

YOUR RETIREMENT

AT YOUR SERVICE.



457/401(a) Plan Enhancements

COUNTY OF SAN MATEO

DEFERRED COMPENSATION PLAN



MassMutual RetireSMARTSM

This notice is being sent to you to advise you of important upcoming enhancements to the County of San Mateo 457 Deferred Compensation Plan and 401(a) Agile Employee Plan (“the Plans”). Following an extensive review by the County’s Deferred Compensation Committee, it was decided to change the Plans’ investment line-up and service offering to the MassMutual RetireSMARTSM program. The County is committed to providing you with a convenient and cost-effective way to save for your retirement.

MassMutual’s RetireSMARTSM program is a holistic approach designed to motivate participants to make smarter financial decisions and take appropriate actions to maximize your retirement success. New features in the RetireSMARTSM program may help you reach your retirement goals, including:

- The overall cost to administer the Plans is being reduced by modifying the fee structure using a process called “fee equalization”
- Transitioning to a registered mutual fund line-up that will make following your investments easy and straightforward
- New RetireSmartSM participant website with updated tools and resources, accessed via www.viewmyretirement.com/sanmateocounty.

What is changing?

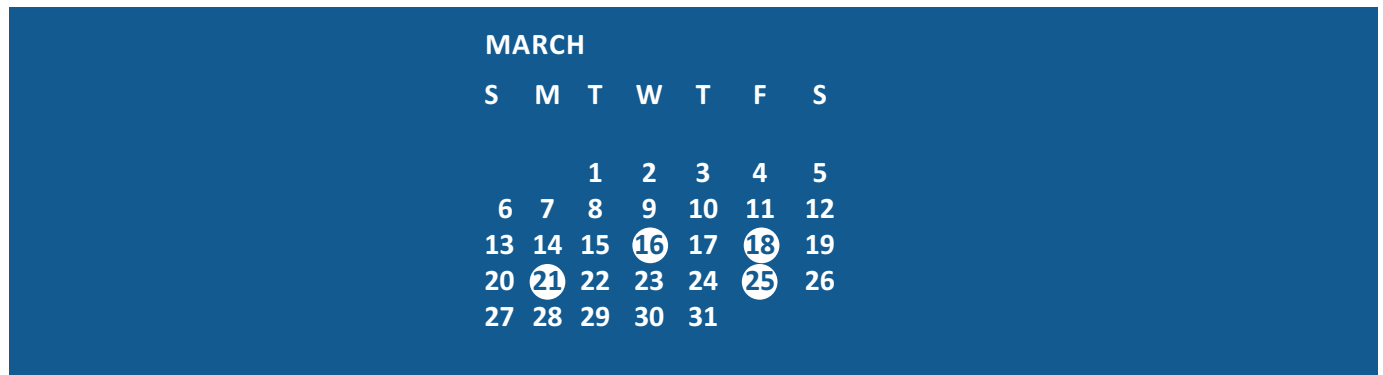
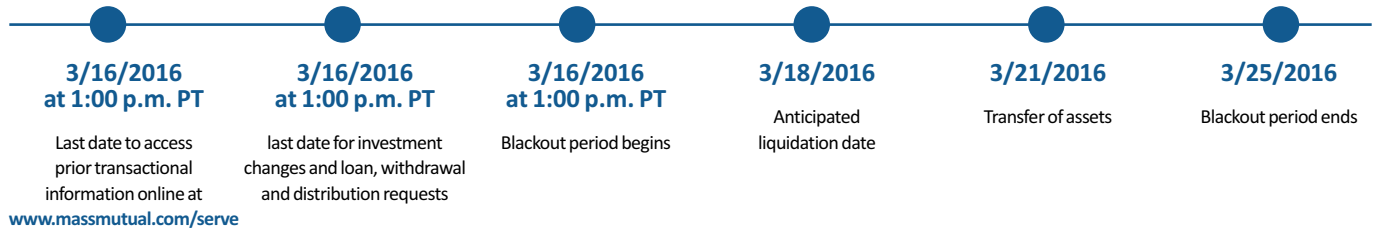
- **New Investment Line-Up** – New investment options will be added to the Plans and some current investment options will be discontinued from the Plans. In accordance with the Deferred Compensation Committee’s Investment Policy Statement, the new investment options will be lower in cost. As explained on the following pages, current investment options will be automatically transferred, or “mapped,” to the same or to similar funds.
- **Reporting Terminology** – Your account is currently reported in units and unit prices. In the MassMutual RetireSMARTSM program, it will be reported in shares and share prices. This is helpful because you will now be able to track your investments in the newspaper or on the internet. The number of shares you own may be different than the number of units you previously owned. This change will not affect your account balance in any way.
- **Personal Rate of Return** – The personal rate of return refers to the year-to-date return of your particular investment portfolio. That rate-of-return will restart after the transition to the new program. Example, even if you had a 1% rate of return year-to-date in the old platform, you will see a 0% return reflected on the new system as of March 21, 2016. The 1% will still be reflected in your account balance, and your personal rate of return will re-start in the new system on March 21, 2016. Historical performance for each of the investment options is available online via www.viewmyretirement.com/sanmateocounty.



Mark your CALENDAR

For important dates.

Critical Dates



The dates on the timeline are for planning purposes but are subject to change.

Between March 16, 2016 and March 25, 2016 your account will be frozen while we complete the transition to the registered mutual fund platform. During this time, you will not be able to initiate transactions in your account. This is called a “blackout period.”

You don’t have to do anything and your account will automatically transfer into the new investment options. You will have full access to your account when the blackout ends on March 25, 2016. If you have current loan(s), they will transfer as well. The “See How your Money is Moving” section has additional details. Your account will be invested during the blackout period except during the time your assets are transferred to the new investment options. It is very important you review and consider the appropriateness of your current investments in light of your inability to direct or diversify those investments during the blackout period. For your long-term retirement security, you should give careful consideration to the importance of a well-balanced and diversified investment portfolio, taking into account all your assets, income and investments. But, if you want to make investment changes, request a withdrawal or take a loan before the blackout period begins, review the calendar for key dates.

If you have a balance in the Self Directed Brokerage Account, as you review your current investment mix, keep in mind individual securities may have wider price swings up and down, in shorter periods of time, than diversified investments. Stocks that have wider price swings could experience losses during the blackout period.



