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City of Los Angeles Quarterly Newsletter

April 2010



## DEFERRED COMP—YOUR ALL-WEATHER ACCOUNT

Winter may be over but that doesn't mean you shouldn't be planning for the next rainy day. There may be no better way to plan for a future rainy financial day than through your Deferred Compensation Plan account.

Recent economic upheaval, particularly that affecting City employees, has revealed how powerful a resource your Plan account can be when the unexpected occurs. Whether confronting an unpaid mortgage, reduced pay, or even (in the worst case) potential loss of employment, your Plan account can be an important means of helping you cope with financial challenges.

Deferred compensation plans may have been intended for retirement, but when other life events take over they can be used for other purposes as well.

Many Plan participants have taken loans and emergency withdrawals to help catch up on mortgage payments. Others experiencing furloughs have found that by reducing their contributions they can compensate for the pay cut. And as some participants are faced with layoffs, they know that the funds they have in their accounts are available to them to withdraw, without penalty, to help them make their way through the crisis.

**The more you build up or can maintain in your account, the more protection you may have in the event of a calamity.** So whether you're putting new dollars in as an employee or contemplating how much to withdraw as a retiree, don't forget that your account serves more than one purpose—helping you to reach for a sunny future as well as protecting you from today's passing storms.

## SURVEY SAYS...

In late 2009, Great-West Retirement Services® (Great-West) issued a survey through the Web site to gauge participant services offered by Great-West.

Here are highlights of the results:

- As expected, a majority of respondents do not use the automated voice response system, but do use the Web site for account information and transactions. Over 80% found the Web site easy to use and containing useful information (ranking "satisfied" or "very satisfied").
- Eighty percent (80%) or more are satisfied or very satisfied with the number of ways to make changes and the speed with which those changes are accomplished.
- Over 80% are satisfied or very satisfied with the statements, with less than 1% "very dissatisfied."
- Of the participants who had met with a local representative, more than 80% were satisfied with the services provided.
- Ninety percent (90%) are satisfied with Great-West overall.

Thank you to all who participated in our survey. We expect to issue another survey in approximately 18 months.

## SPOTLIGHT ON THE PROFILE PORTFOLIOS

Your Plan offers many tools to help you prepare for a secure retirement, including a wide array of investment options. Among these are the Profile Portfolios, five risk-based asset allocation funds distinguished by their risk level. They include the Ultra-Conservative, Conservative, Moderate, Aggressive and Ultra-Aggressive Portfolios.

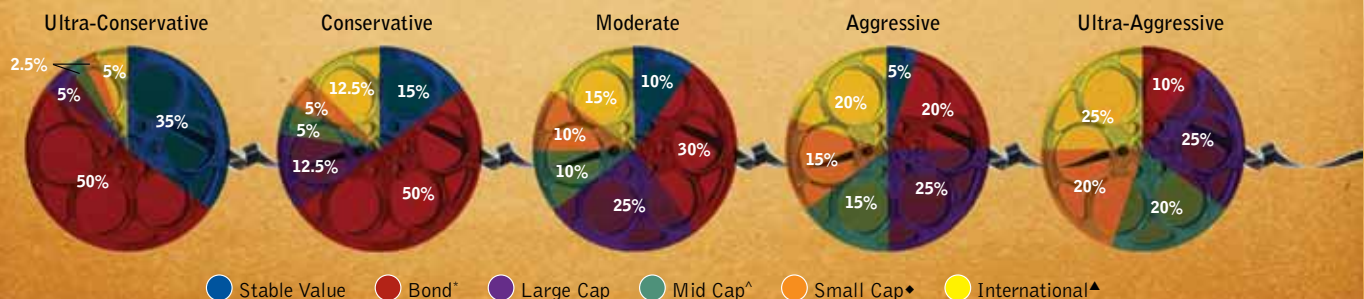
While you can invest in any of your Plan's other investment options at the same time, selecting just one Profile Portfolio may be all you really need or want.

### PROFILE PORTFOLIOS OFFER:

- **Convenience**—The investment mix is selected, performance monitored, and adjustments made, as needed, by the Board and the Plan's consultant.
- **Professional Management**—The underlying funds in each portfolio are professionally managed by qualified investment experts.
- **Diversification**—Ranging from Ultra-Conservative to Ultra-Aggressive, each Portfolio is diversified with a mix of investments covering a variety of asset classes and investment types. This diversification may allow for a more consistent rate of return while helping to reduce portfolio risk and volatility.

