

Deferred Compens\$ation News

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

June 2009

Will You Beat the Average?

The latest Fidelity Investments® retiree medical expense estimate is that a 65-year-old couple retiring in 2009 will need approximately \$240,000 to cover the cost of medical care – a 6.7% hike over the comparable 2008 figure. A Fidelity news release said the figure has skyrocketed by 50% since the \$160,000 estimate issued in 2002.

Fidelity said the jump in the retiree health care cost estimate from 2008 to 2009 can be attributed to a number of factors including higher costs (e.g. for doctor's visits, diagnostic tests); increased expenses associated with new technology; and general price inflation.

"American households, already under strain from the difficult economy, are facing another challenge to their financial security in retirement as medical costs continue to rise steadily," said Brad Kimler, executive vice president of Fidelity's Consulting Services business, which calculated the retiree health care cost estimate, in the announcement. "With employee-sponsored retiree health care coverage on the decline nationwide, it is imperative that today's workers begin to set aside money themselves for medical expenses in retirement as part of their overall retirement strategy."

The announcement said the 2009 figure continues to assume individuals do not have employer-provided retiree health care coverage, but do qualify for the

federal government's insurance program Medicare. It also assumes life expectancies of 17 years for a male and 20 years for a female.

The Fidelity estimate takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance) and considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services, and long-term care.

Even those workers who still have employment-based retiree health benefits to supplement Medicare, but who must pay their own premiums, need to set aside a hefty amount, according to a 2008 Employee Benefit Research Institute (EBRI) report. According to the report, men would need between \$102,000 and \$196,000 in current savings (50th and 90th percentiles, respectively), while women would need between \$137,000 and \$224,000, respectively, due to their greater longevity.

Fidelity's life expectancy assumptions of 17 years for a male and 20 years for a female are actuarially sound. Consistent with the Fidelity data, EBRI notes that, on average, women age 65 live to age 85, while men will live to age 82.

Cont'd on Page 2.....

Peer Behind the Curtain

Just like Toto helped Dorothy in the *Wizard of Oz*, Fidelity has a new online tool to help you peer behind the curtain. Maybe you've wondered how much your neighbors have socked away for retirement. Or what they spend on restaurants and health care. Take a look at how your finances compare with the Joneses – and the rest of the nation – in Fidelity's new assessment tool. You can use the interactive tool to see how your finances compare to local and national averages in the areas of household spending, home value, and savings. Go to fidelity.com/nextsteps>Develop a savings plan>Learn how to budget and manage debt>Peer behind the financial curtain. You'll also be able to link to information on other topics including basic money mistakes, 5 steps to better home fix-ups, good debt worth taking, and whether to buy or rent a home.

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Will You Beat the Average? *Cont'd from page 1*

However, most of the population is not average. In fact, by the very definition of the term, "average" means that about one-half of men and women will die before they reach average life expectancy—and the rest will live longer.

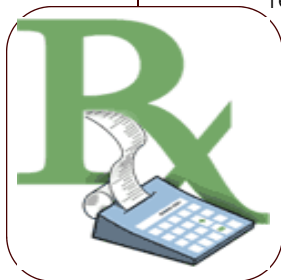
EBRI research has shown that a couple retiring at age 65 in 2008 could need as "little" as \$194,000 to cover health insurance costs and health-care expenses not covered by Medicare. However, if that couple happens to live far beyond average life expectancy, say to that experienced by the 90th percentile, and at the same time needs to use a lot of prescription drugs during retirement (again, the level out at the 90th percentile), EBRI notes that the couple could need as much as \$635,000 in savings when entering retirement.

Ultimately, these projections serve to remind us of some key considerations. First, health-care costs need to be contemplated as a part of retirement savings -- both because those costs can quickly wipe out funds set aside for living expenses, and because not purchasing the proper amount/kind of health care can have a deleterious affect on your quality of life. Second, you shouldn't assume that Medicare will address every

medical need, any more than you would assume Social Security will comfortably address every living expense.

