



# County of Los Angeles Savings Plan

April 2009

## An Advanced Route to Investing: Asset Class Funds

The Asset Class Funds provide you with the opportunity to design your own investment portfolio based on your specific investment objectives and risk tolerance. Developing your own portfolio does require investment knowledge about the various securities available, asset allocation and diversification.<sup>1</sup> In addition to reading the Savings Plan newsletters, you are strongly encouraged to educate yourself on investment principles, economics and current market conditions to make informed investment decisions.

### Creating a Portfolio

The Plan Administrative Committee provides you with investment options in each of the major asset classes needed to create a diversified portfolio, including domestic equities, non-U.S. equities, bonds and cash equivalents. You pick which Asset Class Funds to include in your portfolio and how to allocate your assets among those investment options. Be sure to consider your investment objectives, retirement time horizon and risk tolerance.

Savings  
Small Cap  
Equity Fund

Savings  
Mid Cap  
Equity Fund

Savings  
Non-U.S.  
Equity Fund

Savings  
Large Cap  
Equity Fund

Savings  
Balanced  
Fund

Savings  
Bond  
Fund

Savings  
Stable Value  
Fund

Bank  
Depository  
Fund

### Use a Comprehensive Investment Strategy

When developing your Savings Plan investment portfolio, keep in mind how it fits with your other retirement plans, such as LACERA. LACERA is often considered the foundation of your retirement income. The Savings Plan can be used to make up the difference between what LACERA provides and the level of income you need in retirement. Adjusting your Savings Plan contribution rate and asset allocation, subject to market fluctuations, can affect your account balance and how much you can withdraw as regular income during retirement.

Another strategy for consideration is coordinating your Savings Plan investments with any defined contribution plans you may have from former employers, your spouse's retirement plan(s), and any IRAs.

<sup>1</sup> Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

## FDIC Insured Investments

City National Bank is the underlying FDIC insured bank in the Savings Plan's Bank Depository Fund. The Bank Depository Fund is the only Savings Plan 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 excess balance in the Bank Depository Fund is not insured.

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.

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>.

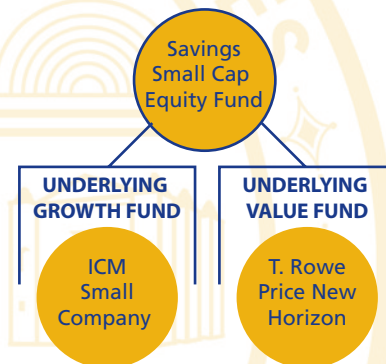
## Fundamentals of the Asset Class Funds

Each Asset Class Fund is managed by one or more fund managers. These fund managers buy and sell individual securities based on their unique investment philosophy. Some fund managers take a “passive” approach, which means they invest in securities that represent a wide range of companies in that asset class and expect an average overall performance. The majority of fund managers take an “active” approach, which means they invest heavily in research looking for stocks with certain key characteristics. Some active managers are “growth-oriented” in their investment style and look for companies that will grow and expand in the short term and provide higher than average performance. Other active managers are “value-oriented” in their investment style and look for companies that are underappreciated and have potential to provide higher than average performance.

At any given time, the market may favor the growth style over the value style or vice versa.

Because active managers are looking for the best companies in which to invest, their objective is to outperform the passive manager.

The Asset Class Funds are designed to take advantage of the potential outperformance offered by both growth and value managers, regardless of which is favored by the market. This provides you with an investment option that may be less volatile than one that was just growth or value.



## Diversifying Your Investments on the Advanced Route

Diversification is a key strategy to building and maintaining your retirement portfolio. You’ve probably heard that it’s never good to put all of your eggs in one basket—and the same applies to your investments. Diversification is the idea that when you spread out your investments among different categories, classes and styles, you potentially minimize your risk because you have varied assets that will react differently to market conditions.

Over the long term, the diversification found in the Asset Class Funds may potentially protect funds from overexposure to a single underperforming management style, while capitalizing on stronger performing styles. Additionally, each Asset Class Fund will automatically rebalance the underlying fund investments according to the Savings Plan Investment Policy. Rebalancing at regular intervals will allow the fund to stay true to its objectives and asset allocations. The objective of rebalancing is to mitigate risk by maintaining a balance among the underlying fund management styles. A secondary benefit of rebalancing will be to buy low and sell high. Rebalancing does not ensure a profit and does not protect against loss in declining markets.

## Performance Review

Each quarter, the Plan Administrative Committee (PAC) reviews the performance of each of the fund managers hired to invest Plan assets. The PAC is guided by criteria established in the Plan Investment Policy when it monitors, hires and terminates fund managers.

The quarterly performance review is facilitated by an independent investment consultant not affiliated with Great-West Retirement Services®. The independent consultant is also responsible for monitoring changes in the fund manager’s operations, philosophy, corporate governance and fees.



