

# DOLLAR

*Wise*



## The State of Connecticut 403(b) Program



**A**s a participant in the State of Connecticut 403(b) Program, you have a range of investment options from which to choose. Since there are a variety of factors to consider when selecting which funds to invest in, operating expenses are often overlooked. This issue of **Dollar Wise** explains how operating expenses impact your account balance, and why you should consider a fund's total expenses as well as performance when choosing your investments.

*Nancy Wyman*

# Operating Expenses

## How They Affect Investment Returns

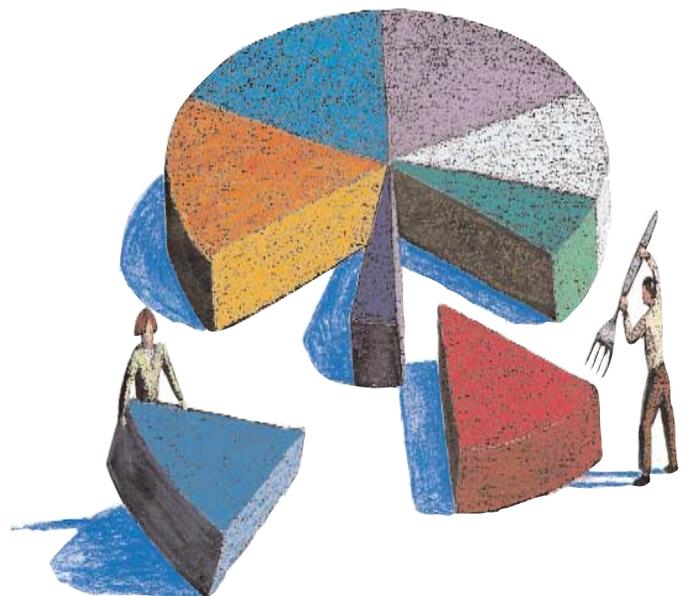
Like any other business, managing a mutual fund costs money. Expenses are incurred from overseeing and marketing the fund, as well as from a host of other activities. Mutual funds have a variety of fees and charges associated with them, including management fees and administrative charges.

In every issue of **Dollar Wise**, there are charts titled “Comparison of Investment Options for the Connecticut 403(b) Program,” which list performance and expense information for the quarter just ended. Along with the return on investments that each fund achieves, the following expense information is also shown:

- ◆ **Admin/M&E.** This column shows administrative expenses, along with mortality and expense (M&E) risk charges. M&E charges apply to annuities only, and cover the risk the financial services organization assumes under the annuity contract.
- ◆ **Management Fees.** This column shows the fees that mutual fund investors pay for the fund’s management services (for example, salaries for fund managers).
- ◆ **Other Expenses.** This column shows marketing and distribution expenses. These are the costs that are incurred by the financial services organizations to maintain participant accounts, staff the service centers, provide local enrollment and counseling resources, produce quarterly statements and process transactions.
- ◆ **Total Expenses.** This column shows the total expense that is assessed for each investment option.

While operating expenses vary from fund to fund, funds typically pay these expenses out of fund assets. That means the cost of operating the fund is passed along to you, the investor.

Let’s look at an example of how fund expenses affect a fund’s return. Let’s assume you contribute \$1,000 to a fund at the beginning of the year, and the fund’s total expenses are 1.90% for that period. If the fund earns an annualized rate of return of 5.50% for the year, the return on your investment, as of December 31, will be 3.60% (5.50% minus 1.90%). This percentage would appear in the “1 Year” column. That’s because the rates of return listed in this newsletter are net of expenses, which means the total expenses have already been deducted from the fund’s return. The rate of return you see is the actual — or “real” — rate of return you are receiving for that time period.





Now let's examine the impact these expenses can have on your investments over longer time periods, since even small differences in fees can turn into large differences in returns over time. This is especially important to keep in mind when saving for retirement, when you presumably will be saving over a long period of time.

continue in the future. If a fund starts to be a poor performer, you will still have to pay high expenses.

So, while fund expenses are certainly not the only factor that you should consider when choosing your investments, they are important and should be taken into account, along with how well a fund fits into your overall investment strategy. As always, maintaining a diversified portfolio is the foundation for a strong financial strategy. If you would like more information about operating expenses, please contact your financial services organization directly.

