

Deferred Compensation Plan

BOARD REPORT 12-54

Date: November 20, 2012

To: Board of Deferred Compensation Administration

From: Staff

Subject: Non-Participant Fee Disclosure Update

*Board of Deferred
Compensation Administration
Eugene K. Canzano, Chairperson
John R. Mumma, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Tom Moutes, Second Provisional Chair
Sangeeta Bhatia, Third Provisional Chair
Michael Amerian
William Raggio
Robert Schoonover
Margaret M. Whelan*

Recommendation:

That the Board of Deferred Compensation approve staff's recommendation to mail promotional material to a pilot group of 300 eligible employees that is a representative sample of those not participating in the Deferred Compensation Plan, as a means to promote plan enrollment and to voluntarily comply with Department of Labor (DOL) fee disclosure requirements.

Background

At the Board's June 2012 meeting, the Board approved staff's recommendation to move forward with initial compliance with the DOL's recently released regulations regarding fee disclosures. Though the regulations apply to plans governed by ERISA, the Plan is striving to comply as a best practice. One of the requirements of the regulation is to provide fee disclosure information to employees who are eligible to enroll in the Plan but have yet to do so.

The Board had directed staff to proceed with an initial disclosure document mailing, after which it would review the campaign's effectiveness before continuing with the mailing of the disclosure document to non-participants on a permanent basis.

Discussion

Content

Since a disclosure document would need to be mailed out to non-participants of the Plan as part of complying with the DOL regulations, an opportunity presented itself to engage the non-participants. With that in mind, staff developed the attached package comprised of the following communication pieces:

- Cover Letter & Key Benefits Explanation
- 20/20 Retirement Vision
- Fee Disclosure
- Enrollment Form
- Return Envelope

The cover letter addresses the participant, and on the back side, details the benefits of joining the Plan. The “20/20 Retirement Vision” flyer is included to assist participants in visualizing their potential savings over time. The Plan enrollment form and a return envelope are included to make it simpler for the employee to take immediate action. A promotional item, a seed packet, is included to represent the idea of “growing” one’s savings and to provide a small novelty. Staff developed this package with the intent to encourage Plan enrollment.

Costs

Staff initially anticipated costs of approximately \$5,000 for the mailing of a simple fee disclosure document. However, upon deciding on a more comprehensive package with additional print materials and promotional item, the proposed cost for the print, assembly, and mailing of this package was significantly higher at \$28,894 (for 14,000 non-participants), or \$2.06 per non-participant. The costs are detailed here:

| Quantity: 14,000 | |
|---|-----------------|
| Print | \$5,578 |
| <i>Cover Letter</i> | \$3,599 |
| <i>Fee Disclosure</i> | |
| <i>20/20 Flyer</i> | |
| <i>Enrollment Form</i> | |
| <i>Outer Large Envelope</i> | |
| <i>Inside Business Return Envelope</i> | \$580 |
| Assembly & Mailing | \$3,441 |
| <i>Data processing & inkjetting</i> | \$575 |
| <i>Insert/assembly</i> | \$2,819 |
| <i>Delivery (to post office)</i> | \$47 |
| Seed Packet | \$3,775 |
| <i>Print on cover, delivery to GW</i> | |
| Postage [@ \$1.15/per] | \$16,100 |
| TOTAL COST | \$28,894 |

Staff has also recently determined that the actual number of non-participants who are eligible to join the Plan is actually more than anticipated, at **15,083** employees. Given the Board’s previously expressed concerns over the cost of the fee disclosure mailing relative to its value, staff recommends mailing this package to a small pilot group of 300 employees and testing the effectiveness of the mailing. If the mailing results in new enrollments at a rate that the Board determines to be of meaningful value, a full mailing to all non-enrolled employees can move forward. For the pilot group, staff proposes a cost to not exceed \$620.

