

# JOINT HISTORY OF WREA AND WRS



Established 1951

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Wisconsin Retired Educators' Association

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# A Joint History

## The Wisconsin Retired Educators' Association (WREA)

### How has WREA been true to its mission?

The Wisconsin Retired Teachers' Association (WRTA) was organized in 1951 to increase and improve teacher pensions through legislation. WRTA changed its name in 1991 to the Wisconsin Retired Educators' Association (WREA) to become more inclusive. This document reviews the history of the organization, its influence on pension benefits and its role in developing, protecting, and promoting the Wisconsin Retirement System (WRS).

WREA's signature goal and top legislative priority is to protect the long-term stability of the Wisconsin Retirement System (WRS) pension fund by:

- Monitoring the activities of the State of Wisconsin Investment Board (SWIB) and the Department of Employee Trust Funds (ETF).
- Analyzing pension fund legislation that affects annuitants and other WRS participants to determine appropriate legislative positions and actions.
- Opposing proposals that threaten the long-term integrity of the pension fund.
- Utilizing WREA's legislative network and collaborating with other like-minded organizations.
- Continuing to support Wisconsin public education through legislative and outreach programs at the state and local level.
- Providing approximately \$6 million of community service hours in Wisconsin.

## The Wisconsin Retirement System (WRS)

WRS participants are served by two agencies: the Department of Employee Trust Funds (ETF) administers the fund and the State of Wisconsin Investment Board (SWIB) invests the assets.

### What makes the WRS one of the best public pension funds?

The WRS is not only one of the best public pension funds in the country, it is also a model that other public pension funds want to emulate. Why is that?

- **Well-Funded:** At end of 2017, 100% funded. Wisconsin had the only fully funded pension plan in the United States. The WRS is the 8th largest public pension fund in the U.S. and 25<sup>th</sup> largest public or private pension fund in the world.
- **Modest Benefits:** The average 2017 annual annuity was \$18,139 (Core and Variable combined).
- **Benefit Rights:** Retirees' pension benefits are guaranteed by law and cannot be taken away by subsequent action of the Legislature.
- **Benefit Structure:** For every \$100 of pension paid, \$25 is the result of contributions into fund; \$75 is the result of Investment Board earnings. WRS pensions are not funded by taxpayers.

- **Actuarially Sound:** Actuarial and investment market changes are reflected in retiree adjustments, employer contribution rates, and employee interest crediting.
- **Shared Risks/Rewards:** The WRS is unique because risk is shared by employers, employees, and retirees.
- **Guarantee:** The original Core Fund annuity paid at the time of retirement cannot be reduced below that floor. (Only positive annual post-retirement increases can be reduced.) There is no guarantee in the Variable Fund.
- **Economic Impact:** A 2017 independent report showed that in 2017 WRS retiree payments to 192,000 Wisconsin residents totaled \$4.2 billion, added \$6.3 billion in economic value to Wisconsin, and supported more than 44,038 jobs in the state.
- **Future Promise:** Despite the long-term trend of increasing retirements, the WRS is well-positioned to pay current and future benefits.

These facts were provided by the Department of Employee Trust Funds (ETF) and the National Institute on Retirement Security (NIRS).

YEARS	WREA HISTORY	HISTORY OF THE WISCONSIN RETIREMENT SYSTEM	HISTORY OF RETIREMENT BENEFITS
<b>Early History of the Teacher Retirement Plan—1900 thru 1940</b>			
<b>1909</b>		Milwaukee Teachers Annuity and Retirement Fund created. Participation was voluntary.	
<b>1911</b>		Statewide State Teachers Retirement System (STRS) created. Participation was voluntary. No employer contributions were required.	First statewide teacher retirement law enacted.
<b>1913</b>		Participation in Milwaukee plan made compulsory.	
<b>1921</b>		Statewide teacher retirement law was modified and made a compulsory system termed the (State Retirement System) with contributions require from employers and employees.	
<b>1929</b>		State Annuity & Insurance Board was created to manage and invest state pension assets and other state funds.	Retiree supplement of \$2 per month for each year of Wisconsin teaching service added to money purchase plan from member deposits.
<b>1947</b>	Ethel Percy Andrus founded the National Retired Teachers Association (NRTA).	Joint Survey Committee on Retirement systems (JSCRS) created to make recommendations on all legislation affecting public retirement plans.	

