



## CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN

# Plan Highlights

*The City of Los Angeles Deferred Compensation Plan is an important resource for potentially achieving retirement income security. In combination with your City retirement/pension benefits and other retirement income resources you might have, the Plan provides tremendous opportunities for you to meet your retirement objectives.*

*The Plan provides two tax-advantaged ways to save, a broad range of investment options from which to choose, and personalized support at all stages of participation. Read these highlights to learn more about the Plan.*

## General Plan Questions

### Q: WHAT IS THE DEFERRED COMPENSATION PLAN?

A: The Deferred Compensation Plan is a supplementary retirement savings plan created under Section 457(b) of the Internal Revenue Code.<sup>1</sup> Deferred compensation plans allow eligible employees to save and invest tax-advantaged dollars through voluntary salary deferral. The funds are available as a retirement security resource upon retirement. Any funds you save under the Plan are in addition to your City pension benefit, which pays you according to your years of service and salary. All funds that you save under the Plan are solely for you to use at your discretion.

### Q: WHAT ARE MY TAX-ADVANTAGED OPTIONS FOR SAVING IN THE PLAN?

A: The two options are pre-tax and after-tax (Roth):

- **Pre-tax contributions** are not considered taxable income in the year contributions are made. However, contributions and any earnings are both subject to ordinary income tax when they are withdrawn from your account.
- **After-tax (Roth) contributions** are included in your taxable income in the year contributions are made. Both Roth contributions and earnings are exempt from taxes when they are withdrawn from your account if they're taken after a required five-year holding period and you are at least age 59½.

You have the flexibility to contribute either pre-tax or after-tax (Roth) dollars, or a combination of both.

### Q: AM I ELIGIBLE TO PARTICIPATE IN THE PLAN?

A: You are eligible to participate if you are a City employee who is a contributing member of one of the City's three retirement systems: the Los Angeles City Employees' Retirement System (LACERS), Fire & Police Pensions (LAFPP), or the Water and Power Employees' Retirement Plan (WPERP).

### Q: WHY SHOULD I PARTICIPATE IN THE PLAN?

A: Participating can help you potentially achieve long-term retirement income security. Most employees will need a supplemental account like this in addition to their City retirement/pension benefit in order to achieve retirement income security.

### Q: IS THERE ANY REASON WHY I SHOULD NOT PARTICIPATE?

A: You might choose not to participate if you are experiencing financial difficulties, have excessive debt, do not have an adequate emergency fund, or have already achieved retirement income security through other resources.

### Q: ARE THERE FEES TO PARTICIPATE?

A: Yes. To participate in the Plan, you will be charged a 0.10% annual administrative fee (charged at 0.025% quarterly) on the first \$125,000 of your account balance. You will not pay an administrative fee on balances greater than \$125,000. The maximum administrative fee in a calendar year is \$125 (but will be less for accounts with balances under \$125,000). The fee is deducted on a prorated basis from each of your investment options.

In addition, each investment option has an explicit investment management fee or derives its compensation from an implicit reduction in the rate of return. Fees vary by option. More information is located on our website at [www.cityofla457.com](http://www.cityofla457.com).<sup>2</sup>

### Q: HOW ARE THE PLAN'S ASSETS PROTECTED?

A: Pursuant to federal requirements, all Plan assets are required to be 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.

### Q: DO BENEFITS/RULES UNDER THE PLAN VARY?

A: All participants of the Deferred Compensation Plan are eligible for the same investment options and will be charged the applicable fees regardless of their retirement and/or employment tier.



## Enrolling in the Plan

### Q: HOW DO I ENROLL IN THE PLAN?

A: You may contact an Empower Retirement™ (formerly Great-West Financial®) representative for an enrollment form, or you can access one on the website at [www.cityofla457.com](http://www.cityofla457.com) by clicking “Enroll Now.” Please submit your completed and signed enrollment form to Empower Retirement at the local City Hall office or by mailing or faxing it to:

**Empower Retirement**  
P.O. Box 173764, Denver, CO 80217-3764  
Toll-Free Fax: (866) 745-5766

### Q: WHAT IS THE MINIMUM CONTRIBUTION AMOUNT TO ENROLL?

A: The minimum biweekly contribution amount is \$15 for each contribution type (i.e., pre-tax or Roth after-tax). Should you wish to contribute pre-tax and Roth dollars, the minimum contribution amount is \$30 (\$15 for each).

