

MoneyTalks

Wisconsin Deferred Compensation Program

Reduced WDC Participant Fees

Happy new year! What better way to start the new year than with reduced WDC participant fees? The new fee schedule went into effect January 1, 2008, for all WDC participants. As was first reported in the July 2007 newsletter, the Deferred Compensation Board moved to reduce participant fees by an average of 37%. The following chart compares the old and new participant fee schedules.

Participant Account Balance		Previous Monthly/ Annual Fee	Monthly/Annual Fee Effective January 1, 2008
At Least	Not More Than		
\$1	\$5,000	\$0.50/\$6	\$0/\$0
\$5,001	\$25,000	\$1.50/\$18	\$1/\$12
\$25,001	\$50,000	\$3/\$36	\$2/\$24
\$50,001	\$100,000	\$6/\$72	\$4/\$48
\$100,001	\$150,000	\$8.33/\$100	\$5.50/\$66
\$150,001+		\$10/\$120	\$5.50/\$66

Depending on your account balance, the new fee structure could save you as much as \$54 per year. If you have questions, please contact the WDC staff toll free at (877) 457-9327 or send an e-mail to wdcprogram@gwrs.com. ■

27 State Payroll Periods for 2008

If you work for the State of Wisconsin and contribute the maximum annual amount (\$15,500 in 2008) to your WDC account, you will have to make an adjustment to your deferral amount for 2008.

Here's why: Most years have 26 state payroll periods, and the maximum annual contribution amount of \$15,500 is usually evenly divided among those 26 periods. However, 2008 will have 27 payroll periods. That means if you want to defer \$15,500 this year, you'll need to spread it across 27 payroll periods.

What happens if I don't make the change?

If you fail to make the required change, you could end up deferring more than the maximum annual amount allowed by federal regulations. If you over defer, the WDC is required to refund your deferrals in excess of the federal maximum. The excess deferral is subject to federal and, if applicable, state income tax for the calendar year 2008. You will have to include the refunded amount in your personal federal and, if applicable, state income tax returns.

To change deferral amounts...

Changing your deferral amount is a simple process. Just visit www.wdc457.org¹ and select *Change Account* from the *My Account* section of the Web site, and then select *Deferral Update*. You can also call the WDC toll free at (877) 457-9327 to speak with a WDC representative. ■

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*FDIC Insured Bank Option:
M&I Bank has declared an
annualized interest rate of
4.97% for the fourth
quarter 2007.*

Sick and Vacation Pay Contributions

The Internal Revenue Service (IRS) now permits participants of section 457 plans, such as the WDC, to defer sick and vacation leave into their section 457 plan accounts within 2½ months of severance from employment or by the end of the calendar year in which the severance from employment occurs, whichever is later.



To defer sick and vacation pay, you must first determine the payroll date on which the monies will be disbursed. Once you know the date and the amount, you must

tell your payroll center that you want to contribute the amount to your WDC account. Then, contact the WDC call center at least 30 days prior to the requested transaction date to request a one-time change to your deferral amount. Finally, confirm with your employer that the transaction has taken place. ■

FDIC Insurance Limit Reminder

The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage for certain retirement account deposits up to \$250,000. The basic insurance for other FDIC-insured accounts (checking and savings, for example) continues to be \$100,000. If you invest in the *FDIC Bank Option*, your WDC funds in that account have FDIC insurance coverage protection up to \$250,000.² However, any amount that exceeds \$250,000 is *not* insured by the FDIC. Account balances in the *FDIC Bank Option* are insured separately from any other accounts (such as checking or savings accounts) that you may have at M&I Bank, the WDC's *FDIC Bank Option* provider.

Please call the WDC staff toll free at (877) 457-WDCP (9327) between 7:00 a.m. and 7:00 p.m., Monday through Friday, if you have questions regarding FDIC insurance. ■

Participant Survey

Watch the WDC Web site this winter for an online participant survey. Your WDC participant experience is very important to us, so please take the time to give us your opinion. We will publish the results and use what you tell us to help guide Program improvements. ■

WDC Web Site Tidbits

Do you need a temporary PIN?

To obtain a temporary Personal Identification Number (PIN) for the WDC Web site, contact the call center toll free at (877) 457-9327, option 0, between 7:00 a.m. and 7:00 p.m. Central Time on most weekdays.^{1,3}

Here are just a few items available on the WDC Web site at www.wdc457.org:

Investment Information

- Fund performance
- Fund overviews
- Online prospectuses

Account Information

- Individual rate of return
- Account balance history
- Beneficiary(ies)

Program Information

- Program highlights
- WDC investment policy statement
- Educational fliers and webinars

Forms

- Catch-Up
- Beneficiary Designation
- Incoming Transfer/Direct Rollover
- Personal Information Change
- Domestic Relations Order

Online File Cabinet®

Want to reduce the clutter of paper documents you receive throughout the year? Try our simple solution—the Online File Cabinet. We'll notify you when your important documents are available on the WDC Web site.

Online File Cabinet is a convenient, safe and secure way to receive, access and store your information. Statements and quarterly newsletters are currently available. Just click the "Online File Cabinet" logo on the WDC home page to sign up. ■

¹ Access to the automated phone system and Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

² The WDC FDIC Bank Option is the only investment product in the WDC that offers FDIC insurance on account balances. All other WDC investment products offered are not FDIC-insured and may lose their value.

³ The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services® immediately if you suspect any unauthorized use.