Finally, and perhaps most significantly, "average" is only one point of reality, and one that few of us actually live - or retire - in. And, in this case, beating the average can lead to higher medical expenses during retirement. How can you help mitigate these costs? Well, one key strategy is to participate in the 401(k) and 457 Plans. Having retirement savings can help provide the resources you'll need to have a healthy and happy retirement.

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 unprepared or unprepared retirees. Take charge of your future and retirement security by developing a retirement plan and participating in the 401(k) and/or 457 Plan. For information on enrolling in the Plans or increasing your contributions, call Fidelity at 800/343-0860 or logon to NetBenefits® at www.fidelity.com/atwork.



In a collaborative effort to reduce paper and help the environment, some of the important communications you receive from Fidelity Investments® regarding your Ventura County Deferred Compensation Program have been or may be transitioned to electronic delivery.

Here's what we're doing:

Quarterly account statements have been transitioned online and are now available via Fidelity NetBenefits®. Accessing your account online is fast and easy — simply log on to NetBenefits (www.netbenefits.com) to check your account balance and personal rate of return, and review your investment mix. In addition, you can view and print statement information over the past 24 months. This change results in an estimated annual savings of 2,340 pounds of paper and 29 trees. It also reduces wastewater by about 23,088 gallons per year.* (Annual savings based on Ventura County participants only.)

Mutual fund proxy materials. The Securities and Exchange Commission (SEC) amended its proxy distribution rules to allow issuers to furnish proxy materials to shareholders through a "notice and access" model . . . what does this mean to you? Fidelity may now send you information about how to access mutual fund proxy information online. You can still request a full set of written proxy materials, and directions on how to do so will be made available.

STAGES OnlineSM replaces the print version of the quarterly Fidelity *Connect with your financial future* newsletter. The spring 2009 edition offers tips on managing your money in today's market and more. Available online now at www.fidelity.com/STAGES-Saver.

What can you do?

e + mail = less paper. It all adds up. Receiving workplace retirement plan communications by e-mail may offer you greater convenience and help keep you up to date on important information related to your Ventura County Deferred Compensation Plans.

It's easy to sign-up! Simply log on to www.netbenefits.com, go to **Your Profile**, and enter your e-mail address. Then, select your preferences for e-mail and paper communications.

* As of November 30, 2008.

Markets Maul Retirement Confidence

Workers are, perhaps understandably, less confident about their retirement prospects – but one-in-ten are still very confident, according to a new report. Not surprisingly, according to the 19th Annual Retirement Confidence Survey (RCS) recently released by the nonpartisan Employee

Benefit Research Institute (EBRI), the number of workers who say they feel very confident about retirement has tumbled by one-half in the last two years. Indeed, the percentage of workers who feel very confident about having enough money for a comfortable retirement was just 13% this year, down

from the previous low of 18% set in 2008 and 27% in 2007. In fact, this is the lowest since the question was first asked in the survey in 1993 and represents a 50% decline in worker confidence since 2007. The following table illustrates confidence levels at selected years between 1993 and 2009:

Worker Confidence in Having Enough Money to Live Comfortably Throughout Retirement, 1993 - 2009

	1993	1994	1999	2004	2005	2006	2007	2008	2009
Very confident	18%	20%	22%	24%	25%	24%	27%	18%	13%
Somewhat confident	55	45	47	44	40	44	43	43	41
Not too confident	19	17	21	18	17	17	19	21	22
Not at all confident	6	17	9	13	17	14	10	16	22

Source: EBRI and Mathew Greenwald & Associates, Inc., 1993–2009 Retirement Confidence Surveys.

Among current retirees, confidence in having a financially secure retirement also dropped this year to a new low, with only 20% saying they are very confident; that's down from 29% in 2008 and 41% in 2007.

"Our survey first picked up the drop in retirement confidence last year," said Jack VanDerhei, research director at the Employee Benefit Research Institute, co-sponsor of the survey with Mathew Greenwald & Associates, a survey research firm. "Given the uncertainties that exist about economy, it is no surprise the downward trend has continued. By any measure, the two-year results amount to a very significant drop in workers' and retirees' confidence in their retirement prospects."

