

DOLLAR

Wise



The State of Connecticut 403(b) Program



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 is current as of December 31, 2002.

If you've been watching the stock market lately, you know that its general performance has been uneven — up and down from day to day. While it's important for investors to develop a personal dollar-wise savings strategy and stay with it, it's just as important to periodically evaluate and update that strategy to make sure it continues to work for you. This issue of "**Dollar Wise**" includes information on enrolling, making election changes (if necessary), how to catch up on your savings (if you qualify) and recent performance of the program's investment options. Please review it to learn more about how the State of Connecticut 403(b) Program can work to your advantage.

A handwritten signature in dark ink that reads "Nancy Wynon".

State Comptroller



How to Enroll or Make Changes

The chart below will help guide you through some of the steps to take to join the State's 403(b) Program or to update any of your elections. If you have any questions, please contact your financial services organization (FSO).

If You Want To...	What You Should Do...
<p>Learn How the Program Works</p>	<p>Attend an Investor Education Seminar. It's a great way to learn more about this valuable program. Seminars explain how the program works, and provide tips for developing an investment strategy and the opportunity to speak to FSO representatives. Look for announcements listing seminar dates and times.</p>
<p>Enroll in the Program</p>	<ol style="list-style-type: none"> 1. Call the FSOs you'd like to invest with at the phone numbers listed on the back page of this newsletter. You will receive the State's Salary Reduction Agreement (CO-1091) and the FSOs' specific investment applications. 2. Return your completed CO-1091 to your payroll/HR department. 3. Return the investment application directly to the FSO. 4. Submit a separate CO-1091 for each FSO you wish to participate with.
<p>Change Your Contribution Rate</p> <ul style="list-style-type: none"> • Increase or decrease your rate, • Stop contributing, or • Start contributing again 	<p>Complete a Salary Reduction Agreement (CO-1091) and return it to your payroll/HR department. Your request will take effect with the next available payroll cycle, subject to agency processing procedures.</p>
<p>Change the Way You Invest Your Savings Within the Same FSO</p> <ul style="list-style-type: none"> • Existing Account Balance • Future Contributions 	<p>Contact the FSO(s) you're investing with to make the change using the FSO's website, voice response system, service center or form.</p>
<p>Transfer Your Account Balance from Your Current FSO to Another FSO</p>	<ol style="list-style-type: none"> 1. Contact the FSO to which you want to transfer the dollars in your account and the FSO will send you the appropriate form(s). 2. Then, if you wish to start contributing with another provider, follow the instructions under "Enroll in the Program" above. If you want to contribute only to the new FSO, submit a Salary Reduction Agreement (CO-1091) to your payroll/HR department to suspend contributions to your old FSO.
<p>Save Extra Dollars Over the Normal Annual Limits With the Program's Special "Catch-Up Contributions" Feature</p> <ul style="list-style-type: none"> • Age 50 and Older: Available in any calendar year in which you're at least age 50 by December 31, or • 15-Year Service: Available after you have at least 15 years of eligible service 	<ol style="list-style-type: none"> 1. Complete a Salary Reduction Agreement (CO-1091), filling out the section for the type of catch-up contribution you want to make. 2. Return the completed agreement to your payroll/HR department. Your request will take effect with the next available payroll cycle, subject to agency processing procedures.

IRS Increases Contribution Limits for 2003

For 2003, the maximum amount you can contribute to the 403(b) Program is \$12,000; this amount is in addition to any amount you contribute to the State's Deferred Compensation (457) plan. If you will be age 50 or older by December 31, 2003, you may contribute an additional \$2,000 above the annual maximum contribution for a total 403(b) Program contribution of \$14,000.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 12/31/2002

