

## **Plan Sponsor Services**

Johnson's Global Advisors Corp. (JGA Corp.) is designed to help large, small and mid-sized businesses establish corporate and public retirement plans by making them as simple to operate and as low-cost as possible. We work with effective, easy-to-use, low-cost services for 401(k), 457, and 403B plans.

It is our belief that all plan sponsors should be able to offer high-quality, cost-effective retirement plans to their employees and provide greater potential asset growth for participants. We utilize a full index replication methodology. Our global team specializes in a disciplined approach to allocate assets across all developed and emerging markets. By constructing portfolio strategies principally consistent with the MSCI, ACWI and US indexes for our institutional and high net worth clients.

We create portfolios based on your organization and your employee's individual needs and our expertise. Then we principally invest your money with our partner, the world's largest investment manager and best performing low-fee advisor, Vanguard index funds and ETFs that align with your asset allocation. Lower expense ratios allow pension plans and their employees to keep more of their return and can help lead them toward a more secure retirement.

JGA Corp., acting as a fiduciary financial professional, can play a critical support role for plan sponsors, focused naturally on their business. When it comes to their retirement plans, they rely on our expertise. When we build relationships with the sponsors we serve, they turn to us for financial insights and updates on the latest investment trends and research.

Furthermore, some participants don't have the time or inclination for financial and retirement planning. Employees can fail to take advantage of their employers' retirement plans for a variety of reasons, including lack of planning or investment knowledge, inertia, and procrastination. In such circumstances, we can play a critical role as an advisor or coach to participants. We can help them establish a savings plan, oversee plan enrollment and get them on track toward their savings goals. In our role as a financial professional, we offer to employers both public and private a wide range of services such as.

### **Comprehensive plan sponsor bundled strategy:**

- Record keeping and Administration
- Plan design to promote positive participant behavior.
- Plan service and fee due diligence.
- Plan conversion support.
- Investment Policy Statement creation and support.

- Professionally managed model portfolio creation and support.
- Ongoing investment and plan reviews.
- Comprehensive participant strategy
- Enrollment and ongoing employee education meetings.
- Participant-level retirement planning and investment advice.
- Retirement income guidance.

As clients, you can be overwhelmed by the numerous choices faced in retirement planning regardless of whether you are a participant or plan sponsor. Asset allocation models may reduce the number of choices you need to make and these models help foster a disciplined approach to investing. Portfolio models also can afford plan sponsors the opportunity to build their retirement-planning and improve outcomes for plan participants.

### **How do portfolio models work?**

Asset allocation models offered through JFG Corp. are easy to use and offer a variety of options:

#### **Setup**

- Three to five models are created, and investment options are chosen from the core investment line up.
- Up to 15 investment options may be used per model.
- Each fund's allocation percentage must be a whole number.

#### **Investments**

- Participants may invest in either asset allocation models or the core investment lineup, but not both.
- Participants can determine their investment style based on their risk tolerance and financial goals and select the model that most closely reflects that style.
- Standard models are designed to be conservative, moderately conservative, moderate, moderately aggressive, and aggressive.

### **Through Vanguard We provide a plan sponsor website for your company**

To ease plan administration, the plan sponsor website provides robust plan management capabilities in a single location.

Plan sponsors are able to:

- Add new participants
- Update participant census information
- Run and review reports
- Access and download forms
- Process or submit plan level contributions
- Process participant distributions

**Participant website experience:**

- Participants can enroll in their model of choice during the online enrollment process or any time after the plan goes live.
- The participant website can be used to view the funds within the models and the allocation percentages for those funds.
- Quarterly statements provide details about the models' underlying funds, including each fund's corresponding unit value and balance.
- Model performance based on the model composition over time and the performance of the underlying funds are reported to participants.

**Administration**

- You determine how often (quarterly, semiannually, or annually) asset allocation models are automatically rebalanced. There are no additional fees associated with creating or maintaining the models.
- Changes to a model's underlying funds and/or allocation percentages can be made at any time by contacting JGA Corp. client service team or Vanguard and completing the applicable documentation.

## **QDIA-Eligible**

Plan sponsors often turn to financial advisors for assistance in managing their fiduciary roles and responsibilities. Fiduciary duties are most likely to include an advisor in evaluating, selecting, and monitoring a Qualified Default Investment Alternative (QDIA). Asset allocation models may be used as a QDIA if the underlying composition meets U.S. Department of Labor standards.

## **JGA Corp. offers ERISA fiduciary assistance to plans in various ways such as the following:**

1. Plan Administrator Services (commonly referred to as ERISA Section 3(16) services). These services range from the service provider actually taking on the role of the Plan Administrator in all of its scope (including those that are fiduciary functions) to a partial fiduciary role where the service provider takes on certain enumerated duties of the Plan Administrator, some of which are fiduciary in nature. These activities may include full responsibility for authorizing distributions and resolving benefit claims and disputes.

2. Investment Advisor Services (commonly referred to as ERISA Section 3(21) services). The plan sponsor may appoint financial professionals as fiduciaries to provide investment advice. Advisors may also become fiduciary by exercising discretionary, authority, and control over the plan or plan assets. Ultimately, the plan sponsor retains legal authority and must monitor the performance of the 3(21) fiduciary.

3. Investment management services (commonly referred to as ERISA Section 3(38) services) can be offered by registered investment advisors who have acknowledged their fiduciary status in writing. Investment managers are given control to manage the plan's assets (or a portion of the plan's assets). As fiduciary JGA Corp. takes responsibility for plan sponsors to prudently select investment managers, but the investment manager has the responsibility and liability for their actual investment decisions.

## **401(k) landscape**

Defined contribution (DC) retirement plans are the centerpiece of the private-sector retirement system in the United States. The 401(k) plan is the dominant player in the DC retirement system. According to the Investment Company Institute research as of March 31, 2013, 401(k) plans now hold \$3.6 trillion in assets on behalf of more than 50 million active participants and millions of retirees and former employees. In addition, savings rolled over from 401(k) and other employer plans also account for most of the \$5.7 trillion held in individual retirement accounts (IRAs). Since the body of law governing retirement plans, ERISA, was passed in 1974, DC plans have surged past defined benefit (DB) plans as the dominant retirement savings vehicle. The onus for retirement savings has shifted from the employer to the employee, so working Americans need to take full advantage of the opportunity to save for

retirement through 401(k) plans—whether they work for big corporations or small businesses.

Market volatility, expanded investment options and regulatory changes have dramatically transformed the attitudes and decisions of defined contribution (DC) plan sponsors and participants in recent years. As a result, more plan sponsors are taking a closer look at the effectiveness of their investment lineups. In this commentary, we present five lineup-construction best practices to help both plan sponsors and participants achieve their objectives.

Our discussion takes into account that some sponsors have well-diversified plan lineups with few gaps or overlaps while others hold legacy plans with investment offerings borne through mergers or acquisitions. In other cases, plan sponsors have added investment options over the years without shedding duplicative offerings. Whether a plan's investment lineup needs a complete overhaul or a modest update JGA Corp. believes these four best practices can help sponsors assess their lineups and effectively communicate their plans to participants:

**We offer professionally managed best practice solutions such as:**

1. Target Date Funds
2. Managed accounts
3. Offer a core set of broad market index funds
4. Ensure active on going over site

Let Johnson's Global Advisors Corp. provide a free broad based fee analysis and investment line up comparison. As well as structure and implement low fee index funds strategies for your organization.