SUMMARY PLAN DESCRIPTION | 2011

County of Los Angeles 401(k) Savings Plan

Your Retirement Simplified | 401(k) SAVINGS

Manhattan Pier

Table of Contents

Introduction

The County of Los Angeles is helping you plan for a financially sound retirement. The technical name for the Savings Plan is the County of Los Angeles Savings Plan (the "Plan" or the "Savings Plan"). The Plan is available as a supplemental retirement program. It is designed to help you meet your financial goals for the future. The Plan does not replace or reduce your pension benefits under the Los Angeles County Employees Retirement Association (LACERA).

Finding the most profitable way to save and invest can be critical in planning a financially secure future.

This Summary Plan Description gives you important details about how the Savings Plan works and what you can do to take advantage of it. Be sure to read it carefully. Keep it handy as a reference in the future.

Plan Overview

The Savings Plan gives you a way to save and invest on a regular basis. It offers:

Accumulation of savings for retirement	In general, you can contribute from 1% to 100% of your Eligible Earnings each payroll period on a before-tax basis, up to the annual Internal Revenue Service (IRS) contribution limits. You contribute through payroll deductions, called deferrals. (See Appendix C: Savings Plan Definitions on page 30 for details about your Eligible Earnings.)
The County of Los Angeles matching contributions	The County matches your contributions. The match is dollar-for-dollar up to the first 4% of your compensation each payroll period. However, for participants other than trial court employees and judges, this 4% match is suspended until July 2011, and thereafter it is limited to 3% for non-represented employees until July 2012.
Investment choices	You can choose from a variety of investment options.
Current income tax reductions	You pay no federal or state income taxes on your before-tax deferrals, on the matching contributions, or on investment earnings until you receive them as a cash distribution.

This Summary Plan Description is not meant to give you advice on how to invest; instead, its objective is to provide general information on the main features of the Savings Plan and the available investment options. It describes Plan provisions in effect as of November 1, 2011. Certain provisions described here may not apply to participants who terminated employment with the County before that date.

Administration

Administration of the Savings Plan is the responsibility of the Plan Administrative Committee (PAC). The Savings Plan PAC is composed of the Chief Executive Officer, Auditor-Controller, County Counsel, Director of Personnel, and Treasurer and Tax Collector, and their respective delegates. PAC members are fiduciaries whose authority includes the interpretation of Plan provisions, determining the rights and benefits of participants and/or beneficiaries, the selection of investment options, and contracting with private firms for Plan-related services.

The Board of Supervisors has selected Great-West Retirement Services® as the service provider for the Savings Plan. Great-West Retirement Services is responsible for the daily administration of the Plan, such as recordkeeping and participant services, as well as the operation of the County of Los Angeles Service Center.

Savings Plan assets are held in a trust fund. The Board of Supervisors has selected Wells Fargo Bank, N.A. as the trustee. Legally, the trust's assets can be used only for the benefit of Savings Plan participants and their beneficiaries upon eligibility and to pay reasonable expenses of the Plan. The trust arrangement protects Plan assets from the claims of the County's general creditors. The PAC has control over the selection of asset classes and specific investment options that are available under the Plan. The PAC manages Plan investment options according to its Investment Policy, which outlines, among other issues, the criteria for selecting Investment Funds and managers.

Summary of Plan Features

The Savings Plan is a voluntary supplemental retirement program intended to qualify under Internal Revenue Code (IRC) section 401(a) and to meet the requirements of IRC 401(k). Under the Plan, you may elect to defer receipt of a portion of your current Eligible Earnings and contribute that portion to the Plan. The County also makes matching contributions to the Plan on your behalf. Your deferrals, matching contributions and any earnings that accumulate in your account are not taxed[1] until they are distributed (paid out).

You may also elect to make after-tax contributions to the Savings Plan. Earnings that accumulate on these after-tax contributions also are not taxed until they are paid out.

The Plan is intended to qualify as a plan described in California Government Code Section 53213.5(b). Section 53213.5(b) provides that because you or your beneficiary(ies) have investment control over all of your Plan assets, the County, the trustee and the PAC members may be

1 Withdrawals and distributions from the Savings Plan of deferrals, County matching contributions, and any earnings are taxable as ordinary income in any year you receive the distribution. A 10% penalty may apply if the distribution is made before age 59½ upon separation from County service.

Plan Overview (cont.)

relieved of liability for investments directed by you or your beneficiary(ies). Non-vested County matching contributions are invested at the direction of the Savings Plan PAC, currently within the Savings Stable Value Fund. You may request a distribution from your Savings Plan account when you:

- Retire,
- Terminate employment with the County, or
- Are still working in certain limited situations (see In-Service Distributions on page 18).

Your remaining account balance will be paid to your beneficiaries if you die before you liquidate your account. By participating in the Plan, you are not agreeing to continue to work for the County for any period of time. By adopting the Plan, administering it and making contributions to it, the County is under no obligation to continue your employment for any period of time.

Benefits of Participation: Before-Tax Deferrals and County Match

Before-tax deferrals are deducted from your paycheck and deposited into your Savings Plan account before federal and state income taxes are withheld. This reduces your current taxable income. As a result, the impact of your deferrals on your take-home pay is less than the full dollar amount of your contribution to the Plan.

Below is a simplified example of how the Savings Plan can benefit you.[2]

With before-tax savings, Patty reduced her income taxes and was able to take home $270 more each year than if she saved the same amount after taxes. In addition, Patty receives the dollar-for-dollar County matching contribution—she can consider that an immediate return on her investment along with any interest her investment(s) earn.

Because you save money in taxes by contributing to the Plan on a before-tax basis, you actually make your deferrals on a "discount" basis. For example, assume you have an annual deferral of $1,000 and that you are in the 15% tax bracket. Because you defer the income tax on your $1,000 contribution, your current taxable income is reduced by $1,000, which means you save $150 ($1,000 x 15%) in taxes. Thus, your $1,000 deferral actually costs you only $850.

Remember, any applicable income taxes are deferred, not eliminated. This means that you will be subject to ordinary income taxes when funds are distributed to you at some later date. However, at that time you may be in a lower tax bracket.

	If Patty Makes Before-Tax Contributions to the Savings Plan	If Patty Saves on an After-Tax Basis
Patty's gross annual income	$30,000	$30,000
Savings Plan before-tax deferral (assumes a 6% deferral election)	$1,800	$0
County matching contribution of 4%	$1,200	$0
Taxable pay (after Savings Plan deferrals)	$28,200	$30,000
Estimated income taxes at 15%	$4,230	$4,500
Deposit to an after-tax retirement account (assumes same dollar amount as Savings Plan deferral)	$0	$1,800
Net take-home pay	$23,970	$23,700
Estimated income tax savings with a before-tax Savings Plan ($4,500 - $4,230 = $270)	$270	$0
Total Retirement Savings	$3,000	$1,800

2 This is a simplified introductory example; the calculation of a participant's deferral and County matching contribution is based on criteria defined in the Plan document and later described in this Summary Plan Description. Estimated taxes reflect combined federal and state income tax rates. This example does not constitute advice on taxes or specific amounts to contribute.

Eligibility and Participation

You are eligible to participate in the Savings Plan (that is, you are an Eligible Employee) if you are:

- A full-time permanent non-represented employee[3] of the County of Los Angeles or Trial Court Entity, pursuant to the Trial Court Act, and
- In a job classification that the Board of Supervisors has designated as eligible.

If you are eligible for the Savings Plan, you may enroll at any time.

Change in Eligibility Status

If you are actively contributing to the Plan and have a change of employment classification that would otherwise make you ineligible to participate in the Savings Plan—for example, you move from a non-represented to a represented position—you will remain a Savings Plan participant, but your deferrals and County matching contributions will cease. You will continue to control how your Plan assets are invested and may take a distribution when eligible.

How to Enroll

To enroll in the Savings Plan, you must complete the Savings Plan Participation Agreement Form ("Participation Agreement") or enroll online. You may request the form from the County of Los Angeles Service Center or enroll online at www.countyla.com.[4] You may also call the County of Los Angeles Service Center to arrange for an individual appointment with a County of Los Angeles Service Center Representative.

On the Participation Agreement, you must:

- Specify the percentage of Eligible Earnings you want to defer as your contribution to the Savings Plan each payroll period, and
- Specify the allocation of your contributions among the Savings Plan investment options that you choose, and
- Designate a beneficiary.

An online calculator is available on the Savings Plan website (www.countyla.com) to help you calculate your appropriate deferral percentage. This "Savings Plan Online Deferral Percentage Calculator" will help you determine the correct deferral percentage to contribute the maximum allowable deferral or to ensure you are receiving the full County matching contribution.

You can also find out how various deferral amounts affect your take-home pay by using the Paycheck Comparison calculator online. This tool provides an estimated projection of what your future account value may be, given certain assumptions.

Once you are a participant, you may make changes to your Participation Agreement at any time by:

- Entering your new choices on the Savings Plan website (**www.countyla.com**).
- Calling the County of Los Angeles Service Center at **(800) 947-0845**. Press "1" to access your account through KeyTalk®, the automated voice response system, or press "0" to speak with a representative. Service Center representatives are available from 7:00 a.m. to 5:00 p.m., Pacific Time, Monday through Friday.

For information on how to change your deferral or investment allocations, please see Changing Your Payroll Deferral Percentage on page 6.

Naming a Beneficiary

When you enroll in the Plan, you will be asked to name a beneficiary or beneficiaries to receive the distribution from your Savings Plan account if you die before liquidating your account. You may name anyone as a beneficiary or you may name your estate. However, because your Savings Plan account is subject to California community property laws, if you are married or in a domestic partner relationship that is registered with the state of California and you name a primary beneficiary other than or in addition to your spouse or domestic partner, he or she must submit notarized written consent for your choice of beneficiary(ies).

The consent will waive your spouse or domestic partner's right to receive a distribution of his or her community property interest from your account upon your death. If you are not married or in a registered domestic partnership at the time you name a beneficiary but become married or enter into a registered domestic partnership in the future, your spouse or registered domestic partner will be automatically entitled to their interest in this account from the time of marriage or registration regardless of your beneficiary designation.

3 A limited number of represented employees who were accreted into a represented position remain covered under the Savings Plan.
4 Access to KeyTalk® and the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/ maintenance or other reasons.

Eligibility and Participation (cont.)

If your spouse is designated as a beneficiary and you divorce, your entire beneficiary designation becomes null and void. If your registered domestic partner is designated as a beneficiary and your registered domestic partnership is terminated, your entire beneficiary designation becomes null and void. If a new beneficiary designation form is not completed upon divorce or upon termination of your registered domestic partnership, your account will be payable in accordance with the hierarchy established for the Plan (noted below).

You may name, revoke or change a beneficiary only through a written form available on the website or through the County of Los Angeles Service Center. If you die without naming (or renaming when required) a beneficiary or fail to submit any requested documentation prior to your death (for example, a copy of your Trust document) or there is no existing beneficiary (for example, because the beneficiary predeceased you or because of a divorce or termination of a domestic partnership), your beneficiary(ies) will be designated in the following manner:

- Your spouse or registered domestic partner, if living 30 days after the date of your death
- If the above doesn't apply, then your children, by blood or adoption, sharing equally (with children of a deceased child sharing equally the deceased child's portion)
- Your estate, if your beneficiary(ies) cannot be determined under this provision

IMPORTANT: Please keep your beneficiary information up-to-date. If you have a major life changing event, such as a new child, marriage or divorce, it is important to make sure your designated beneficiary(ies) reflect who you want to receive your Savings Plan assets.

When Participation Begins

If your Participation Agreement is received and processed by the County of Los Angeles Service Center after the market close of business on the 15th day of the month and before the market close of business on the last business day of a month, your deferral deductions will begin with the paycheck you receive on or about the 30th of the following month. If your Participation Agreement is received and processed by the County of Los Angeles Service Center before the market close of business on the 15th day of a month, your deferral deductions will begin with the paycheck you receive on or about the 15th of the following month.