See how your MONEY IS MOVING

Your plan assets and investment selection percentages (which determines how future contributions are invested) will transfer automatically to the new investment options. MassMutual is scheduled to liquidate your current plan assets on March 18, 2016 and transfer them to the registered mutual fund platform on March 21, 2016. MassMutual will reinvest them into the Plans' new investment options as outlined below.

Current Investment Options Transferring to New Investment Options

Fixed Account	▶	Core Bond SAGIC*
Bank of the West	▶	Bank of the West
PIMCO Real Return	▶	PIMCO Real Return
PIMCO Total Return	▶	PIMCO Total Return
Loomis Sayles Bond	▶	Loomis Sayles Bond
Oppenheimer International Bond	▶	Oppenheimer International Bond
American Funds American Mutual	▶	American Funds American Mutual
Hartford Dividend and Growth	▶	American Funds American Mutual
SSgA S&P 500 Index	▶	Vanguard Inst Index*
Parnassus Core Equity Fund	▶	Parnassus Core Equity Fund
Vanguard Total Stock Market Index	▶	Vanguard Total Stock Market Index
American Funds Fundamental Invs	▶	American Funds Fundamental Invs
Hartford Capital Appreciation	▶	American Funds Fundamental Invs
American Funds Growth Fund of America	▶	American Funds Growth Fund of America
Franklin Growth	▶	American Funds Growth Fund of America
Artisan Mid Cap Value	▶	American Century Mid Cap Value*
SSgA Mid Cap Index	▶	Vanguard Mid Cap Index*
Prudential Jenison Mid Cap Growth	▶	MassMutual Select Mid Cap Gr Eq II I*
SSgA Small Cap Index	▶	Vanguard Small Cap Index*
Columbia Small Cap Core	▶	Vanguard Small Cap Index*
Barron Small Cap Retail	▶	Wells Fargo Advantage Small Co Growth*
Royce PA Mutual	▶	Wells Fargo Advantage Small Co Growth*
Invesco Small Cap Discovery	▶	Wells Fargo Advantage Small Co Growth*
American Funds Europacific Growth	▶	American Funds Europacific Growth
American Funds Capital World Growth & Income	▶	American Funds Capital World Growth & Income
Oppenheimer Developing Mkts	▶	Oppenheimer Developing Mkts
MFS Utilities Fund	▶	MFS Utilities Fund
Hartford Healthcare	▶	Hartford Healthcare
Invesco Real Estate	▶	Invesco Real Estate
American Century Strategic Allocation Conservative	▶	Vanguard Target Retirement 2015
American Century Strategic Allocation Moderate	▶	Vanguard Target Retirement 2025
American Century Strategic Allocation Aggressive	▶	Vanguard Target Retirement 2035
Oakmark Equity & Income	▶	Oakmark Equity & Income
Vanguard Target Retirement Income	▶	Vanguard Target Retirement Income
Vanguard Target Retirement 2015	▶	Vanguard Target Retirement 2015
Vanguard Target Retirement 2025	▶	Vanguard Target Retirement 2025
Vanguard Target Retirement 2035	▶	Vanguard Target Retirement 2035
Vanguard Target Retirement 2045	▶	Vanguard Target Retirement 2045

* With the program upgrade, there is an opportunity to make investment changes. These investments will be new to the Plans.

Additional New Options

These funds will also be offered in addition to the funds shown above.

- Vanguard Total Bond Market Index
- MassMutual Premier High Yield
- JP Morgan Small Cap Value

- Vanguard Developed Markets Index
- Vanguard Target Retirement 2055

Get ANSWERS

Help is just a click or call away:

► **For questions related to the transition or the timeline**

Call MassMutual at **1-877-474-5016** from 5 a.m. to 6 p.m. PT and reference Contract #61869.

► **To make any changes prior to March 16, 2016**

Call MassMutual at **1-800-528-9009** or log on to **www.massmutual.com/serve**.

► **To make any changes after March 25, 2016**

Call MassMutual at **1-800-743-5274** or log on to **www.viewmyretirement.com/sanmateocounty**.

► **Education Meetings:**

Informational education sessions will be held at the following times and locations. We encourage you to attend a session to learn more about the transition!

Date	Time	Location
March 1, 2016	12:00 p.m. – 1:00 p.m.	Redwood City Board of Chambers – 400 County Center, Redwood City, CA 94063
March 2, 2016	8:00 a.m. – 9:00 a.m.	Belmont, Montara Room – 1 Davis Drive, Belmont, CA 94002
March 2, 2016	1:00 p.m. – 2:00 p.m.	Redwood City, Room 402 – 455 County Center, Redwood City, CA 94063
March 3, 2016	7:00 a.m. – 8:00 a.m.	San Mateo Medical Center, Classroom 1 – 225 W. 37th Avenue, San Mateo, CA 94403
March 3, 2016	12:00 p.m. – 1:00 p.m.	South San Francisco Conference Room – 1024 Mission Road, South San Francisco, CA 94080
March 4, 2016	8:00 a.m. – 9:00 a.m.	San Mateo, Probation Bldg, Small Training Room – 222 Paul Scannell, Drive San Mateo, CA 94402
March 4, 2016	2:00 p.m. – 3:00 p.m.	San Mateo, Probation Bldg, Small Training Room – 222 Paul Scannell, Drive San Mateo, CA 94402
March 7, 2016	7:00 a.m. – 8:00 a.m.	San Mateo Medical Center, Classroom 2 – 222 W. 39th Avenue, San Mateo, CA 94403
March 7, 2016	12:00 p.m. – 1:00 p.m.	San Mateo, Health Systems Bldg, Room 100 – 225 W. 37th Avenue, San Mateo, CA 94403
March 7, 2016	3:00 p.m. – 4:00 p.m.	San Mateo, Probation Bldg, Small Training Room – 222 Paul Scannell Drive, San Mateo, CA 94402
March 8, 2016	12:00 p.m. – 1:00 p.m.	Redwood City, Room 402 – 455 County Center, Redwood City, CA 94063
March 8, 2016	2:00 p.m. – 3:00 p.m.	San Mateo Medical Center, Classroom 2 – 222 W. 39th Avenue, San Mateo, CA 94403
March 9, 2016	12:00 p.m. – 1:00 p.m.	South San Francisco Conference Room – 1024 Mission Road, South San Francisco, CA 94080
March 10, 2016	12:00 p.m. – 1:00 p.m.	Redwood City, Room 405 – 455 County Center, Redwood City, CA 94063
March 11, 2016	8:00 a.m. – 9:00 a.m.	San Mateo, Probation Bldg, Small Training Room – 222 Paul Scannell Drive, San Mateo, CA 94402
March 11, 2016	12:00 p.m. – 1:00 p.m.	San Mateo, Health Systems Bldg Room 100 – 225 W. 37th Avenue, San Mateo, CA 94403
March 11, 2016	3:00 p.m. – 4:00 p.m.	San Mateo, Probation Bldg, Small Training Room – 222 Paul Scannell Drive, San Mateo, CA 94402
March 15, 2016	12:00 p.m. – 1:00 p.m.	Webinar, access using the following link: http://bit.ly/1Ue50c

