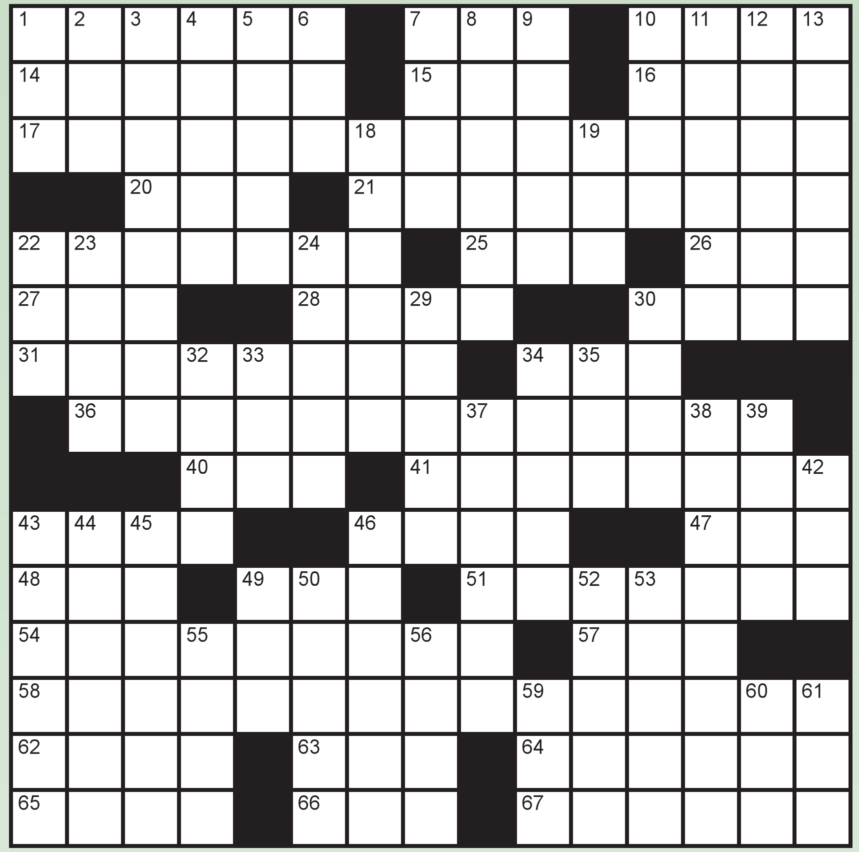
Give me some credit

Here's a fun way to test your knowledge after you read ***Know your score to protect your credit*** on page 2. Discover this puzzle's theme hidden in 21-, 36-, and 58- Across.



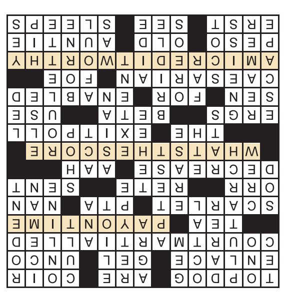
ACROSS

1. Boss
7. "___ we having fun yet?"
10. Coconut fiber
14. Bind
15. Come together
16. Uncommon (archaic)
17. Placed soldier on trial
20. Oolong, for one
21. How to help your credit score (3 words)
22. Color of red
25. "Harper Valley ___"
26. Masefield play "The Tragedy of ___"
27. "Catch-22" pilot
28. Network of blood vessels
30. Transmitted
31. Cut
34. "I see!"
36. Question for credit bureaus (3 words)
40. Not just "a"
41. Interview after voting
43. Units of work
46. ___ carotene
47. "It's no ___!"
48. Clinton, e.g.: abbr.
49. In favor of
51. Rendered capable
54. Abdominal surgery
57. "Them"
58. A borrower's question (3 words)
62. 100 centavos
63. Aged
64. Mame, for one
65. At one time, at one time
66. "Comprende?"
67. Catches some Zs

