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Correspondence Memorandum

Date: October 7, 2015
To: Wisconsin Deferred Compensation Board
From: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
Subject: 2016 Plan Enhancement Program

Staff recommends the Deferred Compensation Board (Board) approve the 2016 Plan Enhancement Program as presented.

The attached draft Plan Enhancement Program (PEP) Strategic Plan identifies specific plan enhancements and initiatives on which the Department recommends that Wisconsin Deferred Compensation (WDC) staff focus during the upcoming year and metrics that may be used to measure the results. Department staff worked closely with Empower Retirement to develop the draft goals and enhancement items for 2016. The 2016 PEP was developed around the following dimensions:

1. Participation – increasing the number of local public employers offering the WDC and eligible employees contributing to the WDC
2. Asset Allocation – encouraging appropriate diversification of participant assets in WDC investment options
3. Education and Learning – providing more financial literacy learning opportunities for all participants
4. Retiree Outreach – providing additional education to retirees and near-retirees, and retain retiree accounts and assets in the WDC

As shown on the attached scorecard, highlights from the proposed 2016 goals include:

- Participation – increase the number of employees contributing to the WDC from 1.5% to 2.5% and adding ten new local public employers (an increase of two).
- Asset Allocation – provide a webinar for participants from a specific investment option, offer participants a “free look” trial of the managed accounts service, and conduct a mini-campaign targeted at participants in the money market.
- Education and Learning – provide information on the administrative fee changes, conduct a mini-campaign targeting participants saving \$25 or less per paycheck,

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

Electronically signed 10/19/15

| Board | Mtg Date | Item # |
|-------|----------|--------|
| DC | 11.3.15 | 9B |

provide at least 600 group seminars and 7,500 individual meetings, and work with the Department's Affirmative Action Committee on the EMPOWER campaign to provide content as requested.

- Retiree Outreach – conduct a pre-retirement outreach campaign for participants nearing age 65, offer an additional “The Retirement Guy” webinar, and continue with at least two testimonial website and newsletter articles per year.

The Department recommends the Board approve the 2016 Plan Enhancement Program as proposed. Once the 2016 PEP goals have been established, the scorecard will be finalized and used to communicate progress on the PEP.

Staff will be at the Board meeting to answer any questions.

Attachment A: 2016 PEP / Strategic Marketing Plan (Draft)

Attachment B: 2016 WDC Scorecard (Draft)

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***2016 Plan Enhancement Program/
Strategic Partnership Plan***



*Prepared by
Empower Retirement*

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Executive Summary

Empower Retirement (Empower) is honored to partner with the Deferred Compensation Board (Board) to offer the Wisconsin Deferred Compensation (WDC) Program to public employers and employees throughout Wisconsin. Empower is the number one provider of deferred compensation plan services to state governments, currently supporting 2 million participant accounts in the government market.

Empower understands the Board's on-going interest in maintaining a long-term relationship with a provider that is a true partner. Empower brings committed leadership, industry-transforming technology, and a powerful participant experience that is changing the way American workers prepare for retirement.

The Empower Retirement Story

Last year's organizational change was more than a rebranding of the company's name: it represents a shift in focus and direction. American workers deserve more than they have received from the retirement industry, and we are providing it. Our mission is one of responsibility to the Board and public employees in the state of Wisconsin. We have one simple goal, issued by CEO, Bob Reynolds:

“To help our participants reliably replace in retirement - for life - the income they earned while working.”

We aim to disrupt and reshape the industry. This is a bold claim that is supported by the following facts:

Moral Authority & Ethical Mission Our primary objective is to change employees' lives for the better. We do so because it is the right thing to do. Empower's success and leadership position in the industry are byproducts of the noble work we do in helping others achieve their retirement goals.

Financial strength and stability Empower Retirement™ maintains either the highest or the second highest in financial strength ratings from all major ratings agencies. One notable testament to our stability is that we are the only publicly-traded insurance company that was not downgraded as a result of the 2008 financial crisis. While many companies in the industry were downsizing or taking bailouts during the crisis, we grew; and we've continued to grow since.

