

PLANavigator™

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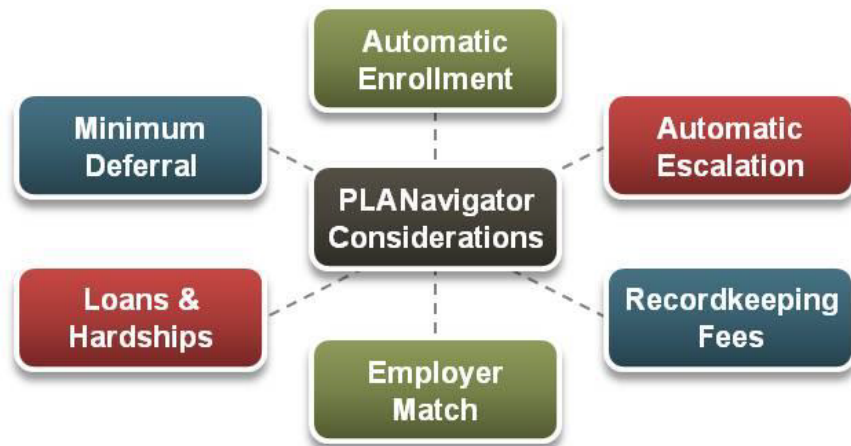
PLANavigator™

Shifting the Paradigm of Creating Successful Participant Outcomes

The goal of a retirement plan is to create successful retirement outcomes for plan participants. Marketplace solutions focus the attention on the participant, yet despite costly education efforts, participant behavior has yet to change.

- ☒ Plan sponsors are in a unique and powerful position to impact participant retirement savings through plan design changes.
- ☒ There must be a paradigm shift of how plan sponsors think about plan design features that will ultimately help participants enhance their ability to achieve their retirement goals.
- ☒ Plan design features such as automatic enrollment, automatic escalation, and redesigned employer match will not only help participants but may also enhance other plan related metrics, such as recordkeeping fees, investment opportunities, and nondiscrimination testing.
- ☒ Cost implications may accompany some plan design changes.

To what extent will you consider plan design changes proven to materially enhance participant retirement outcomes?



High Impact Plans

What constitutes a **High Impact Plan**? A **High Impact Plan** maximizes participant retirement income potential through plan design. A **High Impact Plan** uses a “do it for me” solution to retirement planning. Decisions that participants often find difficult to make are simplified, while still accommodating their specific preferences. **High Impact Plan** design will lead to greater plan success as defined by enhanced asset accumulation and greater potential income replacement.

PLANavigator™ allows a retirement plan committee to construct the most effective plan for their employees based on their needs and the plan’s objectives. PLANavigator™ clearly identifies how each plan design variable affects forecasts of employer costs, asset accumulation, average account balance, participation, and ultimately and most importantly, participant outcomes.

By maximizing employer cost effectiveness and enhancing participant outcomes, PLANavigator™ creates unparalleled results, charting the way for a successful **high impact** retirement plan.

PLANavigator bridges the gap from conversation to action

PLAN
ASSETS

TOTAL
REPLACEMENT
RATIO

PARTICIPATION

EMPLOYER
COST

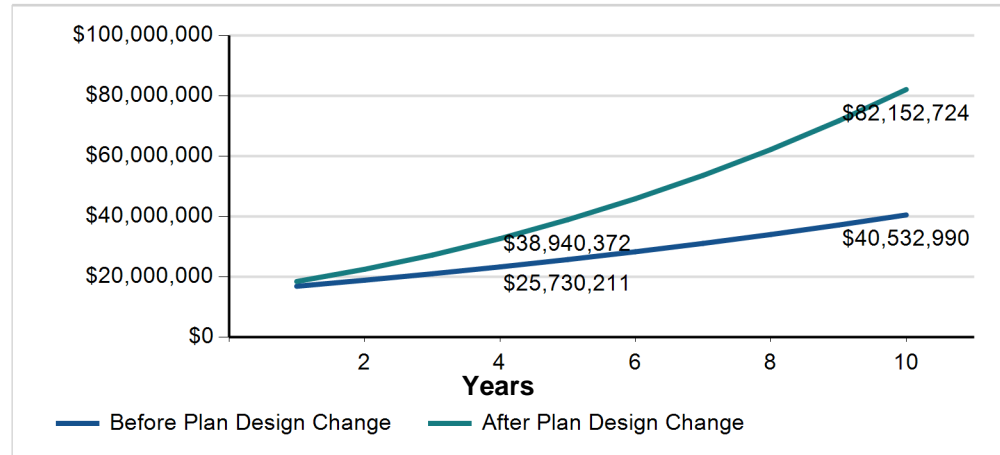
PARTICIPANT
ACCOUNT
BALANCES

PLANavigator™ Summary

	Plan Demographics	
Plan Assets	\$15,000,000	
Eligible Employees	400	
Participants Actively Deferring	300	
Average Deferral	4%	
Average Participant Age	30	
	Current Plan Design	Proposed Plan Design
Automatic Enrollment	No	Yes
Automatic Enrollment Default Deferral	N/A	1%
Automatic Escalation	No	1% up to 12%
Minimum Deferral	1%	4%
Employer Match	50% to 4%	50% to 4%
Recordkeeping Fees	Employee Paid	Employer Paid
Loans	Yes	No
Hardships	Yes	No

