



SUFFOLK COUNTY

PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN

Quarterly Newsletter

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Web site

All participants are encouraged to take a look at the information on the Board's Web site, www.sdeferredcomp.org. The site has evolved over the last few months and provides an alternate method to access plan forms (beneficiary designation, catch-up application, service credit purchase, etc). In the near future, the site will offer an archive of both plan newsletters as well as any All-Employee Memos (AEMs) relating to our deferred compensation plan.

The Board will continue to utilize the Web site to notify participants of all improvements to the plan as well as any policy changes.

Additions to the Plan Lineup

Effective earlier this year, the following three T. Rowe Price funds were added to the menu of options in our plan:

T Rowe Price Retirement 2050 Fund

T Rowe Price Retirement 2055 Fund

T Rowe Price Overseas Stock Fund

A detailed letter announcing the addition of these funds was sent by the Board early in January. For more information about these funds, log in to rps.troweprice.com or call 1-888-457-5770.

The Board plans to add additional funds to the AIG VALIC lineup in the immediate future. Log in to www.sdeferredcomp.org and watch for the announcement.

Required Minimum Distribution (RMD)

In December 2006, the Board received several calls from Participants waiting for their RMD withdrawals. A number of callers were under the mistaken impression that RMD withdrawals can only be processed at the end of the calendar year.

While each of our providers has a slightly different method of processing RMDs, both can provide participants with their RMD amount at any time during the calendar year. This can be done over the phone (see provider's toll-free numbers on the right) and should only take a few minutes. In addition, participants have the option, with both providers, to designate a once-a-year installment payment of their RMD for their own convenience.

Please take advantage of these available options.

GPS

AIG VALIC Guided Portfolio Services (GPS) is an investment advice and asset management program that has been available since July 2006.

AIG VALIC's on-site schedule is posted on our Web site, www.sdeferredcomp.org or participants can call 1-800-448-2542 for more information.

Contact Information

If you have any questions about the plan, please contact your provider or providers at the toll-free numbers below:

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

If you need further assistance, please contact your Deferred Compensation Board representative directly:

Association Municipal Employees

Daniel Farrell AME
office 589-8400 x107 or
e-mail danfarrell@scame.org

Police Benevolent Association

Bill Tricarico PBA
office 563-4200 fax 563-4204, or
e-mail pbacomp@aol.com

Superior Officers Association

Lawrence Faraone SOA
office 654-0400 or
e-mail soatreas2@optonline.net

Detectives Association

Bill Rathjen SDA
office 563-4408 or
e-mail sdadcomp@optonline.net

Detective Investigators

Jack Weishahn SDI
office 244-9212 or
e-mail dipba@msn.com

Correction Officers Association

Michael Polchinski COA
office 208-1301

Deputy Sheriff's PBA

John DellaRocca DSPBA
office 289-1768 or
e-mail john.dellarocca@suffolkcountyny.gov

If you are not represented by any of the Bargaining Units above, please leave a message on the Board's voice mail at 853-5424 for a call back.

T Rowe Price's New Statement

T Rowe Price rolled out a new format with their December 31, 2006, statement. It is a streamlined design but can be customized by adding one, two, or three modules. Participants who want to add the optional modules (Contributions, Transactions, or Performance) can do so either when they access their own account online or by calling T. Rowe Price at 1-888-457-5770.

Participants who want to maintain the "average cost per share" detail on their statement should add the Transaction module to their statement.

Maximum Catch-Up

The normal annual contribution limit for 2007 is \$15,500. The maximum allowable catch-up contribution is also \$15,500, bringing the combined total for 2007 to \$31,000.

All Participants who were approved for maximum catch-up and were in their second or third year of a three-year catch-up should have received a letter from the Board advising of the deferral limit change. If you were approved for the maximum catch-up in 2007 (before the new deferral limits were published), please follow the directions on the letter and return it to Board. If you are in this category and you did not receive a letter, please contact your Board representative (see list on the right), or leave a message at 853-5424.

Notice 2007-7

On January 10, 2007, the IRS issued Notice 2007-7 (the "Notice"), which provided implementation guidance on a number of provisions in the recently passed the Pension Protection Act (PPA).

While much of the guidance applies to defined benefit plans or corporate defined contributions plans, the Notice did offer guidance on several provisions applicable to public sector plans, including our government 457(b) plan.

As mentioned in the prior newsletter, there is a provision in PPA that allows non-spousal beneficiary rollovers. However, the interpretation of Section 829 of the PPA in the Notice states that this is a permissive (rather than a mandatory) provision and contains restrictions that are now being questioned by some of the original sponsors of the legislation.

The Notice also contains guidance on Section 845 of the PPA, which permits an eligible retired public safety officer to take a tax-free distribution of up to \$3,000 a year to pay for qualified health insurance or long-term care insurance. This provision is also permissive rather than mandatory. While the legislation made it clear that the premium had to be paid directly to the insurer, the Q & A included in the Notice stated that self-insured plans were not eligible. This restriction was not anticipated.

The Board is evaluating these two sections and a number of other provisions in the PPA included in the Notice. Any plan changes adopted by the Board will be announced via this newsletter, our Web site, and an All-Employee Memo.

Modifications to UFE Eligibility

The Board adopted an allowable modification to the rules regarding distributions on account of an unforeseeable financial emergency (UFE). Effective October 25, 2006, the Board has treated a participant's beneficiary under the plan the same as the Participant's spouse or dependent in determining whether the participant has incurred an UFE. If you have any questions about our UFE procedures, please contact your Board representative (see above) or leave a message at 853-5424 for a call back.

Deferred Compensation Plan Board Members

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Jeffrey Szabo
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William Tricarico
Police Benevolent Association

Debbie Troise
Civil Service Department

Jack Weishahn
Detective Investigators Association

Marion Smith
Secretary
Civil Service Department

Program Providers

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