

**AGENDA AND NOTICE OF MEETING
JOINT INFORMATIONAL MEETING
STATE OF WISCONSIN
TEACHERS RETIREMENT, WISCONSIN RETIREMENT
AND EMPLOYEE TRUST FUNDS BOARDS**

Thursday, September 18, 2008

9:30 a.m.

Holiday Inn Hotel and Suites

1109 Fourier Drive

Madison, Wisconsin

Documents for this meeting are available on-line at:

http://etf.wi.gov/boards/board_ji.htm

To request a printed copy of any of the agenda items, please contact
Ann McCarthy at (608) 261-0736.

**Lon Mishler chairs meeting*

☛ *Denotes action item*

- 9:30 a.m.** **☛** 1. **Consideration of Minutes of Previous Meeting**
- 9:35 a.m.** 2. **Educational Topic**
- **State of Wisconsin Investment Board Update (Keith Bozarth and SWIB Staff)**
- 10:35 a.m.** **Break**
- 10:45 a.m.** 3. **Actuarial Presentation**
Gain/Loss Analysis of Experience Among Active Members During
Calendar Year 2007 (Mark Buis; Gabriel, Roeder, Smith, and Company)
- 11:15 a.m.** 4. **Announcements**
- **Teachers Retirement Board - Call for Nominations**
 - **Employee Trust Funds Board New Appointment**
 - **Deferred Compensation Award**
- 11:20 a.m.** 5. **Operational Updates**
- **Pending Appeals Report**
 - **Employer Program Participation**
 - **Retirement Statistics**

The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Ann McCarthy, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931. Telephone: (608) 261-0736. Wisconsin Relay Service 7-1-1. E-mail: ann.mccarthy@etf.state.wi.us

- Separation Statistics
- Video Library Update
- Money Purchase Retirement Benefits
- 2009 Dual Choice Dates
- 403(b) Closure
- Legislative Update
- Miscellaneous
 - Future Items for Discussion

11:35 a.m. 6. Adjournment

Times shown are estimates only and agenda items may be taken out of order at Board chair's discretion.

**LUNCH WILL BE SERVED FOR MEETING PARTICIPANTS AT 11:45 A.M. IN GEORGE'S
CHOPHOUSE RESTAURANT LOCATED IN THE HOTEL**

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MINUTES OF MEETING
STATE OF WISCONSIN
JOINT INFORMATIONAL MEETING
TEACHERS RETIREMENT, WISCONSIN RETIREMENT,
AND EMPLOYEE TRUST FUNDS BOARDS

Thursday, June 26, 2008

Holiday Inn Hotel and Suites
1109 Fourier Drive
Madison, Wisconsin

BOARD PRESENT:

Jamie Aulik, WR Board
Ted Bratanow, TR Board
John Brown, ETF Board
John David, WR Board
Jennifer Donnelly, ETF Board
Rosemary Finora, ETF Board
Theron Fisher, ETF Board
Rick Gale, Chair, WR Board and ETF Board
Wayne Koessl, Vice-Chair, WR Board and Vice-Chair, ETF Board
Kathy Kreul, ETF Board
Irena Macek, ETF Board
Eileen Mallow (for Sean Dilweg), WR Board
Lon Mishler, Chair, TR Board
Robert Niendorf, Secretary, ETF Board
Dennis Panicucci, Vice-Chair, TR Board
Patrick Phair, TR Board
Tom Pedersen, TR Board
Roberta Rasmus, TR Board
Steve Scheible, TR Board
Robert Shaw, TR Board
Gary Sherman, ETF Board
Robin Starck, Secretary, TR Board
Herbert Stinski, WR Board
Nancy Thompson, ETF Board
Mary VonRuden, Secretary, WR Board
Marilyn Wigdahl, WR Board and Chair, ETF Board

BOARD NOT PRESENT:

Sean Dilweg, WR Board
Mike Langyel, TR Board
Wayne McCaffery, ETF Board and TR Board
Dan Nerad, TR Board
David Wiltgen, TR Board

PARTICIPATING ETF STAFF:

Dave Stella, Secretary

Board	Mtg Date	Item #
Jl	9/18/08	1

Bob Conlin, Deputy Secretary
Sari King, Administrator, Division of Retirement Services
Matt Stohr, Director, Legislation, Communications, and
Planning
John Vincent, Administrator, Division of Trust Finance and
Employer Services
Ann McCarthy, Board Liaison

OTHERS PRESENT:

Michelle Baxter, Division of Trust Finance and Employer Services
Mark Buis, Gabriel, Roeder, Smith, and Company
Jerry Dietzel, Division of Trust Finance and Employer Services
Sandy Drew, State of Wisconsin Investment Board
Rhonda Dunn, Office of the Secretary
William Ford, Wisconsin Legislative Council
Jean Gilding, Division of Retirement Services
Gail Hanson, State of Wisconsin Investment Board
Dan Hayes, Wisconsin Law Enforcement Officers
Association
Pam Henning, Division of Management Services
Lynn Jarzombek, Division of Retirement Services
Norm Jones, Gabriel, Roeder, Smith, and Company
Dan Joyce, State Engineering Association
Nancy Ketterhagen, Office of the Secretary
Jon Kranz, Office of Internal Audit and Budget
Steve Macek
Dennis McBride, former WR Board member
Linda Owen, Division of Retirement Services
Mel Sensenbrenner, State Engineering Association
Katie Schultz, State of Wisconsin Investment Board
Ken Stelzig, WEAC Retired
Sharon Walk, Office of the Secretary
Bob Willett, Division of Trust Finance and Employer Services
Art Zimmerman, Legislative Fiscal Bureau

Rick Gale, Chair, Wisconsin Retirement Board, called the meeting to order at 9:33 a.m.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

Motion: Ms. Thompson moved approval of the minutes of the March 13, 2008, meeting as submitted by the Board Liaison. Ms. Rasmus seconded the motion, which passed without objection on a voice vote.

ANNOUNCEMENTS

Teachers Retirement (TR) Board Member Election Results Sari King, Administrator, Division of Retirement Services, reported that incumbents Lon Mishler and Tom Pedersen were both re-elected to the TR Board in the March elections and congratulated them on their victories.

Officer Election Results Ms. King announced the slate of officers for each Board following each Boards' elections in March.

Introductions of New Board Members Ms. King welcomed and introduced new Wisconsin Retirement (WR) Board member Jamie Aulik and re-appointed WR Board member Mary Von Ruden.

Recognition of Outgoing Board Member - Dennis McBride Ms. King announced that Mr. McBride, former member of the WR Board, had resigned due to his newly elected position as Alderman for the 4th District of the City of Wauwatosa. As Alderman, he will now participate in the Wisconsin Retirement System (WRS) and therefore, can no longer hold his seat as the "public member" on the WR Board. Ms. King thanked Mr. McBride for his service and presented him with a plaque.

OPERATIONAL UPDATES

Ms. King referred members to the informational reports in their binders.

Legislative Update Matt Stohr, Director, Legislation, Communications, and Planning, updated the Boards on legislation relevant to the Department and the WRS. Mr. Stohr discussed Wisconsin Act 131. He reported that the Department has begun work on implementation of this Act.

Mr. Stohr also discussed Act 226 and noted that it passed in May 2008. Act 226 allows public safety officers to have money deducted from their WRS annuity and their Deferred Compensation Program account for payment of health insurance and long-term care insurance premiums. He reported that this would go into effect on January 1, 2009 and that the Department was awarded additional resources to implement the Act. Mr. Stohr stated that he would continue to update the Boards on the progress of the implementation of the Act at future meetings.

Mr. Stohr also noted that the President recently signed federal legislation called the Heroes Earnings Assistance and Relief Tax Act (HEART) of 2008. This Act affects WRS death benefits for persons who die while actively serving in the military. The persons who meet the criteria will receive death benefits as if they were current WRS participants. These provisions are retroactive to January 1, 2007.

WISCONSIN RETIREMENT SYSTEM TWENTY-SEVENTH ANNUAL ACTUARIAL VALUATION AS OF DECEMBER 31, 2007

Mr. Gale introduced Norm Jones and Mark Buis of Gabriel, Roeder, Smith and Company (GRS), actuaries for the Board. Mr. Jones gave a PowerPoint presentation in conjunction with the report, *Wisconsin Retirement System Twenty-Seventh Annual Actuarial Valuation as of December 31, 2007*. The valuations reflect the actuarial experience, trends and projections for non-retired participants covered by the Wisconsin Retirement Systems (WRS). The valuation establishes

contribution rates for the 2009 calendar year in conformance with Chapter 40 of the Wisconsin Statutes.

Mr. Buis discussed the historical trends of the contribution rates. He explained that rates have remained fairly steady due to smoothing mechanisms and favorable investment returns and noted that the WRS continues to be in excellent financial condition in accordance with actuarial principles of level percent-of-payroll financing. He noted that total normal cost, reflected in contribution rates, for most employment categories will decline for 2009.

The Board took a break from 10:30 a.m. to 10:45 a.m.

Mr. McBride left at the break.

EDUCATIONAL TOPIC

Ms. King introduced William Ford from the Wisconsin Legislative Council and noted that Mr. Ford was the 2008 recipient of the Blair Testin Award.

Mr. Ford presented information on the *2006 Comprehensive Study of Major Public Employee Retirement Systems*. This study has been prepared every two years since 1982. The data in the report contains information from the same 85 public employee retirement systems that have been compared in each of the previous reports. This report can be used to determine long-term trends in public employee retirement systems because the same systems are compared each time.

Information contained in the report includes the number of active employees and retirees. The study also describes the percentage level at which each of the systems is funded and compares the employee and employer contribution rates.

ADJOURNMENT

Motion: Ms. Von Ruden moved adjournment. Mr. Panicucci seconded the motion, which passed without objection on a voice vote.

The Joint Informational Meeting adjourned at 11:46 a.m.

Date Approved: _____

Signed: _____

Mary Von Ruden, Secretary
Wisconsin Retirement Board

Investment Board Activities & Status Fall 2008

Joint Retirement Boards
September 18, 2008
Keith Bozarth and Bill McCorkle

Agenda

- 2008 Investment Initiatives
- Investment Modernization (Act 212)
- Budget and Staffing
- Performance through August 31, 2008
- Equities Markets
- Questions

2008 Investment Initiatives

- Launched 5 US large cap sector portfolios
- Moved \$3.4 b. from external to internal portfolios
 - US large cap sectors
 - Russell 1000 Index
 - International equities
 - Global and government/credit fixed income

2008 Investment Initiatives

- Reduced fees by equities index manager search
- Optimized US quantitative equities manager mix
- Improving US small cap equities strategy
- Finalizing new fixed income manager structure

Investment Modernization (Act 212)

- More efficient investment structure now possible
- To date, limited changes made
- Reviewing potential new strategies
- Public process for discussion of changes

Budget and Staffing

- Increasing internal management capacity using best practices
 - Moving closer to industry norms for staffing
 - Goal: Improve net returns
- Current Biennial Budget (2007-09)
 - Increased internal budget authority
 - Enabled SWIB to fund 20 additional staff
- Upcoming Biennial Budget (2009-11)
 - Current budget authority sufficient for planned initiatives

SWIB's Investment Performance

As of August 31, 2008*

	Calendar YTD	Five Years	Ten Years
Core Fund	-7.5%	9.6%	7.5%
Benchmark	-7.0%	9.4%	7.2%
Variable Fund	-12.1%	8.5%	6.5%
Benchmark	-12.1%	8.9%	5.8%

Equity Returns

Index	2008 YTD	2007
United States		
S&P 500	-13.4%	5.5%
Russell 1000	-13.4%	5.8%
Russell 2000	-5.1%	-1.6%
International		
MSCI Developed (ex US)	-21.7%	12.4%
MSCI Emerging Markets	-30.0%	37.0%

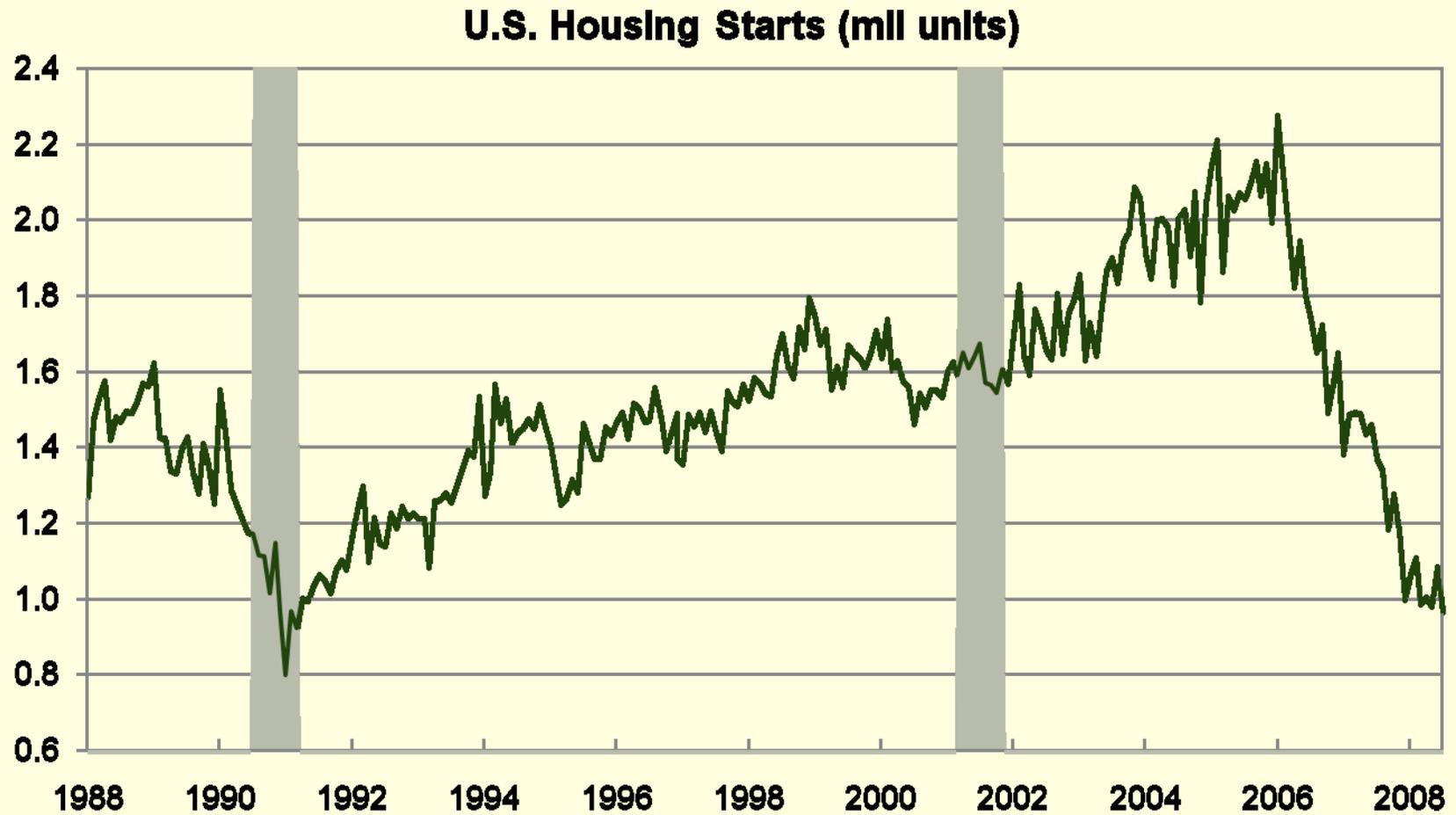
As of September 12, 2008

Sector Returns

Sector	2008 YTD	2007
Consumer Staples	1.1%	14.3%
Health Care	-6.3%	7.3%
Consumer Discretionary	-8.4%	-11.2%
Materials	-9.1%	26.6%
Energy	-13.0%	33.6%
Utilities	-13.3%	19.0%
Industrials	-14.0%	12.8%
Information Technology	-17.1%	16.5%
Telecomm Services	-20.9%	9.8%
Financials	-23.7%	-17.6%

