2003 Summary of Material Modifications

County of Los Angeles
Horizons Plan

2003 SUMMARY OF MATERIAL MODIFICATIONS

County of Los Angeles Horizons Plan

Employer Identification Number: 84-0467907

This update is a summary of material modifications that were adopted in 2003 by the County of Los Angeles Board of Supervisors as part of the ordinance that amended and restated the County of Los Angeles Deferred Compensation and Thrift Plan (also known as the "Horizons Plan"). It is intended to provide you with explanations of recent changes to the Horizons Plan. You should keep a copy of this update with your summary plan description (SPD), as this update modifies information contained in the SPD.

Neither this summary of material modifications nor the SPD includes complete details of the County of Los Angeles Deferred Compensation and Thrift Plan. The terms of the Plan are contained in the Los Angeles County Code, Title 5, Chapter 5.25, which legally governs the administration of the Plan.

Every effort has been made to ensure the accuracy of the information contained in this update. However, if there is a difference between what is written here and the terms of the Plan, the Plan as codified in the Los Angeles County Code will always govern.

What's Inside

Definitions

Eligible Earnings — On or after January 1, 2003, "Eligible Earnings" means the same thing as "Includible Compensation," as defined below.

Includible Compensation — "Includible compensation" means wages for purposes of the income tax withholding rules under the Internal Revenue Code (the "Code") that are paid to you as an employee of the County for services you perform. It also includes:

- Elective deferrals to certain retirement arrangements, including the County of Los Angeles Savings Plan (the "Savings Plan");
- Any amount that is not included as gross income under the Code because you have elected to contribute it to Choices, Options, Flexible Benefit Plans, Mega-Flex Plans, Horizons or the Pension Savings Plan; and
- Any amount that is not available to you in cash under the Choices, Options, Flexible Benefit Plans or the Mega-Flex Plans because you are unable to certify that you have other health coverage.

Any item of taxable income that is excluded from this definition may not be deferred. Also, you may not elect to defer any amount that would not be received as taxable cash if it were not for the Participation Agreement or that would not constitute includible compensation even if received as taxable cash.

Your includible compensation for each pay period will be reduced in the following order:

- First, by pre-tax contributions to LACERA,
- Second, by contributions to Choices, Options, Flexible Benefit Plans or Mega-Flex Plans, if applicable,
- Third, by contributions to the Savings Plan, if applicable, and
- Fourth, by contributions to Horizons.

Normal Retirement Age — "Normal Retirement Age" (discussed on pages 9, 16 and 26 of the SPD) means age 70½, unless you have designated an alternative Normal Retirement Age. Your alternative Normal Retirement Age cannot be earlier than age 65 or the earliest date you are eligible to retire and receive a full pension benefit under LACERA or the Judges Retirement Law, or later than age 70½. The SPD, on the pages noted above, sets out the Normal Retirement Ages as defined by LACERA.

If you are a "qualified police or firefighter," as defined by the Internal Revenue Code, your Normal Retirement Age cannot be earlier than age 40 or later than age 70½.

Separation From Employment — The term "separation from service," as defined on page 26 of the SPD, is no longer being used. The term used now is "separation from employment." The definition itself remains the same—it means the termination of your employee relationship with the County for any reason, including retirement or death.

Automatic Vesting

Effective January 1, 2003, County Matching Contributions are fully vested immediately when they are credited to your account. Any previously unvested Matching Contributions as of that date will also be considered fully vested, regardless of when they were credited to your account. The vesting schedule on page 8 of the SPD is no longer applicable. As required by the IRS, all earnings on the Matching Contributions that become 100% vested in the 2003 Plan year will be counted as a contribution to the Plan on your behalf in 2003 and will apply against the 2003 Plan contribution limit. If you exceed the Plan contribution limit for 2003, the "excess" contributions and earnings will be returned to you. See "Excess Contributions" on page 5 for more information.

