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Benefits of Peach State Reserves

PSR
Peach State Reserves

Agenda

- **Plan Administration**
- **Plan Features**
- **GaBreeze Account Access**
- **Investment Options & Advisory Services**

Plan Administration

- **The Employees' Retirement System of Georgia is the Plan Sponsor**
- **Investments are selected and monitored by TRS/ERS Division of Investments (the same people who manage your pension plan)**
- **Daily account recordkeeping is contracted to AonHewitt**

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Peach State Reserves Plan Features

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The Basics on 401(k) and 457 Participation

- **Can enroll at any time and discontinue at any time***
- **Contribute as little as 1% of pay each pay period on a pre-tax basis (an annual IRS dollar limit of $18,000 for 2015 applies)**
- **Participants age 50 and over may contribute an additional $6,000 to each plan annually (max of $24,000 for 2015)**
- **May contribute to both 401(k) and 457 plans at the same time**
  - If hired on or after 01/01/2009 into GSEPS**, 401(k) contributions may include an Employer Match.
- **Choose from a diverse range of investment options**

*Some colleges and universities only offer the 457 plan.
** Georgia State Employees' Pension and Savings Plan

Reduce Taxable Income With PSR

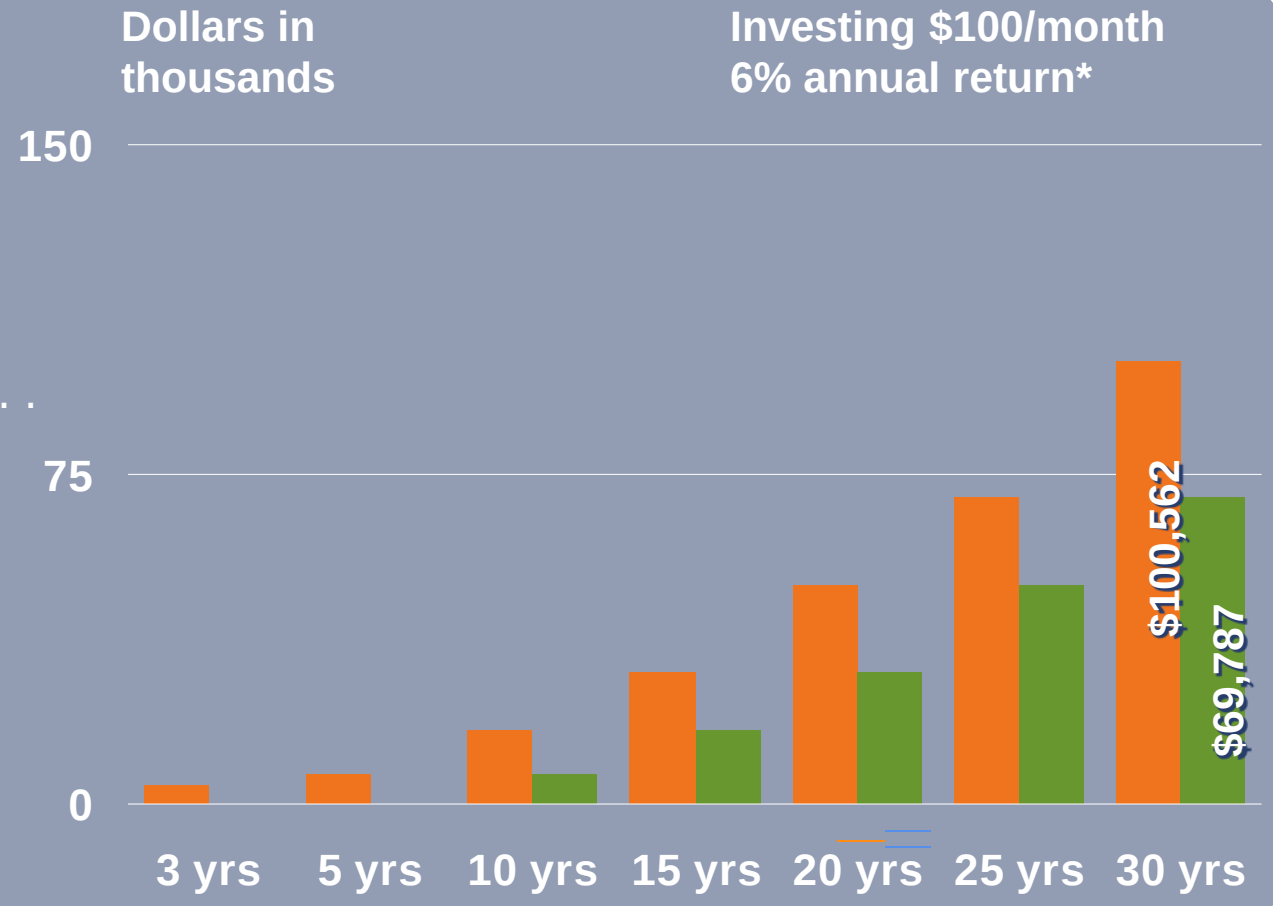
	After Tax	Peach State
Annual pay	$30,000	$30,000
Pre-tax contribution	N/A	- $1,800
Income subject to tax	$30,000	$28,200
Federal taxes*	- $7,500	- $7,050
State tax	- $1,800	- $1,692
Net Income	$20,700	$19,458
After-tax contribution	- $1,800	N/A
Spendable income	**$18,900**	**$19,458**