	Your Plan	Proposed Plan
Automatic Enrollment	No	Yes
Default Deferral	N/A	1%
Automatic Escalation	No	1% up to 12%
Minimum Deferral	1%	4%
Employer Match	50% to 4%	50% to 4%
Recordkeeping Fees	Employee Paid	Employer Paid
Loans	Yes	No
Hardships	Yes	No
Employer Cost*	\$469,718	\$778,706
Avg. Part. Acct. Balance*	\$135,110	\$248,030
Avg. Newly Enrolled Part. Acct. Balance*	\$0	\$78,220
Avg. Part. Replacement Ratio	42%	168%
Avg. Non-Part. Replacement Ratio	0%	148%

*10 Year Projection



Why this matters?

Aside from the benefit that greater plan assets equates to greater retirement savings, there are substantial additional benefits:

- Leads to lower cost due to economies of scale
- Can create other value-added benefits:
 - Access to a wider investment universe
 - More flexibility in accessing additional services
 - Enhanced service provider expertise

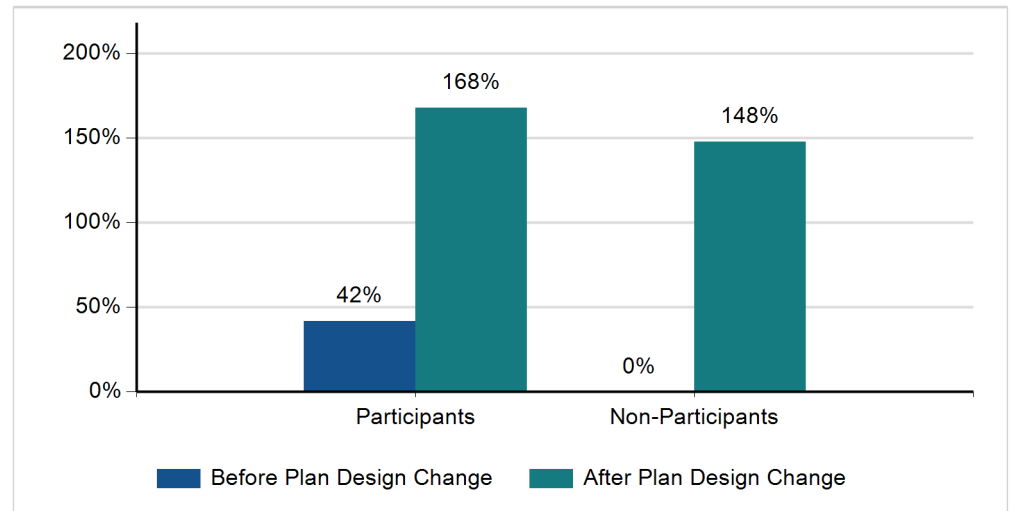
Generally, the more attractive your plan, the more attention you receive from the service provider community.

Total Replacement Ratio

Plan Design Metrics

	Your Plan	Proposed Plan
Automatic Enrollment	No	Yes
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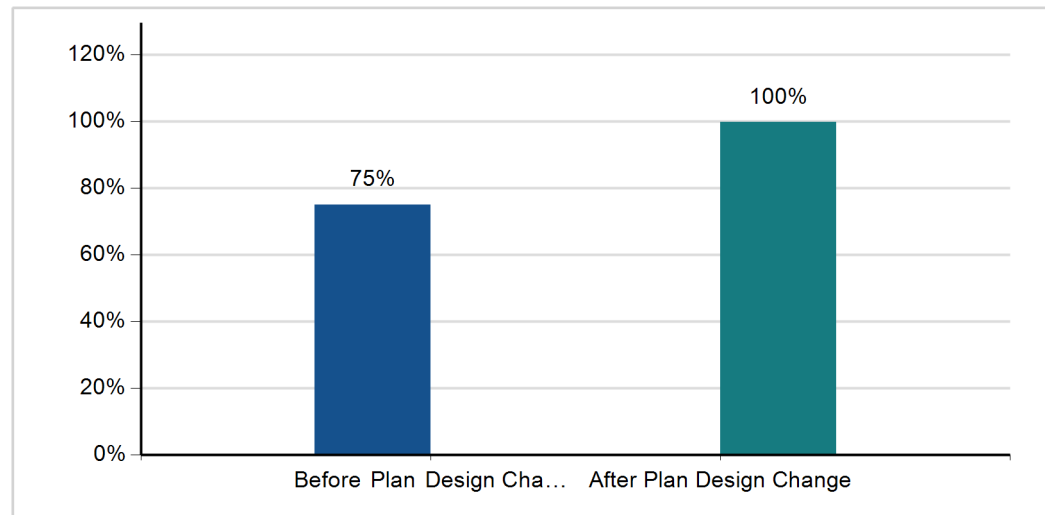
Why this matters?

