



YOUR RETIREMENT. YOUR FUTURE.

# Guide to your retirement savings plan changes



# Important investment changes coming to the Retirement Plan

Dear Plan Participant:

We are pleased to announce an important change to the Retirement Plan. At the beginning of next year we are adding 10 Target Date Funds to the investment menu.

Building a diversified investment portfolio is an essential component of retirement planning, but finding time to understand and evaluate investments can be challenging. The addition of the new Target Date Strategy Funds is designed to simplify the way you invest in your Retirement Plan account.

Target Date Funds are diversified, professionally managed portfolios of stock, real asset and bond funds. You typically choose the fund with the target date in the fund name that is closest to the year you plan to retire.

Over time, each Target Date Strategy Fund automatically reduces its stock and real asset holdings and increases its bond holdings to help you better manage risk and pursue your long-term investment goals.

## IMPORTANT DATES

### By December 20

Complete your investment selection if you do not want your Retirement Plan balance to transfer to a Target Date Strategy Fund.

### Blackout period

1:00 P.M. PACIFIC TIME DECEMBER 27 THROUGH 9:00 A.M. PACIFIC TIME JANUARY 2

Blackout period—you may not enter transactions during this period. Your Retirement Plan balance remains fully invested.

### January 2

Changes complete. You may access your Retirement Plan account to view your balance and review/change your investments.

## Dive into the details

We understand that your main goal is to save enough to meet your income needs in retirement. So we want to help simplify your retirement planning by providing an easy one-stop choice for your retirement dollars. If you take no action prior to December 20, your current account balance and future contributions will be “mapped” into the Target Date Strategy Fund with the target date closest to the year when you will reach age 65.

Between now and mid-December we encourage you to:

- › Read this booklet to learn more about the new Target Date Strategy funds and how your Retirement Plan balance may be mapped.
- › Attend an employee meeting to learn more about this change and all of the investment options in the Retirement Plan.
- › Decide how you want to invest your current balance and future contributions.
- › Take action by December 20 if you want to invest in options other than a Target Date Strategy Fund.

## Introducing simplified retirement investing

*Establishing the appropriate mix of stocks, real assets and bonds in a retirement account is an important component to help you reach your savings goals.*

*But monitoring and adjusting these allocations over time can be challenging.*

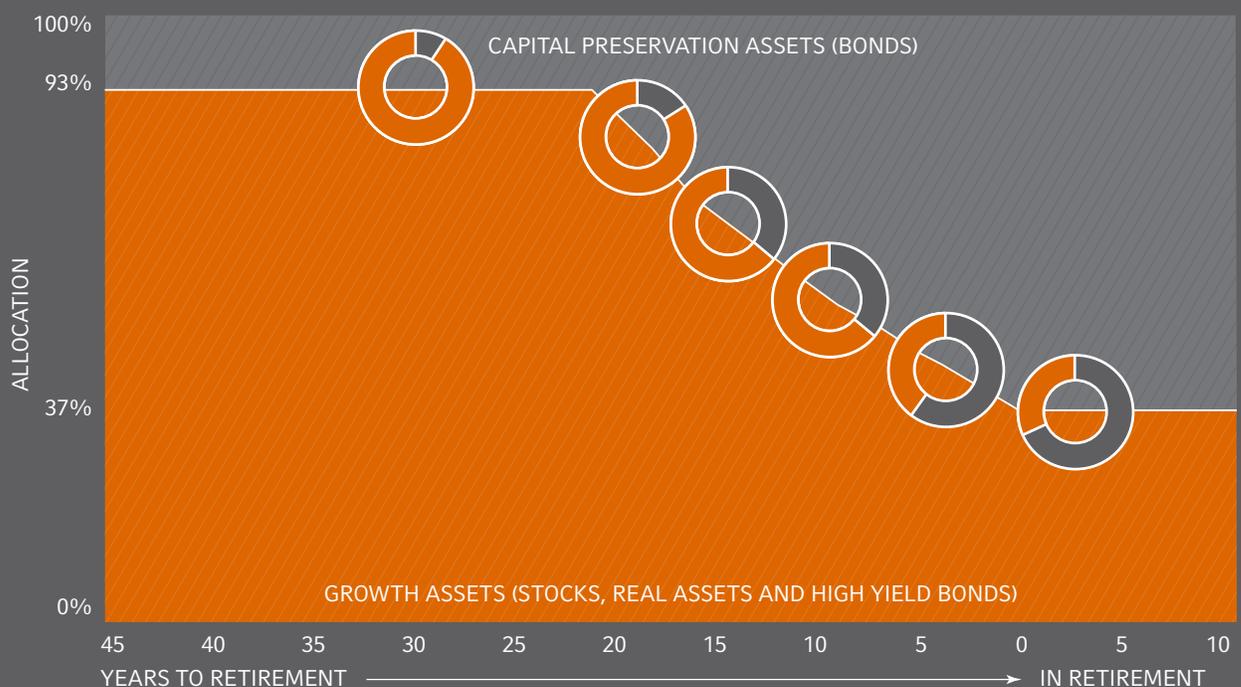
*Target Date Strategy Funds are a way to simplify the process and leave the continuing work of monitoring and adjusting allocations to investment professionals.*

