



WRS Effective Rates and Annuity Adjustments

A Your Benefits in Retirement topic

Objectives

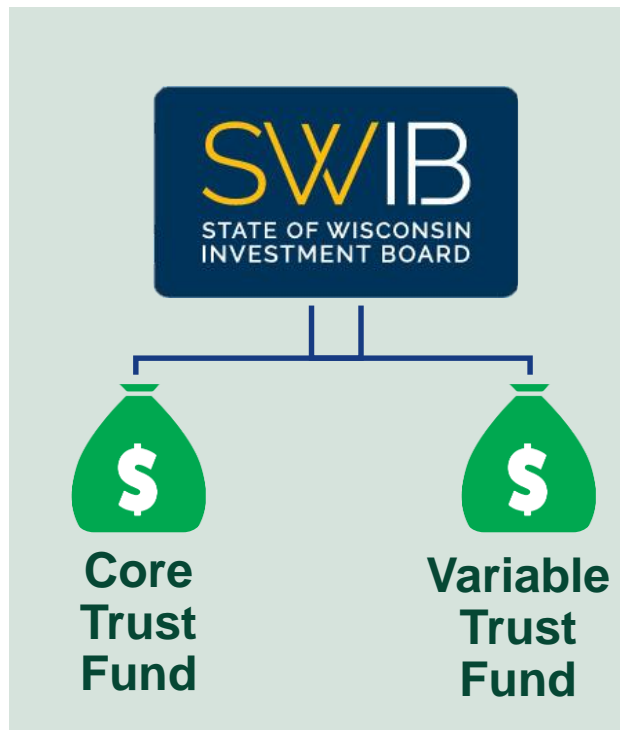
By the end of this presentation, you will be able to:

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



Definitions

What is SWIB?



The icon depicts three stylized human figures (two women and one man) standing on a large upward-pointing arrow. A smaller icon of a man in a suit is positioned at the end of the arrow.

Investment management decisions for the benefit of WRS members

The icon shows a blue calendar with a white page for Dec. 31. Below the calendar is a bar chart with an upward-pointing arrow and stacks of gold coins.

