

State of Alaska
Division of Retirement & Benefits

**Public Employees' Retirement Plan and
Teachers' Retirement Plan**
**Defined Contribution Retirement Plan
For Employers**

Presented by Division of Retirement & Benefits



Observations

- Majority of the Defined Contribution employees are not getting the education they need to make sound financial decisions pertaining to their 401(a)
- When education opportunities are provided, participation numbers are very low
- When employees and employers attend training opportunities, there's always a paradigm shift
- Snapshot from the field



Education is the Key

Employers are in control of Provided Education & Education Requests

- Counselors annual field visit
 - Communicate your needs
- Retirement & Benefits – Employer Services
 - Web Based Training available - Online
- Great-West Financial
 - Field visits
 - Communicate your need



PERS/TRS DCR Plan

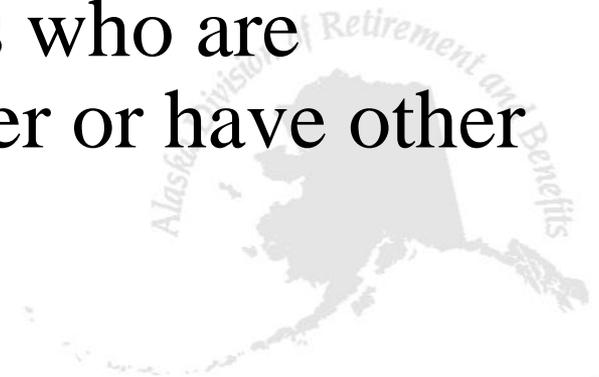
PERS Tier IV and TRS Tier III are Hybrid Defined Contribution Retirement (PERS/TRS DCR) Plans that offer:

- Defined Benefits
 - Medical coverage
 - Health Reimbursement Arrangement (HRA) Account
 - Optional Benefits
 - Occupational death and disability benefits
- Defined Contribution Account
 - 401(a) – Multiple investment and payment options



Retiree Medical Plan

- Medical benefits are available to eligible employees and eligible dependents
- Optional plan – employee's choice to participate
- Primary plan for employees who are paying the full premium (25 or 30 years of service)
- Secondary plan for employees who are Medicare age eligible and older or have other primary medical



Retiree Medical Eligibility

Employees gain access to medical coverage with:

- 10 years of service and Medicare age eligible, or
- Any age with 25 years of service for peace officers/firefighters or;
- 30 years of service for all others
- Must have worked the prior 12 months and retire directly from the plan



Retiree Medical Premiums

Employees who are eligible for Medicare will pay a percentage of the monthly premium based on years of service as follows:

- 10 percent with 30 or more years of service
- 15 percent with 25 to 29 years of service
- 20 percent with 20 to 24 years of service
- 25 percent with 15 to 19 years of service
- 30 percent with 10 to 14 years of service
- Because nobody is eligible for the plan, no premiums have been set

Health Reimbursement Arrangement Account

Employers make all contributions to the HRA

- Flat dollar amount based on 3 percent (\$63,220) of the annual average salary across all PERS and TRS employers

FY 2014 HRA Amounts

Annual	Quarterly	Semi-monthly	Bi-weekly	Monthly
\$1,896.60	\$474.15	\$79.03	\$72.95	\$158.05

- Can be used to pay for medical expenses for employees and eligible dependents
- Can be reinstated if the employee leaves employment prior to reaching eligibility and becomes re-employed



Eligibility for HRA Benefits

Employee access to the Health Reimbursement Arrangement (HRA) Account

- 10 years of service and Medicare age eligible, or
- Any age with 25 years of service for peace officers/firefighters or;
- 30 years of service for all others
- No requirement to retire directly from plan



Optional Insurance Plans

- Dental, Vision and Audio (DVA)
- Long Term Care (LTC)
- Life (participating employers)



Disability Benefits

Occupational Disability

- If your employee experiences a total, and presumably permanent disability from an accident, injury or illness caused by their job:
 - They will receive 40 percent of their salary at the time of termination due to the disability
 - This benefit will convert to a normal retirement when they reach normal retirement eligibility
- Tax free benefit



Disability Benefits

Occupational Disability

- The employer will continue to pay the employee and employer's contributions into the employee's account, the HRA, and the retiree medical account



Death Benefits

Non-Occupational Death Benefit

- Balance of the employee's account will be paid to the beneficiary. This is all the employee and vested employer contributions, as well as any net gains or losses



Death Benefits - continued

Occupational Death Benefit - at time of death

- 40 percent of salary for “all others”
- 50 percent of salary for “peace officer/firefighter”
- Converts to a normal retirement when the employee would have reached normal retirement eligibility



Death Benefits - continued

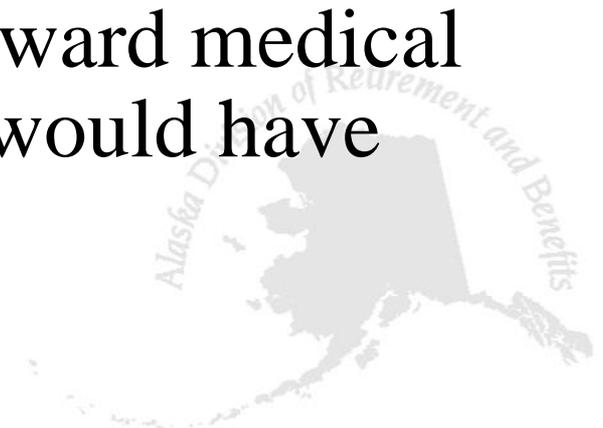
Occupational Death

- Employers continues to pay the participant and employer contributions into a separate account for the survivor, the HRA account, and the retiree medical account *until the employee would have reached normal retirement eligibility*



