

State of Alaska PERS/TRS Defined Contribution Retirement Plan

FINANCIAL FOOTNOTES

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A retirement planning newsletter brought to you by Great-West Retirement Services® and Alaska Division of Retirement and Benefits

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Getting to Know the New Plan Website: At-A-Glance

With the new and enhanced State of Alaska Retirement Plan Website, you have a quick and easy way to view your account details with the **At-A-Glance** tile.

AT-A-GLANCE	
\$14,021.95	Daily Balance ⓘ
▲ 12.37%	Rate of Return ⓘ
\$437.33	Last Contribution Amount ⓘ

After you log in to www.akdrrb.com¹, the *At-A-Glance* tile will be prominently displayed at the top of the web page. It offers an immediate view of your account balance, rate of return, and last contribution amount. You can also click on each item to see additional details, make changes or research options for adjustments to your retirement strategy. Keeping track of your retirement has never been easier.

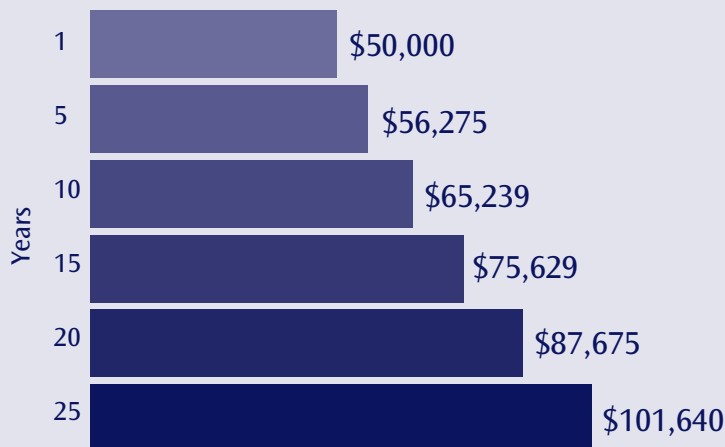
Plan Your Retirement Income

Planning for withdrawals is a key part of any retirement strategy. The earlier you calculate what you'll need to withdraw each month when you're retired—essentially your retirement salary—the more focused your savings strategy will be now.

Consider the 4% rule: If you withdraw 4% of your portfolio during the first year of retirement and adjust that amount for inflation in subsequent years, your investment income could potentially last at least up to 25 years. Keep in mind that the 4% rule is only a guideline. If you retire early, withdrawing less than 3% or 4% a year may help your savings last. If you delay retirement, it may be safe to withdraw more.

Retirement Withdrawals Over Time

See how much an investor with a \$1.25 million account balance withdraws if he takes 4%, or \$50,000, the first year, then increases the dollar amount 3% each future year to account for inflation.



FOR ILLUSTRATIVE PURPOSES ONLY. This illustration is hypothetical. Highly adverse market conditions may affect an investor's ability to sustain withdrawals at these rates. This is not intended as financial planning or investment advice. Please consult with your financial planner, attorney and/or tax adviser as needed. Assumes 4% annual rate of return and reinvestment of earnings. Rates of return may vary.





Maximize Your Paycheck

A change in your withholding may help you save more

Effective management of your paycheck withholding could mean an increase in your take-home income—and the potential to save more for retirement.

Less is more on the W-4

Your W-4 Employee's Withholding Allowance Certificate (Form W-4) is used by your employer to calculate how much federal income tax to withhold from your pay. The more dependents you claim, the smaller the tax bite (and vice versa).

Whether you owe money to the IRS or get a refund, the goal here is to get your tax withholding as close as you can to your actual tax liability. **The danger:** Withhold too little and you may receive a tax bill. Withhold too much and get a refund. A refund may seem like a good deal on paper, but in practice it's money that sat in Uncle Sam's pocket all year long when it could have been in yours, *potentially earning interest in your retirement savings account.*

Is Your Beneficiary Information Correct?

Designating a beneficiary is a very important part of planning for your future. In the event of your death, payments to your loved ones can go more smoothly if a beneficiary designation form is on file, clearly stating your intentions.

It is vitally important to double-check your beneficiary information. This information can be found on your statement or you can log on to the State of Alaska Plan Website at www.akdrb.com.¹ To avoid any potential confusion in the future, it is important to review—and then update—your beneficiary designations.

While this appears to be a simple and logical step, reviews of retirement plan accounts indicate many individuals don't keep their designations current and many don't even have a designation on file. Keep in mind that if you don't have a beneficiary on file, your assets can get caught in the lengthy and often complicated legal process of probate.

Also remember to be specific and include full names when you complete a beneficiary designation form. For example, if you have stepchildren or children from a previous marriage, you shouldn't write "all my children." This phrase may raise the question, "which children?" While you know what you mean, it becomes

a different issue with the plan administrator or trustee handling the distribution.