Let's say you make a one-time investment of \$15,000 in a fund that has an 8% return before expenses each year, and the fund's annual expenses total 1.2%. After 20 years, you would have approximately \$55,900 in the fund option. But, if the fund had total expenses of just .6% over the same period of time, you would have approximately \$62,500 in the fund option. That is a substantial increase of \$6,600!

Remember that although all mutual funds and annuities incur operating expenses, high expenses can have a significant impact on your returns, especially when returns are down. For instance, if you invest in a fund that has been a strong performer in the past and has high expenses, you may hold onto it, since the real rate of return has been good. But as every investor knows, a fund's past performance is not necessarily an indication that the same level of performance will

**Important Note:** The information presented in this newsletter is not intended as investment advice. Its purpose is to help you understand the investment choices available through the State of Connecticut 403(b) Program. Your financial strategy and investment choices are entirely your own and should reflect your personal needs and circumstances.

State of Connecticut personnel, including the Human Resources Department staff, cannot provide investment advice. For more information, you may want to consult with a professional financial advisor.

The investment information shown is current as of June 30, 2004.

Financial Services Organization	Contact Number	Website Address
Fidelity Investments	(800) 343-0860	www.fidelity.com
The Hartford	(800) 243-5868 press option 1	www.retire.hartfordlife.com
ING Financial Advisers, LLC	(800) 784-6386	www.ingretirementplans.com
Oldham Resource Group	(800) 626-6106	www.oldham-mutual.com
TIAA-CREF	(888) 842-5350 on weekdays	www.tiaa-cref.org
	(800) 842-2888 on weekends	
Travelers Life & Annuity	(800) 842-4015 press option 2	www.travelerslife.com

# Comparison of Investment Options for the Connecticut 403(b) Program

Performances and Expenses as of June 30, 2004

FIDELITY INVESTMENTS								
Level of Risk	Investment Options	Return on Investments (net of expenses)*			Operating Expenses			
		4/1/04 - 6/30/04	1 Year	Annualized 3 Years	Admin./ M&E	Management Fees	Other Expenses	Total Expenses
Low	Fidelity Retirement Money Market**	0.20%	0.79%	1.45%	0.000%	0.420%	0.000%	0.420%
	<b>91-Day Treasury Bills</b>	<b>0.28%</b>	<b>0.97%</b>	<b>1.46%</b>				