### Q: IS THERE A MAXIMUM CONTRIBUTION AMOUNT?

A: The Internal Revenue Service (IRS) sets a maximum calendar-year annual limit. In addition to the regular annual contribution limit, the IRS allows for additional contributions in the year you turn age 50 and when you are within three years of your normal retirement age. View the current annual limits at [www.cityofla457.com](http://www.cityofla457.com).



*The Plan is a supplementary plan  
that does not replace or reduce  
your City retirement benefits.*

*Enroll*

### Q: DO I NEED TO DESIGNATE INVESTMENT “OPTIONS TO ENROLL?”

A: Yes, you must designate how your contributions are to be invested on your enrollment form. You can change your investment options at any time. Find out more about investment options in the Plan by reading the Investment Options section of these Plan Highlights and by viewing the current investment menu at [www.cityofla457.com](http://www.cityofla457.com).

### Q: DO I NEED TO DESIGNATE A BENEFICIARY AT ENROLLMENT?

A: We recommend that you designate your beneficiary at enrollment. You may change your beneficiary designation at any time. Please note that your beneficiary designation with the Plan is different and separate from any other beneficiary designation you may have made with your health benefit plan, retirement/pension benefit, or your department's payroll or personnel office. You should ensure your beneficiary designation is current and on file with the Plan.

## Your Investment Options

### Q: WHAT INVESTMENT OPTIONS ARE AVAILABLE?

A: The Plan offers a variety of investment choices, including various 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. Please refer to the individual investment option fact sheets on the website at [www.cityofla457.com](http://www.cityofla457.com) for more complete information.

### Q: MAY I CHANGE MY INVESTMENT OPTIONS?

A: You can transfer existing balances among options or redirect future contributions at any time, although certain transfer limitations may apply to specific options. Changes may be made through the Plan website at [www.cityofla457.com](http://www.cityofla457.com) or by calling KeyTalk® at (888) 457-9460.

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. For more information, please refer to the fund prospectus. Also, transfer restrictions may apply with the Deferred Compensation Stable Value Fund. Review the investment option profiles and/or see your Empower Retirement representative for details.

### Q: WHAT IS THE SELF-DIRECTED BROKERAGE OPTION?

A: The self-directed brokerage option is called the Schwab Personal Choice Retirement Account® (PCRA) and is offered through Charles Schwab & Co., Inc. (Member SIPC). The Schwab PCRA is for knowledgeable investors who acknowledge and understand the risks associated with many of the investment choices available through the Schwab PCRA. With this option, you will have access to approximately 4,700 mutual funds, of which more than 2,700 are offered as no-load, no-transaction-fee funds through Schwab's Mutual Fund OneSource program. You will also have access to individual securities that include but are not limited to equities, bonds, exchange-traded funds and certificates of deposit.<sup>3</sup> Participants in the Schwab PCRA pay an additional \$50 per year, which is prorated on a quarterly basis, with no additional transaction fees and are still required to pay the Plan administrative fee. Schwab PCRA activity is reflected on a quarterly account statement issued by Charles Schwab. Please note that you will need to maintain a minimum of \$2,500 in your core Deferred Compensation Plan account in addition to any funds you have in the PCRA. You can learn more about the Schwab PCRA at [www.schwab.com](http://www.schwab.com) or by calling the dedicated PCRA Call Center at (888) 393-7272.

### Q: DO I RECEIVE STATEMENTS OF MY ACCOUNT?

A: You will receive quarterly account statements directly from Empower Retirement. You may also review your account through the website or KeyTalk.<sup>2</sup> Instead of receiving paper documents, you may elect to receive your retirement Plan documents electronically, including quarterly statements, through Online File Cabinet®. Access your account online or call Empower Retirement at (888) 457-9460 to enroll.

You will receive a separate statement from Charles Schwab that will detail the investment holdings and activity within your Schwab PCRA, including any fees and charges imposed in connection with the PCRA.



**The Plan's Retirement**

**Income Projection**

**Calculator can be used**

**to help you decide how**

**much to contribute**

**each pay period.**

**The minimum biweekly**

**contribution amount**

**is \$15.**

## **Making Contributions (Deferrals)**

### **Q: HOW DO I MAKE CONTRIBUTIONS, OR DEFERRALS, TO THE PLAN?**

A: When you enroll, you decide the whole dollar amount (no cents or percentages) that you want to contribute; whether you want your contribution to be pre-tax, after-tax or a combination of both; and the investment options to which you wish to contribute. Your contributions will be automatically deducted from your regular biweekly paychecks (26 paychecks per calendar year), and there will be no deferral-free paycheck unless you exceed the annual contribution limit or elect to stop deferrals.

