



SAVE MONEY AND RETIRE TOMORROW

PARTICIPATE

Plan Overview

Massachusetts Deferred Compensation SMART Plan



Office of the State Treasurer
and Receiver General

save for the future

now

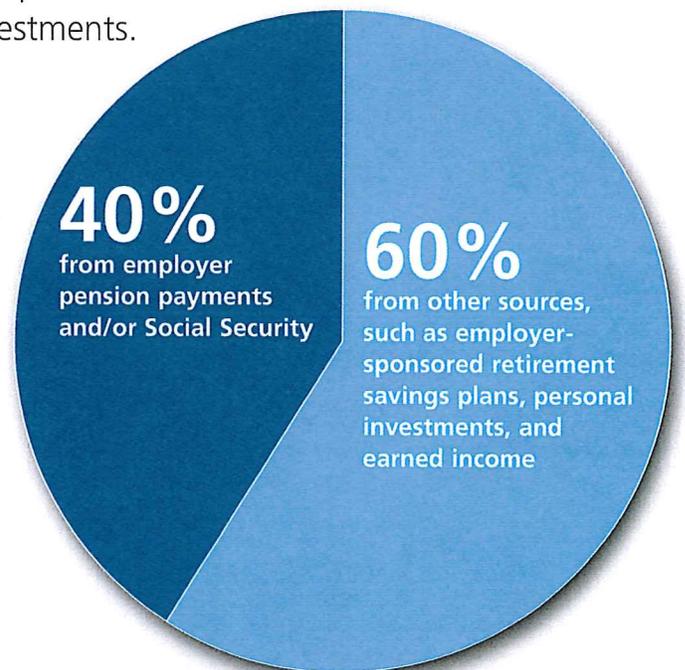
Congratulations! You are eligible to join the Massachusetts Deferred Compensation SMART Plan. This supplemental retirement savings program offers a convenient way to **Save Money And Retire Tomorrow.**

This booklet includes specific information about the SMART Plan, as well as general information about the benefits of saving through the SMART Plan.

Pension benefits and Social Security may help cover some of your expenses in retirement. But, as you can see in the chart below, today's retirees have greater responsibility for creating their own retirement income through personal savings and investments.

Participating in the SMART Plan allows you to defer a portion of your salary now so you will have access to it in the future.

Where will your retirement income come from?

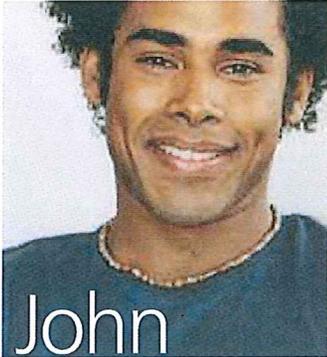


Source: U.S. Department of Labor, Employee Benefits Security Administration, October 2012, "Top Ten Ways to Prepare for Retirement."

The cost of waiting

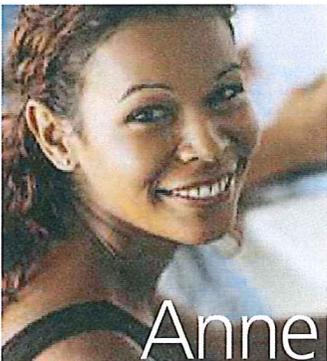
Waiting just one year to start saving and investing in the SMART Plan could cost you more than you think. The sooner you start to save and invest, the more time you are giving your investments to potentially grow. So it's important to get started now—no matter how old you are.

Here are two hypothetical employees who both began working at age 25.



John Systems Analyst

- Quickly spends his earnings
- Doesn't really save any money
- Waits until after he gets married at age 35 to begin contributing \$100/month to the SMART Plan for the next 30 years
- **Total Contributions: \$36,000**



Anne Benefits Coordinator

- Began contributing to the SMART Plan at age 25
- Contributes \$100/month for the next 15 years
- At age 40 has to stop contributions to the SMART Plan in order to fulfill other obligations
- **Total Contributions: \$18,000**

Here is a hypothetical illustration assuming a 6% annual rate of return.

Who could have more money at age 65?

