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Meeting Materials

- Available at etf.wi.gov



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Welcome to the Deferred Compensation Board

June 11, 2020

Meeting will begin at 1:00 p.m.



Announcements

Item 1 – No Memo



Consideration of Open Minutes of:



March 12, 2020 DC Board Meeting
Draft May 6, 2020 DCIC Board Meeting

Item 2A & 2B – Memo Only



2019 Financial Statements Report Audit



Item 3 – Deferred Compensation Board

Ramona Yee, Deputy Director
Division of Trust Finance

Zach Mayer and Bryan Johnson
Wipfli LLC





State of Wisconsin

Public Employees Deferred Compensation
Plan and Trust

Audit and Contract Compliance
Engagements

For the June 11, 2020 Board Meeting

WIPFLI

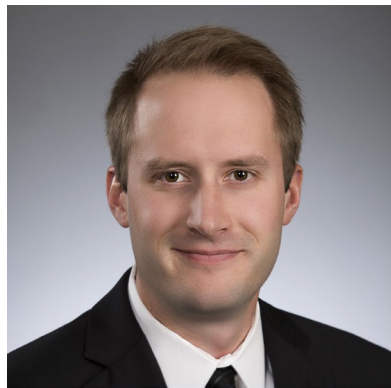
Presenters



Zach Mayer, CPA

Partner, Audit

- 20 years experience, including 16 years with ETF engagements
- Member of Wipfli's National Office team on Accounting and GAAP implementation



Bryan Johnson, CPA

Manager, Audit

- 8 years experience, including 7 with ETF engagements
- Member of Wipfli's Technical Issues Committee on Audits of Employee Benefit Plans

A photograph of a woman, likely a healthcare professional, smiling and looking to the right. She has a stethoscope around her neck. The entire image is overlaid with a semi-transparent blue filter. A white rectangular box is positioned on the left side of the image, containing the text 'Financial Statement Audit' in a blue, sans-serif font.

Financial Statement Audit

Audit Opinion (page 1)

- Unqualified opinion – “2019 financial statements present fairly, in all *material* respects, the financial position of the Plan”
- The Management Discussion and Analysis is unaudited
- Still in draft format until Board approves
- Wipfli’s first audit of the Plan’s financial statements



Independent Auditor’s Report

Deferred Compensation Board
Department of Employee Trust Funds
State of Wisconsin
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of State of Wisconsin Public Employees Deferred Compensation Plan and Trust, which comprise the statement of fiduciary net position available for plan benefits as of December 31, 2019, and the related statement of changes in fiduciary net position available for plan benefits for the year then ended and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Public Employees Deferred Compensation Plan and Trust as of December 31, 2019, and the changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management’s discussion and analysis information on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Wipfli LLP

[Date]
Madison, Wisconsin



Statement of Net Position (page 9)

- Change in reporting of liabilities in 2019
- Total assets increased 19.8% to just under \$5.7 billion

Summary of Fiduciary Net Position Available for Plan Benefits

	Other Employee Benefit Trust Fund			
	December 31, 2019	December 31, 2018*	\$ Change	% Change
Cash and Cash Equivalents	\$ 131,461,225	\$ 128,865,515	\$ 2,595,710	2.0 %
Investments	5,558,811,284	4,619,134,901	939,676,383	20.3 %
Receivable - Contributions	416,086	436,182	(20,096)	(4.6)%
Total Assets	5,690,688,595	4,748,436,598	942,251,997	19.8 %
Net Position Available for Plan Benefits	<u>\$5,690,688,595</u>	<u>\$4,748,436,598</u>	<u>\$942,251,997</u>	<u>19.8 %</u>

*Amounts for the prior year include restatements of prior year balances. See Note 2.

Statement of Changes in Net Position (page 10)

- Strong returns in 2019
- Distributions exceeding contributions
- Increase in expenses due to a variety of reasons, as highlighted in the MD&A.

Summary of Changes in Fiduciary Net Position Available for Plan Benefits

	Other Employee Benefit Trust Fund			
	2019	2018*	\$ Change	% Change
Additions				
Employee Contributions	\$ 172,831,679	\$ 163,413,183	\$ 9,418,496	5.8 %
Transfers-in From Other Plans	43,017,231	70,424,658	(27,407,427)	(38.9)%
Investment Income(Loss):				
Net Appreciation (Depreciation) in Fair Value	944,075,948	(318,588,999)	1,262,664,947	396.3 %
Interest and Dividends	77,551,189	132,818,347	(55,267,158)	(41.6)%
Less: Investment Expense	(13,331,115)	(10,871,461)	2,459,654	22.6 %
Net Investment Income (Loss)	<u>1,008,296,022</u>	<u>(196,642,113)</u>	<u>1,204,938,135</u>	<u>612.8 %</u>
Total Additions	<u>1,224,144,932</u>	<u>37,195,728</u>	<u>1,186,949,204</u>	<u>3,191.1 %</u>
Deductions				
Distributions to Participants	276,013,271	274,874,405	1,138,866	0.4 %
Administrative Expenses	<u>5,879,664</u>	<u>4,062,236</u>	<u>1,817,428</u>	<u>44.7 %</u>
Total Deductions	<u>281,892,935</u>	<u>278,936,641</u>	<u>2,956,294</u>	<u>1.1 %</u>
Net Increase (Decrease)	<u>\$ 942,251,997</u>	<u>\$ (241,740,913)</u>	<u>\$ 1,183,992,910</u>	<u>489.8 %</u>

*Amounts for the prior year include restatements of prior year balances. See Note 2.

Accounting Changes (page 13)

- GASB 84
- Change in classification of FDIC investment
- Change in accounting for the Plan's expense account

Accounting Changes

- Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, is effective for reporting periods beginning after December 15, 2019, with early implementation encouraged. The statement establishes criteria for identifying and classifying fiduciary activities of state and local governments. It describes four fiduciary funds that should be reported, if applicable: 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds, which generally should report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. The Plan was previously reported as fiduciary activity. Implementation of this statement requires us to classify the fund as an other employee benefit trust fund. We also separately identified investment expense in the Statements of Changes in Fiduciary Net Position Available for Plan Benefits. The changes had no impact to the net position available for plan benefits.
- Beginning in 2019, the FDIC Bank option is classified as Cash and Cash Equivalents because of the nature of the investment being short term and highly liquid. Previously the FDIC Bank option was classified as Investments. This change had no effect on the Net Position of the Plan.
- In 2019, ETF changed the accounting of the Board administrative account that is invested in the Plan and used to pay Plan expenses. The balance of the account was previously reported as an asset and a liability. We determined it is more appropriate to not report the balance as a liability because there is no present

obligation to sacrifice resources. Accordingly, we are accounting for activity of the Board administrative account as revenue and expense of the Plan. This increased the Net Position by \$2,157,003. The tables below show the effect of the adjustment on the beginning net position as well as the effect on the change in net position for the preceding period.

Restatement of Beginning Net Position

Net Position as of December 31, 2018	\$4,746,279,595
Adjustment of Liabilities as of December 31, 2018	2,157,003
Net Position as of December 31, 2018, restated	<u>\$4,748,436,598</u>

Restatement of Change in Net Position

Net Increase (Decrease) for the year ended December 31, 2018	(\$241,665,717)
Net Appreciation (Depreciation) in Fair Value	51,502
Less: Administrative Expenses	<u>(126,698)</u>
Net Increase (Decrease) for the year ended December 31, 2018, restated	<u>(\$241,740,913)</u>

Fair Value Table (page 18)

- Level I – Quoted prices in active markets for identical assets or liabilities
- Level II – Significant other observable inputs, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and other market corroborated inputs.
- Level III – Significant unobservable inputs

	Level 1	Level 2	Level 3	Fair Value
December 31, 2019				
Stable Value Fund	\$ 0	\$ 689,463,655	\$ 0	\$ 689,463,655
International Equity Funds	385,305,747	0	0	385,305,747
Large-cap Equity Funds	1,465,428,469	0	0	1,465,428,469
Mid-cap Equity Funds	845,593,155	0	0	845,593,155
Small-cap Equity Funds	303,242,488	0	0	303,242,488
Target Date Funds	816,784,218	0	0	816,784,218
Balanced Funds	0	500,197,095	0	500,197,095
Bond Funds	0	445,036,700	0	445,036,700
Money Market	37,533,414	0	0	37,533,414
Self-Directed Brokerage Mutual Funds	70,226,343	0	0	70,226,343
Totals	\$ 3,924,113,834	\$ 1,634,697,450	\$ 0	\$ 5,558,811,284

Questions?



2019 Contract Compliance Review



Item 4 – Deferred Compensation Board

Shelly Schueller, Director

Wisconsin Deferred Compensation Program

Zach Mayer and Bryan Johnson

Wipfli LLC



A smiling woman in a white lab coat with a stethoscope, overlaid with a blue tint. She is looking towards the left of the frame.

Contract Compliance Engagement

Executive Summary (page 3)

- Purpose of the engagement is to allow the Department to test Empower's compliance with their contract for administration of the plan
- Categories and tests determined by the Department and designed with input from the Department, Empower, and Wipfli
- Empower compliant with the contract, with only minor findings reported

Executive Summary

Wipfli LLP performed agreed-upon procedures in relation to the Agreement for Administrative Services Including Recordkeeping and Communications (Administrative Agreement) between Great-West Life & Annuity Insurance Company (Empower Retirement) and the State of Wisconsin Deferred Compensation Board for the year ended December 31, 2019. Empower Retirement performs the administration for the State of Wisconsin Deferred Compensation Program (WDC) pursuant to the Administrative Agreement. Our procedures were designed to test for specific elements of compliance with the Administrative Agreement as specified in the Request for Proposal and through discussions with Department of Employee Trust Funds (ETF) personnel. The results of our procedures are summarized below and discussed in greater detail later in this report.

- We noted Empower Retirement to be in compliance with all significant elements of the Administrative Agreement tested, including:
 - Recordkeeping and participant account valuations
 - Administrative performance standards
 - Other reporting, including the 2019 Strategic Partnership Plan
- Our examination of selected transactions included the following and revealed no significant exceptions or errors:
 - Administration fees charged to participants
 - Enrollment
 - Participant deferrals
 - Participant withdrawals, including
 - Hardship withdrawals
 - Required Minimum Distributions
 - Qualified Domestic Relations Orders
 - Transfers
 - Rollovers
 - Account confirmations
 - Equity wash
 - Fund selection and termination
- Overall, we found the records maintained at Empower Retirement to be complete and adequately organized. We found procedures to be well documented and monitored.

Accountant's Report (page 4)

- Organized as an Agreed Upon Procedures Engagement (AUP)
- An AUP is not an audit, but better matches the goals of the Department in determining contract compliance
- Still in draft format until Board approves

WIPFLI

Independent Accountant's Report on Applying Agreed-Upon Procedures for Third-Party Administration of State of Wisconsin Deferred Compensation Program

Wisconsin Deferred Compensation Board
Department of Employee Trust Funds
State of Wisconsin
Madison, Wisconsin

We have performed the procedures presented in the following report, which were agreed to by the State of Wisconsin Department of Employee Trust Funds (the specified party), on the Third-Party Administrator's (Empower Retirement) compliance with the WDC Administrative Agreement for the year ended December 31, 2019. Empower Retirement's management is responsible for the Third-Party Administrator's compliance with the WDC Administrative Agreement. The sufficiency of these procedures is solely the responsibility of the State of Wisconsin Department of Employee Trust Funds. Consequently, we make no representation regarding the sufficiency of the procedures described in the following report either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Third-Party Administrator's compliance with the WDC Administrative Agreement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Deferred Compensation Board and the Department of Employee Trust Funds, and is not intended to be and should not be used by anyone other than these specified parties.

Wipfli LLP

REPORT DATE
Madison, Wisconsin

Overview of Testing & Recommendations

	Testing Area	Results	Recommendations
1	Strategic Partnership Plan Scorecard	No exceptions.	
2	Annual Reporting	2 datapoints in the Annual Plan Report were not related to supporting information.	Empower to enhance APR preparation process to ensure values relate to underlying documentation that is retained for audit purposes. Certain values in the APR may not be as useful and could be considered for removal.
3	Participant Expenses	No exceptions.	
4	Enrollments	No exceptions.	
5	Participant Contributions	No exceptions.	
6	Catch-up Contributions	No exceptions.	
7	Hardship Withdrawals	No exceptions.	
8	Distributions	No exceptions.	
9	Domestic Relations Order Distributions	No exceptions.	
10	Transfers	2 of 25 tested did not have supporting documentation to determine if timeliness requirements were met.	
11	Rollover Contributions	No exceptions.	
12	Account Confirmations	68% positive, 0% negative, 32% nonreply	
13	Equity Wash	1 of 25 tested did not adhere to the 90 day rule.	Empower or ETF select additional transactions to determine the frequency of this condition. Empower to implement procedures to prevent this policy / contractual violation.
14	Fund Selection / Termination	No exceptions.	

Questions?



