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**CORRESPONDENCE / MEMORANDUM**

**DATE:** August 5, 2013  
**TO:** Wisconsin Deferred Compensation Board Investment Committee  
**FROM:** Shelly Schueller, Director  
Wisconsin Deferred Compensation Program  
**SUBJECT:** Stable Value Fund Anticipated Subadvisor Changes

**Staff recommend that the Investment Committee approve discussing a contract with a subadvisor to the Stable Value Fund at the November Board meeting.**

The Wisconsin Deferred Compensation Program (WDC) offers a Stable Value Fund (SVF) option for participants through Galliard Capital Management. As per discussion at the June 2013 Board meeting, Galliard has been searching for a provider to replace the portion of the SVF currently wrapped by Natixis Financial Products, which is exiting from the book value wrap business.

Galliard believes it has found a likely replacement in a large, national life insurance firm. This firm is currently licensed to provide insurance products in many states, including Wisconsin; however, it is not yet licensed in Minnesota, where Galliard is based. The firm is in the process of obtaining the appropriate licensing documentation in Minnesota. Therefore, Galliard has asked staff if the Board would instead sign a SVF subadvisor contract with this firm. The Deferred Compensation Board is clearly based in Wisconsin and offers the WDC to Wisconsin-based public employers and their employees, so the Wisconsin licensing would apply and the legal requirements would be met.

Department staff believes this proposal is feasible, albeit somewhat unusual. The Deferred Compensation Board already holds direct contracts with many of the WDC investment option providers. Staff recommends that Galliard be named or otherwise included on the contract as well, and that the Board consider including a provision stating that the contract would be revised as needed when the firm obtains the required Minnesota licensing documents.

Department staff will be available at the August 20, 2013, Investment Committee meeting to discuss the contents of this memo and anticipates that Galliard will be at the November 2013 Board meeting to discuss this with the full Board as well.

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

Electronically Signed 8/6/13

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