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CORRESPONDENCE MEMORANDUM

DATE: January 24, 2013

TO: Wisconsin Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: Administrative Services Agreement Amendments:
a) Permitting Schwab In-Kind Transfers
b) Addressing the US Conference of Mayors Plan in Wisconsin

Staff requests the Wisconsin Deferred Compensation Board (Board) approve two amendments to the administrative services agreement with Great-West Retirement Services (GWRs) for the Wisconsin Deferred Compensation Program (WDC) related to:

- a) permitting in-kind transfers via the self-directed brokerage option; and**
- b) clarifying how GWRs will provide limited services for the United States Conference of Mayors (USCM) s. 457 plan in Wisconsin.**

In-Kind Transfers

As a service to WDC participants using the Schwab self-directed brokerage option, the recommended administrative services agreement amendment would permit GWRs to process in-kind, direct transfers of self-directed brokerage account assets for WDC participants. Permitting in-kind transfers would allow participants to maintain their specific investment options; participants would not have to sell or purchase shares. Instead, the registration of their existing asset shares would be transferred. There is no additional cost to the WDC for this service by either GWRs or Schwab.

GWRs and the USCM s. 457 Plan in Wisconsin

The Department recommends the Board approve an amendment to the administrative services agreement with GWRs addressing how GWRs will honor the existing service contract with the Board while providing limited service in Wisconsin to the USCM plan as it transitions record keeping to GWRs. The USCM offers a s. 457 deferred compensation plan that municipalities may offer to employees. In Wisconsin, approximately 230 municipalities offered the USCM plan as of December 31, 2010.

Reviewed and approved by Matt Stohr, Administrator
Division of Retirement Services

Electronically signed 2/1/13

Board	Mtg Date	Item #
DC	2.19.13	6

The current administrative services agreement between the Board and GWRS states:

Exhibit 6: Contract Terms and Conditions Section 2.19: GREAT-WEST will not establish any other public employee deferred compensation plan for any employing bodies that could also be included in the WDC, unless there is prior approval by the DEPARTMENT and an impartial comparison of the WDC to any other plan has first been presented. GREAT-WEST shall provide detail of how many "other plans are established and for existing other plans, GREAT-WEST will furnish a report detailing the number enrolled and the amount deferred on an annual basis, if agreed to in writing by the other plan."

As outlined in the attached proposed administrative services amendment, GWRS staff based in Wisconsin and assigned to the WDC will not work on the USCM plan. Other GWRS staff will provide limited assistance to the USCM as it seeks to retain the 32 Wisconsin municipalities with over one million dollars in participant assets already in the USCM's s. 457 plan. Of these 32 Wisconsin municipalities, 15 already offer the WDC. They are highlighted in yellow on the attachment labeled "USCM plan use in Wisconsin as of December 31, 2010." Further, as agreed to by the Board and GWRS, any Wisconsin municipality with greater than one million dollars in plan assets that the USCM is seeking to retain will be provided with copies of the "Investment Options at a Glance" and "Program Overview and Fee Schedule" documents for both the USCM and WDC. Copies of these documents are attached to this memo.

As required by the existing administrative service agreement, GWRS has also developed a document providing a side-by-side comparison of the WDC and the USCM plan. A copy of this comparison is included with this memo. The comparison can be used by the WDC field staff during their regular contacts with Wisconsin public employers.

Staff recommends the Board approve the proposed administrative services agreement amendment as presented. The language included in the draft proposed amendment preserves the intent of the Board's administrative services agreement while permitting GWRS to provide service as required by its contract with the USCM. GWRS will not assign USCM plan work to any staff currently dedicated to the WDC. In addition, GWRS agrees not to aggressively seek to offer the USCM plan in Wisconsin beyond the 32 Wisconsin municipalities identified as already having more than \$1million in assets in the USCM plan. The WDC is currently in use at nearly half (15 of 32) of these municipalities, many of which like to offer choice and will continue to offer at least two competing s. 457 plans. In Wisconsin, approximately 230 municipalities offered the USCM plan as of December 31, 2010. However, most of these municipalities are quite small; over 150 of them have five or fewer employees using the USCM plan. These smaller municipalities are likely good candidates for adopting the WDC, if they don't already offer it to their employees.

Staff will be available to discuss these recommendations and answer any questions on February 19, 2013.

Attachments:

- A. [Draft Administrative Services Agreement Amendment \(In-Kind Transfers and USCM Plan in WI\)](#)
- B. [December 7, 2013 GWRS to ETF \(Theresa Cruz-Myers to Shelly Schueller\)](#)
- C. [USCM plan use in Wisconsin as of December 31, 2010](#)
- D. [Comparison of the Wisconsin Deferred Compensation \(WDC\) Program and the United States Conference of Mayors \(USCM\) IRC s. 457 Deferred Compensation Plans](#)
- E. [USCM Investment Options at a Glance](#) and [Program Overview and Fee Schedule](#)
- F. [WDC Investment Options at a Glance](#) and [Program Overview and Fee Schedule](#)