The Retirement Journey

Before you board the train to your anticipated fast-track retirement, have you checked your suitcase to make sure you have included all the right items? For most of you, this will be the best ride of your life—as long as you’re prepared.

**Simplified Fact:**

*Good planning now can help for a smooth transition to a life teeming with possibilities.*

As a Horizons participant, you have already thought about the financial aspects of retirement planning and have been contributing and, hopefully, taking advantage of the dollar-for-dollar 4% Horizons County match. But how often have you considered the all-important social aspects of life after work? As you enter this new phase of life, your days will suddenly represent hours of leisure time open to endless possibilities. For some of us, it will no doubt be difficult to adapt to this newfound life, which will likely lack the routine, structure and purpose it once had while working. It will be important to focus on activities to keep yourself busy.

In order to keep a strong balance between a sharp mind and a healthy body, you will need to maintain an active post-retirement life. The first thing many of us think of doing when we retire is taking that long delayed trip around the world or golf vacation to all the major clubs across the country. But what to do afterwards? Why not mix it up with some traveling, gardening, fishing, golfing, volunteering, reading, exercising, family activities, home improvement projects or other hobbies like attending a baseball game. Whatever you end up doing in retirement, be sure to remain active and challenge yourself!

But what about the cost of this retirement journey? According to the chart, if your average annual spending on these types of activities in 2007 is $10,000, you will need approximately $11,593 five years down the road in order to afford these same activities. This takes into account a 3% annual rate of inflation.

Make your Horizons assets continue to work for you. During your career, you were committed to long-term savings toward retirement; when you get there, you’ll need to continue that commitment with a long-term investment strategy that will provide for your retirement lifestyle.

Give yourself enough time before retirement to put together your custom retirement plan, and be sure to include a retirement budget strategy that will help you meet your needs. Good planning now can help for a smooth transition to a life teeming with possibilities. So get on board, punch your ticket and enjoy the ride. Just be sure you know where you are going.

### Average Annual Spending on Activities in 2007

<table>
<thead>
<tr>
<th>Activity Cost</th>
<th>2012 Cost</th>
<th>2017 Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
<td>$11,593</td>
<td>$13,439</td>
</tr>
<tr>
<td>$15,000</td>
<td>$17,389</td>
<td>$20,159</td>
</tr>
<tr>
<td>$20,000</td>
<td>$23,185</td>
<td>$26,878</td>
</tr>
</tbody>
</table>

*Assuming a 3% annual rate of inflation*
Great-West Retirement Services®
Introduces New Retiree Advocate

Great-West Retirement Services is pleased to announce the creation of a new position called the Retiree Advocate. The primary purpose of the Retiree Advocate is to receive and organize input from Plan participants and retirees with respect to the services, products and features that Great-West Retirement Services should provide to better serve retirees and those participants nearing retirement.

Your Retiree Advocate is Ron Nichols—a 1971 graduate of Santa Barbara College and a 40-year veteran of the financial services and retirement plan business. Ron built a business focused on public sector retirement plans, which grew to encompass more than 450 public entities, with more than 100,000 participants. He is one of the founding members of the National Association of Government Defined Contribution Administrators (NAGDCA).

A retiree since 2004, Ron’s experience in the public sector pension business, plus his experience as a retiree, brings you a unique perspective. He is keenly focused on the needs of public sector retirees and those nearing retirement. “For the past 40 years, the public and private sectors have focused most of their efforts on the accumulation phase of retirement savings. It is now time to focus more attention on the retirement income portion of the market, and the unique and growing needs of public sector employees,” Ron says.

Issues of importance to retirees will appear regularly in this newsletter and on your Plan Web site. Ron also welcomes your input on issues of concern to you. He may be reached by phone at (877) RET-GWRS (738-4977) or by e-mail at retireeadvocate@gwrs.com.

“"For the past 40 years, the public and private sectors have focused most of their efforts on the accumulation phase of retirement savings. It is now time to focus more attention on the retirement income portion of the market, and the unique and growing needs of public sector employees.”

—Ron Nichols, Retiree Advocate
As you approach retirement, you're likely to have many questions …

How should I spoil my grandkids?
Where should I travel?
What tee time should I schedule today?

Oh, and you also might ask yourself, "How can I access all that money that I worked so hard to save in the Horizons Plan?"

Because that will actually be the first and most important question you have to answer, here's a brief look at the pros and cons related to the different distribution options available to you when you retire.

**Defer Distribution**
Deferring your distribution means leaving the money right where it is and simply taking out what you need, when you need it.

**Pros**
- Tax-deferred account growth continues
- You continue to control your investments
- If you have multiple retirement plans, you can roll over and consolidate your accounts
- Upon your death, your beneficiaries (or estate) receive the remaining balance of your account
- Same low fees apply

**Cons**
- Minimum distributions are required by April 1 of year after the year in which you reach age 70½

**Lump-Sum Distribution**
A lump-sum distribution means you withdraw the entire vested amount and receive a check for the total account balance.

