



Your guide to  
investing in the

# BMO 401(k) Savings Plan

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BMO



# Your Total Rewards


## SAVINGS + RETIREMENT

Compensation  
Benefits + Wellness  
Recognition



# Maximizing your 401(k) Savings Plan through investments

The 401(k) Savings Plan plays an important role in helping you ensure a financially secure future – and BMO is committed to helping you build your retirement readiness. That’s why our 401(k) Savings Plan offers a wide range of investment options to help you meet your retirement savings goals.


This interactive magazine provides an overview of the different investment options available to you through the BMO 401(k) Savings Plan. You’ll learn how to assess your **risk tolerance**  and choose the investments that best fit your needs and savings goals. Use this guide, along with the other available tools and resources, to make informed investment choices for your financial future.



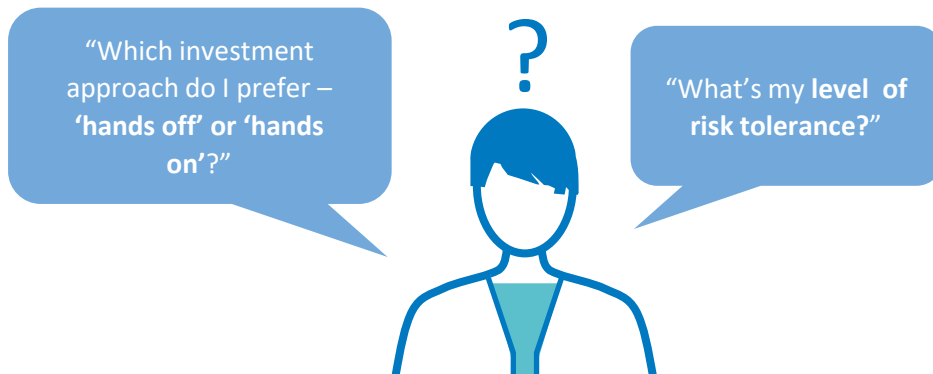
Click on **this marker** throughout this guide for more information.

If you have questions about the 401(k) Savings Plan that aren’t answered in this guide, please see [page 8](#) for additional resources.





# Customizing your investment experience

When it comes to investing, everyone is different. The key to building the right **investment profile** is knowing  what type of investor you are and understanding your personal savings goals.

**Before you start investing, you'll want to be able to answer these two questions. Your answers will help determine which investment fund options may be right for you:**



Before you review and select your investments, you may also want to ask yourself:

- What are my **retirement savings goals?** 
- What is my anticipated **retirement date?** 
- How much help do I want **managing my investments?** 
- Are there **specific funds** I prefer to invest in? 

Unsure about your retirement savings and how long it will last? Wondering if you're on track to achieving your retirement savings goals? Help answer these questions and more by logging in to your [401\(k\) Savings account](#).

# What's your level of risk tolerance?

Everyone has different savings goals, and what's right for a colleague might not be right for you. Your tolerance for investment risk is a key factor in choosing the right investment options for you.

Not sure what your tolerance for investment risk is? Take this short quiz to find out.

**A**

**B**

**C**

Which of these descriptions best describes you?

"I'm cautious. I prefer slow and steady growth."

"I'll take a risk but I need to do my research first."

"I'm not risk-averse. I seek maximum opportunity."

You can enter various contests with different odds to win. Which one do you choose?

50% chance to win \$10

15% chance to win \$1,000

1% chance to win \$100,000

What other word comes to mind when you hear the word 'risk'?

Loss

Chance

Opportunity

You're investing in the stock of a company. What do you do?

"I don't invest in individual stocks – too risky."

"I'll take a risk but I need to do my research first."

"I'm not risk-averse. I seek maximum opportunity."

You inherit \$100,000 and only have three investment choices. Which do you choose?

A savings account or money market mutual fund

A balanced portfolio with a mix of **stocks**, **bonds**, and **cash equivalents**

A portfolio with a mix of stocks

Based on your answers, review the results below to see the investment fund options that may fit your investment style.

If you answered mostly **A**...



"I like to play it safe. I'm a **conservative investor**."



If you answered mostly **B**...



"I prefer a balanced approach. I'm a **moderate investor**."



If you answered mostly **C**...

