



The South Carolina
Deferred Compensation Program

South Carolina Deferred Compensation Program Features and Highlights

The South Carolina Deferred Compensation Program 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 Program 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, select from a variety of investment options, and learn more about saving and investing for your financial future.

Read these highlights to learn more about your Program and how simple it is to enroll. If there are any discrepancies between this document and the Plan Document, the Plan Document will govern.

Getting Started

What is a 457 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 saving and investing pre-tax dollars through a voluntary salary deferral. Contributions and any earnings on contributions are tax-deferred until money is withdrawn.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. Distributions are subject to ordinary income tax.

Unlike a 401(k) plan, the early withdrawal penalty does not apply to eligible 457 plan withdrawals, which means that when you separate from service you do not have to wait until you are 59½ to take a penalty-free distribution.

What is a 401(k) plan?

A 401(k) plan is a retirement savings plan designed to allow eligible employees to supplement any existing retirement and pension benefits by saving and investing pre-tax dollars through voluntary salary deferral. Contributions and any earnings on contributions are tax-deferred until money is withdrawn.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. Distributions are subject to ordinary income tax and, if taken before age 59½, are subject to a 10 percent federal early withdrawal tax penalty, unless directly rolled over to another tax-deferred account or if you separate service at age 55 or older.

Why should I participate in the Program?

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 South Carolina Deferred Compensation Program can be an excellent tool to help make your future more secure.

You may also qualify for the IRS "Saver's Credit," formerly known as the Retirement Savings Contributions Credit. If you contribute to the Program, you may be eligible for this credit based on the amount of your contributions and your current tax rate. A tax credit of up to 50 percent of the first \$2,000 you contribute during the year is available—a maximum credit of \$1,000. To be eligible for the credit in 2010, your adjusted gross income cannot exceed \$55,500 for joint filers; \$41,625 for head of household filers; and \$27,750 for single filers.

For more information about this tax credit, please contact your Great-West Retirement Services® (Great-West) representative.

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

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

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 expect to be in a higher tax bracket during your retirement.

Who is eligible to enroll?

All current employees of agencies, departments, and institutions of higher education of the state of South Carolina are immediately eligible to participate in the Program. All employees of municipalities, counties or other political subdivisions of the state of South Carolina which have entered into participation agreements with the South Carolina Deferred Compensation Commission are also immediately eligible to participate. Independent contractors of the state or its political subdivisions are not eligible to participate in the Program.

How do I enroll?

Complete the appropriate enrollment forms available online at www.southcarolinadcp.com or from your local Great-West representative. Indicate the amount you wish to contribute, your investment option selection(s), and your beneficiary designation(s), and return the completed forms to Great-West.

What are the contribution limits for the 457 plan?

In 2010, the maximum contribution amount to a 457 plan is 100 percent of your includible compensation or \$16,500, whichever is less.

Participants in the 457 plan have two different opportunities to catch up and contribute more if they meet certain requirements. "Standard Catch-Up" allows

participants in the three calendar years prior to normal retirement age to contribute more to the 457 plan (up to twice the annual contribution limit—\$33,000 in 2010). 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. You cannot use the Catch-Up option in the calendar year you separate from service or retire.

Also, participants turning age 50 or older in 2010 may contribute an additional \$5,500. You may not use the Standard Catch-Up provision and the Age 50+ Catch-Up provision in the same year.

What are the contribution limits for the 401(k) plan?

In 2010, the maximum contribution amount to a 401(k) plan is 100 percent of your includible compensation or \$16,500, whichever is less.

Also, participants turning age 50 or older in 2010 may contribute an additional \$5,500.

If you participate in both the 457 and 401(k) plans, you can contribute up to \$16,500 in each plan, for a possible total of \$33,000.

Roth contributions

Your 401(k) plan also offers a Roth option that gives you the flexibility to designate all or part of your 401(k) elective deferrals as Roth contributions.

Roth contributions are made with after-tax dollars as opposed to the pre-tax dollars you contribute to a traditional 401(k). In other words, with the Roth option, you've already paid taxes on the money you contribute. With the traditional 401(k), your contribution is made on a pre-tax basis and you pay taxes only when you take a distribution.

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In 2010, the maximum contribution amount to a Roth 401(k) is 100 percent of your includible compensation or \$16,500, whichever is less.

If you contribute to both the 401(k) and Roth 401(k) option, the combined maximum contribution amount is \$16,500.

What are my investment options?

