



403(b) + 457(b) = The Right Equation for Your Retirement Strategy?

Public education employees can participate in both a 403(b) tax-deferred program and a 457(b) deferred compensation plan at the same time, which allows you to save more money on a tax-deferred basis for retirement.

So you may be wondering – what’s the difference between 403(b) and 457(b) plans, besides a couple of numbers in their names? Is one plan “better” than the other? If your employer offers both types of plans, should you consider participating in one or both for your retirement?

The answer is, there is no single “right answer” when it comes to deciding on a retirement plan. It all depends on your specific career and retirement objectives. And it’s important to do your homework, talk with your financial or tax advisor, and examine the features of each plan before making a decision whether to participate in one or both plans.

Here, we present some situations common to educators, and in the following pages outline how the 403(b) and 457(b) plans could work in those scenarios. Your ING representative can provide more detailed information and help answer any questions you might have about the plans, and the ING products available. Keep in mind, this brochure is not a comprehensive description of the plans’ features.

This information is provided by ING for your education only. Neither ING nor its representatives offer tax or legal advice. Please consult your tax or legal advisor before making a tax-related investment/insurance decision.

Putting the 403(b) and the 457(b) plans to your test

1. Are you just starting out in your teaching career?

If you answered “yes,” please refer to Situation A on page 2.

2. Can you only afford to participate in one retirement plan?

If you answered “yes,” please refer to Situation A on page 2.

3. Will you be going back to school to pursue an advanced degree?

If you answered “yes,” please refer to Situation B on page 2.

4. Are you almost ready to retire?

If you answered “yes,” please refer to Situation C on page 3.

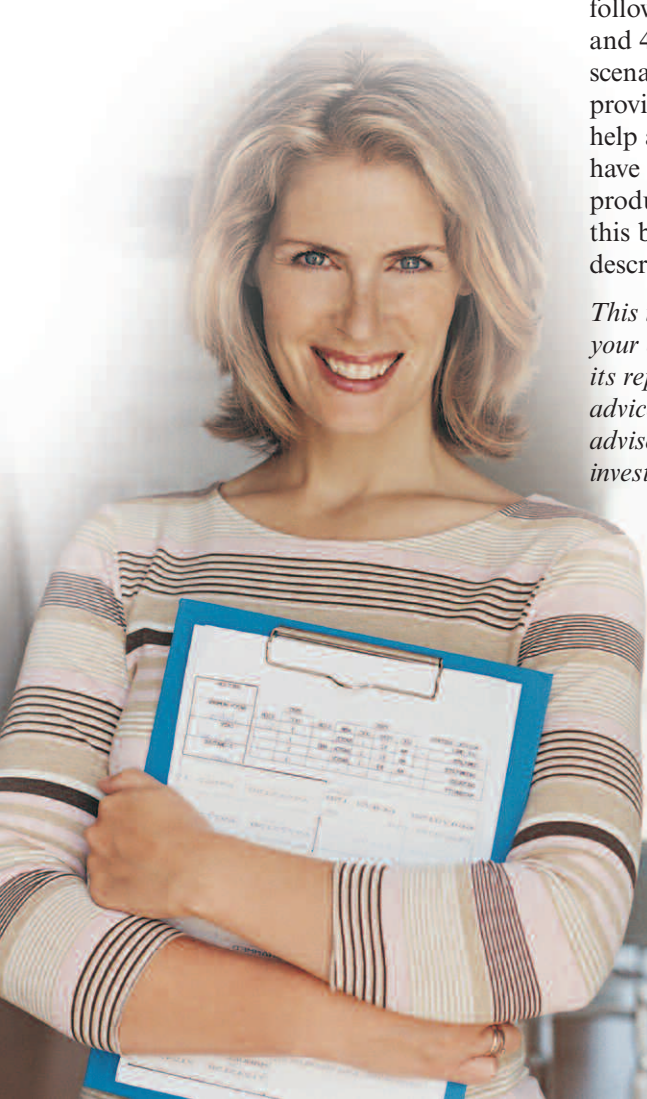
5. Do you have a dual income family and want to set aside as much money as possible?

If you answered “yes,” please refer to Situation D on page 3.

Important Notes

These materials are not intended to be used to avoid tax penalties, and were prepared to support the promotion or marketing of the matter addressed in this document. The taxpayer should seek advice from an independent tax advisor.

You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options, or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/prospectus summaries/information booklets contain this and other information, and can be obtained by contacting your local representative. Please read the prospectuses carefully before investing.



403(b) + 457(b) = THE RIGHT EQUATION FOR YOUR RETIREMENT STRATEGY?

What is a 403(b) "Hardship Withdrawal"?