For example, if "Patty's" Participation Agreement is processed by May 30, Patty's first deferral will be deducted from her paycheck issued on June 30. If, however, her Participation Agreement is processed on June 1, her first deferral will be deducted from her paycheck issued on July 15.

Plan Contributions

Payroll Deferrals

Your deferrals, or contributions, are made through before-tax payroll deductions. As long as you are employed and have completed a Participation Agreement, and there are enough Eligible Earnings available to make the deduction, deferrals are deducted from each paycheck. Deferrals are based on a percentage of your Eligible Earnings. Please see Appendix C, page 30, for a definition of Eligible Earnings.

There is an annual limit on the deferrals that can be contributed to your account. The maximum amount that may be contributed annually to your account is the lesser of 100% of your Eligible Earnings or the specific dollar amount shown on page 8 under Annual Limitations on Personal Pre-Tax Deferrals to the Plan. Deferrals to the Savings Plan will stop automatically when you reach the annual limit. If for some reason the annual limit is exceeded during the year, the Plan will refund to you the excess deferrals plus any related earnings, and you will be taxed on the refunded amounts. (See Annual Limitations on Personal Pre-Tax Deferrals to the Plan on page 8.)

After-Tax Contributions

Effective as of January 1, 2002, you may submit a Participation Agreement Form or call the Participant Service Center to request that the County deduct a percentage from your Eligible Earnings and have such amount contributed to the Savings Plan on an after-tax basis. Federal and state income taxes are paid in the year your deferral is contributed.

After-tax contributions will be placed in your After-Tax Contributions Account, which will be credited with any earnings, investment gains or losses, and applicable Plan expenses allocable thereto. You will have investment control over your After-Tax Contributions Account.

After-tax contributions are not eligible for loans but can be withdrawn at any time while in service or after leaving service. Earnings on before- and after-tax contributions are not taxed until they are distributed to you while in service or after leaving service. Please note that earnings on after-tax contributions will be subject to tax withholding at a rate of 20% federal and 2% state, and if you are under age 59½, an additional 10% excise tax may apply.

To initiate after-tax deferrals to the Savings Plan, please contact the Participant Service Center by calling KeyTalk® at (800) 947-0845.

Changing Your Payroll Deferral Percentage

You may change the amount of your payroll deferral by changing your deferral percentage. You may submit a request at any time to increase, decrease, stop or restart your deferral (the minimum deferral is 1%). A deferral election change that you make on or before the 15th of a month will be reflected on your pay stub on the 15th of the following month, and the amount of your deferral will be calculated based on your Eligible Earnings for that pay date. A deferral election change that you make after the 15th and before the end of a month will be reflected on your pay stub on the 30th of the following month, and the amount of your deferral will be calculated based on your Eligible Earnings for that pay date. For example, if "Patty" changes her deferral percentage on June 6, the change will be reflected on her July 15 paycheck, and Patty's deferral on July 15 will be calculated based upon her Eligible Earnings for that pay date.

NOTE: Your Eligible Earnings payable on the 15th of a month are based upon services you performed from the 16th through the end of the prior month, and your Eligible Earnings payable on the 30th of a month are based upon services you performed from the 1st through the 15th of that month. You can submit your deferral percentage change by:

- Accessing your account through the Savings Plan website at www.countyla.com
  - Click "Change Account"
  - Select "Deferral"
- Or by calling KeyTalk at (800) 947-0845

Termination Pay

Time you have accrued during County service that is payable upon your termination from service, such as unused accumulated overtime, vacation, holiday time, or sick leave benefits, can be contributed to the Savings Plan subject to annual IRS limits on Plan contributions. The election to defer these amounts must be made by the last day of one month before the month in which you leave County service. For more information, contact Great-West Retirement Services at (800) 947-0845.

Plan Contributions (cont.)

Annual County Matching Contributions

The County matches your Savings Plan personal contributions, dollar-for-dollar, up to 4% of your compensation on a year-to-date basis. You will receive County matching contributions each pay period provided the year-to-date cumulative County matching contributions do not exceed your total year-to-date cumulative personal pre-tax contributions.

NOTE: While payroll deferrals are based on a percentage of your Eligible Earnings, the County matching contributions are based on a percentage of your Compensation. These two dollar amounts may be slightly different. To be eligible for the full County matching contribution, your deferral must be equal to or higher than the dollar amount that is equivalent to 4% of your Compensation.

Temporary Suspension/Reduction of Match for Participants Other Than Trial Court Employees and Judges

For participants other than trial court employees and judges, there is no County match for the payroll periods from January 1, 2011, through June 30, 2011 (your January 30, 2011, through July 15, 2011, paychecks), and beginning with the July 1-15, 2011, payroll period (your July 30, 2011, paycheck), a County matching contribution of up to 3% for non-represented employees will be made to active participants' accounts. Beginning with the July 1-15, 2012, payroll period (your July 30, 2012, paycheck), County matching contributions will resume at a rate of up to 4%.

Pour-Over Match

- Participating in the Savings Plan Only

  If you reach the Savings Plan annual deferral contribution limit during the year, your deferral contributions to the Plan will cease. However, you will be entitled to receive additional County matching contributions equal to the total County matching contributions that would have been made. The additional County matching contributions are subject to the Annual Overall Contribution Limits (see page 10 for information on Annual Overall Contribution Limits).

- Participating in the Savings Plan and the Horizons Plan

  If you reach your Horizons annual deferral contribution limit during the year, the Savings Plan "pour-over" feature will apply provided you meet the following criteria:

  a. High Contribution Limit Participants

  If you contribute to both the Savings Plan and the Horizons Plan and elected (or are deemed to have elected) the High Contribution Limit (see Table A, page 8), the County matching contribution will continue to be made even after you have contributed the maximum annual deferral limit (see page 9) as long as your total personal deferrals to the Savings Plan for the year equal or exceed the County matching contribution. If you reach the Horizons contribution limit during the year, you may qualify to continue receiving County matching contributions "poured-over" to the Savings Plan. To qualify for a "pour-over" match, your personal deferrals to the Savings Plan must be at a rate that entitles you to receive the full County matching contribution. When a "pour-over" match occurs, you receive additional County contributions to the Savings Plan equal to the total County matching contributions that would have been made to both Plans. The additional County matching contributions are subject to the Annual Overall Contribution Limits.

  b. Low Contribution Limit Participants

  If you contribute to both the Savings Plan and the Horizons Plan and elected (or are deemed to have elected) the Low Contribution Limit (see page 9), your personal deferrals to the Savings Plan plus your personal deferrals to the Horizons Plan and County matching contributions to the Horizons Plan will be capped at the lower limit (see Table B, page 8). After you reach that limit, your personal deferrals to both Plans will cease, but you will continue to receive "pour-over" County matching contributions in the Savings Plan for the remainder of the year. The "pour-over" matching contributions will equal the Horizons and Savings Plan matching contributions you would have received under each of those Plans.

  NOTE: Participants must have contributed to both the Savings and Horizons Plans before the low limit was reached in order for the "pour-over" to occur. The additional County matching contributions are subject to the Annual Overall Contribution Limits.

Plan Contributions (cont.)

Upon Cessation or Reduction of Deferrals

If you stop your deferral contributions to the Savings Plan during the year, you will stop receiving the County match.

If you reduce your personal deferrals to less than 4% of compensation during the year, you may continue to receive the full County match provided the cumulative County matching contributions do not exceed your total year-to-date cumulative personal deferrals. You will cease to receive full County matching contributions when the cumulative County matching contributions dollar amount equals your personal deferrals to date.

If you stop your personal deferrals or reduce them to less than 4% of compensation and subsequently cease receiving the full County matching contribution, you will not be able to retroactively receive the missed County matching contributions by restarting your deferrals at a later date. The County dollar-for-dollar matching contribution is provided only for the current payroll period. You will resume receiving the full County dollar-for-dollar matching contribution, up to 4% of your pay period compensation, upon resumption of your personal deferrals equal to at least 4% of compensation.

Allocation of Matching Contributions

The matching contributions will be placed in your Non-vested County Matching Account. As you become vested in these matching funds, money will be transferred to your Vested County Matching Account.

Vested matching contributions are invested at the direction of the participant among the investment options available.

The PAC will invest all non-vested matching contributions. Currently, the PAC invests non-vested matching funds in the Savings Plan Stable Value Fund.

See Vesting on page 10 for more information.

Annual Contribution Limits

Annual Limitations on Personal Pre-Tax Deferrals to the Plan

The annual limit on personal pre-tax deferrals, as permitted under federal law, is equal to the applicable dollar limit (based on your High or Low Contribution Limit election), as defined by the IRC for that Plan year and as shown in Tables A and B.

Table A (High Contribution Limit)

Year	Contribution Limit	Contribution Limit if Age 50 or Older
2011	$16,500	$22,000
2012	$17,000	$22,500

Table B (Low Contribution Limit)

Year	Contribution Limit	Contribution Limit if Age 50 or Older
2011/2012	$8,500*	$8,500*

The annual deferral limit will be indexed for inflation in future years. According to IRS regulations, the increases can only take place in $500 increments and may not occur every year.

Remember that the annual deferral limits for the Savings Plan include your personal deferrals (not the County matching contributions).

If the annual limit is reached before the end of the year, your deferrals to the Savings Plan will stop automatically. If this happens, you will notice that your deduction for the Savings Plan will be zero on your pay stub. Contributions will begin again automatically in January of the next year unless you change the deferral percentage before then. If for some reason the limits are exceeded in a year, the Plan will refund to you the excess deferrals plus any related earnings, and you will be taxed on the refunded amounts.

* The amount consists of your personal contributions to the 401(k) Savings Plan, your personal contributions to the Horizons Plan, and County matching contributions to the Horizons Plan.

Annual Contribution Limits (cont.)

As explained below, participants in the Savings Plan who also participate in the County of Los Angeles Horizons Plan may be subject to a "combined lower limit," which affects both Plans. If you have questions about contribution limits, please contact the County of Los Angeles Service Center at (800) 947-0845.

Savings Plan and Horizons Plan: Low Contribution Limit

Participants who contribute to both the Savings Plan and Horizons Plan may select from two contribution limit options known as the "High Contribution Limit" and "Low Contribution Limit" options. The option you select will become your automatic contribution limit for subsequent plan years, unless you submit a new election on a Contribution Limit Option Form.

The low contribution option is the federal annual **combined** $8,500 limit on Savings Plan and Horizons Plan contributions. Should you elect this option, your personal deferrals to the Savings Plan plus your elective deferrals to the Horizons Plan and County matching contributions to the Horizons Plan will be limited to $8,500.

If you reach the combined $8,500 limit, your personal contributions to both Plans will cease, but you may continue to receive "pour-over" County matching contributions in the Savings Plan for the remainder of the year. (See Annual County Matching Contributions on page 7 for additional information.)

NOTE: Participants in the Savings or Horizons Plan who did not contribute any money to the Savings or Horizons Plans in the prior year must submit a Contribution Limit Option Form to Great-West Retirement Services if they intend to contribute to both Plans in the current year under the Low Contribution Limit of $8,500. Remember, your default contribution limit, which is set to the high limit, will remain in effect until you change it by completing a new Contribution Limit Option Form.

If you are age 50 or older at any time during the year, you can contribute an additional $5,500 if you elected (or are deemed to have elected) the High Contribution Limit (refer to Table A on page 8).

Savings Plan and Horizons Plan: High Contribution Limit

The high contribution option sets two separate Plan contribution limits for the Savings Plan and Horizons Plan, as follows:

- **Savings Plan** – If you elected the High Contribution Limit for 2011, your annual personal deferral limit is $16,500 or 100% of your Eligible Earnings, whichever is less. The County matching contributions are excluded from the Savings Plan annual deferral limit. In other words, only your personal deferrals count toward the Savings Plan contribution limit.
- **Horizons Plan** – If you elected the High Contribution Limit for 2011, your annual limit for the Horizons Plan is also $16,500 or 100% of your Eligible Earnings, whichever is less. The County matching contributions to the Horizons Plan are included in the Horizons Plan annual pre-tax contribution limit. In other words, your personal deferrals to Horizons and the Horizons County matching contributions are added together for purposes of determining your total deferrals under the Plan, which cannot exceed $16,500.

