



The South Carolina
Deferred Compensation Program

Employer Reference Guide



SOUTH CAROLINA DEFERRED COMPENSATION PROGRAM PARTICIPATING EMPLOYER’S REFERENCE GUIDE

The purpose of this reference guide is to provide you, the participating employer, with the proper resources to address participant and employer needs.

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PARTICIPANT RESOURCES

PROGRAM WEBSITE

www.southcarolinadcp.com¹

The South Carolina Deferred Compensation Program (Program) website offers participants an easy way to access and make changes to their account. By logging in to their account with their Personal Identification Number² (PIN), participants can:

- View personal information
- Change their Username
- Personalize their PIN
- Review and update their beneficiaries
- View account balance and asset allocation
- Change their contribution amount
- Change investment elections
- Initiate a loan
- Transfer funds among investment options¹
- Transfer funds to or from an established self-directed brokerage account
- Research and enroll in Reality Investing[®] Advisory Services (Advisory Services), offered by Advised Assets Group, LLC (AAG), a federally registered investment adviser
- Request a withdrawal or distribution
- Change their address

If a participant does not have a PIN, he or she can call KeyTalk[®] at **(877) 457-6263**¹ and request to speak with a representative.¹

KEYTALK[®]

(877) 457-6263¹

KeyTalk is a voice-response system that allows participants to make inquiries and complete transactions over the phone. The automated system is available 24 hours a day, seven days a week. Through this system participants can also request to speak with a customer service representative Monday through Friday from 9:00 a.m. to 8:00 p.m. Eastern Time. Refer participants to KeyTalk for the following:

- Obtaining daily fund values
- Accessing account balance and transaction history

¹ Access to KeyTalk and/or any 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 the 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 Financial[®] immediately if any unauthorized use is suspected.

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- Transferring funds among investment options¹
- Changing their contribution amount
- Canceling pending transfers
- Changing their investment elections
- Transferring to or from an established self-directed brokerage account
- Ordering a new PIN
- Requesting a distribution form
- Connecting to an Advisory Services representative

LOCAL RETIREMENT PLAN COUNSELORS³

Local Retirement Plan counselors are available to meet with participants on an individual or group basis. Participants can contact the local office through KeyTalk at (877) 457-6263 to be connected to a Retirement Plan counselor for help with:

- Rollovers⁴
- Scheduling a group or individual meeting
- Questions about the benefits of the Program
- More information regarding Advisory Services options

To find the education counselor for each territory, review the territory map at the back of this guide.

LOCAL OFFICE STAFF

(803) 754-7997

Local office staff are available to assist participants with the following items:

- Annual leave payouts
- Enrollment questions
- Changes of employer

Please do not refer participants to the local office for contribution or investment election changes. Participants must make these changes through KeyTalk or the Program website.

³ Representatives of GWFS Equities, Inc. are not registered investment advisors and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.

⁴ Participants are encouraged to discuss rolling money from one account to another with their financial advisor/planner, considering any potential fees and/or limitation of investment options.



EMPLOYER RESOURCES AND PLAN ADMINISTRATION

EMPLOYER WEB PAGE

All employer materials are available on the Program website at www.southcarolinadcp.com under the Employers tab. Here you can find information about:

- Becoming a Participating Employer*
 - Employer Kit
 - Joinder Agreement
 - Employer Checklist
- Fiduciary Best Practices
 - Fiduciary Responsibilities Overview
 - 401(k) Plan Document
 - 457 Plan Document
- Program Information
 - Program Features and Highlights
 - Employer Frequently Asked Questions
- Program Management
 - Using the Plan Service Center (a Payroll Guide)
 - Payroll Data Survey
 - ACH Authorization Form
 - Plan Service Center Authorization Form
 - Enrollment Kits Order Form
 - Annual Leave Worksheet
 - Termination Form
 - Employer's Reference Guide

** If your agency is not currently participating in the Program, contact your local education counselor (see territory map).*

PLAN TECHNICAL SUPPORT SERVICES

(800) 695-4952

Plan Technical Support Services is made up of a highly trained staff of professional telephone representatives who are available to answer all of your Program questions and provide assistance with any ongoing support questions that you may have. Plan Technical Support staff are available Monday through Friday, 8:30 a.m. to 7:00 p.m. Eastern Time, at **(800) 695-4952**.

Contact Plan Technical Support Services if:

- You would like to start remitting employee contributions electronically via the Plan Service Center.
- You would like Great-West Financial® to draft employee contributions from a designated banking account (ACH).
- You would like to start offering payroll deduction for employees who have loans. File adjustments may be required depending on the remittance method.

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- You need to make payroll-related corrections. Note: Depending on the nature of the payroll issue, the appropriate action may require research to resolve the problem.
- You need assistance navigating the Plan Service Center, such as determining where to add a termination date or update employee information.
- You forgot your Username/password for the Plan Service Center.
- You have had a change in your payroll or Human Resources contacts and you need to request or remove access to the Plan Service Center.
- You have received any correspondence from Great-West Financial that requires clarification, such as loan schedules, disbursement confirmations, and excess contribution notices.
- You need the deferral and/or loan file feeds sent to a specific administrator's email address. These emails are sent to notify you of any participant-level changes that will require adjustment of your remittance information.

PLAN SERVICE CENTER

The Plan Service Center (PSC) is an Internet-based application used to administer the Program. Visit the Program website at www.southcarolinadcp.com and click on the Plan Sponsor tab in the "Access Your Account" section to log in to the PSC and do the following:

- Document an employee termination
- Generate specialized participant/plan-level reports
- Find educational resources on fiduciary responsibilities and a range of other employer-related responsibilities and services
- Review the schedule for upcoming employer training sessions and/or webinars
- Review the Program Features and Highlights
- Access forms to add ACH or PSC access

LOCAL OFFICE STAFF

(803) 754-7997

Local office staff are available to assist employers with the following items:

- Termination date updates
- Scheduling group meetings and benefits fairs
- Enrollment kit requests
- Setting up a Roth contribution feature
- Obtaining enrollment and beneficiary forms for an employee who would like to participate



ANNUAL LEAVE PAYOUT PROCEDURES

If an employee will receive a payout for unused vacation, sick leave, annual leave or voluntary separation, he or she will have the option to defer that payout from their paycheck as long as the employee stays within the annual maximum contribution for each plan (\$17,500, or \$23,000 for participants age 50 and older in 2014) and leaves enough for mandatory deductions, such as taxes, insurance, and Social Security.

The Annual Leave Worksheet can be found on the Program website at www.southcarolinadcp.com under the Employers tab. Employees must complete this form and email or fax it to:

scdcp@gwrs.com

Fax: (803) 754-7661

Phone: (803) 754-7997

After receiving the form, the Deferred Compensation local office will then coordinate the deduction with the payroll department.

Note:

If participants want to change their investment elections, they must do so online at www.southcarolinadcp.com or through KeyTalk at (877) 457-6263.¹ Otherwise, their Annual Leave payout will be invested in their current investment elections.



TERI PAYOUT PROCEDURES

Teacher and Employee Retention Incentive (TERI) payouts may be rolled into the before-tax 401(k) plan only. The amount rolled in from TERI is *not* counted toward the annual maximum contribution allowed for the year. Employees must obtain the TERI Rollover Form from the Public Employee Benefit Authority (PEBA), complete it, and then notify PEBA that the payout will go to their Program 401(k) plan.

On the TERI Rollover Form, the following information is required:

Account Number: Participant Social Security Number

Name of Trustee: South Carolina Deferred Compensation 401(k) Plan
Great-West Financial
P.O. Box 912256
Denver, CO 80291-2256

Note:

If participants want to change their investment elections, they must do so online at www.southcarolinadcp.com or through KeyTalk at (877) 457-6263.¹ Otherwise, their TERI payout will be invested in their current investment elections.

If an employee is not enrolled in the 401(k) plan and would like to establish an account in order to roll over TERI money, the employee should contact the local office or his or her education counselor for assistance with completing the enrollment form.

For any questions regarding TERI rollovers, please call the local office at **(803) 754-7997** or the Retirement Plan counselor in your area (see territory map).



