TOP STORY

Government Defined Contribution Leaders Meet with Congressional and Federal Representatives

The National Association of Government Defined Contribution Administrators, Inc. (NAGDCA)'s Executive Board met with key congressional staff and treasury department officials on March 23 & 24, 2009.

During their meetings with key Senate and House offices, congressional tax committee staff, and the Department of the Treasury, the Board shared the DC plan survey summary report, discussed the NAGDCA legislative priorities letter and asked for continued support for the National Save for Retirement Week resolution. The House and the Senate unanimously passed a resolution in 2008 and NAGDCA is working to get a resolution passed again this year.

Below is a picture of the Board with Congresswoman Allyson Schwartz's (D-PA). Schwartz is one of NAGDCA's National Save for Retirement Week (NS4RW) sponsors.

Mark your Calendar:

NAGDCA 2009 Industry Roundtable
May 14-15, 2009 The Washington Court
525 New Jersey Avenue, NW Washington DC 20001 Phone: 202-628-2100.
Room Rate: $224/night plus tax
Hotel Room Block Closes on April 23, 2009.

NAGDCA 2009 Annual Conference
September 12 - 16, 2009 Hilton Austin
500 East 4th Street, Austin, TX 78701

Registration will open soon.

National Save for Retirement Week
October 18 – 24, 2009

PRESIDENT'S CORNER

By: Alex Turner

This has been a busy season for the NAGDCA Executive Board, as well as the organization as whole. The NAGDCA Board traveled to Washington, DC for the annual Hill visits at the end of March, where we met with congressional staff members and representatives of the Department of Treasury. In addition, we were delighted to meet with Representative Allyson Schwartz (D-PA), one of the sponsors of the resolutions declaring National Save for Retirement Week. Congresswoman Schwartz, together with Representative Sam Johnson (R-TX) and Senator Kent Conrad (D-ND) have agreed to sponsor the Resolution this year.

During our time in Washington, we presented NAGDCA's legislative priorities, which are based upon maintaining the continued existence of substantive distinctions for §457(b) and 403(b) plans and governmental qualified (or 401(a)) plans. We noted several specific issues, including:

- Maintaining the exemption from the 10 percent early withdrawal penalty.
- Enactment of a Roth 457 option. 401(k) and 403(b) plans are permitted to offer a Roth 401(k) or a Roth 403(b) to allow participants to save for retirement with both pre- and post-tax contributions. Roth 457 provisions are currently contained in a number of Senate bills in the 110th Congress, but have not yet become law.
- Allowing non-spousal beneficiaries to roll assets to 457, 401(k) and 403(b) Plans. The Pension Protection Act permitted non-spousal beneficiaries to roll assets obtained as a beneficiary to an IRA, and EGTRRA acknowledged that the consolidation of retirement assets is valuable to those with multiple retirement

savings accounts. It would be similarly valuable to non-spousal beneficiaries to consolidate their beneficiary assets to their 457(b), 401(k) or 403(b) accounts.

- Allowing state and local government employees to transfer up to $500 dollars in unused flexible spending account dollars into their defined contribution plans (457, 401(k) or 403(b) plans).
- Increase eligibility for the low income savers tax credit, to allow more lower-income individuals the opportunity to save.

We also expressed NAGDCA's appreciation for the unanimous congressional support for the National Save for Retirement Week Resolution, first passed in the Senate in 2006 and passed by both the House and the Senate in 2007 and 2008. This year the focus on saving for retirement took on a special significance given the volatility of the markets, and we urged Congress to reintroduce and pass this resolution this year.

In addition, we offered our continued assistance on the issue of fee disclosure. State and local governments, by virtue of their open bid processes, public meeting and public records requirements, have well-established open and transparent fee disclosure practices. We look forward to continuing to work with Congress on this issue.

And, many thanks to those of you who were able to complete the NAGDCA plan survey, as we were able to include the survey results in our discussions on the Hill. In light of the current economic circumstances, there was a great deal of interest in data reflecting the economy's impact on retirement plans, particularly on the numbers of participants seeking hardship withdrawals and other types of financial relief.

Also, NAGDCA has several upcoming activities I would encourage you to keep in mind:

- Legislative Update of Defined Contribution Plans NAGDCAST, on April 27, 2009 at 1:00 pm EDT, with speakers Susan White, NAGDCA Legislative Counsel; Mildeen Worrell, Tax Counsel, Majority, House Ways and Means Committee; Dianne Howland, American Benefits Council; and moderator Mindy Harris, NAGDCA Past President and Legislative Chair.
- The 2009 Industry Roundtable (May 14-15, Washington, DC).
- The annual conference committee has released its call for speakers. Solicitation forms are due April 30th.
- NAGDCA is taking its education presentation into a second classroom on March 31st - Concordia University (Portland, OR). The first presentation was at Southern Arkansas University (Magnolia, AR), and we are looking forward to feed-back from the speakers, students, and professors. We also plan to make a presentation at the University of Georgia in the next month or so.

