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Correspondence Memorandum

Date: August 2, 2023

To: Deferred Compensation Board

From: Amelia Slaney, Director of Financial Compliance Bureau
 Division of Trust Finance

Subject: Wisconsin Deferred Compensation Program (WDC) Administrative Account Update

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

At the request of the Deferred Compensation Board (Board), we are sharing an update on the administrative account, which the Board maintains to pay administrative expenses for the WDC. Revenues to fund expenses come from participant plan administrative fees and investment income on the Board's account balance. At the December 1, 2022, Board meeting, an increase to participant plan administrative fees was approved. This increase was based on an analysis showing the administrative account balance outside the lower range of the Board's policy, which is 50%-75% of projected annual plan expenses.

As of June 30, 2023, the administrative account balance is 53% of projected annual plan expenses, thus within the Board's policy range, and is projected to grow to 82% by the end of the year. The projection uses several assumptions, including a 4.82% annual investment return assumption. Actual experience will certainly differ. Attachment A shows the account balance as of December 31, 2022; the projected balance as of December 31, 2023 (based on actual activity through June 30, 2023); and the projected balance as of December 31, 2024, assuming no fee changes in 2024. These results are very similar to what was presented to the Board at its June 8, 2023, meeting.

Staff will provide another update at the December 7, 2023, Board meeting at which time the Board will set the participant plan administrative fees for 2024.

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

Attachment A: Administrative Account Activity

Climke

Board	Mtg Date	Item #
DC	09.07.23	13A

Reviewed and approved by Cindy Klimke-Armatoski, Chief Trust Financial Officer
 Electronically Signed 08/21/2023

Attachment A: Administrative Account Activity (In Thousands)

	2022	2023	2024
January 1 Account Balance	\$2,370	\$955	\$2,322
Revenues			
Participant Fees	2,634	4,157	4,434
Investment Earnings & Other	47	56	97
Total Revenues	2,681	4,213	4,531
Expenses			
Administrative Service Contract	3,874	2,624	2,624
Qualified Domestic Relation Order Fees	10	14	14
ETF Administration & Miscellaneous	212	208	184
Total Expenses	4,096	2,846	2,822
December 31 Account Balance	\$955	\$2,322	\$4,031
Account Balance as % of Projected Annual Expenses for following year	34%	82%	141%

*Values may not foot due to rounding.
 2022 through 2023 Q2 figures are actual.
 2023 Q3 through 2024 figures are projected.*