

WRS Core Effective Rate and Dividend Projections

Presentation at the Joint
Informational Meeting

March 15, 2007

Core Fund Effective Rate

(millions \$)

2006 Investment Income		\$ 9,872
Adjustment for Market Recognition Account		
2006 Gain Deferred to Future Years		(4,918)
Gains and Losses Carried Over From:		
2002		(1,764)
2003		1,341
2004		518
2005		86
2006		<u>984</u>
Total MRA Adjustment		<u>(3,753)</u>
Current Year Recognized Income		6,119
Less: Allocations and Adjustments		<u>(258)</u>
Income Available for Core Effective Rate		5,860
Adjusted Beginning Reserve Balance		\$ 59,227
Effective Rate (\$5,860 / \$59,227)		9.8%

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Market Recognition Account

(millions \$)

<u>Year Earned</u>	2006	2007	2008	2009	2010
Current year	984				
First prior year	86	984			
Second prior year	518	86	984		
Third prior year	1,341	518	86	984	
Fourth prior year	<u>(1,764)</u>	<u>1,341</u>	<u>518</u>	<u>86</u>	<u>984</u>
Total	1,165	2,930	1,588	1,070	984

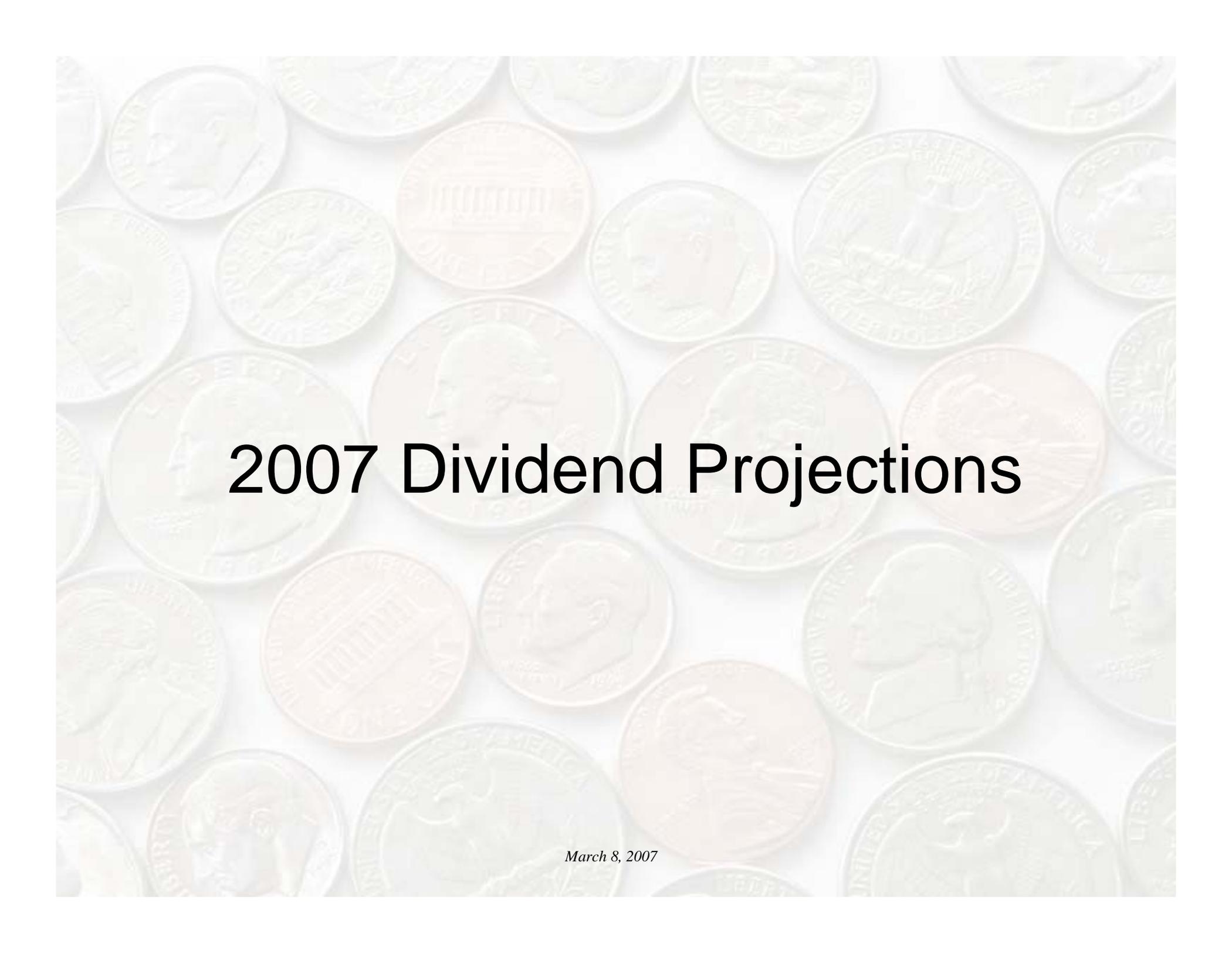
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Variable Fund Effective Rate

