Approaching Retirement

State of Montana Deferred Compensation Plan

When you become eligible for a full distribution, you generally have these options:

1. Leave your money in your employer's Plan. (May not be an option; check the terms of your Plan.)
2. Roll over to your new employer's plan or an IRA.
3. Take a distribution.

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

The most 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, there is always the possiblity of spending it.

Potential Growth Rates Compounded Annually[1]

	Annual Growth	
Age	**4%**	**6%**
45	$50,000	$50,000
55	$74,542	$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 options. 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 accumulations shown above would be reduced if these fees had been deducted.

The table 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.

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)**
Potential Total (Less Taxes)	**$37,500**

Great-West RETIREMENT SERVICES®

Understand the Impact of Your Decision

Option	Tax Consequence	Pros	Cons
Leave your money in your employer's Plan. (May not be an option; check the terms of your Plan.)	None until distributed from the Plan.	• Money is tax-deferred. • You may be able to access your account balance at any time. • Plan may offer diverse selection of investment options.	• Investment options are limited to those offered by the Plan. • A 20% federal income tax withholding applies when taking a distribution that otherwise would be eligible for rollover. • A 10% early withdrawal 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.
Direct rollover to your new employer's plan or an IRA.	None until distributed from the new plan or IRA.	• Money remains tax-deferred. • Plan or IRA may offer a diverse selection of investment options. • In an IRA and most plans, you control access to your savings. • Loans may be available from your new employer's plan.	• Loans are not available from IRAs. • 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.	• A mandatory 20% federal income tax withholding applies directly to distributions taken that could be eligible for rollover.[2] • 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.	• 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.[3]	• Savings are no longer tax-deferred. • A mandatory 20% federal income tax withholding applies to distributions taken that are eligible for rollover.[2]

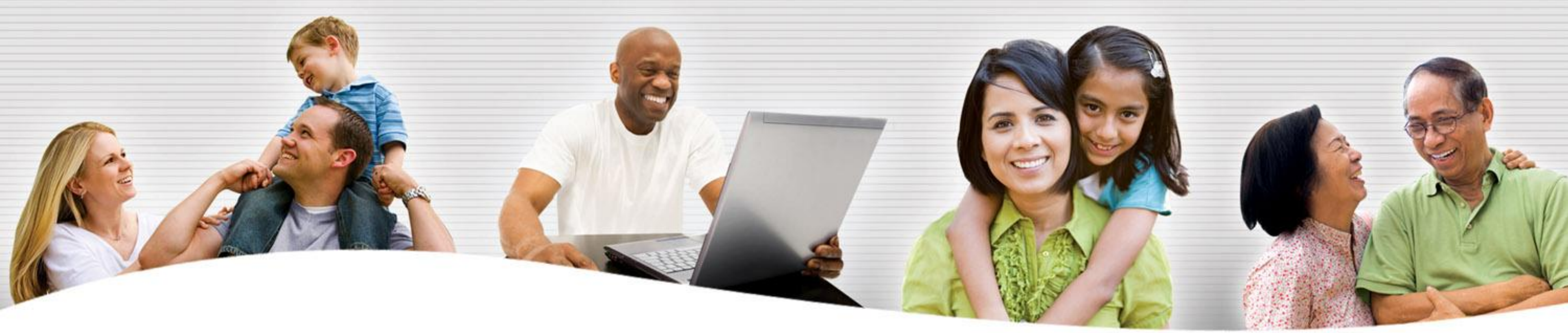
Questions?

For individual appointments or group meetings,
call your Great-West Retirement Services®
representative, Beth Long, at (800) 981-2786 or 449-2408.

