



Your Retirement Road Map

You have chosen your unique retirement road map, ultimately leading you to your retirement destination. Whether you prefer the scenic back roads of the countryside or the winding roads of the Pacific Coast Highway, your picturesque retirement destination will be a reward for a life of hard work. And it should be.

But experts say you may need to replace 70% to 80% of your working income for a comfortable retirement. The truth is, saving enough to get to that level takes planning. There are many tools available to you on the Kern County Web site at www.kern457.com.¹ You can take advantage of the DreamTrackerSM tool to help you determine how much you will likely need to save. And then you can use the Paycheck Comparison tool to see how saving that amount will affect your take-home pay. There is also the College Planner to help you plan for your child's tuition. In addition to these enhancements, you may be able to take some of the guesswork out of investing with Reality Investing[®], a suite of investment advisory services that includes Online Investment Guidance, Online Investment Advice and a Managed Account service.² The guidance and advice services are easily accessible online, and you may consider the Managed Account service for personal and professional investment assistance and account management. This is explained in further detail in the Reality Investing section of this guide.

Regardless of which road leads you to retirement, smart preparation requires good information. So let's start with some basic facts.

1

Your retirement income from Kern County Employees' Retirement Association (KCERA) may not replace all of your working income.

2

If you are eligible for Social Security, the outlook is murky at best. Without changes to the existing system, a person planning to retire in 2040 at age 69 could see a 26% reduction in benefits from current levels—with the potential for additional reductions every year thereafter. This is in addition to any reduction in benefits you may see because you work for a government employer that maintains its own pension. Who says so? The Social Security Administration (www.ssa.gov/qa.htm).

3

People are living longer. That means the money you set aside will probably have to fund a longer retirement. You may also be responsible for more of your medical bills in retirement. Then there's inflation. Anyone who buys gasoline or groceries knows that prices will go up over time. If inflation averages just 3% per year, the \$100 in groceries you buy today could cost \$181 in 20 years.

¹ Access to KeyTalk[®] and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the Web site or KeyTalk received on business days prior to close of the New York Stock Exchange (1:00 p.m. Pacific Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

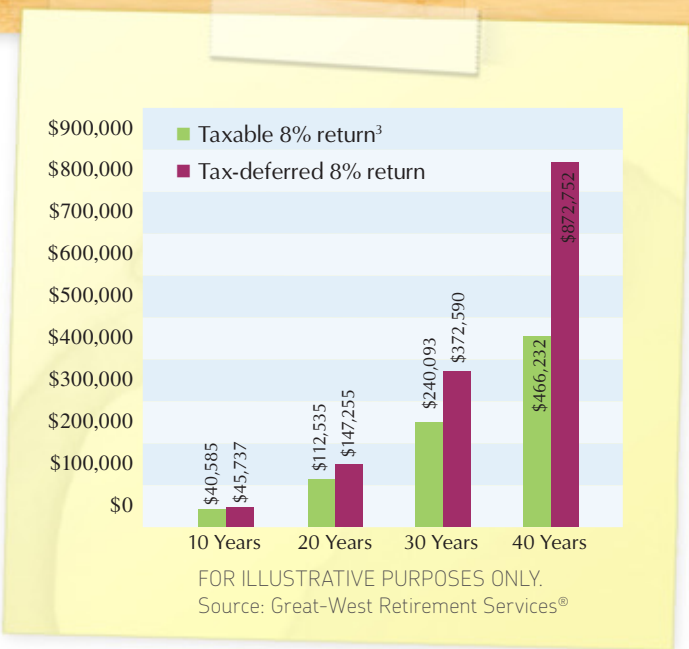
² Some Reality Investing services are available for an additional fee.



Tax-Deferred Saving and Investing

The money you contribute to your Kern County Deferred Compensation Plan comes from your before-tax income, which is set aside in your account where it could grow over time.

The following graph illustrates how a monthly contribution of \$250 could grow in your tax-deferred Plan as compared to the growth if the same amount was invested in a taxable investment.³



Self-Service or Full Service

It used to be that you'd go to a gas station and an attendant would fill your tank, check your oil and even clean your windshield. And while the convenience of pay-at-the-pump is nice, there may be times when you'd like to have that full-service option. The point is that having a choice is a good thing.

Your Kern County Deferred Compensation Plan offers multiple ways to get the information you need in the way that's most comfortable and convenient for you.



On the Web

You can research your investment options online at www.kern457.com¹—and even change your investment lineup—anytime, anywhere with the click of a mouse.



On the phone

Finding the latest information on your Plan and investment options is as easy as calling KeyTalk® at **(800) 701-8255** or your Great-West Retirement Services® local office at **(661) 868-3467**.¹



In person

Your Plan offers a full-time local representative, Susan Leedy, and seminars to help you understand how you can best reach your retirement goals. Call for an appointment at **(661) 868-3467** or **(661) 868-3447**.



³ This hypothetical illustration does not represent the performance of any investment options. It assumes an 8% rate of return, with no withdrawals. Assumes that the taxable account does not hold any investment for more than 12 months. Lower capital gain tax rates may apply if a taxable investment is held for longer than 12 months. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted.