

AGENDA AND NOTICE OF MEETING

STATE OF WISCONSIN DEFERRED COMPENSATION BOARD INVESTMENT COMMITTEE MEETING

Tuesday, January 15, 2008
1:00 p.m.

Department of Employee Trust Funds
801 West Badger Road, Conference Room GB
Madison, Wisconsin

The documents for this meeting are available on-line at:

http://etf.wi.gov/boards/agendas_dc.htm

To request a printed copy of any of the above items, please contact
the Board Liaison, Sharon Walk, at 608-267-2417.

- | | |
|------------------|---|
| 1:00 p.m. | 1. Reality Investing Service Presentation and Discussion |
| 2:55 p.m. | 2. Miscellaneous
➤ Future Agenda Items |
| 3:00 p.m. | 3. Adjournment |

Times shown are estimates only.

The meeting location is handicap accessible. If you need other special accommodations due to a disability, please contact Sharon Walk, Department of Employee Trust Funds, PO Box 7931, Madison, WI 53707-7931. Telephone number: (608) 267-2417; Wisconsin Relay Service: 7-1-1; or e-mail: sharon.walk@etf.state.wi.us



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: January 7, 2008
TO: Wisconsin Deferred Compensation (WDC) Board Investment Committee
FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
SUBJECT: Managed Accounts / Reality Investing

At the May 2007 meeting, the Board learned about managed accounts, a new type of service potentially available to WDC participants. After some discussion, the Board delegated further analysis of this proposal to the Investment Committee. Department staff has reviewed the features of Great-West Retirement Services' (GWRS) managed account services, called "Reality Investing," and suggests that the Investment Committee consider recommending that the Board add Reality Investing to the WDC Program.

Background

The Pension Protection Act (PPA) of 2006 clarified that financial advice may be offered to participants via professionally-managed accounts. Managed account services use computer programs to automatically manage investment portfolios that are tailored to match an individual's age and risk tolerance. These accounts are managed and rebalanced over the course of a participant's life. Managed accounts typically take into account any other retirement income that a participant expects to have, including retirement annuities (like the Wisconsin Retirement System), Social Security earnings, individual savings, etc. Under the PPA, if the firm providing the advice is prudently selected, plan sponsors are not liable for the advice provided to participants.

The Board's 2005 Administrative Services Request for Proposal (RFP) included an optional question regarding cost and availability of managed account services, in case the Board decided at a future date that it would like to offer a managed accounts option to participants. All three firms responding to that RFP included a managed account feature in their proposals.

Reality Investing

Reality Investing is a sequence of managed account services designed to provide interested individuals with an integrated source of both retirement planning and investment allocation advice from an independent financial expert. It is based on data resulting from the methodologies and software developed and employed by Ibbotson (a subsidiary of Morningstar as of 2006) and provided through Advised Assets Group (AAG), a subsidiary of Great-West Life. An overview of the Ibbotson Managed Account and Advice Fund Selection system is included with this memo for your reference as Attachment 1.

Reviewed and approved by Jean Gilding, Deputy Administrator,
Division of Retirement Services

Signature

Date

Board	Mtg Date	Item #
DCIC	01/15/2008	1

Participants using Reality Investing receive a retirement portfolio designed for their personal situation, timeframe and overall financial situation. It can take into account outside assets, lifestyle expenses, and spousal information. Portfolios are automatically managed each quarter and asset allocations are adjusted as a participant's lifestyle or circumstances change. Each participant using Reality Investing has access to the AAG Education Center and receives annual progress reports on savings goals.

Ibbotson has developed the following seven investment allocation model portfolios:

Ibbotson Model Portfolios							
Basic Asset Classes	1	2	3	4	5	6	7
Large Cap	7%	19%	26%	31%	36%	42%	46%
Mid/Small Cap	0%	4%	8%	13%	18%	22%	27%
International	3%	7%	11%	16%	19%	23%	27%
Bond	70%	60%	47%	35%	27%	13%	0%
Cash/Short Term	20%	10%	8%	5%	0%	0%	0%

Attachment 2 of this memo shows examples illustrating how AAG would manage the investment allocations for four hypothetical WDC Program participants, including an individualized asset allocation glide path for each participant as they reach retirement at age 65.

Fiduciary Protection

If the Board were to decide to offer Reality Investing, AAG and Ibbotson Associates would accept fiduciary responsibility for the service and the advice being given to WDC participants. A sample Reality Investing agreement is included for your review as Attachment 3. In addition, any WDC participant opting to use Reality Investing will be asked to agree to the terms of service. A sample of this document is also included as Attachment 4.

Use of Managed Accounts in Defined Contribution Plans

Interest in offering managed accounts is growing. The National Association of Government Defined Contribution Administrators (NAGDCA) asked questions about the use of investment advice and management in the *2006 NAGDCA Biennial State and Local Government Defined Contribution Plan Survey*. According to the NAGDCA report, just over half (33 of 65) of the responding plans offer investment advice. Of the 32 plans that do not offer advice, 17 reported that they expect to offer it within the next year or two. The most common delivery method used is a web-based approach. Twenty-one plans reported that the cost to a participant for using the service was less than \$25 per year.

Thirteen plans offering advice reported that less than one percent of their participants use the service, seven reported that one to five percent use the service, and five reported that six to ten percent use the service. Only two plans reported that more than 30% use the service.¹ The table at the top of the next page provides data from GWRS regarding use of Reality Investing by participants of eight other large s. 457 defined contribution plans.

¹ 2006 NAGDCA Biennial State and Local Government Defined Contribution Plan Survey p. 7

GWRS Reality Investing Use				
	Implementation	Adoption Rate	Assets Under Management (3/31/07)	Total Reality Investing Participant Accounts
Plan A	July 2006	7%	\$13,295,349	3,307
Plan B	Dec. 2006	10%	\$34,229,433	3,752
Plan C	April 2005	24%	\$590,365,187	5,723
Plan D	Feb. 2005	3%	\$11,218,143	1,656
Plan E	Sept. 2005	6%	\$8,162,865	1,920
Plan F	Sept. 2005	3%	\$6,949,424	817
Plan G	Oct. 2005	7%	\$26,421,251	1,034
Plan H	Dec. 2004	15%	\$17,018,275	1,444

Costs

At the Board's request, staff has completed a market analysis of managed account service providers in the defined contribution arena. All five of the major administrative service/recordkeeping firms now offer some form of managed accounts. The table below provides a comparison.

Managed Account Services					
	AAG	AIG/Valic	CitiStreet	ICMA	NRS
Product Name	Managed Accounts	Guided Portfolio Services	CHART	Guided Pathways	RIA Managed Account Service
Starting Fee	0.60%	1.25%	0.60%	0.60%	1.50%
Annual Fee on \$100,000 Account (Example)	\$600	\$1,250	\$600	\$600	\$1,500
Independent Financial Expert	Ibbotson Associates	Ibbotson Associates	Financial Engines	Ibbotson Associates	Wilshire Associates
Assets Under Mgmt.	\$1 Billion +	\$3 Billion +	N/A	New	\$80 million
Online Access	Yes	Yes	Yes	Yes	Yes
Integrated w/ Recordkeeping System	Yes	Yes	Yes	Yes	Yes
Advice/Guidance Offered	Yes	Yes	Yes	Yes	Yes

Because the managed accounts feature was included in the Board's contract with GWRS and there are no additional system implementation costs for Reality Investing, there would be no additional charge to the WDC if the Board decided to make Reality Investing available to participants. Participants who chose to use these optional features would be charged on an individual basis. Quarterly fees would be taken from participant accounts as follows:

Reality Investing Participant Fees		
	Quarterly Fee	Total Annual Fee
Reality Investing Managed Accounts	0.60% bps to 0.30% bps (based on account balances)	Varies based on account balance
Reality Investing Online Advice	\$6.25	\$25

Participant Experience

During the summer of 2007, AAG completed a twelve-month Reality Investing performance study. The study involved over 100,000 participants of five large government plans on GWRS' recordkeeping system. The goal was to further GWRS' understanding of the behavioral aspects of defined contribution plan participant investing patterns. The study compared the investment performance results of a non-user of advisory service tools and a user of the advisory service tools (guidance, advice or managed accounts).

As shown in the table below, AAG's study indicates that participants enrolled in managed accounts have higher individual rates of return than other groups. As the table indicates, the individual rate of return for participants choosing to use just the guidance feature was 1.07% higher than those not using any Reality Investing feature, and those using the full managed account feature enjoyed individual rates of return that were 4.21% higher than those not using any of the services.

AAG Participant Experience Study² April 1, 2006 through March 31, 2007			
Participant Enrollment Status as of 3-31-07	Average Annual Individual Rate of Return	# Participants	% Participants
Guidance	8.34%	368	0.4%
Advice	9.57%	154	0.1%
Managed Accounts	11.48%	9,451	9.2%
No Reality Investing Services	7.27%	93,159	90.3%

Plan Sponsor Perspectives

Department staff solicited information from several s. 457 plans currently offering Reality Investing to their participants. Only the City of Austin, Texas, responded. Austin has provided Reality Investing since February 2005 and provided the following responses to staff's questions:

1) How many of your participants use the features (and which ones)? What is most popular and why, from your perspective?

1,870 (20%) of the 9,452 participants in the City of Austin Deferred Compensation Plan are currently utilizing the Reality Investing (RI) suite of investment advisory and account

² AAG conducted this study to review the performance of Reality Investing services, net of fees. The study encompassed participants using Reality Investing service across five defined contribution plans similar in size to the WDC. To fully account for the study population, also shown is the average annual rate of return for plan participants not using any Reality Investing services.

management services. Of the participants using RI, 95% are using the Managed Accounts Service. Attached is information detailing RI participation by service, participant age, and participant account balance. During the first half of 2007, one half of the new enrollees in the Plan selected the Managed Accounts Service, rather than electing to select their own investment options. I believe this is due to most employees lacking the knowledge, interest, time, and/or inclination to manage their accounts. They just want somebody to do it for them.

2) What sort of reaction have you received from participants regarding the cost?

While some participants are concerned about the cost, most think it is fair and reasonable for the service provided. Participants whom are knowledgeable understand the fees are low, when compared to outside investment advisors. In a 2006 survey of Plan participants, 76% of the respondents indicated they were satisfied with the RI service in which they enrolled.

3) How well you thought the roll-out/implementation campaign was organized?

The City of Austin implemented RI in February 2005. The implementation campaign was well thought out and now utilizes an award-winning set of education and information material.

4) Who provides education for your participants -- if it is Great-West, would you share your feelings on whether your local service providers now focus on "selling" RI or if they remain focused on educating participants?

Great-West representatives educate our participants about the plan and RI. Because we feel it is appropriate for each participant to have a proper asset allocation, RI has been integrated into all of our Plan's communication materials and educational sessions. We have shared with Great-West our concern about their representatives "selling" RI and they are careful to maintain a proper balance between education and selling.

5) Please share any other comments or insights you might have regarding Reality Investing.

...believe in RI and have personally been a Managed Accounts participant since 2005. I recommend the service to any participant who lacks the knowledge, interest, time, and/or inclination to manage their own account. A recent analysis of City of Austin RI usage indicated that the RI participants had significantly improved investment performance for the years ending 4/30/2006 and 4/30/2007, when compared to participants managing their accounts completely on their own. Based on this data, the City's Deferred Compensation Committee has started discussions of making Managed Accounts the Plan's "default" investment option.

Recommendation

Staff suggests that the Investment Committee consider recommending that the Board offer WDC participants the option of using Reality Investing. Staff will be available at the meeting to discuss this memo and recommendation.

If the Board decided to offer Reality Investing, amendments to the Board's contracts with both GWRS and AAG would be needed, as neither specifically addresses managed account services. There would not be an additional cost to the WDC, however, as the costs for

managed accounts are borne by the participants using the services. Department staff would also work with GWRS to ensure that a thorough marketing and education campaign to inform WDC participants of the new services is planned and implemented. This would include providing Reality Investing information on the WDC's Web site, at presentations and in the WDC's quarterly newsletter.

Attachments: 1) Ibbotson Associates Portfolio Construction Overview
2) Reality Investing Participant Examples
3) Sample AAG Reality Investing Agreement
4) Sample Participant Terms and Conditions Agreement

Attachment 2: Reality Investing Participant Examples

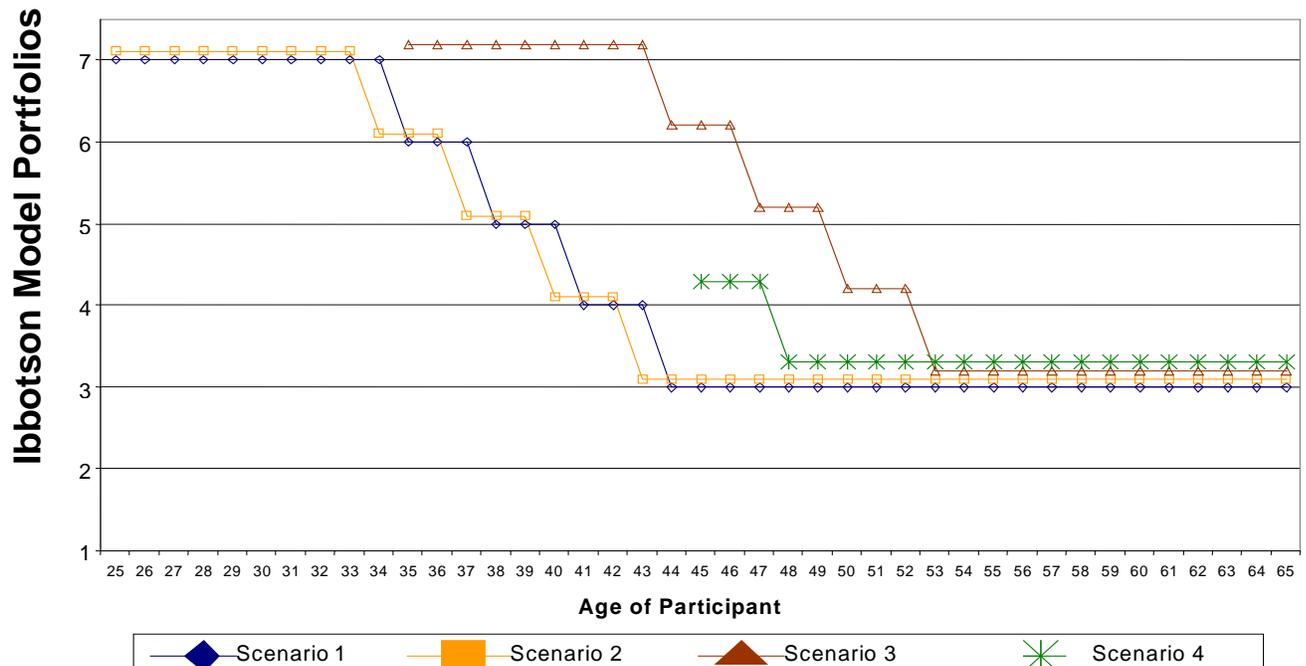
Hypothetical Participant Scenarios

Scenarios	#1	#2	#3	#4
Age	25	25	35	45
Gender	Female	Female	Female	Female
Marital Status	Single	Single	Married	Married
Salary	\$30,000	\$30,000	\$40,000	\$35,000
Beginning Balance	\$0	\$0	\$0	\$100,000
Children with College Expenses	No	Yes	No	No
Target Retirement Age	65	65	65	65
Desired Retirement Income	100%	100%	100%	100%
Net of Managed Account Fees	Yes	Yes	Yes	Yes
Recommended Savings Rate	13%	19%	16%	13%
Probability of Reaching Retirement	98%	92%	90%	86%

Ibbotson Model Portfolios

Ibbotson Investment Model Portfolios							
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Cash/Short Term	20%	10%	8%	5%	0%	0%	0%

Hypothetical Participant Glide Paths





REALITY *investing*

RETIREMENT SOLUTIONS FOR REAL PEOPLE

WDC Plan

January 15, 2008



Reality InvestingSM is a service mark of Great-West Life & Annuity Insurance Company. Investment advisory services are provided by Advised Assets Group, LLC, a federally registered investment adviser, and powered by Ibbotson Associates.

