

State of Alaska Supplemental Annuity Plan Deferred Compensation Plan

FINANCIAL FOOTNOTES

SPRING 2010

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

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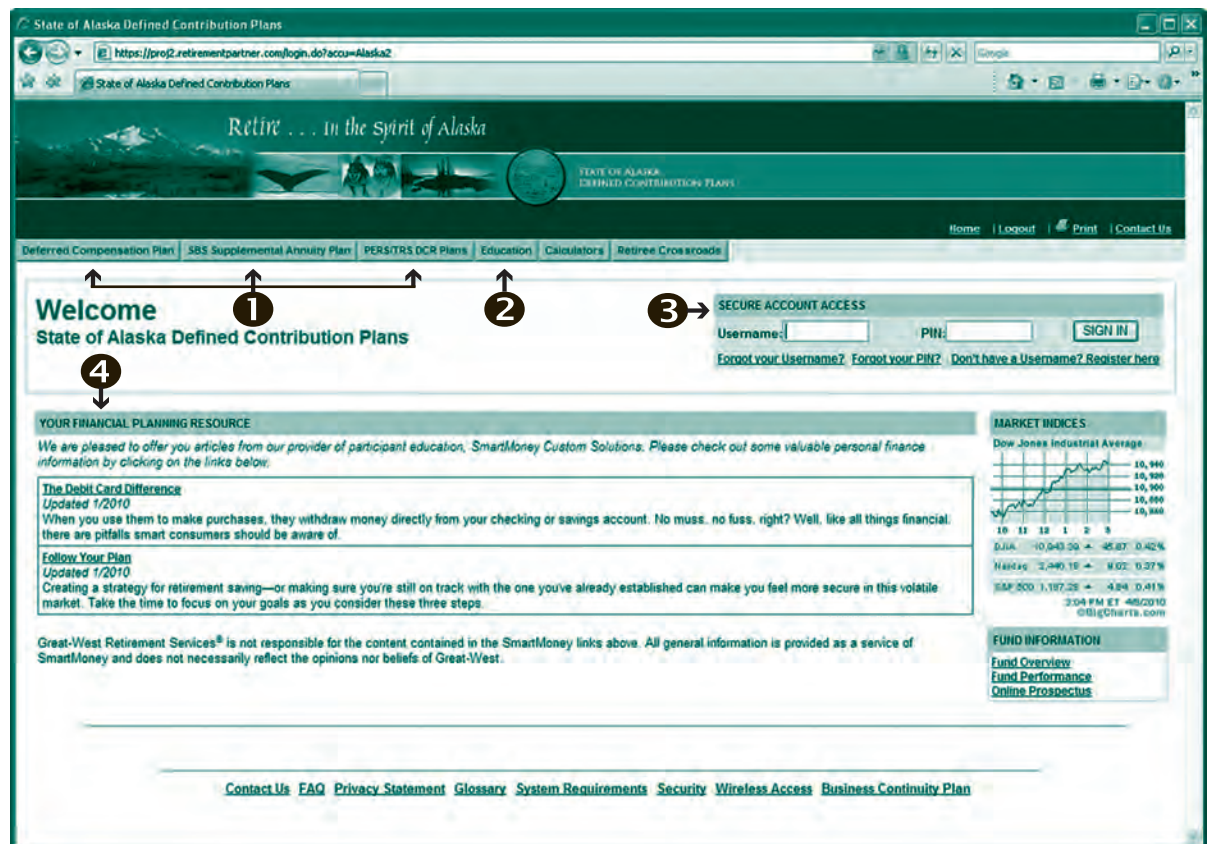
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New Look for www.akdrb.com¹

A new look for the State of Alaska defined contribution plans' account site was rolled out on April 1, 2010. The change was made to put more information at your fingertips and to mirror other State of Alaska Websites. You will now find Plan information (including investment option details and performance) and education features without having to log in to your account.



