

## ELECTION TO PARTICIPATE IN THE VARIABLE TRUST FUND

Wis. Stat. § 40.04(7) (a) and Wis. Adm. Code ETF 10.30

### TERMS OF THE ELECTION TO PARTICIPATE IN THE VARIABLE TRUST FUND

#### PLEASE READ CAREFULLY

Please be aware that electing to participate in the Variable Trust Fund is a personal decision based on your tolerance for risk and your financial situation. Carefully read this information to help with this personal decision. To help determine your risk tolerance, refer to the "Important" section of the actual election form which describes the risks associated with participation in the Variable Trust Fund.

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#### What happens when you elect variable participation

If you make this election, 50% of all your future Wisconsin Retirement System (WRS) employee and employer required contributions and additional contributions will be deposited in the Variable Fund. The other 50% will be invested in the Core Fund. Existing contribution balances may not be transferred to the Variable Fund. Your election to participate in the Variable Fund is permanent and will continue as long as you are employed in a position covered by the WRS or until:

- You cancel participation in the Variable Fund by filing an *Election to Cancel Variable Participation* (ET-2313); or
- You close your WRS Account.

#### How to determine the effective date of your variable participation election

The Department of Employee Trust Funds (ETF) will determine the effective date of your election to participate in the Variable Fund as follows:

- If you are a new WRS participant and your election form is received by ETF within 30 calendar days after your WRS coverage begin date, your variable participation is effective on your first day of WRS-covered employment. For example, if you become covered under the WRS on January 15, 2008 and your election form is received on February 8, 2008, your variable participation is effective on January 15, 2008. All contributions after that date will be split between the Core and Variable Trust Funds.\*
- If you are a new WRS participant and your election form is received by ETF 31 or more calendar days after your WRS coverage begin date, your variable participation becomes effective the January 1 of the year after the year ETF receives your election form. For example, if you begin WRS employment on January 15, 2008, and ETF receives your election form on March 15, 2008, your variable participation becomes effective on January 1, 2009. All contributions after that date will be split between the Core and Variable Trust Funds.
- If you are an existing WRS participant, your variable participation is effective the January 1 of the year after the year ETF receives your election form. For example, if ETF receives your election form on December 27, 2007, your variable participation is effective January 1, 2008. If ETF receives your election form on February 9, 2008, your variable participation becomes effective on January 1, 2009. All contributions after that date will be split between the Core and Variable Funds.

Note: Since the last day of the calendar year falls on a holiday when State offices are closed, if your election is received on the first working day in January the election form shall be deemed to have been received during the preceding calendar year.

\* ETF cannot accept elections to participate in the Variable Fund that are received more than 90 days before the date on which you become covered under the WRS. Elections received earlier than 90 days before your WRS coverage begin date will be rejected, and you will need to submit a new election if you wish to participate in the Variable Fund.

## When interest is credited to your WRS account

Interest gains (or losses) for the year are credited to your prior January 1 account balance effective December 31 of each year. For example, effective December 31, 2008, interest gains or losses for 2008 will be applied to your January 1, 2009 account balance.

## How variable participation affects future monthly benefits

Your participation in the Variable Fund will affect your monthly WRS benefit. If you receive a variable annuity, variable annuity payments increase or decrease based on variable investment results as of December 31 each year. Gains (or losses) are applied to the payment for April (paid May 1). The variable portion of your annuity may decrease to less than the initial monthly variable amount. **Core annuities can never decrease to less than the finalized initial monthly core amount.**

- If your benefit is higher under the money purchase calculation method, the core and variable portions of your account each will be multiplied by the money purchase factor for your age to produce the core and variable portions of your annuity. The relative amounts of your core and variable portions will be in direct proportion to the amounts in your core and variable accounts.
- If your benefit is higher under the formula calculation method, it includes a “variable adjustment” to your annuity. This is calculated by multiplying the prior January 1 variable excess or deficiency balance in your account by the money purchase factor for your age at the time your benefit begins. The variable excess or deficiency amount is based on a comparison of the actual balance in your account and what your account balance would be if you had invested only in the Core Fund. Until your annuity begins, the amount of the variable excess or deficiency will change each year, based on the investment experience of the Core and Variable Trust Funds, and will be shown on your annual *Statement of Benefits* (ET-7365). The relative amounts of your core and variable annuities are normally not in direct proportion to the amounts in your core and variable accounts.

