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Rebalancing your investments

Setting your asset allocation is one of the most significant decisions you make when choosing investments for your Pension Plus plan retirement investment account.

Asset allocation is spreading your money across different types of investments — called asset classes — like stocks, bonds and cash equivalents. They each have their own characteristics and reactions to market changes. Think of asset classes as different baskets. How much you put into each basket depends on your personal situation, including how far you are from retirement.

The value of your investments in each basket is likely to increase or decrease at different rates. Over time, market gains or losses may push your portfolio out of alignment with your original asset allocation strategy. This may affect your risk level and the ability to reach your retirement savings objective. If this is the case, it might be time to rebalance.

Rebalancing adjusts your investment mix back to the percentages of stock, bond and cash equivalent investments you set in your asset allocation strategy.

For example, maybe one fund has grown in value to become a much higher percentage of your total account portfolio. To rebalance, you might sell shares of that "overweight" fund to buy shares in an investment in a different asset class, bringing both back to your original target percentages.

Or you may be closer to retirement and want to reduce your exposure to market risk. If you have been investing a large percentage of your portfolio in stock funds for potential long-term growth, you might shift a greater percentage to bond and cash equivalent funds, accepting lower growth potential in exchange for lower market risk.

Of course, rebalancing and asset allocation do not assure or guarantee better performance or prevent loss in declining markets. However, both strategies may help you manage risk and stick to an investment strategy that's appropriate for your situation. ●



Stay balanced automatically

While you can rebalance manually, it is convenient to use the automatic rebalancing feature for rebalancing your investments on the schedule you choose.

- Log into your account and select **Account > Rebalance Account**.
- Or call **800-748-6128** for assistance.

Remember, you won't need to rebalance a target date retirement fund or if your retirement investment account has Professional Management. The rebalancing decisions are handled for you. ●



Automatic contribution rate increase begins in 2017

The cost of retiring continues to rise. To help pave the way for a secure tomorrow, automatic increases in your contribution rate of 1% will occur annually starting on January 1, 2017 until your contribution rate reaches 10% (not including State contributions). There is nothing you need to do right now. More information will be available this fall. If you have questions, contact Voya Financial® at **800-748-6128**. ●



Plan account security changes

New security measures for your retirement investment account will take effect later this year to enhance the safety and privacy of your information. When you log into your account online after the new security measures have been implemented, you will follow the prompts to create a new, stronger password with a minimum of eight characters. You will also have the option to designate your email address as your account's username. In addition, to save you time if you ever need to reset your password, you will be asked to provide your mobile phone number. This will allow you to receive a text message containing a code to quickly reset your password without answering security questions or waiting for a password by mail. ●

Change to investment lineup

The Prudential High Yield Fund was added to the investment lineup on May 13, 2016. For information about this high yield bond fund, visit **stateofmi.voya.com** or call **800-748-6128**. You should carefully read and review all investment information prior to making an investment decision. ●



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Quarterly calendar

Transactions made on this date when the New York Stock Exchange (NYSE) is closed will be processed the following business day that the NYSE is open.

- **Monday, September 5, 2016 Labor Day**