



MoneyTalks

Wisconsin Deferred Compensation (WDC) Program

Vanguard Target Date Fund Change

On August 14, 2015, there will be a fund change for the Vanguard Target Date Funds as the Wisconsin Deferred Compensation Program (WDC) moves from retail mutual funds to institutional funds. The advantage of moving to institutional funds is a lower administrative expense fee for participants. Due to this change, there will be a brief quiet period from close of business Friday, August 14 through Monday, August 17, 2015, for transactions within the WDC. Reality Investing® Advisory Services will be unavailable from Friday, August 14 through Friday, August 28. During the quiet period, your funds will remain invested and will continue to gain and/or lose value depending on market conditions.

For questions about the upcoming fund change, please contact your WDC representative by calling **(877) 457-WDCP (9327)**¹ toll free, pressing 0 and then saying “representative.”

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information about investments offered through the WDC, you may obtain mutual fund prospectuses for registered investment options and/or disclosure documents from your registered representative or the WDC website. Read them carefully before investing. The date in a target date fund's name represents an approximate date when an investor is expected to retire (which is assumed to be at age 65) and/or begins withdrawing money. The principal value of the funds is not guaranteed at any time, including the target date. For more information, please refer to the fund prospectus and/or disclosure document.

A target date fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date (which is the assumed retirement date for an investor).

Asset allocation and balanced investment options and models are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents. ■

Understanding Mutual Fund Reimbursements

The Deferred Compensation Board has been analyzing participant administrative fees and, in particular, reimbursements from certain mutual fund option providers. The WDC has been using reimbursements (payments from the funds) to reduce administrative expenses for all WDC participants.

Beginning in early 2016, the board will likely enact some changes regarding how reimbursements are allocated.

How do mutual fund reimbursements work? Briefly, mutual funds allocate fund revenues to participants actually invested in the fund. Should you ever receive a fund reimbursement from a WDC Program fund in which you are invested, you will see the revenue credit on your quarterly statement and an expense adjustment online under your “Transaction History.”

Later this summer, watch for news and information about potential 2016 fee changes. The board is committed to providing WDC participants with quality, low-cost retirement savings investment options. If you have questions regarding WDC fees or mutual fund reimbursements, please contact your local WDC representative at **(877) 457-WDCP (9327)**¹. ■

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*FDIC-insured bank option: Nationwide Bank has declared an annualized interest rate of 0.30% for the second 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.



Your WDC Contribution Limits

| 2015 Contribution Limits | |
|-------------------------------------|----------------------|
| Qualification | Contribution |
| Regular Contribution Limit | \$18,000 |
| Age 50+ Catch-Up Contribution Limit | +\$6,000 = \$24,000 |
| Special Catch-Up Contribution Limit | +\$18,000 = \$36,000 |



I HAVE OTHER ASSETS — WHAT SHOULD I DO WITH THEM?

CONSIDER ROLLING OTHER ASSETS INTO THE WDC! IT'S EASY!

Do you have assets from retirement account(s) outside of your WDC account? These can include 401(k), 403(b), and 457(b), or IRA accounts. If so, think about rolling them into the WDC.⁴ Here's what you could gain:

- A clearer picture of how you're tracking toward your savings goals
- Only one account to control and just one password to remember
- A wide array of investment options and plan services
- Low costs



In essence, you can create a one-stop shop for everything retirement-related! *One* statement, *one* diversified portfolio and *one* website.

**SO, NO MORE EXCUSES! SIMPLIFY BY
CONSOLIDATING YOUR ASSETS TODAY.**

HOW TO ROLL IN ASSETS INTO THE WDC:

- Call the Retirement Education Solutions Center (RESC) team at **(888) 737-4480**. It is a special team dedicated to rollovers, and a representative can walk you through the entire rollover process over the phone.

Questions? Call a retirement consultant at **(888) 737-4480**.^{1,2} ■

EMPOWER Tip

Overwhelmed or not sure where to start thinking about money? Not sure what questions to ask, or want some inspiration? Check out the Wisconsin Women's Council website³ at <http://womenscouncil.wi.gov/>. It has a great suite of free, practical resources available to everyone, including interactive checklists and financial tips to help you tune up and gain control of your financial life. ■



Employees: Should You Make Roth Contributions?

