



# S.T.A.R.T.<sup>®</sup> SMART

## Auditor's Corner

By Auditor of State Tim Berry

### Introducing an Enhanced Hoosier S.T.A.R.T. Fund Lineup

At Hoosier S.T.A.R.T., we are dedicated to providing you with a variety of solid investment options through the Hoosier S.T.A.R.T. Plan. In doing so, we regularly monitor and evaluate the investment options offered in the Plan so that you can choose from a high-quality, competitive investment lineup.

As a result of our continued review, we are bringing new fund options to the Hoosier S.T.A.R.T. Plan for 2011. In addition, you will see a fund rolled off from the current Target Date investment lineup.

The following charts detail these changes, which will take place on Thursday, January 27, 2011.

NEW INVESTMENT OPTION		ASSET CLASS
State of Indiana Inflation-Linked Bond Fund		Core Bond <sup>1</sup>
Indiana 2020 Fund		Target Date
Indiana 2030 Fund		Target Date
Indiana 2040 Fund		Target Date
Indiana 2050 Fund		Target Date

DISCONTINUED INVESTMENT OPTION	MAPPED TO INVESTMENT OPTION	ASSET CLASS
Indiana 2010 Fund	Indiana Retirement Fund	Target Date

We decided to add the new investment options for a couple of reasons:

**1** To introduce a new inflation-linked bond fund that will further enhance the diverse array of investment options Hoosier S.T.A.R.T. offers to you. An inflation-linked bond is considered a conservative investment option that helps keep pace with current inflation rates.

**2** Including these additional Target Date Funds in your current fund lineup will allow you to choose a Target Date Fund that more closely matches your estimated retirement date. *Target Date Funds gradually shift emphasis from more aggressive investments to more conservative ones based on their target date. The date in a Target Date Fund represents an approximate date when an investor would expect to start withdrawing his or her money or when an investor expects to retire. The principal value of the funds is not guaranteed at any time, including the target date.*



The new investment options and current investment option changes will occur on January 27, 2011. You do not need to take any action unless you wish to change your future contribution allocations or move your existing account balance to other available investment options in the Plan. If you wish to take action, you must do so prior to January 27, 2011.

*Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain mutual fund prospectuses for registered investment options and/or disclosure documents from your registered representative. Read them carefully before investing.*

Continued

<sup>1</sup> 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.

## Auditor's Corner *(continued)*

It's easy to make an investment selection change to your future contributions and/or your current allocations. You can do so via [www.hoosierstart.in.gov](http://www.hoosierstart.in.gov) or KeyTalk®.<sup>2</sup> Just follow these easy steps:

### WEBSITE INSTRUCTIONS

- Go to [www.hoosierstart.in.gov](http://www.hoosierstart.in.gov)
- Click on Access Your Account
- Click Change Account from the left menu
- Click Redirect Future Contributions to change upcoming contributions, or
- Click Fund Transfers to transfer money among investment options<sup>2</sup>

### KEYTALK INSTRUCTIONS

- Call (877) 728-6738 and provide your Username and PIN<sup>3</sup>
- Press 3 to access the Change Your Account menu
- Press 1 to redirect future contributions, or
- Press 3 to transfer money among investment options<sup>2</sup>

Please note that you will not be able to make changes to your account during what is known as a blackout period. This short time frame will begin at the close of business on January 27, 2011. You will be able to make changes to your account again during the morning of January 28, 2011. During this time frame, the old fund lineup will be transitioning to the new lineup.

I urge you to review the new investment options in order to decide which investment options may be most appropriate for you. Should you have any questions regarding your Hoosier S.T.A.R.T. Plan, feel free to contact your local Hoosier S.T.A.R.T. representative. ■

## A Helping Hand

### *Test your knowledge about catch-up contributions*

Once you reach age 50, you can contribute even more than the maximum allowed to most retirement savings plans. How much do you know about catch-up contributions?

#### TRUE OR FALSE?

1. In 2011, you can make catch-up contributions of \$5,500 to the Hoosier S.T.A.R.T. Plan and \$1,000 to an IRA.
2. Making catch-up contributions won't have much of an impact to your account if you're already contributing the maximum.

#### THE ANSWERS

1. **TRUE.** If you're 50 or older, the maximum catch-up contribution would bring your total contribution to \$22,000 in the Hoosier S.T.A.R.T. Plan and \$6,000 in an IRA.
2. **FALSE.** Let's say you and a friend each have \$150,000 in your Hoosier S.T.A.R.T. accounts at age 50 and already contribute \$16,500 annually. If your friend makes catch-up contributions of \$5,500 each year and you don't, she could accumulate \$987,438—or \$143,396 more than you—by age 65, assuming a 7% annual return on your investments. ■

FOR ILLUSTRATIVE PURPOSES ONLY. Does not represent the performance of any investment options. Assumes 7% annual rate of return, reinvestment of earnings, and no withdrawals. Rates of return may vary. 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.



## Tax-Smart Saving

### *Make the most of your retirement plan*

Whether or not this year's changes in the tax laws affect you, there's one thing that remains constant: the benefits of investing in a Hoosier S.T.A.R.T. account.

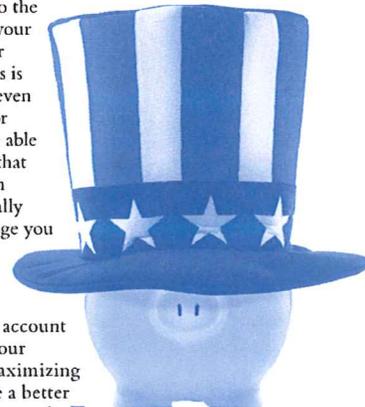
### *The pre-tax advantage*

Workplace retirement accounts, such as Hoosier S.T.A.R.T., generally are effective long-term savings tools. One reason is their ability to shelter money from taxes: You aren't taxed on the dollars you contribute to the Plan—or on any money your investments earn—until you start making withdrawals.<sup>4</sup> What's more, you can reinvest every penny of your investment earnings, rather than paying a portion of them to Uncle Sam. Over time, these returns potentially can generate more returns—a phenomenon known as compounding.

### *Give it a boost*

Strive to save as close to the maximum allowed in your plan. The IRS limit for most plan contributions is \$16,500 for 2011, and even more if you're age 50 or older.<sup>5</sup> You may not be able to afford contributing that much now, but you can make it a goal—gradually increasing the percentage you defer from your salary each year.

Your Hoosier S.T.A.R.T. retirement account is the cornerstone of your financial future. By maximizing its benefits, you'll have a better chance of reaching your goals. ■



<sup>2</sup> Access to KeyTalk and the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the website or KeyTalk received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

<sup>3</sup> The account owner is responsible for keeping the assigned PIN confidential. Please contact Client Services immediately if you suspect any unauthorized use.

<sup>4</sup> Withdrawals are subject to ordinary income tax. A 10% penalty may apply to early withdrawals made prior to age 59½; this does not apply to 457 plans.

<sup>5</sup> [irs.gov](http://irs.gov)