



County of Los Angeles Savings Plan

First Quarter 2011

Saving is Back in Style

One of the outcomes of the economic turmoil during the last few years is that many people have rediscovered the importance of saving. We're redefining "necessity" and "luxury" and reprioritizing our spending as a result. We're learning that indulging our short-term whims can hurt our long-term goals. And more of us are taking a thoughtful look at how we'll build the nest egg we need to provide us with the retirement income we'll want in the future.

This edition of the newsletter takes a look at how your Savings Plan can help you make saving a priority by providing you with:

- **A DIFFERENT WAY TO SAVE**
There's a difference between saving for retirement on your own on an after-tax basis and saving in a tax-deferred way through the Savings Plan.
- **A NEW INVESTMENT OPTION**
The Savings Plan features a new investment option—The Savings Inflation Protection Fund—that can help you counter the negative impact of inflation.
- **A WAY TO SAVE MORE**
Matching contributions are returning soon. Find out how you can take full advantage.
- **A WAY TO SAVE MORE SECURELY**
Enhanced Authentication—which helps protect against unauthorized access to your account—goes into effect on May 22.

If you're the type who takes pride in making the most of every penny, your Savings Plan has a lot to offer.

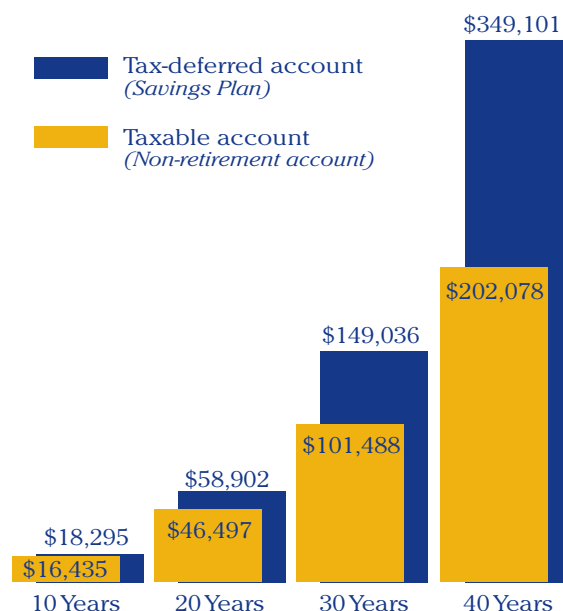
Saving for Retirement Can Be Less Taxing

If you'd like to find a way to pay less in taxes with each paycheck and still keep your retirement dreams on track, you should know that your Savings Plan offers some unique tax advantages compared to saving on your own.

Lower Your Taxable Income by Increasing Your Contribution

Are you looking for a safe—and completely legal—way to lower your current tax burden? Think about contributing more to your Savings Plan account. Since contributions are deducted from your gross pay, before your state and federal taxes are withheld, your taxable income is actually lower due to your contribution. The more you contribute to your Savings Plan, the lower your taxable pay.

The graph below illustrates how a monthly contribution of \$100 could grow in your tax-deferred Savings Plan as compared to the growth of the same amount if invested in a taxable investment, such as a retail mutual fund account. That's a difference of \$147,023 over 40 years!



FOR ILLUSTRATIVE PURPOSES ONLY. Source: Great-West Retirement Services®, 2010. This hypothetical illustration does not represent the performance of any investment options. It assumes an 8% rate of return, a 25% combined federal and state income tax bracket, and reinvestment of earnings, with no withdrawals. Assumes that the taxable account does not hold any investment for more than 12 months. Taxable investments held longer than 12 months may qualify for lower capital gains and/or qualified dividend tax rates, which may make the return on the taxable investments more favorable, thereby reducing the difference in performance between the accounts shown. The illustration does not reflect any charges, expenses or fees associated with the Savings Plan. The tax-deferred accumulation shown above would be reduced if these fees had been deducted. Rates of return may vary.

