



# Advice 2.0 – *Evolving our Delivery of Advice*

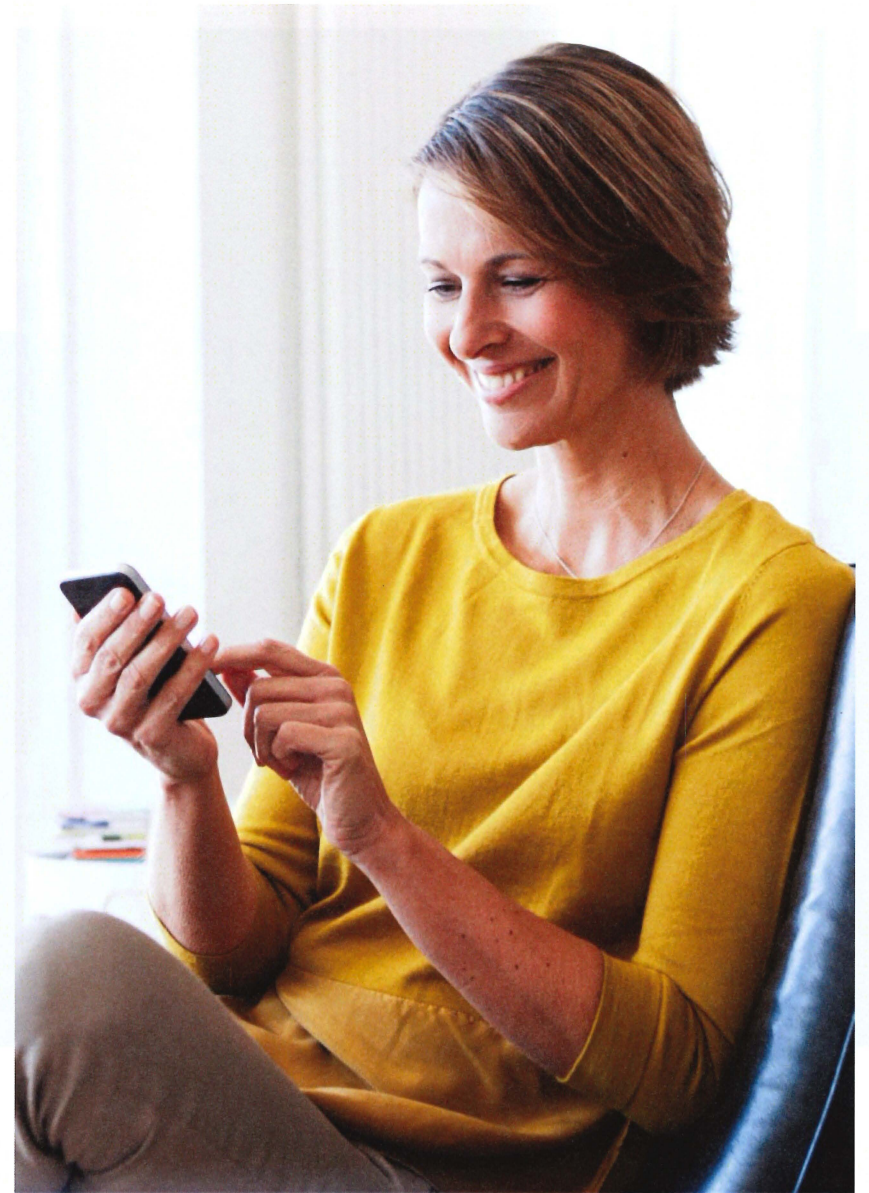
State of Wisconsin

**John Mohan, CFP®**

Vice President, Participant Engagement



# The Need for Advice



# Our customers need help

People are worried about the economy and inflation

**55%**

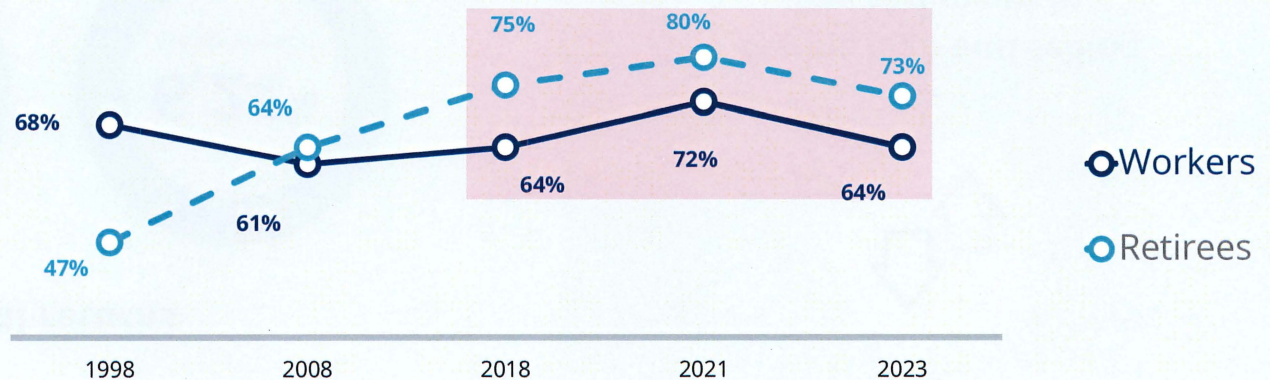
of investors think the U.S. is in a recession or will be before the end of 2023

**60%**

of investors believe inflation will remain elevated through 2023

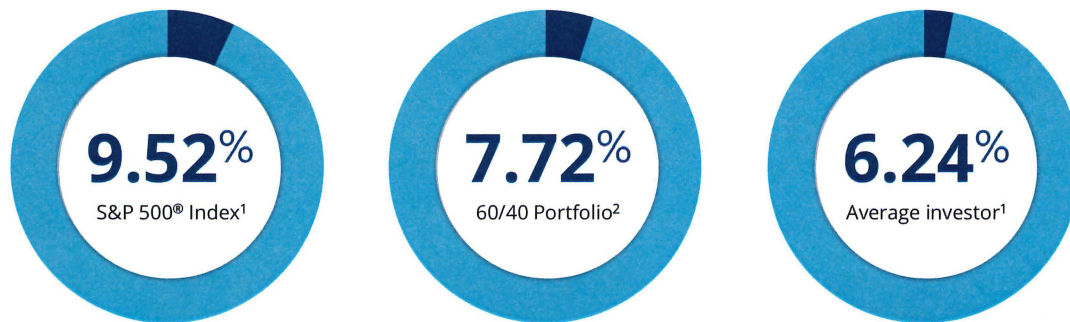
## Retirement confidence

Significant decline compared to 2022; returned to levels last seen in 2018



# Participant actions result in underperformance

## 20-year average annual returns



The average investor underperformed the S&P 500 by **3.28%**

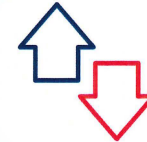
1 2021 DALBAR Quantitative Analysis of Investor Behavior.

2 Morningstar® DirectSM. "60/40 Portfolio" is a back-tested portfolio with a 60% allocation to the S&P 500® Index and a 40% allocation to the Bloomberg Barclays U.S. Aggregate Bond Index, which is rebalanced on a monthly basis. As of December 31, 2020.

3 Empower Capital Management, LLC proprietary research, December 31, 2021.

This material represents the views of Empower Capital Management, LLC and is subject to change without notice. Past performance is not a guarantee of future results. This material is for informational purposes only and is not intended to provide investment, legal, or tax advice.

