

## INVESTMENT MANAGEMENT

# LifeStage Investment Management Service Innovation Continues

Continuing its tradition of innovation, the General Board, your responsible choice, announces several enhancements to the LifeStage Investment Management Service (LifeStage).

These enhancements further improve the industry leading program for managing participant account balances by offering:

- More personalized target fund allocations across fixed income investment fund options
- An additional fund option, the Extended Term Fixed Income Fund
- Streamlined rules for rebalancing accounts back to participant target fund allocations.

## PERSONALIZED ALLOCATIONS AND NEW FUND OPTION

LifeStage provides a great way to manage your General Board-administered retirement accounts sensibly and effortlessly. The service provides customized target fund allocations by evaluating information about you, such as your age, risk tolerance, whether you will qualify for Social Security, and whether you will withdraw your account balance at retirement or invest your balance *through*

retirement. The enhancements will provide even greater customization for allocating among the funds managed by LifeStage.

LifeStage currently allocates account balances among five General Board investment funds: the Stable Value Fund (SVF), Inflation Protection Fund (IPF), Fixed Income Fund (FIF), U.S. Equity Fund (USEF) and International Equity Fund (IEF). The addition of a sixth fund—the Extended Term Fixed Income Fund (ETFIF)—will allow LifeStage to better tailor investment allocations to each participant's unique life circumstances.

## STREAMLINED REBALANCING RULES

LifeStage offers automatic rebalancing, a proven strategy for ensuring that your investment allocation does not significantly drift from your LifeStage-determined target allocation. This ensures that your investments continue to have appropriate levels of diversification based upon your personal circumstances. A disciplined rebalancing approach seeks to control your overall risk, leading to better risk-adjusted investment performance compared to programs without disciplined rebalancing. Recently, a leading third-party consultant to the General Board completed a review of industry research examining

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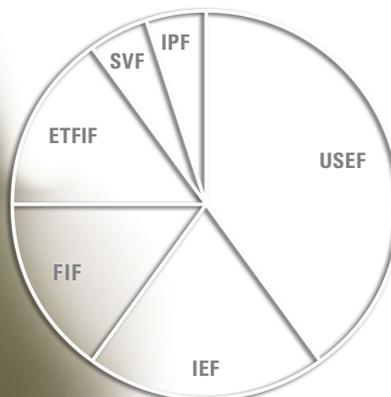
General Board

**Pension and Health Benefits**

*Caring For Those Who Serve*

# LifeStage Innovation Continues

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LifeStage currently allocates account balances among five General Board investment funds. On May 29, a sixth fund—the Extended Term Fixed Income Fund (ETFIF), will be introduced.

rebalancing approaches. The General Board will implement recommendations identified through this research, evaluating all participant accounts quarterly and, when warranted, fully rebalancing your account to your LifeStage target fund allocation.

*LifeStage provides customized target fund allocations by evaluating information about you, such as your age, risk tolerance, whether you will qualify for Social Security...*

## ALIGNED WITH YOUR NEEDS

These LifeStage enhancements enable the leading-edge program to evolve and continue to meet the needs of our participants. While you may temporarily see increased transactions on your quarterly account statement related

to implementation, we expect that these enhancements will reduce transaction frequency over the long term, which may reduce administrative costs incurred by the funds.



You don't need to make any changes to your account as a result of the LifeStage enhancements. If you have questions, the General Board provides access to confidential, objective assistance at no charge through EY Financial Planning Services.\* EY financial planners offer *advise.ability*—they can explain the benefits of LifeStage and help you determine if it continues to meet your needs, or answer other questions related to investing, budgeting, saving and other financial topics. To speak with a financial planner, call EY directly at **1-800-360-2539**, Monday through Friday from 8:00 a.m. to 7:00 p.m., Central time.

\*Costs for these services are included in the General Board's administrative expenses that are paid for by the funds. Services are available to active participants and surviving spouses with account balances, and to retired and terminated participants with account balances of at least \$10,000.

## Is Your Account Managed by LifeStage?

Review your account statement to determine if your account is managed by the LifeStage Investment Management Service. The section entitled "Defined Contribution Account Summary" summarizes your investments, showing the funds held by your account, your target allocation and your defined contribution account balance. If you are invested through LifeStage, it is indicated in a notice that appears at the bottom of the box. You can change your LifeStage Personal Investment Profile or opt-out of the service at any time at [www.benefitsaccess.org](http://www.benefitsaccess.org)—after logging in, click "Take Action" and under **MANAGE INVESTMENTS**, select "Change LifeStage Personal Investment Profile."

## Stable Value Fund Changes

The total amount that LifeStage will invest in the Stable Value Fund (SVF) will be significantly reduced after implementing the LifeStage enhancements. As a result, we will be making several changes to the structure and management of the fund. We will communicate these changes in the coming months. The General Board will continue to offer the fund to participants, and will seek to maintain a fund unit value of \$1.00. LifeStage participants holding units in SVF will likely notice increased transaction volumes on their second quarter account statement.

## RETIREMENT SAVINGS

# Personal Contributions to Defined Contribution Plans

Personal savings is an important part of retirement readiness. That's why the General Board offers defined contribution (DC) plans designed to allow you to invest in your future—the United Methodist Personal Investment Plan (UMPIP) or the Horizon 401(k) Plan.

These defined contribution plans accept contributions from the plan sponsor (the church or employer) and from the participant. Some participants, however, are unaware of how to make personal contributions to their DC plans. To make a personal contribution to UMPIP or Horizon, you must defer a portion of your compensation by completing the



*One of the largest benefits of retirement plans is that you can make pre-tax contributions directly from your compensation.*

Before-Tax and After-Tax Contributions Agreement and sending it to your church treasurer or payroll administrator to authorize payroll deductions. The contributions will be deducted from

your compensation, sent from your plan sponsor directly to the General Board and deposited into your individual account, allowing you to invest toward retirement.

Some participants have attempted to make personal contributions to the plans, either directly to the General Board, or to their church or employer by personal check. IRS and plan rules disallow personal checks or cash payments to retirement plan accounts. If you send personal contributions that are not

deducted from your compensation, the General Board is required to refund the money. If those contributions were used to determine a matching contribution from your plan sponsor, those matching contributions are also returned. This means that if you are in the Clergy Retirement Security Program or Retirement Plan for General Agencies, you could lose your match in these plans too.

Aside from the prohibition, there are other reasons why you may not want to fund your retirement plan account by personal check. One of the largest benefits of retirement plans is that you can make pre-tax contributions directly from your compensation. These contributions reduce the amount of tax you pay today and defer taxation until you take distributions from the plan.

For more information about the General Board's plans, visit [www.gbophb.org](http://www.gbophb.org). If you have questions about saving for retirement, contact EY Financial Planning Services at **1-800-360-2539**.

## RETIREMENT PLANNING

# Considering Retirement? Consider LifeStage Retirement Income

Last year, nearly 23% of clergy who retired, as well as several lay participants, enrolled in LifeStage Retirement Income to manage distributions from their General Board-administered retirement accounts. This service—available at no charge\*—helps you transition from saving for retirement to spending your savings in retirement.

LifeStage Retirement Income automates distributions—issuing payments to you from your defined contribution account

based on your age, remaining account balance, market conditions and the cost of living. It counters the tendency to overspend and run out of money or underspend and endure unnecessary hardship. The service is designed to help your payments last a lifetime and offers *adjust.ability* with annual recalculations that take into account investment performance and changes in the cost of living.

Even if you aren't retiring yet, you can determine your projected distribution payment with the LifeStage Retirement Income Calculator in Benefits Access ([www.benefitsaccess.org](http://www.benefitsaccess.org)). For more information, visit [www.gbophb.org/retirement/services](http://www.gbophb.org/retirement/services).

\* Costs for these services are included in the General Board's administrative expenses that are paid for by the funds.

## SUSTAINABLE INVESTING

## New Guidelines Address Human Rights and Climate Change

The General Board and its Wespath Investment Management division announced in January the implementation of two new investment guidelines.

These guidelines were designed to provide direction for identifying and managing excessive sustainability risk that could potentially affect the value of assets held on behalf of benefit plans and institutional investment clients. One guideline relates to climate change (focusing on the thermal coal sector); the other relates to human rights (focusing on companies operating in some of the most challenging countries and conflict-affected regions in the world).

As a long-term investor in nearly 5,000 companies, the General Board's active ownership strategy focuses on identifying and engaging companies whose securities present a fiduciary risk due to unsustainable business practices. Environmental, social and governance (ESG) issues—including climate change and human rights—can present an excessive degree of sustainability risk to the prudent management of investment funds. As one component of the comprehensive sustainable investment strategy, the new guidelines are intended

to positively impact outcomes for participants, the environment, society and future generations. Ensuring sustainability is integral to the General Board's investment philosophy.

Details on the General Board's sustainable investment strategies and the implementation of the guidelines for climate change and human rights can be found at [gbophb.org/climatechange](http://gbophb.org/climatechange) and [gbophb.org/humanrights](http://gbophb.org/humanrights). If you have questions about the new guidelines, send them to the General Board via e-mail to [guidelines@gbophb.org](mailto:guidelines@gbophb.org).



### Investment Solutions for United Methodist-Affiliated Organizations

- Conferences
- Foundations
- Children and Youth Facilities
- Older Adult Facilities
- Colleges and Universities
- Camps and Retreat Centers

### Aligned with United Methodist Values

[wespath.com](http://wespath.com)

a division of the General Board of Pension and Health Benefits of The United Methodist Church

## New Extended Term Fixed Income Fund

On May 29, the General Board will introduce a new fund, the Extended Term Fixed Income Fund (ETFIF). ETFIF will primarily hold a broad selection of publicly traded fixed-income securities that typically have longer terms than securities held in the other General Board fixed income investment options. ETFIF will represent a sixth fund used within the LifeStage Investment Management Service. The fund will also be available to participants who self-direct their account balances in General Board-administered retirement plans and to United Methodist-affiliated institutions.

Additional information about ETFIF can be found in the LifeStage Q&A at [www.gbophb.org/lifestage-qa](http://www.gbophb.org/lifestage-qa).

