



Webinar

WRS Effective Rates and Annuity Adjustments

A Your Benefits in Retirement Webinar

The Department of Employee Trust Funds has made every effort to ensure that this webinar is current and accurate. However, changes in the law or processes since the last revision to this webinar may mean that some details are not current. Please contact ETF if you have any questions about a particular topic in this webinar.

CALEB “CJ” JOHNSON

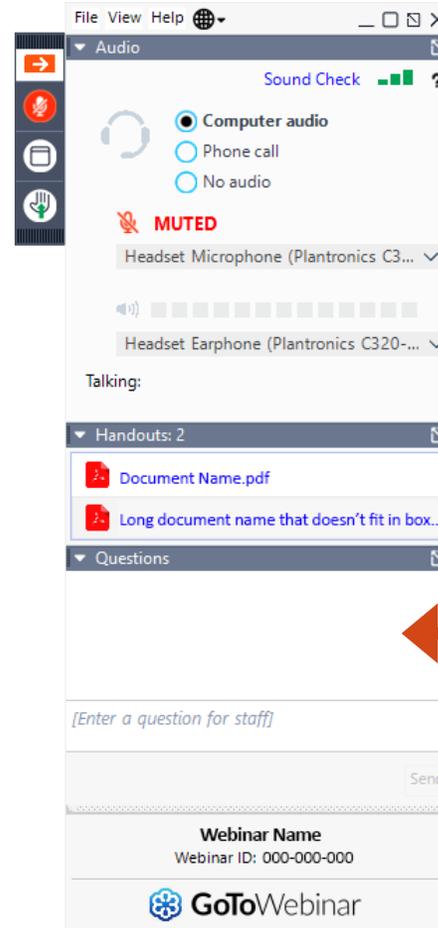
Presenter



How to Participate:

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You will be muted for the entire webinar.



Type questions any time during the presentation.

Objectives

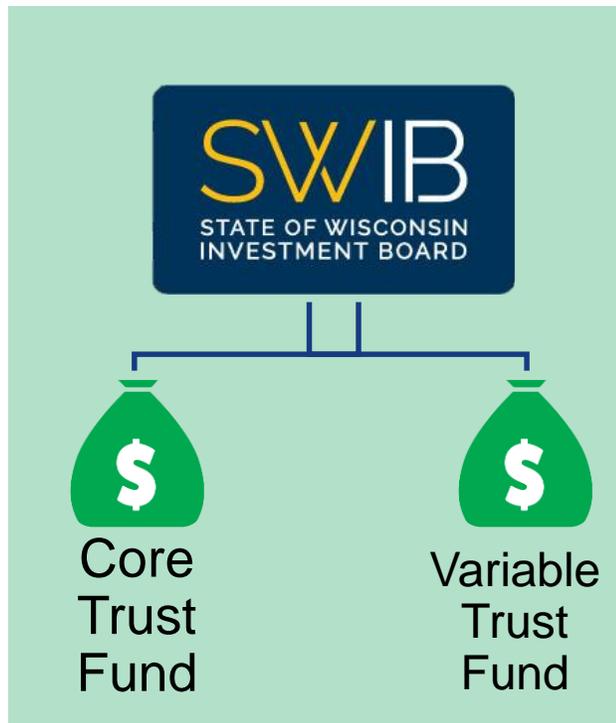
By the end of this presentation, you will be able to:

- Define WRS effective rate and annuity adjustment
- Explain how the Core Fund and Variable Fund effective rates are calculated
- Explain how the Core Fund and Variable Fund annuity adjustments are calculated



Definitions

What is SWIB?



Effective Rate of Interest



Interest received
based on investment
performance

The icon features a light green background with a blue line graph showing an upward trend. Below the graph are several stacks of gold coins of varying heights. A large gold dollar sign (\$) is positioned above the graph.



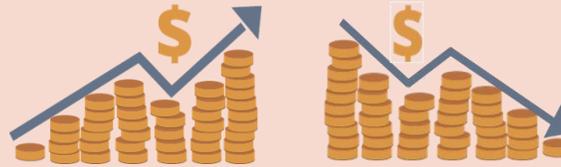
Credited to your WRS
account balance each
year on December 31

The icon features a light orange background with a green money bag with a white dollar sign (\$) on it, being held by a brown hand.

