

Please Note: The material contained in this newsletter regarding financial planning is merely for informational purposes. The Deferred Compensation Plan/NYCE IRA is not an investment advisor, and is not holding itself out as such. Any references to rate of return and risk are based on past experience and, as such, there is no guarantee of the rate of return you may actually receive. Therefore, you may wish to consult a professional investment advisor before reaching any investment decisions.



The City of New York
Deferred Compensation Plan/NYCE IRA
is a division of the
Mayor's Office of Labor Relations'
Employee Benefits Program
40 Rector Street, 3rd Floor
New York, NY 10006
16th Floor - Customer Service Center
(212) 306-7760
TTY (212) 306-7707



1 (888) DCP-3113
(outside of NYC)
nyc.gov/deferredcomp



1 (888) IRA-NYCE
(outside of NYC)
nyc.gov/nyceira

Michael R. Bloomberg
Mayor
City of New York

James F. Hanley
Commissioner
Office of Labor Relations

All photographic images on the front cover:
©NYC & Company

Deferred Comp/NYCE IRA UPDATE



The Newsletter for the 457 and
401(k) Plans and the NYCE IRA
Quarter Ended September 30, 2009



**You Serve the City
Now Let the
City Serve You**

The New York City Employee
IRA
nyc.gov/nyceira
212.306.7760



In this Issue...

Page

- 2 Administrative Fees
- 3 Deferred Compensation
 - 3 Three Levels of Investing
 - 3 Multiple Retirement Programs
 - 4 Educational Services
 - 5 Retirement Planning Seminars
- 6 Fund Manager Update

Administrative Fees

Administrative Fee Increase

Since 1985, the City of New York has offered the Deferred Compensation Plan to its employees to help them save for retirement. The Deferred Compensation Plan is a voluntary retirement program paid for by participant administrative fees. While the City of New York makes the Plan available to its workforce, it does not support the Plan's operations financially.

After 15 years of maintaining the participant-paid \$12.50 quarterly administrative fee, the Plan needs to increase the administrative fees. The flat dollar fee will increase to \$20.00 per quarter effective the quarter ending December 31, 2009. At the same time, the Plan's annualized asset-based fee, which has been in place since 2002, will increase from 0.03% to 0.05%. Just as everything has gotten more expensive, the Plan is now in the position of having to increase the administrative fee.

Encouraging Retirement Savings

In order to encourage new enrollment in the Plan, the first year's administrative fee will be waived.

Similarly, in order to encourage participants to take maximum advantage of the Plan's programs, the quarterly administrative fee covers all of the Plan's 7 (seven) programs. For example:

- if you are in the 457 Plan and you want to join the 401(k) Plan, you get the second program free;
- if you are in either the 457 or 401(k) and you want to join the NYCE IRA, your quarterly fee covers that too;
- whether or not you choose to fund your own NYCE IRA account, if you open a spousal IRA that, too, is at no cost. This is a step that is **strongly** encouraged as it alone preserves all rights and benefits of the program for your spouse. Please note: The Spousal NYCE IRA does not need to be funded, only established. (Visit nyc.gov/nyceira and select *Establish Spousal NYCE IRA* for more information.)

Looking back...

When the Deferred Compensation Plan was first introduced, it consisted of a 457 Plan only and offered four investment choices. Participants had limited access to their accounts. Transfers could be made only twice a year and participants were forced to make an immediate distribution decision when they left City service.

The Investments

Today, the Deferred Compensation Plan offers an investment program that consists of three levels of investing:

Core Options

For participants who wish to create their own portfolios, there are seven core investment options covering the investment risk/return spectrum. These are the Stable Income Fund, the Bond Fund, the Equity Index Fund, the Global Socially Responsible Fund, the Mid-Cap Equity Fund, the International Equity Fund, and the Small-Cap Equity Fund.

Target-Date Portfolios

For participants who prefer to invest in a ready-mixed portfolio, there are twelve pre-arranged portfolios made up of the Plan's core options. These professionally managed, pre-arranged portfolios reduce in equity exposure automatically over time to help participants meet their retirement goals.

Self-Directed Brokerage Option

Finally, for participants who want a greater choice, there is a self-directed brokerage window which makes available thousands of mutual funds.

Programs within the Deferred Compensation Plan

Today, participants have access to many different tax-favored programs ranging from pre-tax investing to after-tax investing, to investing in the most tax-favored retirement program of all, the Roth NYCE IRA.

