



MoneyTalks

Wisconsin Deferred Compensation Program

Investment Option Changes Taking Place in August

On Friday, August 17, 2018, several of the WDC's investment options will be changing. The Deferred Compensation Board regularly reviews the investment lineup and chose to make these changes to help reduce the costs for participants. If you are comfortable with the investment option changes, you do not need to take any action. For a full explanation of the changes, please visit the WDC website in mid-July and review the Wisconsin Deferred Compensation Program investment option change information.

From Fund Name	To Investment Option Name	From Expense Ratio	To Expense Ratio
Calvert Equity I	Calvert US LG Cap Core Responsible Index Fund Class R6	0.71%	0.35%
Fidelity Contrafund	Fidelity Contrafund Commingled Pool Class 2*	0.71%	0.38%
Vanguard Institutional Index	Vanguard Institutional 500 Index Trust	0.02%	.014%
Vanguard Target Retirement Income Institutional	Target Retirement Income Trust I	0.09%	0.07%
Vanguard Institutional Target Retirement 2015	Target Retirement 2015 Trust I	0.09%	0.07%
Vanguard Institutional Target Retirement 2025	Target Retirement 2025 Trust I	0.09%	0.07%
Vanguard Institutional Target Retirement 2035	Target Retirement 2035 Trust I	0.09%	0.07%
Vanguard Institutional Target Retirement 2045	Target Retirement 2045 Trust I	0.09%	0.07%
Vanguard Institutional Target Retirement 2055	Target Retirement 2055 Trust I	0.09%	0.07%

For questions about the upcoming changes, contact a WDC representative by calling **(877) 457-WDCP (9327)** toll free, pressing 0 and then saying "representative."

* As a result of the change to a CIT, Fidelity Contrafund will charge a lower expense ratio and will no longer reimburse participants through revenue sharing.

Share Your Views in Our Participant Survey

Watch for a WDC online survey seeking your suggestions about important plan services and communications. Your input will also help us learn more about your retirement savings goals and how we can best meet your needs today and in the future. Watch for the survey on the WDC website in August.

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*FDIC Insured Bank Option: Nationwide Bank has declared an annualized interest rate of 1.88% for the second quarter of 2018.**



* Certificates of deposit are insured by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions

Coming Soon to the WDC Program: Collective Investment Trusts

On August 17, 2018, several investment options in the WDC's investment lineup will change from mutual funds to collective investment trusts (CITs). If you're unfamiliar with CITs and how they differ from mutual funds, here is a quick overview.

A CIT, like a mutual fund, is a pooled investment vehicle; however, a CIT is available only to certain eligible institutional investors, such as certain pension or employer-sponsored retirement plans (such as the WDC Program), and not to retail investors.

CITs pool the money of multiple institutional investors in a collection of stocks, bonds and other assets. With mutual funds, investment managers for the fund decide which assets to invest in based on the fund's investment objective (which you can find in the fund's prospectus). CITs, on the other hand, are established and maintained by a bank or trust company for investment by the institutional clients, and the trust company, as trustee and discretionary advisor to the CIT, determines the investment guidelines to be followed. The trustee may prudently delegate day-to-day investment responsibility to a sub-advisor, but the trustee remains the overarching and discretionary advisor to the fund.

Another key difference is that CITs generally have simpler fee structures and lower

operating costs than many mutual funds. As a result, the fees associated with CITs may be lower. Also, regulation of CITs differs from that of mutual funds. The Securities and Exchange Commission doesn't directly regulate CITs, other than providing an exemption from registration if certain conditions are met. Instead, CITs are primarily regulated under banking laws of either the Office of the Comptroller of Currency (an independent bureau within the United States Department of the Treasury) if the trust company offering the fund is a nationally chartered entity, or state banking laws if the trust company is a state-chartered entity. In addition, regulations of other federal agencies, such as the Internal Revenue Service and the Department of Labor, apply.

You'll be able to find performance history, ratings and other information and ask questions as you would about any other investments by reviewing the new CITs fund fact sheets on the WDC website at www.wdc457.org. Additional information will be made available under the governing documents for the fund.

Keep watching www.wdc457.org for more information on these upcoming changes. Or contact your local WDC Plan Advisor at **(877) 457-WDCP (9327)** with any questions.

Announcing a Change for Schwab PCRA Participants

If you participate in the Schwab Personal Choice Retirement Account® (PCRA) and previously had money invested in the Schwab Money Market Fund (ticker symbol SWMXX), please be aware that Schwab initiated a change to its "sweep option" on or about May 25, 2018, and balances were automatically transferred from the Schwab Money Market Fund to the new "sweep option," which is an FDIC-insured deposit account at one or more banks affiliated with Schwab.

No action is required on your part. You may have received additional communications from Schwab regarding this change. If you have questions about the change and its potential impact on your account, please contact Schwab directly at 1-877-553-1971.

