

Saving today. Planning for tomorrow.

Your future is in your hands.

We always look for innovative ways to improve the value of plan participation in the State of Michigan 401(k) and 457 Plans ("Plans"). To ensure that the Plans remain an effective way for Michigan employees to save and plan for retirement, it is important that we strategically review the performance and overall structure of the Plans on a periodic basis. In doing so, we seek to discover enhancement opportunities that will benefit participants today, and also those who will participate in the future.

Through ongoing and increased participation your Plans have grown in size giving them the financial strength to receive favorable terms, at a lower cost, for investment and administrative services.

These lower costs, passed on to participants, will allow you to keep more of your investment dollars working in your account, accumulating more savings over a lifetime toward a secure retirement.

Plan updates will be effective in January, 2014 that will benefit participants through:

- New, lower cost investment options
- A flat participation fee for plan administration
- Loan privilege added to 457 Plan balances
- Improved navigation and financial planning features on the Plan website
- Continued local education support
 - Financial education seminars
 - One-on-one service appointments

We're moving to a *NEW* Fee Structure

As the Plans have grown in size it has become advantageous to change the way fees are charged for investment management and plan administration services.

While Plan fees have always been competitive, through your participation the Plans have become more competitive and we are now able to bring you an even lower fee structure. The new fee structure separates the fund fee from the administration fee.

▶ **Fund Fee**

The fees for each investment offering will continue to be based on the amount of money invested in each investment; however, those fees will now be the same or lower. Lower fees will keep more of your money in your account working for you.

► **Plan Administration Fee**

The plan administration fee will now be a consistent fee of \$10.25 charged quarterly to your account, rather than based on a percentage of the amount you have invested. If you have more than one Plan account your \$10.25 fee will be prorated across all of your accounts. Through this move to a lower, flat administration fee, the fee paid by most participants for administration will be reduced.

Annual Fee Comparison

Through the new fee structure, the amount most participants will pay in fees will stay the same or go down!

The example below shows the savings realized on an average account size of \$70,000 invested in a Target Date Fund.

Prior Fund & Administration Combined Fee Structure				New Fee Structure			
Tier I Target Date	Value of Account	Combined Fee	Total Old Combined Fee	New Fund Fee	New Fund Fee Amount	New Administration Flat Fee	Total New Fee
SSgA Target Retirement Date Funds	\$70,000	0.00275	\$192	0.00120	\$85	+ \$41 =	\$126
				Fee Savings \$66			

Lower fees means more of your money stays in your account, working for you!

Tier I — Passively Managed

	Old Combined Fee	New Fund Fee
SSgA Target Retirement Date Funds	0.28%	0.12%
SSgA Cash Series Treasury Fund	0.18%	0.08%
SSgA Bond Market Index Fund	0.19%	0.06%
SSgA S&P 500 Index Fund	0.13%	0.03%
SSgA S&P Mid Cap Fund	0.16%	0.06%
SSgA Russell 2000 Fund	0.26%	0.06%
SSgA Global All Cap Equity ex-U.S. Index Fund	0.24%	0.13%
Vanguard Emerging Markets Index Fund ¹	1.25%	0.10%

Tier II — Actively Managed

Stable Value Fund	0.30%	0.23%
PIMCO Total Return Fund	0.46%	0.46%
Dodge & Cox Stock Fund	0.52%	0.41%
Artisan Mid Cap Fund	1.33%	0.73%
Jennison Large Cap Growth Fund ²	0.90%	0.33%
T Rowe Price Mid Cap Value Fund	0.81%	0.66%
Ridgeworth Small Cap Equity Value Fund	1.20%	0.70%
ING Small Cap Growth Equity Fund	0.80%	0.43%
Oakmark Equity and Income Fund	0.78%	0.43%
EuroPacific Growth Fund	0.55%	0.50%

¹ The Old Combined Fee is the fee of the replaced SSgA Emerging Markets Fund.

² The Old Combined Fee is the fee of the replaced Rainier Large Cap Growth Fund.

For more information on the fund offerings, including fund fact sheets, go to stateofmi.ingplans.com or call the Plan Information Line at 1-800-748-6128. You should read the fund fact sheets carefully prior to investing.

