

Deferred Compensation Plan

BOARD REPORT 10-39

Date: December 8, 2010

To: Board of Deferred Compensation Administration

From: Staff

Subject: American Funds Growth Fund of America and
American Funds Investment Company of America

*Board of Deferred
Compensation Administration*
Eugene K. Canzano, Chairperson
Richard Kraus, Vice-Chairperson
Sangeeta Bhatia
Cliff Cannon
Tom Moutes
John R. Mumma
Michael Perez
Robert Schoonover
Maggie Whelan

Recommendation:

That the Board of Deferred Compensation Administration approve a change in share class for both the American Funds Growth Fund of America and American Funds Investment Company of America.

Discussion:

The Board's Investment Consultant, Mercer, recently contacted American Funds to inquire about whether Plan assets held in Class A shares of both the American Funds Growth Fund of America and American Funds Investment Company of America could be moved to each Fund's R6 share class, the lowest cost share class American Funds offers. The difference in the share classes is solely the expense ratio and the revenue sharing. American Funds indicates that there is no difference in the fund's objective or investment manager and that there are no investment minimums to qualify for R6 shares.

The A Share class of Growth Fund of America (Ticker: AGTHX) has an expense ratio of 0.69% and pays 0.30% in revenue sharing vs. an expense ratio of 0.34% and no revenue sharing for R6 Shares (Ticker: RGAGX). This equates to a net expense reduction of 0.05% (sometimes referred to as "5 basis points") for our Plan participants. Additionally, the A share class of the American Funds Investment Company of America (Ticker: AIVSX) has an expense ratio of 0.66% and pays 0.30% in revenue sharing vs. an expense ratio of 0.33% and no revenue sharing for R6 Shares (Ticker: RICGX). This equates to a net expense reduction of 0.03% (sometimes referred to as "3 basis points") for our Plan participants.

Moving to the R6 share class also provides for more direct application of fees to Plan participants, avoiding the process of reimbursement and crediting.

Since this change offers the benefit of a lower expense-ratio to Plan participants and more direct application of fees, staff recommends that the Board approve the changes to the R6 share class of both the American Funds Growth Fund of America and American Funds Investment Company of America. Staff has contacted Great-West and scheduled an announcement of the change for the January 2011 newsletter and implementation on or around March 1, 2011.

Submitted by: _____
Natasha Gameroz

Reviewed by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez