



County of Los Angeles Savings Plan

March 2010

eHR Payroll Changes Simplify Savings Deferral Calculations

The County of Los Angeles will be implementing a new eHR payroll system starting with the April 30, 2010, payday. eHR is a semi-monthly payroll system, which means your pay, deductions (including Savings contributions) and tax withholding will be made twice a month—on the 15th and 30th of each month starting with the April 30, 2010, payday.

The new eHR payroll system will also simplify the process of calculating your Savings deferral percentage by eliminating some of the steps in the deferral formula.

IMPORTANT: YOU MAY NEED TO TAKE ACTION IN MARCH 2010

The transition from the old to new payroll system may require you to adjust your deferral percentage in order to maintain your current retirement savings strategy—whether it is to contribute only enough to receive the full County matching contribution, reach the annual contribution limit, or reach a savings goal that is somewhere in between. Please review the deferral rate formula comparison on the following pages and plug in your own numbers from a current paystub to see if you need to make any changes.

Deferral Percentage Change – “Transition Deadline”

The eHR payroll system will become effective with the April 30, 2010, payday. This means that if you want your dollar contribution amount to remain the same beginning with that payday, you must make the necessary deferral percentage change during the month of March 2010.

If you do not make any changes, your deferral *percentage* will remain the same, but the total monthly *dollar amount* of your contribution may be slightly lower than what you have been accustomed to prior to April 30.

Deferral Rate Formula: Understanding Your Savings Contribution Formula

Your monthly Savings contribution is calculated using your deferral percentage multiplied by a base amount called “Eligible Earnings.” eHR will modify the definition of Eligible Earnings, as follows:

CURRENT PAYROLL SYSTEM

Includes the County contribution to cafeteria plans that you **could** receive as taxable cash

VERSUS

eHR PAYROLL SYSTEM

Includes the County contribution to cafeteria plans that you **actually** receive as taxable cash

The bottom line is that the eHR transition will not change your deferral *percentage*, but it will change your Eligible Earnings, which will affect your *dollar contribution amount*.

Deferral Rate Formula Comparison

Take a moment to compare how your dollar contribution amount will change with the new eHR payroll system. Just match up the items in the formula with the corresponding payroll codes on a current paystub (a paystub dated prior to April 30, 2010).

CURRENT FORMULA	EXAMPLE	YOUR PAYSTUB	eHR FORMULA	EXAMPLE	YOUR PAYSTUB
STEP 1: ENTER your gross taxable wages: "Current Earnings" PLUS "Imputed Income"	\$6,780.61	\$	ENTER your gross taxable wages: "Current Earnings" PLUS "Imputed Income"	\$6,780.61	\$
STEP 2: ADD the amount listed as "CTY-ALLOW" shown under the County Flexible Benefit Program section less applicable flex administrative fee. If you are subject to a taxable cash limit (see your MegaFlex/Flex 2010 Enrollment Worksheet ¹), use the lower of the above amount or the taxable cash limit.	\$1,073.00	+	STEP 2: N/A		
STEP 3: SUBTRACT the amount of the Cafeteria Plan Taxable Cash you receive (Code 036)	\$542.88	-	STEP 3: N/A		
STEP 4: SUBTRACT any earnings reported but not subject to withholding (Code 021, 022, 031 and 062)	\$0.00	-	SUBTRACT any earnings reported but not subject to withholding (Code 021, 022, 031 and 062)	\$0.00	-
STEP 5: SUBTRACT pre-tax deductions to either LACERA or the Judges Retirement Plans (Code 180, 182, 184, 190, 192, 194, 212, 213 and 214)	\$351.81	-	SUBTRACT pre-tax deductions to either LACERA or the Judges Retirement Plans (Code 180, 182, 184, 190, 192, 194, 212, 213 and 214)	\$351.81	-
STEP 6: ADD any MetLife Life Insurance County Subsidy (Code 800 through 844)	\$19.50	+	ADD any MetLife Life Insurance County Subsidy (Code 800 through 844)	\$19.50	+
STEP 7: TOTAL Eligible Earnings	\$6,978.42	=	TOTAL eHR Eligible Earnings	\$6,448.30	=
STEP 8: MULTIPLY by your Deferral Percentage	5.0%	x	MULTIPLY by your Deferral Percentage	5.0%	x
RESULT: YOUR Current Dollar Contribution Amount	\$348.92	=	YOUR eHR Dollar Contribution Amount	\$322.42	=

