Red Flag Quadrant 1 - Creating Awareness

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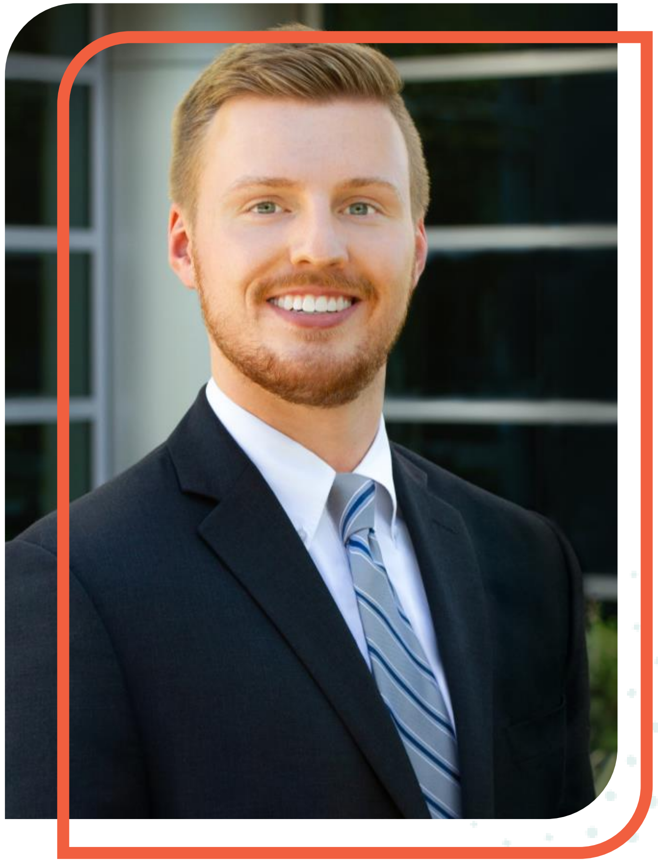
flexPATH



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Game Plan

- Build Your Process
- Helpful Content ➡ Positive Response
- Positive Response ➡ First Meeting
- First Meeting ➡ Identifying their Pain Point