The WDC offers Roth contributions as an option. Have you wondered about designating some of your contributions as Roth? Here are a couple of points to ponder:

1. You believe your income taxes will be lower postretirement.

One of the reasons to make Roth contributions rather than traditional **before-tax** contributions is the difference in when you pay income tax on your contributions. With traditional before-tax contributions, you contribute part of your pay before income taxes are applied, thereby reducing your income (and, therefore, your tax liability) for the year in which the contribution was made. But when you take a distribution, you will be taxed at the rate that is in effect in the year of the distribution.

On the other hand, Roth contributions are made after taxes are withheld. When you withdraw from your retirement account, no further taxes are due on your contributions because they've already been paid.

If you expect to be earning less money in retirement than you are now, or if you think the tax rates will be lower, you could stick with traditional before-tax contributions. But if you expect to earn as much or more in retirement than you do now, or if you believe income tax rates will be higher, Roth contributions may be a good option for you.

2. You are currently paying very little federal income tax.

Another reason to make traditional before-tax contributions is to save money on your current income taxes. If you think your current federal tax liability is smaller than it will be in retirement, you may not be getting as much tax savings when making before-tax contributions. Of course, that doesn't mean you shouldn't be saving money toward retirement — it just means that you should consider saving money in a different way. By making Roth contributions to your retirement account, you will be paying taxes on the money now so you can enjoy a tax-free status on your contributions later, when you withdraw the money in retirement.

Remember: Personal circumstances can change, so you should revisit the decision to participate in a Roth each year.

With the WDC, you are able to make both Roth and traditional before-tax contributions. As an active participant, you also have an in-plan Roth option in which you can convert before-tax balances over to Roth balances. Tax implications for in-plan Roth conversions will apply. For more information about after-tax Roth contributions, visit www.wdc457.org or call (877) 457-WDCP (9327)¹ to speak with a representative² and find out how to get started with Roth today. ■

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WDC Participant Spotlight: RICK DONOVAN



In this quarter's WDC Participant Spotlight, we are pleased to introduce you to Rick Donovan, who worked for the Wisconsin Department of Corrections for more than 27 years and recently transitioned to retirement.

"I want to thank the WDC for enabling me to retire. In 1987, I began to contribute to

the WDC. There were times during the course of my career when I ran into financial difficulties but I still paid into the WDC. I believed my contributions could compound over time and provide myself with income so I might be able to retire comfortably. Now in retirement, my estimated retirement income from the WDC is two thirds of my state pension. The automatic investment I made, paycheck after paycheck, has given me and my wife, Mary, who has been a stay-at-home mom and a care giver for my parents, a comfortable retirement.

I believe that the younger you start the better, but it is never too late to start contributing. I personally like the Roth option, because I like paying my taxes up front.

The simple fact is this: Our wages as a working class family limits us. We can only work so many hours a week and our bodies get old. But my contributions to the WDC helped me retire. Your contributions can help make you financially comfortable in retirement, if you put it to work for you. The WDC is a great vehicle to use to put your money to work.

Mary and I can live without fear: we can travel, we can afford good vehicles, not worry about paying our property taxes and enjoy other luxuries of life, because I chose to save and invest in the WDC to provide for us later in life.

I hope I motivate you to begin a WDC contribution, or increase your contribution. I am thankful I did – it has made a difference in our lives. We plan to spend only what we need and hope to continue to grow our investment.

Good luck and see you on the lake."

– Rick Donovan ■

This testimonial may not be representative of the experience of other participants and is not a guarantee of future performance or success.

WDC Program Contact Information

Phone Number:

(877) 457-WDCP (9327)¹

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.org¹

WDC Program Email:

wdcprogram@gwrs.com

¹ 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.

² 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.

³ Empower Retirement is not responsible for, nor does it endorse the content contained in the additional third party website provided.

⁴ You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options. Money from other types of plans or accounts that are rolled over into a 457 plan may still be subject to the 10% federal tax penalty upon distribution.

Please note: This newsletter does not constitute investment or financial advice.

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