

Kansas Public Employees Deferred Compensation Plan

Frequently Asked Questions

NEW PLAN STRUCTURE

Why did the State make Plan changes?

To improve the investment options and services available to you, including:

- Lower participant expenses, allowing you the potential to accumulate more savings for retirement.
- Improve the quality of the investment menu and update the choices.
- Ensure statewide access to local representatives who offer face-to-face service.
- Expand and tailor the education program to better meet your needs.

How did the State select a provider?

To find the most competitive features and services available, the State of Kansas issued a Request for Proposal to all interested deferred compensation service providers. The responses were rigorously evaluated and interviews were conducted with finalists offering the most competitive proposals, before ING was selected. Throughout this process, the State had the assistance of a consultant, Segal Advisors.

Why was ING selected?

ING was selected because the State believes ING submitted the best overall proposal and will deliver a best-of-class plan. Among its features are:

- Reduced costs for participants.
- Comprehensive local service.
- Improved investment choices.
- Customized education materials and programs.
- Enhanced online capabilities.

When will the new features be available?

Monday, December 10, 2007.

INVESTMENTS

What criteria were used to evaluate the proposed investment options?

Investment options were evaluated based on the following criteria, guided by the State's Investment Policy Statement for the Plan:

- Performance (net of fees) in both up and down markets.
- Consistency of investment returns.
- Fees.

- Portfolio characteristics.
- Consistency of investment style.
- Clarity and strength of investment philosophy and process.
- Depth and quality of resources.
- Brand identity in the marketplace.
- Portfolio manager tenure.

What are my investment choices?

You will have a menu of 20 investment options, including a variety of:

- Actively managed funds.
- Passively managed index funds.
- Target date (lifecycle) funds.

This booklet includes a fund fact sheet for each option. The fund fact sheet includes a manager profile and information on investment objectives and strategy, risks, and top holdings.

You should consider the investment objectives, risks, and charges and expenses of the investment options carefully before investing. Prospectuses, containing this and other information, can be obtained by contacting your local representative. Please read carefully before investing.

What are "target date" or "lifecycle" funds?

The current "Kansas Lifestyle Portfolio" funds are based on risk level. The five new Vanguard target date (or lifecycle) funds provide portfolios based on a projected date for retirement. You select the fund with the target date closest to the year you expect to begin receiving benefits. These funds are rebalanced periodically and, over time, shift to a more conservative investment mix so that you won't have to rebalance your own account.

Target date funds can help simplify your investment selection. However, like all variable options, they are subject to risk. Please refer to the fund fact sheets included in this booklet.

What are passively managed index funds?

Passively managed index funds are designed to mirror a specific market

index. The underlying securities in these funds are extremely similar, if not identical, to the stock positions found in the market index benchmark applicable to each fund. The relevant benchmark is identified on the fund fact sheet for each fund. A passively managed index fund generally has lower expenses than an actively managed fund with the same investment objective. You should expect the share price and total return for these types of funds to fluctuate, like the fluctuations of the overall stock market.

When are the new investment choices available?

December 10, 2007. Contributions made beginning with the December 14 pay date will be directed to the new options.

FEES AND EXPENSES

What are the annual expenses?

Expenses for each of the new options are identified on page 12 of this booklet in the chart "What Does it Cost to Participate?" Your actual expenses will depend on the specific funds you select.

The performance of each option, including that shown on the performance summary, is net of all fund expenses.

Will I be charged any fees with the transition?

No. You will not be charged any fees because of the transition.

TRANSITION

When are the educational meetings for the transition?

Educational meetings will be held during October through December. During these meetings, ING will provide you with additional information about the new investment options and services. Fund prospectuses will be available at these meetings.

Please see the meeting schedule in this booklet and on the Plan's web site at www.ingretirementplans.com/custom/ks under the "Transition Assistance" tab. You can also call ING's Topeka Service Center

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at (785) 296-7095 or toll-free (800) 232-0024 to find a meeting near you.

Note that the meeting schedule will be updated periodically, and the updated schedule will be posted online.

Am I required to do anything?

No, you do not need to do anything if you are satisfied with your current allocations and agree with the fund mapping process described later.

We encourage you to attend one of the upcoming meetings to learn about these changes and how they impact you. This transition is a good time to remind you that it is important to review your account annually. You may want to re-examine:

- Your contribution amount.
- Your allocation across the different asset classes and how it matches with your risk tolerance.

This helps ensure that you are on track with your retirement objectives.

ING's representatives for the Kansas Plan are available to assist you in monitoring your account.

How will my account balance and contributions be transferred to the new investment options?

For a smooth transition, your current account balance and future contributions will be transferred to the new options through an **automatic** 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 mapping process matches current and new options based on fund strategy and objectives, risk profile, holdings, and long-term performance potential.

The Fund Mapping Chart included in this booklet lists each current investment option and the corresponding new investment option.

What happens if I want my account balance or contributions "mapped" differently?

On or after December 10, you can change your investment allocation to any of the new options. You can make changes by using ING's integrated phone service at

(785) 296-7095 or toll-free (800) 232-0024. You can also access your account at ingretirementplans.com/custom/ks.

I am currently invested in one of the lifestyle funds. How was mapping to the new target date lifecycle funds determined?

Based on portfolio risk, specifically, the equity/bond allocation. Mapping was not based on your age or expected retirement date.

For example, the current Kansas Moderate Lifestyle Portfolio will map to the Vanguard® Target Retirement 2025 Fund. However, if the date you expect to receive benefits actually aligns better with the Vanguard® Target Retirement 2045 Fund, you can make a change to this option as noted in the previous question.

Following the transition, ING local representatives will be available to meet with you individually or in a group setting to provide more details on the new target date funds.

What happens if I am currently using the automatic rebalancing feature?