As members of NAGDCA, I encourage you to network with your fellow administrators and experience the variety of educational programs and networking opportunities NAGDCA has to offer. NAGDCA strives to keep its constituents apprised of the latest issues surrounding the defined contribution community and it is our goal to act as an educational resource for individuals throughout the industry. For more information on any of NAGDCA's upcoming events or deadlines, please visit www.nagdca.org or contact NAGDCA at 859-514-9161.

INDUSTRY VIEWPOINT

Responding to Historic Action in the Financial Markets

ICMA-RC case study
By: Daniel Moreau

The economic downturn that began in September was a tsunami that grew rapidly in successively greater waves and challenged the efforts of every financial services institution in the U.S. ICMA-RC reacted to the situation by developing messages that addressed the concerns of our client plan sponsors and their participants. The following are valuable messages that can be used as you work with employees to effectively deal with what was at first an unusual, then unprecedented and eventually historic financial situation:

- Consistency is critical - base all messages, tools and materials on your organization's financial markets communication strategy; revise that strategy to reflect changing market conditions.
- Remind investors of the core investing principles and promote resources you have to educate and inform them in a time of market volatility.
- Provide information regarding the market and its impact on investors in a straightforward and complete message to retain credibility in a time of market uncertainty.
- Keep your messages timely by developing crisis-mode editorial, leadership, compliance and legal review processes that are responsive to very short deadlines.

A Focused Audience Approach

As part of our Financial Markets Communications strategy, ICMA-RC targeted audiences to actively address the ongoing market situation. From September through the end of the year there were daily meetings where we formulated policy and response that we then we communicated to the following audiences:

Plan Sponsors – Employers were provided detailed information on participant responses to the market, combined with information on our resources available to help ease employee concerns. We also provided explanation and analysis of news events that impacted our investments, such as the federal takeover of Fannie Mae and Freddie Mac.

Participants – For those with accounts at ICMA-RC, our message focused on the need for investors to make choices based on their personal situation and saving's goals. ICMA-RC's messages reinforced the personal nature of retirement investing and reiterated the financial soundness of ICMA-RC.

Messages were differentiated based on:

Actively-Engaged Investors – Participants who were actively managing their accounts during the time were provided information at every touch, or contact, point. Messages were posted where participants would see their accounts. We adjusted the level and amount of information as the situation unfolded.

Investors with a Long-Term Horizon – Outreach was limited so as not to raise concerns, but the message that investing is for the long-term was reinforced. Using fact sheets detailing earlier bear markets, we emphasized that timing the market typically does not make sense for long-term investors.

Participants Near or In Retirement – This group received targeted communication and personal interaction about the resources available to them, with a focus on financial planning. Messages emphasized the personal nature of investing and communicated that ICMA-RC had tools and services available to assist participants in their investing strategies.

Associates – ICMA-RC's local Retirement Plan Specialists, CERTIFIED FINANCIAL PLANNER™ professionals, Investor Service Representatives and associates who work with clients were given consistent messages and tools to address questions about the financial markets. All messages, tools and materials were based on ICMA-RC's overall Financial Markets Communication strategy.

Strategic Communications Categories

Once the appropriate audiences were defined, ICMA-RC identified the following high level communication categories:

CEO Communications – Communications from ICMA-RC's CEO Joan McCallen reminded clients of the core concepts of retirement investing and promoted the resources available. Ms. McCallen issued a series of statements on the markets' impact and reassured clients the company was on sound financial footing. The statements were posted on the Website, and mailed with statements.

Ms. McCallen also actively communicated with ICMA-RC associates to apprise them of the market's impact. .

Reference & Investment Communications – ICMA-RC clients were looking for information. Reference communications provided information on the market in a straightforward manner. More active clients were given more detailed information. We monitored other financial companies and relevant associations and think tanks to measure their response to the market situation and used the information to supplement our own efforts.

Online Resources – Several of our Website channels were redesigned to better communicate information. We added Q&As with senior financial leadership that outlined the strategies of our investments, the content of portfolios, and steps ICMA-RC was taking to respond to the markets' impact on these funds.

Audience Specific Communications – When it became clear that market volatility would not be short term, ICMA-RC began communicating with participants groups and plan sponsors to reinforce core investing principles and that ICMA-RC would continue to monitor and report on the market. Our efforts included on line messages and inserts in quarterly participant statements.

Looking ahead, we know many investors will continue to be concerned about their retirement security until the financial crisis is well behind us. ICMA-RC understands that it is more important than ever to communicate with participants and their employers in a responsive and strategic manner.

