



# County of Los Angeles Savings Plan

October 2007

## Managing Your Retirement Portfolio

This quarter's newsletter is dedicated to educating you about managing your retirement portfolio. The composition of your retirement portfolio is unique to you and should be developed to meet your specific retirement needs and expectations. Your portfolio could simply be composed of your LACERA pension and Savings Plan account or you could have other retirement assets outside of the County, such as Social Security\*, another employer's pension or 401(k)/457 plan, Individual Retirement Accounts (IRAs), personal brokerage accounts (stock investments), etc.

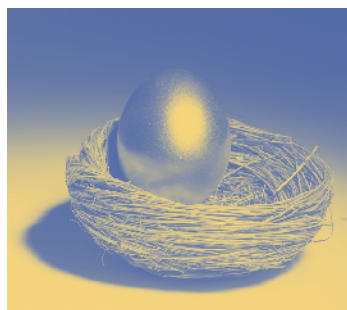
When you are making investment decisions, be sure to think about how your investments will fit into your overall portfolio investment strategy. Following are a few points that you may want to consider when managing your retirement portfolio.

- Are your investments diversified across all of your accounts?
- Do your investments consist of the lowest cost options with the best potential among the comparable investment options in all of your retirement accounts?
- Does your portfolio include the retirement accounts of your spouse/domestic partner?

Great-West Retirement Services® representatives are available to discuss the issues you should consider when managing a retirement portfolio composed of multiple retirement accounts. Contacting a Plan representative is as easy as calling the County of Los Angeles Service Center at (800) 947-0845.

\* The County of Los Angeles does not participate in Social Security; instead, County employees participate in LACERA. If you are eligible for Social Security benefits because you worked for another employer, the amount of Social Security benefits you actually receive may be affected by your LACERA pension. For more information about this "Windfall Elimination Provision," please call LACERA at (800) 786-6464.

## Looking for Financial Advice?



There are many "advisers" out there ready to "manage" your money, usually at your expense. You have spent a career accumulating your retirement nest egg and you should take

every precaution to protect it. If you feel you need professional financial advice, do your research on the professional organizations that are out there and the various credentials that many financial advisers tout. For the majority of folks, a one-time portfolio review with a financial adviser who is paid a flat, one-time fee should get you on the right track. However, your individual circumstances may call for additional portfolio reviews, especially following financial events.

Before you take any action with your Savings Plan assets, be sure to consult with a Great-West Retirement Services representative to make sure you fully understand the benefits offered through your Savings Plan. Great-West Retirement Services representatives will provide unbiased information. However, their services are limited to education and information, and they cannot offer financial, legal or tax advice.

Another resource for retirement financial planning is the AARP Web site at [http://www.aarp.org/money/financial\\_planning/](http://www.aarp.org/money/financial_planning/).<sup>¥</sup>







¥ Great-West Retirement Services is not responsible for and does not endorse the content contained in the additional Web sites provided. These Web sites are for general education and information only and are provided as a benefit to the users of the site.

## Best in Class (For the Advanced Investor)

Whether your portfolio consists of one or more retirement plans, the investment option selections you make in each asset class will directly impact your portfolio balance at retirement. Experts agree that portfolio performance depends heavily on diversification, asset allocation and the potential performance and fees of the specific investment options you select. Striking just the right balance between these four factors across your portfolio can be a complicated, but financially rewarding exercise.

### Consider the following hypothetical example:

Stephen has been contributing to his Savings Plan and an outside personal brokerage account. He plans to retire in 20 years and annually reviews his portfolio. During this year's annual portfolio review, Stephen projected that his Savings Plan investment options have a higher performance potential, net of expense, in certain asset classes while his after-tax brokerage account is superior in the remainder. Illustrated below are his projected retirement totals based on his assumptions. Adjusting his allocations to take advantage of the superior investments could significantly increase his portfolio while maintaining an overall 50:50 distribution ratio between the two asset classes.

Asset Class	Savings Plan		Outside Personal Brokerage Account		
	A	B	A	B	
Potential Rate	8.0%	4.5%	6.0%	7.0%	
<b>Allocation Choice</b>					
<b>Equal Split</b>					
Total in 20 Years	\$83,536	\$51,090	\$49,829	\$54,952	= \$239,407
<b>Best in Class</b>					
Total in 20 Years	\$167,072	\$0	\$0	\$109,904	= \$276,976

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is intended to illustrate how selection between comparable investment options can affect an investor's overall portfolio balance. It is not intended as investment advice. Individuals are responsible for selecting and monitoring their own investments. Investment returns fluctuate with market conditions and past performance is not a guarantee or prediction of future results. At redemption, actual shares may be worth more or less than their original cost. This assumes a \$10,000 starting balance in each account, a \$200 contribution per month to each account, a 29% combined federal and state income tax bracket for the personal brokerage account, and reinvestment of earnings, with no withdrawals. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan or the personal brokerage account. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

### New Fee Schedule

For the period of July 1, 2007, through June 30, 2008, the total annual cost for participating in the Savings Plan will be \$91.32. This includes a Plan administrative fee of \$53.76 and a County administrative fee of \$37.56. These fees will be deducted from your account in monthly installments of \$4.48 and \$3.13, respectively.

