

# Jefferson County Public Schools TSA/403(b) and 457 Plans

## Plan Features and Highlights

### Your Improved Services

The Jefferson County Public Schools (JCPS) TSA/403(b) and 457 Plans are powerful tools to help you reach your retirement dreams. As a supplement to other retirement benefits or savings that you may have, these voluntary Plans allow you to save and invest extra money for retirement... tax deferred!

Not only will you defer taxes immediately, but you may build extra savings consistently and automatically, choose from a variety of investment options and learn more about saving and investing for your financial future.

Read these highlights to learn more about your Plans and how simple it is to enroll.

### Getting Started

#### What is a TSA/403(b) plan?

A TSA/403(b) plan is a retirement savings plan designed for employees of public schools and tax-exempt organizations, including most universities and hospitals. TSA/403(b) plans allow eligible employees to supplement any existing retirement and pension benefits by saving and investing before-tax dollars through voluntary salary deferral. Contributions and any earnings on contributions are tax deferred until money is withdrawn. Distributions are usually taken at retirement, when many participants typically receive less income and may be in a lower income tax bracket than while working. Distributions are subject to ordinary income tax. A 10% federal tax penalty may apply to distributions made prior to age 59½.

#### What is a 457 deferred compensation plan?

A governmental 457(b) deferred compensation plan (457 plan)<sup>1</sup> is a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing before-tax dollars through voluntary salary deferral. Contributions and any earnings on contributions are tax-deferred until money is withdrawn. Distributions are usually taken at retirement, when many participants typically receive less

income and may be in a lower income tax bracket than while working. Distributions are subject to ordinary income tax. The 10% early withdrawal federal tax penalty does not apply to 457 Plan distributions.

#### Why should I participate in the Plans?

You may want to participate if you are interested in saving and investing additional money for retirement and/or reducing the amount of current state and federal income tax you pay each year. Your JCPS TSA/403(b) and 457 Plans can be excellent tools to help make your future more secure.

You may also qualify for a federal income tax credit by participating in these Plans. For more information about this tax credit, please contact your Great-West Retirement Services<sup>®</sup> representative.<sup>2</sup>

#### Is there any reason why I should not participate in the Plans?

Participating may not be advantageous if you are experiencing financial difficulties, have excessive debt, do not have an adequate emergency fund (typically in an easy-to-access account) or expect to be in a higher tax bracket during your retirement.

#### Who is eligible to enroll?

All employees of JCPS are immediately eligible to participate in the Plans.

#### How do I enroll?

Complete the appropriate enrollment forms, indicating the amount you wish to contribute, your investment option selection(s) and beneficiary designation(s). Please return the forms to your Great-West Retirement Services representative.

**Read on for important information** ►

<sup>1</sup> All references to the 457 Plan are the same as a governmental 457(b) plan.  
<sup>2</sup> Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

**Contact your local  
Great-West Retirement Services office at:  
Toll Free (800) 947-4409 or Local (303) 830-3510**

## What are the contribution limits?

In 2007, the maximum contribution amount for each Plan is 100% of your compensation, less any mandatory before-tax contributions to a governmental pension plan or \$15,500, whichever is less. Please note: You may contribute the maximum contribution amount to both the TSA/403(b) Plan and the 457 Plan.

Participants in the TSA/403(b) Plan who have worked a total of 15 or more full-time equivalent years of service by the end of the current tax year with JCPS and whose annual contributions to the TSA/403(b) Plan have averaged less than \$5,000 may contribute an additional \$3,000 to the TSA/403(b) Plan. There is a lifetime limit of \$15,000 that may be contributed using this special provision. In addition, participants in the TSA/403(b) Plan turning age 50 or older in 2007 may contribute an additional \$5,000 in 2007.

Participants in the 457 Plan have two different opportunities to catch up and contribute more during the final years of their career. “Standard Catch-Up” allows participants within three calendar years of normal retirement age to contribute more to the 457 Plan, up to double the annual contribution limit—which would total \$31,000 in 2007. The additional amount that you may be able to contribute to the 457 Plan under the Standard Catch-Up option will depend upon the amounts that you could have contributed in previous years but did not. Also, participants turning age 50 or older in 2007 may contribute an additional \$5,000 in 2007. This additional Age 50+ Catch-Up contribution may be indexed for inflation in \$500 increments starting in 2007. You may not use the Standard Catch-Up and Age 50+ Catch-Up provisions in the same year. Contact your Great-West Retirement Services representative for more information.

## What are my investment option choices?

A wide array of core investment options is available through your Plans. Each option is explained in further detail in your Plans’ fund data sheets. A self-directed brokerage (SDB) account is also available and allows you to invest in numerous mutual funds, stocks, and bonds for an additional fee. The SDB account option is available through TD AMERITRADE.

