The Deferred Word Newsletter Summer Edition 2011

Nevada Public Employees Deferred Compensation Program (NDC)

Roth 457(b) Website Enhancement

NDC reported in the Spring 2011 newsletter that participants will have the option of contributing post-tax (already taxed) contributions to NDC beginning in January 2012. NDC Staff will continue to provide information and begin conducting seminars in the fall. However, to help you learn more now, we have updated our website to include a Roth section.

The new Roth website section includes frequently asked questions (FAQs) and an interactive calculator. The calculator is meant to help you determine if pre-tax (traditional), post-tax contributions or a combination of both are right for you.

The FAQ section provides answers to our most-asked questions. Below are a few examples:

Q: How long do I have to contribute to get the Roth 457(b) benefit?

A: Roth contributions have a "five-year rule", meaning you only get the tax benefits for Roth 457(b) if those savings are held in the Plan for at least five consecutive years.

Q: Can I contribute to both the Roth 457 and the Roth IRA?

A: Yes, your ability to contribute to a Roth IRA does not change by participating in the Roth 457.

Q: Does the Roth 457 restrict contributions if you earn a certain amount of annual income, similar to the Roth IRA?

A: No, the Roth 457 does not restrict higher wage earners from contributing. An employee can contribute the annual maximum to the Roth 457 ($16,500) regardless of his earned income.

The FAQ section also provides a Roth 457/Roth IRA comparison chart to help you understand the differences between the two plans. We encourage you to utilize the materials available on the Program's website to learn more about the Roth feature. To access the website, simply go to http://defcomp.state.nv.us/ and click on *Roth 457* on the left hand side.

Nearing Retirement? Give NDC a Boost with Your Final Payout Contribution

If you are retiring soon, you may be receiving a lump sum sick and annual leave payment. Often these payments are fairly substantial which may result in a significant amount of federal taxes being withheld.

You can utilize NDC to help reduce the federal taxes by deferring a lump sum into your NDC account. Let's look at an example:

Janice is age 60 and retiring on August 31. She's been contributing $400 per paycheck to NDC for 2011. At the time of retirement she'll have contributed $7,200. Janice is eligible to receive a sick and annual leave payment of $16,000. Since Janice is eligible for the Age 50+ catch-up annual contribution of $22,000, she can deduct as much as $14,800 from her lump sum payment. This would result in Janice only being taxed on $1,200 instead of $16,000.

Please note you cannot utilize the three– year special catch-up provision the year in which you intend to retire; therefore, the Age 50+ catch-up amount of $22,000 is the maximum annual contribution, assuming you meet the age requirement. We request you complete this paperwork a minimum of 30-days prior to your retirement date. For additional information, please contact the NDC office or your service provider.

Not Enrolled in NDC?

If you are not enrolled in NDC and want to learn more about the features and benefits of the Program, join us for an informational seminar on **Tuesday, July 19** at the Legislative Building, 401 S. Carson Street, **Room 1214** in Carson City. The seminar will be held at **10:00AM and again at 1:30PM.**

Are you in Las Vegas?

The seminar will also be available via video conference at the Grant Sawyer Building at 555 E. Washington Ave., Room 4401 in Las Vegas. You can view the meeting live and ask questions.

Can't make the live seminar?

The seminars will also be available via the internet at the date and times listed above. To view, please go to www.leg.state.nv.us and click on "Live Meetings, Listen or View".

Why Asset Allocation is Important

Although the process of determining which mix of assets to hold in your NDC account is a very personal one; you may want to consider asset allocation as a tool to help round out your portfolio. Asset allocation involves dividing an investment portfolio among different asset categories, such as stocks, bonds, and cash. The asset allocation that works best for you at any given point in your life will depend largely on your time horizon and your ability to tolerate risk.

- **Time Horizon** - Your time horizon is the expected number of months, years, or decades you will be investing to achieve a particular financial goal. An investor with a longer time horizon may feel more comfortable taking on a riskier, or more volatile, investment because he or she can wait out slow economic cycles and the inevitable ups and downs of our markets. By contrast, an investor saving up for a teenager's college education would likely take on less risk because he or she has a shorter time horizon.

- **Risk Tolerance** - Risk tolerance is your willingness to hold riskier assets in the hope of earning greater potential returns. An aggressive investor, or one with a high-risk tolerance, is more likely to risk losing money in order to get better results. A conservative investor, or one with a low-risk tolerance, tends to favor investments that will preserve his or her original investment. In the words of the famous saying, conservative investors keep a "bird in the hand," while aggressive investors seek "two in the bush."

While NDC cannot recommend any particular investment product, you should know that a variety of investment options exist in the Program - including stock funds, bond funds, asset allocation funds and stability of principle funds. For many financial goals, investing in a mix of these types of funds can be a good strategy.