Investment Performance Review as of March 31, 2020

Item 5 – Deferred Compensation Board

Bill Thornton, Investment Director

Great-West Financial



Investment Performance and Expense Ratio Review

Performance as of March 31, 2020

Bill Thornton

Investment Director, Great-West Investments

303-737-1514

william.thornton@greatwest.com

Performance Benchmarking

3/31/2020

Name	Total Ret 3 Mth	Total Ret 1 Yr	Total Ret 3 Yr	Total Ret 5 Yr	Total Ret 10 Yr	Total Net Assets \$M	Expense Ratio
American Funds EuroPacific Gr R6	-22.43	-12.70	0.28	0.91	3.97	135,022	0.49
Morningstar Foreign Large Growth Avg	-19.08	-8.32	2.03	1.79	4.46	-	1.13
MSCI EAFE Index	-22.83	-14.38	-1.82	-0.62	2.72	-	-
MSCI ACWI ex U.S.	-23.36	-15.57	-1.96	-0.64	2.05	-	-
Blackrock EAFE Equity Index Coll T	-22.73	-14.02	-1.45	-0.25	3.07	-	0.04
MSCI EAFE Index	-22.83	-14.38	-1.82	-0.62	2.72	-	-
DFA US Micro Cap I	-34.75	-29.46	-8.01	-1.90	6.73	4,366	0.51
Morningstar Small Cap Blend Avg	-32.37	-26.41	-6.82	-1.76	5.96	-	1.12
Russell 2000 Index	-30.61	-23.99	-4.64	-0.25	6.90	-	-
Blackrock Russell 2000 Index Coll M	-30.33	-23.96	-4.53	-0.09	-	-	0.03
Russell 2000 Index	-30.61	-23.99	-4.64	-0.25	6.90	-	-
T. Rowe Price Instl Mid-Cap Equity Gr	-24.14	-13.65	4.69	5.92	11.61	6,761	0.61
Morningstar Mid Cap Growth Avg	-20.64	-11.17	4.66	4.33	9.46	-	1.17
Russell Mid Cap Growth Index	-20.04	-9.45	6.53	5.61	10.89	-	-
S&P Midcap 400 Index	-29.70	-22.51	-4.09	0.56	7.88	-	-
Blackrock Midcap Equity Index Coll F	-29.64	-22.40	-4.00	0.64	7.95	-	0.02
S&P MidCap 400 Index	-29.70	-22.51	-4.09	0.56	7.88	-	-
Calvert US Large Cap Core Rspnb Idx R6	-18.25	-4.91	5.80	6.77	10.70	3,578	0.19
S&P 500 Index	-19.60	-6.98	5.10	6.73	10.53	-	-
Morningstar Socially Resp Large Cap Avg**	-19.57	-8.28	4.65	5.52	9.43	-	0.96
Morningstar Large Cap Growth Avg	-15.48	-3.72	8.65	7.64	10.99	-	1.07
Fidelity Contrafund Commingled Pool CI 2	-13.67	-1.50	10.32	9.38	-	-	0.38
Morningstar Large Cap Growth Avg	-15.48	-3.72	8.65	7.64	10.99	-	1.07
Russell 1000 Growth Index	-14.10	0.91	11.32	10.36	12.97	-	-
S&P 500 Index	-19.60	-6.98	5.10	6.73	10.53	-	-
American Beacon Bridgeway Lg Cap Value I CIT*	-31.19	-23.44	-5.47	-0.73	7.29	2,026	0.55
Morningstar Large Cap Value Avg	-26.73	-17.17	-2.18	1.90	7.67	-	-
Russell 1000 Value Index	-26.77	-17.73	-2.11	1.42	6.89	-	-

* The American Beacon CIT returns presented in italics are linked to mutual fund performance.

**This index is a compilation of all Large Cap Socially Conscious Funds in the Morningstar Database

Past performance is no guarantee of future results. Rankings provided based on total returns. Performance quoted for mutual funds may include performance of a predecessor fund/share class prior to the share class commencement of operations.



Performance Benchmarking

3/31/2020

Name	Total Ret 3 Mth	Total Ret 1 Yr	Total Ret 3 Yr	Total Ret 5 Yr	Total Ret 10 Yr	Total Net Assets \$M	Expense Ratio
Vanguard Institutional 500 Index Trust*	-19.60	-6.99	5.10	6.72	10.52		0.01
S&P 500 Index	-19.60	-6.98	5.10	6.73	10.53	-	-
Vanguard Wellington Adm	-13.79	-2.73	4.28	5.29	7.97	93,760	0.17
Morningstar Moderate Allocation Avg	-14.74	-7.01	1.48	2.40	5.75	-	1.10
Composite 65% S&P 500 / 35% Barclay's Aggregate	-11.64	-1.41	5.01	5.55	8.20	-	-
Composite 65% S&P 500 / 35% Barclay's U.S. Credit A or Better Idx	-12.91	-1.93	5.01	5.66	8.60	-	-
Vanguard Long-Term Investment-Grade Adm	2.06	14.88	8.58	5.86	8.13	18,813	0.12
Barclay's LT Corporate A	-0.50	7.46	4.83	3.68	5.03	-	-
Morningstar Corp Bond	-4.74	2.64	2.96	2.77	4.36	-	0.81
Dodge & Cox Income	-0.70	5.08	3.86	3.28	4.12	60,977	0.42
Morningstar Interm Core-Plus Bond Avg	-1.10	4.24	3.27	2.57	3.87	-	-
BarCap US Agg Bond TR USD	3.15	8.93	4.82	3.36	3.88	-	-
Blackrock US Debt Index Fund Coll W	3.13	8.90	4.86	3.40	-	-	0.03
BarCap US Agg Bond TR USD	3.15	8.93	4.82	3.36	3.88	-	-
Federated US Govt 2-5 Yr Instl	4.92	8.17	3.40	2.09	1.94	280	0.60
Morningstar Short Government Avg	2.15	4.40	2.26	1.48	1.48	-	0.73
Barclay's US Treas/Agency 3-5 Yr	5.37	9.19	4.18	2.88	2.95	-	-
BofA Merrill Lynch US Treas 3-5 Yr	5.36	9.13	4.14	2.87	2.91	-	-
Vanguard Admiral Treasury Money Mkt Inv	0.35	1.91	1.65	1.07	0.54	40,582	0.09
Morningstar Taxable Money Mkt Avg	0.25	1.54	1.30	0.81	0.41	-	0.46
U.S. Treasury 90-Day T-Bill	0.28	1.74	1.69	1.11	0.59	-	-
iMoney Net Average Treasury MM	0.24	1.40	1.17	0.71	0.35	-	-
Stable Value Fund	0.61	2.56	2.30	2.13	2.36	709	0.29
5 Yr. Constant Maturity Treasury Yield	0.29	1.63	2.14	1.88	1.62	-	-

* Italicized returns are taken from mutual fund share class..

Past performance is no guarantee of future results. Rankings provided based on total returns. Performance quoted for mutual funds may include performance of a predecessor fund/share class prior to the share class commencement of operations.



3-Year Percentile Ranks

3/31/2020

Group/Investment	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2020	2019	2019	2019	2019	2018	2018	2018	2018	2017
	% of Peer Group Beaten	% of Peer Group Beaten	% of Peer Group Beaten	% of Peer Group Beaten	% of Peer Group Beaten	% of Peer Group Beaten	% of Peer Group Beaten	% of Peer Group Beaten	% of Peer Group Beaten	% of Peer Group Beaten
American Beacon Bridgeway Lg Cp Val Inst	10	15	16	21	15	21	62	68	78	84
American Funds Europacific Growth R6	31	53	61	73	72	69	56	59	66	68
BlackRock EAFE® Equity Index F	74	72	87	79	59	59	56	58	46	68
Blackrock Mid Cap Eq Idx Fund CF	52	52	61	61	68	90	73	90	90	93
BlackRock Russell 2000® Index F	81	81	69	81	85	73	85	81	82	75
Blackrock US Debt Idx Fund CF	95	78	73	63	61	66	64	70	73	66
Calvert US Large Cap Core Rspnb Idx I	90	87	83	90	88	74	70	54	69	68
DFA US Micro Cap I	31	31	46	54	60	71	83	82	79	73
Dodge & Cox Income	69	75	83	85	87	87	86	91	87	89
Federated US Govt 2-5 Yr Instl	95	81	49	48	33	40	16	24	23	45
Fidelity Contrafund Commingled PI 2	58	63	68	63	43	53	46	70	71	59
T. Rowe Price Mid-Cap Growth	45	66	71	62	57	72	55	68	86	89
Vanguard Institutional Index Instl PI	81	83	82	84	87	89	92	93	91	89
Vanguard Long-Term Investment-Grade Adm	77	54	63	55	68	67	69	81	76	83
Vanguard Target Retire 2015 Trust I	87	69	66	67	65	65	62	64	65	63
Vanguard Target Retire 2025 Trust I	80	92	85	81	76	87	85	87	85	82
Vanguard Target Retire 2035 Trust I	79	76	71	81	78	77	74	75	76	67
Vanguard Target Retire 2045 Trust I	73	79	79	79	76	79	82	83	88	81
Vanguard Target Retire 2055 Trust I	78	71	65	72	69	80	69	67	75	63
Vanguard Target Retire Inc Trust I	90	72	67	58	51	68	57	67	75	67
Vanguard Wellington™ Admiral™	87	91	94	90	92	95	92	93	97	97

1st Quartile
 2nd Quartile
 3rd Quartile
 4th Quartile

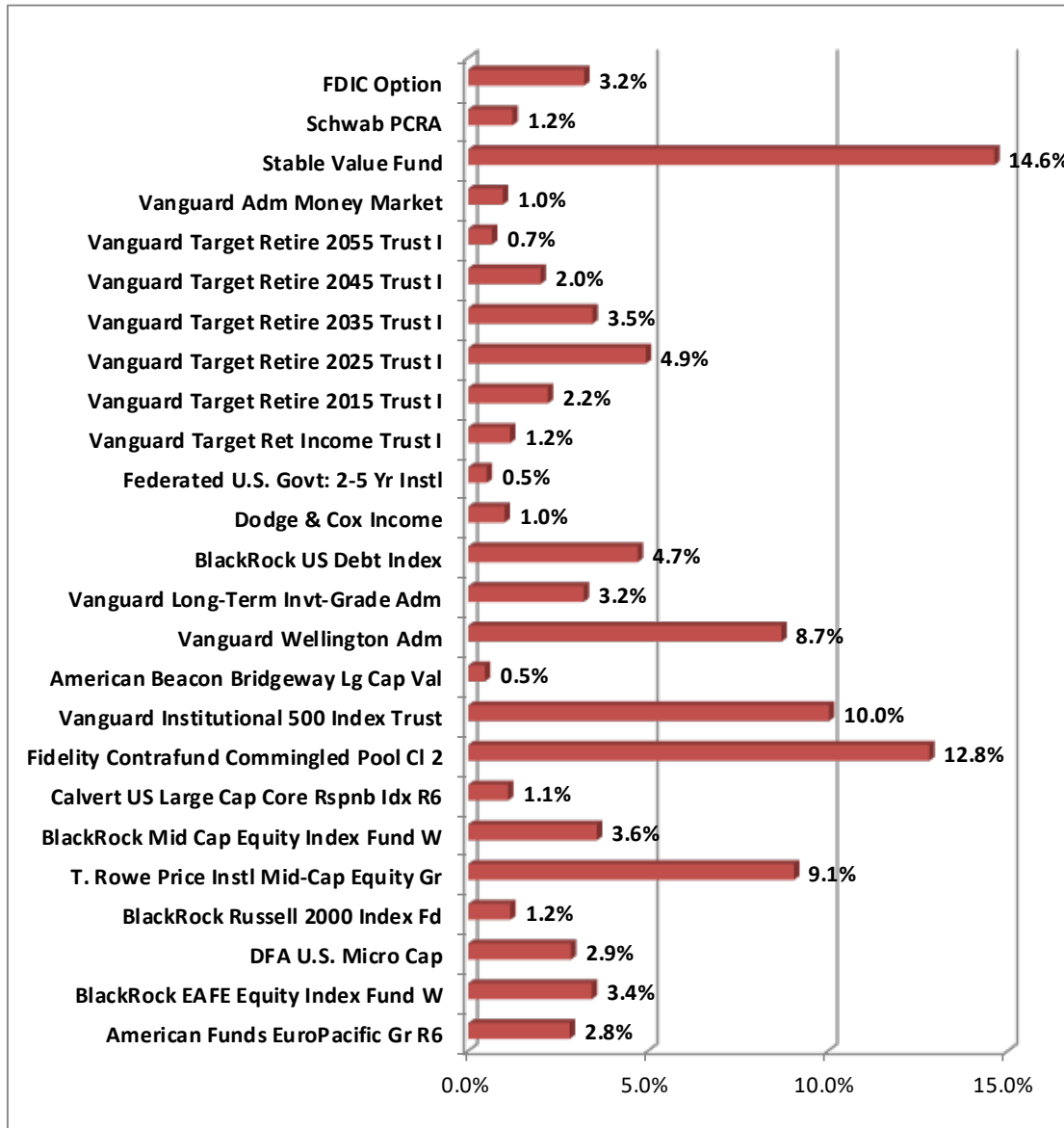
* Percentile ranks shown for American Beacon Bridgeway and Calvert US Large Cap Responsible Index are taken from oldest share class of their respective mutual funds.

Past performance is no guarantee of future results. Rankings provided based on total returns. Performance quoted for mutual funds may include performance of a predecessor fund/share class prior to the share class commencement of operations.



