



IN THE SPOTLIGHT:

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City of Los Angeles Quarterly Newsletter

April 2013

AGE 70½: WHAT REACHING THIS AGE MEANS FOR YOUR RETIREMENT

At age 70½ in your retirement, you must begin to take required distributions from your Deferred Compensation account at a minimum rate required by federal law. This is a requirement set within the Internal Revenue Code. The purpose of the requirement is to ensure that you are withdrawing your funds (and paying any required taxes) at a rate that will exhaust your account over your life expectancy. The Internal Revenue Service (IRS) can impose a 50% excise penalty tax on amounts that were required to be taken as a minimum required distribution but were not.

You must receive the minimum amount required at your required beginning date (RBD). Your RBD is April 1 of the calendar year following the calendar year in which you reach age 70½ or when you sever employment with the City of Los Angeles, whichever occurs later.

There are several payment methods you can choose to meet the minimum distribution requirement (MDR):

- **Automated Minimum Distribution Request.** You may elect to receive the minimum annual payment required under current U.S. Treasury regulations by authorizing Great-West Retirement Services®, a division of Great-West FinancialSM (Great-West Financial), to calculate the minimum each year and make payments to you.
- **Partial Lump-Sum Distributions.** You may elect to take a partial lump-sum distribution each year in an amount sufficient to meet the MDR. You are solely responsible for determining the amount that will satisfy the MDR.
- **Periodic Payments.** You may elect installment payments from your account for a fixed dollar amount or for a fixed number of years. However, neither payment selection may exceed your life expectancy. You are solely responsible for determining the amount that will satisfy the MDR.

- **Full Lump-Sum Distribution.** If you take a single lump-sum distribution of your entire account balance on or before your RBD, you will meet the MDR.

Things to remember:

- While Great-West Financial will remind you annually of the MDR, you are solely responsible for ensuring that distributions are elected in a timely manner.
- You should consider (and perhaps consult with a tax advisor about) drawing down your account before you turn 70½. Waiting until you are required to begin taking your MDR may result in higher total tax payments, particularly if you have a large account balance.
- Periodic payments may be adjusted at the time you request the minimum required distribution if the previous periodic payment amount was not enough to cover the MDR.
- If you are still working for the City of Los Angeles and are age 70½ or older, you would not begin your minimum distribution until you have terminated employment with the City.

For Your Beneficiary

Your elected beneficiary will receive any remaining funds in your account upon your death. The Plan highly recommends that you advise your beneficiary that you have left this money to him or her in the event of your passing, because it is the beneficiary's responsibility to contact the Plan and request distribution. Not only will it help ensure your money is being passed on to the person you wish, but it also helps your beneficiary assess the rules and options he or she has for taking distribution.

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AGE 70½: WHAT REACHING THIS AGE MEANS FOR YOUR RETIREMENT (CONTINUED)

Note: Please remember to review and inform Great-West Financial of any beneficiary changes as soon as possible. To change your beneficiary, log on to the website at www.cityofla457.com and click on "Change Account," then "Change Beneficiary." You can also call KeyTalk® to order a Beneficiary Designation Form. Changes you make to beneficiary designations for other benefits (e.g., your retirement/pension benefits, life insurance, etc.) are not reported to the City's Plan and have no relationship to the designations made for the City's Plan. and have no relationship to, the designations made for the City's Plan.

The following table illustrates the options available to your beneficiary upon your death.

BALANCE MAY BE RECEIVED IN ONE OF THE FOLLOWING WAYS¹:

	Beneficiary is spouse only	Beneficiary is non-spouse	Beneficiary is non-individual (i.e., estate, trust, charity, etc.)
Defer Payment	Yes	Yes	No
Full Lump Sum	Yes	Yes	Yes
Partial Lump Sum	No	No	No
Periodic Payments	Yes ²	Yes ²	Yes ²
Roll Over to Another Plan	Yes	Yes ³	No

1 This table only applies if the participant dies prior to age 70½.

2 The IRS requires beneficiaries to take a minimum payment based on a period of no longer than the beneficiary's life expectancy. Rules may vary depending on the type of beneficiary. Please contact your representative for further details.

3 Non-spouse beneficiaries may roll balances only into an inherited IRA. If the non-spouse beneficiary does not elect periodic payments, distribution is required within five years of the date of death for balances which are rolled over into an inherited IRA.

Rules regarding beneficiary options become more complex when a participant dies after 70½. Please contact the Plan for further information.

This article was prepared by your Plan Sponsor and is being provided to you at the request of your Plan Sponsor. For additional information concerning this material, please contact the City of Los Angeles Deferred Compensation Plan. The City of Los Angeles Deferred Compensation Plan is not affiliated with Great-West Life & Annuity Insurance Company or any of its subsidiaries or affiliates. Neither Great-West Life & Annuity Insurance Company nor any of its subsidiaries or affiliates have reviewed or approved this article or are responsible for providing updated information with respect to this article.

