

REPORT ON THE 2015 BIG-10 RETIREES CONFERENCE
MICHIGAN STATE UNIVERSITY
AUGUST 14-16
BY
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Our arrival was uneventful. We were received in the friendly manner that has characterized the hosts of our Big 10 Retiree Association conferences. Coming to the conference were delegates from all the institutions, except from the University of Wisconsin, and the University of Maryland. Regarding the latter, it is not known whether that institution possesses a retiree organization. In all, there were thirty delegates (including some spouses).

After dinner, we were first welcomed by MSU Retirees Association Angela Brown, and then, through a short talk, by President Lou Ann Simon of MSU. She gave a sober assessment of the position of state universities in today's world. We need to recognize the academic world in its current condition, rather than how we would like conditions to be. She mentioned specifically athletics, as regulated by the NCAA. The competition for seventeen year old athletes is based on a free enterprise model,



which distorts the healthy balance between academics and athletics. More generally, cutting university budgets emphasizes economics over values. But one needs to work with what one has. She ended with a thank you to retirees, who have been very helpful to MSU.

The plenary speaker, economist Charles Ballard, presented an economic assessment of the nation, with special attention to the Great Lake states. Research studies and experience indicate that "right to work" produces no measurable increase in jobs. Average income levels are directly tied to educational achievement: the Great Lakes states are in exactly the same order in income as they are in education. Michigan, for one, has been disinvesting in education. Higher education in Michigan is funded at the 1986 level. The reduction in higher education spending is equivalent to eliminating all institutions of higher education in Michigan except for the three research institutions. If taxation were at 1980s level, there would be adequate money to fix the roads. Now, however, there is an intense antipathy to taxation.



Michigan has gone from near the top in average income to near the bottom. Once a person with a high school education could get a well paying lifetime job in the auto

industry, but that is no more. In general, manufacturing plays a smaller role in the economy than in the 1980s.



After breakfast, presenters implemented the Conference's theme "Drivers Impacting Our Retirement Years." English professor D. Gordon Rohman spoke on *The Pilgrim Still Progressing*. The reference was to our prospective lives in elder years, when we can continue to lead rich lives, regardless of some of the infirmities of age. He illustrated his point with poetry and quotations.

Next on the agenda was Marilyn Rothert, who asked "Who is the CEO of your Health Care?" The patient is a vital part of his/her health care team. She suggested taking an advocate along to a medical appointment, asking questions of the provider at the beginning of the appointment, making sure you understand the problem, what is to be done, and what you need to do. A patient should understand his/her medications, and have a medication list (with purposes) readily at hand in case of an emergency away from regular providers.



The final morning speaker was Scott Heise, who talked of financial planning for retirement; since life expectancies suggest that we may live in retirement for twenty or more years, one should plan ahead for an adequate income over a lengthy period; this income may include Social Security, pensions, and individual investments. He answered many individual questions strategies for federal taxation under various circumstances involving IRAs and Social Security, and also talked of estate planning. However, the most interesting part of his presentation related to the probability of investments lasting over a longer period under different withdrawal percentages and investment strategies. See the Appendix for an example.



Featured Saturday afternoon was a bus tour of the campuses. The MSU campus is huge, consisting not only of many large buildings, but also barns, fields of crops, agricultural processing stations, etc. Our narrator, Ron



Flinn, who had been in charge of MSU planning and facilities, seemed to know everything pertaining to MSU facilities. Perhaps most notable are the Spartan Stadium, and the Art Museum. The latter features attractive *avant garde* architecture.





Following an outstanding dinner, we were treated to an even more outstanding musical performance by Joel Mabus, who accompanied himself on his guitar. His musical quality, together with songs demonstrating a wry sense of humor (largely on mid-western topics) has earned him premier performances on Garrison Keeler's shows, as well as the cutting of many LPs.



On Sunday morning, delegates of the various retirement associations were given the opportunity to describe their respective programs, and to expound the parameters of their organizations. To avoid relating excessive details, I will not attempt to summarize their presentations. However, I was struck by significant diversity among the retiree organizations of the several institutions. Several reported no connection with the university, while others derive their support wholly from their institution, and have a close relationship with Human Relations or the Development Office. A number of universities have several retirement organizations, perhaps limited to staff, faculty, or a particular university branch. Some, where the university retirees are considered state employees, lobby for retirement benefits. Several have a very limited social function, while others have extensive special interest groups, plus activities such as group travel.

In the Business Meeting, it was suggested that the University of Chicago be invited to join the Big 10 Retirees Association. Since this institution is not a Big 10 school, and the Bylaws specify that membership is limited to such schools, an amendment to the Bylaws became necessary. Although the Bylaws do not permit amendments, the informality of the occasion suggested that the Bylaws be changed to admit the University of Chicago.

At this time, it is not known whether the University of Chicago even has a retiree organization. The situation is the same for the University of Maryland. As a practical measure, it remains to ascertain their status¹ before an invitation to join in the annual meetings can be extended.

The last action of the Business Meeting was to move the leadership of the Big 10 Retirees organization from Angela Brown of MSU to the University of Nebraska, which will host next year's meeting. This was accomplished, but without putting the stuffed monkey on the back of James Griesen (the monkey has been lost), or doing likewise with the big rubber duck (also lost).



¹ I'm not sure who is expected to do this.

Appendix

Based on statistics of investments and inflation over the past thirty years, the probability that your income will last twenty years is provided by the following table:

Probabilities of diversified portfolios lasting 20 years or more when you're making withdrawals

Odds of success

	Payout				
	3%	4%	4.5%	5%	6%
30% Equity/70% Fixed	>95%	>95%	>95%	>95%	72%
45% Equity/55% Fixed	>95%	>95%	>95%	>95%	81%
60% Equity/40% Fixed	>95%	>95%	>95%	95%	84%
87% Equity/13% Fixed	>95%	>95%	94%	91%	83%

Source: Results derived from internal Monte Carlo simulations.⁷ Data from Ibbotson Associates.⁸

Projections or other information generated by the Monte Carlo analysis are hypothetical, do not reflect actual investment performance and do not guarantee future results.
