



County of Los Angeles Savings Plan

April 2008

DB and DC— One Comprehensive Retirement Strategy

As a County of Los Angeles employee, you have two retirement plans available to you—the defined benefit (LACERA) and defined contribution (Savings) plans.

LACERA provides a lifelong pension based on your years of service, salary and age at retirement. However, your LACERA pension will replace only a portion of the income you earned while working with the County.



Savings Plan provides a benefit based on the investment growth of your accumulated tax-deferred savings. The Savings Plan contributions you make today can help you make up the post-retirement income difference between LACERA and your working income.

Your LACERA pension is the foundation of your retirement strategy. However, your Savings Plan provides the following supplemental benefits.

- **Choice.**

Because your Savings Plan is a defined contribution plan, you get to decide how much to contribute. You can increase your contributions if you feel you want more money in retirement; or you can decrease or stop your contributions if you're going through some difficult financial times. Changing your deferral amount is easy on the Web site at www.countyla.com.¹

- **Control.**

Within your Savings Plan, you ultimately have the control over how you want to invest your retirement assets. Whether you're an aggressive or conservative investor, the Savings Plan has multiple high-quality, low-cost investment options to meet your specific investment strategy.

- **Access.**

At some point, either now or in the future, you may require access to funds for an immediate need, and you may not have the money available from any other source.

If so, you have the option to apply to borrow money from your Savings Plan account. Please review the Loan Brochure at www.countyla.com for eligibility requirements.

- **Portability.**

If you leave County service, the money you've built up in your Savings Plan can remain in the Plan or you can take it with you. In some cases, it may make sense for you to keep the account with the Savings Plan since the Plan Administrative Committee reviews the Plan regularly and negotiates with investment providers solely on behalf of your best interests, providing you with qualified investment options at below-retail costs and with no commissions. If you decide to roll out your Savings Plan account, you may want to leave a little behind to keep your account open (see "Keep the door open" on page 2 for more information).

By utilizing the advantages of the Savings Plan to supplement your LACERA pension, you can help ensure that your transition into retirement will be an easy one.

Retirement Resource:

Distribution Options

You've spent your career stashing a little bit of every paycheck into your Savings Plan account. Now that you've accumulated a hefty nest egg and retired, it's time to enjoy it. Your Savings Plan provides several different distribution options that can supplement your LACERA pension, while giving you the flexibility to take larger amounts to pay for those special post-retirement big-ticket items, such as vacations and toys.

Let's take a brief look at the distribution options available to you. All distribution methods can come to you in the form of a check or electronic funds transfer to your bank account.

- **Full or Partial Lump Sum**

Withdraw all or only a portion of your account balance.

- **Periodic Payment Amount**

Designate a specific dollar amount and the frequency at which you'd like to receive payments.

- **Periodic Payment Term**

Designate how long you want your payments to last (up to 20 years). The amount you receive is calculated based on your account balance.

- **Life Annuity**

Purchase a product that supplies you with regular payments for either a specific number of years (up to 20), your lifetime, or your lifetime and the lifetime of your beneficiary.

Given the various distribution options available through your Savings Plan, you can design a retirement income strategy that may meet your current needs. It can be centered around your LACERA pension and supplemented by your Savings Plan. Meanwhile, you continue to maximize the growth potential of your remaining Savings Plan assets.



Remember: You can adjust your periodic payment election annually as your hobbies and interests expand. In addition, your Savings Plan assets are always available to you upon request for those rainy day emergencies.

If you have any questions about your distribution options, don't hesitate to contact your local Plan representative or call the County of Los Angeles Service Center at (800) 947-0845.¹

Keep the door open

When you leave employment with the County, you don't have to take your Savings Plan assets with you. If you roll out all of your assets after you sever employment, your account will be closed for good. Instead of rolling all of your assets to another retirement plan, consider keeping a portion of your account balance in the Savings Plan—as a “just in case” precaution. This keeps the Savings Plan door open and may allow you to transfer your assets back to the Plan at a later time if you choose.

Also, keep in mind that if you roll over your Savings Plan account to another retirement plan, such as a 401(k), 401(a) or 403(b) plan or Individual Retirement Account (IRA), your assets may be subject to the 10% early withdrawal penalty for distributions prior to age 59½. If you retire or separate from service at or after age 55 and begin taking distributions from the Savings Plan, you will not be subject to the 10% early withdrawal penalty for 401(k) distributions.

Purchasing LACERA Service Credits with Your Savings Plan Assets

Purchasing LACERA service credit is an investment decision that will have an effect on your overall retirement income, so you must consider your personal circumstances and expectations. Participants have the ability to use their Savings Plan accounts to purchase various types of service credits from LACERA. By purchasing service credits, you are adding years of service to your LACERA pension formula. Remember: Your LACERA pension is based on salary, age at retirement and years of service.

