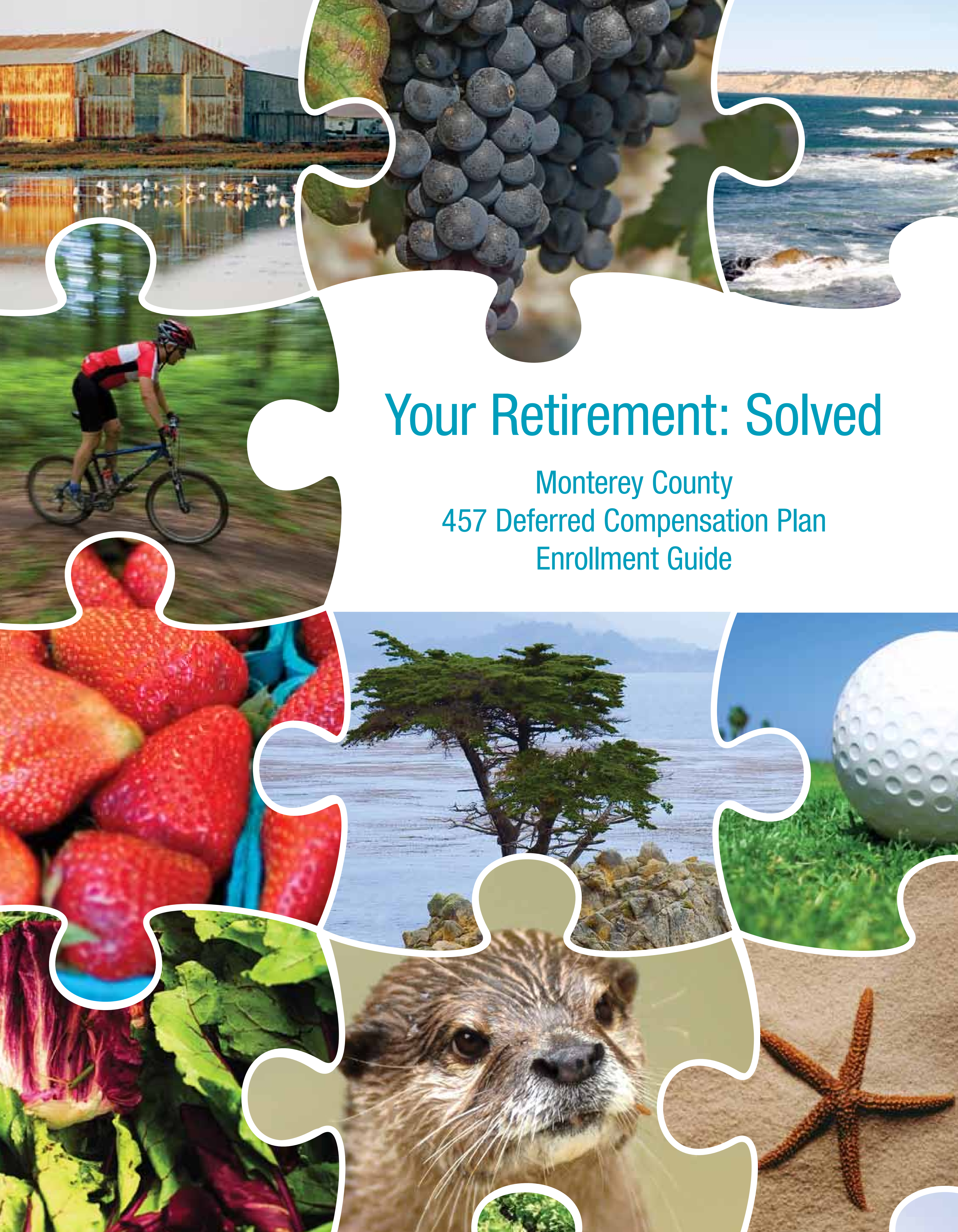


Your Retirement: Solved

Monterey County
457 Deferred Compensation Plan
Enrollment Guide

To Our Employees:

Unpredictability—it's the one thing about the future we can all agree on. But while it's true that none of us can see the future, we can take steps to prepare for it. Your Monterey County 457 Deferred Compensation Plan is a tool that can help you manage unpredictability. It can help you plan for a future that may be a long way away, but one which will be here sooner than you think.

It's a simple equation: What you do today affects how you'll live tomorrow. Your Deferred Compensation Plan can help you turn that equation in your favor. And we're looking forward to sharing the journey with you as you begin to make informed decisions that are not only right for you today, but also right for your future.

