



Town of Glastonbury DC Plans



Important Disclosure



It is the role of Fiduciary Investment Advisors, LLC ("*FIA*") to assist the Plan sponsor with the selection of investment alternatives for Plan participants to consider and choose from (which *may* include specific asset allocation programs devised by *FIA*) and to provide corresponding general informational materials and educational sessions to Plan participants, so as to enable each participant to direct the investment selection for his/her own Plan retirement account. *FIA* has not been engaged to provide initial or ongoing individual personalized investment advice to Plan participants. Accordingly, no Plan participant should assume that any general informational materials or educational sessions devised and/or provided by *FIA* serve as the receipt of, or as a substitute for, personalized investment advice from *FIA*, or from any other investment professional. To the extent that any participant requires initial or ongoing personalized investment advice, he/she is encouraged to consult with the investment professional of his/her choosing.

Please Remember: Past performance may not be indicative of future results. Moreover, no current or prospective Plan participant should assume that future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in any general informational materials or educational sessions (including the plan investment alternatives), will be profitable or equal any corresponding indicated historical performance level(s). Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a participant's retirement portfolio.

FIA is neither a law firm nor a certified public accounting firm and no portion of this educational content should be construed as legal or accounting advice.

Information sourced from Morningstar is believed to be reliable and has not been independently verified by *FIA*.

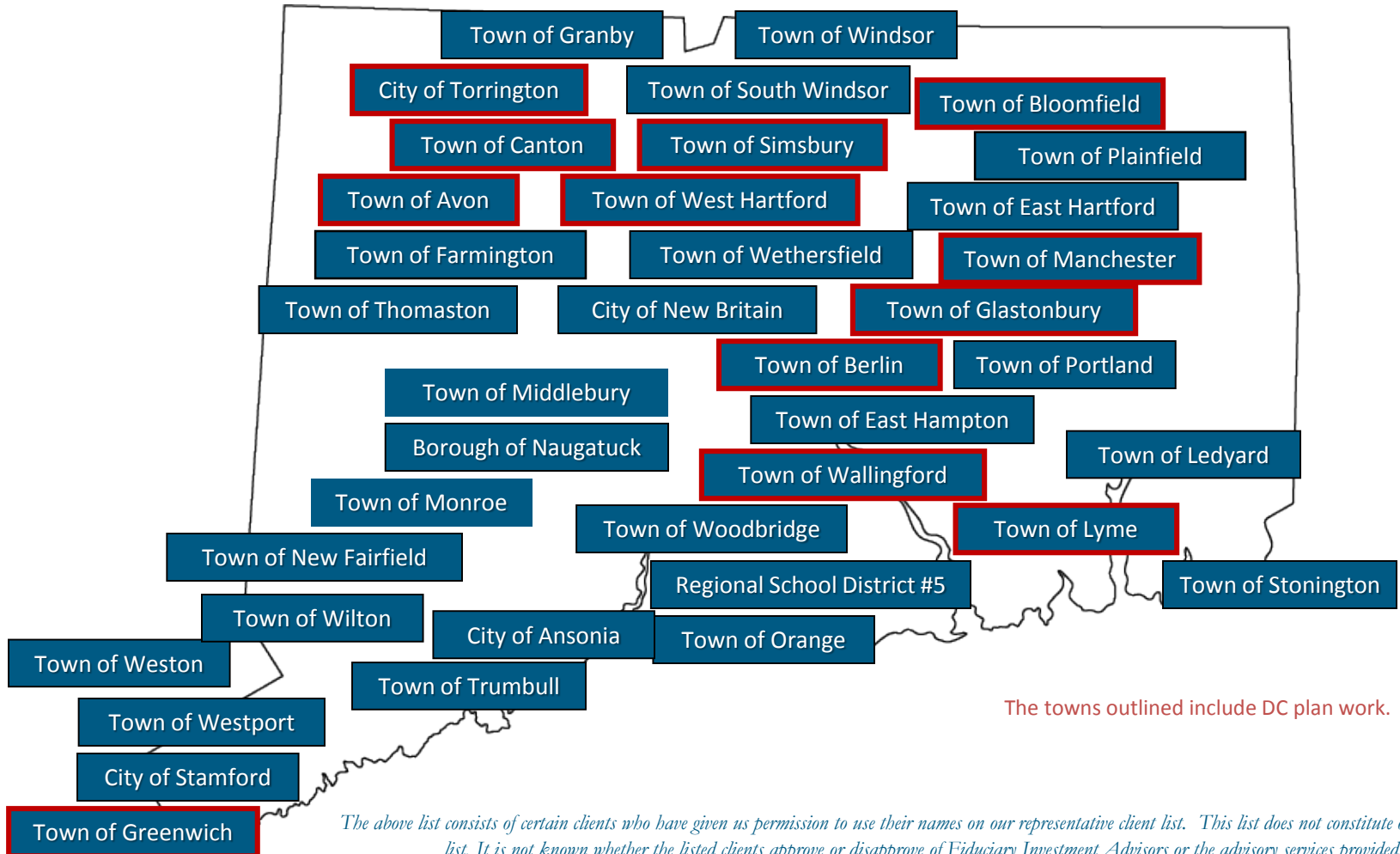
Education Provided by



Fee-only investment advisory firm
Independent and unbiased
100% employee-owned
250+ institutional clients
\$44 billion under advisement



CT Public Fund Experience



Background to Retirement Plan Changes



- In recent years, Federal regulation over retirement plans has evolved and imposed a higher level of responsibility on retirement plans (like the Town of Glastonbury's).
 - Sponsors of retirement plans may be subject to fiduciary responsibilities and should act in the best interest of participants. These responsibilities can include:
 - Selecting and monitoring plan investments;
 - Assessing and monitoring the reasonableness of retirement plan fees;
 - Monitoring communication and educational services
-

Description of The Review Process

- FIA conducted an extensive review of the retirement Plan, evaluating the ICMA plan on multiple factors which included, but were not limited to:

- **Investment menu design**

- Benchmarking
- Asset class review
- Industry best practices
- Behavioral Finance

- **Investment performance**

- FIA Manager due diligence process

- **Investment, plan and related fees**

- Full fee disclosure analysis and benchmarking
- Vendor fees

- **Platform capabilities**

- Technology
- Flexibility

- **Service model**

- Participant education/communication
- Plan Sponsor (administrative assistance)