Investment option information is also available through the Web site at [www.jeffcoschoolsgwest.com](http://www.jeffcoschoolsgwest.com) and by calling KeyTalk®, toll free at **(800) 701-8255 (English) or (888) 935-4652 (Spanish)**. The Web site and KeyTalk are available to you 24 hours a day, seven days a week.<sup>3</sup>

*Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information you may obtain prospectuses for mutual funds, any applicable annuity contract and the annuity’s underlying funds and/or disclosure documents from your registered representative. For prospectuses on self-directed brokerage, contact TD AMERITRADE at (866) 766-4015. Read them carefully before investing.*

## Managing Your Account

### How do I keep track of my account?

Great-West Retirement Services will mail you a quarterly account statement showing your account balance and activity. You can also check your account balance and move money among investment options on the Web site at [www.jeffcoschoolsgwest.com](http://www.jeffcoschoolsgwest.com) or by calling KeyTalk at **(800) 701-8255 (English) or (888) 935-4652 (Spanish)**.<sup>3</sup>

### How do I make investment option changes?

Use your Personal Identification Number (PIN) and Username to access either the Web site or KeyTalk.<sup>3,4</sup> You can move all or a portion of your existing balances between investment options (subject to Plan rules) and change how your payroll contributions are invested.

### How do I make deferral changes?

Visit the Web site at [www.jeffcoschoolsgwest.com](http://www.jeffcoschoolsgwest.com) or call KeyTalk at **(800) 701-8255 (English) or (888) 935-4652 (Spanish)** to speak with a Great-West Retirement Services representative.<sup>3</sup>

## Rollovers

### May I roll over my account from my former employer’s plan?

Yes, but only approved balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or an Individual Retirement Account (IRA) may be rolled over to the Plans. Caution, withdrawals from the TSA/403(b) Plan may be subject to the 10% early withdrawal federal tax penalty. Please check with your Great-West Retirement Services representative for more information.

### May I roll over my account if I leave employment with JCPS?

If you sever employment with JCPS, you may roll over your account balance to another eligible governmental 457(b), 401(k), 403(b) or 401(a) plan if your new

<sup>3</sup> Access to KeyTalk® and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades and maintenance, or other reasons. Transfer requests made via the Web site or KeyTalk received on business days prior to close of the New York Stock Exchange (2:00 p.m. Mountain Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

<sup>4</sup> The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

employer's plan accepts such rollovers. You may also roll over your account balance to an IRA.

Please keep in mind that if you roll over your 457 Plan balance to a 401(k), 403(b) or 401(a) plan or IRA, distributions taken before age 59½ may be subject to the 10% early withdrawal federal tax penalty. Please contact your Great-West Retirement Services representative for more information.

## Distributions

### When can I receive a distribution from my account?

Qualifying distribution events are as follows:

- Retirement,
- Permanent disability (TSA/403(b) Plan),
- Unforeseeable emergency (as defined by the Internal Revenue Code and if allowed by your 457 Plan's provisions),
- Severance of employment (as defined by the Internal Revenue Code provisions),
- If still working, attainment of age 59½ (TSA/403(b) Plan) or 70½ (457 Plan),
- Death (your beneficiary receives your benefits),
- In-service transfer to purchase PERA service credit.

Each distribution is subject to ordinary income tax except for an in-service transfer to purchase service credit.

### What are my distribution options?

- 1) Leave the value of your account in the Plan until a future date.
- 2) Depending on the terms of your Plans, you may be able to receive payments in one of the following forms:
  - Periodic payments,
  - Fixed annuity payments,
  - Partial lump sum with remainder paid as periodic payments or annuity payments,
  - A lump sum,
- 3) Roll over your account balance to an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or to an IRA.

### What happens to my account when I die?

Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) must contact a Great-West Retirement Services representative to request a distribution.

## Fees

### What fees will I pay to participate?

**TSA/403(b) Plan:** There is no annual account maintenance fee or mortality and expense risk charges to participate in the TSA/403(b) Plan. There is a quarterly explicit assets-based fee of 0.04% on balances invested in the Vanguard 500 Index Admiral and the Vanguard Total Bond Market Index Fund Admiral.<sup>5</sup> Each investment option in the Plan has an investment option management fee that varies depending on the investment option.

**457 Plan:** There is no annual account maintenance fee or mortality and expense risk charges to participate in the 457 Plan. There are quarterly explicit asset-based fees of .05% on balances invested in the Vanguard Institutional Index and Vanguard Total Bond Market Index Funds. Each investment option in the Plan has an investment management fee and fund operating expense that vary depending on the investment option. Funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held for less than the period stated in the fund's prospectus. For more information, please refer to the fund's prospectus.

### Are there any fees for investment options?

Each investment option has an investment management fee that varies by investment option. These fees are deducted by each investment option's management company before the daily price or performance is calculated. Fees pay for trading individual securities in the underlying investment options and other management expenses.

Funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held for less than the period stated in the fund's prospectus or other disclosure documents. For more information, please refer to the fund's prospectus and/or disclosure documents.

### Are there any distribution fees?

There are no distribution fees.

