

Do You Have an Adviser?

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## Do You Have an Adviser?

Studies show that people who speak to an adviser experience better investment outcomes, amassing greater account balances by retirement. If you decide to use the services of an adviser, there are some questions you should ask.



### What type of adviser do you want to consult?

There are three main types of advisers:

- **Registered representatives**—stockbrokers, investment and bank representatives—who generally earn commissions or fees for investment and insurance products.
- **Financial advisers**—Registered Investment Advisors (RIAs) and Investment Advisor Representatives (IARs)—who earn commissions and/or other fees linked to the investments held by their clients. Since they are financial fiduciaries, they are held to the highest ethical standards in the financial services industry.
- **Financial planners**—who generally charge a fee for services.

### What about fees?

Some payment arrangements can create conflicts of interest. For example, if your adviser's earnings are linked to your investment performance, he or she may take more risks than you might be comfortable with or, if your adviser earns commissions on products you purchase, they may recommend products that will earn them the highest fees, even if they are not the best possible option for you. Make sure to choose an adviser you trust to act in your best interests.

### What about the fiduciary rule?

The Department of Labor Fiduciary Rule requires advisers providing retirement advice to adopt a "fiduciary standard," which mandates they "act in the best interests of their clients, and to put their clients' interests above their own." This standard applies to those advisers who were formerly only obligated to meet a "suitability standard." The suitability standard only requires that an investment recommendation meet a client's defined need and objective to be deemed appropriate.

The Fiduciary Rule may not apply to all of your investments. It only applies to tax-advantaged retirement accounts [e.g., 401(k)s, 403(b)s and IRAs]. Also, existing retirement investments may be grandfathered, meaning that the fiduciary rule does not apply.



## Do You Have an Adviser? (continued)

### How can Wespath help?

Wespath offers unbiased, confidential financial planning at no additional cost through EY, a leading professional services firm.\* EY financial planners are fiduciaries and are required by law to act in your best interest. They have always provided participants with conflict-free, objective financial guidance. EY does not sell investment or insurance products and they do not earn commissions.

Get started with your no-cost EY consultation, by calling EY at **1-800-360-2539**. Representatives are available business days from 8:00 a.m.-7:00 p.m., Central time.

Additional information about evaluating potential advisers appeared in the October 2014 issue of *Hark!*, available at [wespath.org/advisers](http://wespath.org/advisers).

## Retirement Contributions Strategy—After-tax vs. Roth

Wespath introduced Roth contributions for retirement plans in 2016. Since then, some participants have incorporated Roth contributions into their retirement planning, but questions remain for others. One area of potential confusion deals with the difference between after-tax and Roth contributions.

### After-tax? Roth? The difference?



While these contribution types are both deducted from pay on an after-tax basis, only Roth contributions allow participants to potentially avoid taxation of investment earnings on those contributions.

Considering Roth or after-tax contributions? Review the *Roth Contribution Guide* at [wespath.org/roth](http://wespath.org/roth). Then, talk to the professionals at EY Financial Planning Services to see if Roth contributions are a good fit for meeting your retirement goals.

Already contributing after-tax? Ask EY if Roth may be a better choice for you.

EY professionals are available business days from 8:00 a.m.-7:00 p.m., Central time at **1-800-360-2539**.\*

### Is it Time to Take Your Required Minimum Distribution (RMD)?

Did you turn 70 ½ this year? Don't forget to take your RMD!

These distributions are required by federal law to begin by April 1 following the later of:

- the calendar year in which you reach age 70½ or
- the year in which you retire or terminate,

even if you do not need the income. If an RMD is required and not taken, the IRS penalty is significant—50% of the distribution that you should have taken! Good news—although you are responsible for satisfying IRS RMD rules, as a courtesy Wespath automatically distributes your RMD from Wespath-administered plan balances by the required date unless you request it earlier. Call us at **1-800-851-2201** for more information.

Learn more about RMDs at [wespath.org/RMD](http://wespath.org/RMD) or contact EY with questions.

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\* EY Financial Planning 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. Costs for these services are included in Wespath's operating expenses that are paid for by the funds.