Dec. 31 \$

Investment Return

Effective Rate of Interest

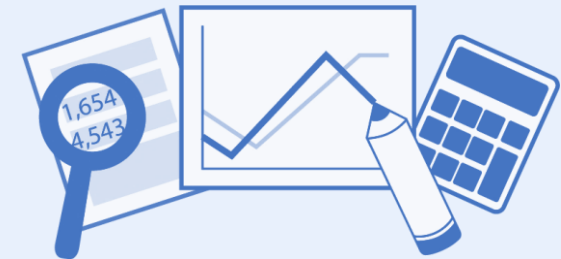
Based on Investment Performance



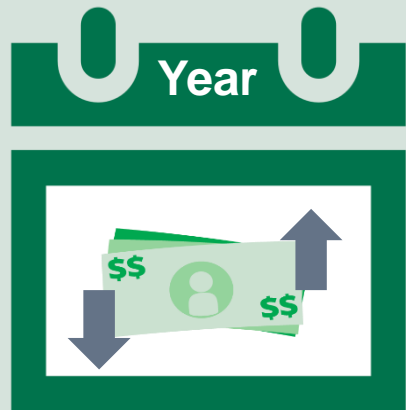
WRS Account Balance Credited Each Year



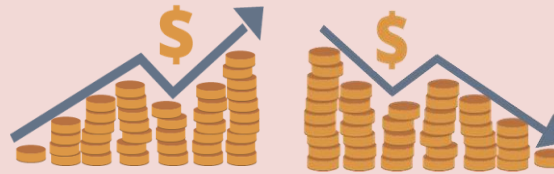
Effective Rate Creation Factors



Annuity Adjustment



Yearly changes to a retiree's monthly pension payment



