



State of Wisconsin  
**Wisconsin Deferred  
Compensation Program**  
**Fact Sheet**  
As of December 31, 2013

The Wisconsin Deferred Compensation Program (WDC) is a supplemental retirement savings program authorized under Section 457 of the Internal Revenue Code (IRC). The WDC was created by Wisconsin Laws of 1981 Chapter 187 and established in 1982 for state employees; it has been available to local employers since 1985.

### **Program Administration**

The Department of Employee Trust Funds and the Deferred Compensation Board (Board) have statutory authority for program administration and oversight. The Board contracts for administrative services (marketing, record keeping, daily program administration) through a competitive bid process. Great-West Retirement Services is under contract to provide these services through November 30, 2015.

The Board selects the investment options offered by the WDC and contracts directly with investment providers. The Board annually reviews the performance of the investment options offered to determine if they continue to meet established performance benchmarks. Options that are determined to be no longer acceptable may be removed from the WDC and new options may be added at any time.

### **Features**

*Maximum Deferral* - The maximum contribution to Section 457 plans is 100% of taxable income up to \$17,500 per year in 2014. Participants over age 50 may also contribute an additional \$5,500 annually. Participants within three years of normal retirement age who under contributed in prior years may also be eligible to contribute up to an additional \$17,500 annually. The maximum limit for federal income tax purposes may be periodically increased (in \$500 increments) for cost of living adjustments that are tied to the consumer price index.

*Account Flexibility* - The WDC allows participants to:

- Change the amount of their deferrals at any time.
- Save by deferring traditional pre-tax or Roth (post-tax) dollars.
- Redirect deferrals to other investment options offered by the WDC without restriction.
- Exchange existing account balances from one option to another (subject to the excessive trading policy).
- Elect to use the Asset Allocation Service to provide automatic rebalancing of a participant's account balance based on an established asset allocation model.
- Elect to use the WDC's managed accounts service (additional separate fee applies).

*Portability* - Dollars from a traditional IRA, a 401(k) and a 403(b) can be rolled into the WDC, and amounts distributed from the WDC, can roll into a traditional IRA, a 401(k) and a 403(b) plan. Dollars rolled out of the WDC are subject to the tax rules of the new plan.

*Participant Services* - WDC representatives in Wisconsin are available to assist participants between 7:00 a.m. and 7:00 p.m. every workday of the year. A toll-free telephone number is also available for use by both participants and employers at 1-877-457-9327 (WDCP).

An automated voice response system is available for participants to obtain account information and execute transactions. The WDC's website at [www.wdc457.org](http://www.wdc457.org) offers program information, access to personal account data and execution of transactions online. Distribution of an itemized participant statement and newsletter occurs within 15 days of the end of each quarter.

*Distribution Options* - At termination of employment, participants may defer receiving distributions from their account up to age 70½. Distribution options that are available include lump sum payments, partial lump sum payments and periodic payments.

## WDC Program Costs

Participant fees and reimbursements from investment providers provide funding for program administration. State funds are not used for the administration of the WDC. Contracts with investment providers are negotiated to include certain reimbursements in consideration of the record keeping services being provided by the WDC through its contract administrator. The Board annually reviews administrative revenues and expenses and adjusts participant fees as necessary. Annual participant fees, in effect since January 1, 2008, are:

If participant balance is between:	Fee per month/year is:
\$0 to \$5,000	\$0.00 month/\$0.00 year
\$5,001 to \$25,000	\$1.00/\$12.00
\$25,001 to \$50,000	\$2.00/\$24.00
\$50,001 to \$100,000	\$4.00/\$48.00
\$100,001 and up	\$5.50/\$66.00

### Statistics as of December 31, 2013

- 884 local government and school district employers (from approximately 1,400 eligible) have elected to offer the WDC to their employees.
- 55,271 public employees participate in the WDC. 33,001 are state employees and 22,270 are employees of local and school district employers.
- The WDC offered 6 target date (asset allocation) funds and 16 options in the core investment spectrum in 2013. Participants may have an account with one or more of the available options. Participants also have access to thousands of mutual fund choices through the Schwab Personal Choice Retirement Account (PCRA), the WDC's self-directed brokerage option.

Investment Option	<i># of Participant Accounts</i>	<i>Total Assets</i>
Vanguard Target Retirement 2055 Fund	760	\$4,142,347
Vanguard Target Retirement 2045 Fund	3,832	\$36,632,680
Vanguard Target Retirement 2035 Fund	4,635	\$67,299,955
Vanguard Target Retirement 2025 Fund	5,039	\$102,771,915
Vanguard Target Retirement 2015 Fund	2,939	\$90,697,504
Vanguard Target Retirement Income Fund	1,218	\$33,535,532
FDIC Fund	3,400	\$93,887,594
Vanguard Money Market Fund - Admiral	7,880	\$33,830,166
Stable Value Fund	19,639	\$611,237,413
Federated US Gov't: 2-5 Year Institutional Fund	5,602	\$32,026,113
BlackRock US Debt Index Fund "W"	10,331	\$67,707,436
Vanguard Long Term Investment Grade Bond Funds – Admiral	11,642	\$100,616,335
Vanguard Wellington Fund – Admiral	19,642	\$393,618,475
Vanguard Inst. Index Fund Plus (S & P 500)	20,711	\$326,038,143
Fidelity Contrafund	20,819	\$520,846,774
Calvert Social Investment Equities Fund	3,133	\$40,018,327
BlackRock MidCap Index Fund "F"	14,760	\$143,849,257
T. Rowe Price Midcap Growth Fund	20,008	\$352,800,098
BlackRock Russell 2000 Index Fund "T"	4,754	\$54,286,531
DFA U.S. Micro Cap Fund	21,358	\$240,172,690
BlackRock EAFE Equity Index Fund "T"	12,852	\$85,532,472
American Funds EuroPacific Growth Fund – Class R6	18,412	\$155,335,892
Schwab PCRA	707	\$64,007,471
<b>Total</b>	<b>*234,073</b>	<b>3,650,891,120</b>

\* The total number of participant accounts exceeds the number of participants, as participants may invest in more than one investment option. The average number of investment options per participant is 4.2.