

WRS Effective Rates and Annuity Adjustments

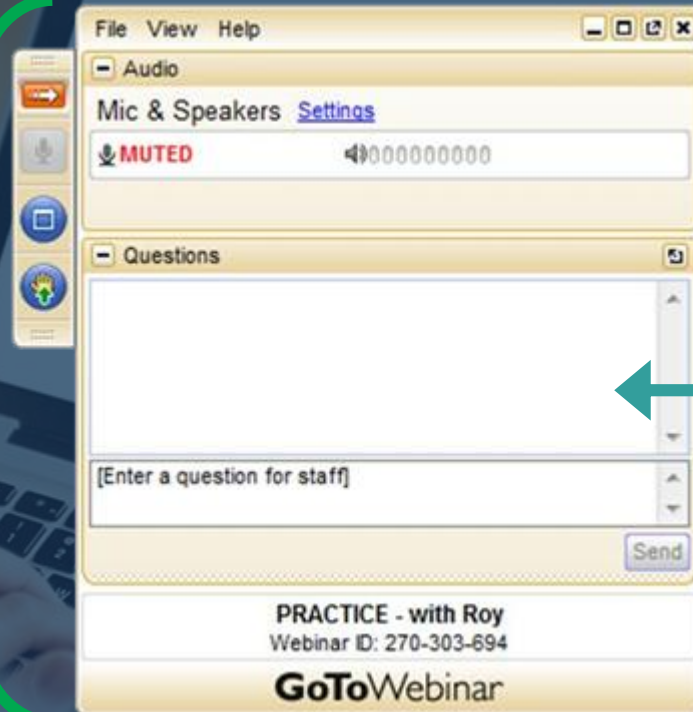


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Presenter



How to Participate:

Click to maximize dashboard



Ask questions once the presentation has ended.

You will be muted for the entire webinar.

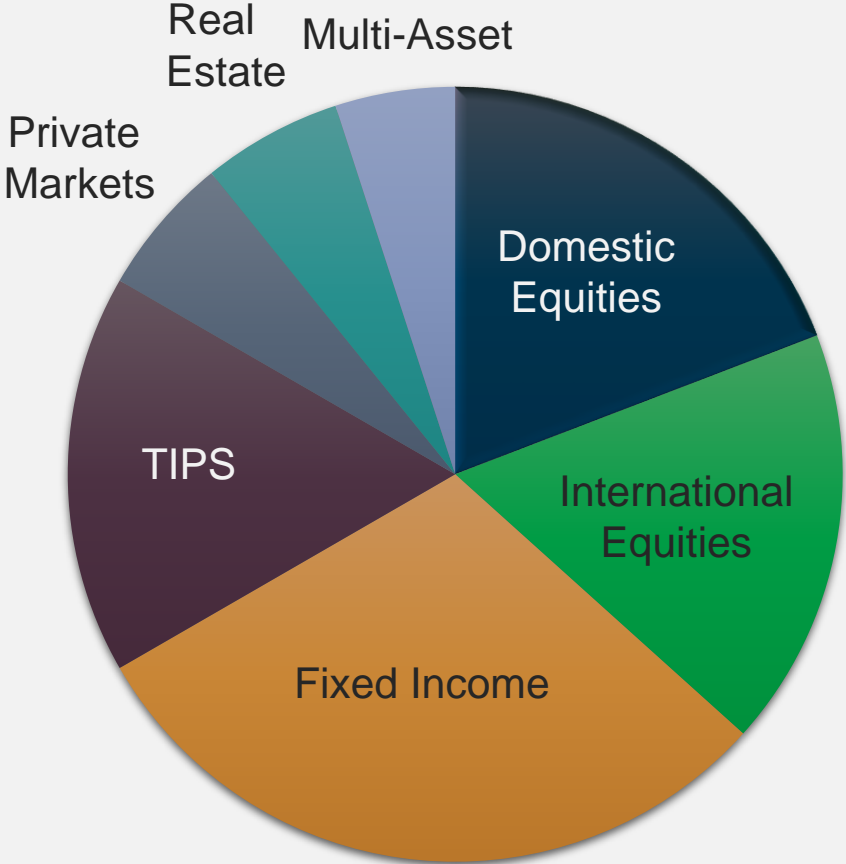
By the end of this presentation, you will be able to:

- Define and explain SWIB rates, effective rates and annuity adjustment rates
- Explain how the Core and Variable Fund effective rates are calculated
- Explain how the Core and Variable Fund annuity adjustments rates are calculated
- Explain core features/benefits of your WRS retirement investment

SWIB Investment Return

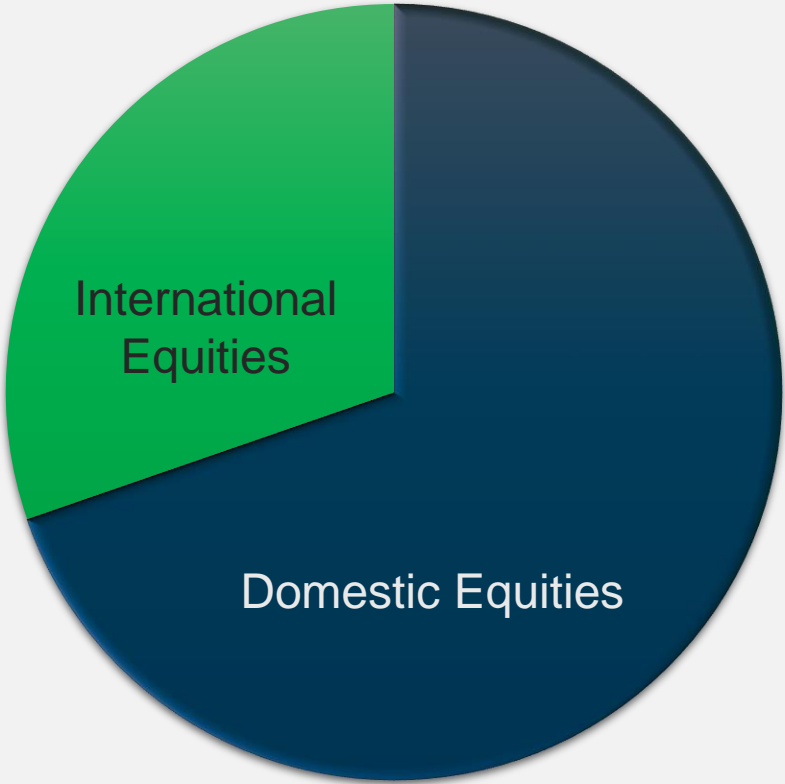
- Assets in both the Core Fund and the Variable Fund are managed by the State of Wisconsin Investment Board (SWIB)
- SWIB is required under law to make investment management decisions for the funds solely for the benefit of WRS members
- SWIB investment return based on calendar year investment results

