



## IN THE SPOTLIGHT:

Double Your Flexibility with City's Loan Program

City "Premieres" New Communications Design

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City of Los Angeles Quarterly Newsletter

April 2008



## DOUBLE YOUR FLEXIBILITY WITH CITY'S LOAN PROGRAM

The Board of Deferred Compensation Administration (the Board), working together with its staff and Great-West Retirement Services® (Great-West), is pleased to announce expanded flexibility with the loan program. Effective April 15, 2008, you are eligible to take two simultaneous loans from your account. Past rules limited you to only one loan. The Board took this action to provide you with more options when taking loans from your account, and believes the timing is appropriate in light of recent economic events that have adversely affected borrowers and homeowners.

You may only take advantage of the loan program if you are still employed with the City of Los Angeles. Funds can be used for financial emergencies, debt consolidation or other purposes.

Although you may now have two loans outstanding at any given time, please note that the sum of your loans still cannot exceed 50% of your account balance or \$50,000, whichever is less. As always, interest is charged when a loan is taken, but all interest goes back into your account. Each loan requires a loan origination fee of \$50 and an annual maintenance fee of \$25, which is assessed at \$6.25 per quarter. For more information, visit [www.cityofla457.com](http://www.cityofla457.com) and click on "Loans."

For more information, visit the Plan Web site at [www.cityofla457.com](http://www.cityofla457.com) and click on "Loans."



## INVESTMENT OPTION RETURNS AS OF MARCH 31, 2008

Current performance may be lower or higher than performance data shown. Performance data quoted represents past performance and is not a guarantee or 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. Funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held for less than the period stated in the fund's prospectus or other disclosure documents. For more information, please refer to the fund's prospectus and/or disclosure documents.

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. Read them carefully before investing.

