



IN THE SPOTLIGHT:

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City of Los Angeles Quarterly Newsletter

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PACK SOME EXTRA DOLLARS FOR YOUR RETIREMENT JOURNEY

Some people pack too many clothes before they take a trip, but it's hard to pack too many retirement dollars before setting off for retirement. Here are a few ways to stuff your deferred compensation suitcase as departure time nears.

- **CATCH-UP CONTRIBUTIONS:** Catch-Up allows you to contribute up to twice the normal contribution limit for three consecutive years. To be eligible, you must have amounts from prior years that you were eligible to contribute to the Plan but did not, and you must be within three years of being able to retire without penalty.

The Catch-Up contribution limit in 2012 is \$34,000.

Your limit may be less depending on the total of under-contributed amounts from prior years. Enrollment through a form is required.

- **AGE-50+ CONTRIBUTION LIMIT:** Those age 50 or older have a higher contribution limit (\$22,500) than those below age 50 (\$17,000). Unlike Catch-Up, you don't need to have under-contributed in prior years—you're eligible for the higher limit simply by virtue of meeting the age requirement. Enrollment is not required; you simply increase your contribution to match the higher limit. You are first eligible in the calendar year in which you turn 50, even if your birthday hasn't occurred yet.¹
- **ACCRUED LEAVE DEFERRAL:** Employees receiving special payouts of unused sick and vacation time upon retirement/separation from service can defer some or all of those amounts into the Deferred Compensation Plan, subject to annual contribution limits. Enrollment through a form is required.



With all of these ways to save additional dollars, you have the option of contributing on a pre-tax basis (meaning you'll pay tax on contributions when you take distribution) or after-tax basis (meaning you will not owe taxes on investment gains). If you haven't yet opened up an after-tax, or "Roth," account with the Plan, these contribution options might be great opportunities to do so.

To learn more or enroll in Catch-Up or Accrued Leave, feel free to visit our Plan Service Center representatives located in City Hall, Room 867. The Center is open Monday through Friday from 8:00 a.m. through 4:00 p.m. If you are not in the Civic Center area, please contact Great-West Retirement Services® (Great-West) at (888) 457-9460 and ask to speak to a local representative.²

¹ You cannot use the standard Catch-Up provision and Age 50+ Catch-Up provision in the same year.

² Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

HAVING FUN WITH FEE DISCLOSURE

The U.S. Department of Labor recently enacted new rules regarding retirement plan fee disclosure. Although these rules do not technically apply to the City's Deferred Compensation Plan, the City is voluntarily complying. One feature of the rules involves an annual notice providing a general overview of the Plan and its expenses. To make this notice a little more engaging, we've added a word-search puzzle, which includes terms found within the disclosure. Read through the following and then try your hand at the puzzle. Who said fee disclosure can't be fun?

WORD SCRAMBLER

Ten terms from our fee disclosure article are hidden within this word scrambler. They can be spelled forward, backward and diagonally. See if you can find all of them.

admin	fee	pretax	website
aftertax	investment	rollover	
disclose	loan	trust	

X	A	R	W	B	V	Q	T	R	U	S	T
H	E	O	E	Y	I	R	M	I	W	H	C
D	E	L	B	N	N	A	W	N	A	Z	Z
J	F	L	S	I	E	Q	E	V	L	Q	B
L	L	O	I	M	V	E	P	E	O	X	I
P	B	V	T	D	E	R	C	S	A	C	E
W	W	E	E	A	E	D	Q	T	N	D	Q
J	B	R	U	T	C	P	R	M	N	S	Q
P	V	Q	A	A	H	E	P	E	X	L	C
O	X	X	X	K	T	F	X	N	K	Z	D
I	Q	S	F	F	T	Y	P	T	K	J	M
E	E	K	A	D	I	S	C	L	O	S	E

The **City of Los Angeles Deferred Compensation Plan ("DCP" or "the Plan")** is a voluntary program allowing eligible City employees to supplement existing retirement/pension benefits by saving and investing before-tax and/or after-tax dollars through voluntary salary deferral. The Plan is a governmental deferred compensation plan established under Section 457(b) of the U.S. Internal Revenue Code.

Full-time City employees who are members of one of the City's retirement or pension systems are eligible to enroll. Contributions up to the applicable annual limits are automatically deducted from your biweekly paychecks and deposited to your investment selections. The Plan offers a variety of investment choices, including savings investment options, bond mutual funds and stock mutual funds. The Plan also offers a self-directed brokerage option that provides access to additional mutual fund choices and individual securities for an additional fee.

All Plan assets are held in trust for the exclusive benefit of Plan participants; this means that Plan assets are not subject to the claims of City creditors in the event of a municipal bankruptcy. You're eligible to request distribution from your account once you separate from City service or retire from City service. While working, the Plan also allows for loans from your account and hardship withdrawals for situations that meet federal requirements.

