



KESPT Connection

January 2016

What to Do When Markets Are Volatile

If the recent instability of the overall investment market has you concerned about your college savings plan account, KESPT understands. Here are a couple of reminders that we hope will ease some of your concerns and help with managing your account.

1. Diversify - One important way to manage investment risk is through diversification. When you spread investments across different types of asset classes such as stocks, bonds and cash, you can help protect your account from succumbing to the declines of any single investment. Broadly speaking, assets such as stocks and real estate respond well to growth trends such as expanding corporate profits, increasing incomes or even population growth. Other investments, such as bonds and cash-type vehicles, can provide stability when markets are volatile. A couple of investment options available through the Kentucky Education Savings Plan Trust (KESPT) already offer exposure to multiple asset classes to simplify the diversification process for you. These would include the Managed Allocation Investment Option and the Balanced Investment Option.

2. Rebalance - It makes sense to review your account on a regular basis and consider rebalancing periodically. As your beneficiary moves closer to college, increasing the portion of your account that is in bonds and guaranteed assets (such as the Guaranteed Investment Option*) may help stabilize returns as you prepare to take withdrawals. A simple way to ensure regular rebalancing of your account is to invest in the Managed Allocation Investment Option. This portfolio automatically adjusts your holdings based on the age of your beneficiary. The closer your beneficiary gets to college age, the more conservative the investment mix in your account becomes.

We hope these reminders have been helpful. For more information about investing in KESPT, please visit kysaves.com/connection or call **877-598-7878**.

Source: tiaa-cref.org

* The assets in this investment option are allocated to a Funding Agreement issued by TIAA-CREF Life to the Trust, which is the policyholder under the agreement. The Funding Agreement provides for a return of principal plus a guaranteed rate of interest and allows for the possibility that additional interest may be credited as declared periodically by TIAA-CREF Life. The interest rate guarantee is made to the Trust only. The rate of any additional interest is declared in advance for a period of up to 12 months and is not guaranteed for any future periods.



KESPT Tips

One way to let market volatility work in your favor is to set up an automatic contribution plan. In this way, you make regular purchases for your account regardless of market performance. When prices are down, your regular investment allows you to buy more units or shares, and when prices are up, your investment buys less units but the units you already own increase in value. You can sign up for an automatic contribution plan when you log into your account at kysaves.com. You can also talk to your employer about setting up payroll deduction at your workplace. We'll work with your HR department to help set things up. Just call us at 877-598-7878.



This letter must be preceded or accompanied by a Disclosure Booklet for KESPT. Investments in the Plan are neither insured nor guaranteed and there is the risk of investment loss. Before investing in a 529 plan, consider whether the state in which you or your Beneficiary reside has a 529 plan that offers favorable state tax benefits that are available if you invest in that state's 529 plan.

TIAA-CREF Tuition Financing, Inc., is the Plan Manager.

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