- **Overall competitiveness**

- Ability to meet the needs of the plan participants and beneficiaries
-

Investment Evaluation and On-Going Review

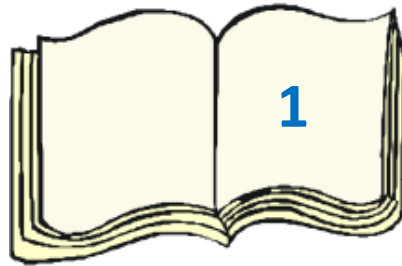


- ✓ **Organization** – The investment firm must be financially and structurally sound and have the financial, operational and personnel resources to carry out its strategy. There should be no legal or regulatory proceedings surrounding the firm. The firm must have an appropriate compensation structure and demonstrate a passion for investing.
 - ✓ **Philosophy** – The investment manager must have a clearly defined and disciplined investment philosophy that is based on sound investment theory, which is followed consistently and with conviction.
 - ✓ **Investment Process** – The methods and procedures an investment manager uses to apply his philosophy constitutes the investment process. It is important that the manager’s techniques for selecting and selling securities be sound, consistent and research intensive.
 - ✓ **Style Consistency** – The investment manager is expected to adhere to his particular investment style, despite prevailing market sentiment.
 - ✓ **Personnel** – The investment firm’s professionals need to be skilled, experienced, properly credentialed and knowledgeable.
 - ✓ **Quality of Research** – The investment firm’s research team must have the capacity and resources to evaluate and track the full universe of investment opportunities defined by its investment philosophy. The staff must possess extensive knowledge of the companies and particular securities being researched.
 - ✓ **Performance** – The investment manager must successfully demonstrate an ability to identify investment opportunities (their “edge”). The manager should demonstrate competitive long term performance as compared to a relevant benchmark and peer group.
 - ✓ **Risk Controls** - Strong consideration is given to risk-adjusted performance. The investment manager must implement appropriate risk controls, commensurate with their philosophy and process.
 - ✓ **Operations** – A system of operational policies, procedures, and risk controls must be in place. The firm should have contingency plans to control organizational risks, such as a physical disaster recovery plan.
-

TODAY'S AGENDA

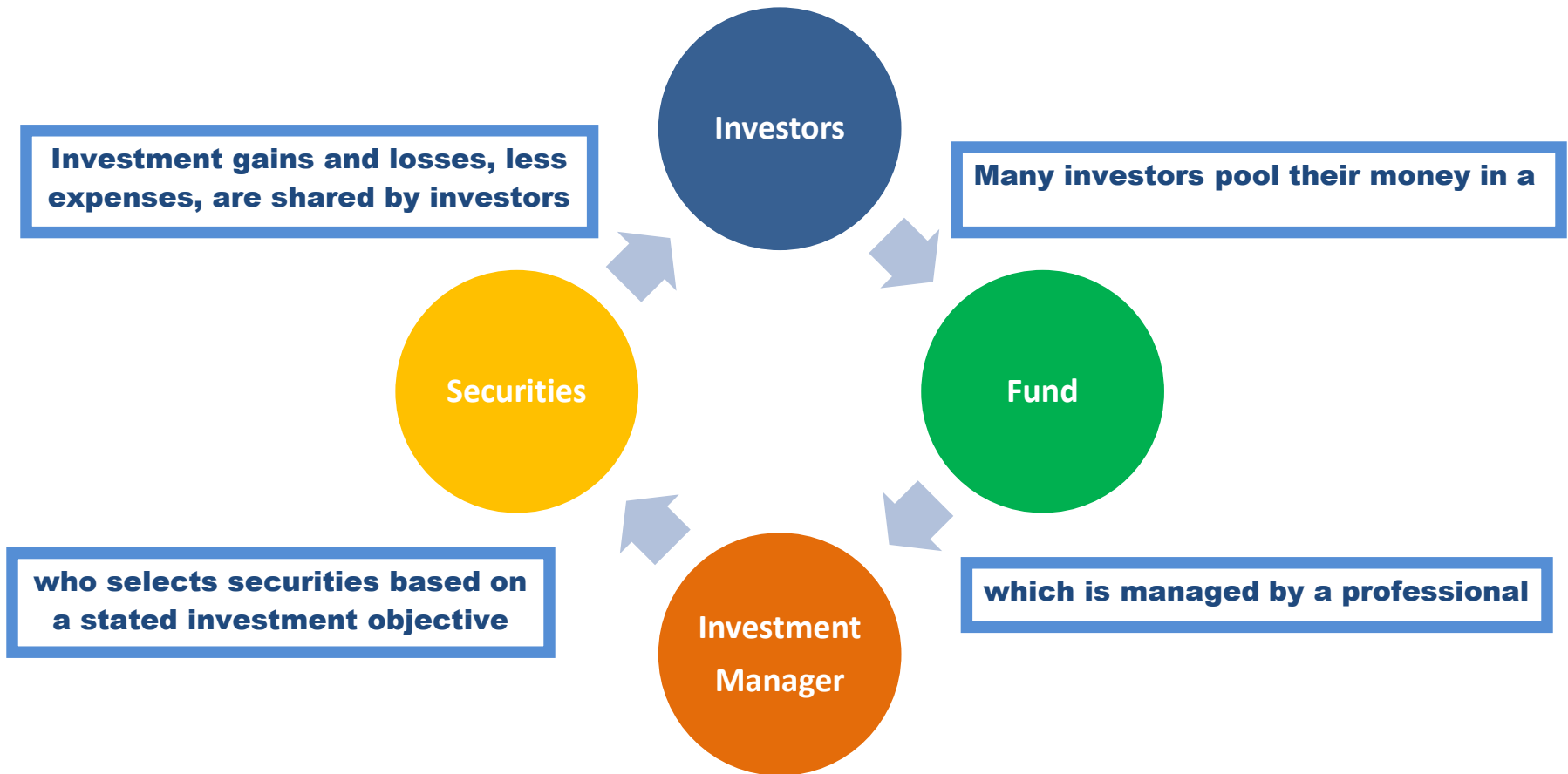
- 1: Your Investment Options
- 2: Investing Essentials
- 3: Planning and Resources





