



STATE OF WISCONSIN  
Department of Employee Trust Funds

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Dear Wisconsin Retirement System (WRS) Retirees:

The Department of Employee Trust Funds (ETF) today announced the 2011 Core and Variable annuity adjustments. Unfortunately, but as expected, we will have to reduce annuities for the fourth year in a row. In late April, you will receive from ETF an “annuity mailer” that provides more detail on any changes to your specific WRS monthly payment, beginning May 1.

Although WRS assets have experienced three consecutive years of positive returns since 2008, those returns have not been enough to offset losses suffered in 2008’s stock market collapse. As you know, post-retirement increases are solely dependent on WRS trust fund investment performance.

**The Core annuity adjustment is -7% and the Variable annuity adjustment is -7% (both reductions).** Remember, by law, your Core annuity is guaranteed to never be reduced below the amount originally set at retirement (unlike Variable annuities, which have no guaranteed “floor”).

In addition to the recognition of prior investment losses, the size of this year’s negative Core annuity adjustment can also be attributed to the decreasing segment of retirees whose Core annuities can be reduced.

Because of the Core annuity “guarantee,” nearly 27% of the system’s 167,000 retirees will not see a Core annuity reduction this year – their annuities are at their guaranteed Core annuity “floor”. For 25,000 retirees, the Core annuity reduction will be less than 7%, based on how much their Core annuities can be reduced before they, too, reach their original (and guaranteed) amounts. If **every** WRS retiree would have been eligible for a Core annuity reduction this year, the adjustment would have been about -4.0%.

Earlier this year we projected a Core annuity adjustment of approximately -4% to -4.5%, based on preliminary 2011 investment returns for the fund. Our projection was based on a model that focused primarily on the effect of investment losses and did not fully account for the decreasing number of annuities from which adjustments may be made.

If you would like more detailed information on how the WRS effective rates and annuity adjustments are calculated, please watch our online video, [Preliminary Rates and Annuity Adjustments-2011](#) or call us at 1-877-533-5020.