

Wisconsin Coalition of Annuitants

March 18, 2024 Minutes

www.wicoa.org

Meeting called to order by the Chair Diane Wilcenski at 9:31a.m.

DIRECTORS & ALTERNATES PRESENT: Willie Backes, AFSCME24; Robert Beglinger, AFT-R; Barbara Bird, DOT; James Blank, Bay Lakes United Educators-R; Sandy Drew, SWIB Retiree; Paul Haubrich, UW Milwaukee Retiree's Assoc.; Brian Holmes, Epsilon Sigma Phi; Bruce Johnson, SWIB Retiree; Allen Knop, WEAC-Retired; Dick Kratz, WI Retired Corrections Personnel; Jack Lawton, ACE; John Maydak, West Allis Retirees; Dee Pettack, WSAA; Elaine Reiter, Kettle Moraine Retired; SAA; Robert Schaefer, WI Assoc of Retired Conservationists and State Engineering Association; Roger Springman, WFT/AFT Retirees; Jeanne Stangl, Dodge County Area REA; Diane Wilcenski, WREA; Rick Wojciak, DNR; Christopher Wren, Wisconsin State Attorneys Association; and wicoa.org

DIRECTORS & ALTERNATES NOT PRESENT: Dave Bosanko, Retired Professional Fire Fighters of WI; Tom Broman, UW Madison Retirement Association; Robert Brooks, Central Wisconsin Center Retirees; Ed Frank, WI Assoc of Retired Conservationists; Rick Klemme, Epsilon Sigma Phi; Kathy Kreul, WFT/AFT Retirees; Jean Grosklaus, West Allis Retirees; Tara Leithold, Kettle Moraine Retirees; Lucrecia Mattson, UW-Eau Claire Emeritus; Fred Nepple, OCI; Jim Palmer, WI Professional Police Association Retired; Tom Speranza, Retired Professional Fire Fighters of WI; Joe Strohl, Retired Professional Fire Fighters of WI; Jim Thiel, Association of Career Employees; and Clara Welch, Beloit Area REA

DIRECTORS & ALTERNATES EXCUSED:

Roll Call: Taken by Rick

Approval of the February Minutes: Approved as printed

Guest: Chris Preisler, Senior Communications Specialist, SWIB

Chris introduced our guest:

Rochelle Klaskin, Deputy Executive Director and Chief Operating Officer, SWIB

To view the slides of Rochelle's presentation,

Hold down Control and Click on the link below.

https://www.wicoa.org/images/2024/WiCOAquarterlyupdate3_18_24.pdf

Preliminary numbers as of February 29, 2024

Core 1.19% Variable 4.57% Benchmarks have not been determined as of today.

Cost Effectiveness

CEM a benchmarking company from Canada that collects data points globally and determines how SWIB is managing its costs. Internal management costs significantly less than External management. There is a need for both. SWIB has had very positive returns from the external partners. For 2023, Internal Management was \$139.2M and the cost of External Management was \$479.4M, These figures are just costs and not net returns. SWIB has saved \$536 million versus peers from 2013-2022. When adjusted for performance fees, CEM found that in CY2022, SWIB's costs are equal to the US Peer Median,

slightly higher than the Benchmark, and lower than the US Public Universe. CEM's analysis is always lagged by one year.

Asset Allocation Changes

Every other year in October, SWIB asset allocation consultant, NEPC, and WRS actuarial consultants, GRS, along with SWIB staff conduct extensive stress testing of the WRS.

<https://www.swib.state.wi.us/stresstesting>. The last study was October 2023. The results of the stress testing then inform asset allocation recommendations. Each year in December, the SWIB Board reviews and approves the asset allocation for the Core Trust Fund (CTF) and Variable Trust Fund. The changes for 2024 for the CTF are below:

Public Markets Allocation

Reduce Public Equity from 48% to 40%

Increase Fixed Income from 25% to 27%

Private Markets Allocation

Increase Private Equity and Debt from 15% to 18%

Leverage Level

Reduce Leverage Level from 15% to 12%

SWIB needs to balance amount of risk and the amount of return. As of December 31, 2023, the WRS is one of the only fully funded public pensions in the US.

