



Your **Horizons** Retirement Plan

Simplified

In this edition of your Horizons newsletter, every effort has been made to help you understand how the Horizons Stable Income Fund, the Bank Depository Fund and the Horizons Bond Fund work. For additional information on these investment options, see your Fund Data Booklet which is mailed annually and is also available online at www.countyla.com.¹² If you have any questions, please call the County of Los Angeles Service Center at (800) 947-0845.

Horizons Stable Income Fund

The Horizons Stable Income Fund is one of three fixed income options available in the Plan, the other two being the Bank Depository Fund and the Horizons Bond Fund. The Horizons Stable Income Fund and Bond Fund are not FDIC-insured.

The Horizons Stable Income Fund does provide a relatively stable investment compared to the other asset class and target date funds. The Horizons Stable Income Fund has two goals: to preserve capital and to provide you with a competitive crediting rate (the interest rate you receive) with limited volatility of the underlying assets.

How the Horizons Stable Income Fund Works

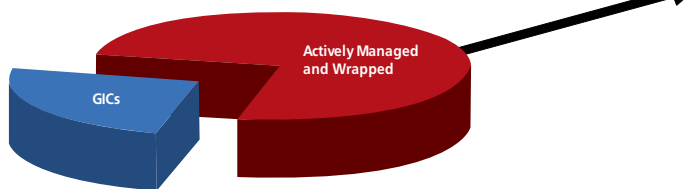
The Horizons Stable Income Fund is managed internally by the County* with the assistance of an independent professional investment consulting firm. Investment and insurance firms providing the underlying investments in the Horizons Stable Income Fund must meet and maintain qualification requirements within the Horizons Investment Policy. The fund is diversified between two major categories. Assets are invested in guaranteed interest contracts (GICs) offered by insurance companies and actively managed fixed income funds offered by investment companies.

Active Management Component

The actively managed component of the Horizons Stable Income Fund is comprised of fund managers who specialize in the bond market, which means their performance is subject to daily market changes, albeit, typically not as dramatic as the equity market. However, the Horizons Stable Income Fund does provide you with a guaranteed quarterly crediting rate that you will receive during the quarter, regardless of any market volatility. The Horizons Stable Income Fund can guarantee the quarterly crediting rate, in part, because of an insurance policy, known as wrap coverage, on the assets managed by each of the fund managers. The wrap coverage guarantees the “book value” of the assets. The book value of the assets is the recorded and promised value of your contributions and earnings. This is different from the “market value,” which is the value of the underlying securities in the Horizons Stable Income Fund on the open market.

The wrap insurance would only be provided if the Horizons Stable Income Fund had to be liquidated completely to accommodate participant directed withdrawals, in which case the insurance policy would make up the difference between the higher book value and lower market value.

Horizons Stable Income Fund Model



This simplified example illustrates what would happen the day you take money out of the Horizons Stable Income Fund. (Assume \$100 of your Horizons Stable Income Fund account balance is managed by a “wrapped” fund manager.)

Actively Managed “Wrap” Insurance Protection

Your Account Balance with the Fund Manager (book value) \$100

Market Condition	Down	Neutral	Up
Market Value	\$95	\$100	\$105
Wrap Insurance Coverage	\$5	–	–
Total Paid out to You	\$100	\$100	\$100

Any gains or losses experienced during the quarter are reamortized into the next quarterly crediting rate.

* Per 457(g), Horizons Plan assets have been placed in trust for the exclusive benefit of participants and their respective beneficiaries. The County and its creditors cannot make a claim on vested Plan assets, excluding the direct County services to the Plan that are paid by you through the County Administrative Fee that is deducted from your account each month.