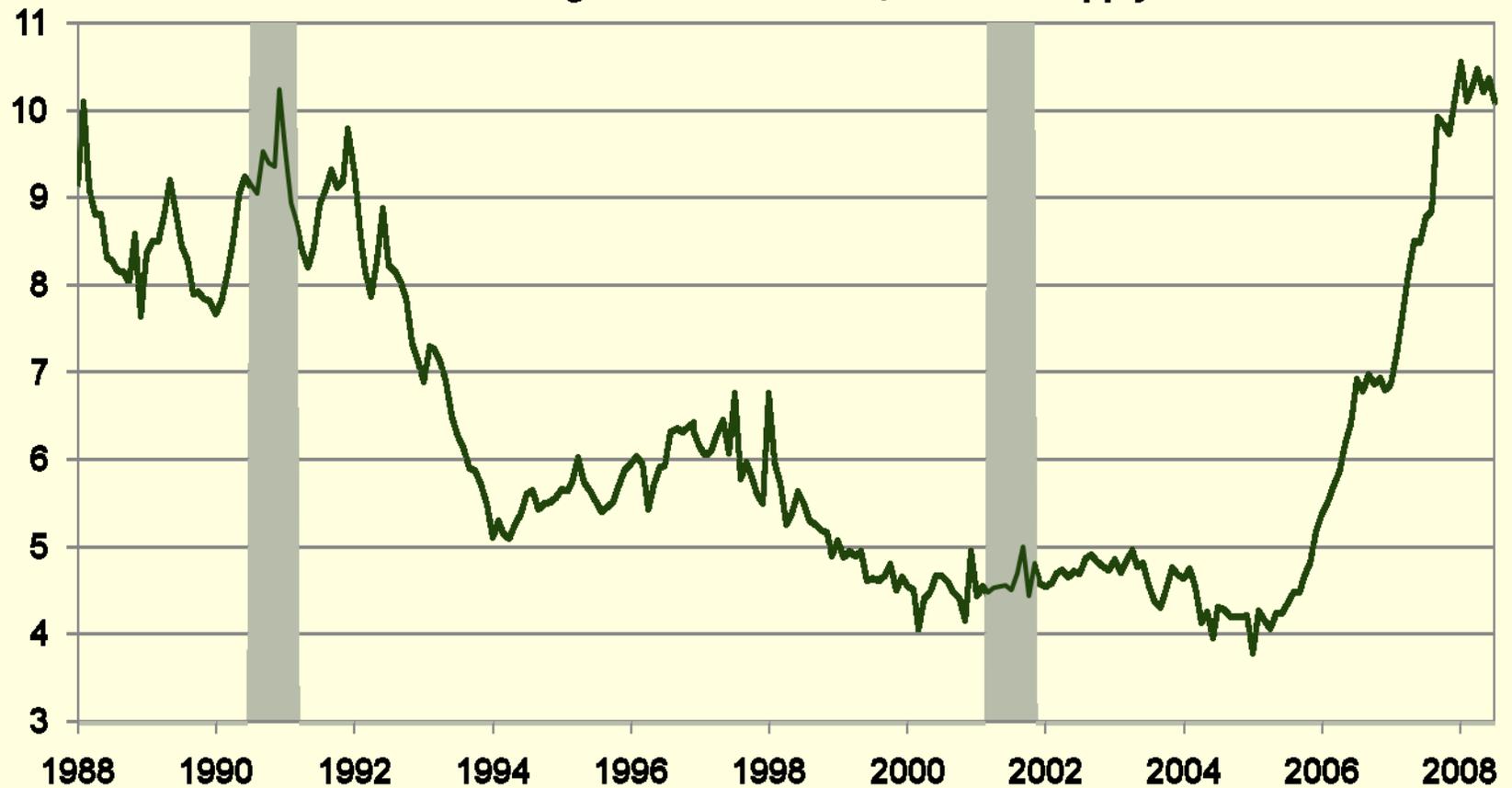
As of September 12, 2008

Housing Starts



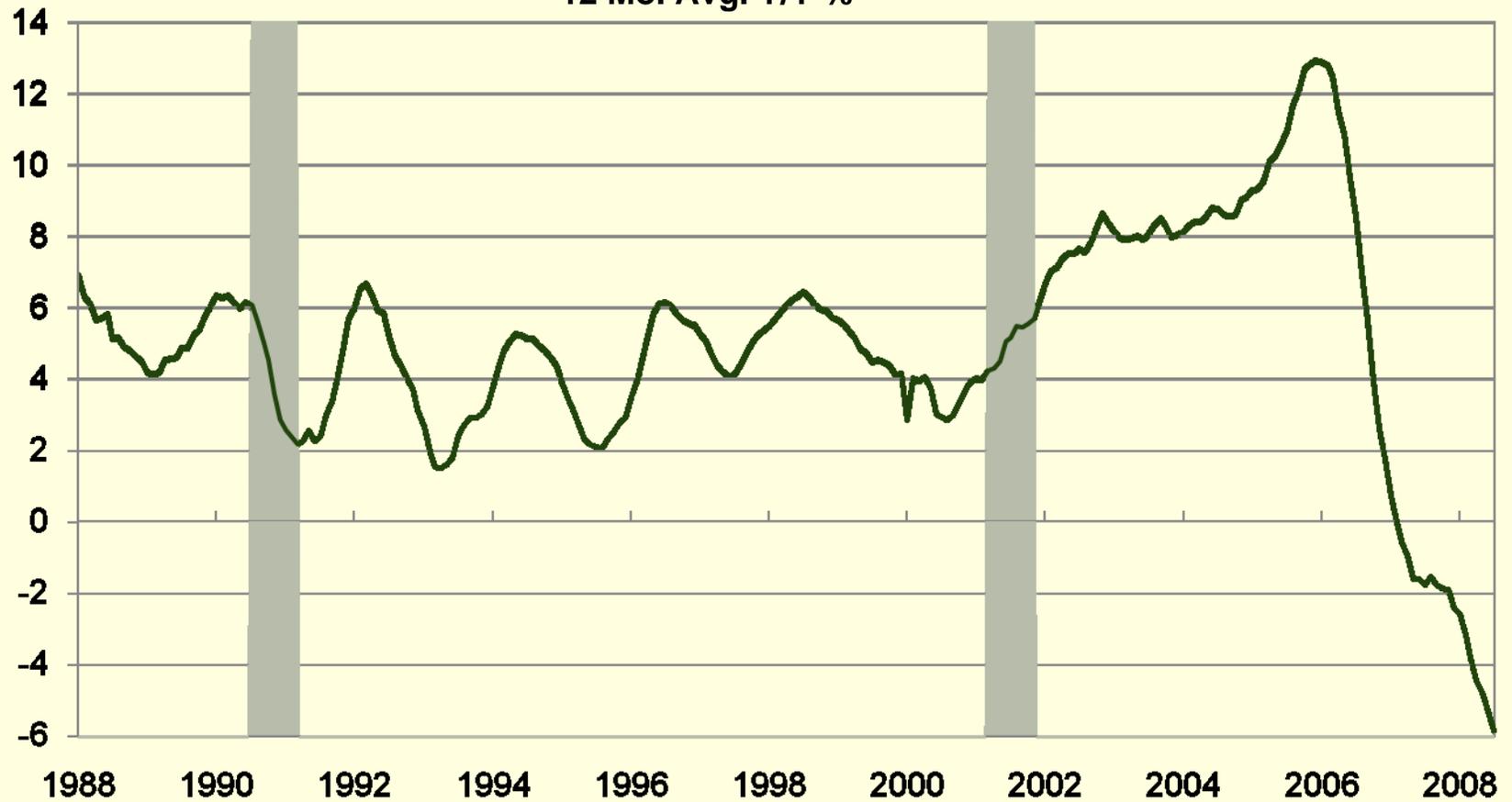
Housing Inventories

U.S. Existing Houses For Sales, Month's Supply



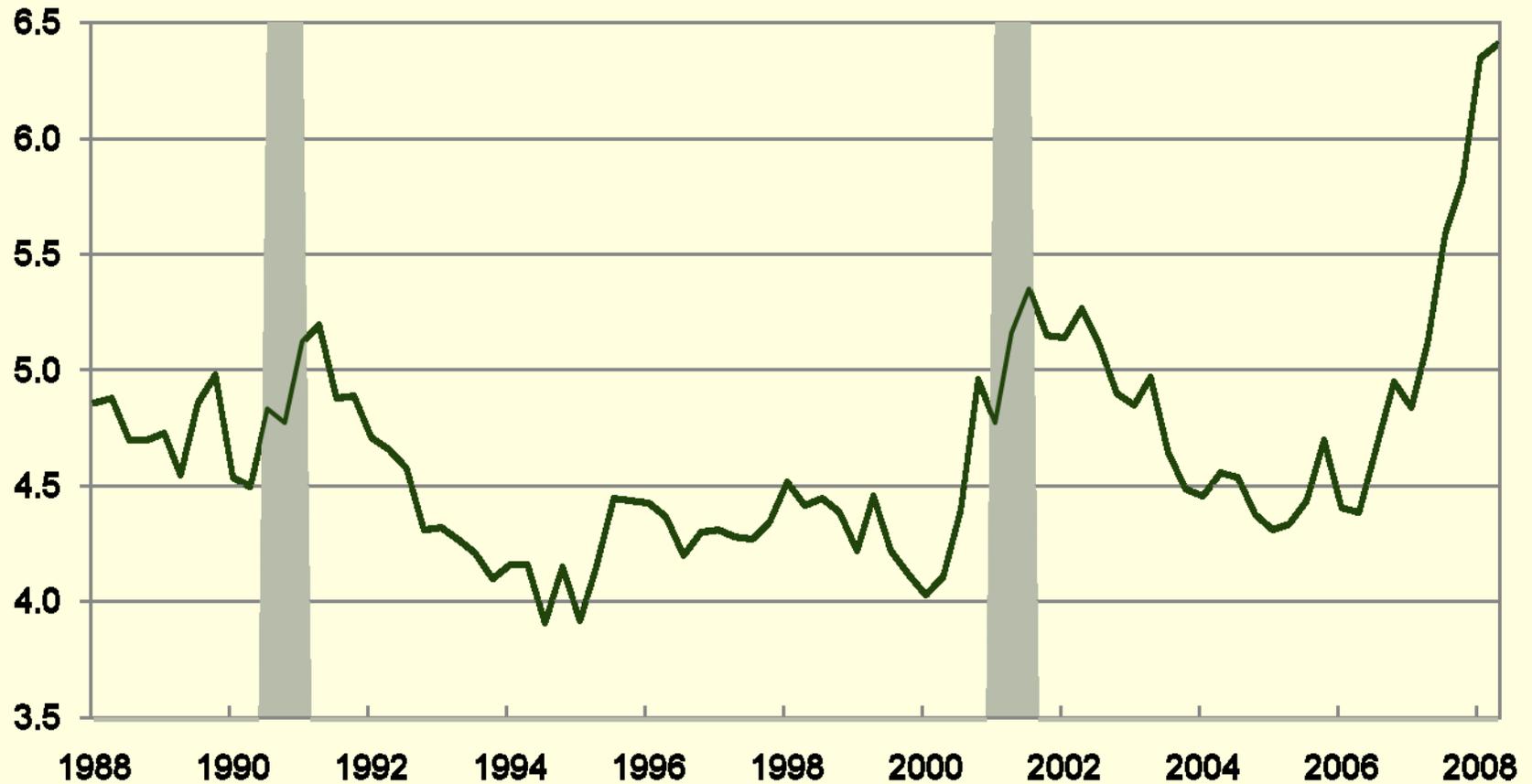
Home Prices

U.S. Existing House Price,
12 Mo. Avg. Y/Y %

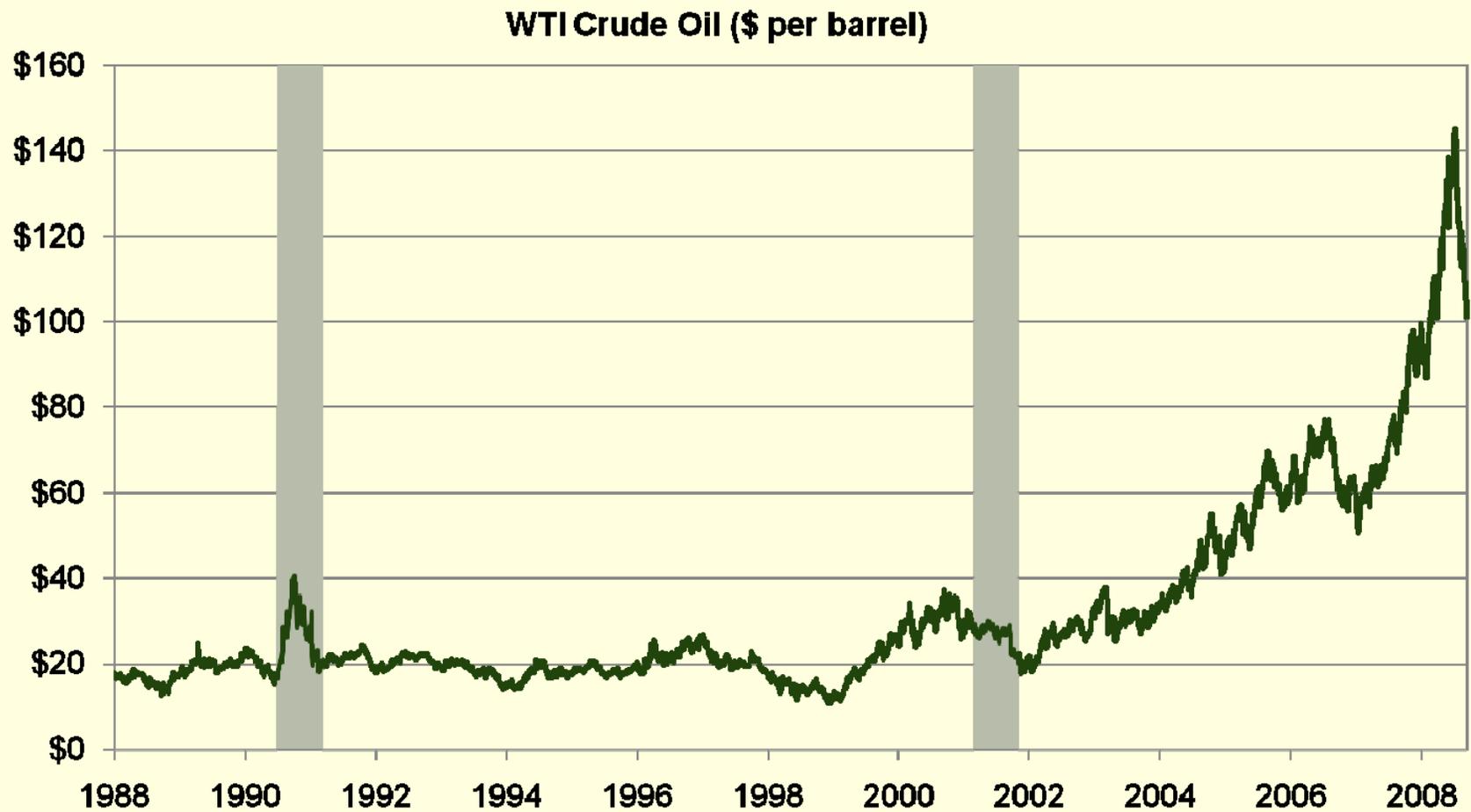


Mortgage Delinquencies

U.S. Mortgage Delinquency Rate (%) (MBA)

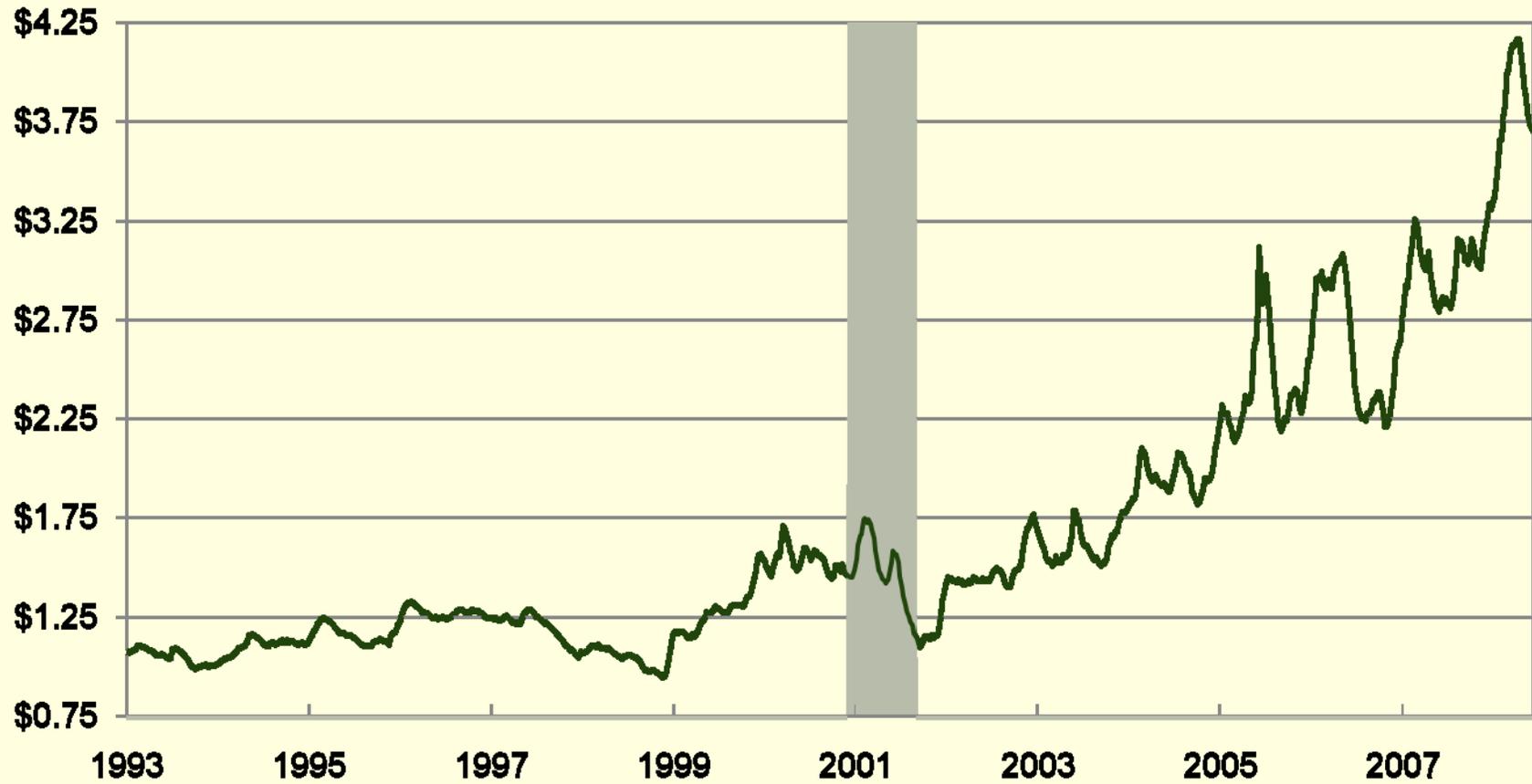


Oil Price



Gas Prices

U.S. Average Gasoline Retail Price (per gallon)



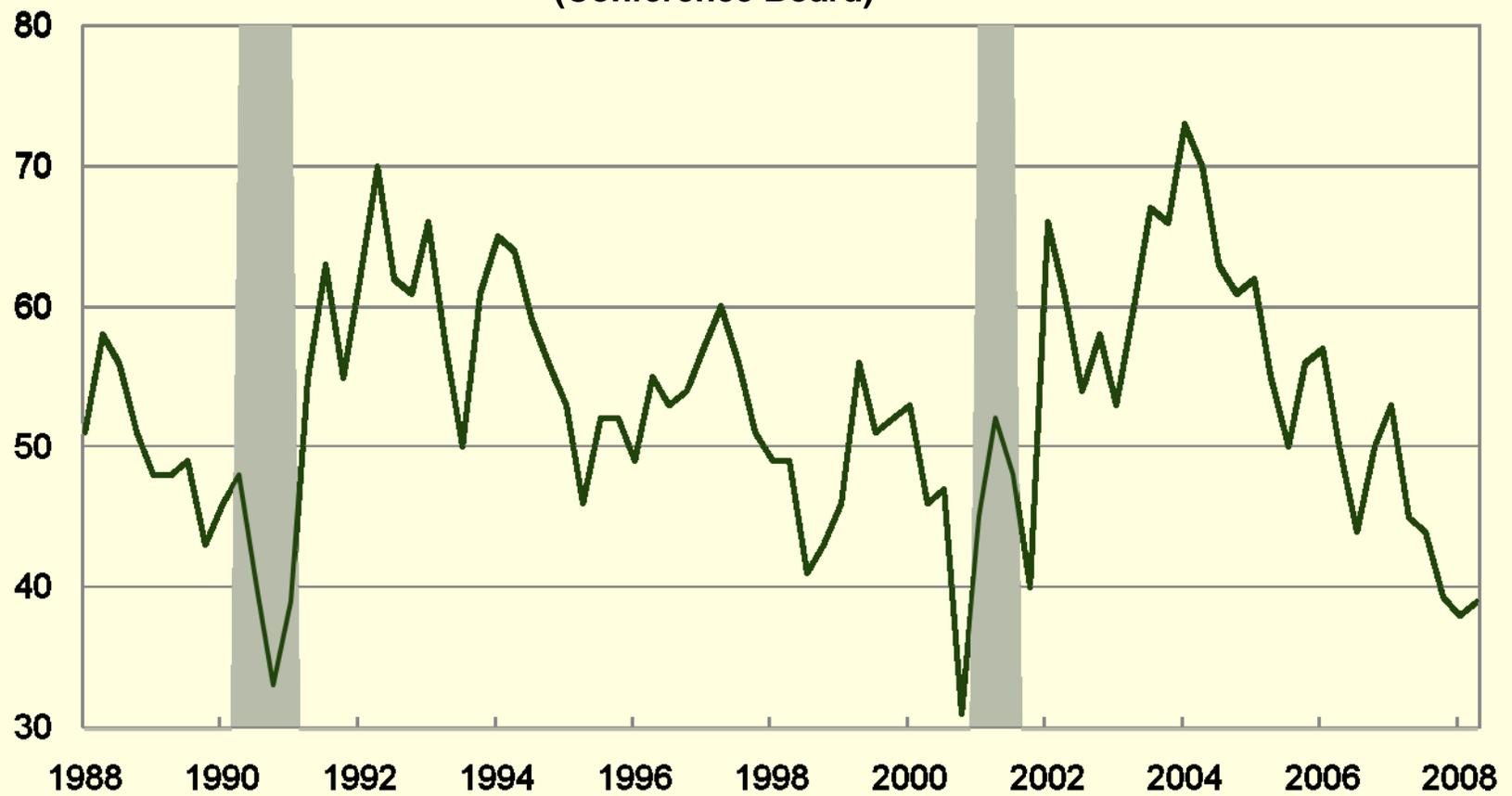
Consumer Confidence

U.S. Consumer Confidence
(Conference Board)



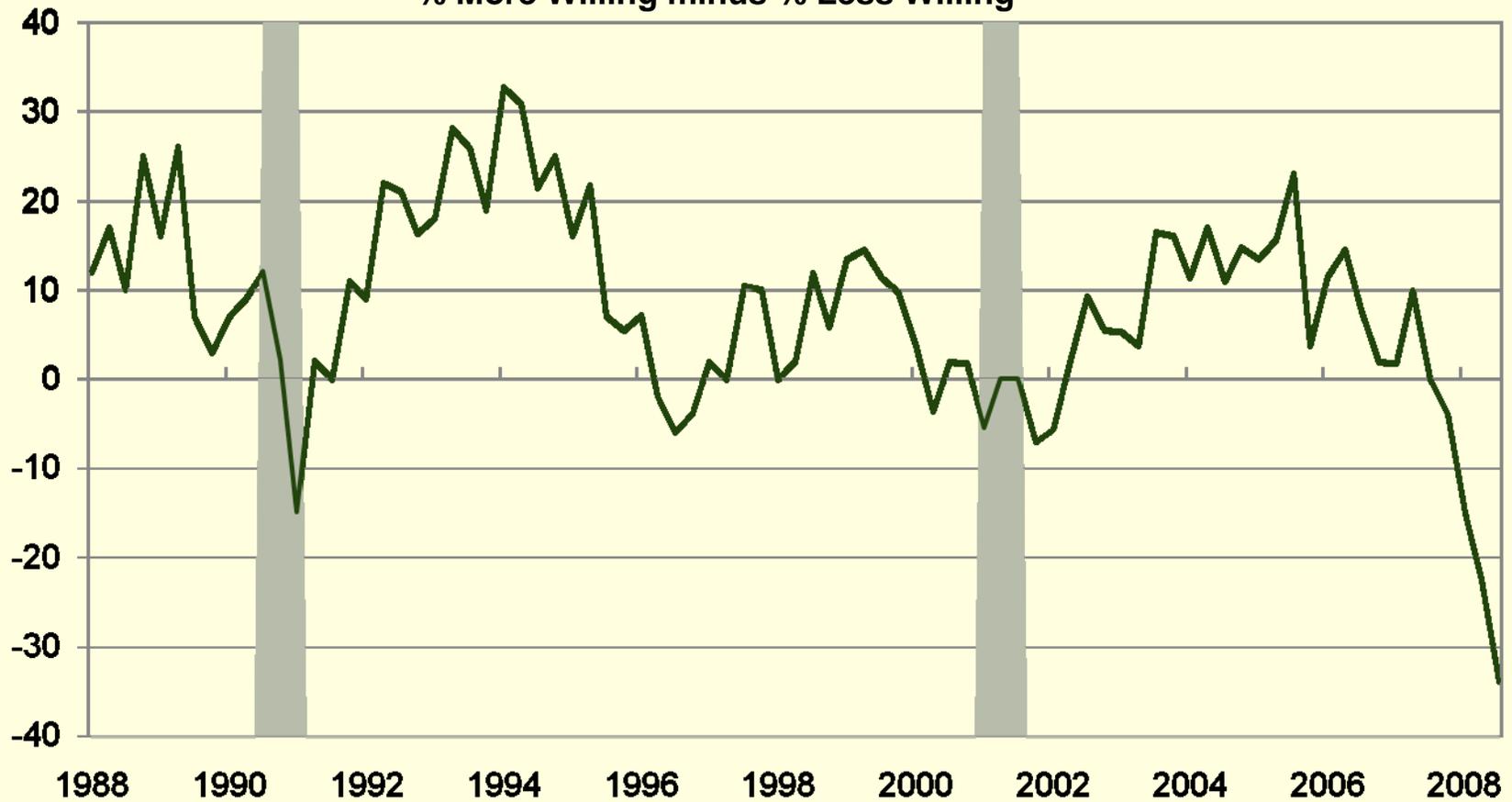
Business Confidence

U.S. Business Confidence
(Conference Board)



Credit Availability - Consumer

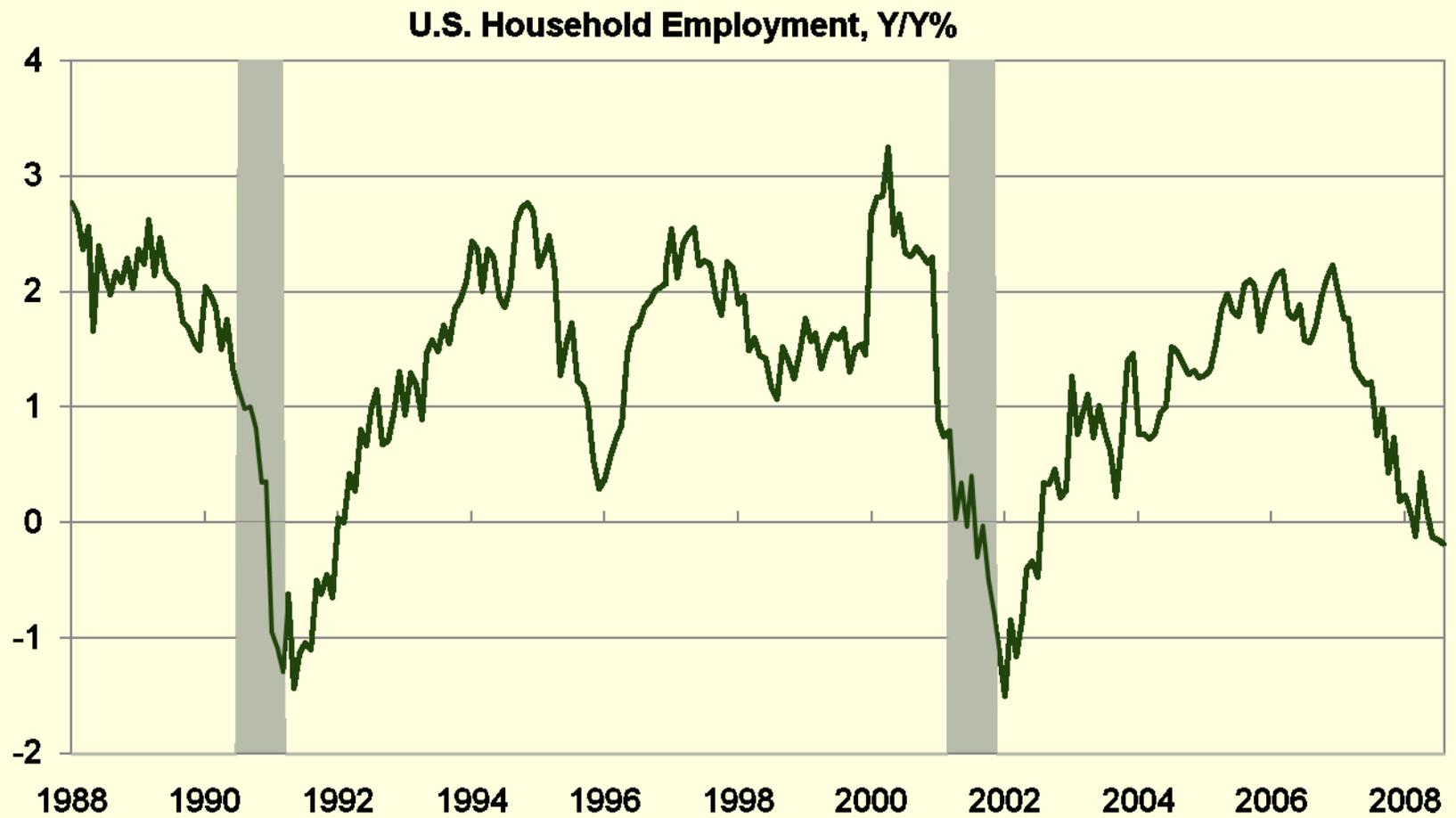
U.S. Banks' Willingness to Make Consumer Loans,
% More Willing minus % Less Willing