- **Competitive Pricing**—The Profile Portfolios are built largely from the Plan's passively managed investment options, which tend to have lower investment management costs compared to their actively managed peers.

If one of the Profile Portfolios appeals to you, you can transfer account assets or change ongoing deferrals from your current options to any of the Profile Portfolios by calling KeyTalk® at (888) 457-9460 or visiting the Web site at [www.cityofla457.com](http://www.cityofla457.com).†



The allocations shown here for the Profile Portfolios are subject to change.

\* A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.

^ Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.

♦ Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.

▲ Foreign investments involve special risks, including currency fluctuations and political developments.

## READY TO RETIRE?

### The City of Los Angeles Deferred Compensation Plan and You: How to Keep a Good Thing Going

Retirement: It's the culmination of a lifetime of planning, preparation and saving. It's also the time to decide how you'll want to dip into the funds you've accumulated in your City of Los Angeles Deferred Compensation Plan account.

Here's one of the best-kept secrets about retirement planning: The same resource that helped you build your retirement nest egg can help you make the best use of that money in retirement. By keeping your account in the City of Los Angeles Deferred Compensation Plan, you'll have access to the same low-cost investment options and account management tools you've always used. So if you plan to keep at least a portion of your retirement funds invested, continuing to work with the City of Los Angeles Deferred Compensation Plan is a good option.

You can leave your money invested in the Plan until you are 70½ years old. However, you must begin receiving a required minimum distribution by April 1 of the year following the year in which you reach age 70½ or sever employment, whichever occurs later.

For more information on your withdrawal options, call the City of Los Angeles Service Center at (888) 457-9460.

## FUND CHANGE FOR THE VANGUARD TOTAL BOND MARKET INDEX FUND

Effective June 7, 2010, the Vanguard Total Bond Market Index Fund (Institutional class) will be replaced with the Vanguard Total Bond Market Index Fund (Institutional Plus class).

The investment manager, Vanguard, and investment objective remain the same. This fund change represents a move to a preferred share class with a lower expense ratio, 0.05% compared to the current expense ratio of 0.08%.

## ELECTRONIC STATEMENTS WITH ONLINE FILE CABINET®

Convenient Portfolio Management at Your Fingertips

### Ready, Set, View

Online File Cabinet is the fast, easy, paperless way to view quarterly statements online. Online File Cabinet will store your statements so you can access, view and print them at your convenience.† You may also download and save statements to your hard drive the way you would any other file from the Web.

### Manage Your Accounts Efficiently and Coincidentally

Online File Cabinet provides you with a quick and easy way to get updates on your portfolio activity and view all of your account positions at a glance.

### With Online File Cabinet, You Can:

- Receive e-mail notification when your statement has been posted and is ready to view on the secure Web site.
- Download and save your statements to your hard drive.
- View your statement at your convenience—24/7.†
- Eliminate the hassle of filing your paper statements.
- Reduce the volume of mail you receive.

### It's Easy to Sign Up for Online File Cabinet

1. Log in to the Web site at [www.cityofla457.com](http://www.cityofla457.com).
2. Click the Online File Cabinet link.
3. Select "Consent" and review the Online File Cabinet Agreement.
4. Check the box for electronic delivery, provide your e-mail address, and click "Submit."

*Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain prospectuses for mutual funds, any applicable annuity contract and the annuity's underlying funds and/or disclosure documents from your registered representative. For prospectuses related to investments in your Self-Directed Brokerage (SDB) account, contact Schwab PCRA at (888) 393-7272. Read them carefully before investing.*



**Board of Deferred Compensation Administration Members:**

**Eugene K. Canzano**  
Chairperson  
DWP Participant Representative  
**Richard Kraus**  
Vice Chairperson  
L.A. City Employees' Retirement System Participant Representative

**Cliff Cannon**  
Retired Participant Representative  
**Sangeeta Bhatia**  
Retirement Plan Manager  
DWP Retirement

**Sally Choi**  
General Manager  
L.A. City Employees' Retirement System  
**Michael A. Perez**  
General Manager  
Fire/Police Pensions

**John Mumma**  
Fire/Police Pensions Participant Representative  
**Margaret M. Whelan**  
General Manager  
Personnel Department  
**Vacant**  
Organized Labor Representative

**HAVE QUESTIONS? NEED INFORMATION?**

For information about the Plan and/or access to your account, contact Great-West Retirement Services in any of the following ways.

