

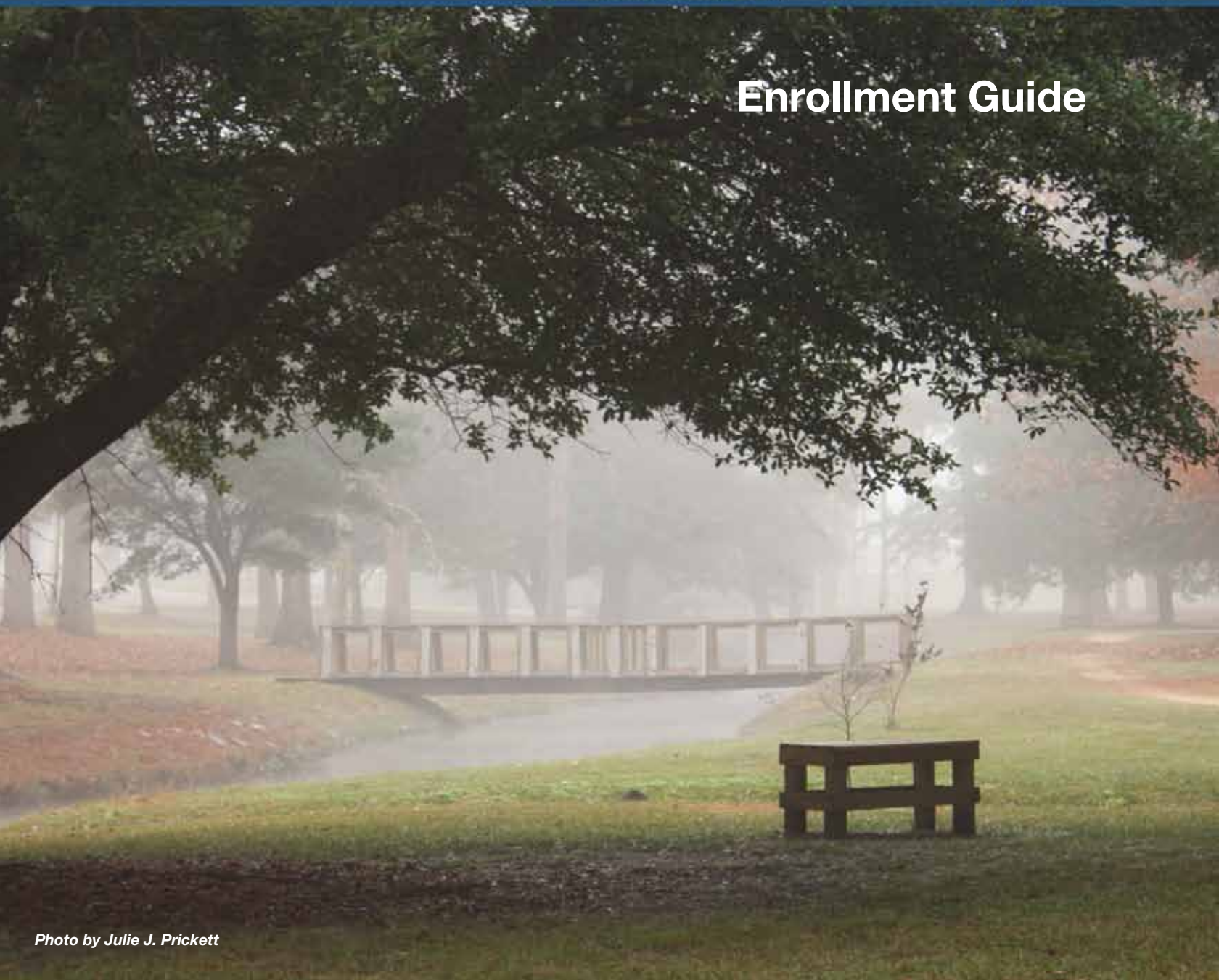


# The South Carolina Deferred Compensation Program

*Retire from work, not life.*



## Enrollment Guide



## Dear Eligible Participant,

When it comes to retirement planning, you can't afford to say, "I'll take those steps when I come to them." What you do today affects how you'll live tomorrow. This guide to the South Carolina Deferred Compensation Program (Program) will start you on the journey to planning the retirement you want. It outlines the key steps you need to take to begin saving for retirement, which include:

- Deciding how much to save
- Selecting your investments
- Enrolling in the Program

*If you're ready to start saving now, here's a quick-start chart to get you on your way.*

<b>How Much?</b>	<p>Will your retirement income be enough to cover all your expenses in retirement?</p> <p>Only 42 percent of workers have tried to calculate how much money they will need to save in order to live comfortably in retirement.<sup>1</sup></p> <p>Refer to page 3 for help with determining how much you need to save. Your Program also has online tools like DreamTracker<sup>SM</sup> to help you determine how much you may need.</p>	
<b>Select Investments</b>	<p>According to Ibbotson Associates, Inc., asset allocation continues to be a major contributor to an investor's long-term investment strategy, along with investment selection, fees and market timing.<sup>2</sup></p> <p>The Program offers a variety of investment options from which to choose, a set of pre-allocated Target Retirement Date Funds, and a self-directed brokerage (SDB) account with access to thousands of options outside the Program.<sup>3</sup></p> <p>The Program also offers different levels of assistance to help you select your investments, including Reality Investing<sup>®</sup> Advisory Services. These are described in more detail on pages 7 and 8. More information about all of the Program's investment options can be found in the pocket of this enrollment guide or by visiting the Program website at <b><a href="http://www.southcarolinadcp.com">www.southcarolinadcp.com</a></b>.<sup>4</sup></p>	
<b>Enroll</b>	<b>Online</b> Visit <b><a href="http://www.southcarolinadcp.com">www.southcarolinadcp.com</a></b> to download the enrollment forms, or call KeyTalk <sup>®</sup> at <b>(877) 457-6263</b> . <sup>4</sup>	<b>Paper</b> Complete the appropriate enrollment forms located in the pocket of this guide and return them to your Great-West Retirement Services <sup>®</sup> education counselor.

1 Source: <http://www.ebri.org/pdf/surveys/rcs/2012/fs-03-rcs-12-fs3-saving.pdf>, March 23, 2012.

2 Ibbotson Associates, Inc., The Importance of Asset Allocation, March/April 2010.


3 The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account.

4 Access to KeyTalk and the 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.

## How Much Will You Need to Save for Retirement?

Face your retirement head-on by learning the facts on how much you may need to save for your retirement future. Most financial advisors say you'll need about 70 percent of your pre-retirement earnings to comfortably maintain your pre-retirement standard of living<sup>5</sup>; however, if you bring debt and other expenses with you into retirement, you may need anywhere from 75 percent to 94 percent of your pre-retirement income.<sup>6</sup> For example, if a person makes \$40,000 per year, he or she may want \$28,000 (70 percent) per year in retirement. Take that one step further by factoring in a 20-year retirement and that person may end up wanting to save \$560,000.

We understand that it can be overwhelming and a little frustrating to try to determine how much money you may need in the future, especially when you're trying to take Social Security and pension plans into consideration, as well.



*As a place to start, here's a simple rule of thumb that many financial advisors use. If you start saving:*

- In your 20s, save 7 percent of your salary.
- In your 30s, save 10 percent of your salary.
- In your 40s, save 15 percent of your salary.
- In your 50s, save 20 percent of your salary.

You may be able to save more through the Program, or you may not be able to save this much. But the important thing is to start saving as much as you can right now. And the best way to get started is to save through convenient payroll deductions.

To learn more about how much you may need to save, utilize one of the Program's many online tools that can help you determine how much you may need in retirement and if you're on schedule to meeting your goals.

### Online Tools and Resources:



**Retirement Planner** – Figure the lump sum you may need at retirement.



**Paycheck Comparison** – Test how different contributions will affect your take-home pay.



**eLearning Seminars** – View brief seminars about how to plan and save for retirement.



**Virtual Classroom** – Download comprehensive workbooks and view in-depth streaming video courses about cash flow, how much you may need in retirement, and what income sources you may have.



