



Investor Guide

# Explore the Possibilities

Understand the investment options available with your plan

# Contents

Plan and contribution types .....	3
What type of investor are you? .....	4
Multiple investor styles are available .....	5
Do it for me .....	6
Manage it for me .....	7
Do it myself .....	8
Asset allocation questionnaire .....	10
Asset classes .....	14
Maintain your Savings Plus account .....	15

## Savings Plus is with you for life!

Savings Plus is a supplementary plan to your CalPERS pension and is a valuable state benefit offered by CalHR. We encourage you to make the most of your participation by using the many tools and resources developed to help you on your path to retirement.

As a participant with Savings Plus, you're both a saver and an investor. Every investor is different. Therefore, Savings Plus offers an array of options to serve your individual preferences. In this guide, you'll find an overview of your options.



### Not sure where to start?

Use My Interactive Retirement Planner<sup>SM</sup>, an interactive tool on **savingsplusnow.com** that can help you evaluate and project your potential retirement savings.

# Plan and contribution types

Savings Plus offers retirement plans that allow you to invest money from each paycheck toward your retirement. These plans may help bridge any gap between what you have in your pension, savings and Social Security and how much you will need in retirement.

## Contribution types — Pre-tax vs. Roth

Savings Plus offers flexibility in how you save for retirement. You can choose to make pre-tax, Roth (after-tax), or both types of contributions to both the 401(k) and 457(b) plans. Contributions can be specified as a percentage of your pay or a dollar amount.

### Pre-tax contributions

- Come out of your pay before taxes are deducted, meaning more money goes into your account than comes out of your take-home pay
- Lower your taxable income now
- Earnings grow tax-deferred until withdrawn
- Withdrawals are taxed as ordinary income

### Roth contributions

- Come out of your pay after taxes are deducted
- Contributions and related earnings may be withdrawn tax-free during retirement if certain criteria are met
- Participation has no income restrictions (unlike a Roth IRA)
- Can be used for estate planning
- Offer tax planning flexibility in retirement

# What type of investor are you?

To help you determine how to build your portfolio, you will need to know your investor style. If you're unsure, the following quick survey can help. Write your scores for each question in the Score column at far right. Remember, your assessment should be used only as a starting point in planning your investing approach.

How would you rate your knowledge of the following investing concepts?					Score
	Excellent	Average	Poor	None	
Asset allocation	3	2	1	0	
Investment risk	3	2	1	0	
How often do you perform the following tasks in your 401(k) and/or 457(b) account(s)?					
	Weekly	Monthly	Quarterly	Annually	
Check your 401(k)/457(b) balance(s)	3	2	1	0	
Change the investments in your 401(k)/457(b) account(s)	3	2	1	0	
How confident are you that you understand the following aspects of your 401(k) and/or 457(b) account(s)?					
	Very	Mostly	Not very	Not at all	
Investment choices	3	2	1	0	
Retirement income and savings rate projection tools	3	2	1	0	
How confident are you about your ability to:					
	Very	Mostly	Not very	Not at all	
Choose the right investments	3	2	1	0	
Forecast your income needs in retirement	3	2	1	0	
In the past, how satisfied have you been in your ability to:					
	Very	Mostly	Not very	Not at all	
Choose the right investments	3	2	1	0	
Know the right time to make changes to your portfolio	3	2	1	0	
Total score	Likely investing style				
Under 15	Do it for me or manage it for me				
15 or more	Do it myself				



# Multiple investor styles are available

You have a wide range of investor styles available through Savings Plus. This gives you the ability to select an approach that fits your needs and comfort with investing.



## Do it for me

For investors who prefer a less hands-on investing experience, Savings Plus offers Target Date Funds (TDFs).

TDFs offer a single, diversified investment strategy that gradually becomes more conservative over time. Savings Plus TDFs most closely align with your date of birth.

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## Manage it for me

Nationwide ProAccount® is a fee-based, managed account service that creates and maintains a personalized retirement investment strategy.

