

Great Expectations

Tulare County Deferred Compensation Plan Newsletter

New Investment Aids!

In an effort to assist Deferred Comp participants with their investment decisions and choices, the Tulare County Deferred Compensation Committee has recently approved some new services designed to help remove some of the mysteries and problems of investing on your own. Reality Investing offers participants the following services:

Do-It-For Me. This program offers managed account services through an investment advisory service, Advised Assets Group, LLC (AAG). You share your personal variables and goals with AAG and they make investment choices, monitor your account and rebalance your investment portfolio for you. This service may be very helpful for those Deferred Comp participants who don't possess the experience or the time (or both) to manage investments on their own. It also reduces the worry of having to change investments when changes in the markets occur. Changes in your own life (marriage, divorce, children, etc.) can also complicate investment decisions. If you'd rather just have someone else do it for you, this may be the option for you. There is a fee for these services. But if the concept sounds attractive, getting more information may be a good investment of your time.

Help-Me-Do-It. Maybe you have a degree of confidence in your investment knowledge, but would like occasional help. The Reality Investing Online Investment Advice service is designed to work with you to keep your investment choices on track and to help develop your investment strategy. This service can be of assistance in helping you to determine the proper asset classes for you in order to round out your portfolio. Again, there is a fee for the service, currently at \$6.25 per quarter (that's \$25 per year).

Do-it-Myself. Even if you are an experienced investor and have plenty of time to manage your own account, you are encouraged to take advantage of the free Online Investment Guidance service. This online information may be useful in making sure that you are

pointed in the correct direction. The service may also be valuable for those plan participants who are very close to retiring but who may want to consider making some "last minute" adjustments to their investments. As already stated, this online service is free!

If you are interested in getting more information regarding any of the services described above, contact Stephanie Henry at 967-2280.

Putting Your Retirement Tools to Work

Being ready to retire with some degree of comfort requires preparation. Just as any job done correctly requires using the right tools, the same is true in planning for retirement. As an employee of Tulare County, you have a number of tools at your disposal. Likewise, you have several sources for additional aid. Here's some advice as to how you might use those tools to your advantage:

- 1) **TCERA.** If you are an employee of the County, or of a qualified district (such as the Superior Courts) and are scheduled to work at least a half-time schedule, you are a member of the **Tulare County Employees' Retirement Association (TCERA)**. TCERA is a defined benefit retirement program that pays its members lifetime service pensions based upon years of service, salary and other key factors. An advantage of a defined benefit retirement plan is that it can serve as a safety net for determining when you can best retire. The staff at TCERA can provide you with benefits that will help you to determine at what age and after how many years of service you can retire and receive a pre-determined percentage of your final average salary. Knowing this can help you to utilize the other retirement programs available to you in a way that will help to replace your salary over and above that provided by the TCERA plan alone.

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Retirement Tools...continued

- 2) **Social Security.** Many workers, especially younger ones, have deep concerns regarding the overall health of Social Security and whether or not benefits will be there for them when they reach retirement eligibility. There is no question that Social Security is going through important changes. Further revisions to the program are a real possibility. Nevertheless, all Tulare County employees contribute into Social Security. As a result, familiarizing yourself with the benefits of this plan and of the requirements for receiving those benefits is a must! Social Security may still play a very important part in helping you to reach your income replacement goals.
- 3) **Deferred Compensation.** The County and the Superior Courts offer a voluntary retirement plan established under Section 457 of the IRS Code. More commonly known as the Deferred Compensation Program (or "Deferred Comp") this additional retirement plan allows employees to set aside part of their biweekly pay and invest those amounts themselves. You choose the amount that you would like to have "deferred" from your pay (following some pre-established guidelines) and how your deferred comp amounts will be invested within the group of the funds approved by the Tulare County Deferred Comp Committee. The goal is for you to build an additional retirement pool for yourself that will help you to increase what you will receive in retirement.

Putting it together. Let's see how using each of the three retirement programs mentioned above might be combined to help an employee reach his/her retirement goals. Assume we have a new Tulare County employee (we'll call him Rhett Eyre) who has started with the County at age 37. Prior to his employment with the County, Rhett worked in a variety of jobs, gaining valuable experience, but never saving anything towards retirement other than what he contributed towards Social Security and in buying a home. Rhett's goal is to pay off his house and retire with a monthly pension income that replaces 85% of his final salary. Is Rhett's goal realistic?

We think that Rhett's goal is very realistic and here's why! If Rhett continues active participation in the TCERA program for the next 25 years, he can retire at age 62 and receive a lifetime pension that will replace 65% of the final average salary he was receiving when he retired. (Caution: Your benefit formula may be different! Check with TCERA for an estimate of your benefits.) Rhett will also continue to contribute into Social Security, but he doesn't have

high degree of faith in the program. Even so, he thinks that a Social Security benefit equal to 10% of his salary at retirement is doable. This means at age 62, Rhett would replace about 75% of his final salary with pension benefits he gets from TCERA and Social Security. In order to make up the remaining 10%, Rhett determines that he will invest in the Deferred Comp program for the 25 years remaining to his target retirement age. He meets with the representative from Great West, they map out a plan for how much he would need to meet his goal and Rhett begins his participation. Whether or not he will actually reach his goal depends on Rhett's ability to invest wisely, his determination to continue investing at the level needed to reach his goal and whether or not Rhett's original goal remains right for him. But at least Rhett has put together a plan and is using the various tools available to him to achieve his retirement goals. **You can do it too!**

Where to get help and advice:

TCERA – Staff is available to provide you with benefit estimates and to explain the eligibility requirements for retirement. Contact them at **733-6576**.

Social Security Administration – Benefit estimates and eligibility requirements can be very helpful in making sure that you retire from the Social Security program at the best time. The Visalia number for the Social Security Administration is **732-7892**.

Deferred Compensation Program – Tulare County has contracted with Great West to serve as the plan administrator for the Deferred Comp program. Contact our Great West representative, Stephanie Henry, for assistance in signing up for the program, learning about retirement benefits from the plan and in making investment choices. Stephanie can be reached at **967-2280**.

Planning your retirement is not an impossible task. It does, however, require your active participation. Learning about your retirement planning tools and putting them to work, will help you in making your retirement goals a reality!

Contact Information:

TC Deferred Compensation Plan
www.co.tulare.ca.us/government/auditor/defercomp/default.asp

If you are interested in finding out more about the 457 Deferred Compensation Plan for Tulare County, please contact:

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