



City of Marietta Motion Signature

205 Lawrence Street
Post Office Box 609
Marietta, Georgia 30061

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20081087

Motion to modify the investment options available under the City of Marietta Supplemental Pension Program to include additional investment opportunities known as LifeTime Portfolios effective October 1, 2008.

Date: 9/10/2008

William B. Dunaway, Mayor

Stephanie Guy, City Clerk



DATE: August 27, 2008
TO: Personnel Insurance Committee Members
THRU: Bill Bruton, City Manager
FROM: Fran Diedrich, Human Resources Director *FD*
SUBJECT: Amendment to Investment Options for Supplemental Pension Board

Issue: This is a request from the City of Marietta/BLW Pension Board to amend the investment policy pertaining to the Supplemental Pension Plan in order to allow the employees greater flexibility in investment choices.

Discussion and Financial Considerations: The Pension Board is recommending approval of Lifetime Portfolios which provide greater flexibility in investment choices available to the employees in the Supplemental Pension Plan. Lifetime Portfolios give employees a single investment solution to retirement planning. Each portfolio is managed toward a particular target investment date. These additional options, which provide simplistic investment concepts, will allow employees to address their retirement needs based on projected retirement projections and may encourage employees to make sounder investment decisions.

Recommendation: The Pension Board has reviewed these options and believe they are an enhancement for employees. They are recommending approval of this proposal to be effective October 1, 2008.

Principal LifeTime Portfolios

The convenience of a single portfolio, before and during retirement.

We understand that you want to save for retirement but you don't always want to spend a lot of time making investment decisions. Now you don't need to.

Consider investing in a Principal LifeTime portfolio. One portfolio ... for your life!

As one of the leading retirement plan service providers, the Principal Financial Group[†] is always looking for ways to make retirement planning faster and easier for you. That's why we created Principal LifeTime portfolios.

With Principal LifeTime portfolios, you have a single investment solution to retirement planning. Principal LifeTime portfolios invest in underlying Principal Funds.* Each portfolio is managed toward a particular target date — or retirement date. Ideally the Principal LifeTime portfolio should be selected based on your approximate retirement timeline.

What's the Investment Strategy?

When you have many years until retirement, a more aggressive investment option might be appropriate because you have time to ride out the possible market highs and lows. And if you are closer to retirement, a more conservative investment option might be appropriate because you will likely need retirement funds sooner.

Principal LifeTime portfolios are managed based on that strategy. The portfolio managers invest more in aggressive investments, such as stocks, when your retirement date is far away. Then they gradually shift funds toward less risky fixed-income securities as the retirement date approaches.

Principal LifeTime portfolios provide access to a variety of premier investment managers to provide diversification.

