



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: May 1, 2006
TO: Wisconsin Deferred Compensation Board
FROM: Shelly Schueller, Deferred Compensation Director
SUBJECT: Miscellaneous Items for May 2006 Board Meeting

The following items are included with the Board materials for May 16, 2006:

Wisconsin Deferred Compensation Program Information

- a) Fixed Options Review
At the March Investment Committee meeting, Department staff reviewed this memo on the growing number of investment options in the WDC Program, especially the fixed options. The Investment Committee agreed that further discussion regarding the idea of consolidating two of the fixed options, the Federal Deposit Insurance Corporation (FDIC) and the Vanguard Money Market fund, may be warranted. This will be on the agenda for a future Investment Committee meeting for discussion.
- b) Planned outreach efforts for defaulted Janus and T. Rowe Price Int'l fund participants
- c) WDC Fact Sheet (revised with 2005 data)
- d) *MoneyTalks* Participant Newsletters: Fourth Quarter 2005 and First Quarter 2006

Third Party Administrators

- e) Non-sufficient funds problem (Great-West Retirement Services: April 2006)
- f) Advised Assets Group Form ADV Part II (November 2005)
- g) UW payroll deduction problem (Nationwide Retirement Solutions: October 2005)

Investment Product Information

- h) FDIC Insurance Limit Increase (from \$100,000 to \$250,000)
- i) Vanguard: Wellington Fund change (April 2006) and asset allocation change for Target Retirement Funds (March 2006)
- j) Fidelity: Contrafund closing April 29, 2006, Quarterly Fund Overview (March 31, 2006) and 2005 Year in Review (Feb. 2006)
- k) T. Rowe Price: Mid-Cap Growth Fund March 31, 2006 Flash Report and press release on Roche retirement (March 2006)
- l) BGI: Russell 2000 Index Fund "T" fee reduction (from 0.06% to 0.05%)
- m) Federated: SEC settlement regarding past mutual fund trading issues
- n) Dimensional: Sinquefeld retirement
- o) Janus: Press release on investment team appointments. January 2006

Board	Mtg Date	Item #
DC	05/16/2006	12

- p) Galliard: Stable Value Portfolio Review – Fourth Quarter 2005 and First Quarter 2006, First Quarter Highlights (April 2006), Fund Characteristics (3), Economic Update (First Quarter 2006) and Pensions and Investments February 20, 2006 ranking.

Stable Value Fund Manager Allocations

Galliard Capital Management (Galliard) currently manages the WDC Stable Value fund. The WDC's Stable Value assets are allocated between Galliard and two subadvisors: Alliance and PIMCO. The table below illustrates the percentage of the account managed by each firm. Galliard's goal is to maintain an approximate division of the assets under management with 60% remaining at Galliard and 40% at subadvisors PIMCO and Alliance.

WDC STABLE VALUE FUND ASSET MANAGEMENT			
As of:	Galliard	Alliance	PIMCO
03/31/2006	60.7%	14.0%	25.3%
12/31/2005	59.9%	14.2%	25.3%
09/30/2005	63.9%	13.9%	22.2%
06/30/2005	64.5%	14.5%	21.0%
03/31/2005	62.8%	15.6%	21.6%
12/31/2004	62.0%	16.0%	22.0%
09/30/2004	61.9%	16.0%	22.1%
06/30/2004	61.5%	16.5%	21.9%
03/31/2004	60.2%	17.1%	22.7%
12/31/2003	60.1%	17.2%	22.7%
09/30/2003	59.6%	17.4%	23.0%
06/30/2003	59.2%	17.6%	23.2%
03/31/2003	58.5%	17.9%	23.6%

Reports

- q) NRS Reports:
- Plan Status, Performance Standards and Net Exchange Reports – Fourth Quarter 2005
 - Local Employer Elections to the WDC – *None in Fourth Quarter 2005*
 - Enrollment Statistics – Fourth Quarter 2005
 - Financial Emergency Withdrawal Statistics – Fourth Quarter 2005
- r) GWRS 2006 Quarterly Status Reports
- Local Employer Elections, Participant Enrollments and Other Selected Data, Domestic Relations Order and Financial Hardship Withdrawals – Dec. 2005 and First Quarter 2006
 - Contribution Summary by Fund – Dec. 2005 and First Quarter 2006
 - Asset Summary by Fund -- Dec. 2005 and First Quarter 2006
 - Participant Summary by Investment Option – Fourth Quarter 2005 and First Quarter 2006
 - Participant Summary Report – Dec. 2005 and First Quarter 2006
- s) Financial Emergency Withdrawal Report – Dec. 2005 and First Quarter 2006
- t) Personal Choice Retirement Account Update – Fourth Quarter 2005 and First Quarter 2006

Correspondence

- u) Outside management: Argus Financial, Ltd.
Note: Mr. Natzke of Argus Financial would like to offer his services to WDC participants interested in third party money management. Correspondence includes letters directed to the Board and a brochure. His proposal includes a request that the Board permit the

withdrawal of management fees from participant accounts and block trading by his management company (Argus).

- v) Participant Osheim
- w) Participant Seybold
- x) Participant Wills
- y) Participant Smith
- z) Participant Johnson
- aa) Participant Kellogg
- bb) Participant Jarugumilli

Media Articles

- cc) Morningstar "Fund Investor" *Death by a Thousand Cuts* January 2006
- dd) PlanSponsor.com *457 Focus: Extra Credit?* March 2006