



The State of Alabama Deferred Compensation Plan can be 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 invest for retirement.

Not only can you defer federal and Alabama income taxes, you may build extra retirement savings consistently, select from a variety of investments, and learn more about saving and investing for your financial future.

The Plan also offers a Roth contribution option, which allows you to contribute on an after-tax basis. This may be an attractive feature if you expect to be in a higher tax bracket during your retirement. The qualified distributions of Roth contributions and earnings from the 457 account are generally tax-free if they satisfy the five-year minimum deposit restriction. Please refer to the Distributions and Taxes sections for additional information.

Read these highlights to learn more about your Plan and how simple it is to enroll. Please understand that this description isn't binding for anyone. If there are any discrepancies between this document and the Plan Document, the Plan Document will govern.

Getting Started

What is a 457(b) deferred compensation plan?

A governmental 457(b) deferred compensation plan (457 plan¹) is a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by investing through a voluntary salary contribution. Contributions can either be made before-tax or after tax. If contributed before tax, contributions plus earnings can grow tax deferred at the federal and state level until withdrawn. If funds are contributed after tax (Roth), earnings can grow tax deferred and potentially be taken tax free at the federal and state level if the funds are withdrawn after age 59½ and if withdrawn five or more years after the first Roth contribution has been made to the account.

Why should I participate in the Plan?

You might want to participate if you are interested in investing for retirement or reducing the amount of current federal and Alabama income tax you pay each year you make contributions. Your State of Alabama Deferred Compensation Plan can be an excellent tool to help you make your future more secure.

You might also qualify for a federal income tax credit by contributing to this Plan. For more information about this tax credit, please contact your Empower Retirement representative.

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

Among other reasons, participating might not be advantageous if you are experiencing financial difficulties, need your wages to pay your living expenses, or do not have an adequate emergency fund (typically in an easy-to-access account).

Who is eligible to enroll?

Salaried employees of the State of Alabama and eligible employers can enroll.

How do I enroll?

Complete the Plan's enrollment form, indicating the amount you wish to contribute, your Plan account's investment selection (within the choice of investment alternatives allowed by the Plan), and your beneficiary designation. Please return the form to Empower at the address on the form.

What are the contribution limits?

The minimum contribution is \$10 per pay period. In 2017, the maximum contribution amount is 100% of your includable compensation or \$18,000, whichever is less.

Some participants nearing retirement have an opportunity to contribute more under an age 50 or older catch-up provision; call Empower for more information. Keep in mind that all of these contribution limits apply to the sum of all of your deferrals under all 457(b) plans in which you participate during a year, including RSA-1.

What are my investment alternatives?

A wide array of investment alternatives is available through your Plan. Each fund is explained in further detail in a fund data sheet, summary prospectus, prospectus, statement of additional information, or other documents. Investment information is also available through the website at **www.AlabamaRetire.com** and the voice response system (VRS), toll free, at **(877) 313-2262**. The website and VRS are available to you 24 hours a day, seven days a week.²

In addition to funds, the Plan's investment alternatives include a stable value account. For information about interest that this account has credited in the past, please visit **www.AlabamaRetire.com** or call **(877) 313-2262**.

Please understand that interest credited in the past is not a guarantee or any indication of future results.

Managing Your Account

How do I keep track of my account?

You can check your account balance and move money among investment alternatives on the website at **www.AlabamaRetire.com** or by calling **(877) 313-2262**.² Quarterly statements and statements-on-demand are also available on the website.

How do I make investment changes?

Use your personal identification number³ (PIN) and username to access the website, or you can use your Social Security number and PIN to access the VRS.² You can move all or a portion of your existing balances among the Plan's investment alternatives and change how your payroll contributions are invested.

How do I make contribution changes?

You can increase (subject to the Plan's contribution limits), decrease, or stop your contribution by completing a Paycheck Contribution Election Form based on the elected contribution type. You can print this form from the website at **www.AlabamaRetire.com**.

If you are a State employee, you may also make a deferral change on the website or by calling **877-313-2262**.

Rollovers

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

Yes, but only approved amounts from an eligible retirement plan may be rolled over to the Plan.

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

If you sever employment and take an eligible rollover distribution, you may roll over all or a portion of that distribution to another eligible retirement plan if that plan accepts such rollovers. You may also roll over an eligible rollover distribution to an IRA (if the IRA accepts a rollover contribution). Please keep in mind that if you roll over your 457 Plan balance to a 401(a), 401(k) or 403(b) plan or an IRA, distributions from those plans taken before age 59½ may also be subject to the 10% early withdrawal federal tax penalty. Please contact your Empower representative for more information.

You are encouraged to discuss rolling money from one account to another with your financial advisor/planner and to consider any potential fees and/or limitations of available investment options.

Loans

Does the Plan allow a loan?

Your Plan allows you to borrow the lesser of \$50,000 or 50% of your total vested account balance. The minimum loan amount is \$1,000 and you have up to five years to repay your loan. There is a \$50 origination fee that is deducted from the proceeds of the loan, for each loan, plus an ongoing annual \$25 fee.

Distributions

When can I receive a distribution?

