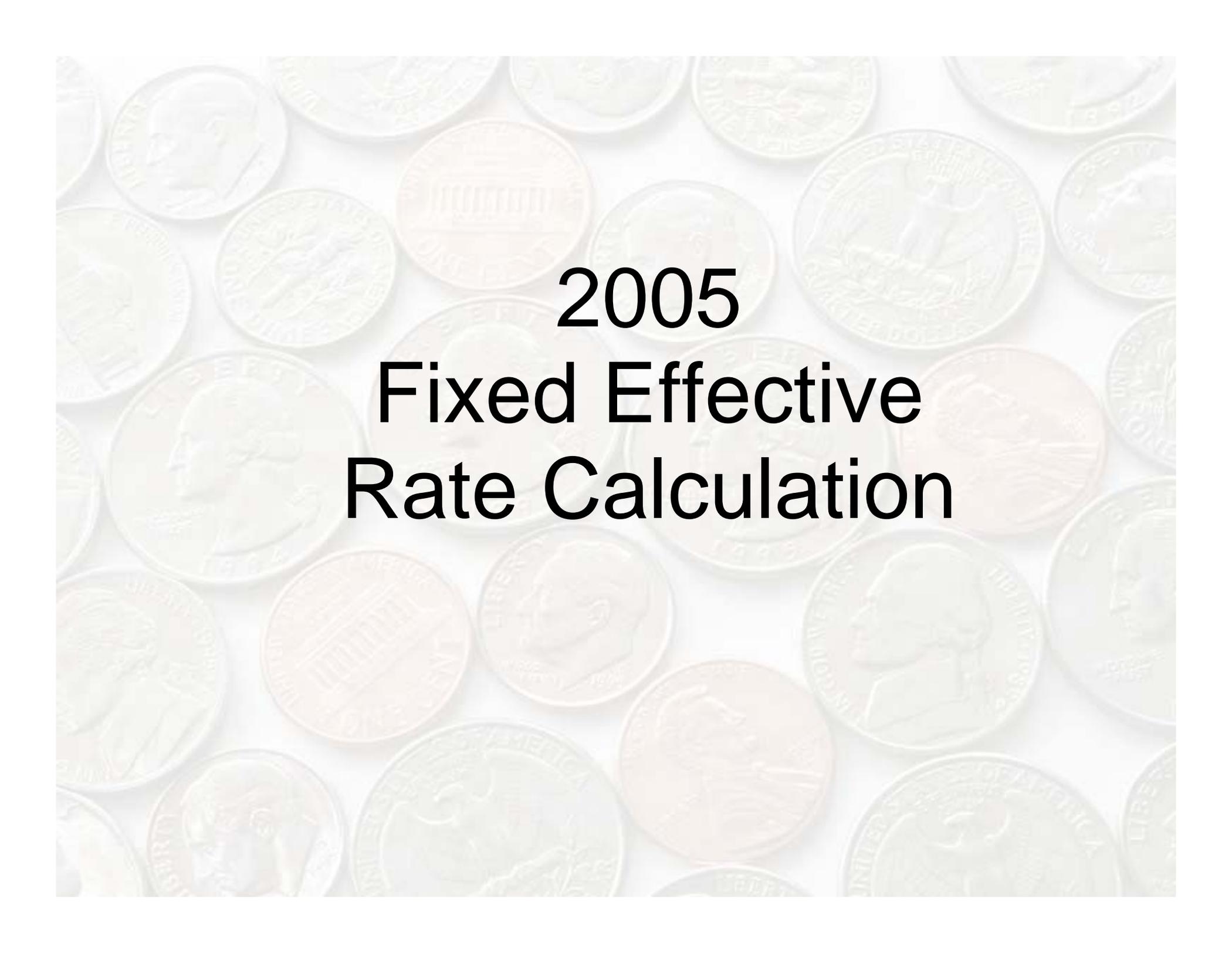




**WRS Fixed
Effective Rate
and
Dividend
Projections**



**2005
Fixed Effective
Rate Calculation**

2005 Fixed Effective Rate

(Millions \$)