Web site: [www.cityofla457.com](http://www.cityofla457.com)<sup>†</sup>  
KeyTalk®: (888) 457-9460<sup>†</sup>

**CITY HALL**

200 N. Spring Street, Room 867  
Office hours: 8:00 a.m. to 4:00 p.m.

**DWP**

JFB Main Office Building  
111 N. Hope Street, Level A area  
Office hours: First and third Tuesday of each month, usually from 8:30 a.m. to 2:00 p.m.

For information about the Board, decisions made by the Plan and investment selection, contact:

**NATASHA GAMEROZ**  
(213) 978-1617  
The Board's Web site:  
<http://www.lacity.org/per/deferredcomp/DeferredComp.htm>

<sup>†</sup> 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.

**SEMINAR: THE RETIREMENT BOOM—GOOD NEWS AND BAD NEWS FOR BOOMERS NEARING RETIREMENT AGE**

This seminar discusses issues facing the wave of baby boomers nearing retirement age, including trends in retirement planning, Social Security benefits, working in retirement, and more.

LOCATION	DATE	TIME
City Hall, Room 1070, 10th Floor 200 N. Spring St., Los Angeles	May 11, 2010	10:00 a.m. and 1:00 p.m.
Marvin Braude Constituent Center Conference Room 1B, 1st Floor 6262 Van Nuys Blvd., Van Nuys	May 25, 2010	10:00 a.m. (office hours commence after the presentation until 2:00 p.m.)
Los Angeles World Airports HR Room 131 7303 World Way West, Los Angeles	May 27, 2010	10:00 a.m.
Harbor Department, Board Room 425 Palos Verdes St., San Pedro	June 8, 2010	10:00 a.m.
Playa Vista Library, Meeting Room 6400 Playa Vista Dr., Los Angeles	June 9, 2010	10:15 a.m.
Department of Water and Power John Ferraro Building (JFB), Auditorium 111 N. Hope St., Los Angeles	June 15, 2010	10:00 a.m.

**REQUIRED MINIMUM DISTRIBUTIONS REQUIRED FOR 2010**

Required Minimum Distributions (RMDs) generally are minimum amounts that a retirement plan account owner must withdraw annually starting with the year that he or she reaches 70½ years of age or, if later, the year in which he or she retires. The RMD rules apply to all employer-sponsored retirement plans, including profit-sharing plans, 401(k) plans, 403(b) plans and 457(b) plans.

Due to the challenging economic environment, the Worker, Retiree, and Employer Recovery Act of 2008 was signed into law on December 23, 2008. The Act waived 2009 RMDs, meaning an account owner who turned 70½ in 2009 was not required to take his or her first RMD (the 2009 RMD), which normally would have had to be distributed by April 1, 2010.

It's important to note that the 2009 RMD waiver does not affect RMDs required for 2010. Therefore, an account owner who turned 70½ in 2009 will still be required to take his or her second RMD by December 31, 2010.

Source: <http://www.irs.gov/retirement/article/0,,id=96989,00.html>

# CITY OF LOS ANGELES PREMIERE DEFERRED COMPENSATION PLAN

## INVESTMENT OPTION RETURNS AS OF MARCH 31, 2010

Current performance may be lower or higher than performance data shown. Performance data quoted represents past performance and is not a guarantee or a prediction of future results. For performance data current to the most recent month-end, please visit [www.cityofla457.com](http://www.cityofla457.com). The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain prospectuses for mutual funds, any applicable annuity contract and the annuity's underlying funds and/or disclosure documents from your registered representative. For prospectuses on Self-Directed Brokerage, contact Schwab PCRA at (888) 393-7272. Read them carefully before investing.

