



Your **Horizons** Retirement Plan

Simplified

eHR Payroll Changes Simplify Horizons Deferral Calculations

The County of Los Angeles will be implementing a new eHR payroll system starting with the April 30, 2010, payday. eHR is a semi-monthly payroll system, which means your pay, deductions (including Horizons contributions) and tax withholding will be made twice a month—on the 15th and 30th of each month starting with the April 30, 2010, payday.

The new eHR payroll system will also simplify the process of calculating your Horizons deferral percentage by eliminating some of the steps in the deferral formula.

IMPORTANT: YOU MAY NEED TO TAKE ACTION IN MARCH 2010

The transition from the old to new payroll system may require you to adjust your deferral percentage in order to maintain your current retirement savings strategy—whether it is to contribute only enough to receive the full County matching contribution, reach the annual contribution limit, or reach a savings goal that is somewhere in between. Please review the deferral rate formula comparison on the following pages and plug in your own numbers from a current paystub to see if you need to make any changes.

Deferral Percentage Change – “Transition Deadline”

The eHR payroll system will become effective with the April 30, 2010, payday. This means that if you want your dollar contribution amount to remain the same beginning with that payday, you must make the necessary deferral percentage change during the month of March 2010.

If you do not make any changes, your deferral *percentage* will remain the same, but the total monthly *dollar amount* of your contribution may be slightly lower than what you have been accustomed to prior to April 30.

Deferral Rate Formula: Understanding Your Horizons Contribution Formula

Your monthly Horizons contribution is calculated using your deferral percentage multiplied by a base amount called “Includible Compensation.” eHR will modify the definition of Includible Compensation, as follows:

CURRENT PAYROLL SYSTEM

Includes the County contribution to cafeteria plans that you **could** receive as taxable cash

VERSUS

eHR PAYROLL SYSTEM

Includes the County contribution to cafeteria plans that you **actually** receive as taxable cash

The bottom line is that the eHR transition will not change your deferral *percentage*, but it will change your Includible Compensation, which will affect your *dollar contribution amount*.

Deferral Rate Formula Comparison

Take a moment to compare how your dollar contribution amount will change with the new eHR payroll system. Just match up the items in the formula with the corresponding payroll codes on a current paystub (a paystub dated prior to April 30, 2010).

CURRENT FORMULA	EXAMPLE	YOUR PAYSTUB	eHR FORMULA	EXAMPLE	YOUR PAYSTUB
STEP 1: ENTER your gross taxable wages: "Current Earnings" PLUS "Imputed Income"	\$3,218.85	\$	ENTER your gross taxable wages: "Current Earnings" PLUS "Imputed Income"	\$3,218.85	\$
STEP 2: ADD the amount of your Cafeteria Plan County Contribution MINUS the applicable administrative fee <ul style="list-style-type: none"> • \$244 for CHOICES participants less applicable administrative fee. • \$228 for OPTIONS participants less applicable administrative fee. <hr/> <ul style="list-style-type: none"> • For MEGAFLEX or FLEX participants, use the amount listed as "CTY-ALLOW" shown under the County Flexible Benefit Program section less applicable administrative fee. If you are subject to a taxable cash limit (see your MegaFlex/Flex 2010 Enrollment Worksheet ¹), use the lower of the above amount or the taxable cash limit. 	\$224.21	+	\$	OR	\$
		+	\$		STEP 2: N/A
STEP 3: SUBTRACT the amount of the Cafeteria Plan Taxable Cash you receive (Code 036)	\$61.28	-	\$	STEP 3: N/A	
STEP 4: SUBTRACT any earnings reported but not subject to withholding (Code 021, 022, 031 and 062)	\$0.00	-	\$	SUBTRACT any earnings reported but not subject to withholding (Code 021, 022, 031 and 062)	\$0.00 - \$
STEP 5: SUBTRACT pre-tax deductions to either LACERA or the Judges Retirement Plans (Code 180, 182, 184, 190, 192, 194, 212, 213 and 214)	\$181.15	-	\$	SUBTRACT pre-tax deductions to either LACERA or the Judges Retirement Plans (Code 180, 182, 184, 190, 192, 194, 212, 213 and 214)	\$181.15 - \$
STEP 6: ADD any MetLife Life Insurance County Subsidy (Code 800 through 844)	\$0.00	+	\$	ADD any MetLife Life Insurance County Subsidy (Code 800 through 844)	\$0.00 + \$
STEP 7: TOTAL Includible Compensation	\$3,200.63	=	\$	TOTAL eHR Includible Compensation	\$3,037.70 = \$ A
STEP 8: MULTIPLY by your Deferral Percentage	4.2%	x	\$	MULTIPLY by your Deferral Percentage	4.2% x \$
RESULT: YOUR Current Dollar Contribution Amount	\$134.43	=	\$	YOUR eHR Dollar Contribution Amount	\$127.58 = \$ B