LOANS

PARTICIPANT LOAN HIGHLIGHTS

- Participants are allowed a maximum of two loans across both plans at any time.
- Participants may borrow up to 50 percent of their account balance or \$50,000, whichever is less. The maximum loan amount is \$50,000. In addition, this \$50,000 limit will be reduced by any outstanding loan balance a participant already has through the Program. If the account balance is under \$20,000, participants may take 95 percent of the vested balance or \$10,000, whichever is less. Amounts borrowed cannot exceed the participant's account balance.
- The minimum loan amount is \$2,500 and participants have up to five years to repay the loan—up to 20 years if the money is used to purchase a primary residence. There is a \$50 origination fee for each loan, plus an ongoing annual fee of \$25 which is charged to the participant's account at \$6.25 per quarter.
- The interest rate is the Prime Lending Rate declared in *The Wall Street Journal* on the last business day of the month in which the loan is processed, plus two percent. This amount is fixed for the life of the loan. All interest payments are paid directly to the participant's account and invested in the current allocation at the time of repayment.
- The participant is ultimately responsible for verifying that loan payments are being made.
- Participants can regularly review their loan balance by logging in to their account at www.southcarolinadcp.com or by calling KeyTalk at (877) 457-6263.¹
- If the participant sees that loan payments did not start on time, he or she should contact Great-West Financial via KeyTalk immediately.
- If the participant is behind on loan payments, Great-West Financial will send him or her a letter after quarter-end advising the participant of the delinquent amount. The participant will be required to send the exact amount by the due date provided in order to avoid default.
- If a participant defaults on his or her loan, it is treated as a taxable event. Defaults are not reversible.
- IRS regulation requires payroll deduction for subsequent loans after default.
- If the participant separates from service, he or she can either offset the loan or contact Great-West Financial via KeyTalk to convert the loan to "check repayment." If the loan is not converted, it will eventually default and a 1099 will be issued for the outstanding balance as a taxable distribution.
- Participants can suspend their loan payments for up to 12 months if they take a leave of absence or go on military leave. They must complete a Loan Payment Change Request form and notify Great-West Financial when they return from leave.
- If the participant changes employers within the Program, the participant must notify Great-West Financial via KeyTalk to have the loan information transferred to the new employer.

LOAN ADMINISTRATION BEST PRACTICES

- Remitting loan payments via payroll deduction reduces defaults and administrative errors. Contact Plan Technical Support to begin remitting loan payments via payroll deduction.
- Loan payments should always be remitted on a per-payroll basis.
- When a loan file is received from Great-West Financial, always check the file for any new loans. Then, review the participant's account via the PSC to confirm the number of loans in place (up to two are allowed).
- Review the loan file for any zero balances. Confirm through the PSC that participants with a zero balance do not have additional existing loans that require payment.

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TIMELY REMITTANCE OF CONTRIBUTIONS

It is an employer's fiduciary responsibility to remit payroll deductions promptly. The plan document states that all payroll deferrals should be remitted as soon as administratively practicable but in no event later than 15 days following the end of the month after the time such amounts would have otherwise been payable to the participant. It is considered a "best practice" to remit payroll immediately after the payroll date. Also, contributions should be remitted for every payroll, not just on a monthly basis. If you are set up for biweekly or semi-monthly deductions, the money should be remitted after every pay period.

There is a potential earnings loss to participants if their money is not remitted in a timely fashion. Employees have the ability to monitor their accounts online 24/7, so they know when the deposit is made.

You can remit employee contributions electronically through the PSC and from a designated bank account (ACH). Using this service eliminates the need to send paper checks as well as employee names and Social Security numbers through the U.S. mail. Plus, the employees' payroll contributions are deposited into their accounts right away.

You can contact Plan Technical Support at (800) 695-4952 if you have questions or need assistance setting up these services.



CONTRIBUTION LIMIT MONITORING

2014 CONTRIBUTION LIMITS

- 401(k)
 - \$17,500 for under age 50
 - \$23,000 for age 50 and older (with Age 50+ Catch-Up of \$5,500)
- 457(b)
 - \$17,500 for under age 50
 - \$23,000 for age 50 and older (with Age 50+ Catch-Up of \$5,500)
 - Up to \$35,000 with Special 457(b) Catch-Up
 - Catch-up form and worksheet are required. The participant can contact a local Retirement Plan counselor for assistance.
 - The Age 50+ Catch-Up and Special 457(b) Catch-Up cannot be used simultaneously in the same year.

