



State of Wisconsin
**Wisconsin Deferred
Compensation Program**
Fact Sheet

As of December 31, 2016

The Wisconsin Deferred Compensation Program (WDC) is a supplemental retirement savings program authorized under Section 457 of the Internal Revenue Code (IRC). The WDC was created by Wisconsin Laws of 1981 Chapter 187 and established in 1982 for state employees. It has been available to local employers since 1985.

Program Administration

The Department of Employee Trust Funds and the Deferred Compensation Board (Board) have statutory authority for program administration and oversight. The Board contracts for administrative services (marketing, record keeping, daily program administration) through a competitive bid process. Empower Retirement is under contract to provide these services through November 30, 2022.

The Board selects the investment options offered by the WDC and contracts directly with investment providers. The Board annually reviews the performance of the investment options offered to determine if they continue to meet established performance benchmarks. Options that are determined to be no longer acceptable may be removed from the WDC and new options may be added at any time.

Features

Maximum Deferral - Section 457 plan participants may contribute 100% of taxable income to their accounts, up to a federal maximum that is adjusted annually. In 2016, this maximum was \$18,000. This amount remains the same for 2017. Participants over age 50 are eligible to contribute an additional \$6,000 annually. The maximum limit for federal income tax purposes may be periodically increased (in \$500 increments) for cost of living adjustments tied to the consumer price index. Participants within three years of normal retirement age who under-contributed in prior years may also be eligible to contribute an additional \$18,000 annually.

Account Flexibility - The WDC allows participants to:

- Change the amount of their deferrals at any time.
- Save by deferring traditional pre-tax or Roth (post-tax) dollars.
- Redirect deferrals to other investment options offered by the WDC without restriction.
- Exchange existing account balances from one option to another (subject to the excessive trading policy).
- Elect to use the asset allocation service to provide automatic rebalancing of a participant's account balance based on an established asset allocation model.
- Elect to use the WDC's managed accounts service (additional separate fee applies).

Portability - Dollars from a traditional IRA, a 401(k) and a 403(b) can be rolled into the WDC, and amounts distributed from the WDC, can roll into a traditional IRA, a 401(k) and a 403(b) plan. Dollars rolled out of the WDC are subject to the tax rules of the new plan.

Participant Services - WDC representatives in Wisconsin are available to assist participants between 7:00 a.m. and 7:00 p.m. every workday of the year. Both participants and employers may call contact WDC at 1-877-457-9327 (toll-free).

An automated voice response system is available for participants to obtain account information and execute transactions. The WDC's website at www.wdc457.org offers program information, access to personal account data and execution of transactions online. Distribution of an itemized participant statement and newsletter occurs within 15 days of the end of each quarter.

Distribution Options - At termination of employment, participants may defer receiving distributions from their account up to age 70½. Distribution options available include lump sum payments, partial lump sum payments and periodic payments.

WDC Program Costs

Participant fees provide the primary source of funding for program administration. State funds are not used for the administration of the WDC. Certain contracts with investment providers have been negotiated to include specific reimbursements to participants investing in those options. The Board annually reviews administrative revenues and expenses and adjusts participant fees as necessary. As of January 1, 2016, annual participant fees were:

If participant balance is between:	Monthly fee deducted:	Equals total annual fee of:
\$0 to \$5,000	\$0.00	\$0.00
\$5,001 to \$25,000	\$1.00	\$12.00
\$25,001 to \$50,000	\$2.50	\$30.00
\$50,001 to \$100,000	\$5.00	\$60.00
\$100,001 to \$150,000	\$7.00	\$84.00
\$150,001 to \$250,000	\$10.00	\$120.00
Over \$250,000	\$15.00	\$180.00

Statistics as of December 31, 2016

- 919 local government and school district employers (from approximately 1,400 eligible) have elected to offer the WDC to their employees.
- 62,030 public employees participate in the WDC. 36,832 are state employees and 25,198 are employees of local and school district employers.
- The WDC offered 6 target date (asset allocation) funds and 16 options in the core investment spectrum in 2016. Participants may have an account with one or more of the available options. Participants also have access to thousands of mutual fund choices through the Schwab Personal Choice Retirement Account (PCRA), the WDC's self-directed option.

Investment Option	Number of Participant Accounts	Total Assets
Vanguard Target Retirement 2055 Fund	2,558	\$13,263,266
Vanguard Target Retirement 2045 Fund	5,608	\$62,935,109
Vanguard Target Retirement 2035 Fund	6,422	\$114,879,858
Vanguard Target Retirement 2025 Fund	6,540	\$179,467,678
Vanguard Target Retirement 2015 Fund	3,372	\$105,291,457
Vanguard Target Retirement Income Fund	1,929	\$40,666,367
FDIC Fund	8,523	\$113,040,738
Vanguard Money Market Fund - Admiral	6,841	\$25,664,078
Stable Value Fund	22,663	\$636,005,824
Federated US Gov't: 2-5 Year Institutional Fund	6,216	\$32,392,096
BlackRock US Debt Index Fund "W"	13,656	\$123,402,778
Vanguard Long Term Investment Grade Bond Funds – Admiral	11,145	\$129,627,354
Vanguard Wellington Fund – Admiral	23,460	\$438,340,600
Vanguard Inst. Index Fund Plus (S & P 500)	23,988	\$443,993,784
Fidelity Contrafund	24,722	\$559,530,090
Calvert Social Investment Equities Fund	3,111	\$45,192,024
BlackRock MidCap Index Fund	17,906	\$191,201,628
T. Rowe Price Instl Midcap Growth Fund	20,170	\$419,521,522
BlackRock Russell 2000 Index Fund	13,563	\$73,388,606
DFA U.S. Micro Cap Fund	14,335	\$246,530,029
BlackRock EAFE Equity Index Fund	15,844	\$97,314,238
American Funds EuroPacific Growth Fund – Class R6	20,859	\$149,395,476
Schwab PCRA	599	\$60,085,838
Total	*274,030	\$4,301,130,437

* The total number of participant accounts exceeds the number of participants, as participants may invest in more than one investment option. The average number of investment options per participant is approximately four.