Targeting and Tracking

For the pilot group, staff recommends a group of 300 employees that is a representative sample of the 15,083 employees who are eligible but are not participating in the Plan. Staff grouped these employees into categories according to their bargaining units. The breakdown is as follows:

**City of Los Angeles Deferred Compensation Plan
Count of Eligible Non-Participants (as of 10/25/12)**

| MOU Type | Count | Proposed Counts for Pilot Group (Representative Sample) |
|--------------------------------------|---------------|--|
| Bldng Trades, Equip Operators, Labor | 2,621 17% | 52 |
| DWP | 2,579 17% | 51 |
| Service, Craft, Recreation | 2,188 15% | 44 |
| Clerical/Exec Asst | 2,144 14% | 43 |
| Sworn | 1,403 9% | 28 |
| Eng, Tech, Plant Op, Inspectors | 1,029 7% | 20 |
| Safety/Security | 675 4% | 13 |
| Administrative | 656 4% | 13 |
| Non-Represented | 472 3% | 9 |
| Supv Blue Collar, Supv Bldng Trades | 334 2% | 7 |
| Other Peace Officers | 228 2% | 5 |
| Supervisory Admin | 208 1% | 4 |
| Management | 141 1% | 3 |
| Librarians | 137 1% | 3 |
| Supv Tech, Prof Eng & Tech | 117 1% | 2 |
| Attorneys | 106 1% | 2 |
| Professional Medical | 32 0% | 1 |
| Elected/Appointed | 13 0% | 0 |
| Grand Total | 15,083 | 300 |

Staff will ensure that enrollments from this pilot group will be tracked and will report back to the Board with any significant statistics and recommendation for further action(s).

Submitted by: _____
Esther Chang

Reviewed by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez



OPPORTUNITY IS KNOCKING

Will You Open the Door?



Board of Deferred Compensation Administration

Eugene K. Canzano
Chairperson

John R. Mumma
Vice-Chairperson

Michael Amerian
Sangeeta Bhatia
Cliff Cannon
Tom Moutes
William Raggio
Bob Schoonover
Margaret Whelan

Personnel Employee Benefits Division

200 N. Spring Street
Room 867
Los Angeles, CA 90012
(888) 457-9460

Office Hours:
Monday – Friday
8:00 a.m. – 4:00 p.m.

www.cityofla457.com



City of Los Angeles Deferred Compensation Plan

The **Deferred Compensation Plan** is one of the most valuable employment benefits available to you as a City employee. Have you considered taking advantage of all it has to offer?

The Plan is a voluntary program that allows you to defer a portion of your paycheck to supplement your existing retirement benefit from LACERS, Fire and Police Pensions, or DWP Retirement. It allows you to meet two important objectives:

- **Improve Financial Security**
- **Create Financial Opportunity**

Financial security comes from having the resources to meet your current and future needs. Financial opportunity comes from having the resources to imagine new possibilities for yourself.

The program is very simple:

- **Set money aside from your paycheck.**
- **Accumulate a nest egg from which you draw after you retire.**
- **Everything you accumulate in your account belongs to you.**

You can borrow from your account as you go along. And, you have reliable experts to guide you in choosing your investments.

I encourage you to take part in taking control of your retirement dreams – let us help you do so.

Sincerely,

Eugene K. Canzano, Chair
Board of Deferred Compensation Administration

Continue reading for more information.

City of Los Angeles Deferred Compensation Plan

KEY BENEFITS

Tax Advantaged Saving

Save with pre-tax dollars and defer taxation until you withdraw; and/or save with after-tax dollars and never pay taxes on what you earn (assuming you meet holding period requirements). Either approach is tax-advantaged!

Local Counselors You Can Trust

The City uses a third-party-administrator to provide Plan services, including local counseling.

Reasonable Fees

The City works hard to ensure that costs for administration are reasonable, competitive, and fully disclosed (see enclosure for more details).

Borrow From Your Account

Once you reach a balance of \$2,000 or more you can borrow a portion from your account for any reason. When you pay yourself back, all interest goes to your account!

Your Account Belongs to You

Everything you is held for your benefit; the funds are held in a special trust for the exclusive benefits of participants and their beneficiaries.

Investment Choices to Meet Your Needs

From savings options for conservative investors to stock/bond mutual funds for more aggressive investors.

Five Simple Steps to Success

- Contribute an amount that feels comfortable, gradually increasing over time.
- Invest at whatever risk level in a way that feels right for you (our local counselors can help!).
- Establish pre-tax and/or post-tax savings accounts – both have tax-advantaged features and will give you options when you retire.
- Once you retire, withdraw the funds gradually to supplement your City pension.
- Maintain and update your beneficiary information.

HOW TO JOIN

Complete the enclosed enrollment form and return the form to us in the pre-paid envelope.

