



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

Which one is

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.

right for you?

PATH 1: **SMARTPath Retirement Funds**

Choose a SMARTPath Retirement Fund for a diversified portfolio in one simple step. This path is designed for people who may not have the time, desire or experience to build their own diverse investment portfolio.²

PATH 2: **Providing Choices**

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

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

- Am I looking for a competitively priced investment solution that will provide diversification across various asset classes and investment options, and adjust that investment allocation as I approach an established retirement date in the future? (YES/NO)

The 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.

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

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

- Am I looking for advice solutions — from basic asset allocation strategies to a full managed account option?² (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? (YES/NO)
- Do I prefer to have my portfolio decisions managed for me for an additional fee? (YES/NO)

If you answered **YES** to any of these questions, then Advisory Services in Path 2 might be your preferred strategy. See Page 7.

- 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.
- 2 Asset allocation and diversification do not ensure a profit and do not protect against loss in declining markets.





PATH 1 SMARTPath RETIREMENT FUNDS

Diversification² is one of the keys to a successful investment strategy, but choosing the individual funds and monitoring those funds over time can be challenging.

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

An investment strategy designed to last a lifetime.

There are 13 funds to choose from based on your age and your expected retirement date, ranging from the SMARTPath Retirement Allocation Fund to the SMARTPath 2060. Funds with dates furthest in the future have a higher concentration of stocks. As the target retirement date of the fund gets closer, and

continuing for 15 years past that date, professional fund managers gradually adjust the fund to include more bond and short-term investments. So by the time you move into retirement, your fund will be invested in a more appropriate mixture of stock, bond and short-term investments focused on preserving your money and producing income while still staying invested in the market for potential growth to help keep up with inflation. This change will happen automatically — you don't have to do a thing!

The date in a target date fund's name represents an approximate date when an investor would expect to start withdrawing his or her money. The principal value of the funds is not guaranteed at any time, including the target date.

The SMARTPath Retirement Funds are the default investment option for the SMART Plan.

Built-in diversification.² You've heard about the importance of diversification and how you should avoid "putting all your eggs in one basket."

Even though it feels like that's what you're doing when you choose one of the SMARTPath Retirement Funds, you're actually spreading your money across up to 12 different underlying investment portfolios that make up the fund.

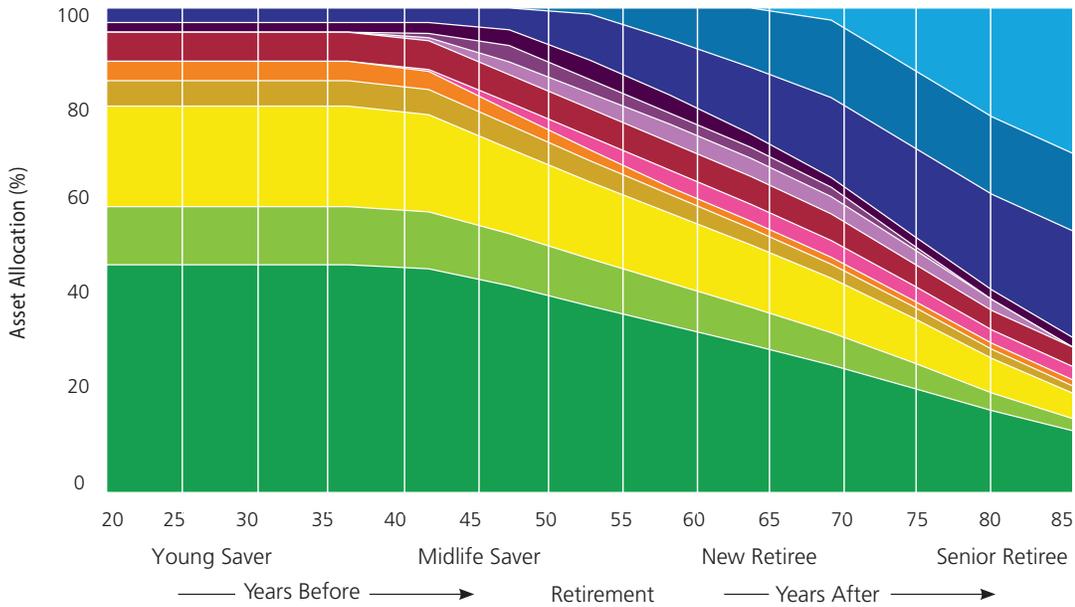
Those different investment options are spread across various asset classes. Since market volatility may affect each asset class in a different manner, your SMARTPath Retirement Fund may be more capable of weathering the ups and downs of the market over the long term versus a non-diversified portfolio.

