



# Plan Update

## National Save for Retirement Week

The United States House and Senate recently signed resolutions designating October 21-27, 2007, as the second annual **National Save for Retirement Week** to help educate Americans about the retirement plans available to them through their employers and the importance of participating in those plans. Governor Kulongoski has also signed a proclamation supporting this event and encouraging both public and private sector employees to take advantage of their employer-sponsored retirement plans.

The Oregon Savings Growth Plan (OSGP) is celebrating this event by displaying plan information in the Archives Building at 800 Summer Street NE in Salem during that week and holding an open house Wednesday, October 24, from 10 a.m. to 4 p.m. If you work in Salem for a state agency or a local government that has adopted the plan, please stop by.

It is more important than ever to start saving for a financially secure future. With the rising cost of health care and uncertainty about Social Security, contributing to OSGP can provide additional resources to help pay health insurance premiums and supplement your PERS retirement.

Contributions to OSGP are tax deferred and made through easy payroll deductions. With recent salary adjustments, this would be an ideal time to start making contributions.

If you're already contributing to OSGP, this is a good time to increase your contribution or consider changing a dollar deferral to a percentage of pay. That way, whenever your salary increases, your contribution automatically increases with it. It's easy to do – just log into your account at [osgp.csplans.com](http://osgp.csplans.com) and follow the links to change your contribution.

## Keeping it Simple

Saving and investing for your retirement is going to get easier. In 2008, OSGP will add Barclay's Global Investors (BGI) LifePath® Portfolios as an investment option. Created by BGI over 10 years ago, LifePath® Portfolios are target-date funds that simplify your investment decision-making while offering the benefits of professional portfolio management.

When retirement is several decades away, the investment mix of the funds will seek to maximize returns by investing more heavily in the stock market. As you approach retirement, each fund will gradually shift toward a higher percentage of fixed income investments, which are more conservative, as a way to help protect the accumulated value of your account.

The main advantage of a target-date fund, like LifePath®, is that it makes the selection of the best retirement fund for you as easy as estimating your anticipated "target date" for retirement. You then choose the LifePath® Portfolio that is best aligned with your target retirement date. For example, if you expect to retire in 2017, you might select the LifePath® 2020 fund.

The LifePath® funds will replace the Balanced Fund Option. You'll be learning more about LifePath® Portfolios in the coming months.

## Advisory Corner

The next Advisory Committee meeting will be held November 14 at 9:30 a.m. at PERS Headquarters in Tigard.

### Local Government News

If you would like to schedule a planning and investing workshop or a site visit, please contact Jack Schafroth at 503-378-8567 or email him at [jack.schafroth@state.or.us](mailto:jack.schafroth@state.or.us).

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## For Retirees: Understanding Required Minimum Distributions (RMDs)

If you are approaching retirement, you soon will need to make decisions about when to begin taking withdrawals (known as distributions) from the Plan, how to receive the money and how to calculate the taxes you'll owe. Withdrawals will be taxed at ordinary income tax rates.

### THE BASICS

Many people begin withdrawing funds from their accounts soon after they retire. Before age 70½, when and how much you withdraw is your decision. After that, failure to take a minimum withdrawal amount each year may result in substantial tax penalties—as much as 50% of the amount that you fail to withdraw. For example, if your RMD should have been \$1,000 and you only withdraw \$500, your penalty could be 50% (\$250) of the \$500 that you didn't withdraw.

Note: RMDs can be delayed until retirement if you continue employment beyond age 70½.

### NEXT STEPS

Within the next few weeks, OSGP will be mailing letters out to participants who still need to withdraw from their accounts in order to fulfill their 2007 RMD. A form will be included in case:

- You want to process the RMD prior to late December, or
- You want specific tax withholding, or
- You want to use the Joint Life Expectancy Table, or
- You are still actively employed and want to delay your distribution.

If the above options do not apply to your situation, you do not need to return a form. In such cases, OSGP will automatically process the RMD in late December using the Uniform Life Expectancy Table and withhold 10% for federal taxes.

## Stable Value Change

Dwight Investment Management Company will replace INVESCO in November 2007 as the manager of the Stable Value Option. The change is being made to address the departure of several key INVESCO staff members to a competing firm and should be transparent to Plan Participants.

## Did you know?

As of August 2007,

- OSGP had \$1,019,421,583.14 in assets.
- There are 21,803 participant accounts.
- Total monthly contributions for August were \$5,509,508.40.
- There were 1,265 new enrollments since January.
- The average monthly deferral amount is \$401.
- 170 local governments have adopted the plan.
- The majority of OSGP participants are between 50 and 54 years of age.

## Quarterly Calendar

The New York Stock Exchange is closed on:

**Thanksgiving Day—Thursday, November 22, 2007**

**Christmas Day—Tuesday, December 25, 2007**

**New Year's Day—Tuesday, January 1, 2008**

**Martin Luther King, Jr. Day—Monday, January 21, 2008**

Transactions made on these days will be processed the following business day.



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