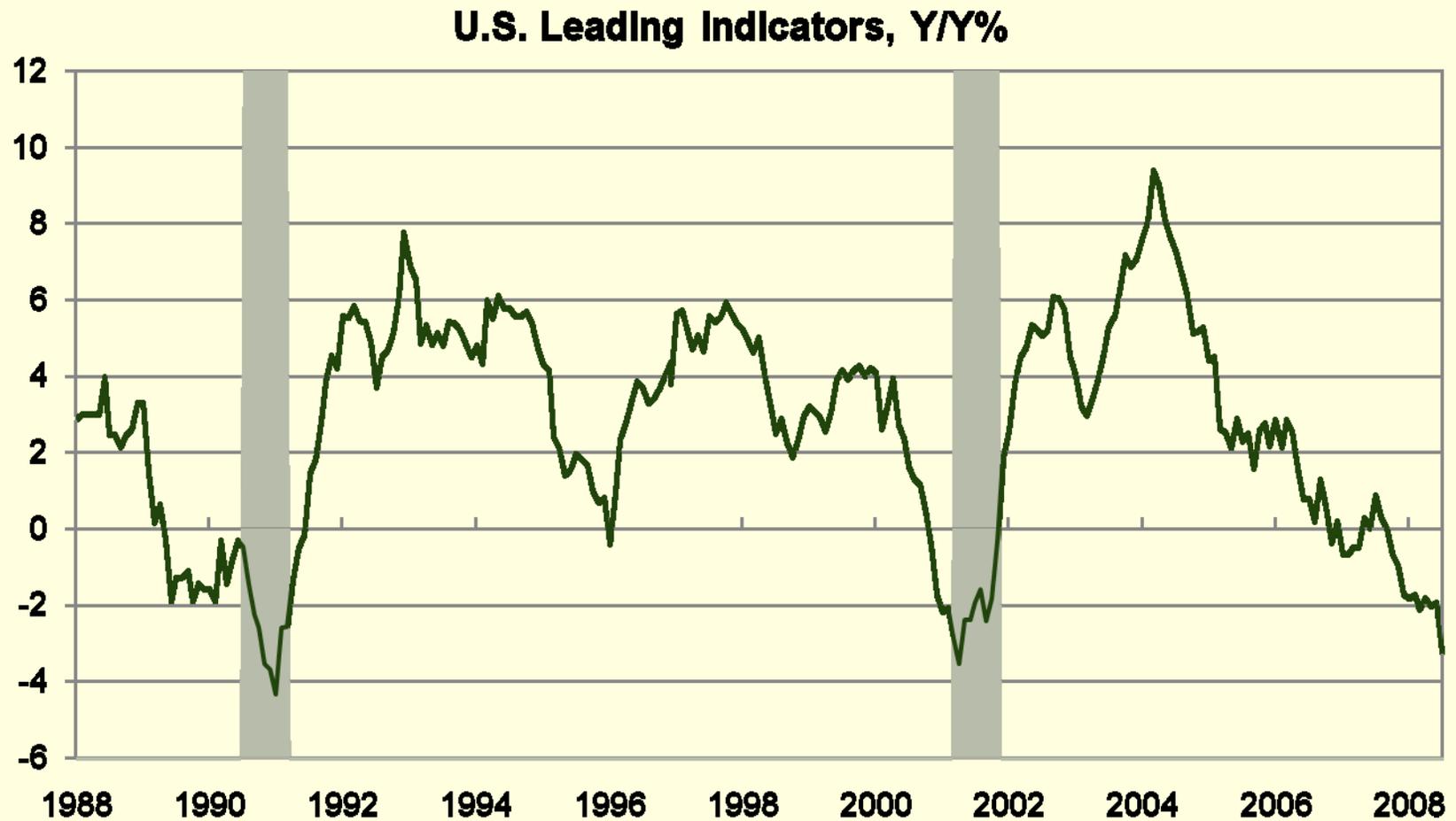
Credit Availability - Business



Employment

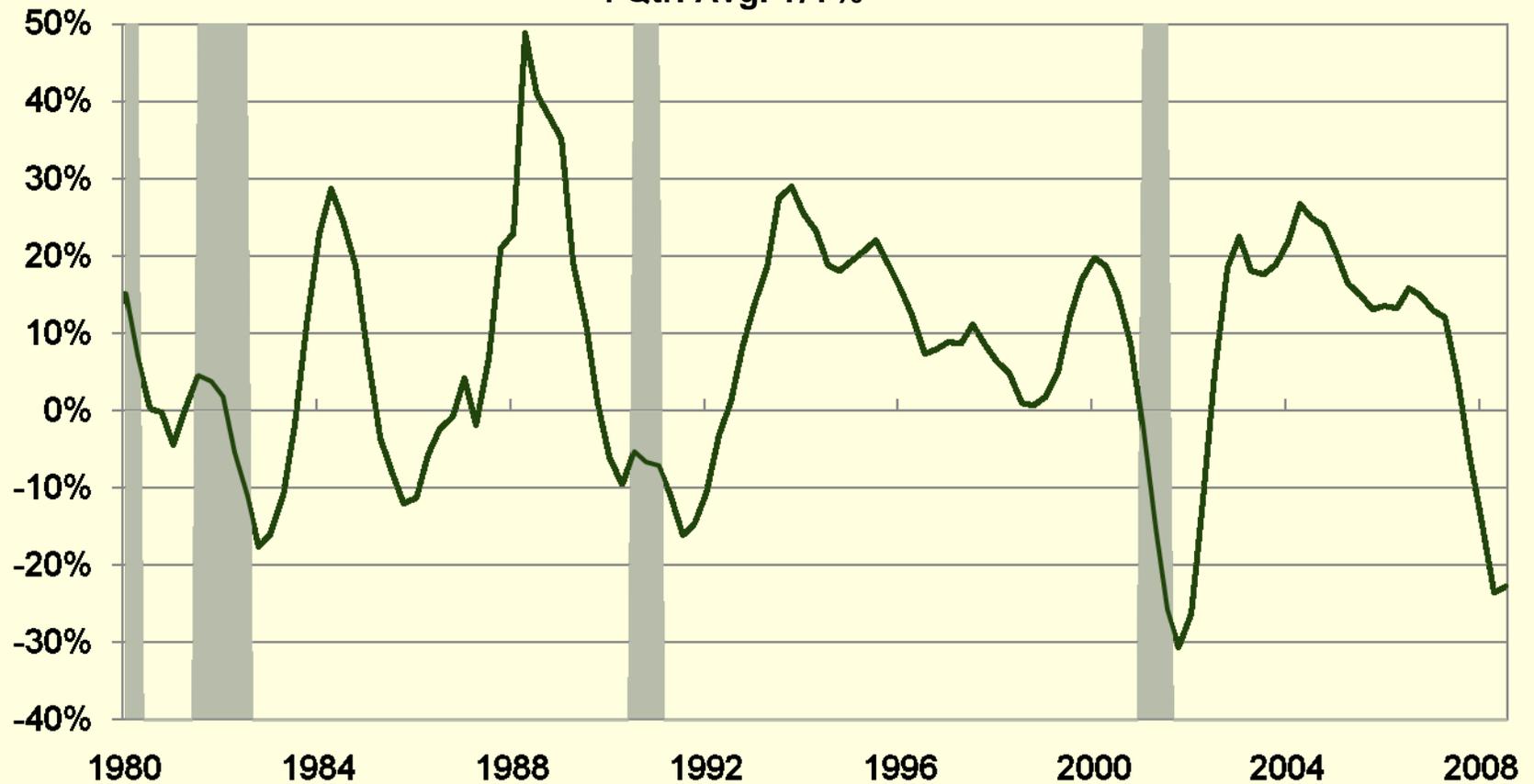


Leading Economic Indicators



Earnings Growth

S&P 500 Operating EPS (First Call),
4 Qtr. Avg. Y/Y%



Equity Valuation Levels

S&P 500 Index Price / YR Forward EPS Estimates





Wisconsin Retirement System

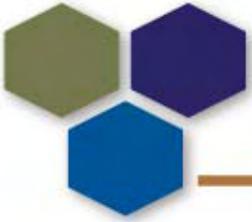
2007 Gain (Loss) Analysis

September 2008

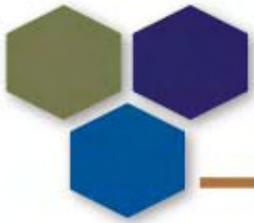
GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries
www.gabrielroeder.com

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A Gain (Loss) Analysis measures differences between actual and assumed experience in each Risk Area.



WRS Assumption Risk Areas

Demographic

Normal retirement

Early retirement

Death-in-service

Disability

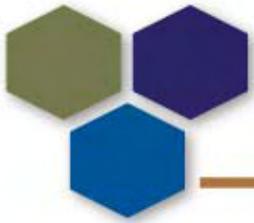
Other separations

Economic

Salary increases

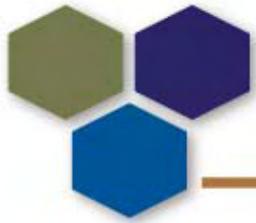
Investment return

There are other risk areas, but they are not germane to the Gain/Loss Analysis.



Why Have A Gain (Loss) Analysis?

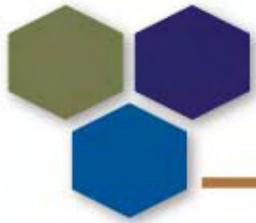
- ◆ It is a year-by-year measure of the operation of assumptions
- ◆ To understand the nature of risk
- ◆ To determine when assumption changes are needed
- ◆ To gain an understanding of reasons for contribution rate changes



Components of Total Gain (Loss)

	Gain (Loss) in Millions	
	2006	2007
Economic Risk	\$ 454	\$1,057
Decrement Risk	(13)	(21)
Other Activity	(227)	(242)
Total Gain (Loss)	\$ 214	\$ 794
Effect of Assumption changes	(377)	0
Net Gain/(Loss)	\$(163)	\$ 794

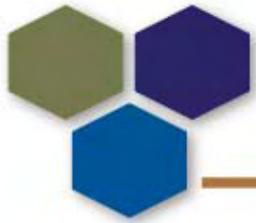
(see page 9)



Investment Earnings in 2007 (Active Participants)

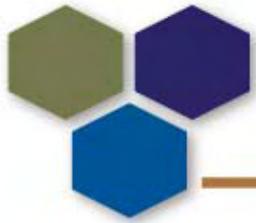
	<u>\$ Millions</u>
A. Average balance on Participant and Employer Accumulation Reserves	\$36,342
B. Expected earnings: 7.8%	2,835
C. Earnings credited to Participant and Employer Accumulation Reserves	4,379
D. Gain (loss) from earnings: C - B	\$ 1,544

(see page 12)



Investment Earnings in 2007 (Active Participants)

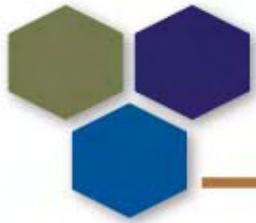
- ◆ \$978 million is total asset gain for the year
- ◆ However, part of the total gain is allocated to Variable Excess accounts
- ◆ Some of the gain flows through to members via the operation of Money Purchase minimum benefits
- ◆ Must net these out to determine remaining core fund gain or loss
- ◆ Remaining portion affects contribution rates



Investment Earnings in 2007 (Active Participants)

	<u>\$ Millions</u>
Gross Gain for the Year	\$1,544
Less Estimated Gain Due to Money Purchase and Variable Excess Effects	<u>566</u>
Net Core Fund Asset Gain	\$978

(see page 12)

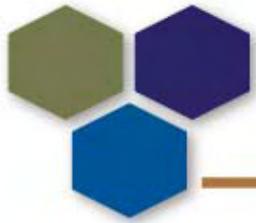


Salary Related Gain (Loss)

Pay increases varied among groups producing a gain in total.

	Gain (Loss)
	<u>\$ Millions</u>
General	\$78.6
Exec. & Elected	\$(0.2)
Prot. w/Soc. Sec.	\$0.3
Prot. w/o Soc. Sec.	\$0.8
	<u>\$79.5</u>

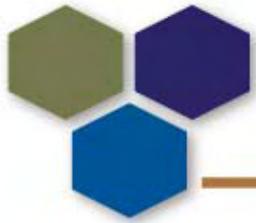
(see pages 9, 11)



Population Development During 2007

	<u>Actual</u>	<u>Expected</u>
Beginning Census	260,302	
(-) Normal Retirement	3,162	3,561
(-) Early Retirement	3,579	3,805
(-) Death	324	281
(-) Disability Retirement		
- Total Approved	249	321
- Less Pending	53	
- Net New	196	
(-) Other Separations	11,592	10,606
(-) Transfers Out	1,183	
(+) Transfers In	1,183	
(+) New Entrants	19,554	
Ending Census	261,003	

(see page 4)



Population Development During 2007

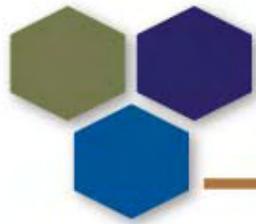
Normal Retirements: Varied by group and gender, overall fewer normal retirements than expected.

Early Retirements: Less than assumed in most groups, overall producing a small loss.

Death: Higher than expected, producing small loss.

Disabilities: Less than expected, producing a gain in most groups.

Other Separations: Varied by group, gender and service. Other separations among short service participants were higher than expected, among longer service participants less than expected. The net result was a loss.

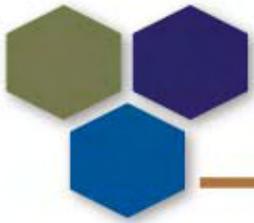


Comparative Schedule of Experience

Divisions Combined

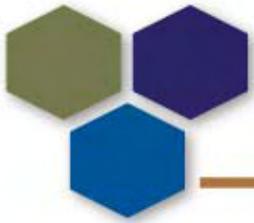
	<u>2006</u>	<u>2007</u>
Normal Retirement	\$ (1.7)	\$ 4.9
Early Retirement	(8.2)	(8.1)
Disability Retirement	14.8	13.5
Death	(1.3)	(2.9)
Other Separations	<u>(16.6)</u>	<u>(28.4)</u>
Total	\$ (13.0)	\$ (21.0)

(see page 9)



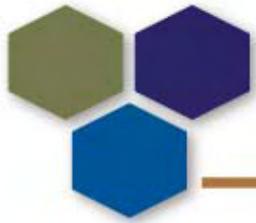
Gain/Loss Analysis-2007 Experience





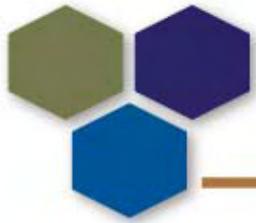
Explanation of Gain or Loss Due to “Other” Risk Areas

- ◆ Primarily due to difference between actual and expected reserve transfers – difference between what we estimate a benefit to be versus what is actually calculated at time of retirement
- ◆ Re-established liability is unexpected liability from new or rehired employees with prior service
- ◆ Remaining unexplained loss is very small in relative terms (0.1% of accrued liabilities)



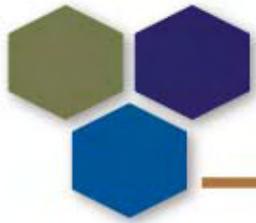
How Does Gain (Loss) Affect the Total Contribution Rate?

- ◆ Normal cost contribution for most groups decreased from the prior year
- ◆ Total net gain of \$794.3 million primarily due to favorable investment performance



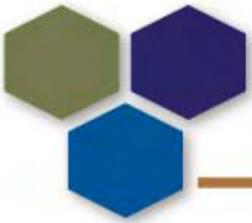
Funding Value of Assets (\$ millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Market value BOY	\$75,981	\$ -	\$ -	\$ -	\$ -
Market value EOY	80,351	-	-	-	-
Funding Value Beginning of Year	68,996				
Net External Cash Flow	(1,908)				
Investment income					
• Actual Investment Income	6,368	-	-	-	-
• Expected Investment Income	<u>5,307</u>	-	-	-	-
• Amount for phase-in	1,061	-	-	-	-
Phased-in recognition					
• Current year	212	-	-	-	-
• First prior year	1,065	212	-	-	-
• Second prior year	86	1,065	212	-	-
• Third prior year	518	86	1,065	212	-
• Fourth prior year	<u>1,341</u>	<u>518</u>	<u>86</u>	<u>1,065</u>	<u>212</u>
• Total MRA recognition	3,222	1,881	1,363	1,277	212
Funding Value End of year	75,617				
Market Value ROR - Actual	8.1%				



Concluding Remarks

- ◆ Recognition of prior asset gains are expected over next few years – possibly offset by poor investment return for 2008
- ◆ This Gain (Loss) Analysis is the second in a regular 3-year experience cycle
- ◆ This study together with the 2006 and 2008 study will form the basis for the next experience study
- ◆ The next experience study will be reported in December 2009 and implemented in the December 31, 2009 valuations



- ◆ Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this presentation concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.
- ◆ This presentation shall not be construed to provide tax advice, legal advice or investment advice.

WISCONSIN RETIREMENT SYSTEM

**GAIN/LOSS ANALYSIS OF EXPERIENCE AMONG ACTIVE MEMBERS
DURING CALENDAR YEAR 2007**

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4	Population Development
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	<i>Decrement Assumption Experience</i>
A1-A9	Withdrawal Experience
B1-B6	Disability Experience
C1-C6	Pay Increases and Merit and Longevity Portion
D1-D16	Normal and Early Retirement Experience
E1	Mortality Experience
	<i>Active Participants Included in Valuations</i>
F1-F4	Active Participants in 12/31/2007 Valuation
	<i>Appendix</i>
G1-G4	Actuarial Methods

August 28, 2008

The Employee Trust Funds Board
Wisconsin Retirement System
801 West Badger Road
Madison, Wisconsin 53713

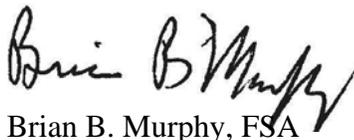
Ladies and Gentlemen:

The results of the *Gain/Loss Analysis of Experience Among Active Participants* of the Wisconsin Retirement System, *covering the calendar year 2007 are presented in this report.* (The results of the December 31, 2007 regular annual actuarial valuation of active members were submitted in our report dated June 11, 2008.)

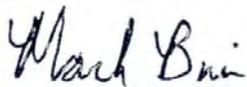
Your Secretary and staff furnished the statistical data concerning active participant changes and related financial information that was required for this analysis. The actuary did not audit the data. The actuarial assumptions used are shown in the Appendix portion of the December 31, 2007 annual actuarial valuation of active participants.

To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods. The actuaries submitting this statement are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Brian B. Murphy, FSA



Mark Buis, FSA

BBM/MB:lr

ACTIVE MEMBER GAIN/LOSS ANALYSIS

Introduction

Purpose of Gain/Loss Analysis. Regular actuarial valuations provide information about the composite change in computed contribution rates and total liabilities -- whether or not the rates and related liabilities are increasing or decreasing, and by how much. However, valuations do not show the portion of the change attributable to each risk area within the Retirement System financial mechanism: the rate of investment income on plan assets; the rates of withdrawal of active participants who leave covered employment; the rates of mortality; the rates of disability; the rates of salary increases; and the assumed ages at actual retirement. In an actuarial valuation, assumptions are made as to what these rates will be for the next year and for decades in the future.

The objective of a gain and loss analysis is to determine the portion of the change that is attributable to each risk area.

The fact that actual experience differs from assumed experience should be expected. The future cannot be predicted with complete precision. Further, year-to-year statistical fluctuations occur, even in very large groups. This year's report reflects just a single year's experience. Changes in the valuation assumed experience for a risk area should be made only when the differences between assumed and actual experience have been observed to be sizable and persistent. One year's gain and loss analysis may or may not be indicative of *long-term trends, which are the basis of actuarial assumptions*. In the Wisconsin Retirement System, longer term trends are reviewed in connection with the regular 3-year investigation of experience (the most recent 3-year investigation covered the period January 1, 2003 to December 31, 2005). It is the results of the 3-year investigation that lead to recommendations for changes in the actuarial assumptions.

POPULATION DEVELOPMENT DURING CALENDAR YEAR 2007

	General	Executive & Elected	Protective		Total	Expected
			With S.S.	Without S.S.		
Beginning Census	236,877	1,436	19,297	2,692	260,302	
(-) Normal Retirement	2,819	49	243	51	3,162	3,561
(-) Early Retirement	3,468	29	73	9	3,579	3,805
(-) Death	298	4	21	1	324	281
(-) Disability Retirement						
-Total Disabilities approved	221	0	23	5	249	321
-Less Pending at Beginning of Year	51	0	1	1	53	
-Net new from active status	170	0	22	4	196	
(-) Other Separations	10,974	69	514	35	11,592	10,606
(-) Transfers Out	1,030	24	125	4	1,183	
(+) Transfers In	856	61	242	24	1,183	
(+) New Entrants	18,150	105	1,216	83	19,554	
Ending Census	237,124	1,427	19,757	2,695	261,003	

This schedule reconciles the active member populations reported in connection with the 2006 and 2007 valuations on an actual and expected basis. Assumptions related to population development are a primary focus of the gain/loss analysis. They generally tend to be more stable than economic assumptions, and therefore, measurements have more meaning.

COMMENTS

Population Results (refer to schedules on Pages 4 and 9)

Normal Retirements varied by group and gender. Overall, there were fewer normal retirements than expected. In general, fewer normal retirements than assumed often creates a gain. However, looking at counts alone is not always an accurate predictor of whether a gain or loss occurs. If there are fewer retirements in shorter service, lower paid groups and more retirements than expected in longer service, higher paid groups, there will be a net loss to the System even if the actual total counts might be equal to or less than expected. The net result for this past year was a small gain.

Early Retirements were less than expected in most groups, overall producing a small loss.

Deaths among active participants were higher than expected. The net result for the past year was a small loss. While a gain is typical in such circumstances, a loss can occur depending on the distribution of people who die and what they might have done otherwise. For example, if a young person quits, a benefit of one times accumulated employee required contributions is paid. If the same person dies, a value of twice the contributions is paid.

Disabilities were less than expected and produced a gain in most groups. This means that the reserves needed for the disability benefit were slightly smaller than the reserves that had been held for retirement benefits.

Other Separations varied by group, gender, and service. Other separations among short (under 10 years) service were higher than expected. Separations among longer service participants were slightly less than expected. The net result was an actuarial loss.

In total, the population risk areas (retirement, death, disability, and other separations) produced a small actuarial loss in 2007.

COMMENTS

Economic Results (refer to schedules on Pages 9 and 12)

Investment Return activity produced a gain for all groups. However, the investment gain of \$1.5 billion was partially absorbed by \$566.2 million gain in the combined value of variable excess benefits and money purchase benefits, resulting in a net gain of \$978 million.

Pay Increases were less than expected in most groups, producing a gain.

Other Analysis (refer to schedule on Page 10)

The schedule on page 10 analyzes gains or losses due to sources other than the demographic and economic areas. The **Reserve difference** produced a loss of about \$211 million. This typically means that the actual benefits calculated for new retirees were higher than those estimated by our valuation software. This is most often due to higher pay or service amounts used in the actual benefit calculation than the pay or service amounts estimated by our valuation data. For refunds, the opposite was true. Actual refunds were lower than the expected refunds producing a **Refund difference** gain of about \$16 million. **Re-established liability** represents the liability for new or rehired active members who were not active in the prior year. Typically, it is expected a new hire will have very little liability. However, often new members appear with more than one year of service or with liability greater than contributions made on their behalf. Although this amount is difficult to determine accurately due to the timing of contribution amounts, we estimate the Re-established liability loss at about \$49 million.

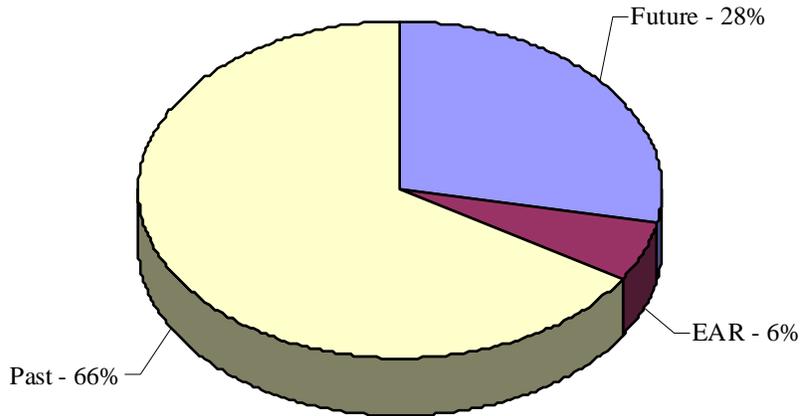
Contribution Rate Change

In total, the plan experienced a net gain of \$794.2 million. Gains were primarily attributable to favorable investment return. As a result, the total normal cost contribution decreased for most valuation groups.

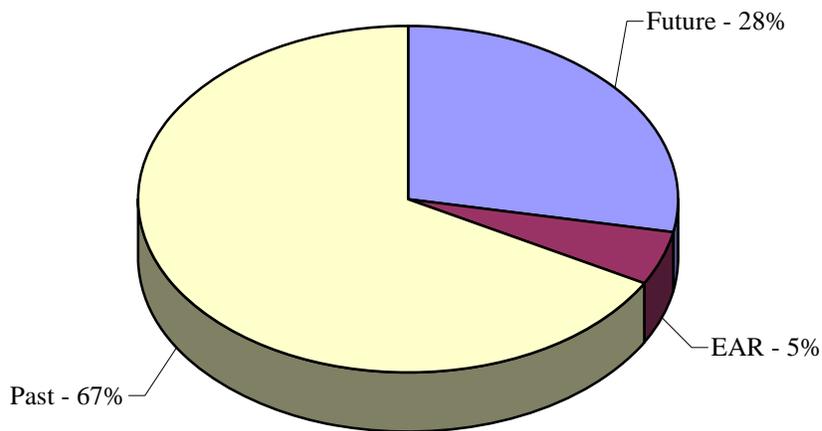
This Gain/Loss Analysis is the second in the normal three-year experience cycle. It will be part of the basis for the experience investigation covering the period January 1, 2006 to December 31, 2008.

FINANCING RETIREMENT SYSTEM BENEFIT LIABILITIES AT DECEMBER 31

2007 - \$51.5 Billion



2006 - \$49.4 Billion



The gain/loss analysis studies changes in entry age normal accrued liabilities which are reflected in the Experience Amortization Reserve (EAR) as shown on page G-4. Future liabilities are financed via normal cost contributions each year as they accrue. Past liabilities are financed by application of present assets and unfunded liability contributions. The liabilities assigned to the EAR are technically part of the future. However, as part of the valuation method, they are financed as though they were part of the past. The EAR amortization period is selected each year to minimize short term contribution rate fluctuations.

