



Notice of Plan Sponsor Directed Fund Lineup Change

The City of Alexandria completed a competitive bid process for the 457 Deferred Compensation Plan. As a result the City has retained ICMA-RC and is changing the investment fund lineup. The City is making these changes in order to increase the number of asset classes, to decrease the redundancy of funds included within the lineup and to reduce fees wherever possible.

Summary of changes:

After close of business on the scheduled implementation date – November 15, 2013 – your current funds will be closed, with the exception of the VT PLUS Fund, and fund balances and contributions will be automatically defaulted to the replacement funds as shown on the Fund Mapping enclosed with this notice. The VT PLUS Fund will be retained and will continue to be available for investment. Please note the Fund Specific Changes below regarding three funds that will be transitioned differently.

Fund Specific changes:

VantageTrust CD Accounts

The ***VantageTrust CD Accounts***^{1,2} will be closed to new contributions and will be closed to transfers into the fund. VantageTrust CD Account balances will be allowed to mature. At maturity the funds will be transferred into the VT PLUS Fund.

*VantageTrust Retirement IncomeAdvantage Fund*³

The ***VT Retirement IncomeAdvantage Fund***⁴ will be closed to new contributions and will be closed to transfers into the fund. All guarantees associated with the VT Retirement IncomeAdvantage Fund³ will continue for any participant already holding investment positions and who maintain those investment positions in the Fund. Any future allocations currently directed to the VT Retirement IncomeAdvantage Fund³ will be re-directed to the VT PLUS Fund.

*VT Fidelity Diversified International Fund*⁴

The ***VT Fidelity Diversified International Fund***⁴ imposes a redemption fee on assets held for less than 30 days. To avoid this fee, the VT Fidelity Diversified International Fund⁴ is scheduled to be closed and replaced as shown below.

- **November 15, 2013:** close the VT Fidelity Diversified International Fund⁴ to new monies,
- **November 15, 2013:** direct incoming assets previously allocated to the VT Fidelity Diversified International Fund⁴ to the replacement fund (Vanguard Developed Markets Index⁴, Admiral),
- Allow the existing VT Fidelity Diversified International Fund⁴ assets to age 30 days, then
- **On or about December 15, 2013,** transfer the aged VT Fidelity Diversified International Fund⁴ assets to the Vanguard Developed Markets Index⁴, Admiral (as indicated above) and permanently close the VT Fidelity Diversified International Fund⁴.

(over)

New Fee Structure:

Previously, all fees charged were assessed as a percentage of your account balance. Effective November 18, 2013, fund manager fees will continue to be charged as a percentage of your assets. However, participant costs are expected to be lower because the new index funds typically charge lower fees than the former actively managed funds. Additionally, the ICMA-RC administrative fee will now be a flat fee of \$73.00 annually that will be assessed to your account quarterly.

New Fund Information:

Information on your new fund lineup is enclosed. To view a fund prospectus for each of the funds, please visit www.icmarc.org/alexandria. Your quarterly statement for the period ending December 31, 2013 will show all the asset transfers and any reallocations you chose to make after the implementation date.

If you have additional questions please visit our website at www.icmarc.org and select any of the “Contact Us” options for Investor Services.

Note for Firefighters and Police Officers:

City Firefighters and Police Officers employed before 2004 with accounts in the Retirement Income Plan for Firefighters and Police Officers (RIP) will receive a second letter from ICMA-RC. That letter will provide information on the RIP transition scheduled to take place in November.

Information Sessions:

The City of Alexandria’s Pension Administration Division will be available at locations around the City to discuss the transition, to review the new fund lineup and to answer questions. A schedule of the information sessions is included in this mailing.

Disclosures

Please read *Making Sound Investment Decisions: A Retirement Investment Guide* (“Guide”) and the applicable prospectus carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. Investors should carefully consider this information before investing.

For a current *Guide*, contact ICMA-RC by calling 800-669-7400 or log into your account at www.icmarc.org.

All funds are monitored for frequent trading. These fees and controls are designed to discourage frequent trading activities that increase costs to the fund and investors. Please refer to the fund prospectuses for guidance on redemption fee and frequent trading terms. Also, refer to ICMA-RC’s Frequent Trading Policy for more information.

¹ Direct transfers from a stable value fund to competing funds are restricted. Competing funds may include, but are not limited to money market mutual funds, certificates of deposit, stable value funds, investment options that offer guarantees of principal or income, certain short-term bond funds and self-directed brokerage accounts. Certain restrictions may apply when you want to transfer money from a stable value fund to a competing fund. These restrictions generally include waiting periods before transfers can be made back into a stable value fund.

² CD Accounts are issued by Bank of America, N.A. (“Bank”), a member of the FDIC, and are available as VantageTrust investment options. CD Account deposits of up to \$250,000 are insured by the FDIC, subject to certain limitations. Amounts to be invested in CD Accounts are initially held in the Bank’s Money Market Deposit Account (“MMDA”) and earn the Bank’s MMDA rate. At the end of the open investment window, assets are transferred to the CD Account where interest is credited daily and compounded monthly.

³ The VantageTrust Retirement Income Advantage Fund is offered through VantageTrust. The Fund invests in a group variable annuity issued by Prudential Retirement Insurance and Annuity Company (Prudential) CA COA #08003, Hartford, CT. Guarantees are based on Prudential’s claims-paying ability and are subject to certain limitations, terms, and conditions. This annuity is issued under Contract form # GA-2020-TGWB4-0805-RC. Variable annuities are suitable for long-term investing, particularly retirement savings. Prudential and the Rock logo are registered service marks of The Prudential Insurance Company of America, Newark, NJ and its affiliates.

⁴ Funds that Invests in foreign securities are exposed to the risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency fluctuations; and higher transaction costs. Investments in foreign currencies or securities denominated in foreign currencies (including derivative instruments that provide exposure to foreign currencies) may experience gains or losses solely based on changes in the exchange rate between foreign currencies and the U.S. dollar. The risk of investing in foreign securities may be greater with respect to securities of companies located in emerging market countries. The value of developing or emerging market currencies may fluctuate more than the currencies of companies with more mature markets.