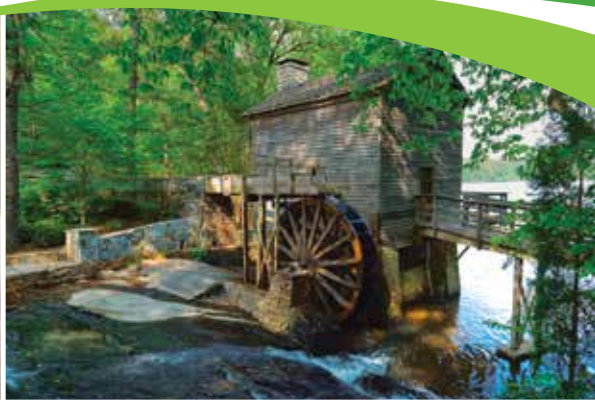
Make it happen.



PSR PLAN HIGHLIGHTS

PSR

Peach State Reserves

Make it happen.

Peach State Reserves (PSR) is a voluntary retirement benefit plan that offers you the opportunity to invest money toward securing the retirement that you envision. Whether you've been saving for years or are just getting started, PSR has the tools to help you ***make your retirement dreams happen***.

The benefits of saving through PSR

- It's easy – Contributions are made through easy payroll deduction on a pre-tax basis.
- You get tax benefits – Contributions come out of your pay before taxes are deducted, which can lower your taxable income and therefore your current tax bill. And your money can grow faster, since any earnings on your contributions grow tax deferred until withdrawn.
- It's convenient – Visit the GaBreeze website, **www.GaBreeze.ga.gov**, at any time to:

  – Monitor your account balance

  – Obtain your personalized retirement income forecast

  – Access investment advice

  – Manage your investments and transfer money among funds

  – Change your contribution amounts

  – Choose Automatic Rebalancing to help keep your investments on track

  – Review fund performance

  – Download forms via a secured participant mailbox

  – Update beneficiary information

  – View account statements

GETTING STARTED IN THREE EASY STEPS

Following the three steps below makes enrolling in PSR easier and more convenient for you:

1. Review the Plan Comparison on pages 2 through 4 to choose a PSR Plan.
2. Decide how much you want to contribute.
3. Review investment information on pages 6 through 7 and choose your investments.

Enrollment

Visit the GaBreeze website at **www.GaBreeze.ga.gov** and follow the system prompts to create a user ID and password. If you already created a user ID and password to access the state Flexible benefits, you can use them to enroll in PSR. From the ***Peach State Reserves*** tab, select ***Start Saving***. Then, choose one of the following options:

a) **Quick Enrollment** to automatically contribute 5% of your pay. Your contributions will be invested in an age-appropriate Lifecycle Fund, based on the year in which you were born. You'll be free to change these elections at any time.

b) **Expanded Choices** to set your own contribution rate and choose your own investment mix.

If you have questions about enrolling online or would prefer to enroll over the phone, call the GaBreeze Benefits Center at **1-877-3GBreez (1-877-342-7339)**. Representatives are available from 8 a.m. to 5 p.m. Eastern Time, Monday through Friday.

WHAT'S INSIDE:

Step 1: Choose your Plan 2

Step 2: Decide how much to contribute 5

Step 3: Choose your investments 6

Managing your account 10

Accessing your retirement savings 12

CHOOSE YOUR PLAN

PSR offers two deferred compensation plans in compliance with Internal Revenue Code Sections 401(k) and 457 enabling participants to save for retirement on a tax-deferred basis. You can contribute the maximum amounts to both Plans. See the GaBreeze website for the current contribution limits.

401(k) Plan	457 Plan
Participation	
Eligibility	
All full-time state and participating university system employees and other government employees eligible for membership in the ERS retirement plan, as well as employees of Fayette, Henry and Walton County Boards of Education. Part-time and hourly employees may or may not be eligible—check with your Human Resources office about benefit eligibility.	Same as 401(k) Plan. In addition, employees of the Georgia Lottery Corporation are not eligible for the state 457 Plan.
Enrollment	
Initial enrollment for eligible employees is available at any time.	Same as 401(k) Plan.
Rollovers	
Employees may transfer assets into PSR from their previous employer's 401(k), 403(b), or 457 plans, or in some cases, from IRAs. Upon termination, you may transfer assets to your new employer's retirement plan or to an IRA, but there is no requirement to do so.	Employees may transfer assets into the 457 Plan only from other 457 plans. If you'd like to participate in the 457 Plan but want to roll over other plan assets into PSR, you can roll over non-457 plan assets into the 401(k) Plan and still contribute through payroll deduction to the 457 Plan (there is no additional cost for maintaining a balance in both Plans). Upon termination, you may transfer assets to your new employer's retirement plan or to an IRA, but there is no requirement to do so.

