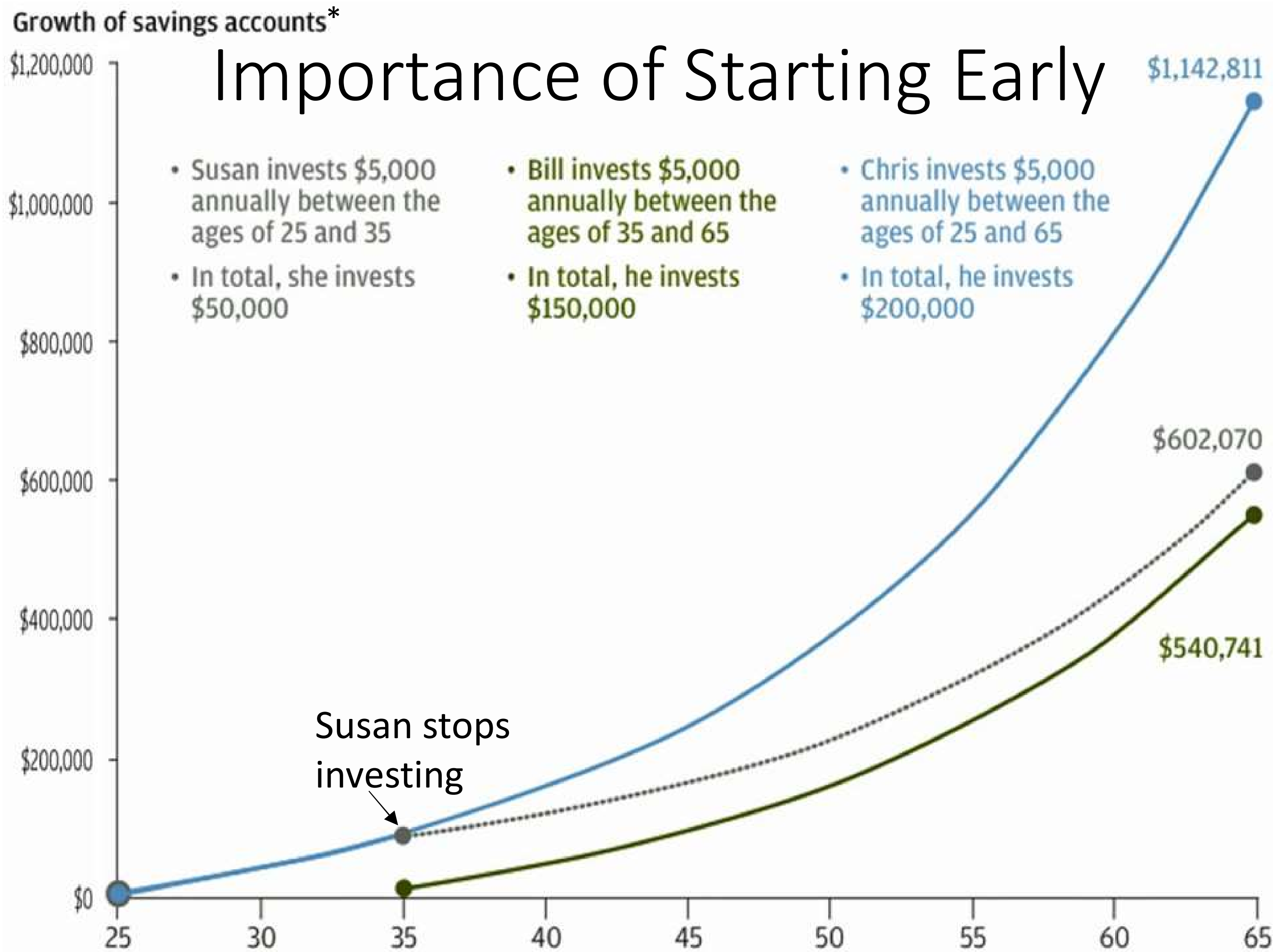
St. Paul Electrical Construction Workers' 401(k) Plan

The Importance of Investing in Your 401(k)

September 2017

Importance of Starting Early



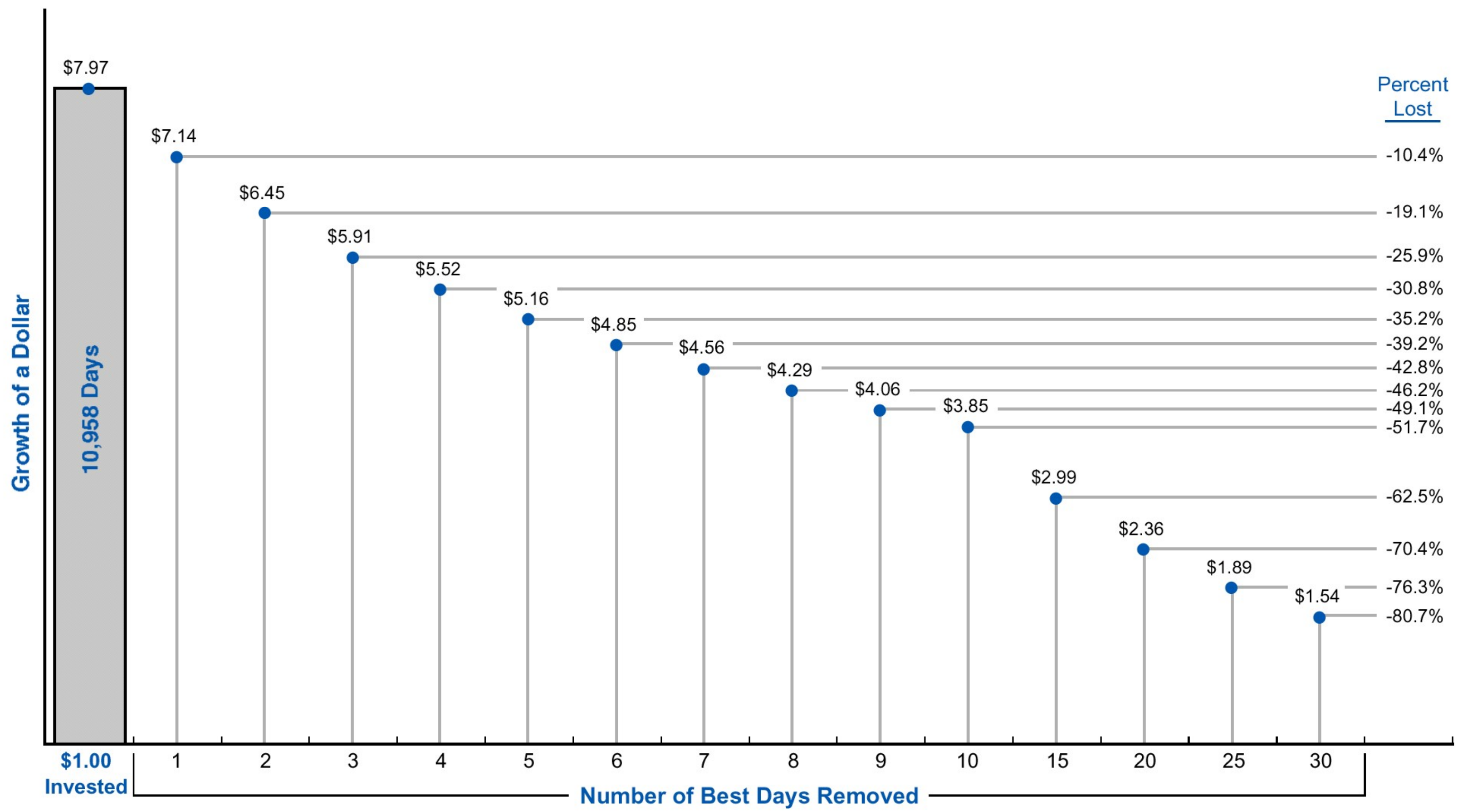
*Assumes 7% annual return

Due to compound interest, early and consistent contributions to your retirement fund are key to reaching your retirement goals.

Data has been obtained from sources considered to be reliable, but its accuracy and completeness cannot be assured and is subject to change without notice. Past performance is no guarantee of future results.

