*Money*Talks

Wisconsin Deferred Compensation Program

2010 Contribution Limits

In 2010, contribution limits to the Wisconsin Deferred Compensation (WDC) Program will not change. This includes the catch-up options.

Maximum Contribution (Under Age 50)	$16,500
Maximum Contribution with Age 50+ Catch-Up	$22,000
Standard Catch-Up Amount Allowed[1]	$33,000[2]

1 Standard Catch-Up may be available to participants who are within three calendar years prior to reaching normal retirement age and under contributed in the prior years.
2 You may not use both Standard 457 Catch-Up and Age 50+ Catch-Up in the same year. If you need help calculating your maximum contribution limit, please contact your local registered representative.

Updates to the WDC Plan and Trust Document

The WDC Plan and Trust document was recently revised, with changes taking effect on January 1, 2010 to reflect the new Wisconsin state law that provides domestic partners with certain WDC beneficiary options previously only available to spouses.

If the relationship between a WDC participant and their domestic partner ends after January 1, 2010, the new Wisconsin law provides for a division of the WDC account once the necessary steps have been taken. With their portion established as a new account, the ex-domestic partner may make fund and beneficiary changes. Once the WDC participant has a qualifying event (retirement, job severance, etc.), the ex-domestic partner will be able to take distributions from his/her new account.

You can find the complete Plan and Trust document on the WDC Web site, www.wdc457.org,[3] under the "Program Information" tab. Once there, click on "About the WDC," then click on "WDC Plan and Trust document."

3 Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

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A New Year's Checkup

Take stock of your retirement account

The start of the New Year is a good time to make sure you're on course with your retirement savings goals and to review the investment choices in your WDC retirement account. Here are three important steps to take on your road to a comfortable retirement.

1. Stay focused

Don't let market volatility distract you from reaching your long-term retirement savings goals. A full market recovery, although not guaranteed, can take time. Staying invested for the long haul is one of the ways to help manage your investment risk.

2. Rebalance[4]

When you initially began contributing to your WDC account, you likely determined an asset allocation that suited your long-term investment goals. But over time, some of your investments may have done better than others and your portfolio may no longer reflect the original asset allocation you chose.

For example, you might have finished the year with a bigger share of your portfolio in bond funds and a smaller share in stock funds than you wish. You can return to your desired asset allocation by rebalancing your retirement account. (See "Time to Rebalance.")

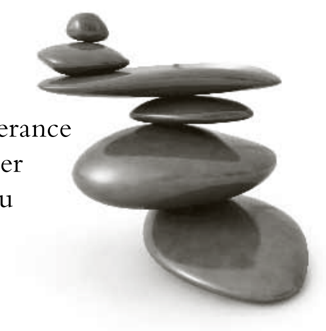
3. Keep saving

The WDC offers powerful tax advantages because you contribute money that has not been taxed yet and your assets grow tax-deferred. The limit on contributions for tax year 2010 is $16,500, while the 2010 Age 50+ Catch-Up limit is an additional $5,500 and the special Catch-Up limit is up to an additional $16,500 for those that qualify.[5] If you can't afford the maximum, try to at least contribute as much as you can, and gradually increase your contribution each year.

4 Rebalancing does not assure a profit and does not protect against loss in declining markets.
5 Please note that you can only utilize one Catch-Up. You may not use the Special Catch-Up provision and the Age 50+ Catch-Up provision in the same year.

Time to Rebalance

Keep your asset allocation on course



A well-designed portfolio is one with a mix of assets that match your investment objectives, risk tolerance and time horizon. As markets rise and fall, your portfolio may change shape. To rebalance it, consider shifting some money from high-performing asset categories to those that have lagged. That way, you help position yourself to benefit should those weaker investments recover.[4]

It's a Three-Step Process

Step One: Assess your current asset mix. Group your investments into three categories: stock funds, bond funds and cash equivalent funds. Your current allocation is the percentage of your total account in each category.

Step Two: Think about your investment objectives, time horizon and risk tolerance. If you aren't sure how to figure these out, the WDC Web site (**www.wdc457.org**[3]) has an online video about asset allocation and a Virtual Classroom feature that can help you. These are located under the "Planning Tools" tab. **Remember**, your most important time horizon may be your life expectancy.

Step Three: Transfer money among your stock, bond and cash equivalent funds to restore your portfolio to its original mix. You can do this after logging into your WDC account online or via a call to the WDC at **(877) 457-9327**, option 0.[3]

Save intelligently. Pick a date to review your asset allocation every year. You'll thank yourself later.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve your investment's value at $1 per share, it is possible to lose money in these accounts.

Another Reason to Invest

Dollar cost averaging (DCA) means investing a fixed amount of money at regular intervals. By investing consistently whether the market is up or down, you help manage the risk of making an emotional decision to invest a large amount at a market peak or sell a large investment at a market low. Essentially, it's an opportunity to buy more shares of a mutual fund when the price is lower and fewer shares when the price is higher. This two-pronged approach may reduce the average price you pay per share. Most participants in a workplace retirement plan such as the WDC do this automatically because contributions are taken out of paychecks on a steady (recurring) basis.[6]

Paying Less per Share in a Volatile Market

Let's say one investor purchases $1,200 in shares of a mutual fund in January, while another invests $100 in the same fund on the first trading day of every month for a year. In the chart to the right, the investor who uses DCA purchases more shares at a lower average price.

