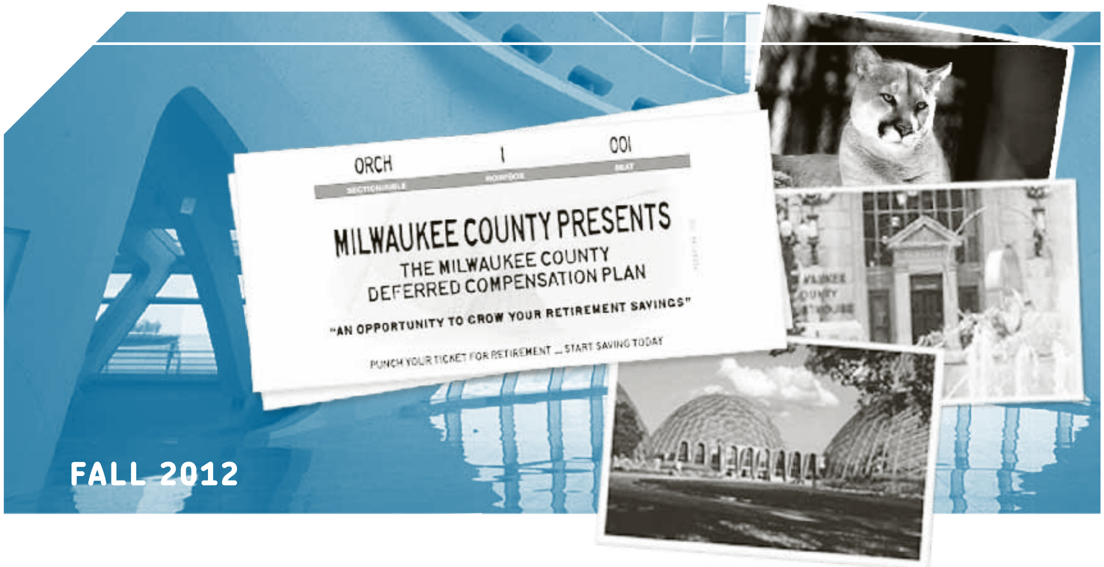


MILWAUKEE COUNTY DEFERRED COMPENSATION PLAN

MONEY MATTERS

IN THIS ISSUE:

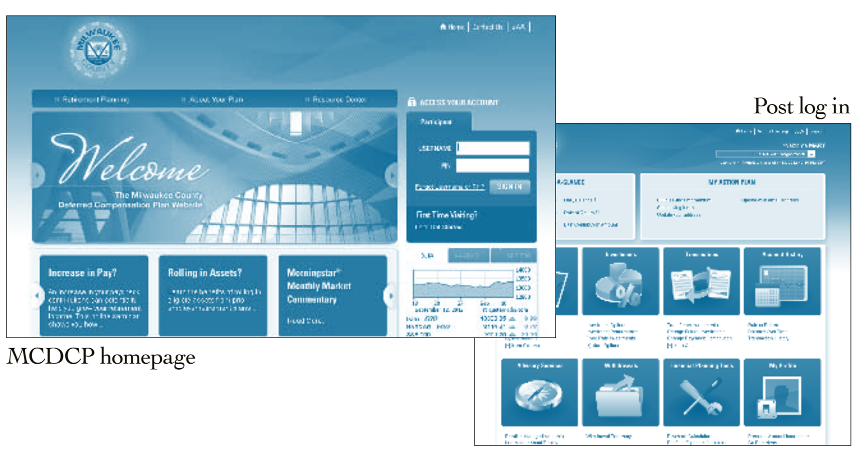
THE NEW WWW.MILWAUKEECOUNTY457.COM IS HERE!

Your Milwaukee County Deferred Compensation Plan (MCDCP) website has been redesigned with you in mind. It is now easier, smarter and more personalized! Get to where you want to go an instant, with no more than two clicks, making your web experience more efficient than ever before. Check out some additional features that include:

- **At-a-Glance** – Each time you log in, you will find the At-a-Glance tile located at the top of the screen showing your current account balance, your rate of return and last contribution amount.
- **New calculators** – Take advantage of a library of useful calculators so you can make well-informed decisions on everything from budgeting to saving for college.
- **Morningstar® Monthly Market Commentary** – Find out what the experts think about financial markets and the possible effects on your retirement plan.
- **Go paperless** – Sign up for convenient online delivery of statements and other communications—and save a tree in the process.

