


**AGENDA AND NOTICE OF MEETING
JOINT INFORMATIONAL (JI) MEETING
STATE OF WISCONSIN
TEACHERS RETIREMENT, WISCONSIN RETIREMENT
AND EMPLOYEE TRUST FUNDS BOARDS**

Holiday Inn Hotel and Suites 1109 Fourier Dr. Madison, WI	Thursday June 18, 2009 8:30 a.m. – Conf Rooms A & B
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Documents for this meeting are available on-line at: http://etf.wi.gov/boards/board_wr.htm
To request a printed copy of any of the agenda items, please contact *Cindy Gilles* at (608) 261-0736.

 *Denotes action item*

- 8:30 a.m. 1. **Call to Order**
- 8:30 a.m.  2. **Consideration of March 19, 2009, JI Meeting Minutes**
- 8:35 a.m. 3. **Announcements**
- Welcome/Introduction of New Teachers Retirement Board Members: Susan Harrison and Sandra Claflin-Chalton
 - Recognize Outgoing Teachers Retirement Board Members: Wayne McCaffery, Dennis Panicucci, Bob Shaw
- 8:40 a.m. 4. **Educational Topic**
- Contribution Rate Background: Historical Perspective
- 9:00 a.m. 5. **Discussion/Consideration**
- Wisconsin Retirement System 28th Annual Valuation of Active Lives – December 31, 2008
 - Wisconsin Administrative Code Chapters 10 and 50 Revisions: Termination of Employment and Leave of Absence
- 10:00 a.m. 6. **Operational Updates**
- Legislative Update
 - 2009 1st Quarter and Other Retirement Statistics
 - State of Wisconsin Investment Board Report
 - Status Report of Proposed Rules of Department
 - Pending Appeals Report
 - 2010 Board Meeting Dates (Final)
 - Future Items for Discussion
- 10:30 a.m. 7. **Adjournment**

Times shown are estimates only.

The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Cindy Gilles, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931. Telephone: (608) 261-0736. Wisconsin Relay Service 7-1-1. E-mail: cindy.gilles@etf.state.wi.us

**MINUTES OF MARCH 19, 2009, MEETING
STATE OF WISCONSIN
JOINT INFORMATIONAL MEETING
TEACHERS RETIREMENT, WISCONSIN RETIREMENT,
AND EMPLOYEE TRUST FUNDS BOARDS**

DRAFT

Holiday Inn Hotel and Suites
1109 Fourier Drive, Madison, WI

BOARD PRESENT:

Jamie Aulik, WR Board John David, WR and ETF Boards Jennifer Donnelly, ETF Board Rosemary Finora, ETF Board Theron Fisher, ETF Board Wayne Koessl, Vice-Chair, WR and ETF Boards Kathy Kreul, ETF Board Mike Langyel, TR Board Irena Macek, ETF Board Lon Mishler, Chair, TR Board Dan Nerad, TR Board	Robert Niendorf, Secretary, ETF Board Dennis Panicucci, Vice-Chair, TR Board Patrick Phair, TR Board Roberta Rasmus, TR Board Steve Scheible, TR Board Robin Starck, Secretary, TR Board Herbert Stinski, WR Board Nancy Thompson, ETF Board Mary Von Ruden, Secretary, WR Board Marilyn Wigdahl, WR Board and Chair, ETF Board David Wiltgen, TR Board
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BOARD NOT PRESENT:

Sean Dilweg, WR Board Wayne McCaffery, ETF and TR Boards Tom Pedersen, TR Board	Robert Shaw, TR Board Gary Sherman, ETF Board
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PARTICIPATING ETF STAFF:

Dave Stella, Secretary Bob Conlin, Deputy Secretary Cindy Gilles, Board Liaison Sari King, Office of Legislative Affairs, Communications and Quality Assurance	Linda Owen, Office of Policy, Privacy and Compliance Matt Stohr, Office of Legislative Affairs, Communications and Quality Assurance Bob Willett, Office of Budget and Trust Finance
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Board	Mtg Date	Item #
Jl	06/18/09	2

OTHERS PRESENT:

Office of the Secretary: Rhonda Dunn, David Nispel, Sharon Walk Office of Budget and Trust Finance: Jerry Dietzel, Jon Kranz Office of Internal Audit: John Vincent Office of Legislative Affairs, Communications and Quality Assurance: Nancy Ketterhagen Office of Policy, Privacy and Compliance: Steve Hurley Division of Retirement Services: Jean Gilding Department of Administration: Caitlin Frederick	Gabriel, Roeder, Smith (GRS) and Company: Mark Buis, Brian Murphy Legislative Audit Bureau: Allen Hesselbacher State Engineering Association: Bob Schaefer State of Wisconsin Investment Board (SWIB): Keith Bozarth, Sandy Drew, Gail Hanson, Ron Mensink Wisconsin Education Association Council – Retired: Ken Stelzig Wisconsin Law Enforcement Officers Association: Dan Hayes Terry Rhodes
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Wayne Koessl, Chair, Wisconsin Retirement Board, called the meeting to order at 8:50 a.m.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

Motion: Ms. Von Ruden moved approval of the minutes of the December 11, 2008, Joint Informational (JI) meeting as submitted by the Board Liaison. Ms. Kreul seconded the motion, which passed on a voice vote with a minor correction to the minutes. Board member Theron Fisher's name was inadvertently omitted as being present at the last JI meeting. The minutes have been corrected.

ANNOUNCEMENTS

Welcome Rhonda Dunn Dave Stella, Secretary, welcomed Rhonda Dunn, Executive Assistant, back from her leave. Ms. Dunn thanked everyone for their cards, e-mails and get-well wishes.

Introductions Mr. Koessl introduced Michael Woodzicka, the new Wisconsin Retirement Board member. He also introduced David Nispel, General Counsel for the Department of Employee Trust Funds (Department).

Reappointment Daniel Nerad has been reappointed to the Teachers Retirement Board for a five-year term.

EDUCATIONAL ISSUES

Wisconsin Retirement System 26th Annual Valuation of Retired Lives – December 31, 2008

Brian Murphy and Mark Buis, Gabriel, Roeder, Smith & Company (GRS), actuaries for the ETF Board, presented their report, *Wisconsin Retirement System 26th Annual Valuation of Retired Lives – December 31, 2008*, to the Boards. Mr. Buis and Mr. Murphy discussed the Core and Variable annuity reserves, the methodology used to calculate increases and decreases, and Core and Variable participant numbers, payment amounts, and fund balances. The process of how Core and Variable Fund annuity adjustments are determined was explained.

Annuity Comparison:	Core Fund	Variable Fund
26-Year:	5.1%	3.4%
10-Year:	3.7%	-5.1%

Mr. Murphy and Mr. Buis answered questions from the Board members.

Effective Rate and Dividend Projections

Bob Willett, Office of Budget and Trust Finance, discussed the effective rate and annuity adjustment projections with Board members. Dividends are paid if the annuity reserve surplus provides at least a 0.5% dividend and annuities will be reduced if the annuity reserve shortfall would require at least a -.5% adjustment. A core annuity cannot be reduced below the original value.

The Market Recognition Account, in which gains and losses are spread out over five years, creates a smoothing effect. For calculating annuity adjustments, 2007 was the last year with investment gains and 2008 was the first year with investment losses. Mr. Willett presented several investment return scenarios for the upcoming years which could possibly result in negative annuity adjustments.

Mr. Willett answered questions from the Board members.

Investment Returns and Wisconsin Retirement System (WRS) Retirement

Benefits Mr. Conlin referred Board members to the informational memo in the Board binder. Linda Owen, Policy Analyst, was available to answer questions. Ms. Thompson complemented Ms. Owen on the clarity and conciseness of the information.

State of Wisconsin Investment Board (SWIB) Update Keith Bozarth, SWIB's Executive Director, discussed Core and Variable Fund investment performance as of February 2009. The funds are slightly ahead of benchmarks. There may be some changes at the end of the year after an extended exercise is completed with 2009 asset allocations. Mr. Bozarth shared that the actual allocation is below target in the equity

markets (50%) and above the fixed income market (33%) which triggered a mandatory rebalancing at the end of February to get closer to the targets.

The asset allocation review brought something new this year by using several investment consulting firms that tend to perform specialty tasks. GRS will be working with SWIB throughout the year. SWIB will adopt the asset allocations in January or February of 2010. In 2008, WI Act 212 was passed which provides the ability to better diversify the funds.

With regard to internal changes, SWIB was authorized to hire 20 additional positions funded from the trust fund – 14 have been hired and 6 are currently frozen under the Department of Administration hiring freeze. Six of ten sector portfolios have outperformed their benchmarks by \$37 million and large cap portfolios outperformed benchmarks by \$165 million. As far as external engagement, areas include: potential regulatory reform, ongoing corporate governance work and accounting issues.

Mr. Bozarth answered questions from the Board members.

OPERATIONAL UPDATES

Legislative and Communications Update Matt Stohr, Director, Office of Legislative Affairs, Communications and Quality Assurance, presented a legislative and communications update.

Communication Efforts:

- In January, SWIB announced the 2008 investment returns. In February, Employee Trust Funds (ETF) notified stakeholder groups to distribute information on effective rates to their memberships.
- In early March, information was sent to stakeholder groups to distribute to their membership regarding annuity adjustments. Annuity adjustment information was posted on the Department's website and a press release was prepared.
- ETF and SWIB have organized meetings with various employee and employer organizations about how the WRS works and to explain the impact of the 2008 investment returns.
- The Department is considering developing a video library presentation on contribution rates for 2010 and include information on how the 2008 investment returns affect all WRS employers and participants. There is also discussion of developing an employer bulletin regarding contribution rates.
- Ongoing education regarding the Variable Fund continues.

Legislative Update:

- The Legislative Session began January 2009 and is expected to conclude May 2010. The biennial budget for fiscal year 2009-2011 was introduced by Governor Doyle in February 2009.
- Consistent with the ETF Board's recommendation, the Department is working with Senator Wirch and Representative Hubler on a bill to close the Variable Fund to new enrollees.
- Senate Bill 88 and Assembly Bill 126: eligible WRS employees may purchase no more than four years of creditable service for years of military service at the required employer contribution rate currently 5%.

Ms. King referred Board members to the informational reports in their binders.

DISCUSSION TOPIC

Proposal for Single Day Quarterly Board Meetings Mr. Conlin introduced Steve Hurley, Director of the Office of Policy, Privacy and Compliance. Mr. Hurley assisted in writing the March 18, 2009, memo to the Board regarding the proposed single day board meetings.

Mr. Conlin discussed the proposal by several Board members for a single day of Board meetings. This will be voted on at the ETF Board meeting on March 20, 2009. Two-day Board meetings transpired largely due to appeals which have declined significantly through the years. Two important benefits of a single-day meeting are: 1) information flow among the Boards would improve; and, 2) Board members valuable time would be used more efficiently. In addition, there would be some savings with hotel costs and staff time.

Board members discussed the proposal and raised a few issues which should be considered, such as allowing enough time for discussion, educational sessions and, when necessary, have a two-day meeting if there is a large number appeals.

ADJOURNMENT

Motion: Ms. Von Ruden moved to adjourn the meeting. Mr. Starck seconded the motion which passed without objection on a voice vote.

The Joint Information meeting adjourned at 11:45 p.m.

Date Approved: _____

Signed: _____

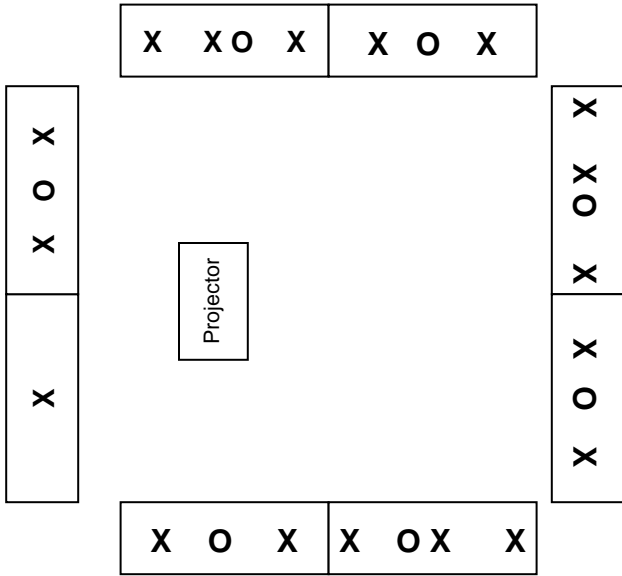
Robin Starck, Secretary
Teachers Retirement Board

ETF MEETING

CONFERENCE ROOM A & B

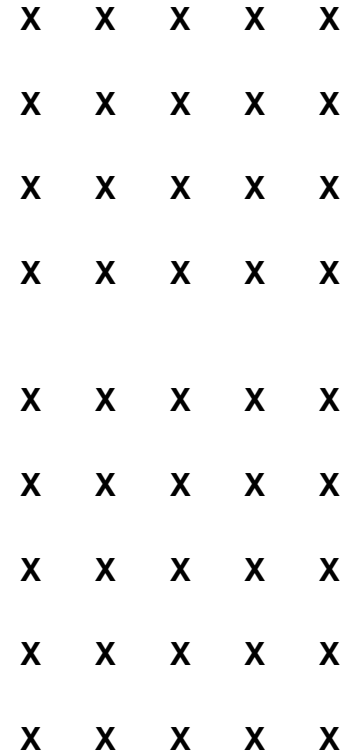
Coffee/Tea/Water

Screen

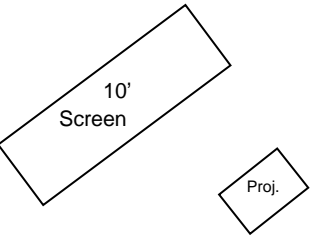


Coffee/Tea/Water

Door



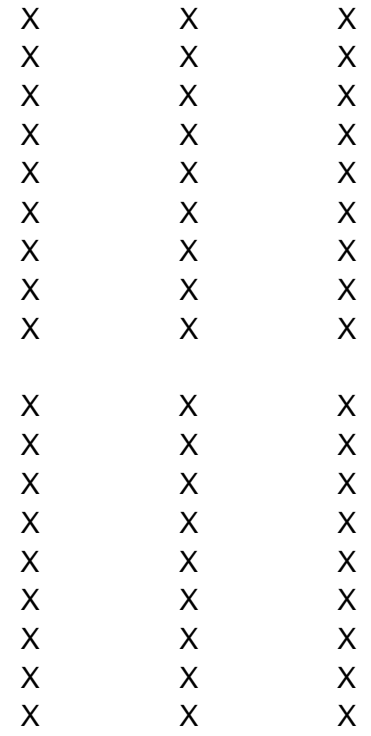
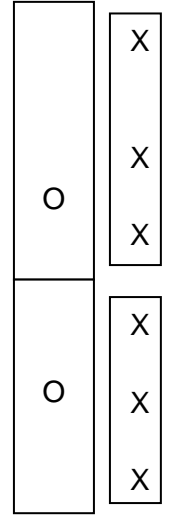
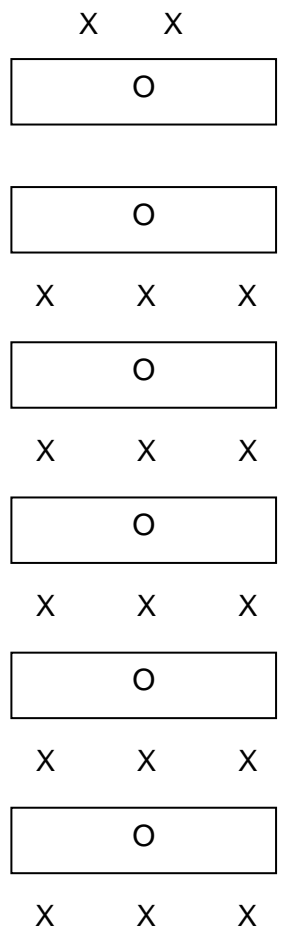
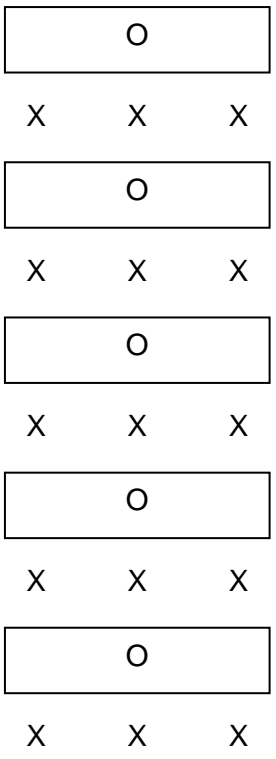
O = Cordless Microphone, X = Chair



JI MEETING

CONFERENCE ROOM A & B

Coffee/Tea/Water



Coffee/Tea/Water

DOOR

**NOTE: Cordless microphones will be used – 1 per table.
O = Microphone**

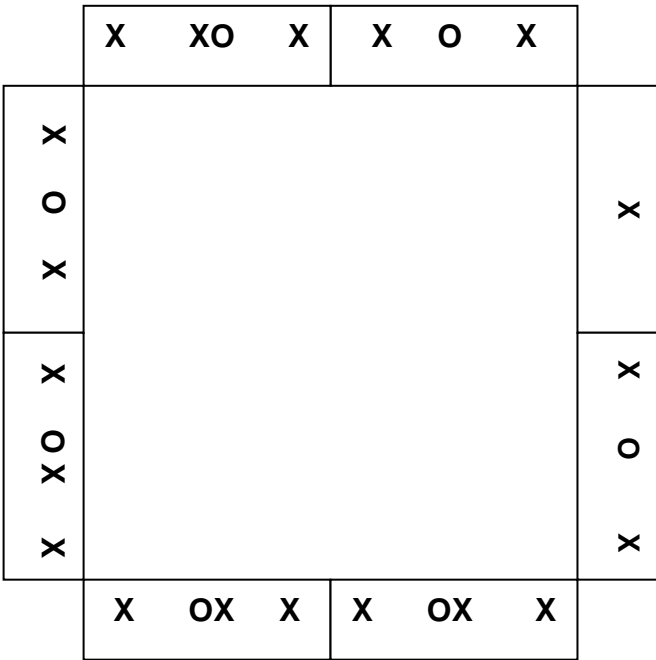
WR/TR MEETING CONFERENCE ROOM C

Back Door

6 chairs
around for
7:45 am
meeting

Continental
Breakfast

X X X
 X X X
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 X X X
 X X X



Screen

Main Door

Coffee/Tea/Water

O = Wireless microphones
 X = Chairs



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

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<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: May 29, 2009

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Bob Conlin, Deputy Secretary

SUBJECT: June 18, 2009, Board Meeting: New Meeting Space Configuration

This memo is for informational purposes only. No Board action is required.

As you know, June 18, 2009, will be the inaugural single-day meeting of the retirement boards. In addition to a more streamlined day of meetings, we will introduce a new layout that will make more efficient use of the meeting space. The following is a brief description of the changes.

The main meeting room where the Boards have traditionally met is actually three separate conference rooms (Conference Rooms A, B, and C). On June 18, Conference Rooms A and B will be set up as one room and Conference Room C will be set up as a separate meeting room.

The Joint Informational meeting, which is scheduled to begin at 8:30 a.m., will meet in combined Conference Rooms A and B. The rooms will be set up "classroom" style for board members, with adequate seating for staff and members of the public. This will be a departure from the large square-shaped configuration used in the past, but we feel it will better facilitate the information sharing nature of the Joint Informational meeting.

Conference Room C will be set up in a more traditional, but smaller, square configuration. It will also have adequate seating for staff and members of the public. Conference Room C will be used to host the Wisconsin Retirement (WR) Board and the Teachers Retirement (TR) Board meetings, which will occur in succession upon completion of the Joint Informational meeting. The smaller square configuration should be more appropriate for conducting Board business than the very large Joint Informational configuration that we have used in the past.

Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board
May 29, 2009
Page 2

While the WR and TR Boards are meeting, and over the lunch hour, Conference Rooms A and B will be rearranged into a small square configuration to accommodate the Employee Trust Funds (ETF) Board meeting, again with adequate seating for staff and the public. The ETF Board will meet in Conference Rooms A and B after lunch.

Overall, we believe the new arrangement will provide for a more comfortable and efficient meeting space and a better meeting experience for all.

The attached diagrams provide a better sense of what the rooms will look like, especially for the Joint Informational meeting.

If you have any questions about this matter, please contact Cindy Gilles, Board Liaison, 608/261-0136 (e-mail cindy.gilles@etf.state.wi.us) or me at 608/261-7940 (e-mail bob.conlin@etf.state.wi.us).

Attachments

WRS Contribution Rate Overview

Board	Mtg Date	Item #
Jl	6/18/09	4

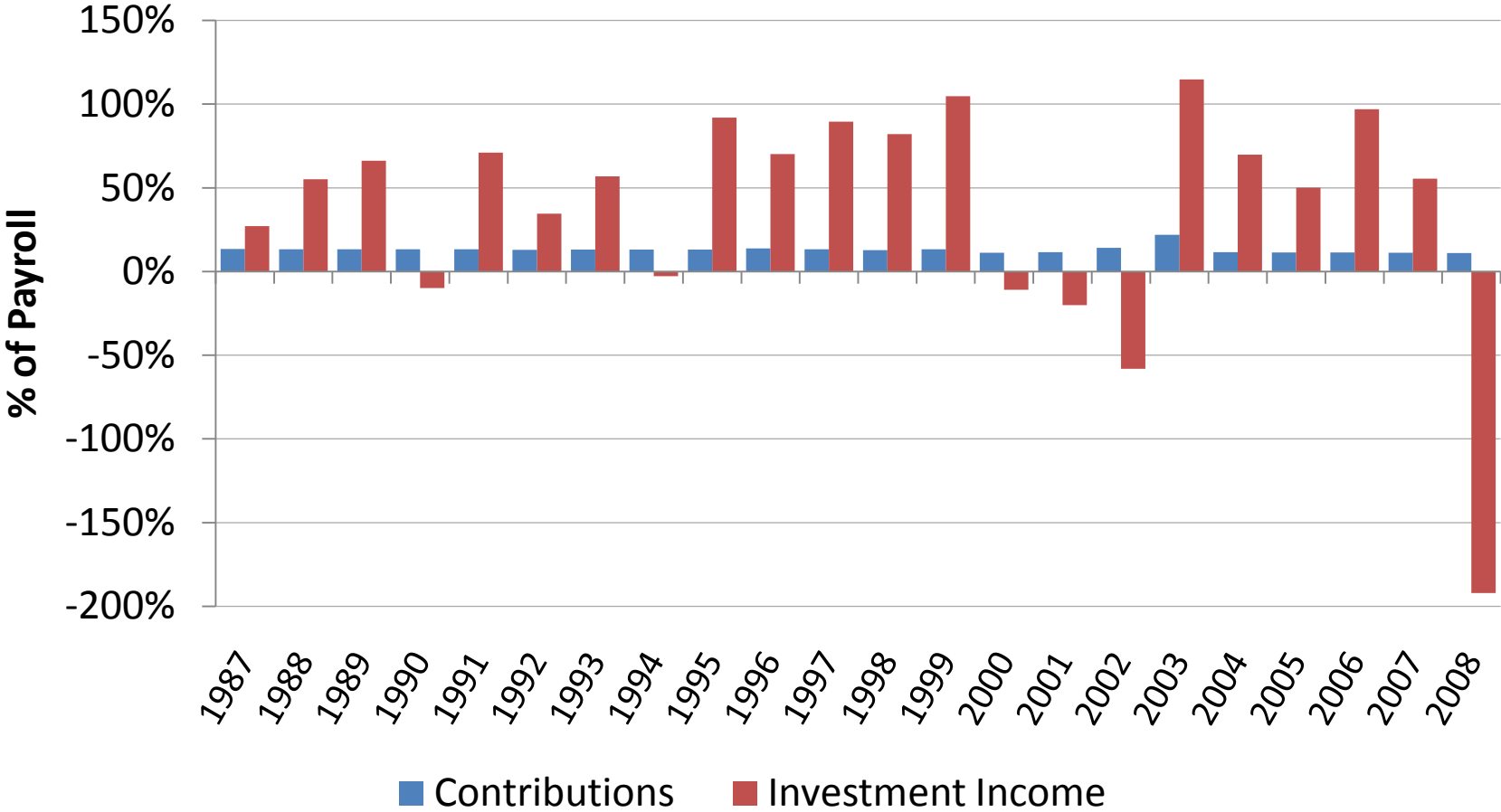
Who Sets WRS Contribution Rates

- The Board's consulting actuary has statutory responsibility to determine the appropriate actuarial assumptions and the required contribution rate for the system
- The Employee Trust Funds Board approves the assumptions and contribution rates determined by the actuary

Funding WRS Benefits

- The WRS prefunds retiree benefits. Contributions and investment income collected during an employees' working career fund their future benefits.
- Current retiree benefits are not a factor in determining employee and employer contributions.
- An average contribution rate for all members in a particular coverage group is paid based on all employees' ages, service, salary and other characteristics.
- More than two-thirds of the funding of WRS benefits comes from investment return.

