



Program Features and Highlights

Learn more about your section 457(b) Deferred Compensation Program

What is a section 457 deferred compensation program?

A number of voluntary retirement programs are defined in the Internal Revenue Code (IRC). These include section 457(b) programs, commonly called 457 deferred compensation programs. Deferred compensation programs allow eligible employees to save and invest before-tax and after-tax (Roth) dollars through voluntary paycheck contributions, supplementing any existing retirement/pension benefits. For information on how to enroll in the Wisconsin Deferred Compensation (WDC) Program, call the WDC toll free at (877) 457-WDCP (9327).¹ You may also visit the WDC website, www.wdc457.org, complete an enrollment form, and mail or fax it in.

Who is eligible to participate?

The WDC is a voluntary supplemental retirement savings program for all active state and university employees. Active local government and school district employees may also be eligible if their employer has elected to offer this optional benefit program.

Does participation in the WDC affect my pension or reduce my Wisconsin Retirement System or Social Security benefits?

No. The WDC is a voluntary supplemental retirement program and does not replace or reduce any of your Wisconsin Retirement System or Social Security benefits.

Why should I participate?

Having a WDC account may help provide a more comfortable and secure financial future. You receive quality investment options, access to local service representatives, local call center support, financial education services, and planning tools that can help you better prepare for retirement.

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

Participating may not be advantageous if you are experiencing financial difficulties, have excessive debt, or do not have an adequate emergency fund (typically in an easy-to-access account). For questions, please contact the WDC office at (877) 457-WDCP (9327).

What are the advantages of before-tax savings?

With tax-deferred savings, you pay no income taxes on any contributions or their potential earnings until you withdraw the money. This leads to the benefit of compounding—that is to say, generating returns on money that you would have paid in taxes if those taxes were not deferred. Your earnings are reinvested in your account, where they have the potential for continued growth because they are not reduced by taxes each year.

What are the advantages of Roth savings?

Roth contributions are made with after-tax dollars. Roth 457 contributions reduce your take-home pay because you pay taxes on them up front, rather than deferring those taxes until you take a distribution. This can be beneficial if you expect to be in a higher tax bracket during retirement than in your working years.

Contribution Amounts

How much can I contribute?

There is no minimum contribution amount required. You can contribute a maximum of 100% of your includible compensation, not to exceed the annual IRS legal limit of \$17,500 in 2014.

Individuals who are age 50 or older during the 2014 calendar year may be able to contribute an additional \$5,500. That amount may be indexed for inflation in \$500 increments in subsequent years. If you are within three years of your normal retirement age², you may be eligible to use the Special Catch-Up provision that allows you to save up to an additional \$17,500 in 2014. This amounts to a total possible contribution of \$35,000. The amount that you may be able to contribute under the Special Catch-Up option will depend upon the amounts that you were eligible to contribute in previous years but did not. Note: The Age 50+ Catch-Up provision and the Special Catch-Up provision cannot be used in the same calendar year.

How can I increase or decrease my paycheck contribution amount?

You can increase, decrease, start or stop your paycheck contribution amount by calling the WDC toll free at (877) 457-WDCP (9327) or by accessing your account through the website at www.wdc457.org.¹

Account Management

What are my investment option choices, and how do I know which investments are right for me?

You can choose from the current array of 22 investment options:

- Six lifecycle portfolios
- One stable value option
- One FDIC-insured bank option
- Ten mutual fund options
- Four commingled trust options

In addition to the core investment options, a Self-Directed Brokerage Account (SDBA) is available. The SDBA allows you to select from numerous investment options for additional fees. These securities are not offered through GWFS Equities, Inc. The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA.

The menu of investments is selected and monitored by the Deferred Compensation Board. The governor-appointed members of the Board ensure that the WDC offers a well-diversified array of high-quality investment opportunities over time. Current investment options are described in the investment option fund overviews. Investment option information is also available through the WDC website at www.wdc457.org and at (877) 457-WDCP (9327). The automated phone service (KeyTalk[®]) and the website are available to you 24 hours a day, seven days a week.¹ We recommend you request and review current prospectuses before making investment decisions.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain prospectuses for mutual funds and/or disclosure documents from your registered representative. Prospectuses can also be obtained online at www.wdc457.org. For prospectuses related to investments in the SDBA, contact Charles Schwab at (888) 393-7272. Read them carefully before investing.

