



SUFFOLK COUNTY

PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN

Labor and Management, Working as One

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Suffolk Deferred Compensation Board Expands Menu of Options Available to Participants

As mentioned in our June quarterly newsletter, the Board added eight new additions to our AIG VALIC funds lineup. Effective April 5, 2004, the Board added the following options to our program through AIG VALIC:

Large-Cap Value

Oppenheimer Value Fund

Small-Cap Value

American AAdvantage Small Cap Fund

Small-Cap Growth

Credit Suisse Small Cap Growth Fund

Specialty

American Century Inflation Adjusted Fund

Oppenheimer Developing Markets Fund

Davis Financial Fund

AIG Sun America BioTech/Health Fund

Dreyfus Greater China Fund

If you are interested in allocating future payroll contributions or moving a portion or all of your existing account balance into the funds listed above, please call AIG VALIC at 1-888-568-2542 or access your account on their Web site at www.aigvalic.com.

Effective August 2, 2004, the Board has also added the following options to our T. Rowe Price lineup:

Growth Funds:

TRP Developing Technologies Fund

TRP Emerging Europe & Mediterranean Fund

TRP Emerging Markets Stock Fund

TRP Global Technology Fund

Income Funds:

TRP Emerging Markets Bond Fund

TRP Short-Term Bond Fund

Retirement Funds:

TRP Retirement 2040 Fund

TRP Retirement 2035 Fund

TRP Retirement 2030 Fund

TRP Retirement 2025 Fund

TRP Retirement 2020 Fund

TRP Retirement 2015 Fund

TRP Retirement 2010 Fund

TRP Retirement 2005 Fund

TRP Retirement Income Fund

TRP = T. Rowe Price

If you want to change your payroll allocation or move a portion or all of your existing account balance into any of the T. Rowe Price funds listed above, call T. Rowe Price at 1-888-457-5770. You may also obtain investment information or make changes to your account through T. Rowe Price *my*RetirementPlan available through the T. Rowe Price Web site at rps.troweprice.com.

Plan Statements Online

Both T. Rowe Price and AIG VALIC offer you the convenience of accessing your account statements online.

AIG VALIC offers electronic statements in addition to paper statements. You can access AIG VALIC online and sign up for Personal Deliver-e. This service will send you a notice when your next statement is ready to view online. This enables you to receive your statement electronically instead of receiving paper documents through the mail. AIG VALIC allows you to elect to receive either or both methods of delivery. Your choice!

T. Rowe Price also allows you to view your account statements online. However, they are offering a new option that allows you to do away with hard copies of account statements and any accompanying inserts through the use of a paperless service. Like AIG VALIC's program, you must sign up for this service by logging into the *my*RetirementPlan Web site at **rps.troweprice.com**. Once you sign up, you will be notified when your account statements are available. And since T. Rowe Price statements are available online for seven years, there's no rush to print them!

Loan Interest Rates

Effective August 2, 2004, the interest rate on plan loans increased to 5.25%. Existing loan holders are not impacted by this change. This increase applies only to loans taken on or after August 2 (until the rates change again). Since the Prime increased again in mid-August, it is anticipated that the plan loan rate may increase to 5.5% on or about September 1. If you are interested in taking a loan against your account balance, please call your provider for more information. (T. Rowe Price can be reached at 1-888-457-5770, and AIG VALIC can be reached at 1-888-568-2542.)

Change in Distribution Rules

The IRS recently issued revenue ruling 2004-12 that allows a governmental 457(b) plan to amend the distribution rules that apply to money rolled in from a qualified retirement plan. Specific retirement plans that fall into this category include 401(k)s, 401(a)s, 403(b)s, and individual retirement accounts (IRAs). On June 23, 2004, the Suffolk Deferred Compensation Board voted to allow the distribution of assets rolled into the plan from a qualified plan (referred to as an in-service distribution) while the participant is still a county employee.

This ruling amends existing policy and now allows a distribution from assets rolled in from a qualified plan in accordance with the distribution rules of the plan that previously held the assets. As an example, John is a former employee from the private sector. He is hired by the county, enrolls in our deferred compensation program, and rolls his 401(k) assets into our plan. As a result of this new revenue ruling, John can now take a distribution of the monies rolled in at any time—he does not have to wait until he severs employment with the county. However, two important details to note:

- This new revenue ruling does not apply to contributions received from another government 457(b) plan.
- A participant will be responsible for any tax consequences for a distribution of the rollover account that occurs prior to the participant reaching age 59½.

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This newsletter is written by the Suffolk County Board.

Program Providers

T. Rowe Price	1-888-457-5770
AIG VALIC	1-888-568-2542