Get Help Creating A Personalized Retirement Plan

alight

Disclaimers

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The content of this presentation is for informational purposes only. This information does not constitute investment advice or an offer to invest or to provide management services.

The information in this document does not constitute tax advice. Please see your tax advisor to determine how this information may apply to your own situation.

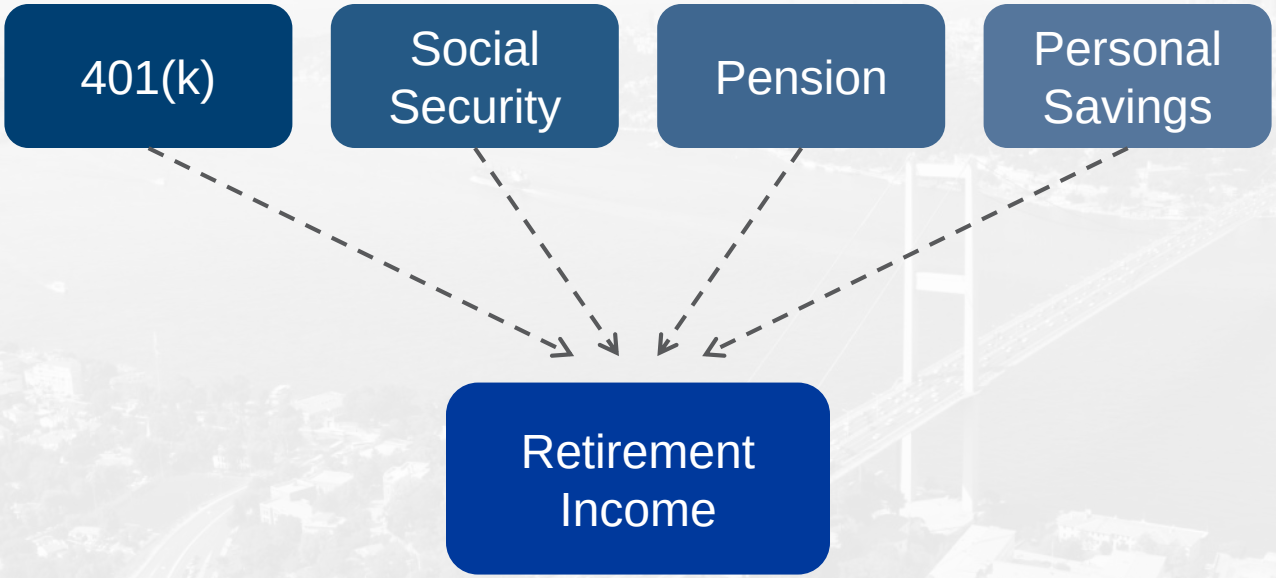
Learning Objectives

- Understand the basics of retirement planning
- Learn the importance of diversification
- Discover how the different help options can help you achieve your goal

What Is Retirement Planning?

- Retirement income sources
- Review the 401(k)
- How much to save

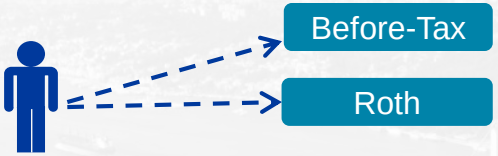
Retirement Income Sources

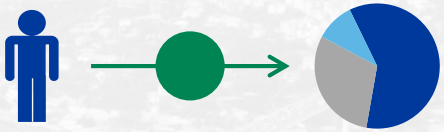


In addition to these, you may also have income from your spouse, part-time jobs, real estate investments, etc.

401(k) Overview

You choose…





1. How **much** to contribute

2019 Employee Limits

- $19,000 for individuals under 50
- $25,000 for individuals age 50 and over
- Before-tax and Roth only
- 70% of gross income

2. **How** to contribute

Before-Tax

- Lowers taxable income
- Distributions are taxable

Roth

- Does NOT lower taxable income
- Qualified distributions tax-free[1] so the earnings may be free from federal taxes

3. **Where** to invest

Options

- Core funds
- Target retirement funds
- Company stock
- Self-directed brokerage window

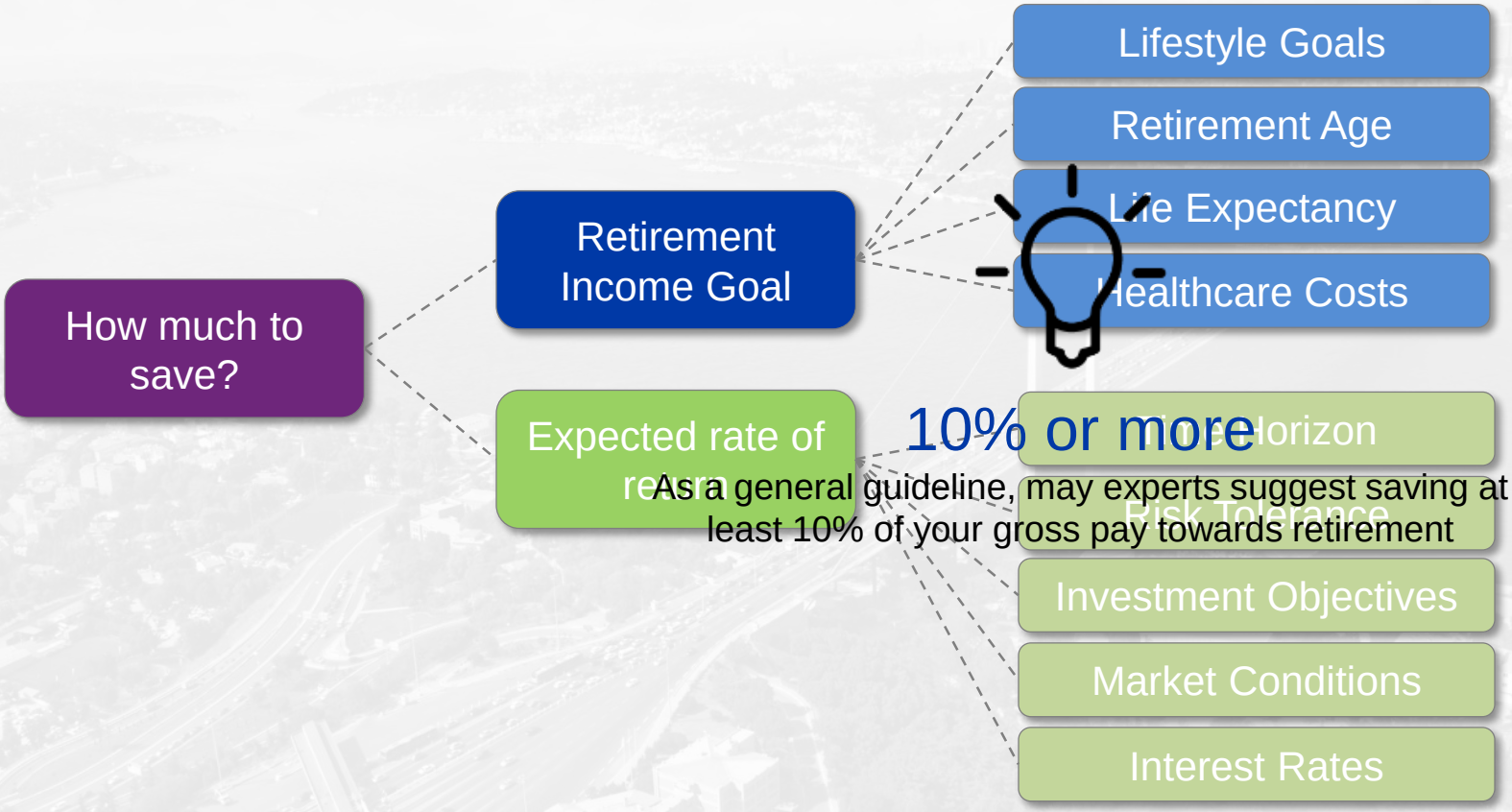
Help Options

- Target retirement funds
- Online Advice[2]
- Professional Management[2]

[1]Distributions are considered qualified if they are made after the age of 59½ and the account is at least 5 years old.
[2]Advisory Services are offered by Alight Financial Advisors LLC, a federally registered investment advisor.