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1950	Retired teachers met in a session at the fall meeting of Wisconsin Education Association (WEA) for the last time. Retirees concerned that changes in annuities did not apply to those already retired. Immediate concern was to achieve supplementary payments for retirees that would be constitutional or to amend the Constitution.		
1951	Wisconsin Retired Teachers' Association (WRTA) organizes, elects President R. O. West and forms units in Superior, Madison, and Racine. Units in Milwaukee, Kenosha, Winnebago County, and La Crosse follow by the end of the decade. WRTA leaders enlisted active participation from its five local units to "educate" legislators on need for changes. They engaged in close monitoring of legislative activity and making their presence known.	State Annuity and Investment Board replaced by the State Teachers Retirement Board and the State Investment Board.	New Average Salary Plan applied to active teachers who subsequently retired: 1/70 of final average monthly salary for each year of Wisconsin teaching experience. To offset inflation, persons already retired granted an additional \$1 per month from general fund for each year of Wisconsin teaching service. (Provision later ruled unconstitutional since it was payment for pre-rendered service.)
1953	WRTA launched intensive effort to amend the Constitution to allow Supplemental Benefits from the General Fund. Legislation must pass in two successive legislative sessions to be enacted.		Substitute Teacher Roster Law enacted. Retired teachers could receive \$25 per month paid from the General Fund if they participated on a standby basis as substitute teachers. This payment plus annuity could not exceed \$100 a month. Social Security coverage for teachers authorized (optional for those already teaching). In early years, amount received in Social Security benefits was deducted from pension payments.
1956	WRTA worked intensively for statewide support for amendment paying Supplemental Benefits to retired teachers from the General Fund. Although most state newspapers, opposed this amendment, it passed by a substantial majority.		

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1957		Elected state officials were provided the option to participate in the Wisconsin Retirement Fund (WRF).	In addition to money purchase annuity, retired teachers received \$1 per month for each year of Wisconsin teaching service to a maximum of 40 years. Total pension payment not to exceed \$100 per month. State Teachers Retirement System (STRS) paid first general dividend to retired members.
1958	WRTA legislative network impacts on elections—30 legislators who worked against retired teacher pension increases were defeated.	Fixed and Variable Funds established in State Teachers Retirement System (STRS).	
1959		Legislature created the independent Retirement Research Committee (RRC) to continually review state retirement benefits and programs.	
1960s	The theme of interconnectedness between local, state, and national levels continues linking resources between NRTA, WRTA, and local units. WRTA's legislative network effectively works for critical pension legislation resulting in new base pensions ranging from \$100 to \$160 a month.		
1965			Legislature guaranteed minimum monthly retirement benefit of \$5 for each year of Wisconsin teaching service.
1966	WRTA adopted resolution stating Wisconsin and Tennessee have the two lowest retired teacher pensions of all states in the Union. Throughout the 1960s, WRTA supported pension improvement legislation.		Formula Annuity Plan begun: 6/7 of 1% of final average salary (best 5 years of the last 10 years) times years of service, plus 3/7 of 1% of salary above Social Security wage base.
1967		Department of Employee Trust Funds (ETF) created.	The Wisconsin Retirement Fund authorized to pay dividends on annuity fund surpluses, but dividends are not automatic.
1970s	The number of WRTA units increased from 17 to 52.		