	Fidelity U.S. Bond Index Fund**	- 2.56%	0.51%	6.58%	0.000%	0.320%	0.000%	0.320%
	<b>LB Aggregate Bond Index</b>	<b>- 2.44%</b>	<b>0.32%</b>	<b>6.36%</b>				
Medium	Fidelity Balanced	- 0.52%	16.89%	6.32%	0.000%	0.440%	0.230%	0.670%
	Fidelity Puritan	0.38%	15.15%	4.43%	0.000%	0.420%	0.220%	0.640%
	<b>60% S&amp;P 500 + 40% LBAGG Index</b>	<b>0.04%</b>	<b>11.35%</b>	<b>2.50%</b>				
	Fidelity Capital & Income	- 1.04%	9.56%	10.23%	0.000%	0.540%	0.250%	0.790%
	<b>ML US High Yield Master Trust II</b>	<b>- 0.80%</b>	<b>10.19%</b>	<b>8.81%</b>				
	Fidelity Equity-Income	1.63%	21.64%	2.24%	0.000%	0.470%	0.240%	0.710%
	<b>Russell 3000 Value Index</b>	<b>0.88%</b>	<b>22.14%</b>	<b>3.63%</b>				
	Fidelity Growth & Income	1.11%	12.99%	- 1.32%	0.000%	0.460%	0.240%	0.700%
<b>S&amp;P 500 Index</b>	<b>1.72%</b>	<b>19.10%</b>	<b>- 0.69%</b>					
High	Fidelity Blue Chip Growth	1.75%	15.37%	- 3.97%	0.000%	0.420%	0.230%	0.650%
	Fidelity Independence	2.02%	16.39%	- 0.82%	0.000%	0.410%	0.210%	0.620%
	<b>Russell 1000 Growth Index</b>	<b>1.94%</b>	<b>17.88%</b>	<b>- 3.74%</b>				
	Fidelity Contrafund	2.36%	24.18%	6.12%	0.000%	0.780%	0.220%	1.000%
	Fidelity Dividend Growth	0.61%	12.62%	- 0.82%	0.000%	0.740%	0.220%	0.960%
	Fidelity Magellan	0.77%	14.97%	- 2.87%	0.000%	0.500%	0.200%	0.700%
	Fidelity Spartan U.S. Equity Index**	1.68%	18.91%	- 0.93%	0.000%	0.190%	0.000%	0.190%
	<b>S&amp;P 500 Index</b>	<b>1.72%</b>	<b>19.10%</b>	<b>- 0.69%</b>				
	Fidelity Diversified International	- 1.83%	32.22%	9.14%	0.000%	0.800%	0.350%	1.150%
	<b>MS EAFE Index</b>	<b>0.44%</b>	<b>32.85%</b>	<b>4.25%</b>				
	Fidelity Growth Company	2.36%	25.37%	- 3.44%	0.000%	0.560%	0.290%	0.850%
	<b>Russell 3000 Growth Index</b>	<b>1.79%</b>	<b>18.82%</b>	<b>- 3.48%</b>				
	Fidelity Low-Priced Stock	1.24%	32.43%	15.21%	0.000%	0.720%	0.260%	0.980%
	<b>Russell 2000 Value Index</b>	<b>0.85%</b>	<b>35.17%</b>	<b>12.15%</b>				
	Fidelity Mid-Cap Stock	- 1.03%	20.81%	- 3.28%	0.000%	0.460%	0.240%	0.700%
	<b>Russell Midcap Index</b>	<b>1.45%</b>	<b>29.39%</b>	<b>6.42%</b>				
	Fidelity New Millennium	- 2.06%	18.65%	0.84%	0.000%	0.590%	0.220%	0.810%
	<b>Russell Midcap Growth Index</b>	<b>1.05%</b>	<b>27.33%</b>	<b>0.23%</b>				
	Fidelity Small Cap Stock	1.86%	38.19%	10.53%	0.000%	0.810%	0.320%	1.130%
	<b>Russell 2000 Index</b>	<b>0.47%</b>	<b>33.37%</b>	<b>6.24%</b>				
Fidelity Value	3.67%	30.47%	10.03%	0.000%	0.690%	0.260%	0.950%	
<b>Russell Midcap Value Index</b>	<b>1.73%</b>	<b>30.81%</b>	<b>9.83%</b>					