# Consider the Whole Picture

In many other newsletters, we have emphasized the importance of diversification and asset allocation within your Savings Plan account. You can apply that same philosophy to each of your retirement accounts and across your entire portfolio. The following hypothetical examples illustrate how creative you can be in developing your investment strategy.



**Raymond and his wife's retirement accounts**



Raymond and his wife, who works for another employer, have agreed to take a coordinated retirement planning strategy. Their combined retirement portfolio is composed of the Savings Plan, LACERA, an IRA, Social Security benefits and

a 403(b). They decided it was easiest for them to manage and monitor each retirement account individually. The Savings Plan account, 403(b) and IRA have the same percentage allocated to each of the major asset classes (fixed income, bonds, large cap, mid cap, small cap and international).



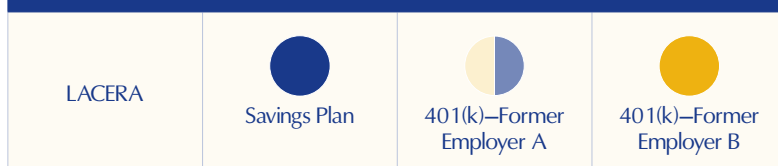
**William's retirement accounts**



William's retirement portfolio only contains the Savings Plan, LACERA and Social Security benefits. He has decided to simplify management of his Savings Plan account by investing in one of the pre-assembled portfolios based on his risk profile.



**Carol's retirement accounts**



Carol considers her LACERA pension the cornerstone of her retirement because of the guaranteed income she will receive based on her age, years of service and final compensation at

retirement. She also has a Savings Plan account and several 401(k) accounts from previous employers. Based on her personal circumstances, she has decided to structure her retirement portfolio so that LACERA has the fixed income/conservative allocation, the Savings Plan has the international allocation, and the 401(k) accounts split the domestic equity allocations. Overall, she considers herself diversified among the major asset classes.

Who has the better strategy? It's a personal decision based on a person's time horizon to retirement, investment knowledge, risk profile, retirement lifestyle expectations and other personal circumstances. What may be good for you may not be suitable for someone else.

Just be sure to consider all of your retirement accounts when you make investment decisions, because the changes you make in one retirement account may affect how your overall retirement portfolio is structured.

## Asset Class

- |                                |                              |                      |
|--------------------------------|------------------------------|----------------------|
| ● Small-Cap Funds <sup>1</sup> | ● Mid-Cap Funds <sup>3</sup> | ● Large-Cap Funds    |
| ● International <sup>2</sup>   | ● Fixed                      | ● Bonds <sup>4</sup> |

## Reminder: Review Your Statement

The County has implemented new correction protocol. Please review your statement carefully to confirm that we have properly acted on your instructions. Corrections involving eligibility or deferrals will only be made for errors that have been communicated within 90 calendar days following the first payroll date upon which the initial election should have been reflected on your paycheck and should have been reported to the County or Great-West Retirement Services. All other account discrepancies must be communicated to Great-West Retirement Services within 90 days of the last calendar quarter. Please direct all inquiries to:

Client Service Department  
Attn: Correspondence Dept. 6T2  
8515 E. Orchard Rd.  
Greenwood Village, CO 80111

After the 90-day correction window has passed, the account information shall be deemed accurate and acceptable to you. If you notify Great-West Retirement Services of an error after this 90-day correction window, the correction will only be processed as quickly as practicable from the date of notification forward and not on a retroactive basis. Contact the County of Los Angeles Service Center at **(800) 947-0845** with questions.

## 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 and third 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  
Fourth 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.com](http://www.countyla.com)**<sup>5</sup>

**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.<sup>5</sup> Once you enter your Social Security number and Personal Identification Number<sup>6</sup> (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.

<sup>1</sup> Equity securities of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.

<sup>2</sup> Foreign investments involve special risks, including currency fluctuations and political developments.

<sup>3</sup> Medium-sized companies may suffer more significant losses, as well as realize more substantial growth, than larger capitalized, more established issuers.

<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> 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.  
<sup>6</sup> 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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