



News Announcement

October 2008

The Waddell & Reed Advisors Funds and the Ivy Funds filed all of the required application materials to participate in the U.S. Treasury Department's Guaranty Program for Money Market Funds, and we have received signed agreements for the program from the U.S. Treasury. (Please see the prospectus supplement on page 3 of this notice for further information.)

Given the recent turmoil in the credit markets, and with some money market funds seeing net asset value falling below \$1 per share, the Treasury announced last month that it would guarantee the share price of any publicly offered money market fund, as of Sept. 19, that applies for and pays a fee to participate. The guarantee would be triggered if a participating fund's net asset value falls below \$0.995 per share, for those shareholders of record as of September 19, 2008, during the applicable insurance coverage period. The program will expire on April 30, 2009, unless extended by the United States Treasury.

Funds that have filed to be covered under the program include:

- Waddell & Reed Advisors Cash Management
- Ivy Money Market Fund
- Ivy Funds VIP Money Market

"Our money market funds have continually maintained a net asset value of \$1 per share and our clients continue to have full access to their investments," said Henry J. Herrmann, Chief Executive Officer of Waddell & Reed Financial, Inc. "Nonetheless, we believe it is prudent to participate in this program and to provide our investors with an added level of protection. We hope taking the step of joining this program helps bring reassurance to our clients."

The U.S. Treasury Temporary Guarantee Program provides a guarantee to participating money market mutual fund shareholders based on the number of shares invested in the fund at the close of business on September 19, 2008. Any increase in the number of shares held in an account after the close of business on September 19, 2008, will not be guaranteed. If a customer redeems all of his shares held in an account, any future investment in the fund will not be guaranteed. If the number of shares held in an account fluctuates over the period, investors will be covered for either the number of shares held as of the close of business on September 19, 2008, or the current amount, whichever is less.

For additional information on the program, visit the U.S. Treasury's website at www.ustreas.gov.

An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market funds.

Investors should consider the investment objectives, risks, charges and expenses of a fund carefully before investing. For a prospectus containing this and other information for the mutual funds offered by Waddell & Reed, please call your financial advisor or visit us online at www.waddell.com. Please read the prospectus carefully before investing.

Waddell & Reed, Inc., Member FINRA, SIPC (10/08)

WADDELL & REED ADVISORS FUNDS

Supplement dated October 9, 2008

to

**Advisors Fixed Income and Money Market Funds Prospectus dated January 31, 2008
and Supplemented April 1, 2008, August 4, 2008 and September 5, 2008**

On October 3, 2008, the Board of Directors of Waddell & Reed Advisors Cash Management, Inc. approved the participation by Waddell & Reed Advisors Cash Management (Fund) in the U.S. Department of the Treasury's Temporary Guarantee Program for Money Market Funds (Program). Subject to certain conditions and limitations, in the event that the market-based net asset value per share of the Fund falls below \$0.995 and the Fund liquidates its holdings, the Program will provide coverage to shareholders in the Fund for up to \$1.00 per share for the lesser of either the number of shares the investor held in the Fund at the close of business on September 19, 2008 or the number of shares the investor held the date the market-based net asset value per share fell below \$0.995. The Program applies only to shareholders of record who maintain a positive account balance in the Fund from the close of business on September 19, 2008 through the date on which the Fund's market-based net asset value per share falls below \$0.995.

The Program is funded from assets in the Exchange Stabilization Fund (ESF). Payments to investors under the Program will depend on the availability of assets in the ESF, which, as of the date of this supplement, total approximately \$50 billion. The U.S. Department of the Treasury and the Secretary of the Treasury have the authority to use assets from the ESF for purposes other than those of the Program.

Participation in the initial three months of the Program (that is, until December 18, 2008) requires a payment to the U.S. Department of the Treasury in the amount of 0.01% based on the net asset value of the Fund as of September 19, 2008. This expense will be borne by the Fund without regard to any expense limitation currently in effect for the Fund. The Secretary of the Treasury may extend the Program beyond its initial three-month term through the close of business on September 18, 2009. If the Program is extended, the Board of Directors of the Fund will consider whether to continue to participate.

**INVESTORS SHOULD RETAIN THIS SUPPLEMENT WITH THE PROSPECTUS FOR FUTURE
REFERENCE**