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NEW PROGRAM STRUCTURE

What were the County's objectives in making changes to the Defined Contribution Program?

The County's primary objective of this process was to help employees better prepare for retirement. In order to achieve this objective, the County sought to:

- Lower administrative costs paid by participants. Because the cost of the 457 Plan is paid for entirely by participants, the County wanted to ensure that participants pay competitive fees for the investments and services provided. This could provide participants with the potential to save more.
- Simplify the investment process and encourage participation by offering an improved investment menu with a wide variety of competitively priced options.
- Provide access to local representatives who offer personalized individual consultations and financial education.

What process did the County use to select a provider?

The County issued a Request for Proposal ("RFP") to all interested providers of deferred compensation and defined contribution services. A Selection Committee, made up of individuals from the various departments throughout the County, was responsible for reviewing the proposals, evaluating the responses and interviewing the providers. Throughout this process, the Committee had the assistance of a consultant, Lockton Benefit Company. Members of Lockton Benefit Company also assisted the Selection Committee in the proposal evaluation and interview process. Seventeen companies replied to the initial RFP. Interviews were held with the top five finalists from the proposal evaluations. Following a rigorous review and evaluation process, the Committee made the recommendation to select ING Life Insurance and Annuity Company (ING), and this recommendation was approved by the Board of County Commissioners.

What gives Johnson County the authority to cancel the existing provider contracts and move all assets to ING?
The County has responsibility for oversight of the Program and is held to fiduciary standards under State and local law in its ongoing monitoring of the Program. For the 457 Plan, even though contributions are made by participants, it is still considered an employer plan. As a fiduciary and sponsor of the Program, the County has the obligation and authority to make necessary enhancements and adjustments including the selection of Program providers.

In selecting ING as the provider and in implementing these Program enhancements, the County believes it has met its fiduciary responsibility to offer a program with a provider that makes available the best combination of education, administration, and investment services. The County believes that it has acted in the best interests of all Program participants and beneficiaries.

Why was ING selected as the provider?
ING was selected because it was judged to have submitted the best overall proposal. ING's strengths include:

- Experience with deferred compensation plans. ING provides services to over 4,300 state, city and county deferred compensation plans, including over 250 cities and counties in the State of Kansas.
- Competitively priced fund menu and array of services.
- A local service team consisting of three experienced representatives.
- Commitment to reenergize the County's Program through a comprehensive and customized education program, including a custom Program web site.
- Demonstrated experience in facilitating smooth and seamless plan transitions.

When are these changes effective?
These changes are effective September 19, 2006.

INVESTMENTS

Why did the County decide to modify/reduce the investment choices under the Program?
The County's goal is to offer a broad array of investment options, with reduced participant costs. The current Program includes redundant investment options, higher fees, and too many choices resulting in confusion as to account diversification.

In reviewing the current menu with its investment consultant, the County determined that there were an extremely high number of investment options that followed the same investment style and even held many of the same stocks. Eliminating investment options with overlapping investment styles will help reduce confusion in the fund selection process for participants. The new menu provides participants with the ability to reduce overall expenses and diversify their portfolio from a broad spectrum of investment options.

What criteria did the County use to determine the investment options to be offered?
The County evaluated investment options using a wide range of criteria including:

- Portfolio characteristics
- Consistency of investment style
- Clarity and strength of investment philosophy and process
- Depth and quality of resources
- Brand identity in the marketplace
- Competitiveness of fees
- Portfolio manager tenure
- Performance in both up and down markets
- Consistency of returns

What are my investment choices?
You will have a menu of 21 investment options. A description of each option is provided in the fund fact sheets that include a manager profile and information on investment objective and strategy, risks, and top holdings and sectors (where applicable). ***You should consider the investment objectives, risks, charges and expenses of the investment options carefully before investing. Fund prospectuses, containing this and other information, are available through your local representative. A Participant Information Booklet is also included in this mailing. Please read this information carefully before investing.***

What are target date lifecycle funds?
The five target date lifecycle funds, ING Solution Portfolios, are a family of funds that consist of an underlying portfolio of investment options that track to a certain date for retirement. They help make investing for your retirement easier. You simply select the ING Solution Portfolio with the target date closest to the year you expect to retire. These portfolios are rebalanced periodically and, over time, migrate to a more conservative investment mix so you won't have to rebalance your account.

Target date funds can help simplify your investment selection. However, they are subject to risk. Please refer to the ING Solution Portfolio fund fact sheets included in this booklet.

