

Great Expectations



Tulare County Defined Contribution Plan Newsletter

2013 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 \$17,500 from \$17,000.

The Special Catch-Up Limit increases to \$35,000 from \$34,000.

The age 50 Catch-Up amount for participants aged 50 remains unchanged at \$22,500.

IT'S
CLOSER
THAN
YOU
THINK.

**NATIONAL SAVE 4
RETIREMENT WEEK**

**OCT
21-27
2012**

This '**National Save for Retirement Week**' take some time to look at what you are doing to save for your retirement. Are you saving enough? Can you save a little more even if it is only a dollar more per pay period? Are you and your family prepared for any unforeseen emergencies? Will you be ready for your retirement?

Whether you decide to enroll in Tulare County's voluntary 457 Deferred Compensation Plan or the 457 Roth or some other retirement vehicle, please take some time and talk to your financial or retirement planning specialist about what you can do to survive after you retire.

For further details or questions about the County's Defined Contribution Plan, contact Great-West Representative, **Stephanie Henry, (559) 967-2280.**

October 2012

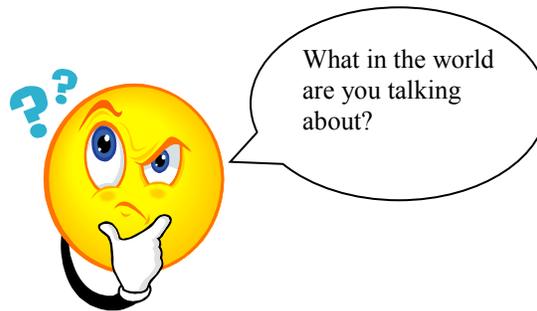
Revised Investment Policy



The Defined Contribution Plan's Investment Policy was revised on September 10, 2012. It was changed to notify participants that although the Employee Retirement Income Security Act of 1974 (ERISA) does not apply to the Plan, the Committee intends to operate the Plan generally in conformance with ERISA 404(c). However, the Plan participants will be solely responsible for the investment decisions and investment transactions that they make under the Plan.

The updated Investment Policy can be found on the County's Deferred Compensation website <http://www.co.tulare.ca.us/civica/filebank/blobdload.asp?BlobID=2267>.

What is Defined Contribution Vs. Deferred Compensation?



In the past, Tulare County only offered a 457 Deferred Compensation Plan to its employees which is why the Committee overseeing the plan was called the Deferred Compensation Committee. However, the Committee began looking at other types of plans available to governmental plans and we recently added the 457 Roth Plan. So we changed the name of the Committee to the Defined Contribution Committee to better reflect the fact that we no longer offer just a 457 Deferred Compensation Plan.

Defined Contribution Committee Consultant RFP

The Defined Contribution Committee is moving forward with a request for proposal (RFP) for consulting services to the 457 Plan. The RFP was issued in August, 2012 by the Tulare County Purchasing Department. The submission deadline was September 12, 2012. The RFP Subcommittee has reviewed the proposals and will be making a recommendation to the full committee either at a special meeting or the December quarterly meeting.



Navigating the Defined Contribution (Deferred Comp) Website



The website can be found at <http://www.co.tulare.ca.us/government/auditor/defercomp/default.asp>. You can also find links to our website on the Auditor-Controller's page, the department menu on Tulare County's main page, and Tcweb (the intranet).

What will you find there?

A brief summary of 457 Deferred Compensation, 457 Roth, and the 3121 Part-time, Extra Help Plan along with contact information, and a list of Defined Benefit Committee Members.

457 Deferred Compensation, 457 Roth Forms and Forms for the 3121 Plan:

- To enroll in the plan
- To assign or change beneficiaries
- To do an address change
- Catch-up Application
- Distribution Form
- Incoming Transfer/Direct Rollover Form
- Death Claim Request Form
- Information on loans and how to change your salary deferrals
- ...and more

You will also find the Committee Bylaws, the Investment Policy, the Plan Documents, information on the Self-Directed Brokerage Account, agendas and minutes. The Great Expectations Newsletter is posted on our site as well.

All meetings are calendared on Tulare County's calendar option on the County's website. Employees are encouraged to attend meetings.

Another interesting section is the Investment & Retirement Planning area of the site. The results of the May 2012 Investment Review Meeting can be found here along with the Consultant's very thorough review. The Investments at a Glance (IOAG) lists all available core funds along with fees, return, and history information to help you make good solid decisions on your investments.

There is a Watch List posted there as well. This is a list of funds that for one reason or another fall short of the criteria set forth in our Investment Policy. These funds are placed on the list to be "watched". Our consultant keeps a very close eye on the funds and reports the funds' progress to the Committee each quarterly meeting.

Please take the time to visit and explore our Defined Contribution website. Great West's website is another great source to find information. Go to www.gwrs.com to access your account. And, of course, you can always call Stephanie Henry, Great West Representative, at (559) 967-2280.