2 Withdrawals are subject to ordinary income tax.

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

Great-West
RETIREMENT SERVICES®



Great-West RETIREMENT SERVICES®

Approaching Retirement

State of Montana Deferred Compensation Plan

September 2010

Creating Your Retirement Plan and Strategy

Great-West
RETIREMENT SERVICES®

Great-West Retirement Services®

- Business unit of Great-West Life & Annuity Insurance Company
- Represents nearly 4.2 million participant accounts as of March 31, 2010
- Provides administrative, education and communication services

Agenda

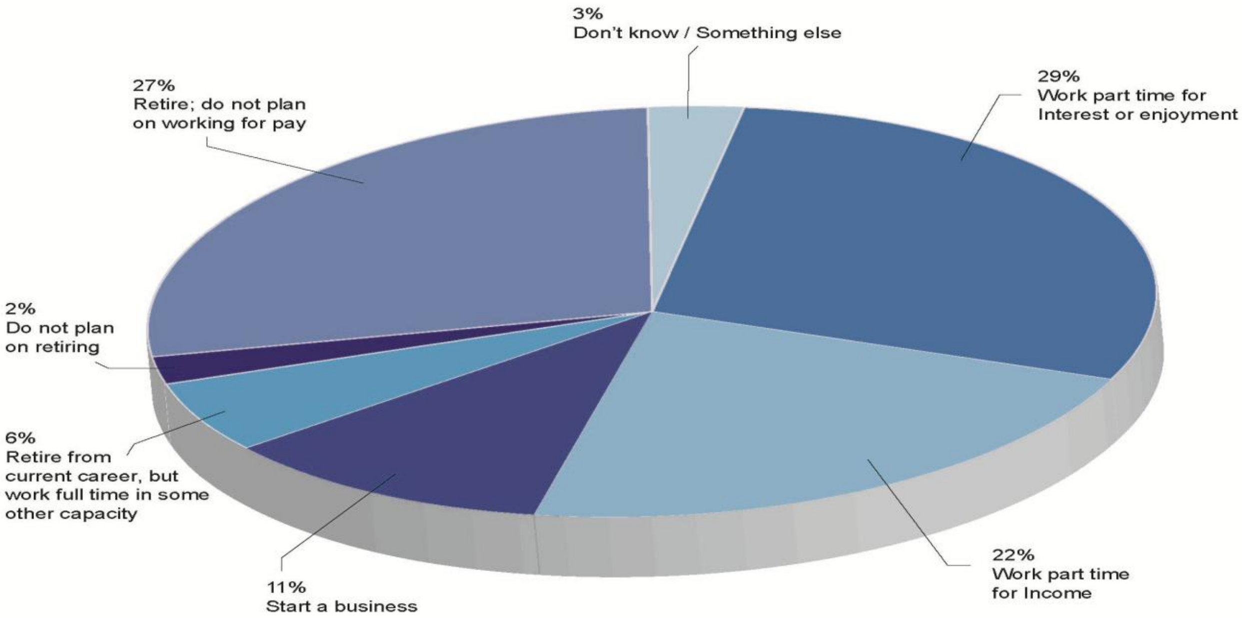
- A quick review of your Plan
- Pre-retirement planning strategy
  - » Your savings and investing goals
  - » Your time horizon
  - » Your risk tolerance
- Tools to help you
- Taking a distribution

The State of Montana Deferred Compensation Plan

- A tax-deferred savings Plan
- Convenient payroll deduction [not applicable to 401(a)]
- Maximum contribution of $16,500 or up to [100%] of your includible compensation in 2011, whichever is less [not applicable to 401(a)]
- Wide array of investment options
- Convenient account management
- Professional service
- www.mperadcplans.com

Creating Your Pre-Retirement Strategy

What Will Life in Retirement Mean to You?



Source: Staying Ahead of the Curve, September 2008.

What Are Your Retirement Savings Goals?

Most financial advisors say you'll need about 70 percent of your pre-retirement earnings to comfortably maintain your pre-retirement standard of living.[1]

- Will you continue to work part time?
- What expenses will be reduced or eliminated?
- Will you travel more or less?
- What about healthcare expenses?