401(k) Plan	457 Plan

Contributions

Contribution Limits

Minimum contribution of 1% per paycheck. Maximum contribution for 2014 is $17,500.	Same as 401(k) Plan.

Catch-Up Contributions

Age 50 and over contribution: Employees age 50 or older (or who will reach age 50 in the applicable tax year), may make additional contributions beyond the normal contribution limit, of up to $5,500 in 2014.	Same as 401(k) Plan.
Not available in the 401(k) Plan.	**Special 457 Plan Catch-Up:** Double the normal contribution limit during the three years prior to the year of your retirement, if eligible. You cannot contribute to the Special 457 Catch-Up and the 457 Plan Age 50 additional contribution during the same tax year. Contact GaBreeze for eligibility information and application.

Employer Contributions

State employees covered under the Georgia State Employees' Pension and Savings Plan (GSEPS) are eligible for a match on their 401(k) Plan contributions. See the GSEPS section of the website for more information. Henry and Walton County Board of Education employees covered under the Public School Employees' Retirement System are eligible for a match on their 401(k) Plan contributions. Full-time Community Service Board (CSB) and Georgia Lottery Corporation employees not eligible for the Employees' Retirement System are eligible for employer contributions as provided for by your employer. Part-time CSB employees may or may not be eligible. Contact your Human Resources office for information on eligibility and contributions.	Not available in the 457 Plan.

Changes to Current Contributions

Contributions can be started or stopped and amounts changed anytime. Changes become effective as soon as administratively possible—generally the next pay period.	Contributions can be started or stopped and amounts changed anytime. Changes become effective the following calendar month, except revocations which are effective as soon as administratively possible—generally the next pay period.

401(k) Plan	457 Plan

Withdrawals

Rollovers

Upon separation from service, funds may be rolled into another 401(k), 457, 403(b), or IRA in order to maintain the tax-deferred status of the assets.	Same as 401(k) Plan. In addition, 457 assets that are rolled into anything other than another 457 plan will be assessed the 10% early withdrawal penalty if a withdrawal is later taken prior to age 59½.

Withdrawal Rules

Generally, withdrawals are not allowed until separation from state service, or can be made on or after age 59½, even if still working (except employer contributions, which cannot be withdrawn until separation from all state service). If a withdrawal is taken prior to age 59½, in most cases, a 10% penalty is assessed in addition to taxes.	Generally, withdrawals are not allowed until separation from state service, or until you reach age 70½. If your 457 Plan account is less than $5,000 and has been inactive for two years, you may take a one-time withdrawal of the account balance, provided you have never received a prior in-service withdrawal under these same conditions. No tax penalties unless 457 assets are rolled into a 401(k) plan, 403(b) plan, or IRA and withdrawal is then taken prior to age 59½.

Spousal Consent

Spouse must be named as beneficiary for entire account balance unless spouse submits a waiver.	Married participants don't have to specify their spouse as beneficiary.

Required Minimum Distribution (RMD)

IRS requires withdrawals be taken from all qualified retirement plans, including IRAs, no later than April 1 following the year you turn age 70½, if you are no longer working. A 50% tax penalty applies if RMDs do not begin at age 70½.	Same as 401(k) Plan.

Unforeseeable Emergency/Financial Hardship Withdrawals

Withdrawals may be permitted if you experience an immediate and heavy financial need. Must meet strict IRS requirements. Extremely difficult to qualify. Any employer contributions are not eligible for hardship withdrawal.	Withdrawals may be permitted when you experience an unforeseeable emergency that causes extreme financial hardship. Must meet strict IRS requirements. Extremely difficult to qualify.

Loans

Not available.	Not available.

DECIDE HOW MUCH TO CONTRIBUTE

Many experts suggest you save between 10% and 15% of your pay for retirement. It's OK to start small and work up to this goal. For help, elect the ***Annual Rate Increase*** option up to a target contribution rate when you enroll in PSR. Each year, your contributions will automatically increase by an amount you select, until you reach your target savings goal rate.

Think you can't afford to enroll in PSR? Then consider this:

If you're earning $20,000 a year and you make monthly contributions equal to 5%, which is $83.33, your monthly paycheck will actually be reduced by only $65.83.[1] That's like getting $17.50 free every month! This isn't magic; it's because you're making pre-tax contributions to PSR. To see how much you can really afford, visit the GaBreeze website. Go to the ***Peach State Reserves*** tab, then under ***Other***, select ***Tools and Calculators***.

