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City of Los Angeles Quarterly Newsletter **January 2011**

SHARE CLASS CHANGE FOR TWO AMERICAN FUNDS INVESTMENT OPTIONS

Effective March 4, 2011, the existing two American Funds in the Plan will transition to a different share class, which will result in a fee reduction and change the manner in which fees are assessed against participant accounts.

FUND NAME	CURRENT TICKER SYMBOL: A SHARE CLASS	CURRENT EXPENSE RATIO: A SHARE CLASS	NEW TICKER SYMBOL: R6 SHARE CLASS	NEW EXPENSE RATIO: R6 SHARE CLASS
American Funds Growth Fund of America	AGTHX	0.69% (with 0.30% reimbursed to participants after initial fee assessment for a net fee of 0.39%)	RGAGX	0.34% (with 0% reimbursed)
American Funds Investment Company of America	AIVSX	0.66% (with 0.30% reimbursed to participants after initial fee assessment for a net fee of 0.36%)	RICGX	0.33% (with 0% reimbursed)

For investors in these funds, you will see the change in your account showing the transfer of shares and assets from the higher expense funds to the lower expense funds. In addition, previously American Funds rebated 0.30% of the expense back to participants who held shares in these funds—in other words, those participants received some expense savings in the form of additional shares rather than a reduced expense. With the move to the new share class, participants will receive the expense reduction directly via the reduced expense ratio which results in the rebate no longer being necessary.

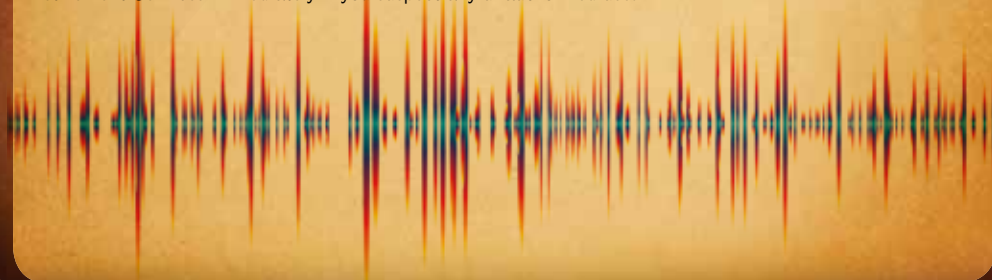
Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information you may obtain prospectuses for mutual funds, any applicable annuity contract and the annuity's underlying funds and/or disclosure documents from your registered representative.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

KEYTALK® ENHANCEMENTS COMING SOON



During the first quarter of 2011, KeyTalk will be enhanced with speech recognition capabilities. You can now speak a request or press menu options at your preference. Along with this new functionality, other highlights include new authentication alternatives in the event you do not have a PIN number[†] and the ability to request a statement or form. The enhancements will be phased in beginning February, 2011 with the rollout completed by the end of March, 2011. The KeyTalk number for the Plan, (888) 457-9460[†], will remain the same.

[†]The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.



HOW MUCH CAN I CONTRIBUTE IN 2011?

In 2011, you have an opportunity to save toward your retirement and make up for lost time with contribution limits up to \$33,000. How much can you contribute within IRS limits? The table below shows you.

2011 CONTRIBUTION LIMITS		
Annual Limit	Age 50+ Limit for participants age 50 or older	Special Catch-Up three years prior to normal retirement
\$16,500	\$22,000	\$33,000

ANNUAL LIMIT: The minimum biweekly contribution amount to participate in the City of Los Angeles Deferred Compensation Plan is \$15. You can contribute a maximum of 100% of your includible compensation, not to exceed the annual IRS limit of \$16,500 in 2011.

AGE 50+ LIMIT: If you are age 50 or older during the 2011 calendar year (or turn age 50 at any point in 2011), your contribution limit is \$22,000 for 2011.

SPECIAL CATCH-UP: Beginning with the three consecutive years prior to, but not including, the year you attain "normal retirement age" (meaning the age at which you could retire without penalty), if you have undercontributed to the City of Los Angeles Deferred Compensation Plan in the past, you may be able to contribute up to an additional \$16,500 in 2011. This amounts to a maximum contribution of \$33,000 for 2011. If you elect to use the Special Catch-Up provision, you are not required to make the maximum allowable contribution.