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## Do it myself

You can build and manage a customized portfolio with Savings Plus core investment funds that cover a range of asset classes with different risk/reward potential. These funds are featured in the table on the following page in order of their level of risks, with the most conservative listed first.





# Do it for me

An option for investors who want to pick one fund that appropriately keeps pace with each stage of life.

## Target Date Funds

If you don't select how you want your contributions invested when you first enroll, your contributions will post to the Target Date Fund that most closely aligns with your date of birth. Refer to the table below to see the fund that applies to you.

Our TDFs are custom-built investment portfolios that are designed and managed by investment professionals to maintain a well-diversified investment portfolio that appropriately keeps pace with each stage of life. The fund aligns with the year you turn 62

(the qualified default investment alternative), and automatically rebalances to maintain the target allocation of the underlying investment strategies. The fund gradually shifts to become more conservative over time. TDFs invest in a wide variety of underlying funds to help reduce investment risk. Like other funds, TDFs are subject to market risk and loss. Loss of principal can occur at any time, including before, at, or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

If you were born between ...	You might choose this fund ... (assumes taking a distribution at age 62)
1955 or earlier	Target Date Fund - income
1956 - 1960	Target Date Fund - 2020
1961 - 1965	Target Date Fund - 2025
1966 - 1970	Target Date Fund - 2030
1971 - 1975	Target Date Fund - 2035
1976 - 1980	Target Date Fund - 2040
1981 - 1985	Target Date Fund - 2045
1986 - 1990	Target Date Fund - 2050
1991 - 1995	Target Date Fund - 2055
1996 - 2000	Target Date Fund - 2060
2001 - 2005	Target Date Fund - 2065



# Manage it for me

An option for investors who want an investment professional to handle their account.

## Professionally managed service

Nationwide ProAccount® is a fee-based, managed account service that creates and maintains a personalized retirement investment strategy. This service manages your account using the Savings Plus core investment funds lineup. Fees associated with ProAccount are as follows:

Account balance	Annual program fee
The first \$99,999	0.45%
The next \$150,000	0.40%
The next \$150,000	0.35%
The next \$100,000	0.30%
Assets of \$500,000 and above	0.25%

For example, the fee assessed on an account with an average balance of \$10,000 would be \$45 per year, or \$11.25 charged on a quarterly basis.

To enroll in the Nationwide ProAccount Professional Management Program or obtain additional information, contact our Solutions Center at (855) 616-4776.

Nationwide ProAccount will select a personalized plan, put the plan into action and routinely monitor your account. You can cancel anytime without penalty.



You can invest through the Schwab Personal Choice Retirement Account®. (PCRA),<sup>1</sup> a Self-Directed Brokerage Option. The PCRA provides greater flexibility by allowing you the freedom to select and manage your portfolio from a much larger array of investments, including mutual funds, individual stocks, bonds and a variety of other options. Additional transaction fees may apply. For additional details, refer to the PCRA Pricing Guide (PDF) and PCRA Pricing Summary (PDF) on [savingsplusnow.com](https://www.savingsplusnow.com) for additional details. You must maintain a minimum balance of \$2,500 or 50% of your account, whichever is less, in the Savings Plus core investment funds.

<sup>1</sup> Fund transfers into the PCRA from the Savings Plus core investment funds can be entered as a dollar amount or a percentage from your pre-tax and/or Roth contribution money type. Once your money is invested in the PCRA, the pre-tax and Roth money types are not tracked separately. However, a money type ratio is tracked for transfers to the PCRA. When you transfer your assets back to the core, funds will be applied using the money type ratio at the time the transfer back to the core is processed.



# Do it myself

An option for investors who want to manage their investments.