Professionally managed funds. Decisions with respect to the appropriate allocation of underlying investment funds making up the SMARTPath Retirement Funds are managed by senior AllianceBernstein portfolio managers. These investment professionals are solely responsible for managing asset allocation funds. Each of the individual funds that make up a particular SMARTPath Retirement Fund is managed by a team with experience in a specific asset class. While diversification and shifting to a more conservative investment mix over time help to manage risk, doing so does 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 make sure it continues to align with your investment goals.

SMARTPath Funds Glidepath

Investments become more conservative over time*



- SMART Capital Preservation Fund
- Treasury Inflation Protection Securities "TIPS" Fund
- Bond Index Fund
- Unconstrained Bond Fund
- Emerging Markets Debt Fund
- High Yield Bond Fund
- SMART Real Return
- Private Real Estate Fund
- Real Estate "REIT" Fund
- Emerging Markets Equity Fund
- International Stock Index Fund
- Small Company Stock Index Fund
- Large Company Stock Index Fund

* 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.



An Investment That Lasts a Lifetime

Choosing a fund is simple.

1. Estimate your retirement date.

Take the year you were born and your expected retirement age and add them together 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.



2. Select your SMARTPath Retirement Fund.³

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



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 March 31, 2016. 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.

Select your SMARTPath Retirement Fund here.

3. Deferring less than 100% of your contribution amount to your chosen SMARTPath Retirement Fund may result in a diversification inconsistent with your target strategy.

A target date is a “single” fund solution. If you invest in more than one target date fund or a target date fund and other investment options, you run the risk of creating an asset allocation that may not be consistent with your investment strategy.

INVESTMENT OPTION NAME	INVESTMENT OPTION CODE	%
SMARTPath Retirement Allocation Fund.....	SMPT00	____%
SMARTPath 2005 Retirement Fund.....	SMPT05	____%
SMARTPath 2010 Retirement Fund.....	SMPT10	____%
SMARTPath 2015 Retirement Fund.....	SMPT15	____%
SMARTPath 2020 Retirement Fund.....	SMPT20	____%
SMARTPath 2025 Retirement Fund.....	SMPT25	____%
SMARTPath 2030 Retirement Fund.....	SMPT30	____%
SMARTPath 2035 Retirement Fund.....	SMPT35	____%
SMARTPath 2040 Retirement Fund.....	SMPT40	____%
SMARTPath 2045 Retirement Fund.....	SMPT45	____%
SMARTPath 2050 Retirement Fund.....	SMPT50	____%
SMARTPath 2055 Retirement Fund.....	SMPT55	____%
SMARTPath 2060 Retirement Fund.....	SMPT60	____%

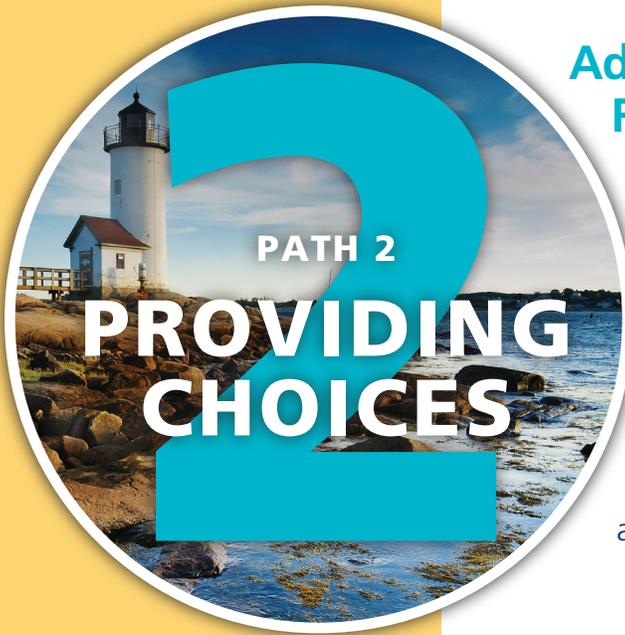
When you select your SMARTPath fund, you'll indicate a percentage of your contributions you want to go toward your investment option. Perhaps you want to build and monitor your own investment portfolio.