Visit your MCDCP website today at www.milwaukeecounty457.com to see how it can help you take your retirement strategy to the next level. It's technology with a purpose. It's technology that's been personalized. ■

Post log in



MCDCP homepage

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)

YOU'RE ON A ROLL:

AS A MILWAUKEE COUNTY DEFERRED COMPENSATION PLAN (MCDCP) PARTICIPANT, YOU'RE ALREADY ON A ROLL. KEEP THE MOMENTUM GOING BY ROLLING YOUR BACK DROP AND OTHER ELIGIBLE SAVINGS INTO THE MCDCP. HAVE QUESTIONS? CONTACT KEYTALK® AT (877) 457-MILW (6459) TO SPEAK WITH A REPRESENTATIVE.[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.

BEAT THE CREEP AT EVERY LIFE STAGE

How might three hypothetical investors cope with inflation at various life stages?[2] Each of the following examples is based on historical returns of the three basic asset classes (see chart below). Please note that past performance doesn't guarantee future results.

Nicole, age 25, has just starting contributing to the MCDCP. At a financial literacy workshop, she learned that certain investment choices can potentially help her savings stay ahead of future inflation. Nicole chooses an asset allocation of 100% stock investments. Historically, stocks have outpaced inflation over time more than other asset classes. Stocks could lose money in some years, but Nicole is confident that she has enough time before she retires to potentially make up those losses along the way.

Charles, age 44, intends to retire within 25 years. He wants to reduce the impact of stock market volatility on his investments. As a result, he invests 20% of his nest egg in bond investments. The other 80% is invested in stock investments. Like Nicole, he believes he has enough time until retirement to ride out stock market volatility.

Kathryn, age 62, plans to retire in five years. With only a short time until this happens, Kathryn chooses a more conservative allocation than her younger colleagues: 40% of her assets are in bond investments and 10% in cash equivalents. She's concerned that inflation will erode her nest egg—not only now but during her retirement, which could last 25 years or longer. As a hedge against inflation, she keeps 50% in stock investments. Indeed, if inflation were to heat up, Kathryn would have to rethink her retirement timing and budget entirely.

THE LONG VIEW

The stock market loses money in some years—and now and then it loses a lot. Investors should weigh the risk of loss against the potential for higher returns. Over the years of building your nest egg and while you're tapping it, inflation will likely be eroding your real returns. An effective investment strategy should give you the opportunity for meaningful long-term growth.

All investments have occasionally been swamped by inflation. But the chart below shows how the major asset classes have performed against inflation over the long term. ■

2 FOR ILLUSTRATIVE PURPOSES ONLY. The hypothetical allocations are based on an investment strategy based on risk and return. This is not intended as financial planning or investment advice.

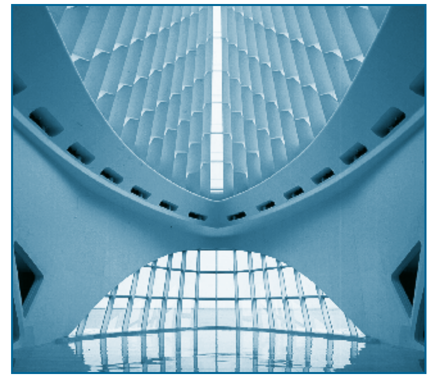
Average for the Period 1926-2010			
Asset Class	Annual Return	Inflation	Annual After-Inflation Return
Stocks	9.8%	3%	6.8%
Bonds	5.4%	3%	2.4%
Cash	3.6%	3%	0.6%

Source: Ibbotson® SBBI® Classic Yearbook 2012: Market Results for Stocks, Bonds, Bills, and Inflation, 1926–2010. Long-term, annualized total returns are for the period 1926 through 2010. Stock market returns are based on the S&P 500® Index, an unmanaged index that is widely regarded as the standard for measuring Large Cap U.S. stock market performance. It is not possible to invest directly in an index. Bond returns are based on U.S. long-term government bonds; cash returns, on U.S. 30-day Treasury bills. Inflation is based on the annual average for the Consumer Price Index for the same period. S&P 500® Index is a registered trademark of Standard & Poor's Financial Services LLC.

ROTH IS HERE!

THE MCDCP NOW ACCEPTS ROTH 457 CONTRIBUTIONS. FOR MORE INFORMATION, REVIEW THE ROTH FLIER WHICH IS AVAILABLE ONLINE UNDER "PLAN DETAILS." YOU MAY ALSO CONTACT KEYTALK® AT (877) 457-MILW (6459) TO SPEAK WITH A REPRESENTATIVE.[3]

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.



WHY CONTRIBUTE MORE?

