

# Wisconsin Deferred Compensation Program (WDC)

# MoneyTalks



## INVESTMENT OPTION CHANGES COMING SOON

There are several changes coming soon to the WDC core investment lineup:

- The Deferred Compensation Board voted at the June 13, 2019, meeting to add the Dodge & Cox Income fund (DODIX), an actively managed intermediate bond fund, to fill a gap in the WDC's investment option lineup. This fund will open to participants later this year. Once the Dodge & Cox Income fund is added to the lineup, you can find more information by visiting the website and clicking on the *Investing* menu and selecting the *Investment information* sub-menu.
- The Board also voted in June 2019 to shift the WDC's BlackRock funds to newly available and less expensive versions of the same funds, which should result in savings for participants. If you are currently investing in a BlackRock fund, your assets will automatically move to the new share classes later this year.
- As you may recall, the Board voted on November 15, 2018, to remove the Federated US Government Securities 2-5 Year fund from the investment lineup. As of Friday, November 1, 2019, any future contributions designated for the Federated US Government Securities 2-5 Year fund will be redirected to the **Stable Value Fund**. Participants will have from Friday, November 1, 2019, to Friday, May 1, 2020, to move any balances out of the Federated fund. After Friday, May 1, 2020, remaining balances will be moved into the Stable Value Fund.

For more on the Federated fund removal, please visit the WDC website in the coming months to review the investment option change information sent to participants in the Federated US Government Securities 2-5 Year fund.

**Please note:** The Stable Value Fund has what's called an equity wash. This means that in order to transfer dollars from the Stable Value Fund into a competing fund like the Vanguard Treasury Money Market Investment or the FDIC Bank Option, the money must first be held in a non-competing fund (i.e. a fund exposed to the stock market) for 90 days.

For additional details on these changes, please visit the WDC website at [www.wdc457.org](http://www.wdc457.org). To change your future contribution allocations, move your existing account balance or begin investing in a new fund, log in and click on the *My Accounts* menu, select *View/Manage my investments* on the left and click on *Change My Investments*. You can also call us for assistance with your account at **(877) 457-WDCP (9327)** (press 0 and say "representative").

## REMINDER: LIMITED-TIME OFFER TRY MY TOTAL RETIREMENT™ FREE FOR 90 DAYS

Sign up by Saturday, August 31, 2019, to take advantage of a no-obligation offer to have professionals looking after your WDC investments! Let experienced investment professionals create a personalized strategy for you. Empower Retirement Advisory Services<sup>1</sup> gets to know your individual situation, consider your goals and monitor your WDC account to help you reach the future you want. Click **here** to learn more, call **(877) 457-WDCP (9327)** or log in and click on *Enroll in My Total Retirement* below the slider bars to sign up. There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

### FDIC Insured Bank Option:

Johnson Bank has declared an annualized interest rate of 2.58% for the second quarter of 2019.\*

\* The FDIC Bank option is insured by the FDIC for up to \$250,000 per depositor and offers a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

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## BE A PAL: TELL A FRIEND ABOUT THE WDC

True friends look out for one another's interests, so why not tell one of your friends about how the WDC can help them save for the retirement income they'll need in the future? The WDC offers a host of benefits to retirement savers, including a wide range of quality investment options, the opportunity to invest a portion of your annual earnings on a before- or after-tax basis, and the flexibility to manage your account online, over the phone and in person with local representatives. Click [here](#) or visit [www.wdc457.org](http://www.wdc457.org) to watch a video that spells out some of the advantages of the WDC. You can access the video by clicking on the *About the WDC* menu and selecting the *Enroll now* link from the sub-menu. Share the link with a friend and start your own conversation about the advantages of taking charge of your future by saving for your retirement with the WDC.

## SHARE YOUR VIEWS IN OUR PARTICIPANT SURVEY

Watch for a WDC online survey seeking your suggestions about important program services and communications. Your input will also help us learn more about your retirement savings goals and how the WDC can best meet your needs today and in the future. Watch for the survey to open on the WDC website in August.

## CHANGES TO THE FDIC BANK OPTION

On December 17, 2018, Nationwide Bank ended its role as the provider of the FDIC Bank Option for the WDC. The Deferred Compensation Board recently approved a revised contract with Johnson Bank, the new provider of the WDC's FDIC Bank Option. As a result, two contract changes will take effect on July 2, 2019:

- **A new rate reset frequency** — Previously, the interest rate for the FDIC Bank Option was reset quarterly. Going forward, the interest rate will be reset monthly.
- **A revised rate of return calculation** — Research showed that the method used to calculate the rate of return was not sustainable. Because it was not in line with market standards, few banks were interested in providing the WDC's FDIC option. The previous rate of return corresponded to the 90-day U.S. Treasury bill plus 0.15%. The new rate of return will use the 90-day U.S. Treasury bill minus 0.15%.

These changes may result in lower returns but are necessary for the WDC to continue offering the FDIC option. The FDIC contract revisions also require a fund change, meaning if you have dollars in the FDIC option, you will see a transaction take place in your account as we move assets from the quarterly rated FDIC option to the monthly rated FDIC option. Any assets you have in the FDIC Bank Option and contributions designated for the FDIC Bank Option will transfer automatically. You can also move assets between this and other available WDC funds and redirect contributions at any time.

If you have questions about the **FDIC option** contract revisions, please refer to the fund overview available on [www.wdc457.org](http://www.wdc457.org), or call us at **(877) 457-WDCP (9327)**.

**Call Center Hours:** 7 am - 9 pm, Monday - Friday, 8 am - 4:30 pm, Saturday Central time

1 Online Advice and My Total Retirement™ are part of the Empower Retirement Advisory Services suite of services offered by Advised Assets Group, LLC, a registered investment adviser.

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Investing involves risk, including possible loss of principal. Transfer requests received on business days prior to close of the New York Stock Exchange (4 pm Eastern time or earlier on some holidays or in other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

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