PLAN NOW
For Your Retirement

MNDCP Minnesota Deferred Compensation Plan

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Why Choose MNDCP?

The Minnesota Deferred Compensation Plan (MNDCP) is a savings plan intended for long-term investing for retirement. Authorized under Section 457 of the Internal Revenue Code, the MNDCP is a smart and easy way to supplement retirement income from your Minnesota public pension and Social Security benefits.

MNDCP offers information, planning tools, and investment options that may help you take positive steps toward achieving your desired retirement lifestyle.

Reasons to Take Advantage of The MNDCP

It's easy – Contributions are automatically deducted from your paycheck so you make saving for retirement a priority by paying yourself first.

It's flexible – Increase, decrease, or stop your contribution amount at any time.

Low minimum contributions – Contribute as little as $10 each paycheck.

Matching dollars – Some employers or bargaining units match a portion of your contributions to the MNDCP.

Pre-tax savings option that can reduce your current federal taxable income. You don't pay income taxes on your contribution or any earnings they accumulate until you make a withdrawal.

After-tax savings option – While you won't benefit from a reduction of your current federal taxable income, eligible withdrawals are entirely tax-free.*

It's your money not your employer's or the government's.

Compounded growth – Any earnings on your contributions are automatically reinvested, helping you build savings momentum.

2013 Tax credit – You may qualify for a low income saver's tax credit of up to $1,000 depending on your Adjusted Gross income:

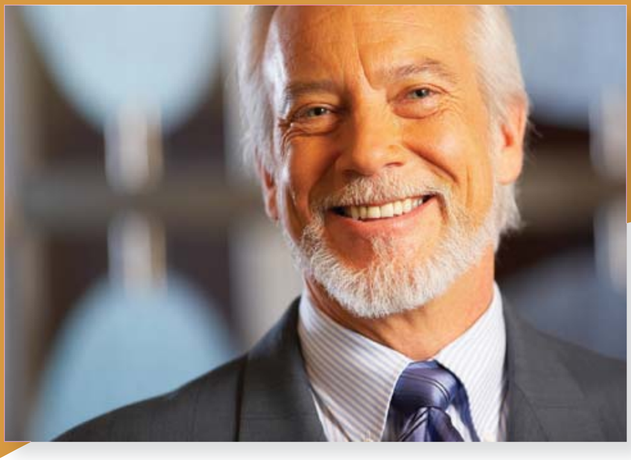
- less than $29,500 for single filers
- less than $44,250 for head-of-household filers
- less than $59,000 for married filing jointly filers

Refer to FAQ section on the MNDCP website for more information.

You have full control over how your money is invested.

Personal attention from MSRS Retirement Counselors up to and throughout your retirement.

** Qualifying conditions apply. See page 16 for details.*



Important Plan Information

Eligibility
Any full-time, part-time, or temporary Minnesota public employee (state, city, county, township, school district, etc.) may voluntarily participate in the MNDCP.

Vesting
You are always fully and immediately vested; including your own contributions, any matching or rollover contributions, and any investment earnings on those contributions.

Account Protection
All account assets are held in trust for the exclusive benefit of MNDCP participants and their beneficiaries. This means that the Plan's assets are not subject to the claims of creditors in the event of the State or public employer's bankruptcy. Also, the account is not subject to the claims of creditors of the participant or their beneficiary(ies), and any payments under the Plan are non-assignable and non-transferable.

Fees
There are two types of Plan fees:

Administrative fee
Each participant shares in the costs of the services the Plan offers. Administrative fees are deducted from your account on a monthly basis. The annual administrative fee is 0.05 percent capped at the first $100,000 of your account balance.

Example: If you have a balance of $1,000 at the end of the month, your administrative fee for that month would be 0.04¢ ($1,000 x .0005 ÷ 12 months).

Operating expenses
Each investment option charges a management fee. This fee is deducted by each investment option's management company (not by MNDCP) before the calculation of the daily price per share or the fund's performance return. The operating expenses are disclosed with fund information (beginning on page 36) and on the monthly *Investment Option Performance Report*.

Please see MNDCP website for a full detailed disclosure of Plan fees.

Other potential fees
MNDCP does not charge any account maintenance or trading fees; however, some funds impose short-term redemption fees if assets are held for less than the required period as stated by the fund. Short-term redemption fees for each investment option are included with fund information beginning on page 36 of this brochure.

No commissions or sales charges
The administrators of the MNDCP are public employees, just like you, and receive no financial incentives for increased participation.

It's Easy to Manage Your Account

Account Access

It's easy and convenient to access information on your MNDCP account. You can be as "hands-on" as you'd like. You have the following options to track your account information:

1. **Internet Access or Automated Voice Response (AVR)**
   Access your account information or initiate trades 24 hours a day, seven days a week online at **www.msrs.state.mn.us** or by using the Automated Voice Response system at 1-800-657-5757, option 2. You will receive a password by mail after your first contribution.

2. **MSRS Service Center**
   Speak with a MSRS Retirement Counselor any business day between 8:00 a.m. and 4:30 p.m., Central Time. Call 1-800-657-5757, option 3. Representatives are available to help with transactions and to answer your Plan-related questions.

3. **Quarterly Statements**
   You will receive a quarterly statement that summarizes your account balance, the current value of each investment, contributions made to your account during the quarter, the change in account value, and all other account activity. Or, if you prefer, you can generate a customized statement online at **www.msrs.state.mn.us.**

GO GREEN

You may elect to receive your statements electronically. Simply login to your MNDCP account online at **www.msrs.state.mn.us** and select ***Mail Delivery Preferences*** under the ***My Mailbox*** tab on the top toolbar.

Lost or forgot your password?

Call 1-800-657-5757, option 3 or select "Forgot your password" under the User Login box on the website login page. A reminder password will be mailed within three business days.

Change Your Contribution Amount

State of Minnesota employees:

- Contact a MSRS Retirement Counselor at 1-800-657-5757, option 3

  or
- Online via the Employee Self Service website at **www.state.mn.us/employee**

All other public employees:

- Contact a MSRS Retirement Counselor at 1-800-657-5757, option 3

  or
- Online at **www.msrs.state.mn.us**. Once you login to your account, select ***Contributions*** under the ***My Account*** tab.

Change Your Investment Options

You may move all or a portion of your existing balances between investment options or move money across all investment options (reallocate your balances) at any time. Log into your MNDCP account online at www.state.mn.us or contact a MSRS Retirement Counselor at 1-800-657-5757, option 3 to request a change.

Please note: MNDCP does not charge a fee for transfers among investment options; however, certain funds may impose fees or restrictions. The investment option fact sheets on pages 36–41 details investment option restrictions or fees, if any.

It's Easy to Access Your Money

Withdraw Money From Your MNDCP Account

You are eligible to withdraw money from your MNDCP account upon:

- Retirement or termination of employment – Payouts may begin 30 days after you end employment with a Minnesota public employer
- Disability
- Death – Your designated beneficiary(ies) may initiate a withdrawal request

In-Service Withdrawals

Generally you can only access your account assets when you terminate employment; however, there are three types of withdrawals you may request while still employed:

1. **Unforeseeable Emergency**
   If you suffer an unforeseen emergency resulting in severe financial hardship that cannot be satisfied by any other source, you may apply for a withdrawal from your MNDCP account. Your request is subject to review and approval and is subject to IRS defined rules. Contact MSRS to request an *Unforeseeable Emergency Withdrawal Request* application.

2. **Purchase of Service Credit**
   You may be eligible to use your MNDCP account assets to purchase or reinstate service credit to your governmental defined benefit pension plan. Contact MSRS to request the *Purchase of Service Credit* form.

3. **Rollover Money**
   You are eligible to withdraw any portion of your account balance that represents assets you rolled into MNDCP from another qualified retirement plan (i.e., 457(b), 403(b), 401(k), 401(a), or IRA). A withdrawal of assets that are not originally 457(b) money prior to age 59½ may be subject to the IRS 10 percent early withdrawal tax penalty.

No IRS Early Withdrawal Tax Penalty

One advantage the MNDCP has over other types of plans (i.e., 401(k), 401(a), 403(b), or IRA) is that your withdrawals are not subject to the IRS 10 percent tax penalty usually assessed on withdrawals made before age 59½. This is true as long as you withdraw funds contributed directly to the MNDCP.

Keep in mind
If you rollover your MNDCP account to other types of plans, the early withdrawal tax penalty may apply, unless an IRS exception applies.

Enroll Today

It's simple to enroll. Read through the material in this brochure to educate yourself about investing for retirement.

■ STEP 1

Decide how much to save
See page 10

■ STEP 2

Decide whether to save pre-tax dollars, after-tax dollars or both
See page 16

■ STEP 3

Determine your investment approach
See page 22

■ STEP 4

Select your investments
See page 23

Once you complete these four steps, complete and return the *Participant Enrollment Agreement* form included in the back of this brochure.

Once enrolled:

Be patient
Don’t react to market swings. Consistently invest and let time work for you. Remember, retirement savings is meant for long-term investing.

Stay involved
Commit to read your quarterly statement and newsletter.

Stay informed
Know what you’re invested in. Periodically reassess your investment option selection to make sure it’s still in line with your long-term financial goals.

Increase Your Contribution
Give your MNDCP account a raise when you can.

Contact Us
Whenever you have questions or need help, MSRS Retirement Counselors are available to assist you up to and throughout retirement.

STEP 1

DECIDE HOW MUCH TO SAVE

Understand Your Financial Forecast

When it comes to retirement, the big question is "How long will your retirement savings last?" When planning for your financial future, consider these factors.

Healthcare & Long-Term Care

Healthcare and long-term care are major considerations in determining how long your retirement savings will last. In general, the older we get, the more healthcare we need. Not only do we need more, but the cost of healthcare continues to increase. One study found that individuals retiring at age 65 in 2010 will need anywhere from $65,000 to $109,000 (men) or $93,000 to $146,000 (women) in savings if they are comfortable with a 50 percent chance of having enough money to cover healthcare expenses in retirement.[1] How much will you need? The answer is different for everyone, but we do know that healthcare expenses will be one of the bigger considerations in many retirement budgets.

Life Expectancy

Here's some good news for someone approaching retirement: we're living longer, healthier lives. As a result, our nest egg will need to provide income for a longer time period. Given current life expectancy statistics, a 65 year-old male retiree on average has 17 years of retirement to plan for, while a female retiree has on average 20 years of retirement to plan for.[2] When you map out your retirement budget, think in terms of multiple years – even decades.

Taxes

Pre-tax contributions made to your MNDCP account are tax-deferred, meaning you will have to pay income tax in the year you withdraw your pre-tax savings.

Inflation

Inflation typically averages about three percent annually, which means retirement expenses will continue to rise. Three percent may not sound like a lot, but it quickly adds up. A $100 purchase when you first retire could cost $182 two decades later. So you could be spending significantly more in the later years of your retirement, even though your lifestyle doesn't change.

And anyone who has filled their gas tank lately knows that an increase in the cost of basic necessities can quickly squeeze a budget. Will this trend continue? No one can say for sure. It's impossible to predict how much the cost-of-living will increase, but it's safe to assume that prices will rise throughout your retirement. Knowing this and planning ahead can help you develop a more realistic retirement budget.

Housing Expenses

Regardless of your situation, housing continues to be a significant retirement expense. You may still owe rent, or you may still be paying on a mortgage (or mortgages). Even if you're fortunate enough to own your home outright, you'll still have to pay property taxes, insurance, maintenance costs, utilities...the list goes on.

[1] *"Funding Savings Needed for Health Expenses for Persons Eligible for Medicare." December 2010, EBRI Issue Brief #351.*

[2] *http://www.cdc.gov/nchs/hus/contents2011.htm#022, Table 22.*

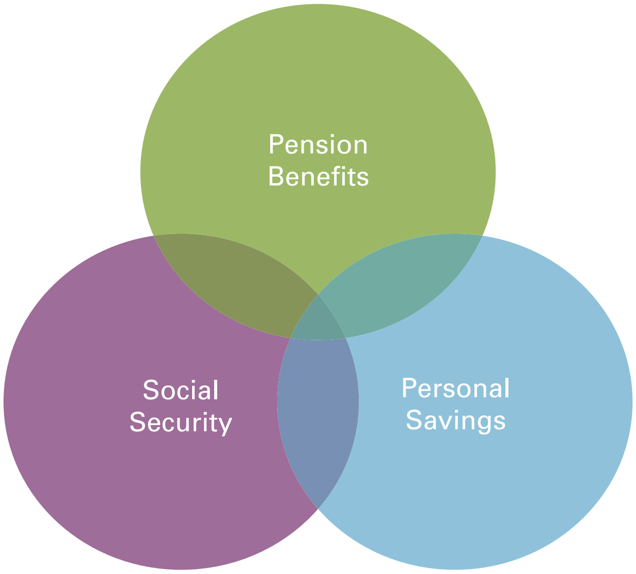
Retirement Income Sources

Your retirement income will most likely come from two sources – Social Security and your pension benefit. Will this be enough or will you need to rely on other retirement savings, such as an IRA or your MNDCP account?

