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SIMPLY PUT

Third Quarter 2015 www.modeferredcomp.org | 800-392-0925

Required Minimum Distributions Reminder

Plan participants who are over the age of 70½ and no longer working are required by law to begin receiving required minimum distributions, or RMDs. For those receiving an RMD who are ***not*** set up on installment payments, your annual check will be issued on December 30, 2015. You should receive the payment in 7-10 business days. As a general rule, RMD payments are subject to a 10% federal tax withholding. Please contact the Plan Information Line at 800-392-0925 prior to December 26th if you wish to make an alternative tax election.

CALENDAR

The New York Stock Exchange is closed:

Thursday, November 26, 2015

Friday, December 25, 2015

Friday, January 1, 2016

We Rep-Percent Savings

Last fall, in celebration of National Retirement Security Week (formerly National Save for Retirement Week), the Plan recognized the I Rep-Percent Savings movement that swept across the state. This simple savings initiative encouraged state employees to change their contributions from a flat dollar amount to a percent of pay. Since that campaign, percent-of-pay contributions have increased by 23%. To keep that momentum going, the Plan is proud to celebrate the ***We*** Rep-Percent Savings campaign as part of this year's National Retirement Security Week, which runs from October 18-24, 2015. Why is a move to percent-of-pay contributions so important? Think about an employee who earns $1,250 per semimonthly paycheck and currently contributes a flat $37.50 (which equates to 3% of pay) to the deferred compensation plan. What happens if this employee's salary increases in the future? For instance, what if he or she is earning $1,750 per pay check in 10 years? With a flat dollar contribution amount, this employee's savings rate will remain at $37.50 per month, which is suddenly only 2% of pay — not 3% like before. Switching to a percent-of-pay contribution would help keep this employee at a 3% contribution rate, even when his or her salary increases. In this scenario, this employee's new contribution would amount to $52.50 under the new salary. This is only $15 more per pay check, but when it comes to long-term retirement savings, every dollar counts. What's the best way to convert your current flat dollar contributions to a percent-of-pay? Simply take your current annual contribution amount and divide it by your annual salary. That will tell you the percentage of pay you are saving. Then log on to Account Access and navigate to the **Contributions** page to adjust your contribution type to match that percentage. In the future, anytime your pay changes, your contributions are sure to change automatically.

What's the best way to convert your current flat dollar contributions to a percent-of-pay? Simply take your current annual contribution amount and divide it by your annual salary.

Savings "Percentified"!

Think a few dollars here or there won't make a difference? Consider the following table that compares the savings balances created by a flat-dollar contribution to those accumulated with a percent-of-pay approach over a 30-year working career. The employee in this example has a starting annual salary of $30,000, receives a 1% salary increase each year, and earns a 7% annual rate of return on investments.

Years of Saving	Saving a flat $37.50 each paycheck produces a balance of...	Savings 3% of pay each paycheck produces a balance of...
10	$12,981	$13,504
15	$23,772	$25,186
20	$39,069	$42,056
30	$91,497	$100,996

That's a savings difference of nearly $10,000 after 30 years just by switching to a percent-of-pay contribution.

STATE OF MISSOURI DEFERRED COMPENSATION PLAN

Annual Fee Disclosure

The Annual Participant Fee Disclosure, which includes important fee information associated with the State of Missouri Deferred Compensation Plan and its investment options, will be available by October 31, 2015. This document will be posted year round at www.modeferredcomp.org, under the **About the Plan** tab, on the **Fund Information and Fees** page. You may also request a paper copy by contacting a participant service representative at 800-392-0925. As the illustration below shows, fee disclosures are an easy way to better understand what you are paying to participate in a retirement savings account and how much the investment options inside the plan cost.

For important news, savings tips and more:

Busy as a…

Buzz, the Plan mascot, working hard for state employees.

Whether you're still employed or happily retired, your savings plan is always at work for you.

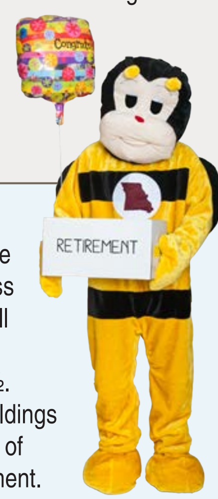
When you think of employee benefits, you think of benefits that you receive while you're employed, but did you know that the State of Missouri Deferred Compensation Plan can be a lifelong employee benefit?

While Employed

While you're working for the state, the deferred compensation plan works for you by providing a convenient, low cost way to save extra money for retirement via automatic payroll deferral. The plan's core investment lineup is made up of unique fund options that aren't commercially available elsewhere. One of the most popular set of options is the Missouri Target Date Funds, which provide automatic diversification to a variety of different assets — ensuring you don't put all of your eggs in one basket. These funds are named for the year closest to your retirement date and managed by investment professionals who rebalance each fund's asset mix — made up of stocks, bonds and other diversifiers — as it moves toward retirement. These funds are designed to invest more aggressively early on and become more conservative as investors approach and enter retirement. The Plan's also at work for you during your career by providing FREE educational seminars and consultations at agencies all over the state. Saving money for retirement is a journey, and the Plan's education specialists are poised to be with you every step of the way.

Entering Retirement

As you prepare for retirement, the Plan can be working for you too. If you're eligible to receive a BackDROP payment, you can roll that lump sum distribution into the deferred compensation plan, even if you never participated in the plan while you were working. Doing so will defer taxes on that payment until you withdraw those savings at a later date. Plus, if you accumulated savings in a previous employer's retirement account (like a 401(k), 403(b), 457 or IRA), you can roll that balance into the deferred compensation plan too — making account consolidation a snap. And again, whatever you roll into the account, whether it's a BackDROP payment or other retirement savings, you'll gain access to those same custom investment options and dedicated customer support mentioned above.



During Retirement

Most importantly of all, the Plan can keep working for you even after you're done working for the state. Keeping your money in the deferred compensation plan is a smart way to maintain access to all of the great features you enjoyed while you were working. In fact, 60% of state retirees still have a deferred compensation plan account after 5 years of retirement. Even better, once you retire, the money you contributed to the 457 plan can be accessed penalty free before age 59½. Many other retirement savings accounts will impose a 10% penalty on top of federal tax withholdings for any distribution made prior to 59½. Plus, the deferred compensation plan provides a variety of manual and automatic payment options to help you access your hard-earned savings in retirement.

Understanding the Annual Fee Disclosure

The Annual Participant Fee Disclosure helps you better understand what you are paying to participate in the State of Missouri Deferred Compensation Plan.

Administration Fee: It oftentimes cost money just to participate in a retirement savings account. This is known as an administrative fee. For the State of Missouri Deferred Compensation Plan, that fee is $12 per year, or $1 per month, as depicted on the first page of the Annual Participant Fee Disclosure. This charge will vary by plan and financial institution.

Expense Ratio: An expense ratio is what you pay to invest in a particular investment option inside of a retirement savings account. The expense ratio for most Missouri Target Date Funds, for instance, is 0.22%. Or, in other words, it cost $2.20 per $1,000 invested to hold a Missouri Target Date Fund. Generally speaking, the higher the expense ratio, the more you pay to own that fund.

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