Payments may increase or decrease based on investment returns

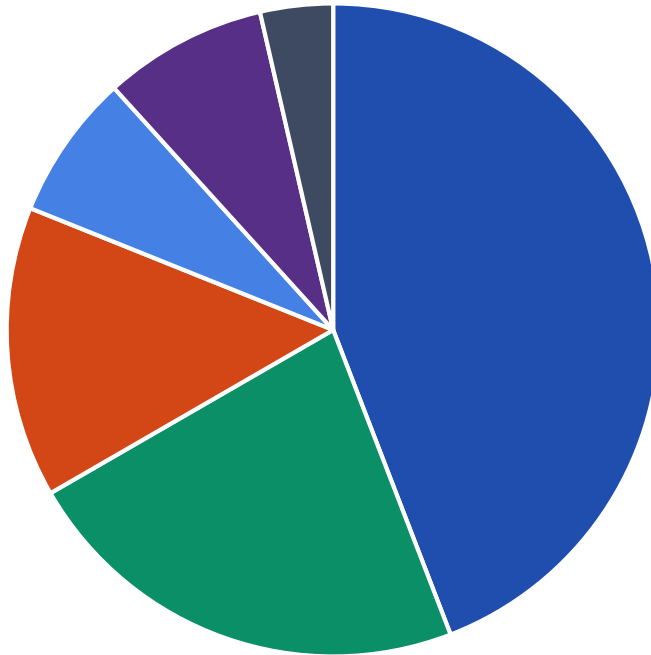


Annuity Adjustments affect monthly payments starting May 1

WRS Trust Funds

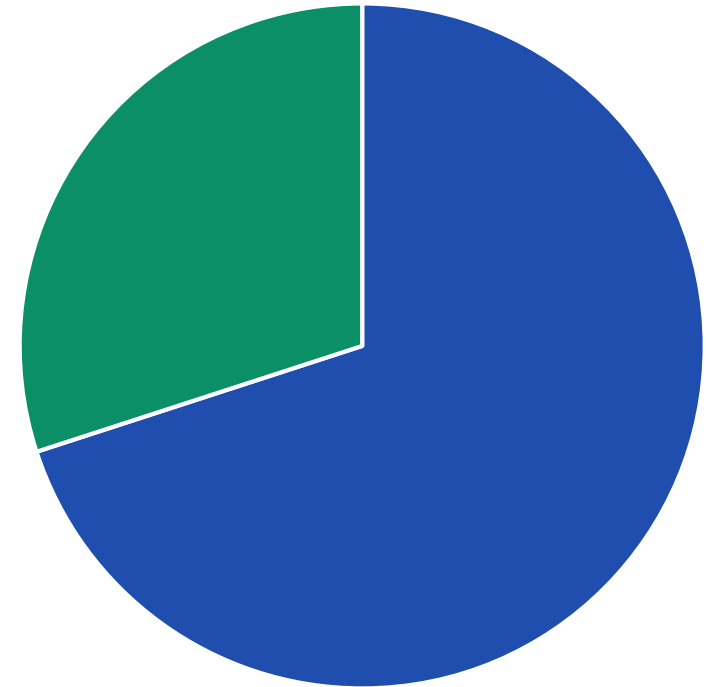
Core Trust Fund

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



Variable Trust Fund

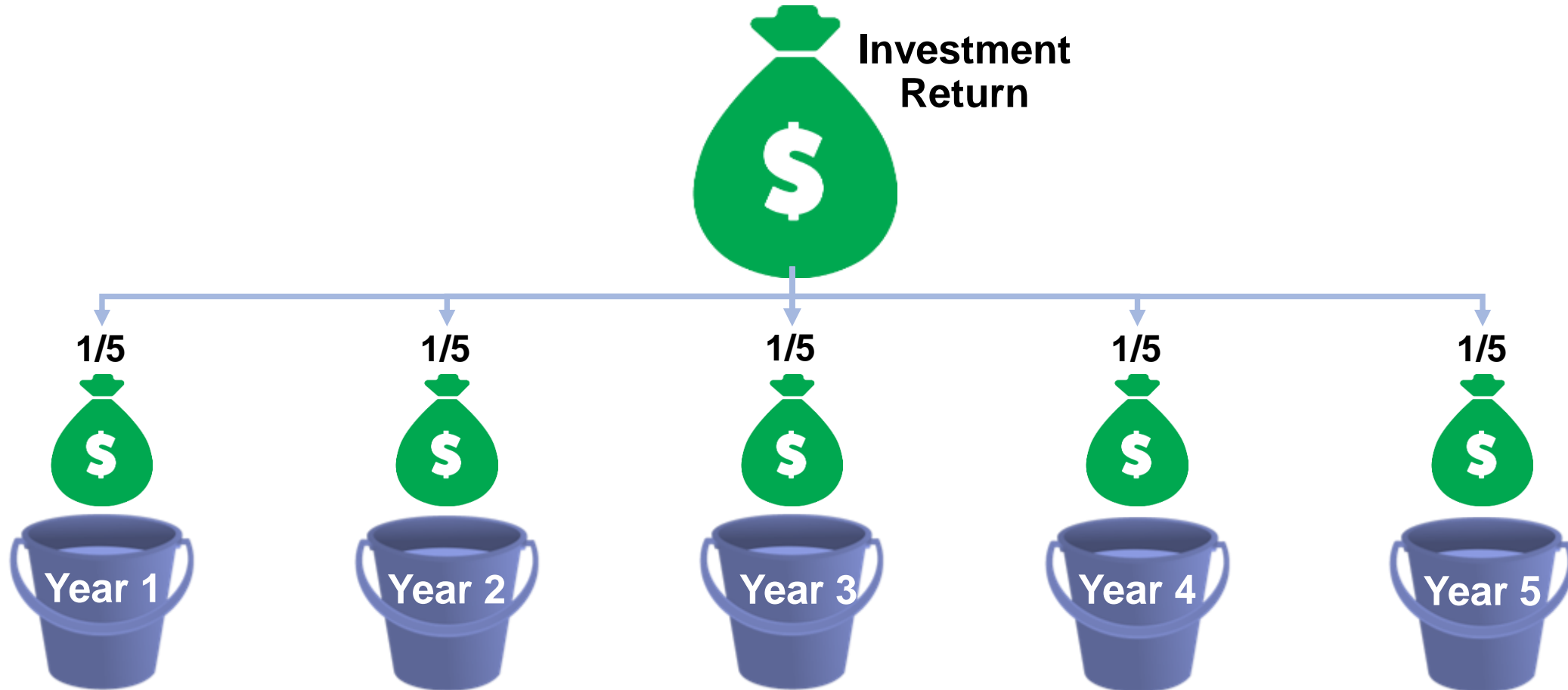
- Domestic Equities
- International Equities



