



## IBEW LOCAL 595 TRUST FUNDS



August 2014

### IBEW LOCAL 595 MONEY PURCHASE PENSION PLAN - DEFAULT INVESTMENT AND 6 OTHER INVESTMENT OPTIONS

This Notice gives you important information related to your individual account under the IBEW Local 595 Money Purchase Plan (the “Plan”). You should read the notice very carefully to understand how your Plan account assets are invested if you never made an investment election.

The Plan currently allows you to invest your account in a number of different investment options as follows: Balanced, Equities, Fixed Income, Global, International and Money Market.

**Prior to July 1, 2010 if you were a new Participant in the Plan and you did not make an election as to which investment options you wished to utilize, your entire Plan account was defaulted into the Fixed Option (the Plan’s default option prior to 7/1/10).<sup>1</sup>** Also, if you have not made any investment elections since then your monies are still invested in the Fixed Option.

**Depending upon your individual situation and long-term investment plans you may want to review the other 5 investment options and consider changing your investment option mix.** Such a change can be made utilizing the enclosed *Investment Election Notice* (Form) and returning it to the Plan office. **You also may want to consider meeting with an investment advisor or financial planner (as the Plan office cannot provide you with investment advice) before making any changes to your investment elections.**

The following is a summary of the six (6) investment options within the Plan and their investment returns for the last five (5) years (as of June 30, 2014):

Name	QTR	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs
Equity Option Benchmark: S&P 500 Index	4.6 5.24	7.30 7.14	28.4 24.62	29.5 22.59	18.6 16.58	20.9 18.83
International Option Benchmark: MSCI EAFE Index (Net)	5.00 4.09	7.97 4.78	29.32 23.57	26.35 21.07	10.38 8.10	14.91 11.77
Global Option Benchmark: MSCI World Index (Net)	4.79 4.85	8.50 6.18	30.45 24.04	28.90 21.28	14.84 11.80	N/A
Fixed Income Option Benchmark: Barclays 1-3 Yr Govt / Cred Index	0.6 0.33	0.9 0.56	2.0 1.14	1.6 0.94	1.8 1.00	2.8 1.45
Money Market Option Benchmark: Citigroup 30-day T-Bill	0.00 0.01	0.00 0.01	0.02 0.03	0.06 0.04	0.08 0.04	N/A
Balanced Option Benchmark: 60% S&P 500 / 40% Barclays U.S. Agg	3.7 3.96	6.2 5.90	21.1 16.25	21.2 13.95	14.4 11.48	16.3 13.32

<sup>1</sup> Currently, the default option (or Qualified Default Investment Alternative) for new participants in the Plan is the Balanced Option.

The investment returns listed above are actual returns (net of investment fees). However, the investment returns for 3 Months, Year-to-date and 1 Year have not yet been audited by the Plan's auditor.

A detailed description of each of the six (6) investment options is included in the enclosed ***Reinvestment Election Notice***.

To obtain more information about the Plan's investment options you can contact the Plan Office by calling **(925) 208-9996** or by writing to:

IBEW Local 595 Benefit Plans  
c/o BeneSys Administrators  
P.O. Box 3420  
San Ramon, CA 94583

*This document has been uploaded and is available on the participant website at  
[www.ibew595benefits.org](http://www.ibew595benefits.org)*

# IBEW LOCAL 595 MONEY PURCHASE PENSION PLAN

P O Box 3420 ♦ San Ramon, CA 94583

Toll free (888) 512-5863 ♦ Fax (925) 462-0108

## REINVESTMENT ELECTION NOTICE

The Money Purchase Pension Plan makes available six options for the investment of Plan assets. Participants may elect to adjust the allocation of their total account balance once per month, on or before the 15<sup>th</sup> of the month, in 10% increments from one investment option to another.

Three of these options are directly managed by the Plan's Investment Manager, Dodge & Cox: Fixed Income, Balanced, and Equity options. The fourth and fifth options are publicly-traded mutual funds: the International Option (Dodge & Cox International Stock Fund (DODFX)) and the Global option (Dodge & Cox Global Stock Fund (DODWX)). The sixth option is the Comerica Short-Term Fund, a Money Market option.

The purpose of this Notice is to provide you with additional information about these options.

**The Fixed Income Option** consists of a diversified portfolio of high quality short and intermediate term bonds. Fixed income securities are U.S. dollar-denominated debt securities that will generally be rated investment grade at the time of purchase. Up to 10% of the fixed income portfolio may be invested in unrated securities or securities rated below investment grade at the time of purchase. Fixed income investments may include U.S. government securities, mortgage and asset-backed securities, corporate and municipal bonds, and other fixed income securities that meet the relevant criteria. The proportions held in the various fixed income securities will be revised in light of Dodge & Cox's appraisal of the economy, the relative yields of securities in the various market sectors, the investment prospects for issuers, and other factors. In selecting fixed income securities, Dodge & Cox considers many factors, including yield-to maturity, quality, liquidity, call risk, current yield, and capital appreciation potential.

