

Comparison of the Texa\$aver 457 Plan and 403(b) Plan

	457 Plan	403(b) Plan
Eligibility	<i>Part-time and full-time state and higher education employees, upon date of hire or anytime thereafter.</i>	<i>Part-time and full-time higher education employees, upon date of hire or anytime thereafter. Excludes state employees.</i>
Maximum Annual Deferral	<i>99% of 457 eligible compensation or \$16,500* per year, whichever is less.</i>	<i>99% of 403(b) eligible compensation or \$16,500* per year, whichever is less.</i>
Saver's Tax Credit	<i>Eligible participants will 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 generally applies to joint filers with an AGI of up to \$55,500 and single filers with an AGI of \$27,750. To submit, complete federal Form 1040 and 8880.</i>	
Age 50 and Over Catch-up Provision	<i>If you are age 50 or older, you may contribute an additional \$5,500* in 2010. You may not use this provision in a 457 plan while using the Three-year 457 Catch-up Provision.</i>	
Three-year 457 Catch-up Provision <i>Cannot be used with the Age 50 and Over Catch-up in the 457 Plan.</i>	<i>If you have unused deferrals, the 457 Catch-up limit (\$33,000* in 2010) is subject to eligibility. You may participate only during the three years before the taxable year in which you attain normal retirement age.</i>	<i>Not available in a 403(b) plan.</i>
Loans	<i>Loans may be approved for \$1,050 to \$50,000. You must have an account balance of at least \$1,050, as there is a \$50 application fee and a \$2.08 monthly maintenance fee.</i>	<i>Loans may be available to the extent provided by the annuity contract or custodial account.</i>
Financial Hardship/ Emergency Withdrawals** <i>Only allowed through approval when you have no other resources, including Plan loans.</i>	<i>Reasons for hardship include prevention of eviction or foreclosure from your primary residence, non-reimbursed medical expenses, funeral expenses, casualty loss, or similar extraordinary and unforeseeable circumstances.</i>	<i>Reasons for hardship include purchase of a primary residence, prevention of eviction or foreclosure from your primary residence, tuition expenses, or non-reimbursed medical expenses.</i>
Transfer of Funds to Purchase Service	<i>You may purchase military service, Additional Service Credit, or refunded or other eligible ERS/TRS service by transferring funds from your Texa\$aver account while employed. This is not a taxable distribution.</i>	<i>Contact your 403(b) administrator to see what it allows.</i>
Rollovers In	<i>If eligible, you may roll funds into the Texa\$aver 457 Plan from another eligible 457 plan.</i>	<i>Contact your 403(b) administrator to see what it allows.</i>
Distributions While Employed	<i>If your 457 Plan account has less than \$5,000 and has been inactive for two years, you may take it as a de minimis distribution; 20% may be withheld for federal income tax purposes.</i>	<i>You may take a distribution from your 403(b) plan after age 59½ while still employed without a 10% early withdrawal penalty; 20% will be withheld for federal income taxes unless funds are rolled to a qualified plan.</i>
Distribution After Separation from Employment	<i>After separation from state employment or at age 70½. You may roll over funds into other types of employer-sponsored plans, IRAs, or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. Periodic distributions are allowed. To avoid the 20% withholding, you may do a direct rollover to an eligible retirement plan, IRA, or other eligible options.</i>	<i>After separation from state employment, once participant reaches age 59½, or at age 70½. You may roll over funds into other types of employer-sponsored plans, IRAs, or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. To avoid the 20% withholding, you may do a direct rollover to an eligible retirement plan, IRA, or other eligible options.</i>
Required Minimum Distributions (RMDs)	<i>Must begin no later than April 1 following the year in which you turn 70½, unless you are still employed.</i>	
Tax Penalties	<i>No 10% federal penalty tax applies to distributions made before age 59½. A 50% federal tax penalty applies if RMDs are not taken at age 70½.</i>	<i>A 10% federal penalty tax applies to distributions made before age 59½. A 50% federal tax penalty applies if RMDs are not taken at age 70½.</i>

* Ceiling is adjusted each year per cost-of-living index. Amount shown is for 2010.

** Please refer to the IRS website for 457 and 403(b) information on hardship withdrawals.

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