

Deferred Compensation News

401(k) Shared Savings and Section 457 Plans

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

September 2005

Get A Leg Up on Retirement

Many of you are probably familiar with the model of the 3-legged retirement income stool. This traditional view on retirement shows that you'll receive income from 3 sources: personal savings (including your 401(k) and 457 Plan accounts), your pension, and Social Security. Did you know that many experts are

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now suggesting that this 3-legged stool is actually a 4-legged stool?

First, let's look at why these experts have added a leg to the stool. Here's a brief look at the income risks you could face during retirement:

Longevity: Many people underestimate the length of their retirement. It's important to plan as if you'll need retirement income well into your 90s. This could mean that you'll need retirement income for over 30 years.

Inflation: Even low rates of inflation will significantly diminish the purchasing power of money over time. This factor is particularly important if your pension plan doesn't have a COLA.

Market risk: While you don't want to put your savings at risk, placing too many assets in extremely conservative investments can prevent you from achieving sufficient long-term investment growth.

Excess withdrawal: Withdrawing too much money from your investment accounts – particularly

early in retirement – can increase the possibility of depleting your accounts too early.

Health care expenses: A 65-year-old couple retiring today needs current savings of \$180,000 (on average) to supplement Medicare and cover out-of-pocket health care costs during retirement, unless they have an employer-funded retirement health plan.

These income risks could mean that you won't have enough retirement income if you're relying only on the 3-legged stool. So, what is the 4th leg? **Earnings.** That's right. Many "retirees" are continuing to work in order to earn extra income. So, what can you do to bolster the 3-legged stool and reduce the need for the 4th leg? Here are some ideas:

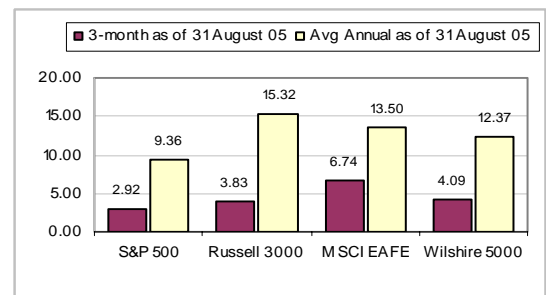
✓ Increase your contributions: In 2005, you can contribute \$14,000 to each Plan, for a total of \$28,000. If you're at least 50 in 2005, you can contribute \$18,000 to each Plan, for a total of \$36,000. These limits will be even higher in 2006.

✓ Look at your asset allocation: Are you invested too conservatively to reach your goals? If so, you may want to make some changes. If you need help with this, Fidelity is there for you. You can talk to one of their retirement counselors at 800/343-0860. You can schedule a free appointment at one of their local Investor Centers by calling 800/544-7602, extension 3014. You can take advantage of their many online planning tools at NetBenefits (www.fidelity.com/atwork). Or, you can attend one of Fidelity's workshops (the next workshops will

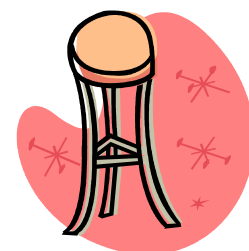
be held in October).

✓ Create a retirement income plan: Take a good look at your retirement income sources, and your wants and needs during your retirement years. Be sure to consider the income risks described above when creating your retirement income plan. If you need help, try the retirement planning tools on Fidelity's website (www.fidelity.com/atwork). Or, if you're within 5 years of retirement, contact Fidelity at 800/544-7602, extension 3014 and ask the representative about their Fidelity Retirement Income Advantage Program. Fidelity can help you develop a comprehensive, customized, realistic lifetime income plan.

Major Indexes as of August 2005



Taking these steps will help you become an active participant in your future, help you achieve the dignified retirement you're entitled to, and hopefully help reduce your dependence on that 4th leg of the retirement income stool.



Upcoming Fidelity Meetings

Fidelity will be at different County worksites the week of October 17. During the visit, we'll be focusing on their new interactive workshops including "Understanding the Advantages of Diversification" and "Enrolling in Your Workplace Savings Plan." Look for more information in early October.



Positive Change is Coming!!!

Managing your account is about to get easier . . . we're very excited to be rolling out a new way to enroll in the Plans and change your contributions. Be on the lookout for a letter from Fidelity with more information.

NetBenefitsSM
News from Fidelity
 Your personalized statement is only a click away. Now obtaining a statement for your retirement plan is easier than ever! Effective immediately, you can create retirement plan account statements, anytime through Fidelity NetBenefitsSM.

Online statements include all the transaction and performance details you've always found in your mailed quarterly statements, but the online version provides several unique advantages, including:

Control over the time period your statement covers - going as far back as 24 months.

A Personal Rate of Return for any date range you choose -- yesterday, last month or last year. And of course, control over when, and how often, your statements arrive.

Start creating Online Statements now by logging into NetBenefitsSM at www.fidelity.com/atwork. Just select the ONLINE STATEMENT link within the Accounts tab.

Please note that this new capability replaces your quarterly mailed statements.

Deferred Compensation Word Search.....

Twenty words relating to deferred compensation are hidden below - across, up, down, backwards, and diagonally. Have fun! (Answers are on page 4.)



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

Diversification
 Index fund
 Pretax
 Contributions
 Fiduciary
 Fidelity
 Save
 Future
 County match
 Netbenefits

Small cap fund
 Asset allocation
 Bonds
 Stocks
 Mutual funds
 Compounding
 Nasdaq
 Prospectus
 Baby boomer catch-up
 Risk

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 . . .

