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# 2015

## 2<sup>nd</sup> Quarter Vista 401(k) Funds' Performance Review

By Michael Sheridan, Senior Consultant

The predicted, daily volatility has taken a toll on the confidence of investors, who are often whip-sawed by the wide swings in both the stock and bond markets. Although the many funds in your plan did overall well as compared to their benchmarks, their total performance for the first six months of 2015 was certainly not much to brag about.

The primary benchmark that we use is the S&P 500 Index and it ended up +1.2% for the first half of the year. As I write this review on July 7, 2015, that small margin has been erased because of the turmoil in Europe, based on Greece refusing to repay the money they borrowed.

Some of the funds, particularly the small and mid-cap funds, did very well. This seems to be an investor reaction to their underperformance in 2014, relative to large cap investments and the underlying soundness of the US economy.

If you have not already rebalanced into some of these funds, I do not recommend that you do it either very much or at all at this date, because much of the gain relative to value has already been realized at this time.

The large cap value and the equity income fund are showing small losses for the year. Generally, these funds invest in companies that the asset managers believe are sound, but undervalued. Unfortunately for their investors, at least this year and late last year, this includes energy, particularly oil-producing companies, who are being hit hard from the precipitous drop in gas prices over the past twelve months. Even the small and mid-cap value funds are affected. Many of the companies in these categories are involved in energy production and are suffering from the drop in oil prices and cash flow reductions. I wish that these funds had backed

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away from their core investment principles, relative to determining what is “undervalued,” and diversified more from oil stocks, as well as bank stocks, but they have not done so.

All of the Fidelity Target funds are doing well, as these mixtures of stocks and bonds have taken advantage of an underperforming market by significant diversification over many asset classes. The Fidelity; Income fund is classified as a mixed asset target fund, but it really is a diversified bond fund. Most of this fund’s assets are transitioned by Fidelity into bonds at or near the participant’s retirement date, in order to insure stability in payment commencement.

This fund’s negative performance for this period reflects what almost every long-term bond fund is experiencing as investors are running away from anything that would lock in the current lower interest rates. Those rates will begin to increase, for new bonds, when the Federal Reserve starts to increase interest rates, probably this fall. Existing shorter duration bonds will also react to these increases but not to the degree that longer duration bonds will experience. Right now, bond investors are rightfully anticipating interest rates going higher and they do not wish to be locked into old bonds, which have been issued over the last several years at low rates.

These uncertainties lead to volatility and are reflected in the low, almost nonexistent, returns on all of the bond funds in your plan. You can also see the nonperformance returns of the Balanced funds, because they contain significant bond positions and the Vanguard; Wellesley fund contains approxi-

mately 60% of its assets in bonds. These three balanced funds have performed very well over the past 3 and 5 year periods and, I believe, will perform very well in the next few years as interest rates stabilize. They are also lower risk options than most all stock funds.

I do not have many recommendations as to how to avoid volatility other than to be in cash/money market funds. However, these funds are not generating any return at all for the past few years and people who view them as investments, which they are not, lose out because of the positive returns on their alternatives. Also, although inflation is very low, it still is at a higher amount than the almost zero returns of money market funds which are eroded in purchase power with any amount of inflation, however small.

I still stick with my prediction that we will end 2015 with a single digit gain in the stock market and short term bond funds will have a positive yield. Unfortunately, my crystal ball does not tell me which category of funds and assets will be the best place to achieve the best return so, spread your money around in the many different funds in your plan. Diversify, Diversify, Diversify!

Carefully consider the investment objectives, risks, charges and expenses of the underlying fund before you invest. This and other important information is contained in the prospectus, which should be read carefully before investing. You can request underlying fund prospectuses from the Vista 401(k) website at [www.vista401k.com](http://www.vista401k.com) or call us at 866-325-1278. Please note that investing generally involves various kinds of risk – market, inflation, interest rate, volatility etc.. Your principal is not guaranteed, and there is no guarantee that investment objectives will be achieved.

