

# plan update

## Rebalancing your investments

One of the most significant decisions you make when choosing investments for your OSGP account is setting your asset allocation.

Asset allocation is spreading your money across different types of investments called asset classes. Stocks, bonds and cash equivalents are examples of asset classes. They have their own characteristics and reactions to market changes. Think of asset classes as different baskets. How much you put into each basket depends on your personal situation, including how far you are from retirement.

The value of your investments in each basket is likely to increase or decrease at different rates. Over time, market gains or losses may push your portfolio out of alignment with your original asset allocation strategy. This can affect your risk level and ability to reach your savings goals. If so, it might be time to rebalance.

Rebalancing adjusts your investment mix back to the percentages of stock, bond and cash equivalent investments you set in your asset allocation strategy.

For example, maybe one fund has grown in value to become a much higher percentage of your total account portfolio. To rebalance, you might sell shares of that "over-weight" fund to buy shares in an investment in a different asset class, bringing both back to your original target percentages.

Or you may be closer to retirement and want to reduce your exposure to market risk. If you have been investing a large percentage of your portfolio in stock funds for potential

long-term growth, you might shift a greater percentage to bond and cash equivalent funds, accepting lower growth potential in exchange for lower market risk.

If you have chosen one of the LifePath® target retirement date funds for your OSGP account, professional portfolio managers make the asset allocation and rebalancing decisions.

Investments in target retirement date funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would expect to begin withdrawing money for retirement. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a target retirement date fund is not guaranteed at any time, including on or after the target date.

There's no right time to rebalance, but there are some common strategies for maintaining balance in your OSGP account. You may choose to rebalance at the beginning or at the end of each year. Or you could adjust your portfolio whenever your target allocations drift by more than a certain percentage.

Rebalancing and asset allocation do not assure or guarantee better performance or prevent loss in declining markets. However, both strategies may help you manage risk and stick to an investment strategy that's appropriate for you. ●

## Stay balanced automatically

Automatic account rebalancing is a convenient online tool. To use it, log into your Plan account, choose **Manage Investments > Rebalance Account**. Or call **(800) 365-8494** to use the automated telephone system and select **Transfers**, then **Rebalance Your Account**.

Your mix of investments will be rebalanced automatically either quarterly (on the last day of each quarter) or annually. It's a convenient way to keep your OSGP account in line with your current goals and risk tolerance.

If you use the Stable Value option, along with the Short Term Fixed and/or Intermediate Bond options, please note that monies cannot be transferred from Stable Value directly to the Short Term Fixed or Intermediate Bond options even through the rebalancing feature. If the rebalance requires this type of transfer, the automatic feature could be canceled. ●

## A whole new online experience

Enjoy an even better experience for managing your OSGP account every time you log in! The new design makes information quicker to access and view. To learn more, go to **<http://osgp.ingplans.com>** and select **Oregon Savings Growth Growth Plan LOGIN** in the blue tab at the top of the screen. On the login page, click on **Watch this brief video**. ●

## Quick way to reset password

You can conveniently reset your OSGP password by e-mail instead of waiting for a reminder by mail. Just log into your account online and follow the system prompts. ●

### advisory corner

#### Upcoming Advisory Committee Meeting

May 14, 2014 • 9:30 a.m.

Archives Building • 800 Summer Street, Suite 200, Salem

# Ask Kathy

If you are retired or no longer work for an employer that offers OSGP as a supplemental retirement plan, and you have a question, just Ask Kathy. Send an e-mail to [osgpcustsvc.PERS@state.or.us](mailto:osgpcustsvc.PERS@state.or.us). Please write **Ask Kathy** in the subject line.



## How will I know if I have enough money to last me in retirement?

For early baby boomers (age 55 to 64), retirement planning is a top priority, but according to *Financial Finesse's* research, more than half have not run a retirement illustration to see how much money they will potentially need to help them pursue a secure retirement.

Running a retirement illustration is important for everyone, but most urgent for this generation. An illustration lets you know if you are on track, or if you need to make minor tweaks or major changes to your retirement savings and planning behavior. Without an illustration, you may not know how much you need for retirement or how to appropriately plan your distributions so that you have an income stream that may have to stretch decades into the future. You could end up retiring without enough savings, or spend your savings too quickly. By anticipating your retirement needs, you may decide to work longer if you are uncertain whether you've saved enough.

Here are a few things to think about:

- **Set goals.** Consider how you want to live in retirement. List your financial needs, hobbies and interests.
- **Create a budget.** Build a budget that will help you balance spending against your income and savings. List where your income will come from and estimate expenses that could increase, and those that might decrease over time. Remember, the only thing constant in life is change, so allow your spending plan to be flexible enough to deal with changes.
- **Start slowly.** Spending too quickly could put you at risk of running out of money. Consider how long you need your money to last. Recent studies indicate that many Americans actually increase their spending in the first years after they retire.

- **Delay taking withdrawals.** Keeping your money invested longer will allow your account to accumulate and possibly reduce the risk of outliving your money.
- **Know your investment distribution options.** Understanding the distribution options from your retirement plan(s), and knowing when you are required to take money from an account could help you decide how you want to manage your income in retirement.

## Does OSGP offer any assistance for those nearing retirement?

OSGP offers a retirement workshop held around the state. You can sign up for a session at [www.oregon.gov/pers/osgp](http://www.oregon.gov/pers/osgp). The Plan also offers the following planning tools:

### ING U.S. Transition/Retirement Counseling

- A service available at no additional fee that explains the options for your retirement savings.
- Talk with a Retirement Consultant for one-on-one coaching.
- Call **(800) 365-8494**.

### My Retirement Outlook® online calculator

- Estimate your retirement income needs and sources.
- Go to <http://osgp.ingplans.com>.

### Catch-Up options

- If you are at least age 50 or are within three years of the year you would reach OSGP's definition of normal retirement age as defined by the Oregon Public Employees Retirement System, you may want to consider the available catch-up options that allow you to make higher contributions to your OSGP account.
- Contact the Salem OSGP office at **(503) 378-3730**.



Please take OSGP's survey at <http://osgp.ingplans.com> and tell us what you think about being able to buy stocks and bonds in the Self-Directed Brokerage Account.

OSGP website:  
<http://osgp.ingplans.com>

OSGP Information Line:  
(800) 365-8494

PERS/OSGP website:  
[www.oregon.gov/PERS/OSGP](http://www.oregon.gov/PERS/OSGP)

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## quarterly calendar

Transactions made on these dates when the New York Stock Exchange (NYSE) is closed will be processed the following business day that the NYSE is open.

- **Friday, April 18, 2014**
- **Monday, May 26, 2014**
- **Friday, July 4, 2014**