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1970	<p>Prior to 1970s, teacher pay improvements limited to working teachers. To represent retiree interests, WRTA hired Henry Weinlick, former WEA executive director, as a paid lobbyist. Donations to a WRTA Legislative Fund paid for the lobbyist.</p> <p>WRTA held first independent meeting with a Delegate Assembly on October 13-14 in Racine. WRTA supported other senior legislation in addition to pension improvement bills.</p>		
1971	<p>This is a year of firsts: the <i>WRTA News</i>, an annual convention separate from the WEA Convention, WRTA held its first district meetings. A concerted effort by WRTA President Margaret Teuscher and AARP Liaison Louis Sasman to form local units with the goal of a unit for each Wisconsin county.</p>		
1973	<p>WRTA supported several proposals for Supplemental Benefits for retired teachers from the General Fund, but legislation died when amendment calls for beer tax to fund them. WRTA formed Legislative Actions Committee, forerunner of WREA Research and Monitoring Subcommittee. Proposal to merge WEA Council and WRTA explored, but denied.</p>	<p>Transactional Amortization Account (TAA) established to spread gains or losses in the Fixed Fund over five years. Formula factor changed and average salary based on highest three years.</p>	
1974		<p>Elected officials participation was made mandatory in the Wisconsin Retirement Fund (WRF).</p>	
1975		<p>Legislature authorized the merger of three plans—The Wisconsin Retirement Fund (WRF), the Milwaukee Teachers Retirement Fund (MTRF), and the State Teachers Retirement System (STRS) to be known as the Wisconsin Retirement System (WRS).</p>	

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1979	WRTA supports legislation providing for automatic post-retirement dividend adjustment.		Retirement Research Committee (RRC) recommended provision for automatic post-retirement dividend adjustments.
1980			3.5% post-retirement increase granted.
1981	Throughout the 1980s, WRTA supported annuitant representation on the Employee Trust Funds Board and the Retirement Research Committee (RRC).	The Wisconsin Retirement System (WRS) merger implemented.	
1982		First Retirement Window created granting full benefits to individuals aged 62 with at least 30 years of Wisconsin teaching experience.	
1983	WRTA supported Supplemental Benefits from General Fund. Approved for pre-1974 retirees.	Optional deferred compensation (tax-sheltered annuity) plan implemented.	Formula factor for general employees increased from 1.3 to 1.6. Age 62 designated "normal" age for retirement with at least 30 years of Wisconsin teaching service. Maximum benefit limited to 65% of final average earnings. Legislature permitted employer to "pick up" (pay) employee contribution amount if negotiated.
1987	WRTA opened regular office and hired Annette S. Norsman as WRTA Executive Director and Lobbyist. WRTA initiated a lawsuit contending that use of trust funds to pay Supplemental Benefits was unconstitutional. Donna Pauls was hired as the Administrative Assistant.	Budget approved Supplemental Benefits for pre-1974 retirees. The Legislature and Governor used \$84 million from the Trust Fund rather than from the General Fund as established by a Constitutional Amendment.	
1988	In 1988, WRTA Board of Directors votes to proceed with litigation to restore the 1987 raid. WRTA sought voluntary contributions from its units and members to cover legal fees in relation to the litigation. WRTA members contribute over \$225,000 to support the litigation effort.	The State Engineers and WEAC joined the lawsuit as intervening plaintiffs.	
1989	July 15, 1989 Annaliece Pauls was hired as the Program Assistant.		

