

# MoneyTalks

Wisconsin Deferred Compensation Program

## Administrative Fee Changes and Fund Reimbursements

As previously announced in the October 2015 quarterly newsletters, changes to the administrative fee structure for the Wisconsin Deferred Compensation (WDC) Program took effect January 1, 2016. In addition to the fee change, the WDC added institutional shares of the Vanguard Target Retirement Date funds which will cost you less.<sup>1</sup> The new structure makes these administrative fees easier to identify and more equitable for all. Generally, the asset allocation of each target date fund will gradually become more conservative as the fund nears the target retirement date. The date in a target date fund's name is the approximate date when investors plan to start withdrawing their money (which is assumed to be at age 65). The principal value of the fund(s) is not guaranteed at any time, including at the time of the target date and/or withdrawal. For more information, please refer to the fund prospectus and/or disclosure document.

### Fee Reimbursement (As of January 1, 2016)

Participants who are invested in funds that have a revenue share component (currently Federated US Government Securities 2-5 yr<sup>2</sup> and Fidelity Contrafund) will receive a monthly reimbursement for the revenue sharing effective January 6, 2016.

### How the reimbursement is calculated

Participants invested in funds that have a revenue share component will receive a monthly reimbursement equal to the amount of revenue share fees they have paid during that month. In order to qualify for the reimbursement, a participant must be invested in the fund on the date the reimbursements are credited. The monthly reimbursement will be based upon the average daily balance in that fund multiplied by the monthly (annual rate divided by 12) revenue share rate and prorated by participant.

### Example:

If Bob's balance in Fund A has averaged \$23,042 over the last month and Fund A pays an annual revenue share of 0.25%, Bob's account would be credited \$4.80 assuming he still has a balance in Fund A on the date of the crediting. This is calculated by multiplying his account balance, \$23,041, by one-twelfth (to find the monthly rate versus the annual rate) of the annual revenue share, 0.25%.

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### How the reimbursement will be shown on your quarterly statement

Starting with your March 2016 statement, you will see the revenue share credit in the "What activity took place this period?" section referred to as "Revenue Credit." If you are viewing your statement online, you will see an "Expense Adjustment" in the Transaction History section of your account. For help reading your statement, please call us at (877) 457-WDCP (9327).<sup>3</sup>

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

## Fee Changes – Continued

### New Administrative Fee Structure (As of January 2016)

At its June 2015 meeting, the WDC Board determined that revenue sharing provided by certain investment options should be redeposited in the accounts of participants in those funds, rather than offsetting administrative fees for all participants as had been done previously. The WDC Board approved the following tiers and WDC participant administrative fees, effective January 1, 2016.

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	\$40.29	\$69.43

## Managed Account Fee Reductions (As of January 1, 2016)

Also effective January 1, 2016 is a reduction in the Managed Account service fee. If you are currently taking advantage of professional investment management with Advised Assets Group (AAG), through the WDC’s Reality Investing suite of services, the fees have been reduced as follows:

If you haven’t yet tried the Managed Account service, stay tuned for more information about a free trial coming soon. For more information about the Managed Account and other Reality Investing services, please call the WDC and ask to speak to AAG.

Account Balance	Annual Managed Account Fee	New Annual Managed Account Fee
<\$100,000	0.60%	0.45%
Next \$150,000	0.50%	0.35%
Next \$150,000	0.40%	0.25%
>\$400,000	0.30%	0.15%

For more investment information, including investment objectives or goals, principal strategies, risks, portfolio turnover rate, returns and expenses, please visit your WDC’s website at [www.wdc457.org](http://www.wdc457.org).<sup>1</sup>

If you have any questions regarding the upcoming fee changes, please contact your WDC representative at (877) 457-WDCP (9327), press “0” and say “representative.”<sup>3,4</sup>

There is no guarantee that participation in any of the advisory services will result in a profit or that the account will outperform a self-managed portfolio invested without assistance.

## Self-Directed Brokerage and Distributions: What You Should Know

As your financial needs change, you may need to take a distribution from your WDC account that includes a distribution of funds in your Schwab Personal Choice Retirement Account® (PCRA). Because money in your PCRA is still part of your WDC assets, it is subject to the same withdrawal restrictions as your retirement plan.

**Direct distributions from your PCRA are not permitted.**

Distributions may be made from the WDC’s core funds only. Therefore, if you need access to funds in your PCRA account, you will need to liquidate assets in your PCRA. When you request that assets be sold, the proceeds are invested automatically in the Schwab Money Market Fund within your PCRA. From the Schwab Money Market Fund, you can transfer the money to one or more core funds in your WDC account by following the instructions on the next page.



## How do I transfer money from PCRA back to the WDC's core funds?

Visit the Schwab website at [www.schwab.com](http://www.schwab.com), use Telebroker® or Schwab by Phone™ at **(888) 393-7272** to transfer money from the Schwab PCRA to your core funds. You will need to:

1. Instruct Schwab to liquidate the mutual funds in your PCRA.
2. Wait for the proceeds to settle and be invested in the Schwab Money Market Fund.
3. Use [www.wdc457.org](http://www.wdc457.org) or call **(877) 457-WDCP (9327)** (press 0 and say “representative”<sup>3,4</sup>) to transfer the requested amount from your Schwab Money Market Fund to one or more of the core funds in the WDC.