Leadership Our CEO, Bob Reynolds, was rated the second most influential person in the retirement industry (*401(k) Wire - 2014 100 Most Influential Defined Contribution People*); our president, Ed Murphy, was rated the twentieth most influential person. Mr. Reynolds is an industry champion on *The Hill* in Washington advocating for

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legislative change that will positively impact American workers' retirements and is passionately focused on the mission of creating lifetime income for as many as possible.

Mindset & Culture Empower is taking the industry from “pie charts to paychecks” allowing participants to see their retirement in a more meaningful way. Helping people see where they are today and how to get where they need to be tomorrow, from a monthly paycheck perspective, is causing people to make positive changes in their own retirement.

Participant Experience/Technology Empower is both a service and a technology company. While other firms adopt innovation; we lead it. It's one of the key reasons Apple and Intuit selected Empower Retirement as the provider for their 401k plans. In fact, we are partnering with Apple to improve our overall participant web experience. In 2015, annual investment in technology was increased from \$50 million to \$90 million. Much of this was focused on enhancing the participant experience. We utilize proprietary, game-changing technology that is unmatched in the industry and which is changing the way American workers see their retirement. The positive results are unprecedented. The number of employees who make changes to their plan based on their experience with our site is transforming the industry and has proven that superior technology really works to help people retire more successfully.

Education & Action The WDC's Retirement Plan Counselors (RPC) initiate action, not merely dispense information. The combination of education and motivation is the catalyst to facilitate retirement success for employees. When used effectively, education can be a tool to instigate action, but simply providing information is not our job. Our job is to motivate employees to take action.

Salaried Counselors All of the RPCs for the WDC are salaried professionals focused on and dedicated to working with public employees in Wisconsin. Unlike many of our competitors, we never sell outside products and don't earn commissions, ever, on any investment a participant selects. All of our counselors are not just properly licensed, but have also earned a retirement planning credential from the International Foundation for Retirement Education (CRC®) or The College for Financial Planning (CRPC). When we sit face to face with Government employees, we have *their* needs in mind, not our own.

Comprehensive Counseling The RPCs provide a comprehensive, holistic view of participants' overall retirement. We allow every participant to clearly see their current retirement path, including what their pension and other retirement assets will likely provide monthly in retirement, along with the actions they need to take today to reach their goals. We include spousal retirement assets, as well. The use of their deferred compensation plan is not the end goal; but rather a tool that is used to help participants become retirement ready. Additionally, our work is not completed once a participant

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retires; we counsel to and *through* retirement, providing resources for every phase in life.

In closing, Empower Retirement is dedicated to its partnership and responsibility to the Board, and the WDC Plan in helping all public employees in Wisconsin reliably replace in retirement – for life – the income they made while working.

Historical Overview

The WDC is one of the largest deferred compensation programs in the country. With more than \$3.9 billion in total assets, the overall plan has experienced an increase in assets of over 150% since 2005.

| WDC Program | December 31, 2004 | December 31, 2014 | % Change |
|--------------------------------------|-------------------|-------------------|----------|
| Eligible participants* | 139,453 | 256,248 | 83.75% |
| Total participants | 42,096 | 55,740 | 32.41% |
| Plan assets (billions) | \$1.56 | \$3.9 | 150.00% |
| Annual contributions (millions) | \$132.39 | \$173.48 | 31.04% |
| Average annual contribution | \$4,939 | \$4,837 | -2.07% |
| Average account balance | \$41,482 | \$70,429 | 69.78% |
| Ave. # of investment options per ppt | 4 | 4 | 0.00% |
| Number of local employers | 699 | 901 | 28.90% |
| Number of group meetings | 513 | 725 | 41.33% |
| Number of individual meetings | Not available | 8,624 | N/A |
| On-site service representatives | 5 | 7 | 40.00% |
| Number of customized workshops | 3 | 4 | 33.33% |
| Web site logins | 442,134 | 627,135 | 41.84% |

