

2025 Participant Administrative Fee Recommendation

 Item 6 – Deferred Compensation Board

Amelia Slaney, Director, Financial Compliance Bureau

Division of Trust Finance



Action Needed

The Department of Employee Trust Funds (ETF) recommends the Deferred Compensation Board (Board) approve one of the recommended options for the administrative fees paid by Wisconsin Deferred Compensation Program (WDC) plan participants, effective January 1, 2025.

- Option 1: \$4.05/month \$48.60/year
- Option 2: \$3.90/month \$46.80/year
- Option 3: \$3.75/month \$45.00/year

Program Expenses



**Administrative
services contract**



**ETF administrative
expenses**

Revenues to Fund Program Expenses



Participant fees



Investment income

Considerations in Fee Structure Change

- Fee structures of peers
- Plan expenses and what causes them to change
- Analysis if a flat fee structure was used, beginning with 2020

Benefits of a flat fee structure:

Alignment with cost drivers

Reduce volatility in fees

Simplify the monitoring and analysis of the administrative account balance

Participant Administrative Fee Analysis Overview

- Obtain updated administrative account balance for most recent quarter
- Estimate future expenses impacting the administrative account
- Determine participant count with balances over \$5,000
- Consider Board's policy of account balance target between 50-75% of projected annual expenses

Change in Participant Counts by Tier

Participant Account Balance	Number of Participants as of 9/30/2024	Number of Participants as of 9/30/2023	Increase (Decrease)
\$0.01 – \$5,000	12,428	13,538	(1,110)
\$5,001 - \$25,000	17,499	18,245	(746)
\$25,001 - \$50,000	10,116	9,945	171
\$50,001 - \$100,000	10,109	9,665	444
\$100,001 - \$150,000	5,455	5,227	228
\$150,001 - \$250,000	5,939	5,461	478
\$250,001 and above	8,528	7,187	1,341
Total	70,074	69,268	806

Administrative Account Balance (in Thousands)

	2023	2024	2025 \$4.05/Month	2025 \$3.90/Month	2025 \$3.75/Month
January 1 Account Balance	\$955	\$2,259	\$2,121	\$2,121	\$2,121
Revenues					
Participant Fees	4,092	2,681	2,819	2,714	2,610
Investment Earnings & Other	57	76	111	109	107
Total Revenues	4,149	2,757	2,930	2,823	2,717
Expenses					
Administrative Service Contract	2,624	2,624	2,624	2,624	2,624
ETF Administration & Miscellaneous	221	271	295	295	295
Total Expenses	2,845	2,895	2,919	2,919	2,919
December 31 Account Balance	\$2,259	\$2,121	\$2,132	\$2,025	\$1,919
Account Balance as % of Projected Annual Expenses	78%	73%	73%	70%	66%

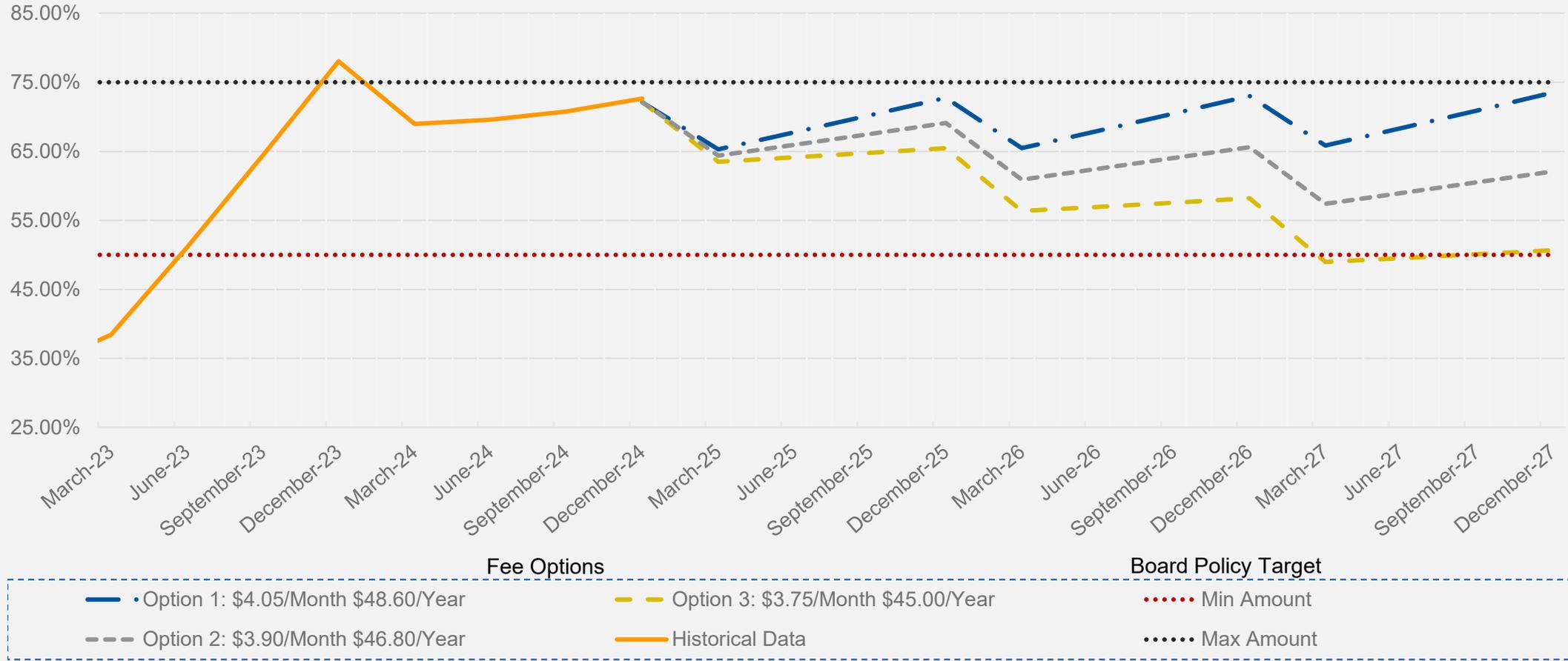
2023 and 2024 Q1 through Q3 figures are actual.

