



# MoneyTalks

Wisconsin Deferred Compensation Program

## How Rolling Over Can Help You Simplify Your Retirement Preparation

The Wisconsin Deferred Compensation (WDC) Program is a great resource that's designed to help you build the retirement income you may need in the future. But what about the assets you may have in other retirement accounts or IRAs? How do they fit into the picture?

If you have an eligible governmental 457(b), 403(b), 401(k), and/or 401(a) account or IRA, you may be able to roll those assets into your existing WDC account.<sup>1</sup>

Consolidating other eligible accounts with your WDC account can make it easier to apply a single investment strategy/asset allocation across all of your assets.<sup>2</sup> Instead of researching, selecting, monitoring and adjusting investments for each account, you'll have a single account to manage. You'll also get the following:

- Access to investment options that are selected and monitored by the WDC Board
- Personal and professional service from local non-commissioned retirement plan advisors
- The convenience of one statement to review, one website to access, and one support phone number to call
- Competitive fees and expenses for administration and investments



If an account rollover sounds right for your situation, you can start the process by calling **(877) 457-WDCP (9327)** (press 0 then answer "yes" to speak to a local representative), or you can fill out the *Incoming Transfer/Rollover form* on [www.wdc457.org](http://www.wdc457.org).

<sup>1</sup> You are encouraged to discuss rolling money from one account to another with your financial advisor/planner and to consider any potential fees and/or limitations of available investment options.

<sup>2</sup> Asset allocation does not ensure a profit and does not protect against loss in declining markets.

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*FDIC Insured Bank Option: Nationwide Bank has declared an annualized interest rate of 0.93% for the second quarter of 2017.\**



\* 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

## Retirement Planning Basics: Types of Investments

For many people, investing is an intimidating process. However, the money you invest through the WDC can be an important part of your future retirement income. It's important to have a working knowledge of some basic investing terms and concepts — starting with the types of investments that can make up a portfolio. Here's a quick overview of some of the types of investments you'll frequently see mentioned in this newsletter and other WDC communications:

- **Stocks** – A stock is an ownership interest – or share – in a company. It's a device companies use to raise the capital they need. If a company is public, its shares can be traded on an exchange like the New York Stock Exchange or NASDAQ. You'll often see a stock referred to as a small-cap, mid-cap or large-cap stock. This refers to its market capitalization, a measure of the market value of the shares held by investors. Equity securities of small and mid-size companies may be more volatile than securities of larger, more established companies.
- **Bonds** – A bond is a type of debt investment. Think of it as a loan that an investor makes to a company, city, or other government entity. Instead of getting a loan from a bank, an organization will issue bonds and will promise to repay investors with interest. In general, bonds are seen as more conservative investments than stocks. 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.
- **Mutual funds** – A mutual fund is a type of investment that pools the money of multiple investors to invest in a collection of stocks, bonds, and other assets. Mutual funds have investment managers who decide which assets to invest in based on the fund's investment objectives (which are available in the fund's prospectus). Depending on the mix of assets in the fund, they also offer varying levels of diversification compared to individual stocks.
- **Collective investment trusts** – A collective investment trust is similar to a mutual fund;

the key difference is that the fund is operated by a bank or trust company. These trusts are generally available to participants in a pension or employer-sponsored retirement plan, like the WDC. For more information about the differences between mutual funds and collective investment trusts, there is a webinar available on the WDC website at [www.wdc457.org](http://www.wdc457.org). Click on *Education & Planning*, then on *Videos and Seminars* to find the seminar titled *Get to Know Your Plan: A Conversation about Mutual Funds and Collective Trust Funds*.

- **Capital preservation** – Capital preservation is generally a lower-risk, low-return investment that can be quickly converted into cash. Examples include money-market funds.

Interested in learning more? The WDC website is a great place to start. Go to [www.wdc457.org](http://www.wdc457.org), click *Education & Planning* in the menu bar, and check out the available resources that can help you become a better-informed investor. Investing involves risk, including possible loss of principal.

