Approaching retirement
Empower Retirement

• Represents more than 9.4 million retirement participants as of December 31, 2019

• Chosen by Public Employee Benefit Authority (PEBA) to provide administrative, education and communication services

• Fully staffed local office and advisors for Deferred Comp

1 Information refers to all retirement business of Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates.
Topics for today

➢ A quick review of Deferred Comp
  • Pre-retirement planning strategy
  • Tools to help you
  • Empower Retirement Advisory Services\(^1\)
  • Taking a distribution
  • Protecting your retirement savings

\(^1\) Online Advice and My Total Retirement\(^TM\) are part of the Empower Retirement Advisory Services suite of services offered by Advised Assets Group, LLC, a registered investment adviser.
South Carolina Deferred Compensation Program (Deferred Comp)

• A tax-deferred savings program, including a 401(k) plan and a 457(b) plan, each with a Roth option

• Convenient payroll deduction

• Maximum contribution of $19,500 or 100 percent of your includible compensation in 2020
  – Catch-up contributions are available

• Wide array of investment options

• Empower Retirement Advisory Services
Annual leave options

• Lump-sum payment for unused annual leave at time of termination of service may be granted.

• May be contributed to either the 401(k) or 457 plan within the annual contribution limits for that year.

• Check with your employer to see if annual leave payments are allowed.
Topics for today

✓ A quick review of Deferred Comp

➢ Pre-retirement planning strategy
   » Your savings and investing goals
   » Your time horizon
   » Your risk tolerance

• Tools to help you

• Empower Retirement Advisory Services

• Taking a distribution

• Protecting your retirement savings
The challenge of retirement awareness

Top participant concerns: Uncertainty

1. **Retirement age** – When can I retire? Will I have enough?
2. **Retirement income** – How much money do I need to have saved?
3. **Savings rate** – How much should I be saving?
4. **Asset allocation*** – How should I invest? What options should I choose?
5. **Spend-down** – How much can I withdraw each year in retirement? From which accounts should I take that money?

* Asset allocation, diversification, dollar-cost averaging and/or rebalancing do not ensure a profit or protect against loss.
**Retirement awareness:** A participant’s knowledge of the factors needed to retire with an adequate amount of sustainable income for life, depending on the participant’s specific situation.

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Your estimated retirement income

FOR ILLUSTRATIVE PURPOSES ONLY.

My estimated retirement income

Taylor Smith

Social Security
$1,560

Income gap
$1,105

My savings
$651

Other assets
$91

Estimated monthly income: $2,302

FOR ILLUSTRATIVE PURPOSES ONLY.
Personalizing your estimated income

FOR ILLUSTRATIVE PURPOSES ONLY.
Interactive goal tracker allows you to view how your contribution changes may affect your estimated retirement income.

FOR ILLUSTRATIVE PURPOSES ONLY.
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✓ A quick review of Deferred Comp
✓ Pre-retirement planning strategy
✓ Tools to help you

➢ Empower Retirement Advisory Services
  • Taking a distribution
  • Protecting your retirement savings
Empower Retirement Advisory Services

• Provides investment assistance
  – Accumulation
  – Spend-Down Advice

• Tools and advisory services help you:
  – Understand how much money you may need during retirement
  – Design a retirement plan strategy to help meet that goal

• Based on investment goals, time horizon, investor profile and tolerance for risk

• Choose the level of help that you want
  – Online Advice
  – My Total Retirement™
## Advisory Services fees

<table>
<thead>
<tr>
<th>Annual Cost</th>
<th>Online Advice</th>
<th>My Total Retirement™</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No additional cost to you</td>
<td>up to $100k = 0.45%</td>
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<tr>
<td></td>
<td></td>
<td>Next $150k = 0.35%</td>
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<tr>
<td></td>
<td></td>
<td>Next $150k = 0.25%</td>
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<tr>
<td></td>
<td></td>
<td>More than $400k = 0.15%</td>
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</tbody>
</table>

