

Defined Contribution Plan For Full-Time Employees of the Town of East Hartford Education Meeting

Presented by:
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USI Consulting Group
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Plan Transition: Agenda

- Retirement
- Saving for Retirement
- Your Retirement Savings Plan
- Your Investment Options
- The Web
- Questions

The information provided in this presentation is an overview of your Plan's features and benefits. The Summary Plan Description ("SPD") provides greater detail and other important information concerning your participation in the plan. Keep in mind that if there is a discrepancy between this and the information in the SPD, the SPD will govern.

This presentation has been prepared for general educational purposes only and is not designed to be a comprehensive analysis of any topic discussed herein. It should not be relied upon as the only source of information, and is not intended to represent advice or a recommendation specific to your situation. Prior to acting on this information, we recommend that you seek independent advice specific to your situation from a qualified legal/tax/investment professional.

Retirement

- What does “*retirement*” mean?
 - **We usually think of:**
sleeping in, traveling, playing cards, spending time with the family, volunteering, golfing
 - **Merriam Webster defines it as:**
“the act of ending your working or professional career”
 - **Meaning that:**
we need to save money to cover our expenses in retirement

Financial Need in Retirement

Rules of Thumb*:

- It is generally recommended that you will need \pm 70-90% of your pre-retirement income as annual retirement income
- You should consider *personal circumstances* as well

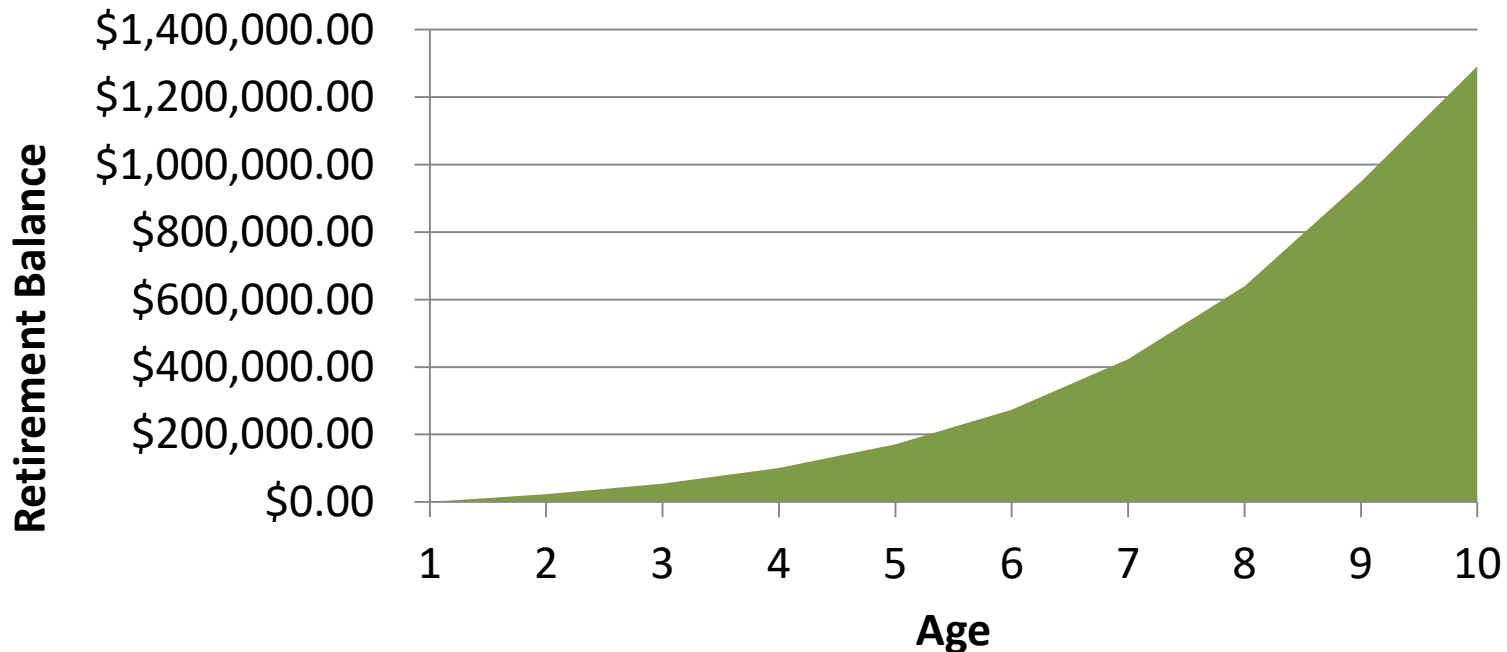


* *Retirement Rules of Thumb*, www.360financialliteracy.org/Topics/Retirement-Planning/Retirement-Planning-Basics/Retirement-Rules-of-Thumb.