### Average Annualized Returns as of March 31, 2008<sup>1</sup>

Variable Investment Options	YTD	1 Year	3 Years	5 Years	10 Years/ Since Incep	Option Operating Expense <sup>2</sup>	Inception Date of Option	Separate Account Inception <sup>3</sup>
<b>Bond: Active<sup>4</sup></b>								
PIMCO Total Return Fund	3.32%	10.81%	6.54%	5.57%	6.91%	0.43	May-87	N/A
Benchmark Index: Lehman Brothers Aggregate Bond	2.17	7.67	5.48	4.58	6.04	N/A	N/A	N/A
<b>Bond: Index<sup>4</sup></b>								
Vanguard Total Bond Market Index Fund Inst. <sup>5,6,7</sup>	2.21	7.83	5.56	4.66	5.90	0.07	Sep-95	N/A
Benchmark Index: Lehman Brothers Aggregate Bond	2.17	7.67	5.48	4.58	6.04	N/A	N/A	N/A
<b>Balanced<sup>8,9</sup></b>								
Hartford Advisers HLS <sup>6,10</sup>	-7.68	-2.63	6.07	8.11	3.98	0.57	Mar-83	May-99
Benchmark Index: S&P 500 <sup>®</sup> 60% / Lehman Bros. Bond 40%	-4.80	0.02	5.70	8.62	4.52	N/A	N/A	N/A
<b>Large-Cap Stock: Active</b>								
Capital Guardian U.S. Equity Fund	-10.50	-11.22	2.48	N/A	7.90	0.48	Apr-88	May-03
Benchmark Index: S&P 500	-9.44	-5.08	5.85	11.32	3.50	N/A	N/A	N/A
Hartford Stock HLS <sup>8,9</sup>	-12.00	-7.69	6.42	10.09	2.96	0.39	Aug-77	May-99
Benchmark Index: S&P 500	-9.44	-5.08	5.85	11.32	3.50	N/A	N/A	N/A
American Funds Investment Company of Amer A <sup>6</sup>	-8.98	-4.58	6.43	11.63	6.09	0.56	Jan-34	N/A
Benchmark Index: Russell 1000 Value	-8.72	-9.99	6.01	13.68	5.54	N/A	N/A	N/A
Fidelity Magellan <sup>®</sup> Fund <sup>6</sup>	-12.37	2.08	6.88	10.42	3.53	0.54	May-63	N/A
Benchmark Index: S&P 500	-9.44	-5.08	5.85	11.32	3.50	N/A	N/A	N/A
Hartford Capital Appreciation HLS <sup>8,9</sup>	-11.36	2.29	12.85	19.99	11.05	0.59	Apr-84	May-99
Benchmark Index: S&P 500	-9.44	-5.08	5.85	11.32	3.50	N/A	N/A	N/A
American Funds Growth Fund of America A <sup>6</sup>	-7.88	0.80	9.68	14.60	9.30	0.64	Dec-73	N/A
Benchmark Index: Russell 1000 Growth	-10.18	-0.75	6.33	9.96	1.28	N/A	N/A	N/A
<b>Large-Cap Stock: Index<sup>7</sup></b>								
Vanguard Institutional Index Plus Fund <sup>6,7</sup>	-9.44	-5.07	5.86	11.34	3.58	0.03	Jul-90	N/A
Benchmark Index: S&P 500	-9.44	-5.08	5.85	11.32	3.50	N/A	N/A	N/A
<b>Mid-Cap Stock<sup>11</sup></b>								
Lazard Mid Cap Institutional	-7.95	-14.28	4.22	13.35	7.34	0.89	Nov-97	N/A
Benchmark Index: Russell Midcap	-9.98	-8.92	7.36	16.31	7.65	N/A	N/A	N/A
<b>Small-Cap Stock: Active<sup>10</sup></b>								
Lotsoff Small Capital Equity Fund <sup>6</sup>	-15.46	-23.43	-6.77	N/A	7.15	0.95	Jan-93	May-03
Benchmark Index: Russell 2000	-9.90	-13.00	5.06	14.90	4.96	N/A	N/A	N/A
<b>Small-Cap Stock: Index<sup>7,10</sup></b>								
State Street Russell 2000 Index Trust Fund C <sup>7</sup>	-10.04	-13.42	4.60	14.32	4.35	0.20	Mar-00	N/A
Benchmark Index: Russell 2000	-9.90	-13.00	5.06	14.90	4.96	N/A	N/A	N/A
<b>International Stock: Active<sup>12</sup></b>								
Fidelity Diversified International Fund <sup>6</sup>	-9.62	1.72	14.57	22.18	10.85	0.93	Dec-91	N/A
Benchmark Index: MSCI EAFE	-8.91	-2.70	13.32	21.40	6.18	N/A	N/A	N/A
<b>International Stock: Index<sup>7,12</sup></b>								
DWS EAFE Equity Index Fund <sup>6,7</sup>	-8.77	-3.16	13.19	20.71	5.69	0.53	Jan-96	N/A
Benchmark Index: MSCI EAFE	-8.91	-2.70	13.32	21.40	6.18	N/A	N/A	N/A
<b>Profile Portfolios<sup>13</sup></b>								
Ultra-Conservative	N/A	N/A	N/A	N/A	1.68	0.14	Jan-08	N/A
Conservative	-2.02	2.52	5.97	7.66	5.75	0.10	May-02	N/A
Moderate	-4.83	-0.76	6.46	9.96	6.21	0.11	May-02	N/A
Aggressive	-7.09	-3.51	6.85	11.91	6.58	0.13	May-02	N/A
Ultra-Aggressive	N/A	N/A	N/A	N/A	-17.24	0.16	Jan-08	N/A
<b>Self-Directed Brokerage Option<sup>14</sup></b>								
OptionsPlus Self-Directed Brokerage Option	To obtain the investment company fund prospectus and disclosure documents, you must contact the mutual fund company directly. OptionsPlus does not provide fund fact sheets, fund prospectuses or any investment advice.							

