



SUFFOLK COUNTY

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PROGRAM PROVIDERS

T. Rowe Price
1-888-457-5770
VALIC
1-800-448-2542

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Debbie Troise
Plan Administrator

The Suffolk County Deferred Compensation Plan operates under the Internal Revenue Code Section 457b, the IRS Treasury Regulations and the New York State Model Plan. As changes to the regulations are made by the IRS or by New York State, the Plan must adopt and implement those changes in a timely manner.

The New York State Model Plan has made changes to the deferred compensation plans, which will affect our Plan. The Suffolk County Deferred Compensation Board is in the process of reviewing those changes. Once the Board adopts the changes, notification will be sent to all participants via this newsletter. We anticipate that the changes will be announced in the fall.

Beneficiary Designation

The Plan's two providers, T. Rowe Price and VALIC, recently notified the Deferred Compensation Board that approximately 400 participants do not have a beneficiary designation on their 457b account. Please be aware that without a beneficiary designation, the assets in your account may not be distributed as you wish in the event of your death.

If the Plan Participant dies without a designated beneficiary on file, his or her spouse inherits the assets in the account. If the participant is single and has not named a beneficiary, the assets in the account go to his or her estate. The Plan recently learned of a situation in which a retired Plan Participant with a substantial account balance died in 2001. Unfortunately, the Participant did not have a designated beneficiary on her account. At the time of this writing, the Plan is trying to locate her next of kin to determine if her estate is still open. If her estate has been closed, the assets in her account will likely be turned over to New York State under the laws governing abandoned funds.

This unfortunate situation does not have to happen if you take a minute to make sure that your beneficiary forms are up-to-date and in good order with your provider(s). Please be sure to update your beneficiary if you marry, divorce or have a child. Beneficiary forms can be downloaded from the Plan's website at www.sdeferredcomp.org or you may contact your provider(s).

c/o Civil Service Dept., PO Box 6100, Bldg. 158, Hauppauge, NY 11788-0099

Conservative Investment Options

The Suffolk County Deferred Compensation Plan has over 90 investment choices between the Plan's two providers, T. Rowe Price and VALIC. Participants can invest in domestic funds; international funds; fixed income funds, such as bonds; a money market fund; and a stable value fund.

Conservative investments in the Plan are T. Rowe Price's Stable Value Fund and VALIC's Fixed Interest Option. These two funds have just over one-third of the Plan's total assets combined.

The **T. Rowe Price Stable Value Common Trust Fund** seeks to provide maximum current income while maintaining stability of principal. The Trust may be suitable for retirement plan investors seeking high credit quality and current income who can accept some risk. Investments in the Trust may not substantially outpace inflation over time, so participants who invest solely in this conservative Trust may not be able to save enough for their retirement years. On May 31, 2011, the Trust had a 30-day effective yield of 3.6%, down from 4.09% on December 31, 2010. While the Trust seeks to maintain a \$1.00 per share value, it is not guaranteed.

VALIC's Fixed Interest Option provides a guaranteed rate of return that protects participants from market volatility. This fund provides you with a solid option to help balance the investment risk within your portfolio. During the RFP in 2010, the Board negotiated an enhanced rate of 70 basis points above the VALIC unrestricted rate of 3.10%, which is currently yielding 3.80%. The rate is declared monthly with interest credited daily at an annual effective rate. All deposits receive the same return regardless of the date of initial deposit. The minimum guaranteed rate is 3%. This means that the VALIC Fixed Interest Option crediting rate is guaranteed not to drop below 3% throughout the life of the new contract.

T. Rowe Price Excessive Trading Policy

T. Rowe Price will implement a new excessive trading policy designed to provide protection to its fund and its shareholders from short-term trading that can have an adverse impact. Effective August 1, 2011, the new policy will prohibit an exchange into a fund for a period of 30 calendar days following an exchange out of the same fund. This policy applies to all T. Rowe Price mutual funds and common trust funds, with the exception of the Money Market and Stable Value Fund. Be sure to check each fund's prospectus for additional information concerning the applicable trading policy.

T. Rowe Price: 1-888-457-5770 or rps.troweprice.com

VALIC: 1-800-448-2542 or www.valic.com/suffolk

Please note, the information contained in this newsletter is intended to inform you of the Plan's guidelines and is not intended to provide financial advice.