
HELP FOR MIX-YOUR-OWN INVESTORS



retirement.wyo.gov

How do I decide which investments are right for me?

WRS provides a selection of investments which will allow you to put your money into a wide variety of investment choices. The choices offered to you meet the high-quality, low cost requirements of WRS. You can also choose to invest in a wide variety of mutual funds through a self-directed brokerage account.

Decide if you are a “do-it-yourself” investor or if you prefer a “do-it-for-me” approach when selecting plan investment options.

The Plan offers you choices that allow you to mix your own investments. You'll find them in the group “mix-your-own-funds.” A “do-it-yourself” investor will most likely decide to spread their account contributions across different types of investments: large companies, mid-size and small companies, international companies, bonds, real asset and capital preservation funds.

If you don't have the time, interest or knowledge to mix your own investments, WRS offers choices for the “do-it-for-me” investor. In this case you make one choice among the group called “pre-mixed funds.” These choices are designed to invest a percentage of a participant's contributions automatically in all areas of the market balancing comfort with risk and how many years that you have until reaching a retirement age of 65

Invest for the long term

Whether you mix your funds or use a pre-mixed fund, it's a good idea to keep your long-term investment goals in mind. Investments in stock, bond and real asset funds frequently rise and fall in value. This is called volatility. When you put your money in an investment option you are actually buying shares in that fund. A rise or fall in your account value occurs because the price of shares in the fund has gone up or down. Growth occurs when the value of your shares is more than the price you paid for your shares.

When share prices fall, you still own the shares and as long as you don't sell your shares, there is the probability the share price will rise again, raising the value of your account. It's important to consistently contribute and invest in your fund selection when share prices fall; because the share price is lower, you will buy more shares than you may have prior to prices falling, kind of like buying something on sale. If and when share prices rise, the result will be more value in your account.

Sometimes it can take years for fallen share prices to rise. If you are in your 20s, 30s or 40s, you may have many years of investing ahead of you, and will have time to wait for the prices to rise. Even if you are in your late 50s or early 60s, it's likely you may be invested for another 10 or even 20 years, which may be plenty of time to ride out any drops in share prices. Keep your long-term goals in mind when the prices in the stock and bond markets experience volatility.

Understand your investment choices

The investments offered by WRS are referred to as “funds,” or “mutual funds.” But what is a mutual fund? A mutual fund is simply a collection or a basket of individual company stocks, bonds or other securities pooled together and managed by a professional manager or investment company. Mutual funds offset the risk of investing in just one company. When your investments are in mutual funds your risk is spread over all the companies in the mutual fund.

Stock Mutual Funds contain a mix of individual company stocks. Investing in Stock means you’re actually an owner of the company. Stock prices go up, and down, quite a lot from day to day. The long term objective of investing in stock is typically growth of your original investment. Stock is considered higher risk, but also higher in potential to gain value.

International and Mid-Small Company Mutual Funds typically have more risk and volatility than Large Company Mutual Funds. Sometimes the term capitalization or “cap” is used instead of the term “company.”

Bond Mutual Funds contain a mix of bonds which are issued by governments and corporations. Putting your money in bonds means you are lending money to a government or corporation, called the bond issuer. The bond promises to pay the money back with interest. Bond funds do not have the same risk as stock funds and typically do not have the same up and down volatility as stock. The rate of return on a bond is based on an interest rate being paid to you, the investor. The objective of investing in bonds is typically for an income producing investment, rather than a growth investment like stock. When general interest rates change, it can have an effect on the value of bonds.

Real Asset Funds may contain a mix of bonds, commodities, stocks, real estate investment trusts and cash. The long term objective of investing in real assets is typically to offset inflation and they may experience a similar volatility as stock.

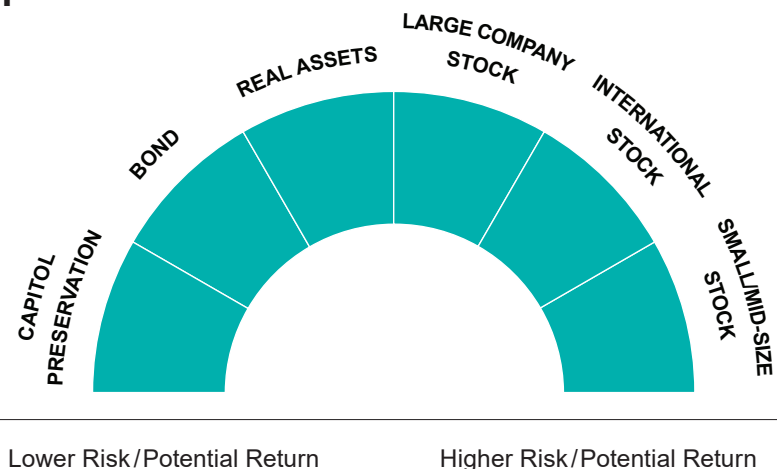
A Capital Preservation Fund's objective is to preserve the money you have put (invested) in the fund. There is very low risk in a capital preservation fund and limited volatility; however there are minimal rates of return or growth on these funds.