Asset transfer provision for transfer of assets from other carrier: none

\* In accordance with the requirements of the operating provisions of the 403(b) Program, Fidelity Investments will deduct a quarterly fee to all accounts on file beginning fourth quarter 2002. The purpose of this fee is to pay expenses associated with the 403(b) Program's limited scope third party administrator.

\*\* FMR Co. has voluntarily agreed to reimburse shareholders a portion of the funds' management fee. This agreement can be terminated at any time. Without this reimbursement, each fund's yield would have been lower.

The Fidelity Capital & Income, Mid-Cap Stock, Low-Priced Stock, Small Cap Stock and Diversified International funds may charge a short-term trading fee.

The Low-Priced Stock fund charges 1.50% on shares held less than 90 days, the Small Cap Stock fund charges 2.00% on shares held less than 90 days and the Diversified International fund charges 1.00% on shares held less than 30 days.

Although the information contained above has been carefully verified, its accuracy cannot be guaranteed. All numbers are unaudited.

THE HARTFORD								
		Return on Investments (net of expenses)			Operating Expenses			
Level of Risk	Investment Options	4/1/04 - 6/30/04	1 Year	Annualized 3 Years	Admin./ M&E	Management Fees	Other Expenses	Total Expenses
Low	Hartford Bond HLS	- 2.43%	0.68%	6.74%	0.850%	0.470%	0.040%	1.360%
	<b>LB Aggregate Bond Index</b>	<b>- 2.44%</b>	<b>0.32%</b>	<b>6.36%</b>				
	General (Declared Rate) Account*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Medium	Franklin Mutual Shares	- 0.17%	17.15%	2.27%	0.850%	0.590%	0.580%	2.020%
	Hartford Dividend and Growth HLS	1.55%	18.40%	1.96%	0.850%	0.650%	0.040%	1.540%
	MFS Value	1.40%	19.14%	1.54%	0.850%	0.600%	0.650%	2.100%
	<b>Russell 1000 Value Index</b>	<b>0.88%</b>	<b>21.13%</b>	<b>2.97%</b>				
	Hartford Advisers HLS	0.49%	10.21%	- 0.10%	0.850%	0.630%	0.040%	1.520%
	<b>50% S&amp;P 500 + 50% LBAGG Index</b>	<b>- 0.38%</b>	<b>9.46%</b>	<b>3.22%</b>				
	Van Kampen Equity Income	0.44%	13.32%	3.50%	0.850%	0.360%	0.460%	1.670%
<b>60% S&amp;P 500 + 40% LBAGG Index</b>	<b>0.04%</b>	<b>11.35%</b>	<b>2.50%</b>					
High	Hartford Capital Appreciation HLS	2.22%	33.64%	3.34%	0.850%	0.640%	0.050%	1.540%
	Hartford Index HLS	1.36%	17.54%	- 1.99%	0.850%	0.400%	0.040%	1.290%
	Hartford Stock HLS	1.97%	16.07%	- 3.28%	0.850%	0.460%	0.030%	1.340%
	MFS Capital Opportunities	1.60%	15.15%	- 8.51%	0.850%	0.750%	0.480%	2.080%
	<b>S&amp;P 500 Index</b>	<b>1.72%</b>	<b>19.10%</b>	<b>- 0.69%</b>				
	Hartford Midcap HLS	0.74%	21.33%	5.76%	0.850%	0.680%	0.040%	1.570%
	MFS Midcap Growth	1.10%	24.83%	- 13.44%	0.850%	0.750%	0.630%	2.230%
	<b>Russell Midcap Growth Index</b>	<b>1.05%</b>	<b>27.33%</b>	<b>0.23%</b>				
	Hartford Small Company HLS	- 1.43%	29.54%	2.09%	0.850%	0.730%	0.040%	1.620%
	Invesco Small Company Growth	- 0.56%	21.33%	- 6.40%	0.850%	0.640%	0.810%	2.300%
	<b>Russell 2000 Growth Index</b>	<b>0.09%</b>	<b>31.55%</b>	<b>- 0.22%</b>				
	Invesco Financial Services	- 3.37%	17.45%	0.52%	0.850%	0.660%	0.740%	2.250%
	<b>S&amp;P Financial Services Sector Index</b>	<b>- 2.38%</b>	<b>19.33%</b>	<b>2.27%</b>				
	Invesco Leisure	- 1.54%	17.09%	0.58%	0.850%	0.690%	0.810%	2.350%
	<b>S&amp;P Consumer Discretionary Sector Index</b>	<b>- 0.27%</b>	<b>18.13%</b>	<b>- 0.41%</b>				
	Janus Adviser Worldwide	- 8.64%	10.74%	- 8.37%	0.850%	0.650%	0.560%	2.060%
	<b>MS World Index</b>	<b>1.04%</b>	<b>24.57%</b>	<b>1.32%</b>				
	MFS Massachusetts Investors Growth Stock	1.27%	10.78%	- 7.45%	0.850%	0.330%	0.590%	1.770%
	<b>Russell 1000 Growth Index</b>	<b>1.94%</b>	<b>17.88%</b>	<b>- 3.74%</b>				
	Templeton Foreign	- 1.56%	24.29%	4.76%	0.850%	0.610%	0.550%	2.010%
<b>MS EAFE Index</b>	<b>0.44%</b>	<b>32.85%</b>	<b>4.25%</b>					

Asset transfer provision for transfer of assets from other carrier: lesser of 2% or actual deferred sales charge/surrender charge

\* The Declared Rate is credited through the close of the calendar year on contributions received during the designated calendar quarter. The rate for the 3rd quarter, 2004, is 4.00%. For contributions received prior to July 1, 2004, the Declared Rate is 4.00%. Rates quoted are effective annual yields.