“Replacement ratio” refers to the percentage of pre-retirement income being replaced at retirement. Many retirement advisors recommended 75% to 85% of income be replaced at retirement.

Middle income salary earners should be saving 12% - 15% of annual salary over their careers to achieve approximately 80% income replacement. The average national deferral rate is currently around 6.5%. One reason for this shortfall is that most participants have no idea how much they should be saving for retirement, and look to their employer for support.

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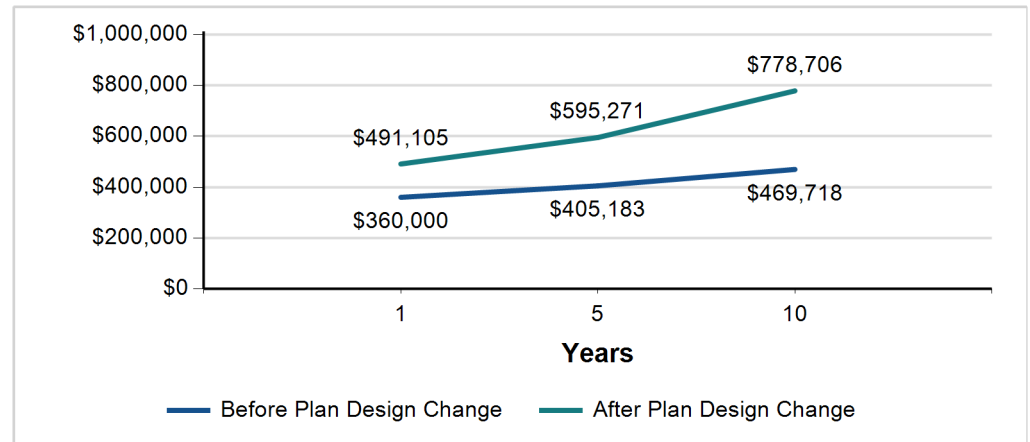


Why this matters?

- Begin with auto enrollment and allow the 10% - 15% who don't want to participate to opt out
- More time and resources are expended encouraging enrollment of 85% - 90% of employees who want to be in the plan
- Studies show that 85% of auto-enrolled employees will remain in the plan years later
- Auto enrollment allows for more focused employee communications which will lead to more informed and engaged participants

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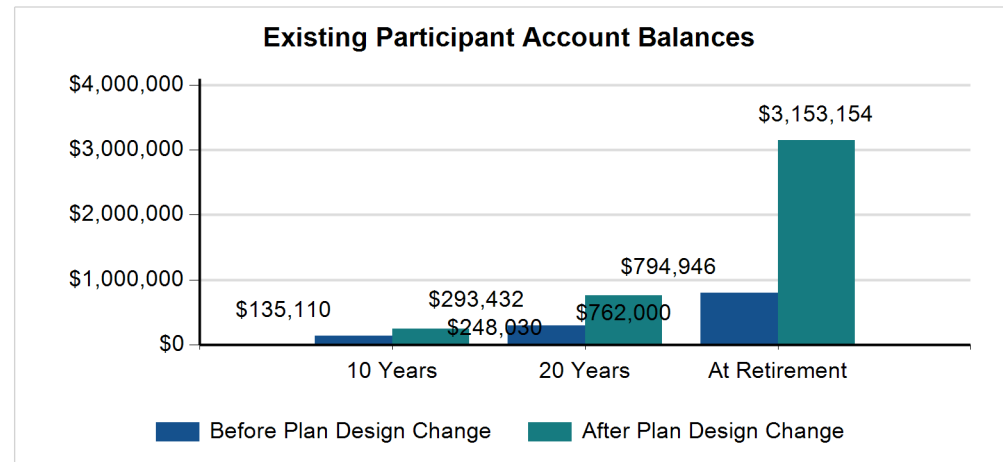
Why this matters?

Some plan design considerations may involve a cost commitment, or cost realignment, to maximize the cost/benefit equation. Some of the most powerful features however, are cost neutral. PLANavigator™ identifies how employer dollars can be more strategically allocated for maximum impact.

