

Employer Investment Program (EIP)



Date October 17, 2007

Presented by:
Steve Klosterman, Marketing Manager, Retiree Health Programs

Who Provides Retiree Health?

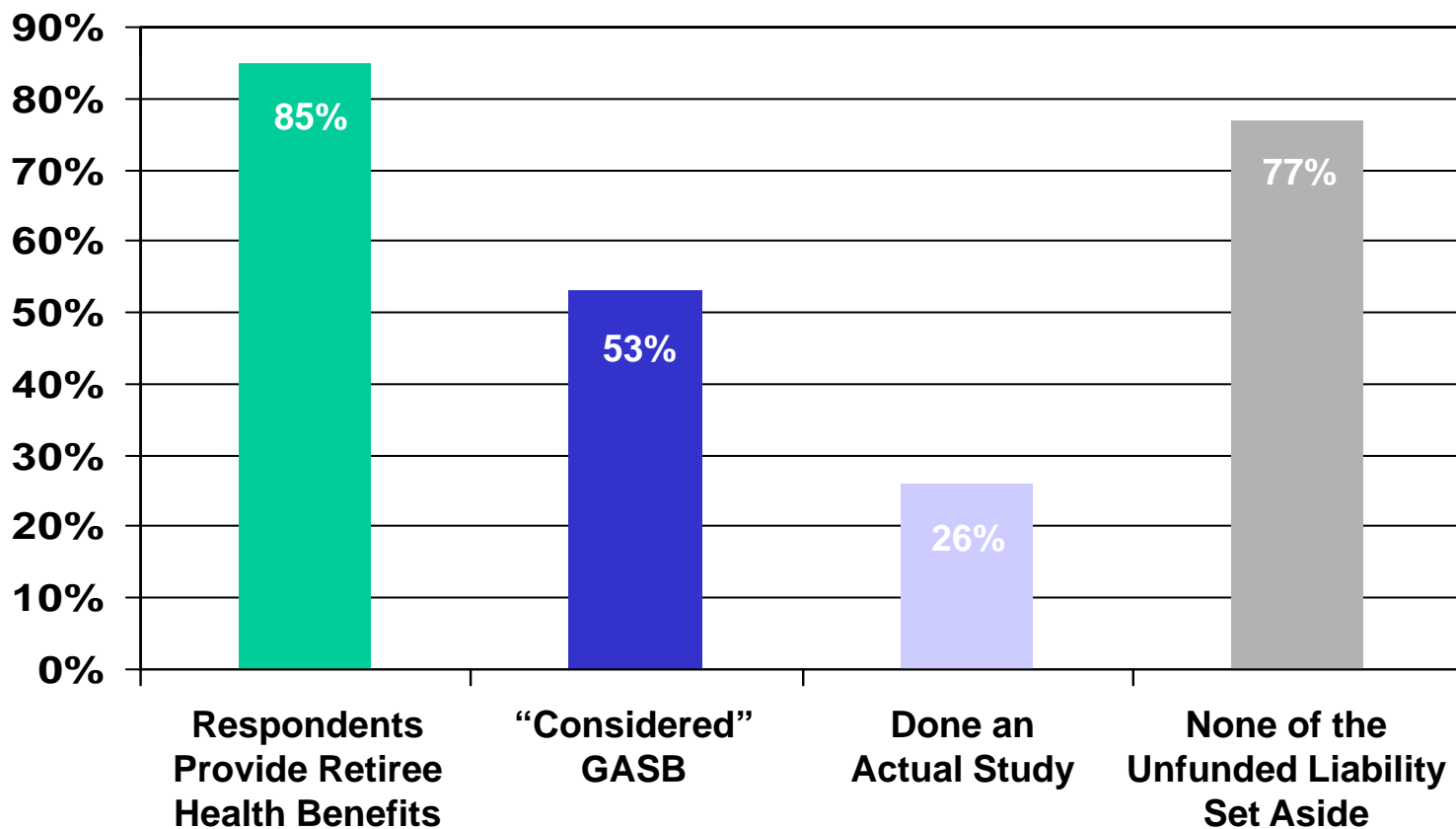
<u>Employer Type</u>	<u>w/ Retiree Health</u>
Large Private Sector	34%
Small Private Sector	5%
State Governments	75%
Local Governments	60%

Who's Paying for Retiree Coverage at the Local Government Level?

