



Wisconsin Deferred Compensation Program

Asset Allocation: Diversify Your Investments





Great-West Retirement Services®

- Business unit of Great-West Life & Annuity Insurance Company
- Serves approximately 4.4 million participant accounts as of June 30, 2011
- Chosen by the Wisconsin Deferred Compensation Program to provide administrative, education and communication services



Which Has the Most Influence ...

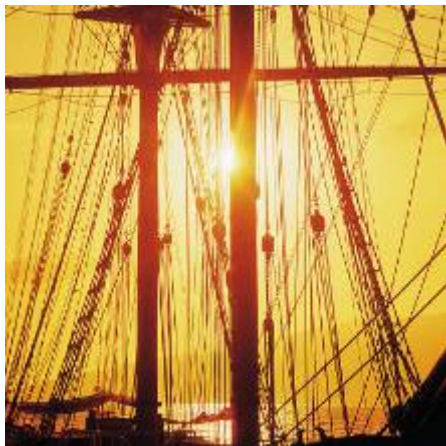
- Buying just the right or “hot” stocks?
- Buying and selling at just the right time?
- Having the right mix of stocks, bonds and cash equivalents?





Asset Allocation

**Don't put all your
eggs in one
basket.**



**Don't send all the
grain in one ship.**



Today's Goals

- Define and discuss each asset class
- Identify your risk tolerance
- Learn how asset allocation can help manage risk
- Explore strategies to develop your own asset allocation



Asset Classes

Cash Equivalents

- Principal is stable or preserved
- Protect investment from market ups and downs
- Provide modest investment returns
- Balance out more aggressive portion of portfolio





Asset Classes

Bonds: Fixed-Income Securities



- Lending money to bond issuer who promises to repay loan on certain date, with interest
- Receive regular, fixed-income payments
- Often react the opposite of stocks
- Tone down stock-oriented portfolio
- Help conservative portfolio stay ahead of inflation

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.



Asset Classes

Stocks

- Range of choices
- Highest risk and return potential
- Significant portion of portfolio for long-term investors
- Volatility—unpredictable movement up and down in value





Asset Classes

Stocks: Equity Securities

- With stock purchase, become part owner
- Share in profits and losses
- May pay dividends





Asset Classes

Stocks:

Market Capitalization

- Large-cap company:
large, established, generally pays dividends
- Mid-cap company¹:
established, yet innovative and responsive
- Small-cap company²:
new, cutting edge, potential for rapid growth



¹ Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.

² Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.



Asset Classes

Stocks:

International¹

- Headquartered outside the U.S.
- Both high risk and return potential



¹ Foreign investments involve special risks, including currency fluctuations and political developments.