 **ALLIANCEBERNSTEIN**
Investment Management



EDGE
ASSET
MANAGEMENT

Fidelity
Investment Management

Goldman Sachs
Asset
Management

JPMorgan
Asset Management

LEHMAN BROTHERS ASSET MANAGEMENT

LOS ANGELES CAPITAL
MANAGEMENT

Mazama Capital Management

Mellon
Equity

Principal
Global
Investors

Principal Real Estate Investors

SPECTRUM

T. Rowe Price
INVEST WITH CONFIDENCE

turner
investment
partners

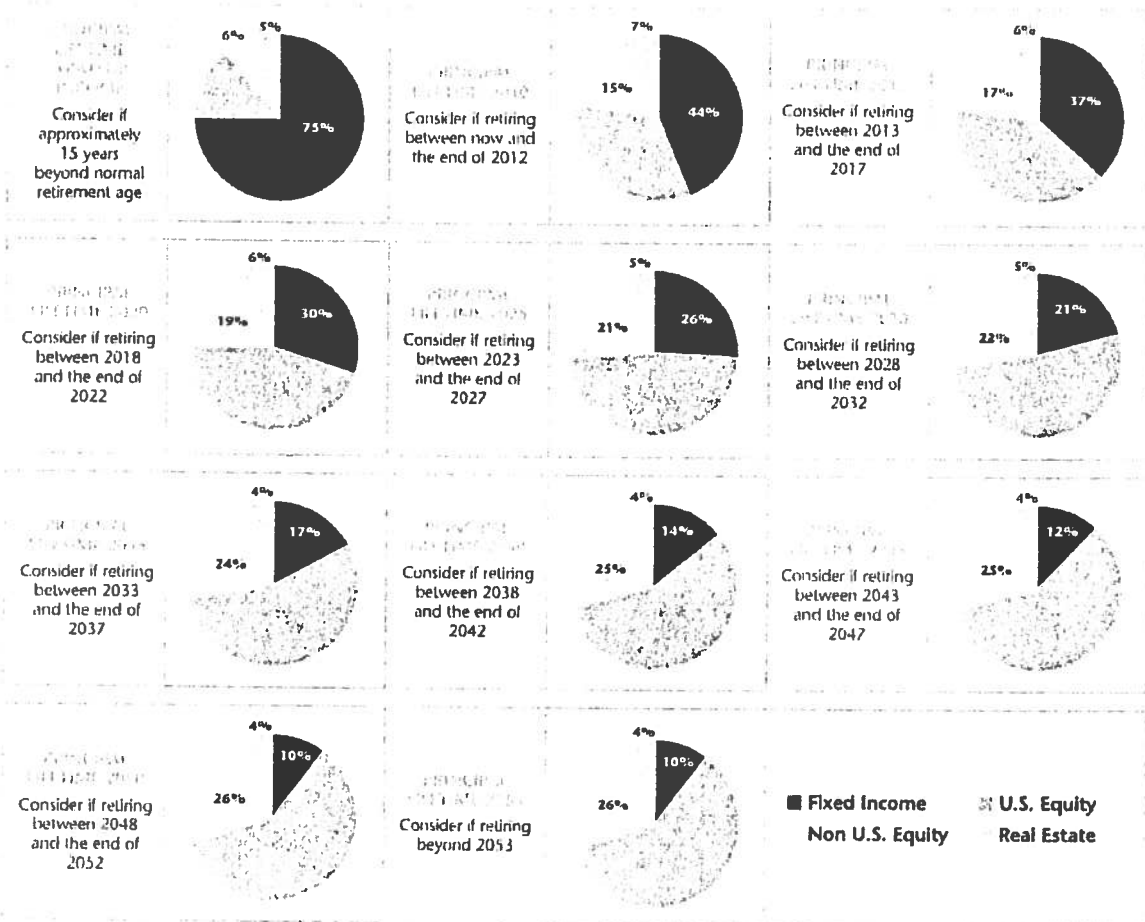
UBS
Global Asset Management

*Each Principal LifeTime portfolio is available through a Separate Account or Principal Funds, Inc. mutual fund. Principal LifeTime Separate Accounts are made available through a group annuity contract with the Principal Life Insurance Company, Des Moines, IA 50319. May not be available in all states.

You've learned about asset allocation and diversification. However, you may not feel comfortable making asset allocation decisions. Principal LifeTime portfolios can help you with those decisions.

Asset Allocation Targets for Principal LifeTime Portfolios

Each portfolio is broken down into four major asset classes: U.S. Equity, Non U.S. Equity, fixed-income investments and real estate investments. The breakdown of each portfolio is approximate and can change over time. Each of the Principal LifeTime portfolios gradually becomes more conservative as its targeted year approaches and eventually merges into the Principal LifeTime Strategic Income investment option around 15 years after the target date.



Note: Allocations are based on current asset allocation targets. They will change over time.



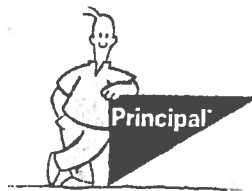
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Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed-income investment options are subject to interest rate risk and their value will decline as interest rates rise. Asset allocation does not guarantee a profit or protect against a loss. Investing in real estate, small-cap, international, and high-yield investment options involves additional risk. Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.