FIDELITY INVESTMENTS

Level of Risk	Fund Name	NET PERFORMANCE*			EXPENSES*			
		Quarter	1 Year	3 Years	Admin./M&E	Mgmt.	Other	Total
High	Fidelity Blue Chip Growth	6.84%	-25.32%	-17.70%	0.000%	0.490%	0.250%	0.740%
	Fidelity Contrafund	1.18%	-9.63%	-9.71%	0.000%	0.770%	0.170%	0.940%
	Fidelity Diversified International	6.08%	-9.37%	-10.46%	0.000%	0.900%	0.290%	1.190%
	Fidelity Dividend Growth	10.39%	-20.44%	-4.92%	0.000%	0.750%	0.200%	0.950%
	Fidelity Growth Company	11.81%	-33.45%	-22.49%	0.000%	0.810%	0.220%	1.030%
	Fidelity Independence	10.53%	-15.82%	-14.59%	0.000%	0.830%	0.110%	0.940%
	Fidelity Low-Priced Stock	5.93%	-6.18%	12.20%	0.000%	0.750%	0.220%	0.970%
	Fidelity Magellan	7.51%	-23.66%	-15.11%	0.000%	0.580%	0.190%	0.770%
	Fidelity Mid-Cap Stock	8.21%	-27.59%	-5.88%	0.000%	0.450%	0.200%	0.650%
	Fidelity New Millennium	7.32%	-19.87%	-14.90%	0.000%	0.840%	0.140%	0.980%
	Fidelity Small-Cap Stock	6.57%	-15.73%	0.11%	0.000%	0.450%	0.610%	1.060%
	Fidelity Spartan U.S. Equity Index**	8.41%	-22.21%	-14.67%	0.000%	0.240%	-0.050%	0.190%
	Fidelity Value	9.53%	-9.25%	3.27%	0.000%	0.740%	0.210%	0.950%
Medium	Fidelity Balanced	7.13%	-8.49%	-0.49%	0.000%	0.430%	0.230%	0.660%
	Fidelity Capital & Income	12.61%	-0.41%	-4.90%	0.000%	0.580%	0.250%	0.830%
	Fidelity Equity-Income	9.42%	-17.16%	-5.12%	0.000%	0.480%	0.220%	0.700%
	Fidelity Growth & Income	5.58%	-18.08%	-10.04%	0.000%	0.480%	0.200%	0.680%
	Fidelity Puritan	6.92%	-7.91%	-0.60%	0.000%	0.430%	0.210%	0.640%
Low	Fidelity Retirement MM**	0.34%	1.57%	3.95%	0.000%	0.420%	-0.010%	0.410%
	Fidelity U.S. Bond Index Fund**	2.03%	10.22%	9.90%	0.000%	0.320%	-0.010%	0.310%

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

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.

* In accordance with the requirements of the operating provisions of the 403(b) Program, Fidelity Investments will deduct a fee for each account on a quarterly basis as of December 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 HARTFORD

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES			
		Quarter	1 Year	3 Years	Admin./M&E	Mgmt.	Other	Total
High	Hartford Capital Appreciation HLS	8.38%	-20.38%	-6.22%	0.850%	0.630%	0.050%	1.530%
	Hartford Index HLS	8.10%	-23.11%	-15.66%	0.850%	0.400%	0.030%	1.280%
	Hartford Midcap HLS	7.87%	-14.95%	0.36%	0.850%	0.670%	0.030%	1.550%
	Hartford Small Company HLS	0.23%	-30.82%	-20.48%	0.850%	0.720%	0.040%	1.610%
	Hartford Stock HLS	9.54%	-24.89%	-15.54%	0.850%	0.460%	0.030%	1.340%
	Invesco Financial Services	4.39%	-16.28%	-2.15%	0.850%	0.630%	0.630%	2.110%
	Invesco Leisure	4.62%	-16.13%	-7.56%	0.850%	0.710%	0.660%	2.220%
	Invesco Small Company Growth	4.82%	-31.96%	-22.55%	0.850%	0.660%	0.580%	2.090%
	Janus Advisor Worldwide	3.05%	-26.63%	-21.38%	0.850%	0.650%	0.590%	2.090%
	MFS Capital Opportunities	6.76%	-31.04%	-21.60%	0.850%	0.660%	0.450%	1.960%
	MFS Massachusetts Investors Growth Stock	2.45%	-29.00%	-21.32%	0.850%	0.330%	0.520%	1.700%
	MFS Midcap Growth	6.97%	-47.97%	-23.87%	0.850%	0.750%	0.510%	2.110%
	Templeton Foreign	4.75%	-9.42%	-7.57%	0.850%	0.610%	0.570%	2.030%
Medium	Franklin Mutual Shares	2.44%	-11.95%	1.32%	0.850%	0.580%	0.560%	1.990%
	Hartford Advisers HLS	5.74%	-14.52%	-7.35%	0.850%	0.630%	0.030%	1.510%
	Hartford Dividend and Growth HLS	9.87%	-14.95%	-3.80%	0.850%	0.650%	0.030%	1.530%
	MFS Value	5.58%	-14.44%	0.12%	0.850%	0.600%	0.610%	2.060%
	Van Kampen Equity Income	5.68%	-9.10%	1.65%	0.850%	0.360%	0.460%	1.670%
Low	General (Declared Rate) Account*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Hartford Bond HLS	3.99%	-9.15%	9.31%	0.850%	0.480%	0.030%	1.360%

