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ETF Announces Annuity Adjustments
Core Fund: 2.9%
Variable Fund: 2.0%

MADISON, (Wis.) — The [Department of Employee Trust Funds](#) announced annuity increases for retirees of the Wisconsin Retirement System today. The 2014 Core annuity adjustment is 2.9% and the Variable annuity adjustment is 2.0%. The rates, recommended by the Department's consulting actuary and approved by the ETF Board chair, and ETF Secretary Robert Conlin, are effective May 1.

"This is welcome news for our retirees who are experiencing a second consecutive year of increases," said Conlin. Last year the Core Fund, which all 184,000 WRS retirees participate in, had a 4.7% adjustment.

The [State of Wisconsin Investment Board](#), the investment arm of the WRS, recently announced investment returns of 5.7% for the Core Fund and 7.3% for the Variable Fund for calendar year 2014.

In calculating both the annuity adjustments for the Core Fund and Variable Fund, a 5.0% assumed investment return is used to fund the original benefit. Only returns in excess of 5.0% can produce an increase in a retiree's annuity. Returns below 5.0% can result in a negative adjustment, depending on other factors such as past returns.

The WRS does not provide annual cost-of-living adjustments to retirees. Under the WRS, pension adjustments are not automatic; they are based primarily on the investment

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performance of the pension funds. Annuity increases provided in previous years can be reduced or eliminated if the fund experiences poor investment performance.

Investment earnings make up 77% of WRS revenues. ETF paid \$4.4 billion in retirement benefits to retirees and beneficiaries last year, about 90% of whom live in Wisconsin.

ETF administers WRS retirement, insurance and other fringe benefits. The WRS has approximately \$98 billion in assets as of December 31, 2014. It is the 9th largest U.S. public pension fund and the 25th largest public or private pension fund in the world.

WRS Facts and Stats:

- The average annual annuity received by retirees (Core and Variable combined) is \$24,185, as of December 31, 2014.
- Core Fund investment returns are spread (“smoothed”) over a five-year period. Smoothing works to reduce the year-to-year volatility of the markets and the impact that can have on retirees’ annuities. The Core annuity adjustment calculation process this year incorporated investment returns from 2010-2014. The Variable Fund is not smoothed.
- Annualized returns for the Core and Variable Trust Funds, as of December 31, 2014, are as follows:
 - Core, 5-year: 9.2%
 - Core, 10-year: 6.7%
 - Core, 20-year: 8.6%

 - Variable, 5-year: 12.7%
 - Variable, 10-year: 7.1%
 - Variable, 20-year: 8.8%

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