Annualized Yield for Quarter—New Contributions Only

2nd Qtr '08 1st Qtr '08 4th Qtr '07 3rd Qtr '07 2nd Qtr '07

**FDIC Insured Savings Account Options**

Washington Mutual Liquid Savings Account <sup>5</sup>	2.63%	4.95%	5.66%	5.58%	5.30%
Washington Mutual Certificates of Deposit-1 Year <sup>5,15,16</sup>	2.15	4.16	4.80	5.30	4.98
Washington Mutual Certificates of Deposit-2 Year <sup>5,15,16</sup>	1.98	3.88	4.46	5.36	4.79
Washington Mutual Certificates of Deposit-3 Year <sup>5,15,16</sup>	2.31	3.94	4.45	5.40	4.73
Washington Mutual Certificates of Deposit-4 Year <sup>5,15,16</sup>	2.65	4.06	4.51	5.44	4.72
Washington Mutual Certificates of Deposit-5 Year <sup>5,15,16</sup>	2.94	4.19	4.58	5.48	4.75

**Fixed Option**

Hartford Life General Account <sup>5,8,17</sup>	4.35	4.35	4.10	4.10	4.10
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Average Annualized Returns as of March 31, 2008<sup>1</sup>

	YTD	1 Year	3 Years	5 Years	10 Years/ Since Incep	Option Operating Expense <sup>2</sup>	Inception Date of Option	Separate Account Inception
<b>Stable Value Option</b>								
Galliard Stable Value Fund <sup>5</sup>	1.15%	4.81%	4.64%	4.51%	5.28%	0.15%	Sep-85	N/A

<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 operating expenses may be less if the fund currently offers a waiver or reimbursement of a portion of this expense.

<sup>3</sup> Standardized returns date from the inception of the separate account in which the underlying assets are held. Separate account 457 was established by Hartford Financial Services Group, Inc. on May 4, 1999. All calendar year returns prior to the separate account inception date are computed using hypothetical unit values that are based on the underlying fund's performance less separate account charges and assume the investment option was available as of the inception date of the underlying fund for the periods indicated. The performance shown is calculated based upon an investment-only contract and does not reflect charges of any other service provider.

<sup>4</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>5</sup> Transfer restrictions may apply. See Fund Data Sheets for more information.

<sup>6</sup> Mutual fund investment option.

<sup>7</sup> An index is not professionally 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 an index.

<sup>8</sup> The Option Operating Expense includes an estimated 0.10% Mortality and Expense Risk Charge.

<sup>9</sup> The underlying securities in the portfolio and the composition of the respective securities are subject to change. Investment options are available under a fixed or variable contract issued by Hartford Life Insurance Company and are principally underwritten by Hartford Securities Distribution Company, Inc. and subadvised by Wellington Management Company, LLP.

<sup>10</sup> Equity securities of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.

<sup>11</sup> Medium-sized companies may suffer more significant losses, as well as realize more substantial growth, than larger capitalized, more established issuers.

<sup>12</sup> Foreign investments involve special risks, including currency fluctuations and political developments.

<sup>13</sup> The asset allocation options made available to you through your Plan include investment options made up of a mix of your Plan's individual investment options. With each quarterly statement, you are able to determine the value of your account allocated to an individual investment option as of the rebalancing date of the asset allocation option by multiplying the value of your account allocated to the asset allocation option by the percentage of the allocation option in the individual investment option. For example, if you have \$500 in Allocation Option 1 and 10% of Allocation Option 1 is represented by the ABC Fund, you would multiply \$500 by 10% to determine that \$50 of your account value in Allocation Option 1 is invested in ABC Fund as of that date. In order to determine the number of shares of the individual investment option, you may divide the portion

of your account value represented by the ABC Fund (\$50 in the above example) by the daily share price of the ABC Fund. For more information about the Profile Portfolio options, including specific underlying funds used, please log on to the Web site or call a local service center representative at (888) 457-9460.

<sup>14</sup> Participants choosing the OptionsPlus Self-Directed Brokerage option will be charged an additional annual administrative fee of \$75 per year. There are no per-transaction fees. Available through Fiserv Trust Company Corporation; call (866) 567-8653 for more information about this option. OptionsPlus securities are not offered through GWFS Equities, Inc.

