FALL 2016

Retirement Report

LITTLETON PUBLIC SCHOOLS
403(B) AND 457 RETIREMENT PLANS

Passing Good Money Habits on to Your Children

Five tips for instilling financial confidence in the next generation

It's never too soon to talk money with your kids. At some point teens and young adults will need to make their own spending decisions. They need to be prepared.

Arming youth with critical financial skills may enhance their quality of life and can help them pursue important life goals, such as college or owning a home. But money also has a ripple effect on other important aspects of their lives, such as marriage. If you are not having the money conversation with your kids, their narratives could be shaped by a consumer-oriented culture that tries to equate spending with personal happiness and fulfillment.

Good savings habits are best modeled, but there are at least five things that parents can do to teach kids how to be responsible:

1 Be specific when telling children what things cost

Young children lack points of reference when understanding the true cost of a toy, electronic game or cell phone. The purchase price alone does not fully reflect total cost, particularly with cell phones that require activation and monthly charges.

2 Let them make choices with money beginning at a young age

Consider starting kids out with a weekly allowance in elementary school, say $5. Then ask probing questions: Is it better to save or spend an allowance? Would sharing their money for a good cause interest them? Help your kids open a bank savings account, showing them how regular savings build up over time. As they grow, consider raising their allowance, and encourage them to earn their own pocket money while in high school.

3 Weigh pros and cons before making a purchase

Do children really need the most expensive pair of sneakers? Would checking a novel out from the public library for free be better than buying one at the local bookstore? Comparing prices at a grocery store teaches children how to be savvy shoppers.

4 Set up "buckets" for short, intermediate and long-term goals

Young teens should be able to differentiate between near-term needs (a movie this weekend), intermediate needs (back-to-school clothes), and long-term goals (college or buying a house). It's likely that their spending habits will begin to be forged for life in college. It's also when making smaller mistakes with money (blowing an allowance on a handbag, for example) has fewer long-term ramifications than, say, signing a mortgage that their income cannot support.

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5 Start early, but don't overstress

Toddlers quickly grasp that money is a tool of exchange, and by the time they are 8 or 10 they can learn that money has a time value. Young teens may be mature enough to manage a yard sale.

However, it's important that parents take care not to share their financial stresses with young children. Few kids have the emotional maturity to process information about a lost job or a market downturn. Above all, don't expect children to be perfect with money from day one — for all of us, managing our financial lives is a "work in progress."

Why Do People Overspend?

New research on why we break the budget and how to fix it

We fail to consider future expenses that come with future income

Our mental wiring is great at imagining future income, but very poor at projecting expenses.[1] Buying more car than one can afford is a good example, because we tend to de-emphasize the expected future costs of maintaining it. Set a realistic budget that forces you to spend no more than what you earn — and save regularly.

Saving while borrowing creates a false sense of security

Sometimes the sole element of a financial plan is socking away cash. But to achieve that level of savings, some borrow more than they need. A savings plan should allow spending to avoid expensive debt, such as a ballooning credit card balance.

Collapse of willpower

Some people view willpower as something that is a limited resource that's fairly quickly depleted. Others see it as not easily used up. Which are you? People who believe willpower is finite make impulsive decisions, such as overspending, eating junk food, and procrastinating.[2] If you find yourself in this category, why not reward yourself after hard work by doing something that doesn't involve spending much, such as engaging in sports, taking nature walks, or meditating?

We think rising home equity equals wealth

Sometimes the more a house is worth, the more money people feel they have to spend.[3] In reality, the only way to access wealth from a house that has increased in value is to sell it. But in all likelihood, a comparable house would have gone up in value as well, erasing any advantage unless the homeowner decides to downsize.

1 Charles Wells, "The Hidden Reasons People Spend Too Much," The Wall Street Journal, November 2, 2015.

2 Veronika Job, Gregory Walton and Katharina Bernecker, "Implicit Theories About Willpower Predict Self-Regulation and Grades in Everyday Life," Journal of Personality and Social Psychology, April 2015.

3 John V. Duca, John Muellbauer and Anthony Murphy, "How Financial Innovations and Accelerators Drive U.S. Consumption Booms and Busts," Dallas Federal Reserve Bank Economic Letter (Vol. 11, No. 3), April 2016; http://www.dallasfed.org/assets/documents/research/eclett/2016/el1603.pdf.

Whom do I call for help?

Contact TIAA-CREF for the following:
- > Balances
- > Investment changes
- > Change personal info

800.842.2009
www.tiaa-cref.org

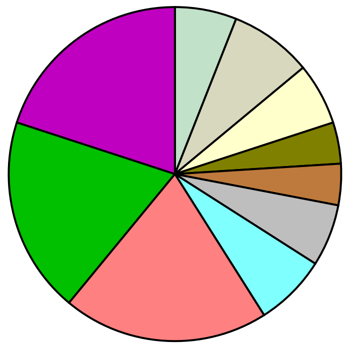
The Plan's Investment Consultant
Innovest Portfolio Solutions
4643 S. Ulster St., Suite 1040
Denver, CO 80237
303.694.1900 | www.innovestinc.com

Littleton Public School Conservative 09/30/16

Who typically uses this portfolio?