Prior Plan Enhancements

Since becoming the WDC's recordkeeper in late 2005, Empower has partnered with the Board to enhance services to plan participants, including but not limited to:

- **WDC Board**
 - In-depth quarterly fund performance reviews by Advised Asset Group, LLC
 - Annual strategic partnership plan
 - Ad hoc reporting
 - Legislative and regulatory updates
- **Empower Service Agreement**
 - 5-year extension in 2010; 2-year extension in 2015
 - Local call center service representatives expanded hours (7 a.m. to 7 p.m.)
 - Expanded service team to include Employer Liaison
 - Addition of managed accounts and advisory services with no plan-level cost implications

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- **Marketing and Communications**
 - Custom branding of WDC
 - Custom website refreshed in 2007 and 2013
 - Mobile web application launched in 2014

- **Expanded Participant Education Services**
 - Investment Symposium and “Steppingstones to Retirement” events
 - Specialized seminars: Retiree Outreach, Market Volatility, WDC Roth
 - Retirement Readiness services – Projected Retirement Income and Retirement Income Control Panel (RICP)
 - Webinars – employer and participant
 - 50+ participant newsletter

- **Employer Services**
 - Fiduciary webinar
 - Participation in state-wide association conventions
 - Employer newsletter
 - Newsletter articles for employers to use
 - Guided Payroll contribution processing

- **Administrative Services**
 - Specialized functions (such as cash processing, unforeseen emergency withdrawal requests, participant transactions, death claims and distributions) realigned to specialists at corporate office
 - Plan Service Center reporting capabilities
 - Guided Experience for distribution requests

Industry Services and WDC Strategic Plan

As a result of strategic alignment meeting held between Empower and the Department, Empower has developed an annual strategic plan for 2016. This plan will assist the WDC Board and Department in continuing to move the WDC in exciting and innovative directions.








Through a deliberate and thorough review of industry practices currently available, demographics of the WDC participant population, and focus of the Department, we have outlined the enhancements that we, as an organization, understand are of utmost importance to the Board and will be most beneficial to participants. The goal of the 2016 Strategic Partnership plan is to reflect the added value that will be brought in the following areas:

- I. Partnership with WRS**
- II. Customized Targeted Marketing**
- III. Affirmative Action Committee partnership**
- IV. On-site Educational Services**
- V. Retiree Outreach Initiatives**

Overview of Services Used in the Industry

In the development of this customized strategic plan, Empower has analyzed the major services currently provided by industry partners. The table following reflects the primary services used by most deferred compensation plans throughout the country. The successful implementation of the initiatives outlined in the 2016 strategic plan will continue to move the WDC forward.

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| Services Used in the Industry | WDC in 2015 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1. Customized targeted marketing and education based on The Four Dimensions: a. Participation b. Asset Allocation c. Education d. Retiree Outreach |  |
| 2. Multiple targeted touch points for participants a. On-site services b. Call center c. Website d. HTML e-mails e. Printed materials—enrollment kit, flyers, etc. |  |
| 3. Administrative services a. Beneficiary recordkeeping b. Deferral recordkeeping |  |
| 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 |  |
| 5. Integrated system a. Automated plan services and results b. Functionality integration “real-time” |  |
| 6. Auto enrollment and auto increase (in accordance with PPA) | |
| 7. Plan governance a. Compliance, regulatory and governance b. Plan document features and services |  |
| 8. Data sharing through payroll – non-participating employees <i>(State Level)</i> |  |
| 9. Total Retirement Benefit Platform <i>(integration with Defined Benefit Plan)</i> | |

Empower Retirement is a committed partner bringing your strategic vision to life as articulated in this plan.