Hardship means:

- An immediate and heavy financial need. This determination is based on facts and circumstances. Events which are deemed to satisfy this requirement include:
 - Medical expenses incurred by the participant, spouse, dependent or, in some cases, that of the primary beneficiary; or
 - Purchase of participant's primary residence; or
 - Payment of the next twelve (12) months of post-secondary tuition and related educational fees for the participant, spouse, dependent or, in some cases, that of the primary beneficiary; or
 - Prevention of eviction or foreclosure on the participant's primary residence; or
 - Payment for funeral expenses for a deceased parent, spouse, child, dependent or, in some cases, that of the primary beneficiary; or
 - Certain expenses for the repair of damage to the participant's principal residence.
- The distribution must be necessary to satisfy the financial need, i.e.:
 - The requested hardship withdrawal does not exceed the amount necessary to satisfy the need; and
 - The need cannot reasonably be satisfied through other resources, such as insurance reimbursement, liquidation of assets, cessation of elective contributions under the plan or loans from the plan, or from commercial sources.

What is a 457(b) "Unforeseeable Emergency"?

Unforeseeable Emergency means:

- A severe financial hardship resulting from:
 - Illness or accident of participant, beneficiary, spouse, dependent or, in some cases, that of the primary beneficiary; or
 - Loss of property due to casualty; or
 - Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of participant or beneficiary; and
- The emergency can't be relieved through other sources, unless using other sources would cause a severe financial hardship; and
- The amount is limited to that which is reasonably necessary to satisfy the emergency.

Note: The determination of Unforeseeable Emergency is stringent and restrictive. The IRS has declined to provide a listing of events which are deemed to satisfy the above requirements.

Situation A: New Teacher

Are you a new teacher just starting out on your career? Are you beginning to work your way up the pay scale and perhaps are unable to participate in both the 403(b) and 457(b) plans? While there are many factors to consider, perhaps having access to your monies when in need, either through a loan or a withdrawal, may be your main consideration.

403(b) Tax-Deferred Program	457(b) Deferred Compensation Plan
<ul style="list-style-type: none"> Up to \$15,500 in employee deferrals in 2008. Loans available, if contract permits. Withdrawals permitted due to Hardship.* 	<ul style="list-style-type: none"> Up to \$15,500 total in employer and employee contributions in 2008. Loans available, if plan permits. Withdrawals due to Unforeseeable Emergency – provided that very stringent criteria are satisfied.**
<ul style="list-style-type: none"> In-service withdrawals may be permitted if you are at least age 59½ or if your 403(b) account annuity contains deferrals made prior to 1989.* 	<ul style="list-style-type: none"> To the extent provided in the plan, in-service withdrawals may be permitted if your account value is \$5,000 or less (provided certain requirements are met) or at age 70½.**
<p>* Keep in mind that in-service withdrawals are subject to an IRS 10% premature distribution penalty tax unless an exemption applies.</p>	<p>** An IRS 10% premature distribution penalty tax does not apply to withdrawals, other than withdrawals from a non-457 rollover account.</p>

Situation B: Career Advancement

Are you going back to school to obtain an advanced degree, while continuing to work? With a 403(b), you may be able to take a hardship withdrawal to pay educational expenses, plus take out a loan if needed. If you also have a 457(b), you may also be able to take advantage of that loan feature as well.

403(b) Tax-Deferred Program	457(b) Deferred Compensation Plan
<ul style="list-style-type: none"> Loans available, if contract permits. Withdrawals permitted due to Hardship.* 	<ul style="list-style-type: none"> Loans available, if plan permits. Withdrawals due to Unforeseeable Emergency – provided that very stringent criteria are satisfied.**
<ul style="list-style-type: none"> In-service withdrawals may be permitted if you are at least age 59½ or if your 403(b) annuity contains deferrals made prior to 1989.* 	<ul style="list-style-type: none"> To the extent provided in the plan, in-service withdrawals may be permitted if your account value is \$5,000 or less (provided certain requirements are met) or at age 70½.**
<p>* Keep in mind that in-service withdrawals are subject to an IRS 10% premature distribution penalty tax unless an exemption applies.</p>	<p>** An IRS 10% premature distribution penalty tax does not apply to withdrawals, other than withdrawals from a non-457 rollover account.</p>

For 403(b)(1) annuities, the Internal Revenue Code (IRC) generally prohibits withdrawals of 403(b) salary reduction contributions and earnings on such contributions prior to death, disability, age 59½, severance of employment, or financial hardship. Amounts held in a 403(b)(1) annuity as of 12/31/1988 are "grandfathered" and are not subject to these restrictions. For 403(b)(7) custodial accounts, the IRC generally prohibits withdrawals of any contributions and attributable earnings prior to death, disability, age 59½, severance of employment, or financial hardship. For both 403(b)(1) annuities and 403(b)(7) custodial accounts, the amount available for hardship is limited to the lesser of the amount necessary to relieve the hardship, or the account value as of 12/31/1988 plus the amount of any salary reduction contributions made after 12/31/1988 (exclusive of any earnings.)

