deferred compensation
Great Expectations
Tulare County Deferred Compensation Plan Newsletter

2012 Defined Contribution Limits

On October 20, 2011 in IR-2011-103, the Internal Revenue Service (IRS) announced the cost-of-living adjustments applicable to dollar limitations for pension and defined contribution plans for tax year 2012:

The limit on elective deferrals, including pre-tax and Roth contributions, into 457(b) plans, increases to $17,000 from $16,500.

The Special Catch-Up Limit increases to $34,000 from $33,000.

The age 50 Catch-Up amount for participants aged 50 and above will increase from $22,000 to $22,500.

Roth 457 is here

Your Defined Contribution Plan (aka Deferred Compensation Plan) is now accepting Roth 457 contributions effective November 15, 2011 giving you the flexibility to designate all or a portion of your 457 elective deferrals as Roth contributions.

Roth contributions are made with after-tax dollars, as opposed to the before-tax dollars you have traditionally contributed to the 457 Defined Contribution Plan.

You will have to determine whether contribution to the Plan on an after-tax Roth basis or the traditional before-tax basis makes more sense for your situation. The Roth 457 option essentially “locks in” today’s tax rates on all contributions. For some people – especially those who expect to be in a higher tax bracket when they retire – the Roth 457 option may make the most sense. If you’re one of those people, the Roth option allows you to pay taxes on your contributions when they are contributed (presumably at a lower tax rate than you would expect to pay at retirement).

If you expect to be in a lower tax bracket when you retire, you might want to consider contributing to your 457 on a before-tax basis. You won’t pay taxes on your contributions or any earnings on your contributions until you take a distribution, which is usually at retirement (when many people expect their retirement earning power and tax burden to be lower than it is today).

If you are interested in doing the Roth 457 after-tax contributions, go online and sign up by November 25 to get your first contribution in before the end of the 2011 year. There is a $10 minimum contribution to sign up. If you contribute before December 31, 2011, the 2011 tax year will count towards your five years that are needed to receive your Roth 457 earnings back tax free. This is one of the requirements you must meet to be able to ultimately receive the earning on your Roth 457 contributions without being taxed on them. See the table on page 2 for additional details.

November 2011

Roth 457 is here

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	Before-Tax 457 (Current)	Roth After-Tax 457 (New)
Is my contribution taxable in the year I make it?	No	Yes
Is my contribution taxed when distributed?	Yes	No
Are the earnings on my contributions taxed when distribution?	Yes	No, provided the distribution occurs after age 59 ½ , death or disability and no earlier than five years after your first Roth 457 Contribution.
If I change jobs, can I roll over my account?	Yes, to a qualified plan, traditional IRA, 403(b) plan or governmental 457(b) plan if the plan allows it.	Yes, to a Roth IRA, Governmental 457(b) plan, 401 (k) Plan or 403(b) plan if the plan has a designated Roth account and accepts rollovers.
What is the maximum amount I can contribute?	Combined limit for contributions in year contributing. See article in this newsletter edition regarding 2012 limits.	
If I experience an unforeseeable emergency, can I apply for a withdrawal?	Yes	Yes
Do I have to take a minimum distribution at age 70 ½?	Yes	Yes

New Vendor Agreement with Great West effective January 1, 2012

The new 457 Defined Contribution plan (aka Deferred Compensation plan) provider contract with Great West Retirement Services (GWRS) has been approved by the Board of Supervisors with an effective date of January 1, 2012. Since October 2010, the Defined Contribution Committee (aka Deferred Compensation Committee) has been working with GWRS to redesign this plan as a “state of the art” plan incorporating “best practices” standards in the public sector Defined Contribution plan industry. This new agreement will soon be posted on the County’s Deferred Compensation Website at http://www.co.tulare.ca.us/government/auditor/defercomp/default.asp.

New Fund Lineup Effective November 29, 2011

The Department of Labor (DOL) recently published Service Provider Disclosure Regulations ensuring that fee arrangements with service providers like GWRS are "reasonable," and that only "reasonable & transparent" compensation is paid for reasonable and transparent services. To that end, the Defined Benefit Committee (Committee) has minimized expenses associated with these plans without jeopardizing service levels. We are providing plan participants with the best possible share class available, reducing the expense ratio to its lowest possible level. We are also retaining many of the existing investment options and replacing funds in the current portfolio that are either not performing as well as their peer group, or funds that are performing well, yet there are other funds that can offer lower expenses and still perform just as well.

Great-West has indicated that they have a revenue requirement of 0.30% (30 basis points) on the variable assets. Our consultant, SST Benefits Consulting (SST) and the Committee, believe that the revenue requirement of 0.30% is very competitive in today's marketplace based on other plans that are comparable in size to Tulare County.

Mutual fund share classes are different ways you can pay the sales charge (commission) associated with the fund. Depending on the length of time you intend to own the mutual fund, the total commission you pay for the same fund can be vastly different.

