

RETIREMENT REPORT

Denver Public Schools | 403(b) and 457 Retirement Plans



Fall 2020

Tough Competition

Careful planning can help you manage competing financial priorities

Does this sound familiar? You keep meaning to increase your retirement plan contribution, but there just seem to be too many other financial priorities that get in the way. Fortunately, with a little planning, you can develop a strategy to cover those expenses and help stay on track for retirement. Here are some tips to help balance competing financial priorities.

List all savings goals. Writing a list is an important first step, from both a practical and mental standpoint. It helps focus your thinking and motivation. Don't worry about order or organization yet — just get it all down. The list should include both “nice-to-have” items (such as a vacation home or new car) and “must-haves”, such as children's college costs and retirement. And don't forget about preparing for potential financial surprises, such as caring for an aging parent, replacing your roof, or unexpected medical costs.

Estimate a cost and timeframe to achieve each goal. Some goals may be easier to address than others, but even a ballpark estimate can help. Using your estimates, calculate how much to save each month to achieve the goal within your expected timeframe. A financial professional can help develop cost estimates for each goal — for example, establishing a retirement savings target based on projected future expenses and potential investment growth.

Calculate how much you have available to save. Compare current monthly income with all household expenses, such as utility payments, food expenses, and so on. The difference between current income and current expenses is the potential cash flow available to put toward financial goals. If there is little cash available to put aside, consider working with a financial professional on ways to help cut the household budget to free up additional money for savings.

Prioritize your financial goals. Even after reducing expenses, there may not be enough to save the desired amount for



every goal. In that case, you'll need to prioritize which goals should receive full attention, and which can wait. You may need to consider eliminating or pushing out the dates for your “nice-to-have” items to ensure you can cover your “must-haves.” It's very important to remember that retirement should always remain a top priority, even if a nearer-term expense like a child's tuition seems more pressing. Think of it like this: you can always borrow money for college, but nobody will loan you the money to finance your retirement.

Make saving automatic. Automated programs allow for regularly scheduled transfers from a bank account into savings vehicles such as an HSA (for medical costs) or a 529 plan (for education costs) — making it easier to stay on track with retirement savings goals. For workplace retirement plan payroll deductions, consider contributing at least as much as your employer will match (if available). Either way, financial professionals suggest saving 10%-15% of your annual salary for retirement.

Increase retirement savings over time. After meeting a financial milestone, such as helping a child make their

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final tuition payment, redirect the money you were saving toward that goal to your retirement plan. Are you age 50 or older? If so, for 2020, you're allowed to make an additional "catch-up" contribution of up to \$6,500 (beyond the \$19,500 maximum) in your workplace retirement plan.

Refine your retirement income plan. The process of reviewing and prioritizing goals provides an opportunity to revisit

future income needs. For example, consider reassessing your investment mix, as people typically want to increase or shift savings into more conservative investments as they approach retirement. Also, review all potential income streams, including withdrawals from retirement savings accounts, any pension benefits, and Social Security. Look for ways to enhance income, such as delaying Social Security payout.

One for the Ages

Consider the trade-offs before deciding what age to begin taking Social Security benefits

As you get close to retirement, one of your biggest questions will likely be when to begin taking Social Security benefits. If you file at an age other than your full retirement age, your benefit amount will be reduced or increased. Filing earlier gives you a reduced benefit; filing later gives you an increased benefit. For someone with a full retirement age of 67, here is what you can expect, based on the age you actually file for benefits:

Social Security Benefit by Filing Age

62.....	70.0%
63.....	75.0%
64.....	80.0%
65.....	86.7%
66.....	93.3%
67.....	100.0%
68.....	108.0%
69.....	116.0%
70.....	124.0%

Source: Social Security Administration of the U.S. government.