CONTRIBUTION LIMIT MONITORING

If an employee is allowed to exceed the maximum limit in deferral contributions, a corrective distribution may be required. The participant may also need to revise his or her tax return to account for this refund. When excess contributions are not addressed, the IRS may view the Program as being out of compliance and the Program could be disqualified as a tax-deferred retirement plan.

The best way to avoid these issues is to stop employee contributions before they go over the limit. Annually, you should update your payroll system to reflect the appropriate contribution limits for the year. Then, on an ongoing basis, monitor your employees' contributions and compare those contributions against the applicable IRS limits.

Finally, if you are taking advantage of all of the features available to you through the PSC, you can run a Contribution Limit Report to help you monitor employee contributions.



DEFERRALS

Participants can change the amount they are deferring to the Program at any time. However, all changes must be initiated through the website at www.southcarolinadcp.com, KeyTalk at (877) 457-6263, or a client service representative, Monday through Friday, 9:00 a.m. to 8:00 p.m. Eastern Time.¹

Great-West Financial then sends the deferral file to employers to make the changes. Deferral files are sent weekly for the 401(k) plan and monthly for the 457 plan. Employers should make the changes immediately upon receipt of the file. Employers should not make changes to an employee's deferral unless they have received notice from Great-West Financial.

The only exception to this rule is if an employee is contributing out of his or her annual leave payout. In this case, there is a form to complete and the local office will coordinate the process with the payroll department. This is the only time a form is used to make a change to the deferral amount for an employee.

DEFERRAL DISCREPANCIES

Deferral discrepancies are found when employers make deferral changes in the system even though the employee did not make the change through Great-West Financial. Although this may seem like a convenience for the employee, it causes numerous problems.

IRS regulations state that deferral changes to the 457 plan cannot be made in the same month, which is why Great-West Financial only sends the file for the 457 plan monthly.

Discrepancies have also been found when employers receive the file from Great-West Financial to make a deferral change, but do not update the change in a timely manner. Deferral changes should be made in the next possible paycheck after the file is received from Great-West Financial.

Finally, upon approval and issuance of a hardship withdrawal request, a participant should be suspended from making contributions for a period of six months. Great-West Financial will notify the employer on the next available deferral change report to stop the deferral. It is the employee's responsibility after six months to restart his or her deferrals. It is in violation of the IRS regulations to let an employee contribute during this six-month period.