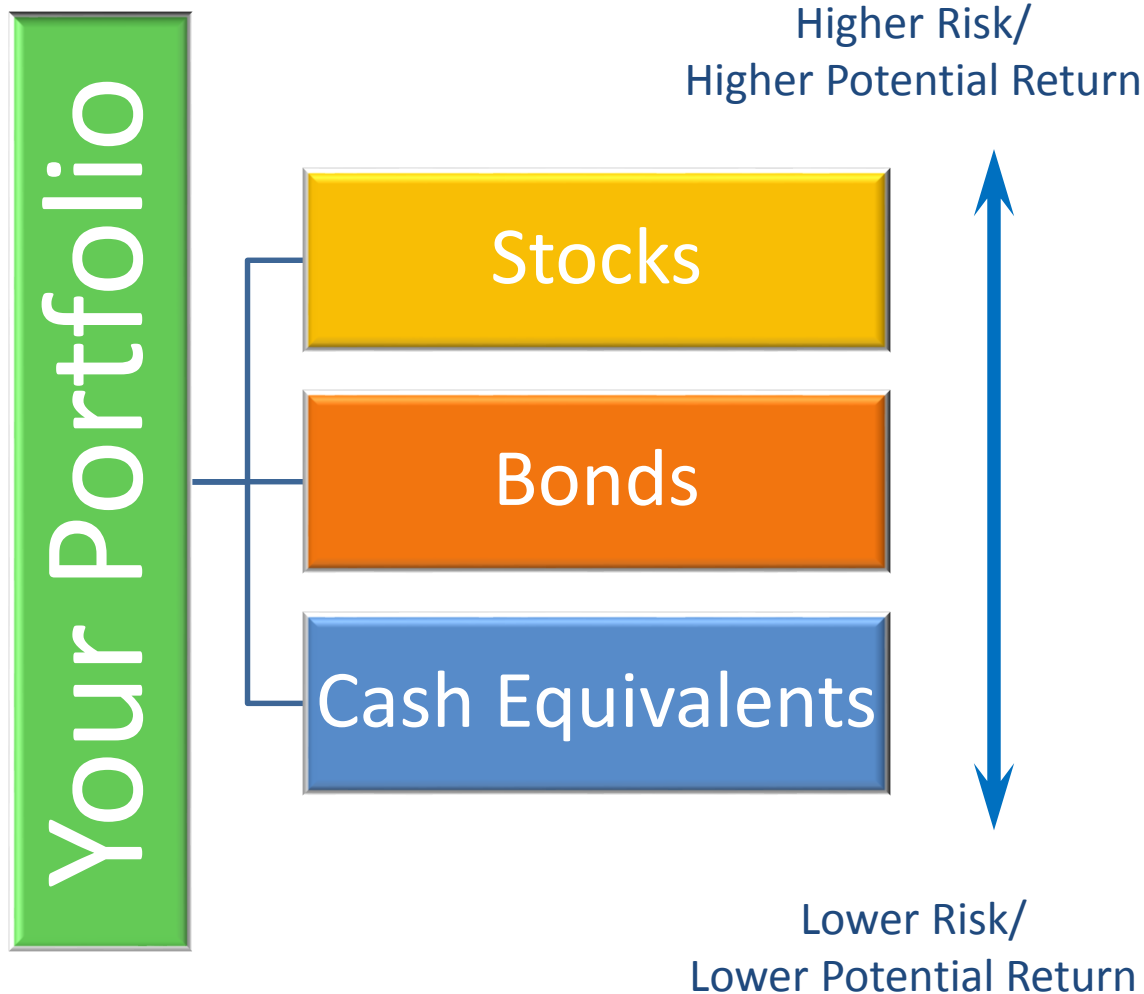
Your Investment Options

What is a Mutual Fund?



Risk and Reward

All investments involve risk...learning the basics is necessary to investing carefully and appropriately



Making Your Investment Selections

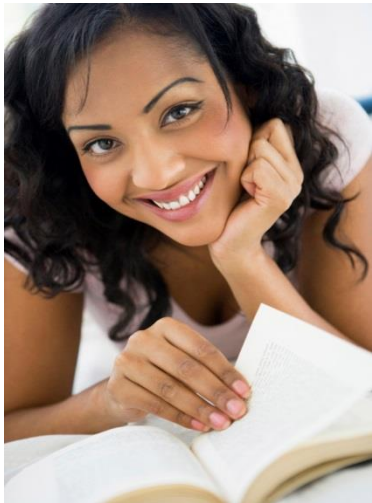
Lily



Happy to leave investing to a professional
Looking for a simple investment for long-term savings
Does not want to worry about allocation and rebalancing

...should consider a Target Date Fund

Sophie



Enjoys learning about different investments
Reviews her statements and monitors her allocation
Wants control over how account is invested and allocated

...should consider building her own portfolio

What is a Target Date Fund?

All-in-one investment made up of mutual funds

Asset mix based on a specific **target** retirement date or age

Becomes more conservative over time

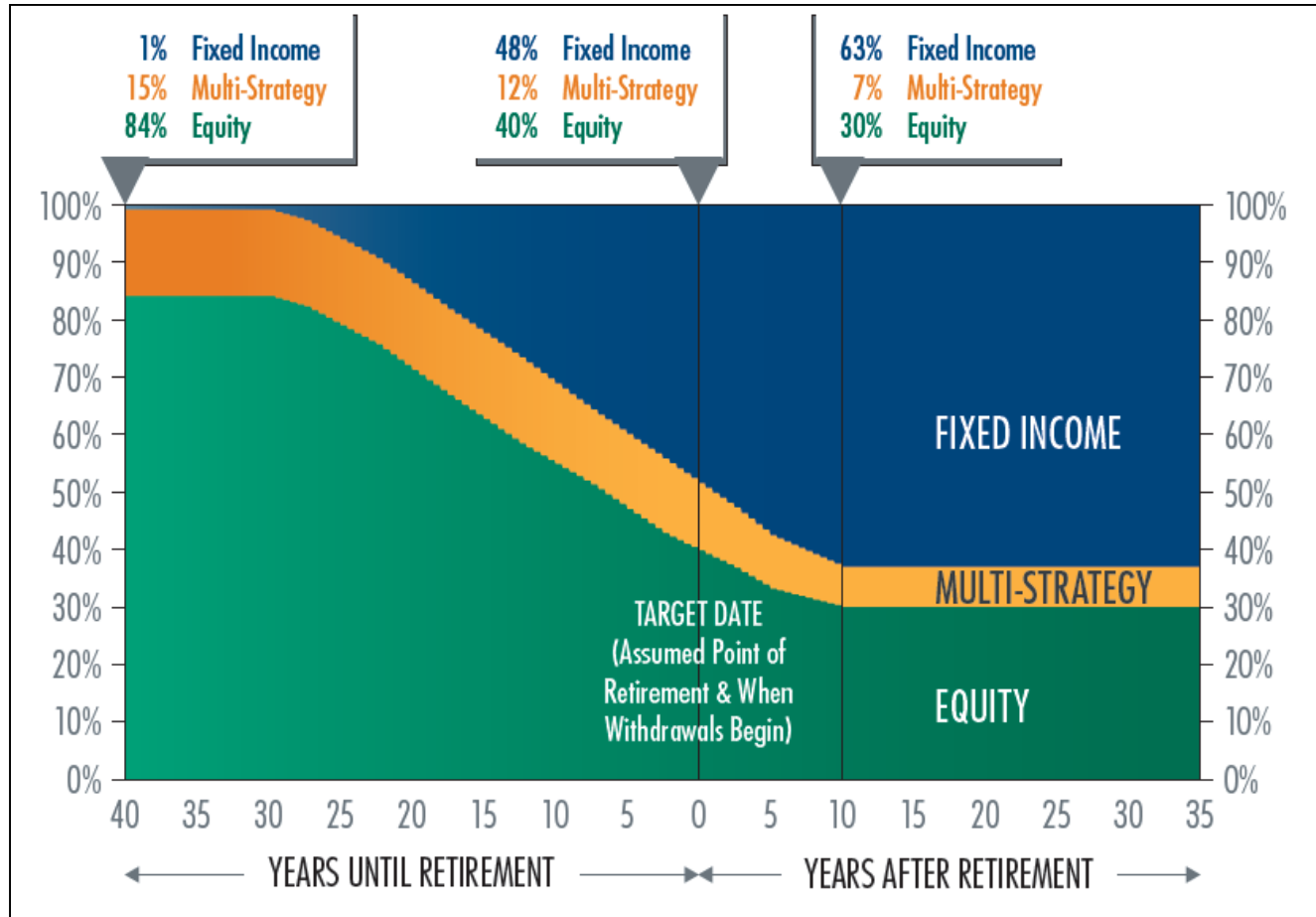
Select fund closest to when you plan to retire

