

Deferred Compensation News

401(k) Shared Savings and Section 457 Plans

Helping your cents make dollars, and your dollars make sense.

June 2007

Do You Have \$215,000 for Health Care Costs in Retirement?



Don't think your health care costs in retirement will be that high? Well, according to Fidelity Investments' latest health care cost estimate, a 65-year-old couple retiring in 2007 will need approximately \$215,000¹ to cover medical costs in retirement². This figure is a 7.5% increase over the 2006 estimate of \$200,000. Since the estimate first was computed in 2002, the number has risen a total of 34%, with an average annual increase of 6.1%.

The 2007 estimate assumes individuals don't have employer-sponsored retiree health care coverage and includes expenses associated with Medicare Part B and D premiums³ (32%), Medicare cost-sharing provisions -- copayments, co-insurance, deductibles, and excluded benefits (35%), and prescription drug out-of-pocket costs

What's Inside . . .

NetBenefits	2	(33%). It doesn't include other health-related expenses,
Fidelity BrokerageLink	2	such as over-the-counter medications,
Section 457 Waiting Period	3	most dental services,
How To	3	and long-term care.
Survey Says	4	

Since many retirees rely on Social Security as their primary source of income in retirement⁴, Fidelity also calculated the impact that a \$215,000 health care liability would have on a retiree's Social Security benefit. It found that a 65-year-old worker today, who is earning \$60,000 and decides to retire at the end of the year, should expect that 50% of his or her pre-tax Social Security benefit will be used to pay for personal health care expenses in the next 16 to 18 years.

Of course, each person's situation is different. Your retirement medical costs will depend upon your health status, how long you live, available insurance plans, and medical costs in your area. But, whatever your situation, Fidelity recommends that the first step every working American should take is to create an individual retirement plan. In building a plan, workers can factor in their specific circumstances such as current savings, anticipated income sources, lifestyle, expenses, and likely health care needs in retirement. For assistance in developing your free individual retirement plan, contact the Fidelity Investor Center representative at 800/544-7602, extension 52808 (Woodland Hills) or 800/622-0603, extension 53894 (Santa Barbara).

Fidelity has also launched a new tool to help employees plan toward their future health care liability. The tool enables employees to personalize, estimate, and project their retiree health care costs based on such factors as age, expected retirement date, health conditions, and available insurance coverage. Using this tool, employees can determine whether they've saved enough to meet their estimated health care costs in retirement. You can access this retiree health care cost-planning tool via Fidelity's NetBenefits website at www.netbenefits.com. After you access your account, click on the Tools and Learning hyperlink on the Home tab. Then, click the "Retirement Calculators" hyperlink under the "Calculators" heading. Finally, click the "Retirement Health Care" hyperlink under the "Calculators" heading.

You may be shocked by the results when you use the calculator. But, don't be discouraged. Rather, try and identify ways to bridge the gap. And, of course, one key strategy is to increase your contributions to the 401(k) and/or 457 Plans.

It's clear that rising medical costs are one of the biggest retirement issues facing the country. Unfortunately, many Americans may be unaware of the significant health care costs they'll face in retirement, or the importance of factoring these costs into their retirement planning. Don't be one of these uniformed or unprepared retirees. Take charge of your future and retirement security by developing a retirement plan, using online planning resources, or increasing your contributions today.

¹Fidelity Consulting, 2007, ²Assumes no employer-provided retiree health care coverage and life expectancies of 17 years for a male and 20 years for a female, ³Assumes use of Medicare Part D coverage, ⁴ Fidelity Research Institute, 2007 Retiree Survey



Decreased Admin Fee

The Board of Supervisors recently decreased the participant fee from \$10.00 to \$9.40 per quarter. This represents a 6% fee reduction. The new fee will be effective for the quarter beginning July 1, 2007.

NetBenefitsSM News from Fidelity

Thanks to new legislation, people who know they need to save more for their future will now have fewer excuses to put it off. The Pension Protection Act of 2006, signed into law in late 2006, makes it easier for employees and individual investors to save, and includes new rules that better protect their pensions.

The Act makes permanent many features of a previous tax act—the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)—whose provisions, including enhancements to 403(b), 401(k), and 457(b) plans, IRAs, and "529" college savings plans, were due to expire in 2010. With Social Security in debate and fewer companies offering pensions, these savings incentives are meant to help people take responsibility for their financial future.