Where to Start

RiXtrema

LARKSPUR DATA

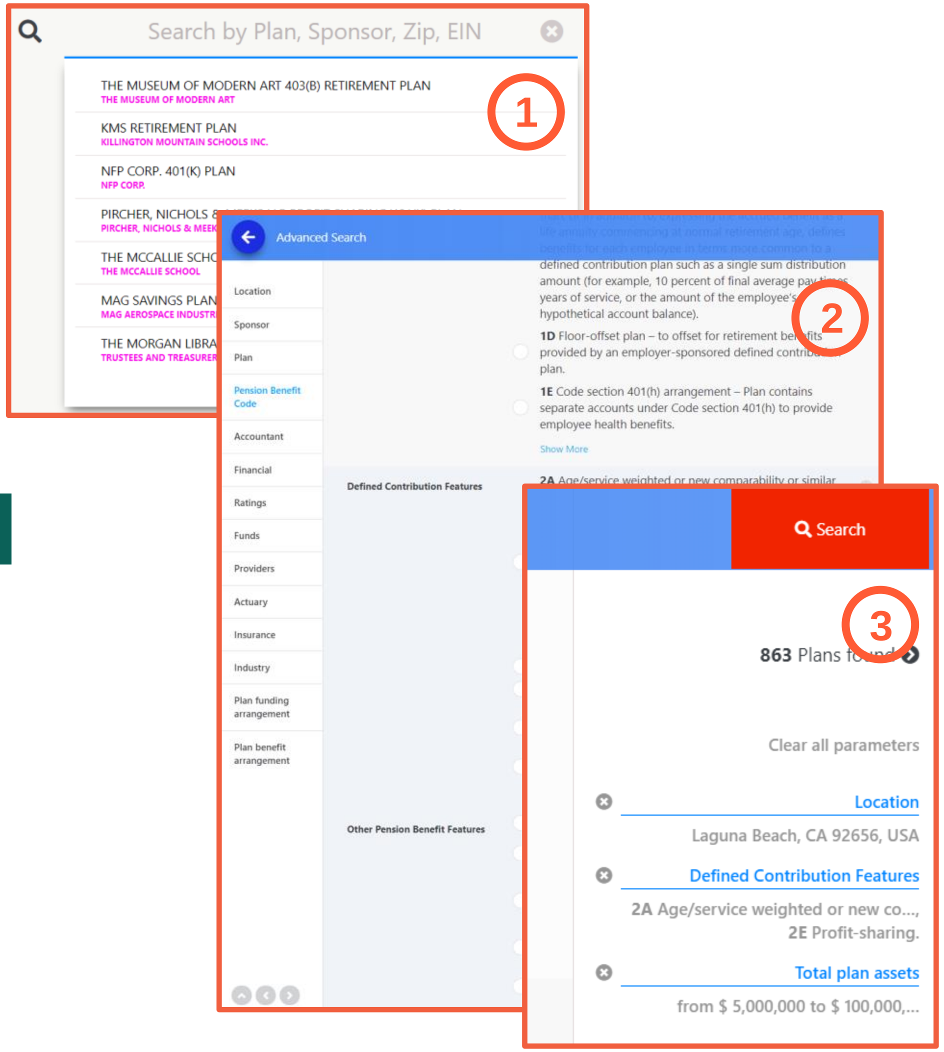
Google

zoominfo

LinkedIn
SALES NAVIGATOR

Creating Lists in Larkspur

1. While on homepage, click Advanced search
2. Then, select your target plan criteria
3. Then, click Search in top right

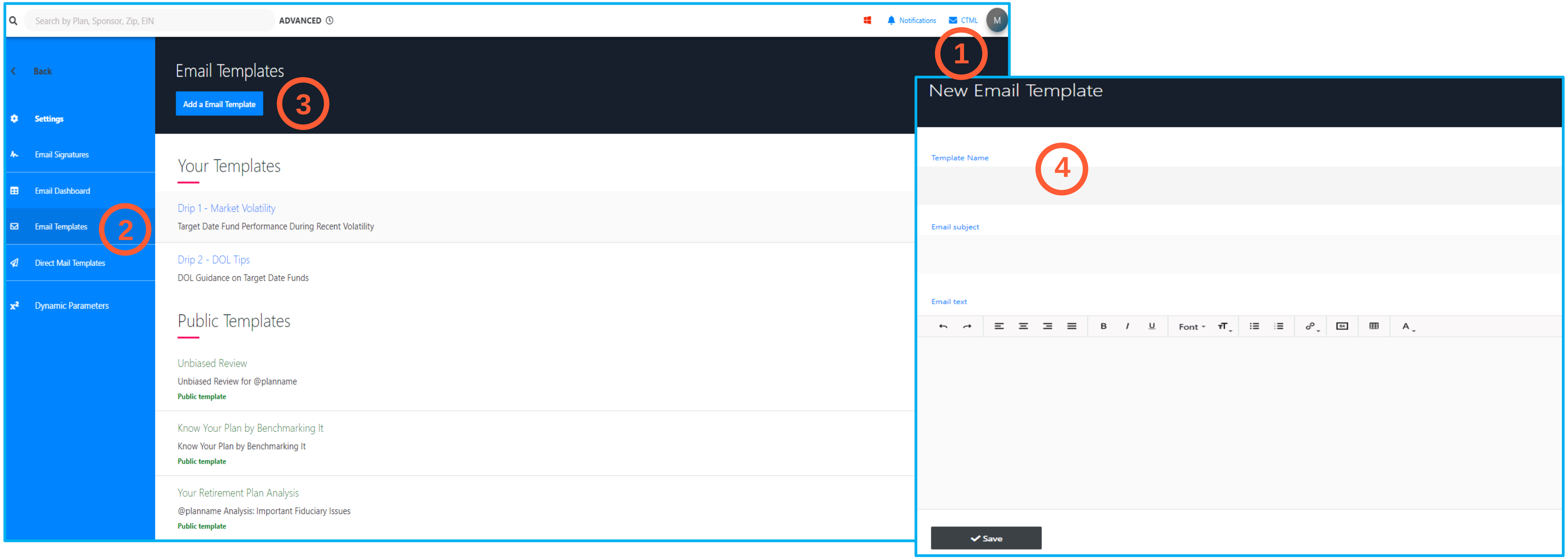


Best Practices (Selecting Criteria):