FUND CHANGE: DCP MID-CAP STOCK FUND⁴

The Deferred Compensation Plan is pleased to announce that effective March 14, 2013, the underlying investment option for the DCP Mid-Cap Stock Fund⁴ was replaced with a lower cost version of the same fund.

The **Vanguard Mid-Cap Index Fund – Institutional Shares (VMCIX)** was replaced with the **Vanguard Mid-Cap Index Fund – Institutional Plus Shares (VMCPX)**. The Vanguard Mid-Cap Index Fund Institutional Plus Shares will now be the underlying investment fund for the DCP Mid-Cap Stock Fund. As such, the expense ratio for the DCP Mid-Cap Stock Fund was reduced from 0.08% to 0.06%. This change took place automatically, and the account balances in the DCP Mid-Cap Stock Fund remained fully invested during the change.

For more information, please visit www.cityofla457.com and click on the Fund Options tab at the top of the page. There you will find performance information, the fund overview, and prospectuses.

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

⁴ Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.

PARTICIPANT CORNER
MEET: ELIA SUN

Civil Engineering Associate, DWP



Elia Sun just celebrated his 32nd year of working for the City of Los Angeles. He has been contributing to the Deferred Compensation Plan for about 26 years and is glad to say that his plan for retirement is on track!

Planning for the Trip

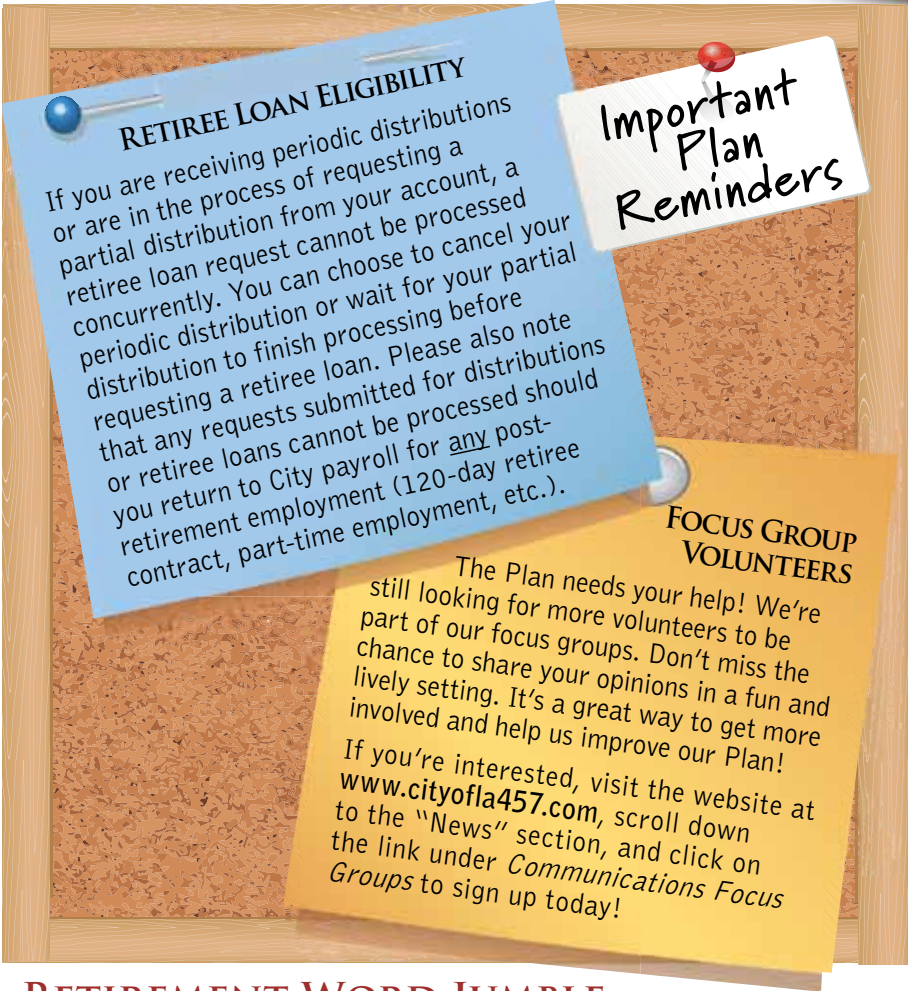
Elia began making the minimum contribution when he first began with the Plan, following a co-worker’s advice and realizing he should enroll. After several years, he began slowly increasing his contributions, with consideration to his efforts for saving and paying regular expenses like his mortgage.