### **Q: HOW MUCH SHOULD I CONTRIBUTE?**

A: The answer is different for everyone. Your personal situation and retirement goals will play a big part in deciding the amount you contribute. The Plan's Retirement Income Projection Calculator<sup>4</sup> can be used to help you decide how much to contribute each pay period. The calculator is available once you log in to your account at [www.cityofla457.com](http://www.cityofla457.com). A Plan representative at the local City Hall office, Room 867, can also help you use the calculator. Drop in anytime. Local representatives are available between 8:00 a.m. and 4:00 p.m. Monday through Friday.<sup>5</sup>

### **Q: ARE THERE LIMITS ON THE AMOUNT I CAN CONTRIBUTE TO THE PLAN?**

A: The minimum biweekly contribution amount is \$15. The federal government provides for three maximum contribution limits: one for participants below age 50; one for those age 50 or older; and one for participants eligible for "catch-up" (see the Catch-Up section). The City's payroll systems will not allow your contributions to exceed the annual maximum limits. For information regarding the Plan's current annual contribution limits, please refer to the Plan website ([www.cityofla457.com](http://www.cityofla457.com)) or contact a Plan representative. The annual contribution limit will be indexed for inflation in future years. The increases take place in \$500 increments and may not occur every year.

### **Q: WHAT HAPPENS TO THE MONEY I CONTRIBUTE?**

A: Once you decide how much to contribute, you will instruct Empower Retirement to invest that money in your chosen combination of the Plan's available investment options, which range from conservative to aggressive in risk/return potential. Your contributions will be automatically deducted from your biweekly paychecks and deposited to your investment selections. You can change the dollar amount you invest in each option and the options in which you invest at any time. You may also transfer your holdings among investment options, subject to any limitations imposed by the investment providers. All contributions to the Plan remain in your account until you are eligible to take a withdrawal.

## **Catch-Up and Accrued Leave Provisions**

### **Q: WHAT IS "CATCH-UP"?**

A: "Catch-Up" refers to provisions of the Internal Revenue Code that permit participants who are within three calendar years of normal retirement age (meaning retirement without a penalty or actuarial reduction in benefits) to defer up to double the below-age-50 contribution limit. You are only eligible for catch-up if you undercontributed in prior years of eligibility. Contact Empower Retirement for complete information and to initiate your catch-up deferrals. Please note that the Standard Catch-Up provision and the Over Age 50 provision cannot be used in the same year.<sup>5</sup>

### **Q: WHAT IS THE "ACCRUED LEAVE DEFERRAL OPTION"?**

A: When you retire from the City, you will receive a payout of your unused vacation, sick and/or overtime hours in accordance with the terms in your Memorandum of Understanding (MOU). This payment is referred to as a payout of "accrued leave." The Plan allows for an eligible amount from this payout to be deferred into your account. You'll need to complete a form and submit it approximately one month before your retirement date.

### **Q: WHERE CAN I FIND MORE INFORMATION ABOUT THESE TWO PROVISIONS?**

A: Check out the Accrued Leave Deferral and Catch-Up informational fliers and enrollment forms online by logging in to your account at [www.cityofla457.com](http://www.cityofla457.com). You may also call a local Empower Retirement representative at (213) 978-1601.



## Making Account Changes

### Q: HOW DO I INCREASE OR DECREASE MY CONTRIBUTION AMOUNT?

A: You can increase, decrease or stop your deferrals by calling KeyTalk at (888) 457-9460 or by logging on to the website at [www.cityofla457.com](http://www.cityofla457.com). Be sure to confirm both your pre-tax and/or after-tax deferral elections to ensure your total deferral amount is accurate. The change can take two to four paychecks to become effective. Please do not contact the City Controller's Office or the DWP's Paymaster's Office with questions about your contributions—those questions should be directed to Plan representatives.

### Q: IF I NEED TO STOP CONTRIBUTING, CAN I?

A: Yes. You may stop contributing by setting your future payroll contribution amount to \$0 at any time after you enroll. You can do this on the Plan website or with the help of a Plan representative.

