

SMART Plan Update

SUMMER 2015 VOL 12, NO 2

YOUR 457 DEFERRED COMPENSATION PLAN NEWSLETTER

EDUCATE

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

Diversification: The Key to a Successful Investment Strategy

Don't put all your eggs in one basket — this old adage may ring true when it comes to your SMART Plan account.

It's important to maintain a successful investment strategy. You can do this through diversification², which is the approach of choosing several investments in different asset classes to help manage risk.

The SMART Plan offers two professionally managed options to help you choose the right investment mix for your portfolio. These include:

Target date funds – A choice that gives you diversification and automatic reallocation over time through a single fund you select based on your expected retirement year. Decisions with respect to the appropriate allocation of underlying investment funds making up the SMARTPath Retirement Funds are managed by AllianceBernstein senior portfolio managers. You merely select the appropriate target date fund and these investment professionals manage the underlying asset allocation funds.

Managed Account service – A service that leaves investment decisions to the professionals based on your personal profile and goals. Advised Assets Group, LLC (AAG), a federally registered investment adviser, serves as your investment adviser. AAG partners with Ibbotson Associates, Inc. for the technology that automates and simplifies the management of your account. You provide the information about your goals and finances, and AAG will follow the recommendations provided by Ibbotson to pick your investments and manage your account for you.

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A LETTER FROM TREASURER DEBORAH GOLDBERG

Dear SMART Plan Participant,

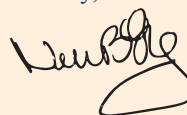
As we plan for retirement, we must balance our need for future income with our present resources and responsibilities.

Setting aside money today through the SMART Plan can help play a key role in making sure you are retirement ready. A diversified portfolio tailored to your individual risk tolerance may help you stay on track to meeting your savings goals.² What combination is right for you? Well, the answer to that question depends on a number of factors. The SMART Plan offers many choices for how to diversify, and ways to make diversification easy to achieve. Both the SMARTPath target date funds and the Managed Account option are single choices you can make that automatically invest your money into a professionally managed investment strategy. Read *Diversification: The Key to a Successful Investment Strategy* to learn more.

If you are saving less than you would like, the SMART Plan has a tool to help. The automatic increase feature allows you to set a target contribution amount (say 11%) and the amount of increase you'd like to use each year (say 2%). If you are currently deferring 5%, you will reach your target deferral rate in three years, without having to make another increase election.

Thank you, again, for your continued interest in the Massachusetts SMART Plan.

Sincerely,

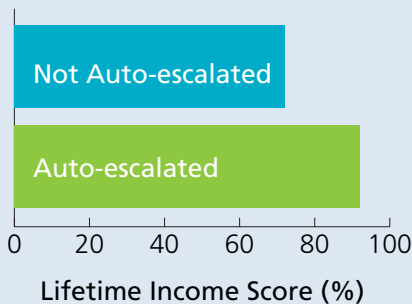


DEBORAH GOLDBERG
SMART PLAN PARTICIPANT,
STATE TREASURER
& RECEIVER GENERAL



DID YOU KNOW

OVER 2,449
PARTICIPANTS UTILIZE
AUTO-DEFERRAL INCREASES?



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The Benefits of Automatic Increase

The automated features of the SMART Plan are a great way to help make it easier to save for your future. One of the most popular automated features is auto-increase, sometimes referred to as auto-escalation.

As the chart to the left illustrates, the Lifetime Income ScoreSM for surveyed participants taking advantage of the automatic increase opportunity is 92% compared to a Lifetime Income Score of 73% for those not using this valuable feature.³ The Lifetime Income Score is a tool for helping households estimate the percentage of income they are currently on track to replace in retirement.

With automatic increase, your contribution percentage is increased, usually on an annual basis, until it reaches the maximum amount that is established by you or the Plan. It is a great way to help you save more without having to take any action on your own. And, because the increases are gradual and occur over time, it's an easy way to give your future income a raise each year while you're still working.

Select the auto-increase feature today on www.mass-smart.com to be on your way to income replacement.

Defer SMART: Save Your Sick and Vacation Time Through the SMART Plan

If you are retiring in 2015, you may be eligible to defer all or a portion of your unused sick and vacation time into your SMART Plan account. Those retiring with the Early Retirement Benefit Incentive Program (ERIP) will have their unused time payments spread over three years, but only the first year's payment will be eligible for SMART Plan deferral. The standard contribution limit of \$18,000 still applies for 2015 unless you are over 50 (\$24,000 limit) or eligible to participate in the three-year catch-up provision because you have prior years of service where you did not contribute the maximum amount allowed (up to \$36,000 limit).⁴

If you have taken advantage of the recent ERIP, you can keep your SMART Plan account balance in the Plan. Staying in the SMART Plan may provide you with better retirement opportunities than other options.

Call (877) 457-1900 for more information.

Diversification

(continued from Page 1)

Here are three reasons to diversify your portfolio:

1. By spreading your retirement savings across different investments and asset classes, you can find the balance of risk and potential return that fits your unique situation, time horizon and retirement goals.
2. Diversification helps manage your overall risk. Let's say all of your investments are in small-cap funds, which are generally higher risk. To help manage this risk, you may want to diversify by investing in other asset classes, such as large-cap, mid-cap and international funds.
3. You may increase your chances of having at least one investment performing well at any given time. Try investing a portion of your money in stock funds, bond funds or a combination of the two to increase your potential for greater returns over time — and to increase the potential of being retirement ready.

If you need assistance with your investment strategy, contact your local SMART Plan representative to set up a meeting. Call (877) 457-1900 or visit www.mass-smart.com.¹

The Power of RICP

RICP: Easy to access, simple to use

Becoming retirement ready should be easy.