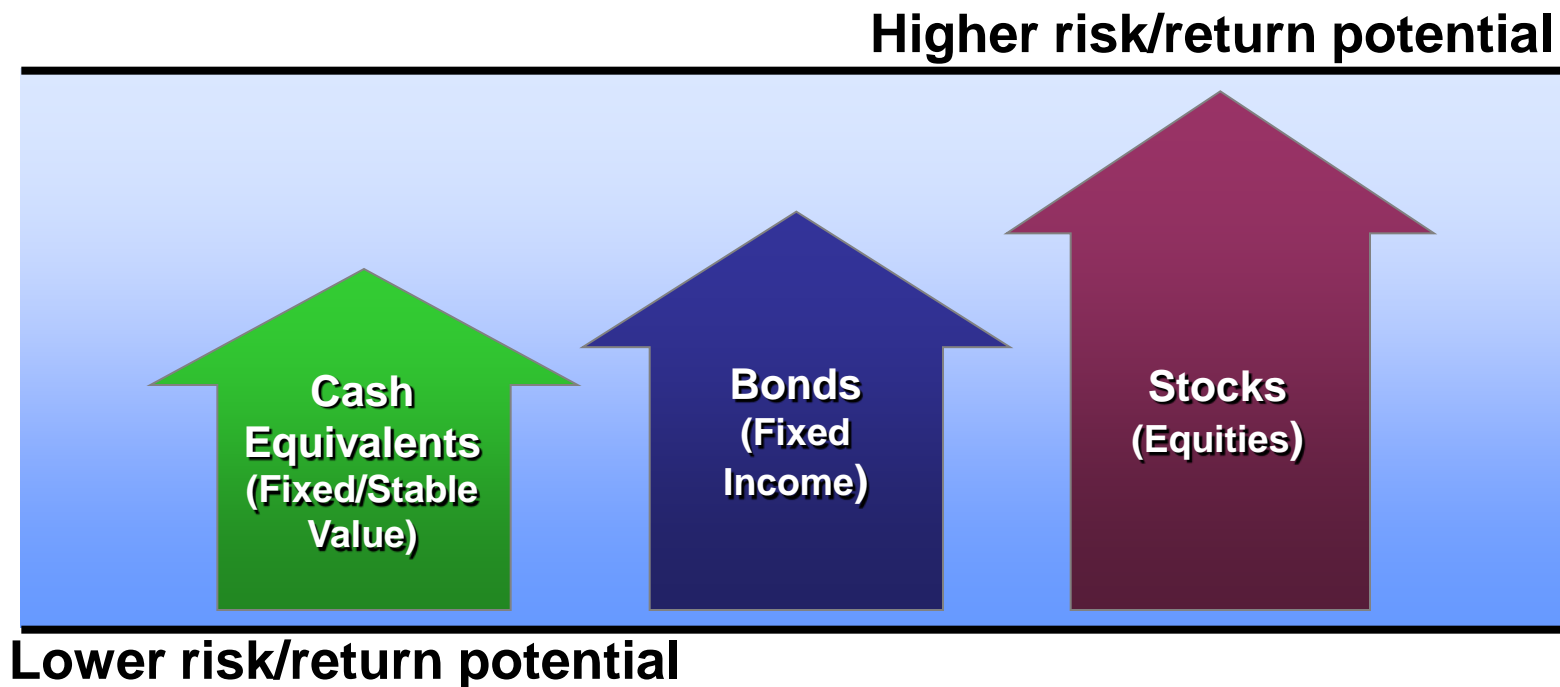
Mutual Funds

- Money pooled with other investors
- Professional manager buys and sells
- According to investment philosophy and objective—in prospectus
- Share prices set daily
- Track in newspapers and on Internet





Asset Class Overview



This chart is for illustrative purposes only and does not predict or guarantee the returns of any given asset class.



Investment Risks

- **Market risk**
 - Occurs when the value of an investment drops due to a decline in the financial markets
- **Business risk**
 - Risk that an investment will lose value because of a decline in a particular company or industry
- **Inflation risk**
 - Risk that an investment will lose value because its returns will not outpace the rate of inflation
 - Most often associated with cash equivalents
- **Interest rate risk**
 - Risk that if interest rates rise, the value of your investment will fall
 - Typically applies to bonds
- **International risk**
 - Risk that an international investment will lose value because of political, economic or currency instability
- **Not investing risk**
 - Being unprepared for what lies ahead



Manage Risk

- Use asset allocation (diversify among asset classes)¹
- Invest consistently
- Invest for the long term
- Rebalance²



¹ Asset allocation does not ensure a profit and does not protect against loss in declining markets..

² Rebalancing does not ensure a profit and does not protect against loss in declining markets.



Manage Risk

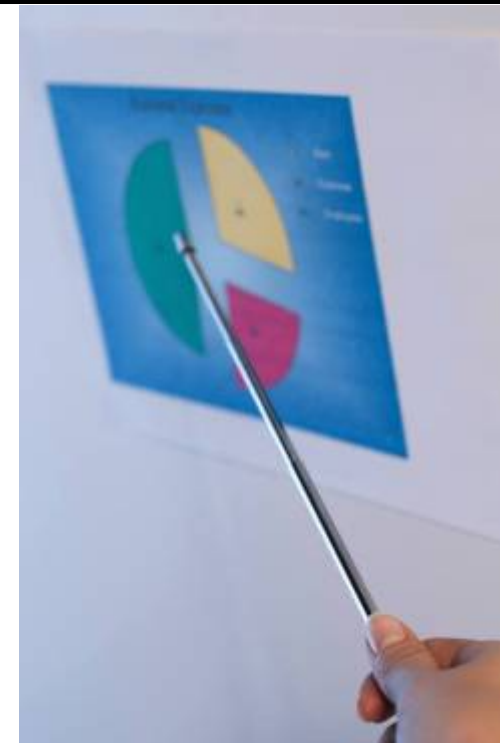
- Each asset class reacts differently to economic conditions.
- When one asset class is doing well, another one may not be doing as well.