**Alicia H. Munnell, Anthony Webb and Wenliang Hou, "How much should people save?", July 2014, Number 14-11, Center for Retirement Research of Boston College and Prudential, "Planning for Retirement: The Role of 401(k)s in retirement income", July 2014.

Reaching Your Retirement Goal

- Save as much as you can, 10-15% of your salary is generally recommended
- Build a portfolio that could potentially earn an average annual return of 6-7%

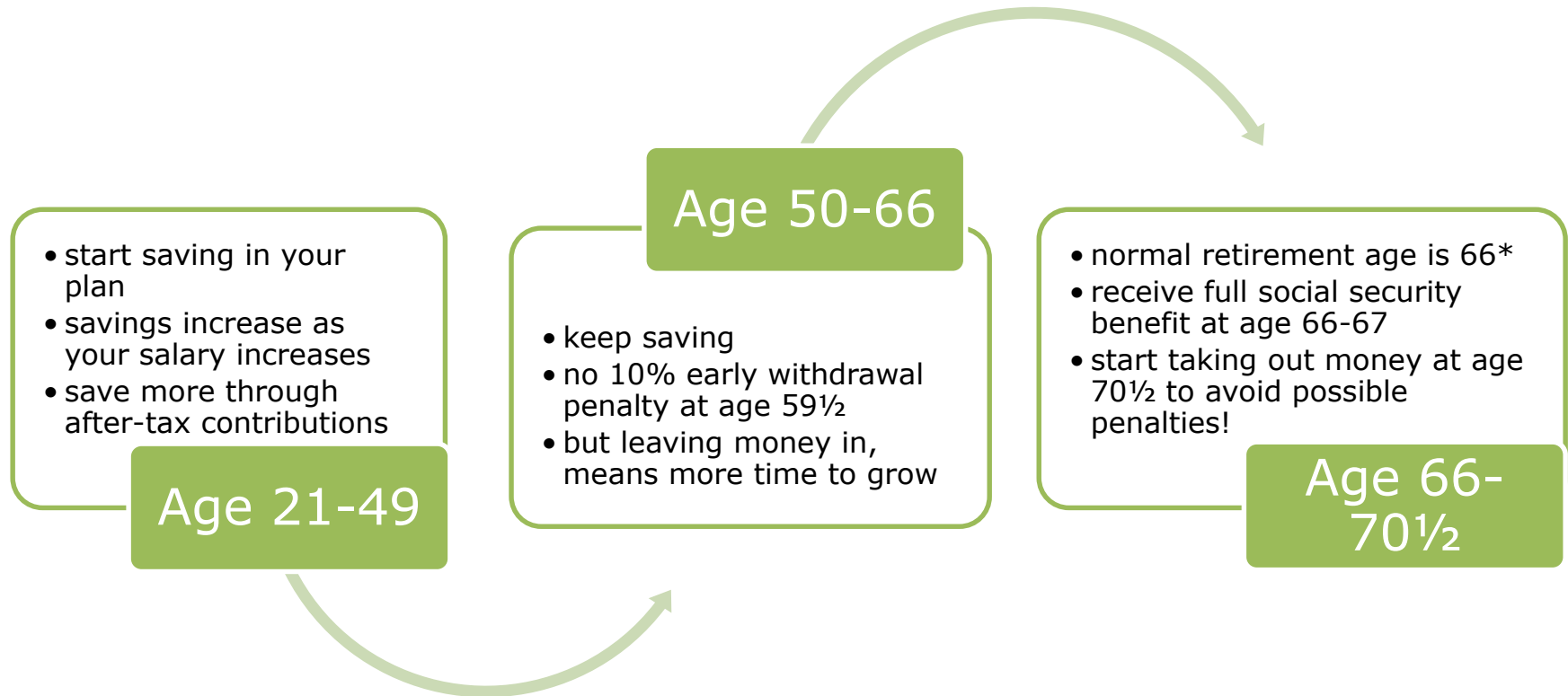


Example assumes a starting balance of \$3,000, savings rate of 10% of annual salary of \$30,000 with a 3% annual increase and an annual return of 7%. Quoted returns are hypothetical and do not represent the return of any particular security or group of securities. Calculations provided by <http://money.msn.com/retirement/retirement-calculator.aspx>.