PLAN COMPARISON REFERENCE GUIDE

	401(k)	457
Minimum Contribution	\$10	
Maximum Contribution⁵	1. \$17,500 between the 401(k) (including before-tax and Roth contributions) and any 403(b) plan in 2014. 2. 100% of includible compensation or \$52,000, whichever is less, between the 401(k) (including before-tax and Roth contributions) and ORP. This limit applies to employer and employee contributions.	\$17,500 (including before-tax, Roth and any employer contributions) for 2014.
Catch-Up for Participants Age 50 or Older⁶	An additional \$5,500 for participants turning age 50 or older in 2014. Catch-up contribution is in addition to the maximum contribution described above. For participants in both the 401(k) and a 403(b) plan, they are limited to \$5,500 between both plans.	An additional \$5,500 for participants turning age 50 or older in 2014 even if they contributed \$5,500 to the 401(k) or a 403(b) plan. ⁴
Special 457(b) Catch-Up Provision⁶	Not applicable.	In the three calendar years prior to normal retirement age, participants may be able to contribute up to twice the annual contribution limit—\$35,000 in 2014. The additional amount will depend upon the amounts the participant was allowed to contribute in previous years but did not. ⁵
Distributions While Employed	In-service withdrawals of rollover money (including TERE money), attainment of age 59½, financial hardship, death (upon which the beneficiary receives benefits), loans.	In-service withdrawals of rollover money, unforeseen emergency withdrawals, attainment of age 70½, death (upon which the beneficiary receives benefits), loans.
Distributions After Separation from Service	Severance of employment from a participating employer, permanent disability, death (upon which the beneficiary receives benefits), loans. NOTE: If the participant separates from service or retires from a participating employer and is then rehired by a participating employer, he or she will not qualify for a distribution for reason of “separation from service” while employed. See Distributions While Employed.	Severance of employment from a participating employer, death (upon which the beneficiary receives benefits), loans. NOTE: If a participant separates from service or retires from a participating employer and is then rehired by a participating employer, he or she will not qualify for a distribution for reason of “separation from service” while employed. See Distributions While Employed.
Penalty on Early Withdrawals Before Age 59½ (Severance of Employment)	A 10% federal early withdrawal tax penalty applies if the distribution is taken before age 59½ unless the participant directly rolls the distribution to another tax-deferred account, participant separates from service in the year in which he or she reaches 55 or after, participant separates from service and elects payments to be made throughout his or her life expectancy (and the co-payee’s), participant dies, or participant becomes disabled. ⁷	Not applicable.
	Roth: A 10% federal early withdrawal tax penalty on the earnings on Roth contributions applies unless the distribution occurs after the account has been established for at least five tax years and one of the following applies: participant is at least age 59½, dies, or becomes disabled. ⁶	Roth: The earnings on Roth contributions are subject to ordinary income tax unless the distribution occurs after the account has been established for at least five tax years and one of the following applies: participant is at least age 59½ and has separated from service, participant dies, or participant becomes disabled. ⁶
Rollovers In⁸	Yes, from a 401(a), 401(k), 403(a), 403(b) or eligible governmental 457(b) plan, a non-Roth IRA, or a rollover from TERE.	Yes, but only from other 457 plans.
	Roth: Yes, from a designated Roth 401(k) or Roth 403(b) account to the Program’s Roth 401(k).	Roth: Yes, but only from a designated Roth 457 account to the Program’s Roth 457.
Rollovers Out⁸	Yes, to another 401(a), 401(k), 403(b) or eligible governmental 457(b) plan if the new employer’s plan accepts such rollovers, or to a traditional or Roth IRA.	Yes, but if the participant rolls over his or her 457 plan balance to a 401(k), 403(b) or 401(a) plan or a traditional or Roth IRA, distributions taken before age 59½ may also be subject to the 10% early withdrawal federal tax penalty.
	Roth: Yes, to a Roth IRA or to a Roth 401(k) or Roth 403(b) plan if the plan accepts rollovers.	Roth: Yes, to a Roth IRA or to a Roth 457, Roth 401(k), or a Roth 403(b) if the plan accepts rollovers.
Required Minimum Distributions	A minimum distribution is required to begin no later than April 1 of the calendar year following the later of the calendar year in which the participant reaches age 70½ or the calendar year in which he or she retires. If the participant continues to work for a participating employer after age 70½, the minimum distribution must begin the calendar year in which he or she separates from service from that participating employer.	

⁵ The Program does not offer a 403(b) plan. Information is provided as guidance only. We encourage participants to consult their tax adviser.

⁶ The Special 457(b) Catch-Up provision and the Age 50+ Catch-Up provision may not be used in the same year.

⁷ Military reservists called for duty for more than 179 days after September 11, 2001, may avoid the 10 percent penalty.

⁸ Participants are encouraged to discuss rolling money from one account to another with their financial advisor/planner, considering any potential fees and/or limitation of investment options.



APPENDIX

Employer Frequently Asked Questions

Employer Fiduciary Responsibilities

Program Education Territory Map



FREQUENTLY ASKED QUESTIONS BY EMPLOYERS

PARTICIPATION

Is there a cost to the employer to participate in the South Carolina Deferred Compensation Program?

There is no cost charged to the employer. However, Great-West Financial charges participants an annual administrative fee of 0.11 percent to participate in the Program. This fee is calculated and deducted from participants' accounts quarterly. There is also a \$4 annual Administrative Fee, assessed quarterly (\$1 per quarter). For more information about fees, please see the Program Highlights.

Is there a minimum number of employees who must contribute to the Program to participate?

No. There is no minimum number to participate.

Are employees immediately vested?

