



Financial Advice Survey Summary

In these trying economic times, *Oregon Savings Growth Plan* (OSGP) wants to be sure that our participants have all the tools necessary to help them prepare for a secure financial future. We have seen many participants leave the plan when they retire because we did not offer financial advice. Therefore, OSGP is considering adding financial advice from ING through its partnership with Financial Engines.

All participants would receive an annual Retirement Evaluation statement which provides a personalized summary of their portfolio and offers help with their investments, savings, and retirement income. The participants would then have access to Online Advice. Participants who manage their OSGP account on their own but are looking for advice from an expert may find this service helpful in reaching their goals. These accounts would be pre-populated with their OSGP account and investment information. Participants would be charged a monthly fee of 50 cents (annual fee of \$6) for the printed Retirement Evaluation statement and 24/7 access to Online Advice.

Participants who want an independent advisor to manage their OSGP account for them could enroll into the professional management program, speak to an advisor about their retirement goals, and receive quarterly

progress reports about their portfolios. This service is offered for an additional fee.

OSGP held webcasts with two focus groups to review the services. The focus groups were made up of current employees and retirees. OSGP also developed a survey that was posted on both the state and ING's websites. The survey was open for several months, and notice was given in the quarterly newsletter. Only 127 participants responded. These were the results of that survey:

- 37.4 percent responded that the last time they made any changes to their OSGP account was more than a year ago.
- 58.9 percent said they planned to retire within the next 15 years.
- 78 percent had created a plan to save and investment for retirement. Sixty-five percent said they had stuck to that plan.
- 60 percent felt that they had enough time and expertise to research investments and plan for retirement.
- 60 percent said they would like to receive an annual Retirement Evaluation statement and to have access to Online Advice for the fee of 50 cents per month.
- 90 percent said they would like the evaluation and Online Advice because they wanted an expert opinion.

- For those who said they did not want the service, 45 percent said they were confident in their own investment, and 70 percent said they did not want to pay a fee. (Respondents could choose multiple responses.)
- 54 percent indicated they would consider a professional management service in which a team of investment advisors would manage their account for them at an additional fee.
- Of those who said they might be interested in a managed account, 68 percent said they would do so to avoid making a big mistake and losing their investments before they were able to retire. Forty-five percent said they wanted an independent advisor to do this for them so they didn't have to, and another 40 percent said they wanted to have a plan for retirement (multiple responses).
- For those not interested in a managed account, 55 percent said they didn't think it was worth the cost, and 43 percent did not want to delegate this responsibility to a professional advisor.

Some of the comments from those who liked the idea were:

“There is a significant benefit to working with a financial provider experienced with PERS pension fund and Oregon State investment laws. Providing financial services that meet these

requirements could be beneficial to our members.”

“I don't want to make a major mistake and with professional advice it may be avoided.”

“I think OSGP should offer members an optional service to purchase financial advice at a reasonable fee. The fee of 50 cents per month mentioned in the survey is very reasonable and I would sign up immediately provided I felt the advisor actively monitored and managed my account with my retirement goals in mind.”

“The additional services the OSGP to enhance participants' ability to make good investment decisions is very desirable and appreciated. Thank you, OSGP managers.”

“I think this is an important need for the broad population of people in the OSGP. I take more than the usual interest in investing, but I still have a lot to learn. I am nearing, but not yet at, retirement age. I will probably seek out independent advice soon on a fee-basis. But even if I do that, this service would be a chance for a double check on that advice, if it is what it can be. And for other investors, it might be all they will do. I'm appalled by the number of people who are talked into removing their money from this plan or from PERS after retirement, and who are all but being robbed of their own money through commissions and fees. They need an alternative and this could be hugely beneficial to them.”

Those not so keen on the idea had this to say:

“Some people might want to have help using financial advisors in their investments, so having the option for those people is a good option. I don’t support making this a mandatory requirement for all of us.”

“I am very satisfied with my current OSGP retirement withdrawals. I am a fairly savvy amateur investor and don’t want to pay additional fees for additional management help.”

“Many of us will be very upset if this additional 6.00 financial fee is forced on us! If an individual wants additional advice, then that should be their choice. Also please remember there is a lot of anger & distrust towards financial institutions and big banks going on right now.”

“Any additional costs should be OPTIONAL. In addition, I think there is a lot of advice that could and should be provided for free with regard to the value of diversification, etc. Finally, I think the retirement date based funds provide the support you are looking to provide for the investor who wants to stick to the tried and true.”

Questions posed by respondents have been addressed below:

How much does the Professional Account Manager program cost?

It depends on your account balance. For accounts under \$50,000, it would be 60 basis points*; for the next \$50,000, 50 basis points, 40 basis points for the next \$50,000 and 20 basis points for accounts over \$150,000. *1/100 of 1%

Posting the dates for the 1st and 2nd quarter OSGP workshops planned for 2012 before the end of 2011 would be helpful.