	Plan Inception Date	Fund Net Assets	WDC Assets in Fund	WDC as a Percentage of Fund Assets	Fund as a Percentage of WDC Assets	Number of Participants	Percentage of WDC Participants Utilizing Fund
American Funds EuroPacific Gr R6	1/28/2005	\$135,022,197,970	\$137,007,613	0.10%	2.82%	24,494	36.90%
BlackRock EAFE Equity Index Fund W	2/1/2001	\$34,907,322,784	\$166,946,096	0.48%	3.44%	22,776	34.31%
DFA U.S. Micro Cap	2/1/1997	\$4,365,957,343	\$138,482,207	3.17%	2.85%	11,403	17.18%
BlackRock Russell 2000 Index Fd	2/20/2004	\$525,854,323	\$56,870,693	10.81%	1.17%	15,932	24.00%
T. Rowe Price Instl Mid-Cap Equity Gr	2/1/1998	\$6,760,688,072	\$439,288,699	6.50%	9.06%	33,035	49.77%
BlackRock Mid Cap Equity Index Fund W	2/1/2001	\$4,511,602,653	\$173,404,703	3.84%	3.57%	24,424	36.80%
Calvert US Large Cap Core Rspnb Idx R6	4/18/2003	\$3,577,526,661	\$53,754,435	1.50%	1.11%	3,370	5.08%
Fidelity Contrafund Commingled Pool CI 2	1/31/1994	\$98,380,970,210	\$621,527,750	0.63%	12.81%	31,697	47.75%
Vanguard Institutional 500 Index Trust	9/9/1990	\$64,900,000,000	\$486,623,063	0.75%	10.03%	30,359	45.74%
American Beacon Bridgeway Lg Cap Val	11/1/2017	\$181,838,149	\$22,780,254	12.53%	0.47%	18,038	27.17%
Vanguard Wellington Adm	10/26/2001	\$93,760,239,644	\$422,396,177	0.45%	8.71%	24,599	37.06%
Vanguard Long-Term Invt-Grade Adm	10/26/2001	\$18,813,043,698	\$155,776,892	0.83%	3.21%	15,535	23.40%
BlackRock US Debt Index	2/1/2001	\$13,466,914,041	\$228,609,442	1.70%	4.71%	21,102	31.79%
Dodge & Cox Income	1/2/1989	\$60,977,180,031	\$49,188,037	0.08%	1.01%	13,625	20.53%
Federated U.S. Govt: 2-5 Yr Instl	2/3/1992	\$279,563,278	\$25,228,303	9.02%	0.52%	5,516	8.31%
Vanguard Target Ret Income Trust I	7/29/2005	\$10,200,000,000	\$56,426,793	0.55%	1.16%	1,900	2.86%
Vanguard Target Retire 2015 Trust I	7/29/2005	\$10,700,000,000	\$107,473,165	1.00%	2.22%	2,813	4.24%
Vanguard Target Retire 2025 Trust I	7/29/2005	\$47,500,000,000	\$239,592,844	0.50%	4.94%	6,418	9.67%
Vanguard Target Retire 2035 Trust I	7/29/2005	\$42,700,000,000	\$167,636,968	0.39%	3.46%	6,849	10.32%
Vanguard Target Retire 2045 Trust I	7/29/2005	\$31,600,000,000	\$97,536,558	0.31%	2.01%	6,495	9.78%
Vanguard Target Retire 2055 Trust I	8/18/2010	\$14,200,000,000	\$32,170,863	0.23%	0.66%	4,128	6.22%
Vanguard Adm Money Market	10/1/1993	\$40,581,800,000	\$46,580,845	0.11%	0.96%	6,446	9.71%
Stable Value Fund	9/1/1996	N/A	\$709,407,680	N/A	14.62%	28,417	42.81%
Schwab PCRA	2/17/2000	N/A	\$59,820,000	N/A	1.23%	1,198	1.80%
FDIC Option	12/31/1996	N/A	\$156,514,910	N/A	3.23%	11,782	17.75%



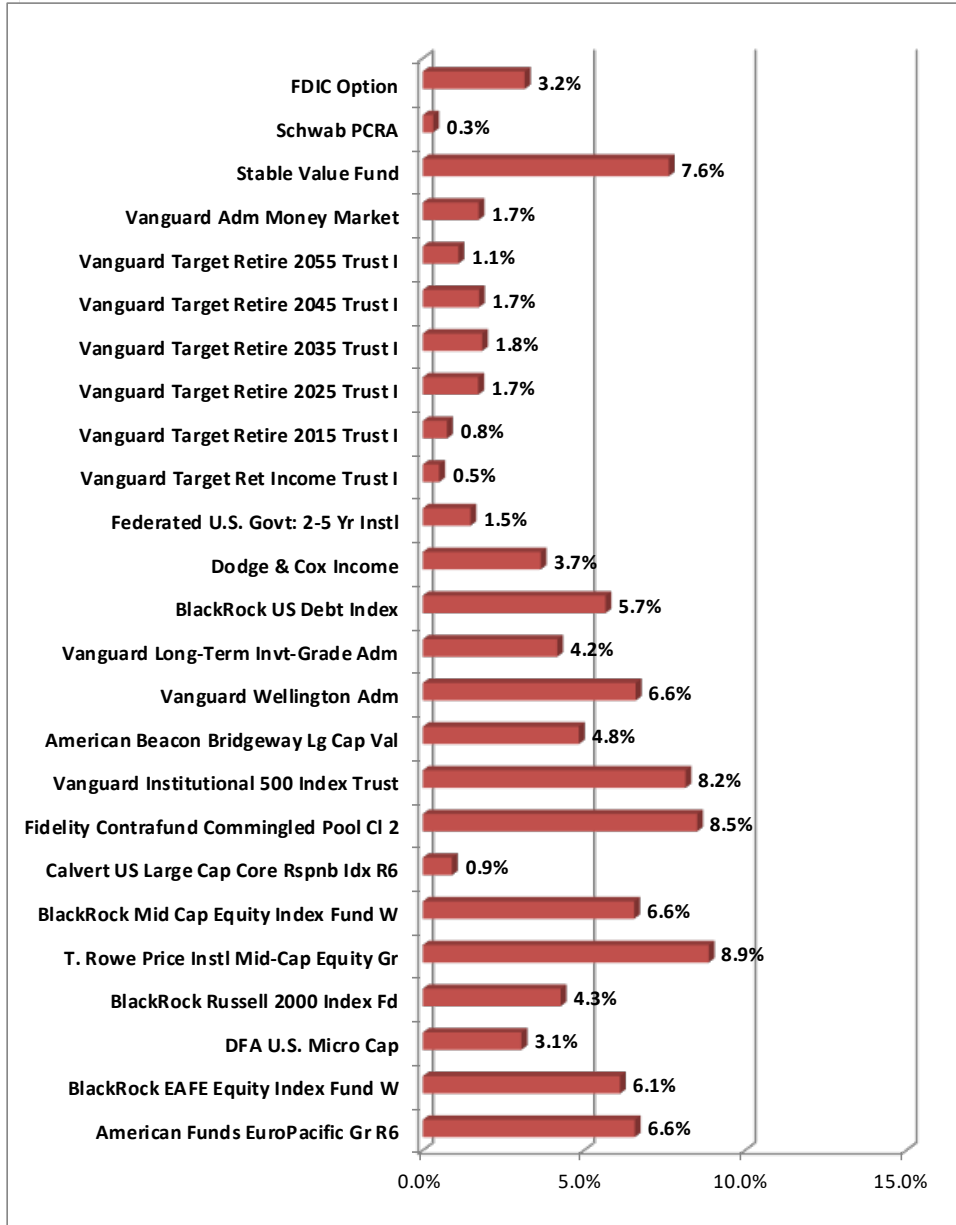


Total WDC Assets

\$4,851,044,990

Domestic Equity	\$1,992,731,804	41%
Intl Equity	\$303,953,709	6%
Asset Allocation	\$1,123,233,367	23%
Fixed Income	\$458,802,674	9%
Cash Equiv.	\$912,503,436	19%
Self-Directed Brok.	\$59,820,000	1%





Total WDC Participants
66,378



Expense Summary

3/31/2020

Name	Expense Ratio	Annual Expense per \$1000
American Funds EuroPacific Gr R6	0.49	\$4.90
Cat: Foreign Large Growth	1.13	
Blackrock EAFE Equity Index Fund W	0.04	\$0.40
Cat: Foreign Large Blend Index	0.42	
DFA U.S. Micro Cap	0.51	\$5.10
Cat: Small Blend	1.12	
Blackrock Russell 2000 Index Fd	0.03	\$0.30
Cat: Small Cap Blend Index	0.42	
T. Rowe Price Instl Mid-Cap Equity Gr	0.61	\$6.10
Cat: Mid Growth	1.17	
Blackrock Mid Cap Equity Index Fund W	0.02	\$0.20
Cat: Mid Cap Blend Index	0.49	
Calvert US Large Cap Core Rspnb Idx R6	0.19	\$1.90
Cat: Socially Resp Large Cap	0.98	
Fidelity Contrafund Commingled Pool CI 2	0.38	\$3.80
Cat: Large Growth	1.07	
Vanguard Institutional 500 Index Trust	0.01	\$0.10
Cat: Large Cap Blend Index	0.45	
American Beacon Bridgeway Lg Cap Val	0.55	\$5.50
Cat: Large Value	1.00	
Stable Value Fund	0.32	\$3.20
Cat: Stable Value	0.70	
Dodge & Cox Income	0.42	\$4.20
Cat: Intern. Core-Plus Bond	0.79	

Asset-Weighted Average Expense Ratio: 0.18%

Name	Expense Ratio	Annual Expense per \$1000
Vanguard Wellington Adm	0.17	\$1.70
Cat: Moderate Allocation	1.10	
Vanguard Target Retirement 2055 Inv	0.07	\$0.70
Cat: Target Date 2050+	0.76	
Vanguard Target Retirement 2045 Inv	0.07	\$0.70
Cat: Target Date 2041-2045	0.76	
Vanguard Target Retirement 2035 Inv	0.07	\$0.70
Cat: Target Date 2031-2035	0.75	
Vanguard Target Retirement 2025 Inv	0.07	\$0.70
Cat: Target Date 2021-2025	0.73	
Vanguard Target Retirement 2015 Inv	0.07	\$0.70
Cat: Target Date 2011-2015	0.66	
Vanguard Target Retirement Income Inv	0.07	\$0.70
Cat: Retirement Income	0.76	
Vanguard Long-Term Invmt-Grade Adm	0.12	\$1.20
Cat: Corporate Bond	0.81	
Blackrock US Debt Index	0.03	\$0.30
Cat: Intermediate Bond Index	0.32	
Federated U.S. Govt: 2-5 Yr Instl*	0.60	\$6.00
Cat: Short Government	0.73	
Vanguard Adm Money Market	0.09	\$0.90
Average US Taxable Money Market Fund	0.46	

* The Federated U.S. Govt. 2-5 Yr Fund and Dodge & Cox Income Fund shares revenue back to the plan's participants, which is not reflected in the expense ratios above. The expense ratio of the fund including this reimbursement would be 0.44 for the Federated fund and 0.10 for the Dodge & Cox fund.



Target Date Performance

3/31/2020

Name	Total Ret 3 Mth	Total Ret 1 Yr	Total Ret 3 Yr	Total Ret 5 Yr	Total Ret 10 Yr	Total Net Assets \$M	Expense Ratio	% Short- Term	% US Stocks	% Non US Stocks	% Inv Grade Bond	% High Yield Bond
Vanguard Target Retire Inc Trust I	-5.90	0.96	3.38	3.17	4.92	10,200	0.07	2	18	12	68	0
S&P Target Date Retirement Income TR USD	-6.69	0.17	3.06	2.89	4.52	-	-	-	-	-	-	-
Composite Returns*	-4.45	2.40	3.45	2.90	4.43	-	-	-	-	-	-	-
Vanguard Target Retire 2015 Trust I	-7.40	-0.09	3.61	3.55	6.03	10,700	0.07	2	23	14	61	0
S&P Target Date 2015 TR USD	-9.16	-1.93	2.90	3.21	5.54	-	-	-	-	-	-	-
Composite Returns*	-6.19	0.94	3.17	2.83	4.61	-	-	-	-	-	-	-
Vanguard Target Retire 2025 Trust I	-12.92	-4.17	3.07	3.60	6.65	47,500	0.07	2	37	23	38	0
S&P Target Date 2025 TR USD	-12.93	-4.89	2.52	3.32	6.20	-	-	-	-	-	-	-
Composite Returns*	-11.97	-3.96	2.18	2.52	5.08	-	-	-	-	-	-	-
Vanguard Target Retire 2035 Trust I	-16.47	-7.16	2.53	3.51	7.07	42,700	0.07	1	47	29	23	0
S&P Target Date 2035 TR USD	-17.69	-8.81	1.71	3.10	6.53	-	-	-	-	-	-	-
Composite Returns*	-15.97	-7.30	1.52	2.33	5.46	-	-	-	-	-	-	-
Vanguard Target Retire 2045 Trust I	-19.84	-10.08	1.77	3.21	7.07	31,600	0.07	1	54	35	10	0
S&P Target Date 2045 TR USD	-20.15	-10.86	1.23	2.98	6.73	-	-	-	-	-	-	-
Composite Returns*	-19.25	-10.11	0.91	2.11	5.67	-	-	-	-	-	-	-
Vanguard Target Retire 2055 Trust I	-19.83	-10.09	1.78	3.19	-	14,200	0.07	1	54	35	10	0
S&P Target Date 2055+ TR USD	-20.84	-11.47	1.12	3.02	-	-	-	-	-	-	-	-
Composite Returns*	-19.24	-10.09	0.92	2.12	5.68	-	-	-	-	-	-	-

*Composite benchmark consists of the following indices weighted to match the allocation of the specific target date fund:
MSCI Broad Market, MSCI EAFE, Barclays Aggregate Bond, and Barclays US Treasury 1-3 Month

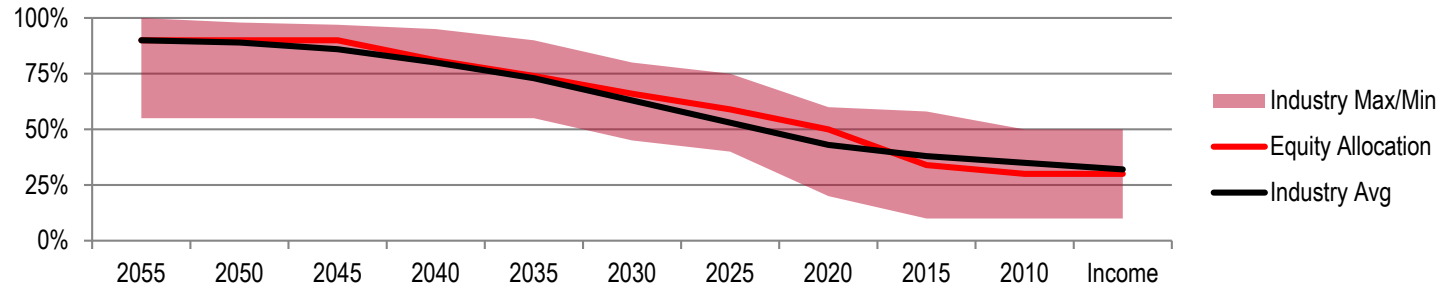
Past performance is no guarantee of future results. Rankings provided based on total returns. Performance quoted for mutual funds may include performance of a predecessor fund/share class prior to the share class commencement of operations.



