



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# A New Service Provider for the Metropolitan Water District of Southern California 401(k) and 457(b) Plans



The Metropolitan Water District of Southern California (Metropolitan) recently announced that Empower Retirement will replace TIAA as the provider handling administrative, recordkeeping, communication, investment and financial education services for the Metropolitan 401(k) and 457(b) retirement plans. This transition will be effective on **August 2, 2018**.

## About Empower

After a comprehensive selection process, Metropolitan chose Empower Retirement as the company that offered the best fit for their 401(k) and 457(b) plan participants. Empower is a member of the Great-West Family of Companies,<sup>1</sup> which has been providing financial services since 1891. Empower specializes in servicing defined contribution retirement plans. Headquartered in Greenwood Village, Colorado, the company serves 8.5 million retirement plan participants.<sup>2</sup>

Empower was chosen as the new service provider based upon its enhanced education tools, online services and competitive fees and the support of a dedicated Retirement Plan Advisor who can help answer your questions. You can find more information at [empower-retirement.com](http://empower-retirement.com).

The transition process is automatic — **no action is required on your part** to transfer your accounts. There are some key dates to keep in mind.

## Be aware of the blackout period

To help ensure an accurate transfer of assets and records from TIAA, there will be a blackout period during which you will not have access to your current account. During the blackout period, your funds will remain invested and will continue to gain and/or lose value depending on market conditions. The blackout period is scheduled to start at 1 p.m. Pacific time July 25, 2018, ending after the close of business on or about August 17, 2018.<sup>3</sup> Once the plans open, an announcement will be sent to you using your e-mail address on file with TIAA.

## Your next steps

- Attend one of the scheduled group meetings listed on page 5 to learn more about the enhanced services available to you from Empower.
- After the transition, visit the new website at [mwdplans.com](http://mwdplans.com) and activate your new Empower online account.<sup>4</sup>

Please carefully review this brochure for more information on these changes.

# Key Dates

DATE	EVENT	DETAILS
June 19, 2018, through July 20, 2018	Transition meetings held (see details on page 5)	Get additional information on the transition process and Empower and answers to questions about managing your account.
July 25, 2018	Blackout period begins	Make any transfers from TIAA before 1 p.m. Pacific time.
August 2, 2018	Transition of assets completed	Plan accounts will automatically transfer to Empower.
August 8, 2018	Payroll contributions sent	The first payroll contributions are sent to Empower.
August 17, 2018 (Anticipated)	Blackout period ends	Your will be able to resume all account activities after close of business.
October 2018	Final quarterly statements from TIAA sent	TIAA will send your statement with a \$0 balance.
October 2018	First quarterly statement from Empower sent	Statements will be delivered electronically with your full account balance.

These dates and times are subject to change. Please see your plan representative for more information.

## How Your Investment Options Will Transition to Empower

On August 2, 2018, your current account balances will transfer in kind to investment options at Empower with two exceptions listed below. "Transfer in kind" means your current investments with TIAA will transfer without liquidation to the same investments with Empower.

There are two funds with exceptions:

- The **Stable Value Fund** (T. Rowe Price Value Common Trust Fund N) will transfer in kind to Empower and be frozen to any new contributions. Any balances will remain in the fund unless you transfer them out, but all future contributions to this fund will be automatically redirected into the **Putnam Stable Value Fund**.
- The T. Rowe Price Blue Chip Growth Fund (TRBCX) will be liquidated, and funds will be transferred to the T. Rowe Price Blue Chip Growth Fund – Institutional Class (TBCIX).
- Anyone with a self-directed brokerage account (SDBA) should review the specific SDBA information below.

Your final statements and online account activity will show an "adjustment" on any fund transferred in kind and a "transfer out" for any fund liquidation/wire. Please review the chart on page 3 for a current fund list.

## Self-Directed Brokerage Account

The self-directed brokerage account (SDBA) option will be changing providers as a result of the move to Empower. The new SDBA is offered through TD Ameritrade. Your underlying investments in the SDBA will still transfer in kind.