**The Balanced Option** consists of a diversified portfolio of equity and fixed income securities. The target investment balance is 60% equity securities and 40% fixed income securities, though that balance may fluctuate within limits determined by the Plan Trustee. Equity investments will be primarily in common stocks of U.S. issuers, but may also include securities that are convertible into common stocks. Up to 20% of the equity portfolio may be invested in foreign securities trading on the New York Stock Exchange and in American Depository Receipts. In selecting equity investments, Dodge & Cox invests primarily in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. Dodge & Cox focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow, and dividends. Various other factors, including financial strength, economic condition, competitive advantage, quality of the business franchise, and the reputation, experience, and competence of a company's management are weighed against valuation in selecting individual equity securities. Dodge &

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Cox invests primarily in equity securities of medium-to-large well established companies based on standards of the applicable market. Fixed income securities are U.S. dollar-denominated debt securities that will generally be rated investment grade at the time of purchase. Up to 10% of the fixed income portfolio may be invested in unrated securities or securities rated below investment grade at the time of purchase. Fixed income investments may include U.S. government securities, mortgage and asset-backed securities, corporate and municipal bonds, and other fixed income securities that meet the relevant criteria. The proportions held in the various fixed income securities will be revised in light of Dodge & Cox's appraisal of the economy, the relative yields of securities in the various market sectors, the investment prospects for issuers, and other factors. In selecting fixed income securities, Dodge & Cox considers many factors, including yield-to maturity, quality, liquidity, call risk, current yield, and capital appreciation potential.

**The Equity Option** consists of a diversified portfolio of equity securities. Equity investments will be primarily in common stocks of U.S. issuers, but may also include securities that are convertible into common stocks. Up to 20% of the equity portfolio may be invested in foreign securities trading on the New York Stock Exchange and in American Depository Receipts. In selecting equity investments, Dodge & Cox invests primarily in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. Dodge & Cox focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow, and dividends. Various other factors, including financial strength, economic condition, competitive advantage, quality of the business franchise, and the reputation, experience, and competence of a company's management are weighed against valuation in selecting individual equity securities. Dodge & Cox invests primarily in equity securities of medium-to-large well established companies based on standards of the applicable market.

**International Option (mutual fund)** The Dodge and Cox International Stock Fund invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different countries, including emerging markets. This mutual fund focuses on countries whose economic and political systems appear more stable and are believed to provide some protection to foreign shareholders. The mutual fund invests primarily in medium-to-large well established companies based on standards of the applicable market. In selecting investments, the Fund invests primarily in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. The Fund also focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow and dividends. Various other factors, including financial strength, economic condition, competitive advantage, quality of the business franchise and the reputation, experience and competence of a company's management are weighed against valuation in selecting individual securities.

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**Global Option (mutual fund)** The Dodge & Cox Global Stock Fund invests primarily in a diversified portfolio of equity securities issued by companies from at least three different countries, including emerging markets. The Fund invests primarily in medium-to-large well established companies based on standards of the applicable market. The Fund is not required to allocate its investments in set percentages in particular countries. Under normal circumstances, the Fund will invest at least 40% of its total assets in securities of non-U.S. companies. In selecting investments, the Fund invests primarily in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. The Fund also focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow and dividends. "Various other factors, including financial strength, economic condition, competitive advantage, quality of the business franchise and the reputation, experience and competence of a company's management are weighed against valuation in selecting individual securities."

A prospectus for the above mutual funds may be downloaded from the Internet at: <https://www.dodgeandcox.com/prospectus.asp> or obtained by contacting Dodge & Cox at 800-621-3979. Representatives are available Monday through Friday between 8:00 a.m. and 8:00 p.m. Eastern time. Information may also be obtained by completing and submitting the form on the Internet at [https://www.dodgeandcox.com/forms\\_order.asp](https://www.dodgeandcox.com/forms_order.asp).