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 1st quarter, 2003, is 4.15%. For contributions received prior to January 1, 2003, the Declared Rate is 4.15%. Rates quoted are effective annual yields.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 12/31/2002

ING FINANCIAL ADVISERS, LLC

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES			Total
		Quarter	1 Year	3 Years	Admin./M&E*	Mgmt.	Other	
High	Fidelity VIP Growth Portfolio	6.52%	- 30.80%	- 20.78%	1.000%	0.580%	0.100%	1.680%
	FTVIP Franklin Small Cap Value Securities Fund	9.18%	- 10.17%	7.80%	1.000%	0.600%	0.450%	2.050%
	ING MFS Capital Opportunities Portfolio	7.89%	- 30.86%	- 21.66%	1.000%	0.650%	0.250%	1.900%
	ING VP Index Plus LargeCap Portfolio	8.01%	- 22.31%	- 15.85%	1.000%	0.350%	0.100%	1.450%
	ING VP Index Plus MidCap Portfolio	4.69%	- 12.97%	0.31%	1.000%	0.400%	0.150%	1.550%
	ING VP International Value Portfolio	5.84%	- 16.22%	- 9.21%	1.000%	1.000%	0.000%	2.000%
	ING VP Small Company Portfolio	1.99%	- 23.99%	- 6.14%	1.000%	0.750%	0.110%	1.860%
	ING VP Value Opportunity Portfolio	2.91%	- 26.70%	- 10.56%	1.000%	0.600%	0.110%	1.710%
	Janus Aspen Series Aggressive Growth Portfolio	2.13%	- 28.65%	- 33.91%	1.000%	0.650%	0.020%	1.670%
	Janus Aspen Series Growth Portfolio	1.77%	- 27.24%	- 22.88%	1.000%	0.650%	0.010%	1.660%
	Lord Abbett Growth and Income Portfolio	9.41%	- 18.85%	- 4.94%	1.000%	0.500%	0.470%	1.970%
	Oppenheimer Global Securities Fund/VA	2.47%	- 22.91%	- 11.27%	1.000%	0.640%	0.060%	1.700%
Pioneer Fund VCT Portfolio	7.02%	- 19.84%	- 10.82%	1.000%	0.650%	0.090%	1.740%	
Medium	ING VP Balanced Portfolio, Inc	4.73%	- 11.20%	- 6.06%	1.000%	0.500%	0.090%	1.590%
	Janus Aspen Series Balanced Portfolio	1.91%	- 7.38%	- 5.43%	1.000%	0.650%	0.010%	1.660%
Low	ING Fixed Plus**	1.30%	5.25%	5.56%	N/A	N/A	N/A	N/A
	ING VP Bond Portfolio	1.64%	7.26%	7.82%	1.000%	0.400%	0.100%	1.500%
	ING VP Money Market Portfolio	0.11%	0.61%	2.93%	1.000%	0.250%	0.090%	1.340%
	Janus Aspen Series Flexible Income Portfolio	1.12%	9.38%	7.07%	1.000%	0.640%	0.030%	1.670%

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

* M&E expenses are currently set at 1.000%, but are subject to change based on the level of total 403(b) assets under the State contract.

