

Deferred Compensation News

401(k) Shared Savings and Section 457 Plans

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

June 2005

Happy Birthday to Our Deferred Compensation Plans!

It's time to celebrate! Our Plans are celebrating milestone birthdays – the 401(k) Plan will be 20 on June 30 and the 457 Plan will be 30 on July 1. Together, that's a lot of years helping participants reach their retirement goals.

So, what can you do to celebrate the Plans' birthdays? How about giving a gift

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to yourself? You can give yourself the gift of knowledge about your investments . . . the gift of planning for your retirement . . . or the gift of taking control of your financial future. You can increase your contributions, you can evaluate and possibly change your investment elections, you can determine an asset allocation strategy, and you can learn about how much you'll actually need in retirement.

You might be wondering where to start. Well, we've got several ideas:

- If you're not already contributing to at least one of the Plans, start making contributions today. It can be your first step towards achieving a financially secure retirement.
- Visit Fidelity's website at www.fidelity.com/atwork. There, you can attend e-learning workshops; take the "Retirement Quick Check;" look at the "Retirement Income Planner;" read featured articles on a variety of topics; develop a comprehensive savings and investment plan for your retirement, education, or other goals using PortfolioPlanner™; complete an

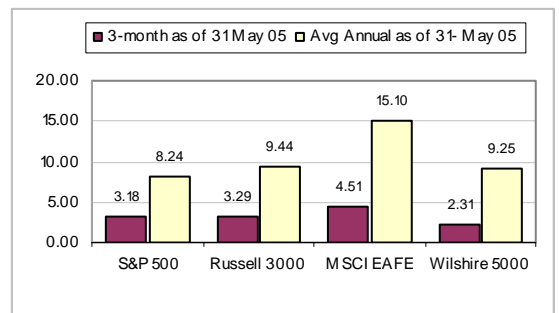
investor questionnaire to help decide on an asset allocation strategy that may be right for you; or use Fidelity's various calculators to explore how making changes could impact your retirement savings.

- Visit the self-serve racks by the Human Resources Benefits reception desk on the Main Plaza in the Hall of Administration at the Government Center. We have information regarding the Plans, investing, asset allocation, and how much you'll need in retirement.
- Attend a Fidelity workshop sponsored through the County or the local Investor Centers. The next workshops at the County will be in October.
- Call Fidelity at 800/343-0860 to discuss retirement planning with one of their phone specialists.
- Call the Investor Center at 800/544-7602, extension 3014 to schedule a free appointment. You can meet with a Fidelity representative to create a comprehensive income plan that will help make sure your assets last your lifetime. Representatives can also conduct a portfolio review so that you can identify gaps in your portfolio in light of your investing goals.
- Visit www.choosetosave.org. There, you'll find not only information on savings, but you'll also find a variety of financial tools and calculators including: budget calculators (e.g., Should I pay off debt or invest in savings?), savings calculators (e.g., What will it take to become a millionaire?), paycheck planning calculators (e.g., How do my 401(k) salary deductions affect my take-home

pay?), and retirement calculators (e.g., What will my income be after I retire?). While you're there, you might also want to look at their Retiree Health Savings Calculator since most experts predict that health care expenses will comprise a significant portion of a retiree's expenses in the future.

- Conduct an internet search on keywords and phrases such as "retirement planning," "investing," and "asset allocation."
- Visit your local library or bookstore to find books on investing and retirement planning.

Major Indexes as of May 2005



- Increase your Plan contribution now by completing the appropriate Participation Agreement. Maybe you can't increase it by much, but every little bit helps. And, maybe you want to think about putting your next salary increase into one of the Plans.

Remember, it's never too early or too late to start saving and planning for your retirement. Your deferred compensation Plans are here to help you have the financially secure future you deserve. So, why don't you celebrate by taking advantage of what they have to offer.

NetBenefitsSM News from Fidelity

Now two new services help make it simple to maintain the investment mix in your retirement savings plan account. Either of these free services can help ensure that your plan account continues to be invested as you intended over the long term.

Automatic Rebalance: Simply identify an initial investment allocation, adjust your account to align with this investment mix, and let the service do the rest. On an annual basis, the service automatically rebalances your account to stay consistent with your strategy.

