

MoneyTalks

Wisconsin Deferred Compensation (WDC) Program

Get Caught Up in Retirement Savings

Summer has come to an end, and school is back in full swing. How did you spend your summer? Did you catch up on your reading, housework, or favorite TV shows? Well, what about catching up on your retirement contributions? If you are within three years of retirement, you may be able to make Special Catch-Up contributions to your WDC account. Under this provision, you can contribute up to twice the normal limit, which is \$17,500 for 2013, if you contributed less than the maximum in previous years. (If you are already making extra contributions under the Age 50+ Catch-Up provision, please be aware that you cannot make both the Age 50+ and Special Catch-Up contributions in the same year. Talk to your financial planner, tax adviser, and/or attorney if you have questions about which contributions may be most beneficial for your specific situation). ■

DID YOU KNOW?

If your employer offers sabbatical or final vacation time payouts at retirement, you can roll that payout into your WDC account. It's an easy way to let your WDC account work even harder for you as you move into retirement. For more information, call (877) 457-9327, press 0, and say "yes" to speak to a local representative.¹

2013 Contribution Limits

Qualification	Contribution
Regular Contribution Limit	\$17,500
Age 50+ Catch-Up Contribution Limit	+ \$5,500 = \$23,000 total
Special Catch-Up Contribution Limit ²	+ \$17,500 = \$35,000 total

¹ Representatives of GWFS Equities, Inc. are not registered investment advisors, and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

² In order to contribute an additional catch-up amount, you must complete the catch-up election form and return it to the WDC. The form is available on the website or by calling the WDC office in Madison at (608) 241-6604 or toll free (877) 457-9327; press 0 and say "yes" to reach a local representative.

³ Certificates of deposit are insured by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

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FDIC-Insured Bank Option: BMO Harris has declared an annualized interest rate of 0.45% for the third quarter 2013.³



Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information about investments offered through your plan, you may obtain prospectuses for mutual funds, any applicable annuity contract and the annuity's underlying funds and/or disclosure documents from your registered representative or Plan website. Read them carefully before investing.

Go Ahead, Take a Look!

Sign up for the Managed Account service FREE for 90 days

All investors are different. Some enjoy researching different funds and economic trends. Others would prefer to leave the investing decisions up to a professional. If this second type describes you, you may want to consider investment advisory services available through Advised Assets Group, LLC (AAG). Do you want a professional adviser to manage your retirement account for you but aren't sure if it's worth the cost? From October 1 through December 31, 2013, the WDC is offering you the chance to test out the Managed Account service available through AAG, at no cost to you. The Managed Account service is part of Reality Investing® Advisory Services, an optional suite of investment services that is available in the WDC.⁴ When you enroll in the Managed Account service, professional investment advisers will monitor and manage your WDC portfolio for you, personalizing your savings strategy to your individual needs and circumstances. The normal asset-based fee for this service will be waived for 90 days if you sign up for the service between October 1, 2013, and December 31, 2013. Managed Account fees are charged quarterly based on your account balance and are as follows: 0.15% for balances

up to \$100,000; 0.125% for the next \$150,000; 0.10% for the next \$150,000; and 0.075% for balances above \$400,000. This "free look" does not apply to the other advisory services, such as Online Investment Guidance (which is always free to use) or Online Investment Advice (which is available for \$6.25 per quarter); you may want to consider obtaining advice or education through one of these advisory services. The free look is offered to participants who are not currently enrolled in the Managed Account service. If you do not cancel the Managed Account service before the end of your 90-day free look period, the normal fees will be assessed each quarter that you remain in the service. Use the enclosed Managed Account Election Form to sign up for the service and take advantage of this opportunity to experience professional portfolio management free for 90 days. To learn more about available services, visit www.wdc457.org, or call (877) 457-9327 and ask to speak to an Advised Assets Group (AAG) representative.⁵

There is no guarantee that participation in Reality Investing Advisory Services will result in a profit or that your account will outperform a self-managed portfolio. ■

⁴ Managed Accounts, Guidance and Advice services are offered by Advised Assets Group, LLC (AAG), a federally registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company. More information can be found at www.adviserinfo.sec.gov.

⁵ Access to the voice response system and website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

Even Better Than the Video of Squirrels Waterskiing

Have you seen the WDC's new website yet? While it may not be as cute as some of the viral videos out there, it can help you save for retirement. The new website makes learning about the WDC, checking your account balance, and making changes to your account easier than ever! Use the online calculators and retirement readiness tools to help you make sure your retirement planning is on track. Visit the new www.wdc457.org today, and see what all the buzz is about!⁵ ■



Keep It Simple

Simplify your retirement planning by signing up for electronic statement delivery. You can check your balance anytime, day or night, and even access past statements for up to five years through Statements on Demand. Your statement will be there, waiting for you, whenever you need it. It's one less thing you need to keep track of! To sign up, log in to your account at www.wdc457.org, click on the "My Profile" tile, then select "Go Paperless." ■



How Heavily Invested Are You in Bond Funds?

