

# Authority to Implement Deemed IRA Program in July

Many Kentucky Plan participants have long expressed a desire for an IRA program, and the Authority has wanted for some time to implement a Deemed IRA Program component to the Authority's One-Stop Retirement Shop. So we're delighted to advise you that both desires will soon be fulfilled. As we noted in last quarter's statement newsletter, the IRS has granted the Authority final approval to offer this exciting and valuable enhancement.

Both traditional and Roth IRAs will be offered. Contributions can be made via payroll deduction or personal check. Rollovers from existing IRA's will be permitted, thereby facilitating the consolidation of assets process for participants. For updates and more information, see future quarterly editions of this statement updates page, visit our Web site ([www.kentuckydcp.com](http://www.kentuckydcp.com)), or contact your local Deferred Comp Representative.

## KY Pension Exclusion Update for 2007

Kentucky's individual income tax pension exclusion for the 2007 tax year *remains unchanged* at \$41,110. Therefore, this exclusion amount applies to tax returns due April 15, 2008 as well as April 15, 2007.

Retirees who make quarterly estimated Kentucky individual income tax payments should take this pension exclusion into consideration when calculating their quarterly payments. Note: the 2005 General Assembly repealed KRS 141.0105 which provided for the pension exclusion to be adjusted annually for inflation.

Additionally, Kentucky's standard deduction for individual income tax *increased* from \$1,970 to \$2,050 for the 2007 tax year as authorized by KRS 141.081 (2). Taxpayers who do not itemize deductions on Kentucky individual income tax returns are entitled to claim the standard deduction.

## November 15, 2006 Board Actions

1. Received and accepted the plans' annual audit report for the fiscal years ended June 30, 2006 and 2005 from Moore Stephens Potter LLP (the Authority's independent outside auditing firm). The report issued was clean and unqualified.
2. Adopted the recommendation of the Investment Subcommittee, and supported by Mercer Investment Consulting (the Fixed Contract Fund Investment Consultant), to move out of the INVESCO Group Trust structure and to establish, effective January 1, 2007, a separate account relationship with INVESCO.
3. Accepted Aon Investment Consulting Inc's (the Authority's mutual funds investment consultant) **Watch Fund** recommendations. Funds now on *watch* include: Neuberger Berman High Income Fund, JPMorgan MidCap Value Fund, Fidelity Freedom Funds, and Templeton Foreign Fund.
4. Approved proceeding with the leasing of new Authority office space in Frankfort.
5. Set the next Board Meeting date to be February 21, 2007 at 9 a.m.

### Fixed Contract Fund Rate

A blended net crediting rate that will yield 4.70% is in effect for the First Quarter 2007. The rate was 4.65% for the previous quarter.

## Are you considering a payout this year?

### Payout Schedule: January - July 2007

#### Scheduled Payout Date    Projected Cut-Off Date\*\*

February 2	January 26
February 20	February 9
March 2	February 23
March 20	March 12
April 3rd	March 23
April 20	April 12
May 2	April 24
May 18	May 11
June 4	May 24
June 20	June 13
July 3	June 22
July 20	July 12

\*\* "Projected Cut-Off Date" is the date by which all forms needed to process a payout must be received in good order by the Authority. Due to such events as holidays or requirements of our recordkeeper, this date is subject to change without prior notice. The Authority recommends you take steps to ensure your forms are received by our office in advance of the cut-off date. Also, please note, the "Scheduled Payout Date" may be contingent on receiving your last payroll deferral from your final pay check. For additional information, or if you have any questions, please call the Authority at (800) 542-2667.

