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When you are leaving employment to retire or change jobs, you face a decision about what to do with the assets in your Oregon Savings Growth Plan (OSGP) account.

Through ING, the Plan's record keeper, OSGP will soon offer Transition Counseling. This free service gives you access to a Transition Counselor who can review your situation, explain your choices, and help you get your assets in order when you retire.

You have the option to stay in OSGP after you retire. If you are not ready to make a decision, take your time — there's no immediate deadline. The law does require you to begin taking Required Minimum Distributions (RMDs) from your retirement accounts in the year when you reach age 70½ or quit working, whichever happens later.

You can also consolidate your other retirement accounts into OSGP, including your traditional Individual Retirement Accounts (IRAs) and, when you retire, your PERS Individual Account Program (IAP) account.

Keeping your retirement assets in OSGP provides these advantages:

- OSGP gives you a choice of funds while the IAP does not. Rolling your IAP to OSGP is very easy; just complete one form, and we will ensure your funds are transferred to OSGP.
- Compare the fees for OSGP investment options with the fees charged by brokers and financial advisors for IRAs. You may find that OSGP is the lower-cost program.
- The Plan provides a variety of flexible payout options when you are ready to withdraw your money.

To consolidate your retirement assets into your OSGP account, obtain and complete the *OSGP Transfer/Rollover In Form* from the Plan website or call to request one from the Plan Information Line at **(800) 365-8494**. You may want to review your options with your tax adviser or Justin Naegle, the local ING representative, at **(503) 378-3471**. ●



A new look

All marketing communication for OSGP is getting a facelift with the goal of making information more inviting and accessible.

Do you want lower taxes?

Save more in your OSGP account if you want to cut your current tax bill.

It's simple: When your OSGP contributions go up, your federal and state taxes go down. Since your contributions are deducted from your paycheck on a pre-tax basis, you postpone paying taxes until the amounts in your Plan account are distributed to you at a later date, generally at retirement. To adjust your contributions, go to the Plan website or call the Plan Information Line. ●

OSGP team expands

The OSGP team welcomes a new representative who has joined two familiar faces — one a long-time employee, the other who now plays a new role — to provide you with ongoing support.

Karen Blanton
Educational
Representative



Karen Blanton is the new educational representative. She conducts workshops for state employees throughout Oregon. Call her at **(503) 378-6380** to request a workshop at your agency.

Karen replaces the previous educational representative, **Justin Naegle**, who is the new local ING representative. He will assist local government employees with understanding OSGP and its investment options. He is available to hold workshops and meetings around the state. If you are a local government employee, call Justin at **(503) 378-3471** with questions about your OSGP account or to schedule a one-on-one appointment.

Jack Schafroth is the local government representative. He works with local government agencies around the state as they adopt OSGP for their employees. Call Jack at **(503) 378-8567** to schedule worksite meetings at your agency. ●

Justin Naegle
ING
Representative



Jack Schafroth
Local
Government
Representative



advisory corner

Upcoming Advisory
Committee Meeting

May 11, 2011 • 9:30 a.m.
PERS Headquarters
11410 SW 68th Parkway
Tigard

2011 tax cut may help you boost retirement savings

You have extra cash in every paycheck because of a Social Security tax break for this year only. Beginning in January, withholding taxes from wages were reduced by 2% for all of 2011.

You are paying 4.2% instead of the standard 6.2% into Social Security on income below \$106,800.

This offers a limited time opportunity to save more for your retirement. Simply consider deferring some or all of the 2% into your voluntary retirement plan, such as your 457(b) Plan account.

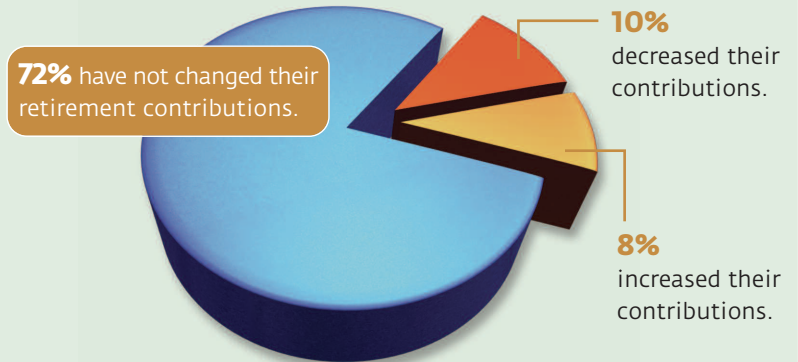
Remember, when you increase your Plan contributions, you may see little or no difference in your take home pay. That's because your contributions are tax deferred which means the amounts are not subject to current federal or state taxes. You only pay taxes on contributions and earnings in your Plan account when you begin withdrawals or distributions.

While the Social Security tax break is temporary, your decision to defer the 2% could make a long-lasting difference for your future. To increase your retirement plan contribution, go to the Plan website or call the Plan Information Line. ●

How do your retirement plan contributions stack up?

A recent study of state and local government employees' financial habits yielded some thought-provoking statistics.

41% of government employees expect to retire at a later age because of the financial market decline. They also expect the cost of living to increase — and yet:



Have you reviewed your contributions to your voluntary retirement plan lately? Are you sure that your current contribution rate will allow you to save enough money to retire? Take advantage of the tools and services available through your Plan for evaluating whether your current contribution rate will be enough to help you reach your retirement objectives. ●

Statistics are from Public Employees in Focus published by the ING Retirement Research Institute in September 2010 based on a survey of 1,026 state and local government employees.

Check your Plan account's fiscal fitness

Your Plan account needs routine check-ups for the same reason you need a physical exam: to make sure it stays healthy.

A fiscal check-up can tell you whether you're on track to meet your retirement objectives or need to make changes. Here are some basic guidelines to help you maintain your long-term financial well-being.

Quarterly Review your account statements to see how your investments are performing.

Annually Look at the amount you contribute from each paycheck into your employer's voluntary retirement plan and consider increasing it.

Review the investments in your account. If your portfolio is out of alignment with your investment strategy, you may want to rebalance to restore the target percentages you set originally. Generally, rebalancing involves selling one or more of your investments and using the proceeds to buy other investments in your portfolio. Rebalancing and asset allocation cannot assure or guarantee better investment performance or prevent loss in declining markets, but both can help manage risk as part of your investment strategy.

Regularly Take advantage of your Plan's educational opportunities, tools, and services. ●





Should I delay taking my first RMD?

While your personal finances are fresh on your mind as the tax season ends, it may be a good time to think ahead to a decision you might face in December.

Tax laws require you to begin annual withdrawals known as Required Minimum Distributions (RMDs) from your retirement accounts in the year in which you reach age 70½, or when you retire, whichever is later.

Generally, you must take your RMDs no later than December 31 of each calendar year to avoid a 50% tax penalty. However, a special rule applies to your first RMD. You have the option of delaying your first distribution until April 1 following the year in which you reach age 70½ or retire, whichever is later.

You might prefer to wait if you expect to be in a lower tax bracket in the following year. However, keep in mind that your second distribution must be made on or by December 31 of that same year.

Receiving your first and second RMDs in the same year may increase your taxable income for the year. So before you decide when to take your first RMD, consider consulting with your financial or tax adviser about your personal situation. ●

Tips to prevent online fraud

You can protect your confidential information and reduce the risk of potential financial harm due to identity theft by taking these precautions.

Anti-virus software

Anti-virus software scans and deletes viruses from your computer and incoming e-mail. After you purchase anti-virus software, keep it enabled to repair damage and receive updates automatically.

E-mail

Do not reply to e-mails from unknown or suspicious sources. Delete them immediately. Do not open attachments or links contained within e-mails from unknown sources.

Hackers use appealing subject lines and false addresses to entice you to open virus-laden e-mails and attachments. In reading an e-mail subject line, if it sounds too good to be true, do not open the e-mail or attachment.

Internet

Download information only from trustworthy websites. Complete virus scans of downloads before opening them. Use spyware detection to ensure that you do not become a victim of pop-ups that could obtain your user identification and password for your accounts.

If you have high-speed Internet access, use a firewall to prevent hackers from gaining unauthorized access to your computer. A firewall may be provided through your operating system or home networking software if you have a personal router.

If your computer becomes infected, you should log off the Internet and scan your computer with updated anti-virus software. ●

Test your knowledge of inflation

Inflation is a rise in the level of prices of goods and services in an economy over a period of time. Do you know how inflation could affect your retirement planning? Quiz yourself.

1. The U.S. average rate of inflation over the past nine decades has been more than 5%. TRUE FALSE
2. The worst inflation in U.S. history has come after periods of heavy deficit spending by the government. TRUE FALSE
3. It is wise for individuals who are saving and investing for retirement to factor inflation into their long-term investment strategy. TRUE FALSE



Answers:

1. **False.** Overall, U.S. inflation has risen an average of 3% per year, based on the Consumer Price Index (CPI)¹ which began tracking data in 1913.² At that rate, in 24 years, you might need twice as much money as you spend today to help meet your expenses.
2. **True.** The worst years for inflation were during and after World War I, World War II, and the Vietnam War. In the 1970s, soaring oil prices combined with Vietnam War spending, resulting in high inflation. The risk of inflation in 2011 is considered likely because of the recent period of deficit spending to lift the economy out of deep recession.¹
3. **True.** Even a modest rate of inflation can reduce the purchasing power of your retirement savings in the future. As a buffer against inflation, you may want to consider including some options that invest in stocks for potential growth in your investment mix. ●

¹ Bureau of Labor Statistics, "Consumer Price Index for All Urban Consumers Historical Tables, 1913 to the Present," as of March 2010.

² Bureau of Labor Statistics, "Consumer Price Index Frequently Asked Questions."



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

OSGP Information Line:
(800) 365-8494

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This newsletter is not intended to provide legal, tax, or investment advice. For such advice, participants should contact their legal, tax, or investment advisers.

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quarterly calendar

The New York Stock Exchange is closed:

- Monday, May 30, 2011
- Monday, July 4, 2011

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