STATE OF MISSOURI
DEFERRED COMPENSATION PLAN

FOURTH QUARTER 2010

SIMPLY PUT

In this issue

Plan website security changes

A new identity registration feature has been added to help protect your online Plan account against unauthorized access.

After logging in at **www.modeferredcomp.org**, you will be required to establish five security questions with answers only you will know. If you have already set up three security questions, you will be prompted to add two more. You only need to complete the set-up process once.

Then, whenever you log on from your primary computer at work or home, our system recognizes you and allows you to continue on to your transaction or inquiry.

You will only be asked for the answers to your security questions when you attempt to sign on from an unregistered computer. By asking the security questions, we can make sure it's really you and not an unauthorized user.

If your user name and password were ever stolen, an unauthorized user logging in from another computer would have to be able to answer your security questions correctly before being able to access your Plan account. If the user is not able to provide this information, access would be blocked.

While this new security feature helps protect your account against unauthorized access, you must continue to protect your user name, password and responses to your security questions at all times.

2011 contribution limits

Maximum Annual Contribution	$16,500
Total including Age 50+ Catch-Up	$22,000
Total including Special Three-Year Catch-Up	$33,000

You may not use both catch-up options in the 457 Plan in the same year and must use the option that lets you defer the greater amount. *See the quiz on page 4.*

To increase your contributions, go to **www.modeferredcomp.org** and access your account or call the Plan Information Line.

Investing in commodities

With gold and other commodities touted in the media lately, some State of Missouri Deferred Compensation Plan participants have contacted the Plan Information Line to ask about their opportunities to invest in these tangible assets through the Plan.

Commodities range from metals and energy to crops and livestock. Investors and fund managers see commodity investing as a way to hedge against inflation and diversify a portfolio. There are two choices available through the Plan:

- The diversified portfolios within the **Missouri Target Date Funds** include a small allocation to the SSgA Dow Jones-UBS Commodity Index Non-Lending Series Fund. The Dow Jones-UBS Commodity Index invests in many different hard assets, including gold and other precious metals, oil, petroleum, natural gas, lumber, coffee, sugar, cotton, and grains, among others. AllianceBernstein L.P. manages the target date portfolios for Plan participants.
- The **Self-Directed Brokerage Account** (SDB) provides access to over 9,000 mutual funds, including some that invest in commodities. This option is for Plan participants who are very comfortable with making investing and asset allocation decisions on their own.

While commodity investing may be in the headlines now, it is important to avoid chasing the latest trends or "hot funds" when investing for a long-term objective like retirement.

You should base your fund choices and asset allocation on your specific needs and objectives — for example, how long you have until you expect to begin receiving benefits and how comfortable you are with risk.

Read and review all investment information carefully before making any investment decisions. For information about the SDB account and the Missouri Target Date Funds, including fund fact sheets, visit **www.modeferredcomp.org** or call the Plan Information Line.

8 habits of effective retirement investors

Habits influence our daily lives and our futures. A habit starts with motivation and involves knowing what to do and how.

If you would like to develop or maintain good habits that could help you work toward a more secure retirement, you may want to consider imitating these habits of effective retirement investors.

1 Picture it. Spend some time imagining the retirement you want, then let those ideas fuel your desire to make it happen.

2 Learn what to do and how. Your Plan gives you access to educational materials, interactive tools, and services to help you understand how to plan and invest for retirement.

3 Make a plan. Without one, you may not know which investments are right for you or whether you are on course to reach your retirement goals. Your personal plan will be based on when you expect to retire, how much retirement income you will need, where the income will come from, how you feel about risk, and what kind of returns you need from your investments. You may want to take advantage of the Plan resources available to help you.

4 Keep saving. Consider contributing as much as you can afford to your voluntary 457 Plan. Try $25 more per paycheck and see if you miss the money. Then raise your contributions at least once a year or as often as you can. The effect on your Plan account value could be significant without reducing your take home pay by much. Use the calculators on the Plan website to find out for yourself.

5 Diversify. You may want to choose a mix of options that invest in the major asset classes: stocks, bonds, and cash equivalents, and within each asset class, in more than one type of investment. Where should you start? See #2.

