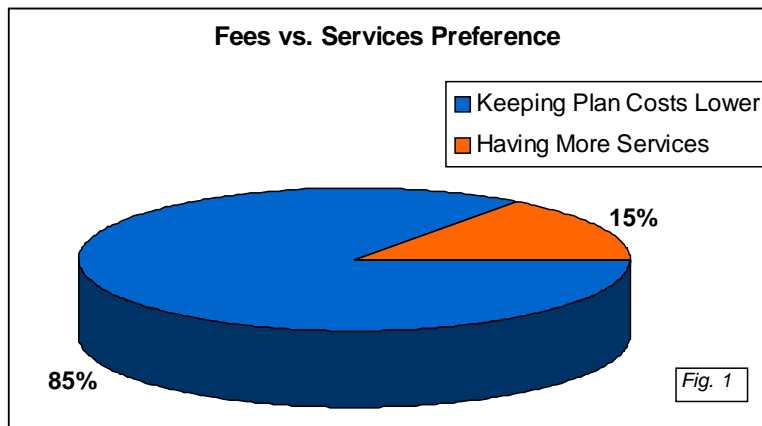


2005 DEFERRED COMPENSATION PLAN SURVEY RESULTS

Satisfaction, Preference for Low Cost Emphasized

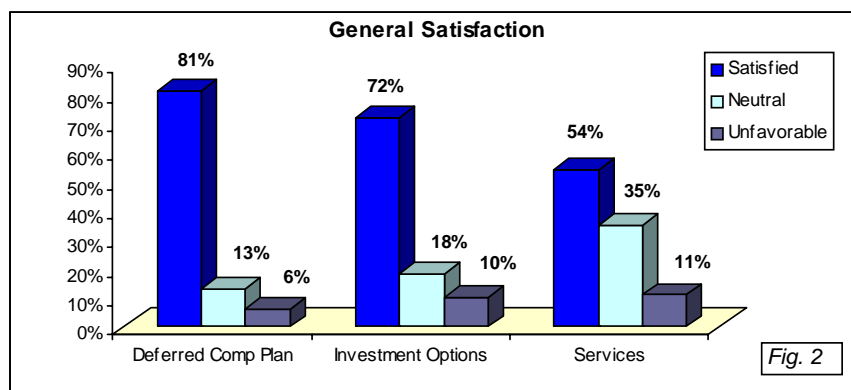
The Board of Deferred Compensation Administration's 2005 survey of Deferred Compensation Plan participants generated important information about participant preferences for the Plan. Survey topics included use of existing services as well as potential new Plan features making it easier to enroll, invest and make changes.

The survey was developed by a special Task Force of Plan participants and issued/tabulated by an independent research firm. The Board was pleased with the strong response – almost 20%, or over 6,200 participants, returned their survey forms. The results suggested that participants are interested in learning more about potential new services, but are skeptical of any that might result in mandatory additional costs. On one of the most fundamental questions, when asked to indicate a preference for more services vs. keeping Plan costs lower, participants resoundingly came down on the side of lower costs (Fig. 1).



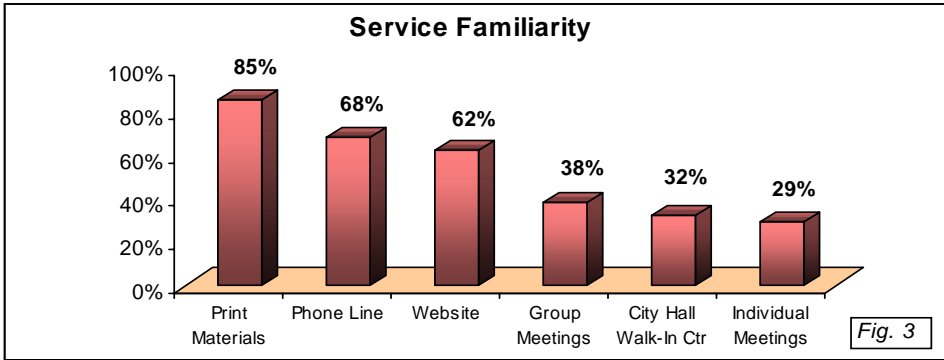
Satisfaction - In general, participants displayed broad satisfaction with the program, its investment options and services (Fig. 2). Higher neutral ratings on Plan services suggested some participants are unfamiliar with all the resources available to them under the Plan, particularly in-person counseling and group education.

- Overall, how satisfied are you with the Deferred Compensation Plan offered by the City of Los Angeles?
- How satisfied are you with the investment options offered under the City's Deferred Compensation Plan?
- How satisfied are you with the services (such as walk-in centers and telephone help line) available to educate you about and assist you with the City's Deferred Compensation Plan?

