DEPARTMENT OF EMPLOYEE TRUST FUNDS
DEFERRED COMPENSATION BOARD

The Wisconsin department of employee trust funds proposes an order to amend ETF 70.08 (3); to amend ETF 70.10, and to create ETF 70.02 (4m), relating to the start date for phasing out funds under the Wisconsin deferred compensation plan and to emergency withdrawals for beneficiaries.

Text of Proposed Rule

Section 1. ETF 70.02 (4m) is created to read:

ETF 70.02 (4m) "Beneficiary" has the meaning given in s. 40.02 (8), Stats.

Section 2. ETF 70.08 (3) is amended to read:

ETF 70.08 (3) Based on the board's review required under s. ETF 70.03 (11) the board may determine that an investment product offered by the primary plan or an alternate plan is no longer acceptable for inclusion in the program. If the board decides to remove an investment product from the plan as a result of the product's failure to meet the criteria as established under s. ETF 70.03 (10), the product shall be phased out of the primary or alternate plan in a 2-step process over a 12 month period that shall commence ~~January 1 of the year~~ on the first business day of the sixth month following the board's decision, as follows:

Section 3. ETF 70.10 is amended to read:

ETF 70.10 (1) A participant or beneficiary may make emergency withdrawals in the event of an unforeseeable emergency under the following conditions and limitations:

ETF 70.10 (1)(a) As defined in 26 USC 457 (b) (5) and 26 CFR 1.457-2 (h) (4), an unforeseeable emergency is one which causes severe financial hardship to the participant or beneficiary as a result of a sudden and unexpected illness or accident of the participant or beneficiary or of a dependent of the participant or beneficiary, loss of the participant's or beneficiary's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or beneficiary.

ETF 70.10 (1)(b) The need to send a participant's or beneficiary’s child to college or the desire to purchase a home are examples of what are not unforeseeable emergencies.

ETF 70.10 (1)(d)2. By liquidation of the participant's or beneficiary’s assets to the extent the liquidation of these assets would not itself cause severe financial hardship, or

ETF 70.10 (2)(a) Receive requests from participants or beneficiaries for unforeseeable emergency withdrawals,