

# Retirement Plan Consulting

OVERVIEW OF SERVICES



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# The Power of RPAG

Unlocking growth and impact for  
retirement plan professionals

# RPAG At-a-Glance

RPAG's size and scale provides its members with resources to apply their deep knowledge, creative thinking, and industry experience to help deliver a tailored solution.

BY THE NUMBERS

**\$1.3T**

Assets Under Influence

**120K**

Retirement Plans Served

**10M**

Participants Engaged

**2,000+**

RPAG Financial Professionals

**INTEGRATE**

One integrated platform to centralize data and streamline operations.

**DEDICATED**

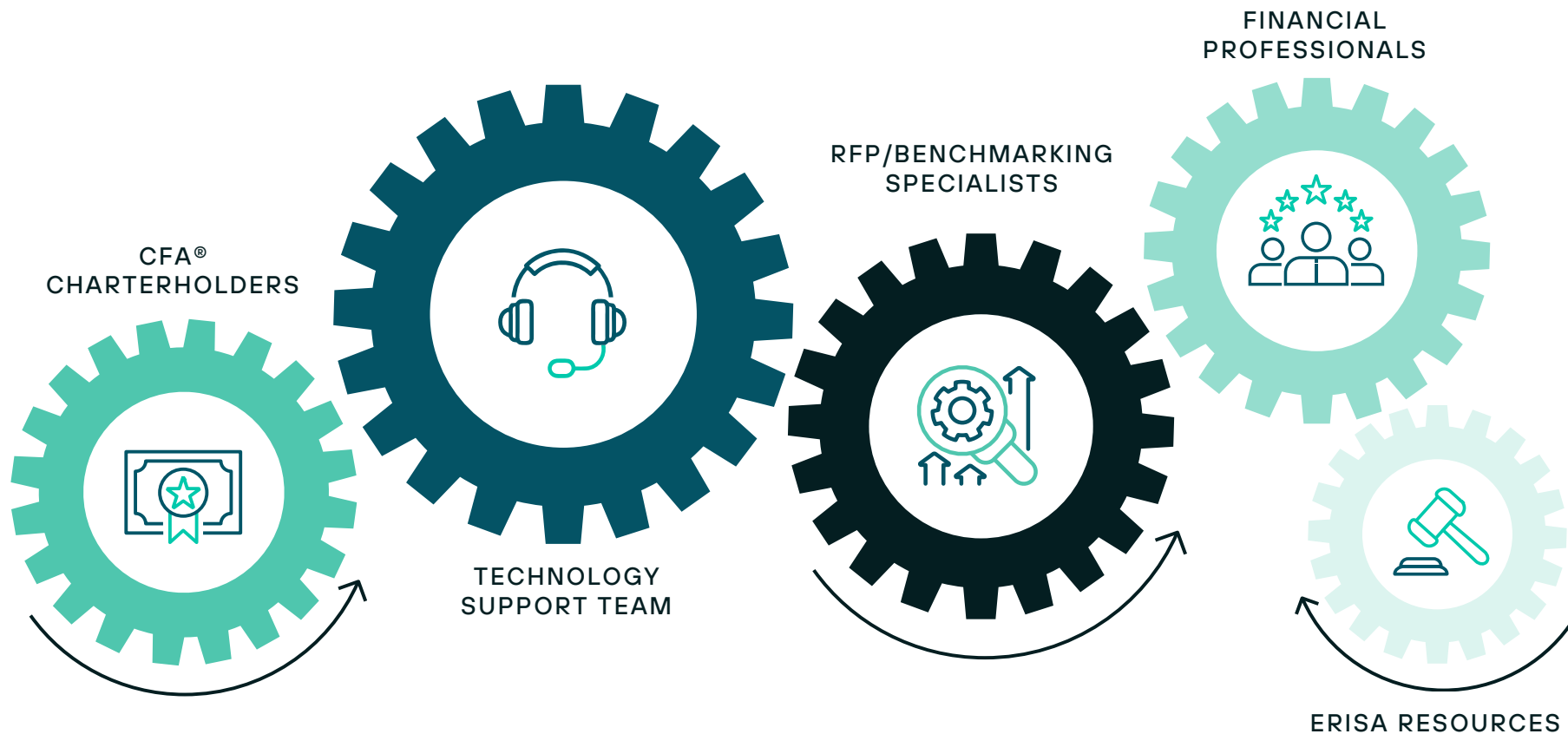
50+ RPAG specialists dedicated to ensure member success

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# Depth and Breadth

As an RPAG member, we are backed by an extensive team of retirement plan experts. RPAG's platform and community help us broaden and deepen the insights and solutions we bring to our clients.

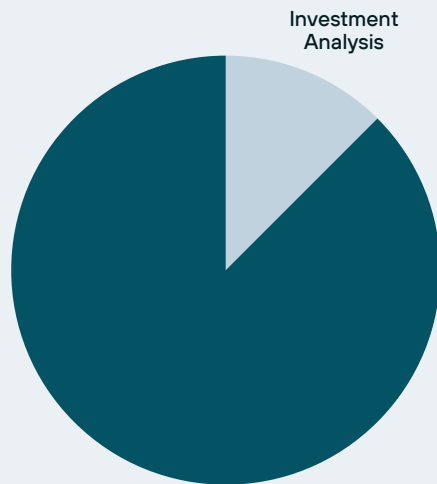


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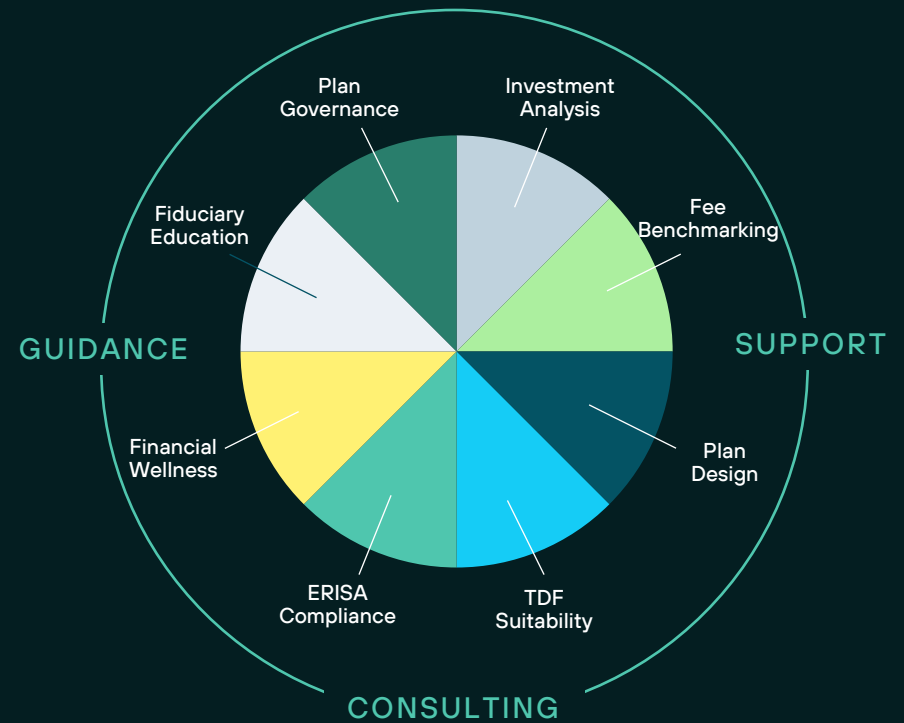
# Full Service. Better Outcomes.

Backed by robust technology and insights, RPAG members are empowered to drive successful retirement plan outcomes for plan sponsors and participants.

## Most Financial Professionals



## RPAG Members



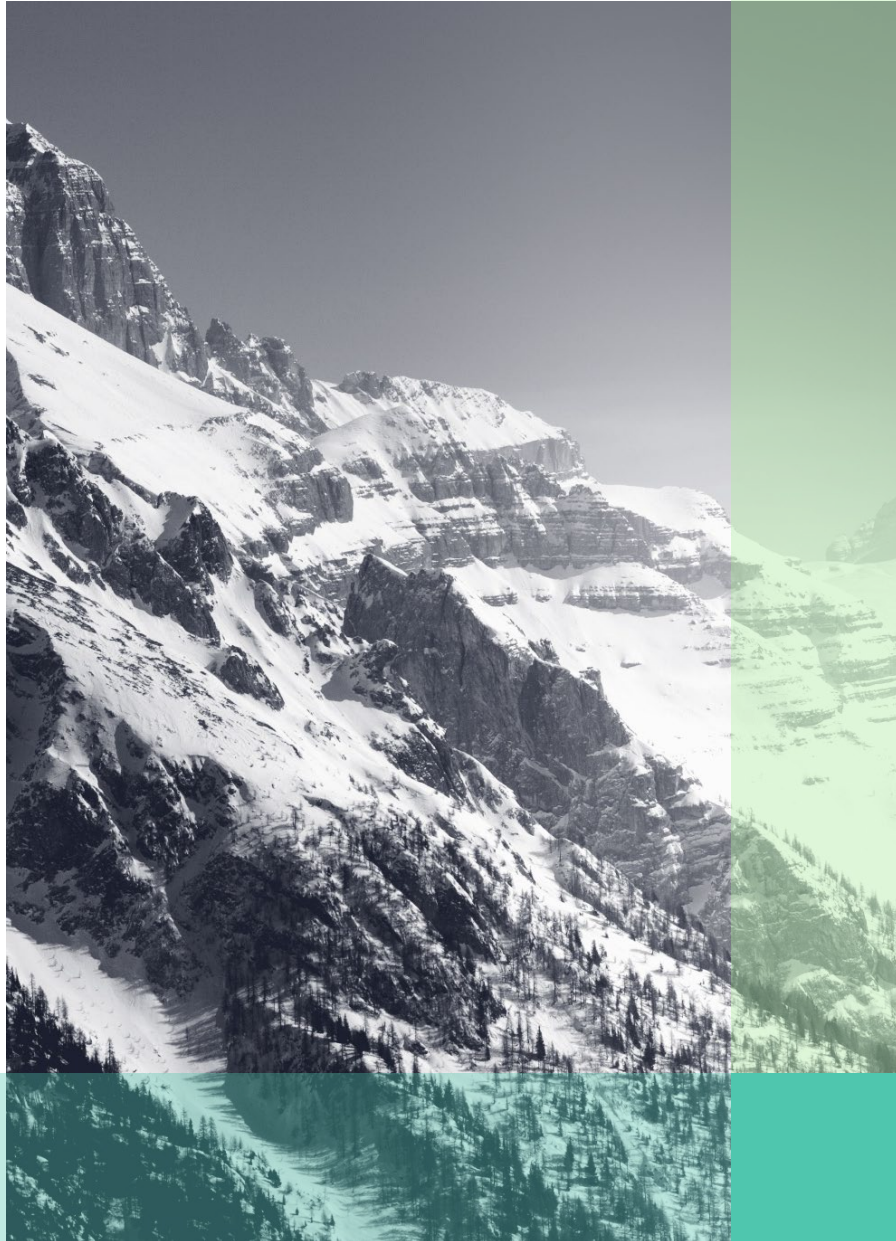
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# About Us

Helping create successful retirement plan outcomes for plan sponsors and plan participants



# Mission Statement

## INVESTING IN THE NEXT GENERATION

VestGen ensures smooth and secure transitions for retiring advisors and their clients, with a foundation built on trust, integrity, and lasting relationships. Through sharing valuable insights and fostering strong connections, we inspire the next generation of wealth management professionals to continue elevating standards in the industry.