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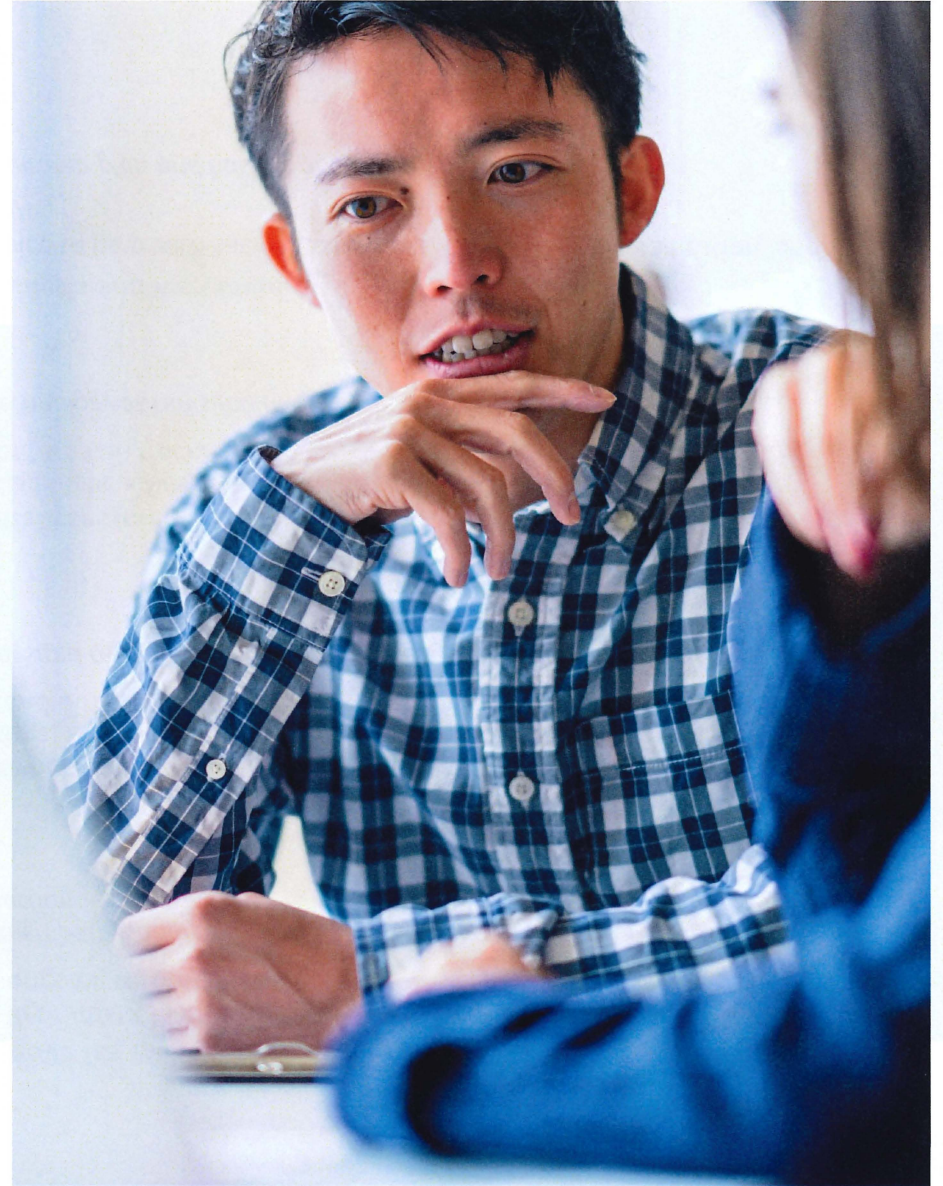


**Buying high and selling low can result in underperformance for the average investor<sup>3</sup>**

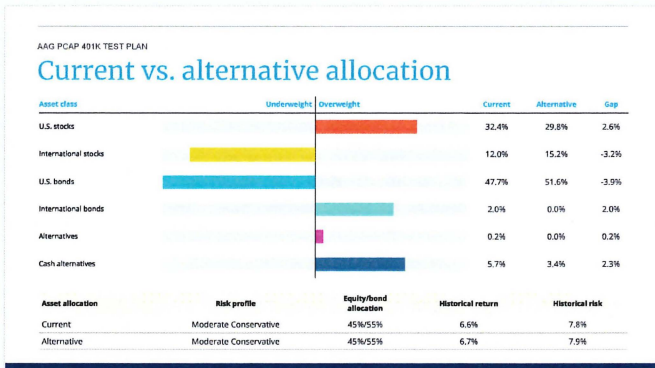


# Enhancing the Rep Interactions

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# Personalized advice from an Empower RPA



