*Money*Talks

Wisconsin Deferred Compensation Program

PCRA Enhancement

The Wisconsin Deferred Compensation (WDC) Program is pleased to announce that effective immediately, participants who are enrolled in the self-directed brokerage option are able to elect to have their payroll deferrals deposited directly into their Schwab Personal Choice Retirement Account (PCRA) money market fund. Currently, participants using the PCRA must have their deferrals deposited in their WDC core funds, then request to move funds to the Schwab PCRA money market fund.

Participants will still need to initiate trades within their Schwab PCRA once the cash is available in the money market fund. A minimum WDC core balance of $500 is still required. However, once that is met, this plan enhancement will allow future contributions to be deposited directly into the Schwab PCRA money market fund.

If you currently have a Schwab PCRA account and wish to have your future deferrals directly invested in the Schwab PCRA money market fund, you may do so through the WDC Web site (www.wdc457.org) or by calling the WDC service center (877-457-9327). ■

How Do You Read Mutual Fund(s) Data in a Newspaper?

Have you ever wondered how to read about your mutual fund(s) in a newspaper? The process is simple. To start, flip to the investment section of your newspaper and look for your mutual fund's ticker symbol. From there you can look at the Net Asset Value (NAV) of the mutual fund and multiply it by the number of shares of the mutual fund that you own. This can help you determine the current value of your mutual fund accounts, as of the previous day's market.

You can also look at the Offer Price, which tells you how much it will cost you to purchase more shares of your mutual fund. If it says NL, that means the cost to buy additional shares will be the current NAV of the mutual fund. Another section, called the change column, will show how your mutual fund has changed in price from last day's market close—either up, down or no change.

Take these tips into consideration to help you understand your mutual fund(s) value the next time you open your newspaper. ■

In This Issue:

What Steppingstones Are You Taking to Retirement?

Representatives from the federal Social Security Administration, the Wisconsin Retirement System, and the Wisconsin Deferred Compensation (WDC) Program will host four informational presentations for public employees in May. Attendees will learn more about using these programs as stepping stones to financially prepare for retirement. Presentations are free and no prior registration is required.

The presentations run from 6:00 p.m. to 8:00 p.m. and are scheduled in Platteville, Rice Lake, Wausau and Oshkosh, as shown below:

Wednesday, May 5, 2010
Nohr Gallery, Ullsvik Building
Corner of Hickory and Main
UW-Platteville, Platteville

Tuesday, May 11, 2010
Conference Center
Wisconsin Indianhead Technical College
1900 College Drive, Rice Lake

Wednesday, May 12, 2010
Health Science Center Auditorium
Northcentral Technical College
1000 W. Campus Drive, Wausau

Tuesday, May 18, 2010
Auditorium
Oshkosh North High School
110 W. Smith Avenue, Oshkosh ■

Web Connection

Featuring DreamTracker℠

Have you ever thought about how much money you will need to live comfortably in retirement? It's important to understand your current financial situation in order to project your future financial picture. Use the DreamTracker tool to guide you through the creation of your financial program. Just go to the WDC Web site at **www.wdc457.org** and click on Planning Tools. At the top of the left-hand menu, click on DreamTracker, and begin the process of setting goals for your financial future. ■

Even-Keel Investing

It's easy to become flustered and frustrated when the financial markets gyrate. But stay calm; reacting emotionally can put a damper on your investment returns. Studies by the research firm DALBAR, Inc. have found that individual investors tend to jump in and out of the market at exactly the wrong times—buying when stocks are at their peak and selling when they're at their lows—dramatically reducing their long-term returns. During the 20 years through December 31, 2008, the Standard & Poor's 500® Index[1] earned an average return of 8.4% per year, compared with individual investor returns of 1.9%.[2]

Try to adopt a long-term view when managing your investments. Choose an investment strategy that's appropriate for your financial goals, risk tolerance and time frame—and stick with it. ■

Revisiting Your Nest Egg

Three tips to help stretch your retirement savings

During 2008 and 2009, the U.S. experienced its worst recession in 80 years.[3] Chances are, the slump took a bite out of your retirement savings account and other investments. If you had intended to retire soon, you may be wondering what you should do to make sure your savings last through your golden years. Here are three things to consider:

Work a little longer. Not only will you continue earning income for more years, you can also keep making tax-deferred contributions to the WDC. What's more, you can delay collecting Social Security benefits. You could start receiving them at age 62, but they will be larger if you work until your full retirement age—

1 The S&P 500® Index, a trademark of the McGraw-Hill Co., is an unmanaged index considered indicative of the domestic large-cap equity market.
2 DALBAR, Inc. "Quantitative Analysis of Investor Behavior 2009." GWFS Equities, Inc. is not affiliated with DALBAR, Inc. Past performance is not a guarantee or prediction of future results.
3 National Bureau of Economic Research, 2009.

and larger still if you work until age 70. In fact, your Social Security benefit increases 8% each year you put off retirement between ages 65 and 70.[4]

Increase contributions to your WDC account. In 2010, you may contribute as much as $16,500 to workplace retirement savings plans such as the WDC. If you're age 50 or older, you can also make an additional "catch-up contribution" of as much as $5,500, for a total contribution of $22,000. Contact the WDC for help in determining if you are eligible to make any catch-up contributions.