The Special Catch-Up and Age 50+ contribution limit cannot be used in the same year. You should evaluate which contribution provision is most favorable for you.

Annual contribution limits are indexed to inflation, meaning that as inflation rises, contribution limits will increase. Inflation must rise at a rate sufficient to equal a \$500 increase in a given contribution limit. If it does not rise fast enough to equal \$500, no contribution limit increase will occur for that year. However, tracking is cumulative, so smaller inflation increases over several years are added together until they equate to a \$500 increase. There is no provision in the law for contribution limit decreases even if the cost of living declines. Because inflation has increased very little in recent years, the limits did not change in 2010 and will not change in 2011.

A HELPING HAND:

Test your knowledge about age 50+ contribution limits

Once you reach age 50, you can contribute even more than the maximum allowed to your City of Los Angeles Deferred Compensation Plan. How much do you know about age 50+ contribution limits?

TRUE OR FALSE?

If you are age 50 or older during the 2011 calendar year (or turn age 50 at any point in 2011), you can contribute an additional \$5,500 to the City of Los Angeles Deferred Compensation Plan and \$1,000 to an IRA.

THE ANSWER:

TRUE. If you're 50 or older, you may contribute a maximum of \$22,000 to the Deferred Compensation Plan and \$6,000 in an IRA. Additional age 50+ contribution provisions may also apply. Please see the "How Much Can I Contribute in 2011?" article for more information.

TRUE OR FALSE?

Making additional age 50+ contributions won't have much of an impact to your account if you're already contributing the maximum.

THE ANSWER:

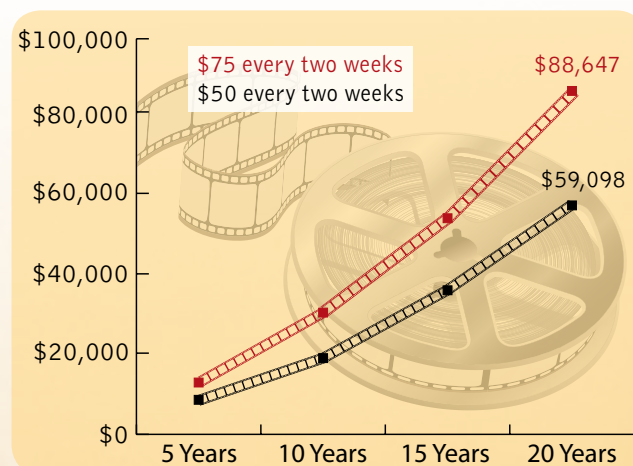
FALSE. Let's say you and a friend each have \$150,000 in the City of Los Angeles Deferred Compensation Plan at age 50 and already contribute \$16,500 annually. If your friend makes additional age 50+ contributions of \$5,500 each year and you don't, she could have accumulated \$987,438—or \$143,396 more than you—by age 65, assuming a 7% annual return on your investments.

FOR ILLUSTRATIVE PURPOSES ONLY. Does not represent the performance of any investment options. Assumes 7% annual rate of return, reinvestment of earnings, with no withdrawals. Rates of return may vary. 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.

CONTRIBUTING A LITTLE MORE CAN REALLY ADD UP

Even small increases in your City of Los Angeles Deferred Compensation Plan contributions can make a big difference in the size of your nest egg.

Compare the savings outcome shown on the chart. In this hypothetical illustration, Susan contributes \$50 every two weeks. After 20 years, with an assumed 8% annual rate of return, she may have \$59,098 saved. If Susan increases her contribution by only \$25, those savings may grow to \$88,647—a difference of more than \$29,000!



FOR ILLUSTRATIVE PURPOSES ONLY. This is a hypothetical illustration to show the value of an increase in contributions. This hypothetical illustration assumes an 8% average annual rate of return. It does not depict the performance of any particular security and is not intended to predict or project future investment results. Withdrawals of tax-deferred accumulations are subject to ordinary income tax. This illustration does not include any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

TAX-SMART SAVING:

Make the Most of your City of Los Angeles Deferred Compensation Plan

Whether or not this year's changes in the tax laws affect you, there's one thing that remains constant: the benefits of investing in the City of Los Angeles Deferred Compensation Plan.

