Wyoming
RETIREMENT SYSTEM

Mix-Your-Own Investor Checklist ☑

In the WRS 457 Deferred Compensation Plan, mix-your-own investors choose from a variety of funds that represent different asset classes to create custom portfolios. When choosing this path, you have the power to make your own investment choices on an ongoing basis.

It is a good idea to evaluate your investment strategy at least once a year to determine if you are on track to reaching your retirement objective, and to assess if changes in your personal situation require changes in your investments. Run through this quick six-question checklist to evaluate your retirement readiness.

☐ 1. What is your "time horizon" for investing this money?

Time horizon refers to how much time you have to keep your money invested. In general, a longer time horizon allows you to take more risk, because you won't be withdrawing your money for what may be many years, and have more potential for growth. Although you may be close to retirement, you may still have a long investment horizon if you aren't going to be withdrawing the money for many years. As you get closer to taking withdrawals, you may want to adjust your investment mix to achieve stability over growth.

- ☐ **Short Time Horizon** – 0 to 3 years before taking withdrawals
- ☐ **Intermediate Time Horizon** – 3 to 10 years before taking withdrawals
- ☐ **Long Time Horizon** - more than 10 years

☐ 2. Has your "risk tolerance" changed?

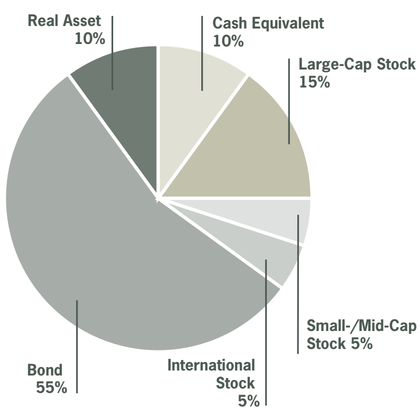
"Risk tolerance" refers to how willing you are to handle fluctuations with your retirement account balance. Take our risk tolerance quiz and see if your investor profile is conservative, moderate, moderately aggressive or aggressive. This quiz also incorporates some questions about time horizon. If you don't mind greater fluctuations in market value in exchange for more growth over time, your risk tolerance could be classified as "Moderately Aggressive" to "Aggressive." But if you're uncomfortable with big swings in your portfolio, your risk tolerance might be closer to "Moderate" or "Conservative." Knowing your risk tolerance helps you determine your asset allocation.

3. Do you have the proper "asset allocation" in your portfolio?

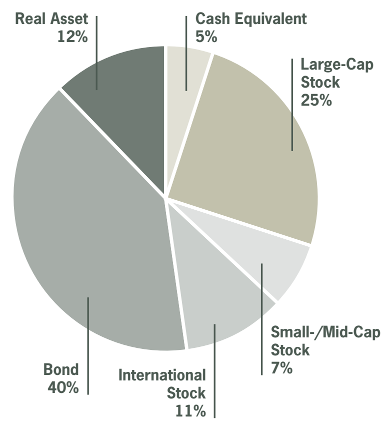
A healthy retirement strategy has a number of different financial instruments known as asset classes. Investing in different types of financial instruments helps provide insulation when the market fluctuates. If the stock market falls, which impacts equities, a proper asset allocation would include bonds or cash equivalents in the portfolio because they don't change value the same way the stock market does. Once you have completed the risk tolerance quiz, you can use WRS' sample portfolios as a starting point for a suitable portfolio, or as a comparison to what you have already established. The asset classes available in the WRS 457 Deferred Compensation Plan are stock funds, real asset funds, bond funds and cash equivalents.

Here is a high-level example of what portfolios could look like, with different asset allocations, based on risk tolerance.

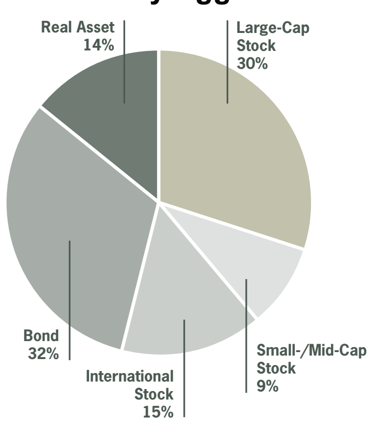
Conservative



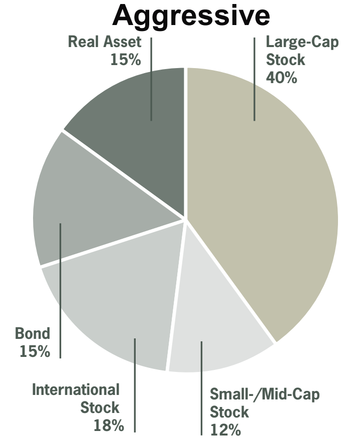
Moderate

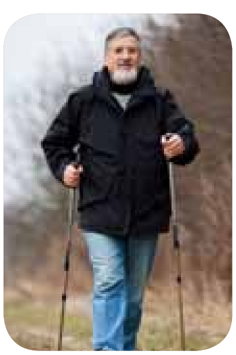


Moderately Aggessive



Aggressive





FAF (FINANCIAL AWARENESS FACTS)

Changing your asset allocation is a necessary part of a healthy portfolio. However, it's important to resist the urge to move your money too often in search of an exceptional return. Remember, successful investors are usually in it for the long-term and understand the market goes up and down.

