



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

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CORRESPONDENCE MEMORANDUM

DATE: November 6, 2009
TO: Employee Trust Funds Board
FROM: Matt Stohr, Director, Office of Legislative Affairs, Communications, and Quality Assurance
SUBJECT: Member Correspondence

This memo is for informational purposes only. No Board action is required.

I typically enclose a sampling of member correspondence (letters and e-mails) that the Department receives from Wisconsin Retirement System (WRS) members since the previous Board meeting. As of this writing, I have not received many letters or e-mails to share with the Board. The limited number of letters we have received, however, center on the State of Wisconsin Investment Board (SWIB) incentive compensation program. We sent those letters to SWIB for response. I attached letters from a member about the SWIB incentive program and SWIB's response for your information.

Many WRS members also contact their state representative or senator, the Governor, and/or their congressional representative or senator about WRS issues. To date, the Department has received 24 member-contacts through the Governor's office and legislators since the September Board meeting. These contacts touched on a variety of issues, including: WRS contribution rates, health insurance benefits, impact of furloughs on WRS benefits, federal and state tax table changes and SWIB incentive compensation. We have responded to all of these contacts.

I will be available at the December meeting to answer any questions you may have.

Attachments

Reviewed and approved by Rhonda Dunn, Executive Assistant.

Signature Date

Board	Mtg Date	Item #
ETF	12/3/09	5B



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A Private Practice in the Public Interest[™]

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For Distribution

Attention: Cindy Gilles, Secretary
cindy.gilles@etf.state.wi.us

Marilyn Wigdahl, Chair, and Members
Department of Employee Trust Funds Board

November 23, 2009

Members, Employee Trust Funds Board
Department of Employee Trust Funds, State of Wisconsin

RE: Request for Action at December 3, 2009 Meeting of the ETF Board

Dear Ms. Wigdahl and Members of the Board,

At your March 20, 2009 meeting, Deputy Secretary Bob Conlin laid out a plan that the Department was considering to address the issue of providing annuitants with Variable at Core balances. Prior to the June 18, 2009 meeting of the Board, he sent the Board a project proposal for a Project to Establish Variable Annuity Comparison Values, dated May 28, 2009.

I am pleased to learn from the Secretary's Office that shortly after the ETF Board's September 17, 2009 meeting, the Department of Administration finally authorized ETF to fill its vacancies. I am also pleased to learn that on November 20, 2009 the Department submitted a supplemental funding request to the Joint Committee on Finance for their quarterly meeting. The ETF's Variable at Core Project was included in that request.

Until such time as ETF is in a position to complete the Variable at Core Project, I offer the following issue for your consideration at your next meeting:

A duly diligent Variable Fund annuitant who is trying to decide whether or not to cancel her participation should not have to make this irrevocable, lifetime decision until she is told exactly how much her future annuity would be "ahead or behind" if she cancelled her participation in the Variable Fund. Therefore, she should be allowed to request her Variable at Core balance at the end of the year and make her decision after she knows what her annuity would be if she cancelled her participation. She should be able to do so even if ETF cannot provide her Variable at Core balance until after December 31st because ETF does not have sufficient resources to provide it to her sooner.

To use an analogy, a person should not be forced to decide whether or not she wants to remain in her current job or move to a new job without first being told what her new salary would be in the future if she moved to the new job.

Similarly, an annuitant should not be forced to decide whether or not to remain in the Variable Fund or move to the Core fund without first being told what her new annuity would be in the future if she moved to the Core Fund.

Issue: Even a duly diligent person could file a request before December 31st to Conditionally Cancel her participation in the Variable Fund and later be surprised to learn that her Variable at Core balance was “ahead” by only 1 cent after December 31st. As a result, she would be needlessly and irrevocably moved to the Core Fund even though she may have wanted to remain in the Variable Fund had she known that her balance was so little “ahead.” *The Board has a fiduciary responsibility to her to prevent this from happening.*

Issue: Even a duly diligent person could file a request before December 31st to Unconditionally Cancel her participation in the Variable Fund and later be surprised to learn that her Variable at Core balance was “behind” by much more than she expected after December 31st. As a result, she would be needlessly and irrevocably moved to the Core Fund even though she may have wanted to remain in the Variable Fund had she known that she was so far “behind.” *The Board has a fiduciary responsibility to her to prevent this from happening.*

I once again urge your immediate consideration of alternatives such as emergency rule or other extraordinary administrative and legislative options to protect the futures of retired public employees. These are unprecedented financial times not seen since the Great Depression. They deserve unprecedented action, not business as usual.

Potential solutions to this issue have been brought to your attention in 7 separate letters over the last 12 months, during which time the Board has had 3 meetings. I urge you not to walk out of your 4th and last meeting of the year without having taken any action to address this issue. To abandon it could reasonably be observed by annuitants and those in the media following the story as remarkably unresponsive.

The Wisconsin Retirement System is one of the finest in the world. You have done a remarkable and laudable job of upholding the public trust. You have a duty to the WRS. But you have a wider duty to the people it serves.

Respectfully submitted,

Douglas King,
The Madison Group

Cc:
Robert Conlin, Deputy Secretary, ETF
Selected State Senators
Selected State Representatives
Selected Print & Electronic Media Representatives
Interested Parties
The Madison Group Consultants



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Attention: Cindy Gilles, Secretary
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Marilyn Wigdahl, Chair, and Members
Department of Employee Trust Funds Board

November 25, 2009

Members, Employee Trust Funds Board
Department of Employee Trust Funds, State of Wisconsin

RE: Addendum to Letter of November 23, 2009

Dear Ms. Wigdahl and Members of the Board,

My letter to you dated November 23, 2009 contained two issues illustrating a duly diligent person who would have wanted to remain in the Variable Fund but was unable to do after she was surprised to learn that she had been moved to the Core Fund because her Variable at Core balance was so little "ahead" or so far "behind" on December 31st.

There was a third issue for your consideration that should have been illustrated in my letter but was inadvertently omitted. It is:

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