Catch-Up Contributions

There are now two types of catch-up contributions that you may become eligible to make under Horizons. Effective September 1, 2003, Horizons allows the new catch-up contributions for participants who are age 50 and older. In addition, the one-time, three-year catch-up contribution provision for participants who are within three years of Normal Retirement Age is still available at the higher limits (as described on page 9 of the SPD).

If you are eligible to make both three-year catch-up contributions and age 50 catch-up contributions in the same year, you may make whichever of the two types of catch-up contributions is larger, but you may not make both in any one year.

Catch-up contributions if you are within three years of Normal Retirement Age

Effective January 1, 2003, the pre-tax amount that you may contribute in any of the last three consecutive Plan years* before the Plan year in which you reach Normal Retirement Age may be increased to the *lesser* of:

- Two times the "applicable dollar limit," as defined by the Code for that Plan year (the applicable dollar limit for 2003 is $12,000, so the three-year catch-up contribution may be as much as $24,000; for 2004 the applicable dollar limit is $13,000, so the three-year catch-up contribution may be as much as $26,000), and
- The sum of the Plan contributions limit for the current Plan year *plus* the Plan contribution limits for any prior taxable years in which you were eligible to participate in the Plan (taking into account the limits and coordination requirements under prior law) *less* any contributions you made to the Plan during those years. The Plan contribution limit is the lesser of the "applicable dollar limit" for that Plan year and 100% of your includible compensation.

* *With regard to the Horizons Plan, a calendar year and the Plan year are the same.*

The three year catch-up may be used only once under the plan and is available for the three consecutive years prior to the year in which you reach Normal Retirement Age.

Within Three Years of Normal Retirement Age Maximum Annual Pre-Tax Contribution Limits			
Year	**Maximum Pre-Tax Annual Contribution Limit**	**Additional Maximum Pre-Tax Contribution Limit If Within 3 Years of Normal Retirement Age**	**Total Maximum Annual Pre-Tax Contribution Limit If Within 3 Years of Normal Retirement Age**
2003	$ 12,000	$ 12,000	$ 24,000
2004	$ 13,000	$ 13,000	$ 26,000
2005	$ 14,000	$ 14,000	$ 28,000
2006	$ 15,000	$ 15,000	$ 30,000

The "applicable dollar limit" increases each year by $1,000 until 2006, when the limit is $15,000. After 2006, the limit may increase with cost-of-living adjustments. Pages 9 and 10 in the SPD refer to the three-year catch-up contribution option.

NEW — CATCH-UP CONTRIBUTIONS IF YOU ARE AGE 50 OR OLDER

Effective September 1, 2003, if you are age 50 or older before the end of the calendar year, you can make an additional pre-tax age 50 catch-up contribution to your Horizons account. The age 50 catch-up contribution for 2003 cannot be more than the *lesser* of:

- The annual age 50 catch-up dollar limit permitted under the Code (for 2003, the dollar limit is $2,000; for 2004, the dollar limit is $3,000), and
- The excess of your includible compensation for the year over any other elective deferrals made to certain retirement arrangements, including Horizons (other than the age 50 catch-up contributions), the Pension Savings Plan and the Savings Plan.

Age 50 Catch-up Maximum Annual Pre-Tax Contribution Limits			
Year	**Maximum Pre-Tax Annual Contribution Limit**	**Additional Maximum Pre-Tax Contribution Limit for Ages 50 and Older**	**Total Maximum Annual Pre-Tax Contribution Limit for Ages 50 and Older**
2003	$ 12,000	$ 2,000	$ 14,000
2004	$ 13,000	$ 3,000	$ 16,000
2005	$ 14,000	$ 4,000	$ 18,000
2006	$ 15,000	$ 5,000	$ 20,000

The annual dollar limit for the age 50 catch-up contribution increases $1,000 each year until 2006, when the limit will be $5,000. After 2006, the limit may increase based on cost-of-living adjustments.

