UWMF Retirement Plan Committee

March 19, 2020, 7:00 - 8:00 AM

https://uwhealth.webex.com/uwhealth/onstage/g.php?MTID=ed971517f730c35325e36d084af6b502e

Meeting number: 809 463 311 / Password: uwmfrpc

Meeting Minutes - Open Session

Attachment - Open Session Meeting Minutes from February 6, 2020 Page 3

Physicians Retirement Plan Contribution Requests

Presentation - Physicians Retirement Plan Contribution Requests Page 6

II. Fidelity Investments

Mr. David Bruce, Mr. Michael Hunsicker

Presentation - Fidelity Investments

Presentation - Fidelity Investments Page 12

III. Market Volatility

Mr. Mark Livingston, Ms. Jennifer Sandberg

Fidelity - Market Volatility

Presentation - CMSG Weekly Market Update Page 34

Attachment - March 2020, Business Cycle Update Page 52

Attachment - 7 Principles of Investing in a Volatile Market Page 56

RVK - Market Volatility

Attachment - Market Volatility Page 61

IV. RVK Updates

Ms. Jennifer Sandberg, Mr. Tony Johnson

2020 Annual Review Calendar

Attachment - 2020 Annual Review Calendar Page 64

V. Non-discrimination Testing

Mr. Anthony Dix

VI. Adjourn
Attachment

Open Session Meeting Minutes
University of Wisconsin Medical Foundation
Retirement Plan Committee
February 6, 2020


Absent: Drs. C. Ralphe, K. Yu; Ms. K. Steiner

Mgmt: Mr. A. Dix; Messes. A. Anicete, E. Fairchild, K. Potter

Guests: Mr. T. Johnson [RVK], Ms. J. Sandberg [RVK]; Messrs. D. Bruce [Fidelity], Mr. S. Senseney [Fidelity]; Mr. B. Anderson [DeWitt, Ross and Stevens LLC]

Call to Order and Welcome
Dr. Venkat Rao called the meeting to order at 7:00 a.m. Dr. Rao introduced new committee members, including: Dr. Petros Anagnostopoulos, Ms. Jennifer Hendricks, Mr. Daniel Thill, and Ms. Jessica Webster.

Consent Agenda
Dr. Rao requested a motion to approve the items on the Consent Agenda, including November 7, 2019 Open Session Minutes and Physicians Retirement Plan Contribution Requests.

Upon a motion duly made by Dr. Richard Wolman, seconded by Dr. Kyla Bennett, and unanimously carried, the Committee approved the Consent Agenda.

Relevant Legislation (SECURE Act) Updates
Mr. Brian Anderson and Ms. Jennifer Sandberg joined the meeting to provide updates with the Setting Every Community Up for Retirement (“SECURE”) Act, federal legislation affecting retirement plans since 2006, that applies to University of Wisconsin Medical Foundation, Inc. (“UWMF”) Physicians Retirement Plans and UWMF Employees 401(k) Plan and their participants. Several provisions were identified that will likely affect UWMF’s 401(k) plan or the Retirement plan, including a new provision allowing for distributions up to $5,000 of a retirement account to pay for covered costs relating to birth or adoption of a child. Another provision includes penalties; if one were to withdraw money before the age of 59 ½, they would pay not only income taxes, but also a 10% penalty. The employee may repay to the plan all or part of the withdrawn amount (and the repayment will be treated as a rollover contribution). UWMF Retirement Plan Committee will make the decision if the proposed provision will be added to the current plan.

Ms. Sandberg provided insight from an RVK perspective. The Department of Labor (“DOL”) would provide income disclosure guidance, including information and model assumptions on creating a lifetime annuity stream from an account balance, which is a requirement for plan sponsors. The Committee would not be responsible for any fiduciary liability if those assumptions turned out to be incorrect. There are provisions that will
likely be subject to further regulatory guidance or clarifications from the Department of Labor (DOL) and/or the Internal Revenue Service (IRS). Plan sponsors should expect to see outreach from their recordkeepers and legal counsel over the coming months to discuss implementation of required provisions and any associated changes that must be made to plan documents.

Mr. Anderson was excused at 7:30 a.m.

Fidelity Investments
Mr. David Bruce introduced Mr. Scott Sensesey who is the head of the relationship management organization with Fidelity.

Mr. Bruce provided a 2019 year in review, in assets and plan activity. As of Q4, the plans significantly increased due to cash flow and market rate returns. Dr. Rao requested from Mr. Bruce and Mr. Anthony Dix to provide a breakdown of the data being shared as this would be helpful to see. The non-participating breakdown will be presented by Mr. Bruce at the March 19, 2020 UWMF Retirement Plan Committee Meeting. In 2019, beneficiary management was switched to Fidelity for primarily handling. Mr. Bruce reviewed UWMF’s current retirement plan. Mr. Bruce offered to provide more depth on the data for non-participants.

RVK Updates
Mr. Tony Johnson reviewed UWMF Defined Contribution Plans for the period ending December 31, 2019. He provided an overview of capital markets and performance investments. He further discussed the total portfolio including combined plans; asset allocation by manager and by target retirement date fund; quarterly cash flows for combined plans, physicians retirement plan, employees 401(k) profit sharing plan; the total participants for the before-mentioned plans; performances; and risk and return as well as information regarding Investment Manager Profiles. He then provided insight on Q4 Capital Market Reviews and the comparison of Dodge & Cox Balanced Fund and International Stock Fund. RVK also noticed companies were taking advantage of the market and borrowing at very low rates. Companies are issuing bonds at the lowest investment ratings.

Closed Session
A motion was made to move the Committee into a Closed Session pursuant to Wisconsin Statutes 19.85(1)(e), for the discussion of the following confidential matters, which for competitive reasons require a closed session: review and approval of closed session minutes.

Upon a motion duly made by Dr. Richard Wolman, seconded by Dr. Kyla Bennett, and unanimously carried, the Committee moved into closed session.

The meeting was adjourned in closed session.

Next Meeting
The next meeting of the UWMF Retirement Plan Committee has been scheduled for:

Thursday, March 19, 2020, 7:00 - 8:30 AM, Room H6/215
UWMF Physicians Retirement Plan

UWMF Retirement Plan Committee
March 19, 2020
UWMF Physicians Retirement Plan
Contribution Category Requests

Per the Plan Document:
“Assignment of a physician to a particular contribution category is made by ‘the Employer’ [UWMF](through its Retirement Plan Committee or otherwise).”
## UWMF Physicians Retirement Plan