For a single fee, the Deferred Compensation Plan makes available the following programs:

- 1) the pre-tax 457 plan,
- 2) the pre-tax 401(k),
- 3) the Roth 401(k),
- 4) the Traditional NYCE IRA,
- 5) the Roth NYCE IRA,
- 6) the Spousal Traditional NYCE IRA, and
- 7) the Spousal Roth NYCE IRA

Each retirement program has its own particular benefits so participants need to choose what's best for them and their circumstances. For example, the 457 plan has no penalties for early withdrawal at any age, making it perhaps

the more desirable plan for uniformed employees retiring at an early age. The Roth 401(k), on the other hand, allows for post-tax investing, and, with a qualified distribution, allows the earnings to be withdrawn completely tax-free. Finally, the Roth NYCE IRA has the double benefit of tax-free earnings and no minimum distribution requirements, making it the ideal vehicle for estate planning.

The Services

Online and Voice-based Services

The array of Plan services includes 24-hour web and voice response access to account information, daily transfer capability, statements on demand, and a variety of customized online account services, such as dollar cost averaging. Finally, when participants sever City service, they are no longer locked into any distribution decision, but are free to elect an amount certain or periodic payments and change their distribution election as often as they like.

Communication Pieces

Besides the Plan's investment video, the following hard copy materials are available to Plan participants:

- Quarterly newsletters
- Annual report
- Program Summary Guides
- Pre-Arranged Portfolio Fact Sheet
- Pre-Arranged Portfolio Brochure
- 457 Plan In-Service Distribution Information for Purchase of Permissive Service Credits
- 457/401(k) Loan Guide and Applications
- Participant Distribution Guide/Form
- Beneficiary Distribution Guide/Form
- Confirmation letters for all account activities

Plan Educational Services

With the number and variety of programs available, participants are encouraged to take advantage of the Plan's educational services in order to choose the retirement program that's right for them from the beginning.

Retirement Planning Seminars

Participants within five years of retirement are advised to take advantage of the Plan's free distribution and retirement seminars given by Certified Financial Planners in order to learn how to integrate Deferred Compensation into their complete financial plan. All seminars are offered at the Plan's Administrative Offices located at 40 Rector Street, 16th Floor, New York, New York 10006.

Holistic Retirement Planning Seminars

The Deferred Compensation account is only one aspect of the total financial picture as it pertains to retirement planning. In order to have a comfortable retirement, it is necessary to understand how the various components of finances fit together with Deferred Compensation. Each seminar addresses the unique circumstances and benefits for employees of the City of New York.

Each of the topics below is discussed as it relates to Deferred Compensation:

- *Distribution Planning*
Learn what payout options you have so you can secure your retirement years with your DCP accounts.
- *Estate Planning*
Learn how assets are transferred, and the different forms of property ownership, to ensure that the maximum value will reach your intended beneficiaries.
- *Money & Credit*
Learn how to make a budget and manage your debt during your working years and in retirement.
- *Retirement Planning*
Learn what to keep in mind when starting your retirement savings and how Deferred Compensation fits into your retirement goals.
- *Social Security and Medicare*
Learn about choices of begin dates and how these interact with Deferred Compensation.



Seminars are free. Visit the Plan's web site at nyc.gov/deferredcomp to view a calendar of upcoming seminar dates and times. Participants can also call 212-306-5050 to register for a seminar.

Fund Manager Update

Listing of the Plan's Fund Managers as of October 1, 2009

Investment Options*	Listing of Managers within the Investment Options	Expense Ratios*
Stable Income Fund	ICMA Fiduciary Capital Management NISA Investment Advisors BlackRock Pacific Investment Management Company (PIMCO) Wellington Management Company, LLP	0.23%
Bond Fund	Pacific Investment Management Company (PIMCO) BlackRock	0.32%
Equity Index Fund	The Bank of New York Mellon (I)	0.06%
Socially Responsible Fund	Aberdeen Asset Management, Inc.	0.50%
Mid-Cap Equity Fund	State Street Global Advisors (I) Earnest Partners, LLC (V) Wellington Management Company, LLP (G)	0.58%
International Equity Fund	State Street Global Advisors (I) Mondrian Investment Partners, Ltd. (V) Morgan Stanley Investment Management (G) Alliance Capital Management, LP (C)	0.37%
Small-Cap Equity Fund	State Street Global Advisors (I) Dimensional Fund Advisors, LP (V) T. Rowe Price Associates, Inc. (G) Wellington Management Company, LLP (C)	0.46%

Equity Funds' Style Indicators

I	Index	G	Growth
V	Value	C	Core

* Expense ratios include investment management fees as well as a 0.05% administrative fee assessed against all Plan assets. The expense ratios shown above do not include the \$20 quarterly administrative fee.