

**AGENDA AND NOTICE OF MEETING
STATE OF WISCONSIN
TEACHERS RETIREMENT BOARD**

**Thursday, March 13, 2008
1:00 p.m.
Holiday Inn Hotel and Suites
1109 Fourier Drive
Madison, Wisconsin**

Documents for this meeting are available on-line at:
http://etf.wi.gov/boards/board_tr.htm
To request a printed copy of any of the agenda items, please contact
Ann McCarthy, at (608) 261-0736.

 *Denotes action item*

- | | | |
|-----------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1:00 p.m. |  | 1. Consideration of Minutes of Previous Meeting |
| 1:05 p.m. | | 2. Election Committee <ul style="list-style-type: none">• Teachers Retirement Board election results |
| 1:10 p.m. |  | 3. Election of Officers |
| 1:20 p.m. | | 4. Disability Statistics Summary <ul style="list-style-type: none">• October 2007 – December 2007 Quarterly Report• Annual Report |
| 1:30 p.m. |  | 5. Consideration of Administrative Rule <ul style="list-style-type: none">• Service Purchase Rule |
| 1:45 p.m. | | 6. Board Member Criteria |
| 2:00 p.m. | | 7. Miscellaneous <ul style="list-style-type: none">• Future Items for Discussion |
| 2:05 p.m. | | 8. Adjournment |

Times shown are estimates only.

The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Ann McCarthy, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931. Telephone: (608) 261-0736. Wisconsin Relay Service 7-1-1. E-mail: ann.mccarthy@etf.state.wi.us

MINUTES OF MEETING
STATE OF WISCONSIN
TEACHERS RETIREMENT BOARD

Thursday, December 13, 2007

Sheraton Madison Hotel
706 John Nolen Drive
Madison, Wisconsin

BOARD PRESENT:

Wayne McCaffery, Chair
Lon Mishler, Vice-Chair
Dennis Panicucci, Secretary
Ted Bratanow
Mike Langyel
Dan Nerad
Tom Pedersen
Patrick Phair
Roberta Rasmus
Steve Scheible
Robert Shaw
Robin Starck
David Wiltgen

PARTICIPATING ETF STAFF:

Dave Stella, Secretary
Bob Conlin, Deputy Secretary
Sari King, Administrator, Division of Retirement Services
Diane Poole, Director, Disability Programs Bureau
Rob Weber, Chief Legal Counsel
Ann McCarthy, Board Liaison

OTHERS PRESENT:

John Brown, ETF Board
Rhonda Dunn, Executive Assistant
Jean Gilding, Division of Retirement Services
Dennis McBride, WR Board
Carol Mishler
Linda Owen, Division of Retirement Services
Diane Poole, Division of Insurance Services
Deb Roemer, Division of Insurance Services
Mary Von Ruden, WR Board
Sharon Walk, Division of Management Services

| Board | Mtg Date | Item # |
|-------|----------|--------|
| TR | 3/13/08 | 1 |

Wayne McCaffery, Chair, called the meeting of the Teachers Retirement Board (Board) to order at 1:00 p.m.

CONSIDERATION OF MINUTES

Motion: Mr. Shaw moved approval of the minutes of the September 13, 2007, meeting as submitted by the Board Liaison. Mr. Starck seconded the motion, which passed without objection on a voice vote.

ELECTION COMMITTEE

Election Update Sari King updated the Board members on the Board elections. She reported that two elections will take place, one for the annuitant teacher seat and one for the participating technical college teacher seat.

Appoint Two Members to Committee Ms. King indicated that two Board members are needed for appointment to the Election Committee. The duties of the Election Committee are to review invalid ballots, resolve any discrepancies, and certify and accept the election report that will be prepared by an outside vendor.

The Election Committee will meet prior to the March 2008 Board meetings. Mr. Starck and Mr. Panicucci volunteered and were appointed to the Committee.

DISABILITY STATISTICS SUMMARY REPORT

Diane Poole reviewed the disability summary report provided to the Board. She provided an overview of quarterly trends for disability statistics and noted that there has been little change for this quarter in the past four years. The number of new disability annuities has decreased slightly. The most popular annuity option is "Life Annuity with 180 payments guaranteed." Females remain the predominant users of the benefit. The majority of applications are approved. The predominant age group is 51-55 years. Cancer and mental illness are the most prevalent disability types.

Ms. Poole noted that an additional Trust Fund Specialist position was allocated in the 2007-2009 biennial budget. Recruitment for the position is a priority of the division as the additional resources will help address workload backlogs.

VARIABLE FUND ASSET ALLOCATION

Dave Stella discussed the performance of the variable trust fund with the Board. He reported that after a uniform audit, the Legislative Audit Bureau (LAB) recommended that the State of Wisconsin Investment Board (SWIB) reevaluate policies and procedures for making allocation and investment decisions regarding the variable fund. This recommendation was due to continual lower than expected performance returns of the variable fund and the investment

limitations included in the Wisconsin statutes. Mr. Stella asked the Board members to share concerns and suggestions on the issue. The Board members discussed the issue.

