



July 2019

Your Never-Ending Source for FBC Deferred Compensation Program News & Notes

## What's New with the FBC Deferred Compensation Program?

As part of our ongoing commitment to provide high-quality retirement savings plans, we've hired an investment fiduciary to provide the best experience for our plan participants and added a new benefit option to the platform. Together, these changes will result in a broader investment spectrum for participants to choose from, and security in the knowledge that the plan advisor is bound, by law, to act in the best interest of our participants.



The FBC Board retained LeafHouse Financial ("LeafHouse") as the discretionary fiduciary investment advisor. LeafHouse is a national, Registered Investment Advisor for retirement plans. The firm seeks to provide the maximum fiduciary protection, increased investment oversight, and take on associated investment work for the FBC retirement plan.

LeafHouse will work with the FBC Board to enhance the current offerings and create a retirement service model to meet FBC's needs. The firm will provide retirement advisory services, group education and one-on-one participant meetings to help employees meet retirement goals.

LeafHouse developed proprietary technology that is designed to prudently select, evaluate, and monitor investments that are solely in the best interest of plan participants and their beneficiaries. Their program encompasses a comprehensive and systematic process that enables LeafHouse to document and oversee retirement investments using generally accepted investment principals and modern portfolio theories widely accepted in the academic world. Additionally, LeafHouse integrates Environmental, Social and Governance ("ESG") investments into Retirement Plans for those that value ESG strategies. This proprietary screening algorithm and process is called the LeafHouse Investment Sustainability System™. The LeafHouse fund evaluation and monitoring methodology provides a consistent and documented process to fulfill fiduciary obligations.

The firm is independent, and there are no potential conflicts of interest to. LeafHouse receives no commissions or other compensation from third parties.

We believe the key benefit of working with LeafHouse will reduce fiduciary risk through rigorous investment oversight. In our opinion, LeafHouse has the organizational strength and technological platform necessary to provide a layer of protection to the FBC Board, and meet the needs of our employees.



**WITH YOU EVERY STEP OF THE WAY,  
ON YOUR ROAD TO RETIRE**



**Tax-Deferred Annuities**



**Fixed-Indexed Annuities**



**Third Party Administrator**



## New Investment Options for the 403(b) and 457(b) Plans

The Fringe Benefits Consortium (FBC) is excited to announce that a new investment option within the 403(b) and 457(b) plans, has been added as an investment option. Your first questions will probably be: what is this new investment option; why are you adding this option; and, what does it mean to me and my retirement plan?

### What is the new investment?

We have added an exclusive National Life Group's (NLG) Fixed Indexed Annuity. As a little introduction to National Life Group, in case you don't know them, the FBC and NLG have been partners in serving your FICA Alternative plan for more than 10 years. They have also served the 457(b)/403(b) needs of school districts for nearly six decades and currently provide retirement solutions for more than 7,000 school districts across the country. As one of the national leaders in this industry, their knowledge and partnership in the 457(b)/403(b) market will provide our employees with a great resource to plan and save for their retirement. The guarantees of National Life's fixed-life and annuity products have met policy obligations for the past 170 years! Moreover, they are an A-rated company. This means additional security for you and your investment.

### Why are we adding this option to the plan?

Adding a fixed indexed annuity investment gives our employees an option to have a product that is not invested in the "market". What does that mean? It means that your retirement dollars are not exposed to stock market volatility. This is a great compliment to the current investment options in the plan.

### What does this mean to my retirement?

Because the product is not affected by down swings in the stock market, it can be used to balance your portfolio. A balanced portfolio is essential for managing risk and rewards in the financial markets. This type of product offers the ability to get rewards without the risk of losing it. While this product might not be for everyone, it gives our employees a great opportunity to reduce market risk in their retirement accounts.

NLG and the FBC have provided three, exclusive, registered investment advisors to assist you in understanding what this new option is, and how it can complement your current retirement plan. All three advisors have their series-65 securities license, with the state of California. This means, they are authorized to act as your investment advisor and have a fiduciary requirement to act in your best interest. We are very excited to have another great group to assist you with your retirement planning.