(continued on page 2)

Saving for Retirement Can Be Less Taxing (continued)

The Potential for Tax-Deferred Growth

The Savings Plan offers another way for you to potentially lower your current tax bill compared to saving on your own: tax-deferred compounded growth. With your Savings Plan account, you don't pay taxes on your contributions or any growth they generate until you take a withdrawal. Also, any earnings are reinvested in the investment options you choose.

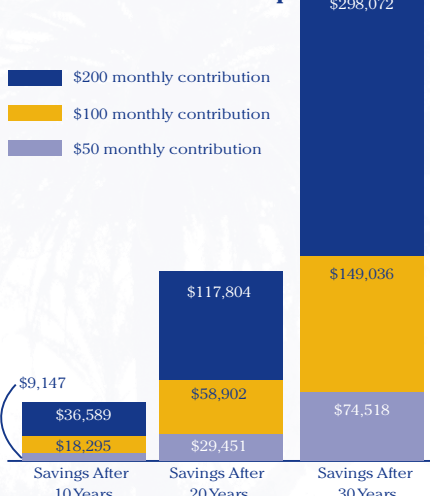
If you were to invest money on your own on an after-tax basis, you would pay taxes on the money you invest—and you could also be taxed each year on the earnings your investment generates. With the Savings Plan, the money you would have paid in taxes can stay in your account working for you.

Eventually, Uncle Sam will want his cut, and you'll pay taxes on your contributions and any earnings when you eventually take a withdrawal. But with your Savings Plan, more of your money can stay in your account, and work for you for a longer time, compared to after-tax savings options.

Small Change, Big Difference

Even a small boost in your contribution amount can translate into a significantly bigger retirement nest egg. This chart shows how just a small increase in your contribution level, and the power of compounding, could add up to thousands of dollars more over time.

How What You Save Adds Up



FOR ILLUSTRATIVE PURPOSES ONLY. These hypothetical illustrations do not represent the performance of any investment options. They assume an 8% annual rate of return and reinvestment of earnings, with no withdrawals. The illustrations do not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

Pay Yourself First

Boost your Savings Plan contribution today by logging on to **www.countyla.com** or calling the County of Los Angeles Service Center at **(800) 947-0845**¹. Don't think you can afford to increase your contribution? Try bringing your lunch from home instead of eating out. Increasing your contribution by 1% today can have a big impact on the size of your retirement nest egg down the road. Don't wait—increase your contribution today. It only takes a couple of minutes.

Automating the Habit

As with any good habit, saving more on your own can be a challenge. It's easy to forget to set money aside, or to use that money for other things. The Savings Plan makes the savings habit automatic. Your contributions are deducted from your paycheck before other deductions and tax withholdings. That's one thing you can take off your to-do list.

¹ Access to the voice response system and website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

What's on Your Mind? The Savings Plan Survey Wants to Know

It's time for the annual Savings Plan Survey. Last year, several hundred Web users shared their insights about what they liked about the Savings Plan and how it could be improved. Throughout the year, the PAC used the Savings Plan newsletter to address your survey suggestions and feature topics you said you wanted to hear more about.

Communication is a two-way street, and the PAC uses the survey to take the pulse of Savings Plan participants and uses the results to help set the agenda for the coming year. The bottom line: we listen to your feedback and we respond.

Your opinion matters, so please take about 10 minutes to complete this confidential, anonymous online survey. Visit the Savings Plan website at **www.countyla.com** and click on the survey link. Thank you in advance for helping us make your Savings Plan a more valuable retirement planning resource.

2011 Annual Contribution Limits Correction

In the fourth quarter 2010 newsletter, the 2011 Annual Contribution Limits for your Savings Plan were incorrectly stated. Please refer to the table below for the correct limits.