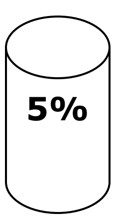
By including asset categories with investment returns that move up and down under different market conditions within a portfolio, an investor can protect against significant losses. Historically, the returns of the three major asset categories (stocks, bonds and cash) have not moved up and down at the same time. Market conditions that cause one asset category to do well often cause another asset category to have average or poor returns. By investing in more than one asset category, you'll reduce the risk that you'll lose money and your portfolio's overall investment returns will have a smoother ride. If one asset category's investment return falls, you'll be in a position to counteract your losses in that asset category with better investment returns in another asset category.

Let's take a look at a hypothetical example:

Two NDC participants each have $10,000 in their accounts; one has a conservatively invested portfolio and the other has a mix of different funds with varying risks and rewards. Neither participant adds any additional monies but the account remains invested for the next 20 years. Let's take a look at who has more money in 20 years.

Participant A was more conservative and placed $10,000 in an investment which returned 5% for 20 years. Participant B spread the monies amongst various funds, one which earned 12%, another fund which earned 8%, another earning 0%, one option that simply broke even and one option lost the entire $2,000. At the end of the 20 year period, Participant B, who lost $2,000 and broke even on another $2,000 still has over $11,000 more than Participant A.

Participant A (conservative)



Total after 20 yrs: $27,181

Participant B (asset allocation)

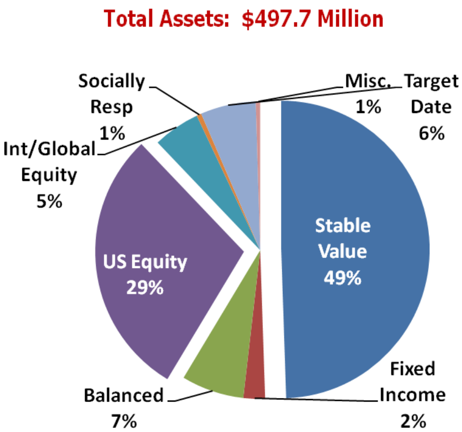
$2,000 @ 12%
$2,000 @ 8%
$2,000 @ 6%
$2,000 @ 0%
-$2,000

Total after 20 yrs: $38,582

Some financial experts believe that determining your asset allocation is the most important decision that you'll make with respect to your investments - that it's even more important than the individual investments you buy. With that in mind, you may want to consider contacting your service provider or the NDC office for assistance in determining an appropriate asset allocation for you.

Get to know your NDC Plan

Are you interested in the current statistics of the Nevada Deferred Compensation Plan? Have you ever wondered how your retirement savings efforts compare with those of other state and local government employees? Here are some Plan specifics and averages as of March 31, 2011.



Age Ranges	% of Peers Participating in NDC	NDC Average Account Value	Average Paycheck Contribution
Age 30 and Under	25%	$4,233	$38
Ages 31 – 40	40%	$13,968	$82
Ages 41 – 50	54%	$25,841	$115
Ages 51 – 60	58%	$47,487	$155
Over age 60	53%	$77,691	$124

Retirement Education Day

Retiree Corner

We want to invite retirees and employees within five years of retirement to the **Retirement Education Day** on **Tuesday, July 26 at the Legislative Building, 401 S. Carson St., Room 1214, Carson City. The seminar will be held at 10AM and then again at 1:30PM.**

The purpose of the event is to provide educational seminars to retirees and pre-retirees while answering important questions regarding NDC. We will discuss the following topics:

- Considering your **distribution options**, including withdrawal regulations and provisions
- Discussing your **investment strategy** in retirement
- Maximizing your **contributions**, including the two "catch-up" provisions
- **Consolidating** your other retirement plans and IRAs into your NDC account

Do you live in Las Vegas?

The seminar will also be available via video conference at the Grant Sawyer Building at 555 E. Washington Ave., Room 4401 in Las Vegas. You can view the meeting live and ask questions.

Can't attend the live meetings?

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Hartford

The Hartford Can Help You Plan for Life In Retirement

Do you know how much money you may have by the time you retire? Or how much you will need? Only 42% of workers report they and/or their spouse have tried to calculate how much they'll need in retirement.*

With comprehensive retirement planning software, The Hartford's Retirement Education Specialist can help you determine your goals and plan for what's ahead.

On TRAK

Are you on pace to retire comfortably?

With our TRAK planning software, we can help you determine whether you're on target to reach your retirement goals. You will also be able to see how various sources of income can work together and contribute to a comfortable retirement.

Paycheck Analysis

Do you know how much an increase in your NDC Deferred Compensation contribution would affect your paycheck?

Your Retirement Education Specialist can show you using our paycheck analysis – and you may be surprised to learn that an increased contribution may affect your take-home pay less than you think. With projections and payout illustrations, you'll also be able to see how changing your contribution now might affect your account balance in the future.

Gap Analysis

Are you falling short on your retirement savings goals?

A gap analysis will consider your retirement needs and sources of retirement income to calculate potential shortfalls (if any). The gap analysis calculator includes projections for defined contribution (DC/457) and defined benefit (DB/PERS) plans. TRAK can also project how long your income may last in retirement.