CORE INVESTMENT FUNDS	
(A)ctive management   (P)assive management	
Asset Class	Fund
Short-Term Investments	Short-Term Investment Fund - Cash (A) Short-Term Investment Fund (A)
Bonds	Bond Fund (A) Bond Index Fund (P)
Diversified Real Return	Diversified Real Return Fund (A)
Balanced	Socially Responsible Fund (A)
Large Cap Stocks	Large Cap Fund (A) Large Cap Index Fund (P)
Mid Cap Stocks	Mid Cap Fund (A) Mid Cap Index Fund (P)
International Stocks	International Fund (A) International Index Fund (P)
Small Cap Stocks	Small Cap Fund (A) Small Cap Index Fund (P)

For more details about these funds, view the Fund Fact Sheets on [savingsplusnow.com](https://www.savingsplusnow.com).

Our asset allocation tool, **My Investment Planner<sup>SM</sup>**, can help you build your investment model online. This tool is offered through Wilshire Associates (Wilshire) and provides advice on what investments to choose based on your input. You can then implement or modify the provided recommendations. Visit the **Investment Information** section of [savingsplusnow.com](https://www.savingsplusnow.com) to start this process.

Remember to check in regularly to make sure you're on track to reach your retirement savings goals. Savings Plus offers an Automatic Asset Rebalancing service at no additional charge.

Log in to your online account to enable Automatic Asset Rebalancing, and Savings Plus will reallocate your investments to your chosen investment model each quarter.

If you prefer to build your investment model on paper instead of online, complete the Asset Allocation Questionnaire beginning on Page 10.



# The importance of diversification

Diversification means allocating your money across several different asset classes, which may help limit your risk. If your investments are diversified, your account is less likely to be impacted by the poor performance of any one single asset class.

You may achieve a diversified investment mix simply by choosing

a Target Date Fund, or by building your own investment mix from the Savings Plus core investment funds. If you build your own mix, your allocation should generally be based upon your overall investment goals, time horizon and risk tolerance. As these change, you may need to modify your investment allocation.



# Asset allocation questionnaire

Making the best asset allocation decision for you depends on knowing who you are as an investor and what options are available to balance your preferences with your goals. The following 2 steps provide the information you need to help make your investment decisions. Once you have completed these steps, the core investment options that are available will be presented.

## Step 1 Find your personal tolerance for risk

Wilshire, a global independent investment consulting firm, developed the Asset Allocation Questionnaire and the related asset allocations. Answer the following questions to determine your personal tolerance for risk. Choose the answer that's right for you and enter the associated point value in the Total blank provided.

### 1. Your current age is:

Over 70.....1 point  
60 - 70.....4 points  
50 - 59.....8 points  
35 - 49.....12 points  
34 or younger.....12 points

### 2. When do you anticipate taking regular cash distributions from your account?

Less than 5 years.....2 points  
5 - 9 years.....5 points  
10 - 15 years.....7 points  
More than 15 years, or I don't anticipate taking cash distributions.....10 points

### 3. In addition to your 401(k) or similar retirement plan, does your employer actively sponsor other retirement plan benefits such as a defined benefit pension or defined contribution profit-sharing plan that are available to the majority of current employees?

No.....0 points  
Yes.....20 points

Total \_\_\_\_\_

**4. Your risk tolerance describes your willingness to accept fluctuations in your account value in order to achieve the long-term objective of your retirement savings. Which statement best describes your tolerance for risk?**

- Avoiding loss in my account value is more important to me than experiencing long-term growth.....1 point
- I desire long-term growth of my account value, but I am more concerned with avoiding losses.....4 points
- I am concerned with avoiding losses, but this is outweighed by my desire to achieve long-term growth.....7 points
- To maximize the chance of experiencing high long-term growth, I am willing to accept losses.....10 points

**5. While riskier than bond investments, stock investments offer the potential of higher long-term investment returns. What is your feeling about investing a portion of your money in stock investments?**

- I am concerned that stock investments are too risky and would prefer a higher allocation to bonds.....1 point
- I understand there is additional risk with stock investments and would consider a more balanced allocation to stocks and bonds.....5 points
- I understand there may be some additional risks in stock investing, but the opportunity to achieve long-term growth with a higher allocation to equities is worth serious consideration.....9 points
- I understand the risks, but I recognize there are growth opportunities in stock markets and would like to maximize those opportunities.....12 points