If you're a "do-it-yourself" investor

It's likely you will balance your investment portfolio by investing in all sectors of the market: stock, bonds, real asset and capital preservation funds. The most important step in mixing your own funds is deciding what portion, or percentage, of your monthly contribution

The Deferred Compensation Plan Mix-Your-Own Approach

Relative Risk/Return Meter
This relative risk/return meter offers one way to gauge the risk and return potential of the mix-your-own fund options in the 457 Plan.



This relative risk/return meter is illustrative only. It is not comparable to the risk/return meter for the pre-mixed funds or any other risk/return meter.

you want to go into each type of investment. The longer you have to invest and endure the market rising and falling, the more prudent it may be to put a larger portion of your contribution in stock, anticipating long term growth. It also may be prudent to balance your investment choices with smaller portions of your contribution going to real assets, bonds and cash. Conversely, if you have few years to invest and have less time to wait for prices to come back up, it may be prudent to put a larger portion of your contribution in bonds and cash with smaller portions of your contributions being invested in stock.

Putting your contribution in different types of investments (diversifying) does not eliminate the potential for risk or loss, however spreading your money across different types of investments or diversifying helps to reduce risk and potential loss.

Before deciding what percentage of your contribution to put in the mix your own funds, try using simple resources made available to you by the Plan which help evaluate how comfortable you are with risk (called your “risk tolerance”), and how long you have to invest before retirement age of 65 (called your “time horizon”). Take the risk tolerance quiz on the next page to identify your investor profile.

Compare your investor profile to the Sample Portfolios to help you determine what might be appropriate portions of your contribution to place in the different investment types: capital preservation, bonds, real assets and stocks. The Sample Portfolios are intended to show different ways to mix investments. Keep in mind the investment mixes shown here are not intended as advice for your specific situation.

Risk tolerance quiz

For each question, circle the number next to the answer that best suits you.

Identify your investment horizon

1. When do you plan to retire and begin withdrawing your money?

- 0 Fewer than 3 years
- 10 3 to 10 years
- 20 More than 10 years

2. Based on your life expectancy and projected retirement age, how long does your money have to last after you start making withdrawals?

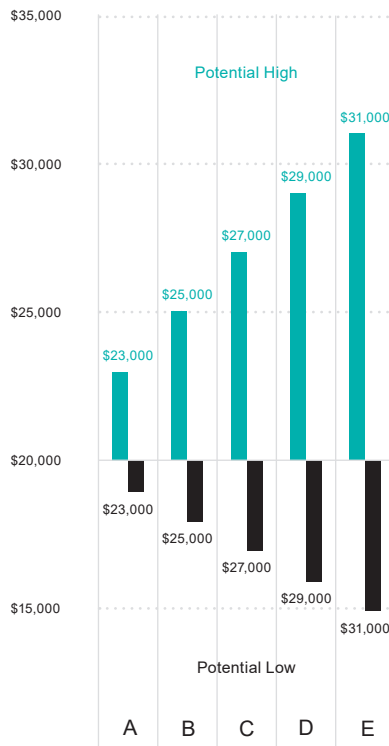
- 0 1 to 5 years
- 5 6 to 15 years
- 10 16 to 25 years
- 15 26 to 35 years
- 20 36 years or more

Identify your risk tolerance

3. Inflation risk is the risk that your money will buy less in the future. Market (or volatility) risk is the risk that your account will go down in value. Which of the following statements do you most agree with?

- 0 I'm more concerned about market risk. I don't want to lose money.
- 10 I am equally concerned about market risk and inflation risk. I want to minimize both.
- 20 I'm more concerned about inflation risk. I want my money to outpace inflation so I can maintain or increase my spending power.

4. Assume you invest in the Deferred Compensation Plan, and your account is valued at \$20,000. The graph below shows the potential high and potential low of five different hypothetical portfolios at the end of one year. Which portfolio are you most comfortable with?



- 0 Portfolio A
- 5 Portfolio B
- 10 Portfolio C
- 15 Portfolio D
- 20 Portfolio E

5. Assume you have money invested in the Deferred Compensation Plan. Which of the following statements do you most agree with?

