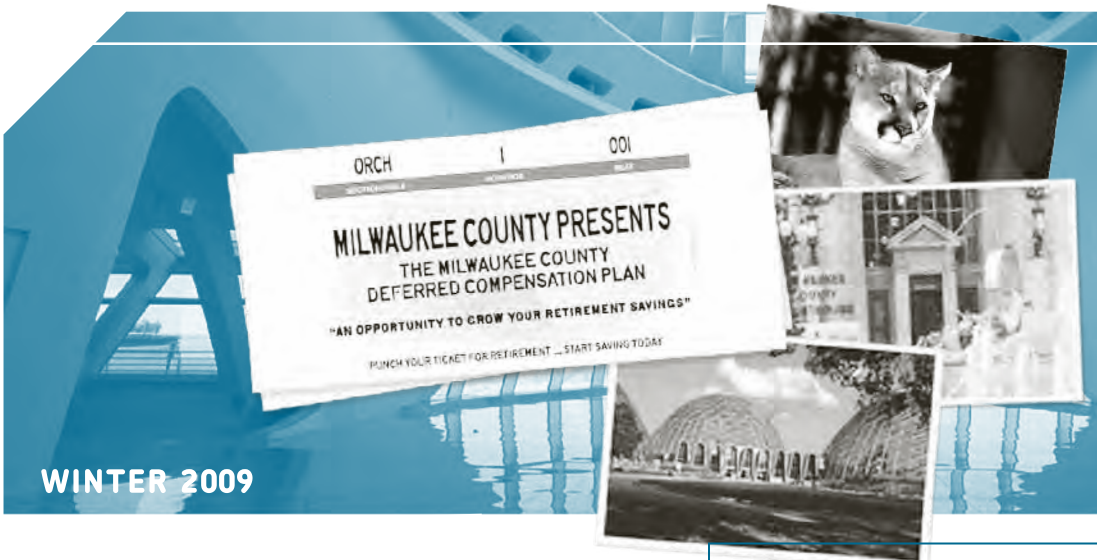

WINTER 2009

MILWAUKEE COUNTY DEFERRED COMPENSATION PLAN

MONEY MATTERS

IN THIS ISSUE:

A NEW YEAR'S CHECKUP

Take stock of your retirement account

The start of the New Year is a good time to make sure you're on course with your retirement savings goals and to review the investment choices in your Milwaukee County Deferred Compensation Plan account. Below are three important steps to take on your road to a comfortable retirement.

1 STAY FOCUSED

Don't let market volatility distract you from reaching your long-term retirement savings goals. A full market recovery, although not guaranteed, can take time. Staying invested for the long haul is one of the ways to help manage your investment risk.

2 REBALANCE[1]

When you initially began contributing to your Plan account, you likely determined an asset allocation that suited your long-term investment goals. But over time, some of your investments may have done better than others and your portfolio may no longer reflect the original asset allocation you chose.

For example, you might have finished the year with a bigger share of your portfolio in bond funds and a smaller share in stock funds than you wish. You can return to your desired asset allocation by rebalancing your retirement account.

3 KEEP SAVING

The Milwaukee Deferred Compensation Plan offers powerful tax advantages because you contribute money that has not been taxed yet and your assets grow tax-deferred. The limit on contributions for tax year 2010 is $16,500—and if you're age 50 or older, you can add another $5,500 in catch-up contributions. If you can't afford the maximum, start with a little and gradually increase your contribution each year thereafter.

1 Rebalancing does not assure a profit and does not protect against loss in declining markets.

REMEMBER YOUR BENEFICIARY

ON YOUR QUARTERLY STATEMENT, YOU WILL FIND A SECTION FOR YOUR BENEFICIARY. PLEASE REVIEW THIS INFORMATION CAREFULLY. IF THIS HAS CHANGED OR IF A BENEFICIARY IS NOT LISTED, PLEASE COMPLETE A *BENEFICIARY DESIGNATION FORM*. YOU CAN GET THIS FORM ONLINE AT WWW.MILWAUKEECOUNTY457.COM UNDER THE "FORMS" TAB. MAIL OR FAX THE COMPLETED FORM TO THE ADDRESS/NUMBER LISTED ON THE BACK OF THE FORM. YOU MAY ALSO CALL THE SERVICE CENTER AT (877) 457-MILW (6459).

HOW SWEET IT IS

The Milwaukee County Deferred Compensation Plan offers a huge advantage: Any money you contribute grows tax-deferred until it's time to take withdrawals, usually at retirement. To maximize this benefit, try to boost your contributions each year. For example, let's say you contribute 6% of your $60,000 salary to your Plan account this year. If you receive a 3% annual raise and maintain your 6% contribution, you'll likely accumulate $61,194 in 10 years, $213,748 in 20 years and $568,769 in 30 years, assuming an 8% annual return. Now say you increase your contribution by one percentage point each year—saving 7% next year, 8% the year after that and so on—until you reach a 16% contribution rate. In that case you'd have about $103,115 in 10 years, $440,313 in 20 years and more than $1.2 million in 30 years.[2] Boosting your savings early on may provide you the greatest edge. And that can be one sweet deal.

ANOTHER REASON TO INVEST

Dollar cost averaging (DCA) means investing a fixed amount of money at regular intervals. By investing consistently whether the market is up or down, you help manage the risk of making an emotional decision to invest a large amount at a market peak or sell a large investment at a market low.

Essentially, it's an opportunity to buy more shares of a mutual fund when the price is lower and fewer shares when the price is higher. This two-pronged approach may reduce the average price you pay per share.

Most participants in workplace retirement plans do this automatically because their contributions are usually taken out of their paycheck on a steady basis.