NEED HELP? HAVE QUESTIONS?

If you need help or have questions, please call one of our Plan representatives at **(888) 457-9460**.

Or, come visit a local representative at **City Hall, 200 N. Spring Street, Room 867** during the office hours of Monday – Friday, 8:00 a.m. – 4:00 p.m.

For more information, visit:

www.cityofla457.com

How You Can Achieve

20/20 RETIREMENT VISION



Is your retirement future fuzzy? Here's a way to sharpen the picture through the City's Deferred Compensation Plan!

- Build two nest eggs through the Plan – one with pre-tax dollars, the other with after-tax dollars.
- Start with a minimum \$40 contribution per payday: \$20 pre-tax and \$20 post-tax.
- Sign up for our service that automatically increases each contribution amount by \$20 per year.
- Invest in one of the Plan's "Profile Funds," allowing you to match your risk tolerance to your investment objective (or use any of our other investment options).

Then watch as your savings grow!

| Year | Pre-Tax Contribution Nest Egg | Post-Tax Contribution Nest Egg |
|------|-------------------------------|--------------------------------|
| 1 | \$535 | \$535 |
| 3 | \$3,346 | \$3,346 |
| 5 | \$8,722 | \$8,722 |
| 10 | \$35,631 | \$35,631 |
| 15 | \$87,083 | \$87,083 |
| 20 | \$171,652 | \$171,652 |
| 25 | \$300,909 | \$300,909 |
| 30 | \$490,468 | \$490,468 |



You'll pay tax on your Pre-Tax Balance when you take a distribution because your contributions were tax-deferred



You won't pay tax on your Post-Tax Balance when you take a qualified distribution because your contributions were made after-tax

TOTAL POTENTIAL ACCUMULATION: \$980,936

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration assumes a 6% rate of return on investments. Actual investment performance will vary based on your investment choices and actual rates of return. You are eligible for distribution when you have retired or otherwise separated service from the City; for post-tax balances, qualified distributions may be taken after you have held the account for at least 5 years and are at least 59½ years old to avoid penalty.

To learn more about participating in the Deferred Compensation Plan, contributing pre-tax and/or after-tax dollars, or making investment choices, please visit the Plan website at www.cityofla457.com or call (888) 457-9460.



CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN OVERVIEW OF SERVICES & FEES

The City of Los Angeles Deferred Compensation Plan (“DCP” or “the Plan”) is a voluntary program allowing eligible City employees to supplement existing retirement/pension benefits by saving and investing before-tax and/or after-tax dollars through voluntary salary deferral. The Plan is a governmental deferred compensation plan established under Section 457(b) of the U.S. Internal Revenue Code.

Full-time City employees who are members of one of the City’s retirement or pension systems are eligible to enroll. Contributions, up to the applicable annual limits, are automatically deducted from your biweekly paychecks and deposited to your investment selections. The Plan offers a variety of investment choices, including savings investment options, bond mutual funds and stock mutual funds. The Plan also offers a self-directed brokerage option that provides access to additional mutual fund choices and individual securities for an additional fee.

All Plan assets are held in trust for the exclusive benefit of Plan participants; this means that Plan assets are not subject to the claims of City creditors in the event of a municipal bankruptcy. You’re eligible to request distribution from your account once you separate from City service or retire from City service. While working, the Plan also allows for loans from your account and hardship withdrawals for situations that meet Federal requirements.

The following tables provide detail regarding fees associated with the City’s Plan. The Plan has three general categories of fees: 1) an administrative fee for all accounts; 2) fees for optional participant services; and 3) investment management expenses (which vary depending on the particular investment options you choose for your account).

Additional information and tools are located online at www.cityofla457.com. Or, you can speak with a Great-West representative by calling (888) 457-9460.

