February 12, 2010

FOR IMMEDIATE RELEASE

ETF Announces Effective Rates

MADISON, Wis. – David Stella, Secretary of the Department of Employee Trust Funds (ETF), announced the interest rates credited to the retirement accounts of employed Wisconsin Retirement System (WRS) members and eligible inactive members. For 2009 the Core Fund effective rate is 4.2% and the Variable Fund effective rate is 33%.

These rates affect the account balances of more than 266,000 active state and local government workers, including law enforcement officers, teachers, firefighters, and University of Wisconsin employees. The rates, calculated by ETF, are based on investment performance earned by the State of Wisconsin Investment Board (SWIB). SWIB recently announced 2009 investment returns of 22.4% for the Core Fund and 33.7% for the Variable Fund.

Note: Effective rates are the starting point for calculating annual adjustments to WRS annuitants’ monthly benefit payments. Significant factors in these adjustment rates include assumed interest, annuitant mortality rates and other actuarial factors. ETF expects to announce this year’s Core and Variable annuity adjustments -- which take effect May 1 -- in March.

-continued-
Additional information -- Core Fund:

- The average annual Core effective rates (compounded) are as follows:
  - 10-year: 7.7%
  - 5-year: 7.3%

- The Core Fund is the larger of the two WRS trust funds. It is a balanced fund of diversified holdings in domestic and international stocks, bonds and real estate.

- Core Fund investment returns (decreases as well as increases) are spread out (smoothed) over a period of five years. Thus, this year’s effective rate calculation included a portion of 2008’s record 26.2% Core Fund decrease.

- In addition, because of smoothing, this year’s effective rate calculation reflects only a portion of the Fund’s 22.4% investment gain in 2009. The remainder will be spread out in equal increments over the next four years.

- Inactive participants are those who have terminated public employment but did not close their retirement accounts. About 70% of inactive members qualify for Core Fund effective rate interest crediting. The rest, by law, receive a 5% increase.

Additional information -- Variable Fund:

- The average annual Variable effective rates (compounded) are as follows:
  - 10-year: 0.6%
  - 5-year: 1.7%

- The Variable Fund was created as an option for members to have a portion of their benefit based on the performance of a broadly diversified stock portfolio. Those who have elected this option can experience significant increases, but they also risk significant decreases from unfavorable stock market performance. About 25% of active WRS employees participate in the Variable Fund.

- By law Variable Fund investment returns are fully recognized each year (no smoothing). Therefore, WRS members who participate in the Variable Fund experience effective rates that are closer to actual Variable Fund investment returns. The Variable Fund effective rate is applied to the Variable Fund portion of their accounts.

-end-