Horizons Stable Income Fund *continued*

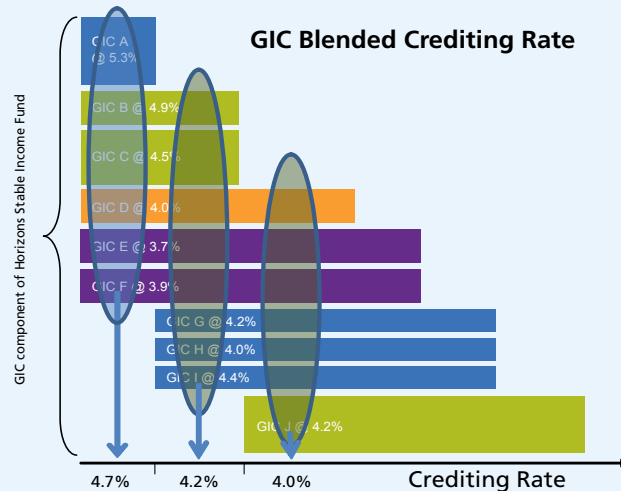
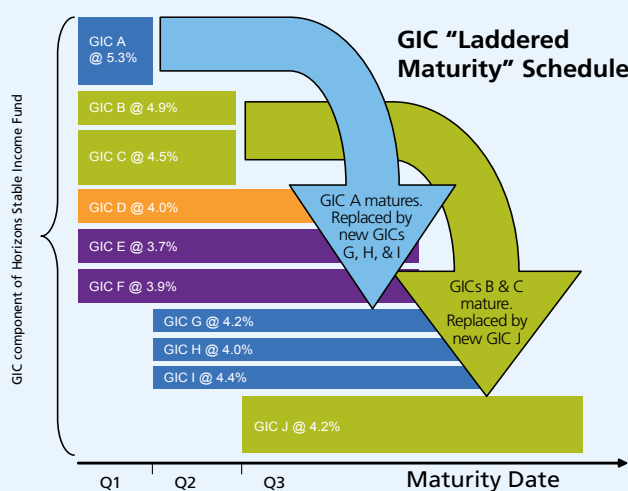
GIC Component

A GIC is essentially a loan made to an insurance company for a set duration with a fixed interest rate to be paid to the Horizons Stable Income Fund.

There are GICs from a number of insurance companies at any given time within the Horizons Stable Income Fund. In order to

provide you with a relatively stable crediting rate, the GICs have different maturity dates corresponding to a "laddered maturity" schedule. This means that when a GIC matures and the insurance company repays the loan with interest, the cash received is used to issue a new GIC. The new GIC that is selected provides an interest rate that is competitive at the current market conditions. Therefore,

the interest rate for the maturing GIC that was made several years ago may be significantly different from the new GIC that will assume the maturing assets. The Horizons Stable Income Fund's crediting rate is then adjusted to reflect the difference between the old and new GIC interest rates. This process is repeated each calendar quarter.



FOR ILLUSTRATIVE PURPOSES ONLY. These hypothetical illustrations intend to show that GICs have different maturity dates corresponding to a "laddered maturity" schedule. As GICs mature, a search is conducted to find new GICs. The fund provides a blended rate of interest, which changes quarterly. The blended rate reflects the dollar-weighted average of the interest rates, net of any fees, applicable to each investment held by the fund.

THINGS TO KNOW ABOUT GICS

How a GIC Becomes Part of the Fund

To be considered for the Horizons Stable Income Fund, the insurance companies providing the GICs must be rated "superior" or "excellent" by at least two of the major rating services, such as Moody's and Standard & Poor's. In addition, the company must have at least \$2 billion of invested assets with at least \$200 million in adjusted

capital and surplus, which is its net worth. The financial strength of each company is monitored on an ongoing basis; if it falls below the criteria, the contract is removed from the fund. The average duration of a GIC is between three and five years.

GICs Are Unique

After reading this article, you may think that GICs are similar to bonds. After all,

both promise to pay a set amount of interest over a certain period of time for the use of an investor's money. But the key difference is that GICs, like certificates of deposit,[†] are not subject to market or interest rate volatility when interest rates rise or fall—but bonds are. With GICs, the interest rate on each contract will not change before the contract's maturity.