When do the new investment choices become available?
These new options will be available on September 19th.

How can I receive fund performance information?
Beginning September 19th, you can receive fund performance in a variety of ways:

- Through the custom web site for the Program at **ingretirementplans.com/custom/joco**
- By calling ING's toll-free telephone line at **(800) 584-6001**

- With your quarterly participant statements
- Through ING's local office by contacting your local representatives at **(913) 661-3797**

FEES AND EXPENSES

What are the ongoing annual expenses under the Program?

- There are **NO** annual administrative expenses under the Program. Any administration expenses that you currently pay will be eliminated.
- Investment management expenses apply to each of the variable investment options. Please refer to the enclosed fund fact sheets for the expenses associated with each option. Fund prospectuses can also be obtained from our local representatives. The revised menu of funds has a range of investment management expenses from a low of 0.25% up to 1.45% annually. Your actual expenses will vary, depending on the options you choose for your account.

  Expenses charged by the specific funds offered under the Program will be reflected in the performance for that fund option. The fund fact sheets included in this booklet, and updated on a quarterly basis, also include fund expenses.

Will I be charged any fees associated with the transition?
No. You will not be charged any fees as a result of the transition.

However, if you currently have an account with ICMA, there are two funds that include a redemption fee if amounts are held for less than a certain amount of time. Specifically, the Fidelity Diversified International Fund has a 1.0% redemption fee on amounts held in the fund for less than 30 days and the Fidelity Small Cap Retirement Fund has a 1.5% redemption fee on amounts held in the fund for less than 90 days. If you have amounts invested in either of these two funds, this redemption fee may be imposed upon transition if you have not met the minimum holding period required for such funds. In the event it is imposed, the County will make your account whole by crediting your account with ING with an amount equal to the redemption fee imposed.

PROGRAM TRANSITION

When will the group education meetings for the transition be held?
Group education meetings are scheduled to begin on July 31, 2006 and run through September. During these meetings, ING will provide you with additional information about the investment options and services available under the Program. Fund prospectuses will be available at these meetings. Please read this fund information carefully before investing.

A schedule of meetings is included in this booklet, posted on the OFM-Benefits web site at **http://ofm.jocogov.org/defaultbenes.htm** and available by calling ING at **(913) 661-3797**.

In addition to the initial education meetings, ING will provide retirement and financial education seminars, newsletters, and other materials to keep you informed about the Program and other topics relevant to your investment and retirement objectives. Also, our local representatives will be available for individual consultations.

Do I need to do anything if I am currently a participant in the Program?
Yes. You need to **submit a completed beneficiary designation form**, which is included in this booklet.

In addition, if you have not already done so, you should review your current investment options and fund allocations.

How will my contributions and account balance be transitioned to the new investment options?
In order to facilitate a smooth transition, your current account balance and ongoing contributions will be transitioned to the new options through a process called "fund mapping." Fund mapping describes the transfer of each of the existing investment options to a similar option available in the new fund menu. The objective of the mapping process is to identify investment options under the new menu that have similar risk and potential reward characteristics as the current options. In evaluating the new options, the County and its consultant considered investment style, risk profile, sector holdings, asset class, and long-term performance potential.

How will my account be transferred if I have fixed account assets with ICMA?
If you currently have fixed account assets in the Plus Fund with ICMA, their contract contains restrictions that will not allow your fixed account value to transfer at this time. Assets maintained in this account will be liquidated by ICMA within the next twelve months and automatically transferred to your account with ING.

While the fixed assets with ICMA will not transfer immediately, ING will maintain all information and records for your account, and will provide all account servicing after the September transition. What this means for you is that you will only see one fixed investment (stable value) option under the Program, and it will reflect one blended credited interest rate. The quarterly account statement you receive from ING will reflect your total account balance, including any amounts related to the ICMA Plus Fund, and the current interest rate. In addition, although the ICMA Plus Fund will not transfer immediately, there will not be any restrictions on your ability to receive distributions under the Program, make investment transfers or request contribution allocation changes.

