



WHOI Defined Contribution Retirement Plan Update

January 2014





Introduction



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Agenda



- 1. Investment market overview
- 2. Addition of the PIMCO All Asset All Authority fund
- 3. Overview of the Plan's investment options
- 4. What should I be thinking about?
- 5. Tools and resources available



Headlines From 2013



» Global financial markets had a strong year...

- Major U.S. equity benchmarks had strong returns and outperformed expectations
- International equity indexes, particularly in Europe and Asia, also posted healthy gains
- Fluctuating interest rates resulted in volatile performance of fixed income assets

» Federal Reserve remained accommodative and did not taper until December...

- Fed announced it would maintain its current pace of asset purchases
- Fed reiterated its commitment to keep interest rates near zero until mid-2015

» Major global economies showed mixed growth readings ...

- U.S. economic recovery continued at its moderate pace, however, there was mixed data in the housing and labor markets until Q4
- China's growth continued to show signs of slowing and the need for rebalancing, while the euro zone just barely came out of its recession

Expectations for 2014



» Global financial markets poised for more gains?

- Many investment firms and economists predicting moderate gains in financial markets as global economies continue to posted healthy gains
- Rising interest rates will continue to have adverse effects on fixed income assets

» Federal Reserve will continue it's asset purchases but at a decreasing level as the year rolls on ...

- Asset purchases most likely will end by Q4
- Short term interest rates should remain near zero until mid-2015
- Longer term rates may rise as US growth and inflation accelerate

» US Economy will continue to improve

 Lower unemployment, improving housing market and rising sentiment should lead to 3% GDP Growth



Background



- » Defined Benefit Plans have been using 'alternative' types of investments for years and have experienced better investment results than Defined Contribution Plans
- » The DCRP Committee and SageView investigated several vehicles that could potentially add diversification to the Plan's options while lowering volatility
- » Our analysis showed us that this fund, historically, would have accomplished these goals (and actually also increased performance)
- » This fund takes a dynamic asset allocation approach, investing in several asset classes not offered in the Plan today
- » The fund targets solid real (after-inflation) returns from a global opportunity set of traditional and alternative asset classes
- » It is intended to be used in tandem with traditional stock and bond funds to provide additional diversification and help to lower equity risk

Who is PIMCO?



Fixed income

- Assets under management: \$1.3 trillion
- Includes total return, credit, cash, global, long duration, emerging markets, mortgages, municipals

Equities

- Assets under management: \$20.7 billion
- Active equities and StocksPLUS (portable alpha) strategies; active strategies include global deep value, global dividend, EM and long-short

Real assets

- Assets under management: \$100.9 billion
- Commodities, real estate, inflation-linked bonds (ILBs) and other inflation-hedging strategies

PIMCO

- Founded in 1971
- Assets under management: \$1.6 trillion
- Global macro views combined with deep bottom-up sector expertise
- Offerings cover global asset classes, not only fixed income
- 13 global offices with 687 investment professionals (2,380 total employees)

Alternatives

- Assets under management: \$63.0 billion
- Absolute return strategies and opportunistic/distressed offerings

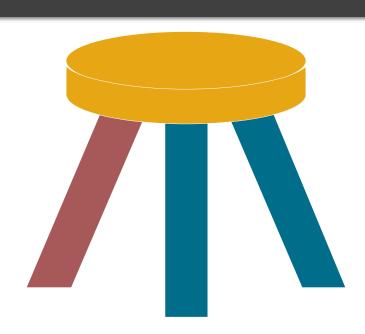
Asset allocation

- Assets under management: \$91.7 billion
- Global Multi Asset, All Asset, EM Multi Asset, Target Date, Inflation-Response Multi Asset, Diversified Real Asset



Understanding the "third pillar" concept





First pillar

Core stocks

- Participate in economic growth
- Disinflationary bias

Second pillar

Core bonds

- Reduce volatility and provide income
- Disinflationary bias

Third pillar

Diversifiers

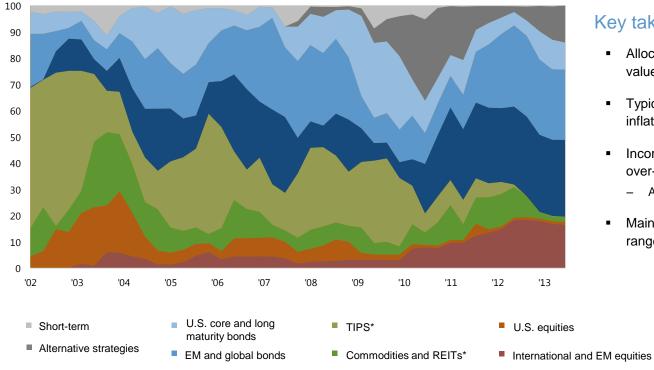
- Provide low/negative correlation
- Inflationary bias