Make saving for retirement less taxing

The government also offers a tax credit for contributions to eligible retirement savings plans, including the PSR Plans. You may be eligible for a credit on your federal taxes equal to a percentage (up to 50%) of up to the first $2,000 you contribute. The credit is available if your adjusted gross income (AGI) doesn't exceed $60,000 if you're married and file a joint return, or $30,000, if you're single or married and file a separate return. The actual amount of your credit is based on your tax filing status and AGI as shown below:

Retirement Savings Credit Guidelines[2]

Tax Credit	Joint Return AGI	Single (other filers) AGI
50%	Less than $36,000	Less than $18,000
20%	$36,001 - $39,000	$18,001 - $19,500
10%	$39,001 - $60,000	$19,501 - $30,000
0%	Over $60,000	Over $30,000

If you take this tax credit, you may still deduct your contributions to qualified retirement savings plans as allowed under current law. Speak with your tax advisor to see if you're eligible.

1. Calculations assume the 15% federal tax bracket and the Georgia marginal tax.
2. Source: Internal Revenue Service, 10/31/2013.

CHOOSE YOUR INVESTMENTS

You must choose where to invest your contributions and your employer contribution, if applicable, in whole percentages adding up to 100% when you enroll.

PSR offers two different approaches to investing that can help you diversify your investment portfolio. Diversification refers to spreading your savings among a variety of investment options that invest across and within asset classes (stocks, bonds, and short-term/stable value investments) to help improve your returns over time and help reduce risk.

Option A: Hands-off approach: Lifecycle Funds

If you're looking for a simple investment solution, access is available to a set of diversified portfolios that are managed over time toward a series of specifically established "maturity dates." The Lifecycle Fund selection is based on your age and approximate retirement date, and is as follows:

Lifecycle Fund Options	Participants born…
Lifecycle Income Fund	On or before 12/31/1949
Lifecycle 2020 Fund	1/01/1950 - 12/31/1959
Lifecycle 2030 Fund	1/01/1960 - 12/31/1969
Lifecycle 2040 Fund	1/01/1970 - 12/31/1979
Lifecycle 2050 Fund	On or after 1/01/1980

Lifecycle Funds are a simple solution to investing as they comprise five investment options, representing five asset classes, and are rebalanced quarterly to become more conservative as they approach their target date.

Option B: Hands-on approach: core investment options

PSR has 16 core investment options among various asset categories to help you build a well-diversified portfolio. More information about the investment options can be found on the GaBreeze website by going to the ***Peach State Reserves*** tab under ***Review Investments*** and selecting ***Fund Performance***.

Asset Class		Investment Option
Money Market		Money Market Fund
Bonds	Index	Core Bond Index Fund
Bonds	Actively Managed	2015 Target Maturity Bond Fund 2016 Target Maturity Bond Fund 2017 Target Maturity Bond Fund 2018 Target Maturity Bond Fund
U.S. Equities Large Cap Funds	Actively Managed	Active Large Cap Value Stock Fund Active Large Cap Growth Stock Fund
U.S. Equities Large Cap Funds	Index	Large Cap Value Stock Index Fund Large Cap Core Stock Index Fund Large Cap Growth Stock Index Fund
U.S. Equities Small/Mid Cap Funds	Index	Mid Cap Core Stock Index Fund Small Cap Core Stock Index Fund
Real Estate	Index	Real Estate Securities Index Fund
International Equities	Actively Managed	Active International Stock Fund
International Equities	Index	International Stock Index Fund

Review fund information

Prior to investing, you should carefully review all fund information and objectives, and consult with your investment advisor. Fund materials can be obtained by visiting the GaBreeze website or calling the GaBreeze Benefits Center at **1-877-3GBreez (1-877-342-7339)**.

Self-Directed Brokerage Account

Experienced investors looking for maximum flexibility can also invest in the Self-Directed Brokerage Account (SDBA) with Hewitt Financial Services, LLC. The SDBA gives you access to publicly traded stocks, fixed income products, options, and more than 12,000 mutual funds.* In addition, more than 6,400 of the mutual funds are available with waived loads and/or no transaction fees (NTFs).** Once you've established an SDBA, the initial transfer is $5,000 and all subsequent transfers must be at least $1,000. You may not direct ongoing contributions directly into the SDBA. A minimum balance of $5,000 must be maintained in the core funds or Lifecycle Funds.

