

Deferred Compensation News

401(k) Shared Savings and Section 457 Plans

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

December 2007



2008 Pay Period Alert

When planning your biweekly contribution amount for 2008, it's important to know there will be 27 pay periods in the year rather than the typical 26. If you're trying to spread your contributions evenly through the year, you'll need to divide the total amount you want to contribute by 27 in order to calculate your biweekly contribution. To change your contributions, call Fidelity at 800/343-0860 or log on to NetBenefits at www.fidelity.com/atwork. Remember, there's a waiting period if you want to increase your 457 Plan contribution (refer to the "Section 457 Plan Waiting

What's Inside . . .

NetBenefits	2
NAGDCA Leadership Award . . .	2
Section 457 Waiting Period ...	3
Saver's Credit	3
Pre-Retirement Workshop	4

Period" article in this newsletter). There's no waiting period to increase, decrease, or cancel your 401(k) contribution or cancel or reduce your 457

Plan contribution. However, you do need to meet the administrative processing deadlines. Contact the Deferred Compensation Program for more information. To change your biweekly contributions to be effective the first pay period of 2008 (January 3 payday), contact Fidelity between December 14th through 5:00 p.m. December 26th.

2008 Plan Contribution Limits

Looking to maximize your retirement savings? You can contribute the following amounts to the 401(k) and 457 Plans in the 2008 Plan year.

401(k) Shared Savings Plan	\$15,500
401(k) Shared Savings Plan Baby Boomer Catch-Up (If you're at least 50 or will turn 50 in 2008)	\$20,500
Section 457 Plan	\$15,500
Section 457 Plan Baby Boomer Catch-Up (If you're at least 50 or will turn 50 in 2008)	\$20,500

Section 457 Plan Special Catch-Up \$31,000
(You must have prior years of unused deferrals and meet certain age and service requirements.)

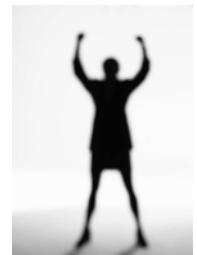
You are automatically enrolled in the Baby Boomer Catch-Up Program for both Plans if you are at least 50 years old, or will turn 50 in 2008, and are employed by the County on January 1, 2008. This means that the payroll system will not stop your contributions at \$15,500, but will allow you to make contributions up to \$20,500. If you want your contributions to stop at \$15,500, contact the Deferred Compensation Program at 805/654-2620.

You are *not* automatically enrolled in the Section 457 Plan Special Catch-Up Program. If you want to participate in the Special Catch-Up Program, call the Deferred Compensation Program at 805/654-2620. If you enroll in the 457 Plan Special Catch-Up Program, you cannot participate in the Baby Boomer Catch-Up Program for either Plan.

To change your contributions, call Fidelity at 800/343-0860 or log on to NetBenefits at www.fidelity.com/atwork. Remember, there's a waiting period for increasing your 457 Plan contribution – please refer to the article titled "Section 457 Plan Waiting Period" in this newsletter.

To change your biweekly contributions to be effective the first pay period of 2008 (January 3 payday), contact Fidelity between December 14th through 5:00 p.m. December 26th.

BOOMER FACTS



- **Baby Boomers make up 27% of the U.S. population.**
- **Approximately 77 million Boomers were born between 1946 and 1964.**
- **49% of Boomers are male and 51% are female.**
- **The first boomers reached age 59½ in July 2005.**
- **All will be older than 55 by 2020**
- **By 2030, Boomers will be ages 66 to 84 and are expected to make up about 20% of the total population.**

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 . . .

December
January
February
March

Your increased contributions can become effective . . .

Pay period 08-01 (January 3 payday)
Pay period 08-04 (February 14 payday)
Pay period 08-06 (March 13 payday)
Pay period 08-08 (April 10 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 is on "How to get a year-to-date snapshot of your account."



- Go to NetBenefits at www.fidelity.com/atwork and login to your account using your Social Security or Customer ID number and your PIN.
- Click the "View Your Year-to-Date Change" hyperlink under the Savings Plan heading.
- If you have both a 401(k) and a 457 account, you'll need to select a Plan under the drop down menu on the next page. If you have only one account, you'll go directly to the year-to-date snapshot.

You'll now be able to see the snapshot, which includes your beginning balance as of January 1; your year-to-date contributions, County match, loan repayments, fees, and change in account value; your current balance, and your personal rate of return for the year. If you have any questions on your snapshot, call Fidelity at 800/343-0860.

