



State of Wisconsin  
**Wisconsin Deferred  
Compensation Program**  
**Fact Sheet**  
As of December 31, 2018

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 2018, this maximum was \$18,500. Note: This amount was raised to \$19,000 for 2019. 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 in 2019 who under-contributed in prior years may also be eligible to contribute an additional \$19,000 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](http://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, 2017, 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	\$3.00	\$36.00
\$50,001 to \$100,000	\$6.00	\$72.00
\$100,001 to \$150,000	\$8.00	\$96.00
\$150,001 to \$250,000	\$11.00	\$132.00
Over \$250,000	\$16.50	\$198.00

## Statistics as of December 31, 2018

- 932 local government and school district employers (from approximately 1,400 eligible) have elected to offer the WDC to their employees.
- 66,153 public employees participate in the WDC. 38,556 are state employees and 27,597 are employees of local and school district employers.
- The WDC offered 6 target date (asset allocation) funds and 17 options in the core investment spectrum in 2018. Participants may have an account with one or more of the available options. Participants also have access to a managed accounts service and 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
Stable Value	25,022	665,617,520
FDIC Bank Option	9,869	128,865,515
American Funds Europacific Fund - Class R6	15,445	146,615,656
BlackRock EAFE Equity Index	19,497	153,093,008
T. Rowe Price Instl Mid Cap Equity Growth	21,239	465,863,329
BlackRock Mid Cap Equity Index	30,293	181,217,181
Vanguard Instl Trgt Retire 2015	2,971	109,893,018
Vanguard Instl Trgt Retire 2025	6,553	228,779,693
Vanguard Target Retirement 2035	6,717	155,243,866
Vanguard Instl Trgt Retire 2045	6,239	89,508,089
Vanguard Instl Trgt Retire 2055	3,567	25,088,946
Vanguard Instl Trgt Retire Inc	1,802	47,748,271
Calvert Social Investment - Equity Portfolio	3,032	50,456,401
American Beacon Bridgeway Large Cap	14,233	22,047,485
Fidelity Contrafund	32,040	637,538,417
Vanguard Institutional Index Fund Plus	27,254	486,161,275
Vanguard Wellington Fund Admiral	24,313	440,285,565
BlackRock U.S. Debt Index	17,489	183,089,746
Federated US Gov't Securities 2-5 Yr	5,923	31,640,511
Vanguard Long-Term Investment Grade Fund Admiral	16,257	129,377,539
BlackRock Russell 2000 Index	13,917	68,346,092
DFA US Micro Cap	17,941	208,008,339
Vanguard Admiral Treasury Money Market	6,532	33,249,082
Personal Choice Retirement Accounts - Charles Schwab	556	60,265,872
<b>Total</b>	<b>*328,701</b>	<b>\$4,748,000,416</b>

\* 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 4.6.