Participants in Horizons who are also participants in the Savings Plan and who are subject to the "combined lower limit" under the Savings Plan are not eligible to make age 50 catch-up contributions to Horizons.

Excess Contributions

If you exceed the annual Plan contribution limit, the "excess" contributions will be returned to you and treated as taxable income in the year in which they were contributed. Any earnings on those excess contributions will also be returned to you but treated as taxable income in the year in which they are distributed. Contributions will be returned to you in the following order, until the entire "excess" and applicable earnings have been returned:

- The first to be returned will be any age 50 catch-up contributions that you have made plus applicable earnings on these excess contributions.
- The second to be returned will be your pre-tax deferral contributions plus applicable earnings on these excess contributions.
- The last to be returned will be the County's Matching Contributions plus applicable earnings on these excess contributions.

Distribution Following Separation From Employment

If you leave County employment, you can keep your assets in the Plan or you may elect a distribution to begin on a date of your choice. You may choose to receive your distribution in a lump-sum payment; substantially equal monthly, quarterly, semi-annual or annual installments for up to 20 years; or in the form of a life annuity over your life or the lives of you and your designated beneficiary. Your benefit election is subject to the required minimum distribution rules under the Code and the Plan.

Distribution Election Changes

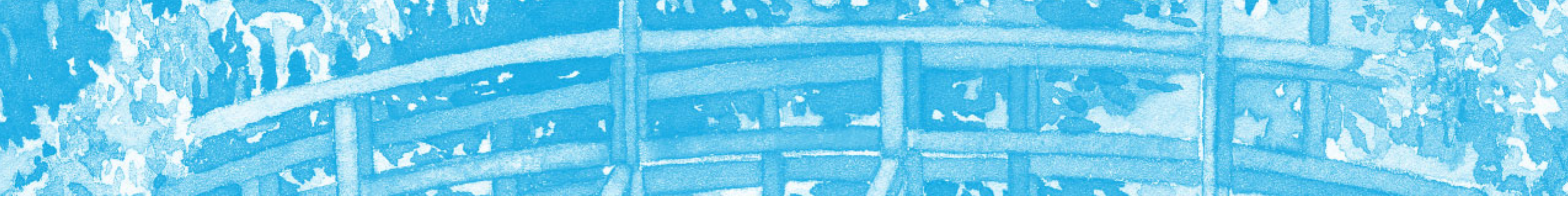
Previously, once you had elected the timing and form of your benefit distribution from Horizons, your ability to change the distributions (as to either timing or form) was strictly limited, as described on page 16 of the SPD. Now, you may change your distribution election once during each Plan year, if you wish. To do so, you must complete and submit a signed Distribution Request form, which the Plan Administrative Committee (PAC) must approve.

This option to change your existing benefit payment election is also applicable if:

- You have already left County employment and your distribution has already begun, or
- You elected to defer your distribution payments.

Your benefit election (and any change in that election) is subject to the required minimum distribution rules under the Code and the Plan.

Note: This option is not applicable if your payments under the Plan are provided through an annuity contract purchased from an insurance carrier.



Unforeseeable Emergency Withdrawals

The circumstances that may qualify you to withdraw funds from Horizons due to an unforeseeable emergency have been clarified by the IRS. An unforeseeable emergency, as described on page 18 of the SPD, could include such events as:

- Imminent foreclosure on or eviction from your primary residence,
- Non-reimbursed medical expenses (e.g., prescription drugs, non-refundable deductibles), and
- Funeral expenses for your spouse or dependent(s) (as defined by the Code).

The illness or accident noted on page 18 of the SPD does not have to be "sudden and unexpected."

An unforeseeable emergency withdrawal is considered a distribution under the Horizons Plan and is subject to income taxes during the year the distribution occurs. Taxes will be withheld from the amount requested. The amount requested can be increased to cover the corresponding required income tax withholding.