There are no guarantees



Vantagepoint Target Date Funds

Asset Allocation Glide Path



Target Date Funds*

Lower Risk



Higher Risk

Target Date Fund Name
Vantagepoint Milestone Retirement Income
Vantagepoint Milestone 2010
Vantagepoint Milestone 2020
Vantagepoint Milestone 2025
Vantagepoint Milestone 2030
Vantagepoint Milestone 2035
Vantagepoint Milestone 2040
Vantagepoint Milestone 2045
Vantagepoint Milestone 2050

Birth Year 1975

+

Planned Retirement Age 65

=

Expected Retirement Date 2040

*Target date funds can have substantial stock market exposure; all investments are subject to volatility and risk of loss.

Building Your Own Portfolio

Index Investing

Index funds attempt to replicate an existing market “index” -- an imaginary portfolio of securities in a particular market segment that is used to benchmark performance

- S&P 500®
- Dow Jones Industrial Average (DJIA)

Pros

Each index fund offers *diversified* holdings

Passive investing means less research and trading, *lower fees and expenses*

Seeks *average* performance

Cons

But, the *need for asset allocation* remains

It also means there is *no active securities selection* based on risk, valuation or growth potential

Not likely to *outperform*

Your Current Investment Menu

← Money Mkt / SV	Fixed Income	Balanced	Domestic Equity			Intl /Global	Other →
			<u>Large Value</u>	<u>Large Blend</u>	<u>Large Growth</u>		
VT PLUS Fund	Vantagepoint Core Bond Index	VantageTrust Fidelity Puritan	Vantagepoint Equity Income	Vantagepoint 500 Stock Index	Vantagepoint Growth	Vantagepoint International	VantageTrust Nuveen Real Estate Secs
VT Cash Management	VantageTrust Western Asset Core Plus Bond	Vantagepoint Conservative Growth	VantageTrust Invesco Diversified Dividend	Vantagepoint Broad Market Index	VantageTrust Fidelity Contrafund	VantageTrust Harbor International	
Certificate of Deposit	Vantagepoint Inflation Focused	Vantagepoint Trad Growth	VantageTrust Allianz NFJ Dividend Value	Vantagepoint Growth & Income	VantageTrust T. Rowe Price Growth Stock	VantageTrust Fidelity Diversified International	
VantageTrust Retirement Income Advantage	VantageTrust PIMCO High Yield	Vantagepoint Long-Term Growth		VantageTrust Parnassus Core Equity		Vantagepoint Overseas Equity Index	
		Vantagepoint All Equity Growth		VantageTrust Oppenheimer Main Street			
		Suite of Vantagepoint Milestone Funds	<u>Mid Value</u>	<u>Mid Blend</u>	<u>Mid Growth</u>		
			Vantagepoint Select Value	Vantagepoint Mid/Small Company Index	Vantagepoint Aggressive Ops		
			VantageTrust Goldman Sachs Mid Cap Value		VantageTrust AMG Timesquare Mid Cap Gr		
					VantageTrust Harbor Mid Cap Growth		
			<u>Small Value</u>	<u>Small Blend</u>	<u>Small Growth</u>		
			VantageTrust T. Rowe Price Small Cap Value	Vantagepoint Discovery	VantageTrust Oppenheimer Discovery		

Index funds shown in green

Your New Investment Menu




← Money Mkt / SV	Fixed Income	Balanced	Domestic Equity			Intl /Global	Other →
VT PLUS Fund VantageTrust Retirement Income Advantage	Vantagepoint Core Bond Index	Vantagepoint Conservative Growth	<u>Large Value</u> VantageTrust Invesco Diversified Dividend	<u>Large Blend</u> Vantagepoint 500 Stock Index	<u>Large Growth</u> VantageTrust T. Rowe Price Growth Stock	VantageTrust Harbor International Vantagepoint Overseas Equity Index	VantageTrust Nuveen Real Estate Secs
	VantageTrust Western Asset Core Plus Bond	Vantagepoint Trad Growth	<u>Mid Value</u> Victory Sycamore Established Value	<u>Mid Blend</u> Vantagepoint Mid/Small Company Index	<u>Mid Growth</u> VantageTrust AMG Timesquare Mid Cap Gr		
	Vantagepoint Inflation Focused	Vantagepoint Long-Term Growth Vantagepoint All Equity Growth Suite of Vantagepoint Milestone Funds	<u>Small Value</u> American Beacon Small Cap Value	<u>Small Blend</u> ↓	<u>Small Growth</u> Eagle Small Cap Growth		

Index funds shown in green

Investment Evaluation and On-Going Review

As of 12/31/15



1-50 Percentile = 
 51-75 Percentile = 
 76-100 Percentile = 

Fund Name	QTR	1 Year	3 Years	5 Years	10 Years
Vantagepoint Growth Investor	8.0	4.3	15.3	11.0	5.8
<i>Russell 1000 Growth Index</i>	7.3	5.7	16.8	13.5	8.5
IM U.S. Large Cap Growth Equity (MF) Rank	41	63	68	79	92
T. Rowe Price Growth Stock Adv	8.5	10.6	18.6	14.3	8.9
<i>Russell 1000 Growth Index</i>	7.3	5.7	16.8	13.5	8.5
IM U.S. Large Cap Growth Equity (MF) Rank	26	8	14	14	15

	QTR	1 Year	3 Years	5 Years	10 Years
Vantagepoint Growth & Income	5.3	-0.3	13.9	11.3	6.9
<i>S&P 500 Index</i>	7.0	1.4	15.1	12.6	7.3
IM U.S. Large Cap Core Equity (MF) Rank	81	48	41	42	33
Vantagepoint 500 Stock Index II	7.1	1.2	14.9	12.4	7.1
<i>S&P 500 Index</i>	7.0	1.4	15.1	12.6	7.3
IM U.S. Large Cap Core Equity (MF) Rank	23	28	19	19	27

