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 SECRETARY

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**Correspondence Memorandum**

**Date:** February 10, 2021

**To:** Deferred Compensation Board

**From:** Shelly Schueller, Director  
 Wisconsin Deferred Compensation Program

**Subject:** 2020 Results and 2021 Recordkeeping Fee Change Recommendation

**ETF requests the Deferred Compensation Board (Board) approve a 3.5% increase in the annual fee paid to Empower Retirement.**

The annual Strategic Partnership Plan (SPP) approved by the Board identifies Wisconsin-specific enhancements and initiatives for Empower Retirement and the metrics used to measure the results. Both the results of the SPP and growth in the number of participants determine any increases in Empower Retirement’s annual administrative fee. As outlined in the Administrative Service Contract:

- If total Wisconsin Deferred Compensation participant growth is under 1.0%, there is no change in administrative fee.
- If total WDC participant growth is greater than 1.0% but less than 3.0%, then the annual administrative fee will increase by 3.5%. In addition, if the SPP is met, an additional 0.5% increase is earned, for a total increase of 4.0%.
- If total WDC participant growth is equal to or greater than 3.0%, then the annual administrative fee will increase by 4.0%. In addition, if the SPP is met, an additional 1.0% increase is earned, for a total increase of 5.0%.


**2020 SPP Results**

As shown on the attached WDC Scorecard, despite the challenging pandemic environment, Empower Retirement was successful in completing most of the 2020 SPP goals. Empower Retirement transitioned to virtual meetings and presentations in March of 2020 and continues to do so now.

Highlights of Empower Retirement’s 2020 activities in Wisconsin include:

- Increasing the net number of WDC participants by 1.27%.
- Adding 13 new local employers.
- Virtually attending one convention and 70 benefit fairs.
- Presenting at 315 group informational meetings.

Reviewed and approved by Matt Stohr, Administrator, Division of Retirement Services

 Electronically Signed 2/22/21

Board	Mtg Date	Item #
DC	3.11.21	10B

## 2021 Administrative Fee Change

February 10, 2021

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- Providing 2,883 retirement readiness reviews.
- Increasing beneficiary designations on file by 11.5%.
- Enrolling over 530 participants in the managed account service; and
- Conducting 668 retirement readiness reviews with the target group of participants age 55 or older with twice the average plan balance and investing on their own.

Empower Retirement was not able to complete all the 2020 SPP goals, likely due to the pandemic. The firm fell short in the following areas:

- Moving 2% of participants using more than one target date fund to one target date fund or the managed account service. 1.7% made this move.
- Offering a statewide webinar to participants; and
- Providing retirement readiness reviews for 10% of the target group (age 58 or older and 90% in equities). Empower completed 209 reviews, which was 46% of the target group.

### **Recommendation**

Because Empower Retirement met the criteria necessary in 2020 to earn the base fee increase, ETF recommends the Board approve a 3.5% administrative fee increase for Empower Retirement in 2021. This would increase Empower Retirement's annual fee from \$3,616,551 to \$3,743,130 in 2021.

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

Attachment: 2020 results and fee increase with scorecard



Helping You Turn  
Over a New  
Retirement Leaf

## Wisconsin Deferred Compensation Program

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February 8, 2021

Ms. Shelly Schueller  
Department of Employee Trust Funds  
4822 Madison Yards Way  
P.O. Box 7931  
Madison, WI 53707-7931

Dear Shelly:

On behalf of the entire Empower Retirement team, we are pleased to report the 2020 WDC Scorecard results.

Empower Retirement, the Wisconsin Deferred Compensation Board (Board) and Department jointly agreed that beginning each year we would develop an annual Plan Enhancement Program (PEP), now called a Strategic Partnership Plan (SPP), to define the specific plan goals, incorporate WDC Board initiatives, and include metrics for measuring success. These goals and metrics form the PEP/SPP and become the focus for the year.

The Strategic Partnership Plan generally has goals and metrics developed around the Four Dimensions:

1. *Participation* – Increase the number of eligible employees contributing to the WDC as well as the number of political subdivisions offering the WDC.
2. *Asset Allocation* – Encourage appropriate diversification of participant assets in WDC investment options.
3. *Education and Learning* – Provide access to more financial literacy learning opportunities for all participants throughout the State.
4. *Retiree Outreach* – Provide a focus on education to retirees; retain retiree accounts/assets in the WDC.

