



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: February 11, 2010
TO: Wisconsin Deferred Compensation Board
FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
SUBJECT: Federal Deposit Insurance Corporation (FDIC) Option Extra Earnings

This memo is for informational purposes only. No Board action is required.

An internal audit in December 2009 by Great West Retirement Services (GWRS) of the Wisconsin Deferred Compensation Program's (WDC) FDIC option records identified \$12,581.19 in extra earnings in this account.

The Department of Employee Trust Funds (ETF) authorized GWRS to allocate these earnings to participants with account balances in the FDIC option. This was completed prior to the end of 2009. The extra earnings were prorated among 3,816 participants.

The GWRS audit team found that the extra earnings stemmed from the correction GWRS completed in 2007 related to the incorrect posting of the quarterly annualized rate into the GWRS system. In 2007, GWRS did an accounting correction on its system to match the FDIC balances to the M&I Bank balances. However, GWRS also inadvertently passed that trade through to M&I Bank. As a result, at the end of the trading day, the WDC participants' accounts had not changed and were actually at the same balances they were before the correction. Since this 2007 error, GWRS has implemented quarterly fund reconciliations, which is how the 2009 extra earnings were discovered.

ETF and GWRS staff will be available at the meeting on March 2, 2010, to discuss the contents of this memo.

Reviewed and approved by Jean Gilding, Administrator, Division of Retirement Services.

Signature _____

Date _____

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