Annuity Adjustment



Yearly changes to a retiree's monthly pension payment



Payments may increase or decrease based on investment returns

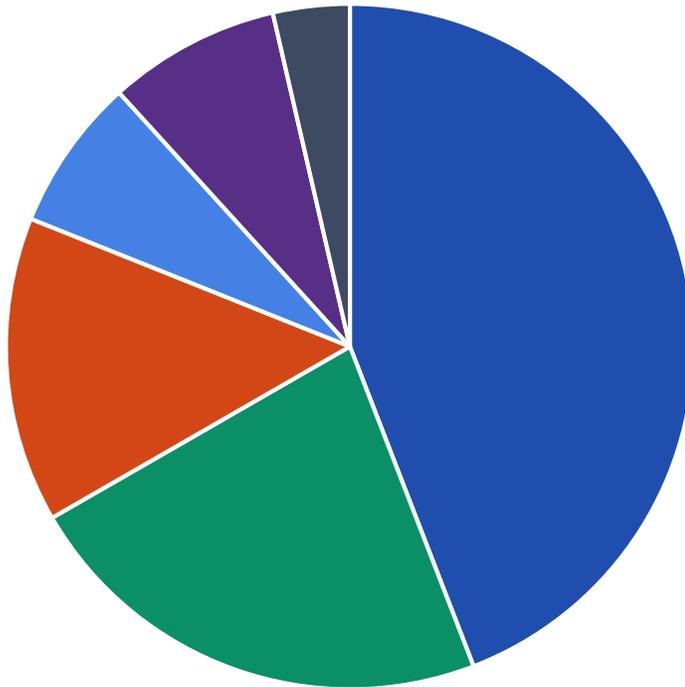


Annuity Adjustments affect monthly payments starting May 1

WRS Trust Funds

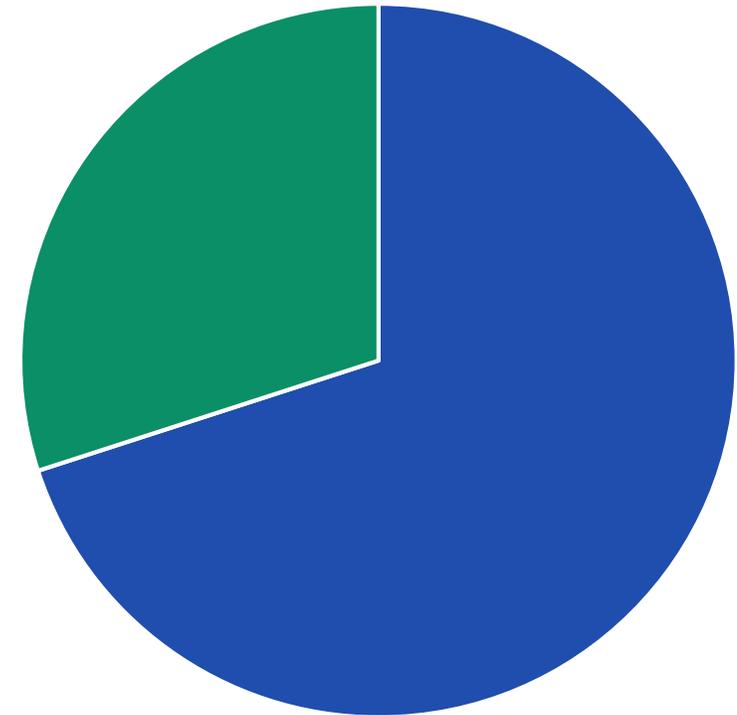
Core Fund

- Stocks
- Fixed Income
- Securities
- Real Estate
- Private Equity
- Multi-Asset



