



MoneyTalks

Wisconsin Deferred Compensation Program

American Funds EuroPacific Fund R5 Share Class Change

Effective February 1, 2012, the American Funds EuroPacific Fund R5 (RERFX) will change to American Funds EuroPacific Growth R6 (RERGX). The change, approved by the Deferred Compensation Board, provides participants with the lowest possible fees to invest in the fund. As a result, investors in this fund will pay 0.05% less in fees. Lower fees means more of your money is working for you in the fund. Due to the share class change, the Reality Investing® Advisory Services will be unavailable from February 1 through February 15, 2012.

Current Fund	American Funds EuroPacific Fund R5 (RERFX)	Expense ratio: 0.55%
New Fund	American Funds EuroPacific Growth R6 (RERGX)	Expense ratio: 0.50%

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information you may obtain mutual fund prospectuses and disclosure documents from your registered representative. Read them carefully before investing. ■

2011 Financial Literacy Study Preliminary Findings

What do you know about financial literacy and retirement readiness? Do you know that women face extra difficulties when trying to save for retirement? The WDC has gained helpful insight from the financial literacy study conducted by the University of Wisconsin-Madison Center for Financial Security. When the final report is released, the WDC hopes to understand why women are saving less than men and determine how to better help them achieve financial security.

An initial research brief was released in October. The brief reports that in 2010, the average WDC account balance for men was \$60,000, while the average balance for women was \$42,000. Even after accounting for the effects of earnings and age, women contributed less to their WDC accounts than men. The brief also reports that women are about 20 percent less likely to contribute the maximum amount to the WDC and women primarily make their investment decisions on the advice of their co-workers.

A more complete analysis of the survey is expected to explain how participation and contributions may be shaped by other economic and family-related factors. Ultimately, the WDC seeks to increase account participation, contributions and growth among both women and men so that all WDC participants are well prepared for a financially secure retirement. ■

M&I Bank Changes Name

The WDC FDIC Insured Bank Option, M&I Bank, is now called BMO Harris Bank, N.A.

You will notice the difference on the Investment Performance and Fund Fact sheets available on the website, www.wdc457.org. Just click on the "Investments" tab. ■

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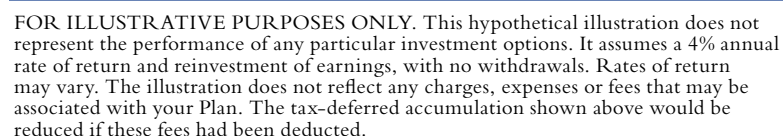
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FDIC Insured Bank Option: BMO Harris Bank, N.A. has declared an annualized interest rate of 0.29% for the fourth quarter 2011.



Are you contributing as much as you can to your retirement account? If you look hard enough, you may “find” that there are extra dollars all around you. Think about cutting back, even just a bit, on some everyday purchases—lunches out, pastries, specialty coffee, for example. Remember that everyday purchases can really add up over time. Finding those hidden dollars and putting them towards your retirement today could make a monetary difference in retirement.



- Try skipping the fancy latte once a week and put that \$20 a month toward your future. The chart above shows that over 40 years, \$20 could potentially add up to over \$23,000.
- Eat out a lot? Try skipping a restaurant meal just once a week. That \$40 a month could equal \$47,000 in 40 years.
- Do you go to movies or concerts often? Scale back and skip one night a month out on the town. Over 40 years that \$60 a month could equal over \$70,000.

To increase your contribution, visit www.wdc457.org.★

You can review the beneficiary you have designated for your account. Please complete a beneficiary form if you have no beneficiary on file. Find the form online at www.wdc457.org or call (877) 457-WDCP (9327). If there is no beneficiary listed, Wisconsin standard sequence applies. ■

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

Six Steps for the New Year

New Year's resolutions are made with the future in mind, so why not make one that focuses on saving for a comfortable retirement? The steps you take now can help determine how successful you'll likely be at meeting your savings goals. Try the following action steps:

Step 1 Determine how much money you'll need in retirement. Generally, most financial planning experts recommend anticipating replacing 70% of your pre-retirement earnings to comfortably maintain your pre-retirement standard of living—sometimes more depending on your health care needs.¹ On the WDC website (www.wdc457.org), you can find an online calculator to help you arrive at this figure. Click on the "Planning Tools" tab.

