

# Deferred Compensation News

## 401(k) Shared Savings and Section 457 Plans

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

December 2005

### Get the Advantage!!!



Are you within 5 years of retiring? If so, we encourage you to look at **Fidelity Retirement Income Advantage** (FRIA). We recently rolled out this program

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with a "Fundamentals of Retirement Income Planning" seminar. For those of you who missed the seminar, we'll be offering it again in the future. We'll be having a 1-hour version as part of the upcoming Pre-Retiree Workshops and the 2-hour version will continue to be presented annually. However, even if you don't attend the seminar, you can still participate in this worthwhile program.

Fidelity created FRIA because they're committed to helping people transition from "saving for retirement" to "using those savings to meet retirement income needs." FRIA is a special suite of services designed to help you create an income plan, invest your savings, and manage your retirement income. This program will help you:

- **Plan:** Over the phone or in person at the Investor Centers, a Fidelity Retirement Specialist can help you craft an income plan to fit your needs.

- **Invest:** Being retired doesn't mean that you should stop making money. In fact, one of the biggest risks you may face is being too conservative as you choose your investments. Fidelity can help you develop an investment strategy that meets your individual needs.
- **Manage Your Income:** Once you develop your retirement income plan, Fidelity can help you stay on track.

Unfortunately, many people don't find out they have a retirement income shortfall until they've already retired. This program can help you determine your retirement needs while you still have the opportunity to make positive changes. Through the FRIA program, Fidelity can help you:

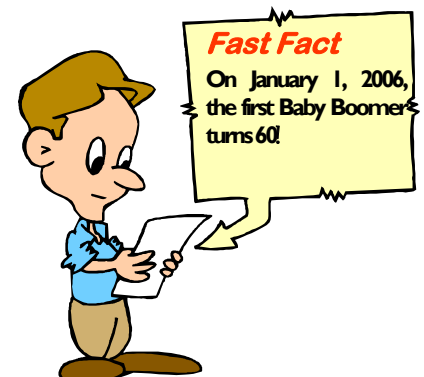
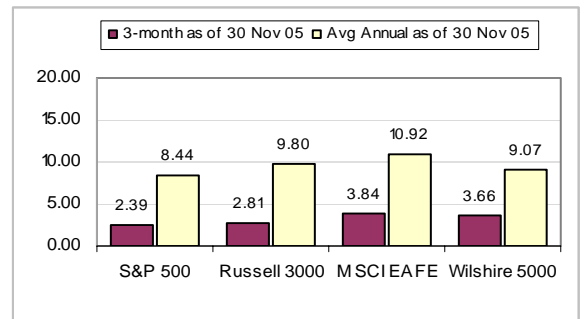
- Assess your financial situation.
- Estimate retirement expenses and income.
- Understand the 5 risks to a financially secure future.
- Make decisions about your investments that will help you generate income.
- Project how long your assets will last based on the amount in your portfolio, your expected expenses, and the asset allocation strategy you choose.
- Monitor your plan once it's in motion.

The response from participants who have gone through FRIA has been

great! One person who was particularly pleased is Debbie Bergevin. Debbie was very happy to discover that her retirement planning had paid off. She says, "I recommend that all County employees take advantage of this valuable tool for forecasting their retirement needs. Jason Weaver in the Santa Barbara Fidelity office was very knowledgeable and helpful in assisting me in using their new retirement planning tool. I was grateful for the information and now I feel that my retirement plans are on target."

Debbie is glad she got the FRIA advantage. Now, it's your turn. Call Fidelity at 866/630-8635 - and get the FRIA advantage for yourself.

#### Major Indexes as of November 2005



**NetBenefits<sup>SM</sup> News from Fidelity**

The clean layout, simple language, and easy navigation of NetBenefits make managing your retirement benefits easier and faster. To reach NetBenefits, simply log on to [www.fidelity.com/atwork](http://www.fidelity.com/atwork) and click **Access My Account**. At the login page, simply enter your Social Security number or Customer ID and, if you haven't already done so, designate a 6- to 12-digit/character personal identification number. A combination of digits and characters is recommended.