Defined Contribution Guaranteed Return Funds

With the current turbulence in the investment markets, many Defined Contribution participants have considered transferring at least a part of their money into one of the guaranteed return funds offered by the Tulare County 457 Defined Contribution program. Investing in a guaranteed return fund allows the plan participant to receive a steady return on the amounts invested. Investing in these funds can also be an especially effective strategy for those who are close to retirement, for participants who wish to better diversify their investment portfolio, and for those who want to reduce their investment risk. There are, however, a few things that plan participants should know about making transfers into and out of the guaranteed return funds.

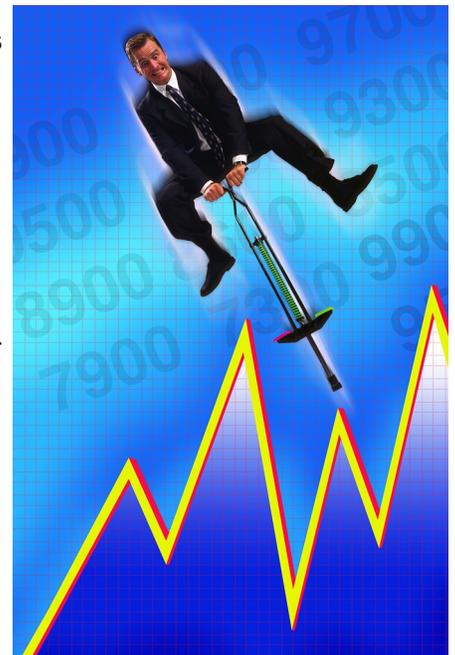
Transfers may have limitations. Be sure to check the requirements of the individual guaranteed return fund to learn if it carries limits on the percentage available for transferring money out of the fund. Such restrictions can change from time to time, so it is recommended that a participant contact Great West if considering a transfer of money out of one of these funds. Other transfer restrictions may apply depending on your balance in the fund and the length of time you have been invested in it.

“Equity Wash”. Equity Wash is the term used to describe plan provisions that require any participant wanting to move funds out of a guaranteed fund to first place them in an equity fund for a period of at least 90 days before re-directing them to another guaranteed return fund. Equity wash provisions are designed to allow the guaranteed return fund managers to invest in longer duration securities (which are generally more stable and often allow for a steadier stream of returns) without having to sell securities at an inopportune time in order to cover distributions to participants who want to take money out of that fund. The equity wash provisions help fund managers in all of the guaranteed return options to optimize their investment returns for all investors.

On an individual basis, it is also important to consider how the equity wash requirements will impact the timing and amount of any transfer you may wish to make into or out of one of the guaranteed return funds.

Carefully Consider Your Retirement Goals! The use of the guaranteed return funds can be an effective investment tool for plan participants to consider – especially during periods of uncertainty in other areas of the investment markets. However, investors need to make sure that careful consideration is given to their particular long-term needs in planning for retirement. In making a decision to invest in a guaranteed fund (along with how much to invest) be sure to compare the fund’s projected guaranteed returns against long-term inflation expectations. Although a guaranteed return fund may be close to a “sure thing” on your investments, the returns achieved may not be enough to keep pace with increases in inflation and may be insufficient to allow you to meet your retirement goals. Your age as an investor, the amount available for you to invest, your target date for retirement, and your individual level of “risk tolerance” are all factors that should be considered in determining the proper use of the guaranteed funds in helping you to achieve your retirement objectives.

Finally, remember that not all of guaranteed funds pay equal rates of return. Periodic review of **any** of the funds you invest in is a must to help you build a portfolio that will pay you the best rate of return for your preferred level of investment risk.



Important Fund Changes

On May 23, 2012, new investment options were added to our plan. These changes were made so you may continue to select from a diverse and competitive array of quality investment options. Your new investment options are listed below.

New Investment Option	Asset Class
Vanguard 500 Index fund Signal Class (VIFSX)	Large Blend
Vanguard Mid-Cap Index fund Signal Class (VMISX)	Mid-Cap Blend
Vanguard Short-Term Bond Index Fund Signal Class (VBSSX)	Short Term Bond

Also, at the Annual Investment Review Meeting, the Defined Contribution Committee voted to delete Neuberger Socially Responsible Fund due to 1, 3, and 5-year performance. Great West and the Committee's consultant were directed to return to the June quarterly meeting with replacement options.

At the June quarterly meeting, the committee voted to add TIAA_CREF Social Choice Equity Large Cap Blend Index Fund as the replacement for the Neuberger fund. The Neuberger funds will automatically be mapped into the TIAA_CREF fund unless affected participants manually move their money to another fund.



Contact Information:

TC Defined Contribution Plan

www.co.tulare.ca.us/government/auditor/defercomp/default.asp

If you are interested in finding out more about the Defined Contribution Plans for Tulare County, please contact:

Stephanie Henry

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stephanie.henry@gwrs.com

This newsletter is a product of the Tulare County Defined Contribution Subcommittee.