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CORRESPONDENCE MEMORANDUM

DATE: October 20, 2008

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
 Wisconsin Deferred Compensation Program

SUBJECT: Fixed Income Request for Proposal

The Investment Committee recommends that the Board consider placing the Fixed Income Request for Proposal (RFP) on hold for at least six months. Staff concurs with this recommendation.

Department staff provided the Investment Committee with an update on the status of the Fixed Income RFP on September 9, 2008. A draft fixed income investment product RFP was completed last summer. Gail Hanson, deputy executive director of the State of Wisconsin Investment Board, reviewed the draft and discussed with staff. Ms. Hanson recommended that the RFP be handled by a consultant, due to limited ETF staff time and expertise with fixed income investment products. Staff concurred in this recommendation.

Staff had also begun initial discussions with M&I Bank, the current FDIC option provider, regarding any optional "insured fixed" products that would be viable alternatives to either another FDIC or money market fund. M&I Bank has not responded with any alternative fund options for the Board to consider.

Since the RFP was authorized in late 2007, the world economy has been struggling and virtually all markets have experienced declines in value. In response, Wisconsin Deferred Compensation Program (WDC) participants have been seeking the relative stability of the WDC's fixed options. Until the economic outlook improves, staff believes it would be imprudent to remove any of the fixed options from the WDC's spectrum of investment options.

Department staff will be available at the meeting to discuss the information in this memo.

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

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