



Wisconsin Deferred Compensation Program

The Wisconsin Deferred Compensation Program

**Joint Informational Meeting:
Teachers Retirement, Wisconsin Retirement
and Employee Trust Funds Boards**

December 14, 2006
Shelly Schueller





Section 457 Deferred Compensation Plans

- Tax-deferred savings to selected mutual funds
- Convenient payroll deduction
- Maximum contribution of \$15,500 or 100% of compensation in 2007, whichever is less
- Age 50 catch-up provisions
- Flexible distribution options
- Portable among qualified plans - roll \$ in or roll \$ out of another 457, 401(k), 403(b) or traditional IRA
- Can purchase WRS forfeited and qualifying service using s. 457 funds



Creation of the WDC

- 1978: federal legislation established Internal Revenue Code Section 457 deferred compensation plans.
- 1982: WDC was established
 - Oversight by ETF Board
 - No State funds for administration
 - 5 initial participant enrollments





WDC History



- 1984: State statutes amended to allow local employers to participate in the WDC. A total of 42 local employers started in the initial year.
- 1989: WDC board created (State legislation)
- 2005: RFP resulted in a new 3 year contract with Great-West Retirement Services (GWRS) to provide service and education to WDC participants, beginning December 1, 2005.



Deferred Compensation Board

- 5 member Board appointed by the Governor and confirmed by the Senate
- 4 year staggered terms
- Policy making board meets 2 - 3 times per year statutory responsibility to provide program oversight: sets participant fees, approves contracts for administrative services and audits, and hears participant appeals
- Selects and monitors investment fund options
- Plan and trust document describes policies



WDC Investment Option Selection



- Board has a written Investment Policy Statement
- Investment Committee provides advice on options to full Board
- Additional investment review and analysis by ETF and an investment advisory firm (AAG)

