



## Deferred Compensation Eligibility Requirements

(IRC Section 457 Plan)

Any permanent employee, long-term non-permanent employee, or elected official of the State of Alaska.

## Investment Option Detail Sheets with Fund Information

*Fund descriptions and the fund's top 10 holdings are updated approximately every three months. Fund return results are reported monthly.*

For more detailed information on available investment options, please visit the Great-West Financial Website at [www.akdrb.com](http://www.akdrb.com). Select "Investment Information" under the "Deferred Compensation Plan" tab, then choose "Investment Options." Please Note: Adobe Acrobat Reader is required for downloading and viewing Investment Option Detail Sheets. You can print a copy of any sheet directly from your Web browser; if you are unable to do so, please call DRB.

# General Plan Information

## What is a deferred compensation plan?

The State of Alaska 457 Deferred Compensation Plan (Plan) allows you to voluntarily set aside a portion of your income before it is taxed. The amount set aside, plus any change in value (interest, gains and losses), is payable to you or your beneficiary at a future date. Upon becoming eligible to participate in the Plan, you may elect to defer your income on a pre-tax basis. By doing so, you agree to reduce your salary by an agreed-upon amount. This amount may not exceed certain requirements (outlined below).

## How do I enroll?

Contact the Anchorage office at **1-800-526-0560** or **1-907-276-1500**. Also, you can contact Empower Retirement™ (Empower) at **1-800-232-0859** or enroll online at [www.akdrb.com](http://www.akdrb.com).<sup>1</sup> Under "Deferred Compensation Plan," click "Enroll Now."

## What is the maximum amount of compensation I may defer?

The regular contribution limit *for those UNDER age 50* is \$18,000 in 2015.

Participants age 50 or older will be able to make additional contributions. The catch-up contribution amount is \$6,000 for 2015.

Therefore, the regular contribution limit *for those age 50 and over* is \$24,000 in 2014.

## What is the "catch-up" provision?

The catch-up provision is available to employees who are within three years of their normal retirement. Catch-up allows you to make up for contributions you could have made during previous years of state employment but didn't.

The catch-up limit is **double** the regular contribution limit. For 2015, this equals \$36,000.

You may contribute under the catch-up provision for a maximum of three consecutive years. Once you elect catch-up, if you do not utilize it for all three consecutive years, you cannot make up the amounts not utilized at a later time or with another employer.

**The age 50 and over catch-up and the regular catch-up provisions cannot be used in the same year.**

## Can I change my contribution amount?

You may increase or decrease your contribution amount once per month.

## What are my investment options?

- U.S. Real Estate Investment Trust Index Fund<sup>2</sup>
- U.S. Small-Cap Trust Fund<sup>3</sup>
- Brandes International Equity Fund<sup>4</sup>
- World Equity Ex-US Index Fund<sup>4</sup>
- Allianz/RCM Socially Responsible Investment Fund<sup>5</sup>
- Russell 3000 Index Fund
- S&P 500® Index Fund<sup>6</sup>
- Alaska Target Retirement 2055 Trust<sup>7,8</sup>
- Alaska Target Retirement 2050 Trust<sup>7,8</sup>
- Alaska Target Retirement 2045 Trust<sup>7,8</sup>
- Alaska Target Retirement 2040 Trust<sup>7,8</sup>
- Alaska Target Retirement 2035 Trust<sup>7,8</sup>
- Alaska Target Retirement 2030 Trust<sup>7,8</sup>
- Alaska Target Retirement 2025 Trust<sup>7,8</sup>
- Alaska Target Retirement 2020 Trust<sup>7,8</sup>
- Alaska Target Retirement 2015 Trust<sup>7,8</sup>
- Alaska Target Retirement 2010 Trust<sup>7,8</sup>
- Alaska Long-Term Balanced Trust<sup>8</sup>
- Alaska Balanced Trust<sup>8</sup>
- SSgA Global Balanced Fund<sup>4,8</sup>
- World Government Bond Ex-US Index Fund<sup>4,9</sup>
- Long US Treasury Bond Index Fund<sup>10</sup>
- Government/Credit Bond Index Fund<sup>9,10</sup>
- US Treasury Inflation Protected Securities Index Fund<sup>9,10</sup>
- Intermediate Bond Fund<sup>9</sup>
- Interest Income Fund
- State Street Treasury Money Market Fund—Inst.