Rebalance Notification: This service alerts you by e-mail any time your account's investment mix diverges from your desired allocation. You decide whether to rebalance, and you can take action immediately by clicking on the link in the e-mail message.

Getting started is simple. To see how easily these services can help you stay on top of your retirement plan savings, call 1-800-343-0860 or log on to NetBenefitsSM at www.fidelity.com/atwork and simply:

- Ø Select your retirement savings plan account
- Ø Click "Change Investments"
- Ø Select "Rebalance"

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Upcoming Fidelity Meetings

Once again, our April and June confidential consultations with a Fidelity representative filled up quickly. The next scheduled Fidelity visit is in July. The announcement will be e-mailed approximately 2 weeks prior to the confidential consultations. It's important that you know we e-mail the Fidelity announcement to everyone at the same time. We do not take advance reservations for confidential consultations and we do not provide the announcement to anyone in advance. We strive to give everyone the same opportunity to book a confidential consultation. We understand that some participants are frustrated because they've been unable to schedule a confidential

consultation. However, there are two other ways you can discuss your account and your retirement with a Fidelity representative. First, you can call Fidelity directly for personal, professional one-on-one assistance. Fidelity has over 150 phone representatives who have completed extensive retirement planning training. These reps are available to help you decide how much you need to save, how to diversify your investments, or how to make the most of your workplace savings. You can give them a call at 800/343-0860. Second, if you want to meet with a Fidelity representative in person, you can do that through their local Investor Centers. The Woodland Hills Investor Center is located at 6300 Canoga Avenue, Suite 1001 in Woodland Hills. The Santa Barbara Investor Center is located at 3793 State Street in Santa Barbara. At the Investor Centers, you'll find an investment specialist eager to help you. 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 3014 to schedule a free appointment.

And the Survey Says

In the last issue of *Deferred Compensation News*, we let you know about our on-line survey, and told you that the survey results would be published in our next edition. Well, we're happy to report that the survey was a big success. Thanks to everyone who participated – you're helping us help you! Following are some of the survey highlights:

- 1,809 total respondents.
- 52% of respondents contribute 6% or more to the 401(k) Plan.
- Almost 80% of respondents check their 401(k) account at least annually, although most do not make any changes.
- Almost 87% of respondents check their 457 account at least annually, although most do not make any changes.
- More than 75% of respondents never shift funds from one investment option to another.

- Over 33% of respondents do not feel comfortable making investment choices.
- Nearly 75% of respondents would choose to have the involvement of a professional investment manager and nearly 90% of respondents believe that professional financial management would assist them in achieving their retirement goals.

The Deferred Compensation Committee is considering Plan investment tools and options based on these survey results. We'll keep you posted if the Committee makes any changes to the Plans. Additionally, Deferred Compensation Program staff is considering the survey results and your comments when planning our education and communication programs.

Given the success of this survey, we'll be asking for your input later this year on a more comprehensive survey. And, in the meantime, if you have something to say, we'd be glad to hear from you. Please call us at 805/654-2620, or send us an e-mail at deferred.compensation@ventura.org.

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. The good news is that the Board of Supervisors recently amended the Section 457 Plan to shorten the waiting period. This new waiting period can be up to 2 pay periods shorter than the old waiting period. Now, your increased contributions to the 457 Plan can become effective the first payday in the month following the month you sign the Participation Agreement (subject to administrative processing deadlines).

If you sign a 457 Plan Participation Agreement in . . .	Your increased contributions can become effective . . .
June	Pay period 05-14 (July 7 payday)
July	Pay period 05-16 (August 4 payday)
August	Pay period 05-18 (September 1 payday)
September	Pay period 05-21 (October 13 payday)

As you can see, it's important to plan ahead when increasing your 457 Plan contributions. Be sure to sign your Participation Agreement and submit it to the Deferred Compensation Program (brown mail #1370) in advance of the pay period in which you want your increased contributions to take effect. You can get a 457 Plan Participation Agreement from your department's personnel representative or from the self-serve racks by the Human Resources Benefits receptionist, in the Hall of Administration at the Government Center.



How to . . .

Once again, you asked and we listened! Respondents to our recent survey indicated they don't know how to make changes to their investment elections. So, we'll be starting a regular feature in *Deferred Compensation News* where we'll be providing you "how to" information. And, we'll be starting off with "how to change how your future contributions are invested." In the next newsletter, we'll look at "how to move money between investments."