Sincerely,

Wes Morrill
Administrative Committee Chair

The Information in This Guide is Your Key to Retirement Planning Success:

- Learn Why You Should Save
- Understand the Benefits of Your Plan
- Decide How Much You Should Contribute
- Discover Your Investor Type
- Choose the Right Investment Path
  - Select a Profile Portfolio
  - Build Your Own Portfolio
  - Reality Investing® Advisory Services

Why You Should Save

Retirement Income Sources

There are several possible income resources you may have available to you when you retire. And because many experts say that you'll need to replace 70% or more of your working income to live a similar lifestyle once you've retired (source: https://www.socialsecurity.gov/planners/morecalculators.htm, 2011), it's a good idea to have multiple income resources. That includes your Deferred Compensation Plan, from which you can receive income in retirement.

Another important reason to save through the Plan is that there are factors in place today—like the uncertainty of Social Security and longer life spans—that are changing how much you'll have and how much you'll need in retirement.

Uncertainty of Social Security

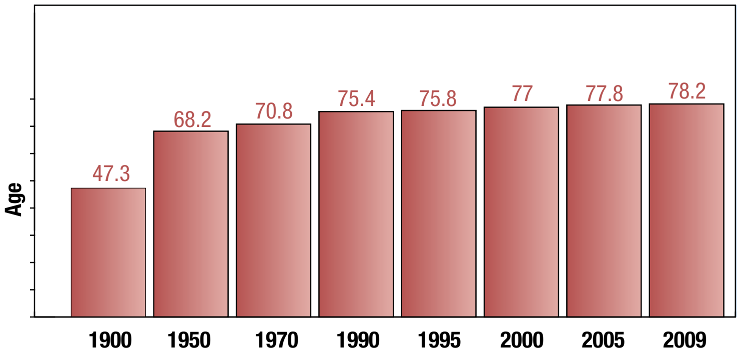
Even though Social Security has been a great aid to millions of retired Americans, it was never intended to replace a person's entire income in retirement. In 2011, the average retired individual living in his or her own household received only $1,177 per month in Social Security benefits (source: Social Security Administration Annual Statistical Supplement, 2011), and now the Social Security system faces pressures that could lead to fewer and fewer benefits in the years to come. To get an estimate of your Social Security benefits, go to the online Social Security calculator at **www.ssa.gov/OACT/quickcalc/**.

Longer Life Spans

In addition, advances in medicine over the last 100 years have led to longer life spans. In 1900, the average American lived to be only about 47 years old. That number rose to 70.8 years in 1970 and stood at 78.2 years in 2009.

Knowing you could spend 20 years or more in retirement means you'll have to have more saved.

Life Expectancy Chart



FOR ILLUSTRATIVE PURPOSES ONLY. Source: Centers for Disease Control and Prevention, National Center for Health Statistics, 2011.

The Benefits of Your Plan

Pay Yourself First

Because your Plan is sponsored by the County of Monterey, you make contributions to it directly from your paycheck. That means you are paying yourself first before the remainder of your check is put to use for other things. And to make the process easy for you, all you have to do is decide how much you want to contribute from each paycheck and that amount will be deducted automatically on your behalf. If you decide to contribute more or less at a later date, you always have the option to change how much you contribute.

Tax Benefits

Saving through your Plan offers a few key advantages over most other savings vehicles. The advantages have to do with the tax benefits you receive when you contribute.

Your contributions are deducted from your paycheck before taxes are taken out. When this before-tax contribution is made to your Plan, it lowers your current taxable income. As the example in the table to the right illustrates, you may be able to save $100 per paycheck but only have it lessen your take-home pay by $85.

If you choose to change the amount of your contribution, visit **www.mc457.com and** click on the "Change Account" tab, then the "Deferral" tab.[1]

	Before-Tax Contribution	No Contribution
Monthly Gross Pay	$3,000	$3,000
Minus Before-Tax Contributions	-$100	-$0
Taxable Pay	$2,900	$3,000
Minus Estimated Federal Income Tax Withholding	-$435	-$450
Take-Home Pay	$2,465	$2,550

FOR ILLUSTRATIVE PURPOSES ONLY. This example is based on a $3,000 monthly salary. It assumes a federal tax withholding of 15%. Local taxes, state taxes, Social Security, Medicare insurance and other potential deductions are not included in this analysis. As a result, actual payroll calculations may be different. Source: Great-West Retirement Services®, 2011.