Social Security was never meant to be a primary source of retirement income. The average monthly Social Security benefit for retired workers is $1,262.[1] Will Social Security continue that replacement average?

Most public employees receive a pension based on their number of years in the retirement system and their average salary. The majority of Minnesota's public sector retirees receive modest pension benefits.[2] The average monthly Minnesota pension benefits are:

$2,300 - Teachers Retirement Association (TRA)
$1,600 - Minnesota State Retirement System (MSRS)
$1,119 - Minnesota Public Employees Association (PERA)



[1] *Social Security Administration, www.ssa.gov.*
[2] *2012 Comprehensive Annual Financial Reports of TRA, MSRS, and PERA.*

Find your Social Security or Pension Benefit

- Check out the Social Security website (www.ssa.gov) and refer to their Benefits Estimate Calculator under the *Retirement* tab or refer to your annual Social Security statement.
- Refer to your annual pension statement for an estimate of how much you can expect to receive from your pension at retirement, contact your Retirement System office, or log onto your account online.

How Much Should You Save?

The amount varies by individual, but industry professionals generally recommend you will need to replace between 80 to 100 percent of your current income to maintain your current standard of living.

To help determine how much retirement income you may need from personal savings, consider the exercise on page 13. Please review this information with your financial advisor.

TABLE A

Years to Retirement	Inflation Factor*	Growth Factor**	Savings Factor**
5	1.16	1.34	5.64
10	1.34	1.79	13.18
15	1.56	2.40	23.28
20	1.81	3.21	36.78
25	2.09	4.29	54.86
30	2.43	5.74	79.06
35	2.81	7.69	111.43
40	3.26	10.29	154.75

TABLE B

Years in Retirement	Payout Multiplier
10	8.53
15	11.94
20	14.88
25	17.41

The multiplier assumes a 3 percent after-inflation annual return. Your returns will differ.

** A 3 percent inflation rate is assumed. Actual inflation will be different.*
*** A 6 percent annual investment return is assumed. Future investment returns cannot be predicted, and your actual returns and principal value will differ.*

Now Online!

This worksheet is now interactive online at www.msrs.state.mn.us.

Annual income you would need if you retired	Example	You
Current annual income	$30,000	______
Your income replacement ratio	x 80%	______
Estimated income need	$24,000 (a)	______ (a)

Retirement income you expect to receive (annual amounts; don't count income from personal savings and investments)		
Social Security	$8,000	______
Employer's pension	$0	______
Other income	$5,500	______
Total income from other sources	$13,500 (b)	______ (b)

Annual retirement income needed from personal savings and investments		
Subtract (b) from (a)	$10,500	______
Inflation Factor from Table A (example assumes 25 years to retirement)	x 2.09	______
Income needed from savings/investments	$21,945	______

Total amount of personal savings and investments needed by retirement		
Income from savings/investments (above)	$21,945	______
Payout Multiplier from Table B (example assumes a 20-year retirement period)	x 14.88	______
Targeted total savings/investments	$326,542 (c)	______ (c)

Future value of any assets you now own that may be available for retirement		
Value of the assets today	$40,000	______
Growth Factor from Table A (example assumes 25 years to retirement)	x 4.29	______
Value of the assets at retirement	$171,600 (d)	______ (d)

Amount you should save each month from now until retirement to reach your targeted total	Example	You
Difference between (c) and (d)	$154,942	______
Savings Factor from Table A (example assumes 25 years to retirement)	÷ 54.86	______
Amount you should save each year in your employer's plan	$2,824	______
Divide by 12 for monthly savings amount	$235	______ *

* **Note:** If this amount seems high, don't be discouraged. Remember, this is the *monthly* amount. You still need to divide this by the number of pay periods in one month. You may have to start your savings program with a smaller amount and increase it over time.

Building Account Value

Now that you know how much you'll need in personal savings to supplement your retirement income, you can determine how much to save each pay period to put your plan in place.

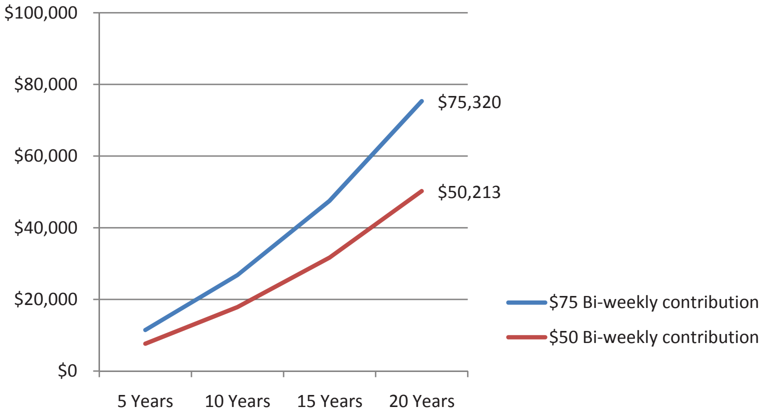
The chart below illustrates the results of different contribution levels and the potential growth of an account if it is given the time and opportunity to grow.

Current Age	Bi-weekly Pre-tax Contribution Amount	Net Bi-weekly Paycheck Reduction	Total Contributed by Age 65	Account Value at Age 65 (Assuming 6% Annual Rate of Return)
30	$25	$19	$22,750	$74,573
	$50	$38	$45,500	$148,955
	$100	$75	$91,000	$297,718
	$250	$188	$227,500	$744,007
40	$25	$19	$16,250	$36,702
	$50	$38	$32,500	$73,299
	$100	$75	$65,000	$146,491
	$250	$188	$162,500	$366,067
50	$25	$19	$9,750	$15,605
	$50	$38	$19,500	$31,150
	$100	$75	$39,000	$62,240
	$250	$188	$97,500	$155,511

For illustrative purposes. *The chart assumes approximately 25% tax rate for paycheck impact (federal and state) and earning 6% annual rate of return, which is not guaranteed. It includes examples that are hypothetical and is not intended to predict or project investment results. The results do not and are not intended to represent the performance of your deferred compensation program. Actual investment results will vary and may earn more or less than the stated annual return example, depending on your investments and market experience. Remember, ordinary income tax rates will apply to withdrawals from a tax-deferred investment. You should consider your current and anticipated investment horizon and income tax bracket when making an investment decision.*

The importance of increasing your contribution amount

Even a small contribution increase can make a big difference over time. The chart below illustrates how contributing just $25 more every two weeks (assuming a 6 percent annual rate of return) over 20 years could result in about $25,000 more in retirement savings.



Saving a little more

Even better, when you contribute $25 more, your paycheck will be reduced by an estimated $19 if you contribute pre-tax dollars. So you are saving more for tomorrow without sacrificing as much today!

For illustrative purposes only. *To show the potential value an increase in contributions can make, this hypothetical illustration assumes bi-weekly contributions (26 pay periods per year) and 6% average annual rate of return, which is not guaranteed, compounded monthly. It does not depict the performance of any particular security and is not intended to predict or project future investment results. Withdrawals of tax-deferred accumulations are subject to ordinary income tax. This illustration does not include any charges, expenses or fees that may be associated with your plan. The tax-deferred accumulations shown would be reduced if these fees had been deducted. Systematic investing does not ensure a profit or guarantee against loss. You should consider your ability to invest consistently in up as well as down markets.*

Contribution limits

You can contribute 100 percent of your includible compensation or the yearly maximum contribution limit set by the IRS, whichever is less.

2013 Annual Maximum Contribution Limits

Participant Age	Maximum Limit
Under Age 50	$17,500
Age 50 & Over	$23,000
Catch-Up Provision	$35,000

Note:

If you contribute both pre-tax and Roth after-tax dollars, your combined contributions cannot exceed the Annual Maximum Contribution Limits.

Catch-up contribution limit if you are nearing retirement

If you are within three years of your normal retirement age (the age at which you are eligible for an unreduced pension benefit) the Catch-Up Provision may allow you to contribute up to twice the standard contribution limit.

You may not use the three-year Catch-Up Provision and the Age 50+ Catch-Up Provision in the same year.

For more information about the three-year Catch-Up Provision, contact the MSRS Service Center to speak with a Retirement Counselor.

STEP 2
DECIDE TO SAVE PRE-TAX OR AFTER-TAX

You've taken the first step and determined how much to save. Now, decide whether you want to save on a pre-tax basis, after-tax basis, or both. Which option is right for you?

What's The Difference?

Pre-tax contributions

- No taxes on contributions
- Taxes paid when withdrawn

Pre-tax contributions can help reduce your current taxable income. When you make pre-tax contributions, money comes out of your paycheck and is contributed to your MNDCP account before income tax is taken.

Your money has the opportunity to grow on a tax-deferred basis, meaning you don't pay income tax until you take a withdrawal from your account.

Roth after-tax contributions

- Taxes paid on contributions
- Tax-free withdrawals*

The Roth option provides an alternative to pre-tax investing. Roth contributions are considered "after-tax" because money comes out of your paycheck and is contributed to your MNDCP account after income tax is taken.

You pay taxes on what you save today. When you are eligible and ready to withdraw money from your Roth, it comes to you tax-free – provided you meet certain conditions.*

* If Roth money remains in your account for at least a five taxable-year period, and you are age 59½ or older (or upon your death or disability), you'll pay no taxes on those contributions or earnings when you withdraw them.

Paycheck Comparison

The following example compares pre-tax with Roth after-tax contributions and the impact it will have on your take-home pay.

	Pre-tax contributions	Roth after-tax contributions
Gross income	$50,000	$50,000
Pre-tax contribution	-$5,000	N/A
Taxable income	$45,000	$50,000
25% income tax rate	-$11,250	-$12,500
After-tax income	$33,750	$37,500
Roth after-tax contribution	N/A	-$5,000
Take home pay	$33,750	$32,500,

Keep in mind, Roth after-tax contributions won't reduce your current taxable income compared to pre-tax contributions, so you'll actually pay current taxes on higher taxable income.

Contributing Roth after-tax dollars may also affect your ability to take other tax credits and deductions (for example, student loan deductions, medical expense deductions and child care tax credits). Your income level determines whether you qualify for these credits and deductions. Since Roth contributions won't reduce your adjusted taxable income, your eligibility for these tax reductions could be impacted. Please speak with your tax or financial advisor about your specific circumstances. You should consider your current and anticipated investment horizon and income tax bracket when making an investment decision.

State of Minnesota employees are able to contribute Roth after-tax dollars to their MNDCP account. However, other Minnesota public employers may choose not to offer this feature or need more time to adjust their payroll procedures. Ask your employer if you will be able to make Roth contributions to your MNDCP account.

Compare pre-tax savings…

Now:	Later:
Pay no income taxes on contributions as you make them	**Pay taxes** on withdrawals at retirement

Contributions:	Pre-tax contributions are deducted from your salary before taxes are taken. That can reduce your current taxable income.
Earnings, if any:	Are tax-deferred until withdrawn.
Distributions:	Are taxed as ordinary income.
Rollovers:	Are allowed to another pre-tax 457(b), 403(b), 401(k), 401(a), or Traditional or Roth IRA. (Rollovers to plans other than a governmental 457(b) may be subject to the IRS 10 percent early withdrawal tax penalty, unless an IRS exception applies.)
Required Minimum Distributions:	The IRS requires minimum distributions to begin at the later of age 70½ or retirement.
Who benefits?	Employees who: ■ expect to be in a lower tax bracket in retirement ■ want to lower current taxes

...with Roth after-tax savings

Now:	Later:
Pay income taxes on contributions as you make them	**Tax-free** withdrawals at retirement

Contributions:	Roth contributions are subject to federal, and where applicable, state and local income tax withholding.
Earnings, if any:	Are tax-free as long as qualifying conditions are met (see "Roth-qualified Distributions" below).
Roth-qualified Distributions:	Are tax-free as long as you've satisfied the 5-year holding period and are age 59½ or older (assuming you have separated from service, are disabled, or distribution is made to your beneficiary(ies) after your death).
Rollovers:	Are allowed to another Roth account in a 457(b), 403(b), 401(k), 401(a), or Roth IRA. (Rollovers to plans other than a governmental 457(b) may be subject to the IRS 10 percent early withdrawal tax penalty, unless an IRS exception applies.)
Required Minimum Distributions:	The IRS requires minimum distributions to begin at the later of age 70½ or retirement. However, if you roll over your MNDCP Roth balance to a Roth IRA before the calendar year in which you reach age 70½, minimum distributions are not required.*
Who benefits?	Employees who: ▪ expect to be in a higher tax bracket in retirement ▪ are in a low tax bracket today or have other large tax deductions ▪ want tax-free withdrawals in retirement ▪ want the option of not taking required withdrawals at age 70½ (if you roll over to a Roth IRA)* ▪ exceed the Roth IRA income limitations (There are no income limits if you contribute Roth dollars to your MNDCP account.)

