

# Government of Guam 457 Deferred Compensation Plan Features and Highlights

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The Government of Guam 457 Deferred Compensation Plan 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 Plan 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, select 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 Plan and how simple it is to enroll. If there are any discrepancies between this document and the Plan Document or Summary Plan Description, the Plan Document and/or Summary Plan Description will govern.**

## Getting Started

What is a 457 deferred compensation plan?

A governmental 457(b) deferred compensation plan (457 plan<sup>1</sup>) is a retirement savings plan that 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 Contributions and any earnings on contributions are tax-deferred until money is withdrawn.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. Distributions are subject to ordinary income tax.

Why should I participate in the Plan?

You may want to participate if you are interested in saving and investing additional money for retirement and/or reducing the amount of current state and federal income tax you pay each year.

Your Government of Guam 457 Deferred Compensation Plan 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 Plan. For more information about this tax credit, please contact your Great-West Retirement Services<sup>®</sup> representative.

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

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?

With exception to the excluded employees listed below, all current employees of the Government of Guam are immediately eligible to participate in the Plan.

The Plan does not allow participation by employees who are:

- Paid by commission only
- Leased employees.
- Compensated on a fee basis
- Independent contractors
- Or in a Senior Citizens Community Employment 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.

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<sup>1</sup> All references to the 457 Plan are to a governmental 457(b) plan.

## What are the contribution limits?

In 2010, the maximum contribution amount is 100% of your includable compensation, or \$16,500, whichever is less. It may be indexed in \$500 increments after 2010. These limits may be reduced depending on the terms of your Plan.

Participants in the 457 Plan have two different opportunities to catch up and contribute more during the final years of their career. “Standard Catch-Up” allows participants in the three calendar years prior to normal retirement age to contribute more (up to double the annual contribution limit—\$33,000 in 2010) to the 457 Plan. The additional amount that you may be able to contribute under the Standard Catch-Up option will depend upon the amounts that you were able to contribute in previous years but did not.

Also, participants turning age 50 or older in 2010 may contribute an additional \$5,500. You may not use the Standard Catch-Up provision and the Age 50+ Catch-Up provision in the same year.

## What are my investment options?

A wide array of core investment options is available through your Plan. Each option is explained in further detail in your Plan’s fund data sheets. Investment option information is also available through the Web site at [www.gwrs.com](http://www.gwrs.com) and KeyTalk<sup>®</sup>, toll free, at (866) 238-1385. The Web site and KeyTalk are available to you 24 hours a day, seven days a week.<sup>2</sup>

## 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 Web site at [www.gwrs.com](http://www.gwrs.com) or by calling KeyTalk at (866) 238-1385.<sup>2</sup>

### How do I make investment option changes?

Use your Personal Identification Number<sup>3</sup> (PIN) and Username to access the Web site, or you can use your Social Security number and PIN to access KeyTalk.<sup>2</sup> Subject to your Plan’s rules you can move all or a portion of your existing balances among investment options and change how your payroll contributions are invested.

### 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 a 401(a), 401(k), 403(b), an eligible governmental 457(b) plan or an Individual Retirement Account (IRA) may be rolled over to the Plan. 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 401(a), 401(k), 403(b) or an eligible governmental 457(b) plan if your new employer’s plan accepts such rollovers. You may also roll over your account balance to an IRA.

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<sup>2</sup> Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the Web site or KeyTalk<sup>®</sup> 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.

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<sup>3</sup> The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

Please keep in mind that if you roll over your 457 Plan balance to a 401(k), 403(b) or 401(a) plan or an IRA, distributions taken before age 59½ may also be subject to the 10% early withdrawal federal tax penalty. Please contact your Great-West Retirement Services representative or your tax advisor for more information.

## Vesting

### When am I vested in the Plan?

Vesting refers to the percentage of your account you are entitled to receive from the Plan upon the occurrence of a distributable event. Your contributions to the Plan and any earnings they generate are always 100% vested (including rollovers from previous employers).

## Distributions

### When can I receive a distribution from my account?

Qualifying distribution events are as follows:

- Retirement
- Permanent disability (as defined by the Internal Revenue Code and your Plan's provisions)
- Unforeseeable emergency (as defined by the Internal Revenue Code and your Plan's provisions)
- Severance of employment (as defined by the Internal Revenue Code provisions)
- Attainment of age 70½ (if allowed by your Plan)
- Death (upon which your beneficiary receives your benefits)
- Transfer to purchase service credit

Each distribution is subject to ordinary income tax except for an in-service transfer to purchase service credit.

## What are my distribution options?

1. Leave the value of your account in the Plan 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 a 401(a), 401(k), 403(b), an eligible governmental 457(b) 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?

There are no recordkeeping or administrative fees for the Plan.

### 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 individual securities in the underlying investment options and other management expenses.

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

There may be a recordkeeping or administrative fee for investing in certain investment options. Please contact your Great-West Retirement Services representative for more information about any potential investment option fees.

**Are there any distribution fees?**  
For the Plan, there are no distribution fees.

## Loans

**May I take a loan from my account?**  
Your Plan allows you to borrow the lesser of \$50,000 or 50% of your total account balance. The minimum loan amount is \$1,000, and you have up to 5 years to repay your loan—up to 10 years if the money is used to purchase your primary residence. There is also a \$50 origination fee for each loan.

## Taxes

**How does my participation in the Plan 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 Plan are taxable as ordinary income during the years in which they are distributed or made available to you or to your beneficiary(ies).

## Investment Assistance

**Can I get help with my investment decisions?**

Employees of Great-West Retirement Services and the Government of Guam cannot give investment advice. There are financial calculators and tools on the Web site that can help you determine which investment options might be best for you if you would like to construct your Plan account yourself.

**How do I get more information?**

Visit the Web site at [www.gwrs.com](http://www.gwrs.com) or call KeyTalk, toll free, at (866) 238-1385, for more information. The Web site 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:

Government of Guam Retirement Fund  
424-B Route 8  
Hagatna, GU 96910  
(671) 475-8945

**Securities, when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company and an affiliate of FASCore, LLC (FASCore Administrators, LLC in California) and First Great-West Life & Annuity Insurance Company, White Plains, New York..**

Investment options may be offered through mutual funds, separately managed institutional accounts, collective trust funds, and/or a group fixed and variable deferred annuity issued by Great-West Life & Annuity Insurance Company. In New York, annuity contracts are issued by First Great-West Life & Annuity Insurance Company, White Plains, New York.

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.

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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.

Your Plan may utilize one or more of the following annuity policy form numbers: GDC 177, GTSA 179, GTSA 279, GDCA 180, GDCA 184, GTSMF 1-84, GDCMF 1-84, GTSA 184, GATSA 184, GATSMF 184, QGAC 985, QGAC-CDSC 685, QGP 685, QGAC 1289, QGAC 1089, QGAC 490 FFSII, GDCMF 190, GDC 990 FFSII, GTDAMF 92 ER, GTDAMF 92 VOL, GTDAGF 92 VOL, GTDAGF 92 ER, QGAC 1-94, STAC 1-95, GFF 1-97, GPF 1-00, GFAC 1-02, GFVAC 1-02, GFAC 1-05, GFVAC 1-05, GFAC 08 FF1, GFVAC 08 FF1, IGAC 1-02, IGAC 08. In New York, the following policy form numbers may be used by your Plan: GPF1-00(NY) or FGWLA IGAC 08.

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