6 Review your asset allocation. Be sure your investment strategy and mix of investments are appropriate for your age, risk tolerance, and the amount of time left until you expect to retire. Check both at least once a year. If market conditions push your investment mix out of alignment with the target percentages you set originally, you may want to rebalance.

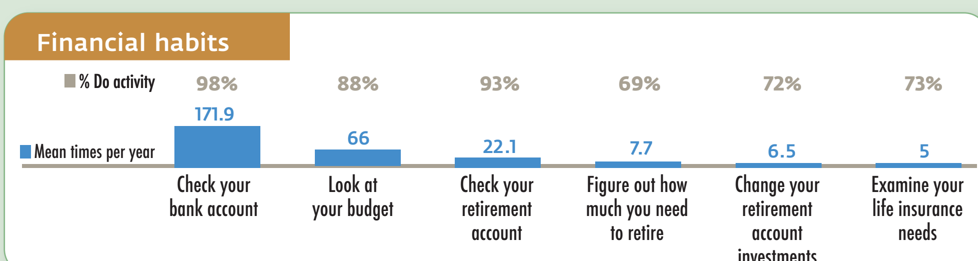
7 Read your statements. By looking closely at your quarterly statements, you will become more familiar with how your investments are doing and whether they are on track with your personal plan.

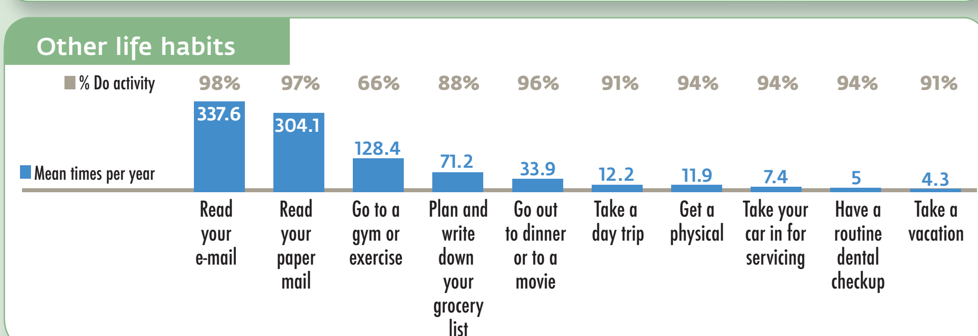
8 Keep improving. Good habits take time to develop. After you've mastered the basics, continue to sharpen your skills. Take advantage of everything your Plan offers to help you stay in the habit of saving and investing for your future.

How do your peers' habits compare with yours?

The tables on the right can show you how your habits stack up against those of other government workers.

These results were compiled from answers by 1,026 full-time state and local government employees ages 20-70 who participated in the survey by Synnovate for the ING Institute for Retirement Research May 27 - June 1, 2010.





Study reveals the habits of today's government workers

A recent ING study shows that government employees spend more time on other life habits than on habits related to their financial and retirement security.

Nearly all who participated in the survey reported that they consistently:

- Read e-mail and paper mail daily
- Check their bank accounts about every other day
- Have a budget and look at it often

Government employees plan ahead and take care of themselves:

- 94% get annual dental check-ups
- 91% take day trips and vacation time
- 88% write down their grocery lists before shopping
- 96% go out to dinner or a movie 33 times a year
- 69% exercise or go to the gym 128 times a year

But when it comes to thinking about or planning for retirement, their habits are less consistent:

- 96% have thought about their retirement income at some point
- 30% have never calculated what they will need to retire
- 25% don't have an expected retirement age
- 19% say they expect to retire "after age 70" or "never"

Retirement security was cited by 99% as one of three top issues of the highest importance and yet:

- Only 74% currently contribute to their voluntary retirement plans
- 56% say they can save a little for retirement
- Only 39% think they are saving enough
- Half wish they could save more

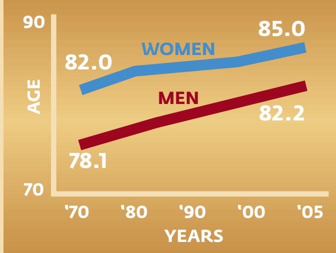
The ING Institute for Retirement Research surveyed 1,026 state and local government workers and published the results in *Public Employees in Focus* in September 2010.