Agenda



- Who We Are
- Reality InvestingSM
- WDC Snapshot
- Managed Accounts & Target Date Funds
- Appendix – Studies and Participant Scenarios

Who We Are

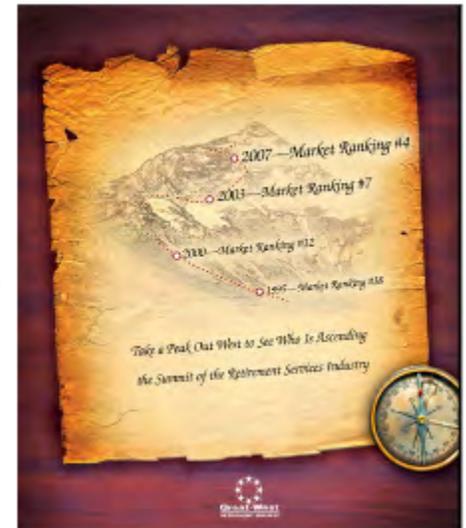


Great-West Retirement Services (GWRs)

- Services nearly 3.5 million participants
- Manages over \$100 billion in retirement assets
- Delivers services to over 20,000 retirement plan sponsors nationwide
- Innovative Strategic Investment System (ISIS) – Proprietary Recordkeeping System
- Provides defined contribution recordkeeping services to more state and city retirement plans than any other provider in the industry.
- Ranked 4th largest recordkeeper of total participants at the end of 2006 (Spectrem Group)

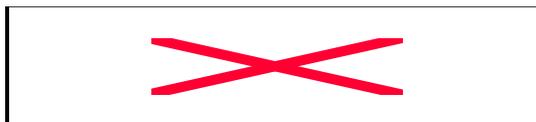
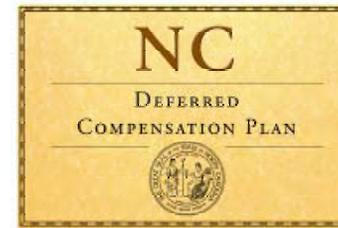
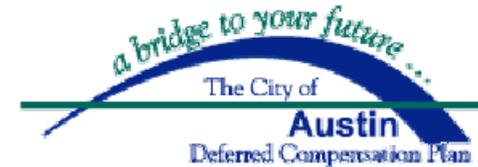
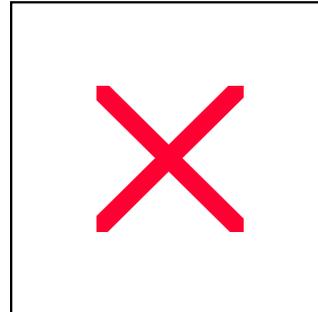
Advised Assets Group, LLC (AAG)

- Registered Investment Advisor for the Great-West Retirement Services Family of Companies
- Participant Advisory Services
 - Key provider in the defined contribution market driving adoption of Advisory Service Product
 - Full product suite of participant advice – Guidance, Advice and Managed Accounts
 - \$2.8 billion assets under management (\$1.6B in Managed Accounts)
- Plan Sponsor Advisory Services
 - Investment consulting services across \$27 billion in plan assets
 - Evaluation of external Fund Managers of Great-West proprietary mutual funds
- Selected Ibbotson Associates as its Independent Financial Expert in 2004
 - A leading authority in asset allocation for almost 30 years
 - Served as independent expert in SunAmerica Advisory Opinion
 - Manages over \$48.7 billion in assets for the largest Fortune 500 companies, \$11.7 billion of which is DC assets



Who We Serve

AAG & GWRS – Market Leaders in the Public Sector



Advised Assets Group Participant Advice Statistics

- \$2.8 Billion Assets Under Management
- \$1.6 Billion in Managed Account Assets
- Number of plans using Advisory Services – 4,500 approximate

The Defined Contribution Environment Today



Providers:

- Investment Advice - A “must have” to compete

Plan Sponsors:

- Cognizant of the “new” fiduciary approach
- Empowered by Regulatory support of affirmative actions toward participant security

Regulatory:

- Paving the way for responsible delivery of Advice
 - DoL 2001-09A
 - Pension Protection Act

Industry Assessment – Challenges for DC Plans



Industry and Governmental Recognition of Challenge of DC Plans as Retirement Solution:

Complex decisions facing individual participant investors

- From the 1st day of enrollment to day of retirement participants have questions on how to manage their account

Participation and saving rates have flat lined!

- Participants need assistance with how much to save towards retirement

Majority of workers have not calculated retirement needs

- Over half of participants do not know their retirement needs

Expanded fund lineups are not utilized

- More funds does not necessarily lead to better diversification

Performance gaps between DB and DC Plans

- Historically DB plans outperform DC plans

Inertia – the major failure of previous passive participant default strategies

- Participants make minimal changes to their account once established

Reality Investing Value Statement



Value Proposition of Managed Accounts

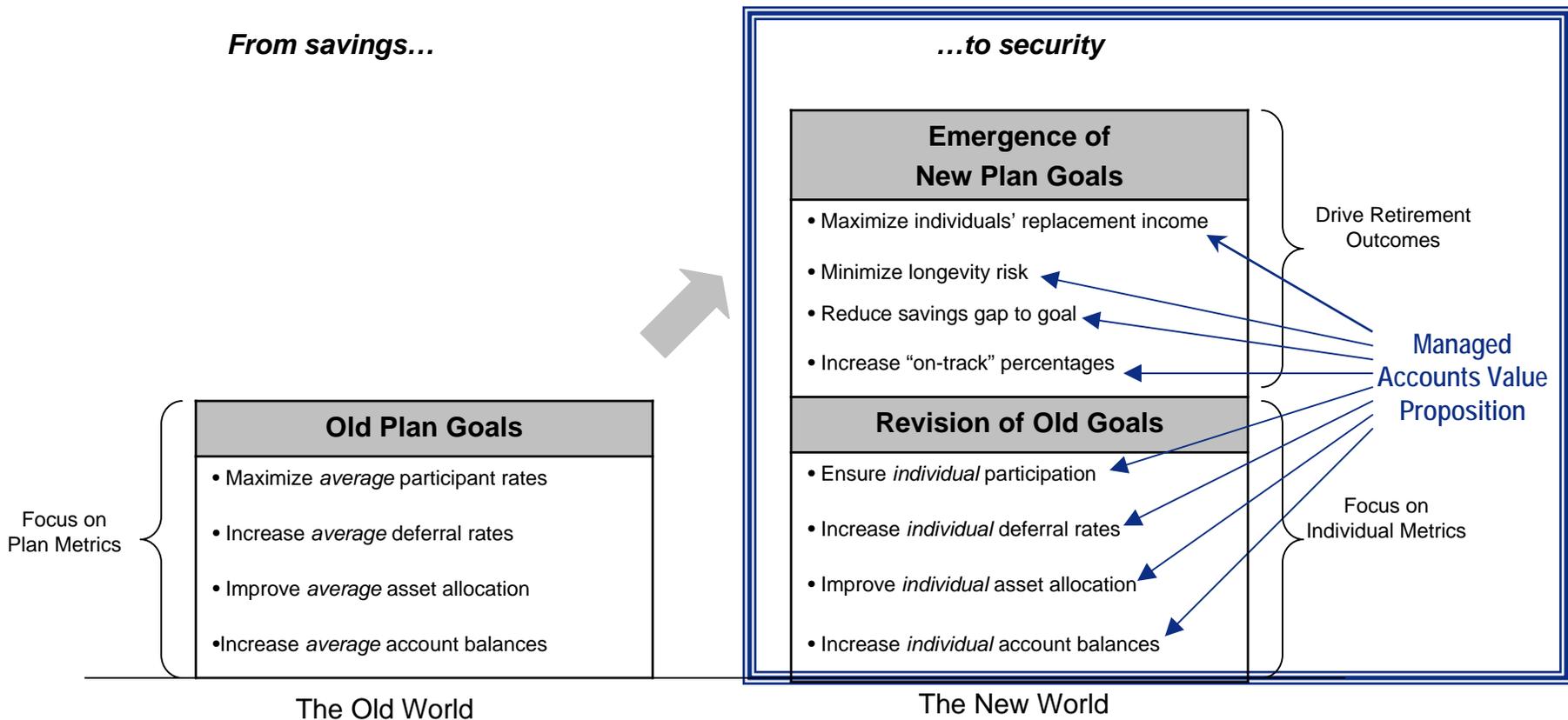
- Provides single integrated solution for both Retirement Planning and Investment Allocation advice
- Focused on individual retirement outcomes specific to each plan participant

Managed Accounts – Fulfilling the Need/Gap



A MIGRATION TO SECURITY

Plan Goals for Meeting the New Retirement Security Mandates



Driving Retirement Outcomes



Focused on Each Individual

- Program participation through Auto-enrollment and opt out enrollment strategies
- Asset Allocation based on personal planning horizon
- Automated account monitoring and re-balancing
- Annual Review of progress towards retirement goals

Retirement Planning based on fundamental concepts:

- Replacement Income
- Savings Requirements
- Retirement Age
- Sources of Capital
- Goal Achievement

Three Primary Participant Concerns Regarding Retirement Security



- » What will I have at retirement? When will I retire? Will I have enough?
 - Participants voice a general concern for their retirement security

- » How much should I save?
 - Unaware of what will be necessary at retirement
 - Failure to increase savings rate over time

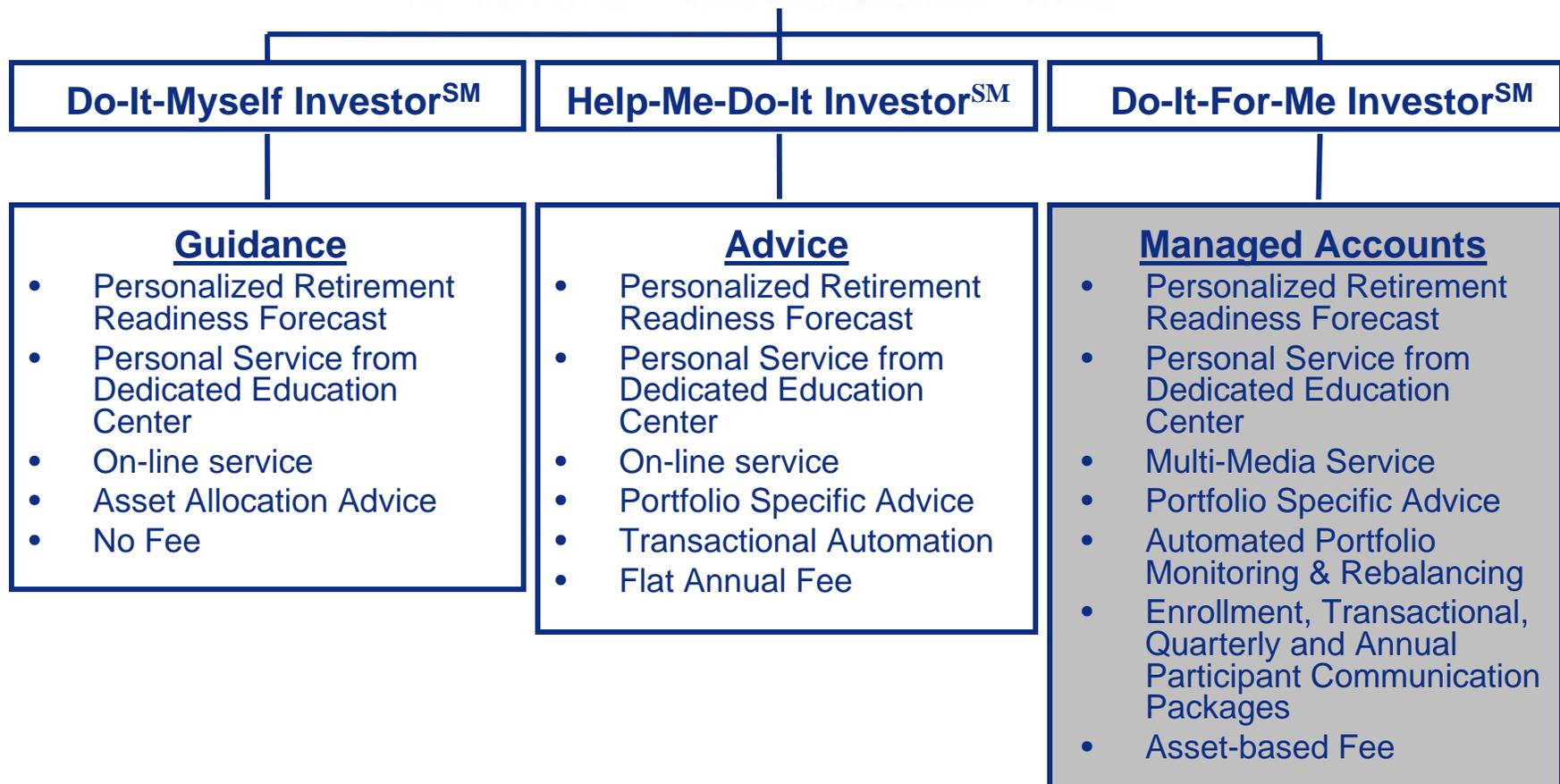
- » How should I invest? Where should I invest?
 - Duplicating the approach of the office “expert”
 - Investing for safety because of lack of knowledge or fear

A Reality-Based Suite of DC Education, Communication and Advisory Services



REALITYinvesting

RETIREMENT SOLUTIONS FOR REAL PEOPLE



Reality Investing Services



Online Investment Guidance

- Personalized asset allocation assistance for participants
- Participant receives asset allocation model upon which to build his/her portfolio
 - Savings rate recommendation provided
- No sub asset class recommendations or specific fund recommendations
- No fee

Online Investment Advice

- Builds off of Guidance experience
- Personalized fund specific recommendations for participants based upon the options available within a plan
 - Tailored to a participant's personal financial situation
 - Considers the entire household of assets, if provided
- Fiduciary responsibility accepted by AAG
- Available Online
- Flat dollar fee per annum – \$6.25 per quarter

Reality Investing Services

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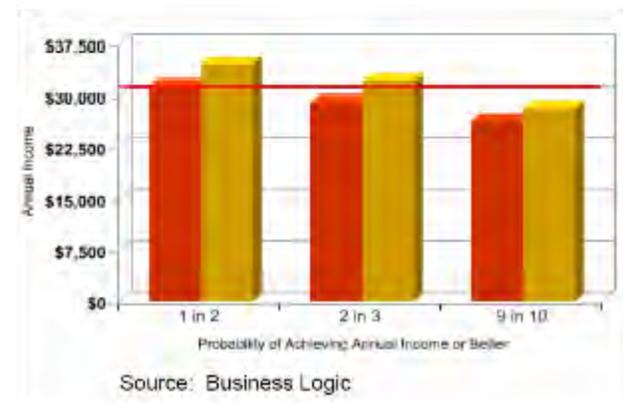
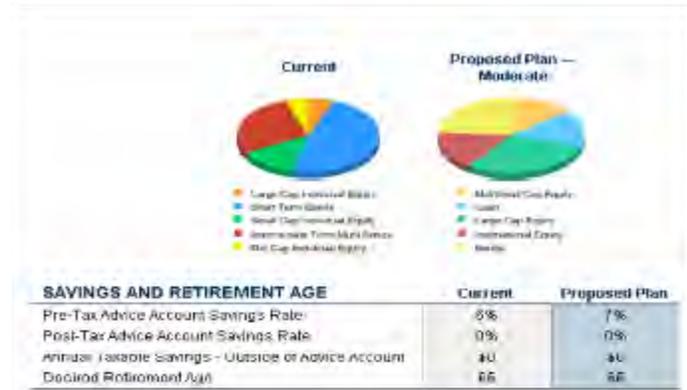
Managed Account service

- Professional investment management
 - AAG in partnership with Ibbotson Associates
 - Use plan core investment options
- Proactive investment selection and monitoring
 - Personalized to financial circumstances and retirement goals
 - Determines what the participant has today
 - Determines what the participant will need
 - Determines an individualized strategy
 - Investment Allocation
 - Savings Rate
 - Retirement Age
 - Allocation adjusts over time
- For the “Do-It-For-Me” participant
- Asset-based fee

Participant Advantages



- Personalized retirement portfolio
- Recommended savings rate strategy
- Recommended retirement age
- Forecasts related to desired retirement goal
- Ongoing portfolio monitoring and rebalancing with Managed Account service
- Asset allocation changes as the participant's life circumstances change or retirement nears (automatically occurs with Managed Account service)



Graphics are for informational purposes only and do not represent an actual portfolio or investment.

Value of Managed Account Communications



1. Help Me Pick My Investments: *The Welcome Kit*

- Clarifies participant goals
- Assesses where the participant is today
- Gets the ball rolling
- Includes 120 data inputs for account personalization

2. Keep Me On Track For The Retirement I Want: *The Quarterly Account Review*

- Looks at the impact of recent trends on chosen investment options.
- Adjusts, reallocates, and rebalances the account to the assigned model portfolio, if necessary.
- Participant receives transaction confirmation on changes made to their account
 - Information reflected on quarterly recordkeeping statement

3. Keep Me Informed: *The Annual Review*

- Looks at the “big picture” to see how the participant’s life has changed
- Reviews account progress in working toward participant goals
- Offers the participant the chance to make adjustments and provide additional outside account information (pension, IRA, spousal information, etc.)
- Adjusts, reallocates and rebalances the account, if necessary.

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Investment Advice Powered by Ibbotson Associates



Methodology behind Reality Investing

- Portfolio Selection Methodology – Ibbotson approach to advice uses 7 asset class model portfolios
 - Employs Mean-Variance Optimization (MVO) analysis to evaluate and determine portfolio asset class construction
 - Screen specific fund investment options based on investment style and style consistency; utilize RBSA and R-squared
 - Utilize proprietary alpha/tracking error optimization to accomplish portfolio construction
- Capital Market Forecast
 - Annual reforecast covering a long-term forecast horizon
 - Separate Ibbotson Financial Simulation Engine drives annual adjustment to model portfolios
- Participant Portfolio Assignment
 - Specific recommendation is a balance between portfolio risk, savings rate and retirement age
 - Patented methodology incorporates Human Capital as well as Financial Capital into participant portfolio assignment
- Wealth Forecasting
 - Ibbotson Wealth Forecasting Engine calculates probability of investment goal achievement
 - Capable of creating alternative advice strategies
 - “Portfolio Switching” technique completes glide path forecasting

Reality Investing Benefits



- Goal Oriented Planning
 - Participant will know how much they need to save for retirement
 - Participant will know how much they will have for retirement and when they will be able to retire
- Professional Glide Path to Retirement
 - Moves with the participant as lifestyle/circumstances change
- Robust Technology
 - Sophisticated tool integrated to recordkeeping system
 - “Real time” enrollments and updates to retirement account
 - Service can take into account outside assets, spousal information, lifestyle expenses, etc.
- Personalized Service
 - AAG Education Center
 - Welcome and Annual Kits with progress report
- Fiduciary Protection
 - AAG and Ibbotson Associates
 - Department of Labor rulings
- Industry Leading & Award Winning Research
 - DoL Sun America Opinion 2001-09A
 - National Savings Guidelines for Individuals
 - Merging Asset Allocation and Longevity Insurance: An Optimal Perspective on Payout Annuities

Managed Accounts Provide the Best Solution for Filling DC Retirement Security Gaps



Managed Accounts is the Total Solution:

