MISSISSIPPI DEFERRED COMPENSATION PLAN

Financial Footnotes

Save the Date:
MDC Seminars Are on the Way!

You might have questions about your retirement, think you're not saving enough, or be unsure of what your retirement future holds.

Don't hit the panic button or sound the alarm just yet. MDC is here to help you!

Not one, but two enlightening retirement seminars will be available to you this August and September to help educate you and other MDC participants on how to build, fulfill, and maintain your retirement goals.

Believe it or not, you can live comfortably in retirement—and MDC is here to help make this a reality for you, every step of the way. Take a few minutes to read about our "Get to Know Your Plan" and "Retiree Advocate" seminars outlined in this newsletter.

Here is what you need to know.

If either of the seminars described in this newsletter sound interesting to you, reserve your spot by emailing your **RSVP** to **contact.mdcplan@greatwest.com**. Be sure to include the seminar name, date, time, and location of your choice.

"GET TO KNOW YOUR PLAN" SEMINARS

MDC takes your career, your retirement, and your future seriously. Overwhelming as retirement planning may be, we're here to make it easier for you.

Our "Get to Know Your Plan" seminar in August will give you the tools, guidance, and confidence that you need to kick-start your retirement journey.

You deserve to understand all of your options in your MDC Plan—from making a budget to increasing contributions to allocating your investments. You have questions, we have answers.

We'll see you there!

MS State University BOST Extension Center – Theatre North Auditorium, **MS State**, MS 39762	August 18 9:30 a.m.
North MS Regional Center Hartman Bldg Room D-102 967 Regional Center Drive, **Oxford**, MS 38655	August 18 1:30 p.m.
MS Library Commission 3881 Eastwood Drive, **Jackson**, MS 39211	August 19 9 a.m., 11 a.m., & 2 p.m.
MS State University, Meridian Kahlmus Auditorium 1000 Hwy 19 N, **Meridian**, MS 39301	August 20 10 a.m. & 1:30 p.m.
University of Southern MS Gulf Park Campus, Holloway Complex 'A' 730 East Beach Blvd, **Long Beach**, MS 39560	August 21 9 a.m.
Woodall Advanced Tech Center 906 Sullivan Drive, **Hattiesburg**, MS 39401	August 21 1 p.m. & 3 p.m.
Hinds Community College Multipurpose Bldg 755 Hwy 27, **Vicksburg**, MS 39180	August 22 10 a.m. & 2 p.m.

"Save the Date" continued on Page 2 **with details on "Retiree Advocate" seminars to be offered in September.**

mdc
PLAN • SAVE • GROW

"Save the Date," continued from cover

"RETIREE ADVOCATE" SEMINARS

If retirement is right around the corner, we would love for you to meet Great-West Financial® Retiree Advocate Ron Nichols.

Our "Retiree Advocate" seminars, which will be held in September, are designed to help point you in the right direction as you approach this exciting new phase of life.

Ron, a retiree himself, provides practical advice for those who will retire within 10 years. He understands concerns you might have about your future and wants you to know you're not alone! During his two-hour talk with you, he'll share financial, social, and life-changing aspects of retirement to get you on the right path toward a rewarding retirement.

Fun fact about Ron: In his own retirement, he enjoys performing as an Elvis tribute artist and is looking forward to spending time with you in Mississippi, the birthplace of his tribute legend.

We'll save you a seat!

Gale Community Center 2601 Elm Street, **Hernando**, MS 38632	September 8 9 a.m.
North MS Regional Center Hartman Bldg Room D-102 967 Regional Center Drive, **Oxford**, MS 38655	September 8 2 p.m.
MS Library Commission 3881 Eastwood Drive, **Jackson**, MS 39211	September 9 9 a.m. & 1 p.m.
Hinds Community College Multipurpose Bldg 755 Hwy 27, **Vicksburg**, MS 39180	September 10 10 a.m. & 2 p.m.
Woodall Advanced Tech Center 906 Sullivan Drive, **Hattiesburg**, MS 39401	September 11 10 a.m.
MS State University, Meridian Kahlmus Auditorium 1000 Hwy 19 N, **Meridian**, MS 39301	September 12 9 a.m.

Email contact.mdcplan@greatwest.com to RSVP.

Why Risk Isn't Always a Bad Thing for Your Retirement Nest Egg

At first glance, avoiding potential risk may seem like a smart strategy for your retirement savings. If you're nearing retirement, it's only natural that you'd want to protect the savings you've accumulated, and you may be tempted to remove all investment risk by investing your entire portfolio in a cash equivalent fund.

The problem with this is that all forms of investing involve risk. It's true that when investing in stock funds (or even bond funds, to a lesser degree) you run the risk of loss; but you also enjoy the potential rewards that come with a higher degree of risk. The trick is balancing the risk against the potential rewards.

If you invest entirely in a cash equivalent option, your savings may earn a very low return in today's market. You may likely be only a step ahead of burying your money in the backyard. The risk is that your portfolio won't keep up with inflation.