Before-Tax Saving vs. After-Tax Saving

Let's assume you earn $3,000 a month in gross pay and want to save $180 a month in the Plan. The chart to the right shows how much more money you would have in take-home pay if you saved in the Plan versus an after-tax vehicle, like a bank savings account.

Based on this hypothetical example, you'd have $27 more in your pocket every month—that's $324 more every year.

	Before-Tax Saving	After-Tax Saving
Monthly Gross Pay	$3,000	$3,000
Before-Tax Contributions to Deferred Compensation Plan	-$180	-$0
Taxable Pay	$2,820	$3,000
Estimated Income Taxes Withheld	-$423	-$450
After-Tax Contributions to Another Savings Vehicle	-$0	-$180
Take-Home Pay	$2,397	$2,370
Before-Tax Advantage	$27	None
Savings per Year	$324	

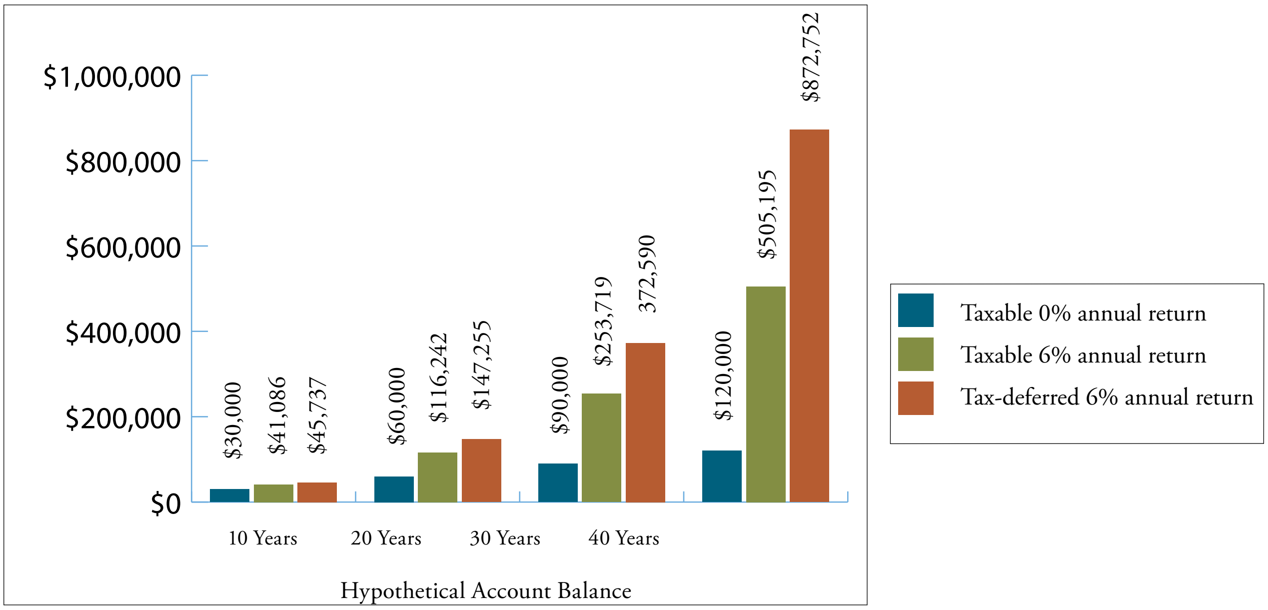
FOR ILLUSTRATIVE PURPOSES ONLY. This example is based on a $3,000 monthly salary. It assumes a federal tax withholding of 15%. Local taxes, state taxes, Social Security, Medicare insurance and other potential deductions are not included in this analysis. As a result, actual payroll calculations may be different. Source: Great-West Retirement Services®, 2011.

The Benefits of Your Plan continued

Compound Growth

When you contribute to your Deferred Compensation Plan, those contributions have the opportunity to grow based on the type of investments you have chosen. Any earnings those investments generate are reinvested and may create additional earnings themselves, which leads to compound growth. This table is a good example of how you can potentially amass greater retirement savings through your Plan, which gives you more income in retirement than if your savings were in a taxable investment. The power of compounding is not as strong in the taxable investment because any earnings are taxed on an annual basis.

The chart below shows how a hypothetical $250 monthly contribution and any potential earnings could compound over 10-, 20-, 30- and 40-year periods in a tax-deferred plan compared to a $250 monthly contribution and any potential earnings compounded in a currently taxable investment.



FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes an 6% annual rate of return, a 25% combined federal and state income tax bracket, and reinvestment of earnings, with no withdrawals. Rates of return may vary. 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 illustration does not reflect any charges, expenses or fees that may be associated with your Plan or taxable account. The accumulation shown above would be reduced if these fees had been deducted .Source: Great-West Retirement Services®, 2011.

The Benefits of Your Plan continued

Tax Credit

Your before-tax contribution also may allow you to qualify for a tax credit from the Internal Revenue Service (IRS). Contributions made to your Deferred Compensation Plan lower your adjusted gross income (AGI), which may make you eligible for a nonrefundable federal tax credit. This tax credit reduces the federal income tax you pay in the current year.

The credit amount you can claim is based on the contributions you make to your Plan, up to a maximum of 50% of the first $2,000 you contribute, and the tax credit rate. Your credit rate is based on your AGI for the tax year for which you are claiming the credit and your filing status. The lower your income, the higher the tax credit rate. The chart below shows the maximum tax credit rates allowed for different types of filers at different levels of income. You will not be eligible for this credit if you are younger than 18 years old, a full-time student or claimed as a dependent on someone else's tax return.

The credit rate only applies to the first $2,000 you contribute to your Plan. If you are married and filing a joint return, the eligible contribution amount is $2,000 for you and $2,000 for your spouse.

Married, Filing Jointly	Single Filer	Head of Household	Maximum Tax Credit Rate
Less than $34,000	Less than $17,000	Less than $25,500	**50%**
$34,001 - $36,500	$17,001 - $18,250	$25,501 - $27,375	**20%**
$36,501 - $56,500	$18,251 - $28,250	$27,376 - $42,375	**10%**

Source: Internal Revenue Service, 2011.