- 1 Plan Information—Click here for Plan features and investment option information.
- 2 Education—Click here for online seminars, calculators and tools to help you learn more about saving for retirement.
- 3 Login Box—Click here to log in to your account.
- 4 News—Check here for retirement savings articles and recent news about the Plans.

¹ 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.



New Online Features for the Deferred Compensation Plan

Online Enrollment

Eligible members can enroll in the 457(b) Deferred Compensation Plan online. Just click on the *Deferred Compensation Plan* tab on www.akdrb.com and the *Enroll Now* link.¹ You will need a Personal Identification Number (PIN) to enroll.² If you have not received a PIN, please call KeyTalk® at 1-800-232-0859 and press “0” to speak to a representative.

Please call your Great-West Retirement Services® representative in Anchorage at 1-800-526-0560 for more information on the Alaska Deferred Compensation Plan.

Online Deferral Change

Members currently participating in the Deferred Compensation Plan may now change their contributions online. Just log in to your account at www.akdrb.com and, once logged in, click on the *Change* tab at the top of the page. Then, click on the *Deferral Update* link. From there, just follow the instructions on the screen to change the amount you would like withheld from each paycheck.

You need a PIN to log in to your account. If you do not know your PIN, please call KeyTalk at 1-800-232-0859 and press “0” to speak to a representative.

NOTE: Deferral changes will be forwarded to your employer for processing. The actual deferral effective date is dependent upon your employer's payroll cutoff date.

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

Even-Keel Investing

It's easy to become flustered when the financial markets gyrate. But stay calm; reacting emotionally can put a damper on your investment returns. Studies by the research firm DALBAR, Inc. 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 peak 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® Index³ earned an average return of 8.4% per year, compared with individual investor returns of 1.9%.⁴

Try to adopt a long-term view when managing your investments. Choose an investment strategy that's appropriate for your financial goals, risk tolerance and time frame—and stick with it.

3 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.

4 DALBAR, Inc., “Quantitative Analysis of Investor Behavior 2009.” GWFS Equities, Inc. is not affiliated with DALBAR, Inc. Past performance is not a guarantee or prediction of future results.



Make the Most of Your Tax Refund⁵

Nearly eight out of 10 tax filers will receive a tax refund this year, and according to the Internal Revenue Service, the average refund in 2008 was more than \$2,700 per household.⁶ If you are among those lucky ones due a check from Uncle Sam, consider four suggestions on how to maximize the power of your hard-earned money.

1. **Pay off credit card debt.** Paying down high-interest credit card debt with money you receive from a tax refund could go a long way to helping you financially. For example, say you have a \$5,000 balance on a credit card that charges 14% interest per year. Pay just the monthly minimum and you won't eliminate that debt for about 11 years after paying more than \$2,000 in interest. By contrast, sinking \$2,000 into the debt now will slash more than one year and over \$1,000 off your payments.⁷
2. **Enroll in or increase your contribution to the Alaska 457 Deferred Compensation Plan.** This is a win-win move. First, consider the long-term impact: Saving an extra \$2,000 every year could fatten your nest egg by \$226,568 in 30 years, assuming your investments average an 8% annual return.⁸ Moreover, increasing your salary deferral to your Deferred Compensation retirement account may likely result in a decrease in the amount of taxes withheld from your paycheck. Now think about combining this option and option 1: Use the money you save from paying off credit card debt to further increase your nest egg, in addition to your tax refund. It may be the one-two punch your retirement account needs.

For more information on the Alaska 457 Deferred Compensation Plan, call your Great-West Retirement Services representative in Anchorage at 1-800-526-0560.