**ING FINANCIAL ADVISERS, LLC**

		Return on Investments (net of expenses)			Operating Expenses			
Level of Risk	Investment Options	4/1/04 - 6/30/04	1 Year	Annualized 3 Years	Admin./ M&E*	Management Fees	Other Expenses	Total Expenses
Low	ING Fixed Plus**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	ING VP Bond Portfolio	- 2.38%	0.36%	5.45%	1.000%	0.4000%	0.100%	1.500%
	<b>LB Aggregate Bond Index</b>	<b>- 2.44%</b>	<b>0.32%</b>	<b>6.36%</b>				
	ING VP Money Market Portfolio	- 0.11%	- 0.29%	0.46%	1.000%	0.2500%	0.100%	1.350%
	<b>91-Day Treasury Bills</b>	<b>0.28%</b>	<b>0.97%</b>	<b>1.46%</b>				
	Janus Aspen Series Flexible Income Portfolio	- 3.11%	- 0.60%	6.05%	1.000%	0.6000%	0.040%	1.640%
	<b>LB Government/Credit Bond Index</b>	<b>- 3.17%</b>	<b>- 0.72%</b>	<b>6.74%</b>				
Medium	ING VP Balanced Portfolio, Inc.	- 0.56%	9.87%	1.51%	1.000%	0.500%	0.100%	1.600%
	<b>60% S&amp;P 500 + 40% LBAGG Index</b>	<b>0.04%</b>	<b>11.35%</b>	<b>2.50%</b>				
	Janus Aspen Series Balanced Portfolio	- 0.15%	8.24%	1.36%	1.000%	0.650%	0.020%	1.670%
	<b>50% S&amp;P 500 + 50% LBAGG Index</b>	<b>- 0.38%</b>	<b>9.46%</b>	<b>3.22%</b>				
High	Fidelity VIP Growth Portfolio	- 0.09%	17.63%	- 5.90%	1.000%	0.580%	0.090%	1.670%
	<b>Russell 3000 Growth Index</b>	<b>1.79%</b>	<b>18.82%</b>	<b>- 3.48%</b>				
	FTVIP Franklin Small Cap Value Securities Fund	3.69%	30.36%	8.71%	1.000%	0.570%	0.420%	1.990%
	<b>Russell 2000 Value Index</b>	<b>0.85%</b>	<b>35.17%</b>	<b>12.15%</b>				
	ING MFS Capital Opportunities Portfolio	1.69%	15.47%	- 8.20%	1.000%	0.650%	0.250%	1.900%
	ING VP Index Plus Large Cap Portfolio	1.28%	16.71%	- 2.40%	1.000%	0.350%	0.080%	1.430%
	ING VP Value Opportunity Portfolio	0.81%	15.40%	- 6.00%	1.000%	0.600%	0.100%	1.700%
	Lord Abbett Growth and Income Portfolio	0.86%	20.02%	1.59%	1.000%	0.500%	0.350%	1.850%
	Pioneer Fund VCT Portfolio	1.29%	16.67%	- 2.22%	1.000%	0.650%	0.110%	1.760%
	<b>S&amp;P 500 Index</b>	<b>1.72%</b>	<b>19.10%</b>	<b>- 0.69%</b>				
	ING VP Index Plus MidCap Portfolio	1.64%	25.78%	6.01%	1.000%	0.400%	0.100%	1.500%
	<b>S&amp;P MidCap 400 Index</b>	<b>0.97%</b>	<b>27.97%</b>	<b>6.57%</b>				
	ING VP International Value Portfolio	- 2.04%	24.67%	0.83%	1.000%	1.000%	0.000%	2.000%
	<b>MS EAFE Index</b>	<b>0.44%</b>	<b>32.85%</b>	<b>4.25%</b>				
	ING VP Small Company Portfolio	- 3.10%	22.93%	1.27%	1.000%	0.750%	0.100%	1.850%
	<b>Russell 2000 Index</b>	<b>0.47%</b>	<b>33.37%</b>	<b>6.24%</b>				
	Janus Aspen Series Mid Cap Growth	3.17%	24.82%	- 5.49%	1.000%	0.650%	0.020%	1.670%
	<b>Russell Midcap Growth Index</b>	<b>1.05%</b>	<b>27.33%</b>	<b>0.23%</b>				
	Janus Aspen Series Growth Portfolio	4.17%	19.39%	- 6.49%	1.000%	0.650%	0.020%	1.670%
	<b>Russell 1000 Growth Index</b>	<b>1.94%</b>	<b>17.88%</b>	<b>- 3.74%</b>				
Oppenheimer Global Securities Fund / VA	- 1.25%	30.98%	2.35%	1.000%	0.630%	0.040%	1.670%	
<b>MS World Index</b>	<b>1.04%</b>	<b>24.57%</b>	<b>1.32%</b>					

Asset transfer provision for transfer of assets from other carrier: none

No annual maintenance fee.

\* M&E expenses are expected to decrease as the level of total 403(b) assets increases under the State contract.

\*\* The interest rate varies monthly. For July 2004, the rate is 4.00%. The rate is guaranteed to be no less than 3.80% through December 31, 2004.