### Contribution Category Requests - New Hires

**Faculty**

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
<th>Start Date</th>
<th>PRP % Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alward MD, William T</td>
<td>Medicine</td>
<td>3/1/2020</td>
<td>20%</td>
</tr>
<tr>
<td>Ferguson MD MPH, Sancia</td>
<td>Medicine</td>
<td>2/3/2020</td>
<td>10%</td>
</tr>
<tr>
<td>Fitzpatrick MD, Megan B</td>
<td>Pathology</td>
<td>3/1/2020</td>
<td>20%</td>
</tr>
<tr>
<td>Helgager MD PhD, Jeffrey</td>
<td>Pathology</td>
<td>3/1/2020</td>
<td>15%</td>
</tr>
<tr>
<td>Marsh MD, Anne M</td>
<td>Pediatrics</td>
<td>3/1/2020</td>
<td>15%</td>
</tr>
<tr>
<td>Neidlinger MD, Nikole</td>
<td>Surgery</td>
<td>3/1/2020</td>
<td>20%</td>
</tr>
<tr>
<td>Papomata MD, Elisavet</td>
<td>Medicine</td>
<td>2/1/2020</td>
<td>15%</td>
</tr>
<tr>
<td>Paulsen PhD, Jane</td>
<td>Neurology</td>
<td>3/1/2020</td>
<td>15%</td>
</tr>
<tr>
<td>Schnapp MD, Lynn</td>
<td>Medicine</td>
<td>3/1/2020</td>
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<tr>
<td>Stepherson DO, Charles</td>
<td>Radiology</td>
<td>1/15/2020</td>
<td>0%</td>
</tr>
<tr>
<td>Tester MD, Gregory</td>
<td>Medicine</td>
<td>3/1/2020</td>
<td>10%</td>
</tr>
</tbody>
</table>
# UWMF Physicians Retirement Plan
Contribution Category Requests - New Hires

## Clinical Anesthetists

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
<th>Start Date</th>
<th>PRP % Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berens, Addie</td>
<td>Anesthesiology</td>
<td>2/1/2020</td>
<td>15%</td>
</tr>
<tr>
<td>Fink, Katie E</td>
<td>Anesthesiology</td>
<td>2/1/2020</td>
<td>0%</td>
</tr>
<tr>
<td>Zembles, Joel</td>
<td>Anesthesiology</td>
<td>2/1/2020</td>
<td>0%</td>
</tr>
</tbody>
</table>
## Contribution Statistics by Physician Group

<table>
<thead>
<tr>
<th>Group</th>
<th>Total</th>
<th>Contributing 0%</th>
<th>Contributing &gt;0%</th>
<th>% Contributing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical Anesthetist</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>33%</td>
</tr>
<tr>
<td>Fellow</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Part-Time Faculty (0%-49% FTE)</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Full-Time Faculty (50%-100% FTE)</td>
<td>10</td>
<td>0</td>
<td>10</td>
<td>100%</td>
</tr>
</tbody>
</table>
## UWMF Physicians Retirement Plan
Contribution Category Requests - New Hires

### Contribution Statistics by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Number Contributing</th>
<th>Total Percentage Contributing</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>4</td>
<td>29%</td>
</tr>
<tr>
<td>5%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>10%</td>
<td>2</td>
<td>14%</td>
</tr>
<tr>
<td>15%</td>
<td>5</td>
<td>36%</td>
</tr>
<tr>
<td>20%</td>
<td>3</td>
<td>21%</td>
</tr>
<tr>
<td>25%</td>
<td>0</td>
<td>0%</td>
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</table>
University of Wisconsin Medical Foundation
Retirement Committee Meeting
An insights and outcomes discussion

David Bruce
Michael Hunsicker

March 19, 2020
AGENDA

What we’ll discuss

• In-Depth Look at Non-Participating

• 2020 Communication Calendar
Non-Participating Population
### Retirement Plan Health Score
Impact on Plan Design Score due to proposed plan design improvements

#### Current Plan Design

<table>
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<tr>
<th>Feature</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC Core</td>
<td><img src="image" alt="Current Plan Design" /></td>
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<tr>
<td>Auto Enroll (AE) Enabled</td>
<td>New Hires</td>
</tr>
<tr>
<td>Auto Enroll (AE) Default Rate</td>
<td>6%</td>
</tr>
<tr>
<td>Total Savings Rate at Auto Enroll Default Rate</td>
<td>16%</td>
</tr>
<tr>
<td>Auto Annual Increase Program (AIP) Cap Rate</td>
<td>10%</td>
</tr>
<tr>
<td>Total Savings Rate at Max Match or AIP Cap Rate</td>
<td>20%</td>
</tr>
<tr>
<td>Target Date Fund New Enrollees</td>
<td>✔</td>
</tr>
</tbody>
</table>

#### Proposed Plan Design

<table>
<thead>
<tr>
<th>Feature</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>DC Core</td>
<td><img src="image" alt="Proposed Plan Design" /></td>
</tr>
<tr>
<td>Auto Enroll (AE) Enabled</td>
<td>All Eligible</td>
</tr>
<tr>
<td>Auto Enroll (AE) Default Rate</td>
<td>6%</td>
</tr>
<tr>
<td>Total Savings Rate at Auto Enroll Default Rate</td>
<td>16%</td>
</tr>
<tr>
<td>Auto Annual Increase Program (AIP) Cap Rate</td>
<td>10%</td>
</tr>
<tr>
<td>Total Savings Rate at Max Match or AIP Cap Rate</td>
<td>20%</td>
</tr>
<tr>
<td>Target Date Fund New Enrollees</td>
<td>✔</td>
</tr>
</tbody>
</table>

---

Plan Improvements

- Auto Enroll (AE) Enabled
- Total Savings Rate at Auto Enroll Default Rate
- Auto Annual Increase Program (AIP) Cap Rate
- Total Savings Rate at Max Match or AIP Cap Rate
- Target Date Fund New Enrollees
Non-Participating Population (count 138)

- By Gender:
  - Female: 10
  - Male: 33

- By Age:
  - Under 30: 10
  - Age 30-39: 33
  - Age 40-49: 35
  - Age 50-59: 36
  - Age 60-69: 21
  - Age 70+: 3

- By Tenure:
  - Less than 1 year: 7
  - 1 to 3 years: 28
  - 4 to 6 years: 27
  - 7 to 9 years: 11
  - 10 to 14 years: 25
  - 15+ Years: 40

- By Payroll Code:
  - HRY
  - SAL
Non-Participating Population (count 138)

By Compensation

<table>
<thead>
<tr>
<th>Compensation Range</th>
<th>Count</th>
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<tbody>
<tr>
<td>Less than $40K</td>
<td>50</td>
</tr>
<tr>
<td>$40K to $60K</td>
<td>40</td>
</tr>
<tr>
<td>$60K to $100K</td>
<td>20</td>
</tr>
<tr>
<td>Over $100K</td>
<td>10</td>
</tr>
</tbody>
</table>

Count

- No: 80
- Yes: 58

Last Contribution (yr)

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 2016</td>
<td>70</td>
</tr>
<tr>
<td>2016 - 2017</td>
<td>20</td>
</tr>
<tr>
<td>2018 - 2019</td>
<td>10</td>
</tr>
<tr>
<td>Never Contributed</td>
<td>10</td>
</tr>
</tbody>
</table>
Communicating with Your Participants
# 2020 Communication and Engagement Calendar

## Communications

### January – March | Q1
- **Webcast & Financial Wellness – Taxes Insights** (Jan)
- **America Saves Week** (Feb)
- **Webcast** (Mar)
- **Savings & Investing Check-in** (Mar)

### April – June | Q2
- **Webcast – Social Security** (May)
- **Savings & Investing Check-in** (Jun)

### July – September | Q3
- **In development**

### October – December | Q4
- **In development**

## Select Audiences

### Separated Participant Distribution Options (Feb)

## UWMF Custom

### UWMF Profit Sharing Contribution (Mar)
### Quarterly Market Review Virtual Webinar
### Cybersecurity Campaign (Apr)
### Quarterly Virtual Webinar (Jun)
### Quarterly Virtual Webinar (Sep)
### “Power of Small Amounts” Campaign (Oct-Nov)
### Quarterly Virtual Webinar (Dec)

Continuous programs across DC, HSA and Fidelity® Personalized Planning & Advice: Triggered participant emails. Packaged into a series of communications centered around moments that matter (Getting Ready to Retire series; Millennial series; Investment series; Enrollment; Onboarding, etc.) Also includes: NetBenefits® Homepage, Library and banners; seasonal social content. Dates subject to change.

