

S A V E M O N E Y A N D R E T I R E T O M O R R O W

PARTICIPATE

Plan Overview

Massachusetts Deferred Compensation SMART Plan



Office of the State Treasurer
and Receiver General



save for the future

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.

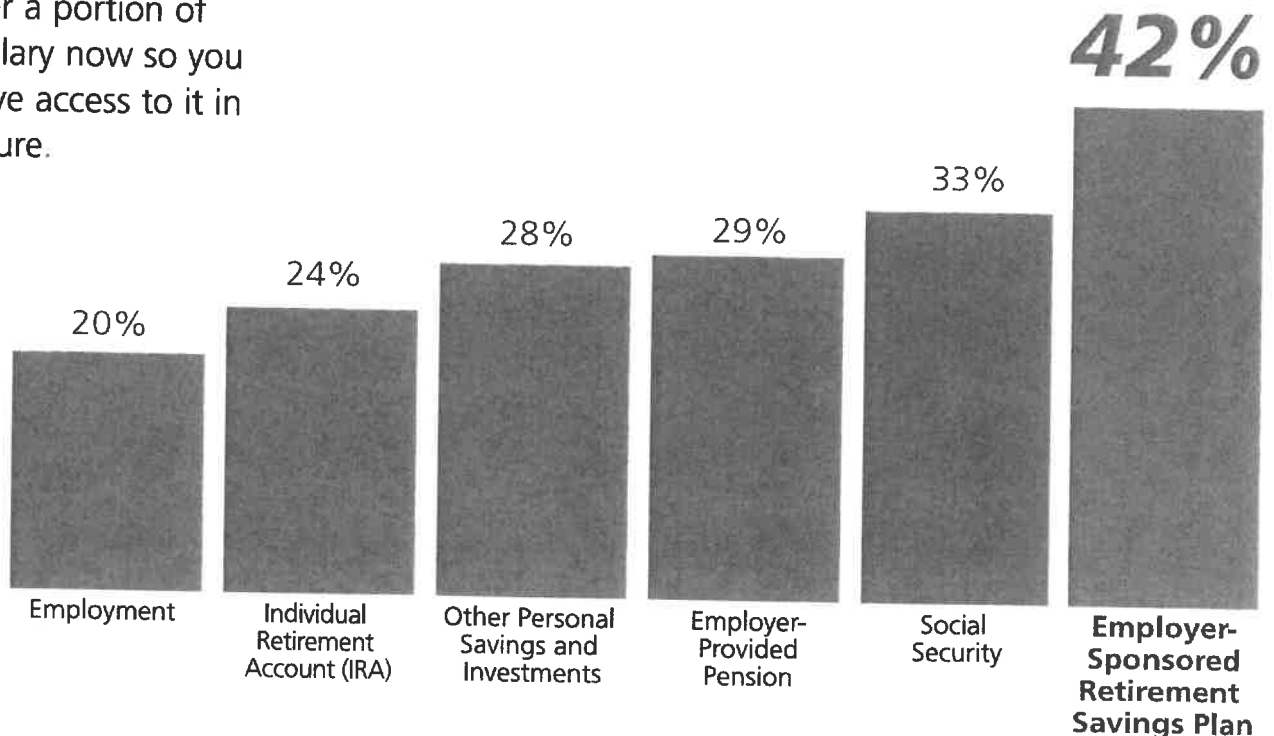
now

Where will your retirement income come from?

Pension benefits and Social Security may help cover some of your expenses in retirement.

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.

Sources of Income During Retirement



Source: Employee Benefit Research Institute, The 2014 Retirement Confidence Survey: March 2014

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 and after-tax dollars through salary deferrals.

1. You decide, within IRC limits, how much of your income you want to defer.
2. You decide whether to contribute on a before- or after-tax (Roth) basis.
3. Your contributions will be invested, per your instructions, in the investment options offered under the SMART Plan.
4. Saving through the SMART Plan on a pre-tax basis may reduce your federal income tax responsibility.

Remember: Distributions from a before-tax SMART Plan account will be taxed as ordinary income in the year the money is distributed. Distributions of any earnings from an after-tax SMART Plan account will be taxed as ordinary income if you have not contributed to a Roth account for more than five tax years. 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 on a monthly basis. For example, if you have a \$10,000 account balance, the annual administrative fee would be \$8.