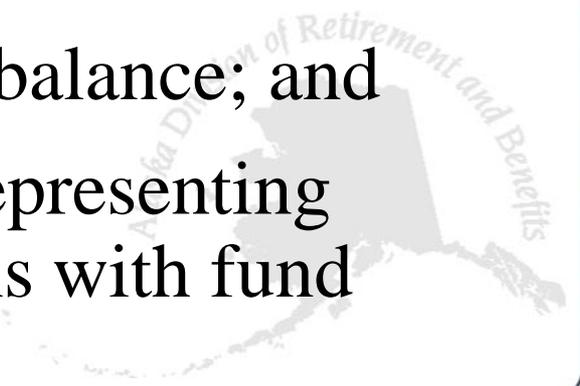
Disability/Death Benefits

- An employee or survivor receiving disability or death benefits are not eligible for medical benefits until normal retirement eligibility
- Employees will have access to medical benefits and the premium subsidy at time of normal retirement
- Service continues to accrue toward medical eligibility until the employee would have reached normal retirement



Normal Retirement Conversion

- Disability Recipients
 - Peace officer/firefighter employees may choose between a continuing lifetime pension benefit or their account balance
 - All other employees may access their account balance
- Survivor Benefit Recipients
 - Access to employee's account balance; and
 - Access to additional account representing employer ongoing contributions with fund interest



General Plan Info 401(a)



General Plan Information

What is the Alaska PERS/TRS Defined Contribution Retirement Plan?

The Alaska PERS/TRS Defined Contribution Retirement, or DCR Plan (Plan), is a defined contribution plan governed by Section 401(a) of the Internal Revenue Code. A portion of your wages and a matching employer contribution are made to this Plan before tax. These contributions plus any change in value (interest, gains and losses), and minus any Plan administrative fees or other charges, are payable to you or your beneficiary at a future date. The Plan is a participant-directed plan with investment options offered by the Plan. The providers of these investment options were selected by the Alaska Retirement Management (ARM) Board.

How much do I contribute?

Each pay period, 8% of your gross eligible compensation is contributed to your retirement account through payroll deductions before it is taxed.

How much does my employer contribute?

If you are a PERS participant, your employer will contribute an additional 5% of your gross eligible compensation to your retirement account. The total employee and employer contribution is 13% of your gross eligible salary.

If you are a TRS participant, your employer will contribute an additional 7% of your gross eligible compensation to your retirement account. The total employee and employer contribution is 15% of your gross eligible salary.

When am I vested in the Plan?

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

Employer contributions to the Plan, plus any earnings they generate, are vested as follows:

Years of Service	Vested Percentage of Contributions
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

How are contributions invested?

The Plan is a participant-directed plan. This means that you choose from the investment options offered by the Plan. The providers of these investment options were selected by the ARM Board. Investment options are described in detail in the individual Investment Option Detail Sheets, which are available on the Website at www.akdrrb.com.

Important Note: Initially, your contributions to the Plan are automatically invested in one of the Alaska Target Retirement Trust or Alaska Balanced Trust funds based on your year of birth as shown in the following table.

Year of Birth	Fund Default Option
1988 or after	Alaska Target Retirement 2055 Trust
1983–1987	Alaska Target Retirement 2050 Trust
1978–1982	Alaska Target Retirement 2045 Trust
1973–1977	Alaska Target Retirement 2040 Trust
1968–1972	Alaska Target Retirement 2035 Trust
1963–1967	Alaska Target Retirement 2030 Trust
1958–1962	Alaska Target Retirement 2025 Trust
1953–1957	Alaska Target Retirement 2020 Trust
1948–1952	Alaska Target Retirement 2015 Trust
1943–1947	Alaska Target Retirement 2010 Trust
1942 or before	Alaska Balanced Trust

This is the default option. You can move all or a portion of your existing balances among investment options and change how your contributions are invested by visiting the Website at www.akdrrb.com or by calling KeyTalk® toll-free at 1-800-232-0859.¹ Until you change how your future contributions are allocated, your money will continue to be invested as shown above.

What are my investment options?

You may choose from the following investment options:

- U.S. Real Estate Investment Trust Index Fund²
- U.S. Small-Cap Stock Trust Fund³
- Brades International Equity Fund⁴
- World Equity Ex-US Index Fund⁴
- Allianz/RCM Socially Responsible Investment Fund⁴
- Russell 3000 Index Fund
- S&P 500® Index Fund⁴
- Alaska Target Retirement 2055 Trust^{1,4}
- Alaska Target Retirement 2050 Trust^{1,4}
- Alaska Target Retirement 2045 Trust^{1,4}
- Alaska Target Retirement 2040 Trust^{1,4}
- Alaska Target Retirement 2035 Trust^{1,4}
- Alaska Target Retirement 2030 Trust^{1,4}
- Alaska Target Retirement 2025 Trust^{1,4}
- Alaska Target Retirement 2020 Trust^{1,4}
- Alaska Target Retirement 2015 Trust^{1,4}
- Alaska Target Retirement 2010 Trust^{1,4}
- Alaska Long-Term Balanced Trust⁴
- Alaska Balanced Trust⁴
- SSgA Global Balanced Fund^{4,4}
- World Government Bond Ex-US Index Fund^{4,4}
- Long US Treasury Bond Index Fund¹⁰
- Government/Credit Bond Index Fund¹⁰
- US Treasury Inflation Protected Securities Index Fund^{10,10}
- Intermediate Bond Fund⁴
- Alaska Money Market Fund
- State Street Treasury Money Market Fund—Inst.

