

- WASHINGTON STATE -
DEFERRED COMPENSATION PROGRAM

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Keep your account up to date

We know how busy life can get, but don't forget to update your DCP account to reflect your life changes. Your current beneficiaries are listed on page one of your quarterly statement. Please review your choices and let us know if you need to make a change. Designating a beneficiary is one of the most important things you can do

for yourself and your family. It is quick and easy to do, but be sure you use the correct form to make sure we can process your request and give you the fastest possible service. You'll find a complete list of DCP forms on our website at: **www.drs.wa.gov/dcp**.

You may also find the need to change your deferral for a period of time or you may be in a position to increase it. To do so, you can log in to your account, call us or complete and send us the Deferral Change Request form.

As always, if you have any questions at all, please call the DCP Information Line. A Customer Service Representative will be glad to help.



Fund lineup analyzed

The Washington State Investment Board, at the request of the Employee Retirement Benefits Board, recently analyzed the lineup of investment options offered to DCP participants, members of Plan 3, and the Judicial Retirement Account. The fund lineup will be changing later this year. Look for more information this summer on our website and in your mailbox.



Help – I want to log into my account

If you've registered for the service, go to the DCP website (www.drs.wa.gov/dcp) and sign in using your username and Personal Information Number (PIN). If you have trouble accessing your account, call the DCP Information Line at 888-327-5596 – press zero – then press three. Enter your Social Security number at the prompt and you'll be connected to a customer service representative who will give you a temporary PIN.

If you haven't yet signed up for our online service, select *Register Your Account* and follow the instructions. After you enter your Social Security number and temporary PIN, you can create your user name and a permanent PIN. You'll then have access to your account whenever you want it.



Taxes and DCP

If you have recently prepared your federal tax return, and your tax obligation was higher than you would have liked it to be, consider increasing your DCP deferral amount. It can help lower your taxes.

Here's another good reason to think about increasing your deferral. The employee portion of the Social Security tax decreased from 6.2 percent to 4.2 percent for 2011. You can increase your DCP deferral by two percent and never even miss the money, while you're saving for your retirement.

Did you stop deferring in the past and then never get around to starting up again? If the answer is yes, then now is a great time to start saving again for your future – all it takes is \$30 a month to begin. You can easily change your deferral amount online, on the phone or by completing the Deferral Change Request form.



Will you share your e-mail address with us to make contact easier?

We'll add it to your account information so you can receive important information, including your quarterly statement, more quickly. We won't share your e-mail address with anyone else.

Just log into your account and click on the Online File Cabinet to add your e-mail address to your account information.



DCP Information Line

We have had to temporarily delay the updates we planned to make to the DCP information line. We expect the enhancements to take place this spring. We'll keep you updated in the news section of our website.

Investing Smarts - What's your asset allocation strategy?

Your asset allocation—the way you divide your money among the three basic investment categories of stocks, bonds and cash—helps to determine the potential return of your account. It also helps manage the risk that your account value may fluctuate dramatically over time.

Choose the right mix

When you select your allocation, consider your time horizon. The longer you have until retirement, the greater your allocation to stocks should be. Stocks have historically delivered a high long-term return, but tend to be volatile in the short term. Bonds typically don't fluctuate as dramatically in the short run, but over the long term they've barely outpaced inflation. Cash equivalents are the least volatile investment, but they generally pay the lowest long-term return.*

The right combination of these assets helps create a portfolio with the potential to provide the long-term return you need without more risk than you can comfortably handle. Of course, asset allocation doesn't eliminate losses or ensure profits—but it may help manage the risk that all your investments decline at the same rate at the same time.

Keep your eye on your allocations; you probably need to adjust them to maintain your allocation mix as the market shifts (check out the Rebalancer tool on the Change Account page of our website). Then let time, steady contributions, and tax-deferred compounding work together to help your nest egg grow.

* Morningstar, Inc. Ibbotson® SBBJ® 2010 Classic Yearbook. Past performance is not a guarantee or prediction of future results.



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