- 20% – Employer pays 100% of premium
- 20% – Employer and retiree share costs
- 20% – Retiree pays 100% of premium
- 40% – Retiree has no access to employer plan

How Prepared are Employers for GASB?

Survey Done in One State



What is Implicit Rate Subsidy?

- Retiree pays 100% of the cost of health care coverage at the same premium as active employees
- Employer must have actuarial calculations done and report the OPEB liability

Going Forward



What Steps do I Take ?

- Complete an actuarial study
- They are required based on covered lives
 - ✧ >200-Every two years
 - ✧ 100-200-Every three years
 - ✧ <100 –Simplified method available
- Determine your liability

What Do You Have to Calculate?

- Annual Required Contributions
- Defined contribution plans – Required contributions equal annual obligation
- Defined benefit plans – Calculation will include
 - ✧ Annual accrual for current year's service costs
 - ✧ Amortization of unfunded liability over as long as 30 years

What Can Offset This Liability?

- The only way for employers to offset the liability is to set aside funds in a trust dedicated solely for retiree health purposes
- The ICMARC Employer Investment Plan is such a trust
- General fund assets “earmarked” don’t offset liability

What Qualifies as a Trust?

- Assets are contributed on an irrevocable basis to the trust
 - ✧ may not be withdrawn once contributed
- Assets, including income from investment of assets, are dedicated to payment of plan benefits as they come due in the future
 - ✧ may not be used for purpose other than the OPEB benefits provided for in the plan
- Assets are protected from creditors of the employer and the plan administrator
- All persons involved in the function of the OPEB plan act in a fiduciary manner

