Getting Started in Savings Plus

Managing Your Account:
From Enrollment Through Retirement

A Summary Plan Description of the Savings Plus Program

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Chapter 1 - The Savings Plus Program

The State of California's Savings Plus Program is designed to allow state employees to enhance their retirement benefits through tax-deferred payroll deductions. Savings Plus offers two deferred compensation plans: a 401(k) Plan and a 457 Plan (named for the sections of the Internal Revenue Code that regulate them).

A "deferred compensation" plan allows you to deposit money from your paycheck into a special account (401(k) or 457 Plan, or both). What is special about this account is that you do NOT pay taxes on this "deferred salary" or on any interest, dividends, or other gains it earns until you withdraw these funds, generally during retirement.

This allows you to put money away for retirement AND reduce the amount of taxes you pay while you are working. The money is allowed to grow tax-free through a variety of investment choices. Savings Plus offers a wide range of investment choices — you choose what's best for you.

Even if you expect to receive a pension when you retire, you should consider Savings Plus as a resource to round out your plan. Your pension, including payments from the California Public Employees' Retirement System (CalPERS), and government programs such as Social Security may not provide as much retirement income as you will need.

Not an Ordinary Savings Account

Tax-deferred programs were created as long-term investment tools so employees can use them to generate replacement income for retirement. Therefore, your Savings Plus account is not like an ordinary savings account that you can access whenever you'd like.

Rather, the money you put in this plan is intended to be left there until you retire. Consider carefully how much of your income you can contribute to your Savings Plus account. Everyone wants a financial cushion to meet short-term needs, and that money should be in a more easily accessible place, not in Savings Plus.

In addition to reviewing this handbook and the Savings Plus Web site (www.sppforu.com), you may wish to consult a tax adviser or financial planner for personal assistance.

Advantages of Participating in Savings Plus

Use pre-tax income to invest for your retirement

Savings Plus offers significant advantages for funding your retirement income and lowering your taxes. Here's how it works:

- Once you enroll in Savings Plus, you contribute a portion of your regular paycheck, before it is taxed, to your Savings Plus account. Your contribution is automatically made for you through the payroll system. That "deferred salary" is then invested in one or more of several investment options that you choose from the Savings Plus portfolio.

- Over time, your investment is allowed to grow tax deferred, building up your retirement income faster than is possible with ordinary savings programs, where gains are taxable as they are earned. With Savings Plus, you only pay income taxes on your deferred salary and earnings it generates when you withdraw those funds, generally during retirement.

For example: Contributing $50 a month to a Savings Plus account decreases your take-home pay by only $40 because Savings Plus contributions are taken out before taxes are calculated (this assumes a 15% federal tax rate and a 5% state tax rate). That $50 per month investment can grow to $70,881 over 30 years, assuming an average annual return of 8.0%.

This is a major tax advantage to you. You will have delayed your tax payments and made interest or other gains on the money you would have otherwise paid in taxes. Further, you may well be in a lower tax bracket when you retire. Thus, these plans can allow you to pay lower taxes at a later date.

Social Security Information

You may obtain an estimate of your Social Security benefits by requesting a copy of Form SSA 7004, Personal Earnings and Benefit Estimate Statement, from the Social Security Administration. The telephone number is 800-772-1213. The Web site (www.ssa.gov) includes downloadable forms for requesting information.

You're in charge

Savings Plus puts you in control of how you achieve financial independence at retirement. You decide:

- How much of your paycheck you want to contribute to your tax-deferred account, subject to the limits set by the Internal Revenue Code (IRC);
- How your contributions and their gains are invested;
- How often to revise your investments as your retirement goals change over time; and
- When and how you withdraw funds from your account, subject to the IRC limits.

This Handbook Makes It Easy

This handbook is a "summary plan description" to help you understand the rules and policies of the Savings Plus Program and the various choices available to you as a participant. A copy of the official Plan Document, which is more technical and contains the legal details of the program, is available by calling (866)566-4777.

This handbook explains:

- The steps to getting started in Savings Plus;
- The differences between the 401(k) and 457 Plans offered through Savings Plus;
- The types of investments available to you through Savings Plus (more detailed information on your investment choices is provided in the *Savings Plus Investment Guide*);
- The payout options available to you when you retire; and
- Your responsibilities in managing your Savings Plus account.

Use the handbook's detailed information about the two retirement plans offered by Savings Plus — 401(k) Plan and 457 Plan — to choose the Plan that fits your needs.

Note: You may access detailed information about the material in this booklet — including information about any changes to plan procedures or provisions — at the Savings Plus Web site (www.sppforu.com). The Web site also provides additional information to assist you in setting up and managing your account.

Eligibility Restrictions

Due to eligibility restrictions mandated by law, some employees may be ineligible to participate in the Savings Plus Program:

- **Part-time, seasonal, or temporary employees** — Savings Plus administers a separate, mandatory retirement plan for part-time, seasonal, or temporary (PST) employees who are not covered either by CalPERS or Social Security. For more information about the PST Retirement Plan, call Savings Plus at 866-566-4777 between 8:30 a.m. and 4:00 p.m. weekdays, or visit our Web site (www.sppforu.com).

- **Retired annuitants** (employees employed on a temporary basis who are receiving a retirement allowance from CalPERS).

In addition, employees contributing to a 403(b) tax-sheltered annuity plan who also want to contribute to a Savings Plus account in the same tax year need to first obtain a letter from their 403(b) Plan Administrator certifying the total amount contributed to the 403(b) Plan in that year. This letter must be submitted to Savings Plus with the Savings Plus Enrollment Agreement form.

Note: Combined contributions to a 401(k) Plan, 457 Plan, and/or a 403(b) Plan may not exceed the aggregate maximum allowed by law for any given tax year. (See page 8 for additional information on maximum annual contribution limits.)

Third-Party Administrator

Nationwide Retirement Solutions, third-party administrator for Savings Plus, mails the quarterly statements to participants in Savings Plus, sends payments to retired participants, maintains our Web site, and manages our automated phone system.

Who Makes Savings Plus Work for You?

The Department of Personnel Administration (DPA) administers the Savings Plus Program in accordance with the Internal Revenue Code.

Nationwide Retirement Solutions is the third-party administrator for the program.

Bank One serves as trustee for the program.

Excluded Employees Compensation Plan

The State of California provides an employer 401(k) contribution for employees in "excluded" classifications: the employer contribution for managers is $100/month; for supervisors and confidential employees, it is $50/month. Employer contributions are posted to eligible employees' accounts on a quarterly basis.

