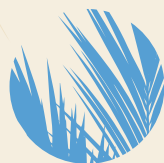


Retire from work. *Not life.*



The South Carolina
Deferred Compensation Program



Photography by Julie J. Prickett

What's Inside

Program Overview	1
Comparison of 401(k) and 457 Plans	2
Program Details	3
Investment Basics	5
Advice and Program Fees	7



THE LANGUAGE USED IN THIS ENROLLMENT KIT DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS AND DOES NOT CREATE A CONTRACT BETWEEN THE PARTICIPANT AND THE SOUTH CAROLINA DEFERRED COMPENSATION PROGRAM, OR ING. THE SOUTH CAROLINA DEFERRED COMPENSATION PROGRAM RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS ENROLLMENT KIT.



Program Overview



The South Carolina Deferred Compensation Program

The South Carolina Deferred Compensation Program (SCDCP) offers you an opportunity to conveniently save for your retirement. This overview highlights many of the SCDCP's benefits and features.

SCDCP Benefits

- You can save for your retirement using pre-tax dollars, allowing you to decrease the amount of federal and state income taxes you pay during the course of the year.
- Your account's interest, earnings, and contributions are all tax-deferred.
- You can save easily thanks to automatic payroll deductions.
- You have a wide variety of investment options from which to choose.
- Two plans to choose from: 401(k) plan and/or 457 plan (details for each plan are listed in the Plan Comparison). Please check with your employer to see if you are able to make Roth 401(k) contributions. More details on the Roth option are included on the Roth 401(k) fact sheet in this kit.
- Low minimum investment of \$10 per paycheck.

Program Features

- Toll-free account access 24 hours a day/7 days a week at **1-866-826-7283**. To speak with a Customer Contact Associate, call weekdays from 8:00 a.m. to 8:00 p.m. Eastern Time.
- 24-hour online access through the Program Web site at <http://scrs.ingplans.com>. You can download forms, conduct transactions, access account-specific information, and locate highlights of the SCDCP, along with a number of helpful resources.
- Speak with a local Program Consultant weekdays from 8:30 a.m. to 5:00 p.m. Eastern Time at 803-754-7997, or visit the SCDCP local office at 200 Arbor Lake Drive, Suite 125, Columbia, South Carolina 29223. Local office fax: 803-754-7661.

Investment Options

The fund choices offered through the SCDCP are listed in the chart to the right. For a more comprehensive description of each option, please refer to the investment fund's fact sheet available on the Program Web site.

Access to Account Information

In addition to the toll-free Information Line and comprehensive Web site, you'll receive easy-to-read quarterly statements and newsletters, both of which can be downloaded or viewed online. You can also attend one of the regularly scheduled on-site seminars held statewide. The seminar schedule is available on the Program Web site under "Employee Seminars."

The South Carolina Deferred Compensation Program Investment Options	
Short-Term Investments	<ul style="list-style-type: none"> • Stable Value Fund
Fixed Rate	<ul style="list-style-type: none"> • 84-Month Guaranteed Certificate Fund
Bonds	<ul style="list-style-type: none"> • PIMCO Total Return Fund
Stocks	<ul style="list-style-type: none"> • Dodge & Cox Stock Fund • Vanguard Institutional Index Plus Fund • T. Rowe Price Growth Stock Fund • T. Rowe Price Mid-Cap Value Fund • Munder Mid-Cap Core Growth Fund • Keeley Small Cap Value Fund • Brazos Micro Cap Fund • American Funds EuroPacific Growth Fund • Fidelity Diversified International Fund
Target Retirement Date Funds	<ul style="list-style-type: none"> • SSgA Target Retirement Income Fund • SSgA Target Retirement 2010 Fund • SSgA Target Retirement 2020 Fund • SSgA Target Retirement 2030 Fund • SSgA Target Retirement 2040 Fund

Equally Conservative

Conservative

Aggressive

Aggressive

Conservative

Program Web site: <http://scrs.ingplans.com> • Program Information Line: **1-866-826-7283** • Local Office Phone: **803-754-7997**

Comparison of 401(k) and 457 Plans

The chart below is designed as a reference for the Deferred Compensation Program offered to South Carolina's public workforce. For more information on each plan, call the toll-free Information Line at **1-866-826-7283**.

