PRESIDENT’S COLUMN

by Don Klimpel

In May 2009, the UW-Madison Retirement Association (UWRA) reached its 10th birthday. Since UWRA’s inception, our membership has grown to approximately 1,000 and to approximately 1,500 members when dual memberships for spouses and partners are included. Unlike other Big Ten retirement associations that restrict membership to retirees only, UWRA invites all currently employed and retired faculty, academic staff, and classified staff to join our organization. Dues are modest and the benefits of membership are invaluable.

My goals for the Association this year are to increase our volunteering opportunities within the university and the community and to continue to provide up-to-date information about the retirement years to the membership. If you wish to become a volunteer, check out the volunteer opportunities described elsewhere in this issue. If you wish to learn more about our organization, we invite you to visit our website at uwra.wisc.edu, or call the executive director at 262-0641.

The Association wishes to thank the University of Wisconsin Foundation again for its generous and continued support for the printing and distribution of the fall and spring issues of The Sifter. These issues are sent to all current employees and to all emeriti faculty and staff, whether or not UWRA members, in addition to the usual mailing lists of members and recent retirees.

KEEPING INFORMED IN RETIREMENT

After just retiring for a second time, I find that my in-basket is as full as ever! What happened to “the paperless society” we keep hearing about?

I want to stay informed but I don’t want to sift through too much literature and I certainly don’t trust just any old website. I have found a unique source of relevant information for retired educators, however, and it fits me perfectly. It is the Wisconsin Retired Educators’ Association (WREA) website whose new, improved version will be up and ready in October. I can go there on my own schedule, I’m not tied to waiting for a mail delivery, and I can zero in on just the information I need—like WREA benefits, links to retiring well while saving money, legislative work that keeps our pensions strong even in difficult times, and more. I am so glad I am a member of WREA, but nonmembers benefit as well from the information this site holds. Take a look for yourself at www.wrea.net. I don’t part with hard-earned pension money easily, but membership in the UW-Madison Retirement Association (UWRA) and the Wisconsin Retired Educators’ Association are must-haves in my budget. I thought long and hard about giving up the cleaning lady but giving up UWRA or WREA—NEVER!

Char Tortorice, Special Projects

FOR UW HEALTH EMPLOYEES

The UW-Madison Retirement Association is pleased to be able to send copies of this issue of The Sifter to employees at UW Health and to invite them to join the Association. Our board members believe that our programs and newsletters would be useful and interesting to you and want to make you aware of the organization and its benefits. We are grateful to the University of Wisconsin Foundation for giving us an opportunity to expand our mailing list for the Fall issue in order to communicate with you. For more detailed information about the Association, please visit uwra.wisc.edu, or call the executive director at 262-0461.
Top brass within the University of Wisconsin-Madison Police Department had a problem. Luckily for Chief Susan Riseling and Assistant Chief Dale Burke, the dilemma wasn’t crime related, but it was an issue nonetheless.

The two had pledged to match up to $1,000 in employee gifts to the Faculty Staff Great People Scholarship Initiative. Burke entered Riseling’s office. “Chief, I have some good news and I have bad news,” she recalled him saying. “The good news is an individual employee gave $1,000. The bad news is one employee gave $1,000.”

Burke laughed at the memory. “The chief and I, in an effort to get people within the department excited about the campaign, announced our match,” he said. “I guess they got excited.”

That’s not an unusual occurrence for the University Police. “The generosity they have is so diverse that I know they’re giving,” Riseling said. “For everyone here, it seems like there’s a different charity they champion, whether it’s the American Cancer Society, heart research, the Humane Society, you name it. That’s what’s so fascinating about this place. We have 122 employees, and I bet there are more than 60 different charities given to every year.

“We continue to excel at things like donating blood,” she said. “This is an exceptional group of people, and it’s hard to imagine what the fabric of this organization would be like without Dale.”

Making the rounds
Burke is a co-chair of the UW Foundation’s From Within faculty-staff efforts, and he also is a co-chair for the Faculty Staff Great People Scholarship Initiative. Through the latter, he has been among faculty and staff members making peer-to-peer appeals across campus.

