



The Deferred Word



Summer Edition 2009

Nevada Public Employees Deferred Compensation Program

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NDC Committee Reviews Guaranteed Investment Options

Guaranteed investment options, such as the Hartford General Account or the ING Stabilizer Fund are designed to deliver objectives of principal stability and relatively steady yields. As Participants invested in these funds, you expect low risk, secure investments with principal protection.

Until recently these type of funds were considered benign investments with very little risk. The recent upheaval in the financial markets and the impact on finance and insurance-related firms has dramatically changed the guaranteed option landscape, creating a more challenging and uncertain environment.

These recent events have resulted in a greater need for Plan Sponsors, such as the NDC Committee, to conduct greater due diligence and more "looking under the hood" to determine the risks associated with the investment providers, underlying portfolio holdings, crediting rates, market to book values and manager performance.

The Committee, in conjunction with its investment consultant, is currently reviewing these type of options to more fully understand the options available in the Program, consider other options available in the current market environment, and the pros and cons of all the options available. To view the consultant report presented on June 20th, please visit our website at: <http://defcomp.state.nv.us/> and click on the "Investment Information" Tab.

The Committee and its investment consultant will continue to discuss the Program's guaranteed options at the August 26, 2009 meeting. Please contact the NDC office with questions or concerns regarding the review process.

Look for a Survey

We will be sending a short survey to all Participants in the near future. We hope to include the survey in a quarterly statement of account from your Provider and make it available electronically. We want to hear from you!

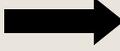
Nevada Life and Health Guaranty Association Coverage Update

It has recently come to our attention that there are differing opinions regarding the information that was provided in the Spring 2009 newsletter. The newsletter included information regarding coverage under the Nevada Guaranty Association for certain guaranteed options in the Program. It now seems our Program may not be eligible for coverage. Given market events, we are working with the Nevada Guaranty Association, the Division of Insurance and the two investment providers for clarification on this issue. We will provide updates as soon as they are available. For the most current information, please refer to our website: <http://defcomp.state.nv.us/> or contact our office at 775.882.0760.

Upcoming Fund Changes

The Committee, in conjunction with its Consultants, has recently made changes to a few of the funds in the Program. The changes below should be completed in September 2009. Please look for additional information from the investment providers.

The following funds will be **ELIMINATED/REPLACED** in September 2009:

<u>TERMINATED OPTION</u>		<u>NEW INVESTMENT OPTION</u>
<i>SSgA S&P 500 Flagship Fund</i>		<i>Vanguard 500 Index Fund (Hartford)</i>
<i>SSgA Russell 2000 Index Fund</i>		<i>Vanguard Small Cap Index Fund (Hartford)</i>
<i>Fidelity® VIP ContraFund® Portfolio</i>		<i>Fidelity® ContraFund® (ING)*</i>

*Please note the Fidelity® ContraFund® is the flagship ContraFund managed by William Danoff. The terminated option is an institutional version which utilized multiple fund managers.

The following funds will be **ADDED** in September 2009:

- *American Beacon International Equity Index Fund (Hartford)*
- *Vanguard Developed Markets Fund (ING)*

The two additional funds will provide participants with an international index option for both investment providers. These funds will be in addition to the managed international investment options currently available.

The **Vanguard Developed Markets Fund** will have a 2% **redemption fee**. Redemption fees are implemented to discourage frequent trading activity. A participant may be assessed a redemption fee if he transfers money to another fund option within 60 days of purchase. For example, Jane Investor realigns her account and transfers \$2,000 from Mutual Fund A to the Vanguard Developed Markets Fund on September 1st. By October 15th, the fund value increases to \$4,000 and Jane transfers this amount to the guaranteed option. Because Jane bought and sold within the 60 day redemption period, Vanguard will deduct \$80 from the sale. Please note if Jane is actively contributing through payroll deduction during this time period, these amounts are not included in the fee calculation. For questions, please contact the NDC office at 775.882.0760.

Nevada Deferred Compensation Committee 2009 Meeting Dates

<i>Date</i>	<i>Location</i>	<i>Time</i>
August 26	Legislative Bldg., 401 S. Carson Street, Carson City, Rm. TBA	9:00AM
Nov. 18	Grant Sawyer Bldg., 555 E. Washington Ave., Las Vegas, Rm. TBA	9:00AM

Elimination of Certain SSgA Funds Due to Restrictions

In March 2009, SSgA implemented monthly withdrawal limits at the plan level on certain funds in NDC as a result of its securities lending program. Although SSgA states it will continue to allow participant-directed withdrawals, it is unclear how long these restrictions will be in place and whether participants will be affected in the future. To eliminate these concerns, the Committee in conjunction with its Consultant, will be moving the maximum percentage allowed by SSgA on a monthly basis to the new investment options, Vanguard 500 Index Fund and Vanguard Small Cap Index Fund.

Although the SSgA Target Date funds in the Plan are affected by these restrictions, due to the limited replacement options immediately available and the Investment Consultants' anticipated upcoming review of the Plan's target date/lifecycle funds, these options will not be replaced immediately. The Committee will review these funds in August. We will provide additional information, as soon as it is available.

In September 2009, participants in the SSgA S&P 500 Flagship Fund and the SSgA Russell 2000 Index Fund will have contributions automatically mapped to the Vanguard 500 Index and Vanguard Small Cap Index Funds, respectively. In addition, approximately 20% of their account value will be transferred from the SSgA options to the new Vanguard options. Beginning in October, Participants will have 4% of their accounts values moved each month to the new options until 100% of the account value has been transferred (either monthly at 4% or more quickly if SSgA lifts the current restrictions). Participants in these funds will be receiving notification regarding this change. Please note participants may transfer their account values at anytime by contacting Hartford at 1.800.255.2464.