Before you invest, we suggest you do some research. You can get a list of the Plans' investment options from the Deferred Compensation Program or Fidelity. You can also get a fund's prospectus from Fidelity. We recommend you read the prospectus carefully before investing in any fund. 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 all available through the Deferred Compensation Program.

Once you've made your decisions, there are two basic ways to change your investment elections – 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 your investment elections: 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 your investment elections 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 "Change or View How Future Contributions are Invested" heading, click on the "Contributions" hyperlink.
- The next screen will show you how your current contributions are invested, and give you the opportunity to change them. If you want to change, click the "Continue" button in the "Change Contribution Elections" box.
- You'll now see a list of all the Plan's investment options, broken down into three main groups: Core Ready Mix Investment Options, Core Investment Options, and Expanded Investment Options.
- These three main groups may be further broken down into sub-categories by investment type. For information on any of these funds, simply click on the fund's name. (continued on page 4)



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How to.....

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PLAN CHANGES

The Board of Supervisors recently approved several changes to the deferred compensation Plans. These changes are all effective immediately unless indicated otherwise.

- In the boxes under the column "New %," indicate the percentage of your contribution you want invested in a fund. Any fund you don't want to invest in should be left blank. You must contribute to an investment election in whole percentages (e.g., 10%, 28%, 72%) and you must make sure your contributions add up to 100%. You can contribute 100% to one fund, or divide your contribution among several funds. As an example (NOT a recommendation or suggestion), you might contribute 20% to Contrafund, 17% to Fidelity Value, 13% to Templeton Foreign, 25% to American Beacon Small Cap Value Fund, 20% to PIMCO Total Return, and 5% to Fidelity U.S. Government Reserves
- When you're done, scroll to the bottom of the page, select the type of confirmation you want to receive (online or mailed) through the drop-down menu, and click the "Continue" button.
- You'll then have the option to "edit" your choices or click the "Save Changes" button.
- 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.

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.

- Shortened waiting period for the Section 457 Plan: The Board amended the Section 457 Plan to shorten the waiting period for contribution increases. This waiting period applies for new enrollments, increases to biweekly contributions, contributions you make from a buydown of your vacation or annual leave, and contributions you make from your payoffs when you separate from service. The new waiting period can be up to 2 pay periods shorter than the old waiting period. Now, your increased contributions to the 457 Plan can become effective the first payday in the month following the month you sign the Participation Agreement (*subject to administrative processing deadlines*).
- Changed allowable contribution increments for the 401(k) Plan: The Board amended the 401(k) Shared Savings Plan to allow participants to contribute in increments of .01%. This change will allow participants to more finely tune their 401(k) contributions. If you want to change your biweekly contribution to the 401(k) Plan, complete a new Participation Agreement and return it to the Deferred Compensation Program. If you need help in calculating your biweekly percentage, you can complete a *Contribution Worksheet for 401(k) Shared Savings Plan and Section 457 Plan*. This form is available from your department's personnel representative or the Deferred Compensation Program.
- Changed default fund: The Board changed the Plans' default fund from Fidelity U.S. Government Reserves Fund to Fidelity Managed Income Portfolio. The default fund is the investment option used if a participant fails to specify a valid investment election upon their initial enrollment. If you're currently invested in the default fund, we encourage you to take charge of your retirement by contacting Fidelity at 800/343-0860 or logging on to www.fidelity.com/atwork and selecting your own investment election(s).
- Adopted new participant fee: The Board approved a new participant fee of \$9.54 per quarter. The last fee increase was January 2003. The new fee will be effective July 1, 2005.

It's Your Default

If you have a 401(k) loan, and you get a loan default letter from Fidelity, you need to take that letter seriously. If you don't, you're looking at several consequences: the dollar amount that's defaulted is subject to taxes and penalties, the loan continues to count towards the loan limits when determining your future loan eligibility, and you won't be able to take out a new 401(k) loan for three years. This three-year blackout period will apply even if you subsequently cure the default by repaying the loan.

Loans can default for several reasons including problems associated with leaves of absence. Ultimately, it's your responsibility to make sure your 401(k) loan doesn't go into default. If you receive a loan default letter from Fidelity, we highly recommend you call the Deferred Compensation Program at 805/654-2620 immediately. If you don't, your lack of action could lead to the consequences described above.