



Smart

SAVE MONEY AND RETIRE TOMORROW

INVEST

Two Paths to Investing for Retirement Which one is right for you?

Massachusetts Deferred Compensation SMART Plan



Office of the State Treasurer
and Receiver General

When it comes to investing, people have different comfort levels and experience. To make the investment process as simple as possible, the Massachusetts Deferred Compensation SMART Plan offers you two paths to investing for retirement.

Which one is right for you?

PATH 1: **SMARTPath Retirement Funds**

Choose a SMARTPath Retirement Fund for a diversified portfolio in one single step. This path is designed for people who may not have the time, desire or experience to build their own diverse investment portfolio.¹

PATH 2: **Providing Choices**

Designed for participants seeking varying levels of involvement in creating an investment portfolio, Empower Retirement Advisory Services is a suite of services offered by Advised Assets Group, LLC, a registered investment adviser, that includes Online Investment Guidance, Online Investment Advice and the Managed Account service. This path provides solutions for those wanting professional recommendations, and also gives participants the opportunity to build their own investment portfolio, monitor it, and make adjustments over time if they choose.

Which path is right for you? **Ask yourself these questions:**

Yes No

- Am I looking for a competitively priced investment solution that will provide diversification across various asset classes and investment options and adjust its investment allocation as I approach an established retirement date in the future?¹

If you answered **YES**, then **Path 1: SMARTPath Retirement Funds** might be right for you. See page 3 for more information.²

If you answered **NO**, ask yourself:

Yes No

- Am I looking for advice solutions — from basic asset allocation strategies to a full managed account option?¹
- Do I prefer to have my portfolio decisions managed for me for an additional fee?

If you answered **YES** to any of these questions, then **Path 2: Advisory Services** might be your preferred strategy. See page 6.

Yes No

- Am I comfortable deciding how much to invest in each fund, and/or do I have the desire to select my own mix of individual funds?

If you answered **YES** to this question then **Path 2: Determine Your Own Strategy** might be your preferred strategy. See page 7.



SMARTPath Retirement Funds are not registered investments, and interests in the funds have not been registered with the Securities and Exchange Commission. Thus, no prospectus is available for these funds. They are only available to eligible participants in the Massachusetts Deferred Compensation SMART Plan, which is a qualified retirement program.

¹ Asset allocation, rebalancing and diversification do not ensure a profit and do not protect against loss in declining markets.



PATH 1
What are target date funds?

A target date fund typically has a date in its name—this is called the fund’s “target date.” The target date is the approximate year when you expect to retire and begin withdrawing from your account. A target date fund adjusts its investments over time. If you’re in your early working years, the emphasis of the fund is on growth potential to build savings. As you move toward retirement, the investments of the fund gradually become more conservative to help protect against market fluctuations—and it all happens automatically.

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 disclosure documents from your registered representative or Plan website. For prospectuses related to investments in your Self-Directed Brokerage Account (SDBA), contact your SDBA provider. Read them carefully before investing.

ADVANTAGES OF THE SMARTPATH RETIREMENT FUNDS

The SMARTPath Retirement Funds are target date funds. These funds are professionally managed and continuously monitored, and are automatically rebalanced for you over time.¹ Your investment portfolio is divided among different asset categories such as domestic and international stock funds and bond funds, real return funds (inflation adjusted investments), and short-term investments. The SMARTPath Retirement Fund’s portfolio invests more heavily in stock funds the further you are from retirement to emphasize the growth potential you need to help build wealth over the long term. Then as you move toward and into retirement (and continuing for 15 years past that date), the fund automatically adjusts the mix of investments to reflect your new investment objectives. As the target retirement date of a fund gets closer, the fund gradually adjusts the mix of investments to become more conservative and include more bond funds and short-term investments. Since market volatility may affect each asset class in a different way, your SMARTPath Retirement Fund may be more capable of weathering the ups and downs of the market over the long term versus a nondiversified portfolio.

A SMARTPath Retirement Fund is the default investment option for the SMART Plan based on your birth date. The principal value of the funds is not guaranteed at any time, including on the target date. While diversification

and shifting to a more conservative investment mix over time help to manage risk, they do not guarantee earnings growth. There is the potential to lose value in any investment program.

