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Correspondence Memorandum

Date: February 17, 2020
To: Wisconsin Deferred Compensation Board
From: Dan Hayes, Attorney
Office of Legal Services
Subject: Administrative Rule Update: CR 19-126

This memo is for informational purposes only. No Board action is required.

This memo updates the Wisconsin Deferred Compensation Board on the status of the proposed administrative rule the Board approved at its meeting on October 31, 2019.

As part of a larger rule that makes technical changes throughout the code, the Department of Employee Trust Funds (ETF) is proposing two changes to Chapter ETF 70. The ETF Board and the retirement boards approved the proposed rule at their December meetings.

ETF sent the rule on December 17, 2019, to the Governor for approval before it is submitted to the Legislature for review. The Governor's approval is pending.

The two changes affecting the WDC are as follows:

- Amend Wis. Admin. Code § ETF 70.03 (4). This subsection currently requires the Board to annually evaluate the performance of the program administrator, currently Empower Retirement, to determine compliance with its contract with the Board and established performance standards. ETF proposes updating the administrative code to reflect that such evaluations are completed every two years, rather than annually.
- Amend Wis. Admin. Code § ETF 70.08 (3). This subsection currently provides for a two-step process over a 12-month period for participants to move their investment to another investment product if the Board decides to remove an investment product from the plan. This process is significantly longer than standard practice in other plans and limits the Board's flexibility to make plan changes. ETF proposes modifying this process to provide a 90-day period for

Reviewed and approved by David Nispel, General Counsel, Legal Services

Electronically Signed 2/20/20

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participants to move their investment or have it moved for them to a board-designated alternative investment product.

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