A

B

County of Los Angeles • Statement of Earnings, Deductions, And Benefit Balances • Retain For Your Records									
Employee No.	Employee Name		Dept.	P/L	Social Security No.	Warrant No.	Issue Date	Accrual Date	
000001	SAMANTHA SAVER					1234567	2/12/2010	1/31/2010	
Current Earnings		Advances	Reimbursements	Taxes & Deducts.	Net Pay	Imputed Income	Y.T.D. Imputed		
6,780.61		.00	.00	4,489.54	2,291.07	.00	.00		
W-4 DATA		Marital Status	Exemptions	Add'l Withheld	DE 4 DATA		Marital Status	Exemptions	Add'l Exemptions
		SINGLE	02	.00			SINGLE	02	.00
Code	Earnings	Hours	Current	Year-To-Date	Code	Taxes/Deductions	Current	Year-To-Date	
099	REG EARN	248.0	6,167.73	12,335.46		FED TAX	937.32	1,874.64	
053	PARK TXBLE	1.0	70.00	140.00		STATE TAX	342.63	685.26	
036	FLEX EARN	1.0	542.88	1,085.76		H.I.T.	100.44	200.88	
					100	ESA RECOVER	1,915.00	.00	
					190	DEF RETIRE	351.81	703.62	
					137	HORIZONS457	348.92	697.84	
					432	LACOCCHIC EM	5.00	10.00	
					138	SAVING PLAN	348.92	697.84	
					835	M8XSAL EMPL	19.50	39.00	
					455	PRE-TX PARK	120.00	240.00	
Code	County Contribution	Current	Year-To-Date						
137	HORIZONS457	246.71	493.42						
138	SAVINGS PLAN	289.83	579.66						
835	M8XSAL EMPL	19.50	39.00						
County Flexible Benefit Program				Employee Benefit Balance As Of: 02/01/10					
Source Of Funds	Current	Year-To-Date	Code	Description	Available Hours	Excess Hours			
CTY-ALLOW	1,078.00	2,156.00	003	NON-ELECTIVE LEAVE	116.00	0.00			
Code	Use Of Funds	Current	Year-To-Date						
249	BLUCROSS PB	491.00	982.00						
206	AD&D-G	7.00	14.00						
259	DLTADNTL-NR	32.12	64.24						
220	FLEX ADMIN	5.00	10.00						
036	FLEX EARN	542.88	1,085.76						
THE 2010 CENSUS FORMS WILL SOON BE MAILED. MAKE SURE YOU, YOUR FAMILY AND FRIENDS RETURN THE QUESTIONNAIRE. COUNTY JOBS AND SERVICES ARE AT STAKE.									

SAVINGS PLAN'S COUNTY MATCHING CONTRIBUTION FORMULA

The Savings Plan County matching contribution formula will not change. You will receive a dollar-for-dollar County matching contribution.

\$ **C**

To ensure you receive the maximum County matching contribution, compare your monthly personal contribution to the amount of your current County matching contribution (Code 138: "Savings Plan," in the County Contribution section). Your monthly personal contribution **B** should be higher than the County matching contribution **C**.

OBJECTIVE: DEFERRAL PERCENTAGE REQUIRED FOR MAXIMUM COUNTY MATCHING CONTRIBUTION

To receive your current County matching contribution amount **C**, you will need to set a deferral percentage in the month of March 2010 of at least:

C divided by **A** =

Deferral percentage required to receive the current County matching contribution.

%

For example: \$289.83 divided by \$6,448.30 = 4.5%

OBJECTIVE: TO MAINTAIN YOUR CURRENT DOLLAR AMOUNT

To maintain your current dollar contribution amount **B**, you will need to change your deferral percentage:

B divided by **A** =

Deferral percentage required to maintain your current dollar contribution amount.

%

For example: \$348.92 divided by \$6,448.30 = 5.4%

When Can I Make Deferral Percentage Changes?

You will continue to be able to make deferral percentage changes at any time. In the new eHR payroll system, deferral percentage changes will be applied to any earnings you make during the subsequent pay period.

- Any deferral percentage changes made **July 1-15, 2010**, will be applied to your **July 16-31, 2010**, pay period earnings, which will be reflected on your **August 15** paystub.
- Any deferral percentage changes made **July 16-31, 2010**, will be applied to your **August 1-15, 2010**, pay period earnings, which will be reflected on your **August 30** paystub.

REMINDER: If you wish to ensure that your deferral amount stays the same, you must change your deferral percentage in the month of March 2010 for the April 30, 2010, payday transition to the new eHR payroll system. However, you do not have to do anything if you are agreeable to the deferral amount changing slightly. Remember as well, you can always adjust your deferral percentage at any time.

Remember: Your Savings personal contributions will be deducted from your paycheck on the 15th and 30th of each month starting with the April 30, 2010, payday.

How Do I Change My Deferral Percentage?

Great-West Retirement Services® (Great-West) has made changing your deferral percentage simple: Go online to the Savings Web site at www.countyla.com and click on the "Change Account" tab, or call KeyTalk® at **(800) 947-0845** to use the voice response system or speak directly with a client service representative.²

County Matching Contribution

The formula used to calculate your dollar-for-dollar 4% County matching contribution will not change. However, if you are contributing only enough to specifically receive the County match, use the formula comparison in this newsletter to make sure you will have an adequate deferral percentage on April 30 to meet that goal.