SWIB Asset Targets



Core Fund

2019 SWIB Return: 19.9%
 (Effective Interest Rate: 7.7%)
 5YR Smoothing



Variable Fund

2019 SWIB Return: 28.6%
 (Effective Interest Rate: 29.0%)
 No Smoothing

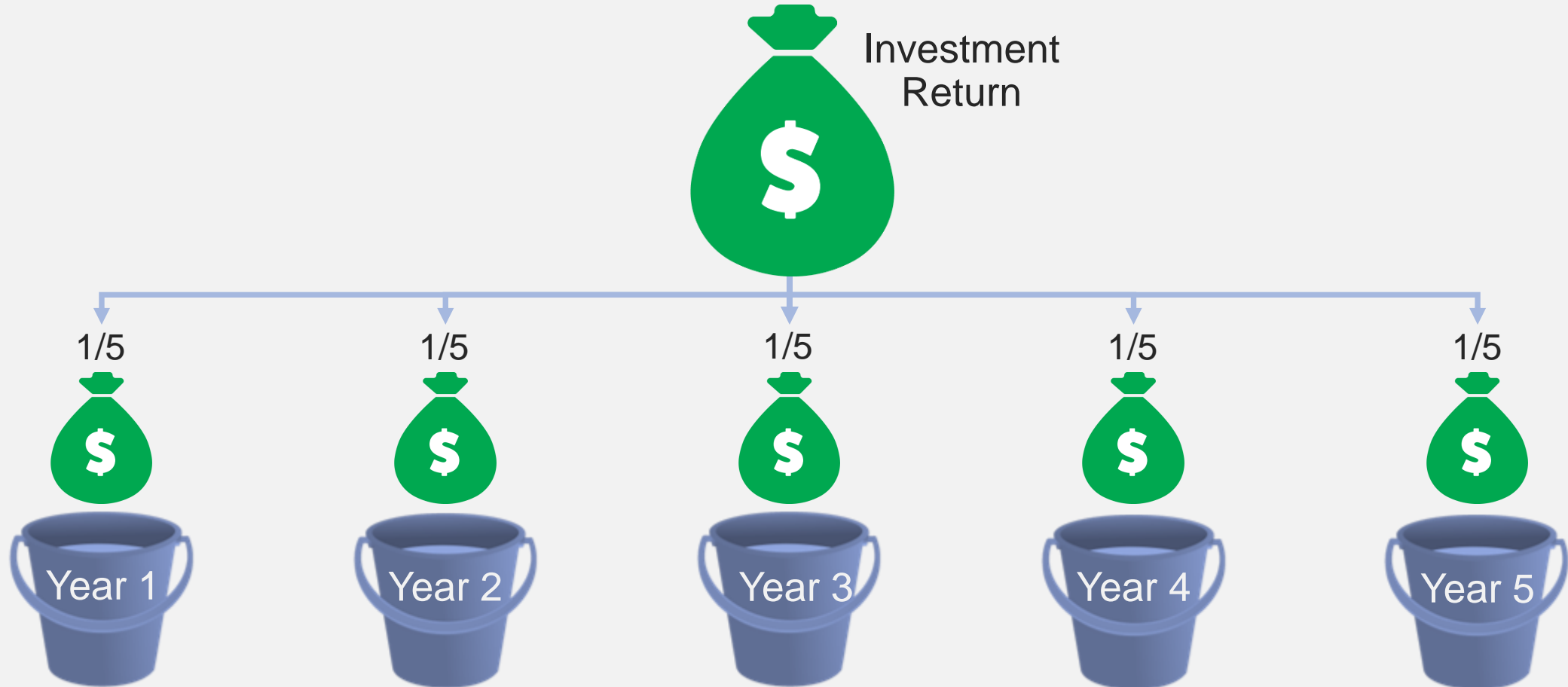
Returns and Rates

- The annual SWIB rate
- The annual effective rate
- The annual annuity adjustment rate

SWIB/Effective Rate/Adjustment (Core Trust Fund)

| | SWIB Rate | Effective Rate | Annuity Rate |
|-------------|--------------|----------------|--------------|
| 2019 | 19.9% | | |
| 2018 | -3.3% | | |
| 2017 | 16.2% | | |
| 2016 | 8.6% | | |
| 2015 | - 0.4% | | |
| 2014 | 5.7% | | |
| 2013 | 13.6% | | |
| 2012 | 13.7% | | |
| 2011 | 1.4% | | |
| 2010 | 12.4% | | |
| 2009 | 22.4% | | |
| 2008 | - 26.2% | | |

