Welcome to Your New Position with the Commonwealth of Virginia!

As a new salaried employee, you will be automatically enrolled in the Commonwealth of Virginia 457 Deferred Compensation Plan (457 Plan). The 457 Plan is a tax-deferred savings plan administered by the Virginia Retirement System (VRS).

You do not need to enroll in this plan in order to participate because without any effort on your part you will be enrolled automatically, with a deferral of $20 each payday. Through this plan you have the opportunity to maximize your retirement income by starting to save early in your career. As a participant in the Plan, you’ll receive an employer matching contribution of $10 per payday, giving you an additional $240 in annual savings toward retirement.

Your 457 tax-deferred retirement savings plan offers the following benefits:

- **Matching contribution** - Your employer matches 50 percent of your contribution to the 457 Plan or $20 per pay day, whichever is less, for a potential annual contribution of $480. You must increase your contribution from the default amount of $20 to at least $40 per pay day in order to receive the maximum employer cash match of $20 per pay day.
- **Tax-deferred savings and earnings** - The taxes on the money you contribute, the cash match that your employer contributes and the earnings on those amounts are tax deferred until you leave employment and take a distribution from your account. Your deferral is taken out of your paycheck before taxes, which decreases your current taxable income.
- **Savers Tax Credit** - You may be eligible for a non-refundable federal income tax credit if your adjusted gross income is $25,000 or less if you’re single, or $50,000 or less if you’re married (joint income with your spouse).
- **Wide array of investment options** - You may select from various investment options. As a new employee who is automatically enrolled, your deferrals will be invested in the Plan’s default investment. However, you may change investment options at any time.

This packet contains the **457/Cash Match Plan Features and Highlights** brochure, which provides more information on the Plans and the employer cash match.

**Find Out More**

- **Web site** - You can monitor your account, transfer funds, print forms and read educational materials anytime at the plan’s Web site—[www.vadcp.com](http://www.vadcp.com).
- **Local customer service representatives** - You can speak with a representative from 8:00 a.m.–5:00 p.m. Eastern Time by calling 804-643-1882 or toll free 1-866-226-6682 and pressing 2.

As a participant you will also receive

- **Quarterly statements** – Quarterly account statements are mailed to your home.
- **Newsletter** – The plan newsletter, *Explorations*, is included with your quarterly statements.

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Next Steps

Shortly, you will receive a letter from Great-West Retirement Services®, the record keeper for the 457 Plan. The notice will further describe the Plan and provide a Personal Identification Number (PIN) for you to use to manage your accounts through the Web site. Use this PIN to increase or decrease your deferral amount or change your investment options. You may take the following actions regarding the 457 Plan:

- Actively enroll by completing the Enrollment and Beneficiary Designation forms in this packet and mailing them in the enclosed business reply envelope.
- Begin contributing to a 403 (b) arrangement with your employer (available only to educators) which will prevent your being automatically enrolled in the 457 Plan.
- Opt out of participation in the 457 Plan by following the steps in the letter you receive from Great-West Retirement Services.

If you do nothing your first deferral will be sent to your Plan account approximately 90 days from the date of the letter. Each year you will receive a notice reminding that you may make changes to your Plan account.

If you use your PIN to begin managing your account you will be viewed as having taken active control of your account and will no longer be subject to the automatic enrollment rules.

Opting Out of the Plan

The letter will also provide instructions for “opting out” of the plan if you decide that you do not want to participate. If you opt out of the plan within 90 days from the date you receive the letter, no deferral will be made from your salary. You may also opt out within 90 days of the pay date on which the first deferral occurs. If you opt out within 90 days of the first deferral, you may request a refund of the automatic deferrals and any earnings. Your refund request must be received by Great-West Retirement Services within 90 days of the first deferral. You will receive an IRS form 1099 for income tax reporting purposes. The Cash Match contribution along with any earnings will be returned to your employer.

Normal distribution rules apply if no refund request is received within the 90-day period.

Employees of State Colleges and Universities

If you are an employee of a state college or university and you begin making deferrals to your employer’s 403(b) tax-deferred savings arrangement, you will not be enrolled automatically in the 457 Plan. You may participate in both plans, but you must actively enroll in the 457 Plan by completing the enclosed Enrollment and Beneficiary Designation forms. Your employer will pay the cash match based on deferrals to one plan only.

1 The 10% early withdrawal penalty does not apply to 457 plan withdrawals.
2 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.
3 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.
4 The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Securities (except the self-directed brokerage option), when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. Securities available through the Self-Directed Brokerage Account (SDB) are offered by TD AMERITRADE, Inc. Additional information can be obtained by calling TD AMERITRADE, Inc. at 1-866-766-4015. Great-West Retirement Services® and the Partnership Logo are service marks of Great-West Life & Annuity Insurance Company. Not intended for use in New York. ©2007 Great-West Life & Annuity Insurance Company. All rights reserved. CB1007WL (01/01/08)