Variable Fund

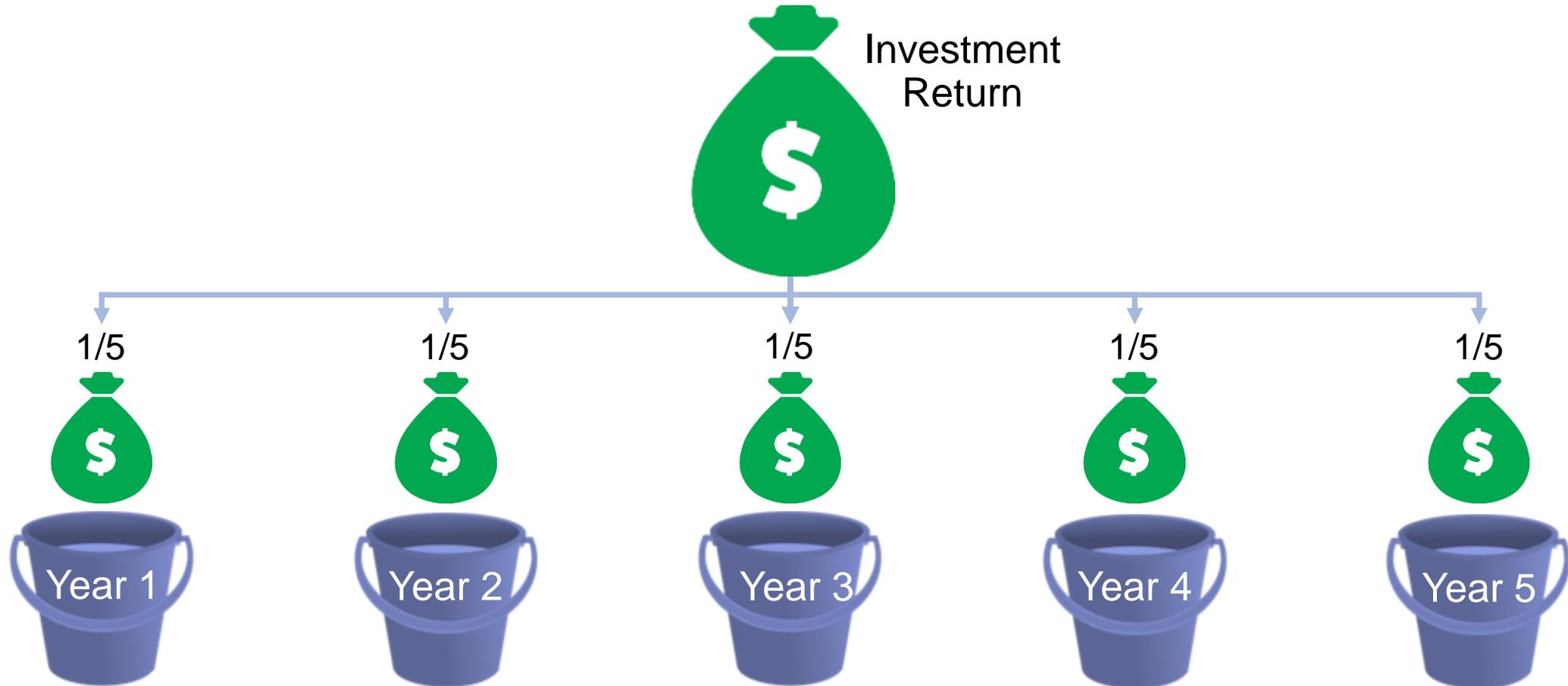
- Domestic Equities
- International Equities



