The background of the slide is a dense, overlapping pattern of US coins, including pennies, nickels, dimes, and quarters, in various orientations and colors (copper, silver).

# **WRS Core Effective Rate and Dividend Projections**

Presentation at the Joint  
Informational Meeting

March 13, 2008

# Core Fund Effective Rate

(millions \$)

2007 Investment Income		\$ 6,369
Adjustment for Market Recognition Account		
2007 Gain Deferred to Future Years		(1,062)
Gains and Losses Carried Over From:		
2003	1,341	
2004	518	
2005	86	
2006	1,065	
2007	<u>213</u>	
Total MRA Adjustment		<u>2,161</u>
Current Year Recognized Income		8,530
Less: Allocations and Adjustments		<u>(205)</u>
Income Available for Core Effective Rate		8,325
Adjusted Beginning Reserve Balance		\$ 63,181
Effective Rate (\$8,325 / \$63,181)		13.1%

March 13, 2008

# Market Recognition Account

(millions \$)

<u>Year Earned</u>	2007	2008	2009	2010	2011
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	3,222	1,881	1,363	1,277	212

March 13, 2008

# Variable Fund Effective Rate

(millions \$)

2007 Investment Income	\$ 412
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Adjusted Beginning Reserve Balance	6,470
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Effective Rate ( $\$412 / \$6,470$ )	6.0%
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March 13, 2008



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# 2008 Dividend Projections

*March 13, 2008*

# Assumptions

- Based on 2007 Core Trust Fund investment returns and dividend
- Includes 2003 - 2007 investment gains and losses carried forward in the MRA
- Dividends will be paid if annuity reserve surplus provides at least a 0.5% dividend
- Annuities will be reduced if annuity reserve shortfall would require at least a -0.5% adjustment

*March 13, 2008*

# Assumptions (cont.)

- Negative dividends can only be used to reduce dividends granted in prior years. A core annuity cannot be reduced below the original value.
- 1% per year is reserved for mortality improvement and other actuarial adjustments and is not available for dividends