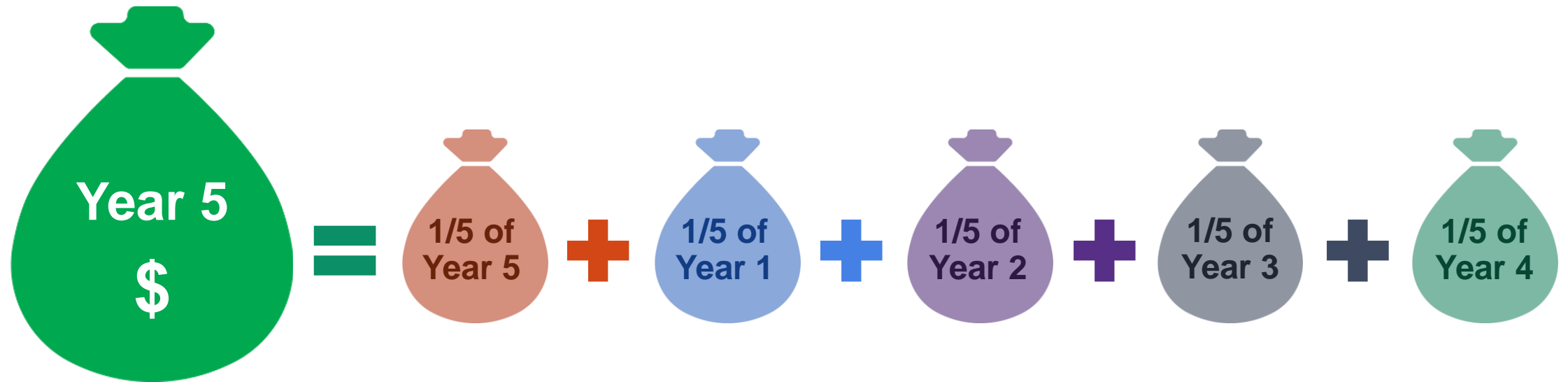


How it Works

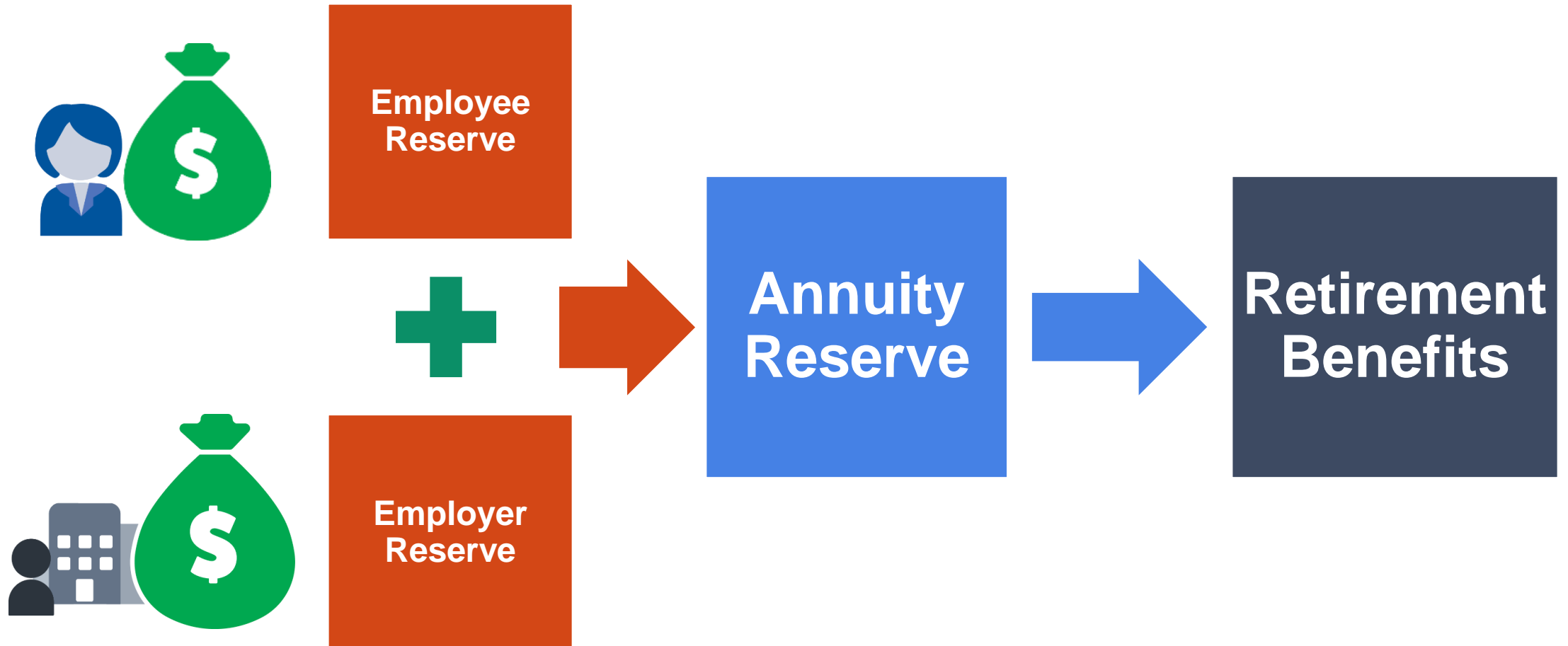
Core Fund 5 Year Smoothing



5 Year Smoothing Effective Rate



How WRS Dollars Flow Through Reserve