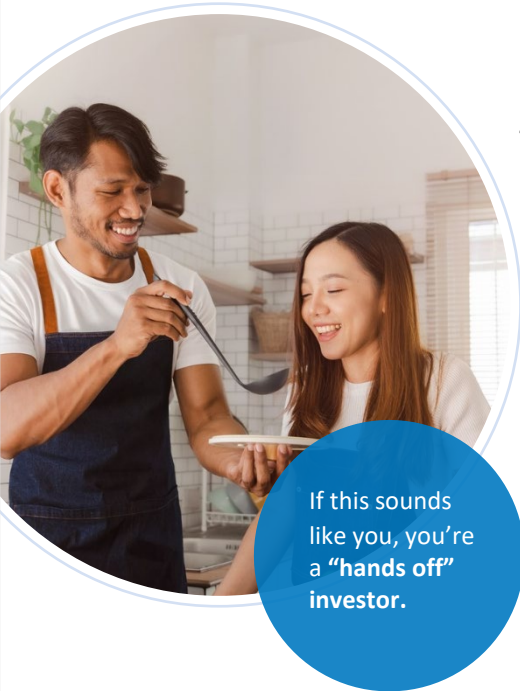


"I'm all for high risk, high reward. I'm an **aggressive investor**."



# Which investment approach do you prefer?

Another step to building your investment strategy is determining how involved you want to be when it comes to selecting investment funds.



Follow the path below that best describes you and find out if you're a "hands off" or "hands on" investor.

"I prefer to have an expert make my investment decisions."

OR

"I prefer to make my own investment decisions."

"I don't have time to actively track and manage my own portfolio."

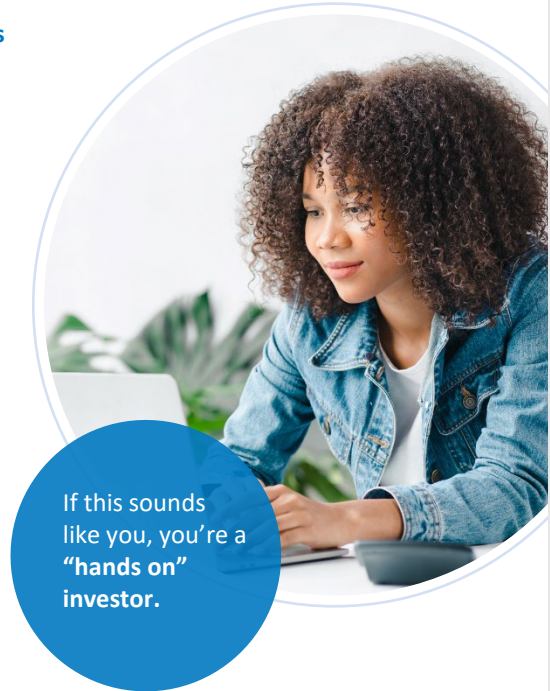
OR

"I'm willing to take time to actively track and manage my portfolio."

"I'm not confident I can create my own portfolio with the right balance of risk and **return** 🎲"

OR

"I'm confident I can create my own portfolio with the right balance of risk and return."



Even if you are in the middle, the BMO 401(k) Savings Plan offers investment fund options that fit your preferred style.






## Applying your preferred investment approach


Now you've determined your **tolerance for investment risk** and your **preferred investment approach**. Next, we'll review the various investment options offered in the BMO 401(k) Savings Plan and help you determine which fund or funds might be best for you based on your preferred style.

Whether you like to "set it and forget it" or you want to choose everything yourself, the BMO 401(k) Savings Plan offers an option that fits your preferred style. Learn about the tiered investment structure on the [next page](#).

# Understanding the tiered investment approach

The investment fund options available in the BMO 401(k) Savings Plan are grouped into four tiers, each needing a different level of involvement by you, the investor.

