

COMMONWEALTH OF VIRGINIA **DEFINED CONTRIBUTION PLANS**

## Stay in Touch

If you move or change jobs, update the mailing address, telephone number, and e-mail address for your Plan account promptly.

While you are actively employed, make these changes with your employer. If you are no longer employed by an employer that provides your Plan, make the change directly with ING, the Plan record keeper. The Personal Information Change Request form is available on the Web at [www.varetire.org](http://www.varetire.org). Go to the **Defined Contribution Plans** tab, select your Plan, and go to **Forms** on the top navigation bar. You may also obtain a form by calling the Plan Information Line toll-free at **1-VRS-DC-PLAN1 (1-877-327-5261)**. ●



## Going Back to Basics

In uncertain economic times such as these, it is difficult to know the best direction to take regarding your personal finances and investments. Here are some ideas to consider.

### Do give your finances a check-up.

Estimate your net worth once a year so you can compare how your assets are growing. Keep track of your assets (your home, savings, investments, etc.) and subtract your debts (the balance owed on your home, credit cards, loans, etc.) If you do this exercise yearly, you'll see how you're progressing toward your financial objectives.

### Do sharpen your investing skills.

Knowing more can help boost confidence in your decisions about the future. Spend time looking at your Plan investment options. Read and ask questions about how to invest in this current market to fit your risk tolerance and time horizon to retirement. Develop or review your personal investment strategy. Attend a Deferred Compensation Plan Regional Education Meeting and hear the "Managing Your Account" presentation. The schedule is enclosed and available on [www.varetire.org](http://www.varetire.org) under the **Defined Contribution Plans** tab.

### Do repair your safety net.

With jobs in jeopardy and credit tight, having an emergency fund is especially important. If you don't have an emergency fund, start one. Experts suggest saving enough to cover three to six months of living expenses. If you have a fund already, consider beefing it up to cover eight to nine months' worth of expenses.

### Don't stray away from your risk comfort level.

Keep an eye on the assets in your savings and retirement plan accounts. Have you invested appropriately for the return you need, given your age, income, desired level of risk, and other personal circumstances? Carefully weigh your ability to withstand risk against your need for high returns. Don't let panic push you into a risk level that's too high — or too low — for you.



### Don't make sudden moves.

Following the movements of the stock market can be educational. But for many of us, daily monitoring is stressful. Try not to react emotionally when the market experiences short-term fluctuations. Your overall plan should be based on proven principles of long-term investing. By all means, make changes when they're called for. But dramatic changes made under pressure are a recipe for trouble. As you focus on your investments, remember you're investing toward a long-term objective: a secure retirement. ●

# Get to Know your Plan's Web site

Each issue of Focus in 2009 will spotlight a feature of the Plan Participant Web site. The series offers a step-by-step guide to accessing the Plan, investment and account information, plus a variety of educational and planning tools at [www.varetire.org](http://www.varetire.org).



One of the enhancements to the Defined Contribution Plans is the new Plan Participant Web site. It's convenient to go online to manage your account and get information fast.

**Here are the steps to get started.**

## To log on > Go to [www.varetire.org](http://www.varetire.org)

Select the **Defined Contribution Plans** tab. From the drop down menu, select **Account Log-In**. Or you can select one of the Plans and log-in from the Plan's homepage. ING, the record keeper for the VRS Defined Contribution Plans, sent you a Personal Identification Number (PIN). You received a PIN in January 2009 if you had an existing Plan account or shortly after your hire date if you were hired after January 2009. You will need that PIN when first logging into your Plan.

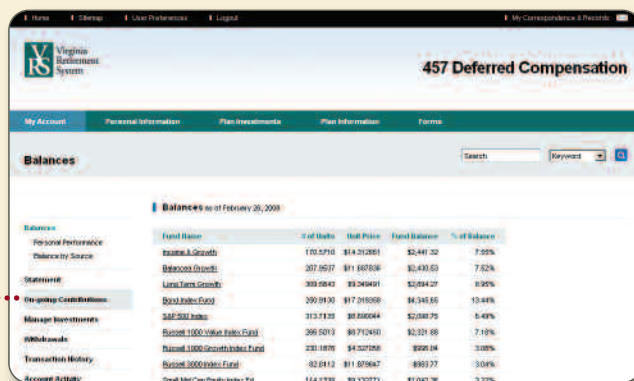
On the **Account Log-In** page, enter your Social Security number and PIN. At your first log-in, you will be asked to set a user name, enter an eight numeric digit PIN you create for yourself, and answer security questions to establish future PIN reset capabilities. This will allow you to change your PIN online if you forget or misplace it.

If you don't have a PIN, you can also call the Plan Information Line at **1-VRS-DC-PLAN1 (1-877-327-5261)** and provide your Social Security number to request a PIN.

