



# BUILD A SOLID RETIREMENT PLAN

INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 4 ANNUITY AND SAVINGS PLAN

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# Keeping your investments on target

Investing can be a moving target, and the way you're investing now may not line up with where you are in your life. We're here to help you get your investments closer to the mark. Reaching your retirement goals depends almost entirely on the saving and investment decisions you make today. Setting and sticking to your investment strategy can help you maintain confidence to build a financially independent future.

Becoming a smarter investor starts by understanding the language. Getting to know the terminology and principles of investing, as well as how they work together, can help you make smarter investment choices.

## Asset classes



An asset class is a grouping of similar types of investments, such as cash alternative investments, stocks and bonds.

## Asset allocation



Asset allocation is simply choosing how much to invest in each asset class to create your investment portfolio.

## Diversification



Diversification is mixing your investments among the different asset classes or within an asset class with the intent to minimize risk and enhance your growth potential.

## Rebalancing



Rebalancing is making periodic adjustments to your asset allocation to align with your investment strategy as it changes.



## Asset classes

### Stock funds

Stocks represent shares (part ownership) in a company, such as Apple, Ford or Disney. While historically stocks have outperformed other types of investments, such as bonds or money market funds, over the long term, stocks are more likely to fluctuate in value in the short term. It is important to note that past performance is not a guarantee of future results. There are different categories of stock funds with unique investment objectives:

- **Large-cap stocks** are less volatile than other stock investment options, but they are still riskier than bonds. Large-cap stocks are invested in publicly traded U.S. companies valued at more than \$10 billion.
- **Mid-cap stocks** offer greater growth potential than large-cap stocks with a little more risk but with less volatility and risk than small-cap stocks. Mid-cap stocks are invested in U.S. companies valued between \$2 billion and \$10 billion.
- **Small-cap stocks** are more volatile than large- and mid-cap stocks but with greater growth potential. Small-cap stocks are invested in U.S. companies valued between \$300 million and \$2 billion.
- **International stocks** offer the potential for higher returns and are invested in non-U.S. companies and governments. These stocks' higher return potential comes with greater risk than large-, mid- and small-cap stocks.
- **Emerging market stocks** offer higher potential returns with higher risks. Emerging market stocks are invested in securities from countries with economies that are considered to be emerging or on the rise, such as China and India.

### IUOE Local 4 Annuity and Savings Plan Stock Investment Options

Large-cap	Allianz GI NFJ Dividend Value Fund Vanguard 500 Index Fund T. Rowe Price Blue Chip Growth Fund
Mid-cap	Vanguard Selected Value Fund Victory Munder Mid-Cap Core Growth Fund T. Rowe Price New Horizons Fund
Small-cap	Boston Partners Small-Cap Value II Fund
International	Oakmark International Fund
Emerging market	JPMorgan Emerging Markets Equity Fund

### Bond funds

Bonds represent loans that investors make to corporations, governments or agencies. They're designed to provide investors with income and stability. If held to maturity, bonds offer a fixed rate of return and a fixed principal value. Historically, bonds have offered a lower rate of return than stocks and a higher rate of return than money market funds. It is important to note that past performance is not a guarantee of future results.

### IUOE Local 4 Annuity and Savings Plan Bond Investment Option

Dodge and Cox Income Fund

### Balanced funds

Balanced funds seek long-term growth and income through investment in both stocks and bonds.

### IUOE Local 4 Annuity and Savings Plan Balanced Fund Investment Option

American Funds Balanced Fund

### Mutual funds

Mutual funds represent money that is pooled with multiple investors to invest in securities like stocks, bonds, money market accounts and other assets. A professional money manager invests the money in a portfolio of assets in accordance with the stated purpose and goal of the mutual fund. If the investments within the mutual fund perform well, the return of those investments may increase the fund's value. Most of the IUOE Local 4 Annuity and Savings Plan investment options are mutual funds

### Collective investment trusts (CITs)

CITs are pooled investment funds that are similar to mutual funds but are structured to provide additional fee savings. If you prefer a simplified approach to diversification over selecting individual investments, the IUOE Local 4 Annuity and Savings Plan offers American Century Collective Investment Trust Retirement Date portfolio options. These portfolios are managed by experienced professionals and are designed to provide a simplified investment solution by offering a diversified portfolio of stock funds, bond funds and money market funds. These portfolios follow a preset asset allocation schedule that aims to deliver the appropriate trade-off between risk and reward potential based on your age and planned retirement date.<sup>1</sup>

### Stable value funds

Stable value funds are designed to provide capital preservation and predictable, steady returns and are more conservative than other investment options, such as stocks and bonds. The stable value fund offered in the IUOE Local 4 Annuity and Savings Plan is the SF Guaranteed Fund, which establishes a specific rate of return for a specified period of time (six months) and is reset every January 1 and July 1.