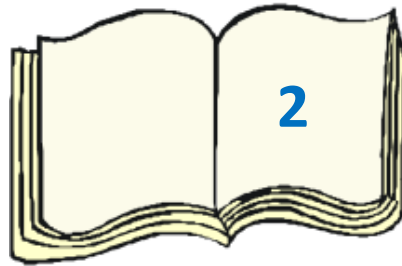
	QTR	1 Year	3 Years	5 Years	10 Years
Vantagepoint Aggressive Opportunities	3.7	-2.4	12.4	8.0	6.4
<i>Russell Midcap Growth Index</i>	4.1	-0.2	14.9	11.5	8.2
IM U.S. Mid Cap Growth Equity (MF) Rank	40	70	62	81	71
AMG Timesquare Mid Cap Growth Premier	2.7	0.5	13.0	10.8	8.7
<i>Russell Midcap Growth Index</i>	4.1	-0.2	14.9	11.5	8.2
IM U.S. Mid Cap Growth Equity (MF) Rank	57	44	56	35	20

¹ Source: Lipper Analytical Services

Explanation of Category rankings: Percentile rankings are on a scale of 1 to 100, with a rank of 1 (1st percentile) being the best and 100 (100th percentile) being the worst. Rankings relate to net of fee returns for each fund in its respective Lipper peer group. Due to statistical requirements, investment versus peer group rankings will not populate if peer groups contain less than 10 members. Returns for periods less than one year are not annualized

What will happen

Current Fund		Fund it will be mapped to
VT Cash Management	—————>	VT Plus Fund
VT PIMCO High Yield	—————>	Vantagepoint Milestone Funds
VT Fidelity Puritan	—————>	Vantagepoint Milestone Funds
Vantagepoint Equity Income	—————>	VT Invesco Diversified Dividend
VT Allianz NFJ Dividend Value	—————>	VT Invesco Diversified Dividend
Vantagepoint Broad Market Index	—————>	Vantagepoint 500 Stock Index
Vantagepoint Growth & Income	—————>	Vantagepoint 500 Stock Index
VT Parnassus Core Equity	—————>	Vantagepoint 500 Stock Index
VT Oppenheimer Main Street	—————>	Vantagepoint 500 Stock Index
Vantagepoint Growth	—————>	VT T. Rowe Price Growth Stock
VT Fidelity Contrafund	—————>	VT T. Rowe Price Growth Stock
Vantagepoint Select Value	—————>	Victory Sycamore Established Value
VT Goldman Sachs Mid Cap Value	—————>	Victory Sycamore Established Value
Vantagepoint Aggressive Ops	—————>	VT AMG Timesquare Mid Cap Growth
VT Harbor Mid Cap Growth	—————>	VT AMG Timesquare Mid Cap Growth
VT T. Rowe Price Small Cap Value	—————>	American Beacon Small Cap Value
Vantagepoint Discovery	—————>	Vantagepoint Mid/Small Company Index
VT Oppenheimer Discovery	—————>	Eagle Small Cap Growth
Vantagepoint International	—————>	VT Harbor International
VT Fidelity Diversified International	—————>	VT Harbor International



Investing Essentials

Have a Plan for Any Market

- Establish savings goals and target dates
 - Start saving as early as you can to take advantage of compounding
 - Revisit the amount of cash you have on hand for unplanned expenses or emergencies
 - Review insurance coverage and annual credit report to protect what you have
 - Designate beneficiaries and have important personal documents (will, guardian, durable POA, health care proxy and directives)
-

What Can I Do To Manage Volatility?

- Maintain a long-term perspective
- Save and invest regularly
- Understand your real risk tolerance
 - Will help select the appropriate asset allocation for you
- Diversify your portfolio
- Re-balance periodically