A wide array of core investment options is available through your Program. Each option is explained in further detail in your Program's fund data sheets located on the Web site at www.southcarolinadcp.com or through your local service office. Investment option information is also available through KeyTalk®, toll free, at (877) 457-6263. The Web site and KeyTalk are available 24 hours a day, seven days a week.²

In addition to the core investment options, a self-directed brokerage (SDB) account is available. The SDB account allows you to select from numerous investment options outside of the core investments offered by the Program. These securities are not offered through GWFS Equities, Inc., and they are not under the oversight of the South Carolina Deferred Compensation Commission. The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account. There are additional fees for participants who wish to utilize the SDB account.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information you may obtain mutual fund prospectuses and disclosure documents from your registered representative. Read them carefully before investing. For prospectuses related to investments in your Self-Directed Brokerage (SDB) account, contact Charles Schwab at 1-888-393-7272. Read them carefully before investing.

Managing Your Accounts

How do I keep track of my accounts?

Great-West will mail you a quarterly account statement showing your account balances and activity. You can also check your account balances and move money among investment options on the Web site at www.southcarolinadcp.com or by calling KeyTalk

at (877) 457-6263.² You will also receive quarterly statements on your SDB account from your SDB provider, Charles Schwab. Charles Schwab will send you a monthly statement if you have account activity in any given month.

How do I make investment option changes?

Use your Personal Identification Number³ (PIN) and Username to access the Web site at www.southcarolinadcp.com, 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 among investment options and change how your payroll contributions are invested.

How do I make contribution changes?

You can increase, decrease or stop your contribution at any time via the Web site or KeyTalk. You will need your Username and PIN. It will take approximately two pay periods for the changes to take effect.

Rollovers

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

The 401(k) plan will accept participant rollover contributions of eligible rollover distributions from a 401(a), 401(k), 403(a), 403(b), or eligible governmental 457(b) plan, or an Individual Retirement Account (IRA).

Teacher and Employee Retention Incentive (TERI) program participants can roll their TERI account funds into the 401(k) plan at termination of the TERI period. If you do not already have a 401(k) account, you must enroll by contacting a Great-West representative or visiting www.southcarolinadcp.com for the appropriate enrollment forms. The money rolled out of your TERI account will not affect the maximum contribution limits for that year.

² 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.

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.

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Rollovers from a Roth 401(k) to the Program's Roth 401(k) are allowed. Conversions from a traditional 401(k) to a Roth 401(k) are considered a taxable event. You will be taxed at ordinary income rates for the year in which the conversion takes place.

The 457 plan will only accept participant rollover contributions of eligible rollover distributions from other 457 plans.

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

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

Your Roth 401(k) can be rolled over into a Roth IRA, 401(k) plan or 403(b) plan if the plan has a designated Roth account and accepts rollovers.

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 representative for more information.

Vesting

When am I vested in the 457 and 401(k) plans?

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

457 Plan Distributions

When can I receive a distribution from my 457 account?

Qualifying distribution events are as follows:

- Retirement
- Unforeseeable emergency as defined by your Program's provisions
- Severance of employment as defined by your Program's provisions
- Attainment of age 70½
- Death (upon which your beneficiary receives your benefits)

Each distribution from the 457 plan is subject to ordinary income tax.

What are my distribution options for my 457 account?

1. Leave the value of your account in the plan until a future date.
2. You can receive a lump sum.
3. You can receive installment payments in the following forms:
 - A fixed period of time
 - A fixed dollar amount until the amount is exhausted
 - Payment throughout the member's or co-payee's life expectancy

What happens to my 457 account when I die?

Your designated beneficiary will receive the remaining value of your 457 account, if any. Your beneficiary must contact a Great-West representative to request a distribution. If you do not have a beneficiary on file, the remaining value of your account will be paid to your estate.

401(k) Plan Distributions

When can I receive a distribution from my 401(k) accounts?

Qualifying distribution events are as follows:

- Retirement
- Permanent disability

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- Financial hardship as defined by your Program's provisions
- Severance of employment as defined by your Program's provisions
- Attainment of age 59½
- Death (upon which your beneficiary receives your benefits)

Each distribution is subject to ordinary income tax. Distributions taken before age 59½ from the 401(k) plan may also be subject to a 10% early withdrawal federal tax penalty, unless directly rolled over to another tax-deferred account or if you separate service at age 55 or older.

