



Your **Horizons** Retirement Plan

Simplified

Working with Retirement Savings in Volatile Markets

If you pay attention to the stock markets, you have no doubt been concerned with your Horizons Plan assets. The concerns over inflation and the subprime lending crisis slowed the upward march of the markets toward the end of 2006. That slowdown continued throughout 2007. One way to protect against market volatility is to maintain your perspective by following these three simple steps for successful investing.

1. Keep your long-term focus.

Whether you are currently building your retirement savings or are in the midst of receiving regular monthly retirement distributions, you need to keep a long-term view and make sure your money is working for you. When you focus on the stock markets in the short term, you are often faced with what seems to be large fluctuations (up or down). However, when you keep your focus on the long term, you will find that fluctuations in the market are typically short-lived and often do not last for years on end.

2. Continue investing.

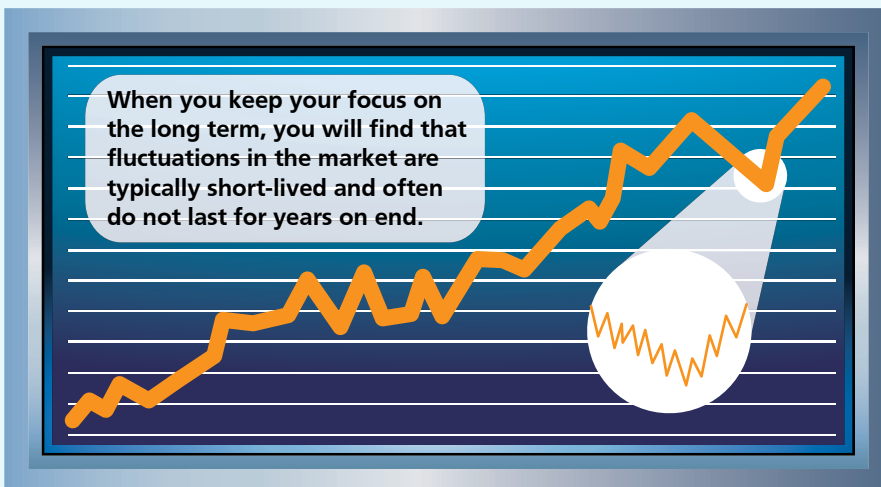
Investing on a regular basis allows you to take advantage of swings in securities prices. As prices go down, you can buy more shares of the security with the same contribution amount because they're offered at a cheaper price. While there are no guarantees of future performance, investing on a regular basis can help you weather the ups and downs of the market.*

** Dollar cost averaging does not ensure a profit and does not protect against loss in declining markets. Investors should consider their financial ability to continue a dollar cost averaging plan during periods of fluctuating price levels.*

3. Diversify your assets.

Asset allocation or diversification is the way in which you divide your dollars among the various investment options in your Plan. When investing, whether in your Horizons Plan or any other type of investment portfolio, understanding the concept of asset allocation is crucial. The goal of asset allocation is to help reduce the risk of one investment dominating the portfolio's overall performance—attempting to minimize any negative results. Regardless of whether you favor a conservative or aggressive investment mix, diversification is still a key element to investment success.

Don't forget about the Pre-Assembled Portfolio options available to you in your Horizons Plan. Each of the five investment options offers a more diversified portfolio that is geared to your unique personal risk tolerance. All you need to do is choose one of the Pre-Assembled Portfolio options and you're diversified across a range of investment options. It can't get any more Simplified than that!





Building It Up (for in-service participants)

So you've just enrolled in Horizons and are taking full advantage of the 4% County matching contribution to build your retirement nest egg. But are you doing enough to save for a comfortable retirement? Setting up a retirement savings budget will give you an idea of where you stand.

Source of income/expenses	Joe's monthly amount
Monthly income	\$3,200
Mortgage payment	(\$1,000)
Property tax	(\$700)
Insurance payment	(\$300)
Medical/healthcare expense	(\$300)
Food and necessities	(\$300)
Leisure/hobbies	(\$500)
Other expenses	(\$68)
Total monthly expenses	(\$3,168)
Savings opportunity	\$32

A retirement savings budget can help you identify additional opportunities to contribute to Horizons. Just a little extra contribution can significantly increase your retirement account over time. You may also be experiencing life changes, such as marriage, children or a new job, that may compete for your retirement dollars. You will have to decide whether it is in your best interest to apply that extra money toward Horizons or to a current expense. Take a few minutes to consider the following simplified budget strategy.

Establish Your Monthly Budget.

In the example in the table to the left, Joe has determined his sources of income and expenses. He has a savings opportunity of 1%, or \$32. Though your circumstances may differ, you are encouraged to take some time to come up with your own budget in order to get a better idea of your potential savings opportunity. Hopefully, you'll have some extra income to contribute to Horizons. Don't forget that your contributions will reduce your current taxable income, so you will pay less in current-year taxes.

For illustrative purposes only. All figures are hypothetical and may differ from your actual income and expenses.

Adjust Your Savings Contributions.