**GAIN/LOSS ANALYSIS
2007 EXPERIENCE
DIVISIONS COMBINED**



ACTUARIAL GAINS & LOSSES DURING CALENDAR YEAR 2007
(\$ MILLIONS)

Type of Activity	General	Executive & Elected	Protective		Total
			With S.S.	Without S.S.	
Decrement Risk Areas					
Normal Retirement	\$ 1.8	\$(0.4)	\$ 2.6	\$0.9	\$ 4.9
Early Retirement	(8.3)	(0.4)	0.4	0.2	(8.1)
Death with Benefit	(3.0)	(0.1)	0.1	0.1	(2.9)
Disability Retirement	14.1	0.1	(0.7)	0.0	13.5
Other Separations	(24.3)	0.4	(3.9)	(0.6)	(28.4)
Economic Risk Areas					
Salary Increases	78.6	(0.2)	0.3	0.8	79.5
Investment Return	830.8	10.2	102.2	34.8	978.0
Other Activity (See Page 10)	(210.4)	(6.1)	(21.2)	(4.6)	(242.3)
Total Gain(Loss)	\$ 679.3	\$ 3.5	\$ 79.8	\$ 31.6	\$ 794.2
-% of accrued liability	2.1%	1.2%	2.5%	4.1%	2.1%

ANALYSIS OF OTHER ACTIVITY
(\$ MILLIONS)

	General	Executive & Elected	Protective		Total
			With S.S.	Without S.S.	
Expected Reserve Transfers					
Normal Retirement	\$1,291	\$20	\$ 115	\$40	\$1,466
Early Retirement	1,051	7	35	6	1,099
Death	44	0	5	0	49
Disability Retirement	51	0	8	2	61
Deferred Retirement	273	7	19	6	305
Expected Total Reserve Transfers	2,710	34	182	54	2,980
Actual Reserve Transfer (From Retiree Report)	2,899	41	190	61	3,191
Reserve Difference	(189)	(7)	(8)	(7)	(211)
Expected Refunds	39	0	2	0	41
Actual Refunds	22	0	2	1	25
Refund Difference	17	0	0	(1)	16
Re-established liability	(45)	1	(4)	(1)	(49)
Total Explained Difference	(217)	(7)	(12)	(9)	(244)
Unknown Difference	7	1	(10)	4	2
Total Other Activity	\$ (210)	\$(6)	\$(21)	\$ (5)	\$ (242)

This schedule analyzes reserve transfers and contribution refunds and shows the portion of “other” activity that can be explained by those sources.

**COMPARATIVE SCHEDULE OF EXPERIENCE
5-YEAR HISTORY OF GAINS AND (LOSSES)
(\$ MILLIONS)**

Year	Normal & Early Retmt.	Disability Retmt.	Other Separations*	Salary Increases	Investment Return	Other	Total
GENERAL							
2003	\$ (5.4)	\$ 10.3	\$ (16.2)	\$ 80.5	\$ (165.3)	\$ (181.1)	\$ (277.2)
2004	(1.0)	13.4	(10.3)	116.6	41.6	(190.2)	(29.9)
2005	(3.9)	15.8	(5.0)	231.8	(211.5)	(166.6)	(139.4)
2006	(8.5)	13.5	(14.8)	124.8	277.3	(192.0)	200.3
2007	(6.5)	14.1	(27.3)	78.6	830.8	(210.4)	679.3
EXECUTIVE & ELECTED							
2003	\$ (1.6)	\$ 0.1	\$ 2.4	\$ 3.2	\$ (5.2)	\$ (7.2)	\$ (8.3)
2004	(0.6)	0.1	0.5	2.2	(0.6)	(4.5)	(2.9)
2005	0.4	0.1	0.7	3.5	(3.3)	(4.5)	(3.1)
2006	0.4	0.1	(0.6)	2.6	1.1	(5.0)	(1.4)
2007	(0.8)	0.1	0.3	(0.2)	10.2	(6.1)	3.5
PROTECTIVE WITH SOCIAL SECURITY							
2003	\$ (0.9)	\$ 1.3	\$ 0.7	\$ 6.6	\$ 21.2	\$ (22.2)	\$ 6.7
2004	0.5	1.1	(0.6)	22.8	6.5	(12.7)	17.6
2005	1.1	0.5	3.0	47.8	(33.6)	(13.4)	5.4
2006	(1.6)	0.5	(2.0)	(21.3)	51.0	(24.6)	2.0
2007	3.0	(0.7)	(3.8)	0.3	102.2	(21.2)	79.8
PROTECTIVE WITHOUT SOCIAL SECURITY							
2003	\$ 0.2	\$ 0.5	\$ (0.8)	\$ 2.9	\$ 0.3	\$ 3.2	\$ 6.3
2004	1.6	0.6	(0.2)	6.2	2.3	(3.2)	7.3
2005	1.0	0.6	0.1	6.4	(9.9)	(2.7)	(4.5)
2006	(0.2)	0.7	(0.5)	3.6	14.6	(4.9)	13.3
2007	1.1	-	(0.5)	0.8	34.8	(4.6)	31.6

* Includes separation due to death.

GAIN (LOSS) FROM INVESTMENT INCOME DURING CALENDAR YEAR 2007
(\$ MILLIONS)

	General	Executive & Elected	Protective		Total
			With SS	Without SS	
(1) Beginning of Year Active Participant Assets					
(a) Participant Accumulation Reserve	\$14,212.8	\$114.8	\$1,088.7	\$328.8	\$15,745.1
(b) PAR Closing Adjustment	(44.8)	(1.5)	55.9	(5.4)	4.2
(c) Employer Accumulation Reserve	18,684.9	179.0	2,128.2	544.6	21,536.7
(d) EAR Closing Adjustment	63.1	1.7	(54.6)	6.0	16.2
(e) Total	32,916.0	294.0	3,218.2	874.0	37,302.2
(2) End of Year Active Participant Assets					
(a) Participant Accumulation Reserve	14,946.8	109.4	1,234.1	337.6	16,627.9
(b) Employer Accumulation Reserve	20,040.7	188.6	2,297.9	604.6	23,131.8
(c) Total	34,987.5	298.0	3,532.0	942.2	39,759.7
(3) Investment Earnings Credited					
(a) Participant Accumulation Reserve	1,628.0	12.3	126.8	37.4	1,804.5
(b) Employer Accumulation Reserve	2,245.1	21.8	241.0	66.5	2,574.4
(c) Total	3,873.1	34.1	367.8	103.9	4,378.9
(4) Average Balance: $.5 \times \{(1e)+(2c)-(3c)\}$	32,015.2	279.0	3,191.2	856.2	36,341.6
(5) Expected Earnings: $.078 \times (4)$	2,497.2	21.8	248.9	66.8	2,834.7
(6) Gain (Loss) for year from investment experience: $(3c)-(5)$	1,375.9	12.3	118.9	37.1	1,544.2
(7) Portion applied to Change in Variable Excess Reserve and Money Purchase Minimum Benefit	545.1	2.1	16.7	2.3	566.2
(8) Remaining Gain (Loss): (6)-(7)	\$ 830.8	\$ 10.2	\$ 102.2	\$ 34.8	\$ 978.0

SECTION A

WITHDRAWAL EXPERIENCE

**GENERAL MALES
WITHDRAWAL EXPERIENCE**

Male Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	380	1,811	0.2098	0.2100	380
2	491	3,072	0.1598	0.1300	399
3	247	2,362	0.1046	0.0950	224
4	162	1,816	0.0892	0.0750	136
5	129	1,675	0.0770	0.0550	92
6	118	1,712	0.0689	0.0450	77
7	90	1,961	0.0459	0.0400	78
8	98	1,802	0.0544	0.0375	68
9	54	1,604	0.0337	0.0350	56
10	52	1,481	0.0351	0.0325	48
Totals	1,821	19,296	0.0944	0.0807	1,558

Male Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	-	4	0.0000	0.0300	-
30-34	8	233	0.0343	0.0300	7
35-39	18	1,294	0.0139	0.0230	30
40-44	37	2,777	0.0133	0.0180	50
45-49	72	4,941	0.0146	0.0140	69
50-54	61	6,435	0.0095	0.0130	84
Over 54	63	-	N/A		63
Totals	259	15,684	0.0165	0.0193	303

**GENERAL FEMALES
WITHDRAWAL EXPERIENCE**

Female Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	1,008	4,983	0.2023	0.2000	997
2	1,254	7,708	0.1627	0.1400	1,079
3	700	5,798	0.1207	0.1000	580
4	460	5,143	0.0894	0.0800	411
5	346	4,648	0.0744	0.0700	325
6	313	4,199	0.0745	0.0600	252
7	254	4,071	0.0624	0.0500	204
8	190	3,458	0.0549	0.0450	156
9	144	3,120	0.0462	0.0425	133
10	104	2,560	0.0406	0.0400	102
Totals	4,773	45,688	0.1045	0.0928	4,239

Female Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	1	8	0.1250	0.0400	-
30-34	14	379	0.0369	0.0350	13
35-39	56	1,905	0.0294	0.0300	57
40-44	109	3,907	0.0279	0.0250	98
45-49	142	6,835	0.0208	0.0200	137
50-54	171	9,216	0.0186	0.0180	166
Over 54	118	-	N/A		118
Totals	611	22,250	0.0275	0.0265	589

**PUBLIC SCHOOLS MALES
WITHDRAWAL EXPERIENCE**

Male Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	76	592	0.1284	0.1400	83
2	97	973	0.0997	0.1100	107
3	69	974	0.0708	0.0700	68
4	49	906	0.0541	0.0525	48
5	38	830	0.0458	0.0400	33
6	43	925	0.0465	0.0325	30
7	31	981	0.0316	0.0275	27
8	23	937	0.0245	0.0250	23
9	16	894	0.0179	0.0225	20
10	24	868	0.0276	0.0200	17
Totals	466	8,880	0.0525	0.0514	456

Male Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	-	-	N/A	0.0200	-
30-34	1	196	0.0051	0.0160	3
35-39	14	1,654	0.0085	0.0130	22
40-44	26	2,135	0.0122	0.0115	25
45-49	21	2,256	0.0093	0.0100	23
50-54	23	2,938	0.0078	0.0090	26
Over 54	25	-	N/A		25
Totals	110	9,179	0.0120	0.0135	124

**PUBLIC SCHOOLS FEMALES
WITHDRAWAL EXPERIENCE**

Female Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	209	1,694	0.1234	0.1100	186
2	289	3,020	0.0957	0.0900	272
3	208	2,792	0.0745	0.0700	195
4	165	2,610	0.0632	0.0600	157
5	116	2,505	0.0463	0.0500	125
6	116	2,609	0.0445	0.0425	111
7	100	2,678	0.0373	0.0375	100
8	94	2,602	0.0361	0.0325	85
9	71	2,470	0.0287	0.0275	68
10	70	2,183	0.0321	0.0250	55
Totals	1,438	25,163	0.0571	0.0538	1,354

Female Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	-	1	0.0000	0.0250	-
30-34	7	470	0.0149	0.0200	9
35-39	59	3,942	0.0150	0.0160	63
40-44	51	5,024	0.0102	0.0130	65
45-49	80	5,339	0.0150	0.0110	59
50-54	81	7,142	0.0113	0.0100	71
Over 54	53	-	N/A		53
Totals	331	21,918	0.0151	0.0146	320

**UNIVERSITY MALES
WITHDRAWAL EXPERIENCE**

Male Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	81	370	0.2189	0.2000	74
2	111	586	0.1894	0.1600	94
3	89	570	0.1561	0.1300	74
4	52	544	0.0956	0.1100	60
5	36	433	0.0831	0.0900	39
6	33	423	0.0780	0.0750	32
7	32	434	0.0737	0.0600	26
8	24	405	0.0593	0.0500	20
9	22	354	0.0621	0.0400	14
10	13	287	0.0453	0.0350	10
Totals	493	4,406	0.1119	0.1005	443

Male Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	-	-	N/A	0.0350	-
30-34	1	16	0.0625	0.0350	1
35-39	2	159	0.0126	0.0350	6
40-44	9	336	0.0268	0.0325	11
45-49	17	655	0.0260	0.0250	16
50-54	21	1,049	0.0200	0.0150	16
Over 54	3	-	N/A		3
Totals	53	2,215	0.0239	0.0239	53

**UNIVERSITY FEMALES
WITHDRAWAL EXPERIENCE**

Female Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	78	411	0.1898	0.2000	82
2	137	719	0.1905	0.1700	122
3	93	628	0.1481	0.1400	88
4	71	611	0.1162	0.1200	73
5	45	462	0.0974	0.1000	46
6	42	462	0.0909	0.0900	42
7	36	445	0.0809	0.0800	36
8	23	370	0.0622	0.0700	26
9	21	362	0.0580	0.0625	23
10	15	309	0.0485	0.0550	17
Totals	561	4,779	0.1174	0.1161	555

Female Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	-	-	N/A	0.0550	-
30-34	2	20	0.1000	0.0550	1
35-39	5	174	0.0287	0.0550	10
40-44	11	372	0.0296	0.0420	16
45-49	15	640	0.0234	0.0280	18
50-54	15	916	0.0164	0.0160	15
Over 54	10	-	N/A		10
Totals	58	2,122	0.0273	0.0330	70

**PROTECTIVE WITH SOCIAL SECURITY
WITHDRAWAL EXPERIENCE**

Male and Female Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	83	527	0.1575	0.1200	63
2	74	932	0.0794	0.0650	61
3	41	800	0.0513	0.0450	36
4	41	855	0.0480	0.0410	35
5	46	814	0.0565	0.0325	26
6	33	959	0.0344	0.0300	29
7	39	1,170	0.0333	0.0275	32
8	15	941	0.0159	0.0250	24
9	31	936	0.0331	0.0225	21
10	13	882	0.0147	0.0200	18
Totals	416	8,816	0.0472	0.0391	345

Male and Female Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	1	12	0.0833	0.0200	-
30-34	5	474	0.0105	0.0200	9
35-39	26	2,116	0.0123	0.0160	34
40-44	20	2,300	0.0087	0.0130	30
45-49	24	2,255	0.0106	0.0110	25
50-54	14	470	0.0298	0.0100	5
Over 54	8	-	N/A		8
Totals	98	7,627	0.0128	0.0146	111

**PROTECTIVE WITHOUT SOCIAL SECURITY
WITHDRAWAL EXPERIENCE**

Male and Female Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	4	23	0.1739	0.0500	1
2	4	111	0.0360	0.0300	3
3	-	62	0.0000	0.0200	1
4	1	78	0.0128	0.0150	1
5	-	89	0.0000	0.0140	1
6	1	66	0.0152	0.0130	1
7	1	124	0.0081	0.0120	1
8	-	134	0.0000	0.0110	1
9	1	131	0.0076	0.0100	1
10	-	118	0.0000	0.0090	1
Totals	12	936	0.0128	0.0128	12

Male and Female Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	-	-	N/A	0.0090	-
30-34	-	55	0.0000	0.0080	-
35-39	1	296	0.0034	0.0080	2
40-44	2	394	0.0051	0.0080	3
45-49	6	469	0.0128	0.0070	3
50-54	11	89	0.1236	0.0070	1
Totals	20	1,303	0.0153	0.0069	9

**EXECUTIVE AND ELECTED MALES
WITHDRAWAL EXPERIENCE**

Male and Female Service-Based Withdrawals

Service Index	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
1	9	56	0.1607	0.1600	9
2	9	90	0.1000	0.1400	13
3	10	72	0.1389	0.1200	9
4	4	44	0.0909	0.1000	4
5	10	51	0.1961	0.0950	5
6	2	16	0.1250	0.0900	1
7	3	32	0.0938	0.0850	3
8	-	15	0.0000	0.0800	1
9	3	34	0.0882	0.0750	3
10	1	13	0.0769	0.0700	1
Totals	51	423	0.1206	0.1158	49

Male and Female Age-Based Withdrawals

Age	Withdrawals	Exposure	Crude Rates	Current Rates	Expected Withdrawals
25-29	-	-	N/A	0.0700	-
30-34	-	1	0.0000	0.0700	-
35-39	-	11	0.0000	0.0700	1
40-44	3	50	0.0600	0.0500	3
45-49	3	92	0.0326	0.0450	4
50-54	10	158	0.0633	0.0400	6
Over 54	2	-	N/A		2
Totals	18	312	0.0577	0.0513	16

SECTION B

DISABILITY EXPERIENCE

**GENERAL
DISABILITY EXPERIENCE
DURING CALENDAR YEAR 2007**

Male Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0001	-
20-24	-	16	0.0000	0.0001	-
25-29	-	596	0.0000	0.0001	-
30-34	-	1,799	0.0000	0.0001	-
35-39	-	3,116	0.0000	0.0003	1
40-44	1	4,572	0.0002	0.0008	4
45-49	10	6,916	0.0014	0.0011	7
50-54	13	8,079	0.0016	0.0030	24
55-59	13	6,517	0.0020	0.0053	35
60-64	10	2,681	0.0037	0.0105	28
65-69	-	375	0.0000	0.0040	2
70-74	-	158	0.0000	0.0036	1
75 and over	-	-	N/A	0.0036	-
Totals	47	34,825	0.0013	0.0029	102

Female Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0001	-
20-24	-	70	0.0000	0.0001	-
25-29	-	1,143	0.0000	0.0001	-
30-34	-	3,035	0.0000	0.0004	1
35-39	3	4,725	0.0006	0.0005	2
40-44	4	7,484	0.0005	0.0008	6
45-49	9	11,704	0.0008	0.0010	12
50-54	21	13,754	0.0015	0.0018	25
55-59	23	10,914	0.0021	0.0034	37
60-64	10	5,487	0.0018	0.0043	23
65-69	-	794	0.0000	0.0034	3
70-74	-	207	0.0000	0.0029	1
75 and over	-	-	N/A	0.0029	-
Totals	70	59,317	0.0012	0.0019	110

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**PUBLIC SCHOOLS
DISABILITY EXPERIENCE
DURING CALENDAR YEAR 2007**

Male Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0001	-
20-24	-	-	N/A	0.0001	-
25-29	-	411	0.0000	0.0001	-
30-34	-	2,204	0.0000	0.0001	-
35-39	-	2,829	0.0000	0.0001	-
40-44	-	2,782	0.0000	0.0003	1
45-49	1	2,715	0.0004	0.0006	2
50-54	3	3,289	0.0009	0.0022	7
55-59	3	2,656	0.0011	0.0029	8
60-64	1	643	0.0016	0.0051	3
65-69	-	51	0.0000	0.0072	-
70-74	-	18	0.0000	0.0075	-
75 and over	-	-	N/A	0.0075	-
Totals	8	17,598	0.0005	0.0012	21

Female Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0001	-
20-24	-	-	N/A	0.0001	-
25-29	1	1,360	0.0007	0.0001	-
30-34	-	5,602	0.0000	0.0001	1
35-39	-	6,658	0.0000	0.0001	1
40-44	1	6,690	0.0001	0.0004	2
45-49	2	6,962	0.0003	0.0013	9
50-54	8	8,527	0.0009	0.0018	15
55-59	14	7,423	0.0019	0.0028	20
60-64	9	2,104	0.0043	0.0038	8
65-69	1	141	0.0071	0.0022	-
70-74	-	27	0.0000	0.0018	-
75 and over	-	-	N/A	0.0018	-
Totals	36	45,494	0.0008	0.0012	56

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**UNIVERSITY
DISABILITY EXPERIENCE
DURING CALENDAR YEAR 2007**

Male Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0001	-
20-24	-	-	N/A	0.0001	-
25-29	1	47	0.0213	0.0001	-
30-34	-	272	0.0000	0.0001	-
35-39	-	677	0.0000	0.0001	-
40-44	-	887	0.0000	0.0001	-
45-49	-	1,082	0.0000	0.0004	-
50-54	1	1,352	0.0007	0.0006	1
55-59	-	1,190	0.0000	0.0020	2
60-64	1	670	0.0015	0.0019	1
65-69	-	60	0.0000	0.0024	-
70-74	-	13	0.0000	0.0021	-
75 and over	-	-	N/A	0.0021	-
Totals	3	6,250	0.0005	0.0006	4

Female Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0001	-
20-24	-	-	N/A	0.0001	-
25-29	-	97	0.0000	0.0001	-
30-34	-	340	0.0000	0.0001	-
35-39	-	644	0.0000	0.0005	-
40-44	-	890	0.0000	0.0007	1
45-49	2	1,060	0.0019	0.0005	1
50-54	1	1,245	0.0008	0.0013	2
55-59	-	1,110	0.0000	0.0017	2
60-64	3	533	0.0056	0.0027	1
65-69	-	53	0.0000	0.0018	-
70-74	-	10	0.0000	0.0015	-
75 and over	-	-	N/A	0.0015	-
Totals	6	5,982	0.0010	0.0012	7

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**PROTECTIVE WITH SOCIAL SECURITY
DISABILITY EXPERIENCE
DURING CALENDAR YEAR 2007**

Male and Female Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0002	-
20-24	-	18	0.0000	0.0002	-
25-29	1	1,013	0.0010	0.0002	-
30-34	-	2,451	0.0000	0.0002	-
35-39	2	3,324	0.0006	0.0004	1
40-44	1	2,896	0.0003	0.0005	1
45-49	6	2,644	0.0023	0.0008	2
50-54	11	1,809	0.0061	0.0013	2
55-59	1	266	0.0038	0.0280	7
60-64	-	106	0.0000	0.0300	3
65-69	-	23	0.0000	0.0020	-
70-74	-	-	N/A	0.0020	-
75 and over	-	-	N/A	0.0020	-
Totals	22	14,550	0.0015	0.0011	16

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**PROTECTIVE WITHOUT SOCIAL SECURITY
DISABILITY EXPERIENCE
DURING CALENDAR YEAR 2007**

Male and Female Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0005	-
20-24	-	-	N/A	0.0005	-
25-29	-	82	0.0000	0.0005	-
30-34	-	316	0.0000	0.0005	-
35-39	1	483	0.0021	0.0005	-
40-44	-	463	0.0000	0.0009	-
45-49	1	497	0.0020	0.0018	1
50-54	2	313	0.0064	0.0126	4
55-59	-	6	0.0000	0.0018	-
60-64	-	3	0.0000	0.0018	-
65-69	-	-	N/A	0.0018	-
70-74	-	-	N/A	0.0018	-
75 and over	-	-	N/A	0.0018	-
Totals	4	2,163	0.0018	0.0023	5

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**EXECUTIVE AND ELECTED
DISABILITY EXPERIENCE
DURING CALENDAR YEAR 2007**

Male and Female Disability Experience

Age	Disabilities	Exposure	Crude Rates	Current Rates	Expected Disabilities
Under 20	-	-	N/A	0.0000	-
20-24	-	-	N/A	0.0000	-
25-29	-	2	0.0000	0.0000	-
30-34	-	12	0.0000	0.0000	-
35-39	-	35	0.0000	0.0001	-
40-44	-	71	0.0000	0.0002	-
45-49	-	120	0.0000	0.0003	-
50-54	-	203	0.0000	0.0005	-
55-59	-	243	0.0000	0.0020	-
60-64	-	107	0.0000	0.0018	-
65-69	-	31	0.0000	0.0015	-
70-74	-	13	0.0000	0.0015	-
75 and over	-	-	N/A	0.0015	-
Totals	-	837	N/A	N/A	-

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SECTION C

PAY INCREASES AND MERIT AND LONGEVITY PORTION

GENERAL
MERIT & LONGEVITY PAY INCREASE ASSUMPTION

Service-Based Pay Increase Experience

Service Group		Total % Increase	
Beginning of Year	Number	Actual	Expected
1-5	35,403	9.61 %	7.60 %
6-10	30,709	5.45 %	6.10 %
11-15	18,701	4.89 %	5.50 %
16-20	16,104	4.66 %	5.30 %
21-25	10,336	4.50 %	5.10 %
26-30	8,357	4.42 %	4.90 %
31-35	4,164	4.13 %	4.70 %
36-40	1,052	4.34 %	4.50 %
Over 40	132	4.47 %	4.50 %
Total	124,958		

PUBLIC SCHOOLS
MERIT & LONGEVITY PAY INCREASE ASSUMPTION

Service-Based Pay Increase Experience

Service Group		Total % Increase	
Beginning of Year	Number	Actual	Expected
1-5	15,800	12.51 %	9.60 %
6-10	18,077	6.49 %	7.70 %
11-15	13,656	5.43 %	6.40 %
16-20	11,655	3.72 %	5.30 %
21-25	7,142	3.00 %	4.80 %
26-30	5,605	2.86 %	4.40 %
31-35	3,748	2.61 %	4.40 %
36-40	741	2.77 %	4.30 %
Over 40	86	1.79 %	4.30 %
Total	76,510		