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A communication program that works
Moving from calendar-based campaigns to triggers produces measurable results

For some companies, **real-time engagement** and **personalized content** produced:

- **Better open rates** across the majority of the population\(^2\)
- **35% lift in clicks** compared to calendar campaigns\(^2\)
- Participants more likely to log into NetBenefits after receiving a trigger message\(^2\)
- **24% lift in guidance interactions** compared to calendar campaigns\(^2\)

---

\(^1\) Salesforce Intelligent Marketing for the Connected Customer, 1-to-1 Engagement Scale, September 2019

\(^2\) Fidelity Investments Internal data, August 2019. Guidance interactions include calling a rep or interaction with an online tool.
Calendar Campaigns

Q1
• Financial Wellness
• America Saves Week
• Separated Participant Campaign
• Savings and Investing Check-In (formerly QCI)
• Webcasts

Q2
• Savings and Investing Check-In
• Webcasts

Introduction of Triggers

Q3
• NEW Separated Participant Triggers
• NEW Savings and Investing Trigger
• Financial Wellness
• Webcasts

Q4
• NEW Select Financial Wellness and Life Event Triggers
• Webcasts

For the first half of 2020, we will continue to support calendar-based campaigns.

The first new triggers will begin to roll out starting in Q3.
Fidelity Workshops
Help and support for all your employees

At Fidelity, we understand that today’s diverse workforce has a wide range of needs and that financial wellness is unique to every individual. That’s why we developed a series of educational programs to help you help your employees get the most out of their benefits and meet their goals.

**PAYCHECK TO PAYCHECK**
**Appropriate for:** Employees facing first-time financial decisions and those juggling multiple priorities
Focuses on helping employees weigh the pros and cons of key life decisions, assess spending and saving, prepare for the unexpected, and control debt.

- Get Started and Save for the Future You
  - Understand your retirement plan
  - Learn the steps to enroll in your plan
  - See if you’re saving enough
  - Learn ways to save more

- Create a Budget, Ditch Your Debt, and Start Saving for the Future You
  - Recognize the importance of managing debt
  - Learn steps for maintaining financial health
  - Plan for future goals

- Take the First Step to Investing
  - Review the basics of investing
  - Understand asset allocation and diversification
  - Identify your ideal investment approach

- Learn the Basics of When and How to Claim Social Security
  - Understand Social Security
  - Considerations for claiming Social Security benefits
  - Decide when to take Social Security benefits

**FOUNDATION BUILDERS**
**Appropriate for:** Employees who need help with the basics
Focuses on building foundational skills and helping employees take steps toward increasing savings and controlling debt while preparing for major financial decisions.

- Get Started and Save for the Future You
  - Understand your retirement plan
  - Learn the steps to enroll in your plan
  - See if you’re saving enough
  - Learn ways to save more

- Create a Budget, Ditch Your Debt, and Start Saving for the Future You
  - Recognize the importance of managing debt
  - Learn steps for maintaining financial health
  - Plan for future goals

- Take the First Step to Investing
  - Review the basics of investing
  - Understand asset allocation and diversification
  - Identify your ideal investment approach

- Invest Confidently in Your Future
  - Define your savings goals
  - Build an investment plan to help you optimize your savings
  - Understand the importance of continuously managing your plan

- Identify and Prioritize Your Savings Goals
  - Learn how to save for each goal
  - Get next best steps for saving

**PRIORITY BALANCERS**
**Appropriate for:** Employees balancing multiple priorities and multiple goals
Focuses on helping employees make financial decisions that balance short- and long-term goals, while managing debt and maximizing savings.

- Get Started and Save for the Future You
  - Understand your retirement plan
  - Learn the steps to enroll in your plan
  - See if you’re saving enough
  - Learn ways to save more

- Create a Budget, Ditch Your Debt, and Start Saving for the Future You
  - Recognize the importance of managing debt
  - Learn steps for maintaining financial health
  - Plan for future goals

- Take the First Step to Investing
  - Review the basics of investing
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- Identify and Prioritize Your Savings Goals
  - Learn how to save for each goal
  - Get next best steps for saving

**Make the Most of Your Retirement Savings**
- The importance of saving as much as possible for retirement
- How much to save for retirement and the benefits of saving more
- Different account types you can use to save for retirement
- Ways to preserve and grow your savings to last throughout your lifetime

**Exploring the Benefits of an HSA**
- Understand the benefits of an HDHP/HSA
- See how they work together
- Explore the features of the HSA

**Discover the Potential of Your HSA**
- Recognize the features of the HSA
- Explore the potential benefits of an HSA
- Learn the importance of a safety net
- Understand how HSAs fit into a retirement strategy

**Organize, Plan, and Own Your Future**
- Explore what financial wellness means for women
- Learn the principles of budgeting and saving
- Discover how to design an investing plan to meet specific goals
- See how defining an investing personality can keep you on track

**Learn the Basics of When and How to Claim Social Security**
- Understand Social Security
- Considerations for claiming Social Security benefits
- Decide when to take Social Security benefits
Fidelity Workshops
Help and support for all your employees

At Fidelity, we understand that today’s diverse workforce has a wide range of needs and that financial wellness is unique to every individual. That’s why we developed a series of educational programs to help you help your employees get the most out of their benefits and meet their goals.

FINANCIALLY ESTABLISHED

Appropriate for: Financially established employees navigating more complicated life events

Focuses on preparing for retirement and ways to help make their money work even harder for them.

Quarterly Market Update
• Review current macro and microeconomic conditions
• Explore U.S. equity, international equity, and fixed income markets
• Consider long-term investing themes

Invest Confidently in Your Future
• Define your savings goals
• Build a savings-optimized investment plan
• Learn to manage your plan

Identify and Prioritize Your Savings Goals
• Learn how to save for each goal
• Get next best steps for saving

Make the Most of Your Retirement Savings
• See the importance of saving as much as possible
• Learn the benefits of saving more
• Identify different retirement account types
• Explore ways to preserve and grow savings

Explore the Benefits of an HSA
• Understand the benefits of an HDHP/HSA
• See how they work together
• Explore the features of the HSA

Discover the Potential of Your HSA
• Recognize the features of the HSA
• Explore the potential benefits of an HSA
• Learn the importance of a safety net
• Understand how HSAs fit into a retirement strategy

Organize, Plan, and Own Your Future
• Explore what financial wellness means for women
• Learn the principles of budgeting and saving
• Discover how to design an investing plan to meet specific goals
• See how defining an investing personality can keep you on track

Turn Your Savings into Retirement Income
• Learn the benefits of a retirement income plan
• Identify retirement income sources and expenses
• Explore different retirement income strategies

Fidelity Personalized Planning & Advice
• Learn to manage your own portfolio
• Explore Fidelity’s professional investment management
• Understand the benefits, fees, and expenses

Your College Planning Choices
• Learn how to start saving for a child’s college education