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The Retirement Readiness Review is provided by an Empower representative registered with Empower Advisory Group, LLC and may provide investment counseling and/or recommendations at no additional cost to participants. There is no guarantee provided by any party that use of the review will result in a profit.



## Set the agenda for the meeting

Introduce Retirement Plan Advisor (RPA) and help employee understand the RPA role as an ongoing resource

*Listens with empathy, addresses questions, and follows a structured process to help drive action*



## Account review and goal setting

Build personal financial profile (e.g., Social Security, pension amount, outside accounts, and other income)

*Discusses desired retirement goals (e.g., age and lifestyle)*



## Retirement assessment

Perform diagnostic assessment to assess goal tracking to help answer the question of "Am I on track?"

*Uses our technology to run simulations*



## Review analysis and next steps

Deliver advice to help with savings strategies, investment diversification, and spend down

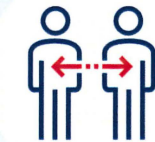
*Provides a written plan and has the ability to implement changes*

# Maintaining our duty of care

**When we provide recommendations, we must comply with a number of rules and regulations, including:**

- Securities and Exchange Commission (SEC) Regulation Best Interest
- Department of Labor (DOL) rules
- FINRA suitability requirements
- ERISA fiduciary conduct standards

**As regulations change,  
so do we**



# Advice 2.0 – Enhancing our advice delivery

**Deliver and execute  
point-in-time investment  
advice for participants**



Integrated Best Interest  
Profile (BIP) tool into our  
RPA experience

**More specific recommendations  
and how to best  
implement those strategies**



Helping participants determine  
what is the best execution  
strategy to deploy

**Memorialization of written  
recommendations within the  
participant experience**



Ongoing, integrated  
documentation of written plan  
and recommendations



# Retirement Readiness Review conversation flow



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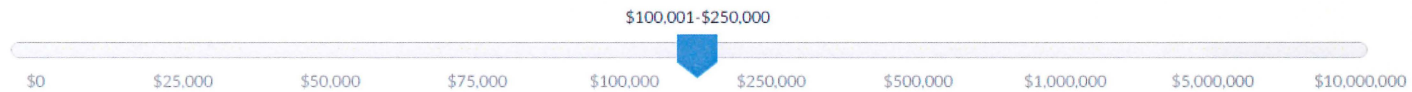
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# Helping to determine suitability

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1m. If you answered "Yes" to the previous question, what is the name of FINRA employee?

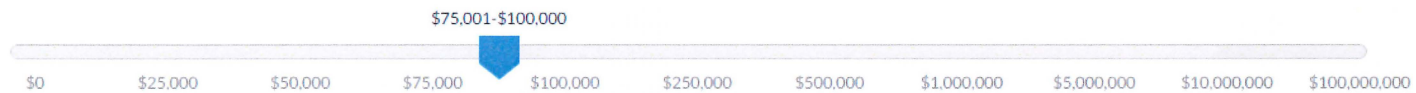
2. Annual income



3. Current tax bracket i



4. Liquid net worth i



5. Investment objective i

Preservation of capital



6. Investment experience

None



# INVESTMENT RECOMMENDATION

## Target date fund

**RED EAGLE** (331231-01 - Plan)  
Age: 44 Income: \$100,001-\$250,000

\*\* Disclosure email sent on 08/31/2022 17:38 EDT \*\*

Save as draft Submit for review Discard Back to dashboard

Investor Profile Financial wellness Roth vs. Pre-tax Contributions Roll-in Distribution IRA Comparison Investment advice