The highest impact plan design will likely involve some additional employer investment, but will create more successful outcomes similar to traditional pension plans without the additional cost, administrative burdens, and employer responsibilities.

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Why this matters?

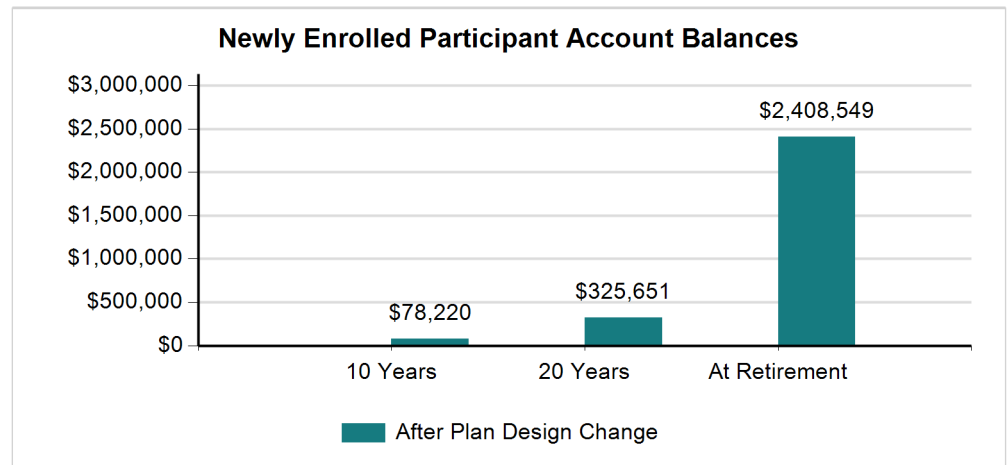
Participant account balances are the most important determiner of income at retirement. All national studies show that most participants are grossly underfunded for their retirement.

The high impact plan is designed to reverse the participant behaviors which created their retirement savings shortfall. Surveys indicate that most participants are happy to have their employers help them make these complex retirement investment decisions.

Participant Balances (Newly Enrolled Participants) Plan Design Metrics

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Why this matters?

High impact plan design can do much to help the longer term employees, but getting new younger hires engaged early in their retirement planning process is incredibly valuable. The power of compounding returns over a 30+ year career can be enormous, particularly when assets are in a well diversified target date fund as opposed to a fund that is not reflecting the participants' risk and return objectives.

This is why investment re-enrollment to the plan's diversified QDIA default fund is so valuable. Furthermore, it is important to recognize the support this concept has received from the legal community identifying fiduciary liability safe harbor availability.

Current Plan Assumptions

This table represents the data used by PLANavigator™ for the current plan information.

Plan Design	
Eligible Employees	400
Participants Actively Deferring	300
Annual Payroll	\$24,000,000.00
Minimum Deferral Rate	1%
Average Deferral	4.00%
Average Plan Participant Age	30
Average Age of Non-Participants	25
Current Plan Assets	\$15,000,000.00
Assumed Investment Return	5.00%
Annual Cost of Living Salary Increase	3.00%
Employer Match	50% to 4%
Automatic Enrollment	No
Automatic Escalation	No
Recordkeeping Fees paid by Plan Sponsor	No
Loans	Yes
Hardships	Yes
Average Life Expectancy (Current Participants)	79
Average Life Expectancy (Non-Participants)	79
Average Employee Salary- Current	\$60,000
Average Participant Years to Retirement	35
Annual IRS Maximum Deferral	\$19,500
Current Participation	75%

Assumptions

This table represents the data used by PLANavigator™ for the proposed plan design.

Automatic Enrollment - New Employees	
Enable Automatic Enrollment	Yes
Automatic Enrollment Opt Out Rate	1%
Automatic Enrollment Deferral Rate	1.00%
Average Salary of Non-Participants	\$45,000.00
New Participants Automatically Enrolled	99
Automatic Escalation	
Enable Automatic Escalation	Yes
Escalation Per Year	1.00%
Maximum Deferral Rate	12.00%
Minimum Deferral Rate	
Change Minimum Deferral Rate	Yes
Minimum Deferral Rate	4.00%
New Average Deferral	8.00%
Employer Match	
Match % to %	50% to 4%
Recordkeeping Fees	
Recordkeeping Fees paid by Plan Sponsor	Employer Paid
As a Percentage of Plan Assets	0.25%
In Dollars	\$37,500.00
Loans	
Eliminate Loans	Yes
Number of Participants with Loans Outstanding	10
Outstanding Plan Loan Amount	\$10,000.00
Average Loan Payback Period	6 months
Average Loan Interest Rate	2.00%
Monthly Average Loan Payment	\$1,676
Hardships	
Eliminate Hardships	Yes
Annual Gain in Plan Assets	3.00%

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