Investment options are described in detail in the individual Investment Option Detail Sheets, which are available on the Division's Website or at www.akdrrb.com.

An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, your registered representative can provide you with a mutual fund prospectus for the State Street Treasury Money Market Fund—Inst. and disclosure documents for the investment options exempt from SEC registration. Read them carefully before investing.

What if I need to make investment changes?

You may transfer among existing fund options and make changes to the allocation of your future contributions once a day. There is no extra charge for daily changes. Funds may impose redemption fees, and/or transfer restrictions, on certain transfers, redemptions or exchanges if assets are held for less than the period stated in the fund's prospectus or other disclosure documents. For more information, please refer to the fund's prospectus and/or disclosure documents. Changes may be made by telephone via KeyTalk, through a client service representative, via the Internet, or in writing.

How can I get help choosing my investment options?

Your Plan offers access to three different levels of investment advisory tools and services called Reality Investing® Advisory Services. You can have Advised Assets Group, LLC (AAG), a federally registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company, manage your retirement account for you. Or if you prefer to manage your retirement account on your own, you can use online investment guidance and advice tools. These services provide a retirement strategy based on your income replacement goals, desired retirement age and current savings. 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. An additional fee is charged for some of the Reality Investing services offered. See "What fees do I pay to participate in Reality Investing Advisory Services?" below for more information.

For more detailed information about Reality Investing Advisory Services, please visit the Website at www.akdrrb.com. Log in to your account and click on the "Advisory Services" tab. You may also call KeyTalk at 1-800-232-0859. Enter your Social Security number (SSN) and Personal Identification Number® (PIN), and then say "representative."

What fees do I pay to participate in Reality Investing Advisory Services?

While there is no cost to use Online Investment Guidance, there is a \$25 annual fee assessed quarterly at \$6.25 for Online Investment Advice.

If you choose to have AAG manage your account for you, the annual Managed Account fee will be based on your account balance and deducted from your account on a quarterly basis, as follows:

Participant Account Balance	Annual Participant Fee
Less than \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Greater than \$400,000	0.15%

For example, if your account balance subject to the Managed Account is \$50,000, the annual fee will be 0.45% of the account balance. The amount collected quarterly would be 0.1125% based upon your account balance on the day of fee assessment as described above.

If your account balance subject to the Managed Account is \$500,000, the first \$100,000 will be subject to an annual fee of 0.45% (0.1125% quarterly); the next \$150,000 will be subject to an annual fee of 0.35% (0.0875% quarterly); the next \$150,000 will be subject to an annual fee of 0.25% (0.0625% quarterly); and any amounts over \$400,000 will be subject to an annual fee of 0.15% (0.0375% quarterly).

What are the Plan expenses?

There are no front-end loads for investments. Expenses are charged to your account in order to cover the cost of Plan administration.

There are two types of fees: a monthly fee based on a 0.11% annual rate on assets (0.0011 / 12 x month-end asset balance) and a fixed annual fee of \$35 for actively contributing participants, or \$25 for non-contributing members. This fee is charged to your account each July. The Plan may also charge fees associated with specific services elected by participants.

In addition, the funds have annual investment expenses that vary depending on the funds you choose. The returns are net of these costs. For more detailed information, please read the corresponding Investment Option Detail Sheet available at www.akdrrb.com.

When can I make a withdrawal?¹¹

You are first eligible to receive payment of your account 60 days after you have been terminated from employment.

What are the Plan payment options?

After you have met the 60-day termination of employment requirement, you are eligible to apply your account balance to the payment option you choose. Payment options include:

- Do nothing and defer payment until you have obtained the age of Required Minimum Distribution
- Single life annuity
- Period certain annuity (five, 10 and 15 years)
- Single life with period certain annuity (10 or 15 years)
- Joint and survivor (50% or 100%; may be chosen only by members)
- Lump-sum payment (full or partial, two partial allowed per year)
- Direct rollover to a traditional IRA, Roth IRA, or other qualified or eligible plan

How will participation in the Plan affect my taxes?

The amount of taxes you pay and when you pay them are determined by whether you take payment directly or make a direct transfer to a traditional IRA or other qualified plan.

Defined Contribution Account

- The amount in each employee's account is funded by three sources:
 - Employee contributions
 - Employer contributions
 - Investment gains or losses
- The employee is in the driver's seat.
 - Employees may remain in the default target fund option *or* may decide for themselves how the money in their account is invested from a list of 27 investment options

Employee Contributions

- The employees contribute 8 percent of their salary into their individual account
- Employees can roll funds from other qualified plans into their PERS/TRS account. Contact the Division of Retirement and Benefits

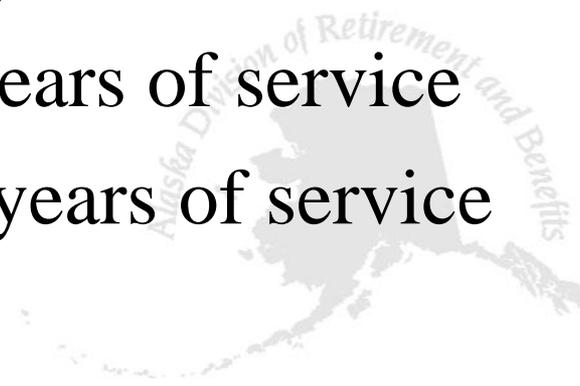


Employer Contributions

- Employer Rates
 - PERS employers contribute 5 percent to each participant's account
 - TRS employers contribute 7 percent to each participant's account
 - Flat dollar contribution (3%) to the Health Reimbursement Arrangement (HRA)
 - Employers also make contributions to fund the retiree medical (.99%) and occupational death and disability benefits (A .58%, P/F 1.33%)