Investment Option Detail Sheets are available at [www.akdrb.com](http://www.akdrb.com). Select "Investment Information" under the "Deferred Compensation Plan" tab, then choose "Investment Options."<sup>1</sup>

***Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, your registered representative can provide you with a mutual fund prospectus for the State Street Treasury Money Market Fund – Inst. and disclosure documents for the investment options exempt from SEC registration. Read them carefully before investing.***

*An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.*

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## What if I need to make investment changes?

You may make transfers among existing fund options and allocation changes for future contributions once a day. There is no charge. Changes may be made by telephone via KeyTalk® at **1-800-232-0859** or on the Internet by visiting the Empower Website at **www.akdrb.com**.<sup>1</sup>

## How can I get help choosing my investment options?

Your Plan offers access to three different levels of investment advisory tools and services called Reality Investing® Advisory Services. You can have Advised Assets Group, LLC (AAG), a federally registered investment adviser and a wholly owned subsidiary of Great-West Life & Annuity Insurance Company, manage your retirement account for you. Or if you prefer to manage your retirement account on your own, you can use online investment guidance and advice tools. These services provide a retirement strategy based on your income replacement goals, desired retirement age and current savings. There is no guarantee that participation in Reality Investing Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

For more information about Reality Investing Advisory Services, please visit the Website at **www.akdrb.com**. Log in to your account and click on the “Advisory Services” tab. You may also call KeyTalk at **1-800-232-0859**. Enter your Social Security number (SSN) and Personal Identification Number<sup>11</sup> (PIN), and then say “representative.”

## What fees do I pay to participate in Reality Investing Advisory Services?

While there is no cost to use Online Investment Guidance, there is a \$25 annual fee assessed quarterly at \$6.25 for Online Investment Advice.

If you choose to have AAG manage your account for you, the annual Managed Account fee will be based on your account balance and deducted from your account on a quarterly basis, as follows:

Participant Account Balance	Annual Participant Fee
Less than \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Greater than \$400,000	0.15%

For example, if your account balance subject to the Managed Account is \$50,000, the annual fee will be 0.45% of the account balance. The amount collected quarterly would be 0.1125% based upon your account balance on the day of fee assessment as described above.

If your account balance subject to the Managed Account is \$500,000, the first \$100,000 will be subject to an annual fee of 0.45% (0.1125% quarterly); the next \$150,000 will be subject to an annual fee of 0.35% (0.0875% quarterly); the next \$150,000 will be subject to an annual fee of 0.25% (0.0625% quarterly); and any amounts over \$400,000 will be subject to an annual fee of 0.15% (0.0375% quarterly).

## What are the Plan expenses?

There are no front-end loads for investment. Your account has an annual recordkeeping/administration fee of 0.17% (0.17 of 1%), which is assessed to your account monthly. In addition, the funds have annual investment expenses that vary depending upon the fund you choose. The returns are net of these costs. The plan may also charge fees for using specific plan features.

## When can I make a withdrawal?<sup>12</sup>

Funds may be withdrawn at any age in the event of:

- Leaving State employment (including retirement)
- Proven Unforeseeable Emergency (as defined by the Internal Revenue Code)
- Death

*Any withdrawal must be authorized by the State DRB.*

There are no withdrawal fees or IRS penalties for any benefit payable. All funds are subject to federal income tax as they are paid out. Deferred Compensation Plan monies can be transferred to another governmental 457(b) plan, an IRA or other qualified plan(s) that accepts them.<sup>13</sup>

## What are the Plan benefits?

When you qualify for a distribution, your account value may be applied to the distribution option(s) you choose.

These options include:

- Do nothing and defer payment until you have obtained the age of Required Minimum Distribution
- Lump-sum payment (full or partial)
- Five-, 10- and 15-year period certain annuity
- Single life annuity
- Single life annuity with 10- or 15-year period certain
- 50% or 100% joint/survivor annuity
- Periodic payment
- Direct rollover to an IRA or other qualified plan<sup>13,14</sup>

You may begin receiving funds immediately or defer receipt until no later than April 1 of the year following the later of the year in which you turn 70½ or the year in which you retire. You will be allowed to take partial distributions, and there is no limit on the number of payments that can be taken; however, if you do not receive payment of your entire account, you must maintain a minimum \$1,000 account balance.

## How will participation in the Plan affect my taxes?

Distributions from the Plan are fully taxable for federal income tax purposes. No early withdrawal penalty applies to distributions taken before age 59½. Also, Plan distributions are taxed using the state of the recipient’s residence, if required by that state. State mandatory withholding will be taken from your distribution depending on your state of residency. Residency for this purpose is determined by the address supplied for payment mailing.

