

# MoneyTalks

Wisconsin Deferred Compensation (WDC) Program

## Participants to Pay Higher Administrative Fees Beginning January 2016

Wisconsin Deferred Compensation (WDC) Program participants will experience administrative fee increases in 2016, due to changes governing the distribution of funds coming from investment option revenue sharing arrangements – money that was previously used to offset administrative fees for all participants. At its June 2015 meeting, the WDC Board approved the following tiers and WDC participant administrative fees, effective January 1, 2016.

### New Administrative Fee Structure

Participant Account Balance	Current Monthly Fee	New Monthly Fee	Current Annual Fees	New Annual Fees
\$1–\$5,000	\$0	\$0	\$0	\$0
\$5,001–\$25,000	\$1	\$1	\$12	\$12
\$25,001–\$50,000	\$2	\$2.50	\$24	\$30
\$50,001–\$100,000	\$4	\$5	\$48	\$60
\$100,001–\$150,000	\$5.50	\$7	\$66	\$84
\$150,001–\$250,000	\$5.50	\$10	\$66	\$120
Over \$250,000	\$5.50	\$15	\$66	\$180
Average	\$3.35	\$5.78	\$23.50	\$69.36

### Background

No taxpayer dollars are used to operate the WDC – all costs are paid by program participants. This primarily is accomplished by charging participants an administrative fee. However, another significant source are the revenue sharing agreements the WDC has with certain investment option providers. These providers – currently Fidelity Contrafund, Federated US Gov't 2-5 Year Institutional Bond Fund, and the FDIC Bank Option – return to the WDC a portion of the fees they collect from individual WDC participants in these investment options. The WDC historically used this revenue to offset administrative costs on behalf of *all* WDC participants, even though some participants were not in the options that provided the revenue.

Beginning January 1, funds from revenue sharing arrangements and other similar reimbursements will instead be allocated to individual participants in that particular fund (rather than to all WDC participants). These allocations will offset the administrative fee increases only for those individual participants.

*Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information about investments offered through your plan, you may obtain mutual fund prospectuses for registered investment options and /or disclosure documents from your registered representative or Plan website. Read them carefully before investing.*

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*FDIC Insured Bank Option: Nationwide Bank has declared an annualized interest rate of 0.30% for the third quarter 2015.\**



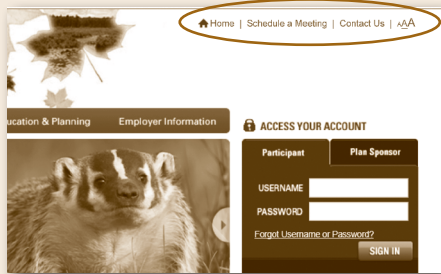
\* Certificates of deposit are insured by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

## 2015 Contribution Limit Reminder:

For 2015, the federal limits are as follows:

- Elective deferrals, including pre-tax and Roth contributions: \$18,000
- Age 50 catch-up amount: \$6,000
- Special catch-up limit for participants age 50 or over: \$36,000

**2016 contribution limit changes will be posted on [www.wdc457.org](http://www.wdc457.org) when they are announced.<sup>3</sup> ■**



## It's Almost Here!

A new online scheduling tool will be available for you to use very soon. Using this tool, you'll be able to quickly find a local WDC representative in your area, schedule an appointment, or locate and reserve your spot at a meeting right on the WDC website. Watch for more information on this new tool via the WDC website: [www.wdc457.org](http://www.wdc457.org).<sup>1</sup> ■

## Participants to Pay Higher Fees Beginning in 2016, *continued*

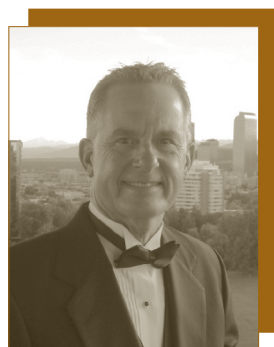
In 2016, participants with a balance in an investment option that provides revenue sharing will likely see on their quarterly statements a revenue credit under the Expenses detail for each applicable fund. Because revenue sharing only pertains to a few investment options and at different levels of sharing, any revenue sharing credited to each participant's WDC account will vary and will depend on the investment options selected.

With this policy change, the WDC Board, which regularly monitors and reviews the costs associated with the WDC services on behalf of all participants, needed to adjust all WDC participant fees to bridge the gap and ensure the program can continue providing consistent, quality levels of services and investment choices.

The waiver for participants with accounts under \$5,001 remains in place as an encouragement for employees to take advantage of the WDC. This incentive has been in place since fees were last changed in January 2008 and will remain in place. While many deferred compensation plans charge participants a fee based on a percentage of their assets, the WDC Board decided early on that it would fund the plan using flat fees based on tiered levels of assets.

If you have questions about these charges, please contact a WDC representative at (877) 457-WDCP (9327); press 0 and say, "Representative."<sup>1,3</sup> ■

## Retirement Ready Webinar with Retiree Advocate, Bob Schultz



WDC Retiree Advocate, Bob Schulz, is hosting an upcoming webinar to discuss your retirement preparation needs. Bob's webinar, "Investing for Retirement (Living to 95 and not running out of money)", will help you understand retirement planning and what is needed to retire successfully on your own terms.