<sup>15</sup> Minimum investment of \$1,000 is required; early withdrawal penalty may apply.

<sup>16</sup> Certificates of deposit are FDIC insured and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

<sup>17</sup> Rate guaranteed for new deposits made during this quarter only.

**Transfer Restrictions**

**Transfers out of the Galliard Stable Value Fund** must be invested in a variable investment option for a minimum of 90 days prior to investing any funds in the Hartford Life General Account or the Washington Mutual Liquid Savings Account. Transfers may not be made directly from the Galliard Stable Value Fund to the Hartford Life General Account or the Washington Mutual Liquid Savings Account.

**Transfers out of the Hartford Life General Account** must be invested in a noncompeting variable investment option for a minimum of 90 days prior to investing any funds in the Galliard Stable Value Fund, Washington Mutual Liquid Savings Account, Washington Mutual CDs, Vanguard Total Bond Market Index Fund or MSIF Trust Fixed Income Portfolio. Transfers may not be made directly from the Hartford Life General Account to the Galliard Stable Value Fund, Washington Mutual Liquid Savings Account, Washington Mutual CDs, Vanguard Total Bond Market Index Fund or MSIF Trust Fixed Income Portfolio.

Core securities (except OptionsPlus), when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company, 8525 East Orchard Road, Greenwood Village, CO 80111, (888) 457-9460.

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 collective trusts, mutual funds and a group fixed and variable deferred annuity underwritten by Hartford Securities Distribution Company, Inc. and subadvised by Wellington Management Company, LLP. 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® and KeyTalk® are service marks of Great-West Life & Annuity Insurance Company. Not intended for use in New York. ©2008 Great-West Life & Annuity Insurance Company. All rights reserved. Form# CB1003N (4/08) PT57647



## CITY "PREMIERES" NEW COMMUNICATIONS DESIGN

The City of Los Angeles Deferred Compensation Plan is pleased to announce a redesign of our communication materials. The new design, called "Premiere," spotlights the long-standing association between the City of Los Angeles and the local film industry.

This quarterly newsletter incorporates the new imagery, as will the City's Web site effective in early May, 2008. Enrollment materials, Plan forms and other documents will also be redesigned in the coming months.

In addition to changing the look and feel of the City's Plan, Great-West and Plan staff are refocusing efforts to improve the user-friendliness and accessibility of all communications associated with the Plan. The goal is to ensure that the Plan is communicating information to participants in ways that make sense.

As the user of these materials, you are our best resource for learning how we can improve. The Plan will employ a variety of methods, including surveys and focus groups, to gather your suggestions and opinions. You are also encouraged to send your ideas to us at any time by contacting the City staff who oversee the program, as follows:

### Deferred Compensation Plan Employee Benefits Division

200 N. Spring Street  
Room 867  
Los Angeles, CA 90012  
steven.montagna@lacity.org



## CITY'S SELF-DIRECTED BROKERAGE OPTION TO MOVE TO CHARLES SCHWAB

On February 19, 2008, the Board voted to change providers for its self-directed brokerage option (SDBO). The incumbent SDBO, OptionsPlus, offered through Fiserv, will be replaced with the Schwab Personal Choice Retirement Account® (PCRA) effective June 9, 2008.

The Board made the decision to change providers based on several factors. First, the Board had concerns about a recent ownership change at Fiserv. Second, the Board believes that the Fiserv "OptionsPlus" platform lacks many of the service features used by most "state-of-the-art" brokerage firms. The Board was interested in working with an SDBO provider that could improve the service level to SDBO participants. Finally, the Board was interested in expanding the investment choices offered within the SDBO.

Charles Schwab is a leader in the SDBO marketplace, having offered its Schwab PCRA since 1994 and currently servicing 8,800 plans and 122,000 participant accounts. The Charles Schwab platform offers a wide range of educational and planning resources on its Web site, and its trading and research tools are comparable to some of the best resources offered in the industry.

