



Investment Planning Guide





Tools for Investing

All the adventures you have planned for retirement may rely on what you learn and do today: invest wisely, spend responsibly, and save as much as you can.

This ***Investment Planning Guide*** explores what you need to know to help you build your own personal investment strategy with respect to your Colorado PERA 457 Plan assets and any additional financial assets you may have. As you progress through this guide, you'll be taking meaningful and measurable steps toward creating an investment strategy that is right for you. The Guide covers the following topics:

- The basic types of investments
- Investment strategy considerations
- The different types of investment risk and ways to manage them
- Determining your risk tolerance
- Determining your investor type
- Reality Investing® Advisory Services tools and services

When you invest in your financial future through the Colorado PERA 457 Plan, you decide how to invest your money from the wide variety of investment options the Plan offers. You choose those options that fit your personal investment goals, your investment time horizon, and your comfort level with risk.

Over the years, your goals for the future may change quite a bit. As they change, so may your financial strategy and how you choose to invest your money. You can be assured that your Colorado PERA 457 Plan's investment options have been designed to fit your needs now and into the future!

Are you ready to invest in the journey to your financial future?

The Basic Types of Investments

Choosing the right investment mix is an important step toward reaching your financial goals. By matching your personal savings strategy to the types of investments that you feel most comfortable with, you are creating an investing style that is all your own. The Colorado PERA 457 Plan offers a number of investment types, also known as asset classes. **Although past performance is not a guarantee of future results**, here is a brief overview of what you might expect from the three major asset classes over the long term.

STABLE VALUE/MONEY MARKET INVESTMENTS

Lower risk with lower growth potential

Stable value and money market investments are often referred to as “cash equivalents.” The objective is capital preservation. Money market funds include certificates of deposit, commercial paper, and other short-term securities.

Stable value investments seek to preserve principal and provide a steady return of interest. The portfolio may include securities with short- to intermediate-term maturities.

While cash equivalents have a place in many portfolios, their returns are generally low and may not outpace inflation. *An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.*

BONDS

Moderate risk with moderate growth potential

By investing in bonds (also called “fixed income investments”), you are actually lending money to an organization (such as a corporation or the government) in exchange for interest payments.¹ Principal value may fluctuate up and down, sometimes widely, but ordinarily will not vary as much as stocks. Bond investment options may help offset the higher risk of stocks in a more aggressive investment portfolio, and may help keep pace with inflation in a more conservative investment portfolio.

STOCKS

Higher risk with higher growth potential

By investing in stocks, you are actually buying shares of ownership in a corporation. Stocks have the highest potential for growth over the long term, but they also carry a higher degree of risk. Their unpredictable movement up and down in value is called volatility. Historically, over long stretches of time, stocks have had a greater rate of return than other types of investments.



Investment Strategy Considerations

These investment strategies are only intended to illustrate possible investment portfolio allocations that represent an investment strategy based on risk and return. This is not intended as financial planning or investment advice.

Your Savings Target

In choosing your investment strategy, consider the amount of money you want to save and invest through the Colorado PERA 457 Plan, as well as any other retirement plan or other assets you and your spouse or domestic partner might have. For example, if your goal is to accumulate a large amount of money and you have a long time to invest, you might consider riskier investments, which have the potential for higher returns over the long term.

Your Time Horizon

The number of years you have to invest in the Colorado PERA 457 Plan before you start making withdrawals is very important. If you are many years away from retirement, you may be willing to take more risk with your money and invest more aggressively. When you are closer to retirement, your investment strategy may lean more toward investments with less risk because they'll have less time to recover should they fall in value.

The market goes up and it goes down. Be sure that your investment allocation is appropriate to meet your short- and long-term goals. You may have many years in retirement, so consider the benefits of maintaining some assets in investments that are likely to outpace inflation and provide some growth.

Your Risk Tolerance

Risk tolerance is your comfort level with the ups and downs in the value of your investments. You don't want to lose sleep if your account value declines. However, you'll also need to earn a rate of return that is appropriate for your goals.

You need to create an investment allocation that provides a balance between safety and growth that you are comfortable with, and that will help you work toward your goals.



Keep in mind that saving and investing through the Colorado PERA 457 Plan may be only one of your financial goals. You may have other financial goals, both short and long term. Be sure to balance all of your goals when making investment decisions.

Investment Risk

When it comes to investing, there's no way to completely avoid risk. However, you can learn to manage many of the risks associated with investing.

