

## RCRP Works to Clarify and Expand Our Low-Cost Retirement Savings Options for Rabbis and Cantors.

Investing for retirement can be confusing at times. To address this, as of January 23, 2019 in conjunction with our partners at Fidelity Investments, we are re-designing our mutual fund offerings to make investment choices easier for most participants. We have also increased the number of socially responsible investment (SRI) options available. Please refer to the Q&A below to learn more about these new options.

Please be aware that you are not required to make any changes about how you currently allocate the funds in your account due to these changes, though you may do so if you choose. The advisor team at Fidelity can assist you in your decision and they can be reached at 866-602-0636 or through your [Fidelity NetBenefits](#) website page.

**Note: This update is an informal introduction. Detailed documentation and legal information are now available via the [Fidelity NetBenefits](#) website. Also, every mutual fund has a prospectus describing the fund, its policies and holdings, and past performance. Read these for more detailed information.**

### 1. What is new?

Working with the RCRP investment committee and hearing from outside consultants has confirmed the data from numerous studies of much larger employer retirement plans: too many choices make investing decisions difficult for many participants.

The major innovation is re-organizing the almost 200 mutual funds offered by Fidelity into **four tiers** for fund choices. (That term is not used on Fidelity platforms, but it is helpful to understand the options.) This will simplify choices for most RCRP participants.

**Tier 1** – this is the choice of a single low-cost target date fund based on the estimated date of your retirement. After you login into your Fidelity or NetBenefits webpage, this is found under **“Investment Choices”**, and the first category listed is **“ONE-FUND TARGET YEAR.”**

These Freedom target date funds avoid “having all their eggs in one basket” by having a balance of stocks and bonds. The fund re-balances these funds based on the estimated time of retirement, so you do not have to make those decisions, whether you are still working or have retired.

Though this looks like a long list of funds, you need only choose one with the date closest to your estimated retirement year. There are two target-date funds for each year. If you want to choose the lower-cost index funds that track an index such as the Standard & Poor’s 500, look

for the abbreviation “**IDX**” in the name, for example FID FDM IDX 2050 INV (FIPFX) (**Fidelity Freedom Index 2050**). The alternatives are actively managed funds, with managers who actively buy and sell individual stocks and bonds within an overall target-date fund allocation framework.

Many retirement plans, with SEC approval, now designate a target date fund as the “default option.” They tell their participants, “If you are uncertain where to put your retirement funds, put them here.” (This brochure, not by RCRP, may be of interest: [Why Target Date Funds](#)).

**Tier 2** – This is a short list of low-cost funds, listed under “**CORE FUND**” for those who prefer to choose their own investments. It includes four low cost mutual funds: US stock (Fidelity Total Market Index), international stock (Fidelity Total International Index), and two US bond funds (Fidelity Inflation Protected Bond Index and Fidelity US Bond Index). It also includes a money market fund.

As of January 2018 four SRI funds from Calvert Funds have been added to the “Core Fund” category. (More below) Our **investment committee believes that RCRP participants can manage their retirement accounts with good options using Tier 1 or Tier 2 choices only.**

## 2. What are Tier 3 and Tier 4?

**Tier 3 (“Expanded Options”)** is a list of over 190 additional Fidelity Funds that are available to RCRP participants. This list is visible on the Fidelity website.

**Tier 4** is a new offering- the option to set up a **Brokerage Account** at Fidelity to expand investment options even further. This option may involve additional costs. Contact Fidelity for more details.

Again, **most RCRP participants will not need to use Tier 3 or Tier 4**, though they are an option.

## 3. What more can you tell me about the expanded Socially Responsible Investment (SRI) options?

In late January 2019, we added four low-cost SRI funds from the Calvert company, a well-known company in the fields of socially responsible investing and use of environmental, social impact, and governance (ESG) criteria. These four funds should also appear under “Core Investment” (Tier 2). There is a SRI US stock (equity) fund, Calvert US Large Cap Core Responsible Index I; a SRI international fund, Calvert International Responsible Index I; a SRI bond fund, Calvert Green Bond I; and a SRI balanced fund, Calvert Balanced I. Investors preferring to use social screening criteria should be able to manage their retirement accounts with good options using these four funds.

#### **4. Do I need a separate account or to take some other action to access the Calvert SRI mutual funds?**

No. These funds will be handled by Fidelity and will be available on the Fidelity website as mentioned above. You do not need a separate account or to contact Calvert individually.

#### **5. I understand that target date funds (such as Fidelity Freedom Index 2030) allocate your funds for you. Is there a SRI equivalent?**

There is no exact SRI equivalent to target date funds. However, the Calvert Balanced Fund is a mixture of stocks and bonds (about 60% stocks as of late 2018). This could be a reasonable choice for someone interested in socially responsible investing but who does not want to make allocation decisions. Note that Calvert Balanced Fund does not change the ratio between stocks and bonds based on your age.

#### **6. I already have funds in a Fidelity target date fund that does not include the word “Index” in its name. Is that significant?**

Yes. Fidelity has two sets of Freedom target date funds. The lower cost index funds all include the word “Index” in their names. (The more expensive actively managed funds do NOT include the word “Index.”) If you are invested in another Fidelity target date fund, you can consider transferring those funds to a Fidelity Freedom Index fund with the same target date.

#### **7. I have funds in some of the Fidelity funds that are not part of Tier 1 or Tier 2 (One Fund Target Year or Core Funds). Do I need to close these funds or do anything?**

No, you do not need to change those funds. You may change them to tier 1 or 2 funds if you wish.

#### **8. I am already retired. Can I continue to keep funds in a Fidelity Freedom target date fund?**

Yes. The funds are designed to continue into retirement, past the date on the fund. For example, someone recently retired might keep or place funds in Fidelity Freedom Index 2015.

#### **9. Can I put some funds in Tier 1 and some in Tier 2?**

Yes. For example, if you want to put 75% of your investments in a target date fund (Tier 1) and 25% of your investment in funds you chose from Tier 2, you can do so.

## **10. Do I need to fill out a RCRP form or contact the RCRP office to change the Fidelity RCRP funds I hold?**

No. You can re-allocate your RCRP investments directly with Fidelity through your [Fidelity NetBenefits website page](#). RCRP is not involved in that decision.

If you want to transfer funds that you earned as a rabbi or cantor from another retirement account (“rollover”) to RCRP, you do need to fill out [these RCRP forms](#) .

## **11. Where is more detailed information about the individual funds offered by Fidelity?**

Here is a link to a [guide book](#) that Fidelity has created for us that lists all the funds currently available to our participants and to what tiers they belong. Similar detailed information is also available by logging into either [Fidelity](#) or [NetBenefits](#) and looking under the “Investments” tab on the Fidelity site or “Investments Performance and Research” on the NetBenefits site after accessing your personal account. Please note that this information is updated quarterly.

---

*We hope the above has been informative and will help you better allocate the funds in your RCRP account. Please refer to the contacts suggested above if you have questions or need assistance in making changes to your account. For questions not related to this update or for any more general questions, contact us at [administrator@rabbisretirementplan.org](mailto:administrator@rabbisretirementplan.org).*