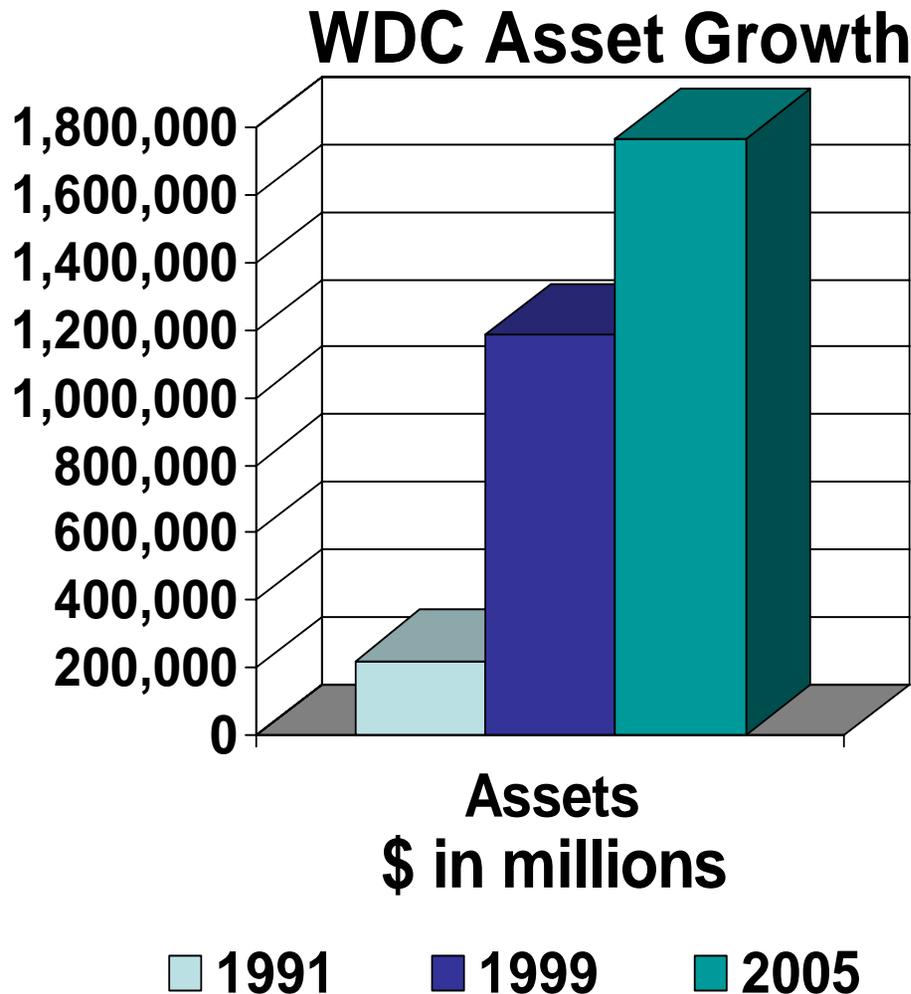


WDC Investment Policy Statement

- Outlines the Deferred Compensation Board's goals and philosophy regarding investment options
 - minimum criteria for inclusion
 - mutual fund and fixed fund selection process
 - monitoring and annual evaluation
 - removal process
- The Board maintains a core investment spectrum, along with a self-directed brokerage option and lifecycle fund options



Growth of the WDC



- January 1991
 - 270 employers
 - 15,795 participants deferred \$30.3 million
 - \$220.4 million in assets
- January 1999
 - 535 employers
 - 33,395 participants deferred \$74.2 million
 - \$1.188 billion in assets
- December 2005
 - 699 employers
 - 42,113 participants deferred \$115.4 million
 - \$1.768 billion in assets



WDC Participant Fees

- 2006 (current) fees:

If your total account balance is between:	Your monthly fee is:	Which is an annual cost of:
\$0 to \$5,000	\$0.50	\$6
\$5,001 to \$25,000	\$1.50	\$18
\$25,001 to \$50,000	\$3.00	\$36
\$50,001 to \$100,000	\$6.00	\$72
\$100,001 to \$150,000	\$8.33	\$100
\$150,001 and up	\$10.00	\$120

- Various investment operating expenses*
- No state funds are used for the WDC

* The investment options have annual operating expenses, which differ depending on the options you choose.



WDC Features



- No minimum deferral amount
- Change deferral amount at any time
- Redirect deferrals to other investment options offered by the WDC without restriction (subject to the stable value fund equity wash)
- Exchange existing account balances from one option to another (subject to the excessive trading policy)
- Self-directed brokerage option (through Schwab)
- Rebalancer (automatic account rebalancing)



WDC Participant Services

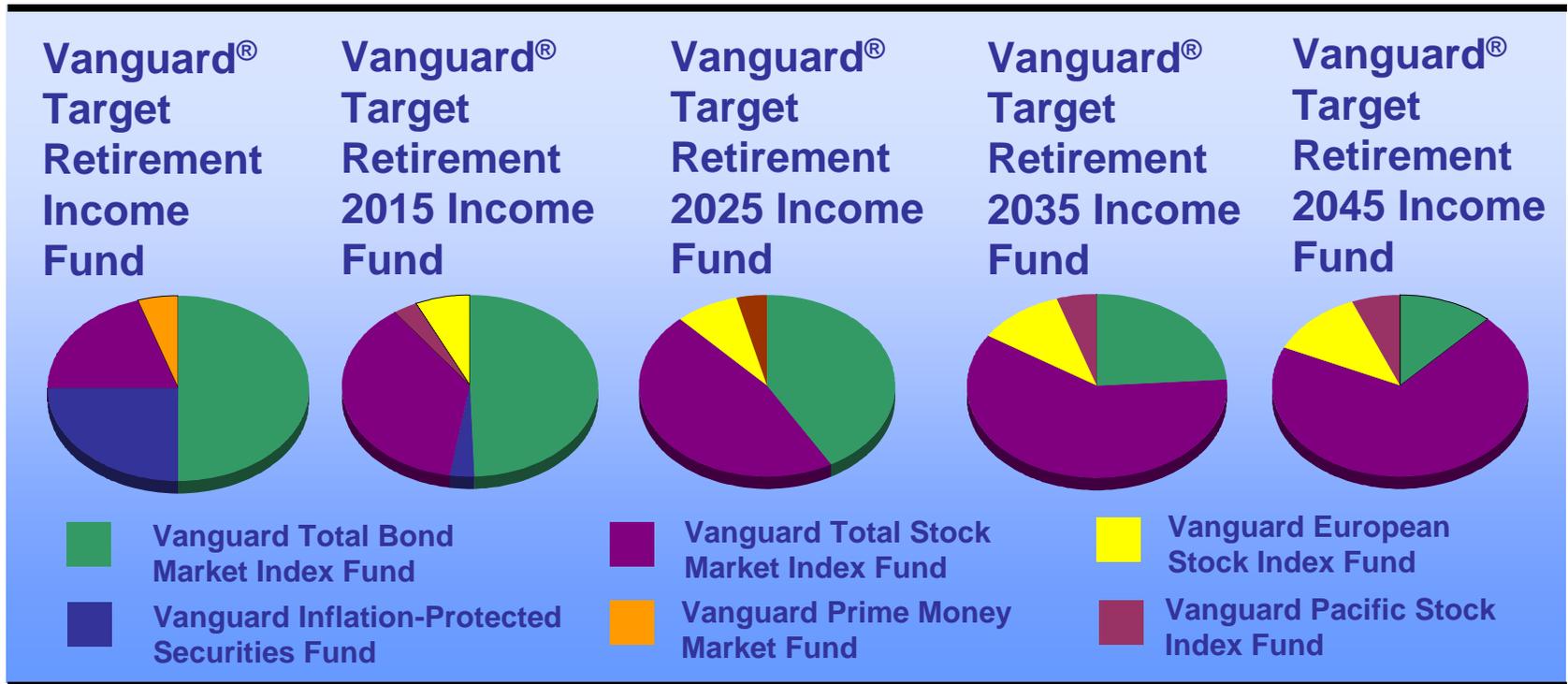
- 10 local field staff - on site service to employers and participants in Wisconsin
- Quarterly statements and newsletter, *MoneyTalks*
- WDC Website: www.wdc457.org
- Toll free call center located in Glendale, WI open 7 a.m. - 7 p.m.
(877) 457-WDCP (9327)