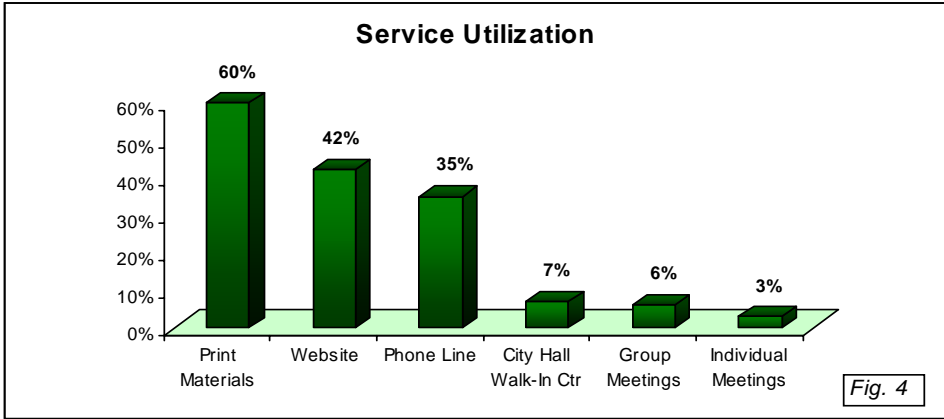


Current Services – The survey asked several questions regarding familiarity, usage and preference for certain key services made available by the Plan (Figs. 3-5). For each of these, participants appear to prefer the website, printed materials and the toll-free phone line as sources of information.

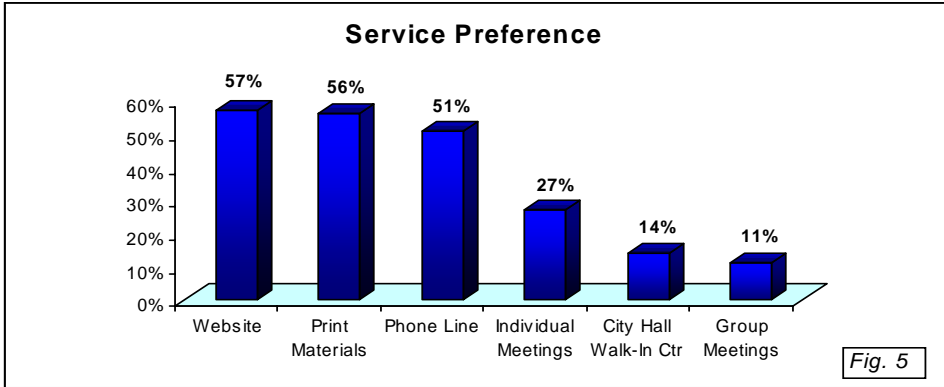
Prior to receiving the survey, how familiar were you with the following Deferred Compensation Plan services? (check all that apply)



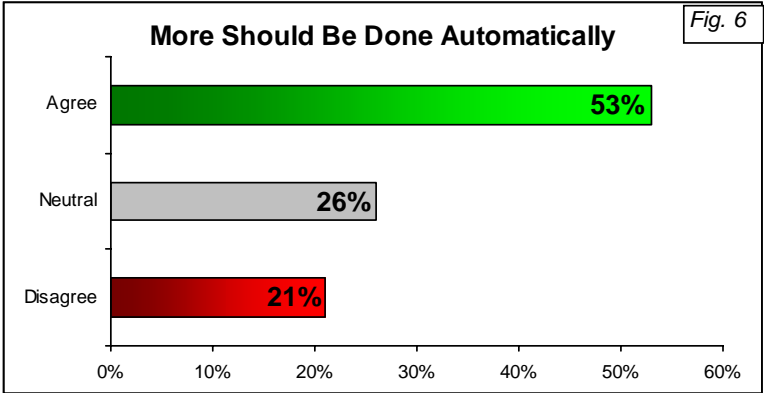
What Deferred Compensation Plan services have you used in the last 12 months? (check all that apply)



What services do you prefer to use to get information about or conduct business relating to your Deferred Compensation Plan? (select up to 3 preferred sources)