Fund Performance Chart			Current Fund Operating Expense	June 2015 YTD	Average Annual Performance				Inception Date
Fund Company	Fund	Lipper Category			1 Year	3 Years	5 Years	10 Years or since Inception	
<b>TOTAL RETURNS (%) as of 6/30/15; 1, 3, 5, and 10 year returns are annualized. <i>Italics indicate performance is since inception.</i></b>									
<b>International</b>									
American Funds	Capital World	Global	0.77%	2.9%	0.9	14.1	12.6	7.8	03/26/93
American Funds	EuroPacific	Int'l Stocks	0.84%	7.0%	0.6	12.3	9.7	7.4	04/06/84
<b>Small Cap Stock</b>									
Fidelity Advisor	Small Cap Growth	Small Growth	1.22%	12.8%	15.1	20.7	18.8	9.8	11/03/04
Fidelity Advisor	Small Cap Value	Small Cap Value	1.34%	2.1%	4.7	17.8	16.4	10.0	11/03/04
T.Rowe Price	Small-Cap Stock	Small Cap Core	0.91%	3.1%	5.7	17.5	18.8	10.3	12/31/59
<b>Mid Cap Stock</b>									
American Century	Heritage	Mid Cap Growth	1.25%	7.3%	11.0	16.0	17.2	12.0	07/11/97
American Century	Mid Cap Value	Mid Cap Value	1.25%	0.6%	6.1	18.0	16.1	9.7	01/13/05
Vanguard	Mid Cap Index - Admiral	Mid Cap Core	0.09%	3.1%	8.6	19.7	18.2	9.4	11/12/01
<b>Large Cap Stock</b>									
American Funds	Investment Company of America	Large Cap Core	0.59%	0.8%	4.4	16.9	15.6	7.4	01/01/34
American Century	Growth	Large Cap Growth	1.22%	3.3%	8.1	15.1	15.9	8.4	06/04/97
American Century	Income and Growth	Large Cap Value	0.92%	-2.1%	2.6	16.1	16.3	6.3	12/15/97
Vanguard	Institutional Index Fund	S&P 500 Index	0.04%	1.2%	7.4	17.3	17.3	7.9	07/31/90
<b>Balanced</b>									
Vanguard	Balanced Index	Balanced	0.08%	1.1%	5.1	11.2	11.9	7.1	12/01/00
Vanguard	Wellesley Admiral	Mixed-Asset	0.18%	-0.4%	1.7	7.2	9.1	7.0	10/03/89
Vanguard	Wellington Admiral	Mixed-Asset	0.18%	0.4%	3.6	11.8	12.2	8.0	12/31/59
<b>Mixed Asset Target Date</b>									
Fidelity Advisor	Freedom 2005	Mixed Asset Target Alco	0.83%	1.4%	1.5	5.8	6.8	4.5	11/06/03
Fidelity Advisor	Freedom 2010	Mixed Asset Target Aloc	0.87%	1.8%	1.9	7.2	8.1	5.1	07/24/03
Fidelity Advisor	Freedom 2015	Mixed Asset Target Aloc	0.90%	2.1%	2.2	7.7	8.4	5.3	11/06/03
Fidelity Advisor	Freedom 2020	Mixed Asset Target Aloc	0.93%	2.2%	2.3	8.5	9.3	5.3	07/24/03
Fidelity Advisor	Freedom 2025	Mixed Asset Target Aloc	0.97%	2.6%	2.6	10.0	10.4	5.7	11/03/03
Fidelity Advisor	Freedom 2030	Mixed Asset Target Aloc	1.02%	3.1%	3.0	10.7	11.0	5.6	07/24/03
Fidelity Advisor	Freedom 2035	Mixed Asset Target Aloc	1.03%	3.4%	3.3	11.9	11.8	5.8	11/06/03
Fidelity Advisor	Freedom 2040	Mixed Asset Target Aloc	1.03%	3.4%	3.2	12.0	11.9	5.8	07/24/03
Fidelity Advisor	Freedom 2045	Mixed Asset Target Aloc	1.03%	3.3%	3.3	12.3	12.1	4.9	06/01/06
Fidelity Advisor	Freedom 2050	Mixed Asset Target Aloc	1.03%	3.4%	3.2	12.4	12.3	4.8	06/01/06
Fidelity Advisor	Freedom Income	Mixed Asset Target Aloc	0.76%	0.9%	1.1	3.8	4.6	3.9	07/24/03
<b>Equity Income</b>									
T.Rowe Price	Equity Income	Equity Income	0.66%	-1.6%	-0.3	14.1	14.3	6.7	10/31/85
<b>Bond</b>									
American Century	Government Bond	Government	0.47%	-0.2%	1.6	0.6	2.2	4.0	05/16/80
American Century	Inflation-Adjusted Bond	Intermediate Gov't	0.47%	-0.3%	-2.9	-1.5	2.6	3.7	02/10/97
PIMCO	Total Return	Intermediate Bond	0.71%	0.2%	1.0	2.2	3.8	5.5	09/08/84
Vanguard	Short-Term Treasury-Admiral	Short Term Treasury	0.10%	0.6%	0.9	0.7	1.0	2.8	02/13/01
Vanguard	Interm.Term Treasury-Admiral	Interm. Term Treasury	0.10%	0.8%	2.5	1.0	3.0	4.6	02/12/01
Vanguard	Long-Term Treasury-Admiral	Long Term Treasury	0.10%	-5.0%	6.0	0.9	6.0	6.1	02/12/01
<b>Cash/Money Market</b>									
Vanguard	Institutional Prime Money Market**	Money Market	0.10%	0.0%	0.1	0.1	0.1	1.6	10/3/89
<b>Broad Base Benchmarks</b>									
<b>S &amp; P 500</b>				1.2%	7.4	17.3	17.3	7.9	
<b>Barclays US Aggregate Bond</b>				-0.1%	1.9	1.8	3.4	4.4	

