



# Same plans, new opportunities

## County of San Diego Deferred Compensation Program

The County of San Diego's Deferred Compensation Program maintains a rigorous and disciplined due diligence process and regularly reviews all aspects of its Program. As part of this due diligence process, the Program in partnership with its third-party consulting firm reviewed its investment menu and identified areas for enhancement, simplicity and savings.

This communication provides additional details regarding upcoming investment menu changes and resultant fee reductions, with the primary goal of improving your long-term retirement savings. No action is required by you. The investment menu changes will happen automatically.



## What's happening

Effective June 14, 2024, a new County of San Diego Deferred Compensation Program investment lineup will replace the current fund lineup. The new lineup features these enhancements:

- Simplified investment categories to provide you with easier diversification
- 82% of the new investment options will be lower in cost
- Each investment option will be the lowest-cost share class of its kind
- Lower investment costs will save plan participants more than \$3.6 million per year
- Average investment costs will decrease by over 40% versus the current investment menu; those savings mean more money for you at retirement

## Actions you can take

No action is required on your part. If you'd like to make an investment election change, please do so prior to June 13, 2024, at 1 p.m. PT.



Log in to your account at [MyDCPlan.com](https://MyDCPlan.com)



Call the Solutions Center at **1-888-324-5433**

## Investment options and new funds

Assets in the funds listed on the left will transfer to the new funds listed on the right in this chart.

Current Fund	Ticker	Expense Ratio	Asset Class	➔	New Fund	Ticker/CUSIP	Expense Ratio
American Funds American Balanced R4	RLBEX	0.60	Balanced	➔	San Diego County Target Date Suite (Age-Based Mapping)	-	-
Columbia High Yield Bond Adv	CYLRX	0.80	Bonds	➔	Hartford Total Return R6	ITBVX	0.320
Metropolitan West Total Return M	MWTRX	0.67	Bonds	➔	Hartford Total Return R6	ITBVX	0.320
-	-	-	Bonds	➔	Fidelity US Bond Market	FXNAX	0.025
Invesco Developing Markets Y	ODVYX	0.99	International	➔	MFS International Diversification R6	MDIZX	0.730
MFS International Diversification R4	MDITX	0.84	International	➔	MFS International Diversification R6	MDIZX	0.730
-	-	-	International	➔	Fidelity Total International Index	FTIHX	0.060
Columbia Contrarian Core Inst2	COFRX	0.68	Large Cap	➔	T. Rowe Price Structured Research E	87280E503	0.26
Hartford Dividend & Growth HLS IA	HIADX	0.65	Large Cap	➔	T. Rowe Price Structured Research E	87280E503	0.26
MFS Growth R4	MFEJX	0.60	Large Cap	➔	T. Rowe Price Structured Research E	87280E503	0.26
Vanguard Institutional Index Instl Plus	VIIIX	0.02	Large Cap	➔	Fidelity 500 Index	FXAIX	0.015
BlackRock Mid-Cap Growth Equity Instl	CMGIX	0.84	Mid Cap	➔	Vanguard Strategic Equity	VSEQX	0.170
BNY Mellon MidCap Index Inv	PESPX	0.52	Mid Cap	➔	Fidelity Extended Market Index	FSMAX	0.035
MFS Mid Cap Value R6	MVCKX	0.63	Mid Cap	➔	Vanguard Strategic Equity	VSEQX	0.170
Allspring Special Small Cap Value Inst	ESPNX	0.93	Small Cap	➔	Vanguard Strategic Equity	VSEQX	0.170
T. Rowe Price New Horizons	PRNHX	0.79	Small Cap	➔	Vanguard Strategic Equity	VSEQX	0.170
Vanguard Small Cap Index Instl	VSCIX	0.04	Small Cap	➔	Fidelity Extended Market Index	FSMAX	0.035

# About the investment options

## Small-Mid Capitalization Fund (SMID)

The new investment menu will utilize the SMID-cap funds in place of the small-cap and mid-cap asset categories found in the current fund line-up.

The SMID-cap fund features the benefits of both the small- and mid-cap asset categories. SMID-cap options improve diversification by eliminating overlap that may occur when investing in the small-cap and mid-cap categories individually. Furthermore, by allowing SMID-cap managers to invest in both small- and mid-cap stocks, managers can potentially hold companies through a longer growth cycle, allowing the company to mature and the investor to potentially benefit. SMID-cap funds have historically had superior risk/return profile than small- or mid-cap funds individually.

A SMID fund is a type of investment vehicle that focuses on companies within the small- and mid-cap range.

- 1. Small-cap companies:** These are relatively smaller companies with market capitalizations typically ranging from \$300 million to \$2 billion. They often have significant growth potential but can be more volatile.
- 2. Mid-cap companies:** These fall in the middle ground, with market capitalizations between approximately \$2 billion and \$10 billion. Mid-cap stocks offer a balance of growth potential and stability compared to small-cap and large-cap stocks.
  - Growth potential: Mid-cap companies tend to offer more growth potential than large-cap stocks.
  - Stability: They exhibit less volatility and risk than small-cap stocks.
- 3. SMID funds:** These funds pool investors' money to invest specifically in the stocks of small- and mid-cap companies. By doing so, they reduce stock duplication and investors generally hold a more diversified portfolio, which improves opportunity for greater return over time. In summary, SMID-cap funds provide exposure to a diversified range of small- and mid-cap companies, aiming to capitalize on their growth potential while managing risk.

## Self-directed brokerage account

The Program offers a self-directed brokerage account (SDBA) called the Schwab Personal Choice Retirement Account (PCRA) through Charles Schwab. This option allows participants additional investment choices for their supplemental retirement savings. The Schwab PCRA is typically for knowledgeable investors who understand the risks associated with many of the investment choices available and who are committed to staying invested for the long term. Log in to your account to review the Schwab PCRA Handbook and Memorandum of Understanding before investing in this option. Contact your Retirement Specialist for more information.

# About the fees

## Investment and administrative fees

- There are two primary types of retirement plan fees — investment and administrative. Investment fees pay the investment companies to manage your money. Administrative fees primarily pay for the Program's recordkeeper (currently Nationwide) and may also include plan-related expenses such as independent consulting services, fiduciary liability insurance and others.
- Effective June 14, 2024, the Deferred Compensation Program is reducing plan fees and changing the way fees appear in your accounts.
- The Program's investment fees will be reduced by approximately 40%. Updated investment fees are outlined in this document.
- The administrative fees will be moving from an implicit fee that is incorporated into the fund's expense ratio to an explicit flat-dollar fee. This will provide the Program with a more competitive fee structure. Effective July 2024, \$5 will be deducted from your accounts on a monthly basis resulting in a \$60 annual administrative fee. Administrative fees will be assessed only once an account balance reaches \$1,000.



TBD

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## Have questions? We're here to help.

If you have any questions or need additional information, contact our Solutions Center at 1-888-324-5433. Our specialists are available 5 a.m. to 8 p.m. PT Monday through Friday and 6 a.m. to 3 p.m. PT Saturday.

### Important information to consider:

Investing involves market risk, including possible loss of principal. Actual results will vary depending on your investment and market experience, and there is no guarantee that the fund objectives will be met.

**Before investing, consider the fund's investment objectives, risks, charges and expenses carefully. Each fund's prospectus contains this and other important information and is available by calling 1-888-324-5433 or by download at [MyDCPlan.com](https://www.MyDCPlan.com).**

Before the transition, you can find fund fact sheets by entering the ticker symbol into any web browser or visiting the fund house's website (e.g., Vanguard). Read carefully before investing.

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