How Much to Save?

How much you should save is influenced by many factors



10% or more

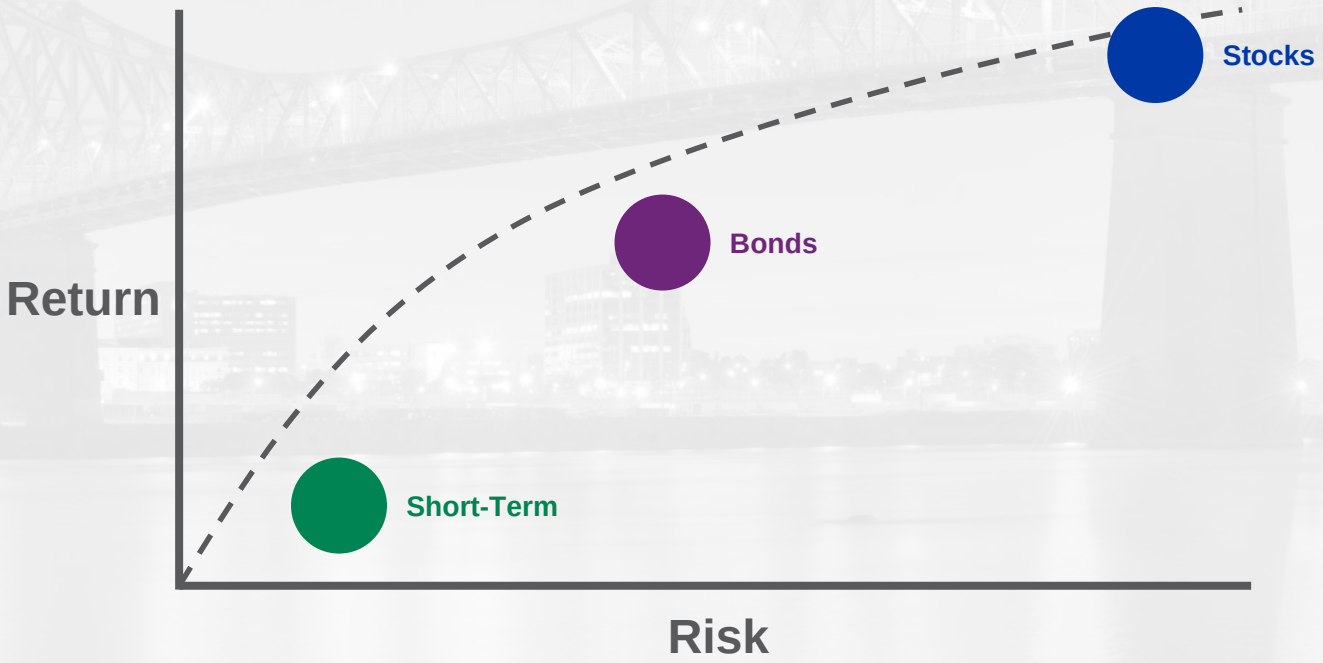
As a general guideline, may experts suggest saving at least 10% of your gross pay towards retirement

Asset Allocation

- Risk/Return Trade-Off
- Diversification
- Unnecessary Risk
- Underperformance
- Asset Allocation in Practice
- Rebalancing

The Risk/Return Trade-Off

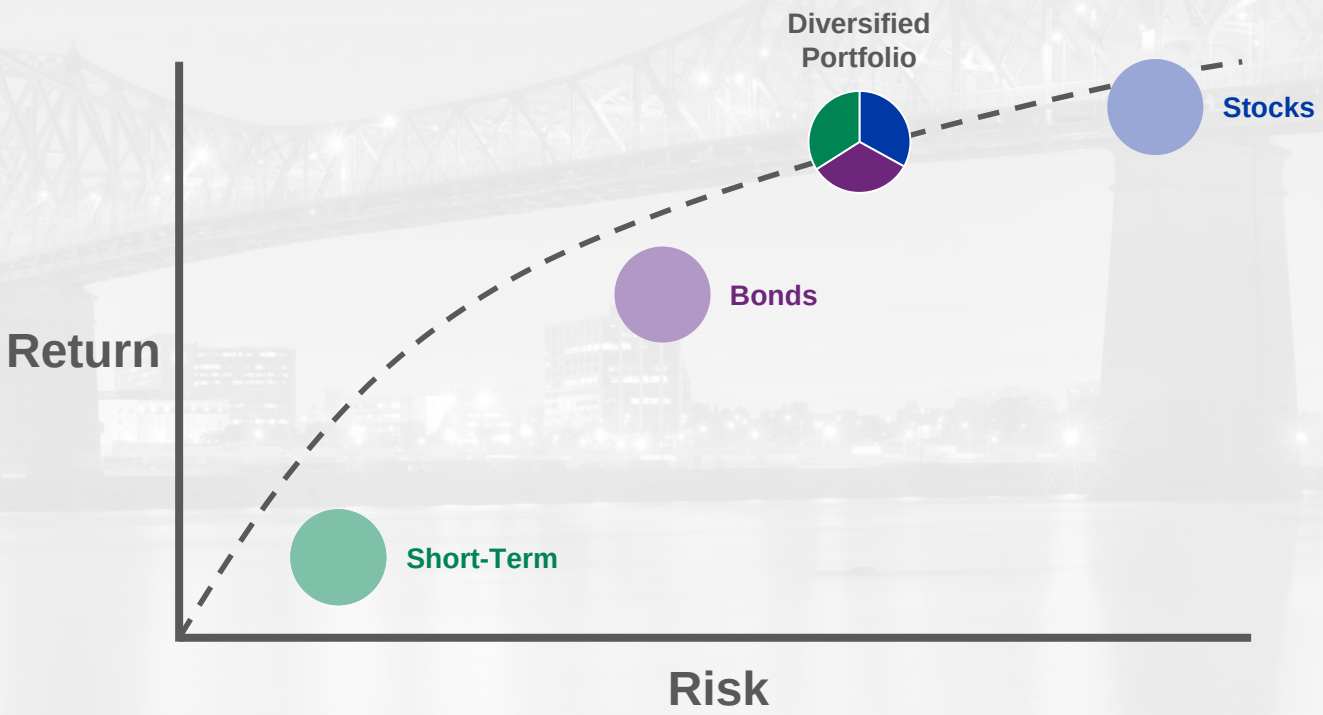
Historically, stocks have returned higher than bonds, but with more risk. Likewise, bonds have returned higher than short-term investments, but also with more risk.