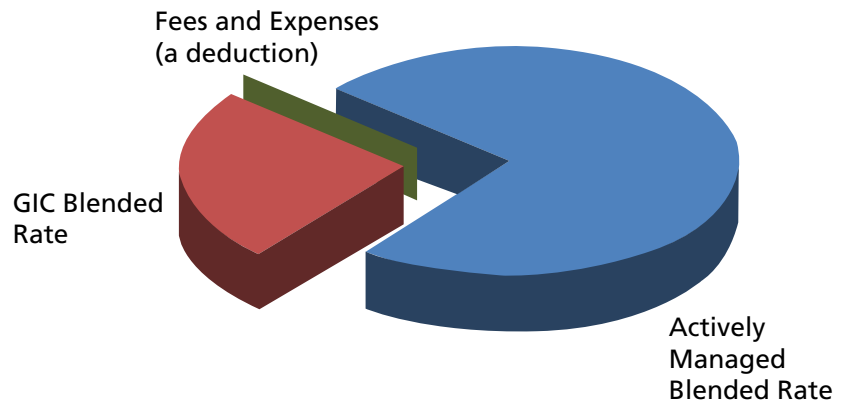
[†] Certificates of deposit are insured by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

Horizons Stable Income Fund *continued*

Calculating the Horizons Stable Income Fund Crediting Rate

The Horizons Stable Income Fund crediting rate is determined using a number of factors. As previously mentioned, the GIC maturity ladder schedule is a major component of the rate, as is an estimate of the actively managed component's performance. Expenses are then deducted, including fees for the investment consultant, any costs associated with County staff overseeing the fund, the individual fund manager's investment operating expense, and the wrap insurance fee. The result is a "dollar-weighted average" for each of these factors, which contributes to the blended crediting rate.

Stable Fund Crediting Rate – Blending of All Components



Bank Depository Fund

The Bank Depository Fund is the only Horizons investment option currently insured by the Federal Deposit Insurance Corporation (FDIC). Your investment in the Bank Depository Fund is insured dollar-for-dollar up to \$250,000. Any amounts in excess of \$250,000 in the Bank Depository Fund will be transferred each month to the Stable Income Fund. Chase Bank (formerly Washington Mutual) is the underlying FDIC-insured bank in the Horizons Bank Depository Fund.

The \$250,000 FDIC coverage for your assets in the Bank Depository Fund is separate and apart from the \$250,000 FDIC coverage for your personal retail bank account. However, the FDIC does require that all retirement accounts you may have in the same FDIC-insured bank must be added together for a total insured amount of \$250,000. Retirement accounts include all types of IRAs, 457 plans, 401(k) plans and Keogh plans.

For more information on the FDIC insurance limits, please visit: <http://www.fdic.gov/deposit/Deposits/insured/basics.html>.

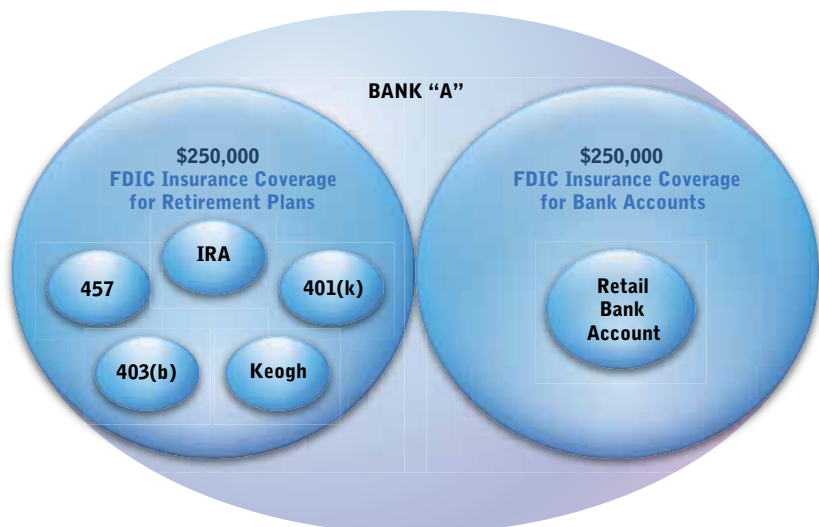
5% Bank Transfer Fee

Transfers may be made from the Bank Depository Fund to the other funds without a transfer charge; however, a **transfer fee equal to 5% of the transferred amount will be deducted from your account if you transfer out of any other fund into the Bank Depository Fund.** Payroll contributions into the Bank Depository Fund are exempt from the 5% bank transfer fee.