	401(k)	457
Eligibility	Part-time and full-time state, school district, city and county employees, higher education employees, and other public employees whose employers participate in the SCDCP.	
Maximum Annual Deferral for 2009	100% of eligible compensation or \$16,500, whichever is less. See catch-up deferral provisions below for potential additional contributions.	
Multiple Plans Annual Deferral Maximum	You may defer up to \$16,500 for each plan each year. See catch-up deferral provisions below for potential additional contributions.	
Change Contribution Deferral Amount	You may start, change, or cancel your contribution deferral amount at any time.	
Age 50 and Over Catch-Up Provision	If you are age 50 or older, you may contribute an additional \$5,500 per plan per year.	If you turn age 50 or older within the tax year you may contribute an additional \$5,500 per plan per year. You may not use this provision in the 457 plan while using the Three-Year 457 Catch-Up Provision.
Three-Year 457 Catch-Up Provision	Not applicable.	Subject to eligibility, if you have unused deferrals, the catch-up limit is an additional \$16,500 each year during the last three consecutive years prior to normal retirement age. You cannot participate if you have elected to use the Age 50 and Over Catch-Up Provision or in the calendar year you separate from service or retire.
Rollovers In	The plan accepts pre-tax contributions from a qualified plan such as a 401(a), 401(k) or 403(b) plan. Teacher and Employee Retention Incentive (TERI) program participants can roll their TERI account funds into the plan at termination of the TERI period. If you do not already have a 401(k) plan, you can enroll at that time. The money rolled out of your TERI account will not affect the maximum contribution rate for that year.	The plan only accepts rollovers from other 457 plans.
Rollovers to the South Carolina Retirement Systems to Purchase Service	South Carolina Retirement Systems will accept a lump-sum payment from the SCDCP to pay for retirement service credit. Include a copy of the invoice for service purchase from the Retirement Systems with your completed SCDCP Retirement Service Credit Payment Request.	
Loans	The amount you may borrow is based on your account balance. A maximum of two loans across both plans is allowed, up to the \$50,000 maximum. You must complete a form for a residential loan; all other loan requests can be handled online or by phone. Please note there is a one-time, non-refundable \$50 application fee and a \$3 quarterly fee that will be assessed to your account.	
Loan Repayments	Participants paid through the State Comptroller General's Office will have their loan repayments deducted from their paychecks automatically. Other employees should check with their payroll department to find out if they are eligible for automated deductions. If this option is not available, payments must be made by cashier's check or money order. Loan payback period is five years after the date when the loan is made or the date when the distribution of the plan benefit begins. The first payment is due 60 days after the loan is issued. Failure to repay will result in default and be reported as a taxable distribution.	
Emergency and Financial Hardship Withdrawals <i>Loan option must first be exhausted. Deferrals must stop for six months. Withdrawals from the 401(k) plan are subject to a 10% penalty tax.</i>	Reasons for hardship withdrawals : to meet any extraordinary expenses not covered by insurance incurred on account of accident, sickness, disability, or other emergency affecting you or your dependents; pay for post-secondary education for you or your dependents; purchase a principal residence for you or your family; or make a major improvement on your primary residence.	Reasons for unforeseen emergency withdrawals : to cover a sudden and unexpected illness or accident for you or a dependent; loss of your property due to casualty; or other similar or extraordinary and unforeseeable circumstances arising as a result of events beyond your control.
Distributions while Employed <i>All distributions from both the 401(k) plan and the 457 plan are subject to federal and state income taxes.</i>	Participants may take in-service withdrawals of rollover money (including TERI rollover money). Otherwise, other than unforeseen emergency withdrawals, distributions are not allowed if you are employed by the state and are under age 59½ during the tax year.	Other than hardship withdrawals, distributions are not allowed while you are employed by the state, regardless of age.
Distributions after Separation from Service <i>Distributions from the SCDCP do not need to be made until age 70½. There is a 30-day wait after separation from employment before a distribution can be taken. Required minimum distributions cannot be rolled over into another plan.</i>	10% federal penalty tax applies to distributions made before age 59½.* However, if you leave state employment and separate from service and are at least age 55 during the tax year, you may withdraw from the plan without a 10% tax penalty.	You can withdraw money upon retirement or separation from service. There is no age requirement once you retire or leave state employment.
Distribution Payout Options	Payout options include partial or lump-sum distributions. You may also take distributions monthly, quarterly, or semi-annually. Payout options can be changed at any time. You will be taxed on the amount you withdraw during that calendar year.	

