

**MINUTES OF MEETING**  
**STATE OF WISCONSIN**  
**TEACHERS RETIREMENT BOARD**

**Thursday, March 15, 2007**

**Sheraton Madison Hotel**  
**706 John Nolen Drive**  
**Madison, Wisconsin**

<b>DRAFT</b>
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**BOARD PRESENT:**

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

**BOARD NOT PRESENT:**

Tom Pedersen

**PARTICIPATING ETF STAFF:**

Eric Stanchfield, Secretary  
Dave Stella, Deputy Secretary  
Sari King, Administrator, Division of Retirement Services  
Linda Esser, Board Liaison

**OTHERS PRESENT:**

John Brown, ETF Board  
Bob Conlin, Director, Legislation, Communications and Planning  
Rhonda Dunn, Executive Assistant  
Jean Gilding, Division of Retirement Services  
Linda Owen, Division of Retirement Services  
Diane Poole, Division of Insurance Services  
Deb Roemer, Division of Insurance Services  
Sharon Walk, Board Liaison  
Robert Weber, Legal Counsel

Wayne McCaffery, Chair, called the meeting of the Teachers Retirement Board (Board) to order at 1:45 p.m.

Board	Mtg Date	Item #
TR	06/21/07	1

## CONSIDERATION OF MINUTES

***Motion: Ms. Rasmus moved approval of the open session minutes of the December 14, 2006, meeting as submitted by the Board Liaison. Mr. Wiltgen seconded the motion, which passed without objection on a voice vote.***

## ELECTION OF OFFICERS

Ms. King requested the action of the Board regarding the election of officers. A memorandum was provided to the Board, which included a list of current officers as well as a current Board member roster.

- CHAIR

***Nomination: Mr. Bratanow nominated Wayne McCaffery to serve another one-year term as Chair of the Teachers Retirement Board. Mr. Panicucci seconded the nomination.***

***Motion: Hearing no further nominations, Mr. Shaw moved to close nominations and cast a unanimous ballot to elect Wayne McCaffery as Chair of the Teachers Retirement Board for another one-year term. Mr. Nerad seconded the motion, which passed without objection on a voice vote.***

- VICE-CHAIR

***Nomination: Mr. Wiltgen nominated Lon Mishler to serve a one-year term as Vice-Chair of the Teachers Retirement Board. Mr. Nerad seconded the nomination.***

***Motion: Hearing no further nominations, Mr. Shaw moved to close nominations and cast a unanimous ballot to elect Lon Mishler to serve as Vice-Chair of the Teachers Retirement Board for another one-year term. Mr. Nerad seconded the motion, which passed without objection on a voice vote.***

- SECRETARY

***Nomination: Mr. Wiltgen nominated Dennis Panicucci to serve a one-year term as Secretary of the Teachers Retirement Board. Mr. Bratanow seconded the nomination.***

***Motion: Hearing no further nominations, Mr. Shaw moved to close nominations and cast a unanimous ballot to elect Dennis Panicucci to serve a one-year term as Secretary of the Teachers Retirement Board. Mr. Phair seconded the motion, which passed without objection on a voice vote.***

### **APPOINTMENT TO STATE OF WISCONSIN INVESTMENT BOARD (SWIB)**

Ms. King indicated that by statute, the Board may appoint a teacher participant in the Wisconsin Retirement System to serve on SWIB. She advised that the Board will need to make its teacher participant appointment to SWIB for six years beginning May 1, 2007 and ending May 1, 2013. Wayne McCaffery is the current appointee. His six-year term on SWIB expires May 1, 2007.

***Nomination: Mr. Bratanow nominated Wayne McCaffery to serve another six-year term as the Board's appointee to the State of Wisconsin Investment Board. Mr. Nerad seconded the nomination.***

***Motion: Hearing no further nominations, Mr. Shaw moved to close nominations and cast a unanimous ballot to appoint Wayne McCaffery to serve on the State of Wisconsin Investment Board for another six-year term. Mr. Wiltgen seconded the motion, which passed without objection on a voice vote.***

### **TEACHERS RETIREMENT BOARD ELECTION RESULTS**

Ms. King announced that the election results were certified by the Election Committee prior to the start of the board meetings today. She mentioned that the return rate of ballots was 10% for active teachers and indicated that two seats were up for election.