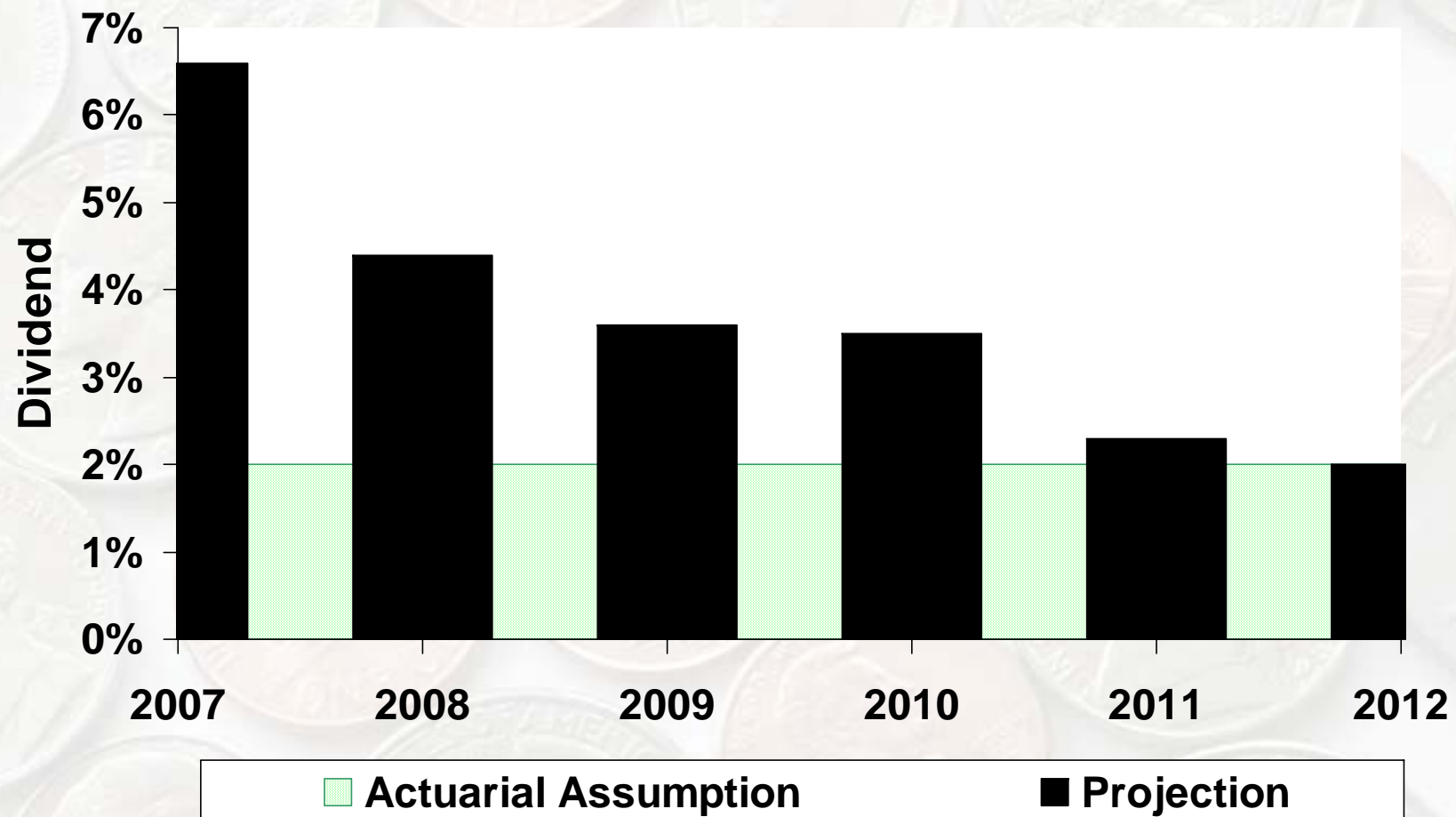
# ***If 7.8% Return in 2008. . .***

<b>Wisconsin Retirement System</b>						
<b>Core Effective Rate / Dividend Projections</b>						
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>SWIB Net Investment Return</b>	8.7%	7.8%	7.8%	7.8%	7.8%	7.8%
<b>Core Trust Fund Effective Rate</b>	13.1%	10.7%	9.9%	9.7%	8.3%	8.1%
<b>Core Trust Fund Dividend</b>	6.6%	4.4%	3.6%	3.5%	2.3%	2.0%