Roth 401(k) accounts

If you withdraw your Roth contributions and earnings after you've reached age 59½ or severed employment due to death or disability and have held the account for at least five years, the distribution is income tax and penalty free.

If you take a distribution from your Roth 401(k) account before age 59½, death, disability or before the five-year period beginning with your first Roth contribution, you will pay income taxes plus a 10% penalty tax on any earnings that are distributed. There is no income or penalty tax due on the Roth contributions distributed from the plan since they were made with after-tax dollars.

What are my distribution options for my 401(k) accounts?

1. Leave the value of your accounts in the plans until a future date.
2. You can receive a lump sum.
3. You can receive installment payments in the following forms:
 - A fixed period of time
 - A fixed dollar amount until the amount is exhausted
 - Payment throughout the member's or co-payee's life expectancy

What happens to my 401(k) accounts when I die?

Your designated beneficiary will receive the remaining value of your 401(k) accounts, if any. Your beneficiary must contact a Great-West Retirement Services representative to request a distribution. If you do not have

a beneficiary on file, the remaining value of your accounts will be paid to your estate.

Service Credits

Can I purchase service credits?

South Carolina Retirement Systems will accept a lump-sum payment from the South Carolina Deferred Compensation Program to pay for retirement service credit. Include a copy of the invoice for service purchase from the Retirement Systems with your completed distribution request form.

Fees

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

There is an administrative fee of .11% of your account balance to participate in the Program. This fee is calculated and deducted from your account quarterly.

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.⁴

There are additional quarterly fees and/or transaction fees to participate in the self-directed brokerage account option.

Are there any distribution fees?

There are no fees for distributions.

Loans

May I take a loan from my account?

Both your 457 and 401(k) plans allow you to borrow the lesser of \$50,000 or 50% of your total account balance. The minimum loan amount is \$2,500 and you have up to five years to repay your loan—up to 20 years if

⁴ Funds may impose redemption fees, and/or transfer restrictions, on certain transfers, redemptions or exchanges if assets are held for less than the period stated in the fund's prospectus or other disclosure documents. For more information, please refer to the fund's prospectus and/or disclosure documents.

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the money is used to purchase your primary residence. There is also a \$50 origination fee for each loan, plus an ongoing annual fee of \$25 which is charged to your account at \$6.25 per quarter. Participants are eligible to take a loan after 12 months of participation in the 457 and/or 401(k) plan.

Participants are permitted to have no more than two outstanding loans across both plans at any time. For more information about loans, please contact your Great-West representative.

Taxes

How does my participation in the Program affect my taxes?

For 401(k) and 457 plan contributions:

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 accounts on your current income tax return, either. Your accounts are tax-deferred until you withdraw money, usually at retirement.

Distributions from the plans in the Program are taxable as ordinary income during the years in which they are distributed or made available to you or to your beneficiary. Distributions taken before age 59½ from the 401(k) plan may also be subject to a 10% early withdrawal federal tax penalty, unless directly rolled over to another tax-deferred account or if you separate service at age 55 or older.

For Roth 401(k) contributions:

Taxes are paid at the time of contribution. Distribution of earnings and contributions are not taxable if you have reached age 59½ or severed employment due to death or disability and have held the account for at least five years. Income taxes and a 10% early withdrawal federal tax penalty may apply to any earnings distributed before age 59½, death, disability or before the five-year period beginning with your first Roth contribution.

Investment Assistance

How can I get help choosing my investment options?

Employees of Great-West 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 Program accounts yourself.

Your Program offers access to three different levels of investment advisory tools and services called Reality Investing® Advisory Services. 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.

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For more detailed information, please visit your Program's Web site at www.southcarolinadcp.com (click on the Reality Investing tab) or call KeyTalk at (877) 457-6263 and press "6," then "3" to speak to an AAG adviser representative.²

What fees do I pay to participate in Reality Investing Advisory Services?

There is no cost to use the Online Investment Guidance or Online Investment Advice tools.

If you choose to have AAG manage your account for you, the annual Managed Account fee will be assessed quarterly 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 will be 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%.

Core 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 Schwab Personal Choice Retirement Account® (PCRA) are offered through Charles Schwab & Co., Inc. (Member SIPC), a registered broker-dealer. Additional information can be obtained by calling (888) 393-7272. Charles Schwab & Co., Inc. and GWFS Equities, Inc. are separate and unaffiliated. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Managed account, guidance and advice services are offered by Advised Assets Group, LLC (AAG), a federally registered investment adviser. 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. KeyTalk®, Great-West Retirement Services® and Reality Investing® are registered service marks of Great-West Life & Annuity Insurance Company. ©2009 Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for use in New York. Form# CB1121PH (12/09) PT# 96786

There is no guarantee that participation in Reality Investing® Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

How do I get more information?