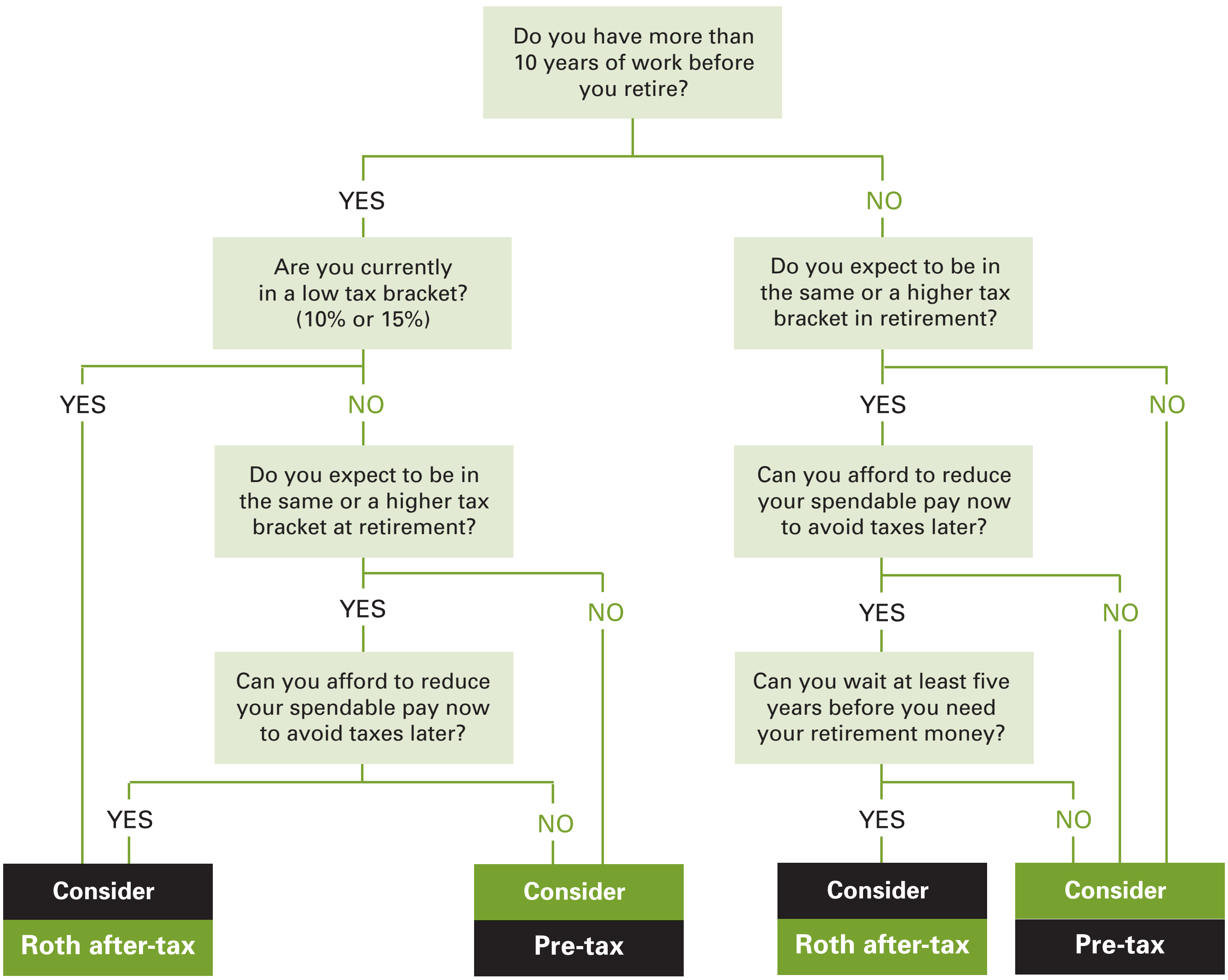
** Please review your specific circumstance with your tax or financial advisor.*

Making Your Decision

Which route is best for you?

Why would anyone choose to pay taxes now rather than later? The answer for some people is to have more tax-free income when they retire. The decision, however, is not the same for everyone and what is right for you depends on your individual situation.

Answer the questions below and follow the path indicated to make a preliminary determination as to which type of MNDCP plan contribution — traditional pre-tax or Roth after-tax — might be best for you.



The chart assumes you are contributing the same amount to the plan, whether you choose a traditional pre-tax contribution or a Roth after-tax contribution. With that approach, your spendable pay would be reduced during your working years by the amount of tax paid on the Roth after-tax contributions.

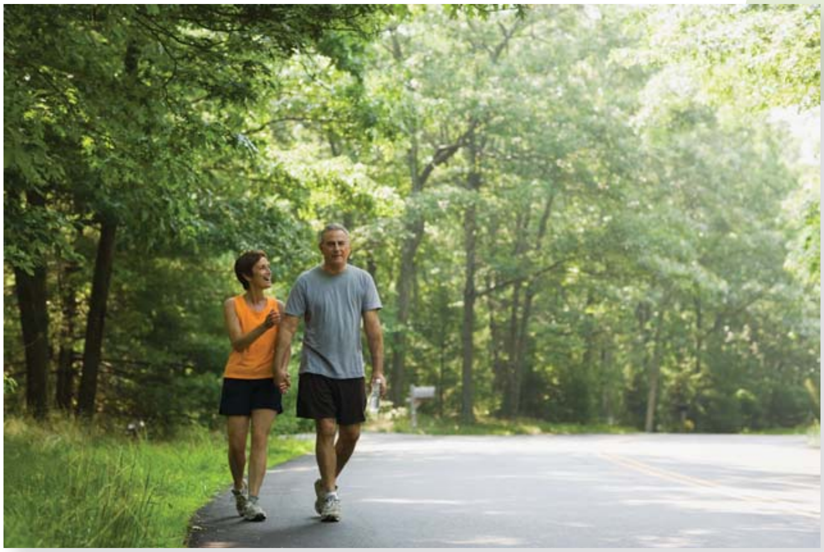
This chart is only intended to be a tool that can indicate which type of contribution might be right for you and is not intended to be tax, legal, or accounting advice. Your specific circumstances are not taken into account and may call for a different approach than the one indicated in the chart. Before deciding on a type of contribution, talk with a professional who can take into account any special factors that apply to you.

Can't Decide?

Consider *both* pre-tax and Roth after-tax contributions.

A combination of pre-tax and Roth after-tax contributions may be right for you if:

- you like the idea of tax-free retirement income, but also like the current tax deduction on your pre-tax contributions.
- you believe your taxes in retirement will be about the same or are unsure where taxes are headed in the future.
- you would like the flexibility to optimize your tax strategy year-to-year as you withdraw your retirement income.



Your combined pre-tax and Roth after-tax contributions cannot exceed the IRS annual limits described on page 15 of this brochure.

This information is provided for educational use only and is not intended as advice. Please consult with a professional to discuss these types of tax considerations before making a decision. MSRS Retirement Counselors are not able to personally advise on your decision.

STEP 3
DETERMINE YOUR INVESTMENT APPROACH

What kind of investor are you?

Planning for your retirement should not be taken lightly. Before you jump in and start choosing investments, spend some time thinking about your financial strengths and weaknesses, how well-organized you are, and how you like to spend your free time.

The choice is yours:

Simplify investing with a Target Retirement Fund -or-

Choose your own investment mix

Still not sure?

Ask yourself this:
Am I confident in my understanding of the following terms?

- Asset allocation
- Diversification
- Equity fund
- Bond fund
- Index fund
- Mutual fund

❑ Yes, mostly ❑ No, not at all

If you answered "No," you are probably the kind of investor who may benefit by simplifying investing with a Target Retirement Fund.

If you answered "Yes," you are probably a knowledgeable investor who could properly manage your retirement investments. Remember, to manage your own retirement investments, you'll need a working knowledge of asset allocation, diversification, and long-term horizon investing. If you are not sure this is the right approach for you, consider a Target Retirement Fund.

A. "I want to simplify investing with a Target Retirement Fund."

You are the kind of person who would rather simplify investing. You do not want to spend your time following every twist and turn of the stock market and making sure your portfolio is properly diversified. A Target Retirement Fund is invested with a target retirement date in mind and offers a professionally managed, diversified mix of investments that automatically adjusts to become more conservative as your target retirement date nears. Go to page 24 for more information about Target Retirement Funds.

B. "I like to choose my own investment mix."

You are comfortable researching and making sure your retirement portfolio has the right mix of stocks and bonds or fixed income securities. You know how to ensure your portfolio is properly diversified, so when it is time to retire, you will have enough money to enjoy the kind of retirement you have dreamed of. Go to page 29 for more on how to manage your own investment strategy.

STEP 4

SELECT YOUR INVESTMENTS BASED ON YOUR APPROACH

A. "I want to simplify investing with a Target Retirement Fund."

Consider this path:

- Select a Target Retirement Fund with the date closest to when you plan to retire (example: 2055, 2050, 2045...)
- A financial professional manages your portfolio and adjusts the investment over time

See pages 24-28 for more details

B. "I like to choose my own investment mix."

Consider this path:

- Determine your profile (what type of investor are you?)
- Decide on an asset-allocation strategy
- Build your investment mix

See pages 29-34 for more details

Approach A

Simplify Investing With a Target Retirement Fund

Target Retirement Funds – an easier way to save

Consider selecting a Target Retirement Fund, managed by State Street Global Advisors® (SSgA), as your sole investment option. Each fund offers a diversified portfolio designed to manage risk and grow your investment. Choose the year that's closest to when you expect to retire and enroll in that fund. As with any investment, you should regularly review your choices to make sure they are still right for you. It's that easy!

How Target Retirement Funds work

Each fund is a pre-mixed portfolio of stocks and bonds or fixed income investments. A professional money manager selects and manages the right mix of investments based on the target retirement date and adjusts the portfolio over time. With a single fund selection, you have a diversified portfolio that invests based on your anticipated retirement date.

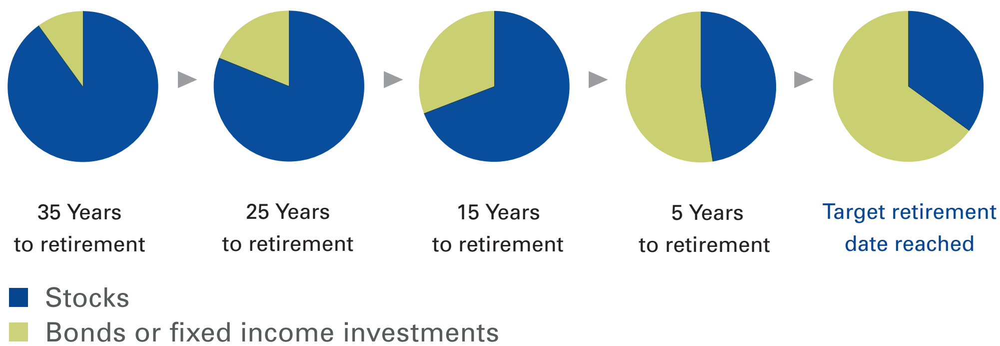
How Target Retirement Funds match to your timeline

Target Retirement Funds with longer horizons—such as the 2040 to 2060 funds—invest more in stock funds to pursue growth. Funds with the shorter time horizon—such as the 2015 to 2025 funds—invest more in bonds or fixed income investments to assure income while reducing risk, since the anticipated retirement date is sooner. Remember that stock funds can go up and down more in value than bond funds. The idea is to take more risk—and potentially earn a higher return on investment—while the anticipated retirement date is further in the future and to take less risk—to preserve principal—as the anticipated retirement date gets closer.

