When you are deciding how to allocate your money among the various investment options in your plan, it is important to understand what asset classes are and how they can impact your retirement plan investing decisions.

There are three primary asset classes: Cash & Cash Equivalent, Fixed Income and Equities. Each has different investment objectives and performs differently in reaction to varying market conditions. It is generally desirable to diversify your portfolio by allocating your assets among different classes. That way, if one investment falls in value, other investments in different asset classes may rise. A diversified portfolio may provide more consistent returns over time. How you diversify depends on personal factors such as time horizon (length of time to invest) and risk tolerance (how comfortable you are with different levels of risk).

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<th>Cash &amp; Cash Equivalent Investment Options</th>
<th>Stock based Investment Options</th>
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<td>• Money market options</td>
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This chart is for illustration only and does not predict or guarantee the performance of any investment. Each investment option invests its assets differently and the chart does not represent the exclusive categories of investments for any particular asset class.
Understanding asset classes

Cash & Cash Equivalents – Lower risk

Also known as money market investments, these typically invest in short term (13 months or less) debt issued by corporations or governments. They are usually high quality and return interest in addition to principal when they mature. These investments are easily converted into cash, have low risk, and low returns. Typically these investments are used for very short time horizons, because the low returns may not be enough to outpace inflation. You should remember that it is still possible to lose money in a money market investment.

Fixed Income – Intermediate risk

Typically these investments are debts issued by corporations or governments in the form of bonds. They pay interest each year and generally pay principal back at maturity (1 year to 30 years or more). A bond may lose some or all of the original investment if the issuer files bankruptcy or is unable to pay. As a result, higher rated bonds typically have lower interest rates and longer term bonds typically have higher interest rates. When market interest rates go up, bond values go down because investors can get higher interest rates on new bonds. Similarly, when market interest rates fall, existing bonds become more valuable because they still pay the original rate of interest. Longer term bonds go up and down in value more dramatically in response to market interest rate changes than shorter term bonds and so are considered more risky.

Equities – Higher risk

Equities or stocks represent an ownership interest in a corporation. The value of a share of stock depends on the number of shares issued by the corporation, and the value of the company. When a company generates profits or earnings that make it more valuable, their stock often becomes more valuable. Shares of stock will also increase or decrease in value when investors perceive the stock is under priced or over priced relative to the value of the company. Over time a diversified portfolio of stocks has historically outperformed both bonds and cash, but it does so with greater volatility (risk). As a result, stocks may be more suitable for long term investors who have the time to recover losses.
General Account and General Account Limited – a stable component in a diversified portfolio

The General Account (GA) and General Account Limited (GAL) are options within the fixed income asset class. Although these funds are considered fixed income investments, they are generally considered to have only slightly higher risk than cash and cash equivalents.

The GA and GAL have different characteristics and considerations compared to the other separate account investment options available through your accounts with Securian. When you put money into the GA and GAL, Minnesota Life Insurance Company (the major life insurer affiliate of Securian Financial Group) guarantees the principal amount plus pays a stated rate of interest.

Restrictions apply to the General Account Limited

The GAL often credits a higher rate because its investments have a longer time horizon and lower expenses. With this advantage, comes some limitations on transfers and withdrawals from the GAL. Specifically, 20% is available in any calendar year. However, 100% is available for a 120-day period after leaving the University of Minnesota, and also following your 55th, 60th, 65th, 70th, etc., birthdays. There are no such transfer restrictions for the GA option.

WHY CONSIDER INVESTING IN THE GENERAL ACCOUNTS?

- Your savings always increase in value as interest is credited daily
- They offer a hard-to-find positive return in today’s interest rate environment
- Unlike bond funds that tend to lose value as interest rates increase, the General Account interest rates are declared in advance and can never be lower than 3%
- They represent a stable and predictable conservative component of a diversified portfolio; the General Accounts can help offset market fluctuations in more aggressive stock options
- It’s an attractive, stable option to fund your withdrawals during retirement, since you don’t have to worry about “timing the market” when taking a withdrawal
More investment information available on umnplans.securian.com

As mentioned earlier, you can access investment fact sheets and performance information from the Investments section of the login page of umnplans.securian.com.

Once you have an account with Securian, more investment information once you log into the site. Check out the Investments section on the Account Detail page for each plan you have with Securian. You’ll first see your balance broken down by investment and then you can go deeper and access growth % history (personal rate of return), unit value information and more.

Investments will fluctuate and when redeemed, may be worth more or less than originally invested.
Neither asset allocation nor diversification guarantee against loss. They are methods used to manage risk.
The guarantees for the General Account and General Account Limited are solely based on the financial strength and claims-paying ability of Minnesota Life.
This information should not be considered as tax advice. You should consult your tax advisor regarding your own tax situation.
This is a general communication for informational and educational purposes. The materials and the information are not designed, or intended, to be applicable to any person’s individual circumstances. It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. If you are seeking investment advice or recommendations, please contact your financial professional.