

Perspectives

SECOND QUARTER 2011



Upcoming Changes to the 457 Plan

On October 1, ING will become the new recordkeeper for the Colorado PERA 457 Plan. PERA is making substantial changes to the Plan at that time. More information, including new investment options and how to access your account, is available on PERA's Web site at www.copera.org.

Additionally, effective July 1, Great-West Retirement Services® will no longer be providing field services by local education counselors.

If you need assistance with your account or wish to make any transactions prior to October 1, please continue to call KeyTalk® at **1-800-838-0457** or access your account at www.colorado457.com.¹

For questions about the upcoming transition, please contact PERA at **1-800-759-7372**.

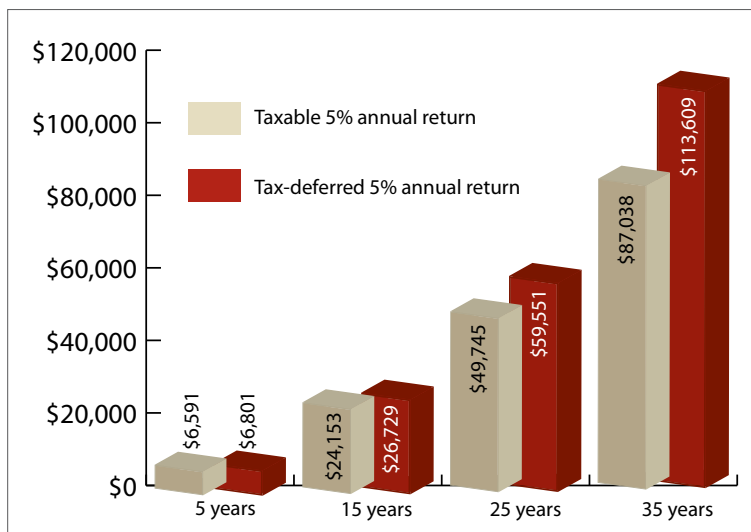
Saving for Retirement Can be Less Taxing

If you'd like to find a way to decrease the amount you pay in taxes with each paycheck and still keep your retirement savings on track, the Colorado PERA 457 Plan offers some unique tax advantages.

Lower Your Taxable Income by Increasing Your Contribution

Since contributions are deducted from your gross pay, before your state and federal taxes are withheld, your taxable income is lowered when you increase your contribution to the Plan. Contributing more to the 457 Plan is a double bonus, your taxable income will be lower and you'll have more money saved for retirement.

The graph below illustrates how a monthly contribution could grow in your tax-deferred Plan as compared to the growth of the same amount if invested in a taxable investment, such as a retail mutual fund account. That's a difference of \$26,571 over 35 years!



FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes a \$100 contribution into the pre-tax account and \$100, minus taxes, into the after-tax account, 5 percent annual rate of return, a 25 percent combined federal and state income tax bracket, and reinvestment of earnings, with no withdrawals. Rates of return may vary. Distributions from a tax-deferred retirement plan are taxable as ordinary income. Assumes that the taxable account does not hold any investment for more than 12 months. Taxable investments held longer than 12 months may qualify for lower capital gains and/or qualified dividend tax rates, which may make the return on the taxable investments more favorable, thereby reducing the difference in performance between the accounts shown. The illustration does not reflect any charges, expenses, or fees that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.

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Have Questions? Need Information?

Visit the Web site at www.colorado457.com or call KeyTalk® at **1-800-838-0457, option 2**.¹

Saving for Retirement Can be Less Taxing

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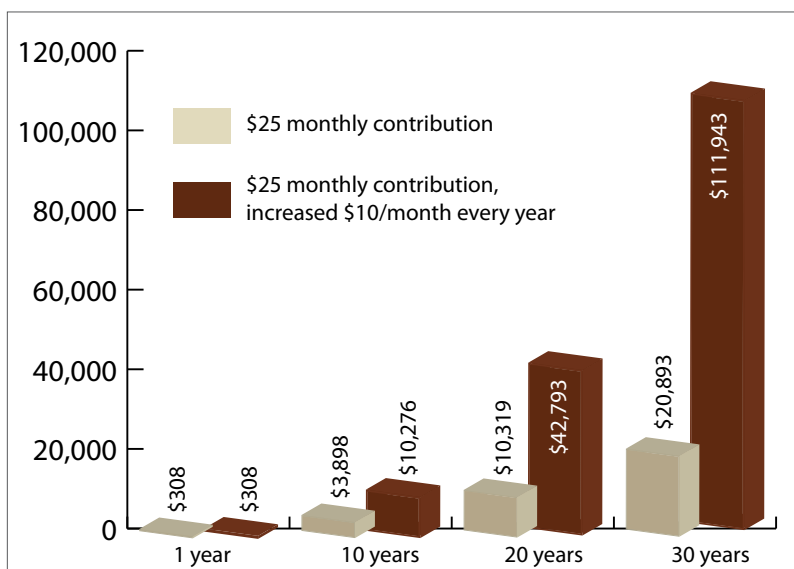
The Potential for Tax-Deferred Growth

With your Colorado PERA 457 account, you don't pay taxes on your contributions or any growth they generate until you take a withdrawal. Also, any earnings are reinvested in the investment options you choose.

If you were to invest money on your own on an after-tax basis, you would pay taxes on the money you invest—and you could also be taxed each year on the earnings your investment generates. With the Colorado PERA 457 Plan, the money you would have paid in taxes stays in your account working for you.

Small Change, Big Difference

Even a small boost in your contribution amount can translate into a significantly bigger retirement nest egg. This chart shows how just a small increase in your contribution level, and the power of compounding, could add up to thousands of dollars more over time.



FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes 12 pay periods per year, a 5 percent annual rate of return, a \$25 monthly contribution and a \$10 increase in that monthly contribution per pay period each year, an estimated federal and state combined income tax bracket of 15 percent, reinvestment of earnings, and no withdrawals. Rates of return may vary. Assumes that the taxable account does not hold any investment for more than 12 months. Distributions from a tax-deferred retirement plan are taxable as ordinary income, whereas taxable investments may qualify for lower capital gains rates. It does not account for Social Security, Medicare, or other taxes. Investments are made at the beginning of each period. The illustration does not reflect any charges, expenses, or fees that may be associated with your Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted. Source: Great-West Retirement Services, 2011.



1 Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/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 (4:00 p.m. Eastern 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.

Core securities (except those offered through the self-directed brokerage option), when offered, are offered through GWFS Equities, Inc. and/or other broker dealers. GWFS Equities, Inc. is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

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