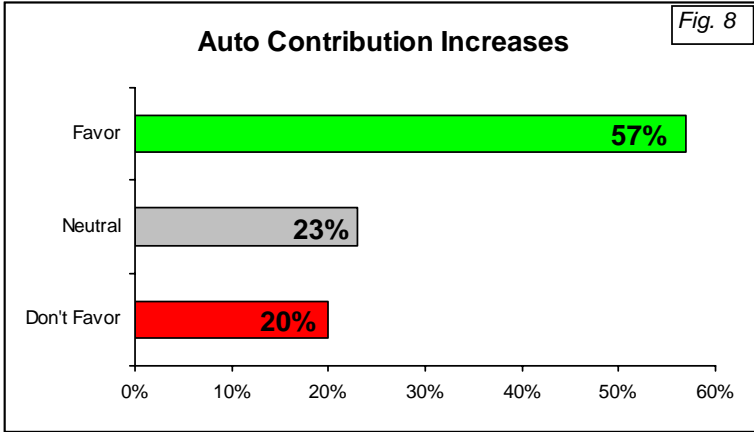
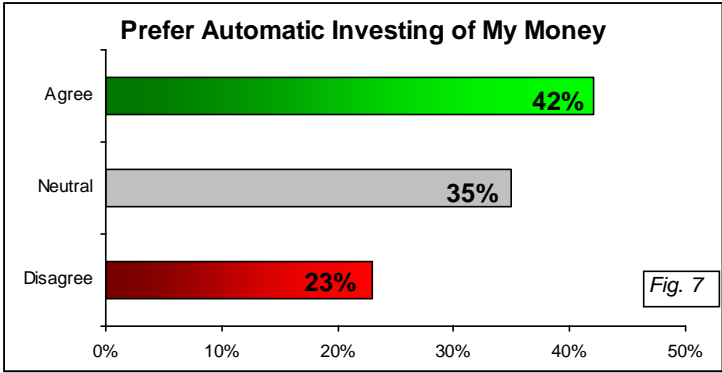


Automated and Advice Services – Participants indicated support for certain automated services to assist in management of their accounts. Those services enjoying the widest support included automatic investment increases and automatically diversified investment products.



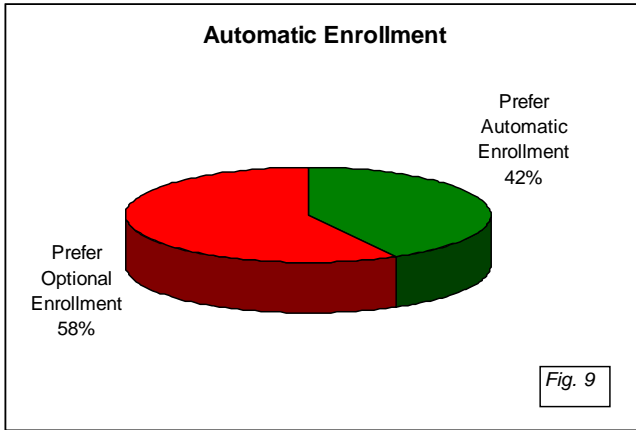
I think more should be done automatically for City employees to help them save for retirement so that employees don't have to try to become investment experts themselves.

I would like having the Plan automatically invest my money in a broadly diversified mix of stocks, bonds and savings options consistent with my chosen level of risk.



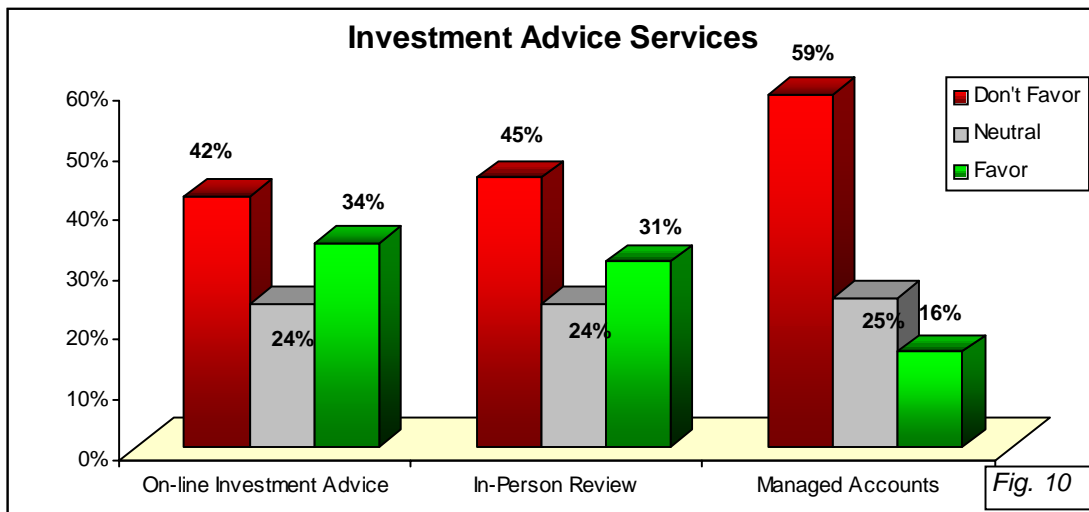
Assuming there is no charge for this service, I would value being able to sign up for automatic increases in my Plan contribution amounts at pre-set intervals (i.e. annually based on an amount I have chosen).