2024 Q4 through 2025 are projected

Increase in projected Investment Earnings & Other relates to fees charged to participants using the Self-Directed Brokerage option, starting in 2025.

Projection of Fee Options

Maintain administrative account balance equal to 50-75% of projected annual plan expenses



Option 1: \$4.05/month \$48.60/year

Participant Account Balance	Number of Participants 9/30/2024	Current 2024 Monthly Fees	Option 1 Monthly Fee	% Increase (Decrease)
\$0.01-5,000	12,428	\$0.00	\$0.00	0%
\$5,001-25,000	17,499	\$0.75	\$4.05	440%
\$25,001-50,000	10,116	\$1.75	\$4.05	131%
\$50,001-100,000	10,109	\$4.00	\$4.05	1%
\$100,001-150,000	5,455	\$5.00	\$4.05	(19%)
\$150,001-250,000	5,939	\$7.00	\$4.05	(42%)
Over \$250,000	8,528	\$10.25	\$4.05	(60%)

Option 2: \$3.90/month \$46.80/year

Participant Account Balance	Number of Participants 9/30/2024	Current 2024 Monthly Fees	Option 2 Monthly Fee	% Increase (Decrease)
\$0.01-5,000	12,428	\$0.00	\$0.00	0%
\$5,001-25,000	17,499	\$0.75	\$3.90	420%
\$25,001-50,000	10,116	\$1.75	\$3.90	123%
\$50,001-100,000	10,109	\$4.00	\$3.90	(3%)
\$100,001-150,000	5,455	\$5.00	\$3.90	(22%)
\$150,001-250,000	5,939	\$7.00	\$3.90	(44%)
Over \$250,000	8,528	\$10.25	\$3.90	(62%)

Option 3: \$3.75/month \$45.00/year

Participant Account Balance	Number of Participants 9/30/2024	Current 2024 Monthly Fees	Option 3 Monthly Fee	% Increase (Decrease)
\$0.01-5,000	12,428	\$0.00	\$0.00	0%
\$5,001-25,000	17,499	\$0.75	\$3.75	400%
\$25,001-50,000	10,116	\$1.75	\$3.75	114%
\$50,001-100,000	10,109	\$4.00	\$3.75	(6%)
\$100,001-150,000	5,455	\$5.00	\$3.75	(25%)
\$150,001-250,000	5,939	\$7.00	\$3.75	(46%)
Over \$250,000	8,528	\$10.25	\$3.75	(63%)

Fee History (2015 – 2019)