Vesting

- Employee contributions are immediately 100% vested
- Employer contributions are 100% vested after five years
 - 25 percent vested with two years of service
 - 50 percent vested with three years of service
 - 75 percent vested with four years of service
 - 100 percent vested with five years of service



Automatic Enrollments

- Employees hired before July 1, 2009, were automatically enrolled in managed accounts
- Employees hired on or after July 1, 2009, were automatically enrolled into a Target Fund



Investing-Asset Allocation

Recognizing that not all employees are investment experts, the Public Employee's Retirement Plan has contracted with Great-West Retirement Services as well as their wholly owned subsidiary, Advised Assets Group, LLC, to provide a suite of investment services to your employees

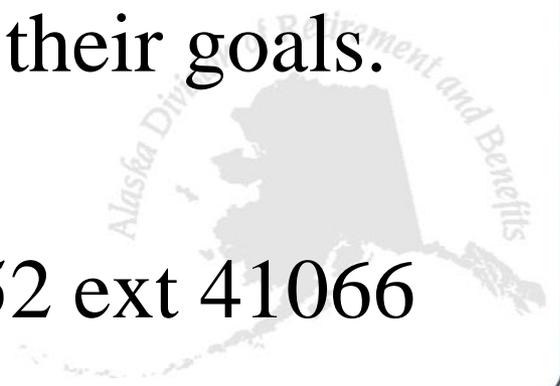


Reality Investing Options by AAG

- **Guidance** *Do-It-Myself* investor. Free online access to Investment Option Detail sheets, calculators and market information.
- **Advice** *Help-Me-Do-It* investor. If employees like to chart their own investment course, but want to draw on expert advice, Advised Asset Group will provide advice services upon request. This service provides the same financial advice as the Managed Accounts, but does require employees to take a more active role in managing their account.

Reality Investing Options

- **Managed Accounts** *Do-it-For-Me* investor. Advised Asset Group coordinates with an independent financial advisor to choose an investment strategy from the options offered by the plan based upon employee finances, goals and life circumstances. AAG monitors the employee's account and adjusts investments as needed to reach their goals.
- Contact AAG at 1-800-888-4952 ext 41066



Reality Investing Fees

- Guidance – Free
- Advice - **\$25** annually, billed \$6.25 per quarter
- Managed Accounts – Annual fees are based on the balance of the account. In general, the fees are .45% as a result of successful fee negotiations implemented July 1, 2014

Employees may opt in or out of any of these features each quarter



Managed Account Fee Schedule

Example of a \$425,000 account balance

Less than \$100,000	\$450.00
Next \$150,000	\$525.00
Next \$150,000	\$375.00
Amount over \$400,000	<u>\$37.50</u>
Total Annual Cost	\$1,387.50

Participant Account Balance	Annual Participant Fee
Less than \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
> \$400,000	0.15%

$$\$1,387.50 \div \$425,000 = .32647\%$$



Administrative Expenses

Annual Fee - The administrator assesses \$35.00 annually for actively contributing participants and \$25.00 annually for noncontributing participants

Monthly Fee - Calculation for this fee is 0.11% annually of the invested balance. The fee is calculated each calendar month on the prior month's ending balance

Funds Investment Management Fee - Some investment funds may charge for its expenses and investment management fees. These charges are deducted before investment returns are credited to your account



Advisory Services on the Web

- www.akdrb.com

Retire... In the Spirit of Alaska

Home | Contact Us | A&A

STATE OF ALASKA
DEFINED CONTRIBUTION PLANS

DEFERRED COMPENSATION PLAN | SBS SUPPLEMENTAL ANNUITY PLAN | PERS/TRS DCR PLANS | RESOURCE CENTER

WELCOME
YOUR JOURNEY TO RETIREMENT BEGINS HERE

ACCESS YOUR ACCOUNT

Participant | Plan Sponsor

USERNAME

PIN

Forgot Username or PIN? **SIGN IN**

First Time Visiting?
[Let's Get Started](#)

Rolling in Assets?
Learn the benefits of rolling in eligible assets from prior employer retirement plans...

Age 50 or Older?
Take advantage of Age 50 Catch-Up paycheck contributions in your 457 Deferred Compensation Plan.