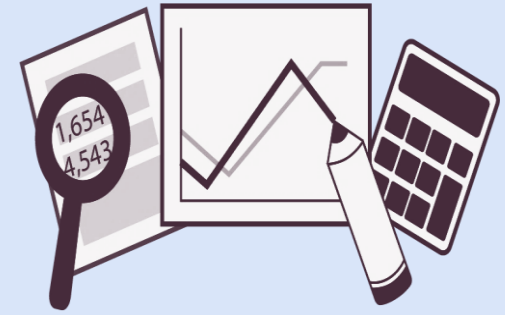
Annuity Adjustments Factors



WRS effective rate



**5% assumed
interest**



Actuarial factors

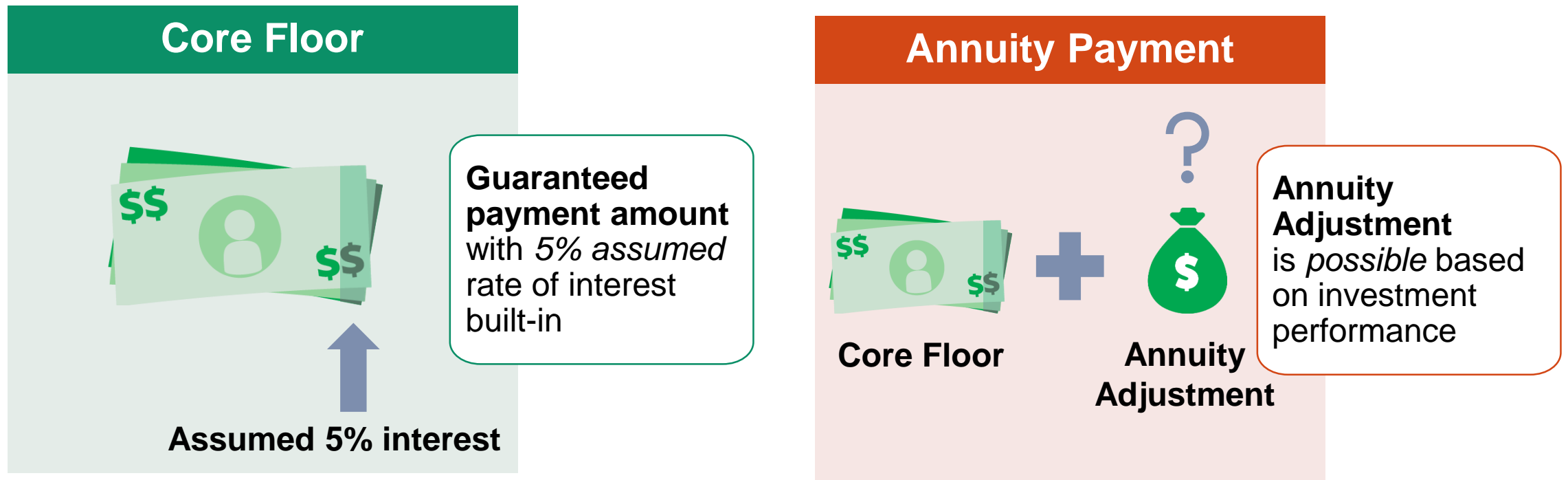