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 Before-Tax 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 during retirement, when you may be in a lower tax bracket.

To illustrate how before-tax contributions affect your paycheck, let's assume you earn \$30,000 in taxable income annually and you want to defer 8% (approximately \$93) 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 (8%)	\$0	\$93
Net Taxable Income	\$1,154	\$1,061
Federal Income Tax (15%)	\$173	\$159
Take-Home Pay	\$981	\$902

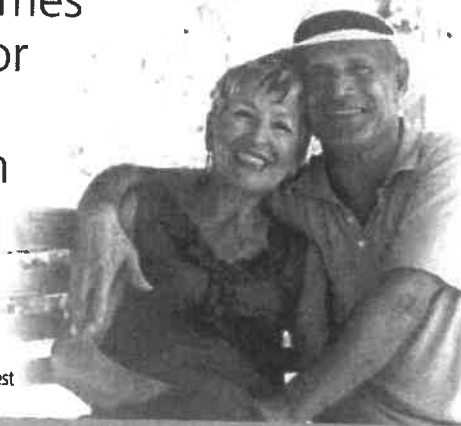
FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration assumes a participant earning \$1,154 per paycheck in regular pay who contributes 8% per paycheck in the SMART Plan. It also assumes 15% federal and state income tax withholding but does not account for local income tax withholding or Medicare, Social Security or other taxes.

The Roth Advantage

The Roth option reduces your take-home pay dollar for dollar and offers the following benefits:

1. It essentially "locks in" today's tax rates on all contributions.
2. For those who expect to be in a higher tax bracket when they retire, the Roth option allows you to pay taxes on your contributions when they are contributed (presumably at a lower tax rate than you would expect to pay at retirement).

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



¹ Access to the voice response system and/or any 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 and/or voice response system 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.

Traditional 457 vs. Roth 457 contributions

You may be asking yourself, "How do I know which option is the best choice for me?" It's a good question.

As you start deciding which is the best option for you, you might want to consult with a financial planner, attorney and/or tax advisor to help evaluate your particular situation. Take time to truly analyze your current financial situation, spending habits and long-term retirement aspirations.

Remember, the SMART Plan gives you the flexibility to designate all or a portion of your 457 elective deferrals as traditional before-tax contributions or Roth after-tax contributions.

Here are some key differences between traditional 457 and Roth 457 accounts.

Traditional 457

- Contributions are made with before-tax dollars
- Contributions are taxed when distributed
- Any potential earnings on your contributions are taxed when distributed
- You have more take-home pay in your paycheck

Roth 457

- Contributions are made with after-tax dollars
- All qualified distributions are entirely free of income taxes and penalties
- Any Roth money, including contributions and potential earnings, will grow tax-free in your account
- Your take-home pay in your paycheck is reduced

Regardless of which contribution option you select, you should always contribute as much as you can and participate no matter what. You're saving for your retirement, your future—and that's a good thing.


If you are not yet participating in the SMART Plan, you can make your contribution election using the Participant Enrollment Form on the website or by calling the SMART Plan Service Center at (877) 457-1900.¹

If you're a current SMART Plan participant, you can change your contributions by logging in to your account at www.mass-smart.com. Click click the "Transactions" tile and select "Change Paycheck Contribution." You can also contact the SMART Plan Service Center at (877) 457-1900.¹

The cost of waiting

Waiting 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.



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



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

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

Here is a hypothetical illustration assuming a 6% annual rate of return.
Who could have more money at age 65?

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

Monthly Contribution	End of Year Balance
\$0	\$0
\$0	\$0
\$100	\$1,234
\$100	\$6,977
\$100	\$16,388
\$100	\$29,082
\$100	\$46,204
\$100	\$69,299
\$0	\$100,452

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes a \$30,000 annual salary, 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.

Compounding Growth

When you invest money in the SMART Plan, your money can potentially grow from investment gains or dividends.

Any money gained through growth and earnings is then put back into your account, or "reinvested." So the total amount includes the new gains, which are added to the original amount you invested. This process of building on each year's gains continues year after year. It's known as "compounding." In the example above, Anne took advantage of compounding growth.

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 IRC 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.

Professional Oversight

An independent investment consultant advises the Treasurer and their staff in the development and implementation of the Plan's investment policy and structure. It also assists in the selection and evaluation of the Plan administrator and investment managers.