Your current election will not automatically transfer. After December 10, 2007, you will need to access your account through Account Access at ingretirementplans.com/custom/ks to re-establish this feature.

What happens if I have an outstanding loan under the Plan?

Your loan repayments will continue without change if they are being deducted from your paycheck. If you took a loan on or after October 26, 2005, and are currently making repayments yourself, you will receive a separate mailing about future loan administration.

What happens if I am receiving periodic benefit payments?

You will continue to receive your systematic withdrawal option (SWO) payments without interruption. However, you will receive your December payment early, before December 1. You will receive a separate mailing to explain future payments.

Please note that a direct deposit program for SWO payments is available at no additional charge. With Electronic Funds

Transfer (EFT), your payments are automatically deposited into your checking or savings account. You will not have to make a trip to the bank, and you will receive your payments more quickly than with a paper check. Mailed payments are typically received within five to seven days of the processing date. Direct deposits are generally posted to your account in two business days of processing.

If you are already taking advantage of direct deposit, your payments will continue in this manner. If you are not currently receiving your payments by direct deposit and would like to, please contact ING through the integrated phone service at (785) 296-7095 or toll-free (800) 232-0024 after December 10.

CONVERSION PERIOD

Is there a time that I cannot access my account?

Yes. To assure a smooth transition, there is a conversion period. The conversion period will begin at the close of the New York Stock Exchange (generally 3 p.m. Central Time), on Wednesday, December 5, and end at 7 a.m. (Central Time) on Monday, December 10.

During this time, you cannot make any:

- Transactions.
- Investment changes.
- Address changes.
- Distributions.

Ongoing payroll contributions will continue uninterrupted. Periodic benefit payments will be distributed early, before December 1.

Is my money still invested during the conversion period? Will I be out of the market?

Your money will be invested at all times during the transition. You will not be out of the market at any time. Assets will be sold and reinvested on the same day, Friday, December 7.

Do I lose money as a result of the transition?

No. Mapping is a dollar-for-dollar process. If the unit price of the current investment option is different from the price of the new option, this will result in

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a different number of units. The dollar value of your account remains the same.

When can I make changes to my account?

- Before the close of business for the New York Stock Exchange (generally 3 p.m. Central Time) on December 5.
- On or after December 10.

Will I be subject to taxes on my funds because of the transition?

No. Amounts will continue to be tax-deferred while they remain under the Plan.

Will I receive confirmation that the transition is complete?

Yes. You will receive two confirmation statements notifying you that the process is complete. One will reflect the closing of your current account and a zero ending balance. The other will confirm each of the new investment options to which amounts were transferred. It will also include your new personal identification number (PIN) to access your account through the toll-free automated voice response line.

SERVICES

What services will ING provide?

Personal, Local Service. Continued access in-person or over the phone through both ING Service Centers, Monday through Friday, 7:30 a.m. to 4 p.m. CT. Our Topeka Service Center is located at 212 SW 8th St., Suite 100. Our Overland Park Service Center is located at 10740 Nall Ave.

To reach your local ING representative, please call the integrated phone service at **(785) 296-7095** or toll-free **(800) 232-0024**. Our Topeka Service Center will be able to put you in touch with your local representative. You can also identify your local representative on the Plan web site.

Call Center Services. Help is available from a Customer Service Associate by phone:

- Monday through Friday, 7 a.m. to 9 p.m. CT.
- Saturday, 7 a.m. to 3 p.m. CT.

Automated Voice Response Line.

Automated account access, available 24 hours a day, seven days a week.

Customized Web Site. An enhanced web site at ingretirementplans.com/custom/ks. Through this site, you access your account information and complete transactions. This site also provides Plan information, answers to frequently asked questions, a library of educational materials, online calculators, Morningstar[®] Advice OnlineSM, and links to other helpful sites.

Publications. Comprehensive quarterly statements, informative newsletters, special reports, and educational brochures.

Do I need a password to access my personal account on the telephone and the web site?

For the automated voice response line, you need a personal identification number (PIN). You will receive your PIN on the transition confirmation statement. 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 telephone line. Customer Service Associates cannot change your PIN.

For the web site, you will keep your current User ID and Password. They will not change.

If I've never used the web site, how do I sign up?

Complete the following three steps to sign up:

1. Enter your Profile Information - Social Security Number, PIN, and e-mail address.
2. Create your Login Information - User ID and Password.
3. Choose a Security question and answer it.

What educational services are available through the local Kansas team?

Individual face-to-face sessions to discuss your specific needs (e.g., changing contribution amounts, calculating available catch-up amounts, asset allocation, retirement planning).

Group meetings covering specific Plan features, financial and investment strategies, and distribution and retirement planning.

Seminars on a variety of topics, like asset allocation, basic and advanced investment principles, retirement investment

strategies, estate planning, retirement planning for women, and coordinating deferred compensation and KPERs.

When will I receive my first quarterly statement reflecting the Plan changes?

The first quarterly statement reflecting the Plan improvements will be for the 4th quarter of 2007. You can expect to receive this statement in mid-January 2008. You can also view quarterly statements by accessing your account online through Account Access at ingretirementplans.com/custom/ks.

In addition, for the 4th quarter of 2007, you will receive a second statement that reflects 1) the transfer of assets in your current account to the new investment options in a new account; and 2) an ending balance of zero for your current account. You will receive this statement in mid-January.

If you prefer to receive your quarterly statements electronically rather than by mail, you can choose the e-Delivery option that suits your needs through the Plan web site.

How do I know who my local ING representative is?

You can call the integrated phone service at **(785) 296-7095** or toll-free **(800) 232-0024**. Our Topeka Service Center will be able to put you in touch with your local representative. You can also identify your local representative on the Plan web site.

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