State of Alaska
Supplemental Annuity Plan
Deferred Compensation Plan

FINANCIAL FOOTNOTES

SPRING 2013

A retirement planning newsletter brought to you by Great-West Retirement Services® and Alaska Division of Retirement and Benefits

Experience the Power of the Retirement Income Control Panel

Have you experienced the Retirement Income Control Panel yet? It's a powerful tool offered exclusively on your Plan's Website and brought to you by Advised Assets Group, LLC, a registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company, to help you quickly and easily see if you're on track toward your retirement goals.[1]

It all starts by providing you with a projection of how your lump-sum account balance will translate into a monthly income amount once you're no longer working in retirement. By clicking on the tool, you can tailor the results by:

- **Your annual salary;**
- **Your retirement age; and**
- **The percentage of income you want to replace.**

It also lets you choose other income sources beyond the assets in your Plan so that your projected monthly amount is customized to you. Should you have any gaps with your income goals, you'll be provided with recommendations on how to close those gaps.

What will your retirement income projection be? Find out today by logging on to **www.akdrb.com** to check out the Retirement Income Control Panel. Retirement readiness may be just a couple mouse clicks away.

Strike Out That Debt

Money that goes to pay off debt isn't going to help build up your retirement savings. Here are a few tips to help you get out—and stay out—of debt:

- **Pay off credit cards with the highest interest rates first.**
- **Shop for a card with the lowest rate—and try to use that card.**
- **Give yourself 72 hours to think about any purchase over $100 so you don't make impulsive decisions.**
- **Get help from a local affiliate of the National Foundation for Credit Counseling (800-388-2227 or www.nfcc.org[2]) if you can't manage debt on your own.**

1 The Retirement Income Control Panel is provided as an educational tool for the participant's private use to assist in analyzing the various impacts of his or her savings and investment decisions. It is not intended to provide financial planning or investment advice. All information provided by the Retirement Income Control Panel is hypothetical and for illustrative purposes only. The accuracy of these results or their applicability to the participant's individual circumstances cannot be and is not guaranteed. The Retirement Income Control Panel is brought to you by Advised Assets Group, LLC (AAG), a registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company, under a licensing agreement with your retirement plan service provider.

2 Great-West Financial℠ is not responsible for and does not endorse the content contained in the additional Websites provided. These Websites are for general education and information only and are provided as a benefit to the users of the sites.

Advised Assets Group, LLC is a federally registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company and an affiliate of Great-West Life & Annuity Insurance Company of New York, White Plains, New York. More information can be found at www.adviserinfo.sec.gov.

The Rewards of Contributing

Studies continue to show that Americans aren't saving enough for retirement. That's unfortunate, because a workplace retirement plan offers some significant benefits:

Tax-deferred growth. Contributions to your State of Alaska 457 Plan are pre-tax—meaning taxes aren't due on that money until you withdraw it in retirement. This means you can save more now, potentially allowing your money to grow faster.

Enhanced saving. In 2013, you can contribute up to $17,500 to your State of Alaska 457 Plan if you are under age 50. If you're age 50 or older, you may be able to contribute an extra $5,500 a year.[3]

An employer match. Your employer may match a portion of your contributions, in effect giving you free money toward retirement. For example, it might match 50% of your contributions up to 6% of your salary.

Rebalancing.[4] Volatile markets can cause your investment mix to shift. Some plans offer automatic rebalancing features that bring your mix of stocks and bonds back in line with your target allocations. You can also do this yourself with the help of a Great-West Retirement Services® representative.[5]

3 irs.gov, January 1, 2013.

