

# PLAN UPDATE



## **DID YOUR NAME OR ADDRESS CHANGE?**

If you have moved or if your name has changed, it is important that you notify your employer or OSGP to ensure proper delivery of your quarterly statement and other plan materials.

If you are actively employed with the state and currently participating in OSGP, you must make the changes through your agency payroll or human resources department.

If you are not actively participating, are an employee of a participating local government, or no longer employed by the state of Oregon or a local government agency, you must update your information by submitting the appropriate forms. You can obtain an Address/Name Change form by calling the Oregon Savings Growth Plan Information Line at 800-365-8494 or by accessing your plan website located at <http://osgp.csplans.com>.

To access the form online, log onto the site, and select "Plan Information" from within the "Select an Option." From there, simply follow the instructions and mail it to the address listed on the form.

## **TO KEEP YOUR MONEY WITH OSGP OR TO KEEP MORE OF YOUR MONEY WITH OSGP, THAT IS THE QUESTION**

Think twice before rolling your OSGP money into an IRA, 401(k), or 403(b) plan after leaving state or local government service, especially if you are under age 59½. OSGP is a 457 plan and is the only deferred compensation plan that does not apply a 10 percent penalty upon withdrawal if you are under 59½ years old.

When you roll money out of a 457 plan and into a 401(k), 403(b), or IRA, the money takes on the attributes of those plans, and a 10 percent penalty may apply if you take a distribution and are under 59½.

You could find yourself "courted" by financial planners trying to entice you to roll your money out of OSGP and into an IRA, but they might forget to tell you about this penalty.

Another good reason to keep your money with OSGP is that the plan has some of the lowest fees in the industry. Be sure to ask your financial advisor to disclose any administrative or investment fees associated with an IRA. You might be surprised to see how high they are in comparison to OSGP.

Here are some questions to ask before rolling your money out of OSGP:

1. What fees does the new plan charge? You currently pay only 22 basis points (.22%) for administrative and record keeping fees, and the investment fees range from only 3½ to 84½ basis points (.03½% to .84½%), much lower than most mutual funds.
2. Does the new plan make it easy to invest your money? With nine investment options instead of 50 to 100 mutual funds to choose from, OSGP makes it easy to save for your future without sacrificing diversification.
3. Who is looking out for you? The Oregon Investment Council (OIC) closely monitors OSGP funds. Based on its investment policy, OIC monitors funds for performance, changes in ownership or management, changes in investment style, non-compliance, investment objectives, and even non-selection by participants. Funds will be replaced if they do not fit the criteria set out in the Investment Policy.
4. Does the new plan disclose the fees in writing? OSGP discloses fees on the website at <http://www.pers.state.or.us/osgp/index.asp>.
5. Will a 10 percent penalty apply upon withdrawal if under age 59½? Remember, 457 plans like OSGP do not have a 10 percent penalty. However, this penalty does apply to other retirement plans such as 401(k) and 403(b), as well as IRAs.
6. What kind of payment options does the new plan provide? OSGP offers several different payout options, including a full lump-sum payment; partial lump-sum payments; systematic withdrawals that can be paid out monthly, semi-monthly, quarterly or annually; and specified dollar amounts; and you can change your distribution options at any time.

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If you want to consolidate your retirement funds in one place, OSGP is where you want to be. The plan accepts rollovers from all eligible retirement plans, which include 401(a), 401(k), 403(b), and pre-tax IRAs. Also, upon retirement from your PERS employer, you can roll both PERS money and your Individual Account Program (IAP) into your OSGP account to give you more control over your investment choices.

If you have questions about rollovers, please contact OSGP at 503-378-3730.

### ADVISORY CORNER

The Advisory Committee is pleased to announce that Justin Naegle has joined OSGP as its education specialist. Justin will be working with state employers and employees to educate participants and increase participation in the plan.

Mark your calendar to attend our Deferred Compensation Advisory Committee open meetings in 2005:

Date	Location	Time
February 9	Salem	9:30 a.m.
May 11	Tigard	9:30 a.m.
August 10	Salem	9:30 a.m.
November 9	Tigard	9:30 a.m.

### DEFERRAL LIMITS FOR 2005

The 457 annual contribution limit will be \$14,000 in 2005, and participants age 50 or older can contribute an additional \$4,000 in catch-up amounts. For those eligible participants, the three-year catch-up limit is \$28,000.

If you are eligible and interested in participating in the catch-up programs, please call OSGP at 503-378-3730.

### TWO NEW POLICIES GIVE GREATER FLEXIBILITY IN OSGP

Eligible participants may now increase contributions at any time during the calendar year to take advantage of the 50 Plus Catch-up, regardless of whether they are currently contributing or contributing at an amount below regular maximum. In the past, only those participants contributing the maximum deferral amount since January 1 of any given year have been able to take advantage of this provision.

A second new policy allows you to have installments distributed only from the Stable Value account or on a pro-rata basis determined by the investment allocation of your account at the time the funds are distributed. This policy requires you to take active control of your account to personally ensure you have adequate funds in your Stable Value account on or before the scheduled date of each distribution (whether monthly, quarterly, or annually). If funds are not available in the Stable Value account at distribution time, the distribution will be on a pro-rata basis as described above. You may make this determination when you begin receiving distributions, or, if you are already receiving distributions and want to use this new option, please call the OSGP information line at 800-365-8494.

### EXCESSIVE TRADING RESTRICTIONS

The Oregon Savings Growth Plan is intended to provide eligible members with a long-term retirement savings plan and is not designed as a vehicle for excessive trading or market timing.

Both the deferred compensation manager and the Oregon Investment Council investment staff review trading activity on a regular basis to protect the participants and the plan. Participants who violate OSGP's current restriction of "no more than an average of two trades per month over a three-month consecutive calendar period" in the International Stock (IS) Option are flagged and then limited indefinitely to only one redemption per month in that option. The restriction was initially implemented to protect other participants from possible higher costs and fees as well as possible fund performance issues.

If inappropriate trading activity continues, such as excessive trading or transferring large sums of money in a single trade, OSGP has the authority to implement further restrictions that could include, but are not limited to, the following:

1. Restrict the number of trades during a given time period
2. Limit the dollar amount of a trade.
3. Impose a 90-day "round-trip" restriction (investment in and out of the same option).
4. Implement redemption fees.

If you have questions regarding trading restrictions, please call OSGP at (503) 378-3730.

#### Editorial Contributions

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