After you enter your user name and PIN, you will see the **Summary of Benefits** page. Select the Plan you wish to view from the drop down box at the upper right.

## To change deferral amounts

Follow the steps above to log on and reach the **Summary of Benefits** page. Then select the **457 Deferred Compensation Plan** from the drop down box at the upper right to reach the **Balances** page.



From the left navigation area, click **On-going Contributions**.

The next menu offers you these choices:

- Change Contributions
- Rate Escalator
- Contribution History

## Change Contributions

To change the dollar amount of contributions, enter a new amount and click **Next**. You will see a confirmation screen to review your changes. To complete the change, click **Submit** (or **Cancel** if you change your mind or make an error.)

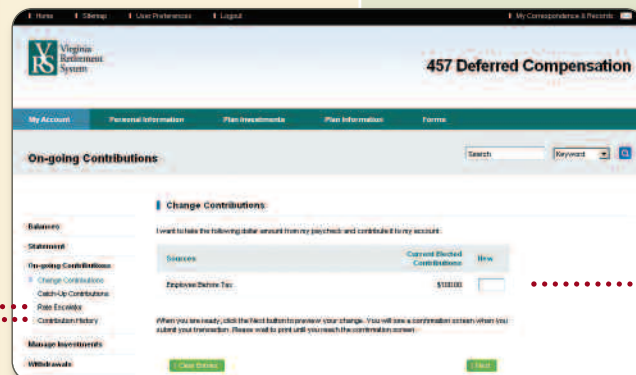
At the end of the transaction, you will see a confirmation you may print for your records. The change you request can occur no earlier than the first available pay date in the month following the month in which you submit this request.

## Rate Escalator

Click to see this new feature to set a contribution amount change for a future date. The change you request can occur no earlier than the first available pay date in the month following the month in which you submit this request.

## Contribution History

Click here to review your past contribution activity.



# Service Your Way: Using the Plan Information Line

A recent enhancement to the Plan Information Line gives you easy access to personal assistance from a Customer Service Associate or a Virginia registered representative.

Call 1-VRS-DC-PLAN1 (1-877-327-5261)

**1** Select 1  
then

**0** Select 0 for Customer Service Associates

Follow the system prompts to reach Customer Service Associates. They can answer basic questions and assist you with enrolling in the Plan, changing contribution amounts, or reallocating your investments. They are available Monday-Friday, 8 a.m. to 8 p.m. (Eastern Time), except on days when the New York Stock Exchange is closed.

**2** Select 2 for Virginia registered representatives

They can give you details on Plan rules and investment options within your Plan. They cannot enroll you in the Plan, change your contribution amount, or change your investment choices. Registered representatives do not provide investment advice. They are available Monday-Friday, 8:30 a.m. to 5 p.m. (Eastern Time), except for State holidays.

**1** Select 1 for 24/7 self-service

using your Plan's Interactive Voice Response (IVR) system

Enter your Social Security number and Personal Identification Number (PIN)

**2** Select 2 for Main Menu

Here are your options:

- Select **0** Talk to a Customer Service Associate
- Select **1** Balances, fund performance, and fund prices
- Select **2** Contribution elections and investment elections
- Select **3** Transfers
- Select **4** Documents and forms
- Select **5** Other options:
  - 1** Withdrawals
  - 2** Self Directed Brokerage
  - \*** Return to Main Menu
- Select **9** Exit the IVR

*You will use the same PIN for the IVR system and Web site access.*

*You may use the PIN you received from ING, the record keeper for the VRS Defined Contribution Plans. At your first log-in to [www.varetire.org](http://www.varetire.org), you will enter an eight numeric digit PIN you create for yourself. You will also answer security questions to establish future PIN reset capabilities in case you forget or misplace your PIN.*

**The IVR is available 24 hours per day, 7 days a week.** Occasionally, system maintenance is done 12 a.m. Saturday to 6 a.m. Sunday (Eastern Time). If you call then, you may hear a message that the system is temporarily unavailable. ●

# What You Need to Know about 2009 RMD Rules

For 2009 only, Required Minimum Distributions (RMDs) from retirement accounts are not mandated. You can still take your scheduled 2009 withdrawal, but you are not required to do so. This applies to your 457 Deferred Compensation Plan and your Cash Match Plan, as well as other 401(a) defined contribution plans you may have with the Commonwealth.

**Q. What does this mean for me?**

**A.** You are normally required by law to begin annual withdrawals from your retirement accounts by April 1 of the year following the year in which you reach 70½ or you retire, whichever is later. The required minimum distribution for each year is generally determined by dividing your account balance at December 31 of the prior year by a distribution period based on uniform life expectancy tables. In 2009, this requirement has been suspended.

**Q. Why are the rules different in 2009?**

**A.** A new law was enacted in December 2008 so individuals would not be forced to take distributions from Plan account balances that may have been significantly reduced by the economic downturn.