# Retirement Services



## Fiduciary Education

Comprehensive and ongoing fiduciary guidance, training and support to mitigate potential liabilities



## Fee Benchmarking

RFP driven process to ensure apple-to-apple comparisons and to help maximize a plan's negotiating leverage



## Investment Analysis

Proprietary fund ranking system that aims to enhance outcomes, manage risks and reduce fiduciary exposure



## Target Date Fund Consulting

Advanced risk-based suitability process to identify a "best-fit" target date fund series that is right for your plan



## Innovative Plan Design

Plan design assessments help maximize benefit ROI for employers while driving better outcomes for participants



## Employee Engagement

Customized participant engagement platform structured enhances knowledge, engagement, wellness, and outcomes



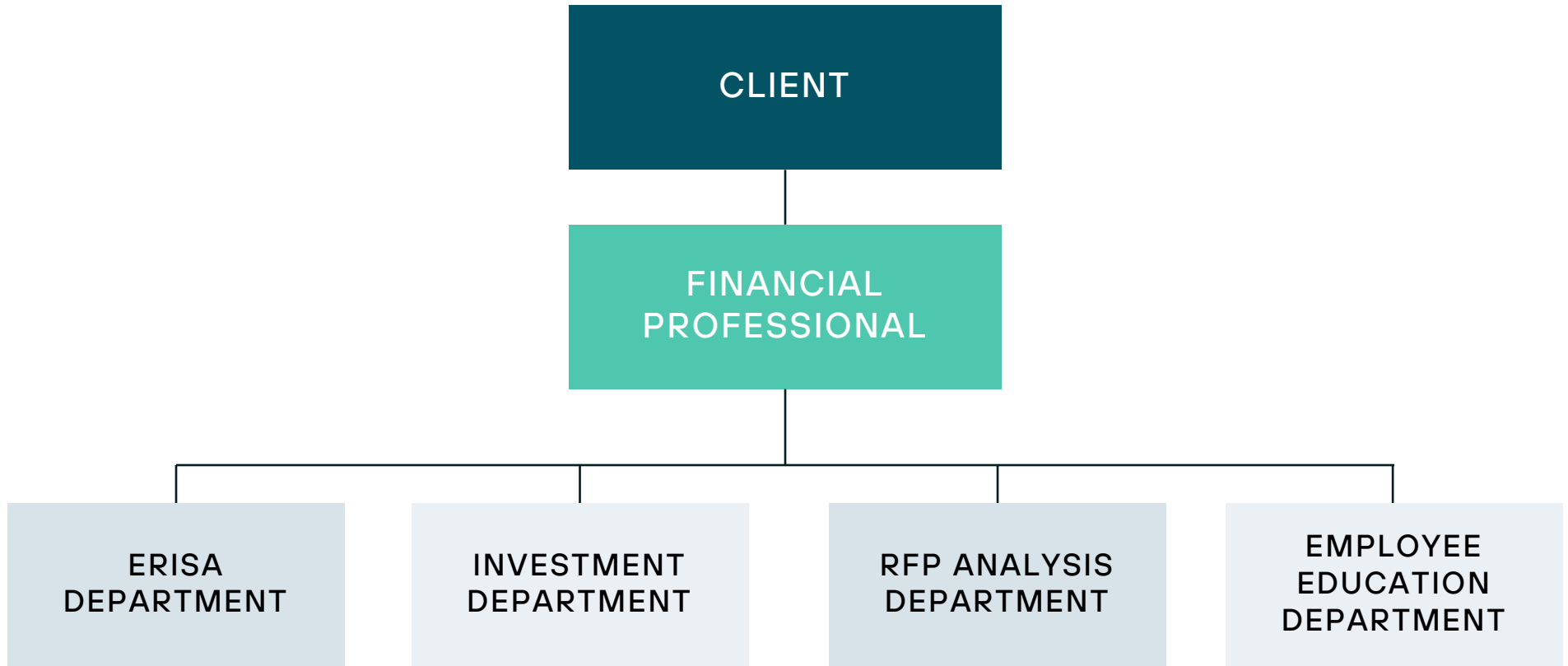
# Solving Your Challenges

We partner with you to anticipate and solve the dynamic challenges you face as a plan sponsor, including:

- Tracking and complying with shifting regulations and fiduciary responsibilities
- Controlling fees for your organization and participants
- Building a best-fit fund lineup
- Designing your plan to align with company goals and drive employee attraction and retention
- Preparing participants to retire on their schedule (and yours)

# Service Structure

# Service Structure



# Service Plan

At the start of each relationship, we set goals and objectives via a written service plan. We then track the timing and frequency of each service delivered and post all deliverables on our secure plan sponsor portal.

SERVICE	DESCRIPTION	SCHEDULED DELIVERY MONTH	MONTH DELIVERED
<b>FIDUCIARY INVESTMENT REVIEW</b>	Market Review, Investment Policy Statement, Scorecard Methodology, Scorecard and Considerations	February June September December	February 13 June 7
<b>FIDUCIARY FITNESS REVIEW</b>	Fiduciary education modules, documentation modules, fiduciary best practices and administrative compliance review	June	June 7
<b>PLANAVIGATOR</b>	Plan design and best practices analysis	June	June 7
<b>PROVIDER ANALYSIS</b>	Cost review, analysis of incumbent provider costs, services and investments compared to bidding service providers <b>Last presented MM/YYYY   Scheduled for MM/YYYY</b>	2026	
<b>PARTICIPANT OUTCOMES</b>	Group and individual employee education meetings	Throughout Year	March September November
<b>NEWSLETTERS, MEMOS, WEBINARS</b>	Client newsletters for retirement committee Employee memos for plan participants	Monthly	Monthly
<b>CLIENT ADVOCACY</b>	Additional consultative services and support	Ongoing	Ongoing
<b>OTHER SERVICE MEETINGS</b>	TBD	TBD	TBD

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# Typical Implementation Tasks (example)

TOPIC	DETAIL	TARGET MONTH	MEETING DATE/TIME
PROVIDER EVALUATION	<ul style="list-style-type: none"> <li>Initial fact-finding meeting to map out plan parameters, complexity, service requirements and unique needs for recordkeeping benchmarking study</li> <li>Service providers to be included in the study are also selected</li> </ul>	TBD	TBD
FIDUCIARY COMPLIANCE	<ul style="list-style-type: none"> <li>Perform fiduciary gap analysis to prioritize areas of focus</li> <li>Review / create plan governance documents, (e.g., board resolution adopting a retirement plan committee, committee member acceptances to acknowledge member's appointment and fiduciary status, committee charter outlining the composition, scope of responsibilities and authority delegated to a plan's committee, investment policy statement outlining the fiduciary responsibilities of the committee)</li> <li>Map out fiduciary training calendar for the next 12 months</li> </ul>	TBD	TBD
INVESTMENT OPTIONS	<ul style="list-style-type: none"> <li>Investment structure review</li> <li>Fee structure review</li> <li>Evaluation of existing investment lineup and alternative fund considerations</li> <li>Qualified Default Investment Alternative (QDIA) suitability analysis and selection</li> <li>Cash alternatives review</li> </ul>	TBD	TBD
PROVIDER EVALUATION	<ul style="list-style-type: none"> <li>Review results of recordkeeping benchmarking study</li> <li>If applicable, negotiate changes to provider compensation and service commitments</li> <li>If applicable, assist in the selection, coordination and review of service provider finalist presentations</li> </ul>	TBD	TBD
FIDUCIARY COMPLIANCE	<ul style="list-style-type: none"> <li>Approve amended / created plan governance items</li> </ul>	TBD	TBD
INVESTMENT OPTIONS	<ul style="list-style-type: none"> <li>If applicable, approve changes to investment options and/or fee structure</li> </ul>	TBD	TBD
PROVIDER EVALUATION	<ul style="list-style-type: none"> <li>Complete service provider agreements</li> </ul>	TBD	TBD
EMPLOYEE COMMUNICATION	<ul style="list-style-type: none"> <li>Meeting to map out a communications plan to inform participants of applicable changes</li> </ul>	TBD	TBD



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# Fiduciary Support

# ERISA Support



Navigating today's dynamic, increasingly complex fiduciary landscape can be challenging.

Our solutions can help you make informed decisions and operate with clarity and confidence.