1. General Administrative Fees for All Participants

| Fee Type | Fee | Frequency | Description |
|---------------------------|--|-----------|--|
| Administrative Fee | 0.025% on first \$125,000 of balance \$0.25 per \$1,000 <i>Fee does not apply to balances that are more than \$125,000</i> | Quarterly | Covers administrative expenses of the Plan such as, but not limited to: record keeping, the Plan website, and call centers. This fee is deducted at the end of each quarter (March, June, September, December). <i>For example:</i> <ul style="list-style-type: none"> On a balance of \$25,000 - \$6.25 is deducted at end of quarter On a balance of \$125,000 - \$31.25 is deducted at end of quarter On a balance of \$500,000 - \$31.25 is deducted at end of quarter |

2. Participant Elected Fees (Optional Services)

| Service | Fee | Frequency | Description |
|---|---------|-------------|--|
| Loan Origination Fee | \$50.00 | Per request | One-time fee each time you request a loan; deducted from loan proceeds. |
| Ongoing Loan Account Administrative Fee | \$ 6.25 | Quarterly | An on-going fee for each loan until paid in full. This fee covers administrative maintenance of each outstanding loan. Participants may have up to 2 outstanding loans at one time. A maintenance fee is charged for each outstanding loan. |
| Incoming Rollover Account Administrative Fee | \$ 6.25 | Quarterly | An on-going, flat fee. Retirement funds from another employer’s eligible governmental 457(b), 401(a), 401(k) or 403(b) plan, or from your personal traditional IRA may be rolled into the Plan. These funds are separately maintained. You will be provided with a consolidated statement for the various funds you choose to roll into the Plan and have access to the same investment choices available for any contributions to the Plan. |
| Deferred Retirement Option Program (DROP) Account Administrative Fee | \$ 6.25 | Quarterly | An on-going, flat fee. DROP funds may be rolled into the Plan. These funds are separately maintained. You will be provided with a consolidated statement and will have access to the same investment choices available for any contributions to the Plan. |
| Self-Directed Brokerage Option (SDBO) Account Administrative Fee | \$12.50 | Quarterly | An on-going, flat fee. Additional investment options and individual securities are available through Schwab. For more information about associated expenses or transaction fees, please contact Schwab at (888) 393-7272. You must maintain a minimum of \$2,500 in the Plan’s core options. Transfers from your DCP account to the SDBO must be a minimum of \$1,000. |

3. Plan Investment Options: Performance Returns & Related Fees (as of June 30, 2012)

| Investment Option | Investment Option Performance Return | | | | | | Investment Expense |
|--|---|--------------------|------------------|------------------|---------------------|----------------|-----------------------------|
| | YTD | 1 year | 3 year | 5 year | Since Incept./10 yr | Inception Date | |
| FDIC-INSURED SAVINGS OPTION | | | | | | | |
| FDIC-Insured Savings Account | 0.20% | 0.40% | N/A | N/A | 0.41% | 9/28/09 | N/A |
| STABLE VALUE OPTION | | | | | | | |
| DCP Stable Value Fund ¹ <i>Ticker Symbol: GD-SV</i> | 1.46% | 3.09% | 3.43% | 3.96% | 4.26% | 9/1/85 | 0.09% \$0.90 per \$1,000 |
| PROFILE PORTFOLIOS | | | | | | | |
| Ultra-Conservative | 2.96% | 4.54% | 6.85% | N/A | 4.73% | 1/8/08 | 0.09% \$0.90 per \$1,000 |
| Conservative | 4.08% | 3.20% | 8.86% | 3.89% | 5.20% | 5/1/02 | 0.11% \$1.10 per \$1,000 |
| Moderate | 5.53% | 1.56% | 11.35% | 2.37% | 5.19% | 5/1/02 | 0.12% \$1.20 per \$1,000 |
| Aggressive | 6.15% | -0.40% | 12.62% | 0.63% | 4.92% | 5/1/02 | 0.14% \$1.40 per \$1,000 |
| Ultra-Aggressive | 6.74% | -2.40% | 13.84% | N/A | 0.31% | 1/8/08 | 0.17% \$1.70 per \$1,000 |
| BOND | | | | | | | |
| DCP Bond Fund ² <i>Benchmark Index: Barclays Cap. Agg. Bond</i> | N/A 2.37% | N/A 7.47% | N/A 6.93% | N/A 6.79% | 1.41% 5.63% | 4/20/12 | 0.26% \$2.60 per \$1,000 |
| LARGE-CAP STOCK | | | | | | | |
| DCP Large-Cap Fund ² <i>Benchmark Index: S&P 500®</i> | N/A 9.49% | N/A 5.45% | N/A 16.40% | N/A 0.22% | -0.73% 5.33% | 4/20/12 | 0.02% \$0.20 per \$1,000 |
| MID-CAP STOCK | | | | | | | |
| DCP Mid-Cap Fund ² <i>Benchmark Index: MSCI US Mid Cap 450</i> | N/A 7.90% | N/A -2.33% | N/A 19.36% | N/A 2.55% | -3.43% 8.21% | 4/20/12 | 0.08% \$0.80 per \$1,000 |
| SMALL-CAP STOCK | | | | | | | |
| SSgA Russell Small Cap Index NL Series S <i>Benchmark Index: Russell 2000®</i> | 8.51% 8.53% | -2.11% -2.08% | 17.65% 17.80% | 0.37% 0.54% | 6.66% 7.00% | 0.06% | 0.06% \$0.60 per \$1,000 |
| INTERNATIONAL STOCK | | | | | | | |
| Fidelity Diversified International Fund ³ <i>Ticker Symbol: FDIVX</i> <i>Benchmark Index: MSCI® EAFE®</i> | 5.92% 2.96% | -11.58% -13.83% | 6.80% 5.96% | -5.46% -6.10% | 6.08% 5.14% | 12/27/91 | 0.90% \$9.00 per \$1,000 |
| DWS EAFE Equity Index Inst ⁴ <i>Ticker Symbol: BTAEX</i> <i>Benchmark Index: MSCI® EAFE®</i> | 3.59% 2.96% | -14.05% -13.83% | 5.83% 5.96% | -6.14% -6.10% | 4.77% 5.14% | 1/24/96 | 0.50% \$5.00 per \$1,000 |
| SELF-DIRECTED BROKERAGE OPTION | | | | | | | |
| Schwab Personal Choice Retirement Account® (PCRA) | Varies depending on investment options selected by the participant. Call Schwab for more information regarding the PCRA at (888) 393-7272. | | | | | | |

