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Correspondence Memorandum

Date: February 18, 2021

To: Employee Trust Funds Board

From: Shelly Schueller
 Deferred Compensation Director


Subject: Wisconsin Deferred Compensation Program Display of Wisconsin Retirement System (WRS) Pension Estimate

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

The Wisconsin Deferred Compensation Program (WDC) is an optional supplemental retirement savings plan for public sector employees in Wisconsin. The WDC is used by employees of the State of Wisconsin, the University of Wisconsin System and over 900 local public employers in Wisconsin such as counties, cities, and school districts. As of December 31, 2020, over 67,000 participants held approximately \$6.4 billion in their WDC accounts, making it one of the largest deferred compensation plans in the nation.

The Deferred Compensation (DC) Board directs the administration of the WDC. The DC Board is responsible for setting policy, selecting investment options, and contracting with various service providers. The DC Board also approves a plan that identifies annual goals and areas of focus for the WDC's third-party administrator, Empower Retirement, and metrics to measure the results.

In 2020, the plan included a pilot project designed to gauge WDC participants' interest in viewing estimates of their three primary sources of retirement income (their Wisconsin Retirement System (WRS) pension, Social Security, and their WDC account balance) in one space and their progress towards reaching a financially secure retirement. Adding the WRS pension estimate was expected to provide WDC participants in the pilot with a more precise projection of their total future retirement income. Participants who discovered they were not on track to have enough income during retirement were encouraged to explore their options and make changes that might help them reach their retirement goals.

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services

 Electronically Signed 3/10/21

Board	Mtg Date	Item #
ETF	3.25.21	6E

Wisconsin Deferred Compensation Program Display of WRS Pension Data

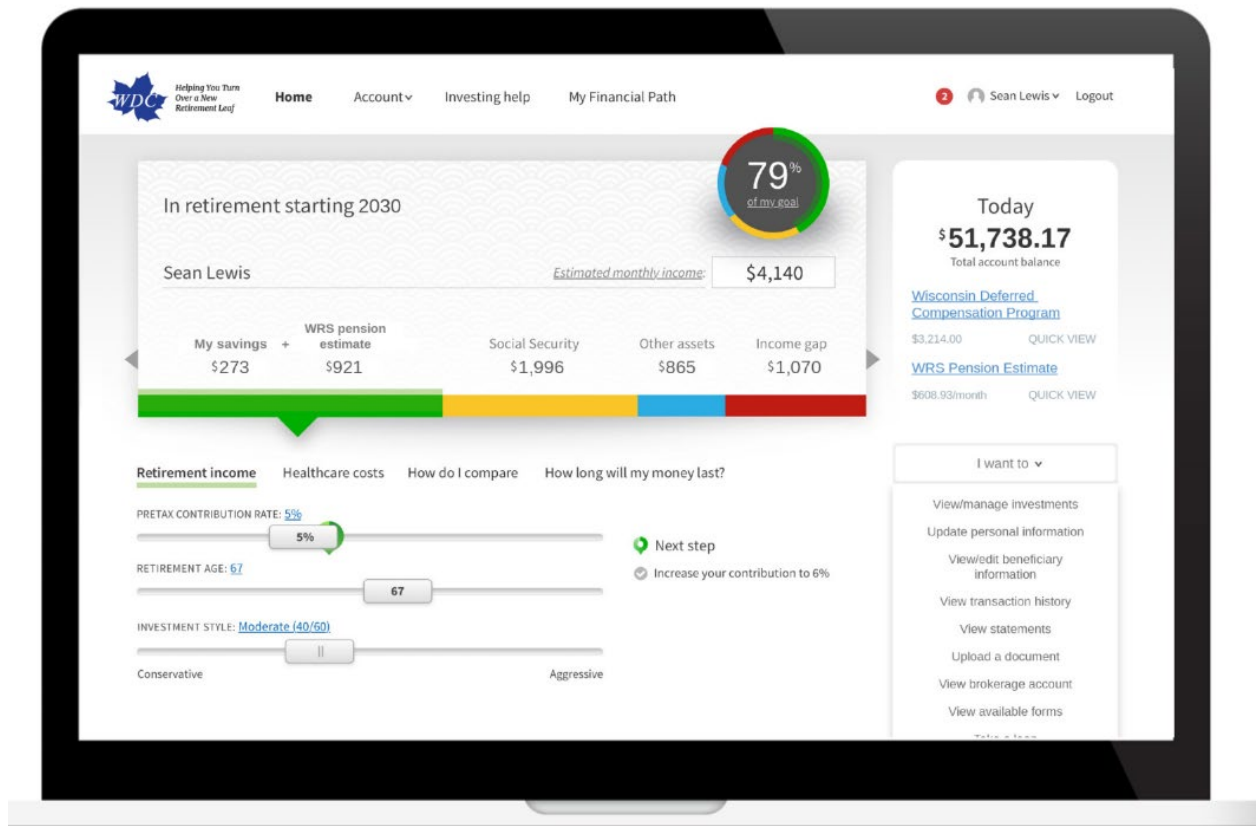
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The pilot involved providing a WRS pension estimate for approximately 1,000 employees with WDC accounts at seven employer locations. All WDC participants at the pilot employers were given the option to opt-out of the pilot. Two opted out. For the pilot, ETF shared WRS pension estimates for these 1,000 participants with Empower Retirement, the WDC's third party administrator, using the value provided to participants on their January 1, 2020, WRS Statement of Benefits.

An example of the summary page WDC participants saw during the pilot when accessing their WDC accounts online is included at the end of this memo. The illustration provides the following:

- WDC account balance (“today” value at top right).
- Estimated percent of retirement goal met (top right circle with percentage).
- Estimated monthly income amount (value under circle with percent of goal).
- Bar chart with estimated monthly retirement income by source (WDC savings, Social Security and WRS pension estimate) and estimated income gap (middle).
- Sliders for savings rate, retirement age, and investment style. Adjusting these sliders resulted in changes to estimated monthly retirement income. (bottom)



Pilot results revealed that participants who viewed their WRS pension estimate with their WDC account data were more engaged in their personal retirement planning,

adjusting their deferrals, asset allocations, and even their beneficiaries. These changes help participants better prepare for retirement.

- **47%** of pilot participants went online and reviewed their WDC account data.
- **58%** of post-pilot survey respondents said they adjusted the sliders on their WDC website account to make a change in their contribution, planned retirement age, or mix of investments.
- **92%** of post-pilot survey respondents indicated they would like to continue to see their WRS pension estimate included with their WDC account information.

The pilot was a success and confirmed that WDC participants want their retirement income sources in one place because it makes retirement planning much easier. Consequently, ETF intends to expand the WDC display of WRS pension estimates for all active WDC participants, beginning with data from the 2021 Statement of Benefits. The WDC and ETF are finalizing plans of announcing this new feature for WDC participants beginning in late April 2021. Participants who do not want to have their WRS pension estimate included with their WDC account data will be able to opt-out at any time by sending a message to an “opt-out” email address that will be monitored by the WDC.

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