**ICMARC's EIP
(Employer Investment Program)**

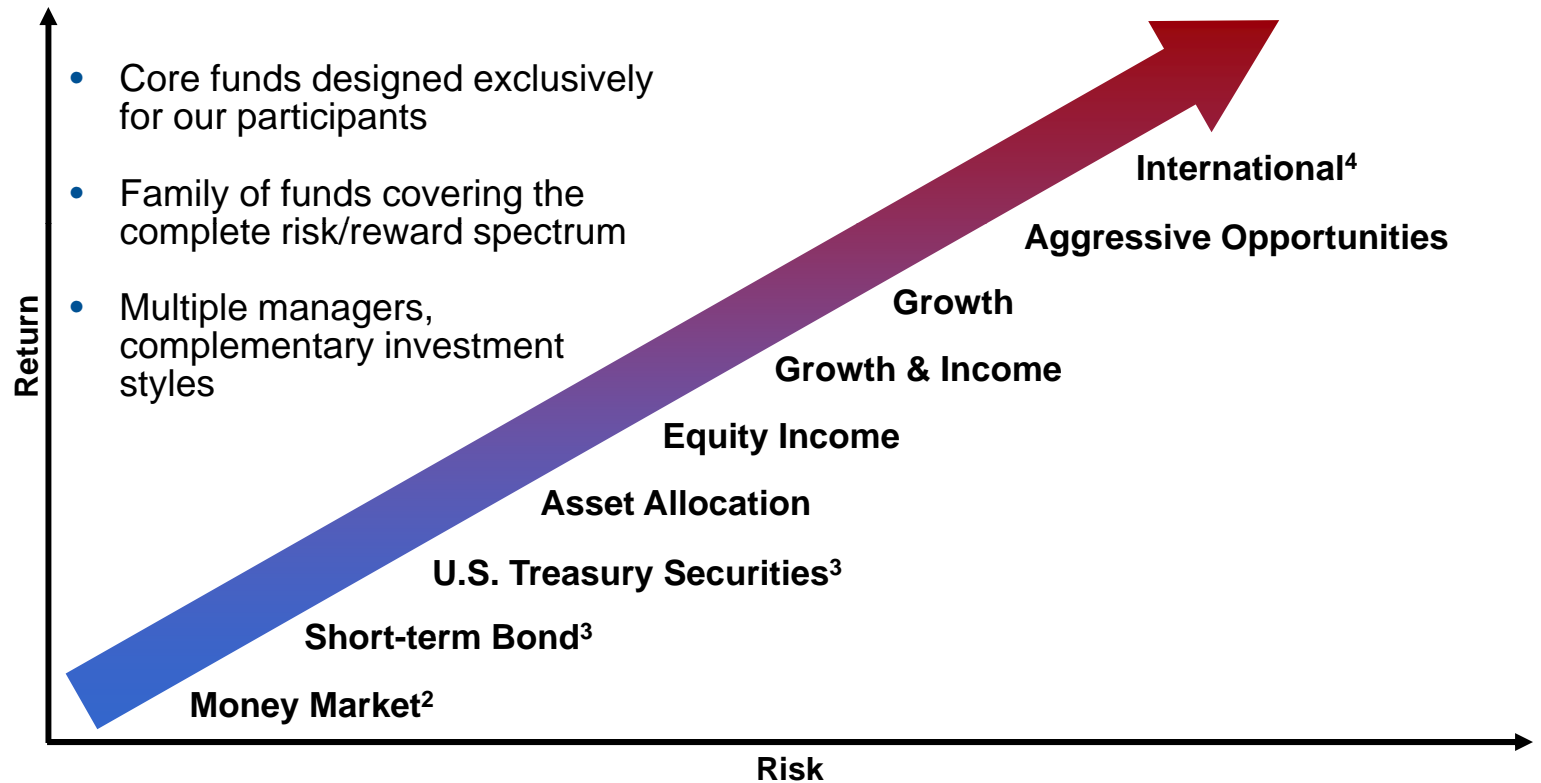


Employer Investment Program

- VantageCare RHS EIP
- For defined benefit plan obligations
- Turnkey program to fund retiree health obligation
 - ✧ Trust Document
 - ✧ Investment Program
 - ✧ Trusts exclusively for retiree health benefits
- Simple in structure
- Actuary determines full funding

