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Simply Put

First Quarter 2014 www.modeferredcomp.org | 800-392-0925

State Employee Recognition Day

Look for the deferred compensation plan booth on May 29, 2014 at the State Employee Recognition Day event. Preliminarily scheduled for the capitol lawn, this event is a great way to meet your education specialists, learn more about the Plan, score some unique giveaways and sign up for prizes. Follow us on social media for more information as the event draws near.

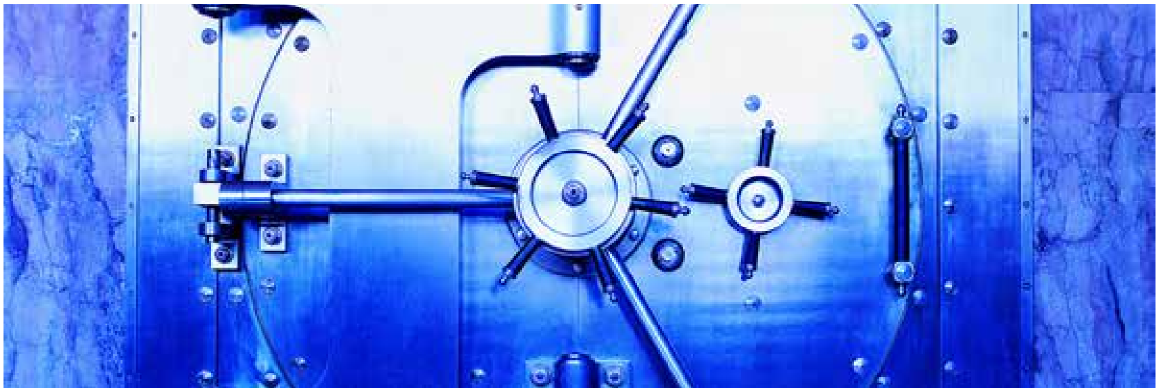
CALENDAR

The New York Stock Exchange is closed:

Friday, April 18, 2014

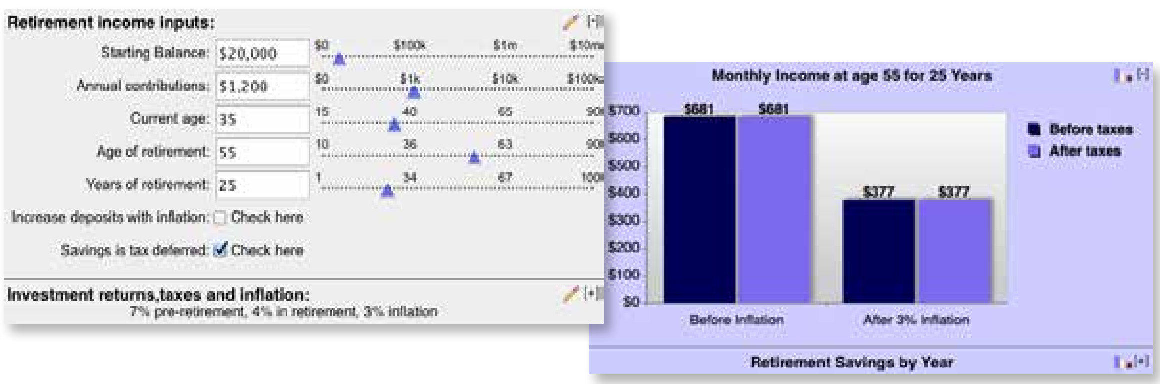
Monday, May 26, 2014

Cracking the Account Balance Code



Saving for retirement requires discipline and hard work, but even after that it can be difficult evaluating your progress using only an account balance as your guide. How old are you? What's your savings rate? How many years until you retire? How long will retirement last? These are all valuable questions to consider as you assess your situation. The most important factor to remember as you review your progress is that your deferred compensation plan savings are designed to provide an income stream throughout retirement. With that in mind, and knowing pension and social security benefits will be paid monthly in retirement, it only makes sense to calculate the amount of *monthly* income your savings balance could produce. Luckily there are a number of online tools that can help you do just that. One in particular is MOSERS' Retirement Income Calculator (screenshots below). You simply plug in your current savings balance, annual contribution amount, age, retirement age, and years in retirement, and the calculator will outline the amount of monthly income you could expect. You can even adjust investment returns and inflation assumptions to see how that will impact your outcome. Once you understand how much monthly income your balance could provide in retirement, then you will be able to make informed savings decisions.

