



Keystone News

Spring 2008

Attention Potential Retirees

Deadlines affecting your ability to tax-defer leave payouts

It's that time of year when many Commonwealth employees are looking forward to a retirement date. If you are planning to retire this year, you may be able to lower your federal income taxes by having part or all of your Leave payout deposited into the Commonwealth's Deferred Compensation Program (DCP). This is a great opportunity for you to boost your retirement savings.

The maximum contribution limit for 2008 is \$15,500, which means you may also be able to contribute up to \$31,000 under the special catch-up provision. The special catch-up provision is based on prior year underutilized deferrals and is available to participants who are within three years of normal retirement age. Both the current IRS annual deferral limit and any applicable "catch-up limit," as determined by the Great-West Retirement Services® (Great-West) records, may affect the actual amount of the leave payout that can be deferred into your DCP account.

To obtain this federal income tax-deferral benefit, you should complete a new Salary Deferral Agreement and the Application for Catch-Up, if applicable. We recommend that you first contact your Human Resource Office for an estimate of your Leave payout. Then, contact your Great-West representative in order to determine your eligibility, if any, for the catch-up provision and to obtain assistance in completing the forms.

You should submit your Salary Deferral Agreement and Application for Catch-up, if applicable, to Great-West 45 days prior to the date of separation. We recommend that you contact your Human Resource Office in order to determine the processing deadlines, because the payroll processing schedules differ by agency.

You may print the forms from the Web site at www.sers457.com.¹ If you do not have a Personal Identification Number (PIN), you may enter the Web site under Guest and select Enroll Now. The Salary Deferral Agreement is included in the Enrollment form package. You may also contact the Great-West local office at (866) 737-7457, option 2¹, to request the forms. Please fax the completed forms to (717) 901-3620 or mail them to the address listed at the bottom of the form.



Investment Adviser Changes

Coming soon, Program participants who would like investment advice will have access to a new service called Reality Investing® *Online Investment Advice*, offered through Advised Assets Group, LLC (AAG). AAG is an independent, wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Online Investment Advice may be the right strategy for participants who want specific portfolio recommendations to help manage their own accounts. *Online Investment Advice* creates a personal wealth forecast and recommended portfolio based on information drawn from the participant's individual account profile and the investment options available in the Program.

To access *Online Investment Advice*, log on to the Web site at www.sers457.com and click on the Reality Investing tab. Please be advised that there is a fee of \$25 per year to use *Online Investment Advice*. Your account will be billed \$6.25 quarterly.

Financial Engines Advisors, LLC, our current adviser, will only be available through June 30, 2008.

Staying Calm in a Turbulent Market

Don't let market volatility rattle your nerves

If you're like some investors, you've been getting nervous about your investments because of recent swings in the financial markets. That's not surprising. The good news for you—and your nerves—is that any cause for alarm is less than you probably thought. What used to be considered volatile may now be more normal. Since the market has grown so large, with the Dow fluctuating at or above 10,000, a 100-point swing is a much smaller percentage of the overall market than it was when the Dow hovered below 3,000.

Try not to let short-term market swings deter you from your long-term investing strategy. Because no one can predict how the market will move next year or even next week, consider keeping your savings invested—and try to avoid making emotion-driven changes to your strategy.



Retirement Board Votes to Retain Great-West

As in the past, the DCP typically goes out for bid every five years for third-party administrative services. At its January 23 meeting, the State Employees' Retirement Board elected to retain the services of Great-West for four years with a one-year optional extension.

Great-West will continue to provide recordkeeping, enrollment, marketing and administrative services. The current menu of investment options will remain the same. A new price structure and Web site enhancements will be announced in a future newsletter and on the Web site.

Your Great-West contact information will remain the same.

Please find your county listed below to contact your account executive.

Pennsylvania Service Center

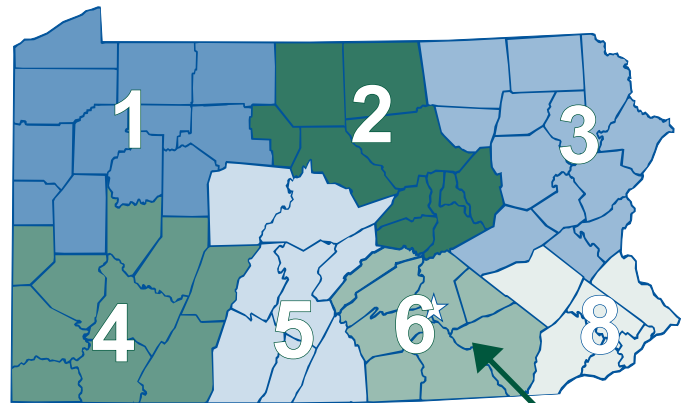
Great-West Retirement Services

301 Chestnut St., Suite 402

Harrisburg, PA 17101

(717) 901-3590

(866) SERS457 (866-737-7457), option 2¹



Territory	Account Executive	Phone Ext.	E-Mail Address
1	Jim DeLong	62222	james.delong@gwrs.com
2	Bill Poletti	62230	william.poletti@gwrs.com
3	Margaret Ward	62226	margaret.ward@gwrs.com
4	Jason Koisor	62221	jason.koisor@gwrs.com
5	TBA		Please call Harrisburg office
6	Richard Stallings	62225	richard.stallings@gwrs.com
7*	Page Darney	62224	page.darney@gwrs.com
8	Jaime Robbins	62229	jaime.robbins@gwrs.com

*Territory 7 consists of the Capitol Complex of the area of downtown Harrisburg. For all other locations in Harrisburg, please contact Richard Stallings.

Have Questions? Need Information?

Web site¹: www.sers457.com

KeyTalk^{®1}: (866) SERS457 (866-737-7457) (TDD: 800-766-4952)

¹ 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.

Securities (except for the Self-Directed Brokerage Account), when offered, are offered through GWFS Equities, Inc.

Please note: This newsletter does not constitute investment or financial planning advice. 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. We'd like to hear from you. Please send your questions/comments to Great-West Retirement Services Marketing, P.O. Box 1700, Denver, CO 80201, or fax them to (303) 737-3693.

Great-West Retirement Services[®] refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Online Investment Advice services are offered by Advised Assets Group, LLC (AAG), a federally registered investment adviser. AAG and GWFS Equities, Inc. are wholly owned subsidiaries of Great-West Life & Annuity Insurance Company. Financial Engines Advisors, LLC is not affiliated with Great-West Life & Annuity Insurance Company or any of its subsidiaries or affiliates. Securities available through the Self-Directed Brokerage Account (SDB) are offered by Charles Schwab PCRA. Additional information can be obtained by calling Charles Schwab PCRA at (888) 393-7272. Great-West Retirement Services[®], KeyTalk[®] and Reality Investing[®] are registered service marks of Great-West Life & Annuity Insurance Company. ©2008 Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for use in New York.
Form# CB1013N (4/10/08)