Core Fund vs Variable Fund

Why They Have Different Adjustments

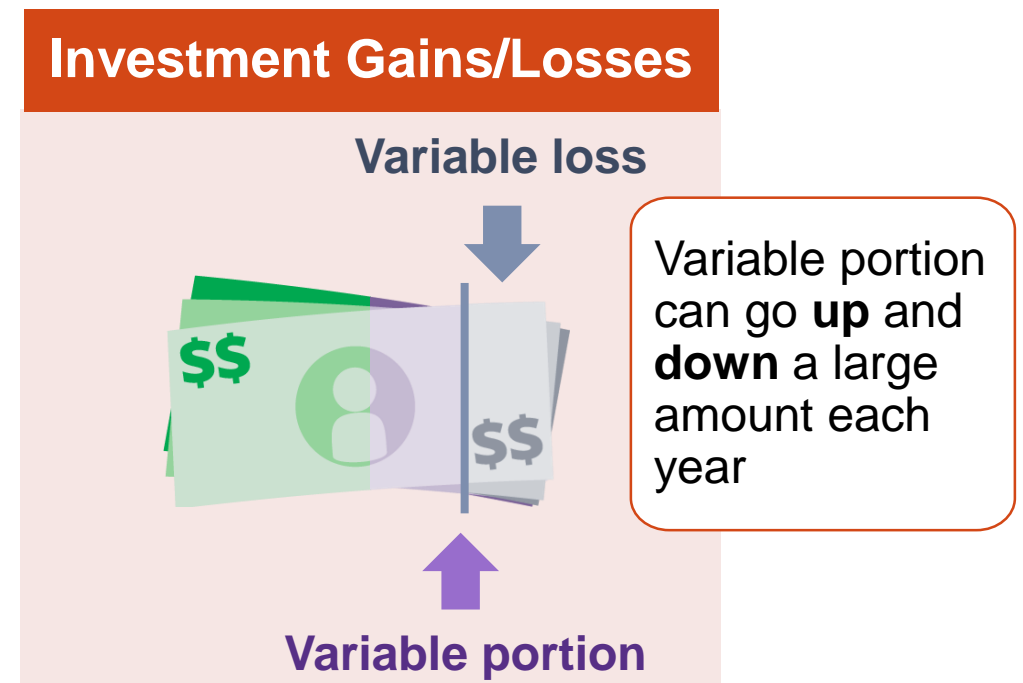
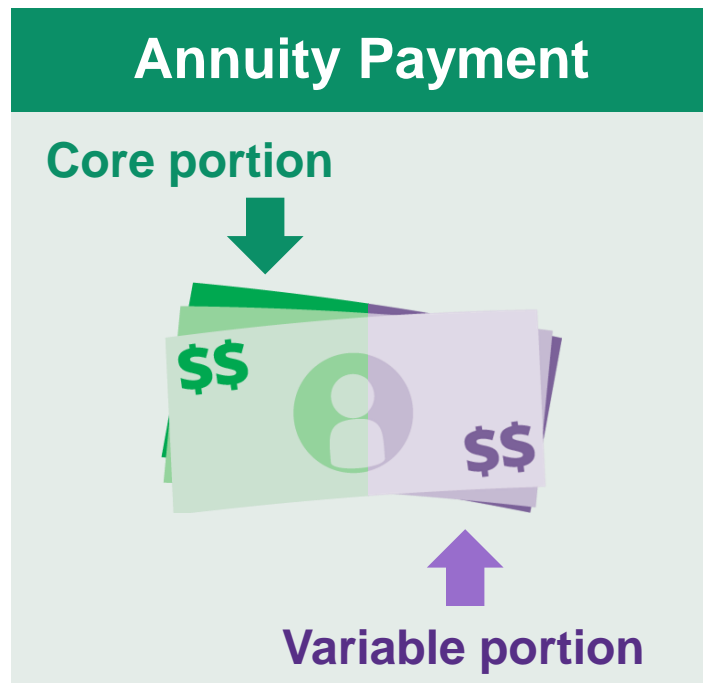
Core Fund Annuity