Glide Path Summary

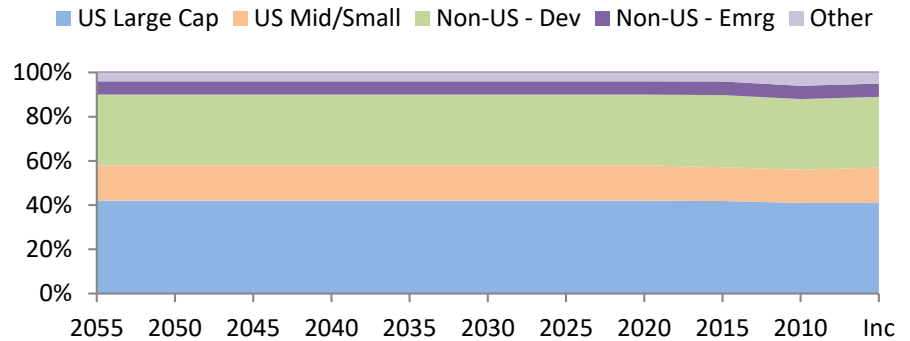
3/31/2020

Data as of March 31, 2020



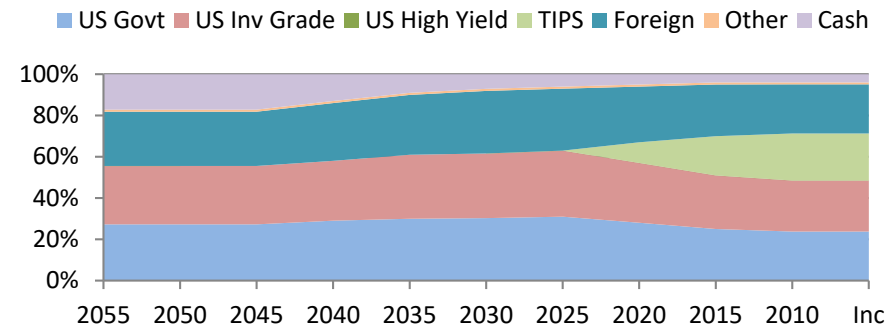
	<u>2055</u>	<u>2050</u>	<u>2045</u>	<u>2040</u>	<u>2035</u>	<u>2030</u>	<u>2025</u>	<u>2020</u>	<u>2015</u>	<u>2010</u>	<u>Income</u>
Equity %	90%	90%	90%	81%	74%	66%	59%	50%	34%	30%	30%
Industry Avg	89%	88%	85%	79%	71%	62%	53%	43%	38%	35%	32%

Equity Diversification



	<u>2055</u>	<u>2050</u>	<u>2045</u>	<u>2040</u>	<u>2035</u>	<u>2030</u>	<u>2025</u>	<u>2020</u>	<u>2015</u>	<u>2010</u>	<u>Inc</u>
US Large Cap	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
US Mid/Small	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
Non-US - Dev	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%
Non-US - Emrg	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Other	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%

Fixed Income Diversification



	<u>2055</u>	<u>2050</u>	<u>2045</u>	<u>2040</u>	<u>2035</u>	<u>2030</u>	<u>2025</u>	<u>2020</u>	<u>2015</u>	<u>2010</u>	<u>Inc</u>
US Govt	27%	27%	27%	29%	30%	30%	31%	28%	25%	24%	24%
US Inv Grade	28%	28%	28%	29%	31%	31%	32%	29%	26%	25%	25%
US High Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TIPS	0%	0%	0%	0%	0%	0%	0%	10%	19%	23%	23%
Foreign	26%	26%	26%	28%	29%	30%	30%	27%	25%	24%	24%
Other	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Cash	17%	17%	17%	13%	9%	7%	6%	5%	4%	4%	4%



Stable Value Funds Options Review



Item 6 – Deferred Compensation Board

Shelly Schueller, Director

Wisconsin Deferred Compensation Program

Steven DiGirolamo and Jake McClelland

Wilshire Consulting





WILSHIRE ASSOCIATES

Wilshire Consulting

Wisconsin Department of Employee Trust Funds
Stable Value Fund Options Review

June 2020

Stable Value Fund Options Review Search Process and Summary

Below is a summary of the Wilshire Associates process for the Wisconsin Department of Employee Trust Funds, Stable Value Fund Options Review:



Stable Value Fund Options Review

Great-West Investments

Assets Under Management:

Total Assets Under Management:	\$46.3 Billion
Total Stable Value AUM:	\$10.0 Billion

Key Stable Value Personnel:

Jack E. Brown, CFA	SVP, Lead Portfolio Manager
Maria Mendelsberg, CFA	AVP, Portfolio Manager

Key Stable Value Resources and Experience:

Investment Professionals:	29
Avg. Investment Experience:	17.4
Avg. Tenure at Great West:	13.7

Portfolio Duration and Maturity Structure Construction:

Portfolio duration is typically between 2-4 years
 Flexibility in managing portfolio duration to meet client needs

Investment Portfolio:

Average Overall Portfolio Quality:	AA-
Minimum Issue Credit Quality:	Customizable
Maximum Industry Issue Position:	Customizable

Wrap Provider Philosophy:

Great-West’s wrap protection is provided by Great-West Life & Annuity Insurance Company (GWL&A), a subsidiary of Empower Retirement. GWL&A is the sole wrap provider. Great-West implies this guarantees participant book value within the stable value fund and provides stability of principal and credited interest at book value.

Pros

- Fully customizable portfolio to meet the needs of the investor
- Research team has experience and depth
- Fee offering is built into the fee structure for administration

Cons

- Having a sole wrap provider, which is also a subsidiary of the Administrator, increases key party risk

Fee Schedule (~\$600 million mandate)

0.24% all in fee (includes investment fees and wrap/operating fees)

Stable Value Fund Options Review

Galliard Capital Management

Assets Under Management:

Total Assets Under Management: \$90.7 Billion
 Total Stable Value AUM: \$76.3 Billion

Key Stable Value Personnel:

Nick Gage, CFA Senior Principal, Portfolio Manager
 Leela Scattum Managing Principal, Portfolio Manager
 Laura Sell, CFA Principal, Portfolio Manager

Key Stable Value Resources and Experience:

Investment Professionals: 25
 Avg. Investment Experience: 15
 Avg. Tenure at Galliard: 12

Portfolio Duration and Maturity Structure Construction:

Portfolio duration is held neutral to slightly short positioning to the benchmark
 Multi-manager strategy to provide diversification in maturity

Investment Portfolio:

Average Overall Portfolio Quality: A+
 Minimum Issue Credit Quality: A-
 Maximum Industry Issue Position: 25%

Wrap Provider Philosophy:

Galliard uses 5 wrap providers at all times. They have an approved contract issuer list, which currently includes 11 issuers. They are constantly monitoring these wrap providers, leveraging their fixed income credit analysts.

Pros

- Diversified multi-manager approach
- Research team has experience and depth

Cons

- Fee is higher than offered by Great West due to multi-manager approach and number of wrap providers

Fee Schedule (~\$600 million mandate)

Expense	Expense Ratio 12/31/19
Investment Management Fees paid to Galliard*	0.075%
Investment Management fees paid to Non-Affiliated Investment Advisors	None
Investment Contract Fees*1	0.164%
Acquired Fund Fees ²	0.059%
-Investment Contract Fees	None
-Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors ³	0.059%
12b-1 Distribution Fee	None
Other Expenses	None
Total Annual Fund Operating Expenses ⁴	0.297%

1: These are fees paid to create and maintain the investments used by a stable value fund.

2: These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees.

3: Includes audit fees for the cost of producing a report by a qualified auditor.

4: Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV).

Stable Value Fund Options Review

Firm & Product Characteristics



Firm & Product Characteristics (As of 12/31/2019)					
Firm-Product	Location	Firm Inception	Product Inception	Firm AUM (\$MM)	Product AUM (\$MM)
Great-West Investments - Stable Value	Denver, CO	1895	1979	46,300	10,000
Galliard Capital Management - Stable Value	Minneapolis, MN	1995	1995	90,700	76,300

Investment Characteristics (As of 12/31/2019)					
	General Characteristics (As of 12/31/2019)				
	Market Value/Book Value	Spot Yield	Portfolio Duration	Average Quality	
Great-West Investments - Stable Value	101.4	2.3	4.0	A+	
Galliard Capital Management - Stable Value	101.8	2.5	2.9	AA	
Stable Value Product Universe Median*	101.6	2.2	2.9	AA	
Bloomberg Barclays Stable Market Index	--	2.2	2.3	AA	
Bloomberg Barclays - U.S. Gov't/Credit 1-5 Year Index	--	1.8	2.7	AA	

*Custom Stable Value Universe created by Wilshire Associates

Quality Weightings (As of 12/31/2019)									
	Quality Weightings (%) (As of 12/31/2019)								
	AAA	AA	A	BAA	BA	B	<B	NR	AVG
Great-West Investments - Stable Value	54.0	6.0	22.0	10.0	0.0	0.0	0.0	8.0	A+
Galliard Capital Management - Stable Value	64.4	7.0	16.0	12.5	0.0	0.0	0.0	0.0	AA
Stable Value Product Universe Median*	66.3	4.8	15.1	12.2	0.0	0.0	0.0	0.1	AA
Bloomberg Barclays Stable Market Index	35.1	64.9	0.0	0.0	0.0	0.0	0.0	0.0	AA
Bloomberg Barclays - U.S. Gov't/Credit 1-5 Year Index	71.5	4.7	11.8	12.0	0.0	0.0	0.0	0.0	AA

Sector Weightings (As of 12/31/2019)								
	Sector Weightings (%) (As of 12/31/2019)							
	MBS	CMBS	ABS	US Govt	Corporates	Derivatives	Other	Cash/ST
Great-West Investments - Stable Value	30.8	7.8	15.6	0.0	45.9	0.0	0.0	0.0
Galliard Capital Management - Stable Value	18.2	5.0	11.5	23.8	31.8	0.0	4.4	5.3
Stable Value Product Universe Median*	21.6	6.9	14.1	24.8	25.0	0.0	1.0	5.0
Bloomberg Barclays Stable Market Index	25.0	5.0	5.0	65.0	0.0	0.0	0.0	0.0
Bloomberg Barclays - U.S. Gov't/Credit 1-5 Year Index	0.0	0.0	0.0	73.7	26.4	0.0	0.0	0.0

*Custom Stable Value Universe created by Wilshire Associates

Stable Value Fund Options Review

Wrap Provider Details

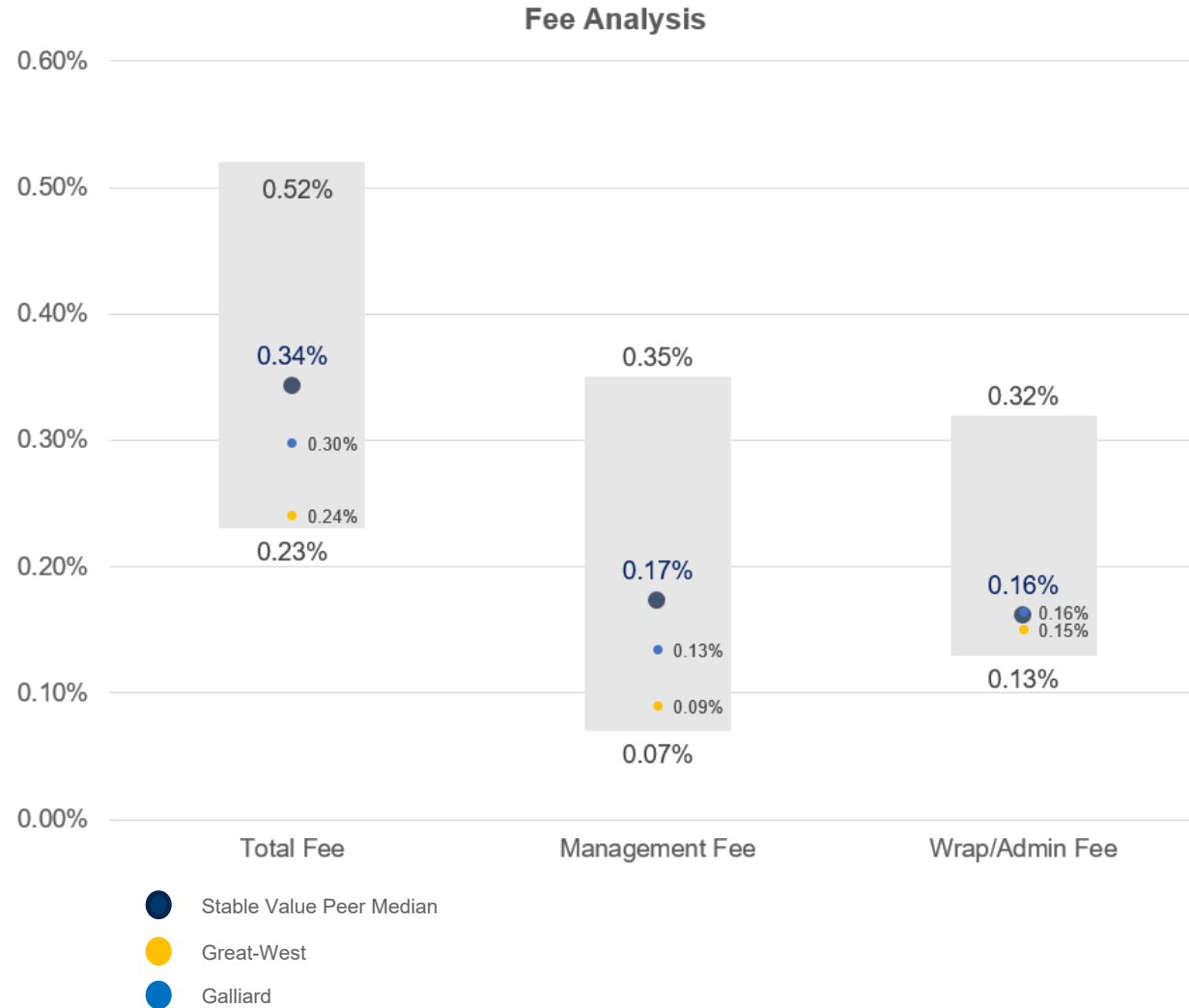
Wrap Provider Details (As of 12/31/2019)

Wrap Provider	Credit Rating	Great-West Investments - Stable Value
GWL&A Co.	AA	100.0%

Wrap Provider	Credit Rating	Galliard Capital Management - Stable Value
American General Life Ins. Co	A+	20.0%
Nationwide Life Ins. Co	A+	14.9%
Prudential Ins. Co. of America	AA-	20.4%
Transamerica Premier Life Ins. Co.	A+	23.7%
Voya Ret. Ins. and Annuity Co.	A	18.7%
Additional Approved Wrap Providers		
Massmutual Life Ins. Co.	A+	--
Metropolitan Life Ins. Co.	AA+	--
Pacific Life Ins. Co.	AA-	--
RGA Reinsurance Co.	AA-	--
Royal Bank of Canada	AA-	--
State Street Bank and Trust Co.	AA-	--

*Credit ratings represent average of S&P, Moody's and Fitch as of 12/31/2019

Fee Analysis (As of 12/31/2019)



Wilshire Consulting
 Stable Value Fund Options Review
 Performance Summary



Cumulative Performance (As of 12/31/2019)

	Cumulative Performance (As of 12/31/2019)					
	Quarter	One Year	Three Years	Five Years	Seven Years	Ten Years
Great-West Investments - Stable Value <i>Value Added vs. Bloomberg Barclays Stable Market Index</i>	0.63 0.09	2.47 -2.67	2.25 -0.35	2.25 0.16	2.29 0.51	2.69 0.37
Galliard Capital Management - Stable Value <i>Value Added vs. Bloomberg Barclays Stable Market Index</i>	0.64 0.10	2.55 -2.59	2.23 -0.37	2.09 0.00	2.04 0.25	2.40 0.08
Stable Value Product Universe Median* <i>Value Added vs. Bloomberg Barclays Stable Market Index</i>	0.59 0.05	2.41 -2.73	2.20 -0.40	2.01 -0.08	1.93 0.15	2.25 -0.07
Bloomberg Barclays Stable Market Index	0.54	5.14	2.60	2.09	1.79	2.32
Bloomberg Barclays - U.S. Gov't/Credit 1-5 Year Index	0.50	5.01	2.54	2.03	1.69	2.13

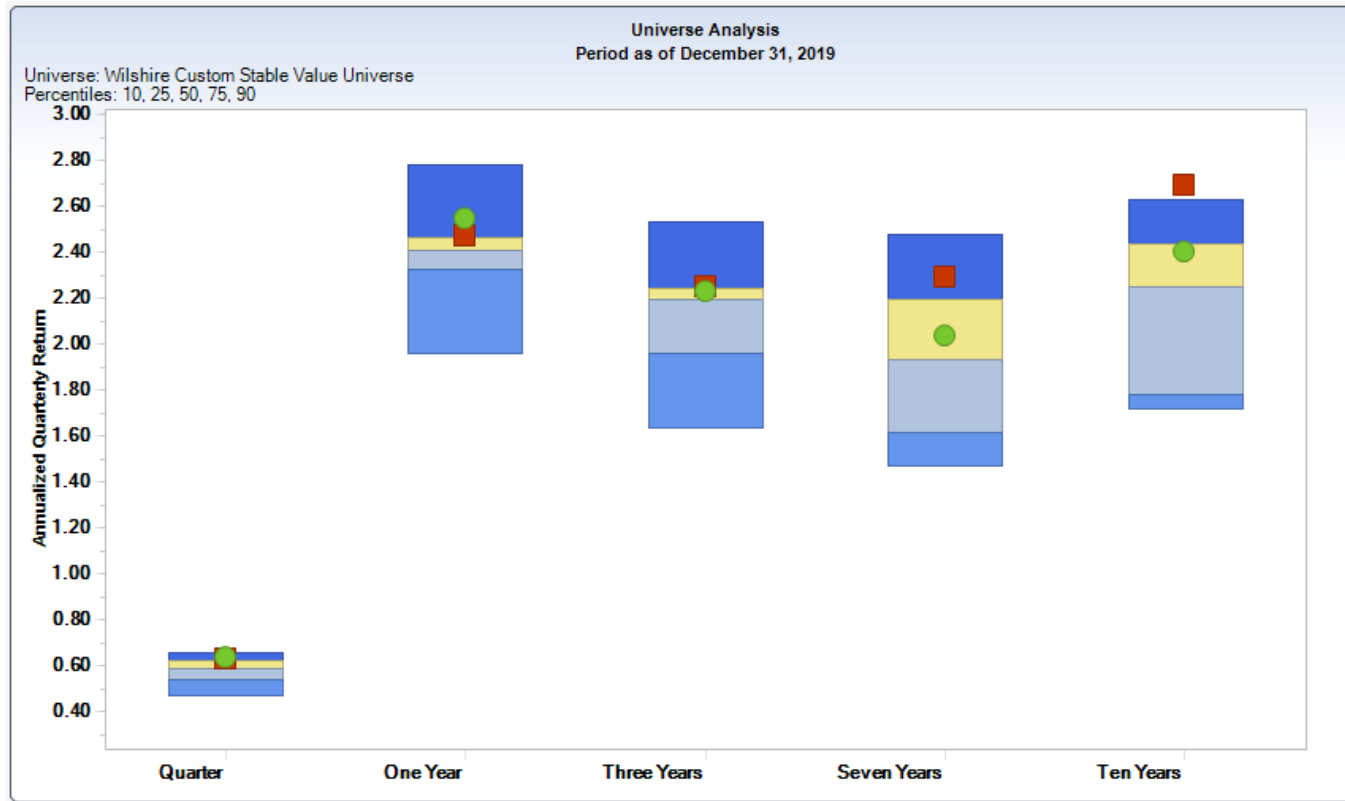
Annual Performance (As of 12/31/2019)

	Annual Performance (As of 12/31/2019)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Great-West Investments - Stable Value <i>Value Added vs. Bloomberg Barclays Stable Market Index</i>	2.47 -2.67	2.18 0.88	2.10 0.69	2.19 0.61	2.29 1.24	2.23 0.12	2.58 2.61	3.16 0.58	3.71 0.06	3.96 -0.54
Galliard Capital Management - Stable Value <i>Value Added vs. Bloomberg Barclays Stable Market Index</i>	2.55 -2.59	2.25 0.95	1.90 0.48	1.89 0.30	1.86 0.80	1.72 -0.39	2.10 2.13	2.65 0.07	3.15 -0.50	3.94 -0.56
Stable Value Product Universe Median* <i>Value Added vs. Bloomberg Barclays Stable Market Index</i>	2.41 -2.73	2.14 0.84	1.88 0.47	1.79 0.21	1.73 0.67	1.73 -0.39	1.66 1.69	2.30 -0.29	2.97 -0.69	3.17 -1.33
Bloomberg Barclays Stable Market Index	5.14	1.30	1.41	1.58	1.06	2.11	-0.03	2.58	3.66	4.50
Bloomberg Barclays - U.S. Gov't/Credit 1-5 Year Index	5.01	1.38	1.27	1.56	0.97	1.42	0.28	2.24	3.14	4.08

* Custom Stable Value Universe created by Wilshire Associates

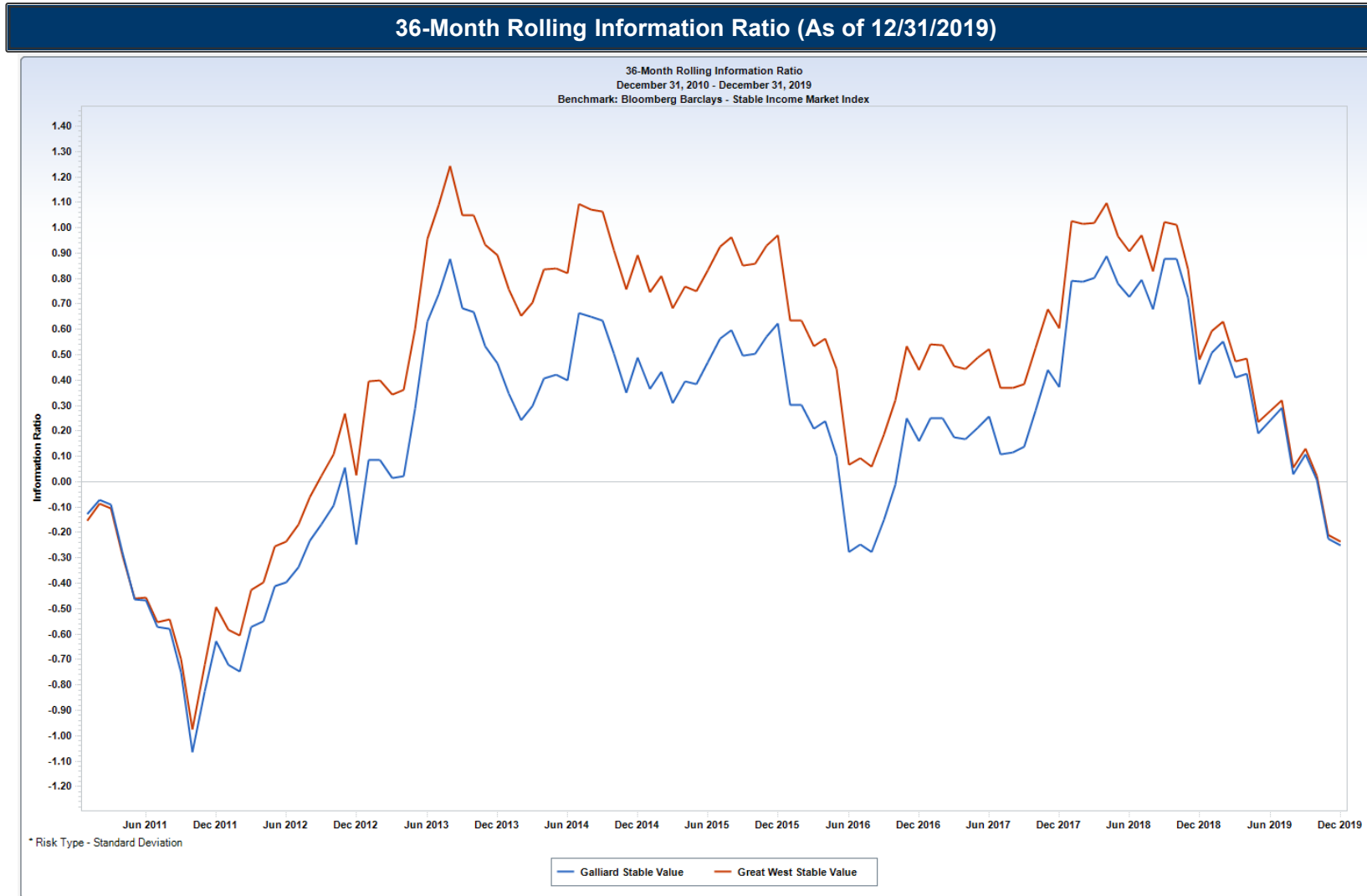
** Investment Returns are net of fees

Performance Comparison (As of 12/31/2019)