Yes. Contributions from the employee or from the employer are immediately vested.

PROGRAM OVERSIGHT

Is there a governing board that oversees the Program?

Yes. The South Carolina Public Employee Benefits Authority (PEBA) oversees the Program.

CONTRIBUTION LIMITS AND EMPLOYER MATCH

Are employers responsible for monitoring 415 contribution limits?

Yes. Employers maintain the ultimate responsibility for monitoring their 415 contribution limits. Employers have the most current contribution information and should approach their payroll vendor or internal department to run contribution limit reports on a regular basis. Great-West Financial will assist employers by monitoring contribution limits made only to the Program. Employers

will be notified by letter as well as through the PSC (if applicable) when a participant is reaching the appropriate limit.

Does the Program allow for an employer match?

Yes. The Program allows for an employer match. Contact your Retirement Plan counselor for details about how to set up this option.

Is the employer match money immediately vested or can an employer set up a vesting schedule for its employees?

Per the plan document, the money is 100 percent immediately vested and non-forfeitable.

LOANS, DISTRIBUTIONS AND HARDSHIP WITHDRAWALS

If an employee takes a loan from the Program, how is it paid back?

Loan payments are made via payroll deduction if this option is available through the employer. Contact an Retirement Plan counselor for more information.

What is the best way for participants to remit loan payments?

Loan payments should be repaid via automated payroll deductions to reduce the occurrence of default.

Can a participant continue to contribute to the plan after a hardship withdrawal has been granted?

No. Upon approval and issuance of a hardship withdrawal request, a participant is suspended from making deferrals for a period of six months. An indicator is placed on the Great-West Financial recordkeeping system and a zero deferral amount is added to the next available deferral change report that is provided to the employer.



Are active employees over the age of 70½ required to take a Required Minimum Distribution?

No. Employees are exempt from receiving Required Minimum Distributions until they terminate service from a participating employer. Upon termination of service from a participating employer, they must take a Required Minimum Distribution for that calendar year.

How do terminated employees over the age of 70½ determine how much their Required Minimum Distribution should be?

Great-West Financial automatically sends out annual Required Minimum Distribution letters to all participants who are 70½ or older and who have not set up an automatic Required Minimum Distribution payment from their account. The Great-West Financial recordkeeping system automatically calculates the Required Minimum Distribution amount. This calculation will only be based on the assets record kept by Great-West Financial. If the employee does not set up a Required Minimum Distribution, Great-West Financial will force out a distribution based on the amount communicated to the employee in the letter. Those employees who are still employed with a participating employer in the Program will have the option to opt out of this force-out process. Participants can call KeyTalk at (877) 457-6263¹ to obtain the dollar amount of this calculation and request an Automated Minimum Distribution Form.

Why is the date of birth required in the data file?

The date of birth is required in order to generate notification for Required Minimum Distributions, to calculate contribution limits, and to select a default investment option, if applicable.

PAYROLL AND RECORD KEEPING

Is there a time limitation for submitting payroll contributions?

The plan document states that all payroll deferrals should be remitted as soon as administratively practicable but in no event later than 15 days following the end of the month after the time such amounts would have otherwise been payable to the participant. It is considered a "best practice" to remit payroll deferrals immediately after the payroll date. Also, contributions should be remitted for every payroll, not just on a monthly basis.

Should employers notify Great-West Financial of participant address changes?

Yes. Great-West Financial offers several options to maintain accurate records. The first option is to use the Great-West Financial Payroll Data Interchange (PDI) file process for active participant addresses. For inactive participants, the PSC allows for address changes. Participants may also call KeyTalk at (877) 457-6263 to make address changes, or they may complete a Personal Information Change Form, which can be found on the website at www.southcarolinadcp.com.¹

Are employers obligated to provide information to auditors hired by PEBA?

Yes, employers are obligated (as a term of participating in the Program) to provide PEBA's independent audit firm with information and documentation necessary to comply with applicable auditing standards.

Are employers obligated to provide a termination date?

Yes, employers are responsible for updating participant records with termination dates on a regular basis. This can be done through the PSC, via a termination form, or by faxing the termination date to Great-West Financial on employer letterhead and listing the name, Social Security number, and date of termination. Termination dates are required in order to release funds for distribution.