Diversification Helps Manage Risk

- Market risk: Invest within asset classes
- Business risk: Invest in more than one security and more than one industry
- Inflation risk: Invest in some stocks
- Interest rate risk: Invest in bonds with different maturities
- International risk: Invest in domestic stocks, too





Asset Allocation Benefits

- Helps manage risk and smooth out the effects of the market's ups and downs





Asset Allocation Steps

1. Determine your savings target or goal
2. Determine your time horizon
3. Identify your risk tolerance
4. Establish investment mix among asset classes
5. Diversify investment options within asset classes¹
6. Review your portfolio periodically and rebalance, if necessary²



¹ Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

² Rebalancing does not ensure a profit and does not protect against loss in declining markets.



1. Determine Savings Target

Here's a simple rule of thumb that many financial advisers use. If you start saving:

- In your 20s,
save 7% of your salary
- In your 30s,
save 10% of your salary
- In your 40s,
save 15% of your salary
- In your 50s,
save 20% of your salary





2. Determine Time Horizon

- **Short term:**
five years or less
- **Intermediate term:**
five to 15 years
- **Long term:**
15 years or more





3. Identify Risk Tolerance

1. I am a knowledgeable investor who understands the trade-off between risk and return. I am willing to accept a greater degree of risk for potentially higher returns.

Strongly Disagree 1 2 3 4 5 **Strongly Agree**

2. I am willing to invest on a long-term basis.

Strongly Disagree 1 2 3 4 5 **Strongly Agree**

3. If one of my investments dropped 20% in value over six months due to stock market fluctuation, I would hold on to that investment, expecting it to recover its value.

Strongly Disagree 1 2 3 4 5 **Strongly Agree**

4. I have savings vehicles other than this Plan that make me feel secure about my financial future.

Strongly Disagree 1 2 3 4 5 **Strongly Agree**



3. Identify Risk Tolerance

Investor Types

- **Conservative (4-8 points):**
comfortable with less risk for potentially lower returns
- **Moderate (9-14 points):**
balance between lower and higher risk investments;
comfortable with some volatility
- **Aggressive (15-20 points):**
comfortable with higher risk for potentially higher returns





