

2012 WDC Scorecard



Four Dimensions		Metric/Goals	2012 Goals
1.	Participation a) Employees b) Employers	a. Maintain 12/31/2011 in-force account population	a. 12/31/12 in-force accounts = 51,577
		b. Add 15 new employers by 12/31/2011	b. 12/31/12 = 877 local employers offering the WDC
	Asset Allocation	a. Decrease number of participants using a target date fund and other investment options and/or multiple target date funds by 5%	a. Decrease number of participants using a target date fund and other investment options within the WDC, and/or multiple target date funds, by 5%, or 445 participants. (As of 12/31/2011, the WDC had 7,663 participants investing in a target date fund and other investment options, and 1,248 participants had more than one target date fund).
		b. Decrease number of participants who only have only one asset class or one investment option (excluding target date funds)	b. Decrease number of participants who have only asset class or one investment option by 5% (excluding Target Date Funds). As of 12/31/2011, the WDC had 13,259 participant who have only one asset class and 12,275 participants invested in only one investment option.
3.	Education and Learning	a. Maintain high visibility in number of group and individual meetings.	a. 800 group seminars and 6,500 individual meetings
		b. Going Green	b. Online File Cabinet usage increased by 10% or 225 participants
4.	Retention	Offer nearing retirement education	<ul style="list-style-type: none"> ▪ Retiree Advocate Meetings ▪ Steppingstones to Retirement Workshops

Milwaukee Public Schools (MPS)

1.	Participation	Increase WDC participation from 52 to 100 MPS accounts	<ul style="list-style-type: none"> ▪ Target outreach campaigns: <ul style="list-style-type: none"> ▪ Letter to employees contributing maximum amount to TSA ▪ Letters to new hires sent quarterly with quick enrollment form, provided a list from MPS quarterly of their new hires ▪ WDC attending New Educators Institute (August 2012) ▪ MPS releasing Catch-up information in their newsletters
2.	Education and Learning	Maintain high visibility in number of group and individual meetings	<ul style="list-style-type: none"> ▪ WDC to attend MPS New Educators Institute in August ▪ MPS to host WDC Pre-Retirement Seminar in May ▪ WDC to conduct WRS/WDC evening meeting in October for MPS employees only ▪ MPS to host Steppingstones meeting in November

MPS asset allocation and retention goals were deferred due to small base of existing participants.

**State of Wisconsin
457 Deferred Compensation Program**

***Strategic Plan for the 2012 Plan
Enhancement Program (PEP)***



***Prepared by
Great-West Retirement Services®***

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Table of Contents


Topic	Page
Executive Summary	3
Great-West Retirement Services – Corporate Overview	4
Historical Overview	5
Prior Plan Enhancements	5
Overview of Services Used in the Industry	7
Proposed Strategic Plan	9
• Employee and Participant Education – The Four Dimensions	
- Participation	10
- Asset Allocation	13
- Education	14
- Retention/Retiree Outreach	16
• Operational Efficiencies	17
• Plan Design and Governance	17

Executive Summary

As a leading provider of services for the government defined contribution market, Great-West Retirement Services® (Great-West), a unit of Great-West Life & Annuity Insurance Company, is honored to partner with the Wisconsin Deferred Compensation Board (WDC) to offer the deferred compensation program. Great-West is the number one partner in providing deferred compensation plan services to state governments, currently supporting more than 1.8 million participant accounts in the government market.

Great-West understands that the WDC is interested in maintaining a long-term relationship with a provider that is a true partner – one with the highest standards of professionalism. The partner will also provide recordkeeping, communication, education, and unbundled investment services at a competitive cost with full fee and revenue transparency. As the economy changes, technology expands and participant needs evolve, Great-West proactively consults with clients on “best in class” products and services and assists in implementing those leading practices wherever possible. Great-West is a true partner.

At its core, Great-West is a strong strategic partner for the WDC and is committed to its mission in part because Great-West’s Mission Statement is very similar to that of the State’s:

WI Department of Employee Trust Funds’ Mission Statement		Great-West Mission Statement
To develop and deliver quality benefits and services to our customers while safeguarding the integrity of the Trust.		To achieve excellence in the development and distribution of financial products and services for people, and to do so in a thoroughly responsible manner.