### Q: HOW CAN I START CONTRIBUTING AGAIN?

A: Call KeyTalk at (888) 457-9460 or log on to the website to resume your contributions. Just enter your Personal Identification Number<sup>6</sup> (PIN) and Social Security number or Username, and then change your deferral amount from \$0 to the whole dollar amount you wish to contribute per biweekly paycheck. If you forget your PIN, you may order a new one via KeyTalk or the website.

### Q: WHAT HAPPENS IF I GO ON DISABILITY, AM RECEIVING "INJURED ON DUTY" PAY, OR AM OTHERWISE NOT BEING PAID BY THE CITY?

A: In any of those situations, you would not be able to contribute to the Plan. Upon returning to a normal pay status, contributions should restart automatically. If they do not restart, please contact a Plan representative through KeyTalk or the local service center.

### Q: WHAT HAPPENS IF I TRANSFER FROM THE CITY TO DWP OR VICE VERSA?

A: Contact Empower Retirement for a Notice of Job Transfer Form. By completing this form, you authorize Empower Retirement to notify your new payroll center and transfer your contribution information. You do not need to re-enroll.

### Q: CAN MY SAVINGS AND INVESTMENTS IN ANOTHER RETIREMENT PLAN BE TRANSFERRED INTO THE CITY'S 457 PLAN?

A: Before-tax assets: Yes. You can roll over before-tax retirement funds from another employer's eligible governmental 457(b), 401(a), 401(k) or 403(b) plan or from your personal traditional IRA. Empower Retirement will provide you with one consolidated statement for the various funds that you roll into the Plan, and you will have access to the same investment choices available for your Plan contributions. A separate annual administrative charge of \$25, deducted quarterly at \$6.25, will apply to any rollover accounts you establish with the Plan. After-tax assets: No. After-tax rollovers are not permitted.

### Q: CAN I ROLL MY DROP FUNDS INTO THE PLAN?

A: Yes. Sworn officers exiting the Deferred Retirement Option Program (DROP) may roll a portion or all of their DROP funds into the Plan. There is no age requirement for rolling your DROP funds into the Plan. However, there may be age requirements for taking a distribution (withdrawal) of those DROP funds without a penalty. Read the DROP options flier at [www.cityofla457.com](http://www.cityofla457.com) for more information.

## Taking Distributions (Withdrawals)

### Q: MAY I WITHDRAW MONEY FROM MY PLAN ACCOUNT AT ANY TIME?

A: No. Withdrawals from your account may take place only when one of the following occurs:

- You retire, resign or permanently leave active service with the City.
- You die (your beneficiary will receive the distribution).
- You suffer an unforeseeable emergency that causes extreme financial hardship. (Please refer to the Financial Hardship section.)
- You apply for a de minimis withdrawal. (To be eligible, your account must be valued at \$5,000 or less, you must not have made a Plan contribution in two years, and you must not have received a prior de minimis distribution.)

*Note: The IRS governs 457(b) plans and considers them a long-term investment, not a short-term savings account. Your deferrals should be money you have designated for your retirement. Contact Empower Retirement for additional information about your distribution options.*

### Q: WHAT ARE MY DISTRIBUTION OPTIONS?

A: Once you completely separate from City service, you are allowed the following choices:

- Leave your funds in your account untouched until you reach age 70½, the mandatory distribution age as required by the IRS.
- Set up a periodic payment (monthly, quarterly, annually).
- Take lump-sum distributions.
- Roll over funds (fully or partially) into another account.<sup>7</sup>

Read the Distribution Guide for more information on these options and contact an Empower Retirement representative with any questions you may have.

### Q: IS THERE AN EARLY WITHDRAWAL PENALTY FOR DISTRIBUTIONS MADE PRIOR TO AGE 59½?

A: Early distribution penalties do not apply to pre-tax funds in 457 deferred compensation plans. However, please note that withdrawals from your pre-tax funds will be taxed as ordinary income, and withdrawals from your after-tax funds may be subject to taxation on any earnings if distribution requirements are not met. Additionally, any funds rolled out of the City's 457 Plan to an IRA, 401(a), 401(k) or 403(b)—and any funds from those types of plans rolled into the City's 457 Plan (including DROP funds)—may be subject to a 10% early distribution penalty if withdrawn prior to age 59½. For more information, contact an Empower Retirement representative.

### Q: IF I CHANGE EMPLOYMENT, CAN I ROLL OVER OR TRANSFER MY PLAN ACCOUNT?

A: The balance in your Plan account can be rolled over to another governmental 457(b), 401(k), 401(a) or 403(b) plan or IRA that accepts rollovers from a 457 plan. You may also leave your account with the City's Plan until you reach the mandatory distribution age of 70½, at which time you must begin to take distributions.