Determine Your Contribution Amount

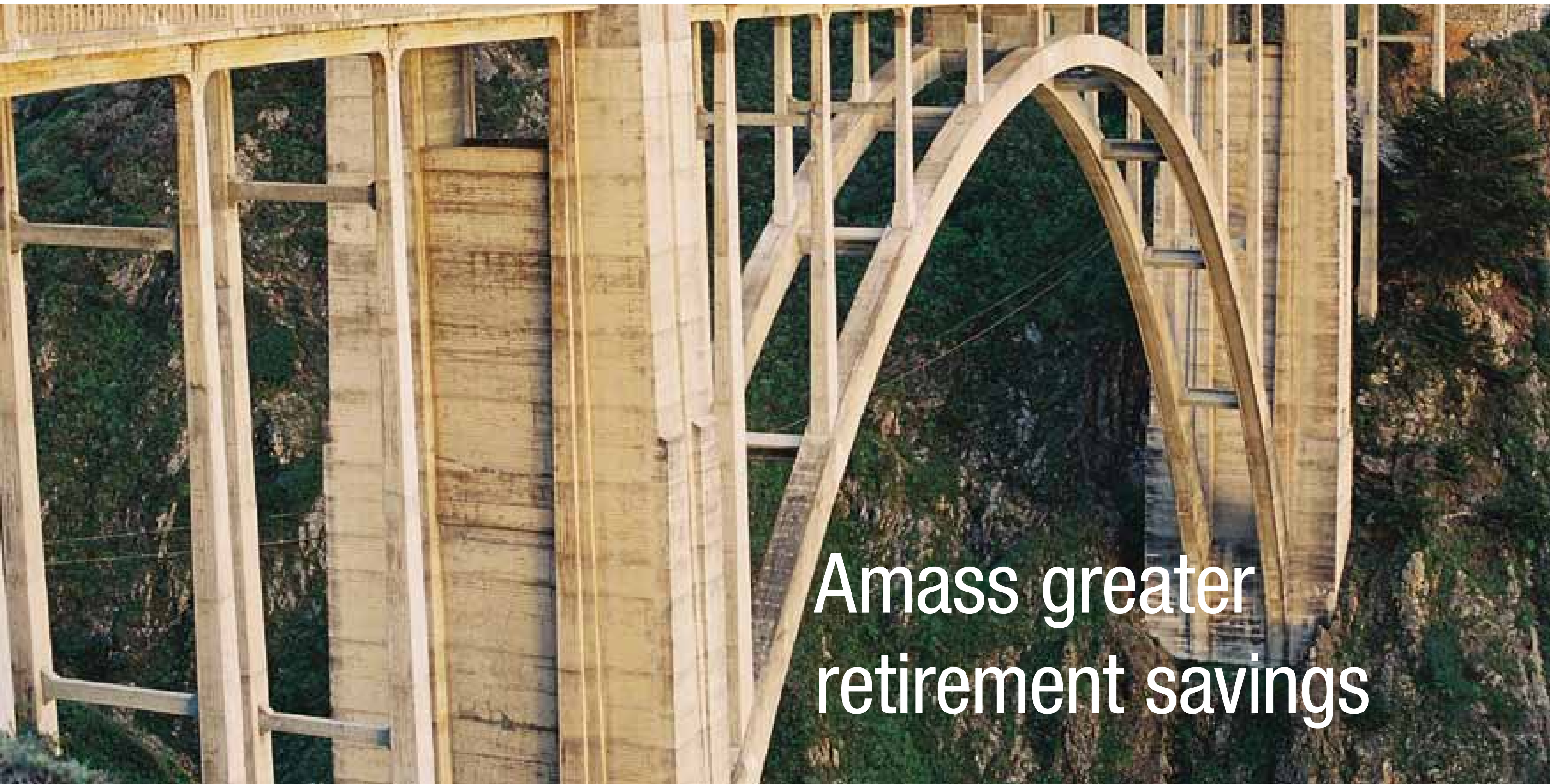
Inflation

Wondering why you're paying more than ever before for gas in your area? Part of the answer is inflation. Inflation is a key factor to take into account as you consider how much to contribute to your Plan. Knowing that the price of goods and services has historically risen over time should influence your decision because it has a ripple effect on virtually all of your future expenses. The DreamTracker[SM] tool on the Deferred Compensation Plan website can help you calculate how much you'll need when you retire based on the target goals you enter.

Average Prices for Selected Goods—1980-2011

Year	Gasoline (Unleaded per Gallon)	Eggs (1 doz., Grade A Large)	Ground Beef (1 lb.)
1980	$1.13	$0.88	$1.82
1985	$1.15	$0.75	$1.71
1990	$1.04	$1.22	$1.91
1995	$1.13	$0.88	$1.85
2000	$1.30	$0.98	$1.90
2005	$1.82	$1.21	$2.48
2011	$3.09	$1.81	$2.99

FOR ILLUSTRATIVE PURPOSES ONLY. Source: U.S. Department of Labor, Bureau of Labor Statistics—Consumer Price Index, Average Price Data, Jan., 2011.



Discover Your Investor Type

Knowing the type of investor you are is critical to making the right investment decisions. Respond to these statements by circling the number that best describes your feelings. Then add up the numbers you circled and find out what type of investor you are.

1. I am a knowledgeable investor who understands the trade-off between risk and return. 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 (more than five years).
   Strongly Disagree 1 2 3 4 5 Strongly Agree

3. If one of my investments dropped 20% in value over six months due to stock market fluctuations, 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 this Plan that make me feel secure about my financial future.
   Strongly Disagree 1 2 3 4 5 Strongly Agree

4-8 Points - Conservative
Conservative investors are likely uncomfortable with market volatility and may require regular income with limited capital growth. They seek to protect their investment value and typically have a shorter time to invest before retirement.

9-14 Points - Moderate
Moderate investors usually seek a diverse investment portfolio. They may prefer to avoid market volatility, but they are willing to accept moderate risk to achieve both income and capital growth, which is an increase in their initial investment over the course of time.

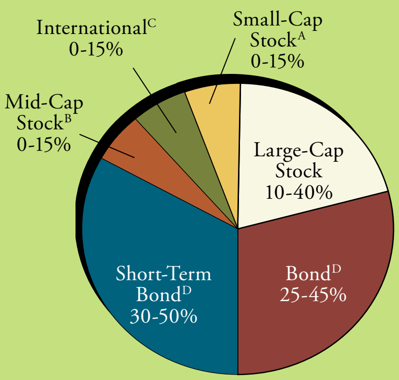
15-20 Points - Aggressive
Aggressive investors generally may be comfortable with taking more risks with their investments. They are not usually concerned about short-term market changes and tend to be younger and/or investing for the longer term (more than five years).

