

Surviving Market Turbulence

Most stock market investors are looking for the same result: strong and steady gains of their investments. Dealing with a period of sustained falling stock prices is not easy. All too often, investors react to a sharp drop in prices by panic selling or digging in their heels despite deteriorating fundamentals. But more thoughtful investors see a correction or downturn as an opportunity to review the risks in their portfolios and make adjustments where necessary.

When confronted with any adverse market event, like the United Kingdom voting to leave the European Union or the upcoming election – whether it is a one-day blip, a more lengthy market correction (a decline of between 10% to 20%) or a prolonged bear market (a decline of more than 20%) – take time to review your portfolio just as you would with a lengthy period of strong performance by the market. Dealing with volatility can be difficult. Here are some suggestions to help you and your portfolio survive market turbulence.

- **Keep a long-term perspective.** The only certainty about the stock market is this: It will always experience ups and downs. That’s why it’s important to keep emotions in check and stay focused on your financial goals. A buy-and-hold strategy – making an investment and then holding on to it despite short-term market moves – can help. The opposite of buy-and-hold investing is market timing: buying and selling investments based on what you think the market will do next. Market timing, as most investment professionals will tell you, is risky. If your predictions are wrong, you could invest when the market is on its way down or sell when it’s on its way up. In other words, you risk locking in a loss or missing the market’s best days.
- **Organize and review your financial records.** Crisis events highlight the importance of knowing where your assets are and maintaining organized financial records. Following the September 11, 2001, terrorist attacks, markets closed for several days and many records in the heart of New York City’s financial district were destroyed.

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A LETTER FROM TREASURER DEBORAH B. GOLDBERG

Dear Plan Participant,

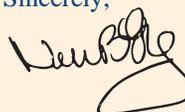
In October, National Save for Retirement Week celebrated the steps we are taking to ensure our financial well-being. This occasion serves as a reminder of the support and resources available as we prepare for the future. SMART Plan advisors are available to meet one on one with participants to provide guidance around individual retirement goals.

This quarter, we have added some friendly competition to our newsletter. You will find a list of the state agencies with the highest levels of program participation, based on enrolled employees. To help boost your agency into the top five, tell your colleagues about the ways in which your deferred compensation plan is getting you ready for retirement.

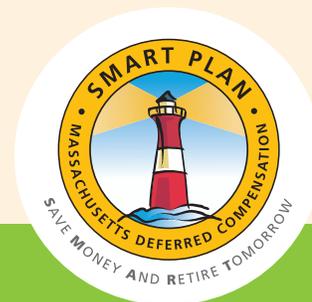
The SMART Plan is here to work for you. To better understand participant’s needs, we recently asked you to complete a survey. We are happy to share some of its results. We are working hard to enhance the plan based on your feedback. To that end, included in this newsletter is an article about sound approaches to protecting and using retirement savings, topics that respondents highlighted as major areas of interest. I encourage you to read *Retiree Challenge: Making Your Money Last* to learn about strategies for drawing down your assets effectively.

I hope you will find the latest newsletter helpful and we look forward to continuing our work together.

Sincerely,



DEBORAH B. GOLDBERG
SMART PLAN PARTICIPANT,
STATE TREASURER
& RECEIVER GENERAL



Retiree Challenge: Making Your Money Last

The ultimate goal for most retirees is making sure their assets last as long as they live. And because of increased longevity, managing cash flow is more critical than ever. While many variables come into play, there are a number of planning moves that can help retirees live within their means and make appropriate adjustments in response to changes in income and expenses.

Tools for the Task

If you are retired or about to retire, you will need to clarify your current financial situation as well as any significant changes you expect. Two sources will provide this information:

- A net-worth statement, which provides a snapshot of your assets, debt, and cash reserves.
- Your monthly or annual budget with itemized breakdowns of your income and expenses. If you haven't retired yet, it's a good idea to prepare a projected budget of your retirement income and expenses.

Even with reasonable assumptions about investment returns, inflation, and retirement living costs, it is likely you will encounter numerous changes to your cash flow over time. Experts often recommend a monthly review of your budget as well as a comprehensive annual review of your financial situation and goals.

What to Look For

What should you look for as you monitor your finances? The

Spend Down Feature

As part of Empower Retirement Advisory Services (Advisory Services) – offered by Advised Assets Group, LLC (AAG), a federally registered investment adviser – the Spend Down Advice feature may help ensure that assets last for your lifetime.

When you participate in any of the Advisory Services options (Online Investment Guidance, Online Investment Advice, or Managed Account), you are provided with the added benefit of Spend Down Advice, which assists you when you retire and begin taking distributions from your retirement accounts.

The Spend Down Advice feature illustrates how long your desired income will last in retirement and determines how much sustainable income you can spend throughout your retirement years based on your wealth, your spouse's wealth, and each of your respective retirement time horizons. Best of all, you don't have to be a financial or technical expert to take advantage of Spend Down Advice.