The Different Faces of Risk

There's the risk of losing money if the market goes down, which it will from time to time. There's the risk of playing it too safe and not beating inflation. And there's the risk of not saving and investing at all—and not having enough money for the retirement you envision for yourself. You'll need to consider these risks as you work toward retirement.

The Tools for Managing Risk

As you formulate your personal investment strategy, keep in mind the following general tips for managing investment risk.

Allocate your assets and diversify.²

The process of determining your investment mix is known as asset allocation. Putting your money into a number of different types of investment options that include various asset classes can help manage risk. Generally speaking, if your dollars are invested in materially different types of investments and market conditions negatively impact one of your investments, not all of your money will be affected.

Invest for the long term.

The market will have ups and downs, but if you invest wisely and leave your investments to grow, you'll have a better chance of reaching your long-term investment goals.

Beware of inflation.

Just as you should be aware of investing too aggressively, you should also be aware of being too cautious. When you're ready to retire, you'll most likely be living in a much more expensive world than today. If you invest all your contributions in a conservative investment option that earns a 6 percent annual return and inflation is 3 percent, inflation will erode much of your investment gains.

Rebalance regularly.³

Your financial situation changes at different stages of your life. Be sure to review your investment allocation and long-term goals on a regular basis and make changes only when necessary.

² Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

³ Rebalancing your account does not ensure a profit and does not protect against loss in declining markets.

POTENTIAL RISK/RETURN SPECTRUM



This chart is for illustrative purposes only and does not predict or guarantee the returns of any given asset class.



What is your risk tolerance?

Knowing your risk tolerance is critical to making the right investment decisions. Complete the following survey to help you identify your risk tolerance.

Circle the number that describes how strongly you agree or disagree with the following statements.

1. I am a knowledgeable investor who understands the trade-off between risk and return, and I am willing to accept a greater degree of risk for potentially higher returns.

Strongly Disagree ① ② ③ ④ ⑤ Strongly Agree

2. I am willing to invest on a long-term basis.

Strongly Disagree ① ② ③ ④ ⑤ Strongly Agree

3. If one of my investments dropped 20 percent in value over six months due to a stock market fluctuation, I would hold on to that investment, expecting it to recover its value.

Strongly Disagree ① ② ③ ④ ⑤ Strongly Agree

4. I have savings vehicles other than the Colorado PERA 457 Plan that make me feel secure about my financial future.

Strongly Disagree ① ② ③ ④ ⑤ Strongly Agree

Now add up the numbers you circled above: _____

Match your total from the survey above to one of the three risk tolerance levels to the right.

4-8 points = Conservative Risk Tolerance

You're an investor who is probably comfortable with lower risk for potentially lower returns. But remember: Not having enough money when you retire is a big risk, too! Keep in mind how much time you have until retirement and the effect that inflation may have on your investments.

9-14 points = Moderate Risk Tolerance

You're most likely an investor who prefers some balance between lower- and higher-risk investments, and are comfortable with some market volatility. Review your situation at least once a year to make sure you're still comfortable with how you're allocating your money to various investment options.

15-20 points = Aggressive Risk Tolerance

You're probably an investor who's comfortable with taking on the higher risk associated with the chance for higher returns. You're comfortable knowing that your investments can lose significant value at times as you pursue higher returns over the long term. Review your situation at least once a year and keep in mind how much time you have until retirement.



What type of investor are you?

Now that you know what to consider for your investment strategy, it's time to determine what type of investor you are.

Not sure? This questionnaire can help you decide. Select either "Yes" or "No" in response to each of the following questions.

1. Do you have the time necessary to manage your account?
☐ Yes ☐ No
2. Do you subscribe to any financial news publications?
☐ Yes ☐ No
3. Do you understand how changing market conditions might affect the value of your account?
☐ Yes ☐ No
4. Do you know how much money you will need to retire?
☐ Yes ☐ No
5. Do you know how to invest your money to achieve your goals?
☐ Yes ☐ No

Understanding Your Results

If you answered "Yes" five times...

Do-It-Myself InvestorSM

As a Do-It-Myself Investor, the **Online Investment Guidance** tool may be right for you.

If you answered "Yes" three to four times...

Help-Me-Do-It InvestorSM

As a Help-Me-Do-It Investor, the **Online Investment Advice** tool may be right for you.

If you answered "Yes" up to three times and you answered no to questions one and five...

Do-It-For-Me InvestorSM

As a Do-It-For-Me Investor, the **Managed Account** service may be right for you.