Combining Risk Tolerance and Time Horizon

Years Until Retirement

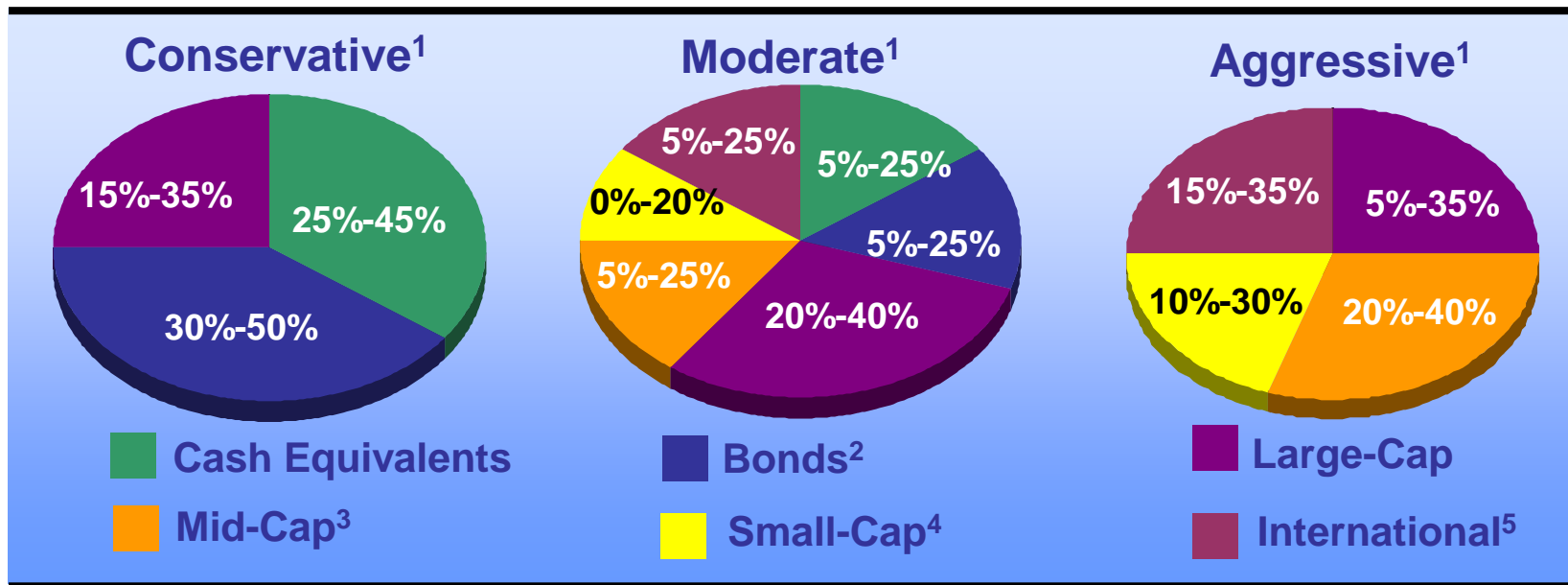
Your Score	10 or less	11 to 29	30 or more
Conservative (4-8)	Conservative	Moderately Conservative	Moderate
Moderate (9-14)	Moderately Conservative	Moderate	Moderately Aggressive
Aggressive (15-20)	Moderate	Moderately Aggressive	Aggressive

FOR ILLUSTRATIVE PURPOSES ONLY. Intended to illustrate possible investment portfolio allocations that represent an investment strategy based on risk and time horizon. This is not intended as financial planning or investment advice.



4. Establish Investment Mix Among Asset Classes

Investment Types/Model Portfolios



FOR ILLUSTRATIVE PURPOSES ONLY

1 These model portfolios are only intended to illustrate possible investment portfolio allocations that represent an investment strategy based on risk and return. This is not intended as financial planning or investment advice.

2 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.

3 Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.

4 Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.

5 Foreign investments involve special risks, including currency fluctuations and political developments.



5. Select Options Within Asset Classes

- Consider your Investor Type
- Review Fund Performance document¹
- Review info on each option:
 - Fund data sheet
 - Prospectus/disclosure documents

¹ Past performance is not a guarantee or prediction of future results.



5. Select a Pre-Mixed Portfolio

The Lifecycle Fund Path¹

- Pre-mixed portfolios designed to have an asset allocation based on your desired retirement age²
- Investment allocations become more conservative as your anticipated retirement date approaches

¹ Allocation percentages to investment options can change based upon periodic investment reviews. Holdings and composition of holdings are subject to change.

² The date in a Target Date Fund represents an approximate date when an investor turns age 65. The principal value of the funds is not guaranteed at any time, including the target date.



Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain prospectuses for mutual funds and/or disclosure documents from your registered representative. Prospectuses can also be obtained online at www.wdc457.org. Read them carefully before investing.



6. Review Portfolio Periodically

- Review at least annually
- Choose an easy-to-remember date
- Rebalance, if necessary¹
- Adjust for major life events
- Monitor account online anytime



¹ Rebalancing does not ensure a profit and does not protect against loss in declining markets.



Wisconsin Deferred Compensation Program

Reality Investing[®] Advisory Services (Advisory Services)





Different Personalities and Different Profiles Require Different Services

Personality Types	Investor Profile	Investment Services
Do-It-Myself SM Investor (Guidance)	<ul style="list-style-type: none">▪ Confident and Knowledgeable Investor▪ Proactive	<ul style="list-style-type: none">▪ Online Tools▪ Prospectuses▪ Performance Histories▪ Fund Fact Sheets
Help-Me-Do-It SM Investor (Advice)	<ul style="list-style-type: none">▪ Needs Limited Assistance and Education▪ Validation	<ul style="list-style-type: none">▪ Online Investment Guidance and/or Online Investment Advice
Do-It-For-Me SM Investor (Managed Account service)	<ul style="list-style-type: none">▪ Lacks Time, Interest, Confidence or Knowledge of Investing▪ Desires Qualified Financial Expert	<ul style="list-style-type: none">▪ Managed Account Service



Advisory Services – What Does Each Service Offer?

