PARTICIPATING CAN PAY OFF

When it comes to saving and investing, it’s best to have a strategy in place. For James Smothers, Payroll Director in the Office of the Controller for the City and County of San Francisco (CCSF), that strategy includes participating in the San Francisco Deferred Compensation Plan (SFDCP). For James, the combination of tax deferral and compound growth over time was too big a benefit to pass up. Here, he talks about the importance of deferred compensation and the difference it can make in retirement.

Q: What is your name?
A: I’m James Smothers.

Q: What department do you work for at the CCSF?
A: I work in the Office of the Controller.

Q: What is your title?
A: I’m the Payroll Director.

Q: How long have you been contributing to the Plan?
A: It’s been approximately nine years.

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A: It’s been approximately nine years.

Continued on page 2

IMPORTANT CHANGE TO THE SMALL CAP GROWTH PORTFOLIO

Effective July 15, 2011, the underlying investment option of the SFDCP Small Cap Growth Portfolio will be replaced. The TCW Small Cap Growth Fund (TGSCX) will replace the Vanguard Explorer Fund (VEXRX). The SFDCP Small Cap Core Portfolio, SFDCP Near Term Portfolio, SFDCP Mid Term Portfolio, and SFDCP Long Term Portfolio will be affected because the SFDCP Small Cap Growth Portfolio is a component of these portfolios. The changes to these five investment options will take place automatically, and the account balances in the portfolios will remain fully invested during the change.

For more information, please visit www.sfdcp.org and click on the Investment Options tab at the top of the page.* There you will find fund performance, fund overviews and prospectuses.

1 Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.

SFDCP STABLE VALUE FUND PORTFOLIO CREDITING RATE: 3.45%

The annualized crediting rate for the SFDCP Stable Value Fund Portfolio is set at 3.45% for the period of July 1, 2011, through September 30, 2011.

2 The fund manager of the SFDCP Stable Value Portfolio does reserve the right to limit transfers without prior participant notice following consultation with the City and County of San Francisco Employees’ Retirement System should such action be in the best long-term interest of the fund.

Continued on page 2
PARTICIPATING CAN PAY OFF (continued)

Q: Was there anything that kept you from enrolling in the Plan sooner? If so, looking back do you wish you had enrolled in the Plan sooner?
A: Looking back, I wish I had enrolled on my first day of employment with CCSF.

Q: For you, what is the greatest benefit of participating in the Plan?
A: 457 employee deferred compensation contributions are not initially taxable. Interest and dividends are not taxable when accrued. The money only becomes subject to federal and state income taxes when it is received by the employee at a later date. In addition, 457 deferred compensation plans are not subject to a 10% penalty tax on distributions made prior to age 59½.³

Q: Which Plan resource(s) do you take advantage of?

Q: Has your overall retirement strategy changed since you started contributing to your Plan? If so, how often do you review your strategy?
A: No, my retirement strategy remains the same. However, I do review my retirement strategy often, because I am considering retirement in the near future.

Q: Do you have any advice for current Plan participants or employees who have yet to enroll in the Plan?
A: For current Plan participants, stick with it; for those who have not yet enrolled, ENROLL NOW! It’s worth it.

³ Distribution of Rollover money from a 401(a), 401(k), 403(b), or IRA may be subject to 10% penalty on distributions made prior to age 59½.

This testimonial may not be representative of the experience of other participants and is no guarantee of future performance or success.

KEEP YOUR RETIREMENT GOALS ON TRACK

Are you on track with your retirement goals? Whether you’re just starting to plan your retirement journey or are nearing retirement, the SFDGP gives you access to the education and tools to keep your retirement plans going full steam ahead!

View the latest engaging video on www.sfdcp.org, explaining how your SFDGP can help you guide your retirement future to where you want it to go. Live your retirement dreams, whatever they may be, with your SFDGP today.

View the latest engaging video on www.sfdcp.org
ROLL IN YOUR ASSETS—IT’S EASY

The invention of the wheel was surely a marvel of modern technology at the time. It made getting something from here to there so much easier by simply rolling it on over.

Maybe you have another retirement account you might like to roll on over. If you have money in any prior employer retirement plans or in an Individual Retirement Account (IRA), consider rolling it into the SFDCP.

With your retirement assets in one place, you’ll enjoy the following conveniences:

• A clearer picture of how you’re tracking toward your savings goals
• A wide array of investment options and Plan services
• One account to access, so only one password to remember

To get started, you need to fill out an incoming rollover form, which is available on www.sfdcp.org under the “Forms” tab. And if you need assistance, your local representative can help. You can reach your representative at the SFDCP local office by calling (877) 457-9321. 4

4 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 or tax adviser as needed.

In addition to your personal information, you’ll need the following pieces of information to complete the form:

• The type of plan from which you are rolling in the money
• The name, address and phone number of your previous employer’s plan administrator
• The account number of the plan from which you are rolling in the money

As a participant in the SFDCP, you’re already on a roll. Keep the momentum going by moving your other eligible retirement savings into your SFDCP account.

CYBER SMARTS WEB TIP: HOW TO LOCATE FORMS

Having trouble finding a form on the website? Just click on the Forms tab in the top menu.

Once you log in, you can access these forms on the Web:

1. Payroll Deduction Authorization/ Cancellation Form
2. Application for Catch-Up
3. Beneficiary Designation
4. Incoming Transfer/Direct Rollover
5. Personal Information Change Request
GIVE YOURSELF CREDIT

Tax credits reduce the taxes you owe by the dollar amount of the credit. Of the handful you may be able to take advantage of this year, consider making the saver’s credit (formally the Retirement Savings Contributions Credit) your top priority.

According to the IRS, for tax year 2011 the credit is available to taxpayers who contribute to the SFDCP by December 31, 2011 (or to an IRA by April 15, 2012), and who have a modified adjusted gross income (MAGI) that meets these limits, depending on their tax-filing status:

- Up to $56,500 for married couples filing jointly
- Up to $42,375 for heads of household
- Up to $28,250 for singles or married individuals filing separately

To be eligible, you must be at least 18 years old, you must not be a full-time student, and you must not be claimed as a dependent on someone else’s tax return.

Each year you contribute to the SFDCP or IRA you can qualify for the credit, which you can claim by filing Form 8880 with your tax return. The maximum credit is $1,000 ($2,000 if filing jointly). The credit is a percentage of the first $2,000 of each person’s contribution—ranging from $200 to $1,000 for singles, $400 to $2,000 for married couples. The highest rate applies to people with the lowest income.

Source: IRS Publication 4703.

* Access to KeyTalk and the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

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

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

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