



Your **Horizons** Retirement Plan

# Simplified

## DB and DC—One Comprehensive Retirement Strategy

As a County of Los Angeles employee, you have two retirement plans available to you—the **LACERA** defined benefit plan and the **Horizons** defined contribution plan.

**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.



**Horizons** provides a pension based on the investment growth of your accumulated tax-deferred savings. The Horizons 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 and Horizons can provide you with additional supplemental income during retirement, but also keep in mind the following overall benefits:

• **Choice.**

Because Horizons 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](http://www.countyla.com).<sup>12</sup>

• **Control.**

Within Horizons, you ultimately have the control over how you want to invest your retirement assets. Whether you're an aggressive or conservative investor, the Horizons 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 Horizons account. Please review the Loan Brochure at [www.countyla.com](http://www.countyla.com) for eligibility requirements.

• **Portability.**

If you leave County service, the money you've built up in Horizons 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 Horizons 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 Horizons 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).



**Simplified** Fact:

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



## Retirement Resource: Distribution Options

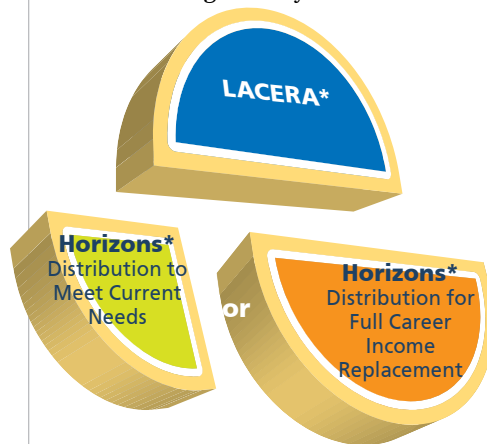
You've spent your career stashing a little bit of every paycheck into your Horizons account. Now that you've accumulated a hefty nest egg and retired, it's time to enjoy it. Horizons provides several different distribution options that can supplement your LACERA pension, while giving you the flexibility 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 Horizons, you can design a retirement income strategy that may meet your current needs or may provide you with a retirement

income replacement equal to your income during County service.



\* For illustrative purposes only. This is not intended as financial planning or investment advice.

Remember: You can adjust your periodic payment election annually as your hobbies and interests expand. In addition, your Horizons 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.



## Keep the door open

When you leave employment with the County, you don't have to take your Horizons 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 Horizons—as a “just in case” precaution. This keeps the Horizons door open and may allow you to transfer your assets back to the Plan at a later time.

Also, keep in mind, that if you roll over your Horizons 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. A 457 program, like Horizons, is the only retirement program that does not subject participants to a 10% early withdrawal penalty for distributions prior to age 59½.





# Purchasing LACERA Service Credits with Your Horizons 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 Horizons 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 are:

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

In addition to Horizons, 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](http://www.LACERA.com); if you want to view your personal information with LACERA, you can go to [www.mylacera.com](http://www.mylacera.com).

## DB vs. DC

The decision to purchase LACERA service credit with your Horizons assets 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 Horizons 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

## Fast Facts: Plan Notifications

### Termination Pay Contributions Approved

The Board of Supervisors has adopted an amendment to your Horizons Plan that will provide the benefit of making all or a portion of your termination pay eligible for contribution to Horizons on a tax-deferred basis. Termination pay for this purpose includes unused vacation, sick leave and other accrued time that can only be paid upon termination from County service. Please note that termination pay contributions are not eligible for the County matching contribution, and LACERA does not accept termination pay.

### How It Works:

When you leave County service, an amount from your termination pay will be contributed based on your deferral percentage on file. This process will mirror the regular payroll process for contributions to the Plan. Any adjustments to your deferral percentage must be made on or before the last day of the month prior to your termination date to affect your termination pay contribution.

You can change your deferral percentage through the Web site. Go to [www.countyla.com](http://www.countyla.com) and log



in to your account. Once in, simply click “Change Account” on the top menu, then “Deferral,” and then enter your new percentage. If you have additional questions, please contact the County of Los Angeles Service Center at (800) 947-0845.

