State of Alaska
DEFINED CONTRIBUTION PLANS

Tips on Making Retirement *More Bear-able*

SUGGESTIONS FOR YOUR EARLY CAREER

The early years of your career are a time full of promise and possibilities. While you're focused on building the skills and gaining the experience you need to succeed at your job, it's also the ideal time to think about your financial future and building the retirement you want. Here are a few tips to get you started.

Bjorn says...

Imagine that 20 or 30 years ago, someone set up an investment account just for you. Sounds great, right? But it gets better. Each month, that person added a little more to the account and put the money in a diversified portfolio. Now you can use that money in any way you need to live the life you want. That's exactly what your DCP account helps you do for yourself. It helps you build the future retirement income you'll need - and it helps you make the most of the decades you have before you retire.

Check your Lifetime Income Score

How much will you need to save over the course of your career to reach your retirement goals? Instead of aiming at a lump sum, it might help to calculate what you'll need each month in your retirement years. But where do you start?

Your Lifetime Income Score can help. Just log in to your account on **www.akdrb.com**. You'll get an estimate of your future retirement income needs based on the amount you save and how you invest — with suggestions for getting closer to your goal.

Choose how to contribute

Ready to start contributing — or start contributing more — to your future? With the State of Alaska Deferred Compensation Plan (DCP), you can contribute to your account in two ways:

1. **Before-tax contributions** - Your contributions and earnings are tax-deferred, which means you pay taxes on that money when you make a withdrawal.
2. **Roth contributions** - Your contributions come out of your paycheck after you pay taxes, and your future withdrawals are tax free.

Also, it's not an either/or choice. You can make both Roth and before-tax contributions if you like. Talk to your Retirement Plan Advisor to learn more.

Learn about managing risk

In general, investments with higher risk have higher return potential. Those with less risk tend to offer lower returns. And remember, risk isn't always a bad thing — especially for people early in their career with decades to save and invest before retirement. Why? You have more time to recover from market downturns — and more time to capitalize on riskier investments offering higher potential returns. One more thing: you'll also want to consider adjusting your level of investment risk as you near your retirement date to protect the assets you'll need for retirement income. That's an important part of managing risk.

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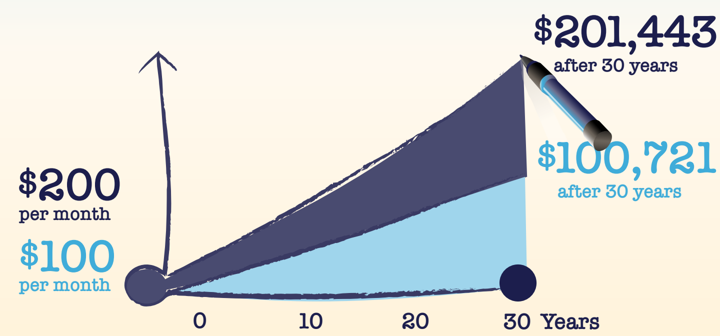
Tips on Making Retirement *More Bear-able* (Continued)

Take advantage of compounded growth potential

Any earnings from the money you invest with your DCP account get reinvested, with the potential to generate even more returns. Over time, this effect (known as **compounded growth**) can help your savings build momentum. This example shows you how. A $100 contribution each month invested at a 6% rate of return translates into more than $100,000 of future retirement income — and $200 a month invested at the same rate results in more than $200,000. That's why it's so important to get in the habit of saving for retirement early in your career!



FOR ILLUSTRATIVE PURPOSES ONLY. This is a hypothetical illustration to show the value of an increase in contributions. 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% average annual rate of return, 24 pay periods, and reinvestment of earnings with no withdrawals. Rates of return may vary. This illustration does not include any charges, expenses or fees that may be associated with your plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

Save more over time with scheduled increases

Even if you're not able to save as much as you'd like now, small increases over time can make a big difference. Scheduled increases allow you to set up automatic annual increases to your voluntary contribution amount up to an amount you specify. Log in to your account to take advantage of this powerful tool.

Choose the investment approach that's right for you

Whether you're comfortable choosing your own investments or would prefer a little help, the DCP offers you a way to invest that fits your needs:

- **Build your own portfolio** - An investment portfolio you create and manage using one or more of the DCP's investment options.
- **State of Alaska Target Retirement Trust** (TRT) - A professionally managed, diversified portfolio in a single investment option, with a mix of investments that automatically evolves based on a planned retirement date . Generally, the asset allocation of each Target Date Retirement Trust will gradually become more conservative as the fund nears the target retirement date. The date in a Target Date Retirement Trust's name is the approximate date when investors are expected to start withdrawing their money (generally assumed to be at age 65). The principal value of the fund(s) is not guaranteed at any time, including at the time of the target date and/or withdrawal.
- **My Total Retirement™** - A fee-based service where investment professionals create and manage a custom-tailored portfolio for you and provide ongoing guidance as you work toward your goals (See your Plan Highlights for more on the fees for this service). There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.*

Want to learn more?

Check out this video for some tips on getting off to a strong start on your retirement.

*Online Advice and My Total Retirement are part of the Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser.

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