(millions \$)

2006 Investment Income	\$ 1,089
Adjusted Beginning Reserve Balance	5,829
Effective Rate ($\$1,089 / \$5,829$)	18.0%

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2007 Dividend Projections

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Assumptions

- Based on 2006 Core Trust Fund investment returns and dividend
- Includes 2002 - 2006 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.)

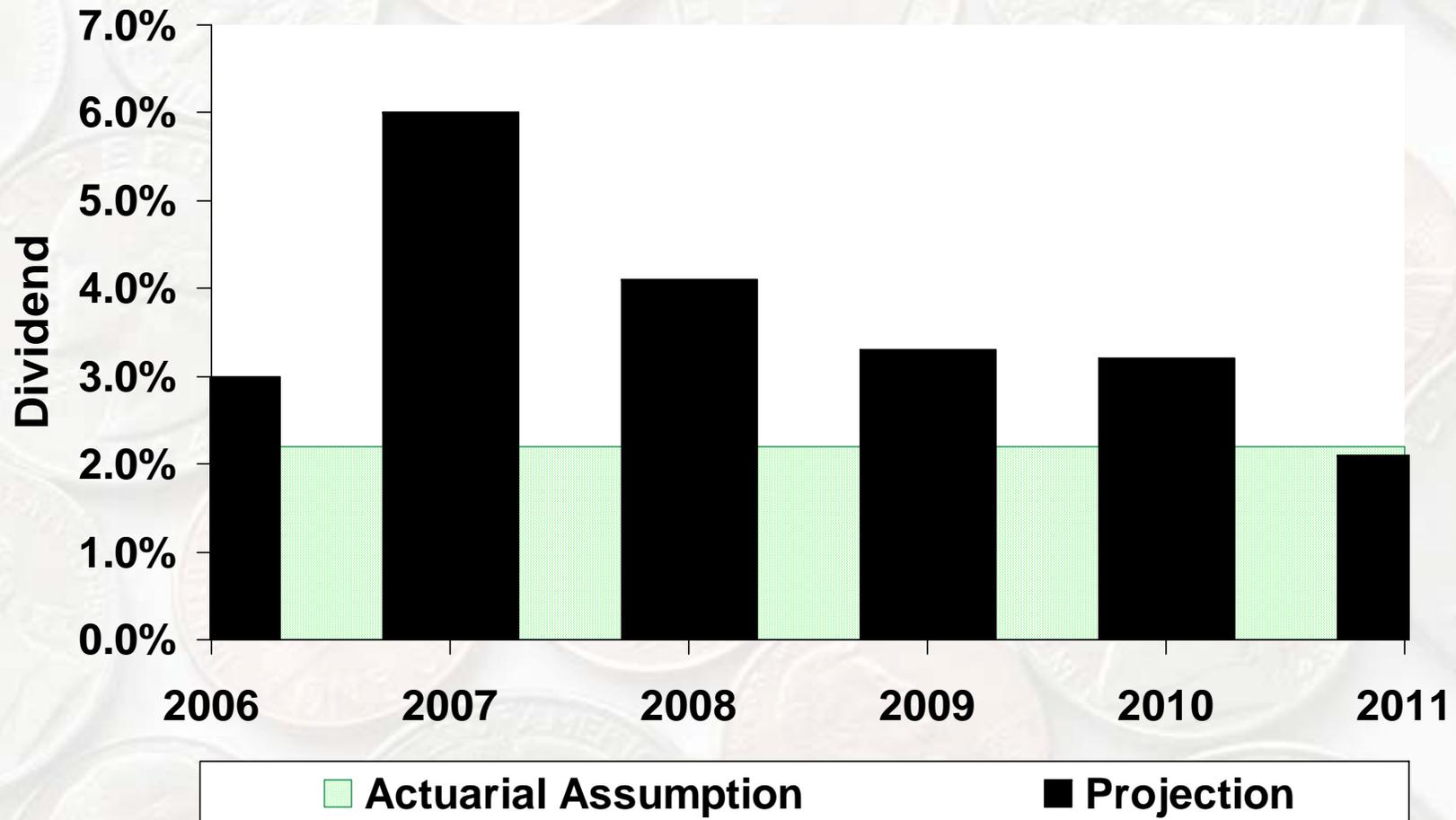
- Negative dividends can only be used to reduce dividends granted in prior years. A core annuity cannot be reduced below the original value.
- 0.5% per year is reserved for mortality improvement and other actuarial adjustments and is not available for dividends

