

Perspectives

FIRST QUARTER 2010

Even-Keel Investing

It's easy to become flustered when the financial markets gyrate. Try to remember to stay calm; reacting emotionally can put a damper on your investment returns. Studies have found that individual investors tend to jump in and out of the market at exactly the wrong times—buying when stocks are at their peaks and selling when they're at their lows—dramatically reducing their long-term returns. During the 20 years through December 31, 2008, the Standard & Poor's 500® Index¹ earned an average return of 8.4 percent per year, compared with individual investor returns of 1.9 percent.² Past performance is not a guarantee or prediction of future results.

Choose an investment strategy that's appropriate for your financial goals, risk tolerance, and time frame—and stick with it.



in 30 years.⁶ Moreover, because your contributions are tax-deferred, increasing your contributions to the PERA 457 Plan account may also decrease the amount of taxes withheld from your paycheck.

You might want to consider combining these first two options. Use the savings from paying off credit card debt early to further increase your nest egg. It may be the one-two punch your retirement account needs.

Make the Most of Your Tax Refund³

According to the Internal Revenue Service, nearly eight out of 10 tax filers will receive a tax refund this year. The average refund in 2008 was more than \$2,700 per household.⁴ If you are among those who will receive a check from Uncle Sam, consider maximizing the power of your hard-earned money using these four suggestions:

- 1. Pay off credit card debt.** Using your tax refund to pay down high-interest credit card debt could go a long way to helping you financially. For example, if you have a \$5,000 balance on a credit card that charges 14 percent interest per year, paying the monthly minimum won't eliminate that debt for about 11 years. You'll have paid more than \$2,000 in interest. By contrast, if you pay off \$2,000 now, you will slash more than one year and over \$1,000 off your payments.⁵
- 2. Boost your retirement fund.** Saving an extra \$2,000 every year could fatten your nest egg by \$138,710

- 3. Make an extra mortgage payment.** If you make an extra mortgage payment every year, you'll pay less over the life of your loan because you'll decrease the amount of interest you pay. For example, if you pay almost \$1,200 monthly on a 30-year 6 percent fixed-rate \$200,000 mortgage, one extra payment per year could save you almost \$50,000 in interest over the life of the loan. You'll also own the home outright five years sooner.⁷
- 4. Give the kids a head start.** Consider opening a 529 college savings plan⁸ to pay for college-related expenses; withdrawals will be tax-free. Make sure you do your homework before making a selection because costs, investment options, and other features vary. Web sites such as www.savingforcollege.com may be helpful in making your decision.⁹

A tax refund can be tempting to spend, but by saving now you could end up with a more solid financial position in the future.

Continued on reverse

Have Questions? Need Information?

Visit the Web site at www.colorado457.com or call KeyTalk® at 1-800-838-0457, option 2.¹⁰

Visit the Deferred Compensation Plan Service Center: 1775 Sherman Street, Suite 2040, Denver, CO 80203

Hours: 8:00 a.m.–4:30 p.m. Mountain time, Monday through Friday

Reality Investing[®] Advisory Services

A Suite of Advisory Service Tools to Help You Achieve Your Retirement Goals

It's not easy to know how to save and invest for retirement. Sometimes it seems easier to ignore account statements or move all your money to a "safer" investment like a money market fund. These kinds of strategies could leave you short of the financially secure retirement you seek.

The Colorado PERA 457 Plan may help you navigate the road to retirement with its Reality Investing Advisory Services (Advisory Services) program. This advisory service is offered by Advised Assets Group, LLC, a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. The Plan allows you to choose the level of support that is right for you: Online Investment Guidance, Online Investment Advice, or a Managed Account service.

The Online Investment Guidance tool provides you with a personalized asset allocation and savings rate recommendation that you can use as a guide when building your investment strategy. There is no fee to use Online Investment Guidance.

Online Investment Advice is a tool that takes the asset allocation recommendation and recommends specific investment options offered within the 457 Plan. It suggests how much to allocate to each investment option based on your personal objectives. You will still have the freedom

and flexibility to implement your own choices, manage them online, and generate new recommendations when the need arises. There is an annual fee of \$25 (\$6.25 per quarter) to use Online Investment Advice.

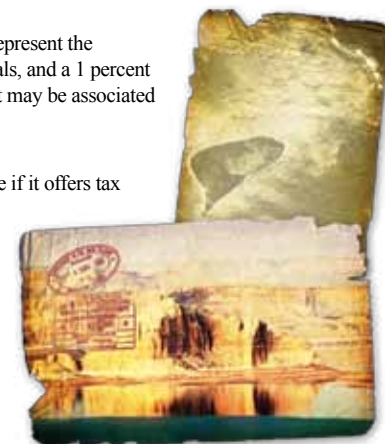
The Managed Account service goes beyond Advice and asset allocation recommendations and provides ongoing professional asset management to individual participants. You will receive a personalized and strategically designed retirement portfolio that is automatically managed quarter-to-quarter and that reflects your own unique time frames and personal retirement information. The Managed Account fee is based on a participant's account balance:

Managed Account Service Annual Fee	
Account Balance	Annual Fee
Less than \$100,000	0.60%
Next \$150,000	0.50%
Next \$150,000	0.40%
Greater than \$400,000	0.30%

There is no guarantee that participation in Reality Investing[®] Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

If you want to enroll in the Plan's Advisory Services or would like more detailed information, please call our Plan Service Center at 1-800-838-0457,¹⁰ option 3, or contact your local representative. You can also visit our Web site at www.colorado457.com.

- 1 The S&P 500[®] Index, a trademark of the McGraw-Hill Co., is an unmanaged index considered indicative of the domestic large-cap equity market.
- 2 DALBAR, Inc., "Quantitative Analysis of Investor Behavior 2009." GWFS Equities, Inc. is not affiliated with DALBAR, Inc.
- 3 Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal, or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.
- 4 <http://www.irs.gov/newsroom/article/0,,id=214853,00.html> [See Filing Statistics at bottom, Total Refunds, Average Refund in the 2009 column]
- 5 Great-West Retirement Services[®], 2010.
- 6 Great-West Retirement Services, 2010. FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes a 6 percent annual rate of return, reinvestment of earnings, no withdrawals, and a 1 percent fund management fee. Rates of return may vary. The illustration does not reflect any administrative charges or expenses that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these charges had been deducted.
- 7 Great-West Retirement Services, 2010.
- 8 To learn about 529 Plans and their objectives, risks, and costs, read the Official Statement. Check with your home state to see if it offers tax or other benefits for investing in its own 529 Plan. 529 Plans are federally tax-advantaged, but certain conditions may apply.
- 9 Great-West Retirement Services is not responsible for, nor does it endorse the content contained in the additional Web site provided. This Web site is for general education and information only and is provided as a benefit to the users of the site. GWFS Equities, Inc. is not affiliated with savingforcollege.com.
- 10 Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance, or other reasons.



Core 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.

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