Average Annualized Returns as of March 31, 2010<sup>1</sup>

Variable Investment Options	YTD	1 Year	3 Years	5 Years	10 Yrs/Since Inception	Expense Ratio <sup>2</sup>	Inception Date
<b>Bond: Active<sup>3</sup></b>							
PIMCO Total Return Fund <sup>4</sup>	2.97%	15.49%	9.63%	7.54%	7.73%	0.64%	5/11/87
Benchmark Index: Barclays Capital Aggregate Bond	1.78%	7.69%	6.14%	5.44%	6.29%		
<b>Bond: Index<sup>3</sup></b>							
Vanguard Total Bond Market Index Fund Inst. <sup>4,5,6</sup>	1.73%	7.52%	6.20%	5.49%	6.11%	0.08%	9/18/95
Benchmark Index: Barclays Capital Aggregate Bond	1.78%	7.69%	6.14%	5.44%	6.29%		
<b>Large-Cap Stock: Active</b>							
Hartford Capital Appreciation HLS - CI IA <sup>4</sup>	5.30%	65.40%	-1.27%	6.18%	5.01%	0.67%	4/2/84
Benchmark Index: S&P 500 <sup>®</sup>	5.39%	49.77%	-4.17%	1.92%	-0.65%		
American Funds Investment Company of Amer A <sup>4</sup>	3.25%	43.32%	-3.51%	2.57%	2.46%	0.66%	1/2/34
Benchmark Index: Russell 1000 <sup>®</sup> Value	6.78%	53.55%	-7.33%	1.05%	3.10%		
American Funds Growth Fund of America A <sup>4</sup>	4.17%	45.94%	-2.25%	4.10%	1.10%	0.76%	11/30/73
Benchmark Index: Russell 1000 <sup>®</sup> Growth	4.65%	49.75%	-0.78%	3.42%	-4.21%		
<b>Large-Cap Stock: Index</b>							
Vanguard Institutional Index Plus Fund <sup>4,6</sup>	5.40%	49.94%	-4.08%	1.98%	-0.59%	0.03%	7/7/97
Benchmark Index: S&P 500 <sup>®</sup>	5.39%	49.77%	-4.17%	1.92%	-0.65%		
<b>Mid-Cap Stock: Index<sup>7</sup></b>							
Vanguard Mid Cap Index Institutional <sup>4,6</sup>	8.68%	66.67%	-3.34%	4.23%	5.89%	0.09%	5/21/98
Benchmark Index: MSCI <sup>®</sup> US Mid Cap 450	8.66%	66.68%	-3.38%	4.18%	3.57%		
<b>Mid-Cap Stock: Active<sup>7</sup></b>							
Lazard Mid Cap Institutional <sup>4</sup>	7.76%	64.59%	-5.01%	2.51%	7.21%	0.89%	11/3/97
Benchmark Index: Russell Midcap <sup>®</sup>	8.67%	67.71%	-3.30%	4.20%	4.84%		
<b>Small-Cap Stock: Index<sup>8</sup></b>							
SSgA Russell 2000 Index NL Fund - S <sup>6</sup>	8.76%	61.90%	-4.25%	3.02%	3.29%	0.06%	8/1/99
Benchmark Index: Russell 2000 <sup>®</sup>	8.85%	62.76%	-3.99%	3.36%	3.68%		
SSgA Russell 2000 Index SL Fund - C <sup>6</sup>	8.75%	61.89%	-4.25%	3.02%	3.25%	0.20%	10/1/96
Benchmark Index: Russell 2000 <sup>®</sup>	8.85%	62.76%	-3.99%	3.36%	3.68%		
<b>International Stock: Active<sup>9</sup></b>							
Fidelity Diversified International Fund <sup>4</sup>	0.61%	50.33%	-6.49%	3.87%	3.97%	1.01%	12/27/91
Benchmark Index: MSCI <sup>®</sup> EAFE <sup>®</sup>	0.87%	54.44%	-7.02%	3.75%	1.27%		
<b>International Stock: Index<sup>9</sup></b>							
DWS EAFE Equity Index Institutional Fund <sup>4,6</sup>	1.10%	53.99%	-7.24%	3.64%	0.74%	0.52%	1/24/96
Benchmark Index: MSCI <sup>®</sup> EAFE <sup>®</sup>	0.87%	54.44%	-7.02%	3.75%	1.27%		
<b>Profile Portfolios<sup>10</sup></b>							
Ultra-Conservative	1.92%	12.55%	N/A	N/A	3.88%	0.11%	1/8/08
Conservative	2.66%	20.93%	2.62%	4.64%	4.96%	0.14%	5/1/02
Moderate	3.83%	33.04%	0.22%	4.12%	4.80%	0.15%	5/1/02
Aggressive	4.55%	42.43%	-2.20%	3.41%	4.47%	0.18%	5/1/02
Ultra-Aggressive	5.27%	52.42%	N/A	N/A	-5.46%	0.20%	1/8/08
<b>Stable Value Option</b>							
Deferred Compensation Stable Value Fund <sup>5,11</sup>	0.88%	3.93%	4.52%	4.53%	4.92%	0.09%	9/1/85
<b>FDIC-Insured Savings Option</b>							
FDIC-Insured Savings Account	0.10%	N/A	N/A	N/A	0.21%	N/A	9/28/09
<b>Self-Directed Brokerage Option<sup>12</sup></b>							
Schwab Personal Choice Retirement Account <sup>®</sup> (PCRA) Self-Directed Brokerage Option							

