

Insight

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In this issue

Plan news

Save more as early as you can

Are you eligible for a
Saver's Credit?

Managing change

Retiree corner

Test your knowledge of
retirement strategies

New rule for non-spouse
beneficiaries

Kansas Public Employees Deferred Compensation Plan

Account credit reminder

The one-time credit to participant accounts described in the first quarter newsletter was applied in May. It appears as a miscellaneous deposit on the enclosed second quarter statement.

How's your investment mix?

For this edition of *Insight*, we will explore another common myth about saving for your future and provide some facts to help you plan more effectively.

Myth: Investing is too complicated. If you're not sure how to invest, choosing one fund will be fine.

Fact: Not exactly. Experts say that investing in a variety of asset classes is the way to go. In fact, 91.5% of your return is derived from your "asset allocation strategy."¹

Two investment concepts you may hear about quite often are diversification and asset allocation. Diversification involves spreading your dollars among a variety of investments to better manage your investment risks. Asset allocation is deciding how to diversify by dividing your money among different asset classes, such as stocks, bonds, and cash equivalents.

With this approach, you could be less affected by losses in any one investment, and any losses you may incur might be offset by possible gains in another investment.

You should base your asset allocation on your specific needs and objectives — for example, how long you have until you expect to begin receiving benefits and how comfortable you are with risk. (See related article on page 4.) You can select from any of the 20 investment choices under the Plan which include passively managed index funds, actively managed funds, target date funds, and a stable value option.

To create the mix that's right for you:

- Determine your investor type.
- Review your fund choices.
- Choose your investment mix.
- Review your portfolio annually.
- Consider automatic account rebalancing to help keep you on track.

You may prefer to leave the asset allocation decisions to professionals by selecting a target date fund. You simply pick a fund with the target date closest to the time you expect to begin receiving benefits. These funds provide a diversified mix

of investment options and automatically shift to a more conservative investment mix as the target date draws closer. Like all variable investment options, they are subject to risk and do not guarantee a return of principal, even on the specified target date.

You may want to consider attending **Asset Allocation: Putting Together Your Investment Mix for the Future**. This seminar provides tips to help you evaluate your personal situation, review different investment choices, and understand your options under the Plan. Contact ING to find a seminar near you.

Use the **Model Investment Portfolios** and self-assessment quiz on the Plan Web site. These tools can help you identify your investor profile, provide suggested allocations for each asset class, and create your own investment portfolio. Click on **How's Your Investment Mix**. Fund fact sheets provide specific information on all of the Plan's investment options and are available on the Plan Web site.

In deciding on your investment mix, help is available. You can request assistance from ING local representatives by calling **(800) 232-0024**, option 5. ●

Using diversification, asset allocation, or rebalancing as part of an investment strategy neither assures nor guarantees better performance and may not protect against loss in declining markets. Past performance does not guarantee future returns.

¹ "Determinants of Portfolio Performance II, An Update," published in 1996 by Brinson, Hood, Singer, and Beebower.



Save more as early as you can

One of the best and simplest ways to save for your retirement is to take full advantage of your employer's voluntary retirement savings plan. Contributing more sooner may help you better prepare for your future.

Your contributions are automatically deducted from your paycheck on a pre-tax basis. The money in your account, including your contributions and any earnings on your investments, accumulates tax deferred. That means you don't pay taxes on the money until amounts from your account are distributed to you at a later date, generally at retirement or separation from service. Tax deferral helps to keep more of your money working over time toward your retirement objective.

If you contribute only a minimal amount or put your Plan contributions on hold, you might lose out on the potential benefit of long-term growth. It's important to review your contribution level regularly to check your progress toward saving enough for retirement. Waiting for 10 or 20 years could mean that you might need to contribute much larger amounts

to the Plan later on to try to make up the difference — and even then, you might not catch up.

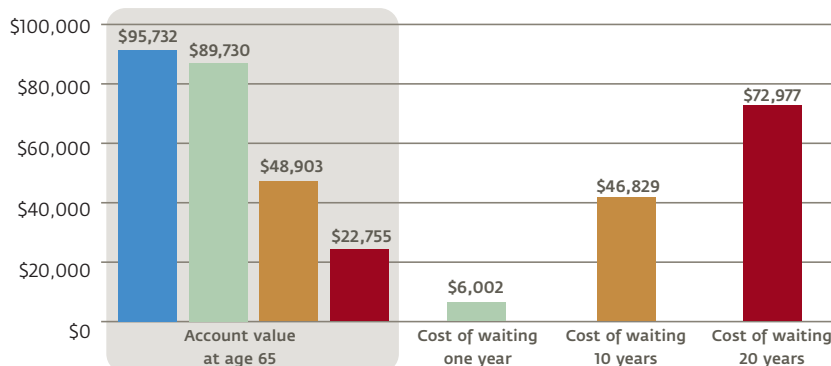
While even a modest investment such as \$25 per pay period can potentially grow over time, consider contributing as much as you can afford to now.