Important Note: Coming Soon!

Chase Bank (formerly Washington Mutual) will be replaced as the underlying FDIC-insured bank for the Bank Depository Fund.

Details will be announced online at www.countyla.com and in the next issue of this newsletter.





Horizons Plan Administrative Committee Members

Sharon R. Harper, *Chair*

Daniel Cohen	Mark Saladino
Lisa M. Garrett	Teresa Sanchez
William Pryor	Wendy L. Watanabe
Steven Remige	

Horizons Bond Fund

In addition to the Horizons Stable Income Fund and Bank Depository Fund, Horizons offers a third fixed income investment option—the Horizons Bond Fund[^]. The Horizons Bond Fund is not FDIC-insured and is subject to market fluctuations.

How Bonds Work

In very simple terms, when you buy a bond or invest in a bond fund, you're lending your money to a company or government entity. The bond issuer promises to repay that loan on a certain date, with interest. In the meantime, you receive regular interest payments, often called "income."

Horizons Bond Fund Objective

The fund's objective is to seek high total investment return through a combination of current income and capital appreciation. This fund invests primarily in investment-grade fixed income securities.

Who Is Most Likely to Choose a Bond Investment?

Bond investments may be most appropriate for someone seeking an investment vehicle with higher income potential than a money market or stable value investment. If your portfolio contains more aggressive investments, such as equities, you may want to balance your portfolio with an option providing potentially steady income, such as a bond fund.

An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

[^] 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.

Upcoming Payroll System Changes

In 2010, the Countywide payroll system is scheduled to be replaced. The County, Coalition of County Unions and SEIU Local 721 are working together to look for opportunities on how this change can simplify your Horizons experience. Details about these changes will be provided in upcoming newsletters. Stay tuned.

Customer Service On-Site Locations

Martin Luther King/Drew Medical Center

12021 S. Wilmington Ave., Los Angeles
First Monday every even-numbered 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

Rancho Los Amigos Rehabilitation Center

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

Hall of Records

320 W. Temple Street, Los Angeles
Fourth Thursday of every odd-numbered month in the main lobby

Public Works

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

Olive View Medical Center

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

Harbor/UCLA Medical Center

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

Health Services

313 N. Figueroa St., Los Angeles
Fourth Thursday of every even-numbered month in the main lobby

Note: On rare occasions, a representative may not be available. Representatives also follow the County's holiday schedule.

Account Management Tools

You can make changes to your account, research investment options and stay updated on Plan changes using either of the two convenient methods available to you.

Web: www.countyla.com¹²

Phone: (800) 947-0845¹²



Investment Option Returns for the Period Ending June 30, 2009

VARIABLE INVESTMENT OPTIONS AVERAGE ANNUAL RETURN

	Last 3 Months	Year to Date	1 YEAR	3 YEARS	5 YEARS	Since Inception	Fund Operating Expenses	Inception Date of Fund
SIMPLIFIED INVESTMENT MENU^{1,2,3,4}								
Horizons Retirement Income Fund	11.01%	5.08%	N/A	N/A	N/A	5.21%	0.59%	11/07/08
Horizons 2010 Target Date Fund	11.60%	3.81%	N/A	N/A	N/A	1.92%	0.50%	11/03/08
Horizons 2015 Target Date Fund	14.02%	4.41%	N/A	N/A	N/A	2.12%	0.46%	11/03/08
Horizons 2020 Target Date Fund	15.85%	4.88%	N/A	N/A	N/A	2.25%	0.43%	11/03/08
Horizons 2025 Target Date Fund	17.28%	5.05%	N/A	N/A	N/A	1.94%	0.44%	11/03/08
Horizons 2030 Target Date Fund	17.34%	4.45%	N/A	N/A	N/A	1.23%	0.44%	11/07/08
Horizons 2035 Target Date Fund	17.36%	5.31%	N/A	N/A	N/A	2.03%	0.44%	11/07/08
Horizons 2040 Target Date Fund	17.41%	5.42%	N/A	N/A	N/A	2.07%	0.44%	11/07/08
Horizons 2045 Target Date Fund	17.31%	4.48%	N/A	N/A	N/A	1.26%	0.44%	11/07/08

