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SMART Plan update

WINTER 2007 VOL 4, NO 4

YOUR 457 DEFERRED COMPENSATION PLAN NEWSLETTER

EDUCATE

FOR MORE INFORMATION LOG ON TO WWW.MASS-SMART.COM

Choices and tools for managing your investment portfolio

As a temporary, seasonal or part-time employee, you are allowed to make voluntary pre-tax contributions to the Massachusetts Deferred Compensation SMART Plan in addition to the 7.5 percent of gross pay you contribute to the Income Fund as required by the Omnibus Budget Reconciliation Act of 1990, commonly known as OBRA. If you want to put away more for your retirement and feel comfortable with investing your voluntary contributions, the SMART Plan lets you build and monitor your own investment portfolio.

Setting your strategy

To build an investment portfolio, you need to have a strategy based on:

- How much time you have to invest
- Your objectives
- Your overall financial situation
- Your comfort level with risk.

If you want help creating your investment strategy, the SMART Plan gives you access to a variety of tools and personal support.

At no cost to you, the SMART Plan gives you access to asset allocation services. Your local representative can assist you with:

- customizing or fine-tuning a plan for allocating your money among the Plan's different investment options
- the online Risk Profile Questionnaire and a model portfolio and specific investment options that may be suitable for you.

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A LETTER FROM TREASURER TIMOTHY P. CAHILL

Dear SMART Plan Participant,

As you know, my staff regularly reviews the structure and performance of the SMART Plan to ensure its continued success in providing high-quality services at competitive prices and to seek opportunities to provide service enhancements. Consequently, I am pleased to announce that after an extensive bidding process, I have awarded the third-party administration and recordkeeping services contract to Great-West Retirement Services. See *Great news about changes coming to the SMART Plan* on page 2 of this newsletter for more information.

In the coming weeks, a transition bulletin will be mailed to your home informing you of the changes in detail.

I hope you will be as enthusiastic about the enhancements coming to the SMART Plan as I am.

Happy New Year!

TIMOTHY P. CAHILL
SMART PLAN PARTICIPANT
STATE TREASURER &
RECEIVER GENERAL

Great news about changes coming to the SMART Plan

Great-West Retirement Services® has been selected as the new provider of administration, recordkeeping, investment education and communication services for the SMART Plan.

Great-West Retirement Services is a leading provider of employer-sponsored retirement programs for state and local governments. With a focus on providing high-quality retirement plan services to employers and their employees, Great-West Retirement Services provides administration and recordkeeping services to 15 of the 50 states, more than any other service provider in the market. They also serve four of America's five largest cities (New York, Los Angeles, Houston and Philadelphia). Great-West Retirement Services administers defined contribution plans for over 1.3 million state and local government employees.

New participant services

The SMART Plan will offer a wide range of new and enhanced services, including:

- more extensive education and account management services via the website, including the ability for participants to personalize an account home page;
- a wider range of *free* educational seminars, conducted by licensed representatives, in more locations throughout the Commonwealth; and
- a new call center in Massachusetts dedicated to serving the SMART Plan. The new SMART Plan Service Center will be staffed with *local* service counselors dedicated to serving participants. This is in addition to service counselors located throughout the Commonwealth for local personal education and account services.

Transition process

Soon, a transition bulletin will be mailed to your home informing you of the changes in detail.

To-do list

- No re-enrollment is necessary.
- The transition will happen automatically.
- Check your mail for the transition bulletin mailing.

Choices and tools for managing your investment portfolio… continued from page 1

The Risk Profile Questionnaire is designed to help you determine your investment strategy. Your responses assess what type of investor you are. Based on the results, you will be directed to a model portfolio with suggested asset allocations to use as a guide. Of course, it's your choice whether to follow the model or not when you build your portfolio.

A wide menu of funds

The SMART Plan provides you with a broad array of quality investment options in different asset classes at competitive rates. You should consider all of the Plan's investment options and read the fund fact sheets and fund prospectuses before making any decisions. For the complete list and fund fact sheets, go to www.mass-smart.com > Invest.

You should consider the investment objectives, risks, charges and expenses of each investment option carefully before investing. The fund fact sheets and fund prospectuses contain this and other information which can be obtained by contacting your local representative or by visiting www.mass-smart.com. Please read the information carefully before investing.

Overseeing progress

Once you've determined your investment strategy and selected funds, it is important to monitor your portfolio regularly and make adjustments as needed. The Plan gives you several ways to stay in control of your portfolio.