After the transition, you will receive a separate statement from TD Ameritrade that will detail the investment holdings and activity within your SDBA, including any fees and charges imposed in connection with the SDBA. The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA. Once the transition is complete, you can visit [tdameritraderetirement.com](http://tdameritraderetirement.com) or call TD Ameritrade's interactive voice response (IVR) system at **866-766-4015** to inquire about your daily account balance or to change your investments in the SDBA. More information about the SDBA can be found on the *Investment Information* page of [mwdplans.com](http://mwdplans.com) after the blackout period ends.

**Important note:** Any SDBA at TIAA that has no held securities and has a cash balance under \$500 will be closed if there are no security holdings selected for it by July 16, 2018. This will only impact participants with cash-only balances in an SDBA. The money will be moved automatically into the plan's core money market fund, which is currently the Vanguard Federal Money Market Fund (VMFXX).

# Investment Options

EMPOWER INVESTMENT OPTION	TICKER/CUSIP
American Funds EuroPacific Growth Fund - R6	REGX
Ariel Fund Institutional	ARAIX
Delaware Value Fund Institutional	DDVIX
DFA US Targeted Value Portfolio Institutional	DFFVX
Harbor Mid Cap Value Fund Institutional	HAMVX
Metropolitan West Total Return Bond Plan	MWTSX
Oppenheimer Global Fund Class I	OGLIX
PIMCO Real Return Fund Institutional	PRRIX
Prudential Jennison Small Company Fund Q	PJSQX
T. Rowe Price Blue Chip Growth I	TBCIX
Vanguard Federal Money Market Fund	VMFXX
Vanguard Institutional Index Fund Institutional	VINIX
Vanguard Institutional Target Retirement 2015 Institutional	VITVX
Vanguard Institutional Target Retirement 2020 Institutional	VITWX
Vanguard Institutional Target Retirement 2025 Institutional	VRIVX
Vanguard Institutional Target Retirement 2030 Institutional	VTTWX
Vanguard Institutional Target Retirement 2035 Institutional	VITFX
Vanguard Institutional Target Retirement 2040 Institutional	VIRSX
Vanguard Institutional Target Retirement 2045 Institutional	VITLX
Vanguard Institutional Target Retirement 2050 Institutional	VTRLX
Vanguard Institutional Target Retirement 2055 Institutional	VIVLX
Vanguard Institutional Target Retirement 2060 Institutional	VILVX
Vanguard Institutional Target Retirement 2065 Institutional	VSXFX
Vanguard Institutional Target Retirement Income Inst	VITRX
Vanguard Mid-Cap Growth Fund Investor	VMGRX
Vanguard REIT Index Fund Admiral	VGSLX
Vanguard Russell 2000 Index Fund Institutional	VRTIX
Vanguard S&P Mid Cap 400 Index Fund Institutional	VSPMX
Vanguard Total Bond Market Index Fund Institutional	VBTIX
Vanguard Total International Stock Index Fund Admiral	VTIAX
Vanguard Total Stock Market Index Fund Institutional	VITSX
Putnam Stable Value Fund	74686Q801
TD Ameritrade Self Directed Brokerage Account	N/A

# Making Changes to Your Account

The move to Empower will not impact how you make changes to your account. Any updates to your investment options will be done through Empower's website. Changes to your contribution rate and beneficiary designations will still be made via MyHR. You can request these changes during the blackout period, but they will not take effect until after the blackout period has ended and the transition is complete.

## Your Designated Beneficiaries

Your beneficiary information will continue to be retained by the Metropolitan HR Benefits Unit. To review or update your current beneficiary designations, you can view them online using MyHR. If you are no longer employed by Metropolitan, you may contact Benefits at [BenefitsHotline@mwdh2o.com](mailto:BenefitsHotline@mwdh2o.com) or by calling **213-217-5505**, option 1.

## New Plan Features

With the move to Empower, we've introduced some new features to enhance the plans:

- **Roll-in options.** Non-employee participants — people who are retired or account beneficiaries or who have otherwise separated from service — now have options to roll money from other qualified accounts into the Metropolitan plans, including money that was previously rolled out, as long as they have an active participant account. As with any financial decision, you are encouraged to discuss moving money between accounts, including rollovers, with a financial advisor and to consider costs, risks, investment options and limitations prior to investing.
- **New loan options.** Non-employee participants are now able to take loans from their account balances instead of taxable distributions in both the 401(k) and 457(b) plans.
- **Empower Retirement Advisory Services.** There are two types of advisory services, Online Investment Guidance and Online Investment Advice, both offered by Advised Assets Group, LLC, a registered investment adviser. *Online Investment Guidance*, available at no additional cost to you, allows you to receive general guidelines to help you manage your account, including asset allocation and savings rate information.

