

**RPC NEWS**

A quarterly newsletter for Retirement Plan Participants

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**Long-Term Investing 101**

Investing for retirement can be intimidating for many people. Keeping these basic principles in mind can help you pursue your long-term goals.

**Have Realistic Expectations**

Be realistic about how well your investments will perform. If you are too optimistic, you could underestimate how much you should be contributing to your retirement account to reach your savings target. Instead of counting on big stock gains, it's generally smarter in the long run to diversify\* your investments. And always contribute an adequate amount, regardless of how the investment markets are performing.

**Avoid Hot Trends**

Hot investing trends can catch the attention of inexperienced investors. However, trends tend to fizzle out as quickly as they started, leaving inexperienced investors with losses. Rather than chasing trends, choose investments that are an appropriate match for your risk tolerance, the amount of time you have to invest, and your investing objectives.

**Learn to Live With Volatility**

The stock market rises on some days and falls on others -- sometimes by a lot. When the market

tumbles, you might be tempted to sell your stock funds or portfolios and buy less risky investments. However, periods of poor market performance are to be expected when you're investing to reach long-term goals. While downturns are discouraging, the stock market historically has recovered from every downturn.\*\* Over time, periodic setbacks may be followed by periods of strong growth. Unless you'll need your money soon, it may be better to look beyond short-term volatility and stick with your investment strategy.

**Source/Disclaimer:**

\*Diversification does not ensure a profit or protect against loss in a declining market.

\*\*Past performance does not guarantee future results.

**Required Attribution**

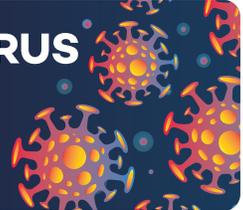
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<p>Staying Invested Through Up and Down Years  <b>Investors earned a 6% average annual return from stocks as measured by the S&amp;P 500 stock index over 20 years despite significant market volatility during this time period.</b></p>	
<p><b>S&amp;P 500: January 1, 2000-December 31, 2019</b></p>	
Highest Average Annual Total Return	32.39% (2013)
Lowest Average Annual Total Return	-36.99% (2008)
20-Year Average Annual Return	6.06%
<p><i>Source: DST Retirement Solutions, LLC, an SS&amp;C company</i></p>	

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## Questions to Ask About Your Retirement Plan

Participating in your employer's retirement plan can help you save for your retirement years. But to make the most of the plan, you'll want to have a good understanding of how it works. Here are some questions you should ask.

### What type of plan is it?

The first thing you should find out is whether your employer offers a defined benefit plan or a defined contribution plan. A defined benefit plan is employer funded and provides a specific monthly pension benefit to you when you retire. A defined contribution plan, such as a 401(k) plan, does not promise you a specific retirement benefit. Instead, the amount you receive depends on the balance in your plan account when you retire (or receive an earlier distribution). Both employer and employee contributions may be allowed, and employees may be responsible for choosing their account investments from the plan's list of options.

### Who is eligible to participate... and when?

Federal law allows employers to include and exclude certain groups from a retirement plan. For example, there may be one plan for salaried employees and another for union employees, or a plan may not cover some part-time employees at all. Eligibility is generally based on age and years of service to the company.

### How do I contribute?

Some plans have auto-enrollment, which means employees are automatically enrolled in the plan unless they choose to opt out. These plans also have a predetermined contribution amount that is automatically taken from the employee's paycheck and put into a predetermined investment in the plan. Employees should receive information on how to change their contribution amounts and investments or how to opt out altogether. If your plan doesn't have auto-enrollment, you'll be able to choose your contribution amount and investments upon eligibility to join the plan.

Contributions taken from your paycheck are typically made pretax. If your plan has a Roth option, you can make after-tax contributions to your plan. Your employer may contribute to your account as well, through matching contributions -- where the amount you contribute is matched up to a certain percentage -- or profit sharing contributions, or both.

### Would I forfeit the amount in my plan account if I leave my employer?

Your plan's vesting schedule will tell you how much time you have to be with your employer before you can keep your employer's contributions to your plan account and any investment earnings on them. For example, your plan may have a four-year vesting schedule, where you may be 25% vested after your first year of service and 25% for each year after until you reach 100%. You are always 100% vested in your own contributions to the plan and in any earnings from those contributions.

### When can I take money out of the plan?

That depends on the terms of the plan. But as a general rule, you'll want to wait until you retire to start withdrawing your retirement savings. You may have to pay a 10% early distribution penalty (in addition to regular income taxes) if you take money from the plan before age 59½.<sup>1</sup> At age 72, you'll generally have to begin taking a minimum amount from your retirement account each year.<sup>2</sup> You may be able to take a loan from your plan.<sup>3</sup> Your plan also may allow you to take a hardship withdrawal in a financial emergency.

### So how do I find out all of this information about my plan?

A formal, written plan document is a requirement for any retirement plan. Your employer should also provide you with a less formal summary plan description, which should include the plan's rules and other information you may need to understand the plan.

Your financial and tax professionals are another resource you can turn to for assistance with retirement planning and assessing your workplace retirement plan.

#### Source/Disclaimer:

<sup>1</sup>Penalty-free "coronavirus-related" distributions (CRDs) may be available in 2020 under the CARES Act.

<sup>2</sup>The CARES Act waives certain 2020 required minimum distributions (RMDs).

<sup>3</sup>Higher loan limits and delayed repayment terms may apply for certain loans in 2020 under the CARES Act.

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