Investments

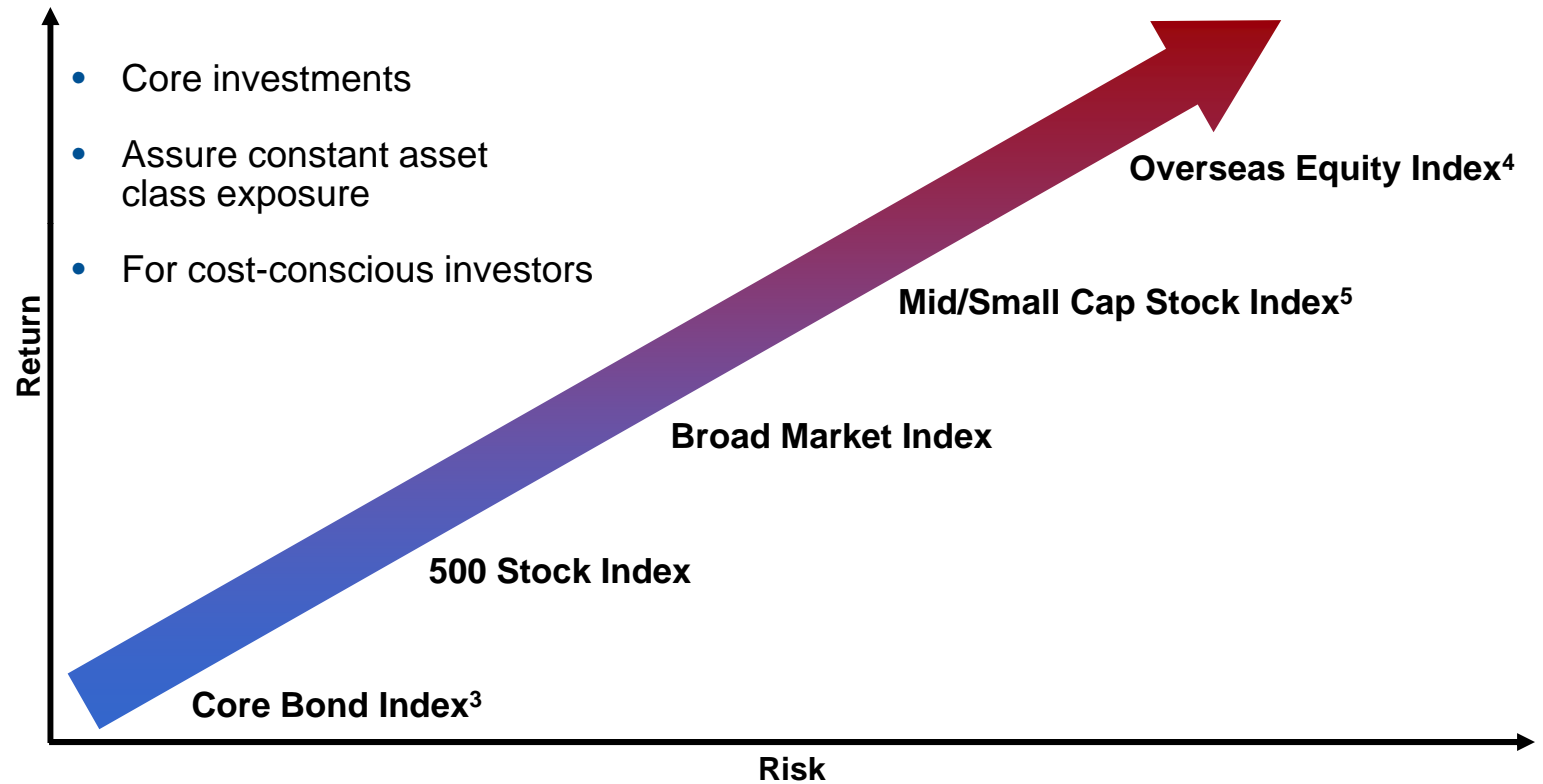
Actively Managed Vantagepoint Funds¹



¹⁻⁴ See disclaimer at the end of this presentation.