Account Access Information.

After the blackout period has ended on March 25, 2016, log on to MassMutual’s participant website via www.viewmyretirement.com/sanmateocounty and select “Login” followed by “Create Account” on the next page to create your User ID and Password. You will also use this Password on the voice response phone system. Then, you can access your account, learn more about your investment options, take an online risk quiz to help determine what investment strategy is right for you and more – all to help you RetireSmartSM.

RISK DISCLOSURES FOR CERTAIN ASSET CATEGORIES – PLEASE NOTE THAT YOUR PLAN MAY NOT OFFER ALL OF THE INVESTMENT TYPES DISCUSSED BELOW.

Please consider an investment option's objectives, risks, fees and expenses carefully before investing. This and other information about the investment option can be found in the applicable prospectuses or summary prospectuses, if any, or fact sheets for the investment options listed, which are available from your plan sponsor, the participant web site at www.retiresmart.com, or by contacting our Participant Information Center at 1-800-743-5274 between 8:00 a.m. and 9:00 p.m. ET, Monday through Friday. Please read them carefully before investing.

If a retirement plan fully or partially terminates its investment in the Guaranteed Interest Account (GIA), SF Guaranteed, Fixed Interest Account or SAGIC investment options, the plan receives the liquidation value of its investment, which may either be more or less than the book value of its investment. As a result of this adjustment, a participant's account balance may be either increased or decreased if the plan fully or partially terminates the contract with MassMutual.

Money market investments are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although these investments seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market option.

Generally target retirement date (lifecycle) investment options are designed to be held beyond the presumed retirement date to offer a continuing investment option for the investor in retirement. The year in the investment option name refers to the approximate year an investor in the option would plan to retire and likely would stop making new contributions to the investment option. However, investors may choose a date other than their presumed retirement date to be more conservative or aggressive depending on their own risk tolerance.

Target retirement date (lifecycle) investment options are designed for participants who plan to withdraw the value of their accounts gradually after retirement. Each of these options follows its own asset allocation path ("glide path") to progressively reduce its equity exposure and become more conservative over time. Options may not reach their most conservative allocation until after their target date. Others may reach their most conservative allocation in their target date year. Investors should consider their own personal risk tolerance, circumstances and financial situation. These options should not be selected solely on a single factor such as age or retirement date. Please consult the prospectus (if applicable) pertaining to the options to determine if their glide path is consistent with your long-term financial plan. Target retirement date investment options' stated asset allocation may be subject to change. Investments in these options are not guaranteed and you may experience losses, including losses near, at, or after the target date. Additionally, there is no guarantee that the options will provide adequate income at and through retirement.

Risks of investing in bond and debt securities investments include the risk that a bond issuer will default by failing to repay principal and interest in a timely manner (credit risk) and/or the risk that the value of these securities will decline when interest rates increase (interest rate risk).

Risks of investing in inflation-protected bond investments include credit risk and interest rate risk. Neither the bond investment nor its yield is guaranteed by the U.S. Government.

High yield bond investments are generally subject to greater market fluctuations and risk of loss of income and principal than lower yielding debt securities investments.

Investments in value stocks may remain undervalued for extended periods of time, and the market may not recognize the intrinsic value of these securities.

Investments that track a benchmark index are professionally managed investments. However, the benchmark index itself is unmanaged and does not incur fees or expenses and cannot be purchased directly for investment.

Investments in growth stocks may experience price volatility due to their sensitivity to market fluctuations and dependence on future earnings expectations.

Investments in companies with small or mid market capitalization ("small caps" or "mid caps") may be subject to special risks given their characteristic narrow markets, limited financial resources, and less liquid stocks, all of which may cause price volatility.

International/global investing can involve special risks, such as political changes and currency fluctuations. These risks are heightened in emerging markets. Participants must submit purchase transactions for global and international investment options before 2:30 p.m. ET in order to receive that day's price. Other trading restrictions may apply. Please see the investment's prospectus for more details.

A significant percentage of the underlying investments in aggressive asset allocation portfolio options have a higher than average risk exposure. Investors should consider their risk tolerance carefully before choosing such a strategy.

An investment with multiple underlying investments (which may include RetireSmartSM and any other offered proprietary or non-proprietary asset-allocation, lifestyle, lifecycle or custom blended investments) may be subject to the expenses of those underlying investments in addition to those of the investment itself.

Investments may reside in the specialty category due to 1) allowable investment flexibility that precludes classification in standard asset categories and/or 2) investment concentration in a limited group of securities or industry sectors). Investments in this category may be more volatile than less-flexible and/or less-concentrated investments and may be appropriate as only a minor component in an investor's overall portfolio.

Participants with a large ownership interest in a company or employer stock investment may have the potential to manipulate the value of units of this investment option through their trading practices. As a result, special transfer restrictions may apply. This type of investment option presents a higher degree of risk than diversified investment options under the plan because it invests in the securities of a single company.

Investments that invest more of their assets in a single issuer or industry sector (such as company stock or sector investments) involve additional risks, including unit price fluctuations, because of the increased concentration of investments.

A participant will be prohibited from transferring into most mutual funds and similar investments if they have transferred into and out of the same investment within the previous 60 days. Certain stable value, guaranteed interest, fixed income and other investments are not subject to this rule. This rule does not prohibit participants from transferring out of any investment at any time.