Maximize Social Security in Your Retirement Strategy
• Learn how Social Security fits your retirement paycheck
• Identify Social Security claiming strategies
• Create your retirement income plan

Prepare for the Reality of Health Care in Retirement
• Estimate retirement health care costs
• Understand available options before and after age 65
• Plan for retirement health care costs

Preserving Your Savings for Future Generations
• Understand estate planning—wills, probates, power of attorney
• Learn what’s taxable and how assets can be distributed
• Explore the potential benefits of an HSA
• Recognize the features of the HSA
• Understand how HSAs fit into a retirement strategy

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Make the Most of Your Retirement Savings

Goals:
• Maximize savings and benefits while minimizing taxes
• Learn to make key retirement and health care decisions
• Protect and efficiently transfer the savings they’ve worked hard to accumulate

PAYCHECK TO PAYCHECK
Goals:
• Meet expenses and still have a little extra left over each pay period
• Be ready for that unexpected bill that inevitably will come their way
• Control and begin to pay down debt

FOUNDATION BUILDERS
Goals:
• Lay a financial foundation
• Learn the skills to make major financial decisions for the first time, such as buying a home and leasing a car
• Balance savings with managing student and consumer debt

PRIORITY BALANCERS
Goals:
• Feel confident as stewards for finite resources
• Accelerate savings to meet short-term needs while also focusing on creating an income stream for retirement
• Manage debt and build up emergency funds

FINANCIALLY ESTABLISHED
Goals:
• Maximize savings and benefits while minimizing taxes
• Learn to make key retirement and health care decisions
• Protect and efficiently transfer the savings they’ve worked hard to accumulate
The Fidelity Plan Sponsor Retirement Plan Health Score (the “Tool”) is an educational tool offered solely for institutional use by:
- Fidelity Brokerage Services LLC
- Fidelity Investments Institutional Services Company, Inc.

**OVERVIEW**

The primary objective of the Fidelity Plan Sponsor Retirement Plan Health Score (the “Tool”) is to help provide education on how retirement plan design and the resulting participant behaviors can impact retirement outcomes for typical employees. The Tool allows you to explore hypothetical what-if scenarios to potentially improve your plan design and outcomes for the typical employee.

**Limitations of the Tool**

The Tool’s functionality, analysis and results are not intended for use with individual investors or plan participants. The Tool uses certain assumptions described here as well as information which may be provided by other sources. Fidelity is not responsible for the accuracy of data provided by third parties.

**Model Overview**

The Fidelity Plan Sponsor Retirement Plan Health Score is a score from 0-100 points that assesses the overall health of the retirement plan. Contributions to the score are in three categories, plan design (40 points), participant engagement levels (30 points) and retirement readiness measures (30 points).

<table>
<thead>
<tr>
<th>Grade</th>
<th>Assessment</th>
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<tbody>
<tr>
<td>Needs Attention</td>
<td>&lt;60</td>
</tr>
<tr>
<td>Fair</td>
<td>&gt;=60 to &lt;75</td>
</tr>
<tr>
<td>Good</td>
<td>&gt;=75 to &lt;90</td>
</tr>
<tr>
<td>On Target</td>
<td>&gt;=90</td>
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</tbody>
</table>

The Fidelity Plan Sponsor Retirement Plan Health Score assessment breakdown is as follows:
The Fidelity Plan Sponsor Retirement Plan Health Score model breakdown is as follows:

<table>
<thead>
<tr>
<th>Plan Aspects</th>
<th>Maximum Category Sub-Score</th>
<th>Model Element</th>
<th>Maximum Element Score</th>
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<tbody>
<tr>
<td>Participation</td>
<td>20</td>
<td>Auto Enroll Enabled (New Hires Only)</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Auto Enroll Enabled (All Eligible)</td>
<td>5</td>
</tr>
<tr>
<td>Minimum Contribution Design</td>
<td>30</td>
<td>Default Deferral Rate</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EasyEnroll Average Default Deferral Rate</td>
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<tr>
<td></td>
<td></td>
<td>Match Presence</td>
<td>8</td>
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<td></td>
<td></td>
<td>Plan Design Minimum Contribution</td>
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<tr>
<td>Total Contribution Design</td>
<td>35</td>
<td>Auto AIP Enabled</td>
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</tr>
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<td></td>
<td></td>
<td>Auto AIP Cap Rate</td>
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<tr>
<td></td>
<td></td>
<td>Total Contribution Design</td>
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<tr>
<td>Investment Design</td>
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<td>Target Date Default Default</td>
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<tr>
<td></td>
<td></td>
<td>Managed Account</td>
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<tr>
<td></td>
<td></td>
<td>Investment Options</td>
<td>3</td>
</tr>
<tr>
<td>PLAN DESIGN (40%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENGAGEMENT (30%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How engaged are the participants of this plan</td>
<td>100</td>
<td>Engagement Rate</td>
<td>30</td>
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<tr>
<td></td>
<td></td>
<td>Retirement Planning &amp; Advice Utilization Rate</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Communication &amp; Education Campaigns Delivered</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>E-Mail Coverage Ratio</td>
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<td></td>
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<td>Deferral Tracking Enabled</td>
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<td></td>
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<td>Permission to Proactively Contact Participants</td>
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</tr>
<tr>
<td>RETIREMENT READINESS (30%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation</td>
<td>30</td>
<td>Participation Rate</td>
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<td>Savings Rates / Loans</td>
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<td>Average Savings Rate</td>
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<td>Percentage of Parts. w/ a 15% Total Savings</td>
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<tr>
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<td>Percentage of Parts. w/ a Loan Outstanding</td>
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<tr>
<td></td>
<td></td>
<td>Percentage of Parts. Enrolled in AIP</td>
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<tr>
<td>Asset Allocation</td>
<td>15</td>
<td>Percentage of Parts. w/ Age Appropriate Asset Allocation</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of Parts. utilizing a Target Date Fund</td>
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</tbody>
</table>
PLAN DESIGN

The retirement plan design score assesses the condition of the retirement plan design across four areas: participation, minimum contribution design, total contribution design and investment design.

Participation
Overview: The first objective of defined contribution plan design is to get employees to participate in the retirement plan. For most employees, there are typically few other tax advantaged retirement savings vehicles that offer the same advantages of a workplace savings retirement program. Furthermore, most employers offer an employer contribution into their defined contribution retirement program and the opportunity to receive employer contributions is lost to non-participants. This “Participation” section provides higher scoring for plan designs that feature automatic enrollment, which is known to improve participation rates.

AE / Auto Enrollment Enabled (New Hires)
Plans with an Automatic Enrollment service enabled or a Mandatory Contribution requirement for new hires will receive the full element score. Plans that have the feature enabled for all eligible employees will also receive the full element score. Enabling Auto Enrollment for new hires at 5 or 6% is a best practice and will lead to improved participant and savings rates.

AE / Auto Enrollment Enabled (All Eligible)
Plans with an Automatic Enrollment service enabled or a Mandatory Contribution requirement for all eligible employees will receive the full element score. Enabling Auto Enrollment for all eligible employees at 5 or 6% is a best practice and will lead to improved participant and savings rates.

Minimum Contribution Design
Overview: Defined contribution retirement plans often use plan design features such as the automatic enrollment default deferral rate and an employer match to incent employees to contribute their own dollars to the plan. The minimum contribution portion of the model considers these elements in order to determine the minimum level of total savings employees are incented to behave to. The higher the total (employee plus employer) incented savings rate is, the higher the score will be.