**UNIVERSITY
MERIT & LONGEVITY PAY INCREASE ASSUMPTION**

Service-Based Pay Increase Experience

Service Group		Total % Increase	
Beginning of Year	Number	Actual	Expected
1-5	4,616	16.21 %	7.60 %
6-10	4,194	6.31 %	7.10 %
11-15	2,368	5.89 %	6.60 %
16-20	2,164	4.78 %	6.10 %
21-25	1,480	4.56 %	5.60 %
26-30	953	3.89 %	5.30 %
31-35	582	4.22 %	5.10 %
36-40	234	3.22 %	4.80 %
Over 40	58	2.61 %	4.70 %
Total	16,649		

**PROTECTIVE WITH SOCIAL SECURITY
MERIT & LONGEVITY PAY INCREASE ASSUMPTION**

Male and Female Service-Based Pay Increase Experience

Service Group		Total % Increase	
Beginning of Year	Number	Actual	Expected
1-5	3,608	11.49 %	9.10 %
6-10	4,933	5.21 %	5.90 %
11-15	3,670	5.47 %	5.10 %
16-20	2,816	5.48 %	5.00 %
21-25	1,770	5.53 %	4.90 %
26-30	1,182	5.13 %	4.80 %
31-35	288	4.39 %	4.70 %
36-40	28	3.14 %	4.60 %
Over 40	4	3.93 %	4.50 %
Total	18,299		

**PROTECTIVE WITHOUT SOCIAL SECURITY
MERIT & LONGEVITY PAY INCREASE ASSUMPTION**

Male and Female Service-Based Pay Increase Experience

Service Group		Total % Increase	
Beginning of Year	Number	Actual	Expected
1-5	350	15.74 %	8.85 %
6-10	573	4.61 %	5.65 %
11-15	508	5.09 %	4.85 %
16-20	519	4.21 %	4.75 %
21-25	345	4.34 %	4.65 %
26-30	247	5.15 %	4.55 %
31-35	43	4.47 %	4.45 %
36-40	3	2.96 %	4.35 %
Over 40	-	N/A	4.25 %
Total	2,588		

**EXECUTIVE AND ELECTED
MERIT & LONGEVITY PAY INCREASE ASSUMPTION**

Service-Based Pay Increase Experience

Service Group		Total % Increase	
Beginning of Year	Number	Actual	Expected
1-5	378	5.81 %	5.30 %
6-10	183	6.28 %	5.20 %
11-15	183	5.18 %	5.10 %
16-20	158	5.18 %	5.00 %
21-25	142	4.14 %	4.80 %
26-30	113	4.16 %	4.60 %
31-35	75	4.29 %	4.50 %
36-40	22	4.06 %	4.10 %
Over 40	7	5.08 %	4.10 %
Total	1,261		

SECTION D

NORMAL AND EARLY RETIREMENT EXPERIENCE

GENERAL MALES
NORMAL RETIREMENT EXPERIENCE

Male Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
57	80	374	0.2139	0.2500	94
58	71	358	0.1983	0.2500	90
59	65	339	0.1917	0.2500	85
60	57	300	0.1900	0.2500	75
61	43	224	0.1920	0.2000	45
62	35	124	0.2823	0.3500	43
63	32	95	0.3368	0.3500	33
64	17	77	0.2208	0.2500	19
65	60	373	0.1609	0.2500	93
66	63	259	0.2432	0.2500	65
67	22	203	0.1084	0.1000	20
68	13	145	0.0897	0.1000	15
69	8	143	0.0559	0.1000	14
70	16	111	0.1441	0.1000	11
71	9	112	0.0804	0.1000	11
72	6	90	0.0667	0.1000	9
73	9	79	0.1139	0.1000	8
74	2	54	0.0370	0.1000	5
Totals	608	3,460	0.1757	0.2124	735
75 & Over	15	252			252
Totals	623	3,712			987

GENERAL MALES
EARLY RETIREMENT EXPERIENCE

Male Age-Based Early Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
55	102	1,808	0.0564	0.0750	136
56	80	1,702	0.0470	0.0750	128
57	49	1,112	0.0441	0.0400	44
58	39	972	0.0401	0.0500	49
59	54	923	0.0585	0.0500	46
60	60	802	0.0748	0.0750	60
61	37	676	0.0547	0.0700	47
62	57	461	0.1236	0.1800	83
63	69	390	0.1769	0.1800	70
64	60	352	0.1705	0.1500	53
Totals	607	9,198	0.0660	0.0778	716

**GENERAL FEMALES
NORMAL RETIREMENT EXPERIENCE**

Female Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
57	50	310	0.1613	0.2000	62
58	46	302	0.1523	0.2000	60
59	40	224	0.1786	0.2000	45
60	43	204	0.2108	0.2000	41
61	36	164	0.2195	0.2000	33
62	30	114	0.2632	0.3000	34
63	26	95	0.2737	0.3000	29
64	21	79	0.2658	0.2500	20
65	137	744	0.1841	0.2500	186
66	122	444	0.2748	0.2500	111
67	59	357	0.1653	0.1500	54
68	40	251	0.1594	0.1000	25
69	19	183	0.1038	0.1000	18
70	29	172	0.1686	0.1000	17
71	15	142	0.1056	0.1000	14
72	10	104	0.0962	0.1000	10
73	8	84	0.0952	0.1000	8
74	5	63	0.0794	0.1000	6
Totals	736	4,036	0.1824	0.1915	773
75 & Over	24	263			263
Totals	760	4,299			1,036

**GENERAL FEMALES
EARLY RETIREMENT EXPERIENCE**

Female Age-Based Early Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
55	114	2,687	0.0424	0.0525	141
56	118	2,570	0.0459	0.0525	135
57	74	1,977	0.0374	0.0400	79
58	88	1,860	0.0473	0.0500	93
59	73	1,820	0.0401	0.0500	91
60	121	1,635	0.0740	0.0750	123
61	102	1,330	0.0767	0.0750	100
62	132	979	0.1348	0.1500	147
63	116	830	0.1398	0.1500	125
64	95	713	0.1332	0.1500	107
Totals	1,033	16,401	0.0630	0.0696	1,141

**PUBLIC SCHOOL MALES
NORMAL RETIREMENT EXPERIENCE**

Male Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
57	146	398	0.3668	0.4000	159
58	85	271	0.3137	0.3500	95
59	58	193	0.3005	0.3000	58
60	50	168	0.2976	0.3000	50
61	35	114	0.3070	0.3000	34
62	29	65	0.4462	0.4000	26
63	15	48	0.3125	0.4000	19
64	15	52	0.2885	0.2500	13
65	17	77	0.2208	0.2500	19
66	11	55	0.2000	0.2500	14
67	3	24	0.1250	0.1500	4
68	6	26	0.2308	0.1500	4
69	4	25	0.1600	0.2000	5
70	1	12	0.0833	0.2000	2
71	1	9	0.1111	0.2000	2
72	1	6	0.1667	0.2000	1
73	3	8	0.3750	0.2000	2
74	-	4	0.0000	0.2000	1
Totals	480	1,555	0.3087	0.3267	508
75 & Over	3	22			22
Totals	483	1,577			530

**PUBLIC SCHOOL MALES
EARLY RETIREMENT EXPERIENCE**

Male Age-Based Early Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
55	115	818	0.1406	0.1500	123
56	123	881	0.1396	0.1500	132
57	52	364	0.1429	0.1500	55
58	28	322	0.0870	0.1500	48
59	38	271	0.1402	0.1000	27
60	30	227	0.1322	0.1500	34
61	19	185	0.1027	0.1500	28
62	19	108	0.1759	0.2500	27
63	10	70	0.1429	0.2500	18
64	8	53	0.1509	0.1500	8
Totals	442	3,299	0.1340	0.1516	500

**PUBLIC SCHOOL FEMALES
NORMAL RETIREMENT EXPERIENCE**

Female Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
57	197	568	0.3468	0.3000	170
58	144	428	0.3364	0.3000	128
59	82	309	0.2654	0.3000	93
60	79	246	0.3211	0.3000	74
61	38	126	0.3016	0.3500	44
62	28	74	0.3784	0.4000	30
63	15	65	0.2308	0.3500	23
64	15	37	0.4054	0.2500	9
65	59	188	0.3138	0.3000	56
66	42	111	0.3784	0.2500	28
67	14	69	0.2029	0.2500	17
68	8	60	0.1333	0.2000	12
69	4	34	0.1176	0.2000	7
70	2	26	0.0769	0.2000	5
71	3	23	0.1304	0.2000	5
72	2	22	0.0909	0.2000	4
73	2	14	0.1429	0.2000	3
74	-	11	0.0000	0.2000	2
Totals	734	2,411	0.3044	0.2945	710
75 & Over	2	29			29
Totals	736	2,440			739

**PUBLIC SCHOOL FEMALES
EARLY RETIREMENT EXPERIENCE**

Female Age-Based Early Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
55	244	2,135	0.1143	0.1100	235
56	246	2,078	0.1184	0.1100	229
57	122	1,268	0.0962	0.1100	139
58	107	1,038	0.1031	0.1200	125
59	114	904	0.1261	0.1200	108
60	109	785	0.1389	0.1500	118
61	79	508	0.1555	0.1500	76
62	64	345	0.1855	0.2500	86
63	62	278	0.2230	0.2000	56
64	32	188	0.1702	0.1500	28
Totals	1,179	9,527	0.1238	0.1260	1,200

**UNIVERSITY MALES
NORMAL RETIREMENT EXPERIENCE**

Male Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
57	4	36	0.1111	0.2000	7
58	8	35	0.2286	0.1500	5
59	5	38	0.1316	0.1500	6
60	12	62	0.1935	0.1500	9
61	9	70	0.1286	0.1700	12
62	7	60	0.1167	0.1700	10
63	10	57	0.1754	0.1700	10
64	7	61	0.1148	0.1700	10
65	11	119	0.0924	0.2000	24
66	30	94	0.3191	0.2000	19
67	12	75	0.1600	0.2000	15
68	8	54	0.1481	0.2000	11
69	8	37	0.2162	0.2000	7
70	4	31	0.1290	0.2000	6
71	4	25	0.1600	0.2000	5
72	1	13	0.0769	0.2000	3
73	-	11	0.0000	0.2000	2
74	-	12	0.0000	0.2000	2
Totals	140	890	0.1573	0.1831	163
75 & Over	3	28			28
Totals	143	918			191

**UNIVERSITY MALES
EARLY RETIREMENT EXPERIENCE**

Male Age-Based Early Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
55	8	279	0.0287	0.0500	14
56	9	291	0.0309	0.0500	15
57	9	243	0.0370	0.0300	7
58	6	202	0.0297	0.0350	7
59	3	175	0.0171	0.0350	6
60	9	192	0.0469	0.0550	11
61	6	165	0.0364	0.0750	12
62	8	120	0.0667	0.1000	12
63	15	112	0.1339	0.0900	10
64	8	81	0.0988	0.0800	6
Totals	81	1,860	0.0435	0.0538	100

**UNIVERSITY FEMALES
NORMAL RETIREMENT EXPERIENCE**

Female Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
57	5	28	0.1786	0.1500	4
58	5	29	0.1724	0.1500	4
59	3	32	0.0938	0.1500	5
60	3	24	0.1250	0.1500	4
61	3	29	0.1034	0.2500	7
62	3	23	0.1304	0.2500	6
63	3	21	0.1429	0.2000	4
64	4	11	0.3636	0.2000	2
65	11	64	0.1719	0.2000	13
66	10	44	0.2273	0.2000	9
67	6	37	0.1622	0.2000	7
68	5	29	0.1724	0.2000	6
69	3	12	0.2500	0.2000	2
70	1	5	0.2000	0.2000	1
71	3	9	0.3333	0.2000	2
72	2	7	0.2857	0.2000	1
73	1	3	0.3333	0.2000	1
74	1	4	0.2500	0.2000	1
Totals	72	411	0.1752	0.1922	79
75 & Over	2	11			11
Totals	74	422			90

**UNIVERSITY FEMALES
EARLY RETIREMENT EXPERIENCE**

Female Age-Based Early Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
55	14	271	0.0517	0.0600	16
56	14	290	0.0483	0.0600	17
57	11	196	0.0561	0.0500	10
58	8	175	0.0457	0.0600	10
59	10	178	0.0562	0.0800	14
60	12	150	0.0800	0.1000	15
61	14	124	0.1129	0.0750	9
62	19	130	0.1462	0.1500	20
63	8	69	0.1159	0.1500	10
64	16	60	0.2667	0.1500	9
Totals	126	1,643	0.0767	0.0791	130

**PROTECTIVE WITH SOCIAL SECURITY
NORMAL RETIREMENT EXPERIENCE**

Male and Female Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
50	25	377	0.0663	0.0800	30
51	27	333	0.0811	0.0800	27
52	27	288	0.0938	0.0800	23
53	57	279	0.2043	0.3000	84
54	39	304	0.1283	0.2000	61
55	26	283	0.0919	0.2000	57
56	19	223	0.0852	0.1800	40
57	16	184	0.0870	0.1800	33
58	17	142	0.1197	0.1800	26
59	6	104	0.0577	0.1800	19
60	15	111	0.1351	0.1800	20
61	10	84	0.1190	0.1800	15
62	9	41	0.2195	0.2000	8
63	9	35	0.2571	0.3000	11
64	2	18	0.1111	0.2000	4
65	6	18	0.3333	0.3000	5
66	3	12	0.2500	0.2500	3
67	1	7	0.1429	0.2500	2
68	-	5	0.0000	0.2500	1
69	1	3	0.3333	0.2500	1
70	-	-	N/A	1.0000	-
71	1	1	1.0000	1.0000	1
72	-	1	0.0000	1.0000	1
73	-	-	N/A	1.0000	-
74	-	-	N/A	1.0000	-
Totals	316	2,853	0.1108	0.1654	472
75 & Over	-	1			1
Totals	316	2,854			473

**PROTECTIVE WITHOUT SOCIAL SECURITY
NORMAL RETIREMENT EXPERIENCE**

Male and Female Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
50	2	68	0.0294	0.0300	2
51	3	64	0.0469	0.0300	2
52	4	65	0.0615	0.0700	5
53	10	60	0.1667	0.2500	15
54	17	75	0.2267	0.3000	23
55	8	43	0.1860	0.3000	13
56	4	31	0.1290	0.3000	9
57	8	26	0.3077	0.3500	9
58	1	3	0.3333	0.3000	1
59	1	3	0.3333	0.2000	1
60	-	6	0.0000	0.2000	1
61	-	2	0.0000	0.2000	-
62	1	4	0.2500	0.2000	1
63	1	1	1.0000	0.2000	-
64	-	1	0.0000	0.2000	-
65	-	1	0.0000	0.4000	-
66	-	-	N/A	0.4000	-
67	-	-	N/A	0.4000	-
68	-	-	N/A	0.4000	-
69	-	-	N/A	0.4000	-
70	-	-	N/A	1.0000	-
71	-	-	N/A	1.0000	-
72	-	-	N/A	1.0000	-
73	-	-	N/A	1.0000	-
74	-	-	N/A	1.0000	-
Totals	60	453	0.1325	0.1810	82
75 & Over	-	-	N/A		-
Totals	60	453			82

**EXECUTIVE AND ELECTED
NORMAL RETIREMENT EXPERIENCE**

Male and Female Age-Based Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
57	3	13	0.2308	0.1500	2
58	-	11	0.0000	0.1500	2
59	6	17	0.3529	0.1500	3
60	2	12	0.1667	0.1500	2
61	-	8	0.0000	0.1500	1
62	5	35	0.1429	0.1000	4
63	9	36	0.2500	0.1000	4
64	4	26	0.1538	0.1000	3
65	2	27	0.0741	0.1000	3
66	2	17	0.1176	0.2000	3
67	3	10	0.3000	0.2000	2
68	4	12	0.3333	0.2000	2
69	3	14	0.2143	0.2000	3
70	1	6	0.1667	0.1000	1
71	3	5	0.6000	0.1000	1
72	2	7	0.2857	0.1000	1
73	-	5	0.0000	0.1000	1
74	-	3	0.0000	0.1000	-
Totals	49	264	0.1856	0.1439	38
75 & Over	-	19			19
Totals	49	283			57

**EXECUTIVE AND ELECTED
EARLY RETIREMENT EXPERIENCE**

Male and Female Age-Based Early Retirement Experience

Age	Retirements	Exposure	Crude Rates	Current Rates	Expected Retirements
55	2	60	0.0333	0.0600	4
56	1	55	0.0182	0.0600	3
57	5	40	0.1250	0.0400	2
58	2	42	0.0476	0.0400	2
59	5	46	0.1087	0.0400	2
60	7	37	0.1892	0.0600	2
61	5	35	0.1429	0.0600	2
62	-	14	0.0000	0.0400	1
63	2	7	0.2857	0.0400	-
64	-	11	0.0000	0.0400	-
Over 64	-	71	0.0000		
Totals	29	418			18

SECTION E

MORTALITY EXPERIENCE

DEATH-IN-SERVICE

Male

Age	Deaths	Exposure	Crude Rates	Current Rates	Expected Deaths
Under 20	-	31	0.0000	0.0002	-
20-24	1	1,506	0.0007	0.0003	-
25-29	3	6,704	0.0004	0.0004	2
30-34	1	9,435	0.0001	0.0004	4
35-39	5	12,151	0.0004	0.0005	6
40-44	7	13,087	0.0005	0.0006	8
45-49	29	15,268	0.0019	0.0010	15
50-54	33	16,697	0.0020	0.0017	28
55-59	33	14,707	0.0022	0.0027	40
60-64	26	6,784	0.0038	0.0037	25
65-69	17	1,825	0.0093	0.0065	12
70-74	13	599	0.0217	0.0112	7
75 and over	7	-	N/A	0.0214	-
Totals	175	98,794	0.0018	0.0015	147

Female

Age	Deaths	Exposure	Crude Rates	Current Rates	Expected Deaths
Under 20	-	77	0.0000	0.0001	-
20-24	1	2,719	0.0004	0.0001	-
25-29	-	12,200	0.0000	0.0001	1
30-34	2	14,536	0.0001	0.0002	2
35-39	4	17,503	0.0002	0.0002	4
40-44	13	21,226	0.0006	0.0003	7
45-49	28	25,978	0.0011	0.0005	13
50-54	23	27,955	0.0008	0.0008	23
55-59	41	24,485	0.0017	0.0017	42
60-64	21	10,792	0.0019	0.0025	27
65-69	7	2,675	0.0026	0.0038	10
70-74	3	699	0.0043	0.0068	5
75 and over	6	-	N/A	0.0122	-
Totals	149	160,845	0.0009	0.0008	134

SECTION F

ACTIVE PARTICIPANTS IN VALUATIONS

ACTIVE PARTICIPANTS AS OF DECEMBER 31, 2007
GENERAL PARTICIPANTS
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Ages	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
15-19	168							168	\$ 2,676,894
20-24	4,621	39						4,660	110,759,473
25-29	14,881	2,500	15					17,396	573,817,665
30-34	9,094	10,849	1,291	4				21,238	836,344,911
35-39	8,156	8,383	7,827	1,368	17			25,751	1,109,493,517
40-44	8,550	7,648	6,294	7,055	1,199	12		30,758	1,347,528,011
45-49	8,741	8,479	6,210	6,588	5,598	1,826	71	37,513	1,641,272,469
50-54	6,351	7,639	6,236	6,482	5,557	6,385	2,614	41,264	1,920,892,347
55	994	1,280	1,158	1,314	1,055	1,156	1,422	8,379	408,929,347
56	982	1,179	1,157	1,268	1,086	1,081	1,436	8,189	401,448,436
57	855	1,047	1,000	1,202	978	947	1,454	7,483	367,742,205
58	771	898	883	1,035	833	784	1,127	6,331	311,296,457
59	725	801	815	946	754	699	959	5,699	275,876,281
60	666	702	700	834	763	531	817	5,013	234,706,863
61	635	646	664	762	683	494	700	4,584	218,338,363
62	411	397	424	454	391	293	417	2,787	128,708,834
63	378	337	321	392	309	212	305	2,254	99,858,577
64	306	299	252	299	259	171	262	1,848	81,617,247
65	261	261	226	230	202	142	182	1,504	65,022,553
66	216	162	122	123	103	74	118	918	37,768,690
67	175	122	92	93	56	43	84	665	24,360,513
68	180	84	58	77	43	24	64	530	18,934,505
69	143	65	53	53	38	24	44	420	14,631,679
70	129	50	41	35	30	19	37	341	11,165,397
71	117	60	20	16	20	11	21	265	7,398,699
72	122	41	34	17	14	6	27	261	7,041,904
73	85	36	16	15	12	6	12	182	4,750,440
74	77	39	16	12	9	3	12	168	3,858,645
75 & Up	274	134	43	24	24	12	44	555	11,642,020
Totals	69,064	54,177	35,968	30,698	20,033	14,955	12,229	237,124	\$10,277,882,942

ACTIVE PARTICIPANTS AS OF DECEMBER 31, 2007
PROTECTIVE PARTICIPANTS WITH SOCIAL SECURITY
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Ages	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
15-19	8							8	\$ 222,793
20-24	789	6						795	25,288,267
25-29	1,709	812	7					2,528	108,084,671
30-34	719	1,805	512	4				3,040	149,821,382
35-39	439	1,090	1,716	441				3,686	194,266,245
40-44	286	536	821	1,215	304	2		3,164	177,953,672
45-49	209	364	420	674	844	326	4	2,841	165,819,274
50	31	56	46	104	142	179	14	572	34,261,169
51	40	55	37	79	101	195	24	531	31,795,581
52	41	44	53	58	96	131	38	461	27,047,493
53	30	34	48	69	88	130	65	464	27,987,625
54	19	27	34	59	56	64	48	307	18,219,149
55	21	40	35	47	50	48	37	278	15,766,087
56	15	31	27	41	55	32	37	238	13,463,014
57	16	33	20	29	37	39	32	206	11,670,112
58	11	14	14	32	29	24	34	158	9,232,937
59	13	19	21	20	21	15	22	131	6,920,970
60	10	22	13	16	16	14	11	102	5,545,698
61	9	12	12	14	17	10	11	85	4,401,848
62	3	6	12	13	6	9	7	56	3,118,426
63	4	7	6	2	2	3	4	28	1,477,082
64	5	1	4	4	2	3	4	23	1,096,386
65	4	3	2	2	2		1	14	538,359
66	3	6	2	4		2		17	713,584
67	2	1	2		2	1		8	344,431
68	1	2	1	1				5	202,667
69			2			1	2	5	278,824
70 & Up	4	1	1					6	99,327
Totals	4,441	5,027	3,868	2,928	1,870	1,228	395	19,757	\$1,035,637,073

ACTIVE PARTICIPANTS AS OF DECEMBER 31, 2007
PROTECTIVE PARTICIPANTS WITHOUT SOCIAL SECURITY
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Ages	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	52							52	\$ 2,089,566
25-29	180	65						245	12,352,178
30-34	81	235	65					381	22,555,551
35-39	52	182	228	73				535	33,451,133
40-44	16	71	145	185	46	1		464	30,339,223
45-49	8	23	67	146	190	68	1	503	35,248,788
50	2	2	7	24	31	33	2	101	7,177,609
51			6	20	23	32	2	83	5,999,250
52			1	14	21	31	7	74	5,535,592
53			4	14	24	30	5	77	5,656,490
54	3	1	3	10	18	17	9	61	4,506,600
55			1	8	4	15	12	40	2,827,842
56			1	4	5	8	13	31	2,271,123
57		1	1	2	4	9	5	22	1,717,607
58		1		1	2	4	3	11	875,641
59						1		1	99,176
60	1				1	2	1	5	422,161
61		1	1			2	1	5	353,560
62									
63		1					1	2	83,197
64						1		1	71,520
65					1			1	54,953
Totals	395	583	530	501	370	254	62	2,695	\$173,688,760

ACTIVE PARTICIPANTS AS OF DECEMBER 31, 2007
ELECTIVE AND ELECTED OFFICIALS
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Ages	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24									
25-29	6	1						7	\$ 192,875
30-34	24	10	2					36	2,010,874
35-39	37	21	14	2				74	4,047,580
40-44	54	17	24	22	5			122	7,331,472
45-49	53	32	27	41	19	8		180	12,315,800
50-54	77	35	29	36	33	38	15	263	17,561,153
55	10	7	4	11	7	7	10	56	4,348,352
56	12	11	5	11	16	13	8	76	5,997,619
57	19	5	8	8	8	7	8	63	4,448,016
58	15	10	6	11	9	3	9	63	4,368,449
59	5	9	6	9	9	8	11	57	4,930,580
60	20	7	11	4	8	6	8	64	4,518,590
61	17	9	5	2	9	7	11	60	4,443,720
62	10	5	5	6	5	4	9	44	3,238,237
63	7	4	5	6	6	4	6	38	3,427,137
64	9	4	6	6	4	1	5	35	2,259,378
65	16	5	1	5	6	1	5	39	2,742,591
66	1	1	4	4	2		2	14	1,210,543
67	8	2	3	3	1	1	5	23	1,438,810
68	7	1	2	1		1	1	13	457,691
69	9	1	1	1	3	1	1	17	663,151
70	3	1	3				4	11	613,034
71	5	2	1			1		9	417,041
72	2	2	1		1			6	228,024
73	6	3		1	1		1	12	313,433
74	3	2					1	6	176,249
75 & Up	19	7	7	2	1		3	39	937,950
Totals	454	214	180	192	153	111	123	1,427	\$94,638,349

APPENDIX

ACTUARIAL METHODS

ACTUARIAL VALUATION METHOD

The actuarial funding method prescribed in the statute for WRS is the **Frozen Initial Liability Method**. Under this method, the amount of remaining unfunded accrued actuarial liabilities at any valuation date is affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any added liabilities caused by changes in benefit provisions.

Actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost. In this manner, experience gains or losses in any year are amortized (spread) over the average future working lifetime of the active participant group - a period of approximately 13 years. Hence, the computed normal cost is made up of two parts:

- The pure entry-age normal cost (EANC) determined without regard to past gains or losses, and
- an experience amortization component.

Section 40.04(1) of the Wisconsin Statutes provides authority to maintain accounts and reserves determined to be “useful in achieving the funds’ purposes - - -”. A fundamental WRS objective is stable contribution rates. Accordingly, based on the authority granted under Section 40.04, the experience portion of the normal cost is separately calculated each year and the amortization period is varied upward or downward in order to minimize short-term rate fluctuations.

ASSET VALUATION METHOD

An essential step in the valuation process is comparing valuation assets with computed liabilities. Computed liabilities result from actuarial calculations involving the covered population, the benefits, and actuarial assumptions. Valuation assets are those assets that are recognized and available to fund the System's liabilities. WRS assets are invested in the Core Investment Trust, and in the Variable Investment Trust, both of which are managed by the State of Wisconsin Investment Board (SWIB). Assets in the Variable Investment Trust are marked to market each year. Assets in the Core Investment Trust (most of the assets) are valued (or recognized) using an "asset valuation method."

Asset valuation methods are distinguished by the timing of the recognition of investment return. Total investment return is the sum of ordinary income and capital value changes. Under a pure market value approach, ordinary investment income and all capital value changes are recognized immediately. Because of market volatility, use of pure market values in retirement funding can result in volatile contribution rates and unstable financial ratios, contrary to WRS objectives.

The asset valuation method used for WRS valuations is statutory, and is referred to as the "Market Recognition Account" or MRA. Act 11 of 1999 closed the former Transaction Amortization Account (TAA) and created the Market Recognition Account. The MRA recognizes assumed return fully each year. Differences between actual and assumed return are phased in over a closed 5-year period. The objective is to give recognition to long-term changes in asset values while minimizing the effect of short-term fluctuations in the capital markets. In accordance with its smoothing objective, the MRA will tend to exceed the market value when the markets are doing poorly, and will fall short of the market value when markets are doing well. Some retirement systems set limits on the amount by which the recognized value of assets can differ from the market value.

The development of the Market Recognition Account is shown on the following page. The Core Investment Trust includes assets for other programs, such as Sick Leave, that are not related to the funding of the Wisconsin Retirement System, and does not include assets related to the Variable Investment Trust. Consequently, the asset value developed on the next page will not balance to the total system assets. ETF Staff maintains the breakdown of the separate asset accounts.

DEVELOPMENT OF EAR AS OF DECEMBER 31, 2007

	General	Executive & Elected Officials	Protective Occupation		Total
			With Soc. Sec	Without Soc. Sec.	
\$ Millions					
1. Present Value of Future Benefits for Non-Retired	\$45,103.4	\$377.4	\$4,914.6	\$1,133.9	\$51,529.3
2. Present Value of Future Entry Age Normal Costs	12,288.6	84.7	1,775.2	367.1	14,515.6
3. Entry Age Accrued Liability: (1)-(2)	32,814.8	292.7	3,139.4	766.8	37,013.7
4. Non-Retired Assets-WRS	34,987.5	298.0	3,532.0	942.2	39,759.7
-LTDI	154.5	1.3	26.8	7.0	189.6
-Total	35,142.0	299.3	3,558.8	949.2	39,949.3
5. Entry Age Unfunded Accrued Liability:(3)-(4)	(2,327.2)	(6.6)	(419.4)	(182.4)	(2,935.6)
6. WRS Frozen Unfunded Accrued Liability	271.4	0.7	8.0	7.7	287.8
7. EAR:(6)-(5)	\$ 2,598.6	\$ 7.3	\$ 427.4	\$ 190.1	\$ 3,223.4

ACTUAL VS. EXPECTED CHANGES IN EXPERIENCE AMORTIZATION RESERVE (EAR) - CALENDAR YEAR 2007
(\$ MILLIONS)

	December 31, 2007				
	General	Executive & Elected	Protective		Total
			With S.S.	Without S.S.	
(1) Entry Age UAAL at start of year	\$ (1,625.9)	\$ (3.3)	\$ (336.6)	\$ (149.8)	\$ (2,115.6)
(2) Normal cost from last valuation (Total)	1,264.7	11.8	165.3	37.7	1,479.5
(3) Actual contributions	1,163.8	11.4	142.9	27.4	1,345.5
(4) Interest	(122.9)	(0.2)	(25.4)	(11.3)	(159.8)
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	(1,647.9)	(3.1)	(339.6)	(150.8)	(2,141.4)
(6) Change from experience study	0.0	0.0	0.0	0.0	0.0
(7) Other changes	0.0	0.0	0.0	0.0	0.0
(8) Expected UAAL after changes: (5) + (6) + (7)	(1,647.9)	(3.1)	(339.6)	(150.8)	(2,141.4)
(9) Actual Entry Age UAAL at end of year	(2,327.2)	(6.6)	(419.4)	(182.4)	(2,935.6)
(10) Gain (loss): (8) - (9)	\$ 679.3	\$ 3.5	\$ 79.8	\$ 31.6	\$ 794.2

The gain loss analysis is intended to explain the financial effect of differences between actual and assumed experience in basic risk areas: Investment Income, Pay increases, retirement rates, turnover rates, etc. In order for the gain loss analysis to proceed, the change in the Entry Age Unfunded Actuarial Accrued Liabilities from one year to the next is analyzed to remove the effect of expected changes. The table above develops this year's gain or loss (line 10) which is added to the Experience Amortization Reserve (EAR). When the EAR increases "unexpectedly," this is favorable experience and downward pressure is exerted on contribution rates. Similarly, an unexpected decrease in the EAR is unfavorable experience and upward pressure is exerted on contribution rates. In addition to the gain or (loss) described in line 10, non-recurring changes in lines 6 and 7 also may affect contribution rates.

By measuring gains and losses each year and, to the extent possible, determining the "responsible" assumptions, insight is gained into how well the actuarial assumptions estimate WRS liabilities. Such information aids in understanding financial effects of emerging trends and is particularly useful during preparation of the WRS experience study.

August 28, 2008

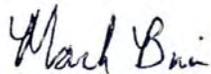
Mr. David Stella, Deputy Secretary
Wisconsin Department of Employee Trust Funds
801 West Badger Road
Madison, Wisconsin 53713

Re: 2007 Gain Loss Analysis

Dear Dave:

Enclosed are 75 bound copies of this report.

Sincerely,



Mark Buis

MB:lr
Enclosures



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
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Fax (608) 267-4549
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<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: August 28, 2008
TO: Employee Trust Funds Board
Wisconsin Retirement Board
Teachers Retirement Board
FROM: Sari King, Administrator
Division of Retirement Services
SUBJECT: Teachers Retirement (TR) Board Elections

This memo is for the Board's information only. No action is required.

SEATS UP FOR ELECTION

The Department has issued a call for nomination papers for two TR Board elections. The following terms expire in May 2009:

Wayne McCaffery and Dennis Panicucci -- Board member seats elected by active teacher participants. These members must be active teacher participants in the Wisconsin Retirement System (WRS). Teachers employed by the Milwaukee Public School District are not eligible to run for these seats.

ELECTION DETAILS

The Department plans to conduct elections in late January/early February if a sufficient number of qualified candidates file nomination papers. The winning candidates will serve five-year terms beginning May 1, 2009.

Completed nomination papers must be received by the Department of Employee Trust Funds by 4:30 p.m., Friday, November 7, 2008. To request a packet, contact Ann McCarthy, board election coordinator, Department of Employee Trust Funds at P.O. Box 7931, Madison, WI 53707-7931 or e-mail her at Ann.McCarthy@etf.state.wi.us.

Attached to this memo is a copy of an article from the September 2008 *Trust Fund News* newsletter that is received by all active WRS participants.

attachment

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature Date

Board	Mtg Date	Item #
JI	9/18/08	4
TR	9/18/08	2

SEATS UP FOR ELECTION

(Excerpt from *Trust Fund News*, September 2008, Vol. 26, No. 3)

The Department of Employee Trust Funds has issued a call for nomination papers for **active teachers** seeking election to seats on the Teachers Retirement (TR) Board. The terms of two current TR Board members expire in May 2009 – Wayne McCaffery and Dennis Panicucci -- and any active teacher (excluding those employed by the Milwaukee Public School District) interested in taking their places on the TR Board may request nomination papers.

ELECTION DETAILS

The Department plans to conduct an election to select two members in late January/early February if a sufficient number of qualified candidates file nomination papers. The winning candidates will serve five-year terms beginning May 1, 2009.

Completed nomination papers must be received by the Department of Employee Trust Funds by 4:30 p.m., Friday, November 7, 2008. To request nomination papers, contact Ann McCarthy, board election coordinator, Department of Employee Trust Funds at P.O. Box 7931, Madison, WI 53707-7931 or e-mail her at Ann.McCarthy@etf.state.wi.us.

For more information on the Wisconsin Retirement System governing boards, including board member responsibilities, meeting schedules and agendas, see the “Governing Boards” section on our Internet site at http://etf.wi.gov/gov_boards.htm.



STATE OF WISCONSIN
Department of Employee Trust Funds
 David A. Stella
 SECRETARY

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 Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: September 4, 2008

TO: Employee Trust Funds Board
 Teachers Retirement Board
 Wisconsin Retirement Board

FROM: Michelle Baxter, Director
 Employer Communication and Reporting Bureau

SUBJECT: Employer Program Participation: January 2008 – September 2008

This memo is for the Board's information only. No action is required.

The following is a year-to-date list of the employers that have been approved by their respective governing boards to join the Wisconsin Retirement System (WRS). This report also lists employers that have joined other benefit programs administered by the Department. Please note that an employer must first come under the WRS before it is eligible to participate in the other Department-administered programs, except for the Life Insurance and Deferred Compensation programs.

New Employer	Number of Employees	WRS	Wisconsin Public Employees Group Health	Life	Income Continuation Insurance
Addison, Town of	2				Eff. 01/01/08
Allentown Sanitary District	2				Eff. 01/01/08
Arcadia School District	150			Eff. 06/01/08	
Ashland School District	319			Eff. 01/01/08	
Blue River, Village of	3		Eff. 05/01/08		
Bruce, Village of	4	Eff. 1/01/08			
Buchanan, Town of	5	Eff. 1/01/08			
Capital Area Regional Planning Commission	9	Eff. 1/01/08		Eff.02/01/08	
Children & Families, Dept. of	500	Eff. 7/01/08	Eff. 7/01/08	Eff. 7/01/08	Eff. 7/01/08
Clyman, Village of	2				Eff. 5/01/08
Colby, City of	10	Eff. 1/01/08			
Community Care of Central WI	15	Eff. 7/01/08			
Country Estates Sanitary District	1	Eff. 1/01/08	Eff. 09/01/08		
Dane, Village of	4		Eff. 07/01/08		
Eagle River Union Airport	3	Eff. 1/01/08		Eff. 02/01/08	
Fulton, Town of	1				Eff. 01/01/08

Reviewed and approved by John Vincent, Administrator, Division of Trust Finance & Employer Services.

 Signature Date

Board	Mtg Date	Item #
Jl	09/18/08	5

Employer Program Participation
September 4, 2008
Page 2

New Employer	Number of Employees	WRS	Wisconsin Public Employees Group Health	Life	Income Continuation Insurance
Grant, Town of	1	Eff. 1/01/08			
Heart of the Valley Metropolitan Sewerage District	11		Eff. 01/01/08		
Hixton, Village of	2		Eff. 02/01/08		
Hollandale, Village of	2	Eff. 1/01/08	Eff. 08/01/08		
Lancaster, City of	29			Eff. 01/01/08	
Lebanon, Town of	2		Eff. 06/01/08		
Manawa Rural Fire Board	1	Eff. 1/01/08			
Mayville, City of	45		Eff. 01/01/08		
North Cape School District	10	Eff. 1/01/08	Eff. 01/01/08		
Northwest Family Care	30	Eff. 7/01/08			
Norway, Town of	15			Eff. 2/01/08	Eff. 2/01/08
Quincy, Town of	2				Eff. 4/01/08
Rice Lake, City of	97				Eff. 1/01/08
Rockland, Village of	3	Eff. 1/01/08			
Schofield, City of	7	Eff. 1/01/08			
Somers. Town of	20			Eff. 6/01/08	
South Milwaukee Community Development Authority	3				Eff. 3/01/08
Spring Valley, Village of	7	Eff. 1/01/08			
Sullivan, Town of	2	Eff. 1/01/08	Eff. 03/01/08		
Summit, Town of	14		Eff. 02/01/08		
Superior, City Housing Authority of	24	Eff. 1/01/08			
Tainter, Town of	3	Eff. 1/01/08			
Town of Lyons-Country Estates Sanitary District #1	1		Eff. 09/01/08		
Warrens, Village of	4	Eff. 1/01/08	Eff. 02/01/08		
Wauzeka, Village of	2		Eff. 06/01/08		
West Baraboo, Village of	5			Eff. 2/01/08	
Western Wisconsin Cares Long Term Care District	125	Eff. 7/01/08	Eff. 10/01/08		
Wonewoc, Village of	5		Eff. 03/01/08		



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

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Madison WI 53707-7931
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Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: September 8, 2008
TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board
FROM: Jean Gilding, Deputy Administrator
Lynn Jarzombek, Policy Advisor
Division of Retirement Services
SUBJECT: Wisconsin Retirement System (WRS) Benefit Information

This memo is for informational purposes only. No Board action is required.

Please find attached the *WRS Benefit Information* report for the period covering April – June, 2008. This document contains information reflecting the retirement benefit activities of the Department of Employee Trust Funds. The data presented covers participant retirement estimates requested, new annuities started, and WRS annuity payment information.

We changed how we convey our benefit information to a visual presentation of the data. We would appreciate receiving any feedback that you would like to offer on further enhancements to this document.

Staff will be available at the meeting to answer questions. Contact Jean Gilding at (608) 266-1210 (e-mail jean.gilding@etf.state.wi.us) or Lynn Jarzombek at (608) 261-8081 (e-mail lynn.jarzombek@etf.state.wi.us) with any further comments or questions.

attachment

Reviewed and approved by Sari King, Administrator, Division of Retirement Services.

Signature

Date

Board	Mtg Date	Item #
Jl	9/18/08	5



STATE OF WISCONSIN
Department of Employee Trust Funds

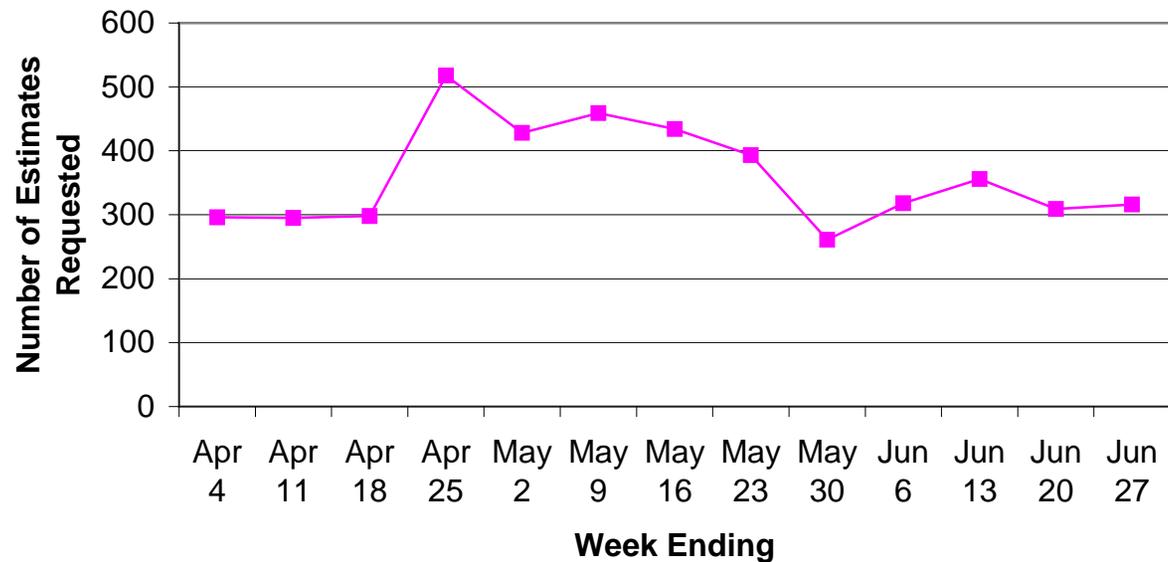
Wisconsin Retirement System (WRS) Benefit Information

April – June 2008

WRS RETIREMENT ESTIMATES

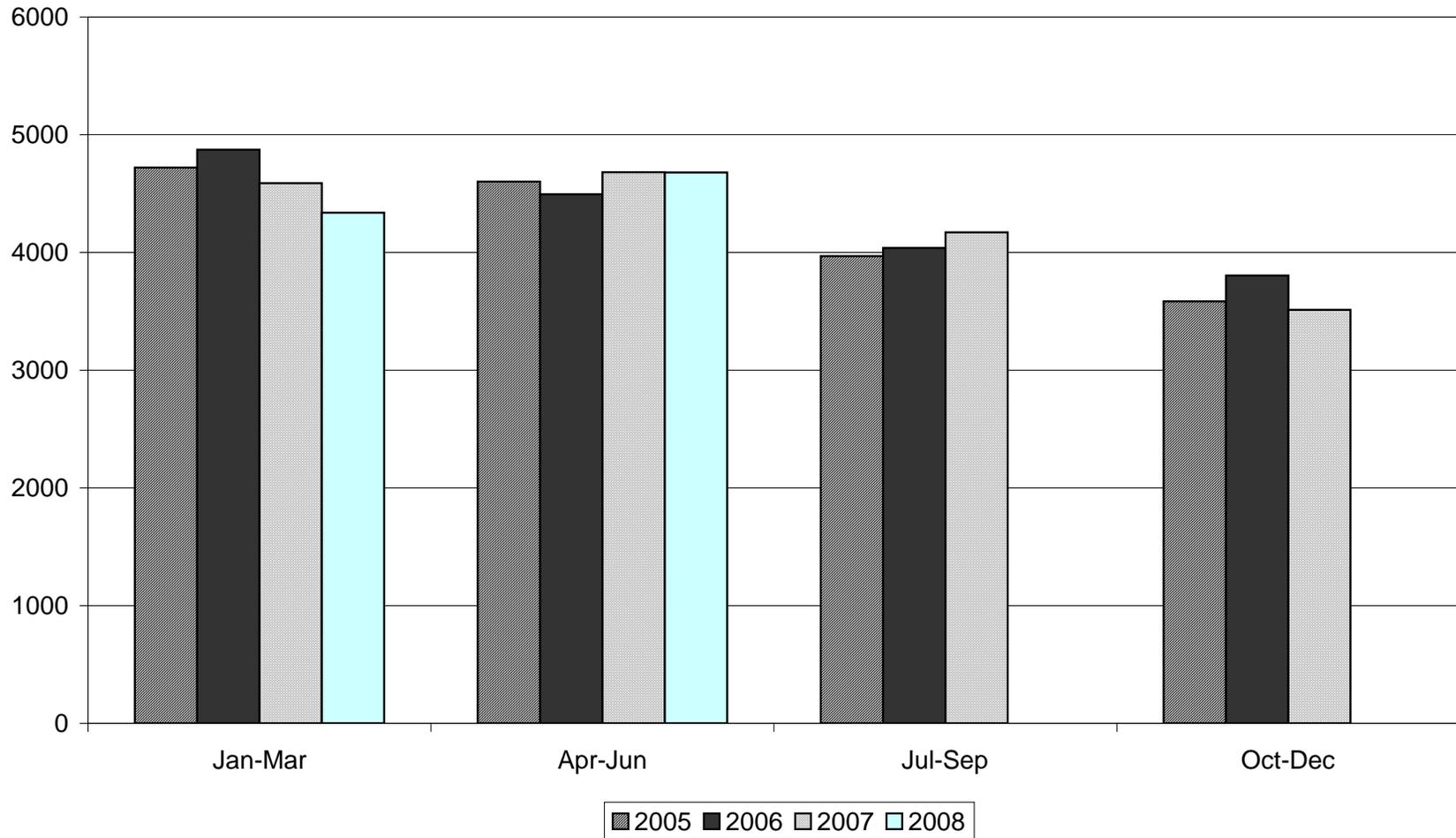
- 4,681 Retirement Estimates requested during the period April – June 2008
- 9,020 Retirement Estimates requested year-to-date
- Estimates Requested did not change from the previous year's second quarter (4,682 in 2007)
- Estimates Requested year-to-date decreased by 2.7% from the same period last year

Retirement Estimates Requested by Week 2nd Quarter 2008



WRS RETIREMENT ESTIMATES
Retirement Estimates Requested
2005-2008

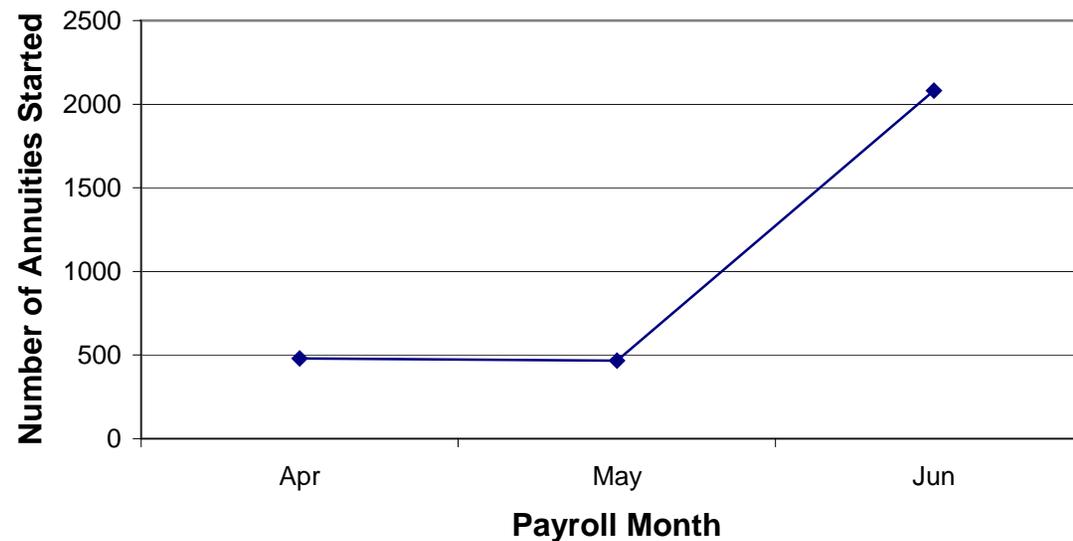
Participants can request a formal benefit estimate up to one year before anticipated retirement