Contributions & Investment Income as % of Payroll

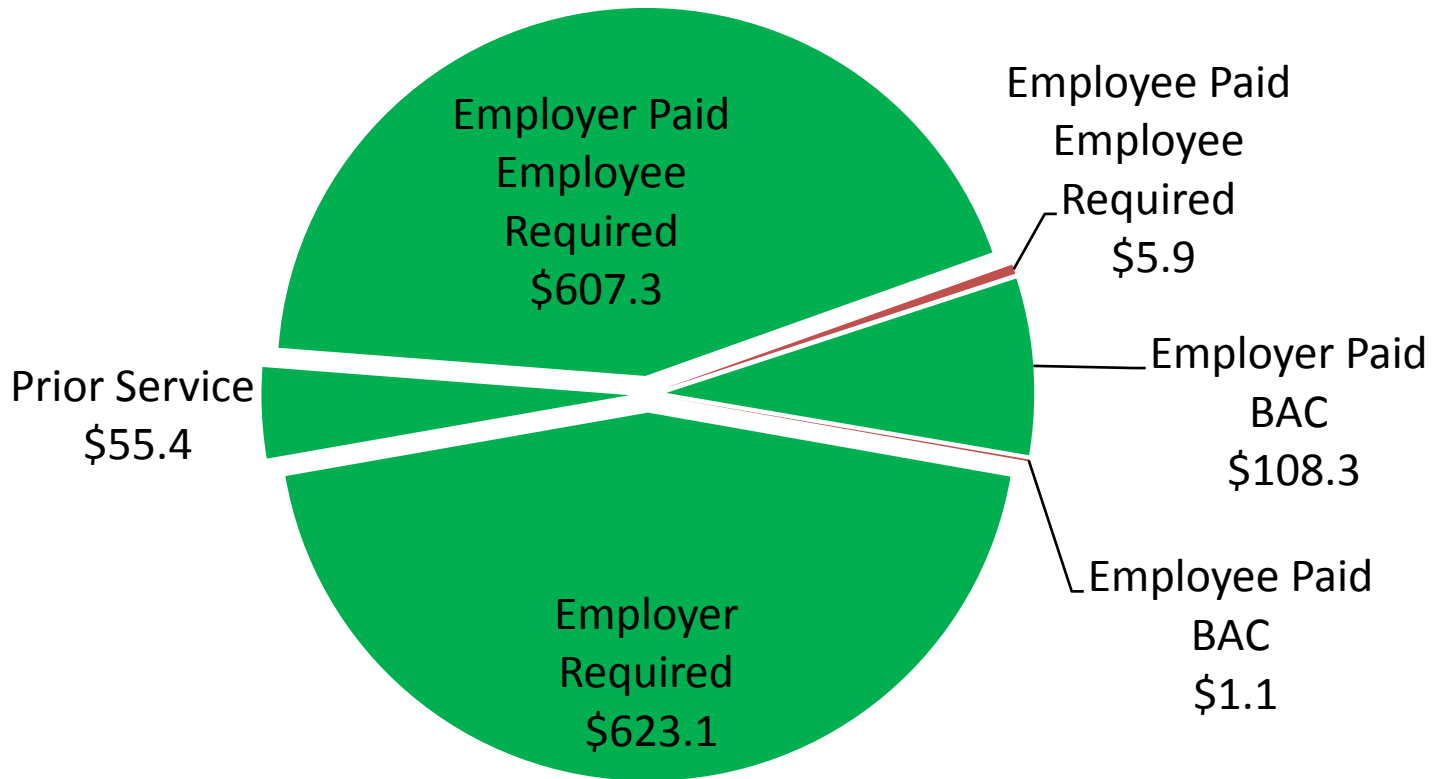


Who Pays WRS Contributions

- There are four basic types of contributions made to the WRS:
 - Employee Contributions (paid by the employee unless employer agrees to pay this contribution)
 - Employer Contributions (always paid by the employer)
 - Benefit Adjustment Contributions (BAC) (paid by the employee unless the employer agrees to pay this contribution)
 - Prior Service Contributions (always paid by the employer)
- Over 99% of employers pay most or all of the contributions to the WRS.

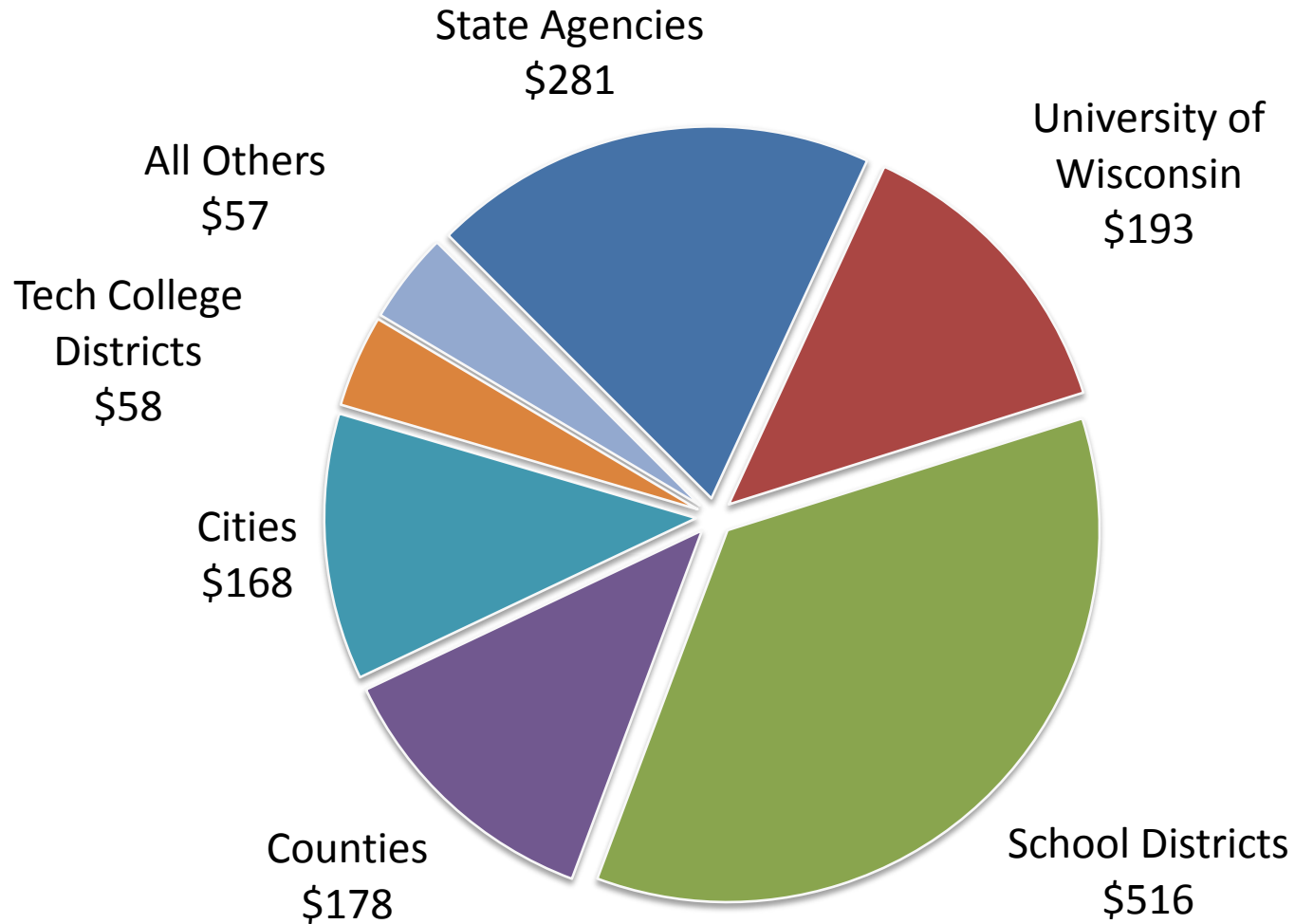
2008 Required Contributions

millions \$



2008 Required Contributions

millions \$

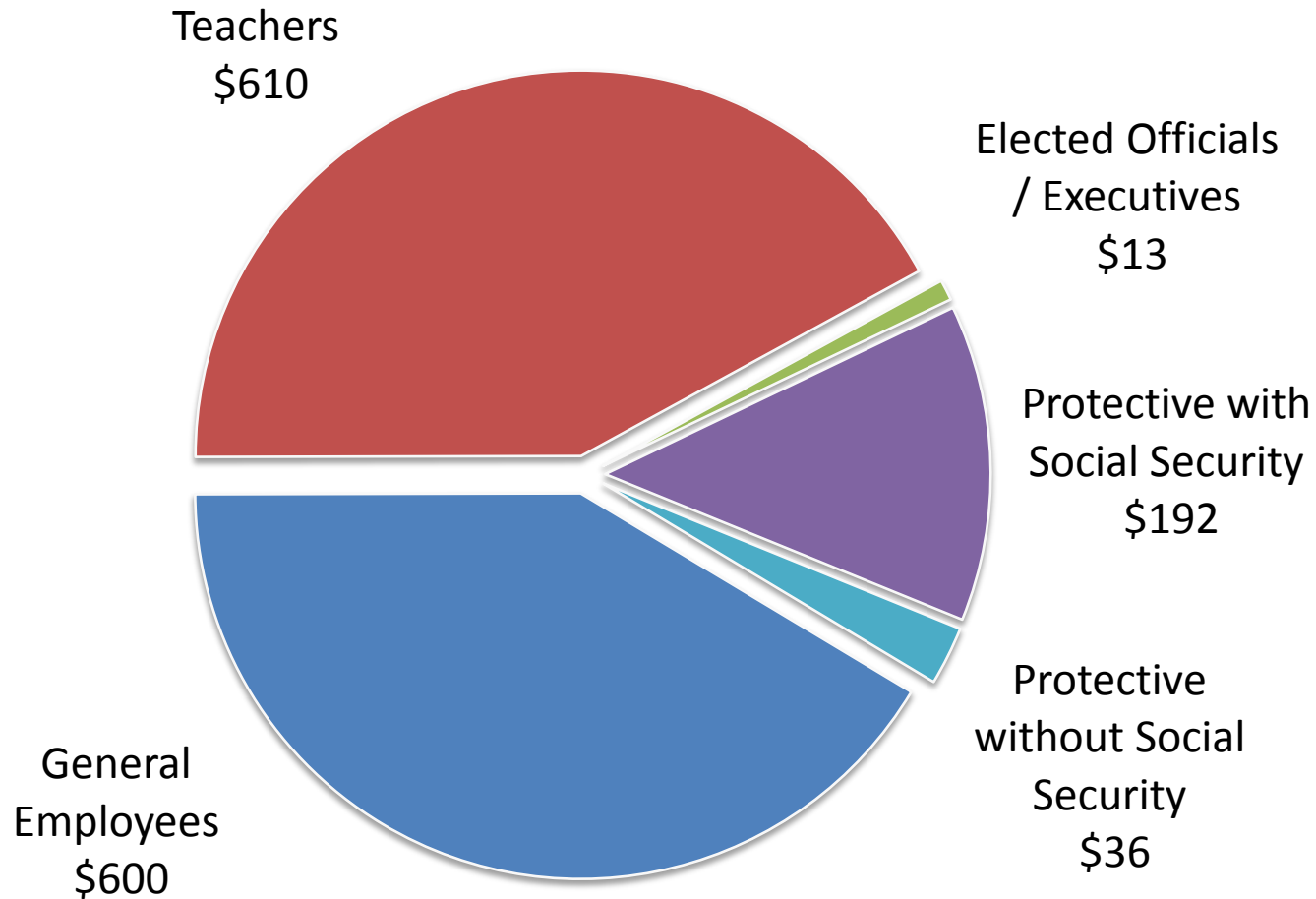


WRS Contribution Rate Structure

- There are four WRS employee rate groups:
 - General Employees including Teachers (91% of all covered employees)
 - Elected/Executive (0.5% of all covered employees)
 - Protective with Social Security coverage (7.5% of all covered employees)
 - Protective without Social Security coverage (1% of all covered employees and is made up of firefighters)

2008 Required Contributions

millions \$

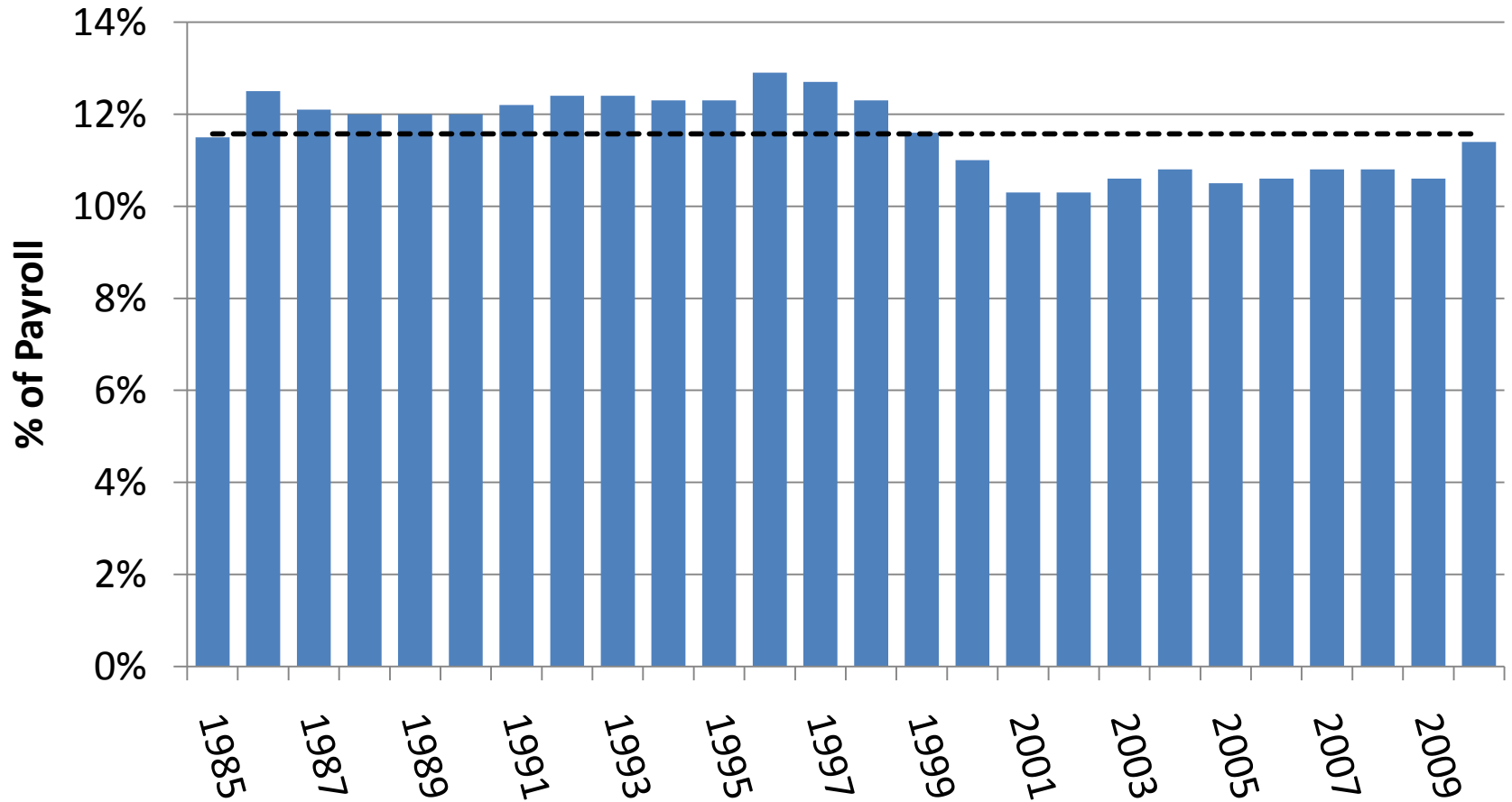


Maintaining Stable Contribution Rates

- It is a goal of the WRS to maintain stable contribution rates
 - Intergenerational equity
 - Government budgeting
- The actuary uses tools such as the Market Recognition Account and the Experience Amortization Reserve to smooth actuarial experience and stabilize contribution rates

Contribution Rate History

(General Category Participants)



WISCONSIN RETIREMENT SYSTEM

TWENTY-EIGHTH ANNUAL ACTUARIAL VALUATION

DECEMBER 31, 2008

OUTLINE OF CONTENTS

Section	Pages	Items
		Introduction
		Section One: Actuarial Valuation Results
I	1-5	Overview
	6-9	Benefit Provisions
	10-17	Non-Retired Participant Data
	18-20	Financial Data
	21-25	Valuation Results
		Section Two: Financial Reporting
II	1	Summary of Assumptions and Methods
	2-3	Statement of Net Assets
	4	Funding Progress & Accrued Liabilities
	5	Solvency and Contributions
		Section Three: Actuarial Methods and Assumptions
III	1	Actuarial Valuation Method
	2-3	Asset Valuation Method
	4-10	Summary of Assumptions
		Section Four: The Valuation Process
IV	1-3	Financial Principles and Operational Techniques
	4-5	The Actuarial Valuation Process
	6-7	Glossary

June 3, 2009

Employee Trust Funds Board
 Wisconsin Department of Employee
 Trust Funds
 801 West Badger Road
 Madison, Wisconsin 53713

Ladies and Gentlemen:

The results of the **December 31, 2008 annual actuarial valuations of non-retired members covered by the Wisconsin Retirement System** are presented in this report. The valuations establish contribution rates for the 2010 calendar year in conformance with Chapter 40 of the Wisconsin Statutes. The change in the normal cost rates from last year are shown below:

<u>General</u>	<u>Executive</u>	<u>Protective With SS</u>	<u>Protective Without SS</u>
0.6%	0.4%	1.0%	1.4%

The valuations are based upon all current plan provisions related to General, Executive and Elected, and Protective Occupation employment with and without Social Security coverage. The provisions evaluated are summarized in Section One of this report.

The individual member statistical data required for the valuations was furnished by the Department of Employee Trust Funds, together with pertinent data on financial operations. The cooperation of DETF staff in furnishing these materials is acknowledged with appreciation.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The December 31, 2008 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2003-2005 period.

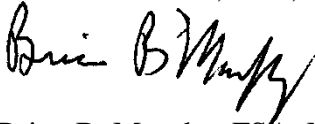
To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods. The actuaries submitting this statement are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The valuations were completed by qualified actuaries in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. It is our opinion that the Wisconsin Retirement System is operating in accordance with actuarial principles of level percent-of-payroll financing.

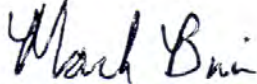
Respectfully submitted,



Norman L. Jones, FSA, MAAA



Brian B. Murphy, FSA, MAAA



Mark Buis, FSA, MAAA

NLJ/BBM/MB:lr

SECTION ONE

ACTUARIAL VALUATION RESULTS

OVERVIEW

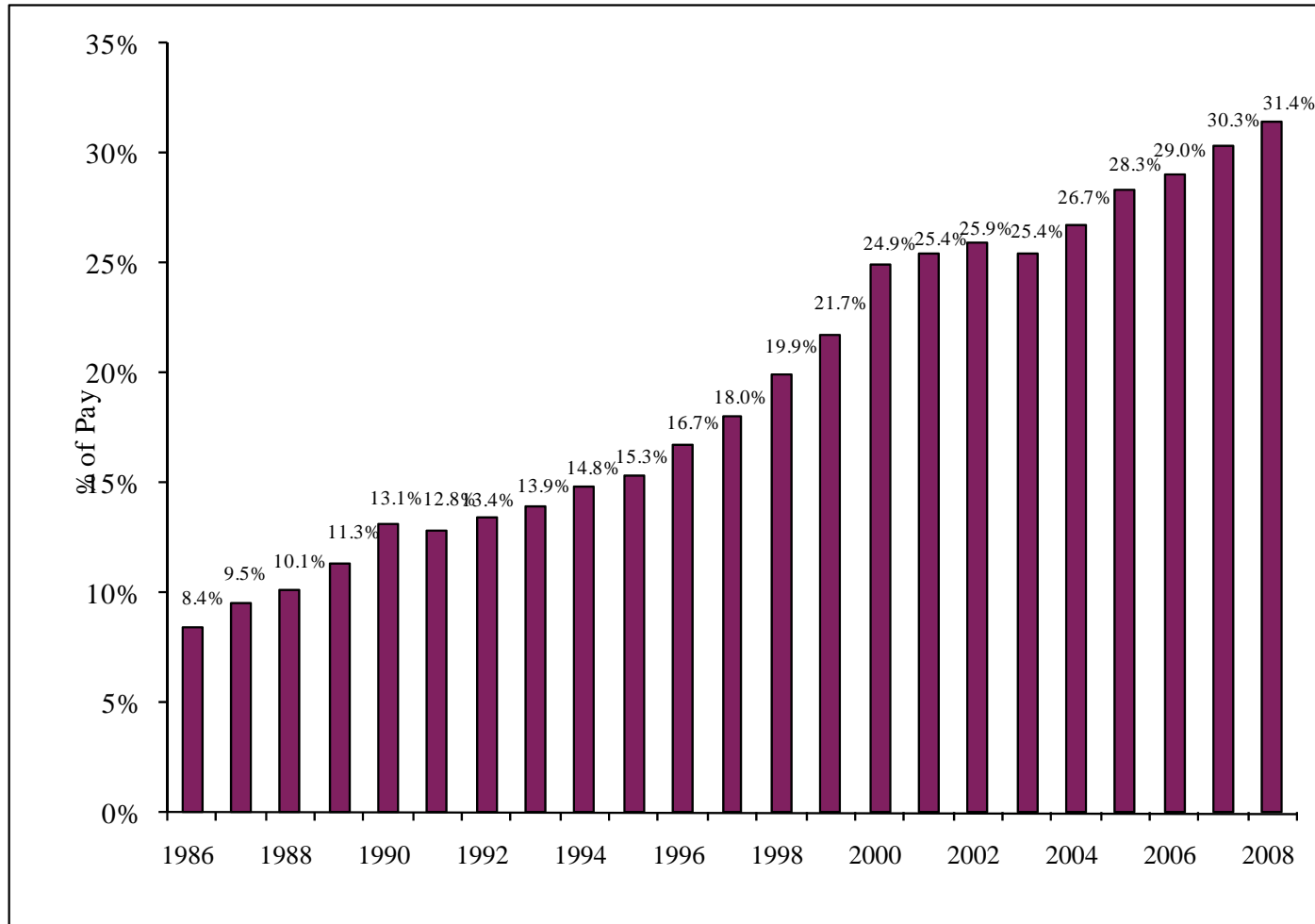
**COMPARATIVE SUMMARY OF VALUATION RESULTS
CONTRIBUTION RATES FOR INDICATED YEARS
EXPRESSED AS A % OF PARTICIPANT PAYROLL**

	General Participants		Executives & Elected Officials		Protective Occupation			
					With Soc. Sec.		Without Soc. Sec.	
	2010	2009	2010	2009	2010	2009	2010	2009
Employer Normal Cost	4.8%	4.5%	8.7%	8.5%	8.6%	8.1%	11.3%	10.6%
Benefit Adjustment Contribution	1.2%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Participant Normal Cost	5.0%	5.0%	3.2%	3.0%	5.5%	5.0%	3.9%	3.2%
Total Normal Cost	11.0%	10.4%	11.9%	11.5%	14.1%	13.1%	15.2%	13.8%
Unfunded Actuarial Accrued Liability (UAAL)	0.2%	0.2%	0.0%	0.0%	0.0%	0.1%	0.3%	0.3%
WRS Average Total	11.2%	10.6%	11.9%	11.5%	14.1%	13.2%	15.5%	14.1%

Under Section 40.05 of the Wisconsin statutes, contribution rate changes are generally split evenly between the employer normal cost and the benefit adjustment contribution. If there is no benefit adjustment contribution and the rate change is a decrease, the participant normal cost is decreased. If there is no benefit adjustment contribution and the rate change is an increase *and* the participant normal cost is below the statutory rate, the participant normal cost is increased.

Rates shown for UAAL are weighted averages of rates that vary by employer units. In addition to the WRS rates shown above are contributions to support the Section 40.65 Duty Disability Program and the Accumulated Sick Leave Conversion Credit Program.

TOTAL ANNUITIES AS A % OF PAYROLL



Annuities are expected to continue to increase as a percent of payroll for several more decades. By pursuing the level percent-of-payroll objective, the future increase in the payout percent is expected to be paid from income generated by retirement system assets.

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COMPARATIVE STATEMENT OF COMPUTED CONTRIBUTION RATES

Valuation 12/31	Rate Effective 1/1	General				Executive and Elected			
		Participant	Benefit Adj. Contr.	Employer*	Total	Participant	Benefit Adj. Contr.	Employer*	Total
1984@	1986	5.0 %	1.0 %	6.5 %	12.5 %	5.5 %		11.6 %	17.1 %
1985	1987	5.0 %	1.0 %	6.1 %	12.1 %	5.5 %		11.3 %	16.8 %
1986	1988	5.0 %	1.0 %	6.0 %	12.0 %	5.5 %		11.9 %	17.4 %
1987	1989	5.0 %	1.0 %	6.0 %	12.0 %	5.5 %		11.9 %	17.4 %
1988	1990	5.0 %	1.0 %	6.0 %	12.0 %	5.5 %		11.9 %	17.4 %
1989@	1991	5.0 %	1.1 %	6.1 %	12.2 %	5.5 %	0.1 %	12.0 %	17.6 %
1990	1992	5.0 %	1.2 %	6.2 %	12.4 %	5.5 %	0.1 %	12.0 %	17.6 %
1991	1993	5.0 %	1.2 %	6.2 %	12.4 %	5.5 %	0.1 %	12.0 %	17.6 %
1992	1994	5.0 %	1.2 %	6.1 %	12.3 %	5.5 %	0.1 %	12.0 %	17.6 %
1993	1995	5.0 %	1.2 %	6.1 %	12.3 %	5.5 %	0.1 %	12.0 %	17.6 %
1994	1996	5.0 %	1.5 %	6.4 %	12.9 %	4.6 %	0.0 %	11.1 %	15.7 %
1995	1997	5.0 %	1.4 %	6.3 %	12.7 %	4.7 %	0.0 %	11.2 %	15.9 %
1996	1998	5.0 %	1.2 %	6.1 %	12.3 %	4.7 %	0.0 %	11.2 %	15.9 %
1997	1999	5.0 %	0.8 %	5.8 %	11.6 %	4.3 %	0.0 %	10.8 %	15.1 %
1998	2000	5.0 %	0.5 %	5.5 %	11.0 %	4.1 %	0.0 %	10.6 %	14.7 %
1999	2001	5.0 %	0.2 %	5.1 %	10.3 %	3.9 %	0.0 %	10.4 %	14.3 %
2000	2002	5.0 %	0.2 %	5.1 %	10.3 %	3.1 %	0.0 %	9.6 %	12.7 %
2001 &	2003	5.0 %	0.4 %	5.2 %	10.6 %	2.6 %	0.0 %	9.1 %	11.7 %
2002	2004	5.0 %	0.6 %	5.2 %	10.8 %	2.6 %	0.0 %	8.9 %	11.5 %
2003	2005	5.0 %	0.8 %	4.7 %	10.5 %	2.8 %	0.0 %	8.4 %	11.2 %
2004	2006	5.0 %	0.9 %	4.7 %	10.6 %	2.9 %	0.0 %	8.5 %	11.4 %
2005	2007	5.0 %	1.0 %	4.8 %	10.8 %	3.0 %	0.0 %	8.6 %	11.6 %
2006	2008	5.0 %	1.0 %	4.8 %	10.8 %	3.0 %	0.0 %	8.6 %	11.6 %
2007	2009	5.0 %	0.9 %	4.7 %	10.6 %	3.0 %	0.0 %	8.5 %	11.5 %
2008	2010	5.0 %	1.2 %	5.0 %	11.2 %	3.2 %	0.0 %	8.7 %	11.9 %

* Employer normal cost plus weighted average of unfunded actuarial accrued liability contribution rates.