Sources: [www.Morningstar.com](http://www.Morningstar.com) website 07/03/2015 and direct reports from the Fund Companies.

There are no sales (front-end load), transfer or surrender charges for any of the Vista 401(k) funds. If the fund normally charges such a fee to the public, they have been waived to Vista 401(k) participants.

Each mutual fund assesses a fee, which is a percentage of the total assets that they have under management. This report lists the current fund expense as reported on the [www.morningstar.com](http://www.morningstar.com) website. This fee, known as Annual Fund Operating Expense is comprised of Management fees, Distribution and/or Service (12b-1) fees and other expenses. The fees shown in this column are expressed on an annual basis. Please note that these are the current charges.

**Disclosure:**

1. All performance information reflects that the fund's front-end or deferred charges, if any, have been waived.
2. Performance data represents past results and does not guarantee future results.
3. Your investment return and principal value will fluctuate and that these values, when redeemed, may be more or less than your original cost.
4. Current performance may be lower or higher than the past performance data listed herein.

For Further Information: refer to the [www.vista401k.com](http://www.vista401k.com) Web site to direct link to Fund company information . You may call Vista 401(k) toll free at 866-325-1278 to speak to a Retirement Services Team representative and obtain the most recent month end returns.

\* An Investment in the Institutional Prime Money Market Fund is not insured or guaranteed by the FDIC or any other government agency. It is possible to lose money by investing in the Fund.



# A SIMPLE, LOW-COST WAY TO FILL THE GAPS IN YOUR RETIREMENT SAVINGS

By Toni Milton  
Analyst

Saving for retirement as soon as possible is a simple concept, but not always easy – given the job market conditions and personal situations. Many people assume they can hold off on saving for retirement and make up the difference later. This can be a costly mistake, because waiting too long to start saving can make it difficult to catch up later and that missed time makes a big difference in how much you'll accumulate.

Unfortunately, many of today's youngest workers pass on the opportunity to save for retirement early. We can't stress enough how important it is to commit to start saving for retirement as early as possible. Don't invent reasons you can't contribute because even the smallest amount toward your retirement savings will add up.

Your school board-sponsored Vista 401(k) Plan offers you the opportunity to start at just \$25.00 per pay period. Now, is the time to take the needed steps to secure your financial future. Taking the first steps toward contributing to a 401(k) account is easier than you think. Evaluate how much you will need in order to retire at the age you desire and continue to live the life style you want, then:

- Start with your present budget.
- Consider which of your expenses you expect to eliminate or reduce and which expenses will remain or increase.
- Determine how much money you expect to accumulate by retirement, based on your present saving and other investments.
- If there is a gap between your predicted needs and your predicated savings, now is the time to determine how much you will need to contribute to make up for that short fall.