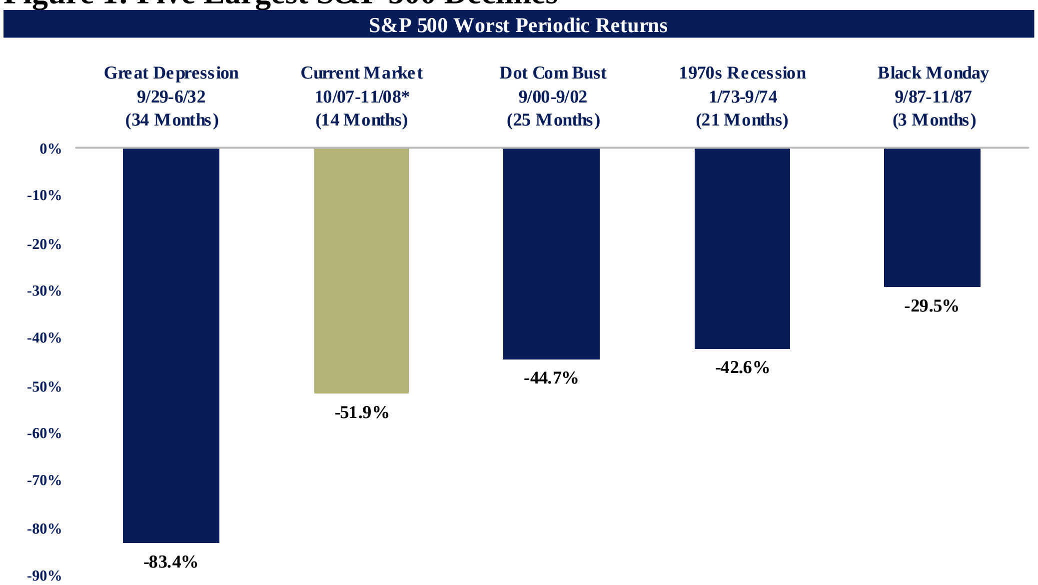
Putting the Current Bear Market Into Historical Context

Matthew Rubin
Director of Investment Strategy
Neuberger Berman

The Great Depression has often been used to describe – rather callously – the irrationally conservative investment behavior by those who lived through the worst investment market in history. These were the type of people that preferred a pillowcase to a bank for safeguarding their assets. Now, all of the sudden, it seems as though this could be a fitting moniker for the response we have witnessed to the recent market turmoil. Over the past few months, the level of anxiety for investors has been extraordinary, as the credit crisis has taken a terrible toll on the economy and capital markets. Given the deeply troubling and unique issues of the current environment, the choice by some investors to simply flee equities has a certain logic to it. Why continue to endure this relentless volatility and risk losing more money? While the past does not predict or guarantee the future, one natural place to look for perspective is, of course, market history. We have spent considerable time looking back over the 80 year S&P 500 index history and compared our current market with the major bear markets of the past: the dot-com bust, the 1987 crash, 1970s recession and the Great Depression. In doing so, we found several noteworthy trends, and thought it worthwhile to share our observations.

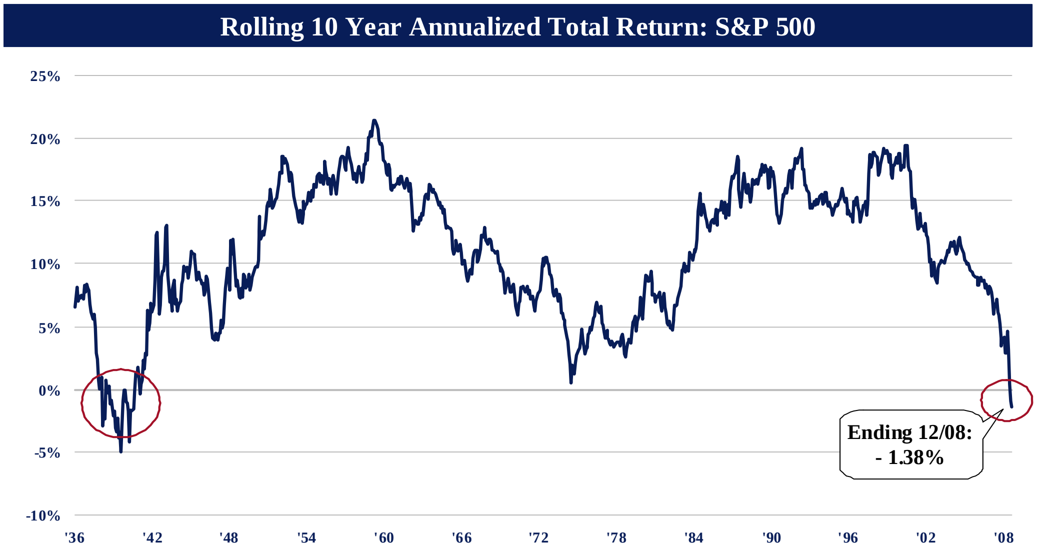
Just how bad is the current bear market? The 51.9% drawdown in the S&P 500 from its peak on October 9, 2007 to its recent trough on November 20, 2008 is second only to the Great Depression (Figure 1), and 2008 is now the third worst calendar year on record. And unlike many bear markets where investors were able to find protection in traditionally "defensive" stocks and sectors, 2008 was one of indiscriminate selling. Only 32 of the S&P 500 holdings had a positive return on the year (eight of them due to acquisition), and all 10 sectors were down double-digits (the best performing sector, Consumer Staples, was down 15.5%). By year's end, nearly a third of the stocks in the S&P 500 had a market capitalization of less than $4 billion – a requirement for inclusion in the index, or at least it used to be. All of this is painful in-and-of-itself. What makes this drawdown particularly painful, however, is that it comes only a few years after another major bear market--that of 2000-02. With that, our current decade now hosts two of the worst three drawdowns in market history; as a result the 10 year annualized return for the S&P 500 (as of December 31, 2008) was negative for the first time since the Great Depression (Figure 2). Many investors had come to accept the near-term volatility in the equity markets because of its track record of producing higher long-term returns than other asset classes. However, it is becoming harder and harder to maintain a long-term mindset when the equity market continues to disappoint. And, today, many investors worry that stocks may decline even further before reaching a bottom. While there is no way to be sure of the magnitude or duration of this bear market, there are a few observations from the past that we think can provide a healthy perspective on the current recession and road to recovery: 1. previous recessions have been relatively short, and 2. the average return in the month following the bottom of past major bear markets has been strong, and missing it lengthened recovery times of a hypothetical equity portfolio.

