



SMART Plan

Update

SUMMER 2017 VOL 14, NO 2

EDUCATE

YOUR 457 DEFERRED COMPENSATION PLAN NEWSLETTER

FOR MORE INFO GO TO: WWW.MASS-SMART.COM

A LETTER FROM TREASURER DEBORAH B. GOLDBERG

Dear Plan Participant,

We all know the importance of planning for the future and saving for retirement; after all, these are two of the primary reasons we are SMART Plan contributors. But even with a growing retirement savings account, it is important to ask yourself, “Am I saving enough now to maintain my purchasing power in retirement?”

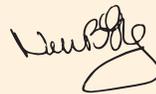
As inflation rates continue to rise at small but steady rates, one needs to consider how this can affect your savings down the road. We recommend that you read *Do you know the inflation equation?* to learn more about how to plan appropriately.

During the past year, your SMART Plan representatives have been working hard in the office and in the classroom, pursuing additional registrations and trainings to become Retirement Plan Advisors (RPA). Your personal representative is now able to provide a more comprehensive overview, and assist you with a personalized savings plan based on your retirement goals. Read our article *Enhanced services from your local Representative* to see how the field team expanded their roles in retirement planning.

We are all looking forward to the day we retire. However, the transition from retirement saving to retirement spending does not happen all at once. In *Retiree Corner*, we outline some key considerations that may help ensure you can enjoy your retirement nest egg for many years to come.

Lastly, take a look at our *SMART Plan Fund Updates* to see some of our recent fund changes and review whether this may impact your investment lineup. At the SMART Plan, we are constantly seeking the best investment options and competitive pricing to maximize participant savings.

Thank you for your continued interest in the SMART Plan.



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



Enhanced services from your local Representative

Your local SMART Plan Representatives have been pursuing additional registrations and training over the past 15 months. Now called Retirement Plan Advisors (RPAs)¹, they are able to provide more personalized and comprehensive planning services as well as specific recommendations on deferral rates, investment allocation, rollovers and distributions in retirement. They can now more effectively assist you in becoming retirement ready, working toward replacing your working income in retirement.

Sean Brennan, one local RPA, says, “It’s incredibly rewarding to be empowered – through this higher level of licensing and training – to deliver what many SMART plan participants need most. Participants are looking for specific recommendations on savings rates, investment allocation and sustainable withdrawal rates in retirement. It’s very exciting that all of us, as Retirement Plan Advisors, can now provide specific answers to these critical participant questions.”

Set up a one-on-one appointment with your local RPA to discuss your personal retirement outlook by calling **877-457-1900**. Or you can locate your representative by going to the website at www.mass-smart.com and clicking on the *Meet Your Local Representative* tile.

What are the myths and realities of saving for retirement?

There are a lot of myths associated with saving for retirement. “It’s too difficult to sign up,” or “You have to be a financial expert,” and so on. Several SMART Plan participants have shared their thoughts on the realities of saving through the Plan in a video now available on the website at www.mass-smart.com. Go to the website and check out *The Myths and Realities of Saving Through the SMART Plan*.

See what your peers are saying about how the SMART Plan helps prepare them for retirement. After you watch, consider sharing the video with a colleague who may not yet be enrolled in the SMART Plan.

IN THIS ISSUE: ENHANCED SERVICES • MYTHS AND REALITIES • RETIREE CORNER • DO YOU KNOW THE INFLATION EQUATION? • COMING SOON: AN ENHANCED WEBSITE FOR RETIREMENT PLANNING • FUND UPDATES • CUSTOM FUND SHEETS

Retiree Corner

Retirement spending: Three things to keep in mind

After years (or even decades) of making SMART Plan contributions, choosing and managing investments, and reviewing statements, you're making the shift to using the money you've saved for retirement income.

In other words, your retirement planning didn't end with retirement. Here are three things to keep in mind as you transition from saving to spending:

- **Retirement income needs** – How much are you currently spending? According to one commonly used guideline, we need at least 70% of our pre-retirement earnings to maintain the same standard of living.* You could need more or less – and know that the amount you're spending in the first years of retirement may change over a retirement that lasts decades. Also, keep in mind the impact of inflation on your purchasing power. The dollar you save today may not have the same purchasing power 20 or 30 years from now.
- **Distribution options** – You have multiple options of how to use your SMART Plan savings as retirement income, from regularly scheduled withdrawals to periodic payments to a lump sum withdrawal. You can even choose a mix of some options. Contact the SMART Plan Service Center at **877-457-1900** to speak with a local representative about your choices.
- **Required minimum distribution** – Although you can keep your investment in your SMART Plan account after you retire, the IRS may require that you begin to make withdrawals when you reach age 70½. This is known as a required minimum distribution (or RMD for short). If you don't take your RMD at the required time, you could face penalties. Find out more at <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-required-minimum-distributions>.

Ready to learn more about how to make your savings work for you? A good place to start is the Retirement Planner calculator on www.mass-smart.com. Click on Educate in the menu bar, choose *Planning Tools and Calculators* and select the *Retirement Planner* link. You can also call the SMART Plan Service Center at **877-457-1900** with your questions.