Strategic Plan

The enhancements include key components of services currently available at both the plan and participant levels. The WDC's ongoing objectives were reaffirmed in the strategic planning session held in September 2015 with the Department. As a result of this meeting, we agreed to continue focusing WDC resources on the following areas:

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

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

While engaging participants in preparing for their future retirement through enrolling in the WDC, Empower has found that a more holistic approach to retirement education allows employees to make informed decisions and empowers them to take control of their future. Participation is a priority, but equally important are contribution levels, asset allocation, overall education and retiree outreach/retention, collectively referred to as “Retirement Readiness.” Empower is continuing to expand its holistic, integrated approach to educating employees about “Retirement Readiness” based on the unique characteristics of defined contribution plans. The success of any approach needs to allow for **measurable** improvements in the key areas.

- 1. Participation** – Number of eligible employees contributing and contribution levels.
Number of local employers offering the WDC as part of their fringe benefits packages.
- 2. Asset Allocation** – Diversification of plan assets
- 3. Education** – Behavioral learning
- 4. Retention/Retiree Outreach** – Retiree education and retention of plan assets

Our team is available to consult, recommend and focus on the dimensions and initiatives important to the Board. We will continue to focus on developing enhancements, determining target initiatives, implementing strategy, and measuring success with the use of the annual scorecard.

Focus for 2016

As a result of the strategic planning session in September 2015 with the Department, we have built the 2016 strategic plan around the themes and timelines listed below.

| Timing | Focus | Dimension |
|-------------------------|---------------------------|----------------------------|
| 1 st Quarter | Enrollment/increase | Participation |
| 2 nd Quarter | Free Look | Education & Learning |
| 3 rd Quarter | Money Market | Asset Allocation |
| 4 th Quarter | Benefits of Consolidation | Retention/Retiree Outreach |

Although our strategies in the past have been successful, we are looking to develop and expand our communication efforts in 2016 to include two targeted participant campaigns. In addition to the campaigns, we will develop a tagline for WDC promotional materials to grab the attention of our employers and participants and create a buzz that encourages employees to spend some time planning for their retirement.

Following are the objectives and initiatives planned for 2016 by dimension.

1. Participation

Objectives:

- Increase the number of in-force accounts by 2.5% over the number of in-force accounts as of 12/31/2015
- Add 10 new local employers

Enhancements

Your dedicated Empower field staff will continue to help public employees throughout Wisconsin understand the importance of saving and investing for their retirement. The focus of the Retirement Plan Counselors (RPC) is to provide educational seminars to assist employees in enrolling and taking full advantage of the WDC. This will continue to be the first priority of the WDC team.

Tax Time Flyer – Throughout the year, at group meetings, RPCs request that meeting attendees complete an attendance card providing their contact information. During 1st quarter 2016, we will mail a flyer to employees who attended a WDC meeting in 2015, but have not yet enrolled. Ongoing in 2016, we will have the opportunity to follow up via email with attendees registered in the new online scheduler tool.

Targeted Campaign (<\$25 per paycheck) – We will target participants contributing \$25 or less per paycheck in order to encourage them to increase their savings for retirement. The campaign will include targeted emails, flyers, and web bulletins and will provide examples of what increasing will mean to them financially over 10, 20 and 30 years, how to find extra money to save, and promote the auto-increase feature of the WDC website.

Testimonial Usage – Due to the popularity of the testimonial campaigns in 2014 and 2015, we will develop a participant testimonial during 2016 via the website and *MoneyTalks* newsletter. Experience has shown that these personal stories are the most compelling and credible testament to the value of the WDC.

Online Scheduler – Rolled out in 4th quarter 2015, the online scheduler tool will continue to be used in 2016. This tool allows employees to enter their zip code, find all group and one-on-one meetings within their chosen radius, and register to attend a meeting. Users receive email confirmation of their registration as well as an email reminder. Those who attend individual sessions also receive a survey via email. Employees who do not have access to the website are able to call the Madison office where staff will be able to register them for a meeting of their choosing.

