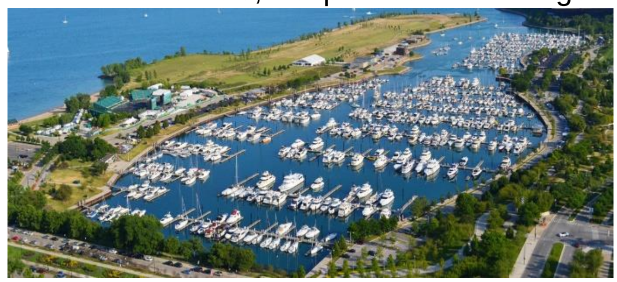
"From Where I Sit …"

How "Safe" is the "Harbor"?

At the recent CME Presiding Elders' ZOOM Retreat, I was invited to present on the Safe Harbor Option of the CME Retirement Plan. As I prepared, I remembered my December 2018 article entitled *"Safe Harbor during the Trump Administration!"* In that article, I explained that "the goal of Safe Harbor was to permit enrolled participants who had reached a certain age to shelter their invested accounts from significant losses due to market fluctuations. As with other plans, I felt participants of a certain age should be able to choose a more conservative allocation for their investment account as they neared their retirement *(especially mandatory retirement).*"



Fully enrolled eligible participants in the CME Retirement Plan are automatically sent Safe Harbor Option forms in the Fall of the year after they turn 65. For 2020, forms were mailed October 29th with a required response date of November 20th. A form to cancel the Option was also included in the mailing with a required return date of December 15th. Those participants who choose to fully exercise the Option were reminded that (1) once in Safe Harbor their account must remain in Safe Harbor until they formally retire from the Plan and (2) at the effective date that the Safe Harbor option has been exercised, the participant's current balance would be transferred to the Safe Harbor as would all future contributions. Meanwhile, forms are sent annually until the participant fully exercises the Option or retires.

<u>Although there is no guarantee of the level of Safe Harbor returns, since the inception of the Option, investment annuities have funded Safe Harbor commitments to further protect the account balances of "Harbor" participants and have steadily provided positive returns.</u>

Finally, the decision to exercise the Safe Harbor Option should not be based solely on the fluctuations of the investment markets as has been seen over the past several years. Instead, a participant should consult with a financial advisor concerning the pros and cons of this step, its timing, and its potential impact, especially if the participant has other investments.

Let me close this article restating the final paragraph of my 2018 article, "No one can predict the markets and their eventual changes... Over the years there have certainly been enough changes *(up and down)* to cause any 65+ year old participant much concern. However, the decision to exercise the Safe Harbor Option should not be decided "on the spur of the moment." It should be well-planned and carefully thought-out, especially since it cannot be reversed after a certain period. I still believe this is an excellent option for our Plan and offers a tremendous benefit to our participants. *Or at least that's the way it looks to me…"*

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(Copies of earlier articles may be found on the Personnel Services Webpage of the CME Website at www.thecmechurch.org)