“It’s been absolutely an incredible amount of fun for me to be going around campus and giving these various presentations to different groups about the Great People campaign,” he said. “It’s rewarding, and it’s been fantastic to see the response from folks. It’s really amazing considering the economic times we’re in. I have gotten no negative feedback from anybody during any of these presentations. It’s been just the opposite. People have been enthusiastic and supportive.”

One of the tools Burke and other presenters have used is a bar graph showing that the UW-Madison trails the rest of the Big Ten universities in the amount of institutional financial aid it has been able to award.

“I’ve told people all along my goal was to make the little box on the graph bigger,” he said. “I have no doubt that at the end of the day, the box will be bigger. Anything we can do to help people realize their dream of coming to the UW-Madison will be fantastic. I will feel like I have done my part.”

So far, faculty and staff have raised more than $1.8 million for student aid scholarships, counting matches from the UW Credit Union and the UW Foundation.

“For a guy who’s in a uniform with a lot of stars and bars on it, for me to stand up and say I represent classified staff I think sends a whole different message to people,” he said. “It allows me to be viewed not as somebody apart from them, but someone who is like them. I hope that helped.”

The way up
That notion of being a part of campus and caring for the fate of students is echoed by Riseling.

“In our official capacity, we usually encounter people on their worst days,” she said. “The lower socioeconomic status that you have, the more likely you are to have an encounter with a police officer in a negative way. The way out of that is through education.

“The better educated you are, the better the chances are you will earn more money, and the better the chances are you can lift your family out of poverty into a higher standard of living,” she said. “I think most cops get it, that a lack of education is directly linked to issues and problems.

“You get tired of being the Band-Aid. You want to prevent the victimization in the first place. The way to do that is investing in education,” she said. “Most of us in the profession understand that. We see the need for prisons, but I don’t think society is better served by putting more money into the prison system than into higher education.

“Education is the great equalizer in many ways, and higher education is the key to a brighter future and a better country.”

On that matter of matching department gifts to Great People, Burke and Riseling will figure out how much they can do.

“Dale and I will have to have another conversation,” the chief said. “It’s a great problem to have. I am so glad the check I will have to write is bigger than the check I thought I would be writing. It makes me proud of this department.” For more on the Great People Scholarship Campaign or to make a gift, visit uwgreatpeople.org.

Chris DuPre, University of Wisconsin Foundation
STATE OF WISCONSIN INVESTMENT BOARD UPDATE

Following the dismal 2008 market returns, the Core Fund is again in positive territory with preliminary returns at 14.2% year-to-date (YTD) as of August 31, 2009, versus its benchmark at 12.5%. The Variable Fund's preliminary YTD returns were 21.5% versus its benchmark of 20.1% on the same date.

The broad US equity markets accounted for much of the gain and were up over 16% for the year after hitting their low point on March 9. Corporate bonds also contributed significantly to the increase, earning nearly 13% YTD. Real estate and private equity continue to have negative returns. Although private equity is showing signs of improvement, real estate is expected to continue to have trouble as commercial mortgages come due in the next two to three years.

There is much debate among economists and financial professionals about whether the “recovery” is real and can be sustained. The concept of a “new normal” with slower economic growth in the years ahead is receiving lots of discussion. The global financial institutions, which are still in disrepair, and the threat of inflation pose more uncertainty in the markets. Most financial analysts agree that risk of inflation in the short term is small but in the long term inflation poses more risk.

For the past few years the State of Wisconsin Investment Board (SWIB) has been reviewing the Core Fund’s allocation to equities as they account for the majority of the Fund’s risk. To lessen the whipsaw effect of future market swings, SWIB has somewhat reduced its allocation to equities while still maintaining a sizable investment as equities traditionally have outperformed other types of investments over the long term. The board has utilized a few other investment tools to reduce risk, e.g., the use of futures, options, and managing currencies. We are also contracting with a hedge fund consultant to determine if there are specific types of hedge funds that will fit with SWIB’s investment strategies.