Meeting Attendance Follow-Up Cards – WDC representatives will continue their usage of attendance cards at group meetings to capture information from meeting attendees. The follow-up cards allow the attendees to indicate a topic of interest for them (such as reviewing their account, learning more about their asset allocation, learning how much they need to save to meet their retirement goals, etc.), and the representative is able to follow up with them. New in 2016, we will also have the opportunity to follow up via email through the online scheduler tool.

Retirement Plan Counselor (RPC) Survey – Employees who meet individually with an RPC will be emailed a short survey to gauge participant satisfaction and the effectiveness of the service provided.

Employer Outreach – Participating and non-participating

Affirmative Action Committee – During 4th quarter 2014, ETF requested a partnership between the WDC, Empower and its Affirmative Action Committee (AAC). Now referred to as EMPOWER, this pilot program has taken on a powerful life of its own increasing awareness of the importance of saving for retirement, particularly for women. In 2016, we will continue to provide support of this program including staffing events, providing educational materials and assisting with promotion.

Fiduciary Education – In 2014 and 2015, we offered webinars and presentations on fiduciary responsibility. We found that many employers who offer other deferred compensation plans do not understand their fiduciary responsibility. As the role of a fiduciary is critical, we will continue to provide education on fiduciary responsibility to local employers who may offer deferred compensation programs outside the WDC. Such education will be provided via the employer newsletter, plan review meetings and attendance at conventions where local employers are present.

Email Blasts and Partner with WRS eNewsletter – ETF's email alerts have proven to be very effective and it is clear that messages from ETF receive more attention than those from local HR departments or the WDC. WDC will provide content for ETF GovDelivery email release on such WDC topics as fiduciary oversight, services available, and benefits of the WDC.

Employer Newsletter – Empower will provide current local employers offering the WDC with an informational/educational newsletter on relevant topics in 2016. Important topics in 2016 will include a Roth reminder as well as the WDC's policy on employer contributions. The newsletter will also promote the webinar(s).

Employer Webinars – In 2016, we will offer two 30-minute webinars discussing the topics of WDC Roth and employer contributions to the WDC. These topics have been of interest to employers recently, and will be helpful for them as they continue to offer the WDC to employees.

Employer Satisfaction Survey – If requested by the Department, we will develop and release a satisfaction survey to those employers currently offering the WDC.

Conventions/Benefit Fairs – Attend 2-3 major conventions and as many benefits fairs as staff resources allow in fall 2016.

Plan Reviews – Conduct in-depth plan reviews for 10 participating employers. Empower will conduct thorough reviews of WDC usage and specific demographics relative to 10 large/midsize local and/or state employers throughout 2016.

Targeted non-participating outreach flier – In 2016, we will continue to use the employer flyer developed in 2015 encouraging them to adopt the WDC. The flier will be released to those employers who have been identified and are not participating in the WDC.

2. Asset Allocation

Objectives:

- Increase consolidation of assets
- Reach out to participants with balances in the money market fund
- Initiate Free Look campaign

Enhancements

Consolidation of Assets – In 2015, use of Empower’s Retirement Education Service Center (RESC) was piloted with great success. The RESC team consists of highly trained service representatives who conduct conference calls with the participant and the other provider in order to determine the steps that need to be taken in order to consolidate assets. In 2016, we will continue to use this service to help participants transfer assets from other retirement plans to the WDC.

Money Market Fund – A mini campaign will be conducted targeting participants with balances in the money market fund to remind them that they are earning 0%. The campaign will include a targeted email, targeted web bulletin and targeted postcard. Should a change be made to the fund, fund change communications would replace this mini campaign.

Fund Change meetings – If the WDC Board determines that a fund change is necessary, Empower will work with the Department to develop an outreach strategy.

Managed Account 90 day Free Look – Participants will be able to enroll in the Managed Account Service for 90 days to preview the services. If within 90 days they do not feel the service is right for them, they may opt out and not incur any charges. We are currently targeting 2nd quarter of 2016.