- Be selective enough to remove plans you don't want, but not too selective that you remove too many plans
- When setting location, search by miles around your zip code
- Make sure to click "Key Executives with Email Available" so you're able to market to plan decision-makers
- Make sure to select plan codes (see circle #2)
- Set asset ranges (Ex: From $5m - $150m)

Creating Email Templates

1. Click the **CTML email link**
2. Click on **Email Templates**
3. Click on **Add Email Template**
4. Copy and paste the **subject and text for each desired email from scripts doc**



Email Tools

HubSpot

SalesLoft

RiXtrema

LARKSPUR DATA

Outreach

Helpful Content
=
Positive Response

Executive Benefits

The Content:

"Here's a tangible way that you can recognize, reward, and retain key executive talent: after-tax plans. SVP Tony Greene explains in this soundbite…"

Financial Wellness

The Content

"In general, employees spend more than three hours per week dealing with their personal finances while at work… our Financial Wellness Program might make a big difference for you and your employees."

Fees & Fee Benchmarking

The Content

“Hoping this educational one-pager can illuminate key questions and steps as you search for the best retirement solution, and advisor, to suit your people.”

Target Date Funds

The Content

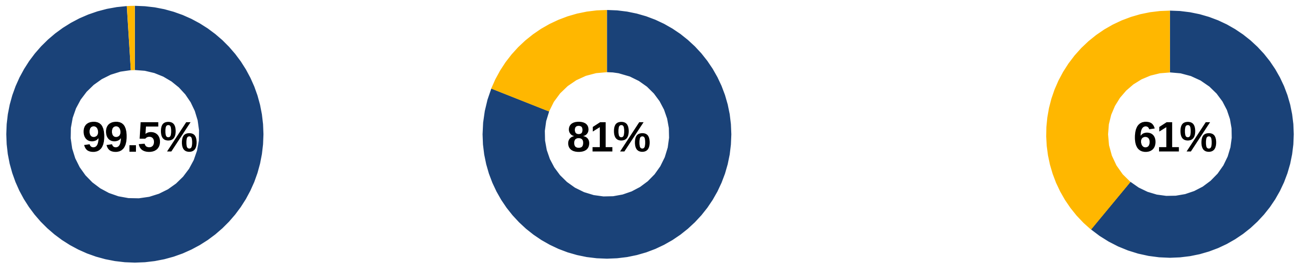
"What the DOL expects fiduciaries to do: Here are 5 indications it might be time to review your plan's target dates:"

WHY HELPFUL CONTENT MATTERS.