Below are some highlights of these provisions, some of which are effective now and some of which go into effect in 2008. Keep in mind that the following information is just an initial summary of the legislation. It should not be relied on, as many of the Act's provisions are subject to further regulatory guidance and interpretation. This summary is provided for informational purposes only and is not intended as tax or legal advice.

Increased savings limits for workplace savings plans and IRAs

Saver's Tax Credit

Tax incentives for college savings

Enhanced portability between plan types

Direct deposit of a tax refund

Inherited assets rolled to IRAs

Personalized investment advice

Pension plan reforms

The benefits of The Pension Protection Act of 2006 are numerous. Please visit www.fidelity.com/atwork to view all benefits available to you, or you may call Fidelity at 800/343-0860 to speak to a customer service representative.

Fidelity Investments Institutional Services Company, Inc., 82 Devonshire Street, Boston, MA 02109



Fidelity BrokerageLink[®]: A New World of Opportunity



Plan participants can currently choose from two "groups" of investment options: core options and funds available through the mutual fund window. Although participants have a wide array of investment options available through the core and the mutual fund window, the Deferred Compensation Committee has determined that having a more robust line-up of investment options would better meet the needs of Plan participants. Therefore, Fidelity BrokerageLink[®] will be added as a

Plan option effective July 2. Fidelity BrokerageLink[®] will offer Plan participants the flexibility of a brokerage account with all the benefits and advantages of investing through the 401(k) Shared Savings and Section 457 Plans. Through Fidelity BrokerageLink[®], participants will have the opportunity to select from thousands of additional Fidelity and non-Fidelity mutual funds, individual securities, corporate and government bonds, and even certificates of deposit (CDs). This will allow participants to have more control of their investments by creating and managing a customized retirement portfolio to match their personal goals and risk tolerance. Fidelity BrokerageLink[®] will be structured as follows:

- The minimum amount that must be kept in the standard plan options (the core and the mutual fund window) is 50% of the account balance. This limit will be enforced when the participant makes the initial transfer into Fidelity BrokerageLink[®] and any subsequent transfers. It will not be enforced based on biweekly contributions or distributions.
- The minimum initial transfer from the standard plan options is \$2,500.
- The minimum subsequent transfer from the standard plan options is \$1,000.
- There is no minimum amount for biweekly contributions into Fidelity BrokerageLink[®] once the account is established with the initial \$2,500.

As with the mutual fund window, the Committee will not monitor funds in Fidelity BrokerageLink[®] for investment performance, investment risk, management style, investment objectives, or investment expenses. Fidelity BrokerageLink[®] is generally appropriate only for participants who have an understanding of diversification and all costs and investment risks involved. Additional fees may apply for transactions.

Fidelity BrokerageLink[®] is not for everyone. But, if you're looking for more investment choices, this may be an option for you. In order to invest in Fidelity BrokerageLink[®], participants will be required to complete a disclosure form and a participant acknowledgement form. For more information on Fidelity BrokerageLink[®], contact Fidelity at 800/343-0860.

Retirement Search

Are you searching for the retirement of your dreams? Well, try your hand at the following word search, which contains activities that might occupy your time in your ideal retirement. You can find the puzzle solution on page 4.



R	D	E	E	F	N	L	F	H	E	T	H	T	G	C
N	E	S	O	R	Q	B	E	F	O	F	P	N	O	F
E	F	E	D	I	N	H	L	V	I	B	I	Y	U	W
Y	G	H	T	E	K	O	Q	S	A	N	B	L	M	D
W	O	R	K	N	G	P	H	D	E	R	A	I	Q	W
H	G	J	U	D	U	I	F	D	L	W	T	M	E	E
U	A	O	Z	S	N	L	R	Z	R	Z	N	A	W	S
Z	W	H	U	G	Z	A	O	P	V	W	O	F	T	P
H	N	B	I	S	G	M	Q	V	Z	L	I	S	P	S
G	N	I	D	A	E	R	Y	O	H	Y	T	L	V	J
L	N	O	I	S	I	V	E	L	E	T	A	W	W	I
G	N	Z	K	H	Y	J	N	I	E	B	C	O	D	C
M	Z	B	A	S	L	Q	S	R	W	P	U	N	H	U
V	Y	Y	W	U	Q	H	A	F	B	I	D	D	A	G
E	X	E	R	C	I	S	E	C	U	I	E	H	I	P

education	gardening	television
exercise	golf	travel
family	hobbies	volunteer
fishing	nap	work
friends	reading	

Section 457 Plan Waiting Period

If you want to increase your biweekly contributions to the Section 457 Plan, there's a waiting period before those higher contributions can be deferred from your pay. This waiting period also applies for new enrollments and contributions you make from a buydown of your vacation or annual leave and any contributions you make from your payoffs when you separate from service. Your increased contributions to the 457 Plan can become effective the first payday in the month following the month you agree to make the contribution (*subject to administrative processing deadlines*).