For the Horizons Plan, you may be allowed to contribute up to $33,000 in 2011 if you are within three years of normal retirement age (as defined by Horizons) and qualify for the Special Three-Year Catch-Up Contribution Limit. For more details, refer to the Horizons Summary Plan Description (SPD) or call Great-West Retirement Services at (800) 947-0845 to submit an application.

If you reach the contribution limit for one or both Plans, your personal contributions to the Plan(s) will cease. If you reach the Horizons Plan limit, you may continue to receive "pour-over" matching contributions in the Savings Plan for an amount equivalent to the Horizons County matching contributions for the remainder of the year, subject to the IRC Annual Overall Contributions Limit. (See Annual County Matching Contributions on page 7 for additional information.)

Age 50+ Catch-Up Contributions

Participants age 50 or older during the Plan year who are deferring only to the Savings Plan or are on the High Contribution Limit are automatically eligible to defer an additional amount above the regular contribution limit referenced in Table A (see page 8). The Age 50+ Catch-Up contribution limit is the lesser of the following:

- The annual Age 50+ Catch-Up dollar limit permitted under the IRC, which is $5,500 for 2011, or
- The excess of your Eligible Earnings for the year over any other elective deferrals (other than Age 50+ Catch-Up contributions) made to certain retirement arrangements, including Horizons, the Pension Savings Plan and the Savings Plan.

Annual Contribution Limits (cont.)

In future years, the annual dollar limit for the Age 50+ Catch-Up contribution may increase in $500 increments based on cost of living adjustments. The Age 50+ Catch-Up contribution limit will be automatically applied to eligible participants.

Annual Overall Contribution Limits

In 2011, federal tax law limits deferral contributions, matching contributions (including any "pour-over" match) and after-tax contributions to the Savings Plan to the lesser of $49,000 per year or 100% of your annual Eligible Earnings.

For example: An employee who makes personal contributions of $16,500 to the Savings Plan and receives $6,000 in matching contributions could contribute up to $26,500 in after-tax contributions.

Contributions During Disability or Leave of Absence

If you go on disability or injured duty status or take a leave of absence, your deferrals will stop if your taxable salary stops. Deferrals cannot be made from Workers' Compensation benefits, which are not taxable. If you are due pay for vacation or sick days, your Savings Plan deferrals will be deducted from those paychecks while you are on disability, unless you change your deferral.

When you return from disability or leave of absence, deferrals will start again automatically unless you change your deferral. If contributions do not start automatically upon your return, contact the County of Los Angeles Service Center at (800) 947-0845 for assistance.

Vesting

A benefit is "vested" when it is nonforfeitable (although its value may fluctuate due to investment performance). Each participant shall have Non-vested and Vested County Matching Accounts established upon enrollment. As each Plan Year concludes on December 31, you will receive credit for a Year of Service for each Plan Year in which you participate in this Plan or the Horizons Plan. Based on the vesting schedule, a certain percentage of the Non-vested County Matching Account becomes vested and nonforfeitable, at which time said percentage is moved into your Vested County Matching Account. Any subsequent County matching contributions shall be allocated between the Non-vested Matching Account and Vested Matching Account as determined by your current vesting schedule. Should you leave County employment, amounts remaining within the Non-vested County Matching Account shall be irrevocably forfeited back to the Plan.

NOTE: Years of Service correspond to the number of Plan Years you have been a participant of a County Deferred Compensation Plan, including the Horizons Plan and Savings Plan. Years of Service, in the context of the County Defined Contribution Plans, does not refer to the number of years you have been employed with the County.

Vesting Schedule

For each completed Year of Service, you will vest the County matching contributions as follows:

Years of Service	1	2	3	4	5 or more
Vested Percentage	20%	40%	60%	80%	100%

In addition to the above vesting according to Years of Service, your County matching contributions will become fully vested (regardless of Years of Service) if one of the following events occurs:

- Retirement
- Disability resulting in separation of service
- Death

Vesting: Employment Termination and Rehire

If you terminate County service and have not vested 100%, amounts remaining within your Non-vested County Matching Account will be irrevocably forfeited back to the Plan.

If you are rehired by the County and were not 100% vested at the time of your initial separation from County service, any non-vested County matching contributions that were forfeited at that time will remain forfeited and your vesting schedule will begin vesting without regard to your prior Years of Service.

Rollovers and Plan-to-Plan Transfers

Rollover Contributions into the Savings Plan

The Plan will accept before-tax rollover contributions that qualify as eligible rollover distributions from any of the following Eligible Retirement Plans in which you were a participant and from which you are eligible to receive a distribution:

- An eligible deferred compensation plan that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state (a governmental 457(b) plan)
- A traditional Individual Retirement Account (IRA)
- A tax-sheltered annuity (under Code section 403)
- A qualified retirement plan under Code section 401(a) (such as a 401(k) plan or profit sharing plan)

Rollover contributions will be held in a separate Rollover Account and invested in accordance with your current Savings Plan deferral allocation unless otherwise directed.

If you become eligible to receive a rollover distribution from a plan listed above because you are a surviving spouse, you may also roll that distribution into the Savings Plan. You may be required to provide information or documentation necessary for the PAC to make a determination as to whether the rollover contribution satisfies the requirements of the Plan and the IRC.

Participants who roll over retirement plan dollars are subject to a $25 annual fee.

Rollover contributions consisting of after-tax employee contributions will only be accepted by the Savings Plan if made as a direct trustee-to-trustee transfer.

Rollover from Savings Plan into Another Plan

In certain circumstances, you may be eligible to roll over the balance from your Savings Plan account into another Eligible Retirement Plan. For example, if you change jobs, your new employer may allow you to roll over the balance of your Savings Plan account into that employer's retirement plan. You may also be eligible to roll over the balance of your Savings Plan account into an IRA. Your surviving spouse also may be eligible to roll over the balance of your Savings Plan account to an Eligible Retirement Plan, and other surviving beneficiaries may be eligible to roll over the balance of your account to an "inherited" IRA. Any rollover distribution from the Savings Plan will be made in a lump-sum transfer directly to the trustee of an Eligible Retirement Plan that accepts rollover contributions. If you have invested through the Charles Schwab Personal Choice Retirement Account® (PCRA) (see page 13), you may be able to transfer your PCRA investments "in-kind" if you roll over your entire account balance and the receiving Eligible Retirement Plan will accept an "in-kind" transfer. You will receive more information on rollovers when you become entitled to a distribution. To obtain more information on how to roll over the balance in your Savings Plan account to another plan, contact the County of Los Angeles Service Center at (800) 947-0845.

Transfer to Purchase Permissive Service Credit

You may authorize an in-service transfer from the Savings Plan to a defined benefit plan in California, such as LACERA, to purchase permissive service credit, as defined in the IRC. If you are interested in purchasing permissive service credit in another plan, you should contact the County of Los Angeles Service Center at (800) 947-0845 for more information.

Investments

Your Investment Accounts

When you become a participant in the Savings Plan, up to five investment sub-accounts will be set up for you:

- Your Tax-Deferred Contribution Account,
- Your After-Tax Contributions Account,
- Your Rollover Account,
- Your Vested County Matching Account, and
- Your Non-vested County Matching Account.

Your pre-tax deferrals will be placed in your Tax-Deferred Contribution Account, which will be credited with any earnings, investment gains or losses, and applicable Plan expenses allocable thereto. You will have investment control over your Tax-Deferred Contribution Account.

Your after-tax contributions, if any, will be placed in your After-Tax Contributions Account, which will be credited with any earnings, investment gains or losses, and applicable Plan expenses allocable thereto. You will have investment control over your After-Tax Contributions Account.

Rollover contributions, if any, will be placed in your Rollover Account, which will be credited with any earnings, investment gains or losses, and applicable Plan expenses allocable thereto. You will have investment control over your Rollover Account.

The County matching contributions and earnings on those contributions will be placed in your Non-vested County Matching Account. As you become vested in those funds, money will be transferred from the Non-vested County Matching Account to the Vested County Matching Account. You will have investment control over the vested monies. (See Vesting on page 10 for more information.)

You direct how your Tax-Deferred Contribution Account, After-Tax Contributions Account, Rollover Account, and Vested County Matching Account are invested.

These investments and any earnings on them help your account balance to grow. You may choose to invest in one investment option or in any combination of investment options. Your allocations must be in whole percentages that total 100%. You may make your initial allocation choices or change any future allocations online at www.countyla.com or by contacting the County of Los Angeles Service Center at (800) 947-0845.

Deferrals and earnings in your Tax-Deferred Contribution Account, along with funds in your Vested and Non-vested County Matching Accounts and Rollover Account, if applicable, accumulate on a tax-deferred basis, which means you do not have to pay income taxes on them until you actually receive them as payments from your Savings Plan account.

Investment Options

The Savings Plan offers participants a variety of professionally managed investment options. An annual Fund Data Booklet is available to participants, providing detailed information about the individual investment options. In addition, historical fund returns are provided with your quarterly account statements, and monthly historical fund return updates and daily fund valuations are available on the website at www.countyla.com.

The PAC currently provides investment options in the following asset classes:

- Bank Depository: Invests primarily in bank depository savings accounts. A fixed interest rate is declared in advance for all money on deposit for a specified period of time.
- Stable Value: Invests largely in actively managed fixed income investments and insurance company contracts. A fixed interest rate for all funds on deposit is declared quarterly.
- Bond: Seeks high current income and/or principal by investing in high-yielding, lower rated fixed income securities that may involve some risk to income and/or principal. 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.

Investments (cont.)

- Large Cap: Invests in stocks of large, well-known U.S. companies that make up the S&P 500® Index. Earnings or losses come from principal growth and reinvested dividends.
- Non-U.S. Equity: Invests primarily in stocks of companies located in, or that receive the majority of their operating income from, countries outside the United States. Foreign investments involve special risks, including currency fluctuations and political developments.
- Mid-Cap Equity: Invests primarily in the common stocks of U.S. companies with good prospects for future growth, in the opinion of the fund manager. Earnings or losses come mostly from principal growth. Equity securities of medium-sized companies may be more volatile than securities of larger, more established companies.
- Small-Cap Equity: Invests primarily in common stocks of small and medium-sized growth companies that have a strong earnings growth outlook and the potential for significant capital appreciation, in the opinion of the fund manager. Equity securities of small-sized companies may be more volatile than securities of larger, more established companies.
- Target Date Funds: Ten portfolios designed for participants who want the ongoing investment and diversification to be handled by investment professionals. The dates range from a Retirement Income Fund to target year 2050. Participants select the fund with the date closest to their target retirement date. The funds are diversified—the funds with dates furthest in the future have the most aggressive fund allocation and invest primarily in stocks. As the retirement date of the fund gets closer, the fund is professionally adjusted incrementally to a more conservative investment mix between stocks and fixed income securities.
- Charles Schwab Personal Choice Retirement Account (PCRA): Self-Directed Brokerage Account offered through Charles Schwab & Co, Inc. allows you to select from numerous mutual funds and other types of securities, such as stocks and bonds, that are on the major exchange and outside the Plan's offerings.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, please obtain the mutual fund prospectuses and disclosure documents by visiting the Savings Plan website at www.countyla.com or by calling the Los Angeles County Service Center at (800) 947-0845. Read them carefully before investing.

You may wish to consult a professional investment adviser for advice about which options may be best for your particular situation. (See Appendix A: Your Guide to Investment Planning on page 26.)

Information About Investment Options on Request

As a Plan participant, you have the right to request the following information about the Plan's investment options:

- Copies of prospectuses, financial statements, reports and other information (to the extent such information is provided to the Plan). A Fund Data Booklet is also available to you with detailed data about each investment option; additional copies are available upon request.
- Descriptions of annual operating expenses of each investment option, including investment management fees, administration fees, transaction costs and other costs that can reduce your rate of return on your investments.
- Listings of the assets that make up each investment option, as well as the proportion the assets represent in the total fund.
- Information about the value of shares you hold in your particular investments (available in your quarterly account statement). In addition, information about historical performance of the funds is available on the quarterly Investment Option Performance Sheet, with monthly updates and daily fund valuations available on the website at **www.countyla.com**.