Standard & Poor's 500 Stock Index

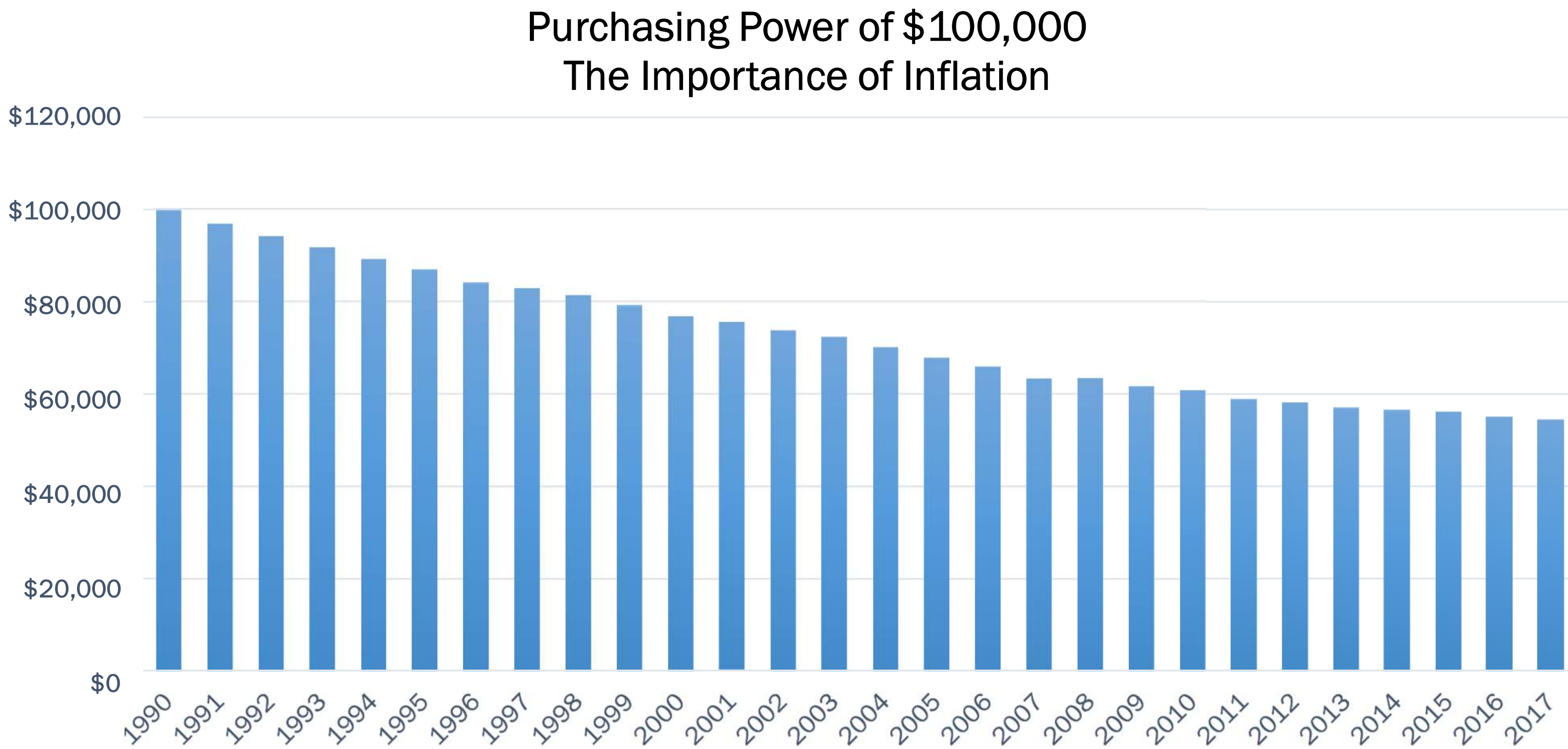
30 Years Ending 6/30/17



Data: Capital Appreciation

Sources: Standard & Poor's Corporation;