The Excluded Employee Compensation Plan (Exec Plan) was initially implemented for fiscal year 2000-2001. The State may continue it in future years, depending on budget constraints. Contact your personnel office if you have questions about eligibility, or visit the Department of Personnel Administration's Web site (www.dpa.ca.gov, under Excluded Employees) for further details and updates.

For some employees eligible for Exec Plan, the employer contributions, when added to the employee's own contributions, may cause them to exceed the annual cap on total contributions. Exceeding the cap is called over-deferring. See pages 8 and 15 for information on the yearly maximum and over-deferrals.

If you already are covered by the Exec Plan but have never enrolled in a Savings Plus 401(k) account, you may skip Step 1 in the enrollment process if you wish to begin salary deferrals. However, it is important that you follow Steps 2-4, described in the next chapter.

Chapter 2 — Four Easy Steps to Enroll in Savings Plus

Step One: Complete an Enrollment Agreement

To enroll in Savings Plus, you must first complete an Enrollment Agreement. The Enrollment Agreement authorizes the Department of Personnel Administration to establish a Savings Plus account for you. It also authorizes your payroll office to begin deferring a portion of your pre-tax income to your Savings Plus account once you activate the account.

You should receive a Welcome Kit 10 days after Savings Plus receives your Enrollment Agreement. Once you get this Welcome Kit, your Savings Plus account is ready for activation.

IMPORTANT: No contributions from your paycheck will go to your Savings Plus account until you activate your account. (Step Three explains how to activate your account.)

Step Two: Review Program Materials

It is important that you review the Welcome Kit you receive with your account notification. This is information you need to make informed decisions about your account. The Welcome Kit includes:

- *Getting Started* handbook, which provides the rules of the program and provisions of the two retirement plans Savings Plus offers — a 401(k) Plan and 457 Plan — so you can select the plan(s) best for you. Because federal regulations set annual limits on how much money you can contribute to tax-deferred programs, a worksheet is included to help you estimate the maximum limit that applies to you.
- *Savings Plus Investment Guide*. An important aspect of your retirement planning is selecting the investments that are best for you. The *Investment Guide* will help you through this critical step by providing guidance on setting your goals for retirement, identifying your tolerance for investment risk, and estimating the time you have left to invest before retirement. The *Guide* describes the Savings Plus investment choices so you can decide which choices best match your needs.
- A brochure explaining the voice response system (VRS) and Internet site and how to use them to activate and manage your account.
- Beneficiary Designation form(s).

Step Three: Activate Your Account

Once you have reviewed the Welcome Kit and made your investment decisions, you are ready to begin contributing to your Savings Plus account.

Activating your account is an electronic process of setting your salary deferral amount and making your investment selection(s). The minimum deferral amount is $20/month. You must either call the Savings Plus voice response system (866-566-4777) or log on to the Web site (www.sppforu.com). For information on changing your deferral amount and/or investment choices, please see page 16.

To activate your account, you will need:

1. Your Social Security number (which will be your "User Name") and date of birth.
2. A touch-tone telephone OR a personal computer with Internet access.
3. Your *Investment Guide*.
4. Approximately 15 minutes to complete the process.

The chart below summarizes the activation process. Refer to the VRS/Internet brochure for more details.

Note: The enrollment system uses $1 as its initial default for all accounts. This $1 amount must be changed by you in order for you to participate in Savings Plus. When you log on for the first time, you must change this default deferral amount to your desired allocation amount.

Step Four: Complete the Beneficiary Designation Form

The Welcome Kit includes a form that you need to fill out and return. This form provides information regarding who you designate to receive your account assets in the event of your death. You need to fill out a beneficiary form for each plan (401(k) or 457) in which you are enrolled. It is important that the form be completed carefully, as incomplete or improperly completed forms will be returned without recording your designation.

IMPORTANT: If no beneficiary designation is on file at the time of your death, benefits will be paid as follows:

- 457 Plan benefits go to your estate or trust.
- 401(k) Plan benefits will be paid to your spouse if you are married and you do not make a different designation, or benefits will be paid to your estate or trust if you are not married.

Beneficiary Information

If you do not submit a completed Beneficiary Designation form, your rights and those of your intended beneficiaries may be jeopardized.

To activate your account by touch-tone telephone	To activate your account by personal computer
Call 866-566-4777. Select option 1. Enter your Social Security number (SSN). Enter your date of birth. Create a Personal Identification Number (PIN) (4 digits, numerals only). Follow the system's prompts to: ◆ change the amount of your contribution for each pay period. ◆ change your investments and how much of your contribution should be deposited in each fund[1]. *After the initial activation, you will only need to enter your SSN and PIN to access account functions.*	**Go to www.sppforu.com.** Click on new user set up. Enter your Social Security Number (SSN), which will be your "User Name." Enter your date of birth. Create a password (8-20 characters, numerals and/or letters). Follow the directions to: ◆ change the amount of your contribution for each pay period. ◆ change your investments and how much of your contribution should be deposited in each fund.

[1]You may either listen as the recorded message provides the 4-digit codes you will need to make your investment selections, or refer to the VRS/Internet brochure for the investment fund codes.

Chapter 3 — Understanding the Differences Between the Plans

You may enroll in either a 401(k) Plan or a 457 Plan, or both. Each Plan has certain advantages and limitations, but they both offer the same investment choices. The chart below summarizes the differences; the following pages provide further detail. Review the plan features carefully to decide which plan works best for you.

Note:

You may NOT transfer money from a 457 Plan to a 401(k) Plan or vice versa. Once you have contributed money to a plan, it must remain in that plan until eligible for distribution.

	401(k) Plan	457 Plan
Yearly Maximum (p. 10)	The lesser of $10,500 or 25% of your annual compensation	The lesser of $8,500 or 33⅓% of your annual compensation
Catch-Up (p. 10)	Not available	Available
Loans (p.11)	Available	Not available
Purchase CalPERS Credit (p. 12)	Available	Not available
Early Withdrawals (p. 12)	◆ "Hardship Withdrawal" available under certain criteria	◆ "Unforeseeable Emergency" available under certain criteria ◆ "In-Service Withdrawal" available if account balance is $5,000 or less and you meet certain requirements
Options Upon Separation from State Service (p. 14)	◆ Leave assets in Savings Plus account ◆ Transfer assets to a new employer's plan (certain requirements must be met) ◆ Roll over to an IRA ◆ If age 55 or older, you may take out funds without tax penalty using same options listed below for retirement.	◆ Leave assets in Savings Plus account, and within 60 days select commencement date ◆ Transfer assets to a new employer's plan (certain requirements must be met) ◆ You may take out funds using the same options listed below for retirement
Retirement Payout Options (p. 20): *Payment Options*	◆ Lump sum ◆ Purchase an annuity ◆ Rollover to IRA ◆ Partial lump sum with remainder as annuity purchase or IRA rollover	◆ Lump sum ◆ Purchase an annuity ◆ Periodic payments ◆ Partial lump sum combined with periodic payments/ annuity purchase
Initial Payment	Payment may be deferred until April 1 of the year following the year in which you reach age 70½, retire, or separate from State service, whichever is later	Payment may be deferred until April 1 of the year following the year in which you reach age 70½, retire, or separate from State service, whichever is later
Eligibility Requirements	If separated or retired on or after your 55th birthday, or at age 59½ regardless of employment status	Must be separated from State service or retired; no minimum age requirement

Yearly Maximum

The Internal Revenue Code (IRC) limits how much you may contribute annually to the Plans. Exceeding the annual cap is called over-deferring.

Participants are responsible for knowing their limit and avoiding over-deferring. Over-deferring can have adverse tax consequences. The worksheet on page 22 will help you calculate your annual limit, based on the rules described below.

How these IRC rules apply to Savings Plus is summarized below. However, neither Savings Plus nor Nationwide Retirement Solutions provides tax advice; participants who have questions about these rules should consult a tax adviser.

Note: The limits provided in this book are in effect for 2001; they may be revised by the IRS from year to year.

Contributing to a 401(k) Plan only

Employees may contribute up to $10,500 annually to a 401(k) Plan, or 25% of their annual compensation, whichever is less. The $10,500 limit does not include employer contributions. However, employee deferrals and employer contributions combined may not exceed the 25%-of-compensation limit.

"Compensation," for this purpose, is defined by the federal tax laws to include wages, salaries, and other amounts received for personal services from the employer, to the extent that such amounts are includable in Gross Income, and includes overtime, pay differentials, and bonuses.

"Compensation" also includes employee deferrals to a 401(k) Plan, 457 Plan, 403(b) Plan, and voluntary employee set asides under programs such as FlexElect and COBEN (Consolidated Benefits). It does not include employer contributions to a 401(k) Plan, employer contributions to a 403(b) Plan, or any pre-tax, retirement-related employee or employer contributions to CalPERS.

Contributing to a 457 Plan only

Employees may contribute up to $8,500 annually to a 457 Plan, or 33⅓% of their annual compensation, whichever is less.

Contributing to more than one type of Plan

- If you participate in both a 401(k) and a 457 plan in the same tax year, your combined maximum deferral for that year is 33⅓% of compensation or $8,500, whichever is less.
- If you participate in both a 401(k) and a 403(b) plan in the same tax year, the combined maximum deferral for that year is 25% of compensation or $10,500, whichever is less.

Catch-up Provision — 457 Plan Only

The 457 Plan has a special provision that allows participants to "catch-up," or exceed the yearly maximum. You may exceed your yearly maximum if:

- You were eligible to contribute to the 457 Plan in past years and did not contribute the maximum to either your 457 Plan or 401(k) Plan; and
- You are within three years of "normal" retirement age, listed on the chart on page 9.

Retirement Category	"Normal" Retirement Age	Age When Catch-Up Contributions Can Begin
Miscellaneous	55	52
Safety	55	52
Peace Officer/Firefighter	55	47
Highway Patrol Officer	50	47

If you think you meet these criteria, contact Savings Plus and request a Catch-up worksheet. The worksheet is also available online at www.sppforu.com. If your application is approved, you may be able to contribute up to $15,000 per year to your 457 Plan for a maximum of three years.

There are some restrictions to utilizing the catch-up provision:

- All catch-up deferrals must be deposited in your 457 Plan;
- You may utilize the catch-up provision one time only. Once you start, you may stop, but you will not be permitted to resume catch-up at a later time; and
- The IRC regulations only allow the catch-up provision to be utilized during the three calendar years immediately preceding retirement. You cannot deposit catch-up deferrals during the calendar year in which you retire.

Loans — 401(k) Plan Only

Two types of loans are available under the 401(k) Plan — General Purpose and Primary Residence loans. Participants may have one outstanding loan of each type at any given time.

A $50 loan initiation fee will be deducted from the loan amount of each loan issued.

After-tax loan repayments are reported to the appropriate payroll office within 60 days of loan initiation. The first repayment will be deducted within 60 days. Repayments will be deducted on a monthly basis from the last paycheck of the month for participants paid semi-monthly. Deductions will cease when the loan is paid in full.

Repayments will be posted to the same investment options to which you are currently contributing. In cases where no investment choices are currently on file, the loan payment will default to the Savings Pool. (The Savings Pool is described in the *Savings Plus Investment Guide*.)

Loans may be paid in full at any time without an early repayment penalty. Partial payments are not allowed. Payments other than those submitted through payroll deduction must be made by certified check or bank check and sent directly to Nationwide Retirement Solutions.

Loans may be taken from a 401(k) Plan core account only. Participants with a Schwab Personal Choice Retirement Account (p. 16) must first transfer funds from their PCRA to their core account if these funds are needed for the loan. The loan amount is taken proportionately from all of the participant's investments in the Savings Plus core account.

	General Purpose Loan	Primary Residence Loan
Minimum account balance	$10,000	$10,000
Maximum loan period	5 years	15 years
Minimum loan amount	$5,000	$5,000
Maximum loan amount (This maximum applies to the total of all loans.)	Lesser of 50% of account balance or $50,000, reduced by the highest loan balance during the preceding 12 months.	Lesser of 50% of account balance or $50,000, reduced by the highest loan balance during the preceding 12 months.

To request a loan, call Savings Plus at 866- 566-4777 and follow the prompts to "model a loan." If it is a General Purpose Loan, you will receive the check in the mail after you model the loan via the phone. If it is a Primary Residence Loan, you will receive a loan package in the mail after you model it via the phone. Your check will be mailed to you after you complete and return the required documents.

A "Loan Fact Sheet," available online, provides additional information.

If You Leave State Employment

If your employment ends for any reason, the unpaid loan balance immediately becomes due. Payment must be made within 30 days. If you don't repay the loan, the IRS considers loan default as an early withdrawal. Loans that are 90 days past due will be considered delinquent and will be reported as a distribution. A 1099 Form will be issued in January of the following year.

Purchase CalPERS Credit –– 401(k) Plan Only

Effective January 1, 2000, Savings Plus participants may use funds in their 401(k) Plan to purchase service credit with CalPERS. This option is available to active employees at any time, regardless of age, with no tax or penalty. You may use no more than the amount necessary to purchase the service credit.

