

Reform Pension Board Automatic Rebalancing Policy

The RPB is committed to maintaining your desired asset allocation. That is why the RPB reviews participant accounts each January 1, April 1, July 1, and October 1, the “asset allocation effective dates.” On these dates, accounts that are five percentage points or more above or below your elected asset allocation will be rebalanced back to your last recorded asset allocation election. Rebalancing of pension accounts is an important investment practice, and the RPB automatic rebalancing program has served our participants effectively over the years.

For example, if your current asset allocation election is 60% equities and your actual allocation is at 50% equities due to market fluctuations as of an asset allocation effective date, the RPB will purchase equities for your account to bring your total equity portion back up to 60%. This will mean selling a portion of your bond and/or stable value account, as applicable. The RPB rebalancing policy works in a similar manner if your equity portion were to be five percentage points or more above your current allocation. In this case, the RPB would purchase bonds and/or stable value and sell a portion of your equities to bring your equity portion back down to the elected allocation of 60%.

You can view your current asset allocation information on the RPB website, www.rpb.org, using RPB InfoExpress. After you log in, the information may be found on the opening summary screen. Your current allocation election is located in the section entitled “Balance by Investment.” Your actual allocation based on market fluctuations is located in the pie chart entitled “Account Balances” in the “Charted Balances” section. Place your cursor over the pie chart to view the actual allocation.

While the historical value of rebalancing is well documented, it is important for you to understand how it will affect your portfolio. We strongly recommend that you take the RPB automatic rebalancing program into account as you review your asset allocation information during each election period. If you do not want your account to be automatically rebalanced, you must make an active election. If you have any questions concerning rebalancing, please contact the RPB office.