**OLDHAM RESOURCE MUTUAL, INC.**

		Return on Investments (net of expenses)			Operating Expenses			
Level of Risk	Investment Options	4/1/04 - 6/30/04	1 Year	Annualized 3 Years	Admin./ M&E	Management Fees	Other Expenses	Total Expenses
Low	Fidelity U.S. Bond Index	- 2.69%	0.01%	6.08%	0.500%	0.320%	0.000%	0.820%
	PIMCO Total Return D	- 2.39%	0.21%	6.79%	0.500%	0.750%	0.000%	1.250%
	<b>LB Aggregate Bond Index</b>	<b>- 2.44</b>	<b>0.32%</b>	<b>6.36%</b>				
	Fidelity Money Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Safeco Preference FP Fixed*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>91-Day Treasury Bills</b>	<b>0.28%</b>	<b>0.97%</b>	<b>1.46%</b>				
Medium	Merger	- 1.10%	5.55%	1.18%	0.500%	1.370%	0.000%	1.870%
	Pax World Balanced	1.44%	13.65%	1.68%	0.500%	0.990%	0.000%	1.490%
	Oakmark Equity & Income	1.75%	17.71%	9.80%	0.500%	0.930%	0.000%	1.430%
	<b>60% S&amp;P 500 + 40% LBAGG Index</b>	<b>0.04%</b>	<b>11.35%</b>	<b>2.50%</b>				
High	Clipper	2.59%	12.60%	5.56%	0.500%	1.130%	0.000%	1.630%
	<b>Russell 1000 Value Index</b>	<b>0.88%</b>	<b>21.13%</b>	<b>2.97%</b>				
	Jensen	2.99%	15.98%	3.94%	0.500%	0.900%	0.000%	1.400%
	<b>Russell 1000 Growth Index</b>	<b>1.94%</b>	<b>17.88%</b>	<b>- 3.74%</b>				
	Artisan Mid Cap Value	1.99%	30.92%	10.84%	0.500%	1.590%	0.000%	2.090%
	FAM Value	0.43%	21.08%	8.58%	0.500%	1.240%	0.000%	1.740%
	<b>Russell Midcap Value Index</b>	<b>1.73%</b>	<b>30.81%</b>	<b>9.83%</b>				
	Dreyfus Mid Cap Index	0.74%	26.84%	5.53%	0.500%	0.510%	0.000%	1.010%
	<b>S&amp;P Mid Cap 400 Index</b>	<b>0.97%</b>	<b>27.97%</b>	<b>6.57%</b>				
	Gabelli Small Cap Growth	2.87%	32.23%	10.07%	0.500%	1.450%	0.000%	1.950%
	<b>Russell 2000 Growth Index</b>	<b>0.09%</b>	<b>31.55%</b>	<b>- 0.22%</b>				
	Royce Total Return	1.86%	24.06%	10.56%	0.500%	1.180%	0.000%	1.680%
	<b>Russell 2000 Value Index</b>	<b>0.85%</b>	<b>35.17%</b>	<b>12.15%</b>				
	Needham Small Cap Growth	4.53%	38.12%	N/A	0.500%	2.500%	0.000%	3.000%
	Needham Growth	0.75%	25.69%	0.63%	0.500%	1.750%	0.000%	2.250%
	<b>Russell 2000 Growth Index</b>	<b>0.09%</b>	<b>31.55%</b>	<b>- 0.22%</b>				
	Third Avenue International Value	- 0.13%	41.60%	N/A	0.500%	1.750%	0.000%	2.250%
	<b>MS EAFE Index</b>	<b>0.44%</b>	<b>32.85%</b>	<b>4.25%</b>				
	Gabelli Global Growth	- 3.57%	13.31%	- 4.74%	0.500%	1.710%	0.000%	2.210%
	<b>MS World Index</b>	<b>1.04%</b>	<b>24.57%</b>	<b>1.32%</b>				
Third Avenue Real Estate Value	- 0.91%	27.64%	16.25%	0.500%	1.190%	0.000%	1.690%	
<b>Wilshire REIT Index</b>	<b>- 4.61%</b>	<b>29.16%</b>	<b>14.82%</b>					

Asset transfer provision for transfer of assets from other carrier: none

\* Premium payments will be credited with the effective interest rate established for the date each payment is received. The current rate as of June 30, 2004, is 3.70%. The effective rate reflects the effects of daily compounding of interest.

