



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:** 2009 Wisconsin Deferred Compensation (WDC) Participation  
and Great West Retirement Services (GWRS) Contract Fee Rebate

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

Article 7.3 of the administrative services contract negotiated between the Board and GWRS in 2005 tied the annual administrative fee due to GWRS to overall increases in WDC participation. GWRS is obligated to rebate a portion of its annual administrative fee based on a per-participant formula if GWRS does not meet the contract requirement.

At the November 2006 Board meeting, the Board approved an amendment to Article 7.3 of the administrative services contract. This amendment adjusted the starting participation number in the contract to reflect the actual number of WDC participants at transition to GWRS (42,831) and provided a net increased participation requirement of 3.5% per year. Over the past four years, GWRS has added nearly 6,690 participants to the WDC. This is an average annual participant growth rate of 3.71%; an average of approximately 1,671 participants per year. The table below presents GWRS' 2006-2009 results.

<b>WDC Participation Growth: 2006-2009</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Start of Year	42,831	43,749	45,906	47,957
End of Year	43,749	45,906	47,957	49,518
Expected Increase	1,500	1,531	1,607	1,678
Actual Increase	918	2,157	2,051	1,561
<i>Difference</i>	<i>(581) short*</i>	<i>626 over</i>	<i>444 over</i>	<i>(117) short**</i>
Annual Growth (%)	2.14%	4.93%	4.47%	3.25%

Note: \* Board accepted multiple service enhancements in lieu of fee rebate  
\*\* GWRS fee rebate of \$5,974.02 to the Board

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

Signature \_\_\_\_\_

Date \_\_\_\_\_

Board	Mtg Date	Item #
DC	03.02.10	8

Due to the volatility of the financial markets and additional financial-related pressures on many Wisconsin public employees (i.e., furloughs), 2009 proved to be a challenging year for increasing WDC participation. GWRS executed several initiatives and devoted additional resources toward reaching the contractual participant growth requirement while maintaining its focus on customer service and participant education. However, GWRS was not able to meet the 2009 contract goal.

As of December 31, 2009, there were 49,518 WDC participant accounts in force. This is an annual net increase of 3.25 percent, and 117 accounts less than the 49,635 required by the administrative services contract. Because of the shortfall in participant accounts, Article 7.3 of the contract was invoked. GWRS provided a fee rebate of \$5,974.02 to the Board. This was calculated by multiplying the difference between expected and actual participant numbers times the expected per participant revenue to GWRS ( $117 * \$51.18$ ). Per the terms of the contract, it was deposited in the Board's administrative account.

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