Bear in mind that an investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date.

See how Target Retirement Fund 2050 evolves over time

With over 30 years to retirement, the 2050 Portfolio invests primarily in stocks for long-term growth potential. As you get closer to the year 2050, stock allocations decrease while bond or fixed income investments increase. This approach seeks to lower investment risk, protect assets, and create a portfolio focused on providing retirement income, while protecting you from outliving your savings.



The example shown is intended for illustrative purposes only. The allocation will vary depending on the Target Retirement Funds' anticipated retirement date.

Here's all you need to do:

1. Decide what percentage of your pay to save for retirement.

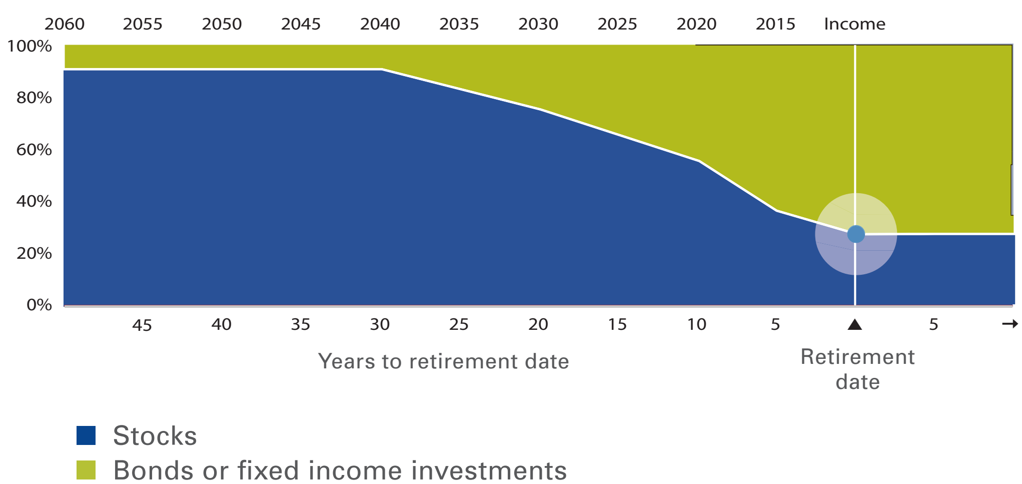
2. Select the fund with the date closest to when you plan to retire:

   - MN Target Retirement 2060 Fund
   - MN Target Retirement 2055 Fund
   - MN Target Retirement 2050 Fund
   - MN Target Retirement 2045 Fund
   - MN Target Retirement 2040 Fund
   - MN Target Retirement 2035 Fund
   - MN Target Retirement 2030 Fund
   - MN Target Retirement 2025 Fund
   - MN Target Retirement 2020 Fund
   - MN Target Retirement 2015 Fund
   - MN Target Retirement Income Fund (anticipated retirement date earlier than 2015)

3. Review your investments at least annually and make planning and saving for retirement a part of your life.

MN Target Retirement Funds

As the chart to the right shows, the MN Target Retirement Funds are designed to adjust automatically to your investing timeframe. But, you still need to stay in touch with your needs. And if they change, you need to change your plan. If your ability to take risk changes, make sure your current Target Retirement Fund matches your needs. Or, if you are changing your retirement date, you might need to switch to a different Target Retirement Fund to better match your new timeframe.



Please review all fund information carefully before investing.

MN Target Retirement Funds

The MN Target Retirement Funds seek to offer complete, low-cost investment strategies with asset allocations which become more conservative as you near retirement. You simply select the Target Retirement Fund with a date closest to when you expect to retire.

Investment objective

The MN Target Retirement Funds seek an investment return that approximates, as closely as practicable, before expenses, the performance of a custom benchmark index over the long-term.

Investment strategy

The MN Target Retirement Funds are managed by State Street Global Advisors® (SSgA), the investment management division of State Street Bank and Trust Company.

Each Target Retirement Fund seeks to achieve its objective by investing in a set of underlying SSgA collective trust funds representing various asset classes. Each Target Retirement Fund (except the MN Target Retirement Income Fund) is managed to a specific retirement year (target date) included in its name.

Over time, the allocation to asset classes changes accordingly to a predetermined “glide path.” (The glide path represents the shifting of asset classes over time and does not apply to the MN Target Retirement Income Fund.)

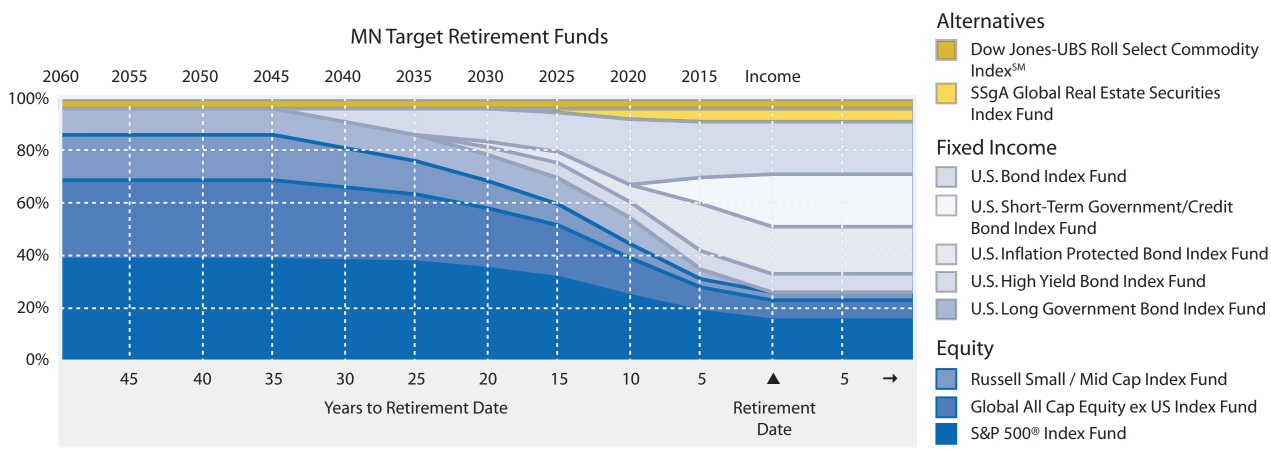
Each Target Retirement Fund’s asset allocation will become more conservative as it approaches its target retirement date. This reflects the need for reduced investment risks as retirement approaches and the need for lower volatility of a portfolio, which may be a primary source of income after retiring.

The allocations reflected in the glide path do not reflect tactical decisions made by SSgA to overweight or underweight a particular asset class based on its market outlook but rather management of each Target Retirement Fund’s strategic allocation according to its glide path and applicable benchmark indexes. Each Target Retirement Fund attempts to closely match the characteristics and returns of its custom benchmark indexes as opposed to any attempts to outperform the benchmark.

Once a Target Retirement Fund reaches its target retirement date, it will transition to the MN Target Retirement Income Fund, resulting in an allocation to stocks and real estate that will remain fixed at approximately 35 percent of assets. The remainder of the Fund will be invested in bonds or fixed-income securities.

Glide Path

Investments become more conservative over time.

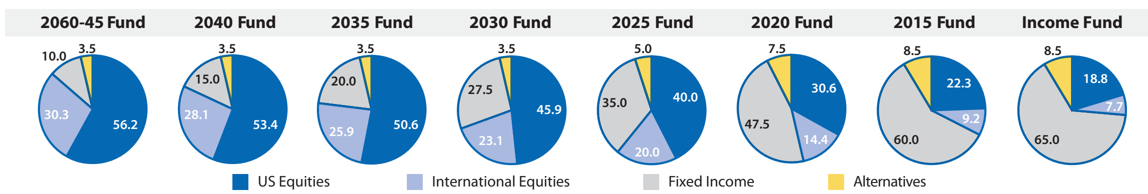


MN Target Retirement Funds

31 December, 2012

Diversification of Underlying Funds – Target allocations among equities and fixed income, shown in percent

	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	Income
US Equities	***56.17%***	***56.17%***	***56.17%***	***56.17%***	***53.39%***	***50.61%***	***45.89%***	***40.00%***	***30.56%***	***22.28%***	***18.83%***
SSgA S&P 500 Index Fund	38.88	38.88	38.88	38.88	38.44	37.96	35.46	32.00	25.16	19.16	15.79
SSgA Russell Small/Mid Cap Index Fund	17.28	17.28	17.28	17.28	14.95	12.65	10.43	8.00	5.40	3.12	3.04
International Equities	***30.33%***	***30.33%***	***30.33%***	***30.33%***	***28.11%***	***25.89%***	***23.11%***	***20.00%***	***14.44%***	***9.22%***	***7.67%***
SSgA Global All Cap Equity ex U.S. Index Fund	30.33	30.33	30.33	30.33	28.11	25.89	23.11	20.00	14.44	9.22	7.67
Global Real Estate	***0.00%***	***0.00%***	***0.00%***	***0.00%***	***0.00%***	***0.00%***	***0.00%***	***1.50%***	***4.00%***	***5.00%***	***5.00%***
SSgA Global Real Estate Securities Index Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	4.00	5.00	5.00
Commodities	***3.50%***	***3.50%***	***3.50%***	***3.50%***	***3.50%***	***3.50%***	***3.50%***	***3.50%***	***3.50%***	***3.50%***	***3.50%***
SSgA Dow Jones-UBS Roll Select Commodity Index Fund	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Fixed Income	***10.00%***	***10.00%***	***10.00%***	***10.00%***	***15.00%***	***20.00%***	***27.50%***	***35.00%***	***47.50%***	***60.00%***	***65.00%***
SSgA U.S. Long Government Bond Index Fund	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	3.75	0.00
SSgA U.S. Bond Index Fund	0.00	0.00	0.00	0.00	5.00	10.00	12.50	15.00	25.00	21.25	20.00
SSgA U.S. Inflation Protected Bond Index Fund	0.00	0.00	0.00	0.00	0.00	0.00	2.10	4.20	6.50	18.00	18.00
SSgA U.S. High Yield Bond Index Fund	0.00	0.00	0.00	0.00	0.00	0.00	2.90	5.80	6.00	7.00	7.00
SSgA U.S. Short-Term Government/ Credit Bond Index Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	20.00



Fund Characteristics

General	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	Income
Inception Date	6/1/2011	10/1/2007	9/1/2006	2/1/2005	9/1/2006	2/1/2005	9/1/2006	4/1/2005	9/1/2006	2/1/2005	4/1/2005
Expense Ratio[1]	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
Equity											
Annual Dividend Yield (Trailing 12 Months)	2.46%	2.46%	2.46%	2.46%	2.47%	2.47%	2.48%	2.49%	2.49%	2.48%	2.46%
Total Number of Holdings	7,735	7,735	7,735	7,735	7,735	7,735	7,735	7,735	7,735	7,735	7,735
Real Estate											
Annual Dividend Yield (Trailing 12 Months)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.53%	3.53%	3.53%	3.53%
Total Number of Holdings	N/A	N/A	N/A	N/A	N/A	N/A	N/A	148	148	148	148
Fixed Income - Nominal											
Average Credit Quality	Aa1	Aa1	Aa1	Aa1	Aa1	Aa2	Aa3	A1	A1	A1	A1
Average Current Yield	3.60%	3.60%	3.60%	3.60%	3.43%	3.34%	3.76%	4.03%	3.82%	3.55%	3.21%
Effective Duration (Years)	16.78	16.78	16.78	16.78	12.84	10.88	9.55	8.68	7.77	5.19	3.56
Total Number of Holdings	76	76	76	76	5,870	5,870	6,163	6,163	6,163	6,736	6,660
Fixed Income - Real Return											
Average Credit Quality	N/A	N/A	N/A	N/A	N/A	N/A	AAA	AAA	AAA	AAA	AAA
Real Yield	N/A	N/A	N/A	N/A	N/A	N/A	-0.91%	-0.91%	-0.91%	-0.91%	-0.91%
Real Duration (Years)	N/A	N/A	N/A	N/A	N/A	N/A	8.09	8.09	8.09	8.09	8.09
Total Number of Holdings	N/A	N/A	N/A	N/A	N/A	N/A	34	34	34	34	34

[1]Please see the Fee Disclosure on the next page for a complete disclosure of the Fund's total operating expense.
The top holdings are presented to illustrate examples of the securities that the Fund has bought and may not be representative of the Fund's current or future investments. In the case of fixed income and cash funds the securities are aggregated and shown at the issuer level. The top holdings do not include other assets or instruments that may be held by the Fund including, for example and not by way of limitation, cash or cash equivalents and derivatives such as future, options and swaps. The figures presented are as of the date shown above, do not include the Fund's entire investment portfolio, and may change at any time.