For more information about Advisory Services and the Spend Down feature, visit your Plan website at www.mass-smart.com and go to the *Advise* tab.

There is no guarantee that participation in any of the advisory services will result in a profit or that the account will outperform a self-managed portfolio invested without assistance.

Please see the terms and conditions for each service for more information on any applicable fees.

following are potential developments that could affect your cash flow and require adjustments to your plan.

- Interest rate trends and market moves may result in an increase or decrease in income from your savings and investments.
- You may also encounter changes in federal, state and local tax rates and regulations. Watch for changes in Social Security or Medicare benefits or eligibility (if Social Security applies to you) as well as new rules affecting employer-sponsored retirement benefits and private insurance coverage.
- Inflation and health care costs are two other variables that can have an impact on living costs and your retirement planning assumptions.
- Life events such as marriage, the death of a spouse, and the addition or loss of a dependent may also affect your cash flow. In addition, cash flow is affected by both small and significant choices you make over the course of your retirement, such as how much you spend on travel and entertainment and whether you live in a lower- or a higher-cost locale.

It is worth paying close attention to cash flow, monitoring income and expenses frequently, making sure you budget carefully and taking action whenever you believe that significant changes may be necessary.

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DID YOU KNOW?

On average, **40%** of employees eligible to participate in a government-sponsored retirement plan are doing so. That's right – only 40%. How does your agency compare to that national average?

1. Board of Library Commissioners	81.8%
2. Department of State Police	74.0%
3. Mental Health Legal Advisors	72.7%
4. Commission on Judicial Conduct	66.7%
5. Department of Correction	66.5%

Do your part and encourage your coworkers to enroll in the SMART Plan. It's easy! Simply go to the SMART Plan's website at www.mass-smart.com and click on *Participate*, then go to *Enroll Now!* You and your coworkers can reach a SMART Plan representative at **(877) 457-1900**, or click on Contact Us > Your Local SMART Plan Representative.

Source: <http://www.nagdca.org/dnn/Portals/45/Surveys/2015%20NATIONAL%20SUMMARY%203.36.pdf>

Give Yourself a Reason to Celebrate Your Future

Recent National Retirement Security Week is a reminder of the importance of savings

“Celebrate what you’ve accomplished, but raise the bar a little higher each time you succeed.”¹

– Mia Hamm, retired American professional soccer player

Birthdays, anniversaries and holidays make up the special moments that add up to a lifetime of memories. But there’s another equally important milestone that’s worth celebrating: your retirement.

While National Retirement Security Week² was observed October 16-22, it shouldn’t be the only time you think about your future. Take the opportunity to give yourself the gift of a better retirement today and every day!

Regardless of where you are in your career, there are many steps you can take today to enhance your opportunity for a brighter tomorrow. Whether you decide to make an increase in

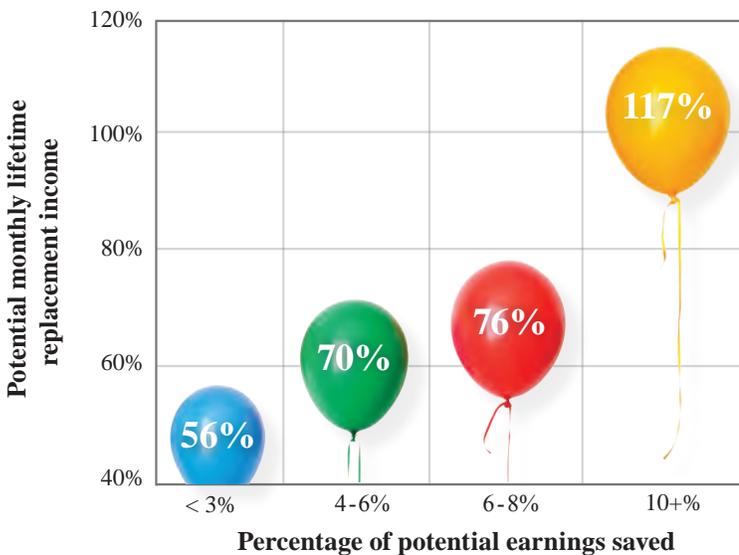
your savings rate, adjust your investment choices or meet with your retirement plan counselor to identify next steps as you near retirement, even a small step today can make a positive difference for your future.

The amount you save is generally thought to be the most important factor in determining your ability to be retirement ready. In fact, even a small annual contribution increase can potentially generate hundreds of thousands of dollars by the time you’re ready to transition to retirement.

If that sounds like the kind of gift you’d like to enjoy in retirement, then give yourself a belated National Retirement Security Week gift by making an investment in your tomorrow.

To learn more, contact your SMART Plan representative at **877-457-1900**.

The more you can save today, the more replacement income you may have in retirement.³



1 Hamm, M., & Heifetz, A. (2000). *Go for the Goal: A Champion's Guide to Winning in Soccer and Life*. New York: HarperCollins.