Figure 1: Five Largest S&P 500 Declines



*Data goes back to 1926. *Current market drawdown computation through Nov 20, 2008. Source: Callan. Monthly Data. For illustrative purposes only. The characteristics, including length and recovery time, of past recessions and bear markets have varied significantly and are no indication of the characteristics of the current or future recessions and bear markets. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results.*

Figure 2: Negative 10 Year Total Return For the S&P 500



Source: Callan. Monthly data. Data goes back to 1926. The results are not representative of any Neuberger Berman investment product or service and do not reflect the fees and expenses associated with managing a portfolio. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results.

Recessions and Recovery

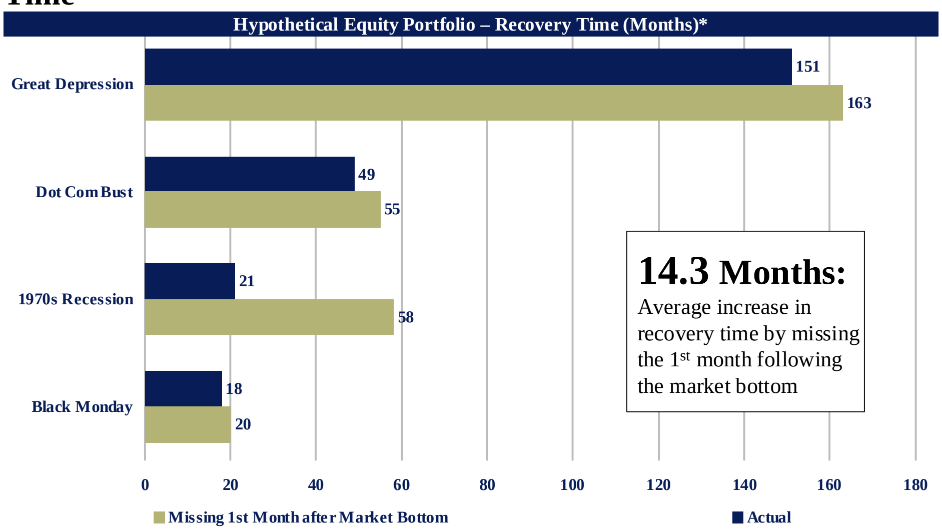
Notwithstanding the Great Depression, U.S. recessions have lasted, on average, 10 months, with the longest economic declines lasting 16 months (1973-1975 and 1981-1982). Based on calculations by the National Bureau of Economic Research, we are now 12 months into the current recession as of year end 2008. Some see our economy recovering in late 2009, while others believe our current recession will last into 2010 or beyond. Either way, there are many indications that our current recession is on track to perhaps be the longest downturn of the post-war era. That is not to say, however, that equity markets cannot begin to recover sooner. Equity markets tend to be a *leading* indicator of economic fundamentals, and historically have started to recover half of the way through a recession. If estimates of a late 2009 recovery prove correct, we would be 50-60% of the way through our current recession. Interestingly, as of December 31, 2008, the market has rallied 20% since its low on November 20. Shocking as it may seem, this could technically qualify as a bull market. While this could prove to be a false start, we look upon this optimistically as a potential sign that the negative economic news has been priced into the stock market.