He admits that while he didn’t have a solid plan for retirement early in his career, his strategy took shape gradually around his ability to contribute to the Plan and by recognizing that the Deferred Compensation Plan is a long-term plan. This long-term perspective helped him weather the 2008 crisis as he maintained his investment choices; he believed that losses would be smoothed out over a long-term period. He is also now participating in the Plan’s catch-up program, which allows him to make up some of the contributions he missed earlier in his career.

Ready to Ride

Elia’s retirement benefit from DWP will replace a significant percentage of what he’s making, but his objective is to have 100% replacement of his income. To meet that goal, he’s planning to set up a monthly periodic payment from his Deferred Compensation Plan account that will cover the difference. Additionally, he plans on taking a loan from his account to pay for his daughter’s college tuition in the coming years. The loan payments and interest will go back into his account so that he will be able to maintain his savings for retirement.

Elia plans on retiring in approximately three years, with about 35 years of service. Congratulations, Elia, and best wishes!



RETIREE LOAN ELIGIBILITY
If you are receiving periodic distributions or are in the process of requesting a partial distribution from your account, a retiree loan request cannot be processed concurrently. You can choose to cancel your periodic distribution or wait for your partial distribution to finish processing before requesting a retiree loan. Please also note that any requests submitted for distributions or retiree loans cannot be processed should you return to City payroll for any post-retirement employment (120-day retiree contract, part-time employment, etc.).

Important Plan Reminders

FOCUS GROUP VOLUNTEERS
The Plan needs your help! We’re still looking for more volunteers to be part of our focus groups. Don’t miss the chance to share your opinions in a fun and lively setting. It’s a great way to get more involved and help us improve our Plan!
If you’re interested, visit the website at www.cityofla457.com, scroll down to the “News” section, and click on the link under *Communications Focus Groups* to sign up today!

RETIREMENT WORD JUMBLE

By reading this quarter’s newsletter closely, you’ll have an advantage unscrambling the following words.

Scrambled / Clue	Your Answer
isibdonutitr <i>Another term for an account withdrawal.</i>	
yebfaicneir <i>Something you designate.</i>	
pdmica <i>The new Vanguard fund invests in this type of stocks.</i>	
tonveluer <i>A focus group participant.</i>	
seweitb <i>It’s getting an upgrade.</i>	
muusmpl <i>A distribution that’s full or partial (two words).</i>	
gneginnib <i>It’s the “B” in RBD.</i>	

CITY OF LOS ANGELES PREMIERE DEFERRED COMPENSATION PLAN
INVESTMENT OPTION RETURNS AS OF MARCH 31, 2013

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. 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, 2013¹

Variable Investment Options	YTD	1 Year	3 Years	5 Years	10 Yrs/Since Inception	Expense Ratio ²	Inception Date
FDIC-Insured Savings Option							
FDIC-Insured Savings Account	0.11%	0.43%	0.42%	N/A	0.42%	N/A	9/28/09
Stable Value Option							
Deferred Compensation Stable Value Fund ³	0.62%	2.76%	3.16%	3.64%	4.08%	0.28%	9/1/85
Profile Portfolios ⁴							
Ultra-Conservative	1.72%	5.95%	5.92%	5.20%	5.05%	0.19%	1/8/08
Conservative	3.34%	8.10%	7.40%	5.48%	6.56%	0.22%	5/1/02
Moderate	5.93%	10.40%	9.10%	5.67%	7.79%	0.18%	5/1/02
Aggressive	7.34%	11.82%	9.91%	5.18%	8.49%	0.18%	5/1/02
Ultra-Aggressive	8.76%	13.20%	10.66%	4.54%	3.48%	0.18%	1/8/08
Bond: Active ⁵							
DCP Bond Fund ⁶	0.27%	5.89%	6.23%	6.60%	5.82%	0.26%	4/20/12
Benchmark Index: Barclays Capital Aggregate Bond ⁷	-0.12%	3.77%	5.52%	5.47%	5.02%	0.00%	
Large-Cap Stock: Index							
DCP Large Cap Fund ⁶	10.60%	13.97%	12.68%	5.87%	8.57%	0.02%	4/20/12
Benchmark Index: S&P 500 ^{®7}	10.61%	13.96%	12.67%	5.81%	8.53%	0.00%	
Mid-Cap Stock: Index ⁸							
DCP Mid Cap Fund ⁶	12.90%	15.48%	14.08%	8.10%	11.92%	0.08%	4/20/12
Benchmark Index: CRSP US Mid Cap Index ⁷	12.85%	15.45%	N/A	N/A	N/A	0.00%	
Small-Cap Stock: Index ⁹							
SSgA Russell Small Cap Index NL Fund - S ⁶	12.35%	16.19%	13.37%	8.12%	11.17%	0.06%	8/1/99
Benchmark Index: Russell 2000 ^{®7}	12.39%	16.30%	13.45%	8.24%	11.52%	0.00%	
International Stock: Active ¹⁰							
Fidelity Diversified International Fund ¹¹	4.41%	10.71%	5.42%	-1.19%	9.87%	1.01%	12/27/91
Benchmark Index: MSCI [®] EAFE ^{®7}	5.13%	11.25%	5.00%	-0.89%	9.69%	0.00%	
International Stock: Index ¹⁰							
DWS EAFE Equity Index Institutional Fund ¹¹	4.23%	10.73%	4.79%	-1.05%	9.29%	0.50%	1/24/96
Benchmark Index: MSCI [®] EAFE ^{®7}	5.13%	11.25%	5.00%	-0.89%	9.69%	0.00%	