As noted in the attached scorecard, we did not meet all of the goals on the 2020 Scorecard. While we managed the pandemic, we were able to meet many of the goals and are proud of the service provided before and since the change to a virtual environment in March. The targeted marketing campaigns were very well received, 13 employers adopted the WDC and the team conducted 2,883 RRRs, 7 RRRs shy of last year's pre-pandemic meetings. Additionally, in-force accounts increased by 1.27% in 2020.

## 2020 EMPOWER RETIREMENT ADMINISTRATIVE FEE

As outlined in Section 7.3A of the Board's Administrative Service Contract with Employer Retirement, if total participant growth is greater than 1.0%, but less than 3.0%, the annual administrative fee due to Empower Retirement increases by 3.5%.

Because Empower increased WDC participant growth by 1.27%, Empower is requesting that the 2021 administrative fee increase by 3.5% from \$3,616,551 to \$3,743,130.

Please let me know if you have any questions or need additional information regarding the 2020 Scorecard.

Sincerely,



Emily S. Lockwood  
State Director

cc: Rob Dwyer, Vice President, Empower Retirement

enclosure

# 2020 WDC Scorecard



	Goal/Action item	Tools adopted	Results desired	Results as of 12/31/2020 (% to goal)
Enrollment	<ul style="list-style-type: none"> <li>Increase in-force accounts by enrolling new participants</li> <li>Add new employers</li> </ul>	<ul style="list-style-type: none"> <li>Employee and Employer</li> <li>Group meetings</li> </ul>	<ul style="list-style-type: none"> <li>3% increase over 12/31/19 new enrollments 4,267 new participants were added in 2019, including 346 from the enrollment campaign</li> <li>8 new employers</li> <li>Attend 1-2 conventions (WMCA plus one more)</li> <li>Attend 45+ benefits fairs</li> </ul>	<ul style="list-style-type: none"> <li>2,331 (53%) new enrollments</li> <li>13 (163%) new employers</li> <li>WMCA 2020 convention virtually participated</li> <li>70 Group benefits events virtually</li> </ul>
Asset Allocation	<ul style="list-style-type: none"> <li>Help participants properly diversify</li> </ul>	<ul style="list-style-type: none"> <li>Asset allocation campaign Outreach to:                             <ul style="list-style-type: none"> <li>Participants using TDF and other investment(s)</li> <li>Population age 58+ with 90%+ equity exposure</li> </ul> </li> <li>Beneficiary campaign</li> <li>Free Look for new hires (9/1/19-time of campaign) and 58+/90%+ not using MTR</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>Provide RRRs for 10% of 58+/90%+ target group 4,585 as of 12/31/19</li> <li>Increase beneficiary designations on file by 10% (new as of June 2020) 9,310 participants without a beneficiary designation as of 5/11/20</li> <li>2% of Free Look group enrolling in MTR Enrollees since 9/1/19 + 4,585 from target group</li> </ul>	<ul style="list-style-type: none"> <li>1.71% moved to one TDF or MTR</li> <li>209 RRRs (46%) with 58+/90%+ target group</li> <li>11.5% added a beneficiary designation</li> <li>Free Look campaign 5/1-8/31                             <ul style="list-style-type: none"> <li>531 (457%) participants enrolled in MTR; 51 targeted participants enrolled (44%)</li> </ul> </li> </ul>
Education	<ul style="list-style-type: none"> <li>Complete retirement readiness reviews</li> </ul>	<ul style="list-style-type: none"> <li>Participant Education                             <ul style="list-style-type: none"> <li>Retirement Readiness Reviews (RRR)</li> <li>WRS Data Pilot</li> <li>State-wide webinar</li> </ul> </li> <li>Employer Education                             <ul style="list-style-type: none"> <li>Continue encouraging ACH and termination dates</li> <li>Employer webinar – ex. PSC Tutorial</li> <li>Increased communication with employers via PSC</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Conduct 2,000 Retirement Readiness Reviews (including 636 of the 55+ population outlined below and 458 of the 58+ with 90%+ equity exposure)</li> <li>Pilot to involve 5-8 employers and 800-1,000 participants</li> <li>300 group meetings</li> </ul>	<ul style="list-style-type: none"> <li>2,883 RRRs (144%) conducted</li> <li>Results provided separately</li> <li>315 (105%) group meetings conducted</li> <li>23 registrants; 14 attendees at 12/2/20 Employer webinar</li> </ul> <p>*Virtual meetings began 3/16/2020</p>
Retention	<ul style="list-style-type: none"> <li>Increase in-force accounts by retaining accounts</li> </ul>	<ul style="list-style-type: none"> <li>Retirement Readiness Reviews</li> <li>Retiree webinar</li> <li>Stay in the Plan campaign</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul> <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"> <li>668 (105%) RRRs conducted with 55+/twice average balance</li> </ul>