## Contact your National Life Group Advisors

If you have any questions or would like more information on this addition to the 457(b) and 403(b) plans, please contact the FBC or one of our exclusive security licensed FBC/NLG advisors at 1-833-457-NLGA (6542).

### BRIAN ANDERSON

As a CPA, Brian has deep and varied experience in many facets of finance. He has spent his 20+ year career in financial services and has served on numerous advisory boards in the public and private sector.



### GARRET WARD

Garret holds a series-65 and Life & Health insurance licenses. Garret has 15+ years' experience in financial services. He likes to provide direction and peace of mind to his clients by finding a custom plan that fits their unique needs.

### SCOTT HODSON

Scott entered financial services in 2005 and helped start two successful finance agencies in CA and TX. He puts his clients above all else and believes personal connections and communication are the keys to success.



## Market Volatility

### Three things to remember in volatile markets

Big swings in the stock market can raise a lot of questions for the average retirement saver: Should I stop contributing to my account? Should I move my money out of stock funds until the market recovers? Is the stress of watching my account balance change during a volatile market worth it? If you find yourself asking these and other questions while the markets bounce up and down, you may want to keep in mind the following:

- **Keep perspective** – Saving and investing for retirement can be a decades-long process. During that time, market swings are almost inevitable. Markets have always moved up and down – often drastically. In the short term, you may see your account balance rise or fall. However, fundamentals such as consistent contributions to your account, investment diversification and ongoing risk management based on your planned retirement date can help keep you on course.
- **Don't try to time the market** – Market timing is the process of trying to predict when markets will rise and fall and investing accordingly. The problem is that incorrect predictions can be costly. One economist estimates that an investor would have to correctly predict market declines and recoveries 74% of the time to outperform another investor whose investments simply track the S&P 500.

**Remember the goal** – The reason you invest, is to build up a source of future retirement income. Most investors aren't planning to use their retirement funds in the short term. Market swings can be alarming, but they don't have to distract you from your goal. In fact, by continuing to invest during down markets, you may be buying shares in your

chosen funds at a lower price – which may put you in a good position for when the market recovers and share values increase.

### Update on Recent News Events

Some of our members may have seen recent media reports regarding an individual named Chris Dougherty. Prior to 2008, Mr. Dougherty was an independent financial advisor who served members of the FBC Deferred Compensation plan. Mr. Dougherty worked for AIG Financial Advisors which was the broker/dealer for the plan at that time, and his affiliation with the plan ended in August of 2008, when the FBC ended our relationship with AIG and brought in Nationwide with salaried retirement advisors. Dougherty continued to be an independent financial advisor and was recently charged with investments fraud and theft relating to many individuals. Some of the victims worked for local school districts and are believed to have met Dougherty while he was affiliated with the FBC Plan and continued to invest with him after AIG was no longer associated with the FBC Deferred Compensation Plan. There are several ongoing investigations by the San Diego County Sheriff's Department, the District Attorney's Office and the Securities and Exchange Commission. Several individual victims have also filed civil lawsuits against Dougherty to recover some of the allegedly misappropriated funds. The charges brought against Dougherty are not related in any way to any funds you have invested in the FBC Deferred Compensation Plan and he does not have any access to funds invested with the Plan. The FBC remains diligent in securing your assets and helping you achieve your retirement dreams.

### Saving for retirement? Your future self is counting on it!

Most of us have a lot of people who depend on us. Our family, neighbors and coworkers all rely on us to do our part. However, you also have someone who's relying on you right now whom you have never met, but whose welfare is vitally important to you. That person is your future self – and he or she is probably trying to get your attention to encourage you to save more for your future retirement income.