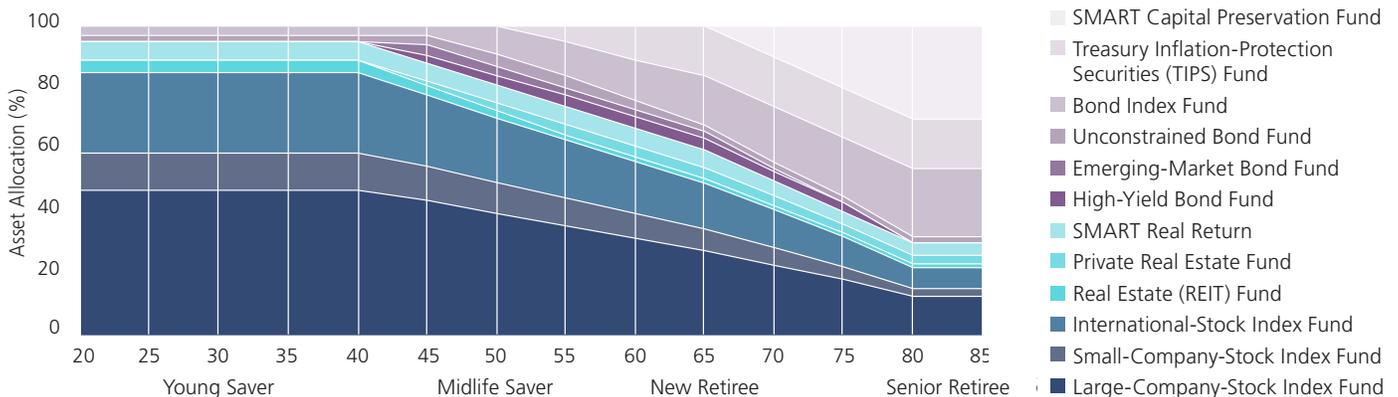
While target date funds can be convenient, you should still review the underlying funds that make up the portfolios and consider how each fund’s investment objective matches your savings goals, investment horizon and risk tolerance. As your personal circumstances change, you should monitor the fund’s performance to ensure it continues to align with your investment goals.

The following illustrates a target date fund’s glide path, showing the allocation to each underlying investment fund and how the asset mix changes as you approach retirement.*

Professionally managed funds

The SMARTPath Retirement Funds are managed by AllianceBernstein L.P. (AB). In this role, AB designs the asset allocation and glide path of the SMARTPath Retirement Funds.

AB is a leading global investment-management firm and provides investment-management services for many of the largest U.S. public and private employee benefit plans, foundations, public employee retirement funds, pension funds, endowments, banks and insurance companies, as well as for high-net-worth individuals worldwide.



*SMARTPath Retirement Fund allocations are built on an investment strategy based on risk and return. This is not intended as financial planning or investment advice. The allocations for the funds are subject to change.

AN INVESTMENT STRATEGY THAT LASTS A LIFETIME

Choosing a fund is simple.

1. Estimate your retirement date.

Add the year you were born and your expected retirement age to get your retirement date. The illustration at right is only intended as a guide based on the overall design of the funds. It is not intended as financial planning or investment advice. Please consult with your financial planner or investment advisor as needed.