Investing sooner helps put time on your side in other ways, too. With a longer time horizon, you may be able to invest more of your contributions to include some investment options that involve more risk in return for potentially higher long-term gains.

Take an active role in your Plan account as soon as possible. You don't want to reach the end of your career and think, "I wish I had started saving more for retirement sooner." **What are you waiting for?** ●

The cost of waiting

If you save at age 25, you accumulate \$6,002 more in account value than if you wait until age 26. Even one year makes a difference, and if you delay 10 or 20 years, you give up thousands of dollars more for retirement.



Starting at age 25
Starting at age 26
Starting at age 35
Starting at age 45

This illustration assumes a \$25 contribution twice a month at the beginning of each pay period that earns interest at 6%. The returns are hypothetical and do not reflect the past or future performance of any specific investment option. Payment of income taxes due upon withdrawal is not reflected. Systematic investing does not assure a profit or guarantee against loss. You should consider your financial ability to invest consistently in up and down markets.

Are you eligible for a Saver's Credit?

If you contribute to your Plan account or an Individual Retirement Account (IRA) and qualify, you could trim your tax bill by taking a Saver's Credit plus the federal tax deduction for the full amount of your contributions.

Under Internal Revenue Service rules, the credit is available for tax year 2010 to taxpayers who contribute to a 457(b), 403(b), 401(k) plan, or an IRA by December 31, 2010, and have a modified adjusted gross income and filing status of:

- Up to \$55,500 for married couples filing their federal income tax return jointly
- Up to \$41,625 for heads of household
- Up to \$27,750 for singles, married individuals filing separately, or a qualified widow or widower

The credit is a percentage of your qualifying contribution amount, ranging from a low of 10% to a high of 50%. The highest applies to taxpayers with the least income. The maximum is \$1,000, or if filing jointly, \$2,000.

Each year you contribute to your employer's plan and qualify for the credit, you will file Form 8880 "Credit for Qualified Retirement Savings Contributions" with your tax return. To learn more, go to www.irs.gov/pub/irs-pdf/p4703.pdf.

To be eligible for the credit, you cannot be a full-time student or be claimed as a dependent on another person's tax return and must have been born before January 2, 1992.

ING does not provide tax or legal advice. You should consult with your own tax adviser or attorney before making any investment-related decisions. ●



Managing change

Major events such as a birth or a death in the family, marriage, divorce, job loss, or a new career may have important ramifications for your financial plans.

Beneficiary designations

In the event of your death, assets in your retirement accounts, insurance policies, and other accounts would be distributed to the people you designate as beneficiaries for those plans or policies, even if your will, trust documents, or other estate paperwork name a different beneficiary. At least once a year, review the beneficiary designations on file with your Plan account, insurance policies, and other accounts and make any necessary updates.

Your estate plan

You may need to revise your will if a birth, divorce, death, or another change affects your personal situation. For example, you may wish to add a grandchild's name or remove a former spouse's name. Contact your attorney to update your will.

Your emergency fund

Certain situations call for boosting your emergency reserves, including the possibility of a layoff. Experts say you should have enough cash in your emergency fund to cover a minimum of three to six months of expenses. Keep the money in an easily accessible account.

Retirement accounts

After leaving a job, you may have a number of options such as continuing to leave your account balance in your employer's retirement plan or rolling it over into another eligible retirement account, if allowed by the plan's rules. Before you leave employment, contact your employer to learn about your choices for your Plan account assets. ●

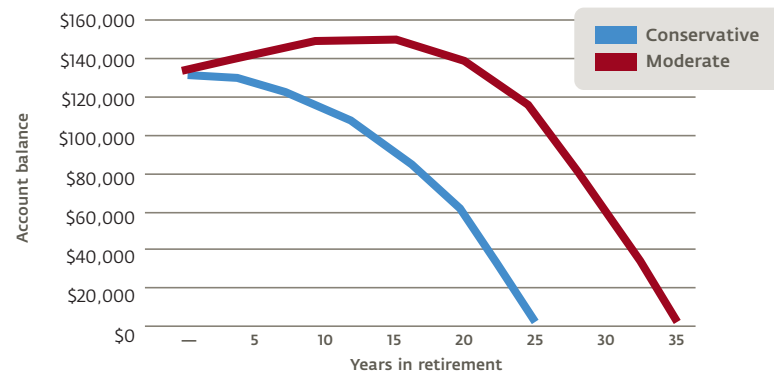
Conservative doesn't always mean safe

For your savings to hopefully last over a retirement of 25 years or longer, you will have to balance two competing goals: preserving your assets against market downturns and guarding against the long-term impact of inflation.