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1990s	WRTA develops administrative procedures and policies, activates committees, strengthens liaison relationships, expands publications and technology, and adds member benefits. WRTA took initiative to mobilize retirees and supported the Wisconsin Coalition of Annuitants (WCOA). In the 1990s, WRTA developed liaison relationships with other employee and retiree groups served by the WRS.		
1991	WRTA changes its name to the Wisconsin Retired Educators' Association (WREA).		
1992	Jane Elmer was hired as WREA Executive Director and Lobbyist.	Longtime WREA goal of annuitant representation on the ETF Board and the RRC passed: Otto H. Schultz, WREA Past President, is elected.	
1994	A strategic planning session for WREA 2000, created a new mission statement, identifying major priorities, promoting public education, influencing legislation, serving members, and developing a foundation.		
1995	WREA opposed pension improvement bill which jeopardized long-term stability of the WRS.		
1996	WREA develops the WREA Foundation to provide scholarship for students, teachers, and other community outreach support.		
1997	The 10-year litigation concludes with a unanimous Supreme Court decision declaring the 1987 raid unconstitutional. WREA protests when attorneys, who were paid according to contracts even after the case became a class action suit, request an additional 20% or \$40 million of the settlement. WREA hired a new attorney, Denis Vogel, settled out of court, and succeeded in reducing the additional attorney fees to \$8.3 million, or about 3.9%. The state treasury transferred \$215 million to restore the raid, includes the additional attorney fees.	10 Year pension fund litigation concluded with unanimous ruling from the Wisconsin Supreme Court stating the 1987 use of Trust Funds was unconstitutional.	Legislature continues to pay pre-1974 Supplemental Benefits from General Fund.

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1999	WREA provided leadership in protecting WRS from erosion by opposing Optional Retirement Program; (ORP) outside of the WRS. WREA hosted NRTA Pension Round Table; invited other organizations and agencies to an informational session on the Uniform Management of Public Employee Retirement Systems Act (UMPERSA). Over 20 organizations attended. WREA continued to promote independence of WRS.	After years of prosperity in the 1980s and 1990s, the economy experienced a downturn three years in a row, 2000-2003, the first time since 1939-1941. WRS Fixed Fund participants recognized 5-year smoothing protects them from extreme decreases. Variable participants experienced volatility.	Governor Tommy Thompson signed AB 495/Act 11, major pension legislation giving retirees and working employees an additional 10% increase in Fixed/Core Fund pensions or accounts and allowing employers a \$200 million credit or 22 month holiday from paying into the fund.
2000	WREA hired attorney to monitor Act 11, major pension change legislation. The Supreme Court took original jurisdiction in the case, but failed to issue a decision by year-end.		
2001	WREA celebrated 50 years of legislative activity and renewed its commitment to grassroots advocacy and a non-partisan approach. The Supreme Court issued Act 11 decision on 5-2 vote. WREA warned members of possible lower dividends and expressed concern over the employer holiday precedent in Act 11.		Retirees experienced no increase in Core Fund pension for first time.  Variable fund was reopened to all WRS participants.
2002	<p>WREA:</p> <ul style="list-style-type: none"> <li>• Adds member benefits</li> <li>• Adds consulting staff to conduct retirement planning sessions in schools</li> <li>• Restructures the foundation</li> <li>• Expands awards to include Challenge Award grants for innovative public school projects</li> <li>• Expands legislative alert network</li> <li>• Initiates WREA Foundation Legacy Circle</li> <li>• Recognize Centennial Member</li> <li>• Promotes volunteer and community outreach</li> <li>• Adds an interactive website</li> <li>• Offers online membership to members and to units</li> </ul>		

