

SIMPLY PUT

Second Quarter 2012

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RetirementTrack Calculator Receives Award of Distinction

The Plan's interactive RetirementTrack calculator recently earned an Award of Distinction in the 2012 Communicator Awards program. Sponsored by the International Academy of the Visual Arts, the Communicator Awards is the leading international awards program honoring creative excellence for communication professionals.

RetirementTrack was recognized in the **Website — Financial Services** category. Created jointly by the Plan and its record keeper, ICMA-RC, RetirementTrack helps employees of all ages track their retirement readiness by creating a personalized retirement forecast. Visit www.modeferredcomp.org to use this important, award-winning tool!

Understanding Administrative Costs and Fees

The State of Missouri Deferred Compensation Plan is an important employee benefit because it offers quality investment options at competitively low costs.

The administrative costs associated with operating the State of Missouri Deferred Compensation Plan include the cost of the local customer service office, mailings, booklets, record keeping, and other general administration items. To cover these expenses, the Plan charges a *direct* fee to each participant's account. Currently, that fee is a "flat fee" of \$35 per year, which is offset by reimbursements received from the investment options offered in the Plan. As a result, you pay only \$12 per year, or \$3 per quarter, which is reported on your quarterly statement.

In addition to administrative costs, investment fees (or expense ratios) are an *indirect* charge required to administer and manage a specific investment option. These fees are charged by the firm managing the investment and may affect your long-term savings progress. The following example demonstrates how fees and administrative costs directly impact your bottom line and illustrates why evaluating an investment option's fees is just as important as monitoring its performance.

A Fee Example:

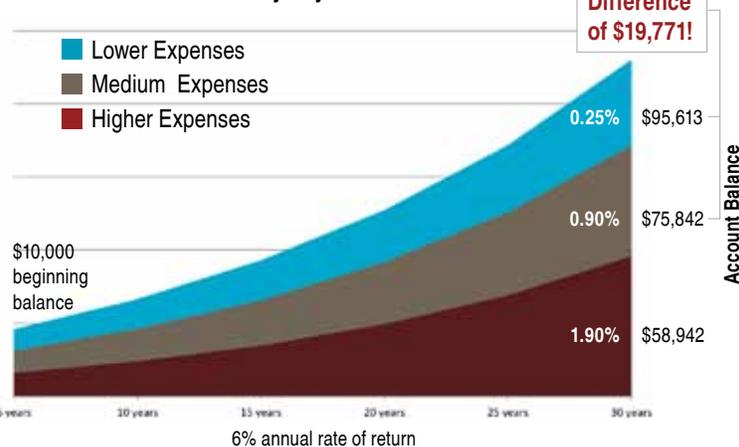
An account with a balance of \$20,000 that is invested in a fund with an expense ratio of 0.25% would incur annual fees totaling approximately \$50 ($\$20,000 \times .0025$), in addition to the \$12 plan administration fee. If the same account were invested in a fund with an expense ratio of 0.90%, annual fees would total approximately \$180 plus the \$12 plan administration fee.

The U.S. Department of Labor thinks fees are important too. That's why it recently implemented new guidelines for how 401(k) retirement plan providers communicate fees to their participants. While the new regulations do not apply to governmental 457 plans, the State of Missouri Deferred Compensation Plan will follow the updated guidelines to ensure its fee disclosures help participants make educated investment decisions. Learn more about your investment options and their associated fees by visiting www.modeferredcomp.org and navigating to the **Fund Information and Fees** page under the **About the Plan** tab.

Fees Matter

Fees can dramatically affect your ability to accumulate assets over a long period of time. The following chart illustrates the impact 3 different expense scenarios can have on an investment over 25 years. This example assumes a starting balance of \$10,000, a \$25 contribution each semimonthly pay period, and a 6% annual rate of return. While the medium and lower expense ratios may seem similar, their impact on your bottom line can be dramatic.

