

INTRODUCING TEXA\$AVER 401(K) AND 457 ROTH CONTRIBUTION OPTIONS

In recent surveys, employees indicated a strong interest in adding a Roth feature to Texa\$aver. As a result, Texa\$aver is now offering a Roth contribution option in both the 401(k) and 457 Plans. Both Plans now give you the flexibility to designate all or a portion of your contributions as Roth contributions. Roth (after-tax) and traditional (before-tax) contributions each have their own advantages. Please review the following FAQs and carefully consider which option is best for you. For more detailed FAQs, please visit www.texasaver.com.

WHAT IS A ROTH CONTRIBUTION TO THE TEXA\$AVER 401(K)/457 PLANS?

Roth contributions allow participants to contribute to the Texa\$aver 401(k) and/or 457 Plan with after-tax dollars. No income taxes are withheld from Roth contributions or their earnings when a distribution is taken as long as it is a "qualified" distribution (see

"What is considered a qualified Roth distribution?"). You can designate all or a portion of your 401(k) and 457 Plan contributions as Roth contributions.

HOW ARE ROTH CONTRIBUTIONS DIFFERENT FROM TRADITIONAL CONTRIBUTIONS TO YOUR 401(K)/457 PLAN?

Roth contributions are made with after-tax dollars. Traditional contributions are made with before-tax dollars.

HOW DO I KNOW WHICH OPTION IS RIGHT FOR ME?

The Texa\$aver Roth contribution option allows you to pay taxes on your contributions when they are contributed. The Texa\$aver Roth contribution option essentially "locks in" today's tax rate on your contributions. If you expect to be in a higher tax bracket when you retire, then Roth contributions may make sense for you.

HOW MUCH CAN I CONTRIBUTE AS A ROTH CONTRIBUTION TO MY 401(K)/457 PLAN?

You may contribute up to the lesser of your includable compensation or \$17,000 to your 401(k) and 457 Plan in 2012. That includes before-tax and Roth contributions. Employees 50 years of age or older may contribute up to \$22,500 in 2012.

ARE THERE ADDITIONAL FEES TO PARTICIPATE IN THE ROTH CONTRIBUTION OPTION?

Yes. Since there are two money types (before-tax and Roth) held separately in your Texa\$aver 401(k) and 457 Plans, you will have separate administrative fees for each money type, in addition to a monthly five dollar flat fee to participate in the Roth contribution option. See the charts below and on the next page.

ADMINISTRATIVE FEE

Before-Tax Balance	Monthly Administrative Fee	Annualized Administrative Fee
\$10.00 or less	No Fee	No Fee
Between \$10.01 and \$1,000.00	\$1.18	\$14.10
Between \$1,000.01 and \$16,000.00	\$3.99	\$47.90
Between \$16,000.01 and \$32,000.00	\$6.32	\$75.89
Between \$32,000.01 and \$48,000.00	\$9.49	\$113.83
Between \$48,000.01 and \$64,000.00	\$12.65	\$151.78
\$64,000.01 or more	\$15.81	\$189.72

Monthly fees are rounded to the nearest cent.

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ROTH CONTRIBUTION OPTIONS (CONT.)

ADMINISTRATIVE FEE PLUS ROTH FIXED FEE

<i>Roth Balance</i>	<i>Monthly Roth Flat Fee</i>	<i>Monthly Administrative Fee</i>	<i>Monthly Administrative + Roth Fee</i>	<i>Annualized Administrative + Roth Fee</i>
\$10.00 or less	No Fee	No Fee	No Fee	No fee
Between \$10.01 and \$1,000.00	\$5.00	\$1.18	\$6.18	\$74.10
Between \$1,000.01 and \$16,000.00	\$5.00	\$3.99	\$8.99	\$107.90
Between \$16,000.01 and \$32,000.00	\$5.00	\$6.32	\$11.32	\$135.89
Between \$32,000.01 and \$48,000.00	\$5.00	\$9.49	\$14.49	\$173.83
Between \$48,000.01 and \$64,000.00	\$5.00	\$12.65	\$17.65	\$211.78
\$64,000.01 or more	\$5.00	\$15.81	\$20.81	\$249.72

Monthly fees are rounded to the nearest cent.

CAN I LEAVE MY MONEY IN MY TEXASAVER 401(K)/457 PLAN AS A ROTH CONTRIBUTION AT RETIREMENT?

Yes, you can leave it until you reach age 70½ when you must begin taking your Required Minimum Distribution (RMD). The government requires that you begin taking an RMD unless you are still working for a participating agency. This is different from a Roth IRA, which does not have an RMD requirement.

WHAT IS CONSIDERED A QUALIFIED ROTH DISTRIBUTION?

A qualified Roth distribution is generally one that is made after five taxable years of Roth participation **and** is either:

- Made on or after the date the employee reaches age 59½,
 - » With the 457 Plan, the employee must also be separated from employment;
- Made after the employee's death; or
- Attributable to the employee being disabled.

If you take a distribution **before** you've held the Roth contributions for five taxable years in your 401(k)/457 Plan, your earnings are subject to ordinary income tax, even if you reach age 59½. The 10% penalty still applies to distributions taken from the 401(k) Plan before the employee reaches age 59½.

CAN I WITHDRAW ONLY THE PRINCIPAL OF MY ROTH CONTRIBUTIONS WITHOUT A QUALIFYING EVENT?

No, not if you have not met a qualifying distribution reason to withdraw your money. If you withdraw your money but have not met the Roth qualified distribution requirements, any partial distribution will be prorated based on the ratio of contributions to earnings.

WHERE CAN I GET MORE INFORMATION ABOUT ROTH?

See the calendar at www.texasaver.com for webcasts or meetings near you. Call TexaSaver at (800) 634-5091 or email texasaver@gwrs.com.

IRS ANNOUNCES 2012 RETIREMENT PLAN CONTRIBUTION LIMITS

The annual TexaSaver 401(k) and 457 Plan **contribution limits for 2012** have increased to \$17,000 for each Plan, up from 16,500 in 2011.

The annual age **50 catch-up contribution limit** remains the same for 2012, at \$5,500 (\$22,500 total) per Plan.

For the **TexaSaver 457 Plan**, the annual Special catch-up contribution limit for 2012 is \$17,000 (\$34,000 total). You cannot use the age 50 catch-up and Special catch-up options together.

Please note all amounts are for both before- and Roth after-tax contributions combined.

¹ Access to the TexaSaver Information Line and 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 Information Line received on business days prior to close of the New York Stock Exchange (3 p.m. Central 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.

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