Inflation affects everything we buy, from food to medicine to an evening out. Because inflation is relentless in increasing the prices of things we buy, we need an increasing income just to break even. While it might be unwise to make wildly risky investments with your entire retirement savings, especially as you get nearer to and enter retirement, consider leaving a portion of your account in stock funds. The exact amount will be determined by your risk tolerance and (hopefully) some qualified investment advice.

Equity Funds:
Summer Fling or Long-term Commitment?

Investing in the funds available in your retirement plan can be a great way to reach your retirement goals. Allocating your portfolio among stock funds, bond funds, and cash equivalents may help you guard against unnecessary risk and, at the same time, take advantage of current market conditions.

If you spend any time researching the stock funds available in the MDC, you've probably run across the following phrases:

Large cap | Mid cap[1] | Small cap[1]

These terms refer to a number known as "market capitalization." It's a way to measure the size of a company using the price of its stock. To find out which category a company falls into, multiply its share price by the number of shares it has outstanding. A company with 5 million shares that cost $20 each has a "market cap" of $100 million (5 million times $20).

The market cap matters because companies of varying sizes may react differently to economic conditions. It may be wise to invest your portfolio in stock funds in a variety of market caps.[2]

Large-cap stocks, stocks with a market cap of more than $10 billion, tend to be large, stable companies. These often pay annual dividends to shareholders, and because they are well-established, they may be well-positioned to weather economic storms.

Mid-cap stocks, stocks with a market cap between $2 billion and $10 billion, are from companies that are often well-established but that tend to be more innovative than their larger peers. The stocks of companies in the mid-cap range may have more risk than their larger peers, but also more potential for higher returns.

Small-cap stocks, stocks with a market cap below $2 billion, are from companies that are cutting-edge in their industries. They may have potential for rapid growth and the higher returns that go along with rapid growth, but they may be unable to withstand economic downturns—making them more risky than their larger counterparts.

You can take advantage of the higher potential returns of small-cap investing and still sleep at night by managing your investment risk. Placing some of your stock portfolio into mid-cap and large-cap mutual funds can lower your overall risk while still allowing you to take advantage of those higher potential returns possible with small-cap mutual funds.

When deciding how to invest your retirement portfolio, you may also hear the terms "growth fund" and "value fund."

In a **growth fund**, the fund manager chooses from companies he believes will grow quickly in terms of revenues, earnings, or cash flow. He is also likely to choose companies that reinvest profits for expansion instead of paying them out as dividends. These companies generally offer a greater potential for investment returns, but also more risk. Growth fund investors are typically investing for the long term.

A **value fund** seeks to take advantage of undervalued stocks. The fund manager looks for companies and situations where the stock has been penalized by the market for an event that may affect the industry or the company and that has resulted in a share price that is deemed undervalued. Often, the fund manager will invest in companies that are well established and that are using profits to pay dividends.

Whether growth or value funds or small-, mid-, or large-cap funds, you have many choices when deciding on a stock fund portfolio.

1 Equity securities of small- and medium-sized companies may be more volatile than securities of larger, more established companies.
2 Diversification and asset allocation do not ensure a profit and do not protect against loss in declining markets.

Target Date Funds Make Investing Easier

If summer living is easy, maybe investing should be, too. But for lots of us, investing and relaxation don't necessarily go together.

You may want to consider a target date fund (TDF). A TDF is a fund whose allocation among the different asset classes (stock funds, bond funds, and cash equivalents) is done for you.[3] Each investor (like you!) selects a TDF designed for a particular withdrawal date. The date in a TDF's name represents an approximate date when an investor expects to retire (usually at age 65) and/or begins withdrawing money. For example, people who were born in 1975 and are planning to retire at age 65 might invest in a TDF with a name like "the 2040 Fund," because 2040 is the year in which they will reach age 65. Usually, there is a TDF named for years ending in zeros and fives (e.g., 2040 fund, 2045 fund), and investors choose the fund that is closest to the year they will turn age 65.

Financial advisors generally recommend investing more aggressively at a young age, when investors have more time to ride out market downturns. As time passes, advisors often recommend changing the allocation of assets to a more conservative mix because there is less time to recover from market downturns or declines.[4]

A TDF can provide this periodic rebalancing automatically.[4] The funds are professionally managed with an eye toward their long-term goals. For the person born in 1975, the TDF would be more heavily invested in stocks in 2014, when the investor is about 39 years old, than it would be in 2030, when the investor reaches age 55. By then, the asset allocation of the 2040 Fund will have shifted toward a more conservative mix of stock funds, bond funds, and cash equivalents. The principal value of the TDF is not guaranteed at any time, including the target date. For more information, please refer to the fund prospectus and/or disclosure document.

Some TDFs, known as "To Funds," are designed to reach their lowest percentage of stock fund investments at the designated age, and they remain consistent after that. Others, known as "Through Funds," keep a higher percentage invested in stock funds beyond the designated age, with the goal of maintaining a higher return for a longer period. It is important to understand which strategy is being used in the fund you choose.

By investing in a TDF, you can relax, knowing that your account is being rebalanced based on your current age and the time remaining until retirement. But don't forget that it's still important to review your account every now and then to make sure your investments are still aligned with your long-term savings goals.

3 Target date funds are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.

4 Rebalancing and asset allocation do not ensure a profit and do not protect against loss in declining markets.

Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.