2 Congress has deemed *National Retirement Security Week* as the adopted title of a campaign raising retirement awareness. Use of this title does not guarantee any particular retirement outcome by the plan sponsor, Empower Retirement or any related entities associated with these organizations. Investing does not ensure a profit or protect against loss.

3 Empower Retirement, *Lifetime Income Score VI: The Road Best Traveled*, April 2016.

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 6% annual rate of return and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees had been deducted.

Surviving Market Turbulence (continued)

Yet the nation’s financial systems were up and running in a matter of days, and your securities accounts were safe even when the stock exchanges were closed. While you cannot trade investments or access your assets during a market shutdown, securities firms maintain backup facilities and have contingency plans to help them service customers when trading resumes.

- **Talk with a professional.** A financial professional can help you separate emotionally driven decisions from those based on your goals, time horizon, and risk tolerance. Researchers in the field of behavioral finance have found that emotions often lead investors to read too much into recent events even though those events may not reflect long-term realities. With the aid of a financial professional, you can sort through these distinctions, and you’ll likely find that if your investment strategy made sense before the crisis, it will still make sense afterward.

It’s important to remember that periods of falling prices are a natural part of investing in the stock market. While some investors will use a variety of trading tools, to hedge their portfolios against a sudden drop in the market, perhaps the best move you can make is reevaluating and limiting your overall risk position.

Meet Your Local Representative⁴



Dan Moroney joined the Western Massachusetts SMART Plan team on July 6, 2015, after 15 years of private practice in the retirement industry. He is a professional who is certified by the CFP® Board.

The word that resonates with Dan is “intentional.” As he says, “Everyone wants to have success, whether it is in their career, faith, relationships, or health. To enjoy success in these areas and in retirement planning, you need to be intentional. Simple goals, practices, and disciplines lead to dramatic results over time.”

Ever since graduating with his B.S. from UMASS Amherst and M.S. from Springfield College, Dan has made Western Massachusetts his home. He enjoys sports, reading, and hiking with the family dog. Dan professes that in his house, humility, laughter, and learning are always present while being surrounded by his wife, daughters, and mom.

You can reach Dan at
dan.moroney@empower-retirement.com.

⁴ Representatives of GWFS Equities, Inc. cannot offer investment, fiduciary, financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

SMART Plan Fund Updates

Large Company Growth Stock Fund

As a part of the ongoing review of the SMART Plan investment options, Wellington Management and J.P. Morgan will be added as underlying managers to the Large Company Growth Stock Fund. Effective September 26, 2016, Wellington Management will manage 45%, J.P. Morgan will manage 30% and Fidelity Investments will manage 20% of the Fund. The Fund will maintain a 5% liquidity pool through the Northern Trust Russell 1000 Growth Index Fund.

Thank You

Special thanks to everyone who completed the online 2016 Participant Satisfaction Survey. In reviewing preliminary results, 70% of participants reported that they are satisfied/very satisfied with the service provided by their SMART Plan representatives. That doesn't mean we'll rest on our laurels — we will work continuously to ensure the SMART Plan provides you with a retirement plan designed to help you meet your retirement income goals. Watch for *Your Voice* in your fourth quarter newsletter for a sampling of your thoughts about your SMART Plan.

GOT QUESTIONS? NEED ANSWERS?

SMART Plan Customer Service Center

Call us today at **(877) 457-1900**
Available Monday through Friday
from 9:00 a.m. to 8:00 p.m. ET

Regional Service Center Waltham

255 Bear Hill Road
Waltham, MA 02451
Available Monday through Friday
from 9:00 a.m. to 5:00 p.m. ET

To contact your local representative, call (877) 457-1900 or go to www.mass-smart.com > Contact Us > Find Your Local Representative.⁴

A map of Massachusetts will appear. Click on the area code in which you work to find the name of your local representative.

Correspondence should only be directed to the Regional Service Center in Waltham.

Boston

One Winter Street, 8th Floor
Boston, MA 02108
Available Monday through Friday
from 9:00 a.m. to 5:00 p.m. ET

Quincy

Call us today at (877) 457-1900
Available by appointment only

Worcester

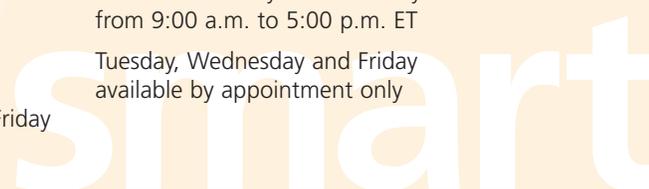
2 Chestnut Place / 22 Elm Street
Worcester, MA 01608
Available Monday and Thursday
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St. James Avenue
Call us today at (877) 457-1900
Available by appointment only

Springfield

One Financial Plaza
1350 Main Street, Suite 1213
Springfield, MA 01103
Available Monday, Wednesday and Friday
from 9:00 a.m. to 4:00 p.m. ET

Tuesday, Wednesday and Friday
available by appointment only



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