You were born in 1970



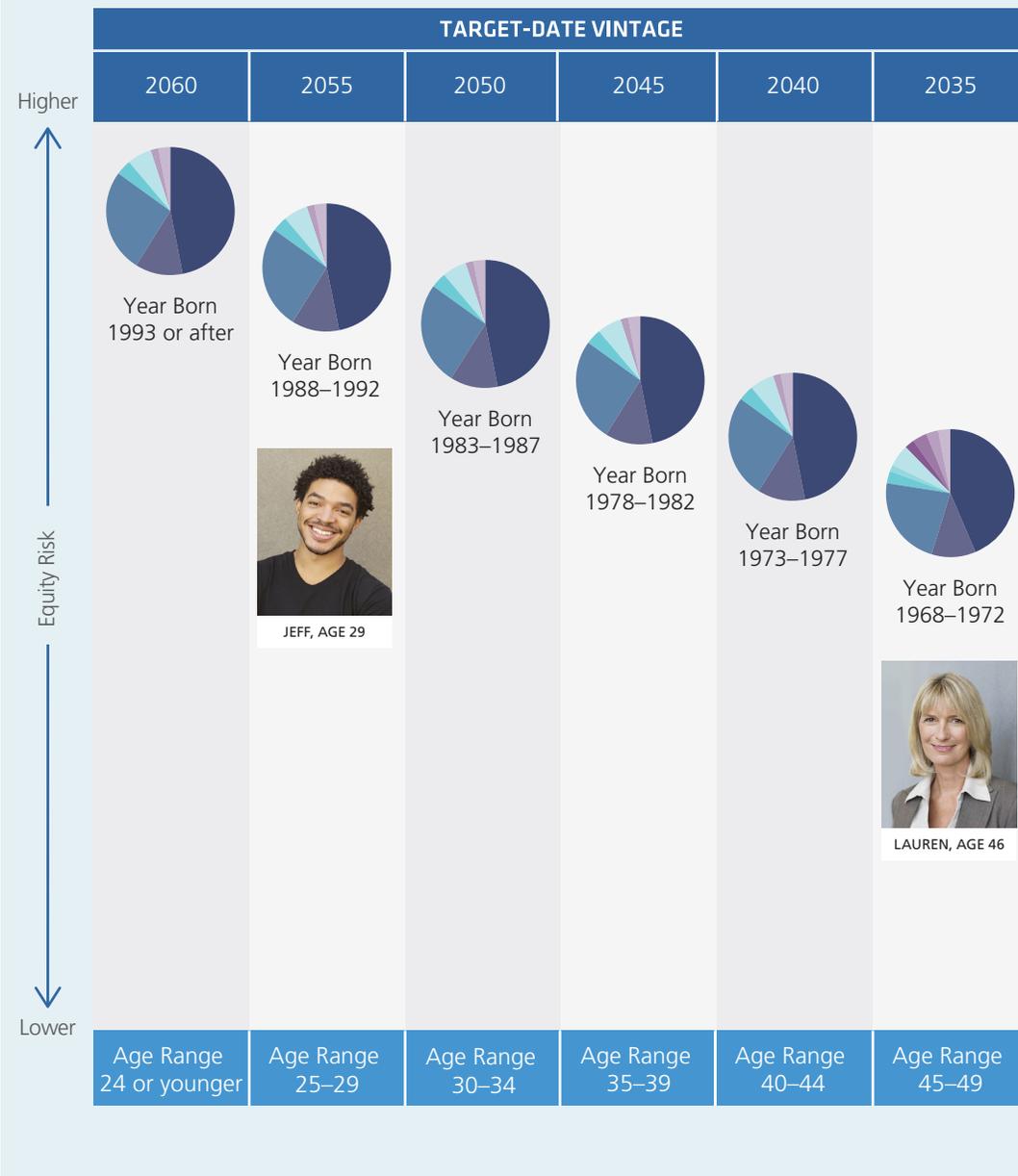
You plan to retire when you're 65



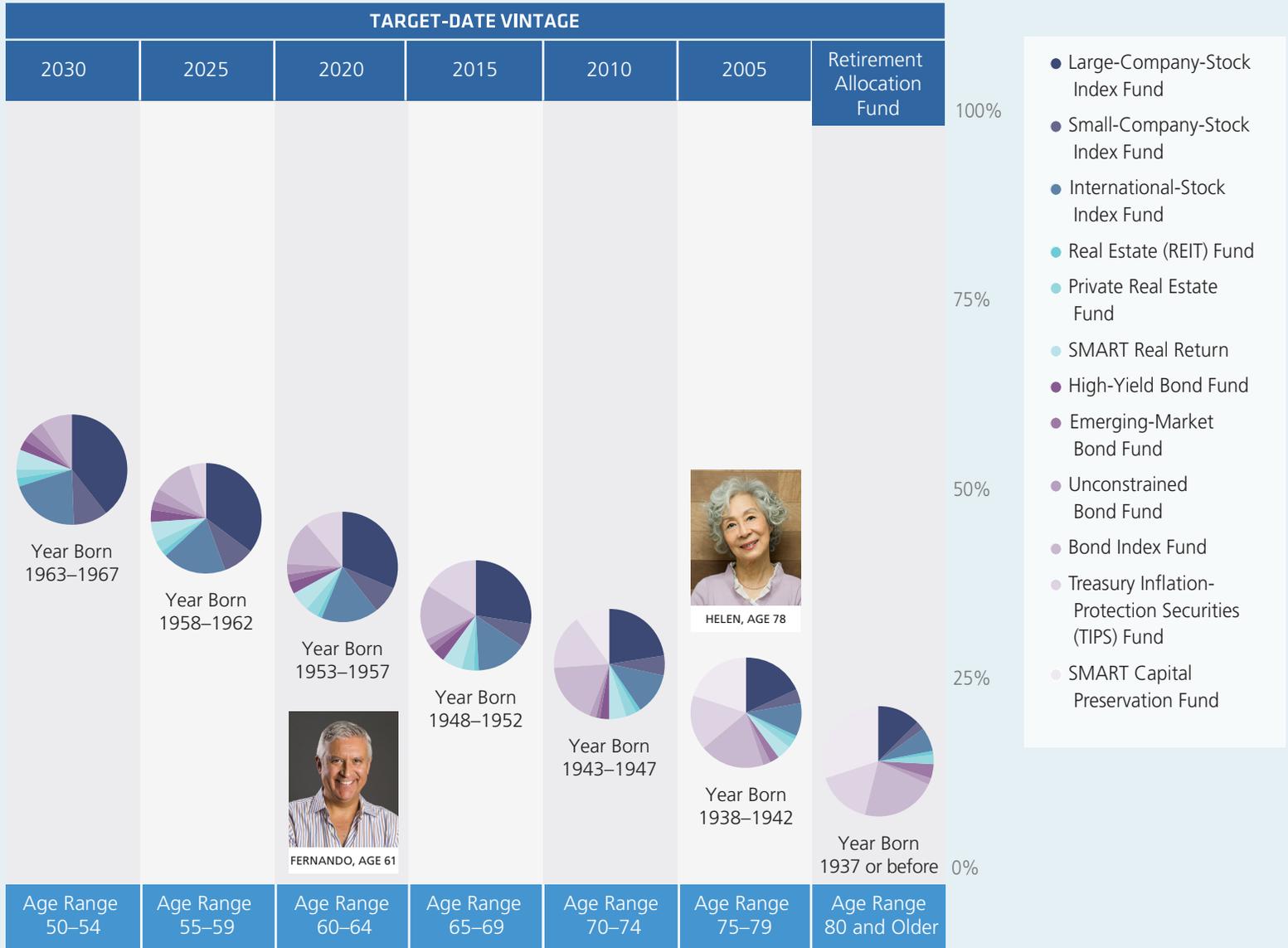
Retirement in 2035

2. Select your SMARTPath Retirement Fund:

Consider choosing the fund with the date closest to your retirement date.



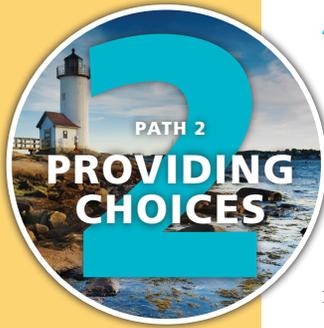
The SMARTPath Retirement Fund’s portfolio invests more heavily in stocks the further you are from retirement to emphasize the growth potential you need to help build wealth over the long term.



2 The default investment option is the SMARTPath Retirement Funds.

Data as of June 30, 2018. Fund data sheets are available at www.mass-smart.com.

FOR ILLUSTRATIVE PURPOSES ONLY. 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. Asset allocations as of June 30, 2018. The SMARTPath Retirement Fund allocations are based on an investment strategy based on risk and return. This is not intended as financial planning or investment advice. The allocations for the funds are subject to change.



ADVISED SOLUTIONS THROUGH EMPOWER RETIREMENT ADVISORY SERVICES

PATH 2 Providing Choices

Whether you are looking for services that can help you review and evaluate your investment selections, or prefer to select and monitor your own SMART Plan investment options, Path 2 gives you choices!

