



SPRING 2011

MILWAUKEE COUNTY DEFERRED COMPENSATION PLAN

MONEY MATTERS

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HOW TO USE TARGET DATE FUNDS

The Vanguard Target Date Funds now available in the Milwaukee County Deferred Compensation Plan (MCDCP) can provide you with a potentially more diversified¹ portfolio in one simple step. Remember that they are designed to be the only investment option to which you contribute. Allocating less than 100% of your contribution to your chosen Target Date Fund may result in an unintended overlap of investments and skew your overall asset allocation away from your intended portfolio.

Each Target Date Fund is designed around a specific retirement date and retirement phase. Assets within each fund are allocated across asset classes with varying levels of investment risk. Each fund automatically shifts into traditionally more conservative holdings by gradually reducing the allocation to equity funds and increasing the allocation to fixed-income and short-term funds as the anticipated retirement date approaches.

Additionally, each fund is designed to be a complete solution. If you choose other investment options in addition to a Target Date Fund, you could change (and affect) your overall asset allocation. For example, if you choose a Target Date Fund that has a 90% stock and 10% bond allocation and then also choose another bond fund offered in the Plan, you are reducing the stock allocation of your overall portfolio.

The date in a Target Date Fund represents an approximate date when an investor expects to retire. The principal value of the funds is not guaranteed at any time, including the target date. More information on the Target Date Funds can be found on the website at www.milwaukeecounty457.com.²

MILWAUKEE COUNTY SELECT COMMITTEE ON DEFERRED COMPENSATION

Members:

Steve Cady - Chairman
Rick Ceschin • Jacqueline Russell
Mark Grady • Susan Walker

Room 203, Courthouse
901 North 9th Street
Milwaukee, Wisconsin 53233
(877) 457-6459 (questions about your Plan)
(414) 278-4347 (plan governance)

¹ Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

² Access to the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.



FEE HOLIDAY

THE SELECT COMMITTEE ON DEFERRED COMPENSATION HAS VOTED TO EXTEND THE FEE HOLIDAY THROUGH THE FOURTH QUARTER OF 2011. NO ADMINISTRATIVE FEES MEANS MORE MONEY IN YOUR ACCOUNT!

NEW TARGET DATE FUND AVAILABLE

The Vanguard Target Retirement 2055 Fund (ticker symbol VFFVX) has been added to the investment options available within the MCDCP. Like the other Vanguard Target Date Funds in the Plan (targeting retirement years through 2050), the Vanguard Target Retirement 2055 Fund offers a diversified investment approach¹ with an asset allocation mix that is adjusted over time. The date in a Target Date Fund represents an approximate date when an investor expects to retire. The principal value of the funds is not guaranteed at any time, including the target date.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information you may obtain prospectuses for mutual funds, any applicable annuity contract and the annuity's underlying funds and/or disclosure documents from your registered representative. Read them carefully before investing.

PLAN AMENDMENTS

The Select Committee on Deferred Compensation has adopted several amendments to the Milwaukee County Deferred Compensation Plan (MCDCP) to comply with recent federal legislation and regulations. The amended Plan document reflects the following changes:

COMPENSATION. Post-severance compensation (such as an employee's final paycheck) is defined as compensation under the MCDCP, meaning that Plan deferrals are allowed from such payments. The definition of compensation also was revised to confirm that contributions to the Employees' Retirement System of the County of Milwaukee, including "pick-up" contributions, don't affect employees' deferrals to the MCDCP.

MILITARY SERVICE. This amendment provides that any benefits payable to an MCDCP participant who dies while

employed also apply to a participant who dies while in military service. In addition, if employees on military duty continue to receive pay from the County, their Plan deferrals apply to those wages.

ROLLOVERS. If a Plan participant dies and his or her designated beneficiary is not the surviving spouse, the beneficiary can elect a direct rollover of the account assets to an "inherited" IRA. If the beneficiary does not elect a direct rollover, 20% of the distribution must be withheld for tax purposes. Participants also must receive notice of their right to defer a Plan distribution and the consequences of not deferring it.

REQUIRED MINIMUM DISTRIBUTIONS.

The only change is to cite revised Treasury Department regulations.