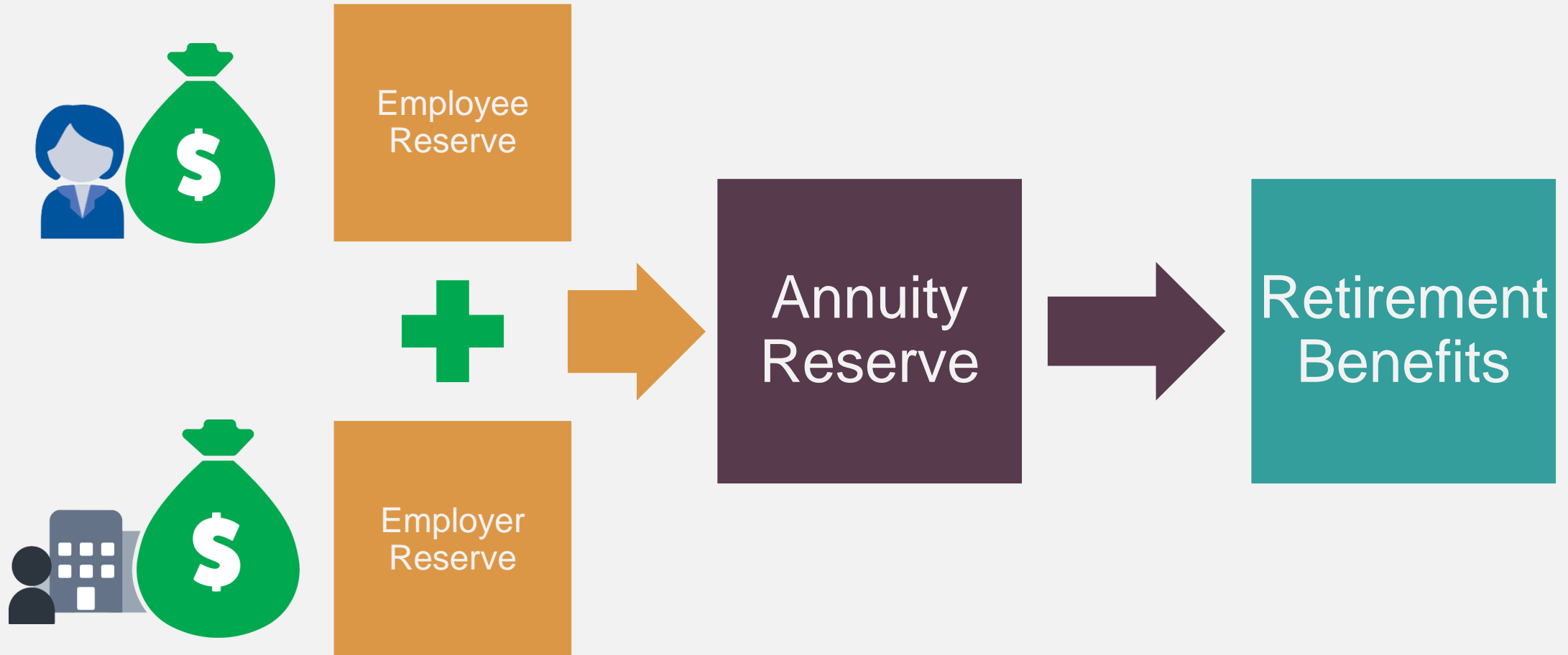
5 Year Smoothing



SWIB/Effective Rate/Adjustment (Core Trust Fund)

| | SWIB Rate | Effective Rate | Annuity Rate |
|-------------|-----------|----------------|--------------|
| 2019 | 19.9% | 7.7% | |
| 2018 | -3.3% | 5.0% | |
| 2017 | 16.2% | 8.5% | |
| 2016 | 8.6% | 7.9% | |
| 2015 | - 0.4% | 6.4% | |
| 2014 | 5.7% | 8.7% | |
| 2013 | 13.6% | 10.9% | |
| 2012 | 13.7% | 2.2% | |
| 2011 | 1.4% | 1.5% | |
| 2010 | 12.4% | 4.8% | |
| 2009 | 22.4% | 4.2% | |
| 2008 | - 26.2% | 3.3% | |

WRS Dollar Flow Through Reserve



Annuity Adjustments

- WRS does NOT make “cost-of-living” adjustments (COLA)
- Starting point for calculation is effective rate (resulting from SWIB investments)
- 0.5% per year is reserved for mortality improvement; 0.4% reserved for administration expenses
- WRS’s outside, independent, actuaries then compare assets of annuity reserve to liabilities; final approval by ETF Board

