



STATE OF WISCONSIN
Department of Employee Trust Funds

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Dear Wisconsin Retirement System (WRS) Members:

Many of you are asking how the 2010 Wisconsin Retirement System (WRS) investment returns will affect your WRS account and/or monthly WRS annuity. Please keep in mind that the Department of Employee Trust Funds (ETF) will not have a definitive answer until February or March, after the State of Wisconsin Investment Board (SWIB) announces finalized 2010 Core and Variable Trust Fund investment returns. Once finalized investment returns are available, ETF will calculate effective rates and the WRS consulting actuary will calculate subsequent annuity adjustments.

Based on preliminary SWIB investment returns, the Core Fund was up 12.3% and the Variable Fund was up 15.6%. Although we do not have 2010 finalized year-end figures, the following table shows the approximate projected range of Core Fund effective rates and annuity adjustments for this year.

Preliminary Core Fund Return and Range of Projected Rates and Adjustments

Preliminary 2010 Core Fund Investment Returns	Approximate Core Fund Effective Rate	Approximate Core Fund Annuity Adjustment
+12.3%	Between +4.6% and +5.1%	Between -1.0% and -1.5%

Important additional information:

- The projections shown above are based on the information available at this time.
- Actual SWIB investment results for 2010 will not be available until mid or late January.
- Core Fund investment returns (whether increases or decreases) are smoothed over a five-year period to reduce volatility.
- ETF typically announces the actual Core effective rate in mid-February and the Core annuity adjustment in March.
- The 2010 Core effective rate for active and eligible inactive employees will be reflected in the annual *Statement of Benefits*, set for distribution in April.
- The next annual Core adjustment for annuitants (retirees) will be applied to the May 1, 2011 payment. Assumed interest, mortality rates and other actuarial factors may also affect the final annual Core annuity adjustment. An annual Core decrease adjustment is **not** applied if your current Core annuity is at the original Core amount you received at retirement.
- Some WRS members participate in the optional Variable Trust Fund. Variable Fund investment returns are not smoothed. Therefore, participating members' Variable effective rates and Variable annuity adjustments are closer to **actual** investment results than is the case with Core rates and adjustments.