Year	Contribution Limit	Contribution Limit if Age 50 or Older
2011	\$16,500	\$22,000

Introducing the Savings Inflation Protection Fund

Last quarter's newsletter included an article announcing the Plan Administrative Committee's (PAC) decision to add a Treasury Inflation-Protected Securities (TIPS) investment option to the Plan's core investment lineup. The new fund is called the Savings Inflation Protection Fund, and beginning May 2, 2011, you'll have the opportunity to add this fund to your Savings Plan account by visiting www.countyla.com and clicking on the "Change Account" tab and then selecting your desired action.

Fund Objectives and Investment Strategy

The Savings Inflation Protection Fund seeks to offer broad, low-cost exposure to U.S. Treasury bonds that automatically adjust to protect from increases in inflation. It also seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. TIPS Index over the long term.

The Fund is managed using a "passive" or "indexing" investment approach that attempts to replicate, before expenses, the performance of the Index mentioned above. The Fund may attempt to invest in the securities making up the Index and in the same proportions as the Index. However, the Fund may not be able to purchase some of the same securities. In such cases, the Fund managers will select securities that they believe will closely resemble the characteristics of the Index. For this reason, the Fund's returns may vary from the returns of the Index.

Who Is It For?

After the market turmoil of the past few years, many people are looking for ways to protect the money they save for retirement. But investors who prefer safer investments still face a risk to their future retirement income: the threat of rising inflation. Inflation can eat away at the purchasing power of the money you save. The interest earned and the principal value of your investment in the Savings Inflation Protection Fund changes with the rate of inflation. So as inflation increases, the value of your investment can increase with it—helping you counter the negative impact of rising inflation on the money you're saving for retirement.

Remember, a well-diversified portfolio that includes stock funds, bond funds and cash equivalents can help you find the balance of risk and potential return that best matches your personal risk tolerance and investment goals.² The Savings Inflation Protection Fund is another investment option that can help you build a well-diversified portfolio that improves your retirement readiness.

For more information on the Savings Inflation Protection Fund, visit www.countyla.com, click on "Fund Data Sheets," and then "Savings Inflation Protection Fund."

Please consider the investment objectives and risks, as well as fees and expenses, carefully before investing. For this and other important information, you may obtain fund fact sheets and disclosure documents from your registered representative at (800) 947-0845 or through the Web site at www.countyla.com. Read them carefully before investing.

² Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.



The Match Is Back!

Good news for Savings Plan savers! A reduced match returns beginning with the July 30, 2011 paycheck.

If you already contribute to the Savings Plan, no action is required. However, if you lowered your deferrals when the match was suspended, or if you want to increase your deferral before the match resumes, you must change your deferral between June 16 and June 30, 2011. **Deferral changes typically take two payroll periods to take effect.**

Changing Your Deferral

Changing your deferral is quick and easy. Visit www.countyla.com, click on the "Change Account" tab and then the "Deferral" link. Or call the County of Los Angeles Service Center at **(800) 947-0845**¹.

Crunching the Numbers

How much should you save to receive the entire County match? There's no one answer for everyone, but the Savings Plan Deferral Percentage Calculator can help you determine the proper deferral percentage for your specific situation.

Starting May 23, 2011, you can find the calculator under the "Tools" tab on www.countyla.com.

This new calculator is designed to help you answer two key questions:

1. How much should I contribute to ensure that I receive the entire County match?
2. How much should I contribute to reach the IRS' maximum allowable annual contribution, while receiving the full County match?

You'll need to enter information from your most recent paystub issued on the 15th of the month. **Please note:** Use a paystub issued on the 15th of the month as it includes the data needed by the calculator.

The matching contribution is a great way for you to save more than you could save on your own. And when it comes to building your retirement nest egg, every little bit helps.

Savings Plan Deferral Percentage Calculator Goal

To complete the following calculations, you need a current pay receipt issued on the 15th of the month to identify the corresponding earnings and deductions codes.