# 2020 WDC Communications Calendar

	Q1	Q2	Q3			Q4
THEME TARGET	<b>DB Feed Pilot</b> Participating employer's employees	<b>MTR 90 Day Free Look Campaign</b> New plan enrollees as of 9/1/19 not utilizing MTR and at risk group	<b>Beneficiary Campaign</b> 9,310 participants without a beneficiary designation	<b>Asset Allocation Campaign</b> 9,823 invested in a TDF and another fund*	<b>Survey</b> All WDC participants	<b>Stay in the Plan</b> All active participants with a balance, age 58-64 or reboot for 58+
Purpose	Outline the DB feed to pilot employees	Enroll in MTR	Add a beneficiary designation	Appropriate use of a TDF	Satisfaction survey	Stay in WDC after you leave service
TACTICS	<b>Stay in the Plan Mini Campaign</b> <ul style="list-style-type: none"> <li>• Biannual postcard</li> <li>• Biannual email</li> </ul> <b>DB Feed Pilot Major Campaign</b> <ul style="list-style-type: none"> <li>• FAQ</li> <li>• Pre-pilot survey</li> <li>• Pre-pilot email</li> <li>• Halfway reminder email</li> <li>• Halfway reminder letter</li> <li>• Pilot ending reminder email</li> <li>• Pilot ending reminder letter</li> <li>• Post-pilot survey</li> <li>• Post-pilot email</li> </ul> <b>Bond article/video posted to website</b> (Bill Thornton)	<b>MTR 90 Day Free Look Major Campaign (PPC or AAG)</b> <ul style="list-style-type: none"> <li>• Video</li> <li>• Targeted email</li> <li>• Targeted postcard mailing</li> </ul> <b>Market Volatility</b> <ul style="list-style-type: none"> <li>• Market Volatility Presentation</li> <li>• Email to all participants</li> <li>• Website updates (incl. pre-login bulletin, web tile, web banner, and post-login plan message)</li> <li>• Individual meeting invitations</li> </ul> <b>CARES Act</b> <ul style="list-style-type: none"> <li>• Employer emails/newsletter</li> <li>• Email to all participants</li> <li>• Website updates (incl. post login TTK, flyer(s))</li> </ul>	<b>SDBA Schwab MM Fund Annual Mini Campaign (Local office)</b> <ul style="list-style-type: none"> <li>• Letter</li> </ul> <b>Beneficiary Campaign</b> <ul style="list-style-type: none"> <li>• Pre login tile</li> <li>• Targeted email</li> <li>• Targeted postcard</li> <li>• Tweet</li> </ul>	<b>Survey Mini Campaign (Aug/Sept)</b> <ul style="list-style-type: none"> <li>• Pre login bulletin</li> <li>• Post login message</li> <li>• Email &amp; reminder email</li> <li>• Tweets</li> </ul> <b>Asset Allocation Campaign</b> <b>Call to action: Meet with your RPA</b> <ul style="list-style-type: none"> <li>• <b>TDF and another fund group</b></li> <li>• <b>58+/90% equity + group</b> <ul style="list-style-type: none"> <li>• Video</li> <li>• Targeted email</li> <li>• Targeted postcard mailing</li> <li>• Tweets</li> </ul> </li> </ul>	<b>(Reboot) Stay in the Plan Mini Campaign</b> <ul style="list-style-type: none"> <li>• Biannual postcard</li> <li>• Biannual email</li> </ul>	
ONGOING	<ul style="list-style-type: none"> <li>• Employer outreach and training to include employer payroll education to move paperless</li> <li>• Attend benefits fairs, 2020 Clerks convention and 1-2 additional conventions</li> <li>• Employer plan reviews as needed/requested</li> </ul>					