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Correspondence Memorandum

Date: June 18, 2018
To: Deferred Compensation Investment Committee
From: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
Subject: FDIC Option Recommendation

The Department of Employee Trust Funds (ETF) suggests that the Investment Committee make a recommendation regarding the WDC's FDIC option.

On May 7, 2018, ETF learned that Nationwide Bank, the provider of the WDC's FDIC option, intends to exit the retail bank business (see attachment). ETF believes they intend to be out of the business by the end of the year. Approximately 9,500 WDC participants held over \$113 million in this option as of May 31, 2018. The Board must take action and determine what to do with this option. Possibilities include:

1. Allow the WDC FDIC account to be sold by Nationwide Bank to another financial institution;
2. Authorize ETF to complete an RFP process that will result in a contract with a new FDIC option provider; or
3. Discontinue an FDIC option in the WDC.

The Investment Committee will be reviewing all fixed investment options at the June 27, 2018 Investment Committee meeting. This review should determine what to recommend regarding the FDIC option.

If the Investment Committee desires to maintain an FDIC option, then ETF suggests that the Investment Committee recommend to the Board an RFP to search for a new FDIC provider. ETF will likely recommend the Board hold a special meeting to approve this RFP issuance.

If the Investment Committee recommends that the FDIC option be discontinued, then ETF suggests that the Investment Committee recommend that the Board direct ETF to develop a timeline and plan for closing this option, including how information will be communicated to WDC participants.

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services

Electronically Signed 6/20/18

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Staff will be at the Board meeting to answer any questions.

Attachment: "Nationwide to exit retail banking business; 240 workers to be affected."
Mark Williams. The Columbus Dispatch. May 7, 2018 <http://etf.wi.gov/boards/agenda-items-2018/dc0614/item11i.pdf>