Life events

Life events present an opportunity to review beneficiary information. There are certain times in your life when it makes sense to revisit your important documents. For example, marriage, divorce and remarriage all present opportunities to review and update key materials, including beneficiary designations. Similarly, the birth or adoption of a child presents another opportunity, as does the time when adult children become financially independent and move away from home. As you approach retirement, it's another ideal time to revisit key documents.

Such life events present an excellent opportunity for you to help ensure that your beneficiary designations reflect your current wishes. Income-tax time and other annual events are convenient reminders for you to review your beneficiary information on your retirement plan accounts, as well as on other benefits such as group life insurance policies. You can select or change your beneficiary(ies) online by logging on to www.akdrb.com. You can also click on the Forms button to download a beneficiary form. You can also obtain a form by calling KeyTalk® at 1-800-232-0859.¹

¹ Access to KeyTalk and the Website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the Website or KeyTalk received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.



International Investing: It's a Small World

Technological advances have made worldwide investing opportunities as common in the United States today as German cars and Japanese TVs. And because other economies in the world may be performing differently from ours, international stock investment options, if offered by your retirement plan, may provide diversification.^{2,3} Diversifying your investments with international holdings can help manage risk, especially when the U.S. stock market is lagging. The trick, of course, is to balance the potential rewards against the risks.

Many means to an end

There are four basic categories of overseas investing: global, international, emerging market and country-specific. Global funds invest in equities throughout the world, including the United States; international funds invest outside of the United States; emerging market funds invest in the stocks of underdeveloped countries⁴; and country-specific funds invest in the stocks of only one country⁵.

A broad-based global or international index fund or portfolio, if among the menu of your investment choices, may provide the diversity you need. If your plan does not offer global or international investment options, you may already have some international

exposure through investment options that invest in U.S. companies that do business abroad.

On the plus side

Investing overseas offers the opportunity for valuable diversification because it exposes your portfolio to more investment opportunities than investing solely in U.S. companies. It's important to remember that international markets comprise roughly two-thirds of all global investments. So when one region is down, another may be up—which can help offset some of the risk in your portfolio and potentially improve returns over time.

On the flip side

Economic developments and changes in currency rates can hurt returns. For example, if you were invested in a foreign country that is experiencing lackluster economic growth, you might suffer heavy losses if that economic trend were to continue. Similarly, an investment in a foreign country whose currency value falls in comparison to the dollar would cause your account to decline in value.

Investing in “emerging markets,” or underdeveloped regions of the world, poses special risks, such as the threat of political upheaval, corruption and currency collapse.



Many emerging markets are not as well-monitored as U.S. markets.

Be informed

If you want to keep up on global news and trends, visit financial websites like **www.ft.com** (*Financial Times*) and **www.investorguide.com** to monitor the major stock markets of the world, access information on leading foreign companies, and keep abreast of significant political news. You can also track international portfolios in *The Wall Street Journal* and in the financial section of your local newspaper.⁶

When it comes to investing, it is a small planet. Consider the risks and rewards of international investing and whether or not it may be right for you. If it is, you'll be able to sit at your Korean computer, sip your Brazilian coffee, and select investments—from all over the world.

² Foreign investments involve special risks, including currency fluctuations and political developments.

³ Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

⁴ Equity securities of companies located in emerging markets involve greater risks than investing in more established markets, including currency fluctuations, political developments and share illiquidity.

⁵ Specialty funds that invest in a specific country or region may be more volatile than funds with more diversified investments.

⁶ Great-West Retirement Services® is not responsible for and does not endorse the content contained in the additional resources provided. These resources are for general education and information only and are provided as a benefit to the users of the resources.



Protect Yourself

Tips for avoiding identity theft

Identity theft is growing fast. Spare yourself the personal and financial violation with the following advice from the Federal Trade Commission⁷:

- Thieves often pick through trash bins for financial documents. ***Shred papers and receipts*** that contain personal information.
- ***Guard your mail.*** Drop off outgoing mail in post office collection boxes instead of in an unsecured mailbox. If you're planning to be away from home for a stretch, contact the U.S. Postal Service to request that your mail be held until you return.
- Before revealing any identifying information, say, on a job application, ***ask how it will be used and secured***, and whether it will be shared with others.
- When given the option to create a computer password, ***use a combination of numbers, symbols and upper-and lower-case letters***. Avoid predictable words or numbers (your mother's maiden name, your birthday) that make it easy for outsiders to gain access.
- If you own a computer, ***update your virus protection software regularly***. Do not open files from strangers. Do use a hacker inhibiting firewall and a secure browser that encrypts or scrambles information you send over the Internet (particularly important when making online transactions). Be sure to bypass automatic log-in features.



Contacts/Account Maintenance

Alaska Division of Retirement and Benefits	1-800-821-2251
From Juneau	1-907-465-4460
Website	www.doa.alaska.gov/drb
Account information online	www.akdrb.com ¹
KeyTalk® — account inquiries and maintenance	1-800-232-0859 ¹

⁷ Fighting Back Against Identity Theft,” ftc.gov, 2012.

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