Example

Joe Investor has \$25,000 in the SSgA S&P 500 Flagship Fund and \$5,000 in the SSgA Russell 2000 Index Fund. In September, Joe's \$150 payroll contribution will be changed to the Vanguard 500 Index and the Vanguard Small Cap Index Funds. In addition, in September the following will be transferred automatically:

Sept.: \$5,000 transferred from SSgA S&P 500 Flagship Fund to Vanguard 500 Index

Sept.: \$1,000 transferred from SSgA Russell 2000 Index Fund to Vanguard Small Cap

Oct.: \$800 (assumes \$20,000 account balance) transferred from SSgA S&P 500 Flagship Fund to Vanguard 500 Index

Oct.: \$160 (assumes \$4,000 account balance) transferred from SSgA Russell 2000

NDC Committee Reviews Plan Design

In an effort to reduce duplication and ensure appropriate diversification in the Plan's investment offerings, the Committee will be working with its Consultants to review the current options in the Plan. Consultants and Staff will make suggestions regarding potential changes for both the immediate and distant future at the August meeting. Changes may include fund consolidations, additions and eliminations.

One area of focus regarding plan design will be the target date/lifecycle funds. As you may know, target date funds and similar investment options were the subject of a joint public hearing held by the Department of Labor (DOL) and the Securities and Exchange Committee (SEC) on June 18th. The key concerns raised during the hearing included varying fund performance for similar funds, misleading fund names and participant disclosure. The NDC Committee will be considering all these issues when reviewing the target date funds in the Plan.

The Committee recently increased the number and type of index funds available in the Plan. NDC now has index options in several asset classes including bonds, domestic stocks and international stocks (coming in September).

We look forward to working with Plan Consultants to continue to enhance and improve the NDC Program. For additional information, please contact the NDC office or visit our website at: <http://defcomp.state.nv.us/>.



Dear Participant:
In this time of unprecedented market volatility, we want to provide our retirement plan customers with important information related to your Hartford retirement program. We remain well-capitalized to meet all our policyholder commitments and are taking actions across our global enterprise to preserve capital and reduce risk.

On June 26, 2009, The Hartford announced that it has closed on a definitive investment agreement for its participation in the U.S. Treasury's Capital Purchase Program (CPP) in the amount of \$3.4 billion in perpetual preferred stock of the company. CPP participation represents an important step in strengthening the company's capital position in an environment where the capital markets are challenging and the future is uncertain. CPP is designed to attract broad participation by healthy institutions to stabilize the financial system and increase lending for the benefit of the U.S. economy and the American people. The investment will not fun-

damentally change the company's operations.

A week earlier on June 15, independent rating agency Standard and Poor's (S&P) announced that it had changed The Hartford's ratings outlook from negative to stable.

In its announcement, S&P commented, "Standard and Poor's Ratings Services revised its outlook on Hartford Financial Services Group Inc. and its insurance operating companies from negative to stable". "This rating action stems primarily from Hartford's participation in the U.S. Treasury Department's Capital Purchase Program (CPP) under the Troubled Asset Relief Program (TARP)". "Participation in the program enhances Hartford's financial flexibility". "The expected \$3.4 billion raised will serve as a cushion – at a relatively low cost of capital – offsetting the risk of increasing equity-linked liabilities costs under more severe equity market conditions".

Although this has been an incredibly challenging period in our company's history, The

Hartford has demonstrated resiliency in the marketplace. Next year, 2010 will mark Hartford's 200th year anniversary. We were there during the Civil War, the San Francisco Earthquake, the Great Depression, and the Stock Market crash of 1987. We remain committed to reducing asset risk on our balance sheet in a prudent manner that focuses on value and capital preservation for our policyholders.

We value the trust you have placed in us as one of your premier retirement plan providers in the State of Nevada for well over twenty years and want to thank you for your continued business. For almost 200 years we have been in the business of protecting our policyholders and will continue to be a symbol of trust and integrity.

Sincerely,

Tom Verducci

Regional Manager

The Hartford

Your Hartford Team

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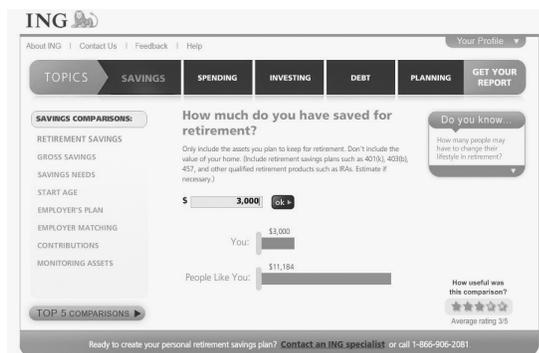
is a secure web site, and all information captured remains anonymous. The site requires no password, no ID, no email address and no uniquely identifiable information.

When you're done, you can print a report of your results to discuss with your financial professional.

If you don't have one and need assistance, the web site offers a toll-free phone number and email to reach an ING specialist.

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The form includes fields for Age (27), Gender (Male), Household Income (\$25,000 - \$49,999), and Marital Status (Single). It also has dropdown menus for Education, State, Children Under 18, Occupation, Ethnicity, and Home Ownership. An 'Interests' section has checkboxes for various activities like TV/Video, Gardening, Reading Books, etc. A 'submit' button is at the bottom right.



ING Your ING Team

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NEVADA PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

**Congratulations to David
Steele for providing the
winning entry for a new,
fresh newsletter name!**



Thank you to everyone who participated in the contest.

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