

- WASHINGTON STATE -
DEFERRED COMPENSATION PROGRAM

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SECOND QUARTER • 2011

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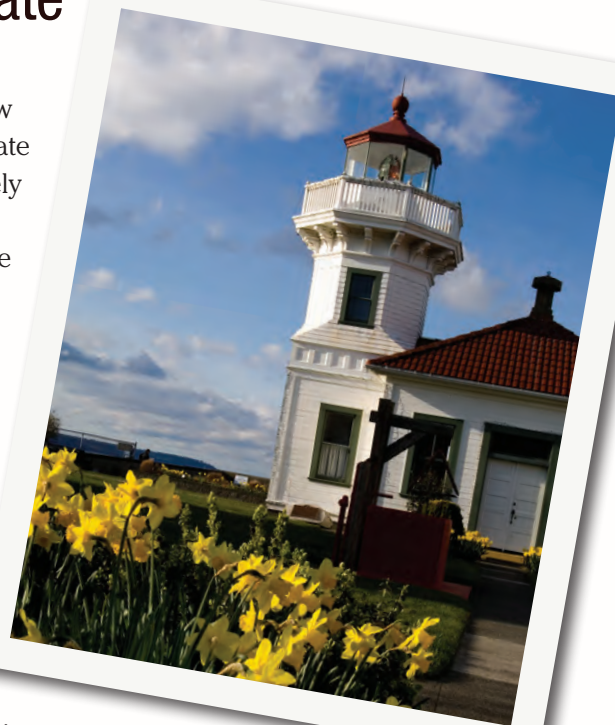
Fund Transition Update

The lineup of investment options is changing in late September. After review of the current funds, the Washington State Investment Board (WSIB) worked closely with the Department of Retirement Systems (DRS) to streamline and update the investment options for participants. The new lineup reflects the expanding opportunities in today's markets and focuses on a core menu of quality options only available through a large institutional investor like WSIB.

You'll be able to begin investing in the new fund options on September 24. If you're invested in a fund that is closing, you will have until October 28 to move your money and change which fund(s) your future deferrals will go into. If you don't choose an investment option by the time the markets close on October 28, we will transfer your money to a Retirement Strategy Fund that is based on your current age and the assumption that you will retire at 65.

After 1:00 p.m. Pacific Time on September 23, you won't be able to transfer money into a fund that is closing.

Later this summer, we'll send you a fund transition guide with detailed information. It's important for you to read it and let us know if you have questions. In the meantime, visit the fund transition web page at www.drs.wa.gov/member/faq/fund_transition.htm for regular updates.





Investment Guide and Fund Fact Sheets

We have redesigned the format of the DCP Investment Guide to make it quicker and easier for you to find the information you're interested in. While the guide itself will continue to provide an overview of investing approaches and a listing of administrative fees and expenses, fund-specific information such as performance history and strategy will now be found on Fund Fact Sheets. The fact sheets are updated quarterly by the fund managers and offer the most current data for your review.

The new Investment Guide and links to the Fund Fact Sheets will be available on the DCP website by late July. Please call the DCP Information Line if you have any questions.

New DCP Administrative Fee

Effective July 1, 2011, the DCP administrative fee changed from 0.14% to 0.13%.





Make the Market Do the Work

By deferring a portion of your pay into DCP each payday, you are taking advantage of an investment strategy known as Dollar Cost Averaging.* Investing a fixed amount at regular intervals, regardless of market ups and downs, means you may pay less per share over time than an investor who purchases shares in a lump sum.

When the market is down, prices are low, which means you're buying more shares. When the market is up, the price of those shares rises. Over time, resisting the temptation to move your money based on what the market is doing could provide a better return on your investments.

* Dollar cost averaging does not ensure a profit and does not protect against loss in declining markets.

Will you share your email 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 email address with anyone else.

Just log into your account and click on the Online File Cabinet® to send us your email address.

Online File Cabinet® is a registered trademark of Great-West Life & Annuity Insurance Company.



Give Yourself Credit

Tax credits reduce the taxes you owe by the dollar amount of the credit. Of the handful you may be able to take advantage of this year, consider making the saver's credit (formally the Retirement Savings Contributions Credit) your top priority.

According to the IRS, for tax year 2011 the credit is available to taxpayers who contribute to a new or existing employer-sponsored retirement plan account by December 31, 2011 (or to an IRA by April 15, 2012), and who have a modified adjusted gross income (MAGI) that meets these limits, depending on their tax-filing status:

- Up to \$56,500 for married couples filing jointly
- Up to \$42,375 for heads of household
- Up to \$28,250 for singles or married individuals filing separately

To be eligible, you must be at least 18 years old, you must not be a full-time student, and you must not be claimed as a dependent on someone else's tax return.

Each year you contribute to your workplace retirement plan or IRA you can qualify for the credit, which you can claim by filing Form 8880 with your tax return. The maximum credit is \$1,000 (\$2,000 if filing jointly). The credit is a percentage of the first \$2,000 of each person's contribution—ranging from \$200 to \$1,000 for singles, \$400 to \$2,000 for married couples. The highest rate applies to people with the lowest income.

Source: IRS Publication 4703.

For more information, contact us:

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