



Survey Results and Responses

The Oregon Savings Growth Plan (OSGP) asked participants if they would be interested in contributing to a Roth 457 plan if one is approved by Congress in the future.

- **191** employees responded to the survey.
- **81%** were currently enrolled in OSGP.
- **42%** were currently contributing to a Roth IRA.
- **55%** indicated they would contribute to a Roth 457 if one became available.

When asked why they were not currently enrolled in OSGP, 31% of the respondents said they did not fully understand what OSGP was, 21% didn't feel that they could afford to contribute; 15% are already enrolled in another plan, 15% weren't sure how to enroll, and 18% said finances confused them and they didn't know where to turn for answers.

Most respondents indicated they would like to see a Roth because they could withdraw money at retirement tax-free. They also felt another plan could broaden their investments and diversification.

OSGP Questions

I never heard about OSGP until today.

The PERS website links you to OSGP information, including workshops held across the state. OSGP also sends out welcome postcards to new employees. We also include some articles in the *Perspectives*, a PERS newsletter.

What kind of fund is OSGP and do I have ability to move it around?

OSGP offers a fund line-up that includes nine LifePath® target-based funds and eight other funds that run from conservative to aggressive. You can learn more about the funds in our (Investment Booklet)

http://www.oregon.gov/PERS/OSGP/docs/investment_booklet.pdf. You have flexibility to transfer your funds, but there are trading restrictions in place.

OSGP also offers workshop on the basics of the plan as well as one on the investments. You can sign up for one of those workshops in your area on the website at (OSGP Workshops)

http://www.oregon.gov/PERS/OSGP/section/osgp_workshop.shtml

You may also call OSGP at 503 378-3730 for enrollment forms or to ask any questions about the plan.

I don't know how to sign up.

You can enroll in the plan by completing an (Enrollment Packet)

<http://www.oregon.gov/PERS/OSGP/docs/enrollmentpacket.pdf>. All state, higher education, and

miscellaneous agencies are immediately eligible to enroll with OSGP as the six-month waiting period does not apply. Local government and school district employees are eligible if their employer has adopted OSGP. Check with your HR department to determine if your employer participates in OSGP.

What if I am already enrolled in another plan?

If your employer has adopted OSGP as one of its options, and you have a 403(b) or 401(k) plan already available to you, you may also contribute to OSGP as long as you don't exceed the plan limits. You have the opportunity to maximize contribution limits in both plans, which in 2008 are \$15,500 in each plan, and if you are age 50, you can contribute an additional \$5000 to each plan. 403(b) and 457 plans also have additional catch-up plans.

Why was the survey information on the "throw-away" page of the statement?

OSGP is allotted 200 characters on the statement to add a message to participants. We realize it is not in a prominent position and so we also included information on the survey on the front page of the *Plan Update* which is included with the statement. We hope you will read the newsletter as it contains valuable information on investing and plan provisions. OSGP also posts information on this website, so please continue to check it out for plan information.

Why does the OSGP manager, Citigroup, continue to lose money?

CitiStreet, which was recently acquired by ING, is no longer under the

Citigroup umbrella. It provides record keeping services to OSGP, but does not choose the investments in the plan. The Oregon Treasury Department and Oregon Investment Council (OIC) are responsible for investments in the plan. The funds have performed as well if not better than the benchmarks in each category.

Roth 457 Questions

What is the difference between a regular 457 plan and a Roth 457?

You contribute to a 457 plan like OSGP on a tax-deferred basis, meaning you don't pay taxes on the money when it's contributed, but you will pay on it when it's distributed. With a Roth, contributions are after tax, so you will not pay any taxes when you take a distribution.

Would the Roth 457 have different investment options?

No, you would be offered the same investment options that are currently available to OSGP participants.

Would the Roth have the same provisions as the Pre-tax 457? Would there be eligibility requirements?

These questions have not yet been determined. This information will be available if a Roth 457 is approved by Congress.

Would a Roth 457 be a better choice for me than a traditional 457? That will depend on several factors, such as your tax bracket and accumulation at the time you begin distributions from the plan. There are several calculators available on the Internet that compare a 401(k) Roth to a 401(k) that give estimated savings and assumptions. This is a good question to ask of a tax advisor.

Comparison of Traditional 457 and Roth 457

Traditional

- Save money pre-tax.
- Current taxable income lowered by the amount of contributions.
- Money grows tax deferred.
- Distributions are taxable when withdrawn.
- Rollovers allowed to other eligible plans and traditional and Roth IRAs.

- Minimum distributions at age 70½ unless rolled to Roth IRA which has no minimum distribution requirement.

Roth

- After tax contributions are subject to federal and state tax.
- Money grows tax free (some qualification conditions exist – check with tax advisor for your individual situation).
- Distributions are tax-free if you are eligible.
- Rollovers allowed to another Roth or Roth IRA.
- Minimum distributions at age 70 ½ unless you roll to Roth IRA which has no minimum distribution requirement.

We will keep you updated on the progress of Roth 457 plans.