The Retirement Income Control Panel⁵ (RICP) is a powerful tool that uses your personal data to quickly determine if you're on track to meeting your retirement income goals and achieving retirement readiness. RICP is brought to you by Advised Assets Group, LLC (AAG), a registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company. The income projection provides you with a glimpse into your future income potential. It even takes into consideration the estimated amount that will be deducted for taxes when you take distributions to show a real estimate of what you can expect your true monthly amount — or take-home amount — to be in today's dollars.

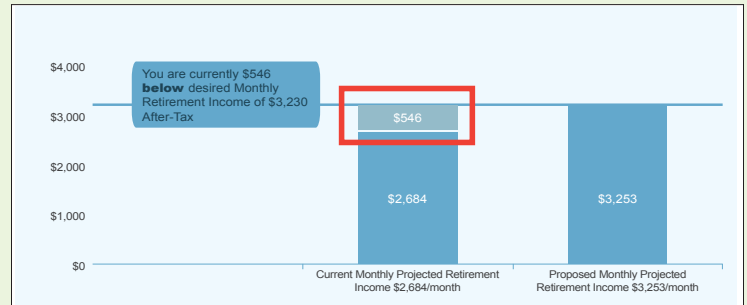
RICP incorporates your:

- Current account balance.
- Paycheck contribution.
- Asset allocation.
- Social Security.
- Outside assets.
- Retirement age.
- Salary.

For a more personalized calculation of your projected income in retirement, RICP allows you to include other income sources beyond the assets in the SMART Plan. This makes the projection more reflective of your total financial picture.

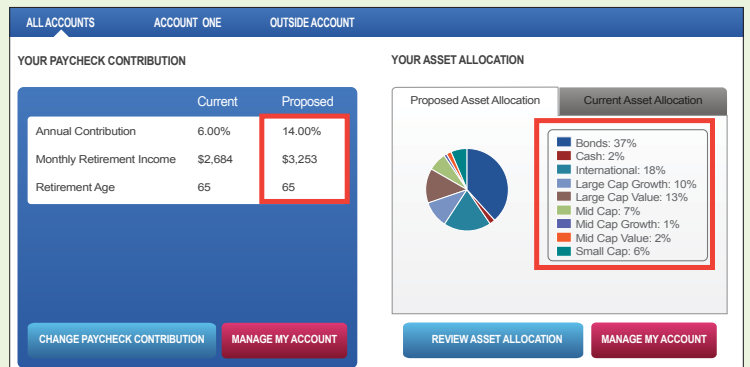
Beyond the more personalized projection when you include outside assets, you also receive more tailored asset allocation information. For example, if you include your pension, you may be provided with a more aggressive investment strategy because RICP will recognize your pension as an important element of your overall retirement income. Given the security of your pension, RICP may suggest fund options with a greater risk and potentially greater reward.

RICP will also display a chart showing your projected income at retirement based on your current savings and investing behavior. And if you're not on track to meeting your retirement income goals, RICP will provide steps to help you get there. Suggestions might be as simple as increasing your contributions to the SMART Plan, adjusting your asset allocation, or altering your anticipated retirement age.



Savings Gap

If there is a gap between your projected monthly amount and your recommended monthly amount based on the retirement information provided, it will be shown here.



Increase Your Contributions

If a gap exists, it's important to know the different ways you may be able to close it in order to meet your desired retirement income. You are provided with a proposed annual contribution percentage that can put you on the right track.

Adjust Your Asset Allocation⁵

You are also shown a recommended asset allocation mix that may be more suitable in helping you reach your income goal.

You can easily model *what-if* scenarios by making changes to the retirement information used as part of your calculation. Any changes made to this area let you see instant results and how different factors influence your retirement income projection.

RETIREMENT INFORMATION USED		Edit
ANNUAL SALARY ?	\$50,000	
RETIREMENT AGE	65	
REPLACEMENT INCOME ?	100%	
SOCIAL SECURITY	INCLUDED	

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RICP (continued from Page 3)

At a quick glance, you can immediately know what assets have been included to generate your projected income amount. The green check marks show you what's factored into the formula. Your pension is not automatically included as an income source, but you can add it.



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Make the smart choice and explore RICP today.⁵ To get started, log in to the SMART Plan website at www.mass-smart.com¹ and click the "Retirement Income Control Panel" link on the "Retirement Income" tile.

Retirement readiness may be just a few clicks away.

ARE YOU READY TO LEARN MORE? Don't miss the upcoming *Retirement Income Control Panel* webinar taking place on Thursday, August 13, at noon! RSVP by going to www.mass-smart.com and clicking on the Web banner or by emailing SMART@empower-retirement.com.

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.

Regional Service Center Waltham

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

Boston

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

Additional location on St. James Avenue
Call us today at **(877) 457-1900**
Available by appointment only

Quincy

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.



To contact your local representative, call **(877) 457-1900**, or go to www.mass-smart.com > **Contact Us** > **Find Your Local Representative.**¹

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.
Tuesday, Wednesday and Friday
available by appointment only

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

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1 Access to the voice response system and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.
2 Diversification and asset allocation do not ensure a profit and do not protect against loss in declining markets.
3 Empower Retirement, Lifetime Income Score V: Optimism and opportunity, March 2015
4 The Age 50+ and three-year Catch-Up provisions cannot be used in the same calendar year.
5 The Retirement Income Control Panel is an educational tool that provides hypothetical information for illustrative purposes only. It is not intended to provide financial planning or investment advice. The Retirement Income Control Panel is brought to you by Advised Assets Group, LLC, a registered investment adviser. All rights reserved.