

# SIMPLY PUT

Second Quarter 2015

www.modeferredcomp.org | 800-392-0925

## Participant Snapshot *(All stats as of April 2015)*



2,443

Number of savers utilizing the Roth 457 (after-tax) savings feature



\$126.79

Average contribution amount to the deferred compensation plan



9,326

Number of savers making percent-of-pay contributions to the Plan instead of a flat-dollar amount



60

Total number of group seminars held in the month of April alone



## CALENDAR

The New York Stock Exchange is closed:

Friday, July 3, 2015

Monday, September 7, 2015



## Asset Allocation and Diversification



The 'Saving Isn't Rocket Science' column aims to break down common financial terms and concepts so that participants can better understand saving and investing. It's no doubt you've heard the terms 'asset allocation' and 'diversification' used in reference to investing and retirement planning. When implemented properly, these two concepts can put an investor's portfolio in a position to succeed over the long term. But what exactly do they mean to you, a deferred compensation plan participant, and how can you best achieve a well-diversified portfolio?

**Asset Allocation** is simply how your money is invested among multiple asset classes. Two of the most common asset classes — stocks and bonds — were discussed in the 4th quarter edition of this newsletter, but other common asset classes include cash and cash equivalents, real estate, and commodities. Each asset class is made up of securities that share similarities, whether it's by how they perform in the market or their legal/regulatory structure. There is no one universally accepted asset allocation formula for each individual, but asset allocation is one of the most important financial decisions an investor can make. Perhaps the most popular asset allocation model is referred to as the 60/40 portfolio, where 60% of your money is invested in stocks, while the remaining 40% is invested in bonds. But there are countless other asset allocation models, including the unique strategies you see in the Plan's custom Missouri Target Date Funds.

**Diversification** means you aren't putting all of your eggs in one basket. For instance, you could invest your money among the major asset classes, but still not have a truly diversified investment portfolio. Consider

stocks, also known as equities. Equities are a broad asset class signifying ownership in a corporation. But not all equities will perform the same, because not all companies produce the same goods, provide the same services, or even operate in the same country or economy. While one stock may perform well during a particular economic climate, another stock may perform poorly. That's why it's important to diversify among and within asset classes, so your portfolio is positioned to do well in a number of economic conditions.

### Asset Allocation and Diversification in the Missouri Target Date Funds

The Missouri Target Date Funds, the custom investment options available within the deferred compensation plan, are a perfect example of asset allocation and diversification at work. As the illustration of the 2025 Fund (below) shows, 64% of invested assets are allocated to stocks, 22% are allocated to a diversifiers class (made up of real estate, commodities, and high yield bonds), and 14% are allocated to bonds. Additional diversification is then achieved within each allocation. For instance, 24.5% of the 64% stock allocation is directed toward US Large Cap Stocks (in other words, companies within the U.S. with large market capitalizations), while 25.5% is allocated to International Stocks (stocks sold outside of the U.S.). This additional diversification in the stock allocation reduces some of the risk that would occur if all of your money was directed to only one stock market sector, or, even riskier, one specific stock fund. As is the case with target date funds, these allocations will automatically adjust as employees move toward and through retirement. That's why Missouri Target Date Funds are a diversified investment option.



### Multiple Investments in a Single Strategy

#### Stocks 64%

- US Large Cap Stocks 24.50%
- US SMID Cap Stocks 7.50%
- Emerging Markets Stocks 6.50%
- International Stocks 25.50%

#### Diversifiers 22%

- REITs 10.00%
- Commodities 5.00%
- High Yield Bonds 7.00%

#### Bonds 14%

- Core Intermediate Bonds 7.00%
- Inflation Protected Securities 7.00%

## Mobile Account Access Serves up New Features



According to a 2014 State of Missouri Deferred Compensation Plan survey, 66% of Plan participants own a smart phone with internet access. Not surprisingly, a number of state employees access their deferred compensation plan accounts using mobile devices.

Earlier this month, ICMA-RC enhanced its mobile technology, making it easier for you to conduct certain transactions and access educational resources.

With the enhancements, you can:

- enroll in the plan directly from a mobile device;
- update personal information such as email address and mobile phone number, based on plan guidelines;
- update your investment mix using the “rebalance” option;
- view future investment allocations; and
- enjoy easier navigation.

**For important news, savings tips and more:**

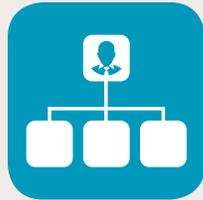


VPN000-001-201506



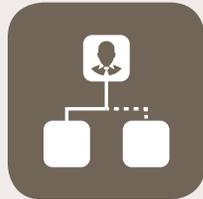
# Beneficiary Designations

By now you’ve heard that it’s important to designate a beneficiary for your deferred compensation plan account. But what exactly does that mean?



### What is a beneficiary?

Your beneficiary is the person, people, entity, or trust that will receive your assets when you die.



### What are the types of beneficiaries?

You can establish both primary and contingent beneficiaries. Contingent beneficiaries only receive assets if the primary beneficiary is no longer living.

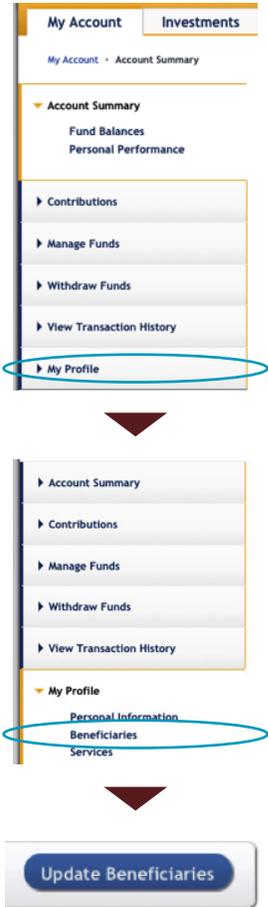


### Why are beneficiaries important?

Failure to designate a beneficiary could ultimately lead to a probate court deciding who will receive your assets and how much they will receive.



Designating a beneficiary online within Account Access is easy:



## Retirement IQ Scavenger Hunt Recap



This past June, in celebration of State Employee Appreciation Week, the deferred compensation plan and MOSERS hosted the Retirement IQ Scavenger Hunt. The three-week-long contest, which ended after State Employee Recognition Day on June 11, challenged state employees to answer important questions about their pension and retirement savings benefits. Employees who correctly answered the scavenger hunt questions were awarded insulated coolers and also entered in the Plan’s random prize drawing. Winners are highlighted to the right. We’d like to personally thank state employees who participated in this fun event. More than 1,000 active state employees completed the hunt and earned a giveaway. As always, the deferred compensation plan would like to thank state of Missouri employees for their dedicated service.



State employees visit the Retirement IQ booth during State Employee Recognition Day.

### Random prize drawing winners included:

- Carman Jamison — *Goal-Specific Financial Plan* (\$175 value)
- Cindy Heislen — *\$15 Restaurant Gift Card*
- Eric Foster — *\$15 Restaurant Gift Card*
- Janice Wieberg — *\$15 Restaurant Gift Card*

*The content of this publication is general information regarding your retirement benefits. It is not intended to provide you with or substitute for specific legal, tax, or investment advice. You may want to consult with your legal, tax, or investment adviser to review your own personal situation. Some of the products, services, or funds detailed in this publication may not be available in your plan. This document contains information obtained from outside sources and it references external websites. While we believe this information to be reliable, we cannot guarantee its complete accuracy. In addition, rules and laws can change frequently.*