Characteristics and allocations, if shown, are subject to change and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Fee Disclosure

Each Target Retirement Fund (the "Fund") is a collective investment fund managed by State Street Global Advisors. The Fund seeks to achieve its investment objective by primarily owning units of one or other collective investment funds which make direct investments (the "Component Funds"). As a result, the participants investing in the Fund indirectly bear the fees and expenses of the Component Funds in which the Fund invests, in addition to the direct fees of the Fund which include, among others, investment management, audit, administration and legal fees. The indirect fees and expenses may include, among others, the Component Fund's custody, audit, administration and legal fees. The indirect fees and expense of the Component Funds combined with the direct fees of the Fund which include the investment management fee (the "Total Annual Operating Expense Ratio") are not expected to exceed .17% annually.

The Total Annual Operating Expense Ratio of .17% reflects all indirect and direct fees associated with the Fund. Transaction costs (including, for example, brokerage cost and taxes, if any) are not reflected in the Total Annual Operating Expense Ratio but are reflected in the net performance returns of the Fund. The investment manager does not assess any fee or charge in connection with the purchase or redemption of units of the Fund.

The following example is intended to help illustrate the impact of fees and expenses associated with investing in the Fund (based upon the Total Annual Operating Expense Ratio). It is intended to illustrate the hypothetical expense that you would incur over various time periods if you were to invest $10,000 in the Fund. This example assumes that the Fund provides a return of 5% a year and that operating expenses of the Fund and its Component Funds remain the same. The results apply whether or not you redeem your investment at the end of the given time period.

Example Fees: 1 year - $17.41; 3 years - $54.80; 5 years - $95.88; 10 years - $217.26

The example outlined above was for illustrative purposes only and does not represent the actual fees and expenses or the past for future performance of the Fund. Actual future fees and expenses may be higher or lower than those shown.

Fees and expenses are only one of several factors that participants and beneficiaries should consider when making investment decisions.

Custom Index Description

The benchmark performance for each Target Retirement Fund is derived by applying each Fund's target allocations to a series of unmanaged benchmarks. The current allocation of the Custom Index for each fund is shown in the Diversification of Underlying Funds illustration on page 3. Each of the applicable individual indices making up the composite benchmarks are described in further detail below.

S&P 500®

Standard and Poor's S&P 500 is a widely used benchmark of U.S. stock market performance which consists of large capitalization stocks across selected industry groups and 500 stocks.

Russell Small Cap Completeness® Index

The Russell Small Cap Completeness® Index measures the performance of the Russell 3000® Index companies excluding SPP 500® constituents.

MSCI AC World Index ex USA IMI Index

The MSCI AC World Index ex USA IMI Index is a free float-adjusted market capitalization weighted Index that is designed to measure the equity market performance of developed and emerging markets. The Index consists of approximately 6,100 stocks in markets with emerging markets representing approximately 20%. MSCI attempts to capture approximately 99% of the total market capitalizations in each country The MSCI AC World Index ex USA IMI Index is a trademark of MSCI Inc.

FTSE EPRA/NAREIT Developed Liquid Index

The FTSE EPRA/NAREIT Developed Liquid Real Estate Securities Index is a float-adjusted market-cap-weighted Index designed to track the performance of eligible listed real estate in the Developed markets. The Index includes Real Estate Operating Companies and REITs that derive at least 75% of their income from relevant real estate activities. Relevant real estate activities are defined as ownership, trading and development of income-producing real estate. The Index is screened for liquidity and provides geographic and property sector diversification. The Index is priced daily, rebalanced, and reconstituted quarterly at the close of business on the third Friday of March, June, September and December.

Dow Jones-UBS Roll Select Commodity Index℠

The Dow Jones-UBS Roll Select Commodity Index℠ is a broad based commodity index. It is comprised of 20 commodity futures contracts spread across five main commodity groups: Agriculture, Energy, Livestock, Industrial Metals and Precious Metals. The Index aims to mitigate the effects of contango on index performance. For each commodity, the Index rolls into the futures contract showing the most backwardation or least contango, selecting from those contracts with nine months or fewer until expiration.

Barclays Capital U.S. Long Government Bond Index

Barclays Capital U.S. Long Government Bond Index consists of U.S. Treasury and native currency U.S. Agency securities with maturities greater than ten years.

Barclays Capital U.S. Aggregate Bond Index

The Barclays Capital U.S. Aggregate Bond Index is an index representative of well diversified exposure to the overall U.S. bond market. More specifically, it covers the dollar denominated investment grade fixed rate taxable bond market, including U.S. Treasuries, government-related and corporate securities, mortgaged pass through securities, asset backed securities and commercial mortgage backed securities.

Barclays Capital U.S. TIPS Bond Index

The Barclays Capital U.S. TIPS Bond Index is limited to U.S.Treasury Inflation Protected Securities (TIPS). Like other Treasuries, an inflation-indexed security pays interest every six months and pays the principal when the security matures. The difference is that the coupon payments and underlying principal are automatically increased to compensate for inflation as measured by the consumer price index (CPI). The maturities of the bonds in the Index are more than one year.

Barclays Capital U.S. High Yield Very Liquid Index

The Barclays Capital U.S. High Yield Very Liquid Index (VLI) is a more liquid version of the U.S. High Yield Index that covers USD-denominated, noninvestment grade, fixed-rate, taxable corporate bonds.

Barclays Capital 1-3 Year Government/Credit Index

The Barclays Capital U.S. 1-3 Year Government/Credit Index Consists of a well-diversified group of government, corporate and non-corporate securities with maturities between one and three years.

The Barclays Capital index names are trademarks of Barclays Capital, Inc.

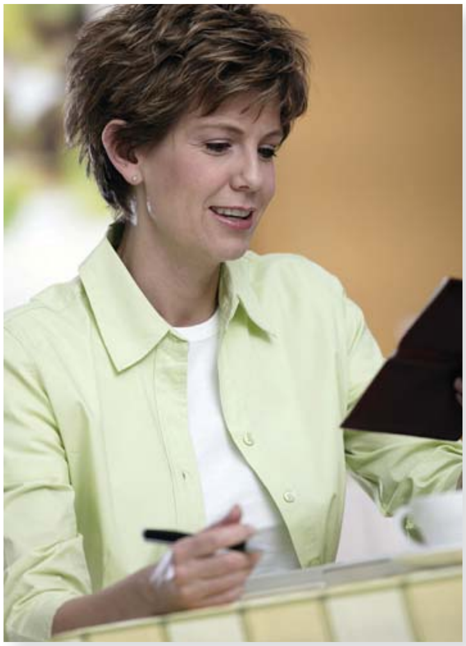
State Street regards the Fact Sheets in their distributed form to be complete documents that include material information regarding the Funds for investor consideration. You are not authorized to make any material modifications to this information without our express consent, and we assume no liability in connection with these Plan Materials or with regard to any modifications to or misuse of the information contained therein.

Approach B

Choose Your Own Investment Mix

If you're comfortable making your own investment decisions and feel confident that you can build a diversified asset allocation strategy, then you probably can manage your own retirement account portfolio.

The following three steps will help you decide on an investment strategy and choose specific investments to match your retirement goals.



FIRST

Determine your investor profile

- What is your tolerance to risk?
- What is your time horizon to retirement?

SECOND

Decide on an asset allocation strategy

- Suggested asset allocation models

THIRD

Build your investment mix

FIRST
DETERMINE YOUR INVESTOR PROFILE

Before you determine your investor profile, take a closer look at:

- Your risk tolerance
- Your time horizon for investing

Risk tolerance
Every investment offers a balance of risk and return. Some offer higher return potential at a higher risk; others are less risky investments with lower potential returns. The amount of risk and market volatility you are comfortable with is known as your risk tolerance. It can change over time, so it's important to review your investment strategy at least annually.

Time horizon
Your time horizon is the number of years you have to save and invest before you begin to withdraw funds from your account. It's an important consideration in determining your investor profile.

Here's why: The younger you are, the more time you have to hopefully weather the ups and downs in investment performance. You may have more time to recover from any losses—and more time to capitalize on riskier investments that offer higher return potential. On the other hand, the closer you are to retirement, the less time you have to make up for any ground you may lose in a market downturn. As you age, you'll want to consider shifting a greater portion of your money to more conservative investments that may not be as risky.

The following ***Investor Profile Quiz*** can help you determine whether you are a conservative, moderate or aggressive investor.

INVESTOR PROFILE QUIZ

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1. I am a knowledgeable investor who understands the trade-off between risk and return, and I am willing to accept a greater degree of risk to gain the potential for higher returns.	1	2	3	4	5
2. I am willing to invest on a long-term basis.	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 to recover its value.	1	2	3	4	5
4. I have sources of savings other than my MNDCP that make me feel better about my financial future.	1	2	3	4	5
			TOTAL SCORE:		

5. Time horizon (number of years until you expect to retire and/or take distributions).	30 or More Years ☐	11 to 29 Years ☐	10 or Fewer Years ☐

	Years to Retirement	Quiz Score 15-20	Quiz Score 9-14	Quiz Score 4-8
Using your results from the investment profile quiz and the number of years you have remaining until retirement, use the charts on page 32 to determine which investment profile best suits your needs.	30 or more	Aggressive	Moderately Aggressive	Moderate
	11-29	Moderately Aggressive	Moderate	Moderately Conservative
	10 or fewer	Moderate	Moderately Conservative	Conservative

	Aggressive	Moderately Aggressive	Moderate	Moderately Conservative	Conservative
6. What is your overall investment profile?	1	2	3	4	5

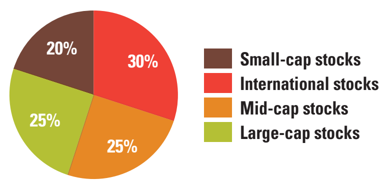
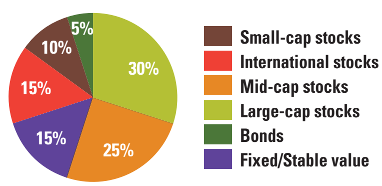
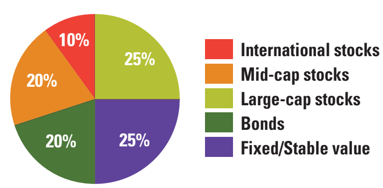
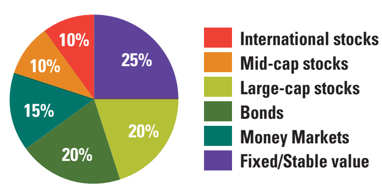
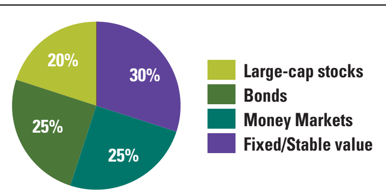
Conservative, moderate and aggressive investors usually allocate investments in different ways. See how your score from the *Investor Profile Quiz* fits into the asset allocation strategies. Proceed to the next page to determine your asset allocation profile.

SECOND

DECIDE ON AN ASSET ALLOCATION STRATEGY

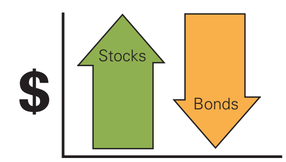
Now that you know your investor profile, you can translate that into an asset allocation strategy. Asset allocation is the process of spreading your investments across different asset classes, such as stock funds, bond funds, and cash equivalents (which include fixed interest accounts and money market accounts).

A smart asset allocation helps you manage investment risk and take advantage of more favorable market conditions. As a general rule, when investments in one asset class under-perform, investments in other classes perform better.

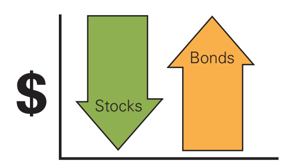
Investor Type	Suggested Asset Allocation
Aggressive Profile	
Moderately Aggressive Profile	
Moderate Profile	
Moderately Conservative Profile	
Conservative Profile	

The profile allocations assume an investment strategy based on risk and return. This is not intended as financial planning or investment advice.

When stocks go up, bonds tend to go down.



When bond performance is strong, stock performance tends to cool.



By spreading your investments among different asset classes, you can better weather the ups and downs of the market because you don't depend on any one type of investment to carry the load for your investment mix.