Insurance products and plan administrative services are provided by Principal Life Insurance Company. Principal Funds, Inc. is distributed by Principal Financial Services Corporation, 809 547-7754, member S.P.C. Securities are offered through Principal and/or independent broker-dealers. Securities sold by a Principal Registered Representative are offered through Principal. Principal and Principal Life are members of the Principal Financial Group, Des Moines, IA 50392.

An investment option's value and investment return will fluctuate so that values upon redemption may be worth more or less than original cost.

Before investing in mutual funds, investors should carefully consider the investment objectives, risks, charges and expenses of the fund. This and other information is contained in the free prospectus, which can be obtained from your local representative or by contacting us at 1-800-547-7754. Please read the prospectus carefully before investing.



News Flash

Introducing Exciting Changes for City of Marietta

Exciting New Changes

The City of Marietta Retirement Plans are a great way to save for retirement. Our goal is to continue helping you build a more secure financial future by providing a wide array of investment options. Recently, we expanded our investment option line-up in the Supplemental Pension Plan, based on our annual review of the market and the industry. These new investment options become effective October 1, 2008.

Summary of Changes

Investment Advisor	New Investment Options Being Added 09/01/2008
Principal Global Investors	LargeCap S&P 500 Index Pref Fund ^
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime Strategic Income Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2010 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2015 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2020 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2025 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2030 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2035 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2040 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2045 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2050 Pref Fund
Prin Mgmt Corp/Prin Global Inv	Principal Investors LifeTime 2055 Pref Fund

Investment Advisor	Current Investment Options Remaining
MFS Investment Management	MFS Value R3 Fund
T. Rowe Price Associates, Inc.	T. Rowe Price Growth Stock R Fund

Investment Advisor	Current Investment Options Remaining
Fidelity Management & Research	Fidelity Advisor Leveraged Co Stock T Fund
JP Morgan Investment Mgmt Inc.	JP Morgan Small Cap Value A Fund
Fidelity Management & Research	Fidelity Advisor Small Cap T Fund
Julius Baer Securites, Inc.	Julius Baer International Equity A Fund
Oakmark Mutual Funds	Oakmark Equity & Income I Fund
ABN AMRO	ABN AMRO Income Plus E Fund
Dodge & Cox	Dodge & Cox Income Fund

If you would like to change how your contributions are directed:

- Visit The Principal Retirement Service Center® at www.principal.com.
- Call TeleTouch®, a toll-free, interactive voice response system at 1-800-547-7754.

If you currently contribute, but have not elected an investment direction, your contributions will go to ABN AMRO Income Plus E Fund until you make a change in your investment direction.

^A For more information about this investment option, including its full name, please see the Principal Investors Fund, Inc. Profile or visit The Principal Retirement Service Center® at www.principal.com.

Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise. Neither the principal of bond investment options nor their yields are guaranteed by the U.S. government.

High-yield investment options are subject to greater credit risk associated with high yield bonds.

Small-cap and mid-cap investment options are subject to more fluctuation in value and may have additional risks than other investment options with stocks of larger, more stable companies.

International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.

Specialty investment options may experience greater volatility than funds with a broader investment strategy due to sector focus. These investment options are not intended to serve as a complete investment program by itself.

Real estate investment options are subject to some risks inherent in real estate and Real Estate Investment Trusts, such as risks associated with general and local economic conditions.

Money market investment options are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the investment option may seek to preserve the value of \$1.00 per share or unit value it is possible to lose money.

Each index-based investment option is invested in the stocks of the index it tracks. Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. There is no assurance an index-based investment option will match the performance of the index tracked.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise.

Asset allocation does not guarantee a profit or protect against a loss. Investing in real estate, small-cap, international, and high-yield investment options involves additional risk.



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As allowed by their prospectus, several mutual fund companies have decided to impose redemption fees and/or transfer restrictions on certain plan and/or participant transactions. One or more of the investment options in your employer's retirement plan may be impacted. For more information, visit us at The Principal Retirement Service Center[®] at www.principal.com.

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