Are You Using Your Credit?

During the holiday season, the word "credit" might bring to mind visions of shopping, increasing debt, and mounting bills. But, did you know there's a credit that can actually improve your tax situation? The Saver's Credit is a federal tax credit provided to certain individuals based on the contributions they make to certain retirement savings accounts. Payroll contributions to the 401(k) Plan and 457 Plan are eligible for the credit, as are contributions to a traditional or Roth IRA. If you qualify, you could get a \$1,000 break on your taxes – twice that if you're married and file a joint return.

You're eligible for the Saver's Credit if you:

- are at least 18 years old,
- are not a full-time student,
- are not claimed as a dependent on someone else's tax return, and
- have adjusted gross income that does not exceed \$52,000 if married filing jointly (\$53,000 in 2008); \$39,000 if head of household (\$39,750 in 2008); or \$26,000 if single or married filing separately (\$26,500 in 2008).

It's important to note that the Saver's Credit is a credit, not a deduction. *A credit will reduce the federal income tax that you would pay on a dollar-for-dollar basis.* The amount of the credit you can get is based on your filing status, adjusted gross income, tax liability, and amount contributed to qualifying retirement programs. [IRS Form 8880](#) is used to claim the Saver's Credit, and its instructions have details on figuring the credit correctly.

Begun in 2002 as a temporary provision, the Saver's Credit was made a permanent part of the tax code in legislation enacted last year. To help preserve the value of the credit, income limits are now adjusted annually to keep pace with inflation. For more information, refer to [IRS Publication 590](#), Individual Retirement Arrangements (IRAs).

Even if you're unable to take advantage of the Saver's Credit for the 2007 tax year, it's something to think about for 2008. To increase your contributions or enroll in the Plans, contact Fidelity by phone at 800/343-0860 or logon to NetBenefits at <http://www.fidelity.com/atwork>.



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Pre-retirement Workshop

Our comprehensive pre-retirement workshop, presented in partnership with the Ventura County Employees' Retirement Association (VCERA) and other Benefits personnel, is targeted at employees who are 5 years or fewer from retirement. The workshop 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. Plus, our workshops will be expanded and improved in 2008 to address retirement more holistically. We're looking to include additional topics such as Social Security, Medicare, and mental health issues, as well as the perspective of current retirees.

The 2008 workshop schedule is as follows: February 5, May 6, August 13, and November 4. The August 13 workshop will be held in the East County. The other workshops will be held at the Government Center 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.



Fidelity One-on-One Appointments

A Fidelity representative will be at the Government Center the week of January 14 for one-on-one appointments. The announcement will be e-mailed the first week of January. Be sure to call quickly when you receive the announcement as these appointments book up very quickly.

As a reminder, if you're unable to schedule an appointment, 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, sometime soon, 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.



INVESTING LINGO

Fallen angel: Corporate or municipal bonds that were investment-grade when they were issued but have been downgraded are called fallen angels. Bonds are downgraded by a rating service, such as Moody's Investors Service or Standard & Poor's (S&P). Downgrading may occur if the issuer's financial situation weakens, or if the rating service anticipates financial problems that could lead to default. The term fallen angel is sometimes used more generically, to refer to stocks or other securities that are out of favor with investors.

Gainer: Stocks that increase in value over the course of the trading day are described as gainers or advancers.

Those that increase the most in relation to their opening price are called percentage gainers, or percentage winners. Those that go up the greatest number of points are called net gainers, or dollar winners. On a day that the stock market indexes go up, there are typically more gainers than there are losers or laggards — stocks that have lost value. And on a day where there's little change, there are likely to be similar numbers of gainers and losers.

January effect: Each year, the stock market tends to increase slightly in value between December 31 and the end of the first week of January. Known as the January Effect, this rise starts when investors sell underperforming stocks at year-end to claim capital losses on their tax returns. After the new tax year begins on January 1, the same investors tend to reinvest the money from those sales, heightening demand temporarily, and making the overall market rise slightly during that week.

SUDOKU ANSWER

\$	DB	£	DC	457	401	¢	€	¥
401	457	€	¢	£	¥	DB	\$	DC
¢	DC	¥	DB	€	\$	£	401	457
£	401	\$	457	¥	¢	€	DC	DB
DB	¢	457	£	DC	€	401	¥	\$
¥	€	DC	\$	401	DB	457	£	¢
DC	£	DB	€	\$	457	¥	¢	401
457	\$	401	¥	¢	£	DC	DB	€
€	¥	¢	401	DB	DC	\$	457	£