Plan Loans Available

Effective November 1, 2003, participants who are active employees can apply for a loan of at least $2,000 from the Horizons Plan and can have a maximum of two loans outstanding at any one time. A loan origination fee of $75 will be charged for each loan.

The total amount you can borrow depends on your account balance:

- *If your account balance is $20,000 or more,* the total amount of your loan(s) under Horizons can be up to 50% of your account balance, subject to a $50,000 cap, explained below.
- *If your account balance is less than $20,000,* the total amount of your loan under Horizons is the lesser of 80% of your account balance and $10,000.

The total amount of loans you can have at one time from all County-sponsored deferred compensation plans combined cannot be more than $50,000, regardless of your account balance. For purposes of applying this $50,000 limit, the value of your other Plan loans is determined using the highest outstanding loan balance over the last 12 months.

If your loan is approved, you will be mailed a promissory note, and the County of Los Angeles Loan Policy. You must sign the promissory note, which includes your promise to make monthly payments through payroll deductions for the duration of the loan and to be bound by the Loan Policy and any future Plan loan requirements imposed by law. The promissory note also includes your agreement that your account balance provides security for the loan.

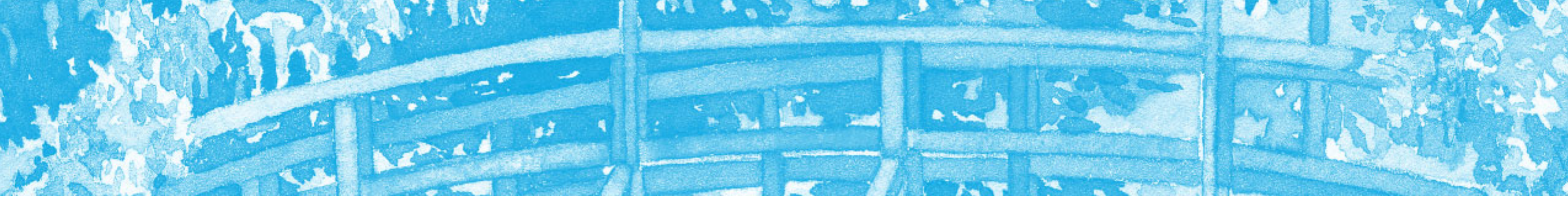
You must repay the loan within five years, unless you use it to purchase your principal residence, in which case you must repay it within 15 years from the time the loan was made. Loan payments (including principal and interest) are made by payroll deduction.

If you leave County employment for any reason, you must repay the loan in full at the time you leave. As required by law, if you fail to pay the balance of the loan by the end of the "grace period," which lasts until the end of the calendar quarter following the calendar quarter in which you separated from County service, the loan will be in default. The defaulted loan will be treated as a "deemed" distribution, and the outstanding loan balance will be reported to the IRS as taxable income in the year in which the deemed distribution occurs. An extended "grace period" is available if you are on an unpaid or part-paid leave. In addition, the IRS requires the outstanding loan balance to remain on your Horizons account until you take an actual distribution from Horizons.

When you take an actual distribution from the Plan, e.g., when you leave County employment or take an unforeseeable emergency distribution that includes the portion of your account securing your loan, the promissory note still held in your account will be offset by the outstanding loan balance (which was already treated as a deemed distribution, as explained above). The offset will extinguish the promissory note and your obligation to repay the Plan.

No written loan application is necessary. You can apply for a loan online at www.countyla.com or via KeyTalk® (press 2 for loan information). To speak with a Horizons Service Center Representative, call KeyTalk® between 7 A.M. and 5 P.M. Pacific Time, Monday through Friday.*

** Access to KeyTalk® and the Web site may be limited or unavailable during periods of peak demand, market volatility, system upgrades or maintenance, or for other reasons.*



Rollovers Into the Plan

Effective September 1, 2003, the Plan will accept pre-tax rollover contributions that qualify as eligible rollover distributions from any of the following eligible retirement plans in which you were a participant and from which you are eligible to receive a distribution:

- An eligible deferred compensation plan that is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state (a governmental 457 plan).
- A traditional individual retirement account (an IRA).
- A tax-sheltered annuity (under Code section 403).
- A qualified retirement plan that is a defined contribution plan (under Code section 401(a), such as a 401(k) plan or profit-sharing plan).