*March 13, 2008*



# *If 7.8% Return in 2008. . .*



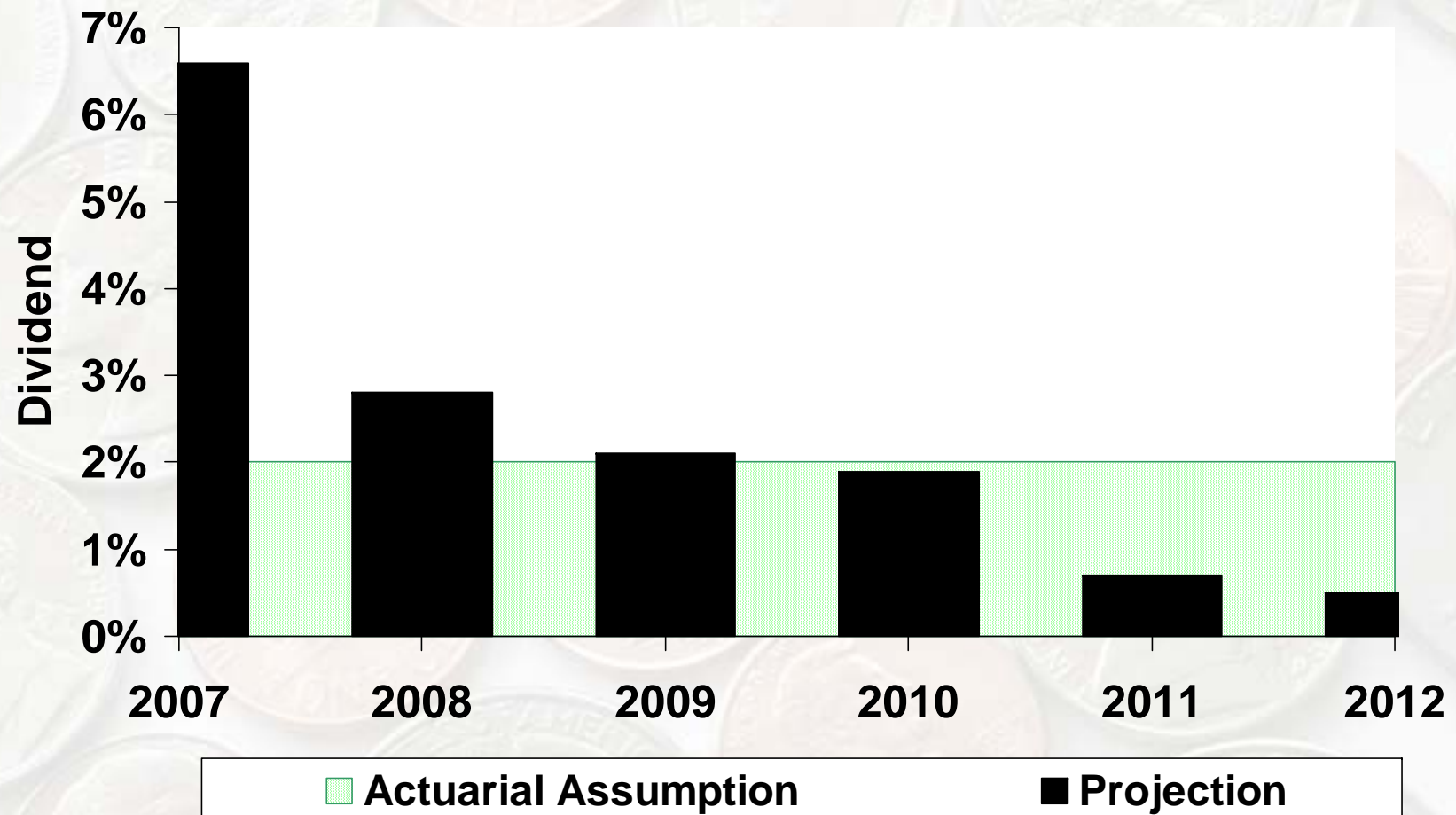
March 13, 2008

# ***If 0% Return in 2008. . .***

<b>Wisconsin Retirement System</b>						
<b><i>Core Effective Rate / Dividend Projections</i></b>						
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>SWIB Net Investment Return</b>	8.7%	0.0%	7.8%	7.8%	7.8%	7.8%
<b>Core Trust Fund Effective Rate</b>	13.1%	9.0%	8.2%	8.0%	6.7%	6.4%
<b>Core Trust Fund Dividend</b>	6.6%	2.8%	2.1%	1.9%	0.7%	0.5%