**Q. Do these rules apply to my first RMD payment for 2008 that I deferred until 2009?**

**A.** No. You are still required to receive that payment by April 1, 2009, to satisfy your 2008 RMD requirement.

**Q. Will the periodic or automatic RMDs I had scheduled for 2009 stop?**

**A.** No. Your previous instructions to the Plan to send your RMDs periodically or automatically will be followed. Payments will continue unless you call the Plan Information Line toll-free at 1-VRS-DC-PLAN1 (1-877-327-5261) to revoke your request for 2009 or to change your distribution to a different amount.

*Continued on page 4*

# Stable Value Fund Update

Stable value portfolios are designed to offer participants a conservative investment option that seeks to provide safety of principal while earning interest income. With the financial markets continuing to fluctuate, the Stable Value Fund continues to meet its investment objectives of providing principal preservation, a reasonable level of interest income consistent with an underlying portfolio of short to intermediate duration high quality fixed income (bond) securities, and liquidity to accommodate participant transactions.

In order to achieve the investment objectives, the Stable Value Fund currently invests in bank collective trust funds consisting of high quality, broadly diversified portfolios of fixed income securities, with a significant percentage in obligations of the U.S. Government and its Agencies. Additionally, the fund enters into wrap contracts with some of the world's leading financial institutions. The purpose of these wrap contracts is to assure principal protection for participant accounts, regardless of daily market changes within the fixed income portfolios. A key element of a wrap contract is that it is designed to permit participants to transact at book value (principal plus credited interest) under most circumstances. While the fund seeks to preserve principal, there is no guarantee that it will achieve this goal; it is possible to lose money.

Stable value funds are not immune to the ever-changing financial markets. Factors such as interest rate levels and gains and losses of the underlying securities affect a stable value fund's crediting rate. Typically, a stable value fund's crediting rate will follow the general direction of interest rates, but with a lag. In this current market, interest rates on securities issued by the U.S. Treasury are close to historic lows. Because of interest rate trends and other market conditions, it is expected that the crediting rate on the fund will continue to trend downward for the near future as the current market environment impacts the portfolio. Overall, the fund is managed to continue to provide a consistent, conservative option that one would expect for a stable value fund. ●



For more detailed information about the Stable Value Fund, visit the Plan Web site to view the **Stable Value Fund Fact Sheet** and **Disclosure Document**. Before investing in the Stable Value Fund or any fund offered through the Plans, please consider the investment objectives, risk, fees, and expenses carefully.



**Plan Information Line:**  
1-VRS-DC-PLAN1 (1-877-327-5261)  
Monday – Friday • 8 a.m to 8 p.m. Eastern Time

**Plan Web site:**  
www.varetire.org. Select your Plan under the **Defined Contribution Plans** tab.

**ING Service Center:**  
919 E. Main Street • Richmond, VA 23219  
1-VRS-DC-PLAN1, option 2  
Monday – Friday • 8:30 a.m to 5 p.m. Eastern Time

**ING Registered Representatives:**  
1-VRS-DC-PLAN1, option 2  
Kelly Hiers, David Detamore  
Mackenzie Moss, Janice Parker

This newsletter is not intended to provide legal, tax, or investment advice. For such advice, participants should contact their legal, tax, or investment advisers. © 2009 ING. All Rights Reserved.

## What You Need to Know about 2009 RMD Rules

**Q. May I return the RMD that I already received from the Plan either to the Plan or to an IRA?**

**A.** Yes. Call 1-VRS-DC-PLAN1 (1-877-327-5261) for instructions. Only one returned payment is allowed. If you already received an RMD payment for 2009, you have the option to roll these amounts over to an IRA within 60 days of receipt. If your payments are set up to extend for your life expectancy or over a period of 10 years or more, consult your legal or tax advisor for guidance on eligibility for a rollover. Any previously untaxed amounts that you do not roll over to an IRA still must be included in your gross income for tax reporting purposes.

**Q. What if 2009 is the first year I would be required to take a minimum distribution had the suspension not occurred?**

**A.** If 2009 is the first year you are required to take an RMD because you reached age 70½ in 2009 or, if older than 70½, left employment in 2009, you must take your first minimum distribution by December 31, 2010.

**Q. Does the waiver apply to me if I am a beneficiary of the retirement account who is receiving RMDs over a five-year period?**

**A.** Yes. You can waive the 2009 RMD and take distributions over a six-year period rather than the five-year period.

**Q. What happens in 2010?**

**A.** In the calendar year 2010, RMDs will resume as required by law.

To learn more or stop your 2009 RMD payments, please call the Plan Information Line at 1-VRS-DC-PLAN1 (1-877-327-5261). ●



## quarterly calendar

The New York Stock Exchange is closed on the following days:

- Monday, May 25, 2009
- Friday, July 3, 2009

Transactions made on these days will be processed the following business day.