## Horizons Plan Administrative Committee Members

Sharon R. Harper, *Chair*

Daniel Cohen

J. Tyler McCauley

William Pryor

Ramon Rubalcava

Michael J. Henry

Mark Saladino

Carolyn Lawson

Steven Remige

# Committee in Action: 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.

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.

### 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.*

## Customer Service On-Site Locations

### Martin Luther King/Drew Medical Center

1201 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

### Rancho Los Amigos Rehabilitation Center

7601 E. Imperial Hwy., Downey  
Second Thursday each month in Café Los Amigos cafeteria

### Public Works

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

### Olive View Medical Center

14445 Olive View Dr., Sylmar  
Last 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 each 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.com](http://www.countyla.com)<sup>12</sup>

Phone: (800) 947-0845<sup>12</sup>

# Investment Option Returns for the Period Ending March 31, 2008

(Investment option returns are published based on the best available data and may be subject to revision.)

	AVERAGE ANNUAL RETURN AS OF MARCH 31, 2008							CALENDAR YEAR					FUND OPERATING EXPENSES <sup>1</sup>	INCEPTION DATE OF FUND
	Last 3 Months	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION <sup>1</sup>	2007	2006	2005	2004	2003		
<b>SIMPLIFIED INVESTMENT MENU<sup>2,3,4</sup></b>														
Pre-Assembled Portfolio A	-1.92%	-1.92%	1.81%	5.69%	7.72%	N/A	5.80%	5.22%	8.43%	5.43%	7.53%	13.85%	0.12%	05/18/98
Pre-Assembled Portfolio B	-2.96%	-2.96%	0.99%	6.20%	8.84%	N/A	5.77%	5.58%	9.73%	6.22%	8.38%	16.66%	0.15%	05/18/98
Pre-Assembled Portfolio C	-4.00%	-4.00%	0.16%	6.70%	9.95%	N/A	5.71%	5.93%	11.05%	7.00%	9.23%	19.49%	0.18%	05/18/98
Pre-Assembled Portfolio D	-4.80%	-4.80%	-1.47%	6.57%	10.76%	N/A	5.95%	5.06%	12.21%	6.88%	10.46%	22.56%	0.21%	05/18/98
Pre-Assembled Portfolio E	-5.99%	-5.99%	-2.07%	7.20%	12.00%	N/A	6.08%	5.93%	13.33%	7.78%	11.46%	25.82%	0.27%	05/18/98
<b>ADVANCED INVESTMENT MENU<sup>3</sup></b>														
PIMCO High Yield Fund – Institutional <sup>5,6</sup>	-1.73%	-1.73%	-0.31%	5.67%	8.19%	5.70%	8.20%	3.73%	9.44%	4.62%	9.32%	23.70%	0.50%	12/15/92
Dodge & Cox Balanced Fund	-8.02%	-8.02%	-7.92%	4.36%	10.51%	8.25%	N/A	1.73%	13.86%	6.59%	13.30%	24.44%	0.53%	06/26/31
SSGA S&P 500 Flagship Series Fund C <sup>2,7</sup>	-9.46%	-9.46%	-5.11%	5.82%	11.29%	3.44%	7.61%	5.48%	15.75%	4.88%	10.84%	28.60%	0.05%	10/01/96
Artisan Mid Cap Fund <sup>8</sup>	-12.99%	-12.99%	2.36%	9.19%	14.52%	12.58%	15.72%	21.20%	9.65%	9.11%	14.66%	31.80%	1.18%	06/27/97
DIA Medium Size Company Fund <sup>2,8,9</sup>	-11.54%	-11.54%	-3.15%	8.40%	13.46%	6.80%	7.64%	11.86%	13.70%	5.68%	13.65%	41.89%	0.45%	12/31/97
Small Cap Equity Managed by Brandywine <sup>2,9,10</sup>	-3.92%	-3.92%	-16.13%	1.43%	13.96%	N/A	10.46%	-11.64%	17.61%	2.01%	22.89%	41.24%	0.51%	11/10/99
Capital Guardian International Equity Fund <sup>2,11</sup>	-8.77%	-8.77%	-1.13%	14.13%	20.60%	N/A	6.91%	12.18%	20.50%	20.15%	14.53%	36.48%	0.51%	12/01/00
Causeway International Value Equity Fund <sup>9,11</sup>	-7.37%	-7.37%	-1.66%	11.93%	N/A	N/A	11.75%	9.68%	27.66%	N/A	N/A	N/A	0.62%	02/01/05
<b>FIXED INVESTMENT OPTIONS<sup>2</sup></b>														
LA County Stable Income Fund	Second Quarter Crediting Rate is 5.26%							First Quarter Crediting Rate was 5.32%					11/30/90	
Washington Mutual Bank Fund	Second Quarter Crediting Rate is 2.63%							First Quarter Crediting Rate was 4.95%					11/30/90	

*Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain mutual fund prospectuses and/or disclosure documents from your registered representative. Read them carefully before investing.*

*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](http://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.*

The net returns shown above reflect fund operating expenses, but do not include current administrative fees of \$5.45 per month per account. 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](http://www.countyla.com).

† Actual fund operating expenses may be less if the fund currently offers a waiver or reimbursement of a portion of this expense.



<sup>1</sup> **Since Inception** is not applicable for funds more than 10 years old.

<sup>2</sup> **Registration** with the Securities and Exchange Commission is not required for these investment options.

<sup>3</sup> **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 Horizons Web site ([www.countyla.com](http://www.countyla.com)).

<sup>4</sup> **About the Pre-Assembled Portfolios**

Account balances in the Pre-Assembled Portfolios will be automatically rebalanced quarterly to reflect the established portfolio model percentages. Please request a *Fund Data Booklet* for the composition of the Pre-Assembled Portfolios by contacting the Horizons Participant Service Center at (800) 947-0845.

<sup>5</sup> **About the High Yield Fund**

Investments in debt instruments, such as notes and bonds, are subject to credit risk, which is the possibility that the issuers of the instruments will be unable to meet interest payments or repay principal. Funds that invest a significant portion of their assets in "high yield" bonds (bonds rated below investment grade) have the potential for a higher rate of return than funds holding primarily government or investment grade corporate bonds, but are also subject to significantly greater credit risk and experience greater volatility.

<sup>6</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>7</sup> **An index** is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Therefore, performance of an index fund will generally be less than its benchmark index. You cannot invest directly in an index.

<sup>8</sup> **Medium-sized companies** may suffer more significant losses, as well as realize more substantial growth, than larger capitalized, more established issuers.

<sup>9</sup> **About Separately Managed Funds/Accounts**

Because this is a separately managed fund/account for Horizons Plan participants only, performance data is based only on Horizons assets.

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<sup>10</sup> **Equity securities** of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.

<sup>11</sup> **Foreign investments** involve special risks, including currency fluctuations and political developments.

<sup>12</sup> **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.

**About the Investment Options**

Investment options have been selected by the Plan Administrative Committee and are a combination of mutual funds and separately managed institutional accounts.

**Securities are offered through GWFS Equities, Inc., a Great-West Company and FINRA (formerly the NASD) member firm.**

*Funds may impose redemption fees, and/or transfer restrictions, on certain transfers, redemptions or exchanges if assets are held for less than the period stated in the funds' prospectuses or other disclosure documents. For more information, please refer to the funds' prospectuses and/or disclosure documents.*

**TRANSFER INFORMATION**

A transfer fee equal to 5% of the transferred amount will be deducted from your Horizons account when the following transfers take place.

5% TRANSFER CHARGE WHEN YOU	
TRANSFER FROM:	TRANSFER TO:
LA County Stable Income Fund	Washington Mutual Bank Fund
PIMCO High Yield Fund – Institutional	
Dodge & Cox Balanced Fund	
SSGA S&P 500 Flagship Series Fund C	
Artisan Mid Cap Fund	
DIA Medium Size Company Fund	
Small Cap Equity Managed by Brandywine	
Capital Guardian International Equity Fund	
Causeway International Value Equity Fund	
Pre-Assembled Portfolios	

*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.*