Numbers are based on gross annual income.

Information is for illustrative purposes only. Past performance is not indicative of future results. Actual returns may be more or less than this example.

Retirement Saving Time Line



*For social security benefit purposes the normal retirement age, also known as full retirement age, is based on the year of birth. Full retirement age for people born between 1943 and 1954 is 66. Full retirement age for people born between 1954 and 1960 is 66 and gradually increases from 66 and 2 months to 66 and 10 months. Full retirement age for people born in or after 1960 is 67. www.ssa.gov.

Source: Retirement Toolkit, Department of Labor Employee Benefits Security Administration. www.dol.gov/ebsa/pdf/retirementtoolkit.

Your Retirement Savings Plan

- **Eligibility**
 - Immediately upon hire
 - Must contribute 6% of eligible compensation on a pre-tax basis
- **Entry Date**
 - Contributions start with your first paycheck
- **Enrollment Form**
 - Choose your contribution % or \$ for the *voluntary after-tax contributions*
 - Select how all of your contributions will be invested
- **Beneficiary Form**
 - Complete the beneficiary form
 - Remember to make updates as needed

Your Retirement Savings Plan: Employee Contributions

- **Mandatory**
 - 6% of your eligible compensation on a pre-tax basis
 - Earnings grow tax-deferred
- **Voluntary**
 - After-tax contributions
 - You choose the additional amount to contribute
 - Earnings grow tax-deferred

Your Retirement Savings Plan: Employer Contributions

Employer Non-elective Contribution

- **4%** of your eligible compensation
 - Paraprofessionals receive 3%

Your Retirement Savings Plan: Example*

An employee with an annual gross income of \$38,000

Per Year: \$2,280
Per Month: \$190
Per Week: \$43.85

Your Contribution
6%
of compensation:
\$2,280

Employer Contribution
4%
of compensation:**
\$1,520


Annual Total Retirement Savings: \$3,800

Free Money!

*Amounts shown are based on annual gross income.

**The employer match and profit sharing contribution are discretionary and may be subject to change in the future. The percentages shown are as of date of this presentation.

Your Retirement Savings Plan: Vesting



Ownership rights of
the account balance

Employee Contributions		Employer Match	
		Years of Service	Vesting %
100% vested		Less than 5	0%
		5 or more	100%

Your Retirement Savings Plan: Withdrawals

- **Plan Distributions**

- Retirement – age 65 with 5 years of service
- In-Service Withdrawal – for after tax contributions only!
- Separation from Service
- Disability or Death

Essentials of investing

You are responsible for how your account is invested (and for any gains/losses which may result from your investment choices). The material that has been provided is for your information and education. This is not to be considered investment advice.

You should consider the investment objectives, risks, and charges and expenses of the investment options carefully before investing. The prospectuses and other comparable documents contain this and other information about the investment options. They may be obtained by visiting USI Consulting Group's website at www.USICG.com. You should read the prospectuses and/or other comparable documents carefully before investing.



Your New Investment Options

Defined Contribution Plan For Full-Time Employees of the Town of East Hartford

21 different investment options representing
a broad mix of investment styles and strategies*

- Stable Value Fund** (a collective trust, not a mutual fund)
- Fixed Income Mutual Funds
- Equity Mutual Funds
- Target Date Funds***

*Please see the following page for important investment disclosures.

**Please see Appendix (page 27) for Asset Class Definitions.

***Target date funds are intended as long-term investments which involve risk, including the possible loss of principal.
The principal value of the fund(s) is not guaranteed at any time, including at the target date.