The Vista 401(k) Plan allows you to contribute a maximum contribution amount of \$18,000.00 for any participants under the age of 50 and \$24,000.00 for participants 50 and older. This is the perfect way to make up for that shortfall. Not only are you saving more for retirement, but you are also saving now because your contributions to the plan are pre-tax. Your pre-tax 401(k) contributions are deducted from your pay before federal income taxes are withheld. You don't pay federal taxes on this money until you withdraw it from your 401(k) account.

Pre-tax investing increases your investing power by enabling you to save more. Since you don't pay taxes on your 401(k) contributions or subsequent earnings until you withdraw money at retirement, your savings accumulate faster. Don't forget about reallocating your assets. Most participants make the mistake of investing too conservatively to achieve their retirement goals. This is not surprising because as you take on more risk, your potential for loss grows. But greater risk

also generally entails greater rewards. That's why if you are facing a shortfall you should consider reallocating your investments. Now may be the time to review and evaluate whether your funds best suit your overall retirement needs. Our Vista 401(k) Representatives cannot give you investment advice, but we can recommend that you use the tools located under the learning center on the website at [www.vista401k.com](http://www.vista401k.com). The website includes a retirement income calculator. Use this retirement planner to help you calculate how much you may be able to spend each month and how long your savings will last.

There is also the 401(k) Investment Analysis on our website. Use this tool to see a hypothetical future value of your investment, while assuming a rate of return. Don't forget to complete the Investment Risk Profile. This profile takes you through five questions to help best describe your investment risk tolerance and match you with funds to serve your current retirement needs.

Fortunately all of this may be easier to do while you are younger and have more time. If you're already close to retirement and projected a short fall, you may have to be more aggressive with your contributions into the account to afford the retirement lifestyle you've dreamed of having.

Retirement savings may seem more challenging today than it's ever been. People are living longer than ever and must support themselves for an increasing number of years. Now is the time to create a plan to save more. By adjusting your present-day budget and eliminating unnecessary expenses, you can contribute more to your 40(k) account.

Creating a timeline to increase your contribution amount will aid in the success of your savings plan to increase your 401(k) amount each time you get a raise. Simply saving for retirement without a plan is not enough. Uncover the gaps in your strategy while you still have time to make corrections.

A photograph of a sandy beach with the ocean on the left. A person's legs are visible in the top right corner, walking away from the viewer. A trail of footprints leads from the person towards the water. The text is overlaid on the lower left portion of the image.

# Time for R & R This Summer!

**By Robert Pumphrey,  
Retirement Services Representative**

Summertime is the perfect time for some **rest** and **review**. With the new school session starting back soon now is a good time to review your employer-sponsored retirement plan – The Vista 401(k) Plan.

**REBALANCE OR REALLOCATE.** When was the last time you took 5 to 10 minutes to complete our online Investment Risk Profile? Most financial advisors recommend that you evaluate how your money is being invested at least once a year. We have a very valuable and simple tool on our website at [www.vista401k.com](http://www.vista401k.com) that will assist you with this important task. This tool is very beneficial to you as your 401(k) account is a self-directed account and each participant makes his or her own investment decisions.

Once you are on our site, you don't even need to be "logged in" to access the questionnaire – just look for the "Learning Center" on the left-hand side of the page and double click it. You will be directed to a new page, then double click on "401(k) Tools." Next, double click "Investment Risk Profile." You will be asked to answer five questions to obtain the category of the investor you are, based on how you answer those questions. The Investment Risk Profile allows for you to obtain a score from 5 to 25 and based on that score, it will categorize your investment profile into one of several types of investors, based on your tolerance for risk. The closer your score is to 5 means that Capital Preservation is important to you. The closer you are to 25, the more Aggressive you like to be. There are three other investor types with Moderate being down the middle. Once you complete the 5-question tool, you can rebalance your portfolio once you log-in to your account. You can also call us at 866-325-1278 to assist you once you have obtained the information.