** The current rate for the ING Fixed Plus Account is 4.75%, expressed as an annual effective yield, and is guaranteed not to drop below 4.45% through 12/31/03. The annual rate of interest applied to your account may be higher or lower than the current rate. Restrictions apply to transfers of funds from the Fixed Account to other contract investment options.

No annual maintenance fee.

PRIME PLAN - OLDHAM RESOURCE GROUP

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES			Total
		Quarter	1 Year	3 Years	Admin./M&E	Mgmt.	Other	
High	AIM Basic Value	7.34%	- 19.78%	- 2.55%	0.500%	1.300%	0.350%	2.150%
	Dreyfus Mid Cap Index	5.21%	- 13.10%	- 0.09%	0.500%	0.500%	0.000%	1.000%
	Janus Growth and Income	4.55%	- 17.88%	- 15.23%	0.500%	0.860%	0.000%	1.360%
	Lord Abbett Mid Cap Value	6.15%	- 5.94%	14.08%	0.500%	1.220%	0.350%	2.070%
	MFS Core Growth	0.90%	- 25.11%	- 17.19%	0.500%	1.520%	0.350%	2.370%
	Needham Growth	12.88%	- 25.31%	- 4.23%	0.500%	1.870%	0.250%	2.620%
	Oppenheimer Global Growth & Income	9.02%	- 23.20%	- 15.87%	0.500%	1.220%	0.240%	1.960%
	Royce Low-Priced Stock	8.06%	- 15.54%	9.48%	0.500%	1.490%	0.250%	2.240%
	Seligman Communications & Information	12.36%	- 35.70%	- 24.97%	0.500%	1.440%	0.250%	2.190%
	Vanguard REIT Index (Closed to new Investments)	- 0.40%	2.11%	11.82%	0.500%	0.280%	0.000%	0.780%
Medium	Gebelli Westwood Realty AAA	0.03%	2.39%	11.90%	0.500%	1.000%	0.640%	2.140%
	Pax World Balanced	5.25%	- 6.68%	- 4.38%	0.500%	0.930%	0.190%	1.620%
	PIMCO Long Term U.S. Government Inst	0.09%	12.06%	13.49%	0.500%	0.500%	0.000%	1.000%
Low	Alliance North American Government Income	5.04%	7.62%	8.61%	0.500%	1.960%	0.300%	2.760%
	Calvert Income	3.17%	3.54%	7.38%	0.500%	1.080%	0.150%	1.730%
	Fidelity Money Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Safeco Preference Fixed Account*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Security Capital Preservation	0.65%	4.30%	5.30%	0.500%	N/A	0.250%	0.750%

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 December 31, 2002, is 3.5%. The effective rate reflects the effects of daily compounding of interest. The minimum annual effective rate guarantee is 3.00%.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 12/31/2002

TIAA-CREF

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES			Total
		Quarter	1 Year	3 Years	Admin./M&E*	Mgmt.	Other	
High	CREF Equity Index	7.89%	- 21.76%	- 13.90%	0.250%	0.080%	0.040%	0.370%
	CREF Global Equities	6.95%	- 21.72%	- 19.17%	0.250%	0.170%	0.040%	0.460%
	CREF Growth	7.28%	- 30.06%	- 24.62%	0.250%	0.140%	0.040%	0.430%
	CREF Stock	7.85%	- 20.73%	- 14.50%	0.250%	0.120%	0.040%	0.410%
Medium	CREF Social Choice	5.68%	- 9.17%	- 4.61%	0.250%	0.100%	0.040%	0.390%
	TIAA Real Estate	0.72%	3.41%	6.75%	0.315%	0.245%	0.070%	0.630%
Low	CREF Bond Market	1.59%	10.08%	9.91%	0.250%	0.110%	0.040%	0.400%
	CREF Inflation-Linked Bond	0.53%	16.32%	12.19%	0.250%	0.100%	0.040%	0.390%
	CREF Money Market	0.34%	1.50%	3.95%	0.250%	0.050%	0.040%	0.340%
	TIAA Traditional Annuity**	1.12%	6.04%	7.36%	N/A	N/A	N/A	N/A

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 deduct a \$3.00 fee for each active participant account on a monthly basis beginning December 1, 2002, for the next 18 months. The purpose of this fee is to pay expenses associated with the 403(b) Program's limited scope third party administrator.

