City and County of San Francisco
Deferred Compensation Plan

SFDCP news

Q1 | 2018

# Introducing a New SFDCP Fund Lineup for 2018

The San Francisco Deferred Compensation Plan (SFDCP) continually strives to provide you with a diverse selection of quality investment options at a low cost. That's why we perform ongoing evaluations of the Plan's funds and, from time to time, make changes to our investment lineup.

On **March 9, 2018**, we changed some of the Plan's investment options. We thoughtfully designed these changes to give you the diversified investment options you need, with reduced average fund fees—which can help more money stay in your account, working for your future.

## What changes did we make?

- We transferred several of the Plan's funds to **new fund managers**. (Fund names changed slightly as a result.) In most cases, each new fund offers **lower fees** than the old fund.
- Three of our small-cap stock funds moved to a new single small/mid-cap fund (with a new fund name).
- We added three **new** funds to the Plan's investment lineup—to give you even *more* choices.

## The difference between actively managed and passively managed funds

When it comes to how a fund is managed on a day-to-day basis, there are generally two types of funds: actively managed and passively managed funds.

The SFDCP offers **both** types of investments:

- **Actively managed funds** are directed by either one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform a selected index (such as the S&P 500® Index).
- With **passively managed funds**, the investment attempts to replicate the performance of a specific market index (such as the S&P 500 Index).

Index funds are typically lower-cost investments because they are less expensive to administer than actively managed funds.

## What is diversification?

Diversification* refers to spreading your investment(s) among different types of assets (i.e., stocks, bonds and stable value) to help manage risk and increase the overall value of your account. Doing so can help ensure that you have enough money to support your lifestyle and financial needs during retirement.

## What do you need to do?

*No action was or is required.* If you had money invested in any of the funds that moved to a new manager, your money was automatically transferred to the new fund on March 9, 2018. You can see how your account was affected by these fund changes by reviewing your First Quarter 2018 SFDCP account statement.

If you wish to choose one or more of the **new** investment options, you must log in to your account at **sfdcp.org** to do so.

By logging in to your account, you can:

- View your current investment options
- Track the performance of those funds
- Change your investment allocations ...*and more!*

For more information on the fund changes that became effective on March 9, visit **sfdcp.org** and click on the **SFDCP Fund lineup updates on March 9, 2018** link in the **Latest News** section.

# Spotlight on Your SFDCP Statement

Your quarterly account statement helps you review your balance and investment performance, but also offers so much more to help you monitor the effectiveness of your retirement savings strategy.

Did you know you can receive it *electronically?* Log in to your account at **sfdcp.org**. Under **View Details** on the left navigation bar, select **Statements & Documents**. Then under the **Delivery Preference** section, change your statement preferenceto **E-delivery.**

To learn more about **how to read your statement**, visit **sfdcp.org** and look under the **Check Your Progress** section.

# How to Budget: The 50/20/30 Rule

Rent/mortgage, car payments, groceries, entertainment, savings… With so many competing priorities, it can often be hard to think about how to best divide your income. The 50/20/30 rule described below can help as a rule of thumb for budgeting—although personal situations can vary widely and may require a different way of looking at the percentage breakdown for each category. Here's how the rule works:

1. **Essential expenses:** No more than 50% of your take-home pay should go toward expenses in this category—which include housing, transportation, utilities and groceries.
2. **Financial priorities:** At least 20% (or more!) of your take-home pay should go toward goals that help you build a strong financial foundation—including retirement contributions, other savings accounts and debt payments (such as car loans). These contributions and payments should be made after paying essential expenses and *before* any other spending.
3. **Lifestyle choices:** No more than 30% of your pay should go toward discretionary spending, such as entertainment, hobbies, personal care, restaurants, shopping, charitable giving and other miscellaneous expenses.

These numbers, of course, are just general guidelines. If you really want to boost your retirement savings (and other types of savings), consider adjusting these figures.

Minor changes in your routine can make a *big* difference! Some examples? Make your morning coffee at home. Bring your lunch to work. Get creative as far as entertaining yourself at home—rather than going out. Subtle shifts like this can help you more easily increase your savings target to 25%, while reducing the portion of your pay allocated to lifestyle expenses to 25%.

Access this handy **budgeting worksheet** under the **Forms** page on **sfdcp.org**. This way you can itemize where your money is going—so you can find ways to save *more!*

# Account Access Made Easy: There's an App for That!

Managing your participation in the SFDCP just got easier with the Prudential Retirement® mobile app.

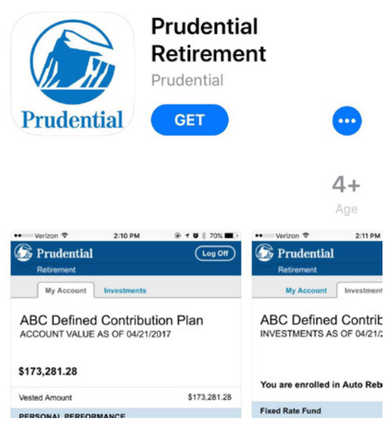
## What does the app do?

With the mobile app, you can:

- View your total balance
- Get your personal rates of return
- Track your year-to-date contributions
- Check your balances by fund
- Review and change your contribution rate(s)

## How do you get the app?

Simply download it from the App Store if you use an iPhone or iPad, or from the Google Play store if you use an Android phone or tablet. You can find it by searching for "Prudential Finance."




Once downloaded, the Prudential "Rock" app icon will be located on your home screen for one-click account access.

You must already be registered on the Prudential website to use the new app. To register, visit **sfdcp.org**.

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*Keep in mind that application of asset allocation and diversification concepts does not assure a profit or protect against loss in a declining market. **You can lose money by investing in securities**.

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