Choose the Right Investment Path -
Select a Profile Portfolio

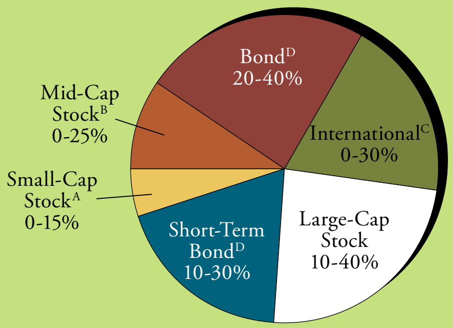
Based on your investor type, you may choose to select one of the pre-assembled portfolios, build your own portfolio or utilize the Reality Investing® Advisory Services. If you select one of the pre-assembled portfolios—Conservative, Moderately Conservative, Moderate, Moderately Aggressive or Aggressive. You get instant diversification. which spreads your investment among different asset classes, allowing you to manage your risk. Your portfolio is also automatically rebalanced, which means that the portfolio is adjusted if market forces cause it to get off track from its intended investment objective. Keep in mind that diversification and/or rebalancing of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

You will still be responsible for changing the investment portfolio if the level of risk you are willing to tolerate changes. For example, you may select the Aggressive model because you have a long time before retirement and may be able to withstand market ups and downs. But as you get closer to retirement, you may want to move toward a Moderate and then more Conservative model.

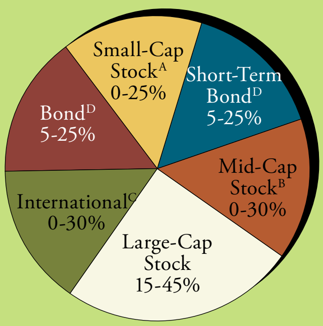
The following illustrations show some sample profile portfolio asset class mixes based on investor type. Your Plan's Profile Portfolio options are detailed in the Fund Data Sheets in the back pocket of this booklet.



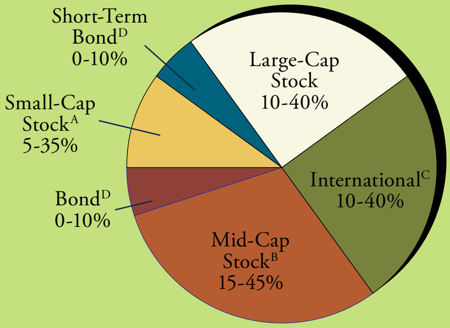
CONSERVATIVE PROFILE



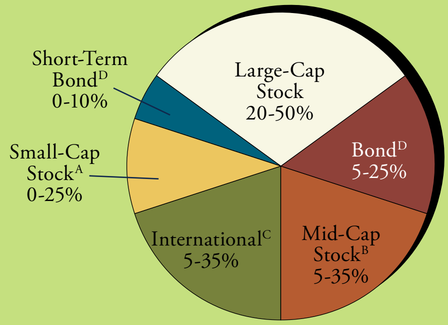
MODERATELY CONSERVATIVE PROFILE



MODERATE PROFILE



AGGRESSIVE PROFILE



MODERATELY AGGRESSIVE PROFILE

FOR ILLUSTRATIVE PURPOSES 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.
A Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
B Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.
C Foreign investments involve special risks, including currency fluctuations and political developments.
D A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.

Choose the Right Investment Path -
Build Your Own Portfolio

If you choose to build your own portfolio, it's important that you have the necessary investment knowledge and are also willing to make a commitment to managing your account over time.

It's important to know what types of investments are available to you. Your Plan provides you with a wide array of investment options that include mutual funds, collective trust funds and the Profile Portfolio funds, which are offered through a group variable deferred annuity option. The variable deferred annuity options in your Plan differ from mutual and collective trust funds because they issued through an annuity contract issued by Great-West Life & Annuity Insurance Company and are held in a separate account. With this investment option, you can divide and diversify your money among lower-risk and higher-risk underlying funds all within one financial vehicle.[2]

When you invest in mutual funds, your money is pooled together with the money of other investors who have the same, or "mutual," investment goals. Generally, each mutual fund has a team of professional money managers who perform the day-to-day tasks involved in the buying and selling of investments on behalf of the fund, based on the fund's investment philosophy and objective as described in its prospectus or disclosure document. Each fund has its own fund operating expenses that vary depending on the investment options you select.

Choose the Right Investment Path -
Build Your Own Portfolio continued

A collective trust is formed from the pooling of investments of institutional investors. Collective trusts have a team of professional money managers who perform the day-to-day tasks involved in the buying and selling of investments on behalf of the trust, based on the trust's investment philosophy and objective as described in its declaration of trust. Where a mutual fund and collective trust differ is that a mutual fund primarily serves individual shareholders (retail market), while a collective trust is available only to institutional investors, such as employers who sponsor retirement plans. Therefore, collective trusts tend to have lower fees and expenses than mutual funds because the employer can negotiate investment management fees with the investment manager.