WRS RETIREMENT ANNUITIES

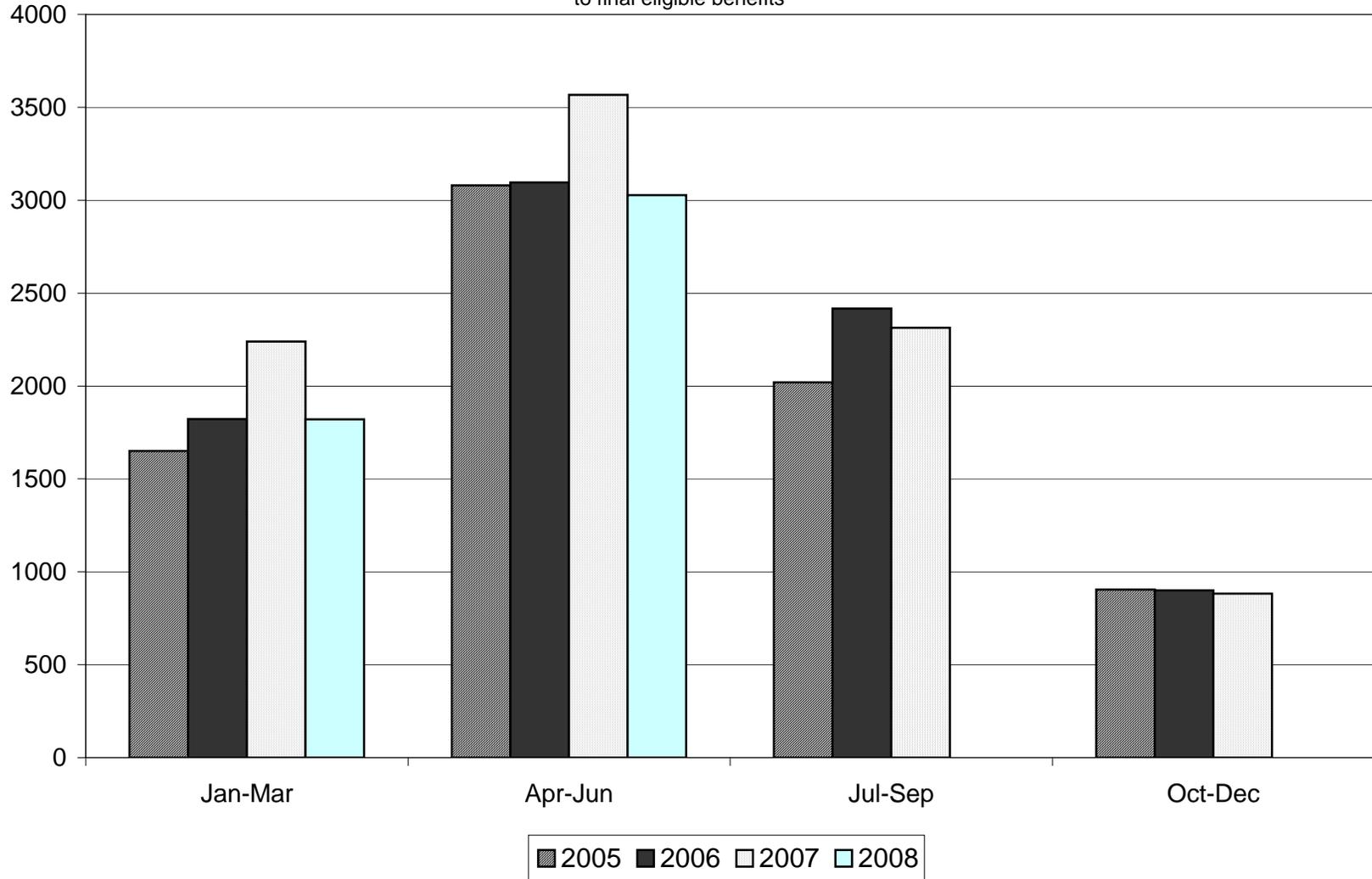
- 3,027 New Annuities started during the period April – June 2008
- 3,021 Annuities started on Estimated Payments
- 6 Annuities started as Finalized Payments because the Department has the final service earnings and contribution data from the employer
- New Annuities started decreased by 15.1% from the previous year's 2nd quarter
- New Annuities started year-to-date decreased by 16.5% from the same period last year

New Annuities Started by Month 2nd Quarter 2008

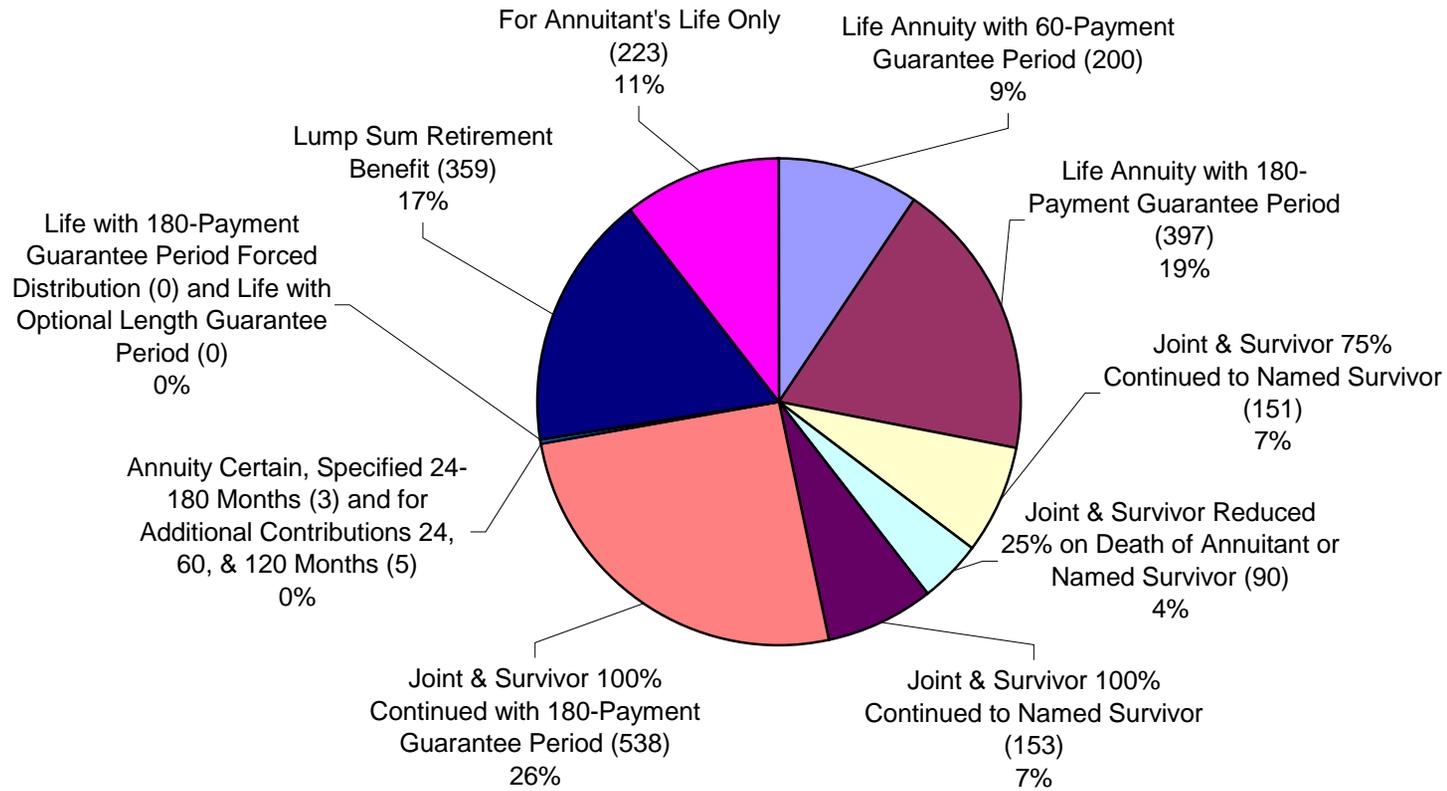


WRS RETIREMENT ANNUITIES
Estimated Annuities Started
2005 - 2008

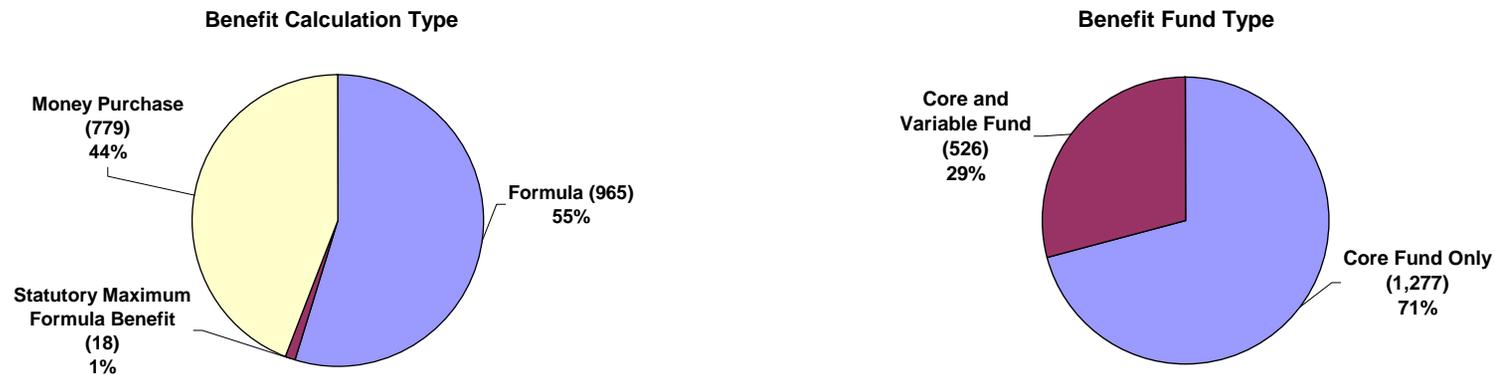
New annuities are quickly processed by giving participants "estimated" annuities that are calculated as close as possible to final eligible benefits



WRS RETIREMENT ANNUITIES
Benefit Options Taken
Finalized Annuities & Lump Sum Retirement Benefits
2nd Quarter 2008

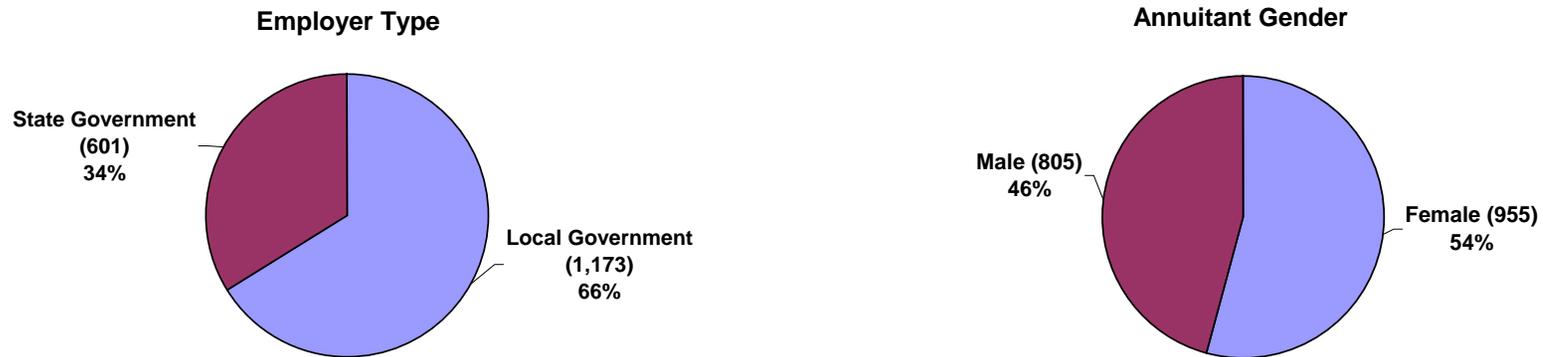


**WRS RETIREMENT ANNUITIES
Finalized Annuities
By Calculation and Fund Type
2nd Quarter 2008**



- Formula Calculated Benefits continued to increase in 2008 over Money Purchase Calculated Benefits. For the first six months of 2008, the percentage of Formula Calculated Benefits (49.8%) rose 3.9% while Money Purchase Calculated Benefits (50.2%) dropped 3.9%, when compared to 2007.
- Core and Variable Fund Benefits dropped from the first quarter of 2008 in relation to Core Fund Only Benefits. But in looking at the first six months of 2008, Core and Variable Fund Benefits (31.6%) still increased 0.8% over Core Fund Only Benefits (68.4%) when compared to 2007.

WRS RETIREMENT ANNUITIES
Finalized Annuities
By Employer Type and Annuitant Gender
2nd Quarter 2008



- Local Government Retirees declined in comparison to State Government Retirees from the first quarter. Overall for the first six months of 2008, Local Government Retirees (75.8%) still command a larger share by increasing 7.5% over State Government Retirees (24.2%) compared to 2007.
- The gender mix of retirees moved closer to 2007 percentages after the second quarter of 2008 as Female Retirees dropped in comparison to Male Retirees after increasing sharply in the first quarter. For the first six months of 2008, Female Retirees (60.3%) increased 1.9% and Male Retirees (39.7%) declined the same percentage.

WRS RETIREMENT & BENEFICIARY ANNUITIES
Retirement Annuity Terminations and Beneficiary Information
2nd Quarter 2008

- 17 Retirement Annuity Terminations occurred during the period January – March 2008
 - 11 annuitants returned to work and elected to participate in the WRS
 - 4 annuitants cancelled their benefit applications
 - 1 annuitant never terminated and continued employment
 - 1 annuitant failed to meet the break in service requirements

- 21 Beneficiary Annuities started during the period January – March 2008

- 7 Beneficiary Annuity Terminations occurred during the period January – March 2008
 - All 7 beneficiaries converted their annuities to lump sum payments

WRS RETIREMENT & BENEFICIARY ANNUITIES
Annuity Payment Information
2nd Quarter 2008

Gross Annuity Payments by Fund (\$)

Payroll Month	Core	Variable	Subtotal	General Purpose Revenue	Total
Apr-08	278,849,366.32	35,401,405.87	314,250,772.19	102,272.00	314,353,044.19
May-08	279,215,505.71	35,219,061.81	314,434,567.52	99,456.24	314,534,023.76
Jun-08	282,826,062.12	35,596,951.14	318,423,013.26	96,079.35	318,519,092.61

Gross Annuity Payments by Method of Payment (\$)

Payroll Month	Direct Deposit	Paper Check	Deductions	Accounts Receivable	Total
Apr-08	239,144,755.07	26,211,934.60	49,531,291.68	(534,937.16)	314,353,044.19
May-08	239,439,995.16	25,887,395.57	49,819,900.04	(613,267.01)	314,534,023.76
Jun-08	239,679,309.16	28,787,845.79	50,609,510.01	(557,572.35)	318,519,092.61

Number of Annuitants Paid

Payroll Month	Annuitants Paid by Direct Deposit		Annuitants Paid by Check		Total Annuitants Paid
Apr-08	124,337	87.28%	18,116	12.72%	142,453
May-08	124,674	87.39%	17,993	12.61%	142,667
Jun-08	125,039	86.54%	19,454	13.46%	144,493



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: September 4, 2008

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Jean Gilding, Deputy Administrator
Lynn Jarzombek, Policy Advisor
Division of Retirement Services

SUBJECT: Wisconsin Retirement System (WRS) Separation Benefits Paid in 2007

This memo is for informational purposes only. No Board action is required.

Please find attached the *WRS Separation Benefits Paid in 2007* report. This document contains information reflecting the separation benefit activities of the Department of Employee Trust Funds. The data covers separation benefits paid with breakdowns by age, gender, years of service, employment category, and amount paid.

Staff will be available at the meeting to answer questions.

attachment

Reviewed and approved by Sari King, Administrator, Division of Retirement Services.

Signature

Date

Board	Mtg Date	Item #
JI	9/18/08	5
TR	9/18/08	3



STATE OF WISCONSIN
Department of Employee Trust Funds

Wisconsin Retirement System (WRS)

Separation Benefits Paid in 2007

WRS SEPARATION BENEFITS

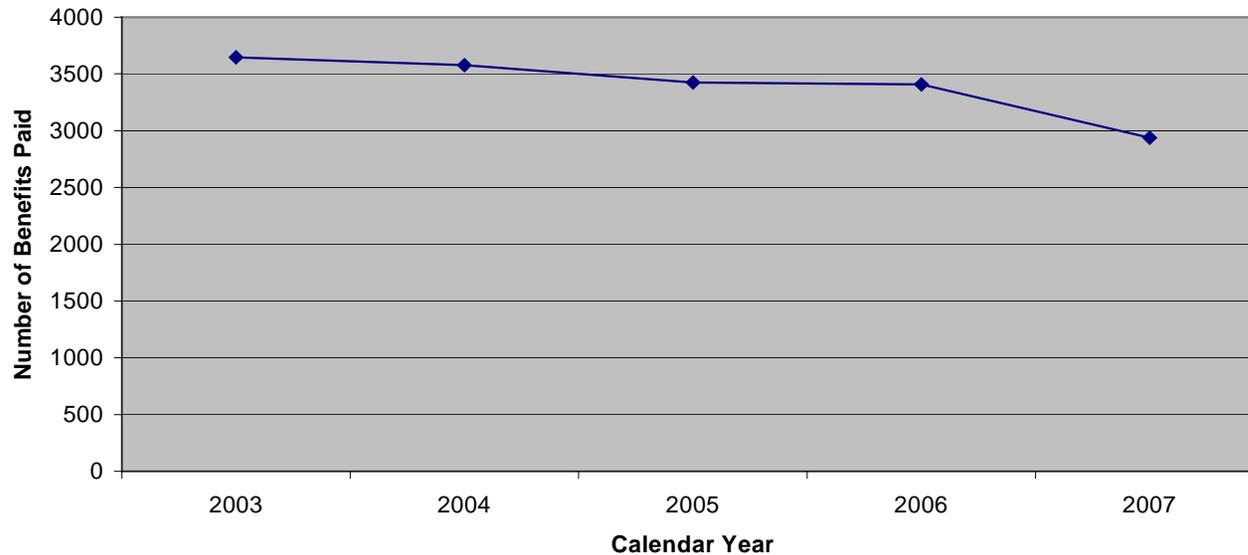
Separation Benefit information

- To be eligible for a separation benefit a participant must:
 - ◆ Terminate all WRS covered employment,
 - ◆ Be under minimum retirement age (50 for protective and 55 for other employment categories), and
 - ◆ Remain separated from all WRS employment throughout a period beginning with the WRS termination date and ending on the latest of the following dates:
 - The 31st day after termination of all WRS employment
 - The 31st day after the date the Department receives the benefit application.
- Certain participants are only eligible for a separation benefit:
 - ◆ Participants who began WRS covered employment after December 31, 1989 AND terminated their WRS covered employment prior to April 24, 1998 must meet a vesting requirement. They must have some WRS service in at least five calendar years to be eligible for a retirement benefit once reaching minimum retirement age. If not, they are only eligible for a separation benefit.
 - ◆ Participants with teacher accounts under the old State Teacher Retirement System (STRS) who have no state deposits credited to their accounts are only eligible for a separation benefit consisting of their employee contributions.
- The separation benefit consists of:
 1. Employee-required contributions, whether deducted from the employee's earnings or paid by the employer,
 2. Any voluntary additional contributions, and
 3. Accumulated interest on employee-required and any additional contributions.
- A participant forfeits employer-required contributions and associated accumulated interest upon taking a separation benefit.
- A participant's account is closed and the individual has no further right, interest or claim to any further benefit from the WRS upon payment of a separation benefit.

WRS SEPARATION BENEFITS Number of Separation Benefits Paid

- 2,937 separation benefits paid to WRS participants during calendar year 2007
- Of these, 153 inactive participants over minimum retirement age (age 55 or older) were restricted to a separation benefit; 138 because they did not meet vesting requirements; and 15 with old teacher accounts with no state deposits
- 13.8% decrease in separation benefits as compared to 2006 (3,406 in 2006 vs. 2,937 in 2007) continuing a downward trend from 3,647 in 2003

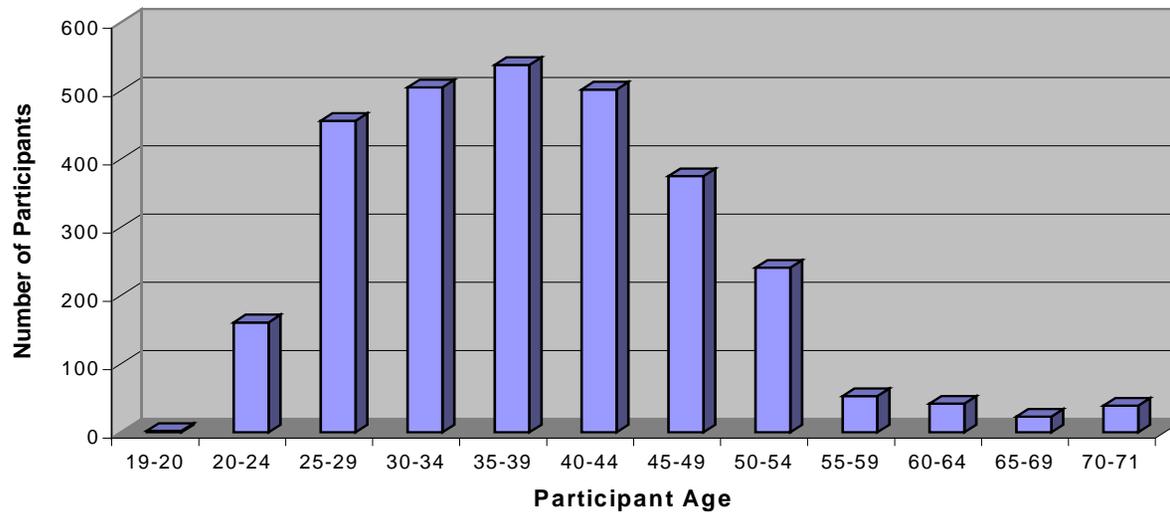
Separation Benefits Paid by Year



WRS SEPARATION BENEFITS Participant Age & Gender

- 19 to 71 age range of participants taking separation benefits in 2007; same age range as 2006
- 38.5 average age of participant taking a separation benefit; 38.1 in 2006
- Little variation in average age due to gender:
 - 38.8 average age - male
 - 38.4 average age - female

Age of Participants Taking a Separation Benefit in 2007



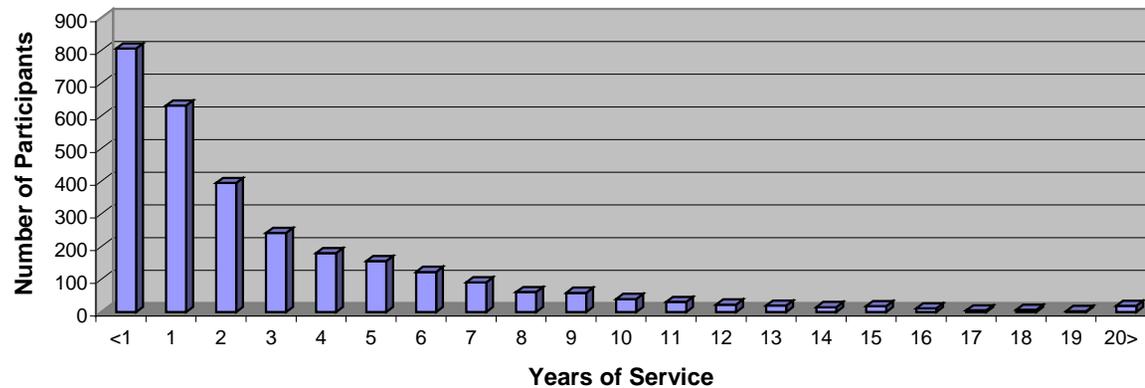
WRS SEPARATION BENEFITS Participant Age & Gender

- Gender of participants taking separation benefits in 2007:
 - 30.9% male (908)
 - 69.1% female (2,029)
 - Ratio of 1:2.2 (1 male for every 2.2 females)
- As a comparison, gender mix for annuities finalized in 2007:
 - 41.6% male (4,093)
 - 58.4% female (5,753)
 - Ratio of 1:1.4 (1 male for every 1.4 females)
- 245 participants, age 50 – 54, took a separation benefit in 2007, including 4 participants, 2 male and 2 female, who applied at age 54 and received their separation benefit at age 55 (applied for a separation benefit just prior to their 55th birthday):
 - 28.2% male (69)
 - 71.8% female (176)
 - Ratio of 1:2.6 (1 male for every 2.6 females)

WRS SEPARATION BENEFITS Participant Years of Service

- Zero to 34.48 years of service obtained by participants taking separation benefits in 2007
(Example of “zero” service: no service credited on certain old teacher accounts when partial years worked)
 - 3.39 average years of service
 - 2.00 median years of service
- Of the participants taking a separation benefit in 2007:
 - 76.8% or 2,255 participants had less than 5 years of service
 - 16.7% or 490 participants had 5 to 9.99 years of service
 - 6.5% or 192 participants had 10 or more years of service
- 19 participants taking a separation benefit in 2007 had 20 or more years of service