*Online Investment Advice* allows you to receive fund-specific recommendations to help validate or adjust your already developed strategies, for an additional annual fee of \$25, charged quarterly at \$6.25.

There is no guarantee provided by any party that participation in any of the Advisory Services will result in a profit or that the related account will outperform a self-managed portfolio invested without assistance.

## Plan Fees

### Lower administrative fees

Every participant in the Metropolitan 401(k) and 457(b) plans pays fees. Those fees help cover the recordkeeping and administrative costs for the plans. The fund managers for the plans' investment options also charge fees to cover the costs of managing their respective funds.

Your administrative/recordkeeping fees will be listed clearly on each quarterly statement you receive from Empower. These annual fees will be prorated and charged quarterly to your account.

With the change in providers, the administrative fees that participants pay each year will decrease. The new administrative fee is .03%, down from .06%. The .03% fee is comprised of two parts: a .015% Empower administrative fee on assets held in the core account only and a .015% Metropolitan administrative fee charged to all assets regardless if they are in the core account or held in the self-directed brokerage account with TD Ameritrade.

Administrative fees also cover the custom website, call center support, onsite personal counseling, onsite workshops, webinars, and strategic investment oversight. This lower administrative fee means that more of every dollar you contribute will stay in your account, helping you build future retirement income.

### Self-directed brokerage account fees

A \$50 annual fee per account – charged quarterly at \$12.50 – applies to participants with a self-directed brokerage account (SDBA). In addition, you may be charged \$6.95 per trade depending on the investment option(s) selected. An SDBA fee schedule can be found on the website at [mwdplans.com](http://mwdplans.com). The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA.

### Loan fees

If you take a loan from your account, there is a \$50 origination charge and an annual loan maintenance fee of \$25 (assessed at \$6.25 per quarter).

# In-Person Transition Seminars

During these meetings, Empower representatives will provide you with additional information about the new Empower features and services. **Please make sure to bring this guide with you when you attend a seminar.**

**Retirees, beneficiaries and other non-employee account holders will need to show a valid picture ID with this guide to gain access to the facility and attend one of the on-site meetings.**

At these meetings, we will:

- Outline the details and important dates of the transition.
- Discuss your investment options.
- Share information on how to manage your account.
- Introduce your Retirement Plan Advisor.
- Answer your questions.

## Transition Seminar Schedule

DATE	TIME	LOCATION	ADDRESS
Tuesday, June 19	7:30 a.m., 9:30 a.m., 12 p.m., 2 p.m.	MWD Headquarters, Room US-2-145	700 N. Alameda Street, Los Angeles, CA 90012
Wednesday, June 20	6:30 a.m.	Soto Street Facility Assembly Room	2100 N. Soto Street, Los Angeles, CA 90032
Thursday, June 21	7 a.m., 8:30 a.m., 10 a.m., 1 p.m.	Weymouth Filtration Lab (LaVerne), WQ Lab Room 211	700 N. Moreno Avenue, La Verne, CA 92503
Monday, June 25	6:30 a.m.	Jensen Filtration Plant Demo Room	13100 Balboa Boulevard, Granada Hills, CA 91344
Tuesday, June 26	10:30 a.m.	Hinds Pumping Plant Rec Hall	10080 Hayfield Road, Desert Center, CA 92239
Wednesday, June 27	6:30 a.m.	Gene Pumping Plant Assembly Hall	15800 MWD Road, Parker Dam, CA 92267
Thursday, June 28	8 a.m.	Iron Mountain Pumping Plant Assembly Hall	6001 Iron Mountain Pumping Plant Road, Earp, CA 92242
Thursday, June 28	10:30 a.m.	Eagle Mountain Pumping Plant Assembly Hall	15500 Kaiser Truck Road, Desert Center, CA 92239
Tuesday, July 10	6:40 a.m.	Lake Skinner and Skinner Filtration Plant Demo Room	33740 Borel Road, Winchester, CA 92596
Wednesday, July 11	7:30 a.m.	Diemer Filtration Plant East Filter Building	3972 Valley View Avenue, Yorba Linda, CA 92886
Thursday, July 12	7 a.m.	Lake Mathews Training Room LM 2	18250 La Sierra Avenue, Riverside, CA 92503
Monday, July 16	9:30 a.m.	MWD Legislative Office	1121 L. Street, Suite 900, Sacramento, CA 95814
Tuesday, July 17	6 a.m.	Eagle Rock System Control Center EOC	7800 N. Figueroa Street, Los Angeles, CA 90041
Wednesday, July 18	6:30 a.m.	Mills Filtration Plant Ozone Room	550 E. Alessandro Boulevard, Riverside, CA 92507
Thursday, July 19	6:30 a.m.	Diamond Valley Lake Wadsworth Pump Plant 1st Floor Lobby	33752 Newport Road, Winchester, CA 92596
Friday, July 20	9:30 a.m., 1:30 p.m.	MWD Headquarters, Room US-1-102	700 N. Alameda Street, Los Angeles, CA 90012