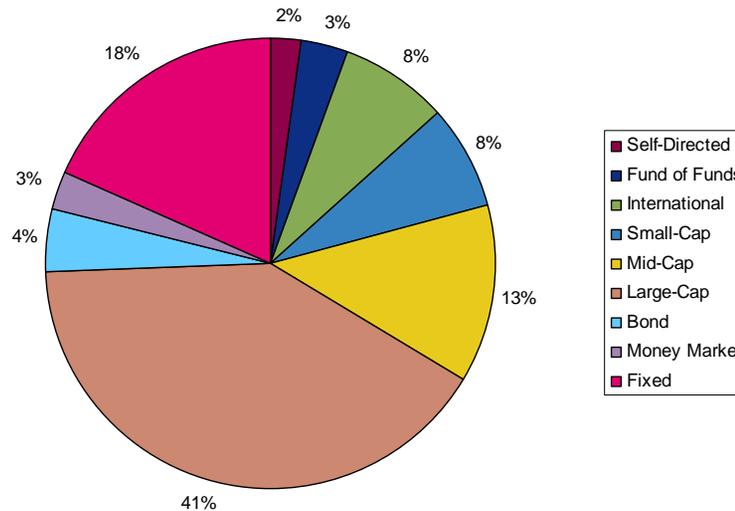
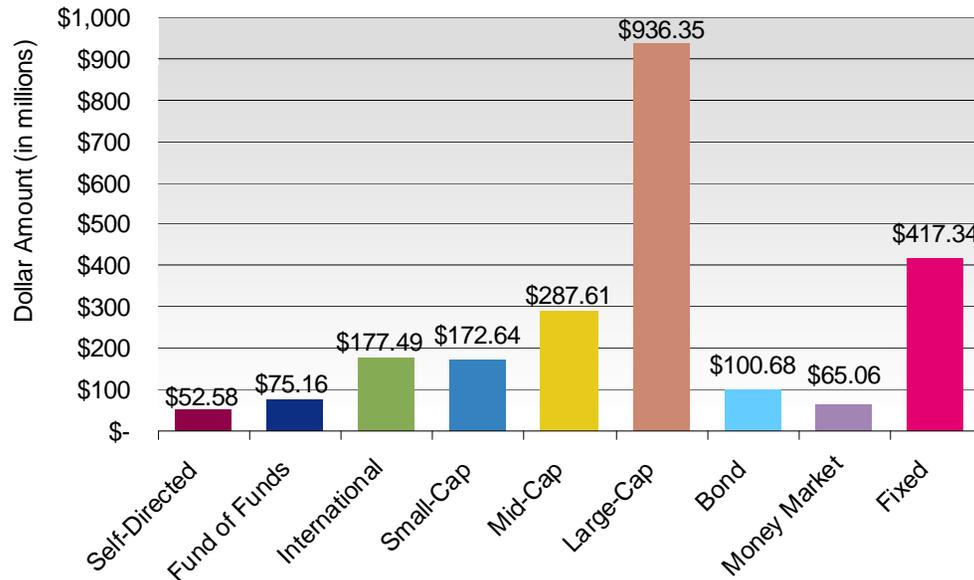
- Integrated with Recordkeeping System
- Utilizes Plan Sponsor Line-up
- Provides Plan Participants with:
 - Professional investment management
 - Retirement readiness forecasts
 - Personalized planning program
 - Easy to use technology and licensed service representatives
- Provides Plan Sponsors with:
 - Fiduciary protection
 - Value-added Plan features
 - Pricing protection

Summary

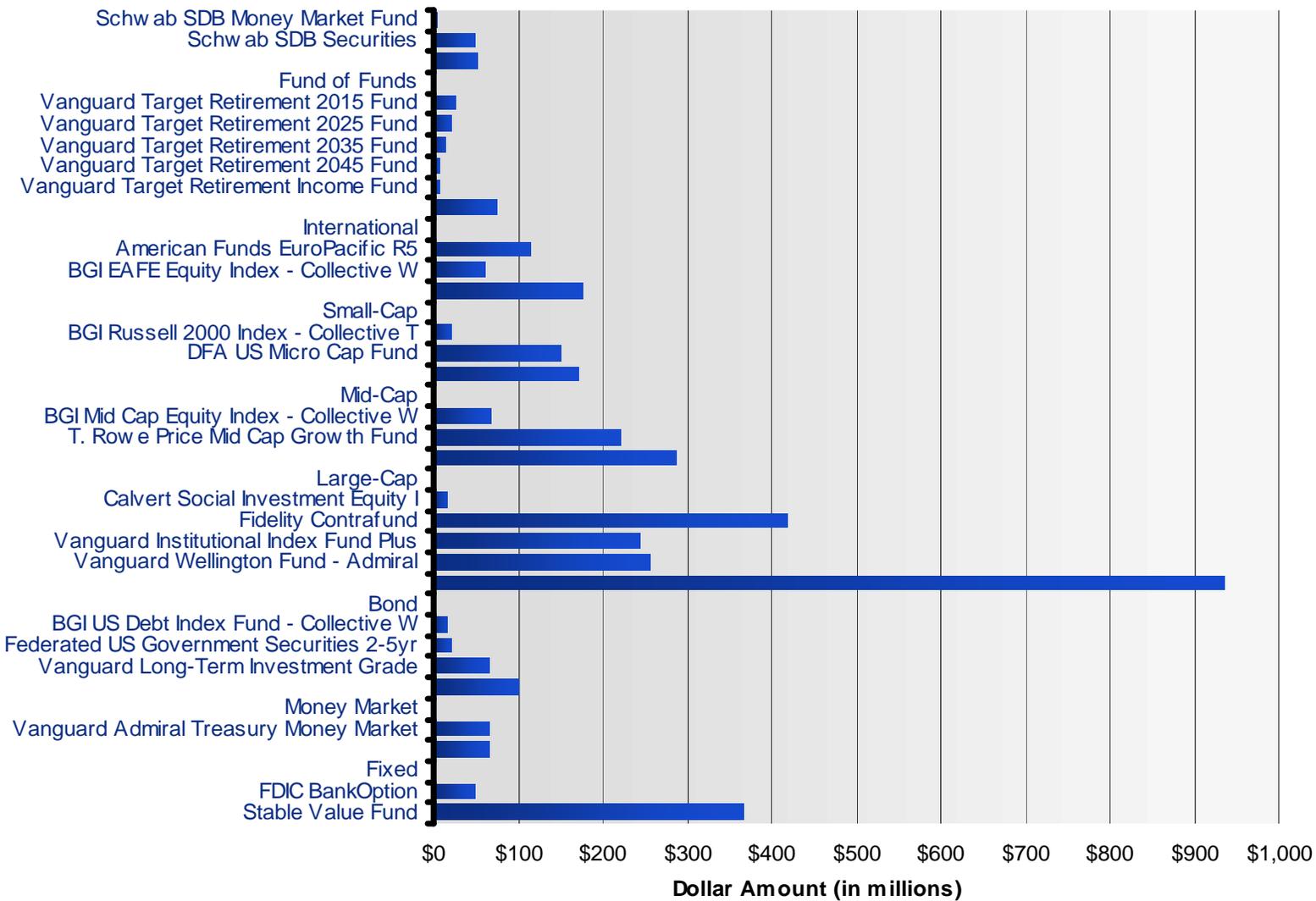


- Retirement Security is the Larger Goal
 - Managed Accounts in the only product focused on achieving successful retirement outcomes for DC participants
- Mirror DB Security
 - Bridge the gap between DB and DC Plans
- Higher Standards
 - Managed Accounts represents a higher standard of plan stewardship; with full fiduciary support
- Optimizing Retirement Wealth
 - Substantially improved retirement wealth and security outcomes are possible in Managed Accounts; strategic focus will be on participant interaction in the post enrollment phase

WDC Snapshot Assets by Asset Class



WDC Snapshot Assets by Investment Option



Participant Illustration



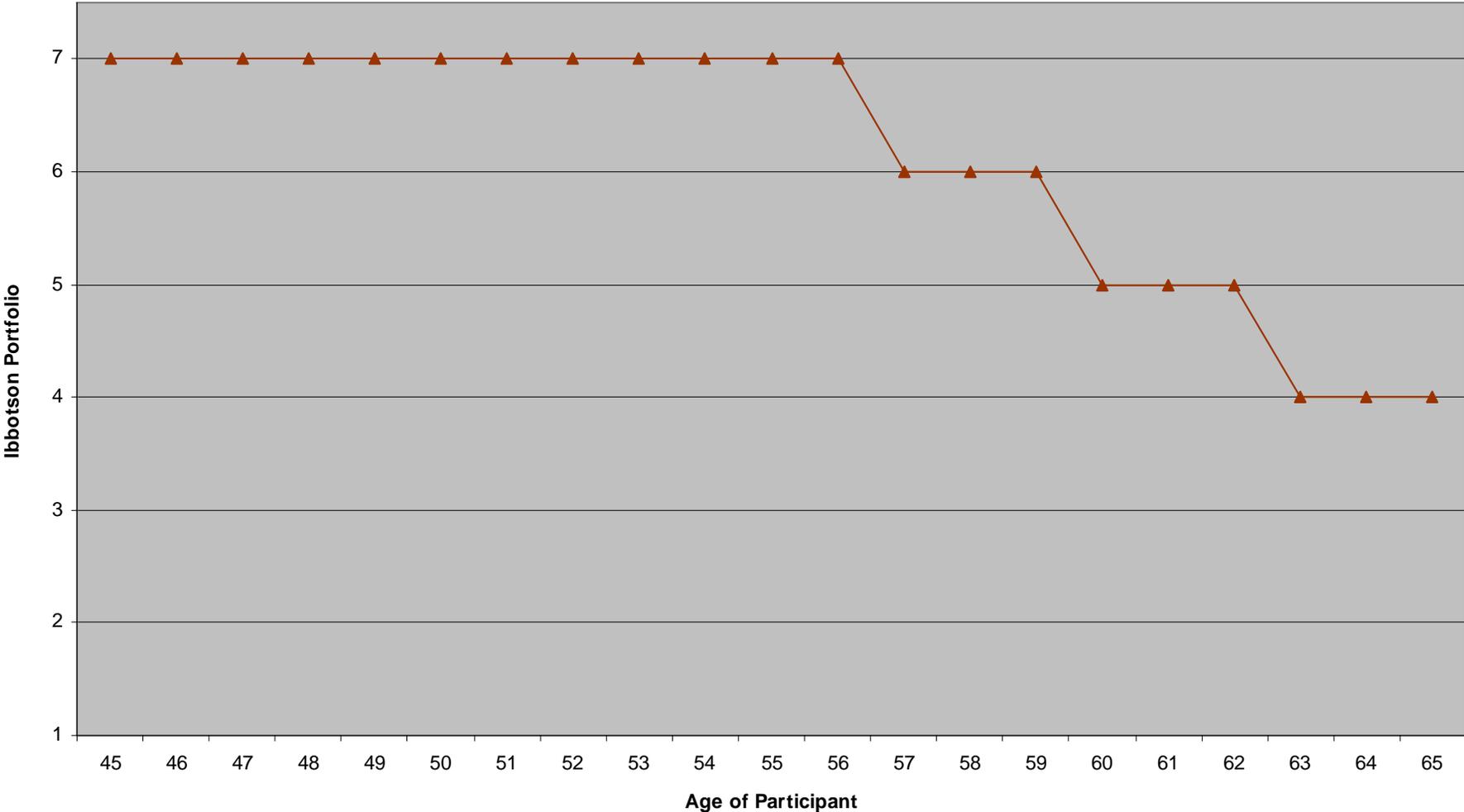
Inputs	Participant
PROFILE DATA	
Age	45
Salary	\$35,000
Current 457 Balance	\$15,000
Desired Retirement Age	65
Desired Retirement Income	100%
Current Savings Rate	5%
DEFINED BENEFIT PLAN	
DB Account	\$10,140
OUTSIDE INVESTMENTS	
Outside Account (IRA)	\$15,000
PLANNED INCOME	
Social Security	Yes
Spouse Social Security	Yes
EXPENSES	
College Expense	Yes

What Can the Participant Expect At Retirement?



	Current Plan	Reality Investing Recommendation
Asset Allocation (Current)	Moderate Conservative	Aggressive
Savings Rate	5%	10%
Retirement Age	65	65
Probability of achieving desired retirement income goal	17%	73%
Projected Income (90 th percentile)	\$24,100	\$26,300

Reality Investing Participant Scenario Glide Path



Managed Account & Target Date Funds



Key Differences Between Managed Accounts and Target Date Funds

- Managed Accounts is an Outcome-Based retirement planning and investment management solution
- Managed Accounts provides a Personalized investment allocation program
- Managed Accounts provides Savings Advice at the individual participant level
- Managed Accounts provides a Service Model that supports participants through online capabilities, dedicated Education Center representatives and personalized retirement readiness statements
- Managed Accounts is an Automated Solution that eliminates misunderstanding and/or misuse of plan investment options

Lifestyle/Profile Funds/Target Maturity Funds vs. Managed Accounts



	Lifestyle Funds	Target Maturity Funds	Managed Accounts
Static or Dynamic Election	Static	Static	Dynamic
Reflect Age Changes	No	Maybe	Yes
Reflect Other Life Changes	No	No	Yes
Considers Participant Assets Outside the Plan	No	No	Yes
Considers Spouse Assets Outside the Plan	No	No	Yes
Considers All Assets in the Plan	No	No	Yes
Considers Personal Retirement Age	No	Maybe	Yes
Considers Life Expectancy	No	No	Yes
Employer Fiduciary Protection for Advice	No	No	Yes

Managed Accounts Have Advantages of Lifestyle and Target Funds and much more

Appendix

Participant Scenarios with Retirement Wealth Net of Managed Account Fees



Factor	Scenario 1*	Scenario 2*	Scenario 3
Age	25	35	45
Gender	Female	Female	Female
Marital Status	Single	Married	Married
Starting Salary	\$30,000	\$40,000	\$35,000

Managed Account Service			
Probability of Success	85%	91%	93%
Recommended Savings Rate	19%	25%	25%
Retirement Age	65	66	66
Future Value of Projected Retirement Wealth	\$434,152	\$553,375	\$320,902

Target Age Date Option			
Probability of Success	54%	17%	17%
Savings Rate	13%	13%	13%
Retirement Age	65	65	65
Future Value of Projected Retirement Wealth	\$227,332	\$108,952	\$159,381

Balanced Fund Option			
Probability of Success	58%	15%	10%
Savings Rate	13%	13%	13%
Retirement Age	65	65	65
Future Value of Projected Retirement Wealth	\$220,969	\$117,663	\$148,914

-\$0.00 opening account balance for all scenarios

-Replacement Income – 100% post tax

*College funding for 2 children

Introduction



To GWRS/GWFS Equities Representative:

Attached is an excerpt from a study conducted by Advised Assets Group, LLC (AAG) on the performance experienced by a sample of our Advisory Services participants. Please review all disclosures and notes associated with this presentation material to ensure your understanding of the data prior to any use. This material is ONLY FOR USE WITH BROKERS AND PLAN SPONSORS. THIS MATERIAL IS NOT AUTHORIZED FOR USE WITH PARTICIPANTS.

The following statements should precede any discussion of the material with brokers and/or plan sponsors.

DISCLOSURE STATEMENT:

AAG conducted a research study as part of its ongoing evaluation of its products and services and the usage and experience of our participant enrollees. This study, and others that will be forthcoming, provides AAG and GWRS with valuable information with respect to the investing behaviors and experiences of its Advisory Services participants as we strive for continuous improvement of our products, services, and the participant experience.

The study data suggests two things based on the average return data compiled by AAG with respect to the sampled participant population for the period evaluated:

- 1) That participants enrolled in the Managed Account service reflected the highest level of average returns
- 2) That participants enrolled in any of the Advisory Services services reflected average rates of return higher than the average returns of the group that were not.

WHAT THIS STUDY IS NOT:

This study was NOT conducted with the intention to assert, indicate, or suggest in any way that participants will experience improved investment performance or similar investment returns to those depicted in the study by enrolling in Advisory Services. The investment returns of any specific individual enrolled in Advisory Services are a function of that individual's personal financial characteristics and retirement goals as shared with AAG and the associated risk/return strategy that the Advisory Services program advises for that person; the returns of which may be higher or lower than the averages shown in this study.

Please contact AAG with any questions that you have on this study.

Advised Assets Group Research Study Participant Advisory Services



Enrollment Status During Period 4/01/06 - 3/31/07	Average Annual IROR	# of Participants
Participants enrolled in Guidance	8.34%	368
Participants enrolled in Advice	9.57%	154
Participants enrolled in Managed Accounts	11.48%	9,451
Participants in the study group not enrolled in any of the AAG Advisory Services	7.27%	93,159
WDC Plan Participant Return	8.27%	40,4011

Advised Asset Group, LLC (AAG) conducted a study to review the performance of its suite of participant advisory services branded as Advisory Services. The study encompassed approximately 10,000 Advisory Services enrollees across 5 defined contribution plans that represented over 100,000 participants in total. AAG conducted the study to further its understanding of the behavioral-based aspects of defined contribution plan participant investing patterns. AAG has defined participant investing behaviors in 3 categories: Do-It-Myself InvestorSM (generally interested in Guidance service), Help-Me-Do-It InvestorSM (generally interested in Advice service) and Do-It-For-Me InvestorSM (generally interested in Managed Account service). The study represents the average annual rate of return of study participants for each category of service for the time period of April 1, 2006 through March 31, 2007. To fully account for the study population, also shown is the average annual rate of return for plan participants not enrolled in any of the Advisory Services services.

THIS PERFORMANCE DATA IS PROVIDED FOR INFORMATIONAL AND GENERAL EDUCATIONAL PURPOSES ONLY, AND IS NOT INTENDED TO BE CONSTRUED OR RELIED UPON AS INVESTMENT ADVICE OR TO PREDICT FUTURE RESULTS. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RETURNS, AND THE PERFORMANCE OF ACTUAL PORTFOLIOS CAN VARY WIDELY. ACTUAL INVESTMENT RESULTS MAY BE HIGHER OR LOWER.

Additional Disclosures



Individual Rates of Return (IROR) were calculated by the GWRS defined contribution plan participant recordkeeping system. The calculated average rate of return is net of any AAG fees and other fee and charges, as applicable. A full description of the calculation is available upon request.

Advisory Services is a comprehensive suite of participant advisory services that combines the elements of sound financial planning with professional investment advice. The objective of Advisory Services is to provide defined contribution plan participants with a range of services; each intended to facilitate the alignment of an individual's asset allocation strategy and its associated risk/return characteristics with his/her specific retirement goals and current financial position.

Managed Account, Advice, and Guidance services are offered by Advised Assets Group, LLC (AAG) and powered by Ibbotson Associates, Inc. Both AAG and Ibbotson Associates, Inc. are federally registered investment advisers. More information about this research study can be obtained by contacting AAG at 303-737-5724. Additional information about AAG can be found at www.advisedassetsgroup.com.

Information for this study was received from what we believe to be reliable sources, but we cannot guarantee accuracy, completeness, or suitability for any purpose.

