

July 2002

DOLLAR

Wise



The State of Connecticut 403(b) Program



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 May 31, 2002.

Being dollar wise means making sure you have all the information you need to make educated investment decisions. And because the State wants you to be a dollar wise investor, we're providing you with quarterly newsletters about your State of Connecticut 403(b) Program. This first issue of **"Dollar Wise"** includes important things to keep in mind as the changes to the new program take effect July 1, 2002. To ensure that your contributions to the program aren't interrupted, please review the information in this issue carefully.

Nancy Wyman



Who Needs to Make an Election?

Beginning with the first payroll after July 1, 2002, only the following six financial services organizations (FSOs) may accept contributions for the State of Connecticut 403(b) Program:

- 1 Fidelity Investments: (800) 343-0860
- 2 The Hartford: (800) 243-5868 — press option 1
- 3 ING Financial Advisors: (800) 784-6386
- 4 Oldham Resource Group: (800) 626-6106
- 5 TIAA-CREF: (888) 842-5350 — on weekdays
(800) 842-2888 — on weekends
- 6 Travelers Life & Annuity: (800) 842-4015

If you are using a participating FSO:

Each of the participating FSOs have reviewed and, in some cases, modified the investment options available to program participants. If you are using a participating FSO, you should contact your FSO to review the investment options and to find out what happens to your account balance and future contributions if any investment options have changed.

If you are using a non-participating FSO:

- **Future Contributions** — In order to continue making contributions to the program after July 1, you **must** choose one or more FSO(s) from the list above and submit a participation agreement (also known as a salary reduction form) to your Human Resources/Payroll department. If you do not submit an agreement, your contributions will automatically stop with the first payroll after July 1, 2002.
- **Existing Account Balance** — You can either leave your existing account balance with your current non-participating FSO or you can transfer your account balance to a participating FSO. If you transfer your balance, you may have to pay transfer fees. Both The Hartford and Travelers Life & Annuity have agreed to subsidize any transfer fee up to the lesser of 2% of your account balance or the actual fee.* You should contact both your current FSO and the FSO you wish to transfer your account balance to for details. Your current FSO can provide information about your current account balance.

* The Hartford and Travelers Life & Annuity may charge additional fees for subsequent transfers or distributions. Please contact them for more information before transferring your account balance.

Save Twice As Much!

If you're eligible to participate in the State of Connecticut 403(b) Program, then you're also eligible to participate in the State of Connecticut Deferred Compensation Plan, a 457 plan. What's more, you can contribute the annual IRS maximum to both plans! That means, for 2002, you can contribute up to \$11,000 to the 403(b) Program AND up to \$11,000 to the 457 plan. Saving twice as much will help you reach your retirement goals even faster. If you wish to enroll in the State's Deferred Compensation Plan, you should contact the FSO for that plan:

- ING Financial Advisors: (800) 784-6386
- The Hartford: (800) 243-5868 — press option 1
- Phoenix Investment Partners: (800) 243-1574

Investment Performance



For the Period Ending May 31, 2002

You may invest your contributions in one or more of the program's six participating FSOs. The charts on the following pages will help you evaluate your investment choices. They show the

historical rates of return for each FSO's available investment options and the various operating fees that are assessed against these options for the period ending May 31, 2002.

The rates of return columns are "net of expenses" and reflect the actual returns that would be applied to your account. This means that they already exclude the operating fees a FSO charges you for managing, investing or marketing a particular investment option. Operating expenses appear in separate columns. These charts do not reflect a fee that will be assessed by Fidelity Investments and TIAA-CREF to pay expenses associated with the 403(b) Program's limited scope third party administrator.

Since each FSO offers similar investment opportunities, it's a good idea to review the material available from each of these organizations before you make your decision as to where to invest your money. Then, select one or more of the FSOs that offers the investment options and products that best match your personal financial goals.

Questions? If you have any questions about the participating FSOs, call the FSO directly at the numbers listed at the beginning of the newsletter.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 5/31/2002

