



State of Wisconsin
 Department of Employee Trust Funds
 Robert J. Conlin
 SECRETARY

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Correspondence Memorandum

Date: February 7, 2017
To: Deferred Compensation Board
From: Shelly Schueller, Director
 Wisconsin Deferred Compensation Program
Subject: 2016 Strategic Partnership Plan Results and
 2017 Administrative Fee Change


The Deferred Compensation Board (Board) is asked to approve a 3.0% increase in the annual fee paid to Empower Retirement.

The 2016 Strategic Partnership Plan (SPP, formerly known as the Plan Enhancement Program) approved by the Deferred Compensation Board (Board) in November 2015 identified specific enhancements, initiatives and metrics on which Empower Retirement staff is to focus. As outlined in the Administrative Service Contract, if total Wisconsin Deferred Compensation (WDC) participant growth is greater than 3.0%, the annual administrative fee is to increase by 3.0%. In addition, if Empower Retirement meets the Board's objectives as defined in the annual SPP, the administrative fee is to increase by an additional 0.7% in the following year, for a total maximum possible increase of 3.7%. For 2016, Empower met the participant growth metric, but was unable to meet one SPP goal. Therefore, staff recommends the Board approve a 3.0% fee increase in 2017 for Empower Retirement.

2016 SPP Results

In the 2016 SPP, the Board set goals of increasing the number of participants by 2.5% and adding ten new local public employers to the WDC. Empower Retirement increased the number of WDC participants by 3.06%. Empower Retirement also added 13 new local employers, 3 above the goal of 10 new local employers. In addition, 10 local employer level plan reviews were completed as planned.

As shown on the attached 2016 WDC Scorecard, Empower Retirement was successful in reaching most SPP goals. Highlights of Empower Retirement's 2016 activities in Wisconsin include:

Reviewed and approved by Matt Stohr, Administrator
 Division of Retirement Services
 Electronically Signed 2/20/17

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- Conducted a mini-campaign targeting money market participants to remind them that the option does not provide good returns at present and offering the opportunity to meet with staff to review their WDC accounts;
- Offered the “free look” for the Managed Account service;
- Offered two webinars for participants and one for employers;
- Released an online survey for participants during the fall of 2016; and
- Developed a communications strategy to announce participant administrative fee changes.

The one area in which Empower did not fully meet the target goal was related to meetings and seminars in the education and learning category. In this area, Empower completed 501 group seminars (goal was 600) and 4,826 individual meetings (goal was 7,500). With the implementation of the online scheduling system in 2016, the methods used for tracking meetings and seminars changed. Because the variance in tracking was larger than anticipated, Empower could not fully meet the goal.

U.S. Conference of Mayors Plan in Wisconsin

In 2013 the Board approved an amendment to the WDC’s administrative services contract with Empower Retirement permitting Empower Retirement to provide support in the State of Wisconsin to any United States Conference of Mayors (USCM) s. 457 deferred compensation plan sponsors with balances of \$1 million or greater interested in moving their existing USCM plans to the Empower Retirement platform.

Empower Retirement agreed to provide the Board with updates on its activities in Wisconsin regarding the USCM plan. As indicated on the attached letter from Empower Retirement dated February 3, 2017, no plans with a balance of \$1 million or greater have moved their USCM accounts to the USCM plan administered by Empower Retirement as of the end of 2016. Two very small non-WDC local employers did move their plans to the USCM Empower retirement plan in 2013, but none have moved since then.

Recommendation

Based on the 2016 SPP results, staff recommends the Board approve a 3.0% fee increase in 2017 for Empower Retirement, from \$3,077,078 to \$3,169,390.

Staff from Empower Retirement and the Department of Employee Trust Funds will be available at the March 9, 2017, meeting to discuss the 2016 SPP results with the Board.

Attachments:

- A) February 6, 2017 letter from Empower (Emily Lockwood) outlining SPP results for 2016
- B) 2016 SPP Scorecard
- C) February 3, 2017 letter from Empower (Rob Dwyer) outlining Empower US Council of Mayors plan activities in Wisconsin during 2016



Wisconsin Deferred Compensation Program

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February 6, 2017

Ms. Shelly Schueller
Department of Employee Trust Funds
801 W. Badger Road
P.O. Box 7931
Madison, WI 53707-7931

Dear Shelly:

On behalf of the entire Empower Retirement team, we are pleased to provide you with the 2016 WDC Scorecard results.

Empower Retirement, the Wisconsin Deferred Compensation Board (Board) and Department jointly agreed that beginning each year we would develop an annual Plan Enhancement Program (PEP), now called a Strategic Partnership Plan (SPP), to define the specific plan goals, incorporate WDC Board initiatives, and include metrics for measuring success. These goals and metrics form the PEP/SPP and become the focus for the year.

