligibility by the executive committee, and if appropriate, recommended for membership at a regular Coalition meeting.

## ARTICLE V - ORGANIZATION AND GOVERNANCE

Section 1. Each organization meeting the membership criteria, either as a charter member or as accepted for membership after the effective date of the formation of the Coalition, shall designate a member and an alternate from its organization to represent it in the Coalition. The Coalition representatives and alternates of all member organizations shall be known as the COALITION OF ANNUITANT DIRECTORS. The Coalition of Annuitant directors shall meet at such time and place when notified by the chair at least seven calendar days before each meeting. In the event of an emergency situation, the chair shall have the authority to call a meeting as soon as possible without the seven-day provision.

Section 2. The Coalition of Annuitant Directors shall have a 1) Chair, 2) Vice-Chair, 3) Secretary and 4) Treasurer. These officers shall constitute the executive committee of the organization. Terms of office for members of the executive committee shall be one year - starting on January 1st of each year. Annual nominations for these offices will be due to the Secretary by the October meeting. Ballots will be mailed following the October meeting to each organization which will have one (1) vote and will be signed by one of the organization representatives. Ballots are to be returned to the Secretary by the November meeting. The election results will be announced at the November meeting, and installation of officers for the subsequent year will be at the end of the December meeting.

(A) DUTIES OF THE CHAIR shall be to preside at all meetings of the Coalition Directors and at the annual conference and to serve as chair of the executive committee. The chair shall appoint directors in good standing to committees to advance the objectives of the Coalition, call meetings, furnish guidance to the executive committee and act on behalf of the Coalition when necessary and appropriate.

(B) DUTIES OF THE VICE-CHAIR shall be to assume the duties of the chair when necessary and to perform other duties as directed by the chair and executive committee.

(C) DUTIES OF THE SECRETARY shall be to keep the records of the Coalition of Annuitant Directors, record minutes of 1) the Directors' meetings, 2) the executive committee, and 3) the annual conference and to perform other such correspondence duties as may be prescribed by the Coalition Directors. The Secretary shall provide copies of minutes to the officers, Coalition Directors and the membership or others at the direction of the chair.

(D) DUTIES OF THE TREASURER shall be to act as custodian of the funds of the Coalition, to collect fees from member organizations and perform financial transactions for the annual conference, and to provide supervision over the financial affairs of the Coalition. The Coalition Directors are authorized to require and provide bonding for the Treasurer. The Treasurer shall prepare timely financial reports for the executive committee and the Coalition Directors, provide

for financial audits and report to the annual conference and any other time at the request of the executive committee or the Coalition Directors.

#### ARTICLE VI - DUES

Section 1. Annual membership dues will be determined by the Coalition Directors following the approval of the annual budget. Dues of member organizations shall be payable within 30 days after the approval of the annual budget at the January meeting. For the Coalition member group to maintain its eligibility to be represented in the Coalition and to vote on any issue to come before the Coalition it must meet this obligation.

Section 2. Dues will be assessed as a constant amount for each member organization without regard to the number of annuitants in the member organization.

Section 3. No dues or fees will be refunded upon severance of membership from the Coalition by any member organization.

#### ARTICLE VII - MEETINGS AND AGENDAS

Section 1. The secretary will provide to all member organizations in good standing and represented on the Coalition of Annuitant Directors meeting announcements including the agenda of all speakers and subjects to be discussed and/or voted upon at least seven calendar days before each meeting of the Coalition Directors.

Section 2. Each member organization of the Coalition Directors shall have one vote on any matter formally brought before the Directors. A quorum of 50% of all member organizations in good standing (rounded to the next higher whole number) must be present for any formal vote.

Section 3. The Coalition will publicly support only those motions/resolutions that receive unanimous support when a quorum is present.

Section 4. Any member organization not able to be represented at a regular meeting of the Coalition Directors may authorize a proxy vote by any other member organization representative as long as the authorization is in writing. The existence of proxy votes will count toward a quorum for votes on motions for which the proxy has been authorized.

Section 5. The Coalition will host an annual conference for all Wisconsin Retirement System participants and the public.

#### ARTICLE VIII - FISCAL YEAR

Section 1. The fiscal year of the Coalition shall be January 1st through December 31st.

#### ARTICLE IX - DISBURSEMENTS

Section 1. Disbursement of funds of the Coalition shall be by check signed by any of the following: chair, treasurer or others that the chair or Directors may from time to time authorize.

#### ARTICLE X - OFFICIAL PROCEDURE

Section 1. Robert's Rules of Order shall govern all parliamentary procedures of the Coalition Directors.

#### ARTICLE XI - AMENDMENTS

Section 1. Amendments to the By-laws may be adopted by the Coalition Directors at a regularly scheduled meeting of the Coalition.

Section 2. Amendments to the By-laws proposed by the Executive Committee shall be an agenda item at the next Coalition Directors meeting.

Section 3. Amendments to the By-laws require a two-thirds vote of the Coalition Directors.  
Approved by the WCOA on February 18, 2009.  
Amended April 15, 2013 (Article IV, Section 1)  
Amended November 14, 2016 (Article IV, Section 1)