THE PRE-TAX ADVANTAGE

Workplace retirement accounts like the City of Los Angeles Deferred Compensation Plan generally are effective long-term savings tools. One reason is their ability to shelter money from taxes: You aren't taxed on the dollars you contribute to the Plan—or on any money your investments earn—until you start making withdrawals.* What's more, you can reinvest every penny of your investment earnings, rather than paying a portion of them to Uncle Sam. Over time, these returns potentially can generate more returns—a phenomenon known as compounding.

GIVE IT A BOOST

Strive to save as close to the maximum allowed in your Plan. The IRS limit is \$16,500 for 2011, and even more if you're age 50 or older or meet other criteria in your Plan.[§] You may not be able to afford contributing that much now, but you can make it a goal—gradually increasing the percentage you defer from your salary each year. The City of Los Angeles Deferred Compensation Plan allows you to do this automatically.

The City of Los Angeles Deferred Compensation Plan is an important cornerstone of your financial future. By maximizing its benefits, you'll have a better chance of reaching your goals.

[±] Withdrawals are subject to ordinary income tax. A 10% penalty may apply to early withdrawals made prior to age 59½; this does not apply to 457 plans.

[§] irs.gov.



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Compensation
Administration
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Participant Representative

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John R. Mumma
Fire/Police Pensions
Participant Representative
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.com[†]
KeyTalk®: (888) 457-9460[†]

CITY HALL

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

City Hall office is closed on alternate Fridays (through June 2011).

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://www.lacity.org/per/deferredcomp/DeferredComp.htm>

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

SEMINAR: UNDERSTANDING YOUR DISTRIBUTION OPTIONS

When you become eligible to withdraw from your Plan, you have several important decisions to make about what to do with your retirement savings. This seminar will help you determine your retirement needs, learn what options are available to meet those needs, determine the tax consequences of the various options and explore some techniques that could help you turn your investments into income during retirement.

LOCATION	DATE	TIME
City Hall, Room 1070, 10th Floor 200 N. Spring Street, Los Angeles	February 16, 2011	10:00 a.m. 1:00 p.m.
Marvin Braude Constituent Center Conference Room 1-B, 1st Floor 6262 Van Nuys Blvd, Van Nuys	February 22, 2011	10:00 a.m. (office hours commence after the presentation until 2:00 p.m.)
Playa Vista Library, Meeting Room 6400 Playa Vista Dr., Los Angeles	February 23, 2011	10:15 a.m.
Department of Water and Power John Ferraro Building (JFB) Auditorium 111 N. Hope Street, Los Angeles	March 1, 2011	10:00 a.m.
Harbor Department, Board Room 425 Palos Verdes Street, San Pedro	March 10, 2011	10:00 a.m.
Los Angeles World Airports Badge Office Building, Room 308 7333 World Way West, Los Angeles	March 17, 2011	10:00 a.m.

CITY OF LOS ANGELES PREMIERE DEFERRED COMPENSATION PLAN

INVESTMENT OPTION RETURNS AS OF DECEMBER 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. 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 December 31, 2010¹