<sup>1</sup> Asset allocation, diversification, dollar-cost averaging and/or rebalancing do not ensure a profit or protect against loss.



## Asset allocation

Asset allocation is simply choosing how much to invest in each of the fund types and CITS available in the IUOE Local 4 Annuity and Savings Plan to create your investment portfolio. The goal of asset allocation is to minimize risk by dividing assets among the major classes and subclasses of asset classes. CITS, stock, bond, mutual, balanced and stable values funds have different levels of risk and return behaves differently over time.



## Diversification and risk tolerance

How much risk you are comfortable with is an important consideration in choosing your asset allocation strategy.<sup>1</sup> If you need your money within the next few years, you might want to avoid putting a large percentage into a single asset class that could dip in value in the short term. On the other hand, assuming you have six years or more before you will need your money, you may consider investing a percentage of your savings in investments that offer greater potential for return. That's because you have more time to potentially ride out short-term fluctuations in the value of your investments. To learn more about setting and sticking to your investment strategy, visit **retiresmart.com** and take the Risk Quiz.



## Rebalance and revisit your goals

To help you maintain your investment portfolio over time, your account can be periodically rebalanced.<sup>1</sup> This is important since gains and losses in different investments may change the percentage of your total account balance that is invested in each investment option.

When you make changes to your investments, plan ahead and don't act on impulse. By selling when prices are down, you may miss out on the chance to recover when the market rebounds. Make sure you've considered your personal saving goals, risk tolerance, age and time horizon for retirement along with the impact that short-term changes might have on your long-term strategy.

### Elect Cruise Control to automatically rebalance your account

- Visit **retiresmart.com** and log in to your account.
- Click *My Account*.
- Click *Investment Selection*.
- Click *By Myself*.
- Click *Cruise Control*.
- Click *Confirm*.

## 401(k) contributions

Making 401(k) contributions to the IUOE Local 4 Annuity and Savings Plan early in your career is ideal given the simple math of compounding and time — but it's never too late to start.

### To enroll in the 401(k) or increase your contributions

- Visit **local4funds.org** to download and complete the Income Deferral Agreement Local 4 — 401(k) Election form.
- Provide a copy to your employer.

## Need help?

For assistance creating your game plan for what's happening now — and what will happen next — visit **retiresmart.com** or call **800-743-5274**. Representatives are available to assist you at no cost weekdays from 8 a.m. to 8 p.m. Eastern time.

You can also contact CAPTRUST (formerly Cammack Retirement Group) at 800-293-2291 for assistance at no cost to help you reach your retirement plan goals.

*Carefully consider the investment option's objectives, risks, fees and expenses. Contact Empower Retirement for a prospectus, summary prospectus for SEC-registered products or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing.*

Bond prices generally fall when interest rates rise (and vice versa) and are subject to risks, including changes in credit quality, market valuations, inflation, liquidity and default. High-yield bonds have a greater risk of default.

Cash-alternative funds are not federally guaranteed and are subject to interest rate, inflation and credit risks.

Foreign securities involve risks, such as currency fluctuations, economic changes and political developments. These risks may be heightened in emerging markets, which may also experience liquidity risk.

Securities of small and mid-size companies may be more volatile than those of larger, more established companies.

Asset allocation and balanced investment options and models are subject to the risks of their underlying investments.

Effective on December 31, 2020, Empower Retirement (Empower) acquired the Massachusetts Mutual Life Insurance Company's (MassMutual) retirement business. Through this transaction, business written by MassMutual is reinsured by Great-West Life & Annuity Insurance Company (GWLA) and in New York by Great-West Life & Annuity Insurance Company of New York. Concurrently, MassMutual retroceded business it reinsures from a cedent, which MassMutual assumed in a previous transaction. Empower administers the business on MassMutual's behalf, with certain administrative services being performed by MassMutual and its affiliates during a temporary transition period.

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