The complete Plan document is available in the Education section of the website at www.milwaukeeconomy457.com.²

A PAINLESS WAY TO SAVE MORE

Federal legislation created a tax holiday of sorts in 2011. In short, TRA 2010 reduces the Social Security withholding rate from 6.2% to 4.2% this year, a payroll tax cut that can increase your take-home pay. You can put that extra 2% of pay to good use by contributing it to your MCDCP. You can increase your Plan contribution anytime at www.milwaukeeconomy457.com or by calling (877) 457-6459, option 0.²

You can also consolidate your retirement accounts by rolling over a traditional IRA, 401(k), 403(b), 401(a) or previous employer's 457(b) into your MCDCP. For more information, call (877) 457-6459, option 2, or (414) 223-1921.

INVESTING SMARTS

WHAT'S YOUR ASSET ALLOCATION STRATEGY?

Your asset allocation—the way you divide your money among the three basic investment categories of stocks, bonds and cash—helps to determine the potential return of your account. It also helps manage the risk that your account value may fluctuate dramatically over time.

CHOOSE THE RIGHT MIX

When you select your allocation, consider your time horizon. The longer you have until retirement, the greater your allocation to stocks should be. Stocks have historically delivered a high long-term return, but tend to be volatile in the short term. Bonds typically don't fluctuate as dramatically in the short run, but over the long term they've barely outpaced inflation. Cash equivalents are the least volatile investment, but they generally pay the lowest long-term return.³

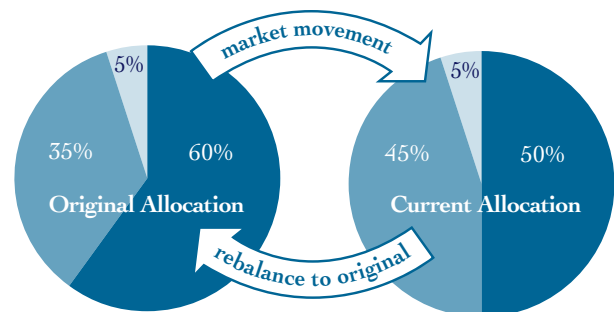
The right combination of these assets helps create a portfolio with the potential to provide the long-term return you need without more risk than you can comfortably handle. Of course, asset allocation doesn't eliminate losses or ensure profits—but it may help manage the risk that all your investments decline at the same rate at the same time.

Keep your eye on your allocations; you may need to adjust them if the market shifts. (See “If You Need to Rebalance”.) Then let time, steady contributions, and tax-deferred compounding work together to help your nest egg grow.

³ Morningstar, Inc. Ibbotson® SBBI® 2010 Classic Yearbook. Past performance is not a guarantee or prediction of future results.

IF YOU NEED TO REBALANCE

Your asset allocation changes over time due to the ups and downs of the financial markets. Consider rebalancing at least once a year to get back to your original mix.⁴ Let's say you had an original allocation of 60% stock funds, 35% bond funds and 5% cash equivalents, but stock fund prices fell, turning your mix to 50/45/5. You can set up your account to automatically rebalance. Just log into your account and click on “Change Account.”



■ Stock Funds ■ Bond Funds ■ Cash Equivalents

⁴ Rebalancing does not ensure a profit and does not protect against loss in declining markets.

MANAGE YOUR ACCOUNT ONLINE

You can access your MCDCP account at www.milwaukeecounty457.com.² Just log in with your user name and Personal Identification Number (PIN).^{*} If you don't have a user name, or don't remember it, you can log in with your Social Security number and PIN. If you don't have or don't remember your PIN, call (877) 457-6459 and use Option 1 to request a temporary PIN.

^{*} The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

MANAGING “GOOD” AND “BAD” DEBT

A good rule of smart debt management is to minimize your “bad debt.”

“Good debts” are loans that allow you to make purchases of long-lasting—and potentially increasing—value. A student loan, for example, lets you buy an education that can enhance your future earning power. A mortgage not only helps you buy a home for your family for many years to come, but it’s also an asset, the value of which may grow over time.

By contrast, “bad debts” are loans used to buy something that disappears almost immediately—like a night out for dinner and a movie—or something that starts losing value as soon as you’ve bought it, such as a car or plasma TV. Of course, it’s impossible to entirely avoid bad debts. But it’s a good idea to try to minimize them. You don’t want to be overly burdened paying for things long after their value has vanished.

⁵ www.bankrate.com (Feb 2011)

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PAY IT DOWN

You’ll save yourself a bundle—and free up extra cash to sock away for retirement—by making more than the minimum payment on your credit cards every month. Take a card on which you owe \$6,000 and incur 15% interest, for example. Paying \$50 more than the minimum each month is likely to eliminate your debt nearly 17 years faster and save you more than \$4,000 in interest.⁵ What a difference!

CONTACT INFORMATION:

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