



MoneyTalks

Wisconsin Deferred Compensation Program

Retired Public Safety Officer

Insurance Premium Deduction Service

Regulatory changes made by the federal Pension Protection Act of 2006 permit certain eligible retired public safety officers to exclude up to \$3,000 annually from their taxable retirement benefits for health, dental, vision or qualified long-term care insurance premium payments made for themselves, a spouse or a dependent.

Upon request beginning in 2009, the WDC will deduct the premium amount authorized by the retired public safety officer and remit the amount directly to a designated insurance provider. The retired public safety officer may change or stop the deduction at any time.

Retired public safety officers should contact their tax advisors or the Internal Revenue Service (IRS) if they have questions about eligibility for this service. The WDC cannot determine any individual's eligibility. At the close of the calendar year, the WDC's recordkeeping firm, Great-West Retirement Services® (Great-West), will provide the retired public safety officer with total premiums paid for tax reporting purposes. The WDC and Great-West are not responsible for any tax liabilities, insurance premium late fees or other issues that may arise resulting from a retired public safety officer's use of this service. This article is not intended to provide a detailed description of the qualification rules for the retired public safety officer federal insurance deduction service. For more information or to begin using this service, please contact the WDC directly at (877) 457-9327. ■

Ever Wonder Why You Have ...

A Balance in the Vanguard Admiral Treasury Money Market Fund?

Have you ever looked at your quarterly WDC account statement and discovered you had a balance in the Vanguard Admiral Treasury Money Market Fund, despite never actually having chosen that investment vehicle? If so, it could be due to a previous fund closure. In the past, when the WDC closed a fund, balances remaining in the closed fund were moved to the Money Market Fund. Now might be a good time to review your current investments' objectives and determine whether or not your current investment options are in alignment with them. You can learn more about building your retirement planning and investing strategy, as well as financial issues, online anytime at www.wdc457.org.¹ *An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.* ■

Let Your Voice Be Heard

Please take a couple minutes to fill out the survey located in the News section of the WDC Web site at www.wdc457.org. We would like your opinion on the recently redesigned Web site.

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*FDIC Insured Bank Option:
M&I Bank has declared
an annualized interest rate
of 3.90% for the fourth
quarter 2008.*

Plan & Trust Document Changes

At the November 2008 Deferred Compensation 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 governing WDC operations. The amendments incorporate mandatory provisions of the federal H.E.A.R.T. (Heroes Earnings Assistance and Relief Tax) Act of 2008 that state:

1. For death benefit purposes, the WDC must treat participants who die while performing “qualified military service” as if they were active employees at the time of death. The provision is retroactive, applying to deaths on and after January 1, 2007. WDC participants who die while performing “qualified military service” will be treated as if the participant had resumed employment and then terminated employment on account of death.
2. That the WDC treat a participant as severed from employment for purposes of qualifying for a distribution under §457(d)(1)(A)(ii) during any period the person is performing service in the uniformed services or while on active duty for a period of more than 30 days. In addition, the WDC must provide that if the individual elects to receive a distribution, the individual may not make an elective deferral or employee contribution for six months after the distribution.

A table of contents has also been added to this document to improve its usability. You may download a complete copy of the Wisconsin Plan and Trust Document from www.wdc457.org. ■

Excessive Trading Restrictions

Keep a Long-Term Investing Strategy

At a time when the financial markets seem more volatile than ever, it's easy to lose one's long-term investing focus and make hasty trading decisions. The WDC Board has an excessive trading policy, which states that all WDC accounts are subject to the trading limitations and restrictions imposed by fund companies. The Board and the WDC's recordkeeping firm, Great-West, updated the WDC's excessive trading procedures in May 2006. If Great-West is contacted by a fund company that suspects a WDC participant is engaging in excessive trading, Great-West will provide the fund company with the recent trading activity of the participant. Such information is kept confidential. If the fund company determines the participant is engaging in excessive

trading, the WDC will request that the participant cease the excessive trading. If trading does not cease, the participant may be barred from investing in the investment option.