Be realistic. Balance your expectations for retirement with reality. Think in terms of postponing retirement, scaling back planned expenses, and shifting priorities to get the lifestyle you envision in retirement in line with what you can currently afford. ■

Make the Most of Your Tax Refund[5]

Nearly eight out of 10 tax filers will receive a tax refund this year, and according to the Internal Revenue Service, the average refund in 2008 was more than $2,700 per household.[6] If you are among those due a refund check from Uncle Sam, consider these four ideas on how to maximize the power of your hard-earned money.

1. Pay off credit card debt. Paying down high-interest credit card debt with money you receive from a tax refund could go a long way to help you financially. For example, say you have a $5,000 balance on a credit card that charges 13% interest per year. Pay just the monthly minimum and you won't eliminate that debt for about 12 years after paying more than $2,500 in interest. By contrast, sinking $2,000 into the debt now will slash more than two years and over $1,000 off your payments, using bankrate.com's credit card calculator.[7]

2. Boost your retirement fund. This is a win-win suggestion. First, consider the long-term impact: Saving an extra $2,000 every year could increase your nest egg by $226,568 dollars in 30 years, assuming your investments average an 8% annual return, using bankrate.com's savings goal calculator.[8] Moreover, increasing your salary deferral to your WDC retirement account may likely result in a decrease in the amount of taxes withheld from your paycheck. Now think about combining this option and option 1: Use the money you save from paying off credit card debt to further increase your nest egg, in addition to your tax refund. It may be the one-two punch your retirement savings account needs.

3. Make an extra mortgage payment. If you're one of the few Americans who doesn't have credit card debt, make an extra mortgage payment every year and decrease the amount of interest you'll pay over the life of your loan. Say you have a $200,000, 30-year fixed-rate mortgage, carrying a 6% interest rate that requires a monthly payment of $1,200. Using bankrate.com's mortgage calculator, one extra payment per year could save you almost $50,000 in total interest over the life of the loan—and you'll own the home outright five years sooner.[9] Strive to pay off your mortgage either before or soon after you retire to bring down your living costs at a time when your income is likely to drop.

4. Give the kids a head start. Open a section 529 college savings plan.[10] When you use the funds in the plan to pay for college-related expenses, the withdrawals are entirely tax-free. Each state has its own plan, and you may invest in any of them. Wisconsin's 529 plan (EdVest, www.edvest.com) provides state-tax benefits to Wisconsin residents, but do your homework before making your selection. A Web site such as www.savingforcollege.com can help you compare costs, investment options and other features of 529 plans.[11]

A tax refund can feel like found money—tempting to spend outright as a reward for your hard work. But by using it instead as a way to save now, you could end up with more money in your pocket down the road. ■

4 ssa.gov
5 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.
6 http://www.irs.gov/newsroom/article/0,,id=214853,00.html [See Filing Statistics at bottom, Total Refunds, Average Refund in the 2009 column]
7 http://www.bankrate.com/calculators/credit-cards/minimum-payment-calculator.aspx]
8 http://www.bankrate.com/calculators/savings/savings-goal-calculator-tool.aspx. FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes an 8% annual rate of return, reinvestment of earnings, with no withdrawals. Rates of return may vary. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.
9 http://www.bankrate.com/calculators/mortgages/mortgage-calculator.aspx
10 To learn about 529 Plans, their objectives, risks, and costs, read the Official Statement. Check with your home state to see if it offers tax or other benefits for investing in its own 529 Plan. 529 Plans are federally tax-advantaged, but certain conditions may apply.
11 Great-West Retirement Services® is not responsible for, nor does it endorse the content contained in the additional Web site provided. This Web site is for general education and information only and is provided as a benefit to the users of the site.

The Great "Growth vs. Value" Debate

It's a debate nearly as old as Wall Street: Should investors buy so-called value stock funds or growth stock funds? Turns out, the answer may be yes to both. The percentage of your investments devoted to each depends on your comfort level with risk and how close you are to retirement.

Value: Think of value stocks as the tried-and-true brand names; they are usually more mature companies that generally pay dividends and sell for less than what fund managers believe the shares are actually worth, often because the stocks have suffered big losses. Value-oriented shares tend to be somewhat less volatile than growth stocks because they may not have as far to fall if the companies perform poorly.

Growth: Growth stocks often sell at a premium, boasting strong earnings potential. But, typically, growth stocks pay either modest or no dividends and their prices could fall if the companies disappoint investors.

You could, in fact, say "yes" to both styles, opting for the so-called blended approach which includes investing in both value and growth stock funds. By diversifying[12] your investments accordingly, you could potentially minimize the impact of declines from either segment. ■

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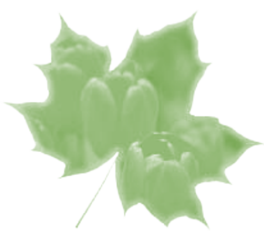

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WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS

12 Diversification of an investment portfolio does not assure a profit and does not protect against loss in declining markets.

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

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