

# MoneyTalks

## Wisconsin Deferred Compensation Program

### Administrative Fee Changes and Fund Reimbursements

As previously announced in the October 2015 and January 2016 quarterly newsletters, changes to the administrative fee structure and the allocation of fund revenue sharing for the Wisconsin Deferred Compensation (WDC) Program took effect January 1, 2016.

At its June 2015 meeting, the WDC Board determined that revenue sharing provided by certain investment options should be redeposited in the accounts of participants in those funds, rather than offsetting administrative fees for all participants as had been done previously.

#### *Which options provide reimbursements?*

Currently there are two options that provide a revenue share component:

- Fidelity ContraFund
- Federated US Government Securities 2-5 Year

#### *How will reimbursements appear on quarterly statements?*

Starting with your March 31, 2016 statement, if you are invested in an option that provides a revenue sharing reimbursement, you will see the revenue share credit in the “What activity took place this period?” section referred to as “Revenue Credit.” If you are viewing your statement online, you will see an “Expense Adjustment” in the Transaction History section of your account. For help reading your statement, please call us at **(877) 457-WDCP (9327)**.

Example:

What activity took place this period?					
	<u>Effective Date</u>	<u>Dollar Amount</u>	<u>Investment Options</u>	<u>#Units/ Shares</u>	<u>Unit/Share Price</u>
Expenses Revenue Credit	January 23, 2016	4.80	XYZ Investment Fund	0.372	12.900
Participant Account Maintenance	January 23, 2016	-5.00	XYZ Investment Fund	-0.388	12.900

Example:

If Joan's balance in Fund A has averaged \$23,042 over the last month and Fund A pays an annual revenue share of 0.25%, Joan's account would be credited \$4.80 assuming she still has a balance in Fund A on the date of the crediting. This is calculated by multiplying her account balance, \$23,041, by one-twelfth (to find the monthly rate versus the annual rate) of the annual revenue share, 0.25%.

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*FDIC-Insured Bank Option: The declared annualized interest rate is 0.38% for the first quarter of 2016.*

*Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information about investments offered through your Plan, you may obtain mutual fund prospectuses for registered investment options and/or disclosure documents from your registered representative or Plan website. Read them carefully before investing.*



## Managed Account 90-Day Free Look: Take a Test Drive

*Managed Account Service offered at no cost for 90 days*

While some retirement savers prefer hands-on management of their deferred compensation plan investments, an increasing number of Americans prefer to leave day-to-day decisions to someone with more experience choosing investments, balancing portfolios and staying the course during market volatility.

This approach – called Managed Account Service – allows a professional to oversee and manage an individual's account portfolio based on information the individual provides: age, salary, additional retirement assets and goals for retirement. If this sounds like a service that might interest you, the WDC has a great limited-time offer.

There's never been a better time to try out the WDC's investment advisory services feature, known as the Managed Account Service. From April 1 through June 30, 2016, the WDC is offering a 90-day free look period so you can test drive the service at no cost to you.

The Managed Account Service is part of Empower Retirement Advisory Services (Advisory Services), an optional suite of investment services provided by Advised Assets Group, LLC, a federally registered investment

adviser, that is available in the WDC. When you enroll in the Managed Account Service, professional investment advisers monitor and manage your WDC portfolio for you and personalize your savings strategy to your individual needs, circumstances and retirement objectives.

Annual Managed Account fees – just reduced in January 2016 – are based on your account balance and normally charged quarterly. Annual fees are as follows: 0.45% for balances up to \$100,000; 0.35% for the next \$150,000; 0.25% for the next \$150,000; and 0.15% for balances above \$400,000. For example, if you have an account balance of \$50,000, you would be charged \$56.25 quarterly to participate in the Managed Account Service.

For the free look, however, these fees are waived for 90 days if you sign up for the service between April 1 and June 30, 2016.

The free look does not apply to the other advisory services, such as Online Investment Guidance (already free for all participants) or Online Investment Advice (available for \$6.25 per quarter) – and is offered only to those not currently enrolled in the Managed Account Service.