Fund Company Webinar – Based on the success of the Galliard and Vanguard webinars, we will invite another of the WDC’s investment providers to conduct a webinar for participants. Fidelity may be able to offer a seminar on the features and benefits of actively managed funds and passively managed funds.

Roth Education – The Roth option has been in place since 2011. In 2016, we will remind participants of the option they have to save after tax dollars with the WDC and to remind them of the features that differ between before-tax, after-tax and the Roth IRA products that exist outside the WDC. Empower will develop a newsletter article(s) to explain the Roth option to participants.

3. Education

Objectives:

- Expand coverage of educational services through a quarterly focused educational campaign. We will continue to focus on the Four Dimensions throughout the year as previously outlined.

Enhancements

Workshops – Empower RPCs will continue to schedule educational meetings and seminars on specific topics as requested by state agencies and local employers located throughout Wisconsin. In 2016, we will work to add more interaction to the presentations in the way of a Retirement Checklist and budgeting worksheet. The Retirement Checklist provides an exercise for all meeting attendees to think about how “on track” they are for retirement.

Workshop topics to be offered in 2016 are:

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, and is entirely customized for the WDC.
2. Pre-retirement Planning – This custom-built seminar focuses on different categories such as budgeting, sources of income during retirement, and other topics to help employees determine if they are Retirement Ready. The workshop also discusses protecting their retirement assets - why brokers may be interested in participants’ WDC account balances and how to research options prior to making decisions.
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 their financial futures.
4. Budgeting – This seminar is designed to help participants explore some basic budgeting strategies. In 2016, the seminar will include a worksheet attendees will be encouraged to complete in order to help them determine their savings gaps and where they might be able to make adjustments in order to save more for retirement.

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5. **Rollover/Fee Discussion** – The Rollover presentation will continue to take an up-close look at consolidation including the rollover process and how to get started, but will also include a more detailed discussion of fees, plan costs, and the benefits of consolidating with the WDC.
6. **Investment Basics** – This seminar will be added to the custom lineup of WDC presentations in 2016. It was leveraged with the EMPOWER campaign in 2015 due to its discussion of the basics of investing (i.e. stocks, bonds, cash equivalents and mutual funds, how they work, and the different types of risk) and was very well received among participants.

Empower will develop posters, e-mail meeting announcements and/or hardcopy meeting announcements to be distributed to employers and employees approximately three weeks prior to each of the meetings. The meetings will also be programmed into the Online Scheduler tool so employees can find and register for them.

Targeted Website Messaging – Targeted web messages will continue to be used. These are rules-based pop-up windows that appear to specified participants when they log in to their account. The 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.

eNewsletter – The WDC's quarterly MoneyTalks newsletter will continue to be offered in both hardcopy as well as in an electronic format. With the electronic newsletter, articles can be expanded, and links to websites, seminars and videos can be provided to further assist participants in learning more about the WDC and other retirement-related topics.

Fee Change Education – Education began in 2015 as the Board reviewed the WDC's fees and made changes to its structure. We will continue to provide education to employers and participants via web, newsletters, an individual mailing to all participants, and through our representatives.

Consolidation of Assets – Staff will provide a greater focus on consolidating assets with the WDC. We will continue to use the RESC service to help participants transfer assets from other retirement plans to the WDC.

National Retirement Security Week (formerly known as National Save For Retirement Week, or NSFRW) – Each year, Empower develops a marketing campaign promoting the week in October focused on encouraging Americans to

save for retirement. In 2016, if the week is again authorized by Congress, a theme will be created and included on the website and in the *MoneyTalks* newsletter.

4. Retention/Retiree Outreach

Because the average age in the WDC is 51 years old while the national average age is 45, *and* in the next 10 years, nearly half of Wisconsin's workforce will be retiring, additional focus should be placed on working with and educating the group of individuals who are beginning to consider retirement and their distribution options. The intent is to give participants nearing retirement the tools they need to make informed decisions about their retirement options.

