Mutual of America Financial Group℠

Retirement Services • Investments

INFORMATION FOR PLAN PARTICIPANTS

Putting Today's Market in Context

AGENDA

Today's discussion

Market Volatility

The CARES Act

Plan Design and Fees for Nonprofits

Q&A

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MARKET VOLATILITY

What is market volatility?

Volatility is a measure of risk commonly used in financial markets that measures the variation of prices.

Recently, markets have been extremely volatile by historical standards, given the uncertainty around how the COVID-19 virus will impact the economy.

MARKET VOLATILITY

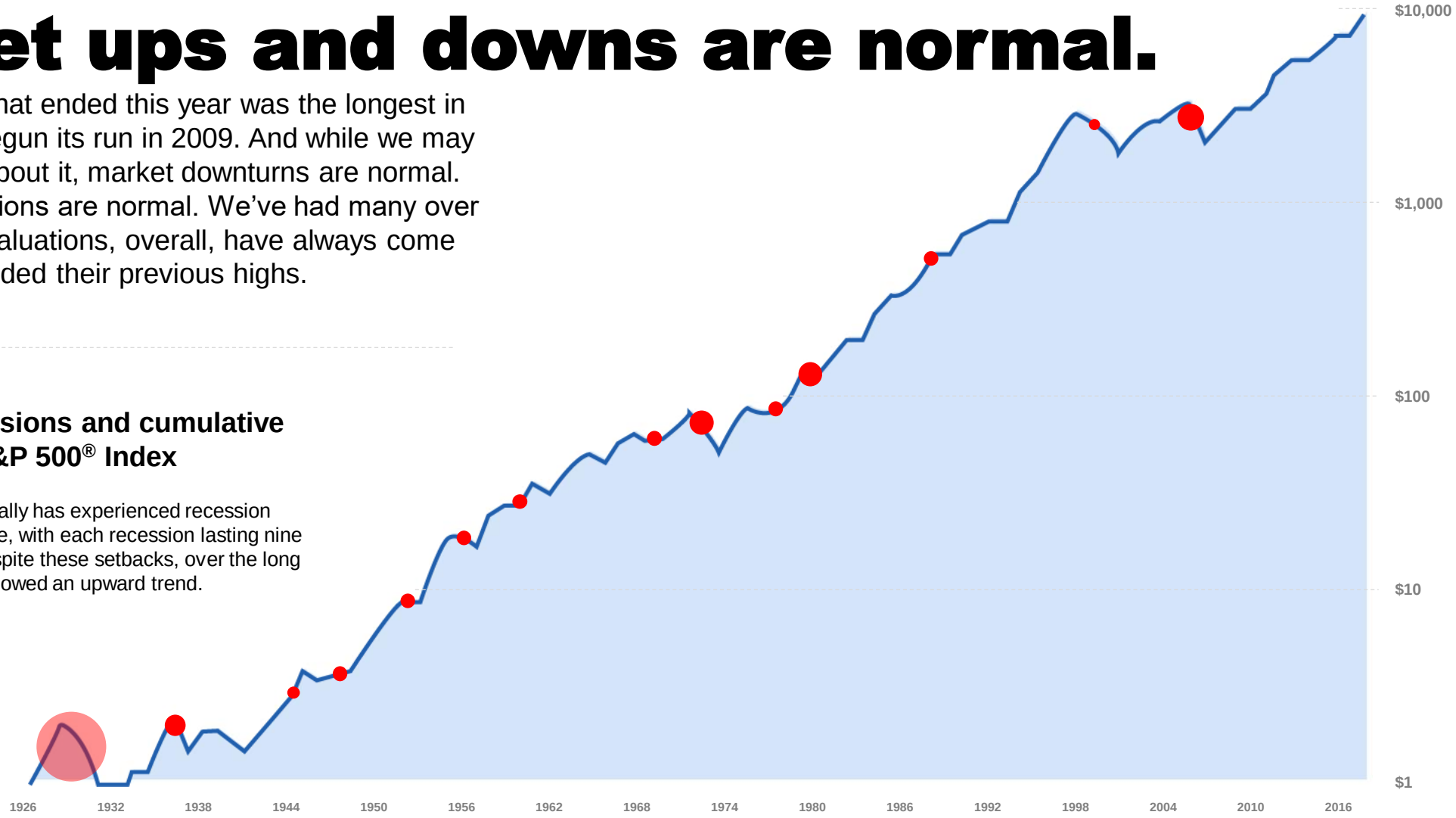
Market ups and downs are normal.

The bull market that ended this year was the longest in history, having begun its run in 2009. And while we may not like to think about it, market downturns are normal. Economic recessions are normal. We've had many over the years—and valuations, overall, have always come back—and exceeded their previous highs.

