State of Indiana
S.T.A.R.T.® SMART
Fall 2009

THE FEE HOLIDAY ENABLES YOUR PLAN TO WORK HARDER FOR YOU.

AS A REWARD for participating in the Hoosier S.T.A.R.T. Deferred Compensation Plan, the state is instituting a fee holiday for all Plan participants who take action between October 14, 2009, and February 28, 2010. If you qualify, your first quarter Plan administrative fee, which is 0.26% of your account balance, will be waived.

You can take action in one of the following ways:

- change your contribution from a dollar amount to a percentage amount
- schedule an appointment with a local Hoosier S.T.A.R.T. representative to learn how much you'll need to meet your retirement goals[1]
- sign up for Reality Investing® Advisory Services (Online Investment Guidance, Online Investment Advice or the Managed Account option)
- increase your contribution
- roll over funds from another retirement plan

There is no guarantee that participation in the Reality Investing Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

For more information, visit the Web site at **www.hoosierstart.in.gov.** [2]

1 Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

2 Access to the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

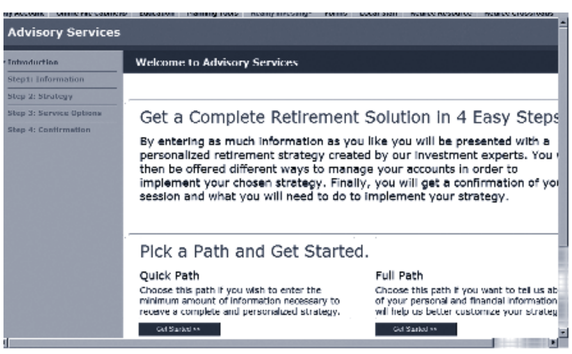
New Enhancements to Reality Investing® Advisory Services (Advisory Services)

You may have noticed that the Advisory Services section of your participant Web site has changed recently. This is because Advisory Services has been updated with a new user-friendly interface and functionalities, along with a new Spend-Down Advice feature.

The new functionalities include a section on the Web site that visually shows you your guaranteed income rate in relation to your projected retirement needs, and any gap that may be in between. This tool is useful for everyone, especially those nearing their retirement date.

The new Advisory Services Spend-Down Advice service is another device that is great for those nearing or in retirement. Spend-Down Advice assists participants when they retire and begin taking distributions from their retirement account by taking into consideration all of their income sources and determining how much they can spend every year. These projections are based on a participant's wealth, their spouse's wealth and their retirement time horizon.

You should check out all of the new improvements to Advisory Services for yourself today. Visit www.hoosierstart.in.gov[2] and contact your Great-West Retirement Services® representative[1] regarding any Advisory Services enhancements. ■



An Undeniable Advantage

How tax-deferred accounts build savings

Thanks to this year's government stimulus package, most U.S. households are enjoying a number of tax breaks. Even so, investors are looking for every opportunity to further reduce their tax bills in the interest of building savings. A tax-deferred retirement account is one of the ways to do so.

The power of tax deferral

Your workplace retirement savings plan is a tax-deferred account. So is an Individual Retirement Account (IRA). In a tax-deferred account, your contributions and earnings aren't taxed until you withdraw them, at which time they are taxed as ordinary income.

What's more, if you are allowed to contribute pre-tax dollars to your plan, this reduces your taxable income, possibly lowering your tax liability for the year of contribution. In 2009, the maximum contribution to a retirement plan is $16,500.* Investors age 50 or older can make "catch-up" contributions of an additional $5,500.[3]

Adding up the savings

To make the most of these tax benefits, strive to increase contributions each year. Let's say you earn a salary of $40,000 when you begin contributing to your plan and you'll receive annual raises of 3%. Assuming that you'll contribute 1% of your salary the first year, and that you'll increase contributions by 1% each year thereafter, you'd end up with $192,281 after 20 years.[4] While you'll pay income tax on retirement withdrawals, you'll still have benefited from the years of tax-deferred savings growth.

And that's an advantage that's undeniable. ■

3 www.irs.gov

4 This hypothetical illustration assumes a 7% annual investment return and a 15% cap on contributions. It is not intended to predict or project future investment results. Rates of return may vary. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.

* Please check the terms of your Plan for any further limitations.

Auditor's Corner

Reinventing Retirement—Again

Those individuals who were hoping to use retirement as a way to start a second career may be rethinking their plans now. More than 12 million Americans are searching for work[5], and landing a meaningful position in a new industry is even harder for the graying set. Switching careers often means making less money at a time when retirees are trying to regrow shrunken savings.

The situation isn't completely hopeless. Retirees could, in fact, consider changing jobs within their industry, leveraging their professional experience and connections. At a job interview, for example, retirees could remind a recruiter that they have years of training that someone else paid for. Plus, generally speaking, retirees are often more stable than younger workers as part-time or contract employees.

If a retiree is set on switching gears entirely, the good news is that there will always be opportunities in certain fields. Nonprofits, for example, are expected to need manager-level employees with expertise in disciplines such as marketing or finance.[6] Healthcare also tends to be a friendly environment for retirees. And new training can always give the job search a boost. ■

5 Bureau of Labor Statistics (September, 2009)

6 The Second Career, *SmartMoney* magazine, May 2009