FIDELITY INVESTMENTS

Fund Name	NET PERFORMANCE*			EXPENSES*			Total
	YTD	1 Year	3 Years	Admin.	Mgmt.	Other	
Fidelity Retirement MM	0.70%	2.52%	4.68%	N/A	0.42%	0.00%	0.42%
Fidelity U.S. Bond Index Fund	2.83%	7.92%	7.41%	0.00%	0.32%	0.00%	0.32%
Fidelity Capital & Income	-1.91%	-8.67%	-4.87%	0.23%	0.58%	0.00%	0.81%
Fidelity Balanced	0.66%	-0.63%	2.77%	0.23%	0.43%	0.00%	0.66%
Fidelity Puritan	0.61%	-2.58%	2.71%	0.21%	0.43%	0.00%	0.64%
Fidelity Equity-Income	0.06%	-7.14%	0.68%	0.19%	0.48%	0.00%	0.67%
Fidelity Growth & Income	-4.48%	-9.37%	-2.72%	0.20%	0.48%	0.00%	0.68%
Fidelity Spartan U.S. Equity Index	-6.57%	-14.00%	-5.36%	N/A	0.18%	0.00%	0.18%
Fidelity Dividend Growth	-6.07%	-10.13%	1.28%	0.20%	0.75%	0.00%	0.95%
Fidelity Magellan	-8.05%	-15.61%	-5.06%	0.19%	0.69%	0.00%	0.88%
Fidelity Contrafund	3.37%	-1.99%	-0.15%	0.16%	0.75%	0.00%	0.91%
Fidelity Blue Chip Growth	-9.59%	-17.50%	-6.40%	0.25%	0.50%	0.00%	0.75%
Fidelity Growth Company	-17.08%	-24.90%	-1.51%	0.20%	0.75%	0.00%	0.95%
Fidelity Independence	4.76%	-9.56%	2.52%	0.14%	0.78%	0.00%	0.92%
Fidelity Value	8.79%	8.27%	6.92%	0.20%	0.57%	0.00%	0.77%
Fidelity Mid-Cap Stock	-8.06%	-15.28%	11.41%	0.25%	0.69%	0.00%	0.94%
Fidelity New Millennium	-3.47%	-7.49%	5.62%	0.16%	0.82%	0.00%	0.98%
Fidelity Low-Priced Stock	9.77%	21.44%	19.20%	0.22%	0.77%	0.00%	0.99%
Fidelity Small Cap Stock	3.20%	8.25%	16.29%	0.21%	0.86%	0.00%	1.07%
Fidelity Diversified International	6.34%	0.40%	6.94%	0.30%	0.86%	0.00%	1.16%

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

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 Capital & Income fund charges 1.00% on shares held less than 270 days, the Mid-Cap Stock fund charges 0.75% on shares held less than 30 days, 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 1,090 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 assess a fee for each active account on a quarterly 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.

THE HARTFORD

Fund Name	NET PERFORMANCE			EXPENSES			Total
	YTD	1 Year	3 Years	Admin.	Mgmt.	Other	
Invesco Financial Services	-0.05%	-7.24%	3.28%	0.85%	0.63%	0.63%	2.11%
Invesco Leisure	1.40%	-6.86%	8.75%	0.85%	0.71%	0.66%	2.22%
Templeton Foreign	8.05%	1.86%	4.30%	0.85%	0.61%	0.57%	2.03%
Janus Advisor Worldwide	-7.29%	-19.98%	-1.82%	0.85%	0.65%	0.59%	2.09%
Hartford Small Company HLS	-5.73%	-8.96%	0.14%	0.85%	0.72%	0.04%	1.61%
Invesco Small Company Growth	-12.91%	-22.01%	1.00%	0.85%	0.66%	0.58%	2.09%
Hartford Midcap HLS	3.44%	1.69%	17.03%	0.85%	0.67%	0.03%	1.55%
MFS Midcap Growth	-27.20%	-39.67%	-0.56%	0.85%	0.75%	0.51%	2.11%
Hartford Capital Appreciation HLS	-7.09%	-17.70%	5.87%	0.85%	0.63%	0.05%	1.53%
Mutual Shares	2.68%	-2.53%	6.84%	0.85%	0.58%	0.56%	1.99%
MFS Massachusetts Investors Growth Stock	-11.10%	-22.59%	-6.82%	0.85%	0.33%	0.52%	1.70%
MFS Capital Opportunities	-10.74%	-27.44%	-6.24%	0.85%	0.66%	0.45%	1.96%
Hartford Stock HLS	-10.54%	-18.86%	-6.98%	0.85%	0.46%	0.03%	1.34%
Hartford Index HLS	-7.03%	-15.01%	-6.44%	0.85%	0.40%	0.03%	1.28%
MFS Value	1.10%	-5.90%	5.81%	0.85%	0.60%	0.61%	2.06%
Hartford Dividend and Growth HLS	0.92%	-4.73%	2.21%	0.85%	0.65%	0.03%	1.53%
Van Kampen Equity Income	2.02%	-0.49%	7.66%	0.85%	0.36%	0.46%	1.67%
Hartford Advisors HLS	-6.28%	-10.03%	-2.34%	0.85%	0.63%	0.03%	1.51%
Hartford Bond HLS	2.17%	6.67%	6.74%	0.85%	0.48%	0.03%	1.36%
General (Declared Rate) Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 5/31/2002