Qualifying distribution events are as follows:

- Unforeseeable emergency (as defined by the Internal Revenue Code)
- Severance from employment (as defined by the Internal Revenue Code)
- Attainment of age 70½
- Death (upon which your beneficiary becomes entitled to your Plan account)
- If no contributions have been made in the previous 24 months, and the account value is less than \$5,000

Participants are required to wait 30 days after separation from employment before taking a distribution. Each distribution is subject to taxes owed based on the elected contribution type.

What are my distribution options?

1. Leave the value of your account in the Plan until a future date (but at least a minimum distribution must begin no later than your required beginning date).
2. You may choose payment in the following form:
 - Periodic payments;
 - Fixed annuity payments;
 - A payment of part of the Plan account; or
 - A single lump sum.
3. Roll over an eligible rollover distribution to an eligible retirement plan.

What happens to my Plan retirement savings when I die?

Your designated beneficiary(ies) will be entitled to the remaining value of your account, if any. A beneficiary claims a distribution grounded on a participant's death by sending the proper claim form to Empower.

Fees

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

Empower receives fees for its services. Currently, we anticipate that indirect compensation that Empower receives (from funds and their underwriters, transfer agents, and managers) regarding the Plan's investments is likely to be enough to offset all of Empower's general recordkeeping fee so that your Plan account is unlikely to be charged that fee. However, a charge for that fee is a possibility. Further, some transactions or services you request have separate and additional fees. Also, your Plan account can be charged for the Plan's expenses for services of providers other than Empower or for certain special services Empower performs for individual participants, such as processing a qualified domestic relations order upon divorce.

Are there any fees for the investments?

Each investment alternative has an investment management fee that varies by investment alternative. You should read carefully each fund's prospectus and other information to learn each fund's fees, expenses, and other charges.

The Great-West SecureFoundation® Guarantee Benefit Fee is assessed to provide the guarantee withdrawal amount. For more important information regarding the Great-West

SecureFoundation option, including product specifics and fees, refer to the Great-West SecureFoundation Summary Disclosure Statement attached to the Enrollment Form and also located on your Plan's website.

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

Taxes

How does my participation in the Plan affect my taxes?

- **Pre-Tax 457 Contributions**

Because your contributions are taken out of your paycheck before taxes are calculated, you pay less in current federal and Alabama income taxes. You do not report any current earnings or losses on your Plan account on your current income tax returns, either. Your account is tax deferred until you receive a distribution, usually at or during retirement. A distribution from a 457(b) plan is ordinary income and is taxed during each year in which a distribution (or part of a distribution) is received.

Your distribution is generally subject to federal income tax withholding, unless rolled over directly into another 457(b) governmental plan, IRA, or qualified retirement plan.

- **Roth 457 Contributions**

Roth contributions are made with after-tax money. Distributions of earnings and contributions are not taxable if you have reached age 59½ and five years have passed since the first Roth dollar was deposited, or severed employment due to death or disability retirement and have held the account for at least five years. Income taxes may apply to any earnings distributed before age 59½, death, disability retirement, or the five-year period beginning with your first Roth contribution.

This overview about tax treatment isn't binding for anyone. The State of Alabama, Empower, or anyone who works for either entity does not and will not give you tax advice.

Investment Assistance

Can I get help with my investment decisions?

Except as described in the next question, Empower does not offer investment advice. There are financial calculators and tools on the website that can help you evaluate investment alternatives.

How can I get help choosing my investments?

Your Plan allows access to three different levels of investment advisory tools and services called Empower Retirement Advisory Services (Advisory Services). You can have Advised Assets Group, LLC (AAG), a registered investment adviser, manage your Plan account for you through the Managed Account service. Or if you prefer to manage your Plan account on your own, you can use Online Investment Guidance and Online Investment Advice tools. These services provide a retirement strategy based on your investment goals, time horizon, and tolerance for risk. There is no guarantee that participation in any of the advisory services will result in a profit or that the account will outperform a self-managed portfolio invested without assistance.

For more detailed information, please log in to your Plan's website at www.AlabamaRetire.com. Click on the Advisory Services tile or call the voice response system at **(877) 313-2262** to speak to an AAG investment adviser representative.

What fees do I pay to participate in Advisory Services?

While there is no cost to use the Online Investment Guidance tool, there is a \$6.25 fee assessed quarterly for the Online Investment Advice tool.



If you choose to have AAG manage your account for you, the annual Managed Account service fee that is deducted quarterly will be based on a percentage of your account balance, as follows:

Participant Account Balance	Annual Managed Account Service Fee
Less than \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Greater than \$400,000	0.15%

For example, if your Plan account balance is \$50,000, the maximum fee will be 0.45% of the account balance. If your account balance is \$500,000, the first \$100,000 will be subject to a maximum fee of 0.45%; the next \$150,000 will be subject to a maximum fee of 0.35%; the next \$150,000 will be subject to a maximum fee of 0.25%; and any amounts over \$400,000 will be subject to a maximum fee of 0.15%.

How do I get more information?

Visit the website at www.AlabamaRetire.com or call the voice response system, toll free, at **(877) 313-2262** for more information. The website provides information regarding your Plan and financial education, as well as financial calculators and other tools to help you manage your account.

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

² Transfer requests received on business days prior to close of the New York Stock Exchange (4 p.m. Eastern time or earlier on some holidays or in 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.

³ The account owner is responsible for keeping their PIN/passcode confidential. Please contact Client Services immediately if you suspect any unauthorized use.

Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker-dealers.

GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company (GWL&A).

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