The Deferred Word Newsletter Fall Edition 2012

Nevada Public Employees Deferred Compensation Program (NDC)

COMMITTEE MEMBERS

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Retired

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GCB

Brian L. Davie
LCB

Steve Woodbury
DTCA

Reba Coombs
Program Coordinator

Micah Salerno
Administrative Asst.

Shane Chesney
Sr. Deputy Attorney General

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Welcome to NDC!

Steve Woodbury

Steve Woodbury is the Deputy Director of the Nevada Department of Tourism and Cultural Affairs. He oversees the department's fiscal, accounting and budgetary services, human resources, information technology and logistics. Mr. Woodbury came to the commission in 2001 as operations and finance manager before he was promoted to Deputy Director in 2006. Prior to coming to NDC, he held management positions with the Nevada Health Division and the Washoe County Health District.

Mr. Woodbury is a Nevada native, graduating from Reno High School in 1983. He holds a BA in International Relations from the David M. Kennedy Center for International Studies at Brigham Young University and a Master of Public Administration degree from the George W. Romney Institute of Public Management, also at BYU.

In addition to his appointment to NDC, Mr. Woodbury serves on the executive board of the Reno Tahoe Winter Games Coalition. He currently lives in Carson City with his wife and three children and actively participates in the community, his church, and the Boy Scouts of America.

Reba Coombs, CPM

Reba Coombs comes to NDC as the new Program Coordinator with over 23 years of experience in state government, having worked in all three branches of government, and three constitutional offices including the Attorney General, Governor, and Treasurer. She also has seven sessions of the legislature under her belt as the Committee Manager for the Assembly Ways and Means Committee.

She graduated from the Certified Public Manager Program which is sponsored by the Division of Human Resource Management in 2011. Before becoming the Program Coordinator for NDC, Reba was the Executive Director for the Gov. Guinn Millennium Scholarship Program.

Reba has lived in Carson City with her husband since 1986.

You can reach Reba at (775) 684-3397 or rebacoombs@defcomp.nv.gov.

Micah Salerno

Micah Salerno returns to NDC as Administrative Assistant. She worked for the Program when staff was first hired on in 2008. Micah is a native Nevadan and lives in Gardnerville with her husband and two sons.

Good Luck!

Tara Hagan, former NDC Executive Officer, has taken a position as Deputy Treasurer-Finance with the State Treasurer's Office.

Tara had been with NDC for five years and we thank her for all her hard work during that time and wish her much success in her new position.

Update from the Committee Chairman

During the last 12 months the Deferred Compensation Committee has been through a considerable amount of change. Four of the five Governor-appointed Committee members have changed, a new Program Coordinator (Reba Coombs) has been appointed by the Committee, the Deputy Attorney General assigned to the Committee has been reassigned (twice actually), and a new Investment Consultant (Frank Picarelli of Segal Rogerscasey) has been hired under an emergency contract. A Request for Proposal will be released soon seeking a multi-year Investment Consultant contract. At the August 16, 2012 special meeting, I was elected the new Chairman and Carlos Romo was elected Vice Chairman.

Change can sometimes be challenging, but it's not necessarily a bad thing. The Committee has begun a process of examining costs associated with operating the program. Although only at the beginning of what should be an on-going process, the Committee has already trimmed over $45,000 a year from program operating costs. This savings will increase earnings distributions to participants. The Committee will continue to look at cost-saving possibilities while at the same time ensuring the necessary protections are in place.

After considerable discussion, debate, and a substantial number of participants weighing in and/or testifying, on September 20, 2012, the Committee withdrew its intent to award the new record keeper contract to The Hartford, cancelled the RFP for a new record keeper, and voted to instruct our Investment Consultant to enter into negotiations with our two current service providers (The Hartford and ING) that would extend their current contracts with the Deferred Compensation Program. Based on the rates and services offered, at its November 2nd meeting, the Committee voted to extend those contracts for two years. This extension period will provide the new Committee members an opportunity to obtain a better understanding of the benefits of single versus multiple providers, Stable Value accounts versus General Accounts, and what it means to operate the Program under an Open Architecture structure. Most importantly, the additional time should allow time for the Program's regulations (NRS 287.250-370) to be updated through the regulation development process which would include public meetings to collect input from participants. Ultimately an RFP for a new service provider or providers would then be released that reflects the NRS 287 regulatory updates. In the mean time, the Program will continue to have the two current service providers available to participants.