The steps you need to follow are explained on the back of the Service Credit Buyback form (also known as the 401(k) Thrift Plan To Plan Transfer form), available online at www.sppforu.com under Forms and Publications, or by calling (866) 566-4777.

Early Withdrawals

401(k) Plan hardship withdrawal

Early withdrawals from your 401(k) Plan are available only if you experience one of the following immediate and heavy financial hardships:

- Post-secondary education tuition for yourself or a dependent (current school year only);
- Purchase of your primary home;
- To seek or pay medical expenses; or
- To pay expenses due to your disability or the death of a family member.

Early distributions are limited to amounts you have deferred. You may not receive any of the interest or other gains your money has earned.

Savings Plus will withhold 10% federal income tax but will not withhold state income tax. Your early distribution may be subject to federal and state tax penalties. Tax penalties will not be withheld from your payment. You will be prohibited from participating in either plan for one year.

457 Plan unforeseeable emergency withdrawal

Early distribution from your 457 Plan is permitted only for an unforeseeable emergency that you can demonstrate is beyond your control.

Examples may include catastrophic illness, a disabling injury, death of a dependent family member, or property damage from a natural disaster. You must provide documentation that you are not able to pay for these expenses by loan, insurance, or other income or assets.

Approval for emergency withdrawal is not automatic. If approved, you may receive up to the full amount of your account balance.

There is no tax penalty for this early distribution. It will be taxed as ordinary income for federal and state income tax purposes. Taxes will be withheld at a rate of "single" with zero allowances unless you request otherwise by completing a W-4, Employee's Withholding Allowance Certificate. Further, you will be prohibited from participation in either plan for one year.

In-Service withdrawal — 457 Plan only

If you are an active state employee, you may withdraw funds from your 457 Plan if your total balance is $5,000 or less and you meet all of the following requirements:

- You have not contributed to the Plan in the previous 24 months;
- You have not received prior distributions from the Plan under this provision; and
- You have not chosen a commencement date for payments from the Plan (see page 18 regarding commencement date).

There is no tax penalty for this early distribution. It will be taxed as ordinary income for federal and state income tax purposes. Taxes will be withheld at a rate of "single" with zero allowances unless you request otherwise by completing a W-4, Employee's Withholding Allowance Certificate.

You may print out an In-Service Withdrawal form from the Savings Plus Web site (www.sppforu.com) or request the form by calling Savings Plus (866-566-4777). A W-2 form for the withdrawal amount will be issued in January following the year in which you take the withdrawal.

Options Upon Separation from State Service

If you leave State service and go to work for another employer, you may leave your assets in your Savings Plus account for withdrawal at a later date, such as when you retire.

If you have a 457 Plan account, you will need to submit a Benefit Payment Application within 60 days of your separation date advising Savings Plus what option you have chosen, including whether you are leaving assets in your Savings Plus 457 Plan account.

Transfer assets to new employer's plan

You also may be able to transfer your Savings Plus assets to your new employer's 401(k) Plan or 457 Plan. You must contact the administrator of the new Plan to determine if it meets the necessary federal requirements and will accept your transfer.

If you transfer assets from a 457 Plan, the check from Savings Plus will be made payable to the new employer's plan for the benefit of (FBO) you. This way the distribution is non-taxable. In the case of a 401(k) plan, your transfer of assets is a rollover. There are two ways you may roll over your funds: you may have the check made payable to you, or made payable directly to your new employer's plan.

Be aware that if the check is payable to you, there will be taxes withheld from the payment; there is no withholding for direct rollovers. To avoid tax penalty, you must be sure to deposit the funds in your new employer's Plan within 60 days and restore the taxes withheld from the payment.

Roll over to an IRA — 401(k) Plan only

If you would like to reinvest your Savings Plus assets and delay paying taxes on these funds until you actually receive them, you may request a "fund rollover" to an Individual Retirement Account (IRA). This option is only available for 401(k) Plans. Interest and dividends may continue to accumulate in the IRA on a tax-deferred basis.

There are two ways you may roll over your 401(k) assets to an IRA: You may have the check made payable to you, or made payable to the company investing your funds in an IRA. Remember, if the check is payable to you, taxes will be withheld. To avoid a tax penalty you also must be sure to deposit the funds in the IRA within 60 days and restore the taxes withheld from the payment.

Other withdrawal options

If you have a Savings Plus 401(k) Plan and you separate from State service on or after the day you reach age 55, you also may withdraw your funds using the same options available upon retirement. (See Chapter 6 for a discussion of these options.) If you do not meet this age requirement, there are tax penalties.

These options are also available if you have a 457 Plan regardless of your age when you separate from State service.

Retirement Payout Options

There are several payout options for receiving your Savings Plus assets when you retire or otherwise leave State service. Not every option is available under the 401(k) and 457 plans. You need to carefully review these differences before deciding which plan you will participate in, as this will affect the payout options available to you later. See Chapter 6 for a description of these options.

Transfers to Your Savings Plus Account

You may request a transfer into your current 401(k) plan from a former employer's plan meeting the IRC definition of "qualified." Also, you may request a plan to plan transfer into the 457 plan from a prior employer's eligible 457 plan.

For more information, contact Savings Plus at 866-566-4777 to request the required materials, or download the form from www.sppforu.com

Chapter 4 — Choosing Your Savings Plus Investments

Once you have determined how much you want to begin contributing to your Savings Plus account, you need to understand the types of investment choices available to you, and then decide which of those choices best match your goals for retirement.

The 401(k) Plan and the 457 Plan both offer the same investment choices. The *Investment Guide*, included in the Savings Plus Welcome Kit, provides specific information about the individual investment choices available to you. For investment choices you are considering, you are advised to request a prospectus or other disclosure information, which provides important details about that investment choice and its performance. Prospectuses and other disclosure information may be obtained through our Web site (www.sppforu.com) or by calling Savings Plus (866-566-4777).

Experienced investors also may wish to enroll in the Schwab Personal Choice Retirement Account, described on the next page.

Remember, you control your investments. You may adjust your portfolio as your needs or preferences change over time. Adjustments include exchanging existing balances from one investment choice to another, or redirecting future contributions. Log on to the Savings Plus Web site (www.sppforu.com) or call our voice response system at 866-566-4777 for help in making adjustments.

What Kind of Investor Are You?

The *Investment Guide* includes an Investor Profile Worksheet. Completing it helps you understand your time horizon and tolerance for risk — key factors in determining how you should invest your Savings Plus contributions. Then, you will be able to select a portfolio that matches your profile.

Your **time horizon** is the period you have to invest to build assets that will provide income during retirement. Generally, that is equal to how much time you have until you retire, but there may be factors unique to your situation that impact your time horizon. As you near retirement, you will want to reassess your time horizon to include that period during retirement in which you may want to continue accumulating assets. After all, your retirement years may total several decades.