- Monitoring and regular updates on regulatory, legislative, and litigation developments
- IRS and DOL audits
- Annual audit assistance
- Client advocacy
- Direct, unlimited access to the ERISA veterans at Retirement Learning Center



# Investment Analysis

# Investment Due Diligence Snapshot

<b>PEOPLE</b>	We have access to RPAG's Investment Committee, including CFA charter holders with over 100 years of combined investment experience.
<b>PROCESS</b>	<p>Best practice process incorporates a proprietary, quantitative fund Scorecard and a thorough qualitative review by our Investment Committee to identify skillful managers</p> <ul style="list-style-type: none"><li>• <b>Separate scoring methods</b> for actively managed, passively managed, and asset allocation portfolios</li><li>• A significant <b>qualitative review</b> process by our investment team</li><li>• <b>Custom style benchmarks</b> and peer group universes for actively and passively managed portfolios to ensure accurate comparisons</li><li>• <b>Custom benchmark indexes</b> and risk-based peer groups for all TDF vintages (e.g., 2030, 2035) to ensure accurate comparisons</li><li>• Rolling 5-year peer group rankings during the last 10 years to confirm the <b>reliability and consistency of fund results</b> during different market cycles</li></ul>
<b>INFLUENCE</b>	\$1.30 trillion <sup>1</sup> in assets under influence gives us leverage and access to key investment personnel

# Institutional-Level Due Diligence



## Standard Metrics

- Average returns
- Broad benchmarks
- Broad peer groups
- Broad style analysis
- Alpha
- Beta
- Standard deviation



## RPAG Metrics

- Rolling returns
- Custom benchmarks
- Custom peer groups
- Style drift
- Information ratio
- Upside capture ratio
- Downside capture ratio

# Looking Beyond the Obvious



FUND SCORE



WATCH LIST



FUND ADDITION



FUND REMOVAL

IN-DEPTH **QUANTITATIVE** ANALYSIS

DEEP **QUALITATIVE** ANALYSIS

CFA® CHARTERHOLDER-LED **INVESTMENT TEAM** REVIEW

PLAN **LIABILITIES** REVIEW

# Spotlight: Target Date Funds

# Target Date Fund Overview

## DOL Guidance

The DOL published “Target Date Retirement Funds – Tips for ERISA Plan Fiduciaries” in 2013 over concerns that differences in TDF risk postures were not adequately being investigated.

## Built Differently

Differences in equity exposure for retirement age target date funds can range from 63% equity to 8% equity with no risk description in the fund name.

## Risks

Extreme differences in down market returns among TDFs with the same retirement date can create significant risks for plan participants and plan fiduciaries- -11% to -51%.

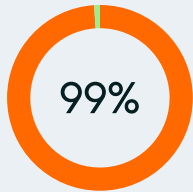
## TDF Process

Process aligns a plan’s participant characteristics (savings rates, withdrawal tendencies, investment knowledge and risk tolerance) with appropriate and prudent TDF characteristics.

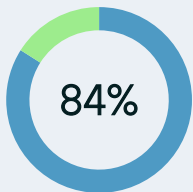
# Target Date Funds (TDFs) are Everywhere

TDF prevalence underscores importance of fiduciary due diligence.

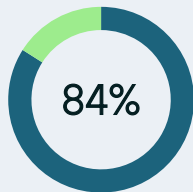
TDFs are one of the most widely used investment options available within defined contribution plans.



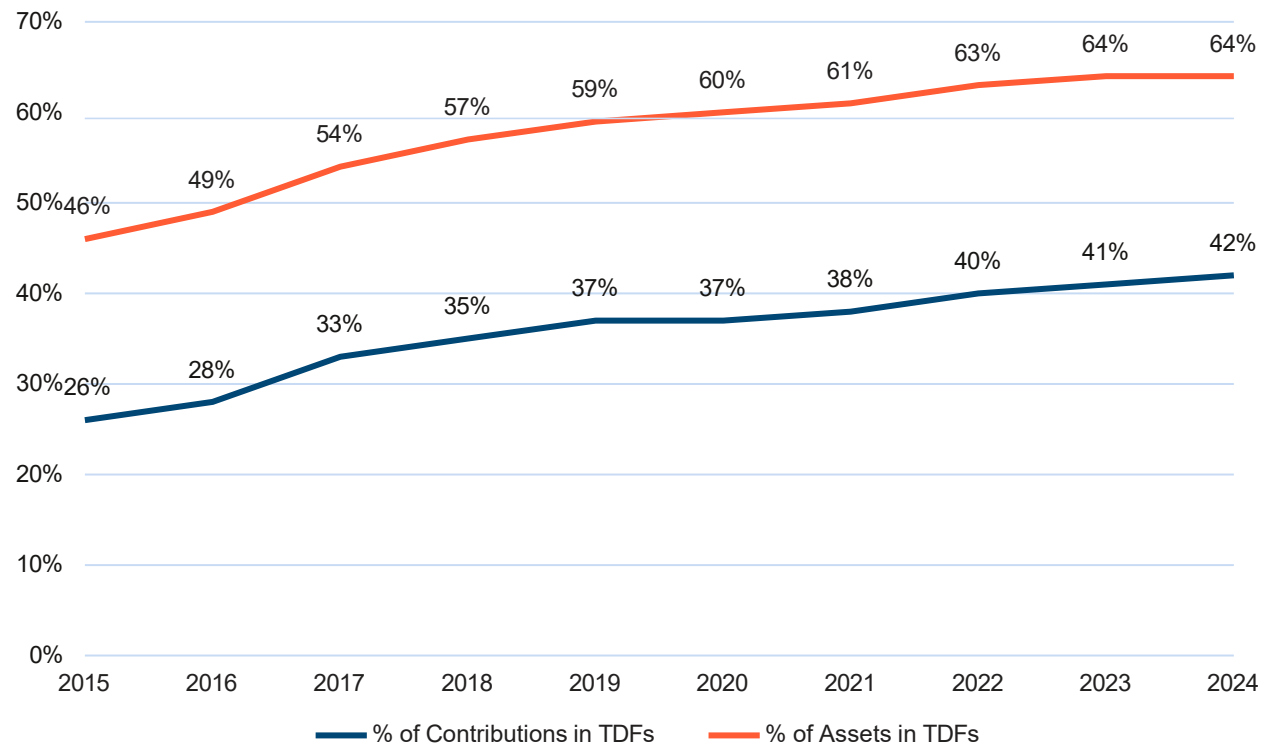
Participants offered TDFs



Participants using TDFs



Participants with entire balance in a single TDF



[https://institutional.vanguard.com/content/dam/inst/iig-transformation/insights/pdf/2025/has/2025\\_How\\_America\\_Saves.pdf](https://institutional.vanguard.com/content/dam/inst/iig-transformation/insights/pdf/2025/has/2025_How_America_Saves.pdf)

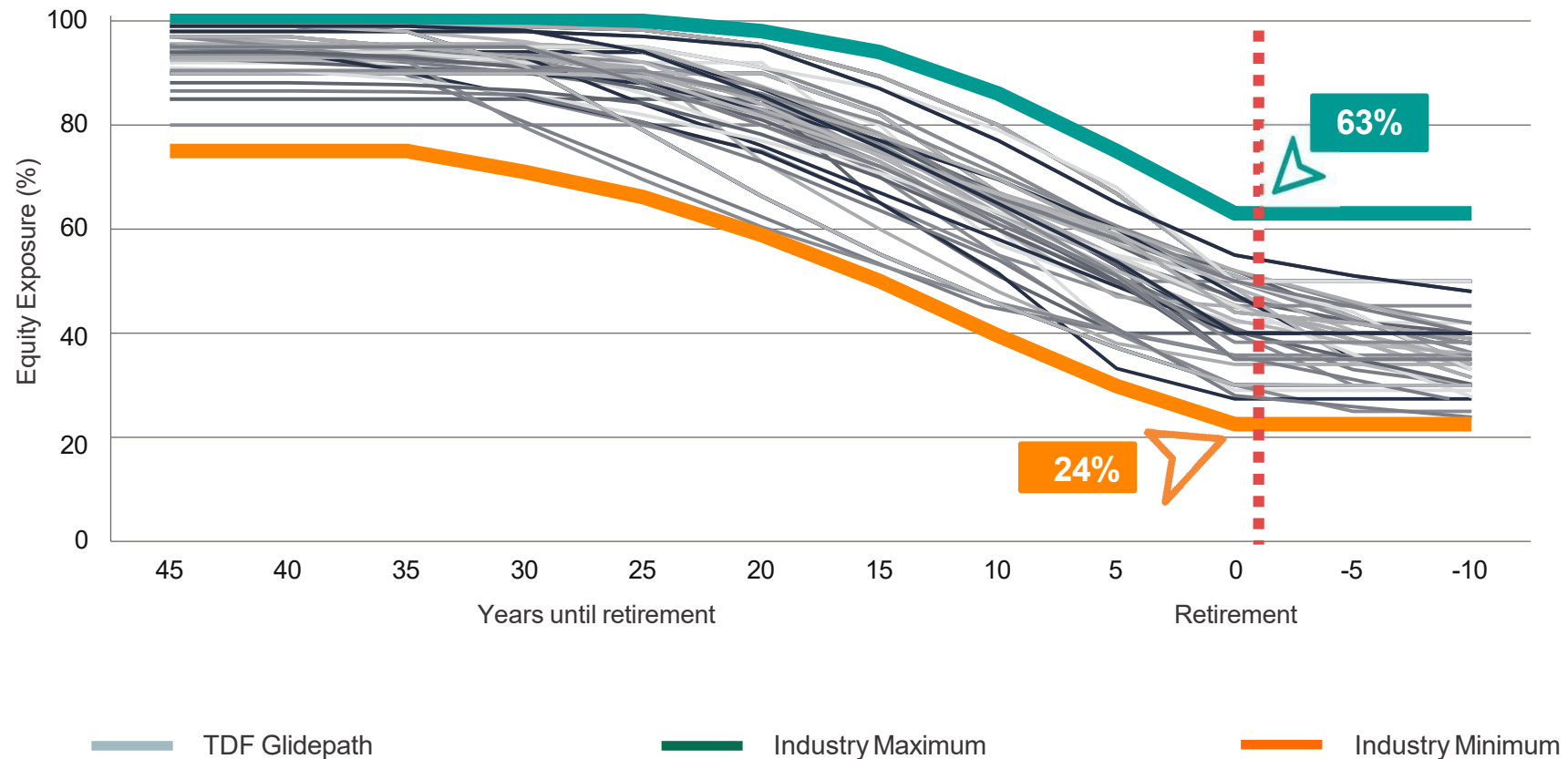
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# Differences Across Off-the-Shelf TDF Glidepaths

TDFs have never been more widely available ... or more diverse.

## TDF Glidepath Universe



Data as of 6/23/2025.

Source: RPAG System. The multiple lines represent various TDF glidepath options available within the marketplace.

