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Correspondence Memorandum

Date: May 27, 2022

To: Deferred Compensation Board

From: Shelly Schueller, Director
 Wisconsin Deferred Compensation Program

Joanne Klaas, Contracts Specialist
 Bureau of Budget, Contract Administration, and Procurement

Subject: Administrative Services Provider Contract Update

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

At the [November 19, 2020 meeting](#), the Deferred Compensation Board delegated authority to the ETF Secretary to solicit proposals for a qualified firm to provide third-party administration and record keeping services for the Wisconsin Deferred Compensation Program (WDC). [Request for Proposals \(RFP\) ETJ0061](#) was published on April 9, 2021, and proposals were due on May 21, 2021. The Department received proposals from four vendors. The five-member evaluation committee reviewed and scored each proposal. The process resulted in two finalist vendors, who presented to the Board at the [December 10, 2021 meeting](#).

On December 10, 2021, the Board approved issuing a [notice of intent to award](#) a contract to Empower Retirement, LLC (Empower) for WDC administrative services. The Department of Employee Trust Funds (ETF) and Empower carefully reviewed and negotiated contract details between January and May 2022.

On May 27, 2022, a [contract for WDC administrative services](#) was signed by Empower and the Board Chair. The initial contract period is December 1, 2022, through November 30, 2027, with the option to renew for two additional three-year periods.

ETF is pleased to report that during negotiations, Empower agreed to further reduce the overall fee for the initial contract term by \$60,000 per year (\$300,000 total over five years). This results in a five-year contract cost for the WDC of \$13,119,800. Beginning in 2023, the annual WDC administrative fee cost will be \$2,623,960. This represents a 32% decrease and a savings of \$1,250,180 over the cost of WDC's 2022 administrative services contract, which is \$3,874,140.

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary Electronically Signed 05/27/2022

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The new contract is similar to the previous WDC administrative services contract, with updates and revisions that reflect current services and technological capabilities. The contract continues to require a local WDC office in Madison and 10 Empower staff members in Wisconsin exclusively dedicated to providing communication and marketing services for the WDC, and a call center in Milwaukee, Wisconsin.

Additional highlights of the new contract include:

- An annual flat fee of \$2,623,960 for all five years of the initial contract term;
- The addition of an annual Board satisfaction survey;
- Strong confidential information and cybersecurity requirements;
- Continued joint creation of the annual strategic partnership plan;
- Alignment of record retention provisions; and
- A total of 17 revised and expanded performance standard requirements in the general categories of participant, employer, and plan sponsor services. These performance standards, found in Contract Exhibit 3, indicate minimum standards for each service, measurement, and fee at risk if the standard is missed.

Empower has proven to be a valuable partner in helping Wisconsin public employees save for a financially secure retirement. This contract maintains the existing partnership and should continue to provide WDC participants with secure access to personalized services and cutting-edge tools and technology at a reasonable cost.

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