Your **tolerance** for risk is the point at which your concern about market conditions exceeds your level of comfort. Your tolerance for risk is unique to you. However, you may want to balance your tolerance for risk against the knowledge that today's retirees live longer than any prior generation. To ensure your quality of life during these years, your money must continue to work as hard as you do.

If you discover later that your risk tolerance is not as great as you once believed, it would be prudent to reallocate your portfolio with a more conservative allocation of funds. While it is important to have your money working hard, it is just as important to be comfortable with the investment decisions you have made.

Schwab Personal Choice Retirement Account (PCRA)

Savings Plus offers a self-directed brokerage account to provide experienced investors an additional choice for managing their Savings Plus 401(k) Plan and/or 457 Plan accounts. Provided by Charles Schwab & Co., Inc., the account is called the Schwab Personal Choice Retirement Account (PCRA).

The PCRA is available for use as part of your 401(k) Plan or 457 Plan, not as a replacement for these plans. Therefore, restrictions apply regarding the minimum amount you must keep in your Savings Plus account while maintaining a PCRA.

Through a PCRA, you may buy or sell a wide range of mutual funds, individual stocks, bonds, and a variety of other investments. Although you won't be limited to “no-load, no-fee” funds, Schwab does offer more than 1,200 such funds. In some instances, you will pay to the broker any fees, commissions, and expenses related to transactions you perform.

PCRA transactions can take place on any business day that the New York Stock Exchange (NYSE) is open. Trades initiated after hours and on weekends and holidays through the voice response system will be transacted on the next day the NYSE is open.

If you are interested in investing through a PCRA, please download enrollment information from the Savings Plus Web site (www.sppforu.com) or call the voice response system (866-566-4777) to request a PCRA enrollment kit.

Enrolling in a PCRA

To establish a PCRA, you must complete and return a Participant Limited Power of Attorney (LPOA) application for either the 401(k) Plan or the 457 Plan, or both. You also must sign a Memorandum of Understanding for each Plan in which you are enrolled. You may request PCRA materials by logging on to the Savings Plus Web site (www.sppforu.com) or calling our voice response system at (866) 566-4777.

Chapter 5 — Your Responsibilities in Managing Your Account

When you contribute funds to a Savings Plus account, you become responsible for monitoring your account, reporting errors and omissions, maintaining current beneficiary information, establishing a distribution schedule at the appropriate time, and notifying your employer or Savings Plus of address changes.

You will receive quarterly statements in the mail within a month after the end of a quarter (quarters end March 31, June 30, September 30, and December 31). You also may review your account online or through the voice response system.

Reviewing Your Annual Maximum Deferral Amount

It is your responsibility to check your maximum deferral amount at least once a year. The worksheet on page 22 reflects the annual limits in effect as of January 2001. (The Internal Revenue Service reviews these limits each year for possible revision.) You may use this worksheet to estimate the annual amount that you are permitted to defer under the 401(k) and/or 457 plans. This is only an estimate.

You are advised to discuss your deferral limitations and these calculations with a qualified tax advisor if you have questions. The Savings Plus Program cannot provide tax advice.

In the event of an over-deferral, you will be refunded the amount over-deferred plus any earnings. Your payroll deductions will cease and in January of the following year you will receive a tax document for the amount over-deferred.

You may elect to restart contributions in the next tax year by calling the voice response system (866-566-4777) and following the system's prompts. You also may restart your Savings Plus account contributions by logging on to www.sppforu.com.

Changing Your Address

If you currently are working and making contributions, submit address changes directly to your departmental personnel office. If you are retired, separated from State service, or have stopped making contributions, you must notify Savings Plus directly at 866-566-4777. After entering your Social Security number and PIN, select *0 to speak to a customer service representative. If you prefer to send a letter, include your Social Security number, daytime phone number (including area code), and your former and new address. Mail your request to:

Savings Plus Program
1800 15th Street
Sacramento, CA 95814-6614

Changing Your Beneficiary Designation

If you wish to change beneficiary designations, complete a Beneficiary Designation Form and submit it to Nationwide Retirement Solutions. Forms are available on the Savings Plus Web site (www.sppforu.com) or through the voice response system (866-566-4777).

Changing Your Contribution

You may increase, decrease, or stop your contributions, as well as change your investment choices, as often as once a month.* Use the Savings Plus Web site (www.sppforu.com) or voice response system (866-566-4777) to make these changes.

If your request is made by 1:00 p.m. (Pacific Time) on the last day of the month, your change will be effective with the next pay period. For example, if your request is made by 1:00 p.m. (Pacific Time) on November 30, your change will be effective with the December pay period (the check you receive in early January).

* *State of California "excluded" employees who receive employer 401(k) contributions currently may make these changes only once per quarter using the Internet or phone system. To make such changes more than once per quarter, excluded employees may contact a customer service representative.*

Tax Reporting

If you receive distributions from your Savings Plus account, it is important that you provide current tax reporting information. Taxes will be reported in the state where your residential address is listed. You may change your withholding by submitting a completed W-4 directly to Nationwide Retirement Solutions.

Changing Your Password/PIN

To change your online password, log on to www.sppforu.com and follow the Web site's prompts.

To change your phone PIN:

- call (866) 566-4777;
- enter your current PIN;
- select option 2; and
- follow the prompts to create a new PIN.

Keeping Your Savings Plus Web Site Transactions Confidential

Nationwide Retirement Solutions protects your account information using the most secure encryption method available, a method known as 128-bit Secure Sockets Layer.

In addition, the Web site will automatically disconnect your session if you do not actively use it for 15 minutes.

You also have a role in ensuring that your Savings Plus account information remains confidential. Before leaving your computer unattended, be sure to log off by clicking on

Choose a good password

Savings Plus and Nationwide Retirement Solutions suggest that you create a password that is unique but not easily guessed. The best passwords appear to be random combinations of letters and numbers.

Avoid names, birth dates, and addresses of your children, relatives, or pets, or any commonly known information about you.

Unclaimed Property

"Dormant" accounts are turned over to the State of California, according to the Unclaimed Property Law. An account is considered dormant if you do not, within three years after you become eligible for a distribution, accept the distribution, correspond in writing concerning the distribution, or otherwise indicate an interest in your account as required by the State of California's Unclaimed Property Law (Code of Civil Procedures, Section 1500 et seq.). If your account assets are turned over to the State, you will need to file a claim with the State Controller's Office to reclaim your "unclaimed property."

Logoff or closing your browser. You should not share your password with anyone or leave it in places where it can easily be found. You should change your password regularly. Finally, you should protect your password (and voice response system PIN) as you would any valuable piece of property.