@ Benefit change.

& Act 11 of 1999 was implemented in 2001.

COMPARATIVE STATEMENT OF COMPUTED CONTRIBUTION RATES

Valuation 12/31	Rate Effective 1/1	Protective With Social Security				Protective Without Social Security			
		Participant	Benefit Adj. Contr.	Employer*	Total	Participant	Benefit Adj. Contr.	Employer*	Total
1984@	1986	6.0 %	1.0 %	12.3 %	19.3 %	8.0 %		19.1 %	27.1 %
1985	1987	6.0 %	1.0 %	12.4 %	19.4 %	8.0 %		18.5 %	26.5 %
1986	1988	6.0 %	1.0 %	12.0 %	19.0 %	8.0 %		18.0 %	26.0 %
1987	1989	6.0 %	1.0 %	11.3 %	18.3 %	8.0 %		16.9 %	24.9 %
1988	1990	6.0 %	0.9 %	11.2 %	18.1 %	8.0 %		16.9 %	24.9 %
1989@	1991	6.0 %	0.7 %	10.9 %	17.6 %	7.5 %		16.4 %	23.9 %
1990	1992	6.0 %	0.7 %	10.9 %	17.6 %	7.5 %		16.4 %	23.9 %
1991	1993	6.0 %	0.6 %	10.7 %	17.3 %	7.5 %		16.4 %	23.9 %
1992	1994	6.0 %	0.6 %	10.7 %	17.3 %	7.5 %		16.3 %	23.8 %
1993	1995	6.0 %	0.5 %	10.6 %	17.1 %	7.2 %		16.0 %	23.2 %
1994	1996	6.0 %	0.1 %	10.2 %	16.3 %	6.8 %		15.7 %	22.5 %
1995	1997	5.8 %	0.0 %	9.8 %	15.6 %	6.2 %		15.1 %	21.3 %
1996	1998	5.4 %	0.0 %	9.4 %	14.8 %	5.8 %		14.6 %	20.4 %
1997	1999	4.9 %	0.0 %	8.9 %	13.8 %	5.4 %		14.3 %	19.7 %
1998	2000	4.1 %	0.0 %	8.0 %	12.1 %	4.4 %		13.3 %	17.7 %
1999	2001	3.8 %	0.0 %	7.6 %	11.4 %	3.3 %		12.2 %	15.5 %
2000	2002	4.0 %	0.0 %	7.8 %	11.8 %	3.0 %		11.9 %	14.9 %
2001 &	2003	4.0 %	0.0 %	7.7 %	11.7 %	2.4 %		11.3 %	13.7 %
2002	2004	4.5 %	0.0 %	8.0 %	12.5 %	3.2 %		11.8 %	15.0 %
2003	2005	4.9 %	0.0 %	8.1 %	13.0 %	3.3 %		11.3 %	14.6 %
2004	2006	5.0 %	0.0 %	8.2 %	13.2 %	3.3 %		11.1 %	14.4 %
2005	2007	5.1 %	0.0 %	8.3 %	13.4 %	3.4 %		11.2 %	14.6 %
2006	2008	5.1 %	0.0 %	8.3 %	13.4 %	3.4 %		11.2 %	14.6 %
2007	2009	5.0 %	0.0 %	8.2 %	13.2 %	3.2 %		10.9 %	14.1 %
2008	2010	5.5 %	0.0 %	8.6 %	14.1 %	3.9 %		11.6 %	15.5 %

* Employer normal cost plus weighted average of unfunded actuarial accrued liability contribution rates.

@ Benefit change.

& Act 11 of 1999 was implemented in 2001.

COMMENTS ON DECEMBER 31, 2008 RESULTS

Based upon this valuation, normal cost contribution rates increased for all groups primarily due to unfavorable investment performance. Detail concerning experience gains and losses in individual risk areas will be presented at a later date in the annual Gain Loss Analysis. Accumulated gains in the Experience Amortization Reserve (EAR) currently help to reduce the normal cost rate. Normal cost rates could be higher in the future if gains in the EAR account are reduced or fully amortized.

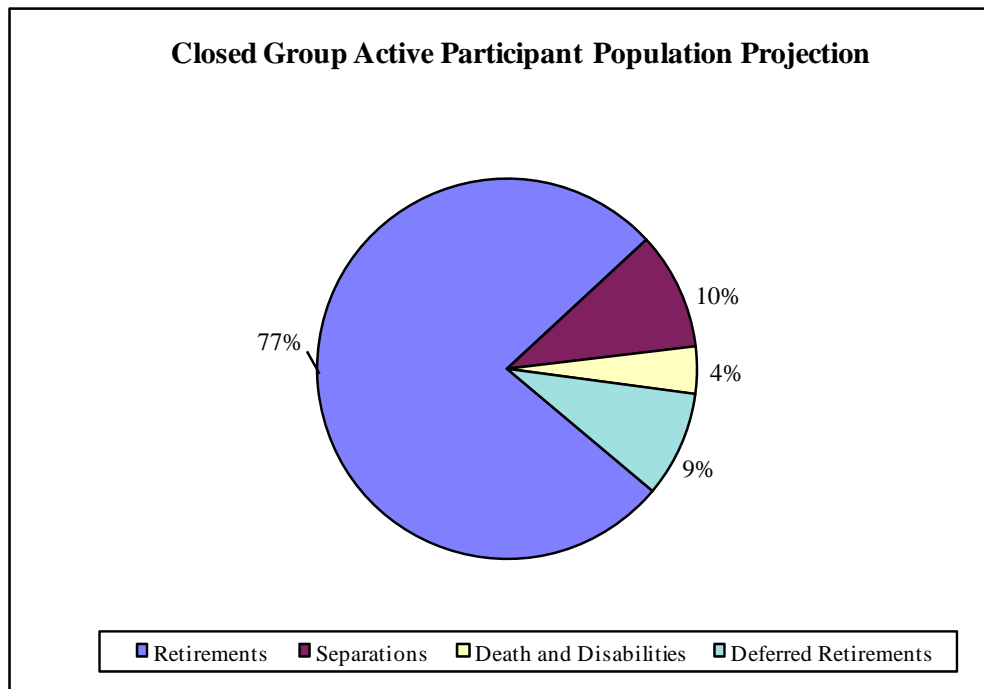
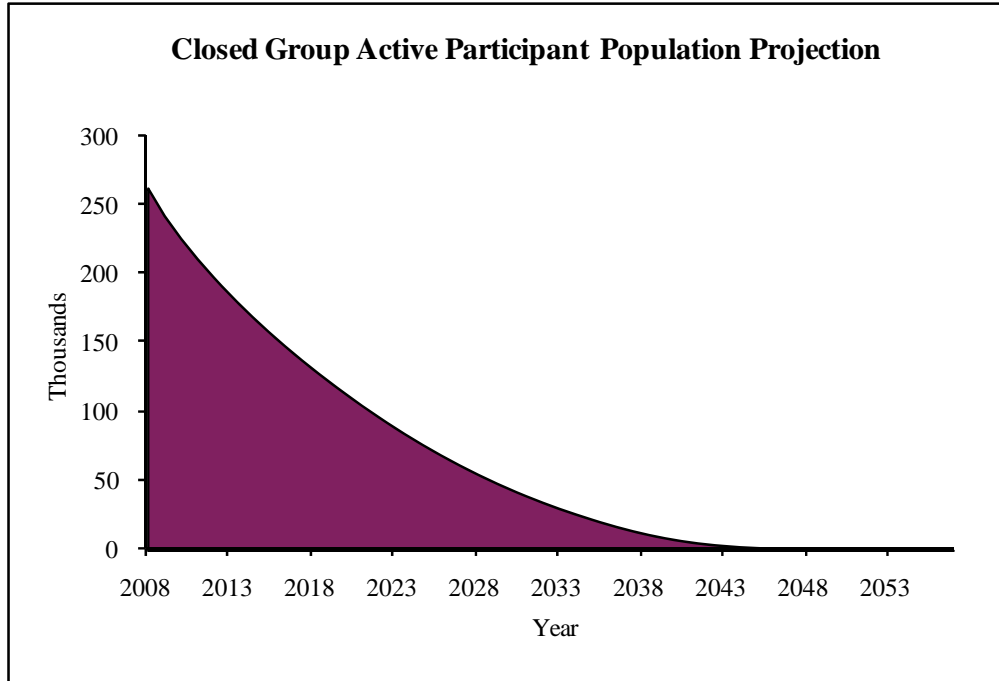
In total, during 2008, investment return was well below the assumed level of 7.8% on a market value basis (please see pages I-18 and III-3). However, under the asset valuation method, gains and losses are phased in over a five year period, resulting in a 3.1% return on an actuarial value of assets basis in the Core Fund. The Actuarial Value of Assets exceeds the Market Value of Assets by approximately 32% as of the valuation date. The statutory asset valuation method (see page III-3) will recognize all of the differences between actuarial value and market value (\$18.6 billion) over four future years. The result will be strong upward pressure on contribution rates.

The statutory allocation of the rate change among Participant Normal Cost, Employer Normal Cost, and Benefit Adjustment Contribution is shown on page I-24. The original intent of the statutory allocation was most likely to permit participants to share equally with employers in good and bad investment results and in other actuarial results. The Participant Normal Cost contributions and the Benefit Adjustment Contributions are, in most cases, paid by the employers rather than by the participants. This means that good and bad experience is not really shared, since the employers are paying the whole contribution anyway. Rather, in some cases, good experience tends to reduce benefits payable to future retirees, and bad experience tends to increase such benefits. That counterintuitive effect occurs because certain benefits, such as money purchase minimum benefits, separation benefits, and some death benefits, depend on the nominal Participant Normal Cost rate: the higher the nominal participant normal cost rate, the higher the benefit, and conversely. The participant normal cost rate is presently lower for the Elected group and Protective Without Social Security group than it is for the other groups, resulting in reduced separation benefits for these participants. The WRS is a complicated retirement system, and changes should not be undertaken lightly. However, we do recommend a careful review of this portion of the interaction between the statutory allocation of contribution rate changes and money purchase benefits, with a view toward correcting the unintended impact on benefits.

This valuation includes liabilities for future claims under the Long Term Disability Insurance (LTDI) program that became operational late in 1992. Inter-fund transfers between WRS and the LTDI program to support claims, currently payable are addressed in a separate report to the Group Insurance and Employee Trust Funds Boards.

Conclusion. Based upon the results of the December 31, 2008 regular annual actuarial valuation, it is our opinion that *the Wisconsin Retirement System continues to operate in accordance with actuarial principles of level percent-of-payroll financing.*

EXPECTED DEVELOPMENT OF PRESENT POPULATION DECEMBER 31, 2008



The charts show the expected future development of the present population in simplified terms. The retirement system presently covers 263,186 active members. Eventually, 10% of the population is expected to terminate covered employment prior to retirement and forfeit eligibility for an employer provided benefit. Nearly 86% of the present population is expected to receive monthly retirement benefits either by retiring directly from active service, or by retiring from vested deferred status. 4% of the present population is expected to become eligible for death-in-service or disability benefits. **Within 10 years, over half of the covered membership is expected to consist of new hires.**

BENEFIT PROVISIONS

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
DECEMBER 31, 2008 ACTUARIAL VALUATION**

Normal Retirement Eligibility

The age a participant becomes eligible for an unreduced age and service annuity is:

General		Protective		Executive & Elected	
Age	Service	Age	Service	Age	Service
65	Any*	54	Any*	62	Any*
57	30	53	25	57	30

* Participants first employed after 1989 and terminated before April 24, 1998 must have creditable service in 5 calendar years.

Normal Retirement Annuity

The age and service annuity payable at Normal Retirement Age is based on Final Average Earnings (FAE) and Creditable Service (CS) as follows:

Multiplier for Service Rendered		Group
After 1999	Before 2000	
2.0%	2.165%	Executive group, elected officials and protective occupation participants covered by Social Security
2.5%	2.665%	Protective occupation participants not covered by Social Security
1.6%	1.765%	All other participants

FAE is generally the average of the 3 highest years of earnings (July 1 - June 30 for teachers, educational support staff, and judges; calendar year for others) preceding retirement. These years do not have to be consecutive. For legislators and state constitutional officers who are ineligible to receive pay increases during their term, FAE is the statutory rate of earnings at termination.

Maximum formula annuity is 85% of FAE for protective occupation participants not covered by Social Security, 65% of FAE for protectives covered by Social Security, and 70% for all other participants. If greater than the formula amount, an annuity equal to the actuarial equivalent of two times the required accumulated contributions is paid in lieu of the formula amount.

Early Retirement. Any participant who has attained age 55 and any Protective occupation participant who has attained age 50 may apply for an early retirement annuity. The benefit is reduced 0.4% for each month that the annuity effective date precedes the Normal Retirement Age. For Non-Protective participants terminating after 6/30/90, the 0.4% is reduced for months after the attainment of age 57 and before the annuity effective date by .001111% for each month of creditable service.

Voluntary Termination Before Immediate Benefit Eligibility. Participant may either (i) receive a refund of accumulated contributions, or (ii) leave contributions on deposit and apply for a retirement annuity on or after the minimum retirement age based upon age and accrued service at time of termination.

Post-Retirement Adjustments. Annuities are increased annually if the investment income credited to retired life funds is in excess of the assumed rate (presently 5%), other plan experiences are within projected ranges, and the resulting adjustment would be at least 0.5%.

Disability Annuity. Eligibility: generally total and permanent incapacity to engage in gainful employment. Participant must have completed at least 6 months of creditable service in each of at least 5 out of the last 7 calendar years preceding application for disability. Service requirement is waived if disability is from service-related causes.

For protective occupations, eligibility also can be met if a member has 15 years of service, is between the ages of 50 and 55 and unable to safely and efficiently perform one's duties.

Disability Amounts. Amounts payable in case of disability depend upon the plan from which payment is made and are described below.

	Pre-10/16/92 WRS Plan	Post-10/15/92 LTDI Plan
Participants covered	Participants hired before 10/16/92 who do not elect LTDI coverage.	Participants entering after 10/15/92 and participants on 10/15/92 who elect LTDI coverage.
Benefit to age 65*	WRS formula benefit based on service projected to normal retirement age.	40% of FAE for participants covered by Social Security; 50% of FAE for non-covered participants who cannot qualify for Social Security disability benefits.
Benefit at age 65*	Continuation of pre-65 amount.	WRS benefit accrued to date of disability plus 7% of FAE money purchase benefit during disability period, both of which are adjusted in accordance with dividend rate.

* Conversion age is later for participants becoming disabled after age 61.

Death-in-Service.

- (a) Prior to age 50 for Protective participants, age 55 for others, the benefit is the equivalent of twice the accumulated employee contributions required and all additional contributions and employer amounts contributed prior to 1974 for teachers, or 1966 for others.
- (b) After age 50 for Protective participants, age 55 for others, the benefit is the amount that would have been paid if participant had retired and elected 100% survivor option. Benefit is payable to any natural living person.

Interest Credits. For years after 1999, and for people with some active service after 1999, participant core accounts (including the variable at core accounts) are credited with interest at the full (core) effective rate. For others, accounts are credited with interest as follows:

Date of Participation	Rate Credited For Purpose of	
	Money Purchase	Refunds
	Minimum	
Prior to 1982	Actual	Actual
January 1, 1982 & Later	5%	3%

Participant variable accounts are credited with interest based on the earnings in the variable portfolio.

Contribution Rates. The financial objective of WRS is to establish and receive contributions that will remain level from year to year and decade to decade.

Statutory required participant contributions are as follows:

General	5.0%
Executives & Elected Officials	5.5
Protectives	
- With Social Security	6.0
- Without Social Security	8.0

Non-refundable benefit adjustment contributions are also required by statute and may be paid by the employer or by the employee depending upon the employer's compensation plan. The employers contribute the remaining amounts necessary to fund the retirement system on an actuarially sound basis. As differences between actual and assumed experience emerge, adjustments are made to contributions to maintain financial balance as follows:

- One-half of the increase or decrease is reflected in the employer normal cost rate.
- One-half of the increase or decrease is reflected in the participant-paid portion of the benefit adjustment contribution. If a decrease would reduce a benefit adjustment contribution to less than zero, participant normal contributions are reduced.

Normal Form of Benefit. The normal form of benefit is a straight life annuity with no death benefits. Optional forms of benefit which are actuarially reduced are listed below:

- A life annuity with 60 or 180 monthly payments guaranteed.
- A joint survivorship annuity with 75% continued to beneficiary.
- A joint survivorship annuity with 100% continued to beneficiary.
- A joint survivorship annuity reduced 25% upon either your death or your beneficiary's death.
- A joint survivorship annuity with 100% continued to beneficiary combined with 180 monthly payments guaranteed.

NON-RETIRED PARTICIPANT DATA

ACTIVE PARTICIPANTS INCLUDED IN VALUATIONS
DECEMBER 31, 2008

Active participants included in the valuations totaled 263,186 with an annual payroll totaling \$12,187.4 million, as follows:

Valuation Group	Number	Annual Earnings (\$Millions)	Group Averages			
			Earnings	Age	Years of Service	Contribs.
General	238,994	\$10,806.3	\$45,216	46.0	11.8	\$53,408
Executive Group & Elected Officials	1,430	100.6	70,316	54.6	13.6	90,261
Protective Occupation with Social Security	20,038	1,099.3	54,859	40.0	12.0	55,167
Protective Occupation without Social Security	2,724	181.2	66,502	40.9	14.1	83,026
Total Active Participants	263,186	\$12,187.4	\$46,307	45.6	11.8	\$54,049
Prior Year	261,003	\$11,581.8	\$44,374	45.5	11.8	\$55,459

Group averages are not used in the valuation, but are shown here for their general interest.

**INACTIVE PARTICIPANTS INCLUDED IN VALUATIONS
DECEMBER 31, 2008**

Inactive participants included in the valuations totaled 140,039 as follows:

Valuation Group	Number	Group Averages		
		Age	Service	Money Purchase Balance
General	135,020	46.1	3.0	\$13,098
Executive Group & Elected Officials	608	53.6	4.8	32,409
Protective Occupation with Social Security	4,220	39.8	3.7	15,561
Protective Occupation without Social Security	191	42.5	6.8	44,296
Total Inactive Participants	140,039	45.9	3.0	\$13,299
Prior Year	137,411	45.6	3.0	\$13,701

The valuations also included 3,751 QDRO cases whose average age was 50.5 years. These accounts for divorced spouses of WRS participants have been established in accordance with Wisconsin Domestic Relations Law.

GENERAL PARTICIPANTS AS OF DECEMBER 31, 2008
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Ages	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
15-19	198							198	\$ 3,398,990
20-24	4,814	37						4,851	121,754,255
25-29	15,187	2,277	18					17,482	600,610,192
30-34	9,636	10,648	1,532	8				21,824	898,454,999
35-39	8,240	7,773	8,233	1,234	9			25,489	1,154,708,420
40-44	8,567	7,179	6,636	6,994	1,186	11		30,573	1,409,974,760
45-49	8,773	7,994	6,345	6,458	5,688	1,544	85	36,887	1,687,924,905
50-54	6,610	7,498	6,477	6,297	5,673	5,763	2,676	40,994	1,973,918,884
55	1,091	1,190	1,171	1,258	1,214	1,102	1,316	8,342	421,855,361
56	957	1,143	1,138	1,205	1,046	973	1,357	7,819	396,251,373
57	907	1,063	1,138	1,175	1,059	943	1,418	7,703	391,811,323
58	835	927	982	1,077	964	792	1,225	6,802	341,104,308
59	708	829	801	963	831	677	1,063	5,872	297,740,793
60	655	724	787	854	712	604	883	5,219	260,638,481
61	629	599	635	753	703	454	707	4,480	216,650,889
62	557	565	597	684	616	419	638	4,076	199,620,440
63	358	338	317	378	326	237	326	2,280	108,825,663
64	342	302	271	316	262	179	257	1,929	87,204,989
65	261	235	201	243	203	123	222	1,488	66,981,421
66	223	198	166	137	149	89	139	1,101	49,063,258
67	187	135	87	86	72	55	86	708	29,077,581
68	163	94	80	68	45	33	74	557	20,505,712
69	167	70	52	56	41	17	58	461	16,269,505
70	120	58	41	43	30	17	40	349	12,078,645
71	108	47	31	31	21	13	29	280	9,252,743
72	103	46	26	12	17	12	16	232	6,564,507
73	109	40	29	15	14	6	24	237	6,571,625
74	75	33	16	9	7	8	10	158	4,195,181
75 & Up	293	152	42	32	23	13	48	603	13,265,559
Totals	70,873	52,194	37,849	30,386	20,911	14,084	12,697	238,994	\$10,806,274,762

**EXECUTIVE GROUP AND ELECTED OFFICIALS
AS OF DECEMBER 31, 2008
BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	2							2	\$ 46,893
25-29	8							8	188,248
30-34	20	9						29	1,678,063
35-39	36	21	17	3				77	4,998,711
40-44	54	14	24	18	2			112	6,734,790
45-49	58	30	27	33	31	4	2	185	13,253,213
50-54	62	30	35	33	30	35	18	243	17,261,179
55	19	6	8	6	8	8	5	60	4,422,645
56	8	8	3	9	7	7	12	54	4,642,781
57	13	9	9	8	18	11	11	79	6,508,256
58	18	5	10	7	7	8	9	64	5,142,278
59	15	9	9	7	9	8	6	63	4,463,311
60	6	7	4	9	11	8	11	56	5,037,294
61	15	6	9	6	7	5	9	57	4,375,667
62	16	9	4	4	10	4	15	62	4,661,878
63	7	6	4	6	5	5	7	40	3,064,648
64	7	4	5	4	7	4	7	38	3,326,102
65	7	4	3	7	4	2	5	32	2,261,738
66	16	3	2	4	5	3	3	36	2,468,126
67	2		3	2	2		1	10	839,075
68	8	3	2	3	2	1	5	24	1,515,588
69	6		3		1	1	1	12	475,317
70	10	1	1	1	2	1	2	18	753,267
71	2		1	1			4	8	603,612
72	5	1	2			1		9	414,410
73	1	2			1			4	155,356
74	6	3		1		1	1	12	327,165
75 & Up	22	5	3	2		1	3	36	931,639
Totals	449	195	188	174	169	118	137	1,430	\$100,551,250

**PROTECTIVE OCCUPATION PARTICIPANTS WITH SOCIAL SECURITY
AS OF DECEMBER 31, 2008
BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
15-19	9							9	\$ 224,925
20-24	836	10						846	29,617,875
25-29	1,799	722	13					2,534	113,195,232
30-34	760	1,671	616	4				3,051	156,395,715
35-39	432	965	1,762	430	1			3,590	198,396,458
40-44	275	512	933	1,245	322	1		3,288	192,409,546
45-49	167	347	433	737	878	274	5	2,841	173,805,770
50	34	66	61	107	125	140	17	550	34,166,322
51	33	48	52	92	126	157	38	546	34,430,974
52	36	61	33	71	93	172	45	511	31,982,350
53	32	47	51	53	85	97	51	416	25,077,279
54	27	31	44	63	69	86	78	398	24,833,816
55	12	29	25	47	51	48	59	271	16,727,246
56	16	31	40	39	47	41	37	251	14,819,345
57	14	29	23	36	44	26	38	210	12,360,125
58	10	33	19	27	35	29	39	192	11,133,841
59	11	14	14	26	29	22	26	142	8,551,399
60	8	17	16	19	22	10	18	110	6,112,006
61	4	17	14	16	11	13	10	85	4,803,810
62	7	11	8	14	16	8	9	73	4,073,173
63	3	2	10	10	3	3	8	39	2,213,872
64	2	7	6	1	3	3	4	26	1,429,237
65	3	2	3	2	2		5	17	834,583
66	3	2		2	2		1	10	430,725
67	3	4		5		1		13	580,086
68	2	1	2					5	148,249
69	1	2	1	1				5	217,235
70 & Up	4	1	2				2	9	301,409
Totals	4,543	4,682	4,181	3,047	1,964	1,131	490	20,038	\$1,099,272,603

**PROTECTIVE OCCUPATION PARTICIPANTS WITHOUT SOCIAL SECURITY
AS OF DECEMBER 31, 2008
BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	73							73	\$ 3,074,977
25-29	194	56						250	13,027,202
30-34	102	208	71					381	22,723,151
35-39	53	156	241	81				531	34,508,483
40-44	14	70	160	172	40			456	31,008,480
45-49	3	20	72	144	195	66		500	36,155,122
50	2	3	8	23	26	31	2	95	7,175,045
51	1	2	6	21	25	30	8	93	6,889,886
52		1	6	13	24	26	11	81	6,072,375
53			1	12	19	20	14	66	5,239,709
54			3	10	24	18	10	65	5,051,431
55	2	1	2	10	13	9	10	47	3,596,295
56			1	4	6	7	13	31	2,290,397
57			1	1	6	4	7	19	1,420,722
58			2	1	5	5	4	17	1,445,634
59		1		1	1	1	2	6	482,407
60						1		1	102,889
61		1				2	1	4	357,470
62		1	1			2	1	5	362,173
63									
64		1					1	2	88,610
65							1	1	79,809
Totals	444	521	575	493	384	222	85	2,724	\$181,152,267

**ACTIVE PARTICIPANTS
AS OF DECEMBER 31, 2008
BY YEARS OF SERVICE AND GENDER**

Completed Years of Service	Males	Females	Totals	Valuation Payroll	
				Total	Average
0	6,594	14,234	20,828	\$ 493,575,561	\$23,698
1	6,000	11,216	17,216	528,718,339	30,711
2	4,868	9,490	14,358	486,931,608	33,914
3	4,132	8,133	12,265	443,980,562	36,199
4	3,856	7,786	11,642	443,094,623	38,060
5	3,448	7,278	10,726	415,788,205	38,765
6	3,739	7,543	11,282	466,469,807	41,346
7	4,547	7,861	12,408	538,850,555	43,428
8	4,585	7,578	12,163	551,262,436	45,323
9	4,107	6,906	11,013	514,944,253	46,758
10	4,013	6,380	10,393	500,467,738	48,154
11	3,586	5,629	9,215	451,604,480	49,008
12	3,084	5,007	8,091	407,940,119	50,419
13	2,964	4,676	7,640	395,667,927	51,789
14	2,945	4,509	7,454	394,232,329	52,889
15 & Up	37,303	49,189	86,492	5,153,722,341	59,586
Totals	99,771	163,415	263,186	\$12,187,250,883	\$46,307

Average			
Age	45.6	45.5	45.6
Service	12.9	11.2	11.8

COMPARATIVE STATEMENT OF ACTIVE PARTICIPANTS IN VALUATIONS

Valuation 12/31	General				Executive and Elected			
	No.	Earnings			No.	Earnings		
		\$ Millions	Average	% Incr.		\$ Millions	Average	% Incr.
1984	174,193	\$3,339	\$19,167		1,329	\$32	\$24,418	
1985	176,220	3,522	19,987	4.3%	1,449	39	26,721	9.4%
1986	178,895	3,812	21,309	6.6%	1,444	41	28,371	6.2%
1987	180,041	4,109	22,821	7.1%	1,491	46	30,664	8.1%
1988	183,498	4,362	23,770	4.2%	1,491	48	31,916	4.1%
1989	187,925	4,579	24,365	2.5%	1,492	50	33,450	4.8%
1990	196,101	4,948	25,234	3.6%	1,502	63	35,193	5.2%
1991	202,048	5,357	26,517	5.1%	1,496	56	37,535	6.7%
1992	207,882	5,747	27,643	4.2%	1,463	58	39,598	5.5%
1993	210,627	6,084	28,886	4.5%	1,452	60	41,476	4.7%
1994	214,280	6,342	29,595	2.5%	1,450	63	43,528	4.9%
1995	216,434	6,597	30,479	3.0%	1,475	67	45,135	3.7%
1996	219,265	6,832	31,160	2.2%	1,459	67	45,967	1.8%
1997	222,888	7,128	31,980	2.6%	1,455	71	48,881	6.3%
1998	227,017	7,457	32,847	2.7%	1,450	73	50,664	3.6%
1999*	229,657	7,704	34,445	4.9%	1,468	77	53,263	5.1%
2000	234,076	8,335	35,610	3.4%	1,486	83	55,582	4.4%
2001	238,944	8,746	36,605	2.8%	1,486	85	57,060	2.7%
2002	240,990	9,007	37,377	2.1%	1,476	87	58,865	3.2%
2003	239,696	9,273	38,686	3.5%	1,468	86	58,336	-0.9%
2004	238,943	9,501	39,764	2.8%	1,469	89	60,379	3.5%
2005	237,501	9,661	40,678	2.3%	1,452	90	61,788	2.3%
2006	236,877	9,933	41,935	3.1%	1,436	93	64,480	4.4%
2007	237,124	10,278	43,344	3.4%	1,427	95	66,320	2.9%
2008**	238,994	10,806	45,216	4.3%	1,430	101	70,316	6.0%

* After change in method of calculating average pay.