Partial transfers from your Schwab Money Market Fund will be allocated to the core fund you have indicated within approximately two business days.

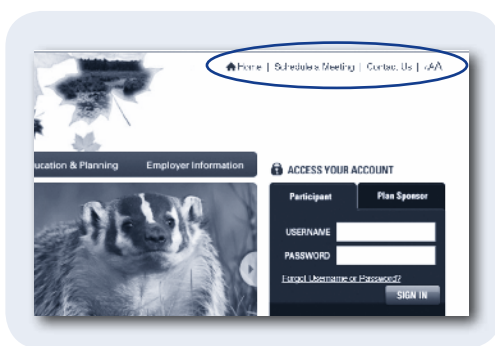
To transfer money in and out of your Schwab Money Market Fund, log in to [www.wdc457.org](http://www.wdc457.org), click the *Investments* tile, and then the *Self-Directed Account* link.<sup>3</sup> Money transferred into a core fund will be allocated to the fund you have indicated within approximately four business days. Additional time is needed for this transaction in order to transfer any accrued interest or dividends.



If you are requesting a **hardship withdrawal**, you may need to liquidate assets in your PCRA to make cash available for transfer back to the core investments in the WDC before the hardship request can be processed.

*An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

## Introducing the WDC Online Meeting Scheduler



Have you ever had a question about retirement planning, but were unable to attend a face-to-face meeting? Now, getting planning help or one-on-one assistance with your WDC account just got easier and more convenient! The new WDC online meeting scheduler allows you to choose the meeting topic, time and location that fits your needs. Meeting topics may include Getting Enrolled, Online Resources or Preparing for Retirement. Simply pick the meeting that suits you best and we'll reserve you a seat! Or, get more personalized assistance by scheduling a one-on-one session with a local WDC Retirement Plan Counselor.<sup>4</sup>

To use the scheduler, go to the WDC's homepage at [www.wdc457.org](http://www.wdc457.org).<sup>3</sup> Simply click on the new *Schedule a Meeting* link, located in the upper righthand corner, or click the *Schedule a Meeting* tile at the bottom of the page. Enter your zip code, type of meeting and radius to see the available options. You will receive an emailed confirmation of your appointment. If you attend a one-on-one appointment, you will also receive a survey to provide valuable feedback to the WDC.

Soon, you will be on your way to learning more about preparing for your financial future through the WDC. If you need assistance with the scheduler tool, please call the WDC at **(877) 457-WDCP (9327)**<sup>3</sup> (Press 0, say "representative" and then respond with the type of assistance you are requesting).

## Important Program News: IRS Announces 2016 Contribution Limits

Increasing your WDC contribution amount can help you build retirement readiness. You are able to contribute up to the limits the Internal Revenue Service (IRS) declares each year. For 2016, the limits are as follows:

- Elective deferrals, including pre-tax and Roth contributions, into governmental 457(b) plans: **\$18,000**.
- Age 50 catch-up amount for participants in governmental 457(b) plans: **\$6,000**.

Visit the IRS website at <http://1.usa.gov/1NGedYh> for more information on 2016 retirement plan contribution limits (including 401(k) and IRA limits).

## Go Paperless

When we encourage you to save some green, we're usually talking about money for retirement. Another way to save some green is to choose online delivery of your WDC documents.

In addition to helping the environment, online delivery offers these additional benefits:

- **Faster delivery:** Electronic means immediate. Online statements, for example, are available usually seven to 10 days sooner than a mailed statement.
- **Convenience:** Electronic documents are easier to organize, secure and retrieve.
- **Clutter-free:** Eliminate paper on your desk, in your home and when you travel.

Login to the WDC's website at [www.wdc457.org](http://www.wdc457.org), click on the *My Profile* tile, and then *Go Paperless*.<sup>3</sup>

*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. For prospectuses related to investments in your self-directed brokerage account (SDBA), contact your SDBA provider.*

<sup>1</sup> 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.

<sup>2</sup> A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.

<sup>3</sup> Access to the voice response system and/or your Plan's website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the website received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

<sup>4</sup> Representatives of GWFS Equities, Inc. cannot offer investment, fiduciary, financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

### **Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker-dealers.**

GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. Core investment options offered through mutual funds, separately managed accounts, and/or collective trust funds. GWFS Equities, Inc., or one or more of its affiliates, may receive a fee from the investment option provider for providing certain recordkeeping, distribution and administrative services. Securities available through Schwab Personal Choice Retirement Account® (PCRA) are offered through Charles Schwab & Co., Inc. (Member SIPC), a registered broker-dealer. Additional information can be obtained by calling (888) 393-7272. Charles Schwab & Co., Inc. and GWFS Equities, Inc. are separate and unaffiliated. CB1080N (01/2016) PT253009

## WDC Program Contact Information

**Phone Number:**  
(877) 457-WDCP (9327)<sup>3</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>3</sup>

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