



**STATE OF WISCONSIN
Department of Employee Trust Funds**

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October 21, 2010

Dear Wisconsin Retirement System (WRS) Members:

As of September 30, 2010, the Core Trust Fund was up 6.3% for the year and the Variable Fund was up 4.7%, based on preliminary returns. Although we do not know how the year will end, the following table shows the projected range of **Core Fund** effective rates and annuity adjustments for next year, based on five different State of Wisconsin Investment Board (SWIB) investment return scenarios:

Projected Core Fund Effective Rates and Annuity Adjustments					
If SWIB's net investment return on 12/31/10 is...	10%	5%	0%	-5%	-10%
...the Core Effective Rate is projected to be approximately...	4% to 5%	3% to 4%	2.1% to 3%	1.2% to 2.1%	0.2% to 1.2%
...and the Core Annuity Adjustment is projected to be approximately...	-1% to -1.9%	-1.9% to -2.8%	-2.8% to -3.6%	-3.6% to -4.4%	- 4.4% to - 5.2%

Important additional information:

- The projections shown above are based on the information available at this time.
- Actual SWIB investment results for 2010 will not be available until early-mid January.
- Core Fund investment returns (whether increases or decreases) are smoothed over a five-year period to reduce volatility.
- ETF announces the actual Core effective rate and Core annuity adjustment in February or March.
- Next year's Core annuity adjustments for annuitants will first be reflected in the May 1, 2011 payment. Assumed interest, mortality rates and other actuarial factors may also affect the final annual annuity adjustment.
- Next year's Core effective rate for active employees will be reflected in the annual *Statement of Benefits*, set for distribution in April.
- **An investment return of approximately 14.29% to 15.4% is needed for a 0% annuity adjustment.**
- Some WRS members participate in the optional Variable Trust Fund. Variable Fund investment returns are not smoothed. Therefore, participating members' Variable effective rates and Variable annuity adjustments are closer to **actual** investment results than is the case with Core rates and adjustments.

For SWIB investment performance information, visit SWIB's website at <http://www.swib.state.wi.us>.