Excessive Trading Policy: MassMutual strongly discourages plan participants from engaging in excessive trading. The MassMutual Excessive Trading Policy helps protect the interests of long-term

investors like you. If you would like to view the MassMutual Excessive Trading Policy, please visit , MassMutual's participant Web site at www.retiresmart.com. In addition, you cannot transfer into any investment options if you have already made a purchase followed by a sale (redemption) involving the same investment within the last sixty days. You may not request a transfer into certain international options between 2:30 and 4 p.m. ET of each business day.

This transition notice describes changes that we are making to the plan's investment options. As a result, these changes will alter how your account is invested after the effective date of the change. The new investment options that were selected to replace the existing investment options have characteristics, including level of risk and rate of return, that are reasonably similar to the characteristics of the existing investment options. You either have, or in the near

future will, receive profiles for all of the investment options that will provide you with comparable information for the existing and new investment options. With this information, you will be able to decide whether you want to have the existing investments in your account automatically transferred to the new investment options. If you do not want to invest in the comparable new investment options, then the Transition Notice explains how you can make changes to the investment of your account prior to the transition. If you have previously exercised control over the investment of your account and you do not provide affirmative investment instructions contrary to the change prior to the effective date of the change, you will be treated as having affirmatively elected to invest your account in the new investment options.

RetireSmartSM is a registered service mark of MassMutual.



**SAN MATEO COUNTY
DEFERRED COMPENSATION COMMITTEE
AGENDA – FEBRUARY 18, 2016 (9:00 AM– 12:00 PM)
455 COUNTY CENTER, 4th Floor- Room 402)**

<p>DEFERRED COMPENSATION COMMITTEE Donna Vaillancourt, Chair Lillibeth Dames Joe Demeo John Kovach Glenn Kulm Bridget Love Steve Perry Michael Wentworth David Whisman</p>	<p>SUPPORT Bill Tugaw Paul Hackleman Bob Gleason Andee Nusaath Ed Riley Lisa Okada Marife Ramirez Jay Castellano</p> <p>SST Benefits SST Benefits MassMutual MassMutual MassMutual County Staff County Staff County Staff</p>
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CALL TO ORDER

1. Review / Approve Minutes of November 19, 2015 Regular Meeting

ACTION/DECISION ITEMS

2. SST Portal Updates / Downloading Agenda Items – Marife
3. Status Update – Transition Process – Bob and Jay
 - Conference Call Schedule
 - Timeline
 - Transition Brochure
 - Committee Member Participation?
 - Educational Meetings
 - Other Communication
 - Feedback from Participants
 - Auto Enroll Feature
4. Investment Policy Review – Scheduled for August, 2016 (Information Only)
5. Retirement Specialist Recruitment Update (MassMutual / Sub-Committee)
6. Quarterly Plan Summary Review / Proposed Format May, 2016 (MassMutual)



7. Education Policy Changes (MassMutual)
8. Consultant Review – Status Update (Jay)
9. NAGDCA Attendees / Awards Consideration

INFORMATIONAL ITEMS

10. Legislative Update (SST / MassMutual)
11. Other Issues

May 19, 2016

- Plan summary information
- Finalize NAGDCA conference attendees
- Provider Performance Review (2017)
- Mass Mutual Annual Plan Review
- Qualified Default Investment Options
- Survey of Transition Satisfaction

August 18, 2016

- SST Investment Review
- Review Q2 plan summary information
- Discussion of Survey Results
- Investment Policy Review
- Investment Performance Review

November 3, 2016

- Q3 Investment Review
- Annual consultant performance review
- Fee Disclosure Responsibilities / Fee Equalization
- Development of 2017 Education Plan

February , 2017

- Q4 Investment Review
- Education Policy Review
- General Fund and Fee Review
- Final Education for Committee and Participants



EDUCATION POLICY STATEMENT

FOR THE

457(b) DEFERRED COMPENSATION PLAN

SAN MATEO COUNTY

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INTRODUCTION

Background

The County of San Mateo (“Plan Sponsor”) offers to all eligible employees a Deferred Compensation Program (“Program”) through a 457(b) Plan (“Plan”). The Plan Sponsor seeks to comply with the Internal Revenue Code section 457(b) and other applicable laws and regulations.

The Plan Sponsor recognizes the vital role of education for both plan fiduciaries (Boards, Councils, Committees, plan administrators and support staff) and plan participants. The details of educational programs are divided into two parts: Part 1 covers the duties and responsibilities for **fiduciary education**. Part 2 covers the duties and responsibilities for **participant education**.

The Education Policy Statement (“Policy”) is based on established ERISA and state regulatory requirements and industry best practices regarding both Plan Sponsor and Provider responsibilities for education. The Policy is intended to aid Plan Sponsors in meeting fiduciary and other responsibilities pertaining to the Plan.

Purpose

The purpose of this Education Policy Statement is to document the procedures demonstrating “care, skill, prudence and diligence” that will be used by the Plan Sponsor in the selection and monitoring of educational programs for the Plan fiduciaries in Part 1 and participants in Part 2.

The Policy intends to establish procedures for the identification, communication and evaluation of educational programs to allow participants to make informed decisions regarding their retirement planning, investments and distributions. Further, the Policy intends to establish educational programs to allow fiduciaries to fulfill their fiduciary due diligence responsibilities in managing the Plan.

PART 1: EDUCATION POLICY – DECISION-MAKERS

1.1 Intent

For plan fiduciaries and staff, it is the assertion of this Policy that the Plan Sponsor and Provider must:

- Acknowledge that it is critically important that fiduciaries make informed judgments on all matters which come before them.
- Understand the primacy of all actions for the benefit of plan participants and their beneficiaries.
- Adopt the types of objectives and procedures for plan participants as stated in Part 2 of this Policy.
- Offer regular, recurring educational programs to fiduciaries and staff that cover plan compliance, legislative and regulatory activities, fund selection and monitoring, and “best practices” in operational standards.
- Encourage fiduciaries to participate to the fullest extent possible in educational activities provided by recognized associations and institutes for defined contribution plans.
- Establish and make a commitment to ongoing funding for internal and external educational programs as appropriate for the Plan.
- Develop an annual plan of scheduled educational programs for fiduciaries and staff.
- Expressly focus attention on new fiduciaries and staff to assure they know and understand their fiduciary roles.
- Establish mutually agreeable performance standards for the delivery of education to fiduciaries and staff.