Economic recessions and cumulative growth of the S&P 500® Index

The U.S. economy typically has experienced recession once or twice per decade, with each recession lasting nine months on average. Despite these setbacks, over the long term, the market has followed an upward trend.

Recession



Source: Recession data: Federal Reserve Bank of St. Louis, www.fred.stlouisfed.org; Annual S&P 500 Index data: www.slickcharts.com.

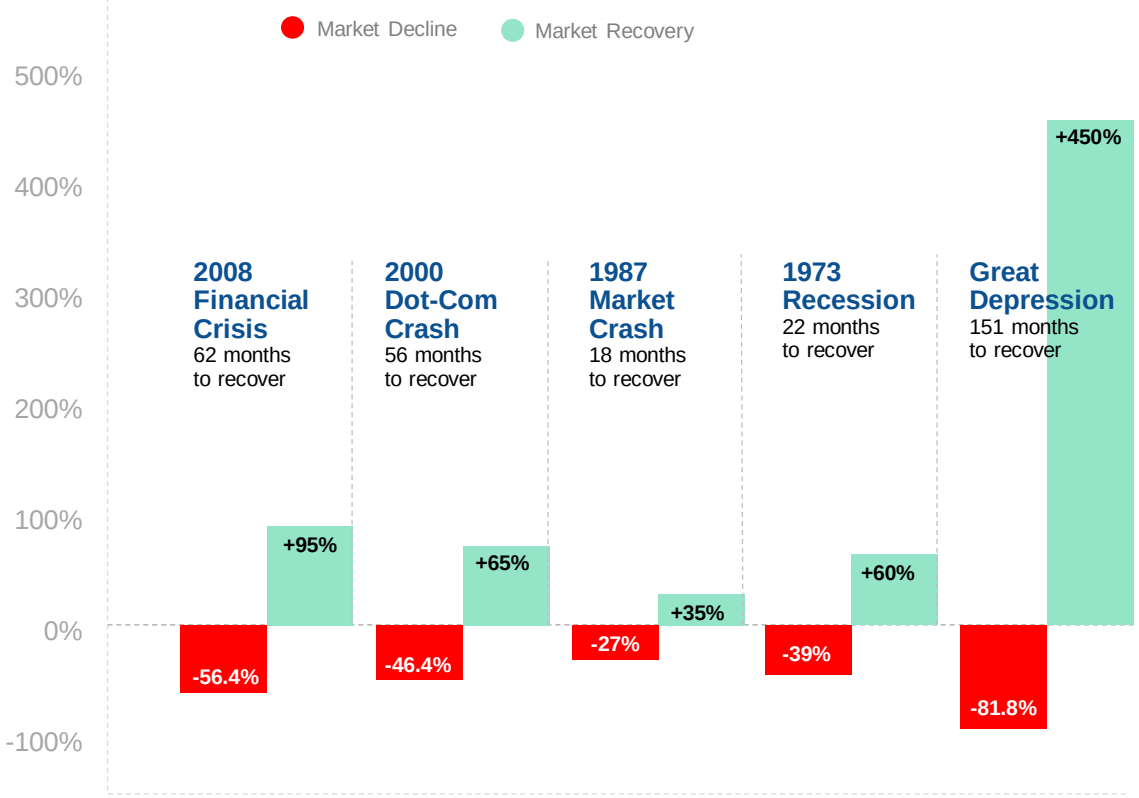
Past performance is no guarantee of future results.

MARKET VOLATILITY

The time it takes to recover from a downturn varies.

How long does a downturn last? And how long does it take to recover? That's what we all want to know. Unfortunately, there are no hard and fast rules. However—as you might imagine—the deeper the recession, the longer we typically expect it to take for markets to recover.

S&P 500® decline and recovery



Red bars show the size of the market dip from its highest point to the lowest. Green bars show the size of the recovery necessary to get back to the previous market high point. Months indicate the time from the lowest point back to the previous high point.

Source: Robert Shiller, www.dgydj.com/sp-500-return-calculator.

Past performance is no guarantee of future results.

MARKET VOLATILITY

Don't try to time the market.

Trying to time the market—to get out before it dips and get back in before it shoots back up—sounds like a great idea. Unfortunately, it's almost impossible to execute. Simply staying invested and riding out the downswing typically leads to the best outcome.

A helpful strategy for many people is **dollar cost averaging**—adding the same dollar amount to your retirement account every month, regardless of market value. This approach automatically ensures that you buy more when share prices dip and less when prices are high.

Dollar cost averaging can be a helpful tool for lowering risk. Investors who use dollar cost averaging may forfeit potentially higher returns, as a result.

The power of staying invested

Comparison of end wealth values after the December. 2007–June 2009 recession

This comparison shows that those who stayed invested in the market at the bottom did better than those who sold at the bottom.

Source: Morningstar.