If Anne had the opportunity to keep contributing to the SMART Plan until age 65, her "End of Year Balance" could be **\$199,149.**

Age	John		Anne	
	Monthly Contribution	End of Year Balance	Monthly Contribution	End of Year Balance
25	\$0	\$0	\$100	\$1,234
30	\$0	\$0	\$100	\$6,977
35	\$100	\$1,234	\$100	\$16,388
40	\$100	\$6,977	\$0	\$29,082
45	\$100	\$16,388	\$0	\$39,227
50	\$100	\$29,082	\$0	\$52,912
55	\$100	\$46,204	\$0	\$71,370
60	\$100	\$69,299	\$0	\$96,267
65	\$0	\$100,452	\$0	\$129,850

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. 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 charges, expenses or fees that may be associated with the SMART Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

How does the SMART Plan work?

The SMART Plan is a retirement savings program authorized under section 457 of the Internal Revenue Code (IRC). Section 457 programs, commonly called 457 deferred compensation programs, allow eligible employees to save and invest before-tax dollars through salary deferrals.

1. You decide, within IRC limits, how much of your income you want to defer.
2. Your contributions will reduce your paycheck by that amount before income taxes.
3. Your contributions will be invested, per your instructions, in the investment options offered under the SMART Plan.

Remember: Money distributed from the SMART Plan will be taxed as ordinary income in the year the money is distributed. Account values fluctuate with market conditions and when surrendered, the principal value may be worth more or less than the original amount invested.

Fees

An annual administrative fee of 0.08% of your account balance will be charged as 0.02% to your account on a quarterly basis. For example, if you have a \$10,000 account balance, the annual administrative fee would be \$8. This would be charged to your account quarterly in the amount of \$2.

In addition to the administrative fee, each of your investment options has an investment management fee. Fees vary by option and are disclosed in the Fund Performance document and Fund Fact Sheets. You can review these documents on the website at www.mass-smart.com > Invest or obtain copies by calling the SMART Plan Service Center at (877) 457-1900.¹

The Tax-Deferred Advantage

Tax deferral is beneficial in three ways:

1. It lowers your current taxable income, because you postpone paying taxes on contributions made to the SMART Plan.
2. It allows more of your money to work for you. This includes money that you ordinarily would have paid in federal income taxes. Tax-deferred compounding occurs when any earnings on your account are reinvested and given the chance to earn more money.
3. The contributions and any earnings that accumulate over the years are not taxed until you receive them. That's usually at retirement, when you may be in a lower tax bracket.

To illustrate how contributing toward retirement on a before-tax basis affects your paycheck, let's assume you earn \$30,000 in taxable income annually and you want to defer \$100 from each paycheck to the SMART Plan. You're paid every other week—26 times a year.

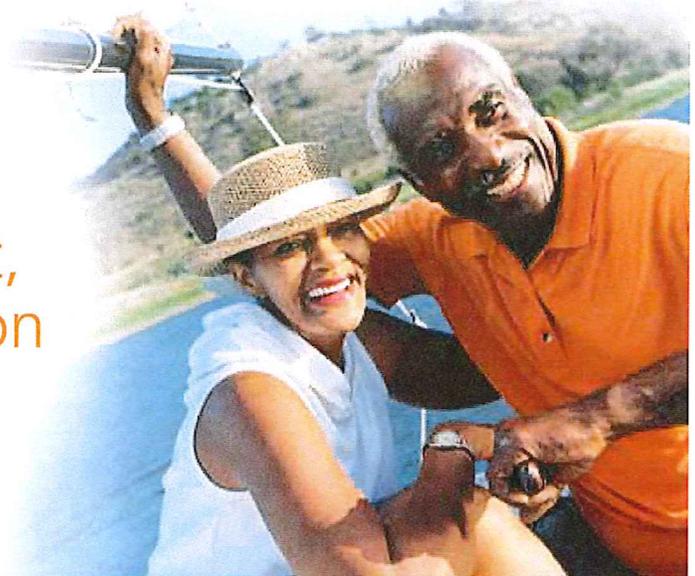
	Paycheck Before Joining the Plan	Paycheck After Joining the Plan
Income After Adjustments	\$1,154	\$1,154
SMART Plan Contribution	\$0	\$100
Net Taxable Income	\$1,154	\$1,054
Federal Income Tax (15%)	\$173	\$158
Take-Home Pay	\$981	\$896

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration assumes a participant earning \$1,154 per paycheck in regular pay who contributes \$100 per paycheck in the SMART Plan. It also assumes 15% federal and state income tax withholding but does not account for local income tax withholding, or Medicare, Social Security or other taxes.