* <https://www.ssa.gov/planners/retire/r&m6.html>

Do you know the inflation equation?

You know that \$25,000 car you've had your eye on? In just 10 years, the same car could cost almost \$34,000, assuming prices rise by a mere 3% per year. That's the reality of inflation – an important concept to understand for SMART Plan savers planning for retirement. After all, someday you'll be depending on your retirement savings, and it will have to keep up with the rising cost of living.

The basics of inflation

Inflation refers to the increase in the price of any good or service. The most commonly referenced measure of that increase is the consumer price index (CPI), which is based on a monthly survey by the U.S. Bureau of Labor Statistics. The CPI compares current and past prices of a sample "market basket" of goods from a variety of categories. The CPI does have its shortcomings – it does not take taxes into account or consider that as the price of one product rises, consumers may react by purchasing a cheaper substitute. Still, it is widely considered a useful way to measure prices over time.

Inflation has been a consistent fact of life in the U.S. economy. Since 1945, the purchasing power of the dollar has declined in value every year but two. A peak inflation rate of 13.3% in 1979 has been followed by inflation rates averaging between 2% and 4%.

An inflation rate of 3% might not seem threatening – until you consider the impact it can have on purchasing power over the long term. For example, in just 20 years, 3% annual inflation would reduce the value of a dollar to just 55 cents.

Building inflation into your plan

If you're a long-term investor, you can't afford to ignore the corrosive effect rising prices can have on the value of your assets. While past performance is no guarantee of future results, stocks have historically provided higher returns than other asset classes – and beaten inflation by the highest margin – over long periods of time. Stocks do involve greater risk of short-term fluctuations than other asset classes, but a long investment time frame may help you withstand short-term ups and downs.

What's the lesson? When figuring your retirement income needs, consider plugging in an extra 3% per year to account for inflation. It may make it that much easier to juggle your retirement budget. Consider arranging a one-on-one meeting with a local retirement plan advisor by calling **877-457-1900**.

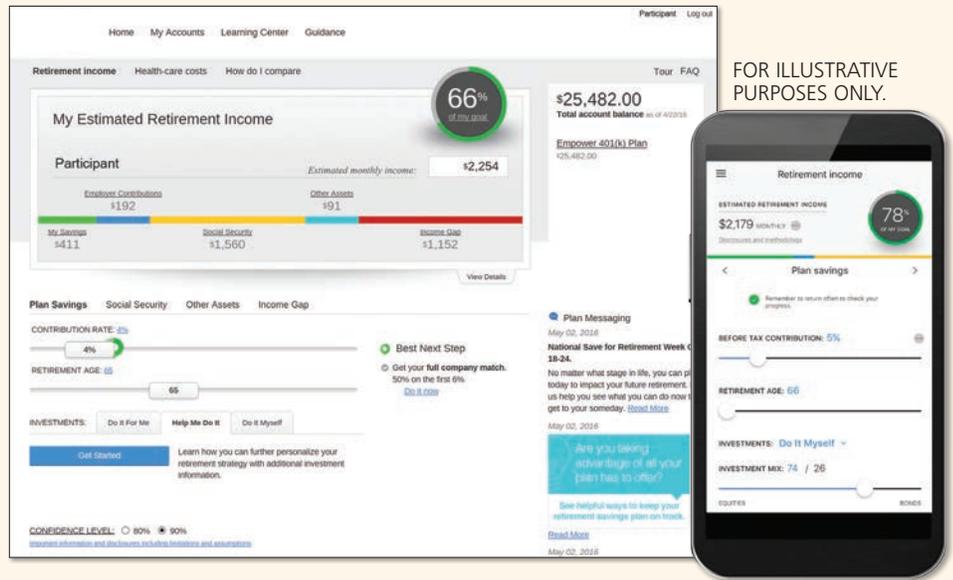


Coming soon to a screen near you: An enhanced website for retirement planning

Changes are coming to www.mass-smart.com! Later this year, the portal will be enhanced with a new look and features designed to make it easier for you to find information, track your progress and make changes in how you save and invest.

Just what makes the upgraded site a whole new way to look at retirement saving?

- **It helps you estimate** – With the new website, you will be able to see important elements like your future retirement income and health care costs. You'll also see the impact that changes in your savings rate, expected retirement date and investment mix could have on your overall retirement readiness.
- **It's personalized** – The new website will offer a custom look at your retirement picture based on your unique information – and you can add information on other assets you have for a more complete picture.
- **It provides next steps** – Get ideas on steps you can take to put you on the track to reaching your retirement income goals.
- **It compares** – You will be able to see how your retirement savings progress stacks up with other participants in your age and salary range.



FOR ILLUSTRATIVE PURPOSES ONLY.

- **It makes it easy to take action** – With a single click, you can begin the enrollment process, change the amount you save and take other important actions.
- **It's mobile friendly** – You will be able to access the enhanced website on your mobile device.

With its user-friendly features, the new website is designed to make it easier to take charge of your future. Watch for future announcements about the debut of this important tool in your retirement planning toolbox.