County of Los Angeles • Statement of Earnings, Deductions, And Benefit Balances • Retain For Your Records											
Employee No.	Employee Name			Dept.	P/L	Social Security No.	Warrant No.	Issue Date	Accrual Date		
000001	SAMANTHA SAVER						1234567	2/12/2010	1/31/2010		
Current Earnings		Advances	Reimbursements	Taxes & Deducts		Net Pay		Imputed Income		Y.T.D. Imputed	
3,217.19		.00	.00	2,283.07		934.12		1.66		3.32	
W-4 DATA				DE 4 DATA							
Marital Status		Exemptions	Add Withheld	Marital Status		Exemptions	Add Exemptions	Add Withheld			
SINGLE		02	.00	SINGLE		02	00	.00			
Code	Earnings	Hours	Current	Year-To-Date	Code	Taxes/Deductions	Current	Year-To-Date			
099	REG EARN	248.0	3,155.91	6,311.82		FED TAX	250.39	500.78			
036	FLEX EARN	1.0	61.28	122.56		STATE TAX	75.22	150.44			
						H.I.T.	48.50	97.00			
					300	LA FINAN CU	475.00	950.00			
					100	ESA RECOVER	888.00	.00			
					406	LOC721LACEA	47.34	94.68			
					190	DEF RETIRE	181.15	362.30			
					137	HORIZONS457	134.43	268.86			
					151	HORIZONLOAN	117.01	234.02			
					424	ALADS	63.00	126.00			
					711	3XSAL+DEP5	3.03	6.06			
Code	County Contribution	Current	Year-To-Date								
137	HORIZONS457	126.24	252.48								
862	DCSA SUB L	275.00	550.00								
County Flexible Benefit Program				Employee Benefit Balance As Of:				02/01/10			
Source Of Funds		Current	Year-To-Date	Code	Description	Available Hours	Excess Hours				
CTY-ALLOW		1046.49	2092.98	011	SICK - 100%	16.28	0.00				
				012	HOLIDAY	24.00	0.00				
				021	VACATION	44.81	0.00				
				116	PART PAY SICK - 65%	112.00	0.00				
				120	PART PAY SICK - 50%	112.00	0.00				
				SICK PERSONAL HOURS USED 0.00							
				THE 2010 CENSUS FORMS WILL SOON BE MAILED. MAKE SURE YOU, YOUR FAMILY AND FRIENDS RETURN THE QUESTIONNAIRE. COUNTY JOBS AND SERVICES ARE AT STAKE.							
Code	Use Of Funds	Current	Year-To-Date								
258	KAISER 721	936.72	1,873.44								
244	LTD HLTH-O	3.00	6.00								
711	3XSAL+DEP5	1.67	3.34								
206	AD&D-G	.50	1.00								
249	DLTADNTL-O	39.53	79.06								
289	OPTION ADMN	3.79	7.58								
036	FLEX EARN	61.28	122.56								

HORIZONS COUNTY MATCHING CONTRIBUTION FORMULA

The County's Horizons matching contribution formula will not change. To determine your maximum County matching contribution:

$$4\% \times \text{"Reg Earn"} \text{ (Code 099)} =$$

\$

Compare this amount to the current County matching contribution you are receiving (Code 137, "Horizons 457" in the County Contribution section).