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	0.42%	0.42%	N/A	N/A	0.42%	N/A	9/28/09
Stable Value Option							
Deferred Compensation Stable Value Fund ^{3,4}	3.67%	3.67%	4.23%	4.43%	4.72%	0.09%	9/1/85
Profile Portfolios^{5,6}							
Ultra-Conservative	7.10%	7.10%	N/A	N/A	4.61%	0.09%	1/8/08
Conservative	9.40%	9.40%	3.25%	4.95%	5.29%	0.11%	5/1/02
Moderate	12.59%	12.59%	1.54%	4.49%	5.35%	0.12%	5/1/02
Aggressive	14.73%	14.73%	-0.38%	3.75%	5.19%	0.14%	5/1/02
Ultra-Aggressive	16.87%	16.87%	N/A	N/A	-0.69%	0.17%	1/8/08
Bond: Active⁷							
PIMCO Total Return Fund ⁸	8.83%	8.83%	9.10%	8.05%	7.33%	0.47%	5/11/87
Benchmark Index: Barclays Capital Aggregate Bond ⁹	6.54%	6.54%	5.90%	5.80%	5.84%	N/A	
Bond: Index⁷							
Vanguard Total Bond Market Index Inst.Plus ^{3,8}	6.57%	6.57%	5.85%	5.75%	5.59%	0.05%	2/5/10
Benchmark Index: Barclays Capital Aggregate Bond ⁹	6.54%	6.54%	5.90%	5.80%	5.84%	N/A	
Large-Cap Stock: Active							
Hartford Capital Appreciation HLS - CI IA ⁸	16.50%	16.50%	-2.63%	4.70%	6.32%	0.68%	4/2/84
Benchmark Index: S&P 500 ⁹	15.06%	15.06%	-2.86%	2.29%	1.41%	N/A	
American Funds Investment Company of Amer A ⁸	10.86%	10.86%	-2.74%	2.48%	3.17%	0.66%	1/2/34
Benchmark Index: Russell 1000 ⁹ Value ⁹	15.51%	15.51%	-4.42%	1.28%	3.26%	N/A	
American Funds Growth Fund of America A ⁸	12.28%	12.28%	-2.74%	2.52%	2.79%	0.69%	11/30/73
Benchmark Index: Russell 1000 ⁹ Growth ⁹	16.71%	16.71%	-0.47%	3.75%	0.02%	N/A	
Large-Cap Stock: Index							
Vanguard Institutional Index Plus Fund ⁸	15.07%	15.07%	-2.77%	2.35%	1.46%	0.02%	7/7/97
Benchmark Index: S&P 500 ⁹	15.06%	15.06%	-2.86%	2.29%	1.41%	N/A	
Mid-Cap Stock: Active¹⁰							
Lazard Mid Cap Institutional ⁸	23.43%	23.43%	1.77%	3.28%	7.13%	0.91%	11/3/97
Benchmark Index: Russell Mid Cap ⁹	25.48%	25.48%	1.05%	4.66%	6.54%	N/A	
Mid-Cap Stock: Index¹⁰							
Vanguard Mid Cap Index Institutional ⁸	25.67%	25.67%	0.94%	4.44%	6.94%	0.08%	5/21/98
Benchmark Index: MSCI ⁹ US Mid Cap 450 ⁹	25.69%	25.69%	0.91%	4.42%	6.37%	N/A	
Small-Cap Stock: Index¹¹							
SSgA Russell Small Cap Index NL Fund - S ⁹	26.63%	26.63%	2.02%	4.17%	5.92%	0.06%	8/1/99
Benchmark Index: Russell 2000 ⁹	26.85%	26.85%	2.22%	4.47%	6.33%	N/A	
International Stock: Active¹²							
Fidelity Diversified International Fund ⁸	9.65%	9.65%	-7.49%	2.39%	5.89%	0.98%	12/27/91
Benchmark Index: MSCI ⁹ EAFE ⁹	7.75%	7.75%	-7.02%	2.46%	3.50%	N/A	
International Stock: Index¹²							
DWS EAFE Equity Index Institutional Fund ^{8,9}	7.67%	7.67%	-7.14%	2.19%	3.01%	0.52%	1/24/96
Benchmark Index: MSCI ⁹ EAFE ⁹	7.75%	7.75%	-7.02%	2.46%	3.50%	N/A	

Self-Directed Brokerage Option¹³

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

CITY OF LOS ANGELES PREMIERE 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).
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 Mid Cap®	The Russell Mid Cap® 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 Mid Cap 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®	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.

DISCLOSURES

¹The 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.

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

³Transfer restrictions may apply. Check the Fund Fact Sheet for further information.

⁴Formerly the Galliard Stable Value Fund.

⁵The 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.

⁶Asset 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.

⁷A 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.

⁸Mutual fund investment option.

⁹An 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.

¹⁰Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.

¹¹Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.

¹²Foreign investments involve special risks, including currency fluctuations and political developments.

¹³Participants 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.

Securities (except Schwab PCRA), when offered, are offered through GWFS Equities, Inc., 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 and its subsidiaries and affiliates. 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. Not intended for plan sponsors whose situs is in New York. ©2011 Great-West Life & Annuity Insurance Company. All rights reserved. Form# CB1003N (01/11) PT117822