# Account Security

Wespath is engaged in a multi-year effort to enhance security for participants, which includes sharing industry best practices for protecting your accounts. There are three main ways that hackers gain access to your information: exploiting your system, phishing and authentication.

## Exploiting Your System

Criminals exploit vulnerabilities in applications, networks or hardware, gaining administrative privileges or capturing credentials.



### Protect yourself

- Always update your software
- Immediately install security patches released by your software's developer
- Install premium antivirus software that automatically updates all of your software

## Phishing

Criminals solicit sensitive personal data while masquerading as a person or business with which you already have a relationship (e.g., bank, credit card company, brokerage company or other financial services firm).



### Protect yourself

- Be wary of e-mails that request confidential information and generic-looking requests for information
- Never submit confidential information via forms embedded within e-mail messages
- Verify the Web address or link to the page and look for "https"—which signifies that it's a secure site
- Participate in awareness training
- Install premium antivirus software that detects and blocks fake websites

**Note:** Wespath will never ask for your account password via the phone or e-mail.

## Authentication Hijacking

Criminals acquire your user ID and password through key loggers, malware, purchase from hackers, and systematic attempts to crack weak or reused passwords.



### Protect yourself

- Use STRONG passwords that are sufficiently long and complex; change them frequently; and do not reuse them
- Rely on multi-factor authentication, which requires several types of evidence that you are the accountholder (e.g., a password, a code to your smartphone and answers to secret questions)
- Never share your passwords

Wespath provided additional information about ways to protect yourself online in the July 2014 issue of *Hark!*, available at [wespath.org/security](http://wespath.org/security).



## Common Security Threats

89%	Of attacks motivated by financial gain or espionage
63%	Of confirmed data breaches involve using weak, default or stolen passwords
85%	Of vulnerabilities exploited are well known (top 10) and have had patches available for months or years
55%	Of hackers were attempting to access Personally Identifiable Information (PII—SSN, account numbers, passwords, etc.) or Personal Health Information (PHI)

Source — Net Diligence 2016 Cyber Claims Study



# Wespath Leads Historic Shareholder Resolution with Oil and Gas Giants

Engagement is the heart of Wespath's sustainable investment activities. Shareholder engagement influences companies' policies and activities. Most engagement efforts occur behind the scenes through in-person meetings (or conference calls) with company executives. Other efforts are more public, like letters to public policymakers or filing shareholder resolutions, on which investors vote at companies' annual general meetings.

In May 2017, shareholders witnessed a historic moment in investor engagement. For the first time ever, the majority of shareholders at two major U.S. oil and gas companies—Occidental Petroleum and ExxonMobil—supported shareholder resolutions asking each company for a yearly evaluation of how global initiatives to tackle climate change will impact the company's business and resilience. These resolutions essentially say, "The world is moving to cleaner sources of energy. How are you preparing?"

Wespath led the resolution at Occidental—which passed with 67% investor support—and collaborated closely with colleagues at the financial arm of the Church of England regarding

Exxon, which received 62% support. In the past, environmentally-focused resolutions received approximately 20% support, so the 2017 results at these two companies signal a very significant shift in investor concern about climate change.

In announcing the vote, Occidental's chairman spoke directly to Wespath and committed to responding to the concerns of its shareholders.

As a steward of \$22 billion in assets, Wespath has a unique opportunity to bring the UMC voice to the table in support of positive change for people and the planet.



## Improve Your Well-Being with the Center for Health Newsletter

The October issue of the *Center for Health Newsletter* is now available. Visit [wespath.org/cfh/newsletter/](http://wespath.org/cfh/newsletter/) to read about the ways happiness impacts your health, making resolutions last

and setting healthy financial goals. Two printable bulletins are provided for reading and sharing:

- *Five Healthy Eating Travel Tips*
- *Family Financial Well-Being*



## Mark Your Calendars—Upcoming Events

**revitup!**

For a Lifetime in Ministry

**November 13-15, 2017**  
**Pensacola Beach, Florida**

A unique opportunity for young clergy aged 25-39 to strengthen personal, financial and leadership skills

Register at [wespath.org/events](http://wespath.org/events)

*Next up: February Clergy Benefits Academy in Myrtle Beach, SC!*