Staying With It

During the final months of a drawdown, many investors often capitulated and abandoned equities altogether. Our study of the previous major bear markets gives us an indication as to why that may have been the case. While previous major bear markets lasted approximately two years on average, over 50% of their total drawdown came in just the final three months. And looking at the current market, September, October and November represented the worst three months of the bear market and have accounted for nearly 80% of the drawdown as of end of 2008. This steep and sudden decline naturally instills fear. However, we caution panicked selling because, historically speaking, the months immediately following the bottoms of the four major drawdowns were very positive for stocks. In fact, the month right after the bottom of the dot-com bust, the 1987 collapse, and the 1970s decline was the best one-month return of the entire recovery period. (In the Depression, the month directly following the bottom was the third best month of the subsequent twelve-and-a-half year recovery). The average return for the first month following the bottom of those bear markets was 17.7%, a significant number considering the average return for the rest of the recovery period is 1.4%.

Unless an investor's investment objectives or risk tolerance have changed, selling stocks late in a bear market can turn out to be a mistake. Market timing is often a very difficult strategy to implement because it is so hard to time things right. By heading for the exits and trying to time a re-entry point, you could potentially miss out on a significant part of a recovery. In looking at past major bear markets, the potential impact of missing out on just the first month following the bottom of major bear markets lengthened the average recovery time of a hypothetical equity portfolio by 14.3 months (Figure 3).

Figure 3: Past Bear Market Recoveries Impact of Staying Invested on Recovery Time

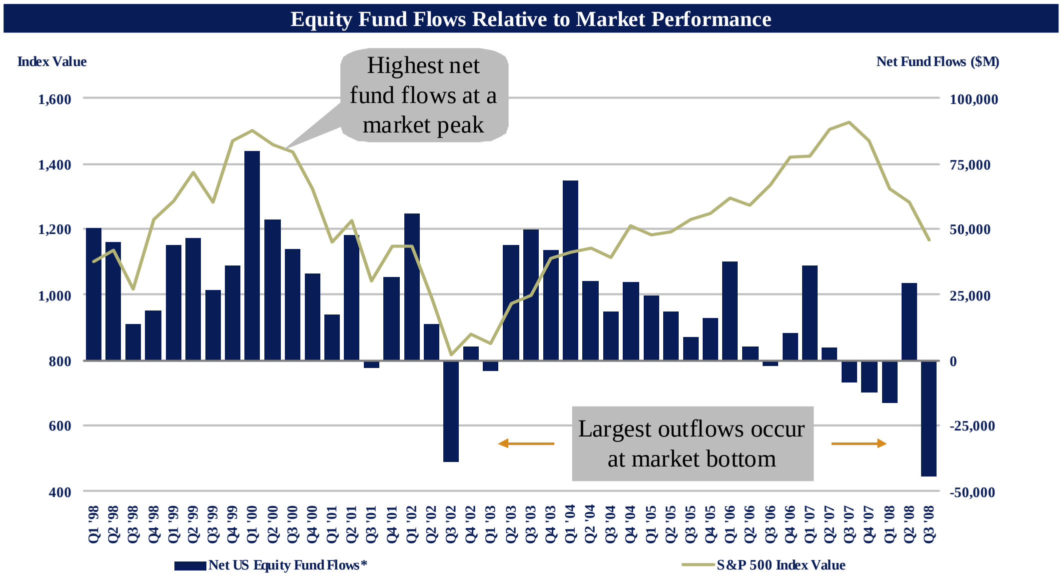


Source: Callan. Monthly Data.

**For illustrative purposes only. The chart illustrates the recovery time of a hypothetical investment in the S&P 500, as measured by the time period from the market bottom to previous market high. The results are not representative any Neuberger Berman investment product or service and do not reflect the fees and expenses associated with managing a portfolio. The characteristics, including length and recovery time, of past recessions and bear markets have varied significantly and are no indication of the characteristics of the current or future recessions and bear markets. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results.*

Unfortunately, many investors have shown the tendency to do the exact opposite. Market history shows that investors become overly enthusiastic in good markets, investing heavily at market peaks, and overly pessimistic in down markets, often selling out at market bottoms (Figure 4). Such behavior is directly contrary to the most basic of investment principles: buy low, sell high.

