



REACH for RETIREMENT

YOUR RETIREMENT PLANNING NEWSLETTER

Expense Report

Understand Expense Ratios To Help Maximize Your Retirement Savings

A mutual fund expense ratio is a critical metric to understand when managing a workplace retirement account. It represents the annual fee that a mutual fund charges its investors, expressed as a percentage of the fund's total assets. This fee covers the operational costs of the fund, such as management fees, administrative costs, and other expenses like marketing or distribution (sometimes referred to as 12b-1 fees).

In a workplace retirement plan, where mutual funds are common investment options, the expense ratio directly affects your investment returns. For example, if a fund earns an annual return of 8% and has an expense ratio of 1%, your net return is reduced to 7%. Although this may seem minimal, the cumulative impact over decades of investing can significantly reduce your retirement savings due to the compounding effect of costs.

A Positive Trend

According to the Investment Company Institute, mutual fund expense ratios have decreased by 60% since 2000. They report that fund providers have continued to lower fees to stay competitive. In addition, older workers invested in funds with higher expense ratios have been retiring and withdrawing their cash from their workplace retirement plans. At the

3RD QUARTER 2025

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Expense Report

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same time, younger workers entering the plans tend to choose lower-cost mutual funds to help keep more of their money. The cycle repeats, and this drops the average mutual fund management fees that investors pay.

Doing Your Homework

Expense ratios can vary widely depending on the type of mutual fund. Actively managed funds (which aim to outperform the market) typically have higher expense ratios. Index funds or passively managed funds (which track a market index) often have lower expense ratios. When choosing funds for your account, cheapest isn't necessarily best. Evaluate whether the fund's historical performance justifies its costs and aligns with your retirement goals. Here are two good sources of information on your plan's investment offering:

- **Your employer's summary plan description.** Most employers provide a summary plan description for their retirement plans, which includes detailed information about investment options and associated expense ratios. In addition, your annual plan fee disclosure document outlines all the fees related to the plan, including fund-specific expense ratios.
- **Fund provider websites.** Websites of mutual fund providers offer detailed expense ratio data for their mutual funds. Look for the fund's prospectus or fact sheet, which breaks down fees and performance.



Informational Sources: Investment Company Institute: "[The Economics of Providing 401\(k\) Plans: Services, Fees, and Expenses, 2023](#)" (July 2024); Bankrate: "[What is an Expense Ratio and What's a Good One?](#)" (October 2, 2024).

Staying Cool Under Pressure

Six Strategies for Dealing With Market Volatility

When the market's temperature keeps changing, it's easy to feel the heat — or as if you've been left out in the cold. Your workplace retirement plan can withstand these swings if you know how to keep your cool. Here are some smart strategies to help your retirement savings thrive despite unpredictable financial climates.

1. Don't Let the Heat Get to You

Market drops can make you sweat, but pulling your money out during a downturn locks in losses. Historically, markets bounce back over time. Instead of reacting emotionally, stick to your long-term strategy and ride out the fluctuations.

2. Keep Your Portfolio Well-Balanced

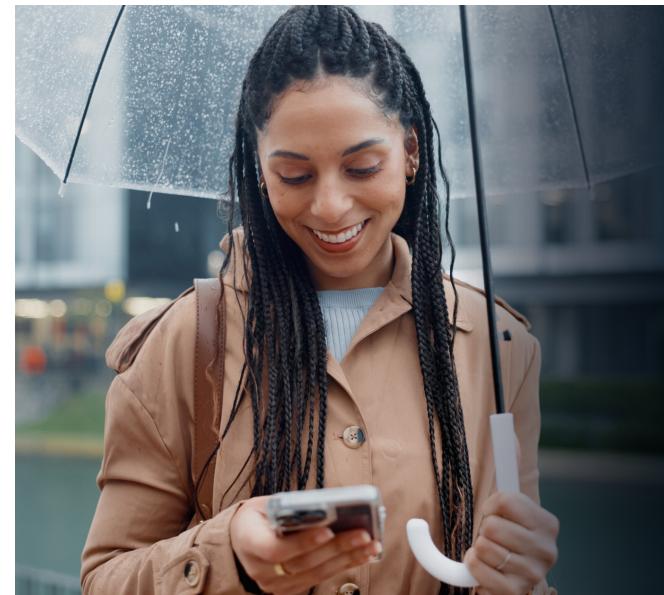
A stable retirement plan is like a well-regulated thermostat — balanced and consistent. Diversifying your investments across asset classes like stocks, bonds and cash equivalents helps reduce risk and smooth out the impact of volatile markets. Regularly review and rebalance your portfolio to stay on track.

3. Stay Invested During Cold Spells

When the market cools off, don't freeze your contributions. Continuing to invest during downturns means you're buying shares at lower prices, setting yourself up for potentially greater growth when the market warms up again.