**NOT CURRENTLY CONTRIBUTING TO YOUR 401(k)?** If you are not contributing to your 401(k) account, what better time then now to start contributing? With the start of the new school year, why not implement today? There is no waiting period and you can start contributing as little as \$25.00 per pay period. Anyone who is full time and an active employee is eligible to contribute. When you make pre-tax, 401(k) contributions, you don't pay any federal taxes on the money invested. This means more take home money per paycheck, compared to an after-tax contribution. We have more than 30 mutual funds to invest in and whether you are a "Conservative" investor or an "Aggressive" investor or anywhere in between, we have a variety of choices for you.

**BENEFICIARY DATA.** When was the last time you checked your beneficiary information on your account? It's very important to provide us updated beneficiary information on file in the event of your demise. Life is ever changing and people get married and divorced and having accurate beneficiary information is the best protection for you and your loved ones.

Take a few minutes and either go online at [www.vista401k.com](http://www.vista401k.com) to update your beneficiary information or call us and we can make a Designation of Beneficiary form available for you to complete. This could be one of the most worthwhile things you can do this summer.

**ADDRESS UPDATE.** When was the last time you moved or changed mailing address? It is very important that you inform us of any address changes. However, if you are still an active employee, it is not enough to contact us. It is even more critical for you to contact your employer as well. This reason is that when you contact us with the address update, the address with your employer is NOT updated at the same time and the address on file with your employer is the address used for mailing your statements and all other communications.

**ROLLING OVER ANY MONEY FROM OLD ACCOUNTS.** Give your retirement saving a fresh start by rolling over your old accounts into your Vista 401(k) Plan. Rolling over your retirement account from a previous employer keeps you in control of your retirement plan and may give you more flexibility in how you invest.

We all hope that you are enjoying your summer. It is our desire for you to take just a few minutes this summer and review the above areas.

# The DROPBX



**Are you enrolled in DROP? Do you have specific questions about your distribution or would you prefer to receive information specific to your needs?**

Call us at 866-325-1278 or e-mail us at [401k@vista401k.com](mailto:401k@vista401k.com) for one-on-one service from our experienced Retirement Services Team.

Upon termination of DROP, you must select a payout method. You have three DROP payout choices for the distribution of your DROP benefits:

- Lump Sum – less 20 percent tax withholding (under age 55, an additional 10 percent tax penalty withheld)
- Direct Rollover – no tax withholding
- Partial Lump Sum and direct rollover – some tax withholding

Here are some good reasons to rollover the DROP payout into a Vista 401(k) account:

- If you take the DROP funds as a payment directly to yourself, these funds will be taxable income for the current tax year. For example, if your DROP payout is \$120,000 and you asked for these funds to be paid directly to you, your taxable income for 2015 will be \$120,000, plus any taxable amount you earned up until your retirement. You will receive only \$96,000 (less the 20 percent tax withheld).

**Smart Alternative:** *Rollover your DROP accumulation to your Vista 401(k) account. The \$120,000 rolled into the plan is NOT taxable until you withdraw it.*

- If you qualify for normal retirement from the School Board and reach the age of 55, you qualify to withdraw your funds without incurring the age 59½ withdrawal penalty from your 401(k) Plan. This means that if you choose to rollover your DROP funds to your 401(k) Plan, instead of a traditional IRA, you can withdraw funds before age 59 ½, without a penalty.

**If you entered DROP in 2010 you will receive your payout distribution this year.** Call Vista 401(k) at 866-325-1278 for the necessary forms.



# Frequently Asked Questions

**Q: I will be out of school soon for the summer. Do I need to stop my contributions to my 401(k) plan?** No. 10 month employees do not have contributions taken over the summer.

**Q: What is the maximum amount you can contribute to your 401(k) Plan annually?** The maximum for participants under the age of 50 is \$18,000 for year 2015. The maximum for participants over 50 years old is \$24,000.

**Q: Does Vista 401(k) have representatives onsite at our schools?** No, we have no agents at your schools. You may contact us at 866-325-1278 or go to our website at [www.vista401k.com](http://www.vista401k.com).

