Simply Put

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1099-R Reminder and 2015 Contribution Limits

As a reminder, if you received a distribution (withdrew money) from your account in 2014, your 1099-R tax form will be available online the fourth week of January 2015. Per IRS requirements, the forms will also be mailed no later than January 31, 2015. Depending on the account source of your withdrawal — 457(b) and/or 401(a) — you could potentially receive two forms. The 1099-R tax form is to be used when filing 2014 taxes. This form will indicate how much money you withdrew from your account during the tax year, what portion of that amount is taxable, and any federal or state taxes already withheld from those distributions.

2015 Contribution Limits Increase

Maximum annual contribution: $18,000

Total including age 50 and Over Catch-Up: $24,000

Total including Pre-retirement Catch-Up: $36,000

You may not use both catch-up options in the 457 Plan in the same year and must use the option that lets you defer the greater amount.

CALENDAR

The New York Stock Exchange is closed:

Monday, January 19, 2015

Monday, February 16, 2015

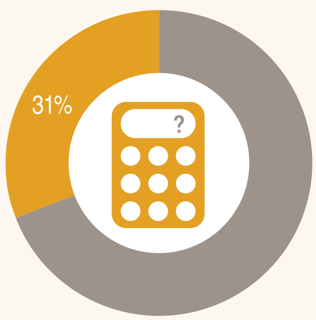
Friday, April 3, 2015

STATE OF MISSOURI DEFERRED COMPENSATION PLAN

Retirement & Savings Survey Results

Take Control of Your Retirement

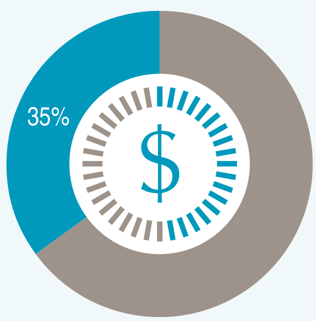
This past October, in conjunction with National Save for Retirement Week, the Plan conducted the 2nd edition of its Retirement & Savings Survey. First carried out in October 2012, this biennial, online survey polled active participants on a number of questions ranging from pension and social security benefit calculations, to savings-related decision making. The responses not only guide future education and communication projects, but they offer a unique glimpse into the hurdles facing real state of Missouri employees. The highlights below are but a portion of the results. Visit **www.modeferredcomp.org** to see the full report.



31% have not received or calculated a pension or social security benefit.

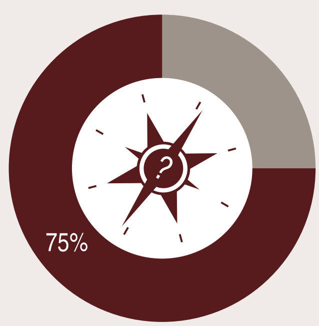
Even if retirement is a long way off, it's crucial that you understand how your pension and social security benefits are calculated and will work together to provide income after you quit working. MOSERS, MPERS and the Social Security Administration all offer online, annual, personalized benefit statements that will give you a better idea of your future retirement benefit options.

Training Opportunity: Be sure to attend the Plan's new *Completing the Retirement Income Puzzle* seminar, a 30-minute session that highlights how all these benefits work with the deferred compensation plan. Visit **www.modeferredcomp.org** and click on the red, **Register for a Seminar or Consultation** button at the top of the page to view and register for educational events in your area.



35% do not know how much of their current income the pension benefit will replace in retirement.

Income replacement is an important concept for savers to understand. For instance, if you earned $3,000 a month before retirement and $1,500 in retirement, then you are replacing 50% of your preretirement income ($1,500/$3,000). Simply put, most times pension and social security benefits will not replace everything you were earning before you left work. While it's not always necessary to earn the same amount of money in retirement, it is important that you understand income replacement and how much you may need after you leave work.



Almost 75% have never used RetiremenTrack, or a similar retirement income tool, to calculate how much extra money to save to meet retirement income goals.

The Plan's RetiremenTrack tool is a retirement calculator built specifically for state of Missouri employees. It combines pension benefits (from MOSERS or MPERS), social security and your personal savings with the deferred compensation plan to produce a retirement savings forecast. It's an extremely valuable tool that will help you decide if you're saving enough or if a contribution adjustment might be necessary. You can find a link to this tool in the right sidebar of the Plan website at **www.modeferredcomp.org** or by logging on to Account Access and navigating to the **Resources** tab.

Now That's a Great Question

Why is your investment lineup so simple?