	Hands off investor ←	→ Hands on investor ←	
	<b>Asset Allocation Funds</b>  <i>Tier I</i>	<b>Indexed Funds</b>  <i>Tier II</i>	<b>Actively Managed Funds</b>  <i>Tier III</i>
Why would I choose?	“I don’t want to make changes to my investments all the time – I just want it to be easy.”	“I’d like a professional to manage my funds, but want to keep <b>administrative fees</b>  low.”	“I want a professional working hard to maximize my return – and I’m willing to pay for it.”
How do these funds work?	Select funds based on level of risk or desired retirement date.	<ul style="list-style-type: none"> <li>• Portfolio manager manages fund to match a benchmark index.</li> <li>• Provides broad market exposure while keeping fees low.</li> </ul>	<ul style="list-style-type: none"> <li>• Portfolio manager researches and analyzes investments with the goal of higher returns.</li> <li>• Portfolio management fees can be more expensive due to depth of research and analysis.</li> </ul>
	<b>Specialty Funds</b>  <i>Tier IV</i>		<ul style="list-style-type: none"> <li>• Choose funds with a specialized focus.</li> <li>• Can potentially pay higher yields, but may carry a higher risk.</li> <li>• These funds lack diversification because of their specialized focus, so they are often used to supplement other investment choices.</li> </ul>

You may be subject to varying **investment management fees**,  depending on which investment tier/funds you choose. Refer to the [Investment Options Chart](#) or the [Fee Disclosure Notice](#) for more information about these or other fees that may apply.

## What funds are available in each investment tier?

Review the complete list of investment options offered in the BMO 401(k) Savings Plan to see what’s [available in each tier](#). Speak to your financial advisor for help choosing the investment options that best meet your retirement savings goals.

# How the investment fund options compare

**How you invest** your money can be just as important as **how much** you save. Your investment earnings over time are an essential part of the equation that can help you meet your retirement savings goals.

Based on your preferred investment approach, you can compare investment fund options that might be right for you based on the level of potential investment risk versus potential return.

Select an investment style below to see how the investment options compare.



I'm more of a  
"hands off"  
investor



I'm more of a  
"hands on"  
investor



How do Target Retirement Date funds work?



Importance of diversifying your funds.

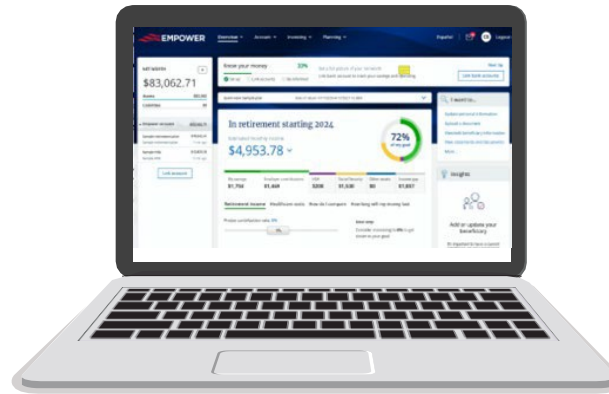


# How to change your investment elections

With the information you've just learned, you may want to review or change your investment elections. You have the flexibility to choose how to invest your money within the investment lineup offered in the BMO 401(k) Savings Plan and you can make changes at any time.

## It's easy to change your investment elections:

1. Access your **401(k) account**
2. Under **I want to...view investment lineup** choose an action such as:
  - **reallocate your existing account balance** 🍷
  - **change future investment elections** 🍷
  - **transfer current funds** 🍷



Once you've selected your investment mix, periodically monitor the performance of your investments to make sure you're on track and adjust your investment mix as needed.

## Don't let market volatility dictate your investment choices.

Watching your investment value decrease isn't easy, and it can be tempting to change your investment allocations to prevent further losses. **Follow these tips** 🍷 help you keep your cool during periods of downturn.

## The more you save, the more you can invest.

In addition to BMO's 2% core contribution, BMO matches your contributions dollar-for-dollar up to 5% of eligible pay, so make sure you're contributing enough to get the full match and maximize your investment earnings.

[Access your 401\(k\) account](#) to change your contribution at any time.