If you agree to make the contribution in . . .

June
July
August
September

Your increased contributions can become effective . . .

Pay period 07-14 (July 5 payday)
Pay period 07-16 (August 2 payday)
Pay period 07-19 (September 13 payday)
Pay period 07- 21 (October 11 payday)

As you can see, it's important to plan ahead when enrolling in the Plan or increasing your 457 Plan contributions. Be sure to make arrangements to increase your contributions in advance of the pay period in which you want your increased contributions to take effect. For more information on how the administrative processing deadlines affect the timing of your contributions, please contact the Deferred Compensation Program at 805/654-2620.

How to . . .



Continuing with our regular "How to . . ." series, this edition's article, based on a request from a survey respondent, is on "How to change from paper statements to electronic statements . . . And vice versa."

- Logon to NetBenefits at www.netbenefits.com and click the button "Access My Account."
 - Login using your Social Security or Fidelity ID number and your PIN.
 - Click on the "Your Profile" tab.
 - Click on the "Mail Preferences" hyperlink under the Preferences heading.
 - You'll now see your delivery preferences for your Annual Check Up, Required Disclosures, and Savings Statements and Other Online Notices.
- If you want to change the manner in which you receive these materials, click on the "Update" hyperlink.
 - You can now either "consent" or "not consent" to receiving the information electronically. If you click the radio button "I consent" and submit, you'll get the information electronically. If you click the radio button "I do not consent" and submit, you'll receive the information by U.S. mail.

Even if you consent to electronic delivery, you can still receive paper copies of your statements at anytime by calling Fidelity at 800/343-0860. And, you can always switch from electronic to paper delivery at no charge.

Pre-retiree Workshop

We continue to get great feedback on our comprehensive pre-retiree workshop, presented in partnership with the Ventura County Employees' Retirement Association (VCERA) and other Benefits personnel. The workshop, which is targeted at employees who are 5 years or fewer from retirement, covers topics such as: 401(k) and 457 Plan options after you leave County service; retirement income planning; County medical, dental, and vision plan options after you leave County service; and an explanation of benefits available through VCERA.

The 2007 workshop schedule is as follows: August 8, October 17, and November 7. Workshops will be held at the Government Center, with the exception of the October 17 workshop, which will be held in the East County.

Previous workshop attendees have told us they've received key information for their pre-retirement planning. We encourage you to take charge of your retirement by attending one of the scheduled workshops. You'll need to register in advance by contacting Brenda Cummings from VCERA at 805/339-4264. If you have any questions on the workshops, contact the Deferred Compensation Program at 805/654-2620.





County of Ventura
Deferred Compensation
800 S. Victoria Ave.
#1370
Ventura, CA 93009
805/654-2620
Fax 805/654-3610

Survey Says . . .



First of all, a BIG thank-you to everyone who participated in our recent survey. And, for those of you who encountered technical difficulties or had other problems, we appreciate your patience. Because so many of you took the time to tell us what you think, we're happy to report the survey was a success.

Before we get to the survey results, if you asked for follow-up when you submitted your survey, *please contact us*. The survey is truly anonymous, and we have no way to identify you in order to answer your questions or address your issues. Call us at 805/654-2620 or e-mail us at deferred.compensation@ventura.org.

As part of the survey, you told us what you think about the Deferred Compensation Committee, the Deferred Compensation Program staff, Fidelity Investments, and the deferred compensation program in general. The results show that overall, participants are satisfied in the areas surveyed. However, you also told us ways you think we can improve and what you'd like to see. We'll be working internally to make changes, and we'll also be sharing your feedback with Fidelity.