Past performance is no guarantee of future results.

Using asset allocation as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets.

THIRD
BUILD YOUR INVESTMENT MIX

You can use the results from the *Investor Profile Quiz* on page 31 to illustrate a suggested asset allocation strategy on the previous page. The asset allocation strategy will help you determine what percentage of your contribution amount to put into each asset class.

Now is the time to select from the MNDCP investment options on the next page. MNDCP offers a range of investment options from different asset classes so you can build a diversified portfolio that helps meet your investment goals.

You will find information specific to each investment option on the following pages. More detailed information on each investment option can be found online at:

www.msrs.state.mn.us

- ▶ Deferred Compensation
  - ▶ Investments
    - ▶ Investment Options

Using diversification as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets.

Diversifying Your Investments

Diversification is the process of choosing multiple investments within an asset class.

- Consider investing in equity funds with varying investment strategies.
  - Domestic stock funds such as small-cap, mid-cap, large-cap
  - International stock funds*
- Consider diversifying among bond funds or fixed income investment options.
- You may not want to invest more than 20 percent of your account in a single fund.

**International investing involves special risks such as currency fluctuation, lower liquidity, political and economic uncertainties, and difference in accounting standards.*

Select your MNDCP investment options

Potentially Higher Risk/Reward

Investment Asset Class	MNDCP Investment Options
Small-Cap Domestic Stock Typically invest in the stock of small U.S. companies whose market capitalization is less than $1 billion. Small company funds involve increased risk and volatility.	• T. Rowe Price Small-Cap Stock Fund
International Stock Typically invest in the stock of non-U.S. companies. International investing involves additional risks including: currency fluctuations, political instability, differences in accounting standards and foreign regulations.	• Vanguard Total International Stock Index Fund (Institutional Plus Shares) • Fidelity Diversified International Fund
Mid-Cap Domestic Stock Typically invest in the stock of mid-sized U.S. companies whose market capitalization is valued at $1-$5 billion. Mid-cap stock funds are subject to market risk. They are generally perceived to be riskier than large-cap stock funds, but less than small-cap stock funds.	• Vanguard Mid-Cap Index Fund (Institutional Plus Shares)
Large-Cap Domestic Stock Typically invest in the stock of large U.S. companies whose market capitalization is valued over $5 billion. Large-cap stock funds are subject to market risk.	• Janus Twenty Fund • Vanguard Institutional Index Fund (Institutional Plus Shares)
Balanced Typically invest in a mix of stocks and bonds or fixed income investments.	• Vanguard Balanced Index Fund (Institutional Plus Shares)
Bond Typically invest in bonds issued by corporations and government entities. Bond funds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds owned by the fund.	• Dodge & Cox Income Fund • Vanguard Total Bond Market Index Fund (Institutional Plus Shares)
Stable Value/Fixed Income Intended to deliver safety and stability by preserving principal while accumulating interest earnings. They are similar to money market funds but tend to offer higher returns. They are the largest conservative investment in defined contribution retirement plans.	• SIF Fixed Interest Account
Money Market Typically subject to less volatility than other investments. Depending on short-term interest rates, may not keep pace with inflation. ***These funds are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.*** *While a money market fund's objective generally includes the preservation of capital, it is possible to lose money by investing in the fund. There is no assurance that the portfolio will be able to maintain a stable net asset value of $1.00 per share.*	• SIF Money Market Account

Potentially Lower Risk/Reward

OTHER INVESTMENT SERVICES

Advisory Service

This optional service provides investment advice and planning to help you meet your retirement savings goals. It delivers advisory services in two ways, to complement any investor.

Both of these services make investment recommendations, help you forecast your retirement income, and provide you the ability to monitor your account.

For more information

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain mutual fund prospectuses from a MSRS registered representative. For prospectuses related to investments in your Self-Directed Brokerage (SDB) Account, contact TD AMERITRADE at (866) 766-4015. Read them carefully before investing.

Self-Directed Brokerage Account

MNDCP provides a Self-Directed Brokerage (SDB) Account through TD AMERITRADE. There is an additional $30 annual fee for the use of this service. The SDB Account allows you to select from hundreds of mutual funds beyond MNDCP's regular fund offerings. Many of the mutual funds are offered as "no load" or "low load," meaning they do not incur an additional sales charge to purchase or redeem, or the sales charge is considered to be below-normal when compared to other mutual fund sales charges.

Brokerage services provided by TD Ameritrade, Inc., member FINRA/SIPC/NFA. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank. Used with permission. TD Ameritrade is an independent entity and not a corporate affiliate of ING Financial Advisors, LLC (Member SIPC).

Advisory Service Options

Personal Online Advisor	Professional Account Manager
An interactive web-based service to help you actively manage your MNDCP account at no additional cost.	An advice service where you delegate management of your account to a professional advisor. A monthly fee will apply if you enroll in the program.
■ Log into your MNDCP Account Online at www.msrs.state.mn.us and click on ING Advisor Service to build your retirement plan. ■ Get advice about which investments to select. ■ Explore different contribution amounts, risk levels and goals. ■ Check back regularly to make sure you're on track. ■ Available at no additional cost to you.	■ A custom investment strategy is created for you and a Personal Plan Preview is sent to you. ■ ING Investment Advisors enter investment transactions to put your strategy into action. ■ Professionals monitor your account, adjust your strategy as needed and send progress reports. ■ ING Investment Advisor Representatives are there when you need more help. ■ The fee for this service is no more than 0.60% of your account balance per year.* ■ To get more information, visit www.financialadvice.com/forMSRS.

**The program fee is 0.60 percent of your managed account balance, deducted from your account. That's about $5 a month for each $10,000 in your account. Discounts apply for balances over $50,000.*

Advisory Services provided by ING Investment Advisors, LLC for which Financial Engines® Advisors, LLC acts as sub advisor. ING Investment Advisors does not give tax or legal advice. If you need tax advice, consult your accountant or attorney, if you need legal advice, contact your attorney. For more information about the ING Advisor Service, please read the ING Investment Advisors Disclosure Statement. A Disclosure Statement may be viewed online by accessing the ING Advisor Service link through your Plan's Web site or may be requested from an ING Investment Advisor by calling your Retirement Plan Information Line. Financial Engines® Advisors, LLC is not a corporate affiliate of ING Investment Advisors, LLC or ING Institutional Plan Services, LLC.

About The Funds

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain mutual fund prospectuses and disclosure documents from your registered representative. Read them carefully before investing.

Portfolio information is gathered from a variety of sources and is believed to be reliable but is not guaranteed as to completeness or accuracy. Holdings and composition of holdings are subject to change. The expense ratio shown is net of any fee waivers or expense reimbursements.

RISK/POTENTIAL RETURN METER

HIGHER

LOWER

T. Rowe Price Small-Cap Stock Fund

SMALL CAP

FUND INFORMATION (as of 12/31/2012)

FUND OPERATING EXPENSES:	0.92%
INCEPTION DATE:	06/01/1956
TICKER SYMBOL:	OTCFX

ASSET ALLOCATION:

Domestic Stock	91.2%
Cash	7.0%
Foreign Stock	1.0%
Other	0.8%

Investment Objective

The fund seeks to provide long-term capital growth. The fund will normally invest at least 80% of assets in stocks of small companies. The holdings will be widely diversified by industry and company. Under most circumstances, it will invest less than 1.5% of assets in any single company. While the fund invests most assets in U.S. common stocks, it may also purchase other securities including foreign stocks, futures, and options.

Who Is Most Likely to Choose This Type of Investment?

Small-cap investments may be most appropriate for someone with a longer investment horizon, seeking long-term capital growth, and willing to accept larger market fluctuations. Small-cap securities may be more volatile than securities of larger, more established companies.

Fidelity Diversified International Fund

INTERNATIONAL

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses:	1.01%
Inception Date:	12/27/1991
Ticker Symbol:	FDIVX

Asset Allocation:

International Equities	88.73%
Developed Markets	79.66%
Emerging Markets	9.07%
Domestic Equities	5.81%
Cash and Net Other Assets	5.46%

Investment Objective

The fund seeks capital appreciation. The fund normally invests in non-U.S. securities. It primarily invests in common stocks and allocates investments across countries and regions while considering the size of the market relative to size of the international market as a whole.

Who is most likely to Choose This Type of Investment?

International investments may be most appropriate for someone looking for greater potential returns and willing to accept a higher degree of risk. International investments may provide diversification for a domestic portfolio. Foreign funds involve special risks, including currency fluctuations and political developments.

Fund Restrictions

Due to restrictions imposed by the Fidelity Diversified International Fund, a 1% fee will apply to all redemptions made from this fund for any shares held under 30 calendar days.

Vanguard Total International Stock Index Fund

Institutional Plus Shares

INTERNATIONAL

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses:	0.10%
Inception Date:	11/30/2010
Ticker Symbol:	VTPSX

Asset Allocation:

International Equities	99.32%
Developed Markets	76.1%
Emerging Markets	23.9%

Investment Objective

The fund seeks to track the performance of the MSCI All Country World ex USA Investable Market Index, a benchmark index designed to measure equity market performance in developed and emerging markets, excluding the United States. The index includes more than 6,000 stocks of companies located in over 43 countries. The fund invests substantially all of its assets in the common stocks included in its target index.

Who is most likely to Choose This Type of Investment?

International investments may be most appropriate for someone looking for greater potential returns and willing to accept a higher degree of risk. International investments may provide diversification for a domestic portfolio. Foreign funds involve special risks, including currency fluctuations and political developments.

RISK/POTENTIAL RETURN METER
HIGHER
LOWER

Vanguard Mid Cap *Index Fund* MID CAP

Institutional Plus Shares

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses:	0.06%
Inception Date:	12/15/2010
Ticker Symbol:	VMCPX

Asset Allocation:

Domestic Stock	99.6%
Foreign Stock	0.4%

Investment Objective

The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The fund employs a passive management investment approach designed to track the performance of the MSCI US Mid Cap 450 index, a broadly diversified index of the stocks of medium-size U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. The MSCI US Mid Cap 450 Index represents the universe of medium capitalization companies in the US equity market. You cannot invest directly in an index.

Who Is Most Likely to Choose This Type of Investment?

Mid-cap investments may be most appropriate for someone seeking higher potential returns over time and willing to weather market downturns. Medium-sized companies may suffer more significant losses as well as realize more substantial growth than larger-capitalized, more established issuers.

Fund Restrictions

Due to restrictions imposed by Vanguard, any participant who transfers money out of this fund is not permitted to transfer money back into the fund for a period of 60 calendar days.

RISK/POTENTIAL RETURN METER
HIGHER
LOWER

Janus Twenty Fund LARGE CAP

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses	0.94%
Inception Date:	04/30/1985
Ticker Symbol:	JAVLX

Asset Allocation

Domestic Stock	77.6%
Foreign Stock	20.5%
Other	1.9%

Investment Objective

The investment seeks long-term growth of capital. Invests in a core group of 20-30 stocks that have superior business models and exhibit high returns on capital and excess cash flow generation.

The portfolio manager employs a long-term investment approach that leverages the most compelling large-cap growth ideas of the Janus research team.

Who Is Most Likely to Choose This Type of Investment?

Large-cap investments may be most appropriate for someone willing to accept market fluctuations in return for long-term capital growth. Stock investments tend to be more volatile than bond or money market investments.

Vanguard Institutional Index Fund

LARGE CAP

Institutional Plus Shares

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses	0.02%
Inception Date:	07/07/1997
Ticker Symbol:	VIIIX

Asset Allocation

Domestic Stock	100%

Investment Objective

The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the Standard & Poor's 500 (S&P 500) Index, which is a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The S&P 500 Index is an unmanaged, market-weighted index that consists of the 500 largest publicly traded companies and is considered representative of the broad U.S. stock market. You cannot invest directly in an index.

Who Is Most Likely to Choose This Type of Investment?

Large-cap investments may be most appropriate for someone willing to accept market fluctuations in return for long-term capital growth. Stock investments tend to be more volatile than bond or money market investments.

Fund Restrictions

Due to restrictions imposed by Vanguard, any participant who transfers money out of this fund is not permitted to transfer money back into the fund for a period of 60 calendar days.