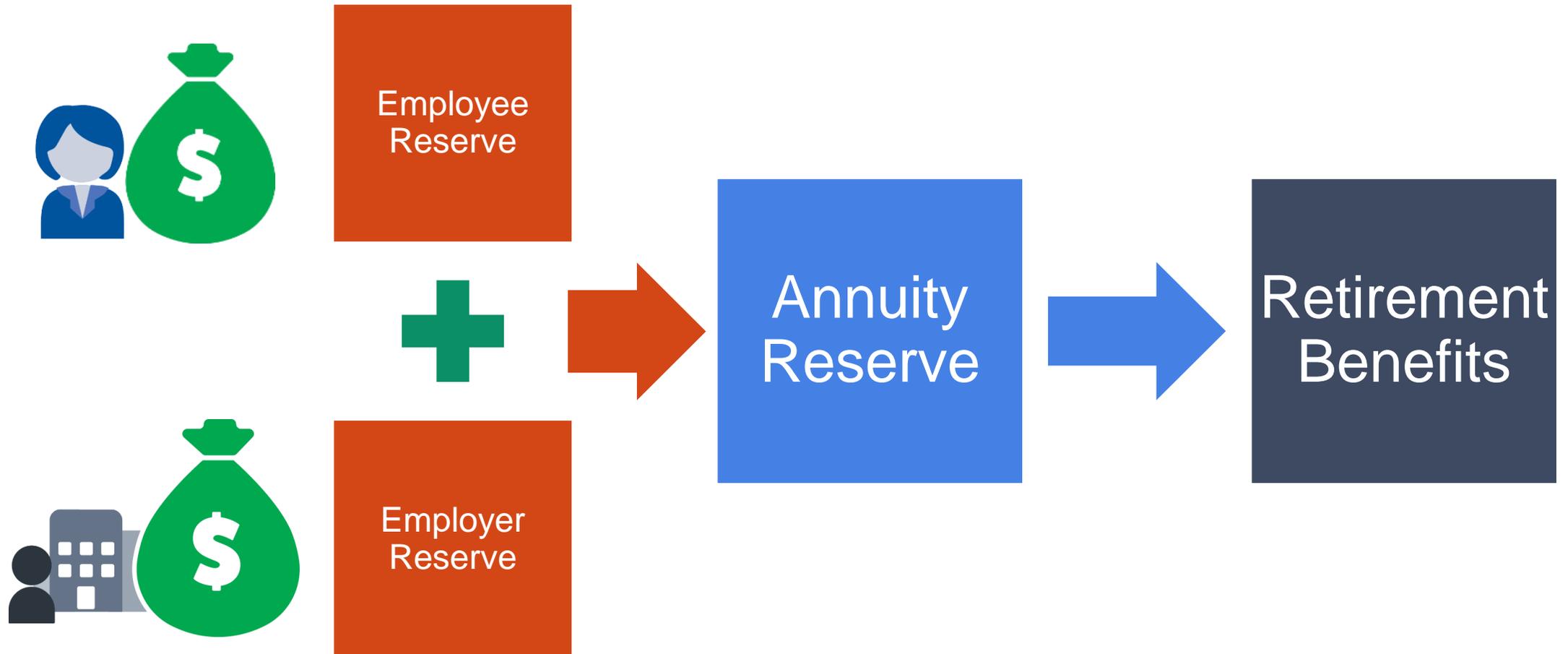


How it Works

5 Year Smoothing



WRS Dollar Flow Through Reserve



Not Factors



Annuity Adjustments Factors



WRS effective rate

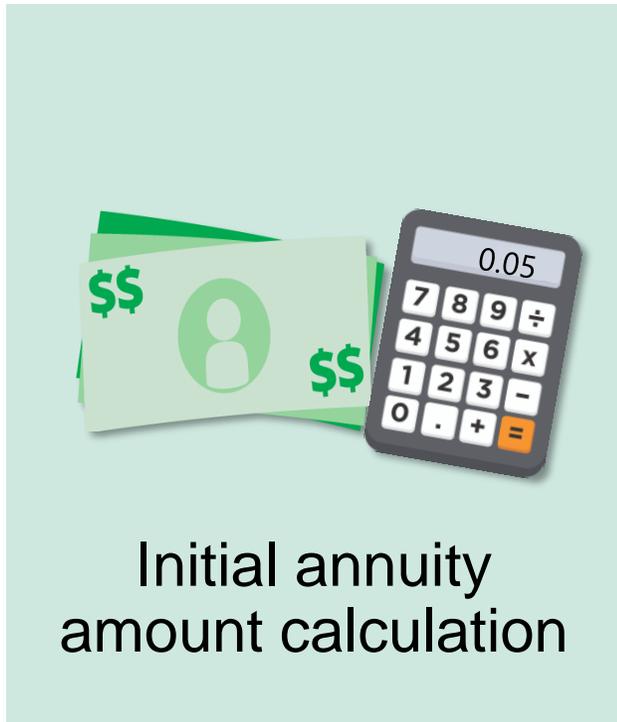


5% assumed interest

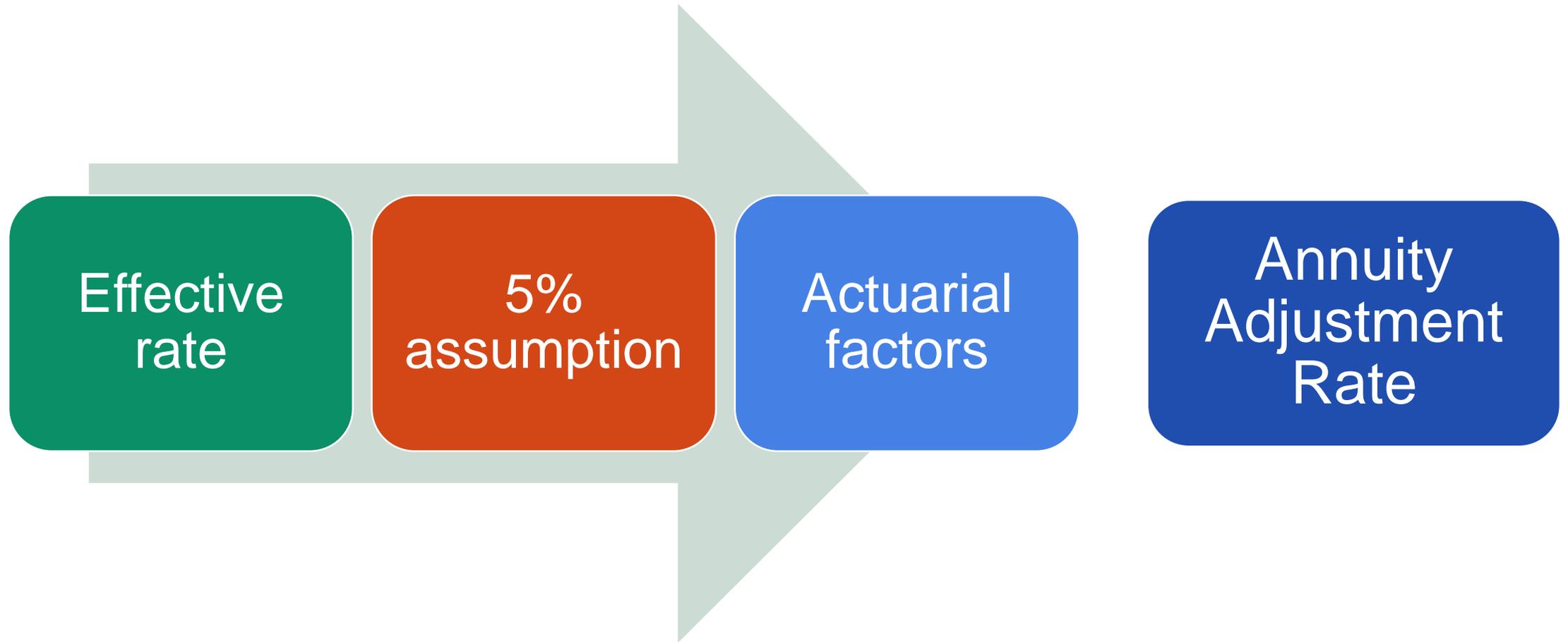


Actuarial costs to take care of the benefit

Assumed 5% Benefit Rate



Annuity Adjustment Rates



Core Fund Annuity



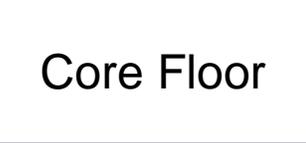
Core annuity guaranteed for lifetime



Core floor is starting amount