Great-West Retirement Services[®] refers to products and services provided by Great-West Life & Annuity Insurance Company, FASCore, LLC (FASCore Administrators, LLC in California), First Great-West Life & Annuity Insurance Company, White Plains, New York and their subsidiaries and affiliates. Great-West Life & Annuity Insurance Company is not licensed to conduct business in New York. Insurance products and related services are sold in New York by its subsidiary, First Great-West Life & Annuity Insurance Company, White Plains, New York. Other products and services may be sold in New York by FASCore, LLC. Advised Assets Group, LLC is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. Securities, when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company and an affiliate of FASCore, LLC (FASCore Administrators, LLC in California) and First Great-West Life & Annuity Insurance Company. Representatives of GWFS Equities, Inc. are not registered investment advisers, and cannot offer financial, legal or tax advice. Please consult with your Plan's attorney, investment advisor and/or tax advisor as needed. Great-West Retirement Services[®] is a registered service mark and Reality InvestingSM is a service marks of Great-West Life & Annuity Insurance Company. © 2007 Great-West Life & Annuity Insurance Company. All rights reserved.

Form #AAG51283 (11/07)-GWRS

Savings & Utilization Study



Study evaluated the utilization of Managed Account programs.¹

- The study found little difference in the utilization of Managed Account programs across varying:
 - Plan Sizes
 - Industries
 - Occupations (professional vs. non-professional)
 - Salaries
- Conclusion
 - The average deferral rate for Managed Account participants significantly higher than those not participating
 - The need and demand for managed accounts by plan sponsors and participants is 'universal'.

¹ Source: "The Managed Account Solution: Managed Accounts Have Universal Appeal with Today's Retirement Plan Sponsors and Their Participants" at www.retirement.standard.com, 2007.

Additional Performance Results



Study evaluated the impact of retirement planning variables on investment selection.¹

- Incorporating ‘outside asset’ (i.e. DB in this study) information into managed accounts model contributes to increased participant DC performance by approximately 400 bps over 12 months

Study evaluated “bar bell” investing pattern and the normalization of investment selection through managed accounts.²

- Most conservative category increased performance by 360 bps³
- Most aggressive category decreased performance by 146 bps³
- Risk/return ratios improve in all categories³

¹ The AIG/Valic Study was based on calculated portfolio returns for 12 months ended on June 30, 2006. See Wall Street Journal, “The 401(k) That Fixes Itself”, August 19, 2006.

² The Vanguard Study was based on calculated portfolio returns in September 2004 and December 2005. For additional information, see Vanguard Center for Retirement Research, “Managed Accounts and Participant Portfolios” (Vol. 24, July 2006).

³ The study relied upon Financial Engines’ proprietary forecasting methodology which projects the likelihood of various investments that are hypothetical in nature. The projected returns do not reflect actual results and are not guarantees of future results.

*Reality Investing
Participant Experience Screen Shots*

Reality Investing Online User Interface





My Account **Reality InvestingSM** Online File Cabinet[®] Education Tools

Welcome **FOUR DUMMY ACCOUNT, XYZ** [Personalize FOUR's Page](#)
Company 401(k) RI Plan
Your current balance is \$12.48

View Account

Balance
Current Allocations
Transaction History
My Rate of Return
Loan Summary
More...

Change Account

Fund Transfer(s)
Redirect Future Contributions
Rebalancer
Change PIII
More...

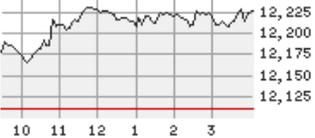
Fund Choices

Fund Overviews
Fund Performance
Fund Values
Fund Values Graph
Fixed Rates
More...

Loan Request

Market Indices

Dow Jones Industrial Average



DJIA	12,226.17	▲ 115.76	0.96%
Nasdaq	2,394.41	▲ 21.75	0.92%
S&P 500	1,402.06	▲ 15.11	1.09%

4:30 PM ET 3/19/2007 ©BigCharts.com

Balance by Investment Option

Investment Options	Unit/Shares Effective Date	Balance
Oakmark International II	16-MAR-2007	\$2.87
Oppenheimer Global A	16-MAR-2007	\$3.45
Maxim Index 600	16-MAR-2007	\$1.19
American Funds Wash Mutual R3	16-MAR-2007	\$0.57
Maxim S & P 500 Index	16-MAR-2007	\$3.07

What's your reality?

Between your work life and home life, you are a lot of different things to a lot of different people, but chances are, you're not an investment expert. And even if you do feel like you are qualified to make the right financial decisions to meet your retirement goals, you may not have the time or desire to do it. To find out more about the professional advisory services your Plan offers, [click here](#).

Learn more about
Managed Accounts

Enroll in
Managed Accounts

Online File Cabinet[®]

Tired of keeping track of all the statements you receive? Want a convenient and secure way to access your quarterly statements online...then check out [Online File Cabinet[®]](#) and let us help you simplify your life.



Your Financial Planning Resource

We are pleased to offer you articles from our provider of participant education, SmartMoney Custom Solutions. Please check out some valuable personal finance information by clicking on the links below.

-- Updated February 18, 2007

[The Investment Styles in Your Workplace Retirement Savings Plan](#)

You may find it confusing to sort through the different

Reality Investing Online User Interface



My Account Reality InvestingSM Online File Cabinet® Education Tools

Summary

1: Profile

2: Investments

3: Planning

4: Results

Welcome to Advisory Tools and Services Online Access

How much will you need to retire comfortably? Are you selecting the right investment options? Are you saving enough to achieve your goals?

-  Help
-  Get Results
-  Continue

Advisory Tools and Services Online Access provides you with access to Guidance, Advice, and a Managed Account service - all at your fingertips. Online Guidance and Advice provides you with the tools and asset allocation knowledge needed to generate and manage a recommended investment portfolio that reflects your unique goals and plan options. Online access makes it easy to review your plan, consider alternative scenarios and ultimately design your strategy to reflect your desired plan outcome. So you can get a fast start, your most current retirement plan information is already entered below.

If your plan offers Managed Accounts, you can also use this site to keep us current on your financial situation and goals!

Simply click on the "Modify" tabs below to update your information.

ABOUT YOU [modify](#)

Name:	Joe Smith	Marital Status:	Married
Date of Birth:	11/04/1959	Dependents:	0
State of Residence:	Minnesota	Current Salary:	\$55,000
Gender:	Male		

INVESTMENTS [modify](#)

	Balance	Enrollment Status
XYZ Company 401(k) RI Plan	\$12	Guidance
Taxable	\$28,000	Not Applicable

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Summary
1: Profile
2: Investments
3: Planning
4: Advice

Proposed Plan

Below is a detailed comparison of your current strategy with the plan proposed by the Managed Accounts program. These plans support the retirement income scenarios from the previous page. Part 1 displays the asset allocation for current and proposed plans. Selecting the proposed plan may require significant changes in how your money is currently invested. Part 2 displays the savings rates for 401(k) and outside assets as well as the desired retirement age. Selecting the proposed plan may require significant changes in your savings rates. You may select Create an Alternate Plan and change any of the variables displayed in the plan.

PORTFOLIO ANALYSIS

Current



Money Market

**Proposed Plan —
Moderate**



- Small Stock TR
- International Equity TR
- Large Stock TR
- Money Market

[? Help](#)

SAVINGS AND RETIREMENT AGE

	Current	Proposed Plan
Pre-Tax 401(k) Savings Rate	6%	6%
Post-Tax 401(k) Savings Rate	0%	0%
Annual Taxable Savings - Outside of 401(k)	\$0.00	\$0.00
Desired Retirement Age	65	65

SELECT A PLAN

Continue with the Proposed Plan

Create an Alternate Plan

Advice and Managed Accounts 3.3 build 150

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AdvisedAssetsGroup
Put Our Power Behind You

Summary | 1: About You | 2: Investments | 3: Planning | **4: Advice**

Advisory Tools and Services Options Help

STEP 1: REVIEW THE OPTIONS

Managed Accounts
The Managed Account service is an account management feature offered by your Plan in which you 'hire' Advised Assets Group, LLC (AAG) as your personal investment manager. Based on the information you tell us about yourself, your financial situation, and your goals, AAG will work with Ibbotson Associates - an industry leader in asset allocation and investment analytics, to determine a specific and personalized investment allocation and savings rate recommendation for you. AAG will then allocate your account among the investment options available in your retirement plan.

Once you have enrolled in the service, we take it from there. After you provide us with the required information needed to create your personalized investment portfolio, we'll assign an investment mix to your retirement plan account, realign your account to reflect those new funds and periodically check your account to correct for any drift from the allocation or changes to your plan. All you have to do is keep us current on your financial situation and your goals by periodically checking back with us to make sure everything is up to date.

Fees related to this service are collected from your investment account. For questions on fees, please review the the Terms of Service by clicking the Terms of Service link below or speak with an AAG Adviser Representative by calling your plan's toll-free customer service number. [[More Detail](#)]

Advice
Online Investment Advice is a service in which you obtain an investment recommendation from AAG based on information you provide. You then determine if you wish to accept and implement that recommendation. From time to time AAG encourages you to repeat this process and update your account accordingly. For more information on any fees that may be applicable for your use of the service, please click the Terms of Service link below, or speak with an AAG Adviser Representative by calling your Plan's toll-free customer service number. [[More Detail](#)]

STEP 2: SELECT AN OPTION

Enroll in Managed Accounts
 Enroll in Advice

STEP 3: REVIEW THE SERVICE AGREEMENT

Read the [Terms of Service](#)

I have read and agree with the terms of service

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Summary 1: Profile 2: Investments 3: Planning 4: Advice

Advice Account Review Transaction ? Help

Please review the transaction to be applied to your advice account.

INVESTMENT	Previous Allocation	New Allocation
Not Sure Why I'm Blue Chip Fund	0.00%	31.00%
Tiny to Small Cap Fund	0.00%	12.00%
Never Been There International Fund	0.00%	17.00%
Often Confused Bond Fund	0.00%	24.00%
New World Bank Money Market Fund	100.00%	16.00%

DEFERRAL RATES	Current	New
Post Tax:	0.00%	0.00%
Pre Tax:	6.00%	6.00%

NEXT STEP

- Implement Advice
- Create an Alternate Plan
- Save and Exit without implementing plan

Advice and Managed Accounts 3.3 build 150

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[Log Out](#) [Home](#) [Print](#)

[View Account](#)

- Balance
- Current Allocations
- Transaction History
- My Rate of Return
- Loan Summary
- More...

[Change Account](#)

- Fund Transfer(s)
- Redirect Future Contributions
- Rebalancer
- Change PIII
- More...

[Fund Choices](#)

- Fund Overviews
- Fund Performance
- Fund Values
- Fund Values Graph
- Fixed Rates
- More...

[Loan Request](#)

[My Account](#) [Reality InvestingSM](#) [Online File Cabinet®](#) [Education](#) [Tools](#)

Summary 1: Profile 2: Investments 3: Planning 4: Results

Investment Advice Action [Help](#)

Be sure to print the [summary](#) and keep it for your records.

1. HERE'S WHAT WE'VE DONE

XYZ Company 401(k) RI Plan-932777

We have reallocated your future contributions and existing fund balances ([details](#))

Pre-tax Advice Account Savings:We have increased your savings to 25%

Post-tax Advice Account Savings:We have maintained your savings of 0%

2. STEPS YOU STILL MUST TAKE

Your plan does not allow deferral changes to occur from within this site. Please contact your employer to implement your recommended savings rate change.

3. UPDATING YOUR ADVICE RECOMMENDATION

From time to time you may wish to obtain and implement an updated advice recommendation. Simply return to this site, update your financial information and goals, and proceed to "Advice" for an updated recommendation. You may wish to implement the updated recommendation at that time. Some reasons you may wish to update your recommendation may include:

1. Life events - marriage, birth of a child
2. Adding or subtracting spouse's income
3. Adding or changing information on other investment accounts

Appendix: Examples of Participant Communications



Managed Account Portfolio Review

Here is your Managed Account Portfolio Review for your ABC Retirement Plan!

Below is a summary of the information provided and used to generate your investment portfolio. Please verify that this information is complete and accurate. If a change to your personal information is required, please contact the AAG representative at (XXX) XXX-XXXX, complete and mail the enclosed "Personalize Your Account Form" or update your information online by visiting your plan's Web site at www.XXXX.com.

Your Personal Information¹

Prepared On: 8/31/04

Participant Name:	John Doe	Date of Birth:	08/31/1947
State of Residence:	Colorado	Annual Income:	\$41,573
Gender:	Male	Dependents:	1
Account Balance:	\$20,553.25	Desired Retirement Income (pre-tax):	\$31,259
Retirement Age:	65	Pre-Tax Contribution:	4% of \$40k
		Post-Tax Contribution:	0% of \$40k

Your Spouse/Partner Information¹

Spouse/Partner Name:	Jane Doe	Date of Birth:	09/28/1950
Gender:	Female	Annual Income:	\$65,000

Your Outside Account Information²

Below is your personal information about outside assets and/or investments. Outside account information, if provided, is not managed but is taken into consideration in constructing your investment portfolio.

Account Name	Owner	Account Type	Account Balance
John Doe IRA	John Doe	IRA	\$10,000
ABC Co. 401(k)	John Doe	401(k)	\$20,000
Merrill Lynch	Jane Doe	Taxable	\$52,000

Plan Number: DND1D

Your Personalized Annual Income Illustration

Retirement Income: Smart Planning for the Future You Want

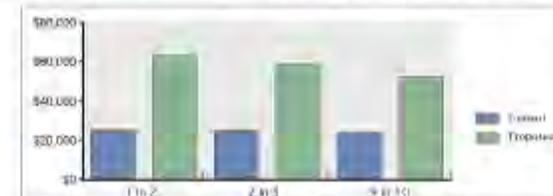
Are you on track to meet your retirement income goals? As a Managed Account participant, you already know that the right mix of investments is a critical part of an effective retirement planning strategy. But other factors are just as important — such as your savings rate and other accounts and investments you plan to use for retirement.

In addition to helping you choose retirement investments, we at Advised Assets Group, LLC (AAG) make personalized recommendations on how to align your retirement savings with your retirement income goals.

Your Personal Retirement Income Analysis

The first step is to understand whether you're saving enough for the retirement income you want. Remember: the rule of thumb is that you'll need at least 80%–100% of your working income to support a similar lifestyle in retirement. Depending on when you want to retire and how you want to live in retirement, you may need even more.

The graph compares three versions of two different retirement income scenarios: the probability of achieving a given post-tax retirement income based on your **current** investment mix and savings rate (as shown by the blue bar); and the probability of achieving a post-tax retirement income based on AAG's **proposed** savings rate and investment mix based upon the investment options available in your Plan (as shown by the green bar).



As you move to the right, the comparison of the two scenarios increases in probability. The first pairing illustrates a 1-in-2 probability, the second pairing a 2-in-3 probability, and the third pairing a 9-in-10 probability.

Understanding the Analysis: Does Your Savings Rate Match Your Income Goals?

Ideally, the blue bar and the green bar will be the same height. In other words, your current retirement income scenario (based on your existing savings rate and investment mix) matches AAG's **proposed** retirement income scenario (based on the information you provided when you enrolled in Managed Accounts).

What does it mean if the blue bar is lower than the green bar? It may mean that your current retirement savings rate may not be enough to fund your planned retirement income. In that case, AAG provides you with personalized recommendations for how to increase your retirement savings rate. Possible recommendations include:

- increasing your contribution rate;
- increasing your planned retirement age;
- saving more on an after-tax basis.

04/04



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Thank you for your time!

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WDC

***Reality InvestingSM
Board Fiduciary Responsibilities –
A DOL Model***

January 15, 2008



Reality InvestingSM is a service mark of Great-West Life & Annuity Insurance Company. Investment advisory services are provided by Advised Assets Group, LLC, a federally registered investment adviser, and powered by Ibbotson Associates.

DOL – Bulletin 2007-01



Field Assistance Bulletin 2007-01 Statutory Exemption of Investment Advice

Provides clarification on the role of plan fiduciaries with respect to the selection and monitoring of fiduciary advisers

Selection of Fiduciary Advisers



With regard to the prudent selection of service providers generally:

- Objective process that elicits necessary information to assess provider's qualifications, quality of service, and reasonableness of fees
- Selection process must avoid self-dealing, conflicts of interest, or other improper influence

Selection of Fiduciary Advisers



With regard to the selection of investment advisers for plan participants specifically:

- Examine experience and qualifications of the investment adviser
- Examine adviser's registration with applicable federal and/or state securities law
- Examine adviser's willingness to assume fiduciary status with respect to advice furnished to participants
- Examine the extent to which advice furnished will be based upon generally accepted investment theories

Monitoring of Fiduciary Investment Advisers



Monitoring fiduciary investment advisers requires the periodic review of:

- Extent to which there have been any changes in the information that served as the basis for initial selection of the adviser
- Compliance of the investment adviser with contractual provisions of the engagement
- Utilization of the investment advice services by the participants in relation to the cost of those services
- Participant comments and/or complaints about the quality of the furnished advice

Monitoring of Fiduciary Investment Advisers



Periodic monitoring of fiduciary investment advice providers:

- Plan Sponsors do NOT have a duty to monitor the specific investment advice provided to plan participants
- Plan Sponsors would only have need to examine specific investment advice in the consideration of a participant comment/complaint with respect to quality of investment advice



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Thank you for your time!

Managed account, guidance and advice services are offered by Advised Assets Group, LLC, (AAG) and powered by Ibbotson Associates. Both AAG and Ibbotson Associates are federally registered investment advisers. Securities, when offered, are offered through GWFS Equities, Inc. AAG, and GWFS Equities, Inc. are wholly owned subsidiaries of Great-West Life & Annuity Insurance Company. Great-West Life & Annuity Insurance Company is not licensed to conduct business in New York. 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. Ibbotson Associates is not affiliated with GWFS Equities, Inc., Great-West Life & Annuity Insurance Company or Advised Assets Group, LLC. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company, and their subsidiaries and affiliates. Great-West Retirement Services® and Reality InvestingSM are service marks of Great-West Life & Annuity Insurance Company. All rights reserved. Form# AAG-FR(WI) (01/08)

Ibbotson Managed Account and Advice Fund Selection and Portfolio Construction Overview

Ibbotson Associates uses a proprietary system to construct fund specific portfolios for its advice and managed accounts services. Recent enhancements to this proprietary system will facilitate faster portfolio turnaround, better utilization of active managers and a more scalable process. A number of new processes have been created, including the formation of Ibbotson peer groups and a forward-looking alpha measure, to aid in better fund selection. Other processes have been improved or automated to improve efficiency and turnaround time. This document will serve to provide an overview of the entire process from start to finish of constructing the fund specific portfolios utilized in Ibbotson's advice services.