By saving through the SMART Plan, your current federal income tax would be reduced.

The Power of Long-Term Savings

When it comes to saving for retirement, put time on your side.



PLAN OVERVIEW

The Power of Long-Term Savings

Now, compare how those \$100 biweekly contributions could accumulate over time assuming a 6% annual rate of return and a 15% income tax bracket. As shown in the table and chart below, by contributing before tax and allowing any earnings to compound on a tax-deferred basis over a long period of time, you could potentially accrue more through the SMART Plan versus an after-tax plan, in which taxes are paid every year.

	After-Tax Savings Plan	The SMART Plan
Biweekly Contribution	\$100	\$100
Net Yearly Contribution	\$2,600	\$2,600
After 10 Years		
Total Contribution	\$26,000	\$26,000
Ending Account Balance	\$33,913	\$35,571
Tax-Deferred Benefit	-	\$1,658
After 20 Years		
Total Contribution	\$52,000	\$52,000
Ending Account Balance	\$90,482	\$100,340
Tax-Deferred Benefit	-	\$9,858
After 30 Years		
Total Contribution	\$78,000	\$78,000
Ending Account Balance	\$184,844	\$218,275
Tax-Deferred Benefit	-	\$33,431



ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes a 6% annual rate of return, a 15% federal income tax bracket, and reinvestment of earnings, with no withdrawals. It does not take into account state, local, Social Security, Medicare or other taxes. Rates of return may vary. Distributions from a tax-deferred retirement plan are taxable as ordinary income. Assumes that the taxable account does not hold any investment for more than 12 months. Lower capital gains tax rates may apply if a taxable investment is held for longer than 12 months, which may make the return on the taxable investments more favorable, thereby reducing the difference in performance between the accounts shown. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.



More benefits to the SMART Plan

Contributing Made Easier

Your contributions to the SMART Plan are conveniently deducted from your paycheck.

Multiple Investment Options

Choose from a variety of diversified, professionally managed investment options with competitive fees.

Flexibility

Change both the amount you are contributing (within IRS limits) and the way you are investing your contributions.

Portability

The SMART Plan is portable, meaning benefits accumulated from a previous employer's plan and/or a traditional IRA may be rolled into the SMART Plan.² Conversely, if you change jobs, you can roll over your SMART Plan benefits into another eligible retirement plan or tax-qualified plan, such as an IRA. You may also leave your benefits in the SMART Plan, where they can continue to accumulate potential earnings tax deferred.

Keep in mind:

Amounts rolled into the SMART Plan from other non-457(b) plans will remain subject to the IRS 10% premature distribution tax penalty for distributions taken prior to age 59½, unless an exception applies.

If you roll over your SMART Plan benefits into a plan type other than a 457(b) deferred compensation plan, those benefits will also be subject to the IRS 10% premature distribution penalty tax (unless an exception applies) if any distributions are taken from that new plan prior to age 59½.

2014 Contribution Limits

Annual Limit: The minimum contribution amount to participate in the SMART Plan is \$10 per pay period or 1% of your gross income, whichever is less. You can contribute a maximum of 100% of your includible compensation, not to exceed the annual IRS limit of \$17,500 in 2014.

Age 50+ Catch-Up: Beginning January 1, 2014, if you are age 50 or older during the 2014 calendar year, you may contribute an additional \$5,500. This amounts to a maximum contribution of \$23,000 for 2014.

Standard Catch-Up: During the three consecutive years prior to, but not including the year you attain normal retirement age, if you have under-contributed to the SMART Plan or another employer-sponsored retirement plan in the past, you may be able to contribute an additional \$17,500 in 2014. This amounts to a maximum contribution of \$35,000 for 2014. If you elect to use the Standard Catch-Up provision, you are not required to make the maximum allowable contribution.

The Standard Catch-Up and Age 50+ Catch-Up provisions cannot be used in the same year. You should evaluate which catch-up provision is most favorable to you.

	Annual Limit	Age 50+ Catch-Up for participants age 50 or older	Standard Catch-Up 3 years prior to normal retirement
2014	\$17,500	\$5,500	\$35,000
2015 and later	Expected to be adjusted for inflation in \$500 increments		

Contribute as Much as You Can

Contribute as much as you can, based on your individual circumstances, and consider increasing your contributions with each pay raise. Even a small increase can make a big difference over time.