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# TDF Risk Categories and Drawdowns – GFC & COVID

**Pandemic** Differences in longpath risk posture can lead to extreme differences in returns for participants.

Range of Returns for 2010 - dated TDFs

Range of Returns for 2020 - dated TDFs



<sup>1</sup> Source: Morningstar Direct, as of 30 June 2019.

<sup>2</sup> Source: Morningstar Direct, as of 30 April 2020. Aggressive, Moderate, and Conservative TDFs are classified utilizing the TDF Risk Index

Past performance is no guarantee of future results. Indexes are unmanaged and one cannot invest directly in an index.

# Department of Labor Guidance – Target Date Fund Tips

- TDF selection is subject to the same **fiduciary duties** (including the duty of prudence) as any other decision about offering, retaining, or replacing a particular investment option.
- As with other investments, fiduciaries selecting a TDF must seek to **maximize risk-adjusted returns net of fees**.
- Selection should involve a **prudent process**, including:
  - ✓ Comparing multiple TDFs options with different features to one another and against a benchmark;
  - ✓ Analyzing features of the TDF and certain plan- and participant-related items (see below);
  - ✓ Reviewing materials from a plan’s investment advisor; and
  - ✓ Maintaining meeting minutes.
- The Department of Labor has tips for plan fiduciaries considering target date funds: <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/fact-sheets/target-date-retirement-funds-tips-for-erisa-plan-fiduciaries>

## Specific TDF Features and Other Items to Consider

### Plan and Participant Considerations

- Participant demographics
- Participant retirement plan usage
- Other employer retirement programs
- Role of the TDF for plan (e.g., QDIA, automatic enrollment)

### ERISA Investment Fiduciary Standards (i.e., maximizing risk-adjusted returns net of fees)

- Asset allocation and change over time
- Glidepath (“to” or “through” retirement)
- Performance over time (short- and long-term)
- Management (active v. passive v. hybrid, management team)
- Fees and investment expenses
- Custom or alternative investments (e.g., private funds, lifetime income)
- Investment policy statement requirements

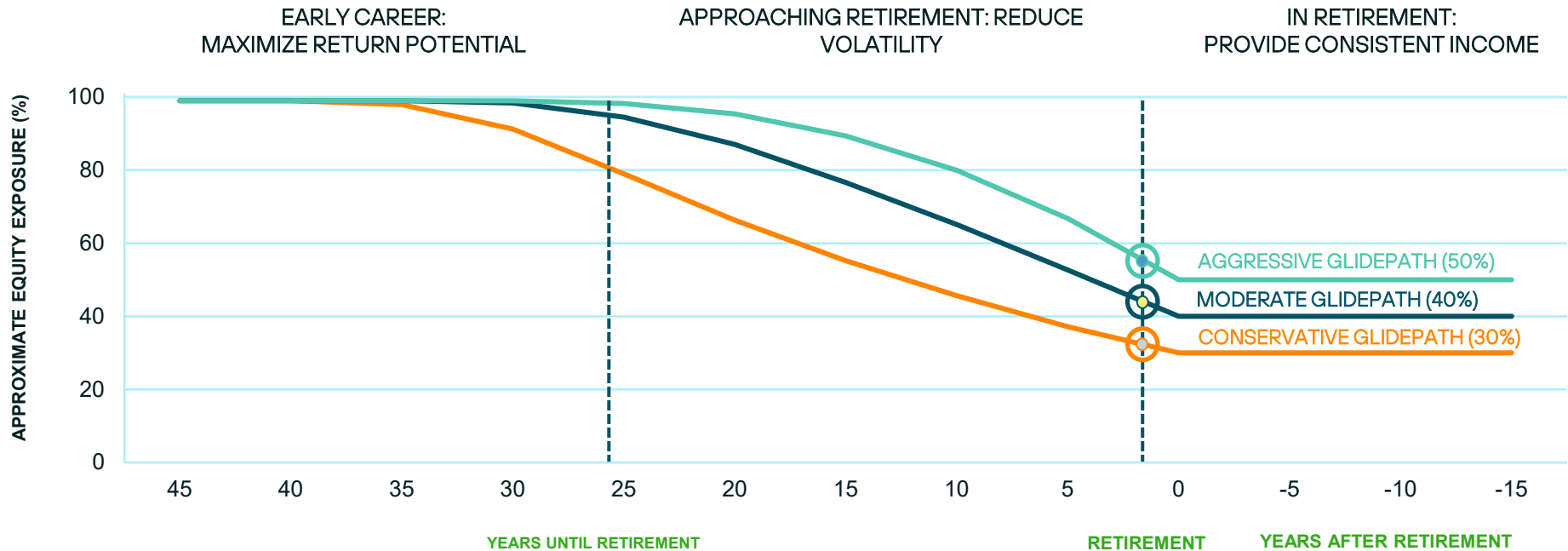
# Target Date Fund Litigation

As related litigation activity shows, the stakes can be high.

DEFENDANT	ISSUE(S)	ALLEGATION(S)	PLAN SIZE	DAMAGES SOUGHT
Franklin Templeton	Self-dealing	<ul style="list-style-type: none"> <li>Breach of loyalty</li> <li>Failure to offer better-performing, lower-cost outside funds</li> </ul>	\$1.5 billion	\$13.8 million
Walgreens	Poor performance	<ul style="list-style-type: none"> <li>Breach of prudence</li> <li>Failure to monitor and replace underperforming investments</li> </ul>	\$10+ billion	\$300 million
Intel	Significant use of alternative asset classes	<ul style="list-style-type: none"> <li>Lack of fiduciary prudence</li> <li>High fees</li> <li>Poor performance</li> </ul>	\$15+ billion	Undisclosed
Community Health Systems and Principal Group	Use of expensive, poor performing proprietary index funds and higher-cost proprietary funds	<ul style="list-style-type: none"> <li>Breach of loyalty and prudence</li> <li>Failure to address conflicts of interest</li> <li>Failure to monitor other fiduciaries</li> </ul>	\$3+ billion	\$300 million

# Innovation – Addressing Participant Misfit Risk

- With access to multiple risk-based glidepaths, participants can choose their own course based on their personal needs, preferences, and risk tolerances. For example:
- The objective of an **aggressive** glidepath would be **growth**, with **higher equity exposure**
- The objective of a **moderate** glidepath would be **balance**, with **a medium level of equity exposure**
- The objective of a **conservative** glidepath would be **stability**, with **lower equity exposure**



# Our Approach: Align Plan Risk Profile with TDF Risk Level

## Plan Design & Participant Demographics (Funding Adequacy)

- Total savings rate (EE + ER contribution) is the primary driver of participant funding adequacy and is a good indicator of the optimal amount of risk that a participant should assume
- Higher savings rates afford participants the opportunity to assume less risk as they approach their retirement years while lower savings rates necessitate more aggressive investing even as participants approach retirement



## Participant Behavior

- Participant Withdrawal Patterns
- Risk Tolerance



## TDF Risk Level

**CONSERVATIVE**  
Objective: Stability

- Lower equity exposure at retirement
- Incorporates a long and gradual transition away from risky assets

**MODERATE**  
Objective: Balance

- Moderate equity exposure at retirement
- Incorporates a more steady transition away from risky assets

**AGGRESSIVE**  
Objective: Growth

- Higher equity exposure at retirement
- Incorporates a faster transition away from risky assets

For illustrative purposes only.

Risk exposure can also be achieved by selecting a vintage that is early or later than anticipated retirement date.

# RPAG TDF Risk Index

A TDF's equity exposure and the rate of change in its equity exposure as participants approach retirement are used to categorize TDFs into three different risk postures.

Metric	Description	Index Weight
Equity exposure at retirement (age 65)*	Equity risk is responsible for a large portion of the volatility in broadly diversified portfolios. The time around retirement is an especially critical period for participants, and thus this metric has the highest weighting in the index.	65%
Glidepath slope	A steeper glidepath that transitions away from high-risk to risk-free assets near retirement age limits the ability to recover large losses and is more susceptible to sequencing risk.	25%
Equity exposure at the start of the glidepath	A glidepath's beginning equity percentage.	2.5%
Equity exposure at the end of the glidepath	A glidepath's ending equity percentage, which may be at retirement age or past retirement age depending on the structure of the glidepath.	7.5%

**Conservative**  
<54

Conservative TDF strategies have lower risk scores.

**Moderate**  
55 - 69

Moderate TDF strategies have middle of the road risk scores

**Aggressive**  
>70

Aggressive TDF strategies have higher risk scores.

TDF data is updated at least annually, and the risk index for any particular fund may change to reflect updated information. The risk index is limited to only target date fund asset allocation series. **IMPORTANT:** The projections or other information generated by the risk index regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

\*This doesn't address through glidepaths

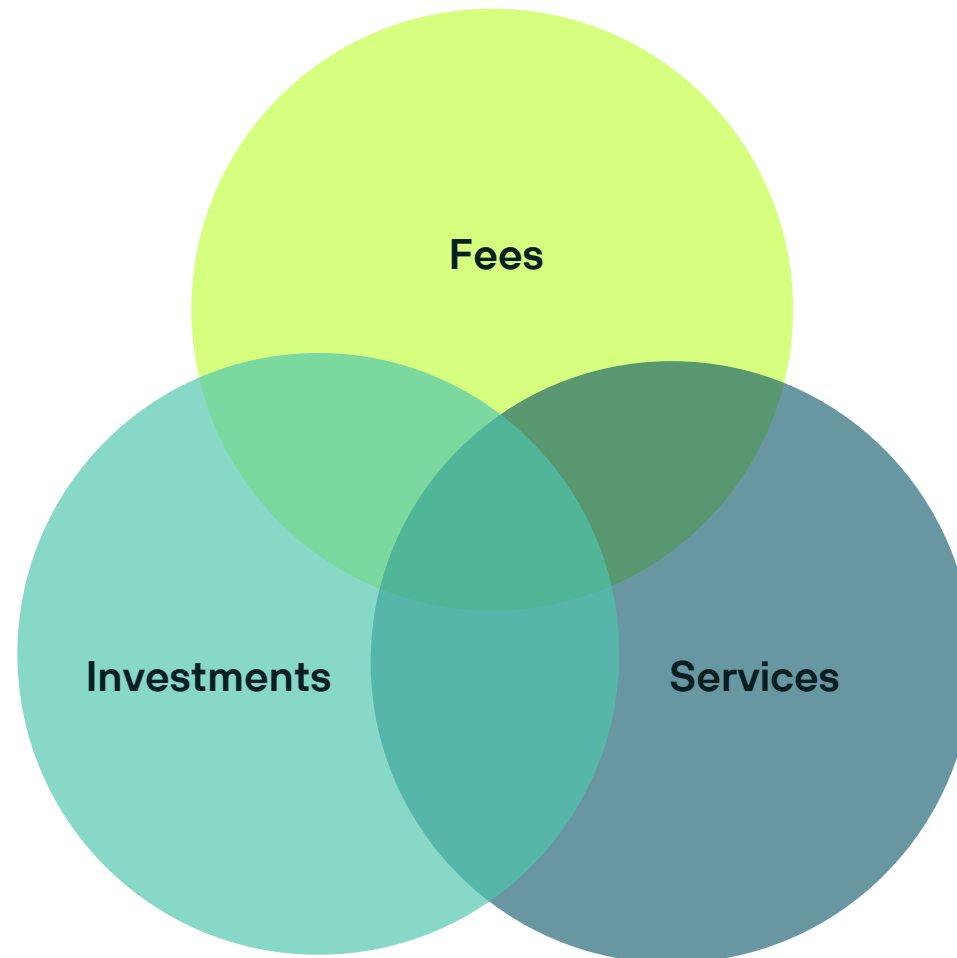
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# Provider Benchmarking