Think about it: Have you ever heard a retired person say that they wish they had saved *less* for the future? Probably not. So, why is it a challenge for so many people to put future needs ahead of current wants? One possible reason is that it can be hard for us to picture what our future lives will be like. In one experiment, a researcher found that people were more likely to save money when they saw digitally altered images of themselves made to look retirement age. In other words, when people got an actual picture of what their future self could actually look like, they were more likely to take action to benefit that future self.<sup>1</sup>

Ready or not, the future is coming. The good news is that the Deferred Compensation plan can help you prepare for it. In fact, it even makes saving for retirement automatic with each paycheck. It helps you take action now to make the life of your future self a little more comfortable. The next time you notice a wrinkle or gray hair that wasn't there the day before, use it as reminder to do something nice for your future self and save a little more for their retirement income.



## Retiring? Reasons to Stay with the FBC

Keeping all or part of your money in the FBC might make more sense than you realize.

- **Dedicated, salaried, Retirement Plan Advisors.** No commission pressure, they simply want to help you make the most of your plan.
- **Lower fees.** Paying less in fees means that more of your money is working for you.
- **Fiduciary Responsibility.** Unlike commission-based brokers and advisors, SDCOE is legally bound to serve your best interest above all else!
- **Flexible Payout Options.** Payout choices to suit your needs, including periodic payments and partial withdrawals – with no penalties.
- **Easy Account Management.** You have access to your information and to make changes 24/7. You can also speak to a customer service representative, a real person, over the phone Mon – Fri, 5am-7pm, Sat – 6am-2:30pm, PST.
- **Advisory Services.** Empower Retirement Advisory Services are available, including Online Advice and My Total Retirement™.

If you're thinking about moving your account to another company, be sure to compare the fees, services, education, investment menu, trade restrictions, and payout options for any company you're considering.

## Educational Retirement Workshops

**CalSTRS/CalPERS - Facing a Retirement Income GAP?** This includes an overview of STRS/PERS, shows how to determine your gap and explains how the supplemental plans such as 403(b)/457(b) plans can help to fill the GAP.

**CalSTRS Pension Plan:** A detailed look at CalSTRS including: reviewing your calculation, calculating sick leave, understanding options, information about disability and survivor benefits, reading your STRS statement and how to use a supplement plan to fill any income gap for retirement.

**CalPERS Pension Plan:** A detailed look at CalPERS including: reviewing your calculation, calculating sick leave, understanding options, information about disability and survivor benefits, reading your PERS statement and how to use a supplement plan to fill any income gap for retirement.

**What Kind of 403(b) or 457(b) Do You Have?** Reviews major types of 403(b) plans, their fee structures, and characteristics of various 403(b) plans, identifying any retirement gap and how the 457 plan can also help you plan for your retirement.

**Basic Investment Education:** An overview of investment options and risks.

**Retiree Healthcare:** Review rising costs of healthcare and a brief intro to Medicare, Medigap, Medicaid and Long-term care.

**Social Security Basics:** Will review the basics of Social Security retirement benefits, your options, and resources for additional information.

**Social Security, Medicare and Your Retirement:** Reviews the structure of Social Security and Medicare — how these programs work, the issues they currently face, and proposals for improvement. Also will review important options including Medigap Insurance and Medicare HMOs. Lastly will review effective strategies for meeting financial and medical needs during retirement without having to rely solely on Social Security and Medicare.

## Available Services

### Periodic School Site Visits:

WE can be available to all employees for a day or multiple days at each school site for individual appointments. Walk-in's welcome!

### Staff Meetings / New Employee Orientation:

We can provide a short 10-15 minute presentation at staff meetings or a new employee orientation to discuss the benefits of the FBC 403(b)/457(b) Deferred Compensation Program.

### Benefit Fairs:

We are happy to attend your benefit fairs to provide information about the program to your employees.

### Retirement Incentives:

FBC can administer your Retirement Incentive if you decide to offer one to your employees.

### Educational Retirement Workshops:

We can offer Lunch & Learns, After-School workshops, or Saturday workshops for all employees. See below for more information on workshops.