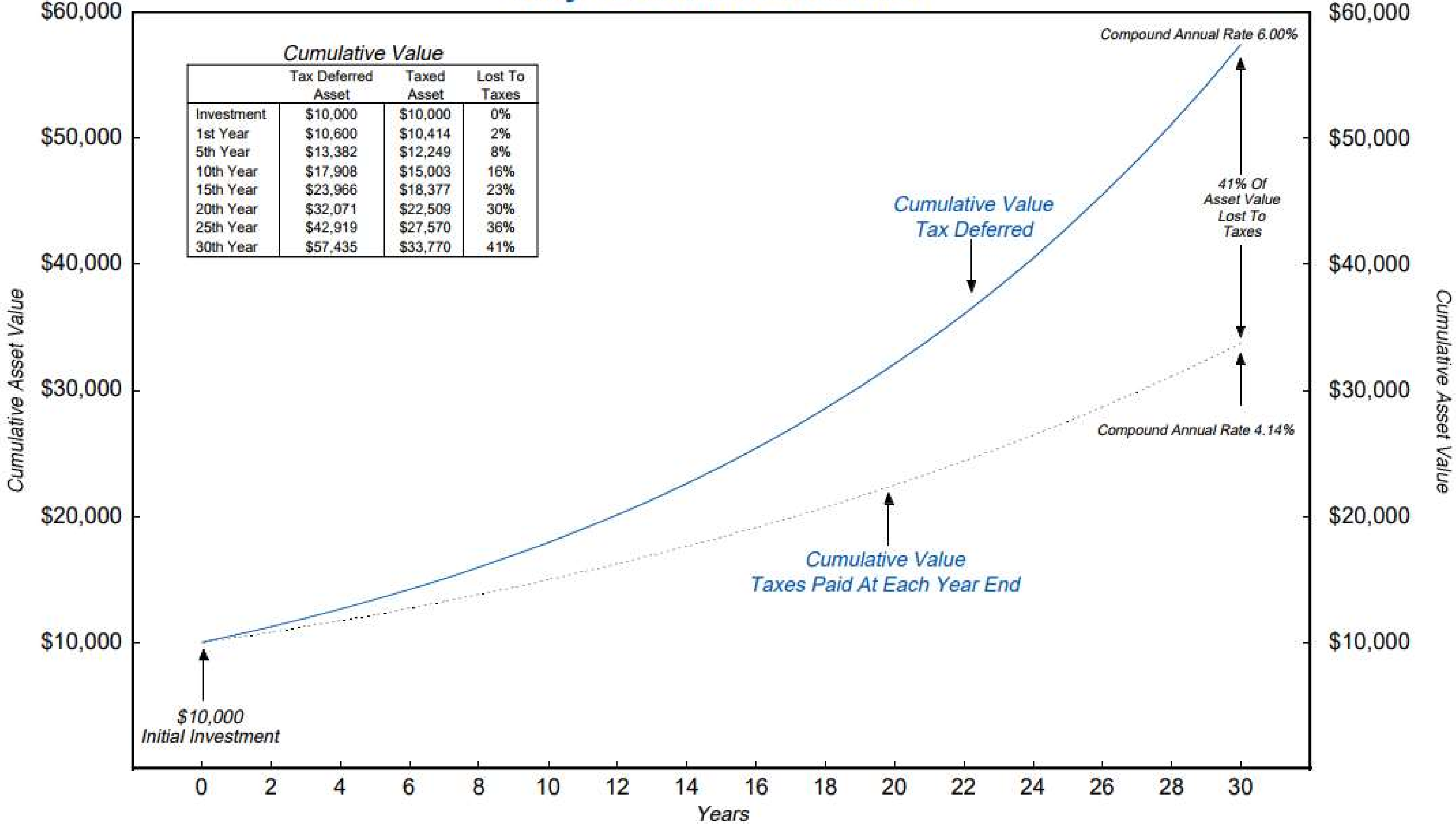
Ending June 30, 2017, if $1 were invested 30 years ago, and no days were missed, it would be worth $7.97. However, if the best day in the market was missed, due to being in cash, it would only be worth $7.14. If the 30 best days were missed, your $1 would only be worth $1.54. Time in the market, not timing the market, is key.



