



STATE OF WISCONSIN  
 Department of Employee Trust Funds

David A. Stella  
 SECRETARY

801 W Badger Road  
 PO Box 7931  
 Madison WI 53707-7931

1-877-533-5020 (toll free)  
 Fax (608) 267-4549  
<http://etf.wi.gov>

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Dear Wisconsin Retirement System (WRS) Members:

As of November 30, 2009, the Core Trust Fund was up 20.9% for the year and the Variable Fund was up 30.3%, based on preliminary returns. Although we don't know how the year will end, the following table shows the approximate projected range of Core Fund effective rates and annuity adjustments for next year, depending on the State of Wisconsin Investment Board (SWIB) investment returns.

Possible Core Fund Returns and Range of Projected Effective Rate of Interest and Annuity Adjustment				
If SWIB's net investment return on 12/31/09 is...	25%	20%	15%	10%
...the Core Effective Rate will be...	4.5% to 4.9%	3.7% to 4.1%	3.0% to 3.4%	2.2% to 2.6%
...the Core Annuity Adjustment will be...	-0.9% to -1.3%	-1.6% to -2.0%	-2.3% to -2.7%	-3.1% to -3.5%

**Important notes regarding the table above:**

- The projections shown are based solely on investment return and are for illustration purposes only. Actual 2009 SWIB investment returns will not be available until the end of January 2010. For the most recent SWIB investment performance information, visit SWIB's website at <http://www.swib.state.wi.us>.
- Actual 2009 effective rates, which are applied to active and some inactive employee accounts, and annuity adjustments, which are applied to retiree accounts, will not be available until February or March of 2010. We use the effective rates, which take into account factors such as investment returns and reserves, as a starting point to calculate the annual annuity adjustments (increases or decreases) paid to WRS retirees.
- Annuity adjustments for WRS retirees will be reflected in the May 1, 2010, annuity payment. Assumed interest, mortality rates and other actuarial factors may also affect the final annual annuity adjustments.
- **An investment return of approximately 27.9% to 30.7% is needed for a 0% annuity adjustment.**
- Core Fund investment returns are smoothed over a five-year period to reduce volatility.

Variable Trust Fund

Some WRS members have elected to participate in the optional and more volatile all-equity Variable Trust Fund. Unlike the Core Fund, the Variable Fund investment returns (increases/decreases) are not smoothed. Therefore, WRS members who participate in the Variable Fund experience effective rates and annuity adjustments on the Variable Fund portion of their accounts that are closer to actual Variable Fund investment returns.