# Benchmarking

Meaningful benchmarking of a provider's services requires equal emphasis on the cost and quality aspects of provider services

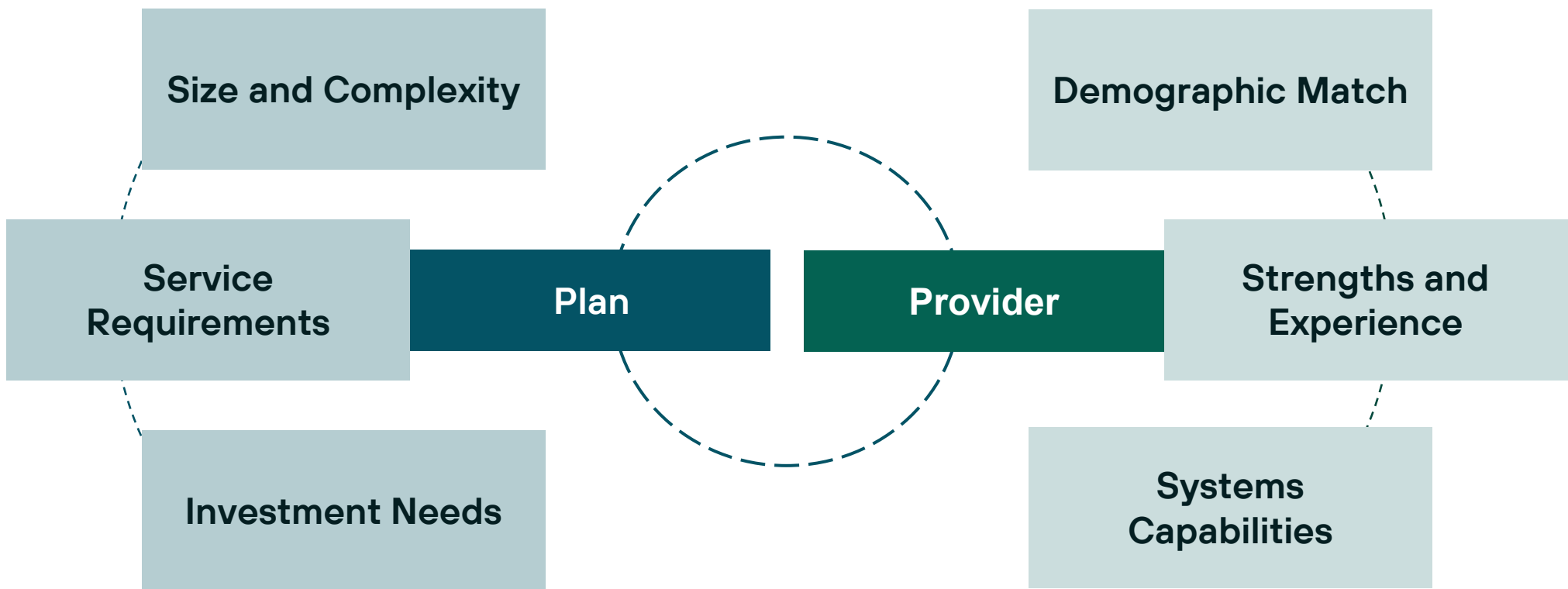


# Provider Analysis Process



# Plan and Provider Considerations

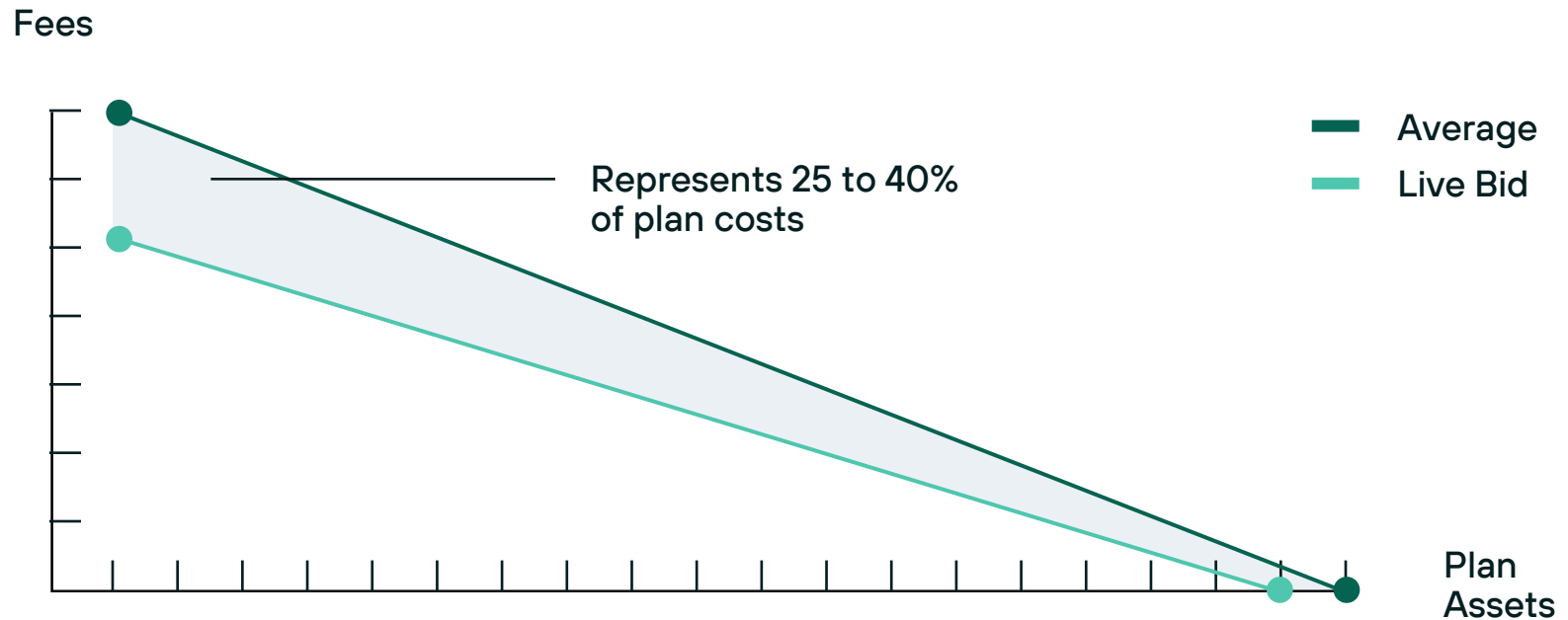
Our RFP approach helps ensure that apple-to-apple comparisons are used throughout the benchmarking process.



# Benchmarking Approaches

**Average-fee benchmarking** is based on *average* plan design and *average* demographics.

**Live-bid benchmarking** is based on *your* plan design and *your* demographics.



# Breakdown of Investment Fees

## Investment Management

A percentage of assets invested. Deducted from the return.

## 12b-1

Paid by mutual funds from fund assets for broker commissions, marketing expenses and other administrative services

## Shareholder Servicing

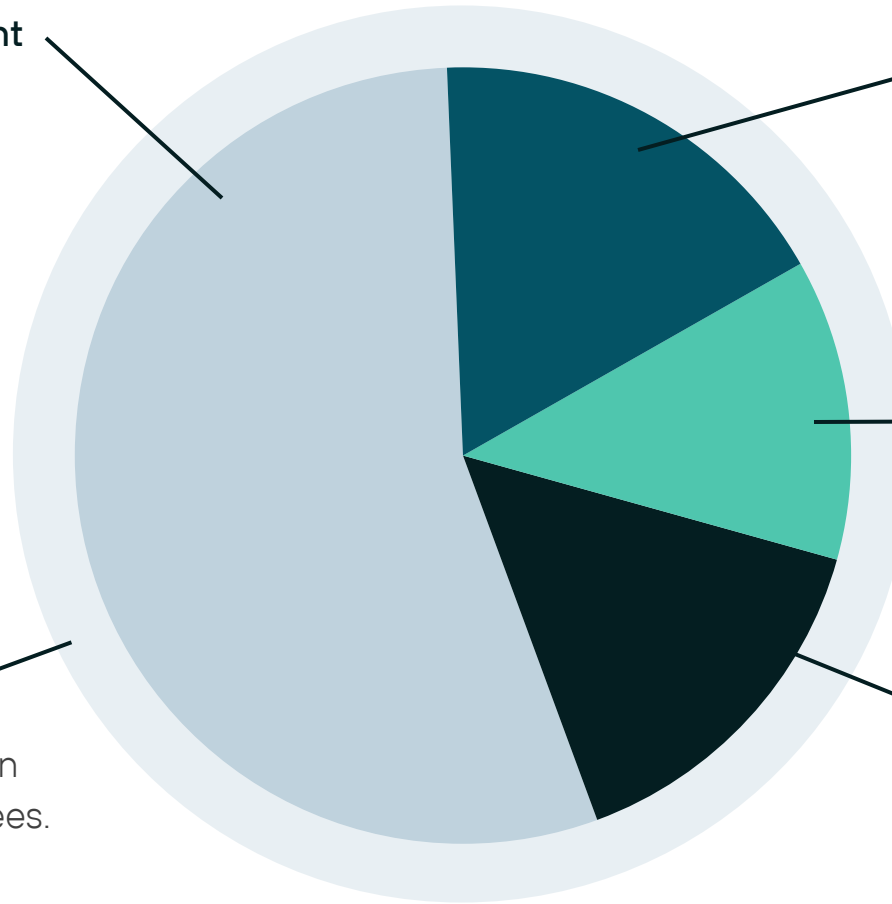
Revenue shared by the mutual fund company with the service provider.