TIAA - CREF								
		Return on Investments (net of expenses)*			Operating Expenses			
Level of Risk	Investment Options	4/1/04 - 6/30/04	1 Year	Annualized 3 Years	Admin./ M&E	Management Fees	Other Expenses	Total Expenses
Low	CREF Bond Market Account	- 2.44%	0.06%	6.29%	0.285%	0.110%	0.045%	0.440%
	<b>LB Aggregate Bond Index</b>	<b>- 2.44%</b>	<b>0.32%</b>	<b>6.36%</b>				
	CREF Inflation-Linked Bond Account	- 3.19%	3.10%	8.78%	0.285%	0.110%	0.045%	0.440%
	<b>Citi US Inflation-Linked Securities Index</b>	<b>- 3.10%</b>	<b>3.91%</b>	<b>9.23%</b>				
	CREF Money Market Account	0.14%	0.67%	1.36%	0.285%	0.060%	0.045%	0.390%
	<b>91-Day Treasury Bills</b>	<b>0.28%</b>	<b>0.97%</b>	<b>1.46%</b>				
	TIAA Traditional Annuity**	1.10%	4.01%	6.61%	N/A	N/A	N/A	N/A
Medium	CREF Social Choice Account	- 0.08%	12.02%	3.35%	0.285%	0.110%	0.045%	0.440%
	<b>60% Russell 3000 + 40% LBAGG Index</b>	<b>- 0.19%</b>	<b>12.12%</b>	<b>3.02%</b>				
	TIAA Real Estate Account***	2.17%	8.64%	5.82%	0.350%	0.265%	0.075%	0.690%
	<b>NCREIF Index***</b>	<b>2.56%</b>	<b>9.72%</b>	<b>7.74%</b>				
High	CREF Equity Index Account	1.26%	19.93%	- 0.24%	0.285%	0.110%	0.045%	0.440%
	CREF Stock Account	0.95%	21.77%	0.52%	0.285%	0.150%	0.045%	0.480%
	<b>Russell 3000 Index</b>	<b>1.33%</b>	<b>20.46%</b>	<b>0.15%</b>				
	CREF Global Equities Account	0.85%	25.30%	0.24%	0.285%	0.200%	0.045%	0.530%
	<b>MS World Index</b>	<b>1.04%</b>	<b>24.57%</b>	<b>1.32%</b>				
	CREF Growth Account	0.89%	15.75%	- 5.93%	0.285%	0.170%	0.045%	0.500%
	<b>Russell 1000 Growth Index</b>	<b>1.94%</b>	<b>17.88%</b>	<b>- 3.74%</b>				

Asset transfer provision for transfer of assets from other carrier: none

\* In accordance with the requirements of the operating provisions of the 403(b) Program, TIAA-CREF will assess a fee for each active account on a monthly basis beginning December 2002. The purpose of this fee is to pay expenses associated with the 403(b) Program's limited scope third party administrator.

\*\* Rates for the TIAA Traditional Annuity are quoted after all operation charges have been deducted. These charges are very low, averaging about 1/3 of 1% of assets. New contributions applied to the TIAA Traditional Annuity under a Group Supplemental Retirement Annuity (GSRA) contract during the period from June 1, 2004 through July 31, 2004, will be credited with an interest rate of 3.50%.

\*\*\* TIAA Real Estate Account and the NCREIF Index returns are presented one quarter in arrears due to a lag in the availability of the benchmark return.