Step 2 Assess where you are now in terms of how much you've already saved. Use online calculators, such as *DreamTracker* on the WDC website. If you are on track with your retirement savings goals, make it a New Year's resolution to monitor your progress periodically to determine if any adjustments are needed. If you are behind where you planned to be, consider taking the third action step.

Step 3 Consider closing your savings gap using one or both of these options:

- Pursue an investment strategy that includes stock funds. These higher risk investments tend to

Experts recommend anticipating replacing 70% of your pre-retirement earnings to comfortably maintain your pre-retirement standard of living.¹

offer potentially higher returns—although past performance is not a guarantee of future results. They also tend to have steeper ups and downs, so you'll need to figure in your appetite for risk and your time frame for riding out market declines.

The further you are from retirement—say 10 years or more—the longer you have for weathering the ups and downs in the markets, and the more you should consider a greater allocation to stock funds.

Reducing your stock holdings may be a good idea when closer to retirement or when retired. But try not to abandon stocks entirely; you may need some stock exposure to help provide long-term growth.

- Increase your deferral amount.

Step 4 Keep up with contribution limits. For 401(k), 403(b) and 457 plans, the maximum contribution for 2012 is \$17,000, except for people age 50 and older, who can contribute up to \$22,500.² Contact the WDC if you want to increase your contribution. Did you reduce your contributions in the past year? Try to get back on track as soon as you can.

Step 5 Stay informed. Read everything available from the WDC concerning changes in investment offerings, features and services. Check out our rebalancing feature. Please call us if you need more information or clarification.

Step 6 Review your beneficiary forms. In most cases, it's your beneficiary form and not your will that determines who inherits your retirement account savings. Does the information on the form reflect your current intentions? Have your personal circumstances changed due to marriage, divorce, childbirth or adoption, or the death of a beneficiary? Rules for beneficiaries sometimes change, too. It is a good idea to consult with an estate-planning advisor periodically. ■



¹ Source: <https://www.socialsecurity.gov/planners/morecalculators.htm>, 2011

² Source: [irs.gov](https://www.irs.gov), "IRS Announces Pension Plan Limitations for 2012," October 20, 2011

Maximize Your Contributions

For 2012, the limit that employees under age 50 can contribute to a workplace retirement plan has been increased to \$17,000 from \$16,500 in 2011. Employees age 50 or older are generally allowed an additional “catch-up” contribution of \$5,500 unless their plan mandates otherwise. Remember: These amounts apply to both the before- and after-tax Roth contributions combined.

IRA contribution limits remain in place: up to \$5,000 for workers under age 50, with a “catch-up” contribution of an additional \$1,000 for those age 50-plus.

Give It a Boost

The WDC allows before- and after-tax contributions. Strive to take full advantage of this benefit by increasing contributions each year. Your ultimate goal: Save to the max for a secure retirement. ■

Source: irs.gov.

2012 STOCK MARKET HOLIDAYS

All Major U.S. Stock Exchanges	Date
New Year's Day	January 2, 2012
Martin Luther King, Jr. Day	January 16, 2012
Washington's Birthday (Presidents' Day)	February 20, 2012
Good Friday	April 6, 2012
Memorial Day	May 28, 2012
Independence Day*	July 4, 2012
Labor Day	September 3, 2012
Thanksgiving Day*	November 22, 2012
Christmas Day*	December 25, 2012

* Note: Each market will close early at 1:00 p.m. on Tuesday, July 3, 2012, Friday, November 23, 2012 (the day after Thanksgiving) and Monday, December 24, 2012.

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