

Vermont State Teachers Retirement System 403(b)

Program Features and Highlights

The Vermont State Teachers Retirement System (VSTRS) 403(b) Program is a powerful tool to help you reach your retirement dreams. As a supplement to other retirement benefits or savings that you may have, this voluntary Program allows you to save and invest extra money for retirement ... tax deferred!

Not only will you defer taxes immediately, you may build extra savings consistently and automatically, choose from a variety of investment options, and learn more about saving and investing for your financial future.

Read these highlights to learn more about your Program and how simple it is to enroll. If there are any discrepancies between this document and the Plan Document or the Summary Plan Description, the Plan Document and/or the Summary Plan Description will govern.

Getting Started

What is a 403(b) plan?

A 403(b) plan is a retirement savings plan designed for employees of public schools and tax-exempt organizations, including most universities and hospitals. A 403(b) plan allows eligible employees to supplement any existing retirement and pension benefits by saving and investing before-tax dollars through a voluntary salary contribution. Contributions and any earnings on contributions are tax-deferred until money is withdrawn. Distributions are usually taken at retirement, when many participants are typically receiving less income and may be in a lower income tax bracket than while working.

Why should I participate in the Program?

You may want to participate if you are interested in saving and investing additional money for retirement and/or reducing the amount of current federal income tax you pay each year. Your VSTRS 403(b) Program can be an excellent tool to help make your future more secure.

You may also qualify for a federal income tax credit by participating in this Program. For more

information about this tax credit, please contact your Great-West Retirement Services® representative.

Is there any reason why I should not participate in the Program?

Participating may not be advantageous if you are experiencing financial difficulties, have excessive debt, do not have an adequate emergency fund (typically in an easy-to-access account), or expect to be in a higher tax bracket during your retirement.

Who is eligible to enroll?

Please contact the local Great-West Retirement Services office at (802) 229-2391 for information on who is eligible to enroll in the Program.

How do I enroll?

Complete the appropriate enrollment forms, indicating the amount you wish to contribute, your investment option selection(s), and your beneficiary designation(s). Please return the form(s) to your Great-West Retirement Services representative.

What are the contribution limits?

In 2012, the maximum contribution amount is 100% of your compensation or \$17,000, whichever is less. It may be indexed in \$500 increments after 2012. These limits may be reduced depending on the terms of your Program. Minimum contribution amounts may apply.

Participants turning age 50 or older in 2012 may contribute an additional \$5,500. It may be indexed in \$500 increments after 2012.

What are my investment options?

A wide array of core investment options is available through your Program. Each option is explained in further detail in your Program's fund data sheets.

Investment option information is also available through the website at www.VSTRS403b.com and KeyTalk[®], toll free, at (800) 457-1028. The website and KeyTalk are available 24 hours a day, seven days a week.¹

In addition to the core investment options, a self directed brokerage (SDB) account is available. The SDB account allows you to select from numerous mutual funds for additional fees. These securities are not offered through GWFS Equities, Inc. The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account.

Managing Your Account

How do I keep track of my account?

Great-West Retirement Services will mail you a quarterly account statement showing your account balance and activity. You can also check your account balance and move money among investment options on the website at www.VSTRS403b.com or by calling KeyTalk at (800) 457-1028.¹ You will also receive quarterly statements on your SDB account from your SDB provider. The SDB provider will send you a monthly statement if you have account activity in any given month.

How do I make investment option changes?

Use your Personal Identification Number² (PIN) and Username to access the website, or you can use your Social Security number and PIN to access KeyTalk.¹ You can move all or a portion of your existing balances among investment options (subject to Program rules) and change how your payroll contributions are invested.

¹ Access to KeyTalk and the 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 (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.

² The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

How do I make contribution changes?

Fill out a Salary Reduction Agreement available from your Great-West Retirement Services representative.

Rollovers

May I roll over my account from my former employer's plan?

Yes, but only approved balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or an Individual Retirement Account (IRA) may be rolled over to the 403(b) Program, depending on the terms of your Program. You may be subject to the 10% early withdrawal federal tax penalty. Please check with your Great-West Retirement Services representative regarding any applicable fees on the rollover account.

May I roll over my account if I leave employment with my current employer?

If you sever employment with your current employer, you may roll over your account balance to another eligible governmental 457(b), 401(k), 403(b) or 401(a) plan if your new employer's plan accepts such rollovers. You may also roll over your account balance to an IRA. Please contact your Great-West Retirement Services representative for more information.

Vesting

When am I vested in the Program?

Vesting refers to the percentage of your account you are entitled to receive from the Program upon the occurrence of a distributable event. Your contributions to the Program and any earnings they generate are always 100% vested (including rollovers from previous employers). Please contact the local Great-West Retirement Services office for detailed information on possible employer contributions and the related vesting schedule. Not all plans include employer contributions.

Distributions

When can I receive a distribution from my account?

Please contact the local Great-West Retirement Service office for information on qualifying distribution events.

Ordinary income tax will apply to each distribution. Distributions received prior to age 59½ may also be assessed a 10% early withdrawal federal tax penalty.

What are my distribution options?

1) Leave the value of your account in the Program until a future date.

2) Receive:

- Periodic payments
- Fixed annuity payments
- Partial lump sum with remainder paid as periodic payments or annuity payments
- A lump sum

3) Roll over your account balance to an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or to an IRA.

What happens to my account when I die?

Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) must contact a Great-West Retirement Services representative to request a distribution.

Fees

Are there any recordkeeping or administrative fees to participate in the Plan?

Great-West Retirement Services does not charge any participant fees to participate in the VSTRS 403(b) Program. The fees charged by the Program have been reduced to 0.15%, which means for every \$1,000 you have in your account, you only pay \$1.50 per year. The 0.15% fee will be calculated on Variable Funds only and will be assessed at a rate of 0.0375% per quarter.

Are there any fees for the investment options?

Each investment option has an investment management fee that varies by investment option. These fees are deducted by each investment option's management company before the daily price or performance is calculated. Fees pay for trading and other management expenses.

Funds may impose redemption fees on certain transfers, redemptions or exchanges.

There are additional quarterly fees and/or transaction fees to participate in the SDB account option. An annual fee of \$60 will be assessed to your account.

Are there any distribution fees?

There are no charges for any of the following:

- Distributions taken at the occurrence of any of the qualifying distribution events listed earlier, except attainment of age 59½
- On your first partial distribution each year of up to 10% of your previous December 31 account balance
- Regularly scheduled amounts received over a period of 36 months or more
- Distributions taken by participants who have been in the FutureFunds Series Account for more than 15 years (including transfers to other investment providers offered through the employer)

Loans

May I take a loan from my Program account?

If your Program allows loans, you can borrow to the lesser of \$50,000 or 50% of your total account balance. The minimum loan amount is \$1,000. For specific details on repayment years, please contact the local Great-West Retirement Services office. There is a \$60 origination fee for each loan, plus an ongoing annual fee of \$35.

Taxes

How does my participation in the Program affect my taxes?

Because your contributions are taken out of your paycheck before taxes are calculated, you pay less in current income tax. You do not report any current earnings or losses on your account on your current income tax return, either. Your account is tax-deferred until you withdraw money, usually at retirement.

Distributions from the Program are taxable as ordinary income during the years in which they are distributed or made available to you or your beneficiary(ies). A 10% early withdrawal federal tax penalty may also apply to distributions taken before age 59½.

Investment Assistance

Can I get help with my investment decisions?

Employees of Great-West Retirement Services and Vermont State Teachers Retirement System cannot give investment advice. There are financial calculators and tools on the website that can help you determine which investment options might be best for you if you would like to construct your Program account yourself.

How can I get help choosing my investment options?

Your Program offers access to three different levels of investment advisory tools and services through Reality Investing®. You can have Advised Assets Group, LLC (AAG), an investment advisory services firm, 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 personalized retirement strategy for you. There is no guarantee that participation in the Reality Investing advisory services will result in a profit or that your account will outperform a self managed portfolio.

For more detailed information, please visit your Plan's website at www.VSTRS403b.com (Click on the Reality Investing tab) or call KeyTalk at (800) 457-1028 to an AAG adviser representative.

What fees do I pay to participate in Reality Investing?

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

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

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

For example, if your account balance is \$50,000, the maximum fee will be 0.60% of the account balance. If your account balance is \$500,000, the first \$100,000 will be subject to a maximum fee of 0.60%; the next \$150,000 will be subject to a maximum fee of 0.50%; the next \$150,000 will be subject to a maximum fee of 0.40%; and any amounts over \$400,000 will be subject to a maximum fee of 0.30%.

How do I get more information?

Visit the website at www.VSTRS403b.com or call KeyTalk, toll free, at (800) 457-1028 for more information.¹ The website provides information regarding your Plan and financial education, as well as financial calculators and other tools to help you manage your account.

Call or visit your local Great-West Retirement Services office at:

100 State Street
Suite 346
Montpelier, VT 05478
(802) 229-2391

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

Securities available through Schwab Personal Choice Retirement Account® (PCRA) are offered through Charles Schwab & Co., Inc. (Member SIPC), a registered broker-dealer. Additional information can be obtained by calling (888) 393-7272. Charles Schwab & Co., Inc. and GWFS Equities, Inc. are separate and unaffiliated.

Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. 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.

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