The **Home** page shows your balances and portfolio total for your retirement accounts. Click the account you wish to manage. You can also access any personal investing accounts you have with Fidelity Investments.

Use the **Quick Links** to access key account information more directly.

View your personal information, change how you receive your account statements, and more in one location with **Your Profile**.

Take the NetBenefits tour to learn more about managing your account and planning for retirement.

TIP: Concerned about the privacy of your account balances? Use the **Hide** feature to help protect the dollar values from others' view.

**NAGDCA 2005 Leadership Recognition Award**

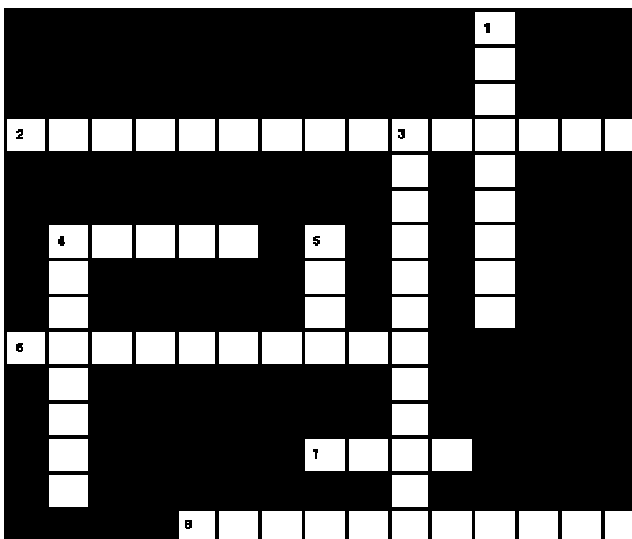


We're very proud to announce that the County's Deferred Compensation Program received the 2005 Leadership Recognition Award from the National Association of Government Defined Contribution Administrators (NAGDCA). NAGDCA, which is the leading association for deferred compensation plans of government employers, presented this award to the County for outstanding achievement in effective communication.

Although we've been recognized for our achievement, we're always looking for ways to improve our communication and education. And, we'd love to hear from you! If you have any suggestions as to how we can meet your retirement planning needs, please call us at 805/654-2620 or e-mail us at [deferred.compensation@ventura.org](mailto:deferred.compensation@ventura.org).

**Deferred Compensation Crossword**

The answers to the clues in the puzzle can be found in this newsletter. (Solution on page 4.)



Across	Down
2. Type of risk management	1. _____ manager
4. Age Baby Boomers can catch-up	3. Confidential _____
6. What you're saving for	4. Anagram for "fit yield"
7. Anagram for "fair"	5. Number of risks to a financially secure future
8. Name of Fidelity's website	



**Change of Plans**

The Board of Supervisors recently approved several changes to our Plans. These changes will be effective January 1:

- Changed the definition of "Alternate Payee" in both Plans to exclude domestic partners.
- Amended the 401(k) Shared Savings Plan to allow nonelective employer contributions pursuant to individual contracts of employment and to incorporate changes to the rules relating to hardship withdrawals.
- Amended the Section 457 Plan to increase the minimum biweekly contribution to \$10.00 and to change the beneficiary payment provisions.

If you have questions on these Plan changes, contact the Deferred Compensation Program at 805/654-2620.

## 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 06-01 (January 5 payday)**  
**Pay period 06-03 (February 2 payday)**  
**Pay period 06-05 (March 2 payday)**  
**Pay period 06-08 (April 13 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 monthly "How to . . .," this month's article is on "How to change the amount of your contributions."

There are two basic ways to change your contribution amount – by calling Fidelity at 800/343-0860 or by logging on to Fidelity's website, NetBenefits, at [www.fidelity.com/atwork](http://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 to make a change: 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 to change your contribution amount if you decide to logon to NetBenefits.