2005 Investment Income		5,214.3
Plus: MRA Carryover from:		
2001	(1,067.1)	
2002	(1,764.4)	
2003	1,341.4	
2004	<u>518.1</u>	
Total		(972.1)
Less: 2005 MRA Carryforward		<u>(343.8)</u>
Current Year Recognized Income		3,898.4
Allocations and Adjustments		<u>(183.3)</u>
Income Available for Fixed Effective Rate		3,715.1

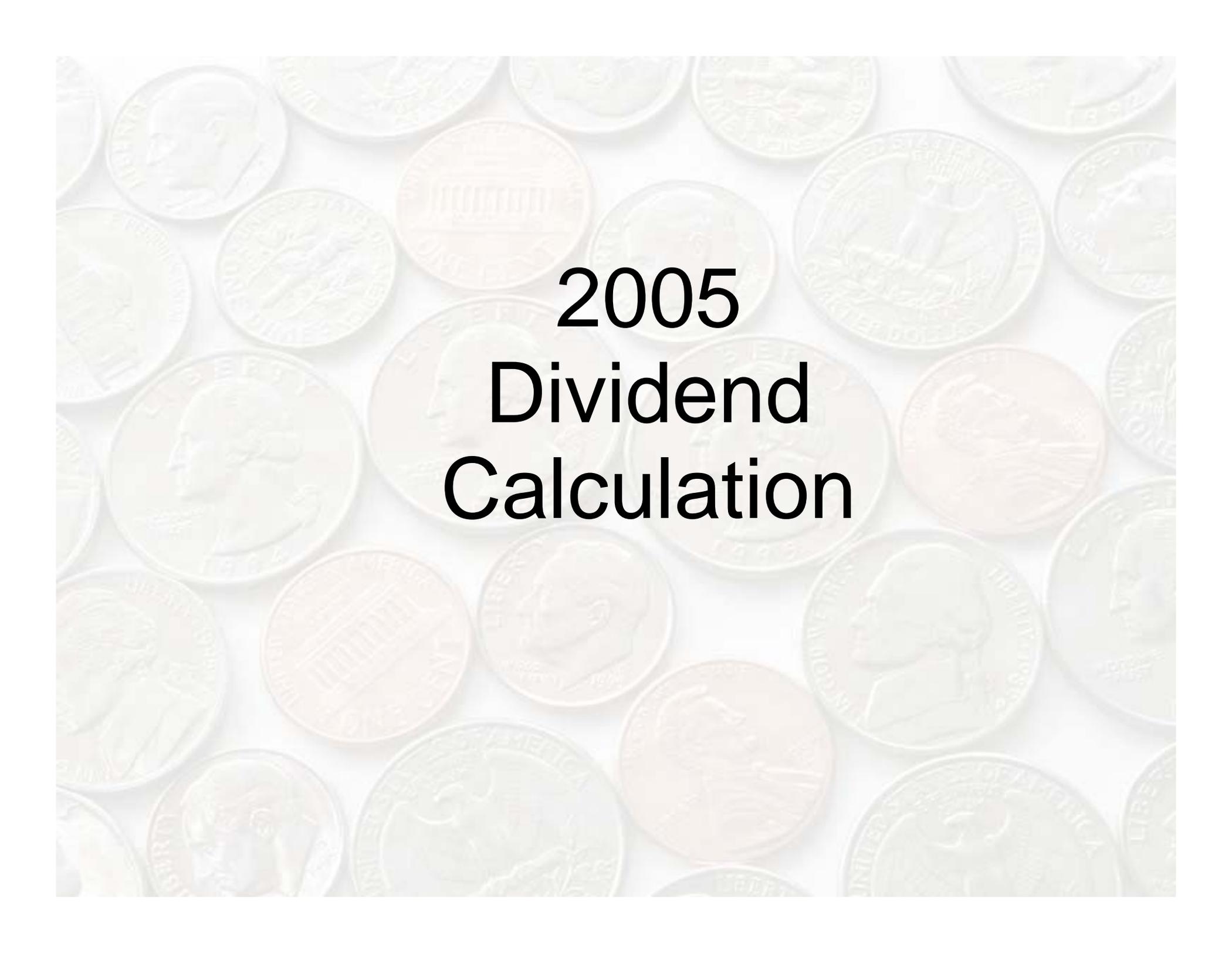
March 10, 2006

2005 Fixed Effective Rate (cont.)

(Millions \$)