4. Don't Get Burned by Market Timing

Trying to guess what market will do is nearly impossible. Therefore, it's important to stay disciplined by making consistent contributions and avoiding rash decisions based on short-term movements. Missing even a few of the market's hottest days can seriously dampen your long-term returns.



Keeping your cool during market volatility takes patience and strategy. Stay calm, keep contributing and stick with your long-term goals.

5. Adjust Your Risk as You Approach Retirement

As you get closer to retirement, consider dialing down an appropriate amount of risk to help preserve your savings. Gradually shifting to more conservative investments can help protect your nest egg from sudden market chills.

6. Consult With a Market Climate Specialist

When the financial climate leaves you feeling uncertain, an experienced advisor can help you put things in perspective and maintain a steady investment strategy. Don't hesitate to seek guidance tailored to your unique situation.

Hatching a Savings Idea

Egg Prices Ruffling Your Feathers? Consider Keeping Backyard Chickens

As egg prices (and shortages) have climbed in recent times, so have the number of backyard chickens. Approximately 11 million U.S. households have backyard chickens, [according to the latest data from the American Pet Products Association](#). That's close to double the number of households with backyard chickens since 2018. Whether you're looking to save money or simply embrace a more sustainable lifestyle, backyard chicken farming might be worth checking out.

What is Backyard Chicken Farming?

Backyard chicken farming involves raising a small flock of hens right in your backyard or garden, even within city limits. As more municipalities update their ordinances to allow backyard chickens, many people are taking advantage of an opportunity to take control of their food supply and have uninterrupted access to fresh, high-quality eggs.



The initial investment in a coop and supplies can range from \$300 to \$1,000. However, each hen can typically lay up to 300 eggs per year, making it a worthwhile venture for those looking to offset grocery costs over the long term. In addition, chickens contribute to composting efforts by providing nutrient-rich manure, and they're surprisingly efficient at reducing food waste by eating kitchen scraps.

Keeping It Real

Of course, raising chickens isn't without its challenges. You must gather eggs every day, make sure they have plenty of food and water and clean the coop on a regular basis. Typical backyard hens can live from eight to ten years, so raising chickens is not a short-term job. In addition, chickens also require adequate space — three to four square feet of space apiece in a coop and at least the same amount of space in a run. There are many options available, including coops on wheels that can be moved around a yard and coops that can be built for less than \$100.

Here are two resources to learn more about backyard chicken farming:

- **Backyard Chickens** (www.backyardchickens.com). A comprehensive community with forums, coop designs and advice from experienced chicken keepers.
- **The City Chicken** (www.thecitychicken.com). A guide specifically geared toward backyard chicken farming that covers setup, care and city regulations.

The Planning Zone

INFORMATION AND TOOLS TO HELP YOU BUILD YOUR FINANCIAL FUTURE

In the Know

Many retirees are embracing the freedom and adventure of recreational vehicle (RV) living, turning their next life stage into a journey across the country. Full-time RV retirement offers a flexible lifestyle, lower living costs and the opportunity to explore new places and visit family — all while maintaining the comforts of home. For more information, check out websites like **Escapees RV Club** (escapees.com), which offers support and community; **RV Life** (rvlife.com), for trip planning and tips; and **Go RVing** (gorving.com), which features guides on choosing the right RV and budgeting.

Inquiring Minds

Q: What is vesting and why does it matter?

A: Vesting determines how much of your employer's contributions you own if you leave your job (your own contributions are always 100% vested). Employer matching contributions may vest immediately in some plans, whereas other plans may follow a vesting schedule. Companies use vesting schedules to encourage employees to remain with the company for a longer period, reducing turnover and associated costs. The two most common types of vesting schedules are cliff and graded. Cliff vesting is where all employer contributions vest at once after a specific period

(e.g., one year or three years). Graded vesting is where employer contributions vest gradually over time, often in equal increments each year.

To-Do List

It's time for a gut check on your 2025 financial resolution to increase your current retirement plan contribution rate. Did you increase it like you promised yourself back on January 1? If not, now is the time! Make sure you're contributing at least enough to receive the full employer match (if offered).

Financial Fitness

A no-spend challenge is a personal finance exercise in which individuals or households commit to not spending money on nonessential items for a set period of time, usually ranging from a week to a month or even longer. The goal is to cut back on discretionary spending — like dining out, entertainment or impulse purchases — while focusing on necessary expenses such as rent, utilities, groceries and bills. Participants often use the challenge to save money, build better spending habits or reset their financial mindset. To learn how to create a no-spend challenge strategy, check out: <https://tinyurl.com/muf45k5n>.

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RPW-441-0525

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