How does the fund mapping process work?
The Fund Mapping chart included in this booklet illustrates how each investment option with Nationwide and ICMA will be mapped to the new investment options. **The fund mapping approach chosen by the County is a default strategy and happens automatically.**

What should I do if I want my contributions or account balance "mapped" in a different manner?
On or before September 8th, you can contact your current provider to make contribution allocation changes and/or fund transfers. The relevant contact numbers for each company are:

Nationwide 457 information:	(877) 677-3678 nrsforu.com
Nationwide 401(a) information:	(800) 882-2822 nationwidefinancial.com
ICMA:	(800) 669-7400 icmarc.com

Alternatively, you can wait until after the transition ends on September 19th, and contact ING to change your investment allocation to any of the new investment choices available under the Program. ING representatives can be reached at **(800) 584-6001** or at **ingretirementplans.com/custom/joco**.

Can I continue to have my ongoing contributions directed to my current provider?
No. Beginning with the September 15th payroll, all ongoing payroll contributions will be directed to ING and mapped based on your investment allocation in effect with your current provider as of September 8th. You cannot continue to direct contributions made after this date to your current provider.

If you currently have an account with both Nationwide and ICMA, and are making contributions to both providers, mapping for your contribution allocation will be based on your Nationwide allocation.

Can my account balance remain with my current provider?
No. All assets, with the exception of the ICMA Plus Fund, cannot remain with your current provider. However, some retirees may be receiving annuity payments. These annuity payments will not transfer to ING as an annuity is a contractual obligation between you and the financial organization that issued the annuity.

What happens if I am receiving periodic benefit payments from my current provider?
ING will assume responsibility for systematic withdrawal option (SWO) payments currently being made by Nationwide and ICMA to retired participants. If you are due to receive a SWO payment in September, you will either receive this payment on time or early, from either Nationwide or ICMA (as appropriate). SWO payments made on and after October 1st will be issued by ING.

SWO payments from ING are processed on the 1st and 15th of the month. If your current payment date occurs between the 1st and 14th of the month, your payment will be processed on the first of the month. If your payment date is the 15th through the 31st, your payment will be processed on the 15th of the month.

A direct deposit program for SWO payments is available at no additional charge. Electronic Funds Transfer (EFT) is an electronic deposit of your payments directly into your checking or savings account by an automated clearing house. This allows you to receive your payments more quickly than with traditional check processing timelines. For example, payments that are mailed are typically received within 5-7 days of the processing date. Payments made by EFT are generally posted to your account in two business days of processing.

If I am receiving electronic payments from my current provider, will they be continued by ING?
Yes. If you are not currently taking advantage of EFT and would like to do so, contact ING following the transition on September 19th at **(800) 584-6001** for additional information.

CONVERSION PERIOD

Is there a period of time during which I cannot access my account?
Yes. In order to help ensure the smooth transition of the Program, it is necessary to have a short period of time, the conversion period, during which certain transactions are not processed. The conversion period will begin as of the close of the New York Stock Exchange (generally 3:00 p.m. Central Time) on September 8th, and will end at 7:00 a.m. (Central Time) on September 19th. Transactions that are suspended during this short period are investment changes, address changes and distributions. Ongoing payroll contributions to the Program will continue uninterrupted.

Is my money still invested during the conversion period? Will I be out of the market?
During a plan transition, it is fairly common for plan participants to be out of the market for some period of time. ING is working with the County and the current providers to minimize any time out of the market.

The assets in your account will remain with your current provider until the liquidation date of September 14th. On the transfer date, expected to be September 15th, when assets are transferred to ING, your money will be reinvested based on the mapping instructions provided to ING by the County (see the Fund Mapping chart included in this booklet). Assuming ING receives the assets on September 15th, you will be out of the market for one business day.

Do I lose money as a result of the conversion?
No. Mapping is a dollar-for-dollar process. While the share/unit price of the current investment option may be different than the price of the fund it is being mapped to (resulting in a different number of shares/units), the dollar value of your account remains the same. For example, if your account balance with Nationwide or ICMA on September 14th is $20,000, your initial account balance with ING on September 15th will be $20,000.

As mentioned previously, if you currently have an account with ICMA, there are two funds that include a redemption fee if amounts are held for less than a certain amount of time. Specifically, the Fidelity Diversified International Fund has a 1.0% redemption fee on amounts held in the fund for less than 30 days, and the Fidelity Small Cap Retirement Fund has a 1.5% redemption fee on amounts held in the fund for less than 90 days. If you currently have amounts invested in either of these two funds and have not met the minimum holding period required by the funds, your beginning account value with ING will be less than the ending value with ICMA as a result of the imposition of these redemption fees. However, in the event it is imposed, the County will make your account whole by crediting your account with ING with an amount equal to the redemption fee imposed.