Morningstar[®] Monthly Market Commentary
[Read more...](#)

DJIA

12950
12900
12850
12800

February 8, 2012 © quotemedia.com

DJIA	EOO	12883.95	▲	5.75
NASDAQ	EOO	2915.86	▲	11.78
S&P 500		1363.70	▲	3.74



Advisory Services on the Web

Login Screen

- Username
- Personal Identification Number (PIN)*

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[Read more](#)

DJIA

Index	Value	Change
DJIA EOD	12883.95	5.75
NASDAQ EOD	2915.88	11.79
S&P 500	1363.70	3.74

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

State of Alaska Defined Contribution Plans

NAVIGATING YOUR PLAN WEBSITE



Your pre-login home page

FOR ILLUSTRATIVE PURPOSES ONLY

Using the site²

1. Where is my account balance?
The "At-a-Glance" tile shows you:
 - Daily Balance
 - Rate of Return
 - Last Contribution Amount
2. How do I get more information?
Explore the tiles, such as "My Account" or "Investments." Once you select an option, you'll also see suggested links for next steps that you might consider.
3. How can I make fund or contribution changes to my account?
Select the "Transactions" tile to transfer an investment balance or increase your paycheck contribution. The Suggested Links may help you with where to go next.
4. How can I update my personal information?
Click on the "My Profile" tile to view and make changes to your contact information, beneficiaries, and more.
5. What if I have questions?³
Select the "Help & Contact" tile for your Plan representative's contact information. Or call KeyTalkSM at 1-800-232-0859 between 5:00 a.m. and 5:30 p.m. Alaska time, Monday through Friday, to speak with someone about your account.

Your State of Alaska Defined Contribution Plan website is designed to help you plan for retirement efficiently. The site makes it:

- Easier to find information – Access to the most popular tools and information is streamlined.
- Easier to learn – The site makes it easier to be an informed investor, providing a range of calculators and quick online courses on investment fundamentals.
- Easier to take action – When you are ready to log in to your account, enter your Username and Personal Identification Number (PIN).¹ If you can't remember your PIN, click "Forgot Username or PIN?" If it's your first time logging in, choose "Let's Get Started!"



Your post-login home page

FOR ILLUSTRATIVE PURPOSES ONLY

¹ The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Financial® immediately if you suspect any unauthorized use.
² 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.
³ 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, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.
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- “Navigating Your Plan Website” is a wonderful tool for your employees to understand on where to find information on their website.

Alaska Division of Retirement and Benefits

Power of Time and Money

- The earlier employees start, the more the potential

How Much Should I Save?

1 Select Your Semi-Monthly Contribution Amount

2 Savings Information

\$75 \$71.25 \$90 \$400

Semi-Monthly Out-of-Pocket Amount *Annual Tax Savings** *Total Annual Contribution*

Most financial advisors say you'll need about 70% of your pre-retirement earnings to comfortably maintain your pre-retirement standard of living.¹ If you are eligible for the State of Alaska Deferred Compensation Plan, consider starting or increasing your contribution amount. This can be done by calling KeyTalk at 1-800-232-0859 or visiting the website at www.akdrb.com.² If you're not eligible, consider other forms of long-term savings accounts to better prepare for retirement.

- Choose your contribution amount.
- Check the "Savings Information" boxes to see what your out-of-pocket amount and annual tax savings will be.