... your deferred compensation plan savings are designed to provide an income stream throughout retirement.



Decoding Your Account Balance

Online calculators can help you determine how much income a given balance can produce. The retirement income calculator in this example is available on the MOSERS website at *www.mosers.org/Members/Calculators/Financial-Calculators/Retirement-Income.aspx.*

STATE OF MISSOURI DEFERRED COMPENSATION PLAN

Frequently Asked Roth Questions:

Can I make both pre-tax and Roth contributions?

Yes, you can make **both** pre-tax and Roth contributions with each paycheck, as long as the combination of both doesn't exceed annual IRS elective deferral limits.

Can I convert pre-tax savings to the Roth 457 savings source?

Yes, you can convert pre-tax savings to the Roth 457 savings source at any time. Any amount converted to the Roth 457 savings source will be taxable as income. Please understand that **the resulting income taxes are payable the year in which the conversion occurs**. If you are still employed when the conversion occurs, the taxes cannot be deducted from your deferred compensation balance.

Can I invest my Roth contributions differently than my pre-tax contributions?

No. The allocation instructions you provide for contributions to your account will apply for **both** pre-tax and Roth contributions.

What can Roth do for you?

More than 1,400 employees make after-tax, or Roth, contributions to the deferred compensation plan. Unlike traditional pre-tax savings, which reduce your taxable income, Roth contributions are made on an after-tax basis. While you won't benefit from tax savings in the year of your contributions, you will enjoy tax-free access to Roth savings after you leave work, provided you meet the eligibility requirements for qualified distributions.* An added advantage is that you can make **both** pre-tax and Roth contributions in the same tax year, so long as the combination of the two doesn't exceed the IRS elective deferral limits. Saving with both will give you the flexibility in retirement to withdraw from the source that best suits your tax situation. To adjust your contributions, log on to Account Access at **www.modeferredcomp.org**, click on the **Contributions** button in the left menu under the **My Account** tab, then choose the **Change My Contribution Amount** button at the top of the page.

** Distributions of Roth assets are qualified (tax free) if 5 years have passed since January 1 of the year of your first Roth contribution and you are at least 59½ (or disabled).*

Now That's a Great Question

It should be no surprise that saving for retirement and navigating confusing IRS regulations generates a lot of questions. This quarter we'll begin highlighting some of the most popular inquiries in a feature called "*Now That's a Great Question*." This month's great question is:

Can I participate in the deferred compensation plan after I leave state employment?

Yes. While you can no longer make contributions to the deferred compensation plan after you leave work, **you can keep your savings in the plan throughout retirement**. In fact, you don't have to start taking money out of your account until you reach age 70½, when the IRS requires you to start taking minimum distributions (or RMDs). Leaving your money in the Plan grants you continued access to our low-cost, custom investment lineup, dedicated customer service and convenient, online account access. Plus, you can roll most other retirement account types into the Plan, simplifying your savings situation for when you start accessing your funds. Even more, state employees who have never participated in the deferred compensation plan can take advantage of these benefits by rolling their BackDROP into the Plan at retirement.

For more answers to common questions, be sure to visit the FAQ page at **www.modeferredcomp.org**. If you can't find what you're looking for there, call 800-392-0925 to speak with one of our friendly participant service representatives.

For important news, savings tips and more:

Spring Shake-Up

A number of deferred compensation plan participants got a jump on spring cleaning by making adjustments to their accounts in February. How will you improve your savings this spring?

Contribution Changes

- Stopped contributing: 26
- Decreased contributions: 46
- Increased contributions: 442

Roth Contribution Changes

- Increased Roth: 52
- Decreased Roth: 10

Beneficiary Designations

- Designated a beneficiary for their 457 Account: 130
- Designated a beneficiary for their 401 Account: 24

$3.4 Million

Amount of retirement savings rolled into the deferred compensation plan from sources like other retirement savings accounts and retiree BackDROPs.

Data represents participant activity in February of 2014.

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