Income Available for Fixed Effective Rate		3,715.1
Beginning Reserve Balance	59,847.3	
Less: Lump Sum Benefits	(71.3)	
Less: Annuities	<u>(2,645.0)</u>	
Adjusted Beginning Reserve Balance		57,131.0
Effective Rate		6.5%

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2005 Dividend Calculation

Fixed Dividend Calculation

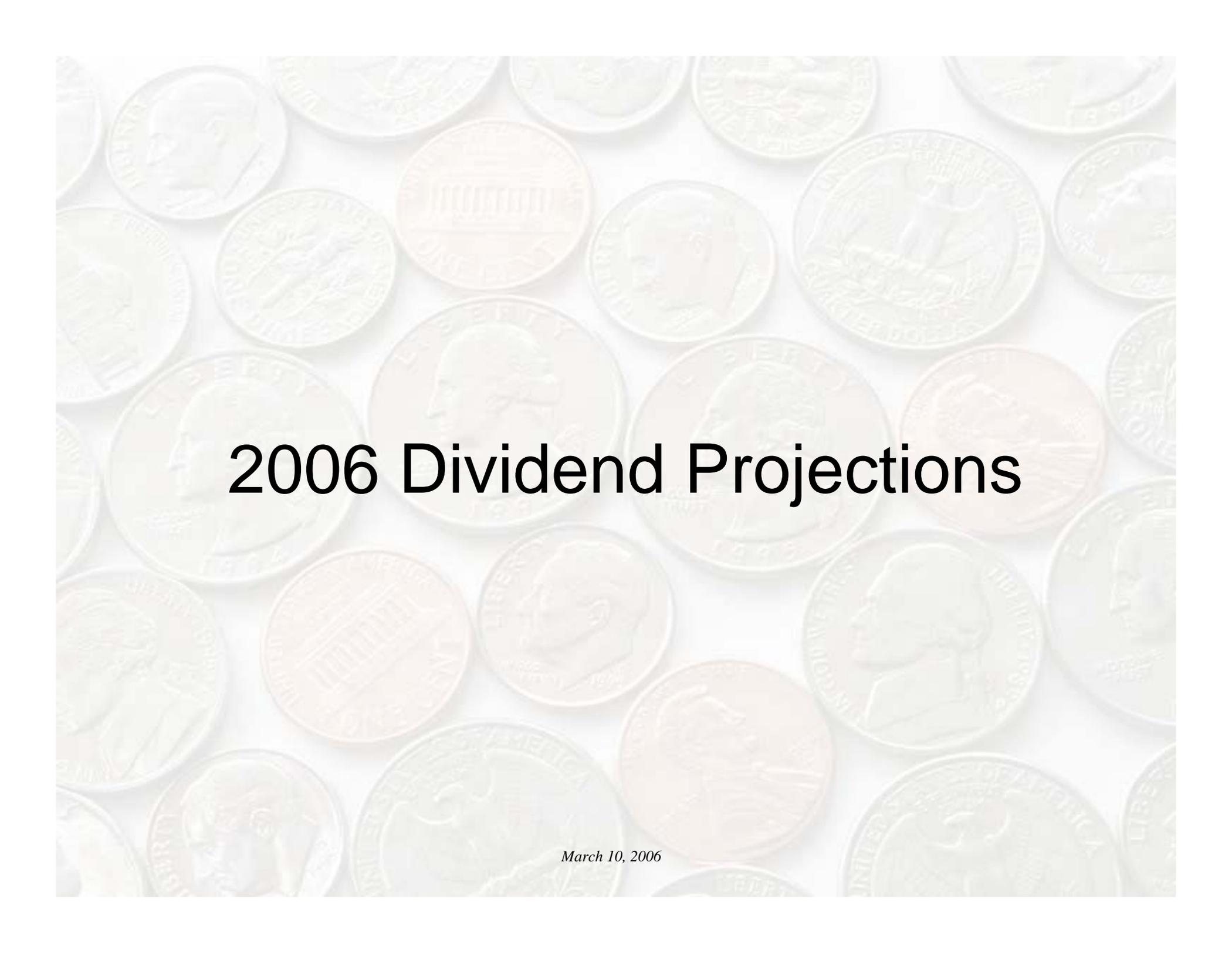
Effective Rate	6.50%
Adjustment to relate earnings to average annuity balance	<u>-0.31%</u>
Earnings Rate based on average balance	6.19%
Expected Dividend	1.13%
Carryover from 2004	0.17%
Adjustment to Mortality & Contingency Reserves	-0.36%
Actuarial and Other Experience	-0.18%
Rounding	<u>0.04%</u>
Dividend	0.80%

