The SoonerSaver

SPRING 2007 *for SoonerSave Participants*

Happy Birthday, Oklahoma!

As preparations get underway to celebrate Oklahoma's centennial birthday, it's a great time to reflect back on the state's proud history. When looking back, there is a tendency to imagine how things might be different today if decisions that were made in the past could be changed. Some call it "20/20 hindsight." Others may refer to it as "if I only knew then what I know now." But most appropriately, it can be quite simply stated as the "shoulda, coulda, woulda" theory.

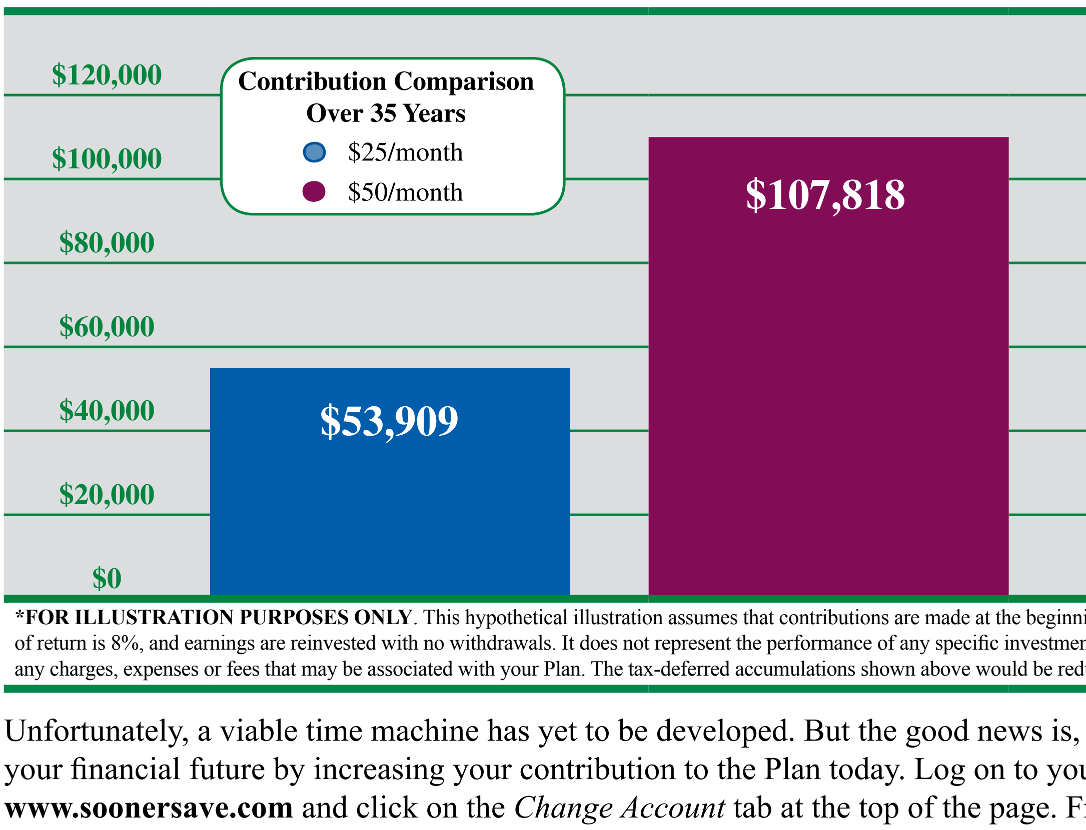
Before Oklahoma became a state, it was the Oklahoma Territory. And there was a point in time when each territory wanted to become its own state. Had things gone just a bit differently back then, some of you would still be residing in Oklahoma, while others would be living in a neighboring state named Sequoyah. Instead, the Enabling Act of 1906 united the territories and paved the way for Oklahoma to become the 46th state on November 16, 1907.

Of course, the decisions that were made 100 years ago have helped shape Oklahoma into the culturally diverse land that it is today—a great place to live and a great place to work. Along those same lines, the decisions you make today will have a powerful influence on the life you'll be living when you're no longer working. And one area where you certainly don't want to have any regrets is the amount you're saving for retirement.

SoonerSave Turns 35

While the State of Oklahoma celebrates its 100th birthday, SoonerSave is celebrating a milestone of its own this year. In 1972, the State of Oklahoma Deferred Compensation Plan was established to shelter savings for retirement from income taxes.

As far as "shoulda, coulda, woulda" goes, it would be great if everyone could go back to the date of the Deferred Compensation Plan's inception and increase their contribution to the SoonerSave Plan. As you can see below, when you calculate the difference between a contribution of $25 per month versus $50 per month over the course of 35 years, assuming an 8% return, you come up with **$53,909**!



The difference between a $25 contribution per month and a $50 contribution per month over the course of 35 years is $53,909*

***FOR ILLUSTRATION PURPOSES ONLY**. This hypothetical illustration assumes that contributions are made at the beginning of the month, the effective annual rate of return is 8%, and earnings are reinvested with no withdrawals. It does not represent the performance of any specific investment option. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

Unfortunately, a viable time machine has yet to be developed. But the good news is, you can still change your financial future by increasing your contribution to the Plan today. Log on to your account at **www.soonersave.com** and click on the *Change Account* tab at the top of the page. From there, click on *Change Deferral* and follow the directions to change your ongoing before-tax deferrals.[1] And because we already know that hindsight is 20/20, the Sooner you start saving, the better!