OSGP posts the upcoming workshops in November of each year. These can be found at:

http://www.oregon.gov/PERS/OSGP/section/2012_osgp_workshop.shtml

Will this be available to retirees also?
Yes, all participants will be able to use this service.

Is someone available online by chat?
You would be able to call someone to talk about your account. This person can also help you with the on-line advice tool. If you sign up for the managed account, you would talk to a financial advisor on the phone.

An example of the annual progress report that would go to all participants is attached.

ING Communications

week 1



Awareness

Introduction

- Cover letter
- Preview card

week 2



Education

Evaluation

- Cover letter
- Retirement Evaluation
- Information booklet
- Reply form
- Legal info

week 4 – week 6



Action

Follow Up

- Reminder letter
- Reply form

Deadline Reminder

- Postcard
- Email

deadline

ongoing member communications



Preview and Transition: Welcome Kit

- Cover letter
- Plan Preview
- Welcome Brochure
- Legal Info



Ongoing Management (quarterly)

- Cover letter
- Progress Report

This is a sample for informational purposes. It is subject to change and does not contain actual participant data.

retirement update

Prepared for | **Robert Harrison**
Account | **[Plan Name]**

Period | **4/7/10-7/7/11**
Data as of | **7/7/11**

Portfolio summary

| | This period | Since enrollment (4/7/10) |
|--|-----------------|------------------------------|
| Managed account opening balance¹ | \$72,850 | \$72,850 |
| + Change in value | \$1,256 | \$1,256 |
| Managed account closing balance¹ | \$74,106 | \$74,106 |
| + Other retirement assets ² | \$21,045 | \$21,045 |
| Total portfolio closing balance | \$95,151 | \$95,151 |

Profile and preferences¹

Call us to customize your preferences

| | |
|---------------------------------------|----------------------|
| Current age | 50 |
| Retirement age | 65 |
| Risk preference ² | Typical for your age |
| Your savings ³ | 6% or \$2,970/yr |
| [Plan Sponsor] contribution | \$2,970/yr |
| Social Security estimate ⁴ | \$18,200/yr |

Retirement income

Will you reach your goal?

Retirement goal: **\$42,000/yr⁴**
Retirement forecast: **\$42,800/yr⁴**



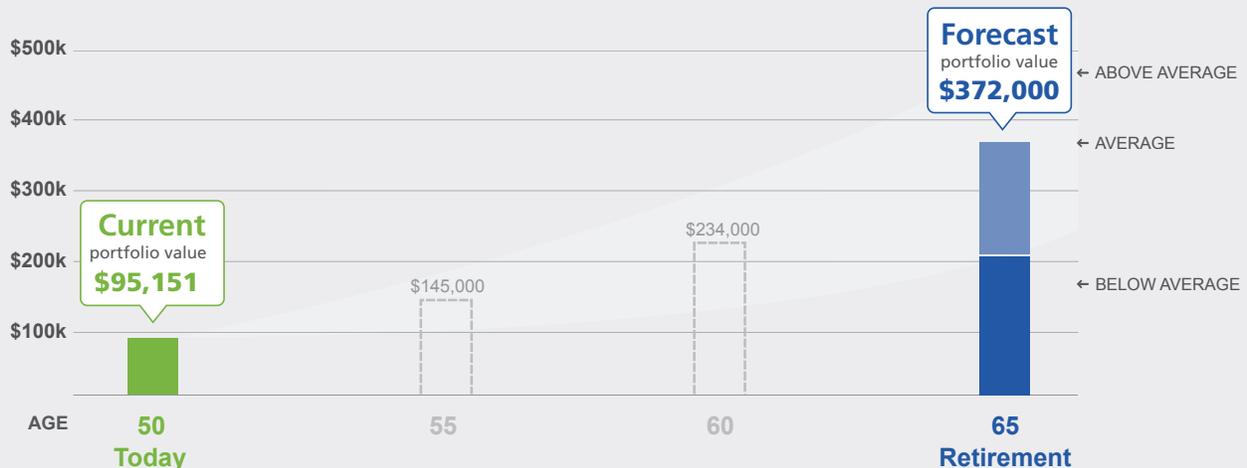
Based on your current balance of \$95,151 and savings rate, your portfolio may be worth \$372,000⁴ when you retire if market performance is average.

That balance, combined with Social Security⁴ could provide a total retirement income⁴ of \$42,800 per year in retirement.

Can you do better?

Even a little more saved today could have a big impact on your retirement lifestyle later. Call us to discuss ideas.

Call 1-800-601-5957



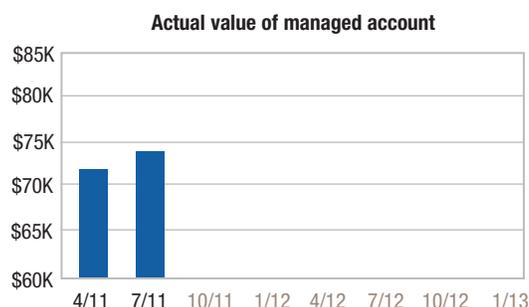
Important information about this graph¹. The potential one-year loss of your portfolio target is 9.3% or more².

retirement update

Managed account growth

Since enrollment, your account has **increased \$1,256**

Your managed account value changes due to contributions and withdrawals, as well as from investment gains and losses. It does not include any restricted investments².