Visit the Web site at www.southcarolinadcp.com or call KeyTalk, toll free, at (877) 457-6263 for more information.² The Web site provides information regarding your Program and financial education, as well as financial calculators and other tools to help you manage your accounts.

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

**200 Arbor Lake Dr., Suite 125
Columbia, SC 29223
(803) 754-7997**



Plan Comparison Reference Guide

	401(k)	Roth 401(k)	457
Eligibility	All current employees of agencies, departments, and institutions of higher education of the state of South Carolina; All employees of municipalities, counties, or other political subdivisions of the state of South Carolina which have entered into participation agreements with the South Carolina Deferred Compensation Commission.		
Minimum Contribution	\$10		
Maximum Contribution	A maximum of \$16,500 between the 401(k) and Roth option in 2010		\$16,500 in 2010
Catch-Up for Participants Age 50 or Older	Participants turning age 50 or older in 2010 may contribute an additional \$5,500.	Participants turning age 50 or older in 2010 may contribute an additional \$5,500.	Participants turning age 50 or older in 2010 may contribute an additional \$5,500. ⁵
Standard Catch-Up Provision	No.	No.	In the three calendar years prior to normal retirement age, you may be able to contribute up to twice the annual contribution limit—\$33,000 in 2010. The additional amount that you may be able to contribute under the Catch-Up option will depend upon the amounts that you were able to contribute in previous years but did not. You cannot use the Catch-Up option in the calendar year you separate from service or retire. ⁵
Penalty on Early Withdrawals Before Age 59½ (Severance of Employment)	Yes, unless directly rolled over to another tax-deferred account or if you separate service at age 55 or older.	Earnings on Roth contributions may be withdrawn tax and penalty-free for participants who are at least age 59½ and whose Roth contribution account has been established for at least five tax years, or when a distribution due to death or disability is made. If requirements are not met, the earnings accumulated in the Roth account may be subject to income taxes and a 10% penalty.	No.
Loans	You may borrow the lesser of \$50,000 or 50% of your total account balance. The minimum loan amount is \$2,500 and you have up to five years to repay your loan—up to 20 years if the money is used to purchase your primary residence. There is a \$50 origination fee for each loan, plus an ongoing annual fee of \$25 which is charged to your account at \$6.25 per quarter. Participants are eligible to take a loan after 12 months of participation in the 457 and/or 401(k) plan. Participants are permitted to have no more than two outstanding loans across the plans at any time.		
Qualifying Distribution Events	Retirement, permanent disability, financial hardship, severance of employment, attainment of age 59½, death	Retirement, unforeseeable emergency, severance of employment, attainment of age 70½, death	
Distribution Payout Options	Lump sum; Installment payments in the following forms: fixed period of time, fixed dollar amount until the amount is exhausted, or payment throughout the member's or co-payee's life expectancy.		
Purchase Service Credit	South Carolina Retirement Systems will accept a lump-sum payment from the SCDCP to pay for retirement service credit. Include a copy of the invoice for service purchase from the Retirement Systems with your completed SCDCP Retirement Service Credit Payment Request.		
Rollovers In	The 401(k) plan will accept participant rollover contributions of eligible rollover distributions from a 401(a), 401(k), 403(a), 403(b), eligible governmental 457(b) plan or an Individual Retirement Account (IRA). TERI rollovers are also allowed to the 401(k) plan.	Rollovers from a Roth 401(k) to the Program's Roth 401(k) are allowed. Conversions from a traditional 401(k) to a Roth 401(k) are considered a taxable event. You will be taxed at ordinary income rates for the year in which the conversion takes place.	The 457 plan will only accept participant rollover contributions of eligible rollover distributions from other 457 plans.
Rollovers Out	Yes, to another 401(a), 401(k), 403(b) or eligible governmental 457(b) plan if your new employer's plan accepts such rollovers. You may also roll over your account balances to an IRA.	Yes, to a Roth IRA, 401(k) plan or 403(b) plan if the plan has a designated Roth account and accepts rollovers.	Yes, but 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 59 1/2 may also be subject to the 10% early withdrawal federal tax penalty.

⁵ You may not use the Standard Catch-Up provision and the Age 50+ Catch-Up provision in the same year.