- 0 I do not want my account to fall in value, and am willing to accept low long-term results.
- 5 I want to minimize the chance my account will fall in value, but I am willing to accept small short-term losses in return for low to moderate long-term return potential.
- 10 I want to balance my risk and my return, and am willing to accept moderate losses in return for moderate long-term return potential.
- 15 I am willing to accept substantial losses in return for high long-term potential.
- 20 I am willing to accept significant and dramatic losses in return for high long-term return potential.

6. Assume you invest a portion of your Deferred Compensation Plan account in stock funds, and those funds experience a 10% decline over a three-month period. What do you do?

- 0 I would immediately transfer money out of my stock funds into safer investment options.
- 10 I wouldn't do anything. I'd stick to my investment strategy and would keep my money invested in the stock funds.
- 20 I would take advantage of the decline in stock fund prices and would invest even more money in the funds.

Total your investment horizon score

Question 1 _____

Question 2 _____

Total _____

Total your risk tolerance score

Question 3 _____

Question 4 _____

Question 5 _____

Question 6 _____

Total _____

Identify your investor profile

Use your investment horizon and risk tolerance scores from the prior page to find your personal investor profile.

1. Look across the top row to find your investment horizon score.
2. Look down the left column to locate your risk tolerance score.
3. Match the two to find the code that represents your investor profile.

		Investment Horizon Score			
		65-80	25-30	15-20	10 or less
Risk Tolerance Score	65-80	A	MA	M	C
	40-60	MA	MA	M	C
	15-35	M	M	M	C
	0-10	C	C	C	C

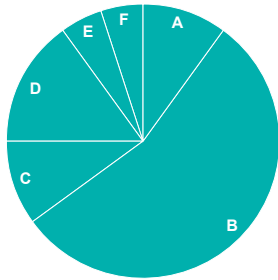
Profile Key C = Conservative M = Moderate MA = Moderately Aggressive A = Aggressive

This risk tolerance quiz was developed by an independent consulting firm and was designed to take into account the model portfolios used in this guide. It is not to be construed as investment advice in any way. Consult a financial advisor for more detailed information about your specific risk tolerance level and investment advice.

Remember that this quiz only provides a general idea of your risk tolerance at this point in time. Your financial circumstances change at different stages of life, you will want to review your tolerance for risk and your investment decisions every one to three years.

You may want to consult a professional financial advisor for more in-depth information before you invest. Remember, you are responsible for deciding how to invest your Deferred Compensation Plan account. Your investment decisions will determine the risk and return potential of your Deferred Compensation Plan account.

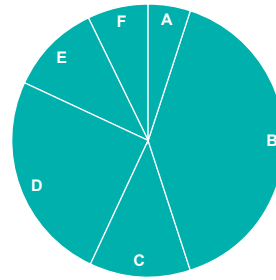
Sample portfolios



- A. Capital Preservation (10%)
- B. Bond (55%)
- C. Real asset (10%)
- D. Large-cap stock (15%)
- E. International stock (5%)
- F. Small-/Mid-cap (5%)

Conservative Risk/Return Sample

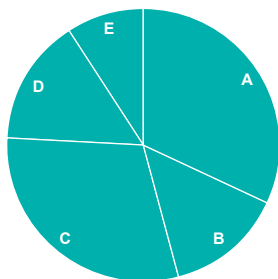
The Conservative Risk/Return Sample Portfolio invests 25 percent in stock funds (both domestic and international), 65 percent in core bonds and cash equivalent funds, and 10 percent in real asset funds (a multi-asset class investment consisting of real assets such as TIPS, commodities, REITS, as well as stocks and bonds). This portfolio is designed for investors who seek a total return with emphasis on income and low risk.



- A. Capital Preservation (5%)
- B. Bond (40%)
- C. Real asset (12%)
- D. Large-cap stock (25%)
- E. International stock (11%)
- F. Small-/Mid-cap (7%)

Moderate Risk/Return Sample Portfolio

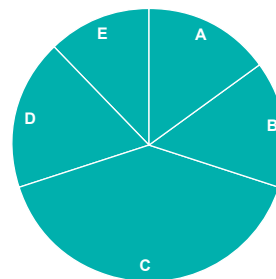
The Moderate Risk/Return Sample Portfolio invests 43 percent in stock funds (both domestic and international), 45 percent in core bonds and cash equivalent funds, and 12 percent in real asset funds (a multi-asset class investment consisting of real assets such as TIPS, commodities, REITS, as well as stocks and bonds). This portfolio is designed for investors whose primary goal is investment stability including income and long-term return potential and who are willing to tolerate moderate levels of volatility.