# Resources

Retirement resource	When to use	Where to find
Empower website	<ul style="list-style-type: none"> <li>• Change your 401(k) contribution rates</li> <li>• Review and change your investment options</li> <li>• Review detailed account information</li> <li>• Project your future retirement income and expenses</li> <li>• Understand your cash flow and set a budget</li> </ul>	<a href="#">Access your 401(k) account</a>
Empower Learning Center	<ul style="list-style-type: none"> <li>• Discover insights, interactive learning tools, calculators and more</li> </ul>	<a href="#">Empower Learning Center</a>
Investing in the BMO 401(k) Savings Plan eGuide	<ul style="list-style-type: none"> <li>• Learn about the different investment options available</li> <li>• Understand the tiered investment approach</li> <li>• Know your preferred investment style and level of risk tolerance</li> </ul>	<a href="#">BMO U.S. Benefits</a> (see the Understanding the BMO 401(k) Savings Plan eGuide)

## About this eGuide

This guide is provided for information purposes only and contains summary information about the BMO U.S. Retirement Program. If there is a difference between the information in this guide and the legal documents, the legal documents will govern in all cases.

BMO reserves the right to amend, change or discontinue the program at any time.

This guide does not provide financial, investment or tax advice. We encourage you to review the information in this guide and in the plan documents, carefully consider the consequences of any decisions, and obtain independent financial or tax advice to determine the best choice for your personal financial situation.

## Have questions about the BMO 401(k) Savings Plan?

Visit [BMO U.S. Benefits](#) or contact the Human Resources Center at **1-888-927-7700** and select from the menu: Retirement & Savings > 401(k).

# Accessing your 401(k) account



## Workday (on BMO network)

Current U.S. employees  
on the BMO network  
– no password required

1. In [Workday](#), select the *Pay* application.
2. Under *External Links*, select *401(k)* (On BMO Network).



## Workday (off BMO network)

Current U.S. employees  
off the BMO network,  
employees using the Workday  
app on their phone, or for  
those employees who have  
relocated to another country  
after working in the U.S.

1. In [Workday](#), select the *More Tools* application (located in *Dashboards* on the App), then select *HR Intranet*.
2. In the [HR Intranet](#), under the *Benefits* tab, select *Retirement*, then select *U.S. Retirement Savings Program* (make sure you are on the BMO U.S. tab).
3. Select *Login to 401(k)* from the menu on the right side.



## Any internet-enabled device or mobile app

Accessing your account from a  
personal device or after your  
employment with BMO ends

1. Visit Empower Online at [empower.com/BMO401k](https://empower.com/BMO401k)
2. Log in with your Empower username and password

Or you can call Empower at  
**844-SAV-401k (844-728-4015)**



## Human Resources Center

Anyone needing  
personal assistance

1. Call **1-888-927-7700**, choose *Retirement & Savings*, then choose *401(k)*.
2. Follow the prompts to speak with a service center representative.

# Glossary

## Actively managed funds

Investment funds that include a portfolio manager who researches and analyzes the investment mix with a goal to achieve greater returns.

## Administrative fees

These are the fees associated with the costs of administering a 401(k) plan, including record keeping. Your fees are disclosed online and on your quarterly statements.

## Asset allocation fund

A mutual fund that balances risk by diversifying investments (assets) across a combination of stocks, bonds and cash equivalents.

## Bond

A type of investment that works similar to a loan. Bonds are purchased by investors as a long-term debt, where the entity that issues the bond agrees to pay back the principal amount by a certain date, as well as interest paid over that time period.

## Cash equivalent

A type of investment that represents a company's ability to generate cash in a short time period (usually less than three months). These investments tend to have a low risk and low return, and include treasury bills, money market funds or short-term government bonds.

## Equity fund

A mutual fund that is invested primarily in stocks. These funds can be actively or passively managed.

## Indexed funds

Investment funds that include a portfolio manager who passively manages the investment mix with a goal of matching a benchmark index (e.g., S&P 500 Index).

## Investment management fees

The fees associated with managing the funds in which you're invested. Funds that are more actively managed by a portfolio manager tend to carry higher investment fees. The Fund Fact Sheet, which is available online for each fund, discloses this and other helpful information.

## Investment profile

The types of investments (e.g., stocks, bonds, etc.) that make up your investment portfolio.

## Rate of return

The amount of gain or loss that an investment experiences over a specified amount of time. The rate is typically shown as a percentage of the cost of the investment.

## Risk tolerance

Your ability and willingness to handle market fluctuations, which may affect the value of your investments.

## Specialty funds

Investment funds with a specialized focus that potentially pay higher yields, but also carry a higher risk.