SMARTPath Retirement Funds

If you do not make an election for investing your retirement account when you enroll in the SMART Plan, your contributions will be invested in the Plan's default investment option, the SMARTPath Retirement Funds. Please see the chart below for to determine which SMARTPath Retirement Fund you will be defaulted into. You can find detailed information regarding the default option in which you are enrolled, as well as performance information, prospectuses and the disclosure documents, by visiting www.mass-smart.com.

Generally, the further you are from your target retirement year you are the greater your SMARTPath Retirement Fund's allocation to stock and diversifying investments.³ This emphasizes the growth potential you need to build savings over the long term.

As you move closer to your target retirement year, the fund's asset allocation automatically adjusts to a mix expected to experience lower volatility under a broad range of market conditions. By the time you move into retirement, your SMARTPath Retirement Fund will be invested in a mix of stocks, bonds and diversifiers focused on preserving your savings and producing income.

Date of Birth	SMARTPath Retirement Fund ^{4,5,6}	Expected Retirement Date Range
1937 or before	SMARTPath 2000 Retirement Fund/ SMARTPath Retirement Allocation Fund ⁷	2002 or before
1938-1942	SMARTPath 2005 Retirement Fund	2003-2007
1943-1947	SMARTPath 2010 Retirement Fund	2008-2012
1948-1952	SMARTPath 2015 Retirement Fund	2013-2017
1953-1957	SMARTPath 2020 Retirement Fund	2018-2022
1958-1962	SMARTPath 2025 Retirement Fund	2023-2027
1963-1967	SMARTPath 2030 Retirement Fund	2028-2032
1968-1972	SMARTPath 2035 Retirement Fund	2033-2037
1973-1977	SMARTPath 2040 Retirement Fund	2038-2042
1978-1982	SMARTPath 2045 Retirement Fund	2043-2047
1983-1987	SMARTPath 2050 Retirement Fund	2048-2052
1988-1992	SMARTPath 2055 Retirement Fund	2053-2057
1993 or after	SMARTPath 2060 Retirement Fund ⁷	2058 or after

You can choose how to invest your retirement account, both your current account balance and your future contributions, at any time by calling SMART Plan Service Center at (877) 457-1900 or visiting www.mass-smart.com.¹

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information about investments offered through your Plan, you may obtain prospectuses for mutual funds, any applicable annuity contract and the annuity's underlying funds, and/or disclosure documents from your registered representative or Plan website. Read them carefully before investing.

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 Diversification and asset allocation do not ensure a profit and do not protect against loss in declining markets.

⁴ Asset allocation and balanced investment options and models are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.

⁵ The date in a target date fund's name represents an approximate date when an investor is expected to retire (which is assumed to be at age 65) and/or begins withdrawing money. The principal value of the funds is not guaranteed at any time, including the target date. For more information, please refer to the fund prospectus and/or disclosure document.

⁶ As of December 1, 2014, the new default investment option will be the SMARTPlan Retirement Funds.

⁷ Effective January 1, 2015, the SMARTPath 2000 Retirement Fund will be renamed the SMARTPath Retirement Allocation Fund and the SMARTPath 2060 Retirement Fund will be added to the SMART Plan.

More benefits to the SMART Plan

2015 Contribution Limits

Annual Limit: The minimum contribution amount per pay period to participate in the SMART Plan is 1% of your gross income or \$10, whichever is less. You can contribute a maximum of 100% of your includible compensation, not to exceed the annual IRC limit of \$18,000 in 2015.

Age 50+ Catch-Up: Beginning January 1, 2015, if you are age 50 or older during the 2015 calendar year, you may contribute an additional \$6,000. This amounts to a maximum contribution of \$24,000 for 2015.

Three-Year 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 \$18,000 in 2015. This amounts to a maximum contribution of \$36,000 for 2015. If you elect to use the Three-Year Catch-Up provision, you are not required to make the maximum allowable contribution.

The Three-Year 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	Three-Year Catch-Up Prior to Normal Retirement
2015	\$18,000	\$24,000	\$36,000
2016 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 4% to 8% to 12% per pay period (26 pay periods).