## TRAVELERS LIFE & ANNUITY

		Return on Investments (net of expenses)			Operating Expenses			
Level of Risk	Investment Options	4/1/04 - 6/30/04	1 Year	Annualized 3 Years	Admin./ M&E	Management Fees	Other Expenses	Total Expenses
Low	Fixed Income*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Travelers Money Market Portfolio	0.02%	0.07%	0.68%	0.600%	0.360%	0.040%	1.000%
	<b>91-Day Treasury Bills</b>	<b>0.28%</b>	<b>0.97%</b>	<b>1.46%</b>				
	Travelers Quality Bond Portfolio	- 2.47%	0.03%	4.27%	0.600%	0.380%	0.060%	1.040%
	<b>LB Aggregate Bond Index</b>	<b>- 2.44%</b>	<b>0.32%</b>	<b>6.36%</b>				
	Travelers U.S. Government	- 3.87%	- 2.45%	6.23%	0.600%	0.380%	0.060%	1.040%
	<b>ML US Treasury/Agency Master Index</b>	<b>- 2.94%</b>	<b>- 1.29%</b>	<b>6.03%</b>				
Medium	Equity Income Portfolio (Fidelity)	0.13%	16.05%	2.49%	0.600%	0.750%	0.030%	1.380%
	<b>Russell 3000 Value Index</b>	<b>0.88%</b>	<b>22.14%</b>	<b>3.63%</b>				
	MFS Total Return	0.27%	10.16%	3.57%	0.600%	0.800%	0.030%	1.430%
	<b>60% S&amp;P 500 Index + 40% LBAGG Index</b>	<b>0.04%</b>	<b>11.35%</b>	<b>2.50%</b>				
	Smith Barney Appreciation Portfolio	1.16%	16.46%	0.18%	0.600%	0.750%	0.020%	1.370%
	<b>S&amp;P 500 Index</b>	<b>1.72%</b>	<b>19.10%</b>	<b>- 0.69%</b>				
High	AIM V.I. Premier Equity Fund	0.39%	13.94%	- 6.93%	0.600%	0.610%	0.240%	1.450%
	Equity Index Portfolio - Class II	1.44%	17.70%	- 1.80%	0.600%	0.260%	0.300%	1.160%
	Fidelity VIP Contrafund S2	2.16%	23.58%	5.54%	0.600%	0.580%	0.320%	1.500%
	<b>S&amp;P 500 Index</b>	<b>1.72%</b>	<b>19.10%</b>	<b>- 0.69%</b>				
	Dreyfus VIF Developing Leaders Portfolio	- 2.93%	23.13%	2.44%	0.600%	0.750%	0.060%	1.410%
	<b>Russell 2000 Index</b>	<b>0.47%</b>	<b>33.37%</b>	<b>6.24%</b>				
	Capital Appreciation (Janus)	0.63%	20.05%	- 5.50%	0.600%	0.810%	0.030%	1.440%
	<b>Russell 1000 Growth Index</b>	<b>1.94%</b>	<b>17.88%</b>	<b>- 3.74%</b>				
	Large Cap Portfolio (Fidelity)	1.29%	16.59%	- 4.19%	0.600%	0.750%	0.060%	1.410%
	<b>S&amp;P 500 Growth Index</b>	<b>2.69%</b>	<b>16.02%</b>	<b>- 1.09%</b>				
	MFS Mid Cap Growth	1.08%	24.34%	- 15.82%	0.600%	0.860%	0.070%	1.530%
	<b>Russell Midcap Growth Index</b>	<b>1.05%</b>	<b>27.33%</b>	<b>0.23%</b>				
	Putnam VT International Growth - IB	- 2.06%	21.82%	- 0.86%	0.600%	0.770%	0.470%	1.840%
	<b>MS EAFE Index</b>	<b>0.44%</b>	<b>32.85%</b>	<b>4.25%</b>				
	Putnam VT Small Cap Value - IB	1.98%	40.73%	10.73%	0.600%	0.800%	0.370%	1.770%
	<b>Russell 2000 Value Index</b>	<b>0.85%</b>	<b>35.17%</b>	<b>12.15%</b>				
	Salomon Brothers Variable All Cap Portfolio	0.94%	24.32%	1.13%	0.600%	0.850%	0.120%	1.570%
	<b>Russell 3000 Index</b>	<b>1.33%</b>	<b>20.46%</b>	<b>0.15%</b>				
	Salomon Brothers Variable Investors	0.55%	18.65%	- 0.09%	0.600%	0.700%	0.110%	1.410%
	<b>S&amp;P 500 Value Index</b>	<b>0.80%</b>	<b>22.26%</b>	<b>- 0.57%</b>				
Smith Barney Aggressive Growth Portfolio	- 1.09%	16.03%	- 5.61%	0.600%	0.800%	0.030%	1.430%	
<b>Russell 3000 Growth Index</b>	<b>1.79%</b>	<b>18.82%</b>	<b>- 3.48%</b>					
Travelers Disciplined Mid Cap	1.11%	26.78%	5.31%	0.600%	0.760%	0.090%	1.450%	
	<b>Russell Midcap Index</b>	<b>1.45%</b>	<b>29.39%</b>	<b>6.42%</b>				

Asset transfer provision for transfer of assets from other carrier: lesser of 2% or actual deferred sales charge/surrender charge

\* Interest rate varies quarterly. The rate for the third quarter of 2004 is 4.25%.