Investments

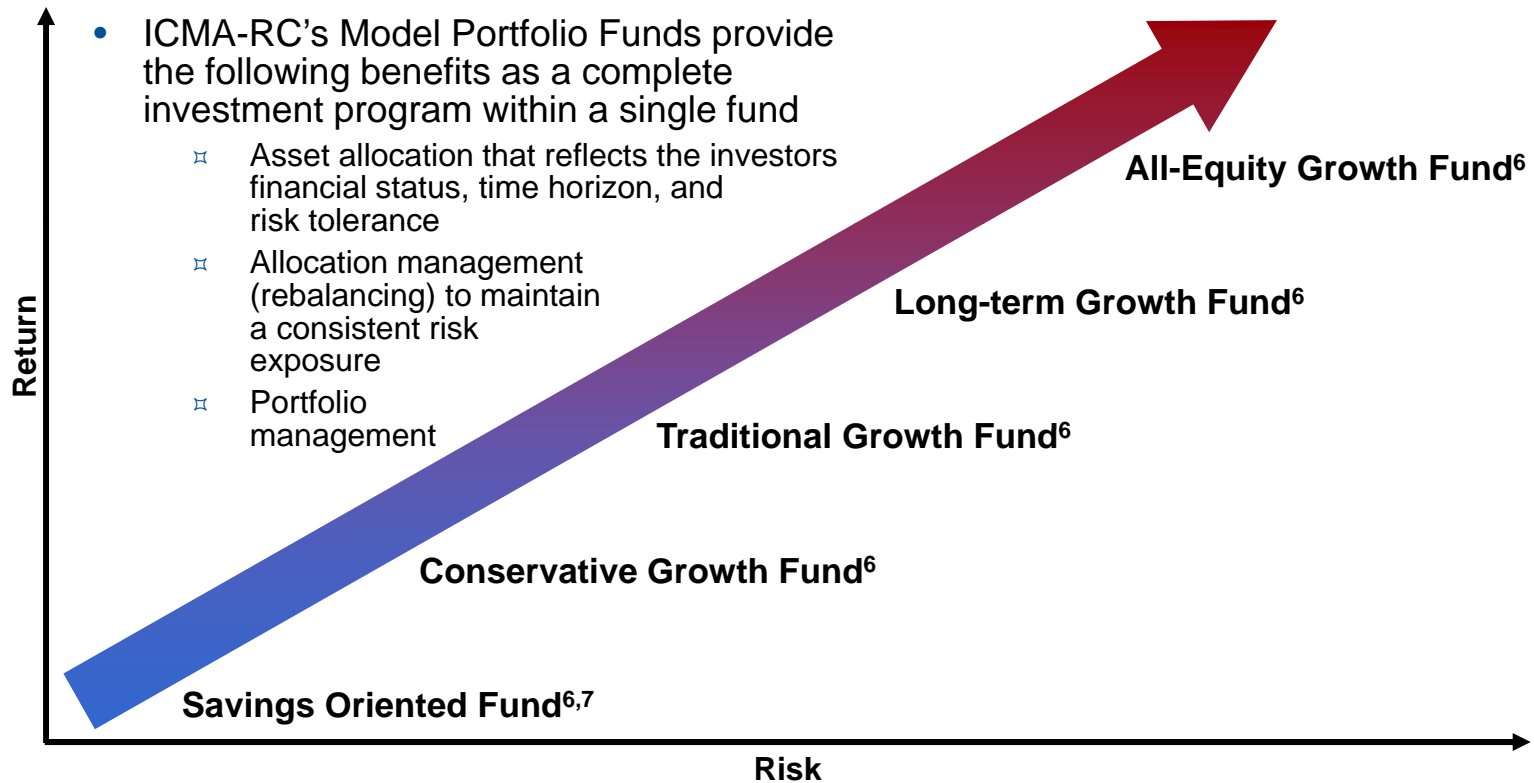
Index Funds¹



^{1,3-5} See disclaimer at the end of this presentation.

Investments

Model Portfolio Funds¹



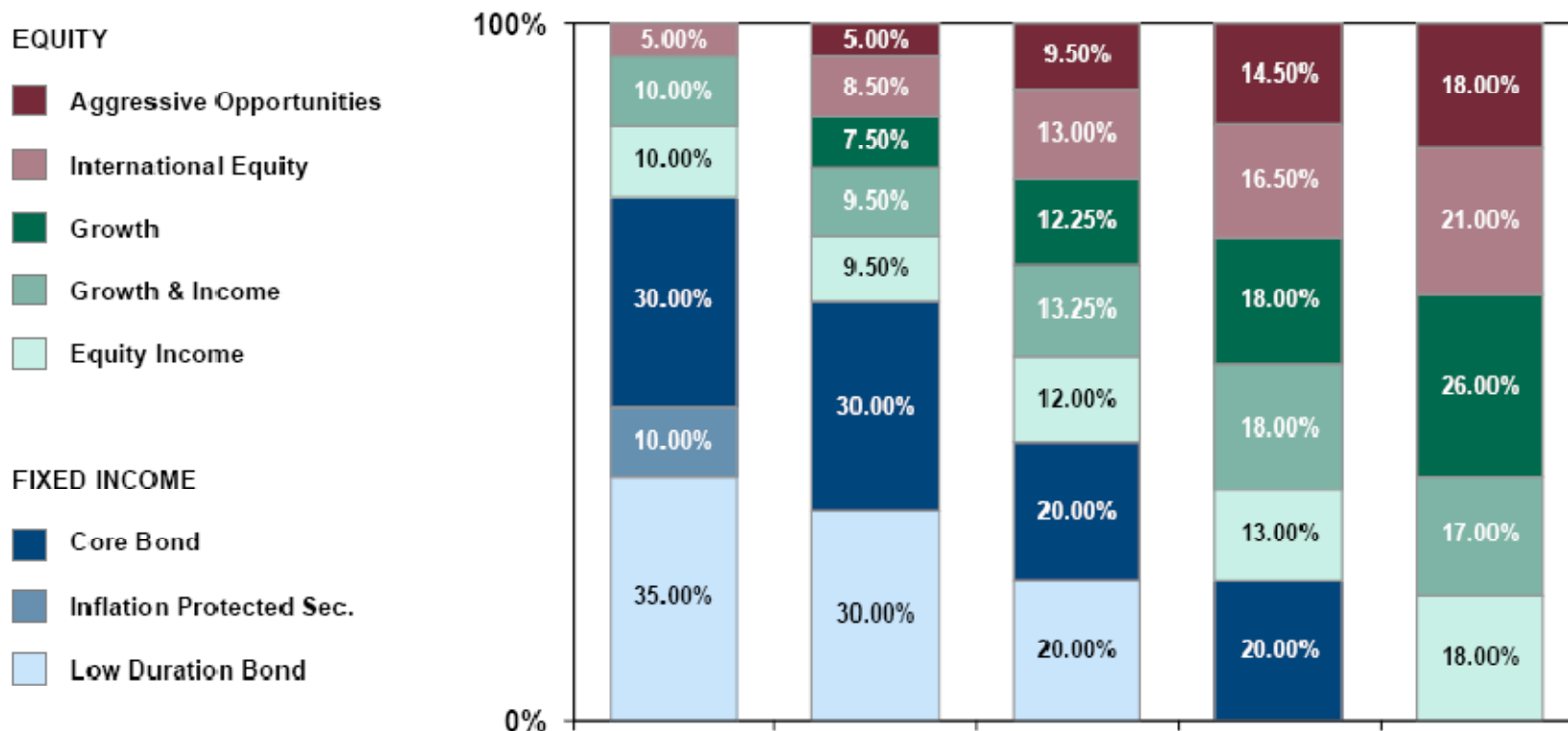
^{1,6,7} See disclaimer at the end of this presentation.