## What is IRC 457?

IRC (Internal Revenue Code) Section 457 allows an employee’s receipt and taxation of compensation to be deferred under an eligible deferred compensation plan if it is established and maintained by an eligible employer and the plan meets requirements relating to the persons who may be participants, the maximum annual deferral allowed, the time for agreements to defer, the time for distributions, and property rights.

## How do I keep track of my account?

You'll receive a comprehensive statement of your account each quarter. If you prefer to receive your statements electronically, you can sign up to use the Online File Cabinet® for your account at [www.akdrb.com](http://www.akdrb.com). Just click "Go Paperless" under "My Profile."

## How do I get more information?

### Anchorage Office

You can contact the Anchorage office at **1-800-526-0560** or **1-907-276-1500**.

### KeyTalk®

KeyTalk is a toll-free, voice-response telephone service that allows you to access your account seven days a week, 24 hours a day (except between 10:00 p.m. Saturday and 10:00 a.m. Sunday, Alaska time).<sup>1</sup> Call KeyTalk at **1-800-232-0859** to:

- Enroll in the Plan.
- Change your contribution amount.
- Obtain your current account balance.
- Obtain daily fund values.
- Transfer funds from one investment option to another without submitting forms.<sup>1</sup> Written confirmation of all transfers will be sent.
- Change allocations of future deposits without submitting forms. Written confirmation of all changes will be sent.

To utilize KeyTalk, you will need a PIN. This will be assigned to you upon enrollment.

### Internet Access

You can also use the Internet to conduct the same transactions you can do through KeyTalk, and to update your beneficiaries.<sup>1</sup> You can do this by going to the Empower Website at [www.akdrb.com](http://www.akdrb.com).

### Toll-Free Empower Client Services Line

If you need to speak to a client services representative, call KeyTalk at **1-800-232-0859** and say "representative." These representatives are available to assist you Monday through Friday, from 5:00 a.m. to 5:30 p.m. Alaska time.<sup>1,15</sup>

### TTY Line (Text Telephone)

For hearing-impaired Deferred Compensation participants, a special toll-free TTY (text telephone) number is available, which allows participants to communicate with client service representatives. The TTY line is available Monday through Friday, 5:00 a.m. to 5:30 p.m. Alaska time. This number is **1-800-766-4952**.

## Transactions Required Through Empower Retirement

The following transactions must be conducted through Empower:

- Enrollment; changing or stopping monthly deferral.
- Inactive and Retired Employees: Changing your address or your name. (Active employees: Contact your employer to change your address or name.)
- Account Withdrawals: Empower processes all Plan payments. Empower should be contacted for information on how to complete disbursement forms and for the status of pending payments.

Hardship (Proven Unforeseeable Emergency) withdrawals from your account.

To contact Empower, call **1-800-232-0859** and say "representative."

## Transactions Required Through Juneau Division of Retirement and Benefits

The following transactions must be conducted through the Juneau Division of Retirement and Benefits office:

Participating in catch-up.

Deferring from a leave cash-in or final leave payout.

To contact the Juneau DRB office, call 1-800-821-2251 or 465-4460 from Juneau.

1 Access to KeyTalk and/or any Website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the Website or KeyTalk received on business days prior to close of the New York Stock Exchange (12:00 p.m. Alaska 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.

2 Real estate securities involve greater risks than other non-diversified investments, including, but not limited to: declining property values, varying economic conditions, changes in zoning laws, or losses from casualty. Real estate securities that invest in foreign real estate involve additional risk, including currency fluctuations and political developments.

3 Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.

4 Foreign investments involve special risks, including currency fluctuations and political developments.

5 Specialty funds invest in a limited number of companies and are generally non-diversified. As a result, changes in market value of a single issuer could cause greater volatility than with a more diversified fund.

6 S&P 500® Index is a registered trademark of Standard & Poor's Financial Services LLC, and is an unmanaged index considered indicative of the domestic Large-Cap equity market.

7 The principal value of the Retirement Trusts is not guaranteed at any time, including at or after the target date, which is the approximate date when investors turn age 65.

8 Asset allocation and balanced investment options and models are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.

9 A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.

10 U.S. Treasury securities are guaranteed as to the timely payment of principal and interest if held to maturity. Fund shares are neither issued nor guaranteed by the U.S. government

11 The account owner is responsible for keeping the assigned PIN confidential. Please contact Empower Retirement immediately if you suspect any unauthorized use.

12 Withdrawals are subject to ordinary income tax.

13 If you roll over any 457 dollars to another type of plan or account, withdrawals made prior to age 59½ may be subject to a 10% federal tax penalty.

14 You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options.

15 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.

**Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.**

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