RISK/POTENTIAL RETURN METER

HIGHER

LOWER

Vanguard Balanced Index Fund

BALANCED

Institutional Shares

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses	0.08%
Inception Date:	12/01/2000
Ticker Symbol:	VBAIX

Asset Allocation

Domestic Stock	60.43%
Bonds	39.57%

Investment Objective

The investment seeks growth and income. The fund normally invests 60 percent of assets in equities and 40 percent in bonds. The equity portion seeks to track the performance of the MSCI U.S. Broad Market Index; an unmanaged index that covers all regularly traded U.S. stocks. The fixed-income portion seeks to track the performance of the Barclays Capital U.S. Aggregate Bond Index. It may purchase investment-grade U.S. government obligations, corporate debt, and mortgage-backed securities to secure this goal. You cannot invest directly in an index.

Who Is Most Likely to Choose This Type of Investment?

Balanced investments may be most appropriate for someone seeking a balance between income from bond investments and capital growth from equity investments in one option. The investor is willing to accept higher risk for greater potential returns than bond investing alone.

Fund Restrictions

Due to restrictions imposed by Vanguard, any participant who transfers money out of this fund is not permitted to transfer money back into the fund for a period of 60 calendar days.

RISK/POTENTIAL RETURN METER

HIGHER

LOWER

RISK/POTENTIAL RETURN METER
HIGHER
LOWER

Dodge & Cox Income Fund

BOND

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses	0.43%
Inception Date:	01/03/1989
Ticker Symbol:	DODIX

Asset Allocation

Fixed-Income Securities	98.0%
Cash Equivalents	2.0%
Number of Fixed Income Securities	686

Investment Objective

The investment seeks income consistent with long-term preservation of capital; capital appreciation is a secondary consideration. The fund normally invests in a diversified portfolio of high-quality bonds and other fixed-income securities, including U.S. government obligations, mortgage- and asset-backed securities, corporate bonds, collateralized mortgage obligations and others rated A or better by either Standard & Poor's Ratings Group, Moody's, or Fitch.

Who Is Most Likely to Choose This Type of Investment?

Bond investments may be most appropriate for someone seeking higher potential income than with a money market or stable value investment. The investor may desire to balance more aggressive investments with one providing potentially steady income. 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 vice versa.

Fund Restrictions

This fund has restrictions designed to address excessive trading and market timing practices. For more details, contact MSRS or refer to the Fund's prospectus.

RISK/POTENTIAL RETURN METER
HIGHER
LOWER

Vanguard Total Bond Market Index Fund

Institutional Plus Shares

BOND

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses	0.05%
Inception Date:	09/18/1995
Ticker Symbol:	VBMPX

Asset Allocation

Bonds	99.3%
Short-Term Reserves	0.7%
Number of Bond Holdings	5,583

Investment Objective

The investment seeks to track the performance of a broad, market-weighted bond index, the Barclays U.S. Aggregate Float Adjusted Bond Index. The fund invests by sampling the index. It invests at least 80% of assets in bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, ranging between 5 and 10 years. You cannot invest directly in an index.

Who Is Most Likely to Choose This Type of Investment?

Bond investments may be most appropriate for someone seeking higher potential income than with a money market or stable value investment. The investor may desire to balance more aggressive investments with one providing potentially steady income. 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 vice versa.

Fund Restrictions

Due to restrictions imposed by Vanguard, any participant who transfers money out of this fund is not permitted to transfer money back into the fund for a period of 60 calendar days.

RISK/POTENTIAL RETURN METER
HIGHER
LOWER

SIF Fixed Interest Account

STABLE VALUE

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses	0.06%

Asset Allocation

Security Backed Contracts	75.3%
Wells Fargo Stable Value Fund	21.1%
Wells Fargo Short-Term Investment Fund	3.6%

Investment Objective

The objective of the Supplemental Investment Fund (SIF) Fixed Interest Account is to maintain the value of a participant's original investment and earn a fixed rate of interest using somewhat longer-term securities than typically found in a money market-type account. The Account is a well diversified portfolio of high quality fixed income instruments with strong credit ratings. The Account also invests in contracts issued by highly rated insurance companies and banks which are structured to provide principal protection for the Account's diversified bond portfolios, regardless of daily market changes.

Returns from the Account reflect the blended crediting rate available from all investments in the Account, including cash reserves which are maintained to provide liquidity for participant transfers. Due to the nature of the Account's investments, returns change only modestly from month to month. Currently, the Account is managed by Galliard Capital Management, provided by the State Board of Investment.

Who Is Most Likely to Choose This Type of Investment?

This investment option can be an important part of a diversified portfolio. It is appropriate for the portion of a participant's investments for which a lower level of risk is desirable. The option may also be appropriate for those individuals who are approaching retirement and/or simply wish to take less risk in return for a stable rate of return.

Account Restrictions

Due to restrictions on the SIF Fixed Interest Account, you may not transfer balances directly to the SIF Money Market Account. Balances must be transferred to another investment option and then after 90 days may be transferred to the SIF Money Market Account.

RISK/POTENTIAL RETURN METER
HIGHER
LOWER

SIF Money Market Account

MONEY MARKET

FUND INFORMATION (as of 12/31/2012)

Fund Operating Expenses	0.01%

Characteristics

Average Maturity	32 days
Average Quality	A1 / P1

Investment Objective

The objective of the Supplemental Investment Fund (SIF) Money Market Account is to maintain the value of a participant's original investment and earn interest that is competitive with rates available in short-term money markets. The Account invests in a diversified portfolio of U.S. dollar denominated securities including debt securities of domestic or foreign corporations, bank certificates of deposit, fixed-time deposits, and bankers' acceptances.

Currently, the Account is managed by State Street Global Advisors, an affiliate of State Street Bank and Trust, the organization that manages the cash reserves of retirement assets under the control of the State Board of Investment. Shares of the Account are neither insured nor guaranteed by the U.S. Government. There is no assurance that the portfolio will be able to maintain a stable net asset value of $1.00 per share.

Who Is Most Likely to Choose This Type of Investment?

Money market investments may be most appropriate for someone wanting to safeguard principal value or to balance a portfolio with more aggressive investments. The investor may be nearing retirement and requiring stability and asset liquidity. Yields may vary.

Contact Us

Representatives are available to help with transactions and to answer your Plan-related questions.

MSRS Service Center:

Toll-free: 1-800-657-5757, option 3

Speak with a MSRS Retirement Counselor any business day between 8:00 a.m. and 4:30 p.m., Central Time.

Website:

www.msrs.state.mn.us

Click on *Deferred Compensation* on left toolbar.

MNDCP Minnesota Deferred Compensation Plan
Plan Now

Participant Enrollment Agreement

1. Information about you

Social security number	Date of birth (month/day/year)	Home phone	Work phone
Last name	First name	MI	
Mailing address - number and street			
City	State	Zip code	

2. Payroll information and contribution amount

Employer name	Employee ID (state employees only)	Division number (to be completed by MSRS)
Annual salary *	Date of hire (month/day/year)	

* Salary data may be used for personalized services offered through the Plan. Information provided is confidential.

❐ I authorize my Employer to deduct the following contribution amount (minimum $10) from my gross wages and deposit it to my MNDCP account.

Not all employers allow Roth contributions or percentage (%) contributions. Please check with your employer.

I wish to contribute per paycheck on a:

a) Pre-tax basis $ ___ . 0 0 or ___ . 0 %

b) Roth (after-tax) basis $ ___ . 0 0 or ___ . 0 %

❐ Check this box if enrollment is for an incoming rollover/transfer of funds. (You must also complete a MNDCP *Incoming Direct Rollover* form.) **Note:** The contribution amount indicated can be zero ($0) if you are only rolling funds from another retirement account into the MNDCP and are not making any other contributions to the Plan at this time.

Last name | First name | MI

3. Investment option selection

Please select from one of the following two investment option paths. Refer to the *Plan Now* brochure for more details.

SIMPLIFY INVESTING WITH A TARGET RETIREMENT FUND

Target Retirement Funds are designed to simplify retirement investing. If you don't have the time or experience to manage your own investment strategy, consider a Target Retirement Fund. The Target Retirement Fund stays on track with your retirement timeline based on the target retirement date you select.

I elect the following Target Retirement Fund	If you plan to retire in the years below...	the Target Retirement Fund below may be right for you
❐	Immediately	MN Target Retirement Income Fund **(14)**
❐	2014 - 2015	MN Target Retirement 2015 Fund **(15)**
❐	2016 - 2020	MN Target Retirement 2020 Fund **(16)**
❐	2021 - 2025	MN Target Retirement 2025 Fund **(17)**
❐	2026 - 2030	MN Target Retirement 2030 Fund **(18)**
❐	2031 - 2035	MN Target Retirement 2035 Fund **(19)**
❐	2036 - 2040	MN Target Retirement 2040 Fund **(20)**
❐	2041 - 2045	MN Target Retirement 2045 Fund **(21)**
❐	2046 - 2050	MN Target Retirement 2050 Fund **(22)**
❐	2051 - 2055	MN Target Retirement 2055 Fund **(23)**
❐	2056 or later	MN Target Retirement 2060 Fund **(24)**

- OR -

CHOOSE YOUR OWN INVESTMENT MIX

This approach may be attractive to those who would like to create their own investment strategy. Simply choose from the available investment options and design your own unique portfolio.

Percentage	Investment Option Name
_ _ _ . 0 %	T. Rowe Price Small-Cap Stock Fund **(13)**
_ _ _ . 0 %	Fidelity Diversified International Fund **(12)**
_ _ _ . 0 %	Vanguard Total International Stock Index Fund **(25)**
_ _ _ . 0 %	Vanguard Mid Cap Index Fund **(10)**
_ _ _ . 0 %	Janus Twenty Fund **(09)**
_ _ _ . 0 %	Vanguard Institutional Index Fund **(07)**
_ _ _ . 0 %	Vanguard Balanced Index Fund **(05)**
_ _ _ . 0 %	Dodge & Cox Income Fund **(04)**
_ _ _ . 0 %	Vanguard Total Bond Market Index Fund **(03)**
_ _ _ . 0 %	SIF Fixed Interest Account **(01)**
_ _ _ . 0 %	SIF Money Market Account **(02)**

Must equal 100%

Please refer to the *Plan Now* brochure for more information regarding each investment option including potential redemption fees and restrictions.

If Investment Options are not selected, the **default** investment option is a Target Retirement Fund based on your date of birth and your retirement year at age 65.

Last name	First name	MI

4. Beneficiary election

Primary Beneficiary

I hereby designate the following person(s) as primary beneficiary(ies) of my account under the Plan if I should die prior to the liquidation of my account.

Name of primary beneficiary	Relationship	Date of birth	Address	Percentage

Must equal 100%
whole numbers only

Contingent Beneficiary

A contingent beneficiary is the person who would receive your Plan benefits if your primary beneficiaries predecease you. In the event there is no primary beneficiary(ies) at my death, I hereby designate the following person(s) as contingent beneficiary of my account.

Name of contingent beneficiary	Relationship	Date of birth	Address	Percentage

Must equal 100%
whole numbers only

5. Required authorization (please sign below)

My signature acknowledges that I have received, read, understand and agree to all pages of the *Participant Enrollment Agreement* and affirms that all information I have provided is true and correct. I have also received all informational material detailing the general Plan features, the investment options offered and any and all administrative charges and fees which may be deducted from the account(s) maintained on my behalf. I understand that my rights under the Plan shall be governed by the terms and conditions of the Plan Document pursuant to Minnesota Statute §352.965, the Code, and all applicable federal laws, rules and regulations.

Data collected on this form will be used by MSRS staff for identification and documentation. The individual's Social Security number, birth date and address are classified as private and will not be shared with an unauthorized person without written consent.

Participant Signature______________________________ Date _____/____/______
Month Day Year

Password Information

Upon MSRS' receipt of this *Participant Enrollment Agreement*, a password will be mailed to you. Once you receive your password call 1-800-657-5757 to access the Automated Voice Response (AVR) System or visit www.msrs.state.mn.us to access your account online.

Mail or fax the completed form to:

Minnesota State Retirement System
60 Empire Drive, Suite 300
St. Paul, MN 55103-3000
Toll-free: 1-800-657-5757
Fax: 1-888-998-8957

Participant Enrollment Acknowledgement & Agreement

A. Investment Election Information

I understand that if I fail to complete the *Investment Option Selection* section on page two, MSRS will allocate any contribution I defer to the default investment option selected by the Plan until such time that I request a future allocation change. I understand the Plan has established the Target Retirement Fund that uses my date of birth and the assumption that I will retire at age 65 to determine my appropriate Target Retirement Fund.