If 7.8% Return in 2007...

	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	15.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Core Trust Fund Effective Rate	9.8%	12.6%	10.4%	9.6%	9.4%	8.2%
Core Trust Fund Dividend	3.0%	6.0%	4.1%	3.3%	3.2%	2.1%
Dividend Paid (with Thresholds and Carryovers)	3.0%	6.0%	4.1%	3.3%	3.2%	2.1%

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If 7.8% Return in 2007...



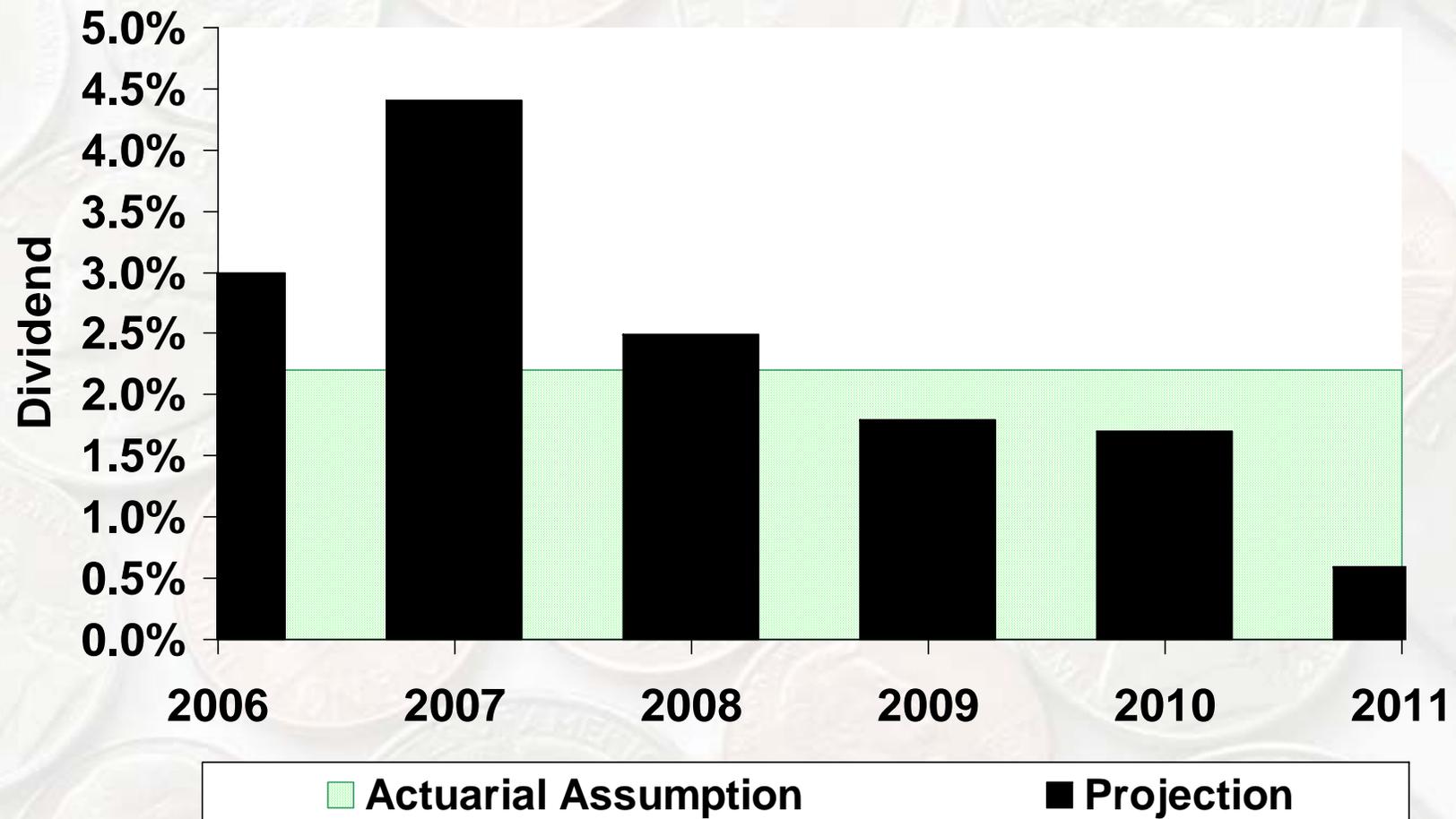
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If 0% Return in 2007...

Wisconsin Retirement System						
<i>Core Effective Rate / Dividend Projections</i>						
	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	15.8%	0.0%	7.8%	7.8%	7.8%	7.8%
Core Trust Fund Effective Rate	9.8%	10.8%	8.7%	8.0%	7.8%	6.6%
Core Trust Fund Dividend	3.0%	4.4%	2.5%	1.8%	1.7%	0.6%

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If 0% Return in 2007...