Years of Service of Participants Taking a Separation Benefit in 2007



**WRS SEPARATION BENEFITS
Participant Employment Category**

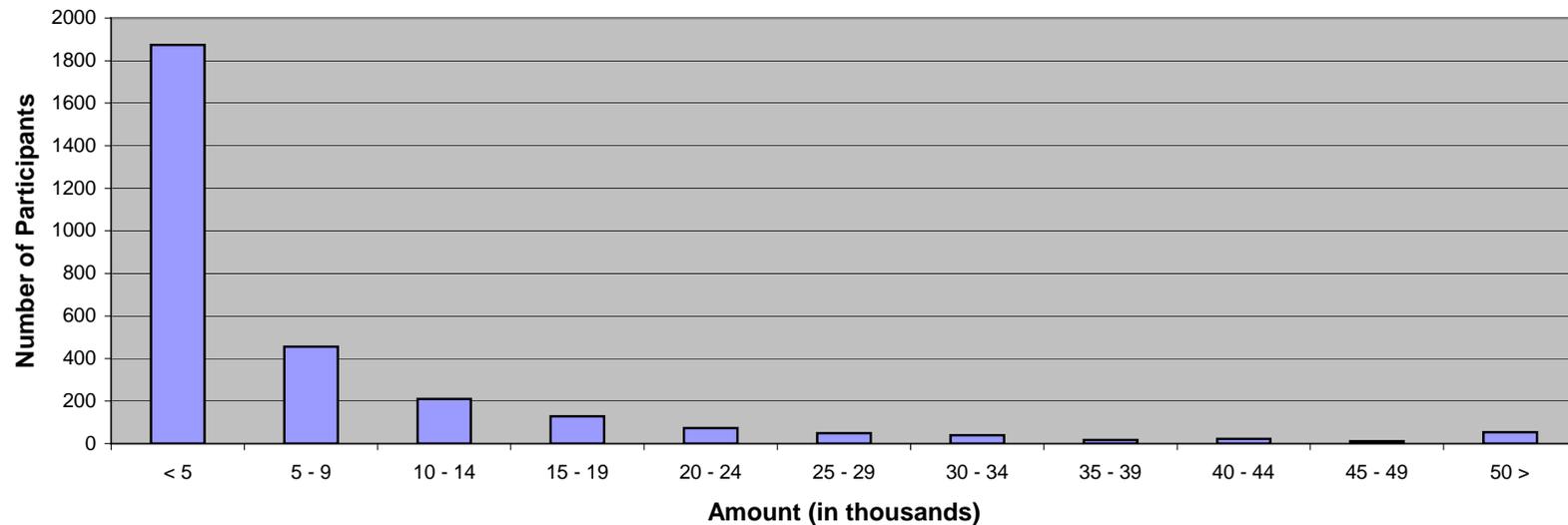
Participants Taking a Separation Benefit in 2007

WRS Employment Category	Number of Participants	Percent of Participants	Percentage Change from 2006
Teacher	608	20.7%	1.70%
Educational Support Personnel	424	14.4%	0.50%
State & Local Government Employees	1,718	58.5%	-2.30%
Total General	2,750	93.6%	-0.10%
Executive/Elected Officials	8	.3%	0.10%
Protective with Social Security	176	6.0%	0.20%
Protective without Social Security	3	.1%	-0.20%
Total	2,937	100.0%	0.00%

WRS SEPARATION BENEFITS Gross Amount of Separation Benefits Paid

- \$5 to \$261,260 gross amount range for separation benefits paid in 2007
(Gross amount is the total benefit amount prior to deductions, such as income tax withholding)
 - \$7,665 average benefit paid
 - \$2,995 median benefit paid
- \$22,511,496 total gross amount for separation benefits paid in 2007, compared to \$23,156,124 in 2006

Separation Benefits Paid in 2007 by Gross Amount



WRS SEPARATION BENEFITS
Gross Amount of Separation Benefits Paid

- 1,874 or 63.8% of the separation benefits paid were less than \$5,000 with 678 or 36.2% of these less than \$1,000
- 2,330 or 79.3% of the separation benefits paid were less than \$10,000, compared to 81.7% in 2006
- Number of separation benefits paid in 2007 with gross amounts of \$10,000 or more:

Gross Amount	Number of Benefits
\$10,000 - 24,999	413
\$25,000 - 49,999	140
\$50,000 - 74,999	33
\$75,000 - 99,999	9
\$100,000 - 124,999	3
\$125,000 - 149,999	5
\$150,000 - 174,999	1
\$175,000 - 199,999	1
\$200,000 - 224,999	0
\$225,000 - 249,999	1
\$250,000 - 274,999	1
Total Benefits \$10,000 or More	607

WRS SEPARATION BENEFITS
Gross Amount of Separation Benefits Paid

- 12 separation benefits paid in 2007 with gross amounts exceeding \$100,000 or more:
 - Gender: 1 male and 11 female
 - Age: 47 to 54 years old
 - Service: 14.08 to 34.48 years of service
 - 6 were inactive and 6 were participants who recently terminated employment
 - 5 benefits were directly rolled over, 2 benefits were split with a portion directly rolled over and a portion paid directly to the participants, and 5 benefits were paid directly to the participants
 - 5 participants took a separation benefit as a result of hardship and 2 participants had medical problems; 1 of these individuals died shortly after receiving the benefit

Note: The Department does not require participants to provide a reason for taking a separation benefit, but participants occasionally offer this information.

WRS SEPARATION BENEFITS

Separation Benefit Information Provided Participants

- The Department contacts participants who are within one year of minimum retirement age and have requested separation benefit applications to ensure they have the information necessary to make an informed decision regarding the potential retirement benefits they are forfeiting.
- The Department explains the negative consequences of taking a separation benefit, such as: forfeiture of the employer-required contributions and associated interest, federal tax consequences, and the loss of rights to previous law provisions should the individual return to WRS-covered employment.
- The Department gives participants a written explanation of federal requirements, such as rollover rules and mandatory 20% withholding rules, and in compliance with federal law on eligible rollover distributions, the Department gives the participant a minimum 30 day window to review this material. Also, the Department cannot issue the separation benefit payment until the employer reports the termination date and final earnings for the employee. Thus, participants have 30 days or more to consider the consequences of taking a separation benefit and rescind their application.
- The Department provides written and verbal information about the effects of taking a separation benefit:
 - ◆ In large group field presentations and small group retirement sessions
 - ◆ To callers and walk-in customers by Member Services staff
 - ◆ Via automated telephone messages
 - ◆ In the *Separation Benefit Booklet* (ET-3101), and other Department resource material
 - ◆ In an online video on Separation Benefits (planned for September 2008)



STATE OF WISCONSIN
Department of Employee Trust Funds
 David A. Stella
 SECRETARY

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CORRESPONDENCE MEMORANDUM

DATE: September 4, 2008

TO: Employee Trust Funds Board
 Teachers Retirement Board
 Wisconsin Retirement Board

FROM: Kathryn Fields
 Video Library Coordinator

SUBJECT: Online Wisconsin Retirement System (WRS) Video Library Presentations

This memo is for the Board's information only. No action is required.

Since ETF recorded its first educational presentation for the online video (webcast) library in 2006, the number of programs now available has grown to eighteen.

Our newest titles are *The Employee Reimbursement Accounts Program (ERA)*, and *Returning To Work After Retirement*. We expect to add *Separation Benefits, Income Continuation Insurance Benefits* and *It's Your Choice-Your Health Insurance Benefits for 2009* in September.

Attached is a description of the webcasts currently available in the library and an advertisement that is included in retirement packets and distributed at field presentations and conferences throughout the state.

Since 2006, the total number of views has reached nearly 44,000. The four most-viewed presentations are as follows:

<u>Title</u>	<u>Number of views</u>
<i>Calculating Your Retirement Benefits Online</i>	9069
<i>Your Annual Statement of Benefits</i>	8546
<i>Your WRS Benefits</i>	6855
<i>How to Complete a Retirement Application</i>	5514

attachments

Reviewed and approved by Sari King, Administrator, Division of Retirement Services.	
Signature	Date

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Department of Employee Trust Funds (ETF) Online Wisconsin Retirement System (WRS) Presentations

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To access these presentations go to ETF's website (etf.wi.gov) and click on the Video Library button.

TITLE AND DESCRIPTION	LENGTH
<p>Additional Contributions (Supplementing Your WRS Benefit) This presentation provides information about how easy it is to supplement your WRS retirement benefit by making voluntary additional contributions. Topics covered include the types of contributions, how to make them, investment earnings, distribution options and requirements.</p>	37 min
<p>Annual Retirement Annuity Adjustments This program answers frequently-asked questions about WRS annual annuity adjustments and the interest and annual adjustment process. It also covers general information about the State of Wisconsin Investment Board and its role in managing the WRS Trust Funds.</p>	37 min
<p>Benefit Basics — Your WRS Benefit Handbook Geared toward new public employees eligible under the WRS, this presentation summarizes provisions of each benefit program, all of which are administered by ETF. These include the retirement program; health, life, and disability insurance programs; a supplemental retirement savings plan; a medical and childcare expense reimbursement program; and the Accumulated Sick Leave Conversion Credit Program.</p>	1 hr 15 min
<p>Buying WRS Creditable Service This presentation explains the types of service that can be purchased and the advantage of doing so, eligibility criteria, how to purchase service and calculate the cost and payment options.</p>	50 min
<p>Calculating Your Retirement Benefits Online This program provides step-by-step instructions on how to use the Departments online retirement calculator to calculate an unofficial projection of WRS retirement benefits under both the formula and money purchase methods. Have your most recent <i>Statement of Benefits</i> from ETF in hand while viewing this program.</p>	1 hr 20 min
<p>Divorce and Your WRS Benefits (For Non-Annuitants) This presentation explains how divorce or legal separation can affect your WRS retirement benefits. It specifically addresses participants (non-annuitants) who have not yet taken a retirement benefit. It provides information about the correct Qualified Domestic Relations Order (QDRO) form to submit to the WRS, and the required WRS QDRO language. Processing time and the effects of divorce on participant accounts are also covered.</p>	38 min
<p>Divorce and Your WRS Benefits (For Annuitants) This presentation explains how divorce or legal separation can affect your WRS retirement benefits. It specifically addresses annuitants--those participants that are already retired (or will be) as of the date of divorce. It provides information about the correct Qualified Domestic Relations Order (QDRO) form to submit to the WRS, and the required WRS QDRO language. Processing time and the effects on annuity payments are also covered.</p>	37 min
<p>Employee Reimbursement Accounts Program (ERA) This presentation explains what the ERA program is and how it works to save you money by increasing your tax savings! It gives details on eligible medical and dependant care expenses you may be eligible to pay for with pre-tax dollars. Advantages of paying premiums for other employer benefits (life and health insurance) is also covered, as well as enrollment and reimbursement procedures.</p>	29 min
<p>How to Complete a Retirement Application <i>(Available in Closed Captioning)</i> This presentation covers step-by-step instructions for completing a WRS retirement application. It assumes the viewer has knowledge of WRS retirement benefits and payment options.</p>	37 min
<p>Now That You're Retired - What You Need To Know This program provides the answers to frequently-asked questions from WRS participants as they move into retirement. Some of the topics covered include: direct deposit, taxes, life and health insurance premiums, death benefits and beneficiaries, and return to work provisions.</p>	1 hr 6 min

**Department of Employee Trust Funds (ETF)
Online Wisconsin Retirement System (WRS) Presentations**

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TITLE AND DESCRIPTION	LENGTH
<p>Planning for the Inevitable (Death Benefits and Beneficiaries) This program explains WRS survivor (death) benefits payable upon your death, whether you die before or after retirement. It explains in detail how to designate beneficiaries, who you can name as beneficiaries on your retirement account and life insurance, and how your dependents can continue health insurance after death.</p>	40 min
<p>Returning to Work After Retirement The WRS requires a Good-Faith termination of employment before a participant is eligible for a retirement benefit. This presentation details the importance of a Good-Faith termination and the required break-in-service before returning to WRS employment. It also explains the effects of re-employment as an annuitant vs. an active WRS employee. Information about the impact on health and life insurance benefits is also covered.</p>	28 min
<p>Social Security Benefits This overview of the Federal Social Security (SS) Retirement and Survivor Benefits Program explains who is eligible for benefits, when they're eligible, and for which SS benefits they may be eligible. It also provides information on how benefits are calculated, when and how to apply, as well as basic information on disability and Medicare.</p>	27 min
<p>Wisconsin Deferred Compensation The Wisconsin Deferred Compensation (WDC) Program is a supplemental retirement savings program that allows members to make tax deferred retirement contributions to enhance their Wisconsin Retirement System (WRS) benefit. The plan is available to all active state and university employees and some local government and school district employees if their employer elected to participate in this optional program. This presentation reviews the WDC plan, offers pre-retirement strategies and provides information about the simple tools available to members plan ahead.</p>	13 min
<p>WRS Payment Options This presentation contains information about retirement benefit payment option selection, and describes in-depth the details of each of the WRS payments options available. Other topics covered include changing options, spousal consent, minimum distribution requirements and more. This video assumes that the viewer has already requested and received a retirement application packet.</p>	42 min
<p>WRS Trust Funds—Core and Variable What are the differences between the Core and the Variable Trust Funds? Is Variable Fund participation still a good choice for members – how does it affect retirement benefits? This video provides the answers to these and other frequently-asked questions about the WRS Trust Funds. The program also provides information about the State of Wisconsin Investment Board's management of Trust Fund investments, how effective rates and annuity adjustment are calculated, what it means to have a Variable "excess" or "deficiency", and how to cancel and/or elect Variable participation.</p>	48 min
<p>Your Annual Statement of Benefits This presentation is a review of information provided on the annual <i>Statement of Benefits</i>, including explanations on creditable service, the money purchase value of accounts, employer and employee contributions, beneficiaries, and making additional contributions. Have your own statement in hand for reference.</p>	45 min
<p>Your WRS Benefits This program is a review of WRS benefits administered by ETF. Topics discussed include retirement, separation and survivor benefits, and life and health insurance. The presentation features sample retirement calculations and an explanation of annuity options. Service purchases, military service credit, and additional WRS contributions are also covered.</p>	1 hr 55 min

Do you want to learn more about your Wisconsin Retirement System Benefits?

The Department of Employee Trust Funds (ETF) offers
Online Webcasts (Videos)

If you have a computer with high-speed Internet access, a sound card and speakers (or headphones), you can view any of our pre-recorded webcasts. Just go to ETF's Web site (etf.wi.gov) and click on the "Video Library" button and you'll see the entire catalog with descriptions of each presentation.

Returning to Work After Retirement

How to Complete a Retirement Application

WRS Payment Options

Calculating Your Retirement Benefits online

**WRS Trust Funds:
Core and Variable**

**Now That You're Retired:
What you Need to Know**

**Benefit Basics:
Your WRS Benefit Handbook**

Your WRS Benefits

Your Annual Statement of Benefits

**Annual Retirement
Annuity Adjustments**

**Planning For The Inevitable:
Death Benefits & Beneficiaries**

**Additional Contributions
Supplementing Your WRS Benefit**

**Wisconsin Deferred Compensation
Supplementing Your WRS Benefit**

Social Security Benefits

Divorce and Your WRS Benefits

Buying WRS Creditable Service



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CORRESPONDENCE MEMORANDUM

DATE: July 15, 2008
TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board
FROM: Linda Owen, Policy Analyst
Division of Retirement Services
SUBJECT: How Money Purchase Retirement Benefits and Variable Adjustments to Formula Retirement Benefits are Calculated

This memo is for informational purposes only. No action is required.

At the June board meetings there was a request for information about how money purchase retirement benefits are calculated. The issue of Variable fund participation reducing participants' basic formula benefits was also raised. This memo provides a basic explanation of how to calculate money purchase retirement benefits and Variable adjustments to formula retirement benefits.

Money Purchase Retirement Benefits

Wisconsin Retirement System (WRS) retirement benefits are calculated under two separate methods, formula and money purchase, and the participant receives the higher of the two calculations. Participants are generally familiar with the formula benefit calculation, which is based on the three highest years of earnings, formula multipliers based on employment category, years of creditable service and any applicable actuarial reduction for early retirement.

However, participants are generally less familiar with the money purchase calculation. It is actually simpler than the formula benefit calculation, since it is based on only two things:

- A numerical factor based on the participant's age (and therefore his/her life expectancy)¹ that is provided by the actuary. This "money purchase factor" incorporates the assumption that the monies in the annuity reserve will earn 5% interest each year.
- The employee required contribution balance in the participant's account, plus a matching dollar amount from the employer reserve.²

¹ All benefit calculation factors, including money purchase factors, are based on years **and months** of age.

² Exception: If the participant has purchased Other Governmental Service (OGS), there are no matching contributions from the employer reserve for the OGS service purchase payment.

Reviewed and approved by Sari King, Administrator, Division of Retirement Services.

Signature Date

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In other words, the money purchase annuity is the monthly amount that the participant's account balance will buy, based on the participant's life expectancy. Following is a sample comparison of the monthly annuity that a \$100,000 money purchase balance will buy for a participant age 55, versus a participant who is age 62:

<u>Age</u>	<u>Account Balance</u>		<u>Money Purchase Factor</u>	=	<u>Monthly Annuity</u>
55	\$100,000	x	.00565	=	\$565
62	\$100,000	x	.00643	=	\$643

The older the participant (and therefore the shorter the life expectancy), the larger the monthly annuity that a specific amount of money will "purchase."

Variable Adjustments to Formula Retirement Benefits

Once participants' elections to participate in the Variable fund become effective, 50% of all future contributions are invested in the Variable fund. This results in different rates of interest (based on investment earnings) being credited to the Core and Variable fund portions of their accounts. Each Variable participant's account includes a record of the difference between the actual account balance versus what the dollar balance would be if the participant had never participated in the Variable fund.

If the Variable fund has outperformed the Core fund there will be extra money in the participant's account to fund a retirement benefit, and the difference is called the "Variable excess." However, if there is less money in the participant's account because the Core fund has had higher investment earnings than the Variable fund, there will be less money in the participant's account than there would be if the participant had never elected variable participation. In this case the difference between the actual account balance and what the balance would be without the Variable participation is called the "Variable deficiency."

When a participant retires, the **money purchase** retirement benefit calculation is based on both the Core and Variable fund portions of the participant's account. The Core and Variable fund gains and losses are already reflected in the participant's account balances, and therefore are already included in the money purchase retirement benefit calculation. However, since the formula benefit calculation is not based on the dollar balances in the participant's account, a "Variable adjustment" must be made to the formula benefit to reflect the Variable excess or deficiency in the participant's account.

The Variable adjustment is basically a money purchase calculation. If there is a Variable excess, the monthly amount that the Variable excess balance will buy (based on the participant's age) is added to the formula benefit. On the other hand, if there is a Variable deficiency the monthly value of that deficiency balance must be subtracted from the formula benefit.

Following is a sample comparison of the Variable adjustment to a \$1,500 formula annuity that a \$10,000 variable excess or deficiency will provide for a participant age 55, versus the Variable adjustment for a participant who is age 62:

<u>Age</u>	<u>Variable Excess</u>		<u>Money Purchase Factor</u>	=	<u>Variable Adjustment</u>	+	<u>Unadjusted Formula Annuity</u>	=	<u>Formula Annuity after Adjustment</u>
55	\$10,000	x	.00565	=	\$56.50	+	\$1,500.00	=	\$1,556.50
62	\$10,000	x	.00643	=	\$64.30	+	\$1,500.00	=	\$1,564.30
	<u>Variable Deficiency</u>								
55	(\$10,000)	x	.00565	=	(\$56.50)	+	\$1,500.00	=	\$1,443.50
62	(\$10,000)	x	.00643	=	(\$64.30)	+	\$1,500.00	=	\$1,435.70

Please contact me at (608) 261-8164 if you have any questions.



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CORRESPONDENCE MEMORANDUM

DATE: September 10, 2008
TO: Employee Trust Funds Board
Wisconsin Retirement Board
Teachers Retirement Board
FROM: Tom Korpady, Administrator
Division of Insurance Services
SUBJECT: Dual-Choice Enrollment Period

This memo is for informational purposes only. No Board action is required.

The Dual-Choice enrollment period dates are set by the Group Insurance Board (GIB) each calendar year for the group health insurance programs. During this period, the Department of Employee Trust Funds announces the new insurance plan rates for the upcoming year and the insurance carriers notify participants of any major changes in service area or providers. Insured active and retired members of the Wisconsin Retirement System may change insurance plans or coverage during the Dual-Choice enrollment period.

The enrollment dates for calendar year 2009 are October 6 – October 24, 2008. Coverage is effective January 1, 2009.

Reviewed and approved by Robert J. Conlin, Deputy Secretary

Signature Date

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CORRESPONDENCE MEMORANDUM

DATE: September 2, 2008
TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board
FROM: John Vincent, Administrator
Division of Trust Finance and Employer Services
SUBJECT: 403(b) Closure

This memo is for the Board's information only. No action is required.

Historically, the Department of Employee Trust Funds (ETF) has accepted Internal Revenue Code (IRC) section 403(b) additional contributions (also known as tax-deferred or tax-sheltered additional contributions) from employees of certain school districts and educational institutions that had employees making such contributions prior to May 1982. This memorandum is to inform the Board that effective January 1, 2009, ETF will no longer accept Internal Revenue Code (IRC) section 403(b) additional contributions to participants' Wisconsin Retirement System (WRS) accounts.

The Department's decision was based on Treasury Department and Internal Revenue Service final regulations related to section 403(b) plans, which were issued on July 26, 2007. These were the first comprehensive section 403(b) regulations since 1964. They incorporate numerous changes to the arrangements. Among other things, the new regulations require plan sponsors/employers to enter into information sharing agreements with the vendors, such as the WRS, who manage the 403(b) accounts. These agreements typically have indemnification provisions whereby the vendors must agree to indemnify the plan sponsor/employer if the vendor fails to comply with all the section 403(b) requirements. ETF, as a state agency, cannot agree to indemnify plan sponsors/employers that are local units of government.

Participants who currently have 403(b) additional contributions credited to their WRS accounts will continue to have effective rate interest credited on those contributions until they withdraw the deposits. Withdrawals are subject to the same terms under which the contributions were made (i.e., withdrawals require termination of all WRS participating employment).

ETF is advising individuals affected by this decision to contact their employers about other section 403(b) options, including the Wisconsin Deferred Compensation Program. Employers have been notified of this decision and an article is set for publication in the September *Trust Fund News* newsletter.

Reviewed and approved by Robert J. Conlin, Deputy Secretary

Signature Date

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CORRESPONDENCE MEMORANDUM

DATE: September 18, 2008
TO: Employee Trust Funds Board, Teachers Retirement Board and Wisconsin Retirement Board
FROM: Matt Stohr, Director of Legislation, Communications and Planning
SUBJECT: Legislative Report

This memo is for information only. No action is required.

At the June Board meetings, we provided a brief legislative update on state and federal legislation that passed during the 2007-08 Legislative Session and the legislative session of the 110th Congress. There has not been any legislative proposal introduced or enacted since the June Board meetings that have an affect on the Trust Fund, however, the Department is working on pending federal legislation and to implement recently enacted legislation.

HEART Act

As we discussed at the June meeting, the Department is currently in the process of implementing the recently enacted federal H.R. 6081, the "Heroes Earnings Assistance and Relief Tax Act of 2008" (HEART), which, among other things, provides tax benefits for certain members of the military and their survivors. Several provisions of the HEART Act affect the Wisconsin Retirement System (WRS) and require action by the Department. A mandatory provision in the Act requires qualified pension plans, such as the WRS, to treat persons who die while performing "qualified military service" as if they were active employees at the time of death, for WRS death benefit purposes. The provision is retroactive, applying to deaths on and after January 1, 2007. The Department will work with the Wisconsin State Legislature in the upcoming 2009-10 Wisconsin Legislative Session to modify Chapter 40 of the state statutes and/or administrative code to reflect the changes in federal law brought about by the HEART Act. The WRS must be amended by December 31, 2012 to reflect certain provisions in federal law.

2007 Wisconsin Act 226

The other implementation issue that was discussed at the June meeting was implementation of 2007 Wisconsin Act 226, which relates to public safety officers and health insurance premiums. An update regarding this issue is in the Secretary's Report memorandum that was shared with the Boards.

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H.R. 6382

The Department is working closely with national organizations, such as National Association of State Retirement Administrators (NASRA) and National Council on Teacher Retirement (NCTR), to encourage the passage of the federal Pension Protection Act technical corrections bill, H. R. 6382. Among other things, H. R. 6382 allows governmental defined benefit pension plans to set participant account interest crediting rates under state and local laws without violating new federal restrictions aimed at employee pension plans affected by the Employee Retirement Income Security Act (ERISA). The bill passed the United States House of Representatives by a unanimous vote; however, it has not been scheduled for a hearing in the United States Senate. Please find attached a copy of the letter the Department sent Wisconsin's Representatives to encourage positive action in the House.

I will be available at the meetings to answer any questions you have about these issues or any other legislative matters.

attachment