



The following are highlights of the New York State Deferred Compensation Plan.

TAX-DEFERRED BENEFITS

- Federal and New York State income taxes are deferred on contributions to the Plan
- Contributions and any investment earnings accumulate on a tax-deferred basis until withdrawn

CONTRIBUTION LEVELS

- Minimum contribution is 1% of compensation (but not less than \$10 per pay)
- Maximum regular contributions is \$15,500 in 2007
- Contributions must be payroll deducted
- Additional contributions allowable if you are 50 or over or, in specific instances, in the three years prior to eligibility to retire

PERSONAL ASSISTANCE

Personal assistance is available through a local Account Executive or the HELPLINE from 8 a.m. to 11 p.m. Monday through Friday and 9 a.m. to 6 p.m. Saturday (ET) at 1-800-422-8463

INVESTMENT OPTIONS

- Stable Income Fund and an array of 30 investment options covering each major asset class
- Mutual fund families include, but are not limited to:

| | | |
|----------|----------------|---------------|
| Alger | Harbor | Pax |
| Columbia | Mainstay ICAP | Putnam |
| Davis | Janus | T. Rowe Price |
| Dreyfus | Morgan Stanley | Vanguard |
| Fidelity | MTB | Wells Fargo |

Investors should carefully consider information contained in the prospectus, including investment objectives, risks, charges and expenses. You can request a prospectus by calling Schwab's dedicated PCRA Call Center at 1-888-393-PCRA (7272). Please read the prospectus carefully before investing.

For prospectuses of funds within your NYSDCP core account, please call the HELPLINE at 1-800-422-8463, or visit our web site at www.nysdcp.com.

- A brokerage window option that allows you to choose from approximately 3200 mutual funds, for an additional fee

The Schwab Personal Choice Retirement Account® (PCRA), offered through Charles Schwab & Co., Inc. (Member SIPC).

The New York State Deferred Compensation Plan is a State-sponsored employee benefit for State employees and employees of participating employers.

Plan Mission Statement: The New York State Deferred Compensation Plan is a voluntary retirement savings plan that provides quality investment options, investment educational programs and related services to help State and local public employees achieve their retirement savings goals.

PLAN FEES

- The annual participant fee is \$14. \$7 is deducted from each participant's account in March and September.

PLAN SERVICES

- You have access to your account 24 hours a day, seven days a week via the New York State Deferred Compensation Plan Web site and the Voice Response System. On either system you may:
 - Check your account balance
 - Change the investment of your future deferrals
 - Exchange funds between the Plan's investment options
 - Change your deferral rate
 - Explore online education resources
 - Develop a customized retirement investment strategy
- Access investment guidance through Morningstar® Guidance OnlineSM
- Determine a repayment schedule on a Loan from your Plan account

Morningstar® Guidance OnlineSM is offered by and is the property of Morningstar Associates, LLC, a registered investment adviser and subsidiary of Morningstar, Inc.

DISTRIBUTIONS

- When you permanently leave work from your State or local government employer
- When you reach age 70½, even if still employed
- Benefit payments may be made in the form of:
 - A full withdrawal
 - Partial withdrawals
- Periodic payments may be received as a fixed dollar amount or over fixed time period and are paid:
 - Monthly
 - Quarterly
 - Semi-annually
 - Annually
- You may change your payment option at any time
- Each payment will be taxed as ordinary wage income in the year you receive it
- In-service distributions of assets rolled into the Plan are permitted according to the regulations of the original plan

ANSWERS TO COMMONLY ASKED QUESTIONS ABOUT THE NEW YORK STATE DEFERRED COMPENSATION PLAN

WHO IS ELIGIBLE TO PARTICIPATE?

All state employees and employees of localities and school districts that participate in the State Plan.

ARE PAYROLL DEDUCTIONS PRE-TAX?

Yes, for federal and New York State income tax purposes but not for FICA.

WHAT IS THE MINIMUM I MAY DEFER?

1% of compensation. But not less than \$10 per pay period.

WHAT IS THE MAXIMUM I MAY DEFER?