Objectives

- Offer additional webinar with Bob Schulz
- Implement pre-retirement targeted campaign
- Develop testimonial banner ad and newsletter article
- Release participant survey online to better determine participants' needs
- Increase consolidation of assets
- Successful rollout of fee change communications

Empower 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 WDC representatives at their work sites, but we are committed to ensuring that this contingent is still receiving useful information and services from the WDC. With the addition of the Online Scheduler tool, retirees will be able to register for meetings within the desired radius of their zip code.

Enhancements

Bob Schulz Webinar – In November 2014, the WDC sponsored a webinar by Bob Schulz, “The Retirement Guy.” The webinar provided in 2014 was module #1 of several modules Mr. Schulz normally provides. Due to the overwhelming response, Bob is coming back in November 2015 to offer, “Investing for Retirement (Living to 95 and not running out of money)”. He will be here live in Madison, and the presentation will be streamed online and recorded so employees throughout the state can attend and at a time that is convenient for them.

Pre-retirement Campaign to begin in 2016 – We are finding that so many employees close to retirement could be taking better advantage of the services the WDC has to offer. Many enroll when they learn about their sabbatical options months prior to retirement, or have not met with their local representative since enrolling in the WDC. In an effort to encourage participants to help us help them, we will begin a retention/retiree outreach campaign as follows:

- Two years prior to retirement (age 65), we will mail a postcard or email with the retirement ready checklist and RPC contact information including reference to the Online Scheduler so they can register for a workshop or individual appointment.
- One year before retirement, another postcard reminder/checklist will be mailed or emailed.
- Finally, the year of retirement, a Stay in the Program flyer would be mailed or emailed.

Testimonial Usage – Due to the popularity of the testimonial campaigns in 2014 and 2015, we will develop a participant testimonial during 2016 via the website and *MoneyTalks* newsletter. Experience has shown that these personal stories are the most compelling and credible testament to the value of the WDC.

Participant Survey – We will release a participant survey online that focuses on how confident participants are about their retirement plans. We will leverage the AAC survey and checklist questions being piloted with ETF's EMPOWER campaign to get a better understanding of where participants are coming from and how to best meet their needs. Historically, participant surveys have included questions about plan design; this year we will focus more on communication strategy and services.

Consolidation of Assets – Often retirees are contacted by other financial firms regarding moving their assets from the WDC. As we know, this is not always in the best interest of the participant. More often, participants could save substantial amounts of money in fees by moving their outside assets to the WDC. By consolidating their assets, their beneficiaries would have only one place to contact versus several. Staff will provide a greater focus on the benefits to participants of consolidating assets with the WDC, including usage of the RESC team to make the rollover process more effortless.

Fee Changes – The Board changed the fee structure of the WDC effective January 1, 2016 to allow for revenue sharing being returned to participants. Fee education began early in 2015 and will continue into 2nd quarter 2016. Numerous newsletter articles have been developed and will continue to be utilized, as well as web tiles, presentation slides and an individual mailing to all participants. The WDC has not experienced this type of fee change in a very long time, but because the fees will still ultimately be extremely competitive, we are confident the changes will be well received for the most part.

Retirement Readiness Calculator – Many participants who meet with WDC representatives are wondering if they are saving enough for retirement. WDC representatives will continue to use the Retirement Readiness Calculator when meeting one-on-one with participants. The calculator allows the representative to input figures and determine the dollar amount the participant needs to save in order to reach their retirement goals. For participants who log in to their accounts online, representatives can assist them with customizing their Retirement Income Control Panel (RICP) information.

II. Operational Efficiencies

Enhancements of administrative conveniences may include:

myETF/BAS – Years in the making, when it is complete, this revolutionary initiative will:

- Allow for significant data sharing resulting in powerful, even more targeted communications with participants and public employees in Wisconsin
- Streamline payroll processing for participating employers
- Provide single sign on capabilities for ease of access to all benefits

New Participant Experience – As previously discussed, the myETF project will dramatically enhance the current data relationship we have with WDC today. As Empower completes its integration with myETF, WDC participants will be able to take full advantage of the new Empower experience, which will include:

- Homepage focused on estimated monthly income in retirement allowing participants to easily model different savings scenarios.
- Recommendation of potential next steps to help boost retirement income and implement those changes immediately. This is done while factoring other important income sources like the Defined Benefit Plan, Social Security (when applicable) and other household outside assets.
- Real time peer to peer comparison of like individuals where participants can see how their income replacement matches up with others.