Investment Disclosures

1. You should consider the **investment objectives, risks, and charges and expenses** of the investment options carefully before investing. The prospectuses and other comparable documents contain this and other information about the investment options. They may be obtained by visiting USI Consulting Group's website at www.USICG.com. You should read the prospectuses and/or other comparable documents carefully before investing.
2. The **stable value** funds identified are collective trust funds and are not mutual funds; consequently, they are not registered with or regulated by the U.S. Securities and Exchange Commission. They are typically operated and offered by Banks and/or Trust Companies or their affiliates and are regulated by banking regulators. For a copy of the trust's "Summary Information Booklet," please visit USI Consulting Group's website at www.USICG.com.
3. The **model portfolios** are not mutual funds or securities in and of themselves, rather they are asset allocation models comprised of several complementary investments (the names and percentage allocation of the investments that comprise these models are shown within the chart).
4. The underlying investment mix of **target date funds** is designed to change as you get closer to your retirement date. The portfolio moves from a more aggressive, growth-oriented strategy during your accumulation phase to a more conservative, preservation oriented strategy as you near retirement. Target date funds are intended as long-term investments which involve risk, including the possible loss of principal. The principal value of the fund(s) is not guaranteed at any time, including at the target date.

Investment Advice for institutional retirement plans provided by USI Advisors, Inc.

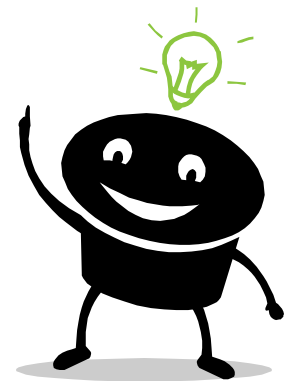
Securities offered to the plan through USI Securities, Inc. Member FINRA/SIPC

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USI Consulting Group is the parent company of USI Advisors, Inc. and USI Securities, Inc.

A Word About Risk

Investing in mutual funds, which are intended as long-term investments, involves risk, including the possible loss of principal. Investments in foreign securities and sector funds, including technology or real estate stocks, are subject to substantial volatility due to adverse political, economic, or other developments and may carry additional risk resulting from lack of industry diversification. Funds that invest in small or mid-capitalization companies may experience a greater degree of market volatility than those of large-capitalization stocks and are riskier investments. Bond funds have the same interest rate, inflation, and credit risks associated with the underlying bonds owned by the fund. Generally, the value of bond funds rises when prevailing interest rates fall and falls when interest rates rise. Investing in lower-grade debt securities may be subject to greater market fluctuations and risk of loss of income and principal than securities in higher rated categories. Bear in mind that higher return potential is accompanied by higher risk.



Investment Options: Individual Mutual Funds

Investment Name	Investment Category*
Standard Stable Value 5	Money Market Taxable
PIMCO Total Return R	Intermediate-Term Bond
Vanguard Total Bond Market Index Adm	Intermediate-Term Bond
T. Rowe Price Equity Income R	Large Value
Vanguard 500 Index Adm	Large Blend
MFS Growth R3	Large Growth
Victory Sycamore Established Value A	Mid-Cap Value
Voya MidCap Opportunities A	Mid-Cap Growth
Franklin Small Cap Value R	Small Blend
Goldman Sachs Small Cap Growth Insights A	Small Growth
Vanguard Total International Stock Index Adm	Foreign Large Blend
Columbia Seligman Communications & Information A	Technology

* Morningstar®.

Please see Appendix (pages 28 and 29) for investment category definitions.

Investment Options: Model Portfolios

Investment Name	Investment Category*
Conservative Fixed Income Portfolio for EH**	
65% Morley Stable Value III	Stable Value
10% Calvert Short Duration Income	Short-Term Bond
15% Eaton Vance Floating Rate A	Bank Loan
5% Eaton Vance Income Fund of Boston A	High Yield Bond
5% JHancock Strategic Income A	Multisector Bond
International Portfolio for EH**	
33% American Funds EuroPacific R3	Foreign Large Blend
11% Columbia Acorn International A	Foreign Small/Mid Growth
11% First Eagle Overseas A	Foreign Large Blend
12% Invesco Developing Markets A	Diversified Emerging Markets
33% MFS International Value R3	Foreign Large Value

*Morningstar®.

The **Model Portfolios are not mutual funds or securities in and of themselves, rather they are asset allocation models comprised of several complementary investments (the names and percentage allocation of the investments that comprise these models are shown within the chart).

Please see Appendix (pages 28-29) for investment category definitions.

