

From Dave Wiltgen....

Unfortunately, I will not be able to attend the June meeting. Thus, I too wish to throw in my two cents and this is the only way I can do it.

I do participate in the variable plan, as does my wife. We made that choice to participate because we wanted the extra exposure to the stock market and the chance at higher returns. I think it is important to remember that all the teachers in the variable made that choice, for better or for worse... the variable wasn't forced upon anybody (no matter what participants may say in down years while they'll claim to be Mensa members during the up years). As seen in the data we received last week, the number of people choosing the variable is actually increasing every year. We have to assume that these people know what they are doing and that are accepting the greater risk. Since it is a choice to try to do better through wider exposure to stocks, I have trouble with us taking that choice away. Nobody is forced into the variable and anybody can conditionally withdraw when they become "even" so it really is a no harm no foul situation.

At previous meetings I voiced my concern about the limitations placed on what investment instruments the variable can use. Upon further thought, I believe I was wrong because that is not what the variable is about. The variable is simply about increasing exposure to stocks... good stocks that everyone in the core fund owns also. The goal of SWIB is to make everybody as much money as possible. Therefore, what is good for the core should be good for the variable as well. It would not be fair to allow the variable to do what the core fund is not able to do (or to overweight/underweight non-stock investments that the core fund is unable to do), because if there is a better way to do something everybody should have that exposure. I see the variable as simply a chance at generating higher long term results for our members from more exposure to stocks.

I feel that my fiduciary duty is to protect the ability of our members to make a choice... even if that choice potentially puts them at more risk of diminished returns because that choice could also deliver them great rewards from assuming that risk. Over the long term, the best place to be has always been the stock market. I don't see the variable risk as overwhelming simply because should the stock market crash precipitously ALL of our non-stock assets will eventually suffer as well. The variable definitely has risk over the short term, but over the long term it offers a chance for our members to do better than if they are in the core.

Finally, we need to realize that some of our constituents plan differently for retirement. It is true that the vast majority of our members rely on their WRS payments during retirement. Many need to be guaranteed a payment that does not fluctuate much year to year and month to month. The core fund is their obvious choice. However, many of our members have other solid investments outside of the WRS (rentals, businesses, other jobs, other investments, retirement plans from their spouse, etc.) that will pay for their retirement and those people may or may not be willing to shoulder additional risk by using their WRS variable account to try to "juice" their retirement earnings if you will. Fluctuations of 20% per year would not bother them at all during retirement. They want the chance at higher earnings and are not relying on their WRS to fund their expenses after they leave state employment or after they leave teaching. These people are also our constituents and they deserve the choice that we currently give them through the variable option. Therefore I think that we need to maintain the variable option. Sorry I can't be at this meeting and I'll see you all in September.

-Dave Wiltgen