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2004	WREA supported pension adjustment if dividend is at least .5% instead of +2%.		
2005	WREA monitored national pension threats including increasing retirement age and changing defined benefit to defined contribution (401)(k) plans.		
2006	WREA lobbied for state tax exemption on Social Security (implemented 2008 tax year).	Functions of Retirement Research Committee became responsibility of non-partisan Legislative Council. Fixed Fund name changed to Core Fund.	
2007		Outside groups unsuccessfully attempted to influence SWIB investment decisions and to weaken SWIB's fiduciary requirements.	
2008	WREA supported Prudent Investor Legislation, making SWIB accountable to the highest industry standards while allowing greater investment flexibility.	2008—2011 brought worst downturn since the Great Depression. Retirees received first-ever Core Fund decrease, -2.1% in May 2009. Variable participants suffered decrease of -42%. Next two years, Variable Fund improved, but Core Fund decreased -1.3% (2010) and -1.2% (2011). Probable decreased expected for two more years.	Retirees experienced first ever decrease in the Core Fund.
2009			Retirees experienced a decrease in the Core fund for the second year in a row.
2010	WREA remained non-partisan as Wisconsin Legislature and Governor moved from Democratic to Republican control. WREA purchased a business office on November 15, 2010.		Retirees experienced a decrease in the Core fund for the third year in a row.
2011	WREA moved its office on January 24, 2011.  WREA celebrated its 60 <sup>th</sup> Anniversary and reaffirmed its commitment to public pensions and public education, while asking the Legislature and Governor to put aside political agendas to restore dignity and civility to the legislative process.	Collective bargaining eliminated by Governor Walker proposal, public employees agreed to pay 5.8% of salary as employee pension fund contribution and 12% of health insurance premiums. Vote delayed when 14 Democratic Senators left state; pro- test groups as large as 100,000 converged on Capitol; procedural rules tested; litigation initiated; recall	Retirees experienced a decrease in the Core fund for the fourth year in a row.

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2011		elections for Gov. and nine state Senators; and dissension erupted in the Wisconsin Supreme Court.	
2012	David L. Bennett was hired as WREA Executive Director and Lobbyist on April 1, 2012.		Retirees experienced a decrease in the core fund for the fifth year in a row.
2013	WREA forms a partnership with the School Administrators Alliance (SAA).		Retirees experienced a decrease in the core fund for the sixth year in a row.
2014	WREA switched Fall District Meetings to Spring. The WREA Spring Convention will be in the Fall starting in 2014.		Retirees receive an increase of 4.7% in the Core fund and an increase of 25% in the Variable fund.
	<p>John Forester, Director of Government Relations of the School Administrators Alliance (SAA) hired as WREA Lobbyist October 1, 2014</p> <p>WREA opposed two retirement bills AB 470 related to: increasing the minimum retirement age under the WRS and AB 471 relating to: determination of final average earnings for the purpose of calculating WRS annuities. There were six retirement bills introduced in the 2013-2014 Legislative Biennium. The co-chairs of the Joint Survey Committee on Retirement Systems (JCSRS) could not agree and were not able to schedule a meeting therefore the bills did not go anywhere. The JCSRS members are listed below:  Senator Schultz (Co-Chair)  Senator Farrow  Senator Hansen  Representative Stroebel (Co-Chair)  Representative Severson  Representative Berceau  WREA switched Fall District Meetings to Spring. The WREA Spring Convention will be in the Fall starting in 2014.</p>		
2015	Two retirement bills introduced in the 2015-2016 Legislative Biennium which are companion bills relating to: coverage for new participating employers under the WRS.		

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<b>2015 cont.</b>	<p>The JFC passed Motion #999 (27.a.) to change the composition of the Joint Survey Committee on Retirement Systems (JSCRS). This language was inserted into the Budget Bill and could have had devastating effects on the Wisconsin Retirement System. WREA issued a Legislative Alert opposing this motion and in less than 24 hours the GOP announced that the language would be removed from the budget bill. WREA continues to remain vigilant on monitoring and protecting the Wisconsin Retirement System (WRS) pension benefits as it has done since 1951.</p>		
<b>2016</b>	<p>Diane Wilcenski, Ed.D. hired as WREA Executive Director and Lobbyist.</p>		
<b>2017</b>	<p>WREA opposed two companion bills introduced in 2017, AB 324 and SB 190. Both related to: increasing the minimum retirement age under the Wisconsin Retirement System (WRS) and determining final average earnings for the purpose of calculating Wisconsin Retirement System annuities.</p>		
	<p>September 4, 2017 Barbara Kleppe was hired as the Financial/Membership Coordinator to replace Donna Pauls who passed away on April 22, 2017</p>		
<b>2018</b>	<p>Companion bills AB 324 and SB 190 failed to pass the 2017-2018 Legislative Biennium.</p>		