**Pros**
- No restrictions—there's no need to justify the withdrawal
- You have immediate access to the money

**Cons**
- You will have to pay state and federal taxes on the entire amount
- You lose out on the potential for tax-deferred growth
- If you don't budget correctly, you could end up not having enough to last the duration of your retirement

**Partial Lump-Sum Distribution**
In this scenario, you take a portion of your money as a lump sum and leave the rest in the Plan.

**Pros**
- You get all the benefits of a deferred distribution on your remaining balance
- You get all the benefits of a lump-sum distribution should you need to make a withdrawal
- You have a safety net with the amount left over

**Cons**
- You will have to pay state and federal taxes on the amount you withdraw
- You lose out on the potential for tax-deferred growth on the amount you withdraw

**Periodic Payment or Specified Amount**
This option allows you to designate a dollar amount you'd like to receive on a regular installment basis.

**Pros**
- You control your cash flow from Horizons, and you can change the amount or frequency of the payments once a year
- The benefits are similar to those of a partial lump-sum distribution

**Cons**
- You will need to budget your income from Horizons to meet your long-term needs
- You may need a long-term investment strategy for your remaining balance in order to at least meet the rate of inflation and/or your distribution amount

**By Term**
In this case, you choose how long you want your payments to last (up to 20 years), and then the amount you can receive is calculated based on your account balance.

**Pros**
- You get all the benefits of a periodic payment
- You get all the benefits of a deferred distribution on your remaining balance

**Cons**
- The drawbacks are similar to those of a periodic payment

**Rollover**
This means that you roll the money from Horizons into another qualified plan.

**Pros**
- You won't pay taxes until you begin taking distributions from the new plan
- Tax-deferred accumulation continues in the new plan

**Cons**
- You may pay higher fees and surrender charges
- You may not have access to the same investment options
- You may have less flexibility with regard to future distributions

**Life Annuity**
In this case, you purchase an annuity product with your Horizons assets and depending on the product, you can specify the number of years (up to 20 years), your lifetime, or your lifetime and the lifetime of your beneficiary.

**Pros**
- You have a regular income source for the remainder of your life
- Payments to your beneficiaries continue after your death

**Cons**
- You may pay higher fees
- Your payment is reduced when you elect to have payments continue to your beneficiary
- You pay a cost for the annuity product
- You no longer have a choice regarding your investment options

Because you have so many options to choose from, you'll be able to find the one that's right for your needs. If you have questions about these options, you can contact your local Plan representative.

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**Beware of Brokers—Protect Your County Benefits**

As a County employee, you are an attractive target for insurance brokers and other "professionals" selling annuities and other investment products, who will no doubt encourage you to roll over your County-related retirement assets. Before you do anything, contact a Great-West Retirement Services Client Representative to compare the benefits of the Horizons Plan with the other product offered, including distribution options and fees.

Your Horizons Plan does everything possible to provide you with high quality investments at a competitive cost. There are no hidden fees associated with your plan, and plan representatives do not work on commission!
Calculating your annual deferral percentage has just been Simplified

As a Horizons participant, you’re aware that the County provides a dollar-for-dollar match up to 4% of your regular earnings. So as long as you’re contributing 4% to Horizons you should be receiving the full County match, correct? Not necessarily. There are lots of variables that make this calculation a bit more difficult, like the amount of your gross taxable earnings, average overtime pay, imputed income, LACERA contributions and many other variables. After processing, you may find that you actually need to contribute 4.3% of your pay, for example, to receive the full 4% County match. You wouldn’t know you’re not maximizing the Plan, though, unless you have a solid understanding of the Horizons rules and hold an advanced degree in mathematics.

Lucky for you, the Horizons PAC likes to make things simple. That is why we developed a new tool for you. On August 20th we will be introducing the Horizons Deferral Percentage Calculator. This new calculator is an online tool designed to assist you in calculating the proper deferral percentage to contribute to the Horizons Plan. This new calculator can assist you with the following goals:

- Determine the proper deferral percentage for Horizons to ensure that you are receiving the entire 4% County match
- Calculate the exact deferral percentage needed to make the IRS maximum allowable annual contribution, while receiving the full 4% County match throughout the year

The Horizons Deferral Percentage Calculator will be available for use after August 20th on your Plan’s Web site at www.countyla.com under the Tools tab. All you need is your most recent pay receipt, a computer with access to the Internet and 15 minutes to spare. Check it out to make sure you are maximizing the full potential of this great benefit provided to all County employees!