Any strategy implemented to reduce risk must meet the board’s fiduciary duty to invest prudently on behalf of Wisconsin Retirement System participants.

Finally, SWIB recently made available a helpful brochure called “Investing for your Retirement.” You can find it on the SWIB website (www.swib.state.wi.us/publications.aspx). That site has recently been redesigned. We hope you will find it more informative and easier to locate the information you seek. We will appreciate your comments about the new site.

Sandy Drew, Legislative & Beneficiary Liaison

FINANCIAL MATTERS

Converting from a Traditional to a Roth IRA

Conversions from traditional to Roth IRAs are about to become a big deal for people saving and investing for retirement. The media will soon be urging you to seek assistance from your financial adviser to take advantage of this one-time opportunity in calendar year 2010.

Traditional and Roth IRAs differ in that contributions made to a traditional IRA may be deducted from earned income, withdrawals are taxed, and an annual required minimum distribution (RMD) is required after the age of 70 1/2, whereas Roth IRA contributions are not deducted, withdrawals are tax-free, and there is no RMD requirement.

Up until the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), conversions were restrictive. As of 2005, taxpayers have had the opportunity to convert all or some of their traditional IRAs to Roth IRAs, regardless of income and age. But all income generated from the conversions had to be reported on that year’s tax return. Effective January 1, 2010, however, and throughout the calendar year, income from conversions does not need to be reported on your 2010 return but can be split over a two-year period in 2011 and 2012. That is, half the income is included in your 2011 return and the other half in your 2012 return.

Recognizing that the future tax outlook is uncertain, Roth IRA accounts are becoming popular for retirement investments because after-tax contributions have the potential for tax-free growth, you need not have an “earned income” to

Continued on page 7
EXECUTIVE DIRECTOR’S CORNER

by Ann Wallace

The UW-Madison Retirement Association (UWRA) is pleased to have the opportunity each October and April to send our newsletter, The Sifter, to all UW-Madison employees and all emeriti faculty and staff in addition to our regular mailing list. If you are not a member of the Association, you receive only these two issues, and you miss announcements of UWRA programs throughout the academic year as well as other opportunities provided by the UWRA. Retired or still employed, you can rectify this by joining the Association. Just complete the membership application blank found elsewhere in this issue, and send it to the Association office.

Note to Emeriti about Luncheons: In the past the Association sent notices of UWRA luncheons to all emeriti faculty and staff prior to each luncheon. The board decided, however, to announce luncheon programs exclusively in the member-only copies of The Sifter. Thus, if you are emeritus faculty or staff and are not a member, you can no longer expect to receive invitations in the mail. This would be a good time to join the Association and receive announcements of the three remaining luncheons this academic year, as well as the regular monthly Sifters. You will see on the membership application blank that we now offer electronic subscriptions to The Sifter and half-price “out of area” memberships for those who do not live close to Madison.

Other Benefits of Membership: In addition to details about UWRA luncheons, members learn about the availability of highly informative monthly financial programs, timely programs on other topics such as electronic medical records, hypertension, and swine flu, and social events such as breakfasts and receptions. Many members consider our publications, The Sifter (ten issues annually) and Living Ledger (a step-by-step guide for getting your affairs in order), to be an added bonus associated with their membership.

For Both Retirees and Those Contemplating Retirement: Do you have a difficult time getting through to the call center at the Department of Employee Trust Funds? Try going to their web-based video library at etf.wi.gov/webcasts.htm. New titles are added regularly. The best days to access the website are Thursdays and Fridays, when there are the fewest hits; Mondays are busiest. ETF is losing its own staff to retirement, and the video library may be a good way for you to obtain information quickly.

Related Resources: On the Retirement Association website, uwra.wisc.edu, you will find links on our Resources page to both the Employee Trust Funds (etf.wi.gov) and the State of Wisconsin Investment Board (www.swib.state.wi.us) websites.