Mr. Stella noted that the variable fund topic will be discussed again at future Board meetings.

PROPOSED SCOPE STATEMENT CONCERNING AMENDMENTS TO WISCONSIN ADMINISTRATIVE CODE ETF 11.11, RELATING TO APPOINTMENT OF BOARD COUNSEL

A memo was provided to the Board that outlined changes to ETF 11.11. Bob Conlin discussed the changes with the Board and asked for approval of the scope statement. He reported that this scope statement relates to appointment of legal counsel for the Board. Mr. Conlin advised that this rule change would allow the Board more flexibility in the process of obtaining and utilizing legal counsel, but would still include the Department of Justice in the process as needed.

Motion: Mr. Nerad moved approval of the Scope Statement concerning amendments to Administrative Code ETF 11.11. Mr. Mishler seconded the motion, which passed without objection on a voice vote.

CONSIDERATION OF ADMINISTRATIVE RULE

Rob Weber updated the Board on the progress of Administrative Rule 07-066, relating to hearsay evidence in administrative appeal hearings, and reported that this rule has been sent to the Legislature for review.

Mr. Weber discussed Clearinghouse Rule 07-068, regarding death and late reported termination, with the Board and asked for approval of the final draft report. He provided the final draft report on this rule and explained that it would redefine the determination of employee termination date, which is currently done by employer report. This rule would set the date of termination as the actual date of termination. Mr. Weber noted that the termination date impacts how employee death benefits are paid.

Motion: Mr. Shaw moved approval of the final draft report on Clearinghouse Rule 07-068. Mr. Panicucci seconded the motion, which passed without objection on a voice vote.

MISCELLANEOUS

Items for Future Discussion The Board members expressed interest in Board member diversity and asked for information on Board member appointments, elections, and responsibilities.

ADJOURNMENT

Motion: Mr. Langyel moved adjournment. Mr. Panicucci seconded the motion, which passed without objection on a voice vote.

The meeting of the Teachers Retirement Board adjourned at 1:55 p.m.

Date Approved: _____

Signed: _____

Dennis Panicucci, Secretary
Teachers Retirement Board



STATE OF WISCONSIN
Department of Employee Trust Funds

David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
TTY (608) 267-0676
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: February 26, 2008
TO: Teachers Retirement Board
Wisconsin Retirement Board
FROM: Diane Poole, Director
Disability Programs Bureau
SUBJECT: 2007 Benefit Annuity Statistics

Attached for your review are the 2007 Wisconsin Retirement System (WRS) disability annuity statistics. The report provides information on disability benefit annuity applications approved by the Boards throughout 2007. No Board action is required.

2007 Disability Annuity Highlights

- The Department completed disability benefit estimates for 771 participants.
- 40.63 Disability Retirement benefits were started for 242 participants.
- Duty Disability benefits were started for 21 participants.
- For the disability annuity benefits approved by both the Teachers Retirement Board (TR) and the Wisconsin Retirement Board (WR), the two most popular benefit options were "100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed" and "Life with 180 Payments Guaranteed."

TEACHERS RETIREMENT BOARD

- 93.2% of disability applications were approved. Only 3.4% were cancelled/void/withdrawn/invalid, and 3.4% were denied.
- 83% of TR Board disability annuities started were for females and 17% were for males.
- 44.3% of TR Board disability applications were for participants aged 51-55, 21.6% were for participants aged 61-65, and 20.5% were for participants aged 56-60.
- 67% of TR Board disability applications had one of three disabilities: Cancer (34.1%), Mental Illness (18.1%), and Neurology (14.8%)

WISCONSIN RETIREMENT BOARD

- 81.4% of disability applications were approved. Only 5.6% were denied, 9.8% were cancelled, and 3.2% void/withdrawn/invalid/other.
- 54% of WR Board disability annuities started were for females and 46% were for males.
- 30.4% of WR Board disability applications were for participants aged 51-55, 24.3% were for participants aged 56-60, and 22% were for participants aged 46-50
- 54.7% of the WR Board disability applications had one of three disabilities: Orthopedic (22%), Neurology (18.7%), and Cancer (14%)

Reviewed and approved by Tom Korpady, Division of Insurance Services.

Signature _____

Date _____

| Board | Mtg Date | Item # |
|-------|----------|--------|
| TR | 3/13/08 | 4 |
| WR | 3/13/08 | 3 |



STATE OF WISCONSIN
Department of Employee Trust Funds

David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
TTY (608) 267-0676
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: February 26, 2008
TO: Teachers Retirement Board
Wisconsin Retirement Board
FROM: Diane Poole, Director
Disability Programs Bureau
SUBJECT: October 2007 – December 2007 Quarterly Disability Annuity Statistics

Attached is the Wisconsin Retirement System (WRS) *Disability Benefit Annuity Statistical Report* for October through December 2007. The report provides quarterly data on: number of annuities started, options selected, gender, determination, age, and disability type. No Board action is required.