As you can see in this simplified budget strategy, adjusting your contribution by reducing expenses in certain areas, such as leisure/hobbies, can provide you with additional retirement savings. Even a savings opportunity of 1% can significantly increase your potential retirement balance.

Using the example above, Joe will be able to cash in on the full County match by contributing 4.5% of his regular earnings. The table to the right shows how a 1% increase in your deferral amount could potentially boost your Horizons savings after 30 years.

That one little percent could earn you \$40,000 worth of additional security! With careful planning, you could begin your golden years with a hefty nest egg.

Savings Opportunity		
Deferral Percentage	4.5%	5.5%
County Match	4%	4%
Total Contribution	8.5%	9.5%
10 Years	\$49,147	\$54,930
20 Years	\$148,025	\$165,440
30 Years	\$346,953	\$387,771

For illustrative purposes only. This hypothetical illustration does not represent the performance of any investment options. It assumes a \$40,000 annual salary, a biweekly contribution, a 7% rate of return and reinvestment of earnings, with no withdrawals. The illustration does not reflect any charges, expenses or fees that are associated with Horizons. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

Making It Last (for the retiree)

You've finally said goodbye to the rat race, and you've picked up your commemorative County paperweight for 25 years of service or the rare County gold bracelet celebrating your 40th year of service. Congratulations are in order, but you might be wondering, "Now that I'm out of a job, how will I make ends meet?" The answer is simple—set up a retirement disbursement budget.

Simplified Fact:

Remember: Just because you have retired, you will still need to maintain a reasonable nest egg to last you throughout your retirement, including those potential rainy days—don't spend it all on your retirement party!

Budgeting after retirement is really no different than budgeting before retirement. The goal of both is to manage your available resources to support a comfortable lifestyle. As a retiree, you will need to consider at least two major issues when developing your budget:

1. How long will you need your retirement savings to last?
2. Healthcare services will gradually require a larger portion of your budget.

Establish Your Monthly Budget.

Take a balanced budget approach. Consider this example: Carol has recently retired with a final monthly County salary of \$5,000. Although Carol expected she would need a post-retirement income comparable to her working salary, her actual post-retirement expenses total only \$4,000. With her LACERA pension at \$2,000, she only needs to take a monthly distribution from Horizons of \$2,000 to cover all expenses. In the example below-left, Carol can reduce her Horizons monthly distributions by the budget difference of \$1,000 to come out even. Her remaining account balance will continue to earn interest and will last for a longer period of time.

Source of post-retirement income/expenses	Carol's monthly amount
LACERA pension	\$2,000
Horizons monthly distribution	\$3,000
Total monthly retirement income	\$5,000
Mortgage	(\$1,500)
Property tax	(\$400)
Insurance payment	(\$600)
Medical/healthcare	(\$500)
Food and necessities	(\$500)
Leisure/hobbies	(\$400)
Other expenses	(\$100)
Total monthly retirement expenses	(\$4,000)
Budget difference	\$1,000

Adjust Your Budget to Make It Last.

How long your investment savings will last is directly affected by how much you take out each month. In other words, the more you take out today, the sooner you'll exhaust your financial savings.

Let's take a look at Carol's example and calculate how long her Horizons balance will last if she takes a \$3,000 or \$2,000 monthly distribution. As reflected in the table below, a \$3,000 monthly distribution will last her approximately 18.2 years compared to a \$2,000 monthly distribution that will last approximately 33 years. With a smaller monthly distribution, the account balance will not only last longer, but it will also give you some peace of mind should you encounter a financial emergency in the future.

Keep in mind, no two retirement budgets are the same, because no two retirees will have the same retirement assets, plan or goals. There's no secret to it. Just set your goals, plan a practical budget and stick to it.

Starting Horizons Account Balance	Monthly Distribution	Years Balance Will Last*
\$500,000	\$3,000	18.2
	\$2,000	33.0

For illustrative purposes only. All figures are hypothetical and may differ from your actual income and expenses. This assumption does not take Social Security and other retirement and investment income into account.

** For illustrative purposes only. This hypothetical illustration does not represent the performance of any investment options. It assumes a \$500,000 account balance at retirement, monthly distributions, a 7% rate of return and 4% inflation. This assumption does not take any kind of taxes into account.*



Horizons Plan Administrative Committee Members

David E. Janssen, *Chair*

Daniel Cohen

J. Tyler McCauley

William Pryor

Ramon Rubalcava

Michael J. Henry

Mark Saladino

Carolyn Lawson

Steven Remige



Tax Deferral of Termination Pay

Recently issued IRS regulations now explicitly permit the tax deferral of termination pay into 457(b) plans, like Horizons. Pending approval by the Board of Supervisors, Horizons may accept a termination pay contribution based on your then-current deferral percentage. You may be able to defer an amount of termination pay up to the annual contribution limit less any personal deferrals and County match that have already been contributed. Termination pay contributions are not eligible for the County match. Please call Great-West Retirement Services® for the latest status on this new development.

Note: This prospective change does not affect anyone who contributed termination pay under the 401(a) Termination Pay Pick-Up Plan.