Situation C: Ready to Retire

If retirement is just around the corner, you may be wishing you could turn back the clock and put aside more money for your golden years. With both the 403(b) and the 457(b), you can! There are several “catch-up” provisions available under each of the plans to help make up for lost time and add to your accumulated savings. In addition, your employer may be able to make contributions of accumulated sick and/or vacation pay.

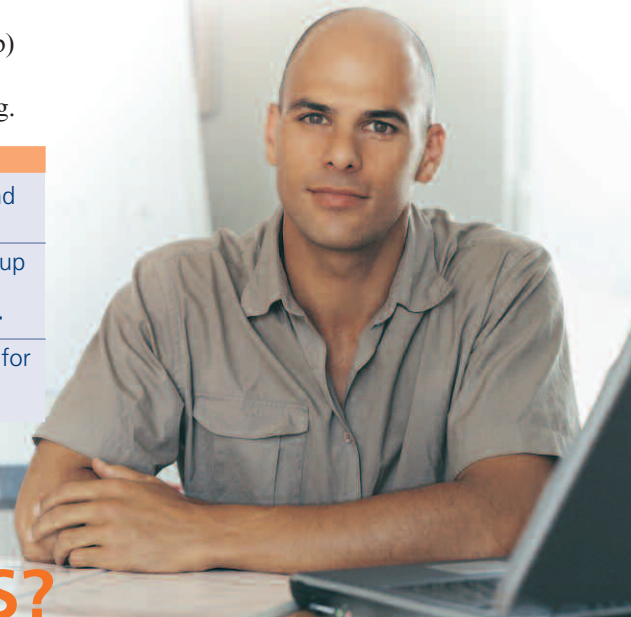
403(b) Tax-Deferred Program	457(b) Deferred Compensation Plan
<ul style="list-style-type: none"> Up to an additional \$3,000 deferral for certain long-term employees; and 	<ul style="list-style-type: none"> Up to an additional \$15,500 catch-up in 2008 for three (3) years prior to reaching normal retirement age; or
<ul style="list-style-type: none"> Additional \$5,000 deferral in 2008 for employees age 50+; 	<ul style="list-style-type: none"> Additional \$5,000 deferral in 2008 for employees age 50+;
<ul style="list-style-type: none"> Post-retirement employer contributions permitted. 	<ul style="list-style-type: none"> Post-retirement employer contributions not permitted.

These are just a few examples of situations to consider when deciding whether to contribute to a 403(b) tax-deferred program or a 457(b) deferred compensation plan, or both. As always, your ING representative is available to help answer any questions you might have regarding these types of retirement plans.

Situation D: Dual Income

Are you a member of a dual income family and wish to maximize both your current tax deferral and retirement accumulation? Then perhaps you should consider participating in both the 403(b) and 457(b). With both the 403(b) and the 457(b) plans, you can potentially contribute on an elective basis up to \$54,500 in 2008, thus deferring current federal taxation and accelerating your retirement nest egg.

403(b) Tax-Deferred Program	457(b) Deferred Compensation Plan
<ul style="list-style-type: none"> Up to \$15,500 in employee deferrals in 2008 	<ul style="list-style-type: none"> Up to \$15,500 total in employer and employee contributions in 2008
<ul style="list-style-type: none"> Up to an additional \$3,000 deferral for certain long-term employees; and 	<ul style="list-style-type: none"> Up to an additional \$15,500 catch-up in 2008 for three (3) years prior to reaching normal retirement age; or
<ul style="list-style-type: none"> Additional \$5,000 deferral in 2008 for employees age 50+. 	<ul style="list-style-type: none"> Additional \$5,000 deferral in 2008 for employees age 50+.



WHAT IS THE EMPLOYER'S ROLE WITH THESE PLANS?

403(b) Tax-Deferred Program

- Generally, employer involvement very limited
- Withdrawal direction from the participant
- Employee ownership of participant account
- Participant control of interfund transfers among investment options available under the 403(b) program and, with most employers, to appropriate 403(b) options outside the program
- Employer (plan sponsor) cannot move existing plan assets to another vendor

457(b) Deferred Compensation Plan

- Employer involvement required
- Withdrawal direction from the employer only
- Employer ownership of participant account
- To extent permitted under the plan, participant control of interfund transfers among investment options available under the 457(b) plan
- Employer (plan sponsor) can move plan assets to different plan provider/fund option

Please remember that the IRS regulations for 403(b) plans significantly change the role of the employer as of January 1, 2009. For more information on the impact of these changes please visit www.ing-usa.com/us/businesses/retirementplans/education/403bregulations.

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