4 Rebalancing does not ensure a profit and does not protect against loss in declining markets.

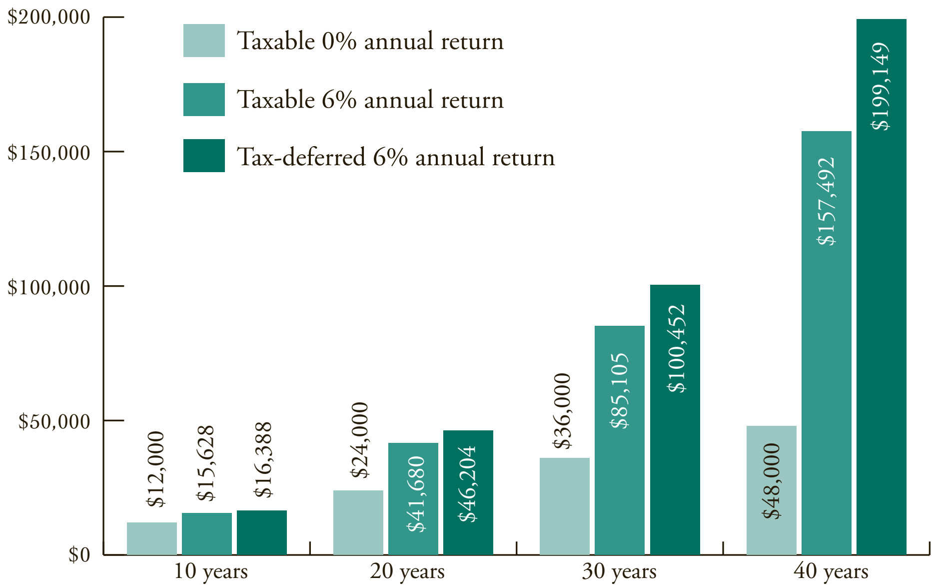
5 Representatives of GWFS Equities, Inc.

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.

The Tax-Deferred Advantage

Your State of Alaska Defined Contribution Plans let you delay paying taxes on your earnings. Saving in a tax-deferred Plan may help you amass a larger nest egg than if you saved in taxable accounts. That's because you pay taxes on all earnings in taxable accounts for the year the earnings are realized, lessening the value of your savings. Earnings in tax-deferred accounts, on the other hand, are not taxed immediately and can grow until you withdraw funds in retirement. The tax-deferred savings can compound, especially over many years, as the dollars saved by not paying taxes immediately can generate their own earnings—providing an even larger advantage over taxable savings.

The chart below shows how monthly contributions over time in a tax-deferred retirement plan compare to monthly contributions and any potential earnings compounded in a currently taxable investment (such as a bank savings account).



FOR ILLUSTRATIVE PURPOSES ONLY. This assumes a $100 monthly contribution, a hypothetical 6% annual rate of return (compounded monthly), a 15% federal income tax bracket, and reinvestment of earnings with no withdrawals. The illustration does not account for state (if applicable), Medicare, Social Security or other taxes. Rates of return may vary. Distributions from a tax-deferred retirement plan are taxable as ordinary income. Assumes that the taxable account does not hold any investment for more than 12 months. Taxable investments held longer than 12 months may qualify for lower capital gains and/or qualified dividend tax rates, which may make the return on the taxable investments more favorable, thereby reducing the difference in performance between the accounts shown. The 10% early withdrawal penalty does not apply to 457 plan withdrawals. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted. These hypothetical illustrations are not intended to represent the actual performance of any particular security or investment plan, nor do they project or predict future investment results.

Around-the-World Investing

International funds can help diversify your portfolio

Technological advances have made worldwide investing opportunities as common in the United States today as German cars and Japanese TVs. And because other economies in the world may be performing differently from ours, international stock funds may provide diversification, especially if the U.S. stock market is lagging.[6,7]

It's important to remember that international markets comprise roughly two-thirds of all global investments. So when one market is down, another may be up, and depending on the specific investments in your portfolio, any investments that are performing well could potentially outweigh any negative impacts from investments that are performing poorly.

The trick to international investing, of course, is to balance the potential rewards against the risks.

Looking abroad

There are four basic categories of overseas investing: global, international, emerging market and country-specific. Global funds invest in equities throughout the world; international funds invest outside of the United States; emerging market funds invest in the stocks of underdeveloped countries[8]; and country-specific funds invest in the stocks of one country only.[9]

For example: A global fund might invest in the three major regions of the world—the United States, Europe and Asia. An international fund would likely focus mainly on Europe and Asia. An emerging market fund might invest in Latin America, Southeast Asia, Eastern Europe or some combination of these regions. A country-specific fund would invest in one country, Germany for example.

The benefits

Investing overseas allows you to better diversify because it exposes your portfolio to more investment opportunities than investing solely in U.S. companies.

