

UPDATE

Employee Benefit News for
The Cooperative Industry

November 2018

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The Co-op 401(k) Plan and InvestMap

In addition to the core lineup of 17 mutual funds that offer a wide spectrum of investment strategies, participants in the Co-op 401(k) Plan can take advantage of another investment choice: InvestMap™.

Most retirement plans offer at least one of two popular investment concepts. Model portfolios offer participants a risk-based investment vehicle. Target date funds are designed to achieve returns based on the participant's expected retirement date. As the participant gets closer to their retirement date, the target date fund becomes more and more conservative by lessening the exposure to equities. Younger participants often have a greater exposure to equities.

InvestMap is a sophisticated tool that is designed to bridge these two investment concepts. With InvestMap, participants have the ability to choose a portfolio, or glidepath, based on their risk tolerance while at the same time, the chosen portfolio will automatically adjust the allocation to equities as they grow older. There are no additional fees for participants to take advantage of InvestMap.

How does InvestMap Work?

Investmap allocations are based on a participant's life expectancy, not their retirement date. Allowing

a participant to develop an investment strategy through retirement not to retirement.

Further, InvestMap is based on the longstanding investment strategy of investing more of a participant's account in stocks versus bonds when they are younger and have a longer time to invest. This allows stocks, which historically have higher long-term returns than bonds, to work for them for a longer period of time. The longer time period also allows a participant to better absorb any risk associated with stock investing. As a participant ages, InvestMap will invest an increasing portion of their portfolio into fixed income, bond and short-term investments. This helps reduce portfolio risk as they near retirement.

Since not all participants have the same investment approach, InvestMap allows each participant to personalize their strategy by electing a more conservative or aggressive allocation resulting in a target strategy customized for their age and their risk tolerance. Once enrolled, a participant's entire account balance and all future contributions will be invested in their chosen allocation.

What do the participants need to do?

InvestMap is as easy as a single click. When they enroll in InvestMap their entire account will be

www.coop401kplan.com

800.652.6675

 @coop401kplan

Co-op **401k** Plan 

AMERICA'S LEADING 401(K) PROGRAM FOR COOPERATIVES
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reallocated into the InvestMap allocation of their choice. Their initial allocation will be based on their current age. As they age, the participant's portfolio will be reallocated into a more conservative portfolio allocation. Additionally, their account will be automatically rebalanced each quarter to realign with their current InvestMap asset allocation – this rebalancing ensures that their account remains in-line with the long-term strategy determined by their age.

Who determines the InvestMap Allocations?

Designed and monitored by Rockbridge, InvestMap is designed to provide an adequate return for a reasonable amount of risk over each age-based time period. The allocation development process incorporates the financial concepts of the efficient frontier and the risk and reward trade-off. These InvestMap allocations may be adjusted periodically to account for changes in market conditions and to reflect current market deviations from what are believed to be historical norms.

Is InvestMap Investment Advice?

InvestMap is not investment advice. InvestMap is a systematic asset allocation strategy that is adjusted periodically as a participant ages. InvestMap provides a suggested allocation, and also allows participants to modify the suggested allocation to a number of more conservative or less conservative allocation paths. Ultimately the participant decides how much risk they are willing to take.

If you have any further questions regarding InvestMap, please contact your Relationship Manager or call 1.800.652.6675.

2019 IRS Limits

The IRS recently released the qualified plan dollar limitations for 2019.

In 2019, participants in 401(k) Plans, like the Co-op 401(k) Plan, will be able to contribute up towards \$19,000 to their retirement. This represents an increase of \$500 over 2018's limit.

Catch up contributions - for those participants turning age 50 or older in 2019 - can save an additional \$6,000 per year.

	2018	2019
Calendar year limit for elective (pre-tax or Roth) contributions to 401(k) or 403(b) plans	\$18,500	\$19,000
Catch-up contribution dollar limit (for individuals age 50 or older)	\$6,000	\$6,000
Annual limit on compensation	\$275,000	\$280,000
Taxable Wage Base for FICA taxes: <ul style="list-style-type: none">• Social Security• Medicare	\$128,400 unlimited	\$132,900 unlimited
Section 415 limits: <ul style="list-style-type: none">• defined benefit plans• defined contribution plans	\$220,000 \$55,000	\$225,000 \$56,000
Threshold for identifying highly compensated employees	\$120,000*	\$125,000*
Compensation for Key Employee (Officer)	\$175,000	\$180,000

* Based on compensation paid in the prior year.

InvestMap is not a single investment; it is a lifetime investment strategy using the plan's underlying investment options. InvestMap's allocation becomes more conservative over time. InvestMap's age-based glide path is developed using industry-standard asset allocation strategies and may change from time to time to reflect long-term market trends or changes to the plan's underlying investment lineup. InvestMap is not investment advice and should not be relied upon as advice. Like any investment, InvestMap can lose money over time. There is no guarantee of the value of your account upon withdrawal or that InvestMap will succeed in its objectives or provide adequate retirement income. For your long-term retirement security, give careful consideration to the importance of a well balanced and diversified investment portfolio, taking into account all your assets, income and investments.

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