ADVANCED INVESTMENT MENU^{1,2,3}								
Horizons Bond Fund ⁵	14.61%	14.64%	N/A	N/A	N/A	22.08%	0.34%	11/03/08
Horizons Balanced Fund	19.91%	6.55%	N/A	N/A	N/A	4.12%	0.53%	11/03/08
Horizons Large Cap Equity Fund	15.97%	3.45%	N/A	N/A	N/A	-2.72%	0.02%	11/03/08
Horizons Non-U.S. Equity Fund ⁶	23.45%	7.35%	N/A	N/A	N/A	8.98%	0.51%	11/03/08
Horizons Mid Cap Equity Fund ⁷	20.18%	15.76%	N/A	N/A	N/A	6.95%	0.61%	11/03/08
Horizons Small Cap Equity Fund ⁸	17.73%	-5.37%	N/A	N/A	N/A	-11.83%	0.49%	11/03/08

FIXED INVESTMENT OPTIONS^{1,2}		ANNUALIZED CREDITING RATE				
	3rd Qtr '09	2nd Qtr '09	1st Qtr '09	4th Qtr '08	3rd Qtr '08	
Horizons Stable Income Fund ^{3,9}	3.80%	3.80%	4.30%	4.60%	5.02%	11/30/90
Bank Depository Fund ^{3,9,10}	1.19%	1.14%	1.71%	2.68%	2.68%	11/30/90

Keep in mind that fees and expenses are only one of several factors that you should consider when making investment decisions. Please consider the investment objectives and risks, as well as fees and expenses, carefully before investing. For this and other important information, you may obtain fund fact sheets and disclosure documents from your registered representative at (800) 947-0845 or through the Web site at www.countyla.com. Read them carefully before investing.

Since most of funds are brand new, there is the potential for a slight difference in performance results as assets are deposited into the funds. These return differences will be minimal and should normalize once the funds have developed a longer history behind them. 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.countyla.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. Although data is gathered from reliable sources, we cannot guarantee completeness and accuracy.

The net returns shown above reflect fund operating expenses, but do not include current administrative fees.¹¹ For more information on how these administrative fees are assessed to your account, please refer to the Schedule of Participant Fees in the Fund Data Booklet or visit the Web site at www.countyla.com.

About the Investment Options

The Plan Administrative Committee (PAC), with the consultation of outside advisors not affiliated with Great-West Retirement Services®, has set the underlying allocation of the Horizons Target Date Funds and the Horizons Asset Class Investment Options (sub-funds). The PAC may change the underlying allocation to the sub-funds at any time, without prior notification, pursuant to the investment guidelines established by the PAC.

¹ About Separately Managed Funds/Accounts

The Horizons investment options are designed exclusively for the Horizons Plan. The PAC has selected underlying fund managers who may manage Plan assets through a separate account, thereby reducing the fund operating expense charged to participants. A separate account means Horizons assets are invested separately from other clients of the fund manager. Therefore, performance data is based only on Horizons assets. Registration with the Securities and Exchange Commission is not required for any of the Horizons investment options.

² Transfer Restrictions

Transfers of \$10,000 or more into an investment option on a single day must remain invested in that option for a minimum of 10 business days. The last assets transferred into an investment option will be the first assets transferred out of the investment option. After any transfer of assets out of an investment option, no assets may be transferred into that investment option for 30 calendar days. Non-compliant transactions may result in the restriction of a participant's ability to make transfers. Additional information is available on the Web site at www.countyla.com.