For illustrative purposes only. Graphic does not represent actual historical data.

Diversification

A diversified portfolio combines multiple asset classes. The goal is to maximize returns for a given amount of risk, or minimize risk for a given amount of return.



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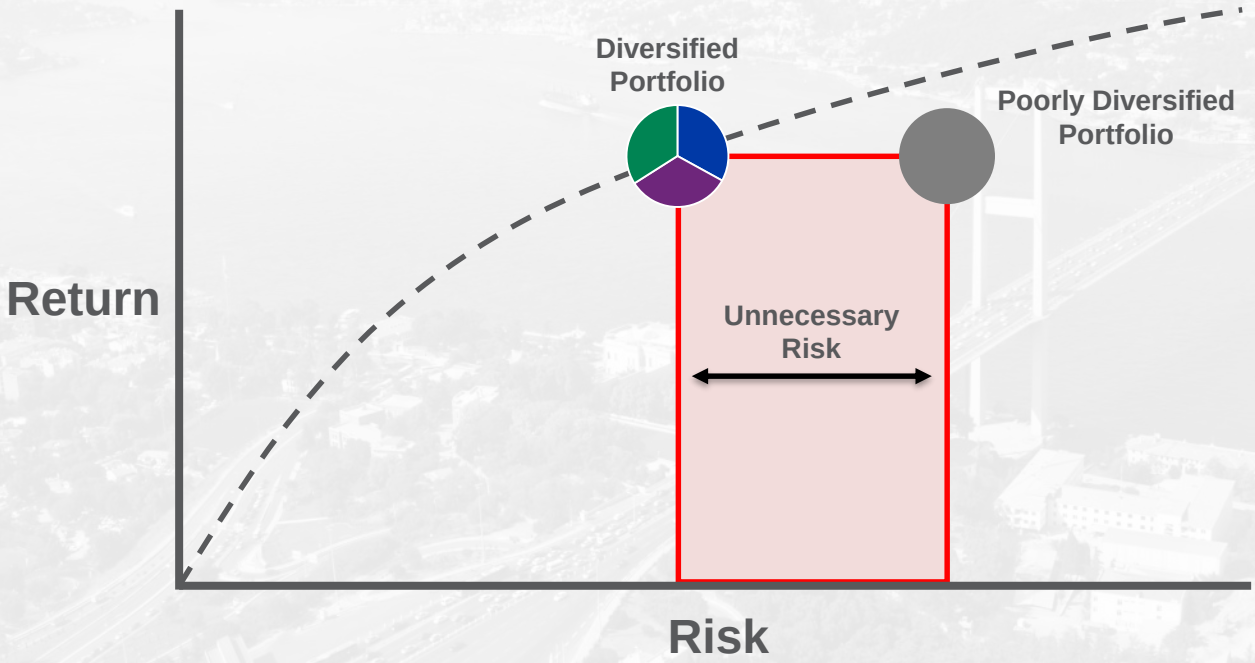
Unnecessary Risk

A poorly diversified portfolio falls below the best combination line, leading to unnecessary risk for a given level of return



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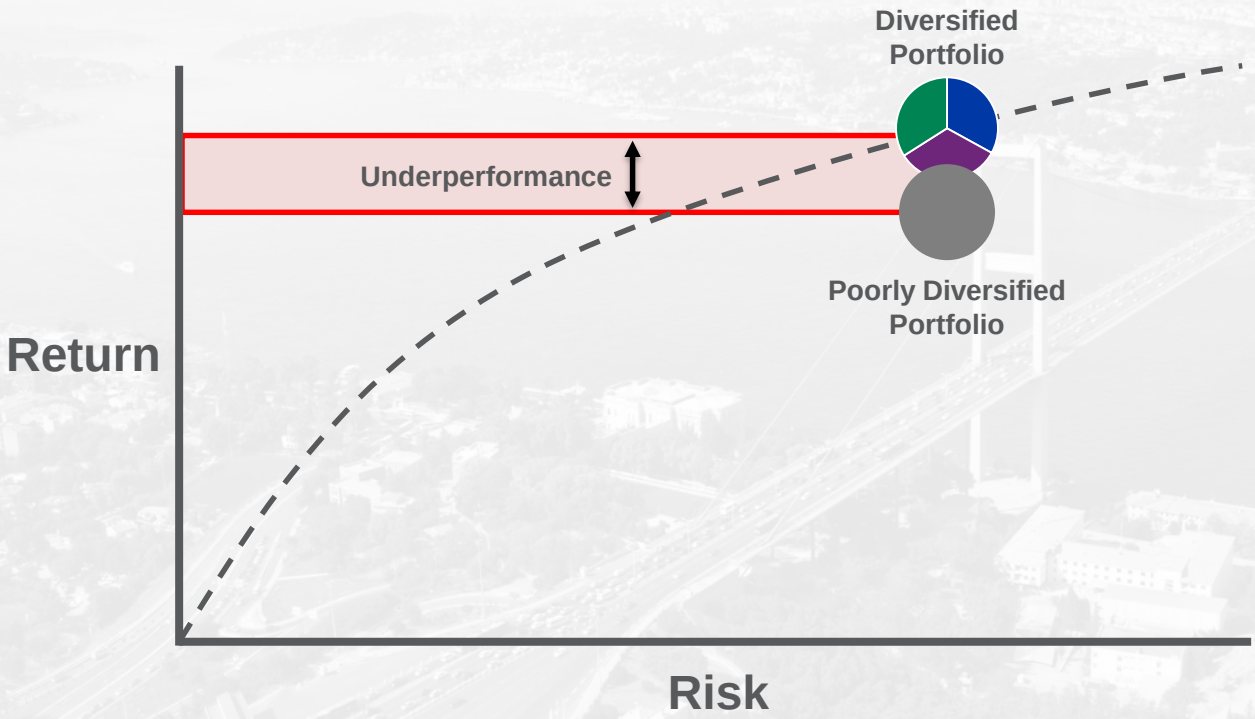
Underperformance

A poorly diversified portfolio falls below the best combination line, leading to underperformance for a given level of risk



