

Advice 2.0 –
*Enhancing our
Advice Delivery*



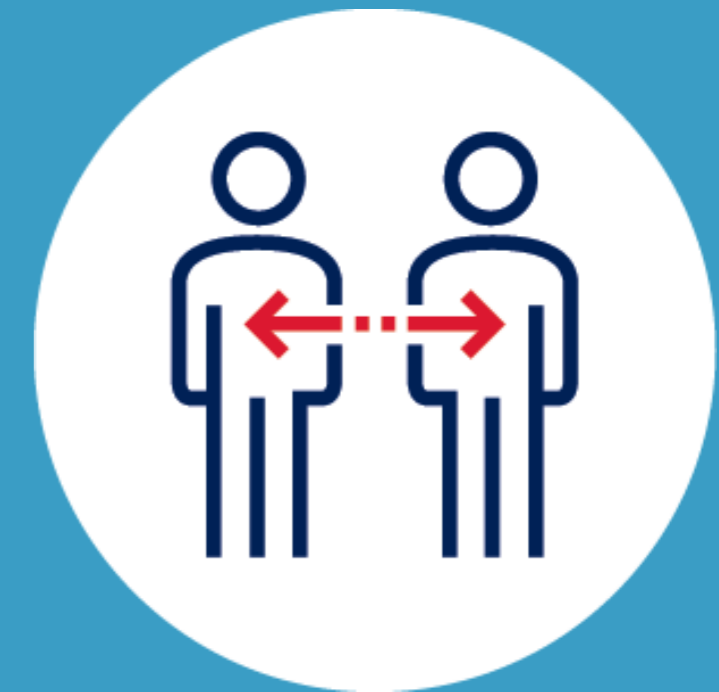
Agenda

- Maintaining Our Duty of Care
 - Current vs. Future State (Education → Advice)
- Best Interest Profile (BIP) Conversation Flow/Outcomes
- BIP Guiding Principles
- BIP Tool Insights
- Operational Procedure Updates
 - Field Transaction Form
- BIP Pilot Insights
- Training Timeline/Expectations

Maintaining our duty of care

When we provide recommendations or fiduciary investment advice, we must comply with a number of rules and regulations, including:

- The Securities and Exchange Commission (SEC) Regulation Best Interest.
- Reg BI establishes a “best-interest” standard of conduct for broker-dealers and their associates when making recommendations to a retail customer of securities any transaction or investment strategy involving securities.
 - **Disclosure:** *provide certain required disclosure before or at the time of the recommendation, about the recommendation and the relationship between the rep and the retail customer*
 - **Duty of Care:** *exercise reasonable diligence, care, and skill in making the recommendation*
 - **Conflict of Interest:** *establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest, and*
 - **Compliance:** *establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI.*
- Department of Labor (DOL) rules and prohibited transaction exemptions
- FINRA’s suitability requirements



Current vs. Future State

Evolution from Education to Advice

Today – Education Only

Retirement Readiness Reviews¹ (RRRs) do not include investment recommendations

- RRRs provide education on investment options available (help me do it, do it myself, do it for me)
- Retirement Plan Advisors (RPAs) can only implement Managed Account services
- Enrollment into Managed Account services and/or updating profiles for existing MA users (EAG Supervision)

¹The Retirement Readiness Review is provided by an Empower representative registered with Empower Financial Services, Inc. and may provide 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.

