

Draft

MINUTES OF MEETING

**STATE OF WISCONSIN
TEACHERS RETIREMENT BOARD**

Thursday, March 21, 2002

**Radisson Inn Madison
517 Grand Canyon Drive
Madison, Wisconsin**

BOARD PRESENT:

Wayne McCaffery, Chair
Bob Niendorf, Vice-Chair
Nancy Thompson, Secretary
Theodore Bratanow
Suzanne Doemel
Irena Macek
Lon Mishler
Gerald Pahl
Dennis Pratt
James Tripp
Dorothy Vogel

BOARD NOT PRESENT:

Lauri Bickel
Don Ganther

PARTICIPATING STAFF:

Eric Stanchfield, Secretary
Dave Mills, Deputy Secretary
Julie Reneau, Administrator, Division of Retirement Services
Pam Henning, Director, Office of Strategic Services
Janet Klosterman, Board Coordinator
Audrey Koehn, Division of Insurance Services
Linda Owen, Division of Retirement Services
Shelly Schueller, Office of the Secretary

OTHERS PRESENT:

Jane Hamblen, Department of Justice

Mr. McCaffery called the meeting to order at 1:00 p.m.

Consideration of Minutes of Previous Meetings

MOTION: Mr. Pratt moved approval of the minutes of the December 13, 2001 and February 28, 2002 meetings as submitted by the Board Coordinator. Mr. Tripp seconded the motion, which passed without objection on a voice vote.

Election of Officers

➤ **Chair**

NOMINATION: Ms. Vogel nominated Wayne McCaffery to serve as Chair of the Teachers Retirement Board. Mr. Niendorf seconded the nomination.

MOTION: Hearing no further nominations, Mr. Bratanow moved that the nominations be closed and a unanimous ballot be cast for Wayne McCaffery as Chair of the Teachers Retirement Board. Ms. Thompson seconded the motion, which passed without objection on a voice.

➤ **Vice-Chair**

NOMINATION: Ms. Vogel nominated Bob Niendorf to serve as Vice-Chair of the Teachers Retirement Board. Mr. Pahl seconded the nomination.

MOTION: Hearing no further nominations, Mr. Pratt moved that the nominations be closed and a unanimous ballot be cast for Bob Niendorf as Vice-Chair of the Teachers Retirement Board. Ms. Thompson seconded the motion, which passed without objection on a voice.

➤ **Secretary**

NOMINATION: Ms. Vogel nominated Nancy Thompson as Secretary of the Teachers Retirement Board. Mr. Pahl seconded the nomination.

MOTION: Hearing no further nominations, Ms. Doemel moved that the nominations be closed and a unanimous ballot be cast for Nancy Thompson as Secretary of the Teachers Retirement Board. Mr. Pratt seconded the motion, which passed without objection on a voice.

Election Update

Ms. Henning reported that the Election Committee (Suzanne Doemel, Dennis Pratt and Pam Henning) met at 8:45 a.m., this morning to certify the results of the Teachers Retirement Board Public School Teacher election. Two candidates filed nomination papers and there are two vacant seats on the Board. Therefore both candidates should be appointed to the Board.

The two candidates are Reginald Delwiche, an economics teacher at Park Falls High School and David Wiltgen, a Spanish teacher at Eau Claire Memorial High School.

MOTION: Ms. Vogel moved to declare David Wiltgen and Reginald Delwiche as members of the Teachers Retirement Board for five-year terms beginning May 1, 2002. Ms. Thompson seconded the motion, which passed without objection on a voice vote.

Resolutions Honoring Departing Members

The Board adopted resolutions honoring Lauri Bickel and Dorothy Vogel for their service on the Teachers Retirement Board.

Scope Statement for Proposed Administrative Rules

➤ **Amendment to Rule Governing Annuitant Dividends**

Ms. Owen presented a scope statement for a proposed administrative rule that would amend the rule governing annuitant dividends. The primary objective of the proposed amendment is to distribute the annual annuitant dividends one month earlier, so that annuitants would receive the dividend beginning with the April 1 payment rather than on May 1. When the original rule specifying the effective date of annuitant dividends was promulgated, the May 1 effective date now specified in the rule was a realistic date. However, improved automation has made it possible to gather the data needed to calculate the dividend rates and to make the annuity adjustments more quickly. This is

desirable both from an equity and customer service perspective.