# Q&A

## Why is MWD making changes to the plans?

Metropolitan is committed to providing a retirement plan that reflects industry best practices. The updates are designed to strengthen the plans and help you pursue your retirement savings goals more effectively.

## Will I be able to keep my account at TIAA?

No. Your entire plan account balance with TIAA, including all plan assets held in TIAA's SDBA, will be transferred to Empower, with brokerage holdings going to TD Ameritrade.

### IMPORTANT!

- a) Brokerage accounts **entirely** in cash (no securities) with a balance under \$500 will transfer to the Vanguard Federal Money Market Core Fund (VMFXX) at Empower.
- b) This will close your SDBA.

## How can I activate or manage my SDBA after the transition?

Once the transition is complete, you can visit **tdameritraderetirement.com** or call TD Ameritrade's interactive voice response (IVR) system at **866-766-4015** to inquire about your daily account balance or to change your investments in the SDBA. If you are already a participant in the SDBA, you do not need to re-enroll in the service, you just need to set up your account access.

## What if I would like help with my investments?

After the blackout period is over, you can discuss your plan's investment options with your local Empower Retirement Plan Advisor, or call **800-701-8255** for assistance from our participant services team.

## What can I expect in working with my Retirement Plan Advisor?

Your local Retirement Plan Advisor can help you with a one-on-one account review, to answer questions about your asset allocation, savings rate, planned retirement age, and overall retirement preparedness. During the review, you and the Advisor will go over your personal situation and establish goals to help you determine whether you're on the right track.

## Can I bring other people to an account review?

Yes. You may bring anyone you choose, whether it's a friend, adviser or partner. Information about spouse or partner retirement benefits and other potential sources of income can help create a more informed retirement picture.

## What will happen to my current loan?

If you currently have a loan balance, it will be transferred in full to Empower. You don't need to take any action. Your loan payments will not be disrupted as part of this transition and will continue to be deducted from your paycheck until your loan is repaid in full. If your loan payments are paid via ACH (bank transfer), we will send you a letter to request your ACH information near the end of the blackout period, and coupons will be sent for you to make loan payments via check until your ACH information is returned and processed.

## I am currently receiving distribution payments from my plan accumulations. What will happen to these?

Your distribution payments will automatically transfer to Empower and continue to come to you. However, Empower is not authorized to assume the banking information you provided to TIAA. Therefore, your payments will be sent to you in the form of a check. After the blackout period ends, you can establish electronic deposits for future distributions from your plan account at Empower. You will be sent additional information and a form to establish electronic deposits in the near future.

## Do I pay any fees for the Metropolitan retirement plans?

All investment options have expenses and other fees that can be found on the *Investment Information* page of **mwdplans.com** after the blackout period ends. Your other fees are detailed in the *Fees* section of this guide.

## Q&A (continued)

### What is an equity wash, and why is it required with the Putnam Stable Value Fund within the Metropolitan plans?

An equity wash is a contractual requirement in the stable value fund, which states that participants currently investing in a stable value fund aren't allowed to transfer their assets directly into to a "competing fund" until 90 days have elapsed since the transfer out of the fund. Competing funds are generally defined to include fixed income funds of short duration (less than 3 years) such as money market funds and short term bond funds.