1 Source: https://www.socialsecurity.gov/planners/morecalculators.htm

Where Will Your Retirement Income Come From?

Pension Plan(s)

Your current employer's Plan

Previous employer(s) plan(s)

Social Security

Average Annual Pay	Approximate Annual Benefit*	Percentage of Annual Pay Replaced by Social Security
$20,000	$11,292	55%
$40,000	$17,628	44%
$60,000	$22,608	38%
$80,000	$25,584	32%
$100,000	$28,560	29%

*** Source: Social Security Administration, August 2008. The numbers above are for a 35-year-old today planning to retire at full retirement age (67) and assume no future increase in prices or earnings.**

Where Will Your Retirement Income Come From?

- Pension plan (s)
- Social Security benefits
- Personal savings
- Your Deferred Compensation Plan
- Plans from previous employers
- Individual Retirement Accounts (IRAs)
- Any other savings (bank accounts, CDs[2], etc.)

2 Certificates of deposit are insured by the FDIC for up to $100,000 per depositor (up to $250,000 for retirement account assets) and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

Need to Catch Up Before You Retire?

- You can now contribute:
  - » Up to $16,500 in 2011
- Age 50+ Catch-Up:
  - » Additional $5,500 in 2011 if you're age 50 or older

Your Time Horizon

- How long until you will want/need to retire?
- How long until you plan to start taking withdrawals?

Your Risk Tolerance

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

   Strongly Disagree 1 2 3 4 5 Strongly Agree

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

   Strongly Disagree 1 2 3 4 5 Strongly Agree

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

   Strongly Disagree 1 2 3 4 5 Strongly Agree

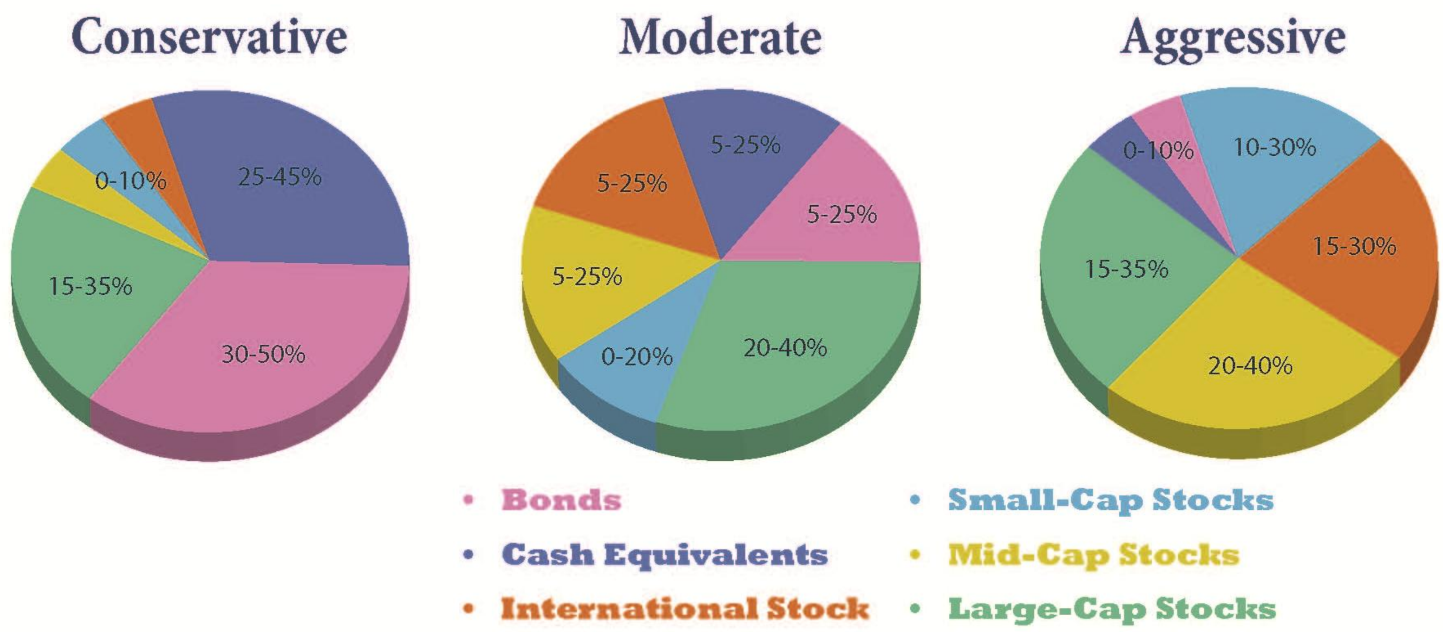
4. I have savings vehicles other than this Plan that make me feel secure about my financial future.

