

Creating the Right Investment Path for Your VEBA Benefit



This message is being sent on behalf of the City of San Jose's VEBA Advisory Committee.

Dear VEBA Program participant:

With the recent creation of the VEBA Program at the City of San Jose, one significant plan feature involved the plan's default investment. The idea around a default investment is for the Committee to make an automatic initial investment decision for the participant until each employee can customize their VEBA account for their own personal situation (risk tolerance, time horizon, etc.).

Currently, the default investment is the Voya Fixed Account. This is a very conservative investment with no short-term volatility (short-term volatility is typically associated with the stock market). The primary goal of this investment is to preserve a participant's assets. In other words, the risk of losing money due to market risk or fluctuations in this fund is very low. However, it is important to note that it is not the intent for you to keep your VEBA account invested long-term in this investment unless this is an active choice you make.

You are receiving this letter because, based on our most recent records, your VEBA account balance is still invested in the default investment option, the Voya Fixed Account. Participants are free to re-allocate your accounts so that your investment options match your risk tolerance and time horizon. As you can see, the investment menu (below) is varied and is designed so that you can customize—and diversify—your account based on your specific goals.

As stated above, one feature of the Voya Fixed Account is the safety of principal (also known as preservation of capital). However, the trade-off is that the return potential over the years is also very low. In fact, when you look at the VEBA plan fees, participants *may* be better off with a more diverse portfolio. Let's take a *hypothetical* VEBA participant here at the City:

Account Balance		\$20,000	
Approximate Growth After One Year	+	\$230	Based on long-term average money market returns of 1.15% annually
Per Participant Record Keeping Fee	-	\$24	Based on the TASC fee of \$24 annually
Inflation	-	\$400	Based on the general price increase of 2% annually
Total After One Year	=	\$19,806	Reflects purchasing power and not necessarily what is in your account

In terms of loss of purchasing power due to inflation, you may be better off long-term in another investment with more short-term volatility but also with longer term return potential. It is also important to note that, as always, participants are free to make changes to their VEBA accounts at any time. Now may be a great time to make sure your account and portfolio match your personal objectives.

To select a suitable investment selection based on your specific time frame and risk tolerance you can log in to your account online at www.voya.com/hra and make your investment allocation changes. See below for easy to follow directions on how to make these investment changes online.

Where do I Change how my Contributions are Invested?

Under [Plan Services](#), click [Investment Elections](#). Click [Change Elections](#) under **ALL SOURCES** to have your contributions invested in the same funds across all sources. Using the dropdown boxes, select a percentage for those investment elections that you would like your future contributions to be invested in. Please note, to successfully submit your [Investment Elections](#), change the new percentages must equal 100%. Click on [Submit Investment Elections](#).

How do I Change Where my Current Balance is Invested?

You have two options to change your current investment allocation: 1) Realign Portfolio or 2) Transfer Funds. You can realign your entire balance to fit into percentages for each fund or you can pick and choose how much of your current balance goes into each fund, by percentage or by dollar amount. To realign your current balance, under [Plan Services](#), click [Realign Portfolio](#). You have the option to realign all of your sources, if you have more than one source, or you can realign by source. Click [Realign](#) to the right of your source. Under [Current %](#), you will see what percentage of your current balance is in each fund. Under [New %](#), you will select the percentage of your current balance that you want in each fund.

If you would like to transfer funds rather than realign, click [Transfer Funds](#). Again, you have the option to transfer all of your sources, or you can transfer by source. Click [Transfer](#) to the right of your source. You must select a [Transfer Type](#), [Dollar to Dollar](#), or [Percent to Percent](#). Select your investment. The amount or percent that is available to transfer out of the fund appears at the bottom next to [Transfer Amount](#). Enter in the amount to transfer out of the fund. Click [Continue](#). In the next screen, you will select where you want to place the amount that you are going to transfer into the remaining fund(s). The amount to transfer is reflected under [Amount Remaining](#). When you have placed the amount, click [Transfer](#).

Below is the Entire Investment Menu Within the City's VEBA Plan:

Target Date Funds

- Vanguard Target Retirement Income
- Vanguard Target Retirement 2015
- Vanguard Target Retirement 2020
- Vanguard Target Retirement 2025
- Vanguard Target Retirement 2030
- Vanguard Target Retirement 2035
- Vanguard Target Retirement 2040
- Vanguard Target Retirement 2045
- Vanguard Target Retirement 2050
- Vanguard Target Retirement 2055
- Vanguard Target Retirement 2060
- Vanguard Target Retirement 2065

Risk-Based Funds

- Conservative Allocation Portfolio
- Moderate Allocation Portfolio
- Aggressive Allocation Portfolio

Core Funds

- Voya Fixed Account
- Vanguard Federal Money Market
- Loomis Sayles Core Plus Bond
- BlackRock Inflation Protected Bond
- Templeton Global Bond VIP
- AMG Yacktman
- Vanguard Equity-Income
- Vanguard Institutional Index
- Vanguard Total Stock Market Index

Core Funds, cont.

- American Funds Growth Fund of America
- Fidelity Advisor New Insights
- JPMorgan Mid Cap Value
- Vanguard Mid Cap Index
- Janus Henderson Enterprise
- Janus Henderson Small Cap Value
- Vanguard Small Cap Index
- Emerald Growth Institutional
- Vanguard Total Intl Stock Index
- American Funds EuroPacific Growth
- DFA International Small Company
- Invesco Oppenheimer Developing Markets
- Parnassus Core Equity
- VY Clarion Real Estate



For Help Understanding or Changing Investments:

Representatives are in Human Resources each Wednesday from 9:00 a.m. to 3:00 p.m. & other locations at scheduled times or by appointment.



Please contact your local Voya representative to make an appointment:

If you are an employee in the Airport, Police, Library, Parks, Recreation & Neighborhood Services, or Transportation, please contact:

Peter Ng (408) 386-6061 peter.ng@voya.com

For employees in all other departments, please contact:

Nancy Agaiby (408) 892-0744 nancy.agaiby@voya.com

Trouble Logging In or Accessing Your Account?

Email: svchelp@tasconline.com **Toll-free:** (866) 678-8322

Office Hours: Monday – Friday, 5:30 a.m. – 4:00 p.m., PST

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Account Balance		\$8,000	
Approximate Growth After One Year	+	\$92	Based on long-term average money market returns of 1.15% annually
Per Participant Record Keeping Fee	-	\$24	Based on the TASC fee of \$24 annually
Inflation	-	\$160	Based on the general price increase of 2% annually
Total After One Year	=	\$7,908	Reflects purchasing power and not necessarily what is in your account

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- JPMorgan Mid Cap Value
- Vanguard Mid Cap Index
- Janus Henderson Enterprise
- Janus Henderson Small Cap Value
- Vanguard Small Cap Index
- Emerald Growth Institutional
- Vanguard Total Intl Stock Index
- American Funds EuroPacific Growth
- DFA International Small Company
- Invesco Oppenheimer Developing Markets
- Parnassus Core Equity
- VY Clarion Real Estate



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