Requesting Forms

There are two easy ways to request forms that you need. You may call the Savings Plus voice response system (866-566-4777) and follow the system's prompts. The forms will be sent to you by First Class mail. Or, you may print out the forms you need from the Savings Plus Web site (www.sppforu.com). Our publications also are available by phone or Internet.

Savings Plus Fees

Fees collected from participant accounts provide funding for administering the Savings Plus Program. Each Plan account — the 401(k) and the 457 — is charged an administrative fee based on the market value of your account at the end of each month.

Monthly Administrative Fee

If the value of your account is:			*Your fee is:*
$0.01	–	$1.99	equal to account value
$2.00	–	$19,999.99	$2.00
$20,000	–	$34,999.99	$2.40
$35,000	–	$49,999.99	$2.70
$50,000	–	$99,999.99	$3.00
$100,000	And More		$4.05

Transaction Fees

The following transaction fee will be assessed to your 457 Plan account, as appropriate:

Check Payment Mailing Fee (periodic payments)	$2.00

The following transaction requires payment of fees, which will automatically be deducted from your Savings Plus account:

401(k) Loan Initiation Fee	$50.00

Domestic Relations Orders

A Qualified Domestic Relations Order (401(k) Plan)/Plan Approved Domestic Relations Order (457 Plan) (QDRO/PADRO) is a Court Order that creates or recognizes the existence of the right of a payee's spouse to receive all or a portion of the benefits payable to a participant under a Plan.

Approval of a QDRO/PADRO will be processed by the Savings Plus Program and, if approved, Savings Plus will instruct Nationwide Retirement Solutions to establish a separate account for the "alternate payee," the party entitled to receive a portion of the participant's account value.

The alternate payee is subject to the same Plan rules as the participant; therefore, restrictions applicable to the participant will also apply to the alternate payee.

Assets held in the participant's PCRA account, as well as those invested in other options, are attachable through a QDRO/PADRO.

Chapter 6 — Retirement Payout Options

You have several retirement payout options to consider with respect to your Savings Plus account. This chapter summarizes those options, which vary from plan to plan.

In addition to the information in this handbook, you will need to review the benefits package(s) listed below for more details on the choices you must make. You may download the documents from the Web site (www.sppforu.com), or call the automated voice response system (866-566-4777) to request that a package be mailed to you.

- 457 Deferred Compensation Plan Benefit Payment Application
- 401(k) Thrift Plan Benefit Payment Application

You also may choose to leave your funds in your Savings Plus account and continue to manage your investment choices. Payments may be deferred until April 1 of the year following the year you turn age 70½, retire, or separate from State service, whichever is later.

457 Plan

If you have a 457 Plan account, you are required to submit a Benefit Payment Application to Savings Plus within 60 days of your retirement indicating the method of payment you have selected and the date when you wish to begin receiving these payments. That date is called the "**commencement date**." It can be as early as 60 days after separation or as late as April 1 of the year after you reach age 70½.

Note: This form must be submitted even if you choose to keep your assets in your 457 Plan account.

You may delay this commencement date and change your payout method, but only once. You cannot move up your commencement date once you have selected it, as this decision is irrevocable.

If you do not select a commencement date within 60 days after your retirement, Savings Plus will contact you and allow you to make that election. If you do not respond to that request, you will receive a lump sum payment within 180 days after your separation. Be aware that there may be significant tax consequences if you receive a lump sum payment.

IRS regulations require that your payments be reported as ordinary income in the year in which the payments are issued. Because payments are taxed as ordinary income rather than as a pension or annuity, the payments do not qualify for 5- or 10-year forward income averaging.

Funds in a 457 Plan cannot be "rolled over" into any other tax-deferred program such as an IRA or other tax-sheltered investment.

Check fee — There is a $2.00 fee for each periodic payment check you are issued from your 457 Plan, which is deducted from your payment. If you choose to receive your periodic payments by direct deposit, there is no fee.

Retirement Checklist

To arrange for your payout, you will need to:

- Request the appropriate benefit package;
- Choose a starting date for your payments ("commencement date"); and
- Mail your completed forms to the Savings Plus record-keeper, Nationwide Retirement Solutions.

401(k) Plan

If you have a 401(k) Plan account, you do not need to complete a Benefit Payment Application until 60 days prior to your desired payout.

Your payment will be taxed in the year it is issued unless it is rolled over to an IRA or you purchase an annuity. There is a mandatory 20% withholding for federal taxes if the payment is issued to you. No state taxes will be withheld. To have state taxes withheld, you must submit a W-4 form with your payment request.

If you receive a payment before you are age 59½, you will be required to pay an additional 10% federal tax and, if you are a State of California resident, a 2½ % California state tax. Additional taxes may <u>not</u> apply if:

- you retire from State service on or after the date you reach age 55; or
- you are paid because you retire due to disability; or
- you require the payment to pay for certain medical expenses.

You may be eligible to use the 5-year averaging rule to reduce taxes if you receive a lump sum distribution after you are age 59½. (Check with your tax advisor or the IRS for more information on this special tax treatment.)

Options for Receiving Your Money

The options for the methods of payment available to you when you retire are explained below, including the pros and cons of each option. Use the chart on page 20 to see which payment options are available under each Plan.

Lump Sum Withdrawal –– distributes your entire account to you in one lump sum, minus any tax withholding. To protect your funds from immediate taxation, which could be substantial, you may want to consider other alternatives. Rules vary per plan. Visit the Savings Plus Web site to print out withdrawal forms, or call 866-566-4777 to request that the forms be mailed to you.

Periodic Payments –– receive regular payments monthly or annually. You are subject to taxes only on the amounts you receive each year. Since your money will remain in your account, you may continue to manage your investments and your money will remain tax deferred.

Two options are available:

1. *Fixed Amount* — Choose this option to receive a specific amount. You decide how much you need per payment. This fixed amount is adjusted in January of each year based on the federally defined cost-of-living adjustment. How long your money lasts depends on how well your account investments perform.

2. *Designated Period* — If your main concern is how long your money will last, this may be your preferred option. You oversee your own investments. The amount you receive is based on how well your investments perform and how long you want to receive your money. Payment amounts will vary from month to month.

Partial Lump Sum –– The partial lump sum withdrawal amount will be treated as taxable income. You must choose when to receive your partial lump sum amount as well as your periodic payments. You must begin receiving

Retirement Payment Options Available Under Each Plan		
	401(k) Plan	**457 Plan**
Lump Sum Payment	Yes	Yes
Periodic Payments	No	Yes
Purchase an Annuity	Yes	Yes
Partial Lump Sum with remainder in Periodic Payments	No	Yes
Partial Lump Sum with remainder paid as an Annuity	Yes	Yes
Roll over to an IRA	Yes	No

your periodic payments by December of the year following receipt of your partial lump sum withdrawal.