Investment Options: Target Date Funds

Investment Name	Investment Category*
Vanguard Target Retirement Income Inv	Target Date Retirement
Vanguard Target Retirement 2020 Inv	Target-Date 2020
Vanguard Target Retirement 2025 Inv	Target-Date 2025
Vanguard Target Retirement 2030 Inv	Target-Date 2030
Vanguard Target Retirement 2040 Inv	Target-Date 2040
Vanguard Target Retirement 2050 Inv	Target-Date 2050
Vanguard Target Retirement 2060 Inv	Target-Date 2060

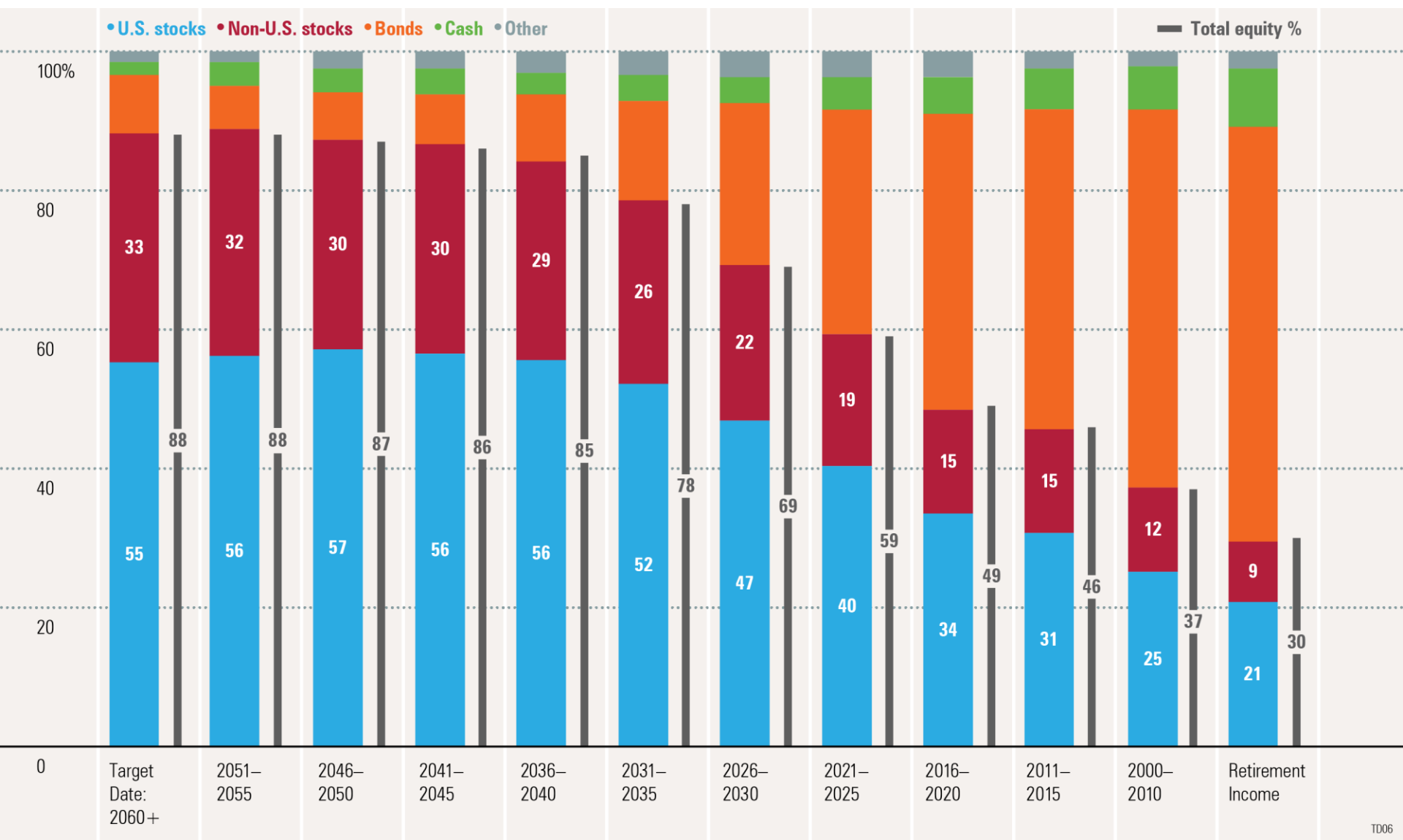
* Morningstar®.

**The underlying investment mix is designed to change as you get closer to your retirement date. The portfolio moves from a more aggressive, growth-oriented strategy during your accumulation phase to a more conservative, preservation oriented strategy as you near retirement. The principal value is not guaranteed at any time, including at the target date.