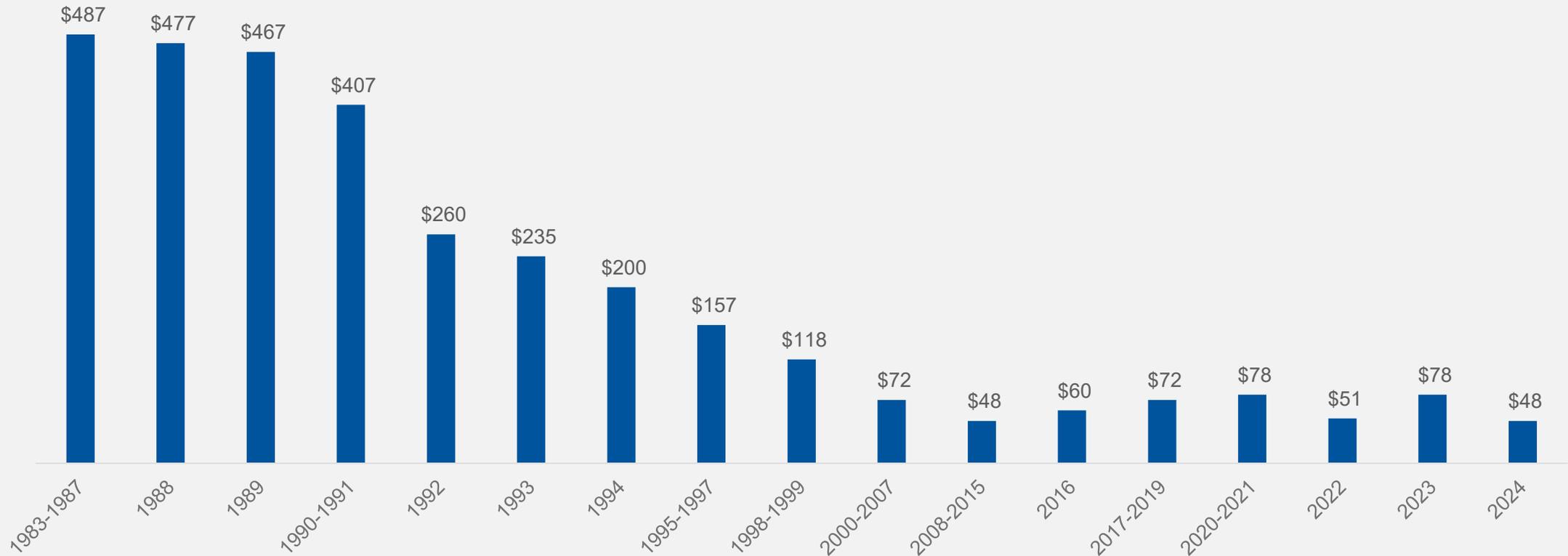
Participant Account Balance	2015 Monthly Fee ⁽¹⁾	% Increase (Decrease)	2016 Monthly Fee	% Increase (Decrease)	2017 Monthly Fee	% Increase (Decrease)	2018 Monthly Fee	% Increase (Decrease)	2019 Monthly Fee	% Increase (Decrease)
\$0.01 – 5,000	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%
\$5,001 – 25,000	\$1.00	0%	\$1.00	0%	\$1.00	0%	\$1.00	0%	\$1.00	0%
\$25,001 – 50,000	\$2.00	0%	\$2.50	25%	\$3.00	20%	\$3.00	0%	\$3.00	0%
\$50,001 – 100,000	\$4.00	0%	\$5.00	25%	\$6.00	20%	\$6.00	0%	\$6.00	0%
\$100,001 – 150,000	\$5.50	0%	\$7.00	27%	\$8.00	14%	\$8.00	0%	\$8.00	0%
\$150,001 – 250,000	\$5.50	0%	\$10.00	82%	\$11.00	10%	\$11.00	0%	\$11.00	0%
Over \$250,000	\$5.50	0%	\$15.00	173%	\$16.50	10%	\$16.50	0%	\$16.50	0%
Average Increase (Decrease)		0%		56%		13%		0%		0%

(1) Fee schedule from 2008-2015

Fee History (2020 - 2024)

Participant Account Balance	2020 Monthly Fee	% Increase (Decrease)	2021 Monthly Fee	% Increase (Decrease)	2022 Monthly Fee	% Increase (Decrease)	2023 Monthly Fee	% Increase (Decrease)	2024 Monthly Fee	% Increase (Decrease)
\$0.01 – 5,000	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0.0%
\$5,001 – 25,000	\$1.00	0%	\$1.00	0%	\$0.75	(25%)	\$1.25	67%	\$0.75	(40%)
\$25,001 – 50,000	\$3.25	8%	\$3.25	0%	\$2.00	(38%)	\$3.00	50%	\$1.75	(42%)
\$50,001 – 100,000	\$6.50	8%	\$6.50	0%	\$4.25	(35%)	\$6.50	53%	\$4.00	(39%)
\$100,001 – 150,000	\$8.50	6%	\$8.50	0%	\$5.50	(35%)	\$8.25	50%	\$5.00	(39%)
\$150,001 – 250,000	\$11.75	7%	\$11.75	0%	\$7.75	(34%)	\$11.75	52%	\$7.00	(40%)
Over \$250,000	\$17.50	6%	\$17.50	0%	\$11.50	(34%)	\$17.25	50%	\$10.25	(41%)
Average Increase (Decrease)		6.5%		0.0%		(34%)		52%		(40%)

Participant Annual Fee History (based on \$50,001 account balance)



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Questions?

Thank you



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