DOWN

1. Crime investigator
2. "Walking on Thin Ice" singer
3. Greek biographer
4. Risk taker
5. In base 8
6. Beauty
7. City on the Yamuna River
8. Enter again
9. "Four Quartets" poet
10. Kind of film
11. Wired
12. Professional killer
13. Gnawer
18. Best suited
19. "___ Ng" (They Might Be Giants song)
22. Ground cover
23. Hands
24. Clear, as a disk
29. Giggle
30. Boutique
32. "Darn it all!"
33. Addis Ababa's land: abbr.
34. ___ flu
35. Appear
37. Magnitude
38. Gambling game
39. "... or ___!"
42. Certain digital watch face, for short
43. Break
44. Tool to drill holes
45. Granite-like rock
46. Restrain
49. ___ cry
50. Nabisco cookies
52. In conflict with, with "of"
53. Carried
55. Sean Connery, for one
56. Assistant
59. Functioned as
60. Cool
61. "Absolutely!"

Solution



DCP

Plan Information Line: (888) 327-5596

Plan Web site: www.drs.wa.gov/dcp

DRS Web site: www.drs.wa.gov

This newsletter is not intended to provide legal, tax, or investment advice. For such advice, participants should contact their legal, tax, or investment advisers.

quarterly calendar

The New York Stock Exchange is closed:

- **Thursday, November 26, 2009**
- **Friday, December 25, 2009**
- **Friday, January 1, 2010**
- **Monday, January 18, 2010**

Transactions made on these days will be processed the following business day.

SKU#WAQ309

DCP

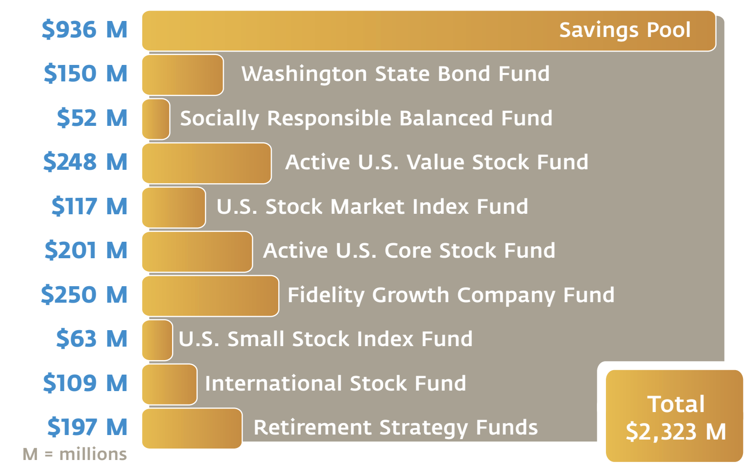
THIRD QUARTER 2009

Washington State Department of Retirement Systems
DEFERRED COMPENSATION PROGRAM

Update

In this issue

DCP Market Values as of August 31, 2009



New Web site at DRS

Your valuable input helped us redesign the DRS Web site. With the new site, it will be easier than ever to find what you need and plan for your retirement.

Here are some of the new features you'll find:

- **Access all your account information in one drop down menu** — Whether it's Plan 3 information you're looking for, or you want to increase the amount of your DCP deferral, you can select your account choices under *myDRS*.
- **Find your Plan, your topics, your way** — New categories and different navigation choices make finding your retirement plan and system a snap. After that, traveling through the Web site is simple and intuitive.
- **Get what you want** — Do you want to get a benefit estimate? Or print a 1099? Browse through the *I want to* lists to find the most often requested items on the DRS Web site.
- **Keep up-to-date with the latest news and announcements** — Quickly locate recent articles related to retirement issues.