6 Dollar cost averaging does not ensure a profit or protect against loss in declining markets. To be effective, there must be continual investment regardless of price fluctuations. Investors should consider their financial ability to continue to make purchases through periods of fluctuating price levels.

		DCA Investor	Lump-Sum Investor
Month	Share Price	Shares Purchased	Shares Purchased
January	$20	5.00	60.00
February	$15	6.67	-
March	$22	4.54	-
April	$12	8.33	-
May	$18	5.56	-
June	$25	4.00	-
July	$21	4.76	-
August	$16	6.25	-
September	$14	7.14	-
October	$17	5.88	-
November	$22	4.54	-
December	$20	5.00	-
Total shares purchased		**67.67**	**60.00**
Average price per share		**$17.73**	**$20.00**

FOR ILLUSTRATIVE PURPOSES ONLY. Does not represent any specific investment option.

Fund Facts: Investment Styles

No single asset class outperforms all others all of the time. Therefore, don't let your retirement depend on the fortunes of just one investment. Because each asset class—stocks, bonds and cash—is driven by different economic and financial forces, it's generally unlikely that all three will stumble at the same time. You may want to hedge your bets by dividing your money among them.[7] To help you formulate your retirement strategy, here's a brief sketch of each asset class.

Stocks

Among the three asset class types, investments in stock pose the greatest risk. But, they may also offer the best opportunity for inflation-beating, long-term gains. The younger you are, the more time you have to recover from losses. Because the stock market has historically produced gains over the long term, your age should be a factor in how much stock you own.[8] At age 30, you might have 70% of your retirement savings invested in stocks or stock funds. At age 60, your stake might be down to 40%. Here are a few common stock fund choices:

Growth stock funds take substantial risks in search of high potential returns. These funds vary according to their investment objectives and strategies for achieving them.

Growth-and-income funds invest in dividend-paying stocks and some fixed-income investments in an effort to boost total potential returns.

International stock funds invest in stocks outside the United States. Because the world's economies don't move in lockstep with each other, some foreign markets may be thriving in years when the U.S. stock market is down. Keep in mind, however, that these investments pose their own unique risks, such as currency fluctuations and political developments.

Bonds

Bonds are debt obligations for money borrowed by corporations, municipalities or the U.S. Treasury. Bond funds don't have maturity dates like individual bonds do. When one bond in the fund matures, it is replaced with a newer issue. Bond funds are generally less volatile and may do well in years when stocks do poorly. These investments typically have lower potential returns than investments in equities.

7 Diversification of an investment portfolio does not assure a profit and does not protect against loss in declining markets.
8 Past performance is not a guarantee or prediction of future results.

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Cash Equivalents

Cash equivalent investments include certificates of deposit (CDs)[9], money market funds and other short-term securities. Their value is typically steady, so your principal is relatively safe from market ups and downs. Their long-term returns tend to be the lowest of the asset classes, but they can also have a valuable place in your portfolio. Please keep in mind that CDs and other similar bank products are insured, whereas other types of cash equivalent investments, such as money market funds, are not. *An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.*

The Bottom Line

Once you've decided on an asset mix you're comfortable with—one based on your age, years until retirement and tolerance for risk—stick with it. Granted, it's hard to stick with stocks when the market is slumping, but for the 11 recessions that coincided with stock bear markets since 1926, eight of them experienced the beginning of a bull market well before the end of the recession.[8,10]

9 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.
10 Source: Ibbotson, National Bureau of Economic Research, Haver Analytics, FMRCo (MARE) as of 2/28/2009

For specific examples of investment options in each of these categories, visit the WDC Web site at www.wdc457.org and click on the "Investments" tab.

Fund Name Changes: BGI-BlackRock Merger

On December 1, 2009, BlackRock, Inc. completed its merger with Barclays Global Investors ("BGI"). The combined firm will operate under the BlackRock name, and all BGI funds will now be branded as BlackRock. The following WDC funds are affected by this change. Note that this does not affect the underlying holdings of the fund, just the name.

Previous Fund Name	New Fund Name	Asset Class
BGI Mid Cap Equity Index Fund	BlackRock Mid Cap Equity Index Fund	Mid-cap stock[11]
BGI Russell 2000® Index Fund	BlackRock Russell 2000 Index Fund	Small-cap stock[12]
BGI EAFE® Equity Index Fund	BlackRock EAFE Equity Index Fund	International stock[13]
BGI US Debt Index Fund	BlackRock US Debt Index Fund[14]	Bond

Additional information on these funds and all other WDC investment options is available under the "Investments" tab of the Web site, **www.wdc457.org**.[3]

11 Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.
12 Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
13 Foreign investments involve special risks, including currency fluctuations and political developments.
14 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.

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