**Retiree Crossroads** – This Web-based resource helps make retirement planning easier. It includes enhanced educational content to help you prepare for not only the financial challenges of retirement, but also the emotional challenges.

<sup>5</sup> Source: <https://www.socialsecurity.gov/planners/morecalculators.htm>, 2012

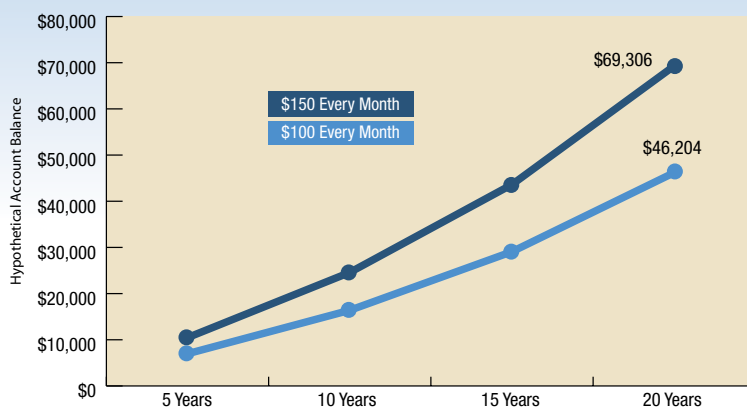
<sup>6</sup> Source: 2008 GSU/Aon RETIRE Project Report, <http://rmictr.gsu.edu/Papers/RR08-1.pdf>, June 2008



## Look for Opportunities to Increase Your Contribution Amount

Once you've started saving, remember that contributing a little extra has the potential to make a big difference. To help you find extra money to contribute to the Program, review your budget. Have you received a recent raise or promotion at work? These are areas you can tap into for increased Program contributions.

In this hypothetical illustration, Susan contributes \$100 every month. After 20 years of savings with an assumed 6 percent hypothetical annual rate of return and reinvestment of earnings, she may have \$46,204. If Susan had contributed \$150 per month (an increase of only \$50), those savings may have grown to \$69,306—a difference of more than \$23,000!



FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. Rates of return may vary. The illustration does not reflect any withdrawals, charges, expenses or fees that may be associated with your Program. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.

## How to Invest My Money

Now that you may have a better idea of how much you need, let's review a few investing basics to help give you the foundation you will need to select from the investment options offered by the Program.

### Asset Categories

The investments offered in the Program fall into one of the following asset categories, or asset classes: Stock investments, bond investments or cash equivalents. (The Program may also offer options that are a mix of these categories.) These common categories of investments each have very different historical rates of return and volatility (i.e., ups and downs). Past performance is never a prediction or guarantee of future investment results.

### Risk

All investments carry risk, but the risk varies for each asset class. To potentially earn a higher rate of return in the long run, you may have to expose yourself to more risk in the short term. More risk may mean investments whose values fluctuate often or more dramatically than other investments. Asset classes with more stable short-term results, such as bonds and cash equivalents, tend to offer a lower potential rate of return in the long term.

### Asset Allocation

Distributing your account balance across different asset classes, such as stock investments, bond investments and/or cash equivalents, is known as asset allocation. It affects both risk and potential return and is a central concept in investment management.

Diversifying<sup>7</sup> your portfolio within the different asset classes may help manage risk and may improve portfolio performance over the long term because different investments tend to perform differently at any particular time.

### Investment Time Horizon

Your investment time horizon is the length of time your money will be invested before you start withdrawing it. The longer the time horizon, the more time you have to ride out the ups and downs of the market.

### Personal Risk Tolerance

Your personal risk tolerance, or "investor style," usually reflects your ability to "stay the course" in spite of dips in investment returns over time. If you tend to change the way your money is invested because of changes in the market, you may want to limit your exposure to more volatile asset classes.

<sup>7</sup> Diversification of an investment portfolio and asset allocation do not ensure a profit and do not protect against loss in declining markets.

## Find Your Investor Style

Understanding your own tolerance for the potential ups and downs of different investment options is critical to making comfortable investment decisions. Not sure what your investor style is? By responding to the following statements, you'll be on your way to determining it. Circle the number that best describes how strongly you agree or disagree with the following statements.