Asset Class Model Portfolios

The most important decision in portfolio management is the asset allocation decision. Asset allocation is the practice of combining several asset classes together in a portfolio such that the risk and return tradeoff of the overall portfolio is better than any single asset class. Ibbotson Associates uses two major methods to determine the combination of asset classes that will maximize the return of a portfolio for any level of risk: Mean-Variance Optimization and Resampling.

Prior to assigning funds to a portfolio, asset class model portfolios are developed on an annual basis. Asset classes are chosen to represent the broad range of investable assets that can be implemented among available investment options. The selection of an asset class for inclusion in Ibbotson's advice services requires that there be significant benefit (generally through increased diversification) to adding the asset class to the model portfolios. In addition, investment options must be readily available within plans and provide significant exposure to the asset class for inclusion in Ibbotson's advice services. Recent additions to Ibbotson's asset class model portfolios are Treasury inflation-protected securities (TIPS) and direct real estate.

Benchmark Selection Rationale

The selection criteria that Ibbotson uses in selecting our standard benchmark sets are based on the following criteria:

- 1) *Coverage and representation*: We prefer Indices that provide comprehensive coverage and fair representation of the market segment they covers.
- 2) *Objective methodology*: We prefer indices that are constructed based on objective, rules-based methodology.
- 3) *History*: We prefer indices that have long histories.
- 4) *Acceptance*: We prefer indices that are commonly accepted by money managers and consultants in the industry for which passive, low cost, implementation vehicles exist.

Indices that satisfy these above criteria form a solid foundation for using the index when constructing asset allocation and evaluating managers. These benchmarks are as follows:

<i>Asset Class:</i>	<i>Benchmark Indices:</i>
Large Capitalization Core	Russell 1000
Large Capitalization Growth	Russell 1000 Growth
Large Capitalization Value	Russell 1000 Value
Mid-Capitalization Core	Russell Mid-Cap*
Small Capitalization Core	Russell 2000
Small Capitalization Growth	Russell 2000 Growth
Small Capitalization Value	Russell 2000 Value
Small/Mid-Capitalization Core	Russell 2500*

Small/Mid-Capitalization Growth	Russell 2500 Growth*
Small/Mid-Capitalization Value	Russell 2500 Value*
International	MSCI EAFE
Emerging Markets	MSCI Emerging Markets Free
High Yield	LB High Yield
TIPS	LB TIPS
Long-term Bonds	LB LT Gov't/Credit
Short-term Bonds	LB 1-3 Year Gov't/Credit
Aggregate Bonds	LB Aggregate
REITs	NAREIT Equity
Direct Real Estate	MIT Transaction Based Index
Cash	CG U.S. Domestic 3 Mo Tbill

Please note that the above benchmarks are not all used together, but rather are available for the different complexity asset models. For instance, core benchmarks would not be used in conjunction with their growth and value counterparts.

**Though the Mid-capitalization benchmarks chosen are not mutually exclusive from the Large-Capitalization benchmarks, additional analysis of these indices supports their use as their return behavior is distinct. This distinct behavior can be attributed to the absence of the largest companies in these mid or small/mid capitalization benchmarks.*

Mean Variance Optimization

Mean-variance optimization (MVO) refers to a mathematical process that calculates the security or asset class weights that provide a portfolio with the maximum expected return for a given level of risk; or, conversely, the minimum risk for a given expected return. The inputs needed to conduct MVO are asset class expected returns, expected standard deviations, and expected cross-asset class correlations. For his work in developing MVO, Harry Markowitz was awarded a share of the 1990 Nobel Prize in Economics.

When first developed, mean-variance optimization was applied (if at all) only to portfolios of individual stocks. Today, this technique is applied on an asset class level. This is appropriate for two reasons. First, the inputs required by the Markowitz model are more difficult to estimate for individual securities than they are for asset classes. Second, the range of asset classes available to investors is now much larger, especially given the increased willingness of U.S. investors to consider global investing.

The consequence of mean-variance optimization is a set of asset class weights that can be used as a long term guide for investing. This is often described as the portfolio's strategic asset allocation plan. The portfolio weights should be updated annually to reflect changes in estimates of the long-term parameters or different needs of the portfolio. However, if done correctly, these changes will likely result in small revisions in the portfolio composition.

Although the conceptual foundation of MVO is solid and its use has greatly enhanced the portfolio management process, it is difficult to implement properly. Uncritical acceptance of MVO output can result in portfolios that are unstable, counterintuitive, and ultimately unacceptable.

If the inputs (asset class expected returns, expected standard deviations, and expected cross-asset class correlations) are free of estimation error, MVO is guaranteed to find the optimal or efficient portfolio weights. However, the inputs are statistical estimates (created by analyzing current and historical data), and cannot be devoid of error. This inaccuracy will lead to overinvestment in some asset classes and underinvestment in others along with frequent shifts between asset classes.

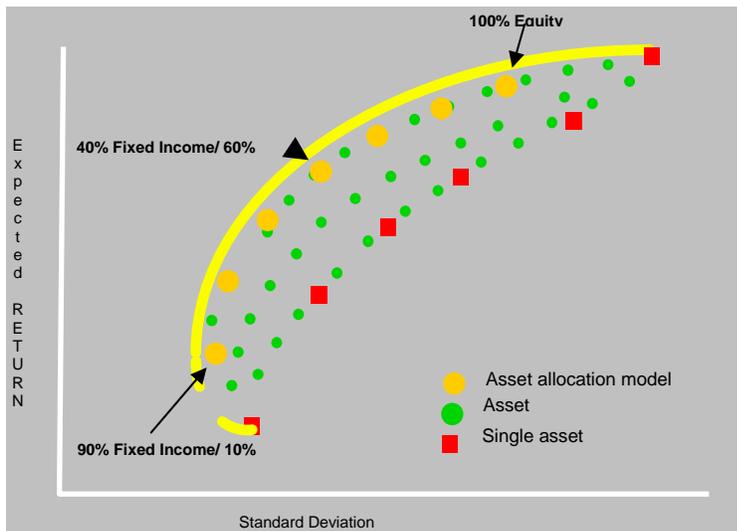
Ibbotson uses a variety of methods to minimize the effects of estimation error in the inputs by applying practical considerations to the results of the MVO and constraining certain allocations to limit the amount of overweighting or underweighting to certain asset classes. Ibbotson Associates conducts resampling to mitigate the impact that estimation error can have on the asset allocation targets. Further, Ibbotson conducts sensitivity analysis to ensure the stability of the portfolio recommendations under a variety of market scenarios.

Resampling

Resampling is a statistical procedure that reduces the sensitivity of optimization to forecast inaccuracies and increases the stability and intuitiveness of the resulting asset allocations. Conceptually resampling combines mean-variance optimization with Monte Carlo simulation. Monte Carlo simulation generates thousands of variations of the original inputs, creating thousands of simulation frontiers based on each set of simulated inputs, and ultimately, one final resampled frontier based on an average of all simulated frontiers. By incorporating multiple possible scenarios for asset class performance, resampling considers a wider range of outcomes and creates a more robust efficient frontier. The portfolio allocations found on a resampled frontier are less sensitive to imperfections in performance forecasts and tend to be more diversified.

Using the resampled portfolios as a starting point, Ibbotson adjusts the portfolios, if necessary, to reflect qualitative factors, such as practical restrictions. The resulting portfolios are feasible investment options that reflect Ibbotson’s experience in building long-term allocations.

Finally, Ibbotson tests the portfolios by plotting them in the space of the resampled frontier. The portfolios remain close to the frontier under a variety of scenarios, including scenarios with varying performance assumptions. These scenario tests Portfolio Management Methodology demonstrate the valuable combination of theoretical knowledge and practical experience in building investment portfolios.



Ibbotson constructs seven model portfolios as depicted by the orange dots on the above graph. These resampled portfolios are slightly below the efficient frontier, but are more robust as described above. They represent portfolios from most conservative to most aggressive. Portfolios are spaced by the change in standard deviation (risk) from one portfolio to the next. The goal is to ensure that the risk spread between each portfolio is relatively equal (i.e., there is no benefit in offering five to seven portfolios if

they all have similar risk characteristics). Because standard deviation estimations are based on historical data, they are more stable than nominal return estimations (which rely partly on current inflation expectations as expressed in the treasury yield curve). As a result, Ibbotson prefers to base “spacing” upon the variable that will change least from year to year. This helps to ensure that the target portfolios will not experience a drastic shift in asset class weightings from one year to the next.

Returns Based Style Analysis

Returns-based style analysis (RBSA) is a method used to examine the performance of a fund in relation to a number of benchmarks. RBSA does not show the actual holdings of the fund; rather it measures the return behavior of a fund and attributes it to any number of selected benchmarks. RBSA allows the investment advisor or analyst to uncover the underlying fund exposures to various asset classes.

RBSA is a quadratic programming approach that is similar to a multiple regression. This approach incorporates two constraints: first, the coefficients of the regression must sum to 100 percent and second, the coefficients must be positive. RBSA compares a fund’s returns to a comprehensive set of market benchmarks over some period. If the fund’s style is relatively stable, this approach can provide a reasonable forecast of the style in the future. Ideally, the set of benchmarks should fully reflect the investing universe, but be mutually exclusive.

RBSA demonstrates the risk investors may actually experience while holding a fund. In this sense, the actual holdings are less important than how the fund behaves. If the securities contained in a fund behave differently than the asset class the securities are associated with, there may be additional risk inherent in the fund. Return behavior captures the risk the investor realized, as opposed to the actual holdings.

The R-square statistic evaluates the explanatory power of the RBSA model. The R-square statistic represents the percentage of fund return variation that the RBSA model explains. Index funds generally have high R-square statistics because they attempt to replicate passive benchmarks. Hedge funds usually have low R-square statistics.

Peer Grouping - New

Peer groups are needed to perform two key functions; 1) to calculate Forward Looking Alpha (described in detail later) and 2) to screen large lineups of funds to a more manageable and better sub-set of funds. Both of these functions improve the fund selection process.

Ibbotson begins by evaluating funds based on their Morningstar Category (if available). The category is validated through a series of regression analyses against sets of benchmark returns, returns based style analysis. The Morningstar Category determines which set of benchmarks is used in the initial regression. Based on this initial regression result, R-square and benchmark exposures, the fund may be sent for further regression analysis to better determine the appropriate peer group. If the R-square of the final regression is greater than or equal to 65, then the peer group is assigned. If through all sets of regression analysis, the fund does not achieve an R-square of 65 or greater, then the fund is unclassified and may not be used.

If an investment option is not a public fund or does not have a Morningstar Category, the same process is followed, but the initial set of benchmarks used in the regression analyses is a general set. Again the investment option goes through a series of regression tests to determine the best peer group fit.

Forward Looking Alpha - New

Ibbotson has developed a method designed to improve the forward looking predictability of a fund's alpha. This forward looking alpha measure differs from a traditional historical alpha in several ways. First, traditionally alpha is measured through regression analysis using historical returns over a given period of time. The forward looking alpha measure uses regression results over two historical periods of time. Secondly, the forward looking alpha uses an investment option's peer group average alpha to normalize its alpha. Lastly, forward looking alpha uses statistical confidence of the regression results to weight the various alpha measures.

The two time periods evaluated are 12 and 60 months in separate regressions. The resulting alphas from these regressions are then weighted based on the statistical confidence of the regression. This creates an alpha measure that awards managers for consistent performance over both the short and long period.

Lastly, the short/long alpha is shrunk towards the average alpha for the investment options peer group. Again, the statistical confidence of the investment option's alpha is used. More weight is given to the peer group average alpha when the statistical confidence in the fund's alpha is lower. Conversely, more weight is given to the fund alpha when the statistical confidence measure is high.

Enhanced Fund Screening Process

Fund screening is particularly important when working with a plan that has many investment options from which to choose. There are several places in the process of creating portfolios where funds may be excluded from inclusion in a portfolio. All fund lineups will be evaluated according to the following criteria.

Data History

The first screen to determine fund inclusion is if a fund has sufficient return history to be analyzed. For actively managed funds, 36 months of return history is required. For index funds, only 12 months of return history is required as index funds rarely experience style drift.

Sector Funds

Though sector funds may be appropriate to offer in a retirement plan, they are excluded from the process as they do not fit well with the goals of Ibbotson's managed account service. Ibbotson's asset class model portfolios do not target specific sectors. Therefore, sector funds tend to be too narrowly managed for inclusion in these portfolios.

Lifestyle Funds

Lifestyle funds are also excluded for conflicting goals with Ibbotson's advice services. Lifestyle funds with a target maturity date are designed with a similar goal as Ibbotson's managed account program; to meet an investor's retirement goals. These funds will change their asset allocation over time as the target date approaches, generally becoming more conservative over time. One of Ibbotson's goals is to create portfolios that remain true to a targeted asset allocation; these types of instruments clearly conflict with this goal. One of the key differences between Ibbotson's managed account service and a target maturity lifestyle fund is that Ibbotson's retirement solution is customized for each participant based on a number of factors, while a target maturity fund is selected based solely on age. For example, despite two participants being the same age and having the same desired retirement goal, one would not advise the plan participant that has a sizable pension to meet their retirement goals the same way as an individual relying solely on their 401(k).

Ibbotson will also exclude other lifestyle funds, those without a target maturity date (e.g. conservative, moderate, aggressive lifestyle funds), if the target asset allocation can be met without their use. Lifestyle funds are intended to be used as the sole means for meeting an individual's retirement needs, not to be used as part of a broader portfolio of funds. Though typically not used, these options may be utilized in some instances where a plan lineup is lacking particular exposures that can be met with these funds.

Peer Grouping

As described above, funds that do not meet the criteria for inclusion in one of Ibbotson's peer groups are excluded from fund level portfolios. When a fund cannot be assigned to a particular peer group based on the above criteria, it is typically an indicator that the fund has a specialized investment style or has experienced considerable style drift over time. In either instance, the fund would not be an appropriate choice to meet Ibbotson's specific asset allocation targets. In addition, certain peer groups are excluded due to conflicts with the goals of Ibbotson's advice services. A couple peer groups described above include sector and lifestyle funds.

R-square

Ibbotson uses returns based style analysis as another method of screening. It is used to determine the combination of benchmarks that best tracks a fund's return. Unlike the peer group analysis, this process calculates a custom style benchmark for each fund. Like regression analysis the better the custom benchmark tracks a fund's performance the higher the R-square. A high R-square means a higher confidence in the style of the fund.

This step can be used to classify funds too, but rather than assigning a single benchmark as determined by the peer group analysis, the behavior is explained by the whole spectrum of benchmarks. Ibbotson uses this step in a fund selection process for asset allocation purposes. It is difficult to use funds with low R-square to implement an asset allocation policy since the asset class exposures may vary considerably through time. This causes the fund performance to drift away from the desired asset allocation policy.

Therefore, funds with R-square below 75 are excluded from inclusion in portfolios. If a fund has been used in a portfolio in the past, and its R-square deteriorates, it will be phased out from inclusion in portfolios once the R-square falls below 70. If the R-square drops below 65 the fund will be dropped from any portfolio at the next rebalance. In order to be included again, it must sustain an R-square over 75 for at least four consecutive quarters. Funds whose R-square drops below 75 but does not reach the 70 threshold may be maintained, but are monitored closely.

Forming the Main and Select Lists - New

From the funds that pass all of the prior screening criteria, Ibbotson will form a main and select list. For each peer group, Ibbotson selects one index fund and two actively managed funds to form its select list. As a result, with smaller fund lineups, few, if any, funds are eliminated from consideration in the optimization process provided each fund meets the minimum set of criteria described above.

The process of arriving at the select list is a two tiered screening process where funds are first eliminated based on a set of criteria to form a main list. From the resulting main list funds, further screening results in the select list. Index funds and actively managed funds are selected based on different sets of criteria. This two-tiered screening process ensures that those funds that make it to the select list are thoroughly evaluated on a number of different criteria.

First the plan lineup is divided into index and actively managed funds. Within each peer group, index funds are ranked by their tracking error to the peer group set of benchmarks. Tracking error is a measure of the deviation of the fund's returns from those of the benchmarks. The top two funds form the main list.

Where there aren't enough index funds available, the actively managed fund with the lowest tracking error is chosen instead. The funds in the main list are then ranked by their expense ratio. The index fund with the lowest expense ratio is included in the select list.

Actively managed funds are evaluated on two criteria initially to form the main list; 1) information ratio (alpha divided by tracking error) and 2) forward looking alpha. The two best information ratio and two best alpha funds form the main list. These main-list funds are then ranked on three additional criteria; 1) R-square relative to a single peer-group primary benchmark; 2) the number of years the fund outperformed its customized benchmark over the past 5 years; and 3) consistency score described below. The main list funds are ranked on each of these three criteria, and their average rank taken. One high information ratio fund and one high alpha fund are then selected based on the best average rank of these three additional criteria to form the select list.

Consistency Score - New

Using information from the returns-based style analysis process, Ibbotson calculates a consistency score for each fund's underlying exposures to the asset class benchmarks. The higher the consistency score, the greater confidence one may place in future style exposures estimated by returns-based style analysis.

Sometimes funds with high levels of performance are not as consistent in investment style as others. Fund managers that consistently outperform the market may switch styles regularly. These timing moves cause their consistency score to be lower than other funds. While eliminating these funds will tend to ensure that a portfolio is more consistent in style, it may also eliminate some good performers in the process. This is why Ibbotson looks at a variety of measures in its screening process, rather than basing the selection criteria solely on the consistency score.

Qualitative Considerations

All of the measures in the screening process so far have been quantitative. Ibbotson may also consider qualitative measures such as holdings analysis, style changes, style drift over time, manager changes, and SEC actions when screening funds. These qualitative steps are mainly used when the quantitative results are questionable due to low statistical significance, quantitative results differing from expectations or simply to ensure that the quantitative techniques are accurate.