About Hewitt Financial Services

Securities are offered by Hewitt Financial Services. Hewitt Financial Services LLC, member FINRA, SIPC, is a broker/dealer that primarily provides services to retirement plans. It is a subsidiary of Hewitt Associates LLC (branded Aon Hewitt).

Securities: Not FDIC Insured • No Bank Guarantee • May Lose Value

* Only covered calls and protective puts are available in the SDBA.

** Other fees and expenses regularly charged by the funds will apply. Before investing in any mutual fund, please read its prospectus carefully. For a copy of any prospectus, which includes information about risk considerations, fees, and other expenses, visit the Hewitt Financial Services website at **www.hewittfs.com** or call **1.800.890.3200**.

INVESTMENT SERVICES FROM AON HEWITT FINANCIAL ADVISORS

If you have questions regarding which investment options to choose or how much to save, Aon Hewitt FInancial Advisors, LLC (AFA), in partnership with Financial Engines, is a valuable resource for investment advice. You can access their services as outlined below:

Online Advice tool

You can elect this service at no additional cost after you enroll in PSR. The Online Advice tool, powered by Financial Engines, is available through the GaBreeze website to provide you advice anytime you need it. The tool offers expert recommendations about how much money you should save, which Plan funds to invest in, and how much to invest in each, based on your unique needs and goals.

Aon Hewitt Professional Management program

This program is a full-service way for you to receive ongoing independent investment management for your account. You can elect this program for a fee after you enroll in PSR. The program provides a personalized plan for your account that is managed and monitored by Investment Advisors. You'll receive quarterly updates to help keep you on track.

For details on this program, including fee information, call **1-866-560-7256** from 9 a.m. to 9 p.m. Eastern Time to speak with an AFA Investment Advisor, or visit the GaBreeze website.

MANAGING YOUR ACCOUNT

Account statements

Annual statements are mailed each January showing your annual contributions, any interest and investment gains or losses, and your current account balance. You can also access account information on the GaBreeze website or by calling the GaBreeze Benefits Center.

In addition, you can view a statement online at any time. Account values fluctuate with market conditions; therefore the value of an account may be worth more or less than the original amount invested at any point. Fund prices are updated daily and can be found on the GaBreeze website or by calling the GaBreeze Benefits Center.

Automatic rebalancing

You may elect to have your current fund balances adjusted every 90 days, 180 days, or annually to match your current investment election percentages. This feature helps to keep your account weighted to the asset allocation model you established when making your investment elections.

Reallocation of existing balances

You may redistribute existing account balances over a series of funds in one simple transfer.

Change of address

If you move, you must report your change of address to your Human Resources office.

Bring it with you

If you have an IRA or retirement plan from a previous employer, you may want to consider transferring those funds into PSR. By consolidating your retirement accounts, you will benefit from the features available to you through PSR, including access to investment services.

Designate your beneficiary(ies)

To designate one or more beneficiaries, visit the GaBreeze website and click the ***Personal Info*** tab from the top menu, and then ***Beneficiaries***. You'll need to periodically review and update your election, if necessary.

Participant fees

A combination of two types of fees, asset-based and flat, are charged to participants of PSR to cover expenses from the following three areas:

1. Investment management and securities selection for each investment option.
2. The recordkeeping of individual participant accounts and the daily processing of participant contributions and investment activity.
3. The administration of PSR, including annual Plan audits, legal advice on Plan design and compliance, oversight of investment managers, trustee and custodial management of assets, participant investment advisory services, and Plan communication.

Asset-based fees: The investment management and securities selection fees, as well as a PSR administration fee, are reflected in the Net Asset Value of each investment option. Fees vary, and you can find more information in the fund materials on the GaBreeze website.

A flat fee may be charged to a participant's account regardless of the balance in their account. The fee is $8 per quarter.[3]

Plan management and administration

The Employees' Retirement System of Georgia (ERS) is responsible for the overall management of PSR and the selection and oversight of PSR investment managers. Aon Hewitt is the Plan provider and is responsible for customer service, Plan administration, and participant communication.

3. 457 Plan accounts are not charged the flat fee. If you have a 457 and a 401(k) Plan account balance, no fee will be assessed to either Plan; in addition, Community Service Board and Georgia Lottery Corporation employees are not assessed the fee, unless they are members of the ERS pension plan.

ACCESSING YOUR RETIREMENT SAVINGS

PSR is designed to be a vehicle for saving toward retirement. Monies may be withdrawn out of PSR account(s), as permitted by federal regulations, upon retirement, separation from service, and in the event of death, with benefits paid to a beneficiary(ies). Under very specific and extremely limited situations, in-service withdrawals are permitted.