Steps to help you save more for your retirement

Here are a few simple steps you can take today that will help you be ready when it's time to retire:

- **If you save just $10 per week** for 40 years in DCP and earn an average rate of return of 7 percent, you will have over $100,000 in your account. That is the power of tax-deferred savings.[1]
- **If you start a little later, don't be discouraged.** You can still save more than $73,000 by setting aside $60 a month for 30 years and earn a return of 7 percent.[2]
- **If you are saving now and increase your contributions, you can really make a difference in your final total.** Over 30 years, adding $25 to your $100 biweekly contribution can increase your account from $264,327 to more than $330,409, assuming you earn 7 percent.[3]
- **Catch-up options.**[°] Maximize your DCP account by taking advantage of catch-up options:
  - — **Age 50+ Catch-up:** If you are at least age 50 during 2009, you can make an additional contribution of $5,500, which means you can defer up to $22,000 for the year.
  - — **Three-year Catch-up:** If you haven't been contributing the maximum deferral amount, this option allows you to contribute up to twice the maximum (up to $33,000) during the three years before your normal retirement age.
- **Saver's Credit.**[°] Sometimes saving seems really hard, especially if your income is limited. The government has a special Saver's Credit just for you. If you are eligible, you can actually receive money back when you file your tax return.

Take advantage of National Save for Retirement Week October 18 – 24, 2009. Save now: your retirement future starts today.

[°] *For more information, call the DCP Information Line.*

[1] *This hypothetical example assumes a weekly contribution of $10 and a 7 percent annual rate of return over 40 years.*

[2] *This hypothetical example assumes a monthly contribution of $60 and a 7 percent annual rate of return over 30 years.*

[3] *This hypothetical comparison assumes biweekly contributions of $100 and $125 and a 7 percent annual rate of return over 30 years.*

Please bear in mind that these hypothetical examples are for illustration purposes and are not intended to reflect the performance of any specific investment. The results you experience may be more or less, depending on actual fund performance.

New Retirement Strategy Fund

A new fund will become available on January 4, 2010. Look for information on RSF 2055 later this year.

Plan Information Line: **(888) 327-5596**
Plan Web site: **www.drs.wa.gov/dcp**

Know your score to protect your credit

It used to be possible for almost anyone to be approved for credit cards, auto, personal or student loans, and even mortgages. Since the global economy's slowdown began in 2008, credit markets have tightened and the rules of creditworthiness have changed.

Credit is harder to get.

You may find it more difficult to qualify for auto loans, a mortgage, or new credit cards, even if you've had good credit in the past. Credit is in shorter supply from banks and other lenders that suffered major losses on mortgages and credit cards as a result of the recession. Another reason is that the three major credit bureaus — Equifax, Experian, and TransUnion — changed their formulas for calculating credit scores.

What's a credit score?

The credit bureaus collect personal and financial information about consumers from a variety of sources, including creditors, lenders, utilities, debt collection agencies, and public records. An individual's credit report contains this data which credit bureaus also use to calculate a credit score, ranging from 300 to 850 points. The higher the score, the better. Some factors that affect credit scores include:

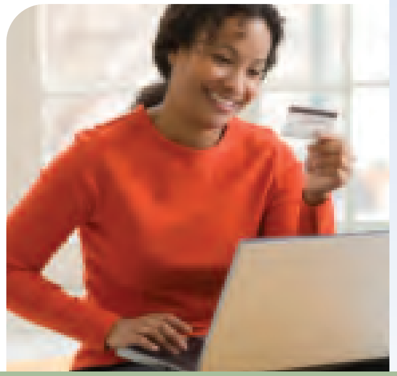
- Length of credit history
- Types of credit held
- Payment history
- Amount of credit used versus amount available

Banks and other lenders look at your credit score whenever you apply for any loan or credit card. A high score makes the approval process go smoothly and brings the best interest rates. With a low score, you may pay higher interest rates, need a co-signer for a loan, or be turned down.

A low credit score results from black marks on a credit record caused by:

- Late payments
- Too many applications for credit in a short period
- A limited credit history or insufficient credit
- Bankruptcy
- Recordkeeping errors

To access your credit score online, go to **equifax.com**, **myfico.com**, or **scorepower.com**. Review the terms of any trial offers or fees carefully before accessing your credit profile or providing your credit card information online.