### 1. My Risk Tolerance:

I am a knowledgeable investor who understands the trade-off between risk and return, and I am willing to accept a greater degree of risk to gain the potential for higher returns.

Strongly Disagree				Strongly Agree
1	2	3	4	5

I am willing to invest on a long-term basis.

Strongly Disagree				Strongly Agree
1	2	3	4	5

If one of my investments dropped 20 percent in value over six months due to market fluctuation, I would hold on to that investment, expecting it to recover its value.

Strongly Disagree				Strongly Agree
1	2	3	4	5

I have sources of savings other than the Program that make me feel secure about my financial future.

Strongly Disagree				Strongly Agree
1	2	3	4	5

This survey is intended to provide you with a general indication of your current investment personality and risk tolerance. There may be other factors specific to your situation that are not considered in this survey, such as number of years until retirement. Now, add up the numbers you circled in the survey above.

**Your Total Score:** \_\_\_\_\_

### 2. My Investment Time Horizon:

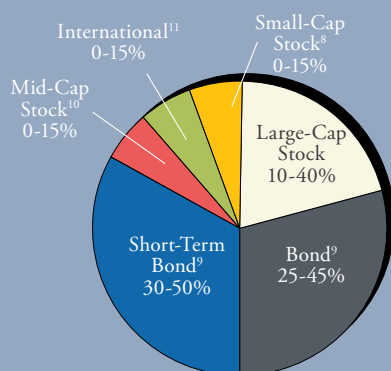
☐ 30 or more years until I retire      ☐ 11-29 years until I retire      ☐ 10 or less years until I retire

### 3. My Investor Style:

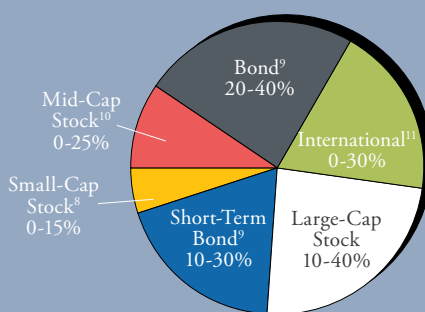
Now it's just a simple matter of seeing how your Investment Time Horizon corresponds to your risk tolerance score to learn your investor style.

Time Horizon	Survey Score 15-20	Survey Score 9-14	Survey Score 4-8
30 years or more	Aggressive	Moderately Aggressive	Moderate
11-29 years	Moderately Aggressive	Moderate	Moderately Conservative
10 years or less	Moderate	Moderately Conservative	Conservative

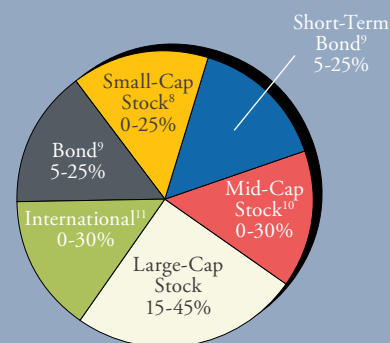
Now that you know your investor style, you can use the corresponding pie chart below as an illustrative guide to selecting investment options to build your own diversified portfolio. Or, if you would still like some assistance selecting the specific funds in which to invest, turn to page 7 to learn about the Reality Investing Advisory Services suite offered by the Program.



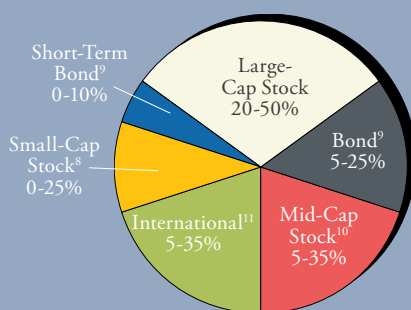
CONSERVATIVE PROFILE



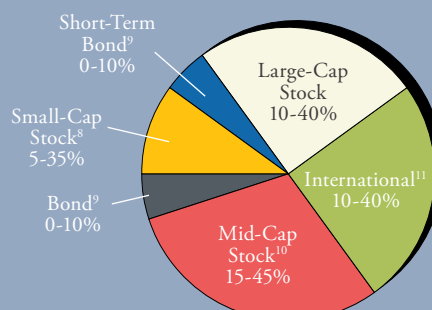
MODERATELY CONSERVATIVE PROFILE



MODERATE PROFILE



MODERATELY AGGRESSIVE PROFILE



AGGRESSIVE PROFILE

- 8 Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.  
 9 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.  
 10 Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.  
 11 Foreign investments involve special risks, including currency fluctuations and political developments.

