



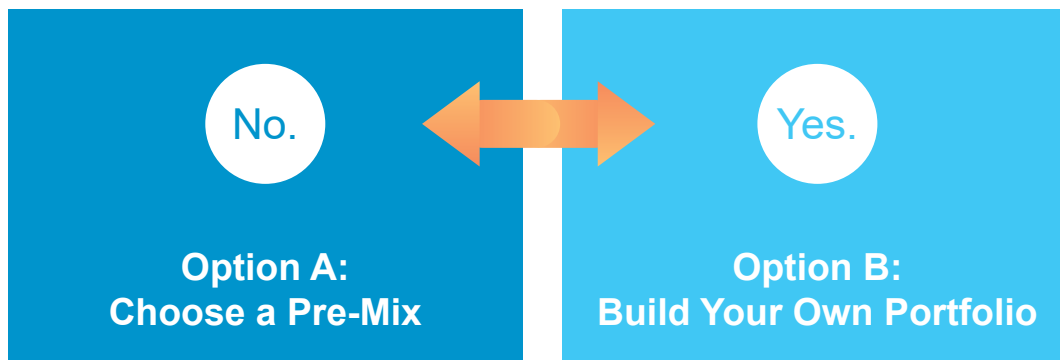
Choosing Your Investment Allocation



You've Got Options

Using our available fund lineup, you get to choose how your health reimbursement arrangement (HRA) is invested. Many investment advisors recommend using pre-mixed portfolios like those under **Option A** on Page 4. A pre-mix is great if you want a single portfolio with a mix of stocks and bonds chosen and managed for you by professionals. If you'd rather build your own portfolio, look at **Option B** on Page 5. Your HRA is invested 100% in the HRA VEBA Conservative Portfolio (default) until you make a change.

Are you comfortable making your own investment decisions?



First Things First

Choosing the right fund(s) or pre-mixed portfolio can help reduce risk and increase potential returns over time. You should base your asset allocation (fund selection) on several factors, such as:

1. When you expect to start using your HRA funds (time horizon);
2. The level of risk you're willing to accept (risk tolerance);
3. The type of investor you are (growth- or preservation-oriented);
4. Other savings or investments you may have; and
5. Your own personal financial goals.

Growth Strategy. If you plan on saving your HRA for several years, or if you're an aggressive investor, you might put more in stock funds and less in stable value or bond funds. Growth strategies like this involve more risk. You must be willing to accept the possibility of large swings (ups and downs) in value.

Preservation Strategy. Maybe you're more conservative or plan on using your HRA soon and want to preserve your principal value (original investment). In this case, you might prefer stable value and bond funds over stocks. While this approach may involve less risk and smaller swings in value, it may also reduce the potential for larger long-term returns.

You should review your investments at least once per year. As your circumstances change, you should reconsider your asset allocation strategy and make appropriate changes.

Making a Change

To review or change your fund selection, log in at **HRAveba.org** and click Investments. You can make changes once per calendar month. Until you make a change, your HRA is invested 100% in the **HRA VEBA Conservative Portfolio**.

You should carefully consider an investment fund's objectives, risks, fees, charges, and expenses before investing. Additional information is contained in the prospectus and/or fund fact sheet for each available fund.. For links to prospectuses, fact sheets, historical performance, and operating expenses, go to

HRAveba.org and click **Investments**. The HRA VEBA Board of Trustees and its agents do not give investment advice.

Change
Investment
Allocation



Contributions or transfers are deposited according to your asset allocation percentages on file. Withdrawals (claims) are deducted pro rata based on your investment holdings at the time of claim.

Except for the Stable Value Fund, fund values fluctuate daily. Withdrawals (claims) may be worth more or less than your original investment. Any investment that contains stocks or bonds entails the risk of loss. Investment returns, particularly over shorter time horizons, are highly dependent on investment market trends. Investing in stocks and bonds is suitable primarily as a longer-term strategy and should be considered carefully if you plan to file claims.

Generally, investments with higher potential returns involve greater risk and more volatility. Past performance does not guarantee future results. Funds are not FDIC insured, are not guaranteed by a bank, and may lose value.

Contact Us

If you have questions, please contact our Customer Care Center. Any one of our friendly representatives will be happy to help you. Please note that we can't give you investment advice or tell you which funds to pick. But, we can guide you through our materials, which are designed to help you make your own decision.



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Option A: Choose a Pre-Mix

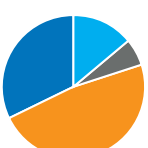
Managed by professionals

These custom pre-mixed portfolios are professionally managed and use low-cost stock and bond Fidelity index funds. They are well diversified and rebalance automatically to maintain their targeted mix of stocks (higher risk) and bonds (lower risk).