ACCOUNT VALUE					
10 Yrs	20 Yrs	10 Yrs	20 Yrs	30 Yrs	10 Yrs
\$3,370	\$14,573	\$7,453	\$10,241	\$16,594	\$3,370
\$3,578	\$15,578	\$7,854	\$10,741	\$17,411	\$3,578
\$3,786	\$16,578	\$8,254	\$11,241	\$18,228	\$3,786
\$3,994	\$17,578	\$8,654	\$11,741	\$19,045	\$3,994
\$4,202	\$18,578	\$9,054	\$12,241	\$19,862	\$4,202
\$4,410	\$19,578	\$9,454	\$12,741	\$20,679	\$4,410
\$4,618	\$20,578	\$9,854	\$13,241	\$21,496	\$4,618
\$4,826	\$21,578	\$10,254	\$13,741	\$22,313	\$4,826
\$5,034	\$22,578	\$10,654	\$14,241	\$23,130	\$5,034
\$5,242	\$23,578	\$11,054	\$14,741	\$23,947	\$5,242
\$5,450	\$24,578	\$11,454	\$15,241	\$24,764	\$5,450
\$5,658	\$25,578	\$11,854	\$15,741	\$25,581	\$5,658
\$5,866	\$26,578	\$12,254	\$16,241	\$26,398	\$5,866
\$6,074	\$27,578	\$12,654	\$16,741	\$27,215	\$6,074
\$6,282	\$28,578	\$13,054	\$17,241	\$28,032	\$6,282
\$6,490	\$29,578	\$13,454	\$17,741	\$28,849	\$6,490
\$6,698	\$30,578	\$13,854	\$18,241	\$29,666	\$6,698
\$6,906	\$31,578	\$14,254	\$18,741	\$30,483	\$6,906
\$7,114	\$32,578	\$14,654	\$19,241	\$31,300	\$7,114
\$7,322	\$33,578	\$15,054	\$19,741	\$32,117	\$7,322
\$7,530	\$34,578	\$15,454	\$20,241	\$32,934	\$7,530
\$7,738	\$35,578	\$15,854	\$20,741	\$33,751	\$7,738
\$7,946	\$36,578	\$16,254	\$21,241	\$34,568	\$7,946
\$8,154	\$37,578	\$16,654	\$21,741	\$35,385	\$8,154
\$8,362	\$38,578	\$17,054	\$22,241	\$36,202	\$8,362
\$8,570	\$39,578	\$17,454	\$22,741	\$37,019	\$8,570
\$8,778	\$40,578	\$17,854	\$23,241	\$37,836	\$8,778
\$8,986	\$41,578	\$18,254	\$23,741	\$38,653	\$8,986
\$9,194	\$42,578	\$18,654	\$24,241	\$39,470	\$9,194
\$9,402	\$43,578	\$19,054	\$24,741	\$40,287	\$9,402
\$9,610	\$44,578	\$19,454	\$25,241	\$41,104	\$9,610
\$9,818	\$45,578	\$19,854	\$25,741	\$41,921	\$9,818
\$10,026	\$46,578	\$20,254	\$26,241	\$42,738	\$10,026
\$10,234	\$47,578	\$20,654	\$26,741	\$43,555	\$10,234
\$10,442	\$48,578	\$21,054	\$27,241	\$44,372	\$10,442
\$10,650	\$49,578	\$21,454	\$27,741	\$45,189	\$10,650
\$10,858	\$50,578	\$21,854	\$28,241	\$46,006	\$10,858
\$11,066	\$51,578	\$22,254	\$28,741	\$46,823	\$11,066
\$11,274	\$52,578	\$22,654	\$29,241	\$47,640	\$11,274
\$11,482	\$53,578	\$23,054	\$29,741	\$48,457	\$11,482
\$11,690	\$54,578	\$23,454	\$30,241	\$49,274	\$11,690
\$11,898	\$55,578	\$23,854	\$30,741	\$50,091	\$11,898
\$12,106	\$56,578	\$24,254	\$31,241	\$50,908	\$12,106
\$12,314	\$57,578	\$24,654	\$31,741	\$51,725	\$12,314
\$12,522	\$58,578	\$25,054	\$32,241	\$52,542	\$12,522
\$12,730	\$59,578	\$25,454	\$32,741	\$53,359	\$12,730
\$12,938	\$60,578	\$25,854	\$33,241	\$54,176	\$12,938
\$13,146	\$61,578	\$26,254	\$33,741	\$54,993	\$13,146
\$13,354	\$62,578	\$26,654	\$34,241	\$55,810	\$13,354
\$13,562	\$63,578	\$27,054	\$34,741	\$56,627	\$13,562
\$13,770	\$64,578	\$27,454	\$35,241	\$57,444	\$13,770
\$13,978	\$65,578	\$27,854	\$35,741	\$58,261	\$13,978
\$14,186	\$66,578	\$28,254	\$36,241	\$59,078	\$14,186
\$14,394	\$67,578	\$28,654	\$36,741	\$59,895	\$14,394
\$14,602	\$68,578	\$29,054	\$37,241	\$60,712	\$14,602
\$14,810	\$69,578	\$29,454	\$37,741	\$61,529	\$14,810
\$15,018	\$70,578	\$29,854	\$38,241	\$62,346	\$15,018
\$15,226	\$71,578	\$30,254	\$38,741	\$63,163	\$15,226
\$15,434	\$72,578	\$30,654	\$39,241	\$63,980	\$15,434
\$15,642	\$73,578	\$31,054	\$39,741	\$64,797	\$15,642
\$15,850	\$74,578	\$31,454	\$40,241	\$65,614	\$15,850
\$16,058	\$75,578	\$31,854	\$40,741	\$66,431	\$16,058
\$16,266	\$76,578	\$32,254	\$41,241	\$67,248	\$16,266
\$16,474	\$77,578	\$32,654	\$41,741	\$68,065	\$16,474
\$16,682	\$78,578	\$33,054	\$42,241	\$68,882	\$16,682
\$16,890	\$79,578	\$33,454	\$42,741	\$69,699	\$16,890
\$17,098	\$80,578	\$33,854	\$43,241	\$70,516	\$17,098
\$17,306	\$81,578	\$34,254	\$43,741	\$71,333	\$17,306
\$17,514	\$82,578	\$34,654	\$44,241	\$72,150	\$17,514
\$17,722	\$83,578	\$35,054	\$44,741	\$72,967	\$17,722
\$17,930	\$84,578	\$35,454	\$45,241	\$73,784	\$17,930
\$18,138	\$85,578	\$35,854	\$45,741	\$74,601	\$18,138
\$18,346	\$86,578	\$36,254	\$46,241	\$75,418	\$18,346
\$18,554	\$87,578	\$36,654	\$46,741	\$76,235	\$18,554
\$18,762	\$88,578	\$37,054	\$47,241	\$77,052	\$18,762
\$18,970	\$89,578	\$37,454	\$47,741	\$77,869	\$18,970
