



Tex Messages

The TexaSaver 401(k) and 457 Program

What Is a Collective Trust?

The TexaSaver Program added a new investment option. This new option, BlackRock US Debt Index Non-Lendable Fund F, is a collective investment trust (CIT) fund. CIT funds are investments established for institutional investors. CITs combine the purchasing power of investors to help lower fund expenses. As a result, CITs generally have simpler fee structures and lower operating costs. This means you pay less money in fees. Like mutual funds, CITs are comprised of pooled assets in companies that meet the fund's investment strategy and objectives.

	CIT Fund	Mutual Fund
Professionally managed investments	Yes	Yes
Regulated by governmental agency	Yes (By banking laws of the Office of the Comptroller of Currency and by other federal agencies, such as the Internal Revenue Service and the Department of Labor)	Yes (By the Securities and Exchange Commission)
Ticker symbol available	No - Fund information is available at www.texasaver.com *	Yes
Performance information publicly available	No - Performance information is available at www.texasaver.com *	Yes
Fund fees	Potentially lower fees than a mutual fund	Varies by share class
Available to all public investors	No (A CIT is only available to qualified investors)	Yes (A mutual fund sells shares to the public)
Information/prospectus available	Yes (A CIT has a fund fact sheet, but doesn't have a prospectus)	Yes (Mutual funds are required to have a prospectus)



Loan Fee Change

Starting January 1, 2010, the monthly loan maintenance fee will change from \$2 to \$2.08. Starting with your next statement, your loan fee will be charged to your TexaSaver account. Your loan fee will be clearly listed on the statement with all other fees. Previously, fees were taken out of your paycheck with your loan payment. For additional information, visit www.texasaver.com or call the TexaSaver Program at (800) 634-5091 to speak with a customer service representative.

* Access to the voice response system or website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance, or other reasons.



2010 TexaSaver Program Contribution Limits

The 2010 contribution limits to the TexaSaver 401(k) and 457 Plans are not changing. This includes the catch-up options. You can contribute up to the maximum into each Plan.

¹ Standard Catch-Up may be available to participants who are within three calendar years prior to reaching normal retirement age and who under-contributed in the prior years.

² You may not use both Standard 457 Catch-Up and Age 50+ Catch-Up in the same year. If you need help calculating your maximum contribution limit, please contact your local registered representative.

Maximum Contribution (Under Age 50)	\$16,500
Maximum Contribution with Age 50+ Catch-Up	\$22,000
Standard Catch-Up Amount Allowed ¹	\$33,000 ²

Don't Leave Money on the Table

As a TexaSaver 401(k) and/or 457 Plan participant, you may be eligible for a credit on your income taxes. Federal tax law offers some people who contribute to a retirement plan a tax credit. The credit reduces the amount of federal income tax you have to pay when you file your taxes.

You are eligible if you are a:

- Married participant filing jointly with your spouse and have a combined annual adjusted gross income (AGI) up to \$55,500 for 2009,
- Head of household with an annual AGI up to \$41,625 for 2009, or
- Married individual filing separately and as single with an annual AGI up to \$27,750 for 2009.

Depending on your income and filing status, your tax credit rate could be 10 percent to 50 percent. The maximum credit is \$1,000. That means that you could

receive between 10 percent and 50 percent of your TexaSaver contributions returned to you on your taxes.

If you qualify for the tax credit, you will need to fill out Form 8880. You can find this form at the following link: www.irs.gov/pub/irs-pdf/f8880.pdf. With less money owed to the government, you might be able to increase your contributions.

To learn more and to figure out your own tax credit, come to a tax credit seminar in your area. You can find seminars in Dallas, Fort Worth, San Antonio, Houston, and Austin. TexaSaver Education Counselors will also hold webcasts online in the coming weeks. For more information on face-to-face or online group meetings, please visit the website at www.texasaver.com. To schedule a seminar for your agency or work group, call the TexaSaver office at (800) 634-5091 (TDD: (877) 606-4790). *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.*

Remember to Update Your 401(k) and 457 Beneficiaries

Don't forget to update your TexaSaver beneficiary(ies). Your TexaSaver beneficiary(ies) can be the same as your ERS beneficiary(ies), but you must fill out a separate form for your 401(k) and 457 accounts. Your beneficiary(ies) may be the same or different for each account. Your beneficiaries are the people you want to receive your 401(k) and 457 funds when you die.

Updating the beneficiary to your TexaSaver 401(k) or 457 account is as easy as 1, 2, 3!

1. Print out the beneficiary form from the TexaSaver website (www.texasaver.com) or request a form by calling TexaSaver at (800) 634-5091 (TDD: (877) 606-4790);
2. Complete the form; and
3. Mail the completed beneficiary form to the address provided on the form.

