



Plan Update

A New Law Helps You Save!

The federal Pension Protection Act has made permanent the changes of the Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”). As a result, OSGP participants may continue to:

- **Save more.** After 2006, pre-tax contribution and catch-up contribution limits will be indexed for inflation in \$500 increments.
- **Pay less.** The Saver’s Tax Credit, a federal income tax credit, may reduce many participants’ federal income tax bill! As an OSGP participant, you must meet the income criteria to claim the credit when you file your federal income tax return.
- **Simplify.** Account portability allows you to consolidate your qualified retirement plan accounts into one.

To understand more about the importance of saving for your own retirement and how these provisions can help you reach your goals, log on to your OSGP account at osgp.csplans.com. You may also call the Information Line at **800-365-8494** to speak with a Customer Service Representative Monday–Friday, 7:00 a.m. to 5:00 p.m. Pacific Time (except on New York Stock Exchange holidays). The OSGP also offers free workshops, and you can enroll at <http://oregon.gov/PERS/OSGP/index.shtml>.

Auto Rebalance

The automatic rebalance option featured in the Summer 2006 edition of the *Plan Update* became available to all members September 15. If you are interested in using this new feature and would like more information, please go to osgp.csplans.com under “What’s New.” If you’re ready to sign up, log into your personal account and go to **Manage Investments > Rebalance Account**. You will be able to rebalance your funds on either a quarterly or annual basis. If you have any questions, please call the Information Line at **800-365-8494**.

Are You Saving Enough for Retirement?

Many financial experts believe that Americans are not saving enough for retirement. Are you on track with your planning and saving? Before you decide, consider some of the reasons you might need more money for retirement than you think.

- **You may have to retire earlier than planned.** Many people do. Health, family, and work-related issues often lead to early retirements.
- **You may not want to sell your home.** Census data reveal that most homeowners age 65 and over remain in their pre-retirement homes after they retire. So, planning to “cash in” on your home’s value may not be realistic. While a reverse mortgage is one way to tap into home equity without selling your home, it’s a strategy that carries a certain degree of risk.
- **You may have to spend a lot on health care.** Medicare doesn’t pay for everything. Even if you buy supplementary health insurance, the premiums plus your out-of-pocket costs could add up to a considerable amount.
- **Your retirement could last a long time.** The average 65 year-old has a life expectancy of 18.1 years. For a 65 year-old couple, there is a 39% chance that at least one of them will survive to age 90.

YOU CAN’T KNOW FOR SURE HOW YOUR RETIREMENT WILL PLAY OUT.

But it makes sense to do what you can now, such as:

- increase your contributions when you can, such when you receive a raise;
- take advantage of Catch-up limits when you are eligible; and
- review your asset allocation at least once a year to make sure you are on track to reach your goals.

Log on to the Plan Web site at osgp.csplans.com to prepare now for your future financial security.

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Required Minimum Distributions (RMDs)

Participants who have separated from service and will be age 70½ or older by December 31, 2006, are required by Internal Revenue Service (IRS) regulations to receive a payout from their Plan account each year.

If you are at least 70½ in 2006, you will receive a letter from OSGP in October or November setting out your distribution options. You will have until April 1, 2007, to take your RMD for the tax year 2006. If you wait and take your 2006 RMD in April 2007, you will still be required to take your 2007 RMD by December 31, 2007. This means that in 2007 you will receive two separate distributions; one in April for 2006 and one in December for 2007.

If you do not reply to the letter, and OSGP has received notification from your employer that you are retired or will retire by December 31, 2006, OSGP will go ahead and process an RMD and mail it to your address on file.

If you are still employed, you may choose to defer your RMD until after you retire.

Update Your Beneficiary Information

Periodically reviewing your Plan beneficiary information ensures that your designations are current. Please be sure to update your beneficiary information whenever you experience a life-changing event, such as a marriage, divorce, birth, or death. For your convenience, we have enclosed a beneficiary form. If you would like to change your beneficiary information, please complete the form and mail it to the address on the form. This will override your current information on file. If you would like to find out who you currently have named as your beneficiary(ies), call the OSGP office at 503-378-3730.

It's important to review your beneficiary designation. In the absence of updated information, payment of benefits may not reflect your wishes.

Save for Retirement Week

Come celebrate National Save for Retirement Week during the week of October 23–27 at the Archives Building at 800 Summer St. NE in Salem. OSGP will display Plan information during the entire week and hold an Open House on Wednesday, October 25, from 10 a.m. to 4 p.m.

It's important to ensure you are saving enough for retirement. One great way to do that is by taking advantage of tax-deferred plans, like OSGP. For those of you currently contributing, consider increasing your deferral during this week. For those not contributing, this is a good time to get started again.

Bring your coworkers and stop by the Open House to meet OSGP staff, have a treat, and sign up for one of our drawings. Or, drop by anytime between 8 a.m. and 5 p.m. during the rest of the week to see our display and pick up Plan materials.

Advisory Corner

Judy Scales, Human Resources Director from High Desert ESD in Redmond, Oregon, is the newest member of the Advisory Committee. Judy has a Masters of Public Administration from Lewis and Clark College and a Bachelor of Arts from the University of Colorado at Boulder. She was instrumental in bringing OSGP on board for High Desert ESD employees.

The next Advisory Committee Meeting will be held November 8, 2006, at 9:30 a.m. at PERS Headquarters, 11410 SW 68th Parkway, Tigard. You can find more information and a meeting agenda on the OSGP Web site at <http://oregon.gov/PERS/OSGP>.



QUARTERLY CALENDAR

The New York Stock Exchange is closed on **Thursday, November 23, 2006; Monday, December 25, 2006; Monday, January 1, 2007; and Monday, January 15, 2007**. Transactions made on these days will be processed the following business day.

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This newsletter is not intended to provide legal, tax, or investment advice. For such advice, participants should contact legal, tax, or investment advisers.