FIRST MEETING: IDENTIFYING THEIR PAIN POINTS

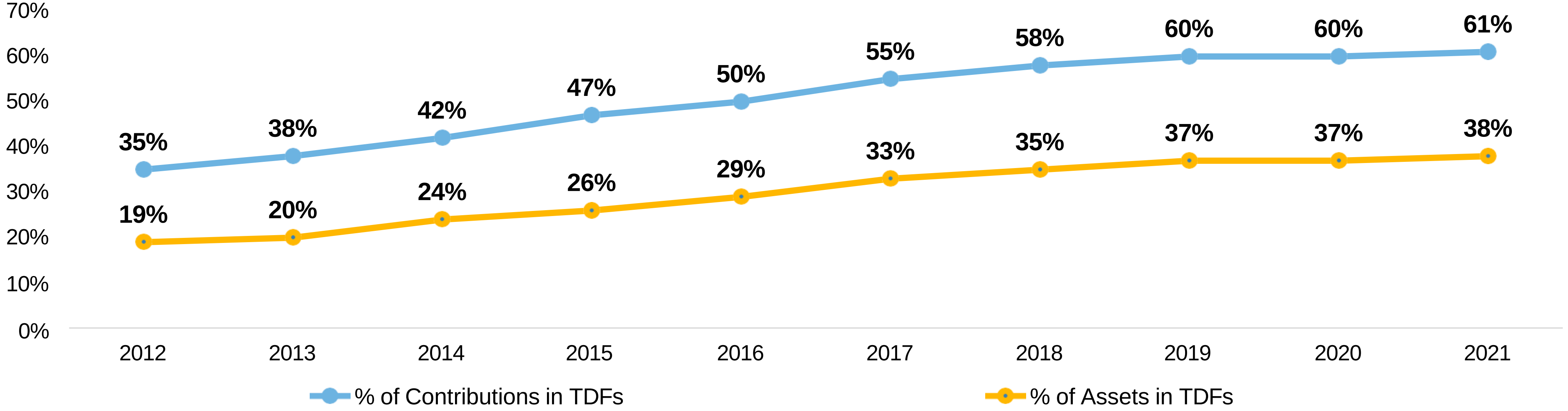
Proliferation of Target Date Funds (TDFs)

One of the most widely used investment options in defined contribution plans.



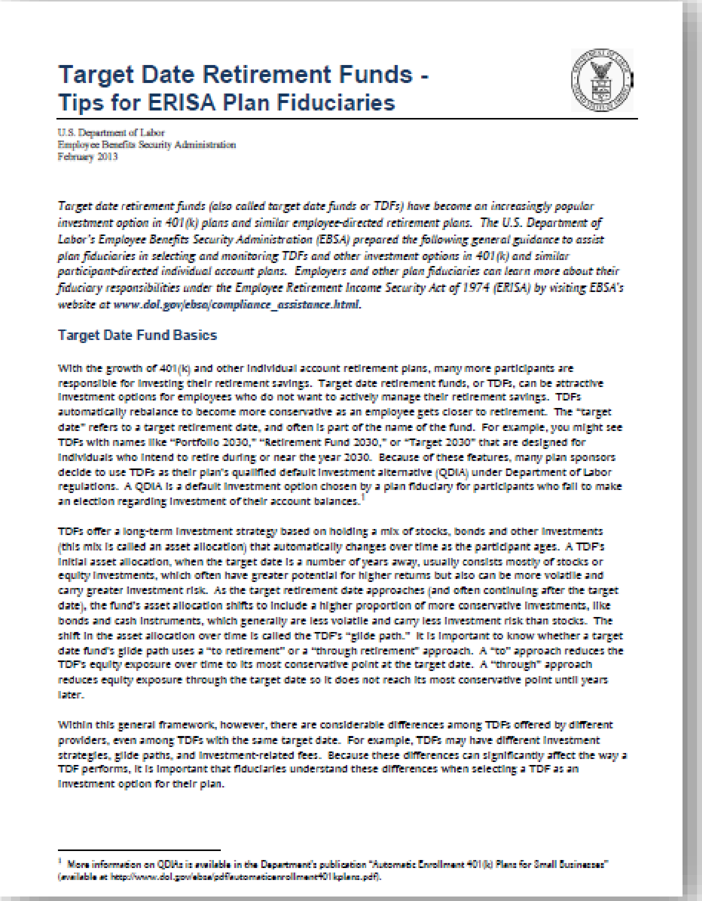
Participants offered TDFs | Participants using TDFs | Participants with entire account invested in single TDF

TDF prevalence necessitates increased due diligence by fiduciaries.



DOL Guidance – Target Date Fund Tips

In response to the growing popularity of Target Date Funds (TDFs) and general lack of understanding on the part of fiduciaries, the Department of Labor issued specific guidance regarding TDF selection and monitoring.