Vantagepoint Model Portfolio Funds^{1, 4}

Vantagepoint Model Portfolio Funds^{1,4} as of 6/30/2007

Fixed Income (%) / Equity Mix (%): 75/25 60/40 40/60 20/80 100

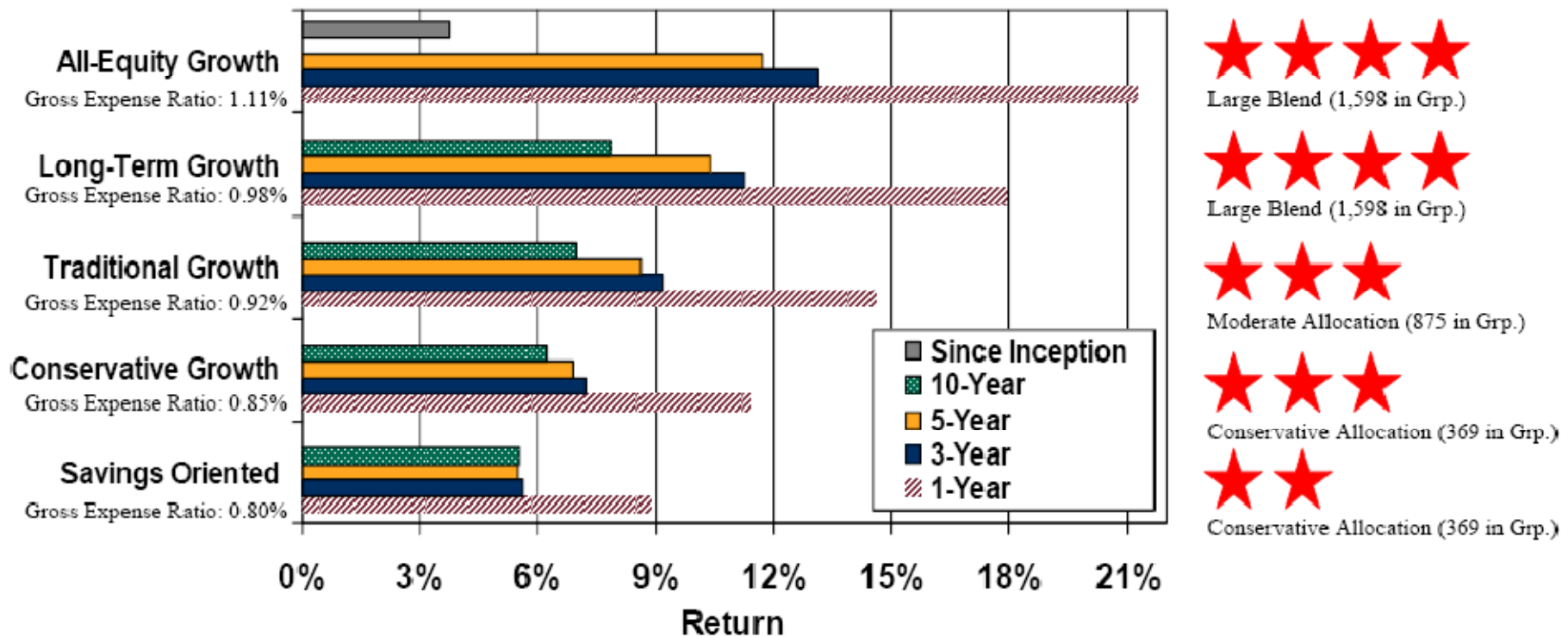
 Savings Conservative Traditional Long-Term All-Equity
 Oriented Growth Growth Growth Growth



See disclosures at the end of presentation.

