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Correspondence Memorandum

Date: November 4, 2022

To: Deferred Compensation Board

From: Shelly Schueller, Director
 Wisconsin Deferred Compensation Program

Subject: 2023 Strategic Partnership Plan Proposal

The Department of Employee Trust Funds (ETF) recommends the Board approve the 2023 Strategic Partnership Plan proposal as outlined in this memo.

In partnership with Empower Retirement (Empower), the Wisconsin Deferred Compensation Program's third-party administrator, ETF has drafted a Strategic Partnership Plan (SPP) proposal for 2023. The SPP identifies specific areas of focus for Empower's WDC-focused staff during the upcoming year. The SPP was created to address the following dimensions: enrollment, asset allocation, education, and retention. An overview of those dimensions are as follows:

- Enrollment – increasing the number of eligible employees enrolled in, and contributing to, the WDC and local public employers offering the WDC
- Asset Allocation – encouraging appropriate diversification of participant assets in WDC investment options
- Education – providing financial literacy learning opportunities
- Retention – providing education to retirees and near-retirees and retaining retiree accounts and assets in the WDC

A summary of the 2023 SPP is attached to this memo. Unlike previous years, the 2023 SPP does not include financial incentives if Empower reaches certain goals and metrics because the administrative services contract that begins December 1, 2022, is a flat fee contract. It does not contain any provisions for Empower to earn any administrative fee increases based on performance.

Key highlights of the four dimensions of the proposed 2023 SPP are listed below:

1. Enrollment
 - a) *Participants*: add 2.0% in-force¹ participant growth. As in past years, the local WDC staff will seek to increase the number of WDC participants as of the end

¹ In-force means number of participants with an account balance greater than \$0

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- of calendar year 2023 by 2.0% in 2023. This is 0.5% less than the 2022 goal of 2.5%.
- b) *Employers*: add 12 new local public employers offering the WDC to their employees. This is the same goal as in 2022.
 - c) Attend at least one convention.
 - d) Offer plan to non-participating employees eligible to use the WDC.
 - e) Provide auto-increase information post-login.
2. Asset Allocation
- a) Conduct 2,700 Retirement Readiness Reviews (also part of 4a below).
 - b) Reach out to terminated at-risk participants over the age of 58 to offer Retirement Readiness Reviews and encourage retention.
 - c) Reach out to active at-risk participants to help them understand resources available to them for investment help (target-date funds, advice, etc.).
 - d) Provide communications related to the expansion of the Vanguard target date fund options in January 2023.
3. Education
- a) Conduct 400 group meetings (also part of 4b below).
 - b) Organize and offer a Benefit Summit (WRS, WDC and Social Security).
 - c) Host over 25 webinars/events during the annual Open Enrollment period.
 - d) Reissue an updated “How to read your quarterly statement” flier.
 - e) Engage WDC participants with a campaign for National Retirement Security Month in October 2023.
4. Retention/Education
- a) Conduct 2,700 Retirement Readiness Reviews (part of 2a).
 - b) Conduct 400 group meetings (part of 3a).
 - c) Offer an annual webinar for employers.

Per the requirements of the new administrative services contract, Empower will provide at least three different presentations (in person or virtual) for participants. Empower will continue its annual outreach offer to present information on the WDC to employees of participating employers and will continue to contact non-participating employers about adding the WDC to their employee benefit options.

Empower will also produce specific communications for the WDC during 2023 that include the annual participant survey, articles for ETF’s member newsletters and social media accounts, and a newsletter for WDC employers. In addition, the “Empower Communications Engine” or ECE, will be activated. This will enable Empower to deliver timely personalized automated electronic messages to WDC participants.

ETF recommends that the Board approve the 2023 SPP as proposed. If approved, Empower will communicate SPP progress via a progress report. A sample of the proposed progress report is included with the summary of the proposed 2023 SPP.

Staff will be available at the meeting to discuss the proposed 2023 SPP with the Board.

Attachment A: [Proposed 2023 Strategic Partnership Plan Summary](#)