



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 March 31, 2003.

Lately, a number of employees have been

considering taking early retirement under the

State's Early Retirement Incentive Program (ERIP).

If you're one of them, be sure to read this issue of

"Dollar Wise" to learn more about how

retiring early may affect your retirement income.

In addition, look inside for information on bonds,

including how they work and the advantages and

disadvantages of investing in them.

A handwritten signature in dark ink that reads "Nancy Wyman". The signature is fluid and cursive.

State Comptroller

Bond Basics for the Dollar Wise Investor

The 403(b) Program offers a range of investment fund options so you can choose the funds that best suit your personal savings strategy. Since some fund options invest in bonds, it's important to understand how bonds work. Like stocks, investing in bonds has both advantages and risks.

The Advantages and Disadvantages of Investing in Bonds

Investors choose bonds for many different reasons. Here, at a glance, are some of the advantages and disadvantages associated with investing in bonds.

Advantages

Income. Because bonds pay interest regularly, they may be a good choice for investors who want a steady stream of income.

Security. If the bond issuer does not default, investors will get their investment back, plus interest.

Diversification. Bonds tend to react differently to market changes than stocks — that is, when stocks are down, bonds may be up. This means they can help to make an investment portfolio more stable.

Disadvantages

Credit Risk. If the bond issuer's credit rating is lowered, the market value of that issuer's outstanding bonds will go down.

Interest Rate Risk. If a bond is sold before it matures and interest rates have risen, investors may lose some of their principal.

Inflation Risk. The long-term return on bonds is likely to be lower than the return from stocks. This lower return may not be enough to keep up with increases in inflation.

What to Know About Investing in Bonds

When you buy a bond, you are lending money to a bond issuer (generally, the government or a company) for a set period of time to fund their day-to-day operations or a specific project. At the end of that period, that is, when the bond "matures," you'll get back your original investment (known as "the principal"), plus a fixed amount of interest, assuming the bond issuer does not default on the loan.

One reason investors purchase individual bonds is to protect their cash investments and generate current income. Bond investors are purchasing the right to get a specific amount of cash back when their bonds mature, somewhat like putting money in a bank account that pays interest. In contrast, investors who purchase stock are buying a stake in a company, and the value of their stock goes up or down based on the market value of that company. When stock is sold, its value can go down, go up or stay the same, depending on the market value of the company at the time of the sale.

Another reason investors purchase bonds is to make up for the volatility, or ups and downs, of their stock holdings. Bonds generally do not experience the daily ups and downs of the stock market. Because bonds are less volatile than stocks, the short-term risk of losing your investment is not as great. However, the return from bonds has historically been lower than stocks.

Which of the State of Connecticut 403(b) Program's funds invest in bonds? The best way to tell how a fund is being invested is to contact the appropriate financial services organization. The 403(b) Program offers many different kinds of investment options, including bond funds (generally those with the word "bond" in the name). Some of the 403(b) Program's other investment options — such as income funds, growth and income funds, and balanced funds — may invest in a mix of bonds and other types of investments.

What Happens to My Retirement Money If I Take Early Retirement Under the ERIP?

If you're considering early retirement, here's what you should know about your:

- **Pay for Unused Vacation and Sick Time.** Pay for unused vacation and sick time will be made in three equal installments on each July 1 of 2005, 2006 and 2007. In certain circumstances, if the amount owed is less than \$2,000, the State may make the payment in one installment on or before July 1, 2005. If it is paid in installments, vacation pay cannot be invested in the 403(b) Program. However, vacation pay can be invested in the 403(b) Program as long as you receive it in a single, lump-sum payment with your last payroll check. Pay for unused sick time cannot be invested in the 403(b) Program.
- **403(b) Program Account Balance.** In general, when you retire you may have your account balance distributed to you or rolled over into another qualified retirement plan or individual retirement account. However, if you receive your distribution before age 59^{1/2}, you may have to pay a penalty tax. For more detailed information, contact your financial services organization. To request a distribution or rollover, simply complete the Distribution Election Eligibility Application (Form CO-784) and return it to the Retirement & Benefit Services Division's Employee Benefits Unit. If you have an account with more than one financial services organization, you will need separate forms for each organization. Alternatively, you may postpone distribution until April 1st of the calendar year following the year in which you turn 70^{1/2}.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 3/31/2003