Current performance may be lower or higher than data shown. Updated and additional information on these investment options can be found at www.cityofla457.com.

¹ Transfers out of the DCP Stable Value Fund must be invested in a variable investment option for a minimum of 90 days prior to investing any funds in the FDIC-Insured Savings Option. Transfers may not be made directly from the DCP Stable Value Fund to the FDIC-Insured Savings Option.

² Frequent trading limitation: A transfer INTO this fund will not be permitted if a prior transfer was made OUT of this fund in the last 60 days.

³ Redemption Fee: 1% (\$10 per \$1,000) On redemption proceeds for shares held less than 30 days.

⁴ Redemption Fee: 2% (\$20 per \$1,000) On redemption proceeds for shares held less than 15 days.



Participant Enrollment Agreement Form

City of Los Angeles Deferred Compensation Plan 98994-01

Congratulations on your decision to enroll! After completing this form, feel free to mail or fax it using the information on page 4. You may also give it directly to your registered representative. This form is separated into five sections:

Section A: General Information

Section D: Beneficiary Information

Section B: Contributions

Section E: Participation Agreement and Signature

Section C: Investment Selections

Please ensure that these sections are completed in their entirety prior to mailing back to Great-West Retirement Services®.

A. GENERAL INFORMATION

Last Name _____ First Name _____ MI _____

Address _____

City _____ State _____ ZIP Code _____

Home Phone _____ Work Phone _____ Date of Hire _____

Social Security Number _____ DWP Employee ID _____ Date of Birth _____

Email Address (optional) _____

Married Unmarried Female Male

B. CONTRIBUTIONS

In addition to electing the dollar amount you'd like to contribute each payday, you must also elect the dollar type: **Pre-Tax** and/ or **After-Tax** ("Roth") dollars. Pre-tax means you don't pay tax on contributions, but you pay taxes when you withdraw. Roth means you contribute after-tax dollars, but do not pay taxes when you withdraw if your distribution is qualified.

Pre-Tax (Doris Deferred)

After-Tax (Roth Hudson)



Pre-Tax: I would like to contribute \$ _____ per pay period of my compensation as a before-tax contribution to the City of Los Angeles Deferred Compensation Plan.



Roth Deferral: I would like to contribute \$ _____ per pay period of my compensation as an after-tax Roth contribution to the City of Los Angeles Deferred Compensation Plan.

Note: The total of your pre-tax and Roth deferrals cannot exceed the lesser of either 100% of your compensation or a) \$17,000 if you are below age 50, or b) \$22,500 if you are age 50 or older.