**6. Given the volatility of the capital markets, your account value will fluctuate over time. The 3 choices below show potential account value ranges after a 3-year investment period. If you were to invest \$50,000, which portfolio would you select?**

- Account value range of \$48,000 - \$53,000.....2 points
- Account value range of \$45,000 - \$58,000.....6 points
- Account value range of \$40,000 - \$60,000.....10 points

Total \_\_\_\_\_





Using the point values from the 6 questions on the previous page, enter your total points below. This number can help you determine the portfolio model appropriate for your personal tolerance for risk.

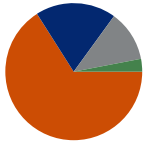
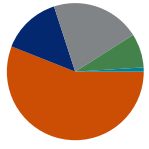
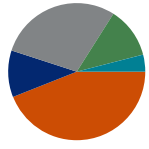
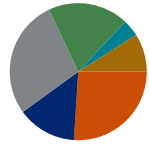
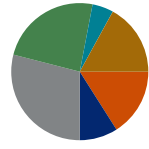
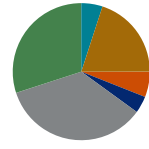
Total \_\_\_\_\_

Your total points align with a portfolio model as follows:

Points total	Portfolio model
0 - 7	Conservative
8 - 16	Conservative Growth
17 - 26	Moderate Conservative
27 - 39	Moderate
40 - 57	Moderate Aggressive
58 - 78	Aggressive Growth

## Step 2 Choose your portfolio model

Now that you have identified your personal tolerance for risk, it's time to select a portfolio model from the following table. Put a check mark in the box below that best represents your portfolio model.

Points total	0-7	8-16	17-26	27-39	40-57	58-78
						
Portfolio model	Conservative	Conservative Growth	Moderate Growth	Moderate	Moderate Aggressive	Aggressive Growth
Short Term	19%	14%	11%	14%	9%	4%
Bond	66%	56%	44%	26%	16%	6%
Large Cap	12%	21%	29%	28%	29%	35%
Mid Cap	0%	0%	0%	9%	17%	20%
International	3%	8%	12%	19%	24%	30%
Small Cap	0%	1%	4%	4%	5%	5%
Total	100%	100%	100%	100%	100%	100%



# Asset classes

## Savings Plus offers different types of investment options with various risk and reward potential.

When planning your retirement, Savings Plus provides many investment options to help you design a portfolio based upon your risk comfort levels. Risk and reward go hand in hand: where there's greater risk, there's a greater potential for performance to be rewarded. Funds ranking high on a risk-adjusted return scale demonstrate a favorable trade-off between risk and reward.

### Range of relation between potential risk and reward



The chart above displays the range of relation between risk and reward potential of the following asset classes available through Savings Plus. Target Date and Socially Responsible Funds don't appear because those funds diversify investments across several asset classes.

### Know your asset classes

The investment choices offered by Savings Plus fall into the following asset classes: Short-Term Investments, Bonds, Large Cap, Mid Cap, International and Small Cap. Diversifying your investment selections across asset classes can increase your return potential according to the level of risk you're willing to accept.

**Short Term Investments** refers to short-term securities such as bank certificates of deposit (CDs) and money market funds. Short Term Investments typically encounter less market risk than do stocks and bonds

because of their short duration. Therefore, they usually provide a lower rate of return than investments in those classes.

**Bonds** are loans or debt instruments issued by governments or corporations that need to raise money. When investors buy bonds, they're lending money to those governments or corporations. Bonds are issued for a set period, during which interest payments are made to the bondholder. Bonds are more stable than stocks and provide a steadier flow of income than stocks. However, over a long time period, bonds often provide a lower rate of return than stocks.

**Diversified Real Return** includes three investment types: Treasury Inflation-Protected Securities (TIPS), Real Estate Investment Trusts (REITs), and commodities. Historically, these investment types have had a low correlation with one another.