Guaranteed payment amount (Core floor), same as what began at retirement



Variable Fund Annuity

No guaranteed payment amount (no floor), may go below what began at retirement

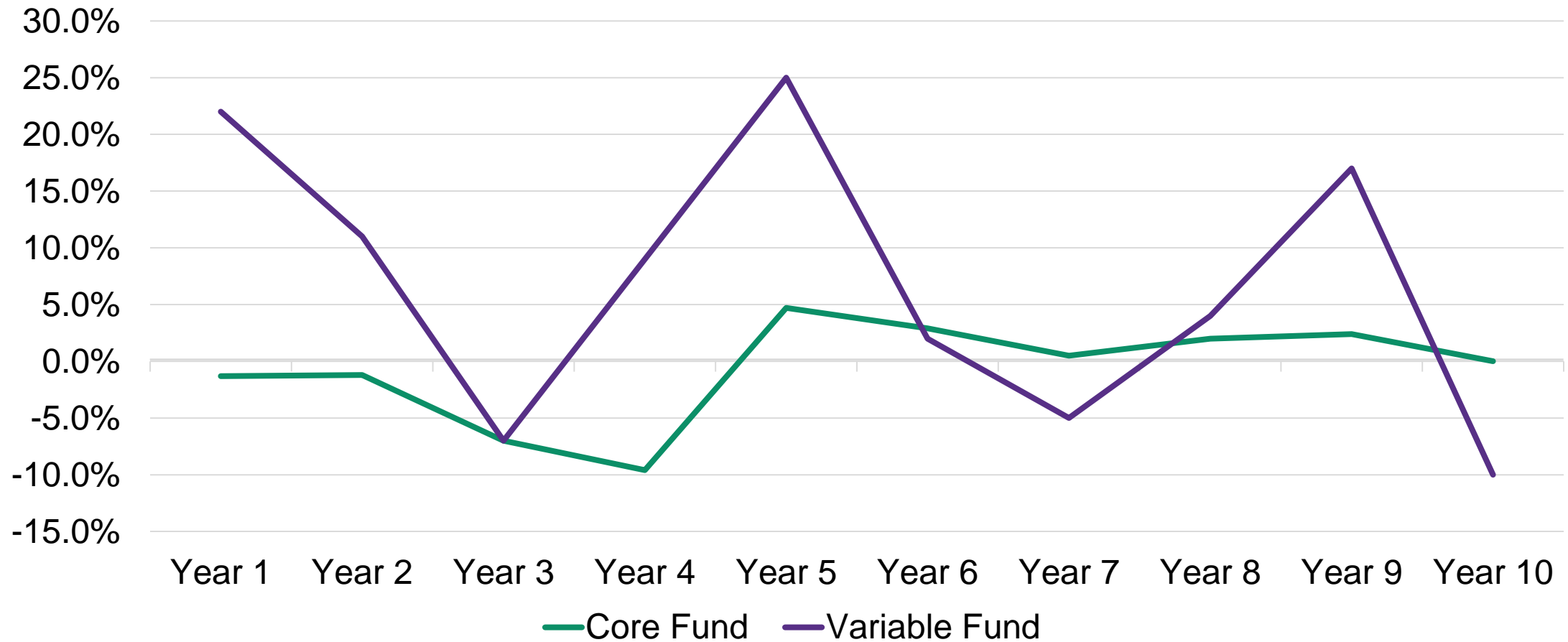




Example

Core and Trust Fund Annuity Adjustments

Annuity Adjustment Rates



WRS Effective Rates and Annuity Adjustments

Core Trust Fund				Variable Trust Fund			
Year	Investment Return	Effective Rate	Adjustment	Year	Investment Return	Effective Rate	Adjustment
2015	-0.4% (loss)	6.4%	0.5%	2015	-1.2% (loss)	0%	-5.0% (loss)
2014	5.7%	8.7%	2.9%	2014	7.3%	7.0%	2.0%
2013	13.6%	10.9%	4.7%	2013	29.0%	31.0%	25.0%
2012	13.7%	2.2%	-9.6% (loss)	2012	16.9%	17.0%	9.0%
2011	1.4%	1.5%	-7.0% (loss)	2011	-3.0% (loss)	-3.0% (loss)	-7.0% (loss)
2010	12.3%	4.8%	-1.2% (loss)	2010	15.6%	16.0%	11.0%
2009	22.4%	4.2%	-1.3% (loss)	2009	33.7%	33.0%	22.0%
2008	-26.2% (loss)	3.3%	-2.1% (loss)	2008	-39.0% (loss)	-40.0% (loss)	-42.0% (loss)

A photograph of a desk with a coffee cup, a spiral notebook, a calculator, and a credit card. The notebook is open, showing a page with the heading "Required Resources" and sub-sections for "Person", "Materials", and "Budget Expenses". The opposite page has "Finish:", "Idea/Summary", and "Plan". A yellow tab labeled "FINANCIAL" and a black tab labeled "credit card" are visible. A calculator with buttons for "OFF", "ON", "MU", "%", "√", and "AC" is partially visible. A credit card with "AMERICA" and "WASHINGTON, D.C." is also visible.

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 website's navigation menu with 'WRS Performance' circled in orange. The breadcrumb trail is 'WRS Performance / Annual Returns, Rates and Adjustments'. The main heading is 'Annual Returns, Rates and Adjustments' with the subtext 'WRS investment performance directly affects WRS benefits'. A 'Key Actions' box contains the text 'Search for rates by year.' Below this, a 'WRS Performance' section is partially visible with the text 'Latest Investment Performance'.

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 top portion of a website page. At the top left is the 'etf' logo. To its right is a navigation menu with links for 'Benefits', 'Retirement', 'WRS Performance', 'News', 'Member Education', and 'Employers'. Further right are links for 'About ETF', 'Contact Us', and 'My Info'. A search bar is located on the far right. Below the navigation is a breadcrumb trail: 'Home / Retirement / Planning for Retirement / Annuity Payments and Adjustments'. The main heading is 'Annuity Payments and Adjustments' in a large, bold font. Below the heading is a sub-heading: 'Know how your monthly payments change from year to year'. The page content is divided into two columns. The left column has a heading 'Annuity Payments' followed by two paragraphs of text. The right column has a heading 'Related Resources' followed by three links: 'Core Trust Fund and Variable Trust Fund', 'Annual Returns, Rates & Adjustments', and 'Form 1099-R & Form 1042-S: Distributions'.

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 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'. Below this, there is a paragraph explaining 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 'Core Trust Fund and Variable Trust Fund' selected, and a link to 'Annual Returns, Rates, and Adjustments'.

The money taken from your paycheck (a contribution) goes into a fund to gain interest for retirement. This money is called an asset in investment terms. The assets are invested in two separate funds: The Core Trust Fund and the Variable Trust Fund. The [State of Wisconsin Investment Board \(SWIB\)](#) handles investing the assets of the WRS.