Turn the page to find out more.

Need help?

Contact your local representative at **(877) 457-1900** (say “representative”), or go to **www.mass-smart.com**.¹³

3 The default investment option is the SMARTPath Retirement Funds.
 4 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.
 5 Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
 6 Foreign investments involve special risks, including currency fluctuations and political developments.
 7 Equity securities of companies located in emerging markets involve greater risks than investing in more established markets, including currency fluctuations, political developments and share illiquidity.
 8 Real estate securities involve greater risks than other non-diversified investments, including but not limited to: declining property values, varying economic conditions, changes in zoning laws, or losses from casualty. Real estate securities that invest in foreign real estate involve additional risk, including currency fluctuations and political developments.
 9 Generally, an all asset fund employs a strategy that may expose an investor to a wide spectrum of risks associated with the underlying investments and/or investing techniques, both traditional and alternative. Stocks may decline in value. Bond investments are subject to interest-rate and credit risks. When interest rates rise, bond prices generally fall and vice versa. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. There are additional risks associated with investing in commodities, high-yield bonds, non-diversified/concentrated investments, and small- and mid-cap equities, which are more fully explained in disclosure documents.
 10 Compared to higher-rated securities, high yield bond investment options are subject to greater risk, including the risk of default.
 11 A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.
 12 U.S. Treasury securities are guaranteed as to the timely payment of principal and interest if held to maturity. Investment options are neither issued nor guaranteed by the U.S. government.
 13 Representatives of GWFS Equities, Inc. cannot offer investment, fiduciary, financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.



Advice Solutions Through Empower Retirement Advisory Services

We each have our own retirement goals, and the SMART Plan is here to help you reach those goals. Path 2 provides you with the choice to either build and monitor your own portfolio (see Pages 9 and 10 for additional details) or build an investment strategy using Advisory Services. Advisory Services 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.

PATH 2 PROVIDING CHOICES

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

Advisory Services includes Online Investment Guidance, Online Investment Advice, and a Managed Account service which provides professional investment assistance and account management.

Online Investment Guidance Tool

This online tool 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 that you can use as a guide when building your portfolio from the investment options available in the SMART Plan. There is no fee to use Online Investment Guidance.

Online Investment Advice Service

The Online Investment Advice service 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. The Online Investment Advice tool 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 more reluctant investors or busy investors who lack the time, interest, or confidence to manage their own accounts, preferring instead that investment professionals select and manage the funds within the SMART Plan for them. The Managed Account service goes beyond advice and asset allocation recommendations in that it provides ongoing professional asset management at the individual participant level.

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

There is no guarantee that participation in Advisory Services will result in a profit or that your account will outperform a non-managed account portfolio. Asset allocation and diversification of an investment portfolio do not ensure a profit and do not protect against loss in declining markets.

Need help?

A local Advised Assets Group, LLC (AAG) investment adviser representative is available to help you understand the options available through the SMART Plan that may be right for you. To meet with your local representative, call **(877) 457-1900** (say “representative”) and ask about Advisory Services, or go to **www.mass-smart.com**.¹³

Managed Account Service *(continued)*

AAG, a federally registered investment adviser, uses Morningstar Investment Management LLC (Morningstar Investment Management) to provide sub-advisory services for the tools and services available to you within Advisory Services. You supply the information about your goals and finances, and AAG will follow the recommendations provided by Morningstar Investment Management to pick your investments and manage your account for you.

