

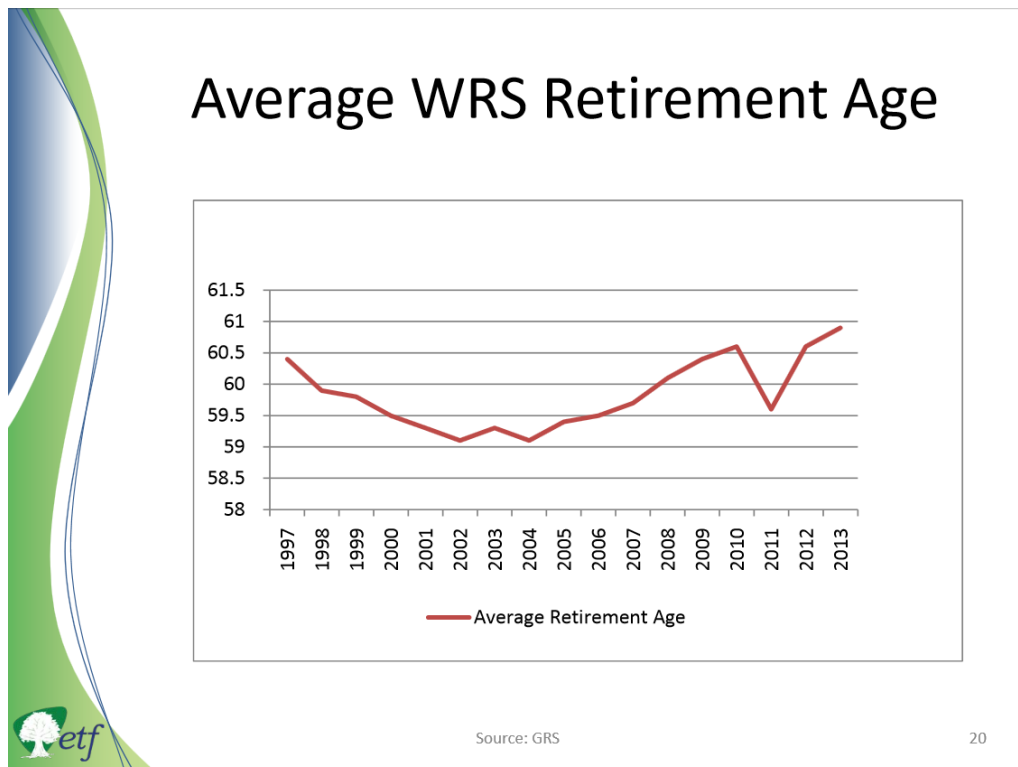
The Wisconsin Coalition of Annuitants Annual Conference 2015

The Wisconsin Coalition of Annuitants (WCOA) held its 24th Annual Conference on May 18. The WCOA consists of statewide and regional organizations representing retirees in the Wisconsin Retirement System, and may include active as well as retired participants in the system. The Coalition is committed to achieve the most effective and efficient operation of the Wisconsin Retirement System, free from political interference with policy and investment decisions.

Update on WRS

Matt Stohr, Administrator of the Division of Retirement Services at the Department of Employee Trust Funds, gave us an update on the WRS. His presentation should be available soon on either the ETF or WCOA website. Some statistics:

-- The average retirement age has jumped around over the last 17 years, with a big drop in 2011 (due to Act 10).



- The average age at death of annuitants has increased, especially for men.
- The number of active employees has remained fairly consistent.
- The WRS distributes \$4.3 billion a year in annuities.
- Improvements in mortality have an impact on adjustments.

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- About 70% of retirements currently are set by the formula method, rather than the money purchase method.
- ETF/SWIB is currently looking into what would happen if we were hit by another experience like 2008.
- The Variable Fund came close to having no annuity increase for 2014 because state law doesn't allow for an increase if the return is less than 2.0.

Looking Towards the Future

- A 7.2% investment return in 2015 will result in an annuity adjustment between 2.3% and 2.7%.
- A 0% investment return in 2015 will result in an annuity adjustment between 0.9% and 1.1%.

Alzheimer's

Paul Braun, Sports Announcers for UW Hockey, gave us some information about Alzheimer's and a Caregiver's Experience with the Disease. His wife was diagnosed with early onset Alzheimer's at the age of 59. Two-thirds of the people with Alzheimer's are women. After caring for his wife at home for several years, Braun was forced to place her in a memory care facility. In the last 22 months, this has cost over \$120,000. To have 24/7 care at home would cost about \$4,000 a week.

If we don't find a cure for Alzheimer's, the impact is going to be catastrophic. However, Alzheimer's is not getting the funding for research that other diseases get. The UW is one of the top six Alzheimer's research organizations in the country.

He encouraged us to look into long-term care insurance because the financial impact of Alzheimer's is devastating. He also encouraged us to donate to Alzheimer's research because the disease will affect us all, either directly or indirectly. He encouraged those of us with family or friends with Alzheimer have to visit them and think about helping out the caregiver.

There is a caucus in Congress recently created called "Assisting Caregivers Today (ACT) Caucus. The only representative from Wisconsin on the Caucus currently is Ron Kind.

What's Happening Nationally to Affect Seniors?

Lisa Lamkins, Advocacy Director for AARP, spoke to us about what's happening nationally to affect seniors. She talked about AARP's campaign to "Close the Loophole". This is an effort to create tighter rules for investment advice for 401(k), IRA

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and other retirement plans. Currently, retirement advisers can offer you products that are “suitable” for you, but not necessarily in your “best interest”. In fact, there may be cases where the “suitable” product is a better deal for the adviser.

The retirement-advice loophole can be closed by a rule that has been proposed by the Department of Labor. The rule would require all retirement advisers to offer products that are in the “best interest” of their clients, not just products that are “suitable” for them. To sign a petition in support of this rule change, go to <http://www.aarp.org/loophole>.

AARP has created a Watchdog Alert Network. You can sign up to get alerts on scams in your area by going to:

https://action.aarp.org/site/SPageNavigator/FWN_Registration_Page.html

Finally, Ron Mensink, Quantitative Analytics Director of SWIB, spoke to us some more about the WRS.

He reminded us that the State of Wisconsin Investment Board (SWIB) is a long-term investor whose strategy includes added protection during extreme market declines. He talked a lot about the benefits of diversification. Controlling costs also helps to produce favorable results.

SWIB’s strategic asset allocation includes fewer higher cost asset classes such as private markets and hedge funds than its peers. In 2013, that resulted in a \$96 million advantage for SWIB.

Reducing costs, negotiating lower fees and investing in low-cost assets combine with the performance of investing strategies have added \$1.4 billion over the past five years to the WRS.