Auto Enroll (AE) Default Deferral Rate
Score based on the strength on the default deferral rate employees are likely to begin saving at (Automatic Enrollment Default Deferral Rate, Mandatory Employee Deferral Rate or Minimum Deferral Rate Required to Maximize the Match). Full element score received for plans with a Default Deferral Rate of 6% or greater. Enabling Auto Enrollment for all eligible employees at 5 or 6% is a best practice and will lead to improved participant and savings rates.
Retirement Plan Health Score Methodology
Updated December 2019

**EasyEnroll Average Default Deferral Rate**
Score based on the strength of the plans EasyEnroll package design. Full element score received for plans with an EasyEnroll Average Default Deferral rate of 10% or greater. Implementing EasyEnroll with a 8/10/12% default package is a best practice, as it simplifies the enrollment process and will lead to improved savings rates.

**Match Presence**
Plans that provide an employer contribution based on the contribution level of the employee will receive the full element score. Utilizing an employer matching contribution is a best practice as it improves participation and total savings rates.

**Total Savings Rate at Auto Enroll Default Rate / Default Contribution Design / Plan Design Minimum Contribution**
Score based on the strength of the total contribution (employee deferral + employer core + employer match) the plan design achieves when an employee contributes at the Automatic Enrollment Default Deferral Rate or maximizes the match, whichever is greater. Full element score received for plans with a Plan Design Minimum Contribution of 10% or greater.

**Total Contribution Design**
Overview: This category looks at participant total savings as it may be impacted by automatic plan design features such as annual increase program. A number of plan sponsors have elected to implement annual increase program (AIP) to passively increase the savings rates of their participants over time. This plan design feature is a powerful tool for gradual savings increases and this category gives credit for the use of AIP.

**Auto Annual Increase Program (AIP) Enabled**
Plans that automatically enroll participants into an Annual Increase Program will receive the full element score. Utilization of the Auto Annual Increase Program at a cap of 10% or more is a best practice and will lead to improved savings rates and retirement readiness.

**Auto Annual Increase Program (AIP) Cap Rate**
Score based on the strength of the Auto Annual Increase Program Cap Rate. Full element score received for plans with an Auto AIP cap rate of 10% or greater. Utilization of the Auto Annual Increase Program at a cap of 10% or more is a best practice and will lead to improved savings rates and retirement readiness.

**Total Savings Rate at Max Match or AIP Cap Rate / Total Contribution Design**
Score based on the strength of the total contribution (employee deferral + employer core + employer match) the plan design achieves when an employee contributes when maximizing the match or at the Auto Increase Program Cap Rate, whichever is greater. Full element score received for plans with a Total Contribution Design of 20% or greater. Implementing a plan designed to achieve at least 15% total savings is a best practice. The use of stretch match designs, auto increase programs and/or mandatory employee contributions are some ways to design a plan around a 15% total savings rate.
Retirement Plan Health Score Methodology
Updated December 2019

**Total Savings Rate at Max Match or AIP Cap Rate / Total Contribution Design**
Score based on the strength of the total contribution (employee deferral + employer core + employer match) the plan design achieves when an employee contributes when maximizing the match or at the Auto Increase Program Cap Rate, whichever is greater. Full element score received for plans with a Total Contribution Design of 20% or greater. Implementing a plan designed to achieve at least 15% total savings is a best practice. The use of stretch match designs, auto increase programs and/or mandatory employee contributions are some ways to design a plan around a 15% total savings rate.

**Investment Design**
**Overview:** This category looks at investment design as it may impact participants’ retirement readiness. Plans are scored according to established best practices such as defaulting participants into a target date fund (as opposed to defaulting into a money market fund, for instance), a reduced number of investments in the “Tier 2” fund lineup, and offering a managed account, which may be the best option for some participants whose needs are not ideally served by target date funds.

**Target Date Default Fund**
Plans that automatically enroll participants into Target Date Fund will receive the full element score. The utilization of a target date default fund is a best practice and will lead to higher levels of age appropriate asset allocation.

**Managed Account Option**
Plans that offer participants a managed account option will receive the full element score.

**Investment Options**
Score based on the level of investment options provided to the plans participants. Full element score received for plans with less than or equal to 25 investment options.

**ENGAGEMENT**
**Overview:** Fidelity has conducted extensive research on the benefits of receiving education, retirement planning and advice on participants positive behaviors in their retirement plan. This category recognizes the positives efforts to engage participants in NetBenefits, education, retirement planning and advice, as well as services that enable a broader reach to participants (email coverage, outbound calls) and broader applicability of Fidelity’s education and advice tools (deferral tracking).
The retirement plan engagement score assesses the level of engagement for the plans active participants with a balance. In order to improve Engagement and Retirement Planning & Advice Utilization Rates, Fidelity recommends enabling all standard Communication & Education Campaigns, improving E-Mail coverage, enabling the Deferral tracking service, and allowing Fidelity to outbound contact active participants.

**Engagement Rate**
Score based on the Engagement Rate for active participants with a balance in the plan. Engagement rate is the percentage of active participants with a balance in the plan that have contacted Fidelity at least once in the last 12 months either through NetBenefits® or by phone. Full element score received for plans with an Engagement Rate of 82% or greater.

**Retirement Planning & Advice Utilization Rate**
The Retirement Planning & Advice Utilization Rate is the percentage of Participants who have engaged in retirement planning or advice in the prior twelve months. Full element score received for plans with a Retirement Planning & Advice Utilization Rate of 23% or greater.

**Communication & Education Campaigns Delivered (Key Campaigns)**
Score based on the number of key Communication & Education campaigns being delivered to participants. Full element score received for plans that enabled all key Communication & Education campaigns offered by Fidelity. Key campaigns are America Saves Week, Financial Wellness, Guidance Triggers, Onboarding, Quarterly Check-In, and Tenured Unenrolled. Enabling all key campaigns can help improve engagement rates.

**E-Mail Coverage Ratio**
Score based on the percentage of active participants with a balance in the plan that have an employer or employee provided e-mail address on record with Fidelity. Full element score received for plans with an E-Mail Coverage Ratio Rate of 85% or greater. Improving e-mail coverage ratio can improve the reach of standard campaigns and can lead to improved engagement rates.

**Deferral Tracking Enabled**
Full element score received for plans that enable the deferral tracking service with Fidelity. Enabling deferral tracking can help improve both communications to employees and plan analytics.

**Permission to Proactively Contact Participants**
Full element score received for plans that allow Fidelity to contact their active participants via phone. Permission to outbound call participants can improve engagement rates.
RETIREMENT READINESS

Overview: This category recognizes the positive behaviors that participants are currently making in the retirement program. The retirement plan retirement readiness score assesses the current behavior of plans sponsor’s employees across four areas: participation, total savings rates, asset allocation and loan utilization.

Participation

Participation Rate
Score based the percentage of eligible employees contributing to the plan based on the most recent Non-Discrimination Testing (NDT) data provided by the employer. Where no NDT data is provided, the score is based on estimated participation rate - the percentage of active participants, both with and without a balance, that are contributing to the plan. Full element score received for plans with a 95% participation rate or greater. Implementing Auto Enrollment for all eligible employees at a 5-6% default rate is a best practice toward improving participation rates.