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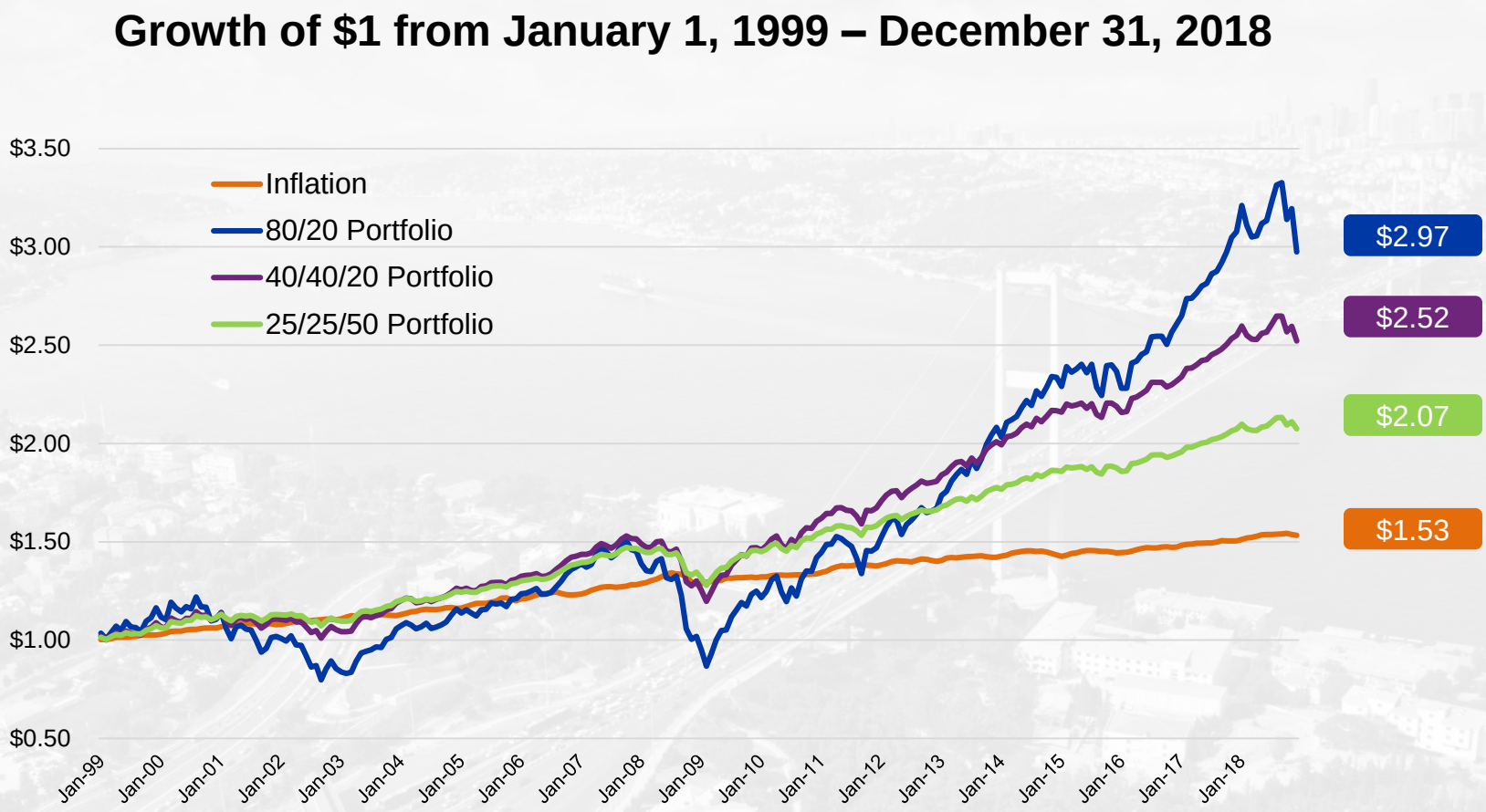
Asset Allocation

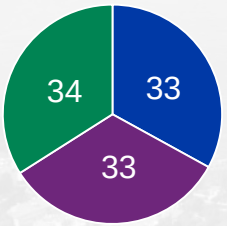


Source: ChartSource®, DST Systems, Inc. Inflation is represented by the change in the Consumer Price index. The "80/20" portfolio is composed of 80% stocks (S&P 500 index) and 20% bonds (Bloomberg Barclays U.S. Aggregate Bond index). The "40/40/20" portfolio is composed of 40% stocks (S&P 500 index), 40% bonds (Bloomberg Barclays U.S. Aggregate Bond index), and 20% cash (a composite of yield on 3-Month Treasury Bills and the Bloomberg Barclays U.S. Treasury Bill 1-3 Month index). The "25/25/50" portfolio is composed of 25% stocks (S&P 500 index), 25% bonds (Bloomberg Barclays U.S. Aggregate Bond index), and 50% cash (a composite of yield on 3-Month Treasury Bills and the Bloomberg Barclays U.S. Treasury Bill 1-3 Month index).

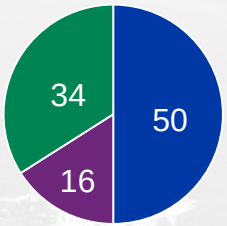
Rebalancing

Rebalancing is the act of restoring your portfolio to its target mix after market conditions have changed it

Stocks Bonds Cash

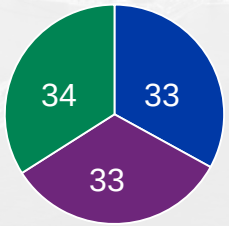


1. Target Mix



2. Change from market conditions

- Stocks have grown to 50%
- Bonds have decreased to 16%
- Portfolio is **significantly more aggressive** than intended



3. Rebalance to target mix

- Sold 17% of stock mix
- Purchased additional 17% of bond mix
- Achieved target mix

For illustrative purposes only. Graphic does not represent actual historical data.

Getting Help

- Your retirement evaluation
- Investments
- Online Advice tool
- Professional Management

Alight Financial Advisors LLC (AFA) provides investment advisory services to plan participants. AFA has hired Financial Engines Advisors L.L.C. (FEA) to provide sub-advisory services. AFA is a federally registered investment advisor and wholly owned subsidiary of Alight Solutions LLC. FEA is a federally registered investment advisor and wholly owned subsidiary of Financial Engines, Inc. Neither AFA nor FEA guarantee future results.

Your Retirement Evaluation

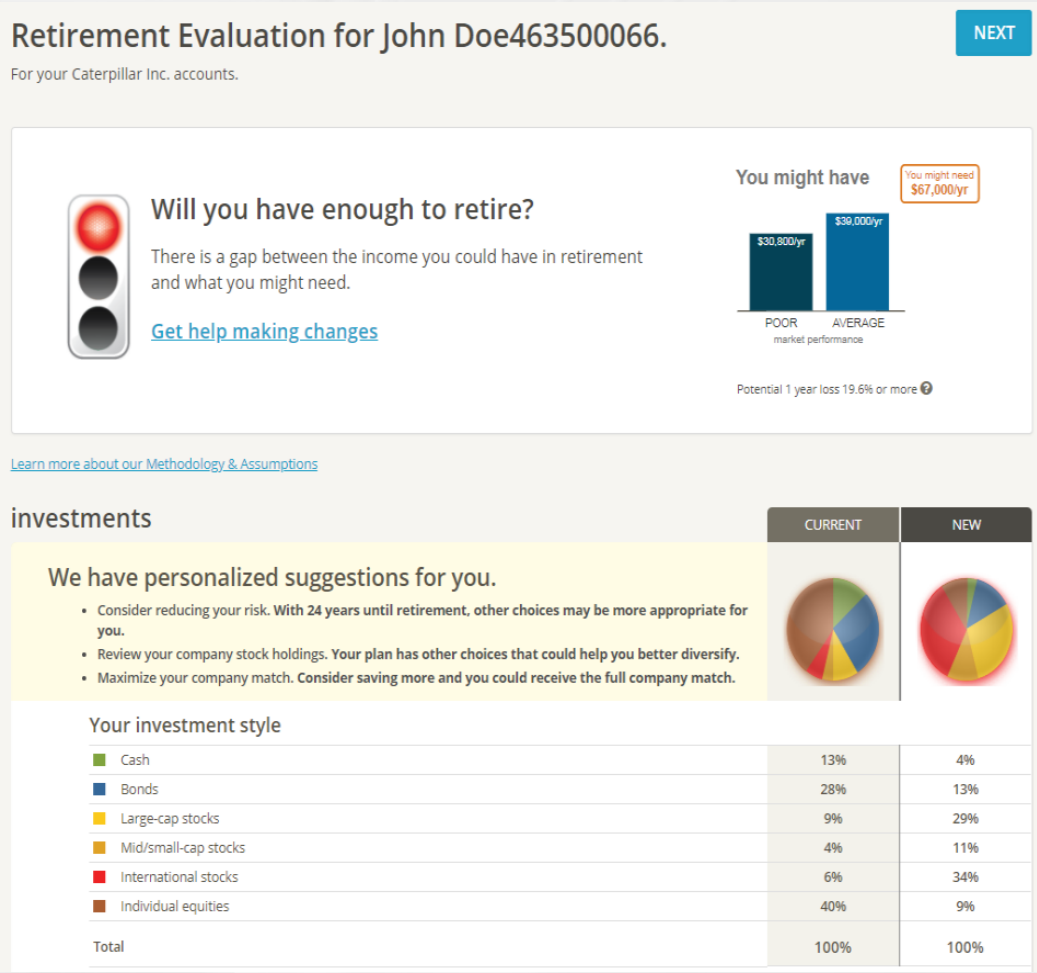
Current snapshot for how you're doing across three areas[1]