For the past 20 years, Bob has been preparing for his own retirement and has been sharing his insights with others through retirement planning sessions. Bob's career has spanned 40 years as an

Army Ranger, pilot, college professor and human resources professional. He is energized by his passion for helping others and is ready to help you prepare for your own retirement. Join the upcoming webinar on Thursday, November 5, 2015 at 11:30 a.m., to learn some valuable tips to help you get retirement-ready! You can find registration details online at [www.wdc457.org](http://www.wdc457.org).<sup>1</sup> ■

*The information and thoughts presented in this retirement seminar are a result of Bob Schulz's personal research and opinions, and do not necessarily represent those of your employer, retirement plan or Great-West Life & Annuity Insurance Company, any affiliated companies or individuals. Bob Schulz is not an employee of or affiliated with GWFS Equities, Inc.*

## Dealing with market ups and downs

In light of recent market volatility, it's only natural to be concerned about your personal financial circumstances — especially your WDC account. Your first instinct may be to make drastic changes to your investment selections or to get out of the market completely. However, everyone's personal situation and comfort with risk is different. It's always a good idea to assess your own situation and make decisions accordingly. You should consider your investment horizon timeline. If you are not expecting to retire for many years (typically decades), taking a longer view may be one of your options.

Your WDC retirement savings account is a long-term investment. Over the course of many years of investing, the market shows big gains and losses in just a few days or weeks. Remember your long-term strategy; let current economic events simply serve to reinforce the important investment principles that can help you potentially replace your working income in retirement.

Here are a few things to keep in mind:

- **Look at your asset allocation.**<sup>2</sup> Asset allocation may help manage risk in your retirement account. Spreading your investments among the basic asset classes of stocks, bonds and cash alternatives may help reduce overall volatility and generally cushion the impact of market swings because different investments react differently to market and economic conditions.
- **Diversify your investments.**<sup>2</sup> Diversification is an extension of asset allocation. Just as you mix your investments among the three basic asset classes, you can also divide your money within each asset class.
- **Take advantage of dollar cost averaging.**<sup>2</sup> By investing in your WDC through regular payroll deductions, you are putting dollar cost averaging into practice. This strategy allows you to purchase more shares when prices are low and fewer shares when prices are high. While dollar cost averaging does not ensure a profit or protect you against loss, it can help:
  - Reduce your risk of trying to time the market.
  - Give you the discipline to invest regularly.
  - Position you to take advantage of any market recoveries.
- **Do regular reviews.** At least once a year, take a look at your financial goals and your portfolio to make sure you are comfortable with your asset mix. If you need to, rebalance your portfolio.<sup>2</sup>
- **Get expert help.** Keep your individual needs, goals and time horizon in mind and consult with your financial advisor if needed.

*The bottom line: Contribute to your future. ■*

## Happy 80<sup>th</sup> Birthday, Social Security!

This year we celebrate the 80th birthday of Social Security. President Franklin D. Roosevelt signed the Social Security Act on August 14, 1935, and this legislation continues to provide support to our nation in retirement.

Acting Commissioner Carolyn W. Colvin marked Social Security's historic birthday by reaffirming the agency's commitment to the public.

*"As Social Security celebrates its 80th anniversary, we remain the underpinning of economic security of this country, and will continue to be a strong foundation for the next 80 years and beyond."<sup>4</sup>*

– Commissioner Colvin

As you think about and plan for retirement, remember how Social Security, the Wisconsin Retirement System and the WDC create a sturdy three-legged stool to support you in reaching your retirement goals. ■





## WDC Program Plan and Trust Document Update

The WDC Plan and Trust was recently revised by the Deferred Compensation Board. Beginning August 1, 2015, if a local public employer opts to offer the WDC Program to its employees and that local employer previously offered loans in its 457 plan, these outstanding participant loans may be transferred to the WDC. These outstanding loans will be accepted and administered according to the terms of the loan repayment agreement and the plan and trust document. The Board does not permit loans from the WDC and participants may not take new loans. You can find the complete Plan and Trust document on the WDC website, [www.wdc457.org](http://www.wdc457.org), under the "Program Information" tab. Once there, click on "Program Basics," then click on "WDC Plan & Trust Document." ■

### Keep your beneficiary up-to-date

Help your loved ones be prepared for life's uncertainties by keeping your beneficiary up-to-date. There are two simple ways to update your beneficiary designation:

1. Fill out and return the beneficiary designation form via the fax number or return address found on the form.
2. Update your beneficiary at [www.wdc457.org](http://www.wdc457.org) under "My Profile."<sup>1</sup>

If you have any questions or need assistance with completing the beneficiary designation form, please contact the WDC at (877) 457-WDCP (9327), press 0 and then say "representative."<sup>1,3</sup> ■

## WDC Program Contact Information

**Phone Number:**  
(877) 457-WDCP (9327)<sup>1</sup>

**Call Center Hours:**  
7:00 a.m.-7:00 p.m.  
Monday-Friday

**WDC Program Office Address:**  
5325 Wall Street, Suite 2755  
Madison, WI 53718

**WDC Program Office Hours:**  
8:00 a.m.-4:30 p.m.  
Monday-Friday

**WDC Program Website:**  
[www.wdc457.org](http://www.wdc457.org)<sup>1</sup>

**WDC Program Email:**  
[wdcprogram@gwrs.com](mailto:wdcprogram@gwrs.com)

<sup>1</sup> Access to the voice response system and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

<sup>2</sup> Asset allocation, diversification, dollar cost averaging and rebalancing do not ensure a profit and do not protect against loss in declining markets.

<sup>3</sup> Representatives of GWFS Equities, Inc. are not registered investment advisors and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

<sup>4</sup> Source: <http://www.ssa.gov/news/#/post/8-2015-1>

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