³ Bank Depository Transfer Information

Transfers may be made from the Bank Depository Fund to the other funds without a transfer charge; however, a transfer fee equal to 5% of the transferred amount will be deducted from your account if you transfer out of any other fund into the Bank Depository Fund. Payroll contributions into the Bank Depository Fund are exempt from the 5% penalty.

⁴ Important Information About the Target Date Funds

The Target Date Funds will be rebalanced automatically each quarter so that they maintain their established percentage for each investment option. This automatic rebalancing will take place on the last business day prior to a quarter end, so participant statements will reflect the rebalanced Portfolio. On an annual basis, the Horizons 2010 through 2045 Target Date Funds will be adjusted to a more conservative asset allocation. The objective of the annual adjustment is to eventually mirror the Retirement Income Fund asset allocation by the end of the year reflected in the name of the Target Date Fund.

⁵ 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.

⁶ Foreign investments involve special risks, including currency fluctuations and political developments.

⁷ Medium-sized companies may suffer more significant losses, as well as realize more substantial growth, than larger capitalized, more established issuers.

⁸ Equity securities of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.

⁹ Fixed Investment Option Name Changes

Effective November 3, 2008, the LA County Stable Income Fund was renamed to the Horizons Stable Income Fund and the Washington Mutual Bank Fund was renamed to the Bank Depository Fund.

¹⁰ Bank Depository Fund Insurance of Deposits and Account Balance Limit

Assets invested in the Bank Depository Fund are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The current maximum balance permitted in this Bank Depository Fund is \$250,000. Any amount in excess of this limit will be automatically transferred to the Horizons Stable Income Fund at the end of each quarter. The Bank Depository Fund is the only investment product in the Horizons Plan that offers FDIC insurance on account balances. All other Horizons Plan investment products offered are not FDIC-insured and may lose value.

¹¹ Administrative Fees

For the July 1, 2008, to June 30, 2009, fiscal year, the total annual cost of participating in the Horizons Plan has been reduced to \$59.13. This includes the annual Plan administrative fee of \$39.20 and the County administrative fee of \$19.93. Because the 2007-2008 rates were assessed July 2008 through October 2008, your monthly installments have been adjusted for the remainder of the fiscal year so you do not exceed the annual fee. These fees will be \$2.70 and \$1.70, respectively, and will be deducted from your account monthly.

The Horizons Target Date Funds are invested in units/shares of the following underlying funds: Horizons Stable Income Fund, Horizons Bond Fund, Horizons Large Cap Fund, Horizons Non-U.S. Equity Fund, Horizons Mid Cap Fund, Horizons Small Cap Fund, JPMorgan Property Fund, Mellon Global Alpha I, PIMCO High Yield Fund Institutional, PIMCO All Asset Fund and Wellington Unconstrained Themes.

The Asset Class Funds are comprised of the following: Horizons Bond Fund invests in units/shares of Loomis, Sayles & Company, L.P. Core Plus Full Discretion; Horizons Balanced Fund invests in units/shares of Dodge & Cox Balanced Fund; Horizons Large Cap Fund invests in units/shares of SSGA S&P 500 Index; Horizons Non-U.S. Equity Fund invests in units/shares of Causeway International Value Equity Fund and Capital Guardian International (Non-U.S.); Horizons Mid Cap Fund invests in units/shares of Artisan Mid Cap Growth, Denver Investment Advisors Mid Cap Growth, Sasco Capital Mid Cap Value and WEDGE Capital Management L.L.P. Mid Cap Value; Horizons Small Cap Fund invests in units/shares of Brandywine Small Cap Value, NorthPointe Capital Small Cap Growth Equity and Peregrine Capital Small Cap Growth Equity.

Access to the automated voice response system and Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

Investment options and their underlying funds have been selected by the PAC. Securities are offered through GWFS Equities, Inc., a Great-West Company and FINRA member firm.