**Great-West is a committed partner
bringing your strategic vision to life as articulated in this Plan.**

Great-West Retirement Services – Corporate Overview

Great-West is a leader in providing retirement products and services to government, healthcare and education customers in the public/nonprofit markets as well as corporate 401(k) and institutional clients. Great-West’s recordkeeping subsidiary, FASCore, LLC, serves more than 4.5 million participant accounts. FASCore/Great-West was named the fourth largest defined contribution record keeper by total participants by Plan Sponsor Magazine and Spectrum Group. FASCore’s commitment to providing the best combination of technology, service and cost has contributed to the growing list of customers in institutional markets who use our recordkeeping and administrative services on an outsourced basis in conjunction with their retirement savings products.

Great-West is rated by a number of nationally recognized rating agencies. The ratings represent the opinion of the rating agencies regarding the financial strength of Great-West and its ability to meet ongoing obligations to policyholders. Great-West has consistently received high marks from industry sources for financial strength and operating performance.

A+¹	A.M. Best Company, Inc. Financial strength
AA²	Fitch Ratings Financial strength
Aa3³	Moody’s Investors Service Financial strength
AA²	Standard & Poor’s Ratings Services Financial strength

(Source: <http://www.greatwest.com/ratings.shtml> 12/15/11)

¹ Superior (highest of 10 categories)

² Very strong (second highest of nine categories)

³ Excellent (second highest of nine categories)

Current ratings (12/15/11). Ratings are subject to change.

Retirement plan sponsors and participants benefit from Great-West’s solid track record of customer retention, continually improving online services and expanding marketing and educational programs. In addition, Advised Assets Group, LLC, a subsidiary of Great-West and a federally registered investment adviser, provides objective investment information, guidance, advice and managed accounts for defined contribution plan sponsors and participants.

Historical Overview

The WDC is responsible for one of the largest deferred compensation programs in the country. With more than \$2.6 billion in total assets, the overall plan has experienced an increase in assets of over 71.79% since 2005.

WDC Program	December 31, 2004	December 31, 2011	% Change
Eligible participants	139,453	202,450	45.17%
Total participants	42,096	51,580	22.53%
Plan assets	\$1.56 B	\$2.68B	71.79%
Annual contributions	\$132.39 M	\$147.89 M	11.71%
Average annual contribution	\$4,939	\$3,190	-35.41%
Average account balance	\$41,482	\$49,003	18.13%
Ave. # of investment options per ppt	4	4.41	10.25%
Number of local employers	699	862	23.32%
Number of group meetings	513	752	46.59%
Number of individual meetings	Not available	6,842	N/A
On-site service representatives	5	7	40.00%
Number of customized workshops	3	6	100.00%
Web site logins	442,134	454,800	2.86%

*Eligible participants in 2011 per WRS

Prior Plan Enhancements

Great-West has partnered with the WDC to enhance services to plan participants, including but not limited to:

1. WDC Board

- Annual Strategic Marketing Plan
- Ad Hoc reporting
- Legislative and regulatory updates

2. Great-West Service Amendment

- 5-year extension
- Local call center service representatives expanded hours (7 a.m. to 7 p.m.)
- Addition of advisory services with no plan-level cost implications

3. Marketing and Communications

- Custom branding of WDC Program
- Customized Website
- Custom educational workshops – ex. Fact or Fiction

4. Investments

- Participant Advisory Services (Guidance, Advice and Managed Account)
- Oversight of Advised Assets Group, and qualified personnel for quarterly fund performance reviews

5. Expanded Participant Education Services

- Investment Symposium and Steppingstones to Retirement events
- Specialized seminars: Retiree Outreach, Market Volatility, WDC Roth
- Reality Investing[®] suite of services

6. Administrative Services

- Specialized functions (such as cash processing, participant transactions, death claims and distributions) realigned to specialists at corporate office
- Account transactions moved from local office to corporate office to increase focus on participant education
- Plan Service Center reporting capabilities available

Industry Services and WDC Strategic Plan



As a result of the strategic alignment meetings held between Great-West and the ETF management team, we have developed and executed an annual strategic plan. Great-West believes the execution of the components in this plan has assisted the WDC Board and Department to continue to move the WDC forward in an exciting and innovative direction.