The equity wash provision is designed to reduce cash flow disruption in the fund.

In the Metropolitan Plans, the Vanguard Federal Money Market Fund and TD Ameritrade Self Directed Brokerage Account are considered competing investment options.

For example, if you are looking to transfer from the Stable Value Fund (SVF) under T. Rowe Price or Putnam to the Vanguard Federal Money Market Fund or the TD Ameritrade Self-Directed Brokerage Account (SDBA), you must first move money from SVF into any other non-competing funds in the Metropolitan lineup for at least 90 calendar days. After the holding period, you can move any amount into the Vanguard Federal Money Market fund or SDBA.

## Managing Your Account: Online, by Phone, Face to Face

With Empower, you have a choice of convenient ways to manage your account and access the plan, account and investment information you need.



**Online** – A feature-rich interactive website is available at **mwdplans.com** so you can research investment options, check your balance, request a distribution and receive professional portfolio advice. You can also access the website from your mobile device, so you can manage your account on the go.



**By phone** – You can speak with a customer service representative who can answer your questions by calling Empower participant services at **800-701-8255** Monday through Friday, from 5 a.m. to 7 p.m. Pacific time after the transition. With the interactive voice response system, you can also monitor your account and make transactions at any time, 24 hours a day, seven days a week.<sup>5</sup>



**Face to face** – You can meet with a Retirement Plan Advisor to discuss your questions and specific retirement situation as well as topics such as contribution amounts, available catch-up amounts and asset allocation.

### Paperless solutions

In an effort to reduce paper clutter, you'll be enrolled in paperless statement delivery during the transition. Your quarterly or on-demand statements will be available when you log in to **mwdplans.com** after the transition. The interactive voice response system at **800-701-8255** is also available for account inquiries.

You can also ask that printed copies of your statements be mailed to you at no charge. Log in to your account after the transition and click your name at the top of the page, then click *Change communication preference* and complete the requested information.

### Education and planning tools and support

Knowledge is power. The better you understand your account, what it offers and how it can help you build the retirement income you'll need, the more you can take advantage of its features and benefits.

You'll have access to the following options that can help you make informed decisions about meeting your retirement goals:

- One-on-one sessions and group meetings covering specific plan features, investment information and distribution planning
- Online and in-person seminars on a variety of topics such as asset allocation, basic and advanced investment principles, retirement options, and other topics
- Online financial tools and calculators to guide you through retirement planning and savings decisions
- Online access to investment option information, including fund fact sheets and investment performance returns, prospectuses and disclosure documents



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# Contact Us

## Empower Retirement



### Phone

**800-701-8255**, participant services available Monday to Friday, 5 a.m. to 7 p.m. Pacific time, and Saturday from 6 a.m. to 2:30 p.m. Pacific time. Voice response system available 24 hours a day, seven days a week



### Online

Visit **mwdplans.com** to learn more about the Plans' investment choices and access retirement planning tools.



### In Person

One-on-one counseling sessions are available with your Empower Retirement Plan Advisor.

## Metropolitan's HR Benefits Unit



### Phone

**213-217-5505, option 1**



### Email

**BenefitsHotline@mwdh2o.com**

1 The Great-West Family of Companies refers to products and services offered through The Great-West Life Assurance Company, London Life Insurance Company, The Canada Life Assurance Company, Irish Life Group Limited, Great-West Life & Annuity Insurance Company, Putnam Investments, LLC, and their affiliates and subsidiary companies.

2 As of March 31, 2018.

3 These dates and times are subject to change based on the ability of TIAA and Empower Retirement to meet the associated deadlines and the successful transfer of data and assets by TIAA to Empower Retirement.

4 Please contact Empower participant services immediately if you suspect any unauthorized use.

5 Transfer requests received on business days prior to close of the New York Stock Exchange (1 p.m. Pacific time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

**Carefully consider the investment objectives, risks, fees and expenses of the annuity and/or the investment options. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.**

**You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at \$1 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.**

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A collective trust stable value fund is offered by a bank or trust company. These investments have interest rate, inflation and credit risks associated with the underlying assets owned by the portfolio or fund. The strength of the wrap contracts, which provide book-value guarantees associated with a fund, depends on the financial strength of the financial institutions issuing the contracts.

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