** Some groups had a 27 period payroll during 2008.

COMPARATIVE STATEMENT OF ACTIVE PARTICIPANTS IN VALUATIONS

Valuation 12/31	Protective With Social Security				Protective Without Social Security			
	No.	Earnings			No.	Earnings		
		\$ Millions	Average	% Incr.		\$ Millions	Average	% Incr.
1984	9,226	\$ 217	\$23,551		2,535	\$ 67	\$26,414	
1985	9,607	236	24,596	4.4%	2,641	72	27,388	3.7%
1986	9,852	255	25,875	5.2%	2,612	76	29,072	6.2%
1987	10,220	274	26,845	3.7%	2,585	79	30,503	4.9%
1988	10,392	286	27,560	2.7%	2,607	83	31,671	3.8%
1989	10,551	300	28,414	3.1%	2,582	83	32,267	1.9%
1990	11,167	332	29,738	4.7%	2,603	88	33,806	4.8%
1991	11,666	357	30,606	2.9%	2,585	92	35,650	5.5%
1992	12,160	390	32,049	4.7%	2,622	100	38,007	6.6%
1993	12,388	408	32,928	2.7%	2,611	103	39,371	3.6%
1994	12,825	436	34,005	3.3%	2,612	106	40,633	3.2%
1995	13,434	467	34,747	2.2%	2,630	112	42,478	4.5%
1996	13,820	495	35,807	3.1%	2,625	116	44,063	3.7%
1997	14,232	536	37,625	5.1%	2,654	121	45,568	3.4%
1998	14,810	570	38,509	2.3%	2,658	127	47,733	4.8%
1999*	16,483	649	39,864	3.5%	2,691	131	48,947	2.5%
2000*	16,970	717	42,263	6.0%	2,685	135	50,423	3.0%
2001	17,981	772	42,914	1.5%	2,715	142	52,339	3.8%
2002	18,325	804	43,871	2.2%	2,709	148	54,603	4.3%
2003	18,660	856	45,891	4.6%	2,714	154	56,673	3.8%
2004	18,964	896	47,266	3.0%	2,709	159	58,546	3.3%
2005	19,036	920	48,330	2.3%	2,689	162	60,241	2.9%
2006	19,297	977	50,622	4.7%	2,692	167	62,153	3.2%
2007	19,757	1,036	52,419	3.5%	2,695	174	64,449	3.7%
2008**	20,038	1,099	54,859	4.7%	2,724	181	66,502	3.2%

* After change in method of calculating average pay.

** Some groups had a 27 period payroll during 2008.

FINANCIAL DATA

DEVELOPMENT OF PARTICIPANT AND EMPLOYER RESERVES DURING THE YEAR

	Participant Accumulation			Employer Accumulation			Grand Total
	Core	Variable	Total	Core	Variable	Total	
Ending Balance December 31, 2007	\$15,430,916,804	\$1,196,956,534	\$16,627,873,338	\$21,939,448,189	\$1,192,268,799	\$23,131,716,988	\$39,759,590,326
Closing Adjustments	5,505,287	1,667,302	7,172,590	83,177,077	6,355,037	89,532,114	96,704,704
Beginning Balance January 1, 2008	15,436,422,091	1,198,623,836	16,635,045,927	22,022,625,266	1,198,623,836	23,221,249,102	39,856,295,030
Revenues:							
Employer Contributions	-	-	-	694,669,165	88,710,348	783,379,513	783,379,513
Participant Contributions	529,537,842	89,748,285	619,286,127	-	-	-	619,286,127
Total Revenues	529,537,842	89,748,285	619,286,127	694,669,165	88,710,348	783,379,513	1,402,665,640
Expenses:							
Separations	26,092,067	1,230,375	27,322,442	-	-	-	27,322,442
Retirement Single Sums	12,341,521	329,881	12,671,402	13,172,008	419,982	13,591,990	26,263,392
Death Benefits	14,563,868	1,649,112	16,212,980	10,685,980	900,596	11,586,576	27,799,556
Disability Insurance	-	-	-	-	-	-	-
	52,997,456	3,209,367	56,206,823	23,857,988	1,320,577	25,178,566	81,385,389
Transfers:							
Earnings Allocation	492,504,126	(414,077,488)	78,426,638	698,423,292	(425,031,115)	273,392,177	351,818,815
Annuities Awarded	(1,277,230,518)	(106,797,241)	(1,384,027,759)	(1,577,316,939)	(109,791,340)	(1,687,108,279)	(3,071,136,038)
Intra-Fund Transfers	4,391,947	377,930	4,769,877	543,684	7,767	551,451	5,321,327
Inter-Fund Transfers	38,727,348	(38,727,348)	-	25,260,313	(25,260,313)	-	-
	(741,607,096)	(559,224,148)	(1,300,831,244)	(853,089,650)	(560,075,001)	(1,413,164,651)	(2,713,995,896)
Ending December 31, 2008	\$15,171,355,380	\$725,938,606	\$15,897,293,986	\$21,840,346,792	\$725,938,606	\$22,566,285,398	\$38,463,579,385
Internal Rate of Return	3.3%	(35.4)%	0.5%	3.2%	(36.2)%	1.2%	0.9%

**RESERVES FOR NON-RETIRED PARTICIPANTS
BALANCES BY VALUATION GROUP**

	Reserve for Year Ended			
	December 31, 2008			December 31, 2007
	Participant	Employer	Total *	(Total in \$ Millions)
General	\$14,274,798,820	\$19,467,769,925	\$33,742,568,745	\$34,987.5
Executives & Elected	94,777,701	193,654,913	288,432,614	298.0
Protective with Soc. Sec.	1,210,107,715	2,310,160,112	3,520,267,827	3,532.0
Protective w/o Soc. Sec.	317,609,747	594,700,449	912,310,196	942.2
Total	\$15,897,293,983	\$22,566,285,399	\$38,463,579,382	\$39,759.6

** Totals differ slightly from page I-18 due to rounding*

The above schedule shows the distribution of Participant and Employer reserves among the valuation groups according to WRS accounting records. This separation of assets is needed because the valuation groups are separately experience rated. The assets are pooled for investment purposes.

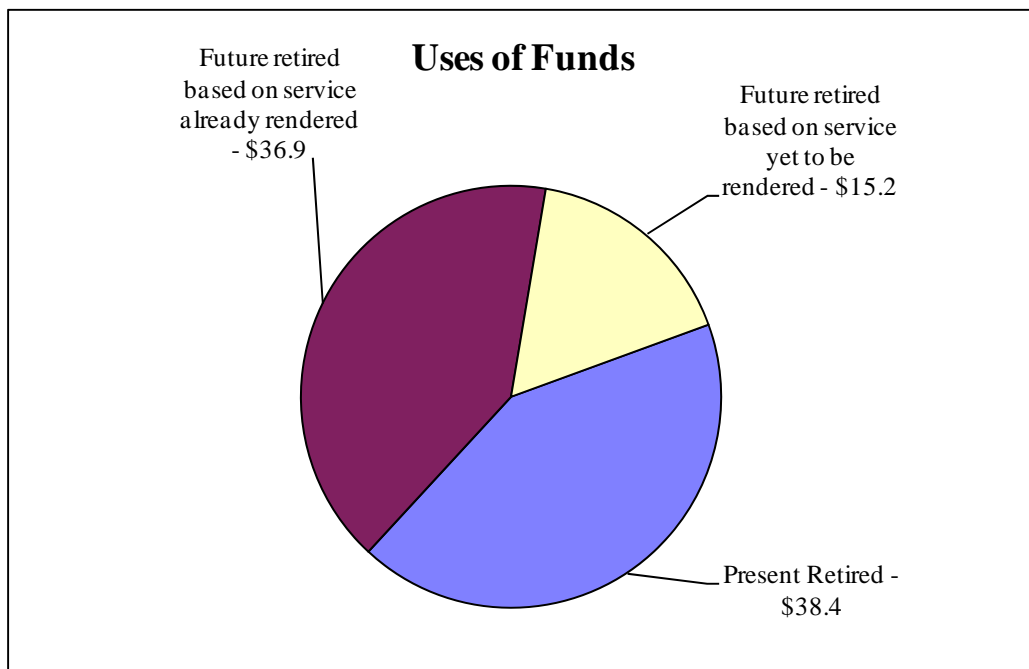
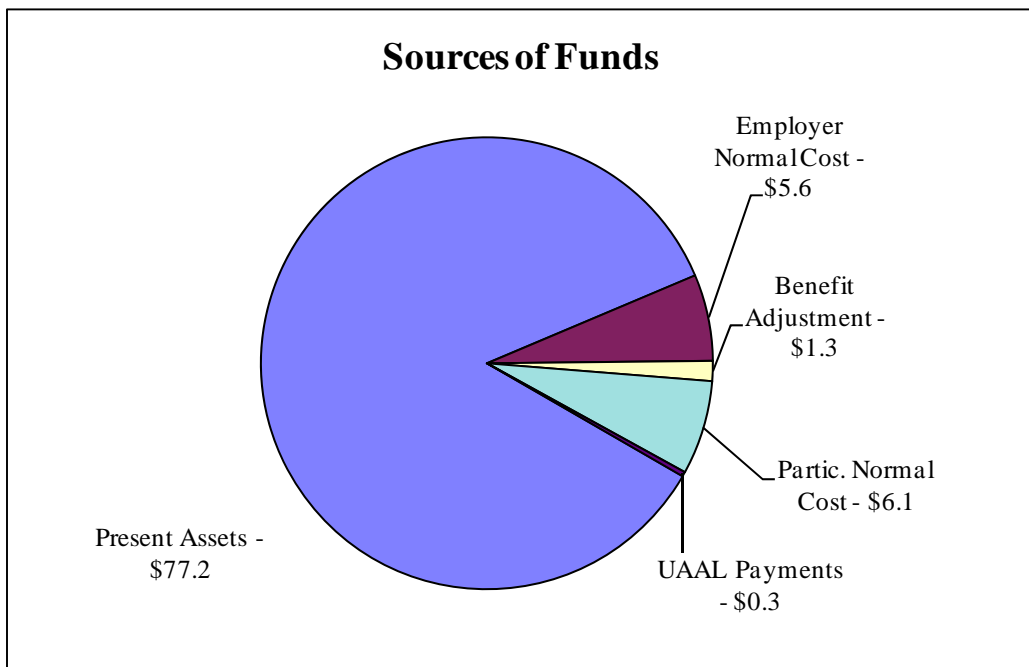
**UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)
DECEMBER 31, 2008**

	General	Executives & Elected Officials	Protective Occupation		Totals
			With Soc. Sec	Without Soc. Sec	
Balance January 1, 2008	\$271,354,027	\$ 680,307	\$8,027,668	\$ 7,701,688	\$287,763,690
Plus: New Employers	974,558	17,071	0	0	991,629
Less: Adjustments	(11)	0	0	0	(11)
Less: Payments	(51,430,152)	(34,825)	(1,661,622)	(1,307,385)	(54,433,984)
Plus: Interest	17,230,077	51,679	496,552	498,756	18,277,064
Balance December 31, 2008	\$238,128,499	\$ 714,232	\$ 6,862,598	\$ 6,893,059	\$252,598,388

The UAAL is affected year to year by new employers entering the Wisconsin Retirement System, amortization payments, interest assessments, and statutory changes in benefits provided by the Retirement System. The UAAL is being amortized as a level percent of payroll. Since the payroll is assumed to increase with inflation, UAAL payments will also increase. During the first several years of such an amortization program, the payments are less than the interest assessment and the UAAL balance, expressed in terms of nominal dollars, increases from year to year. However, it increases at a lower rate than the payroll. After several years the payments exceed the interest assessment and the outstanding dollar balance will begin to decline.

VALUATION RESULTS

**FINANCING \$90.5 BILLION* OF BENEFIT PROMISES
FOR PRESENT ACTIVE AND RETIRED PARTICIPANTS
DECEMBER 31, 2008**



* Present value of future benefits; all divisions combined.

DEVELOPMENT OF ACTUARIAL PRESENT VALUES
DECEMBER 31, 2008
(\$ MILLIONS)

Present Value of Future Benefits for	General	Executives & Elected Officials	Protectives		Total
			With Soc. Sec.	Without Soc. Sec.	
Active Participants					
Service Retirement	\$37,823.2	\$298.7	\$4,582.2	\$ 1,064.5	\$43,768.6
Withdrawal	1,898.4	11.6	185.4	20.7	2,116.1
Death-in-Service	693.9	9.8	67.5	13.6	784.8
Disability	939.4	2.2	79.8	36.9	1,058.3
Variable Adjustment	(642.7)	(8.4)	(51.0)	(8.8)	(710.9)
Total Active	40,712.2	313.9	4,863.9	1,126.9	47,016.9
Inactive Participants	4,567.0	65.1	274.7	34.0	4,940.8
Active and Inactive	45,279.2	379.0	5,138.6	1,160.9	51,957.7
Additional Contributions Present Retired					148.0
					38,372.6
Actuarial Present Value of Future Benefits					\$90,478.3

Computing the actuarial present value of future benefits is the first step in the actuarial valuation process. If the WRS had assets equal to that value, and if future experience were exactly in accordance with assumptions, then the present assets together with future investment income on those assets would be sufficient to pay promised benefits to all present participants, retirees and beneficiaries. *There is no need for the Retirement System to have \$90,478.3 million immediately. What is needed, however, is a plan for obtaining the money in an orderly fashion. That is the purpose of the remainder of the actuarial valuation.*

EXPERIENCE AMORTIZATION RESERVE (EAR)

Actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost. The computed normal cost is made up of two parts: (i) the pure entry-age normal cost (EANC) determined without regard to past gains or losses, and (ii) an experience amortization component. Section 40.04(1) of the Wisconsin Statutes provides authority to maintain accounts and reserves determined to be “useful in achieving the funds’ purposes...” A fundamental WRS objective is stable contribution rates. Accordingly, the experience portion of the normal cost is separately calculated each year and the amortization period is varied upward or downward in order to minimize short-term rate fluctuations. A positive EAR indicates amortization of gains. A negative EAR indicates amortization of losses.

Development of EAR as of December 31, 2008

	General	Executives & Elected Officials	Protective Occupation		Total
			With Soc. Sec.	Without Soc. Sec.	
\$ Millions					
1. Present Value of Future Benefits for Non-Retired	\$45,279.2	\$379.0	\$5,138.6	\$1,160.9	\$51,957.7
2. Present Value of Future Entry Age Normal Costs	12,880.0	88.6	1,868.6	381.5	15,218.7
3. Entry Age Accrued Liability: (1)-(2)	32,399.2	290.4	3,270.0	779.4	36,739.0
4. Non-Retired Assets-WRS	33,742.6	288.4	3,520.3	912.3	38,463.6
-LTDI	139.9	1.5	27.6	6.2	175.2
-Total	33,882.5	289.9	3,547.9	918.5	38,638.8
5. Entry Age Unfunded Accrued Liability: (3)-(4)	(1,483.3)	0.5	(277.9)	(139.1)	(1,899.8)
6. WRS Frozen Unfunded Accrued Liability	238.1	0.7	6.9	6.9	252.6
7. EAR: (6)-(5)	\$ 1,721.4	\$ 0.2	\$ 284.8	\$ 146.0	\$ 2,152.4

**DEVELOPMENT OF CONTRIBUTION RATES
FOR CALENDAR YEAR 2010**

	General	Executive & Elected Officials	Protective Occupation		Total
			With Soc. Sec	Without Soc. Sec.	
\$ Millions					
Total Reported Earnings	\$ 10,806.3	\$ 100.6	\$ 1,099.3	\$ 181.2	\$ 12,187.4
Present Value of Future Earnings	106,433.2	737.4	11,777.0	1,835.9	120,783.5
Present Value of Future Benefits	45,279.3	378.8	5,138.6	1,160.9	51,957.6
Non-Retired Assets	33,882.5	289.9	3,547.9	918.5	38,638.8
Unfunded Liability	238.1	0.7	6.9	6.9	252.6
Present Value of Future Normal Costs					
Future Service Portion	12,880.1	88.4	1,868.6	381.5	15,218.6
Exp. Amort. Res. Portion	(1,721.4)	(0.2)	(284.8)	(146.0)	(2,152.4)
Total	11,158.7	88.2	1,583.8	235.5	13,066.2
Normal Cost Amortization Years					
Future Service Portion	12.4	8.7	13.8	12.8	12.5
Exp. Amort. Res. Portion	20.0	20.0	20.0	20.0	
Unfunded Liability Amortization Years	20.0	20.0	20.0	20.0	20.0
% 's of Active Member Payroll					
Normal Cost					
Future Service Portion	12.1 %	12.0 %	15.9 %	20.8 %	12.6 %
Exp. Amort. Res. Portion	(1.1)%	0.0 %	(1.8)%	(5.6)%	(1.2)%
Total	11.0 %	12.0 %	14.1 %	15.2 %	11.4 %
2009 Total Normal Cost Rates	10.4 %	11.5 %	13.1 %	13.8 %	10.7 %
Change from 2009 (current)	0.6 %	0.5 %	1.0 %	1.4 %	0.7 %
Allocation of Change					
Employer Normal Cost	0.3 %	0.2 %	0.5 %	0.7 %	0.3 %
Benefit Adjustment	0.3 %	0.0 %	0.0 %	0.0 %	0.3 %
Participant Normal Cost	0.0 %	0.2 %	0.5 %	0.7 %	0.1 %
Total Allocated Change	0.6 %	0.4 %	1.0 %	1.4 %	0.7 %
Unallocated Change *	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %
2010 Normal Cost Rates					
Employer Normal Cost	4.8 %	8.7 %	8.6 %	11.3 %	5.3 %
Benefit Adjustment	1.2 %	0.0 %	0.0 %	0.0 %	1.1 %
Participant Normal Cost	5.0 %	3.2 %	5.5 %	3.9 %	5.0 %
Total Normal Cost	11.0 %	11.9 %	14.1 %	15.2 %	11.4 %
Average Unfunded Liability Amortization	0.2 %	0.0 %	0.0 %	0.3 %	0.1 %
Average Total Rate	11.2 %	11.9 %	14.1 %	15.5 %	11.5 %

* Rate changes that do not round to an even 0.2% are not immediately allocated.

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SUMMARY STATEMENT OF PRESENT AND FUTURE RESOURCES
(\$ MILLIONS)

Present Resources and Expected Future Resources	December 31	
	2008	2007
A. Book Value of Present System Assets		
Annuity Reserves		
Core	\$35,798.1	\$35,050.1
Variable	2,574.5	4,625.0
Total Annuity Reserves	38,372.6	39,675.1
Non-Retired Participant Reserves		
Participant Contribution Balance	15,897.3	16,627.9
Additional Contributions	148.0	167.5
Employer Accumulation Balance	22,566.3	23,131.8
Adjustment for 62.13 Contributions	0.0	0.0
LTDI Reserve for Future Claims	175.2	189.6
Total Non-Retired Reserves	38,786.8	40,116.8
Total System Assets Used in Valuation	77,159.4	79,791.9
B. Actuarial Present Value of Future Participant Contributions	6,215.7	5,929.4
C. Actuarial Present Value of Future Benefit Adjustment Contributions	1,277.2	914.2
D. Actuarial Present Value of Future Employer Contributions for		
Unfunded Accrued Liabilities	252.6	287.8
Section 62.13	0.0	0.0
Normal Costs	5,573.3	4,448.5
Total	5,825.9	4,736.3
E. Total Present and Expected Future Resources	\$90,478.2	\$91,371.8

SUMMARY STATEMENT OF RETIREMENT SYSTEM OBLIGATIONS
(\$ MILLIONS)

Retirement System Obligations	December 31	
	2008	2007
A. To Annuitants and Beneficiaries Receiving Benefits		
Core Annuities		
Reported at Year End	\$36,551.5	\$32,877.5
Dividend Adjustment and Reserve	(753.4)	2,172.6
Total Fixed Annuities	35,798.1	35,050.1
Variable Annuities		
Reported at Year End	4,491.0	4,563.7
Distribution and Reserve	(1,916.5)	61.3
Total Variable Annuities	2,574.5	4,625.0
 Total for Benefits in Pay Status	 38,372.6	 39,675.1
B. To Active and Inactive Participants		
For Benefits Based on		
Participant Contributions Made		
In the Past	15,897.3	16,627.9
In the Future	6,215.7	5,929.4
Additional Contributions Made in the Past	148.0	167.5
Benefit Adjustment Contributions Made in the Future	1,277.2	914.2
Employer Contributions	28,567.4	28,057.7
 Total for Benefits Not Yet in Pay Status	 52,105.6	 51,696.7
C. Total Actuarial Value of Expected Future Benefits	\$90,478.2	\$91,371.8

SECTION TWO

FINANCIAL REPORTING

This information is presented in draft form for review by the State's auditor. Please let us know if there are any changes so that we may maintain consistency with the State's financial statements.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Valuation Date	December 31, 2008
Actuarial Cost Method	Frozen Entry Age
Amortization Method	Level Percent -- Closed Period
Remaining Period	20 years (completion in 2029)
Asset Valuation Method	5-Year Smoothed Market (Closed)
Actuarial Assumptions	
Investment Rate of Return	7.8%
Projected Salary Increases*	4.1% to 9.6%
Payroll Growth Rate	4.1%
Population Growth Rate	0.0%
Cost-of-Living Adjustments#	2.67%

* Includes merit and seniority increases that vary by service plus wage inflation of 4.1%/year.

Non-guaranteed. Actual increases are based on recognized investment return in excess of 5%.

STATEMENT OF NET PLAN ASSETS (\$ THOUSANDS)

	2007*	2006
Assets		
Cash and Cash Equivalents	\$ 1,724,377	\$ 1,482,316
Securities Lending Collateral	6,124,099	6,843,721
Prepaid Expenses	4,896	3,171
Total Short Term Assets	7,853,372	8,329,208
Receivables		
Contributions	97,118	107,392
Prior Service Contributions	315,803	345,298
Benefits Overpayment	2,206	2,008
Due from other Trust Funds	3,016	2,094
Miscellaneous	9,572	2,205
Interest and dividends	212,574	260,427
Investment Sales	53,181	144,140
Total Receivables	693,470	863,564
Investments at Fair Value		
Fixed Income	23,501,853	21,040,235
Preferred Securities	199,272	368,981
Convertible Securities	41,034	39,670
Stocks	54,955,760	54,797,815
Limited Partnerships	5,744,092	3,815,157
Mortgages	133,219	300,093
Real Estate	484,591	394,352
Multi Asset Investments	900,015	844,778
Total investments	85,959,836	81,601,081
Capital Assets	25	58
Total Assets	94,506,703	90,793,911
Liabilities:		
Fixed Investment Due Other Programs	3,146,903	2,920,010
Variable Investment Due Other Programs	13,047	22,702
Securities Lending Collateral	6,124,099	6,843,721
Benefits Payable	246,316	227,541
Deferred Revenue	225	252
Due to Other Trust Funds	2,070	2,969
Miscellaneous Payables	90,398	100,520
Investment Payables	227,250	285,441
Total Liabilities	9,850,308	10,403,156
Net Assets in Trust for Pension Benefits	\$84,656,395	\$80,390,755

* 2008 Summary not yet available.