\$25 Per Semimonthly Pay Period Contribution



CALENDAR

The New York Stock Exchange is closed:

- Independence Day, July 4
- Labor Day, September 3

Simplify your Savings by Consolidating Plans

If you contributed to a retirement account at a previous employer, remember that you can roll your assets into the State of Missouri Deferred Compensation Plan at any time. You may rollover eligible **before-tax** distributions from qualified retirement plans, 401(a) plans, 401(k) plans, 403(b) plans, governmental 457 plans, traditional IRAs and BackDROP funds from MOSERS or MPERS.

You may also rollover **after-tax** (Roth) contributions from other 457, 401(k), or 403(b) plans that accept and provide recordkeeping for Roth assets. Rolling your money into the plan simplifies your retirement savings situation and allows you to take advantage of low-cost investment options and unique 457 distribution features. For more information, visit www.moderredcomp.org and download the *Direct Rollover to the State of Missouri Deferred Compensation Plan Packet*.

For important news, savings tips and more:

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777 North Capitol Street, NE
Washington, DC 20002-4240
VPM000-007-0611-0612-5773



Introducing the MIP Fund Option

On July 1, 2012, the Plan introduced the MOSERS Investment Portfolio (MIP) fund option to its core investment lineup. The MIP offers Plan participants the ability to purchase units of the MOSERS investment portfolio. Unlike other funds in the Plan's investment lineup, which are priced and available for purchase or sale on a daily basis, MIP is a monthly valued investment option. This means the unit value for MIP is established on a monthly basis, so any transfers or future allocations into or out of this fund option will also occur monthly. MIP features a diversified portfolio of investments in multiple asset classes geared toward investors seeking long-term total returns. Because it's valued on a monthly basis and seeks long-term returns, it is not designed for investors who need liquidity or who have a short-term investment horizon. Before considering this new investment option, it's important to note that:



- MIP is not FDIC insured.
- MIP is subject to risk of loss.
- MIP is not guaranteed by the State of Missouri or any other agency.
- MIP will not increase or decrease your current or future pension benefit from MOSERS.
- Participants eligible for distributions must transfer assets from MIP into Core Funds in order to make a withdrawal from their account.

To learn more about this fund's investment strategy, underlying risks and guidelines, please read over the *MIP Fund Fact Sheet* and *MIP Disclosure Statement*. You can find these, and other fund documents, by visiting www.moderredcomp.org and navigating to the **Fund Information and Fees** page under the **About the Plan** tab.

Maximize Your Benefit with Financial Planning Services

The Plan, in partnership with its record keeper, ICMA-RC, offers three levels of financial planning services designed to help participants and their families address financial concerns and meet financial goals.



SNAPSHOT FINANCIAL PLAN

This assessment is for early to mid-career individuals who want a quick retirement forecast of their savings needs. It requires minimal time to complete.

COST: Free to Plan participants

GOAL-SPECIFIC FINANCIAL PLAN

This plan provides a detailed analysis of one or two financial goals you select, including retirement planning, asset allocation, education planning, major purchases and insurance planning.

COST: \$175 (free to participants who have over \$100,000 in total account balances with the Plan)

COMPREHENSIVE FINANCIAL PLAN

This complete overview examines your overall financial situation. It requires significant effort on your part to provide the in-depth information needed to develop a detailed analysis for you.

COST: \$450 (free to participants who have over \$200,000 in total account balances with the Plan)

To begin the financial planning process, log on to Account Access and choose **Financial Planning** under the **Planning & Tools** tab. Choose the financial plan that's right for you and click the **Proceed** button. Once you complete the data form, representatives from ICMA-RC will follow up with you by email with more information. You can also email financialplanning@icmarc.org or contact the Plan Information Line at 1-800-392-0925 for more information about this valuable benefit.

The content of this publication is general information regarding your retirement benefits. It is not intended to provide you with or substitute for specific legal, tax, or investment advice. You may want to consult with your legal, tax, or investment adviser to review your own personal situation. Some of the products, services, or funds detailed in this publication may not be available in your plan. This document contains information obtained from outside sources and it references external websites. While we believe this information to be reliable, we cannot guarantee its complete accuracy. In addition, rules and laws can change frequently.