What if I don't know which investments to choose?

Additional investment information may be found on the WDC *Spectrum of Investment Options* or through the WDC website at www.wdc457.org. The WDC also offers a suite of investment advisory services called Reality Investing[®] Advisory Services (Advisory Services), which is provided by Advised Assets Group, LLC (AAG), a federally registered investment adviser. The services include: Online Investment Guidance, Online Investment Advice and the Managed Account service. For more detailed information about these services, please visit the website at www.wdc457.org or call (877) 457-WDCP (9327). *There is no guarantee that participation in Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.*

How do I keep track of my account?

There are three easy ways to keep track of your WDC account:

1. Through your quarterly statement

Great-West Financial[®] will mail you a quarterly account statement showing your account balance and activity for the previous quarter. You may also sign up to receive your statements electronically by logging in to your account and selecting "Go Paperless." You can access your statements for the most recent quarter or previous quarters at any time through the secure website. You will receive a separate statement from Charles Schwab that will detail the investment holdings and activity within your SDBA, including any fees and charges imposed in connection with the SDBA.

2. Online via the WDC website

You can review and make changes to your account on the WDC website at www.wdc457.org¹ using your Username and Password. Your account balance is updated daily online.

3. On the telephone via KeyTalk

It's also quick and easy to check your account balance, move money among investment options, and more by calling (877) 457-WDCP (9327) and using your Personal Identification Number³ (PIN).¹

What if I can't remember my Password or PIN or I lose one or both of them?

You can order a new Password for the website online at www.wdc457.org or by calling (877) 457-WDCP (9327).¹³ You may also personalize your Password and Username to make them easier to remember. Your PIN is for KeyTalk (the automated phone system) only, and can be reset via KeyTalk or the call center at the number above.

Rollovers

Can I combine assets from my other retirement plans into my before-tax WDC account?

Yes. You may now consolidate your retirement accounts (457, 401(k), 403(b) and IRA) into your WDC account. However, all non-457 program assets transferred into the WDC remain subject to an early withdrawal penalty that does not apply to 457 program assets. In addition, 457 program assets transferred into another program (IRA, 401(k), 403(b), etc.) may become subject to the early withdrawal penalty when distributed from the new non-457 program.⁴

Can I combine assets from my other retirement plans into my Roth WDC account?

Yes. You may transfer a prior employer-sponsored Roth account into the WDC Roth 457(b) account. However, per IRS regulations, you are not allowed to transfer Roth IRAs into your WDC Roth account.

May I transfer or roll over my account balance if I leave public employment?

Yes, although transferring your account balance is not required. You can:

1. Leave your money in the WDC and continue to take advantage of the WDC's diverse selection of investment options, account management tools, and dedicated service representatives.
2. Transfer or roll over your account balance to another eligible governmental section 457 program, if your new employer accepts this type of transfer and/or rollover.
3. Roll over your account balance to a section 401(a), 401(k) or 403(b) program or IRA. Remember that your section 457 assets may be subject to an early withdrawal penalty if distributed from your new plan prior to age 59½.⁵ Also, be aware that some services available in the WDC may not be available in another plan.

Distributions

When can I withdraw the money from my before-tax account?⁵

Your money may be withdrawn only when you:

- Retire (and have received your final paycheck).
- Experience an unforeseeable emergency within the Program guidelines (please visit the website at www.wdc457.org or call (877) 457-WDCP (9327) for additional details).
- Die (your designated beneficiary(ies) will receive your benefits).
- Terminate employment (and have received your final paycheck).

You are required to take your first required minimum distribution by April 1 of the calendar year following the later of: (1) the calendar year in which you reach 70½, or (2) the calendar year in which you retire from your employer.

When can I withdraw the money from my after-tax account tax-free?

Your after-tax distributions are income tax-free and penalty-free if you withdraw your after-tax contributions and earnings after holding the account for at least five years and:

- You are at least age 59½ and have severed employment (received your final paycheck); or
- You become disabled; or
- You die (after which your beneficiaries will take the withdrawal).