Ms. King advised the Board that David Wiltgen, incumbent, was re-elected to his seat, and that Steven Scheible was elected to the second available active teachers' seat. Ms. King extended congratulations to Mr. Wiltgen and Mr. Scheible.

### **SERVICE PURCHASE ADMINISTRATIVE RULE**

Rob Weber, Chief Counsel, explained that the Department is in the process of preparing a proposed rule concerning the purchase of creditable service under the Wisconsin Retirement System (WRS). Mr. Weber stated that the rule is highly technical and lengthy and referred to the detailed analysis that was distributed.

Mr. Weber mentioned that purchasing service for credit has two different effects under the WRS. Such service credit purchases both increase the creditable service used to calculate a formula annuity and increase the account balance in the employee's required contribution account. Except for amounts received to purchase other governmental service, these additional funds increase the value of the participating employee's money purchase pension benefit.

Mr. Weber advised that no Board action is required at this time. The proposed rule must still undergo a public hearing, then a final draft version will be prepared for submission to the Legislature. Before that happens, the final version of the rule will be brought before the Boards for their review and approval to proceed with promulgation of the rule.

## **DISABILITY STATISTICS SUMMARY REPORT**

### **Wisconsin Retirement System (WRS) Disability Benefit Annuity Statistical Report (December 2006 through February 2007)**

Diane Poole reviewed the report that was provided to the Board. She pointed out that there is little change in trends for this quarter. The number of new disability annuities varies little. The most commonly selected annuity option remains "100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed." Females continue to be the predominant user of the Section 40.63 Disability Retirement Annuity benefit. The majority of applications are approved and only a very small number are denied. The predominant age group is 51-55 years. The prevalent disability types are: orthopedic, mental illness, cancer and multiple medical issues.

**Disability Programs Bureau Workload** The Bureau is staffed by 4.25 specialists and 2.5 analysts. A new analyst has been hired and will begin on March 26, 2007. Two new specialists were hired at the beginning of 2006 to fill vacant positions. This means 47% of the specialists are in training. It takes approximately 1 ½ years for a specialist to be fully trained in the complex disability programs. Two of three experienced specialists are part-time staff.

The main 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. The second priority is to maintain existing disability accounts. The disability-related activity with a backlog continues to be the review of tax returns for the Section 40.65 disability program.

Ms. Poole will continue to report this information at future Board meetings.

## **DISABILITY STATISTICS ANNUAL SUMMARY REPORT**

Ms. Poole briefed the Board on the annual report. In 2006, the Department completed disability benefit estimates for 869 participants and 311 disability benefit annuities were started. The most popular benefit options were "100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed" and "Life with 180 Payments Guaranteed."

The Department approved 89.5% of the 95 disability applications submitted. None were denied and 8.4% were cancelled, void, withdrawn or invalid. Two of the 95 (2.1%) were termed.

Forty-one percent of disability applications were for participants aged 51-55 years, 29% were for those aged 56-60, and 13% were for those aged 46-50. The most frequent disability type was multiple medical problems at 20%. Nineteen percent of disabilities were due to mental illness, 17% had cancer, and 15% listed neurology as the disability.

## **MISCELLANEOUS**

**Future Items** Mr. McCaffery noted that the Board appoints four people to the Employee Trust Funds (ETF) Board. Those appointments have a term of four years. If the appointee is not replaced by the Board at the end of the four-year term, that person continues to serve at the pleasure of the Board. Mr. McCaffery and Mr. Langyel requested the Department provide information regarding the policy, history and terms of current members serving the ETF Board in

this regard. Mr. Stella indicated that the Department will provide information and an explanation of which members are eligible for appointment to the ETF Board at the June Board meeting.

Mr. Phair encouraged the Department to be more active in educating members about the importance of protecting the WRS. He suggested educating participants and the general public through various public relations activities.

**ADJOURNMENT**

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

The meeting of the Wisconsin Retirement Board adjourned at 2:37 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Dennis Panicucci, Secretary  
Teachers Retirement Board