Through a deliberate and thorough review of industry practices currently available, we have narrowed the list to those areas we understand are of utmost importance to the WDC Board and will be most beneficial to participants. Great-West continues to focus on providing added value in the following areas:





- I. Partnership with WRS**
- II. Customized Target Marketing**
- III. On-site Educational Services**
- IV. Website Expansion**
- V. Retiree Outreach Initiatives**
- VI. Expansion of Administrative Services**

Overview of Services Used in the Industry

In the development of this customized strategic plan, Great-West has analyzed the major services currently provided by industry partners. Noted below is a listing of the primary services used by most deferred compensation plans. On the following pages, we have narrowed these practices to the execution of the components we believe will be of most benefit to the Plan and its participants. The successful implementation of the proposed strategic plan will aid in moving the WDC forward in a progressive and important manner.

Services Used in the Industry	WDC in 2011
1. Customized targeted marketing and education based on The Four Dimensions: <ul style="list-style-type: none"> a. Participation b. Asset Allocation c. Education d. Retiree Outreach 	
2. Multiple targeted touch points for participants <ul style="list-style-type: none"> a. On-site services b. Call center c. Website d. HTML e-mails e. Printed materials—enrollment kit, flyers, etc. 	

**State of Wisconsin
457 Deferred Compensation Program
Strategic Plan**

<p>3. Administrative services a. Beneficiary recordkeeping b. Deferral recordkeeping</p>	
<p>4. Open architecture platform a. Custom funds b. Institutional funds c. Collective trust options d. Participant advisory services (Reality Investing®) e. Self-Directed Brokerage option</p>	
<p>5. Integrated system a. Automated plan services and results b. Functionality integration “real-time”</p>	
<p>6. Auto enrollment and auto increase (in accordance with PPA)</p>	
<p>7. Plan governance a. Compliance, regulatory and governance b. Plan document features and services</p>	
<p>8. Data sharing through payroll data interface (PDI) – non-participating employees</p>	
<p>9. Total Retirement Benefit Platform <i>(integration with Defined Benefit Plan)</i></p>	

Proposed Strategic Plan

The proposed enhancements include key components of services currently available to plan sponsors. After review and analysis of these and the Program's objectives as defined in the strategic planning session in November 2011 with Shelly Schueller, Director, Great-West proposes focusing on the following areas:

- I. Employee and Participant Education – The Four Dimensions
- II. Operational Efficiencies
- III. Plan Design and Governance

NOTE: Center for Financial Security Survey Results - As the results are released, we will develop additional action items based on the findings. However, at this time no findings have been released.

I. Employee and Participant Education – The Four Dimensions (A Holistic, Integrated Approach)

While participation is a priority item, equally important are contribution levels, asset allocation, overall education and retiree outreach (retention). Great-West has developed a holistic, integrated approach based on the unique characteristics of defined contribution plans. We will evaluate our services on **measurable** improvements in the four key areas of the WDC Program:

- 1. Participation** – Number of eligible employees contributing to the Program and contribution levels. Number of local employers offering the WDC as part of their fringe benefits.
 - 2. Asset Allocation** – Diversification of plan assets
 - 3. Education** – Behavioral learning
 - 4. Retention/Retiree Outreach** – Retiree education and retention of plan assets
- Great-West's team is here to consult, recommend and focus on the dimensions and initiatives important to the Plan. We will continue to focus on developing enhancements, determining target initiatives, implementing strategy, and improving the Annual Program Report Card/Scorecard.

Focus for 2012

After the strategic planning session in November 2011 with Shelly Schueller, Director, Great-West proposes building a marketing plan around the themes and timelines listed below. Following are the specific efforts Great-West proposes offering to correspond with each quarterly theme and, as noted, throughout 2012.

Timing	Topic	Focus	Dimension
1 st Quarter	Savings	Roth/Pre-Tax	Participation
2 nd Quarter	Retirement	How to reach the target	Retention/Retiree Outreach
3 rd Quarter	Investments	Overview with a focus on Target Date Funds and the Vanguard Admiral US Treasury Money Market Fund	Asset Allocation
4 th Quarter	Going Green	On-line Filing Cabinet ®	Education

1. Participation

Objectives for 2012:

- Expand education on the Older Worker Bonus Contribution to be included as an article in the 1st Quarter newsletter, website and group meetings
- Roth Outreach
- Maintain 100% of the 12/31/2011 in-force accounts
- Add 15 new local employers

Enhancements

Your dedicated Great-West field staff will continue to help public employees throughout the WDC understand the importance of saving and investing for retirement and work to increase participation.