Even aggressive investors may not want to take on too much risk, and there are proven strategies for managing risk while still keeping you on track to reaching your retirement goals. The strategies are commonly known as asset allocation and diversification, and they are based on placing your Plan contributions into various investments and then diversifying within those investments to help manage risk.[2]

For example, historically when stocks are on the rise, bond prices often slump (and vice versa). When you own stock funds and bond funds (or funds with both stocks and bonds), they may stabilize each other when one peaks and the other dips. So how can you allocate your assets based on your investor and risk type? It starts with your investment strategy.

Choose the Right Investment Path -
Build Your Own Portfolio continued

Asset Allocation[2]

A smart investment strategy includes choosing the right asset allocation to help you manage investment risk and take advantage of more favorable market conditions. By spreading your portfolio among different investments, you can better weather the ups and downs of the market because you don't depend on any one type of investment to carry the load for your portfolio. The different investments you have to choose from in your Plan include:

Stock Funds: Higher risk – higher growth potential
When you invest in a stock fund, the fund is investing your money in stocks of various companies. Stock represents the purchase of a small piece of ownership of a company with the expectation that its value will increase over time or that it will share its potential profits with you in the form of a dividend. However, you will also share in its potential losses. Stock funds historically have had a greater rate of return than other investment types, but they also carry a higher rate of risk than most other investments. Despite being riskier, their long-term performance can help to offset the effects of inflation and increase your total retirement savings. Remember that past performance is not a guarantee or prediction of future results.[A,B]

Bond Funds: Moderate risk – moderate growth potential
When you invest in a bond fund, the fund is investing your money in bonds issued by various different companies. The purchasers of bonds are essentially loaning money to a company or government in exchange for interest payments, as well as the partial or full return of their principal (which is the amount originally paid for the bond). Bond funds do not carry as much risk as stocks (although their value can still fluctuate), but they also do not have the higher growth potential that stock funds enjoy. By owning bonds, aggressive investors may offset the risk of their stock funds, while conservative investors can hope to keep pace with inflation.[C]

Cash Equivalents: Lower risk – lower growth potential
Cash equivalents are short-term securities that pay interest. Their objective is capital preservation. Stable value investments are often associated with this asset class. Stable value investments seek to maintain a steady, or stable, principal value that generally does not fluctuate. They may include investments with short- to intermediate-term maturities. While cash equivalents and stable value investments have a place in many portfolios, their returns are generally low and may not outpace inflation.

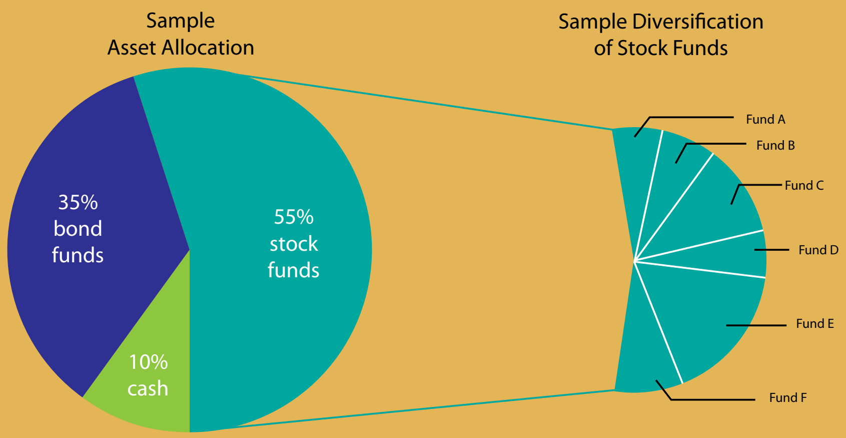
A Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
B Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.
C A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.

Choose the Right Investment Path - Build Your Own Portfolio continued

Diversification[2]

Diversification and asset allocation are similar concepts, but there's an important difference between the two. Asset allocation is a way to divide your retirement savings among different asset classes (stock funds, bond funds or cash equivalents). Diversification is the process of choosing multiple investments within an asset class. Both help you avoid putting all of your eggs in one basket.

In the example below, an investor devotes a certain percentage of his or her investment to each of the different asset classes. That's asset allocation. Within the stock fund asset class, the investor chooses different types of stock funds, which could include small-, mid- and large-cap funds, as well as international stock funds. That's diversification. Well-designed portfolios include the need for both asset allocation and investment diversification. No single investment choice—and no single asset class—should carry the load for your entire portfolio.



FOR ILLUSTRATIVE PURPOSES ONLY. This is 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.