California State Tax Withholding Rate Decreases

Effective January 1, 2010, the California state income tax withholding on distributions from your Plan will change to 10% of the federal income tax withholding rate. The federal income tax withholding rate is currently 20% for most forms of distribution. This means that in most cases, the California state income tax withholding rate on taxable distributions will decrease from the current 6% to 2%. Participants and beneficiaries who are not subject to the California income tax withholding of 6% may not see a change in their withholding as these are very specific types of payments not necessarily available to all participants.

Participants who are currently receiving a periodic payment of a fixed amount or for a fixed period of time may see a reduction in the amount of California state income taxes withheld. Any election

you may have made for additional withholding (an amount above the mandated state and federal withholding rates) will continue to remain in effect unless you make a change to that election.

Please note this change for your tax planning purposes.

The California income tax withholding rate change only affects participants who currently reside in the state of California. If you reside in another state, your home state's income tax withholding rules will be applied.

Non-taxable distribution events

If you plan on requesting a direct rollover of your account, a purchase of LACERA service credits, a loan or any other non-taxable distribution event, there will be no change because income tax is not withheld on these types of distributions.

If you have any questions as to how this change may affect you, please contact Great-West at (800) 947-0845.



Loan Repayment: 2010 Mandatory Payroll Deduction Election

If you have a Savings loan(s), watch your mail for an important letter regarding how the County's new payroll system will affect your loan payment. You will be required to make a new payroll deduction election to facilitate a smooth transition of your Savings loan payments to the new payroll system. You will select a payroll deduction frequency of either semi-monthly or monthly for repayment of your Savings loan(s). The decision you make will affect your take-home pay.

You should receive the letter in the mail by the end of March. It will include an election form and a questions-and-answers sheet that estimates your new loan payment amount under a semi-monthly payroll deduction frequency. Your current monthly deduction amount is also provided for your reference. **You must complete the election form—indicating your chosen loan payment frequency—and return it to Great-West within five days of receipt.**

We Need Your Feedback! Take the Savings Plan Survey Today.

Great-West is committed to meeting the needs of participants in the Savings Plan. Please take about 10 minutes to complete this confidential online survey. Visit the Savings Web site at www.countyla.com and click on the survey link.

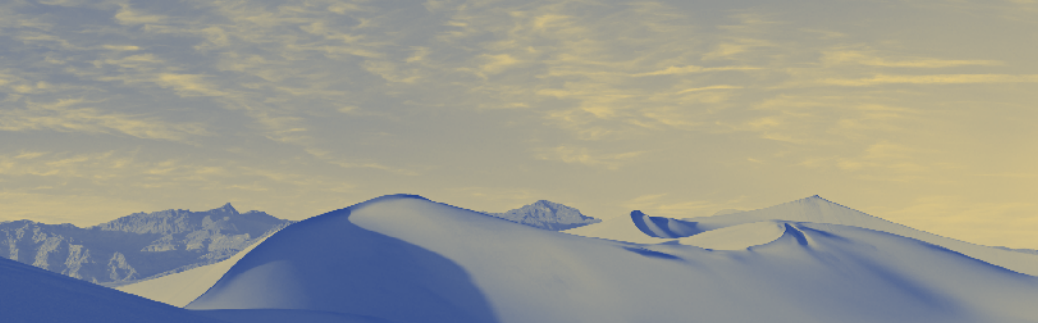
Thank you in advance for your cooperation in replying promptly to this important survey.

1 Please refer to the MegaFlex/Flex 2010 Enrollment Worksheet that was included in your 2010 Annual Enrollment package. Otherwise, your Departmental Benefits Coordinator can obtain your taxable cash limit, or you may call the Los Angeles County Employee Benefits Hotline at (213) 388-9982.

2 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.

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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**Savings Plan Administrative
Committee Members**

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eHR Reference Contacts

Savings Contributions: Great-West at (800) 947-0845	LACERA Contributions and Retirement Credit: LACERA at (800) 786-6464	Paystub and General Payroll Questions: Contact your department’s payroll division
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Customer Service On-Site Locations

Martin Luther King/Drew Medical Center 12021 S. Wilmington Ave., Los Angeles First Monday every even-numbered month in main lobby	Rancho Los Amigos Rehabilitation Center 7601 E. Imperial Hwy., Downey Second Thursday each month in Jacquelyn Perry Clinic lobby	Olive View Medical Center 14445 Olive View Dr., Sylmar Fourth Wednesday of each month in cafeteria
LAC/USC Main Hospital 1200 N. State St., Los Angeles Second and fourth Friday 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	Harbor/UCLA Medical Center 1000 W. Carson St., Torrance; Second Thursday of each month in elevator lobby
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	Health Services 313 N. Figueroa St., Los Angeles Fourth Thursday of every even-numbered month in the main lobby

County of Los Angeles Service Center

655 N. Central Ave., 19th Floor | Glendale, CA 91203 | Office hours: 8:30 a.m. to 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.com² **Phone:** (800) 947-0845²