1.2 Objectives of Fiduciary Education

The goal of fiduciary education is to assure that all trustees and support staff understand their fiduciary and due diligence responsibilities in the actions they take on behalf of plan participants and their beneficiaries. The objectives of fiduciary education are to:

- Assure that new fiduciaries and staff receive comprehensive education covering all of their responsibilities.
- Especially for Investment Performance review, assure that fiduciaries and staff understand basic fund evaluation methodology, fund objectives and characteristics and appropriate benchmarks.
- Increase fiduciary awareness of national best practices in plan monitoring, especially in educational programs available to plan participants.

- Understand and help shape plan review content and frequency.
- Incorporate essential performance standards and financial guarantees into all requests for proposals and renegotiation of services by Providers.
- Supply sufficient communication of information and education.
- Wherever possible, screen and participate in the types of education programs offered to participants (e.g. education, guidance and advice services, basic Provider education programs).

1.3 Types of Educational Programs.

Below are a series of categories and types of information provided in education to fiduciaries. These categories and informational types are meant to be illustrative, not exhaustive.

- For new fiduciaries, a comprehensive review of basic plan features, documents (e.g. Plan Document, Investment Policy Statement, Education Policy Statement, By-Laws, Reserve Policy) forms, past fiduciary actions (prior year of minutes).
- Detailed review and understanding of charts / graphs used in Provider or third-party fund performance reviews.
- Detailed review and understanding of performance standards and guarantees used in Provider performance reviews.
- Familiarity with plan participant education, guidance and advice services,
- Understanding special plan responsibilities, even if the task is outsourced, covering unforeseen emergencies, catch up provisions (both 50+ and traditional), loan options, domestic relation orders and Roth options.
- Awareness of rollover options and strategies for encouraging plan participants to remain in the plan after retirement.
- Coordination of defined benefit and defined contribution assets to influence both asset allocation strategies as well as retirement objectives.
- Use of outside educational programs such as the National Association of Defined Contribution Administrators (NAGDCA), International Foundation of Employee Benefit Plans (IFEBC), International Foundation of Retirement Education (InFRE).

1.4 Process for Reviewing Education Objectives

At least annually, the Plan Sponsor will review the Education Policy Statement and identify upcoming education based on Plan Sponsor priorities. The Plan Sponsors will determine the frequency of fiduciary education with the intent of having short education modules frequently and broader, more comprehensive education at least periodically.

PART 2: EDUCATION POLICY – PLAN PARTICIPANTS

2.1 Intent

For plan participants, it is the assertion of this Policy that the Plan Sponsor and Provider must:

- Acknowledge that the purpose of education is to enable participants to make self-interested, informed decisions regarding their retirement planning and security.
- Offer regular, recurring educational programs and services to plan participants that incorporate basic plan information as well as investment guidance and advice.
- Make Certified Financial Planning services available to participants, especially those near or in retirement.
- Tailor educational content to participants in different agencies / departments or at various stages in their life / career (from early employment through retirement).
- Utilize diverse mediums and formats (face-to-face, print, electronic and internet) to maximize participant education.
- Develop an annual plan of scheduled educational programs to meet the diverse needs of plan participants.
- Communicate to plan participants, at least annually, the content and schedule of upcoming educational programs.
- Evaluate educational programs primarily based on participant satisfaction but also considering other behavioral impacts including: plan participation, contribution, diversification, rebalancing and distribution management.
- Establish mutually agreeable performance standards for the delivery of participant education.

2.2 Plan Objectives

The goal of the Program is to provide all employees with a comprehensive, prudently managed voluntary retirement savings program. The Plan objectives are the following:

- The Plan is established for the exclusive benefit of the participants and their beneficiaries.
- The Plan is a vehicle through which eligible employees and participants may accumulate assets to provide for a portion of their retirement needs.
- The Plan seeks to provide a broad range of educational programs recognizing participants' diverse demographics and their differing retirement objectives.
- The Plan will assure that investment guidance and advice programs are readily available with no or reasonable cost to plan participants. Ideally, the range of programs will allow participants to manage their own investments without

assistance, to manage their own investments with assistance or to have their investments managed entirely by a designated Provider of services to the plan.

- The Plan will regularly, at least annually, review its educational policies, educational curriculum, performance standards and procedures to assure that strong and effective strategies for plan participants are represented.

2.3 Duties and Responsibilities

The Plan Sponsor must identify individuals responsible for carrying out Plan duties. Typically, the Plan Sponsor will appoint a Deferred Compensation Committee (“Committee”), whose general duties and responsibilities for Plan participant education are as follows:

- Establish educational services offered by providers to plan participants.
- Require Provider adherence to this Education Policy.
- Develop education-specific Provider performance standards based on goals and financial guarantees that will be part of ongoing Provider evaluation.
- Review this Policy at least annually and recommend amendments to the Policy at any time to reflect changes in the procedures or to incorporate requirements based on new regulations and / or best practices.
- Approve annual educational topics, establish the schedule of on-site educational programs targeted to both current employees and retiree participants and assure that the programs are easily accessible by all plan participants.
- Identify multi-channel (i.e., electronic, one-to-one, printed, etc.) educational programs which are made available to participants.
- Provide input and approve ongoing communication / marketing of educational programs.
- Promote plan participant use of guidance and investment advice services.
- Encourage coordination of defined benefit and defined contribution information as well as other participant assets in order to achieve the most comprehensive development of asset allocation strategies.
- Establish and monitor, at least annually, the impact of educational programs on participant behavior including, but not limited to, the number of participants in the plan, total and average plan contributions, number of fund selections per participant, frequency of re-balancing by participants, and participant usage of different components of the educational program. Wherever possible, the identified information will be distinguished by gender, age and department / occupation.
- Assure that the Education Policy Statement is easily accessible by plan participants as appropriate.
- Although the Employee Retirement Income Security Act of 1974 (ERISA) does not apply to the Plan, the Committee intends to operate the Plan generally in conformance with ERISA 404(c).