Mutual funds are made up of a number of different investments. Some invest primarily in specific types, such as stocks or bonds. Other mutual funds invest in various combinations of stocks and bonds. Typically, the bond portion of an investment portfolio is intended to provide income and lower the overall risk, or volatility, of the portfolio.⁶

Bonds are seen by many investors as "safe" options. However, like any investment instrument, bonds have an inherent level of risk. For bonds, this risk is typically directly affected by interest rates. Generally, when interest rates rise, bond values decrease.

As you are probably aware, interest rates have been at historically low levels for several years. Now, interest rates have recently started rising and, as a result, the bond portion of many portfolios will probably suffer. Therefore, as interest rates rise, investors may see a decrease in the performance of mutual funds that are more heavily weighted in bonds. Keep in mind, though, that because bonds are only a portion of the fund's assets, rising interest rates do not necessarily mean these funds will actually lose money for a period of time.

Predicting where the economic markets will go is virtually impossible. However, you can manage your risk by reviewing your investment choices regularly to make sure you are comfortable with your asset allocation and rebalancing your investments as necessary to make sure you stay within your intended allocation targets.⁷ If you have questions about which types of investments may be right for you, talk to your financial planner or investment advisor. ■

⁶ A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.

⁷ Asset allocation and rebalancing does not ensure a profit and does not protect against loss in declining markets.

New-World Retirement Planning

Some trends make it trickier to save for the future

Today's economic environment presents unprecedented challenges for investors. In light of changing circumstances—lower expected stock market returns and interest rates, longer life expectancy, a ballooning federal deficit—you may want to revisit the following long-standing assumptions.

Retirement Age

Old assumption: I'll pick a retirement date based on my age.

New approach: I'll base my retirement date on the size of my nest egg—and maybe I'll work part-time after retiring from my full-time job. *With life spans increasing, you'll need a substantial nest egg because your savings may need to support you and/or your spouse in retirement for three decades or longer.*

Investment Returns

Old assumption: My portfolio will grow every year.

New approach: In the future, my investment returns may be more modest. So, I'll have to boost my savings rate to reach my goal. *With many economic challenges out there, saving as much as you can is a good idea.*

Social Security

Old assumption: The government won't make any changes to Social Security retirement benefits because they're an untouchable, important part of the American political system.

New approach: *Politicians from both parties are now talking about the possibility of reducing future Social Security benefits. Proposed changes have included a later retirement date for Americans currently under age 50 and smaller annual inflation adjustments to benefits.* ■

Mission: Retirement Plan Jump-Start

National Save for Retirement Week: October 20-26, 2013

MISSION POSSIBLE

You don't need a special decoder ring to uncover the secrets to retirement success. All it takes is completing three simple missions.

Mission 1: Enroll in the WDC.

Mission accomplished! See how easy that was? If you're receiving this message, you've already completed your first mission. Only special agents like you who are enrolled in the WDC receive this top-secret statement along with this enclosed directive.

Mission 2: Maximize your contributions.

Be a special agent for your future. Sure, it's tough to pass up some of the latest spy innovations, but you don't want your future to self-destruct, right? To ensure your savings don't evaporate faster than disappearing ink, make sure you're saving enough now before you swap that fedora for a straw sun hat.



Mission 3: Allocate your assets properly.

In the spy game, timing is everything. That's why you always hear people say "synchronize your watches" before they engage in any mission. It's just as important to synchronize your investment choices with your risk tolerance and time horizon. If you've still got a lot of missions ahead, you may want to consider investing more aggressively since you'll have more time to recover from any potential market downturns.

This is what you've been training for. And if there is one week more than any other during which you can show off your skills, it's National Save for Retirement Week, which is October 20-26.

Once your mission is complete, those tired old savings secrets that used to be all the rage can be put to rest. ■

WDC Program Contact Information

Phone Number:
(877) 457-WDCP (9327)⁵

Call Center Hours:
7:00 a.m.-7:00 p.m.
Monday-Friday

WDC Program Office Address:
5325 Wall Street, Suite 2755
Madison, WI 53718

WDC Program Office Hours:
8:00 a.m.-4:30 p.m.
Monday-Friday

WDC Program Website:
www.wdc457.org⁵

WDC Program Email:
wdcprogram@gwrs.com

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

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