FIDELITY INVESTMENTS

NET PERFORMANCE*

EXPENSES*

Level of Risk	Fund Name	Quarter	1 Year	3 Years Annualized	Admin./M&E	Mgmt.	Other	Total
High	Fidelity Blue Chip Growth	- 1.82%	- 25.76%	- 19.73%	0.000%	0.490%	0.270%	0.760%
	Fidelity Contrafund	- 2.15%	- 14.05%	- 11.96%	0.000%	0.810%	0.220%	1.030%
	Fidelity Diversified International	- 5.77%	- 16.66%	- 12.29%	0.000%	0.900%	0.320%	1.220%
	Fidelity Dividend Growth	- 4.84%	- 24.90%	- 7.03%	0.000%	0.750%	0.230%	0.980%
	Fidelity Growth Company	- 0.31%	- 28.84%	- 26.89%	0.000%	0.840%	0.280%	1.120%
	Fidelity Independence	- 5.51%	- 24.34%	- 20.58%	0.000%	0.860%	0.210%	1.070%
	Fidelity Low-Priced Stock	- 6.04%	- 17.59%	8.31%	0.000%	0.750%	0.240%	0.990%
	Fidelity Magellan	- 2.87%	- 24.65%	- 17.25%	0.000%	0.580%	0.200%	0.780%
	Fidelity Mid-Cap Stock	- 2.71%	- 28.92%	- 13.02%	0.000%	0.450%	0.330%	0.780%
	Fidelity New Millennium	- 3.57%	- 22.81%	- 20.34%	0.000%	0.870%	0.200%	1.070%
	Fidelity Small Cap Stock	- 4.81%	- 23.67%	- 5.34%	0.000%	0.880%	0.310%	1.190%
	Fidelity Spartan U.S. Equity Index^	- 3.20%	- 24.86%	- 16.21%	0.000%	0.240%	0.000%	0.240%
Fidelity Value	- 4.35%	- 20.19%	3.88%	0.000%	0.740%	0.230%	0.970%	
Medium	Fidelity Balanced	- 1.88%	- 12.33%	- 1.85%	0.000%	0.430%	0.260%	0.690%
	Fidelity Capital & Income	11.08%	10.81%	- 2.00%	0.000%	0.580%	0.270%	0.850%
	Fidelity Equity-Income	- 6.30%	- 25.17%	- 6.42%	0.000%	0.480%	0.240%	0.720%
	Fidelity Growth & Income	- 2.27%	- 20.59%	- 10.88%	0.000%	0.480%	0.210%	0.690%
	Fidelity Puritan	- 3.16%	- 12.75%	- 1.64%	0.000%	0.430%	0.220%	0.650%
Low	Fidelity Retirement Money Market^	0.26%	1.40%	3.55%	0.000%	0.420%	0.000%	0.420%
	Fidelity U.S. Bond Index Fund^	1.63%	11.99%	9.66%	0.000%	0.320%	0.000%	0.320%

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 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 quarterly fee to all accounts on file beginning fourth quarter 2002. The fee is to pay expenses associated with the 403(b) Program's limited scope third party administrator.

THE HARTFORD

NET PERFORMANCE

EXPENSES

Level of Risk	Fund Name	Quarter	1 Year	3 Years Annualized	Admin./M&E	Mgmt.	Other	Total
High	Hartford Capital Appreciation HLS	- 4.42%	- 22.90%	- 11.98%	0.850%	0.630%	0.050%	1.530%
	Hartford Index HLS	- 3.45%	- 25.72%	- 17.17%	0.850%	0.400%	0.030%	1.280%
	Hartford Midcap HLS	- 1.82%	- 19.88%	- 6.83%	0.850%	0.670%	0.030%	1.550%
	Hartford Small Company HLS	- 1.23%	- 32.14%	- 23.68%	0.850%	0.720%	0.040%	1.610%
	Hartford Stock HLS	- 4.33%	- 27.74%	- 17.46%	0.850%	0.460%	0.030%	1.340%
	Invesco Financial Services	- 5.04%	- 23.06%	- 4.40%	0.850%	0.630%	0.630%	2.110%
	Invesco Leisure	- 3.38%	- 21.54%	- 8.24%	0.850%	0.710%	0.660%	2.220%
	Invesco Small Company Growth	- 4.04%	- 29.40%	- 26.59%	0.850%	0.660%	0.580%	2.090%
	Janus Advisor Worldwide	- 8.70%	- 32.20%	- 26.30%	0.850%	0.650%	0.590%	2.090%
	MFS Capital Opportunities	- 4.59%	- 33.27%	- 26.32%	0.850%	0.660%	0.450%	1.960%
	MFS Massachusetts Investors Growth Stock	- 2.05%	- 28.36%	- 24.10%	0.850%	0.330%	0.520%	1.700%
	MFS Midcap Growth	- 0.03%	- 42.81%	- 27.18%	0.850%	0.750%	0.510%	2.110%
	Templeton Foreign	- 9.46%	- 21.46%	- 8.77%	0.850%	0.610%	0.570%	2.030%
Medium	Franklin Mutual Shares	- 2.47%	- 15.99%	- 0.20%	0.850%	0.580%	0.560%	1.990%
	Hartford Advisers HLS	- 2.45%	- 16.35%	- 8.77%	0.850%	0.630%	0.030%	1.510%
	Hartford Dividend and Growth HLS	- 5.74%	- 23.28%	- 5.83%	0.850%	0.650%	0.030%	1.530%
	MFS Value	- 6.45%	- 22.49%	- 2.44%	0.850%	0.600%	0.610%	2.060%
	Van Kampen Equity Income	- 2.90%	- 14.29%	- 1.36%	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	2.36%	12.65%	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 2nd 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 3/31/2003

TIAA-CREF

NET PERFORMANCE*

EXPENSES

Level of Risk	Fund Name	Quarter	1 Year	3 Years Annualized	Admin./M&E*	Mgmt.	Other	Total
High	CREF Equity Index	- 3.14%	- 24.86%	- 15.97%	0.245%	0.080%	0.045%	0.370%
	CREF Global Equities	- 4.65%	- 24.89%	- 21.43%	0.245%	0.170%	0.045%	0.460%
	CREF Growth	- 1.02%	- 28.32%	- 27.12%	0.245%	0.140%	0.045%	0.430%
	CREF Stock	- 3.79%	- 24.16%	- 16.56%	0.245%	0.120%	0.045%	0.410%
Medium	CREF Social Choice	- 1.22%	- 10.60%	- 5.86%	0.245%	0.100%	0.045%	0.390%
	TIAA Real Estate	1.38%	4.04%	6.48%	0.245%	0.245%	0.140%	0.630%
Low	CREF Bond Market	1.59%	11.71%	9.73%	0.245%	0.110%	0.045%	0.400%
	CREF Inflation-Linked Bond	2.52%	17.67%	11.51%	0.245%	0.100%	0.045%	0.390%
	CREF Money Market	0.21%	1.39%	3.54%	0.245%	0.050%	0.045%	0.340%
	TIAA Traditional Annuity**	1.09%	6.42%	7.35%	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 participant 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.

** There are no expenses 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. New contributions applied to the TIAA Traditional Annuity under a Group Supplemental Retirement Annuity (GSRA) contract during the period January 1, 2003 and June 30, 2003 will be credited with an interest rate of 4.00%.