Give Yourself a Raise

When you receive a cost of living adjustment (COLA) increase, don't forget to add to your retirement savings.

Imagine receiving a \$40,000 bonus check upon your retirement. The County of Los Angeles may be generous, but it probably won't be able to offer you a retirement bonus of that magnitude, no matter how decorated your years of service have been.

But you may be able to give yourself a raise in retirement—if you increase your deferral rate by as little as 1% today. And with the 3% County COLA raise you'll receive, the timing has never been better. Consider earmarking just 1% of the "extra" income for your Horizons account. If you're already making ends meet, you can probably do without the additional salary. Plus, investing that extra money could make a substantial difference in your total retirement savings.

2008 IRS Contribution Limits

The IRS has announced the 2008 calendar year contribution limits for your Horizons Plan.

Deferral Limit	\$15,500
With Age 50+ Catch-Up	\$20,500
With Standard Catch-Up	\$31,000

If you are eligible for both catch-up options, you may not contribute to both in the same year.

Customer Service On-Site Locations

Martin Luther King/Drew Medical Center

12021 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
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 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 December 31, 2007

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

	AVERAGE ANNUAL RETURN AS OF DECEMBER 31, 2007							CALENDAR YEAR					FUND OPERATING EXPENSES ¹	INCEPTION DATE OF FUND
	Last 3 Months	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION ¹	2007	2006	2005	2004	2003		
SIMPLIFIED INVESTMENT MENU^{2,3,4}														
Pre-Assembled Portfolio A	-0.27%	5.22%	5.22%	6.35%	8.05%	N/A	6.17%	5.22%	8.43%	5.43%	7.53%	13.85%	0.12%	05/18/98
Pre-Assembled Portfolio B	-0.64%	5.58%	5.58%	7.16%	9.24%	N/A	6.26%	5.58%	9.73%	6.22%	8.38%	16.66%	0.15%	05/18/98
Pre-Assembled Portfolio C	-1.00%	5.93%	5.93%	7.97%	10.44%	N/A	6.31%	5.93%	11.05%	7.00%	9.23%	19.49%	0.18%	05/18/98
Pre-Assembled Portfolio D	-1.78%	5.06%	5.06%	8.01%	11.27%	N/A	6.65%	5.06%	12.21%	6.88%	10.46%	22.56%	0.21%	05/18/98
Pre-Assembled Portfolio E	-2.08%	5.93%	5.93%	8.97%	12.66%	N/A	6.92%	5.93%	13.33%	7.78%	11.46%	25.82%	0.27%	05/18/98
ADVANCED INVESTMENT MENU³														
PIMCO High Yield Fund – Institutional ^{5,6}	0.31%	3.73%	3.73%	5.90%	9.97%	6.20%	8.43%	3.73%	9.44%	4.62%	9.32%	23.70%	0.50%	12/15/92
Dodge & Cox Balanced Fund	-2.82%	1.73%	1.73%	7.28%	11.72%	9.85%	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 ^{2,7}	-3.35%	5.48%	5.48%	8.60%	12.80%	5.84%	8.71%	5.48%	15.75%	4.88%	10.84%	28.60%	0.05%	10/01/96
Artisan Mid Cap Fund ⁸	-0.38%	21.20%	21.20%	13.18%	16.99%	15.74%	17.67%	21.20%	9.65%	9.11%	14.66%	31.80%	1.18%	06/27/97
DIA Medium Size Company Fund ^{2,8,9}	-3.36%	11.86%	11.86%	10.36%	16.74%	9.17%	9.17%	11.86%	13.70%	5.68%	13.65%	41.89%	0.45%	12/31/97
Small Cap Equity Managed by Brandywine ^{2,9,10}	-9.61%	-11.64%	-11.64%	1.79%	12.74%	N/A	11.34%	-11.64%	17.61%	2.01%	22.89%	41.24%	0.51%	11/10/99
Capital Guardian International Equity Fund ^{2,11}	-1.36%	12.18%	12.18%	17.55%	20.48%	N/A	8.56%	12.18%	20.50%	20.15%	14.53%	36.48%	0.51%	12/01/00
Causeway International Value Equity Fund ^{9,11}	-1.20%	9.68%	9.68%	N/A	N/A	N/A	15.83%	9.68%	27.66%	N/A	N/A	N/A	0.62%	02/01/05
FIXED INVESTMENT OPTIONS²														
LA County Stable Income Fund	First Quarter 2008 Crediting Rate is 5.32%							Fourth Quarter Crediting Rate was 5.25%					11/30/90	
Washington Mutual Bank Fund	First Quarter 2008 Crediting Rate is 4.95%							Fourth Quarter Crediting Rate was 5.66%					11/30/90	
<p><i>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.</i></p> <p><i>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.</i></p>														

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.

† 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. 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).

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 Horizons Participant 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.

⁶ **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.

⁷ **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.

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

⁹ **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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¹⁰ **Equity securities** of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.

¹¹ **Foreign investments** involve special risks, including currency fluctuations and political developments.

¹² **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.