STATEMENT OF CHANGES IN ASSETS (\$ THOUSANDS)

	Activity During Year	
	2007*	2006*
Additions:		
Contributions:		
Employer Contributions	\$ 601,540	\$ 568,970
Employee Contributions	705,804	670,254
Total Contributions	1,307,344	1,239,224
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	5,680,554	10,448,085
Interest	652,013	580,778
Dividends	508,952	460,459
Securities Lending Income	380,699	317,129
Other	91,545	74,421
Less		
Current Income Distributed	251,276	403,074
SWIB Investment Expense	212,143	210,660
Investment Income Distributed to Securities Lending Rebates and Fees	354,430	304,857
Net Investment Income	6,495,914	10,962,281
Interest on Prior Service Receivable	20,819	23,193
Miscellaneous Income	1,823	1,905
Total Additions	7,825,900	12,226,603
Deductions:		
Benefits and Refunds:		
Retirement, Disability, and Beneficiary	3,518,400	3,264,163
Separation Benefits	24,172	25,072
Total Benefits and Refunds	3,542,572	3,289,235
Unusual Write-off of receivable	0	0
Administrative Expense	17,689	17,134
Total Deductions	3,560,261	3,306,369
Net Increase (Decrease)	4,265,639	8,920,234
Net Assets Held in Trust:		
Beginning of Year	\$80,390,755	\$71,470,524
End of Year	\$84,656,395	\$80,390,755

* 2008 Summary not yet available.

SCHEDULE OF FUNDING PROGRESS
\$ MILLIONS

Valuation Date Dec. 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio** (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b) - (a)] / (c)
1996	\$ 33,962.6	\$ 36,097.0	\$ 2,134.4	94.1 %	\$ 7,721.6	27.6 %
1997	38,584.6	40,762.0	2,177.4	94.7 %	8,084.6	26.9 %
1998	43,390.5	45,617.1	2,226.6	95.1 %	8,481.1	26.3 %
1999	49,403.7	51,549.5	2,145.8	95.8 %	8,826.0	24.3 %
2000	51,824.6	53,993.6	2,169.0	96.0 %	9,322.5	23.3 %
2001	58,024.3	60,134.7	2,110.4	96.5 %	9,917.7	21.3 %
2002	57,861.9	59,618.8	1,756.9	97.1 %	10,126.6	17.4 %
2003*	62,685.3	63,211.7	526.4	99.2 %	10,502.4	5.0 %
2004	66,209.4	66,622.3	412.9	99.4 %	10,897.6	3.8 %
2005	68,615.1	68,987.5	372.5	99.5 %	10,973.4	3.4 %
2006	73,415.3	73,735.8	320.5	99.6 %	11,308.2	2.8 %
2007	79,791.9	80,079.7	287.8	99.6 %	11,720.2	2.5 %
2008	77,159.4	77,412.0	252.6	99.7 %	12,289.6	2.1 %

* Affected by prepayment of UAAL in connection with Pension Obligation Bond issued by the state and various local government employers.

** The funded ratios shown above are based on the statutory Frozen Initial Liability Valuation Method and are not suitable for comparison with plans using other valuation methods.

SOLVENCY TEST (\$ MILLIONS)

Valuation Date Dec. 31	Valuation Assets	Accrued Liability for				Percent Funded for			
		Annuitants and Beneficiaries	Member Contribs.	Active & Inactive Members	Total	Annuitants and Beneficiaries	Participant Contributions	Active & Inactive Members	Total
1995	\$30,246.2	\$ 12,205.9	\$ 9,022.5	\$ 11,120.5	\$32,348.9	100.0%	100.0%	81.1%	93.5%
1996	33,962.6	13,964.6	9,865.1	12,267.3	36,097.0	100.0%	100.0%	82.6%	94.1%
1997	38,584.6	15,985.1	11,072.5	13,705.3	40,762.9	100.0%	100.0%	84.1%	94.7%
1998	43,390.5	18,352.3	11,710.3	15,554.5	45,617.1	100.0%	100.0%	85.7%	95.1%
1999	49,403.7	21,290.7	12,769.6	17,489.2	51,549.5	100.0%	100.0%	87.7%	95.8%
2000	51,824.6	22,918.0	12,869.7	18,205.9	53,993.6	100.0%	100.0%	88.1%	96.0%
2001	58,024.3	25,881.5	14,275.3	19,977.9	60,134.7	100.0%	100.0%	89.4%	96.5%
2002	57,861.9	26,041.7	14,022.9	19,554.2	59,618.8	100.0%	100.0%	91.0%	97.1%
2003	62,685.3	28,707.8	14,503.1	20,000.8	63,211.7	100.0%	100.0%	97.4%	99.2%
2004	66,209.4	30,829.9	15,050.3	20,742.1	66,622.3	100.0%	100.0%	98.0%	99.4%
2005	68,615.1	32,668.0	15,155.3	21,164.2	68,987.5	100.0%	100.0%	98.2%	99.5%
2006	73,415.3	35,774.7	15,902.4	22,058.7	73,735.8	100.0%	100.0%	98.5%	99.6%
2007	79,791.9	39,675.1	16,795.4	23,609.2	80,079.7	100.0%	100.0%	98.8%	99.6%
2008	77,159.4	38,372.6	16,045.3	22,994.1	77,412.0	100.0%	100.0%	98.9%	99.7%

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Year Ended December 31	Annual Required Contribution	Percent Contributed
1995	\$402.6	100.0%
1996	435.3	100.0%
1997	445.9	100.0%
1998	449.6	100.0%
1999	435.2	100.0%
2000	422.1	96.3%
2001	412.9	99.6%
2002	426.9	99.8%
2003	462.7	100.0%
2004	497.6	100.0%
2005	535.6	100.0%
2006	569.0	100.0%
2007	614.0	100.0%
2008	644.8	100.0%

Employers did not make the full actuarially required contribution for 2000 and 2001. In lieu of the full contribution, employers were allowed to recognize a credit due to a distribution from the TAA in accordance with the provisions of Act 11 of 1999.

SECTION THREE

ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL VALUATION METHOD

The actuarial funding method prescribed in the statute for WRS is the **Frozen Initial Liability Method**. Under this method, the amount of remaining unfunded accrued actuarial liabilities at any valuation date is affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any added liabilities caused by changes in benefit provisions.

Actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost. In this manner, experience gains or losses in any year are amortized (spread) over the average future working lifetime of the active participant group - a period of approximately 13 years. Hence, the computed normal cost is made up of two parts:

- The pure entry-age normal cost (EANC) determined without regard to past gains or losses, and
- an experience amortization component.

Section 40.04(1) of the Wisconsin Statutes provides authority to maintain accounts and reserves determined to be “useful in achieving the funds’ purposes - -”. A fundamental WRS objective is stable contribution rates. Accordingly, based on the authority granted under Section 40.04, the experience portion of the normal cost is separately calculated each year and the amortization period is varied upward or downward in order to minimize short-term rate fluctuations. The policy regarding the EAR amortization period is described below:

- The standard period is set 20 years.
- The standard period is reconsidered as part of each triennial experience study (no changes were made with the most recent experience study).
- Temporary interim changes in the period are made only when there are large, but mostly offsetting market gains and losses known to be flowing through the MRA that would otherwise result in contribution rate volatility. Large changes would be defined as those which, over a 2-year period, were expected to result in contribution rate changes of at least 0.4% of payroll.
- The minimum and maximum EAR amortization periods are 10 years and 30 years respectively.
- The amortization policy will be applied in the same manner to market gains and losses flowing through the MRA.

ASSET VALUATION METHOD

An essential step in the valuation process is comparing valuation assets with computed liabilities. Computed liabilities result from actuarial calculations involving the covered population, the benefits, and actuarial assumptions. Valuation assets are those assets that are recognized and available to fund the System's liabilities. WRS assets are invested in the Core Investment Trust, and in the Variable Investment Trust, both of which are managed by the State of Wisconsin Investment Board (SWIB). Assets in the Variable Investment Trust are marked to market each year. Assets in the Core Investment Trust (most of the assets) are valued (or recognized) using an "asset valuation method."

Asset valuation methods are distinguished by the timing of the recognition of investment return. Total investment return is the sum of ordinary income and capital value changes. Under a book value approach, ordinary income is recognized immediately and capital gains (or losses) are recognized only when securities are sold. Book value investment return is directly affected by the timing of sales activity and underlying experience may be distorted. Under a pure market value approach, ordinary investment income and all capital value changes are recognized immediately. Because of market volatility, use of pure market values in retirement funding can result in volatile contribution rates and unstable financial ratios, contrary to WRS objectives.

The asset valuation method used for WRS valuations is statutory, and is referred to as the "Market Recognition Account" or MRA. Act 11 of 1999 closed the former Transaction Amortization Account (TAA) and created the Market Recognition Account. The MRA recognizes assumed returns fully each year. Differences between actual and assumed returns are phased in over a closed 5-year period. The objective is to give recognition to long-term changes in asset values while the minimizing effect of short-term fluctuations in the capital markets. In accordance with its smoothing objective, the MRA will tend to exceed the market value when the markets are doing poorly, and will fall short of the market value when markets are doing well. Some retirement systems set limits on the amount by which the recognized value of assets can differ from the market value.

The development of the Market Recognition Account is shown on the following page. The Core Investment Trust includes assets for other programs, such as Sick Leave, that are not related to the funding of the Wisconsin Retirement System, and does not include assets related to the Variable Investment Trust. Consequently, the asset value developed on the next page will not balance to the total system assets shown on page I-23. ETF Staff maintains the breakdown of the separate asset accounts.

CORE INVESTMENT TRUST: MARKET RECOGNITION ACCOUNT

	For the Year Ended December 31						
	2006	2007	2008	2009	2010	2011	2012
Beginning of year							
a. Funding value	\$64,459,957,721	\$68,996,478,572	\$75,700,688,814	\$75,958,620,734	\$71,952,267,230	\$67,859,629,665	\$62,702,423,929
b. Market value	67,277,918,278	75,891,313,801	80,431,789,317	57,333,553,657	57,333,553,657	57,333,553,657	57,333,553,657
End of year							
c. Market value	75,891,313,801	80,431,789,317	57,333,553,657	57,333,553,657	57,333,553,657	57,333,553,657	57,333,553,657
d. Non-investment cash flow (contributions minus benefits)	(1,672,109,754)	(1,828,269,957)	(2,077,514,949)				
e. Investment income							
e1. Total Investment Income	10,285,505,277	6,368,745,472	(21,020,720,710)				
e2. Assumed rate	7.8%	7.8%	7.8%				
e3. Amount for immediate recognition	4,962,664,422	5,310,422,800	5,823,630,644	-	-	-	-
e4. Amount for phased-in recognition: e1-e3	5,322,840,855	1,058,322,672	(26,844,351,354)	-	-	-	-
f. Phased-in recognition of investment income							
f1. Current year: .2 x e4	1,064,568,171	211,664,534	(5,368,870,271)	-	-	-	-
f2. First prior year	86,284,062	1,064,568,171	211,664,534	(5,368,870,271)	-	-	-
f3. Second prior year	518,169,729	86,284,062	1,064,568,171	211,664,534	(5,368,870,271)	-	-
f4. Third prior year	1,341,370,902	518,169,729	86,284,062	1,064,568,171	211,664,534	(5,368,870,271)	-
f5. Fourth prior year	(1,764,426,680)	1,341,370,902	518,169,729	86,284,062	1,064,568,171	211,664,534	(5,368,870,272)
f6. Total MRA recognition	1,245,966,184	3,222,057,398	(3,488,183,775)	(4,006,353,504)	(4,092,637,565)	(5,157,205,737)	(5,368,870,272)
f7. Amount for TAA recognition	-	-	-	-	-	-	-
f8. Total recognized gain (loss)	1,245,966,184	3,222,057,398	(3,488,183,775)	(4,006,353,504)	(4,092,637,565)	(5,157,205,737)	(5,368,870,272)
g. Total Recognized Investment Income: e3 + f8	6,208,630,606	8,532,480,198	2,335,446,870	(4,006,353,504)	(4,092,637,565)	(5,157,205,737)	(5,368,870,272)
h. Funding value end of year: a + d + e3 + f8	68,996,478,572	75,700,688,814	75,958,620,734	71,952,267,230	67,859,629,665	62,702,423,928	57,333,553,657
i. Difference between market and funding values	6,894,835,229	4,731,100,503	18,625,067,077	14,618,713,573	10,526,076,007	5,368,870,271	-
j. Recognized Rate of Return	9.8%	12.5%	3.1%				
k. Market Rate of Return	14.2%	8.1%	(30.1)%				

**SUMMARY OF ASSUMPTIONS
USED FOR ANNUAL ACTUARIAL VALUATIONS
ASSUMPTIONS ADOPTED BY ETF BOARD AFTER
CONSULTING WITH ACTUARY**

ECONOMIC ASSUMPTIONS

The investment return rate assumed in the valuations was 7.80% per year, compounded annually (net after administrative expenses).

The **Wage Inflation Rate** assumed in this valuation was 4.10% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes rated to individual merit and seniority effects.

No specific **Price Inflation** assumption is required to perform this valuation, since there are no benefits that are linked to price increases. However, a price inflation assumption on the order of 3.0% to 3.5% would be consistent with the other economic assumptions.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 7.8% investment return rate translates to an assumed real rate of return over wage inflation of 3.7%. The assumed real rate of return over price inflation would be higher – on the order of 4.3% to 4.8%, considering both an inflation assumption and an average expense provision. Dividends for present and future retirees are assumed to be 2.67% each year.

The Active Member Population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at the wage inflation rate – 4.10% per year.

Pay increase assumptions for individual active members are shown for sample services below. Part of the assumption for each age is for merit and/or seniority increase, and the other 4.10% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

% Merit and Longevity Increase Next Year						
Service	Gen.	University Teachers	Public School Teachers	Protective		Exec. & Elec.
				With S.S.	w/o S.S.	
1	3.5 %	3.5 %	5.5 %	5.0 %	4.8 %	1.2 %
2	3.5 %	3.5 %	5.5 %	5.0 %	4.8 %	1.2 %
3	3.2 %	3.4 %	5.1 %	4.4 %	4.1 %	1.2 %
4	2.9 %	3.3 %	4.7 %	3.7 %	3.5 %	1.2 %
5	2.6 %	3.2 %	4.4 %	3.1 %	2.8 %	1.1 %
10	1.6 %	2.9 %	2.8 %	1.6 %	1.4 %	1.0 %
15	1.3 %	2.4 %	1.6 %	1.0 %	0.7 %	0.9 %
20	1.1 %	1.9 %	0.9 %	0.9 %	0.6 %	0.8 %
25	0.9 %	1.3 %	0.5 %	0.7 %	0.5 %	0.6 %
30	0.7 %	1.2 %	0.3 %	0.7 %	0.4 %	0.4 %

DECREMENT PROBABILITIES

The mortality table used to measure mortality for retired participants was the Wisconsin Projected Experience Table - 2005 for men and women, as adopted by the Board in connection with the 2003-2005 Experience Study. Sample retirement values from this table are shown below. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

Single Life Retirement Values Wisconsin Projected Experience Table - 2005 with 5% Interest

Sample Attained Ages	Present Value of \$1 Monthly for Life		Future Life Expectancy (years)	
	Males	Females	Males	Females
40	\$205.69	\$213.54	40.9	45.3
45	196.14	205.53	36.2	40.5
50	184.61	195.62	31.5	35.7
55	171.16	183.60	27.0	30.9
60	155.69	169.88	22.7	26.4
65	137.31	153.66	18.5	22.0
70	116.87	134.71	14.5	17.8
75	95.20	113.77	11.0	13.9
80	74.62	91.62	8.1	10.4
85	55.95	69.69	5.7	7.4

The values shown above are for non-disabled participants. For disabled participants, the following table was used:

Sample Attained Ages	Present Value of \$1 Monthly for Life		Future Life Expectancy (years)	
	Males	Females	Males	Females
40	\$188.17	\$200.45	33.0	38.1
45	175.49	189.75	28.5	33.4
50	160.60	176.73	24.1	28.7
55	144.08	161.35	20.0	24.2
60	126.15	144.83	16.2	20.1
65	105.47	126.05	12.5	16.1
70	83.80	104.95	9.3	12.4
75	62.40	83.07	6.5	9.1
80	44.25	61.62	4.3	6.3
85	29.47	42.01	2.8	4.1

ACTIVE PARTICIPANT MORTALITY RATES

Sample Attained Ages	Mortality Rates	
	Males	Females
20	0.000259	0.000077
25	0.000337	0.000085
30	0.000409	0.000115
35	0.000434	0.000203
40	0.000547	0.000285
45	0.000805	0.000446
50	0.001316	0.000614
55	0.002317	0.001281
60	0.003375	0.002174
65	0.005178	0.003325
70	0.009079	0.005327
75	0.016700	0.009751
80	0.030153	0.016934

This assumption is used to measure the probability of participants dying while in service.

RATES OF RETIREMENT FOR THOSE ELIGIBLE TO RETIRE

Normal Retirement Pattern

Age	General		Public School		University		Protective*		Exec. & Elected
	Male	Female	Male	Female	Male	Female	With S.S.	W/O S.S.	
50							8%	3%	
51							8%	3%	
52							8%	7%	
53							30%	25%	
54							20%	30%	
55							20%	30%	
56							18%	30%	
57	25%	20%	40%	30%	20%	15%	18%	35%	15%
58	25%	20%	35%	30%	15%	15%	18%	30%	15%
59	25%	20%	30%	30%	15%	15%	18%	20%	15%
60	25%	20%	30%	30%	15%	15%	18%	20%	15%
61	20%	20%	30%	35%	17%	25%	18%	20%	15%
62	35%	30%	40%	40%	17%	25%	20%	20%	10%
63	35%	30%	40%	35%	17%	20%	30%	20%	10%
64	25%	25%	25%	25%	17%	20%	20%	20%	10%
65	25%	25%	25%	30%	20%	20%	30%	40%	10%
66	25%	25%	25%	25%	20%	20%	25%	40%	20%
67	10%	15%	15%	25%	20%	20%	25%	40%	20%
68	10%	10%	15%	20%	20%	20%	25%	40%	20%
69	10%	10%	20%	20%	20%	20%	25%	40%	20%
70	10%	10%	20%	20%	20%	20%	100%	100%	10%
71	10%	10%	20%	20%	20%	20%	100%	100%	10%
72	10%	10%	20%	20%	20%	20%	100%	100%	10%
73	10%	10%	20%	20%	20%	20%	100%	100%	10%
74	10%	10%	20%	20%	20%	20%	100%	100%	10%
75	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Includes early retirements.

Early Retirement Pattern

Age	% Retiring Next Year							Exec. & Elected
	General		Public School		University			
	Male	Female	Male	Female	Male	Female		
55	7.50%	5.25%	15.00%	11.00%	5.00%	6.00%	6.00%	
56	7.50%	5.25%	15.00%	11.00%	5.00%	6.00%	6.00%	
57	4.00%	4.00%	15.00%	11.00%	3.00%	5.00%	4.00%	
58	5.00%	5.00%	15.00%	12.00%	3.50%	6.00%	4.00%	
59	5.00%	5.00%	10.00%	12.00%	3.50%	8.00%	4.00%	
60	7.50%	7.50%	15.00%	15.00%	5.50%	10.00%	6.00%	
61	7.00%	7.50%	15.00%	15.00%	7.50%	7.50%	6.00%	
62	18.00%	15.00%	25.00%	25.00%	10.00%	15.00%		
63	18.00%	15.00%	25.00%	20.00%	9.00%	15.00%		
64	15.00%	15.00%	15.00%	15.00%	8.00%	15.00%		

The assumed rates of separation from employment prior to service retirement due to disability and other causes are shown below for sample ages. For other terminations it was assumed that a percentage depending on age of participants terminating after age 35 with 5 or more years service will leave their contributions on deposit and be paid a benefit at normal retirement age and that the remaining participants would take a separation benefit. The percentage taking a separation benefit is 50% at age 35, grading downward to 0% at retirement eligibility. All participants terminating prior to normal retirement age with less than 5 years of service were assumed to take a separation benefit.

**Assumed Termination Rates
by Attained Age and Years of Service**

Age	Service	% of Active Participants Terminating								
		Protective		Public Schools		University		Exec. & Elected	General	
		With Soc. Sec.	Without Soc. Sec.	Males	Females	Males	Females		Males	Females
	0	12.0%	5.0%	14.0%	11.0%	20.0%	20.0%	16.0%	21.0%	20.0%
	1	6.5%	3.0%	11.0%	9.0%	16.0%	17.0%	14.0%	13.0%	14.0%
	2	4.5%	2.0%	7.0%	7.0%	13.0%	14.0%	12.0%	9.5%	10.0%
	3	4.1%	1.5%	5.2%	6.0%	11.0%	12.0%	10.0%	7.5%	8.0%
	4	3.2%	1.4%	4.0%	5.0%	9.0%	10.0%	9.5%	5.5%	7.0%
	5	3.0%	1.3%	3.2%	4.3%	7.5%	9.0%	9.0%	4.5%	6.0%
	6	2.7%	1.2%	2.7%	3.8%	6.0%	8.0%	8.5%	4.0%	5.0%
	7	2.5%	1.1%	2.5%	3.2%	5.0%	7.0%	8.0%	3.8%	4.5%
	8	2.3%	1.0%	2.3%	2.7%	4.0%	6.3%	7.5%	3.5%	4.3%
	9	2.0%	0.9%	2.0%	2.5%	3.5%	5.5%	7.0%	3.2%	4.0%
25	10 & Over	2.0%	0.9%	2.0%	2.5%	3.5%	5.5%	7.0%	3.0%	4.0%
30		2.0%	0.8%	1.8%	2.2%	3.5%	5.5%	7.0%	3.0%	3.7%
35		1.8%	0.8%	1.4%	1.8%	3.5%	5.5%	7.0%	2.6%	3.2%
40		1.4%	0.8%	1.2%	1.4%	3.4%	4.7%	5.8%	2.0%	2.7%
45		1.2%	0.7%	1.1%	1.2%	2.8%	3.4%	4.7%	1.6%	2.2%
50		1.0%	0.7%	0.9%	1.0%	1.9%	2.1%	4.2%	1.3%	1.9%
55		1.0%	0.7%	0.9%	1.0%	1.5%	1.6%	4.0%	1.3%	1.8%
60		1.0%	0.7%	0.9%	1.0%	1.5%	1.6%	4.0%	1.3%	1.8%

Disability Rates

Age	% of Active Participants Becoming Disabled									
	Protective		Public Schools		University		Exec. & Elected		General	
	With SS	WO SS	Males	Females	Males	Females	Males	Females	Males	Females
20	0.02%	0.05%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
25	0.02%	0.05%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
30	0.02%	0.05%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.04%
35	0.03%	0.06%	0.01%	0.01%	0.01%	0.04%	0.01%	0.01%	0.02%	0.05%
40	0.05%	0.08%	0.02%	0.02%	0.01%	0.06%	0.01%	0.01%	0.05%	0.07%
45	0.07%	0.16%	0.05%	0.08%	0.03%	0.05%	0.02%	0.02%	0.10%	0.10%
50	0.11%	0.92%	0.14%	0.16%	0.05%	0.10%	0.04%	0.04%	0.23%	0.15%
55	1.73%	0.68%	0.26%	0.23%	0.15%	0.15%	0.15%	0.15%	0.43%	0.28%
60	2.92%	0.20%	0.43%	0.34%	0.20%	0.23%	0.19%	0.19%	0.77%	0.39%

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Expenses:	Assumed investment return is net of administrative and investment expenses.
Marriage Assumption:	Everyone is assumed married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
Pay Increase Timing:	Beginning of (calendar) year for most people. Middle of calendar year for teachers.
Pay Annualization:	Reported pay for members with less than twelve contributing months was annualized by the ratio of 12 to the number of contributing months in the year.
Final Average Salary:	For present value of future benefit purposes, final average salary was calculated in accordance with pay increase assumptions, but was not permitted to fall below the final average salary reported in the data.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Decrement Operation:	All decrements operate during the first 10 years of service.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and total service (in all benefit groups) nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service on the decrement date is used to determine the amount of benefit payable.
Non-Benefit Service:	Liabilities for service in divisions other than the division in which the individual is currently active are calculated as indexed deferred vested benefits. Benefits are indexed in accordance with the salary adjustment factors (shown on page III-4) for the division where the member was formerly employed. People are assumed to retire at the earliest age that full benefits will become available. The liabilities are assigned to the division in which the service was rendered.
Service Credit Accruals:	It is assumed that members accrue one year of service credit per year.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS (CONCLUDED)

Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
Normal Form of Benefit:	The assumed normal form of benefit is a straight life benefit, except where otherwise noted.
Disability Valuation:	<p>The Post-10/15/92 Disability benefit consists of one benefit payable to age 65 (10% of FAE) plus another benefit payable on and after age 65 (WRS benefit accrued to date of disability plus 7% of FAE during disability). For valuation purposes, the 7% of FAE portion of the post 65 benefit was added to the 40% of FAE benefit prior to age 65.</p> <p>Additionally, there are certain cases in which the disability benefit at the member's normal retirement age is larger than the member's benefit under the normal retirement benefit formula. To account for this, an adjustment is made to the member's normal retirement benefit present value calculation which is equal to 15% of the difference between the present values of the LTDI benefit and the normal retirement benefit.</p>
Variable Excess Benefits:	These benefits are valued by increasing the otherwise calculated liabilities by an amount equal to twice the value of the variable excess. (The variable excess is the difference between the variable account and the variable at core account, summed over all participants.)
Liability Adjustments:	Final Average Salaries were increased 1% to account for additional contingencies in actual benefit amount calculated at the time of retirement.
Amortization Payoff Reserve:	Additional reserves in the amount of \$159,106,363 (discounted from the year 2029 to the current valuation date) were added to general group liabilities to account for the possibility that some non-state employers may never be able to pay off their unfunded actuarial accrued liability.