Everyone's situation is unique, so it's important to look closely at the trade-offs before making your decision. Here are some reasons you might want to claim benefits earlier:

- You simply need the money to help pay living expenses
- You cannot work longer due to health reasons
- You have caregiving responsibilities for a family member
- You have been laid off or lost your job

Here are some reasons you might want to claim benefits later:

- You don't need the money right now, or have income from other sources to tide you over (such as a pension or workplace plan)
- You believe you have a longer life expectancy, during which higher payments would be helpful
- You plan to work at some level during retirement
- You simply like the idea of getting higher benefits over the long term

To increase your knowledge, check out AARP's Social Security Resource Center (www.aarp.org/retirement/social-security) as well as the Social Security Planner (www.ssa.gov/planners)

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Past performance is no guarantee of future results. Investing involves the risk of loss.

This document may contain returns and valuations from outside sources. While the information contained herein is believed to be true and accurate, Innovest assumes no responsibility for the accuracy of these valuations or return methodologies.



Whom do I call for help?

Account Information

Balances • Investment changes • Personal info

Contact: **AIG/VALIC**

800.448.2542

www.valic.com

Plan's Investment Consultant

Innovest Portfolio Solutions

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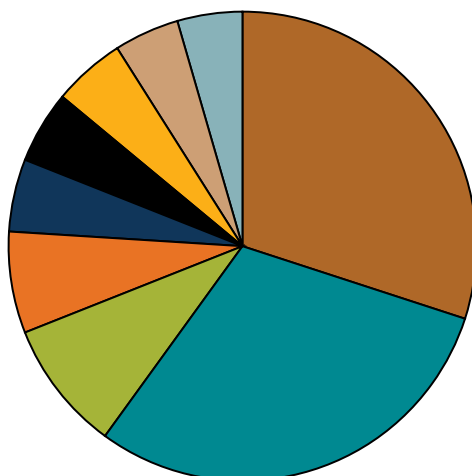
303.694.1900 | www.innovestinc.com

Who typically uses this portfolio?

Current Age: Over 60
Risk Level: Low
Expected Return: Low
Time Horizon:
Years to Age 65: Under 5
Years to Age 85: Under 25

Portfolio Allocation (%)

Dodge & Cox Stock (DODGX)	4.5
Vanguard 500 Idx;Adm (VFIAX)	9.0
T Rowe Price BC Gro;l (TBCIX)	4.5
Vanguard Md-Cp I;Adm (VIMAX)	0.0
Vanguard S-C Id;Adm (VSMAX)	7.0
Oakmark Internat;l;Inst (OANIX)	5.0
Vanguard Tot I S;Adm (VTIAX)	5.0
Vanguard Intl Gro;Adm (VWILX)	5.0
MetWest:Total Rtn;Plan (MWT SX)	30.0
Vanguard Tot Bd;Adm (VBT LX)	30.0



Expense Ratio (%) 0.25

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Denver Public Schools Conservative Portfolio	3.83	5.62	10.18	6.24	7.34	N/A

Understanding The Conservative Portfolio

Who typically uses this portfolio?

Current Age: The age (today) of an average investor with time horizon, risk level, and return expectations of the Conservative Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Conservative Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Conservative Portfolio, and is calculated via a statistical process consistent with 95% probability.

Low: -8% to -14%

Expected Return: The level of expected investment return from the Conservative Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

Low: 3% to 5%

Past Performance

Investment performance results shown above represent past performance and are not indicative of future results. Please read the information contained in the applicable fund prospectuses carefully before investing money.

How is the portfolio diversified?

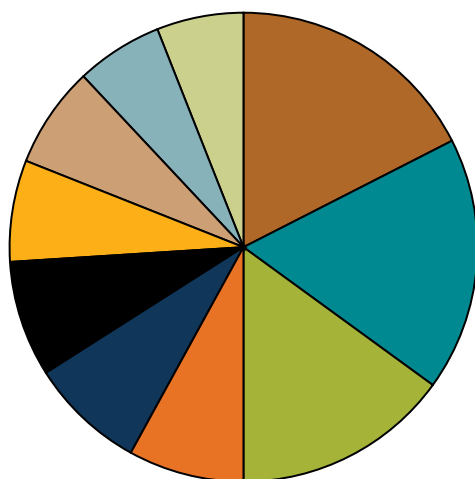
The pie chart and accompanying data shown for each portfolio illustrates the percentage allocated to each fund.