## Sub-TA

Recordkeeping and other services related to participant shares often go to a third party called a sub-transfer agent.

## Asset / Wrap Fee

Additional fees layered on top of total investment fees.



The above listed fees may not apply to all investments.

Check the prospectus or fact sheet to determine what fees are being charged.

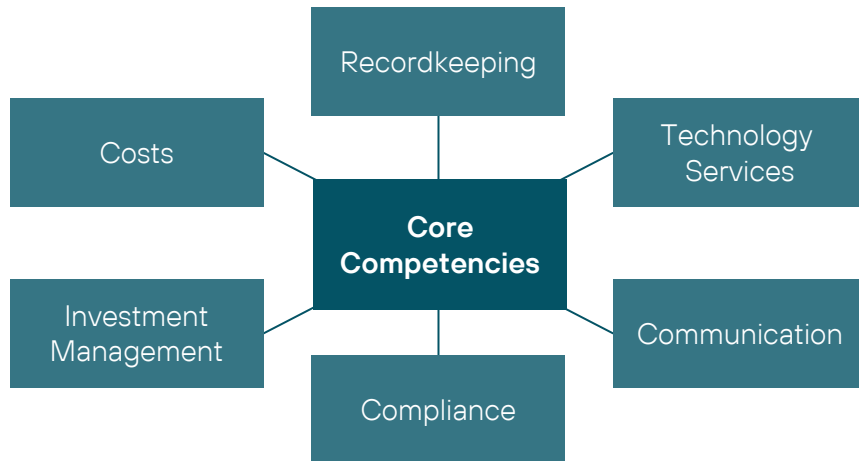
# Fee Benchmarking or Provider Search

## Fee Benchmarking

*Continuous due diligence*

Potential negotiated outcomes

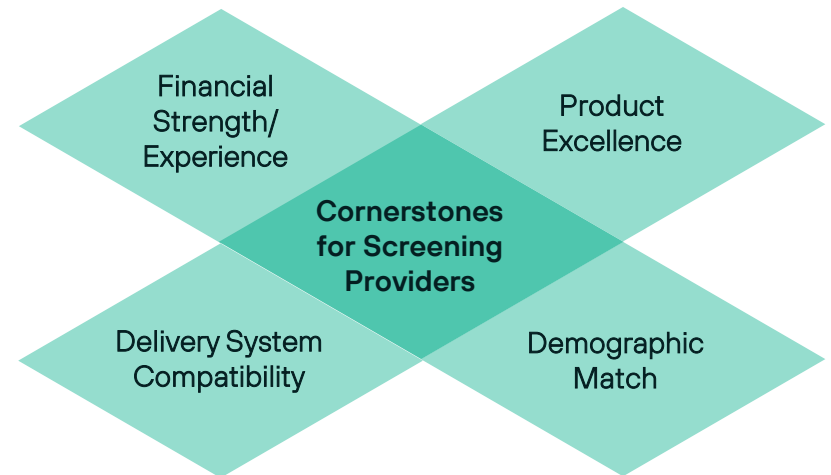
- Lower fees
- Enhanced investment lineup
- Enhanced services



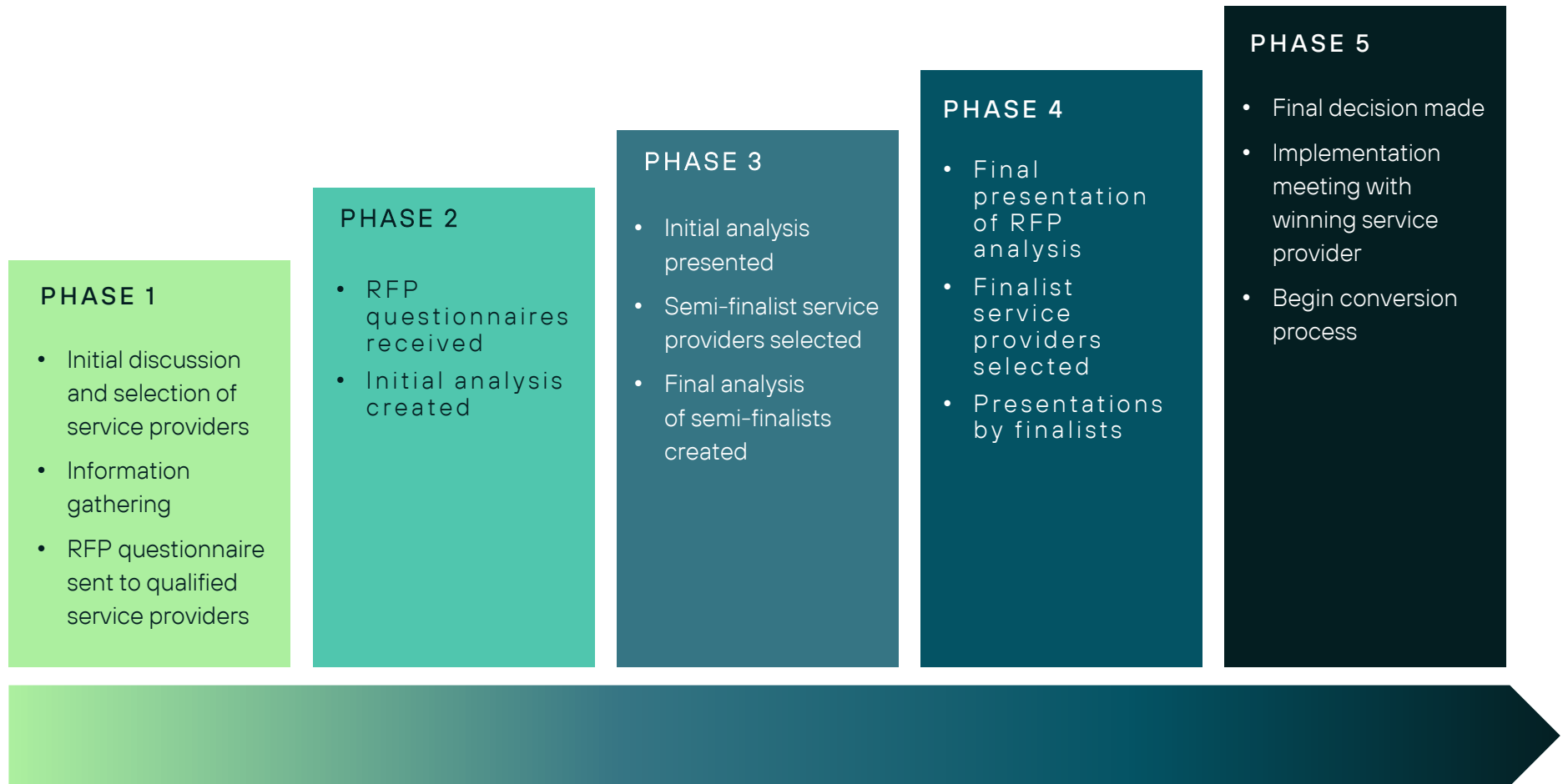
## Provider Search

*Considering new provider*

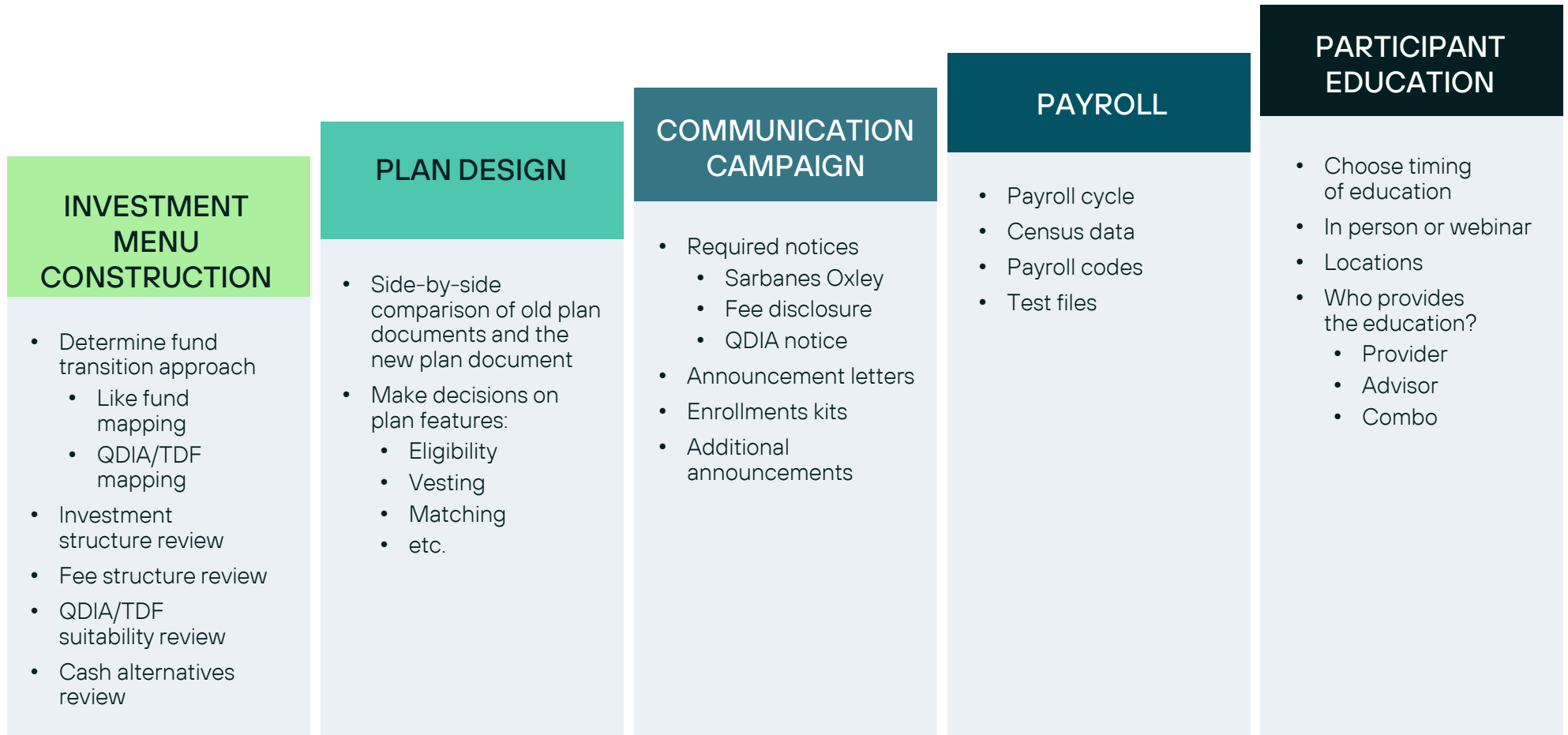
- Expanded list of providers
- Additional qualitative analysis
- Finalist presentations
- Site visits