* Source: Crandall, Pierce & Company

- Inflation has eroded the purchasing power of $100,000 in 1990 to $54,504 in March of 2017.
- What this means is that your dollar is worth 46% less today than it was in 1990. For example a meal costing $10 in 1990 would cost you about $14.60 today.
- This is why it is important to invest your retirement savings into investments that will, at the very least, keep up with the eroding effects of inflation over the long-term.
- Over the 20 year time horizon ending March 2017, core inflation annualized 2.13%, the S&P 500 stock index annualized 7.86%, and the Bloomberg Barclays Aggregate bond index annualized 5.36%.

Why Tax Deferred Assets?



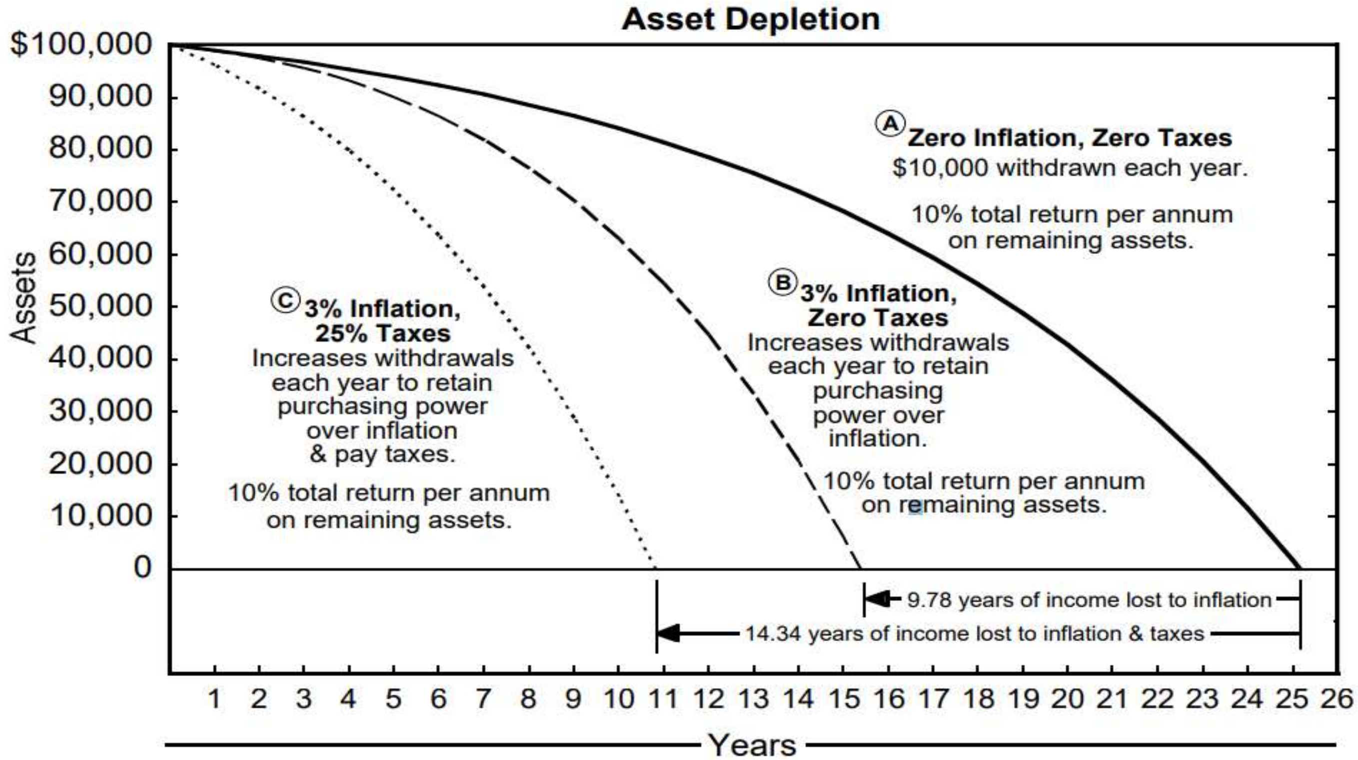
Cumulative Value

	Tax Deferred Asset	Taxed Asset	Lost To Taxes
Investment	$10,000	$10,000	0%
1st Year	$10,600	$10,414	2%
5th Year	$13,382	$12,249	8%
10th Year	$17,908	$15,003	16%
15th Year	$23,966	$18,377	23%
20th Year	$32,071	$22,509	30%
25th Year	$42,919	$27,570	36%
30th Year	$57,435	$33,770	41%

Assumed 6% yield and a 31% tax bracket.