Portfolio overview and managed account

Total portfolio balance: \$95,151

(includes your other retirement assets²)

We create a custom investment mix for your accounts. Our goal is to maximize your returns at a risk level that's right for you². If you want to lower or raise your risk preference, call us.

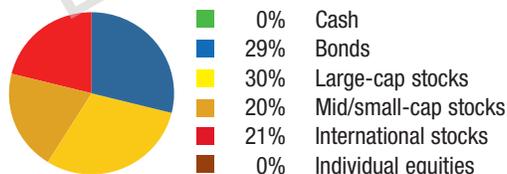
Planned risk level²

Moderately Aggressive

Risk preference²

Typical for your age

Current portfolio investment style



[Plan Name] balance: \$74,106

(as of 7/7/11)

| Investment | Investment style* (Primary, secondary) | Current value | Current allocation | Previous allocation (as of 4/7/11) |
|---------------------------|---|-----------------|--------------------|---------------------------------------|
| Money Market | Cash | -- | -- | 3% |
| Stable Value Fund | Bonds, Cash | \$3,705 | 5% | 13% |
| Bond Fund | Bonds | \$2,964 | 4% | -- |
| Large Cap Fund | Large-cap stocks | \$28,901 | 39% | 37% |
| Small Cap Fund | Mid/small-cap stocks | \$18,526 | 25% | 32% |
| International Growth Fund | International stocks | \$20,008 | 27% | 15% |
| TOTAL | | \$74,106 | 100% | 100% |

* Each investment may exhibit the characteristics of one or many styles. Here you see the predominant styles per investment.

retirement update

▶ Other retirement assets²

This is a list of other retirement assets you or [Plan Sponsor] have told us about². We take these into account when creating the planned allocation for your managed account and estimating your total retirement income. However, we do not manage them. Please review the list and let us know of any changes that are not shown here. For example, you may have had deposits or withdrawals.

Robert's Traditional IRA balance: **\$21,045**

(as of 7/7/11)

| Investment | Ticker | Quantity | Price | Current value | Current allocation |
|------------------------|--------|----------|---------|-----------------|--------------------|
| Intermediate Bond Fund | IBFIX | 893 | \$23.57 | \$21,045 | 100% |
| TOTAL | | | | \$21,045 | 100% |

▶ Management activities

Below is a listing of activities we have completed in the past quarter to manage your account. If you have any questions about these activities, please call a Financial Engines Investment Advisor Representative at 1-800-601-5957.

| Date | Actions taken | Date | Actions taken |
|---------|------------------------------------|---------|------------------------------------|
| 6/19/11 | Reallocation transaction confirmed | 4/26/11 | You personalized your account |
| 6/16/11 | Investments reviewed | 4/18/11 | Reallocation transaction confirmed |
| 5/18/11 | Reallocation transaction confirmed | 4/15/11 | Investments reviewed |
| 5/15/11 | Investments reviewed | 4/11/11 | Retirement Plan mailed |
| 4/30/11 | Retirement Plan mailed | 4/8/11 | You personalized your account |

▶ Savings



Your savings for your [Plan Name]:

You are taking full advantage of your [Plan Sponsor] contribution. However, you might consider additional pre-tax savings allowed by your plan. To increase your savings, call [Plan Provider Phone Number] or log in to your account at [Plan Provider URL].

| Retirement accounts | Current savings |
|--|--------------------------------|
| [Plan Name] | \$2,970/yr |
| [Plan Sponsor] contribution to [Plan Name] | \$2,970/yr |
| Robert's Traditional IRA | Call us to provide information |
| TOTAL | \$5,940/yr |

Retirement Update

Dear Chris (Ing),

Here is your latest quarterly Retirement Update. Use it as a tool to help you stay on track for retirement. Here's how:

- Check the forecast to see how you are tracking against your retirement income goal
- Check the stoplight for specific advice we may have to improve your retirement outlook.
- Check back regularly by [logging in](#) to Personal Online Advisor

Make Personal Online Advisor more personalized!

Did you know that if you tell us about your other retirement accounts we can further personalize the advice we provide? Just [log in](#) and click on the "Add account" button in the Investments section.

Will you reach your goal?



about an even
chance
to meet your goal

You have about an even chance of reaching your retirement income goal of \$40,000 per year at your planned retirement age of 65 years old.

You might consider a change
We have advice that may help
you improve your plan.



Get retirement advice now!

See your current Retirement Plan and our advice to enhance it.

Login



If you have questions about the Retirement Update or Personal Online Advisor, contact the Plan Information Line at 1-800-824-8756. Please do not reply to this e-mail as we are not able to respond to messages sent to this address.

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