Customer Service On-Site Locations

**Martin Luther King Jr. - Harbor Hospital**
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

**Rancho Los Amigos Rehabilitation Center**
7601 E. Imperial Hwy., Downey
Second Thursday each month in Jacquelyn Perry Clinic 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 each month in the main lobby

*Note: On rare occasions, a representative may not be available. Representatives also follow the normal holiday schedule.*
## AVERAGE ANNUAL RETURN AS OF JUNE 30, 2007

### SIMPLIFIED INVESTMENT MENU

<table>
<thead>
<tr>
<th>VARIABLE INVESTMENT OPTIONS</th>
<th>Last 3 Months</th>
<th>YTD</th>
<th>1 YEAR</th>
<th>3 YEARS</th>
<th>5 YEARS</th>
<th>10 YEARS</th>
<th>SINCE INCEPTION¹</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
<th>FUND OPERATING EXPENSES*</th>
<th>INCEPTION DATE OF FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Assembled Portfolio A</td>
<td>2.81%</td>
<td>4.22%</td>
<td>9.91%</td>
<td>7.65%</td>
<td>7.52%</td>
<td>N/A</td>
<td>6.41%</td>
<td>8.43%</td>
<td>5.43%</td>
<td>7.53%</td>
<td>13.85%</td>
<td>-1.88%</td>
<td>0.12%</td>
<td>05/18/98</td>
</tr>
<tr>
<td>Pre-Assembled Portfolio B</td>
<td>3.34%</td>
<td>4.84%</td>
<td>11.66%</td>
<td>8.83%</td>
<td>8.45%</td>
<td>N/A</td>
<td>6.53%</td>
<td>9.73%</td>
<td>6.22%</td>
<td>8.38%</td>
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<td>0.15%</td>
<td>05/18/98</td>
</tr>
<tr>
<td>Pre-Assembled Portfolio C</td>
<td>3.87%</td>
<td>5.46%</td>
<td>13.44%</td>
<td>10.00%</td>
<td>9.37%</td>
<td>N/A</td>
<td>6.62%</td>
<td>11.05%</td>
<td>7.00%</td>
<td>9.23%</td>
<td>19.49%</td>
<td>-6.70%</td>
<td>0.17%</td>
<td>05/18/98</td>
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<tr>
<td>Pre-Assembled Portfolio D</td>
<td>4.29%</td>
<td>5.86%</td>
<td>14.88%</td>
<td>10.76%</td>
<td>10.10%</td>
<td>N/A</td>
<td>7.13%</td>
<td>12.21%</td>
<td>6.88%</td>
<td>10.46%</td>
<td>22.56%</td>
<td>-8.49%</td>
<td>0.20%</td>
<td>05/18/98</td>
</tr>
<tr>
<td>Pre-Assembled Portfolio E</td>
<td>5.01%</td>
<td>6.78%</td>
<td>16.82%</td>
<td>12.04%</td>
<td>11.11%</td>
<td>N/A</td>
<td>7.42%</td>
<td>13.33%</td>
<td>7.78%</td>
<td>11.46%</td>
<td>25.82%</td>
<td>-10.86%</td>
<td>0.27%</td>
<td>05/18/98</td>
</tr>
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</table>