### Examples

<table>
<thead>
<tr>
<th>Account</th>
<th>Online Advice</th>
<th>My Total Retirement™</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
<td>No additional cost to you</td>
<td>$45 per year/ $11.25 per quarter</td>
</tr>
<tr>
<td>$20,000</td>
<td>No additional cost to you</td>
<td>$90 per year/ $22.50 per quarter</td>
</tr>
</tbody>
</table>

There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.
The impact of professional help

Maximize your retirement income through your customized plan

**SAVINGS**

- **50%**
- Higher savings rate

Based on six percent deferral rate for a managed account user vs. four percent for target date fund investors.

**INVESTMENTS**

- **63%**
- More consistent returns

Less variation in returns for managed account users vs. do-it-yourself investors.

**INCOME**

- **23%**
- More income in retirement

Estimated income in retirement compared to standard withdrawal strategy of four percent (adjusted for inflation).

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1 Morningstar Investment Management. The Impact of the Default Investment Decision on Participant Deferral Rates: Managed Accounts vs. Target Date Funds. 2016

2 Source: Advised Assets Group, LLC (AAG), Internal Rate of Return (IROR) All Segments Study, 2018. The participant return distribution included in this study is used to illustrate the difference between those participants within the 90th percentile and the 10th percentile to preserve statistical integrity of the data reported. Refer to the study for additional disclosures and methodologies.

Topics for today

- A quick review of Deferred Comp
- Pre-retirement planning strategy
- Tools to help you
- Empower Retirement Advisory Services

- Taking a distribution
  - Protecting your retirement savings
Distribution options

- Leave the value of your account in Deferred Comp until a future date
- Installment payments
  - Fixed period of time
  - Fixed dollar amount
  - Payment throughout life expectancy
- Partial distribution
- Lump-sum distribution
- Rollover to an IRA

Consider all your options and their features and fees before moving money between accounts.

1 Withdrawals may be subject to ordinary income tax. Withdrawals made prior to the investor reaching age 59½ may incur a 10 percent early withdrawal penalty. The 10% federal early withdrawal penalty does not apply to 457 plan withdrawals except for withdrawals attributable to rollovers from another type of plan or account.
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✓ Pre-retirement planning strategy
✓ Tools to help you
✓ Empower Retirement Advisory Services
  • Taking a distribution

Protecting your retirement savings
Sometimes, employees and retirees are approached by brokers or financial planners offering to manage their investments post-retirement.

Why?

– Your Deferred Comp account balance may be an attractive target for brokers.
– Brokers have tremendous incentive to move your retirement assets to their company.
– The size of the broker's commission may be related to the size of your account.
– Many brokers claim the change will not cost you anything.
– Whose best interest does the broker have in mind?
Has a broker/advisor shown interest?

Here are some suggestions and sample questions you should consider asking:

– Proceed with caution
– Ask the tough questions
– Why is a broker/advisor suddenly interested in me?
– Who benefits when I make a change?
– What happens when I make a withdrawal?
– What is the impact on my beneficiaries?
Fees: Small differences can add up

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a beginning balance of $20,000, biweekly $50 contributions, a 6% annual rate of return and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect specific charges, expenses or fees that may be associated with your plan or investments. The tax-deferred accumulation shown may be reduced if these fees were deducted.
Reasons to leave your money in Deferred Comp:

- Low administrative fee, currently 0.065%\(^1\)
- Variety of investment options, including a stable value fund
- Empower Retirement Advisory Services
- Flexible distribution options
- Automated required minimum distribution process
- Access to a local retirement plan advisor

\(^1\) In addition, each investment option has its own operating expenses.
Manage your account, monitor your progress

- Dollar-cost averaging and rebalancer\(^1\)
- Online at [www.southcarolinadcp.com](http://www.southcarolinadcp.com)
- By phone at **877.457.6263**
- Quarterly electronic statements
- Local representatives

Asset allocation, diversification, dollar-cost averaging and/or rebalancing do not ensure a profit or protect against loss.