*Public safety officers and military reservists called for duty for more than 179 days between September 11, 2001, and December 31, 2007 may avoid the 10% penalty.



Program Details



The South Carolina Deferred Compensation Program

Enrollment

If your employer participates in the Deferred Compensation Program, you are immediately eligible to join the 401(k) and 457 plans upon employment. You may enroll in both plans and contribute the annual maximum amount allowed. However, these are considered two separate accounts, and while both plans are available to you, money cannot be rolled from one plan into the other. To enroll, complete the Participation Agreement and Beneficiary Forms in the back of this kit.

Contributions

You may contribute from \$10 to 100% of your paycheck to the plans, as long as your total contribution is not more than the IRS limit set for the year. The limit for 2009 is \$16,500. You have the flexibility to increase, decrease, or stop and start your contributions at any time.

Age 50 and Over Catch-Up Contributions – In the calendar year you turn 50 you can contribute additional “catch-up” contributions to your 401(k) and/or 457 plan accounts.

Three-Year Catch-Up Provision – Only 457 plan participants who in previous years have deferred less than the maximum to the plan can take advantage of a three-year window before retirement to save additional funds. The IRS requires that you be within three years of normal retirement age to be eligible for this provision. The maximum three-year catch-up contribution allowed is double the otherwise applicable limit. You may use the three-year catch-up during the three years prior to retirement, but not in the year you separate from service or retire. **You cannot participate in the Age 50 and Over Catch-Up and the Three-Year Catch-Up provisions at the same time.**

You can complete a catch-up worksheet by downloading it from the Program Web site at <http://scrs.ingplans.com>. For assistance, please contact a Program Consultant at 803-754-7997 or call the Program Information Line at 1-866-826-7283.

Rollovers Into the Program

401(k) – You may roll over to the plan all or part of an eligible rollover distribution you receive from another 401(k) plan, 403(b) plan, Teacher and Employee Retiree Incentive (TERI) program or Individual Retirement Account (IRA).

457 – You may roll over to the plan, all or part of an eligible rollover distribution you receive from another 457 plan. You may also roll over all or a portion of the amount in an IRA, provided that the entire balance in the IRA is attributable to a prior rollover from another 457 plan.

For rollover instructions and to download a “Rollover Contribution Package” visit the “Forms” section of the Program Web site. Or call a Program Consultant for assistance.

Your Contribution Options and Taxes

401(k) – With pre-tax contributions, your money is invested in your account before that money is taxed, which means that portion of your income is not taxable. Instead, your contributions and their earnings grow tax-deferred, which means you must pay taxes on your contributions and earnings when they are withdrawn. Please consult with your employer to see if after-tax Roth contributions are allowed in your 401(k) plan.

457 – Your 457 contributions are deducted from your paycheck on a pre-tax basis. You can withdraw money upon retirement or separation from service. You must pay taxes on your contributions and earnings when they are withdrawn. There is no age requirement once you retire or leave state employment.

Loans

A minimum balance of \$2,500 plus a \$50 origination fee and 12 months' participation in the SCDCP is required to apply for a loan. A maximum of two loans between both plans is allowed. Participants with a defaulted loan cannot request a new loan until at least 36 months have passed since the expected payoff date on the defaulted loan **and only if their employer offers payroll loan deductions.**

If your account balance is less than or equal to \$20,000, you may borrow up to 100% of the first \$10,000, provided that the new loan combined with the highest outstanding loan balances in both plans in the last 12 months does not exceed \$50,000.