Target Date Retirement Funds - Tips for ERISA Plan Fiduciaries

U.S. Department of Labor
Employee Benefits Security Administration
February 2013

Target date retirement funds (also called target date funds or TDFs) have become an increasingly popular investment option in 401(k) plans and similar employee-directed retirement plans. The U.S. Department of Labor's Employee Benefits Security Administration (EBSA) prepared the following general guidance to assist plan fiduciaries in selecting and monitoring TDFs and other investment options in 401(k) and similar participant-directed individual account plans. Employers and other plan fiduciaries can learn more about their fiduciary responsibilities under the Employee Retirement Income Security Act of 1974 (ERISA) by visiting EBSA's website at www.dol.gov/ebsa/compliance_assistance.html.

Target Date Fund Basics

With the growth of 401(k) and other individual account retirement plans, many more participants are responsible for investing their retirement savings. Target date retirement funds, or TDFs, can be attractive investment options for employees who do not want to actively manage their retirement savings. TDFs automatically rebalance to become more conservative as an employee gets closer to retirement. The "target date" refers to a target retirement date, and often is part of the name of the fund. For example, you might see TDFs with names like "Portfolio 2030," "Retirement Fund 2030," or "Target 2030" that are designed for individuals who intend to retire during or near the year 2030. Because of these features, many plan sponsors decide to use TDFs as their plan's qualified default investment alternative (QDIA) under Department of Labor regulations. A QDIA is a default investment option chosen by a plan fiduciary for participants who fail to make an election regarding investment of their account balances.[1]

TDFs offer a long-term investment strategy based on holding a mix of stocks, bonds and other investments (this mix is called an asset allocation) that automatically changes over time as the participant ages. A TDF's initial asset allocation, when the target date is a number of years away, usually consists mostly of stocks or equity investments, which often have greater potential for higher returns but also can be more volatile and carry greater investment risk. As the target retirement date approaches (and often continuing after the target date), the fund's asset allocation shifts to include a higher proportion of more conservative investments, like bonds and cash instruments, which generally are less volatile and carry less investment risk than stocks. The shift in the asset allocation over time is called the TDF's "glide path." It is important to know whether a target date fund's glide path uses a "to retirement" or a "through retirement" approach. A "to" approach reduces the TDF's equity exposure over time to its most conservative point at the target date. A "through" approach reduces equity exposure through the target date so it does not reach its most conservative point until years later.

Within this general framework, however, there are considerable differences among TDFs offered by different providers, even among TDFs with the same target date. For example, TDFs may have different investment strategies, glide paths, and investment-related fees. Because these differences can significantly affect the way a TDF performs, it is important that fiduciaries understand these differences when selecting a TDF as an investment option for their plan.

[1] More information on QDIAs is available in the Department's publication "Automatic Enrollment 401(k) Plans for Small Businesses" (available at http://www.dol.gov/ebsa/pdf/automaticenrollment401kplans.pdf).

- Align TDF and participant characteristics
- Understand underlying investments
- Review fees and investment expenses
- Consider custom or non-proprietary options
- Develop effective employee communications
- Document the process

The full fact sheet is available at https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/fact-sheets/target-date-retirement-funds.pdf

3 Common TDF Risks to bring to your prospect’s attention

- Glidepath Suitability Risk
- Participant Misfit Risk
- Underlying Fund Risk

Glidepath Suitability Risk

Occurs when the plan's selected glidepath does not match the plan's design and average participant demographics.

SAVINGS RATES / FUNDING ADEQUACY

- Savings rates are a primary driver of participant funding adequacy and are 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

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PLAN DESIGN

- Employer match and/or profit sharing
- Supplementary retirement benefits (i.e. defined benefit plan)