Your Retirement Education Specialist (see below) can help you use TRAK technology during a one-on-one meeting. Call to schedule a meeting today. Or, visit retire.hartfordlife.com and click "calculators" to access useful retirement planning tools on your own.

*EBRI 2011 Retirement Confidence Survey

Before investing, you should carefully consider the investment objectives, risks, charges and expenses of the mutual funds or The Hartford's group variable annuity products and funding agreements, and their underlying funds. For fund and product prospectuses and/or a disclosure document containing this and other information, contact your financial professional or visit our website. Read them carefully.

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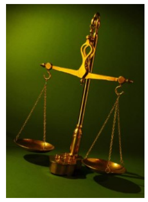
Rebalancing Investments



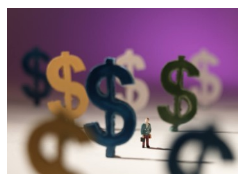
When you first began investing in your retirement plan, you probably selected a mix of investments based on your financial objectives and tolerance for risk. It's likely that you did this for a good reason.

Asset allocation involves choosing a portfolio by selecting combinations of investments to meet the specific needs and goals of you – the individual investor. How you divide your investments among different asset classes can be more important than the actual investment choices you make. Finding the right balance between higher and lower risk investments is a key strategy to help manage risk in a portfolio.

Over time, change is inevitable. Market gains or losses may have pushed your account out of alignment with your original asset allocation strategy. For example, you may be closer to retirement, with a greater desire to preserve more of your account from risk. In any case, it may be time to rebalance. Here's why.

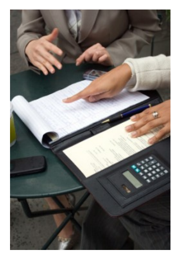
Markets are rarely static

Different asset classes, such as stocks and bonds, react differently to various market conditions. The value of your investments in your retirement plan's stock, bond and money market funds is likely to increase or decrease at different rates. In a few years, the assets in your account could grow or decline disproportionately. The percentages might vary widely from the original percentages you established in your asset allocation strategy, perhaps exposing you to more risk than you intended. Of course, markets are volatile, so rebalancing doesn't always yield greater returns.



Goals Change

Perhaps you're nearing retirement and want to focus on your exposure to risk. This is a good example of a time to consider rebalancing your portfolio.



Tools and Strategies for Rebalancing

If you are setting and monitoring your account's asset allocation yourself, you could use a Financial Self-Assessment Quiz with model portfolios to help you match your investor profile. Our quiz is available at www.ingretirementplans.com in the tools & calculators section.

There's no right time to rebalance, but there are some common strategies for maintaining balance in your account. You may choose to rebalance at the beginning or at the end of each year. Or you could adjust your account whenever it deviates from your target allocation more than a certain percentage, as long as your fund trading meets the terms of ING's Excessive Trading Policy which you can view online at www.ingretirementplans.com. Once you decide which strategy to use, rebalancing could become as routine as changing the oil in your car.

Rebalancing does not ensure a profit or investment results. However, it is a tool that may help you stick to an investment strategy that's appropriate for you when markets shift and your goals change.

Is your asset allocation strategy in balance with your goals? It may be time to rebalance. Call us at 866.464.6832 to schedule an appointment with your ING Representative.

You should consider the investment objectives, risks, and charges and expenses of the investment company carefully before investing. Prospectuses containing this and other important information about the investment company can be obtained by contact your local ING representative. Please read the information carefully before investing.

ING Nevada Offices: 866-ING-NVDC (or 866-464-6832)

844 West Nye Lane, Suite 101, Carson City and 3960 Howard Hughes Parkway, Suite 520, Las Vegas

Nevada Public Employees Deferred Compensation Program

Unforeseen Emergencies—Violation of IRS Rules

Participants may receive a distribution from NDC for a qualified unforeseen emergency. Treasury Regulations define "unforeseeable emergency" as "a severe financial hardship of the participant or beneficiary resulting from an illness or accident of the participant or beneficiary, the participant's or beneficiary's spouse, or the participant's or beneficiary's dependent* (as defined in Code section 152); loss of the participant's or beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or beneficiary."

Each week NDC Staff audits the unforeseen emergencies in the Program. During the audits we periodically discover participants who have exceeded their eligible limit by submitting unforeseen emergency documentation to both service providers (Hartford and ING) for the same approved emergency. Receiving two payments for the same emergency is a violation of Internal Revenue Code (IRC) 457(b) rules and regulations.

IRC 457(b) states that unforeseen emergency distributions must be limited to the amount which satisfies the financial need. Employees in violation of this regulation will be contacted and the monies will need to be returned to one of the accounts in addition to any taxes. Failure to impose this regulation could jeopardize the tax-deferred status of the entire plan.

If you have questions or concerns regarding this issue, please contact us at 775.684.3397. We appreciate your cooperation.

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