



Perspectives

WINTER 2008

Great-West Life & Annuity Insurance Company Announcement

Great-West Life & Annuity Insurance Company announced November 26, 2007, that it has signed an agreement to sell its Great-West Healthcare Division to a subsidiary of CIGNA Corporation.

Great-West Life & Annuity Insurance Company remains fully committed to its financial services business. It will continue to serve its Financial Services Division customers through its Great-West Retirement Services® and Individual Markets business lines.

Great-West Retirement Services will continue business as usual as the nation's fourth—largest defined contribution provider—offering its diversified book of defined contribution products and services to employers nationwide, while continuing to serve its 20,000 plans, nearly 3.5 million participants, and institutional clients.

Both Great-West Retirement Services and Individual Markets are as committed today to helping Americans with their financial security goals as the Company was 101 years ago, when it opened its first sales office in the United States. Both organizations enjoy helping their customers and look forward to working with them for the next 100-plus years.

If you have any questions, please call your State of Colorado 457 Plan Account Representative at (800) 838-0457, option 2.¹

How Much Will I Need?

Find the answer with a savings calculator.

Most of us dream of retirement, but only 43% of Americans know how much it will cost us.² For an idea of how much you may need, start by thinking about how you'll spend your time—and money—in retirement.

If you plan to travel, for example, you'll likely spend more than if you stay close to home. Also, consider your current expenses. Some of them, like your mortgage and insurance costs, may remain constant. Count on some variable expenses also, for things like hobbies and medical care.

Use the savings calculator at smartmoney.com/retirement/planning to learn how much you'll need.³ If you find that your savings fall short of your goal, consider increasing your monthly plan contributions.

Have Questions? Need Information?

Visit the Web site at www.colorado457.com or call KeyTalk® at (800) 838-0457, option 2.¹ Visit the Deferred Compensation Plan Service Center: 1775 Sherman Street, Suite 2820, Denver, CO 80203.

Hours: 8:00 a.m.–5:00 p.m. MST,
Monday through Friday



457 Deferred Compensation Committee Meetings

The State of Colorado Deferred Compensation Committee meetings are open to the public. Typically, the meetings are held on the second Thursday of each month in the afternoon. If you wish to attend a meeting and/or address the Committee, please call the Deferred Compensation Coordinator at (303) 866-4066 to verify the meeting date, time and location.

The upcoming Committee meeting schedule, agenda and previous meeting minutes can be accessed on the Web site at www.colorado457.com or by calling the Great-West Retirement Services Service Center at (800) 838-0457, option 2.¹

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.

² Employee Benefit Research Institute, 2007.

³ Great-West Retirement Services is not responsible for and does not endorse the content contained in the additional Web sites provided. The Web sites are for general education and information only and are provided as a benefit to the users of the sites. SmartMoney and Great-West Retirement Services are separate and unaffiliated companies.



Powers of One (Percent)

A small change can make for big returns.

Imagine receiving a \$50,000 bonus check upon your retirement. Your employer may be generous, but he or she probably won't be able to offer you a retirement bonus of that magnitude, no matter how successful your company has been.

But you can still retire \$50,000 richer—if you can improve the rate of return on your investments by as little as 1%. Suppose you contribute \$150 to your plan each month, and your savings earn 8% for 30 years. At retirement, you'd have \$223,554. But if you took on a little more risk and increased your average return to 9%, then you'd retire with \$274,612.

That one little percent could earn you more than \$50,000 worth of additional security!

Even if you only have 15 years until retirement, 1% can still make a difference. Using the same \$150 per month and 8% annual return, your total nest egg would grow to \$51,905. With a 9% average return, you'd have an additional \$4,855. One way to potentially boost earnings is to increase your exposure to stock funds, which have historically offered greater returns than bond funds or cash equivalents. Remember that greater rewards usually come with additional risks. With careful planning, you could begin your golden years with a hefty nest egg.



Retiree News

Understanding the Required Minimum Distribution (RMD)

If you've participated in your employer-sponsored retirement plan for any length of time, you've probably noticed that putting money into your account has become a habit. What you might not realize is that eventually you'll need to make a new habit of taking money out of your account.

Generally, unless your plan provides otherwise, you are required to begin taking RMDs no later than April 1 of the calendar year following the latter of: 1) the year in which you turn 70½, or 2) the year in which you retire from the employer sponsoring the plan.

Except for the first payment, you must take your annual RMD by December 31. If you postpone taking your first RMD until April 1, you will be required to take another RMD by December 31 of the same year. If you don't take your RMD or you take less than required, you'll pay a stiff penalty—50% of the amount you were required to withdraw.

The amount of each withdrawal depends on several factors, including your life expectancy (as determined by IRS life expectancy tables), age, account balance, and whether your spouse is your sole beneficiary and is more than 10 years younger than you.

For example: Let's say you have \$100,000 in your account as of December 31 of the year prior to your distribution year. You will be 71 years old by December 31 of the distribution year, and your spouse is 65 and your only designated beneficiary. The first year, you are required to withdraw at least \$3,774. The next year (assuming the rate of return on your account is 5%), you must withdraw a minimum of \$3,954.⁴

Remember, the IRS doesn't require you to spend the money. You're only obligated to make a withdrawal. You're free to use that money in any way you wish. You can even invest it another way, if you like. For questions regarding your specific situation or calculating your RMD, please consult your financial adviser or tax professional. You can also find more information at www.irs.gov.³

⁴ This hypothetical example is for illustrative purposes only. These calculations were made using the IRS Regulations and IRS life expectancy tables finalized in 2002. 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.

Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Securities (except the Self-Directed Brokerage Account), when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary 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. Great-West Retirement Services® and KeyTalk® are service marks of Great-West Life & Annuity Insurance Company. ©2007 Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for use in New York.

Investment options offered through a combination of mutual funds and a group fixed and variable deferred annuity issued by Great-West Life & Annuity Insurance Company. Annuity contract number: STAC 1-95.

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