SECTION FOUR

THE VALUATION PROCESS

FINANCIAL PRINCIPLES & OPERATIONAL TECHNIQUES OF THE WISCONSIN RETIREMENT SYSTEM

Benefit Promises Made Which Must be Paid For. A retirement program is an orderly means of handing out, keeping track of, and financing contingent retirement promises. As each participant of the Retirement System acquires a unit of service credit he is, in effect, handed an “IOU” which reads: “The Wisconsin Retirement System promises to pay you one unit of annuity benefits, payments in cash commencing when you retire.”

The principal related financial question is: *When shall the money required to cover the “IOU” be contributed?* This year, when the benefit of the participant’s unit of service is received? Or, some future year, when the “IOU” becomes a cash demand?

The law governing the Wisconsin Retirement System financing intends that the money to cover an “IOU” is contributed in the year the “IOU” is handed out. In this way contribution rates expressed as percents of participant payroll can be determined so as to remain approximately level from year to year and decade to decade as long as the basic experience and make-up of the group of participants does not change significantly. This means that for equivalent benefits each generation of Wisconsin taxpayers will contribute at approximately the same payroll rates.

Translated into actuarial terminology, the level percent-of-payroll contribution objective means that the contribution rate must total at least:

Normal Cost (the current discounted value of benefits likely to be paid on account of participants’ service rendered in the current year)

... plus ...

Interest on Unfunded Actuarial Accrued Liabilities (unfunded actuarial accrued liabilities are the difference between (i) the present value of future benefits and (ii) the present value of future normal costs, and reduced by the assets on hand at the valuation date).

If contributions to the system are less than the preceding amount, the difference, **plus investment earnings not realized thereon**, will have to be contributed at some later time, or benefits will have to be reduced, to satisfy the fundamental equation under which all retirement programs must operate; that is:

$$\mathbf{B = C + I - E}$$

Benefit payments to any group of participants and their beneficiaries cannot exceed

Contributions received on behalf of the group
... plus ...
Ivestment earnings on those contributions
... minus ...
Expenses incurred in operating the program.

There are retirement programs (Social Security is an example) designed to defer the bulk of contributions far into the future. The present contribution rate for such systems is artificially low, but is destined to increase relentlessly to a level which may be greatly in excess of the level percent-of-payroll rate.

A by-product of a level percent-of-payroll contribution objective is the accumulation of invested assets for varying periods of time. Investment income becomes the third and largest contributor to the retirement system and the amount is directly related to the amount of contributions and investment performance.

Computing Contribution Rates To Finance Benefits. From a given schedule of benefits and from the data furnished, the actuary calculates the contribution rates **by means of an actuarial valuation** - the technique of assigning monetary values to the risks assumed in operating a retirement program.

ACTUARIAL METHOD AND ASSUMPTIONS USED IN VALUATIONS

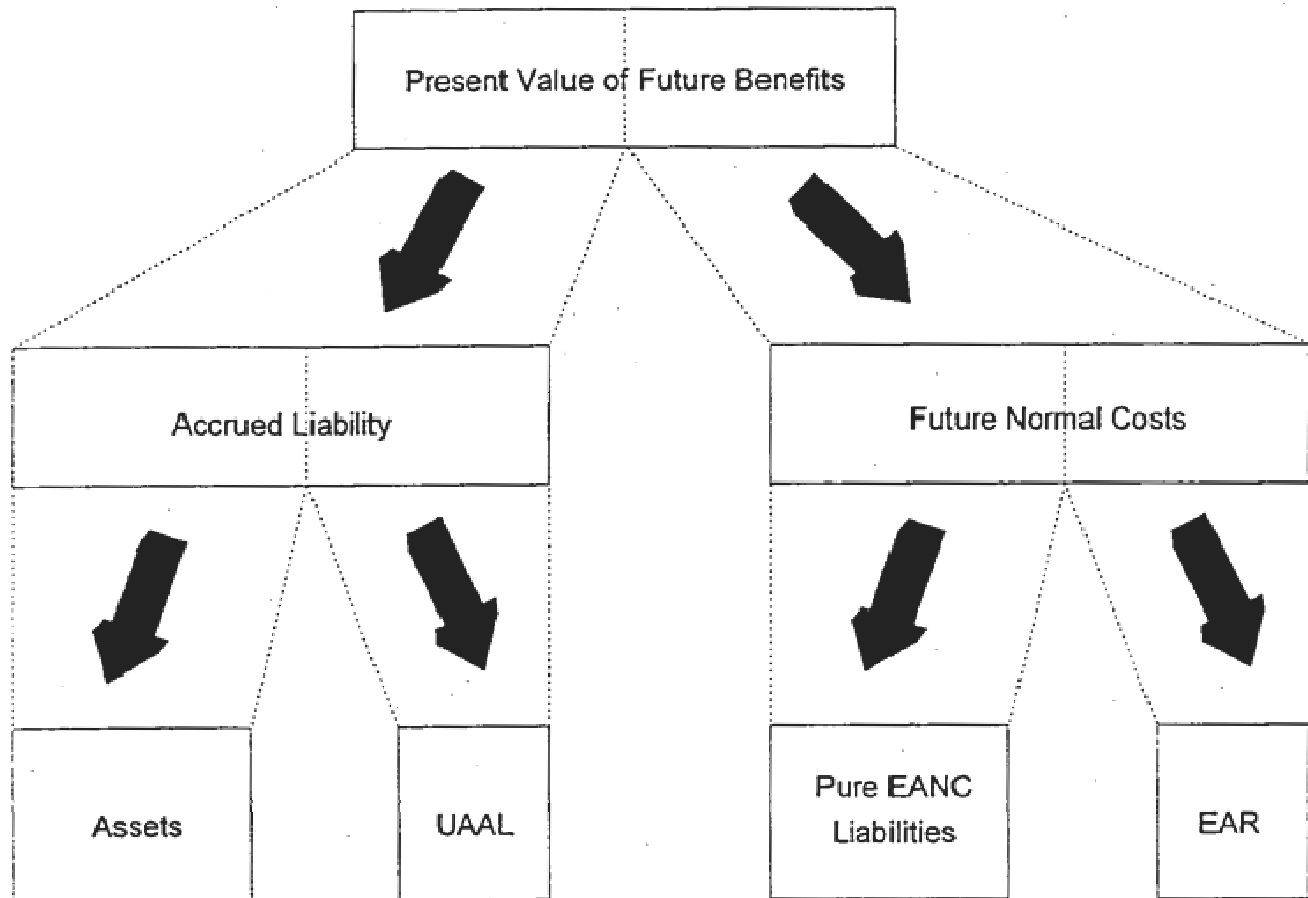
The principal areas of risk assumption are:

- long-term *rates of investment income* likely to be generated by system assets
- *rates of mortality* among participants, retirants and beneficiaries
- *rates of withdrawal* of active participants
- *rates of disability* among participants
- *patterns of salary increases* to be experienced by participants
- the age and service *distribution of actual retirements*

In an actuarial valuation, the actuary projects the monetary effect of each risk assumption for each distinct experience group, for the next year and for each year over the next half-century or longer.

Once actual risk experience has occurred and been observed, it will not coincide exactly with assumed risk experience, regardless of the skill of the actuary, the completeness of the data, and the precision of the calculations. Each valuation provides a complete recalculation of assumed future risk experience and takes into account all past differences between assumed and actual risk experience. The result is a continual series of small adjustments to the computed contribution rate. From time to time it becomes necessary to adjust the package of risk measurements to reflect basic experience trends -- but not random year-to-year fluctuations.

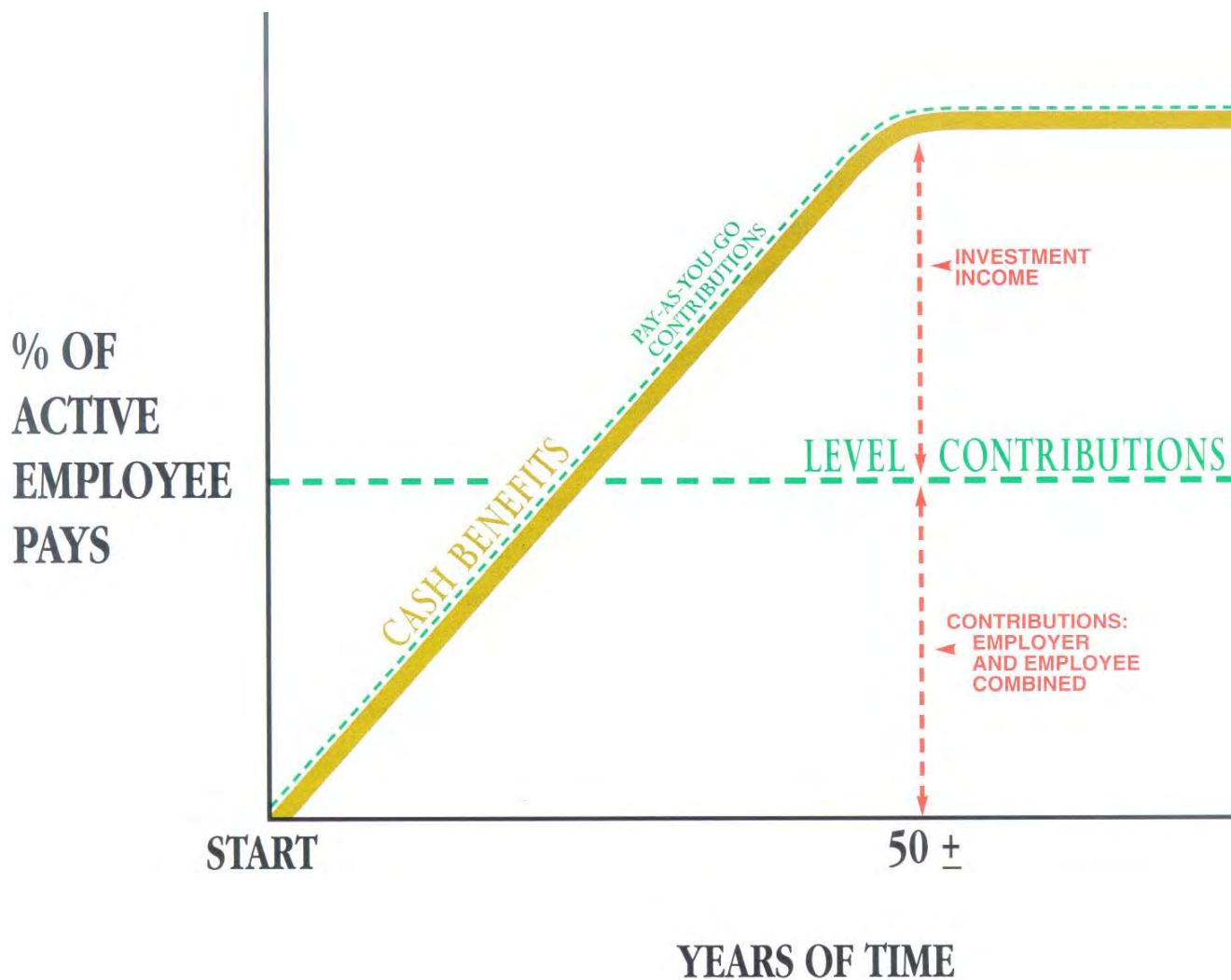
The Actuarial Valuation Process



- UAAL: Unfunded actuarial accrued liabilities are amortized over a fixed period of years.

- Pure EANC: Entry age normal cost liabilities are financed over the working lifetimes of WRS participants.

- EAR: The Experience Amortization Reserve portion of future normal costs is financed over varying periods which are selected to optimize contribution rate stability.



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

Economic Risk Areas

- Rates of investment return
- Rates of pay increase
- Changes in active member group size

Non-Economic Risk Areas

- Ages at actual retirement
- Rates of mortality
- Rates of withdrawal of active members (turnover)
- Rates of disability

GLOSSARY

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

Actuarial Equivalent. A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

GLOSSARY (CONCLUDED)

Normal Cost. The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as “current service cost”. Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no future accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a “going-concern” basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.

June 3, 2009

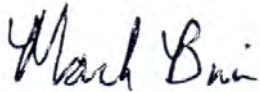
Mr. David Stella
Wisconsin Department of Employee
Trust Funds
801 West Badger Road
Madison, Wisconsin 53713

Re: Report of Twenty-Eighth Annual Actuarial Valuation

Dear Dave:

Enclosed are 75 copies of the December 31, 2008 regular annual actuarial valuations.

Sincerely,



Mark Buis

MB:lr
Enclosures

**STATE OF WISCONSIN
DEPARTMENT OF EMPLOYEE TRUST FUNDS
EMPLOYEE TRUST FUND BOARD
WISCONSIN RETIREMENT BOARD
TEACHERS RETIREMENT BOARD**

FINAL DRAFT REPORT ON CLEARINGHOUSE RULE #08-026

FINAL RULE to amend ETF 10.08 (2) (b) 4. and to create ETF 50.30 (4), relating to termination of employment and administrative leave of absence.

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Agency Person to be Contacted for Questions

Please direct any questions about the proposed rule to David Nispel, General Counsel, Department of Employee Trust Funds, P.O. Box 7931, Madison WI 53707. Telephone: (608) 264-6936. E-mail address: david.nispel@etf.state.wi.us.

Statement Explaining Need for Rule

This rule-making is needed reflect current department interpretation of s. 40.63, Stats. regarding permitting a disabled employee, who is on a leave of absence and not expected to return to service, to apply for a disability annuity benefit and to receive such benefits if the employee’s application is approved. The proposed rule will conform the eligibility criteria regarding termination of employment for s. 40.63, Stats. disability annuities with the criteria regarding long-term disability insurance benefits under s. ETF 50.54 (2) (b). For example, under this rule, the effect on a person’s health insurance and premiums would not vary depending on whether the employer participated in the group insurance board’s health insurance under ch. 40 or if the employer offered other health insurance.

Analysis Prepared by the Department of Employee Trust Funds

1. Statute interpreted:

Section 40.63, Stats.

2. Statutory authority:

Sections 40.03 (2) (i) and 227.11 (2) (a), Stats.

3. Explanation of agency authority:

By statute, the DETF Secretary is expressly authorized, with appropriate board approval, to promulgate rules required for the efficient administration of any benefit plan established in ch. 40 of the Wisconsin statutes. Also, each state agency may promulgate rules interpreting the provisions of any statute enforced or administered by the agency if the agency considers it necessary to effectuate the purpose of the statute.

4. Related statute or rule:

Ch. ETF 10, Wis. Admin. Code, concerns the administration of the Public Employee Trust Fund and Ch. ETF 50 concerns disability benefits provided in accordance with the trust fund. Section 40.63, Stats., concerns disability annuities from the Wisconsin retirement system. There are no other related administrative rules or statutes.

5. Plain language analysis:

The purpose of this rule is to enable participants to continue to receive non-chapter 40, Stats., benefits offered by their employer, such as health insurance, while they are receiving disability benefits under s. 40.63, Stats.

6. Summary of, and comparison with, existing or proposed federal regulations:

The only federal regulations that may be affected by this proposed rule are provisions of the Internal Revenue Code regulating qualified pension plans. The Wisconsin Retirement System is required to be maintained as a qualified plan by s. 40.015, Stats. As a general rule, pension plans are supposed to provide benefits at retirement. However, federal regulations state that a pension plan may provide for the payment of a pension due to disability. The Wisconsin Retirement System provides for disability annuities under s. 40.63, Stats.

7. Comparison with rules in adjacent states:

The department did not locate any comparable rule or statute in any adjacent states.

8. Summary of factual data and analytical methodologies:

Currently, the department interprets s. 40.63, Stats., to permit a disabled employee, who is on a leave of absence and not expected to return to service, to apply for a disability annuity benefit and to receive such benefits if the employee's application is approved. This practice followed an internal review of the department's policies and the pertinent statutes and administrative rules for administering the s. 40.63, Stats., disability benefit program.

This proposed rule addresses the status of disability annuitants with regard to the Wisconsin Retirement System and other fringe benefits under ch. 40, Stats. For example, if a disabled employee is deemed to have terminated employment for all ch. 40 purposes, the effect on that person's health insurance and premiums would vary depending on whether the employer participated in the group insurance board's health insurance under ch. 40 or if the employer offered other health insurance.

Under s. ETF 50.54 (2) (b), long-term disability insurance benefits, which replaced disability annuity benefits for employees not continuously employed since before October 16, 1992, already are available for employees on a leave of absence. This proposed rule will conform the eligibility criteria regarding termination of employment for both disability annuities and long-term disability insurance.

9. Analysis and supporting documents used to determine effect on small business or in preparation of economic impact report:

This rule does not have an effect on small businesses because private employers and their employees do not participate in, and are not covered by, the Wisconsin Retirement System.

10. Anticipated costs incurred by private sector

None.

11. Statement of effect on small business:

The rule has no effect on small businesses.

Regulatory Flexibility Analysis:

The proposed rule has no significant effect on small businesses because only governmental employers and their employees may participate in the benefit programs under ch. 40 of the statutes administered by the Department of Employee Trust Funds.

Fiscal Estimate:

The proposed rule has no direct fiscal impact. The proposed rule generates no revenues for any employer. The proposed rule itself has no effect on the fiscal liabilities of any county, city, village, town, school district, technical college district or sewerage. The rule has no state fiscal effect during the current biennium and no fiscal impact on state funds.

Text of Rule

Section 1. ETF 10.08 (2) (b) 4. is amended to read:

ETF 10.08 (2) (b) 4. ~~Upon~~ Except as provided in ETF 50.30 (4), upon termination of employment the participant is treated consistently with the status of a former employee. This includes, but is not limited to the terminated employee no longer being eligible for benefits available only to active employees. Examples of such benefits may include health insurance, life insurance, income continuation insurance coverage, making deferred compensation or tax sheltered annuity contributions, worker's compensation coverage, internal grievance, promotion or transfer rights, or rights available to active employees under a collective bargaining agreement. This subd. shall not apply to benefits that may be available to the employer's retired employees, such as severance pay, post-retirement insurance coverage and/or employer payment of premiums, or post-retirement benefits or other rights provided through collective bargaining or other retirement agreements. However, agreements made after the termination date for future compensable services to be rendered by the employee would not be precluded under subd. 3.

Section 2. ETF 50.30 (4) is created to read:

ETF 50.30 (4) For purposes of benefits administered under ch. 40, Stats., the participant shall be treated as terminated for all ch. 40, Stats., purposes effective on the date before the s. 40.63, Stats., annuity is effective or on the termination date reported to the department by the employer, whichever is earlier. The benefits include, but are not limited to, health insurance coverage, sick leave credit usage, life insurance coverage, income continuation insurance coverage, Wisconsin retirement system coverage and death benefits under s. 40.73 (1) (am) and (c), Stats., and deferred compensation contributions and benefits under s. 40.80, Stats. This rule does not preclude a participating employer from placing the participant on an administrative leave of absence for purposes of benefits not administered under ch. 40, Stats.

(end of rule text)



WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

Ronald Sklansky
Clearinghouse Director

Terry C. Anderson
Legislative Council Director

Richard Sweet
Clearinghouse Assistant Director

Laura D. Rose
Legislative Council Deputy Director

CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE **08-026**

AN ORDER to amend ETF 10.08 (2) (b) 4., and to create ETF 50.30 (4), relating to termination of employment and administrative leave of absence.

Submitted by **DEPARTMENT OF EMPLOYE TRUST FUNDS**

04-08-2008 RECEIVED BY LEGISLATIVE COUNCIL.

05-01-2008 REPORT SENT TO AGENCY.

RNS:WF

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached YES NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached YES NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached YES NO

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS
[s. 227.15 (2) (e)]

Comment Attached YES NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached YES NO

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL
REGULATIONS [s. 227.15 (2) (g)]

Comment Attached YES NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached YES NO



WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

Ronald Sklansky
Clearinghouse Director

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Clearinghouse Assistant Director

Terry C. Anderson
Legislative Council Director

Laura D. Rose
Legislative Council Deputy Director

CLEARINGHOUSE RULE 08-026

Comments

[NOTE: All citations to “Manual” in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated January 2005.]

2. Form, Style and Placement in Administrative Code

a. In both sections of the rule, the entire citation should be shown in the text. For example, in SECTION 1, “ETF 10.08 (2) (b)” should be inserted before “4.”

b. In s. ETF 50.30 (4), “shall” should replace “must” and “The” should replace “Such.” Also, “subs.” should be replaced with “subsection.” [See s. 1.07, Manual.]

4. Adequacy of References to Related Statutes, Rules and Forms

a. In the analysis to the rule, “Stats.” should replace “Wis. Stats.”.

b. In s. ETF 50.30 (4), “Stats.” should be inserted after the fourth statutory citation.

5. Clarity, Grammar, Punctuation and Use of Plain Language

a. The “plain language analysis” in the analysis to the rule states that a purpose of the rule is to enable participants to continue to receive **private benefits** offered by their employer, such as health insurance, while they are receiving disability benefits under s. 40.63, Stats. The meaning of the term “private benefits” is unclear. If the term “private benefits” refers to benefits other than those provided under ch. 40, Stats., the analysis should be redrafted to specifically state this. If the term has some other meaning, it should be more clearly stated.

b. SECTION 2 should be drafted to effectuate the intent of the rule more clearly. The apparent intent of the rule is to clearly state that (as specifically authorized in s. 40.63 (1) (c), Stats.) a person who is placed on an administrative leave of absence and who is not expected to

resume active service may qualify for a disability benefit under s. 40.63, Stats. However, this intent is obscured because the proposed subsection, rather than stating this directly, indirectly states that a “termination of employment” does “not preclude” a participating employer from placing the participant on administrative leave of absence if the employee is not expected to resume active service. In addition, this intent is obscured because the first sentence of the subsection, without mentioning anything about an administrative leave of absence, states that a participant must terminate all participating employment in order to be eligible for disability benefit under s. 40.63, Stats.

Response to Legislative Council Staff Recommendations

The DETF implemented all of the Legislative Council Staff recommendations contained in the Clearinghouse Report. This involved making changes in form, style, grammar, punctuation, statutory and rule references, and use of plain language.

List of Persons Appearing or Registering For or Against the Rules.

No persons registered either for or against the rule at the public hearing on May 22, 2008.

Summary of Comments Received at Public Hearing.

No person wished to testify concerning the rule. The record was held open for written comments until 4:30 p.m. on May 22, 2008, but no comments were received.

Modifications to Rule as Originally Proposed as a Result of Public Comments

None.

Modifications to the Analysis Accompanying the Proposed Rule.

The analysis was revised to reflect the comments made by the Legislative Council Staff regarding the term “private benefits” and the intent of the rule.

Modifications to the Initial Fiscal Estimate

None.

Board Authorization for Promulgation

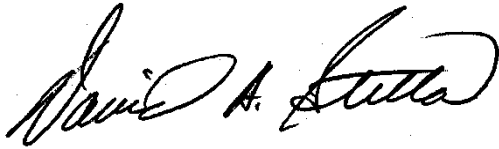
This final draft report on Clearinghouse Rule #08-026 has been duly approved for submission to the Legislature, and for promulgation, by the Department of Employee Trust Funds and by the Employee Trust Funds Board, Wisconsin Retirement Board and Teachers Retirement Board at their meetings on June 18, 2009.

Effective Date

This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22 (2), Stats.

Respectfully submitted,

DEPARTMENT OF EMPLOYEE TRUST FUNDS



David A. Stella
Secretary

Date: May 15, 2009



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: June 18, 2009

TO: Employee Trust Funds Board
Wisconsin Retirement Board
Teachers Retirement Board

FROM: David H. Nispel, General Counsel

SUBJECT: Wisconsin Administrative Code Chapter 10 and Chapter 50 Revisions

Staff recommends that the Boards approve the final version of this proposed rule.

The Department of Employee Trust Funds (ETF) proposes to amend s. ETF 10.08 (2) (b) 4. and create s. ETF 50.30 (4), relating to termination of employment and administrative leave of absence. The proposed rule reflects current ETF interpretation of s. 40.63, Stats., regarding permitting a disabled employee, who is on a leave of absence and not expected to return to service, to apply for a disability annuity benefit and receive such benefits if the application is approved. The proposed rule will conform the eligibility criteria regarding termination of employment for s. 40.63, Stats. disability annuities with the criteria regarding long-term disability insurance benefits under s. ETF 50.54 (2) (b).

Board approval of the final version of the proposed rule is the next step in the administrative rule promulgation process. If approved, the rule revisions will be submitted to the State Legislature for consideration. Prior to this date, the Department has taken the following action:

- Scope statement approved by ETF Secretary (March 2008)
- Scope statement published in the Wisconsin Administrative Register (March 2008)
- Submitted the proposed rule and a report to the Legislative Council Administrative Rules Clearinghouse (April 2008)

Reviewed and approved by Robert Conlin, Deputy Secretary.

Signature Date

Board	Mtg Date	Item #
JI	6/18/09	5
WR	6/18/09	5
TR	6/18/09	5
ETF	6/18/09	7

- Submitted the rule and Legislative Council report to the Department of Administration and Legislative Reference Bureau along with notice of the scheduled public hearing (April 2008)
- Published the notice of hearing in the Wisconsin Administrative Register (April 2008)
- Held a public hearing (May 22, 2008)

The final draft report on the proposed administrative rule is attached to this memorandum. Minor technical changes to the rule were made in response to comments received in the Legislative Council Staff Clearinghouse Report. The rule now conforms to recommended form and style. There were no appearances at the public hearing and no written comments were received.

Department staff will be available at the meeting to discuss this memo and answer any questions you may have regarding the proposed revisions.

Attachment



STATE OF WISCONSIN
Department of Employee Trust Funds

David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

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CORRESPONDENCE MEMORANDUM

DATE: June 16, 2009

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Matt Stohr, Director, Office of Legislative Affairs, Communications and
Quality Assurance

SUBJECT: Legislative Update

This memorandum is for informational purposes only. No action is required.

2009-2011 State Budget Bill

The 2009-2011 biennial budget bill (2009 Assembly Bill 75) has numerous provisions that will directly affect the Department of Employee Trust Funds (ETF) and the Wisconsin Retirement System (WRS). Jon Kranz, ETF Budget Director, prepared an update on the budget provisions and the document will be available at the June 18, 2009, ETF Board meeting. In addition, staff will continue to send all Board members periodic e-mail updates on the budget and its impact on the Department.