Plan Sponsor Experience – Along with the new participant experience, will come significant improvements to the online Plan Service Center (PSC), such as:

- Real time dashboard that will highlight the WDC’s “Lifetime Income Score” which will visually show the percentage of participants who are on track to replace their desired income level
- Ability to measure how well WDC prepares employees for retirement and identify which employees need the most help.

Participant Scheduling Tool – Employees can locate meetings exclusive to WDC and by zip code, identify meetings convenient for them. Meetings will be scheduled exclusively through the participant web, customer service or our local office.

Retirement Readiness Report Card

- Provides a summary, but also details and identifies trends and tendencies across the participant population
- Empowers you with the data to help participants to and through retirement
- Offers recommended plan design changes, new investment offerings and targeted education for greater retirement readiness success

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. Empower 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. On-going Compliance and Review. Our compliance team will ensure the Program's educational materials (developed by the Empower Marketing team) are in accordance with SEC and FINRA regulations.
3. myETF/BAS. Empower will continue to support ETF's monumental integration initiative, which will result in the operational efficiencies outlined above.
4. New Participant and Plan Sponsor online experiences. Once the myETF/BAS projects are complete, Empower will be able to provide significant web enhancements with its new participant and plan sponsor experiences.
5. Online Enrollment by Employer. Online enrollment provides a quick and easy method for participants to join the WDC through the website. As a result of myETF/BAS, data sharing will be available to allow for online enrollment.

2016 WDC Scorecard



| | Four Dimensions | Metric/Goals | 2016 Goals/Activities |
|----|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Participation a) Employees b) Employers | a. Increase 12/31/2015 in-force account population by 2.5% b. Add 10 new employers by 12/31/16 | a1. Increase in-force accounts by 2.5% a2. Campaign targeting participants contributing ≤\$25 per paycheck b1. Release 2015 new employer flyer and continue to use Power of Choice brochure b2. Conduct 10 plan review meetings for employers b3. Attend 2-3 conventions and >40 benefits fairs |
| 2. | Asset Allocation | a. Reduce assets in money market fund b. Consolidation of assets – individual rollovers into the plan – \$25M c. Free Look Q2 | a. Money market postcard (“You are making 0%”) mini-campaign b. Work with participants to consolidate assets from other retirement plans to improve their retirement picture and total asset allocation model; continue to utilize Retirement Education Service Center (RESC) service c. Managed Account free look campaign |
| 3. | Education and Learning | a. Maintain high visibility in number of group seminars (600) and individual meetings (7,500) b. Conduct an employer webinar and a participant webinar c. Continue to provide content and presentations in support of the “Empower” campaign | a. Workshop topics: Custom Enrollment, Pre-retirement, and Rollover & Fee presentations; semi-custom Budgeting, Women & Investing, and Investment Basics a. Budgeting flyer b. Checkup flyer b. Offer two webinars: 1 each for employers (Roth and employer contributions) and participants (active vs. passive) c. Develop articles for eNewsletters, supply data, provide presentations and other support for ETF’s AAC “Empower” campaign as requested d. Release employer newsletter (topics to include Roth and employer contributions) |
| 4. | Retention/Retiree Outreach | a. Pre-retirement service b. Retention efforts c. Fee change communications | a. Bob Schulz webinar b. Pre-retirement campaign (send postcards/emails beginning two years prior to age 65) c. Participant survey online d. Fee change education to include individual participant mailing, newsletter articles, presentation slides and web support e. Testimonial banner ad and newsletter article (2) |