**Money Market Option (Comerica Short-Term Fund)** The goal of Comerica Bank's Short Term Fund is to generate as high a level of current income as is consistent with maintaining liquidity and stability of principal. The Fund invests in a broad-range of short-term, high-quality securities denominated in U.S. dollars. All securities held in the Fund mature in 397 days or less. The Fund cannot exceed a 90-day average maturity. The acceptable investments include the following:

- Money market instruments, including but not limited to U.S. Treasury Bills, U.S. agency obligations, time deposits, discount notes, commercial paper, banker's acceptances, certificates of deposit, Yankee CD's and Euro CD's.
- Repurchase Agreements which are collateralized at a minimum level of 102% with counterparties whose credit criteria conforms with these guidelines utilizing obligations which can be purchased outright regardless of maturity.
- Notes, bonds and debentures issued by the U.S. Treasury, U.S. government agencies, U.S. corporations and U.S. Treasury STRIPS.
- Money market mutual funds, as defined under Rule 2a-7 of the Investment Company Act of 1940 ("Rule 2a-7").
- Issues of sovereign foreign governments, supranational entities and foreign corporations denominated in U.S. dollars.
- Floating rate and variable rate instruments.
- Asset backed commercial paper.
- Securities issued pursuant to the Temporary Liquidity Guarantee Program. (Securities issued under TLGP will be considered US Government Agencies for purposes of these guidelines.)

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**Please note** that you should not attempt to place a purchase order directly through Dodge & Cox. An election to invest a portion of your Money Purchase Pension Plan individual account in this option can be made only through the IBEW Local 595 Money Purchase Pension Plan by executing an election form during the monthly election period.

### **Risk:**

While no investments are risk-free, the Money Market Option typically will have lower risk than the Fixed Income Option. Also, the Fixed income Option typically will have lower risk than the Balanced Option. The Equity Option, the International Option and the Global Option will generally be the most volatile. This is the result of the greater day-to-day volatility generally associated with stocks as compared to fixed income investments.

Foreign investing, especially in developing countries, has special risks such as currency and market volatility and political and social instability. These and other risk considerations and other important information can be found in the prospectuses for the Dodge & Cox International Stock Fund and the Dodge and Cox Global Stock Fund. Please read the prospectuses carefully before investing.

We hope that the information provided here will be helpful to you when you consider the allocation of your Money Purchase Pension Plan account. If you have any questions about the Plan or your individual account, please contact the IBEW Local 595 Money Purchase Pension Plan. However, this office cannot give you investment advice or assist you in deciding how to allocate your account. You may have the performance data mailed to you by calling (888) 512-5863 or writing to the IBEW Local 595 Money Purchase Pension Plan, P. O. Box 3420, San Ramon, CA 94583.

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**INVESTMENT ELECTION ACKNOWLEDGMENT**

Please read and initial.

Before making this election, I have evaluated my needs for retirement and my tolerance for the risks inherent in investing. I understand that an investment's past performance does not necessarily indicate how it will perform in the future. I understand that different types of investments are subject to different types of risks and can respond differently to the same market conditions. I understand, therefore, the importance of diversification of investments.

Having this consideration in mind, I have made the election indicated on this form.

Participant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

COMPLETE THE INVESTMENT ELECTION FORM ON THE BACK-SIDE OF THIS PAGE AND RETURN IT TO THE PLAN OFFICE.

**PLEASE NOTE: Both the Investment Election Acknowledgment AND the Investment Election Form are REQUIRED to be completed and return to the Plan Office before an investment election can be modified**

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**INVESTMENT ELECTION FORM**

To: Fund Office

Please accept this notice of my desire to invest the account balance in my Money Purchase Pension Plan as indicated:

**INDICATE PERCENTAGE ALLOCATION FOR EACH LINE IN 10% INCREMENTS**

1. \_\_\_\_\_ % Fixed Income Option
2. \_\_\_\_\_ % Balanced Option
3. \_\_\_\_\_ % Equity Option
4. \_\_\_\_\_ % International Option
5. \_\_\_\_\_ % Global Option
6. \_\_\_\_\_ % Money Market Option
7. \_\_\_\_\_ % Total must equal 100%

I have reviewed the Investment Notice and the Investment Election Acknowledgement. I understand that separate expenses are charged for each investment option and that the mix of investments is at the discretion of the Investment Manager for each investment option. I also understand that this election will remain in effect until cancelled by written notice to the Fund Manager at the address listed on the bottom of this page.

**FORMS MUST BE RECEIVED IN THE PLAN OFFICE NO LESS THAN 15 DAYS PRIOR TO AN EFFECTIVE DATE.**

Participant Name: \_\_\_\_\_ SS#: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

E-mail Address\*: \_\_\_\_\_

\*To receive electronic confirmation that we received your investment election form, please provide your E-mail address.

Please return this completed form to:

**IBEW LOCAL 595 MONEY PURCHASE PENSION PLAN**

P O Box 3420

San Ramon, CA 94583