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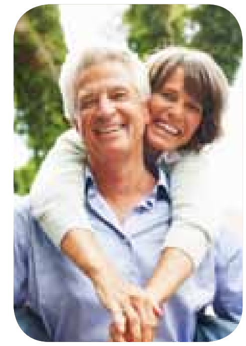
4. Have you “rebalanced” or adjusted your assets to keep on-track with your established asset allocation?

When you rebalance your investments, you adjust your asset allocation back to your original target. Take a typical "60/40" portfolio with 60% of investments in stocks and 40% in bonds. If the stocks do really well, their value could change to be 70% of your total. To maintain the original ratio, you can rebalance your WRS 457 Deferred Compensation Plan assets using an automated feature on the website. Once you log in to your account, click the “Transactions” icon and select “Rebalance My Investments.” You can also rebalance by calling WRS’ record keeper direct at 800-701-8255.



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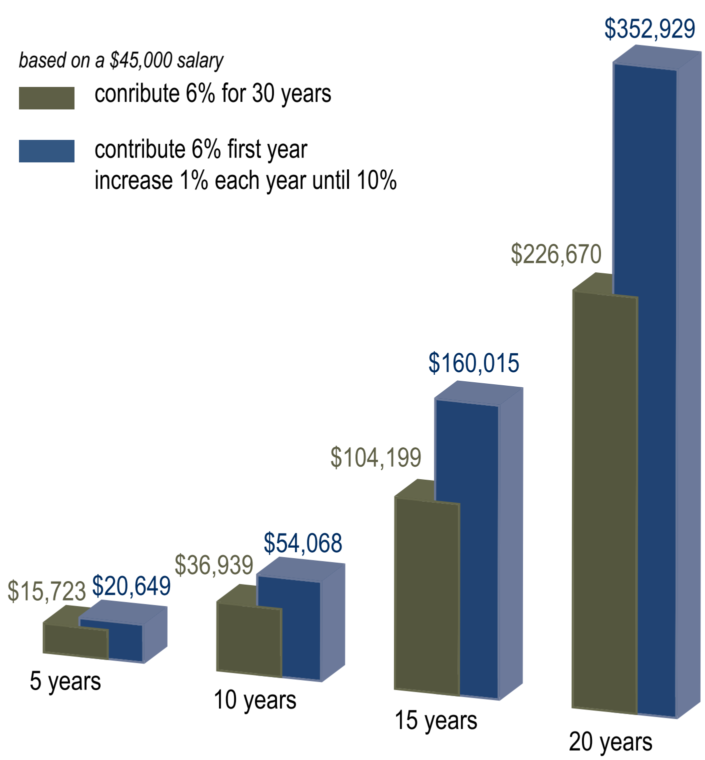
5. Has your income changed, so you could increase your contribution?

Even a small increase every year can make a big difference in your accumulated retirement assets. If your salary has increased this year, consider “splitting the raise with yourself,” so that a portion could go toward a larger contribution to retirement. Increasing your contributions can be done at any time. Go to the WRS 457 website to get the Contribution Election Form to fill out and mail or fax it to WRS at (307) 777-3621. You can contribute up to $18,000 in 2015 toward your retirement goals if you are under age 50 and up to $24,000 if you are age 50 or older. There is a one-time “catch-up” provision for people who are close to retirement that potentially allows contributions up to $36,000 if you qualify.

Here’s a quick graph of how much you could increase your retirement balance with only a one percent increase per year.



the **BIG** impact of **small** contribution increases

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 6% annual rate of return and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees had been deducted.

FAF

True or False – Workers who have done a "retirement savings needs" calculation (compared with those who have not) tend to have higher levels of savings?

Answer: TRUE

Good job if you have done that as part of your retirement readiness!

☐ 6. Do you have a plan for managing your money after you retire?

As you get closer to retiring, a "spend down plan" is just as important as the plan you have when saving for retirement. A spend down plan is an estimation of how you will withdraw your retirement savings over the course of your life after you stop working. Factors include your life expectancy, continued investment strategy during retirement, other sources of income, and so forth. Spend down plans can be a straight percentage or dollar amount.

Check out the online tool on the WRS 457 Deferred Compensation Plan website by logging into your account, selecting "Retirement Income Control Panel," "Current Projections," and then selecting the "Future Withdrawal Plan." The spend down calculator or fincalc.com is another tool to help you estimate how long your nest egg could last.

If you need a refresher course on investment concepts, make sure you take advantage of WRS' educational seminars online at http://retirement.state.wy.us/home/multimedia.html or in-person when WRS Retirement Educators are in your area. Check the website at http://retirement.state.wy.us/education/index.html to see the travel schedule.

Contact WRS for questions:

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FAF

How many adults would give themselves a grade of A or B on their personal finance knowledge?

Answer: 59%.