2.4 Objective of Educational Programs

Each year, sufficient educational programs will be offered to cover the breadth of participant needs. The Plan Sponsor has deliberately chosen to organize individuals into targeted groups based on their next best step towards retirement success. The purpose of the education program is to help and encourage employees to save, save more and save smarter in preparation for spend-down in retirement. The five key goals are: sign-up, save, allocate, consolidate and retirement success. To ensure that the messaging resonates with the intended audience, most communications materials will be segmented by age group, gender and preferred communication medium (mail/email).

All education programs have been designed to elevate participant understanding about retirement and financial goals; as well as the financial impact of inertia when planning for retirement.

2.5 Types of Educational Information

Below are a series of categories and types of information provided in an educational program. These categories and informational types are meant to be illustrative, not exhaustive. The goal is to provide each participant and non-participant with at least one of the following campaigns on an annual basis that is based upon that individual's next best step towards reaching their retirement goal.

GOAL: Sign-Up

We will encourage those not yet participating to enroll in Deferred Comp.

Deliverables:

- Communications – Segmented by age (18 – 34, 35-54, 55+) and gender (Female/Male)
 - Target eligible employees not yet enrolled in the plan via their preferred medium (Mail/Email)
- On-Site Education – invite those who are eligible, not yet participating to attend:
 - Group enrollment seminars
 - 1 on 1 consultations
- Web-Ex Education
 - Enrollment seminar
- RetireSMART webinars
 - Emails and posters to promote our online seminar series
 - Example: Budgeting Your Way to Financial Success

GOAL: Save

We will encourage those not saving enough to increase their contributions.

Deliverables:

- Communications – Segmented by age (18 – 34, 35-54, 55+) and gender (Female/Male)
 - Target anyone saving less than 12% via their preferred medium (Mail/Email)
- On-Site Education – invite individuals in this demographic to attend:
 - Group seminars focusing on saving more
 - 1 on 1 consultations
- Web-Ex Education
 - Demonstrate the RetireSMART Ready Tool

- RetireSMART webinars
 - Emails and posters to promote our online seminar series
 - Example: Save More without BIG Sacrifices

GOAL: Allocate

We will encourage plan participants to diversify appropriately.

Deliverables:

- Communications - Segmented by age (18 – 34, 35-54, 55+) and gender (Female/Male)
 - Target anyone with less than 4 investment options, excluding those in an asset allocation (lifecycle/lifestyle) strategy via their preferred medium (Mail/Email)
- On-Site Education
 - Group seminars focusing on asset allocation and diversification
 - 1 on 1 consultations
- Web-Ex Education
 - Website demonstration highlighting how to review asset allocation and make appropriate changes
- RetireSMART webinars
 - Emails and posters to promote our online seminar series
 - Example: Finding an Investment Strategy in Uncertain Times

GOAL: Consolidate

Encourage participants to consolidate retirement accounts, when appropriate.

Deliverables:

- Communications - Segmented by age (18 – 34, 35-54, 55+) and gender (Female/Male)
 - Target anyone with less than 5 years of service who hasn't processed a roll-in from another plan via their preferred medium (Mail/Email)
- On-Site Education
 - Group seminars highlighting the potential benefits to consolidation
 - 1 on 1 consultations
- Web-Ex Education
 - Incorporate consolidation message into web-based seminars
- RetireSMART webinars
 - Emails and posters to promote our online seminar series
 - Example: Five Obstacles that Prevent Financial Success (and what you can do about them)

GOAL: Retirement Success

We will provide information to retirees to help them maximize their chances for retirement success.

Deliverables:

- Communications – Targeted to the retiree population
 - Provide helpful tips on topics such as diversification in retirement and making your retirement income last
- On-Site Education – specifically invite this demographic to attend:
 - 1 on 1 consultations
- Web-Ex Education
 - Demonstrate the RetireSMART Income Planner
- RetireSMART webinars
 - Emails and posters to promote our online seminar series
 - Example: Social Security and Your Retirement

2.6 Disclosure of Fees and Charges for Educational Services

Educational services requiring payment of participant fees and charges must be fully disclosed to the Plan Sponsor and fiduciaries before services are made available to plan participants.

In addition, participant fees and charges for educational services must be disclosed to all participants at enrollment and at any other time as appropriate.

2.7 Communication to Participants

Information about education programs and services will be made available to Plan participants. The Plan Sponsor will communicate at least annually announcing the schedule of educational on-site programs, the schedule of Provider representative availability for individual participant appointments, website educational material and special support programs (covering guidance and advice services, managed account options and any other financial planning services). Communication will be delivered in such format(s) to reach the widest participant audience, as determined by the Plan Sponsor.

Chairperson, 457 Deferred Compensation Committee

Date

San Mateo County
Deferred Compensation Plan
4th Quarter Highlights
As of December 31, 2015

Overview

- Q4 2015: Total plan Value: \$352,258,525.36
- Q3 2015: Total plan Value: \$340,274,383.05
- Q2 2015: Total plan Value: \$352,857,047.08
- Q1 2015: Total plan Value: \$349,307,652.85
- Q4 2014: Total plan Value: \$341,783,806.24

- Q4 2015: Total participants who have an account balance: 5,288
- Q3 2015: Total participants who have an account balance: 5,202
- Q2 2015: Total participants who have an account balance: 5,099
- Q1 2015: Total participants who have an account balance: 5,008
- Q4 2014: Total participants who have an account balance: 4,843

- Q4 2015: Total employees who are eligible to participate: 5,498
- Q3 2015: Total employees who are eligible to participate: 5,443
- Q2 2015: Total employees who are eligible to participate: 5,331
- Q1 2015: Total employees who are eligible to participate: 5,415
- Q4 2014: Total employees who are eligible to participate: 5,407

- Q4 2015: Total participants who are actively contributing: 3,104 (56%)
- Q3 2015: Total participants who are actively contributing: 3,176 (58%)
- Q2 2015: Total participants who are actively contributing: 3,108 (58%)
- Q1 2015: Total participants who are actively contributing: 3,112 (57%)
- Q4 2014: Total participants who are actively contributing: 2,881 (53%)