Vantagepoint Model Portfolio Funds^{1,4}

Performance Returns² and Morningstar[®],³ Rating as of 6/30/2007



Source: ICMA-RC. Past performance is no guarantee of future results. All-Equity Growth displays since inception performance since the fund inception was October 2000. See disclosures at the end of presentation. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. With respect to Large Blend funds, the All-Equity Growth fund received a Morningstar Rating of 4 stars out of 1598 funds and 4 stars out of 1237 funds for the three- and five-year periods, respectively; and the Long-Term Growth fund received a Morningstar Rating of 3 stars out of 1598 funds and 4 stars out of 1237 funds for the three- and five-year periods, respectively. With respect to Moderate Allocation funds, the Traditional Growth fund received a Morningstar Rating of 3 stars out of 875 funds and 3 stars out of 656 funds for the three- and five-year periods, respectively. With respect to Conservative Allocation funds, the Conservative Growth fund received a Morningstar Rating of 3 stars out of 369 funds and 3 stars out of 202 funds for the three- and five-year periods, respectively; and the Savings Oriented fund received a Morningstar Rating of 3 stars out of 369 funds and 2 stars out of 202 funds for the three- and five-year periods, respectively.



Disclosures

1. Please consult the current Vantagepoint Funds prospectus for a complete summary of all fees, expenses, charges, financial highlights, investment objectives, risks, and performance information. Investors should consider the Fund's investment objectives, risks, charges, and expenses before investing or sending money. The prospectus contains this and other information about the investment company. Please read the prospectus carefully before investing. Vantagepoint securities are distributed by ICMA-RC Services LLC, a broker dealer affiliate of ICMA-RC member NASD/SIPC. For a current prospectus, contact ICMA-RC Services, LLC, 777 North Capitol Street NE, Washington, DC 20002-4240. 1-800-669-7400.
2. Money Market Funds: Investments in the fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.
3. Bond Funds: A rise/fall in the interest rates can have a significant impact on bond prices and the NAV (net asset value) of the fund. Funds that invest in bonds can lose their value as interest rates rise and an investor can lose principal.
4. International Funds: Foreign investments are subject to more risks not associated with domestic investments (i.e. currency, economy and political risks.) Investors who transfer assets out of these Funds must wait at least 91 days before transferring assets back into the same Funds. The policy affects transfers only. It does not affect regular contributions or disbursements.
5. Mid/Small Cap Funds: Funds that invest in small and/or mid-sized company stocks typically involve greater risks, particular in the short-term than those investing in large, more established companies.
6. The asset allocation of the Model Portfolios was rebalanced when the Income Preservation Fund was replaced by the Short-Term Bond Fund on November 9, 2004.
7. Because of its high allocation to fixed income, the Fund may be appropriate for investors with a low risk tolerance and shorter investment horizon. However, because the Fund invests one quarter of its assets in stocks, the Fund may offer higher growth potential and inflation protection than an all-bond portfolio.

Disclosures

1. Please consult both the current applicable prospectus and MAKING SOUND INVESTMENT DECISIONS: A Retirement Investment Guide carefully for a complete summary of all fees, expenses, charges, financial highlights, investment objectives, risks and performance information. Investors should consider the Fund's investment objectives, risks, charges and expenses before investing or sending money. The prospectus contains this and other information about the investment company. Please read the prospectus carefully before investing. All Vantagepoint Funds invested through 401 or 457 plans are held through VantageTrust. Vantagepoint Funds are distributed by ICMA-RC Services LLC, a wholly owned broker-dealer subsidiary of ICMA-RC and member NASD/SIPC. For a current prospectus, contact ICMA-RC Services, LLC by calling 1-800-669-7400 or by writing to 777 North Capitol Street, NE, Washington, DC 20002-4240, or by visiting www.icmarc.org.
2. The performance data quoted represents past performance. Past performance is no guarantee of future results. Investment returns and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data illustrated. For performance data current to the most recent month end, contact ICMA-RC Services, LLC by calling 1-800-669-7400 or by writing to 777 North Capitol Street, NE, Washington, DC 20002-4240. Performance data current to the most recent quarter end is available by visiting www.icmarc.org.
3. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics.
4. Please be advised that with "Fund of Funds" arrangements, additional underlying fees may apply. Please consult the prospectus for details.