*Assumes a flat 25% tax bracket without the standard deduction.
**Assumes Georgia State Tax to be 6.00%

Start Early

Jane
Starting now . . .

John
5 years later . . .



* Example is based on a hypothetical return of 6%. This example is for illustration purposes only. The returns you experience may be more or less depending on actual investment returns in your account.

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Plan Comparison

How are the 401(k) and 457 plans different?

401(k)

No withdrawals prior to separation of service except:

- Age 59½ (except employer contributions)
- Financial Hardship withdrawal (if approved, employee contributions only)

Penalty of 10% for any withdrawal made prior to 59½ (limited exceptions)

If married must elect spouse as beneficiary unless spouse waives right to be beneficiary

If hired on or after 1/1/09 in to GSEPS

- Contributions receive employer match

457

No withdrawals prior to separation of service except:

- Unforeseen Emergency withdrawal (if approved)
- Small balance withdrawal (balance less than $5,000.00 and no contributions made within last 24 months)

No early withdrawal penalty regardless of age

Can designate anyone as beneficiary

Allows for 3 year catch-up contribution prior to retirement

All withdrawals and distributions are considered taxable income and are subject to ordinary federal and state withholding taxes.
Note: The information above is for general information purposes only. You should speak with your tax advisor regarding your specific circumstances.

Plan Comparison

How are the 401(k) and 457 similar?

Both plans offer the same investment choices

Each plan allows for employees age 50 or over to contribute more money

Contributions to both plans are pre-tax

When you leave state employment, either plan may be rolled into another employer qualified plan or a traditional IRA.

- Note: 457 money rolled over to an IRA, 401(k), or 403(b) can later be subject to early withdrawal penalties if subsequently withdrawn

Plans have an $8.00 quarterly administrative fee*

Both plans assess investment management fees by fund

- Combined fee for investment management, securities selection, Plan administration
- Fees accrue daily and are reflected in the NAV
- Fees vary by fund and are disclosed on the fund's fact sheet available on the web
- All fund investment fees are under 1.00%

* Quarterly administrative fee is debited on the last Friday of each quarter. Employees with a balance in both the 401(k) and 457 plan are not assessed a quarterly fee.

Financial Hardship Withdrawals and Loans

- Both the 401(k) and 457 plans allow for withdrawals due to financial hardship or unforeseeable emergencies under very limited circumstances and it can be very difficult to qualify. Significant documentation and financial disclosure must be provided. There is no guarantee that your withdrawal request will be approved.
- NO LOANS are available from either the 401(k) or the 457 plan with Peach State Reserves.

All withdrawals and distributions are considered taxable income and are subject to ordinary federal and state withholding taxes.
Note: The information above is for general information purposes only. You should speak with your tax advisor regarding your specific circumstances.

