

Kentucky Public Employees' Deferred Compensation Authority Unveils Roth 401(k) Option

The Authority is extremely pleased to be among the first employee plans nationally to provide yet another savings option for participants' consideration – a Roth 401(k) account! Effective as of the first pay period after July 1, 2006, the Authority can begin accepting participant-designated Roth 401(k) after-tax contributions.

Who is eligible for the Roth 401(k)?

Unlike the Roth IRA, no salary restrictions are applicable to designated Roth 401(k) contributions. However, deferral limits do apply. The only requirements are that the employee must be actively employed by a participating employer, receive salary from which to make the contribution, and be enrolled in the Authority's 401(k) Plan. To learn more, contact your local Participant Service Representative or the Authority at 800.542.2667.

Breaking News!

IRS approves Authority's Deemed IRA program

After an extended wait, the Authority recently received word that the Internal Revenue Service (IRS) has approved the Authority's request for non-bank trustee status. This will enable the Authority to proceed with implementation of a Deemed IRA program.

With this approval in hand, we plan to implement the program by no later than July 1, 2007. The Authority's Deemed IRA program will feature both traditional and Roth IRAs. Watch our website and future newsletters for more information.

Authority Board acts to reduce participant fees again

At their regularly scheduled quarterly meeting on May 24, 2006, the Authority Board of Trustees approved staff's recommendation to reduce the current 34 basis points (bps) charge on the Fixed Contract Fund to 32 bps and to reduce the bps charge on the mutual fund tiers as detailed in the table below.

Current fees	New fees, effective July 1, 2006
.34% on the first \$25,000	.32% on the first \$25,000
.28% on up to the next \$25,000	.26% on up to the next \$25,000
.15% on up to the next \$50,000	.13% on up to the next \$50,000
.08% on up to the next \$50,000	.06% on up to the next \$25,000
.0% on amounts above \$150,000	.0% on amounts above \$125,000

Authority revises monthly payout schedule

The new schedule is effective July 1, 2006:

Periodic payments	2nd business day
Lump Sums	2nd Business Day & 20th Calendar Day (if the 20th is on a weekend or holiday, the payout will occur on the business day immediately preceding the 20th).
Partial Lump Sums	
Rollovers	Please note: In December, the "20th payout" will occur on the 15th calendar day (December 15).

Countdown to Retirement 2006 Expo

- Sept. 12, 9 a.m. – 4 p.m., Frankfort Convention Center.
- Workshops include:
 - > The Authority's New Roth 401(k) — 9 a.m. & 1 p.m.
 - > Social Security Benefits Overview — 10 a.m. & 2 p.m.
 - > Managing Your Authority Account in Retirement — 11 a.m. & 3 p.m.
- State employees receive up to 2 hours paid time off, plus reasonable travel time, to attend, with prior supervisory approval. If you are **not** a State employee, you will need to discuss your Expo attendance options with your employer.
- Discuss investments with mutual fund representatives.
- Meet one-on-one with a Plan Service Representative.

Fixed Contract Fund Rate

A blended net crediting rate that will yield 4.55% is in effect for the Third Quarter 2006. The rate was 4.45% for the previous quarter.