Board Amends Plan and Trust Document

At the November 2007 WDC Board meeting, the WDC Board approved several amendments to the Wisconsin Plan and Trust Document. The Wisconsin Plan and Trust Document is the official document that governs operation of the WDC. The amendments modify the definitions of certain terms or incorporate specific phrases that the IRS uses to regulate section 457(b) governmental deferred compensation plans like the WDC. The Board approved the following changes:

- A revision to the definition of “eligible rollover distribution.” The revision clarifies that non-spousal beneficiaries, as defined by the IRC Section 402(c) (11), are permitted to roll over distributions. A non-spousal beneficiary may be a domestic partner, sibling, parent or child of the participant.
- An amendment to the definition of “eligible retirement plan.” The plan document was changed to clarify that when “eligible retirement plan” is used in the Plan and Trust Document, it also refers to Roth IRAs. This means that participants now have the option of rolling their WDC assets directly to a Roth IRA.
- The inclusion of a definition of “public safety officer.” Recent changes made by the Pension Protection Act of 2006 permit certain retired public safety officers to exclude up to \$3,000 annually from their taxable retirement benefits for health, accident and qualified long-term care insurance premium payments made for themselves, a spouse or a dependent. The WDC Plan and Trust Document was changed to permit qualified Wisconsin public safety officers to use this provision once State Statutes are amended to authorize use of the exclusion. Note: The necessary statutory change is in process.
- The modification of the definition of “unforeseeable emergency” provides that a severe financial hardship to a participant’s beneficiary under the Program may qualify for a release of funds.

You may download a complete copy of the Plan and Trust Document from the WDC Web site, www.wdc457.org, or request a paper copy from the WDC office. If you have questions after reviewing the Plan and Trust Document, please contact the WDC office. ■

Three Ways to Save More Money

A retirement savings plan can help cut both your investment costs and your tax bill. But where can you find extra money to boost your retirement savings without sacrificing your current quality of life? Here are three ways to free up some cash:

1. Replace your car insurance with a less expensive policy and add the savings to your retirement savings plan. Car insurance premiums vary greatly. Take the time to comparison shop. Find out if you’re entitled to any premium discounts. Many companies cut their rates for people who have recently taken a defensive driving course, maintain a clean driving record for three years, or are over age 50 or 55. Cars with anti-theft devices, low annual mileage, air bags and anti-lock brakes may also qualify for lower rates.

2. Comparison shop for other insurance and financial products. If you own a term life insurance policy that’s several years old, check out current rates. If you’re in good health you may qualify for a substantially lower premium. When comparison shopping for banking services like your checking account, look for low monthly fees.

3. Use only your own bank’s ATMs, even if it means going a few blocks out of your way. You’ll save the ATM fee that banks charge to noncustomers, which now ranges from \$1.25 to \$3 per use.

It all adds up

By cutting these little-noticed expenses, you may be able to contribute more to your retirement account. Over a 20-year period, that extra cash has the potential to grow substantially. Imagine you saved \$300 a year in ATM fees (or about \$6 a week per year) and invested it in your retirement account. Assuming a hypothetical 8% annual return, those saved ATM fees could grow to \$14,827.⁴ ■

BGI Mid Cap Equity Fund Change

After a careful analysis of investment option expenses, the WDC Board voted to change the BGI Mid Cap Equity Index - Collective W fund to the BGI Mid Cap Equity Index - Collective F fund, effective February 13, 2008. This change preserves the low expense charge of four basis points for this fund. If you have money invested in the BGI Mid Cap Equity Index fund, your current balance will be transferred to the new fund, and the number of shares you own in the fund may change on your next statement. However, the dollar amount you have invested will not change. For more details, visit the WDC Web site or call the WDC office.

4 This hypothetical illustration does not represent the performance of any investment options and does not reflect any charges, expenses or fees that may be associated with the WDC. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.

Powers of One (Percent)

A small change can make for big returns.

Imagine receiving a \$50,000 winning lottery ticket right about the time you are getting ready to retire. It sure could make things a little easier. However, the odds of that happening are very low.

But there is a surer way to retire \$50,000 richer—if you can improve the rate of return on your investments by as little as 1%. Here's how: Suppose you contribute \$150 to the WDC each month, and your savings earn 8% for 30 years. At retirement, you'd have \$223,554. But if you took on a little more risk and increased your average return to 9%, then you'd retire with \$274,612. That one little percent could earn you more than \$50,000 worth of additional security!

Even if you only have 15 years until retirement, 1% can still make a difference. Using the same \$150 per month and 8% annual return, your total nest egg would grow to \$51,905. With a 9% average return, you'd have an additional \$4,855.

How can you improve your rate of return? One strategy to potentially boost earnings is to increase your exposure to stock funds, which have historically offered higher investment returns than bond funds or cash equivalents. With careful risk planning, you could begin your golden years with a hefty nest egg. ■

2008 Market Closure Dates

A new year is upon us. Here are the financial markets' closing dates (no trading) for 2008:

January 1 - New Year's Day

January 21 - Martin Luther King Jr.'s Birthday

February 18 - Presidents Day

March 21 - Good Friday

May 26 - Memorial Day

July 4 - Independence Day

September 1 - Labor Day

November 27 - Thanksgiving Day

December 25 - Christmas Day ■

Important WDC Program Information

Phone Number:
(877) 457-WDCP (9327)

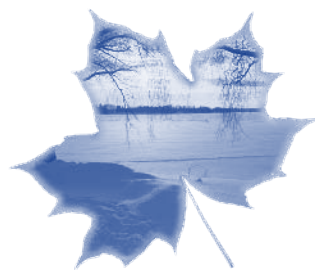
Call Center Hours:
7:00 a.m. - 7:00 p.m.
Monday - Friday

WDC Program Office Address:
5325 Wall Street, Suite 2755
Madison, WI 53718

WDC Program Office Hours:
8:00 a.m. - 4:30 p.m.
Monday - Friday

WDC Program Web Site:
www.wdc457.org

WDC Program E-mail:
wdcprogram@gwrs.com



Please note: This newsletter does not constitute investment or financial advice.

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