- A. Bond (32%)
- B. Real asset (14%)
- C. Large-cap stock (30%)
- D. International stock (15%)
- E. Small-/Mid-cap (9%)

Moderately Aggressive Risk/Return Sample Portfolio

The Moderately Aggressive Risk/Return Sample Portfolio invests 54 percent in stock funds (both domestic and international), 32 percent in core bond funds and 14 percent in real asset funds (a multi-asset class investment consisting of real assets such as TIPS, commodities, REITS, as well as stocks and bonds). This portfolio is designed for long-term investors whose primary goal is moderate investment growth potential through capital appreciation and income and who are willing to tolerate moderately higher levels of volatility.



- A. Bond (15%)
- B. Real asset (15%)
- C. Large-cap stock (40%)
- D. International stock (18%)
- E. Small-/Mid-cap (12%)

Aggressive Risk/Return Sample Portfolio

The Aggressive Risk/Return Sample Portfolio invests 70 percent in stock funds (both domestic and international), 15 percent in core funds and 15 percent in real asset funds (a multi-asset class investment consisting of real assets such as TIPS, commodities, REITS, as well as stocks and bonds). This portfolio is designed for investors who are primarily seeking growth and higher return potential and are willing to tolerate higher levels of volatility.

Note: An independent investment consultant designed these sample asset allocations using generally accepted modern portfolio theory and principles designed to generate portfolios that offer an efficient trade-off between expected returns and expected volatility. Please consider the investment objectives, risks, fees, and expenses of each fund carefully before investing.

If you're a “do-it-for-me” investor

It's likely you will choose the one pre-mixed fund in which the year referenced in the name best matches the approximate year you will reach the age of 65, the assumed retirement age used to manage the investments in the fund. These funds are known as Target Date Funds. The management company of the fund automatically invests percentages of your contribution in the various asset classes, stock, real assets, bonds and capital preservation. The longer you have to age 65, the more of your contribution will be invested in stock to achieve more opportunities for long term growth. You likely will still have smaller portions of your contribution invested in real assets and bonds. Over the years, as you approach the year of the Target Date Fund you have chosen, your mix of investments gradually and automatically shifts from a growth objective (namely stock funds) to a greater proportion of lower-risk investments (bond funds and capital preservation) to better preserve the value of your investment as you approach the period in which you may begin withdrawing from your account.

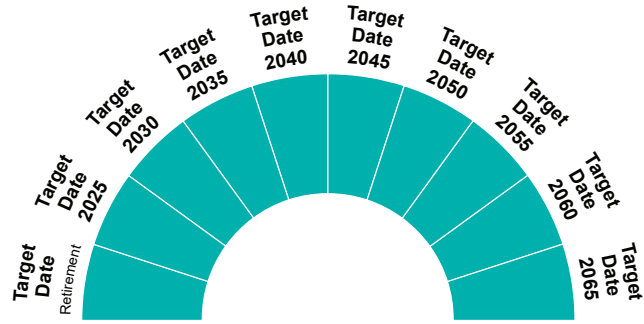
Target Date Portfolios

Target Date Funds all contain stock, bonds, real assets and capital preservation; they are fully diversified. Since they are fully diversified, typically you only need one target date fund in which the fund year most closely matches the year in which you become age 65. Having more than one, or additional funds along with your target date portfolio fund, actually weakens the usefulness of your target date fund.

The Deferred Compensation Plan

Pre-Mixed Approach

Relative Risk/Return Meter
 This relative risk/return meter offers one way to gauge the risk and return potential of pre-mixed fund options in the Deferred Compensation Plan.



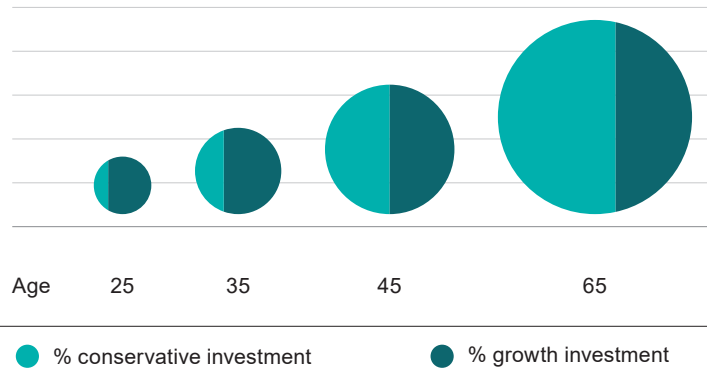
Lower Risk/Potential Return

Higher Risk/Potential Return

This relative risk/return meter is illustrative only. It is not comparable to the risk/return meter for the mix-your-own funds or any other risk/return meter. Investing in pre-mixed fund does not guarantee return or absence of risk or loss.