### ADVANCED INVESTMENT MENU

<table>
<thead>
<tr>
<th>VARIABLE INVESTMENT OPTIONS</th>
<th>Last 3 Months</th>
<th>YTD</th>
<th>1 YEAR</th>
<th>3 YEARS</th>
<th>5 YEARS</th>
<th>10 YEARS</th>
<th>SINCE INCEPTION¹</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
<th>FUND OPERATING EXPENSES*</th>
<th>INCEPTION DATE OF FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIMCO High Yield Fund – Institutional²</td>
<td>0.08%</td>
<td>2.33%</td>
<td>10.19%</td>
<td>8.73%</td>
<td>10.57%</td>
<td>6.69%</td>
<td>8.63%</td>
<td>9.44%</td>
<td>4.62%</td>
<td>9.32%</td>
<td>23.70%</td>
<td>-0.85%</td>
<td>0.50%</td>
<td>12/15/92</td>
</tr>
<tr>
<td>Dodge &amp; Cox Balanced Fund</td>
<td>3.67%</td>
<td>5.35%</td>
<td>15.24%</td>
<td>11.57%</td>
<td>11.78%</td>
<td>11.09%</td>
<td>Not Available</td>
<td>13.86%</td>
<td>6.59%</td>
<td>13.30%</td>
<td>24.44%</td>
<td>-2.89%</td>
<td>0.52%</td>
<td>06/26/31</td>
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<tr>
<td>SSGA S&amp;P 500 Flagship Series Fund C²</td>
<td>6.26%</td>
<td>6.94%</td>
<td>20.55%</td>
<td>16.65%</td>
<td>10.68%</td>
<td>7.06%</td>
<td>9.26%</td>
<td>15.75%</td>
<td>4.88%</td>
<td>10.84%</td>
<td>28.60%</td>
<td>-22.08%</td>
<td>0.05%</td>
<td>10/01/96</td>
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<tr>
<td>Artisan Mid Cap Fund³</td>
<td>11.76%</td>
<td>15.13%</td>
<td>23.52%</td>
<td>18.39%</td>
<td>12.97%</td>
<td>18.04%</td>
<td>18.03%</td>
<td>9.65%</td>
<td>9.11%</td>
<td>14.66%</td>
<td>31.80%</td>
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<td>DIA Medium Size Company Fund²,⁸</td>
<td>8.83%</td>
<td>11.20%</td>
<td>23.07%</td>
<td>13.22%</td>
<td>13.95%</td>
<td>N/A</td>
<td>9.61%</td>
<td>13.70%</td>
<td>5.68%</td>
<td>13.65%</td>
<td>41.89%</td>
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<tr>
<td>Small Cap Equity Managed by Brandywine²,⁸</td>
<td>4.65%</td>
<td>6.07%</td>
<td>18.31%</td>
<td>13.41%</td>
<td>13.58%</td>
<td>N/A</td>
<td>15.40%</td>
<td>17.61%</td>
<td>2.01%</td>
<td>22.89%</td>
<td>41.24%</td>
<td>-3.63%</td>
<td>0.51%</td>
<td>11/10/99</td>
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<tr>
<td>Capital Guardian International Equity Fund²</td>
<td>6.75%</td>
<td>10.50%</td>
<td>24.96%</td>
<td>21.46%</td>
<td>16.69%</td>
<td>N/A</td>
<td>8.99%</td>
<td>20.50%</td>
<td>20.15%</td>
<td>14.53%</td>
<td>36.48%</td>
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<td>12/01/00</td>
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<tr>
<td>Causeway International Value Equity Fund²</td>
<td>7.57%</td>
<td>11.14%</td>
<td>27.06%</td>
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<td>N/A</td>
<td>N/A</td>
<td>20.11%</td>
<td>27.66%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>0.62%</td>
<td>02/01/05</td>
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### FIXED INVESTMENT OPTIONS

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<tr>
<th>FIXED INVESTMENT OPTIONS</th>
<th>Last 3 Months</th>
<th>YTD</th>
<th>1 YEAR</th>
<th>3 YEARS</th>
<th>5 YEARS</th>
<th>10 YEARS</th>
<th>SINCE INCEPTION¹</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
<th>FUND OPERATING EXPENSES*</th>
<th>INCEPTION DATE OF FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA County Stable Income Fund</td>
<td>Third Quarter Crediting Rate is 5.35%</td>
<td>3.52%</td>
<td>11.15%</td>
<td>21.31%</td>
<td>25.93%</td>
<td>41.24%</td>
<td>45.68%</td>
<td>49.12%</td>
<td>47.93%</td>
<td>47.93%</td>
<td>47.93%</td>
<td>47.93%</td>
<td>47.93%</td>
<td>11/30/90</td>
</tr>
<tr>
<td>Washington Mutual Bank Fund</td>
<td>Third Quarter Crediting Rate is 5.58%</td>
<td>3.52%</td>
<td>11.15%</td>
<td>21.31%</td>
<td>25.93%</td>
<td>41.24%</td>
<td>45.68%</td>
<td>49.12%</td>
<td>47.93%</td>
<td>47.93%</td>
<td>47.93%</td>
<td>47.93%</td>
<td>47.93%</td>
<td>11/30/90</td>
</tr>
</tbody>
</table>

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 $5.02 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.
1. **Since Inception** is not applicable for funds more than 10 years old.

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

3. **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. Noncompliant 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).

4. **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 Los Angeles County Service Center at (800) 947-0845.

5. **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.

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.

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

**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.

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

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

**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 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.**

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### 5% Transfer Charge When You

<table>
<thead>
<tr>
<th>TRANSFER FROM:</th>
<th>TRANSFER TO:</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA County Stable Income Fund</td>
<td>Washington Mutual Bank Fund</td>
</tr>
<tr>
<td>PIMCO High Yield Fund – Institutional</td>
<td></td>
</tr>
<tr>
<td>Dodge &amp; Cox Balanced Fund</td>
<td></td>
</tr>
<tr>
<td>SSGA S&amp;P 500 Flagship Series Fund C</td>
<td></td>
</tr>
<tr>
<td>Artisan Mid Cap Fund</td>
<td></td>
</tr>
<tr>
<td>DIA Medium Size Company Fund</td>
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<tr>
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<td></td>
</tr>
<tr>
<td>Causeway International Value Equity Fund</td>
<td></td>
</tr>
<tr>
<td>Pre-Assembled Portfolios</td>
<td></td>
</tr>
</tbody>
</table>

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**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.