# Provider Analysis Process



# Plan Conversion Process





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# Innovative Plan Design

# Innovative Plan Design – Overcoming Inertia

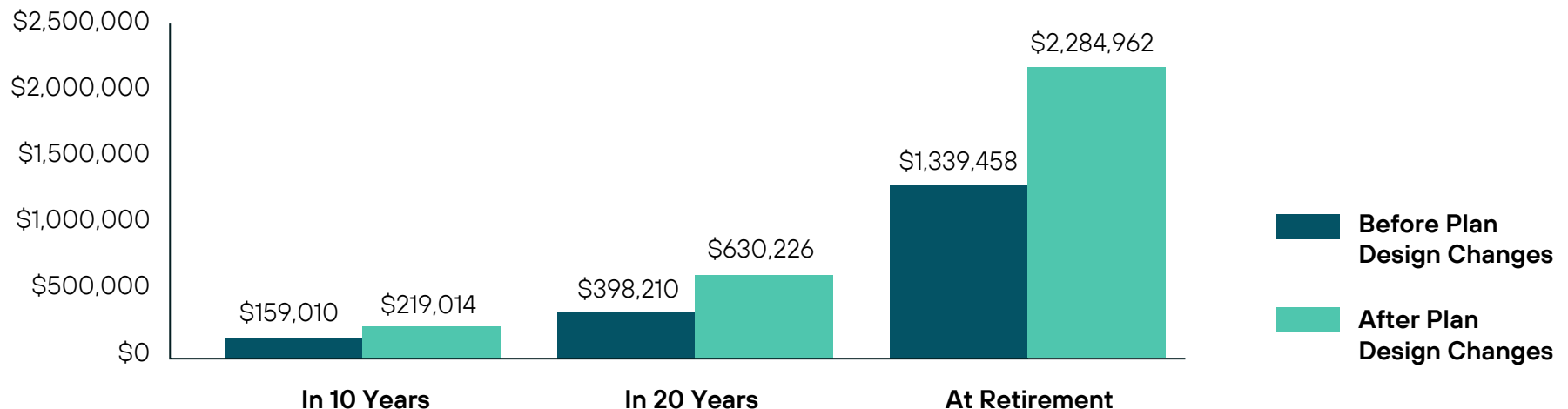
Enormous resources are used to encourage employees to participate in their employer’s retirement plan. Yet three decades after the debut of defined contribution, in our experience employees still contribute too little to their plan or not at all, leaving them ill-prepared for retirement. Why?

We believe the problem isn’t education, access or, as some claim, a “broken” system. We describe it in one word, inertia. In our opinion employees struggle to act in their own best interests even when they know it could improve their financial future. That’s why employers should ensure that it takes less effort to succeed at saving for retirement than to fail.

Our retirement plan advisors use our proprietary PLANavigator system and work with you to implement plan design elements that aims to drive employee participation and engagement to help ensure that employees are being steered in a desired direction... towards the path to successful retirement outcomes.

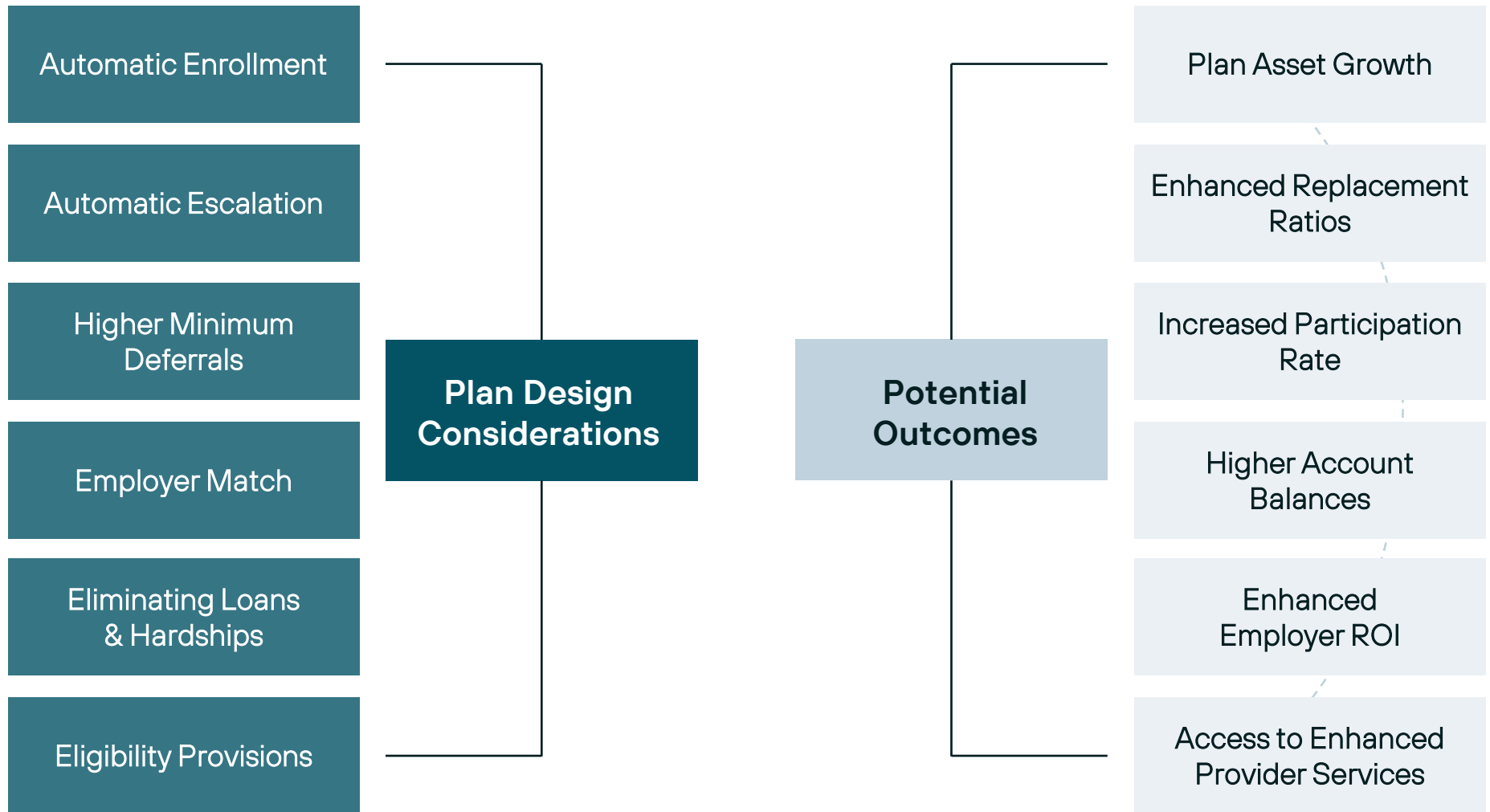
## Avg. Participant Account Balance

## PLANavigator Example



PLANavigator example is purely hypothetical and not based on any specific client data

# Innovative Plan Design – Driving Better Outcomes



# Employee Engagement

# Education Suite

We provide a wide array of resources designed to engage employees, deliver essential plan information and provide solutions that can lead to successful outcomes.

## In-Person Education

- Group workshops
- 1-on-1 sessions
- Combo sessions

## Virtual Education

- Recorded videos
- Brainshark videos
- Financial games

## Retirement Help Center

- 1-800 helpline
- Licensed advisors
- Personalized guidance

## Financial Wellness

- Holistic planning
- Engaging technology

# Communication Service Levels

Different levels of support to match your employees' unique financial education needs.

## Level 1

Coordinate recordkeeper resources

## Level 2

Group retirement education meetings with our Employee Education Specialists

## Level 3

Level 2 plus one-on-one individual meetings

## Level 4

Holistic **Financial Wellness Programs** with our Financial Education Specialists

# Custom Communications

We will build a customized campaign for your unique company culture that will complement your plan design.



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# Easy-to-Understand Financial Basics







Our dedicated team of **Financial Education Specialists** provide simple, yet practical and easy-to-apply financial basics to participants. We go beyond plan-only education with engaging and diverse topics.