Because of the economic downturn, many workers say they expect to work longer, the survey found, and more workers say they are planning to supplement their income in retirement by working for pay. Not surprisingly, workers overall who have lost confidence over the past year about affording a comfortable retirement most often cite the recent economic uncertainty, inflation, and the cost of living as primary factors, the RCS reported. In addition, negative experiences such as job loss or a pay cut, loss of retirement savings, or an increase in debt, almost always contribute to loss of confi-

dence among those who experience them. More than a quarter (28%) say the age at which they expect to retire has changed in the past year, and of those, the vast majority (89%) say that they have postponed retirement with the intention of increasing their financial security. Nevertheless, the median (mid-point) worker still expects to retire at age 65, with just 21% planning to push on into their 70s. However, the median retiree actually retired at age 62, and almost half of retirees (47%) say they retired sooner than planned.

More workers are also planning to supplement their income in retirement by working for pay: The proportion of workers planning to work after they retire has increased to 72% in 2009 (up from 66% in 2007). This compares with 34% of retirees who report they actually worked for pay at some time during their retirement.

Among workers who have lost confidence in their ability to secure a comfortable retirement, most (81%) say they have reduced their expenses, while others are:

- ❖ changing the way they invest their money (43%),
- ❖ working more hours or a second job (38%),
- ❖ saving more money (25%),
- ❖ and seeking advice from a financial professional (25%).

One ray of sunshine in the report - among all workers, 75% say they and/or their spouse have saved money for retirement, one of the highest levels ever measured by the RCS.

On the other hand, less than half (44%) of workers report they and/or their spouse have tried to calculate how much money they will need to have saved by the time they retire—and an equal proportion (44%) simply guess at how much they will need for a comfortable retirement.

Most workers participating in a workplace retirement savings plan (72%) state that they have not changed the percentage of their salary contributed to the plan in the past year. On the other hand, 18% have increased their deferrals, compared with 11% who have decreased the percentage.

Of the roughly one-in-five (22%) of workers eligible to contribute to an employment-based retirement plan but not doing so, only 1 in 5 reported that they had been contributing before October 2008. This translates into less than 5%, which the RCS report authors say indicates that the economic downturn did not cause many eligible workers to stop contributing to their workplace retirement savings plan. Full survey results appear in the April 2009 EBRI Issue Brief, available online at http://www.ebri.org/pdf/briefspdf/EBRI_IB_4-2009_RCS1.pdf

If so, you might be interested in our comprehensive pre-retirement workshop, presented in partnership with the Ventura County Employees' Retirement Association (VCERA) and other Benefits personnel. The workshop covers the following topics: 401(k) and 457 Plan options; retirement income planning; VCERA benefits; Social Security and Medicare; County medical, dental, and vision plan options after you leave County service; mental health issues; and the perspective of current retirees.

We're happy to announce our remaining 2009 workshop



schedule as follows: August 4 and November 5. All workshops will be held in Ventura.

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.

It's Your Responsibility

Some might think it's a cliché, and some might think it's rhetoric from a prior presidential administration. You know what it is - personal responsibility. We all have it to some degree - to families, jobs, financial obligations . . . and we have it as participants in the 401(k) and 457 Plans. So, just what are your responsibilities as a Plan participant?

Man must cease attributing his problems to his environment, and learn again to exercise his will - his personal responsibility. - Albert Schweitzer

Monitor your biweekly paystubs - Are your contributions correct? Are your year-to-date totals correct?

Review your Fidelity and ING statements - Is all the information on the statements correct?

Check your W-2s - Does it show the correct amount of your annual Plan contributions? According to IRS Publication 525, "you are responsible for monitoring the total you defer to ensure that the deferrals are not more than the overall limit."

Review the amount of your contributions towards the end of each year - There may be

new annual contribution limits for the coming year. Do you need to increase your contributions to take advantage of the higher limits?