- Investments
- Savings
- Retirement Income

Online retirement evaluation also available at any time

- http://CatBenefitsCenter.com

Stoplight methodology highlights areas needing improvement



[1]Retirement Evaluation may not be available to everyone.

Help Options

Target Retirement Funds

- Hands-off approach
- Professionally managed
- Pre-mixed
- Becomes more conservative over time
- Not customized

Online Advice

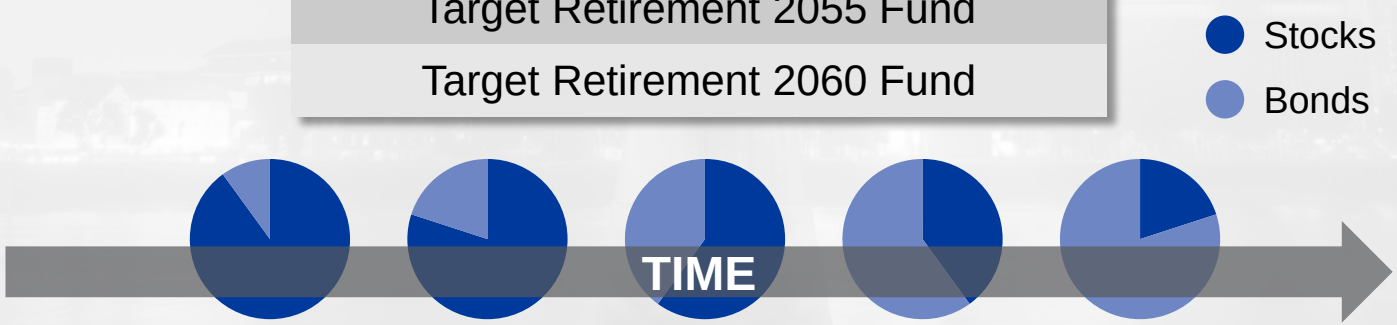
- Hands-on approach
- Do it yourself
- Professional grade tools
- Customized for participant
- No additional cost

Professional Management

- Hands-off approach
- Portfolio managed for you by team of investment experts
- Customized for participant
- Quarterly progress reports
- Fee-based service

Target Retirement Funds

Target Retirement Funds
Target Retirement Income Fund
Target Retirement 2020 Fund
Target Retirement 2025 Fund
Target Retirement 2030 Fund
Target Retirement 2035 Fund
Target Retirement 2040 Fund
Target Retirement 2045 Fund
Target Retirement 2050 Fund
Target Retirement 2055 Fund
Target Retirement 2060 Fund



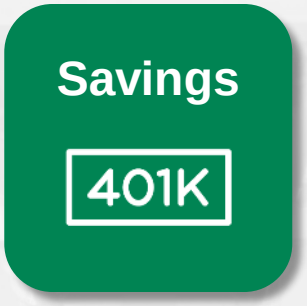
Core Funds

Fund Name	Objective
Caterpillar Stock Fund	Company Stock
International Equity Index	Growth
International Equity Fund	Growth
US Small/Mid Cap Equity Index	Growth
US Small/Mid Cap Equity	Growth
US Large Cap Equity Index	Growth
US Large Cap Equity	Growth
Bond Index Fund	Income
Bond Fund	Income
Stable Principal Fund	Preservation
Money Market Fund	Preservation

Aggressive

Conservative

Professional Help From Alight Financial Advisors (AFA)



Investments

Do I have the right investments?

AFA helps to properly diversify and manage risk-appropriate portfolios

Savings

Am I saving enough?

AFA helps with saving adequately for retirement

Retirement Income

Will I have enough to retire?

AFA helps identifying your income needs and sources

Advisory Services offered through Alight Financial Advisors LLC, a federally registered investment advisor.

Manage It On Your Own – Online Advice

Tools of the trade

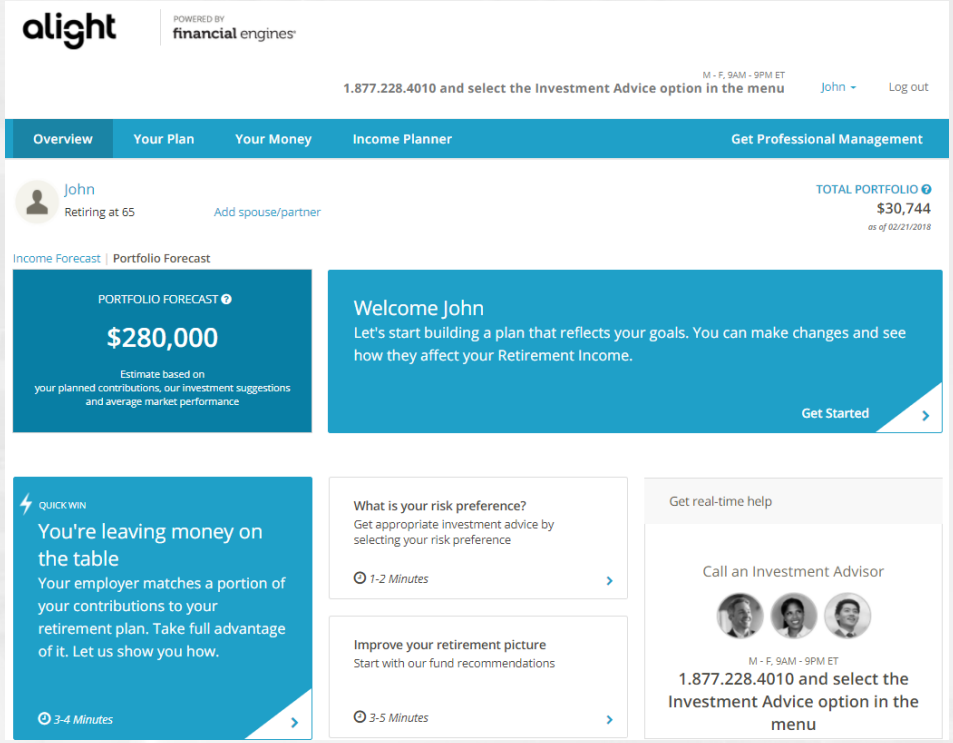
Enter your retirement investment details and you're on your way to complete do-it-yourself management of your account(s)

