



## Retiree Election Notice

A primary election to fill the retiree member Pension Board position will be held Monday, August 22, 2016 through Monday, August 29, 2016. The retiree member position is a three-year term. Since two candidates submitted nomination papers, the Primary Election (8/22—8/29) will serve as the Final Election.

For your ease and convenience we are offering an eight-day voting period using either internet or telephone. Voting instructions are included in this newsletter.

The term will begin on November 1, 2016 and end October 31, 2019.

Marian Ninneman, Director

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### NEW FIDUCIARY STANDARD FOR FINANCIAL ADVISERS

*By Vivian Aikin*

In a recent *New York Times* opinion piece entitled "Isn't Honesty the Best Policy", U. S. Rep. Tammy Duckworth of Illinois shared the story of Russell Kazda, a retired mechanic, and his wife, Christine, a fourth-grade teacher. Mr. Kazda suffered an injury in 2015 and had to retire early after a 30-year career; Mrs. Kazda still teaches. They saved for retirement throughout their working lives and retained financial advisers to assist them, making it clear that they wanted to invest conservatively. Due to Mr. Kazda's early retirement, they had to dip into their savings sooner than expected. It was then they discovered that their advisers recommended not a conservative investment but an illiquid real estate investment trust and an options strategy that both paid close to a 10% commission. The Kazdas ended up losing about \$125,000 of a \$172,000 investment. Their mistake? Trusting that their advisers were acting in the client's best interests. The Kazdas have filed a legal action against their financial advisers for aggressively selling them inappropriate investment products to gain commissions.

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*Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible.*

– Francis of Assisi

# *Retirement Plan Services Communicator*

*August 2016*

*No. 8*

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Under a new rule unveiled by the U.S. Department of Labor in April, financial advisers, brokers or any individual paid to provide investment advice on a retirement account must act solely in the client's best interests (the definition of "fiduciary"). This is a sweeping change that creates a higher standard than the existing regulations. Acting in the client's best interest may seem obvious, but it has not been required. Currently the only requirement is that advisers recommend investments that are "suitable" even if it may not be the client's best option. This definition has allowed advisers to steer clients into high-priced strategies and products even when comparable but cheaper ones are available. The new standard applies to all financial products that can potentially land inside a tax-advantaged retirement account, including IRAs, mutual funds and variable annuities.

Advocates for the new rule believe the change will lower investment fees for retirement savers and make it possible for them to keep a bigger share of their returns. The rule is also meant to improve disclosures and reduce conflicts of interest. The White House Council of Economic Advisers estimates conflicted investment advice costs savers \$17 billion in excessive fees and inflated commissions annually. While the new rule does not ban commissions, brokers will have to explain why they are recommending a particular product when a less expensive option is available.

Financial firms and advisers will be required to acknowledge their fiduciary status and make basic disclosures of conflicts of interest by April 2017. They will have until January 1, 2018 to fully comply with all rule provisions.

As you might expect, the financial industry is not willing to give up their lucrative practices without a fight. Two federal lawsuits have already been filed against the new rules by industry groups, including the U.S. Chamber of Commerce. One of the lawsuits, filed in the industry-friendly U.S. District Court for the Northern District of Texas, alleges that the fiduciary rule creates "unwarranted burdens" for financial advisers. While these lawsuits may not prevail on merit, they could delay implementation of the new protections for savers. As Rep. Duckworth wrote in her op-ed, "If the fiduciary standard is good enough for medical care, legal advice and accounting, it is good enough for financial retirement advice."

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## UnitedHealthcare® and Milwaukee County invite you to attend Benefit U

Join your fellow retirees to learn more about your **Medicare Advantage** plan and ask questions that are important to you. Here are just a few of the things you'll be able to do:

- Talk with your UnitedHealthcare benefit plan representatives to understand how your plan works.
- Talk with a pharmacy representative - ask questions or share concerns about your medications.
- Get important screenings like blood pressure and Body Mass Index.
- Talk "live" with a UnitedHealthcare customer service representative, about claims or benefits, or for help finding a doctor or looking up a drug.
- Learn about other important health plan programs and benefits, like HouseCalls and SilverSneakers®.

## Congratulations to Our Newest Retirees!

July

Sadie Adams  
Lillian Alford  
Paul Bargren  
Daniel Barlich  
Clarissa Beste  
Patricia Brennan  
Debra Fenceroy  
Sandra Fliss  
Regina Fondren

Archie Friends  
Teresa Geraghty  
Timothy Hammond  
Kenneth Hill  
Susan Kontowski  
Janet La Porte  
Richard L'Amie  
Frank Lisser  
Lorraine Luster

Shelley Maglio  
Bobby Martin  
Beatrice Maxwell-Henry  
Jocelyn Mayfield  
Andre Miller  
Janine Nolde  
Kathy Ratz  
Herman Resto  
Jeffrey Riedel

## From the Benefits Department

### Flu Shots 2016

Milwaukee County will be offering free flu shots to all Milwaukee County retirees and covered adult dependents over the age of 18 the weeks of **October 3, 2016 and October 10, 2016**. A complete schedule of dates, times and locations will be provided in next month's Communicator

### MEDICARE PREMIUM REIMBURSEMENT REMINDER

Employees hired before 1/1/1994 who retire with at least 15 years of Milwaukee County pension service credit are **generally** eligible for County-paid health insurance and reimbursement for the cost of Medicare Part B premiums. (This provision may vary for former bargaining unit employees and non-represented employees who retired after March 31, 2011) If you are eligible for Part B premium reimbursement and/or you are required to pay anything other than the standard Medicare Part B premium, it is your responsibility to notify the Division of Employee Benefits. Premiums will be reimbursed directly on your pension check **starting the month after** the Division of Employee Benefits is notified in writing.

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## In Memoriam

Please keep the families of these recently deceased retirees in your thoughts:

Janice Birmingham	Harry Halloway
Lilleth Bennett	Sharon Kroening
Donald Janusz	Mary Budish
Raymond Majeske	Thomas Borgwardt
Evelyn Meyer	James Tominsek
Donald Gartzke	Thomas Rainer
Beverly Ebert	Phillip Magestro
Carol Fuehrer	Irving Heipel
Gerty Purifoy	Findley Orr

## Market Value of Pension Fund Period Ending May 31, 2016

<b>Total Fund Composite</b>	<b>\$1,671,519,805</b>
Fixed Income Composite	\$276,965,564
US Equity Composite	\$423,752,216
International Equity Composite	\$314,675,926
Hedged Equity Composite	\$178,995,793
Real Estate Composite	\$185,124,158
Infrastructure Composite	\$153,991,488
Private Equity Composite	\$102,333,277
Total Cash Equivalents	\$35,681,383

### 2016 Check Disbursement Schedule

Friday, July 29	Monday, October 31
Wednesday, August 31	Wednesday, November 30
Friday, September 30	Friday, December 30

## CONTACT INFORMATION

### Retirement Services

In the Milwaukee area:

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Toll Free:

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Email: [ers@milwaukeecountywi.gov](mailto:ers@milwaukeecountywi.gov)

### Life & Health Benefits

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