You will notice in the new fund lineup on pages 5 & 6, several of the funds are now Class R. Class R shares allow investors in the employer retirement plans in which the fund is offered to buy the shares without a sales charge. What you get is the lowest possible cost for the fund. We have to then add back in 30 basis points to the fee charged to participants to meet Great West's revenue requirement.

The Committee recognizes that this revenue model is a significant departure from the revenue model currently in place. This new model will be less expensive for some plan participants and more expensive for others depending upon how they are currently investing. However, participants will in fact be paying equally for services when currently they are not since everyone will pay 30 basis points on top of the actual cost of the fund.

Effective at market close on **Monday, November 28, 2011**, twenty-two investment options will be discontinued and a process called "mapping" will occur. Mapping is a process by which the balance in a discontinued investment option is transferred to a new investment. After market close on **Monday, November 28, 2011**, no participant transactions will be allowed until the morning of **Tuesday, November 29, 2011**. During this period, future contribution allocations and existing account balances in the discontinued investment options will be directed, or mapped, to the new investment option indicated in the list on pages 5 & 6.

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New Fund Lineup Effective November 29, 2011

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In the list on pages 5 & 6, please put a check mark in the first column next to the funds you are CURRENTLY invested in. As you follow these funds to the right, you can see what is going to occur with your funds. It may be mapped to a new fund, or there may be no change. There are also some new additions to the portfolio that you may choose to invest in once the market opens on November 29. A letter from Great West was sent to all participants on October 25, 2011 notifying everyone of these changes.

Should you wish to change your future contribution allocations or move your existing account balance to the new investment options, please review the KeyTalk® and website instructions below.

Website and KeyTalk® Instructions for Completing Investment Changes

If you are comfortable with the changes, you do not need to take any action. However, should you wish to change your future contribution allocations or move your existing account balance to other available investment options, you must do so prior to market close on **Monday, November 28, 2011**. For information on how to make changes, please review the KeyTalk and website instructions contained in this communication.

Website Instructions	KeyTalk Instructions
To make changes online, access the website at ***www.gwrs.com***.[1] You will need your Username and Personal Identification Number[2] (PIN) to access your account and make changes. Click on **Change Account** from the left menu. Then, click on **Redirect Future Contributions** to change your upcoming contributions. Or click on **Fund Transfers** to transfer money among investment options.[1]	Call KeyTalk at **(800) 701-8255**.[1] You will be prompted to enter your Social Security number and PIN [2] to access your account. KeyTalk will allow you to redirect future contributions to one or more of the existing options **or** transfer money among investment options.[1]

Revision to Fund Changes Letter from Great West

The Fund Changes Letter mailed to participants on October 25, 2011from Great West stated that there would be three new BlackRock CIT Funds added to the plan's portfolio: BlackRock Equity Index Collective F, BlackRock Mid Cap Index Collective F, and BlackRock US Debt Index Collective F. We find that we are unable to add these funds, but will be searching for new options to replace BlackRock S&P 500 Stock Index, Dreyfus Mid Cap Index, and Dreyfus Bond Market Index. However, until we find replacements, these three funds will remain in our fund lineup and there will be no mapping done.

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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This newsletter is a product of the Tulare County Deferred Compensation Subcommittee.

Place an X next to your funds		Current Investment Option		New Investment Option Effective 11/29/11	Ticker/Cusip/ SDIO	Implicit Revenue	**Explicit Revenue Needed for 30 BP total**	**Manage-ment Fee-Includes Column G Revenue**
	1	American Growth Fund of America A	Map to:	American Growth Fund of America R6 (new class)	RGAGX	**0.00%**	**0.30%**	**0.34%**
	2	Janus Growth & Income Fund Class T	Map to:	Fidelity New Perspective A (addition)	FNIAX	**0.50%**	**-0.20%**	**1.13%**
	3	Neuberger Berman Socially Responsible Tr	Map to:	Neuberger Berman Socially Responsible I (new class)	NBSLX	**0.10%**	**0.20%**	**0.75%**
	4		Addition, No Map	Vanguard Growth Index Signal Class (addition)	VIGSX	**0.00%**	**0.30%**	**0.26%**
		LARGE BLEND						
	5	American Funds Fundamental Investors Class A	Map to:	American Funds Fundamental Investors R6 (new class)	RFNGX	**0.00%**	**0.30%**	**0.32%**
	6	BlackRock S&P 500 Stock Index	No change	BlackRock S&P 500 Stock Index	WFSPX	**0.05%**	**0.25%**	**0.43%**
		LARGE VALUE						
	7	American Funds American Mutual Class A	Map to:	American Funds American Mutual R6 (new class)	RMFGX	**0.00%**	**0.30%**	**0.33%**
	8		Addition, No Map	T. Rowe Price Equity Income (addition)	PRFDX	**0.15%**	**0.15%**	**0.68%**
		MID CAP GROWTH						
	9	Columbia Acorn Fund Class Z	No change	Columbia Acorn Fund Class Z	ACRNX	**0.25%**	**0.05%**	**0.76%**
		MID CAP BLEND						
	10	Dreyfus Mid Cap Index	No change	Dreyfus Mid Cap Index	PESPX	**0.35%**	**0.05%**	**0.45%**
		MID CAP VALUE						
	11	Columbia Mid Cap Value Class Z	Map to:	Vanguard Selected Value (addition)	VASVX	**0.00%**	**0.30%**	**0.52%**
	11	J. P. Morgan Mid Cap Value Class A	Map to:	Vanguard Selected Value (addition)	VASVX	**0.00%**	**0.30%**	**0.52%**
		SMALL GROWTH						
	12	Baron Growth Retail	Map to:	Baron Growth Institutional (new class)	BGRIX	**0.15%**	**0.15%**	**1.06%**
		SMALL BLEND						
	13	Royce Pennsylvania Mutual Fund Investor	No change	Royce Pennsylvania Mutual Fund Investor	PENNX	**0.20%**	**0.10%**	**0.91%**
		SMALL VALUE						
	14	Allianz NFJ Small Cap Value Class A	Map to:	Allianz NFJ Small Cap Value Instl (new class)	PSVIX	**0.00%**	**0.30%**	**0.75%**