Delaying taxes helps to grow your account's total value more than if you pay taxes now. For instance, if you started with $10,000 in a tax-deferred 401(k)account, earned 6% a year, and didn't add any more money, after 30 years your account would be worth $57,435. However, starting with the same amount, earning the same return, with no additional contributions, but you were not in a tax-deferred account paying 31% in taxes, your ending value after 30 years would be $33,770. Losing 41% to taxes! This is why it is crucial to invest in a tax-deferred account.

How Long Will My Assets Last?



Depending on your rate of withdrawal, the inflation rate, and your tax rate, your assets may not last as long as you need them. For instance, at retirement, if you have $100,000 in your account and withdraw $10,000 per year, with 3% inflation and 25% tax rate, your $100,000 will only last about 11 years.

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How to Achieve Your Goals - Active vs. Passive

- Active management – investment managers try to outperform their index.

- Passive management – investment managers try to replicate the return of the index they are benchmarked against, not to outperform the index. However, fees are lower than active management.

How to Achieve Your Goals - Active Managers on Your Platform

Active Managers on Your Platform	
IBEW NECA Stable Value	Principal REIT – Real Estate Investment Trust Fund
Goldman Government Income Fund	American Funds Target Cons. Income Fund – Income Fund
TCW Core Bond Fund	American Funds Target Date 2015 – 2015 Target Retirement Fund
Blackrock High Yield Bond Fund	American Funds Target Date 2020 – 2020 Target Retirement Fund
Prudential Global Total Return Bond Fund	American Funds Target Date 2025 – 2025 Target Retirement Fund
Mairs & Power Balanced Fund	American Funds Target Date 2030 – 2030 Target Retirement Fund
Delaware – Large Cap Value Fund	American Funds Target Date 2035 – 2035 Target Retirement Fund
ClearBridge – Lareg Cap Growth Fund	American Funds Target Date 2040 – 2040 Target Retirement Fund
Victory Esablished Value – MidCap Value Fund	American Funds Target Date 2045 – 2045 Target Retirement Fund
Adirondack – Small Cap Value Fund	American Funds Target Date 2050 – 2050 Target Retirement Fund
Browtn Capital Small Company – Small Cap Growth Fund	American Funds Target Date 2055 – 2055 Target Retirement Fund
Causeway International Value – International Stock Fund	American Funds Target Date 2060 – 2060 Target Retirement Fund
Virtus Emerging Market Opportunity – Emerging Market Equity Fund	N/A

How to Achieve Your Goals - Passive Managers on Your Platform

Passive Managers on Your Platform	
Vanguard Total Bond Index Fund	Vanguard 2015 Target Retirement Date Fund
Vanguard Balanced Index Fund – 60% Stock/ 40% Bond	Vanguard 2020 Target Retirement Date Fund
Vanguard Large Cap Value Index Fund	Vanguard 2025 Target Retirement Date Fund
Vanguard Large Cap Growth Index Fund	Vanguard 2030 Target Retirement Date Fund
Vanguard MidCap Index Fund	Vanguard 2035 Target Retirement Date Fund
Vanguard Small Cap Index Fund	Vanguard 2040 Target Retirement Date Fund
Vanguard Developed Markets Index Fund – International Stock	Vanguard 2045 Target Retirement Date Fund
Vanguard Emerging Markets Index Fund	Vanguard 2050 Target Retirement Date Fund
Vanguard REIT Index Fund – Real Estate Investment Trust	Vanguard 2055 Target Retirement Date Fund
Vanguard Target Income Fund	Vanguard 2060 Target Retirement Date Fund

In Conclusion

- Early and consistent contribution is the key to meeting your retirement goals.
- Time in the market is more important than timing the market.
- Because of inflation, it is important to invest in funds that are expected to grow more than the rate of inflation.
- For your money to last your full retirement, it is important to take your rate of withdrawal, taxes and inflation into consideration.
- When choosing your investments, you have both active and passive options on your platform.