*Innovest relies on 3rd party data for these returns. Periods greater than one year are annualized. Different share classes are used for the T. Rowe Price Blue Chip Growth and Oakmark International funds in order to show longer performance history for the total portfolio allocation.

Who typically uses this portfolio?

Current Age: 40 - 60
Risk Level: Moderate
Expected Return: Moderate
Time Horizon:
Years to Age 65: 5 - 25
Years to Age 85: 25 - 45
Expense Ratio (%): 0.26

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	7.0
Vanguard 500 Idx;Adm (VFIAX)	15.0
T Rowe Price BC Gro;l (TBCIX)	7.0
Vanguard Md-Cp I;Adm (VIMAX)	6.0
Vanguard S-C Id;Adm (VSMAX)	6.0
Oakmark Internat;l;Inst (OANIX)	8.0
Vanguard Tot I S;Adm (VTIAX)	8.0
Vanguard Intl Gro;Adm (VWILX)	8.0
MetWest:Total Rtn;Plan (MWT SX)	17.5
Vanguard Tot Bd;Adm (VBTLX)	17.5

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Denver Public Schools Moderate Portfolio	5.76	5.68	12.34	7.13	9.22	N/A

Understanding The Moderate Portfolio

Who typically uses this portfolio?

Current Age : The age (today) of an average investor with time horizon, risk level, and return expectation of the Moderate Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Moderate Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Moderate Portfolio, and is calculated via a statistical process consistent with 95% probability.

Moderate: -13% to -19%

Expected Return: The level of expected investment return from the Moderate Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

Moderate: 4% to 6%

Past Performance

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How is the portfolio diversified?

The pie chart and accompanying data shown for each portfolio illustrates the percentage allocated to each fund.

*Innovest relies on 3rd party data for these returns. Periods greater than one year are annualized. Different share classes are used for the T. Rowe Price Blue Chip Growth and Oakmark International funds in order to show longer performance history for the total portfolio allocation.

Who typically uses this portfolio?

Current Age: 30 - 50

Risk Level: High

Expected Return: High

Time Horizon:

Years to Age 65: 15 - 35

Years to Age 85: 35 - 55

Expense Ratio (%): 0.28

Portfolio Allocation (%)



Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Denver Public Schools Aggressive Portfolio	7.61	3.05	12.61	7.31	11.33	N/A

Understanding The Aggressive Portfolio

Who typically uses this portfolio?

Current Age: : The age (today) of an average investor with time horizon, risk level, and return expectation of the Aggressive Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Aggressive Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Aggressive Portfolio, and is calculated via a statistical process consistent with 95% probability.

High: -17% to -23%

Expected Return: The level of expected investment return from the Aggressive Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

High: 5% to 7%

Past Performance

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How is the portfolio diversified?

The pie chart and accompanying data shown for each portfolio illustrates the percentage allocated to each fund.

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Comparison of Plan Expenses for the Denver Public Schools Retirement Plans

Plan Expenses - Expenses for your retirement plan include investment record-keeping (accounting and reporting), customer service, participant education, trust and custody. The table below provides a comparison between annual plan expenses for the average 401(k) retirement plan (as a percentage of assets) and the actual expenses for the DPS Retirement Plan.

Source: 401(k) Source Data.

Average 401(k) Plan Expenses

1.06%

Denver Public Schools Plan Expense Estimate

0.59%

Your retirement plan offers many different mutual fund investment options that cover a broad range of risk and investment opportunities. Each fund charges fees for management and operating expenses. These fees are referred to as the expense ratio. This is the percentage of fund assets paid for operating expenses and management fees. The expense ratio typically includes the following types of fees: accounting, administrator, advisor, auditor, board of directors, custodial, distribution (12b-1), legal, organizational, professional, registration, shareholder reporting, sub-advisor, and transfer agency. The table below provides a comparison between the median category expense ratio and the actual expense ratio of funds