### Q: AFTER RETIRING, CAN I STILL WITHDRAW MONEY IF I RETURN TO WORK WITH THE CITY AS A PART-TIME EMPLOYEE?

A: Participants with any active status in the City payroll system are considered active employees. If you plan to return to work with the City after taking a City retirement, contact a Plan representative at (213) 978-1601 for more information.

### Q: WHAT HAPPENS WITH MY WITHDRAWALS IF I GET DIVORCED?

A: If you have completed divorce proceedings and have a Qualified Domestic Relations Order (QDRO) from a civil court, please contact the Plan at (888) 457-9460 to provide a copy of your QDRO.





***You can increase, decrease or stop  
your deferrals by calling KeyTalk  
at (888) 457-9460 or by logging on to  
the website at [www.cityofla457.com](http://www.cityofla457.com).***

# *Highlights*

## **Loans**

### **Q: CAN I BORROW AGAINST MY PLAN ACCOUNT?**

A: Yes, you can. The following general rules apply to the lending process:

- You are eligible to take two simultaneous loans from your account at any given time. However, the sum of both loans cannot exceed 50% of your account balance or \$50,000 (less the highest outstanding loan balance over the last 12 months), whichever is less. The minimum loan amount is \$1,000 (meaning you must have at least \$2,000 in your account to be eligible to take out a loan).
- The interest rate is set at 2% above the Prime Lending Rate as declared in *The Wall Street Journal* on the first business day of each month. The interest is paid back to your account.
- General purpose loans can be set up with a term of one to five years at the choice of the participant. Home purchase loans can be set up with a term of one to 15 years.
- Both active employee participants and participants who have separated from service may take loans. For active participants, loan payments must be made through payroll deduction unless you are paying off a loan. For participants who have separated from service, payments are due monthly and may be made through cashier's check, money order, Automated Clearing House (ACH) or personal check.
- There is a one-time \$50 loan origination fee and optional one-time fee for express delivery of funds. Additionally, there is a \$25 annual account maintenance fee that is deducted quarterly until your loan is paid in full.
- Loans for active participants can be initiated electronically via the Plan website at [www.cityofla457.com](http://www.cityofla457.com) or by calling KeyTalk at (888) 457-9460.

Participants who have separated from service can apply for a loan by completing a form, which can be obtained via the Plan website or by calling the local service center at (213) 978-1601.

### **Q: WHAT HAPPENS IF I STOP MAKING MY LOAN PAYMENTS?**

A: It is your responsibility to ensure your loan is paid to prevent defaulting on the loan. If timely payments are not received, your loan will go into default, meaning the outstanding loan balance, plus interest, will be reported as additional taxable income. For more information, please contact an Empower Retirement representative.<sup>5</sup>

### **Q: WHAT HAPPENS IF I'M STILL EMPLOYED BUT NOT BEING PAID AND NOT MAKING PAYMENTS?**

A: If you have an active loan and are not being paid, or you have noticed that the loan payment is not being taken from your check, you must contact Empower Retirement immediately to ensure that your loan does not go into default. You must complete a Loan Payment Change Form before and after your leave, or otherwise send in manual payments in a timely manner, to prevent default.

### **Q: CAN I USE MY PLAN ACCOUNT AS COLLATERAL FOR OTHER LOANS?**

A: No. You cannot assign, pledge, sell or otherwise transfer your account for any purpose, including applying for a loan.

### **Q: WHERE DO I FIND MORE INFORMATION ON LOANS?**

A: Read the Loan FAQ and other information regarding active employee and/or retiree loans by logging in to your account at [www.cityofla457.com](http://www.cityofla457.com).

## ***Whom may I call if I have questions?***

**CALL EMPOWER RETIREMENT AT (888) 457-9460 BETWEEN  
8:00 A.M. AND 5:00 P.M. PT MONDAY THROUGH FRIDAY.  
SAY "REPRESENTATIVE" TO SPEAK WITH A LIVE OPERATOR.**



## Financial Hardship

### Q: IF I HAVE A FINANCIAL HARDSHIP, CAN I WITHDRAW FUNDS FROM MY PLAN ACCOUNT?

A: If your situation meets the definition of a financial hardship under IRS guidelines, you may be eligible to take a hardship withdrawal. To apply for a hardship withdrawal, call KeyTalk at (888) 457-9460.

