

# Wisconsin Coalition of Annuitants

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

Webinar Conference conducted on May 17, 2021

This is the 30th year since the first Annual Conference was held. Last year 2020, was the only year an Annual Conference was not held and was due to the Covid-19 pandemic.

The May 17, 2021 annual conference is a webinar and posted at [www.WICOA.org](http://www.WICOA.org) under News or at YouTube <https://www.youtube.com/watch?v=WoBDArCSUHg>.

There were 103 webinar registrations with on/off attendance between 62-72.

Following a welcome by WICOA Chair Bob Schaefer, thanks to the presenters and webinar committee, the first speaker was introduced.

**Mr. David Stein** is the current Chair and one of the public members of the State of Wisconsin Investment Board. Mr. Stein is Executive Vice President for Consumer and Business Banking for Associated Bank-Corp, the largest bank holding company headquartered in Wisconsin. He has been a member of SWIB since 2014 and Chair since 2016. Mr. Stein has over 34 years of financial and leadership experience.

The SWIB Board is a nine member independent board of trustees with a fiduciary responsibility to act in the best interest of the funds under management. The Board approves asset allocation, performance benchmarks, investment policy, and incentive compensation. The Board appoints the Executive Director, Chief Investment Officer, and Internal Audit Director.

Upon Mr. Villa's death, February 13, 2021, the Board continued succession planning and evaluated the talented senior leadership team. After two months and numerous meetings an internal candidate was selected. The decision was based on advantage of continued momentum, building on success, supporting the current culture and maintaining key strategic priorities.

The SWIB management team has on average over 25 years of investment experience.

**Mr. Edwin Denson** joined SWIB in 2018 as the Managing Director of Asset and Risk Allocation. Mr. Denson has over 27 years of asset management experience. Following the death of David Villa, Mr. Denson was appointed the SWIB Executive Director/Chief Investment Officer.

Upon joining SWIB Mr. Denson built an innovative investment strategy team for the WRS working closely with Mr. Villa whom he had known for about 20 years. Mr. Villa's and now Mr. Denson's vision for SWIB will continue as an innovative,

agile, integrated agency with a mission of being a trusted, skilled, global investment organization.

The 2020 performance of assets under management totaled \$129.8 billion. The five year performance has added \$1.9 billion over benchmark returns. Also the 10 year, 20 year and even long range 30 year returns have been positive. Using a reference portfolio 60/40, a 20 years active management portfolio and policy portfolio out performed the reference portfolio by \$34.4 billion.

Investment cost savings for the year 2019 were \$72 million. For the last 10 years investment savings have totaled \$1.3 billion. Internal management is a cost savings as long as there are investment talented professionals, SWIB internal talent results in lower cost than peers.

Core trust fund asset allocation targets were shared and compared to peers. The various comparisons place SWIB within the top performing pension systems. With the system design SWIB did not take a severe hit with the pandemic and has begun a recovery beyond what some of its peers have accomplished. SWIB's mission provides competitive advantages which provide stability within the investment area and allow recruiting and retaining of talented staff.

Looking at the next five years a low return environment will continue to have low interest rates and require active management. Internal active management will require investments in people and platforms.

The current market is optimistic with US stock performance better than international stocks. Inflation appears to be under control and bond market yields have been improving.

**Mr. John Voelker**, was appointed Secretary of the Department of Employee Trust Funds in January 2021. He had served as Deputy Secretary for six years with Secretary Bob Conlin who retired. Mr. Voelker is a Wisconsin native with 33 years of public service and prior to ETF he was Director of State Courts for 11 years.

The ETF mission is to develop and deliver quality benefits and services to our customers while safeguarding the integrity of the trust.

Mr. Voelker shared a formula for pre-funding. We need contribution rates by employees and employers to be stable and paid. Next is investment return assumptions which again for ETF/SWIB have been in the 7% range. Contributions and investments provide the funds for benefits of annuities. This is the integrity of the fund.

Future annuity adjustments with several assumptions were shared. As long as contributions/investments continue to be positive, annuities will continue to be positive.

ETF expenses are \$87 per active/annuitant member, \$11 below peer average.

With a fully funded pension system Wisconsin's state and local governments pay 2.1% of budgets for pensions, compared to the national average of 5.2%. In 2020 \$5.9 billion was paid to annuitants and into Wisconsin's economy.

The quality and delivering of benefits to membership needs improvement. Over the next few years there will be an operations modernization program which will improve customer service. Three areas of focus are technology, processes, and staff.

**Blair Testin Award - Gary Gates**

Gary Gates joined the Department of Employee Trust Funds in 1968 and retired as secretary of the department in 1994. During that time there were many changes, mergers and fine-tuning of the department. The structure and culture of ETF is credited to Mr. Gates who worked closely with Blair Testin who was the Legislature Research Director. These two individuals are responsible for what we know today as the Wisconsin Retirement System.