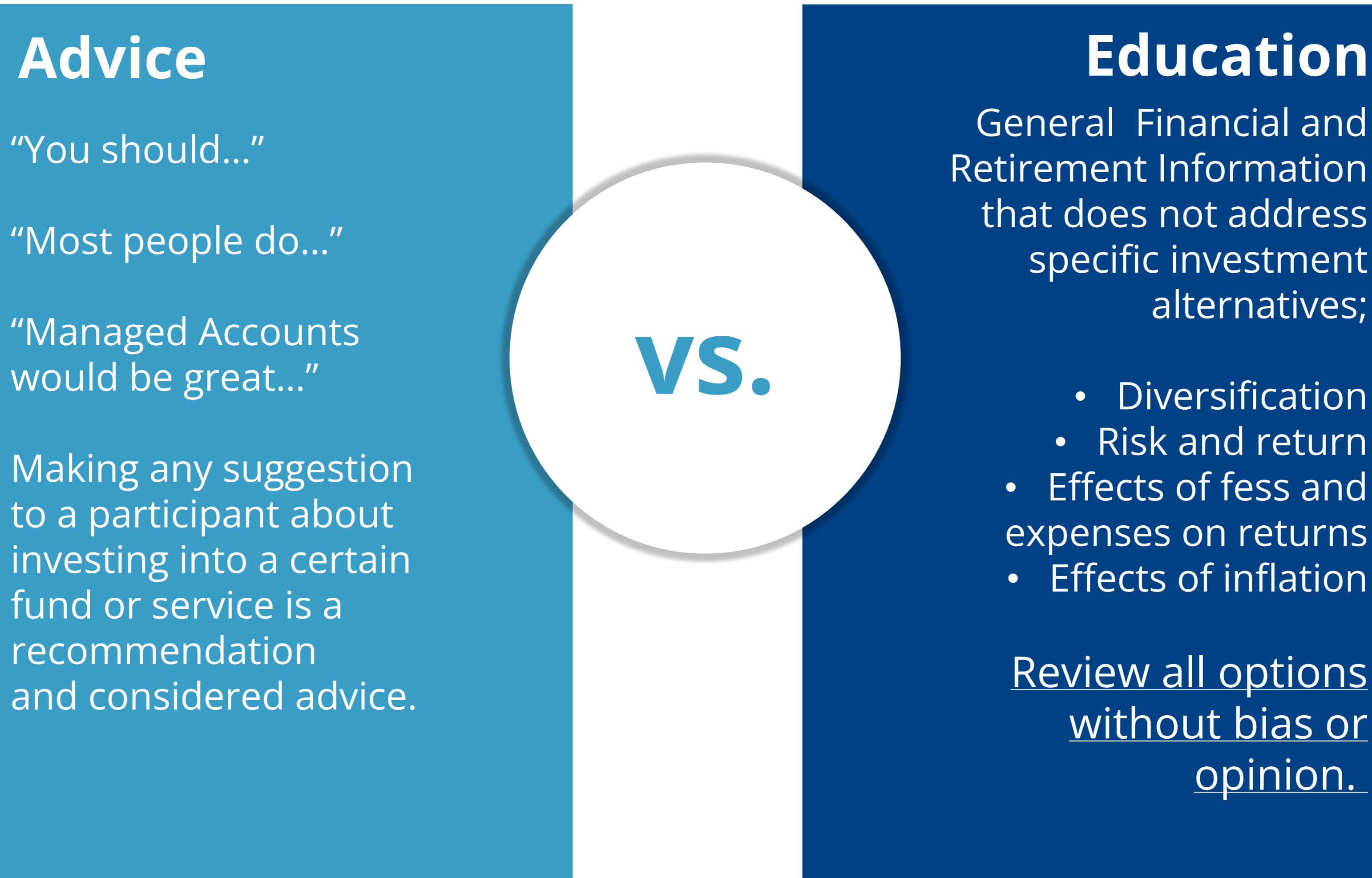
2023 – Fiduciary Services

Utilizing the Best Interest Profile (BIP) Tool, RRRs will include investment recommendations

- B/D & IAR Conversations
- RRRs incorporate BIP Tool
- Outcomes align with investor styles (help me do it, do it myself, do it for me)
- Recommend and implement 1 of 3 outcomes:
 - Rebalancing to a Target Date/Risk Fund
 - One-time implementation of Point in Time Advice
 - Managed Accounts

Advice Vs. Education

SEC Regulation Best Interest (Reg BI) and DOL ERISA regulations require a higher level of scrutiny when determining what is considered education versus what is considered advice.



BIP Tool Vs. Advisor App

BIP Tool

FINRA/SEC/Broker
Dealer Oversight

Utilized to provide an
investment approach
recommendation to a
participant

Designed to satisfy SEC
best interest and ERISA
fiduciary obligations

All recommendations
are considered point in
time advice

VS.

