

PLAN UPDATE



UNFORESEEABLE EMERGENCY WITHDRAWAL

The Oregon Savings Growth Plan (OSGP), under IRC Section 457, gives active participants access to their funds in case of an unforeseeable emergency.

Who can apply for an unforeseeable emergency withdrawal?

You must be currently employed by a participating employer to be eligible for an emergency withdrawal.

If you have terminated employment with a participating employer, access to funds is available upon request.

What qualifies as an unforeseeable emergency withdrawal?

Access to funds is allowed only in the case of an unforeseeable emergency that causes a severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant or of a dependent, loss of the participant's property due to casualty, or other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the participant's control.

What are some examples that would constitute an unforeseeable emergency withdrawal?

Examples include:

- medical expenses, including non-refundable deductibles and the cost of prescription drug medication not reimbursed by insurance;
- loss of a participant's or a dependent's property due to casualty or other similar extraordinary and unforeseeable circumstances;
- funeral expenses of a family member;
- loss of regular income due to circumstances beyond the influence of the participant.

Is there a limit on how much can be withdrawn?

Yes. Although no dollar ceiling applies, the amounts payable are permitted only to the extent reasonably needed to satisfy the immediate emergency need.

What is "immediate emergency need?"

Immediate need is defined as the financial obligation of the unforeseeable emergency that occurs within the 90-day period preceding and the 90-day period following application for the emergency withdrawal.

Can I request an unforeseeable emergency withdrawal to purchase a new home?

No. A home purchase is not considered a hardship under the plan.

What other financial obligations would NOT be eligible?

Other ineligible financial obligations include:

- personal and/or dependent school expenses,
- payment of credit card bills not associated with an unforeseeable emergency,
- expenses associated with a legal separation or the dissolution of a marriage,
- expenses associated with medical procedures that are elective or not medically required,
- expenses associated with establishing a personal business or managing a personal business,
- recreational expenses,
- travel expenses not associated with an unforeseeable emergency, and
- usual and customary tax obligations.

How do I apply for an unforeseeable emergency withdrawal?

By completing the Unforeseeable Emergency Withdrawal Application available on the Web site at osgp.csplans.com or by calling 800-365-8494. Send the completed application, including all pertinent documentation, to the third party administrator for OSGP: CitiStreet, Oregon Savings Growth Plan, P. O. Box 5166, Boston, MA 02206.

What happens next?

CitiStreet staff will review your application and contact you if any additional documentation is required. A recommendation will then be made to OSGP. Within three working days of receipt of the application packet, related documentation, and the CitiStreet recommendation, the OSGP manager will approve or deny the request. If your request is denied, you will receive a written explanation.

If my withdrawal is approved, how soon will I receive my check?

If your request is approved, you will be notified in writing, and you should receive your check within two weeks from approval date.

Is my distribution taxable?

Yes. Your distribution will be fully taxable and included in your gross income, and you will receive IRS Form 1099R in January of the year following your distribution. You will receive a Tax Withholding Certificate with your application.

What happens if my request is denied?

You will receive a letter from the OSGP manager explaining the reason for denial.

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Do I have the right to appeal the decision?

Yes. You may appeal the denial to the Unforeseeable Emergency Withdrawal Committee (the Committee). The committee is made up of no less than three people. One person will be an OSGP staff member and two will be PERS staff members. The Committee will meet upon request of the OSGP manager no sooner than 14 calendar days following receipt of an appeal.

Are there consequences of receiving a withdrawal?

Yes. In addition to the tax consequences, you will be prohibited from contributing to the plan for six months following the application for a withdrawal. CitiStreet will cancel your deferral upon receipt of your application.

When can I re-enroll?

If your request is denied, you may re-enroll at any time. If your request is granted, you will receive notice from CitiStreet after six months have expired that you are eligible to re-enroll in the plan.

A decision was made by the Oregon Investment Council (OIC) to replace the Fidelity Low-Priced Stock Fund (ticker FLPSX) with the American Advantage Small Cap Value Fund (ticker AVFIX) in early third quarter 2004. The OIC determined that the Fidelity Fund was no longer appropriate for the plan. Its assets had grown from \$8 billion in 2001 to nearly \$30 billion currently; its holdings increased from 750 securities to 1000; and relative performance had begun to fall off noticeably.

LET’S DO LUNCH

You can do two fun things at once – eat and learn how to make money – by attending our popular “Brown Bag” seminars. We like to call these interactive sessions “Eating Your Way to Millions.”

Depending on your needs, you can choose from a variety of 30-minute to one-hour presentations. Topics include:

- Tax deferred basics
- Managing your account
- Dollar-cost averaging
- 403(b)/457 comparison
- What is risk tolerance?
- How much should I save?
- Investment overview

You can also arrange for OSGP to conduct our more in-depth planning and investing workshops at your worksite. The following workshops are 90 minutes to two hours, but can be broken into Brown Bag seminars to meet your needs.

Wealth Builder is most useful to employees not currently participating in the plan or new enrollees who have not attended a previous plan workshop. You will learn how you benefit in the short- and long-term from participating, how plan investments are organized, and how to take best advantage of your participation in the plan.

Editorial Contributions

Laurie Kessinger, CitiStreet
Gay Lynn Bath, OSGP

Marsha Bacon, PERS
David Crosley, PERS
Nancy Hill, PERS

This newsletter is not intended to provide legal, tax, or investment advice. For such advice, participants should contact legal, tax, or investment advisers.

Planning and Investing introduces participants to long-term retirement planning concepts. You will be able to calculate a long-term savings goal, better understand the investments available to you, and create a personal investment strategy.

Retirement Seminar is open to current participants who are five years or less from retirement. This seminar reviews the catch-up provisions for participants over 50 years of age or within four years of retirement, payment choices after severance of employment, IRS requirements, retirement forms, and relevant time frames.

Call 503-378-3730 ext. 232 or e-mail Jack Schafroth at jack.schafroth@state.or.us to schedule a presentation for your office/agency. Remember, all OSGP Brown Bag seminars are free.

OSGP WEB SITE – EVERYTHING YOU NEED TO MANAGE YOUR ACCOUNT AND MORE!

If you haven’t checked out the OSGP Web site at osgp.csplans.com, you’re missing some great features. You can:

- get account information, including balances, investment elections, and contribution elections;
- change deferral rates and investment elections;
- transfer money among investment options;
- confirm amounts available for distribution;
- change your PIN (Personal Identification Number);
- request an emergency withdrawal package or a severance package;
- request plan literature;
- order forms;
- check plan features, including investment option information;
- read answers to frequently asked questions;
- complete forms on-line;
- learn some of the basics of investing;
- check out our education and planning area;
- view or print on-line statements; and/or
- register for free workshops.

You’ll also find “My Resource Center” on our Web site. This new online tool gives you the ability to personalize an e-curriculum based on your needs, topics of interest, and knowledge level. After logging in to your personal account and answering a brief online survey (located in the Financial Resource Center), a selection of the full 150+ items in the Resource Center is presented. As you view each item, you can archive or delete it. You always have access to the full Financial Resource Center at any time.

Note: The Web site requires Internet Explorer 5.x or higher or Netscape 4.7 or higher. Netscape 6.0 is not supported.

ADVISORY CORNER

Roman Martushev was re-elected as chairperson and Julie Kammer was elected as the new vice-chairperson of the OSGP Advisory Committee at the August 11 meeting.

Mark your calendar to attend the next Deferred Compensation Advisory Committee open meeting:

Date	Location	Time
November 10	Tigard - PERS Headquarters	9:30 a.m.