## Sign Up for a Retirement Readiness Review

Looking for a little help in getting answers to your questions about retirement? Schedule a Retirement Readiness Review with your local WDC Retirement Plan Advisor.<sup>4</sup> You can discuss topics like your asset allocation, your savings rate, your planned retirement age, and your retirement income needs – and how they all work together to create your retirement readiness. It's a great way to see whether you're on track to reach your retirement income goals. Click the Schedule a Meeting link at the top right of [www.wdc457.org](http://www.wdc457.org) or call (877) 457-WDCP (9327), press 0, then say “yes” to speak to an Advisor.

<sup>4</sup> The Retirement Readiness Review is provided by a Retirement Plan Advisor, who is both a GWFS Equities, Inc. Registered Representative and an Advised Assets Group, LLC (AAG) Investment Adviser Representative. GWFS and AAG are affiliated companies. Representatives do not offer or provide legal or tax advice. Please consult with your attorney and/or tax advisor as needed.





## Have a Managed Account?

### Update Your Information for More Personalized Service

If you have a Managed Account, your WDC retirement account investments are selected and managed for you by the investment professionals at Advised Assets Group, LLC (AAG), a registered investment adviser. The more information you provide on your income, outside savings and investments and retirement income goals, the more personalized that service can be. AAG can even take into account your spouse's or partner's financial situation, if you choose.

To update your information with AAG, log in to your account on [www.wdc457.org](http://www.wdc457.org) and click on *Advisory Services*.

## Managing Risk with Diversification

Even people who don't see themselves as financial experts probably know that diversification is an important part of a sound investment strategy. Simply put, diversification is the process of spreading the money you invest across different types of investments. It's a technique for managing investment risk. If you understand the cliché "Don't put all your eggs in one basket," you have a basic understanding of diversification.<sup>3</sup>

To see the importance of diversification, think about the risk an investor would face if he chose to invest all of his savings in the stock of a single company. If that company performed poorly, the investor could lose most of his money. However, there's more to diversification than investing in more than one company's stock. If that same investor chose only investments in companies in a single industry, he still faces significant risk. Also, if the investor only chose investments in one asset class (such as small-cap international stocks), he still may not be properly diversified.

Different companies, different industries, and different asset classes may perform differently over time. A diversified portfolio helps avoid the risk of depending too much on any single investment or type of investment. To build a diversified portfolio, you should consider multiple investments in multiple asset categories (such as stock funds, bond funds, and cash alternatives).

To find out more about different investment categories, review the *Retirement Planning Basics: Types of Investments* article in this newsletter, or visit the website at [www.wdc457.org](http://www.wdc457.org). Click on *Education & Planning* in the menu bar and select the *Investing Basics* link. You'll find important information under both the *Glossary* and *Investment Information* tabs.

<sup>3</sup> Diversification does not ensure a profit and does not protect against loss in declining markets.



## New Option Coming to the WDC Program Core Investment Lineup

The Deferred Compensation Board regularly reviews and monitors the investments available to WDC participants.

On June 8, 2017, the Board voted to add the American Beacon Bridgeway Large Cap Value Collective Investment Trust to the WDC's core investment options, effective later this year. The new option is in the large-cap value class. Large-cap funds primarily invest in equity securities of public companies located in the United States that have market capitalizations greater than \$10 billion. Market capitalization is a measure of a company's size and is calculated by multiplying the number of outstanding shares by the current market price. Large-cap investments may be most appropriate for someone willing to accept market fluctuations in return for long-term capital growth. Stock

investments tend to be more volatile than bond or money market investments.

Other investment options in the WDC will not be affected by this addition, and there is nothing you are required to do. If you would like to invest in the new option, you may do so by either logging onto the website at [www.wdc457.org](http://www.wdc457.org) or calling (877) 457-WDCP (9327) any time after the option is added. More information about this addition will be available on the website at [www.wdc457.org](http://www.wdc457.org).

For any questions, please call (877) 457-WDCP (9327) from 7 a.m. to 7 p.m. Central time, Monday through Friday, or email [wdcprogram@empower-retirement.com](mailto:wdcprogram@empower-retirement.com).



## 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

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