To get started, simply choose the portfolio that has the mix you want. Then, sit back and let it do the work. You may pick any one of the four portfolios.

You should carefully consider each portfolio's target risk level and time horizon before making a decision. Also, read the underlying fund prospectuses and portfolio fact sheets. For links to this information, including historical performance and operating expenses, go to HRAveba.org and click **Investments**. Operating expenses vary by fund.

To review or change your investment selection, log in at HRAveba.org and click **Investments** on the menu bar.

	Portfolio Name	Risk Level	For Investors Who:
	 Income HRA VEBA Income Portfolio 56% Fidelity US Bond Index (FXNAX) 24% Fidelity International Bond Index (FBIIX) 12% Fidelity Total Market Index (FSKAX) 8% Fidelity Total Int'l Stock Index (FTIHX)	Low to Moderate	Have a short- to medium-term time horizon (3 to 5 years), can accept lower fluctuations in value, and can tolerate a lower degree of risk that comes from the volatility of the stock market.
	 Conservative HRA VEBA Conservative Portfolio 42% Fidelity US Bond Index (FXNAX) 18% Fidelity International Bond Index (FBIIX) 24% Fidelity Total Market Index (FSKAX) 16% Fidelity Total Int'l Stock Index (FTIHX)	Moderate	Have a medium-term time horizon (at least 5 years), can accept modest fluctuations in value, and can tolerate a moderate degree of risk that comes from the volatility of the stock market.
	 Moderate HRA VEBA Moderate Portfolio 28% Fidelity US Bond Index (FXNAX) 12% Fidelity International Bond Index (FBIIX) 36% Fidelity Total Market Index (FSKAX) 24% Fidelity Total Int'l Stock Index (FTIHX)	Moderate to High	Have a long-term time horizon (more than 5 years), are willing to accept above-average fluctuations in value, and are willing to accept an above-average degree of stock market volatility.
	 Growth HRA VEBA Growth Portfolio 14% Fidelity US Bond Index (FXNAX) 6% Fidelity International Bond Index (FBIIX) 48% Fidelity Total Market Index (FSKAX) 32% Fidelity Total Int'l Stock Index (FTIHX)	High	Have a long-term time horizon (more than 5 years), are willing to accept high fluctuations in value, and can tolerate a high degree of stock market volatility.

Option B: Do It Yourself

Build your own portfolio

This option is mainly for those who understand investing and are comfortable managing their own portfolios.

You may choose just one fund or any combination of two or more funds. If you choose multiple funds, some will outperform others over time. As this occurs, you'll end up with more or less in certain funds than you originally intended. Rebalancing brings your holdings (the percentage you have in each fund) back in line with your desired asset allocation. You can set up rebalancing to occur automatically every quarter (four times per year) or annually (once per year). You can also rebalance your portfolio on demand up to once per month.

You should read the fund prospectuses and fact sheets before making a decision. For links to this information, including historical performance and operating expenses, go to **HRAveba.org** and click **Investments**. Operating expenses vary by fund.

To review or change your investment selection, log in at **HRAveba.org** and click **Investments** on the menu bar.

	Fund Name	Asset Class	Fund Objectives
	HRA VEBA Stable Value¹ www.hraveba.org/investments	Stable Value	Seeks to provide a stable rate of return with preservation of principal and liquidity.
	Fidelity Total Bond K6 www.fidelity.com	Total Bond	Seeks a high level of current income. Normally invests at least 80% of assets in debt securities of all types and repurchase agreements for those securities.
	Vanguard Balanced Index Institutional www.vanguard.com	Balanced	With 60% of its assets, seeks to track the performance of a benchmark index that measures the return of the overall U.S. stock market. With 40% of its assets, seeks to track the performance of a broad, market-weighted bond index.
	Vanguard Institutional Index Plus (S&P 500) www.vanguard.com	Large Cap Equity	Seeks to track the performance of a benchmark index (S&P 500) that measures the investment return of large-capitalization stocks.
	Fidelity US Sustainability Index www.fidelity.com	Large Cap Equity	Seeks to provide investment results that correspond to the total return of the MSCI USA ESG Index. Normally invests at least 80% of assets in securities included in the MSCI USA ESG Index, which represents the performance of stocks of large- to mid-capitalization U.S. companies with high environmental, social, and governance (ESG) performance relative to their sector peers, as rated by MSCI ESG Research.
	Carillon Scout Mid Cap www.carillontower.com	Mid Cap Equity	Seeks to provide long-term growth of capital by investing in a diversified portfolio consisting primarily of equity securities of mid-cap companies.
	Nuveen Quant Small-Cap Equity www.nuveen.com	Small Cap Equity	Seeks a favorable long-term total return, mainly through capital appreciation, primarily from equity securities of smaller domestic companies. Under normal circumstances, the fund invests at least 80% of its assets in small-cap equity securities. In seeking a favorable long-term total return, it will invest in securities that the fund's investment adviser, Teachers Advisors, LLC ("Advisors"), believes have favorable prospects for significant long-term capital appreciation potential.
	American Funds EUPAC R6 www.capitalgroup.com	International Equity	Seeks to provide long-term growth of capital by investing in companies of all sizes based primarily in Europe and the Pacific Basin.