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Variable Dividend Calculation

Effective Rate	9.0%
Adjustment to relate earnings to average annuity balance	<u>-0.1%</u>
Earnings Rate based on average balance	8.9%
Expected Dividend	3.7%
Carryover from 2004	0.0%
Adjustment to Mortality & Contingency Reserves	-0.4%
Actuarial and Other Experience	-0.2%
Rounding	<u>-0.1%</u>
Dividend	3.0%

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2006 Dividend Projections

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Assumptions

- Based on 2005 Fixed Trust Fund investment returns and dividend
- Includes 2001 - 2005 investment gains and losses carried forward in the MRA
- Dividends will be paid if annuity reserve surplus provides at least a 0.5% dividend
- Annuities will be reduced if annuity reserve shortfall would require at least a -0.5% adjustment

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Assumptions (cont.)

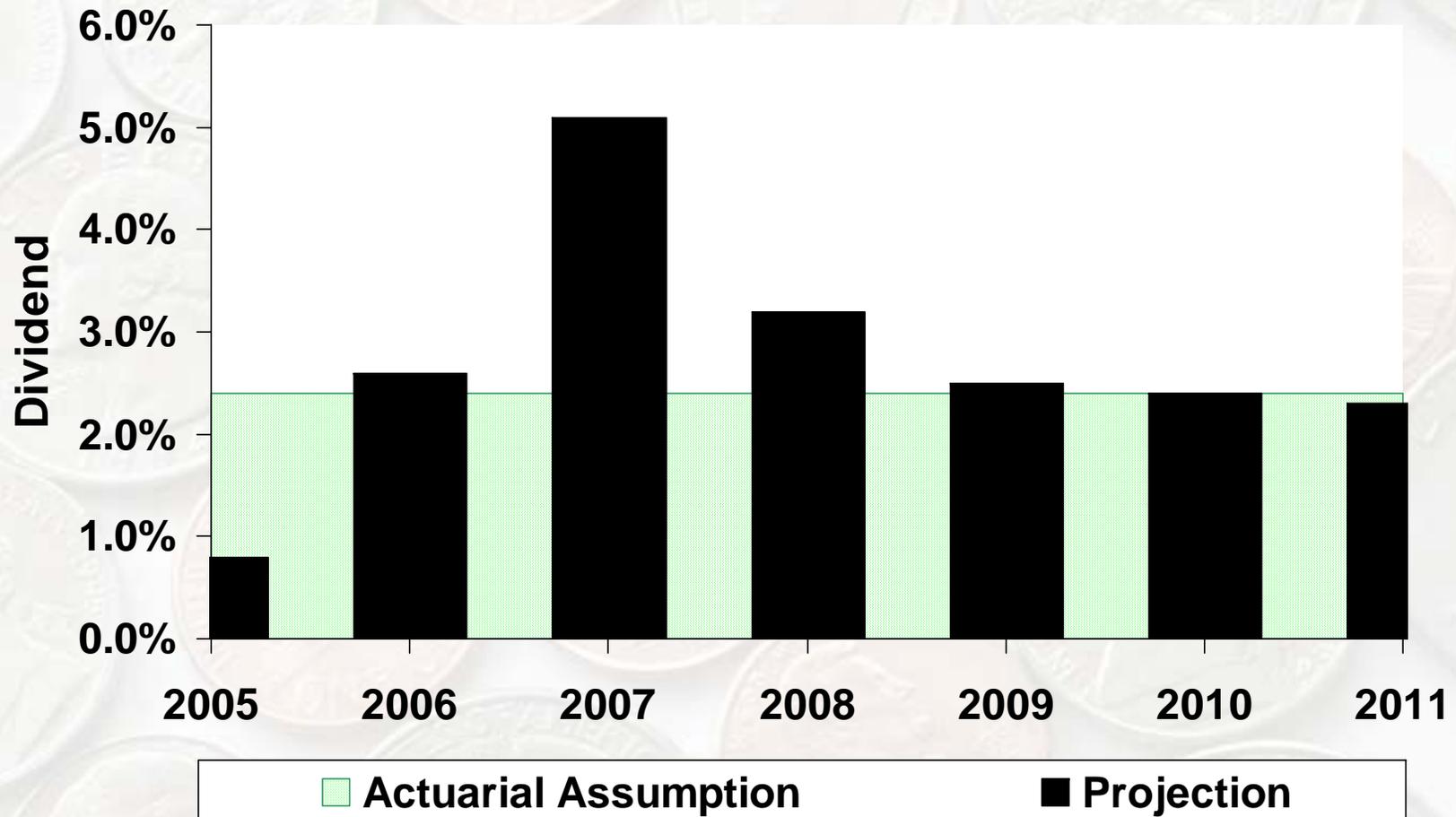
- Negative dividends can only be used to reduce dividends granted in prior years. A fixed annuity cannot be reduced below the original value.
- 0.4% per year is reserved for mortality improvement and other actuarial adjustments and is not available for dividends