The last thing I want to touch on is the sale of the Hartford Retirement business as well as the potential sale at anytime of any vendor under contract with the Program. The Committee has been assured from the beginning that Hartford was selling this part of their business, and that any company that made such a purchase would be required to uphold the terms of the contract with the Program. Near the end of August, it was announced that MassMutual Financial had entered into negotiations with The Hartford to purchase their deferred compensation record keeping business. MassMutual Financial has an excellent credit rating; and announced that they anticipate keeping the Hartford business intact and will honor all contractual requirements. Further, legal counsel has verified that the Committee ultimately will have the final approval as provided for through the terms of the existing contract and/or any extension to that contract.

With a new Program Coordinator now on board, the Committee anticipates getting back to regular communications with participants as decisions are made and changes happen that affect the Program. This is just the first of many newsletters that will keep participants informed as the program moves forward.

Regards, Scott K. Sisco, Chairman

DID YOU KNOW?

Your annual contribution rate will be increased by the IRS in 2013 from $17,000 to $17,500 per year

Plus $5,500 50+Catch-Up Contribution = $23,000 Total Contribution in 2013

Plus $17,500 Pre-Retirement Catch-Up Provision = $35,000 Total Contribution in 2013

From your friends at The Hartford

A financial plan for retirees

As a working investor, you're adding to your retirement savings each year. Once you stop working, you'll be taking annual withdrawals. You'll need a financial plan that takes that major shift into account.

Some things won't change: You'll still want to consider maintaining a well-diversified portfolio – and even in retirement, you'll still be a long-term investor.

A retiree's investment goals

Your primary goal is to make sure your savings last as long as you do. A healthy 65-year-old can now expect his or her retirement to last two decades or more.

You'll also want your annual withdrawals from your savings to keep pace with inflation. Even if yearly inflation is a modest 3%, the cost of living will nearly double in two decades.

A five-step strategy for helping to meet goals

- **Stick to a conservative annual withdrawal rate**. Many experts advise limiting withdrawals from your nest egg to 4% a year of its balance on the day you retire, plus the annual inflation rate. (See "A plan for spending down," at right.)
- **Maintain two years' worth of living expenses in a savings account or money market account**. This financial cushion helps you avoid having to sell stocks or bonds in a down market.
- **Don't abandon stocks**. Retirees understandably want to minimize their retirement account's short-term volatility. But even in retirement, you'll likely need the potential long-term growth of stock investments to protect you from inflation.
- **Keep a diversified portfolio**. You'll probably live through at least one bear market during your retirement. Diversification can't prevent losses, but a mix of investments – stocks, bonds, cash and perhaps an annuity – reduces the risk that all your holdings suffer losses at the same time.
- **Diversify your sources of income.** Don't rely solely on your nest egg to cover your living expenses. Try to plan for multiple sources of income, such as Social Security benefits and part-time earnings.

A plan for spending down

Meet Nick, a hypothetical new retiree with a $200,000 nest egg. He decides to use a 4% spend-down rate and takes $8,000 from his account the first year. The annual inflation rate is 3%, so in Year Two, he boosts his previous withdrawal amount by 3% (0.03 x $8,000 = $240) for a total of $8,240. In Year Three, inflation dips to 2.5% (0.025 x $8,240 = $206), so he'll withdraw a total of $8,446

Nick hopes his average annual investment return will be at 6% or 7%. But he knows that in good years he may have a double-digit return and in bad years, his return may be negative. By using a spending rate that's lower than his expected average rate of return, he reduces his risk of outliving his savings.

Be sure to consult with your financial advisor about what is the best plan for you.

From your friends at ING

ING

The Importance of Naming a Beneficiary

Estate planning isn't something you should take lightly. In the event of your death, the decisions you make today may have lasting effects on the loved ones that are left behind. You've worked hard to accumulate your assets, and electing a beneficiary is an important first step in ensuring they are distributed, as you wish, upon your death.