Distributions when retiring or leaving state employment

You may begin taking distributions from PSR at any time after meeting the 30-day waiting period requirement. You may elect to receive a lump sum, a partial lump sum, payments for a specific time period, payments based on your life expectancy or you and your spouse's joint life expectancy, or to purchase an annuity. Monthly, quarterly, semi-annual, or annual payment options are available.

IRS Required Minimum Distribution (RMD) rules require you to begin taking distributions from PSR no later than April 1 following the year you reach age 70½. You may increase, reduce, or cease your benefit payments at any time, unless you have started receiving RMDs after reaching age 70½.

In-service withdrawals and early withdrawal penalties

Generally, withdrawals from tax-sheltered retirement plans such as PSR are not permitted until separation from service. Additionally, the Plans are not designed as a source to pay for emergency expenses or financial hardship. However, there are some instances where withdrawals may be permitted prior to separation from service, if eligibility requirements are met. Withdrawals may be permitted under the following circumstances:

401(k) Plan

– When you experience an immediate and dire financial need that meets IRS requirements: The IRS has established guidelines that must be met, support documents must accompany all requests, and the amount withdrawn cannot exceed the amount needed to satisfy the emergency.

– Roll over to purchase retirement service credits, if the retirement plan receiving the rollover is a qualified retirement plan.

– Employee contribution balances may be withdrawn once you reach age 59½.

401(k) Plan (*continued*)

– Amounts withdrawn prior to age 59½ are generally subject to a 10% early withdrawal penalty.

– Employer contributions are not eligible for withdrawal until separation from state service.

457 Plan

– When you experience a qualifying, unforeseeable emergency that causes extreme financial hardship: The IRS has established guidelines that must be met, support documents must accompany all requests, and the amount withdrawn cannot exceed the amount needed to satisfy the emergency. It is very difficult to qualify.

– You may elect a one-time, in-service withdrawal if your account balance is $5,000 or less, as long as you have not made a contribution during the prior two-year period, and have not received an in-service withdrawal under these same conditions before.

– Roll over to purchase retirement service credits, if the retirement plan receiving the rollover is a qualified retirement plan.

– No early withdrawal penalty for monies withdrawn prior to age 59½.

Taxation

Twenty percent will be withheld for federal tax purposes at the time of payment on all distributions from PSR, with the exception of a rollover to another eligible retirement plan or a traditional IRA. Distributions are treated like ordinary income for the year paid out, and are subject to federal and state income taxes. More information on distribution and payment options, or on amounts available for withdrawal, can be found on the GaBreeze website or by calling the GaBreeze Benefits Center.

Stick with PSR

There is no need to leave PSR once you retire or leave state employment. By sticking with PSR, you continue to benefit from tax-deferred growth and access to the benefits that a large group plan like PSR has to offer. Professional investment management, low cost, access to investment advice, flexible distribution options, and the rest of the features of PSR that you've become accustomed to may provide you with better retirement opportunities than you can find elsewhere.

PSR 457 Plan participants have even more reason to stay invested, as their accounts are not subject to the 10% early withdrawal penalty tax, like those of an IRA or 401(k), for withdrawals before age 59½.

FOR MORE INFORMATION

Visit: the GaBreeze website at **www.GaBreeze.ga.gov**.

Call: the GaBreeze Benefits Center at **1-877-3GBreez (1-877-342-7339)**. Representatives are available from 8 a.m. to 5 p.m. Eastern Time, Monday through Friday.

This booklet generally summarizes the Section 457 and Section 401(k) Plans offered through the State of Georgia Peach State Reserves Program. Every attempt has been made to ensure that the information in this booklet is accurate. The Plans are governed by legal documentation, including current tax law and the Plan documents, and are subject to and operated in accordance with the regulations of the Internal Revenue Service. In the event that there are any conflicts between this booklet and the rules and regulations governing these Plans, the terms of the rules and regulations will prevail.

Your plan sponsor has hired Aon Hewitt Financial Advisors to provide investment advisory services to plan participants. Aon Hewitt Financial Advisors, LLC (AFA) has hired Financial Engines Advisors L.L.C. (FEA) to provide sub-advisory services. AFA is a federally registered investment advisor and wholly owned subsidiary of Hewitt Associates LLC. FEA is a federally registered investment advisor and wholly owned subsidiary of Financial Engines®, Inc. Neither AFA nor FEA guarantee future results.

PSR
Peach State Reserves

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