# Glossary (cont'd)

## Stock

A type of investment that represents ownership interest in a certain corporation or entity. By investing in stocks, you may receive dividends, which is the percentage of the entity's profits that you're entitled to based on the amount of shares **you own**.

## Target retirement date funds

Investment funds that are created with a specific target retirement date in mind. Each fund has a different level of risk based on the amount of time until the target date. The level of risk associated with the funds decreases as the target date gets closer.

# Customizing your investment experience

## What are my retirement savings goals?



Do you want a carefree retirement filled with travel to new places? Do you envision a modest retirement, enjoying time at home with friends and family? Whatever your retirement goals, the BMO 401(k) Savings Plan offers a wide range of investments that can help you achieve them.

Learn what type of investor you are and what investment options best suit your goals on [page 4](#).

## How much help do I want managing my investments?



The BMO 401(k) Savings Plan offers investment options that accommodate a range of investment approaches. Whether you want an active portfolio manager who is trying to beat the benchmarks or you want to keep fees low and prefer someone who is working to match a certain fund index, there is an option for you.

Learn more about what type of investor you are and the investment tiers on [page 4](#).

## What is my anticipated retirement date?



Whether you're retiring next year or 30 years down the road may influence how much investment risk you are willing to take. The BMO 401(k) Savings Plan offers investment fund options that can help you manage your exposure to risk as you approach retirement.

You may want to consider choosing an option specifically based on your anticipated retirement date.

Learn more about target retirement date funds and the investment tiers on [page 5](#).

## Are there specific funds I prefer to invest in?



BMO offers a few investment options that allow you to choose funds with a specialized focus.

Learn more about specialty funds and the rest of the investment tiers on [page 5](#).

# What's your level of risk tolerance?

## **CONSERVATIVE investment options may suit you?**

These funds include a majority of cash equivalents and bonds that provide steady income with low to moderate volatility (i.e., fluctuation in value). However, these investments do come with some inflation risk – that is, a chance inflation will outpace investment returns.

Consider all available options on [page 6](#).

## **MODERATE investment options may suit you?**

These funds typically include a combination of stocks and bonds to balance moderate volatility (i.e., fluctuation in value) with moderate growth potential.

Consider all available options on [page 6](#).

## **AGGRESSIVE investment options may suit you?**

These funds typically include a majority of stocks and equity funds, which provide growth in value over time and may help combat inflation; however, volatility (i.e., fluctuation in value) is generally higher than other investment types.

Consider all available options on [page 6](#).