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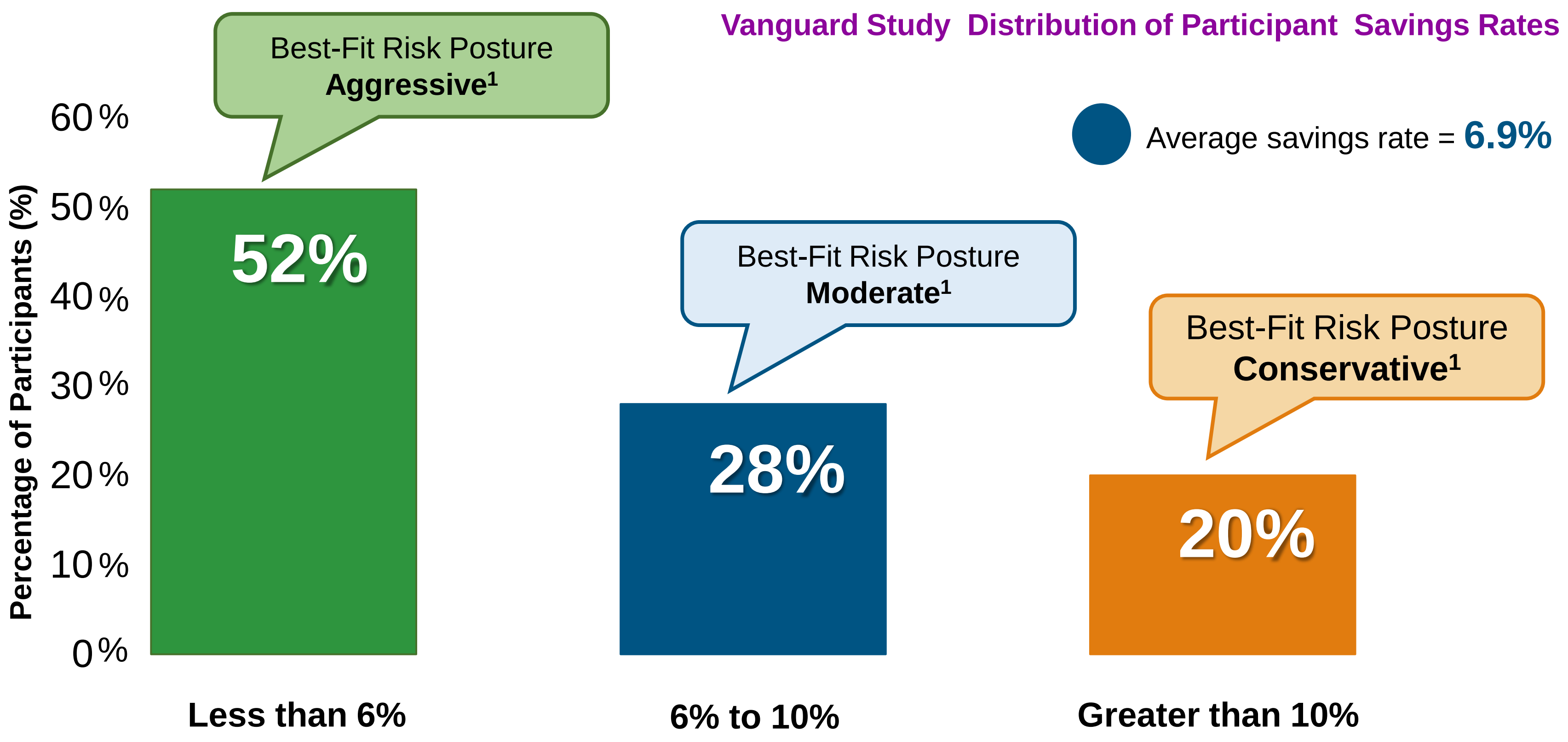
PLAN RISK PROFILE

Aggressive → Moderate → Conservative

Participant Misfit Risk

Occurs when individual participant characteristics, most importantly savings rates, differ from the average plan participant.