The following chart illustrates the potential long-term effect of increasing your contributions from \$25 to \$50 to \$100 per pay period (26 pay periods).

Accumulation Years	Contribution of \$25/Pay Period	Contribution of \$50/Pay Period	Contribution of \$100/Pay Period
5	\$3,785	\$7,570	\$15,140
10	\$8,893	\$17,785	\$35,571
20	\$25,085	\$50,170	\$100,340
30	\$54,569	\$109,137	\$218,275

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes a 6% annual rate of return and reinvestment of earnings, with no withdrawals. The illustration does not reflect any taxes, charges, expenses or fees that may be associated with the SMART Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

Access to Your Money

Distributions are allowed under the following circumstances:

- Separation from service;
- Death (upon which your designated beneficiaries have access to benefits);
- Unforeseeable emergency (in accordance with IRS regulations); or
- In-service distributions of \$5,000 (available in limited circumstances, under the conditions of the SMART Plan). *For more details, please contact your local representative.³*

Service you can count on!

SMART Plan participants can access account information 24 hours a day, seven days a week via the Web or by phone.¹ The SMART Plan's approach to service is based on convenience—service is a call, click or visit away.



SMART Plan Service Center (877) 457-1900

- Speak to a customer service representative Monday-Friday, 9:00 a.m. to 8:00 p.m. Eastern Time (ET)³
- Access your automated account information 24 hours a day, seven days a week¹

Your Personal Identification Number⁴ (PIN) and Social Security number are required for account access by phone. If you don't know your PIN, a customer service representative can assist you.

Reality Investing[®] Advisory Services, provided by Advised Assets Group, LLC (AAG), a federally registered investment adviser

Local SMART Plan Representatives (877) 457-1900, say "Representative"

Local SMART Plan representatives can assist you with your account, as well as discuss your retirement objectives.³ They can provide you with information on all aspects of the Plan, including:

- Enrollment
- Investment options
- Reality Investing[®] Advisory Services
- Contribution limits
- Catch-up provisions
- Distribution options



www.mass-smart.com

In the Access Your Account section, log in to:

- Make account inquiries
- Conduct investment option transfers/allocation changes¹ (subject to Excessive Trading Policy)
- Obtain fund unit values and descriptions
- Review fund performance (Past performance does not guarantee future results.)
- Activate automatic account rebalancing⁵
- Sign up for Reality Investing Advisory Services

Registration for first-time users and login are required for online account access.



To meet with a SMART Plan representative, you may visit one of the following locations during available hours. To schedule an appointment, call the SMART Plan Service Center at (877) 457-1900, say "Representative," and request to be connected to your local office. Written correspondence should only be directed to the Regional Service Center in Waltham. Other locations in the Boston area may be available by appointment.

Location	Address	Representative Availability
Regional Service Center		
Waltham	255 Bear Hill Road, Waltham, MA 02451	Monday through Friday
Other Locations		
Boston	One Winter Street, 8th Fl., Boston, MA 02108	Monday through Friday
Springfield	436 Dwight Street, Room 109, Springfield, MA 01103	Monday, Wednesday and Friday
Worcester	2 Chestnut Place/22 Elm Street, Worcester, MA 01608	Monday through Friday

Support you can rely on!

Meeting your retirement objectives is a lot easier when you have tools and support to help you. As a participant in the SMART Plan, you have access to *free* online planning tools and calculators at www.mass-smart.com > Educate > Planning Tools and Calculators.

- **Retirement Planner**
Use this calculator to estimate your retirement savings nest egg and analyze whether you are on schedule to meeting your retirement income needs.
- **Paycheck Planner**
View the effects of SMART Plan contributions on your take-home pay.
- **Financial Planner**
How much income do you think you'll need during retirement?
- **Saving for College**
Save for your financial future through the SMART Plan.
- **Increase Your Savings**
Learn how increasing your contributions to the SMART Plan can be advantageous in the long run.

- **457 Limits Calculator**
Governmental 457 deferred compensation plans have permitted two catch-up provisions that allow participants to contribute a greater amount than the normal maximum contribution amount in effect for the year. This calculator will help you determine the maximum contribution you can make to the SMART Plan.