Figure 4: Investors Have Historically Succumbed to Behavioral Traps



** Includes all US domestic mutual funds and ETFs.*
*Source: Morningstar; Simfund. Indexes are unmanaged and are not available for direct investment. See Disclosures section at the end of this material, which is an important part of this presentation. *Includes all US domestic mutual funds and ETFs. See Disclosures section at the end of this material, which is an important part of this presentation. Source: Morningstar; Simfund. This material has been prepared by Neuberger Berman, LLC on the basis of publicly available information, internally developed data and other third party sources believed to be reliable. Neuberger Berman, LLC has not sought to independently verify information taken from public and third party sources and does not make any representation or warranty as to the accuracy, completeness or reliability of the information contained herein. The data is not representative of any Neuberger Berman investment product or service and does not reflect the fees and expenses associated with managing a portfolio. Please note that indices are unmanaged and do not take into account any fees or expenses of investing in the individual securities they track and that individuals cannot invest directly in an index. Data about the performance of these indices is prepared or obtained by Neuberger Berman and includes reinvestment of all dividends and capital gain distributions. Investing entails risk, including possible loss of principal. Past performance is not indicative of future results.*

Today, we are seeing this trend continue, with a mass exodus from the equity market. Some estimates suggest that investors pulled out nearly $70 billion from U.S. equities in October, a staggering number considering that the average monthly figure over the past decade is $14 billion *into* stocks. With the steady flow of money out of equities over the past few months, U.S. equity funds are on pace for their first negative annual outflow in two decades.

Warren Buffet has a saying that investors should “be fearful when others are greedy, and be greedy when others are fearful.” Those with the patience to remain invested today may eventually be rewarded; heavy equity outflows have often been a strong contrarian indicator. That is because cash can be thought of as a competing asset class to equities, and all of the cash that is currently sitting on the sidelines may come pouring back into the market as the appetite for risk returns. This cash-to-equity trade generates buying, which has the potential to positively affect stock prices. Current data suggests that there is now enough money in cash equivalents to buy nearly half the market capitalization of the S&P 500. We believe there is the potential for momentum if even some of this cash is transitioned to equity.

Putting Things in Perspective

Between the housing collapse, credit crunch and ongoing volatility, today’s bear market feels different than anything that has come before—and in many ways it is unique. Over the past four months, we have witnessed a global financial and economic crisis that has resulted in what were previously thought unthinkable events. However, the same can be said of the conditions that resulted in previous bear markets. While not knowing the market's trajectory can be unsettling, we find solace in the fact that those previous markets eventually recovered and bore many similar characteristics. If these observations of past recessions and major bear markets demonstrate anything, it's the potential benefits of maintaining a long-term perspective and an asset allocation based on investment objectives and risk tolerance, rather than emotion.

Contributors

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The views expressed herein are generally those of Neuberger Berman's Investment Strategy Group (ISG) which analyzes market and economic indicators to develop asset allocation strategies. ISG consists of three investment professionals and works in partnership with the Office of the CIO. ISG also consults regularly with portfolio managers and investment officers across the firm. This material may includes estimates, outlooks, projections and other "forward-looking statements." Due to a variety of factors, actual event may differ significantly from those presented.

Bear markets defined as 10% reversals in the S&P 500 stock index close. Recessions defined by National Bureau of Economic Research. Past bear markets have often included brief bear market rallies (market increases of over 20%) which were often followed by subsequent declines. Nothing herein constitutes an opinion or a prediction regarding the length or bottom of the current recession and bear market, or any subsequent market or portfolio behavior. The characteristics, including length and recovery time, of past recessions and bear markets have varied significantly and are no indication of the characteristics of the current or future recessions and bear markets.

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Give Retirees a Game Plan for Retirement

by Gregg Seller, Senior Vice President, Great-West Retirement Services®

With the growing number of Baby Boomers approaching retirement, it's important to provide retirement information for these participants in your plan. One way to make such resources available is an interactive Web site for those preparing for – and already in – retirement.

Americans are discovering that retirement planning doesn't end at retirement, and a Web site can offer ongoing education and tools. Such a communication vehicle is an easy way for participants in this demographic to learn about pre-retirement planning, money matters and retirement lifestyles at any time, day or night. With more and more communication resources available, a Web site is also a great way for plan sponsors to keep up with evolving technology.

Interactive features incorporated on a Web site are a wonderful way to engage retirees. Today we live in world of instant communication and information, where we want resources and answers at our fingertips. The proportion of older Americans who use the Internet ranges from 78 percent of 50- to 54-year-olds to 45 percent of those ages 70 to 74 – up from 26 percent of the latter group in 2005. Among online Americans, 58 percent consult the Internet for assistance in solving problems – more than any other source of information.*

For example, at Great-West Retirement Services, we created Retiree Crossroads, a Web site with several tools participants can use for immediate assistance with retirement strategy. The site includes a paycheck comparison feature, which allows employees to view the effects of tax-deferred saving on their take-home pay, while another tool analyzes and estimates an individual's retirement nest egg. Through the site, users can create a game plan for retirement by setting financial goals and learning what they need to do to prepare for retirement, how to handle various money matters once they've retired and how to avoid common mistakes in retirement.