KNOWING YOUR FIDUCIARY RESPONSIBILITIES AS A PARTICIPATING EMPLOYER

A fiduciary handles money or property not his own and not for his own benefit, but for the benefit of others. Because you handle contributions from your employees for the South Carolina Deferred Compensation Program, you act as a fiduciary for these participants. With this designation comes responsibilities, including:

- Following the plan document(s). A plan document is a written plan that is the contract between the plan sponsor and the plan participants. It is your manual for administering the plan. Each plan, the 401(k) and the 457(b), has its own plan document.⁷
- Acting solely in the best interest of the Program participants and beneficiaries.
- Carrying out duties prudently.
- Avoiding conflicts of interest and self-dealing.

MANAGING YOUR FIDUCIARY RESPONSIBILITIES

Once you understand what your fiduciary responsibilities are, it's important to have a strategy in place to manage these responsibilities. Here are 10 steps to help you manage your employer fiduciary responsibilities:

1. Remit contributions as soon as practicable. You may use ACH and the PSC for faster remittance.
2. Monitor the PSC for changes in salary deferrals on a weekly basis for the 401(k) and on the first business day of each month for the 457(b).
3. Instruct all employees to make salary deferral changes through KeyTalk or the Program website at www.southcarolinadcp.com.¹ Do not accept salary deferral changes directly from an employee.
4. Review the plan document(s)⁷ periodically to ensure that you are following the terms of the plan. Plan documents are updated on a regular basis to comply with important issues and IRS regulations.
5. Inform the record keeper, Great-West Financial, of an employee's termination date within 10 days of termination through the PSC. You can submit a Termination Form, which can be found on the Employer tab of the participant website (www.southcarolinadcp.com), with the employee's name, Social Security number, and termination date. Also inform Great-West Financial if the employee is rehired.
6. Communicate with employees about Program availability as well as any eligibility requirements to participate. Post information, such as the local Retirement Plan counselor's name and contact information, KeyTalk number ((877) 457-6263), and Program website (www.southcarolinadcp.com) in a central location for employees to access.

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7. Maintain accurate records.
8. Establish payroll controls to prevent excess contributions. Refer to the PSC or the Program Features and Highlights available at www.southcarolinadcp.com for these limits. You can also refer to the 401(k) plan document, Article VII, or the 457(b) plan document, Article III, for specific guidelines.
9. Consider using payroll deductions for loan repayments to assist your employees in reducing loan defaults.
10. Do not provide participants with investment advice. If a participant has questions about investment selections, refer him or her to their financial planner, attorney and/or tax adviser as needed.

FAILURE TO MANAGE FIDUCIARY RESPONSIBILITIES

When employers do not manage fiduciary responsibilities effectively, issues are reported by the IRS during the auditing process. As a fiduciary, employers should be aware of the following issues that the IRS has found in other plans in order to avoid them:

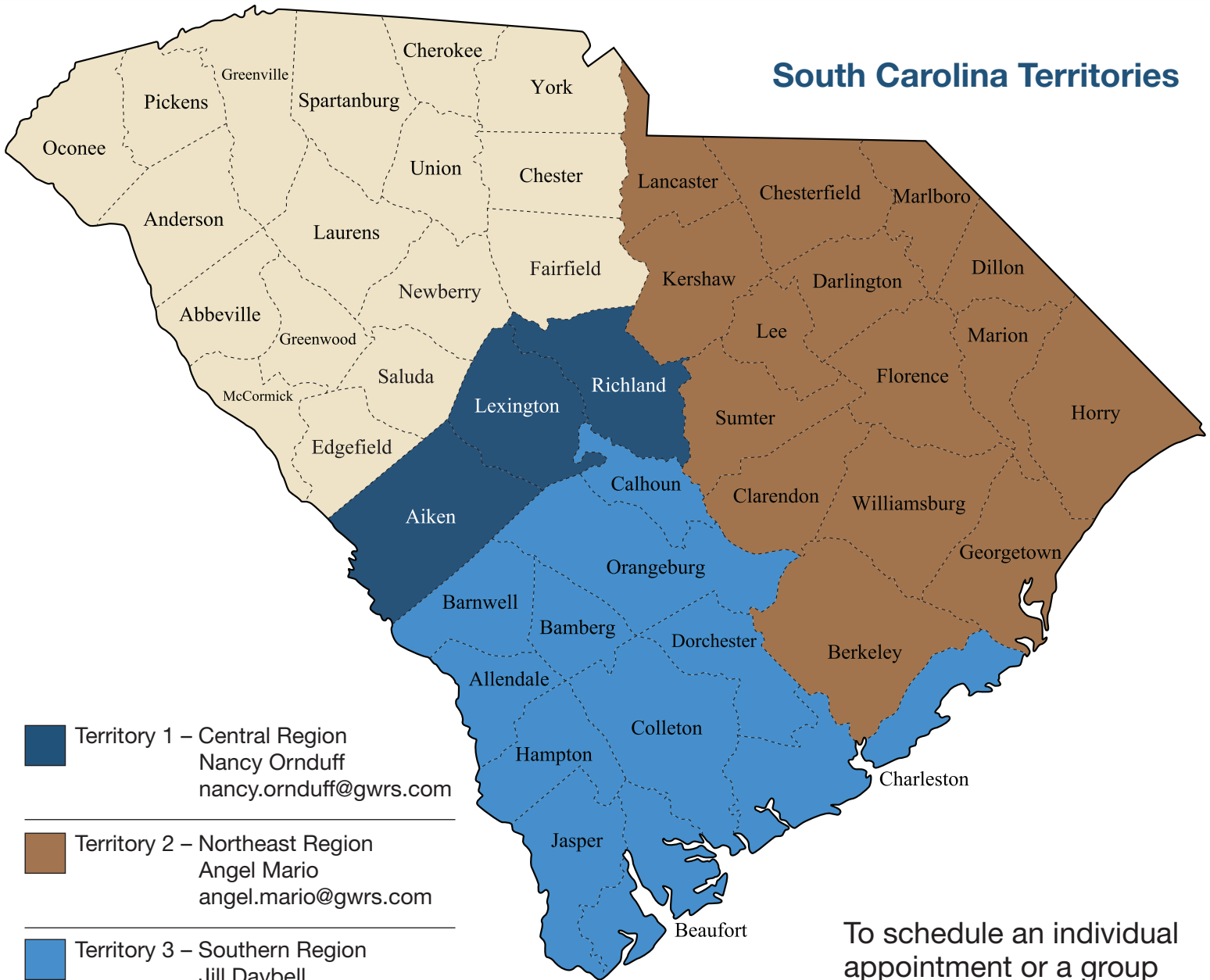
- Failure to remit contributions in a timely manner.
 - Treasury Regulation 1.457-8(a)(2)(ii) provides guidance.
- Failure to pay FICA tax on plan contributions.
 - FICA is due when wages are earned and when contributed.
- Improper management of excess contributions.
 - Be sure to follow the IRS limits for contributions to the plan. The Program may be disqualified if excess amounts, plus allowable earnings, are not distributed.
- Special 457 Catch-Up contributions for the 457(b) plan are improperly allowed.
 - Great-West Financial will assist participants with the Special 457 Catch-Up contributions. Refer employees to the local education counselor for more information at (877) 457-6263.
- Failure to operate in compliance with plan documents.

For copies of the plan document(s) and more information about fiduciary responsibilities, email scdcp@gwrs.com or contact your local Retirement Plan counselor. Additional information can be found at www.southcarolinadcp.com under the Employers tab. For information about the PSC, call (800) 695-4952.

⁷ Plan documents can be found on the Plan Service Center and at www.southcarolinadcp.com under the Employers tab. They may also be requested by emailing scdcp@gwrs.com.

SCDCP Education Counselor Territories

South Carolina Territories



Territory 1 – Central Region
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Territory 2 – Northeast Region
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Territory 3 – Southern Region
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Territory 4 – Western Region
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To schedule an individual appointment or a group meeting, call KeyTalk®, (877) 457-6263¹, or email the Retirement Plan Counselor assigned to your area.

¹ Access to KeyTalk and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.



Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.

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