

**From:** [REDACTED]  
**To:** [ETF SMB Board Feedback](#)  
**Subject:** WDC administrative problems  
**Date:** Friday, February 9, 2024 10:24:40 AM

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Good morning,

I joined WDC when it was initiated in Wisconsin back in the 1980s. As a long time contributor, I have discovered the following administrative problems with regard to Empower's inability to administrate my tax withholding. And, I am wondering if any other Wisconsin participants have as much trouble as I have getting Empower to withhold at the rate I designate.

I have designated that I want 15% withheld for federal and 10% withheld for state tax purposes.

In Jan and Feb 23, Empower withheld 75% of my RMD. Mar, April, May, June, July and Aug of 2023 federal withholding was 22% and state withholding was 11%. Sep, Oct, Nov, and Dec fed was 9% and state was 11%. I am at a loss to explain why the rates were changed during 2023 and never coincided with my actual request.

It is now 2024 and withholding for Jan and Feb are at a rate of 11% for state and 9% for federal which, again, are not the rates I have designated. I have contacted Empower and the file is being reviewed and the person I spoke to did find the paperwork with my designation of 15% for fed and 10% for state.

Do other Wisconsin participants complain of the same problems? If so, The Board needs to review this issue on behalf of Wisconsin retirees participating in WDC. Having to continually monitor Empower should not be necessary.

Thank you.  
Teresa Maiola  
Wisconsin retiree



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February 15, 2024

Teresa Maiola  
[REDACTED]

Dear Ms. Maiola:

I'm responding to your February 9, 2024, email, which outlines problems you have experienced related to tax withholding from your Wisconsin Deferred Compensation Program (WDC) account. On behalf of the WDC, I apologize for the problems you have experienced. I will include your email and this response with the materials for the next Board meeting.

I researched what occurred with your tax withholding changes. The problems appear to have occurred due to IRS rules, your desire to have an additional 15% withheld for taxes, and the timing of your request to change from periodic distributions to a required minimum distribution (RMD).

In 2022, the IRS announced that a new W-4P form would be required, beginning in 2023. The W-4P form is used to determine federal tax withholdings for pension and annuity accounts. The IRS does not permit flat percentage for federal withholding on periodic installments on payments lasting longer than ten years/life expectancy. This applies to your WDC account. Thus, Empower, the WDC's record keeping company, could not withhold your requested additional 15% and instead converted that to a flat dollar amount.

The September 2022 request you made to change from periodic payments to RMDs meant that in order to meet your 2022 RMD and avoid a penalty, the total withheld amounts needed to increase substantially. Empower conceded they mistakenly carried over the 2022 withholding increases on your January and February 2023 WDC distributions. Empower corrected these errors and issued refunds to you. Empower also confirmed they have implemented your newest WDC withholding elections correctly.

Thank you for taking the time to share your recent experiences with the WDC's record keeping company. I have shared your experience with our local WDC staff and the Empower team with the expectation that things go smoother for you in the future. The local WDC staff in Madison are willing and able to help you with your WDC account as needed and can be reached at 608-241-6605. Please let me know if you have any other questions regarding the WDC using the contact information below.

Teresa Maiola  
February 15, 2024  
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Sincerely,

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