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www.ers.state.tx.us

MONEY ISSUES



A publication of the Employees Retirement System of Texas to help you use the TexaSaver Program to supplement your income

Are you a new employee?

If you are a state agency employee hired on or after January 1, 2008, you are automatically enrolled in the TexaSaver 401(k) Plan and will receive a Welcome Kit. One percent of your monthly salary will automatically go into the appropriate Target Date Fund closest to the year you turn 65 unless you choose not to participate.

Your account is an excellent way to grow personal savings. The money from your salary is invested on a tax-deferred basis, meaning your 1 percent contribution is not subject to tax withholding until you withdraw it upon an eligible event. Tax-deferred savings lets you invest more than if you took 1 percent of your salary after taxes and invested it in a savings account at your bank.

Make one simple decision to better fund your future

Wells Fargo Advantage Dow Jones Target FundsSM now available

ERS has added target date funds to the investment choices for the TexaSaver 401(k) and 457 Plans. The Wells Fargo Target Date FundsSM are in addition to TexaSaver's 11 core funds and the self-directed brokerage account.

If you already are enrolled in a 401(k) or 457 Plan but don't enjoy making investment decisions, you may want to move your TexaSaver investments to a Target Date Fund.

What makes Target Date Funds so attractive?

Target Date Funds offer a simple solution for investing for retirement, since you choose the Target Date Fund that is closest to the year you turn 65, or plan to retire. Each Target Date Fund offers a slightly different mix of stocks, bonds, and cash depending on how much time there is before you need the money for retirement. The fund adjusts investments and changes the mix over time to become more conservative as you get closer to retirement.

You might want to consider putting all of your contributions in a Target Date Fund if:

- You don't know a lot about investing;
- You don't have the time or desire to learn;
- You are looking for an easier way to figure out the right mix of investments; or
- You don't want to actively manage your TexaSaver account.



HIGHLIGHTS

- New state agency employees are automatically enrolled into the 401(k) Plan and into the appropriate Wells Fargo Target Date Fund.
- Target Date Funds make investing easy.
- They are well-diversified and adjust to become more conservative as you near retirement.
- Choose the fund that is closest to the year you turn 65.



Benefiting
TEXANS for 60 YEARS
Employees Retirement System of Texas

Who is eligible for TexaSaver?

- Newly hired state agency employees are automatically enrolled.
- Any state agency employee can enroll in either or both of the TexaSaver 401(k) and 457 Plans.
- If you are an employee of a four-year higher education institution, you can enroll in the TexaSaver 457 Plan.
- If you work at a community college, check with your benefits coordinator to see if the TexaSaver 457 Plan is available to you.

TexaSaver website features interactive tour

The TexaSaver website (www.texasaver.com) has added new features and navigation based on your feedback.

New features include:

- Improved navigation, a site map, and a search feature to help you find information easily;
- A new log in page that provides a link to Plan information, without requiring you to log in;
- A market watch tool on the home page (after you log in);
- Performance of your account, accessible from the My Account tab; and
- An Improved Resource Center with a new “Featured Content” section.

You can view and print duplicates of your Plan tax forms for 2007 by clicking on “My Correspondence and Records” at the top of the screen after you log into the TexaSaver website. Tax forms were mailed to your address of record by the end of January, as required by the Internal Revenue Service.

Go to www.ers.state.tx.us and click the TexaSaver tab or go to www.texasaver.com.

Are you saving as much as you can?

The TexaSaver Program maximum annual limits for 2008:

401(k), 457 Plans	\$15,500 (can be deferred to each Plan)
Age 50 and over*	\$20,500 (can be deferred to each Plan)
Three-year 457 Catch-up Provision	\$31,000 (not available in the 401(k) Plan)

* *This option cannot be used in your 457 Plan at the same time as the Three-year 457 Catch-up Provision.*

**You can enroll in TexaSaver all year long.
Go to www.texasaver.com or call
(800) 634-5091 for more information.**

Leaving employment? Learn how to boost your retirement savings

If you leave employment or retire, you can roll all or part of your unused annual leave payment into your TexaSaver 401(k) and/or 457 Plan accounts subject to plan maximum annual limits. Inform your benefits coordinator, Human Resources office, and/or Payroll office that you want to do this when you go through the exit process. If you are a Health and Human Services Enterprise employee, contact accessHR.

Even if you open a TexaSaver account during your last month of employment, you can defer your annual leave payment. If you open an account in the last month of employment, the annual leave payment you wish to pledge will be deferred.

Experts estimate that you may need up to 120 percent of your pre-retirement income to maintain your current standard of living in retirement.

Will you be ready?