Core Trust Fund

When you begin working, contributions to your WRS account are deposited on your behalf into the Core Trust Fund. The Core is the larger of the two trust funds managed by SWIB. The Core Fund is invested in a large amount of stocks, but it is also

WRS Performance

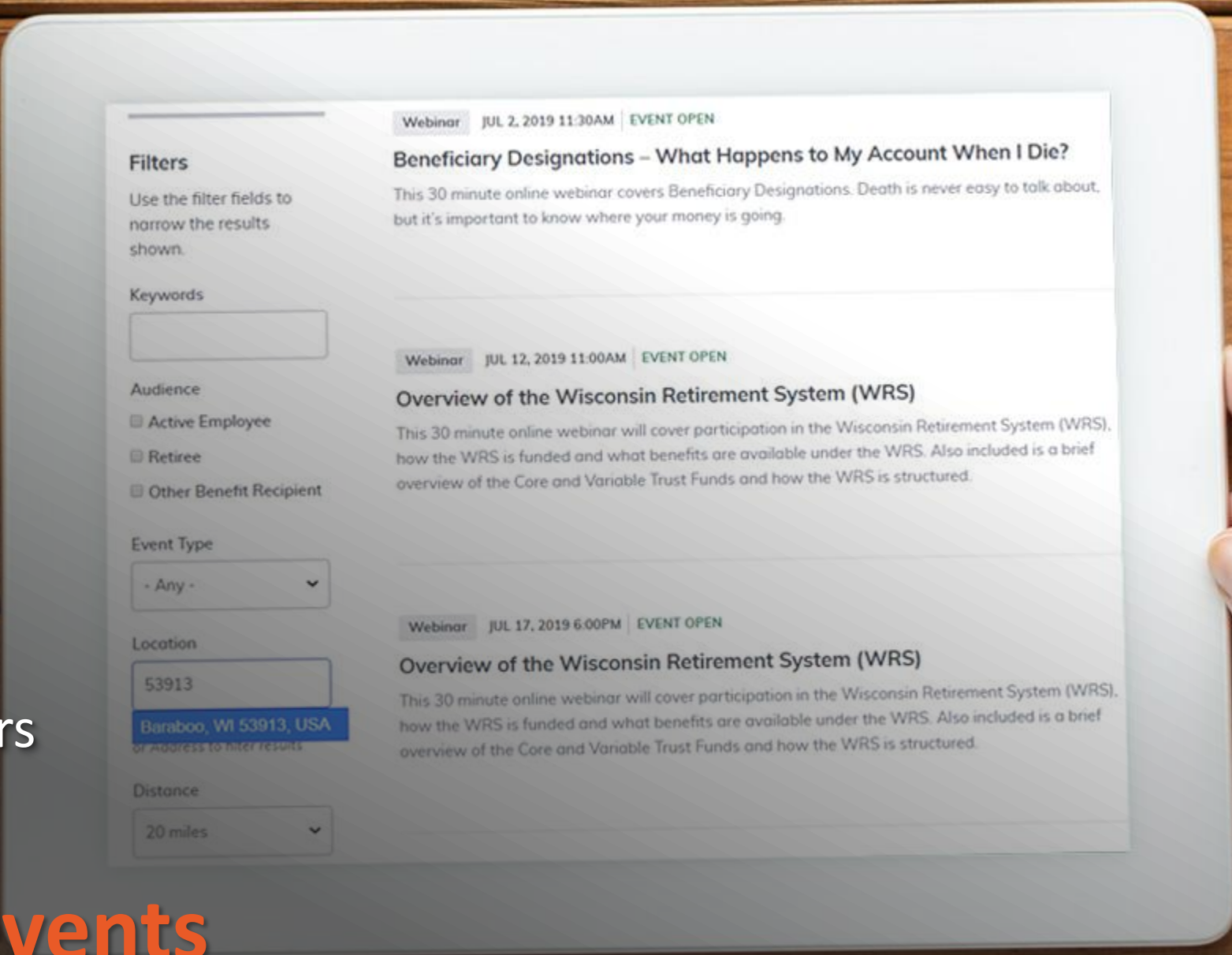
Latest Investment Performance

Core Trust Fund and Variable Trust Fund

Annual Returns, Rates, and Adjustments

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and events

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