If you do not cancel the Managed Account Service before the end of the 90-day free look period, normal fees will be assessed each quarter that you remain in the service.

To enroll or learn more about the 90-day free look and available services, visit [www.wdc457.org](http://www.wdc457.org) or call (877) 457-WDCP (9327) and ask to speak to an Empower Retirement Advisory Services representative<sup>1</sup>. □

*There is no guarantee that participation Empower Retirement Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.*

<sup>1</sup> Empower Retirement Advisory Services are offered by Advised Assets Group, LLC (AAG), a federally registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company. More information about AAG can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Reminder: Get Some Face Time with Your Retirement Plan Counselor

If you haven't scheduled a face-to-face meeting with your local WDC Retirement Plan Counselor recently, now is the time to get the ball rolling with the WDC online meeting scheduler. Pick the meeting that suits you best and we'll reserve your seat. You can also get more personalized assistance by scheduling a one-on-one session with a local WDC Retirement Plan Counselor.\*\* To use the scheduler, go to the WDC's homepage at [www.wdc457.org](http://www.wdc457.org).

If you need assistance with the scheduling tool, please call the WDC at (877) 457-WDCP (9327) (Press 0, say "representative" and then respond with the type of assistance you are requesting). □

## One Dollar at a Time: Even the Smallest Contribution Increases Today Can Help Achieve Your Retirement Goals Tomorrow

There is no shortage of research showing that most Americans should be saving more for retirement. One recent survey conducted by the Federal Reserve System concluded that approximately 31 percent of Americans reported having zero retirement savings. Based on this data and other sources, the Center for American Progress (CAP) calls Americans' lack of retirement savings a crisis that "is getting worse over time."<sup>2</sup>

And even among employees who are saving for retirement, the Federal Reserve says contribution rates are falling short – median retirement account balance among all surveyed households ages 55 to 64 was only \$14,500.<sup>3</sup> By CAP's estimation, even after excluding households that had no savings, the median account balance of near-retirement households was only \$104,000.

The message is clear: Even if you're saving for retirement through a defined contribution plan, you should consider saving more. With limited resources, and numerous other expenses and financial obligations shouldered by most households, how can you even consider putting more toward retirement?

It's a fair question. The good news is that saving more for retirement doesn't require a big new financial commitment. Just a few dollars more per month, or an increase in plan contributions of just 3–6 percent, can go a long way toward achieving your financial and lifestyle goals for retirement.

Does even 3% seem like too big of a challenge? Consider a 1% increase. Here are some examples of what a 1% increase looks like in terms of dollar amounts, and how it adds to your retirement savings over time.<sup>4</sup>

Age	Annual Income	Monthly Contribution Increase	Potential Additional Monthly Income at Retirement
25	\$30,000	\$25	\$2,932
25	\$50,000	\$42	\$4,925
35	\$70,000	\$58	\$3,724
45	\$80,000	\$67	\$2,172

For employees paid bi-weekly, additional contributions could be as little as \$21 per pay period – the cost of two or three carryout sandwiches per week.

It's never too late to increase your contributions in a way that can yield major improvements in your retirement lifestyle down the road. The cost today may be little more than a few dollars per pay period, but the result can be thousands of dollars in additional monthly income when you retire.

Talk to your WDC representative about maximizing your deferred compensation benefits today. □

## WDC Board Updates Plan and Trust Document

Effective May 1, 2016, the Deferred Compensation Board made changes to the WDC Plan and Trust Document. The WDC is required to follow the Internal Revenue Code and WI Administrative Code Chapter ETF 70.10 when granting financial emergency hardship withdrawals. Each participant's unforeseeable financial emergency hardship withdrawal request reflects a unique situation and must be evaluated accordingly. The Board desires to apply the rules and procedures for hardship distributions consistently. The Board has determined that, in general, expenses from events exceeding 12 months prior to the date of a hardship application may not by themselves be considered appropriate for a hardship withdrawal because there is no unforeseeable emergency involved. These are situations where the individual: 1) had significant control; or 2) could have reasonably and prudently anticipated, avoided or budgeted for the event.