The types of service credits that can be purchased include the following:

- Temporary Time (including academy time, as-needed time, per diem time, etc.)
- County Time (including past County service)
- Military Time
- Federal Agency Time
- Other Public Agency Time
- ARC (additional retirement credit)

In addition to the Savings Plan, you can purchase service credit with pre-tax assets from any other defined contribution plan(s) you may have, (if allowed by the plan) or through pre-/after-tax payroll deductions and/or a lump-sum payment. If you are interested in purchasing any type of time to increase your years of service with the County, contact LACERA at (800) 786-6464 to request information and a quote. There is no obligation to purchase this time, but at least you will know the cost to do so. LACERA also has calculators available on its Web site at www.LACERA.com; if you want to view your personal information with LACERA, you can go to www.mylacera.com.

DB vs. DC

This may be one of the few instances where you face the daunting decision to choose between the DB plan or the DC plan.

Keep in mind that the Savings Plan provides you with:

- Potential long-term growth that may exceed the fixed increase of the service credit purchase
- The benefits of investment control, access to your assets and portability

On the other hand, LACERA provides you with:

- A fixed percentage increase to your lifetime pension
- A guaranteed income without worrying about financial market performance

Investment Menu Changes Ahead

The Plan Administrative Committee has fiduciary responsibility for administering the Plan, including determining which investment options to make available to you. The Committee has approved a major change in your Plan's investment model. The current investment model provides two alternatives: a Simplified Menu that consists of professionally managed funds reflecting various investor risk tolerance levels (from conservative to aggressive), and an Advanced Menu composed of specific fund managers hired by the Committee. In the new investment model, the Simplified Menu has been changed to a selection of target retirement date funds that automatically adjust as you near your retirement date and an "Asset Class Menu" has been added, which will consolidate existing fund managers based on their investment characteristics.

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Old Model Risk Tolerance Funds

Investor elects fund that corresponds to his or her investment risk tolerance. A fund's investment allocation ratio between underlying investments does not change over time.

Advanced Menu

Investor elects an individual fund manager with specific investment characteristics.

New Model Target Retirement Date Funds

Investor elects fund that corresponds to his or her anticipated retirement date. A fund's investment allocation ratio between underlying investments gradually becomes more conservative over time.

Asset Class Menu

Investor elects a consolidated fund with underlying fund managers that have similar and/or complementary investment characteristics.

This investment model change is necessary and serves in the best interest of each participant and the Plan as a whole. The next newsletter will be dedicated to the investment model conversion: why it is being undertaken, the mechanics of how it will affect your portfolio, and the enhancements you will enjoy.

Great-West Retirement Services® Customer Service Is There for You On-Site Customer Service Locations

Martin Luther King/Drew

Medical Center

12021 S. Wilmington Ave., Los Angeles
First Monday every month in main lobby

LAC/USC Main Hospital

1200 N. State St., Los Angeles
Second and fourth Friday of each month in cafeteria

Kenneth Hahn Hall of Administration

500 W. Temple St., Los Angeles
Third Thursday of each month, second floor lobby entrance from mall

Public Works

900 S. Fremont Ave., Alhambra
Third Wednesday of each month in cafeteria

Health Services

313 N. Figueroa St., Los Angeles
Fourth Thursday of each month in the main lobby

Olive View Medical Center

14445 Olive View Dr., Sylmar
Last Wednesday of each month in cafeteria

Rancho Los Amigos Rehabilitation Center

7601 E. Imperial Hwy., Downey
Second Thursday each month in Jacquelyn Perry Clinic lobby

Harbor/UCLA Medical Center

1000 W. Carson St., Torrance
Second Thursday of each month in elevator lobby

*Note: On rare occasions, a representative may not be available.
Representatives also follow the normal holiday schedule.*

How to Reach Us

On the Internet:
www.countyla.com¹

By Phone:
(800) 947-0845

Call the L.A. County Service Center toll free and choose "1" from the menu of options you hear to obtain information or make changes to your account. You will be connected to KeyTalk®, an automated service available 24 hours a day, seven days a week.¹ Once you enter your Social Security number and Personal Identification Number² (PIN), you can retrieve personal account information and make changes to your account.

In Person: The L.A. County Service Center

Located at 655 N. Central Ave., Suite 1900, Glendale, CA 91203. Office hours are Monday through Friday, 8:30 a.m. to 5:00 p.m. Pacific Time. Call (800) 947-0845 and choose "4" from the menu to schedule an appointment, or call the Retiree Advocate at (877) RET-GWRS (738-4977).

Please note: This newsletter does not constitute investment or financial advice. 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.

¹ 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.

² The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

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