WDC Program Investment Options

The Lifecycle Fund Path*



FOR ILLUSTRATION PURPOSES ONLY.

* The Lifecycle Fund allocations are professionally determined based on an investment strategy based on risk and return. Allocation percentages to investment options can change based upon periodic investment reviews. The Portfolio allocation models are not intended as financial planning or investment advice. Holdings and composition of holdings are subject to change.



WDC Investment Options

As of November 30, 2006

WDC Assets By Fund as of Nov-30-2006		
FUND ID	FUND NAME	BALANCE
CONTRA	Fidelity Contrafund	367,789,370.25
WISSVF	Stable Value Fund	354,679,249.17
VWENX	Vanguard Wellington Fund - Admiral	229,338,033.35
VIIIX	Vanguard Institutional Index Fund Plus	227,516,933.74
TR-MCG	T. Rowe Price Mid Cap Growth Fund	188,524,560.42
DFSCX	DFA US Micro Cap Fund	152,755,043.69
RERFX	American Funds EuroPacific R5	85,756,397.85
VWETX	Vanguard Long-Term Investment Grade Adm	65,418,555.05
VUSXX	Vanguard Admiral Treasury Money Market	61,529,841.32
BY-MID	BGI Mid Cap Equity Index - Collective W	57,133,858.64
BY-EAF	BGI EAFE Equity Index - Collective W	42,859,554.90
WIFDIC	FDIC BankOption	40,858,284.67
SCHSEC	Schwab SDB Securities	39,438,540.52
BY-RUS	BGI Russell 2000 Index - Collective T	18,327,660.89
FE-GOV	Federated US Government Securities 2-5yr	18,222,503.46
CEYIX	Calvert Social Investment Equity I	15,661,368.50
VTXVX	Vanguard Target Retirement 2015 Fund	14,344,118.73
BY-USD	BGI US Debt Index Fund - Collective W	11,746,740.65
VTTVX	Vanguard Target Retirement 2025 Fund	9,212,299.53
VTTHX	Vanguard Target Retirement 2035 Fund	6,163,866.42
VTIVX	Vanguard Target Retirement 2045 Fund	3,963,369.77
VTINX	Vanguard Target Retirement Income Fund	3,567,419.06
SCHMMF	Schwab SDB Money Market Fund	2,938,886.20
TOTAL		2,017,746,456.78



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Questions?

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