\$19,178	\$90,578	\$37,854	\$48,241	\$78,686	\$19,178
\$19,386	\$91,578	\$38,254	\$48,741	\$79,503	\$19,386
\$19,594	\$92,578	\$38,654	\$49,241	\$80,320	\$19,594
\$19,802	\$93,578	\$39,054	\$49,741	\$81,137	\$19,802
\$20,010	\$94,578	\$39,454	\$50,241	\$81,954	\$20,010
\$20,218	\$95,578	\$39,854	\$50,741	\$82,771	\$20,218
\$20,426	\$96,578	\$40,254	\$51,241	\$83,588	\$20,426
\$20,634	\$97,578	\$40,654	\$51,741	\$84,405	\$20,634
\$20,842	\$98,578	\$41,054	\$52,241	\$85,222	\$20,842
\$21,050	\$99,578	\$41,454	\$52,741	\$86,039	\$21,050
\$21,258	\$100,578	\$41,854	\$53,241	\$86,856	\$21,258
\$21,466	\$101,578	\$42,254	\$53,741	\$87,673	\$21,466
\$21,674	\$102,578	\$42,654	\$54,241	\$88,490	\$21,674
\$21,882	\$103,578	\$43,054	\$54,741	\$89,307	\$21,882
\$22,090	\$104,578	\$43,454	\$55,241	\$90,124	\$22,090
\$22,298	\$105,578	\$43,854	\$55,741	\$90,941	\$22,298
\$22,506	\$106,578	\$44,254	\$56,241	\$91,758	\$22,506
\$22,714	\$107,578	\$44,654	\$56,741	\$92,575	\$22,714
\$22,922	\$108,578	\$45,054	\$57,241	\$93,392	\$22,922
\$23,130	\$109,578	\$45,454	\$57,741	\$94,209	\$23,130
\$23,338	\$110,578	\$45,854	\$58,241	\$95,026	\$23,338
\$23,546	\$111,578	\$46,254	\$58,741	\$95,843	\$23,546
\$23,754	\$112,578	\$46,654	\$59,241	\$96,660	\$23,754
\$23,962	\$113,578	\$47,054	\$59,741	\$97,477	\$23,962
\$24,170	\$114,578	\$47,454	\$60,241	\$98,294	\$24,170
\$24,378	\$115,578	\$47,854	\$60,741	\$99,111	\$24,378
\$24,586	\$116,578	\$48,254	\$61,241	\$99,928	\$24,586
\$24,794	\$117,578	\$48,654	\$61,741	\$100,745	\$24,794
\$25,002	\$118,578	\$49,054	\$62,241	\$101,562	\$25,002
\$25,210	\$119,578	\$49,454	\$62,741	\$102,379	\$25,210
\$25,418	\$120,578	\$49,854	\$63,241	\$103,196	\$25,418
\$25,626	\$121,578	\$50,254	\$63,741	\$104,013	\$25,626
\$25,834	\$122,578	\$50,654	\$64,241	\$104,830	\$25,834
\$26,042	\$123,578	\$51,054	\$64,741	\$105,647	\$26,042
\$26,250	\$124,578	\$51,454	\$65,241	\$106,464	\$26,250
\$26,458	\$125,578	\$51,854	\$65,741	\$107,281	\$26,458
\$26,666	\$126,578	\$52,254	\$66,241	\$108,098	\$26,666
\$26,874	\$127,578	\$52,654	\$66,741	\$108,915	\$26,874
\$27,082	\$128,578	\$53,054	\$67,241	\$109,732	\$27,082
\$27,290	\$129,578	\$53,454	\$67,741	\$110,549	\$27,290
\$27,498	\$130,578	\$53,854	\$68,241	\$111,366	\$27,498
\$27,706	\$131,578	\$54,254	\$68,741	\$112,183	\$27,706
\$27,914	\$132,578	\$54,654	\$69,241	\$113,000	\$27,914
\$28,122	\$133,578	\$55,054	\$69,741	\$113,817	\$28,122
\$28,330	\$134,578	\$55,454	\$70,241	\$114,634	\$28,330
\$28,538	\$135,578	\$55,854	\$70,741	\$115,451	\$28,538
\$28,746	\$136,578	\$56,254	\$71,241	\$116,268	\$28,746
\$28,954	\$137,578	\$56,654	\$71,741	\$117,085	\$28,954
\$29,162	\$138,578	\$57,054	\$72,241	\$117,902	\$29,162
\$29,370	\$139,578	\$57,454	\$72,741	\$118,719	\$29,370
\$29,578	\$140,578	\$57,854	\$73,241	\$119,536	\$29,578
\$29,786	\$141,578	\$58,254	\$73,741	\$120,353	\$29,786
\$29,994	\$142,578	\$58,654	\$74,241	\$121,170	\$29,994
\$30,202	\$143,578	\$59,054	\$74,741	\$121,987	\$30,202
\$30,410	\$144,578	\$59,454	\$75,241	\$122,804	\$30,410
\$30,618	\$145,578	\$59,854	\$75,741	\$123,621	\$30,618
\$30,826	\$146,578	\$60,254	\$76,241	\$124,438	\$30,826
\$31,034	\$147,578	\$60,654	\$76,741	\$125,255	\$31,034
\$31,242	\$148,578	\$61,054	\$77,241	\$126,072	\$31,242
\$31,450	\$149,578	\$61,454	\$77,741	\$126,889	\$31,450
\$31,658	\$150,578	\$61,854	\$78,241	\$127,706	\$31,658
\$31,866	\$151,578	\$62,254	\$78,741	\$128,523	\$31,866
\$32,074	\$152,578	\$62,654	\$79,241	\$129,340	\$32,074
\$32,282	\$153,578	\$63,054	\$79,741	\$130,157	\$32,282
\$32,490	\$154,578	\$63,454	\$80,241	\$130,974	\$32,490
\$32,698	\$155,578	\$63,854	\$80,741	\$131,791	\$32,698
\$32,906	\$156,578	\$64,254	\$81,241	\$132,608	\$32,906
\$33,114	\$157,578	\$64,654	\$81,741	\$133,425	\$33,114
\$33,322	\$158,578	\$65,054	\$82,241	\$134,242	\$33,322
\$33,530	\$159,578	\$65,454	\$82,741	\$135,059	\$33,530
\$33,738	\$160,578	\$65,854	\$83,241	\$135,876	\$33,738
\$33,946	\$161,578	\$66,254	\$83,741	\$136,693	\$33,946
\$34,154	\$162,578	\$66,654	\$84,241	\$137,510	\$34,154
\$34,362	\$163,578	\$67,			