Financial Seminars

These free seminars are designed to help you meet your financial and retirement objectives and are conveniently scheduled throughout Massachusetts. For more information, call your local representative or go to www.mass-smart.com > Educate > Educational Seminars.

SMART Plan Update

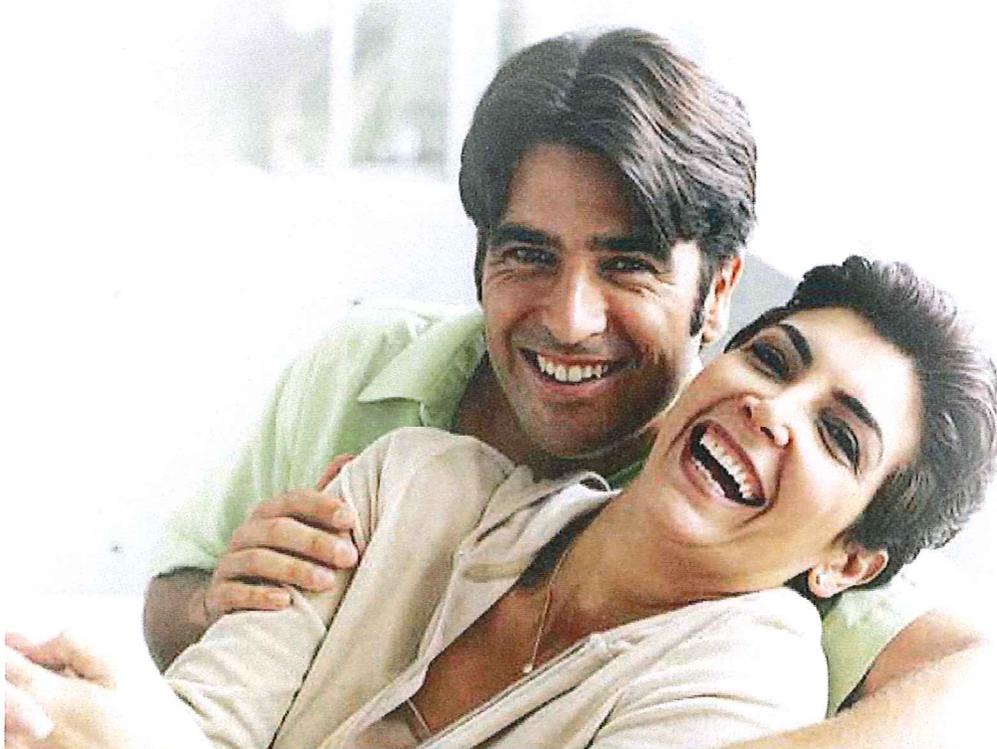
This quarterly newsletter keeps you in-the-know with information about the SMART Plan, as well as interesting and educational articles about general finance topics.

Reality Investing® Advisory Services (Advisory Services)

Advisory Services, provided by AAG, a federally registered investment adviser, is a behavior-based approach to investing that provides investment advisory tools and services based upon the level of involvement you desire in managing your investments. You can choose as much or as little help as you need. Advisory Services includes Online Investment Guidance, Online Investment Advice, and a Managed Account service for personal and professional investment assistance and account management. There are fees associated with the Managed Account service and Online Investment Advice. Online Investment Guidance is offered with no fee. Please refer to the *Two Paths to Investing for Retirement* brochure for complete details on these fees.

There is no guarantee that participation in Reality Investing Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

To learn more about Advisory Services, go to www.mass-smart.com > Advise or call the SMART Plan Service Center at (877) 457-1900 to speak to an Advised Assets Group, LLC (AAG) adviser representative. Regardless of which option you choose, you get a personalized approach based on your finances, your risk tolerance, and your investment objectives.



Get started today!

Go to www.mass-smart.com > Enroll Now to get started. Or, contact your local representative at (877) 457-1900 to set up an enrollment meeting that is convenient for you.

WWW.MASS-SMART.COM

Faneuil Hall Marketplace photo courtesy Kindra Clineff, Photographer/Massachusetts Office of Travel and Tourism (MOTT).

- 1 Access to your SMART Plan Service Center and website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the website or Plan Service Center received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.
- 2 You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options.
- 3 Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.
- 4 The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West FinancialSM immediately if you suspect any unauthorized use.
- 5 Rebalancing does not ensure a profit and does not protect against loss in declining markets.

Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.

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