

PENSION PROTECTION

Did You Know?

- **In 1950** there were more than 85 public pension funds in Wisconsin and most of them were poorly funded?
- **In the early 1950s**, the average monthly annuity for a retired teacher was \$35.
- **In 1966**, Wisconsin and Tennessee had the two worst public pension funds in the nation?
- **Wisconsin now has** one of the best retirement systems in the country?
- **The Wisconsin Retirement System** is well-funded at roughly 99.9%?
- **That we have** an automatic dividend process tied to investment returns?
- **Any increases** to pensions work like compound interest?
- **That in other states**, increases must be approved by the legislature or are tied to cost of living increases and are usually capped at 3%?
- **There was a raid** on your pension fund in 1987 and WREA was a lead plaintiff in the lawsuit?
- **That the Wisconsin Retirement System** is very complicated and your pension is as unique as you are?
- **That until 2000**, Wisconsin annuitants had seen tremendous increases in their annuities, averaging about 6% a year in the fixed fund and about 5% a year in the variable fund.
- **That there are continual threats** to the pension fund, and WREA monitors and opposes them?
- **That WREA puts your pension first?**
- **That throughout WREAs 50-plus year history**, we have always worked to support retiree interests? Read on if you want to learn more.

Legislative Action History

Listed below some of the major pension actions taken throughout WREA's history to support retirees.

2016 Legislative Successes

WREA prevailed in having Motion #999 (27.a.) removed from the budget bill--A WIN!

This motion was to alter the Joint Survey Committee on Retirement Systems (JSCRS). This could have provided the legislature carte blanche on making changes to the Wisconsin Retirement System (WRS). The language was removed from the budget bill..

2014 Legislative Successes

There were a total of six bills related to pension in the 2013-2014 Legislative Biennium. WREA opposed two of those 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 no hearings on these two bills and for the duration of the biennium the bills sat in the committee.

2008 Legislative Successes

WREA supported Prudent Investor Legislation, making SWIB accountable to the highest industry standards while allowing greater investment flexibility.

2006 Legislative Successes

Social Security State Tax Exemption –A WIN!

WREA testified on legislation that would exempt retirees from paying taxes on pensions and Social Security. A tax exemption for pensions carries a very high price tag and that legislation did not pass. However, beginning in the 2008 tax year, retirees will no longer pay any Wisconsin state tax on Social Security.

Retirement System Security –A WIN!

WREA had worked for almost six years to move the duties of the defunct Retirement Research Committee (RRC) and Director to the Legislative Council. Originally, WREA had opposed this action, preferring a totally independent RRC, however, as that option no longer seemed to be viable, possible at the current time, WREA changed its position. WREA maintains it is critical to have protections for the Retirement System firmly in place. All pension fund legislation and retirement proposals demand in-depth study and review. This can happen at the non-partisan Legislative Council where the majority of the staff are attorneys and where there is adequate backup. William Ford at the Legislative Council has served in this capacity since 2000, and WREA will look forward to continuing to work with Bill.

Fixed Fund Name Changed to Core Fund –A WIN!

From now on, the Fixed Fund in the Wisconsin Retirement System will be called the Core Fund. WREA supported a name change.

2003-2005 Legislative

WREA opposed adding taxing and spending limits into the Wisconsin Constitution. About 15 states, including Wisconsin, were targeted by groups like Americans for Prosperity and Citizens for a Sound Economy for these changes.

On March 15, 2004, governor Jim Doyle signed SB 344, legislation on which WREA had lobbied extensively. The legislation sets a new Fixed Fund Dividend floor—allowing the Department of Employee Trust Funds (ETF) to pass on dividend of +.5% or more (rather than the former 2% limit) to retirees.

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2002 Opposes Additional Employer Holiday

WREA opposed proposals to implement an additional employer holiday, allowing employers to divert dollars from the pension fund to help with budget deficit issues.

WREA continued explaining the ramifications of ACT 11, major pension legislation/litigation that was found Constitutional by the Wisconsin Supreme Court, especially in regard to its impact on the future of the Fixed Fund. WREA worked with the Legislative Council and the Joint Survey Committee on Retirement Systems while maintaining interest in reinvigorating the Retirement Research Committee.

WREA promoted independence of the Department of Employee Trust Funds and the State of Wisconsin Investment Board.