3. **Make an extra mortgage payment.** If you're one of the few Americans who doesn't have credit card debt, make an extra mortgage payment every year and decrease the amount of interest you'll pay over the life of your loan. Say you have a \$200,000, 30-year fixed-rate mortgage that carries a 6% interest rate and requires a monthly payment of almost \$1,200. One extra payment per year could save you almost \$50,000 in total interest over the life of the loan—and you'll own the home outright five years sooner.⁷ Strive to pay off your mortgage either before or soon after you retire to bring down your living costs at a time when your income is likely to drop.
4. **Give the kids a head start.** Open a 529 college savings plan.⁹ When you pay for college-related expenses, withdrawals will be entirely tax-free. Each state has its own plan, and you may invest in any of them. Your own state's 529 may offer state-tax benefits, but do your homework before making your selection. Costs, investment options and other features vary, so it pays to do some research at Web sites such as www.savingforcollege.com.¹⁰

A tax refund can feel like found money—tempting to spend outright as a reward for your hard work. But by using it instead as a way to save now, you could end up with more money in your pocket down the road.

⁵ 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.

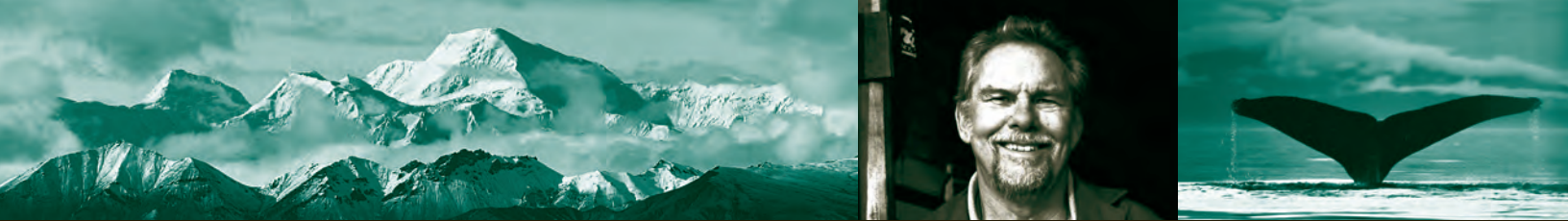
⁶ <http://www.irs.gov/newsroom/article/0,,id=214853,00.html> [See Filing Statistics at bottom, Total Refunds, Average Refund in the 2009 column]

⁷ Source: Great-West Retirement Services, 2010.

⁸ Source: Great-West Retirement Services, 2010. FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes an 8% annual rate of return and reinvestment of earnings, with no withdrawals. Rates of return may vary. The illustration does not reflect any charges, fees or expenses that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.

⁹ 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.

¹⁰ 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.



Revisiting Your Nest Egg

In 2008 and 2009, the United States experienced its worst recession in 80 years.¹¹ Chances are, the slump took a bite out of your retirement savings account. If you had intended to retire soon, you may be wondering what you should do to make sure your savings last through your golden years. Here are three things to consider:


Work a little longer. Not only will you continue earning income for more years, you can also keep making tax-deferred contributions to your retirement savings plan. What's more, you can delay collecting Social Security benefits. You could start receiving them at age 62, but they will be larger if you work until your full retirement age—and larger still if you work until age 70. In fact, your Social Security benefit increases 8% each year you put off retirement between ages 65 and 70.¹²

Enroll in or increase your contribution to the Alaska 457 Deferred Compensation Plan. In 2010, you may contribute as much as \$16,500 to the Alaska Deferred Compensation Plan. If you're age 50 or older, you can also make an additional "catch-up contribution" of as much as \$5,500, for a total contribution of \$22,000, if your plan allows.

Be realistic. Balance your expectations for retirement with reality. Think in terms of postponing retirement, scaling back planned expenses, and shifting priorities to get the lifestyle you envision in retirement in line with what you can currently afford.

¹¹ National Bureau of Economic Research, 2009.

¹² ssa.gov

Contacts/Account Maintenance		
	Alaska Division of Retirement and Benefits	1-800-821-2251
	From Juneau	1-907-465-1600
	Website	www.doa.alaska.gov/drb
	Account information online	www.akdrb.com ¹
	KeyTalk®—account inquiries and maintenance	1-800-232-0859 ¹

Please note: This newsletter does not constitute investment or financial planning advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

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