## Loans

### May I take a loan from my account?

Your JCPS Plans allow you to borrow the lesser of \$50,000 or 50% of your total account balance. The minimum loan amount is \$1,000 and you have up to five years to repay your loan—six to 15 years if the money is used to purchase your primary residence. There is also a \$50 origination fee for each loan, plus an ongoing annual maintenance fee of \$25 which is billed at \$6.25 per quarter.

<sup>5</sup> An index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Therefore, performance of an index fund will generally be less than its benchmark index. You cannot invest directly in an index.

## Taxes

### How does my participation in the Plans affect my taxes?

Because your contributions are taken out of your paycheck before taxes are calculated, you pay less in current income tax. You do not report any current earnings or losses on your account on your current income tax return either. Your account is tax-deferred until you withdraw money, usually at retirement.

Distributions from the Plans are taxable as ordinary income during the years in which they are distributed or made available to you or your beneficiary(ies). A 10% early withdrawal penalty may apply to withdrawals taken from the TSA/403(b) Plan prior to age 59½.

## Investment Assistance

### Can I get help with my investment decisions?

Employees of Great-West Retirement Services and JCPS can provide educational services but cannot give investment advice. There are financial calculators and tools on the Web site that can help you determine which investment options might be best for you if you would like to construct your Plan account yourself.

### What is Reality Investing<sup>SM</sup>?

Reality Investing is a behavior-based approach to investment assistance that provides investment advisory tools and services based upon the level of involvement you desire in managing your investments. You can choose as much or as little help as you need.

### Which Reality Investing investment advisory tools are best for me?

*Online Investment Guidance* is the strategy for you if you want some general guidance to help you manage your own account. Online Investment Guidance provides you with a personalized asset allocation and savings rate recommendation that reflects your unique financial information, retirement time frame, goals and financial situation. You can use this information to build your own portfolio using the investment options available in your Plan. There is no fee to use the Online Investment Guidance tool.

*Online Investment Advice* is the strategy for you if you want specific portfolio recommendations to help you manage your own account. Online Investment Advice goes one step further

than Online Investment Guidance. Advised Assets Group, LLC (AAG) creates a personal wealth forecast and a recommended portfolio based on information drawn from your individual account profile and from the investment options available in your Plan. Your recommended portfolio reflects your unique financial information, retirement time frame, goals and financial situation. Based on your recommended portfolio, you can direct your own investment choices and manage them online. You may update your individual account profile at any time and generate a new portfolio recommendation based on those changes. If you choose to utilize the Online Investment Advice tool, there is a \$25 annual fee, deducted at \$6.25 quarterly from your account. You may cancel participation at any time.

The *Managed Account service* is the strategy for you if you lack the time, knowledge or confidence to manage your own account and would prefer to have a financial adviser select and manage your account for you. AAG's Managed Account service provides you with a personalized and strategically designed retirement portfolio that is automatically managed from quarter to quarter. Please see the chart below for specific fee information.

Your Account Balance	Maximum Fee
Less than \$100,000	0.55%
Next \$150,000	0.45%
Next \$150,000	0.35%
Greater than \$400,000	0.25%

For example, if your account balance is \$50,000, the annual Managed Account fee would be 0.55% of the account balance. If your account balance is \$500,000, the first \$100,000 will be subject to an annual fee of 0.55%, the next \$150,000 will be subject to an annual fee of 0.45%, the next \$150,000 will be subject to an annual fee of 0.35%, and any amounts over \$400,000 will be subject to an annual fee of 0.25%.

The fee is based on your account balance on the day the fee is debited and will be deducted from your account quarterly within the last five to seven business days of each quarter. If you cancel participation in the Managed Account service, the fee will be based on your account balance on the date of cancellation and will be deducted within five to seven business days of the cancellation date. Participation in the Managed Account service is voluntary. You may opt out at any time.

### How do I get more information?

Visit [www.jeffcoschoolsgwest.com](http://www.jeffcoschoolsgwest.com) or call KeyTalk at (800) 701-8255 (English) or (888) 935-4652 (Spanish), for more information. <sup>2</sup>

Great-West Retirement Services<sup>®</sup> refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Securities (except for the self-directed brokerage option) when offered, are offered through GWFS Equities, Inc. Investment options are offered through mutual funds and a group fixed and variable deferred annuity issued by Great-West Life & Annuity Insurance Company. Securities available through the self-directed brokerage (SDB) account are offered through TD AMERITRADE. Additional information can be obtained by calling TD AMERITRADE at (866) 766-4015. Managed account, guidance and advice services are offered by Advised Assets Group, LLC. (AAG) a federally registered investment adviser. AAG and GWFS Equities, Inc. are wholly owned subsidiaries of Great-West Life & Annuity Insurance Company. Representatives of GWFS Equities, Inc. are not registered investment advisers, and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed. Reality Investing<sup>SM</sup>, Great-West Retirement Services<sup>®</sup> and KeyTalk<sup>®</sup> are service marks of Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for use in New York. Form# CB1087PH (3/16/2007)