If 7.8% Return in 2006. . .

Wisconsin Retirement System							
Fixed Effective Rate / Dividend Projections							
	2005	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	8.6%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Fixed Trust Fund Effective Rate	6.5%	8.4%	11.1%	9.0%	8.3%	8.1%	8.1%
Fixed Trust Fund Dividend	0.8%	2.6%	5.1%	3.2%	2.5%	2.4%	2.3%
Dividend Paid (with Thresholds and Carryovers)	0.8%	2.6%	5.1%	3.2%	2.5%	2.4%	2.3%

March 10, 2006

If 7.8% Return in 2006. . .



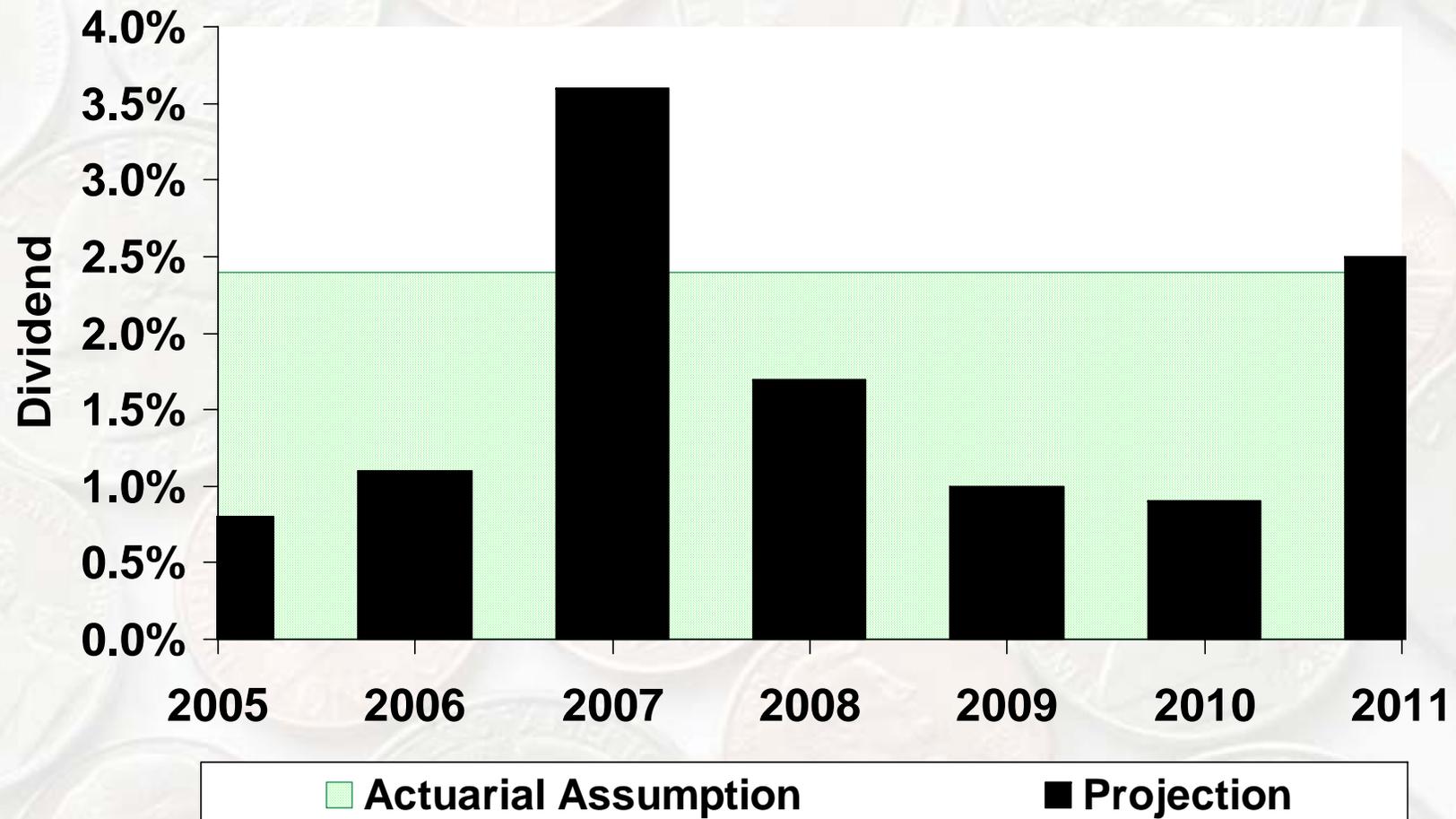
March 10, 2006

If 0% Return in 2006. . .

Wisconsin Retirement System							
Fixed Effective Rate / Dividend Projections							
	2005	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	8.6%	0.0%	7.8%	7.8%	7.8%	7.8%	7.8%
Fixed Trust Fund Effective Rate	6.5%	6.7%	9.5%	7.4%	6.6%	6.5%	7.8%
Fixed Trust Fund Dividend	0.8%	1.1%	3.6%	1.7%	1.0%	0.9%	2.1%
Dividend Paid (with Thresholds and Carryovers)	0.8%	1.1%	3.6%	1.7%	1.0%	0.9%	2.1%

March 10, 2006

If 0% Return in 2006. . .