# How the investment options compare

## How do Target Date funds work?

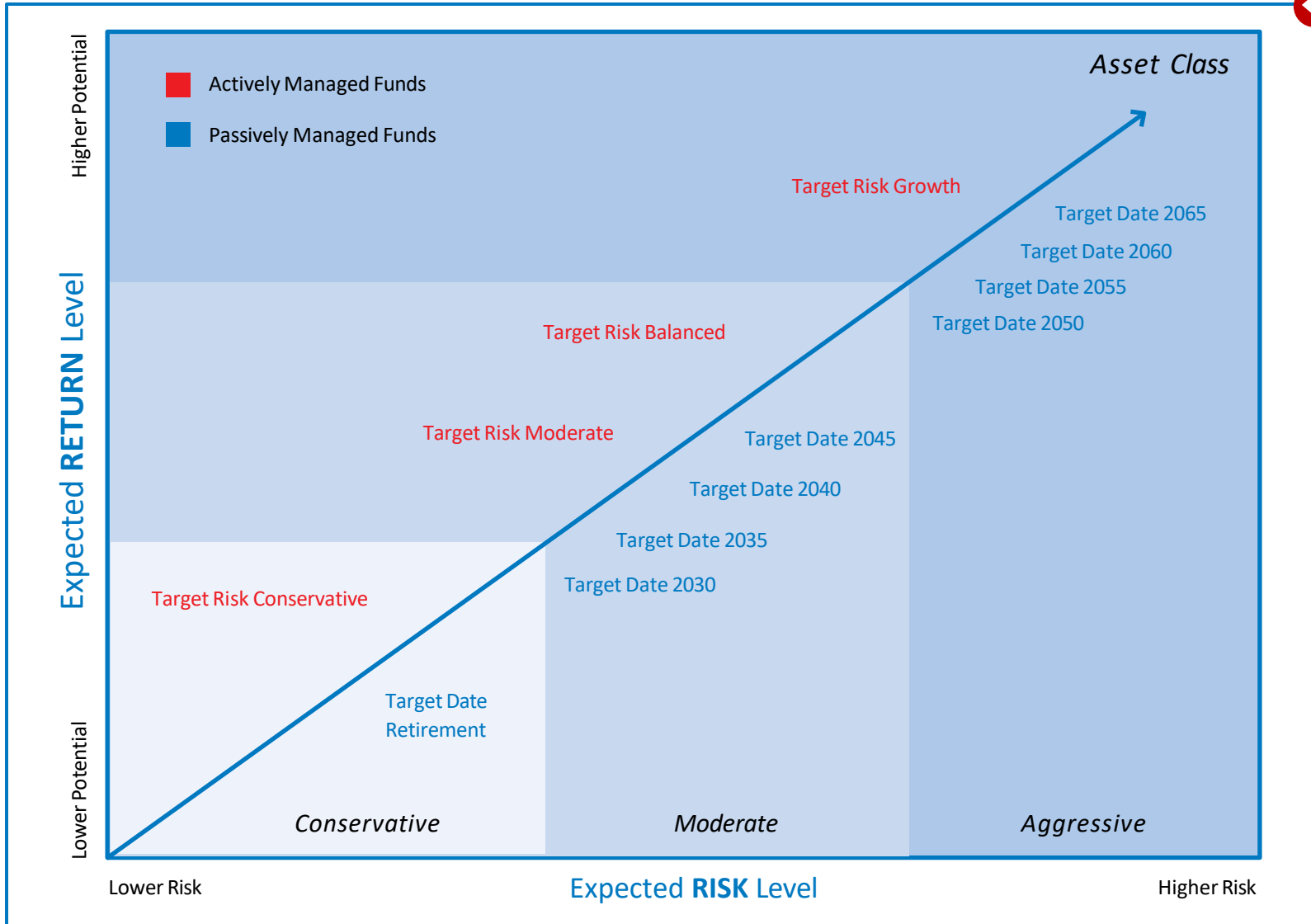
If you're more of a hands off investor and want to leave the work to the experts, then the LifePath® Target Date funds might be right for you. All you need to do is choose a LifePath fund with a target date closest to your anticipated retirement date and continue to save – no need to worry about adjusting your investment mix.

LifePath funds automatically reduce your risk exposure as you progress toward retirement, throughout your career. All LifePath funds are managed by the trusted professionals at BlackRock.