Input - Paycheck Information

Current Earnings:	<input type="text" value="0"/>
Imputed Income:	<input type="text" value="0"/>
Regular Earnings (code PP059)	<input type="text" value="0"/>
Earnings reported but not withheld:	(code PP022) 100% IA <input type="text" value="0"/>
	(code PP031) 70% IA <input type="text" value="0"/>
	(code PP062) MEGA IA <input type="text" value="0"/>
	(code PP067) ADV DIS RET <input type="text" value="0"/>
	(code PM008) MISC EARN 2-PEN <input type="text" value="0"/>
LACERA or Judges Retirement Plan (code ER001 - ER398)	<input type="text" value="0"/>
MetLife Life Insurance County Subsidy (code RL207, RL303)	<input type="text" value="0"/>
Regatta (code RF007) total amount:	<input type="text" value="0"/>

Click the "Calculate" button to determine your minimum semi-monthly deferral percentage required to receive the 3% County matching contribution.

Calculate

Lower Fees for Savings Plan Participants

As of March 2011, the fees you pay each month for third-party administrator services on your 401(k) Savings Plan has decreased due to a new communication services contract. Under the new fee structure, you will pay \$43.90 annually (\$3.65 per month for the first 11 months, and \$3.75 for the final month of the 12-month period). Previously, you paid \$48.31 annually (roughly \$4.03 per month).

These fees pay for a variety of services and support from Great-West Retirement Services®, such as recordkeeping and client services.

If you have questions about the fees on your account, please call the County of Los Angeles Service Center at **(800) 947-0845**.

Q&A: Enhanced Authentication

WHO is affected?

Anyone who wants to access their Savings Plan account online.

WHAT do you need to do?

Select a security image, phrase, and question that helps prevent others from accessing your account and lets you know you're accessing the authentic County website.

WHEN does it take effect?

Enhanced Authentication goes into effect on **May 22, 2011**.

Cyber Smarts Web Tip: How to Get a PIN

- To have a new PIN mailed to you - Go to **www.countyla.com**, click on "Forgot your PIN?" in the Login area and enter the required information. You'll receive your new PIN in seven to 10 business days.³
- For immediate account access - Contact the County of Los Angeles Service Center at **(800) 947-0845**.

³ The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

County of Los Angeles Service Center

655 N. Central Ave., Suite 1520 | Glendale, CA 91203
Office hours: 8:30 a.m. - 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.com¹ | Phone: (800) 947-0845¹

Investment options have been selected by the Plan Administrative Committee. Securities (except those offered through the Self-Directed Brokerage Account) are offered through GWFS Equities, Inc., a Great-West Company and FINRA member firm.

GWFS Equities, Inc., or one or more of its affiliates, may receive a fee from the investment option provider for providing certain recordkeeping, distribution, and administrative services. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Great-West Retirement Services® is a registered trademark of Great-West Life & Annuity Insurance Company. All rights reserved. ©2011 Great-West Life & Annuity Insurance Company. Form# CB1004N-03 (05/11) PT124772

Savings Plan Administrative Committee Members

Sid Kikkawa, *Chair*

Wendy L. Watanabe
Mark J. Saladino

Lisa M. Garrett
Andrea Ordin

Customer Service On-Site Locations

Martin Luther King/Drew Medical Center
12021 S. Wilmington Ave., Los Angeles
First Monday of 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

Harbor/UCLA Medical Center
1000 W. Carson St., Torrance
Second Thursday of each month in elevator lobby

Rancho Los Amigos Rehabilitation Center
7601 E. Imperial Hwy., Downey
Second Thursday of 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

Kenneth Hahn Hall of Administration
500 W. Temple St., Los Angeles
Third Thursday of each month, second floor lobby entrance from mall

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

Registrar Recorder
12400 Imperial Hwy., Norwalk
Fourth Thursday of each month in the south end of the main lobby

High Desert Hospital (NEW)
44900 N. 60th St., Lancaster
First Tuesday of the month in the cafeteria

If Tuesday falls on the 1st day of the month, the meeting would be held the following Tuesday