Automated and Advice Services (continued) – Participants were more skeptical of new automated services such as automatic enrollment, as well as various options for obtaining investment advice/ managed account services.

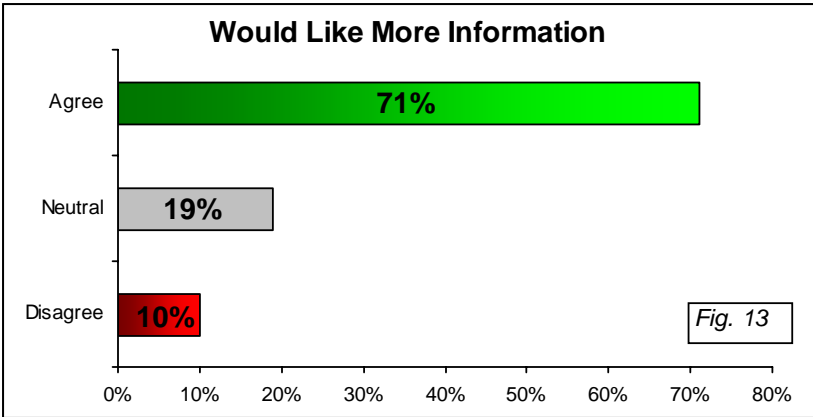
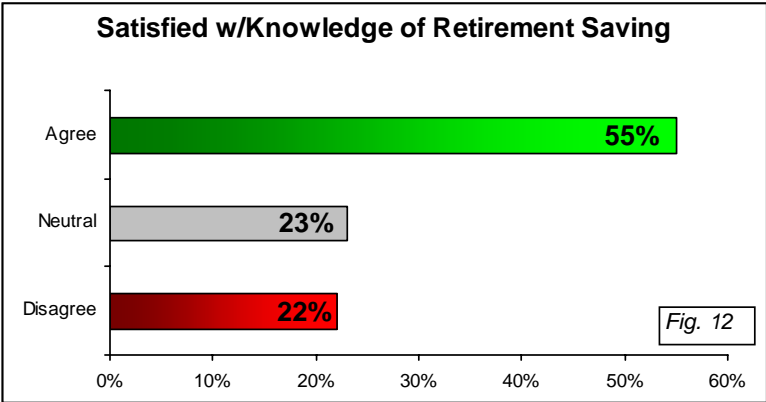
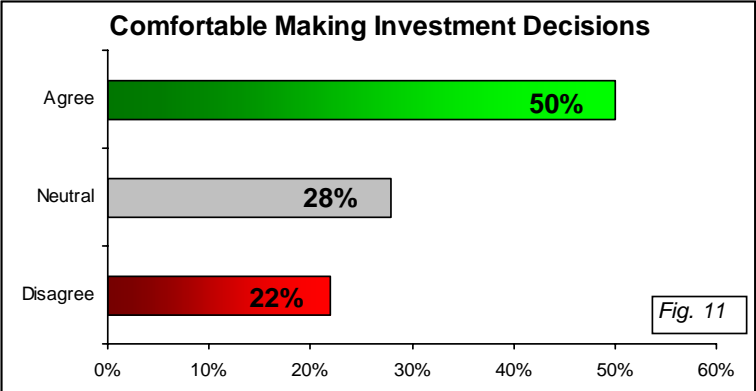


I believe it would be better for City employees if they (select only one): (a) were enrolled in the Plan by the City automatically when they first came to work at a minimum amount of \$15 per payday, with the ability to “opt out” if they choose; or (b) are enrolled only when the participant actively chooses to start making contributions (as is the case today).

- At \$25-\$75 per participant per year, for those who want the service, I would be interested in receiving Investment Advice (such as through an online investment preferences questionnaire with personalized results).
- At \$100-\$150 per participant per year, for those who use the service, I would be interested in receiving an In-Person Review of my Plan balance and allocation strategy.
- At 3/4%-1% of my account balance per year or about \$225-\$300 for an account balance of \$30,000, for those who use the service, I would be interested in having Managed Account services for my Deferred Compensation Plan investments.



Comfort Level w/Investment Decision-Making – The survey may have indicated some ambivalence regarding investment decision-making. While most participants responded that they were satisfied with their knowledge of retirement saving and comfortable making their own investment decisions, by a wide margin they also indicated a desire for more information (Figs. 11-13).



Next Steps - The Board will continue studying the survey results for the purpose of making future decisions regarding Plan services and designing education and outreach strategies. The Board will also be issuing future surveys on investment choices and other features of the Plan. As always, participants are encouraged to provide their ideas and suggestions to the Board and its staff at any time. Comments should be directed to program manager Steven Montagna at the Employee Benefits Division, Mail Stop #624, 200 N. Spring Street Room 867, Los Angeles CA 90012; or via e-mail at smontagna@per.lacity.org.