Payment will not go below the core floor



Core Floor

Amount shown on annuity statement

Variable Fund Annuity



Not smoothed,
gains/losses applied in
full each year

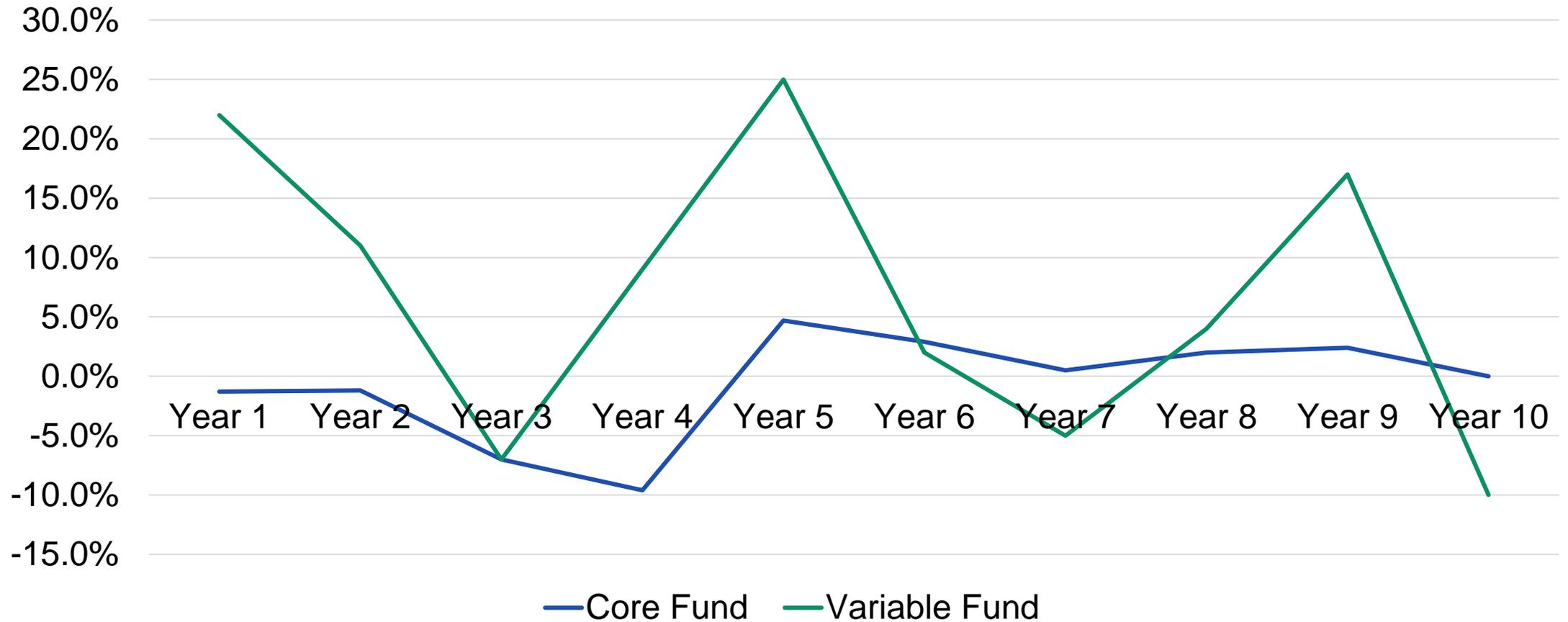


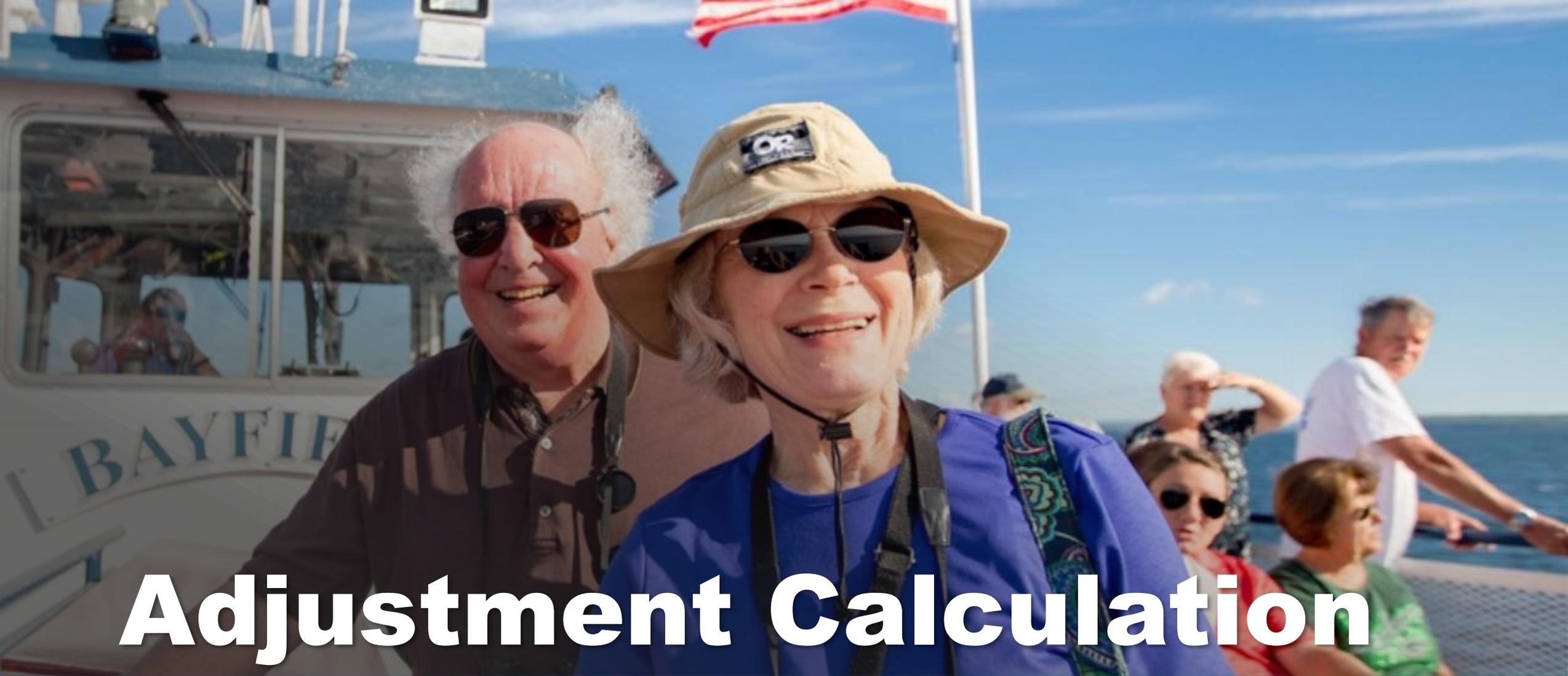
No guaranteed floor



Payment amount may
go below what began
at retirement

Annuity Adjustment Rates





Adjustment Calculation

How to Calculate Adjustment



Example Calculated Adjustment

	Core (2.4%)	Variable (17%)	Total
Current Annuity (\$1,500)	\$1,000.00	\$500.00	\$1,500.00
Effective Rate	X .024	X .17	
Total	\$24.00	\$85.00	+ \$109.00
New Annuity Payment Amount			\$1,609.00



Example

Core and Trust Fund annuity adjustments

WRS Effective Rates/Adjustments

Core Trust Fund			
Year	Investment Return	Effective Rate	Adjustment
2015	-0.4% (loss)	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% (loss)
2011	1.4%	1.5%	-7.0% (loss)
2010	12.3%	4.8%	-1.2% (loss)
2009	22.4%	4.2%	-1.3% (loss)
2008	-26.2% (loss)	3.3%	-2.1% (loss)