Current Age:	over 60
Risk Level:	Low
Expected Return:	Low
Time Horizon:	
Years to Age 65:	under 5
Years to Age 85:	under 25
Expense Ratio (%)	0.28

Portfolio Allocation (%)



Fund	%
Dodge & Cox Stock (DODGX)	6.0
Vanguard 500 Index;Adm (VFIAX)	8.0
Harbor:Cap Apprec;Inst (HACAX)	6.0
Vanguard Md-Cp Idx;Adm (VIMAX)	4.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	4.0
Am Beacon:Intl Eq;Inst (AAIEX)	6.0
American Funds EuPc;R-6 (RERGX)	7.0
Met West:Total Return;I (MWTIX)	20.0
Vanguard Tot Bd;Adm (VBTLX)	19.0
TIAA Traditional	20.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Conservative	3.13	5.31	7.36	5.44	8.08	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: The age (today) of an average investor with time horizon, risk level, and return expectations of the Conservative Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Conservative Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Conservative Portfolio, and is calculated via a statistical process consistent with 95% probability.

Low: -8% to **-14%**

Expected Return: The level of expected investment return from the Conservative Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

Low: 4% to **6%**

Past Performance

Investment performance results shown above represent past performance and are not indicative of future results. Please read the information contained in the applicable fund prospectuses carefully before investing money.

How is the portfolio diversified?

The pie chart and accompanying data shown for each portfolio illustrates the percentage allocated to each fund.

*Innovest relies on 3rd party data for these returns.

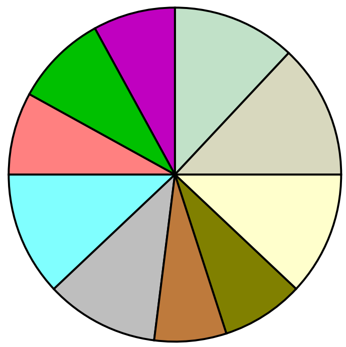
**Returns using TIAA Traditional Annuity - GRA contract

Littleton Public School Moderate 09/30/16

Who typically uses this portfolio?

Current Age:	40 - 60
Risk Level:	Moderate
Expected Return:	Moderate
Time Horizon:	
Years to Age 65:	5 - 25
Years to Age 85:	25 - 45
Expense Ratio (%)	0.34

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	12.0
Vanguard 500 Index;Adm (VFIAX)	13.0
Harbor:Cap Apprec;Inst (HACAX)	12.0
Vanguard Md-Cp Idx;Adm (VIMAX)	8.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	7.0
Am Beacon:Intl Eq;Inst (AAIEX)	11.0
American Funds EuPc;R-6 (RERGX)	12.0
Met West:Total Return;I (MWTIX)	8.0
Vanguard Tot Bd;Adm (VBTLX)	9.0
TIAA Traditional	8.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Moderate	5.19	5.75	9.52	6.63	11.60	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: : The age (today) of an average investor with time horizon, risk level, and return expectation of the Moderate Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Moderate Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Moderate Portfolio, and is calculated via a statistical process consistent with 95% probability.

Moderate: -13% to -19%

Expected Return: The level of expected investment return from the Moderate Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

Moderate: 5% to 7%

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**Returns using TIAA Traditional Annuity - GRA contract

Littleton Public School Aggressive 09/30/16

Who typically uses this portfolio?

Current Age: 30 - 50

Risk Level: High

Expected Return: High

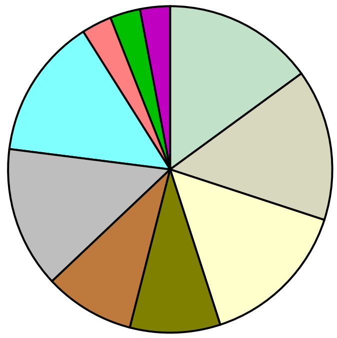
Time Horizon:

Years to Age 65: 15 - 35

Years to Age 85: 35 - 55

Expense Ratio (%) 0.39

Portfolio Allocation (%)



Fund	%
Dodge & Cox Stock (DODGX)	15.0
Vanguard 500 Index;Adm (VFIAX)	15.0
Harbor:Cap Apprec;Inst (HACAX)	15.0
Vanguard Md-Cp Idx;Adm (VIMAX)	9.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	9.0
Am Beacon:Intl Eq;Inst (AAIEX)	14.0
American Funds EuPc;R-6 (RERGX)	14.0
Met West:Total Return;I (MWTIX)	3.0
Vanguard Tot Bd;Adm (VBTLX)	3.0
TIAA Traditional	3.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Aggressive	6.18	5.88	10.46	7.10	13.22	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: : The age (today) of an average investor with time horizon, risk level, and return expectation of the Aggressive Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Aggressive Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Aggressive Portfolio, and is calculated via a statistical process consistent with 95% probability.

High: -17% to -23%

Expected Return: The level of expected investment return from the Aggressive Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

High: 6% to 8%

Past Performance

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How is the portfolio diversified?

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**Returns using TIAA Traditional Annuity - GRA contract