TRAVELERS LIFE & ANNUITY

NET PERFORMANCE

EXPENSES

Level of Risk	Fund Name	Quarter	1 Year	3 Years Annualized	Admin./M&E	Mgmt.	Other	Total
High	AIM V.I. Premier Equity Fund	- 1.50%	- 29.20%	- 22.64%	0.600%	0.610%	0.240%	1.450%
	Dreyfus VIF Small Cap	- 3.42%	- 26.67%	- 10.32%	0.600%	0.750%	0.060%	1.410%
	Equity Index Portfolio - Class II	- 3.46%	- 25.53%	- 16.92%	0.600%	0.260%	0.300%	1.160%
	Fidelity VIP II Contrafund S2	- 2.25%	- 14.47%	- 12.39%	0.600%	0.580%	0.320%	1.500%
	Janus Capital Appreciation	- 3.01%	- 23.95%	- 28.63%	0.600%	0.810%	0.030%	1.440%
	Large Cap Portfolio (Fidelity)	- 2.88%	- 25.73%	- 20.65%	0.600%	0.750%	0.060%	1.410%
	MFS Mid Cap Growth	- 0.35%	- 44.80%	- 28.78%	0.600%	0.860%	0.070%	1.530%
	Putnam VT International Equity - IB	- 8.92%	- 26.33%	- 20.49%	0.600%	0.770%	0.470%	1.840%
	Putnam VT Small Cap Value - IB	- 5.25%	- 29.20%	1.52%	0.600%	0.800%	0.370%	1.770%
	Salomon Brothers Variable All Cap	- 4.23%	- 28.74%	- 8.92%	0.600%	0.850%	0.120%	1.570%
	Salomon Brothers Variable Investors	- 4.78%	- 27.51%	- 8.69%	0.600%	0.700%	0.110%	1.410%
	Smith Barney Aggressive Growth Portfolio	2.06%	- 26.58%	- 13.90%	0.600%	0.800%	0.030%	1.430%
	Travelers Disciplined Mid Cap	- 3.80%	- 22.96%	- 7.09%	0.600%	0.760%	0.090%	1.450%
Medium	Equity Income Portfolio (Fidelity)	- 5.32%	- 21.46%	- 6.89%	0.600%	0.750%	0.030%	1.380%
	MFS Total Return	- 2.61%	- 10.72%	1.42%	0.600%	0.800%	0.030%	1.430%
	Smith Barney Appreciation Portfolio	- 2.31%	- 19.50%	- 9.22%	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	0.08%	0.64%	2.75%	0.600%	0.360%	0.040%	1.000%
	Travelers Quality Bond Portfolio	3.02%	9.76%	6.55%	0.600%	0.380%	0.060%	1.040%
	Travelers U.S. Government	1.07%	15.06%	9.76%	0.600%	0.380%	0.060%	1.040%

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 first quarter of 2003 is 4.00%.

Comparison of Investment Options for Connecticut 403(b) Program

Performance and Expenses as of 3/31/2003

ING FINANCIAL ADVISERS, LLC

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES			
		Quarter	1 Year	3 Years Annualized	Admin./M&E*	Mgmt.	Other	Total
High	Fidelity VIP Growth Portfolio	- 3.09%	- 32.04%	- 23.69%	1.000%	0.580%	0.100%	1.680%
	FTVIP Franklin Small Cap Value Securities Fund	- 8.65%	- 25.73%	3.60%	1.000%	0.600%	0.450%	2.050%
	ING MFS Capital Opportunities Portfolio	- 4.30%	- 32.86%	- 26.32%	1.000%	0.650%	0.250%	1.900%
	ING VP Index Plus LargeCap Portfolio	- 3.46%	- 24.77%	- 17.51%	1.000%	0.350%	0.100%	1.450%
	ING VP Index Plus MidCap Portfolio	- 4.20%	- 22.28%	- 5.53%	1.000%	0.400%	0.150%	1.550%
	ING VP International Value Portfolio	- 8.95%	- 26.81%	- 10.55%	1.000%	1.000%	0.000%	2.000%
	ING VP Small Company Portfolio	- 4.94%	- 27.62%	- 14.95%	1.000%	0.750%	0.110%	1.860%
	ING VP Value Opportunity Portfolio	- 3.92%	- 29.73%	- 12.79%	1.000%	0.600%	0.110%	1.710%
	Janus Aspen Series Aggressive Growth Portfolio	- 0.31%	- 21.69%	- 36.04%	1.000%	0.650%	0.020%	1.670%
	Janus Aspen Series Growth Portfolio	- 2.36%	- 28.90%	- 25.55%	1.000%	0.650%	0.010%	1.660%
	Lord Abbett Growth and Income Portfolio	- 5.12%	- 25.53%	- 6.27%	1.000%	0.500%	0.470%	1.970%
	Oppenheimer Global Securities Fund/VA	- 7.79%	- 30.10%	- 17.37%	1.000%	0.640%	0.060%	1.700%
Pioneer Fund VCT Portfolio	- 5.93%	- 26.91%	- 13.25%	1.000%	0.650%	0.090%	1.740%	
Medium	ING VP Balanced Portfolio, Inc	- 1.27%	- 11.75%	- 7.85%	1.000%	0.500%	0.090%	1.590%
	Janus Aspen Series Balanced Portfolio	- 1.07%	- 9.04%	- 6.88%	1.000%	0.650%	0.010%	1.660%
Low	ING Fixed Plus**	1.15%	5.13%	5.47%	N/A	N/A	N/A	N/A
	ING VP Bond Portfolio	1.82%	10.15%	8.09%	1.000%	0.400%	0.100%	1.500%
	ING VP Money Market Portfolio	0.00%	0.41%	2.52%	1.000%	0.250%	0.090%	1.340%
	Janus Aspen Series Flexible Income Portfolio	1.78%	11.98%	7.29%	1.000%	0.640%	0.030%	1.670%