Investing Strategy for the Knowledgeable Investor

In addition to the core investment options, a self-directed brokerage (SDB) account is available. The SDB account allows you to select from mutual funds outside of the Plan for additional fees. The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account. These securities are offered through TD Ameritrade. For more information about the SDB, call TD Ameritrade at (866) 766-4015. Please note that there is an annual fee of $60 (billed at $15 per quarter) for use of the SDB, in addition to commission charges and transaction fees.

Ongoing Account Management

A helpful tool available to you on the Deferred Compensation Plan website is the Rebalancer tool. The Rebalancer tool allows you to "rebalance" the asset allocation mix of the assets in your account. It brings your investment allocation mix back to the target mix that you originally determined and allows you to maintain the target mix to help meet your long-term objectives—automatically and at a frequency that you select.[3]

Choose the Right Investment Path -
Reality Investing® Advisory Services

No matter what type of investor you are, you may still want some help. In fact, you may even want your account managed for you. That's why your Plan features Reality Investing Advisory Services (Advisory Services)—a choice of three retirement planning options that fit the way you live today so you can prepare for the retirement you want tomorrow.

1. Do-It-For-Me℠ Investor, 2. Help-Me-Do-It℠ Investor or 3. Do-It-Myself℠ Investor

You can find out which of the three investor types you might be by answering a few simple 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

How did you score?

If you answered yes up to three times, and you answered no to questions 1 and 5, you are probably a Do-It-For-Me Investor. You may prefer to leave investing and account management to the professionals.

If you answered yes three to four times, you are probably a Help-Me-Do-It Investor. You may want a more hands-on approach, with a little help from time to time.

If you answered yes five times, you are probably a Do-It-Myself Investor. You're likely more comfortable in the driver's seat, researching and picking your own investments and managing your own accounts.

Choose the Right Investment Path -
Reality Investing® Advisory Services continued

The Managed Account Service for the Do-It-For-Me Investor

With the Managed Account service, Advised Assets Group, LLC (AAG)— a federally registered investment advisor and wholly owned subsidiary of Great-West Life & Annuity Insurance Company—acts as your investment manager and adviser. AAG will select the investments and manage your account for you. The selection will be based on information you supply about your finances, retirement goals and life circumstances. Over time, you keep AAG up-to-date on your situation, and AAG monitors your account to help you stay on track with the appropriate allocation and diversification strategy. The annual Managed Account fee is based on your account balance, as shown below, and is assessed in quarterly installments.

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%

Online Investment Guidance and Online Investment Advice for the Help-Me-Do-It Investor

If you like the flexibility of charting your own investment course and managing your own account, but still want to draw on some expert analysis from time to time, your Plan offers Online Investment Guidance and Online Investment Advice.

With Online Investment Guidance, you can get personalized asset allocation and savings rate recommendations that help in building your own portfolio from your Plan's available investment options. There is no fee for the Online Investment Guidance service.

With Online Investment Advice, AAG will recommend a portfolio based on information you supply, using the investment options available in your Plan. You can implement the recommendations as you see fit and generate new recommendations when your situation changes. There is a $25 annual fee for the Online Investment Advice service, which is deducted from your account quarterly at $6.25.

Investment Information Resources for the Do-It-Myself Investor

You know what you want from your retirement account, and you're confident you know how to get there with the right information. Your Plan puts valuable information you'll need right at your fingertips. You can take advantage of the free online access your Plan offers to fund fact sheets, calculators and market information. These tools can help you make educated decisions on investment choices that are right for you.

You'll also have access to the Online Investment Guidance and Online Investment Advice tools discussed previously any time you want a different perspective.

Regardless of how much investing knowledge you have—and how much time you have to research your options—Advisory Services can help you stay on course for the retirement you want.

There is no guarantee that participation in Reality Investing Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

You have 24/7 access

You have access to KeyTalk® (your Plan's automated voice response system) and your Plan's website, 24 hours a day/7 days a week.[1]

In addition, representatives are available from 6:00 a.m. to 5:00 p.m. (PT) when you call KeyTalk.[4]

KeyTalk Phone Number: (800) 701-8255[1]

Website Address: www.mc457.com[1]

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.

2 Asset allocation and/or diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

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

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 and/or tax adviser as needed.

Core securities (except those offered throught the self-directed brokerage option), when offered, are offered through GWFS Equities, Inc. and/or other broker dealers. GWFS Equities, Inc. is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company an affiliate of FASCore, LLC (FASCore Administrators, LLC in California).

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