The Strategic Partnership Plan generally has goals and metrics developed around the Four Dimensions:

1. *Participation* – Increase the number of eligible employees contributing to the WDC as well as the number of political subdivisions offering the WDC.
2. *Asset Allocation* – Encourage appropriate diversification of participant assets in WDC investment options.
3. *Education and Learning* – Provide access to more financial literacy learning opportunities for all participants throughout the State.
4. *Retiree Outreach* – Provide a focus on education to retirees; retain retiree accounts/assets in the WDC.

As noted in the attached scorecard, we met or exceeded all goals with the exception of the number of group and one-on-one meetings. In late 2015, Empower adopted a new system for tracking meetings, and 2016 was the first complete year using the system. Unfortunately, the reporting variance was greater than anticipated.

As a result, the following is proposed:

Securities offered through GWFS Equities, Inc. and/or other broker dealers.

Insurance products offered by Great-West Life & Annuity Insurance Company, Corporate Office: Greenwood Village, CO; or in New York, by Great-West Life & Annuity Insurance Company of New York, Home Office: White Plains, NY.

2016 EMPOWER RETIREMENT ADMINISTRATIVE FEE

As outlined in Section 7.3A of the Board's Administrative Service Contract with Employer Retirement, if total participant growth is greater than 1% but less than 3%, the annual administrative fee due to Empower Retirement increases by 2.7%. Additionally, if Empower Retirement meets the Board's objectives as defined in the annual PEP, the administrative fee increases by an additional 0.3% in the following year, for a total increase of 3.0%.

Because Empower increased WDC participant growth by 3.06%, Empower is requesting that the 2017 administrative fee increase by 3% from \$3,077,078 to \$3,169,390.

Please let me know if you have any questions or need additional information regarding the 2016 PEP Scorecard.

Sincerely,



Emily S. Lockwood
State Director

cc: Rob Dwyer, Vice President, Empower Retirement

enclosure

2016 WDC Scorecard



	Four Dimensions	Metric/Goals	2016 Goals/Activities	12/31/2016 Update
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	a1. 3.06% a2. Email Release 2,396 participants Open Rate – 42.21% Click to open rate – 12.4% b1. 13 New Employers b2. 10 Plan Reviews b3. 2 Conventions & 70 Benefit 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	a. Email/postcard released 9/28 to 6,951 participants (3,812 emails delivered) Open Rate – 35.44% 50% clicked on “Schedule a Meeting” b. \$36.15M c. 534 enrollments; 529% over monthly average in 2015; 95% retention
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)	a. Group seminars – 501* Individual meetings – 4,826* b. Completed 5/18; 25 attended Roth and 39 attended the employer contributions webinar c. Ongoing work with ETF and UW regarding data d. Released 5/13/16 to 1,187 contacts Local & State
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 62) 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)	a. November 17 th , 2016; 257 attendees b. Q4 release pushed to Q1 2017 due to requested change to audience at 11/1 board meeting c. 1,477 responses; 63% of whom were actively employed; 79.8% were extremely satisfied/satisfied with the WDC overall d. Completed 4Q 2015 and 1Q 2016 e. Ruth Alfaro/April Newsletter and Gary Howards/October Newsletter

*New meeting tracking system was implemented December 2015 in order to provide participants with online scheduling. Method of tracking group and individual meetings differs from previous meeting tracking system.

WDC 2016 Plan Enhancement Program (PEP)/Strategic Partnership Plan



February 3, 2017

Shelly Schueller, Director
Wisconsin Deferred Compensation Program
Department of Employee Trust Funds
801 W. Badger Road
P.O. Box 7931
Madison, WI 53707-7931

Subject: United States Conference of Mayors (USCM) Deferred Compensation Program

Dear Shelly:

As outlined in the Ninth Amendment to the Administrative Services Contract the WDC Board granted Empower Retirement (formerly Great-West) the ability to assist the United States Conference of Mayors (USCM), in transitioning and maintaining Wisconsin cities with balances of \$1 million or greater.

This initiative began in 2013, and we are providing you and the WDC Board an annual update on the activities of the Great-West USCM team. Since the agreement was approved, there have been zero plans with a balance of \$1 million or greater that have transitioned to the new USCM Empower Retirement Plan as of December 31, 2016.

To date, the transition of two small plans; the Town of Lowville with less than \$18,000 in assets (\$34,000 in an OBRA Plan) and the Town of Monico with less than \$14,200 in assets, have been the only USCM transitions. Both elected to move to the USCM plan, and neither of these employers offers the WDC Plan.

Empower Retirement is committed to honoring our service to the WDC Board and Department. Please do not hesitate to contact me with any questions or concerns at (303) 737-3291.

Sincerely,

A handwritten signature in red ink, appearing to read "Rob Dwyer".

Rob Dwyer
Vice President, Empower Retirement

cc: Dan Morrison, Senior Vice-President, Empower Retirement
Emily Lockwood, State Director, Empower Retirement

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Insurance products offered by Great-West Life & Annuity Insurance Company, Corporate Office: Greenwood Village, CO; or in New York, by Great-West Life & Annuity Insurance Company of New York, Home Office: New York, NY.