Pre-Tax Contributions

- Q4 2015 Total participants who contribute to Pre-Tax only: 2,327
- Q3 2015 Total participants who contribute to Pre-Tax only: 2,385
- Q2 2015 Total participants who contribute to Pre-Tax only: 2,338
- Q1 2015 Total participants who contribute to Pre-Tax only: 2,376
- Q4 2014 Total participants who contribute to Pre-Tax only: 2,285

- Q4 2015 Total bi-weekly Pre-Tax contribution: \$575,671.61 (December 28, 2015)
- Q3 2015 Total bi-weekly Pre-Tax contribution: \$636,613.24 (September 18, 2015)
- Q2 2015 Total bi-weekly Pre-Tax contribution: \$630,240.10 (June 26, 2015)
- Q1 2015 Total bi-weekly Pre-Tax contribution: \$698,728.22 (March 20, 2015)
- Q4 2014 Total bi-weekly Pre-Tax contribution: \$556,246.62 (December 26, 2014)

- Q4 2015 Average bi-weekly Pre-Tax contribution amount: \$247.39 (max is \$692.30)
- Q3 2015 Average bi-weekly Pre-Tax contribution amount: \$266.92 (max is \$692.30)
- Q2 2015 Average bi-weekly Pre-Tax contribution amount: \$269.56 (max is \$692.30)
- Q1 2015 Average bi-weekly Pre-Tax contribution amount: \$294.08 (max is \$692.30)
- Q4 2014 Average bi-weekly Pre-Tax contribution amount: \$243.43 (max is \$673.07)

Deferred Compensation Plan
4th Quarter Highlights
Page 2

Roth Contributions

- Q4 2015 Total participants who contribute to Roth only: 284
- Q3 2015 Total participants who contribute to Roth only: 283
- Q2 2015 Total participants who contribute to Roth only: 257
- Q1 2015 Total participants who contribute to Roth only: 241
- Q4 2014 Total participants who contribute to Roth only: 200

- Q4 2015 Total bi-weekly Roth contribution amount: \$42,559.47 (December 28, 2015)
- Q3 2015 Total bi-weekly Roth contribution amount: \$45,202.40 (September 18, 2015)
- Q2 2015 Total bi-weekly Roth contribution amount: \$43,757.76 (June 26, 2015)
- Q1 2015 Total bi-weekly Roth contribution amount: \$44,395.82 (March 20, 2015)
- Q4 2014 Total bi-weekly Roth contribution amount: \$32,200.34 (December 26, 2014)

- Q4 2015 Average bi-weekly Roth contribution amount: \$149.86
- Q3 2015 Average bi-weekly Roth contribution amount: \$159.73
- Q2 2015 Average bi-weekly Roth contribution amount: \$170.26
- Q1 2015 Average bi-weekly Roth contribution amount: \$184.22
- Q4 2014 Average bi-weekly Roth contribution amount: \$161.00

Participants who contribute to both Pre-Tax and Roth

- Q4 2015 Total participants who contribute to both Pre-Tax and Roth: 493
- Q3 2015 Total participants who contribute to both Pre-Tax and Roth: 508
- Q2 2015 Total participants who contribute to both Pre-Tax and Roth: 513
- Q1 2015 Total participants who contribute to both Pre-Tax and Roth: 495
- Q4 2014 Total participants who contribute to both Pre-Tax and Roth: 396

- Q4 2015 Total bi-weekly contribution amount: \$116,025.99 (December 28, 2015)
- Q3 2015 Total bi-weekly contribution amount: \$120,832.04 (September 18, 2015)
- Q2 2015 Total bi-weekly contribution amount: \$120,030.17 (June 26, 2015)
- Q1 2015 Total bi-weekly contribution amount: \$113,263.25 (March 20, 2015)
- Q4 2014 Total bi-weekly contribution amount: \$78,011.67 (December 26, 2014)

- Q4 2015 Average bi-weekly contribution amount by participant: \$235.35
- Q3 2015 Average bi-weekly contribution amount by participant: \$237.86
- Q2 2015 Average bi-weekly contribution amount by participant: \$233.98
- Q1 2015 Average bi-weekly contribution amount by participant: \$228.81
- Q4 2014 Average bi-weekly contribution amount by participant: \$197.00

Total Contributions

- Q4 2015 Total participants who contribute: 3,104
- Q3 2015 Total participants who contribute: 3,176
- Q2 2015 Total participants who contribute: 3,108
- Q1 2015 Total participants who contribute: 3,112
- Q4 2014 Total participants who contribute: 2,881

Deferred Compensation Plan
4th Quarter Highlights
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- Q4 2014 Total bi-weekly contribution amount: \$734,257.07 (December 28, 2015)
- Q3 2014 Total bi-weekly contribution amount: \$802,647.68 (September 18, 2015)
- Q2 2014 Total bi-weekly contribution amount: \$794,028.03 (June 26, 2015)
- Q1 2015 Total bi-weekly contribution amount: \$856,387.29 (March 20, 2015)
- Q4 2014 Total bi-weekly contribution amount: \$666,458.63 (December 26, 2014)

- Q4 2015 Average bi-weekly contribution amount: \$236.55 (max is \$692.30)
- Q3 2015 Average bi-weekly contribution amount: \$252.72 (max is \$692.30)
- Q2 2015 Average bi-weekly contribution amount: \$255.48 (max is \$692.30)
- Q1 2015 Average bi-weekly contribution amount: \$275.19 (max is \$692.30)
- Q4 2014 Average bi-weekly contribution amount: \$231.33 (max is \$673.07)

- Q4 2015 Bi-weekly contribution by age (see below)

Age	less than \$10	\$10-\$24	\$25-\$49	\$50-\$74	\$75-\$99	\$100-\$200	More than \$200.00	TOTALS
<26	3	12	10	3	8	10	10	56
26-35	26	94	124	58	72	124	152	650
36-45	10	75	145	101	78	195	302	906
46-55	10	36	102	100	73	209	378	908
56-66	2	20	52	33	41	108	295	551
Over 66	0	0	2	2	1	7	21	33
	51	237	435	297	273	653	1,158	3,104

- Q3 2015 Bi-weekly contribution by age (see below)