You've already received most of this information through materials in your Savings Plan Retirement Planning Guide, Features and Highlights, and your regular statements. The PAC has designated the service provider, Great-West Retirement Services, to respond to your requests. You may also request the information listed above via the website at www.countyla.com.

Changing Your Investment Options

The Savings Plan provides you with the ability to transfer account balances from one investment option to another on any given day within the parameters of the Plan's Trade Restriction Policy (described at right). You may also change your deferral allocation for future contributions without charge. In general, you may transfer assets among investment options within the Plan at any time except as provided under the Equity Wash and Trade Restriction Policy rules described below.

To transfer your existing investments or to change how your future deferrals are invested:

- Visit the "Change Account" section of the Savings Plan website at **www.countyla.com** and choose "Fund Transfer" or "Redirect Future Contributions"; or
- Call KeyTalk at **(800) 947-0845** and follow the directions.

Transfer requests made via the website or KeyTalk received on business days prior to close of the New York Stock Exchange (1:00 p.m. Pacific Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. Requests made at or after 1:00 p.m. Pacific Time will be processed by the next day's close of business. The actual effective date of your transaction may vary depending on the investment option selected.

Equity Wash

In order to reduce cash flow volatility, the Stable Value Fund has a transfer restriction known as the "Equity Wash" that essentially does two things:

- It prohibits direct transfers from the Stable Value Fund to the Bank Depository Fund or Brokerage Account.
- When a transfer out of the Stable Value Fund is made, the Equity Wash imposes a 90-calendar day delay on transfers from all other investment options to the Bank Depository Fund and Brokerage Account.

The Equity Wash only applies where transfers out of the Stable Value Fund are involved. Basically, any money transferred out of the Stable Value Fund must first go to one or more of the other core investment options, where it must reside for at least 90-calendar days before it can be invested in the Bank Depository Fund or Brokerage Account. It cannot go directly from the Stable Value Fund to the Bank Depository Fund or Brokerage Account, and it cannot go indirectly by being passed through another fund without the 90-calendar day waiting period. The 90-calendar day waiting period restarts each time money is transferred out of the Stable Value Fund. Therefore, if you want to transfer monies into the Bank Depository Fund or Brokerage Account, you should consider transferring amounts from the other core funds before you initiate a Stable Value Fund transfer.

The Equity Wash does not apply to any transfers out of the other core investment options to the Bank Depository Fund or Brokerage Account, although other trading restrictions may apply.

Trade Restriction Policy

The Savings Plan PAC has implemented a Plan-wide Trade Restriction Policy to:

- Minimize disruptive trading practices by some Plan participants to ensure that the overall portfolio valuation and participant accounts are not negatively impacted;
- Ensure the PAC's ability to continue to select qualified investment options for the Plan; and
- Protect the viability of the remaining investment options.

The Savings Plan Trade Restriction Policy (the "Policy") will apply to all Savings Plan investment options except the Stable Value Fund and the Bank Depository Fund (which are subject to the Equity Wash restrictions described above). There is a 90-day waiting period for any transfers from the Stable Value Fund into the Bank Depository Fund. The Policy includes an "Investment Period" Restriction and a "Round-Trip" Restriction, which are described below and on page 16, respectively.

In addition, it is the participant's responsibility to review the prospectus and disclosure documents for any investment option in which the participant invests and to adhere to the trading policy and related restrictions established by the fund in its prospectus (as in effect from time to time). The PAC reserves the right to impose the penalties described on pages 15-16 for any disruptive trading practices that are identified by the fund managers and communicated to the Plan, even if those practices may not be in violation of the Plan's Trade Restriction Policy.

Investment Period Restriction

In order to address market timing, the PAC has imposed a 10-business-day investment holding requirement described in the following paragraphs. Participant transfers of $10,000 or more into an investment option on a single day through transfer or rebalance transactions must remain invested in that option for a minimum of 10 business days.

Changing Your Investment Options (cont.)

This 10-business-day period is called the “Investment Period.” It begins on the day the transfer is made. Semi-monthly payroll contributions are not subject to the Investment Period Restriction.

Certain transactions, such as loans, hardship withdrawals, distributions and service credit purchases, are considered “non-transfer” transactions and are not subject to the Investment Period Restriction.[5]

It is up to each participant to adhere to the Investment Period Restriction. The Savings Plan will not block a participant’s request to transfer assets out of an investment option. Transfers requested in violation of this restriction will be executed by the Plan; however, participants who violate the restriction will be penalized. The Savings Plan will treat the last assets transferred into an investment option as being the first assets transferred out (“last in are first out”). Here are some examples to illustrate how the Investment Period Restriction works.

Example #1

On September 13, Jim transfers $15,000 from another Savings Plan investment option into the Savings Bond Fund. The earliest date that he can transfer any assets out of the Savings Bond Fund is September 27—the first trading day after the $15,000 transfer has been in the Savings Bond Fund for 10 business days. Any amount transferred out prior to September 27 would result in a market-timing violation and Jim would be subject to a penalty.

On September 17, Jim decides to transfer an additional $5,000 into the Savings Bond Fund. This transfer in is not subject to the Investment Period Restriction because it is below the $10,000 threshold. Because this is the latest (or last) transfer in, Jim may transfer out up to $5,000 at any time.

On September 20, Jim transfers $11,000 out of the Savings Bond Fund. Jim has violated the Investment Period Restriction because the $11,000 transfer out includes a portion of the restricted September 13 transfer. Remember, the assets from the September 13 transfer are under the Investment Period Restriction until September 27.

Example #2

Jim executes the September 17 transfer of $5,000 described above and on September 20 transfers an additional $11,000 into the Savings Bond Fund. The earliest date that he can transfer any or all of the $16,000 in assets out of the Savings Bond Fund is October 4, which is the first day after the $11,000 transfer has been in the Savings Bond Fund for 10 business days. Because the September 20 transfer of $11,000 is the last transfer in, any transfers out would be made up of these assets. Therefore, if Jim transferred any amount out of the Savings Bond Fund prior to October 4, it would be a violation of the Investment Period Restriction and Jim would be subject to a penalty. Even though Jim has $5,000 in unrestricted September 17 assets, the September 20 asset transfer (as the “last in”) will be treated as the “first out” for purposes of this restriction.

Example #3

On April 1, Jim transfers $20,000 from another Savings Plan investment option into the Large Cap Fund. The earliest date that he can transfer any or all of the $20,000 in assets out of the Large Cap Fund is April 15—the first business day after the $20,000 transfer has been in the Large Cap Fund for 10 business days. Any amount transferred out prior to April 15 would result in a market-timing violation and Jim would be subject to a penalty.

On April 5, in accordance with Jim’s prior election to have his account “rebalanced” quarterly, $11,000 is automatically moved out of the Large Cap Fund. Jim has violated the Investment Period Restriction because the $11,000 transfer out of the Large Cap Fund occurred prior to April 15. In order to avoid the violation caused by Jim’s quarterly rebalance transaction, Jim should have canceled his automatic rebalance transaction and re-initiated it on or after the 15th.

Investment Period Restriction Penalties

In order to address market timing among Savings Plan participants, the PAC has authorized the following penalties for those participants who violate the 10-business-day Investment Period Restriction.

- Upon the first violation of the Investment Period Restriction, the participant will receive a “Warning Notice.” The notice will inform the participant that certain transactions violated the Trade Restriction Policy and ask that the participant stop market timing immediately. The participant will maintain “normal transaction privileges”; that is, the participant can still conduct transactions through the website, KeyTalk voice response system, fax, overnight mail, and with a County of Los Angeles Service Center Representative.

5 A transfer or rebalance transaction that results in the movement of any amount out of that option and into another investment option during the Investment Period will be considered market timing.

Changing Your Investment Options (cont.)

- Upon the second violation of the Investment Period Restriction, the participant will be penalized. Normal transaction privileges will be suspended for 180 calendar days. During the penalty period, the participant may execute transactions only through standard First Class U.S. Mail. At the end of the 180-calendar-day penalty period, the participant must submit a signed "Trade Restriction Policy Compliance Agreement" ("Agreement") by which the participant agrees to comply with the Trade Restriction Policy in exchange for having normal transaction privileges restored.

- If a participant breaches the Agreement, the PAC, at its discretion, may impose another penalty on the participant. This can range from another 180-calendar day suspension of normal transaction privileges to the permanent suspension of normal transaction privileges for participants who have a history of market timing.

A participant may appeal the imposition of a penalty to the PAC under the claims and appeals procedures explained in this Summary Plan Description. (See Appeal Procedure on page 24.) Remember, the only transactions exempt from the Investment Period Restriction are those considered "non-transfer" transactions, such as semi-monthly payroll contributions, loans, hardship withdrawals, disbursements and service credit purchases, as applicable.

Round-Trip Restriction

In order to eliminate excessive trading, the PAC has imposed a 30-calendar-day Round-Trip Restriction, as follows.

If a participant transfers assets out of an investment option, the participant cannot transfer assets back into that investment option for a period of 30 calendar days. The participant may continue to transfer out any assets that remain in that investment option. However, the 30-calendar-day restriction will begin anew each time assets are transferred out of the option. Semi-monthly payroll contributions are not subject to this Round-Trip Restriction. The Round-Trip Restriction is automatically imposed on all participant accounts; improper transfers into the restricted investment option will be blocked.

Here are some examples to illustrate how the Round-Trip Restriction works.

Example #1

On October 1, Mary transfers $5,000 out of the Savings Plan Large Cap Equity Fund into another Savings Plan investment option. Under the Round-Trip Restriction, the earliest date Mary will be permitted to transfer money into the Savings Plan Large Cap Equity Fund is October 31, after the 30-calendar-day period expires.

Example #2

On October 19, Mary decides to transfer an additional $3,000 out of the Savings Plan Large Cap Equity Fund into another Savings Plan investment option. The Round-Trip Restriction starts over again on October 19. Now, the earliest date Mary can transfer any money into the Savings Large Cap Equity Fund is November 18, which is 30 calendar days after the latest date that Mary transferred assets out of the Savings Plan Large Cap Equity Fund.

How the Two Trade Restrictions Work Together

When you transfer funds from one Savings Plan investment option to another, your transfer may be affected by one or both of the trade restrictions depending on a number of factors, including the amount of the transfer and the amount of time since your last transfer into or out of the investment option. Here are some additional examples that show how each restriction can limit your ability to transfer funds.

Example #1

Pat transfers $7,000 out of the Savings Plan Small Cap Equity Fund into the Savings Plan Large Cap Equity Fund on October 15. The Round-Trip Restriction requires that she wait 30 calendar days before she can transfer any funds into the Savings Plan Small Cap Equity Fund. The Investment Period Restriction does not apply to the transfer into the Savings Plan Large Cap Equity Fund because the $7,000 transfer is less than the $10,000 threshold that triggers that restriction. Four days later, on October 19, Pat transfers $5,000 out of the Savings Plan Large Cap Equity Fund into the Savings Plan Bond Fund. As noted above, this Savings Plan Large Cap Equity Fund transfer is not in violation of the Investment Period Restriction even though Pat did not wait 10 business days to make the transfer because the amount Pat transferred out of the Savings Plan Large Cap Equity Fund is less than the $10,000 threshold.

Changing Your Investment Options (cont.)

However, because Pat transferred money out of the Savings Plan Large Cap Equity Fund, she cannot transfer any amount into that fund for a period of 30 calendar days, as the Round-Trip Restriction applies.

Example #2

On October 17, David transfers $12,000 out of the Savings Plan Small Cap Equity Fund and into the Savings Plan Non-U.S. Equity Fund. He will now be prevented from transferring any funds into the Savings Plan Small Cap Equity Fund for a period of 30 calendar days (the Round-Trip Restriction). In addition, if David does not wait 10 business days before he transfers any portion of the $12,000 out of the Savings Plan Non-U.S. Equity Fund, he will be in violation of the Investment Period Restriction. David's one transfer affects his ability to transfer funds into and out of two Savings Plan investment options without being subject to a penalty.

Investment Account Fees and Other Expenses

The County of Los Angeles and Great-West Retirement Services provide a wide range of administrative services for Plan participants. Each participant shares in the costs of these services through the fees described below. Plan administrative fees and County administrative fees are reviewed annually by the PAC and are deducted monthly from each participant's account. Prior to the beginning of each fiscal year, the PAC will determine a reasonable amount of annual fees that it estimates will be necessary to effectively administer the Plan. The estimated annual fees approved by the PAC will be charged to each participant's account on a per capita basis. Fees will be deducted on or about the 26th of each month if the 26th is a business day. Otherwise, fees will be deducted on the first business day following the 26th of the month. The annual participant charge for Plan administrative services and County administrative services will be divided by 12 and assessed monthly in arrears through a monthly deduction from your account, whereas investment management fees are deducted from the daily valuations of your Investment Funds.

Your investment account will be charged only for months in which you have an account in the Plan. The monthly fees will be reflected on your quarterly account statement.

Plan Administrative Fee

This fee, which is deducted from your investment account on a monthly basis and reflected on your quarterly statement, pays for the administrative costs of Great-West Retirement Services, the third-party administrator in charge of record keeping, participant services, etc.

County Administrative Fee

This second fee covers the costs the County incurs in administering the Plan. This includes direct additional County costs incurred as a result of County employees providing administrative services to the Plan, as well as the cost of outside contractors (other than Great-West Retirement Services) that provide services to the Plan (such as fiduciary insurance providers and the services of communication consultants, investment advisers, auditors and lawyers).

Investment Management Fees

The third category of fees is investment management operating expenses of separately managed Investment Funds. The Investment Option Returns sheet and the prospectuses for each Investment Fund (where available) contain details of these fees. These fees are calculated in the daily valuation of the individual Investment Fund and are reflected in the net asset value of the Investment Fund. On your quarterly statement, the fees have already been deducted from the earnings of your Investment Funds.

Expenses, fees and costs related to the Savings Plan are allocated to each participant's investment account and are reflected in the quarterly account statements. You may also get this information through the Savings Plan website at www.countyla.com under the "Fund Options" section or by calling the County of Los Angeles Service Center at (800) 947-0845.

Investment Account Fees and Other Expenses (cont.)

Quarterly Account Statements

After the end of each calendar quarter, statements are mailed to your home or mailing address of record or they can be viewed on the secure website. To set up your account for online statement delivery, visit www.countyla.com and click the "Online File Cabinet®" tab. You will also receive an *Investment Option Returns* sheet reflecting historical investment returns for each Savings Plan fund as of the end of the most recent calendar quarter. The statement shows your total account activity for the quarter, such as any contributions to your account, matching contributions, investment results, distributions and fees.

A "Statement on Demand" is available through the Plan's website at www.countyla.com. The Statement on Demand allows you to view a snapshot of your statement at a date of your choosing.

Review Your Paycheck Stubs and Statements Carefully

Please review your semi-monthly paycheck stubs and quarterly account statements carefully to confirm that we have properly acted on any elections you have made. Corrections involving eligibility or deferrals will only be made for errors that have been communicated to the County or Great-West Retirement Services within 90 calendar days following the first payroll date upon which the initial deferral or deferral change should have been reflected on your paycheck. All other account discrepancies reflected on the quarterly statement must be communicated to Great-West Retirement Services within 90 days of the date of that statement. Inquiries should be directed to the County of Los Angeles Service Center at (800) 947-0845 or in writing at:

Great-West Retirement Services
P.O. Box 173856
Denver, CO 80217-3856

After the 90-day correction window has passed, the account information shall be deemed accurate and acceptable to you. If you notify the County or Great-West Retirement Services of an error after this 90-day correction window, the correction will only be processed as quickly as practicable from the date of notification forward and not on a retroactive basis. Contact the County of Los Angeles Service Center at (800) 947-0845 with questions.

If you have a Savings Plan loan, you should also make sure your loan repayments are being deducted from your paychecks. If deductions are not being made or if you believe the amount being deducted from your paycheck is incorrect, contact Great-West Retirement Services immediately at (800) 947-0845 in order to try and prevent your loan from being considered "late" or "defaulted."

In-Service Distributions

The Plan limits distribution of your Tax-Deferred Contribution Account and Vested County Matching Account to two limited circumstances while you are still working:

- If you qualify for a hardship withdrawal, or
- If you meet all requirements for a voluntary in-service distribution.

Hardship Withdrawals

There are strict federal laws about withdrawing money from your Savings Plan. While you are a County employee, you may apply to withdraw money from your Savings Plan account if you are experiencing severe financial difficulties and do not qualify for a Plan loan. You may take a hardship withdrawal only if you have immediate and severe financial need caused by:

1. Medical expenses for the participant, spouse or a dependent of the participant (as defined by tax law);
2. Payment of tuition for post-secondary education for the participant, spouse or a dependent of the participant (as defined by tax law);
3. Purchase of the participant's primary residence;
4. The need to prevent foreclosure or eviction from the participant's primary residence;
5. Funeral expenses for a spouse, parent, children, primary beneficiary, or dependents; or
6. Damage repair to primary residence in case of qualifying casualty deduction.

The Plan cannot distribute funds from your Savings Plan account if the hardship can be relieved through:

In-Service Distributions (cont.)

- Insurance compensation,
- Liquidation of your other assets (if that would not, in itself, cause severe financial hardship), or
- Stopping your paycheck deferrals to the Plan.

Only the amount reasonably needed to satisfy the hardship (plus any taxes that result from the distribution) will be permitted as a withdrawal. The withdrawal cannot exceed the amount of your Savings Plan account. You cannot request funds in advance or anticipation of a future need.

You must submit a Hardship Withdrawal Application, available from the County of Los Angeles Service Center, as soon as possible after the date of the event that created the financial hardship. You are also required to document your financial hardship and to submit other background documentation about your hardship. If your Hardship Withdrawal Application is approved, payment will be made as soon as administratively practicable. A hardship withdrawal is considered a distribution under the Savings Plan and is subject to income taxes during the year in which distribution occurs. Taxes will be withheld from the amount requested. The amount approved for Hardship Withdrawal may be increased to cover the required amount of income tax withholding.

Other In-Service Withdrawals

Provided you meet certain requirements, you may be eligible for an in-service withdrawal. Your after-tax contributions and associated earnings and/or your rollover contributions and associated earnings can be withdrawn at any time. You may withdraw some or the entire balance in your Vested County Matching Account provided you have at least 10 years of service. A year of service is defined as each Plan year in which you were employed by the County of Los Angeles and were participating in the Savings Plan and/or Horizons Plan. The gross minimum in-service withdrawal request is $1,000.

If you have withdrawn all of your matching contributions, after-tax contributions, and rollover contributions and have reached age 59½, you may withdraw all or part of the total balance in your Tax-Deferred Contribution Account. You must select the specific dollar amount, as well as the funds from which the money will be withdrawn.

You may take only two in-service withdrawals per calendar year.

Savings Plan deferrals, matching contributions, rollover contributions, and any earnings on your accounts are taxable as ordinary income in each year the employee receives a distribution. A 10% penalty may apply if distribution is made before age 59½ upon separation from County service.

The Federal Unemployment Compensation Act became effective January 1, 1993. This act stipulates that a 20% withholding tax be applied to all distributions from a qualified retirement plan. These funds are applied to your tax liabilities for the year in which your withdrawal is processed. You may avoid the 20% federal withholding by rolling your full account balance directly into an IRA or other qualified account.

In-Service Transfers

You may make in-service transfers from the Savings Plan to a defined benefit plan, such as LACERA, to purchase service credit or to redeposit funds. This type of transfer is exempt from the In-Service Withdrawal requirements listed above.

For more information on Hardships and In-Service Withdrawals, contact a Great-West Retirement Services Representative by calling KeyTalk at (800) 947-0845.

Plan Loans

Participants who are active County employees and have a Savings Plan account balance (including Tax-Deferred Contribution Account, Vested County Matching Account and Rollover Account) of at least $2,500 can have a maximum of two loans outstanding at any one time. A loan origination fee of $75 will be charged for each loan. The minimum loan request is $2,000. The total amount you can borrow depends on your account balance, as follows:

- If your account balance is $20,000 or more, the total amount of your loan(s) under the Savings Plan can be up to 50% of your account balance, subject to a $50,000 cap.
- If your account balance is less than $20,000, the total amount of your loan(s) under the Savings Plan can be up to 80% of your account balance or $10,000, whichever is less.

No written loan application is necessary. You can apply for a loan online on the Savings Plan website at www.countyla.com or by calling the County of Los Angeles Service Center at (800) 947-0845 and requesting loan information.

Loan Types

You can receive two types of loans from your Savings Plan account:

- General Purpose Loans – You may request a general purpose loan for any reason. A signed promissory note is required for the loan distribution. The loan must be repaid within one to five years. The loan interest rate will be fixed for the duration of the loan and will be 1% over the prime rate published the last business day of the month before the loan is originated.
- Principal Residence Loan – You may request a loan to be used toward the purchase of your primary residence. A copy of the escrow or purchase agreement and a signed promissory note are required for the loan check to be issued to your escrow company. The loan must be repaid within one to 15 years. The loan interest rate will be fixed for the duration of the loan and will be equal to the Freddie Mac 30-day note published the last business day of the month before the loan is originated.

Loan Limit

The total amount of loans you can have at one time from ***ALL*** County-sponsored defined contribution plans (including the Horizons Plan) cannot be more than $50,000. This maximum loan limit applies regardless of your Savings Plan account balance. For purposes of applying this $50,000 limit, the value of your other loans is determined using your highest outstanding loan balance(s) over the last 12 months.

Participant Loan Obligations

If your loan request is approved, you will be mailed a promissory note (check) and the County of Los Angeles Loan Policy. By endorsing the check attached to the promissory note, you are promising to make semi-monthly payments[6] through payroll deductions for the duration of the loan and are bound by the Loan Policy and any future Plan loan requirements imposed by law. In addition, the promissory note is your agreement that your Savings Plan account balance provides security for the loan. Your loan will be funded using first your Tax-Deferred Contribution Account, then the Vested County Matching Account and then the Rollover Account, if necessary. In addition, your account assets used to secure your loan will not otherwise be available for distribution or investment until your loan is repaid to the Plan. Loan payments (including principal and interest) will be deducted on an after-tax basis from your semi-monthly paycheck. When you make a payment, the entire payment amount will be credited to the Savings Plan account that was liquidated to make the loan and invested according to your investment deferral allocation. Your outstanding loan balance will be reflected in the loan section of your quarterly statement.

Missed Payments

Once you have taken a loan, you must make semi-monthly payments through payroll deductions, as agreed to in the promissory note you sign. If you miss a payment for any reason, your loan will be considered delinquent and in arrears. You will receive a late notice after the end of the calendar quarter in which your loan payment was delinquent. You will then have only until the end of the next calendar quarter to make sure that your missed payments have been paid. If you do not make up missed payments during the applicable grace period, your loan will be in default and taxed as a "deemed distribution." (See Taxation of Deemed Distributions on page 21.) Even after your loan is deemed distributed, loan repayments will continue to be deducted from available compensation until the earlier of when your loan is paid off or the maturity date is reached.

If You Are on Unpaid or Partially Paid Leave

If you are on unpaid or partially paid leave (that is, your loan payments are not being made through payroll deductions), your loan repayment schedule will be treated differently. While on unpaid or partially paid leave for a period of up to 12 months, you may elect to temporarily suspend making payments on your loan.

6 Loans taken prior to April 1, 2010, were subject to a participant election to remain on a monthly repayment schedule or convert to a semi-monthly repayment schedule.

Plan Loans (cont.)

If you elect to temporarily stop making loan payments while on an unpaid or partially paid leave, you MUST:

1. Notify Great-West Retirement Services by contacting them at (800) 947-0845; and
2. Complete and return a loan payment change request form and agree to:
   - Make up the missed payments, and
   - Pay off the loan by the end of its term.

You will need to restart payroll deductions upon one of the following events (the earlier of):

- When your leave of absence ends;
- When you start receiving enough partial pay to make your loan repayments through payroll deductions;
- At the end of the 12-month payment delay limit; or
- If your leave was military-service related, by your extended maturity date.

Upon the occurrence of one of those events, YOU MUST TAKE THE FOLLOWING ACTION:

1. Notify Great-West Retirement Services by contacting them at **(800) 947-0845**;
2. Decide how you will repay your missed payments (see more details below); and
3. Submit a second loan payment change request form in a timely manner.

If you do not submit a second loan payment change form, your loan payments may not restart, which may result in your loan defaulting. This form can be obtained online at www.countyla.com or by calling Great-West Retirement Services at (800) 947-0845.

You can arrange to pay off the loan by the end of its term by either:

- Re-amortizing the loan (recalculating the regular payment amount) over the remaining loan period; or
- Resuming regular semi-monthly payments and making up the missed payments by making a lump-sum payment before the end of the loan term. The lump-sum payment can be made by a Bank-issued money order or cashier's check only.

For a military leave of absence, you can repay the loan in full by the original maturity date or by the end of the period which equals the original loan term plus the period of military service (as applicable). In addition, if the loan's stated interest rate is greater than 6%, the rate charged will be reduced to 6% during your military leave of absence.

After you return from your unpaid or partially paid leave, you will have a grace period to resume making your payments. To resume payments (payroll deductions), you must contact Great-West Retirement Services at (800) 947-0845. The grace period is one calendar quarter, which begins immediately following the earlier of:

- The end of the calendar quarter in which your leave terminates, or
- For non-military leaves, the end of the maximum 12-month loan repayment suspension period.

However, you must make up any payments you miss during this grace period by lump-sum payment before the grace period ends. The lump-sum payment can be made by a Bank-issued money order or cashier's check only. Your loan balance will be in default and treated as a deemed distribution if:

- You do not meet the requirements described above, or
- You extend your non-military leave beyond 12 months (plus the grace period), do not arrange with Great-West Retirement Services to make the required payments described above, and you do not resume payments by the end of the grace period.

If You Leave County Employment

If you have an outstanding Savings Plan loan balance when you leave County employment, the full remaining loan balance will become due at the time you separate from County employment. There is a grace period that lasts until the end of the calendar quarter following the calendar quarter in which you separate from County service. As required by law, if you fail to pay the balance of the loan by the end of the grace period or before you take a distribution (whichever is earlier), the loan will be in default and taxed as a deemed distribution.

Consequences of Loan Default

A Savings Plan loan is not only governed by the Plan document, but it is also regulated by the IRS and lending laws—it is as "real" as any loan you might receive from a bank, with similar obligations and consequences. The PAC cannot make exceptions to the loan policy and procedures if participants fail to meet the terms of their loan agreements.

Taxation of Deemed Distributions

If missed loan payments are not made up by the end of the applicable grace period, your outstanding loan balance, including the remaining principal and any missed interest payments, will be taxed as a deemed distribution as required

Plan Loans (cont.)

by the IRS and will be reported to the IRS on Form 1099-R as income in the year of the deemed distribution. This could have serious and unwelcome tax consequences for you, including the following:

1. You will be responsible for paying federal income taxes and any state income taxes on the amount of the deemed distribution. This is in addition to the regular income taxes you pay from your wages.
2. Your overall reportable annual income will increase by the amount of the deemed distribution and may push you into a higher federal income tax bracket—you may have to pay a larger income tax percentage for all income reported.
3. The amount of a defaulted Savings Plan loan may be subject to a federal 10% early distribution tax upon its being reported as a deemed distribution.

Offset Against Your Account Balance

In addition to the tax consequences of a deemed distribution, federal regulations and the Plan require the promissory note of any defaulted loan balances to remain on the books until you take an actual distribution under the terms of the Plan. When you take an actual distribution from the Plan, your account balance will be "offset" by the outstanding loan balance, which was already taxed as a deemed distribution. The offset will extinguish the promissory note and your obligation to repay the defaulted amount to the Plan.

Additional Loan Availability

If you have defaulted on a loan from a County-sponsored defined contribution plan, you will not be approved for another loan from the Savings Plan without specific written authorization by the PAC.

Qualified Domestic Relations Order

If you are a Savings Plan participant and you get a divorce, a Qualified Domestic Relations Order (QDRO) may give your spouse or former spouse (known as an Alternate Payee) a right to receive all or part of your benefits. If the County of Los Angeles Service Center receives such an order or, if earlier, receives written notice that one is being sought, distributions from your account in the Plan may be suspended pending determination of whether the order qualifies as a QDRO. The suspension of distributions from your account shall be discontinued only in accordance with a QDRO, a court order demonstrating that no benefits have been awarded to the Alternate Payee, or other documentation as determined by the Plan Administrator. If the order qualifies as a QDRO, your Plan account will be divided according to the QDRO, and your Alternate Payee will have his or her own account. An Alternate Payee does not have to wait until you are eligible for a distribution (e.g., your separation from employment) to receive a distribution of his or her interest under the Plan. The Alternate Payee may elect to take a distribution in a lump-sum payment or in equal monthly, quarterly, semi-annual or annual installments not extending for more than 20 years. An Alternate Payee will be taxed on the benefits he or she receives.

If you dissolve a domestic partnership that was registered under state law (or a same-sex marriage), a domestic relations order may recognize your former domestic partner's (or same-sex spouse's) interest in your benefits. If the County of Los Angeles Service Center receives such an order or, if earlier, receives written notice that one is being sought, distributions from your account in the Plan may be suspended pending determination of whether the order qualifies as a QDRO. The suspension of distributions from your account shall be discontinued only in accordance with a QDRO, a court order demonstrating that no benefits have been awarded to the Alternate Payee, or other documentation as determined by the Plan Administrator. Because of restrictions imposed by the federal Defense of Marriage Act (DOMA), however, your former domestic partner (or same-sex partner) generally will not be able to receive his or her share of benefits awarded under a QDRO until you take your distribution from the Plan. For this reason, you and your former domestic partner or same-sex spouse may want to consider alternative methods of equitably dividing your assets. Any benefits received by your former domestic partner or same-sex spouse will be taxable to you.

Pending receipt of his or her benefits, an Alternate Payee will have full investment control over assets in his or her account.

More information about QDROs can be found in the QDRO FAQ located at www.countyla.com or you can contact the County of Los Angeles Service Center at (800) 947-0845.

Benefit Distribution

Generally, you are eligible to receive a distribution of your Vested Savings Plan account balance upon:

- Termination of employment;
- Retirement; or
- Death (your beneficiary(ies) will receive a benefit distribution).

To receive a distribution from your account, you generally must file a Distribution Request Form with the County of Los Angeles Service Center. If you are eligible to receive your account balance, you may contact the County of Los Angeles Service Center at (800) 947-0845 to obtain a Distribution Option Package.

When You Leave County Employment

When you leave County employment, including retirement from County service, and your vested account balance is:

$1,000 or less – You may automatically receive one lump-sum payment of your account balance, unless you elect to have that amount rolled over to an Eligible Retirement Plan. No further payments will be made from the Plan.

Between $1,000 and $5,000 – You may elect to keep your assets in the Plan or take a single lump-sum distribution.

At least $5,000 (without regard to your Rollover Account) – You may elect to keep your assets in the Plan or select one of the options under Distribution Election Options at right.

In addition, if you take a distribution, you have the option of rolling over that distribution to another Eligible Retirement Plan. See page 11 for a discussion of Rollovers and Plan-to-Plan Transfers.

When You Die

If you die before you begin receiving payments from your Savings Plan account, your entire Savings Plan account balance will be paid to your beneficiary(ies). If your Savings Plan account balance (determined without regard to your Rollover Account) is more than $5,000, your beneficiary(ies) may choose either a lump-sum distribution or one of the Plan's payment options described above. If your death occurs after payments begin but before you have received all of your account balance, your beneficiary(ies) will receive your unpaid account balance. Payment to your beneficiary(ies) will be made using the same payment options in effect at the time of your death. As long as the method of distribution is not under an irrevocable annuity option as described in Changing Your Distribution Election on page 24, your beneficiary(ies) may choose to change the distribution election no more than once each Plan year.

If your account balance is $1,000 or less, your beneficiary(ies) will automatically receive a lump-sum payment of your account balance. Surviving spouses may also directly roll over a participant's account to another Eligible Retirement Plan.

The required minimum distribution rules under IRC section 401(a)(9) also apply to distributions to your beneficiary(ies) after your death. Application of these rules may require a shorter distribution schedule.

Distribution Election Options

When you leave County employment, retire or die and your account balance is at least $5,000 (without regard to your Rollover Account), there are a number of ways you or your beneficiary can elect to be paid:

- Receive a single lump-sum distribution;
- Receive substantially equal payments over a specific period of time, not to exceed 20 years, paid monthly, quarterly, semi-annually or annually;
- Receive consecutive periodic payments for your life or for the lives of you and/or your beneficiary(ies) and the last survivor among you; or
- A combination of the payment methods described above.

Minimum Distribution Requirement

Pursuant to IRC section 401(a)(9), you must begin receiving a minimum required distribution by April 1 of the year following the year you turn age 70½ or leave County service, whichever is later. If you do not make an election before distributions are required to begin, one will be made automatically for a distribution over your life expectancy.

Benefit Distribution (cont.)

Changing Your Distribution Election

Provided you have not previously elected an irrevocable annuity form of benefit distribution, you may change your distribution election (i.e., frequency, dollar amount and/or type of distribution) once during each Plan year if you wish. To do so, you must complete and submit a signed Distribution Request Form. If your payments under the Plan are provided through an annuity contract purchased from an insurance carrier, you are not eligible to change your distribution election.

Tax Treatment of Your Plan Distributions

As long as your contributions and the earnings on them remain in the Plan, they are not taxable under current tax laws. However, previously untaxed funds, such as your deferral contributions, matching contributions, rollover contributions and any investment earnings, will be treated as ordinary income and will be subject to income tax when they are distributed from the Plan.

Benefit Claims

If you believe you are entitled to receive a benefit under the Plan, you or your beneficiary must file a claim application with the County of Los Angeles Service Center. The County has instructed the Plan's Third-Party Administrator, Great-West Retirement Services, to review the claims and approve or deny each one based on the County's instructions and the Plan rules.

Appeal Procedure

If your application for benefits is denied, you or your beneficiary will be advised of your right to appeal the denial to the PAC. You or your beneficiary may appeal the denial by:

- Filing a written request for review of the claim with the PAC, stating the specific facts supporting your claim; and
- Specifying on your written request the action you want taken.

Your appeal must be filed within a reasonable time period following the date of denial of your claim and will be reviewed by staff appointed by the PAC. If that staff determines your claim is valid, benefits will be distributed as soon as administratively feasible. However, if your appeal is denied by this staff, your appeal will be reviewed by the PAC at its next open meeting. The PAC's determination regarding the denial of a claim on appeal will be your final available administrative remedy.

Lost Participants

If you or your beneficiary(ies) cannot be found within four years of the date you are first eligible to receive Plan payments, your Savings Plan account balance will be forfeited to a forfeiture account in the Plan. The funds in that account will no longer be under your investment control, and no interest will accrue. However, if you or your beneficiary(ies) later file an application for Plan benefits, your entire account balance as of the date of forfeiture will be distributed to you or the beneficiary(ies). A lump-sum benefit will be paid no later than 60 days after you or your beneficiary(ies) file an application.

Address and Name Changes

If you are still working for the County of Los Angeles, inform your departmental personnel representative of your new address or name change.

If you are no longer working for the County of Los Angeles (including beneficiaries and Alternate Payees), contact the County of Los Angeles Service Center at (800) 947-0845 or submit an Out of Service Change Form, available on the website at www.countyla.com.

Military Service

Under federal law, the Uniformed Services Employment and Reemployment Rights Act (USERRA) gives you certain rights if you voluntarily or involuntarily leave County employment to serve in any of the U.S. military services, including the Coast Guard, for active duty or for training. Contact the County Department of Human Resources for additional information.

Amendment or Termination of the Plan

While the County intends to continue the Plan, the County may amend or terminate the Plan at any time as provided in the Plan document. However, no amendment or termination will reduce or impair the rights of participants and their beneficiaries to their vested interest in their investment accounts.

If the Plan is terminated and there is a successor governmental 401(k) plan, the Plan trustee will transfer Plan assets to the successor plan. If there is no successor plan, the trustee will distribute a lump-sum payment of the vested balance in participants' accounts to participants or their beneficiaries. Because the Plan can be amended or terminated, participants are not guaranteed the right to have the Plan or any of the Plan's terms continue in the future.

Temporary Suspension of Plan Provisions

During any conversion period (such as a change in Third-Party Administrator or an investment option change under the Plan), the PAC may temporarily suspend certain provisions of the Plan. For example, the temporary suspension may impact the provisions of the Plan relating to your rights to change your contribution elections or investment directions and your right to borrow from, withdraw from, or take a distribution from your account.

Appendix A: Your Guide to Investment Planning

Disclaimer: The information provided is for educational purposes only and is not intended as investment advice.

Once you've committed to saving money for the future, the next important step is choosing how to invest your contributions. Building a retirement portfolio requires your active participation in choosing the Savings Plan Investment Fund(s) in which to invest your money and selecting the deferral percentage, deferral allocation and ongoing allocation of your existing assets within your selected fund(s). You should keep in mind:

- People are living longer. Retirement years often account for a quarter of a person's lifetime.
- People are living better, and for many people, the retirement years are no longer a time for rest, but for leisure-time activities.
- People cannot depend on others or Social Security or LACERA exclusively for a financially comfortable retirement.

Develop a Retirement Investment Strategy

The choices you make in developing your portfolio should be based not only on the performance of the investment options you select, but also on how your investment options fit into your overall retirement investment strategy. As your career progresses, from entry-level position through retirement, your perspectives on retirement and investing will evolve. By having a retirement investment strategy, you will have a structured process by which to adapt your Savings Plan investments as priorities and opportunities change.

Determining your goals, even before deciding how much you want to defer or the funds in which you will invest, is especially important. An investment strategy takes into account your:

- Personal financial goals
- Level of risk you feel comfortable assuming
- Time frame before you need the money

Take time to develop your retirement investment strategy and include projections on how you think you should modify your strategy at certain milestones, such as age or asset size. When you reach those milestones, you can reassess your strategy and make any adjustments according to your current circumstances.

Setting Financial Goals

Keep in mind why you are saving and investing: You are contributing to the County of Los Angeles Savings Plan to supplement your future retirement income. How much do you think you'll need to lead the lifestyle you choose for retirement? Ask yourself these three questions:

- What are all the sources of retirement income I have available now and how much will they provide when I retire?
- How much will I need in retirement to live the kind of life I want?
- How am I going to get there?

Because you are a member of LACERA, you and/or the County are already contributing toward your retirement income. The amount of your retirement income from LACERA will depend on a number of factors, including the retirement plan in which you participate. In addition to your LACERA benefits, you may be eligible for retirement income from other sources. Will you have retirement benefits from previous employers? If you are married, will you receive income from your spouse's retirement plan? Will you be entitled to Social Security retirement benefits? What about outside personal savings and investments?

Investment Risks and Rewards

Risks exist regardless of whether you choose to invest for your future. If you do invest for your future, there are different risks you should keep in mind. Below are two risks that generally apply to all types of investing:

- Investment risk, which is the risk that the value of your investment will go down
- Inflation risk, which is the risk that the buying power of your money will be less over time

You can help minimize these risks by becoming a conscientious investor and educating yourself on how economic developments affect your investments, and how you should react based on your personal circumstances.

If you decide not to save for the future, you definitely face retirement risk, which is the risk of reaching retirement without enough money to live as comfortably as you would like.

Investors come in several categories when it comes to risk. The three major categories are aggressive, moderate and conservative.

Appendix A: Your Guide to Investment Planning (cont.)

- **Aggressive investors** strive for high returns and are willing to accept a higher level of risk as a trade-off. People who have more than 10 years until retirement are more likely to be aggressive investors. That's because they have more time to ride out fluctuations in the stock market over the long term.
- **Moderate investors** are willing to take some risk of fluctuation in the value of their investments in exchange for potentially greater returns. Their main objective is to achieve more steady gains in the value of their portfolio. People who are five to 10 years away from retirement are more likely to be moderate investors.
- **Conservative investors** seek to limit risks with their money because they believe they don't have the time to ride out market downturns. They try to avoid short-term fluctuations in the value of their account, and they accept lower expected returns in exchange for added protection against losses. People who plan to retire soon invest more conservatively if they don't want to take risks with their retirement account.

Because each person's investment style and personal circumstances vary, the Savings Plan offers a range of investment options, each with a different level of risk and potential reward. Generally, funds with higher investment risk have a greater potential for gain, and a greater possibility of loss. The lower risk funds will offer more investment stability, but they generally provide a lower rate of return over the long run.

Diversification (i.e., distributing your account balance into more than one type of Investment Fund) is a way to allow for a more consistent rate of return while helping to reduce portfolio risk and volatility.[7] In all cases, you need to decide what level of investment risk feels most comfortable to you. One way to assess your own risk tolerance is to ask yourself the following questions:

- Am I a knowledgeable investor or do I need some help understanding investment concepts?
- Am I willing to accept higher risk for potentially higher returns?
- If I could receive higher returns by taking additional risk, how much of my total investment would I be willing to put at greater risk?
- How many years do I have before I need to receive my funds?
- How much of my total retirement income do I expect to receive from the Savings Plan?

Your answers to these questions should help you choose the Plan's Investment Funds in which you should invest.

Time Frames

The amount of time you have before retirement is important in developing a retirement investment strategy. It can affect:

- How much financial compounding your deferrals, County matching contributions, and any investment earnings are able to achieve;
- Your ability to recover between the ups and downs of the economic market; and
- How much risk you are willing to place in your investment allocations.

Generally, if retirement is still a career away, you will have plenty of time to save toward retirement. Those early career dollars will have more time for compounded growth and you can have a more aggressive investment strategy, seeking higher earnings, because you have more time to recover in case the financial markets should go down, which they do from time to time. On the other hand, your strategy as you near retirement will most likely turn toward preserving your principal investment dollars with conservative growth.

Your Responsibility to Choose

To help you make informed investment decisions, the County of Los Angeles Savings Plan provides you with investment education materials. These include quarterly newsletters, historical investment performance returns for all options, special-edition newsletters, annual fund data information, your Savings Plan Retirement Planning Guide and the Savings Plan website (www.countyla.com).

It is important to understand, however, that you direct the investment of your money in your Savings Plan account. The gains or losses that result from your investment directions are also your responsibility. The County, the PAC, Great-West Retirement Services, and the trustee cannot give you investment advice or make investment recommendations, and pursuant to Government Code section 53213.5, these parties may be relieved of liability for your investment decisions. You may want to talk with a professional investment adviser who can review your goals with you and help you choose an investment mix that is suited to your retirement goals, time frame and risk tolerance.

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

Appendix A: Your Guide to Investment Planning (cont.)

Automatic Rebalancing Feature

The value of investments can change from day to day. This means that the percentages you first elected for each investment option can change over time as the dollar amounts in each investment grow or decrease at different rates. "Rebalancing" is a way to bring your account back into balance with your original choice of investment percentages. One way to rebalance your account is by selling units in one fund to purchase units in another to get back to the percentages you originally selected. Another way to rebalance your account is to change your allocation percentages for future contributions.

The Savings Plan offers an automatic rebalancing feature through the website (www.countyla.com) and through KeyTalk at (800) 947-0845. You can direct the Plan to rebalance your account on a one-time basis or monthly, quarterly, semi-annually or annually. Target Date Funds are automatically rebalanced at the end of each quarter.

One way to see how your original investment balance can change over time and become "unbalanced" is through the following example. Say you first invested your deferrals as follows:

- 30% in the Savings Plan Stable Value Fund
- 30% in the Savings Plan Large Cap Equity Fund
- 40% in the Savings Plan Non-U.S. Equity Fund

Because it is not likely that the three funds will perform at the same levels, the actual dollar amounts in those investments can grow at different rates. Perhaps in a year your original 30% investment in the Savings Plan Large Cap Equity Fund has grown to 45% of your total investment, and your 40% in the Savings Plan Non-U.S. Equity Fund has decreased to 25%.

The goal of rebalancing is to bring your account back to the original investment allocation (30% in the Savings Plan Stable Value Fund, 30% in the Savings Plan Large Cap Equity Fund and 40% in the Savings Plan Non-U.S. Equity Fund) you selected. This would be done by selling 15% of your interest in the Savings Plan Large Cap Equity Fund and using the money to purchase additional units in the Savings Plan Non-U.S. Equity Fund. Keep in mind, however, that any transfers that you make as a result of rebalancing will be subject to the Trade Restriction Policy discussed on page 14.

Rebalancing your account every so often is a good way to maintain your retirement investment strategy. Nevertheless, rebalancing does not ensure a profit, and it does not protect against loss in declining markets. You should consider your financial ability to continue a rebalancing strategy during periods of fluctuating price levels.

Appendix B: Glossary of Investment Terms

You will be better able to develop an investment strategy if you understand some key investment terms. Here is a glossary of some common terms.

ASSET ALLOCATION (also called Diversification): Dividing your money into different types of investments, such as stocks, bonds and money market funds. The goal of asset allocation is to help reduce market risk by investing in different types of funds.

BEAR MARKET: A period during which stock prices are in a declining pattern. In other words, losses are likely.

BLUE CHIP: Stocks of large national and multi-national companies with a solid record of stable earnings and a reputation for high-quality management and/or products.

BOND: A debt instrument issued for a period of more than one year with the purpose of raising capital by borrowing. The federal government, states, cities, corporations and many other types of institutions sell bonds. When you buy a bond, you are in essence lending money to the entity that's selling the bond. That entity promises to repay your principal along with interest on a specified date. Investment-grade bonds are rated BBB and above, while below-investment grade bonds are rated BB or lower and are sometimes excluded from purchase by conservative investors.

BULL MARKET: A period during which stock prices are in a rising pattern. In other words, gains are likely.

CERTIFICATES OF DEPOSIT (CDs): Bank investments that guarantee a fixed interest rate over a certain period of time, anywhere from 30 days to five years.

Appendix B: Glossary of Investment Terms (cont.)

COMMERCIAL PAPER: Short-term loan repayment contract issued by a financially stable corporation to raise money.

DIVERSIFICATION: Splitting your investment dollars into investments that perform differently under particular economic circumstances. When you diversify, even if one investment does poorly, you still have other investments that may be working to your advantage.

DIVIDENDS: Profits from a corporation paid to its shareholders.

DOW JONES INDUSTRIAL AVERAGE (DJIA): The most widely used indicator of the overall condition of the stock market. "The Dow" is an average of 30 actively traded blue chip stocks.

EQUITY ASSETS: Ownership interest in a corporation in the form of stock.

FEDERAL RESERVE BOARD ("THE FED"): The seven-member Board of Governors that oversees the 12 Federal Reserve Banks. The Board also establishes monetary policy (interest rates, credit, etc.) and monitors the economic health of the country. Its members serve 14-year terms and are appointed by the President, subject to Senate confirmation.

FINRA: FINRA stands for the Financial Industry Regulatory Authority. FINRA is the largest non-governmental regulator for all securities firms doing business in the United States. FINRA oversees nearly 5,100 brokerage firms, about 173,000 branch offices, and more than 665,000 registered securities representatives. FINRA was created in July 2007 through the consolidation of NASD and the member regulation, enforcement and arbitration functions of the New York Stock Exchange (NYSE). FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology-based services. GWFS Equities, Inc., a Great-West Company, is a FINRA member firm.

FIXED INCOME INVESTMENT: An investment that pays a specific interest rate for a specific amount of time, such as a bond or Certificate of Deposit.

INFLATION: In the United States, overall general upward price movement of goods and services in an economy, usually as measured by the Consumer Price Index and the Produce Price Index.

INFLATION RISK: The risk that your investment will not keep up with inflation over the long term. The simplest description of inflation is the consistent increase in the cost of goods and services.

INVESTMENT-POTENTIAL RISK: The possibility that the actual return on an investment will be lower than the expected return.

MARKET RISK: The risk of losing any or all of your investment in the short term due to the market's ups and downs. This is the type of risk most people think of when they think of investment risk.

MONEY MARKET INSTRUMENTS: Short-term investments, such as U.S. Treasury bills (T-bills), commercial paper and money market accounts.

NASDAQ (NATIONAL ASSOCIATION OF SECURITIES DEALERS AUTOMATED QUOTATIONS SYSTEM): A computerized system that provides up-to-the-minute price quotations on some 5,000 of the more actively traded over-the-counter stocks. It's often called the "OTC market." Unlike the NYSE, NASDAQ has no trading floor and no auction market. It is a dealer-to-dealer market that operates through an electronic network.

NEW YORK STOCK EXCHANGE (NYSE): The oldest and largest stock exchange in the United States, located on Wall Street in New York City. The NYSE is responsible for setting policy, supervising member activities, listing securities, overseeing the transfer of member seats, and evaluating applicants. It is also called "The Big Board."

PERFORMANCE RETURN: Financial gain or loss on an investment over a specified time frame.

PRINCIPAL GROWTH: Gain in the value of a stock investment due to an increase in the worth of the corporation, rather than because of inflation or an increase in dividends.

SECURITIES: An investment instrument other than a traditional insurance policy or fixed annuity issued by a corporation, government or other organization. Examples include stocks, bonds, mutual funds, variable annuities, options, warrants and commodities.

SECURITIES AND EXCHANGE COMMISSION (SEC): A federal government agency created by the Securities and Exchange Act of 1934 that regulates the securities industry and administers federal securities laws. The statutes administered by the SEC are designed to promote full public disclosure and protect the investing public against fraudulent and manipulative practices in the securities markets.

Appendix B: Glossary of Investment Terms (cont.)

STANDARD & POOR'S (S&P): A firm that rates the creditworthiness of corporations and financial institutions across the United States. The S&P 500® Composite Index is a market value index of activity for 500 stocks of well-established companies. Their composite performance is used as a benchmark for tracking the performance of the stock market as a whole.

STOCK: Ownership interest in a corporation through the purchase of shares. The value or price of a share of stock can vary up or down in a very short time.

U.S. TREASURY BILLS (T-BILLS): Sold in terms ranging from a few days to 26 weeks. Bills are sold at a discount from their face value. For instance, you might pay $970 for a $1,000 bill. When the bill matures, you would be paid $1,000. The difference between the purchase price and face value is interest.

VOLATILITY RISK: A term used to describe how much the value of an investment is likely to increase or decrease over short periods of time. High volatility risk means that an investment will likely gain or lose money very quickly. Low volatility risk means that an investment will likely gain or lose money very slowly.

VOLUME: The number of shares being traded on a daily basis for a single security or an entire market.

Appendix C: Savings Plan Definitions

AFTER-TAX CONTRIBUTIONS ACCOUNT means an account established for a participant to which after-tax contributions, and any earnings and investment gains or losses thereon, shall be credited.

ALTERNATE PAYEE means any spouse, registered domestic partner or former spouse of a Participant who is recognized under a Qualified Domestic Relations Order (QDRO) as having a right to receive all or a portion of the Participant's payable benefits or accounts under the Plan.

BENEFICIARY means a person or persons whom a Participant designates to receive his or her account balance after the participant's death. (See Naming a Beneficiary on page 4 for more information.)

COMPENSATION means your base rate of pay, not including overtime, hourly bonus, monthly bonus (established as a flat dollar amount or as a percentage of base rate) or lump-sum payoff or reimbursement for unused accumulated overtime, vacation, holiday time or sick leave benefits. Compensation is identified as Code 099 on the employee's pay stub.

COUNTY means the County of Los Angeles.

ELIGIBLE EARNINGS means the components of your pay that are used in the calculation of the dollar amount that you can defer into the Savings Plan. Eligible Earnings include wages for purposes of the income tax withholding rules under the IRC, which are paid to you as an employee of the County for services you perform. They also include:

- Elective deferrals to the Savings Plan and to certain other retirement arrangements, including Horizons or the Pension Savings Plan;
- Any amount of your salary that you elect to contribute on a pre-tax basis to Choices, Options, Flexible Benefit Plans, or Mega-Flex Plans; and
- Elective pre-tax contributions to purchase certain qualified transportation fringe benefits.

Termination pay (i.e., unused accumulated overtime, vacation, holiday time or sick leave that is cashed out following your termination from service) may be deferred but only if you make a timely election. See page 6.

Any item of taxable income that is excluded from this definition cannot be deferred under your Participation Agreement. Also, you may not elect to defer any amount that would not be received as taxable cash if it were not for the Participation Agreement or that would not constitute Eligible Earnings, even if received as taxable cash.

If you elect to contribute Eligible Earnings to the Savings Plan and other County plans, your salary for each pay period will be reduced and contributed to the plans in which you participate in the following order, as applicable:

Appendix C: Savings Plan Definitions (cont.)

- First, before-tax contributions to LACERA;
- Second, contributions to Choices, Options, Flexible Benefit Plans or Mega-Flex Plans, if applicable;
- Third, contributions to the Savings Plan, if applicable; and
- Fourth, contributions to Horizons.

ELIGIBLE EMPLOYEE means a full-time permanent employee who is within an employment classification determined by the Board to be eligible to participate in this Plan and that satisfies other requirements under the Plan. See Eligibility and Participation on page 4 for more information.

ELIGIBLE RETIREMENT PLANS include Traditional and Roth IRAs, tax-sheltered annuities under IRC section 403(b), qualified retirement plans under 401(a), and governmental 401(k) plans. The Eligible Retirement Plan to which you roll over your Savings Plan account balance must accept rollover distributions from a governmental 401(k) plan.

ENTRY DATE means the first day of each month.

HORIZONS OR HORIZONS PLAN means the County of Los Angeles Deferred Compensation and Thrift Plan.

INVESTMENT FUND means any investment alternative made available under the Plan.

NON-VESTED COUNTY MATCHING ACCOUNT means an account established for a participant to which non-vested County matching contributions, and any earnings and investment gains or losses thereon, are credited.

PARTICIPANT means an Eligible Employee or former Eligible Employee who has entered into a Participation Agreement and who has a balance in his or her Savings Plan account.

PARTICIPATION AGREEMENT means the agreement with the County through which an Eligible Employee elects to become a participant under the Plan as of an Entry Date and to defer a portion of his or her Includible Compensation.

PLAN means the County of Los Angeles Savings Plan.

PLAN ADMINISTRATIVE COMMITTEE (PAC) means the committee serving as administrator of the Plan.

QDRO means a "Qualified Domestic Relations Order," which is a domestic relations order that gives the Participant's spouse or former spouse a right to receive all or part of the Participant's benefits. Upon receipt by Great-West Retirement Services of notification that a QDRO is being sought or that the order was given by the court, distributions from the Participant's account will be suspended until the PAC has determined that the QDRO satisfies the requirements of the IRC for proper distribution of a Participant's benefits. (See Qualified Domestic Relations Order on page 22 for more information.)

RETIREMENT means separation from employment after having met or exceeded the minimum age and service requirements for a service retirement benefit under the County Employees Retirement Law of 1937 or the Judges Retirement Law.

ROLLOVER ACCOUNT means a separate account to which participant rollover contributions, and any earnings and investment gains or losses thereon, are credited.

SEPARATION FROM EMPLOYMENT means any termination of a Participant's relationship with the County as an employee, including termination due to death or retirement.

TAX-DEFERRED CONTRIBUTION ACCOUNT means an account established for a Participant to which any elective deferral contributions—including any catch-up contributions—and any earnings and investment gains or losses thereon shall be credited. A separate sub-account may be established for any catch-up contributions and any earnings or investment gains or losses thereon.

THIRD-PARTY ADMINISTRATOR means the record keeper and service provider who has entered into a contract with the County to provide recordkeeping and other administrative services for the Plan.

TRIAL COURT ACT means the Trial Court Employment Protection and Governance Act, California Government Code Section 71600 et seq.

TRIAL COURT ENTITY means each Los Angeles County Municipal Court, Los Angeles County Superior Court, and each unified, successor trial court entity (or portion thereof) established in the County pursuant to California Government Code Section 70200 et seq.

VESTED COUNTY MATCHING ACCOUNT means an account established for a Participant to which vested County matching contributions, and any earnings and investment gains or losses thereon, are credited.

County of Los Angeles Service Center and Website

Once you are a Savings Plan participant, you have access to:

- The County of Los Angeles Service Center through KeyTalk (the Plan's automated voice response system)
- The Savings Plan website (www.countyla.com)

KeyTalk allows you to:

- Obtain your account balance
- Obtain daily unit share values
- Change your contribution deferral percentage or deferral/investment allocation
- Request a loan
- Request forms
- Change your Personal Identification Number (PIN)
- Speak with a County of Los Angeles Service Center Representative

To reach KeyTalk, call **(800) 947-0845**. KeyTalk is available 24 hours a day, seven days a week. When you call, you will be asked to enter your Social Security number and PIN. (You should receive your PIN shortly after enrolling in the Savings Plan.)

To visit the Savings Plan website, go to **www.countyla.com**. The site allows you to view your:

- Account summary
- Balance
- Deferral amount
- Pending transfers
- Contribution history
- Completed transfers
- Withdrawal activity
- Statements

You may also use the Savings Plan website to change or select:

- Online enrollment
- Ongoing deferral percentage and deferral allocation
- Fund-to-fund transfer
- A loan initiation
- PIN
- Rebalancer feature
- Dollar Cost Averaging feature
- Online File Cabinet to receive statements online

To log on to the site initially, you will be asked to enter your Social Security number and PIN. After your initial login, you will be asked to create a Username. Only you know your confidential PIN. No Savings Plan participant service representative is able to find out your PIN. No representative will ever ask you for it, and you should never disclose it. It will never be necessary for you to give your PIN to anyone. You are responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

However, if you forget or lose your PIN, you may order a new one in one of three ways:

- Access KeyTalk. When the system asks for your PIN, you will have the option to to order a copy of your existing PIN.
- Log on to the Savings Plan website 24 hours a day, seven days a week at www.countyla.com. Click "Forgot Your PIN?" on the introduction page, then "Order PIN."
- Call the County of Los Angeles Service Center. To immediately receive a temporary PIN, speak to a participant service representative at (800) 947-0845 (available through KeyTalk from 7:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday).

Contact Information for the Savings Plan

For information or to make changes to your account, you may contact the Savings Plan using these resources.

KeyTalk toll-free automated voice response system:
(800) 947-0845

- It is available 24 hours a day, seven days a week.
- You may speak with a County of Los Angeles Service Center Representative between 7:00 a.m. and 5:00 p.m. Pacific Time, Monday through Friday.
- You'll need your Social Security number and PIN to access this system.

Savings Plan website: **www.countyla.com**

- You'll need your Social Security number (or Username if established) and PIN to access the site.

Plan Name

County of Los Angeles 401(k) Savings Plan

Plan Sponsor

The County of Los Angeles

Plan Administrator

The Plan Administrative Committee (PAC)

Service Provider/Third-Party Administrator

Great-West Retirement Services
P.O. Box 173856
Denver, CO 80217-3856
(800) 947-0845

Local Office for Appointments and Plan Information

Great-West Retirement Services
655 N. Central Ave., Suite 1520
Glendale, CA 91203
(800) 947-0845

Trustee

Wells Fargo Bank, N.A.

Type of Plan

Eligible deferred compensation plan that is intended to meet the requirements of Internal Revenue Code section 401(k).

Agent for Service of Legal Process

Chair
Savings Plan PAC
3333 Wilshire Blvd., Suite 1000
Los Angeles, CA 90010-4101

Your Retirement Simplified | 401(k) SAVINGS

Form# CB1004SPD-03 (12/11)