Assumed Benefit Rate

- Initial annuity amount calculation already includes an assumed 5% investment return to fund cost of annuity
- Actual investment returns higher or lower than 5% can result in positive or negative annuity adjustments
- Because of the assumed 5%, annuity adjustments are generally 5% to 9% lower than the effective rate

SWIB/Effective Rate/Adjustment (Core Trust Fund)

| | SWIB Rate | Effective Rate | Annuity Rate |
|-------------|-----------|----------------|---------------|
| 2019 | 19.9% | 7.7% | 1.7% |
| 2018 | -3.3% | 5.0% | 0.0% |
| 2017 | 16.2% | 8.5% | +2.4% |
| 2016 | 8.6% | 7.9% | + 2.0% |
| 2015 | - 0.4% | 6.4% | + 0.5% |
| 2014 | 5.7% | 8.7% | + 2.9% |
| 2013 | 13.6% | 10.9% | + 4.7% |
| 2012 | 13.7% | 2.2% | - 9.6% |
| 2011 | 1.4% | 1.5% | - 7.0% |
| 2010 | 12.4% | 4.8% | - 1.2% |
| 2009 | 22.4% | 4.2% | - 1.3% |
| 2008 | - 26.2% | 3.3% | - 2.1% |

Core Fund ‘Floor’ Annuity Amount

- All WRS retirees, by State Statute, have a guaranteed initial annuity amount on the Core Fund portion of their annuity – this guaranteed amount is often referred to as the “Core Floor” amount
- Variable Fund portion of a WRS annuity **does not** have a ‘floor amount’ and can go below its initial amount per month

SWIB/Effective Rate/Adjustment (Variable Trust Fund)

| | SWIB Investment Return | Effective Rate | Annuity Rate |
|-------------|---------------------------|----------------|----------------|
| 2019 | +28.6% | +29.0% | +21.0% |
| 2018 | -7.9% | -7.0% | -10.0% |
| 2017 | 23.2% | 24% | +17.0% |
| 2016 | 10.6% | 10.0% | + 4.0% |
| 2015 | - 1.2% | 0.0% | - 5.0% |
| 2014 | 7.3% | 7.0% | + 2.0% |
| 2013 | 29.0% | 31.0% | + 25.0% |
| 2012 | 16.9% | 17.0% | + 9.0% |
| 2011 | - 3.0% | - 3.0% | - 7.0% |
| 2010 | 15.6% | 16.0% | + 11.0% |
| 2009 | 33.7% | 33.0% | + 22.0% |
| 2008 | - 39.0% | - 40.0% | - 42.0% |

Core Features/Benefits

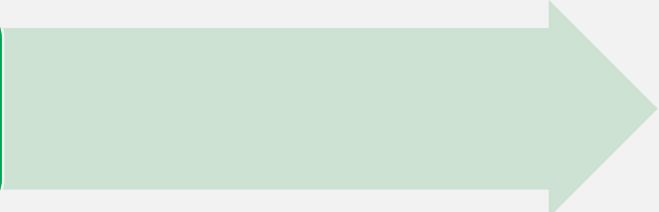
- Fully Funded
- Hands off Investment
- Lifetime payments
- 5% assumed rate
- Core floor
- Potential for annuity dividends



