Ullico Retirement Solutions
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# Back to School ABCs

*By Amy Crews, QKA*

Have you ever heard someone talk about investing and feel like they're speaking another language? If so, you're not alone! Here's a "back to school" primer of a few key terms:

**Asset Allocation:** An investment strategy that aims to balance risk and reward by using investment classes such as stocks, bonds, and cash to build an investment portfolio.

**Benchmark:** A standard against which the performance of a security or mutual fund can be measured.

**Bond:** A debt security that represents the borrowing of money by a corporation, government, or other entity. The issuer repays the investor the amount of the loan + interest.

**Diversification**: The practice of investing in multiple asset classes and securities with different risk characteristics to reduce the risk of owning any single investment.

**Emerging Markets:** Economies that are in the process of growth and industrialization, such as Africa, Asia, Eastern Europe, the Far East, Latin America, and the Middle East.

**Equities:** Investments representing ownership in a corporation. Also known as "stocks."

**Net Expense Ratio:** What investors are ultimately charged to be invested in a mutual fund; paid as a reduction in the investment's rate of return.

**Risk Tolerance:** An investor's ability and willingness to lose some or all of an investment's original value in exchange for the possibility of greater potential returns.

**Security:** A general term used to refer to either a stock or a bond.

**Ticker Symbol:** An abbreviation using letters and numbers to identify specific securities and indexes.

**Time Horizon:** The amount of time that an investor expects to hold an investment before selling it.

**Volatility:** The amount and frequency of fluctuations in the price of an investment within a specified time period.

Our goal at URS is to simplify the intimidating task of investing by offering globally diversified custom asset allocations, giving you the confidence to invest properly.

# Worries About Investing During an Election Year

*By Ryanne Tilley*

Few things can kick investor anxiety into high gear like political uncertainty! If you are spending more time than usual worrying about what might happen to your 401(k) during this political season, and wondering if you should be preparing to make any changes to your portfolio, here are a few things to keep in mind:

History has shown that since 1900, in year 8 of a presidential term (this would make it an election year), the S&P 500 has been up about half the time and down about half the time. When it has been down, it has only been down an average of 1.2%.

The media can easily make it seem like a much more dire situation, and that certain calamity is on the horizon. But remember this: all of the analysis and predictions as to which candidate will have what kind of an effect on the markets is pure conjecture. No one can know for sure. Also the President cannot influence markets alone, nor does he or she decide fiscal policy alone.

The good news is that no politician controls your investments. You do! The best thing you can do in the face of an uncertain election year, or any other event that might be thought to have a potential impact on the markets, is be ***proactive***.

If you've already made sure your 401(k) account is set up to achieve your long term goals (i.e. it is diversified across the different asset classes and that the percentage of stocks vs. bonds in your account is at an appropriate risk level for you based on your age and timeline for retirement), then you don't have to react to the short-term impacts of things like an election. There's no need to make dramatic changes to your portfolio, because you know you're in it for the long haul, and you've planned accordingly.

Need more reassurance? Check out the chart on the reverse side of this newsletter to see how much a dollar has grown since 1970, despite numerous major events, all of which were touted to be the end of the financial markets as we know it.

# Ask URS

By Debra Moran, QPA, QKA

***Q: When can I withdraw my Roth 401(k) money tax free?***

To withdraw from a Roth 401(k) without incurring any additional income tax or penalties, two criteria must typically be satisfied: the funds must remain in the account for at least five years, *and* the participant must be at least 59 ½.

### When the clock starts

The clock starts on your five-year period the *first day* of the *first year* for which you make a contribution to your designated Roth account in your 401(k). That's true even if you didn't make any contributions until December. For example, if you started to make Roth 401(k) contributions at any time in 2013, your clock started on January 1, 2013 and you'll complete your five years at the end of 2017. Beginning January 1, 2018, you can take qualified distributions if you attain age 59 1/2, you become disabled or you die.

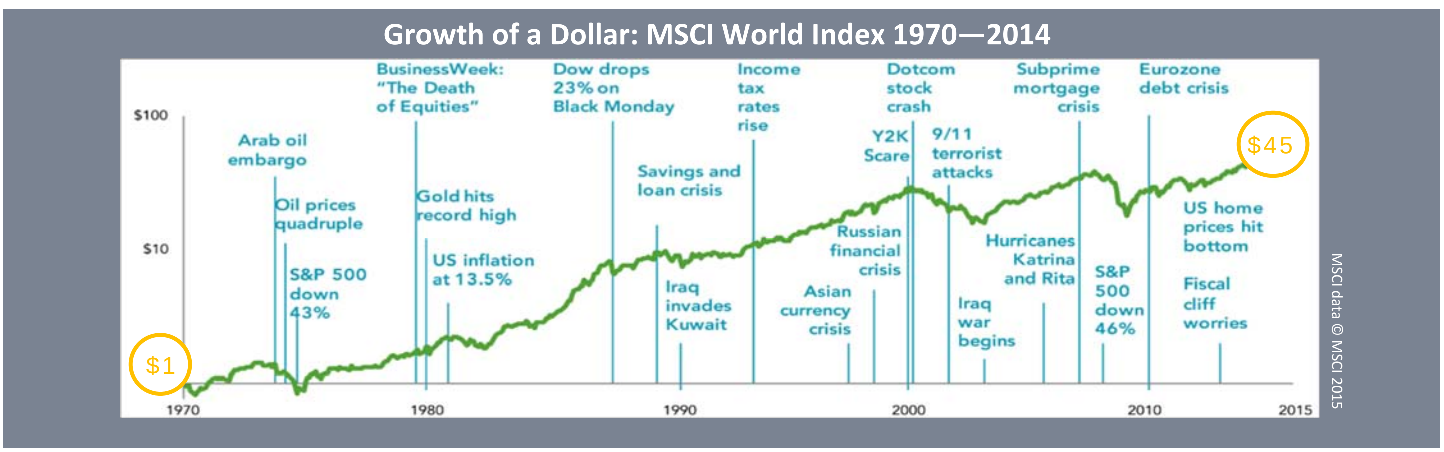
### The 5 year clock doesn't transfer to a Roth IRA

The age of your designated Roth account doesn't transfer when you roll your money to a Roth IRA. But, this unusual rule is double-edged:

- It is an advantage when: your Roth IRA has been established longer than your Roth 401(k). Suppose you've had a Roth 401(k) for just three years, but you've had a Roth IRA for more than five years. You can satisfy the five-year test for all your money by rolling the Roth 401(k) to an established Roth IRA.
- It is a disadvantage when: your Roth IRA has not been established as long as your Roth 401(k) account. Regardless of how long you have held your Roth 401(k) account, once you roll it over to a Roth IRA, the clock is based on when the Roth IRA was established.

### Moral of the Story

If you are contributing to a Roth 401(k), it might be a good idea for you to establish a Roth IRA to start the 5 year clock before you plan to retire. Roth IRAs have many rules and exceptions, so it would be wise to consult a tax advisor and/or www.irs.gov for more details.




Ullico Retirement Solutions was born from a *simple* idea:

***"We believe that organized labor deserves a trusted partner, and labor should provide for the needs of labor."***

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