Enhancements Coming to the Fund Lineup

Two funds have been under a watchful eye; Rainier Large Cap Growth Fund and SSgA Emerging Markets Fund. Both funds have underperformed both their benchmarks' and their peer groups' on a consistent basis, which has led to the following changes to the fund lineup:

Money invested in or allocated to this fund as of January 10, 2014	Old Combined Fee	...will be invested in or redirected to this fund as of January 13, 2014	New Fund Fee
Rainier Large Cap Growth Fund – Tier II	0.90%	Jennison Large Cap Growth Fund – Tier II	0.33%
SSgA Emerging Markets Fund – Tier II	1.25%	Vanguard Emerging Markets Index Fund – Tier I	0.10%

Mark your calendar and plan ahead!

As of 4:00 p.m. on Friday, January 10, 2014 the Rainier Large Cap Growth Fund and the SSgA Emerging Markets Fund will no longer be included in our investment lineup. Balances in and allocations to the old funds will transfer automatically to the new funds with similar investment objectives and lower fees as noted in the table to the left through a process called "mapping". You do not need to take any action if you would like your existing balance and future contributions to be automatically transferred to the new fund. Balances in the new funds will be available for trading activity on Monday, January 13, 2014.

If you have money invested in, or being directed to, one of the funds being eliminated and you do not want your balance transferred or future contributions directed to the new fund it is being mapped to, you will need to make a change to your investment allocations prior to Friday, January 10, 2014 at 4:00 p.m. To do this, simply call **1-800-748-6128** or visit stateofmi.ingplans.com and select **Manage Investments**. You will need your Username and Password to access your account online. If you don't know your Password, you may click on **Forgot Your Password?** on the login page of the Plan web site or you can call the Plan Information Line and follow the instructions for requesting a password reminder.

For more information on the fund offerings, including fund fact sheets, go to stateofmi.ingplans.com or call the Plan Information Line at 1-800-748-6128. You should read the fund fact sheets carefully prior to investing.



stateofmi.ingplans.com

Toll-Free 1-800-748-6128 TDD Line 1-800-276-4106

Loan Provision will be available to all!

The ability to request a loan will now be available in the 457 Plan. The new Loan Provision will allow for fifty percent of your employee contributions to be available for loan, subject to IRS limits; money contributed to your plan by your employer will not be available.

Please refer to the Loan Policy on the Plan website for further details of the Loan Provision.

There will continue to be fees associated with initiating and maintaining an outstanding loan. The following fees will apply to all new loans initiated in January 2014:

Loan Fees

Initiation Fee	\$75.00 per loan
Annual Loan Management Fee	\$ 8.75 per quarter

Beginning in January 2015, each participant may have only one loan outstanding at a time. If you wish to take a loan from your 401(K) or 457 Plan account, you will need to be sure that all prior loans are paid in full.

Schedule of Account Administration Fees

TYPES OF FEES	AMOUNT
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Plan Administration Fee	\$10.25 quarterly
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Optional Program Fee

Self-Managed Account Fees	\$12.50 quarterly <i>Other fees may apply depending on the chosen investments</i>
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Loan Fees*

Initiation Fee	\$75.00 per loan
Annual Loan Management Fee	\$8.75 per quarter

Distribution / Withdrawal Fees*

Full Distribution Fee**	\$75.00
Partial Distribution Fee**	\$25.00
In-service Withdrawal Fee	\$50.00

Other Administrative Fees*

QDRO Fee	\$450.00
Overnight Check Fee	\$50.00

*For new requests initiated on or after January 13, 2014

**Excludes installments, participants over age 70, Required Minimum Distributions, distributions under \$100, and automated payouts (for residuals and deminimus loans).

More Enhancements Coming in 2014!

ING Advisor Service®, powered by Financial Engines, is getting an upgrade!

Advisor Service Fees are going down!

The Personal Online Advisor continues to be offered at no cost for participants with a balance in their account. The Professional Account Manager is moving to a new tiered fee schedule for those who enroll based on the amount invested.

Personal Online Advisor

No cost for participants with a balance.

