

INFLATION AND REAL ASSET FUNDS

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Texa\$aver is administered by Empower Retirement, a third-party administrator contracted by the Employees Retirement System of Texas (ERS).

Why is it important to think about inflation when planning for retirement?

Inflation refers to the rising prices of consumer goods, such as food, clothing, homes, etc., and it affects the value of your retirement savings over time. The dollars you save today won't have the same purchasing power due to the effects of inflation on the things you need or want to buy in the future.

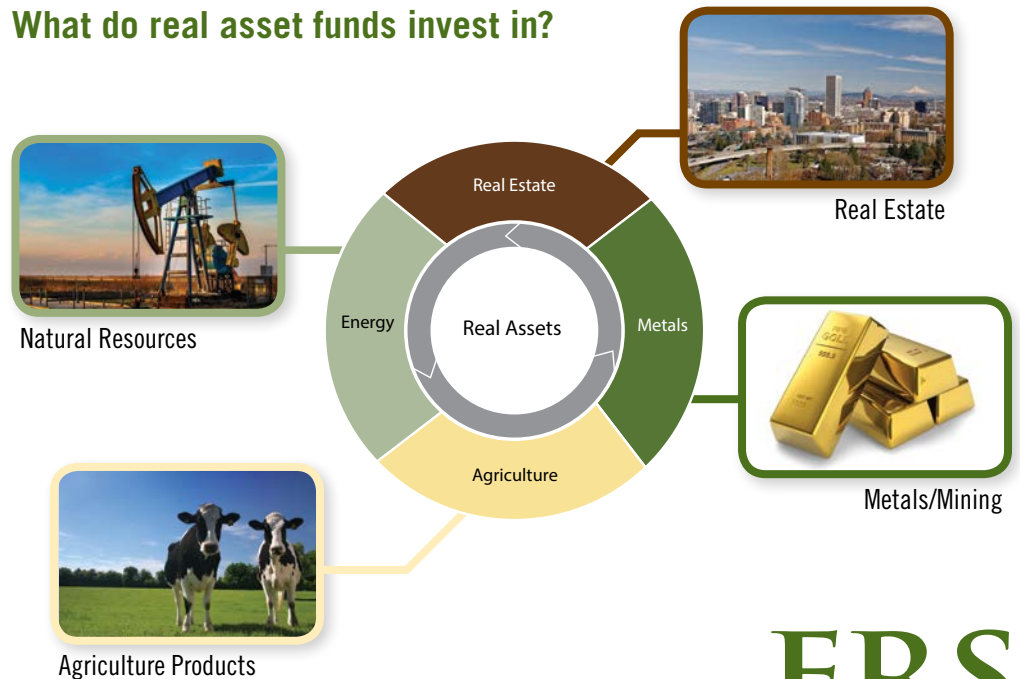
Even if you save and invest regularly, your portfolio may not grow at the same rate as inflation. So, you may not have the retirement income you'll need in the future.

The U.S. inflation average has been about 3.3% since 1914.¹ That's just the average. Inflation is always changing. It is important to have a long-term view when it comes to investing in Texa\$aver.

Inflation and real assets

"Real assets" are assets with tangible value, such as goods or commodities (as opposed to "financial assets" like stocks or bonds). When inflation increases, the value of these types of companies may increase, too. When inflation is high, real assets may keep up with inflation better than other investments. *(continued on next page)*

What do real asset funds invest in?



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Although inflation has been relatively low over the past few years, historically there have been times of increased, or high, inflation.

The Texa\$aver Program offers the AB All Market Real Return Portfolio Fund (AMTIX), whose strategy is to invest in assets such as natural resources, precious metals, agriculture and real estate that generally keep up with inflation over time. This fund is intended to be part of a well-diversified portfolio.²

Real asset funds might be able to help strengthen your portfolio in times of high inflation. However, in times of low inflation, such funds potentially may not perform as well. It is important to remember that investments carry inherent risks, and the investment strategies used are not guaranteed to succeed.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain mutual fund prospectuses for registered investment options and/or disclosure documents from www.texasaver.com under "Investments" or by requesting one from your Texa\$aver representative. Read these materials carefully before investing.

The AB All Market Real Return Portfolio Fund,

which is one of the core investment options available in the Texa\$aver program, might help counteract how increasing inflation affects your investments. This is because the fund invests in real assets, such as natural resources, precious metals, agriculture and real estate, that may increase in value in times of high inflation.

For more information and the prospectus, visit www.texasaver.com.

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1 United States Bureau of Labor Statistics (BLS), source: <http://www.usinflationcalculator.com/inflation/historical-inflation-rates/>, November 2016

2 Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

Risks associated with the AB All Market Real Return Portfolio Fund:

Market Risk: The market values of the portfolio's holdings rise and fall from day to day, so investments may lose value.

Credit Risk: A bond's credit rating reflects the issuer's ability to make timely payments of interest or principal — the lower the rating, the higher the risk of default. If the issuer's financial strength deteriorates, the issuer's rating may be lowered and the bond's value may decline.

Interest Rate Risk: As interest rates rise, bond prices fall and vice versa. Long-term securities tend to rise and fall more than short-term securities.

Commodity Risk: Commodity-linked investments may experience greater volatility than investments in traditional securities. The value of commodity-linked investments may be affected by financial factors, political developments and natural disasters.

Liquidity Risk: The difficulty of purchasing or selling a security at an advantageous time or price.

Foreign (Non-U.S.) Risk: Non-U.S. securities may be more volatile because of political, regulatory, market and economic uncertainties associated with such securities. Fluctuations in currency exchange rates may negatively affect the value of the investment or reduce returns. These risks are magnified in emerging or developing markets.

REIT Risk: Investments in real estate can decline due to a variety of factors affecting the real estate market, such as economic conditions, mortgage rates and availability. REITs may have additional risks due to limited diversification and the impact of tax law changes.

Diversification Risk: Portfolios that hold a smaller number of securities may be more volatile than more diversified portfolios since gains or losses from each security will have a greater impact on the portfolio's overall value.

Derivatives Risk: Investments in derivative instruments, such as options, futures, forwards or swaps, can be riskier than traditional investments and may be more volatile, especially in a down market.

Leverage Risk: Trying to enhance investment returns by borrowing money or using other leverage tools magnifies both gains and losses, resulting in greater volatility.

Core securities, when offered, are offered by Texa\$aver Program through GWFS Equities, Inc.

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