THREE WAYS YOUR MILWAUKEE COUNTY DEFERRED COMPENSATION PLAN (MCDCP) HELPS YOUR NEST EGG GROW.

You may find opportunities to boost retirement savings: a salary increase, for example, or cash freed up from paying off a loan. When such an opportunity arises, consider why increasing contributions to your MCDCP is a good idea.

1. TAX RELIEF

In 2012, you may be able to save up to $17,000, before taxes, in the MCDCP. If you are age 50 or older, you may also be able to contribute an extra $5,500 in so called "catch-up" contributions.[4] You won't pay taxes on your contributions or earnings until you withdraw the money, usually during retirement, when most investors are in a lower income tax bracket than they were when they were working.

2. GREATER COMPOUNDING POTENTIAL

You may reinvest every penny of your investment earnings without handing over any of it to Uncle Sam. Over time, these reinvested returns have greater potential to generate more returns than if they were reinvested in a taxable account such as a brokerage account. This is due to a phenomenon known as tax-deferred compounding. The longer you invest tax-deferred, the greater compounding's potential impact.

3. RETIREMENT READINESS

It doesn't take much to make a big difference. Even as little as a 1% annual boost in contributions today could add hundreds of dollars to the size of your monthly retirement plan account withdrawals.[5]

Your MCDCP can be your most powerful savings tool. Make the most of it. ■

4 "401(k) Resource Guide—Plan Participants—Limitation on Elective Deferrals, 2011," irs.gov.
5 "4 Ways to Improve Your Retirement Readiness," Smartmoney.com, June 11, 2012.

2012 Contribution Limits[6]	
$17,000	Before taxes
$22,500	If you are age 50 or older

6 IRS limits on contributions to workplace retirement plan accounts. Amounts can vary by plan.

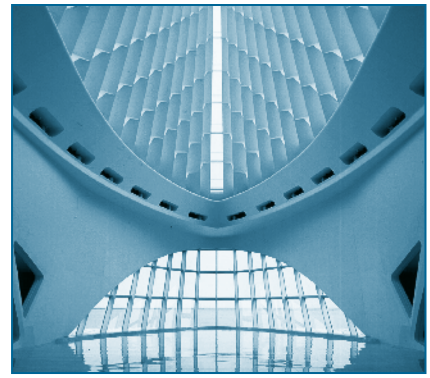
ACT YOUR AGE

Many people age 45 and younger invest like aging baby boomers, with only modest exposure to stocks. Unfortunately, they face the risk that their money won't grow enough to fund their retirement years.[7]

If you're in your 20s, 30s and early 40s, consider investing a larger portion of your portfolio in stocks. That allocation could provide the potential return you'll need to pay for a retirement that could last 25 years or longer. With decades left in your career, you may have time to make up for short-term market declines.

As you approach retirement, shift a portion of your assets to fixed income, keeping some equities for the growth potential you'll need. ■

7 "What's Gen X So Scared Of? Stocks." Smartmoney.com, May 5, 2011.



TARGET: $0 DEBT

Getting rid of debt can help you meet other financial goals.

Money used to pay off your loans means less money for retirement savings, college saving or other goals such as a down payment on a house. So make a pledge now to trim your debt, with the goal of eliminating it altogether.

PLAN YOUR STRATEGY

When reducing debt, start with the most expensive debt first—typically from credit cards. Consider transferring your credit balance to a card with a lower interest rate than the one you use now if applicable and appropriate for your unique situation. The average variable credit card rate recently offered online was 14.46%.[8]

THE BIG PAYOFF

John and Janet each owe $5,000 in credit card debt, at an annual interest rate of 16%. John decides to make the minimum monthly payment only—based on the interest owed plus 1% of the outstanding balance. Janet wants to get out of debt quickly, so she cuts back on other expenses and decides to make a fixed payment of $190 a month. By accelerating her payoff, Janet saves almost $5,000 in interest. ■

	John	Janet
Months to pay off debt	269	33
Total interest paid	$6,126	$1,199

Source: Bankrate.com calculator, "How much will the minimum credit card payment cost me?"

8 Bankrate.com as of June 2012.

EXTENDED HOLIDAY

THE MCDCP COMMITTEE HAS EXTENDED THE ADMINISTRATIVE FEE HOLIDAY THROUGH THE END OF 2013. PAYING LESS IN FEES MEANS MORE MONEY IN YOUR POCKET! ■

CONTACT INFORMATION:

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MILWAUKEE, WISCONSIN 53233
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WWW.MILWAUKEECOUNTY457.COM

Please note: This newsletter does not constitute investment or financial advice.