All Asset

60/40

PIMCO All Asset Fund: Historical allocations





Key takeaways

- Allocations shift tactically as relative value changes
- Typically maintains a core allocation to inflation-related assets
- Incorporates equity exposure without over-reliance on equities
 - Average equity allocation: 12%
- Maintains broad diversification across a range of global investments

Credit

As of 30 June 2013

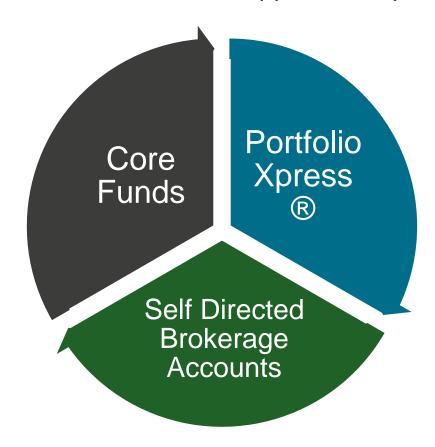
^{*} TIPS: Treasury Inflation Protected Securities; REITs: Real Estate Investment Trusts Refer to Appendix for additional portfolio structure and risk information.

Investment Options Making sense of the options available in the Plan

Investment Options

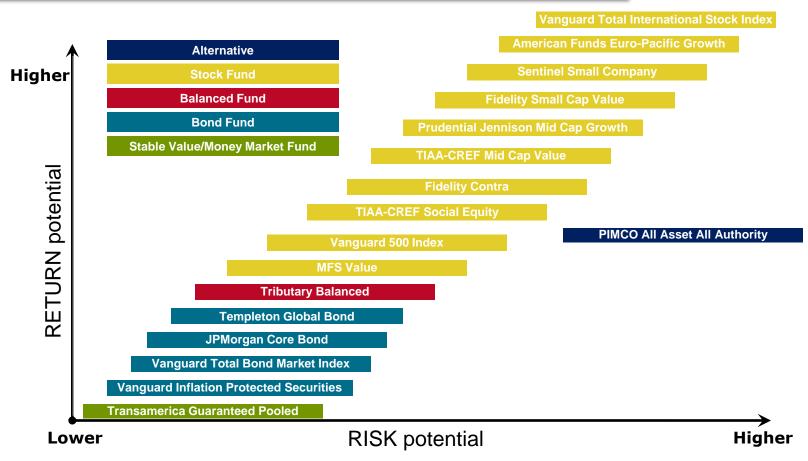


» The Plan offers a three Tiered Approach to participants



Core Funds





The risk and return characteristics are for illustration purposes only and are not intended to depict actual risk and return characteristics of different asset class categories or specific funds. These risk and return characteristics are based on generally accepted investment theories and take into account historic returns of asset classes over defined periods of time and do not reflect the specific risk and returns of specific funds. For more information about these funds including fees and expenses, obtain a current prospectus by calling the Wells Fargo Retirement Service Center, visiting the Wells Fargo Retirement Plan Website, or calling your plan administrator. Investments in Retirement Plans:

NOT FDIC INSURED ● NO BANK GUARANTEE ● MAY LOSE VALUE

Do it yourself with all the tools you need





Tools to help you customize your allocation mix

OnTrack® tool —an interactive online tool

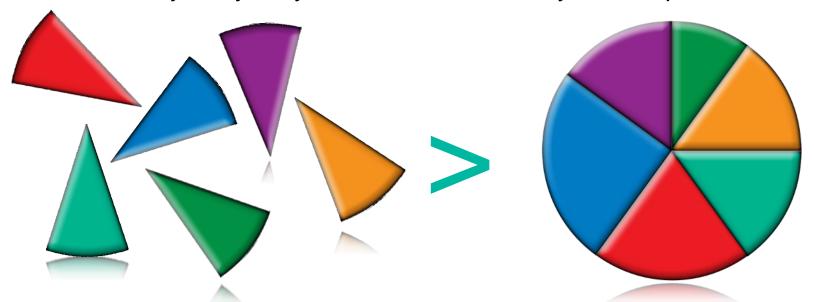
Tools to help you maintain your desired allocation mix

Automatic rebalancing feature that helps you maintain your investment mix to match your allocation strategy

PortfolioXpress®



You identify the year you want to retire and your risk preference



PortfolioXpress

presents a mix of your plan's funds and what % to allocate to each now and in the future

If you agree... **PortfolioXpress**

automatically rebalances your account to this mix and shifts to a more conservative mix over time

PortfolioXpress® is a registered service mark of Transamerica Retirement Solutions Corporation. Please read the following slide for important information about this service.