Look at the amount of your 401(k) contributions after you receive a pay increase - Are you trying to maximize the County match by making a contribution every pay period? If so, make sure the new higher biweekly contributions won't cause you to max out early.

Review your asset allocation at least annually - Is it out of balance? Has your risk tolerance changed? Should you be more or less aggressive based on your time horizon and personal situation?

Verify your confirmation statements whenever you make a change to your account - Was your transaction processed correctly?

Confirm your investment elections - Are your funds being invested as you directed?

Check your beneficiaries - Can you see your designated beneficiaries online at www.fidelity.com/atwork? Are they still appropriate?

If you don't want to participate in the Baby

Boomer Catch-up Program, notify the Deferred Compensation Program each year you do not wish to participate.

If you weren't a County employee the first pay period of the year, and you want to participate in the Baby Boomer Catch-up Program, contact the Deferred Compensation Program.

If you contribute to another employer's 401(k) or 457 plan, you need to ensure your aggregate contributions don't exceed the annual contribution limit.

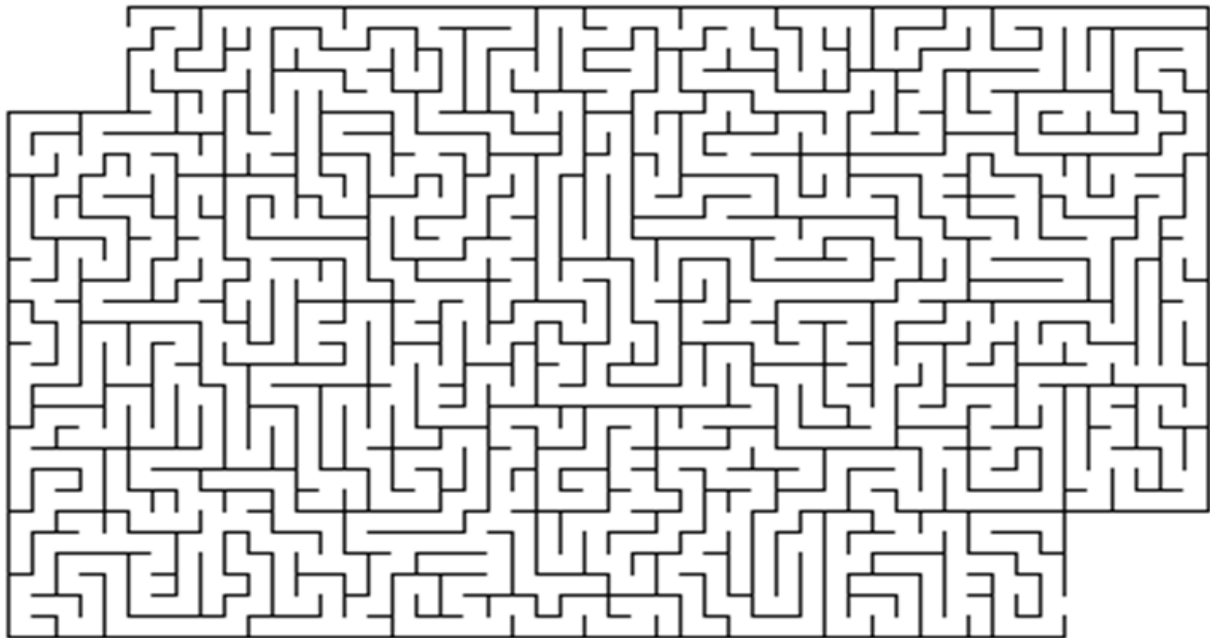
If you're enrolled in the 457 Plan Special Catch-up Program, you'll need to adjust your contributions throughout the program, and at the end of the 3-year period.

Report problems or potential problems immediately.

If you have questions, or to report a problem, contact the Deferred Compensation Program at 805/654-2620 or by e-mail at deferred.compensation@ventura.org.

