State of Indiana

S.T.A.R.T.® SMART

Fall 2011

It's that time of year again...

THE ANNUAL HOOSIER S.T.A.R.T. **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 once again instituting a fee holiday for all Plan participants who take action between October 6, 2011, and February 29, 2012. If you qualify, your first quarter 2012 Plan administrative fee will be waived.

You can take action in one of the following ways:

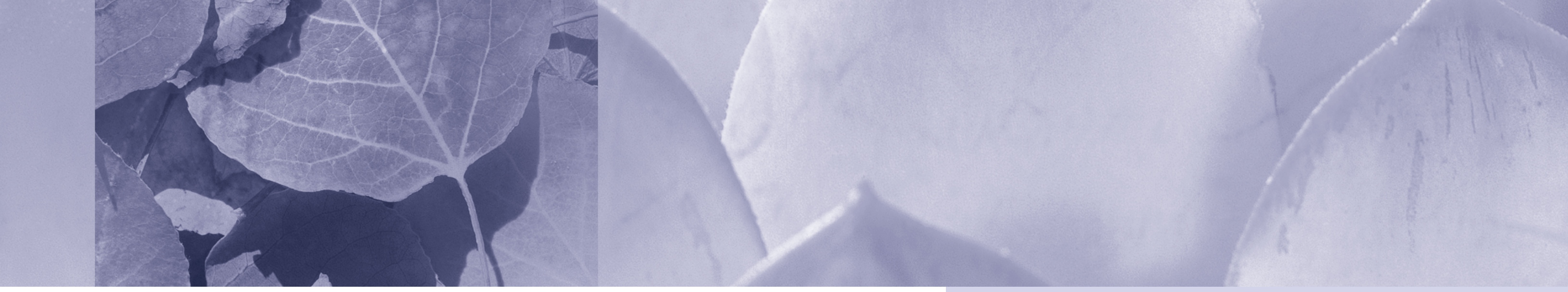
- Change your contribution from a dollar amount to a percentage amount
- Sign up for electronic statement delivery on the website
- Schedule an appointment with a local Hoosier S.T.A.R.T. representative to learn how much you'll need to meet your retirement goals[1]
- Sign up for Reality Investing® Advisory 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 Reality Investing Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

For more information, visit the website 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.

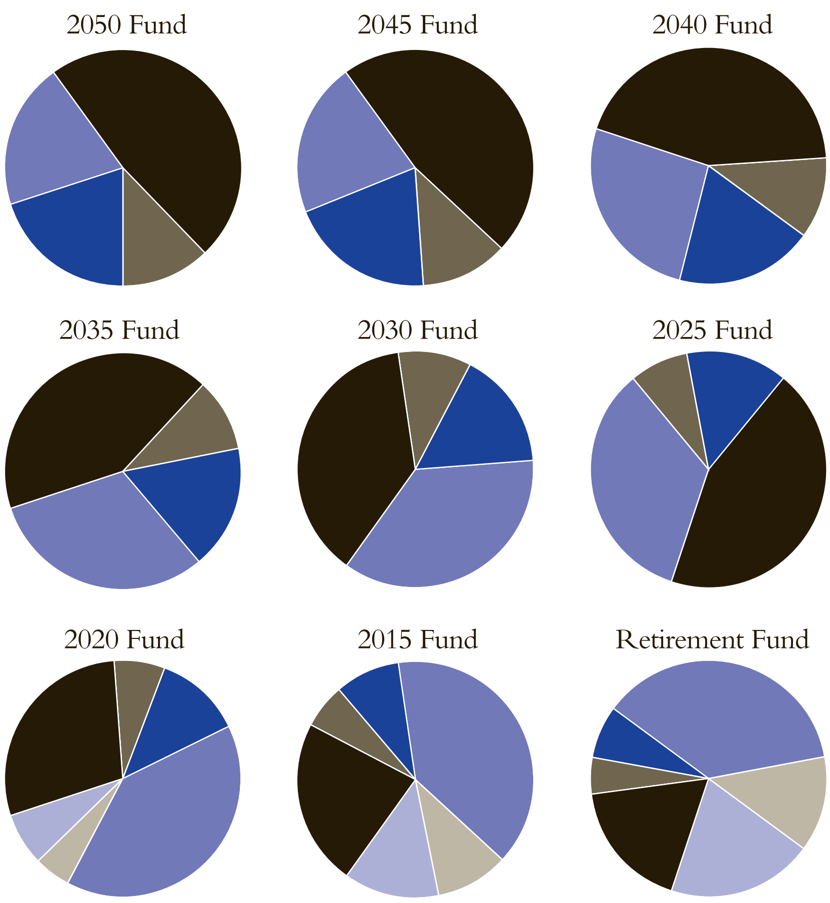
2 Access to the voice response system and website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.