Payroll Effective Date:

| | | |
|-------|-----|------|
| Month | Day | Year |
|-------|-----|------|

 Payroll Center: 01 - City 02 - DWP

Please note: Once you are enrolled in the Plan, you may elect to have your deferrals increase automatically by an amount and at intervals you select.

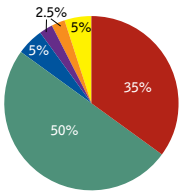
C. INVESTMENT SELECTIONS

Pick one or more of the investment options below. Then, in the box underneath the investment option write the percentage of your total contribution that you want to allocate to that investment. Make sure that your combined percentages total exactly 100%.

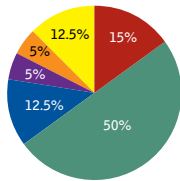
I understand that funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held for less than the period stated in the fund's prospectus or other disclosure documents. I will refer to the fund's prospectus and/or disclosure documents for more information.

PROFILE PORTFOLIOS

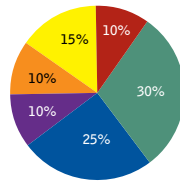
■ DCP Stable Value
 ■ DCP Bond
 ■ DCP Large-Cap
 ■ DCP Mid-Cap
 ■ DCP Small-Cap
 ■ DCP International



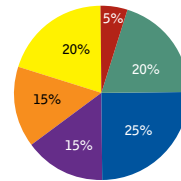
Ultra-Conservative Profile Portfolio
CLAUCN

 %


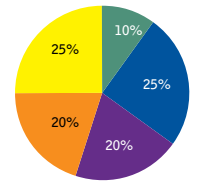
Conservative Profile Portfolio
CLACON

 %


Moderate Profile Portfolio
CLAMOD

 %


Aggressive Profile Portfolio
CLAAGG

 %


Ultra-Aggressive Profile Portfolio
CLAUAG

 %

SAVINGS OPTIONS

Deferred Compensation
Stable Value Fund
GD-SV

 %

FDIC-Insured Savings Account
CLAFDI

 %

STOCK/BOND FUND INVESTMENT CHOICES

Bonds

DCP Bond Fund CLABND %

Large-Company Stocks

DCP Large-Cap Stock Fund..... CLALCF %

Mid-Company Stocks

DCP Mid-Cap Stock Fund CLAMCF %

Small-Company Stocks

SSgA Russell Small Cap Index NL Series S..... SVRSCS %

International Company Stocks

DWS EAFE Equity Index Fund - Inst..... BT-EAF %

Fidelity Diversified International Fund..... FD-DIV %

YOU MUST INDICATE WHOLE PERCENTAGES AND THE TOTAL MUST EQUAL 100%

D. BENEFICIARY INFORMATION

In accordance with the Plan Document, if a participant is married and elects a primary beneficiary other than a participant's spouse or in addition to a participant's spouse, the spouse must consent by signing the Spousal Consent section. If you are not married now but become married in the future, this Beneficiary Designation will not be valid and the money will be distributed pursuant to the terms of the Plan Document or applicable state law.

If your primary and contingent beneficiaries predecease you or if you fail to designate beneficiaries, amounts will be paid pursuant to the terms of the Plan Document or applicable state law.

PRIMARY BENEFICIARY

Person(s) receiving account balance if account holder is deceased

| | | | | | |
|----|--------------------|-------------------|------------------|--------------|---------------|
| #1 | _____ | _____ | _____ | _____ | _____ |
| | % of Account | Social Security # | Beneficiary Name | Relationship | Date of Birth |
| #2 | _____ | _____ | _____ | _____ | _____ |
| | % of Account | Social Security # | Beneficiary Name | Relationship | Date of Birth |
| #3 | _____ | _____ | _____ | _____ | _____ |
| | % of Account | Social Security # | Beneficiary Name | Relationship | Date of Birth |
| | Total: 100% | | | | |

CONTINGENT BENEFICIARY

Person(s) receiving account balance if account holder and all primary beneficiary(ies) are deceased

| | | | | | |
|----|--------------------|-------------------|------------------|--------------|---------------|
| #1 | _____ | _____ | _____ | _____ | _____ |
| | % of Account | Social Security # | Beneficiary Name | Relationship | Date of Birth |
| #2 | _____ | _____ | _____ | _____ | _____ |
| | % of Account | Social Security # | Beneficiary Name | Relationship | Date of Birth |
| | Total: 100% | | | | |

SPOUSAL CONSENT Only required if spouse of account holder is not the 100% primary beneficiary. The date your spouse signs below must match the date on which his or her signature was notarized.