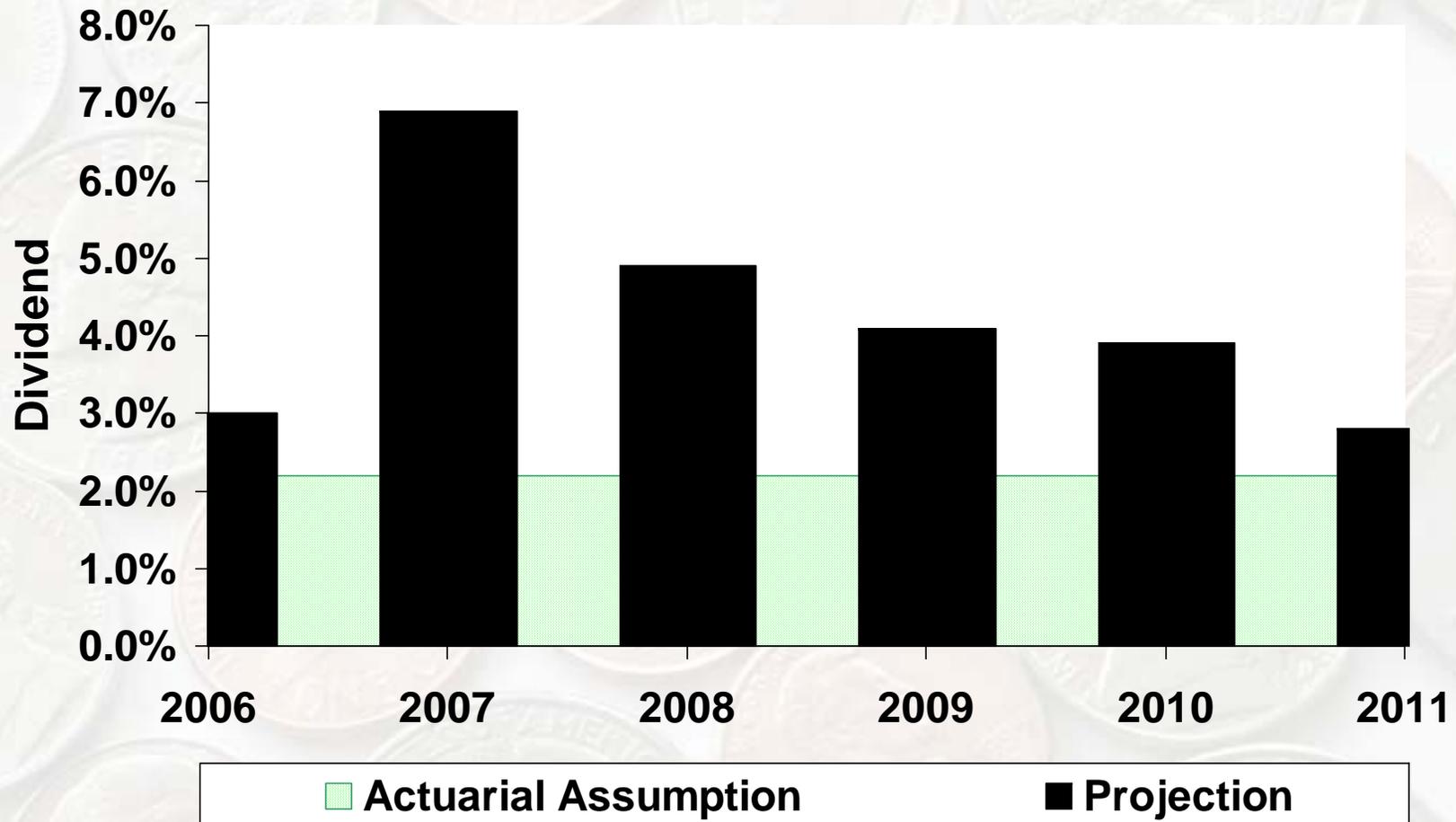
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If 12% Return in 2007...

Wisconsin Retirement System						
Core Effective Rate / Dividend Projections						
	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	15.8%	12.0%	7.8%	7.8%	7.8%	7.8%
Core Trust Fund Effective Rate	9.8%	13.6%	11.3%	10.5%	10.2%	9.0%
Core Trust Fund Dividend	3.0%	6.9%	4.9%	4.1%	3.9%	2.8%

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If 12% Return in 2007...



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***A -23.9% Return or Lower in 2007
will Result in a Negative Dividend***

Wisconsin Retirement System						
Fixed Effective Rate / Dividend Projections						
	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	15.8%	-23.9%	7.8%	7.8%	7.8%	7.8%
Core Trust Fund Effective Rate	9.8%	5.4%	3.2%	2.2%	1.8%	0.0%
Core Trust Fund Dividend	3.0%	-0.5%	-2.5%	-3.4%	-3.8%	-5.3%

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At least a -19.4% return will be needed in 2007 to pay a dividend

Wisconsin Retirement System						
Fixed Effective Rate / Dividend Projections						
	2006	2007	2008	2009	2010	2011
SWIB Net Investment Return	15.8%	-19.4%	7.8%	7.8%	7.8%	107.8%
Fixed Trust Fund Effective Rate	9.8%	6.5%	4.3%	3.4%	3.1%	1.5%
Fixed Trust Fund Dividend	3.0%	0.5%	-1.5%	-2.4%	-2.6%	-4.0%

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***There will be no dividend for
2007 if the investment return
is between -23.9% and -19.4%***

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Questions?

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