For example, analysis of a fund's holdings may help confirm the returns based style analysis and any style changes that come from this technique. Examining manager changes and SEC actions helps to confirm that the processes in place that generated past returns are still relevant. This step also gives an analyst an opportunity to apply some human judgment to the process.

Enhanced Fund Optimization

The Ibbotson fund implementation process is accomplished by using a proprietary alpha-tracking error optimization. The objective is to build portfolios with high alpha and low tracking error. Typically there is a tradeoff between these two measures. The optimization is designed to find the fund combination that will maximize the forward-looking alpha for any given level of tracking error while hitting the target asset allocation.

This alpha-tracking error optimization is similar to mean-variance optimization. While the mean-variance optimization is conducted using the expected return, standard deviation and correlations of the asset class returns as inputs, the alpha-tracking error optimization is conducted using the forward-looking alpha and tracking errors of each fund and the exposures of the available funds to the various asset classes determined using returns based style analysis. The alpha and tracking error used in the optimization are

forward looking estimates based on the Ibbotson's proprietary methodology described in the previous section.

With certain lineups, hitting the target asset allocation may be difficult with the funds available. The inclusion of a set of index managers along with active managers generally alleviates this problem. The portion of the manager portfolio allocated to index managers in this setting has popularly been called the completion portfolio, since it complements the active managers such that the combination hits the target asset allocation. Ibbotson considers both active and passive managers in the construction of its portfolios.

The alpha-tracking error frontier offers an entire spectrum of efficient allocations among all funds for the target asset allocation. Ibbotson selects the appropriate portfolio based on multiple iterations of evaluating possible outcomes. This iterative process starts with a higher emphasis on alpha, producing portfolios with higher excess returns. These portfolios are evaluated within the constraints described herein to ensure they are within tolerances for tracking error and hitting the desired asset allocation. If the portfolio is found to be outside these tolerances, the emphasis on alpha is lowered and a new set of portfolios is generated for evaluation. The final step is to generate portfolios that place all the emphasis on the tracking error, to ensure the asset allocation targets are met. If at this point the portfolios generated are not within the tolerances set, including hitting the asset allocation targets, then the lineup would not qualify for Ibbotson's advice services. This multiple iterative process ensures that for each portfolio the funds chosen maximize the portfolio alpha within the tolerances for tracking error while hitting the asset allocation targets.

Additional Tolerances and Constraints "Misfit"

While attempting to meet an asset allocation target for a portfolio, it is difficult to do so without some tolerance for deviation from the target asset allocation. Ibbotson calls the difference between the target asset allocation and the effective asset allocation of the fund level portfolio the "misfit." For each asset class, Ibbotson sets this tolerance for misfit at three percent. In addition, to ensure that portfolios are not overly skewed towards fixed income or equity in aggregate, Ibbotson ensures that the sum of the misfits for all fixed income asset classes does not exceed five percent. These criteria can be a bit too constraining for more aggressive portfolios, primarily because many equity funds have residual exposure to cash or fixed income securities. In these more aggressive portfolios, the misfit tolerance for each individual fixed income asset classes is increased to five percent and the fixed-income group misfit tolerance is increased to eight percent. Generally portfolios are selected that fall well below these tolerances.

Tracking Error

Tracking error of each fund is used in the optimization process. Once portfolios are constructed, tracking error of the entire portfolio is measured and must be less than 30% of the asset class target standard deviation. This allows for less variability in the more conservative portfolios than in the more aggressive portfolios.

Maximum Fund Allocations

To ensure that a portfolio is not concentrated in any one fund, Ibbotson limits the percentage that can be allocated based on the type of fund. For conservative investments, like fixed income, these maximum allocations are higher than for more aggressive investments. For index funds, the maximum allocation is set equal to the target asset class allocation. Since index managers cannot deviate from their benchmark, the constraint is more lenient. Another factor that influences the maximum fund allocation is the target asset class allocation within each Ibbotson portfolio. Those asset classes with higher targets tend to have corresponding higher maximum fund allocations. For actively managed funds, the maximum allocations are as follows:

- 25% for single domestic equity fund
- 30% for international equity fund
- 60% for fixed income fund
- 60% for GIC fund
- 30% for cash fund
- 20% for any specialty funds (REITs, High Yield Bond, etc.)

GIC and Stable Value Funds

The first step in modeling stable value and GIC type investment options is to gather data to understand how the option is managed. Ibbotson considers the average duration of the underlying investments in these options as a primary means of mapping them to the appropriate asset class. In instances where the portfolio contains a significant number of securities with prepayment options, effective duration is the appropriate duration measure. Other factors that impact the extent of the allocation to these options include any guaranteed rate of return (above any book value guarantee that may be standard for a stable value option), liquidity restrictions, and the expenses for the option.

Investment options that have a duration of less than 1 year are mapped to cash, those between 1 and 3 years will be considered as short-term bonds, between 3 and 10 years will be classified as Aggregate Bonds, and greater than 10 will be considered a Long-Term vehicle.

Once Ibbotson determines which asset class best represents the stable value or GIC option, an allocation to the option is carved out from the asset class target. If there are no other investment options in the plan lineup that fill the same asset class, the stable value or GIC option may be used to fill the entire target allocation. Stable value options that have an equity wash feature are not used if there are other options available within their asset class, but may be used if they are the sole option in the plan lineup. In all other cases, if there are other investment options within this asset class target, the target allocation will be divided between the stable value or GIC and the other investment options. Information collected on return guarantees, liquidity and expense are used to adjust the allocations between the options. Investment options that have liquidity restrictions (other than an equity wash) or no return guarantee will have their allocation penalized. Options that have excessive fees or low returns have their allocations penalized, while allocations to options with low fees or high returns are augmented.

Sample Asset Class Model Portfolios

Ibbotson's target asset models vary in complexity. The following tables show an example of our most complex and least complex asset class model. Table 1 shows the asset class target at the most complex level including all the optional asset classes. There are six optional asset classes available: Mid Cap Stocks, Emerging Markets, REITs, Direct Real Estate, High Yield Bonds, and TIPs. In order for an optional asset class to be included, there must be a fund available that has at least 80% exposure (based on RBSA) to that particular asset class and an R-square above 75. However, a fund only needs to have 60% exposure to the Mid Cap asset class for inclusion. Table 2 shows the most basic complexity which is Ibbotson's minimum requirement to build fund specific portfolios.

Table 1

Higher Complexity Portfolios	1	2	3	4	5	6	7
Expanded Asset Classes							
Large Cap Growth Stocks	3%	6%	10%	12%	13%	16%	17%
Large Cap Value Stocks	3%	10%	13%	16%	17%	19%	20%
Mid Cap Stocks	0%	4%	5%	7%	10%	12%	14%
Small Cap Growth Stocks	0%	0%	0%	3%	3%	4%	5%
Small Cap Value Stocks	0%	0%	3%	3%	5%	6%	8%
International Stocks	3%	7%	11%	13%	16%	19%	22%
Emerging Markets	0%	0%	0%	3%	3%	4%	5%
REITs	0%	0%	0%	0%	3%	4%	5%
Direct Real Estate	3%	3%	3%	3%	3%	3%	4%
High yield bonds	10%	6%	5%	3%	3%	0%	0%
TIPs	15%	14%	10%	7%	5%	3%	0%
Long Term Bonds	23%	21%	18%	14%	10%	6%	0%
Short Term Bonds	31%	26%	19%	13%	9%	4%	0%
Cash Equivalents	9%	3%	3%	3%	0%	0%	0%

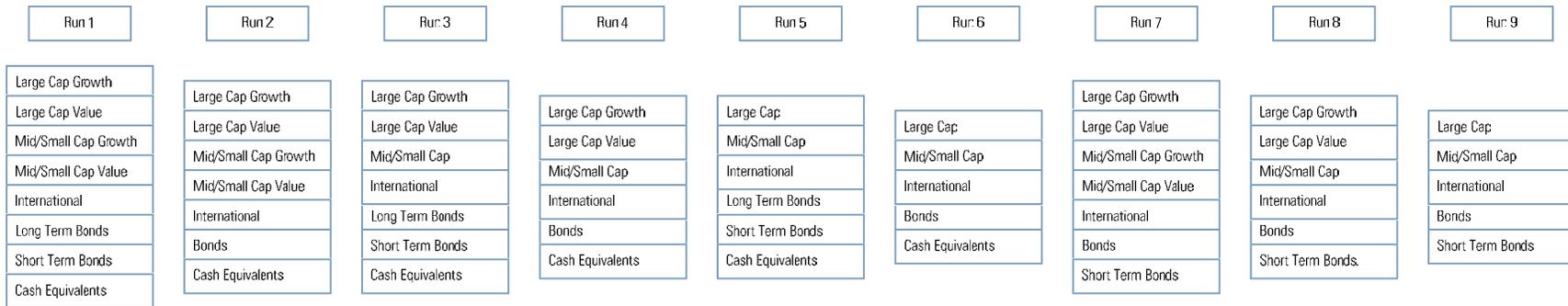
Table 2

Lower Complexity Portfolios	1	2	3	4	5	6	7
Basic Asset Classes							
Large Cap	7%	19%	26%	31%	36%	42%	46%
Mid/Small Cap	0%	4%	8%	13%	18%	22%	27%
International	3%	7%	11%	16%	19%	23%	27%
Bond	70%	60%	47%	35%	27%	13%	0%
Cash Equivalents/Short Term	20%	10%	8%	5%	0%	0%	0%

Asset Class Model Portfolio Selection Process

Ibbotson attempts to build fund specific portfolios at the highest level of complexity first, which is shown in Diagram 1. The diagram does not include any optional asset classes, however, if an optional asset class does qualify for inclusion that particular asset class would be included in all of the runs from the most complex to the least complex. At the most complex level, large cap is split out into growth and value. Similarly, mid/small cap is broken out into growth and value. Also, bonds are split into short and long term. If Ibbotson is unable to hit the asset class targets at the highest complexity, then a second attempt is made at a lower complexity. This will continue until the asset class targets are met (within the tolerances) and we minimize tracking error while maximizing alpha. If a plan happens to fail to run at all of the complexities, the client will be notified. Once we build fund level portfolios, the portfolios are reviewed, and Ibbotson releases them to the client. At that point Ibbotson will continue to rebalance the portfolios on a quarterly basis.

Diagram 1



Fund Additions and Deletions

If a fund option is added, it will be considered for inclusion in portfolios at the next scheduled quarterly rebalance date for the plan in question. It is not imperative that new funds be included immediately as there will already be a diversified portfolio available that meets the target asset allocation. Any optional asset classes will be re-evaluated at the next scheduled rebalance date to see if the new fund qualifies as an optional asset class. This may result in the selection of a different asset class model portfolio targeting the additional optional asset class. See the prior section on optional asset classes for more details.

When a fund that is used in a portfolio is dropped from a plan lineup or closes, the plans portfolios will be immediately rebalanced as it would not be possible to implement the existing fund-level portfolios. If a new fund is added to replace the closing or dropped fund, it will be considered within the rebalance. If the dropping of a fund causes the plan to no longer qualify (the asset class targets can no longer be met within stated tolerances), then Ibbotson will provide for a transition period of ninety days in which a new fund must be added to satisfy any deficiencies. If an alternative fund option cannot be added within this time frame, the plan would no longer be eligible for Ibbotson's advice services.

Rebalancing Bands

Ibbotson establishes a range of +/- 5% to prevent large fluctuations in investment option allocations. If a more attractive alternative is present, an investment option will be phased out over time rather than in one quarter to minimize large portfolio reallocations on a quarterly basis. This approach also minimizes short-term redemption fees to investors should they exist.

Annually this restriction may be released to facilitate hitting a new asset class target. Additionally, funds being dropped from a lineup may also require this restriction to be lifted to be able to hit asset class targets.

Warnings and Failures

Occasionally events may occur that cause a plan that once qualified for Ibbotson's advice services to no longer qualify (i.e. fund closure, style drift, fund failing one or more screening criteria). Ibbotson will attempt to send a notification whenever a plan gets close to hitting one of these triggers, but it may not be possible to identify some problems ahead of time. Once it has been determined that a change is necessary, notification will be provided of that change. This notification will require either: 1) change to the recommendation/lineup at the next quarterly reallocation (a one quarter "grace period"), or 2) an immediate change to the fund recommendation/lineup. The decision to allow for a grace period or immediate action will be determined by the severity of the situation. However, it is our feeling that most changes will be acceptable within the grace period. It is important to note that should a client fail to execute on the plan lineup change, Ibbotson will no longer be able to render advice as of the end of that quarter. We understand the operational headaches and cost impact of adding new funds and making changes to the advice recommendations on a mass basis. These factors will be measured, along with the prudence of the advice recommendation, when deciding which course should be taken.

REALITY INVESTINGSM ADVISORY SERVICES AGREEMENT

This Reality InvestingSM Service Advisory Services Agreement (this "Agreement") is entered into as of the ____ day of _____, 2007 by the _____ (the "Plan Sponsor") and Advised Assets Group, LLC ("AAG"), located at 8515 East Orchard Road, Greenwood Village, Colorado 80111.

RECITALS

Whereas, the Plan has established defined contribution plans under the Internal Revenue Code (the "Plan"); and

Whereas, the Plan Sponsor has selected Great-West Retirement Services ("GWRS"), a division of Great-West Life & Annuity Insurance Company ("Great-West"), to provide administrative and other services to the Plan as set forth in the service agreement between the Plan Sponsor and Great-West ("Service Agreement"); and

Whereas, AAG, a wholly owned subsidiary of Great-West, provides investment guidance, advisory and discretionary managed account services ("Reality InvestingSM") to defined contribution plan participants; and

Whereas, AAG has conducted a rigorous review and evaluation of participant level advisory service providers and has selected an independent financial expert ("Independent Financial Expert") to provide such services to AAG for use under Reality Investing, and has negotiated certain pricing arrangements for AAG clients; and

Whereas, the Independent Financial Expert has developed a methodology and proprietary software and technology used to provide participant level investment advice and discretionary managed account services; including personalized Internet-based guidance, investment advisory services and discretionary managed account services with respect to investment choices held within defined contribution plans; and

Whereas, the Plan Sponsor desires to make Reality Investing available to participants ("Participants") in the Plan in accordance with Appendix A, attached hereto and incorporated herein; and

Whereas, AAG will assist the Plan Sponsor in the establishment of Reality Investing and with the ongoing review and monitoring of the services provided by the Independent Financial Expert and will facilitate the Participants' access to the Reality Investing;

Now therefore, the parties hereto, in consideration of the mutual covenants and representations herein contained, do hereby agree as follows:

TERMS

Article 1 Selection

Plan Sponsor hereby agrees to retain AAG as investment adviser to the Plan to provide the services selected on Appendix A, as described in Article 2.

Article 2 Services

2.1 AAG will make available Reality Investing to Participants in accordance with Appendix A. Reality Investing includes one or more of the following:

Online Investment Guidance – AAG’s online investment guidance tool (the “Guidance Service” is geared toward Participants who wish to manage their own retirement accounts. Participants are provided access to on-line guidance tools.

Online Investment Advice – AAG’s online investment advice service (the “Advice Service” is geared toward Participants who wish to manage their own retirement accounts while taking advantage of on-line guidance and investment advice. Participants are provided on-line guidance and investment advice for a personalized recommended investment portfolio. The recommended investment portfolio is based on information drawn from the Participant’s defined contribution account profile and from the core investment options (“Core Investment Options”) available in the Plan. Core Investment Options are those investment options selected for use in the Plan by Plan Sponsor which provide investment choice under the following asset categories: Fixed Income/Cash, Bond, Large Cap, Small/Mid Cap, and International. Core Investment Options do not include any employer stock alternatives or self-directed brokerage option alternatives. The Participant then implements the recommended investment portfolio and manages his or her retirement account on-line.

Managed Account Service – AAG’s discretionary managed accounts (Managed Account”) is geared toward Participants who wish to have a qualified financial expert select among the Plan’s available Core Investment Options and manage their retirement accounts for them. The Participant receives a personalized investment portfolio that reflects the Plan Core Investment Options and the Participant’s retirement timeframe, life stages, risk tolerance and overall financial picture, including assets held outside the Plan (if the Participant elects to provide this information), which may be taken into consideration when determining the allocation of assets in the Participant’s Plan account (AAG does not provide advice for, recommend allocations of, or manage a Participant’s outside or non-Plan assets). Under Managed Account, AAG has discretionary authority over allocating among the available Core Investment Options, without prior Participant approval of each transaction.

Managed Account assets in the Plan’s Core Investment Options will be automatically monitored, rebalanced and reallocated every quarter by AAG based on data resulting from the methodologies and software employed by the Independent Financial Expert to respond to market performance and to ensure optimal account performance over time. Participants will receive an account update and forecast statement annually and can update personal information at any time by calling AAG at the Plan’s toll-free customer service number, or visiting the Plan’s web site.

Under Reality Investing, AAG does not provide advice for, recommend allocations of, or provide management services for individual stocks, self-directed brokerage accounts, guaranteed certificate [any funds with a liquidity restriction will not receive any advice allocation] funds, or employer-directed monies. A Participant's balance in employer-directed monies may be liquidated, subject to Plan and/or investment provider restrictions. Participants may be required to liquidate the above-referenced funds prior to or as a condition of enrolling in Managed Accounts, subject to Plan and/or investment provider restrictions.

AAG will on an ongoing basis review the methodology and services of the Independent Financial Expert and integrate the Plan's Core Investment Options into Reality Investing. AAG will provide the Plan Sponsor periodic written reports of Participant usage of Reality Investing

The Plan must select and at all times maintain Core Investment Options which cover the following broad asset categories in order to use Online Investment Advice and the Managed Account Service under Reality Investing: Fixed Income/Cash, Bond, Large Cap, Small/Mid Cap, and International. The asset classes and Core Investment Options must meet the requirements of the Independent Financial Expert which may be amended from time to time. Should the requirements of the Independent Financial Expert not be met, AAG and the Independent Financial Expert has the right to suspend Reality Investing until the requirements of the Independent Financial Expert are satisfied. The Independent Financial Expert is solely responsible for determining the adequacy of exposure to the aforementioned asset classes and for determining the core asset class exposures needed for the provision of Online Investment Advice and the Managed Accounts Service.