## How to cancel variable participation

The only way to cancel an election to participate in the Variable Fund is to file an *Election to Cancel Variable Participation* form (ET-2313). You can obtain an *Election To Cancel Variable Participation* (ET-2313) by calling or writing ETF or by visiting our Internet site and downloading the form. The variable cancellation becomes effective on the first of the year after the year in which it is received by ETF. The variable gain or loss for the year in which the form is received will be applied to your January 1 account balance on December 31, after which the variable funds are transferred to your core account.

Note: Since the last day of the calendar year falls on a holiday when State offices are closed, if your election is received on the first working day in January, the election form shall be deemed to have been received during the preceding calendar year.

## How cancellation of variable participation in the past affects future participation rights

Active participants who cancelled their Variable Fund participation with an effective date of January 1, 1999 or earlier have an opportunity to re-elect to participate in the Variable Fund. Active participants who cancelled their Variable Fund participation with an effective date of January 1, 2000 or later, **cannot** re-enroll in the Variable Fund. If you cancelled participation on or after January 1, 2000, the only way you may re-enroll in the Variable Fund is by closing your WRS account (ending your WRS participation by withdrawing your account balance in a lump sum), then later returning to work for a WRS participating employer. By becoming a new participating employee, you would have a new variable election option.

**Additional information on how the Variable Trust Fund can affect your benefit is included in our on-line webcast at [etf.wi.gov](http://etf.wi.gov) and the following publications:**

- *How Participation in the Variable Trust Fund Affects Your WRS Benefits* (ET-4930)
- *Calculating Your Retirement Benefits* (ET-4107)

If you have questions about this election, call toll free 1-877-533-5020 or (608) 266-3285 (local Madison) or write to us at the address on the front of this form. Also visit our Internet site at [etf.wi.gov](http://etf.wi.gov) to download the publications.

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			Employer Name	
			Your Social Security Number	
Last Name	First	Middle I.	Birthdate (MM/DD/CCYY)	
Address	Street	City	State	Zip Code

**Important:** If you want to participate in the Wisconsin Retirement System (WRS) Variable Trust Fund, please carefully read the information on this page and the terms of the election explained on the cover pages. If you submit this form to the Department of Employee Trust Funds (ETF), you acknowledge that you understand the terms of the variable election as explained on this form and the cover pages.

Effective January 1, 2001, any active WRS participant may elect to have 50% of all future WRS employee and employer required contributions and additional contributions deposited in the Variable Fund. The Variable Fund is invested exclusively in common stocks. The WRS credits the variable portion of participating active and inactive accounts with a rate of interest based on investment gains or losses posted to the Variable Fund. Likewise, annuitants participating in the Variable Fund receive adjustments credited to the variable portion of their annuities based on Variable Fund investment returns. **While participation in the Variable Fund offers the possibility of gain, you must also be prepared to accept a loss. A variable annuity can provide a smaller amount of monthly retirement income as well as a greater amount.** For example, Variable Fund annuitants experienced a 14% decrease in their Variable Fund annuities in 2001 and a 27% decrease in 2002. Unlike a core annuity, which is guaranteed never to be less than the initial core monthly amount, **a variable annuity may decrease to less than the initial finalized monthly amount.**

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### ELECTION TO PARTICIPATE IN THE VARIABLE TRUST FUND

I elect to have 50% of all my future WRS employee and employer required contributions and additional contributions deposited in the Variable Fund. I understand that the effective date of my election to participate in the Variable Fund is determined by ETF based on the date this election form is received at ETF.

If I am currently actively employed, I understand that this variable election will take effect the January 1 of the year following receipt of this election form by ETF. If I am a new WRS participant after 2000 and my election form is received by ETF within 30 calendar days after the start of my WRS coverage, I understand that participation in the Variable Fund is effective on the start of my WRS coverage. If I am a new WRS participant after 2000 and my election form is received by ETF 31 or more calendar days after the start of my WRS coverage, I understand that participation in the Variable Fund is effective January 1 of the year following receipt of the election form.

**I acknowledge that unfavorable stock market performances may result in losses to my Variable Fund account just as much as positive stock market performances may result in gains to my Variable Fund account and that this experience will impact my WRS retirement benefits.**

I have read and understand and agree to all of the terms of this election as stated above and on the cover pages of this election. I understand that Wis. Stat. § 943.395 provides criminal penalties for knowingly making false or fraudulent claims on this form and hereby certify that to the best of my knowledge and belief, the information is true and correct.

Date (MM/DD/CCYY)	Signature	Daytime Telephone Number
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*Sign. Make a copy for your records. Submit original of this page to: Department of Employee Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931*

*The Department will mail you an acknowledgement letter.*