

Monterey County 457 Deferred Compensation Plan Features & Highlights

The Monterey County 457 Deferred Compensation Plan is a powerful tool to help you reach your retirement dreams. As a supplement to other retirement benefits or savings that you may have, this voluntary Plan allows you to save and invest extra money for retirement... tax-deferred!

Not only will you defer taxes immediately, you may build extra savings consistently and automatically, have a variety of investment options to select from, and learn more about saving and investing for your financial future.

Read these highlights to learn more about your Plan, and how simple it is to enroll.

Getting Started

What is a 457 deferred compensation plan?

A governmental 457(b) deferred compensation plan (457 plan)¹ is a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing pre-tax dollars through a voluntary salary contribution. Contributions and any earnings on contributions are tax-deferred until money is withdrawn. Distributions are usually taken at retirement when many participants are typically receiving less income, and may be in a lower income tax bracket than while working. Distributions are subject to ordinary income tax.

Why should I participate in the Plan?

You may want to participate if you are interested in saving and investing additional money for retirement and/or reducing the amount of current state and federal income tax you pay each year. Your Monterey County 457 Deferred Compensation Plan can be an excellent tool to help make your future more secure.

You may also qualify for a federal income tax credit by participating in this Plan. For more information about this tax credit, please contact your Great-West Retirement Services[®] representative.

Is there any reason why I should not participate in the Plan?

Participating may not be advantageous if you are experiencing financial difficulties, have excessive debt, do not have an adequate emergency fund (typically in an easy-to-access account), or if you expect to be in a higher tax bracket during your retirement.

Who is eligible to enroll?

All current full-time employees of Monterey County are immediately eligible to participate in the Plan.

How do I enroll?

Complete the appropriate enrollment forms indicating the amount you wish to contribute, your investment option selection(s), and a beneficiary designation(s). Please return the form(s) to your Great-West Retirement Services representative.

What are the contribution limits?

In 2007, the maximum contribution amount is 100% of your compensation, less any mandatory before-tax contributions to a governmental pension plan, or \$15,500, whichever is less. It may be indexed in \$500 increments after 2007. These limits may be reduced depending on the terms of your Plan.

Participants in the 457 Plan have two different opportunities to catch-up and contribute more during the final years of their career. "Standard" catch-up allows participants in the three calendar years prior to normal retirement age to contribute more (up to double the annual contribution limit—\$31,000 in 2007) into the 457 Plan.

¹ All references to the 457 Plan are to a governmental 457(b) plan.

The additional amount that you may be able to contribute under the "Standard" catch-up option will depend upon the amounts that you were able to contribute in previous years but did not.

Also, participants turning age 50 or older in 2007 may contribute an additional \$5,000. You may not use the "Standard" catch-up provision and the Age 50+ catch-up provision in the same year.

What are my investment options?

A wide array of core investment options is available through your Plan. Each option is explained in further detail in your Plan's fund data sheets. Investment option information is also available through the Web site at www.gwrs.com and KeyTalk[®], toll free at (800) 701-8255. The Web site and KeyTalk[®] are available to you 24 hours a day, 7 days a week.²

Managing Your Account

How do I keep track of my account?

Great-West Retirement Services will mail you a quarterly account statement showing your account balance and activity. You can also check your account balance and move money between investment options on the Web site at www.gwrs.com or by calling KeyTalk[®] at (800) 701-8255.²

How do I make investment option changes?

Use your Personal Identification Number (PIN)³ and Username to access the Web site or you can use your Social Security Number and PIN to access KeyTalk[®].² You can move all or a portion of your existing balances between investment

options (subject to Plan rules) and change how your payroll contributions are invested.

How do I make contribution changes?

Fill out a Salary Reduction Agreement available from your Great-West Retirement Services representative or from the Risk Management office in the Salinas Courthouse.

Rollovers

May I roll over my account from my former employer's plan?

Yes. But only approved balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or an Individual Retirement Account (IRA) may be rolled over to the Plan. Please check with your Great-West Retirement Services representative regarding any applicable fees on the rollover account.

May I roll over my account if I leave employment with my current employer?

If you sever employment with your current employer, you may roll over your account balance to another eligible governmental 457(b), 401(k), 403(b) or 401(a) plan if your new employer's plan accepts such rollovers. You may also roll over your account balance to an IRA.

Please keep in mind that if you roll over your 457 Plan balance to a 401(k), 403(b) or 401(a) plan or an IRA, distributions taken before age 59½ may also be subject to the 10% early withdrawal federal tax penalty. Please contact your Great-West Retirement Services representative for more information.

Vesting

When am I vested in the Plan?

Vesting refers to the percentage of your account you are entitled to receive from the Plan upon the occurrence of a distributable event. Your contributions to the Plan and any earnings they generate are always 100% vested (including rollovers from previous employers).

² 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. Access to KeyTalk[®] and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades and maintenance, or other reasons.