Total Savings Rates & Loan Utilization

Average Savings Rate
Score based the overall average savings rate (Employee deferral % + Employer contribution %) for all active participants with a balance. All Active participants have been considered for the calculation of Total Average savings rate, including participants with a 0% employee deferral rate. Employer contribution % is calculated based on Employer Contribution dollars over a rolling 12-month period; therefore there might be differences from Employer contribution in Plan Design. Full element score received for plans with a 15% Average Savings Rate or greater. Implementing Plan Auto AIP with a cap of 10% is a best practice toward improving average total savings rates.

Percentage of Participants with at least a 15% Total Savings Rate
Score based the percentage of active participants with a balance that have an overall average savings rate that is 15% or greater. Full element score received for plans with a 40% of Participants with at least a 15% Total Savings Rate or greater. Implementing Plan Auto AIP with a cap of 10% is a best practice toward improving average total savings rates.

Percentage of Participants with a Loan Outstanding
Score based the percentage of active participants with a balance with a loan outstanding. Full element score received for plans with 0% of participants with a loan outstanding, no element score received for plans with at least 20% of participants with a loan outstanding. Plans may improve the percentage of participants with a loan outstanding by implementing a waiting period on loans, limit participants to one loan outstanding, and/or limit loans to employee sources.
Percentage of Participants Enrolled in Annual Increase Program
Score based the percentage of active participants with a balance, that have a deferral election below the AIP cap rate, that are enrolled in the Annual Increase Program. For plans with Auto AIP, "percentage of participants are enrolled in Annual Increase Program" excludes any participant already deferring at the cap or higher, in the calculation. Full element score received for plans with greater than 80% of participants enrolled in the Annual Increase Program. Implementing Plan Auto AIP with a cap of 10% is a best practice toward improving average total savings rates.

Asset Allocation

Percentage of Participants with an Age Appropriate Asset Allocation
Score based the percentage of active participants with a balance with an age appropriate asset allocation. For asset allocation purposes the participant's current age and equity holdings are compared to a table containing an age-based equity holding percentages based on the equity glide path. Full element score received for plans with at least 80% of participants with an Age Appropriate Asset Allocation. Implementing a target date default fund and a managed account option are best practices toward improvements in age appropriate asset allocation.

Percentage of Participants utilizing a Target Date Fund or Managed Account
Score based the percentage of active participants with a balance that are utilizing a Target Date Fund or are enrolled in a Managed Account. Utilization of a Target Date fund is defined as having at least 80% of plan assets invested in a single TDF fund. Full element score received for plans with at least 70% of participants utilizing a Target Date Fund or Managed Account. Implementing a target date default fund is a best practices toward improvements in target date fund utilization.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917
## Peer Group Methodology

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>Description</th>
<th># of Plans/ # of Participants</th>
</tr>
</thead>
</table>
| Health Care - Academic Medical Centers | • Dataset: Findings herein are derived primarily from data from Fidelity Investments’ workplace investing and personal investing divisions.  
• Data gathered and analyzed include participant indicative data, contribution data, asset allocation data, loans and withdrawals data, participant retirement planning and advice data, and certain types of plan design data.  
• All plans in this dataset recordkept by Fidelity Investments as of 12/31/19. Unless otherwise noted, findings and conclusions are based on data as of, or for the 12-month period ending, 12/31/19. | 92 Plans / 303.5K Participants |
CMSG Weekly Market Update
Corona Virus Assessment

March 16th, 2020

Views expressed are as of the date indicated, based on the information available at that time, and may change based on market and other conditions. Unless otherwise noted, the opinions provided are those of the author(s) and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information.

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What is not known (among others):

- How did it start?
- How does it spread?
- How contagious is it?
- How deadly is it?
- How wide spread is it already?
While many things are still unknown about the Virus...

...what is it that we think we know?
1) The News Flow is going to get worse

- More cases of infections
- More deaths
- More closures, more cancelations, more lockdowns
- More examples of businesses being negatively impacted
- Rising likelihood of a recession
2) The Equity Markets usually do recover before the news flow gets better

Equity Markets often just need to see the light at the end of the tunnel - rather than actual good news – for them to start recovering/stabilizing. What signs could that be possible (examples):

- Full confidence that the virus is contained in China.
- Massive monetary and fiscal stimulus
- Virus turns out to be seasonal or we develop a treatment
- Valuations that discount the worst case scenario
3) Eventually, we should be able to get this Virus under control

- Experiences with prior viruses similar to this one
- New cases in China and South Korea are falling
- Number of cases in Singapore appears to be stable
Base Case: US follows the Chinese Containment Path

Initial Denial ➞ Limited actions to not harm the economy ➞ Finally, drastic Containment Measures (after 18 days new cases fell)

Circumstances for a more “Benign” Outcome
- Turns into a seasonal disease
- Strain is getting milder
- Medical breakthrough

Circumstances for a “Worse” Outcome
- Virus is already wide spread
- Virus is mutating
4) When the recoveries have happened, history shows they’re likely to be “V” shaped (or at the least “U” shaped)

Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged.

Source: Strategas, as of 01/27/2020

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5) Conditions that will support an eventual “V” shaped recovery are becoming noticeable (but not a driving force yet)

- Monetary Stimulus (e.g. interest rate cuts, quantitative easing)
- Fiscal Stimulus (e.g. China, Hong Kong, Italy already)
- Consumer (will benefit from lower interest rates, low oil prices)
- Businesses wanting to make-up for lost production (overtime)
6) The Problem is that we don’t know where we are on the “V” (or “U”)
7) Best Guess where we are on the “V”

Implication: Consider positioning portfolios for...

- Maybe some more downside
- But also for the possible rebound
8. Consider that a “Barbell Approach” may be the best fit

Risk On – To take advantage of an eventual recovery focusing on areas that should benefit most: Developed International, Emerging Markets and US Large Cap Growth.

Risk – Off: Core bonds to stabilize and diversify your portfolio in case the equity market drops further.
Year to date, this example has mitigated losses.

Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged.

Diversification does not ensure a profit or guarantee against a loss.

For illustrative purposes only.

Source: Factset, as of 03/11/2020

For Investment Professional Use Only
<table>
<thead>
<tr>
<th>OFFENSE</th>
<th>DEFENSE</th>
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<tbody>
<tr>
<td><strong>Fidelity Advisor New Insights</strong></td>
<td><strong>Fidelity Advisor Total Bond</strong></td>
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<td>Income FZIAX</td>
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</tbody>
</table>

Diversification does not ensure a profit or guarantee against a loss.

Please see slides 16 and 17 for important fund disclosures.
Worthwhile “Satellite Strategies” to consider to complement portfolio

**FIDELITY ETF**
Low Volatility Factor ETF (FDLO)

Equity exposure with lower volatility than the broader market

**FIDELITY ADVISOR**
Real Estate Income (FRINX)

Income with low correlation to interest rate risk

**FIDELITY ADVISOR**
Biotechnology Fund (FBTAX)

Low equity market correlation sectors with lots of innovation at attractive valuation levels

**FIDELITY ADVISOR**
Health Care Fund (FACDX)

Please see slides 16 and 17 for important fund disclosures.

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Sector funds can be more volatile because of their narrow concentration in a specific industry.

