



# MoneyTalks

Wisconsin Deferred Compensation (WDC) Program

## Federated US Govt 2-5 Yr Instl Fund on “Watch”

Earn more through a variety of WDC investment choices

At the June meeting, the Deferred Compensation Board completed its annual review of the WDC core investment options. During the review, the performance of the Federated US Govt 2-5 Yr Instl fund was more closely examined as it has underperformed its benchmarks for several review periods. Representatives from Federated were present at the Board’s meeting to address questions about performance and investment practices. The Board voted to put the fund on a “watch,” meaning they will continue to monitor the fund and could choose to close or remove the fund at a future time. The Board may be considering an alternative investment option later this year. Watch your *MoneyTalks* newsletter or check the WDC website at [www.wdc457.org](http://www.wdc457.org) for more information in the future. ■

## Coming Soon: BlackRock Collective Trust Webinar

BlackRock manages a number of indexed collective trust fund options in the WDC, including the U.S. Debt Index Fund W, the Midcap Index Fund F, the Russell 2000 Index Fund T and the EAFE Equity Index Fund T. (See Fund Overview on the WDC website for details.) Today, more than 44,500 WDC participants invest in these BlackRock collective trust funds. If you participate – or would like to learn more about the BlackRock options and investing in collective trust funds – join us for a WDC webinar starting at 11:45 a.m. on September 28, 2016, presented by BlackRock, called “Get to Know Your Plan: A Conversation about Mutual Funds and Collective Trust Funds.” A BlackRock representative will discuss the differences between mutual funds and collective trust funds, including who has access to what funds, costs and/or fees, the regulatory agencies that oversee these funds, how fund information is disclosed to you, and how income is treated. Once the webinar concludes, we invite you to stay for a brief question-and-answer session.

**Meeting Title:** Get to Know Your Plan: A Conversation about Mutual Funds and Collective Trust Funds

**Meeting Date:** Wednesday, September 28, 2016

**Meeting Time:** 11:45 a.m. – 12:45 p.m. CT

**Dial-in:** (877) 218-3542

**Passcode:** 382 457 01#

**Webex Link:** Click on the Webex link to join the webinar when it appears.

Space is limited – register today at [www.wdc457.org](http://www.wdc457.org). ■

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*FDIC-Insured Bank Option: The declared annualized interest rate is 0.38% for the second quarter of 2016.*

## Attention Vanguard Money Market Investors!

For WDC participants with money invested in the Vanguard Money Market Investor Fund, there is bad news and good news.

The bad news? If you have savings in this particular Vanguard fund, you are currently earning 0.0%. The good news: You are preserving your savings in the fund. But, if you are looking for greater potential returns and willing to accept higher risks, you have several other WDC investments to choose from.

To transfer your funds, simply visit the WDC website at [www.wdc457.org](http://www.wdc457.org) and schedule a one-on-one meeting using the *Schedule a Meeting* link in the upper right-hand corner. Or call (877) 457-WDCP (9327), press 0 and say “yes” to speak with a local WDC representative who can help guide you through the fund transfer process. ■

*You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.*

## Share Your Views in Our Participant Survey

Watch for a WDC online survey seeking your suggestions about important plan services and communications. Your input will also help us learn more about your retirement savings goals and how we can best meet your needs today and in the future. Watch for the survey on the WDC website in August. ■

## The Roth Option: More Flexibility for WDC Contributions

The Wisconsin Deferred Compensation (WDC) Program accepts Roth 457(b) contributions, giving you the flexibility to designate all or a portion of your WDC elective deferrals as Roth contributions.

Roth contributions are made with after-tax dollars, as opposed to the before-tax dollars traditionally contributed to the WDC. In other words, with the Roth option, you have already paid taxes on the money you contributed. With before-tax deferrals, taxes are paid when a distribution is taken.