2009 Senate Bill 88/Assembly Bill 126

As of this writing, there are only two bills besides the 2009-2011 biennial budget bill that have been introduced that will have a direct impact on the WRS if enacted into law. 2009 Senate Bill 88, and its companion bill 2009 Assembly Bill 126, would create a program that would allow participating employees in the WRS to purchase creditable service for all years of active military service subject to certain conditions. Among other things, the conditions include: the employee pays the Department the required employee contribution for general category employees based on the employee's final average earnings (determined as if the employee had retired on the first day of the annual earnings period during which the Department received the application). The Department has prepared a fiscal estimate that focuses on the administrative costs of the bill. The actual program costs are difficult to define absent an actuarial analysis. The Assembly Committee on Veterans and Military Affairs held a public hearing on 2009 Assembly Bill 126 on April 15, 2009. No further action has been taken.

Board	Mtg Date	Item #
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HELPS II

The other legislative items that directly impact the WRS are at the federal level. House of Representatives Bill (H.R.) 1413, also known as the Healthcare Enhancement for Local Public Servants Act of 2009 (HELPS II), would amend the Internal Revenue Code to allow all retired public employees a federal income tax exclusion of up to \$3,000 for distributions from governmental retirement plans for health and long-term care insurance premiums.

HELPS II is an expansion of the Healthcare Enhancement for Local Public Safety Retirees Act (HELPS I) that was signed into law as part of the Pension Protection Act of 2006. Current law (under HELPS I) permits a retired public safety officer to authorize a retirement plan, such as the WRS, to deduct money from his/her account to pay for health and long-term care insurance premiums and provides for an up to \$3,000 federal income tax exclusion. Only retired public safety personnel are eligible for the federal income tax exclusion. HELPS II would allow all public employee retirees to use tax-free distributions from their qualified retirement plan, including the WRS, to pay for healthcare and long-term care insurance premiums.

In addition, HELPS II removes the mandate that the retirees' retirement plan make direct payments to the insurer. Even though this mandate would be removed by HELPS II, the bill maintains the requirement that deductions be made from a retirement annuity. Therefore, the true impact of this proposal is not entirely clear at this time.

Required Minimum Distribution Moratorium

H.R. 7327, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law in December 2008. Generally, participants in qualified plans are required to take required minimum distributions (RMD) by April 1 of the year following: (1) the year they retire or (2) the year they attain age 70½, whichever is later. The Recovery Act provides a temporary, one-year moratorium on required minimum distributions from individual retirement plans (e.g., IRAs) and defined contribution plans qualified under Code §§ 401(a), 403(a), 403(b), and governmental plans under § 457(b). The one-year moratorium was effective for minimum distributions beginning after December 31, 2008.

H.R. 2021, the Savings Recovery Act of 2009, would among other things extend the RMD moratorium through 2012. H.R. 2021 was introduced on April 22, 2009 and has not had a hearing.

I will be at the June 18, 2009, Joint Information meeting to answer any questions you may have. In addition, I will provide the Boards with legislative updates throughout the legislative session on the bills noted above and other legislation that has an impact on the WRS.



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

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CORRESPONDENCE MEMORANDUM

DATE: June 1, 2009

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Lynn Jarzombeck, Policy Advisor
Division of Retirement Services

SUBJECT: Wisconsin Retirement System (WRS) Benefit Information

This memo is for informational purposes only. No Board action is required.

Please find attached the *WRS Benefit Information* report for the period January – March 2009 (first quarter 2009). This document contains information reflecting the retirement benefit activities administered by the Department of Employee Trust Funds. The data presented covers participant retirement estimates requested, new annuities started, finalized annuity data and WRS payment information.

Here are some highlights:

- For the first quarter of 2009, retirement estimates requested increased 8.7% over the first quarter of 2008.
- This increase follows a fourth quarter 2008 increase of 13.7% over the same quarter in 2007.
- New annuities started rose 2.3% over the same period in 2008.
- This increase follows a 4th quarter 2008 increase of 15.7% over the same period in 2007.

Also of note for the first quarter of 2009 is the change in method of WRS payment: Direct deposit increased and paper check payments decreased by 2,751 payments since last quarter, as the Department moves to direct deposit as the standard method for annuity payment.

We would appreciate any feedback that you may offer for improving this report. Staff will be available at the meeting to answer questions. Contact Jean Gilding at (608) 266-1210 (e-mail jean.gilding@etf.state.wi.us) or Lynn Jarzombeck at (608) 261-8081 (e-mail lynn.jarzombeck@etf.state.wi.us) with any comments or questions.

attachment

Reviewed and approved by Jean Gilding, Division of Retirement Services.

Signature

Date

Board	Mtg Date	Item #
JI	6/18/09	6



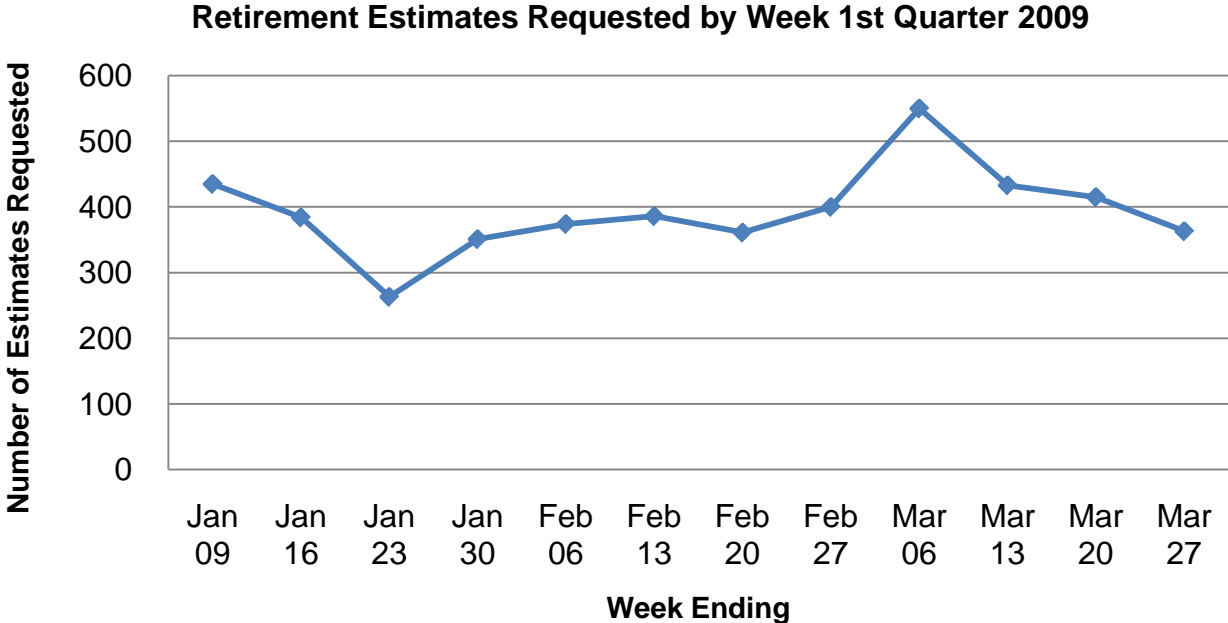
STATE OF WISCONSIN
Department of Employee Trust Funds

Wisconsin Retirement System (WRS) Benefit Information

January – March 2009

WRS RETIREMENT ESTIMATES

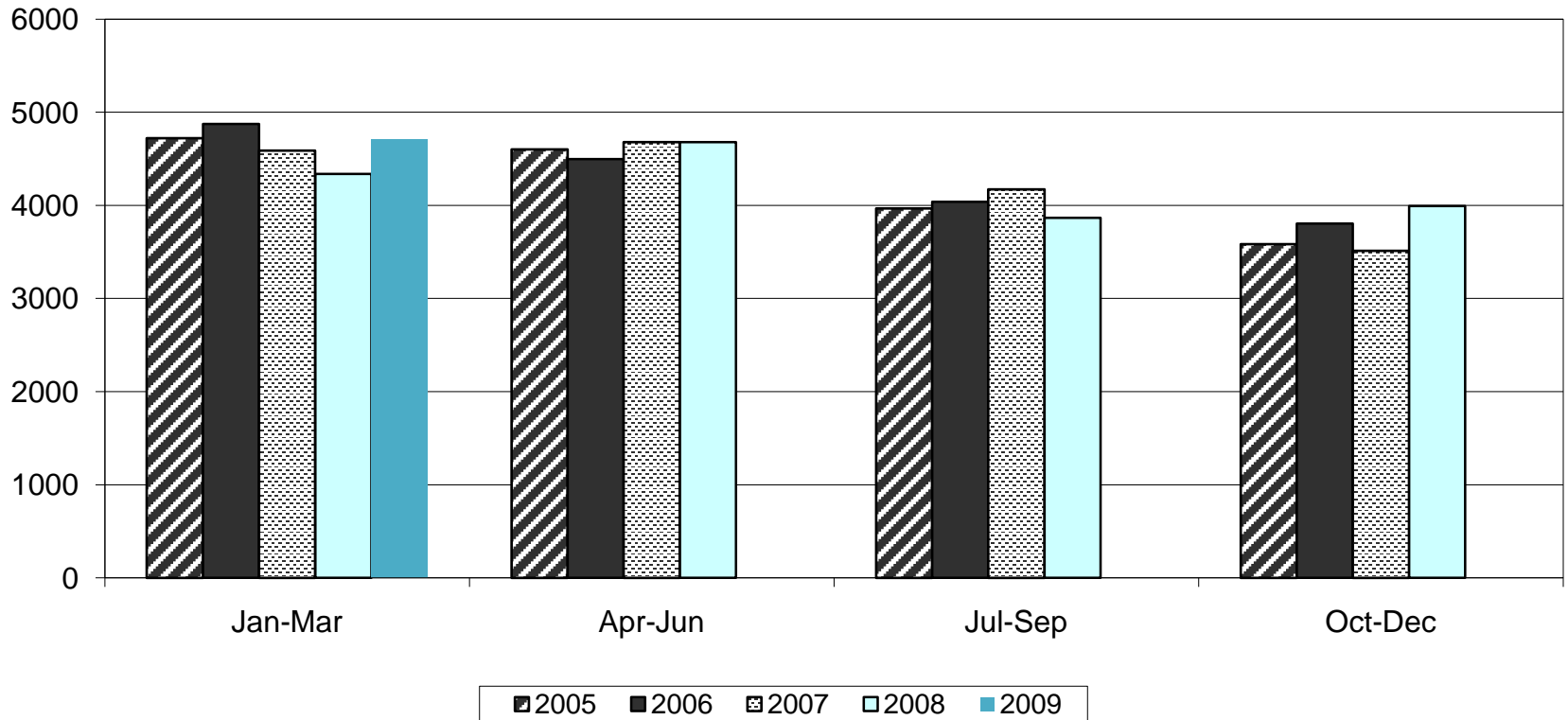
- 4,715 Retirement Estimates requested during the period January - March 2009
- Retirement Estimates requested increased 8.7% from the previous year's 1st quarter (4,339 in 2008)



WRS RETIREMENT ESTIMATES

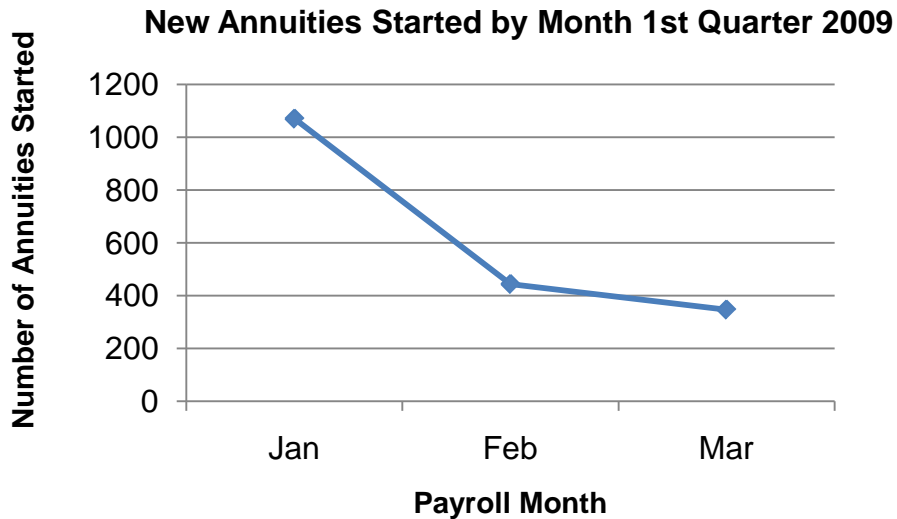
Retirement Estimates Requested 2005-2009

Participants can request a formal benefit estimate up to one year before anticipated retirement.



WRS RETIREMENT ANNUITIES

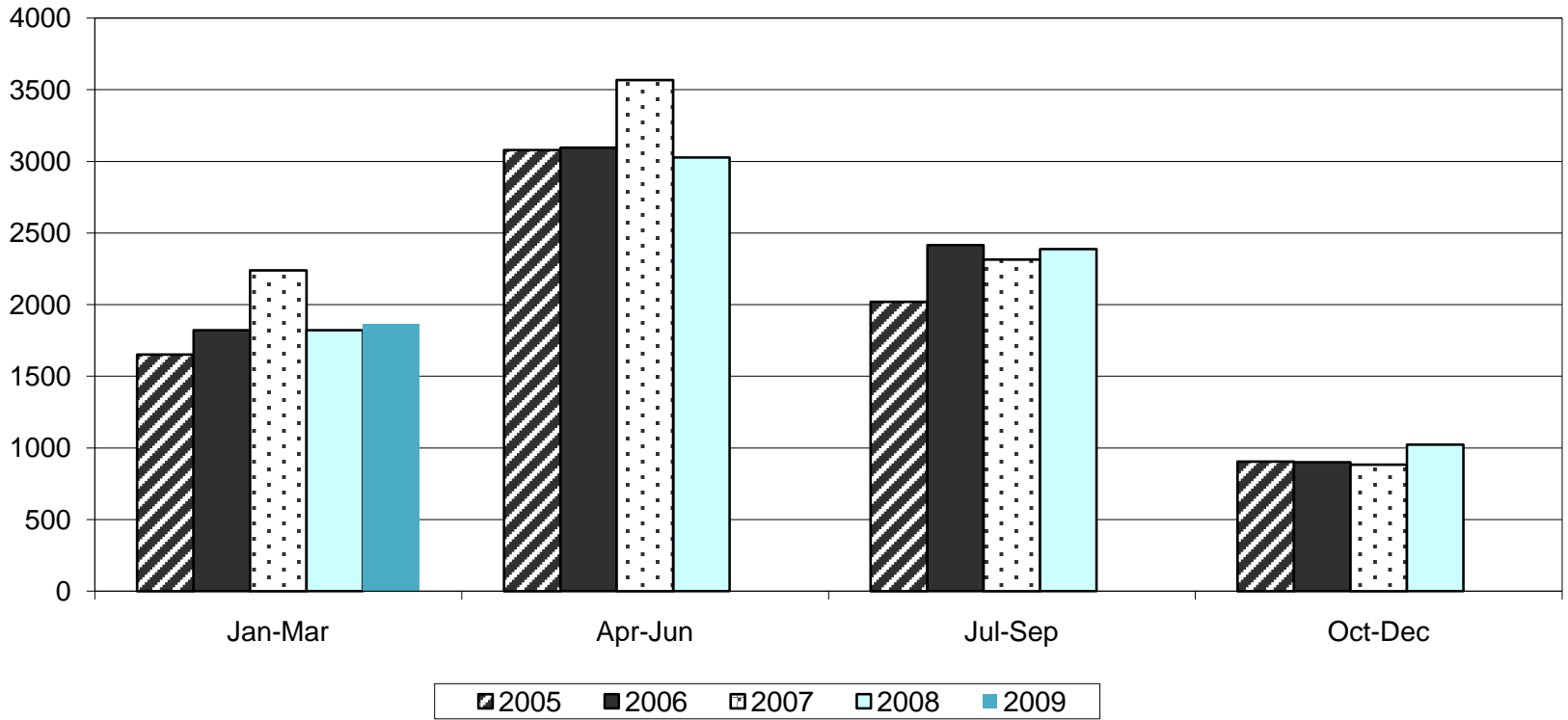
- 1,862 New Annuities started during the period January - March 2009
- No Annuities started as Finalized Payments
(annuities can be started as finalized and not estimated if the Department has the final service earnings and contribution data from the employer)
- New Annuities started increased 2.3% from the previous year's 1st quarter (1,821 in 2008)



WRS RETIREMENT ANNUITIES

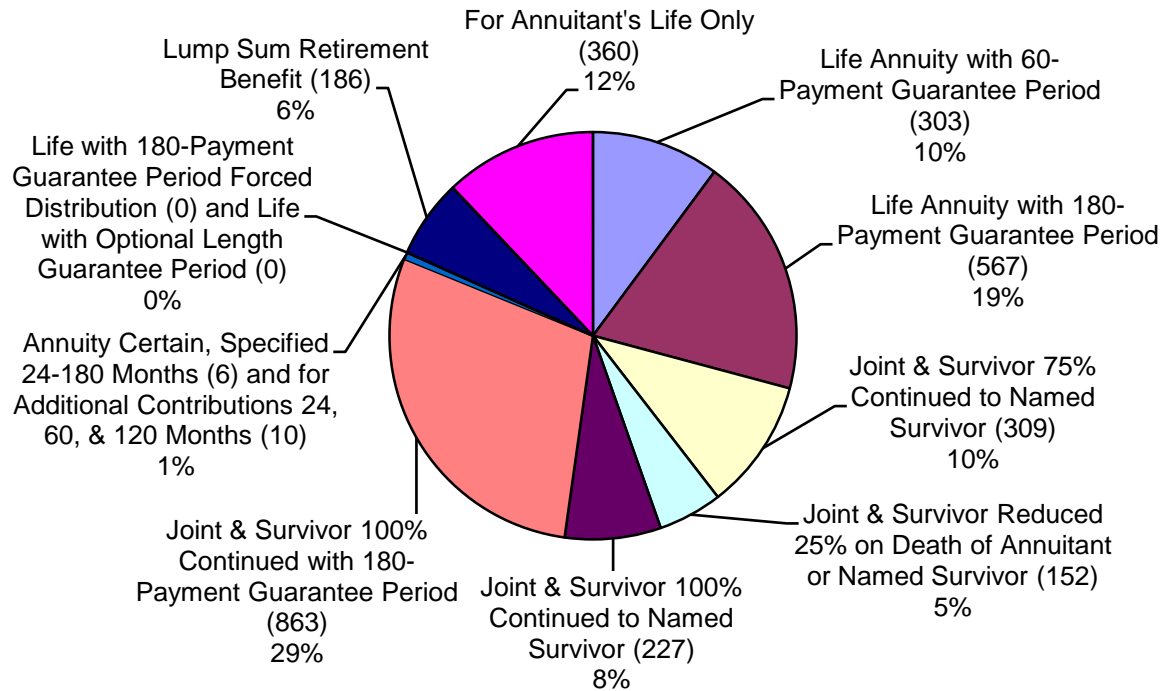
Estimated Annuities Started 2005-2009

New annuities are quickly processed by giving participants “estimated” annuities that are calculated as close as possible to final eligible benefits.



WRS RETIREMENT ANNUITIES

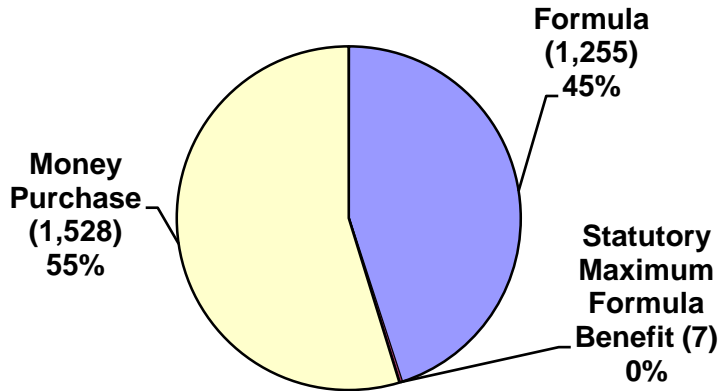
Benefit Options Taken Finalized Annuities & Lump Sum Retirement Benefits 1st Quarter 2009



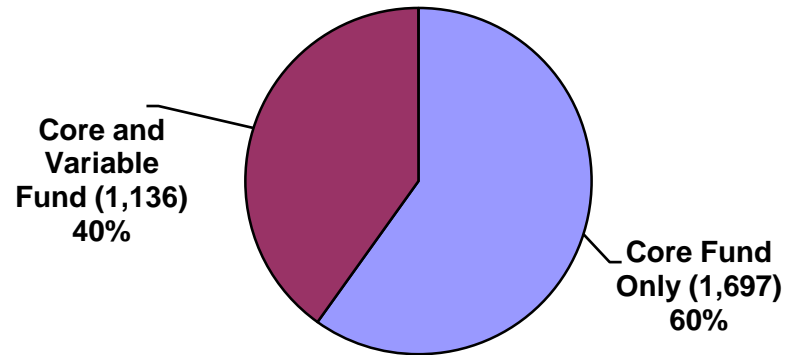
WRS RETIREMENT ANNUITIES

Finalized Annuities By Calculation and Fund Type 1st Quarter 2009

Benefit Calculation Type



Benefit Fund Type

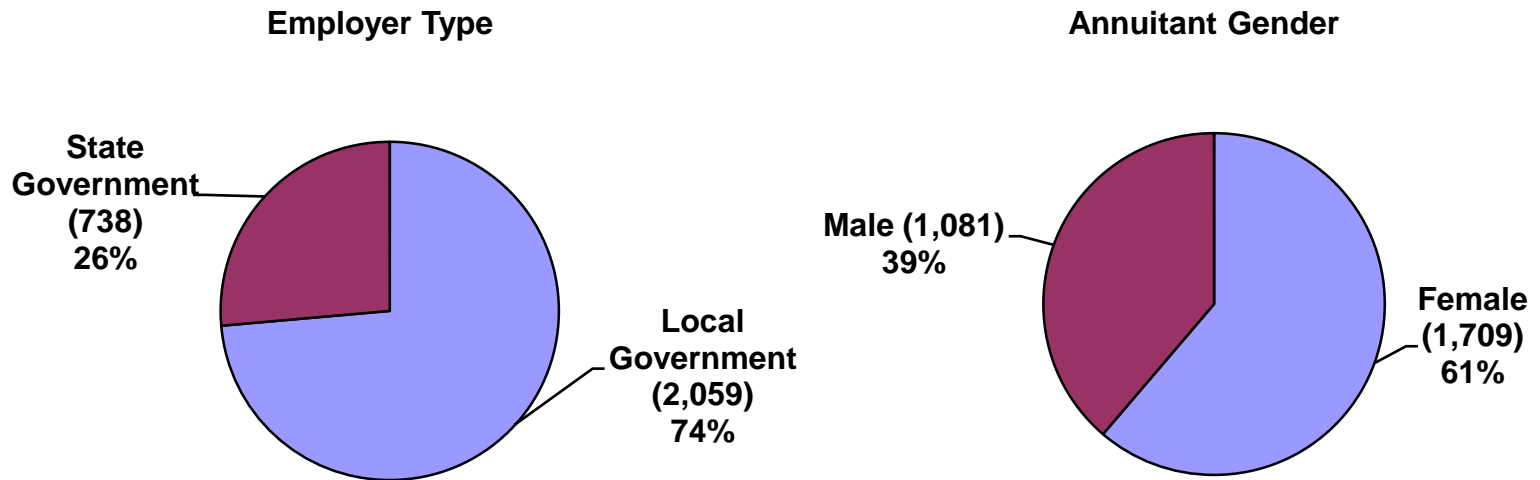


Compared to 2008:

- Money Purchase calculated benefits increased 1% and Formula calculated benefits decreased 1%
- Core and Variable Fund benefits increased 8.6% and Core Fund Only benefits dropped 8.6%

WRS RETIREMENT ANNUITIES

Finalized Annuities By Employer Type and Annuitant Gender 1st Quarter 2009



Compared to 2008:

- State Government retirees increased 1.5% and Local Government retirees dropped 1.5%
- Female retirees rose slightly by .7% and Male retirees declined by .7%

WRS RETIREMENT & BENEFICIARY ANNUITIES

Retirement Terminations and Beneficiary Information 1st Quarter 2009

- 13 Retirement Annuity Terminations occurred during the period January – March 2009
 - 10 annuitants returned to work and elected to participate in the WRS
 - 3 annuitants cancelled their benefit applications

- 72 Beneficiary Annuities started during the period January – March 2009

- 6 Beneficiary Annuity Terminations occurred during the period January – March 2009
 - All 6 beneficiaries converted their annuities to lump sum payments

WRS RETIREMENT & BENEFICIARY ANNUITIES

WRS Payment Information 1st Quarter 2009

Gross Payments by Fund (\$)

Payroll Month	Core	Variable	Subtotal	General Purpose Revenue	Total
Jan-09	288,560,715.97	35,638,494.06	324,199,210.03	85,147.21	324,284,357.24
Feb-09	288,913,724.96	35,750,289.06	324,664,014.02	82,545.16	324,746,559.18
Mar-09	289,240,000.86	35,615,755.20	324,855,756.06	80,137.67	324,935,893.73

Gross Payments by Method of Payment (\$)

Payroll Month	Direct Deposit	Paper Check	Deductions	Accounts Receivable	Total
Jan-09	250,058,195.82	23,237,431.88	51,725,029.84	(736,300.30)	324,284,357.24
Feb-09	251,097,078.27	22,275,766.85	51,941,641.64	(567,927.58)	324,746,559.18
Mar-09	254,077,608.66	19,396,752.82	52,036,372.80	(574,840.55)	324,935,893.73

Number Paid

Payroll Month	Paid by Direct Deposit		Paid by Paper Check		Total
Jan-09	130,546	88.68%	16,660	11.32%	147,206
Feb-09	131,258	89.06%	16,127	10.94%	147,385
Mar-09	133,529	90.53%	13,973	9.47%	147,502

**ASSET ALLOCATION SUMMARY AND PERFORMANCE EVALUATION (AASPE)
STATE OF WISCONSIN INVESTMENT BOARD**

PRELIMINARY

**Total Assets Under Management
May 31, 2009**

	<u>Value (\$Mil.)</u>	<u>%</u>
CORE TRUST FUND	59,403	86%
VARIABLE TRUST FUND	4,118	6%
TOTAL RETIREMENT FUNDS	\$63,520	92%
STATE INVESTMENT FUND (except Investment Board Funds) (Includes Float)	4,876	7%
STATE LIFE INSURANCE FUND	84	
LOCAL GOVERNMENT PROPERTY INSURANCE FUND	52	
HISTORICAL SOCIETY ENDOWMENT FUND	8	
INJURED PATIENTS AND FAMILIES COMPENSATION FUND	568	1%
EDVEST FUND	9	
TOTAL:	<u>\$69,117</u>	<u>100%</u>

WRS Internal / External Money Management

	12/31/08	05/31/09
	<u>Internal / External</u>	<u>Internal / External</u>
U.S. Equities	63% / 37%	66% / 34%
International Equities	11% / 89%	12% / 88%
Fixed Income	39% / 61%	45% / 55%
Private Markets	16% / 84%	16% / 84%
Multi-Asset	0% / 100%	10% / 90%
TOTAL:	<u>38% / 62%</u>	<u>40% / 60%</u>

Note: Values and percentages might not add due to rounding.