As an example, Fidelity's excessive trading policy states the following:

The fund may reject for any reason, or cancel as permitted or required by law, any purchase or exchange, including transactions deemed to represent excessive trading, at any time.

Excessive trading of fund shares can harm shareholders in various ways, including reducing the returns to long-term shareholders by increasing costs to the fund (such as brokerage commissions), disrupting portfolio management strategies, and diluting the value of the shares in cases in which fluctuations in markets are not fully priced into the fund's net asset value.

The Board of Trustees has adopted policies designed to discourage excessive trading of fund shares. Excessive trading activity in the fund is measured by the number of round-trip transactions in a shareholder's account. A round-trip transaction occurs when a shareholder sells fund shares (including exchanges) within 30 days of the purchase date.

Shareholders with two or more round-trip transactions in a single fund within a rolling 90-day period will be blocked from making additional purchases or exchange purchases of the fund for 85 days. Shareholders with four or more round-trip transactions across all Fidelity funds within any rolling 12-month period will be blocked for at least 85 days from additional purchases or exchange purchases across all Fidelity funds. Any round-trip within 12 months of the expiration of a multi-fund block will initiate another multi-fund block. Repeat offenders may be subject to long-term or permanent blocks on purchase or exchange purchase transactions in any account under the shareholder's control at any time.

For more information on the excessive trading policies for all of the WDC investment options, visit the WDC Web site at www.wdc457.org and click on the **Investments** tab and then **Online Prospectus**. Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain mutual fund prospectuses and disclosure documents from your registered representative. Read them carefully before investing. For prospectuses related to investments in your Self-Directed Brokerage Account (SDBA), contact Charles Schwab at (888) 393-7272. ■



Less Is More

A budget you can live by

Tomorrow. That's when a lot of people say they're going to get serious about saving for retirement, thinking they don't have the money to spare in the short term to get started. Here are four budget-conscious steps you can take to start saving more for your retirement today.

1. *Cut credit card debt.*

Two key components to reining in your credit card debt are to reduce your interest rates and pay more than the minimum amount due. If you have a \$5,000 credit card balance at an annual percentage rate (APR) of about 13%² and make only the minimum payment each month (typically the greater of 2.5% of the balance or \$10), it will take you 19 years to pay off that debt. What's more, you'll have paid a total of \$3,645 in interest, money you could have saved for retirement.

2. *Pay your bills online.*

Many credit card and utility companies offer free electronic payment options. Make instant payments online or have the money automatically deducted from your bank account each month. You'll avoid incurring hefty penalties on late payments. Late fees on credit cards typically range from \$15 to \$35, depending on the balance.

3. *Trim your phone bill.*

Are you spending hundreds of dollars on your combined landline and cell phone bills? Re-evaluate your local, long distance and international calling plans to see if they fit your needs. You might decide to switch to a cheaper cell phone provider when your contract expires.

4. *Save a little every day.*

Food is expensive, especially when you're buying lunch every day. How about bringing food from home? Start



with one or two times a week, then build up to three or four days. And look at your

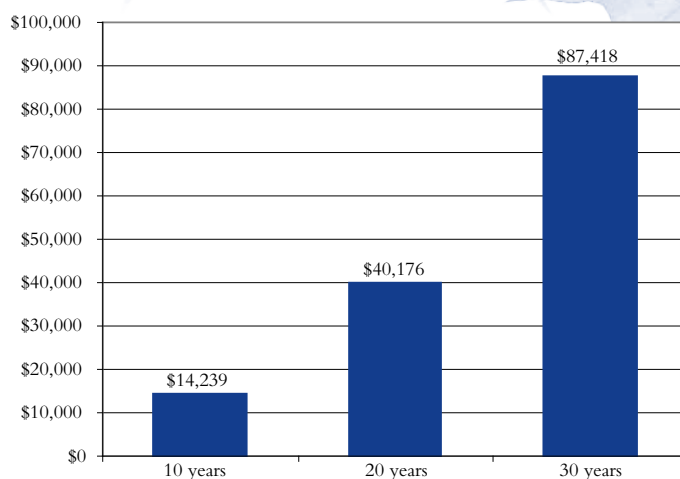
dry cleaning bill. If it tops \$25 a week, try doing some of that laundry yourself. The savings can really add up. ■