Distribution Options

State of Alaska Defined Contribution Plans

DISTRIBUTION OPTIONS

Approaching Retirement

As you near retirement, you may start thinking about how to withdraw part of the assets in your State of Alaska Defined Contribution Retirement (DCR) Plan. Funds may be withdrawn at any age, 60 days after separation from service (including retirement). This 60-day period may be waived in the case of a qualified hardship (as defined by the Internal Revenue Code). *Any withdrawal must be authorized by the State Department of Retirement and Benefits.*

The amount of taxes you pay and when you pay them are determined by whether you take payment directly or make a transfer to a traditional IRA or other qualified plan. Your payment will be taxed based on your state of residence and in the current year unless you roll it over. However, if you receive the payment before the calendar year you reach age 59½, you also may have to pay an additional 10% tax penalty. When you become eligible for a full distribution, you generally have these options:

1. Leave your money in the State of Alaska DCR Plan.
2. Roll over to your new employer's plan or an IRA.
3. Take a distribution, either partial or lump-sum or by purchasing an annuity.

More detailed information about these options is available on the other side of this page.

An important decision to consider is whether to leave your money in a tax-deferred account until retirement or take it out and pay the income taxes now.

For example, if a 45-year-old participant leaves a balance of \$50,000 in a tax-deferred account with a hypothetical 6% average rate of return per year until age 65, that participant would have \$165,510 when he or she retires.¹ While you may have good intentions of investing your retirement money after taking a distribution, the fact is that most people spend it.

The table to the right above shows the potential growth that could be missed if a participant cashed out all of his or her retirement plan account balance at age 45.

Now let's look at what could happen to that \$50,000 if the participant took a full or lump-sum distribution.

A mandatory 20% of the distribution, or \$10,000, would be withheld to "pre-pay" the federal income tax. However, more or less than 20% may be owed, depending on the participant's specific tax situation. Let's say he or she is in the 25% tax bracket. At tax time, the participant will owe an additional 5%, or \$2,500, as illustrated at right.

Potential Growth Rates Compounded Annually¹

Age	Annual Growth	
	4%	6%
45	\$50,000	\$50,000
55	\$74,342	\$90,970
65	\$111,129	\$165,510

¹ FOR ILLUSTRATIVE PURPOSES ONLY. This illustration is hypothetical and does not represent the performance of any investment option. It assumes a 4% and 6% annual rate of return and reinvestment of earnings, with no withdrawals. Rates of return may vary. Taxes have not been calculated in this illustration. 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.

The Impact of Taxes

Account Balance	\$50,000
Federal Income Tax Mandatory Withholding of 20%	(\$10,000)
Federal Income Tax Due at Tax Time (Additional 5%)	(\$2,500)
Remaining Balance (Less Taxes)	\$37,500

Understand the Impact of Your Decision

Option	Pros	Cons
Leave your money in the State of Alaska Defined Contribution Plans.	<ul style="list-style-type: none"> • Money is tax-deferred. • You have access to your account at any time. • Plan offers a diverse selection of investment options. • There are no tax consequences until distribution. • Low monthly administrative fee of 0.009% and \$35 fixed annual fee (\$25 for non-contributing participants) • You can access the full suite of Realty Investing Advisory Services to help with account management. 	<ul style="list-style-type: none"> • Investment options are limited to those offered by the Plan.
Direct rollover to your new employer's plan or an IRA.	<ul style="list-style-type: none"> • Money remains tax-deferred. • Your new employer's plan or IRA may offer a diverse selection of investment options. • In an IRA and most plans, you control access to your savings. 	<ul style="list-style-type: none"> • Investment options are limited to those offered by the IRA provider or new employer. • You may be subject to various additional fees on your account (fees for keeping, administrative, distribution, etc.). • A 10% early withdrawal federal tax penalty may apply if rolled into an employer's 401(k), 403(b) or 401(a) plan or an IRA and a distribution is taken before age 59½.
Take a distribution.	<ul style="list-style-type: none"> • Money, less tax withholding, will be available immediately. • You can still elect to roll over into a new employer's plan or an IRA within 60 days.² 	<ul style="list-style-type: none"> • Savings are no longer tax-deferred. • A mandatory 20% federal income tax withholding applies to distributions taken that are eligible for rollover.³ • Distributions are taxed as ordinary income in the year received unless rolled into a new employer's plan or an IRA within 60 days of the distribution. • A 10% federal tax penalty may apply if payment is received before age 59½.

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

Questions? For more information, visit the Website at www.akdrrb.com or call KeyTalk® at 1-800-232-0859 toll-free, seven days a week, 24 hours a day (except between 10:00 p.m. Saturday and 10:00 a.m. Sunday, Alaska Time).⁴

² If you elect to roll over within 60 days, you will be responsible for replacing the 20% withholding.

³ Withdrawals are subject to ordinary income tax.

⁴ Access to KeyTalk and/or the Website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

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Conclusion

- A defined contribution plan is an excellent retirement vehicle for your employees. It is vital for you to take an active role in their education.



Contacts

Division Regional Counselors

- Anchorage Office
 - Debbie Bialka-Benedict
 - Mark Rosier
 - Becky Sheridan

- Benefit Attachments
 - Kathryn Setzer



Contacts

Division Regional Counselors

- Dawn Bonnett
 - Aleutians, Western Alaska, Kenai Peninsula
- Mark Rosier
 - Mat-Su
- Natasha Golovatiuk & Stan Love
 - Fairbanks and Railbelt, Tok, Glennallen, Valdez
- Mike Doss
 - Southeast and AMH



Contacts

DRB Customer Service Center

(800) 821-2251 or (907) 465-4460

10:00 am to 3:30 pm

Great West Customer Service

(800) 232-0859

8:00 am to 5:00 pm Alaska time

Financial Education

Investment Advice from Advised Asset Group



Thank you for attending!