Preliminary

Estimated returns, subject to final portfolio and benchmark valuations.

Summary of Returns (%) May 31, 2009

SWIB Total Fund and Major Division Returns

	Calendar YTD Thru 5/31/09	One Year Thru 5/31/09	Three Years Thru 5/31/09	Five Years Thru 5/31/09	Ten Years Thru 5/31/09
Core Trust Fund	4.5	-22.1	-2.5	3.2	3.9
Core Trust Fund Benchmark	4.0	-21.4	-1.9	3.3	3.5
Variable Trust Fund	8.0	-32.1	-7.8	-0.4	0.6
Variable Trust Fund Benchmark	7.1	-32.9	-7.6	-0.1	-0.1
State Investment Fund (SIF) ¹	0.3	1.5	3.7	3.4	3.4
SIF Benchmark	0.1	1.0	3.1	3.1	3.1
Public Equities	9.2	-33.3	-7.7	0.4	1.2
Public Equity Benchmark	8.6	-33.9	-7.4	0.6	0.3
Public Fixed Income	2.8	3.0	6.3	5.6	6.5
Public Fixed Income Benchmark	1.6	3.2	6.0	5.2	6.2
Real Estate Equity	-22.0	-28.0	-2.4	9.2	9.6
Real Estate Benchmark	-8.3	-6.5	8.1	11.7	10.4
Private Equity ¹	-17.6	-25.4	0.1	13.7	8.5
Private Equity Benchmark	-19.5	-26.7	-0.5	9.4	9.8
Multi-Asset Consolidation ²	14.1	-17.2	-0.5	4.2	8.2
Multi-Asset Benchmark ²	4.0	-22.3	-2.3	3.0	6.6
Economic and Market Indicators (% change, annualized)³					
GDP (current dollars)	-0.9	-1.2	2.5	4.1	4.4
GDP Deflator	1.0	2.3	2.4	2.7	2.5
CPI	1.4	-1.6	1.7	2.4	2.5
National Wage Rate Growth	1.7	4.5	4.1	4.0	4.3
S&P 500	3.0	-32.6	-8.2	-1.9	-1.7
Russell 1000	4.1	-32.9	-8.2	-1.5	-1.3
Russell 2000	1.1	-31.8	-10.1	-1.2	2.7
Russell 3000	3.8	-32.9	-8.4	-1.5	-1.0
MSCI World Ex-US Equities	10.5	-36.3	-7.2	3.6	2.1
MSCI World Ex-US Equities (Local Currency)	6.5	-31.5	-8.8	1.7	-0.2
MSCI Emerging Markets	37.9	-34.4	3.3	15.1	10.0
Barclays Capital Govt/Credit	-0.3	4.5	5.9	4.7	5.8
Salomon World Gov't Bonds	-1.6	4.3	7.3	6.0	6.3
Salomon World Gov't Bonds (Local Currency)	-1.5	7.1	4.5	3.9	4.2

¹ Private Equity and SIF returns are net of fees.

² Ten Year return not available, since inception of 3/31/03.

³ The most recent percent changes in economic indicators are estimated from the latest reported annual rates of change.

State of Wisconsin Investment Board

P.O. Box 7842, Madison WI 53707-7842 (608) 266-2381

MEMORANDUM

Date: May 8, 2009
To: Keith Bozarth
From: Scott Parrish *SKP*
Re: **Placement Agents**

There has been a lot of recent press surrounding the “pay to play” scheme at the New York Common Retirement System (“NY Common”) and other allegations of selling influence. This memo is meant to provide an overview of the role placement agents play in private equity. According to London-based research firm Preqin Ltd, approximately 54% of the global private equity firms used placement agents in 2008 compared to 40% of the firms using placement agents in 2006. One placement agent, Park Hill, estimates that there are 1,500 General Partners currently raising capital in the market. For many small and first-time funds a placement agent is often able to introduce the General Partner to numerous potential investors, including large institutional investors (public pension funds, corporate pension funds, endowments and foundations). Limited Partners are often more receptive to meeting with a prospective General Partner if that General Partner is being represented by a reputable placement agent.

Reputable placement agents play an integral role within the asset class and provide valuable services to both the General Partners and Limited Partners. Placement agents spend a significant amount of time and money and put their reputation on the line when they agree to work with a General Partner to raise a fund. In addition to introducing the General Partner to prospective investors, placement agents work with the General Partners by providing the following services: sharpening strategy, setting business terms, drafting the Private Placement Memorandum (“PPM”) and presentation materials, completing due diligence questionnaires from prospective investors and their consultants and acting as the liaison between the General Partners and the Limited Partners during the due diligence and closing process. It is not uncommon for a fund to have between 50 and 100 different Limited Partners.

The October 8, 2008 issue of Private Equity Insider published a list of nearly 70 placement agents that were actively engaged in assisting General Partners in raising capital. Of the 70 placement agents listed in the publication, 13 firms had a staff of at least 20 individuals and 27 firms had a staff of at least 10 individuals. SWIB staff has worked directly with a number of these larger placement agents including Atlantic-Pacific, Citigroup, C.P. Eaton Partners, Credit Suisse, Lazard, Merrill Lynch, Monument Group, MVision, Park Hill, Probitas Partners and UBS. Staff has also worked with a number of the smaller placement agents including Berchwood Partners, Farrell Marsh, J.P. Greene & Associates, Knight Capital and Thomas Capital. Staff’s exposure to the smaller agents is less as these firms tend to work with a smaller number of General Partners at any given time.

A typical arrangement between the General Partner and the placement agent is the General Partner will pay the placement agent a 1% - 2% fee on the capital the placement agent is able to secure from new investors. The General Partner is responsible for paying the placement fees. In some cases the placement agent negotiates its contract so that a portion of the fee it receives from the General Partner is invested in the fund alongside the Limited Partners. This can provide an additional level of comfort for the Limited Partners as the placement agent is showing how much confidence it has in the General Partner’s ability to produce attractive returns.

The situation at NY Common involves a different type of arrangement between a General Partner and a “placement agent.” The allegations involve individuals using their position at NY Common to cause prospective private equity and hedge fund firms to pay “finder’s fees” in order to secure a commitment from the pension plan. The claim is that these fees were directed to a firm controlled by one of the individuals who had influence over what private equity commitments were made by the pension plan. Under that scenario this firm did not act as a reputable placement agent in that no value was provided to the General Partners (besides securing a commitment from NY Common) or the pension fund itself. The firm allegedly was disguised as a consulting firm, but rather was a sham company established by politically connected individuals (similar situations have previously transpired at the State of Connecticut and Illinois Teachers). There have been a number of private equity firms, hedge fund firms, placement agents and consultants named in the SEC complaint; although only one individual has been accused of a wrongdoing (Saul Meyer, a founding Partner of Aldus, was arrested on April 30th in connection with the “pay to play” scheme at NY Common). The other firms mentioned include Access Capital Partners, The Carlyle Group (through a joint venture with Riverstone Holdings), Clinton Group, Falconhead Capital Partners, GKM Newport Management, Odyssey Partners, Pacific Corporate Group, Paladin Capital Management, Pequot Capital Management and Quadrangle.

The only firm named in the SEC complaint that SWIB has a relationship with is The Carlyle Group. In total, SWIB has committed \$315 million to four Carlyle funds and one Riverstone/Carlyle fund. The two most recent Carlyle funds and the Riverstone/Carlyle fund were recommended by Hamilton Lane to all of their clients and SWIB worked directly with Carlyle’s internal placement group (no external placement agent interacted with staff).

Since the beginning of 2005 through April 30, 2009, SWIB has committed approximately \$6.8 billion to 84 private equity funds. Placement agents were used in connection with 31 funds (in 12 of the funds SWIB worked directly with the General Partner and the General Partner has represented no fee was paid to the placement agent in connection with SWIB’s commitment to the fund). Of the 84 funds that SWIB committed to during this time period, Staff worked directly with the General Partner on 65 funds. The following tables highlight the role placement agents have played in SWIB’s private equity commitments since the beginning of 2005 (**the tables do not total to 100%**). The first table shows the percentage of funds using placement agents versus funds SWIB worked directly with the General Partner and the second table shows the percentage of SWIB’s commitments to funds using placement agents versus funds that SWIB worked directly with the General Partner.

Vintage Year (A)	# of Funds (B)	# that used Placement Agents (C)	% of Total (C/B)	# of GPs SWIB worked with directly (D)	% of Total (D/B)
2005	8	2	25%	6	75%
2006	20	7	35%	16	80%
2007	22	10	45%	15	68%
2008	28	9	32%	23	82%
2009	6	3	50%	5	83%
Total	84	31	37%	65	77%

Vintage Year (A)	SWIB Commitment (B)	Commitment to Funds using Placement Agents (C)	% of Total (C/B)	Commitment to GPs SWIB worked directly with (D)	% of Total (D/B)
2005	\$655,000,000	\$150,000,000	23%	\$505,000,000	77%
2006	\$1,705,000,000	\$590,000,000	35%	\$1,430,000,000	84%
2007	\$1,597,000,000	\$710,000,000	44%	\$1,137,500,000	71%
2008	\$2,307,500,000	\$675,000,000	29%	\$2,087,500,000	90%
2009	\$500,000,000	\$170,000,000	34%	\$455,000,000	91%
Total	\$6,765,000,000	\$2,295,000,000	34%	\$5,615,000,000	83%

SWIB worked directly with 10 different placement agents listed in the table below during the period January 1, 2005 through April 30, 2009.

Fund	Vintage Year	SWIB Commitment	Placement Agent
Bridgepoint Europe III	2005	\$100,000,000	J.P. Greene & Associates
Pomona Capital VI	2005	\$50,000,000	Lazard
Ares III	2006	\$50,000,000	UBS
Bear Stearns Merchant Banking III	2006	\$75,000,000	Credit Suisse
Cerberus IV	2006	\$100,000,000	Monument Group
Coller International Partners V	2006	\$50,000,000	Credit Suisse
Avenue Special Situations V	2007	\$75,000,000	Diamond Edge
EQT V	2007	\$50,000,000	MVision
Gores Capital Partners II	2007	\$75,000,000	Lazard
Graphite Capital Partners VII	2007	\$60,000,000	Helix
Kohlberg Investors VI	2007	\$75,000,000	Lazard
Montreux Equity Partners IV	2007	\$25,000,000	Lazard
Wayzata Opportunities Fund II	2007	\$100,000,000	Park Hill
Caltius Partners IV	2008	\$50,000,000	Credit Suisse
Clessidra II	2008	\$50,000,000	Merrill Lynch
Friedman Fleischer & Lowe III	2008	\$50,000,000	Lazard
Segulah IV	2008	\$25,000,000	MVision
TowerBrook Investors III	2008	\$45,000,000	UBS
Waterland IV	2009	\$45,000,000	MVision

In each situation the placement agent was hired by the General Partner to market to a group of potential Limited Partners. There was never a situation where a General Partner hired a placement agent for the sole purpose of securing a commitment from SWIB. The investment recommendations made in private equity are

based on merit and fit within the portfolio's strategy, not on relationships with placement agents. SWIB is a well-respected and sought after Limited Partner. Even when a General Partner uses a placement agent, SWIB still has a significant amount of direct interaction with the General Partner. As previously stated, the placement agents were compensated by the General Partner. This occurs either by the General Partner paying the placement agent directly or by having the placement fees included in the organizational expenses of the fund. In the latter situation, the Limited Partners pay the organizational expenses to the fund and then the General Partner pays the placement agent. The amount of organizational expenses paid by the Limited Partners with respect to placement fees is used to offset the management fees owed to the General Partner on a dollar-for-dollar basis.

Of the 31 funds that used placement agents, 23 were directly paid by the General Partners. The remaining eight funds included placement fees in the organizational expenses funded by the fund. In these cases the Limited Partners' management fees will be reduced over the first years of the fund by 100% of the amount of organizational expenses allocated to placement fees. Of the 19 funds that used placement agents who directly worked with Staff, 14 were directly paid by the General Partners. The remaining five funds included placement fees in the organizational expenses funded by the fund and the Limited Partners' management fees will be reduced over the first years of the fund by 100% of the amount of organizational expenses allocated to placement fees.

In compliance with SWIB's Investment Guidelines and the Private Equity Procedures Manual, Staff must disclose the placement agent, if any, involved in every fund that SWIB makes a commitment to through the Investment Recommendation that is approved by the Private Markets Managing Director. The Investment Recommendation must also disclose if there was any involvement by a SWIB Board Member with the investment. This policy has been in place since the beginning of 2005 and there has been no trustee involvement in any private equity commitment made during this period. In addition, SWIB's standard side letter that is entered into for each private equity commitment discloses any placement agent that was used and any fee that was paid in connection with SWIB's investment in the fund. I believe SWIB has the appropriate policies in place to avoid the situations that occurred in Connecticut, Illinois and New York.

Going forward, SWIB will continue to monitor the evolving practice in this area and respond accordingly. For example, staff will likely require all General Partners to state in writing the exact amount of fees paid with respect to SWIB's commitment to the fund. This is in addition to the current practice of requiring all of the General Partners to state in writing whether an agent is being used and whether any fees are being paid with respect to SWIB's commitment to the fund.

State of Wisconsin Investment Board

P.O. Box 7842, Madison WI 53707-7842 (608) 266-2381

MEMORANDUM

Date: June 9, 2009
To: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board
From: Keith Bozarth, Executive Director
Re: **SWIB Update**



1. Returns Through the End of May

The SWIB preliminary Asset Allocation Summary and Performance Evaluation for May 31 is included. Both the Core and Variable Funds are in positive territory and ahead of benchmarks year to date. The stock markets reached lows in early March and the three months since then have seen a notable rebound. International and emerging markets have been very strong performers.

Other areas also have produced solid performance for SWIB. In the Multi-Asset class, the \$700 million credit portfolio established to take advantage of unusually wide spreads between corporate bonds and treasuries has performed extremely well. SWIB's relative overweight to corporate bonds in general has helped relative returns.

Real estate as an asset class continues to underperform. SWIB's portfolio is more focused on publicly traded real estate securities than the benchmark, and as a consequence the benchmark may show declines in market value more slowly.

2. Rebalancing

The recent advances in the equity markets led to the fixed income allocation falling below the target range. SWIB executed a rebalancing at the beginning of June that brought fixed income almost half way back to target and left some equity overweight, by eliminating the futures overlay that was used late last year to assist in rebalancing.

3. Personnel Update

Vacant positions – SWIB has the following vacant positions: two equities analysts, two private markets analysts, one trader, a half-time legal position, a half-time financial manager and a half-time support position for Fund Management. We have pending requests to recruit for three of those positions (one of which is a half-time position) and are in the final stages of recruiting a Head Trader.

Resignation – We had a resignation of our Corporate Governance and Compensation Analyst this month. The individual will join the FDIC. The uncertainty and limitations of the current State compensation environment were factors in this departure.

New Hires – SWIB is employing an expanded number of interns this summer, in both the investment and support areas. We were able to attract an unusually good group of qualified interns, given the current job market. In this instance, the economic difficulties have produced a positive benefit for SWIB.

4. Placement Agents

The popular press has reported extensively on recent problems at the NY Common Fund, where there are accusations of influence selling related to the fund. SWIB has long had measures in place to prevent situations like that experienced at the NY Common Fund. The particular mechanism used in NY was the disguise of influence selling as legitimate placement activity. Included is a memorandum prepared by one of SWIB's portfolio managers that outlines the industry practice on placement agents and SWIB's policies to assure transparency and legitimacy in our processes.

A short synopsis of some key points follows. The use of placement agents is a common and valuable part of private equity investing. SWIB has a number of practices that prevent abuse of that mechanism. SWIB never hires or pays a placement agent. In our private markets contracting process, we require the disclosure of any payments made to third parties in connection with the contract, including the identity of the recipient and payer. In addition, certification is required that no SWIB staff, trustees or affiliated parties receive a financial benefit from the contract. We require consultant supporting analysis before investing with any new fund. Finally, SWIB maintains a referral log process that reflects contacts from lobbying organizations or referrals from those involved in the political process, and this log is shared with the Audit Committee.



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

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CORRESPONDENCE MEMORANDUM

DATE: June 18, 2009
TO: Employee Trust Funds Board
Wisconsin Retirement Board
Teachers Retirement Board
FROM: David H. Nispel, General Counsel
SUBJECT: Status of Proposed Administrative Rules

This memo is for information only. No action is required from the Boards at this time.

This memorandum is presented to update Board members on the status of proposed administrative rules being drafted by the Department of Employee Trust Funds (Department).

1. Ready for Final Legislative Review

- CR 08-026, termination of employment and administrative leave of absence.

2. Submitted to Legislative Council Rules Clearinghouse in June 2009

- Technical Rule conforming certain existing administrative rules to statutory changes made by 2007 Wis. Act 131 and making technical changes to other existing rules.
- ETF 11.11, relating to legal counsel advising the boards that are attached to the Department while a board considers a final decision pertaining to an appeal.
- ETF 11.15 (4), relating to persons listed as agent for service of process upon the boards that are attached to the Department.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature

Date

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3. Scope Statement Submitted To The Legislative Reference Bureau

- Long-Term Disability Insurance offsets rule, relating to when a person's long-term disability benefits will be reduced.

I will be at the meeting to answer any questions the Board may have.



STATE OF WISCONSIN
 Department of Employee Trust Funds
 David A. Stella
 SECRETARY

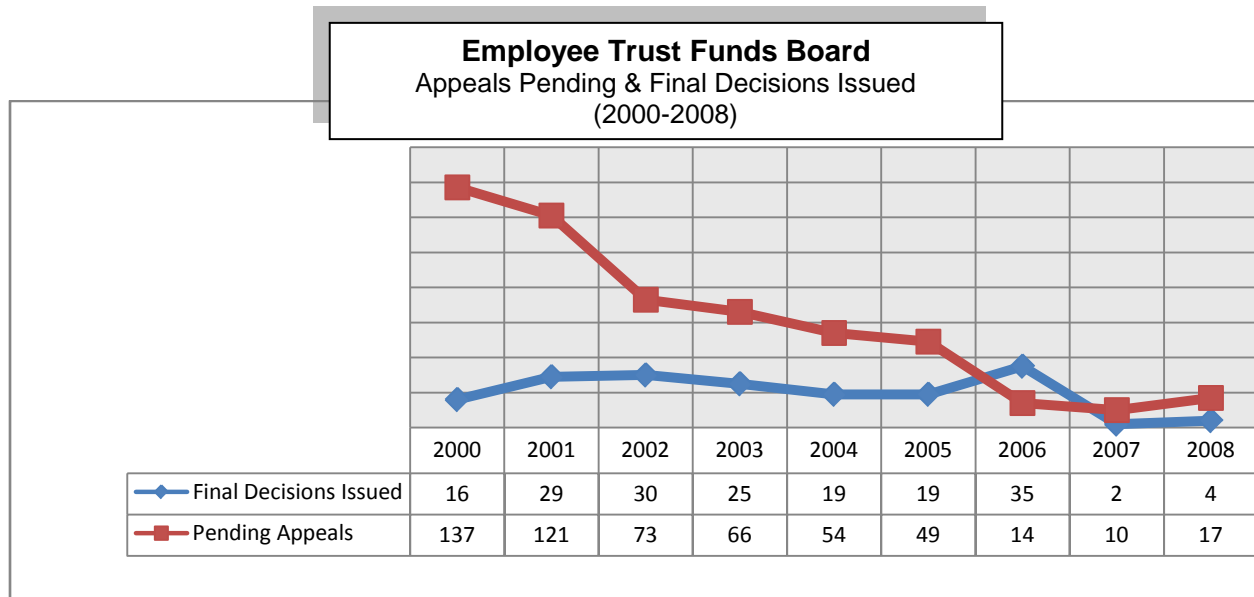
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CORRESPONDENCE MEMORANDUM

DATE: June 1, 2009
TO: Employee Trust Funds Board, Wisconsin Retirement Board,
 Teachers Retirement Board
FROM: Sharon Walk
 Appeals Coordinator
SUBJECT: Pending Appeals

This memo is provided for informational purposes only. No Board action is necessary.

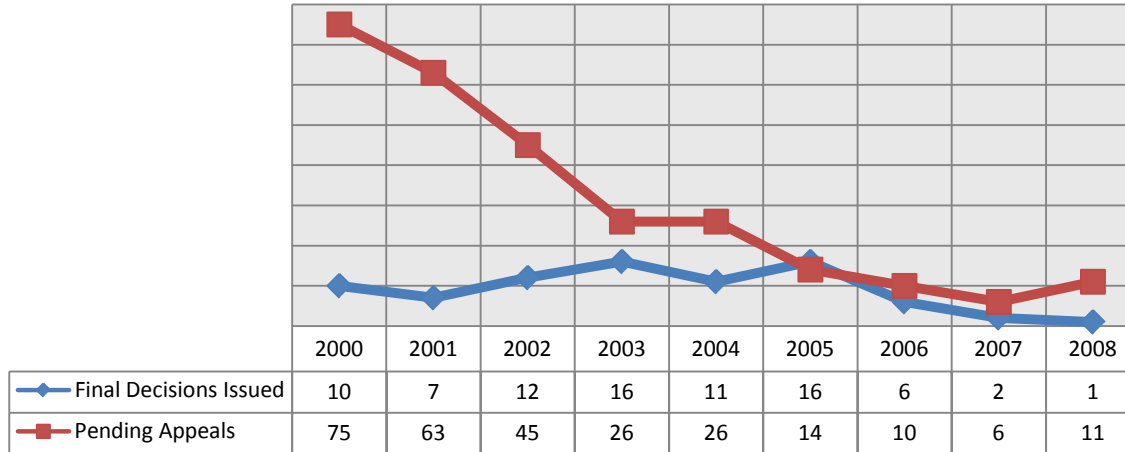
Over the past eight years, since the inception of the Independent Record Review process, the Department has made significant progress in reducing the number of appeals pending before all of the Boards. At the present time, the total number of pending appeals is 34; 17 of these are appeals to the Employee Trust Funds Board and seven are to the Wisconsin Retirement Board. There are no appeals pending before the Teachers Retirement Board. Some Board members will recall a time when almost every Board meeting ended with a closed session for the deliberation of appeals. The charts below show the number of appeals pending before the Boards from 2000-2008 as well as the number of final decisions issued by the Boards.



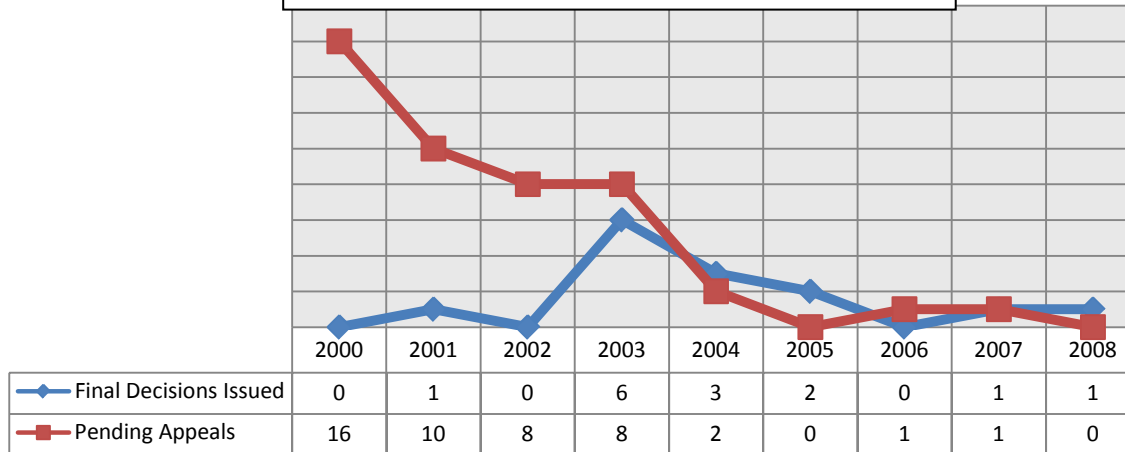
Reviewed and approved by Robert J. Conlin, Deputy Secretary.

 Dated: June 5, 2009

Board	Mtg Date	Item #
JL	06/18/09	6

Wisconsin Retirement Board
 Appeals Pending & Final Decisions Issued
 (2000-2008)



Teachers Retirement Board
 Appeals Pending & Final Decisions Issued
 (2000-2008)



Department staff will be available at the June 18, 2009, Board meeting to answer any questions you may have.



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Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: June 4, 2009

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Cindy Gilles, Board Liaison

SUBJECT: 2010 Meeting Dates

The following are the meeting dates for the 2010 Retirement Board meetings:

Thursday: March 18, 2010
Thursday: June 24, 2010
Thursday: September 16, 2010
Thursday: December 3, 2010

The dates were selected to avoid conflicts with holidays, State of Wisconsin Investment Board meetings, and professional organization conferences. Please note the meeting location has not yet been determined. If you have questions, please feel free to contact me at (608) 261-0736. Thank you.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature

Date

Board	Mtg Date	Item #
JI	6/18/09	6