Thinking about Retirement? Whether you have decided to retire or are just thinking about it, you will want to become familiar with campus policy on granting emeritus status. You may review the university’s procedures on the web: unclassified employees may review www.ohr.wisc.edu/polproced/UPPP/2001.htm and scroll down to section IV, and classified employees may use www.ohr.wisc.edu/polproced/CPPP/cppp_chapter 20.pdf, also in section IV. Both documents spell out the privileges retained after retirement. Then you will want to contact your department administrator to learn your department’s process for granting emeritus status.

Retiree Business Cards: The office of the Retirement Association periodically receives calls from people who remember seeing instructions in The Sifter on how to order retiree business cards. We can save you a call by directing you to www.doit.wisc.edu/printing/retireecard.asp. Your $30 fee will provide 250 cards on white paper with black type, set off by a red and gold university logo.

VOLUNTEER OPPORTUNITY

Looking for an easy way to give back? Home Health United Meals on Wheels delivers the noon meal every day of the year to the elderly and homebound in Madison, Monona, and Middleton. A route takes about an hour and you always get more than you give. You can choose a pickup point close to you, and very specific directions are given to each recipient’s home. For more information contact Sue Barker at 276-7598, or visit www.HomeHealthUnited.org.
THE GIFT OF VOLUNTEERING

Frederick Buechner, an American writer and theologian, has described one’s vocation as the place where one’s deep gladness and the world’s deep hunger meet. We should be so lucky to be able to look back on our work as giving us great satisfaction and contributing to the common good.

Regardless of how we view our careers, the end of our paid work opens the door to new possibilities for finding enjoyable, interesting, and rewarding ways to share all the knowledge, skills, and wisdom we have gained over the years.

Early in his presidency, Barack Obama called on all Americans to participate in the nation’s recovery by serving in our communities. A website, Serve.gov, evolved to help those interested get connected with local volunteer organizations meeting critical needs. On that site you can register your organization as needing help or search for community work by interest and location. Included are volunteer events, as well as ongoing volunteer needs.

Opportunities for volunteerism are extensive in our own local community. The Morgridge Center for Public Service, United Way of Dane County, and RSVP are three local organizations that are very good at matching volunteers with organizations that need help. The three collaborate and frequently refer volunteers to each other depending on age and interests.

It seems like yesterday when the Red Gym was renovated and the Morgridge Center for Public Service was established (1994). A clearing-house for campus volunteer activity, the Center has led efforts to enhance the learning environment through service learning education and experiences in and outside the classroom. Retirees are considered part of the campus community that the Center serves. Visit the Morgridge Center website at volunteeryourtime.org, where you will find volunteer opportunities within the community and the campus. You may tailor your search by interests, skills, and personal availability. Or you may call 263-2432 to make an appointment with an advisor who will help you follow your interests.

The United Way of Dane County and the Morgridge Center share the same volunteeryourtime.org website, so you also will find connections to hundreds of Dane County nonprofit agencies. Or if you wish to dial 211 (a new number in use statewide to request services or volunteer), you can talk with someone at United Way who will help find the right option for you.

Two years ago RSVP (Retired Senior Volunteer Program) of Dane County celebrated its 35th anniversary. RSVP recruits, interviews, trains, and places individuals age 55 and over with public and private nonprofit agencies throughout Dane County. Last year, 2,000 volunteers contributed 205,000 hours at 90 schools and more than 100 nonprofit and governmental agencies! Habitat for Humanity, Second Harvest, St. Mary’s Hospital, Elder Friends Program, American Red Cross, and schools and senior centers all over Dane County are among the “volunteer stations” that benefit from many RSVP volunteers.

RSVP “driver escorts” use their own vehicles to drive older adults to medical and other critical appointments and to deliver home meals. “Foster grandparents” are matched with children through Head Start and the Children’s Hospital. In a collaboration with the “Schools of Hope Project,” volunteer tutors help children with reading and math. A number of project groups around Dane County make handmade items—baby blankets, hats, afghans, bears, scarves—for clients of nonprofit agencies in need.