There are three general categories of fees associated with the City's Plan:

1. Administrative fees, which pay for record keeping, trustee services, the Plan website and call center, and other services associated with administering the Plan;
2. Investment management expenses, which vary depending on the particular investment options you choose for your account; and
3. Transaction fees, which apply to certain optional individual transactions, such as loans and rollovers.

The following table provides fuller detail regarding fees associated with the City's Plan.

General Administrative Services Expense

FEE TYPE	ANNUAL AMOUNT	QUARTERLY AMOUNT	FREQUENCY	DESCRIPTION
Administrative Fee	0.10% on first \$125,000 of balance \$1 per \$1,000	0.025% on first \$125,000 of balance \$0.25 per \$1,000	Quarterly	An annual fee of 0.10% will be charged for the first \$125,000 of your balance for the administration of your account. You will not pay any fees on balances greater than \$125,000. The maximum administrative fee in a calendar year is \$125. The fee is deducted quarterly on a prorated basis from each of your investment options.

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HAVING FUN WITH FEE DISCLOSURE (CONTINUED)

Participant-Elected Services Expenses

SERVICE	FEE	FREQUENCY	DESCRIPTION
LOANS			
Loan Origination Fee	\$50	Per request	This fee is applied each time you request a loan from your retirement account and is taken from the proceeds of the loan.
Ongoing Loan Fee	\$25	Annually (deducted quarterly)	This fee is charged for the maintenance of each outstanding loan (participants may have up to two outstanding loans at one time).
INCOMING TRANSFER			
Incoming Rollover Account Transfer Fee	\$25	Annually (deducted quarterly)	Retirement funds from another employer's eligible governmental 457(b), 401(a), 401(k) or 403(b) plan, or from your personal traditional IRA, may be rolled into the Plan. You will be provided with a consolidated statement for the various funds you choose to roll into the Plan and have access to the same investment choices available for any contributions to the Plan.
DEFERRED RETIREMENT OPTION PLAN (DROP) – Sworn Only			
DROP Account Administrative Fee	\$25	Annually (deducted quarterly)	DROP funds may be rolled into the Plan but the funds will be maintained separately. You will be provided with a consolidated statement and will have access to the same investment choices available for any contributions to the Plan.
SELF-DIRECTED BROKERAGE			
Self-Directed Brokerage Option (SDBO) Account Maintenance Fee	\$50	Annually (deducted quarterly)	Additional investment options and individual securities are available through the Plan's SDBO offered through Schwab. For more information about associated expenses or transaction fees through the SDBO, please contact Schwab at (888) 393-7272. You must maintain a minimum of \$2,500 in the Plan's core options. Transfers from your DCP account to the SDBO must be a minimum of \$1,000.

Investment Fee Summary

The table below summarizes the investment fees associated with investment options available through the Plan.

INVESTMENT OPTION	EXPENSE RATIO	DOLLAR VALUE OF FEES PER \$1,000 INVESTED	OTHER INVESTMENT-RELATED FEES & RESTRICTIONS
FDIC-Insured Savings Option	n/a	n/a	n/a
DCP Stable Value Fund	0.09%	\$0.90	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.
Ultra-Conservative Profile Fund	0.09%	\$0.90	n/a
Conservative Profile Fund	0.11%	\$1.10	n/a
Moderate Profile Fund	0.12%	\$1.20	n/a
Aggressive Profile Fund	0.14%	\$1.40	n/a
Ultra-Aggressive Profile Fund	0.17%	\$1.70	n/a
DCP Bond Fund	0.26%	\$2.60	Frequent trading limitation: A transfer INTO the DCP Bond Fund will not be permitted if a prior transfer was made OUT of this fund in the last 60 days.
DCP Large-Cap Fund	0.02%	\$0.20	Frequent trading limitation: A transfer INTO the DCP Large-Cap Fund will not be permitted if a prior transfer was made OUT of this fund in the last 60 days.
DCP Mid-Cap Fund	0.08%	\$0.80	Frequent trading limitation: A transfer INTO the DCP Mid-Cap Fund will not be permitted if a prior transfer was made OUT of this fund in the last 60 days.
SSgA Russell Small Cap Index NL Series S Fund	0.06%	\$0.60	n/a
Fidelity Diversified International Fund	0.90%	\$9.00	Redemption fee: 1% (\$10 per \$1,000) on redemption proceeds for shares held less than 30 days.
DWS EAFE Equity Fund	0.50%	\$5.00	Redemption fee: 2% (\$20 per \$1,000) on redemption proceeds for shares held less than 15 days.
Self-Directed Brokerage Option	Varies depending on investment options selected by the participant.		

