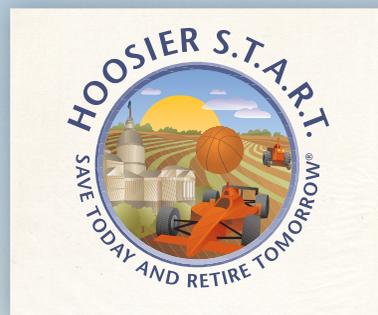


OVERCOMING UNDERSAVING

Wednesday, October 14, 2009

Indianapolis Marriott Hotel

Dinner at 5:00 p.m.



Hoosier S.T.A.R.T. and Tim Berry, State Auditor, cordially invite you and your peers to the second annual complimentary evening of education and entertainment.

What: dinner and a retirement seminar

Who: public employees who participate in the Hoosier S.T.A.R.T. 457 Plan

Attend this informative session featuring Barbara Stanny, author of the book "Overcoming Underearning," and Dee Lee, author of "Money: Your Personal Finance Guide."

Space is limited. Reserve your seat today at www.seeuthere.com/vms/2009overcomingundersaving/attendee. If you have any questions or need help registering, please contact Mischon Dahlstrom at (317) 805-6600, extension 213, or e-mail mischon.dahlstrom@vmsbiomarketing.com.



Make the Most of Your Plan

More than one in three Americans age 45 or older stopped contributing to their retirement account in 2008.⁶ However, your workplace plan offers strong reasons to save:

- Each contribution is taken from your paycheck before it has been taxed, thus reducing your taxable income. Plus, your investments grow tax deferred until you begin taking withdrawals.
- By regularly investing the same amount at set intervals, you benefit from a feature called dollar cost averaging (DCA). With DCA, you buy more shares when prices are low and fewer when they're high. While DCA won't protect your investments from incurring losses, it does offer a chance to capture prices at their most advantageous levels.⁷

In 2009, you can contribute up to \$16,500 to your retirement plan⁸—which may be more than you can afford this year. Save more gradually by increasing your contributions by 1% each year. ■

Cash Is Not King

During a prolonged bear market, it may be tempting to seek refuge in cash. Money market accounts, certificates of deposit¹ (CDs) and Treasury bills² are considered among the safest cash investments available. But that “safety” may be an illusion in the long run.

Stay Ahead of Inflation

In order for your portfolio to experience growth over time, your returns must surpass the inflation rate. Over the past 25 years, cash, as measured by the 91-Day Treasury Bills Index, has produced an annualized return of just 1.79% compared with 6.61% for stocks and 5.16% for bonds.³

Don't be safe, then sorry

Historically, the frequent selling of stocks in reaction to market downturns has had an adverse effect on long-term returns. That's because when you sell stocks after prices have declined, you miss the eventual recovery in stock prices that typically follows a bear market. Research firm DALBAR, Inc. found that over the past 20 years, individual fund investors had an average annual return of 1.9%, compared with 8.4% for the S&P 500 Index—largely because many investors tended to jump in and out of stocks.⁴

If growth is what you're after, you need to look beyond cash—no matter what the stock market is doing. Remember: The market moves in cycles. You want to be sure you'll be invested in stocks when they eventually recover.⁵

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. ■

Quiz: Inflation Matters

Test your knowledge about the potential impact of inflation on your workplace retirement account.

1. Inflation is most likely to occur when the demand for products and services begins to exceed the available supply. T F
2. Since inflation can eat away at the buying power of the assets in your retirement account, it makes sense to cut back on saving and investing until inflation eases. T F
3. Even if inflation presents new investment challenges, you still want to stick with the asset allocation that best fits your goals, time horizon and risk tolerance. T F

ANSWERS

1. True. For example, economists worry that inflation could rise anew as money provided to consumers through the government stimulus plan could result in demand outstripping the available supply of goods and services.
2. False. The real danger is that if you don't save enough you won't have enough to live on in retirement.
3. True. Determine the best asset allocation strategy for your own personal situation. Then stick to it—rather than trying to adapt it to whatever economic winds are blowing. ■

1 Certificates of deposit are insured by the FDIC for up to \$100,000 per depositor (up to \$250,000 for retirement account assets) and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

2 U.S. Treasury securities are guaranteed as to the timely payment of principal and interest if held to maturity. Fund shares are neither issued nor guaranteed by the U.S. government.

3 Morningstar, Inc.

4 Quantitative Analysis of Investor Behavior 2009, DALBAR, Inc.

5 Past performance is not a guarantee or prediction of future results.

6 A Year-End Look at the Economic Slowdown's Impact on Middle-Aged and Older Americans, AARP, January 2009

7 Dollar cost averaging does not ensure a profit and does not protect against loss in declining

markets. Investors should consider their financial ability to continue a dollar cost averaging plan during periods of fluctuating price levels.

8 Investors age 50 or older can make “catch-up contributions” of an extra \$5,500 each year. irs.org.

Please note: This newsletter does not constitute investment or financial planning advice. Consult with your financial planner, attorney or tax adviser as needed. Securities, when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Barbara Stanny & Dee Lee are not affiliated with GWFS Equities, Inc. ©2009 Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for use in New York. Form# CB1069N (7/09) PT86259