Reality Investing will not be available for participant use for seven (7) to ten (10) business days following changes to the investment option lineup. AAG and Ibbotson need to conduct a new analysis of the available investment option array to accommodate these changes. This analysis will take approximately 7 to 10 business days, during which time, the Online Investment Guidance, Advice, and Managed Account services will not be available for participant use. Once the analysis is complete, the Online Investment Guidance, Advice, and Managed Account services will once again be available.

2.2 Plan Sponsor hereby authorizes AAG to offer Reality Investing to Participants in accordance with Appendix A, using Participant information provided to AAG by Participants, the Plan Sponsor or its agents, and/or AAG's affiliates. Plan Sponsor acknowledges and agrees that Reality Investing will be provided by AAG based on the methodology and proprietary software provided by the Independent Financial Expert.

2.3 Plan Participants shall pay all AAG fees, in accordance with Appendix A, for the respective services utilized. Plan Sponsor authorizes Great-West to serve as collection agent for AAG and deduct fees from Plan Participant accounts that affirmatively enroll in Reality Investing, online or by paper enrollment, and become actual users, in accordance with Appendix A.

2.4 AAG has authorized GWFS Equities, Inc. ("GWFS") and its licensed agents and registered representatives who are GWRS* employees (collectively referred to as "Solicitors") to solicit, refer and market AAG's Reality Investing advisory services to

potential and current investment advisory clients. GWFS is a Broker/Dealer, registered with the SEC and is an affiliate company of AAG. The licensed agents and registered representatives of GWFS are employees of Great-West Life & Annuity Insurance Company ("GWLA"). AAG and GWFS, are wholly-owned subsidiaries of GWLA. In addition to their salary, Solicitors registered with GWFS and employed by GWLA, may earn an additional bonus compensation for soliciting, referring and marketing AAG's advisory services. AAG may also pay compensation or referral fees to broker/dealer firms that are not affiliated with AAG for soliciting and referring and marketing AAG's advisory services pursuant to a written agreement. (See Appendix A)

Article 3 Representations and Warranties

3.1 Both Parties. Each party hereto represents, warrants and consents that (a) it is authorized to enter into and perform its obligations under this Agreement; (b) any actions by, or filings with, any governmental body required for the party to enter into and perform its obligations under this Agreement have been taken or made or will be taken or made when required; (c) entering into and performing its obligations under this Agreement does not violate any applicable law, rule or regulation or its organizational documents or any other binding instrument; (d) this Agreement has been duly executed and delivered; and (e) it will perform its obligations in compliance with all applicable laws, rules and regulations.

3.2. AAG

(a) AAG represents that it is registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"). AAG agrees to maintain the required federal or state investment advisory registrations that permit it to perform its obligations under this Agreement. AAG acknowledges and agrees that it may be deemed to be a fiduciary of the Plan(s) under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), if applicable, to the extent it provides investment advice or management to Participants under Reality Investing.

(b) AAG represents that the Independent Financial Expert is not affiliated with AAG or Great-West and that AAG has entered into an agreement with the Independent Financial Expert. AAG's agreement with the Independent Financial Expert includes representations that the Independent Financial Expert: (a) is registered as an investment adviser under the Advisers Act, and (b) will maintain the required federal or state investment advisory registrations that permit it to perform its obligations under its agreement with AAG, and (c) will act, at all times in providing the methodology and software for AAG's suite of advisory services (the "Program") in conformity with the requirements imposed upon an independent financial expert as described in the Advisory Opinion 2001-09A issued on December 14, 2001 by the U.S. Department of Labor (the "DOL"), to the extent that the Advisory Opinion is applicable to the operation of the Program.

3.3 Plan Sponsor. Plan Sponsor represents that it is the Plan fiduciary with the authority to execute this Agreement on behalf of the Plan and its Participants and commit to the terms of this Agreement. Plan Sponsor, by itself and on behalf of the Plan, represents and acknowledges that it has received and read AAG's Form ADV Part II (or equivalent), consistent with Rule 204-3 of the Advisers Act. Plan Sponsor acknowledges that the Core Investment Options offered through the Plan(s) were chosen by the Plan Sponsor and not by AAG, Great-West or the Independent Financial Expert.

Article 4

Term, Termination & Substitution of Independent Financial Expert

4.1 Term and Termination of this Agreement. This Agreement shall be effective as of the date stated above (the "Effective Date") and continue in force for three years from the Effective Date ("Initial Term"). This Agreement shall renew automatically for successive one (1) year terms ("Renewal Term(s)") unless one party provides the other party with written notice of its intent not to renew the Agreement no less than ninety (90) days prior to the end of the Initial Term or any subsequent Renewal Term. This Agreement may be terminated prior to the end of the Initial Term or any Renewal Term in the following circumstances:

(a) Plan Sponsor may terminate this Agreement upon written notice to AAG if Plan Sponsor determines in good faith that the Agreement is not consistent with its fiduciary duties under ERISA, if applicable, or applicable state law;

(b) If Plan Sponsor determines that AAG has materially failed to meet its service commitments to the Plan as set forth in this Agreement, and if AAG has failed to cure such deficiencies within sixty (60) days of its receipt of Plan Sponsor's written notice of such deficiencies, then Plan Sponsor may terminate this Agreement upon written notice to AAG;

(c) Either party may terminate this Agreement upon written notice in the event of default by the other party if the defaulting party has failed to cure such deficiencies within sixty (60) days after its receipt of the non-defaulting party's written notice of deficiencies;

(d) In the event that Plan Sponsor terminates its Service Agreement with Great-West, or the Service Agreement expires pursuant to its own terms, this Agreement shall automatically terminate, effective on the same date the Service Agreement between Plan Sponsor and Great-West terminates or expires; or

(e) AAG may terminate this Agreement under the conditions set forth in Section 4.2;

(f) Either may terminate this Agreement without cause upon ninety (90) days written notice to other party; or

(g) The parties may mutually agree to terminate this Agreement at any time.

Upon termination of this Agreement for any reason, all Actual Users, as defined in Appendix A, will be immediately restricted from using Reality Investing.

4.2 Substitution of the Independent Financial Expert. During the term of this Agreement, AAG reserves the right to replace the Independent Financial Expert in its sole discretion. AAG will promptly notify the Plan Sponsor of any such change. In such event, a replacement Appendix A will be provided to Plan Sponsor, if, in AAG's sole discretion, a replacement Appendix A is deemed necessary. In the event AAG is unable to contract with a suitable replacement Independent Financial Expert, this Agreement shall automatically terminate upon written notice to the Plan Sponsor.

Article 5 Confidentiality

5.1 AAG and the Independent Financial Expert's Confidential Information. Plan Sponsor acknowledges that information regarding AAG, the Independent Financial Expert, and Reality Investing including, without limitation, the databases, hardware, software, programs, engine, protocols, models, displays and manuals, including, without limitation, the selection, coordination, and arrangement of the contents thereof are intellectual property and trade secrets, proprietary to AAG and/or the Independent Financial Expert, as applicable, and constitute "Confidential Information." Plan Sponsor acknowledges that all nonpublic information regarding the business and affairs of AAG and the Independent Financial Expert including, but not limited to, business plans, agreements with third parties, fees, services, customers, and finances, constitute Confidential Information.

5.2 Plan Sponsor's Confidential Information. All nonpublic information regarding the Plan, the business and affairs of the Plan Sponsor, all Plan Sponsor intellectual property and all personal information of Participants including, but not limited to, the names, addresses, social security numbers, financial information and compensation data of the Participants, learned by AAG or the Independent Financial Expert in the performance of this Agreement constitutes Confidential Information of the Plan Sponsor. Notwithstanding the foregoing, AAG may provide nonpublic information it learns about Participants to the Plan Sponsor and the plan provider for reporting purposes.

5.3 Non-Confidential Information. Anything in this Agreement to the contrary notwithstanding, the term "Confidential Information" does not include information regarding a party which (i) was, is or becomes generally available to the public other than as a result of a disclosure by the receiving party or any of its affiliates, agents or advisors, (ii) was or becomes available to a party or its affiliates from a source other than the disclosing party or its affiliates or advisors, provided that such source is not bound by a confidentiality agreement for the benefit of the disclosing party, (iii) was within a party's possession prior to being furnished by or on behalf of the other party provided that the sources of such information were not covered by a confidentiality agreement in favor of the party owning the confidential information, provided such confidentiality agreement was known to the receiving party at the time the information is obtained.

5.4 Treatment of Confidential Information. Confidential Information will be used by a party solely in connection with the performance of its obligations under this Agreement. Each party will receive the Confidential Information in confidence and not disclose it to any third party except as may be necessary to perform its obligations under this Agreement or as agreed to in writing by the other party. Each party further agrees to take or cause to be taken all reasonable precautions to maintain the secrecy and confidentiality of the Confidential Information. Neither party may disclose, and shall

make reasonable efforts to prevent the disclosure of, any part of the Confidential Information to another person. Confidential Information may be disclosed to a party's directors, officers, employees, consultants, representatives, and the Plan's recordkeeper (each a "Representative") who need to know in order to further the purposes and intent of this Agreement. Disclosure of Confidential Information may be made to such Representative only after the Representative has been informed of the confidential nature of such information and has agreed to be bound by the terms of this Agreement's confidentiality provisions.

Article 6 Miscellaneous

6.1 Notwithstanding anything else contained herein, this Agreement may be amended, supplemented or restated only with the written consent of both parties. The parties agree that they will amend, supplement or restate this Agreement as necessary to comply with changes to applicable law, as amended from time to time.

6.2 This Agreement and its Appendices constitute the entire agreement between the parties relating to the subject matter hereof.

6.3 This Agreement will be governed by, and interpreted according to, Colorado law without regard to its conflict of law principles, except to the extent it may be preempted by federal law.

6.4 Plan Sponsor acknowledges that neither AAG nor Great-West makes any representation concerning the tax treatment regarding an election by a Plan Sponsor to pay (or have the Plan or Participant pay) for Reality Investing.

6.5 AAG is not liable for any losses a Participant may incur if the value of his or her account should decrease related to the Participant's use of any component of Reality Investing and/or the Participant's investment decisions in following, or not following, any investment advice produced through Reality Investing except as provided in Section 6.7.

6.6 Neither party shall be liable for any delay or failure to perform its obligations (other than a failure to comply with payment obligations) hereunder if such delay or failure is caused by an unforeseeable event beyond the reasonable control of a party, including without limitation: act of God; fire; flood; earthquake; labor strike; sabotage; fiber cut; embargoes; power failure, e.g., rolling blackouts, electrical surges or current fluctuations; lightning; supplier's failures; act or omissions of telecommunications common carriers; material shortages or unavailability or other delay in delivery; lack of or delay in transportation; government codes, ordinances, laws, rules, regulations or restrictions; war or civil disorder, or act of terrorism.

6.7 Indemnity and Limitation of Liability.

(a) AAG agrees to indemnify the Plan Sponsor and the Plan, hold each of them harmless and defend each of them from any Liability (as defined below) directly resulting from either the following: (i) any breach of fiduciary duty by AAG; (ii) AAG's material nonperformance of its obligations under this Agreement or (iii) gross negligence or willful misconduct by AAG or the Independent Financial Expert, to the extent that such Liability is not caused by the Plan Sponsor's breach of this Agreement, or caused by or attributable to an

act or omission, negligence or willful misconduct of the Plan Sponsor or a Participant user.

(b) The Plan Sponsor agrees to indemnify AAG and its Representatives, hold them harmless and defend them from any Liability directly resulting from either or both of the following: (i) any breach of fiduciary duty by the Plan Sponsor; or (ii) the Plan Sponsor's material performance or nonperformance of its obligations under this Agreement.

For purposes of this Section 6.7, "Liability" means liability, damages, losses and expenses, including reasonable attorneys' fees.

Neither party will be responsible to the other party for any Liability attributable to an act or omission of a Participant user, the other party, or a third party. NO PARTY WILL BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, INDIRECT OR PUNITIVE DAMAGES, EVEN IN THE EVENT OF A FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY OR IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Each party's indemnity extends to the other party's fiduciaries, agents, directors, officers, trustees, custodians and employees. Either party's indemnity obligations will be reduced to the extent that its ability to manage the claim is materially harmed by any failure of the other to give prompt notice of the claim, complete information and reasonable assistance to defend or settle the claim. The indemnity does not cover any Liability for which the indemnified party actually receives reimbursement or indemnification from another person, including under a liability insurance policy. Any finding that any aspect of this indemnification provision is unenforceable by operation of law will not affect any other portion of this provision.

6.8 If any provision of this Agreement is invalid or unenforceable, the remainder of the Agreement will remain in effect.

6.9 Except as specifically provided herein, neither party may assign any of its rights or obligations under this Agreement without the written consent of the other party, which will not be unreasonably withheld or delayed. This Agreement will bind and inure to the benefit of the parties as well as their permitted successors and assigns.

6.10 The failure of a party to enforce any provision or obligation of this Agreement will not constitute a waiver of the provision or obligation or of any future obligation. A party's delay or failure in performance resulting from causes or conditions beyond its reasonable control will not constitute a breach or default.

6.11 Notices will be in writing and sent to the address specified in this Agreement or to any new address the party has supplied.

6.12 AAG currently maintains an Errors and Omission Liability Insurance policy in the amount of \$3,000,000 in the aggregate.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date stated above.

By: _____
Print Name: _____
Title: _____
Address: _____

Advised Assets Group, LLC

By: _____
Print Name: _____
Title: _____
Address: 8515 E. Orchard Road, 10T2
Greenwood Village, CO 80111
(Fax) 303-737-6544

APPENDIX A – REALITY INVESTING TERM SHEET

Plan Sponsor: _____

Plan(s): _____

Target Rollout Date: _____

Initial Term: **Three years from the Effective Date.**

A. Participant Fees.

Participant means an employee who is enrolled in and has established an account in the Plan. Participants that enroll in any of the below services become actual users (“Actual Users”).

Reality Investing includes access to the three services described below. Please check the box next to each service you would like AAG to make available to Participants.

Online Investment Guidance -- An online tool that provides personalized asset allocation assistance without recommending any one specific fund. There is no fee for using Online Investment Guidance.

Online Investment Advice – An online tool that provides personalized investment option specific recommendations based upon a participant’s financial situation. The fee for Online Investment Advice is \$25.00 per year, or \$6.25 per quarter. This fee can be paid for by the Plan Sponsor or the Plan Participant. If it is paid for by the Participant, the fee will be debited from the accounts of those Actual User accounts within the last five (5) to seven (7) business days of each quarter; however, if the Actual User cancels his or her enrollment in Online Investment Advice, the fee will still be debited from the Actual User’s account within the last five (5) to seven (7) days prior to the end of the quarter that the cancellation was processed. As well, if the Plan terminates its Service Agreement with GWRS, the fee will be debited upon such termination. Enrollment in the Online Investment Advice at any time during a quarter will result in the Actual User account being debited, or the Plan Sponsor incurring the charge for the quarterly fee.

Plan Sponsor agrees the Online Investment Advice fee will be paid for by a Plan Participant, as described above, unless the following box is checked.

Plan Sponsor Pay

Managed Account Service – The tiered pricing described in the table below applies to Managed Account Service. Actual Users will be charged a quarterly fee based on their account balance that AAG manages on the day the fee is debited. The fee will generally be debited from the Actual User’s account within the last five (5) to seven (7) business days of each quarter. If the Actual User cancels participation in the Managed Account Service, the fee will be based on the Actual User’s account balance on the date of cancellation and will be debited from the Actual User’s account within five (5) to seven (7) business days prior to the end of that quarter. As well, if the Plan terminates its Service Agreement with GWRS, the fee will be debited upon such termination. The fee for an Actual User is depicted below.

Managed Accounts with total plan Assets > \$100 million

<i>Participant Account Balance</i>	<i>Managed Account Annual Fee</i>
First \$100,000 of account balance	0.60 %
Next \$150,000, up to \$250,000 account balance	0.50 %
Next \$150,000, up to \$400,000 account balance	0.40 %
Amounts greater than \$400,000	0.30 %

For example, if an Actual User's account balance subject to Managed Account Service is \$50,000, the fee is 0.60% of the account balance. If the account balance subject to Managed Account Service is \$500,000, the first \$100,000 will be subject to a fee of 0.60%, the next \$150,000 will be subject to a fee of 0.50%, the next \$150,000 will be subject to a fee of 0.40%, and amounts over \$400,000 will be subject to a fee of 0.30%.

Plan Sponsor agrees the Managed Account Service fee will be paid for by a Plan Participant, as described above, unless the following box is checked.

Plan Sponsor Pay

AAG reserves the right to offer certain plan discounted fees or other promotional pricing.

Actual Users must allocate all of their account balance to the Managed Account Service. Partial management of the account whereby Actual Users can invest in other Core Investment Options while also participating in the Managed Account Service is not an option. Once enrolled in the Managed Account Service, Actual Users will no longer be able to make allocation changes to their accounts online, via paper, or through the Plan's existing toll-free customer service number. In addition, Actual Users will not be able to make fund-to-fund transfers, change fund allocations, or utilization of dollar cost averaging and/or rebalancer. Actual Users may still request and be approved for loans, take a distribution, and retain full inquiry access to their account. All of the aforementioned functionality will be restored to the Actual User's account no later than the next business day markets are open after they cancel their participation in the Managed Account Service.

Actual Users may cancel their participation in Managed Account Service at any time by completing the cancellation form available online through the Plan web site or by calling AAG at the Plan's existing toll-free customer service number.

B. Set-Up Fee: Included. Set-up services include analyzing features of system parameters of the Plan and the underlying investments, assigning unique portfolio accounts for Actual Users and testing systems environments. If additional set-up services are required, any fees will be separately negotiated.

C. Communication and Ongoing Maintenance Fee: Included. The communication and ongoing maintenance fee includes monitoring the use of Reality Investing, and integrating Reality Investing communications into the Plan's overall communications campaign, including enrollment materials, forms, web site, and group meetings.