Place an X next to your funds		Current Investment Option		New Investment Option Effective 11/29/11	Ticker/Cusip/ SDIO	Implicit Revenue	**Explicit Revenue Needed for 30 BP total**	**Manage-ment Fee-Includes Column G Revenue**
		INTERNATIONAL /GLOBAL						
	15	Artisan International Fund	Map to:	American Funds EuroPacific Gr R6 (addition)	RERGX	**0.00%**	**0.30%**	**0.52%**
	16	Dreyfus Intl Stock Index	Map to:	AST Wilmington Intl Equity Index CIT (addition)	00210Q843	**0.00%**	**0.30%**	**0.06%**
	17	Janus Global Select Class T	Map to:	American Funds New Perspective R6 (addition)	RNPGX	**0.00%**	**0.30%**	**0.46%**
	17	Oppenheimer Global Fund Class A	Map to:	American Funds New Perspective R6 (addition)	RNPGX	**0.00%**	**0.30%**	**0.46%**
	18		Addition, No Map	AST Wilmington Emerging Markets CIT (addition)	00210Q678	**0.00%**	**0.30%**	**0.06%**
		BONDS						
	19	Dreyfus Bond Market Index	No change	Dreyfus Bond Market Index	DBMIX	**0.35%**	**-0.05%**	**0.35%**
	20	PIMCO Total Return Administrative	Map to:	PIMCO Total Return Instl (new class)	PTTRX	**0.00%**	**0.30%**	**0.46%**
		BALANCED FUNDS						
	21	Janus Balanced Class T	No change	Janus Balanced Class T	JABAX	**0.25%**	**0.05%**	**0.85%**
		ASSET ALLOCATION FUNDS						
	22	Conservative Profile	Map to:	Manning & Napier Conservative CIT (addition)	563821149	**0.20%**	**0.10%**	**0.71%**
	22	Moderately Conservative Profile	Map to:	Manning & Napier Conservative CIT (addition)	563821149	**0.20%**	**0.10%**	**0.71%**
	23	Moderate Profile	Map to:	Manning & Napier Moderate CIT (addition)	563821131	**0.40%**	**-0.10%**	**0.86%**
	24	Moderately Aggressive Profile	Map to:	Manning & Napier Extended CIT (addition)	563821123	**0.40%**	**-0.10%**	**0.86%**
	25	Aggressive Profile	Map to:	Manning & Napier Max CIT (addition)	563821115	**0.40%**	**-0.10%**	**0.86%**
		NON GREAT-WEST FIXED OPTIONS						
	25	Tucoemas NCUA Liquid Fund	No change	Tucoemas NCUA Liquid Fund	**TUFDIC**	**0.30%**	**0.00%**	**n/a**
		GREAT-WEST FIXED OPTIONS						
	26	Great-West Guaranteed Government Fund	No change	Great-West Guaranteed Government Fund	**GGF**	**n/a**	**n/a**	**n/a**
	27	Great-West Portfolio Fund	No change	Great-West Portfolio Fund	**GPF**	**n/a**	**n/a**	**n/a**
	28	Great-West Guaranteed Fixed Fund	No change	Great-West Guaranteed Fixed Fund	**GFF**	**n/a**	**n/a**	**n/a**

Explicit Revenue - This type of revenue is a gain by a company for an individual which can be easily determined. This revenue is from tangible things immediately seen and recorded by an accountant. It increases during the business' performance and can be directly estimated by putting the formula of the price of product multiplied by the quantity of goods equals the total income from sales. This means that if the ocmpany gains explicit revenue, the price or quantity of the

Implicit Revenue - This type of revenue is gained by the increases in the value of the assets which cannot be immediately seen and recorded. Implicit revenue is income not derived from operations such as manufacturing. Other implicit revenue is the income derived from non-monetary activities such as the revenue received from starting a business at the expense of dropping out of college.