March 13, 2008

# *If 0% Return in 2008. . .*



March 13, 2008

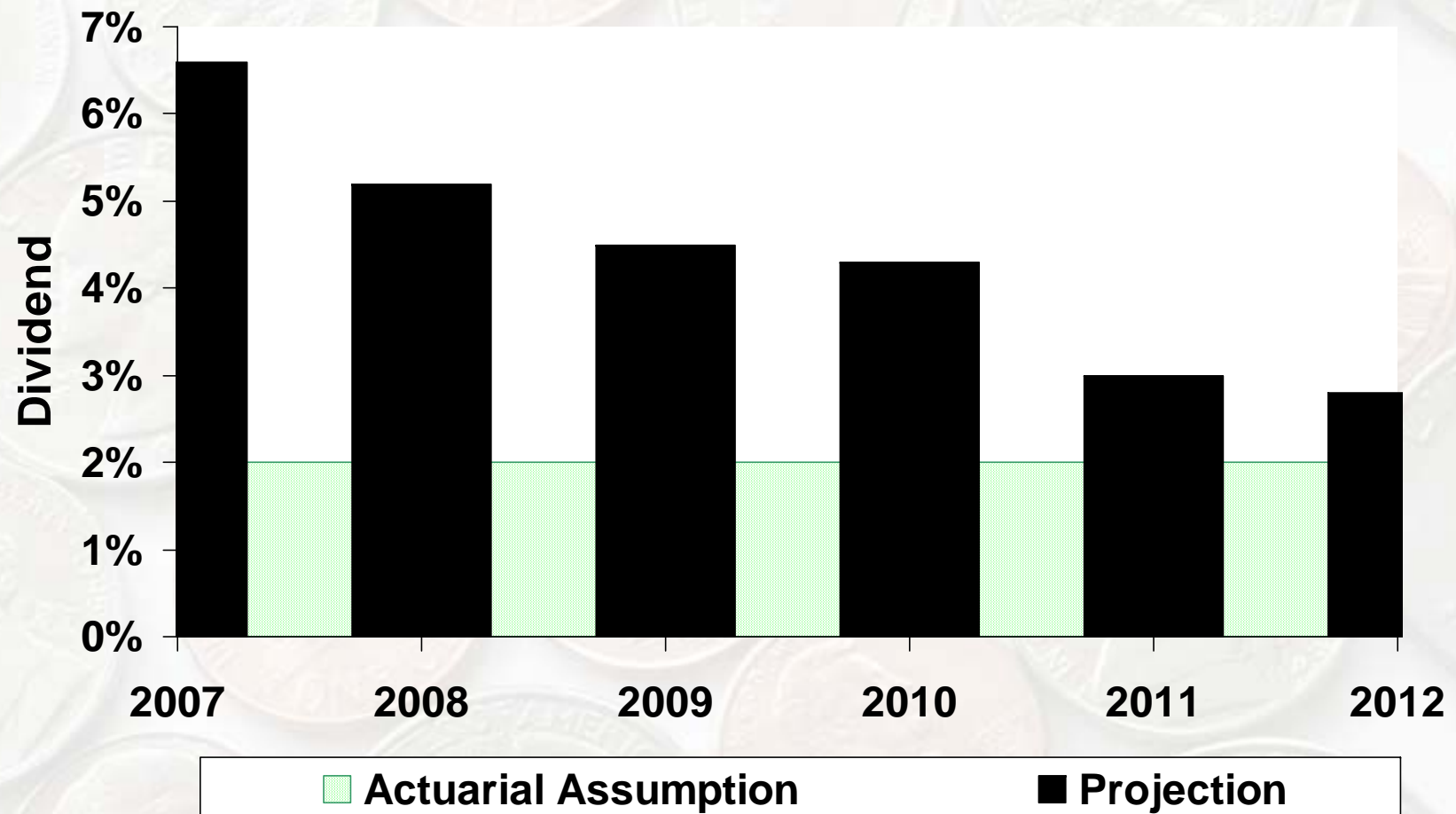
# ***If 12% Return in 2008. . .***

<b>Wisconsin Retirement System</b>						
<b>Core Effective Rate / Dividend Projections</b>						
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>SWIB Net Investment Return</b>	8.7%	12.0%	7.8%	7.8%	7.8%	7.8%
<b>Core Trust Fund Effective Rate</b>	13.1%	11.6%	10.8%	10.5%	9.2%	8.9%
<b>Core Trust Fund Dividend</b>	6.6%	5.2%	4.5%	4.3%	3.0%	2.8%

March 13, 2008



# *If 12% Return in 2008. . .*



March 13, 2008

***A -16.0% Return or Lower in 2008  
will Result in a Negative Dividend***

<b>Wisconsin Retirement System</b>						
<b>Core Effective Rate / Dividend Projections</b>						
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>SWIB Net Investment Return</b>	8.7%	-16.0%	7.8%	7.8%	7.8%	7.8%
<b>Core Trust Fund Effective Rate</b>	13.1%	5.5%	4.6%	4.3%	2.7%	2.2%
<b>Core Trust Fund Dividend</b>	6.6%	-0.5%	-1.3%	-1.6%	-3.0%	-3.5%

March 13, 2008

*At least a -11.5% return will be needed in 2008 to pay a dividend*

Wisconsin Retirement System						
Core Effective Rate / Dividend Projections						
	2007	2008	2009	2010	2011	2012
SWIB Net Investment Return	8.7%	-11.5%	7.8%	7.8%	7.8%	107.8%
Core Trust Fund Effective Rate	13.1%	6.5%	5.6%	5.4%	3.9%	3.5%
Core Trust Fund Dividend	6.6%	0.5%	0.0%	-0.8%	-1.9%	-2.2%

March 13, 2008

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***There will be no dividend for  
2008 if the investment return  
is between -11.5% and -16.0%***

March 13, 2008



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# Questions?

*March 13, 2008*