Investment Strategy #1

Maintain A Long-Term Perspective

Don't try to time the market

May have significant negative effect

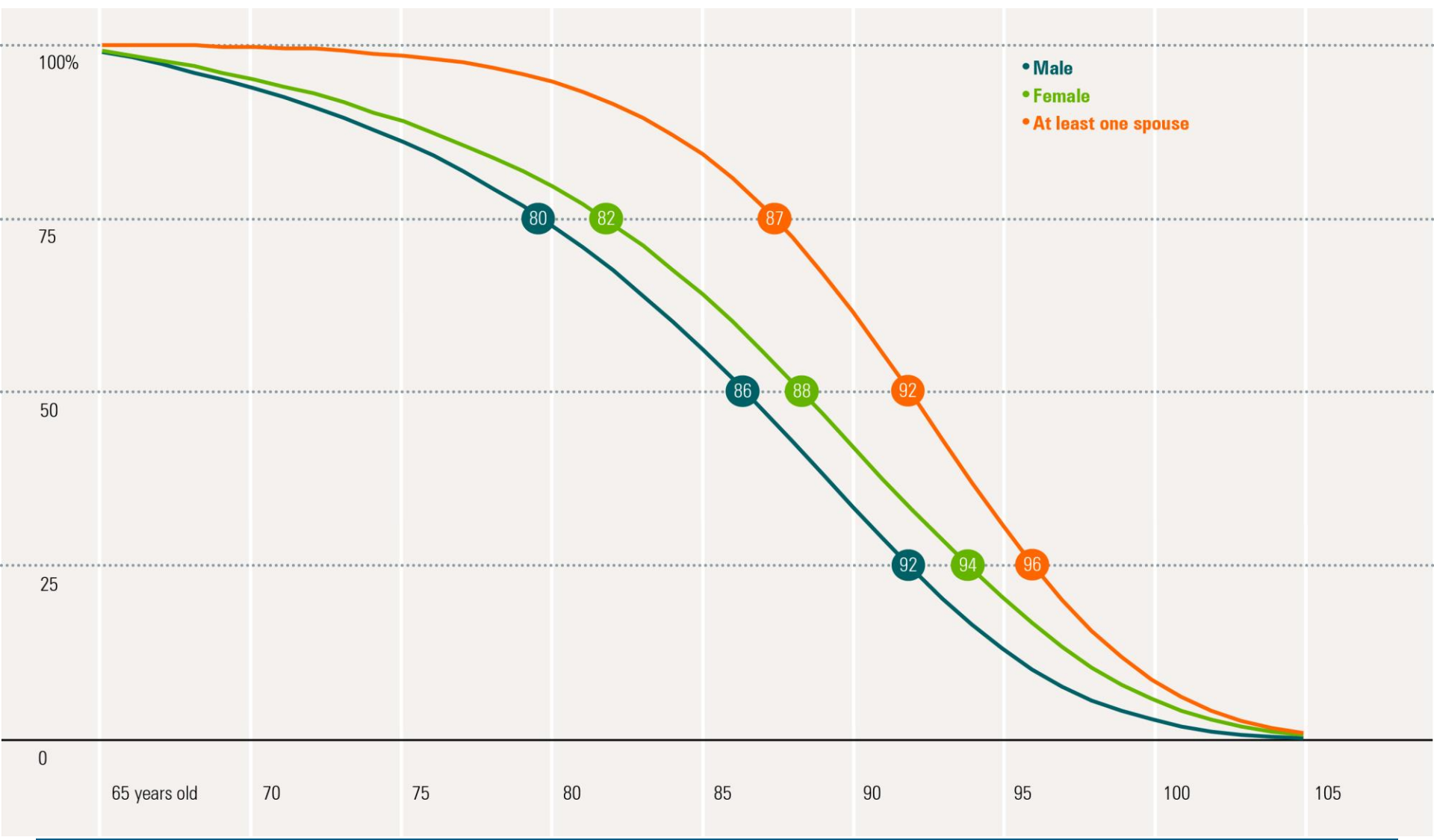
Extremely difficult to do consistently

Risks generally outweigh any potential rewards



Retirees Should Plan for a Long Retirement

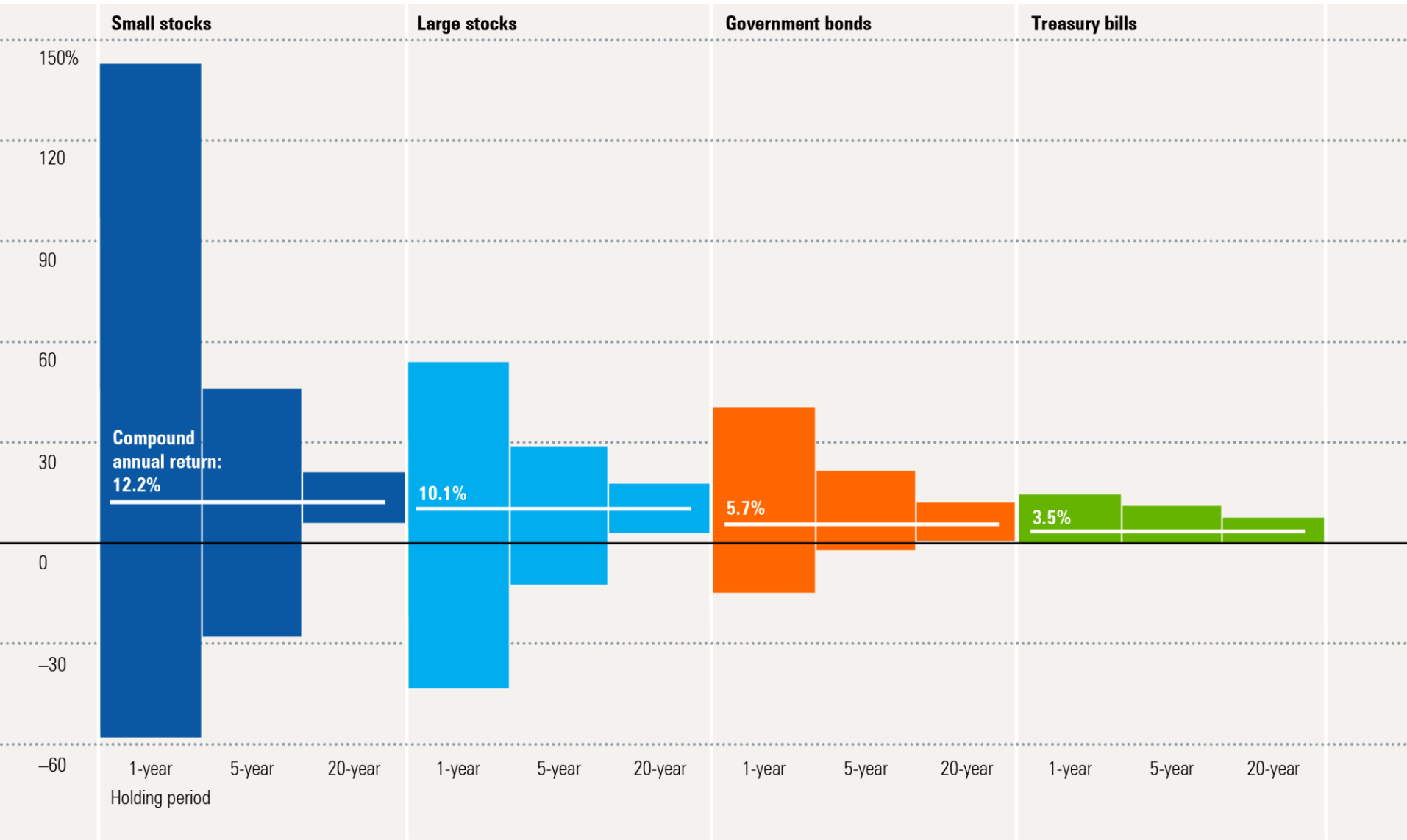
Probability of a 65-year-old living to various ages



Source: 2012 Individual Annuity Mortality Basic Tables, Society of Actuaries. © 2015 Morningstar. All Rights Reserved.