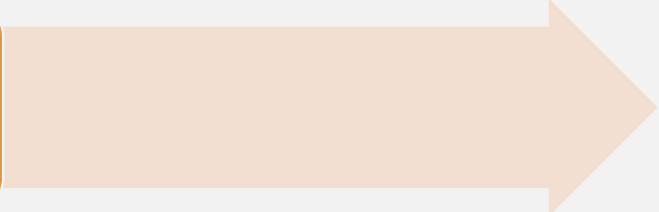
Resources

Annual Returns, Rates and Adjustments Page

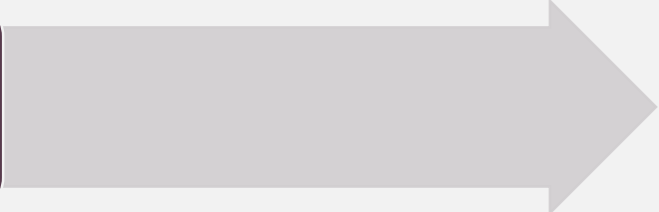
Rate of return



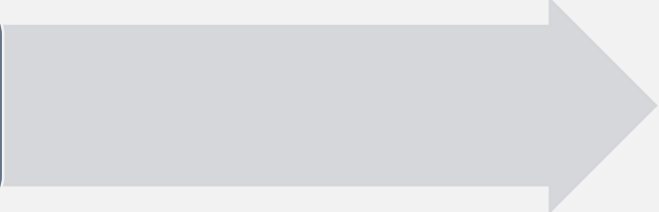
Effective rate of interest



Annuity adjustment



Searchable yearly list of each



The screenshot shows the top portion of a website page. The header includes the 'etf' logo and navigation links for Benefits, Retirement, WRS Performance, News, Member Education, and Employers. A search bar is located in the top right. The main heading is 'Annual Returns, Rates and Adjustments' with a sub-heading 'WRS investment performance directly affects WRS benefits'. Below this, there is a paragraph of text and a bulleted list. On the right side, there are two call-to-action boxes: 'Key Actions' with a search prompt and 'WRS Performance' with a dropdown arrow.

etf

Benefits Retirement WRS Performance News Member Education Employers

Search Q

WRS Performance / Annual Returns, Rates and Adjustments

Annual Returns, Rates and Adjustments

WRS investment performance directly affects WRS benefits

The table below shows investment performance of the WRS trust funds and the impact on WRS members since 1986.

- Preliminary, year-to-date returns are communicated monthly and yearly via our web site, social media and member newsletters.
- Effective rates are applied to your WRS account balances and appear on your annual WRS Statement of Benefits. ETF distributes these statements in April.
- Investment returns also affect annual adjustments to WRS retirees' monthly pensions. ETF notifies retirees about benefit payment changes in April.

Key Actions
Search for rates by year.

WRS Performance >

Latest Investment Performance

Annuity Payments and Adjustments Page

Information about annuity payments and adjustments

Explanation of Core Trust Fund floor and smoothing

Explanation of Variable Trust Fund and risk

Links to resources

etf

Benefits Retirement WRS Performance News Member Education Employers

Search Q

Home / Retirement / Planning for Retirement / Annuity Payments and Adjustments

Annuity Payments and Adjustments

Know how your monthly payments change from year to year

Annuity Payments

The week before you get paid for the first time, ETF will send an Annuity Payment Statement (ET-7211). The statement shows your first payment amount. After this first statement, ETF will only send a statement if there is a change to your payment amount (e.g. tax withholding changes, annuity adjustments, etc.).

Monthly Wisconsin Retirement System annuity payments are payable on the first day of the month. Payment dates may be affected when the first falls on a Saturday, Sunday or holiday. Deposits into individual accounts may vary by financial institution.

Related Resources

- Core Trust Fund and Variable Trust Fund
- Annual Returns, Rates & Adjustments
- Form 1099-R & Form 1042-S: Distributions

Core Trust Fund and Variable Trust Fund Page

Information about the trust funds

Links to resources

Effective Rate of Interest explanation

The screenshot shows the website for the Core Trust Fund and Variable Trust Fund. The header includes the 'etf' logo and navigation links for Benefits, Retirement, WRS Performance, News, Member Education, and Employers. A search bar is located in the top right corner. The main heading is 'Core Trust Fund and Variable Trust Fund' with the subtext 'Understand where your money goes and how it is invested'. The main content area explains that contributions from paychecks go into a fund for retirement, managed by the State of Wisconsin Investment Board (SWIB). A section titled 'Core Trust Fund' explains that contributions are deposited into this fund, which is invested in a large amount of stocks. On the right side, there is a 'WRS Performance' section with a dropdown menu showing 'Latest Investment Performance', 'Core Trust Fund and Variable Trust Fund', and 'Annual Returns, Rates, and Adjustments'.



Questions?

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Thank you



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