³ The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

Distributions

When can I receive a distribution from my account?

Qualifying distribution events are as follows:

- retirement;
- permanent disability;
- unforeseeable emergency (as defined by the Internal Revenue Code and if allowed by your Plan's provisions);
- severance of employment (as defined by the Internal Revenue Code provisions);
- attainment of age 70½ (if allowed by your Plan);
- death (your beneficiary receives your benefits);
- in-service transfer to purchase service credit.

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

What are my distribution options?

- 1) Leave the value of your account in the Plan until a future date;
- 2) Depending on the terms of your Plan you may be able to receive payment in the following form:
 - periodic payments;
 - fixed annuity payments;
 - partial lump sum with remainder paid as periodic payments or annuity payments;
 - a lump sum;
- 3) Roll over your account balance to an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or to an IRA.

What happens to my account when I die?

Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) must contact a Great-West Retirement Services representative to request a distribution.

Fees

Are there any recordkeeping or administrative fees to participate in the Plan?

There are no recordkeeping or administrative fees for the Plan.

Are there any fees for the investment options?

Each investment option has an investment management fee that varies by investment option. These fees are deducted by each investment option's management company before the daily price or performance is calculated. Fees pay for trading individual securities in the underlying investment options and other management expenses.

Funds may impose redemption fees on certain transfers, redemptions or exchanges.

Are there any distribution fees?

For the Plan, there are no distribution charges.

Loans

May I take a loan from my account?

Currently, your Plan does not allow loans.

Taxes

How does my participation in the Plan affect my taxes?

Because your contributions are taken out of your paycheck before taxes are calculated, you pay less in current income tax. You do not report any current earnings or losses on your account on your current income tax return either. Your account is tax-deferred until you withdraw money, usually at retirement.

Distributions from the Plan are taxable as ordinary income during the years in which they are distributed or made available to you or to your beneficiary(ies) at your then current tax rate.

Investment Assistance

Can I get help with my investment decisions?

Employees of Great-West Retirement Services and Monterey County cannot give investment advice. There are financial calculators and tools on the Web site that can help you determine which investment options might be best for you if you would like to construct your Plan account yourself.

How can I get help choosing my investment options?

Your Plan has a service called Reality InvestingSM. You can have Advised Assets Group, LLC (AAG), an investment advisory services firm, manage your retirement account for you. Or, if you prefer to manage your retirement account on your own, you can use online investment guidance and advice tools. These services provide a retirement strategy based on your investment goals, time horizon and tolerance for risk.

For more detailed information, please visit your Plan's Web site at www.gwrs.com, enter your Username and Personal Identification Number (PIN)³, then click on the "Reality Investing" tab. Or call KeyTalk[®] at (800) 701-8255, enter your Social Security Number and Personal Identification Number (PIN)³, press "6", then "3" to speak to an AAG adviser representative.

What fees do I pay to participate in Reality Investing?

While there is no cost to use online investment guidance, there is a \$25 annual fee assessed quarterly for online investment advice.

If you choose to have AAG manage your account for you, the annual managed account fee is based on your account balance as follows:

Participant Account Balance	Annual Managed Account Fee
Less than \$100,000	0.60%
Next \$150,000	0.50%
Next \$150,000	0.40%
Greater than \$400,000	0.30%

For example, if your account balance is \$50,000, the maximum fee is 0.60% of the account balance. If your account balance is \$500,000, the first \$100,000 will be subject to a maximum fee of 0.60%, the next \$150,000 will be subject to a maximum fee of 0.50%, the next \$150,000 will be subject to a maximum fee of 0.40%, and any amounts over \$400,000 will be subject to a maximum fee of 0.30%.

How do I get more information?

Visit the Web site at www.gwrs.com or call KeyTalk[®], toll free at (800) 701-8255,² for more information. The Web site provides information regarding your Plan, financial education information, financial calculators and other tools to help you manage your account.

Call or visit your local Great-West Retirement Services office at:

111 Deerwood Rd
Suite 365
San Ramon, CA 94583

(800) 274-8491

Securities, when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Investment options may be offered through mutual funds, collective trust funds, and/or a group fixed and variable deferred annuity issued by Great-West Life & Annuity Insurance Company.

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Your Plan may utilize one or more of the following annuity policy form numbers: GDC 177, GTSA 179, GTSA 279, GDCA 180, GDCA 184, GTSMF 1-84, GDCMF 1-84, GTSA 184, GATSA 184, GATSMF 184, QGAC 985, QGAC-CDSC 685, QGP 685, QGAC 1289, QGAC 1089, QGAC 490 FFSII, GDCMF 190, GDC 990 FFSII, GTDAMF 92 ER, GTDAMF 92 VOL, GTDAGF 92 VOL, GTDAGF 92 ER, QGAC 1-94, STAC 1-95, GFF 1-97, GPF 1-00, GFAC 1-02, GFVAC 1-02, GFAC 1-05, GFVAC 1-05.

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