Annuities –– An annuity is a contract between an individual and a life insurance company that guarantees your level of retirement income for life or a specified period of time. Savings Plus participants may purchase annuities from one of the insurance companies contracting with Savings Plus. The assets in your Savings Plus account are used to purchase the annuity. Annuity payments are taxed as ordinary income in the calendar year issued.

You may choose either fixed or variable payments. The type of annuity you choose determines the payment amount. You may select:

- *Fixed Designated Amount Annuity.* You decide how much income you want. Select this option if you want a guaranteed amount of money with each payment. If you die before you receive all your guaranteed payments, your beneficiary will receive the rest.

- *Fixed Designated Period Annuity.* You choose how long you will receive income. This option guarantees you income for nearly any period up to 20 years. If you die early, your beneficiary will receive the remaining payments.

- *Joint and Survivor Annuity.* You decide how much lifetime income you will need for both you and your beneficiary. Once you determine the amount needed, you will also select the percentage of that amount your beneficiary will receive when you die.

- *Life Income with Payments Certain Annuity.* You are provided guaranteed income for your life or a period of time, whichever is longer. This option guarantees you income no matter how long you live. If you die before receiving all your guaranteed payments, your beneficiary will receive the remainder of those payments or a lump sum.

- *Single Life Annuity.* If your main concern is lifelong income for yourself, rather than leaving money to a beneficiary, this may be your preferred option. It will provide the highest payment amount of the lifetime options because it's based on one life expectancy. However, your beneficiary will not receive benefit payments in the event of your death.

You may request premium quotes from any, or all, of the insurance companies contracting with Savings Plus. However, because interest rates change frequently, quotes are not issued more than 90 days before your purchase date. Premiums quoted may be guaranteed for up to 30 days, depending on the company.

To request a quote, log on to www.sppforu.com and print out a Quote Request form, or phone 866-566-4777 to request that the form be mailed to you.

If you purchase an annuity, you will pay an administrative fee to the insurance company (fee varies by company), and a premium tax to the State of California. This tax is a percentage of the annuity's purchase price.

The current tax rate for annuities purchased under the 457 Plan is 2.35%; the tax rate for annuities purchased under the 401(k) Plan is 0.5%.

If You Have a PCRA

Savings Plus participants receiving distributions who are enrolled in the self-directed brokerage account (Schwab Personal Choice Retirement Account) must retain in their core account the lesser of $2,500 or 50% of their total account balance, plus enough to cover the upcoming three months of distributions.

Core account balances are reviewed on a regular basis to ensure sufficient assets to cover upcoming distributions. Nationwide Retirement Solutions will notify the participant if a transfer of assets is required. If assets are not transferred within the required time, assets will be liquidated to cover the amount needed for the upcoming 12 months of distributions.

Appendix

STATE OF CALIFORNIA SAVINGS PLUS PROGRAM

WORKSHEET FOR ESTIMATING EMPLOYEE MAXIMUM DEFERRAL AMOUNT – TAX YEAR 2001

Use this worksheet to estimate the annual amount that you can defer in the 401(k) or 457 Plans in a Tax Year. This is only an estimate. You are advised to discuss your deferral limitations and these calculations with a qualified tax advisor. It is each employee's responsibility to re-check these deferral limitations at least once a year. **The Savings Plus Program (SPP) cannot provide tax advice.**

Federal regulations state the amount of annual contributions that can be made to a 401(k) Plan by employees and employers be the lesser of $35,000 or 25% of compensation. The maximum limit on annual deferrals the employee can contribute to the 401(k) Plan is $10,500. Federal law also limits the amount you contribute to the 457 Plan to the lesser of $8,500 or 33 1/3% of your compensation. If you contribute to both plans, the maximum you may contribute is the 457 limit.

		401(k) Plan Only			**457 Plan Only or both plans in the same tax year.**		
		Example 1	Example 2	**Your Estimate**	Example 3	Example 4	**Your Estimate**
Step 1	Start with your "Gross Pay" on your Pay Stub. Include overtime, pay differentials, and bonuses.	$3,000	$5,800		$3,000	$5,800	
Step 2	Deduct pre-tax items that are CalPERS retirement related (identified by an asterisk "*"). Do not deduct pre-tax medical, dental, vision or parking. Enter the RESULT	<$150>	<$290>		<$150>	<$290>	
Step 3	Multiply the RESULT of STEP 2 by 12 (for monthly) or by 24 (for bi-weekly). Enter the RESULT. Reminder: This is an estimate only.	X 12 $34,200	X 12 $66,120		X 12 $34,200	X 12 $66,120	
Step 4	• If you contribute to the 401(k) ONLY, or to both 401(k) and 403(b) in the same tax year, multiply the result of STEP 3 by 25%, and enter the RESULT in the left column. • If you contribute to the 457 ONLY, or to the 457 and 401(k) or 403(b), in the same tax year, multiply the result of STEP 3 by 33 1/3%, and enter the RESULT in the right column.	$34,200 X .25 $8,550	$66,120 X .25 $16,530		$34,200 X .333 $11,388	$66,120 X .333 $22,018	
Step 5	For the left column, enter the **LESSER** of STEP 4 or $35,000.	$8,550	$16,530		N/A	N/A	
Step 6	Deduct the Annual Employer Contribution from the 401(k) side only. The 457 is not affected. Enter the RESULT. Special Note: If you participate in the State Peace Officers' and Firefighters (POF) 401(a) Defined Contribution Plan, include the employer contribution in this calculation, for the 401(k) side only.	<$600> $7,950	<$1200> $15,330		$11,388	$22,018	
Step 7	Enter the lesser of STEP 6 or the maximum deferral of: • If you contribute to the 401(k) ONLY, the maximum you can contribute is the LESSER of STEP 6 or $10,500. Enter the RESULT in the left column. • If you contribute to the 457 ONLY, or the 457 and 401(k) or 403(b) in the SAME TAX YEAR, the maximum you can contribute is the LESSER of STEP 6 or $8,500. Enter the RESULT in the right column.	**$7,950**	**$10,500**		**$8,500**	**$8,500**	
Step 8	To determine your ESTIMATED monthly contribution, divide the result of STEP 7 by 12 (for biweekly contributions, multiply by 24): Note: The December 2001 pay period check, dated January 1, 2002, will be reported in Tax Year 2002 calculations.	Monthly (Divide by12) $662	Monthly (Divide by12) $875		Monthly (Divide by12) $708	Monthly (Divide by12) $708	

Glossary

The following are common-use definitions for technical terms used by Savings Plus. These definitions do not represent legal or formal definitions.