The amendment would also make changes related to prorating dividends under Wis. Adm. Code ETF 20.25, reducing the minimum percentage by which annuities can be adjusted. This would have the effect of recognizing any year's annuity reserve surpluses more rapidly.

MOTION: Mr. Pratt moved approval for drafting a proposed administrative rule that would amend the rule governing annuitant dividends as recommended by staff. Ms. Thompson seconded the motion, which passed without objection on a voice vote.

Proposed Benefit Report

Ms. Schueller presented a draft benefit annuity statistical report for review and comment. This report provided summary information on the retirement benefit annuity, disability benefit annuity, and beneficiary benefit annuity applications approved and terminated by the Boards. It also contained current data on the 1999 Wis. Act 11 benefit adjustment backlog. The report was intended to provide a better understanding of trends in WRS benefits.

Ms. Schueller reported that staff plans to present this information at each meeting. For the future, staff would like the Board to consider accepting this report in lieu of the individual benefit lists. The Board is also asked to consider delegating benefit approvals to the Department.

There are four parts to this report:

1. The retirement annuity summary section replaces Exhibits A and A-1. It contains the total number of new retirement benefits started on estimates and finalized in each of the past three months, along with a breakdown by option type selected and information on whether the formula benefit or the money purchase benefit yielded a higher annuity. It also contains the total number of benefits at the maximum formula benefit, a breakdown by gender, and retirement annuity termination totals and by type of termination (returned to work or converted to lump sum). Finally, this section includes the gross annuity payments paid out by ETF in the last three months.
2. The disability annuity summary replaces Exhibit B. It contains similar information as the retirement summary, except that it is specific to the disability programs. It has the total number of disability applications by type of disability, by option type selected, and by gender. It includes a breakout of the disability annuity determinations completed in the past three months.
3. The beneficiary annuity summary replaces Exhibits C and C-1. It provides the total number of beneficiary annuity applications started in the past three months. When there are beneficiary annuity terminations in the reporting period, this information will be included here as well.
4. The Act 11 benefit adjustment backlog. This section shows progress on the backlog of manual annuitant dividends, lump sum benefit supplements, pre-July 2001 final estimated annuities and corrections to final calculations generated by Act 11.

Ms. Schueller noted that this first draft includes data that staff was able to extract from the current computer systems. The Department intends to further expand these statistical

reports as part of the Benefit Payment System. Additional statistics that the Department plans to provide are an additional breakdown of annuity applications by age in 5-year increments, average years of service, age at the time a benefit is taken, information on death benefits and comparisons of data on a year-to-year basis. She encouraged the members to contact her if there is additional information they would like to see incorporated into this report.

The Teachers Retirement Board determined that they would like to continue to receive the Board exhibit lists and would like to see some of the further enhancements to the new statistical summary report before making a final decision on the exhibit lists.

Miscellaneous

The **Pending Appeal Status Report** included for the Board's information. It was noted that the total number of appeals as of March 1, 2002 is 236, down from 300 at the beginning of the fiscal year.

Motion to Convene in Closed Session

Mr. McCaffery announced that the Teachers Retirement Board would convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (f) to consider disability annuity applications containing personal medical information. Department staff was invited to remain during deliberation on the annuity applications.

MOTION: Ms. Vogel moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85(1) (f) to consider disability annuity applications containing personal medical information. Mr. Pahl seconds the motion, which passed on the following roll call vote.

MEMBERS VOTING AYE: Bratanow, Doemel, Macek, McCaffery, Mishler, Niendorf, Pahl, Pratt, Thompson and Tripp.

MEMBERS VOTING NAY: None

The Teachers Retirement Board convened in closed session at 1:19 p.m. and reconvened in open session at 1:24 p.m.

Announcement of Action Taken on Business Deliberated on During Closed Session

Mr. McCaffery announced that, during the closed session, the Board accepted the Reports of Departmental Determination – Disability Application Approvals and Denials.

Adjournment

MOTION: Ms. Vogel moved adjournment. Ms. Thompson seconded the motion, which passed without objection on a voice vote.

The Teachers Retirement Board meeting adjourned at 1:25 p.m.

Date Approved: _____

Signed: _____

Nancy Thompson, Secretary