



STATE OF WISCONSIN
Department of Employee Trust Funds

David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: November 5, 2008
TO: Wisconsin Deferred Compensation Board
FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
SUBJECT: Investment Errors

This memo is for information purposes and no Board action is required.

An internal records audit by M&I (Marshall and lisle) Bank, the provider of the Wisconsin Deferred Compensation Program's (WDC) FDIC (Federal Deposit Insurance Corporation) option, identified an error in the daily interest rate that was applied to the account of participants holding a balance in the FDIC Option from April 1, 2008 through September 30, 2008.

M&I Bank discovered that it incorrectly applied the daily interest rate to the WDC FDIC accounts from April 1, 2008 through September 30, 2008. Interest rates were understated for two quarters. This resulted in mandatory account corrections, so those WDC participants with balances in the FDIC option received the correct amount of additional funds in their accounts.

M&I Bank worked with Great-West Retirement Services to correct the accounts by calculating the interest that should have been credited to the accounts, along with the interest that the balance in the accounts should have produced from April 1, 2008 through September 30, 2008 forward. The corrected amounts were deposited into the FDIC Option accounts effective September 30, 2008. This situation affected 3,306 WDC participants, who received their correct shares of the \$303,326.81 in interest that was owed to the FDIC Option. In mid-October, a letter notifying participants of the error was mailed to all WDC FDIC Option account holders. A sample of this letter is attached to this memo. In this letter, M&I Bank outlines the interest rate error and the steps it has since taken to prevent similar mistakes in the future. Department staff as well as M&I Bank staff will be available at the Board meeting to discuss the contents of this memo with the Board.

attachments

Reviewed and approved by Jean Gilding, Deputy Division Administrator	
_____ Signature	_____ Date

Board	Mtg Date	Item #
DC	11/18/08	6