1. Rep to assess if client has any money in SecureFoundation.  
 Yes  No

2. Do you want to maintain your investment in SecureFoundation?  
 Yes  No

3. After disclaimer is read, does the participant still want to sell SecureFoundation?  
 Yes  No

4. Does the plan offer Financial Engines?  
 Yes  No

5. Is managed accounts available?  
 Yes  No

6. Are target date funds available?  
 Yes  No

7. Are target risk funds available?  
 Yes  No

8. Rep to assess if fund lineup is available for the plan.  
 Yes  No

9. Do you want to manage and make your own investment decisions?  
 Yes  No

10. Would you like me to help you choose your investment options?  
 Yes  No

Recommendation:  
Invest in a target date fund.  
If this recommendation is for the Empower Premier IRA, the suggested target date fund is: Great West Lifetime Funds.

Accepted Rejected

Narrative:

Attachments [Select file to upload...](#)

11. Relative to your peers, do you think your financial situation is simpler, comparable, or more complicated?  
 Simpler  Comparable  More complicated

12. Would you be willing to pay a fee, generally less than 1% annually, for someone to professionally monitor and manage your account on an ongoing basis?  
 Yes  No

13. What is your age?  
43

Investment experience  
Limited


What kind of investor are you?  
Moderate

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# INVESTMENT RECOMMENDATION

## Point-in-time advice

 **RED EAGLE** (331231-01) - Plan  
**EMPOWER** Age: 44 Income: \$100,001-\$250,000

\*\* Disclosure email sent on 08/31/2022 17:38 EDT \*\*

[Save as draft](#) [Submit for review](#) [Discard](#) [Back to dashboard](#)

Investor Profile | **Financial wellness** | Roth vs. Pre-tax Contributions | Roll-in | Distribution | IRA Comparison | Investment advice

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 Simpler  Comparable  More complicated

12. Would you be willing to pay a fee, generally less than 1% annually, for someone to professionally monitor and manage your account on an ongoing basis?  
 Yes  No

13. What is your age?

Investment experience  
None

What kind of investor are you?  
Conservative

Recommendation:  
**Invest in a lineup identified as best suited for you at this time.**

Accepted Rejected

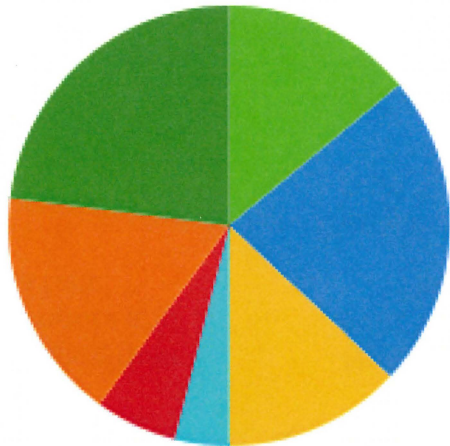
Narrative:

Attachments [Select file to upload...](#)