The FA Total Bond, Fidelity Advisor Investment Grade Bond and FA Intermediate Municipal Income funds can invest in securities that may have a leveraging effect (such as derivatives and forward-settling securities) that may increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

FA Intermediate Municipal Income: The municipal market is volatile and can be significantly affected by adverse tax, legislative, or political changes and the financial condition of the issuers of municipal securities. Income exempt from federal income tax may be subject to state or local tax. All or a portion of the Fund’s income may be subject to the federal alternative minimum tax. Income or fund distributions attributable to capital gains are usually subject to both state and federal income tax.

Fidelity Low Volatility Factor ETF: Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The securities of smaller, less well-known companies can be more volatile than those of larger companies. There is no guarantee that a factor-based investing strategy will enhance performance or reduce risk. Before investing, make sure you understand how the fund’s factor investment strategy may differ from more traditional index funds. Depending on market conditions, fund performance may underperform compared to funds that seek to track a market-capitalization weighted index. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses and tracking error. An ETF may trade at a premium or discount to its Net Asset Value (NAV).

FA Real Estate Income: Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.

FA Biotechnology: The biotechnology industry can be significantly affected by patent considerations, intense competition, rapid technological change and obsolescence, and government regulation.

FA Health Care: The health care industries are subject to government regulation and reimbursement rates, as well as government approval of products and services, which could have a significant effect on price and availability, and can be significantly affected by rapid obsolescence and patent expirations.

All indices are unmanaged and performance of the indices include reinvestment of dividends and interest income, unless otherwise noted, are not illustrative of any particular investment and an investment cannot be made in any index.

S&P 500 Index is a market capitalization-weighted index of 500 widely held U.S. stocks and includes reinvestment of dividends. S&P 500 is a registered service mark of Standard & Poor’s Financial Services LLC.

Bloomberg Barclays US Aggregate Bond Index is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, US dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS.
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Investment decisions should be based on an individual’s own goals, time horizon, and tolerance for risk.

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Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.

In general the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation, credit, and default risks for both issuers and counterparties. (Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible.) Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds.
Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged.

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Past performance is no guarantee of future results.

Investing involves risk, including risk of loss.

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Not NCUA or NCUSIF insured. May lose value. No credit union guarantee.

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Historic levels of market volatility washed over the globe in recent weeks. Uncertainty driven by the economic and market events surrounding the coronavirus can divert investors from their long-term financial plans and result in investment decisions overly focused on near-term events.

The following points outline why we believe the shifts in business cycle phases influence relative asset performance patterns and can be used to help create portfolio tilts over the intermediate term. The start of recession requires prudential asset allocation that balances near term events with longer-term investment objectives.

How does the business cycle affect portfolios?

- The business cycle, which is the pattern of cyclical fluctuations in an economy over many months or a few years, can be a critical determinant of asset market returns and the relative performance of various asset classes.
- Our quantitatively backed approach utilizes high-quality economic indicators to identify the shifts and inflection points between the business cycle’s four distinct phases: early-cycle, mid-cycle, late-cycle, and recession.

Where are we now?

- We believe the U.S. economy is at the onset of recession. The coronavirus outbreak and the subsequent response is an exogenous shock that is turning late-cycle vulnerabilities into a steeper economic slowdown.
- We don’t know whether the economic slowdown will be brief or prolonged. The continued spread of the virus and the growing scope of the clampdown on public activity suggest it is too soon to forecast the length and magnitude of the slowdown.
- During recessions, monetary and fiscal authorities play an important role in determining the future path of the economy. A policy response, highlighted by aggressive central-bank actions, is underway.
- We’re monitoring economic and policy trends closely in order to gauge their potential impact on financial markets.
What is the recession phase?
- A recession is characterized by a contraction in economic activity. Typically, corporate profits decline, manufacturing activity falls, unemployment rises, and credit is scarce.
- Monetary policy typically becomes more accommodative. Eventually, policy support, inventory declines, pent-up demand, and other factors set the stage for the next recovery.

How does the recession phase affect asset performance?
- Historically, more defensive assets (such as high-quality bonds) tend to outperform more economically sensitive assets (such as equities).
- Higher market volatility is typical during recession, as uncertainty around the economic outlook causes greater fluctuations in asset prices.

What does this mean for portfolio construction?
- The shifts in business cycle phases influence relative asset performance patterns and can be used to help create portfolio tilts over the intermediate term.
- It is important to remember that cyclical allocation tilts are only one investment tool, and appropriate portfolio diversification is always a priority.
- Any adjustments should be considered within the context of long-term portfolio construction principles and strategic asset allocation positioning.
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Investing involves risk, including risk of loss. • Past performance and dividend rates are historical and do not guarantee future results. • Diversification and asset allocation do not ensure a profit or guarantee against loss.

All indices are unmanaged. You cannot invest directly in an index.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market, or economic developments, all of which are magnified in emerging markets. These risks are particularly significant for investments that focus on a single country or region.

Although bonds generally present less short-term risk and volatility than stocks, bonds do contain interest rate risk (as interest rates rise, bond prices usually fall, and vice versa) and the risk of default, or the risk that an issuer will be unable to make income or principal payments. Additionally, bonds and short-term investments entail greater inflation risk—the risk that the return of an investment will not keep up with increases in the prices of goods and services—than stocks. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease.

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Authors

Dirk Hofschire, CFA
Senior Vice President, Asset Allocation Research

Jacob Weinstein, CFA
Research Analyst, Asset Allocation Research

Lisa Emsbo-Mattingly
Director, Asset Allocation Research

Cait Dourney, CFA
Research Analyst, Asset Allocation Research

The Asset Allocation Research Team (AART) conducts economic, fundamental, and quantitative research to develop asset allocation recommendations for Fidelity’s portfolio managers and investment teams. AART is responsible for analyzing and synthesizing investment perspectives across Fidelity’s asset management unit to generate insights on macroeconomic and financial market trends and their implications for asset allocation.
Attachment

7 Principles of Investing in a Volatile Market
In volatile markets, it’s common to feel uneasy about your investments. This is only natural. But rest assured, market volatility is completely normal and is to be expected. In fact, whether you invest in a single-fund solution, manage your own investments, or choose to have them managed by a professional investment manager, the current market conditions may actually work to your advantage.

1. Clarify your investment strategy.
Living with market volatility is a lot easier when you have a firm investment strategy in place. To create your strategy, you’ll need to understand several key factors, including:
• Your time horizon
• Your goals
• Your tolerance for risk

Your time horizon is determined by counting the number of years left until you plan to retire. Your primary goal is to accumulate enough savings to create the income you need in retirement. Your tolerance for risk reflects your broader financial situation — your savings, your income, your debt — and how you feel about it all. Looking at the whole picture will help clarify whether your strategy should be aggressive, conservative, or somewhere in between.

2. Match investments to your comfort level.
As a legendary mutual fund manager once put it, “The key to stock investing isn’t the brain. It’s the stomach.” Never is this statement more true than in a volatile marketplace. Even if your time horizon is long enough to warrant an aggressive growth portfolio, you need to make sure you’re comfortable with the short-term ups and downs you’ll encounter. If watching your plan balance fluctuate is too nerve-racking for you, think about a portfolio that feels right and set realistic expectations.