Investment Recommendations

We'll provide advice to help guide your investment decisions

Updated advice

Log in regularly to see changes we suggest

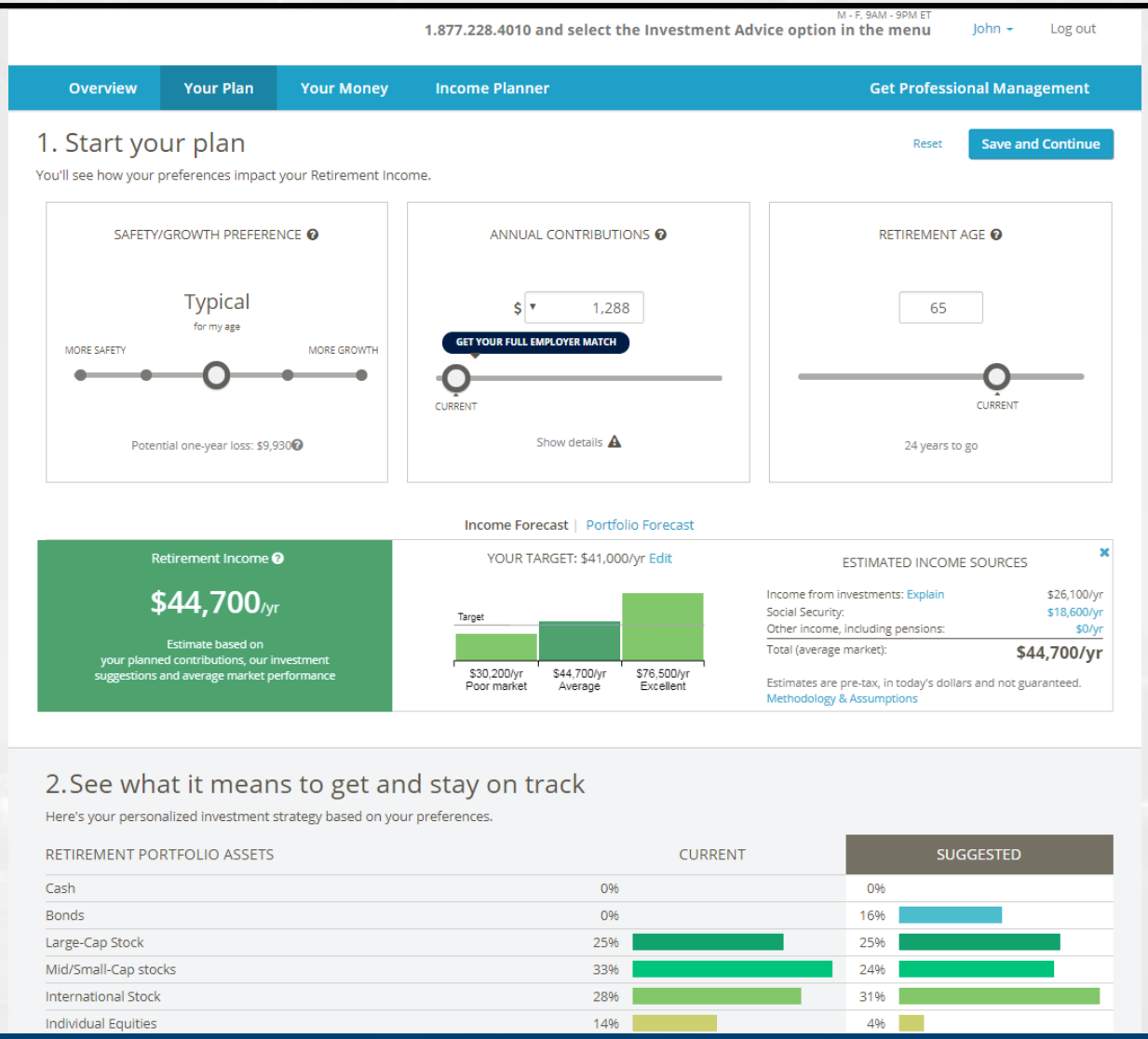


Fine tune at will
Your retirement plan is completely in your hands. Adjust your investment strategy using our professional, powerful tools

No additional cost
This service is provided through Caterpillar at no additional cost to you

Advisory Services offered through Alight Financial Advisors LLC, a federally registered investment advisor.

Online Advice—Your Plan



Online Advice—Your Money

Overview | Your Plan | Your Money | Income Planner | Get Professional Management

TOTAL PORTFOLIO
$65,198.96
as of 03/19/2018

RETIREMENT ACCOUNTS

Caterpillar ... ☆ ELIGIBLE	$65,198.96 *as of 02/21/2018*
Caterpillar ...	$0.00 *as of 03/19/2018*