IMPORTANT: The projections, or other information generated by the Empower participant experience regarding the likelihood of various investment outcomes, are hypothetical in nature. They do not reflect actual investment results and are not guarantees of future results. The results may vary with each use and over time.

Fund updates are coming your way later this summer

SMART Plan Administrative Expense Fund

The SMART Plan currently accrues a 1 basis point fee (.01%) on all plan assets to cover certain administrative expenses of the Plan. These expenses include but are not limited to certain services not covered under separate contractual agreements such as audit services, legal expenses and investment consulting services. On August 1, 2017, the Plan will reduce the expense accrual from 1 basis point to three-quarters (.0075%) of a basis point and refund a portion of the expense account balance back to Plan participants. Full-time plan participants will see a one-time credit adjustment to their accounts of just under \$10.00.

Real Estate "REIT" Fund

SMART Plan's Real Estate "REIT" Fund seeks returns in excess of the MSCI U.S. REIT Index. Underlying management of the fund is provided through a 100% allocation to the Brookfield Asset Management US Real Estate Securities Value Income Strategy. On August 1, 2017, the plan will adjust the underlying investment management allocation to an 80%/20% allocation between the Brookfield US Real Estate Securities Value Income Strategy and the State Street Global Real Estate Securities Index Fund.

Continued on page 4

Fund updates, continued

Large Company Growth Fund:

On February 10, 2017, the Fidelity Large Company Growth mutual fund was replaced by the Fidelity Large Company Growth Collective Investment Trust (CIT) Pool, which provides a lower expense for plan participants invested in the SMART Plan Large Company Growth Fund. The underlying investment management of the fund remains split between the Wellington Dynamic Growth Fund (45%), JP Morgan Growth Advantage Fund (30%), the Fidelity Growth Company CIT Pool (20%) and the Northern Trust Russell 1000 Growth Index (5%). The expense ratio for the SMART Large Company Growth Fund is now approximately 0.42%.

SMART Real Return Fund²

On February 28, 2017, PIMCO All Asset Fund was replaced by the GMO Benchmark-Free Allocation Series Fund R6 (GBMRX) as the underlying investment in the SMART Real Return Fund. The expense ratio for the SMART Real Return Fund is now approximately 0.99%.

Please consider the investment objectives, risks, fees and expenses carefully before investing. Additional disclosure documents can be obtained from your registered representative or plan website. Read them carefully before investing. For prospectuses related to investments in your self-directed brokerage account (SDBA), contact TD Ameritrade at 866-766-4015.

Visit the SMART Plan website at www.mass-smart.com for more information.

DID YOU KNOW?

Custom fund fact sheets

Your SMART Plan website contains a wealth of custom knowledge to help you in planning for your retirement goals. Are you interested in more details about the underlying funds within your various SMART Plan funds? Log in to your account at www.mass-smart.com and go to the *Investments* tile. Then click on *Additional Fund Information*. You'll find all the who, what, where and why of the various investments in your SMART Plan fund lineup.

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

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

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

Springfield

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

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

Worcester

2 Chestnut Place / 22 Elm Street
Worcester, MA 01608
Available Monday and Thursday
from 9:00 a.m. to 5:00 p.m. ET

Tuesday, Wednesday and Friday
available by appointment only

1 The Retirement Plan Advisor is both a GWFS Equities, Inc. Registered Representative and an Advised Assets Group, LLC (AAG) Investment Adviser Representative. GWFS and AAG are affiliated companies. Representatives do not offer or provide legal or tax advice. Please consult with your attorney and/or tax advisor as needed.

2 Generally, an all asset fund employs a strategy that may expose an investor to a wide spectrum of risks associated with the underlying investments and/or investing techniques, both traditional and alternative. Stocks may decline in value. Bond investments are subject to interest-rate and credit risks. When interest rates rise, bond prices generally fall and vice versa. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. There are additional risks associated with investing in commodities, high-yield bonds, non-diversified/concentrated investments, and small- and mid-cap equities, which are more fully explained in disclosure documents. Please read those documents for more information.

Representatives of Empower Retirement do not offer or provide investment, fiduciary, financial, legal or tax advice or act in a fiduciary capacity for any client unless explicitly described in writing. Please consult with your investment advisor, attorney and/or tax advisor as needed.

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

GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Empower Retirement refers to the products and services offered in the retirement markets by Great-West Life & Annuity Insurance Company (GWL&A), Corporate Headquarters: Greenwood Village, CO; Great-West Life & Annuity Insurance Company of New York, Home Office: NY, NY; and their subsidiaries and affiliates. Representatives of Empower Retirement do not offer or provide investment, fiduciary, financial, legal or tax advice or act in a fiduciary capacity for any client unless explicitly described in writing. Please consult with your investment advisor, attorney and/or tax advisor as needed. The trademarks, logos, service marks and design elements used are owned by their respective owners and are used by permission. ©2017 Great-West Life & Annuity Insurance Company. All rights reserved. 98966-01-NLR-5899-1706 AM134625-0517