Self-Directed Brokerage Option¹²

Schwab Personal Choice Retirement Account® (PCRA) Self-Directed Brokerage Option

CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN

Benchmark Indices

Barclays Capital Aggregate Bond	An unmanaged index considered indicative of the broad fixed income market in general (formerly the Lehman Brothers Aggregate Bond Index).
Standard & Poor's 500®	S&P 500® Index is a registered trademark of Standard & Poor's Financial Services LLC, 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.
CRSP US Mid Cap Index	CRSP Indices capture broad U.S. equity market coverage and include securities traded on NYSE, AMEX, NASDAQ or ARCA. Nearly 4,000 constituents across mega, large, mid, small and micro capitalizations, representing nearly 100% of the U.S. investable equity market, comprise the market cap indices.
S&P MidCap 400®	S&P MidCap 400 Index is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market. The index was developed with a base level of 100 as of December 31, 1990.
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.
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.

DISCLOSURES

¹ 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. If returns are shown prior to the inception date of the current share class, they are hypothetical and based on the initial share class (adjusted to reflect the fees and charges associated with the current share class).

² Actual fund expense ratio may be less if the fund currently offers a waiver or reimbursement of a portion of this expense.

³ Transfer restrictions may apply. Check the Fund Fact Sheet for further information. Formerly the Galliard Stable Value Fund.

⁴ The Profiles include investment options not 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. Asset allocation funds may be subject to a fund operating expense at the fund level, as well as prorated fund operating expenses of each underlying fund in which they invest. For more information, please refer to the fund prospectus.

⁵ 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.

⁶ Mutual fund investment option. Refer to the Fund Fact Sheet for information about the fund's underlying provider.

⁷ A benchmark index is not actively managed, does not have a defined investment objective, and does not incur fees or expenses. Therefore, performance of a fund will generally be less than its benchmark index. You cannot invest directly in a benchmark index.

⁸ Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.

⁹ Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.

¹⁰ Foreign investments involve special risks, including currency fluctuations and political developments.

¹¹ Mutual fund investment option.

¹² 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, when offered, are offered through GWFS Equities, Inc. GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

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RETIREMENT WORD JUMBLE ANSWERS FROM PAGE 3

1. Distribution
2. Beneficiary
3. Midcap
4. Volunteer
5. Website
6. Lump Sum
7. Beginning



Board of Deferred Compensation Administration Members:

Eugene K. Canzano
Chairperson
DWP Participant Representative

John R. Mumma
Vice-Chairperson
Fire/Police Pension Participant Representative

Michael Amerian
L.A. City Employees' Retirement System Participant Representative

Cliff Cannon
Retired Participant Representative

Sangeeta Bhatia
Retirement Plan Manager
DWP Retirement

Tom Moutes
General Manager
L.A. City Employees' Retirement System

William Raggio
Interim General Manager
Fire/Police Pensions

Margaret M. Whelan
General Manager
Personnel Department

Robert Schoonover
Organized Labor Representative

HAVE QUESTIONS? NEED INFORMATION?

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

Website: www.cityofla457.com⁵
KeyTalk®: (888) 457-9460⁵

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 8:00 a.m. to 4:00 p.m.

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

PERSONNEL/EMPLOYEE BENEFITS DIVISION
(213) 978-1586

The Board's Website:
http://per.lacity.org/DeferredComp/Deferred_Comp_Main_Page.htm

⁵ Access to KeyTalk and the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

COMING SOON ...

NEW WEBSITE ENHANCEMENTS

As we mentioned in last quarter's newsletter, your City of Los Angeles Deferred Compensation Plan website is being redesigned to include a range of upgrades and enhancements.

New Website Features:

- **Easier to find information** – Access to tools and information on the website is streamlined with the new tile-based design.
- **Easier to learn** – The new site will provide interactive tools to help you determine your retirement income replacement percentage and explore the primary factors that can help keep your Deferred Compensation Plan account in good shape.
- **Easier to take action** – Making changes to your account and managing your account are quicker and easier than ever before.



More Information to Come

Stay tuned to the quarterly newsletter and the website for more information.