Please see Appendix (pages 28-29) for investment category definitions.

Target-Date Funds Alter Allocations Over Time

Average allocations to stocks, bonds, cash, and other investments



Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. ©2017 Morningstar. All Rights Reserved.



Accessing your Online Account – www.usicg.com

Retirement Plan/USIRA Service Center

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Participant Account Services:
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Plan Sponsor Services:
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Additional Information:
Understanding Participant Disclosures

Your Ideal Answer for all Retirement & Employee Benefit Plan Services
Executive Benefits, Regulatory & Compliance, Employee Communications, Health & Welfare Administration

benefit consulting and fully-owned subsidiary of insurance broker in the
Direct Solutions
Retirement Account Access
USIRA Account Access

For illustrative purposes only. Screen shots of pages available on the website www.usicg.com.

Logging Into your Online Account

Online Retirement Services



User Identification

Your One-Time registration information has been communicated to you.
Please enter your Registration ID.

Registration ID:

Attention: Your Registration ID is your social security number. Use dashes in the following format: XXX-XX-XXXX.

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Online Retirement Services

Login

Please enter your User ID and Password.

User ID :

☐ Remember my User ID [\(this works\)](#)

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Navigating Through Your Online Account

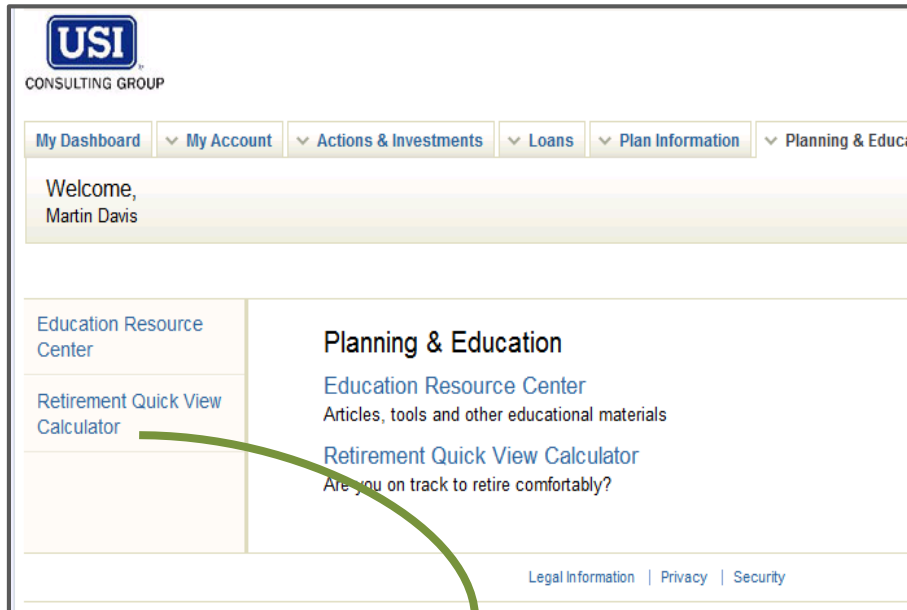
The screenshots illustrate the following navigation paths:

- Top Screenshot:** Shows the 'My Dashboard' page for 'Victoria Orange'. It includes a navigation bar with 'My Dashboard', 'My Account', 'Actions & Investments', 'Loans', 'Plan Information', and 'Planning & Education'. A welcome message is followed by 'You are viewing the following plan: Sample Company Retirement Savings Plan'. A balance of '\$183,703' is displayed. Links for 'Shortcuts' and 'Customize My Dashboard' are visible.
- Middle Screenshot:** Shows the 'My Account' page for 'Mary Davis'. It features a left sidebar with links like 'Account Balance', 'Personal Rate of Return', 'Account History', 'Statements', and 'My Profile'. The main content area shows 'My Contributions' and 'Manage My Investments' options.
- Bottom Screenshot:** Shows the 'Planning & Education' page for 'Mary Davis'. It includes a 'Planning & Education' section with links to 'Education Resource Center', 'Retirement Quick View Calculator', and 'Retirement Savings'. A 'MY ESTIMATED PAYCHECK IN RETIREMENT' box is also present.

Arrows indicate the navigation flow from the top dashboard to the middle account page, and then to the bottom planning page.

For illustrative purposes only. Screen shots of pages available on the website www.usicg.com.