Direct Mail

Great-West utilizes multiple strategies to communicate and offer retirement education to public employees. Concepts that are consistently communicated are the benefits of saving in pre-tax and tax-deferred accounts, the power of compounding, advantages of dollar cost averaging, and why the WDC may be the key to a more financially secure future.

The team will focus on several groups of individuals:

- Employees who will be 50 or older during the year. The focus will be to educate them on the benefits of saving more through the older worker bonus contribution,

**State of Wisconsin
457 Deferred Compensation Program
Strategic Plan**

factors they will need to begin planning for, and the assets they may need in retirement.

- Newly hired employees

During 1st Quarter 2012, individuals who are turning age 50 during the year will receive a direct mail piece to explain the benefits available to them through the 457 plan and starting to save for retirement. During each group meeting the representative will also provide an overview on the age 50 older worker bonus contributions.

The WDC will make available to all employers electronic payroll stuffers that may be distributed to encourage individuals to begin using the 457 Roth or to explain the overall benefits of the WDC to newly hired employees.

Enrollment packets sent to employers will begin to include a new flyer explaining how to enroll in the WDC and letting new employees know of upcoming service visits allowing them the opportunity to meet with a WDC representative.

Targeted on-site “Department” meetings

Also during 1st Quarter 2012, Great-West representatives will reach out to departments who have less than the median participation rate to offer an on-site enrollment/informational meeting. The workshops will focus on introducing the concept of before-tax and after-tax savings, and summarizing investment options and plan design features. These meetings will be contingent upon Great-West receiving demographic information from ETF.

Employer Outreach

Current WDC Employers:

- Newsletter – provide the current local employers with an informational/educational newsletter on relevant topics in 2012
- Conduct a satisfaction survey
- Attend 2-3 major conventions and as many benefits fairs as staff allows in Fall 2012
- Plan Reviews – conduct thorough reviews of WDC and specific demographics relative to 12 large/midsize employers throughout 2012
- PSC users – address employers currently not using the PSC to help them set up access and use the system. Since 2005, several employers have been reluctant to move to the new system and “special processing” has been developed. The goal is to reach 100% of the non-PSC users to educate them on the benefits of using the PSC.

**State of Wisconsin
457 Deferred Compensation Program
Strategic Plan**

- School district in-service outreach – mailing to all school districts in WDC offering a representative to attend their back-to-school in-service meetings

Non-Participating Employers:

- Follow up on leads generated from 2011 newsletter to all non-participating employers
- Quarterly outreach campaign – 10-15 employers in each territory will be contacted to provide a more in-depth overview of the WDC. In the past, the WDC has released a general mailing to all eligible employers with limited success. This more focused approach will replace the current contractual requirement of contacting all eligible employers.

University of Wisconsin – Madison:

- Mailing to employees contributing the maximum amount to their TSA provided UW can supply a list of these employees

Milwaukee Public Schools:

- Mailing to MPS employees contributing the maximum amount to their TSA provided MPS can share a list of these employees with WDC
- MPS will be providing the WDC with a list of new hires quarterly, and WDC will mail an introductory letter with a quick enrollment form to the employees
- WDC to attend New Educators Institute in August, and provide WDC pre-retirement workshops (Ron Nichols and Steppingstones) at MPS location. MPS has requested a WRS/WDC evening workshop in October for MPS employees only. WDC will work with WRS on this initiative.
- MPS will release Catch-up flyer in their internal newsletters. E-mail blast(s) released by MPS will include such topics as: invitations to pre-retirement and Steppingstones workshops, Catch-up flyer, and Double Your Savings Power (formerly Contributing Through Two Plans – 403(b) vs. 457).