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

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

** The interest rate varies monthly. For April 2003, the rate is 4.45%. The rate is guaranteed to be no less than 4.45% through December 31, 2003. The rate has a 12-month and 3% lifetime guarantee.

No annual maintenance fee.

PRIME PLAN - OLDHAM RESOURCE GROUP

Level of Risk	Fund Name	NET PERFORMANCE			EXPENSES			
		Quarter	1 Year	3 Years Annualized	Admin./M&E	Mgmt.	Other	Total
High	AIM Basic Value	- 6.81%	- 31.59%	- 6.57%	0.500%	1.330%	0.350%	2.180%
	Dreyfus Mid Cap Index	- 5.02%	- 24.35%	- 6.37%	0.500%	0.500%	0.000%	1.000%
	Janus Growth and Income	- 2.39%	- 23.31%	- 19.28%	0.500%	0.860%	0.000%	1.360%
	Lord Abbett Mid Cap Value	- 8.35%	- 21.85%	7.00%	0.500%	1.210%	0.350%	2.060%
	MFS Core Growth	- 2.69%	- 29.32%	- 22.64%	0.500%	1.470%	0.350%	2.320%
	Needham Growth	- 3.11%	- 31.51%	- 12.26%	0.500%	1.870%	0.250%	2.620%
	Oppenheimer Global Growth & Income	- 9.65%	- 33.90%	- 23.46%	0.500%	1.400%	0.240%	2.140%
	Royce Low-Priced Stock	- 8.71%	- 29.55%	2.88%	0.500%	1.490%	0.250%	2.240%
	Seligman Communications & Information	- 3.16%	- 35.55%	- 30.44%	0.500%	1.440%	0.250%	2.190%
	Vanguard REIT Index (Closed to New Investments)	0.51%	- 3.54%	12.70%	0.500%	0.280%	0.000%	0.780%
	Gabelli Westwood Realty AAA	1.20%	- 2.12%	12.63%	0.500%	1.640%	0.250%	2.390%
Medium	Pax World Balanced	- 1.62%	- 11.01%	- 6.72%	0.500%	0.930%	0.190%	1.620%
	PIMCO Long Term U.S. Government Instl	0.99%	21.24%	12.47%	0.500%	0.500%	0.000%	1.000%
Low	Alliance North American Government Income	2.80%	13.04%	7.38%	0.500%	1.570%	0.300%	2.370%
	Calvert Income	1.04%	5.98%	6.92%	0.500%	1.110%	0.150%	1.760%
	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	0.37%	3.83%	5.01%	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 March 31, 2003, is 3.2%. The effective rate reflects the effects of daily compounding of interest. The minimum annual effective rate guarantee is 3.00%.

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
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Attention: 403(b) Program Information Inside