** Performance provided for the TIAA Traditional Annuity under a Group Supplemental Retirement Annuity (GSRA). The TIAA Traditional Annuity guarantees a minimum interest rate of 3% per year, without any further reduction for expenses. Actual credited rates of return (including dividends) are net of operating expenses and reserve requirements.

TRAVELERS LIFE & ANNUITY

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES			Total
		Quarter	1 Year	3 Years	Admin./M&E	Mgmt.	Other	
High	AIM V.I. Premier Equity Fund	4.22%	- 30.68%	- 48.89%	0.600%	0.600%	0.025%	1.225%
	Dreyfus VIF Small Cap	3.69%	- 19.61%	- 15.50%	0.600%	0.750%	0.040%	1.390%
	Equity Index Portfolio - Class II	5.75%	- 22.84%	- 39.41%	0.600%	0.310%	0.280%	1.190%
	Fidelity VIP II Contrafund S2	0.97%	- 10.14%	- 27.60%	0.600%	0.580%	0.320%	1.500%
	Janus Capital Appreciation	0.26%	- 25.54%	- 57.52%	0.600%	0.750%	0.090%	1.440%
	Large Cap Portfolio (Fidelity)	3.91%	- 23.26%	- 46.39%	0.600%	0.750%	0.040%	1.390%
	MFS Mid Cap Growth	3.17%	- 49.14%	- 58.05%	0.600%	0.800%	0.120%	1.520%
	Putnam VT International Growth - IB	5.88%	- 18.16%	- 41.57%	0.600%	0.760%	0.430%	1.790%
	Putnam VT Small Cap Value - IB	0.95%	- 18.76%	18.07%	0.600%	0.800%	0.550%	1.950%
	Salomon Brothers Variable Capital	7.77%	- 25.51%	- 11.31%	0.600%	0.830%	0.170%	1.600%
	Salomon Brothers Variable Investors	8.23%	- 23.51%	- 16.52%	0.600%	0.700%	0.120%	1.420%
	Smith Barney Aggressive Growth Portfolio	6.13%	- 33.04%	- 26.56%	0.600%	0.800%	0.040%	1.440%
	Travelers Disciplined Mid Cap	4.03%	- 14.84%	- 5.82%	0.600%	0.700%	0.130%	1.430%
Medium	Equity Income Portfolio (Fidelity)	8.04%	- 14.46%	- 13.85%	0.600%	0.750%	0.040%	1.390%
	MFS Total Return	4.11%	- 5.83%	8.53%	0.600%	0.800%	0.030%	1.430%
	Smith Barney Appreciation Portfolio	4.26%	- 18.02%	- 22.54%	0.600%	0.750%	0.020%	1.370%
Low	Fixed Income*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Travelers Money Market Portfolio	0.16%	0.78%	9.75%	0.600%	0.320%	0.080%	1.000%
	Travelers Quality Bond Portfolio	2.19%	5.17%	19.09%	0.600%	0.320%	0.130%	1.050%
	Travelers U.S. Government	0.99%	12.95%	35.15%	0.600%	0.320%	0.130%	1.050%

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

* Interest rate varies quarterly. The rate for the fourth quarter of 2002 is 4.25%.

Financial Services Organization	Contact Number
Fidelity Investments	(800) 343-0860
The Hartford	(800) 243-5868 — press option 1
ING Financial Advisers, LLC	(800) 784-6386
Oldham Resource Group	(800) 626-6106
TIAA-CREF	(888) 842-5350 — on weekdays (800) 842-2888 — on weekends
Travelers Life & Annuity	(800) 842-4015

Questions? If you have any questions about the State's 403(b) Program, call the financial services organization directly at the number listed below.



State of Connecticut
 Office of The State Comptroller
 55 Elm Street
 Hartford, CT 06106-1775



Attention: 403(b) Program Information Inside