The Schwab PCRA is for knowledgeable investors who acknowledge and understand the risks associated with many of the investment choices available through Schwab PCRA. As is currently the case with OptionsPlus, you are limited to trading mutual funds only. However, with the Schwab PCRA, you will have access to approximately 4,700 mutual funds, which is close to double the number of mutual funds available under OptionsPlus. Of the 4,700 funds, more than 2,700 are offered as no-load, no-transaction fee funds through Schwab's Mutual Fund OneSource program. Great-West charges an annual administrative fee of \$75 to participate in the Schwab PCRA.

### **For participants with a current balance in the SDBO ...**

If you currently have an account balance in OptionsPlus, you will not be required to take any action as part of the transition. Most mutual fund holdings will transfer directly to the Schwab PCRA; if any funds presently used in OptionsPlus are not available in the Schwab PCRA, your assets will be redeemed and transferred to the Schwab Money Market Fund. Prior to the transition date, you are free to transfer your assets from the OptionsPlus holding account back to the City's core investment options.

A separate communication will be sent to OptionsPlus participants providing details regarding the transition, as well as more details regarding Charles Schwab's features and fees. This communication is expected to mail on or around May 9, 2008.





**Board of Deferred Compensation Administration Members:**

Margaret M. Whelan  
*Chairperson,  
General Manager  
Personnel Department*

Bill Stein  
*Vice Chairperson,  
Retired Participant  
Representative*

Eugene K. Canzano  
*DWP Retirement*  
Mike Carter  
*Fire/Police Pensions*

Joya C. De Foor  
*City Treasurer*

Richard Kraus  
*Organized Labor  
Representative*

Rick Rogers  
*City Employees  
Retirement System*

**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)  
KeyTalk®: (888) 457-9460

**CITY HALL**

200 N. Spring Street, Room 867  
Office hours: 8:30 a.m. to 5:00 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.

**VAN NUYS CITY HALL**

Marvin Braude Constituent Center, Conference Room 1B  
6262 Van Nuys Boulevard  
Office hours:  
June 12, 2008, from 10:00 a.m. to 2:00 p.m.

**LAX AIRPORT**

Generally, the third Wednesday of every month. Call the local service center to confirm locations and times for office hours.

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

STEVEN MONTAGNA  
(213) 485-4846  
The Board's Web site:  
<http://www.lacity.org/per/deferredcomp/DeferredComp.htm>

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: INCREASING  
YOUR DEFERRAL**

This seminar will help you find ways to increase the amount of money you are contributing to your Premiere Plan every month. We will start by exploring the importance of saving for retirement and then discuss how much you should be saving. We will present ideas and provide examples of how to find money to invest. Finally we will show you how to increase your deferral.

Location	Date	Time
City Hall Room 1070, 10th Floor 200 N. Spring St. Los Angeles, CA 90012	May 6, 2008	10:00 a.m. and 1:00 p.m.
Playa Vista Library Meeting Room 6400 Playa Vista Dr. Los Angeles, CA 90094	May 21, 2008	10:15 a.m.
Marvin Braude Constituent Center (Van Nuys City Hall) Conference Room 1B, 1st Floor 6262 Van Nuys Blvd. Van Nuys, CA 91401	May 27, 2008	10:00 a.m.
Department of Water and Power John Ferraro Building (JFB) San Francisco Room 111 N. Hope St. Los Angeles, CA 90012	May 29, 2008	10:00 a.m.

Duration: one hour. Please note that any parking fees are at your own cost.

**INVESTMENT SURVEY REMINDER**

You should have received a Plan survey in the mail in late March. The purpose of the survey is to obtain feedback from you regarding the investment menu offered by the Plan. Please take the time to let us know your thoughts by completing this survey. It takes only a few minutes to complete the survey and it allows you to take a more active role in your Plan's design. Survey responses must be postmarked by April 30, 2008, so you don't have much more time!