I certify that I have made all decisions pertaining to the investment options of my own free will. Representatives of MSRS, the Plan's Third Party Administrator, ING, or the MSRS Board made no efforts to influence my decisions.

I agree to hold harmless the State, Plan and MSRS Board from and against any and all liability for my selection of investment options in the Plan and performance of the investment options in the Plan. The provisions of this paragraph shall remain in full force and effect notwithstanding the closure of my account in the Plan.

I understand and acknowledge that account values, when based on the experience of the investment options, may not be guaranteed and may fluctuate. Upon redemption, shares may be worth more or less than their original cost. I understand that the funds may impose redemption fees or exchanges if assets are held less than the period stated in the fund's prospectus or other disclosure documents.

B. Beneficiary Information

I understand that unless I designate otherwise, my MNDCP beneficiary will be my surviving spouse, or if none, my estate.

Beneficiary must be a natural person or qualifying trust.

Beneficiaries will share equally if percentages are not provided.

I may designate more than one person or entity (attach an additional sheet of paper if there is not enough space for your designating primary or contingent beneficiaries).

C. Account Corrections

I understand that it is my obligation to review all confirmations and quarterly statements for discrepancies or errors. Corrections will be made only for errors which I communicate to MSRS within 60 calendar days of the last calendar quarter end. After this 60 days, account information shall be deemed accurate and acceptable to me. If I notify MSRS of an error after this 60 days, the correction will only be processed from the date of notification forward and not on a retroactive basis.

D. Payroll Election and Limits

I authorize my employer to deduct the contribution amount specified in this form from my gross wages, and invest it into my account in the investment options I have selected on this form.

I understand I cannot elect to contribute on a Roth after-tax basis unless my employer has adopted the MNDCP Roth 457.

I understand that this agreement shall be effective not earlier than the first pay period following receipt of this completed application and shall continue in effect until modified or termin-ated in accordance with the MNDCP rules.

I understand that the maximum combined pre-tax and Roth after-tax deferral amount per calendar year, including the catch-up provision, shall be the limits established under section 457 of the Internal Revenue Code ("Code"). This maximum amount shall be reduced by any matching dollars contributed by my employer or bargaining unit or any contribution to another plan under section 457 of the Code. I understand the catch-up provision allowing for the additional deferral of compensation and the limits established under section 457 of the Code, beginning the last three (3) taxable years prior to reaching normal retirement age as defined by my pension 401(a) plan.

E. Distribution and Taxation

I understand that I may not take distributions from the Plan prior to my separation from service, except for the occurrence of an unforeseeable emergency as determined by the Board, qualification under the De Minimus account provision, or for the purchase of service credits in a governmental defined benefit Plan.

I am aware that all pre-tax payments will be subject to taxation as ordinary income in the year received and those payments are subject to applicable federal and state tax withholding requirements.

I am aware that a Roth after-tax distribution taken before the end of the required 5-year holding period and prior to age 59½ is considered a "non-qualified" distribution. Any earnings are taxed as ordinary income; however, the contribution portion of the distribution is tax-free since taxes were already paid.

F. OFAC

I understand that MSRS is required to comply with the regulations and requirements of the Office of Foreign Assets Control, Department of Treasury (OFAC). As a result, MSRS cannot conduct business with persons in a blocked country or any person designated by OFAC as a specially designated national or blocked person. For more information, please visit the OFAC website at www. ustrea.gov/offices/eotffc.ofac.

MNDCP Minnesota Deferred Compensation Plan
Plan Now

Teletypewriter users and telecommunications-device-for-the-deaf (TDD) users should call the Minnesota Relay Service at 1-800-627-3529 and ask to be connected to MSRS at 651-296-2761.

A Glossary of Financial Terms

457(b) Plan
An employer-sponsored retirement plan that enables employees of state and local governments and other tax-exempt employers to voluntarily make tax-deferred contributions from their salaries to the plan.

Asset Allocation
A way to divide your retirement savings among different asset classes (stock funds, bond funds or cash equivalent).

Assets
Anything owned that has monetary value or can be exchanged for monetary value (for example, a house or car).

Bear Market
A period during which security prices in a particular market (such as the stock market) are generally falling.

Beneficiary
The person or instrument (for instance, a trust or estate) named in the event of a participant's death. The recipient of proceeds in the event of the participant's death.

Bonds
Bonds are essentially "IOUs" plus interest issued by corporations or the government to raise money over a specific period of time. A bond investor lends money to the issuer and in exchange, the issuer promises to repay the loan amount on a specified maturity date. That duration of time can be short-term (one to three years), intermediate (four to 10 years) or long-term (10 years or more).

Bull Market
A period during which security prices in a particular market (such as the stock market) are generally rising.

Capital
Money generally available for investment purposes.

Capital Gain (or Loss)
An increase (or decrease) in value (of a stock or mutual fund, for example) resulting from favorable (or unfavorable) investment performance. This may also be expressed as appreciation or depreciation.

Diversification
Spreading your money among different types of investments, such as stock funds, bond funds or cash equivalents. Using diversification as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets. You should consider your ability to consistently invest in up as well as down markets.

Dividend
A payment to shareholders that represents their share of a fund's or company's earnings available for distribution.

Dollar Cost Averaging
The practice of investing a fixed dollar amount at regular intervals (weekly, monthly, quarterly, etc.) regardless of whether the securities markets are declining or rising. The investor then purchases more shares when prices are low and fewer shares when prices are high, thus potentially lowering the average cost per share over time.

Earnings
A company's or fund's profit after paying all costs, expenses and taxes.

Expense Ratio
A ratio for comparing an investment option's efficiency by dividing its expenses by its net assets.

Investment Income
Interest or dividends earned from an investment. Investment income is automatically reinvested in a participant's plan account.

Index
A benchmark against which financial or economic performance may be measured. You can use these indexes to measure the performance of your mutual funds. For example, comparing a small-cap fund's performance to the performance of the Russell 2000 index can tell you whether the fund has kept up with the performance of small stocks in general. Here are some of the most watched indexes:

> **The Dow Jones Industrial Average** – Tracks the stocks of only 30 big U.S. corporations.
>
> **The S&P 500®** – Represents 500 of the U.S. stock market's largest stocks.
>
> **The Russell 2000** – Tracks the performance of smaller U.S. company stocks.
>
> **The Morgan Stanley Capital International, Europe, Australasia and Far East (MSCI EAFE)** – Shows the performance of stocks in 21 developed foreign countries.

Investors cannot invest directly in an index.

Interest
Money credited to a fixed investment account. Money a borrower pays to a lender as the cost of using money, expressed as a percentage per period of time. The period of time is usually one year, in which case it is called an annual rate of interest.

Investment Objective/Goal
A statement of the goals an investment option seeks to achieve through its investments. Generally, investors match their financial objectives with investment options that have similar goals, balanced with their risk tolerance.

Investment Risk
The value of investment options available under the contract may fluctuate with the markets and interest rates. You should not participate in the contract in order to invest in these options if you cannot risk getting back less money than you put in.

Liquidity
A market is liquid when it has a high level of trading activity, allowing buying and selling with minimum price disturbance. A liquid asset is easily turned into cash.

Management Fees
A charge paid to a portfolio's manager for their service, usually also includes fund administration costs and investor relations. Typically a certain percentage of assets under management.

Market Capitalization/Market Cap
The current value or price of a stock multiplied by the number of shares outstanding. For example, if a company has one million shares available and the price is $10 per share, its market cap is $10 million.

- **Small-Cap Stock** – Stock in a company with a market cap between $300 million and $2 billion.
- **Mid-Cap Stock** – Stock in a company with a market cap between $2 billion and $10 billion.
- **Large-Cap Stock** – Stock in a company with a market cap of more than $10 billion.

Note: The ranges for small cap, mid cap and large cap vary among financial experts and can change over time.

A Glossary of Financial Terms

Mutual Fund
A form of collective investment that pools money from many investors and invests the money in stocks, bonds, short-term money market instruments or other securities with a specific investment goal in mind. Mutual funds may be managed by a professional investment manager. If you own a mutual fund, you own a representative portion of the total mutual fund. A mutual fund may consist entirely of stocks (or certain types of stocks, such as international, small cap, mid cap, large cap), bonds or money market instruments, or it may include a combination of these. Some of the different types of mutual funds include:

- **Money Market Funds** – Money market funds invest in a variety of high quality, short-term securities, which are offered by government entities and banks, that seek the highest level of income consistent with preservation of capital (i.e., maintaining a stable share price). The interest rate earned varies as short-term rates change. These funds are considered low risk because their investments mature in a year or less.
  Reward: Competitive interest rate. Lower and typically more steady returns, historically, than stocks.
  Risk: Lower risk than stocks or bonds.
- **Bond Funds** – Most bond funds objective are to provide stable income with minimal capital risk. They invest in income-producing instruments, which may include corporate, government or municipal bonds. Bond funds, therefore, typically earn a somewhat predictable amount of income. Some bond funds invest in lower grade corporate debt and offer higher risk for potentially higher returns.
  Reward: A greater potential return than money market funds. Less fluctuation in value than stock funds.
  Risk: Lower potential returns than stocks over time. Potential reduction in the value of principal.
- **Balanced Funds** – Balanced funds invest in a mix of stocks and bonds. A percentage of the fund is invested in a portfolio of stocks and a percentage is invested in a portfolio of bonds. The stocks are typically meant to provide price appreciation potential, while the bonds are meant to provide income and a measure of price stability.
  Reward: More diversified portfolio that may offer the returns over time of stocks combined with the returns and risk-dampening benefits of bonds.
  Risk: Investment risk may increase or decrease if the professional investment manager changes the percentage mix between stock and bonds.
- **Stock Funds** – Stock funds concentrate their investments in stocks, which represent shares of ownership in a company. They offer the potential for current income (from dividends) and capital growth (from an increase in value).
  Reward: Over the long term, stocks have historically offered higher returns than other types of investments.
  Risk: Higher short-term fluctuations in value than other asset classes.

An investor should access risk/potential reward of a mutual fund based on his/her personal risk tolerance.

Fixed Interest Accounts – While fixed interest accounts are not a type of mutual fund, they are considered another type of investment option. Fixed interest accounts (including bonds, debentures, which are unsecured bonds issued by a civil or governmental corporation or agency and backed only by the credit standing of the issuer, and term deposits) are debt securities that provide a fixed flow of income over a fixed investment period (or term).
Reward: Competitive interest rate. Lower and typically more steady returns, historically, than stocks.
Risk: Lower risk than stocks or bonds.

Principal
The original amount of money invested, not including interest or dividends on that amount. Principal value may fluctuate.

Prospectus
The printed statement describing a particular mutual fund to prospective investors. It explains overall investment goals, investment strategy, fund expenses and the risk and potential reward of investing in the fund.

Rebalancing
Automatically redistributes the account balance to select investment options at a frequency chosen by the participant. Counteracts the fact that funds have performed differently (either better or worse) and therefore, results in different percentages of the portfolio than was originally intended.

Risk Tolerance
The amount of risk or potential losses you're willing to take in your investments in order to achieve higher returns or potential gain in the long term. This will depend a great deal on your personal circumstances, how close you are to retirement (your time horizon) and the other financial obligations you have.

Security(ies)
A security is a negotiable instrument representing financial value. Securities are broadly categorized into debt securities, such as banknotes, bonds and debentures, and equity securities, e.g. common stocks. Securities include shares of corporate stock or mutual funds, bonds issued by corporations or governmental agencies, stock options or other options, limited partnership units, and various other formal investment instruments that are negotiable.

Stock
A share of ownership or equity in a corporation. Ownership in the company is determined by the number of shares a person owns divided by the total number of shares outstanding. For example, if a company has 1000 shares of stock outstanding and a person owns 50 of them, then he/she owns 5 percent of the company. Only corporations issue stock. Other types of companies, such as sole proprietorships and limited partnerships, do not issue stocks.

Time Horizon
The amount of time you have until you reach retirement and when you may need your retirement money. The more time you have until you'll need your money, the greater your ability to weather short-term declines in the prices of your holdings. So if your time horizon is at least 10 years, emphasizing stocks in your investment program may help you achieve your financial goals more readily.

Total Return
The profit or loss on an investment over a specific period of time. Total return includes income and share price appreciation/depreciation. Total return figures generally assume that all dividends and capital gains paid during the period are reinvested to buy additional shares.

Volatility
A measure of price or interest rate fluctuations over a given period of time.

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MSRS Minnesota State Retirement System
MNDCP Minnesota Deferred Compensation Plan
HCSP Health Care Savings Plan

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