

New Record Keeper

Record keeping services for the State of Missouri Deferred Compensation Plan will move from ING to ICMA-RC (Retirement Corporation).

While the Plan is transitioning to a new record keeper, it is important to note that your core investment options are not changing and no action is required from you.

Our record keeper contracts cover a period of five years. With the ING contract expiring this year, we issued a Request for Proposals (RFP) and conducted an extensive evaluation process of interested companies. The process included written proposals, interviews, and visits to individual companies. After careful review, we made our decision to transition to a new service provider.

We will be sending you more information about the transition to ICMA-RC in the coming months. Please visit the Plan website at www.modeferrredcomp.org for additional details. ●

Meet Our New Mascot

Hardworking, efficient, and vital to the future: the bee has been chosen as the mascot of the State of Missouri Deferred Compensation Plan.

Much of the world's food supply depends on bees to pollinate flowering plants. Although the bee has a serious purpose in life, its upbeat presence in the Plan's marketing communications is intended to bring a smile while reminding all of us who are saving for retirement to "Bee Prepared." ●



Moving Your Money to Make Life Simpler

If you have retirement assets in different places, you can consolidate them in the State of Missouri Deferred Compensation Plan.

Maybe you left money behind when you changed jobs. In that case, rolling in tax-deferred assets from your former employer's qualified 401(a) plan, 401(k) plan, 401(c) Keogh, governmental 457 plan, 403(a) plan, 403(b) plan, or from a pre-tax conduit Individual Retirement Account (IRA) or traditional IRA into your Plan account might offer you several advantages.

Easier to manage

Managing a single portfolio may be easier than keeping track of investments scattered among separate employers' plans and IRAs. You can cut down on the number of account statements you receive. That reduces your paperwork and gives you a more complete picture of your retirement assets.

Investment choices

The Plan offers a diverse investment menu with lower-cost choices. Compare these investment options and their fees with those available from your former employers' plans. You should carefully read and review all investment information prior to making any investment decisions.

Convenience and services

The Plan gives you access to information, tools, and services while you are employed and after you retire. The toll-free Information Line and Plan website make account management convenient.

Access to your assets

Fewer restrictions may be another advantage of consolidating your assets. The Plan allows you to access money that you roll over into your account from your previous employers' plans or an IRA at any age, at any time, whether you are an active employee or not.

Keep in mind that when you roll over assets from another 457 government plan, there is no early withdrawal penalty for distributions taken before age 59½. Amounts rolled over into the Plan from 401 plans, 403(b) plans, and pre-tax IRAs are still subject to the original plan's rules. This means an IRS 10 percent early withdrawal penalty may apply to distributions taken before age 59½.

You should consider your entire financial situation before making investment-related decisions that you believe are right for you. ●

How to make your move

1. Check with your previous employer or investment provider to ensure your assets are eligible for rollover.
2. Ask the provider for the forms you need and complete the forms.
3. Obtain and complete the *Rollover-In Contribution Form* from the Plan website at www.modeferrredcomp.org or call the Plan Information Line at (800) 392-0925 to have one sent to you.

What's your investing style?

In a recent survey, government employees were asked to describe their investing style by choosing one of three broad categories:

- **Conservative:** Want to "protect" savings and avoid any possible losses
- **Moderate:** Willing to accept a moderate level of risk to possibly have moderate investment growth
- **Aggressive:** Willing to accept a high level of risk to possibly achieve high asset growth

Which best describes your retirement investment philosophy?

Conservative 50%

Moderate 44%

6% Aggressive

Results are from *Public Employees in Focus* published by the ING Retirement Research Institute in September 2010.

The majority reported they are risk averse, with only six percent saying they are aggressive retirement investors.

Given the timing of the survey, these answers are not surprising. Memories of the market's record low in March 2009 were still fresh when the survey was conducted.

In the three years following the 2008-2009 global financial crisis, investment options that invested in stocks rose in value. If your investing style was aggressive or moderate, most likely you participated in the gains. If you pulled out of the market in an attempt to avoid losses, you missed out on the recovery.

Be true to your own style

While it's interesting to know how other government employees invest, you don't want to run with the pack.

Instead, you want to understand your own ability to handle risk based on your personal circumstances, including your age, income, the amount of time left for investing before you expect to retire, confidence in investing, and attitude toward short-term market volatility.

Risk is part of investing. But did you know there are different types of risk, not just the risk of an investment losing value? For example, maintaining a portfolio of only the most conservative investments could expose you to the risk of running out of retirement assets too soon.

You can be better prepared to manage risk by maintaining an investment mix in your Plan account using diversification and asset allocation. Diversification involves spreading your dollars among a variety of investments. Asset allocation is deciding how to diversify by dividing your money among different asset classes, such as stocks, bonds, or cash equivalents.

Of course, using diversification or asset allocation as part of your investment strategy does not assure or guarantee better performance and may not protect against loss in declining markets. Past performance does not guarantee future results.

To develop and pursue your retirement investing strategy, be sure to determine what type of investor you are. Go to the Plan website or call the Plan Information Line to learn more about the tools, education, and services available to help you understand and stick to your investing style. ●



Make your retirement savings count

After you retire, your financial needs may change. Given longer life expectancies and inflation, you'll need to make sure you don't end up outliving your retirement savings.