Link an Account

Securely link or add your accounts for improved forecast and advice

Investment Research

☆ ELIGIBLE

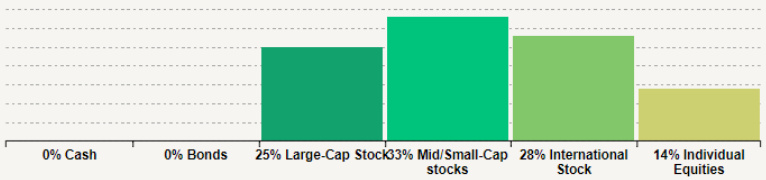
Caterpillar 401(k) Savings Plan Edit

$65,198.96
as of 02/21/2018

RISK LEVEL
Very Aggressive
Details

CONTRIBUTIONS
$4,293 /YR Edit
Details

Investment Style
Total: 100%

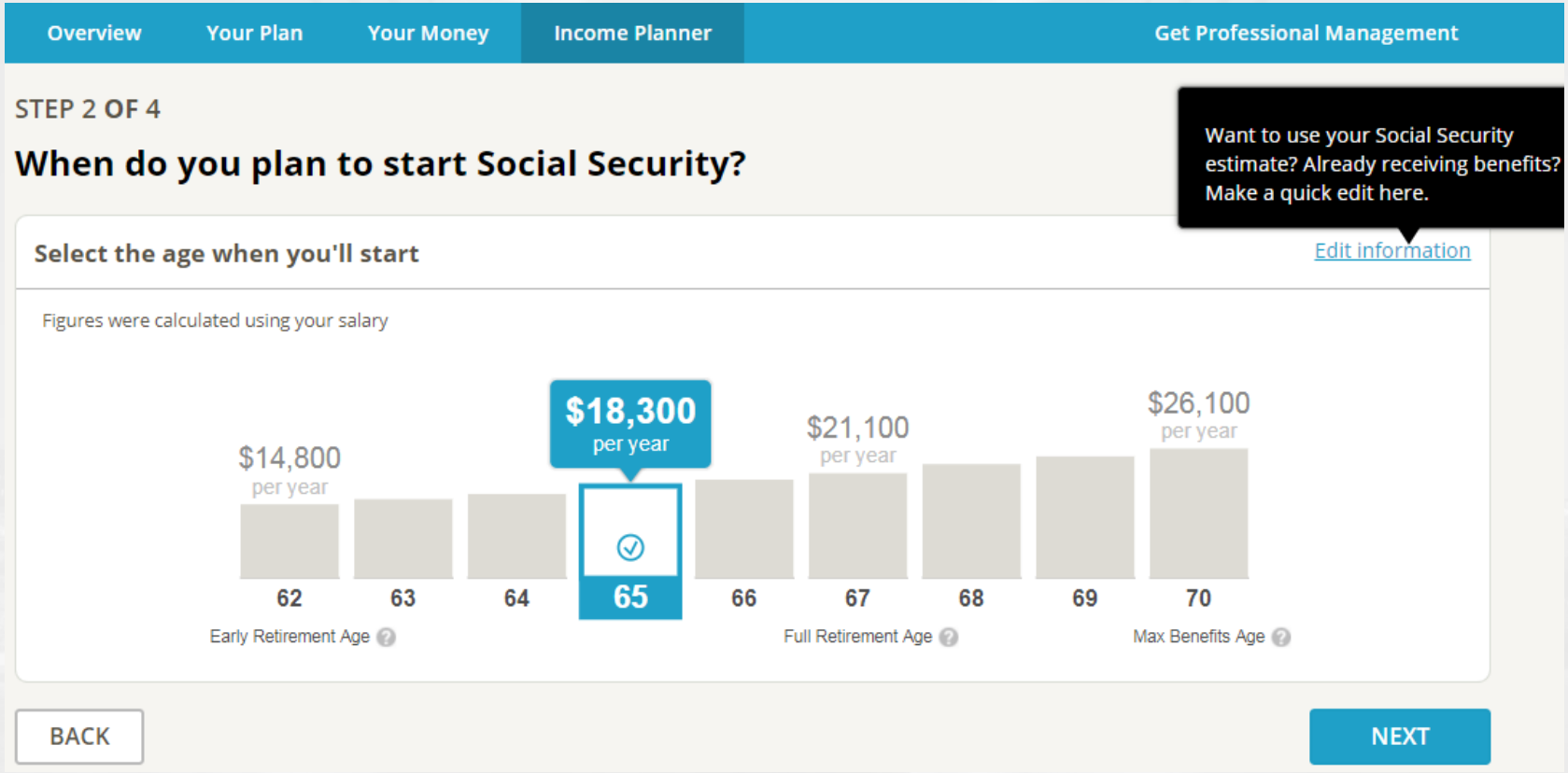


Investments Edit

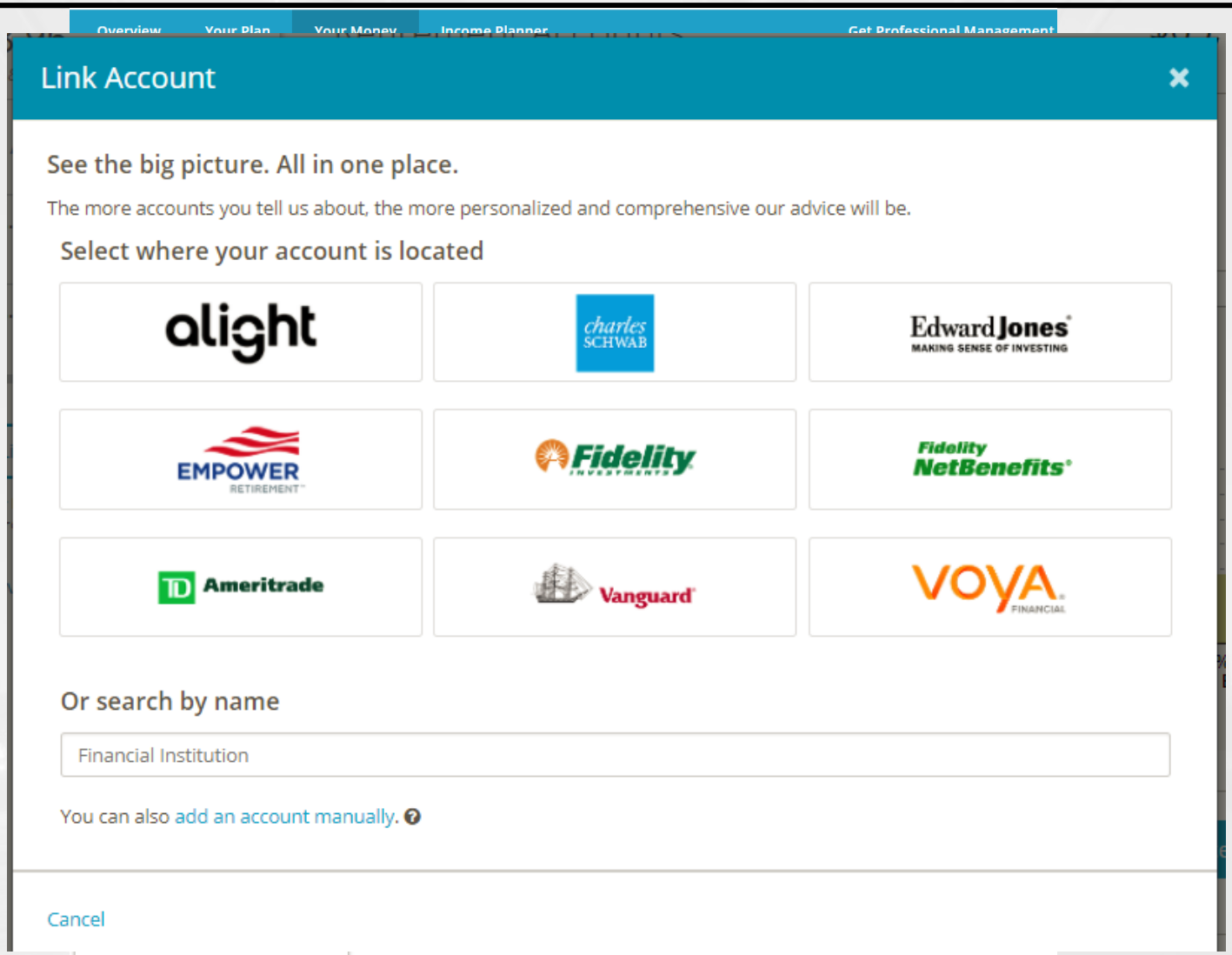
As Of 02/21/2018

Investment Name	Balance
Target Retirement 2040	$3.13
US Large Cap Equity Index	$19,214.33
International Equity Broad Index	$18,457.38
US Small/Mid Cap Equity Index	$18,632.81
Caterpillar Stock Fund (CAT)	$8,891.31
Total Investments	$65,198.96