70% of assets are managed actively by SWIB.

Incentive Compensation

Compensations will be discussed at the SWIB Board March Meeting. The 2023 compensation payments represent less than 5% of all SWIB's costs for managing the WRS,

A total of 263 employees are eligible for incentive compensation.

90 staff members are Investment Management Staff and 173 staff members are Investment Service Staff.

Over the last twenty years, SWIB's active management and diversified holdings generated \$29.5 billion for the Core Fund above what it would have earned investing in a passive 60/40 portfolio.

SWIB Press Release March 22, 2024 **Control and Click**

<https://www.swib.state.wi.us/single-post/swib-reports-5-year-performance-adds-3-1-billion-above-benchmarks-awards-incentive-compensation>

New Podcast – Episode 27

How SWIB's Co-Investment Portfolio Benefits the WRS, with Chris Eckerman and Kirk Wolff from SWIB's Private Equity and Co-Investment Team

<https://www.swib.state.wi.us/podcasts> **Control and Click**

Rochelle responded to Dick Kratz's question on how recruitment is going at SWIB. She stated that there are approximately 20 positions open at SWIB and that the technology and data positions are still difficult to fill as many want full time remote jobs. SWIB has an in-office requirement for staff to foster collaboration and innovation. Rochelle mentioned that Jeff Yoder is the new recruiting manager at SWIB and is a great addition. She also reported that Cefe Quesada has been added as the Chief Technology Officer who will report to her. Cefe begins working at SWIB on April 15. He is coming from Parametric in Seattle.

GUEST: Tarna Hunter, Director of Budget and Management, ETF

The Senate wrapped up the legislative session on March 12. Two technical changes that were requested by ETF (Bill 1048) passed. All other bills are likely dead and will need to be re-introduced in the next session which begins January 2025.

The ETF Board is scheduled to meet on Thursday, May 28 to approve annuity adjustments for the next year. The Core Fund will receive a 3.6% increase. The Variable Fund will receive a 15% increase. Additionally, CFO Cindy Klimke will give projections on various investment return scenarios that could impact annuity adjustments.

Control and Click to follow link

<https://etf.wi.gov/news/wrs-retirees-receive-annuity-increases-2024>

The Group Insurance Board set the dates for Open Enrollment (September 30, 2024, through October 25, 2024). The Board also approved some benefit changes and clarified the contract language for some issues including nutritional counseling and a lifetime eye treatment.

The IAS project team recommended, and ETF leadership approved a delay for the Insurance Administration System until 2025. We believe a delay is necessary based on customer experience considerations and the inability to fully test an end-to-end solution prior to a 2024 implementation.

Correspondence:

Diane recommended that we read the following article and share it with our members.

Control and Click to follow link

<https://urbanmilwaukee.com/2024/03/12/murphys-law-state-pension-system-is-a-huge-success/>

April 2 is Voting Day. There are two questions on the ballot with the sole purpose of reducing the number of people to vote and limiting who can work the polls. It has been recommended that you vote NO on both issues. Dee Pettack also recommended a NO Vote.

Annual WCOA Conference

The Annual Conference is set to go. It will be on Zoom

May 22, 2024 – 9:30 to Noon: Edwin Densen, SWIB

Dale Knapp, Trends in Wisconsin's Workforce

Closing Remarks – Diane Wilcenski, WCOA President

May 23, 2024 – 9:30 to Noon: John Voelker, ETF

Douglas Poland, Gerrymandering in Wisconsin: Origins,
Challenges and the Governor's Maps

Blair Testin Award Presentation

Closing Remarks – Diane Wilcenski, WCOA President

Treasurer Report:

No income or expenses were recorded for the month of February.

Then balance as of February 29, 2024 is \$7881.33

Treasurer's report accepted.

Next Meeting:

Monday, April 15, 2024 at 9:30AM

Meeting Adjourned at 10:14 AM

Respectfully submitted by Jeanne Stangl, WIOCA Secretary