Louisiana Public Employees Deferred Compensation Plan | Spring 2012

Louisiana Keynotes

Ballots Enclosed for Election of Participant Member to the Commission

The Deferred Compensation Commission announced that Plan participants will have the opportunity this quarter to select the next Participant-Member to the Commission.

By state statute, the Commission is composed of seven members, three of whom are elected directly by Plan participants. The new Participant-Member will serve a three-year term, effective July 1, 2012.

A ballot with instructions, ballot envelope, signature slip and return envelope are enclosed with this statement mailing. *It is important to read the instructions carefully, because any ballot received that is not properly submitted as directed will be marked "invalid."*

Ballots must be received at the office of Duplantier, Hrapmann, Hogan & Maher, LLC, by 4:00 p.m. on June 1, 2012. If any questions arise concerning the election process, please contact Connie Stevens in the Louisiana Deferred Compensation Plan (DCP) office at (225) 926-8082, extension 35501, or toll-free at (800) 937-7604.

Enhancements to the Plan in the Second Quarter

FUNDS: The investment consultant to the Plan has made two recommendations. The BlackRock LifePath Index 2055 Fund will be added to the lineup for new participants born after 1989, and a new, lower expense ratio version of Ariel Appreciation will replace the current version of the same fund. The operating expense of the new Ariel Appreciation Fund will be 0.90% versus 1.15% for the existing fund. Since cost of investments is a factor in performance, this favors you as a participant by offering the lower cost option of an existing fund. You may contact the Baton Rouge office with any questions at (225) 926-8082 or (800) 937-7604.

WEBSITE UPGRADE: For those of you who use the www.louisianadcp.com website, you will see a *total makeover* in the near future. The new website will be much more user-friendly with a "smartphone" appearance. It is designed to take you anywhere you want to go in three clicks or less. You will find many new interactive calculators, and educational content to help you on your path to saving, at whatever point you may find yourself. Make sure to refresh your browser to see the new site as soon as it launches!

Contributions

Participants are responsible for monitoring their contributions and limits. If you participate in the Deferred Compensation 457(b) Plan, particular attention should be given to your total annual contribution amount. For the 2012 calendar year, the contribution limit is $17,000 or 100% of your income, whichever is less. If you are age 50 or older by the end of the calendar year, you may contribute an additional $5,500 to your Plan account, or a total of $22,500. If you are within three years of normal retirement age and have under-contributed in previous years, you may take advantage of a different catch-up option called the Standard Catch-Up. Participation in Standard Catch-Up must be verified by completing a worksheet and confirming your contribution history with the Plan. If eligible, you may contribute up to double the annual contribution limit—$34,000 in 2012. You may not use both catch-up provisions in the same year. Please contact the Baton Rouge office at (225) 926-8082 or (800) 937-7604 if you wish to review the amount you have contributed year-to-date or to make changes to your deferral amount.

Taking a Distribution from the Louisiana DCP—Pros and Cons

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

- Leave your money in your employer's Plan.
- Roll over to an IRA.
- Take a distribution.

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

Things You Need to Know:

ROLLOVERS OR ACCOUNT CONSOLIDATION

When taking a distribution, if you leave a portion of your balance in the Plan, the account will continue to be available as a vehicle to consolidate your retirement accounts. If you have other retirement accounts, all you need to do is complete a Great-West Retirement Services® Incoming Transfer form and we will help you with requesting the funds from your prior employer or IRA custodian. Contact Great-West at (225) 926-8082 or (800) 937-7604 to find out how.

Taking a Distribution from the Louisiana Deferred Compensation Plan—Pros and Cons *(continued)*

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 once you become eligible for a distribution.

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 could have $165,510 when he or she retires.[2] While you may have good intentions of investing your retirement money after taking a distribution, there is always the possibility of spending it.

The first table 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.

Potential Growth Rates Compounded Annually		
	Annual Growth	
Age	4%	6%
45	$50,000	$50,000
55	$74,542	$90,970
65	$111,129	$165,510

2 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.

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

Understanding the Impact of Your Decision			
Option	Tax Consequence	Pros	Cons
Leave your money in your employer's 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.[3] • 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.[4]	• Savings are no longer tax-deferred. • A mandatory 20% federal income tax withholding applies to distributions taken that are eligible for rollover.[3]

1 Access to KeyTalk and the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.
3 Withdrawals are subject to ordinary income tax.
4 If you elect to roll over within 60 days, you will be responsible for replacing the 20% withholding.

Core securities, when offered, are offered through GWFS Equities, Inc.

Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company , FASCore, LLC (FASCore Administrators, LLC in California) and their subsidiaries and affiliates. Not intended for Plans whose situs is in New York. GWFS Equities, Inc. is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. 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. Great-West Retirement Services®, KeyTalk®, and the Partnership Logo® and its design elements are registered trademarks of Great-West Life & Annuity Insurance Company.

Form# CB1029N (04/2012) PT146975

Great-West RETIREMENT SERVICES®