Georgia Breeze Account Access

Internet Site

- **http://www.gabreeze.ga.gov**
- 24 hours a day, 7 days a week

Automated Phone System

- **1-877-3GBreez (1-877-342-7339)**
- 24 hours a day, 7 days a week
- **Call Center Representatives** - 8 am to 5 pm ET Monday - Friday
- **Aon Hewitt Financial Advisors 1-866-560-7256** – 9 am to 9 pm ET Monday - Friday

Georgia Breeze Account Access (cont'd)

Paperless Transaction Capabilities

- Enroll online
- Online management of beneficiary designations
- Online contribution changes
- Online distribution requests

Email Confirmations for Transactions, if desired

Statements on-demand: view, download and print statements

Your Investment Options

1. Types of investments
2. Plan investment options
3. Aon Hewitt Financial Advisors Service

PSR Investment Lineup

- Money Market Fund
- Target Maturity Bond 2016
- Target Maturity Bond 2017
- Target Maturity Bond 2018
- Target Maturity Bond 2019
- Target Maturity Bond 2020
- Core Bond Index Fund
- Active Large Cap Value Stock Fund
- Active Large Cap Growth Stock Fund
- Large-Cap Value Stock Index Fund
- Large-Cap Core Stock Index Fund
- Large-Cap Growth Stock Index Fund
- Mid-Cap Core Stock Index Fund
- Small-Cap Core Stock Index Fund
- Real Estate Securities Index Fund
- International Stock Index Fund
- Active International Stock Fund

This slide is for illustrative purposes only. Prior to investing you should review all fund information and consider consulting with your financial advisor.

Lifecycle Funds

A simplified investing decision!

Designed for those who want professional management, lack time or investing knowledge

Just need to choose ONE fund for all balances and future contributions

The fund does all the work!

- Diversified, automatically rebalanced, and shifts to become more conservative as retirement date nears
- Comprised of 6 pre-selected core funds
- Easy decision making - just choose the ONE fund that most closely matches your retirement date

PSR Lifecycle Funds

Longer time horizon
More potential risk / return

Lifecycle 2060 Fund	**Born since 1/1/1990**
Lifecycle 2050 Fund	**Born between 1/1/1980 – 12/31/1989**
Lifecycle 2040 Fund	**Born between 1/1/1970 – 12/31/1979**
Lifecycle 2030 Fund	**Born between 1/1/1960 – 12/31/1969**
Lifecycle 2020 Fund	**Born between 1/1/1950 – 12/31/1959**
Lifecycle Income Fund	**Born before 12/31/1949**

Shorter time horizon
Less potential risk / return

This slide is for illustrative purposes only. Prior to investing you should review all fund information and consider consulting with your financial advisor.

Investment Advisory Services

Aon Hewitt Financial Advisors, LLC (AFA) in partnership with Financial Engines

Providing two types of retirement help:

- **Online Advice - available at no additional cost**
- **Professional Management - a fee-based service**

AON Hewitt

powered by financial engines

Aon Hewitt Financial Advisors (AFA) cont'd

Online Advice – available at no additional cost:

Web based tool:

- Build a personal Retirement Plan
- Model different savings, and investment options
- Get specific savings and investment recommendations
- Stay on track with quarterly updates
- Support from Investment Advisors
- Personalize plan by setting risk preference, retirement age, and include outside accounts

Aon Hewitt Financial Advisors (AFA) (cont'd)

Professional Management - Fee-based investment advice:

Partner with an Investment Advisor:

- Proactive management of your PSR account
- Monitoring and rebalancing of your PSR account
- Investment Advisors to talk to
- Quarterly Retirement Updates
- Personalize plan by setting risk preference, retirement age, and include outside accounts
- Enroll anytime and cancel anytime without penalty

What To Do Now

- Join PSR
- Designate a beneficiary for your plan
- Set a retirement savings goal
- Maximize your contribution
- Evaluate your risk and reward tolerance
- Review your investment options carefully
- Create a diversified portfolio by choosing your own funds or selecting a Lifecycle Fund
- Review your portfolio regularly
- Utilize AFA's Advisory Services

Contact Ga Breeze to get started www. Gabreeze.ga.gov or 1-877-342-7339

Important Information

Today's workshop was designed to:

- Provide you with fundamental information on your retirement savings plan(s)
- Objectively highlight your fund options
- Outline other sources of information for your decisions

Please read all investment information prior to investing.

Prior to making any investment decisions you should carefully review all fund information This presentation is for general education purposes only and does not, nor is it intended to constitute legal, tax, investment or financial advice. To the extent that you need any such advice you are encouraged to speak with your legal, tax or investment advisor.

Any fund performance illustrated in this presentation details historic returns and does not guarantee future investment returns of the funds reviewed.

Updated 01/2015

Make it happen.

Thank you!

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