

Wisconsin Coalition of Annuitants

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Minutes of Meeting December 16, 2019

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

DIRECTORS & ALTERNATES PRESENT:R. Beglinger, WFT-R; J. Blank, BLUE-R; B. Brooks, CWCR; S. Drew, SWIB; E. Frank, DNR; S. Haase, UWRA; P. Haubrich, UWMRA; B. Holmes, ESP; A. Knop, WEAC-R; R. Kratz, DOC; J. Lawton, ACE; T. Leithold, KM-R; J. Maydak, West Allis; G. Mitchell, AFSCME 52; B. Schaefer, SEA; R. Springman, WFT-R; S. Sweet, BAREA; J. Vreeland, Wauwatosa; C. Welch, BAREA; D. Wilcenski, WREA; C. Wren, WSAA.

GUESTS: J. Forester, T. Hunter, N. Ketterhagen, C. Preisler, K. Schumacher, T. Steiner, J. Strohl, R. Wojciak.

EXCUSED:J. Egan, J. Grosklaus, J. Miller, J. Stangl.

MINUTES of the November meeting were approved as mailed.

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

Introduced the topic and presenters for “Cost Effective Measurement, CEM”.

Schumacher, Policy Advisor, ETF. and Tim Steiner, Budget and Policy Manager, ETF

CEM is based in Canada and ETF has utilized their services since 2007. CEM provides benchmarking services which allows ETF comparison to peers and results over time. Annually ETF completes a survey in the fall and then receives a comprehensive CEM report each spring.

CEM measures three areas; cost, service, and complexity in only Benefit Administration.

Cost measures front office and back office activities. Front office includes member transactions, member communication, collections and data maintenance. Back office includes governance and financial control, major projects, information technology, building, legal, HR, actuarial, audit, and other administrative functions.

Service measures member transactions and communication, mainly the front office activities. Two areas of emphasis have been the call center and wait time along with member information sharing on the website.

Complexity has many components with the four major concerns for ETF being pension payment options, customization choices, multiple plan types and overlays, and multiple benefit formula.

ETF is measured against 46 systems, 31 US pension systems, 13 Canadian pension systems, and 2 Netherlands pension systems. Also measured with a 14 member peer group where ETF is in the middle with 257,000 actives and 203,000 annuitants.

The 2018 CEM report indicates low cost and low service and less complexity. The cost per member decreased from \$72 to \$68 which is still below the peer average of \$93. Service score decreased from 63 to 62 with a peer median of 82. The complexity score dropped to 43 and is still above the median of 41.

The cost of \$68 per active and annuitant member is the 4th lowest in the peer group. There was a slight uptick in 2017 but since the cost has returned to the 2015 level.

Cost and service are directly related. The lower the cost the lower the service; higher service means higher cost.

The low ETF service score of 62 compared to the peer average of 77 indicates that service is low. Two areas needing improvement are the website and the call center. The website score is 22 with a peer average of 77. The call-center score decreased from 50 to 44 with a peer average of 65.

We are the 6th most complex system in the peer group and the 13th among all plans. Getting specific answers on specific plans within the system is time-consuming and costly.

ETF uses CEM in the following ways: CEM results help inform strategic planning and operational efforts, the benchmarking process allows ETF to measure impact of recent and planned changes including the new call center system, website redesign, and modernization initiatives.

CEM does not measure anything related to health insurance plans. It only measures administrative costs for ETF.

The complete CEM report is available at: <https://etf.wi.gov/publications/cem-report/direct>
GUEST: Tarna Hunter, Director of Strategic Engagement/Government Relations, ETF.

Legislative update has few changes from previous discussion.

AB 257/SB 233, the so-called restitution Bill is presently in the assembly and has not been scheduled for a vote.

SB 612/AB 670, would change the minimum retirement age to 59.5 years, provide a three-year grace period for those who return to work and reduce the break in service from 75 to 45 days. This bill has not been scheduled for a public hearing.

In the news, Milwaukee has taken a look at the WRS as a pension system. The city has reduced its assumed earnings from 8.24% to 7.5%. Like Milwaukee County the City of Milwaukee has not approached the WRS, just talk at this point.

GUEST: Chris Preisler, Communications Specialist, SWIB.

Preliminary returns through November 30th. Core fund 17.4% with a benchmark of 16.9% and the variable fund 24.4% with a benchmark of 24.1%. Total Core fund \$105.8 billion and Variable fund \$8.4 billion for a total of \$114.2 billion. Private equity is the big performer.

The Board is meeting this week and will receive the CEM and Callan reports.

The Governor has appointed Kristi Palmer, Finance Director of Marathon County to the Board replacing Norm Cummings.

Anne-Marie Fink has been named Private Markets and Funds Alpha Managing Director replacing Chuck Carpenter who retired in April.

The SWIB Board of Trustees was honored Dec. 3 in New York City, winning "Institutional Investor's" Allocators' Choice Award for Investment Committee/Board of the Year.

If the returns remain the same as this month we can expect annuitants calling in wondering where "is my money?". We need to remind them that it is a five-year smoothing.

CORRESPONDENCE - None

OLD BUSINESS -The WCOA will continue to revise the trifold info hand out.

MSC The WCOA hire a graphic artist to design a hand out at a cost not to exceed \$500.

Bob Schaefer has a contact and there was a request for a union member involved in printing. Sandi Haase, Tara Leithold, and Sandy Drew will work with Bob.

Annual Conference, Friday May 15, 2020, is moving to completion. January 6 is the deadline for ETF/SWIB publication in the newsletter. The committee will have an online registration using PayPal, which is secure and would reduce work on our end. Encourage early registration so the members do not forget.

NEW BUSINESS - Sandy mentioned that AARP is asking for individuals to represent their legislative district in lobbying efforts. If interested please contact Sandi or Allen for details.

TREASURER'S REPORT - Check book balance \$9,975.39. Approved as presented.

NEXT MEETING:

Our next regularly scheduled meeting would be on Martin Luther King day. We will move the date to January 27 at 9:30 a.m. at the Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, WI.

Sandy Drew passed the gavel to incoming Chair Bob Schaefer.

The meeting adjourned by 11:15 a.m.

Annual Conference Friday May 15, 2020

Respectfully submitted – Dick Kratz

Upcoming meetings: ETF Board - 3/26; 6/18; 9/17; 12/10. SWIB Board - ?