Participants often ask us "Why is your investment lineup so simple?" It's human nature to think that more options means better service and performance. Unfortunately, that has not proven to be true in the retirement savings world. Countless reports, including one highlighted by the International Foundation of Employee Benefit Plans (IFEBP) and the Vanguard Group in a 2004 book*, have shown that as the number of options in a retirement savings plan go up, the participation in that plan goes down. In other words, more investment options translates to less saving.

It's important to remember that, while simple, the State of Missouri Deferred Compensation Plan's investment lineup is customized for state of Missouri employees — meaning they aren't available in any other savings plan. They're also managed by investment professionals. Those core investment options include the Missouri Target Date Funds, the Missouri Stable Income Fund, and the MOSERS Investment Portfolio (MIP) Fund Option. If you'd prefer a hands-on approach with more options, the Plan also provides a self-directed brokerage account where you'll have access to most individual stocks and bonds, and more than **13,000** mutual funds.

* Olivia S. Mitchell and Stephen P. Utkus, *Pension Design and Structure: New Lessons from Behavioral Finance* (New York: Oxford University Press, 2004)

For important news, savings tips and more:

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Stocks and Bonds Explained

SAVING ISN'T ROCKET Science

A recent Plan survey revealed that **more than half** of deferred compensation plan savers are either "not too confident" or "not at all confident" about choosing investments*. These results are consistent with national survey findings that show investor confusion often contributes to lower savings rates and less-than-suitable investment decisions. Saving for retirement doesn't have to be confusing. To help savers make sense of saving and investing, the Plan will begin breaking down common financial terms and concepts in this "Saving Isn't Rocket Science" column.

Whether you're a seasoned investor or just starting out, you have probably heard of stocks and bonds. According to the CFA Institute, investing in stocks and bonds, either directly or indirectly, is how most investors participate in financial markets. Generally speaking, companies raise money to run their business by selling stocks, bonds or a combination of both.

... investing in stocks and bonds, either directly or indirectly, is how most investors participate in financial markets.

Stocks

Simply put, when an investor buys an individual stock, they are purchasing an ownership "share" in a company. When that company performs well, the price investors pay to own that stock — known as the share price — may increase, allowing those who paid a lower amount for the stock to earn "unrealized gains" on their investment. Only when an investor sells their stock at a higher price than what they paid will the earnings be "realized". Stocks have historically provided higher returns than bonds (see table below), but they also present more risk.

Bonds

A company or government can also raise money to run its business by borrowing money. In return for borrowing this money, these companies or governments promise to pay back the amount borrowed plus interest. Simply put, a bond is the contract that outlines this borrowing of money and the promise to pay it back, plus interest. As the table below highlights, bond performance is historically lower than that of stocks, but savers also take on less risk when investing in bonds.

Because they have different return and risk qualities, it's common for an investor to have a portfolio that holds both stocks and bonds. The Missouri 2035 Target Date Fund, for instance, is made up of approximately 80% stocks, 10% bonds and 10% diversifiers (including real estate investment trusts and commodities).

Please note: An investment in either stocks or bonds may lose value. Past performance is no guarantee of future results.

**2014 Financial Status Survey*

Stacking Up Stocks and Bonds

	Stocks	Bonds
What are they?	A company issues (sells) **stocks** to raise money to run its business. Owning a stock means you own a "share" of that company.	A **bond** is a contract between a company or government and investors lending them money. The contract outlines the term of the loan and any associated interest payments.
May also be called	Equity securities	Debt securities, fixed income
How they make money for investors	1) If a company performs well and other investors begin paying more for the stock than what you paid, and/or 2) If the company issues dividends (or direct payouts) to its "shareholders" (those holding a particular company's stock).	When the borrowing company makes loan repayments to the investors (lenders), which can include interest payments.
30-year returns (Nov 1984–Oct 1984)	**11.31%**[1]	**7.53%**[2]
Risk level	**Higher Risk**[3]	**Lower Risk**[4]

[1] *30-Year annual rate of return on the S&P 500, the most commonly used benchmark for U.S. stock market performance.*

[2] *30-Year annual rate of return on the Barclays U.S. Aggregate Bond Index, a popular benchmark for U.S. bond performance.*

[3] *Risk based on a standard deviation of 15.2% experienced by the S&P 500 from Nov. 1984 to Oct 2014. Standard Deviation is a common risk measurement that takes into account a range of returns for a particular type of investment. The higher the standard deviation, the more risky (or volatile) a financial product can be.*

[4] *Risk based on a standard deviation of 4.12% experienced by the Barclays U.S. Aggregate Bond Index from Nov. 1984 to Oct. 2014. Standard Deviation is a common risk measurement that takes into account a range of returns for a particular type of investment. The higher the standard deviation, the more risky (or volatile) a financial product can be.*