For more information on hardship withdrawals, please contact the WDC at **(877) 457-9327** and ask to speak to the hardship department, and/or refer to the Unforeseeable Financial Emergency Withdrawal Guide, which can be found on the WDC's website at [www.wdc457.org](http://www.wdc457.org) (click on "Program Information" then "Distributions & Withdrawals"). □

★★ Representatives of GWFS Equities, Inc. cannot offer investment, fiduciary, financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed



## WDC Participant Spotlight: RUTH ALFARO



In this quarter's WDC Participant Spotlight, we are pleased to introduce you to Ruth Alfaro. Ruth retired in 2014

after 17 years with the Department of Transportation.

*"Let me start by saying that I wouldn't be retired if I hadn't invested in Wisconsin Deferred Compensation. I started to invest late in life and really only put money into WDC in the last 17 years. I knew it was what I had to do but I really didn't think I would ever be able to retire. And I certainly didn't think I'd ever be able to travel internationally. Surprise! I retired in 2014 and my dream to be able to do some traveling has become a reality. Now I tell my children to invest in what they can, even if it's a small amount, because the earlier you start the easier it is.*

*I have very dear friends in Arizona that I have been able to visit in 2014, 2015 and again sometime this year. It's so wonderful*

*to be able to spend time with them as we are getting older and you never know what life may bring so we need to be able to enjoy each other's company.*

*Last fall I took a dream trip to Italy. I had such a wonderful time. Everything was so exciting and so very beautiful. I spent 19 days there — six days on my own, and the rest with a group from Madison. I visited Venice, Florence, the five towns of the Cinqua Terre, eight tiny hill towns in Tuscany, Florence, Pisa, Rome and Verona. I saw ancient ruins, wonderful cobblestone streets, lots of beautiful churches, art museums and the iconic Italian must-sees, as well as great coffee shops, vineyards and excellent restaurants. I chose to see and do as much as I could while I was there, and yes I will go back, but not this year.*

*This year I am going to Ireland, Scotland and England. I was lucky enough to be invited to go with a group to enjoy small towns, castles, standing stones and fairy rings during the day, and have music in*

*some venue every night in Ireland. I am adding Great Britain because I have a cousin who moved there 25 years ago and I want to catch up on the families and as long as I'm there I may as well see some quaint villages, and visit the highlands. Imagine wanting to get together for all these years and finally doing it!*

*That's my story at this point, but catch me in a few years and see what I've been up to. All of this is because I put money aside every month never guessing how much it would add up. I'm still living modestly but at this point I'm able to choose what I want to spend some money on. This may sound like an ad but it isn't. I'm just excited to share something that I never believed would be possible for me. I am truly blessed in so many ways."<sup>5</sup>*

- Ruth Alfaro

\* Access to the voice response system and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests received on business days prior to close of the New York Stock Exchange (4 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

2 "The Reality of the Retirement Crisis," Center for American Progress, by Keith Miller, David Madland and Christian E. Weller; January 26, 2015.

3 "Report on the Economic Well-Being of U.S. Households in 2013," Board of Governors of the Federal Reserve System, released 2014.

4 FOR ILLUSTRATIVE PURPOSES ONLY. This is a hypothetical illustration intended to show possible retirement income. It is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 7% annual rate of return during retirement, reinvestment of earnings, and that the payee lives 26 years in retirement. Rates of return may vary. Distributions from a tax-deferred retirement plan may be taxable as ordinary income. The illustration does not reflect any associated charges, expenses or fees. The hypothetical income shown would be reduced if these fees and/or taxes had been deducted.

5 This testimonial may not be representative of the experience of other participants and is not a guarantee of future performance or success.

Please note: This newsletter does not constitute investment or financial advice.

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