Variable Trust Fund			
Year	Investment Return	Effective Rate	Adjustment
2015	-1.2% (loss)	0%	-5.0% (loss)
2014	7.3%	7.0%	2.0%
2013	29.0%	31.0%	25.0%
2012	16.9%	17.0%	9.0%
2011	-3.0% (loss)	-3.0% (loss)	-7.0% (loss)
2010	15.6%	16.0%	11.0%
2009	33.7%	33.0%	22.0%
2008	-39.0% (loss)	-40.0% (loss)	-42.0% (loss)



Resources

Annual Returns, Rates and Adjustments Page

Rate of return

Effective rate of interest

Annuity adjustment

Searchable yearly list of each



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](#)

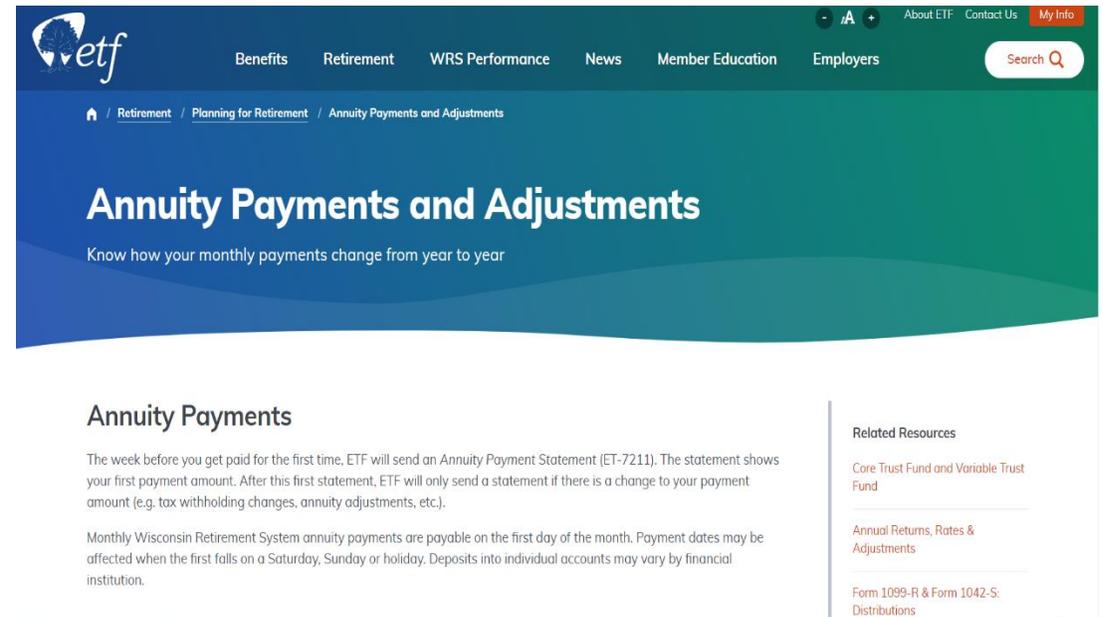
Annuity Payments and Adjustments Page

Information about annuity payments and adjustments

Explanation of Core Trust Fund floor and smoothing

Explanation of Variable Trust Fund and risk

Links to resources



The screenshot shows the etf website's page for "Annuity Payments and Adjustments". The page features a dark blue header with 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. Below the header, the page title "Annuity Payments and Adjustments" is displayed in white text on a dark blue background, with the subtitle "Know how your monthly payments change from year to year". The main content area is white and contains the following text:

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

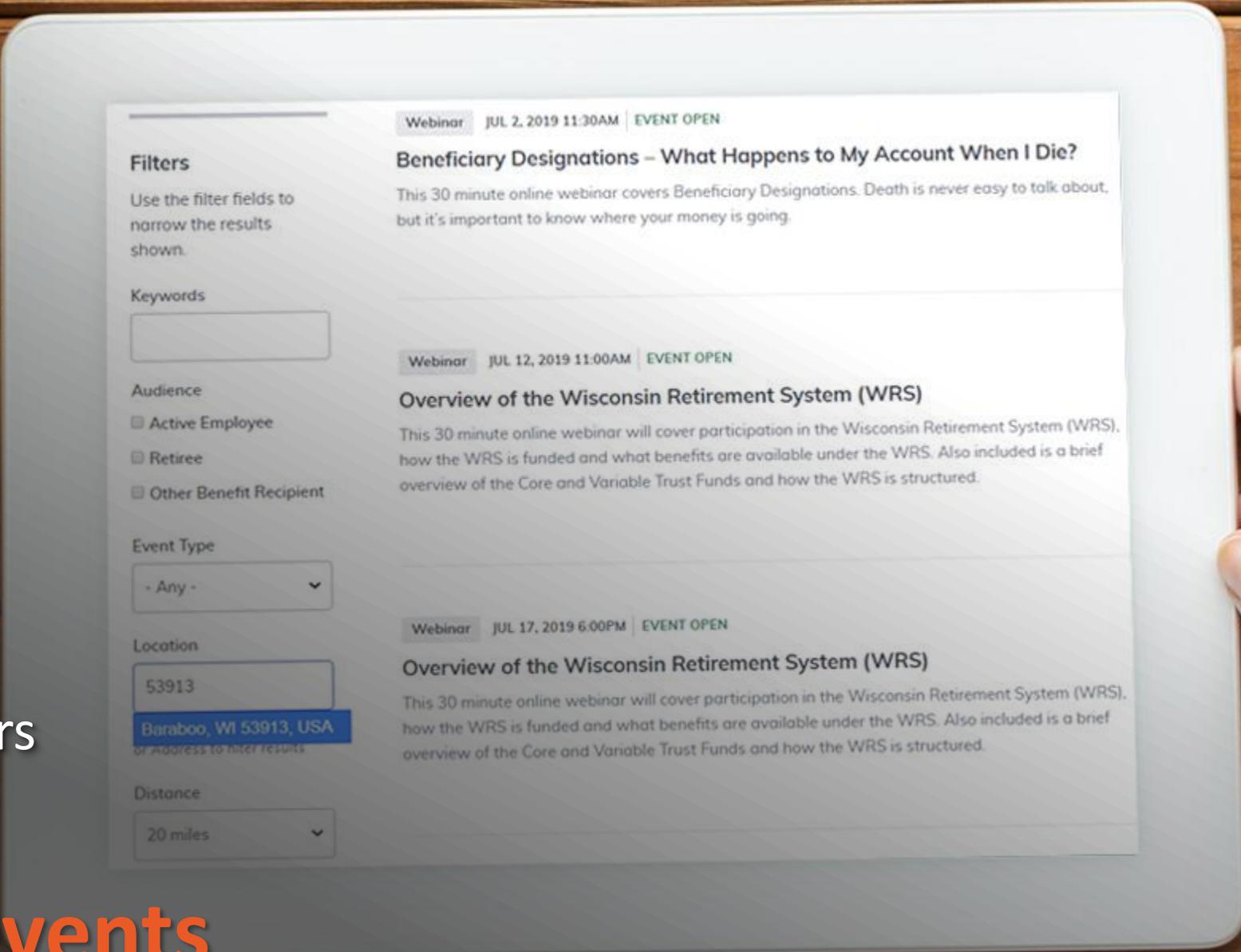
Links to resources

Effective Rate of Interest explanation

The screenshot shows the website interface for the Core Trust Fund and Variable Trust Fund. The top navigation bar includes links for Benefits, Retirement, WRS Performance, News, Member Education, and Employers, along with a search bar and a 'My Info' button. 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' sidebar with a dropdown menu showing 'Core Trust Fund and Variable Trust Fund' and a link to 'Annual Returns, Rates, and Adjustments'.

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and events

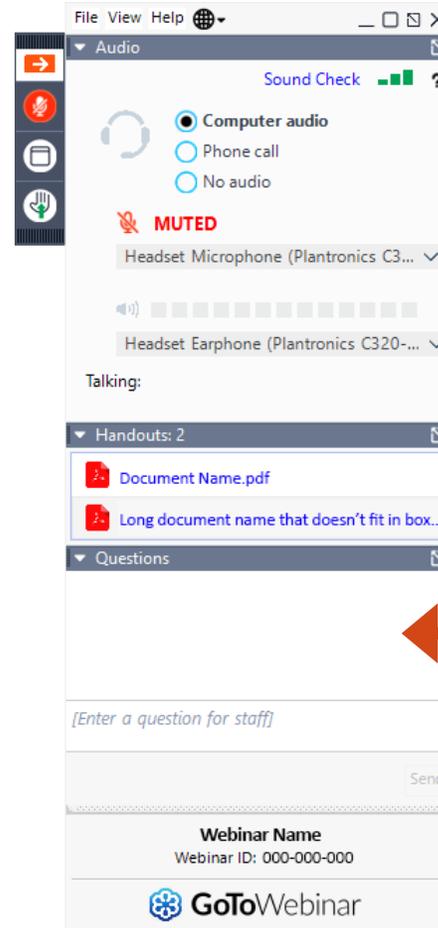
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Questions?

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Thank You



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