This type of Web site not only can give retirees, and those approaching retirement, helpful financial tips, but also can help users sort out the emotional challenges that retirement may present. Different stages in retirement can be outlined, along with everyday life options, thought-provoking information on the world of retirement, and ways to avoid scams and schemes.

While it's necessary to have representatives available to answer questions, a Web site is a good alternative resource for retirees, and it isn't limited to call-center hours. A site like Retiree Crossroads also can be a starting point for participants approaching retirement. Ideally, users can get answers to their questions at their own convenience while connecting with information that goes beyond the initial query.

Technology is here to stay, and as Internet use grows among older Americans, it's important for plan sponsors to advance with the times. Tap into the huge Baby Boomer demographic right now by taking advantage of the Web's capabilities and offering your participants the tools and information to help them shape a bright future.

* Pew Internet and American Life Project, 2008 surveys

WASHINGTON UPDATE

Susan J. White & Jonah Mainzer
Susan J. White & Associates, Inc.

Administration and Economic Stimulus

Since President Obama was inaugurated in late January, his new Administration has faced a myriad of issues, including the continued downturn in the economy, wars in Iraq and Afghanistan and a stepped of focus on federal health care reform. As a result, the Administration has focused less on retirement related issues, although they have included proposals in their budget aimed at moving toward reform, strengthening retirement saving and protecting Social Security, while Capitol Hill drives the debate through hearings and the development of legislation.

The first item on the President's agenda was the passage of a major economic stimulus measure making a massive federal investment of funds to stimulate the economy. The focus of this legislation was putting people to work right now and the Administration is working closely with state and local governments to disburse the dollars quickly. The White House, under the direction of Vice President Biden, is also directing a massive oversight capacity to monitor fraud and abuse at the federal level, utilizing Inspector Generals from throughout the government.

In addition to one of the largest infusions of cash into the domestic economy in years, the Secretary of the Treasury Department, Timothy Geithner, has been working on far-reaching proposals to shore up and intervene in the banking system and other companies, such as AIG, in hopes that the markets will calm down and in an effort to avoid the same crisis in the future.

President Obama's Budget

Upon passage of the economic stimulus legislation, President Obama submitted to Congress an outline of his 2010 Federal Fiscal Year (FFY) budget proposal. Further detail on the budget proposals will be sent to Congress in April. It is traditional that a new President in their first year offers a limited budget proposal after the first State of the Union address. However, a combination of time constraints that the Administration has been facing with the stimulus and unfinished business from last year's budget that was unresolved when President Bush left office contributed to the lack of detail in Obama's first budget proposal.

There are a few provisions in the proposed plan that would impact the retirement community-- expansion of the Saver's Credit and increasing automatic enrollment through the creation of Auto-IRAs. The Administration is in the process of drafting these proposals that will be sent to Congress shortly.

The Administration is proposing requiring employers who do not currently offer a retirement plan to enroll their employees in a direct-deposit IRA account that is compatible to existing direct-deposit payroll systems. Employees would still be able to opt out and would retain the right to change savings levels.

Congressional Hearings

Both the Senate Special Committee on Aging and the House Committee on Education and Labor recently held hearings on strengthening retirement. The current economy has shown the flaws in the current retirement system and the need to keep Social Security solvent.

Both committees looked at the housing bubble and witnesses testified that housing prices would be at historic levels by the middle of this year. Witnesses indicated their concern that housing prices would continue dropping thereby worsening the recession and possibly leading the country into a depression.

The Committees used the hearings to highlight their intent to follow up on work that they began during the last Congress on 401(k) fees and their view regarding what they coined as a “lack of regulation” across the industry. George Miller (D-CA), Chairman of the House Committee on Education and Labor, re-emphasized his position that it will be extremely important to look at 401(k) fees as many people will be relying only on 401(k) plans instead of using them as the supplementary plans they were designed to be. His Committee is in the process of drafting new legislation on fees and pension reform, in collaboration with the House Committee on Ways and Means.

It was also stressed that now is not the time to get out of the markets. The markets will eventually recover and if people sell now they will be locking in their losses instead of waiting to recover some of the losses.

Mandatory Distributions

Also discussed at the hearing was the possibility of drafting legislation that to move the date of required distributions from 401(k)s from the age of 70.5. The arguments for this legislation are based on the current economy and that people will be forced to lock in losses if they are forced to take distributions even though many older people are still working.

Opposition to legislation like this would be strong and it may be difficult to pass this type of legislation. At the retirement security hearings this question was brought up and witnesses were opposed to legislation as they said people’s plans should be diversified enough that taking annuities starting at age 70.5 should not cause them to lock in losses for at least a few years. Witnesses pointed out that, additionally 401(k) plans are meant to be retirement plans and not inheritances.