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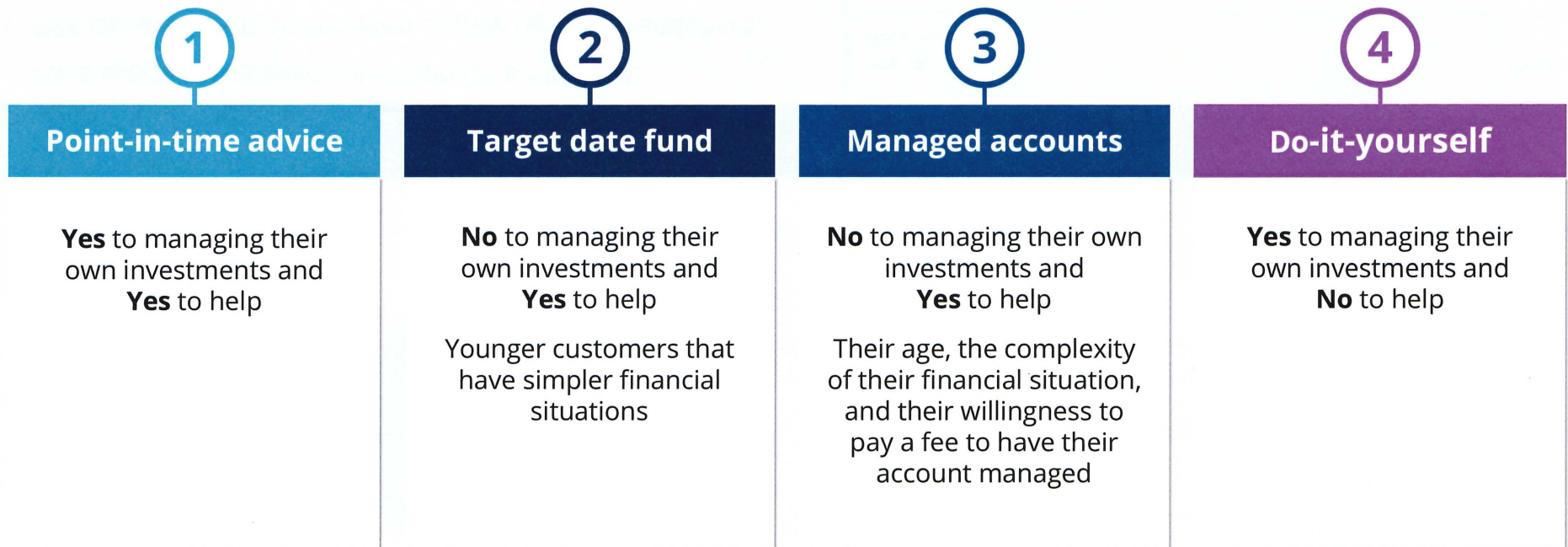
# Fund-specific advice – at no cost



- Point-in-time advice generates a one-time, customized, fund-specific investment allocation for participant.
- RPA can execute that allocation change right then and there.
- This is provided at no additional cost to plan or participant.

| HOLDING   | RECOMMENDED FUND ALLOCATION |
|---|-----------------------------|
| 07EAFW<br>BlackRock EAFE Equity Index F           | 14.0%                       |
| VWENX<br>Vanguard Wellington Admiral              | 23.0%                       |
| 04MDWS<br>BlackRock Mid Cap Equity Index - Coll F | 13.0%                       |
| WIFJBM<br>FDIC Bank Option                        | 4.0%                        |
| WIV500<br>Vanguard Institutional 500 Index Trust  | 6.0%                        |
| WISSVF<br>Stable Value Fund                       | 17.0%                       |
| BRUSDM<br>BlackRock US Debt Index M               | 23.0%                       |

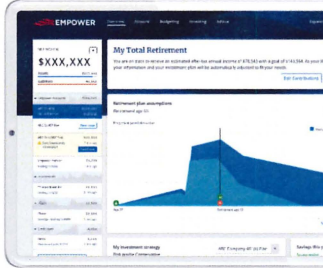
# BIP tool outcomes



# Delivering written plans with documented recommendations

## Personalized retirement review

For the AAG TEST PPT household  
As of 04-19-2022



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AAG PCAP 401K TEST PLAN


### Current vs. alternative allocation

| Asset class          | Underweight | Overweight | Current | Alternative | Gap   |
|----------------------|-------------|------------|---------|-------------|-------|
| U.S. stocks          |             |            | 32.4%   | 29.8%       | 2.6%  |
| International stocks |             |            | 12.0%   | 15.2%       | -3.2% |
| U.S. bonds           |             |            | 47.7%   | 51.6%       | -3.9% |
| International bonds  |             |            | 2.0%    | 0.0%        | 2.0%  |
| Alternatives         |             |            | 0.2%    | 0.0%        | 0.2%  |
| Cash alternatives    |             |            | 5.7%    | 3.4%        | 2.3%  |

| Asset allocation | Risk profile          | Equity/bond allocation | Historical return | Historical risk |
|------------------|-----------------------|------------------------|-------------------|-----------------|
| Current          | Moderate Conservative | 45%/55%                | 6.6%              | 7.8%            |
| Alternative      | Moderate Conservative | 45%/55%                | 6.7%              | 7.9%            |