Need help? A local retirement plan advisor is available to help you enroll and understand the options available through the SMART Plan. Call (877) 457-1900 (say “representative”) and ask about Advisory Services, or go to www.mass-smart.com.

You have your own retirement goals and the SMART Plan is here to help you reach those goals. Path 2 provides you with a choice: Build an investment strategy using Advisory Services, or build and monitor your own portfolio (see page 7 for additional details). Advisory Services is an innovative approach to investing that provides investment advisory 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 the Managed Account service, which provides professional investment assistance and account management.

Online Investment Guidance

Online Investment Guidance asks questions about how much you want to invest, your level of comfort with risk and your financial needs for the future. It then provides you with personalized asset allocation and savings rate information you can use as a guide when building your portfolio from the investment options available in the SMART Plan. Online Investment Guidance is available at no additional cost to you.

Online Investment Advice

Online Investment Advice takes the asset allocation model that Online Investment Guidance provides and recommends specific investment options from the investments available within the SMART Plan. It also suggests how much to allocate to each investment option based on your investment objectives.

You have the freedom and flexibility to implement your own investment choices and manage them online — and generate new recommendations when your situation changes. You should check back regularly to see if you are still on track. Online Investment Advice has a \$25 annual fee, which is assessed to your account at \$6.25 quarterly.

Managed Account Service

This service may be the strategy for you if you are reluctant or too busy and lack the time, interest or confidence to manage your own accounts, preferring instead that investment professionals select and manage your SMART Plan funds for you. The Managed Account service goes beyond advice and asset allocation recommendations in that it provides ongoing professional asset management specifically for you.

You receive a personalized and strategically designed retirement portfolio that is managed quarter to quarter and reflects your unique time frame, personal retirement information (including a Social Security benefit estimate) and household financial picture based on information you provide. The Managed Account service seeks to provide you with an effectively designed, diversified and objectively managed option.

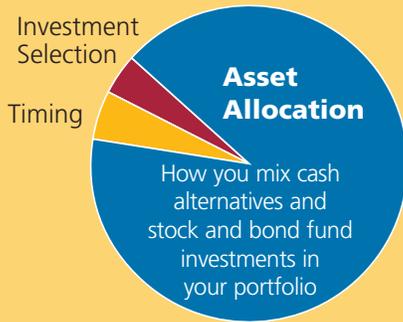
There is no guarantee provided by any party that participation in any of the Advisory Services will result in a profit. Asset allocation and diversification of an investment portfolio do not ensure a profit and do not protect against loss in declining markets.

Managed Account Service Annual Fees

| Account Balance | Annual Fee |
|------------------------|------------|
| Up to \$100,000 | 0.45% |
| Next \$150,000 | 0.35% |
| Next \$150,000 | 0.25% |
| Greater than \$400,000 | 0.15% |

Asset Allocation³

Many investment professionals and financial planners believe that an important factor influencing a portfolio's performance is not market timing or picking just the right stock — it's how you mix your investments among cash alternatives, bond funds and stock funds. This is called asset allocation.



DETERMINE YOUR OWN INVESTMENT STRATEGY

The SMART Plan offers a broad array of funds across various asset classes. A list can be found at www.mass-smart.com. Keep in mind that to build an investment portfolio, you need a sound strategy based on three things: your savings **TARGET**, your **TIME** horizon and your risk **TOLERANCE**.

Your Savings TARGET

In choosing your investment strategy, consider the amount of money you want to save and invest, as well as any other retirement plans or assets you or your spouse might have.

Keep in mind that saving and investing through the SMART Plan may be only one of your financial goals. You may have other financial goals over both the short and long term. Be sure to balance all of your goals when making investment decisions.

Your TIME Horizon

The time you have to invest in the SMART Plan is very important. If you are many years away from retirement, you may be willing to take more risk and invest more aggressively. When you're closer to retirement, your investment strategy may lean more toward investments with less risk because they'll have less time to recover should they fall in value.

Be sure your investment mix is appropriate to meet your short-term and long-term goals. You may have many years in retirement, so you might consider the benefits of maintaining some assets in investments that are likely to outpace inflation and provide some growth.