## Importance of diversifying your funds

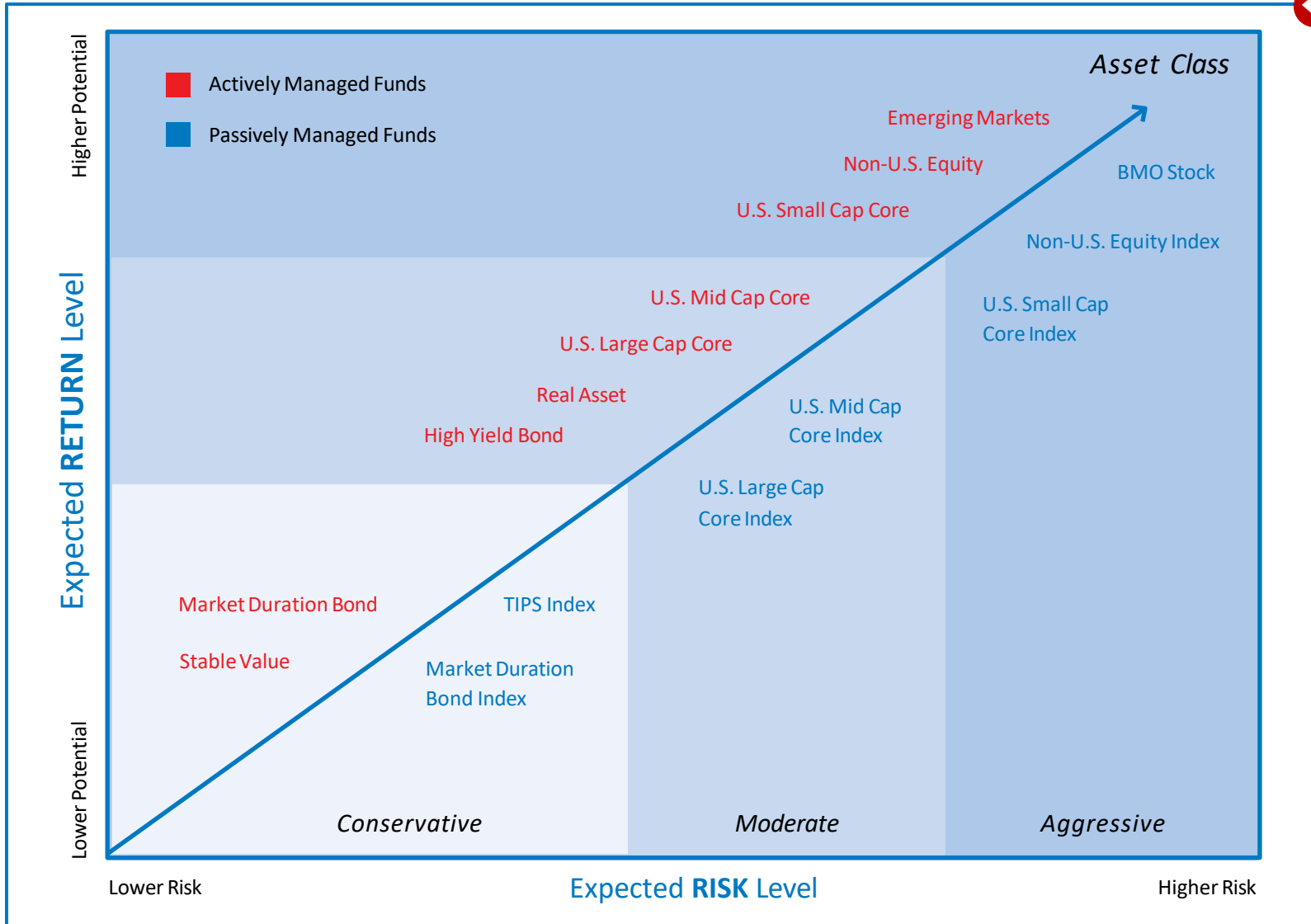
Ever hear the expression, “Don't put all your eggs in one basket?” If you're more of a hands on investor who likes to select your own funds, it's doubly important. You want to make sure you're diversifying your investments into multiple funds to reduce your exposure to risk. But you also need to diversify the types of investments you make – like a mix of cash, stocks and bonds. By choosing an appropriate mix of funds, you'll increase the stability of your investments, helping to protect against significant fluctuations in overall value.

# Investment options for Tier I: ideal for **hands-off** investors





# Investment options for Tiers II, III, IV: ideal for **hands-on** investors



# How to change your investment elections

## Reallocate your existing account balance

This action allows you to reallocate your entire existing account balance among other available investment fund options.

## Change future investment elections

This action allows you to change your investment fund elections for future contributions (and loan repayments, if applicable).

## Transfer current funds

This action allows you to move a portion of your eligible account balance from one fund to one or more available investment fund options.

## Don't let market volatility dictate your investment choices

- ✓ **Don't stop contributing.** Even if your latest account statement shows a loss, you don't want to stray from your good investing habits just because of the investment market's volatility.<sup>(1)</sup>
- ✓ **Don't make significant changes in your account.** Beware of allowing uneasiness to influence a major decision before giving thought to your overall investment strategy. If you change your investments when the market is performing poorly and then switch back once the market has recovered, you might be "selling low and buying high," which will ensure poor investment performance.
- ✓ **Stick with your plan.** Build a solid investment plan that best suits you based on your goals, time frame to retirement, risk tolerance and financial situation — and then prepare yourself to weather periodic market downturns.
- ✓ **Volatile markets do not last forever.** How should you cope with market volatility? Diversify your investments<sup>(2)</sup> and keep your retirement goals in mind during a downturn.

<sup>(1)</sup> Stock investing involves a high degree of risk. Stock prices fluctuate and investors may lose money.

<sup>(2)</sup> Neither diversification nor asset allocation ensure profit or protect against loss in a declining market.