Age	less than \$10	\$10-\$24	\$25-\$49	\$50-\$74	\$75-\$99	\$100-\$200	More than \$200.00	TOTALS
<26	3	9	6	3	7	12	10	50
26-35	25	96	126	63	77	110	150	647
36-45	14	70	141	114	83	207	315	944
46-55	10	35	101	101	67	202	407	923
56-66	1	20	53	32	41	107	322	576
Over 66	0	0	1	3	1	7	24	36
	53	230	428	316	276	645	1,228	3,176

- Q2 2015 Bi-weekly contribution by age (see below)

Age	less than \$10	\$10-\$24	\$25-\$49	\$50-\$74	\$75-\$99	\$100-\$200	More than \$200.00	TOTALS
<26	4	12	7	3	8	13	7	54
26-35	22	83	127	59	69	104	140	604
36-45	10	64	134	114	81	206	315	924
46-55	8	37	96	104	69	207	401	922
56-66	1	18	51	35	38	102	323	568
Over 66	0	0	0	3	1	7	25	36
	45	214	415	318	266	639	1,211	3,108

**Deferred Compensation Plan
4th Quarter Highlights
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➤ Q1 2015 Bi-weekly contribution by age (see below)

Age	less than \$10	\$10-\$24	\$25-\$49	\$50-\$74	\$75-\$99	\$100-\$200	More than \$200.00	TOTALS
<26	3	5	7	5	7	10	7	44
26-35	18	80	135	55	65	113	147	613
36-45	9	67	135	115	71	201	310	908
46-55	7	33	95	105	68	213	403	924
56-66	2	16	53	37	37	102	335	582
Over 66	0	1	0	4	2	8	26	41
	39	202	425	321	250	647	1,228	3,112

➤ Q4 2014 Bi-weekly contribution by age (see below)

Age	less than \$10	\$10-\$24	\$25-\$49	\$50-\$74	\$75-\$99	\$100-\$200	More than \$200.00	TOTALS
<26	4	7	7	4	6	10	8	46
26-35	21	83	103	57	48	118	125	555
36-45	13	68	132	109	63	193	265	843
46-55	7	30	95	112	55	195	370	864
56-66	5	15	48	38	35	111	287	539
Over 66	0	1	0	4	3	7	19	34
	50	204	385	324	210	634	1,074	2,881

Number of participants and percentage of all participants actively deferring who are deferring at or above \$692.30 (biweekly rate to max out in 2015)

- Q4 2015 – 341 out of 3,579 or 9.53% reached the maximum (\$18,000 and over, including those on 50+ and pre-retirement catch up based on participants with contributions in 2015)
- Q3 2015 – 344 out of 3,471 or 9.91% are on track to reach the maximum by year-end (based on participants with contributions in 2015)
- Q2 2015 – 353 out of 3,329 or 10.60% are on track to reach the maximum by year-end (based on participants with contributions in 2015)
- Q1 2015 – 345 out of 3,195 or 10.80%
- Q4 2014 - 337 out of 3,224 or 10.45% deferred the maximum (\$17,500 and over, including those on 50+ and pre-retirement catch)

***Loan Program**

- Q4 2015 Number of outstanding loans: 955
- Q3 2015 Number of outstanding loans: 820
- Q2 2015 Number of outstanding loans: 813
- Q1 2015 Number of outstanding loans: 801
- Q4 2014 Number of outstanding loans: 805

- Q4 2015 Amount of outstanding loans: \$7,892,695.65
- Q3 2015 Amount of outstanding loans: \$7,124,744.95
- Q2 2015 Amount of outstanding loans: \$7,049,924.09
- Q1 2015 Amount of outstanding loans: \$6,894,996.79
- Q4 2014 Amount of outstanding loans: \$6,703,273.84

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4th Quarter Highlights
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- Q4 2015 Average loan amount: \$8,264.60
- Q3 2015 Average loan amount: \$8,688.71
- Q2 2015 Average loan amount: \$8,671.49
- Q1 2015 Average loan amount: \$8,607.99
- Q4 2014 Average loan amount: \$8,327.05

* Loan Program statistics reported above no longer includes deemed distribution. Loan balance on Quarterly Plan Summary does include deemed distribution.

QDRO Reviewed and Processed

- YTD 2015: 1 QDRO processed in 2Q 2015 for \$137,479.39

SDBA

- Q4 2015: 49 participants, total balance: \$2,432,179.14; Average balance: \$49,636.31

Hardship Withdrawals

- Q4 2015: there were no requests.
- Q3 2015: 8 requests (5 approved; 3 denied) 1 participant was denied twice but subsequently approved when resubmitted during the same quarter, no carryover from previous quarter.
- Q2 2015: 3 requests (3 approved; 0 denied) no carryover from previous quarter.
- Q1 2015: 4 requests (2 approved; 2 denied) 1 participant was denied and subsequently approved when resubmitted during the same quarter, no carryover from previous quarter.
- Q4 2014: 8 requests (7 approved; 1 denied) 1 carryover from previous quarter and 1 denied and subsequently approved when resubmitted during the same quarter.

Employee Meetings

- Q4 2015: 64 individual in person participant meetings; 9 educational seminars with approx. 55 total participants, approx. 113 participant service calls); 2 benefits fair with approx. 284 visitors to booth
- Q3 2015: 54 individual in person participant meetings; 12 educational seminars with approx. 107 total participants, approx. 72 participant service calls
- Q2 2015: 121 individual in person participant meetings; 9 educational seminars with approx. 143 total participants, approx. 95 participant service calls
- Q1 2015: 112 individual in person participant meetings; 10 educational seminars with approx. 84 total participants, approx. 105 participant service calls
- Q4 2014: 79 individual in person participant meetings; 13 educational seminars with approx. 79 total participants, approx. 185 participant service calls

Morningstar

- Q4 2015: 81 unique users
- Q3 2015: 81 unique users
- Q2 2015: 71 unique users
- Q1 2015: 57 unique users
- Q4 2014: 54 unique users

Financial Planning Services

- Q4 2015: 1 inquiry; 0 meeting; 0 client
- Q3 2015: 2 inquiry; 1 meeting; 0 client
- Q2 2015: 7 inquiry; 5 meeting; 2 client
- Q1 2015: 3 inquiry; 3 meeting; 1 client
- Q4 2014: 3 inquiry; 2 meeting; 1 client