Online Advice—Social Security Guidance

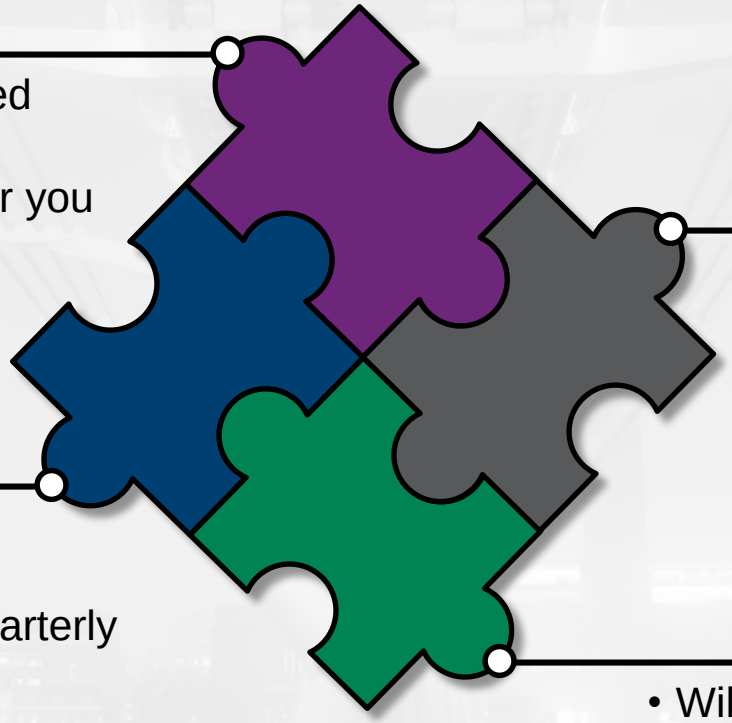


Online Advice—Outside Accounts



Professional Management

- Receive a personalized retirement plan
- Plan put into action for you



- Personalize your profile so AFA can create a strategy tailored to help you meet your goals
- Routine monitoring of account monthly

- Investment advisors available by phone
- Stay informed with quarterly updates

- Will consider outside accounts you tell us about

Advisory Services offered through Alight Financial Advisors LLC, a federally registered investment advisor.

Professional Management—Near Retirees

Prepares your account for retirement payouts

- Income check-up with an advisor to develop an income plan
- Maintains stock exposure for growth

Prepare your portfolio for retirement income

- Retirement check-up with an Investment Advisor to develop retirement plan
- Ongoing professional management balances safety and growth

Generates payments from your portfolio[1]

- Steady income
- Flexible payments

[1]This service is optional. Must make an election to receive payouts.

Also referred to as Alight Professional Management with Income+. If you are eligible for the Income Feature upon enrolling, your portfolio will be managed with the goal to provide you income from your account in retirement, or, with an "income objective.“ Portfolio adjustments begin shortly following enrollment. If you prefer a different goal or allocation, contact us. Payouts begin in retirement at your request. Neither Alight Financial Advisors (AFA) nor Financial Engines guarantee payout amounts or payouts for life. We seek to manage your investments to create payouts that can last into your early 90s. If you would like a lifetime guarantee, consider an optional annuity purchase from outside the plan. Annuities are issued by an insurance company and not by AFA or Financial Engines. See program Terms & Conditions for the Income Feature eligibility requirements and full details.

Professional Management Fees

Portion of Account Balance	Annual Rate	Annual Amount
$0-$100,000	.40%	$40 / $10,000
$100,000-$250,000	.30%	$30 / $10,000
$250,000 +	.20%	$20 / $10,000

Example: Participant with an average balance of $300,000

Fee Break-Point	Balance At This Level	Annual Fee
$0-$100,000	$100,000	$400
$100,000 - $250,000	$150,000	$450
$250,000 +	$50,000	$100
TOTAL	**$300,000**	**$950[1]**

[1]Professional Management fees are charged in the frequency and manner detailed in the Terms and Conditions.
Fee is deducted directly from the 401(k) balance.

Choosing a Help Option

Target Retirement Funds

- One-and-done
- No savings advice
- Hands-off approach
- Not customized

Online Advice

- No additional cost
- Do it yourself
- Create custom plan
- Receive advice
- Hands-on approach

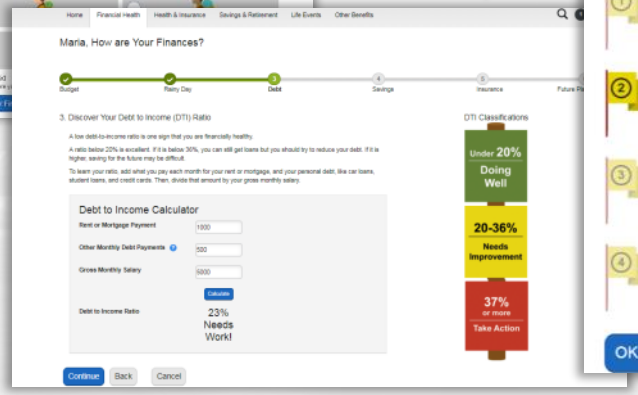
Professional Management

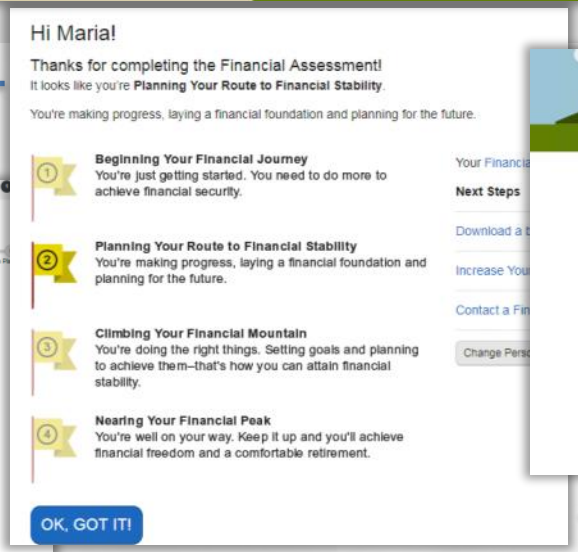
- Fee-based service
- Receive custom plan
- Routinely monitored
- Hands-off approach

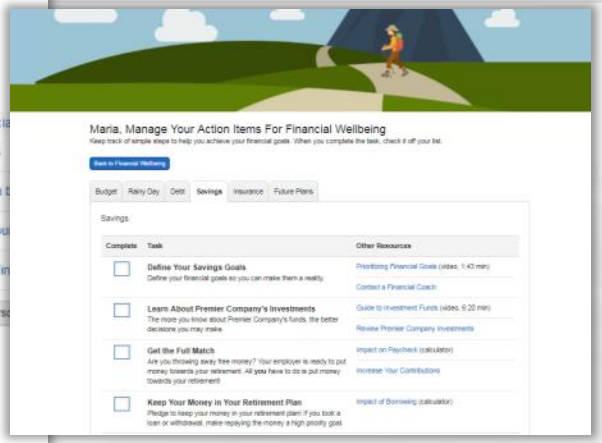
Next Steps

1. Review your Retirement Evaluation
2. Review areas that should be improved
3. Determine which help option is right for you
4. Review your plan periodically

Financial Health







Contact Information

Caterpillar Benefits Website

http://CatBenefitsCenter.com

Caterpillar Benefits Center

Representatives are available Monday–Friday,
8:00 a.m.–6:00 p.m. CT

877-228-4010

Alight Financial Advisors

Representatives are available Monday–Friday,
8:00 a.m.–8:00 p.m. CT

877-228-4010 and select “Investment advice”

advisorinfo@alight.com

Alight Financial Advisors LLC is a federally registered investment advisor

Course Summary

Retirement Planning

- Why plan?
- Greater employee responsibility
- 401(k) can help
- 401(k) overview

Keys to Success

- Risk/return trade-off
- Diversification
- Asset allocation
- Rebalancing
- Savings

Getting Help

- Your retirement evaluation
- Target-date funds
- Online Advice
- Professional Management
- Choosing a help option

Workshop Evaluation

Your feedback is greatly appreciated!

Questions

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