Your Risk TOLERANCE

Risk tolerance is your comfort level with the ups and downs in the value of your investments. You don't want to lose sleep if your account value declines; however, you'll also need to earn a rate of return that is appropriate for your goals. You need to create an investment mix that provides a comfortable balance between safety and growth.

Choosing Your Investments

Knowing the type of investor you are is critical to building the investment mix that's right for you. Complete the survey on the next page to help identify your risk tolerance, your desired investment return and, ultimately, your investment style.

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 disclosure documents from your registered representative or the website at www.mass-smart.com. For prospectuses related to investments in your Self-Directed Brokerage Account (SDBA), contact your SDBA provider. Read them carefully before investing.

³ Asset allocation, diversification and rebalancing do not ensure a profit and do not protect against loss in declining markets.

RISK VS. RETURN POTENTIAL



FOR ILLUSTRATIVE PURPOSES ONLY. The positions of the various funds on the chart do not reflect an absolute relation of the funds, but only their expected relative ranking over the long term. Shown for illustrative purposes only. Past performance is not a guarantee of future results.

Determine Your Risk Tolerance

Circle the number that describes how strongly you agree or disagree with the following statements:

1. I am a knowledgeable investor who understands the trade-off between risk and return and am willing to accept a greater degree of risk for potentially higher returns.

| | | | | | |
|----------|---|---|---|---|-------|
| Disagree | | | | | Agree |
| 1 | 2 | 3 | 4 | 5 | |

2. If one of my investments dropped 20% in value over six months due to a stock market fluctuation, I would hold on to that investment, expecting it to recover its value.

| | | | | | |
|----------|---|---|---|---|-------|
| Disagree | | | | | Agree |
| 1 | 2 | 3 | 4 | 5 | |

3. I have savings vehicles other than my SMART Plan that help makes me feel more comfortable about my financial future.

| | | | | | |
|----------|---|---|---|---|-------|
| Disagree | | | | | Agree |
| 1 | 2 | 3 | 4 | 5 | |

Now add up the numbers you circled above:

Mark Your Path

Use the following as a general guide in determining your investing style. Review your situation at least once a year and keep in mind how much time you have until retirement.

CONSERVATIVE INVESTING STYLE

You may be an investor who is at ease with less risk for potentially lower returns. Keep in mind how much time you have until retirement and the effect that inflation may have on your investments.

| Investment time horizon | Tolerance score | | | | |
|-------------------------|-----------------|----|----|----|-----|
| 0-5 years | 3 | 4 | 6 | 7 | ≥9 |
| 5-10 years | ≤5 | 6 | 7 | 9 | ≥10 |
| 10-15 years | ≤6 | 8 | 9 | 10 | ≥12 |
| 15-20 years | ≤8 | 9 | 11 | 12 | ≥13 |
| 20+ years | ≤9 | 11 | 12 | 14 | 15 |

| | | |
|--------------|----------|------------|
| Conservative | Moderate | Aggressive |
|--------------|----------|------------|

MODERATE INVESTING STYLE

You are comfortable with some volatility. This mix is a balance between lower- and higher-risk investments. The risk-and return potential is greater than with the conservative mix, but less than with the aggressive mix.

AGGRESSIVE INVESTING STYLE

You may be an investor who's at ease with taking on the higher risk associated with the chance for higher returns.

Select Your Own Investment Options

The SMART Plan offers you a broad array of funds across various asset classes.

A list of the investment options available through the SMART Plan can be found in your enrollment kit or by going to www.mass-smart.com.

Monitor Your Investment Portfolio

Once you've determined your investment strategy and selected specific funds, it's important to monitor your portfolio.

The Scheduled Rebalancing tool allows you to rebalance your portfolio's allocations to stay in sync with your investment strategy — automatically and at a frequency that you select. To access the Scheduled Rebalancing tool, go to www.mass-smart.com.³

Self-Directed Brokerage Account (SDBA)

As a participant in the SMART Plan, you also have the option of investing through an SDBA, which allows you to select

from numerous investment options for additional fees. The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA.

For more information, please visit www.mass-smart.com or contact your local SMART Plan Retirement Plan Advisor by calling 877-457-1900 and saying "representative."

Contact your local retirement plan advisor at 877-457-1900 for assistance with your SMART Plan account, or visit www.mass-smart.com.

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