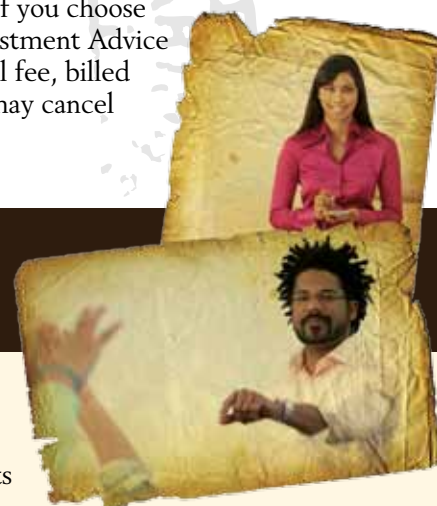
Reality Investing® Advisory Services (Advisory Services)

Advisory Services is a behavior-based approach to investing 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.

Depending on your results from the questionnaire on the previous page, you can determine which investment advisory tools may be right for you.

Online Investment Guidance may be the strategy for you if you want some general guidelines 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 may be the strategy for you if you want specific portfolio recommendations to help you manage your own account. Online Investment Advice goes one step beyond Online Investment Guidance. Advised Assets Group, LLC (AAG), a federally registered investment adviser, creates a personal wealth forecast and 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 easily 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, billed at \$6.25 quarterly. You may cancel participation at any time.



The **Managed Account** service may be the strategy for you if you lack the time, knowledge, or confidence to manage your own account and would prefer to have AAG select your investments 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. If you choose to participate in the Managed Account service, an annual fee that is based on your account balance will be deducted from your account quarterly. The fee schedule is shown below. Participation in the Managed Account service is voluntary. You may opt out at any time. 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.

Your Account Balance	Annual Fee
Less than \$100,000	0.60%
Next \$150,000	0.50%
Next \$150,000	0.40%
Greater than \$400,000	0.30%

Managed Account Fee Examples: FOR ILLUSTRATIVE PURPOSES ONLY.

If your account balance is \$20,000, the annual Managed Account fee will be 0.60 percent of the account balance. If your account balance is \$500,000, the first \$100,000 will be subject to an annual fee of 0.60 percent, the next \$150,000 will be subject to an annual fee of 0.50 percent, the next \$150,000 will be subject to an annual fee of 0.40 percent, and any amounts over \$400,000 will be subject to an annual fee of 0.30 percent. See the chart below for examples of how to calculate the Managed Account fee.

Account Balance		Annual Managed Account Fee		Annual Cost		Quarterly Cost
\$10,000	x	0.60%	=	\$60	/ 4 =	\$15
\$18,000	x	0.60%	=	\$108	/ 4 =	\$27
\$44,000	x	0.60%	=	\$264	/ 4 =	\$66
\$86,000	x	0.60%	=	\$516	/ 4 =	\$129

There is no guarantee that participation in Advisory Services will result in a profit or that your account will outperform a self-managed portfolio. For more information about Advisory Services tools and fees, please visit the Web site at www.colorado457.com and click on the Reality Investing tab, or call KeyTalk® at 1-800-838-0457 and request to speak to an AAG adviser representative.⁴

⁴ 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.



Whether you are a big risk taker or not, and whether you are an investment expert or not, your Colorado PERA 457 Plan offers the tools and services you need to help you plan your investment strategy.

Personal and Professional Local Service

As questions come up about your investment allocations or about the Colorado PERA 457 Plan in general, please don't hesitate to call or visit your Great-West Retirement Services® representatives⁵ at the Colorado PERA 457 Plan Service Center:

**1775 Sherman Street, Suite 2040
Denver, CO 80203**

**303-737-7710 or toll-free
at 1-800-838-0457, option "2"**

Office Hours: 8:00 a.m. to 4:30 p.m., Monday – Friday

Although they can't provide tax or financial planning advice, they can walk you through the issues involved with managing your accounts and make sure you are comfortable with your options.

Round-the-Clock Access to Your Accounts

View your account details online via the Plan Web site at **www.colorado457.com** or via KeyTalk, the toll-free automated voice response system at **1-800-838-0457**, option "1," 24 hours a day, seven days a week.⁴

Advisory Services

For more information about the Advisory Services tools and services available to you, visit the Plan Web site at **www.colorado457.com** or call **1-800-838-0457**, option "1," and request to speak to an AAG adviser representative⁴ during regular business hours.

