



Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

ETF will Discontinue Accepting 403(b) Additional Contributions Effective January 1, 2009

Effective January 1, 2009, the Department of Employee Trust Funds (ETF) will no longer accept Internal Revenue Code (IRC) section 403(b) additional contributions to participants' Wisconsin Retirement System (WRS) accounts.

Historically, ETF has accepted IRC section 403(b) additional contributions (also known as tax-deferred or tax-sheltered additional) from employees of certain school districts and educational institutions that had employees making such contributions prior to May 1982.

On July 26, 2007, the Treasury Department and the Internal Revenue Service published final regulations related to section 403(b) plans. The 2007 regulations are the first comprehensive section 403(b) regulations since 1964 and incorporate numerous changes to the arrangements. ETF has determined that it is unable to comply with many of the federal plan requirements and will therefore no longer accept 403(b) contributions. More details will follow in the annual reconciliation *Employer Bulletins*.

Participants who currently have 403(b) additional contributions credited to their WRS accounts will continue to earn interest on those contributions until they are eligible to withdraw the deposits. Withdrawals are subject to the same terms under which the contributions were made (i.e., withdrawals require termination of all WRS participating employment).

Consider the Wisconsin Deferred Compensation Program as an Alternative Tax-Deferred Investment

The Wisconsin Deferred Compensation (WDC) program is a supplemental tax-deferred retirement savings program authorized under IRC section 457 and by Wis. Stat. §§ 40.80, 40.81 and 40.82. Because the WDC is a section 457 plan, the recent 403(b) regulation changes are not applicable. Wisconsin statutes grant specific powers and responsibilities to the Deferred Compensation Board (Board). Additional powers and duties of the WDC Board may be found in Wis. Admin. Code, Chapter ETF 70. An employer electing to participate in the WDC under Wis. Stat. § 40.80 agrees to be bound by the terms and conditions of the WDC Plan and Trust Document.

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The Board and ETF have fiduciary responsibility to provide complete oversight of the WDC, including program administration and investment option selections. The Board contracts for all administrative services (marketing, record keeping, daily program administration) through a competitive bid process. Great-West Retirement Services currently administers the WDC program.

The WDC program offers:

- No cost to sponsoring employers.
- Low cost to participating employees.
- ETF and Board oversight, including fiduciary responsibility.
- Wide variety of low-cost investment options selected and monitored by the Board.
- Written Plan and Trust Document.
- Written Investment Policy Statement.
- Seven local salaried representatives dedicated to providing on-site education.

More WDC information is available on ETF's Internet site at http://etf.wi.gov/members/benefits_def_comp.htm, including the *Plan and Trust Document* and a link to the WDC Web site, or by calling the WDC toll free at (877) 457-9327. Select option 2 to be connected with the local WDC office staff.

Should you have questions on the topics included within this *Bulletin*, please contact the Employer Communication Center toll free at (888) 681-3952 or in Madison at (608) 264-7900.

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services, or employment. If you are speech, hearing or visually impaired and need assistance, call the Wisconsin Relay Service at 7-1-1 or 1-800-947-3529 (English) 1-800-833-7813 (Español). We will try to find another way to get the information to you in a usable form.

This ***Employer Bulletin*** is published by the Wisconsin Department of Employee Trust Funds. Questions should be directed to contact persons listed in the Bulletin, or to the Division of Trust Finance and Employer Services (DTFES). Call John Vincent, DTFES administrator, at (608) 261-7942. Employer agents may copy this Bulletin for further distribution to other payroll offices, subunits or individuals who may need the information. Copies of the most recent Employer Bulletins are available on our Internet site at the following URL: <http://etf.wi.gov/employers.htm>

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