2001 Celebrates 50 Years

WREA celebrated 50 years of legislative activity, renewing its commitment to grassroots advocacy and non-partisan approach.

While recognizing that ACT 11 had some good provisions, WREA expressed dissatisfaction with the ACT 11 ruling in regard to the \$200 million Employer Holiday.

WREA agreed with dissenting Supreme Court Justices Bill Bablitch, Shirley Abrahamson and Ann Walsh Bradley who stated the Employer Holiday opened the flood gates to great mischief in the pension fund.

2000 Monitors and Explains Act 11

WREA hired an attorney to monitor ACT 11.

1999 Leads in Protecting the WRS from Erosion

WREA opposed AB 495 (later enacted as ACT 11) because it had not had a thorough actuarial review.

WREA provided leadership in protecting the Wisconsin Retirement System (WRS) from erosion by opposing an Optional Retirement Program (ORP) outside of the WRS.

WREA hosted the National Retired Teachers Association (NRTA) Pension Round Table in Madison and invited other organizations and agencies to an informational session on the Uniform Management of Public Employee Retirement Systems Act (UMPERSA). Over 20 organizations attended.

1997 Restores more than \$200 million to the Pension Fund

The 10-year litigation involving a 1987 raid on the pension fund ended with a unanimous ruling from the Wisconsin Supreme Court stating the 1987 use of Trust Funds was unconstitutional.

WREA was the only annuitant organization to protest when attorneys, who were paid according to contracts even after the case became a class action suit, requested an additional 20% of the settlement. Ultimately, the state treasury transferred \$206 million to restore the pension fund, and ETF repaid retirees. WREA successfully fought for a reduction of attorney fees to make more money available for payment to retirees. (Ultimately \$8.4 million, or about 4% was awarded to attorneys.)

1995 Opposes Bill Jeopardizing Stability of WRS

WREA opposed a pension bill that would have jeopardized the long-term stability of the WRS.

1992 Annuitant Representation on ETF and RRC Passes

A longtime WREA goal of having annuitant representation on the Employee Trust Funds (ETF) Board and the Retirement Research Committee (RRC) passed. Otto Schultz, WREA Past President, was elected.

1988 More Than \$250,000 Collected to Cover Legal Fees

WREA sought voluntary contributions from its units and members to cover legal fees in relation to litigation. Over \$250,000 was collected through the litigation.

1987 Initiates Litigation after Pension Fund Raid

The Governor's Budget approved Supplemental Benefits for pre-1974 retirees, but funded them from the Trust Fund rather than from the General Fund as established by Constitutional Amendment. WREA, along with the state engineers, initiated a lawsuit contending this action was unconstitutional.

1983 Supports Supplemental Benefits

WREA supported Supplemental Benefits from the General Fund which were granted to pre-1974 retirees.

1980s Supports Representation on ETF and RRC

Throughout the 1980s, WREA supported annuitant representation on the Employee Trust Funds (ETF) Board and the Retirement Research Committee (RRC).

1979 Supports Automatic Dividend

WRTA (the former name of WREA) supported legislation providing for automatic post-retirement dividend adjustments.

1973 Denies a Proposal to Merge

WRTA denied a proposal to merge WEA Council and WRTA.

WRTA formed a Legislative Actions Committee to support the interests of retirees.

WRTA supported several proposals for Supplemental Benefits for retired teachers from the General Fund, but legislation died when amendment calls for a beer tax to fund them.

1970s WRTA Hires a Lobbyist

Prior to the 1970s, teacher pay improvements were 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.

1966 Calls Attention to Low Pensions

WRTA adopted a resolution stating Wisconsin and Tennessee have the two lowest retired teacher pensions of all states in the Union. Throughout the 60s, WRTA supported pension improvement legislation.

1956 Supports an Amendment to Pay Supplemental Benefits

WRTA worked intensively for statewide support for an amendment to pay Supplemental Benefits to retired teachers from the General Fund. Although most state newspapers opposed an amendment, it passed by a substantial majority.

1950 Last Meeting of Retirees at WEA

Retired teachers met in a session at the fall meeting of the Wisconsin Education Association for the last time.

Retirees were concerned that changes in annuities did not apply to those already retired. The immediate concern was to achieve supplementary payments for retirees that would be constitutional or to amend the constitution.