September
October
November
December

Your increased contributions can become effective . . .

Pay period 05-21 (October 13 payday)
Pay period 05-23 (November 10 payday)
Pay period 05-25 (December 8 payday)
Pay period 06-01 (January 5 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.



How to . . .

As promised in our last newsletter, this month's "How to . . ." will feature information on "how to move money between investments."

First, before you invest, we suggest you do some research. You can get a list of the Plans' investment options or prospectuses from Fidelity. You should read a fund's prospectus carefully before investing. You might also want to read some of Fidelity's brochures – "Deciding How You Should Invest," "Understanding the Basics of Investing," or "Simplify Retirement Saving with Fidelity Freedom Funds." These brochures are also available from Fidelity or the Deferred Compensation Program.

Once you've made your decisions, there are two basic ways to change how your funds are invested – by calling Fidelity at 800/343-0860 or by logging on to their website at www.fidelity.com/atwork. First, let's look at your options if you decide to call Fidelity. When you call, you'll have three ways you can change

how your funds are invested: through Fidelity's touch-tone service, through their speech recognition service, or by talking to a representative. Fidelity's phone system will guide you through the steps if you want to use the touch-tone or speech recognition service. If you want to talk to a representative, you can simply hit "3" on your touch-tone phone.

Second, let's look at how you would change how your funds are invested if you decide to logon to Fidelity's website.

- Logon to www.fidelity.com/atwork.
- Click the button "Access My Account."
- Login using your Social Security or Fidelity ID number and your PIN.
- Under the "Savings and Retirement" heading on the "Home" tab, click on the Plan account you want to look at (401(k) or 457).
- Under the "Act" heading, click on the "Change Investments" hyperlink.
- Under the "Move Money Between Investments" heading, click on the "Exchanges" hyperlink.
- The next screen will show you how your account is currently invested, and give you the opportunity to make a change – move funds from one investment option to another. If you want to change, under the

heading "Select an investment to exchange FROM," select a fund from the drop down menu. Then, click either "dollar" or "percent" and indicate either a dollar amount or percentage in the appropriate box. Click the "Continue" button.

- Under the heading "Select investment to exchange TO," select a fund from the drop down menu. Then, select the type of confirmation you want to receive (online or mailed) through the drop-down menu, and click the "Continue" button.
- Depending on the options you've set for prospectus delivery, the next page might ask you if you want to read the prospectus, or have already read the prospectus. Make your selection as appropriate and click the "Continue" button.
- The next page asks you to verify that your exchange is correct. Click either "Perform Exchange" or "Cancel."
- If you perform the exchange, you'll then receive a confirmation number, which you'll have the opportunity to print by clicking the "print" hyperlink.
- Be sure to logout after completing your transaction.

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Investing Lingo.....

Bond: A debt investment with which the investor loans money to an entity (company or government) that borrows the funds for a defined period of time at a specified interest rate.

Equity: Stock or any other security representing an ownership interest.

Mutual fund: A security that gives small investors access to a well-diversified portfolio of equities, bonds, and other securities. Each shareholder participates in the gain or loss of the fund. Shares are issued and can be redeemed as needed. The fund's net asset value (NAV) is determined each day. Each mutual fund portfolio is invested to match the objective stated in the prospectus.

Net asset value (NAV): In the context of mutual funds, the total value of the fund's portfolio less liabilities.

Prospectus: In the case of mutual funds, a prospectus describes the fund's objectives, history, manager background, and financial statements.

Short-Term Trading Fee

Some mutual funds charge this fee to discourage short-term trading in and out of the fund. It is charged to investors who hold their shares for less than a pre-determined period of time (such as 90 days or 120 days). This fee (e.g. 0.75 percent, 1.5 percent, etc.) varies depending on the fund. Not all funds charge this fee; check a fund's prospectus for more details. For information on a fund's short-term trading fee, contact Fidelity Investments at 800/343-0860.



How to.....

(continued from page 3)

Although this may seem like a lot of work, it's important for you to take control of and try to understand your investment elections and your retirement planning. Fidelity and Deferred Compensation Program staff are here to help. While Fidelity and Deferred Compensation Program staff will not provide investment advice or make any recommendations, we can provide general investment and retirement saving education and tools to help you in the selection and monitoring of your investment options. Call Fidelity at 800/343-0860 or the Deferred Compensation Program at 805/654-2620.

Looking for an Easy Way to Contribute to the 457 Plan?

Most participants know you can make biweekly contributions to the 457 Plan. But, did you know you can also make contributions through an "in-service redemption" or "buydown" of your accrued vacation or annual leave? Additionally, you can contribute all or part of your sick leave/vacation/annual leave "payoffs" at separation from service into the 457 Plan. (You cannot make contributions from a buydown or your payoffs to the 401(k) Plan.)

For more information, or to arrange for your contribution from your buydown or payoffs, contact the Deferred Compensation Program at 805/654-2620 or deferred.compensation@ventura.org. Remember, there is a waiting period for 457 Plan contributions from buydowns or payoffs, so be sure to contact the Deferred Compensation Program well in advance of the pay period you want your department to process your buydown or payoffs.

After you make arrangements with the Deferred Compensation Program, be sure to coordinate your buydown or payoffs with your department. Deferred Compensation Program staff is only responsible for your contribution to the 457 Plan - we are not responsible for processing your buydown or payoffs through your department. *It is your responsibility to make sure that your department processes your buydown/payoff request in the appropriate pay period.* Since each department has their own rules and procedures, you'll need to speak to your department directly to get more information.

Word Search Answers !!!!!

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