Financial Planning Tools

DreamTrackerSM, Rebalancer, Dollar Cost Averaging⁶, and Allocation Modeling are available on the Plan's Web site at **www.colorado457.com**.³

It is impossible to see into the future to find out if your retirement dreams will come true, but it's reassuring to know that the Colorado PERA 457 Plan can help you invest in the journey to your future!

⁵ 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.

⁶ Dollar cost averaging does not ensure a profit and does not protect against loss in declining markets. Investors should consider their financial ability to continue a dollar cost averaging plan during periods of fluctuating price levels.

Financial Terms: A Quick Reference

Assets

Anything owned that has monetary value or can be exchanged for monetary value (for example, a house or car).

Capital

Money that is available for investment purposes.

Capital Gain (or Loss)

An increase (or decrease) in value (of a stock or mutual fund, for example) resulting from favorable (or unfavorable) investment performance. This may sometimes be expressed as appreciation or depreciation.

Diversification²

Spreading your money among different types of investments, such as stocks, bonds, or cash equivalents.

Dividend

A payment to shareholders that represents their share of a fund's or a company's earnings available for distribution.

Earnings

A company's or fund's profit after paying all costs, expenses, and taxes.

Expense Ratio

A ratio for comparing an investment option's efficiency by dividing its expenses by its net assets.

Income

Interest or dividends earned from an investment. Income is automatically reinvested in a participant's Plan account.

Index

An investment or financial benchmark against which financial or economic performance may be measured, such as the S&P 500^{®7} or the Consumer Price Index.

Interest

Money credited to a fixed investment account. Money a borrower pays to a lender as the cost of using money, expressed as a percentage per period of time. The period of time is usually one year, in which case it is called an "annual rate of interest."

Investment Objective/Goal

A statement of the goals an investment option seeks to achieve through its investments. Generally, investors match their financial objectives with investment options that have similar goals, balanced with their risk tolerance.

Liquidity

A market is liquid when it has a high level of trading activity, allowing buying and selling with minimum price disturbance. A liquid asset is easily turned into cash.

Market Capitalization (Market Cap)

The current value or price of a stock multiplied by the number of shares outstanding. For example, if a company has one million shares available and the price is \$10 per share, market cap is \$10 million.

Mutual Fund

A form of collective investment that pools money from many investors and invests the money in stocks, bonds, short-term money market instruments, or other securities.

Price-to-Book (P/B) Ratio

The ratio of stock price to per-share stockholder equity.

Price-to-Earnings (P/E) Ratio

The most common measure of how expensive a stock is. Equal to the stock's price divided by its after-tax earnings per share over a 12-month period.

Principal

The original amount of money invested, not including interest or dividends on that amount. Principal value may fluctuate.

Prospectus

The printed statement describing a particular mutual fund to prospective investors. It explains overall investment goals, investment strategy, fund expenses, and the potential risk and reward of investing in the fund.

Security

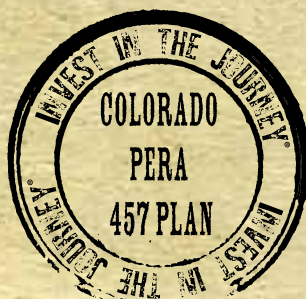
Proof of ownership of an investment. Registered securities refer to general equities that, when purchased, are recorded in the holder's name by a registrar.

Total Return

The profit or loss on an investment over a specific period of time. Total return includes income and share price appreciation and depreciation. Total return assumes that all dividends and capital gains paid during the period are reinvested to buy additional shares.

Volatility

A measure of price or interest rate fluctuations over a given period of time.



Colorado PERA 457 Plan Service Center
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For more information, call a Colorado
PERA 457 Plan Account Representative
at 1-800-838-0457, option "2."⁴

Once enrolled in your Colorado PERA 457
Plan, you can review your account, make
changes and more online at:
www.colorado457.com.⁴



Great-West
RETIREMENT SERVICES®

This Investment Planning Guide and all included materials are not a binding contract. Employees join the Colorado PERA 457 Plan, choose their investments, and participate over time on a voluntary basis.

Core 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.

Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. 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. Great-West Retirement Services®, the Partnership Logo® and its design elements, Invest in the Journey®, Reality Investing®, DreamTrackerSM, and KeyTalk® are service marks of Great-West Life & Annuity Insurance Company. Do-It-For-Me InvestorSM, Help-Me-Do-It InvestorSM, and Do-It-Myself InvestorSM are service marks of Advised Assets Group, LLC. ©2010 Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for use in New York. Form# CB1006IG (03/10) PT82187