# CITY OF LOS ANGELES PREMIERE DEFERRED COMPENSATION PLAN

## Benchmark Indices

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Barclays Capital Aggregate Bond	An unmanaged index considered indicative of the broad fixed income market in general (formerly the Lehman Brothers Aggregate Bond Index).
MSCI® EAFE®	The MSCI® EAFE® Index is a trademark of Morgan Stanley Capital International Inc., and is an unmanaged index considered indicative of foreign equity markets in general.
MSCI® US Mid Cap 450	The MSCI® US Mid Cap 450 Index represents the universe of medium-capitalization companies in the U.S. equity market. MSCI® is a trademark of Morgan Stanley Capital International Inc.
Russell 2000®	The Russell 2000® is a trademark of the Frank Russell Company and measures the performance of the smallest 2,000 companies in the Russell 3000 Index (the 3,000 largest U.S. companies by market capitalization), representing about 7% of the Russell 3000 total market capitalization.
Russell Midcap®	The Russell Midcap® is a trademark of the Frank Russell Company and measures the performance of approximately 800 of the smallest securities in the Russell 1000® Index. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies.
Russell 1000® Value	The Russell 1000® Value Index is a trademark of the Frank Russell Company and is considered indicative of the domestic large-cap equity value market.
Russell 1000® Growth	The Russell 1000® Growth Index is a trademark of the Frank Russell Company and is considered indicative of the domestic large-cap equity growth market.
Standard & Poor's 500®	The S&P 500® is a trademark of the McGraw-Hill Co., and consists of 500 stocks chosen for market size, liquidity and industry group representation. It is one of the most widely used benchmarks of U.S. equity performance and is considered indicative of the domestic large-cap equity market.

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## DISCLOSURES

- <sup>1</sup> The average annual and calendar year returns for the funds reflect actual total returns for each fund, net of fund operating expenses. Any administrative fees or expenses charged will reduce the overall rate of return.
- <sup>2</sup> Actual fund expense ratio may be less if the fund currently offers a waiver or reimbursement of a portion of this expense.
- <sup>3</sup> A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.
- <sup>4</sup> Mutual fund investment option.
- <sup>5</sup> Transfer restrictions may apply. Check the Fund Fact Sheet for further information.
- <sup>6</sup> A benchmark index is not actively managed, does not have a defined investment objective, and does not incur fees or expenses. Therefore, performance of an index fund will generally be less than its benchmark index. You cannot invest directly in a benchmark index.
- <sup>7</sup> Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.
- <sup>8</sup> Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
- <sup>9</sup> Foreign investments involve special risks, including currency fluctuations and political developments.
- <sup>10</sup> The Profiles include investment options directly available to your Plan. For more information about the Profiles, including the eligible underlying portfolios, review the Fund Data Sheets or contact your registered representative.
- <sup>11</sup> Formerly the Galliard Stable Value Fund.
- <sup>12</sup> Participants choosing the Schwab PCRA Self-Directed Account will be charged an additional annual administrative fee of \$50. These securities are not offered through GWFS Equities, Inc.

## Transfer Restrictions

Transfers out of the Deferred Compensation Stable Value Fund must be invested in a variable investment option for a minimum of 90 days prior to investing any funds in the FDIC-Insured Savings Account. Transfers may not be made directly from the Deferred Compensation Stable Value Fund to the FDIC-Insured Savings Account.

## Core securities (except Schwab PCRA), when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Securities available through Schwab Personal Choice Retirement Account® (PCRA) are offered through Charles Schwab & Co., Inc. (Member SIPC), a registered broker-dealer. Additional information can be obtained by calling (888) 393-7272. Charles Schwab & Co., Inc. and GWFS Equities, Inc. are separate and unaffiliated. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Core investment options offered through separately managed accounts and mutual funds. GWFS Equities, Inc., or one or more of its affiliates, may receive a fee from the investment option provider for providing certain recordkeeping, distribution and administrative services. Great-West Retirement Services®, Online File Cabinet® and KeyTalk® are registered service marks of Great-West Life & Annuity Insurance Company. Not intended for use in New York. ©2010 Great-West Life & Annuity Insurance Company. All rights reserved. Form# CB1003N (4/10) PT102229