RSVP and the UW-Madison have strong connections, with many university retirees volunteering at various sites and serving on committees and the board. Bob Heideman, long-time board member, says, “RSVP is more than just another nonprofit to me. It is part of my extended family. In addition, by volunteering, that family extends to the larger community.”

If you are interested in volunteering for RSVP, call 238-7787 to make an appointment with the Community Connections Coordinator, Jan Karst. She will help you find a volunteer opportunity that meets your interests and schedule and help introduce and orient you at the site. RSVP’s system of personalized placement and support helps you make a good choice, making the most of your interests, skills and time.

Joan Chittister, in her book on aging well, The Gift of Years, encourages us to make the most of this time in our lives and states, “These years are for allowing the interior life—our continuous questions and our lifelong interests—to direct what we do and who we are. We have a chance to be the best self we have ever been. And we have the chance to help others do the same.”

Peg Davey, Retirement Association board member
THINKING ABOUT SCHOOL VOLUNTEERING?

Since 2002, the UW-Madison Retirement Association has been a partner with Midvale School (a westside K-2 Madison elementary school), and a number of Association members have provided a variety of volunteer services in its classrooms and library. In addition, Association members individually, as well as the Association itself through challenge grants, have provided financial contributions for Midvale to meet various emergency and other expenses not provided for in its regular budget. Two years later, Hawthorne School (an eastside K-5 Madison elementary school) was selected by the Association as a second partner.

Both schools have very diverse student bodies with a number of students from homes where English is not the main language and where students often change schools during a school year because of family moves. If you are thinking about becoming a school volunteer and would like information about the various opportunities available, please contact Midvale School AmeriCorps Volunteer Coordinator Paul Brinn at 204-6700 or Hawthorne School AmeriCorps Volunteer Coordinator Tracy Pruitt at 204-2500. In addition, if you would like to talk with an Association member currently serving as a Madison school volunteer, contact June Weisberger at 238-7337 or jnweisbe@wisc.edu.

June Weisberger, Co-chair, School Partnerships Committee

ONLINE RETIREMENT PLANNING COURSE

Most retirees put a lot of time into planning their retirement finances and health care. But have they also considered how to use their time in ways that are meaningful to them? The Center on Education and Work at the University of Wisconsin-Madison has developed a new self-study online course for those newly retired or considering retirement. The course, “Planning for Retirement: Exploring Career and Leisure Options,” helps participants address the question, “What am I going to do with the rest of my life?” The course walks participants through an 18-unit structured method for examining values, interests, and capabilities and provides directions for developing a personal portfolio to assist in pursuing career/life goals and making decisions. Two visits with a certified career development facilitator or career counselor are included in the $325 comprehensive fee. Participants can enroll at any time and work at their own pace. For details and registration, visit www.cew.wisc.edu/retirement/planning-for-retirement.aspx.

LUNCHEON PROGRAMS

On Thursday, November 12, at Covenant Presbyterian Church, 326 South Segoe Road, flutist Morgann Davis and pianist Thomas Kasdorf will be playing a variety of music and showcasing how each instrument and performer can adapt to different styles. Their performance will highlight the many personalities of the flute and piano. Following their performance, John DeMain, Madison Symphony Orchestra Music Director, will present “The University of Wisconsin and the Madison Symphony Orchestra: A Beautiful Partnership.” It is a partnership that enriches the cultural landscape of the Madison community as a whole. For more information and how to register, please contact the UWRA executive director at 262-0641 or retireassn@mailplus.wisc.edu.

Looking ahead to next semester, Chancellor Biddy Martin will be our featured luncheon speaker on Monday, February 1, 2010.

Gail Holmes, Co-chair, Luncheon Committee
convert, and you can withdraw the funds at any age so you need not worry about the tax rates or what tax bracket you will be in when you withdraw the funds. Thus, now is the time to consider and plan for the conversion.

Q & A

Q: What happens when there is a “basis” (original amount invested) in the traditional IRA but it’s now worth less?
A: The Internal Revenue Service has not provided guidance on handling the basis question. However, tax experts suggest that there are two scenarios: 1) if the account is worth less than the basis, there will be no income to report on the conversion and the taxpayer could take a miscellaneous itemized deduction on Form 1040, Schedule A for the loss in value; or 2) there would be no loss recognized on the conversion and the basis in the traditional IRA would become the basis in Roth IRA accounts.

Q: What about the five-year rule?
A: If you are under the age of 59 1/2 at the time you convert to a Roth IRA, you are subject only to taxes on the generated income. However, if you withdraw the funds within 5 years from the date of conversion and are under 59 1/2 you will be subject to the 10% early withdrawal penalty. There is no withdrawal penalty over the age of 59 1/2.

Q: Can I convert my 401(k), 403(b) and 457 plans to a Roth IRA?
A: Maybe. You’ll need to check with your plan custodian to find out if these funds are eligible for rollover to a Roth IRA.

Q: Can I do a partial conversion?
A: Yes.

Q: What if I have a nondeductible and a deductible traditional IRA?
A: You have to consider the total value of all your IRAs when converting all or a portion of them and use the pro-rate rule. In other words, you cannot simply convert the nondeductible IRA accounts. If your traditional IRA contains nondeductible contributions, they are not taxed on conversion. For example if you convert a total of $10,000 from an IRA account with $4,000 in nondeductible contributions, only $6,000 is taxable upon conversion.

Q: Can I convert to multiple new Roth IRAs rather than just one?
A: Yes.

Q: Can I pay taxes from the converted Roth IRA?
A: Yes, but it is not advisable to use funds from your IRA account to pay the tax bill.

Q: What happens if I change my mind?
A: If you convert to a Roth IRA and then change your mind, you can undo the conversion up to October 15 of the following year, which is the deadline for a tax-filing extension. You then are not responsible for any taxes you would have had to pay on the conversion.

To assist you in planning your conversion, you may wish to use the Roth IRA conversion worksheets available on-line at such sites as individual.troweprice.com/public/Retail and money-zine.com/Financial-Planning/Retirement/2010-Roth-IRA-Conversions and/or contact your fund custodian or your financial adviser. Please remember that this is a one-time bargain which is time sensitive—2010 only.

Changes in Income Tax and Capital Gains Rates

Income tax and capital gains rates are scheduled to rise in 2011 when President Bush’s tax cuts expire. In 2011 the maximum capital gains rate will rise to 20% from 15%, the special tax break for dividends will end and dividends will once again be taxed as ordinary income, and income tax rates will revert to pre-2001 levels of 15%, 28%, 31%, 36%, and 39.6%, up from the current rates of 10%, 15%, 25%, 28%, 33%, and 35%. Taxes could surge even higher, especially for the wealthier segment of the population, as certain exemptions and itemized deductions will be phased out for those with incomes exceeding $200,000.


Faisal A. Kaud, Past-chair, Committee on Financial Matters in Retirement
Spouses/partners are included in the membership fee and need not have worked for the UW.

Name(s) ___________________________________________ Phone ________________

Address ___________________________________________ Email _______________________

City __________________________ State _______ ZIP+4 ________________

Are/Were you: classified staff ❑ academic staff ❑ faculty ❑

Are you retired? Yes ❑ No ❑ Dept./Unit __________________________

Topics I/we would like to see in Association programming: ______________________________________

Association activities for which I/we would like to offer my/our expertise:

❑ Regular: ❑ $20 for one year ❑ $40 for two years ❑ $60 for three years
   ❑ Sifters sent in hard copy OR ❑ Sifters sent by email

❑ Out of area: ZIP codes outside 535, 537, and 539—$10 for one year; email only

❑ I am paying with an electronic transfer from the UW Credit Union. (See the Membership page at http://uwra.wisc.edu/ for instructions.)

❑ I am enclosing a check made payable to the UW-Madison Retirement Association.

Complete this form and mail it to the UW-Madison Retirement Association, c/o UW Foundation, P. O. Box 8860, Madison, WI 53708-8860.