As a result, you may need to fine-tune your investment strategy. Keep in mind:

Don't neglect growth.

Many retirees believe retirement is a time to shift their money into conservative money market funds or certificates of deposit (CDs). While these vehicles may involve little risk to principal, the return they offer may not keep up with the rate of inflation.* Since stock returns have historically outpaced inflation by a wider margin than the returns of other securities, consider including some investment options that invest in stocks throughout retirement.**

Balance income and risk.

Along with some investment options that invest in stocks, investing in fixed-income investment options could help provide a consistent stream of income during

your retirement years. The amount of risk you take on should be determined in part by your income needs. For example, if you expect to receive income from other sources during retirement, you may be able to focus your investment strategy on investment options that offer lower income potential but may also be less risky. However, if you need to generate more income, you may have to take on more risk.

A number of variables, including your risk tolerance and need for income and growth, should help guide your retirement investment decisions. You may want to consult a qualified financial professional to reassess your portfolio in light of your changing needs. ●

* Investment in a money market fund is neither insured nor guaranteed by the U.S. government, and there can be no guarantee that the fund will maintain a stable \$1 share price. The fund's yield will vary. Certificates of Deposit (CDs) offer a guaranteed rate of return, guarantee repayment of principal, and are generally insured by the Federal Deposit Insurance Corp. (FDIC), but do not necessarily protect against the rising cost of living.

** Source: Standard & Poor's. For the 75-year period ended December 31, 2006. Past performance does not guarantee future results.

If you need to retire sooner than you thought

Forty-five percent of retirees reported they retired sooner than they had planned, according to the 2011 survey by the Employee Benefit Research Institute (EBRI).¹

Those surveyed cited several reasons why:

- Health problems or disability: **63 percent**
- Employer downsizing or closure: **23 percent**
- Providing care for other family members: **18 percent**

Although these facts present a stark picture, there are things you can do now to prepare yourself for the unexpected. As a start, consider these steps:

First, invest as much as you can while you are still working. If you are participating in a voluntary 457(b) plan, you are allowed to contribute a maximum of \$16,500 in 2011. If you are age 50 or older, you are eligible to make an additional catch-up contribution of \$5,500.

Second, invest smart: maintain a portfolio with a mix of options that invest in stocks, bonds, and cash equivalents appropriate for your time horizon and keep an eye on your investment costs.

Third, be sure to maintain an emergency fund of liquid savings that you can tap into for unexpected expenses such as a car or home repair.



Fourth, determine when you will start collecting Social Security if you or your spouse are eligible (in some states, government employees do not pay into Social Security and therefore do not receive benefits at retirement). While most people qualify for Social Security benefits at age 62, waiting until you reach full retirement age entitles you to a larger benefit — a retirement credit of as much as eight percent annually, depending on the year of your birth and how long you wait. Log on to **www.ssa.gov** to review the estimated benefits you can expect at different ages before making a decision. ●

¹ Source: 2011 Retirement Confidence Survey, Employee Benefit Research Institute, a private, nonprofit research institute based in Washington, D.C., that focuses on health, savings, retirement, and economic security issues. Percentages do not add up to 100 percent. Survey results available at www.ebri.org.

What do you know about rebalancing?

The Plan website offers a convenient option called **automatic rebalancing for the investment options in your Plan account.**

So what is rebalancing? It's not the same as "reallocating," which is making an outright change in how the money in your account is distributed among different asset classes in your portfolio. Take this quiz to find out how much you know about rebalancing.

1. Rebalancing means:

- a. Investing equally in stocks and bonds
- b. Picking investments likely to perform well next year
- c. Adjusting your portfolio to maintain a specific investment mix

2. Rebalancing can help reduce risk by:

- a. Allowing you to invest set amounts of money at fixed intervals
- b. Spreading your investments across the asset classes
- c. Preventing overexposure to a single asset class

3. Investment professionals consider it a good idea to rebalance your retirement account:

- a. Every quarter
- b. Every year
- c. Whenever the stock market falls

Answers:

1. **c.** Rebalancing means adjusting your portfolio to achieve the asset mix that's appropriate for your time horizon, investment objectives, life circumstances, and risk tolerance. Generally, rebalancing involves selling assets in one or more of the investment options in your Plan account and using the proceeds to buy shares of other investment options. The idea is to get back to the target percentages you set originally based on how you feel about risk and the time remaining before you retire.
2. **c.** Rebalancing can help reduce risk by preventing overexposure to a single asset class. After a long bull market, for example, an unbalanced portfolio may be top-heavy in options that invest in stocks and therefore more vulnerable to the inevitable downturn. Rebalancing does not assure or guarantee a profit and can't prevent loss in declining markets. However, it may help you maintain the investment strategy appropriate for you over the long haul.
3. **b.** It's a good idea to rebalance your Plan account once a year because market conditions may have pushed your portfolio out of alignment with your asset allocation strategy. But any life event that substantially affects your income, expenses, or financial goals may be a good reason to change your investment mix, too. You should also reconsider your portfolio allocation if your risk tolerance or investment objectives have changed. If you have invested in a target date fund, the rebalancing decisions are handled for you by the fund manager. ●



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

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quarterly calendar

The New York Stock Exchange is closed:

- **Monday, September 5, 2011**

Transactions made on this day will be processed the following business day.