National Save for Retirement Week

NAGDCA has once again been working with both the House and Senate to introduce a National Save for Retirement Week resolution. NAGDCA has pointed out, in its advocacy efforts on Capitol Hill, that the Resolution this year is more important than ever and while the economy makes this more difficult the need to save has not changed. Both the House and the Senate have pledged to move forward with the resolution this year.

NAGDCA Executive Board Visit

The NAGDCA Executive Board recently held it's annual Washington visit and met with Representative Allyson Schwartz (D-PA), majority and minority staff for the Senate Committee on Finance and House Committee on Ways and Means, staff for Senators Conrad (D-ND) and Cardin (D-MD), staff for Representative Johnson (R-TX) and the Department of the Treasury. In these meetings NAGDCA President Alex Turner provided the offices with the 2009 NAGDCA priorities letter and offices affirmed the importance of National Save for Retirement Week, especially in these difficult times. Republican staff for the House Committee on Ways & Means also revealed that they would be introducing retirement based legislation in the coming weeks to increase contribution limits, among other things.

Discussions also included a Government Accountability Office (GAO) report on defined contribution plans that had been requested by Charles Rangel (D-NY), Chairman of the House Committee on Ways and Means. This report will be sent to Congress by the end of the summer and congressional committee staff indicated that NAGDCA may be invited to testify hearings on the report in the fall.

Additionally, NAGDCA was invited to submit testimony for the record regarding hearings to be held in the beginning of April focusing on the state of the economy and the impact on and role of defined contribution plans.

Upcoming NAGDCA Events

On April 28, NAGDCA will be conducting it's Annual Legislative Webcast. NAGDCA has confirmed that counsel from the House Committee on Ways and Means and from the American Benefits Council will present.

Additionally, on May 14-15 the NAGDCA Industry Committee will be holding it's Annual Roundtable and we are pleased to announce that representatives from the Department of the Treasury, Senate Committee on Finance and House Committee on Ways and Means will be participating on this bi-partisan panel.

AROUND THE COUNTRY

<u>Call for NAGDCA's 2009 Leadership Recognition and Media Recognition Award Nominations</u>

Nominations are now being accepted for the Leadership Recognition and Media Recognition Awards. Please take this opportunity to acknowledge outstanding colleagues and outstanding work.

The Leadership Recognition Award recognizes exceptional achievements in effective communication, plan design & administration, and National Save for Retirement Week activities.

Click here to submit your Leadership Recognition Award nomination. The deadline for submissions is June 12, 2009.

The Media Recognition Award recognizes a member of the media for outstanding coverage of pension and retirement issues in newspapers, magazines, national newsletters or research reports.

Click here to submit your Media Recognition Award nomination. The deadline for submissions is June 30, 2009.

All nominations must be submitted online.

Awards will be presented to government and industry partners at NAGDCA's Annual Conference in Austin, Texas on September 16, 2009.

Winners will be recognized in a printed publication at the conference.

NEW MEMBERS

Please visit the NAGDCA on-line directory for member's full contact information. You will need a username and password to access the information. Join me in welcoming our new members!!!

State Government Primary Member
Jackie Graham
State of Alabama

Local Government Primary Member
Nancy L Leavitt
City of Virginia Beach

Joseph Fratto
Cook County

Susan Lowery
Rockland County

Witold Dziadowicz
City of Milwaukee

Donna L Dunnings
Cook County

NAGDCA Government Secondary Member
Richard Caunitz
Rockland County

Theresa Sullivan
Multnomah County

MEMBER BENEFIT SPOTLIGHT

To remind members of benefits they receive throughout the year, NAGDCA spotlights a benefit of membership in each edition of The Contributor. For more information on this or any benefits of membership, please visit our website at www.nagdca.org or contact NAGDCA staff at (859) 514-9161.

Information

- Career Center - Post job openings and review resumes
- The Contributor, NAGDCA's quarterly newsletter that provides the latest information on association issues, members and legislative matters
- An interactive Web site at www.nagdca.org that provides current information on federal activities, meetings, members, RFPs, presentations and more!
- An electronic clearinghouse with resources that offer answers and perspectives on various issues by showing actual practices used by members across the country
- Legislative representation in Washington, DC

ABOUT THE CONTRIBUTOR

The Contributor is published by the National Association of Government Defined Contribution Administrators, Inc. (NAGDCA). NAGDCA encourages the submission of articles on topics relating to defined contribution/deferred compensation retirement savings/plans. Articles that appear under the by-line of an individual express the opinions of the author and not those of NAGDCA as an organization. The deadline for submissions for the next issue is June 12, 2009. Articles should be approximately two pages in length and should be submitted in Word format. Please direct all newsletter items and questions to NAGDCA, 201 East Main Street, Ste 1405, Lexington, KY 40507.

You may also e-mail submissions to Kari Emmons at kemmons@amrms.com. Please contact Kari Emmons at 859-514-9218 with any questions or comments.

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