MANAGED ACCOUNTS

Q. What is an in-plan Managed Account?

A. Managed Account is an investment and advice platform connected to a retirement plan's record keeping service to provide employees with a personalized retirement investment solution. With an increasingly noisy and complex world, employees are juggling with short-term priorities and left with little time to focus on their long-term financial security. A Managed Account is a digital advice and automated investment solution to effectively assist employees in personalizing a goal-based savings and investing for retirement.

Q. How can Retirement Manager help?

A. Managed Account is designed to make it easier for employees to prepare for retirement. Typically, basic information for each employee enrolled in Managed Account is provided by the plan's record keeper. Employees interact through a series of questions and responses. Employees may add additional data (such as non-plan assets, IRA values, defined benefit income at retirement, etc.) and information (expected retirement age, the state of residence during retirement, etc.) to provide a more complete profile. The portfolio construction algorithm selects the appropriate portfolio for each employee, and thereby tailor an individualized portfolio to better meet the employee's unique circumstance and long-term objectives.The portfolio can be implemented by using the retirement plan's core menu options or a set of dedicated investment options made available only under the managed account option.

Q. How Managed Account differs from a target-date fund(TDF)?

A. When an employee selects or defaulted into a target-date fund, it is one fund along a continuum of related funds that best corresponds to the employee's expected retirement date at age 65. The single TDF has been created by an investment manager based on a set of broad assumptions that is likely to be applicable to an "average" worker within that cohort. A TDF places emphasis on a single factor age. But a worker's age is only relevant about investment time horizon. Using a TDF is equivalent to saying that everyone born the same year as you should all be invested the same way without variations. Managed Account, on the other hand, creates personalized portfolios based on the information you provide and made available by your plan's record keeper. Your engagement with the Managed Account advice engine, focuses all recommendations specific to you.

Q. Is a Managed Account solution a qualified default investment alternative (QDIA) for plans?

A. Yes, a Managed Account can be a QDIA. The employer must stick to the required process for selecting and monitoring the Managed Account provider as well as meeting all notice requirements to gain the fiduciary safe harbor benefit.

Q. How does the Managed Account Solution meet employer's required fiduciary obligation under ERISA?

A. The fiduciary manager to the Manage Account typically acts in the capacity of a fiduciary on the allocation algorithm and to each employee's account. What this means is that the fiduciary manager has the duty to serve in the Best Interest of each worker without
conflicts.

Q. What is the cost to provide a Manage Account Service?

A. To deliver the combination of portfolio construction algorithm, digital advice, and the fiduciary oversight required, there is a Managed Account charge that is above and beyond the investment fee assessed by the underlying investments. Further, there is typically an additional fee payable to record keeper to connect with and fulfill the investment activities for the managed Account service. Typically, the asset-based fee (depending on the number of employees and the expected account size) varies from 0.2% to 0.6% per year.