Account
The record of transactions for all of a participant's investments. A participant may have a 457 Plan account and a 401(k) Plan account.

Aggressive
An investment approach that accepts higher risks in exchange for potentially higher returns.

Allocation
The way in which incoming deferrals are allocated among existing investments.

Annualized rate of return
The percentage change on an investment including appreciation or depreciation and dividends or interest expressed over a given time period on an annual basis or as a return per year.

Annuitize
The purchase of a contract from an insurance company in which the company is contractually bound to provide payments to the individual for a specified length of time. Generally, payments can be selected on either a monthly, quarterly, or annual basis.

Beneficiary
The recipient of funds in a 457 Plan or 401(k) Plan upon the death of a participant.

Capital appreciation
The increase in the market value of shares or units of an investment (e.g., when the selling price of a share/unit increases).

Compounding
The effect of earnings (interest or dividends) previously applied to an account earning additional interest or dividends and increasing the return. Reinvesting earnings lets the account holder take advantage of compounding.

Conservative
An approach that accepts lower investment returns in exchange for potentially more stable (usually lower) risk and less involved account management.

Contribution
All or a portion of an account holder's deferrals posted to investment option(s).

Core Account
A term that refers to the portion of a Savings Plus participant's account that is invested in any of the investment choices offered in the Savings Plus portfolio, excluding the self-directed brokerage option (PCRA). The term applies primarily to Savings Plus participants enrolled in the PCRA, to distinguish funds held in their "core account" from funds held in their "PCRA account."

Deferral
Contributions deducted from a paycheck and deposited in a Savings Plus account (a 401(k) and/or 457 Plan).

Deferred Compensation Plan
A supplemental retirement plan that allows employees to defer pre-tax income. Within the Savings Plus Program, the term may refer to the 457 Deferred Compensation Plan and/or the provisions that regulate the 457 Plan, or generically to the two plans (401(k) and 457) offered by Savings Plus.

Distribution
A payment from the Savings Plus Program. Also called payout.

Diversification
Spreading investments across a variety of investment categories or choices. This strategy is designed to offset investment risk of potential market declines for investments with greater risk.

Dividend
Earnings paid by a mutual fund. Depending on the fund where an account holder has money invested, dividends may be paid monthly, quarterly, or annually. In a retirement plan, dividends normally are reinvested and buy additional shares/units.

EFT
Acronym for electronic fund transfer.

Exchange
Moving assets from one investment choice to another choice available through Savings Plus.

401(k) Plan
A retirement plan administered under Section 401(k) of the Internal Revenue Code. Also referred to as a 401(k) Thrift Plan.

403(b) TSA
A retirement plan for teachers and employees of non-profit organizations. Named for Section 403(b) of the Internal Revenue Code, which codifies these plans. Also known as "TSA," or tax-sheltered annuity.

457 Plan
A retirement plan administered under Section 457 of the Internal Revenue Code. Also referred to as a 457 Deferred Compensation Plan.

Historical yield
The actual yield over any given period measured from the beginning of the period.

Individual Retirement Account (IRA)
A tax-deferred savings account. An IRA may hold assets in a savings account, a certificate of deposit, money-market account, a fixed or variable annuity, or a plan that uses a combination of these vehicles.

Interest
Money that is paid for the use, or loan, of money. Interest is usually expressed as a percentage of the amount loaned.

Internal Revenue Code (IRC)
The body of law containing federal tax provisions.

Maturity date
The date on which the principal of a bond must be repaid.

Moderate
An approach that seeks to balance investment risk with return often achieved through mixing and matching of various investment vehicles.

Mutual fund
A pool of individuals' assets (investments) managed toward a specified investment goal. Generally, an investment company will offer an unlimited number of shares in its mutual funds and will buy back shares at any time.

Normal retirement age
A range of ages ending no later than age 70½ and no earlier than the earliest age of voluntary retirement without actuarial reduction of the retirement benefit.

Payout
A payment from the Savings Plus Program. Also called distribution.

PCRA
Acronym for Personal Choice Retirement Account, a self-directed brokerage account provided by Charles Schwab & Co., Inc. and offered through the Savings Plus Program. Participants choosing to enroll in a PCRA are allowed to actively manage investments in their 457 Plan and/or 401(k) Plan.

PIN
Personal identification number — the "password" for Savings Plus account access. Two PINs are needed to access/manage a Savings Plus account: one for the Web site and another for the voice response system.

Plan-to-plan transfer
The transfer of 457 Plan assets from one eligible 457 Plan to another eligible 457 Plan. Similar to a rollover.

Portfolio
Any combination of more than one investment.

Prospectus
The legal document that describes the investment policies of a mutual fund and provides key financial data and other essential information, including fees.

PST Plan

A mandatory retirement plan for Part-time, Seasonal, or Temporary public employees who are not covered either by CalPERS or Social Security. The provisions of the PST Retirement Plan vary significantly from those within the Savings Plus Program plans discussed in this booklet. Contact the Savings Plus Program office for more information, or visit www.sppforu.com, under Plan Information and Forms.

Retired annuitant

An individual who has retired from State service, is employed by the State temporarily, and receives a retirement allowance from the State of California.

Return

The gain or loss on a given investment.

Rollover

A transfer of funds from a qualified plan to another qualified plan or an IRA.

Share

A unit of ownership.

Thrift Plan

The 401(k) Plan within the Savings Plus Program.

Total return

A combination of dividends and capital appreciation, usually expressed on an annual basis.

Trust

A legal arrangement through which title to plan assets is given to one party to manage for the benefit of others.

Voice response system

Automated telephone system that allows you to access your account information and perform account transactions. Also known as VRS.

Yield

The rate at which an investment pays out interest or dividend income, expressed in percentage terms. It is calculated by dividing the amount paid by the price of the security and annualizing the result.

All information is current as of the date this handbook was printed. The Plan Administrator reserves the right to amend any of the procedures or plan provisions as outlined in this handbook or the official Plan Document to conform with governing laws or Internal Revenue Code regulations issued subsequent to the publication of this handbook. Such changes may be enacted without prior announcement or the expressed consent or agreement of plan participants. If there is any contradiction between the terms of the official Plan Document and this summary plan description, the official Plan Document will govern.

expanding your retirement horizons

SPP SAVINGS PLUS PROGRAM

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The Third-Party Administrator for Savings Plus is:

Nationwide Retirement Solutions
a Nationwide Financial company

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