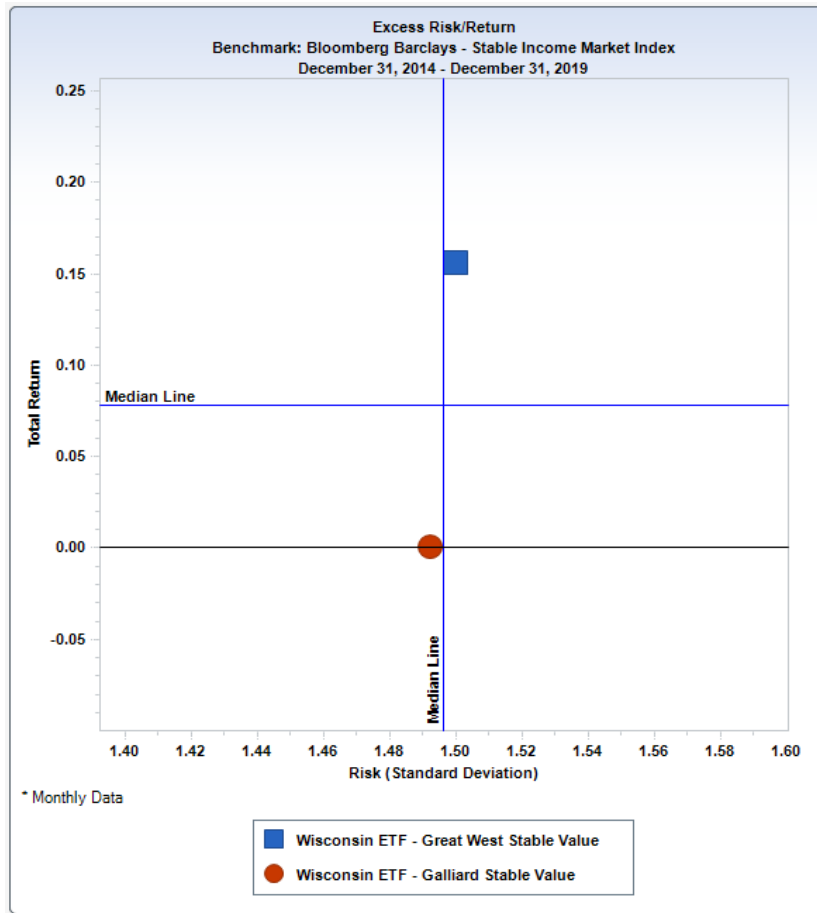


		Quarter	One Year	Three Years	Seven Years	Ten Years
●	Galliard Stable Value	0.64 (13%)	2.55 (18%)	2.23 (30%)	2.04 (42%)	2.40 (41%)
■	Great West Stable Value	0.63 (18%)	2.47 (24%)	2.25 (24%)	2.29 (13%)	2.69 (8%)
	# of Products	18	18	18	18	16

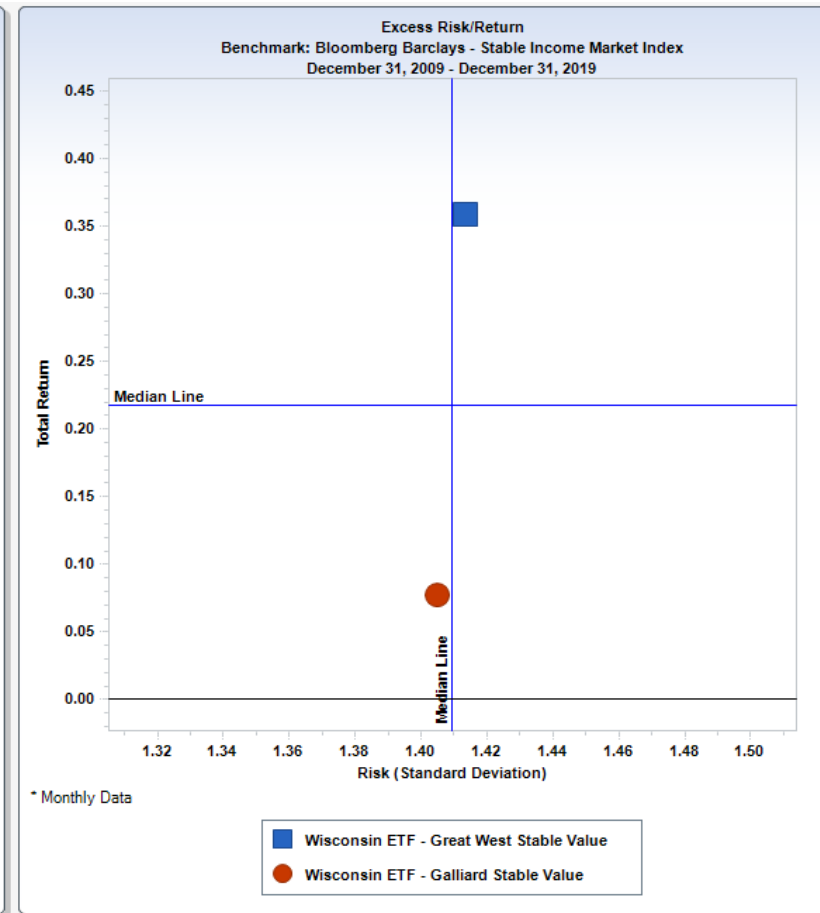
Wilshire Consulting
Stable Value Fund Options Review
Information Ratio



5-Year Excess Risk/Return (As of 12/31/2019)



10-Year Excess Risk/Return (As of 12/31/2019)



Wilshire Consulting
Stable Value Fund Options Review
Final Observations

Highlights

- Both managers are top tier Stable Value investment options
- Both managers possess experienced and deep investment teams
- Each manager boasts a significant number of assets under management
- Return generation is a strong suit for both investment options

Differentiators

- Great-West offers significant fee savings compared to Galliard
 - Due diligence costs for Great-West could partially offset these fee savings
- Galliard offers a more diversified investment, and a more diversified wrap provider lineup

Federal Legislation Update: SECURE Act and CARES Act

Item 7 – Memo Only

Tarna Hunter, Director of Government Relations and Strategic Engagement

Office of the Secretary



Plan and Trust Document: SECURE Act Revisions



Item 8A – Memo Only

Shelly Schueller, Director

Wisconsin Deferred Compensation Program

Dan Hayes, Attorney

Office of Legal Services



CARES Act Implementation and Related COVID-19 Changes



Item 8B – Memo Only

Shelly Schueller, Director

Wisconsin Deferred Compensation Program

Dan Hayes, Attorney

Office of Legal Services



Cash Custodian Decision



Item 9 – Memo Only

Shelly Schueller, Director

Wisconsin Deferred Compensation Program



Conduct of Board Meetings Policy



Item 10 – Memo Only

Laura Patterson, Policy Advisor

Office of Policy, Privacy & Compliance



COVID-19 Pandemic Effects on ETF and the WDC



Item 11 – Deferred Compensation Board

Shelly Schueller, Director

Wisconsin Deferred Compensation Program

Emily Lockwood, State Director

Empower Retirement



WDC COVID-19 Update

May 12, 2020

SURVEY: PLAN SPONSOR PERSPECTIVES

Most participants have not reached out to their employer

Questions received from participants about their retirement plan

67%

Haven't had any questions

17%

How do I access my money?

16%

How should I invest for the downturn/rebound?

13%

How can I get advice about my retirement plan?

8%

Are you making any changes to the retirement plan?

3%

Other

WDC meetings (individual, RRRs, group) were 52% higher before March 16, 2020.

What participants are most concerned about

Since the downturn, **23%** of participants called or logged in to see their balance

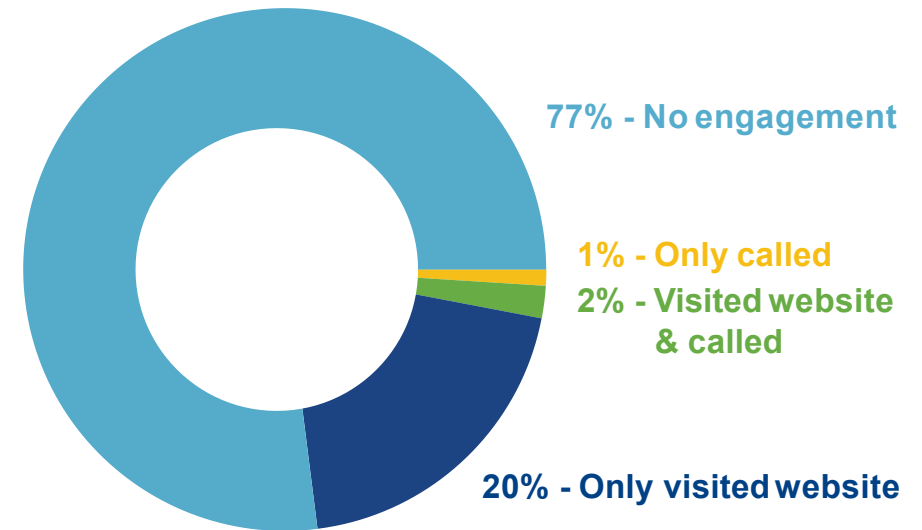


Our research indicates that most people don't want to look at their savings until the markets stabilize.

Majority of those who have checked only checked once.

Although some days saw high volumes, overall engagement was slightly below normal.

Engagement post 2/24/20

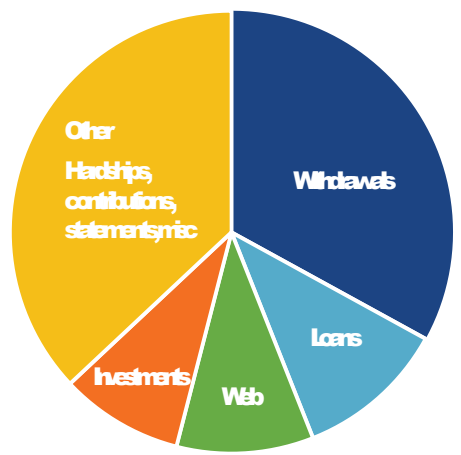


PARTICIPANT BEHAVIOR TRENDS: CALL CENTER AND WEB

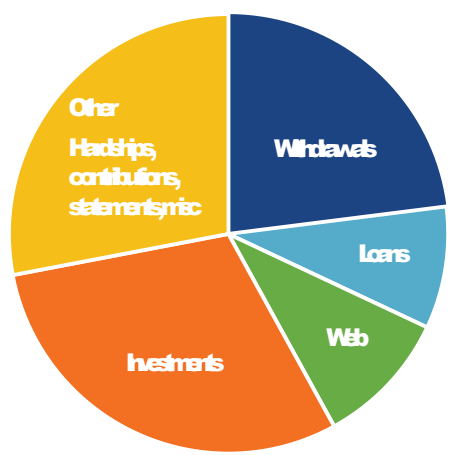
Call topics have evolved during the crisis

Types of calls evolved over the weeks. Investment-related calls spiked in early and mid-March with market volatility. CARES Act-related calls have become 21-23% of our daily call volume since early April.

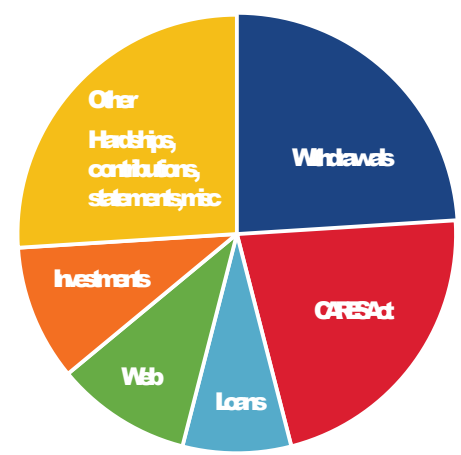
Mid-January



Mid-March



Mid-April



WDC enrollment meetings declined 82% while RRRs saw a 56% decrease.

PARTICIPANT BEHAVIOR TRENDS: INVESTMENTS

Participants are staying the course
with their investment strategy

Overall, 1.5% of participants actively reallocated investments, with most activity occurring in early March.

Participants with high balances were more likely to move assets.

Of the participants who reallocated investments:

50% WENT FROM EQUITY TO FIXED INCOME

26% WENT FROM FIXED INCOME TO EQUITY

24% MOVED BETWEEN TARGET DATES AND EQUITIES/FIXED INCOME

WDC participants:

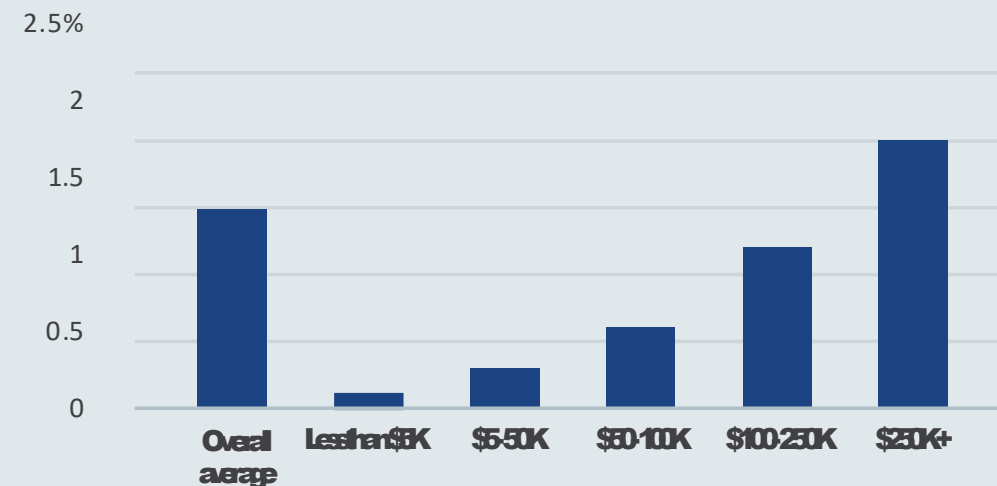
53% went from equity to fixed income

34% went from fixed income to equity

13% moved between target dates and equities/fixed income

98.5% ARE STAYING
THE COURSE

Percent of participants moving investments



1,392, or 2.1%, participants have initiated 3,360 total fund to fund investment transactions since 2/16, with total money movement of \$164,622,845 or 3.1% of total assets.