Retirement Quick View Calculator



Retirement Quick View Calculator

Current Age Retirement Age
 Current Annual Income \$ Life Expectancy

Retirement Savings

Employer Plans 401(k), 457, etc.	Pensions	Traditional IRAs
Current Balance \$ <input type="text" value="99121"/>	How much do you expect to receive as an annual pension payment?	Current Balance \$ <input type="text" value="0"/>
Payroll Deduction % <input type="text" value="8.000"/>	Pension Payments start age <input type="text" value="65"/>	Annual Contributions \$ <input type="text" value="0"/>
Company Matching % <input type="text" value="0.000"/>	Annual Amount \$ <input type="text" value="0"/>	Roth IRAs
		Current Balance \$ <input type="text" value="30500"/>
		Annual Contributions \$ <input type="text" value="1200"/>

Other Savings for Retirement

Current Balance \$
 Additional Annual Savings \$

Rate of Return

Between now and the time you retire: %
 During your retirement years: %

Future Lump Sum or Lump Sum Pension

Lump Sum Amount \$
 Age Received

Social Security

☒ Include Social Security
☒ Calculate Automatically
 Age to Begin Receiving benefits
 Estimated Annual Payment \$
 Amount will be recalculated after selecting Apply Changes.

[Apply Changes](#)

Your Retirement Projection

Experts recommend having 80% [income replacement](#) saved for retirement. You are estimated to have 94% income replacement based on the information entered above.

\$8,380 /month

80%

\$9,810 /month

94%

Congratulations!

Because of your hard work, you are on track to meet your retirement goal.

Estimated monthly amount needed at retirement	\$8,380
Estimated monthly income at retirement	\$9,810
Estimated total savings needed at retirement	\$1,237,000
Total savings projected at retirement	\$1,550,000

Needs

Bar chart showing projected needs from age 65 to 85. The y-axis ranges from \$0 to \$200,000. The bars show a steady increase in needs over time.

Savings

Line chart showing projected savings from age 40 to 85. The y-axis ranges from \$0 to \$2,000,000. The line shows savings growing over time, peaking around age 65 and then declining.

This shows how your savings might grow over time. Your estimated total savings needed at retirement is \$1,237,000.

For illustrative purposes only. Screen shots of pages available on the website www.usicg.com.

Morningstar Retirement® ManagerSM

Top Screenshot:

- Navigation bar: My Dashboard, My Account, **Actions & Investments** (highlighted), Loans, Plan Information, Planning & Education.
- Welcome, Victoria Orange
- Left sidebar: My Contributions, Manage My Investments, **Advisory Services** (highlighted), Morningstar Retirement Manager, Research Investments.
- Right sidebar: **Let us help write your retirement story.** Access Morningstar Retirement Manager to explore your personalized strategy. Get started today.
- Main content: **Advisory Services**
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Bottom Screenshot:

- Navigation bar: My Dashboard, My Account, Actions & Investments, Loans, Plan Information, Planning & Education.
- Welcome, Victoria Orange
- Right sidebar: You are viewing the following plan: Sample Company Retirement Savings Plan
- Shortcuts button
- Left sidebar: My Contributions, Manage My Investments, **Advisory Services** (highlighted), Morningstar Retirement Manager (highlighted), Research Investments, Withdrawals.
- Main content: **Morningstar Retirement Manager**
 - How much should I save?
 - How should I allocate my funds?

Morningstar Retirement Manager can help you answer these questions and provide you with a personalized retirement strategy.

In order to ensure that the advice you receive from Morningstar Retirement Manager is as accurate and up-to-date as possible, please confirm the following:

Annual Compensation: \$60000.00 (highlighted)

[click here to access Morningstar Retirement Manager now.](#)

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1-866-305-8846

Plan Code: 327



Questions



Appendix: Asset Class Definitions

ASSET CLASSES

There are three basic investment categories or asset classes: Equity Investments, Fixed Income Investments, and Cash Equivalents.

Equity Investments involve the direct or indirect ownership (e.g., through mutual funds or other types of pooled portfolios) of company stock. Owning stock in a corporation is represented by holding share certificates that are a claim on a corporation's earnings and assets; therefore, stockholders are owners of the corporation. Equity investments have historically had the highest return potential, but also the greatest level of risk amongst the asset classes.