If your account balance is greater than \$20,000, the maximum loan available is the lesser of:

- 50% of the vested account balance; or
- \$50,000 minus the highest outstanding loan balances in both plans in the last 12 months; or
- 100% of the account balance

A one-time, non-refundable application fee of \$50 is required and a \$3 quarterly fee will be deducted from your account. The interest rate is equal to the Prime Rate plus 2% as listed in the *Wall Street Journal* on the last business day of the prior month. For more information about taking a loan, access the Program Web site or call the Program Information Line.

Accessing Your Account

You can access your account and process transactions anytime using the SCDCP's toll-free Information Line.

Step 1: Call **1-866-826-7283** (1-866-826-SAVE).

Step 2: Enter your Social Security number using the telephone keypad.

Step 3: Enter your Personal Identification Number (PIN). If you don't remember your PIN, you may request a PIN Reminder. If you're calling from a rotary phone, the voice recognition feature will allow you to access the Information Line by saying your Social Security number and PIN.

Step 4: From the Main Menu, select an appropriate number to perform the function you want.

Program Web Site: <http://scrs.ingplans.com>

If you prefer to access your account online, simply go to the Program Web site, enter your Social Security number and PIN, and then click "Login."

The first screen is the *Summary of Benefits* page, which shows your 401(k) account and 457 account balances as of the previous day. Click on either plan name to access more information. There are different sections to guide you.

My Account – View your account details and perform transactions to your account online.

Personal Information – Review your personal information on record, as well as your beneficiary designation.

Plan Investments – Review your funds' profile, performance and pricing.

Plan Information – Find out the benefits of your plan.

Forms – Access printable plan forms and documents.

Resource Center – This multimedia resource center helps you learn how to put together a personal savings and investment strategy.



Investment Basics



The South Carolina Deferred Compensation Program

As you develop a long-term investment strategy, keep in mind that each of the SCDCP's investment options has a different level of risk and return potential. For a more comprehensive description of each option, please refer to the fund fact sheets available on the Program Web site prior to making any investment decision.

The Importance of Diversification

The old adage, "Don't put all your eggs in one basket," may help you understand the importance of diversification. This is an investment strategy that mixes a wide variety of investments in one portfolio. Diversification helps to reduce investment risk by spreading your assets among different investment categories. Doing so may help you manage risk and maximize your return potential by smoothing out fluctuations in the stock market, while still taking advantage of the market's potential for higher returns.

Investment Category	Benefit	Risk	
Fixed Rate <ul style="list-style-type: none"> 84-Month Guaranteed Certificate Fund 	Offer a high degree of security. Designed to protect original investment or principal.	May not keep pace with inflation over time.	Equally Conservative
Short-Term Investments <ul style="list-style-type: none"> Stable Value Fund 	Offers a stable, competitive rate of return. Designed to preserve principal.	May not keep pace with inflation over time.	
Bonds <ul style="list-style-type: none"> PIMCO Total Return Fund 	Generally offer greater income potential than short-term investments and not as much risk as stocks.	Lower growth potential.	Conservative
Stocks <ul style="list-style-type: none"> Dodge & Cox Stock Fund Vanguard Institutional Index Plus Fund T. Rowe Price Growth Stock Fund T. Rowe Price Mid-Cap Value Fund Munder Mid-Cap Core Growth Fund Keeley Small-Cap Value Fund Brazos Micro-Cap Fund American Funds EuroPacific Growth Fund Fidelity Diversified International Fund 	Historically, stocks have provided greater long-term returns than other asset classes.	Due to market volatility the value of stocks can go up and down over short periods of time.	
			Aggressive

SSgA Target Retirement Date Funds

The Program also offers five Target Retirement Date Funds, which fall into the asset-allocation style investment category. As you approach retirement, they automatically become more conservatively allocated to bonds to help protect the value of your account. These funds take much of the work and worry out of managing your account. With the Target Retirement Date Funds you can make one decision – when you plan to retire (or withdraw money) – then let the fund automatically adjust allocations in various assets over time.