Living longer in retirement

Thanks to advances in medical care, the life expectancy for Americans has increased over the last four decades. That's good news, although it means your savings will need to last over a longer retirement.

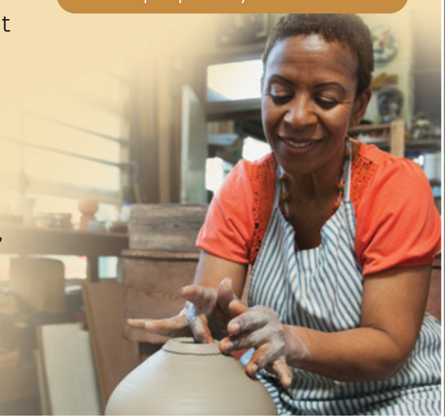
The expected ages in the chart are merely averages. You and your spouse or partner could live even longer. So you may want to plan for retirement to last 30 years or more to make sure you don't outlive your savings.

At age 65, you could have about 20 years or more ahead of you.



Average U.S. life expectancy from age 65. Source: National Center for Health Statistics. 2005 is the last year for which life expectancy data is available.

Your financial adviser can help you review your asset mix to see if you are investing both for growth and income. He or she also can help you determine how your life expectancy might affect important decisions about your future, including whether to continue working after you finish your primary career and when to begin taking Social Security benefits, if you are eligible.



A tax refund can help you build retirement savings

If you are among the millions of people who will receive a federal income tax refund, consider putting the extra cash to work toward one or more of your long-term savings goals.

For example, you might be able to defer more from each paycheck into your 457 Plan account, knowing you have extra funds in the bank to cover expenses.

The IRS offers direct deposit for tax refunds. You can ask for the money to go into two or three different accounts, such as a checking or savings account, Traditional or Roth IRA, or an educational savings account.

The funds arrive faster, going straight into your accounts earmarked for retirement, college, a home down payment, or emergencies — minimizing the temptation to spend the money instead. If you want direct deposit for your tax refund, simply complete Form 8888 and attach it to your Form 1040 tax return.

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Test your knowledge of 457 Plan catch-up contributions

Once you reach a certain age, you are allowed to make additional annual contributions to your 457 Plan account. Take this quiz to see how much you know about catch-up contributions.

1. There are two options for making catch-up contributions, but you cannot use both in the same calendar year.

True. The **Age 50+ Catch-Up** option allows you to contribute an additional amount to your 457 Plan account beginning in the calendar year when you reach age 50. In 2011, the Age 50+ Catch-Up amount is $5,500 for a total annual contribution of $22,000.

The **Special Three-Year Catch-Up** option may be available if you did not contribute the maximum amount to the plan in previous years. Under this option, you may be allowed to contribute up to twice the annual maximum during the three years prior to reaching normal retirement age (the age when employees are eligible to receive unreduced benefits from their basic pension upon retirement). In 2011, the Special Three-Year Catch-Up amount is $33,000.

Under IRS regulations, only one catch-up option can be used in a calendar year. For details, go to the Plan website or call the Plan Information Line.

2. Once you are within 10 years of the age at which you plan to retire, you can begin making Age 50+ Catch-Up contributions.

False. If you will be age 50 or older by December 31, 2011, you are eligible for the Age 50+ Catch-Up as long as you are employed and eligible to participate in the Plan.

3. To qualify for making a catch-up contribution to your 457 Plan account, you must demonstrate that you might otherwise face financial need in retirement.

False. Catch-up contributions were created to help older workers save more for retirement. There is no requirement that you must show financial need to qualify for catch-up contributions.

STATE OF MISSOURI
DEFERRED COMPENSATION PLAN

Participant Service Representatives:
Available Monday–Friday, 7 a.m.–7 p.m.
(800) 392-0925, option 1, and from the main menu, option 0

ING Local Office:
3349 American Avenue, Suite A • Jefferson City, MO 65109

ING Plan Consultants:
Available Monday–Friday, 9 a.m.–5 p.m. • (800) 392-0925, option 2

quarterly calendar

The New York Stock Exchange is closed:

- **Monday, February 21, 2011**
- **Friday, April 22, 2011**

Transactions made on these days will be processed the following business day.

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