Overseas markets—especially those with younger economies—offer potential growth opportunities that are not easily found in older, more developed economies such as ours. In addition, many fundamentally sound, well-managed growth companies outside the United States are relatively unknown to individual investors because fewer professional analysts follow and write reports about foreign companies than U.S. companies. However, an international portfolio manager is likely to have many more resources at his or her disposal to research international stocks—and may be in the position to make sound investment decisions on behalf of the fund.

The considerations

Investing abroad can be more complex than investing in the United States for a variety of reasons. For one, many foreign companies are subject to different rules of accounting and less government oversight than American companies. Economic developments and changes in currency rates can also work against you. For example, if you were invested in a fund focused on a foreign country that is experiencing lackluster economic growth, you might suffer losses if that economic trend were to continue. Similarly, when a foreign country's currency value falls relative to the dollar, an investment in that country could decline in value as well.

Investing in "emerging markets," or underdeveloped regions of the world, poses special risks, such as the threat of political upheaval, corruption and currency collapse. Many emerging markets are not as well-monitored as U.S. markets.

Stay informed

If you want to keep up on global news and trends, there are plenty of Websites on the Internet where you can monitor the major stock markets of the world and keep abreast of significant political news in foreign countries. You can also track international portfolios in *The Wall Street Journal* and in the financial section of your local newspaper.

When it comes to investing, it is a small world. Consider the risks and potential rewards of international investing and whether or not it may be right for you.

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

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

8 Equity securities of companies located in emerging markets involve greater risks than investing in more established markets, including currency fluctuations, political developments and share illiquidity.

9 Specialty funds invest in a limited number of companies and are generally non-diversified. As a result, changes in market value of a single issuer could cause greater volatility than with a more diversified fund.

Take Advantage of Compounding

Here's why the sooner you start saving, the better.

Compounding is the concept of generating earnings on an investment's reinvested earnings, creating a snowball effect that can be astounding over time. Essentially, it means the longer you invest, the more time your earnings have to generate their own earnings.

Compounding Value

In the tables to the right, let's compare two hypothetical investors, Monica and Adam. They're the same age and both plan to retire at age 65.

Who Ends Up with More Money at Age 65?

Is it Adam, who diligently invested $75,000? Or Monica, who invested only $30,000? Although Adam invested two-and-a-half times more than Monica, Monica has $139,329 more for retirement. Adam couldn't keep up because he lost 19 years of compounding growth.

Even If You Only Invest a Little ...

Your money can start working for you right away. And through compounding, your earnings may be even greater. As you can see, starting early can make a big difference at retirement.

Contacts/Account Maintenance

Alaska Division of Retirement and Benefits	1-800-821-2251
From Juneau	1-907-465-4460
Website	www.doa.alaska.gov/drb
Account information online	www.akdrb.com[10]
KeyTalk®—account inquiries and maintenance	1-800-232-0859[10]

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

Please note: This newsletter does not constitute investment or financial planning advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

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

Form# CB1027N (04/2013) PT171033

Monica

- Monica begins contributing to her tax-deferred retirement plan at age 20.
- She invests $3,000 a year with a hypothetical 6% annual rate of return.
- Ten years later she stops contributing.
- Monica's $30,000 continues to earn a hypothetical 6% annual rate of return until she retires at age 65.

Year	Annual Contribution	Total Cumulative Contribution	Account Value
1	$3,000	$3,000	$3,000
10	$0	$30,000	$39,542
20	$0	$30,000	$70,814
30	$0	$30,000	$126,817
40	$0	$30,000	$227,109
45	$0	$30,000	$303,923

Adam

- Adam doesn't start contributing to his tax-deferred retirement plan until he is 40 years old.
- He invests $3,000 a year in his account and his account earns a hypothetical 6% annual rate of return until he retires at age 65.

Year	Annual Contribution	Total Cumulative Contribution	Account Value
1	$0	$0	$0
10	$0	$0	$0
20	$3,000	$3,000	$3,000
30	$3,000	$30,000	$39,542
40	$3,000	$60,000	$110,357
45	$3,000	$75,000	$164,594

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes a 6% annual rate of return and reinvestment of earnings, with no withdrawals. Rates of return may vary. Distributions from a tax-deferred retirement plan are taxable as ordinary income. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.