How do you know if the time is right to change your retirement investments? It’s a challenging question that all investors face. Figuring out the answer will be easier if you remember one important thing: Look at the facts.

Fact #1: Your Risk Tolerance Can Change

How do you feel about investment risk right now? If it’s been a while since you asked yourself that question, you may find that the answer has changed, especially since the stock market has been extremely volatile. Some investors react to volatility by reducing their exposure to investment risk. They switch out of higher risk investments (such as stock funds) and buy lower risk investments (such as bond funds or cash equivalents). Other investors look at a volatile market as an opportunity to buy stock investments at a discount and improve their long-term chances for growth.

Volatility isn’t the only thing that can change how you feel about investment risk. Changes in your life — getting married, having a baby, getting divorced, losing a spouse, etc. — also may cause a change in your risk tolerance. It’s a good idea to review your investment strategy whenever there has been a life-changing event.

Fact #2: Your Time Frame Will Shorten

When you’re just starting out, you have time for your investments to recover from market slumps. As you get closer to your goal, however, conventional investing wisdom calls for reducing your exposure to risk. Once retirement is on the horizon, consider reducing risk by trimming the portion of your account invested in higher risk investments and increasing the portion invested in lower risk investments.

Fact #3: Your Asset Allocation May Be Off

Asset allocation* is the way you spread your investments among the different asset classes (stocks, bonds, and cash equivalents). Sometimes, investment performance can alter your original percentages. When your asset allocation is out of balance, you’re exposed to more — or less — investment risk than you intended, and that may have an impact on your investment returns. So you may need to rebalance.

One way to rebalance is to sell investments in the asset classes that are overweighted and buy investments in the underweighted types. (You can do this all at once or over a period of months.) Or you can direct new plan contributions into underweighted asset types until the asset class percentages are back on track.

Review Often

Participating in your retirement plan is a long-term opportunity. To make the most of it, you should review your investments on a regular basis (at least annually) by checking the facts and making changes when necessary.

* Asset allocation does not guarantee a profit or protect against losses.

<table>
<thead>
<tr>
<th>Keeping Your Balance</th>
<th>In the Beginning</th>
<th>Now</th>
<th>After Rebalancing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>60%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Bonds</td>
<td>25%</td>
<td>32%</td>
<td>25%</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>15%</td>
<td>18%</td>
<td>15%</td>
</tr>
</tbody>
</table>

The information in this chart is hypothetical and is used for illustrative purposes only. When choosing an asset allocation, you should consider your other assets, income, and investments (for example, your home equity, IRA investments, savings accounts, and other retirement accounts) in addition to the balance in this plan.

Source: DST
Are You Really Ready to Retire?

You may like the idea of retiring. The thought of sleeping in and being able to do what you want, whenever you want, is quite appealing. But the reality of retirement may be quite different than you imagine. Here are a few questions to ask yourself before you stop working.

Have I accumulated enough money in my retirement accounts?
Your financial professional can help you determine if your sources of retirement income will cover your expenses during retirement. If you’re worried you won’t have enough, consider increasing the amount you contribute to your retirement accounts.

Reminder
Reduce clutter and save time by taking advantage of online account statements. To stop receiving paper statements, call 866.305.8846 (enter plan code 524) and ask that your account be updated to paperless only.

How will I spend my time during retirement?
This next phase of life could last for many years. Staying active and involved may help you feel happy and healthy. Traveling, volunteering, pursuing hobbies and spending time with family and friends are activities that may interest you. It’s a good idea to have a specific plan before you retire so the transition from a busy working life to retirement may be easier.

What do I need to know about Social Security and Medicare?
Social Security likely will be just one of your sources of retirement income and Medicare will help cover some of your health care expenses during retirement. The rules about when you can apply for Social Security and Medicare are complicated. Your financial professional can help you figure out when you should apply for both of these programs.

2017 Annual Deferral Limits for 457 Plan

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Limit</th>
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<tbody>
<tr>
<td>Under Age 50</td>
<td>$18,000</td>
</tr>
<tr>
<td>50 and Over*</td>
<td>$24,000</td>
</tr>
</tbody>
</table>

*If you are age 50 or above, you are eligible to do a catch-up contribution of up to an additional $6,000 for a combined limit of $24,000 for 2017.

Account Access
Voice Response System: 1-800-828-4224
Online: www.usigc.com

If you are enrolled in a 457 plan other than the Knox County Voluntary 457 Plan, please contact your Plan Provider for your contributions and account balance.

Note: All 457 matches are deposited into your 401(a) Plan.