Advisor App

SEC/RIA Oversight

Utilized to provide
investment allocation
advice to participants
interested in Point in time
advice and ongoing
guidance/advice

Advice is based on
Advisor App inputs

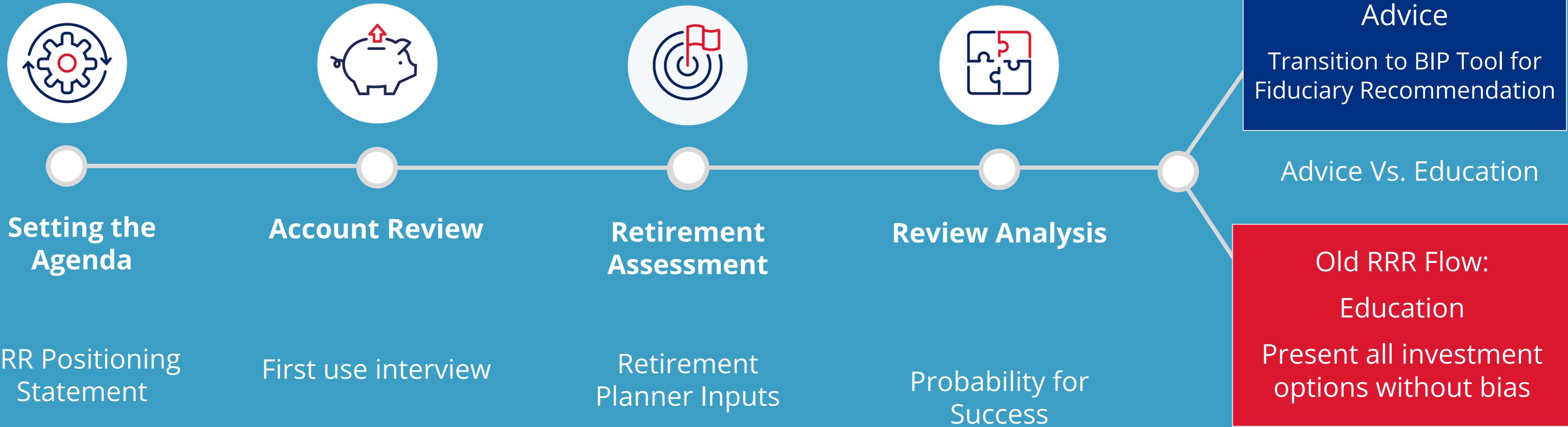
EAG still reviews
Managed Account
conversions

BIP Conversation/Outcomes

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Conversation Flow



BIP Tool Outcomes

RPA's will only utilize the investor profile and investment advice module
Plans must have Fiduciary Services AND Managed Accounts to utilize the BIP Tool

1

Point In Time Advice

Trade execution
via "Online
Advice" in
Advisor App

2

Target Date/Risk Fund

Trade
execution
via "Client
Service Access
System - CSAS"

3

Managed Accounts

Trade execution
through "My Total
Retirement - MTR
enrollment" on
Advisor App

4

Do it Yourself

No trades
entered

BIP Guiding Principles

Target Date/Risk Fund Selection

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Proper Target Date/Risk Fund Selection

- The specific Target Date/Risk Fund NEEDS to be selected by the participant.
- RPA's cannot advise on the selection of an appropriate Target Date/Risk Fund.
- The expectation is for RPA's to educate participants on how their plans specifically operate (to or through retirement for TDF's) so that participants can make an educated decision on the proper fund.
- *Asset Allocation Models are not "Target Risk Funds". A Target Risk Fund is a stand alone investment whereas Asset Allocation models are a fund of funds set up by plans/consultants on our platform*

BIP Insights

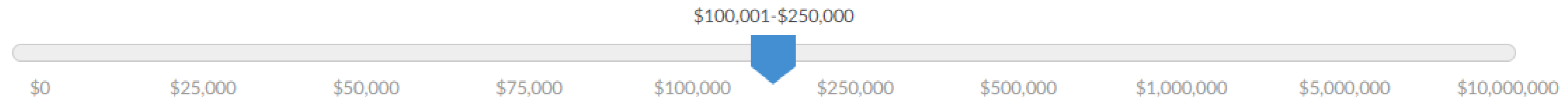
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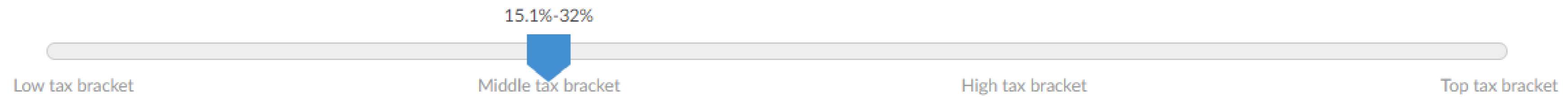
Helping to determine suitability