## WDC News and Notes

**Revenue Credits:** As outlined in previous issues of *MoneyTalks*, certain WDC investment options offer revenue share credits. As of January 1, 2016, these credits are returned only to participants investing in those options. Currently, there are two options that provide a revenue share component: Fidelity ContraFund and the Federated U.S. Govt Securities 2-5 Year. During the first quarter of 2016, credits were reinvested according to your most recent contribution allocation on file. However, starting in May 2016, credits are reinvested into the funds paying the credit. For more information, visit [www.wdc457.org](http://www.wdc457.org).

**Self-Directed Brokerage Accounts:** An investment option available to WDC participants is the Schwab Personal Choice Retirement Account® (PCRA), offered through Charles Schwab & Co., Inc. (Member SIPC). The PCRA allows you to invest in a range of mutual funds not offered through GWFS Equities, Inc., and is for knowledgeable investors who acknowledge and understand the risks associated with the investment choices available through the PCRA.

**Distributions and PCRA:** If you are requesting a WDC distribution, you must transfer sufficient funds from your PCRA account at Schwab back to the core funds within the WDC's investment lineup in your WDC account to process your request. If you do not have sufficient funds in your WDC core funds at the time you submit your distribution request, it will be processed to the extent possible from the core funds. However, this could result in a smaller payout than requested. If you request a recurring disbursement (e.g., monthly payments), and over time the balance in your core funds is liquidated, your payments will cease. You will need to transfer dollars from the PCRA into your core funds and submit a new distribution request form.

You may request an in-kind rollover of your PCRA securities to another retirement plan or IRA rollover account. Note: A beneficiary is not authorized to trade and therefore cannot access the PCRA. Beneficiaries should contact the WDC via the toll-free number for assistance. ■

## Why should you consider Roth contributions?

For some, it might make sense to pay taxes on WDC account contributions now rather than when money is withdrawn at retirement. If you expect your income or taxes to rise substantially over time, you may be taxed at a lower rate today than in the future – even during retirement. These factors might make Roth contributions a good option, particularly if you are younger or currently in a relatively low tax bracket.

If you expect to have relatively higher WDC account investment earnings, or have a higher amount of money set aside for retirement, you may benefit from paying taxes up front or just having a pool of tax-free money down the road. Tax planning can be complex, so it's always a good idea to speak with a qualified advisor. In the meantime, here's what you need to know about WDC Roth contributions:

- **Restrictions.** Roth 457(b) contributions can either replace or complement traditional pre-tax contributions, subject to IRS limits. In 2016, if you are under age 50, you can contribute a total of \$18,000. For example, if \$9,500 is earned in pre-tax WDC account contributions, you can also make up to \$8,500 in Roth 457(b) after-tax contributions.
- **Catch-Up Contributions.** You can make catch-up contributions as long as they don't exceed the limit of \$6,000 for the Age 50+ Catch-Up provision or \$36,000 for the Special or Three-Year Catch-Up provision in a calendar year as a combination of Roth and pre-tax savings.
- **Timeframe.** Roth contributions have a five-year rule, meaning you only get the tax benefits for Roth 457(b) if those savings are held in the WDC for at least five consecutive years.
- **Withdrawals and Distributions.** You may take a withdrawal from Roth accounts while still working if your situation meets IRS and WDC financial hardship requirements. If you are not working, you can take a tax-free qualified distribution at age 59½. Funds withdrawn earlier are at risk of being taxed like regular income. At age 70½, you may take tax-free distributions even if you are still working (provided that you have contributed to the Roth account for at least five years).
- **Rollovers.** Roth IRAs may be rolled into other Roth IRAs, but not into the WDC. If you change jobs, Roth funds may be rolled over into a qualified account. Similarly, you may roll over a former employer's 401(k), 403(b) or 401(a) plan, a traditional IRA, or another government 457 plan into the WDC. ■

