



GREAT EXPECTATIONS!

TULARE COUNTY DEFERRED COMPENSATION PLAN NEWSLETTER

457 DEFERRED COMP PLAN

MAY 2004

WINNER OF OUR "NAME THE NEWSLETTER" CONTEST!

We are very pleased to announce that we had over 50 entries in our "Name the Newsletter" Contest. The winner, selected by vote of the Deferred Compensation Committee, is Diane Davis, an Analyst with the Human Resources and Development Department. As you can see, the winning entry was "Great Expectations!"

Diane will receive a gift certificate for \$25.00 to Borders Books and Music, which we hope she enjoys. The prize is sponsored by our provider, Great West Financial.



WHAT CAN DEFERRED COMP DO FOR ME?

Many experts indicate that a person will require a minimum of 70-80% of their pre-retirement income in order to live comfortably after retirement. Medical expenses and conditions requiring long-term care can have a major impact on finances. And although many people will target retirement for a time **after** the house is paid for and all debt related to the kids' college expenses are completed, many of us will then be faced with the challenge of

caring for parents who may be in physical or financial need. So, how does a person plan effectively for his/her retirement?

An important first step is to recognize that the responsibility for your financial security rests with you. Second, while dealing with financial issues can seem difficult, there are many sources to draw upon for assistance. Retirement savings is often viewed as a "three-legged stool," made up of Social Security, your employer's retirement plan and personal savings. Assuming that you are a regular employee of the County of Tulare, you are participating in Social Security and an employer sponsored retirement plan. But, will these two programs alone provide you with sufficient retirement income in order for you to retire successfully?

Social Security can replace a part of your pre-retirement income and should be an important part of your retirement planning.

In this issue...

WINNER OF OUR "NAME THE NEWSLETTER" CONTEST!	1
WHAT CAN DEFERRED COMP DO FOR ME?	1
GET FAMILIAR WITH THE GREAT WEST WEBSITE	3
WE REALLY DO WANT TO HEAR FROM YOU	3

Regular Social Security benefits cannot begin before age 62, however, and the federal government remains concerned about the future health of the Social Security System.

The Tulare County Retirement Plan is an excellent source for future income replacement. But, those believing that they will be able to rely solely upon the pension



paid by the Tulare County Employees' Retirement Association (TCERA), may be in for an unpleasant surprise. If you are a Tier 2 or 3 general employee, for example, working 25 years and retiring at age 61, your

retirement benefit from TCERA will be not quite 50% of your final average salary. Amounts paid by the TCERA plan vary depending upon your membership type, tier, age at retirement and years of service. However, for many individuals additional amounts will be needed to augment the Social Security and TCERA benefits you are expecting to receive. If you are one of these people, why not consider participating, or increasing your level of participation, in the County's Deferred Compensation program?

Following is a "Plan for Success" that will allow you to use all of the tools available to you for planning your retirement future. Doing so will not guarantee a carefree retirement, but it will greatly add to your opportunity for success:

Step 1: Receive regular estimates of future retirement benefits from TCERA and Social Security. Your employer's retirement plan pays a **lifetime** retirement benefit. Regular Social Security benefits are also

payable for life. Both your TCERA plan and Social Security include cost-of-living adjustments to help you fight inflation. Knowing the percentages of your pre-retirement income that you expect to receive from TCERA and Social Security will provide you with a foundation for your retirement planning.

Step 2: Determine what percentage of your pre-retirement income you will need to replace. Is 70-80% too little or too much to meet your needs? The answer will depend greatly upon the financial obligations you expect to have following retirement. Will the house be paid off? Will college debts still exist? How will you pay for health care? Do you expect to "downsize" in terms of where and how you will live? These are some of the questions you will need to answer in determining the amount of retirement income necessary to live at your desired level.

Step 3: Invest in the Deferred Compensation plan to help you reach your goal. Tax-deferred contributions into the Deferred Comp plan made on a consistent basis can help you to make up the difference between what you will receive from Social Security and TCERA and what you need to retire based upon the target you have set for yourself. Starting your investment in the Deferred Comp plan early can increase your possibility of success.

No matter your age, income or future retirement goals, the Deferred Compensation plan should be an important tool used in your retirement planning. All employees are encouraged to meet with the Great West representative and



ask questions about how regular contributions into a Deferred Compensation account can help you retire at a level which will provide you with financial security throughout your post-retirement years.

GET FAMILIAR WITH THE GREAT WEST WEBSITE

If you have not yet taken the time to visit the Great West website related to retirement planning and the Deferred Compensation program, consider yourself highly advised to do so. The site offers a wealth of information for plan participants **and** for those considering joining the Deferred Compensation program. If you are not yet a participant in Deferred Comp, you can search the site for information on retirement planning, for saving towards your future, for tips on investing and to receive answers to many common questions on retirement plans.

Deferred Comp participants will find the website useful for receiving performance information on the various funds offered by the Tulare County Deferred Comp Plan. Individual account balances, your contribution history and comparative rates of investment return are also available to plan participants. All told, the website has much to offer. Check it out at:

www.gwrs.com

WE REALLY DO WANT TO HEAR FROM YOU

This newsletter will only be read if you find it useful and interesting. What do you want to see discussed here? Let us know what you would like to see. Email any suggestions to Stephanie Henry, our Great West representative at:

stephanie.henry@gwf.com

In keeping with our desire to have your input, you will find in this newsletter a survey about our deferred compensation program. Please take the time to complete and return it.



This will give your Deferred Compensation Committee and our provider, Great West, valuable information about your needs and concerns, and assist us in improving your Plan and related services. Thank you in advance for your cooperation.

CONTACT INFORMATION:

Tulare County Deferred
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www.tularecoauditor.org/deferredcomp/

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

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This newsletter is a product of the Tulare
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