If a distribution is made from your after-tax 457 account before you reach age 59½ and it is not due to death or disability, or reaching the five-year period beginning with your first after-tax contribution, you will pay income taxes on any earnings that are distributed.

What are my distribution options?

When you are eligible for a distribution, you may:

- Leave the value of your account in the WDC until a future date.
- Receive periodic payments, a lump sum, or a partial lump sum.
- Roll over or transfer to another eligible plan.

How much income tax will be withheld from my before-tax distributions?⁵

Withholding taxes will vary depending on the type of distribution you request. Generally, the mandatory 20% federal income tax withholding will apply to distributions unless you elect a direct rollover of the entire amount or periodic payments that last longer than 10 years, or if the payment is a minimum required distribution. A 1099-R will be issued to you by January 31 of the year(s) following the year(s) in which you receive a distribution.

What happens to my money when I die?

Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) should contact the WDC to discuss the available distribution options and apply for a distribution. If no beneficiary designation is on file, beneficiaries will be determined according to standard sequence as defined in Wisconsin statutes and detailed in the WDC Plan and Trust Document.

Does the WDC offer loans?

No, the WDC does not offer loans.

Fees

Account Balance	Monthly Fee	Annual Fee
\$0 to \$5,000	\$0	\$0
\$5,001 to \$25,000	\$1	\$12
\$25,001 to \$50,000	\$2	\$24
\$50,001 to \$100,000	\$4	\$48
\$100,001 and higher	\$5.50	\$66

What administrative fees will I pay?

A monthly fee is deducted from your WDC account to cover the cost of administering the WDC. You will see this fee detailed on your quarterly statement. The current fees are noted in the table to the left.

Are there any other fees I should know about?

Yes, there are investment management fees (also known as expense ratios) that vary by investment option. These fees are deducted by each investment option's management company (not by the WDC) before the daily price or performance is calculated. Expense ratio fees are used to pay for securities trading in the underlying funds and other management expenses. You can find the WDC's investment option expense ratios on the website at www.wdc457.org or in the WDC's annual investment performance report. Funds may impose redemption fees and/

or transfer restrictions if assets are held for less than the published holding period. Asset allocation funds may be subject to a fund operating expense at the fund level, as well as a prorated fund operating expense for each underlying fund in which they invest. For more information, please refer to the fund's prospectus.

Charles Schwab Personal Choice Retirement Account® (PCRA)—There is no extra fee to participate in the SDBA offered through Charles Schwab PCRA; however, additional transaction fees may apply. For more information on the PCRA option, login to the website at www.wdc457.org and click on the "Investments" tab.

What fees do I pay to participate in Advisory Services?

Online Investment Guidance Tool—There are no fees to use the Online Investment Guidance tool.

Online Investment Advice Tool—If you choose to utilize the Online Investment Advice tool, the annual fee is \$25. It will be deducted from your account quarterly approximately one week prior to quarter end (\$6.25 per quarter).

Managed Account Service—If you choose to have AAG manage your WDC account for you, the annual fee will be based on your account balance, as shown in the table to the right, and assessed to your account quarterly.

For example, if your account balance is \$50,000, the annual Managed Account fee will be 0.60% of the account balance, or \$300. If your account balance is \$500,000, the first \$100,000 will be subject to an annual fee of 0.60%; the next \$150,000 will be subject to an annual fee of 0.50%; the next \$150,000 will be subject to an annual fee of 0.40%; and any amounts over \$400,000 will be subject to an annual fee of 0.30%.

Participation in the Managed Account service is voluntary. You may opt out at any time. If you cancel participation in the Managed Account, the fee will be based on your account balance on the date of cancellation and will be deducted within five to seven business days of the cancellation date.

Participant Account Balance	Annual Managed Account Fee
Less than \$100,000	0.60%
Next \$150,000	0.50%
Next \$150,000	0.40%
Greater than \$400,000	0.30%

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 your transaction may vary depending on the investment option selected.

2 Normal retirement age is 65 unless otherwise specified by your employer or unless you are categorized as a protective employee. Please contact your employer's human resources representative if you have any questions regarding normal retirement age.

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

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

5 Withdrawals are subject to ordinary income tax. A 10% early withdrawal penalty may apply to withdrawals made prior to age 59½. The 10% early withdrawal penalty does not apply to section 457 plan withdrawals.

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

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