## Use the WDC Website to Automatically Increase Your Contributions

Many people pay bills via automatic bill payment for most all of their regular expenses. Did you know you can pay automatically, too? You can – by setting up automatic contribution increases on the WDC website. This feature lets you increase your contributions a little at a time, up to the level you specify, to help meet your retirement savings goals. Access your account at [www.wdc457.org](http://www.wdc457.org), then go to *Transactions* and *Change Paycheck Contribution* to select from the menu of options below. Choose *Scheduled Increase* to increase your deferral amount on an annual basis. Remember: Thanks to the power of compound interest, even the smallest increase can make a difference at retirement. ■



Select the type of deferral change you would like to make:		
<input type="radio"/>	Ongoing	Modify your deferral for all future pay periods.
<input type="radio"/>	Single payroll	Schedule a single payroll increase for a single pay period. Your deferral will then return to the prior deferral on file. This is best for when you receive a bonus or other single payroll compensation.
<input type="radio"/>	Scheduled increase	Schedule annual increases to your salary reduction amount, up to a maximum you specify.
<input type="radio"/>	Cancel request	Cancel future dated or scheduled deferral requests.
<input type="radio"/>	Stop all deferrals	Change all of your deferrals to zero.



## Critical Account Maintenance: Update Your Beneficiary Information

When was the last time you updated your beneficiary information? Assuming that you designated a beneficiary for your WDC account, it may have been years since you made sure the beneficiary listed on your account is still accurate.

That's why it's important to designate or update your WDC account beneficiary today. Quickly double check that your beneficiary information is correct by visiting [www.wdc457.org](http://www.wdc457.org) and logging in to your account or review your printed quarterly statement. There are two simple ways to complete this important task:

- **Paper Form.** Print the beneficiary designation form found on the WDC's website under *Program Information* and *Forms*, or request a form by calling the WDC office at **(877) 457-WDCP (9327)**. Send the completed form via fax to (866) 745-5766, or mail to: WDC c/o, P.O. Box 173764, Denver, CO 80217-3764.
- **Online.** You can update your beneficiary online through the WDC's website at [www.wdc457.org](http://www.wdc457.org). Login, look under *My Profile* and click *Beneficiary*.

Please remember that the WDC's beneficiary designations are different from your Wisconsin Retirement System beneficiary designations; updating one does not automatically update the other. You should be sure that both are up to date. In the event of your death, your WDC account will be paid according to your beneficiary designation. A will does not supersede this designation, nor does a marriage, divorce or birth of a child. If the WDC does not have a beneficiary designation on file for you, your account benefits will be paid according to the Wisconsin statutory standard sequence in effect on the date of death.

If you have any questions or need assistance regarding the beneficiary designation form, please contact a WDC representative by calling **(877) 457-WDCP (9327)**; press 0 and then say "representative." Representatives are available Monday through Friday from 7 a.m. to 7 p.m. Central time. ■

## Go Green

When we encourage you to save some green, we're usually talking about money for retirement. Another way to save some green is to go paperless – by choosing online delivery of retirement plan documents. In addition to helping the environment, going paperless offers these benefits:

- Get it faster: Electronic means you get it now. Online statements, for example, are available usually seven to 10 days sooner than a mailed statement.

- Save time: Electronic documents are easier to organize, secure and retrieve.
- De-clutter: Eliminate paper on your desk, in your home and when you travel.

Log in to the plan website at [www.wdc457.org](http://www.wdc457.org), click on *My Profile* and *Go Paperless*. ■

*Please consider the investment objectives, risks, fees and expenses carefully before investing. The prospectus contains this and other information about the investment options. Depending on the investment options offered in your plan, your registered representative can provide you with prospectuses for any mutual funds; any applicable annuity contracts and the annuity's underlying funds; and/or disclosure documents for investment options exempt from SEC registration. Please read them carefully before investing.*

Please note: Investing involves risk, including loss of principal. This newsletter has been prepared for informational and educational purposes only. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice.

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

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## WDC Contact Information

**Phone Number:**  
**(877) 457-WDCP (9327)**

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

**WDC Website:**  
[www.wdc457.org](http://www.wdc457.org)

**WDC Email:**  
[wdcprogram@empower-retirement.com](mailto:wdcprogram@empower-retirement.com)

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

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