Additional information and tools are located online at www.cityofla457.com, or you can speak with a Great-West representative by calling (888) 457-9460.²

² Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

INVESTMENT OPTION RETURNS AS OF JUNE 30, 2012

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 June 30, 2012¹

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	0.20%	0.40%	N/A	N/A	0.41%	N/A	9/28/09
Stable Value Option							
Deferred Compensation Stable Value Fund ³	1.46%	3.09%	3.43%	3.96%	4.26%	0.09%	9/1/85
Profile Portfolios ⁴							
Ultra-Conservative	2.96%	4.54%	6.85%	N/A	4.73%	0.09%	1/8/08
Conservative	4.08%	3.20%	8.86%	3.89%	5.20%	0.11%	5/1/02
Moderate	5.53%	1.56%	11.35%	2.37%	5.19%	0.12%	5/1/02
Aggressive	6.15%	-0.40%	12.62%	0.63%	4.92%	0.14%	5/1/02
Ultra-Aggressive	6.74%	-2.40%	13.84%	N/A	0.31%	0.17%	1/8/08
Bond: Active ⁵							
DCP Bond Fund ⁶	N/A	N/A	N/A	N/A	1.41%	0.26%	4/20/12
Benchmark Index: Barclays Capital Aggregate Bond ⁷	2.37%	7.47%	6.93%	6.79%	5.63%	0.00%	
Large-Cap Stock: Index							
DCP Large Cap Fund ⁶	N/A	N/A	N/A	N/A	-0.73%	0.02%	4/20/12
Benchmark Index: S&P 500 ⁹⁷	9.49%	5.45%	16.40%	0.22%	5.33%	0.00%	
Mid-Cap Stock: Index ⁸							
DCP Mid Cap Fund ⁶	N/A	N/A	N/A	N/A	-3.43%	0.08%	4/20/12
Benchmark Index: S&P MidCap 400 Index ⁷	7.90%	-2.33%	19.36%	2.55%	8.21%	0.00%	
Small-Cap Stock: Index ⁹							
SSgA Russell Small Cap Index NL Fund - S ⁷	8.51%	-2.11%	17.65%	0.37%	6.66%	0.06%	8/1/99
Benchmark Index: Russell 2000 ⁹⁷	8.53%	-2.08%	17.80%	0.54%	7.00%	0.00%	
International Stock: Active ¹⁰							
Fidelity Diversified International Fund ¹¹	5.92%	-11.58%	6.80%	-5.46%	6.08%	0.90%	12/27/91
Benchmark Index: MSCI® EAFE ⁹⁷	2.96%	-13.83%	5.96%	-6.10%	5.14%	0.00%	
International Stock: Index ¹⁰							
DWS EAFE Equity Index Institutional Fund ^{7,11}	3.59%	-14.05%	5.83%	-6.14%	4.77%	0.50%	1/24/96
Benchmark Index: MSCI® EAFE ⁹⁷	2.96%	-13.83%	5.96%	-6.10%	5.14%	0.00%	

Self-Directed Brokerage Option¹²

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

CITY OF LOS ANGELES PREMIERE DEFERRED COMPENSATION PLAN

Benchmark Indices

Barclays Capital Aggregate Bond ⁵	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.
S&P MidCap 400 Index ⁸	S&P MidCap 400 Index is a capitalization-weighted index which 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 ^{®9}	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 ^{®10}	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. and/or other broker dealers. GWFS Equities, Inc. is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Great-West Retirement Services[®] refers to products and services provided by Great-West Life & Annuity Insurance Company, FAScore, LLC (FAScore Administrators, LLC in California) and their subsidiaries and affiliates. Not intended for Plans whose situs is in New York. Core investment options are 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. 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[®] and KeyTalk[®] are registered trademarks of Great-West Life & Annuity Insurance Company. ©2012 Great-West Life & Annuity Insurance Company. All rights reserved. Form# CB1003N (07/12) PT152149



**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
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 Retirement Services® in any of the following ways:

Website: www.cityofla457.com³

KeyTalk®: (888) 457-9460³

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:

NATASHA GAMEROZ
(213) 978-1617

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

ELECTIONS & APPOINTMENTS - BOARD OF DEFERRED COMPENSATION ADMINISTRATION

An election for two seats on the Board of Deferred Compensation Administration took place on May 11, 2012. **Eugene K. Canzano** was re-elected to the seat representing participants of the Plan who are active DWP employees, and **Cliff Cannon** was re-elected to the seat representing participants who have retired or otherwise separated from City service. Terms begin July 1, 2012, and end June 30, 2015.

Additionally, the Board also welcomes a new member, **William Raggio**. Mr. Raggio is the interim General Manager for the Department of Fire and Police Pensions, replacing retiring former General Manager and Board member Michael Perez.

If you'd like additional information regarding the Board, please visit the Board's website at http://per.lacity.org/DeferredComp/Deferred_Comp_Main_Page.htm. A link to this site is also found on the Great-West website, www.cityofla457.com.



CYBER SMARTS WEB TIP: PORTFOLIO EXPENSE CALCULATOR

To help you understand the impact of fees associated with your investment choices, you can use the Portfolio Expense Calculator available on the website. Log in to your account, click on "Tools" and then on the "Portfolio Expense Calculator" link.

This calculator will help you review and compare expenses for individual investment options or a portfolio of options currently offered in your Plan.

Remember, all investments come with fees. The Plan strives to select funds with the lowest possible fees to help you maximize your retirement income potential.

³ Access to KeyTalk and the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.