One of the comments received repeatedly is that participants want the ability to invest in non-Fidelity funds. Current fund families available through the core and the mutual funds window include: Aim, Ariel, Baron, Calvert, Dreyfus, Janus, Oakmark, PIMCO, Scudder, and Templeton. And, with the addition of Fidelity BrokerageLink® (see "Fidelity BrokerageLink®: A New World of Opportunity" elsewhere in this newsletter), you'll have access to other fund families including: American, Dodge & Cox, Mellon, T. Rowe Price, UBS, and Vanguard. For those of you who expressed interest in socially-responsible investing, you'll find options in either the mutual fund window or through Fidelity BrokerageLink®. For information on any of the Plans' funds, contact Fidelity at 800/343-0860 or online at www.netbenefits.com. Look for more survey results in our next newsletter. In the meantime, we'll be using the results to assess additional investment tools and Plan options. We'll also be considering the results and your comments when planning our education and communication programs.

Again, thanks to everyone who participated - you're helping us help you! And, as always, if you have something to say, don't wait for the next survey. We'd love to hear from you anytime. Please call us at 805/654-2620, or e-mail us at deferred.compensation@ventura.org. Finally, thank you for all the kind comments. Our mission is to help you plan for and achieve a financially sound retirement. We're pleased to know we're meeting your needs.



Investing Lingo

Dow Jones Industrial Average: This is the most widely used indicator of how the country's industrial leaders are performing. Also known as the DJIA, this is a formula based on the stock prices of 30 major industrial companies. These 30 companies are chosen from sectors of the economy most representative of our country's economic condition. There are three other Dow Jones Averages: the transportation, the utility, and the composite.

The 30 stocks in the Dow Jones Industrial Average are: AT&T Corp., AlliedSignal Inc., Aluminum Co. of America, American Express Co., Boeing Co., Caterpillar Inc., Citigroup, Inc. Coca-Cola Co., Walt Disney Co., DuPont Co., Eastman Kodak Co., Exxon Corp., General Electric Co., General Motors Corp., Hewlett-Packard Co., Home Depot Inc., Intel Corp., International Business Machines Corp., International Paper Co., Johnson & Johnson, McDonald's Corp., Merck & Co., Microsoft Corp., Minnesota Mining &

Manufacturing Co., J.P. Morgan & Co., Philip Morris Cos., Procter & Gamble Co., SBC Communications Inc., United Technologies Corp., and Wal-Mart Stores Inc.

Morningstar Category: In an effort to distinguish funds by what they own, as well as by their prospectus objectives and styles, Morningstar developed the Morningstar Categories. While the prospectus objective identifies a fund's investment goals based on the wording in the fund prospectus, the Morningstar Category classifies funds based on their investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years). If the fund is new and has no portfolio, Morningstar estimates where it will fall before assigning a more permanent category. When necessary, Morningstar may change a category assignment based on current information.



Upcoming Fidelity Meetings

Fidelity will be at the Government Center and other County locations the week of July 16 for confidential consultations. The announcement will be e-mailed approximately 2 weeks prior to the confidential consultations. Be sure to call quickly when you receive the announcement as these one-on-one appointments book up very quickly.

As a reminder, if you're unable to schedule a confidential consultation, there's another way you can meet in person with a Fidelity representative - through their local Investor Centers in Woodland Hills or Santa Barbara. And, later in 2007, you'll also be able to meet with Fidelity at their new Investor Center in Thousand Oaks. Working with the Investor Centers can help you create a plan designed to help you invest successfully. Call the Investor Center representative at 800/544-7602, extension 52808 (Woodland Hills) or 800/622-0603, extension 53894 (Santa Barbara) to schedule a free appointment.



R - - - F - L - H - - - - G -
- E - - R - - E F O F - N - -
- - E - I - - L V I B I Y - -
- - - T E - O - S A N B L - -
W O R K N G - H - E R - I - -
- - - D U I - D - - T M E -
- - - S N L R - - - N A - S
- - - G - A O - - - O F - -
- - - G - - V - - I - - -
G N I D A E R - - - T - - -
- N O I S I V E L E T A - - -
- - - - - - - - - C - - -
- - - - - - - - - U N - -
- - - - - - - - - D - A -
E X E R C I S E - - - E - - P

- | | | |
|-------------------------|--------------------|----------------------|
| (over, down, direction) | friends (5,1,S) | reading (7,10,W) |
| education (12,15,N) | gardening (6,9,NE) | television (11,11,W) |
| exercise (1,15,E) | golf (6,5,NE) | travel (12,6,NW) |
| family (13,8,N) | hobbies (9,1,SE) | volunteer (9,9,NW) |
| fishing (11,2,SW) | nap (13,13,SE) | work (1,5,E) |