For example: 4% multiplied by \$3,155.91 = \$126.24

OBJECTIVE: DEFERRAL PERCENTAGE REQUIRED FOR MAXIMUM COUNTY MATCHING CONTRIBUTION

To receive the maximum County matching contribution amount **C**, you will need to set a deferral percentage in the month of March 2010 of at least:

$$\text{C} \text{ divided by } \text{A} =$$

%

Deferral percentage required to receive the maximum County matching contribution.

For example: \$126.24 divided by \$3,037.70 = 4.2%

OBJECTIVE: TO MAINTAIN YOUR CURRENT DOLLAR AMOUNT

To maintain your current dollar contribution amount **B**, you will need to change your deferral percentage:

$$\text{B} \text{ divided by } \text{A} =$$

%

Deferral percentage required to maintain your current dollar contribution amount.

For example: \$134.43 divided by \$3,037.70 = 4.4%

When Can I Make Deferral Percentage Changes?

You will continue to be able to make deferral percentage changes at any time. In the new eHR payroll system, deferral percentage changes will be applied to any earnings you make during the subsequent pay period.

- Any deferral percentage changes made **July 1-15, 2010**, will be applied to your **July 16-31, 2010**, pay period earnings, which will be reflected on your **August 15** paystub.
- Any deferral percentage changes made **July 16-31, 2010**, will be applied to your **August 1-15, 2010**, pay period earnings, which will be reflected on your **August 30** paystub.

REMINDER: If you wish to ensure that your deferral amount stays the same, you must change your deferral percentage in the month of March 2010 for the April 30, 2010, payday transition to the new eHR payroll system. However, you do not have to do anything if you are agreeable to the deferral amount changing slightly. Remember as well, you can always adjust your deferral percentage at any time.

Remember: Your Horizons personal contributions will be deducted from your paycheck on the 15th and 30th of each month starting with the April 30, 2010, payday.

How Do I Change My Deferral Percentage?

Great-West Retirement Services® (Great-West) has made changing your deferral percentage simple: Go online to the Horizons Web site at www.countyla.com and click on the “Change Account” tab, or call KeyTalk® at **(800) 947-0845** to use the voice response system or speak directly with a client service representative.²

County Matching Contribution

The formula used to calculate your dollar-for-dollar 4% County matching contribution will not change. However, if you are contributing only enough to specifically receive the County match, use the formula comparison in this newsletter to make sure you will have an adequate deferral percentage on April 30 to meet that goal.

eHR Reference Contacts

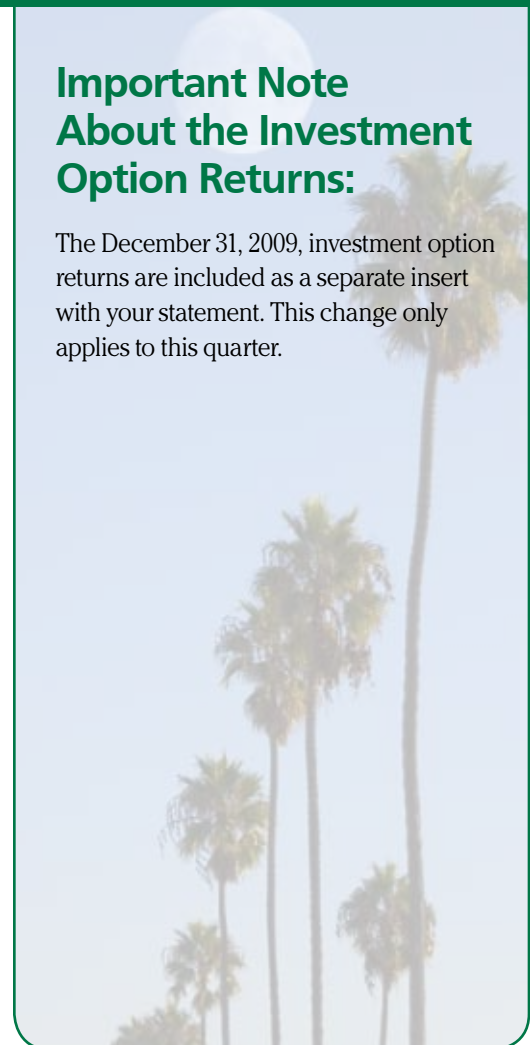
Horizons Contributions:
Great-West at (800) 947-0845

LACERA Contributions and Retirement Credit:
LACERA at (800) 786-6464

Paystub and General Payroll Questions:
Contact your department's payroll division

Important Note About the Investment Option Returns:

The December 31, 2009, investment option returns are included as a separate insert with your statement. This change only applies to this quarter.





