



STATE OF WISCONSIN
Department of Employee Trust Funds
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SECRETARY

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CORRESPONDENCE / MEMORANDUM

DATE: November 18, 2015

TO: Deferred Compensation Board

FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program

SUBJECT: Administrative Services Agreement Amendments - Fund House Reimbursements and Lowering Managed Account Fees

The Board is asked to consider approving two amendments to existing agreements regarding recordkeeping and other services provided to the Wisconsin Deferred Compensation Program (WDC), as follows:

- 1) Amending the administrative services agreement with Empower Retirement regarding allocation of investment option reimbursements back to participants beginning on January 1, 2016; and
- 2) Amending the Reality Investing Advisory Services Agreement with Advised Assets Group to enable participants using the managed account service to pay lower fees, effective January 1, 2016.

Administrative Agreement Amendment 10

Amendment 10 to the administrative services agreement (attached) formalizes the Board's "Implementation of the Investment Option Selection and Reimbursements" policy so that the record keeping firm (Empower Retirement) knows how to handle reimbursements. The Board decided earlier this year that when an investment option provides reimbursements, these reimbursements are to be allocated back to the participants in the option that generated the revenue. Empower Retirement has requested this amendment prior to implementing the policy on January 1, 2016.

Reality Investing Advisory Services Agreement Amendment 1

As part of its proposal for extending the administrative services agreement, Empower Retirement offered an immediate reduction in the managed account annual fee paid by WDC participants using this service. Under the optional Managed Account Service, participants agree to have their WDC account professionally managed, meaning their investment mix is tailored to their individual goals and objectives and risk tolerance.

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

Matt Stohr

Electronically Signed 12/2/15

Board	Mtg Date	Item #
DC	12.15.15	1

Administrative Services Amendments

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Approximately 8,500 WDC participants are using this service and could recognize significant savings as a result of the reduction in fees. The current and new fees are as follows:

Participant Account Balance	Current Annual Managed Account Fee	New Annual Managed Account Fee as of 1/1/2016
Less than \$100,000	0.60%	0.45%
Next \$150,000	0.50%	0.35%
Next \$150,000	0.40%	0.25%
Greater than \$400,000	0.30%	0.15%

The Department recommends the Board approve both amendments so the changes may begin on January 1, 2016. Draft contract amendments containing the proposed changes are attached to this memo for your consideration.

Staff will be available to discuss these amendment recommendations with the Board on December 15, 2015.

- Attachment A: Tenth Contract Amendment
B. State of Wisconsin AAC Fee Change Amendment

Important Note: Service CONTRACT Amendments, Pricing Change CONTRACTs, and other contractual documents must be duly executed by both parties prior to the effective date of the changes. Backdating contracts or funding CONTRACTs is in violation of our corporate governance and regulatory requirements. Changes cannot be implemented prior to the date all documents are fully executed, even if that requires the effective date to be postponed. There are no exceptions to the rule that the effective date must follow the date all documents are executed.

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**TENTH AMENDMENT TO THE
STATE OF WISCONSIN DEFERRED COMPENSATION PROGRAM
ADMINISTRATIVE SERVICE CONTRACT (ETE0005) BETWEEN
THE STATE OF WISCONSIN DEFERRED COMPENSATION BOARD
AND GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

This Tenth Amendment to the State of Wisconsin Deferred Compensation Program Agreement for Administrative Services Including Recordkeeping and Communications (hereinafter "TENTH AMENDMENT") made and entered into between the State of Wisconsin Deferred Compensation Board ("BOARD") on behalf of the State of Wisconsin Deferred Compensation Program ("PLAN") and Great-West Life & Annuity Insurance Company ("GREAT-WEST") pursuant to Article 2.8 of the Agreement for Administrative Services Including Recordkeeping and Communications ("CONTRACT") to amend the CONTRACT between the parties.

WHEREAS, the BOARD and GREAT-WEST desire to amend the CONTRACT to add additional services to the CONTRACT.

NOW, THEREFORE, in consideration of the covenants and conditions herein contained, and other good and valuable consideration as herein provided, the parties amend the CONTRACT as follows:

1. The first paragraph of Article 7.3B shall be deleted and replaced in its entirety with the following new provision:

"B. Shareholder Service Fees

With the exception of SDB OPTION, all fees GREAT-WEST and/or one or more of its affiliates receives from mutual fund families and other investment providers for providing certain administrative or other services ("Revenue") will be credited by GREAT-WEST to Participants with balances in the Revenue-paying funds on the processing date. Effective the first calendar month after execution of this TENTH AMENDMENT, the Revenue will be credited monthly by multiplying each fund's Revenue rate by the average daily balance of the fund's total Participant account balances, excluding loan balances, during the respective month. In the event Revenue already credited to Participants becomes uncollectible from a fund company, GREAT-WEST will collect in a manner mutually agreeable with both parties."

2. Except for additional terms, conditions, and modification contained in this TENTH AMENDMENT, and any other modifications contained in this TENTH AMENDMENT, all other terms of the CONTRACT, including amendments thereto remain unchanged and shall continue to apply with respect to the CONTRACT.

IN WITNESS WHEREOF, THE BOARD, ON BEHALF OF THE STATE OF WISCONSIN, AND GREAT WEST HAVE EXECUTED TWO (2) ORIGINALS OF THIS TENTH AMENDMENT EFFECTIVE THE _____ DAY OF _____, 2015.

For: State of Wisconsin Deferred Compensation Board

Name: Edward D. Main

Title: Deferred Compensation Board Chair

Signature: _____ Date: _____

Witnessed by

Name: _____

Title: _____

Signature: _____ Date: _____

For: Great-West Life & Annuity Insurance Company

Name: Brent Neese

Title: Senior Vice President, Government Markets

Signature: _____ Date: _____

Witnessed by

Name: _____

Title: _____

Signature: _____ Date: _____

**AMENDMENT TO
REALITY INVESTING® ADVISORY SERVICES AGREEMENT**

WHEREAS, the State of Wisconsin Deferred Compensation Board (the "Plan Sponsor") and Advised Assets Group, LLC ("AAG"), previously entered into a Reality Investing® Advisory Services Agreement (or equivalent) (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement; and

WHEREAS, the parties do hereby agree to amend the Agreement, effective as of the calendar quarter immediately following the calendar quarter in which AAG receives a fully executed amendment;

NOW, THEREFORE, in accordance with the terms of the Agreement, the parties do hereby agree to amend the Agreement, in the following respects:

1. The Managed Account Annual Fee specified in the Agreement shall be removed and replaced with the following:

<i>Participant Account Balance</i>	<i>Managed Account Annual Fee</i>
First \$100,000 of account balance	0.45 %
Next \$150,000, up to \$250,000 account balance	0.35 %
Next \$150,000, up to \$400,000 account balance	0.25 %
Amounts greater than \$400,000	0.15 %

For example, if the Actual User's account balance under management in the Managed Account Service is \$500,000, the first \$100,000 will be subject to a fee of 0.45%, the next \$150,000 will be subject to a fee of 0.35%, the next \$150,000 will be subject to a fee of 0.25%, and any amounts over \$400,000 will be subject to a fee of 0.15%.

2. Except as modified herein, all other terms and provisions of the Agreement shall continue in full force and effect.
3. This amendment may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument.

IN WITNESS WHEREOF, each party has caused this amendment to be executed by their duly authorized individuals.

The State of Wisconsin Deferred Compensation Board
98971-01

Signature: _____

Name: _____

Title: _____

Date: _____

ADVISED ASSETS GROUP, LLC

Signature: _____

Name: _____

Title: _____

Date: _____