ING FINANCIAL ADVISORS

Fund Name	NET PERFORMANCE			EXPENSES			
	YTD	1 Year	3 Years	M&E*	Mgmt.	Other	Total
ING VP International Value Portfolio	6.39%	- 3.96%	7.89%	1.000%	1.000%	0.000%	2.000%
Oppenheimer Global Securities Fund/VA	-1.30%	- 7.04%	9.99%	1.000%	0.640%	0.060%	1.700%
FTVIP Franklin Small Cap Value Securities Fund	10.20%	7.85%	13.98%	1.000%	0.600%	0.450%	2.050%
ING VP Index Plus MidCap Portfolio	5.47%	3.05%	12.55%	1.000%	0.400%	0.150%	1.550%
ING VP Small Company Portfolio	- 3.82%	-1.50%	9.50%	1.000%	0.750%	0.110%	1.860%
Janus Aspen Series Aggressive Growth Portfolio	-13.64%	- 32.32%	-14.18%	1.000%	0.650%	0.020%	1.670%
Fidelity VIP Growth Portfolio	-11.15%	- 21.19%	- 6.70%	1.000%	0.580%	0.100%	1.680%
ING MFS Capital Opportunities Portfolio	-10.77%	- 27.43%	- 6.31%	1.000%	0.650%	0.250%	1.900%
ING VP Value Opportunity Portfolio	- 5.00%	-16.65%	1.75%	1.000%	0.600%	0.110%	1.710%
Janus Aspen Series Growth Portfolio	- 7.43%	- 25.23%	- 8.58%	1.000%	0.650%	0.010%	1.660%
ING VP Index Plus LargeCap Portfolio	- 6.59%	-14.69%	- 5.65%	1.000%	0.350%	0.100%	1.450%
Lord Abbett Growth and Income Portfolio	- 2.27%	- 8.18%	3.04%	1.000%	0.500%	0.470%	1.970%
Pioneer Fund VCT Portfolio	- 2.88%	-12.07%	- 2.12%	1.000%	0.650%	0.090%	1.740%
ING VP Balanced Portfolio, Inc.	- 2.88%	- 5.25%	- 0.11%	1.000%	0.500%	0.090%	1.590%
Janus Aspen Series Balanced Portfolio	- 0.46%	- 3.39%	1.85%	1.000%	0.650%	0.010%	1.660%
ING VP Bond Portfolio	1.28%	5.56%	5.63%	1.000%	0.400%	0.100%	1.500%
Janus Aspen Series Flexible Income Portfolio	1.89%	6.26%	4.94%	1.000%	0.640%	0.030%	1.670%
ING VP Money Market Portfolio	0.32%	1.64%	3.66%	1.000%	0.250%	0.090%	1.340%
ING Fixed Plus VP	2.14%	5.43%	5.67%	N/A	N/A	N/A	N/A

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.

PRIME CAPITAL SERVICES FOR OLDHAM RESOURCES

Fund Name	NET PERFORMANCE			EXPENSES			
	YTD	1 Year	3 Years	M&E	Mgmt.	Other	Total
Janus Growth and Income	- 4.61%	-14.32%	-1.30%	0.500%	0.880%	0.000%	1.380%
Needham Growth	- 3.67%	- 3.78%	24.91%	0.500%	2.190%	0.250%	2.940%
AIM Basic Value	0.81%	- 3.49%	11.26%	0.500%	1.320%	0.350%	2.170%
Lord Abbett Mid Cap Value	4.68%	10.59%	21.42%	0.500%	1.340%	0.350%	2.190%
Royce Low-Priced Stock	7.11%	22.80%	28.92%	0.500%	1.490%	0.250%	2.240%
Pax World Balanced	-1.51%	- 8.04%	1.59%	0.500%	0.960%	0.190%	1.650%
Oppenheimer Global Growth & Income	- 4.07%	-11.62%	6.79%	0.500%	1.200%	0.240%	1.940%
Seligman Communications & Information	-15.53%	- 23.49%	- 2.07%	0.500%	1.390%	0.250%	2.140%
Dreyfus Mid Cap Index	5.98%	6.07%	11.50%	0.500%	0.500%	0.000%	1.000%
Alliance North American Government Income	2.62%	2.23%	6.80%	0.500%	1.380%	0.300%	2.180%
PIMCO Long Term U.S. Government Inst	3.43%	9.99%	7.33%	0.500%	0.500%	0.000%	1.000%
Calvert Income	1.68%	7.34%	7.80%	0.500%	1.170%	0.150%	1.820%
MFS Core Growth	- 7.94%	-19.03%	-1.81%	0.500%	1.250%	0.350%	2.100%
Invesco Leisure Inv	1.81%	- 2.85%	9.72%	0.500%	1.360%	0.250%	2.110%