Loan Repayment: 2010 Mandatory Payroll Deduction Election

If you have a Horizons loan(s), watch your mail for an important letter regarding how the County's new payroll system will affect your loan payment. You will be required to make a new payroll deduction election to facilitate a smooth transition of your Horizons loan payments to the new payroll system. You will select a payroll deduction frequency of either semi-monthly or monthly for repayment of your Horizons loan(s). The decision you make will affect your take-home pay.

You should receive the letter in the mail by the end of March. It will include an election form and a questions-and-answers sheet that estimates your new loan payment amount under a semi-monthly payroll deduction frequency. Your current monthly deduction amount is also provided for your reference. **You must complete the election form—indicating your chosen loan payment frequency—and return it to Great-West within five days of receipt.**

2010 Annual Contribution Limits

The IRS has announced the 2010 Annual Contribution Limits for your Horizons Plan. The limits remain unchanged from 2009.

DEFERRAL LIMIT	\$16,500
AGE 50+ CATCH-UP	\$22,000
SPECIAL 457 CATCH-UP	\$33,000

You may contribute toward either the Age 50+ Catch-Up or the Special 457 Catch-Up but not both at the same time. If you are interested in participating in the Special 457 Catch-Up option, you must contact Great-West at (800) 947-0845.

We Need Your Feedback! Take the Horizons Plan Survey Today.

Great-West is committed to meeting the needs of participants in the Horizons Plan. Please take about 10 minutes to complete this confidential online survey. Visit the Horizons Web site at www.countyla.com and click on the survey link. Thank you in advance for your cooperation in replying promptly to this important survey.

1 Please refer to the MegaFlex/Flex 2010 Enrollment Worksheet that was included in your 2010 Annual Enrollment package. Otherwise, your Departmental Benefits Coordinator can obtain your taxable cash limit, or you may call the Los Angeles County Employee Benefits Hotline at (213) 388-9982.

2 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.

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.

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Horizons Plan Administrative Committee Members

Ellen Sandt, *Chair*

Daniel Cohen
Lisa M. Garrett
William Pryor
Steven Remige

Mark Saladino
Ramon Rubalcava
Wendy L. Watanabe
Frank Ochoa

California State Tax Withholding Rate Decreases

Effective January 1, 2010, the California state income tax withholding on distributions from your Plan will change to 10% of the federal income tax withholding rate. The federal income tax withholding rate is currently 20% for most forms of distribution. This means that in most cases, the California state income tax withholding rate on taxable distributions will decrease from the current 6% to 2%. Participants and beneficiaries who are not subject to the California income tax withholding of 6% may not see a change in their withholding as these are very specific types of payments not necessarily available to all participants.

Participants who are currently receiving a periodic payment of a fixed amount or for a fixed period of time may see a reduction in the amount of California state income taxes withheld. Any election

you may have made for additional withholding (an amount above the mandated state and federal withholding rates) will continue to remain in effect unless you make a change to that election.

Please note this change for your tax planning purposes.

The California income tax withholding rate change only affects participants who currently reside in the state of California. If you reside in another state, your home state's income tax withholding rules will be applied.

Non-taxable distribution events

If you plan on requesting a direct rollover of your account, a purchase of LACERA service credits, a loan or any other non-taxable distribution event, there will be no change because income tax is not withheld on these types of distributions.

If you have any questions as to how this change may affect you, please contact Great-West at (800) 947-0845.

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

County of Los Angeles Service Center

655 N. Central Ave., 19th Floor | Glendale, CA 91203 | Office hours: 8:30 a.m. to 5:00 p.m. | Phone: (800) 947-0845

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.com²

Phone: (800) 947-0845²