



Nevada Public Employees' Deferred Compensation Program



Recent news reports about economic downturns and distressed financial institutions have prompted some Nevada Deferred Compensation participants to inquire about the security of their accounts. We recognize that market conditions are creating uneasiness and uncertainty.

Account values will, of course, fluctuate with market conditions and are subject to change. As to the safety of the holdings themselves, we asked the Program Providers, Hartford and ING, to answer specific questions that we've recently received from participants who inquired about the safety of their accounts. Below are the responses to the questions.

GENERAL INFORMATION

Are my assets protected from State of Nevada creditors?

Yes, assets in the Nevada Deferred Compensation Program are held in a trust arrangement which protects the assets from employer insolvency.

Is my account FDIC or SIPC insured?

No, the Federal Deposit Insurance Corporation (FDIC) insures all depositors at member banking institutions against loss up to a certain dollar limit, in the event that member bank fails. The Securities Investor Protection Corporation (SIPC) protects brokerage firm customers who hold customer account assets. FDIC and SIPC are not an issue for your retirement plan assets because none of the plan's assets are maintained on deposit with a bank or in the account of a brokerage firm. As described below, the Plan's assets are invested primarily in life insurance companies separate account products, general account products, and/or investment company products held in a trust.

HARTFORD INFORMATION

1. In the case of insolvency, are my assets in the Hartford General Account protected from creditors?

Nevada assets in the Hartford General Account are part of the reserves of the company and subject to general creditors. While these accounts are not guaranteed by the U.S. Government or the FDIC, they do have certain protections against insolvency.

Hartford is a member of the Nevada Life and Health Insurance Guarantee Association. The purpose of this association is to assure the account holders will be protected, within limits, if Hartford becomes unable to meet its financial obligation in the "Hartford General Account". The Association cannot pay more than the value of the account and will pay up to \$100,000 per account. Therefore, if a participant has less than \$100,000 in the Hartford General Account, he/she would be fully protected.

2. I have investments in mutual funds (bond funds, stock funds, combination funds) with The Hartford. How are these investments protected?

All investment options with Hartford in the Program, other than the General Account, are considered distinct legal entities and are not subject to the claims of creditors. In addition, federal laws applicable to such entities strictly limit the investments a mutual fund may make in securities issued by the parent company or affiliate. These types of accounts will be moved (transfer of shares in kind) to a new record-keeper, if appropriate.

<u>HARTFORD CREDIT RATINGS (as of March 4, 2009)</u>		
<u>Rating Agency</u>	<u>Current Rating (Financial Strength)</u>	<u>Definition</u>
A.M. Best	A (3 rd highest of 15 categories)	Excellent
Fitch	A (6 th highest of 24 categories)	Strong
Moody's	A1 (5 th highest of 21 categories)	Good
Standard and Poor's	A (6 th highest of 20 categories)	Strong

ING INFORMATION

1. In the case of insolvency, are my assets in the ING Stable Value Fund protected from creditors?

Nevada assets in the ING Stable Value Fund are not part of the reserves of the company and therefore not subject to general creditors. These accounts will be moved to a new record keeper, if appropriate.

2. I have investments in mutual funds (bond funds, stock funds, combination funds) with ING. How are these investments protected?

All investment options with ING in the Program are considered distinct legal entities and are not subject to the claims of creditors. In addition, federal laws applicable to such entities strictly limit the investments a mutual fund may make in securities issued by the parent company or affiliate. These types of accounts will be moved (transfer of shares in kind) to a new record-keeper, if appropriate.

ING CREDIT RATINGS (as of January 29, 2009)

<u>Rating Agency</u>	<u>Current Rating (Financial Strength & Claims Paying Ability)</u>	<u>Definition</u>
A.M. Best	A+ (2 nd highest of 15 categories)	Superior
Fitch	AA- (4 th highest of 24 categories)	Very Strong
Moody's	A1 (5 th highest of 21 categories)	Good
Standard and Poor's	AA (3 rd highest of 20 categories)	Very Strong

We hope this information has answered some of the questions you may have during these trying times. The Nevada Deferred Compensation Committee and Staff will continue to work with our Program Providers and Consultants to keep you informed.

For more information, please contact the Deferred Compensation office at 775.882.0760 or visit our website at <http://defcomp.state.nv.us/>.