## One fund may be all you need

Our Target Date Strategy Funds offer a sound investment strategy that makes saving for retirement easier. Each fund is a portfolio of underlying stock, real asset and bond funds strategically mixed for your approximate retirement date. The mix of underlying funds in each Target Date Strategy Fund is diversified not only across asset classes, but also across multiple advisors and investment styles. Over time, investment professionals adjust the fund's asset allocation on your behalf, shifting to less risky funds as you get closer to retirement. This helps protect your retirement plan portfolio when you need it most.

If your retirement date is still many years in the future, the Target Date Strategy Fund you use allocates a higher percentage to stocks and real assets than to bonds to help grow your savings. But, as the retirement date in the fund name approaches, the allocation gradually shifts from stocks and real assets to bond funds to help manage risk. When the target year in the fund name arrives, the allocation is fixed at 37% to growth assets and 63% to bonds.

### CHANGES TO THE 2045 TARGET DATE STRATEGY FUND OVER TIME



## What do I need to do?

No action is required if you want your current balance and future contributions to be “mapped” to the Target Date Fund with the fund name closest to the year when you reach age 65.

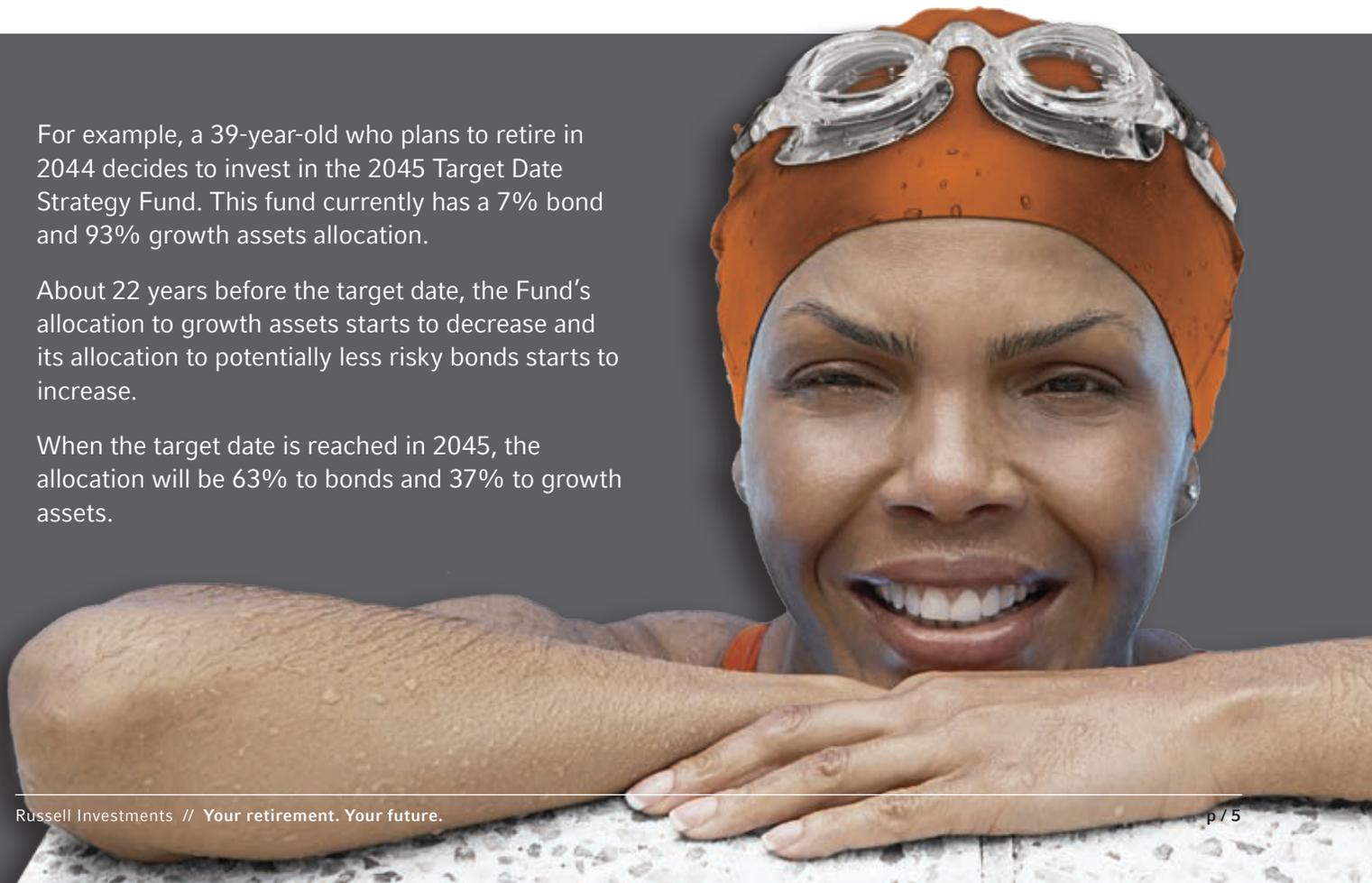
If your birth year falls between	Target retirement years*	Corresponding Target Date Strategy Fund
1953 or earlier	By end of 2018	Retirement Fund
1954–1957	2019–2022	2020 Target Date Strategy Fund
1958–1962	2023–2027	2025 Target Date Strategy Fund
1963–1967	2028–2032	2030 Target Date Strategy Fund
1968–1972	2033–2037	2035 Target Date Strategy Fund
1973–1977	2038–2042	2040 Target Date Strategy Fund
1978–1982	2043–2047	2045 Target Date Strategy Fund
1983–1987	2048–2052	2050 Target Date Strategy Fund
1988–1992	2053–2057	2055 Target Date Strategy Fund
1993 or later	2058 and beyond	2060 Target Date Strategy Fund