- They are designed to help build value in the early years, and protect that value as you approach retirement.
- You can avoid common obstacles to investment success:
 - the temptation to buy and/or sell with market swings
 - the potential for asset overlap
 - lack of investment diversification
- They automatically adjust over time, gradually becoming more conservative as you get closer to retirement. Your investments stay tailored to your age and investment time horizon.
- Each maintains a diversified portfolio utilizing a "fund of funds" approach that helps reduce the impact of market volatility.
- They're easy to choose – just select the one with the date closest to when you anticipate retiring (or withdrawing money).

Fund	Designed for Investors...
SSgA Target Retirement Income Fund	in or near retirement
SSgA Target Retirement 2010 Fund	planning to retire/withdraw money in approximately 2010
SSgA Target Retirement 2020 Fund	planning to retire/withdraw money in approximately 2020
SSgA Target Retirement 2030 Fund	planning to retire/withdraw money in approximately 2030
SSgA Target Retirement 2040 Fund	planning to retire/withdraw money in approximately 2040

The South Carolina Deferred Compensation Program continually monitors investments, performs due diligence, and retains an outside consultant to provide oversight of the Program's funds. Due to the nature of the Program, however, the Program cannot and does not guarantee fund performance. Program participants are responsible for the performance of their fund(s). It is very important for participants to understand their risk tolerance and make their investment decisions accordingly. The Program offers a variety of funds from conservative to aggressive from which to choose.

Investment Risk vs. Inflation Risk

Investment risk is generally associated with the potential that investments may go down in value as a result of market volatility. Stocks are considered riskier investments because they tend to fluctuate in value more than conservative investments like bonds. Conservative investments may help reduce investment risk, but over the long term they can expose you to another kind of risk – inflation risk. When investments are earning less than the rate of inflation, they are actually losing value.

Creating Your Investment Strategy

A good strategy is to take on as much investment risk as you are comfortable with, without exposing yourself to inflation risk. It is important for you to determine how long you plan to keep your money invested, and your willingness to stay invested during the market ups and downs.

Understanding the Stable Value Fund and 84-Month Guaranteed Certificate Fund

Many investors want to balance the risk in their retirement portfolios by including a conservative investment. However, investors need to be sure they understand what to expect from conservative investments – including the Stable Value Fund and the 84-Month Guaranteed Certificate Program offered by the SCDCP.

The 84-Month Guaranteed Certificate Program assets are invested with one insurance company per contract. New contracts are issued every quarter. Those assets are invested by the insurance companies in their general assets account. The insurance companies guarantee the rates on the contracts. As such, the 84-Month Guaranteed Certificate Program assets are subject to credit risk associated with the individual issuer.

In contrast, the Stable Value Fund is an investment program that holds assets in trust for SCDCP participants only. The underlying assets of the fund are held in trust at State Street Bank and are not subject to any other creditors. The Stable Value Fund owns underlying investments in bonds. The rate of the Stable Value Fund is “guaranteed” by several different insurance companies who insure the difference between the book and market value of the underlying bond portfolio. The credit risk of the Stable Value Fund is therefore more diversified than that of the 84-Month Guaranteed Certificate Program.

A further difference between the funds is the maturity period of the underlying investment portfolio. The maturity period is seven years for the 84-Month Guaranteed Certificate Program while the Stable Value Fund has an underlying bond portfolio with a current average duration of 2.4 years that changes over time. The 84-Month Guaranteed Certificate must be held until maturity – participants cannot change their investments until the seven-year period is over. Assets in the Stable Value Fund may be transferred out of the fund at any time to another investment within the Program fund lineup (but cannot be directly transferred to the 84-Month Guaranteed Certificate Program without first being held in an equity investment for 90 days).

Because of these differences, investors in the 84-Month Guaranteed Certificate Program may be compensated with a higher rate. If interest rates and the market change in the future, the rates of return for both investment options could become more alike. Before investing in either option, participants should read the investment fact sheet completely. Investment fact sheets for all funds are available on the Program Web site or by calling the Program Information Line.