Below are the annual maximum amounts that you can defer:

| <i>Year</i> | <i>Annual Maximum</i> | <i>Age 50+ Catch-Up</i> | <i>Retirement Catch-Up Limit</i> |
|-------------|---------------------------|-----------------------------|--------------------------------------|
| 2007 | \$15,500 | \$20,500 | \$31,000 |

After 2007, the maximum amount you may defer will be adjusted for inflation.

ARE THERE TIMES WHEN I CAN DEFER MORE?

Yes, if your deferrals in previous years were less than the amount allowed by law, you may be eligible to make Retirement Catch-Up deferrals. If you are age 50 or over, you may make Age 50 and Over Catch-Up deferrals. Important: Retirement Catch-up cannot be used in the same year as Age 50 and Over Catch-up.

HOW OFTEN MAY I CHANGE MY DEFERRAL AMOUNT?

Unlimited, and there are no additional fees to change.

WHAT ARE THE COSTS TO PARTICIPATE?

The Plan charges an administrative fee of \$14 annually, which the Board may waive when circumstances permit.

DO I INCUR ANY SALES CHARGES UPON WITHDRAWAL?

No. The Deferred Compensation Plan does not assess any front-end or back-end sales charges.

MAY I ROLL OVER MONEY FROM OTHER RETIREMENT ACCOUNTS INTO MY NEW YORK STATE DEFERRED COMPENSATION PLAN ACCOUNT?

Yes—You can roll over money from a 457(b), 401(k), 403(b) or traditional IRA into your NYSDCP account. Assets rolled over from a qualified plan or individual retirement account may be subject to a 10% tax penalty if withdrawn prior to age 59½.

CAN I TAKE A LOAN AGAINST MY PLAN ACCOUNT BALANCE?

Yes. The Plan permits loans to participants who are currently employed by the State or a participating employer or who are on an approved leave of absence. The loan cannot exceed the lesser of 50% of your Plan account balance or \$50,000.

MAY I WITHDRAW MONEY FROM MY ACCOUNT WHILE EMPLOYED?

Yes, if you are 70½ or older, qualify for an unforeseeable emergency, or if you have rolled over assets from a 401, 403(b), or an IRA. Distribution of assets rolled into the Plan continue to be subject to the distribution rules of the former plan, which could include a 10% early withdrawal penalty if they are received before age 59½.

WHEN MAY I BEGIN BENEFIT PAYMENTS FROM MY ACCOUNT WITHOUT A PENALTY?

You may begin benefit payments when you leave employment. Benefit payments must begin at age 70½ or upon termination of employment from the employer that participates in the Plan, whichever is later, under the Required Minimum Distribution (RMD) provision. There is never a penalty on the Deferred Compensation Plan benefit payments regardless of age.

MAY I CHANGE MY BENEFIT PAYMENT OPTION, AMOUNT OR FREQUENCY ONCE I START MY PAYOUT?

Yes. You have complete flexibility when choosing and changing your benefit payment options. Also, the first \$20,000 in periodic benefit payments you receive each year may be exempt from New York State income tax, if you are a New York State resident and at least age 59½.

MUST I ELECT MY BENEFIT PAYMENTS WHEN I LEAVE STATE EMPLOYMENT?

No. Not only are your benefit payment options flexible, so is the commencement of your payout date. Benefit payments must begin at age 70½ or upon termination of employment from the employer that participates in the Plan, whichever is later, under the Required Minimum Distribution (RMD) provision.

AM I ABLE TO CONTRIBUTE TO A 403(B) PLAN ALSO?

Yes. You can contribute the maximum amount to your NYSDCP account and the maximum amount to your 403(b) plan at the same time. Ordinary income taxes apply when your Plan account is paid to you, usually at retirement. You choose the method and commencement date for your benefit payments.

Visit the Plan Web site at nysdcp.com. Or call the HELPLINE at 800-422-8463 to learn more about the New York State Deferred Compensation Plan. TTY/TDD services are available toll-free 800-514-2447.

Neither the Administrative Service Agency nor any of its representatives offer legal or tax advice. For such guidance, you should consult your own legal or tax adviser.

Securities offered through Nationwide Investment Services Corporation, member NASD. NRM-0113NY