TRENDS

There was little change in trends for this quarter when compared to the same quarter in the past four years:

- The number of new disability annuities is down slightly. The Teachers Retirement Board (TR) had 18 compared to an average of 20; the Wisconsin Retirement Board (WR) had 46 compared to an average of 54. 2005 tends to skew the WR Board data as it was an unusually high year.
- The most selected annuity option remains “100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed.”
- Females continue to be the predominant user of the §40.63 Disability Retirement Annuity benefit for the TR Board. However, the WR Board had more males than females this quarter (only by two), which is not typical.
- The majority of applications are approved with a very small number being denied.
- The predominant age group is 51-55.
- The prevalent disability types for the TR Board for this quarter in the last five years are: Mental Illness and Cancer. For the WR Board, the prevalent disability types are: Orthopedic, Multiple Medical, and Mental Illness (which is different than this quarter's Cardiovascular, Neurology, and Orthopedic).

DISABILITY PROGRAMS BUREAU WORKLOAD

Staffing

The Disability Programs Bureau is staffed by 5.5 Trust Fund Specialists and 2.5 Policy Analysts. One Policy Analyst was a new hire in March 2007. Two Trust Fund Specialists began last year

| | |
|-----------------------------------------------------------------------|------------|
| Reviewed and approved by Tom Korpady, Division of Insurance Services. | |
| Signature _____ | Date _____ |

| Board | Mtg Date | Item # |
|-------|----------|--------|
| TR | 3/13/08 | 4 |
| WR | 3/13/08 | 3 |

in July and September. We also received a new Trust Fund Specialist leadworker position and filled that position last month. The Trust Fund Specialists are responsible for the §40.63 and §40.65 programs. This means 55% of our Trust Funds Specialists and 40% of our Policy Analysts are in training. One of the experienced Trust Funds Specialists is part-time. It takes approximately 1-1/2 years to fully train a Trust Fund Specialist in our complex disability programs and about 2-1/2 years for a Policy Analyst to complete training.

Backlog

The statutorily required review of tax returns for the §40.65 program continues to operate under a backlog of about three years. Unfortunately, this causes delays in detecting §40.65 overpayments, causing larger overpayments to individuals who then face substantial financial burdens when asked to repay. Extra hours have been authorized for part-time staff and limited term employees since 1999, with no significant affect on the backlog. We are hopeful that our additional Trust Funds Specialists will eventually help alleviate some of the ongoing backlog.

PRIORITIES

The top priority for the Disability Programs Bureau is to approve disability benefits as quickly as possible so individuals are not without income. Approving a disability benefit requires extensive follow-up with the applicant, employer, and health care providers. An application can take up to a year to process because of this inherent dependency on outside sources to provide documentation. The second priority is to maintain existing disability accounts. This requires obtaining updated medical and income information, which again requires extensive follow-up with outside sources.



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: February 25, 2008
TO: Teachers Retirement Board
FROM: Bob Conlin, Deputy Secretary
SUBJECT: Teachers Retirement Board Member Criteria

This memorandum is for information purposes only. No Board action is required.

At the December Board meeting, the Board expressed interest in a future discussion about the diversity of the Board. This memorandum, which identifies the criteria applicable to Board members, is intended to aid any future discussion of the issue.

By statute, Teachers Retirement Board members are either appointed by the Governor or elected by certain Wisconsin Retirement System (WRS) members to staggered five-year terms. There are 13 Board members. The Governor appoints four members and the remaining nine are elected.

The law requires that a person seeking nomination or election to the Board satisfy certain criteria in order to be eligible for the seat. The following lists identify the various criteria for each seat on the Board based upon whether the seat is elected or appointed. For elected seats, the list also identifies persons eligible to vote in the elections.

Elected Seats

1. City of Milwaukee teacher who is a participant in the WRS (elected by Milwaukee Public School teachers who are participants in the WRS).
2. Annuitant who was a teacher participant in the WRS (elected by annuitants who were teacher participants).
3. Public school teacher from a participating Wisconsin Technical College district who is a participating employee in the WRS (elected by participating Wisconsin Technical College teachers).
4. Public school teacher (elected by public school teachers).

| Board | Mtg Date | Item # |
|-------|----------|--------|
| TR | 3/13/08 | 6 |

5. Public school teacher (elected by public school teachers).
6. Public school teacher (elected by public school teachers).
7. Public school teacher (elected by public school teachers).
8. Public school teacher (elected by public school teachers).
9. Public school teacher (elected by public school teachers).

Seats Appointed by Governor

1. Public school administrator who is not a classroom teacher.
2. Member of a school board.
3. University of Wisconsin (UW) teacher participant in the WRS, but from a different campus than the other UW teacher participant.
4. UW teacher participant in the WRS, but from a different campus than the other UW teacher participant.

For those seats that are elected, the Department of Employee Trust Funds (Department) publishes notice of any election to be held, the nomination timetable, and instructions for prospective candidates in the Department's newsletter and on its internet site. A candidate for a seat must submit to the Department a nominating petition containing between 25 and 50 valid signatures of participating employees or retirees eligible to vote in that election. The candidate must also submit biographical or other information of no more than 100 words. The Department sends this information to eligible voters along with the ballots.