

My Money, My Future, My TennesseeSM 401(k) and 457 Deferred Compensation Program Comparison of the Governmental 457(b) and 401(k) Plans

Provision	401(k) plan		
	457 Plan	401(k) Plan	Designated Roth 401(k)
Authorization	Internal Revenue Code (IRC) Section 457(b)	IRC Section 401(k)	IRC Section 402A(a)
Eligibility	State and higher education employees, upon date of hire or anytime thereafter.	State and higher education employees, upon date of hire or anytime thereafter.	State and higher education employees, upon date of hire or anytime thereafter.
Is My Contribution Taxable in the Year I Make It?	No.	No.	Yes.
Is My Contribution Taxed When Distributed?	Yes.	Yes.	Only the employer contribution.
Are the Earnings on My Contributions Taxed When Distributed?	Yes.	Yes.	No, provided the distribution occurs after age 59½, death or disability and at least five years after your first contribution.
Maximum Annual Deferral	Under Age 50: \$16,500 in 2011. Age 50+: \$22,000 in 2011. The annual contribution limit will be indexed for inflation in future years. According to Internal Revenue Service (IRS) regulations, the increases can only take place in \$500 increments and may not occur every year.	Under Age 50: You may defer a maximum of \$16,500 in 2011 to both plans. Age 50+: \$22,000 in 2011. The annual contribution limit will be indexed for inflation in future years. According to IRS regulations, the increases can only take place in \$500 increments and may not occur every year.	
Deferral Amounts Coordinated with Other Retirement Plans	If an employee is eligible to contribute to either a 401(k) or 403(b) plan and, in addition to that 401(k) or 403(b) contribution, is also eligible to contribute to a governmental 457(b) plan, then that employee may defer the maximum annual contribution to both plans (either 401(k) and 457(b) or 403(b) and 457(b)) for a total contribution of \$33,000 in 2011. This does not include catch-up contributions.	If an employee is able to contribute to both a 403(b) and a 401(k) plan, that employee may contribute to both. However, total aggregate contributions to both plans may not exceed the annual contribution limit, which is \$16,500 for 2011 or \$22,000 if an employee is 50 years of age or older.	
Employer Contributions	None.	State match amount is subject to annual appropriation. Notice of amount is announced annually.	
Standard Catch-Up Allowed	Yes. If not using Age 50+ Catch-Up, Standard Catch-Up is available during the last three calendar years before the year an employee attains normal retirement age. An employee may be eligible to make contributions up to a maximum annual contribution of \$33,000 in 2011. The Standard Catch-Up and Age 50+ Catch-Up cannot be used in the same tax year.	No.	



Provision	457 Plan	401(k) Plan	Designated Roth 401(k)
Withdrawals Permitted	Retirement, death, termination of employment or approved unforeseeable emergency. (Unforeseeable emergency is a severe financial hardship resulting from a sudden illness, disability or accidental property loss, subject to strict IRS guidelines.)	Retirement, death, termination of employment, attainment of age 59½, or approved financial hardship caused by certain types of financial needs. Hardship withdrawals may not include earnings after December 31, 1988, or employer contributions.	
Benefits Must Begin No Later Than ...	April 1 of the year following the later of the year a participant turns 70½ or the year of retirement from the employer sponsoring the plan.		
Saver's Tax Credit	Eligible participants may receive a non-refundable tax credit of up to 50% on an annual contribution of \$2,000 in elective deferrals, in addition to the tax deferral. This credit generally applies to joint filers with an adjusted gross income (AGI) of up to \$56,500 and single filers with an AGI of \$28,250 in 2011. Eligible participants must, complete federal income tax return and claim the credit on an appropriate form.		
Tax Penalties	No 10% penalty tax for distributions of 457(b) money taken prior to age 59½. A 50% excise tax applies if minimum required distributions are not taken before April 1 of the year following the attainment of age 70½ or retirement, if later.	A 10% federal penalty tax may apply to distributions taken prior to age 59½. A 50% excise tax applies if minimum required distributions are not taken before April 1 of the year following the attainment of age 70½ or retirement, if later.	Premature distributions of Roth earnings are taxed plus 10% penalty unless an exception applies. If a distribution is made from your Roth 401(k) 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 Roth contribution, you will pay income taxes plus a 10% penalty tax on any earnings that are distributed.
Transfers/Rollovers out of the Plan	Funds may be rolled over into a 401(k) plan, a governmental 457 plan, a 401(a) plan, a 403(b) plan or an IRA once you have met the eligibility requirements for withdrawal. Please check with your new plan provider to determine if rollovers are allowed into your new plan. Funds may also be transferred to TCRS for purchasing prior service credit.	Funds may be rolled over into another 401(k) plan, a governmental 457 plan, a 401(a) plan, a 403(b) plan or an IRA once you have met the eligibility requirements for withdrawal. Please check with your new plan provider to determine if rollovers are allowed into your new plan. Funds may also be transferred to TCRS for purchasing prior service credit.	Funds may be transferred to a Roth IRA, 401(k) or other plan with a designated Roth account that accepts rollovers.
Loan Provisions	None.	Active employees who have accumulated \$4,000 in the plan may borrow up to half of their account balance, not to exceed \$50,000. Refer to the Loan Brochure for details.	
Ownership of Assets Prior to Withdrawal	Trust established for the benefit of the plan participants.		

Note: Statements regarding federal income tax requirements and plan rules are based upon the State of Tennessee's current understanding of the law and are subject to change as a result of subsequent amendments, regulations and interpretations. Participants are urged to consult their own tax advisors for advice concerning their particular circumstances.

The above is only a brief discussion of applicable tax requirements. Specific limitations and requirements are stated in detail in the Plan Documents and the IRC and regulations.

Securities, when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

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. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Great-West Retirement Services®, My Money, My Future, My Tennessee® and The Partnership Logo® and its design elements are registered trademarks of Great-West Life & Annuity Insurance Company. ©2011 Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for plan sponsors whose situs is in New York. Form# CB1030_Comparison (12/10) PT 115442



Great-West
RETIREMENT SERVICES®