STATE EMPLOYEES SEDCP DEFERRED COMPENSATION PLAN

New Jersey State Employees
Deferred Compensation Plan
News

http://www.state.nj.us/treasury/pensions/fact32.htm

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Summary Annual Report

For the New Jersey State Employees Deferred Compensation Plan

This is a summary of the annual report for the New Jersey State Employees Deferred Compensation Plan for the period July 1, 2001, through June 30, 2002. The independent accounting firm of KPMG, L.L.P., has audited the plan's annual report.

Basic financial statement

The value of plan assets, after subtracting liabilities of the plan, was $1,048,587,466 as of June 30, 2002, compared to $1,101,414,166 as of June 30, 2001. During the fiscal year the plan experienced a decrease in its net assets of $52,826,700. This decrease includes unrealized appreciation and depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total losses of $106,523,745 including realized and unrealized investment losses of $131,290,133 from the appreciation and/or sale of assets, and earn-

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Value of Plan Assets — June 30, 2001 through June 30, 2002

Value of plan assets as of June 30, 2001		$	1,101,414,166
Plan member contributions during 2002	+	$	121,675,078
Investment earnings	+	$	24,921,195
Investment losses	-	$	106,523,745
Investment expenses	-	$	154,807
Value of plan assets as of June 30, 2002		$	1,048,587,466

Who Is Required To Take Minimum Distribution At Age 70½

Calls received by the Plan staff as a result of the previous newsletter prompted the need to clarify a common misconception about who is required to take minimum distribution from their accounts at age 70½. As indicated in the Internal Revenue Services' Publication 575, you generally must begin to receive distributions from your qualified retirement plan by April 1st of the year that follows the later of the calendar year in which you reach age 70½ or the calendar year in which you retire. Participants are not eligible to receive distribution from an eligible 457(b) deferred compensation plan account prior to separation from employment. Only those individuals who have separated from employment and have reached age 70½ need to be concerned with the requirement to take the minimum distribution from their accounts.

How To Transfer Investment Fund Balances

The transfer of funds within your Deferred Compensation account is based on the total value of the account at the end of the month you make the request. When you complete section "C" on the ***Change Request*** form, your total balance will be redistributed based on the percentages indicated.

If you are intending to transfer a portion of fund values from one fund to another with minimal affect to other funds, use the following methods.

- Determine percentage of total account value which is currently allocated to the specific fund —

  Example:

  Account Value = $40,000

	Fund 1	**Fund 2**	**Fund 3**	Fund 4
Fund value =	$10,000	**$10,400**	**$9,600**	$10,000
Percentage of account =	25%	**26%**	**24%**	25%

- If transferring ½ of Fund 3 ($4,800) to Fund 2 only, indicate percentages on the Change Re-quest Form as follows —

	Fund 1	**Fund 2**	**Fund 3**	Fund 4
Fund value =	$10,000	**$15,200**	**$4,800**	$10,000
Percentage of account =	25%	**38%**	**12%**	25%

The percentages indicated must total 100.

While this method will not give an exact dollar amount of the transfers, due to the month end valuation of accounts prior to the transfer, it will give you a close approximation of what to expect.

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ings from investments of $24,921,195. Investment expenses totaled $154,807 for the fiscal year. Plan members also contributed $121,675,078 during the plan year.

Benefits under the plan are provided through a trust fund. Plan expenditures were $67,978,033. These expenses included $704,423 in administrative expenses and $67,273,610 in benefits paid to participants and beneficiaries. A total of 33,051 persons were participants in or beneficiaries of the plan at the end of the plan year compared to 32,047 as of June 30, 2002; an increase of 1,004 persons.

You have the right to receive from the plan administrator, on request and at no charge, a copy of the full annual report. This report includes a statement of the assets and liabilities of the plan, a statement of additions and deductions of the plan, and accompanying notes. To obtain a copy of the full annual report, write or call the plan administrator at the New Jersey Division of Pensions and Benefits, NJ State Employees Deferred Compensation Plan, PO Box 295, Trenton, NJ 08625-0295, (609) 292-3605. The annual report will also be made available in May on the Division's Internet site at:

www.state.nj.us/treasury/pensions

You also have the right to examine the annual report at the main office of the plan (New Jersey Division of Pensions and Benefits, NJ State Employees Deferred Compensation Plan, 50 West State Street, Trenton, NJ 08625-0295).

The N.J. State Employees Deferred Compensation Plan News

Division of Pensions and Benefits

This newsletter is published quarterly to provide news and information to members of the New Jersey State Employees Deferred Compensation Plan. The information presented in this newsletter reflects the current practice and policies of the Division of Pensions and Benefits as it administers its programs. If there are discrepancies between the information presented here and the law, or regulations, the latter will govern. If you have questions or comments, please contact:

Deferred Compensation Plan News

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