



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

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FOR IMMEDIATE RELEASE

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ETF Announces Effective Rates

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**Additional information -- Core Fund:**

- The average annual Core effective rates (compounded) are as follows:
  - 10-year: 7.7%
  - 5-year: 7.3%
  
- The Core Fund is the larger of the two WRS trust funds. It is a balanced fund of diversified holdings in domestic and international stocks, bonds and real estate.
  
- Core Fund investment returns (decreases as well as increases) are spread out (smoothed) over a period of five years. Thus, this year's effective rate calculation included a portion of 2008's record 26.2% Core Fund **decrease**.
  
- In addition, because of smoothing, this year's effective rate calculation reflects only a portion of the Fund's 22.4% investment gain in 2009. The remainder will be spread out in equal increments over the next four years.
  
- Inactive participants are those who have terminated public employment but did not close their retirement accounts. About 70% of inactive members qualify for Core Fund effective rate interest crediting. The rest, by law, receive a 5% increase.

**Additional information -- Variable Fund:**

- The average annual Variable effective rates (compounded) are as follows:
  - 10-year: 0.6%
  - 5-year: 1.7%
  
- The Variable Fund was created as an option for members to have a portion of their benefit based on the performance of a broadly diversified stock portfolio. Those who have elected this option can experience significant increases, but they also risk significant decreases from unfavorable stock market performance. About 25% of active WRS employees participate in the Variable Fund.
  
- By law Variable Fund investment returns are fully recognized each year (no smoothing). Therefore, WRS members who participate in the Variable Fund experience effective rates that are closer to actual Variable Fund investment returns. The Variable Fund effective rate is applied to the Variable Fund portion of their accounts.

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