Average of total funds moved by 1,392 participants is \$118,264.

Early transaction volume is low



Only **23,000** CARES Act withdrawals completed through April 24, a fraction (0.4%) of eligible participants. Average disbursement is **\$22K**, with only **5%** taking the max of **\$100K**.

Participants are taking on average **46%** of their balance, with **28%** of participants taking

100%

6,000 loan deferments to date. Loan volume, as expected, is very low, with **370 taken so far**.

WDC coronavirus-related distributions:

72 CARES Act withdrawals

74% less than \$25k

1 was \$100k

Average \$14,331

The WDC does not offer loans.

Action taken to increase meetings

- Continue individual invitations by most at-risk (as defined by age, balance and % equity exposure)
 - Age 58+/90% equity have all been invited at least once
- RPAs to send emails and follow up with phone calls
- RPAs returning to group meeting focus offering education and promoting RRRs:
 - WDC overview
 - Market Volatility
 - Budgeting
 - Pre-retirement
- Follow up emails after group meetings
- Communications with employers from the WDC and from each RPA
- Pop-up bulletin on the website promoting virtual meetings

2020 Strategic Partnership Plan Update and Proposed Revision



Item 12 – Memo Only

Shelly Schueller, Director

Wisconsin Deferred Compensation Program

Emily Lockwood, State Director

Empower Retirement



2020 WDC Scorecard

	Goal/Action item	Tools adopted	Results desired	Results as of 4/30/2020 (% to goal)
Enrollment	<ul style="list-style-type: none"> Increase in-force accounts by enrolling new participants Add new employers 	<ul style="list-style-type: none"> Employee and Employer Group meetings 	<ul style="list-style-type: none"> 3% increase over 12/31/19 new enrollments 4,267 new participants were added in 2019, including 346 from the enrollment campaign 8 new employers Attend 1-2 conventions (WMCA plus one more) Attend 45+ benefits fairs 	<ul style="list-style-type: none"> 1,023 (24%) new enrollments (as of 3/31/20) 3 (38%) new employers, 38% WMCA 2020 convention cancelled Benefits fairs unknown
Asset Allocation	<ul style="list-style-type: none"> Help participants properly diversify 	<ul style="list-style-type: none"> Asset allocation campaign Outreach to: <ul style="list-style-type: none"> Participants using TDF and other investment(s) Population age 58+ with 90%+ equity exposure Save more campaign Beneficiary campaign Free Look for new hires (9/1/19-time of campaign) and 58+/90%+ not using MTR 	<ul style="list-style-type: none"> 2% of participants using TDF and other investment move to one TDF or MTR 9,917 participants had a TDF and another investment option as of 12/31/19 Provide RRRs for 10% of 58+/90%+ target group 4,585 as of 12/31/19 7% of campaign participants increasing their contribution 9,349 saving less than 1% or \$50 as of 12/31/19 Increase beneficiary designations on file by 10% (new) 9,310 participants without a beneficiary designation as of 5/11/20 2% of Free Look group enrolling in MTR Enrollees since 9/1/19 + 4,585 from target group 	<ul style="list-style-type: none"> Asset allocation campaign moved to Q3 75 RRRs (1.6%) with 58+/90%+ target group Save More campaign cancelled; replace with Beneficiary campaign Free Look campaign 5/1-8/31
Education	<ul style="list-style-type: none"> Complete retirement readiness reviews 	<ul style="list-style-type: none"> Participant Education <ul style="list-style-type: none"> Retirement Readiness Reviews (RRR) WRS Data Pilot State-wide webinar Employer Education <ul style="list-style-type: none"> Continue encouraging ACH and termination dates Employer webinar – ex. PSC Tutorial Increased communication with employers via PSC 	<ul style="list-style-type: none"> Conduct 2,000 Retirement Readiness Reviews (including 636 of the 55+ population outlined below and 458 of the 58+ with 90%+ equity exposure) Pilot to involve 5-8 employers and 800-1,000 participants 300 group meetings 	<ul style="list-style-type: none"> 1,152 RRRs (58%) conducted Pilot in progress 102 (34%) group meetings conducted <p>*Virtual meetings began 3/16/2020</p>
Retention	<ul style="list-style-type: none"> Increase in-force accounts by retaining accounts 	<ul style="list-style-type: none"> Retirement Readiness Reviews Retiree webinar Stay in the Plan campaign 	<ul style="list-style-type: none"> Provide RRRs for 10% of pre-retiree/retiree population 6,362 participants as of 12/31/19 were 55+ with twice the average plan balance or more and investing on their own <p>*In the event there is a plan/employer initiated event that impacts these populations, we'll adjust this number accordingly</p>	<ul style="list-style-type: none"> 246 (4%) RRRs conducted with 55+/twice average balance

2020 WDC Communications Calendar

	Q1	Q2	Q3		Q4	
THEME TARGET	DB Feed Pilot Participating employer's employees	MTR 90 Day Free Look Campaign New plan enrollees as of 9/1/19 not utilizing MTR and at risk group	Save More 7,919 contributing 1% or \$50	Asset Allocation Campaign 9,823 invested in a TDF and another fund*	Survey All WDC participants	Stay in the Plan All active participants with a balance, age 58-64 or reboot for 58+
Purpose	Outline the DB feed to pilot employees	Enroll in MTR	Save 2% more due raise	Appropriate use of a TDF	Let us know what you think about the WDC	Stay in WDC after you leave service
TACTICS	Stay in the Plan Mini Campaign <ul style="list-style-type: none"> • Biannual postcard • Biannual email DB Feed Pilot Major Campaign <ul style="list-style-type: none"> • FAQ • Pre-pilot survey • Pre-pilot email • Halfway reminder email • Halfway reminder letter • Pilot ending reminder email • Pilot ending reminder letter • Post-pilot survey • Post-pilot email Bond article/video posted to website (Bill Thornton)	MTR 90 Day Free Look Major Campaign (PPC or AAG) <ul style="list-style-type: none"> • Video • Targeted email • Targeted postcard mailing Market Volatility <ul style="list-style-type: none"> • Market Volatility Presentation • Email to all participants • Website updates (incl. pre-login bulletin, web tile, web banner, and post-login plan message) • Individual meeting invitations CARES Act <ul style="list-style-type: none"> • Employer emails/newsletter • Email to all participants • Website updates (incl. post login TTK, flyer(s)) 	SDBA Schwab MM Fund Annual Mini Campaign (Local office) <ul style="list-style-type: none"> • Letter Asset Allocation Campaign Call to action: Meet with your RPA <ul style="list-style-type: none"> • TDF and another fund group • 58+/90% equity + group <ul style="list-style-type: none"> • Video • Targeted email • Targeted postcard mailing • Tweets 	Survey Mini Campaign (Aug/Sept) <ul style="list-style-type: none"> • Pre login bulletin • Post login message • Email & reminder email • Tweets Save More Major Campaign (2% raise for State employees)- <ul style="list-style-type: none"> • Video • Web banner • Targeted email • Targeted postcard mailing • Tweets Beneficiary Campaign <ul style="list-style-type: none"> • Pre login tile • Targeted email • Targeted postcard • Tweet Employer Newsletter (Design only)	(Reboot) Stay in the Plan Mini Campaign <ul style="list-style-type: none"> • Biannual postcard • Biannual email Employer Survey (Local office)	
ONGOING	<ul style="list-style-type: none"> • Employer outreach and training to include employer payroll education to move paperless • Attend benefits fairs, 2020 Clerks convention and 1-2 additional conventions • Employer plan reviews as needed/requested 					

Year in Review – 2019 Statistics



Item 13 – Deferred Compensation Board

Emily Lockwood, State Director

Empower Retirement



Wisconsin Deferred Compensation Program



*Helping You Turn
Over a New
Retirement Leaf*



Annual Plan Review

For the Period From January 1, 2019 to December 31, 2019

The WDC in 2019
(\$ in Millions)

Total Assets

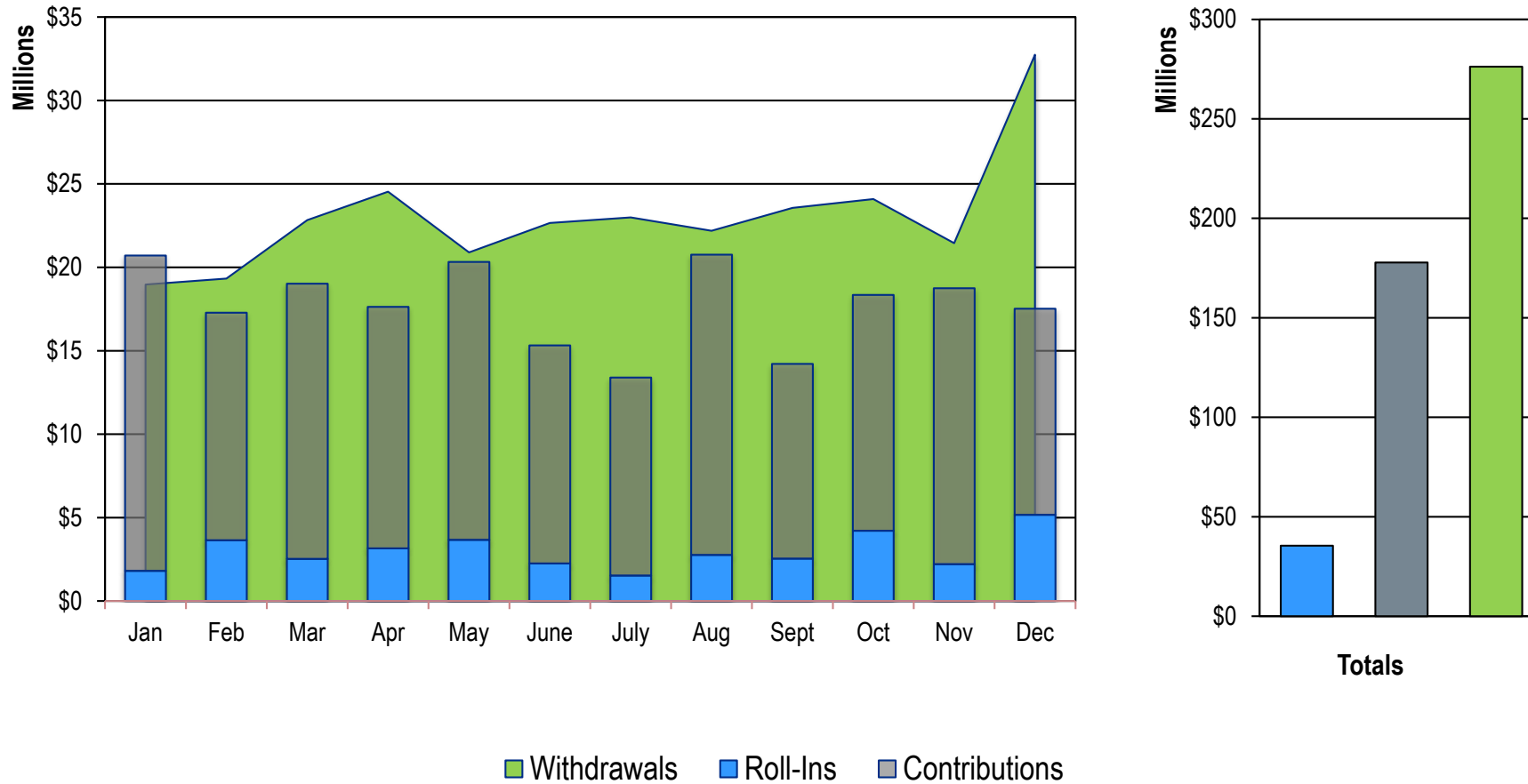
Assets at December 31, 2019	\$5,686.39
Less assets at December 31, 2018	<u>\$4,744.67</u>
Asset change for the year	\$941.72

Asset Components

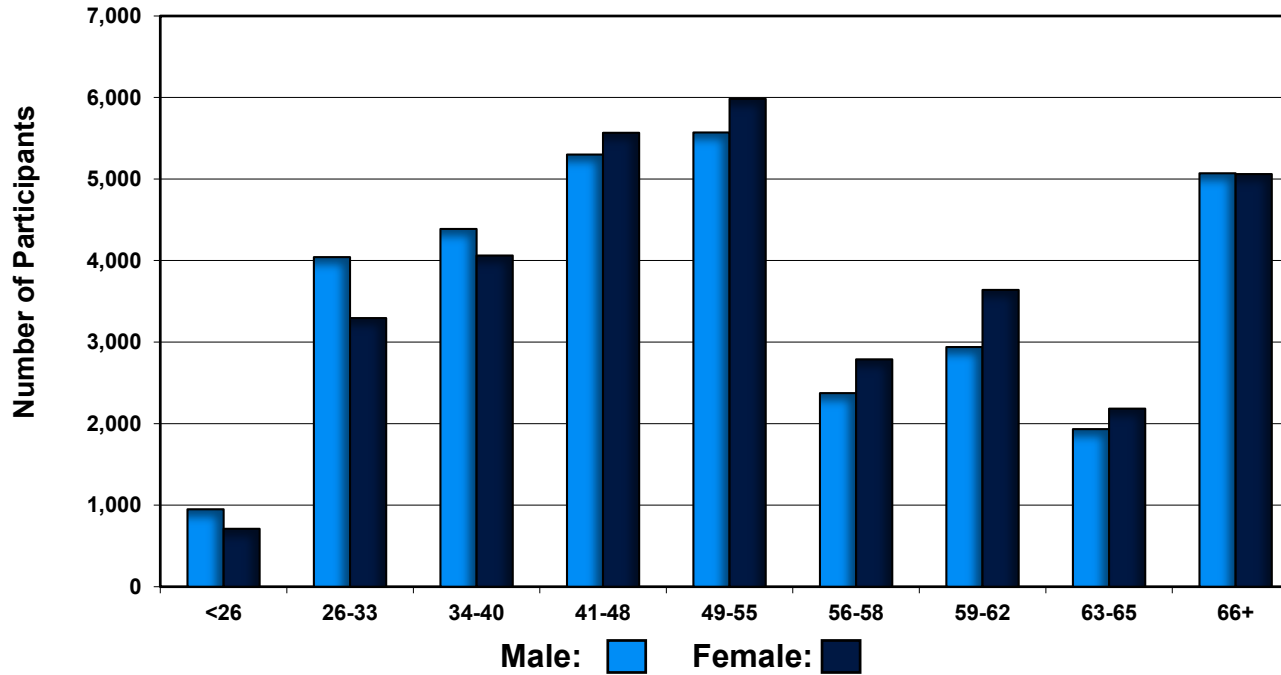
Contributions for the year	\$216.09
Less distributions for the year	-\$275.98
Net investment gain for the year	<u>\$1,001.61</u>
Asset change for the year	\$941.72

2019 Total Contribution and Withdrawal Summary

The total amount of all plan participant rollover, contributions and withdrawals made, by month, are reflected here.



