    

Retirement Choice Glossary

This glossary provides you with a reference to use to help clarify these commonly-used retirement planning terms.

ACTIVELY-MANAGED INVESTMENT

"Active" management involves investing in a range of investments the fund's managers believe are suitable for the fund's objective, with the goal of producing gains and minimizing losses. The fund managers make their decisions based on their belief that a particular company, investment sector or asset class gives them the opportunity to deliver returns for the fund.

ANNUITY

A contract by which an insurance company agrees to make regular payments to someone for life or for a fixed period.

ASSET ALLOCATION

The designation of investment dollars among various asset classes, such as cash investments, bonds, stocks and real estate — also known as investment mix.

ASSET CLASS

A group of securities that exhibits similar characteristics, behaves similarly in the marketplace, and is subject to the same laws and regulations. The three main asset classes are stocks, bonds and money market investments.

BROKERAGE SERVICES

Through Brokerage Services, you can invest in thousands of available mutual funds, many of which have no transaction fees, meaning that you do not pay a fee when you buy or sell the investments. Many of the funds being eliminated with American Century are available through Brokerage Services.

DEFINED CONTRIBUTION PLAN

The JHU 403(b) Retirement Plan is a defined contribution plan. In this retirement plan both you and the university may contribute. You choose how the money in your account is invested and bear the investment risk. Your savings are portable when you leave Johns Hopkins University.

DIVERSIFICATION

A portfolio strategy designed to reduce exposure to risk by combining a variety of investments, such as cash equivalents, stocks, bonds, and real estate, which are unlikely to all move in the same direction. The goal of diversification is to reduce the risk in a portfolio.

EQUITY FUND

A mutual fund which invests primarily in stocks.

FIXED INCOME FUND

A fund that invests primarily in bonds and other fixed income securities to provide shareholders with current income and to preserve capital. Often used interchangeably with bond fund.

403(b) PLAN

Section 403(b) of the Internal Revenue Code allows employees of institutions like Johns Hopkins University to establish tax-deferred retirement plans.

IN-SERVICE WITHDRAWAL

A withdrawal made from a 403(b) plan account before you leave the university. While still employed by the university, an in-service withdrawal of voluntary and rollover contributions can be taken upon reaching age 59 ½.

INCOME DEFERRAL PLAN

The Retirement Plan offered by the university to residents, interns and postdoctoral fellows.

INDEX FUND

An index fund is a fund whose managers attempt to mirror the performance of a specific market index. For instance, a well-known "index" is the Standard & Poor's 500 (S&P 500), which contains 500 leading companies publicly traded in the U.S. stock market. Because these funds invest in only the stocks in the index, they offer investors performance returns that are similar to the returns from companies in the index.

JOHNS HOPKINS UNIVERSITY





INVESTMENT EARNINGS
Interest and/or dividend income that you earn on your investment.

INVESTMENT FEES
An investment company usually charges these amounts as a percentage of the total assets under management. Some common fees include charges for investment management, administration and distribution services.

INVESTMENT RISK
The probability that the actual return on an investment is lower than your expectations. All investments have some level of risk based on the unpredictability of the financial markets.

IRS PRE-TAX LIMITS
The Internal Revenue Service sets limits each year on the amount of money you may contribute to a 403(b) Plan. The limit for tax year 2015 is $18,000, if you are under age 50. If you are age 50 or older, you may also make annual catch-up contributions, up to $6,000 for tax year 2015.

JHU SELECT FUNDS
A group of investments chosen by the university based on investment performance and cost. This was done in consultation with independent consultants, and approved by the Board of Trustees of the university. They will be monitored on an ongoing basis by the university.

JHU SELECT FUNDS CONSENT
This is the first page you will see after the Welcome Page in the online portal. It states that you acknowledge the following about the Select Funds:

- JHU and independent consultants selected the JHU Select Funds based on past performance and cost. These funds will be monitored on an ongoing basis.
- You can choose investment options outside of the JHU Select Funds, but these funds are not monitored by Johns Hopkins University or its consultants.
- All investments come with some level of risk, and Johns Hopkins University is not responsible for any losses that may occur.

LUMP SUM
A form of payment that allows you to receive your defined contribution benefit in a single payment after you leave Johns Hopkins University.

MONEY MARKET FUND
A fund or annuity that invests in short-term debt instruments. Interest rates change daily, but the Net Asset Value of one share generally stays at $1.

NET ASSET VALUE
A mutual fund's price per share or exchange-traded fund's (ETF) per-share value. In both cases, the per-share dollar amount of the fund is calculated by dividing the total value of all the securities in its portfolio, less any liabilities, by the number of fund shares outstanding.

PARTICIPANT
An employee who is eligible to either make contributions to the retirement plan or to share in the university's contributions to the plan.

PASSIVELY-MANAGED INVESTMENT
A money management strategy that seeks to match the return and risk characteristics of a market segment or index, by mirroring its composition.

The idea is to minimize investing fees and to avoid the adverse consequences of failing to correctly anticipate the future. The JHU Select Funds are passively-managed investments.

PORTABILITY
The ability to take the total value of your benefit with you when your employment ends. The 403(b) Plan offers portability because you can roll over the full value of your account into another tax-qualified plan should you leave Johns Hopkins University for any reason.





PROSPECTUS

A formal legal document that provides details about an investment offering. It is required by and filed with the Securities and Exchange Commission and should contain the facts that an investor needs to make an informed investment decision.

QUALIFIED DEFAULT INVESTMENT ALTERNATIVE (QDIA)

If you fail to direct the investment of all (or any portion) of your 403(b) Plan account, the undirected amounts are invested in a "Qualified Default Investment Alternative" or "QDIA" under the Plan. The QDIAs under the university's 403(b) Retirement Plans are the Vanguard Target Retirement funds on the JHU Select Funds menu with TIAA-CREF.

REAL ESTATE FUND

A fund that seeks a favorable rate of return by investing in a real estate portfolio, which might include income-producing properties, or larger investments frequently structured through Limited Partnerships.

REBALANCING

The process of buying or selling assets in your retirement account investment portfolio to maintain your desired asset allocation.

REQUIRED MINIMUM DISTRIBUTION

The amount you must begin receiving from your retirement accounts by April 1 following the year you reach age 70.

RISK TOLERANCE

An investor's ability to handle a decline in his or her portfolio.

ROLLOVER

The direct reinvestment of your Johns Hopkins University retirement benefits into another eligible employer retirement plan or an IRA.

TARGET RETIREMENT FUND

A one-step investing option, offering a diversified portfolio in a single fund. The investment mix gradually becomes more conservative as your year of retirement approaches, reducing overall risk. The year given in the fund name refers to the approximate year you plan to retire.

VESTING

Your right to receive your retirement benefit when you retire or leave Johns Hopkins University. In the 403(b) Plan, you are 100% vested in contributions made by you and the university upon becoming a plan participant.

JOHNS HOPKINS UNIVERSITY

263421_442708 (9/15)