



State of Wisconsin  
**Wisconsin Deferred  
Compensation Program**  
**FACT SHEET**  
As of December 31, 2010

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, 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 \$16,500 per year in 2011. Participants over age 50 may also contribute an additional \$5,000 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 \$16,500 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 (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.
- 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. A website at <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 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 adjusting 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, 2010

- 850 local government and school district employers (from approx. 1,400 eligible) have elected to offer the WDC to their employees.
- 50,974 public employees participate in the WDC; 30,543 are state employees and 20,431 are employees of local and school district employers.
- The WDC offered 5 target date (asset allocation) funds and 16 options in the core investment spectrum in 2010. 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 2045 Fund                     | 2,929                            | \$15,808,426           |
| Vanguard Target Retirement 2035 Fund                     | 3,911                            | \$30,344,712           |
| Vanguard Target Retirement 2025 Fund                     | 4,336                            | \$46,514,533           |
| Vanguard Target Retirement 2015 Fund                     | 2,813                            | \$52,181,872           |
| Vanguard Target Retirement Income Fund                   | 932                              | \$17,510,859           |
| FDIC Fund  | 3,910                            | \$75,650,504           |
| Vanguard Money Market Fund - Admiral                     | 9,450                            | \$47,957,464           |
| Stable Value Fund  | 16,205                           | \$504,222,901          |
| Federated US Gov't: 2-5 Year Institutional Fund          | 6,372                            | \$35,720,336           |
| BlackRock US Debt Index "W" Fund                         | 7,549                            | \$41,068,126           |
| Vanguard Long Term Investment Grade Bond Funds - Admiral | 12,382                           | \$93,497,704           |
| Vanguard Wellington Fund - Admiral                       | 18,535                           | \$276,902,193          |
| Vanguard Inst. Index Fund - Plus (S & P 500)             | 19,030                           | \$212,274,941          |
| Fidelity Contrafund                                      | 23,284                           | \$385,783,862          |
| Calvert Social Investment Equities Fund                  | 3,209                            | \$25,228,837           |
| BlackRock MidCap Index Fund "F"                          | 11,968                           | \$91,444,578           |
| T. Rowe Price Midcap Growth Fund                         | 19,907                           | \$252,082,057          |
| BlackRock Russell 2000 Index Fund "T"                    | 8,028                            | \$34,951,540           |
| DFA U.S. Micro Cap Fund                                  | 17,710                           | \$151,691,654          |
| BlackRock EAFE Equity Index Fund "T"                     | 10,491                           | \$61,230,815           |
| American Funds EuroPacific Growth Fund – Class W         | 16,856                           | \$131,449,824          |
| Schwab PCRA  | 775                              | \$56,070,268           |
| <b>TOTAL</b>   | *                                | <b>\$2,639,588,006</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.