

BENEFITS REVIEW COMMITTEE REPORT 2012-2013

Dwayne A Rohweder, Chair

2012 was an interesting year for this committee. State Wisconsin Investment Board SWIB returns were positive and closed the year with the Core Fund at 13.7% and the Variable Fund at 16.9%. This was the fifth year of 2008 losses to be recovered in the Core Fund. The positive investment returns made it possible to reduce the annuity losses from the projected negative 13 % to a negative 9.6%. It is reported that the average loss will be around a negative 3%. Retirees are anxious to know what their loss will be. The annuity adjustment in the Variable account is a positive 9%. There is no reduction in this account.

Professor Larry Bundy – Retired Soil Scientist works with me on the committee. We made monthly reports to the Cuba Kids, three reports for the ESP newsletter, a report at the ESP picnic, and a report to last year's annual meeting. We attended the monthly and annual meetings of the Wisconsin Coalition of Annuitants representing ESP. We attended the SWIB seminar and the retirement sessions of the UW-Madison Retirement Assn. I recently represented WREA in contacting legislators at the Capital and informed them of the need to keep the WRS funds continually funded and secure. Responses were positive.

Not everyone will receive the full negative 9.6% annuity adjustment. The amount will vary based on how close you are to your original guaranteed annuity amount or Core Floor. If you retired in 2004 or later, you will likely receive no adjustment because you are already at your floor and have previously received no increases to repeal. Those retiring between 2000 and 2004 will lose any remaining increases, and those retiring in 1999 or before will experience the greatest reduction. The WRS funds are solid. The 10 year average return in the Core is an average 8.8%.

Remember you also are receiving a 1.7% COLA on your federal retirements and Social Security. Keep monitoring the news because Washington is debating a different method of calculating future COLAs.

We are looking for additional members for this committee. Anyone interested in this subject may contact me at darohwed@wisc.edu.