2. Asset Allocation

Objectives for 2012:

- Increase usage of tools offered through the Plan
- Educational efforts surrounding possible fund changes
- Improved understanding of target date funds as measured by a decrease in the number of participants using a target date fund in addition to other fund(s)
- Reduce the number of participants who have only one investment option or more than 70% of their account balance in one asset class (excluding target date)

Enhancements

Targeted on-site “Department” meetings

Great-West representatives will reach out to Departments/Employers who have a large population of plan participants to offer an on-site “department” meeting. The focus will be to expand participant knowledge of investment options, asset allocation and the importance of taking an active role in planning for their retirement. The seminar that would be offered is:

- Investment 101 – This seminar provides a comprehensive overview of the influence asset allocation can have on the reduction of risk associated with investment performance. The three asset classes—stocks, bonds and cash equivalents—will be reviewed, along with the benefits and risks associated with each. The seminar will also explore strategies behind developing your own asset allocation by following specific steps.

Targeted Web Messages

The targeted web messages are rules-based pop-up windows that appear to specified participants (e.g., all participants with 100% of assets in one fund) when they log in to their account. The intent of the targeted web messages is to remind participants of some of the key elements that are essential to their overall retirement planning success. With the reminders front and center, Great-West is taking a proactive approach relative to each individual participant’s behavior. And because of that level of personalization, there is a great likelihood the participants will take a desired course of action.

Newsletter related to Asset Allocation and/or fund changes

During 3rd quarter, focus the participant newsletter on importance of diversification and any fund changes. An article will be included on target date funds.

3. Education

Objectives for 2012:

- Expand coverage of educational services through a quarterly theme and focused educational efforts. Great-West has worked with the Department to identify four themes to be used throughout the year:
 - 1st Quarter – Deferral limits and how saving a little more may have a huge impact on retirement income
 - 2nd Quarter – Retention/Retirement
 - 3rd Quarter – Investment Education/tools
 - 4th Quarter – Going Green

Enhancements

Customized Target Marketing and Web Communications

Great-West will remain dedicated to improving our existing participant communication and education tools. As part of that endeavor, the following resources will be enhanced:

- Targeted Web Messaging Enhancements

The Targeted Web Messages are rules-based pop-up windows that appear to specified participants when they log in to their account. These messages are tailored to individuals based on things like their current savings rate, their age, asset allocation, etc. For example, a person who is age 50 will see a Targeted Web Message related to the opportunity to take advantage of catch-up contributions. Because the message applies personally to the participant, it is more likely they will make a change.

Great-West wants to make taking action as quick and easy as possible for participants. So if an employee does not have a beneficiary on file, for example, the Targeted Web Message that relates to the scenario could take him/her right to the area where the situation can be rectified. The easier the Plan can make it for employees to make transactions, the better success it will have in ensuring employees are on the right path to retirement.

- eLearning with 5-Minute Finance workshops

The eLearning Seminars provide web users with direct access to a library of content that covers importation education topics that can help them build and maintain their retirement strategies. Employees can choose from three different layouts including slide-only view with voice over, slide view with thumbnails of subsequent slides with voice over, and slide view with readable script and voice over.

Topics currently available in the 5-Minute Finance series are:

Approaching Retirement – This seminar offers a discussion regarding creating a retirement plan and strategy.

Generation Y – This presentation offers a humorous, simple, and concrete approach to communicating the importance of saving and investing to people ages 25 to 30.

Increase Deferrals – This seminar encourages increasing contribution amounts. It also shows the long-term benefits of making just a small increase in contributions. A new gap analysis handout will be used that helps participants calculate their retirement savings gap and ideally the amount they need to save in the WDC in order to reach their retirement goals.

Investment Fundamentals – This seminar is designed to help understand core principals of investing and identify personal investment style.

Market Volatility – This seminar discusses the volatility in the financial markets and provides users with some perspective based on past market downturns to help keep you from reacting emotionally. This seminar also provides an overview of some of the tools you can use to help manage some of the risks associated with investing.

Targeted on-site “department” meetings

Great-West representatives will continue to schedule smaller educational meetings for the various identified department locations throughout the WDC. Focus will be placed on locations that have not recently been contacted for an on-site educational seminar. Provided a list of all State facilities, GWRS may be able to identify additional department locations throughout the State. Topics that may be covered include:

1. Enrollment – This seminar introduces the concept of before-tax and after-tax savings and summarizes investment options and plan design features, such as Internal Revenue Codes.
2. Advanced Investment Education – This seminar reviews investment fundamentals (stocks, bonds, cash equivalents and mutual funds) and how they work. This seminar also discusses risk management and measurement, mutual fund performance and other investment options.
3. Retirement Planning: An Action Plan for Women – This seminar discusses retirement planning for women and encourages women to leverage their employer-sponsored plans to help each be more confident about her financial future.