Options to consider. Do you want to:
• Develop and maintain a long-term investment strategy, or
• Take a hands-off approach and invest in a single-fund solution, or
• Place your workplace savings plan in a managed account

3. Diversify, diversify, diversify.
One way to help protect yourself from market downturns is to own various types of investments. First, consider spreading your investments across the three asset classes — stocks, bonds, and short-term investments. Then, to help offset risk even more, diversify the investments within each asset class. Keep in mind, however, that diversification doesn’t ensure a profit or guarantee against loss.

4. Invest for the long term.
To help calm the jitters caused by short-term fluctuations, it’s best to focus on long-term trends and your long-term goals. Volatility isn’t necessarily a bad thing. As the chart on the next page shows, dramatic short-term changes in value can be positive or negative. And historically, time has reduced the risk of holding a diversified stock portfolio.
The market is much calmer in the long run.

This chart shows the span between the largest average 1-year, 5-year, 10-year, and 20-year gains and losses among three key market indexes for the period 1926–2017. As you can see, short-term holdings (especially in stocks) are extremely volatile. Historically, a long-term approach has provided a much smoother ride.


Past performance is no guarantee of future results. Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or implied performance of any investment option.

Stocks are represented by the S&P 500® Index, which is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

Bonds are represented by the U.S. Intermediate Government Bond Index, which is an unmanaged index that includes the reinvestment of interest income.

Short-term instruments are represented by U.S. Treasury bills, which are backed by the full faith and credit of the U.S. government. Inflation is represented by the Consumer Price Index (CPI), is a widely recognized measure of inflation, calculated by the U.S. government.

Inflation is represented by the Consumer Price Index, (CPI) is a widely recognized measure of inflation, calculated by the U.S. government.

Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuation than stocks but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value (if held to maturity), but returns are generally only slightly above the inflation rate. You cannot invest directly in an index.
5. Don’t try to time the market.
No one can consistently predict the market, not even the experts. Yet many investors think they can guess what will happen, based on hunches or rumors. Unless you know precisely when to buy or sell, you can, and probably will, miss the market. This can really cost you. Most of the market’s gains occur in just a few strong, but unpredictable, trading days here and there. To benefit from the market’s long-term performance, you need to be in the market on those days. This means you have to invest for the long run and stick with it throughout the market’s ups and downs.

6. Do well “on average.”
By investing regularly over months, years, and decades, you can actually benefit from a volatile market. Through a time-proven investment technique called dollar cost averaging, you simply put a set amount in each of your plan investments every pay period, regardless of how the market’s doing. Over the years, your money buys more units of each investment option when prices are low, and fewer when prices are high. As a result, the average price per share of your investments may be lower than if you invested all your money at once. (See the table at the right.) More importantly, you avoid the temptation of trying to time the market.

7. Consider a hands-off approach.
If you choose not to develop and maintain a long-term investment strategy yourself, consider a “hands-off” approach. This kind of approach typically uses a managed account or a single-fund solution. A managed account service enables you to delegate the management of your workplace savings plan to professional investment managers. The single-fund solution offers two types of asset allocation funds to choose from: target date funds (based on an anticipated retirement date) and target allocation funds (based on a risk tolerance and time horizon). With target date funds, the asset mix of stocks/bonds automatically becomes more conservative as the target retirement date approaches. Choose the fund that represents your anticipated year of retirement. With target allocation funds, the asset mix varies from conservative to aggressive. Simply select the target allocation fund that you feel best meets your risk tolerance, time horizon, and investment goals.

The investment risk of each target date fund changes over time as the fund’s asset allocation changes. The funds are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the funds’ target dates.
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Dear Valued Clients:

This week, February 24 – 28, has been one for the record books in many ways. The S&P 500 fell 11.5% in just five trading days. The global equity market followed suit with the MSCI ACWI ex US index dropping 9.0%. Bond yields declined globally with the U.S. 10-year yield falling to a historically low 1.16% and the yield curve showing that rates have fallen precipitously across all maturities while key sovereign yields outside the U.S. retreated more deeply into negative territory.
From our vantage point, this appears to be a classic collision of a U.S. equity market that had reached valuation levels beyond most historical peaks following the 31.5% gains in 2019 with the corona virus serving as an unnerving catalyst and whose ultimate effects on the real economy globally, the capital markets, and on individual companies as well as on investor behavior are uncertain to say the least. Our firm has been monitoring data associated with the spread of the virus, reports by companies of the near-term effects on revenue and earnings, and the many communications with managers in all asset classes. With cases reported now on every continent except Antarctica, it is clearly a global concern.

It would be foolhardy for us to make predictions about the course of the virus. We make no claims of expertise in epidemiology. We do know, however, that in virtually all such circumstances, capital markets history suggests that methodical rebalancing in the face of significant changes in asset class valuations, such as we see occurring today, has proved to be a rewarding move for institutional investors. Abandoning a stable, long-term, well-diversified investment strategy is perhaps the riskiest move an institutional investor can take, even in the face of admittedly significant uncertainty.

Market returns will be driven by what actually unfolds relative to what is currently priced in. In the face of this uncertainty, we remain mindful of the benefits of diversification and investment policy discipline.

At RVK, we will continue our intense efforts to monitor and understand the virus’ effects on the capital markets, asset classes, and our clients’ portfolios. Additionally, we are taking steps internally to ensure our ability to assist and advise our clients in the event of potential travel challenges or even outright restrictions in the U.S. You will hear more from us about this shortly. In the meantime, do not hesitate to reach out to your RVK consulting team with any questions or requests for information or assistance.

Sincerely,

Becky Gratsinger | Chief Executive Officer
Senior Consultant, Principal
RVK, Inc.
1211 SW 5th Avenue, Suite 900 | Portland, OR 97204
Main 503.221.4200 ext 6110
Becky.Gratsinger@RVKInc.com | www.RVKInc.com
Attachment

RVK
2020 Annual Review Calendar
The proposed quarterly review schedule will ensure that all key topics related to DC plan management are being addressed. Scheduling of some topics is based on the timing and availability of data.

### Proposed 2020 Quarterly Review Topics

<table>
<thead>
<tr>
<th>Q2 Agenda (May)</th>
<th>Q3 Agenda (August)</th>
<th>Q3 Agenda (September)</th>
<th>Q4 Agenda (November)</th>
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</thead>
<tbody>
<tr>
<td><strong>Q1 Quarterly Performance Review</strong></td>
<td><strong>Q2 Quarterly Performance Review</strong></td>
<td><strong>No Performance Review</strong></td>
<td><strong>Q3 Quarterly Performance Review</strong></td>
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<td><strong>Review Investment Menu</strong></td>
<td><strong>Review Investment Policy</strong></td>
<td><strong>Review Plan Fees</strong></td>
<td><strong>Review Legislative &amp; Regulatory Landscape</strong></td>
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<tr>
<td>• Option Utilization</td>
<td>• Investment Policy Review</td>
<td>• Plan Fee Analysis</td>
<td>• SEC Initiatives</td>
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<tr>
<td>• Appropriate Diversification</td>
<td>• Goals &amp; Objectives</td>
<td>• Peer Comparisons</td>
<td>• DOL Initiatives</td>
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<tr>
<td>• Industry Trends</td>
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<td>• Plan Fee Structures</td>
<td>• Treasury Initiatives</td>
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<td>• Potential Improvements</td>
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<td>• Investment Management Fee</td>
<td>• IRS Initiatives</td>
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<td>• Investment Vehicles</td>
<td>• Recent Litigation</td>
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<td>• Washington Updates</td>
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