The reason people blame things on the previous generation is that there's only one other choice.
- Doug Larson

It's A "maze"ing



Now, more than ever, retirement planning might seem like a maze to some participants. Whether you feel that way or not, why not try your hand at the maze above? The solution is on page 6.



You've heard the pitches . . . ShamWow . . . Oxi-Clean . . . Chop-o-Matic . . . they're all over TV. Well, hopefully, you haven't heard some of the other pitches out there. Pitches that would more accurately be characterized as scams.

FINRA*, the Financial Industry Regulatory Authority, recently issued an Investor Alert to help investors spot and avoid the types of persuasion tactics fraudsters use. According to FINRA, to stay on guard and avoid becoming drawn into a scam, look for these warning signs of investment fraud:

Guarantees: Be suspect of anyone who guarantees that an investment will perform a certain way. All investments carry some degree of risk.

Unregistered products: Many investment scams involve unlicensed individuals selling unregistered securities—ranging from stocks, bonds, notes, hedge funds, oil or gas deals, or fictitious instruments, such as prime bank investments.

Overly consistent returns: Any investment that consistently goes up month after month—or that provides remarkably steady returns regardless of market conditions—should raise suspicions, especially during turbulent times. Even the most stable investments can experience hiccups once in a while.

Complex strategies: Avoid anyone who credits a highly complex investing technique for unusual success. Legitimate professionals should be able to explain clearly what they are doing. It is critical that you fully understand any investment you're seriously considering—including what it is, what the risks are and how the investment makes money.

SCAM is also a mnemonic to avoid identity theft:

Stinky about giving out personal information,

Check your financial information regularly,

Ask periodically for a copy of your credit report,

Maintain careful records of your banking and financial accounts.

Missing documentation: If someone tries to sell you a security with no documentation—that is, no prospectus in the case of a stock or mutual fund, and no offering circular in the case of a bond—he or she may be selling unregistered securities. The same is true of stocks without stock symbols.

Account discrepancies: Unauthorized trades, missing funds or other problems with your account statements could be the result of a genuine error—or they could indicate churning or fraud. Keep an eye on your account statements to make sure account activity is consistent with your instructions, and be sure you know who holds your assets. For instance, is the investment adviser also the custodian of your assets? Or is there an independent third-party custodian? It can be easier for fraud to occur if an adviser is also the custodian of the assets and keeper of the accounts.

A pushy salesperson: No reputable investment professional should push you to make an immediate decision about an investment, or tell you that you've got to "act now." If someone pressures you to decide on a stock sale or purchase, steer clear. Even if no fraud is taking place, this type of pressuring is inappropriate.

There are several different types of investment scams out there including pyramid schemes, Ponzi schemes, pump-and-dumps, advance fee fraud, and offshore scams. You can obtain more information on these different schemes, as well as other information on investment fraud, on FINRA's website. FINRA also provides a Scam Meter to help you assess whether an opportunity is too good to be true, and a Risk Meter that reveals whether you share characteristics and behavior traits that have been shown to make some investors vulnerable to investment fraud. For more information, go to www.finra.org.

*FINRA is the largest non-governmental regulator for all securities firms doing business with the U.S. public. The FINRA Investor Education Foundation is the largest foundation in the U.S. dedicated to investor education. For Investor Alerts and other investor information, go to www.finra.org.

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Investor Center Seminars

Fidelity's local Investor Centers offer a variety of seminars to help you manage your wealth, meet your retirement goals, and make the most of Fidelity's resources. Upcoming seminars in Thousand Oaks and Santa Barbara include *Fundamentals of Retirement Income Planning*, *ABCs of ETFs*, and *Understanding Technical Indicators*. For more information, or to register, call Fidelity at 877/FIDELITY. For a complete list of seminars, go to www.fidelity.com and search for California seminars.





