Great Deferred Compensation Expectations

Tulare County Deferred Compensation Plan Newsletter

How's Your Tax Return Shaping Up?

Does it look as though Uncle Sam will be making a withdrawal from your bank account this April? Or will you receive a particularly large tax refund this year? If your answer to either of these questions is yes, you may want to consider the benefits of investing in the Deferred Compensation program. Here are just a few of the advantages of investments made though "Deferred Comp":

- **Lower taxable income** – 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.
- **Increase Retirement Income** – Investing with the Deferred Comp program gives you the opportunity for a more secure future. You can supplement a regular pension from the Tulare County Employees' Retirement Association with additional income earned through Deferred Comp. If you are receiving a large tax refund, why not consider deferring more of your current salary to help provide for your retirement years? Remember that in 2007 you can contribute up to $15,500 into your Deferred Compensation account. (And even more if you are 50 or older and want to make additional "catch-up" contributions.) Even a relatively small amount, invested wisely for a long period of time, can reap huge rewards for you in later years.
- **Lower Investment Fees** – Because you would be investing through a program sponsored by your employer, you get the advantage of lower fees negotiated on your behalf. This is nothing more than the participants in the Deferred Comp plan receiving the benefit of group rates. Trying to negotiate fees on your own is almost never as effective as it is for a larger group of participants.
- **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. 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.

Obviously you should first speak with a qualified tax preparer about the meeting your tax needs for the coming year before making any radical changes to tax withholding amounts taken from your paycheck . But it just may be that a new, or increased investment in the Tulare County Deferred Comp program will be of great benefit to you and your family. We encourage all employees to give strong consideration as to how the 457 Deferred Compensation Program can help you to achieve your retirement goals.

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Deferred Compensation Reality Investing Now Available

As reported in the previous edition of this newsletter "Reality Investing", a tool that provides guidance in managing your deferred compensation investments, is now available to all Tulare County plan participants. Reality Investing allows you to choose among a variety of investment management options online. Those choices include:

Option 1 - Online Investment Guidance is the strategy designed to give you some general guidelines to help you manage your own account. Online Investment Guidance provides you with a personalized asset allocation and savings rate recommendation that reflects your unique financial information, retirement time frame, goals and financial situation. It does not give you fund specific advice. There is no fee to use the Online Investment Guidance tool.

Option 2 - Online Investment Advice is the strategy that provides specific portfolio recommendations to help you manage your own account. Online Investment advice goes one step beyond Online Investment Guidance. Advised Assets Group LLC (AAG) creates a personal wealth forecast and recommended fund specific portfolio based on information drawn from your individual account profile and from the investment options available in Tulare County's Deferred Compensation Plan. The fee for Online Investment Advice tool is $25 annually, or $6.25 per quarter of use deducted from your account. Participation may be cancelled at any time.

Option 3 - Managed Account Service is the strategy designed for you if you lack the time, knowledge or confidence to manage your own account and would prefer to have AAG select investment options and professionally manage your account for you. AAG's Managed Account Service provides you with a personalized and strategically designed retirement portfolio that is automatically managed and rebalanced from quarter to quarter. The fee for the Managed Account Service is an annual fee based on your account balance. The fee is deducted from your account quarterly (See fee schedule below). Participation may be cancelled at any time.

- For account balances less than $100,000, a 0.65% fee will be deducted from you account
- For account balances between $100,000 and $250,000, a 0.55% fee will be deducted
- For account balances between $250,000 and 400,000, a 0.45% fee will be deducted
- For account balances over $400,000, a 0.35% fee will be deducted

As an example if you have $10,000.00 in your Deferred Comp account, your cost for the Managed Account Service would be $65 for the full year, or $16.25 per quarter.

To sign up for any of the Reality Investing Options or to get more information you can either call our local representative Stephanie Henry for a personal appointment at (559) 967-2280, or you can log in to your account at www.gwrs.com and click on the Reality Investing button at the top of your home page.

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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