



Perspectives

WINTER 2009

Administration of the 457 Plan Proposed Transfer to PERA

The administration of the 457 Plan has been a cooperative effort between the Department of Personnel & Administration (DPA) and the 457 Deferred Compensation Committee since 1981 (C.R.S. 24-52-101 et seq.). Since the year 2000, when the recordkeeper was contracted, enrollment in the Plan has almost doubled. Much of the growth of the Plan is due to the employer match provided in years 2001 through May 2004. Additional marketing efforts specifically to the 4-year colleges and the admittance of school districts beginning in 2004 have contributed to the growth. With expanding eligibility beyond State employees and increasing participation, the Department and the Committee agreed that there are not sufficient resources to properly administer the Plan. Therefore, in early 2008 discussions began between the Department and the Committee to look at several options to address the best method of administering the Plan

and fulfilling the fiduciary obligations that are in the best interest of the participants and their beneficiaries. It was determined that the most efficient and cost-effective option is to transfer the administration of the Plan to PERA. PERA already has the infrastructure and resources to administer this continually expanding Plan. Legislation was introduced in the Senate on January 12, 2009 under SB09-066 to transfer administration of the plan on July 1, 2009. If the legislation passes and is signed into law, Great-West Retirement Services will remain the 457 Plan service provider. The fund offerings for the 457 Plan will remain unchanged, including the self-directed brokerage option and the Stable Value Fund. The 457 Plan, under PERA's administration, will undergo an extensive evaluation during 2009-2010 and if changes are planned, participants will receive advance information before any changes are

made. Under the proposed legislation, 401(a) Match Plan participant accounts will be transferred to the PERA 401(k) Plan.

Please stay tuned through these quarterly bulletins regarding the progress of this potential legislation and what it means for participants. To track the legislation, please visit the General Assembly Web site at www.leg.state.co.us/ under "Current Regular Sessions Information", "Senate", "Bills" and then use the drop-down menu to change the range to include SB09-066.

For additional information:

Please visit the 457 Plan Web site at www.colorado457.com to view the minutes from 2008 regarding the discussions of the options and decisions made by the Committee and DPA.

Questions and comments can be sent to Suzanne Kubec, Plan Administrator, at suzanne.kubec@state.co.us.

457 Contribution Limits Increased for 2009

The following are the 2009 contribution limits for the State of Colorado 457 Deferred Compensation Plan.

Maximum Contribution: \$16,500 in 2009

Standard Catch-Up Provision: For the three consecutive years prior to normal retirement age, you may be able to contribute up to twice the maximum contribution*

Catch-Up for Participants Age 50 and Older: Participants age 50 and older may make additional contributions of \$5,500 in 2009*

* Standard Catch-Up and Age 50+ Catch-Up provisions cannot be used in the same year.



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. MT, Monday through Friday

Investment Fund Options and Fees (as of November 28, 2008)



Fund Name	Ticker	1. Total Inv. Mngmt. Fee	2. Fund Reallowance	3. Plan Administration Fees	4. Total Fee
Vanguard Total Bond Market Index - Inst. ^{2,3}	VBPIX	0.07%	0.00%	0.20%	0.27%
Vanguard Institutional Index Fund ²	VINIX	0.05%	0.00%	0.20%	0.25%
Great-West Stable Value Fund	N/A	0.35%	0.20%	0.00%	0.35%
<u>Portfolio Funds</u>			Average		
Aggressive Portfolio	N/A	0.65%	0.10%	0.10%	0.75%
Moderate Portfolio		0.49%	0.10%	0.10%	0.59%
Conservative Portfolio		0.33%	0.10%	0.10%	0.43%
TCM Small Cap Growth Fund ⁴	TCMSX	0.93%	0.00%	0.20%	1.13%
Managers AMG Systematic Value Inst.	MSYSX	0.96%	0.00%	0.20%	1.16%
Munder Mid Cap Core Growth Y ⁵	MGOYX	1.08%	0.25%	0%	1.08%
Veracity Small Cap Value Fund ⁴	VSCVX	1.51%	0.35%	0%	1.51%
American Funds EuroPacific Growth A ⁶	AEPGX	0.79%	0.25%, plus \$3 per participant	0%	0.79%
American Funds Growth Fund of America R5	RGAFX	0.38%	0.05%	0.15%	0.53%
Artisan Mid Cap Value Fund ⁵	ARTQX	1.20%	0.35%	0%	1.20%
Dodge & Cox International Stock Fund ⁵	DODFX	0.65%	0.10%	0.10%	0.75%

The Total Fee (column 4) paid by participants is the Investment Management Fee (column 1) and the Plan Administration Fees (column 3) plus the participant fee of the lesser of \$20 or 1% of the account balance. However, for the period July 1, 2008, through June 30, 2009, the Plan is offering a fee holiday, or \$0 administration fee. The Plan Administration Fees are added to a fund that does not have at least a 0.20% fund reallowance. Fund Reallowances (fees paid to the vendor for recordkeeping and administrative expenses, column 2) and the Plan Administration Fees (column 3) are remitted to the State and used to pay contractors' compensation. The contractors' compensation under this contract is \$39 per participant. There are no Load Fees. All fees are subject to change.

Optional Services	Fee	
Loans	\$50 origination/\$25 annual	
TD AMERITRADE Self-Directed Brokerage	\$60 annual fee	
Reality Investing®—Online Investment Guidance	Free	
Reality Investing—Online Investment Advice	\$6.25 per quarter	
Reality Investing—Managed Account Service	<i>Account Balance</i> <i>Annual Fee</i>	
	Less than \$100,000	0.60%
	Next \$150,000	0.50%
	Next \$150,000	0.40%
Greater than \$400,000	0.30%	

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 from your registered representative. For prospectuses related to investments in your Self-Directed Brokerage (SDB) account, contact TD AMERITRADE, Inc. at (866) 766-4015. Read them carefully before investing.

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 A benchmark 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 a benchmark index.

3 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.

4 Equity securities of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.

5 Medium-sized companies may suffer more significant losses, as well as realize more substantial growth, than larger capitalized, more established issuers.

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

Securities, when offered, are offered through GWFS Equities, Inc.

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. GWFS Equities, Inc., or one or more of its affiliates, may receive a fee from the investment option provider for providing certain recordkeeping, distribution and administrative services. 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. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Great-West Retirement Services®, Reality Investing® and KeyTalk® are service marks of Great-West Life & Annuity Insurance Company. ©2009 Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for use in New York. Form# CB1006N (01/09)