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Dealing with market ups and downs

Wide market swings and investor jitters have made headlines for months, and the bumpy ride may continue.

Most investors find market volatility stressful. Some run for cover, transferring their investments to conservative options until the market returns to "normal." While this approach may feel "safe," it can limit a portfolio's long-term growth potential.

Instead of trying to time the market, focus on what you can control.

Remember, you have two retirement plans in one.

A secure retirement depends on a balance of Social Security benefits and personal savings, in addition to your employer-sponsored retirement plan. Because your Pension Plus retirement plan includes a pension and a retirement investment account, you have double the opportunity to accumulate retirement assets for your future.

Diversify the investments in your retirement investment account.

One of the most important things you can do to help protect your retirement investment account is to diversify. While diversification doesn't guarantee against potential losses, it may help manage risk.

Diversifying involves investing in more than one asset class, and within each asset class, in more than one type of investment. The main asset classes are stocks, bonds, and cash equivalents. Asset allocation is the percentage of money you put in each asset class and how you divide it among different types of funds.

Investing in the target retirement fund for the year you are likely to retire gives you a well-diversified portfolio of investments in one step, with decisions about diversification and asset allocation made for you.

If your investments are diversified appropriately for your age and level of comfort with risk, you are less likely to overreact during short-term market corrections. Chances are you may do better by sticking with your long-term strategy than those who invested based on what the market did yesterday or last week.



For a simplified explanation of investments and diversification, check out the short video, "A Colorful Look at Diversifying Your Saving" under Hot Topics at www.mipensionplus.org.

2012 contribution limits for retirement investment accounts

You are allowed to set aside more than the 2 percent of your pay that is automatically contributed to your retirement investment account. If you wish, you may contribute up to these IRS limits in 2012.

Maximum Annual Contribution	\$17,000
Total including Age 50+ Catch-Up	\$22,500
457 Three-Year Traditional Catch-Up	Up to \$34,000

Beginning the year you reach age 50, you are allowed to contribute an extra \$5,500 using the Age 50+ Catch-Up in 2012. If you are within three years before the year in which you will reach age 60, you may be eligible to contribute up to \$34,000 for three years with the Three-Year Traditional Catch-Up. Since this catch-up option takes into account your prior contributions, please call ING at (800) 748-6128 for assistance with calculating the amount available to you. You may not use both catch-up options in the same year. To change your retirement investment account contributions, log into your account online at www.mipensionplus.org. Once you're logged in, select your account, click on **Contributions**, then on **Change Contributions**.

A tax credit on contributions

The amounts you contribute to your retirement investment account (up to \$2,000 each year) may entitle you to claim a tax credit on your 2011 and 2012 federal tax returns if your adjusted gross income does not exceed these limits. For more information, go to www.irs.gov or contact your tax adviser.

	Tax years	
	2011	2012
Single, married filing separately, or qualifying widow(er)	\$28,250	\$28,750
Head of household	\$42,375	\$43,125
Married filing jointly	\$56,500	\$57,500



Working 10 years has many benefits

Earning 10 years of service with Michigan Public Schools is a big deal in the Pension Plus retirement plan.

When you have 10 years of service, you're vested in the Pension Component. This entitles you to a monthly pension at age 60.

Earning 10 years of service also means you're eligible for:

- **Survivor benefits.** If you die, a monthly pension and health benefits may be payable to your surviving pension beneficiary.
- **Disability protection.** If you become totally and permanently disabled while you are an active employee of a participating Michigan public school, you may qualify for a disability pension.
- **A graded insurance premium subsidy when you retire.** The retirement system may help cover the cost of retiree health insurance for you and your eligible dependents. The percentage the system covers depends on how many years of service you have.

If you leave public school employment before earning 10 years of service, it's important to understand what happens to your Pension Plus retirement benefits. Go to www.mipensionplus.org/leavingemployment.html for more information. ●

Investment options change

Two changes to the investment fund choices available for your retirement investment account went into effect January 9, 2012.

- The MFS Total Return R4 Fund, a moderate allocation fund, was closed. Participant balances in the fund were mapped to the Oakmark Equity and Income I Fund, a balanced fund.
- SSgA Global All Cap Equity ex-U.S. Index Fund was added to give participants an option for investing internationally through a passively-managed fund.

For fund fact sheets and other information, log into your retirement investment account or call ING at **(800) 748-6128**. You should read the fund fact sheets carefully before making any investing decision. ●

Quarterly account fees

To cover the cost of administering the plan, Pension Plus participants pay a \$12.75 fee each quarter. In October, fees were charged from October 1, 2010 through September 30, 2011. The fourth quarter fee will be charged in January 2012. Thereafter, the fee will be charged on the last business day of every quarter. ●

1099-Rs arrive in February

If you took a distribution from your retirement investment account in 2011, a 1099-R form will be mailed to you by January 31, 2012 to arrive in early February. The 1099-Rs will also be available by logging into your retirement investment account at www.mipensionplus.org. ●



Quarterly calendar

Transactions made on these days when the New York Stock Exchange is closed will be processed the following business day.

- **Monday, February 20, 2012**
- **Friday, April 6, 2012**