Buffett LINGO

Instead of our regular "Investing Lingo," we're mixing it up a little with quotes from Warren Buffett – or Buffett Lingo. As you may know, Warren Buffett is an American investor, businessman, and philanthropist. He replaced Bill Gates on Forbes Magazine's list of the world's richest people in 2008, although Bill Gates regained the title in 2009, with Warren Buffett resuming his spot at #2. Buffett is often called the "Oracle of Omaha" or the "Sage of Omaha" and is noted for his adherence to the value investing philosophy and for his personal frugality despite his immense wealth. In 2008, he again earned a total compensation of just \$175,000, which included a base salary of \$100,000. He lives in the same house in the central Dundee neighborhood of Omaha that he bought in 1958 for \$31,500, today valued at around \$700,000. Buffett is also a notable philanthropist, having pledged to give away 85% of his fortune.

His children will not inherit a significant proportion of his wealth. These actions are consistent with statements he has made in the past indicating his opposition to the transfer of great fortunes from one generation to the next. Buffett once commented, "I want to give my kids just enough so that they would feel that they could do anything, but not so much that they would feel like doing nothing." Other colorful and insightful quotes from him include the following:

Other colorful and insightful quotes from him include the following:

You are neither right nor wrong because the crowd disagrees with you. You are right because your data and reasoning are right.

Do not take yearly results too seriously. Instead, focus on four or five-year averages.

An investor needs to do very few things right as long as he or she avoids big mistakes.

Much success can be attributed to inactivity. Most investors cannot resist the temptation to constantly buy and sell.

Always invest for the long term.

Wild swings in share prices have more to do with the "lemming-like" behavior of institutional investors than with the aggregate returns of the company they own.

Take me as an example. I happen to have a talent for allocating capital. But my ability to use that talent is completely dependent on the society I was born into. If I'd been born into a tribe of hunters, this talent of mine would be pretty worthless. I can't run very fast. I'm not particularly strong. I'd probably end up as some wild animal's dinner.

It's better to hang out with people better than you. Pick out associates whose behavior is better than yours and you'll drift in that direction.

Be fearful when others are greedy and greedy only when others are fearful.

Chains of habit are too light to be felt until they are too heavy to be broken.

Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down.

Managers thinking about accounting issues should never forget one of Abraham Lincoln's favorite riddles: 'How many legs does a dog have if you call his tail a leg?' The answer: 'Four, because calling a tail a leg does not make it a leg'.

Price is what you pay. Value is what you get.

A public-opinion poll is no substitute for thought.

Stop trying to predict the direction of the stock market, the economy, interest rates, or elections.

It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.

It is more important to say "no" to an opportunity, than to say "yes."

Remember that the stock market is manic-depressive.

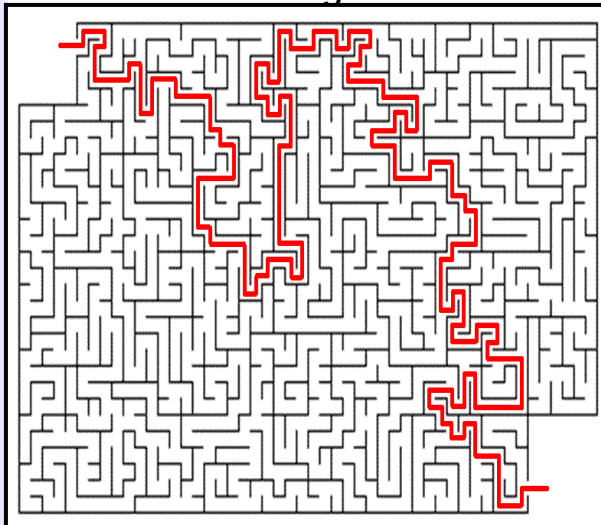
Our future rates of gain will fall far short of those achieved in the past. Berkshire's capital base is now simply too large to allow us to earn truly outsized returns. If you believe otherwise, you should consider a career in sales but avoid one in mathematics (bearing in mind that there are really only three kinds of people in the world: those who can count and those who can't).

Of the billionaires I have known, money just brings out the basic traits in them. If they were jerks before they had money, they are simply jerks with a billion dollars.

I buy expensive suits. They just look cheap on me.

It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price.

A "maze"ing Solution



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