Accumulation Years	Contribution of 4%/Pay Period	Contribution of 8%/Pay Period	Contribution of 12%/Pay Period
5	\$6,988	\$13,976	\$20,964
10	\$16,417	\$32,834	\$49,252
20	\$46,311	\$92,621	\$138,932
30	\$100,742	\$201,485	\$302,227

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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.⁸*



⁸ Representatives of GWFS Equities, Inc. are not registered investment advisors and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

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.



Call

SMART Plan Service Center (877) 457-1900

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

Your Personal Identification Number⁹ (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.

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.⁸ They can provide you with information on all aspects of the Plan, including:

- Enrollment
- Contribution limits
- Investment options
- Catch-up provisions
- Reality Investing[®] Advisory Services, provided by Advised Assets Group, LLC (AAG), a federally registered investment adviser
- Distribution options



Web

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 rebalancing¹⁰
- Sign up for Reality Investing Advisory Services

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

Mobile Site

Using your mobile device, visit www.mass-smart.com and the mobile Web app will automatically launch for you.

- View your projected retirement income (brought to you by Advised Assets Group, LLC, a registered investment adviser)
- Check your account balance and history
- See your paycheck contribution amount
- Look at your current rate of return
- Review the investment options in your portfolio



Visit

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.

Regional Service Center

255 Bear Hill Road
Waltham, MA 02451
Monday through Friday
from 9:00 a.m. to 5:00 p.m.

Other Locations

Boston

One Winter Street, 8th Floor
Boston, MA 02108
Monday through Friday
from 9:00 a.m. to 5:00 p.m.

Springfield

One Financial Plaza, 1350 Main Street
Suite 1005-D
Springfield, MA 01103
Monday, Wednesday and Friday
from 9:00 a.m. to 5:00 p.m.

Worcester

2 Chestnut Place/22 Elm Street
Worcester, MA 01608
Monday through Friday
from 9:00 a.m. to 3:00 p.m.

⁹ The account owner is responsible for keeping the assigned PIN confidential. Please contact Empower™ Retirement immediately if you suspect any unauthorized use.
¹⁰ Rebalancing does not ensure a profit and does not protect against loss in declining markets.

Support you can rely on

Meeting your retirement objectives is a lot easier when you have the 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.

- **Retirement Income Control Panel**, provided by Advised Assets Group, LLC (AAG), a federally registered investment adviser,¹¹ 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?
- **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 Advised Assets Group, LLC (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 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 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.

¹¹ The Retirement Income Control Panel is an educational tool that provides hypothetical information for illustrative purposes only. It is not intended to provide financial planning or investment advice. The Retirement Income Control Panel is brought to you by Advised Assets Group, LLC, a registered investment adviser. All rights reserved.



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

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

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Contributing Through Two Plans (continued)

Putting the Pieces Together

As you review your options and establish your long-term savings goals, look at how saving and investing through your 457 and 403(b) Plans simultaneously can impact your retirement planning efforts. If you have not been able to save aggressively until now, this is a savings and investment opportunity you don't want to overlook.

For Participants Under Age 50

You may contribute \$18,000 to each of the two Plans, for a total of \$36,000. The hypothetical examples below show the benefit of contributing to both Plans versus just one. The examples assume you make the maximum contribution during each of the next 10 years and a hypothetical annual return of 6% compounded monthly.

Contributing to Just One Plan

Year	Annual Maximum Contribution	Total Cumulative Contribution	Account Value
1	\$18,000	\$18,000	\$18,503
3	\$18,000 ⁶	\$54,000	\$59,004
5	\$18,000 ⁶	\$90,000	\$104,655
7	\$18,000 ⁶	\$126,000	\$156,111
10	\$18,000 ⁶	\$180,000	\$245,819

Contributing to the 457 and 403(b) Plans

Year	Annual Maximum Contribution	Total Cumulative Contribution	Account Value
1	\$36,000	\$36,000	\$37,007
3	\$36,000 ⁶	\$108,000	\$118,008
5	\$36,000 ⁶	\$180,000	\$209,310
7	\$36,000 ⁶	\$252,000	\$312,222
10	\$36,000 ⁶	\$360,000	\$491,638

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.

To increase your contributions to the SMART Plan, call the SMART Plan Service Center at (877) 457-1900 or go to www.mass-smart.com.⁵

⁶ May be indexed for inflation in no less than \$500 increments in future years. Limits in these years may be higher.

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GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. Representatives of GWFS Equities, Inc. are not registered investment advisors and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

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