PAYING LESS PER SHARE IN A VOLATILE MARKET

Let's say one investor purchases $1,200 in shares of a mutual fund in January, while another invests $100 in the same fund on the first trading day of every month for a year. As you can see in the chart, the investor who uses DCA purchases more shares at a lower average price.[3]

		DCA Investor	Lump-Sum Investor
Month	Share Price	Shares Purchased	Shares Purchased
January	$20	5.00	60.00
February	$15	6.67	-
March	$22	4.54	-
April	$12	8.33	-
May	$18	5.56	-
June	$25	4.00	-
July	$21	4.76	-
August	$16	6.25	-
September	$14	7.14	-
October	$17	5.88	-
November	$22	4.54	-
December	$20	5.00	-
Total shares purchased		**67.67**	**60.00**
Average price per share		**$17.73**	**$20.00**

FOR ILLUSTRATIVE PURPOSES ONLY

2 FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes an 8% annual rate of return, and reinvestment of earnings, with no withdrawals. Rates of return may vary. Distributions from a tax-deferred retirement plan are taxable as ordinary income. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.

FEE HOLIDAY EXTENSION

THE SELECT COMMITTEE ON DEFERRED COMPENSATION HAS EXTENDED THE FEE HOLIDAY EXTENSION TO ALL PLAN PARTICIPANTS THROUGH THE SECOND QUARTER OF 2010. ENJOY THE BENEFIT OF NO ADMINISTRATIVE FEES FOR ANOTHER TWO QUARTERS!

FUND FACTS: INVESTMENT STYLES

No investing asset class outperforms the others all the time, so you typically don't want your retirement to depend on the fortunes of just one investment. Because each asset class—stocks, bonds and cash—is driven by different economic and financial forces, it's generally unlikely that all three will stumble at the same time. You may want to hedge your bets by dividing your money among them.[4] To help you formulate your retirement strategy, here's a brief sketch of each asset class.

STOCKS

Among the three asset class types, investments in stock pose the greatest risk. But, they may also offer the best opportunity for inflation-beating, long-term potential gains. The younger you are, the more time you have to recover from losses. Because the stock market has historically produced gains over the long term, your age should be a factor in how much stock you own.[5] At age 30, you might have 70% of your retirement savings invested in stocks or stock funds. At age 60, your stake might be down to 40%.

HERE ARE A FEW COMMON STOCK FUND CHOICES:

Growth stock funds take substantial risks in search of high potential returns. These funds vary according to their investment objectives and strategies for achieving them. **Growth-and-income funds** invest in dividend-paying stocks and some fixed-income investments in an effort to boost total potential returns. **Technology stock funds** invest primarily in technology stocks, offering all the pluses and minuses those stocks are known for: high volatility but potential for greater gains than more conservative investments.

International stock funds invest in stocks outside the United States. Because the world's economies don't move in lockstep, some foreign markets may be thriving in years when the U.S. stock market is down. Keep in mind, however, that these investments pose their own unique risks, such as currency fluctuations and political developments.

BONDS

Bonds are debt obligations for money borrowed by corporations, municipalities or the U.S. Treasury. Bond funds don't have maturity dates like individual bonds do. When one bond in the fund matures, it is replaced with a newer issue. Bond funds are generally less volatile and may do well in years when stocks do poorly. These investments typically have lower potential returns than investments in equities.

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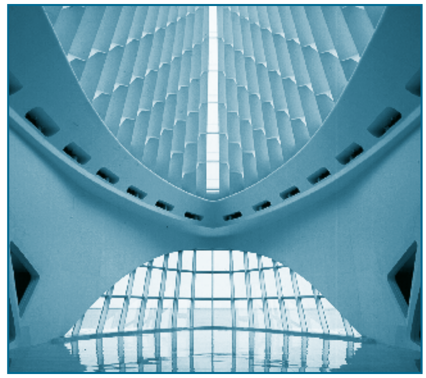
3 This hypothetical illustration does not represent the performance of any investment options. Dollar cost averaging does not assure a profit and does not protect against loss in declining markets. Investors should consider their financial ability to continue a dollar cost averaging plan during periods of fluctuating price levels.

ONLINE DEFERRAL CHANGE FEATURE

YOUR PLAN NOW ALLOWS YOU TO MAKE CHANGES TO YOUR DEFERRAL AMOUNT ONLINE. JUST LOG IN TO YOUR ACCOUNT AT **WWW.MILWAUKEECOUNTY457.COM** AND CLICK ON CHANGE ACCOUNT. NOW YOU CAN DO EVEN MORE WITH YOUR ACCOUNT ON THE WEB![8]



CASH EQUIVALENTS

Cash equivalent investments include certificates of deposit (CDs)[6], money market funds and other short-term securities. Their value is typically steady, so your principal is relatively safe from market ups and downs. Their long-term returns tend to be the lowest of the asset classes, but they can also have a valuable place in your portfolio. Please keep in mind that CDs and other similar bank products are insured, whereas other types of cash equivalent investments, such as money market funds, are not. *An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the Fund.*

THE BOTTOM LINE

Once you've decided on an asset mix you're comfortable with—one based on your age, years until retirement and tolerance for risk—stick with it. Granted, it's hard to stick with stocks when the market is slumping, but for the 11 recessions that coincided with stock bear markets since 1926, eight of them experienced the beginning of a bull market well before the end of the recession.[5,7]

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

5 Past performance is not a guarantee or prediction of future results.

6 Certificates of deposit are insured by the FDIC for up to $250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

7 Source: Ibbotson, National Bureau of Economic Research, Haver Analytics, FMRCo (MARE) as of 2/28/2009

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8 Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the Web site or KeyTalk received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

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