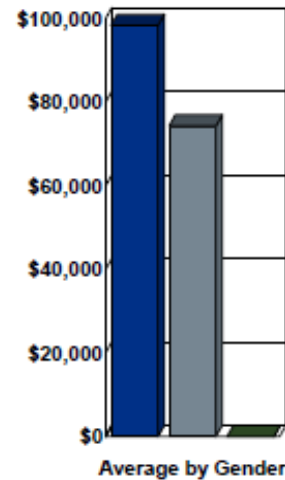
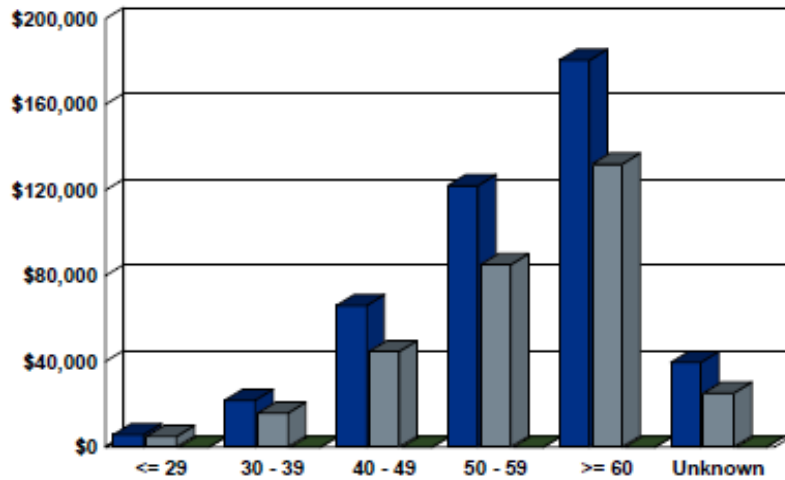
2019 Participation – Age and Gender



Participant Data	
Total number of participants with an account balance:	65,857
Total number of male participants:	32,570
Total number of female participants:	33,287
Overall average participant age:	50.66
Overall average age of male participants:	50.06
Overall average age of female participants:	51.27

For the purpose of this slide, a participant is defined as an individual with an account balance as of December 31, 2019.

Average Account Balance - All Participants As of 12/31/2019

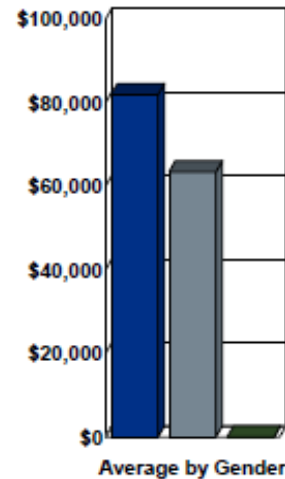
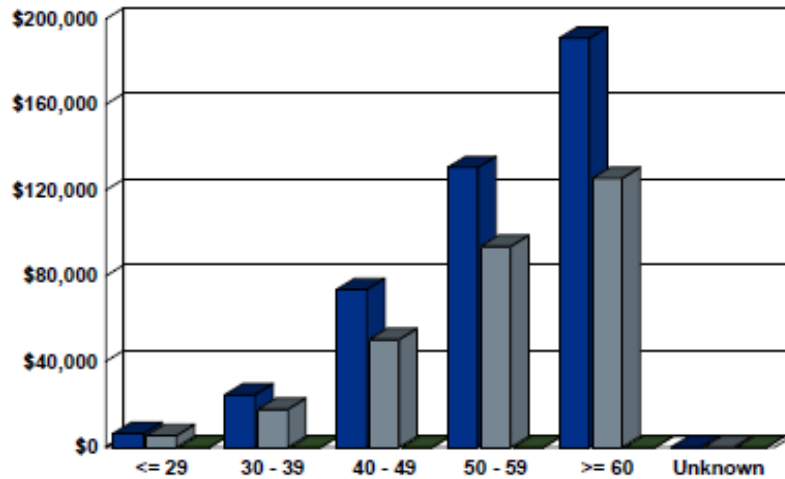


Age	Male	Female	Unknown
<=29	\$5,838	\$4,905	\$0
30 - 39	\$21,874	\$15,880	\$0
40 - 49	\$66,107	\$44,641	\$0
50 - 59	\$122,117	\$85,228	\$0
>=60	\$180,630	\$132,101	\$0
Unknown	\$39,571	\$25,175	\$0

Average Account Balance

Your participants have an average balance of approximately **\$86,262** in this plan.

Average Account Balance - Contributing Participants As of 12/31/2019



Age	Male	Female	Unknown
<=29	\$6,616	\$5,407	\$0
30 - 39	\$24,541	\$17,727	\$0
40 - 49	\$73,564	\$50,361	\$0
50 - 59	\$130,688	\$93,870	\$0
>=60	\$191,071	\$125,649	\$0
Unknown	\$0	\$0	\$0

■ Male ■ Female



Participant Fees

- Participant administrative fees:

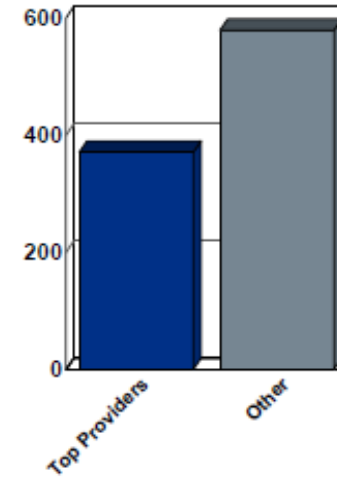
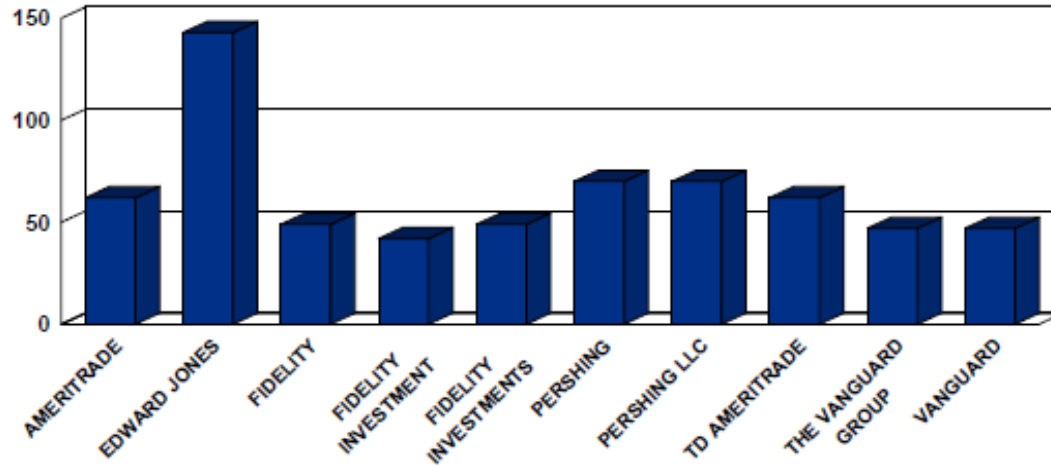
Account Balance	Monthly Fee	= Annual Fees	% of Balance
\$1-\$5,000	\$0	\$0	0.00%
\$5,001 – \$25,000	\$1	\$12	0.04%
\$25,001 – \$50,000	\$3.25	\$39	0.06%
\$50,001 – \$100,000	\$6.50	\$78	0.06%
\$100,001 – \$150,000	\$8.50	\$102	0.05%
\$150,001 - \$250,000	\$11.75	\$141	0.04%
Over \$250,000 (ex. \$250,001)	\$17.50	\$210	0.08%
\$500,000	\$17.50	\$210	0.04%

- Optional advisory services:

Participant Account Balance	Annual Managed Account Fee
Up to \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Greater than \$400,000	0.15%

Distributions (From 1/1/2019 to 12/31/2019)

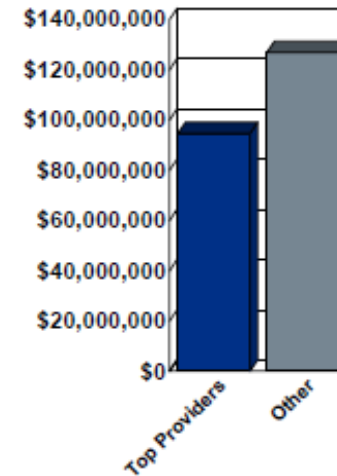
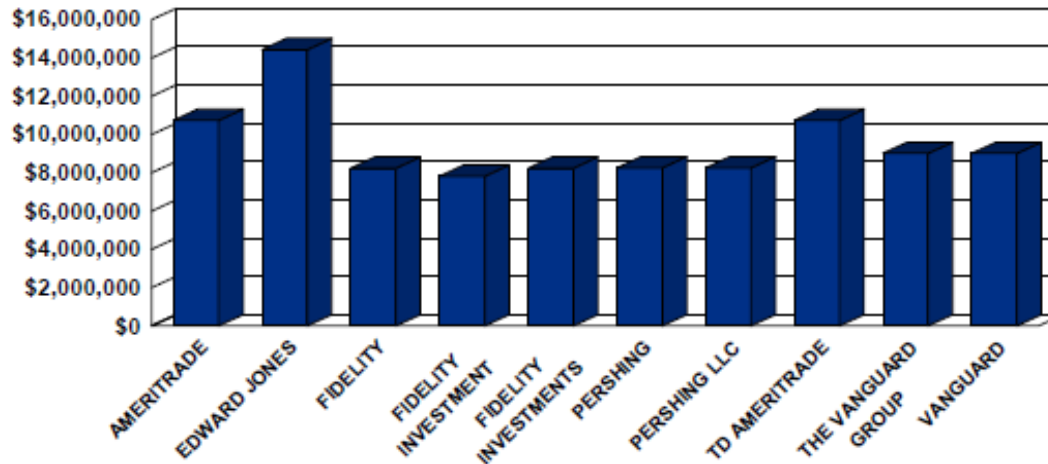
Full Withdrawal Rollover IRA Summary by Top Providers by Number of Participants



Participant Distributions

The top providers represent **41.55%** of total participants withdrawn and rolled to an IRA.

Full Withdrawal Rollover IRA Summary by Top Providers by Dollars



Percentage of Assets

The top providers represent **42.74%** of total assets withdrawn and rolled to an IRA.



Website Statistics

Views

	December
Retirement income (Home)	43,778
Account balance	17,238
Transaction history	7,977
Personal rate of return	6,196
My contributions	5,764
View/Manage my investments	4,551
Beneficiaries	3,034
Asset allocations	2,233
Account overview	2,197
Fund options	1,891
Profile	1,602
How do I compare?	1,150
Withdrawal summary	931
Transfers - completed/pending/periodic	728
Health care cost estimator	691
Fund performance	613
Online forms	623
Statements on demand	600
Fund values	486
Fund trends	259
Interest rates	127

Actions

Set or change user name	780
Retirement goal customization	1,065
My contributions change	926
Beneficiaries	365
Fund-to-fund transfers	138
Online enrollment (register)	40
Rebalance	56



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Operational Updates

Item 14A – 14D3 – Memos Only



Future Items for Discussion

Item 15 – Memo Only



Adjournment



Item 16 - No Memo





**HILL FARMS STATE
OFFICE BUILDING**
4822 Madison Yards Way

STATE OF WISCONSIN
HILL FARMS STATE
OFFICE BUILDING

Dept. of Administration
Division of Hearings & Appeals
Dept. of Employee Trust Funds
Dept. of Financial Institutions
Department of Safety &
Professional Services
Department of Transportation
Higher Educational Aids Board
Public Service Commission

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Next Meeting:
November 19, 2020