Target Date Portfolios

Expert investment managers gradually adjust the investments in the fund to become more conservative as you approach retirement.



Provided for illustrative purposes only.

To use the pre-mixed approach, select:

Quick Enrollment
Section 3 on
the enrollment form

To use the mix-my-own approach, select:

Mix-Your-Own Fund
Section 4 on
the enrollment form

You can obtain information about the Target Date Funds offered in the Plan on the website retirement.wyo.gov.

To learn more about each investment option in the Plan, review Investment Options At a Glance, or Fund Data sheets at retirement.wyo.gov.

In addition, WRS regularly holds seminars that cover a variety of pre-retirement planning topics, including investment information.

There is a helpful glossary of investment terms at retirement.wyo.gov.

Be wary of being too cautious

Although it may make sense to invest a portion of your money in capital preservation, having all of your money there simply because you perceive those investments as “safe” may shortchange you in the long run. Consider this: If you invest everything in an investment that returns 3 percent and inflation is 4 percent, your money will actually lose 1 percent of its spending power over that year.

Managing your deferred compensation plan account

As a participant in the 457 Plan, you receive an electronic quarterly account statement within 20 business days of the end of the calendar quarter. You may also elect to receive a paper statement. The statement shows your account balance and any activity during the quarter. You can check your balance and activity at any time by logging into your account at retirement.wyo.gov by selecting “Login” and then choose the “457 plan login.” New users can create login credentials for their online account by then selecting “Register”.

Transfer investments

You may transfer funds between investment options online or over the phone. Transfer requests received before 2 p.m. Mountain time on business days, either online or through the record-keeper’s toll-free number at 800-701-8255, are initiated at close of business, although some restrictions may apply. You will receive a confirmation letter after you transfer funds.

It is a good idea to evaluate your mix of the investments you have selected at least once a year to determine if you are on track to reaching your goal, and to assess if changes in your personal situation require changes in your choices or the percentage of your paycheck you set aside in your account (called your “contribution rate”). On the other hand, it’s important to resist the urge to move your money too often in search of an exceptional return. Remember, retirement-focused investors are usually investing for the long term and understand the stock prices go up and down.

Keep in mind a fund may impose certain trading restrictions. A fund also may charge redemption fees for certain transfers, redemptions or exchanges if they are made within a certain period of time.

Dollar-Cost-Averaging feature

You may elect to automatically have a fixed amount of your account balance transferred to select funds on a regular basis. Simply indicate on the website how much you want to transfer and how often you want transfers to be made (monthly, quarterly, semi-annually or annually).

If your investment mix is no longer appropriate for your personal risk tolerance and retirement goal, you may want to redirect your current contributions to new investment options in the plan. Then use the plan’s dollar-cost-averaging feature to make changes to your existing balances. If you decide to transfer money out of some of your investment funds, keep in mind financial experts suggest moving your money gradually, rather than all at once.

Rebalancing feature

Rebalancing is another way to manage risk. When you rebalance your investment mix, you adjust your asset allocation back to your original target.

Consider the example of Jane, a hypothetical investor. Jane's target investment mix is 25 percent in a bond fund, 50 percent in a large-company stock fund, and 25 percent in an international stock fund. Over time, as the funds experience different rates of return, Jane's investment mix changes to 18 percent in the bond fund, 62 percent in the large-company stock fund, and 20 percent in the international stock fund. However, the plan's rebalancing feature enables Jane to automatically adjust her investment mix back to her original target.

If you would like to automatically rebalance your investment mix, visit [our website](#). You can designate allocation percentages for your account and elect to have your account rebalanced as often as you want—once, quarterly, semi-annually or annually—to reflect your preferences.

If you are in a Target Date Fund, the rebalancing is included in the professional account management provided by the fund manager.

Changing information

You can also log in to your individual account online to change personal information, such as address or beneficiary.

Working together to help you reach your retirement goals

WRS offers the Pension and 457 Plans to help you reach your retirement goals. Social Security supplements these benefits by providing an additional source of retirement income—helping you to enjoy a more secure financial future.

Your employer helps pay the cost of your Pension Plan benefits, but investing in the 457 Plan is up to you. If you don't participate in the plan yet, there's probably no better time to begin. If you already participate, consider increasing your contribution rate whenever you can. Your future is in your hands. Take charge of your retirement today.