Don't Delay

The power of \$20

Say you pinch a little here and there to save \$20 a week. Why not directly deposit it into your retirement savings account and watch it grow?

Here's how your investment could grow over 10-, 20- and 30-year periods.³ After 30 years, you could have an additional \$87,418 saved for retirement—with just \$20 a week and a 6% annual rate of return. ■



Stick with the WDC

Making the best use of your savings when you retire

Retirement is the culmination of a lifetime of planning, preparation and saving. It's also the time to decide how you'll want to dip into the funds you've accumulated in your retirement account.

Here's one of the best-kept secrets about retirement planning: The same plan that helped you build your nest egg can help you make the best use of that money in retirement. By keeping your WDC account, you'll have access to the same investment options and account management tools you've always used. So if you expect to keep at least a portion of your retirement funds invested, continuing to use the WDC is a smart option.

You can leave your money invested in the WDC until you are 70½ years old. At age 70½, the IRS requires that you begin receiving a minimum annual amount from your account. If you are a state employee and continue working past age 70½, you do not have to take a withdrawal until you stop working. For more information on your withdrawal options and the support the WDC offers to retirees, contact the WDC through one of the options on page 4. ■

Saver's Credit

You May Be Eligible for a Tax Break

According to the IRS, low- and moderate-income workers can take steps now to save for retirement and earn a special tax credit in 2008 and future years. Eligible participants still have time to get the Saver's Credit on their 2008 tax return. Here's who can claim the Saver's Credit:

- Married couples filing jointly with incomes up to \$53,000 in 2008 or \$55,500 in 2009
- Heads of household with incomes up to \$39,750 in 2008 or \$41,625 in 2009
- Married individuals filing separately and singles with incomes up to \$26,500 in 2008 or \$27,750 in 2009



The Saver's Credit helps offset part of the first \$2,000 workers voluntarily contribute to retirement savings plans, such as the WDC. Like other tax credits, the Saver's Credit can increase a taxpayer's refund or reduce the tax

owed. The maximum Saver's Credit is \$1,000 (\$2,000 for married couples). Visit the IRS Web site at www.irs.gov or contact the WDC for more information.⁴ ■

2009 Market Closure Dates

The financial markets will be closed (no trading) on the following dates in 2009:

- January 1 - New Year's Day
- January 19 - Martin Luther King Jr.'s Birthday
- February 16 - Presidents Day
- April 10 - Good Friday
- May 25 - Memorial Day
- July 3 - day before Independence Day
- September 7 - Labor Day
- November 26 - Thanksgiving Day
- November 27 (1:00 p.m. Eastern Time early close) - day after Thanksgiving Day
- December 24 (1:00 p.m. Eastern Time early close) - day before Christmas Day
- December 25 - Christmas Day ■

WDC Program Contact 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



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

² On October 1, 2008, the average APR was listed at 13.42% on bankrate.com.

³ FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes a 6% annual rate of return and reinvestment of earnings, with no withdrawals. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulation shown would be reduced if these fees had been deducted. Past performance is not a guarantee or prediction of future results.

⁴ Source: <http://www.irs.gov/newsroom/article/0,,id=200742,00.html>

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

Securities (except the self-directed brokerage option), when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Securities available through the self-directed brokerage account are offered by Charles Schwab. Additional information can be obtained by calling Charles Schwab at (888) 393-7272. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates.

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