These sample asset allocation models are for illustrative purposes only. These examples may or may not fit your situation depending on your risk tolerance and time horizon until retirement. This is not intended as financial planning or investment advice. You may wish to consult with your tax or financial advisor.

## Online Tools and Resources:



### eLearning Seminars

View brief seminars about investment fundamentals, asset allocation, and how to manage market volatility.



### Virtual Classroom

Download comprehensive workbooks and view in-depth streaming video courses about investment strategies, life insurance and estate planning.

Rebalancer<sup>12</sup> is a tool available to you on the Program's website that allows you to "rebalance" the mix of the assets in your account. Rebalancer allows you to maintain the target mix you've chosen to meet your long-term objectives—automatically and at a frequency that you select.

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



## Reality Investing® Advisory Services (Advisory Services)

### Investment Selection Services

Knowing that selecting investments is a daunting task, the Program is designed to meet the needs of all types of investors, including:

**Do-It-For-Me<sup>SM</sup> Investor**, who typically doesn't have the time, knowledge or desire to regularly monitor and manage his or her investments.

**Help-Me-Do-It<sup>SM</sup> Investor**, who typically wants to actively choose his or her investment portfolio but may want a little help in allocating the retirement plan account assets or seeks validation of his or her investment decisions.

**Do-It-Myself<sup>SM</sup> Investor**, who typically is willing to take the time necessary to monitor and manage the account and has a reasonable level of knowledge related to investing.

### Advisory Services for the Do-It-For-Me Investor

Advisory Services offers Managed Account, Online Investment Advice and Online Investment Guidance. The Managed Account option, offered by Advised Assets Group, LLC, a federally registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company, is the premier offering that is ideally suited for investors who would rather have a qualified financial expert make their day-to-day investment decisions. It provides value through regular account monitoring and an Annual Portfolio Review. And the customization and personalization features allow for building a portfolio that considers your:

- **Contribution rate and salary**
- **Desired retirement age and retirement income**
- **Social Security benefits estimate and other outside assets**

The customization components can be updated at any time and help ensure optimal portfolio design—during both the accumulation and spend-down phases of your life. The Spend-Down Advice feature illustrates how long your desired income will last in retirement and determines how much sustainable income you can spend throughout your retirement based on your wealth, your spouse's wealth, and your respective retirement horizons. The Managed Account service charges an annual fee based on your account balance and is charged in quarterly installments.

Advisory Services also provides Online Investment Advice and Online Investment Guidance. If you fall into the Help-Me-Do-It Investor category, then Online Investment Advice may be the avenue that suits you best. Geared toward investors who want a more hands-on role in managing their investments, Online Investment Advice provides you with a fund-specific recommendation based on the investment lineup available as part of the Program. Online Investment Guidance provides personalized asset allocation assistance, but not specific fund recommendations. Online Investment Advice and Online Investment Guidance are free services in the Program.

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

**Managed Account Fee Schedule**

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



## A Variety of Investment Options

The Program is made up of a wide variety of investments, each of which has a specific investment objective and risk level. Stock investments have the most risk, followed by bond investments and then cash equivalents, which carry the lowest risk. Understanding the risk associated with your investments helps you build a well-diversified<sup>7</sup> portfolio based on your personal investor style.

### Target Retirement Date Funds

With the SSgA Target Retirement Date Funds, you get an asset allocation strategy designed to adjust over a lifetime, providing you with a diversified mix of investments spread across multiple asset classes in a single investment option. By choosing the fund closest to your anticipated retirement date, you invest in a single fund that can help address your need for retirement readiness at all stages of life—before, at, and during retirement. To help you decide which fund may be right for you, refer to the following chart.