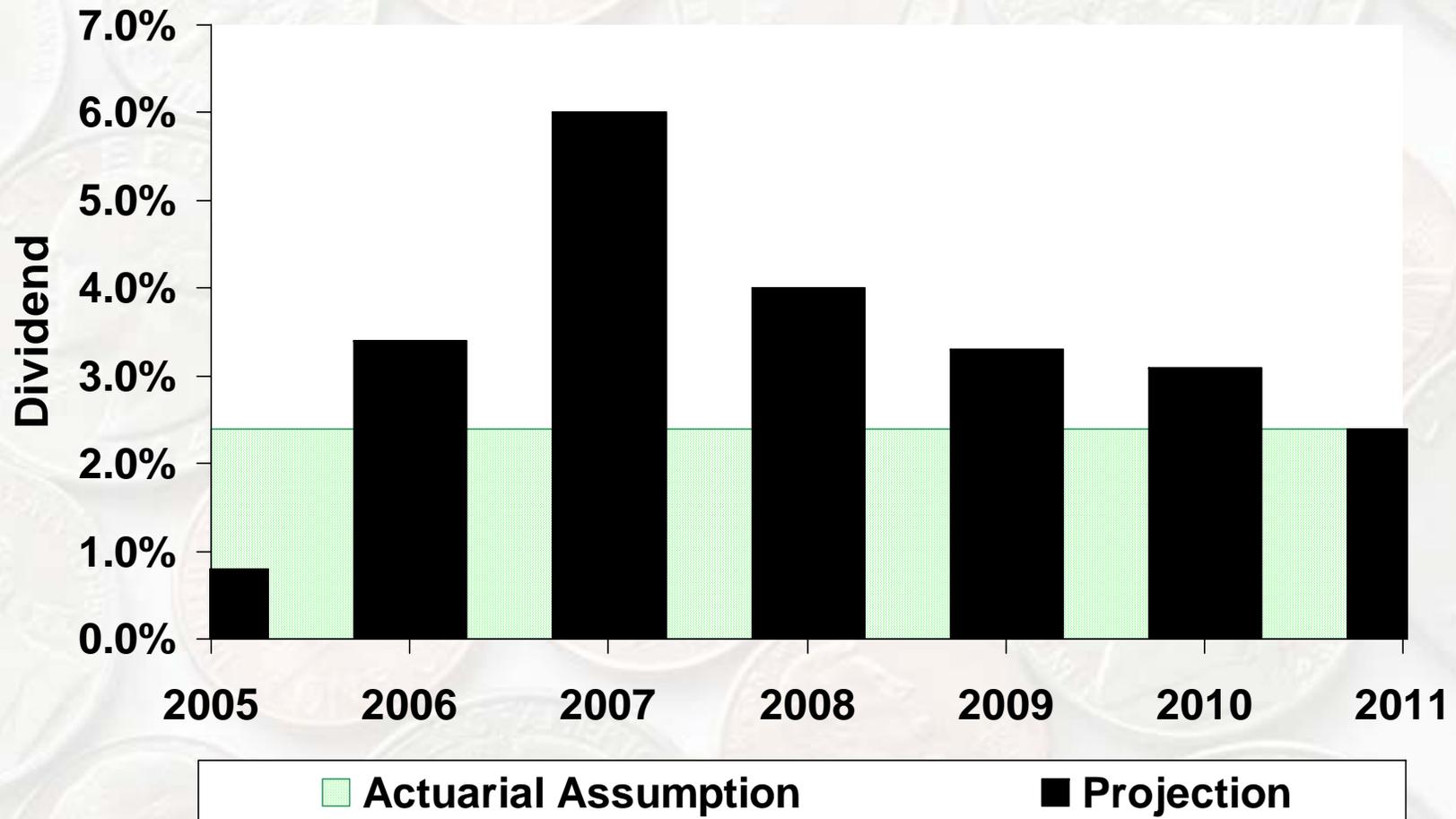
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If 12% Return in 2006...

Fixed Effective Rate / Dividend Projections							
	2005	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	8.6%	12.0%	7.8%	7.8%	7.8%	7.8%	7.8%
Fixed Trust Fund Effective Rate	6.5%	9.3%	12.0%	9.9%	9.1%	8.9%	8.2%
Fixed Trust Fund Dividend	0.8%	3.4%	6.0%	4.0%	3.3%	3.1%	2.4%
Dividend Paid (with Thresholds and Carryovers)	0.8%	3.4%	6.0%	4.0%	3.3%	3.1%	2.4%

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If 12% Return in 2006. . .



March 10, 2006

An -7.8% Return or Lower in 2006 will Result in a Negative Dividend

Wisconsin Retirement System							
Fixed Effective Rate / Dividend Projections							
	2005	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	8.6%	-7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Fixed Trust Fund Effective Rate	6.5%	5.0%	7.7%	5.6%	4.8%	4.7%	7.6%
Fixed Trust Fund Dividend	0.8%	-0.5%	2.0%	0.0%	-0.7%	-0.8%	1.9%
Dividend Paid (with Thresholds and Carryovers)	0.8%	-0.5%	2.0%	0.0%	-0.7%	-0.8%	1.9%

March 10, 2006

At least a -2.8% return will be needed in 2006 to pay a dividend

Wisconsin Retirement System							
Fixed Effective Rate / Dividend Projections							
	2005	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	8.6%	-2.8%	7.8%	7.8%	7.8%	7.8%	107.8%
Fixed Trust Fund Effective Rate	6.5%	6.1%	8.9%	6.8%	6.0%	5.9%	7.8%
Fixed Trust Fund Dividend	0.8%	0.5%	3.0%	1.1%	0.4%	0.3%	2.0%
Dividend Paid (with Thresholds and Carryovers)	0.8%	0.5%	3.0%	1.1%	0.0%	0.7%	2.0%

March 10, 2006



***There will be no dividend for
2006 if the investment return
is between -7.8% and -2.8%***

March 10, 2006



Questions?

March 10, 2006