Funds received by Horizons will be maintained according to the type of plan to which the money was originally contributed. The funds will be held in a separate rollover account and invested in accordance with your current Horizons deferral allocation unless otherwise directed. The IRS regulations governing the plans to which the money was originally contributed will remain in force, and you will be subject to any applicable early withdrawal penalties.

If you become eligible to receive an eligible-rollover distribution from a plan listed at left because you are a surviving spouse, you may also roll that distribution into Horizons. You may be required to provide information or documentation that the PAC determines is necessary to make a determination that the rollover contribution satisfies the requirements of the Plan and the Code.

> If you make a rollover contribution to Horizons from an eligible retirement plan that is subject to the 10% excise tax on early distributions from the plan (such as a 401(k) plan), the tax will not apply when the contribution is made to Horizons. However, any distribution of those funds from Horizons will be subject to the 10% early distribution tax penalty as the tax would have applied under the eligible retirement plan from which the rollover was made. For this reason, the Plan has been changed to provide that the portion of your rollover account balance that is holding assets subject to the 10% early distribution tax will be used last to satisfy requests for an emergency withdrawal, participant loan, or voluntary in-service distribution.

Administrative Fees†

Participants in Horizons historically have paid for the costs and expenses of administering the Plan. There are three categories of fees:

The first fee, which is deducted from your account on a monthly basis and reflected on your quarterly statement, is for the service provider (Great-West Retirement Services℠). The monthly administrative fee is $4.04 for fiscal year 2003–2004. The contract for this service provider is approved by the Board of Supervisors.

The second fee, the County administrative fee, is the cost the County incurs in administering the Plan. This includes direct additional County costs incurred as a result of County employees' providing administrative services to the Plan and the cost of outside contractors (other than Great-West Retirement Services℠) who provide services to the Plan (such as fiduciary insurance coverage, communication consultants, investment advisors, auditors and lawyers). These costs are approved by the PAC.

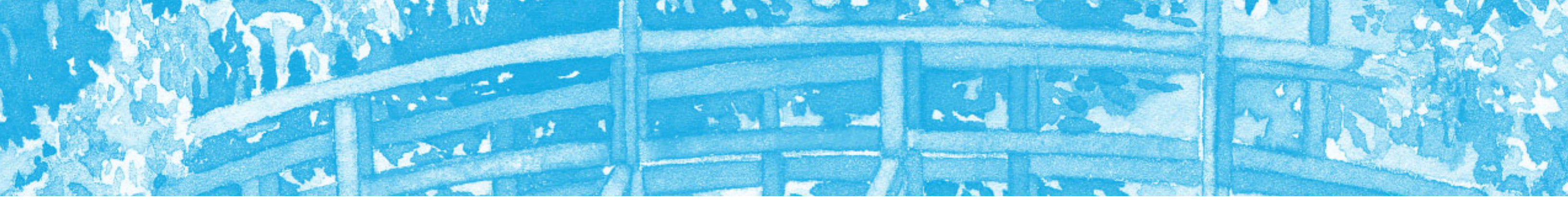
The monthly per-participant charge for the County administrative fee historically was determined by collective bargaining, which set the fee at $2.20/month. Effective with the fiscal year beginning on July 1, 2003, this fee will be determined by the PAC. Prior to the beginning of each fiscal year, the PAC will determine an amount of annual fees that it reasonably estimates will be necessary to properly administer the Plan. The estimated annual fees approved by the PAC will be charged to each participant's account on a per capita basis. The per-participant annual charge will be determined by dividing the estimated annual fees by the number of participants on the June 30 that immediately precedes the fiscal year for which the determination is being made. The per-participant annual charge will be divided by 12 and billed monthly to your account.