Reduction of Risk Over Time

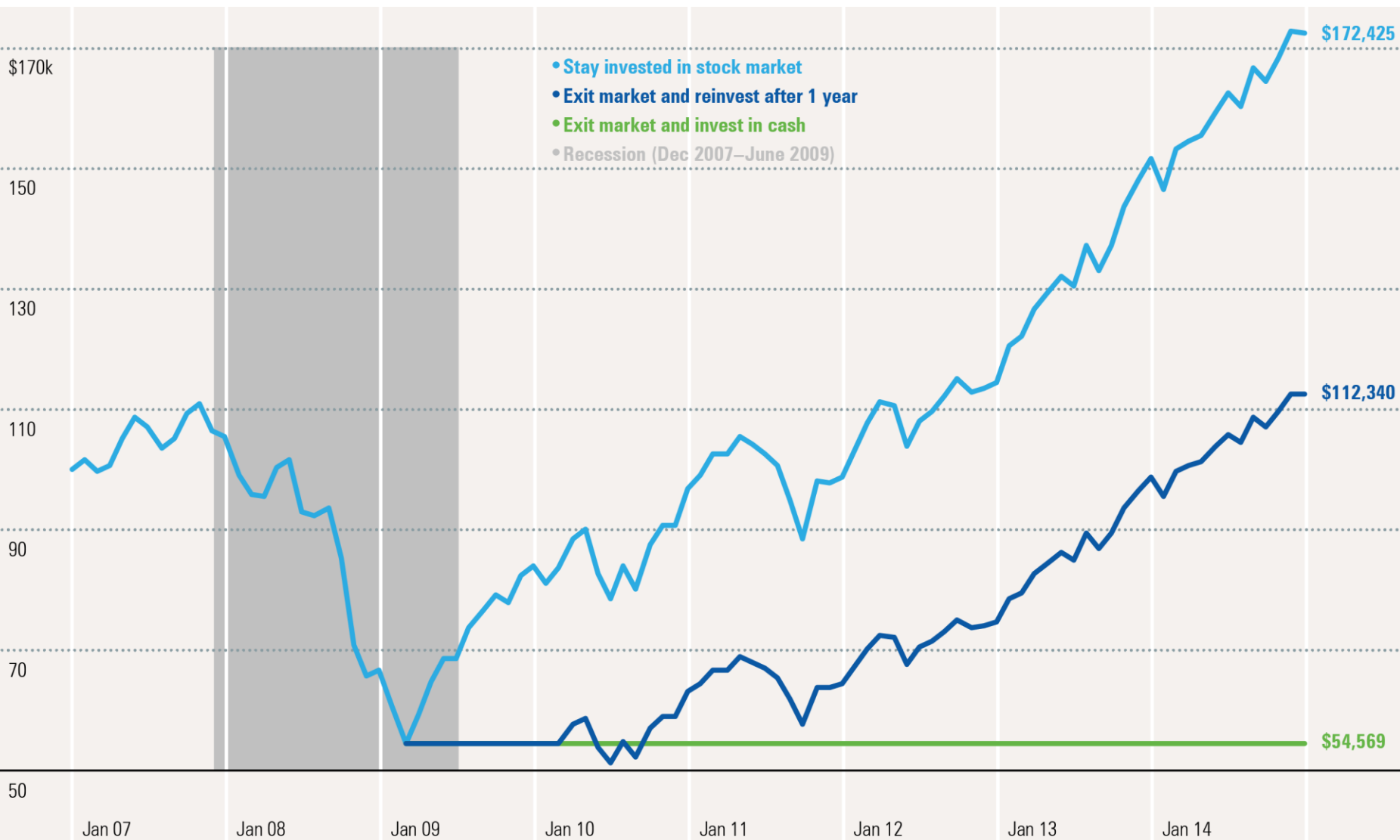
1926–2014



Past performance is no guarantee of future results. Each bar shows the range of compound annual returns for each asset class over the period 1926–2014. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.
 © 2015 Morningstar. All Rights Reserved.

The Importance of Staying Invested

Ending wealth values after a market decline



Investment Strategy #2

Invest In Good Times and In Bad

Invest Regularly

Dollar Cost Averaging

Month	Amount Invested	Price Per Share	Shares Purchased
January	\$100	\$ 10.00	10
February	\$100	\$ 8.00	12.5
March	\$100	\$ 5.00	20
April	\$100	\$ 7.00	14.3
May	\$100	\$ 8.00	12.5
June	\$100	\$10.00	10
TOTAL	\$600	\$ 8.00 (avg.)	79.3

The average cost per share was **\$7.56**

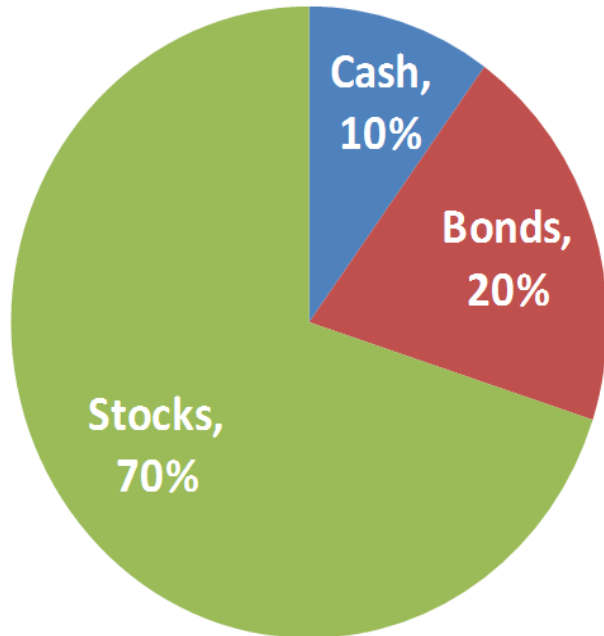
(a difference of .44 per share)

