



STATE OF WISCONSIN  
Department of Employee Trust Funds

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Dear Members of the Wisconsin Retirement System:

Many of you are asking how the turbulent investment markets will affect your Wisconsin Retirement System (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 March, after the State of Wisconsin Investment Board (SWIB) announces finalized 2008 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.

2008 has been marked by unprecedented market declines. Based on preliminary investment returns, the Core Fund was down 26.2% and the Variable Fund was down 39%. Although we do not have 2008 finalized year-end figures, the following table shows the approximate projected range of Core Fund effective rates and annuity adjustments for this year.

**POTENTIAL CORE FUND RETURNS and RANGE OF PROJECTED ANNUITY ADJUSTMENTS**

Preliminary 2008 SWIB Investment Returns	Approximate Core Fund Effective Rate	Approximate Core Fund Annuity Adjustments
-26.2%	3% to 3.5%	-2.5% to -3%

Important notes regarding the table above:

- Final 2008 SWIB investment returns will not be available until later this month. Finalized year-end investment returns could end up slightly higher or lower than the preliminary investment returns in the first column of the table.
- Final 2008 effective rates, which are applied to active and some inactive employee accounts, will not be available until spring of 2009. ETF uses the effective rates, which take into account factors such as investment returns and reserves, as a starting point to calculate the annual increases or decreases paid to WRS retirees.
- Annuity adjustments for WRS retirees are reflected in the May 1, 2009, annuity payment. Assumed interest, mortality rates and other actuarial factors may also affect the final annual increases or decreases. The projections above are based solely on investment returns.
- Core Fund investment returns are smoothed over a five-year period to reduce volatility.

Variable Trust Fund

Some WRS members have elected to participate (by putting 50% of their contributions) in the optional and more volatile all-stock Variable Fund. Unlike the Core Fund, the Variable Fund investment returns (gains/losses) are not smoothed. Therefore, WRS members who participate in the Variable Fund experience effective rates and annuity adjustments on the Variable Fund portion of their account that are closer to actual Variable Fund investment returns.

Visit <http://etf.wi.gov> for more information.