- Logon at [www.fidelity.com/atwork](http://www.fidelity.com/atwork) and 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 "Payroll Deductions" hyperlink.
- Under the "Manage Your Regular Deductions" heading, click on the "Regular Deductions" hyperlink.
- Within the box titled "Regular Deduction Elections," you'll see the amount of your current deduction. You'll also see a box under the heading "Desired" where you can enter your new deduction. Enter the amount you want to contribute, then click the button "Change Regular Deductions."
- On the next page, first select your confirmation type from the drop down menu. Then, to complete your transaction, click "Submit." Congratulations - you've successfully changed your contribution amount!

Be sure to logout after completing your transaction.

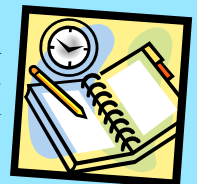
If you have any questions, call Fidelity at 800/343-0860 or the Deferred Compensation Program at 805/654-2620.

(Please note: If you're changing the amount of your 457 Plan contribution due to a buydown or payoff, do not use Fidelity. Call the Deferred Compensation Program at 805/654-2620.)

### **Upcoming Fidelity Meetings .....**

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. Working with the Investor Centers can help you create a plan designed to help you invest successfully. Call the Investor Center representative at 800/638-0620, extension 3014 to schedule a free appointment.





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## Investing Lingo

**Asset allocation:** The process of dividing a portfolio among major asset categories such as bonds, stocks or cash. The purpose of asset allocation is to reduce risk by diversifying the portfolio. The ideal asset allocation

differs based on the risk tolerance of the investor. For example, a young executive might have an asset allocation of 80% equity, 20% fixed income, while a retiree might be more likely to have 80% in fixed income and 20% equities.

**Benchmark:** A standard against which the performance of a security, index, or investor can be measured. When evaluating performance of any investment, it's important to compare against the right benchmark. For example, comparing a bond fund to the Russell 2000 (which is an index of small-caps) is not meaningful.

**Diversification:** A risk management technique that mixes a wide variety of investments within a portfolio. It is designed to minimize the impact of any one security on overall portfolio performance. Diversification is possibly the greatest way to reduce the risk. This is why mutual funds are so popular.

**Expense ratio:** The percentage of total fund assets that is used to cover expenses associated with the operation of a mutual fund. This amount is taken out of the fund's assets and lowers the return that fund holders achieve. These expenses include management fees and operating expenses.

**Management fee:** The fee that is charged to the fund by the portfolio manager, and it is often a fixed percentage.

**Operating expenses:** The expenses that the fund incurs through operation and this can include brokerage fees, taxes, investor services, and interest expenses.

**Portfolio manager:** The person responsible for investing a mutual fund's assets, implementing its investment strategy, and managing the day-to-day portfolio trading.



## Plan Contribution Limits for 2006

Looking to maximize your retirement savings? You can contribute the following amounts to the 401(k) and 457 Plans in the 2006 Plan year.

401(k) Shared Savings Plan	\$15,000
401(k) Shared Savings Plan Baby Boomer Catch-Up (If you're at least 50 or will turn 50 in 2006)	\$20,000
Section 457 Plan	\$15,000
Section 457 Plan Baby Boomer Catch-Up (If you're at least 50 or will turn 50 in 2006)	\$20,000
Section 457 Plan Special Catch-Up (You must have prior years of unused deferrals and meet certain age and service requirements.)	\$30,000



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 2006. This means that the payroll system will not stop your contributions at \$15,000, but will allow you to make contributions up to \$20,000. If you want your contributions to stop at \$15,000, 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.

If you want to increase your Plan contributions, call Fidelity at 800/343-0860 or logon to NetBenefits at [www.fidelity.com/atwork](http://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.

### Solution - Deferred Compensation Crossword