I, _____ (name of spouse), the spouse of the participant, hereby voluntarily consent to the participant's primary beneficiary designation above and understand its effect. I understand that by providing such consent I am waiving my right to receive either all (if I am not designated as a primary beneficiary) or a percentage (if I and another person are designated as primary beneficiaries) of the participant's vested account and my right to receive a survivor annuity, which would otherwise be payable to me upon the participant's death.

Spouse's Signature

Date

Statement of Notary

Note: Notary seal must be visible, if applicable.

State of _____) The consent to this request was subscribed and sworn to (or affirmed) before me on this ____ day
County of _____) of _____, year _____, by _____ (name of spouse) who proved to
me on the basis of satisfactory evidence to be the person who appeared before me, who affirmed that
such consent represents his/her free and voluntary act.

SEAL

Notary Public _____ My commission expires _____

E. PARTICIPATION AGREEMENT AND SIGNATURE

Withdrawal Restrictions - I understand that the Internal Revenue Code (the Code) and/or my employer's Plan Document may impose restrictions on transfers and/or distributions. I understand that I must contact the Plan Administrator/Trustee to determine when and/or under what circumstances I am eligible to receive distributions or make transfers.

Investment Options - I understand that by signing and submitting this Participant Enrollment Agreement Form for processing, I am requesting to have investment options established under the Plan as specified in Section C., Investment Selections. I understand and agree that this account is subject to the terms of the Plan Document. I understand and acknowledge that all payments and account values, when based on the experience of the investment options, may not be guaranteed and may fluctuate and, upon redemption, shares may be worth more or less than their original cost. I acknowledge that investment option information, including prospectuses, disclosure documents and Fund Profile sheets, has been made available to me and I understand the risks of investing.

Compliance with Plan Document and/or the Code - I agree that my employer or Plan Administrator/Trustee may take any action that may be necessary to ensure that my participation in the Plan is in compliance with any applicable requirement of the Plan Document and/or the Code. I understand that the maximum annual limit on contributions is determined under the Plan Document and/or the Code. I understand that it is my responsibility to monitor my total annual contributions to ensure that I do not exceed the amount permitted. If I exceed the contribution limit, I assume sole liability for any tax, penalty or costs that may be incurred.

Incomplete Forms - I understand that in the event my Participant Enrollment Agreement Form is incomplete or is not received by the Service Provider at the address below prior to the receipt of any deposits, I specifically consent to the Service Provider retaining all monies received and allocating them to the default investment option selected by the Plan. If no default investment option is selected, funds will be returned to the payor as required by law. Once my account has been established, I understand that the monies will be transferred from the default investment option and applied according to the allocations on my Participant Enrollment Agreement Form. I understand that I will not be able to make any changes to my account until my completed Participant Enrollment Agreement Form has been received.

Account Corrections - I understand that it is my obligation to review all confirmations and quarterly statements for discrepancies or errors. Corrections will be made only for errors which I communicate within 90 calendar days of the last calendar quarter. After the 90 days, account information shall be deemed accurate and acceptable to me. If I notify the Service Provider of an error after the 90 days, the correction will only be processed from the date of notification forward and not on a retroactive basis.

YOUR CONSENT AND SIGNATURE

I have completed, understand and agree to all pages of this Participant Enrollment Agreement Form. I understand that the Service Provider is required to comply with the regulations and requirements of the Office of Foreign Assets Control, Department of the Treasury (OFAC). As a result, the Service Provider cannot conduct business with persons in a blocked country or any person designated by OFAC as a specially designated national or blocked person.

For more information, please access the OFAC website at: <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>. Deferral agreements must be entered into prior to the first day of the month that the deferral will be made.

Participant Signature

Date

Participant, forward to Service Provider at:

Great-West Retirement Services®
PO Box 173764
Denver, CO 80217-3764
Phone: (888) 457-9460 | Fax: (866) 745-5766
Website: www.cityofla457.com

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