



State of Wisconsin  
**Wisconsin Deferred  
Compensation Program**  
**FACT SHEET**  
As of December 31, 2008

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 (ETF) 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, 2010.

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 \$16,500 per year in 2009. Participants over age 50 may also contribute an additional \$5,000 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 (CPI).

**ACCOUNT FLEXIBILITY** - The WDC allows participants to:

- Change the amount of their deferrals at any time.
- 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 the asset allocation service to provide automatic rebalancing of a participant's account balance based on an established asset allocation model.

**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. An Internet site at <http://www.wdc457.org> is available to obtain program information, access personal account data and execute transactions on-line. Distribution of an itemized participant statement and newsletter occurs within 20 days of the end of each quarter.

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

## 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, effective January 1, 2008, are below.

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, 2008

- 812 local government and school district employers (from approx. 1,000 eligible) have elected to offer the WDC to their employees.
- 49,281 employees participate in the WDC; 30,197 are state employees and 19,084 are employees of local and school district employers.
- The WDC offered 21 options in the core investment spectrum in 2008. Participants may have an account with one or more of the available options. Participants also have more than 2,000 mutual fund choices available through the Schwab Personal Choice Retirement Account (PCRA), a self-directed brokerage option added to the WDC in 2000.

Investment Option	<i># of Participant Accounts</i>	<i>Total Assets</i>
Vanguard Target Retirement 2045	1,860	\$7,395,221
Vanguard Target Retirement 2035	2,417	\$12,165,724
Vanguard Target Retirement 2025	2,521	\$21,099,409
Vanguard Target Retirement 2015	1,572	\$24,163,002
Vanguard Target Retirement Income	545	\$9,204,041
FDIC	3,588	\$76,202,390
Vanguard Admiral Money Market	10,582	\$66,909,459
Stable Value	15,999	\$422,812,678
Federated US Gov't: 2-5 Yr. Instl.	5,524	\$38,463,579
BGI US Debt Index	3,394	\$19,996,006
Vanguard Long Term Inv. Grd. Bonds	10,387	\$70,632,694
Vanguard Wellington Admiral	18,271	\$194,905,669
Vanguard Inst. Index Plus (S & P 500)	17,913	\$144,199,520
Fidelity Contrafund	25,720	\$269,496,881
Calvert Social Inv. Equities Fund	2,960	\$12,261,594
BGI MidCap Index Fund "F"	8,610	\$40,569,071
T. Rowe Price Midcap Growth	21,586	\$132,858,104
BGI Small Cap Index Fund "T"	4,511	\$15,490,548
DFA U.S. Microcap	17,987	\$87,613,061
BGI EAFE Equity Index Fund "W"	7,254	\$33,211,314
American Funds EuroPacific Growth	14,312	\$80,911,400
Schwab PCRA	756	\$35,861,066
<b>TOTAL</b>	<b>198,967 *</b>	<b>\$1,816,455,431</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 4.1.