oregon
SAVINGS GROWTH PLAN

SECOND QUARTER
2014

plan update

It may be time to mix it up

Experts say you should choose a mix of investments for your retirement savings. But do you know why?

Keeping too much money in options that invest in just one of the main asset classes — stocks, bonds or cash equivalents — could increase risk.

For example, a portfolio with only conservative investments may expose you to the risk of outliving your assets. With a portfolio that's too aggressively invested for growth, the value of your investments might decline sharply just at the moment you need income in retirement.

As you invest for retirement, it's important to remember:

- All investments involve some degree of risk.
- Investments in the main asset classes offer different risk and return potential. Generally, investments with higher risk tend to offer higher potential for return.
- Asset classes respond differently to market volatility. Typically, when stock funds fare well, bond funds typically do not, and vice versa.

Once you accept that risk is a normal part of investing, you may feel more confident that you can find the right balance between risk and return for your situation. Two strategies can help: diversification and asset allocation.

Diversification involves spreading your account balance among investments in more than one asset class and owning different types of investments within an asset class.

Asset allocation is deciding what percentage to invest in an asset class and how to divide it within an asset class.

Having a mix of asset classes may help manage risk by increasing the possibility that at least one asset class is performing if others are not. Strong returns in one asset class could also offset weak performance in another.

Of course, diversification and asset allocation cannot guarantee a profit or protect against loss in declining markets. However, both strategies could help you balance out the various risks you take as you aim for better returns.

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New name for ING: Voya Financial™

ING, OSGP's record keeper, is changing its name to Voya Financial in September. Nothing changes to your account or the quality retirement services you receive as a result of this name change.

LifePath Index 2015 Fund reminder

The LifePath® Index 2015 Fund, which is managed for investors who plan to retire or begin taking withdrawals between 2013 and 2017, is reaching its target year. Units of the fund will be exchanged automatically for units of the LifePath® Index Retirement Fund after the close of business on November 14, 2014. You will see this change on your OSGP statements after the first of the year. If you prefer not to have the money moved into that fund, you will need to transfer your balance in the LifePath® Index 2015 Fund before September 30.

Remember, a target retirement fund is generally managed to a specific retirement year (target date) included in its name. Its asset allocation will become more conservative as it approaches its target retirement date. An investment in a target retirement fund is generally not guaranteed at any time.

Roth investors: did you know?

You can make investment elections for your Roth 457 account that are different from those in your pre-tax 457 Plan account. It is easy to do when you log into your OSGP account. If you have questions, call the Plan Information Line at **(800) 365-8494**.

advisory corner

Upcoming Advisory Committee Meeting

August 13, 2014 • 9:30 a.m.
Archives Building
800 Summer Street, Suite 200, Salem

(continued from other side)

It may be time to mix it up

You have three ways to diversify the investments for your OSGP account.

A target retirement date fund.

LifePath® target retirement date funds offer a simple investing solution. You choose the fund whose target date most closely matches the date you expect to begin withdrawing your money for retirement. The fund you select gives you a diversified portfolio in one step. Professional portfolio managers make the investment 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.

A mix of funds.

If you prefer to manage your own investments, you can construct a diversified portfolio by selecting from OSGP's menu of investment options.

The Self-Directed Brokerage Option.

With the Charles Schwab's Personal Choice Retirement Account® (PCRA), you can choose among thousands of mutual funds available through Charles Schwab. The account is designed for participants who are experienced investors that can make informed decisions and understand the risks associated with the investment decisions made. There is no charge from Schwab to open a PCRA, but you pay transaction fees and commissions and a Plan administrative fee of 0.18%. Please read the prospectus carefully before investing.

Information about these investment options is available at **http://osgp.ingplans.com** or by calling **(800) 365-8494**. You should carefully review all information before making an investment decision.

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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. Please write *Ask Kathy* in the subject line.

I'm retiring. What should I do about my beneficiary?

It is a good idea to review the beneficiary designation for your OSGP account to make sure the information is up-to-date.

Who can be a beneficiary?

Any person can be named as a Plan beneficiary. Note: if a minor (a person who is not yet an adult) is named as a beneficiary, an adult must act as the minor's representative. A trust may be named, as long as you designate the trustee as the beneficiary and the trust exists before making the designation. You cannot assign or transfer any rights you have under the Plan to a trust. Before specifying an entity (such as a charitable organization or a trust) rather than an individual as a beneficiary, you should consult with a tax or financial adviser about the implications on the IRS required minimum distribution payments to beneficiaries.

Who is entitled to my OSGP benefits if there is no beneficiary designated?

In the absence of a beneficiary designation, the payment goes to your estate.

How do I make changes to my beneficiary information?

Complete a Designation of Beneficiary form and return it to the Salem office. The form is available at **www.oregon.gov/pers/osgp** under *Forms* or by calling **(503) 378-3730**.

quarterly calendar

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

- **Monday, September 1, 2014**

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

OSGP Information Line:
(800) 365-8494

PERS/OSGP website:
www.oregon.gov/PERS/OSGP

Editorial contributions:
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In compliance with the Americans with Disabilities Act, staff will provide this document in an alternate format upon request. To request this, contact OSGP at 503-378-3730 or TTY 503-378-4942.

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