At least one mailing to a broad range of Participants regarding Managed Account Service may be included in the standard services package for which there is no additional fee. Standard materials may include a discussion of Reality Investing in enrollment/education materials, on the web site, and/or in personalized Participant materials if the Plan is providing a full payroll data interchange file. Additional or custom Participant communications materials will be used by AAG and may be paid for by AAG, Great-West or the Plan Sponsor, as negotiated on a case-by-case basis. Such additional or custom communications may include targeted marketing techniques based upon participant demographical and/or account data (including but not limited to age, income, deferral rates, current investment elections) to identify participants who may benefit from participation in the Managed Account Service. The participants identified will be targeted for additional solicitations or other marketing efforts designed to educate them regarding the features of the Managed Account Service.

The dedicated representative(s) of the Plan, Plan Sponsor, Great-West and AAG, as applicable, will facilitate communications regarding Reality Investing.

Reporting: On a quarterly basis, AAG shall provide Plan Sponsor with a report on the number of Actual Users enrolled in Reality Investing.

Addition of New Plans: Tax-deferred plans not listed at the top of this Appendix A that are added to Plan Sponsor's program after the Effective Date will not be included in this Agreement, and will be subject to additional fees.

ADVISED ASSETS GROUP, LLC
SAMPLE Advisory Services AGREEMENT

Please read the following terms and conditions carefully before using or enrolling in any of the services described below. Your use of any service will signify your consent to be bound by the terms and conditions set forth in this Agreement.

Fees for the Service

Fees for each service are shown below. The fees are assessed on a quarterly basis and the chart below reflects the quarterly and annually fee amount.

Guidance	Quarterly Fee	Annual Fee
	No Fee	No Fee

Advice	Quarterly Fee	Annual Fee
	\$6.25	\$25

Managed Accounts	Quarterly Fee	Annual Fee
Participant Account Balance		
<\$100,000	0.125%	0.50 %
Next \$150,000	0.10%	0.40 %
Next \$150,000	0.075%	0.30 %
>\$400,000	0.05%	0.20 %

For example, if your account balance subject to Managed Accounts is \$50,000, the maximum annual fee is 0.50 % of the account balance. The amount collected quarterly would be 0.125% based upon your account balance on the day of fee assessment as described above. If your account balance subject to Managed Accounts is \$500,000, the first \$100,000.00 will be subject to a maximum annual fee of 0.50 % (quarterly 0.125%), the next \$150,000 will be subject to a maximum annual fee of 0.40 % (0.10%), the next \$150,000 will be subject to a maximum annual fee of 0.30 % (0.075%), and any amounts over \$400,000 will be subject to a maximum annual fee of 0.20 % (0.05%). All fees are assessed on a quarterly basis. For example, the maximum quarterly fee for an account balance less than \$100,000 (subject to maximum annual fee of 0.50%) would be 0.125% as demonstrated above.

The fees for Advice and Managed Accounts will generally be debited from your account within the last five (5) to seven (7) business days of each quarter; however, if you cancel participation in Managed Account Investor, the fee will be based on your account balance on the date of cancellation and will be debited from your account within five (5) to seven (7) business days of the cancellation date. Use of online investment advice at any time during a quarter will result in your account being debited the quarterly fee. If your Plan terminates its agreement with AAG, the fee, based on your account balance

on the date of termination, will be debited within the last five (5) to seven (7) business days of that quarter. If your Plan terminates its service agreement with Great-West Life & Annuity Insurance Company ("Great-West"), the fee, based on your account balance on the date of termination, will be debited upon termination. The fee you are charged depends on the Plan you participate in, and in certain instances, the fee for the Managed Account Investor may actually be lower than the fee depicted below.

DISCLAIMERS

Advised Assets Group, LLC ("AAG") uses reasonable care, consistent with industry practice, in providing services to you. We do not guarantee the future performance of your account or that the investments we recommend will be profitable. Investment return and principal value will fluctuate with market conditions, and you may lose money. The investments we may recommend, or purchase for your account, if applicable, are subject to various risks, including without limitation business, market, currency, economic, and political risks. AAG does not provide advice for, recommend allocations of, or manage individual stocks (including employer stock), self-directed brokerage accounts, guaranteed certificate funds, or employer-directed monies, even if they are available for investment in your Plan. We do not select the investment options available for investment in your Plan. By recommending allocations among the available investment options, we are not endorsing the selection of particular investments options available in your Plan.

AAG will not be liable to you for any loss caused by (1) our prudent, good faith decisions or actions, (2) following your instructions, or (3) any person other than AAG or its affiliates who provides services for your account. AAG will not be liable to you for any losses resulting from your disclosure of your personal information or your PIN number to third parties even if the purpose of your disclosure is to enable such person to enroll you in, or cancel your enrollment in, Advisory Services. AAG is not responsible for voting proxies for the securities in your account. We do not guarantee that the services or any content will be delivered to you uninterrupted, timely, secure, or error-free.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, AAG DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES AND THE SERVICE CONTENT, AND ALL INFORMATION DERIVED FROM THEM, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, QUALITY, ACCURACY, TITLE, NON-INFRINGEMENT, AND IMPLIED WARRANTIES ARISING FROM COURSE OF PERFORMANCE OR COURSE OF DEALING. IN ADDITION, ALTHOUGH AAG INTENDS TO TAKE REASONABLE STEPS TO PREVENT THE INTRODUCTION OF VIRUSES OR OTHER DESTRUCTIVE MATERIALS TO THE SERVICE, AAG DOES NOT WARRANT THAT THE SERVICE OR CONTENT CONTAINED IN THEM WILL BE UNINTERRUPTED OR ERROR FREE, OR THAT ANY INFORMATION OR OTHER MATERIAL ACCESSIBLE THROUGH THE SERVICE IS FREE OF ERRORS, VIRUSES, WORMS, OR OTHER HARMFUL CONTENT.

LIMITATION OF LIABILITY

YOU UNDERSTAND THAT IN NO EVENT WILL AAG OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, PARENTS, SUBSIDIARIES, AFFILIATES, EMPLOYEES, CONSULTANTS, AGENTS, LICENSORS OR ANY DATA PROVIDER BE LIABLE FOR ANY CONSEQUENTIAL, PUNITIVE, INCIDENTAL, SPECIAL OR INDIRECT DAMAGES, LOSS OF BUSINESS REVENUE OR LOST PROFITS, WHETHER IN AN ACTION UNDER CONTRACT, NEGLIGENCE OR ANY OTHER THEORY EVEN IF WE ARE ADVISED OF THE POSSIBILITY OF SUCH.

INDEMNIFICATION

You agree to indemnify, defend and hold harmless AAG and its officers, directors, shareholders, parents, subsidiaries, affiliates, employees, consultants, agents and licensors from and against any and all third party claims, liability, damages and/or costs (including but not limited to reasonable attorneys' fees) arising from your failure to comply with this Agreement, the information you provide us, your infringement of any intellectual property or other right of a third party, or from your violation of applicable law.

DESCRIPTION OF SERVICES

Your employer or plan sponsor has agreed to make one or more of the below services offered by AAG available to you. **To determine which services your employer or plan sponsor has agreed to make available to you, please refer to the communication materials provided by AAG or ask your employer or plan sponsor.** AAG offers the following investment advisory services; guidance, advice, and managed accounts through Advisory Services:

On-Line Investment Guidance: The On-Line Guidance Investor is geared toward participants who wish to manage their own retirement accounts. Participants are provided access to on-line guidance tools.

On-Line Advice Investor: On-Line Advice Investor is geared toward participants who wish to manage their own retirement plans while taking advantage of on-line guidance and investment advice. You are provided on-line guidance and investment advice for a personalized recommended investment portfolio. The recommended investment portfolio is based on information drawn from your Plan account profile and from the investment options available in your Plan. You may then implement the recommended investment portfolio and manage your retirement account on-line. AAG does not provide advice for, or recommend allocations of, individual stocks (including employer stock), self-directed brokerage accounts, guaranteed certificate funds, or employer-directed monies.

Managed Account Investor: Managed Account Investor is geared toward participants who wish to have a qualified financial expert select among the available investment options and manage their retirement accounts for them. You will receive a personalized investment portfolio that reflects your Plan investment options and your retirement timeframe, life stages and overall financial picture, including assets held outside the Plan (if you elect to provide this information), which may be taken into consideration when

determining the allocation of assets in your Plan account (AAG will not provide advice for, recommend allocations of, or manage your outside or non-Plan assets). Under the Managed Account Investor service, AAG has discretionary authority over allocating your assets among the core investment options, without your prior approval of each transaction. AAG is not responsible for either the selection or maintenance of the investment options available within your Plan. AAG does not provide advice for, or recommend allocations of, individual stocks (including employer stock), self-directed brokerage accounts, guaranteed certificate funds, or employer-directed monies. Your balances in any of these investment options or vehicles may be liquidated, subject to your Plan's and/or investment provider's restrictions.

Managed Account Investor account assets in the Plan's core investment options will be automatically monitored, rebalanced and reallocated every quarter by AAG, based on data resulting from the methodologies and software employed by the Independent Financial Expert, to respond to market performance and to ensure optimal account performance over time. You will receive an account update and forecast statement annually and can update your personal information at any time by calling AAG at your Plan's existing toll-free customer service number or by visiting your Plan's web site.

IMPORTANT: The projections or other information generated by [name of investment analysis tool] regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

The Advisory Services methodology is powered by Ibbotson Associates. Ibbotson first builds stable, consistent asset allocation models at various risk levels. Based on Monte Carlo simulations of the participant's resources, liabilities, and human capital, an appropriate asset level portfolio is selected and a savings rate and a retirement age are determined that best suits each participant's situation. The asset class level model portfolios are revisited annually. Investment options from the plan's menu are then selected to implement each asset-level model portfolio. These investment options are monitored and rebalanced quarterly.

Your acceptance of the terms and conditions of this Agreement constitutes your authorization for AAG to deduct the quarterly fee. The fees are subject to change. AAG reserves the right to offer certain plans discounted fees or other promotional pricing.

Certain investment options in your Plan may charge a redemption fee. Redemption fees vary in amount and application from investment option to investment option. It is possible that transactions initiated by AAG under On Line Advice or Managed Account Investor may result in the imposition of a redemption fee on one or more investment options available in your Plan. Any redemption fees will be deducted from your account balance.

If you participate in Managed Account Investor, you must allocate all of your account balance to the Managed Account Investor service. You may not invest in other core investment options while also participating in Managed Account service. Once enrolled in Managed Account service, you will no longer be able to make investment allocation changes to your account online, via paper, or through your Plan's existing toll-free customer service number. This includes functionality for fund-to-fund transfers, change fund allocations, or utilization of dollar cost averaging and/or rebalancer. Once enrolled,

you retain full inquiry access to your account and you may still request and be approved for loans and take a distribution. The aforementioned functionality will be restored to your account the next same business day markets you cancel participation in Managed Account service.

You may cancel participation in Managed Account Investor at any time by completing the cancellation form available online or by calling AAG at your Plan's existing toll-free customer service number.

GENERAL PROVISIONS

AAG acknowledges that it is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment advice (On Line Advice Investor) and investment management (Managed Account Investor). AAG is not a fiduciary with respect to guidance. You may not assign this Agreement. We may not assign this Agreement (within the meaning of the Investment Advisors Act of 1940 ("Advisors Act")) without your consent. This Agreement is entered into in Denver, Colorado and governed by and construed in accordance with the laws of the State of Colorado, without regard to its conflict of law provisions. You agree that proper forum for any claims under this Agreement shall be in the courts of the State of Colorado for Arapahoe County or the United States District Court, District of Colorado. The prevailing party shall be entitled to recovery of expenses, including reasonable attorneys fees. This agreement constitutes the entire Agreement between you and AAG with respect to the subject matter herein. If for any reason a provision or portion of this Agreement is found to be unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible so as to affect the intent of the parties, and the remainder of this Agreement will continue in full force and effect. No failure or delay on the part of AAG in exercising any right or remedy with respect to a breach of this Agreement by you shall operate as a waiver thereof or of any prior or subsequent breach of this Agreement by you, nor shall the exercise of any such right or remedy preclude any other or future exercise thereof or exercise of any other right or remedy in connection with this Agreement. Any waiver must be in writing and signed by AAG. All terms and provisions of this Agreement, including without limitation "Disclaimers," "Limitation of Liability," "Indemnification," "Intellectual Property," and "Privacy Policy," which should by their nature survive the termination of this Agreement, shall so survive. This Agreement will automatically terminate upon termination of your Plan's agreement with AAG, or upon termination of your Plan's service agreement with Great-West. Nothing in this Agreement shall be construed to waive compliance with the Advisors Act, ERISA, or any applicable rule or order of the Department of Labor under ERISA. AAG shall not be liable for any delay or failure to perform its obligations hereunder if such delay or failure is caused by an unforeseeable event beyond its reasonable control, including without limitation: act of God; fire; flood; earthquake; labor strike; sabotage; fiber cut; embargoes; power failure; lightning; supplier's failures; act or omissions of telecommunications common carriers; material shortages or unavailability or other delay in delivery; government codes, ordinances, laws, rules, regulations or restrictions; war or civil disorder, or acts of terrorism. AAG reserves the right to modify this Agreement at any time. You agree to review this Agreement periodically so that you are aware of any such modifications. Your continued participation in Advisory Services shall be deemed to be your acceptance of the modified terms of this Agreement. This Agreement shall inure to the benefit of AAG's successor and assigns.

INTELLECTUAL PROPERTY

All content provided as part of Advisory Services, including without limitation names, logos, methodologies, and news or information provided by third parties, is protected by copyrights, trademarks, service marks, patents, or other intellectual property and proprietary rights and laws (“Intellectual Property”) and may constitute trade secrets, as defined by applicable law. All such Intellectual Property is the property of their respective owners and no rights or licenses are granted to you as a result of your participation in Advisory Services.

PRIVACY POLICY

AAG protects your privacy. We have strict policies in place to keep your personal information private. A summary of AAG policies and procedures to protect the privacy and security of your personal information is set forth below.

Types of Information We Collect. AAG collects personal information about you from your plan sponsor or employer, from applications or other forms that you complete, from your plan or service provider, and from our affiliates you have conducted business with. Such information includes without limitation, your name, address, age, salary, number of dependents, plan account balances and contributions. You may provide us with additional personal information about your investments and preferences at any time. We also keep records of all transactions in your account and any communications about your account.

Security of Your Information. We have strict procedures to protect your privacy. They include physical, administrative, and technical safeguards.

Access to Information. The only employees who have access to your personal information are those who need it to service your account, or to provide you with products or services.

Our Information-Sharing Practices. AAG will not disclose, sell, share, or reveal your personal information except in the following circumstances:

- We have your authorization to share your personal information with third parties;
- We need to share your personal information with our affiliates who provide a product or service you have requested or to maintain, service or administer your account (for example, our affiliated broker-dealer that executes transactions in your account; such affiliates do not have the right to use your personal information other than in the performance of services necessary to assist us);
- We need to share your personal information with your employer, plan sponsor and/or plan provider in order to provide the services described in our contract with your employer, plan sponsor and/or plan provider; or
- We are required by law to disclose your personal information (for example, in response to a subpoena, governmental or regulatory request, or to protect against fraud or other illegal activity).

Analysis. We may perform analyses based on data about our customers. Such data will not contain personally identifiable information.

Our Treatment of Information about Former Customers. Protecting your privacy goes beyond our relationship with you as a participant in Advisory Services. If this relationship ends, we will not share your personal information with third parties, except as law permits.

Customer Right To Change Information. To correct, amend or supplement your personal information, you may contact us at your Plan's existing toll-free customer service number.

ABOUT ADVISED ASSETS GROUP, LLC

AAG, a wholly owned subsidiary of Great-West, is a registered investment advisor with the Securities and Exchange Commission. AAG provides guidance, advisory and management solutions to defined contribution and deferred compensation plans and participants.

Since its inception, AAG has focused on establishing, refining and continually improving the process of investment planning for plan sponsors and participants. By blending best practices investment approaches with personalized plan data and leading industry knowledge and expertise, AAG aspires to create effectively-built, diversified retirement solutions that maximize outcomes for plan participants while minimizing fiduciary risk to plan sponsors.

Additional information about the services provided by AAG may be found in AAG's Form ADV Part II, which is available free of charge online at www.advisedassetsgroup.com, upon request by calling AAG at your Plan's existing toll-free customer service number or writing AAG at: 8515 East Orchard Road, Greenwood Village, Colorado 80111.

Interest in Participant Transactions. AAG, its officers and employees may purchase securities for their own accounts and these securities may be the same as those recommended to, or invested for, you (e.g. shares of the same mutual fund).

ABOUT IBBOTSON ASSOCIATES

AAG has teamed with Ibbotson Associates, a recognized industry leader in asset allocation and investment analytics tools, to provide the underlying investment advice and portfolio management methodology that will power Advisory Services.

Ibbotson Associates, founded by Professor Roger Ibbotson in 1977, is a leading authority on asset allocation, providing products and services to help investment professionals obtain, manage and retain assets. The company's business lines include investment consulting and research, planning and analysis software, wealth forecasting, educational services and a widely used line of NASD-reviewed presentation materials.

With offices in Chicago, New York and Tokyo, Ibbotson Associates markets its integrated product line to institutional money managers, insurance companies, plan sponsors and consultants, financial planners, brokers, mutual fund firms, hedge funds, banks and small money managers.

AAG reserves the right to replace the Independent Financial Expert in its sole discretion and without your approval. AAG will notify you of any fee changes resulting from the Independent Financial Expert being replaced. In the event AAG terminates its relationship with the current Independent Financial Expert and is unable to contract with a suitable replacement Independent Financial Expert, this Agreement shall automatically terminate upon written notice from AAG.

ACCEPTANCE OF TERMS AND CONDITIONS OF ADVISORY SERVICES AGREEMENT

To determine which services your employer or plan sponsor has agreed to make available to you, please refer to the communication materials provided by AAG or ask your employer or plan sponsor.

If you agree to the terms and conditions set forth herein, you will be enrolled the service you requested that is offered under Advisory Services. Your acceptance of the terms and conditions shall signify your consent to be bound by the applicable provisions of this Agreement, as they relate to the Online Investment Guidance, Online Investment Advice, or Managed Account services. Please note that upon enrollment in the Managed Account service, any currently initiated transfers or transactions will be cancelled, unless the market has already closed for the day.

If you do not agree to the terms and conditions set forth herein, you will not be enrolled the service you requested that is offered under Advisory Services.