1 Access to the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the Web site received on business days prior to close of the New York Stock Exchange (3:00 p.m. Central 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.

Rolling with the Economy

How the business cycle impacts your bottom line

You can't read the paper without coming across the words "inflation" (rising prices for goods and services) and "interest rates" (the cost of borrowing money). Experts often use them to explain movements in the financial markets. Economic fluctuations can impact the value of your retirement savings. To understand this connection and benefit from it, we need to discuss what economists refer to as "the business cycle."

Think of the business cycle as a wave—something that moves up and down. When the economy grows, the wave goes up. There is more competition for loans, workers and goods and services—pushing up interest rates, prices and wages. With more money circulating in the economy, people are more likely to take out loans. In order to keep this economic movement in check and to prevent inflation, the Federal Reserve Bank (the Fed) will eventually raise interest rates.

Rising interest rates can cause a slowdown in the rate of economic growth—or even a recession, which occurs when the Gross Domestic Product (GDP), the total value of the goods and services produced by our economy, shrinks. As the wave turns down, falling demand for loans, goods and services, and workers may cause interest rates, prices and wages to decline.

When recession causes interest rates to fall, it becomes less expensive to borrow money. Subsequent spending ignites economic growth, causing a rise in the GDP before deflation sets in. The economy begins to recover and the business cycle starts to move up once more.

Now that you understand the business cycle, you'll have a better idea of how to plan for the future in light of the present economic news. Remember to prioritize your retirement savings throughout all the phases of the business cycle.

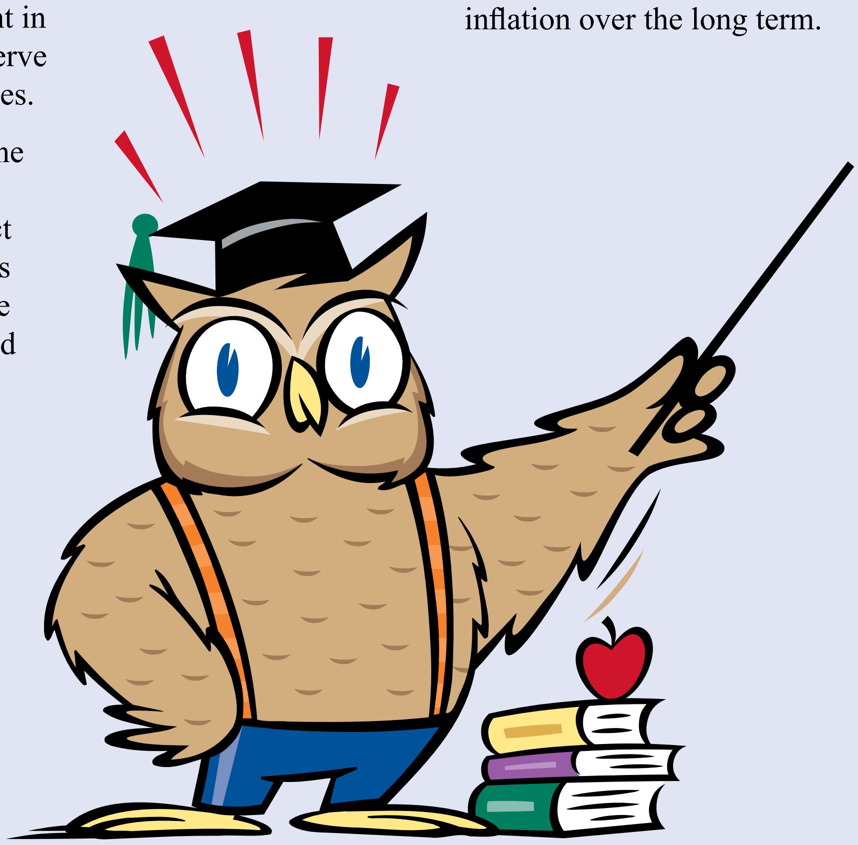
Following the Fed

The Fed helps determine the growth rate of our economy. Economic expansion has an impact on factors ranging from inflation to corporate growth, which, in turn, influence the financial markets.

The Fed can act to increase the rate of economic growth by buying government bonds from securities dealers. The dealers then lend and invest some of that money, injecting cash into the economy. The Fed can also reduce the "fed funds rate," the rate at which commercial banks make overnight loans to each other to encourage more lending.

Conversely, it can help to slow economic growth and fend off inflation by selling government bonds or increasing the fed funds rate.

But whatever action the Fed takes, its ultimate goal remains the same: to maintain steady economic growth and low inflation over the long term.



SoonerSave's New Education Coordinator

Coming soon, to a seminar near you, is Augusta Cox Pleshko—your new SoonerSave Education Coordinator.

Over the past eight years Augusta has worked hard to educate Oklahoma residents to make smart financial decisions. As Marketing Director for WEOKIE Credit Union, she encouraged employees to utilize the benefits available to them through their credit union. After completing her Masters of Business Administration from Oklahoma City University, Augusta joined Citigroup Smith Barney to continue educating Oklahoma City residents about the importance of building wealth through smart financial decisions and retirement planning. Now, Augusta is bringing her passion for retirement planning education to SoonerSave participants!

Augusta is available for group meetings, seminars and benefits fairs at State offices and facilities. To schedule a visit, Agency Coordinators should call Augusta at (405) 359-0278, toll free at (866) 684-5373 or email her at augusta.pleshko@gwrs.com. Welcome Augusta!