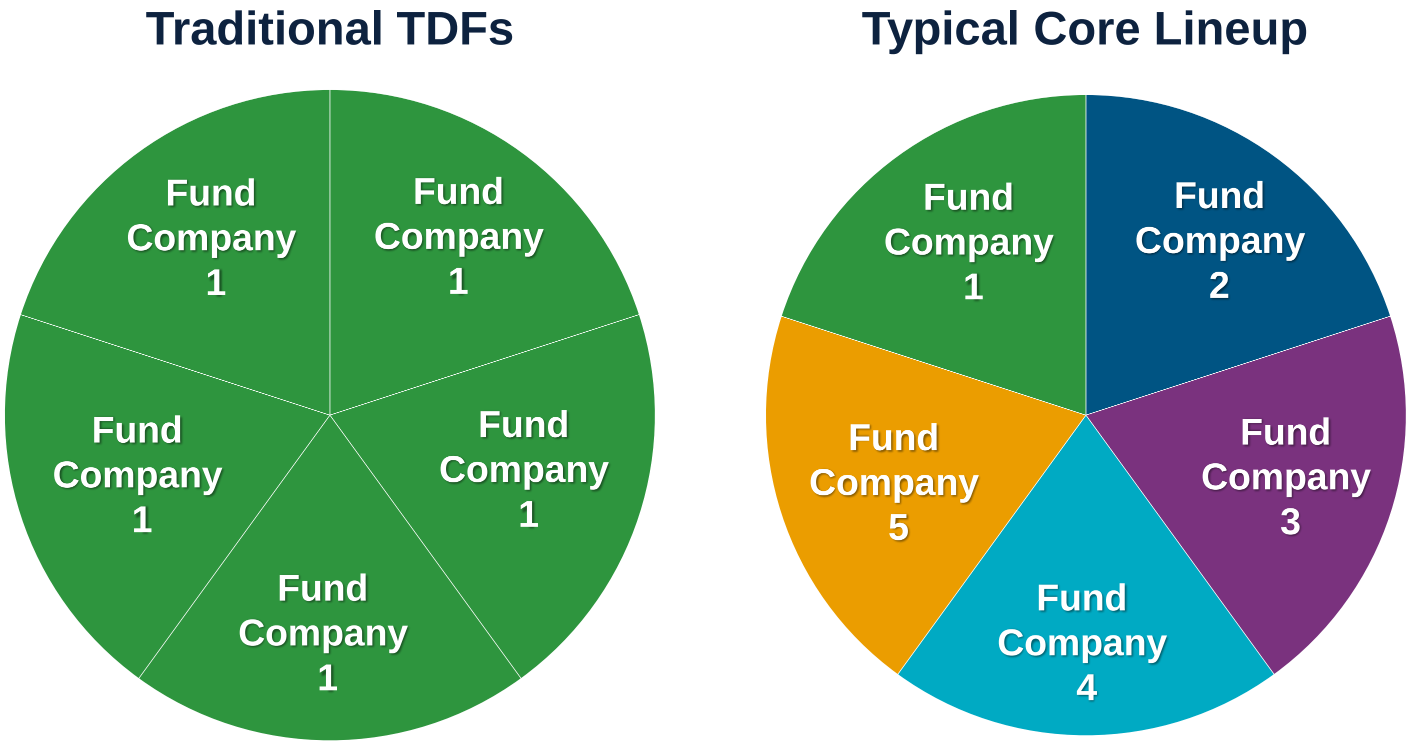


[1] Best-fit risk postures are based solely on funding adequacy. Conservative: Less than 30% equity exposure at retirement. Moderate is between 30-40% equity exposure at retirement. Aggressive is greater than 40% equity exposure at retirement.
Source: Vanguard, "How America Saves 2018" figure 34, Vanguard.com, "Vanguard Defined Contribution Plans Permitting Employee-Elective Deferrals, 2017"

Underlying Fund Risk

Occurs when the selected TDF contains a high percentage of underperforming underlying investments or is significantly restricted with replacement options due to proprietary constraints.

"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?" - Department of Labor



Link to DOL Target Date Fund TIPS: https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/fact-sheets/target-date-retirement-funds.pdf
Source: Target Date Retirement Funds- Tips for ERISA Plan Fiduciaries, DOL EBSA, February 2013

Key Takeaways:

1. Build a strong process

2. Helpful content = Positive Response = First Meeting

3. First Meeting = Identifying their Pain Point