## Tips on Financial Advice

The Advanced menu of Asset Class Funds does require more sophisticated decision making than the Target Date Funds. The Savings Plan provides you with a variety of tools and services to assist you in designing a retirement strategy that fits your anticipated retirement needs. However, developing a retirement portfolio can be a daunting task and there are professionals that specialize in assisting individual investors with their accounts. Whether you are just beginning with the County, are mid-career, are ready to call it in, or have already retired, here are some important things to keep in mind when deciding whether to hire a financial advisor.

### Research the Financial Advisor

First and foremost, you should research the financial advisor that may be soliciting you. Make sure that the financial advisor is properly licensed by the Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission (SEC) or your state securities regulator. You can contact FINRA by visiting [www.finra.org/brokercheck](http://www.finra.org/brokercheck), the SEC by visiting [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or your state securities regulator by visiting [www.nasaa.org](http://www.nasaa.org). Remember, financial advisors are fiduciaries, which means they must do what is in your best interest, not theirs, and are financially liable for breaking that trust. Here are a few more points to consider when researching and interviewing advisors:

- ☐ Investments being offered should be registered with the SEC. You can verify registration through the SEC's EDGAR database at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).
- ☐ Ask if the financial advisor receives compensation for: 1) investing your assets with certain investment options, and 2) for each transaction made on your account. Make sure you have a written contract and read the fine print. Many scams involve excessive trading in high cost investment options, all of which generate income for the financial advisor while draining your account balance.
- ☐ Regularly monitor your accounts for suspicious activity. Financial advisors are prohibited from executing trades without your consent. Make sure you understand the basis for any recommendations to make changes to your investment allocation. Keep your Savings Plan account transaction access to yourself.
- ☐ Remember that if an investment scheme sounds too good to be true, many times it may be.

### Keep in Mind:

1. During market downturns, there is a rise in unscrupulous so-called financial advisors offering free lunch investment seminars. Do your research before handing over your life savings.
2. The County and the Plan Administrative Committee do not endorse any financial advisory firms. Any financial advisor(s) setting up a table or conducting seminars at a County facility/worksite should be reported to the Department of Human Resources at (213) 738-2284.

### **"But My Financial Advisor Recommends I Cash out of the Savings Plan ..."**

Before you withdraw your Savings Plan account balance, CONSIDER:

- ☐ The Plan Administrative Committee has used the multi-billion dollar leverage of the Plan to get participants low-cost and professionally screened investment options.
- ☐ You pay a flat fee for the Savings Plan. For the fiscal year from July 1, 2008, to June 30, 2009, the total monthly cost of participating in the Savings Plan is \$8.31. This includes the ability to make no-cost daily trades and a very wide range of distribution options.

Remember, you can leave your assets in the Savings Plan when leaving County employment, including retirement.<sup>2</sup>

Regardless of whether or not you choose to hire a financial advisor, please keep these tips in mind. It's better to be skeptical and research what you may be getting yourself into.

<sup>2</sup> Account balance plus matching account balance must be more than \$1,000 in order to keep your assets in the Plan. Pursuant to Code section 401(a)(9), you must begin receiving a minimum required distribution by April 1 of the year following the year you either turn age 70½ or leave County service, whichever is later.

# Great-West Retirement Services® Customer Service Is There for You On-Site Customer Service 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

## Public Works

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

## Hall of Records

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

## Health Services

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

## Olive View Medical Center

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

## Rancho Los Amigos

### Rehabilitation Center

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

## Harbor/UCLA Medical Center

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

*Note: On rare occasions, a representative may not be available. Representatives also follow the normal holiday schedule.*

## Calling: The L.A. County Service Center

Call the L.A. County Service Center toll free and choose "1" from the menu of options you hear to obtain information or make changes to your account. You will be connected to KeyTalk®, an automated service available 24 hours a day, seven days a week.<sup>3</sup> Once you enter your Social Security number and PIN<sup>4</sup>, you can retrieve personal account information and make changes to your account.

## In Person: The L.A. County Service Center

Located at 655 N. Central Ave., Suite 1900, Glendale, CA 91203. Office hours are Monday through Friday, 8:30 a.m. to 5:00 p.m. Pacific Time. Call (800) 947-0845 and choose "4" from the menu to schedule an appointment, or call the Retiree Advocate at (877) RET-GWRS (738-4977).

## How to Reach Us

On the Internet:  
[www.countyla.com](http://www.countyla.com)<sup>3</sup>

By Phone:  
(800) 947-0845<sup>3</sup>

<sup>3</sup> 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.

<sup>4</sup> The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

Please note: This newsletter does not constitute investment or financial advice. 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.

**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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Form# CB1004N-03 (5/09) PT# 81419