



National Plus Plan

INVESTING FOR A BRIGHTER FUTURE

Retirement Planning Newsletter

Annual Newsletter for participants of the National Plus Plan

January 2021

2020 PLAN UPDATES – MARKET COMMENTARY INVESTING TIPS & MORE



IMPORTANT PLAN CHANGES



Effective March 1, 2020 the trustees of the National Plus Plan have updated the Plan's hardship rules for distribution to include the following circumstance noted below.

The Plan will now include hardship distributions for expenses and losses (including loss of income) incurred by the Participant on account of disaster declared by the Federal Emergency Management Agency ("FEMA") under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to said disaster.

Definition of Hardship: The term "Hardship" means a circumstance resulting from an immediate and heavy financial need of the Participant due to expenses incurred or necessary for medical care of the Participant, his or her spouse, dependents or primary beneficiary under the Plan.

*Prior to January 1, 2020, if a Participant received a Hardship distribution, said Participant was barred from making Elective Contributions or Roth Contributions for a period of 6 months following receipt of such distribution. Effective Jan. 1, 2020, if a Participant receives a Hardship distribution, they will not be barred from making contributions.

Understanding the Importance of Investment Diversification

Maintaining a diversified portfolio can help you feel more in control during uncertain economic times. The COVID-19 pandemic has certainly tested the resolve of even the most seasoned investors. To help regain some confidence and sense of empowerment, it may be helpful to review a fundamental principle of investing: diversification. Diversification is spreading your retirement savings and contributions among a variety of investments (e.g., stocks, bonds and cash) to help manage your risk of over-concentration in a specific investment or asset class.

Although diversification doesn't ensure a profit or prevent a loss in a declining market, taking advantage of the range of investment options offered through the National Plus Plan may help guard your account against major market swings. You don't need to invest in a whole lot of options; just enough to ensure you have a good mix of different investment types. We have summarized a few of these options below.



Asset Allocation Funds: The National Plus Plan offers "Target Date" asset allocation funds. These actively managed portfolios offer diversification, professional management and monitoring within a single basket of investments. Within this category are age-based funds, (also known as target-date or lifecycle funds), that correspond with the year an investor expects to retire and automatically rebalance to become more conservatively over time as the anticipated retirement date approaches.

Investment Specific Mutual Funds: The Plan also offers individual investment options that are managed for a specific investment objective or discipline. These investments range from conservative options like the Stable Value Fund aimed to protect an investor's principal, to fixed income bond investments, domestic and international equity funds, as well as specific equity index focused investments. You should be aware that these individual mutual funds are diversified for one purpose or objective, and are not considered a diversified portfolio.

National Plus Plan Newsletter

Knowledge is Retirement Power...



It's important to review your tolerance for investment risk on a regular basis, especially given the current market volatility. If you find yourself constantly stressing over your investments, it may make you feel better to reassess your appetite for risk. The Plan's dedicated Investment Advisor, J.W. Thompson Investments, works with Participants who have questions about plan investment options, portfolio diversification, retirement planning questions, and various distribution options and benefits. They can be reached toll-free at 1-800-929-9479 to help you better understand your options and specific questions.

Retirement In Motion *Tips – Resources – Updates – that everyone can use*

Q & A: **Should I suspend contributions to my retirement plan during market downturns?** Unless you are experiencing an unusual financial hardship, it's important to continue making contributions to your retirement account, even during market downturns. Downturns present an opportunity to purchase fund shares at lower prices. If you have many years until retirement, the money you invest now has a longer time to potentially grow, and on a tax-deferred basis.

TOOLS & TIPS: **Portfolio Rebalancing** - As we have all seen recently, investments rise and fall over time. And asset classes do not always rise and fall together, which could put your asset allocation strategy out of whack. Let's say that due to current market volatility, your original desired investment allocation of 70% in stock funds has now dropped to 60%. Meanwhile, your intended allocation to bond and money market funds is now too high. The current overall portfolio allocation no longer matches your wishes, but has become more conservative. It's time to rebalance your portfolio. In our example, that means going into your account and selling off a percentage of your bond/ money market fund investments and reallocating those funds back into your stock investments so that they are properly aligned again with your original strategy. Representatives at John Hancock can do this for you as well as help you set up Automatic Portfolio Rebalancing which will properly rebalance your portfolio each year to ensure your intended asset allocation mix stays up to date.

REQUIRED MINIMUM DISTRIBUTIONS: **Important IRS Update** - The Setting Every Community Up for Retirement Enhancement Act of 2019, (SECURE Act), became law on December 20, 2019. The Secure Act made major changes to the RMD rules. If you reached the age of 70½ in 2019 the prior rule applies, and you must take your first RMD by April 1, 2020. If you reach age 70 ½ in 2020 or later you must take your first RMD by April 1 of the year after you reach age 72. Your required minimum distribution is the minimum amount you must withdraw from your account each year. You generally have to start taking withdrawals from qualified retirement plan accounts when you reach age 72 (70 ½ if you reach 70 ½ before January 1, 2020). Roth accounts do not require withdrawals until after the death of the owner.

2021 401(k) RETIREMENT CONTRIBUTION LIMITS: **For 2021**, participants in the Plan can contribute up to \$19,500 in tax deferred contributions during the year. Those participants who are age 50 and over at the end of the calendar year are also able to make an additional \$6,500 "catch up contribution" bringing their total allowable contribution up to \$26,000 for 2021.

National Plus Plan Contact Information

For information about investing in the National Plus Plan and the funds offered, contact J.W. Thompson Investments toll free at: **1-800-929-9479**

For information about the administration of the National Plus Plan, contact the Pension Office toll free at: **1-800-452-4155**

Information about the National Plus Plan is also available on the internet at: **www.NationalPlusPlan.com**

Para informacion sobre el Plan Nacional Mas en espanol, contacte a la oficina del Plan de Pension al **1-800-452-4155**