\* In this chart we assume a retirement age of 65.

For example, a 39-year-old who plans to retire in 2044 decides to invest in the 2045 Target Date Strategy Fund. This fund currently has a 7% bond and 93% growth assets allocation.

About 22 years before the target date, the Fund’s allocation to growth assets starts to decrease and its allocation to potentially less risky bonds starts to increase.

When the target date is reached in 2045, the allocation will be 63% to bonds and 37% to growth assets.



## Frequently asked questions

### WHAT DO THE TARGET DATE FUNDS INVEST IN?

Refer to the enclosed Target Date Strategy Fund fact sheets for information about the stock, real asset and bond funds held by each Target Date Strategy Fund.

### HOW DO I OPT OUT OF HAVING MY ACCOUNT BALANCE MAP TO A TARGET DATE FUND?

Prior to 1:00 p.m. on December 20, go to the web site ([www.abccompany.com](http://www.abccompany.com)) and enter the fund(s) you want to invest all contributions in beginning with your first pay period in January.

NOTE: If you do not enter this information prior to December 20, you may always transfer money from one fund to another and/or change the way future contributions are invested by visiting [www.abccompany.com](http://www.abccompany.com).

### WHICH TARGET DATE FUND WILL MY ACCOUNT MAP TO IF MY ESTIMATED RETIREMENT DATE FALLS BETWEEN TWO TARGET DATE STRATEGY FUND YEARS?

Please refer to the Target Date Strategy Fund mapping chart on page 5 of this booklet for more information about which Target Date Strategy Fund your assets will map to.

### THE 2045 TARGET DATE STRATEGY FUND AND THOSE WITH LATER TARGET DATES ALL INVEST 93% IN STOCK AND REAL ASSET FUNDS AND 7% IN BOND FUNDS. WHAT'S THE DIFFERENCE BETWEEN THEM?

Although these funds all start with the same 93% allocation to underlying stock and real asset funds, the date at which each fund starts shifting toward a higher allocation to bond funds (thereby reducing the allocation to growth assets) will vary. The 2045 Target Date Strategy Fund will begin increasing its allocation to bonds sooner than the 2060 Target Date Strategy Fund.