You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at \$1 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Contribute Your Way: Dollar Amount or Percent

In the near future, you will be able to make contributions as either a percentage of pay in addition to the specific dollar amount we have always offered. Previously, you could only contribute a percentage to the WDC Program. With this change, you'll only be able to choose one type of contribution election, not both in the WDC Program. For more information, check out the *News and updates* tile on the website in the coming months.

How Mixing It Up Can Be a Smart Move for Your Investment Portfolio

Even if you don't know a lot about investing, you probably know that diversification is important. At a basic level, diversification is a strategy to balance risk by not putting all your money in one investment.

Asset allocation is another level of diversification. It is a strategy for spreading the money you invest for retirement across different types of investments, known as asset classes. Each of the WDC's investment options belongs in an asset class that has its own characteristics – including risk and return potential. The asset classes of stock funds, bond funds and cash alternatives all have different objectives and characteristics that can help offset each other and balance your portfolio.

Deciding on your approach to asset allocation isn't something you do just once. At least once a year, you may want to take a look at your financial goals and your portfolio to make sure you are comfortable with your asset mix. In general, investors may want to continue to reduce the amount of risk they hold in retirement savings accounts as they get closer to their retirement. As a result, their desired investment option asset allocation would change over time. A volatile market can cause your investment mix to shift away from your targets, causing your portfolio to take on more or less risk than you wish. You can bring your investment mix back on target yourself by adjusting your allocations periodically via the WDC website or you can set up the WDC's Rebalancer tool to do this automatically for you. The Rebalancer tool can be found by logging into your account, clicking on *My Accounts* and the *View/Manage my investments* link under the *INVESTMENTS* menu on the left. Click *Change My Investments* to access the Rebalancer tool. If continually updating your portfolio's asset allocation isn't something that you want to do, the WDC offers investment choices that will do it for you automatically.

Target Date Funds

With a target date fund (TDF), you get a diversified portfolio with a continually evolving asset allocation in a single investment option. TDFs help to spread out the risk for you across different asset classes based on the retirement date you pick — instead of you having to research and choose different investment funds to create your own portfolio. Generally, the asset allocation of each TDF will gradually become more conservative as the fund nears your target retirement date. The date in a target date fund's

name is the approximate date when investors are expected to start withdrawing their money (generally assumed to be at age 65).

It's important to keep in mind that you only need to invest in one and only one TDF for a diversified portfolio. If you invest in more than one TDF, their different investment strategies may work against one another. The principal value of the fund(s) is not guaranteed at any time, including at the time of the target date and/or withdrawal.

Managed Account service

With a Managed Account, provided by Advised Assets Group, LLC, a registered

investment adviser, professionals build a custom, diversified portfolio for you based on your specific goals and financial situation and adjust your asset allocation as you get closer to retirement. AAG charges a fee for the service, based on a percentage of your managed account balance. There is no guarantee provided by any party that participation in any of the Advisory Services will result in a profit or that the related account will outperform a self-managed portfolio invested without assistance.

Questions on asset allocation, the Rebalancer tool, TDFs or a Managed Account? Contact the WDC at **(877) 457-WDCP (9327)**, press 0 and say "representative."

Don't Let the Future Take You by Surprise: Sign Up for a Retirement Readiness Review

How's your retirement readiness? If that question takes you by surprise, it may be time for a Retirement Readiness Review with a local WDC Retirement Plan Advisor.

You don't have to do all the homework by yourself. You can schedule an individual meeting with a local WDC Retirement Plan Advisor for a one-on-one Retirement Readiness Review, go to www.wdc457.org, and click on the *Schedule a Meeting* tile. You can also call the WDC at **(877) 457-WDCP (9327)**, press 0 and say "representative."

WDC Participant Spotlight: Jan and Kevin Huggins

In this quarter's WDC Participant Spotlight, we are pleased to introduce you to Jan and Kevin Huggins, who worked for the Wisconsin Department of Transportation (33 years) and the Wisconsin Department of Natural Resources (36 years), respectively, before transitioning into retirement.

"We are state retirees who have been participating in the Deferred Comp Program for many years. We always wanted to save for retirement and doing it through Deferred Comp was the easiest and most financially beneficial way for us. The WDC's experts did a fantastic job selecting investment options for the plan and our investments performed well, allowing us to retire earlier than we had planned and to really enjoy ourselves. We recommend the WDC and no amount of investment is too small because it really adds up!" – Jan and Kevin Huggins



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

WDC Contact Information

Phone Number:
(877) 457-WDCP (9327)

NEW EXTENDED

Call Center Hours:
7 a.m. – 9 p.m., Monday-Friday
8 a.m. – 4:30 p.m., Saturdays

WDC Website:
www.wdc457.org

WDC Email:
wdcquestions@empower-retirement.com

WDC Office Address:
5325 Wall Street, Suite 2755
Madison, WI 53718

WDC Office Hours:
8 a.m. – 4:30 p.m., Monday-Friday

Carefully consider the investment objectives, risks, fees and expenses of the annuity and/or the investment options. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. For prospectuses related to investments in your self-directed brokerage account, contact your SDBA provider. Please read them carefully before investing.

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