DPS 403b and 457 Plans Fund Name	Fund Objective/Category	Ticker	Category Median Expense Ratio	Category Annual Expense For Each \$1,000	Mutual Fund Expense Ratio	Mutual Fund Annual Expense For Each \$1,000
Dodge & Cox Stock	Lg Cap Value	DODGX	0.88%	\$ 8.80	0.52%	\$ 5.20
Vanguard 500 Index Admiral	Lg Cap Core	VFIAX	0.32%	\$ 3.20	0.04%	\$ 0.40
T. Rowe Price Blue Chip Growth I	Lg Cap Growth	TBCIX	0.92%	\$ 9.20	0.56%	\$ 5.60
Vanguard Selected Value Inv	Mid Cap Value	VASVX	0.96%	\$ 9.60	0.33%	\$ 3.30
Vanguard Mid Cap Index Admiral	Mid Cap Broad	VIMAX	1.04%	\$ 10.40	0.05%	\$ 0.50
Hartford MidCap Y	Mid Cap Growth	HMDYX	1.08%	\$ 10.80	0.79%	\$ 7.90
Boston Partners Small Cap Value II I	Sm Cap Value	BPSIX	1.14%	\$ 11.40	0.99%	\$ 9.90
Vanguard Small Cap Index Adm	Sm Cap Core	VSMAX	1.08%	\$ 10.80	0.05%	\$ 0.50
Brown Advisory Small-Cap Growth Inst	Sm Cap Growth	BAFSX	1.15%	\$ 11.50	1.00%	\$ 10.00
Oakmark International Institutional	International Lg Cap Value	OANIX	0.95%	\$ 9.50	0.81%	\$ 8.10
Vanguard Total Intl Stock Index Admiral	International Lg Cap Core	VTIAX	1.02%	\$ 10.20	0.11%	\$ 1.10
Vanguard International Growth Adm	International Lg Cap Growth	VWILX	1.04%	\$ 10.40	0.32%	\$ 3.20
Metropolitan West Total Return Bd Plan	General Fixed Income	MWTSX	0.60%	\$ 6.00	0.38%	\$ 3.80
Vanguard Total Bond Market Index Adm	General Fixed Income	VBTLX	0.60%	\$ 6.00	0.05%	\$ 0.50
VALIC Fixed Interest	Fixed Interest	N/A	0.73%	\$ 7.30	0.00%	\$ -
Vanguard Target Retirement Income Inv	Target Date	VTINX	0.66%	\$ 6.60	0.12%	\$ 1.20
Vanguard Target Retirement 2015 Inv	Target Date 2015	VTXVX	0.63%	\$ 6.30	0.13%	\$ 1.30
Vanguard Target Retirement 2020 Inv	Target Date 2020	VTWNX	0.68%	\$ 6.80	0.13%	\$ 1.30
Vanguard Target Retirement 2025 Inv	Target Date 2025	VTTVX	0.67%	\$ 6.70	0.13%	\$ 1.30
Vanguard Target Retirement 2030 Inv	Target Date 2030	VTHRX	0.70%	\$ 7.00	0.14%	\$ 1.40
Vanguard Target Retirement 2035 Inv	Target Date 2035	VTTHX	0.68%	\$ 6.80	0.14%	\$ 1.40
Vanguard Target Retirement 2040 Inv	Target Date 2040	VFORX	0.72%	\$ 7.20	0.14%	\$ 1.40
Vanguard Target Retirement 2045 Inv	Target Date 2045	VTIVX	0.70%	\$ 7.00	0.15%	\$ 1.50
Vanguard Target Retirement 2050 Inv	Target Date 2050	VFIFX	0.72%	\$ 7.20	0.15%	\$ 1.50
Vanguard Target Retirement 2055 Inv	Target Date 2055	VFFVX	0.71%	\$ 7.10	0.15%	\$ 1.50
Vanguard Target Retirement 2060 Inv	Target Date 2060	VTTSX	0.70%	\$ 7.00	0.15%	\$ 1.50
Vanguard Target Retirement 2065 Inv	Target Date 2060	VLXVX	0.70%	\$ 7.00	0.15%	\$ 1.50

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