Upcoming Changes to Indiana Target Date Funds

As part of an annual review of the Indiana Target Date Funds, the Indiana Deferred Compensation Committee has elected to change the asset allocation of the funds. The decision was made to keep the funds in line with their objectives. On December 31, 2011, the change will go into effect.

The following pie charts illustrate the new Target Date Funds, scheduled to change on December 31, 2011.



The allocations shown here for the Indiana Target Date Funds are subject to change.

- Vanguard Institutional Index Fund
- Frontegra Ironbridge SMID Instl
- Artio International Equity II[4]
- PIMCO Total Return Instl
- BlackRock Infl Protected Bond[3]
- Indiana Stable Value Fund

You can view the current asset allocation of the Indiana Target Date Funds online at **www.hoosierstart.in.gov**.[2] Just click on: Access Your Account > Investment Options > Age-Based Portfolio Overview.

The Indiana Target Date Funds are professionally managed investment options designed for investors expecting to retire around the year in each fund name. The funds gradually become more conservative over time as retirement nears. The principal value of the funds is not guaranteed at any time, including the target date.

For more information about the Indiana Target Date Funds, or any funds in your Hoosier S.T.A.R.T. Plan lineup, visit the website at **www.hoosierstart.in.gov** or call (877) SAV-N-RET (877-728-6738). ■

Make Your Savings Last

Planning for retirement

How much money will you need to live on when you retire? Do you think your expenses will change in the years to come? Take the steps below to help you set realistic goals.

Assess your expenses

Most financial advisers say you'll need about 70% of your pre-retirement earnings to comfortably maintain your pre-retirement standard of living.[5] Reason: Inflation gradually increases your cost of living while eroding the purchasing power of your money, especially if you have a lot of it parked in cash investments. What's more, you may face high medical costs. You may be eligible for Medicare at age 65, but the federal insurance program may not cover all your expenses.

Do the math

Examine your current budget and estimate how it might change. Then add up all your anticipated sources of retirement income, including Social Security benefits and a pension, if you have one. The difference between your annual income and expenses is the amount you'll need to withdraw from savings.

Follow the 4% rule

Today's 65-year-olds have a 30% chance of living past age 92.[6] To make your savings last, financial planners generally suggest that you withdraw no more than 4% of your savings during the first year of retirement, and then adjust for inflation each year thereafter. At that rate, your portfolio could last 25 to 30 years—not bad, considering today's long life spans. ■

Percentage Deferrals

In an ongoing effort to provide participants the ability to save a percentage of their salary for retirement, Hoosier S.T.A.R.T. has recently implemented a new procedure. This procedure requires that all deferral changes be made in a percentage amount rather than a dollar amount. If you have questions about this change, please contact the local office at **(877) 728-6738**. ■

3 A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.
4 Foreign investments involve special risks, including currency fluctuations and political developments.
5 "Top 10 Ways to Prepare for Retirement," 2011, dol.gov/ebsa/Publications/10_ways_to_prepare.html.
6 U.S. Department of Health and Human Services, National Center for Health Statistics, August 19, 2009.