Investment Strategy #3

Asset Allocation & Diversification

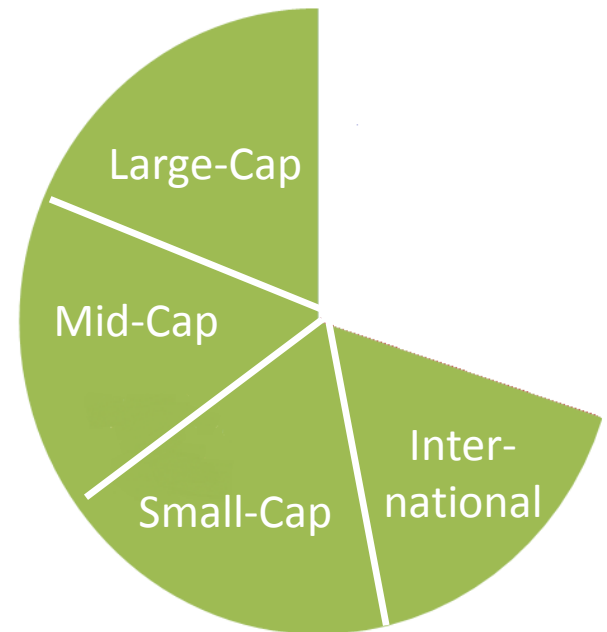
Asset allocation

How you spread your money *among* the 3 asset classes



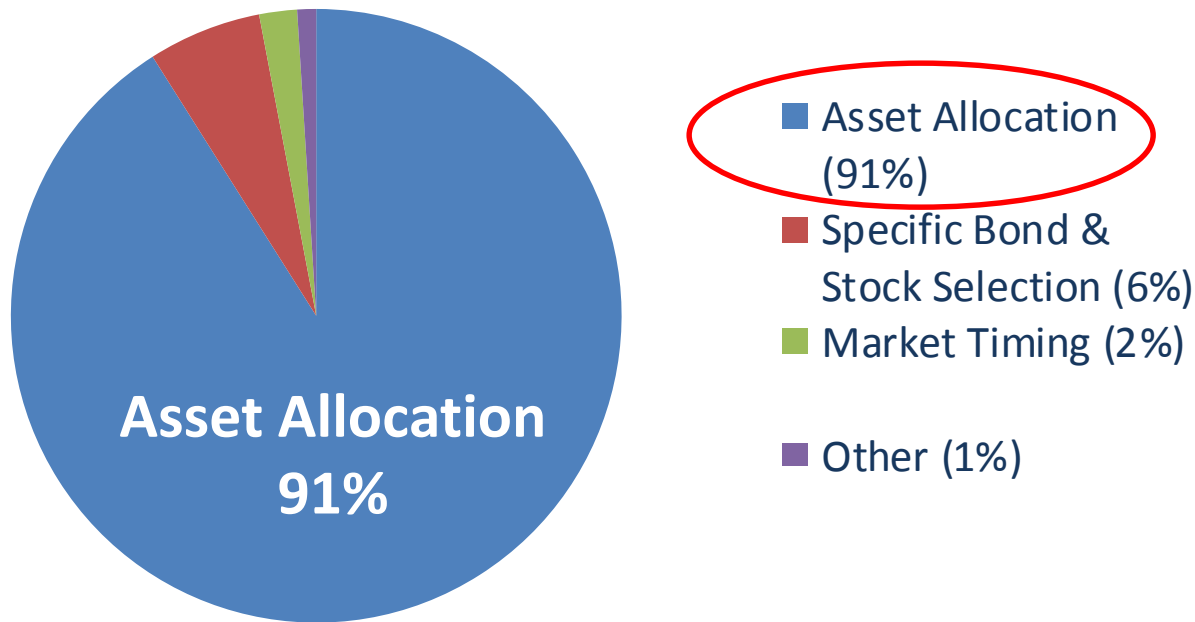
Diversification

How you spread your money *within* each of the 3 asset classes



Asset Allocation

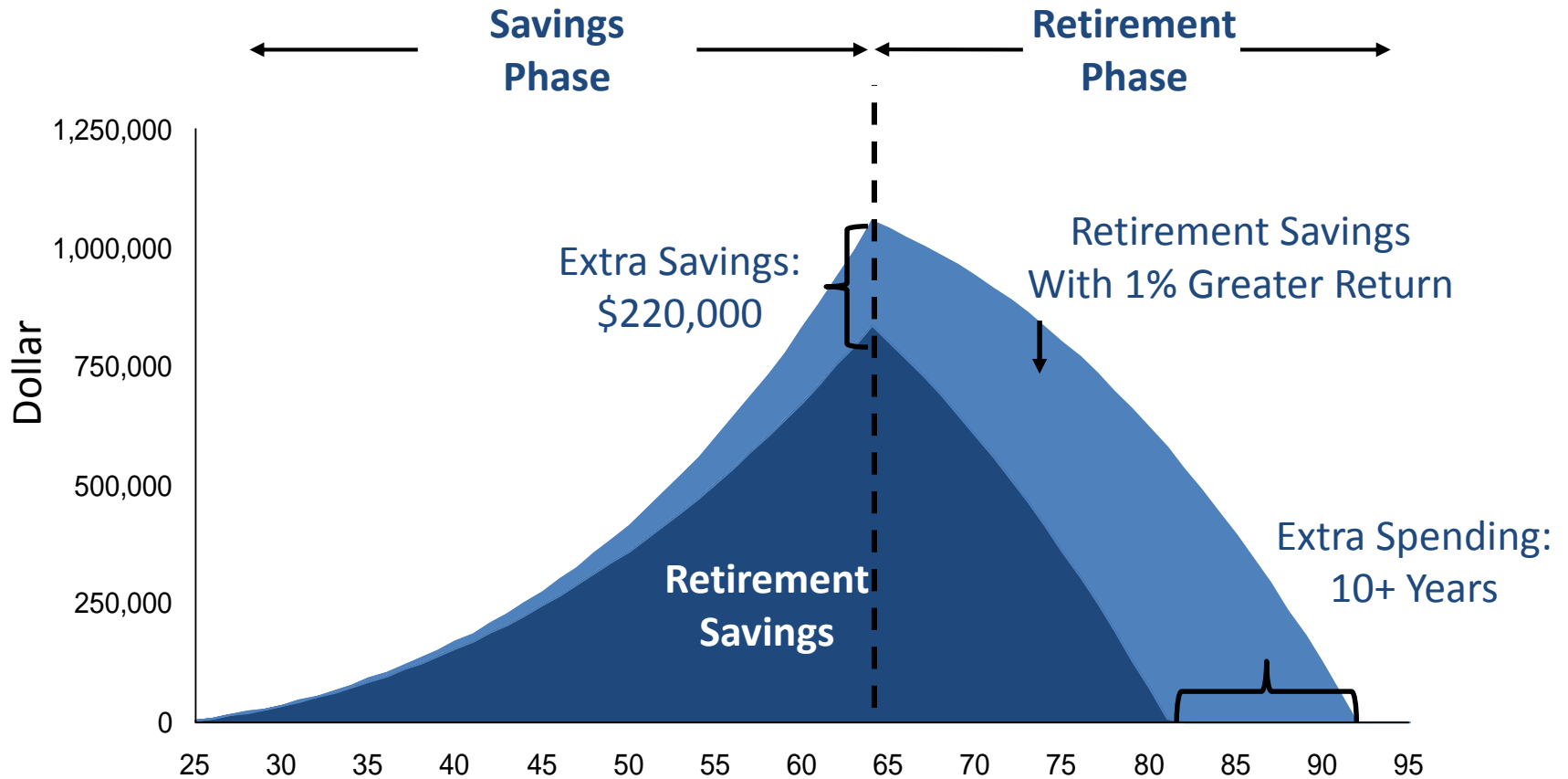
The One Factor That Most Influences Your Return



Source: Brinson, Singer, Beebower

1% Greater Return

10 Extra Years of Spending

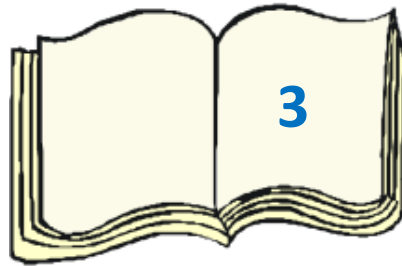


Results are simulated. **This is a hypothetical illustration** only and its results are not indicative of any specific investment, including any AllianceBernstein mutual fund. The savings phase simulates a defined contribution participant salary of \$45,000 at age 25, linearly increasing to \$85,000 by age 65, making yearly contributions of 6% of salary at age 25 increasing by 0.5% per year to a maximum 10% with a 50% company matching contribution up to the first 6% of salary. In the spending phase, \$63,750 (75% of final salary) is deducted at the beginning of each year. A yearly investment return of 9% is assumed at age 25, linearly decreasing to 6% at age 80 and remaining constant thereafter. In the "1% Greater Return Scenario" a yearly investment return of 10% is assumed at age 25, linearly decreasing to 7% at age 85 and remaining constant thereafter. Inflation is assumed to be a constant 3% and dollar values are expressed in real purchasing power terms.

Investment Strategy #4

Re-balance Periodically

Asset Class	Market Value as of January 1	Market Value as of December 31
Stocks	\$100	\$200
Bonds	\$100	\$100
Total Assets	\$200	\$300
Stock Allocation %	$\$100 \div \$200 = 50\%$	$\$200 \div \$300 = 67\%$
Overall Asset Allocation %	50/50	67/33



Planning and Resources

Naming a Beneficiary

If you don't, the law or the plan determines

Review beneficiary designations

Spousal consent is required

Set up trust for minors

Estate is usually last resort...lengthy process



Reasons to Save

- ✓ Convenient payroll deduction
- ✓ Favorable tax treatment
- ✓ Compounding helps your money grow
- ✓ Variety of investments to choose from



Some Helpful Advice

- ✓ Save more when you can
- ✓ Review paychecks, statements and beneficiaries
- ✓ Use the tools and resources to plan



No one cares more about your retirement than you!

If You Need Assistance

- Online: <https://ezlink.icmarc.org/login.jsp>
- Phone: 1-800-669-7400



Questions?
