

New Fund Choices Coming Soon

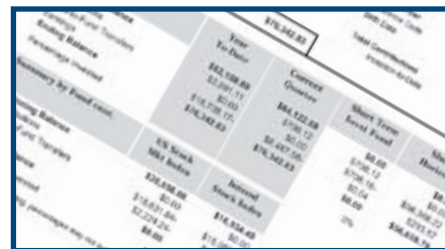
Later this year, the Department of Retirement Systems and the Washington State Investment Board will offer new investment choices for Plan 3 members.

Known in the industry as “target date” or “lifestyle” funds, the new options will automatically change the asset class mix for you as you move closer to your target retirement date. To find the fund right for you, all you’ll have to do is add the year you were born to the age you expect to retire. For example, if you were born in 1975 and expect to retire at age 65, you would choose the 2040 fund. It’s one-step investing.

“Target date funds are designed to help tailor your investment mix to your life without requiring you to have a level of investment expertise that you might not have the time for or interest in,” explains Sandy Matheson, Director of the Department of Retirement Systems. “As you move into different phases of your life, your asset mix will automatically rebalance to reflect those changes.”

Automatic rebalancing means the mix of equities and fixed assets is regularly adjusted to provide a level of risk appropriate to where you are in your working career. In very general terms, the focus is on capital appreciation early in a career and preservation, along with capital growth, later on.

(See *New Fund Choices*, p. 2)



New Options for Your Quarterly Statement

You can now view and print your quarterly statements whether you have signed up for the eDelivery service or not. All you need to do is log on to Account Access at www.icmarc.org/plan3/trs and select the “Statements & Confirms” tab and menu option.

From the same menu option, you can also choose to:

- Stop receiving quarterly statements by mail;
- Begin receiving e-mail notification when your statement is available on Account Access; and
- View and print confirmations of your transactions.

If you need assistance with using Account Access, please select the “Contact Us” option from any page or call Plan 3 Investor Services at 1-888-711-8773 between 5:30 a.m. and 6:00 p.m.

CONTACT INFORMATION

DRS 800-547-6657
 ICMA-RC 888-711-8773
 Web www.icmarc.org/plan3/trs

TRS PLAN 3 WSIB TOTAL ALLOCATION PORTFOLIO (TAP)

AS OF 6/30/2008

	2nd Qtr 2008	AVERAGE ANNUAL RETURNS		
		1-Year	3-Year	5-Year
TOTAL ALLOCATION PORTFOLIO	-1.16%	-1.22%	11.83%	13.04%

The Washington State Investment Board (WSIB) periodically reviews and adjusts the TAP Fund’s asset allocation. Over the last five years, the TAP Fund has shifted to a more aggressive asset mix. These returns reflect the asset mixes during the time periods shown.

TRS PLAN 3 SELF-DIRECTED FUNDS

AS OF 6/30/2008

	2nd Qtr 2008	1-Year	3-Year	5-Year
MONEY MARKET FUND	0.52%	3.93%	4.50%	3.28%
WASHINGTON STATE BOND FUND	-1.05%	7.88%	4.47%	3.71%
SOCIALLY RESPONSIBLE BALANCED FUND*	-0.58%	2.37%	5.56%	6.67%
U.S. LARGE STOCK INDEX FUND	-2.76%	-13.15%	4.34%	7.48%
U.S. STOCK MARKET INDEX FUND	-1.75%	-12.74%	4.66%	8.26%
U.S. SMALL STOCK INDEX FUND	0.47%	-16.32%	3.64%	10.14%
INTERNATIONAL STOCK INDEX FUND	-2.09%	-10.53%	12.84%	16.45%
SHORT-HORIZON FUND	-0.71%	1.46%	5.69%	5.98%
MID-HORIZON FUND	-1.31%	-2.59%	6.37%	7.90%
LONG-HORIZON FUND	-1.52%	-7.73%	6.90%	9.60%

*The Socially Responsible Balanced Fund became available for investment on April 1, 2004. The fund inception date is July 1, 2003.

All returns are net of fees. Self-Directed funds are valued daily; your account balance and rate of return will vary accordingly. Past performance is no guarantee of future results. For more information about the funds, please see the Plan 3 Investment Guide or the Web site at www.icmarc.org/trs/investing.

(New Fund Choices from p. 1)

The new funds will replace the Horizon funds, which are based on similar principles, but require that you decide when to move to a new investment mix or risk portfolio.

In the coming months, we'll send more detailed information to each person currently enrolled in the Horizon funds. We'll also have information available on our Web site and in this newsletter.

Important note: All investments are subject to risks. Diversification of an investment portfolio does not ensure a profit or protect against a loss in a declining market. The Department of Retirement Systems and the Washington State Investment Board do not guarantee investment returns on any investment choice.

Be Sure You've Chosen an Investment Fund for Your Plan 3 Contributions

When you signed up for Plan 3, you chose to have your contributions go into either the Washington State Investment Board Investment Program or the Self-Directed Investment Program.

If you chose the Self-Directed Investment Program, there was another important choice to make. You also needed to specifically select an investment fund (or funds) from the menu of options within that program. If you did not select a fund, your contributions were automatically directed into the Money Market Fund.

Many Plan 3 members actively select the Money Market Fund for their contributions. If you "defaulted" into this fund, however, and now wish to

make a different choice, you always have the option to do so. Just call ICMA-RC at 1-888-711-8773 for more information or complete the allocation online at www.icmarc.org/plan3/trs.

Need help determining which investment option is right for you? You'll find a great deal of information available to you on the Plan 3 Web site, including an investment guide, retirement planning calculators and seminars.

Not sure where your contributions are currently invested? The quarterly statement enclosed with this newsletter shows where you are invested. As another resource, sign up for online access to your account at the Plan 3 Web site. It's a helpful tool that will keep you connected to your account information day or night.

Change in Plan 3 Management Fee

Effective July 1, the Washington State Investment Board's (WSIB) Plan 3 management fee will increase from 0.0124 percent to 0.0154 percent. This fee increase is due to increased administrative operating expenses. Plan 3 fee information is available at www.icmarc.org/plan3, or you may call Investor Services at 1-888-711-8773.

Distribution Options for Your Defined Contribution Account Funds

When you reach retirement age, you have the opportunity to decide how to receive payments from your Washington State Investment Board (WSIB) Investment Program or Self-Directed

Investment Program accounts. Payment options include:

- Lump sum
- Direct rollover into a qualified individual retirement account (IRA) or eligible employer plan
- Periodic payments
- Personalized payment plan

You may also use funds from your Plan 3 Defined Contribution account to purchase a life annuity. An annuity is a contract that provides a guaranteed income for the rest of your life in exchange for a lump sum dollar amount, paid up front.

If you use funds from the WSIB Investment Program, you may purchase a Total Allocation Portfolio (TAP) Annuity, administered by the Department of Retirement Systems (DRS). If you use funds from your Self-Directed Investment Program account, ICMA-RC will arrange the annuity purchase through an insurance company on your behalf. For more information, or to request an annuity guide, contact ICMA-RC at 1-888-711-8773.