It may be appropriate to rebalance your portfolio to keep your allocations in sync with your investment strategy and help manage risk. You may ask for help with rebalancing from your local representative. Or you may use the **automatic account rebalancing tool** to schedule a rebalancing transaction quarterly, semi-annually or annually. You choose the start date and the percentages you want to allocate to each fund. Go to www.mass-smart.com > Account Access.

The Plan's custom website also makes it convenient to check on or change your portfolio's asset allocations and investments. Whenever you want, you can change your current allocation or how your future contributions are invested.

You receive an annual statement for your OBRA contributions. If you make voluntary contributions, you receive quarterly statements reporting your total account balance, account summary-at-a-glance, personal rate of return for the quarter and the past 12 months, current investment mix and account contact information. You may also access and print past statements from the archive at www.mass-smart.com > Account Access.

ING does not offer tax or legal advice. This material is not intended to be used to avoid tax penalties and was prepared to support the promotion or marketing of the matter addressed in this newsletter. The taxpayer should seek advice from an independent tax adviser.

Talk with your local representative about OBRA voluntary contributions. And if you become a full-time employee in the future, ask about the potential advantages of transferring your OBRA mandatory contributions into a voluntary plan account.

TAKE ACTION

For help:

- Call your local representative toll-free 1 (877) 457-1900 (option 2).
- Go to www.mass-smart.com > Contact Us > Find Your Local Representative.

For the Risk Profile Questionnaire:

Go to www.mass-smart.com > Invest > Investment Options > Risk Profile Questionnaire.

To invest:

- Call the SMART Plan Customer Service Center toll-free 1 (877) 457-1900 (option 1).
- Go to www.mass-smart.com > Account Access.

2008 ANNUAL LIMITS

If you want to make voluntary pre-tax contributions to the SMART Plan, you are allowed to contribute a maximum of $15,500 to retirement plans in 2008. If you are age 50 and over, you can add $5,000 extra to help "catch up" on savings. Your local representative can explain the catch-up contribution guidelines.

GOT QUESTIONS? NEED ANSWERS?

SMART Plan Customer Service Center
Call us today! (877) 457-1900. Available Monday through Friday, from 8 a.m. to 10 p.m. and Saturday 8 a.m. to 4 p.m.

Retirement and Investment Advisory Services from ING's Financial Horizons Advisory Program are available Monday through Friday from 8 a.m. to 5 p.m. by calling (866) 201-3691.

ING's Central Massachusetts office:
1601 Trapelo Road
Waltham, MA 02451
Phone: (781) 768-4850
Fax: (781) 890-3580

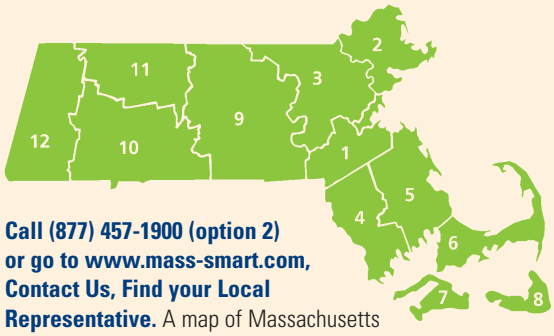
We can also be reached at the following addresses:

Springfield
436 Dwight Street, Room 109
Springfield, MA 01103
Phone: (413) 785-4785

Worcester
2 Chestnut Place/22 Elm Street
Worcester, MA 01608
Phone: (508) 792-2881

Quincy
One Adams Place, Suite 400
859 Willard Street
Quincy, MA 02169
Phone: (617) 472-3751

Boston
One Ashburton Place, 12th Floor
Boston, MA 02108
Phone: (617) 723-5835



Call (877) 457-1900 (option 2) or go to www.mass-smart.com, Contact Us, Find your Local Representative. A map of Massachusetts will appear. Click on your local area to find a list of representatives near you. You can even e-mail your local representative once you've located his or her listing on the website.

New address
ING has moved to One Orange Way, Windsor, CT 06095-4774.

Mail forms to: ING, P.O. Box 99063, Hartford, CT 06199-0063.
Fax forms to: 1 (800) 643-8143.

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You should consider the investment objectives, risks, and charges and expenses of the investment options carefully before investing. The prospectuses containing this and other information about the investment company can be obtained by calling (877) 457-1900. Please read the prospectus carefully before investing. *SMART PLAN UPDATE*, a quarterly financial education newsletter published by ING, provides information about topics of concern to retirement plan participants and employees of the Commonwealth of Massachusetts. Third-party administration provided by ING Life Insurance and Annuity Company (ILIAC). Securities offered through ING Financial Advisers, LLC (member SIPC). These companies are wholly owned, indirect subsidiaries of ING Groep N.V. © 2007 ING North America Insurance Corporation C07-1009 031 (12/07)

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