Retirement Solutions Group  
8515 E. Orchard Rd.  
Greenwood Village, CO 80111



August 31, 2022

Red Eagle  
112  
Englewood, CO 80134

Dear Red,

We value our relationship with you and want to thank you for your time. The enclosed information highlights the factors we've taken into consideration in order to provide you with a well-informed recommendation. Enclosures include:

1. Your Personalized Recommendation Summary - This summarizes our discussion, information collected and recommendation(s) we provided. Please review the document and contact us if anything has changed.
2. Your Disclosure Package - This includes the Regulation Best Interest disclosures in addition to a Customer Relationship Summary, which provides information on Empower and our broker-dealer.

We act as a fiduciary when determining your personalized recommendations. <sup>1</sup> As a fiduciary, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (duty of loyalty);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than what is reasonable for our services; and
- Provide information about conflicts of interest;

Depending on the action taken today, you may also receive additional confirmations and documentation regarding your account and/or investments. If any of your information has changed, please call an Empower representative at (877) 534-4569. We thank you for the opportunity to work with you. Please don't hesitate to contact us again.

### Your current financial profile

|                            |           |
|----------------------------|-----------|
| Full name                  | Red Eagle |
| Individual ID              | 16496930  |
| Plan number/Account number | 331231-01 |

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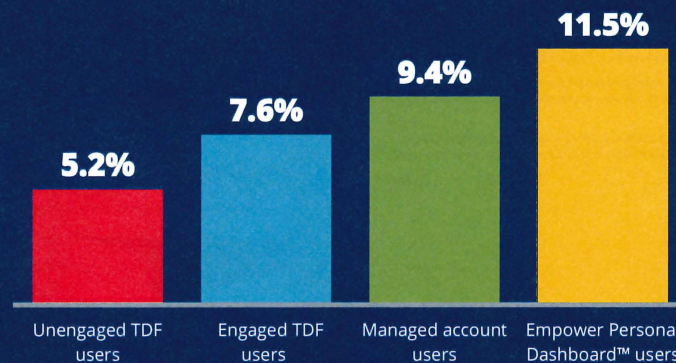
ADVISORY SERVICES

# Personalized strategies that drive better results

Managed account users are more engaged than traditional target date fund investors.



And engagement has a direct impact on participant savings.



All engagement data is as of September 30, 2022, for eligible and contributing participants with a balance.

Advice includes managed account users, and financial wellness includes visits to financial wellness pages on participant website.

Engagement is defined as at least one interaction in a 12-month period between October 1, 2021, and September 30, 2022, through participant website, mobile apps (Android™ or iOS®), or call center.

<sup>1</sup> The income replacement statistic is based on data as of March 13, 2023, for active participants who are 60+ in age across corporate, not-for-profit, and government plans that own target date funds (those who have 95% or more assets in up to two TDFs) with Lifetime Income Scores between 40-160. They are then weighted by participant group based on salary range.

Empower recordkeeping data is as of March 13, 2023, for contributing participants with a balance; including corporate, not-for-profit, and government clients. Data includes participants with available salary data and LIS scores between 40-160. Managed Accounts includes individuals enrolled in My Total Retirement, Advisor Managed Accounts, or the Professional Management Program.

Target date fund (TDF) investors defined as those who have 95% or more assets in up to two TDFs. GEN-SPP-WF-2558429-0523 RO2836884-0423

## A better endgame: Better prepared for retirement



### Lifetime Income Scores<sup>SM</sup> by strategy



Employees closest to retirement (age 60+) are on track for over **20% more income** in retirement<sup>1</sup>



Thank you!



EMPOWER



Thank you