When can I make changes to my account?
You can make investment changes with your current provider to your current account balance on or before the close of business on the New York Stock Exchange (generally 3:00 p.m. Central Time) on September 8th.

Beginning September 19th, you may make investment changes to the allocation of your future contributions or the investment of your account balance with ING. You may also make other Program-related changes such as address and PIN changes.

Will I be subject to taxes on my funds as a result of the transition?
No. The changes that will take place during the transition do not result in the taxation of amounts you have accumulated. Amounts will continue to be tax-deferred while they remain under the Program.

Will I receive confirmation that the transition is complete?
Yes. Shortly after the transition is complete, you will receive a confirmation statement from ING that confirms each of the investment options to which amounts were transferred.

If you currently have an account with Nationwide or ICMA, the liquidation of your account will be reflected on your 3rd quarter statement received from those providers in October. Any questions regarding your prior provider statements should be directed to Nationwide at (877) 677-3678, Nationwide 401(a) information at (800) 882-2822 or ICMA at (800) 669-7400.

SERVICES

What services will ING and its local representatives provide?
ING and its local team will provide ongoing services that include:

- A Program web site at **ingretirementplans.com/custom/joco** available on September 19th. Through this site, you will have a direct link to account information and transaction capability (through Account Access), availability of Program-specific information, frequently asked questions, library of educational materials, interactive calculators, and links to other sites.
- Customer Service Associates available toll-free beginning September 19th at **(800) 584-6001** between the hours of 7:00 a.m. and 9:00 p.m. (Central Time) Mondays through Fridays, and 7:00 a.m. and 3:00 p.m. (Central Time) on Saturdays. Voice response toll-free telephone service is available 24 hours a day, 7 days a week.
- Comprehensive quarterly statements.
- Informative newsletters, special reports, and educational brochures.

Through our local team of employees you will be able to take advantage of:

- Individual consultations to discuss your specific issues (e.g., changing deferral rates, calculating available catch-up amounts, asset allocation, retirement planning).
- Educational group meetings that cover specific Program features (e.g., available catch-up provisions), financial and investment strategies and distribution and retirement planning.
- Seminars on a variety of topics. Topics include: asset allocation, retirement readiness, common-sense investing, retirement savings options, retirement income – beyond the basics, saving for college, and estate planning basics.

Do I need a password to access my personal account on the Voice Response Unit and the web site?
Yes. You will need a Personal Identification Number (PIN) to access your account on the Voice Response Unit (VRU) and to register for online account access on the web site. You will be assigned a PIN that will be identified on the ING confirmation statement that will be mailed at the end of the conversion. We encourage you to change your PIN to one of your own preference at your earliest convenience. PINs can be changed by using our automated toll-free VRU. Customer Service Associates cannot change your PIN.

Do I incur any transaction fees if I make changes using the web site or the toll-free telephone line?
No. There are no transaction fees associated with any of the transactions you are allowed to make through ING, whether you make them using the web site, the Voice Response Unit (VRU) or by speaking with a Customer Service Associate.

How frequently will fund performance be updated?
Fund performance will be updated on a monthly and quarterly basis. Monthly and quarterly fund performance reports will be available on the Program's custom web site. Performance reports will be included with your quarterly statements. You will be able to track daily fund prices on the custom web site when accessing your account through Account Access.

How quickly will my transaction requests be processed?
Transactions received in good order by the close of business (generally 3:00 p.m. Central Time, Monday through Friday) on any day the New York Stock Exchange is open, will be processed at the close of that same business day. Transaction requests received after the close of business on a New York Stock Exchange business day, will be processed as of the close of business on the next business day. All transactions are processed within these timeframes regardless of whether you use the web site, automated VRU or speak with a Customer Service Associate.

Will ING confirm my transactions?
Yes. Any time you make a change to the way your ongoing contributions or current account balance is invested, a written confirmation will be mailed to your home within two days of the date the transaction is processed. You will receive this confirmation if you make financial transactions over the web site, VRU, or by speaking with a Customer Service Associate.

When will I receive my first quarterly statement from ING?
The first quarterly statement you receive from ING for the Johnson County Defined Contribution Program will be for the 3rd quarter of 2006. You can expect to receive this quarterly statement in early October 2006. One of the enhancements you will notice is that you will now receive one consolidated statement which includes information for both your 457 and 401(a) accounts. Quarterly statements will also be available when accessing your account through the custom web site.

C06-0623-002R (7/06)