## Tax Questions

### Q: HOW DOES THIS PLAN AFFECT MY PENSION OR REDUCE MY CITY PENSION/RETIREMENT BENEFITS?

A: The Plan is a supplementary Plan that does not replace or reduce your City retirement benefits.

### Q: WHAT FORMS DO I HAVE TO FILE WITH MY FEDERAL OR STATE INCOME TAXES FOR CONTRIBUTIONS?

A: None. Your gross income on your W-2 Form issued by the City will have been reduced by any pre-tax amounts contributed. Any Roth contributions will be shown on your W-2, so there is no need to file additional forms to report those, either.

### Q: DO I REPORT ON MY TAXES ANY PLAN ACCOUNT EARNINGS?

A: No. Do not report any earnings on either your federal or state income tax forms. Any earnings on your pre-tax deferrals are tax-deferred until withdrawn; earnings on any after-tax deferrals are not taxable if taken as a qualified distribution.

### Q: WHEN WILL THE CONTRIBUTIONS AND ANY EARNINGS IN MY PLAN ACCOUNT BE TAXABLE?

A: Your pre-tax assets are taxable as ordinary income during the years in which they are distributed to you or your beneficiaries. Earnings on after-tax assets are not taxable if they're taken as a qualified distribution.

### Q: HOW MUCH WILL MY DISTRIBUTION BE TAXED?

A: Your pre-tax distribution is taxed based on the applicable tax rates in effect at the time your distribution is processed. However, for withholding purposes, federal tax is withheld at 20% and state tax is withheld based on your state of residency at the time of distribution. You may owe more or less additional income tax depending upon your personal tax situation. By January 31 of the year following the year in which you receive a distribution, you will receive a Form 1099-R for the distribution amount. Roth 457 distributions are tax-free if you are age 59½ or older and the five-year holding period has been met.

## Survivor Benefits

### Q: WHAT HAPPENS TO MY ACCOUNT WHEN I DIE?

A: Upon your death, your designated beneficiaries will receive the full value of their portion of your remaining account balance. Your beneficiaries have several distribution options available to them. Please refer to the Plan's Distribution Guide for details.

### Q: WILL THE PLAN NOTIFY MY BENEFICIARY UPON MY DEATH?

A: It is the responsibility of the beneficiary to notify the Plan and complete the official claim of assets. Certain time limits may apply to beneficiaries and it may be in the best interest of each participant to make designated beneficiaries aware of Plan information. Please ensure, on at least an annual basis, that your beneficiary information on file with the Plan is up to date and complete.

### Q: CAN I DESIGNATE A TRUST AS MY BENEFICIARY?

A: Yes. Be aware that the rules for beneficiary collection as a trust under a 457 plan may differ from rules of other beneficiary types. It may be best to consult a qualified estate planner or legal advisor for more information about designating a trust as your beneficiary.

### Q: CAN I DESIGNATE MY MINOR CHILDREN AS BENEFICIARIES?

A: Before you designate minor children as your primary or contingent beneficiaries, consult a legal advisor for more information on how funds are distributed.

**Access your account online  
or call Empower Retirement  
at (888) 457-9460.**

1 All references to the City of Los Angeles Deferred Compensation Plan, the City's Deferred Compensation Plan or the Plan are to a governmental 457(b) plan.

2 Access to KeyTalk and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the website and/or KeyTalk received on business days prior to close of the New York Stock Exchange (1:00 p.m. Pacific Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

3 Certificates of deposit are insured by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

4 The Retirement Income Projection Calculator has been developed for the City of Los Angeles Deferred Compensation Plan by a third-party vendor. Neither Great-West Life & Annuity Insurance Company nor any of its subsidiaries and/or affiliates have reviewed or approved this tool or are responsible for the calculations or for providing updates with respect to the tool.

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

6 The account owner is responsible for keeping the assigned PIN confidential. Please contact Client Services immediately if you suspect any unauthorized use.

7 You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options.

The Plan Highlights section is intended to provide you with a general summary of the City of Los Angeles Deferred Compensation Plan. It should in no way be construed as a Plan Document or a complete description of the Plan. The City's Plan was established under Internal Revenue Code Section 457, which authorizes deferred compensation plans for employees of state and local governments. Employees join the Plan, choose their investment options, and participate over time on a voluntary basis. The Plan summarized herein is detailed in the Los Angeles Administrative Code, Division 4, Chapter 14, Section 4.1400 et seq.

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