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

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 5/31/2002

TIAA-CREF

Fund Name	NET PERFORMANCE*			EXPENSES*			
	YTD	1 Year	3 Years	M&E	Mgmt.	Other	Total
CREF Stock	- 4.37%	-12.40%	- 4.39%	0.245%	0.120%	0.045%	0.410%
CREF Money Market	0.64%	2.47%	4.68%	0.245%	0.050%	0.045%	0.340%
CREF Bond Market	2.82%	7.88%	7.56%	0.245%	0.110%	0.045%	0.400%
CREF Inflation-Linked Bond	5.73%	6.81%	8.82%	0.245%	0.100%	0.045%	0.390%
CREF Social Choice	- 2.18%	- 4.66%	0.19%	0.245%	0.100%	0.045%	0.390%
CREF Global Equities	- 4.33%	-14.64%	- 4.88%	0.245%	0.170%	0.045%	0.460%
CREF Equity Index	- 5.55%	-12.78%	- 4.19%	0.245%	0.080%	0.045%	0.370%
CREF Growth	-13.85%	- 23.13%	-12.37%	0.245%	0.140%	0.045%	0.430%
TIAA Real Estate	1.24%	4.31%	7.50%	0.245%	0.245%	0.140%	0.630%
TIAA Traditional Annuity**	N/A	6.50%	6.12%	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 assess a fee for each active account on a monthly basis beginning December 1, 2002. The purpose of this fee is to pay expenses associated with the 403(b) Program's limited scope third party administrator.

** There are no expense or sales charges on contributions to the TIAA Traditional Annuity. Total TIAA operating expenses are deducted each year from investment earnings before dividends are declared, not from individual participant accounts. Current expenses average about 1/4 of 1% of TIAA annuity assets each year.

TRAVELERS LIFE & ANNUITY

Fund Name	NET PERFORMANCE			EXPENSES			
	YTD	1 Year	3 Years	M&E	Mgmt.	Other	Total
AIM VI Value	- 7.86%	- 18.12%	- 4.53%	0.600%	0.600%	0.250%	1.450%
Janus Capital Appreciation	- 13.43%	- 27.58%	- 11.84%	0.600%	0.750%	0.090%	1.440%
Dreyfus VIF Small Cap	2.59%	- 0.24%	6.53%	0.600%	0.750%	0.030%	1.380%
Equity Income Portfolio (Fidelity)	- 1.25%	- 7.69%	- 0.41%	0.600%	0.750%	0.040%	1.390%
Equity Index Portfolio - C1 II	- 6.91%	- 14.80%	- 6.17%	0.600%	0.210%	0.280%	1.090%
Fidelity VIP II Contrafund S2	3.08%	- 2.54%	- 0.88%	0.600%	0.580%	0.320%	1.500%
Large Cap Portfolio (Fidelity)	- 6.24%	- 16.71%	- 7.04%	0.600%	0.750%	0.040%	1.390%
MFS Mid Cap Growth	- 27.20%	- 42.71%	- 2.03%	0.600%	0.800%	0.120%	1.520%
Putnam VT International Growth - IB	0.59%	- 10.17%	2.89%	0.600%	0.760%	0.430%	1.790%
Putnam VT Small Cap Value - IB	7.34%	13.54%	16.21%	0.600%	0.800%	0.550%	1.950%
Salomon Brothers Variable Investors	- 3.21%	- 10.34%	2.31%	0.600%	0.700%	0.120%	1.420%
Salomon Brothers Variable Capital	- 4.08%	- 9.46%	8.39%	0.600%	0.830%	0.170%	1.600%
Smith Barney Aggressive Growth Portfolio	- 21.14%	- 26.91%	-	0.600%	0.800%	0.040%	1.440%
Smith Barney Appreciation Portfolio	- 4.95%	- 10.39%	- 1.48%	0.600%	0.750%	0.020%	1.370%
Travelers Disciplined Mid Cap	3.77%	- 0.01%	9.39%	0.600%	0.700%	0.130%	1.430%
Travelers Quality Bond Portfolio	0.01%	2.31%	4.48%	0.600%	0.320%	0.130%	1.050%
Travelers U.S. Government	2.88%	7.69%	6.45%	0.600%	0.320%	0.130%	1.050%
MFS Total Return	2.20%	- 0.28%	5.22%	0.600%	0.800%	0.030%	1.430%
Travelers Money Market Portfolio	0.36%	1.68%	3.93%	0.600%	0.320%	0.080%	1.000%
Fixed Income*	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 second quarter of 2002 is 5.25%.



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DOLLAR *Wise*

Look inside for important information about how the new changes to the **State of Connecticut 403(b) Program**, which became effective on July 1, 2002, may affect you. By being a dollar wise investor you take control of your retirement savings, so please take the time to carefully read the information enclosed.