Advisory Services

Do-It-MyselfSM Investor

- Online Investment Guidance**
- Personalized Retirement Readiness Forecast (Accumulation)
 - Pre-Retirement Projection
 - Personalized Retiree Spend-Down Projection
 - Asset Allocation Recommendation
 - 24/7 Online Technical Assistance Access

Help-Me-Do-ItSM Investor

- Online Investment Advice**
- Personalized Retirement Readiness Forecast (Accumulation)
 - Pre-Retirement Projection
 - Personalized Retiree Spend-Down Projection
 - Portfolio-Specific Advice
 - Transactional Automation
 - 24/7 Online Technical Assistance Access

Do-It-For-MeSM Investor

- Managed Account**
- Personalized Retirement Readiness Forecast (Accumulation)
 - Pre-Retirement Projection
 - Personalized Retiree Spend-Down Projection
 - Personal Service from Dedicated Education Center
 - Portfolio-Specific Advice
 - Automated Portfolio Monitoring and Rebalancing
 - Enrollment, Transactional, Quarterly and Annual Participant Communication Packages



Advisory Services Summary

<i>Investment Role</i>	<i>Online Investment Guidance</i>	<i>Online Investment Advice</i>	<i>Managed Account</i>
Pick Investment Options	<i>You</i>	<i>Advised Assets Group, LLC (AAG)</i>	AAG
Implement Picks	<i>You</i>	<i>You</i>	AAG
Confirm Action	<i>You</i>	<i>You</i>	AAG
Update Account	<i>You</i>	<i>You</i>	AAG
Progress Report Card	<i>You Prepare</i>	<i>You Prepare</i>	<i>AAG Prepares</i>

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.



What Is a Managed Account?

Who does it?

- Advised Assets Group, LLC (AAG) in partnership with Ibbotson Associates

How does it work?

- Determines what the participant has today
- Determines what the participant will need at retirement
- Determines an individualized strategy
 - Investment Allocation
 - Savings Rate
 - Retirement Age



The Advisory Services Advantage

Advisory Services provides WDC participants with ongoing retirement advice.

- Accumulation
 - Personal savings analysis and recommendations
 - Retirement income projections
 - Professional personalized account management
- Transition (within 10 years of retirement)
 - Pre-retirement preparation
 - Projection of wealth through life expectancy
- Retirement Income
 - Spend-down advice
 - Annual income analysis and projection
 - Wealth projections
 - Sources of income – How your retirement will be funded





Advisory Services Fees

	Online Investment Guidance	Online Investment Advice	Managed Account
Quarterly Cost	No charge	\$6.25	<\$100k* = 0.1500%
			Next \$150k* = 0.1250%†
			Next \$150k* = 0.1000%†
			Over \$400k* = 0.0750%
Examples			
\$10,000 Account	No charge	\$6.25	\$15.00†
\$20,000 Account	No charge	\$6.25	\$30.00†

You can opt out of the Managed Account service or Online Investment Advice at any time.

* Participant's account balance.

† Fee scales for larger account balance.



Tools You Can Use

www.wdc457.org¹

- Use asset allocation tools
- Find overview of retirement and investment education
- Access DreamTrackerSM
- Perform paycheck comparisons
- Review available funds (IOAG, data sheets and prospectuses)
- Access Rebalancer²
- Personalize home page
- E-mail a customer service rep

¹ Access to the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

² Rebalancing does not ensure a profit and does not protect against loss in declining markets.



Contact Us

Wisconsin Deferred Compensation Program

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877-457-WDCP (9327)¹

- » Option 0 = Changes and PIN²
- » Option 1 = Automated system
- » Option 2 = Madison office¹

www.wdc457.org

¹ Access to KeyTalk and the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the website or KeyTalk received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

² The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.



Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.

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Wisconsin Deferred Compensation Program

Questions?
Thank You!