- Mutual Funds
- Retirement Plan Basics
- Diversification & Asset Allocation
- Smart Budgeting
- Traditional 401(k) vs. Roth



# Summary

# Service Model Overview

	<b>Plan Design</b>	Creating plan design consistent with company philosophy
	<b>Benchmarking</b>	Balancing provider fees, services & investments
	<b>Investment Guidance</b>	Selecting skilled investment managers
	<b>TDF Suitability</b>	Identify a “best-fit” TDF that is right for your plan
	<b>Fiduciary Compliance</b>	Providing assurance for fiduciaries
	<b>Participant Outcomes</b>	Helping participants pursue retirement income potential

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# Disclosures

## Index Definitions:

- **US Aggregate Index.** The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). Provided the necessary inclusion rules are met, US Aggregate eligible securities also contribute to the multi-currency Global Aggregate Index and the US Universal Index, which includes high yield and emerging markets debt. The US Aggregate Index was created in 1986 with history backfilled to January 1, 1976.
- **S&P 500.** The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.
- **Dow Jones US Completion Total Stock Market Index.** To represent all U.S. equity issues with readily available prices, excluding components of the S&P 500. To be included in the index, a security must be the primary equity issue of a U.S. company. Excluded are bulletin-board issues, because in general they do not have consistently readily available prices. — The index is weighted by float-adjusted market capitalization. — The Dow Jones U.S. Completion Total Stock Market Index was first calculated on January 30, 1987.
- **MSCI ACWI Ex USA IMI.** The MSCI ACWI ex USA Investable Market Index (IMI) captures large, mid and small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 23 Emerging Markets (EM) countries\*. With 6,056 constituents, the index covers approximately 99% of the global equity opportunity set outside the US.
- **FTSE EPRA/NAREIT Developed Index.** The FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITS worldwide. By making the index constituents free-float adjusted, liquidity, size and revenue screened, the series is suitable for use as the basis for investment products, such as derivatives and Exchange Traded Funds (ETFs).
- **US TIPS.** The Barclays US Government Inflation-Linked Bond Index measures the performance of the US Treasury Inflation Protected Securities ("TIPS") market. The index includes TIPS with one or more years remaining maturity with total outstanding issue size of \$500m or more.
- History for the TIPS index goes back to the inception of the market (1997) and returns are available in local currency and in most major currencies hedged or un-hedged. Sub indices are available by maturity. The TIPS index is the
- largest component of World Government inflation-linked index and is widely to benchmark the asset class.
- **Bloomberg Commodities Index.** The index is made up of 22 exchange-traded futures on physical commodities. » The index currently represents 20 commodities, which are weighted to account for economic significance and market liquidity. » Weighting restrictions on individual commodities and commodity groups promote diversification.
- **Russell 1000 Index.** The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on
- a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. The Russell 1000 Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.
- **Russell 2000 Index.** The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.
- **U.S. Large Cap Stocks.** Primarily large capitalization companies.
- **U.S. Mid/Small Cap Stocks.** Primarily small and mid capitalization companies. International Stocks. Primarily foreign companies.
- **U.S. Bonds.** A government bond that offers a fixed rate of interest over a fixed period of time.
- **U.S. Inflation-linked Bonds.** Securities designed to help protect investors from inflation.
- **Global Real Estate.** Investments that seek to track an index related to the purchase of global real estate investment trusts (a company that owns or finances income-producing real estate).
- **Commodities.** Basic goods used in commerce that are interchangeable with other commodities of the same type.

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Investing involves risk, including possible loss of principal. The funds are not FDIC insured and there is no bank guarantee. The principal value of the funds is not guaranteed at any time including at and after the target date. Asset allocation models and diversification do not promise any level of performance or guarantee against loss of principal. Investment in the funds is subject to the risks of the underlying funds.

No representation regarding the suitability of these instruments and strategies for a particular investor or plan participant is made. Separately managed account and bank collective fund guidelines and strategies may differ and may involve different asset classes and different degrees and types of risks. Eligible plans should consider whether an investment in one or more of the Funds satisfies the diversification requirements and prudence requirements of ERISA and/or other applicable law and regulations thereunder applied to the plans' own circumstances and should inform themselves as to any other applicable legal requirements, and taxation and exchange control regulations in the countries of their sponsors' or participants' citizenship, residence or domicile which might be relevant.

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Market indexes are included in this report only as context reflecting general market results during the period.

Scorecard System evaluates funds based proprietary research. Scorecard System results may vary with each use and over time. The use of the Scorecard System does not guarantee results. It is an investment analysis tool intended to aid in the investment decision making process. Any decision to invest in a fund should be made in consultation with qualified tax, legal or investment professional advice.

The performance data used in this material represents past performance. Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results. Asset allocation alone cannot eliminate the risk of fluctuating prices and uncertain returns. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio in any given market environment. No investment strategy, such as asset allocation, can guarantee a profit or protect against a loss. Actual client results will vary based on investment selection, timing, and market conditions. It is not possible to invest directly in an index.

A mutual fund's investment return and principal value will fluctuate. Upon redemption, shares may be worth more or less than their original cost.

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# DOL Tips

## What to Remember When Choosing Target Date Funds

**Establish a process for comparing and selecting TDFs.** In general, plan fiduciaries should engage in an objective process to obtain information that will enable them to evaluate the prudence of any investment option made available under the plan. For example, in selecting a TDF you should consider prospectus information, such as information about performance (investment returns) and investment fees and expenses. You should consider how well the TDF's characteristics align with eligible employees' ages and likely retirement dates. It also may be helpful for plan fiduciaries to discuss with their prospective TDF providers the possible significance of other characteristics of the participant population, such as participation in a traditional defined benefit pension plan offered by the employer, salary levels, turnover rates, contribution rates and withdrawal patterns.

**Establish a process for the periodic review of selected TDFs.** Plan fiduciaries are required to periodically review the plan's investment options to ensure that they should continue to be offered. At a minimum, the review process should include examining whether there have been any significant changes in the information fiduciaries considered when the option was selected or last reviewed. For instance, if a TDF's investment strategy or management team changes significantly, or if the fund's manager is not effectively carrying out the fund's stated investment strategy, then it may be necessary to consider replacing the fund. Similarly, if your plan's objectives in offering a TDF change, you should consider replacing the fund.

**Understand the fund's investments – the allocation in different asset classes (stocks, bonds, cash), individual investments, and how these will change over time.** Have you looked at the fund's prospectus or offering materials? Do you understand the principal strategies and risks of the fund, or of any underlying asset classes or investments that may be held by the TDF? Make sure you understand the fund's glide path, including when the fund will reach its most conservative asset allocation and whether that will occur at or after the target date. Some funds keep a sizeable investment in more volatile assets, like stocks, even as they pass their "target" retirement dates. Since these funds continue to invest in stock, your employees' retirement savings may continue to have some investment risk after they retire. These funds are generally for employees who don't expect to withdraw all of their 401(k)-account savings immediately upon retirement but would rather make periodic withdrawals over the span of their retirement years. Other TDFs are concentrated in more conservative and less volatile investments at the target date, assuming that employees will want to cash out of the plan on the day they retire. If the employees don't understand the fund's glide path assumptions when they invest, they may be surprised later if it turns out not to be a good fit for them.

**Review the fund's fees and investment expenses.** TDF costs can vary significantly, both in the amount and types of fees. Small differences in investment fees and costs can have a serious impact on reducing long term retirement savings. 2 Do you understand the fees and expenses, including any sales loads, for the TDF? If the TDF invests in other funds, did you consider the fees and expenses for both the TDF and the underlying funds? If the expense ratios of the individual component funds are substantially less than the overall TDF, you should ask what services and expenses make up the difference. Added expenses may be for asset allocation, rebalancing and access to special investments that can smooth returns in uncertain markets, and may be worth it, but it is important to ask. 2 A difference of just one percentage point in fees (1.5% as compared with 0.5%) over 35 years dramatically affects overall returns. If a worker with a 401(k)-account balance of \$25,000 averages a seven percent return, the worker will have \$227,000 at retirement with the lower fee and \$163,000 with the higher fee, assuming no further contributions. U.S. Department of Labor, Employee Benefits Security Administration, A Look At 401(k) Plan Fees, at [http://www.dol.gov/ebsa/publications/401k\\_employee.html](http://www.dol.gov/ebsa/publications/401k_employee.html).

**Inquire about whether a custom or non-proprietary target date fund would be a better fit for your plan.** Some TDF vendors may offer a pre-packaged product which uses only the vendor's proprietary funds as the TDF component investments. Alternatively, a "custom" TDF may offer advantages to your plan participants by giving you the ability to incorporate the plan's existing core funds in the TDF. Nonproprietary TDFs could also offer advantages by including component funds that are managed by fund managers other than the TDF provider itself, thus diversifying participants' exposure to one investment provider. There are some costs and administrative tasks involved in creating a custom or nonproprietary TDF, and they may not be right for every plan, but you should ask your investment provider whether it offers them.

# DOL Tips

**Develop effective employee communications.** Have you planned for the employees to receive appropriate information about TDFs in general, as a retirement investment option, and about individual TDFs available in the plan? Just as it is important for the plan fiduciary to understand TDF basics when choosing a TDF investment option for the plan, employees who are responsible for investing their individual accounts need information too. Disclosures required by law also must be considered. The Department published a final rule that, starting for most plans in August 2012, requires that participants in 401(k)-type individual account retirement plans receive greater information about the fees and expenses associated with their plans, including specific fee and expense information about TDFs and other investment options available under their plans. The Department of Labor is also working on regulations to improve the disclosures that must be made to participants specifically about TDFs. For example, in addition to general information about TDFs, the proposed regulations call for disclosures to include an explanation that an investment in a TDF is not guaranteed and that participants can lose money in the fund, including at and after the target date. Check EBSA's website for updates on regulatory disclosure requirements.

**Take advantage of available sources of information to evaluate the TDF and recommendations you received regarding the TDF selection.** While TDFs are relatively new investment options, there are an increasing number of commercially available sources for information and services to assist plan fiduciaries in their decision-making and review process.

**Document the process.** Plan fiduciaries should document the selection and review process, including how they reached decisions about individual investment options.

## Related Information

### From the Department of Labor:

- Investor Bulletin: Target Date Retirement Funds
- A Look at 401(k) Plan Fees
- Meeting Your Fiduciary Responsibilities
- Understanding Retirement Plan Fees and Expenses
- Understanding Your Retirement Plan Fees
- Selecting and Monitoring Pension Consultants – Tips for Plan Fiduciaries

### From the SEC:

- Beginners' Guide to Asset Allocation, Diversification, and Rebalancing
- Invest Wisely: An Introduction to Mutual Funds
- Mutual Fund Fees and Expenses

### From the Financial Industry Regulatory Authority (FINRA):

- Fund Analyzer

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All investments involve varying levels and types of risks. These risks can be associated with the specific investment, or with the marketplace as a whole. Loss of principal is possible.

The target date is the approximate date when investors plan on withdrawing their money. Generally, the asset allocation of each fund will change on an annual basis with the asset allocation becoming more conservative as the fund nears target retirement date. The principal value of the funds is not guaranteed at any time including at and after the target date.

**Mutual funds are sold by prospectus only. Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of a mutual fund. The fund prospectus provides this and other important information. Please contact your representative or the Company to obtain a prospectus. Please read the prospectus carefully before investing or sending money.**

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