GWRS will develop posters, e-mail meeting announcements and/or hardcopy meeting announcements to be distributed to employees approximately three

weeks prior to each of the meetings. The meetings will also be posted to the website calendar for employees to view.

Newsletter Articles to Employers

Great-West will provide 2-3 approved newsletter articles to employers who have previously expressed interest or who express interest in 2012. The newsletter articles are educational pieces the employers can forward to employees, post on their intranets and/or publish in their own internal newsletters.

4. Retention/Retiree Outreach

As the average age of the WDC participant is older than the national average (WDC average age is 50 years old while the national average age is 45) additional focus needs to be placed on working with and educating this group of individuals who are beginning to consider retirement and their distribution options. The focus is to give participants the tools to make an informed decision about their retirement options.

Objectives

- GWRS Retiree Advocate – Ron Nichols presentations to focus on items individuals may need to consider when planning for retirement; Great-West will develop marketing pieces and release meeting invitations via mail, email and the WDC Website
- Offer a limited number Steppingstones to Retirement Joint presentations (WRS, Social Security and WDC)
- IRA In-bound Call Center
- Fee Flyer – A handout will be developed that outlines various fees that exist in the industry compared to the WDC fees to illustrate to participants the value of their WDC accounts.

Great-West offers group presentations tailored to the population of retirees, as well as to those employees nearing retirement. These presentations focus on distribution options, taxation and turning retirement assets into income. Retirees may sometimes be overlooked because they no longer see Great-West representatives at their work sites, but Great-West is committed to ensure this contingent is properly served by working with the Plan to implement retiree outreach initiatives such as Steppingstones to Retirement and the GWRS Retiree Advocate.

Many plan participants do not feel they are qualified to make the right financial decisions just prior to or during retirement. Through an expanded service enhancement, employees speak with a plan representative about their distribution options prior to receiving the distribution form. This educational opportunity allows employees to make an informed decision about their accounts. Those interested in

rolling out of the WDC into an IRA may be directed to the IRA in-bound call center housing representatives dedicated to educating participants on the benefits of staying with their plan and the IRA options they may have.

II. Operational Efficiencies

Enhancements of administrative conveniences may include:

1. Distributions approval. Explore the possibility of moving this review process from the local GWRS office to corporate office. This would include contacting any participant who needs to provide additional information or clarification on a distribution form. By moving this function to the “experts” it would increase the efficiency of the distribution processing.

III. Plan Design and Governance

Our compliance and legal team is proactive and can serve as a resource in helping the WDC Board meet and exceed its plan design and trustee objectives. Great-West will continue to enhance the Program through:

1. Legislative and Regulatory Updates. Our compliance and legal teams have the knowledge and expertise necessary to provide legislative and regulatory updates relating to defined contribution plans.
2. Fiduciary/Trustee Training Workshop and Guidebook. The Great-West legal team is available to provide the WDC Board with expanded training on their Fiduciary role and responsibilities as necessary.
3. On-going Compliance and Review. Our compliance team will ensure the Program’s educational materials (developed by the Great-West Marketing team) are in accordance with SEC and FINRA regulations.
4. Online Enrollment by Employer. Online enrollment provides a quick and easy method for participants to join the Program through the website. The employer provides basic employee data to Great-West, such as name, address and eligibility information, through the payroll file. An online enrollment PIN is generated and mailed to the participant upon reaching his/her eligibility date.
5. Conduct an in-depth review of the investment line up, including the number of options within each asset class, review against benchmarks and review of the Investment Policy.

State of Wisconsin
457 Deferred Compensation Program
Strategic Plan

6. Auto Enrollment. This is a process in which eligible employees who do not affirmatively decline to contribute a portion of their pay begin contributing to the Program. The newly eligible employee can opt out by accessing the Web site or voice response system and changing his/her deferral to zero. The employee can elect a deferral other than the default dollar amount or change his/her allocation; otherwise, he/she will be invested in the Program's default investment election. If no action is taken, the employee will be automatically enrolled in the Program at the default dollar amount in the default investment election. The employer will be provided with the default deferrals via its deferral file feed through the Plan Service Center. This is a long-term initiative.