

From: [REDACTED]
To: [ETF SMB Board Feedback](#)
Subject: No Flat Fee for WDC
Date: Tuesday, November 26, 2024 5:55:20 PM

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Dear Deferred Compensation Board,

After reviewing the meeting notes from your last meeting I am saddened to have to write about what a serious mistake adopting a flat fee for the WDC plan would be. Under the current fee structure, all participants pay a tiny percentage of their account balances in administrative fees. Under the new structure, an account with only \$5,000 could be charged as much as \$4.05 per month / \$48.60 per year. That is a 1% cut right off the top of that \$5,000 account. A 1% fee is a significant cost that will eat a substantial part of the returns, especially in a down year. Just read any of Jack Bogle's research if you don't believe me. This is just as the account is trying to get started. In the same meeting the Board talked about how they want to help new accounts get started. Help them get started by not charging them the highest fee percentages right at the start of their investing careers.

The current system does have a higher dollar amount in fees being covered by the accounts with the highest balances. This is how it should be. Everyone expects to be charged a proportional fee. A flat fee structure may be easier on the people running the plan, but it is terrible for the plan participants. Please look out for the plan participants' interests here and do not adopt the flat fee structure.

Respectfully,

Chad Simandl
Plan Participant



STATE OF WISCONSIN
Department of Employee Trust Funds
A. John Voelker
SECRETARY

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November 29, 2024

Chad Simandl

Via email to [REDACTED]

Dear Chad Simandl:

I'm responding on behalf of the Deferred Compensation Board (Board) to your November 26, 2024, email regarding participant administrative fees for the Wisconsin Deferred Compensation Program (WDC).

Thank you for your feedback regarding the Deferred Compensation Board's recent discussions regarding future participant fees. Through the WDC, the Board seeks to provide a low-cost supplemental retirement savings plan to participants that offers a broad range of investment choices and participant services.

Using the policy stated in the [Board's Administrative Expense Account Policy](#), WDC expenses are reviewed annually and participant administrative fees, which fund the majority of expenses, are adjusted accordingly. At the request of the Board, ETF researched options for the participant administrative fee structure and recommended options that better align with the cost drivers of administering the plan, resulting in sharing the cost burden equitably among participating members. ETF researched the fee structures for peer plans and there are varying ways plans charge administrative costs, including a flat fee which the WDC board approved. The fees for the WDC plan are used to cover administrative costs (plan administrator staffing costs, audit costs) versus investment management fees, which are commonly based on account balance.

ETF will present options for participant fee levels of approximately \$4 per month at the December 5, 2024, Board meeting for the Board's consideration. I will make sure a copy of your email and this response is included with the board meeting materials.

If you have any other questions regarding the WDC, please reach out to me using the contact information below.

Sincerely,

Shelly Schueller, Director
Wisconsin Deferred Compensation Program
Department of Employee Trust Funds
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(608) 266-6611

Attachment Link: [WDC Administrative Expense Account Policy](#)