**Q: How do I qualify for a loan from my 401(k) account?** You must have a balance of at least \$2,000.

**Q: What is the minimum loan I can take?** The minimum loan is \$1,000 and the maximum is 50% of your loan balance up to \$50,000.

**Q: Can I have more than one loan at a time?** No. You can only have one loan at a time. Once you have paid off your loan there is a 30-day waiting period before you can apply for another loan.

**Q: When am I eligible to enroll in the Vista 401(k) Plan?** You're eligible immediately upon being hired. You can enroll any time of the year. No enrollment period is required.

**Q: My payroll deduction summary from my paycheck has a deduction for Vista. Does that mean I am contributing to the Vista 401(k) Plan?** No. Your Vista 401(k) contribution will be noted on your paycheck summary as **401(k)**. Call us at 1-866-325-1278 for additional information.

**Q: I designated a beneficiary when I signed up for my benefits with the School Board. Does that apply to my 401(k) account?** No. Your 401(k) Plan is a completely separate account from your other School Board benefits. You must designate a specific beneficiary on this account by logging onto your account online or by contacting our office to request a form be mailed to you.

**Q: I am legally married in a same-sex couple. If I want my nephew to be the primary beneficiary for my 401(k) plan, do I need to change my beneficiary designation?** Yes. Legally your spouse is the beneficiary of your retirement accounts. If you are legally married and name someone other than your spouse, you must have the spousal consent waiver signed and notarized.

**Q: I took a hardship from my account. Do my contributions have to stop?** Yes. By law, your 401(k) contributions and any other contribution to a retirement plan must cease for six months. After six months, you must restart your contributions. The payments will not automatically resume.

**Q: I am about to receive a DROP payout. Can I rollover some or all of the money into my 401(k) Plan?** Yes. You may rollover all or a portion of the DROP payout into the Vista 401(k) Plan. Contact our office at 866-325-1278 for the necessary forms.

**Q: When I retire, do I have to take a lump-sum payout of my 401(k) account?** No. You can leave your account with the Vista 401(k) Plan as long as want. You have the option of setting up systematic withdrawals or you can have periodic withdrawals – giving you the capability to receive payments monthly, quarterly or as needed.

**Q: I am about to be 70 ½ years old, do I need to call the office about getting my Required Minimum Distribution (RMD) paid out to me?** No. Our company automatically calculates your RMD amount and sends out a check to the address on file. Contact our office to update your contact information.

**Q: Is there a fixed amount I must contribute to an account?** There is no fixed amount you must contribute. However, there is a \$25 minimum contribution per pay period.

**Q: How can I increase the amount I am contributing into my 401(k) Plan?** Increasing your contribution can be done in several ways. You can log into your account at [www.vista401k.com](http://www.vista401k.com) and select the “change deferral amount” tab. Simply enter how much you want to contribute and click the “submit” button. We can e-mail, fax or mail you a form to fill out and send back to us as well. In addition, you can call our automated system at 1-800-213-2310.

**Q: Can I rollover my 403(b) account into my 401(k) account?** You can rollover your 403(b) account into your 401(k) account, as long as you meet certain IRS requirements:

- You are over the age of 59 ½
- No longer working for the plan sponsor

Rolling over funds to your 401(k) account may be a good way to cut expenses and keep more of your returns.

**Q: How can I receive the most current information about the 401(k)?** Log onto our website at [www.vista401k.com](http://www.vista401k.com) and sign up for our mailing list or select our “Learning Center” link.

**Q: How can I reset my password?** For security purposes, you can only have your password reset by calling our office at 1-866-325-1278.

**Q: When will I receive a statement?** Participant statements are mailed out after each quarter to the address we have on file.

**Q: How can I change my mailing address online?** You can change your address online by logging into your account and selecting the “account information” tab. Next, click “Update Personal Profile.” Enter your information into the appropriate fields and click the “update” button. Additionally, you must contact your school board to ensure they update their system.

**Q: How can I pay off my loan early?** To pay off a loan early, first you must contact our office at 1-866-325-1278 to get your current balance. Payments must be made with either a cashier’s check or money order payable to: “WTC FBO: Vista 401k”. Address the envelope to: Vista 401(k), P.O. Box 1878, Tallahassee, Florida 32302.