One of the ways to help achieve a balance is selecting a mix of funds that invest in stocks, bonds, and cash. In general, it may be suitable to hold money you'll need in the next several years in funds that invest in bonds and cash equivalent investments so that a market decline won't threaten your ability to meet expenses. Historically, bonds have lost ground during only seven calendar years since 1926. Cash didn't post a negative return during any calendar year in that time span.¹

Stock funds are much more likely than bond or cash equivalent funds to provide the growth potential needed to support increased withdrawals in retirement. Historically, stocks outpaced inflation during all 64 rolling 20-year periods between 1926 and 2008, while bonds trailed inflation 16 times and cash lagged inflation 20 times.¹ Of course, past performance does not guarantee future results. You should always consider current market conditions and your ability to consistently invest in up as well as down markets before making investment-related decisions.

A moderate portfolio with stock funds could last years longer



This chart illustrates how a moderate portfolio that includes stocks can help a nest egg last longer than a conservative portfolio of fixed income and cash equivalent investments only. Both investors withdraw 4% at the end of the first year and increase the withdrawal amount by 4% each year. As you can see, the moderate investor's savings, generating 6% annual returns, last 34 years, nine years longer than the conservative investor's savings, with 4% annual returns. This hypothetical example is for illustrative purposes only. It doesn't reflect any specific investment and is not intended as a guarantee of past or future performance of any security. Systematic investing does not assure a profit and does not protect against loss in declining markets.

Your Plan's investment menu consists of options that make it convenient to invest in categories including stock and bond funds. You should carefully read and review all investment information, including investment objectives, strategies, performance, and expenses, prior to making investment decisions. You may want to consider consulting with a financial professional about how various asset allocations might affect your long-term retirement finances.

Investment returns and principal value will fluctuate. It is possible to lose money by investing. Fixed income securities are subject to interest rate risk, and the net asset value of an investment may fall as interest rates rise. ●

¹ Ibbotson S&P 500 2009 Classic Yearbook. Stocks represented by the S&P 500, bonds by the Ibbotson Intermediate-Term Government Bond Index and cash by 30-day Treasury bills. Indexes are not available for purchase.

Test your knowledge of retirement strategies

1. What is diversification?

- a) Buying different types of investments
- b) How you divide your investment dollars among the asset classes
- c) Giving equal weight to both stock and bond funds in your portfolio

2. What is asset allocation?

- a) Buying different types of investments
- b) Determining which asset classes to invest in
- c) How you divide your investment dollars among the asset classes

3. What would be a reason for you to rebalance your retirement plan account?

- a) To capitalize on a surging market
- b) To return your asset allocation to its original strategy
- c) To give stock and bond funds equal weight in your portfolio

Answers:

1. **a.** Diversification is a way to help protect yourself from a loss in one investment by spreading your risk across several different types of investments. Diversification does not guarantee a profit or protect against loss in declining markets.
2. **c.** In terms of risk and reward, stocks, bonds, and cash equivalents behave differently. Asset allocation is determining the percentages of each asset that you think can give you a blend of risk and reward based on your goals, years to retirement, and tolerance for risk.
3. **b.** Sometimes a prolonged period of market volatility can throw off your asset allocation. A bear market, for instance, may leave your portfolio overweighted in bond funds. In this case, you would rebalance to return your investments to your original target allocations. ●

New rule for non-spouse beneficiaries

Children and other non-spouse beneficiaries who inherit a deceased retirement plan participant's account balance and want to keep the assets tax-deferred may leave them in the plan or choose a rollover if they wish.

Non-spouse beneficiaries can roll over inherited plan account assets into an inherited Individual Retirement Annuity or an Individual Retirement Account (IRA), subject to Internal Revenue Service minimum distribution requirements.

Before 2010, governmental 457(b) plans, 403(b) plans, and 401(a) plans could choose whether to permit non-spouse beneficiaries to roll over inherited plan assets. If a plan did not allow a rollover into an inherited IRA, non-spouse beneficiaries who wished to keep inherited plan assets tax-deferred had to leave them in the plan. Now the Worker, Retiree and Employer Recovery Act of 2008 (WREERA) requires these plans to include the rollover option beginning this year.

If you are a Plan participant, make sure your primary and contingent beneficiary designations on file with your Plan are up to date. If you are a non-spouse beneficiary who has inherited Plan assets, consult a tax adviser about your individual situation prior to making a decision. ●

You should consider the investment objectives, risks, and charges and expenses of the investment options carefully before investing. Fund prospectuses and an information booklet containing this and other information can be obtained by contacting your ING local representative. Please read the information carefully before investing.

IMPORTANT INFORMATION

Variable investment options are considered long-term investments designed for retirement purposes. Money taken from the plan will be taxed as ordinary income in the year the money is distributed. Account values fluctuate with market conditions and when redeemed, the principal may be worth more or less than the amount originally invested.



Quarterly calendar

The New York Stock Exchange is closed:

**Monday,
September 6, 2010**

Transactions made on this day will be processed the following business day.



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