An annual fee based on your account balance will be assessed to your account in quarterly installments if you use the Managed Account service. For instance, if you have a \$10,000 account balance, the annual fee to have your account managed for you would be \$45 per year. That’s only \$11.25 quarterly for professional investment management. See the chart below for the fee schedule.

Managed Account Service Annual Fees

Account Balance	Annual Fee
Less than \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Greater than \$400,000	0.15%

Enrolling in Advisory Services

To enroll in the Managed Account service, simply check the box on page 1 of the enrollment form. For more information or to enroll online, go to **www.mass-smart.com**. Log in and select Advisory Services. To speak with a licensed AAG investment adviser representative, call the SMART Plan Service Center at **(877) 457-1900**. AAG’s adviser representatives are available Monday through Friday from 9:30 a.m. to 7:00 p.m. ET to answer questions and provide information to help you make informed decisions regarding your retirement.¹



Asset Allocation²

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, bonds, and stocks. The fancy name for this is asset allocation.

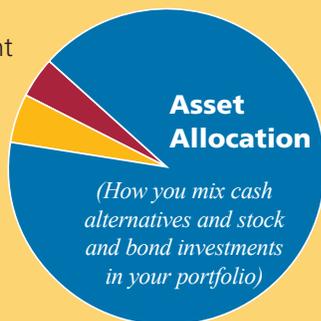
Many financial experts have concluded that

90%

of a portfolio's performance results from how the invested money is divided up among the three basic asset classes of cash alternatives, bonds, and stocks.

Investment Selection

Timing



Source: Morningstar, Inc., 2015.
<https://corporate.morningstar.com/US/documents/MethodologyDocuments/ResearchPapers/ImportanceOfAssetAllocation.pdf>

Determine Your Own Investment Strategy

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. Keep in mind that to build an investment portfolio, you need to have a sound strategy based on three things: your savings **TARGET**, your **TIME** horizon, and your **TOLERANCE** for risk.

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, both short and long term. Be sure to balance all of your goals when making investment decisions.

Your TIME Horizon

The amount of time you have to invest in the SMART Plan before you start making withdrawals is also very important. If you are many years away from retirement, you may be willing to take more risk with your money 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.

The market goes up and down. Be sure that 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 balance between safety and growth that you are comfortable with and that will help you work toward your goals.

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.

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. I am willing to invest on a long-term basis.

Disagree					Agree
1	2	3	4	5	

3. 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	

4. I have savings vehicles other than my SMART Plan that make me feel secure 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.

4-8 points: Conservative Investing Style

You may be an investor who is comfortable with less risk for potentially lower returns. But remember: Not having enough money when you retire is a big risk, too! Keep in mind how much time you have until retirement and the effect that inflation may have on your investments.

As a conservative investor, you may want to consider selecting investments that have lower risk/return potential.

9-14 points: Moderate Investing Style

You may be an investor who prefers some balance between low- and high-risk investments, and you are comfortable with some market volatility.

As a moderate investor, you may want to consider selecting a mix that includes some investments that are in the middle of the investment risk/return spectrum.

15-20 points: Aggressive Investing Style

You may be an investor who's comfortable with taking on the higher risk associated with the chance for higher returns. You're comfortable knowing that your investments can lose significant value at times as you pursue higher returns over the long term.

As an aggressive investor, you may want to consider selecting investments that have higher risk/return potential.

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 tool¹⁴ 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.

As a participant in the SMART Plan, you also have the option of investing through a self-directed brokerage (SDB) account. The SDB account allows you to select from numerous investment options for additional fees. The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account.

For more information, please visit www.mass-smart.com or contact your local SMART Plan representative at (877) 457-1900 and say "representative."¹³

Risk vs. Return Potential



14 Rebalancing does not ensure a profit and does not protect against loss in declining markets.
 15 Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.
 16 Specialty funds invest in a limited number of companies and are generally non-diversified. As a result, changes in market value of a single issuer could cause greater volatility than with a more diversified fund.

WWW.MASS-SMART.COM

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

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