Past performance is no guarantee of future results.

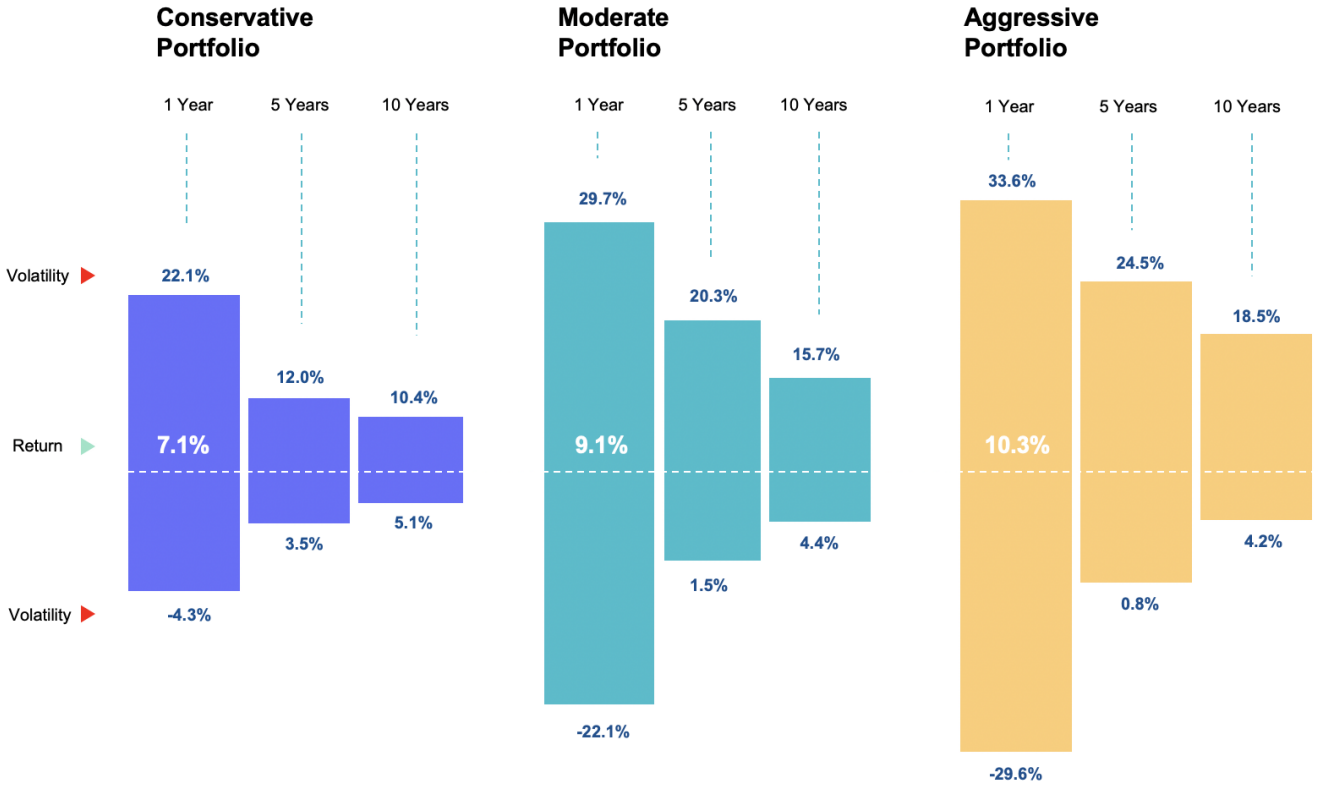
WHAT YOU CAN DO

Be sure your portfolio is diversified and balanced.

Make sure your portfolio is diversified and appropriately balanced based on your:

- Age and time horizon
- Goals
- Tolerance for risk

Asset allocation and diversification can determine potential returns and portfolio volatility.



Comparison of volatility for sample conservative, moderate and aggressive portfolios over one-, five- and ten-year time frames.

This chart's hypothetical illustration uses historical annual performance from January 1, 1990, through December 31, 2019, from Morningstar Direct. Stocks are represented by the S&P 500 Index, bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index ("BB Agg Index"). The hypothetical portfolios are composed as follows: Conservative (20% S&P 500 Index/80% BB Agg Index); Moderate (60% S&P 500 Index/40% BB Agg Index); Aggressive (80% S&P 500 Index/20% BB Agg Index). This chart is for illustrative and educational purposes only and is not indicative of any investment. Past performance is no guarantee of future results. It is not possible to invest directly in an index. Diversification does not guarantee investment returns or eliminate the risk of loss.

WHAT YOU CAN DO

Mutual of America Retirement Funds can simplify your investment decisions.

The target date in each Retirement Fund's name is the approximate date that the fund expects investors to retire and begin withdrawing their account balance. You can choose the Retirement Fund that most closely matches your intended retirement date. That fund will have a mix of investments appropriate for its time horizon, and the mix of investments will change over time as the time horizon changes.

Before you invest, you should always consider your risk tolerance, time horizon, personal circumstances and complete financial situation, in addition to an approximate retirement date. Keep in mind that there is no guarantee that a Retirement Fund will correctly predict market or economic conditions and, as with other mutual fund investments, you could lose money. The value of a Retirement Fund is not guaranteed at any time, including at or after the target date. Your circumstances and objectives could change along the way, so you should monitor your investment fund choices periodically to ensure they meet your investment goals.

A simpler way to invest

Mutual of America Investment Corporation Retirement Funds offer the advantage of a diversified “fund of funds” approach within a single fund, with the added benefit of professional asset allocation (the mix of stocks, bonds and money market funds).

Asset allocation made easier

The asset allocation mix for The Retirement Funds that are geared to an estimated retirement date are designed to be more aggressive for individuals with a longer time horizon to retirement, and to become more conservative as they near retirement.

Focused on the retirement year

While capital preservation becomes a primary consideration as one approaches retirement, growth remains an important consideration to help offset the negative impact of inflation.

ABOUT CARES

CARES provides an economic safety net for individuals, businesses and hard-hit industry sectors.

The Coronavirus Aid, Relief, and Economic Security Act (“CARES” Act) is the third and, to date, most sweeping legislative measure to address what may be a protracted period of unprecedented economic uncertainty.

EMERGENCY ASSISTANCE

Furloughs and layoffs.

Under the CARES Act, **laid-off employees** who are qualified individuals under the CARES Act can take a full distribution from their retirement plan accounts without being subject to a 10% penalty.

Furloughed employees are still active participants for retirement plan purposes, so they cannot take a termination distribution. They can, however, take hardship withdrawals, loans or in-service distributions if they meet the plan's requirements.

A **layoff** is more permanent in nature and is considered a separation from service for retirement plan purposes.

A **furlough** is a mandatory suspension of work without pay, but if an organization is required to provide paid sick leave – either by the CARES Act or previous COVID-19 related legislation – a furlough might not take effect until the paid sick leave expires.

EMERGENCY ASSISTANCE

Understanding partial plan terminations.

An unintended consequence of COVID-19 related layoffs is that, if more than 20% of a qualified plan's participants are laid off in a plan year and they still hold account balances, the IRS considers the plan "partially terminated."

Partial plan terminations can be costly for employers as the law requires all laid off employees to be fully vested in their account balances as of the date of the partial termination. Thus, the employer gives up forfeiture credits related to laid off employees that were not fully vested on the date of the plan termination. For the remaining in-service participants, the plan continues to operate.

To mitigate the risk of litigation or a plan audit, plan sponsors may want to file a Form 5300 to request a ruling from the IRS as to whether the plan has experienced a partial termination.

Note that the CARES Act's provisions offer ways to retain full-time staff, which may help stave off a partial plan termination.

Plan sponsors can call their local Mutual of America office for help with Form 5300 and Form 5500 preparation.

Useful resources

For additional information, visit these websites:

Mutual of America:
Stay on Track During Uncertain Times

Mutual of America:
What You Should Know About the CARES Act

The Department of Labor:
Coronavirus Aid, Relief, and Economic Security (CARES) ACT

We are in this together.
And together, we will get through it.

Mutual of America Financial Group℠

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WHAT YOU CAN DO

We're here to help!

Your Mutual of America Representative is available to answer your questions and discuss any concerns you may have. We hope you won't hesitate to get in touch anytime.

And remember, as uncertain as these times may feel, and as natural as it feels to want to do something, sometimes your best approach may be simply to stay invested and not do anything.

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Q&A

Important information

You should consider the investment objectives, risks, and charges and expenses of the variable annuity contract and the underlying investment funds carefully before investing. This and other information is contained in the contract prospectus or brochure and underlying funds prospectuses and summary prospectuses, which can be obtained by calling 800.468.3785 or visiting mutualofamerica.com. Read them carefully before investing.

Money Market Fund Investors: You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Mutual of America's group and individual retirement products are variable annuity contracts and are suitable for long-term investing, particularly for retirement savings. The value of a variable annuity contract will fluctuate depending on the performance of the Separate Account investment options you choose. Upon redemption, you could receive more or less than the principal amount invested. A variable annuity contract provides no additional tax-deferred treatment of benefits beyond the treatment provided to any qualified retirement plan or IRA by applicable tax law. You should consider a variable annuity contract's other features before making a decision.

This material is not intended to give legal or tax advice, and you should not rely on it for legal or tax advice. You should consult your legal or tax adviser regarding retirement plan rules and regulations. Past performance is no guarantee of future results.