Years to Retirement	Suggested Target Retirement Date Fund	If your estimated retirement year falls in the middle of a range, you can use your Investor Style as a guide to help you choose. For example, if you are more conservative, you may want to select the fund with a date that comes sooner. And if you are more aggressive, you may want to select a fund with a date that comes later.
In Retirement	SSgA Target Retirement Income Fund	
At or Near Retirement	SSgA Target Retirement 2010 Fund	
10 Years to Retirement	SSgA Target Retirement 2020 Fund	
20 Years to Retirement	SSgA Target Retirement 2030 Fund	
30 Years to Retirement	SSgA Target Retirement 2040 Fund	
40 Years to Retirement	SSgA Target Retirement 2050 Fund	

Professional managers adjust each fund’s mix of stock investments, bond investments and short-term investments to become more conservative as you approach retirement. The date in a Target Retirement Date Fund represents an approximate date when an investor would expect to start withdrawing his/her money. The principal value of the funds is not guaranteed at any time, including the target date.



### Charles Schwab Self-Directed Brokerage Account

Finally, if you feel confident picking investment options other than those offered by the Program, you can enroll in the self-directed brokerage (SDB) account offered by Charles Schwab. This option gives you access to thousands of other mutual funds beyond the core options in the Program.

There is an additional annual administrative fee of \$50 per plan (457 and 401(k)), which is assessed to your account at \$12.50 quarterly, plus any additional trading and transaction fees, to use the SDB account. Please note that this option is for knowledgeable investors who acknowledge and understand the risks associated with many of the investment choices available through the SDB account.

You can open an SDB account by logging on to the Program website at [www.southcarolinadcp.com](http://www.southcarolinadcp.com).<sup>3,4</sup> Click on the “Investments” tile, then select “Self-Directed Accounts,” and click on the “Enrollment Form” icon.

For more information on the Program and your investment options, please refer to the Program Features and Highlights, the Fund Overviews and the Fund Performance sheet that are included in this enrollment guide.

*Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain mutual fund prospectuses, any applicable annuity contract and the annuity’s underlying funds and/or disclosure documents from your registered representative. For prospectuses related to investments in your Self-Directed Brokerage (SDB) account, contact Charles Schwab at (888) 393-7272. Read them carefully before investing.*



## Account Management Tools and Local Assistance

Once you're enrolled, you'll find that it's easy to monitor and manage your account with your Personal Identification Number<sup>13</sup> (PIN). It's all as easy as visiting [www.southcarolinadcp.com](http://www.southcarolinadcp.com) or calling KeyTalk at **(877) 457-6263**.<sup>4</sup>

*Some of the account management capabilities at your fingertips include:*

	<u>Website</u>	<u>KeyTalk</u>
	Log in using Username and PIN	Access using SSN and PIN
Checking your account balance	My Account, then Account Overview	KeyTalk is voice-activated. Simply speak your request to navigate.
Shifting money among different investment options <sup>4</sup>	Transactions, then Transfer My Investments	
Choosing new investment options	Transactions, then Change Future Investments	
Changing your contribution amount	Transactions, then Change Paycheck Contributions	
Designating your beneficiary	My Profile, then Beneficiary	
Enrolling in Managed Account	Advisory Services	

Photo by  
Julie J. Prickett

Let's face it—no two investors are exactly alike, so take the opportunity to meet with your local education counselor. Your Great-West Retirement Services education counselor can assist you with enrollment or accessing your account, and can also inform you of the various resources the South Carolina Deferred Compensation Program offers. **You can reach your education counselor today by calling (877) 457-6263.**<sup>4</sup>

<sup>13</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.

**Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers. GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.**

Securities available through Schwab Personal Choice Retirement Account® (PCRA) are offered through Charles Schwab & Co., Inc. (Member SIPC), a registered broker-dealer. Additional information can be obtained by calling (888) 393-7272. Charles Schwab & Co., Inc. and GWFS Equities, Inc. are separate and unaffiliated.

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