¹ HRA VEBA Stable Value is a custom portfolio (separate account) managed by Goldman Sachs Asset Management. Unlike a mutual fund, it is not publicly traded and is available only to HRA VEBA Plan participants. There is no prospectus.

Understanding the Basics

To help with your decision, take some time to study these basic investment terms. You'll find them used throughout our investment materials.

Asset Classes. In general, there are three types of asset classes: short-term investments (stable value); bonds (fixed income); and stocks (equities). Aggressive investors with longer-term time horizons and goals might put more in stock funds and be comfortable with higher risk. Those with shorter time horizons are usually more conservative and prefer stable value and bond funds with lower risk.

Bonds. Bonds are kind of like loans. Corporate or governmental entities issue bonds when they need to borrow money. Investors buy the bonds, and the entity (bond issuer) pays back the money, plus interest. Bonds are more conservative than stocks.

Diversification. Investing in more than just one asset class is called diversification. If you diversify, your account won't be affected as much if one fund performs poorly. A diversified mix of funds should, on average, result in lower overall risk and higher long-term returns. Keep in mind that diversification will not guarantee a profit or prevent all losses.

Market Capitalization. Often referred to as "market cap," market capitalization is the total market value of a company's stock (outstanding shares). Generally, companies worth between \$300 million and \$2 billion are considered **small caps**. Companies worth between \$2 billion and \$10 billion are **mid caps**. Companies worth more than \$10 billion are **large caps**.

Mutual Fund. A mutual fund is an investment that pools money from investors. The fund's manager is paid a fee and decides where to invest the pooled money. Mutual funds diversify by investing in many different companies. Even if a few company stocks perform poorly, their losses may be offset by all the other companies that perform well. The **Option A** pre-mixes, and the stock funds under **Option B**, are mutual funds.

Prospectus. A prospectus is a document that provides details about an investment available to the public.

Rebalancing. Rebalancing brings your holdings (the amount you have in each fund) back in line with your asset allocation on file. This helps maintain the level of risk you want in your portfolio and achieve your overall investment goals.

The **Option A** pre-mixes are rebalanced automatically. Automatic rebalancing is optional under **Option B**.

Risk. You probably think of risk as the chance you could lose money. For example, you may lose money if your account value drops during a down market and you submit a claim (take money out) before the market and your account value go back up.

Higher risk often means greater potential reward, but there is no guarantee. Lower risk usually means less potential reward. You should also consider inflation risk. This is the chance your investments will not earn enough to keep pace with the rising cost of living which, in this case, is increasing healthcare costs.

Risk Scoring. Morningstar is a leading provider of investment research. Its Risk Model analyzes the holdings of investment portfolios to derive risk estimates and scores. This helps investors understand a portfolio's risk level. To learn more, read [Morningstar Portfolio Risk Score Methodology](#).

Stable Value. A conservative investment portfolio that doesn't lose value is known as stable value. Stable value funds are structured to be safe like money market funds. Historically, stable value returns have been slightly higher than money market funds. The HRA VEBA Stable Value fund is a private, custom portfolio (separate account). It is not publicly traded.

Stocks. Investments that represent an ownership share of a company are called stocks. Companies sell stock to investors to raise money. Stock prices go up and down in value and involve more risk than bonds and stable value funds. Stocks also have potential for higher returns over time.

Time Horizon. Your time horizon is the number of months or years until you expect to start using your HRA. Your fund selection should depend heavily on your time horizon. Those with longer time horizons are often willing to take more risk. Those with shorter time horizons usually want less risk.

Time is very important. Reinvestment of earnings over time (compounding) is powerful and can help your HRA grow faster. Time also helps smooth out ups and downs in the financial market.

Total Return. An investment's total return includes its overall return from all sources, including capital gains and dividends. Total return is usually expressed as a percentage of the invested amount over a given time period, generally one year.



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