   Strongly Disagree 1 2 3 4 5 Strongly Agree

Your Investor Type

Your Score	Years Until Retirement: 10 or Less	11 to 29	30 or More
Conservative (4-8)	Conservative	Moderately Conservative	Moderate
Moderate (9-14)	Moderately Conservative	Moderate	Moderately Aggressive
Aggressive (15-20)	Moderate	Moderately Aggressive	Aggressive

Possible Asset Allocations



These charts are for illustrative purposes only and represent sample portfolio allocation strategies based on potential risk and return. This is not intended as financial planning or investment advice. Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

Taking a Distribution

Qualifying Distribution Events

- Retirement[3]
- Severance of employment[4]
- Permanent disability[4]
- Attainment of age 70½[4]
- Death (upon which your beneficiary receives your benefits)
- Unforeseeable emergency[3,4]
- Transfer to purchase service credit

Each distribution is subject to ordinary income tax except for an in-service transfer to purchase service credit.

3 Withdrawals are subject to ordinary income tax. A 10% federal tax penalty may apply to withdrawals made prior to age 59½.
4 As defined and allowed by your Plan and the Internal Revenue Code.

Important Decisions

- When do I start taking my distributions?
  - » When I retire?
  - » At a later date?
- Which distribution option will best meet my retirement needs?

Distribution Options[3]

- Lump-sum distribution
  - » Cash
  - » Roll over to another eligible plan or to an IRA
- Partial lump-sum distribution, then stream of payments
- Periodic payments

3 Withdrawals are subject to ordinary income tax. A 10% early withdrawal penalty may apply to withdrawals made prior to age 59½.

Take Advantage of All Plan Benefits

- Increased contribution limits
- Catch-up opportunities
- Roll over other retirement accounts
- Tools to help you manage your account

Manage Your Account, Monitor Your Progress

- Online at www.mperadcplans.com
  - » DreamTracker[SM]
  - » Dollar Cost Averaging[6]
  - » Rebalancer[6]
- KeyTalk® by phone at (877) 699-4015[5]
- Quarterly statements
- Local representatives
- 1-800-981-2786 or locally at 449-2408

5 Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the Web site 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.

6 Dollar Cost Averaging and Rebalancer do not ensure a profit and do not protect against loss in declining markets. Investors should consider their financial ability to continue a dollar cost averaging and/or rebalancing plan during periods of fluctuating price levels.

Questions?

Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company, FASCore, LLC (FASCore Administrators, LLC in California), First Great-West Life & Annuity Insurance Company, White Plains, New York, and their subsidiaries and affiliates. Great-West Life & Annuity Insurance Company is not licensed to conduct business in New York. Insurance products and related services are sold in New York by its subsidiary First Great-West Life & Annuity Insurance Company. Other products and services may be sold in New York by FASCore, LLC.

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

GWFS Equities, Inc. is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company and an affiliate of FASCore, LLC (FASCore Administrators, LLC in California) and First Great-West Life & Annuity Insurance Company, White Plains, New York.

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.

Thank you!

Contact information:

Beth Long email: Elizabeth.Long@GWRS.com
Phone Toll Free: 1-800-981-2786