**Large Cap Stocks** are instruments that signify part ownership in corporations. Usually, they encounter higher market risk than do short-term investments and bonds but offer the potential for higher long-term returns. Large Cap typically refers to companies with market values exceeding \$10 billion. Large Cap stocks tend to be less volatile and offer lower risk than stocks of smaller cap companies.

**Mid Cap Stocks** typically refers to companies with market values between \$2 billion and \$10 billion. These funds can be somewhat more volatile than Large Cap

funds but are generally less risky than funds devoted exclusively to smaller companies.

**International Stocks**, also known as foreign funds, typically refers to companies located outside of the United States. Because of currency fluctuations, foreign regulations, possible political instability and differences in accounting standards, and foreign regulations, international stocks carry risks not found with domestic stocks. Both risk and return potential are higher than the large cap and mid cap stock classes.

**Small Cap Stocks** typically refers to companies with market value less than \$2 billion. Small companies can grow much faster than big companies but tend to be more volatile, and their stocks tend to be riskier than the stocks of Mid Cap and Large Cap companies.

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## Maintain your Savings Plus account

Here are some tips to remember:

- 1** Reaching your retirement goals takes time. By investing consistently, you let time and the power of compounding work to your advantage. Compounding is the ability of assets to generate earnings, which are then reinvested in order to generate additional earnings.
- 2** Markets and investment objectives can change. Review your investment strategy often to make sure it still fits your goals.
- 3** The more you earn, the more you may want to save. You may want to consider increasing your Savings Plus contribution when your salary increases. Our Auto Increase feature allows you to automatically increase your contribution each year so that you don't have to think about it.
- 4** Consolidating your assets may be to your benefit. Consider consolidating your previous employer's retirement plan assets into your Savings Plus account.
- 5** You're saving for your future. Saving now may assist you in meeting your retirement goals.

## Support and services from Savings Plus

Savings Plus offers a full suite of support and services to help manage your account. We provide, at no cost to you, one-on-one support with our licensed and noncommissioned Retirement Specialists, who are available to help you plan for retirement and to work with you throughout retirement.

Visit [savingsplusnow.com](https://savingsplusnow.com) for more information.



**savingsplusnow.com**



### **Savings Plus Solutions Center**

(855) 616-4776  
5 a.m. to 8 p.m. PT  
weekdays



### **Savings Plus Walk-In Center**

1810 16th Street,  
Room 108  
Sacramento, CA 95811  
8 a.m. to 5 p.m. PT  
weekdays



Please consider the fund's investment objectives, risks, charges and expenses carefully before investing. The Fund Fact Sheets contain this and other important information about the investment company. Fund Fact Sheets are available on the website or by calling (855) 616-4776. Read the Fund Fact Sheets carefully before investing.

Information provided by Retirement Specialists is for educational purposes only and is not intended as investment advice.

Investing involves market risk, including possible loss of principal. Actual investment results will vary depending on your investment and market experience, and there is no guarantee that fund objectives will be met.

Target Date Funds invest in a wide variety of underlying investment options to help reduce investment risk. Their expense ratio represents a weighted average of the expense ratios and any fees charged by the underlying investment options in which the Funds invest. The Funds do not charge any expenses or fees of their own. Like other funds, target date funds are subject to market risk, and loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement or that asset allocation, diversification or any investment strategy will assure a profit or avoid losses.

Investment advice for Nationwide ProAccount is provided to plan participants by Nationwide Investment Advisors LLC (NIA), an SE C-registered investment adviser. NIA has hired Wilshire Associates Incorporated ("Wilshire") as the Independent Financial Expert for Nationwide ProAccount. Wilshire® is a service mark of Wilshire Associates, Inc., which is not affiliated with NIA or any Nationwide affiliate. Nationwide representatives are Registered Representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio. Nationwide Retirement Specialists cannot offer investment, tax or legal advice. You should consult your own counsel before making retirement plan decisions.

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