

Great Expectations

Tulare County Deferred Compensation Plan Newsletter

New Deferral Limits for 2006

Starting in January, participants in the County's Deferred Compensation program are able to invest additional amounts towards their future retirement. Beginning with the first of the year, the annual deferral limit will be increased to \$15,000. If you are at least age 50, or will be turning age 50 during 2006, and want to "catch up" on deferrals not made in previous years, you can contribute up to an additional \$5,000 for 2006. If you would like to make additional "catch-up" deferrals but are getting close to normal retirement age, contact your Great West representative for additional information and to make sure that your deferred contributions conform to current IRS regulations. It is possible that you may be able to contribute even more into your Deferred Comp account!

Please keep in mind that any changes to the amounts you are going to defer requires that you send in a "457 Salary Deferral Agreement" to change your Deferred Comp deduction. Be sure that you indicate the new total deduction to be taken for Deferred Comp on the form you submit. You can get a copy of the form from your payroll office, the County's intranet site, from the Great West representative, or from the Great West office in San Ramon (phone # 800-274-8491).

If at some point you begin to approach your maximum deferral for the year, don't worry. The Auditor's Office will not allow for deductions that exceed the total maximum amount for 2006. Once again, if you have questions regarding the total amount that you are eligible to defer, feel free to contact our Great West representative, Stephanie Henry, at (559) 967-2280.

Fund Performance Review Coming Up Soon!

The Tulare County Deferred Compensation Committee would like to remind all plan participants of the annual Fund Performance Review that will take place on Monday, May 15, 2006.

As with last year's annual review process, the purpose of the Deferred Comp Committee's Fund Review is to discuss the individual performance of each of the funds currently offered to Tulare County Deferred Comp participants. The review will look at each of the fund's investment performance, will compare this to other funds of similar structure (their "peers"), and will look at the level of risk involved with the individual funds. The Committee will also hold discussion as to whether or not any new funds should be added or any of the existing funds removed.

All members of the Deferred Compensation program are invited to attend this very important and educational meeting. It should help all participants in learning more about the quality of your investments and will help you in deciding how to bet allocate your funds to the various funds available in the program. The meeting will begin at 9:00 a.m. and will be held in the TCERA building at 136 North Akers in Visalia. The Deferred Compensation Committee welcomes all of the Deferred Comp plan participants to attend.

The Deferred Comp Program Can Help You Retire More Successfully

Are you a new employee who would like to start making some personal investments towards your future retirement? Are you a longer-term employee who may have lost focus on how to best save towards your future retirement? Why not consider looking into, or re-kindling your interest in the County's 457 Deferred Compensation Program? Here are just some of the advantages of investments made through the "Deferred Comp" program:

- ◆ **Flexibility** – The Deferred Comp program allows you to invest in several different funds at the same time and in a variety of asset classes. Spreading your funds over a number of investments is known as diversification and is a key to a successful, long-term investment program. The County's Deferred Comp program also allows you a great deal of flexibility in the amounts you invest. You don't have to start with a large amount! Making consistent contributions and increasing them gradually over time can be a very successful approach to saving for your retirement.
- ◆ **Lower taxable income** – As with the deductions taken for the regular County retirement plan, deductions made to the Deferred Comp program are taken on a "pre-taxed" basis. This means that the deduction is taken from your gross pay first. You then get taxed on the remainder. Because the remainder is smaller, you have less in taxes withheld. This helps to keep your money out of Uncle Sam's pocket and keeps it in yours.
- ◆ **Access to more information** – As a participant in the program managed for Tulare County by Great West, you can have access to all kinds of investment information through the Great West website. Want to know your account balance? Just look it up by entering in your Social Security Number and Personal Identification Number (PIN). Want to see how you're

returns have done over the last year to 3 years? The information is there on the website. Would you like to compare your rate of return to other aggressive, moderate or conservative investment portfolios? You can do that on the website. The Great West website will also give you access to retirement planning information and to the details of the various investment options available to program participants. Compiling all of this information on you own would be extremely difficult and time consuming.

While investing in the Deferred Compensation program may not be a perfect fit for everyone, it is certainly something that all employees should consider. Retirement catches up to everyone eventually. For many it sneaks up on us before we realize it. Don't get caught wishing that you had acted earlier. Give strong consideration to how the 457 Deferred Compensation Program can help you to achieve your retirement goals.

County Matches Employee Deferred Comp Contributions!

Beginning in January of this year, the Board of Supervisors approved a new program for unrepresented employees that allows the County to contribute one dollar (\$1.00) for every four dollars (\$4.00) that a qualified employee contributes into their individual Deferred Compensation account. The maximum amount that the County will contribute under this program is \$1,500 per year for each qualified employee. This is a great opportunity to maximize the amounts set aside for your future retirement - on someone else's dime! All employees eligible for this benefit program are encouraged to give careful consideration as to how they can take advantage of the County's contribution match offer.