Professional Account Manager

New Tiered Fee Schedule for those who enroll

Tier	Account Balance	Monthly Fee (basis points)	Annualized (basis points)
First	\$100,000	2.50	30
Next	\$150,000	2.08	25
Over	\$250,000	1.67	20

Income Plus Comes to the Professional Account Manager Program

Income Plus is an innovative retirement option offered through the Professional Account Manager program, designed to provide you with steady monthly automated payouts that can last for life*, while maintaining the flexibility and control you may prefer. When an Income Plus program member is ready to prepare to begin taking payouts from their Plan account, their portfolio is managed to provide monthly payouts that:

- can be steady with limited downside;
- can last for life** with an optional purchase of out-of-plan annuity;
- can go up with the market; and
- are flexible, since there's no need to lock into an insurance solution at retirement.

*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.

**Lifetime income guarantee requires out-of-plan annuity purchase. Issuer minimum purchase requirements may apply.

Pension Integration comes to ING Advisor Service

Members of the State of Michigan's Defined Benefit Plan will have their pension benefits automatically included in the Personal Online Advisor and the Professional Account Manager programs. This will provide a more comprehensive retirement income estimate for participants to use in their holistic retirement planning.

Your Personal Financial Dashboard — a new online planning tool, coming Spring 2014

Participants who elect to utilize this tool may input their financial information, including personal checking, savings, mortgage, insurance, investments and retirement savings accounts.

Once information is entered into the tool, users will have ongoing access to their own personal online financial “dashboard” where they can review their current financial situation and access different areas of the online tool to update and analyze their information. In addition, this tool can be used to:

- Identify current financial priorities — and changes those priorities as they shift over time.
- Attend financial literacy workshops that can help individuals use their personal financial information to help answer questions such as “Am I saving enough for retirement?” or “Am I saving enough to pay for college?”
- Review “what if” analyses based on personal information and goals.

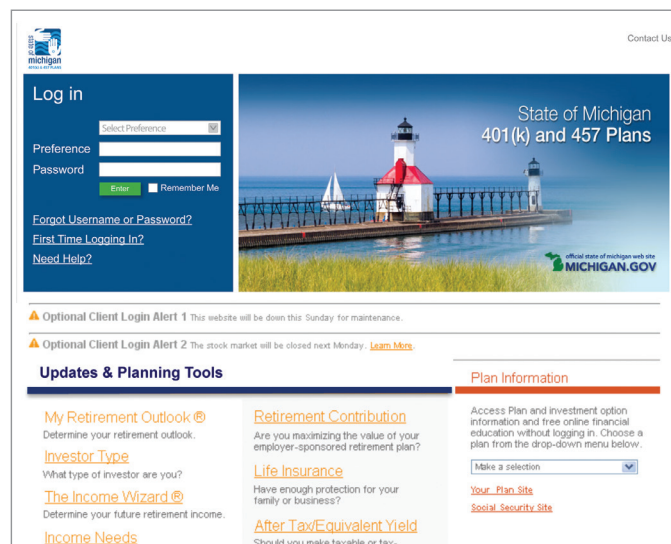


One-on-one assistance

Experienced local ING representatives are ready to help you develop a plan for meeting your retirement objectives and review your account and investments with you.

Redesigned Plan Website

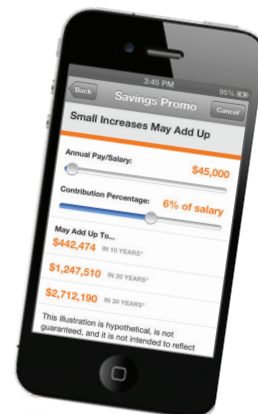
An even better online experience for managing your Plan account and investments is coming your way. The login page is changing to bring you easier access to interactive tools and content. Your home page will include targeted, meaningful messaging, leading you to your new account summary, giving you the information you need and want to manage your account, and quick links to the tools you can really use.



Mobile app

You can access your Plan account or try the new savings calculator; using your iPhone®, iPod touch® or Android™ device. Download the **free** app directly from the App StoreSM or the Google Play Store (keywords: **ING Retire**).

iPhone, iPod touch are trademarks of Apple Inc., registered in the U.S. and other countries. App Store is a service mark of Apple Inc. Android is a trademark of Google Inc.





State of Michigan Plan Administration
P.O. Box 55497
Boston, MA 02205-5497



IMPORTANT INFORMATION ABOUT YOUR PLAN ACCOUNT INSIDE.

stateofmi.ingplans.com

Toll-Free 1-800-748-6128 TDD Line 1-800-276-4106