Changes to PortfolioXpress®



- » On January 1, 2014, PIMCO All Asset All Authority was added to PortfolioXpress®
- » Allocations range from 6-20% depending on retirement age
- » The further from retirement, the greater the allocation to PIMCO All Asset All Authority

Which Tier is right for me?



Tier	Pros	Cons
Core Options	 ✓ Allows participants to customize their own portfolio and set risk tolerance ✓ Options include low, moderate and aggressive choices ✓ Active versus passive choices, domestic and international options 	 ✓ Many participants do not actively adjust their allocations as they age or financial situations change ✓ Most participants do not rebalance when markets fluctuate
PortfolioXpress	 ✓ Provides age appropriate diversified portfolio mix ✓ Automatically rebalances portfolio ✓ Becomes more conservative as participants age ✓ No additional cost ✓ SageView monitors the allocations ✓ Participants can adjust their risk level 	 ✓ Does not take into consideration outside retirement plans, spousal/partner assets ✓ Your particular risk tolerance may not be consistent with allocations
Self Directed Brokerage Account	✓ Provides access to thousands of additional mutual funds from dozens of mutual fund families	 ✓ Funds are not monitored by DCRP Committee and / or SageView ✓ Additional costs can apply



How do you define Retirement?



A Lifetime Is Longer than Most Think



50% chance of 5 living beyond

25% beyond 92



50% chance of 8 living beyond

25% **94** beyond



50% chance of 92 living beyond

25% beyond **97**

Simple investment rules

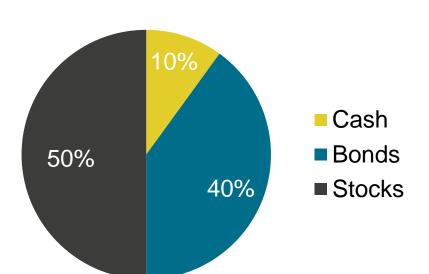


- » Don't put all your eggs in one basket
- » Diversify for the long haul
- » It's "time in the market," not "timing the market"
- » Plan to sell before you have to sell
- » How much do I need? How much will I have?
- » Increasing the amount you save is a bigger impact than where you save

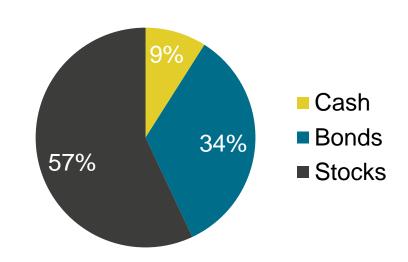
Why Rebalance?



Asset Allocation January 1, 2013



Asset Allocation December 31, 2013





OnTrack





Important: The projections or other information generated by the *OnTrack*® tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and do not guarantee future results. Results derived from the *OnTrack*® tool may vary with each use and over time. Please access the *OnTrack*® tool for more information regarding the criteria and methodology used, the tool's limitations and key assumptions and other important information.

How your plan makes getting professional assistance easy





Call 800-755-5801 to:

Review or change strategies
Consolidate assets
Get information about your plan

Or....

Schedule a one-on-one meeting with a Transamerica representative at

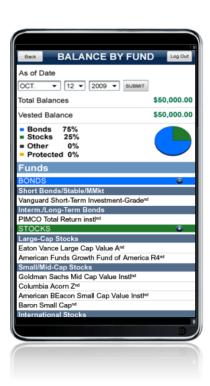
http://bit.ly/woodshole

The role of the retirement planning consultant is to assist you with your savings and investment plan. There are no fees or commissions for meeting with your retirement planning consultant, who is a registered representative with Transamerica Investors Securities Corporation (TISC), 440 Mamaroneck Avenue, Harrison, NY 10528. Transamerica and TISC are affiliated.

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