Equally as important, make sure your beneficiary designations are up to date. And, remember to review your designations during life-changing events, and make sure all personal information is kept current.

For example, if you are divorced and your former spouse is listed as your beneficiary, that designation is not void as a result of your divorce. Your ex-spouse would remain your beneficiary until you change your designation.

It's simple to designate or change your account's beneficiary:

- Go to www.ingretirementplans.com
- Click on Account Access
- Enter your user name and password
- Select "Go To My Account" from the "Personal Information" tab, click on "Beneficiary Information"

If you don't have access to the internet, you can request a Beneficiary Designation Form by calling the ING Nevada Regional Office, toll-free at 866-464-6832. Please make sure you designate a beneficiary today.

Please note: If you have designated a beneficiary using a paper form in the past, the beneficiary information may not appear online. After using the online beneficiary designation service, you will be able to view and change beneficiary designations online at any time.

Is Consolidating Accounts Right for You?

If you have more than one retirement account such as a 401(k), 403(b), 457 plan, or a Rollover IRA, typically you have several options — each with considerations that may have an impact on your financial future. Many of you who may have IRAs that are up for renewal with an interest rate that is near 0% may consider rolling over into the Nevada Deferred Compensation Plan before signing up for another one, two or three years. While you should weigh these options carefully, you might consider speaking with your financial professional about what the best option might be for you and your overall financial situation.

Move It

Moving other assets to your Nevada Deferred Compensation account with The Hartford or ING and consolidating accounts may allow you to:

- Track and manage your retirement savings with one simple statement;
- Easily evaluate and monitor your asset allocation strategy;
- Get help from a single award-winning service provider;
- Potentially save on fees.

Leave It

If you have money in another workplace retirement account, you may be able to leave it right where it is. While this option may be easy to do, you may potentially be paying more in fees for maintaining more than one account.

Take It

You may be tempted to withdraw your money from another retirement account. While spending the money now may seem like an appealing option, you will likely be hurting your savings for the future. Plus, you may be subject to federal and state income tax and IRS early withdrawal penalties.*

Contact Your Benefits Administrator to Learn More

Before making your decision, be sure to review the investment options and all applicable fees and charges associated with any/all retirement programs you may be considering.

Investors should consider the impact of transfer fees, the loss of vested benefits and/or the surrender charges that may be imposed by their current plan when funds are rolled over.

*Withdrawals are subject to ordinary income tax, and if taken prior to age 59½, a 10% federal tax penalty may apply to amounts distributed from your plan which are not rolled over to an IRA or other qualified plan.

Your Hartford Team

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Your ING Team

Carson City	Las Vegas
844 West Nye Lane, Suite 101 Carson City, NV 89703 (775) 886-2400 Fax: (775) 882-9758 Toll Free: (866) 464-6832	3960 Howard Hughes Parkway, Suite 520 Las Vegas, NV 89169 (702) 990-3720 Fax: (702) 990-3721 By appointment
Steve Platt, APRC, Regional Director (775) 886-2402 Jo Ann De Angelo Guerra, Representative (775) 886-2403 Dianna Hennessey, Marketing Consultant (775) 886-2401	Eric Wyer, Representative (702) 990-3720

Upcoming Meeting Dates		**Important Links**
Q3 Quarterly Meeting	December 13, 2012	Hartford EZ Enrollment Form http://defcomp.state.nv.us/FORMS/HartfordEZForm.pdf
Planning Meeting	January 2013	ING EZ Enrollment Form http://defcomp.state.nv.us/FORMS/INGEZForm.pdf
Q4 Quarterly Meeting	February 15, 2013	Payroll Contribution Form http://defcomp.state.nv.us/FORMS/

Is there something special you would like to see addressed in this newsletter?

Let us know your interests—email or call us at deferredcomp@defcomp.nv.gov or (775) 684-3397

Nevada Deferred Compensation
YOUR PLAN...
YOUR FUTURE

Nevada Deferred Compensation Program
Nevada State Library & Archives Building
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