The total annual fees for the second category of costs and expenses (including any emergency surcharge) may not exceed 0.15 percent of the total assets of the Plan (that is, 15 basis points) on the June 30 that immediately precedes the fiscal year for which the determination is being made.

You will be charged only for months in which you have an account in the Plan. The monthly fees will be reflected on your quarterly statement. During the fiscal year, the PAC may assess an emergency surcharge to your account if it determines that actual Plan expenses will exceed the estimated annual fees for the fiscal year.

The third category of fees is for investment management. All investment fund options have an investment management operating expense which varies between investment fund options. The quarterly investment option returns sheet and the prospectuses for each investment fund option contain details of these fees and are available on the Horizons website at www.countyla.com or via KeyTalk®. Please note: Not all investment fund options have a prospectus. These contracts are approved by the Horizons Plan Administrative Committee (PAC).

† *Securities are offered through GWFS Equities, Inc., a Great-West company and an NASD member firm. For more information about available investment options, including fees and expenses, you may obtain applicable prospectuses and/or disclosure documents from your local registered representative. Just call the Horizons Participant Service Center at 1-800-947-0845. Be sure to read the documents carefully before investing.*



Certified Domestic Relations Orders

Effective September 1, 2003, a Certified Domestic Relations Order (CDRO) can provide (or can be amended to provide) for an immediate distribution to a spouse or former spouse who qualifies as an alternate payee as defined in the Code. This means that an alternate payee no longer has to wait until the participant is eligible for a distribution (e.g., Separation From Employment) to receive a distribution of the alternate payee's interest under the Plan.

Temporary Suspension of Plan Provisions

During any conversion period (such as a change in third-party administrator or an investment option under the Plan), the PAC may temporarily suspend any of the provisions of the Plan. For example, the temporary suspension may impact the provisions of the Plan relating to your rights to change contribution elections or investment directions and your right to borrow from, withdraw from or seek a distribution of your account.

Trial Court Employees

Employees of the Los Angeles County Superior Court may participate in Horizons if they meet the eligibility and participation provisions of the Plan. All of the terms and conditions of Horizons also apply to the employees of the trial courts who elect to participate in the Plan, except that any Matching Contributions made to the Plan on behalf of trial court employees will be paid by the Superior Court, or the applicable trial court entity.

Military Service

Federal law, under the Uniformed Services Employment and Reemployment Rights Act (USERRA), gives you certain rights if you voluntarily or involuntarily leave County employment to serve in any of the United States military services, including the Coast Guard, for active duty or for training. Contact the County Department of Human Resources for additional information.

EGTRRA Sunset Provision

Many of the changes made to Horizons and described in this summary and in the SPD were made in accordance with the terms of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). These amendments to the IRS Code are scheduled to expire on December 31, 2010 and, if they do, will no longer be effective upon the sunset of the applicable provisions of EGTRRA. The sections of the Plan intended to comply with EGTRRA, and any other provisions that the PAC determines are no longer applicable due to the sunset of the relevant EGTRRA provisions, will no longer be effective and the Plan will be construed in accordance with the terms of the Plan in effect as of December 31, 2001, unless otherwise required by applicable law.

Trustee

In accordance with the Code, the assets of Horizons are held in trust for the exclusive benefit of participants and their beneficiaries. The Trustee is Wells Fargo Bank West, N.A.

For More Information

Please review this update to understand the changes to the Horizons Plan. If you have any questions about this update or need another copy of the Horizons Plan SPD, please go to the Horizons Web site at www.countyla.com.

HORIZONS

The Deferred Compensation and Thrift Plan

A Supplemental Retirement Program for
Los Angeles County Employees

Los Angeles County Service Center
c/o Great-West Life Retirement Services
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