Pair the Power of SCDCP with the Power of Time

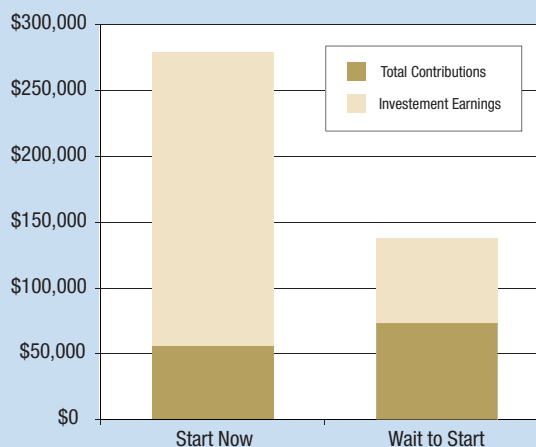
The power of time vs. the cost of waiting – who wins?

Start now and invest monthly contributions of \$300 for 15 years, then stop to let the magic of compounding go to work on your investments for the next 20 years.

- Total contributions \$54,000
- Value of account after 35 years \$277,393

Wait 15 years and then begin making monthly contributions of \$300 for 20 years

- Total contributions \$72,000
- Value of account after 35 years \$136,694



This illustration is for hypothetical purposes only. It assumes an annual rate of return of 6% and is not indicative of the performance of any specific investment; actual results may vary.



Advice and Program Fees



The South Carolina Deferred Compensation Program

Advice

Living and being well in the future means making smart financial decisions today. That's why the SCDCP offers the ING Advisor ServiceSM. This service, powered by Financial Engines[®], offers convenient access to professional saving and investing advice to help you make confident, informed decisions about how much to save and how to invest for your future. You can get your advice with two different methods – the Professional Account Manager or Personal Online Advisor. Choose which option is best for you.

	Professional Account Manager	Personal Online Advisor
Access	Investment Advisors are available by phone at 1-866-826-7283 , Monday to Friday, 8:00 a.m. to 8:00 p.m., excluding holidays.	24/7 access to retirement and investment advice through the Program Web site at http://scrs.ingplans.com . Click on the "ING Advisor Service" link after logging in.
Getting advice	Your Advisor works with you to review your retirement savings and investments, walks you through a personal assessment and suggests changes.	Go through the software program at your own pace. Use interactive tools to change your strategy and see how your forecast is affected.
Making changes	Your Advisor can make the agreed-upon changes to your account(s) for you.	Receive an online Advice Action Kit that provides step-by-step instructions to implement your strategy.
Ongoing advice	You get quarterly account updates, automatic rebalancing of your account, and reminders to check in as your financial situation changes.	Do-it-yourself account management. Log on at your convenience to view an updated forecast.
Expenses	Free initial consultation. Monthly fee if you decide to have a professional manage your account(s).	Use of this service is free of charge to you.

For more information on the ING Advisor service, including fee information, see the enclosed ING Advisor Service fact sheet.

Program Fees

SCDCP participants have an administrative fee of 15.3 basis points (or 0.153% of your account) annually per plan. The fee is deducted from your account monthly.

- **Fee example:** If you have an account balance of \$10,000 your annual administration expense would be \$15.30.

Each investment option charges an investment management fee, which participants pay directly by having the fee deducted from the investment option's return. See the "Fund Information" section of the Program Web site for each investment option's fees or you may call the Program Information Line at **1-866-826-7283** (1-866-826-SAVE).

The South Carolina Deferred Compensation Commission has revenue sharing arrangements with several mutual funds that may offset the asset-based fee. These returned fees range from 1 to 35 basis points. Munder Mid-Cap Core Growth Fund, Dodge & Cox Stock Fund, EuroPacific Growth Fund, and Fidelity Diversified International Fund all return fees to the Program on a monthly or quarterly basis. All of these returned fees are allocated to those participants who are invested in these funds. These returned fees appear as "other credits" in the "Account Activity" section of the quarterly statements.

Program Web site: <http://scrs.ingplans.com> • Program Information Line: **1-866-826-7283** • Local Office Phone: **803-754-7997**



The South Carolina
Deferred Compensation Program





The South Carolina
Deferred Compensation Program