### WHAT HAPPENS WHEN A TARGET DATE STRATEGY FUND REACHES ITS TARGET RETIREMENT YEAR?

By the end of the fund's target retirement year (for example, 2020), the Target Date Strategy Fund will be "retired" and participants' assets will be transferred to the Retirement Fund. This Retirement Fund maintains a 37% investment in stock and real asset funds and high yield bonds to provide an opportunity for continued growth, and a 63% allocation to bond funds to manage risk and provide for interest income. Generally, this approach better supports retirement income needs.

### WHAT HAPPENS IF I KEEP WORKING PAST MY TARGET RETIREMENT DATE?

When a Target Date Strategy Fund reaches its target year, the assets will transfer to the Retirement Fund even if you continue to work beyond that year. Assets will remain in the Retirement Fund unless you decide to transfer them to another option.

### WHERE CAN I FIND INFORMATION ABOUT THE ANNUAL FEES FOR THE TARGET DATE FUNDS?

You may view fees for the Target Date Strategy Funds on the web site.

### WHO ADMINISTERS THE TARGET DATE FUNDS?

The Target Date Strategy Funds are administered by the staff and its investment consultants.

### WHY DON'T THE NEW TARGET DATE STRATEGY FUNDS HAVE A PERFORMANCE TRACK RECORD?

The Target Date Strategy Funds are new investment options built specifically for employees. Because they are new, they do not have a historical performance track record. As they build a track record, performance will be available for review on the investment performance document at [www.abccompany.com](http://www.abccompany.com).

### IT LOOKS LIKE THE TARGET DATE STRATEGY FUNDS INVEST IN COMMODITIES AND LISTED INFRASTRUCTURE FUNDS. ARE THESE FUNDS AVAILABLE AS CORE OPTIONS IN THE RETIREMENT PLAN?

No, these funds are not currently available as core options. One of the advantages of the Target Date Strategy Funds is that they offer access to some asset classes that are not offered as stand-alone options.

## Next steps

### GET INFORMED

- › Attend one of the Retirement Plan education meetings scheduled for your work location. The meeting schedule is posted on the web site.
- › Review the fund fact sheets provided with this booklet.

**TAKE ACTION** prior to December 20 if you do not want your account balance mapped to a Target Date Strategy Fund.

### IMPORTANT DATES

#### Investment selection period

OCTOBER 20–DECEMBER 20

No action is required to accept the target date mapping without changes.

If you wish to make changes to how your current balance and future contributions will map, do so during this period.

#### Period between investment selection and blackout period

DECEMBER 20–DECEMBER 27

During this period you may change the way your current balance are invested, make contribution and other changes and request loans and distributions as usual, based on plan rules.

You will not be able to direct how your current balance and future contributions will map to the new investment options.

#### Blackout period

1:00 P.M. PACIFIC TIME DECEMBER 27 THROUGH  
9:00 A.M. PACIFIC TIME JANUARY 2

Blackout period—you may not enter transactions during this period. Your Retirement Plan balance remains fully invested.

#### January 2

Changes complete. You may access your account information on the web site.

#### April 15

Quarterly statements available with information about your investments.



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Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Although stocks have historically outperformed bonds, they also have historically been more volatile. Investors should carefully consider their ability to invest during volatile periods in the market.

Investments that are allocated across multiple types of securities may be exposed to a variety of risks based on the asset classes, investment styles, market sectors and size of companies preferred by the advisors. Investors should consider how the combined risks impact their total investment portfolio and understand that different risks can lead to varying financial consequences, including loss of principal.

Target date fund investing involves risk, principal loss is possible. The principal value of the fund is not guaranteed at any time, including the target date. The target date is the approximate date when investors plan to retire and would likely stop making new investments in the fund.

Each of the Target Date Strategy funds invests its assets in units of a number of underlying funds. The allocation of each Target Date Strategy Fund assets is based solely on time horizon and will become more conservative over time until approximately the year indicated in the fund name, at which time the allocation will remain fixed. The asset allocation of the Retirement Fund is fixed. From time to time, the fund manager expects to modify the target asset allocation for any fund and/or the underlying funds in which a fund invests. In addition, the funds may in the future invest in other funds which are not currently underlying funds.

Target date funds are not intended to be a complete solution to investors retirement income needs. Investors must weigh many factors when considering to invest in these funds, including how much an investor will need, how long will the investor need it for, what other sources the investor will have and, whether the fund's target distributions will meet IRS minimum distribution requirements once age 70-1/2 is reached.

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