

# Wisconsin Coalition of Annuitants

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

## Minutes of Meeting November 20, 2017

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:** B. Bird, DOT; D. Chickering, WREA; S. Drew, SWIB; E. Frank, DNR; J. Grosklaus, West Allis; S. Haase, UWRA; P. Haubrich, UWMRA; B. Holmes, ESP; C. Howard, WEAC-R; A. Knop, WEAC-R; R. Kratz, DOC; J. Lawton, ACE; J. Maydak, West Allis; J. Munro, WARSDA; D. Rohweder, ESP/WREA; B. Schaefer, SEA; J. Skiles, UW-R; J. Stangl, DCAREA; S. Sweet, BAREA; C. Welch, BAREA, D. Wilcenski, WREA.

**GUESTS:** J. Forester, T. Hunter, C. Preisler, M. Williamson, L. Wilkens, R. Wojciak.

**EXCUSED:** R. Beglinger, R. Brooks, J. Egan, B. Fendel, J. Miller, J. Palmer, G. Vreeland, A. Wallace.

**MINUTES** of the October meeting have not been received.

### **GUEST: Michael Williamson, Executive Director, SWIB.**

Mr. Williamson's last spoke to our group 5 1/2 years ago when he became the Executive Director. Today's presentation will be his second to the last with a final presentation to the Employee Trust Fund Board on December 14. After 41 years and a recent marriage he has decided to retire.

The summary of returns as of October 31 2017 are Core Trust Fund 13.3% with a benchmark of 12.8% and the Variable Fund at 18.8% with a benchmark of 18.6%. The returns are all higher than the 6.2% experts predicted. We know there will be a market correction it's just that we don't know when. We are in the longest period ever without a correction.

SWIB strategy remains the same as after 2008-09, protect against a downturn and generate a strong return. SWIB went global several years ago with 50% US stocks and 50% World stocks. The last few years US markets have been stronger than any other markets, but this year our strategies paid off and we are ahead of our benchmark since the global markets are strong. This year we drop 2012 from 5 year smoothing, which was a 13 percent return, we're hopeful that we can replace 2012 with another 13% in 2017. If things continue we should see an annuity adjustment of 1.2 to 1.6 or better.

Keep in mind the SWIB triangle; make money, manage/control risk and optimize costs. A dollar saved in cost is the same as a dollar earned in the market. The latest, 2016, CEM has SWIB costs at 43.1 cents per hundred dollars under management. Median cost of other plans was 55.6 cents per hundred dollars, savings to SWIB of \$100 million over the median cost. Internal management costs 37% of external management costs. Today internal management is 65 percent and in 2007 it was 21 percent. Internal management the last five years has provided \$1.2 billion more than indexing.

For the future Mr. Williamson feels that we are in a good position to go with our strategy even with the uncertainty in the markets. Expert/advisers are telling us that the next 3 to 5 years are going to be low return years. Problem is the cash return with the low interest rates.

Recognized nationally, and for the last 3 1/2 years, a technology system has been upgraded to assist in investments across all asset classes, at a cost of \$46 million. As a result, the last year SWIB saved \$74 million and expect to get back \$42 million per year going forward.

Mr. Williamson is pleased that he had the privilege and honor to serve as the Executive Director of SWIB. The Board has completed interviews for his replacement and will be making an announcement next week. Mr. Williamson's last day will be January 19 with his replacement starting January 22.

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

Mr. Williamson previously shared the October returns. The total assets under management are \$117 billion with \$99 billion in the Core Fund and \$8 billion in the Variable Fund.

Tim Sheehy has been reaffirmed by the Senate committee for reappointment to serve on the SWIB board.

David Villa, CIO, has been named by Chief Investment Officer magazine to #17 of the Power 100 investment officers. Mr. Villa has been in the top 100 for several years. We are thankful for his service.

SWIB was an early investor in EatStreets, a Madison business. The cofounders were recently named to Forbes 30 under 30 entrepreneurs.

**GUEST: Tarna Hunter, Director of Strategic Engagement and Government Relations, ETF.**

The legislature has been quiet, there's not been any movement on any bills.

At the federal level there has been some discussion and action taken on the pension taxation. The emphasis appears to be on individual pension plans rather than public plans.

In Wisconsin there has been some talk about caregiving legislation, no bills or action.

The Medicare survey, a copy provided, went out on November 10 to a random sample of 1500 participants age 62 and over, participating in the ETF insurance plans. The survey is being conducted and handled by the UW Survey Center, the collected data will then be provided to ETF in January for presentation to the GIB.

**CORRESPONDENCE** - None

**OLD BUSINESS** - None

**NEW BUSINESS** - None

**TREASURER'S REPORT** - Check book balance \$10,036.65. Twenty groups are paid

After discussion it was decided to not conduct a meeting in December and to move the January meeting up one week to January 8, the second Monday of the month.

**NEXT MEETING:** January 8, 2018, 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