Request a free report.

Monitoring your credit report is an important responsibility. Check the accuracy of your personal and financial data by requesting your credit report regularly, at least once a year. By federal law, you are entitled to a free annual credit report from each of the three major credit bureaus. To order your free copy, go to **annualcreditreport.com**, the Web site maintained by the three companies. If you prefer, contact them individually:

- **Equifax** (800) 997-2493 equifax.com
- **Experian** (888) 397-3742 experian.com
- **TransUnion** (800) 888-4213 transunion.com

Improve your credit rating

Correct errors.
If your credit record is inaccurate, you could be denied credit. Here are mistakes to watch out for: false late payments, accounts that don't belong to you, accounts you closed but that are still listed as open, and personal information that is misspelled or outdated. If you find a mistake, notify a credit bureau immediately.

Pay on time.
As soon as you receive a bill, check the payment due date to be sure it hasn't changed. Know the key information about your accounts: interest rates, number of days in your billing cycle, fees for late payment, and the default interest rate if you make a late payment. If you don't pay your mortgage or bills on time, you will be charged late fees and your late payment may be reported to a credit bureau.

Be proactive.
With credit in short supply and unemployment rising, more people are finding themselves in trouble when their financial resources become limited. If you can't keep up with payments, call your creditors right away. Let them know about your circumstances and ask them to work with you. If you need help, find a reputable credit counselor.

This article's concepts are the theme of the puzzle on page 4. ***Just for fun, solve it!***

Separating retirement truths from myths

***Myth:* One income source will suffice.**

Truth: Most retirees cannot rely on only one income source to meet their financial needs. You are likely to need income from a number of sources: your employer-sponsored retirement plan, Social Security benefits (if you are eligible), and personal savings and investments. Since you can't assume one income source will be enough, take full advantage of every opportunity to invest for retirement.

***Myth:* Retirement means moving to a retirement community or a nursing home.**

Truth: The vast majority of older people maintain independent households in the communities where they've lived for many years, often near their friends and children.

***Myth:* Retirement means slowing down.**

Truth: According to one poll, the majority of Americans think of retired people as lonely, bored, or in ill health. But the vast majority of retirees see things differently. They describe themselves as engaged in life, active, and in good health. Some who retire begin a second career, take a part-time position, or pursue a busy schedule as a volunteer. Americans are living longer, healthier lives than at any other time in history.

Managing cash flow during your retirement

If you want to stretch your retirement savings to make them last, here are some money management strategies to consider.

Delay if you can.

Try to postpone withdrawing money from your retirement accounts so they continue to accumulate tax deferred for as long as possible.

If your pension and Social Security income doesn't cover your living expenses, consider drawing down what you need from bank accounts or taxable brokerage accounts first. Your choice of which accounts to tap, the amounts, and the timing can affect how well you live in retirement.

Withdraw wisely.

Smaller withdrawals from your retirement accounts in the first few years after you retire could lead to greater long-term financial security. You could give your retirement savings a 90 percent chance of lasting 30 years if you withdraw no more than four percent of your savings during the first year of retirement.

Later, you could increase your withdrawals annually for inflation. Or you could skip the adjustment for inflation for a few years, leaving more in your accounts to continue compounding.

If your withdrawal rate must exceed four percent at the beginning of your retirement, think of ways to reduce your expenses. You want to limit how much you take out of your accounts up front to minimize your risk of running out of money.

Create a budget.

Track your expenses over a few months. Write down what you spend on necessities, such as housing, food, taxes, and insurance, as well as discretionary expenses, such as travel and entertainment. Once you have a budget in place, it's easier to calculate how much you need to withdraw from your accounts. Knowing where your money goes can also empower you to make the most of it.

Review regularly.

To help stay on track, you and your spouse or partner should review your income sources, expenses, investments, and asset allocation every year.