Fixed Income Investments are a type of investment that pays a fixed rate of return. Typically, this category refers to bonds issued by governments or corporations. Bonds are essentially loans made by investors to issuers (i.e., the investor is a creditor and the issuing government/corporation is a debtor). The issuer is obligated to pay a fixed rate of interest periodically and to repay the principal amount of the loan at maturity. Bonds are generally less volatile than stocks, but offer more modest returns.

Cash Equivalents involve investments that are highly liquid and the safest asset category (e.g., stable value funds, money market mutual funds). In general the chances of losing money on an investment in this category is extremely low; however, the potential returns are also the lowest of the three major investment categories. The principal concern for those who invest in cash equivalents is inflation risk. Meaning that these lower returns, over time, will not keep pace with the rising cost of goods and services.

Appendix: Investment Category Definitions

Capitalization

Large Cap: Companies whose share price multiplied by the number of shares outstanding typically exceeds \$10 billion.

Mid Cap: Companies whose share price multiplied by the number of shares outstanding typically falls in the range of \$1 billion to \$10 billion.

Small Cap: Companies whose share price multiplied by the number of shares outstanding typically is less than \$1 billion.

Investment Style

Value: An investment style that invests in the stocks of companies that are considered undervalued relative to a major unmanaged stock index based on statistics such as price-to-current-earnings, book value, asset value or other factors.

Growth: An investment style that invests in stocks of companies with long-term earnings expected to grow significantly faster than the earnings of the stocks represented in a major unmanaged index. These funds will normally have an above average price-to-earnings ratio, price-to-book ratios, and three-year earnings growth figure compared to the universe of funds.

Blend: An investment style that invests in a combination of Growth and Value oriented stocks.

Sector/Specialty: These portfolios may focus investments on certain economic sectors, thereby increasing vulnerability to any single economic, political or regulatory development. This may result in greater price volatility.

Real Estate: There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions.

Global/World: These types of funds invest primarily outside the United States but may invest some of their assets within the United States.

Diversified Emerging Markets: These portfolios will have at least 50% of assets in stocks invested in emerging markets.

Foreign/International: These funds typically will invest in foreign securities, and will not generally invest within the United States.

Conservative Allocation: A fund that invests in both stocks and bonds and maintains a relatively smaller position in stocks. The funds typically have 20% - 50% of assets in equities and 50% - 80% of assets in fixed income and cash.

Moderate Allocation: A fund that invests in both stocks and bonds and maintains a higher position in stocks. The funds typically have 50% - 70% of assets in equities and the remainder in fixed income and cash.

Target Date Funds: Target Date Funds are subject to the risks associated with their underlying funds, and are multi-fund portfolios that adjust their asset allocation to become more conservative as the target date approaches.

Appendix: Investment Category Definitions

Stable Value: Stable-value portfolios seek to provide income while preventing price fluctuations. The most common stable-value portfolios invest in a diversified portfolio of bonds and enter into wrapper agreements with financial companies to guarantee against fluctuations in their share prices. These wrapper agreements typically provide price stability on a day-to-day basis, thereby insulating each portfolio's net asset value from interest-rate volatility. Therefore, the duration for each of these funds is essentially zero.

Ultrashort Bond: Used for funds with an average duration or an average effective maturity of less than one year. This category includes general and government-bond funds, and excludes any international, convertible, multisector, and high-yield bond funds.

Short-Term Bond: Short-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and have durations of one to 3.5 years (or, if duration is unavailable, average effective maturities of 1 to 4 years). These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations.

Intermediate-Term Bond: Intermediate-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed income issues and have durations of 3.5 to 6 years (or, if duration is unavailable, average effective maturities of 4 to 10 years). These portfolios are less sensitive to interest rates, and therefore less volatile, than portfolios that have longer durations.

Long-Term Bond: Long-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and have durations of more than six years (or, if duration is unavailable, average effective maturities greater than 10 years). Due to their long durations, these portfolios are exposed to greater interest rate risk.

High-Yield Bond: High-yield bond portfolios concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. These portfolios primarily invest in U.S. debt securities where at least 65% or more of bond assets are not rated or are rated by a major agency such as Standard and Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

Multisector Bond: Used for funds that seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, foreign bonds, and high-yield domestic debt securities.

Bank Loan: A fund that invests primarily in floating-rate bank loans instead of bonds. In exchange for their credit risk, they offer high interest payments that typically float above a common short-term benchmark.