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

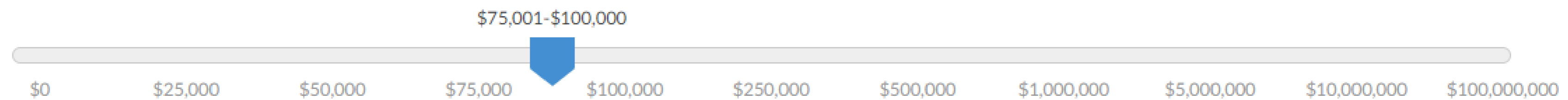
2. Annual income



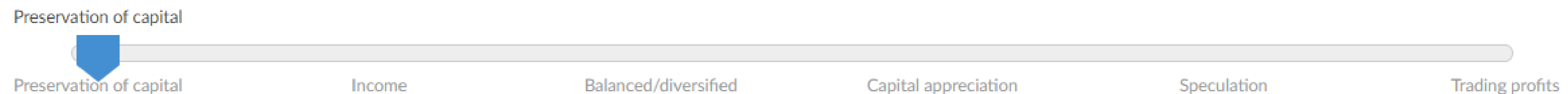
3. Current tax bracket i



4. Liquid net worth i



5. Investment objective i




6. Investment experience



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Investment Recommendation – Target Date Fund

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

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

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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.

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?

Investment experience
None

What kind of investor are you?
Conservative

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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

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 lineup identified as best suited for you at this time.

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

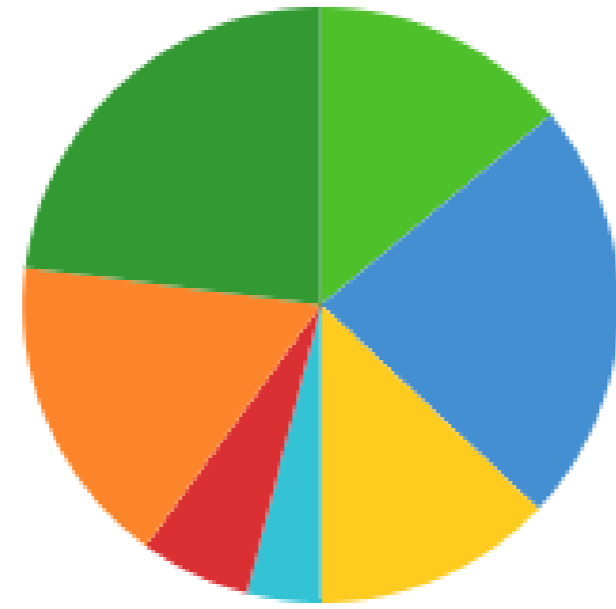
13. What is your age?
44

Investment experience
None

What kind of investor are you?
Conservative

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Fund Specific Advice – at no cost





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


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

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Memorializing the recommendation summary

Important information about your account is now available. Please review this information. (13163)

 EmpRegBI@empower.com
To:  Ziesmer, Nicole

 If there are problems with how this message is displayed, click here to view it in a web browser.

Wed 8/31/2022 5:35 PM

Reply Reply All Forward  

Hello, RED.

Your personalized recommendation summary is now available.

This document provides a summary of the recommendation recently provided by Empower for your retirement account and important related information and disclosures.

Here's how to view an available document:

- Log into your account at <https://proj2.retirementpartner.com/participant/#/login>. [Go Now →](#)
- Select View statement and documents under I want to on the right side of the page.

Please note that a plan-related notice is only required to remain available in your plan account for one year or, if later, after it has been superseded by a subsequent version.

If you'd like to discontinue online delivery of your account documents, you can do that, free of charge, from your homepage. Just click on your name/initials at the top right corner of the homepage, then update your Communication Preferences.

If you have questions or would like a paper version of your account document at no charge, call us at 9136640457.

Sincerely,
NICOLE ZIESMER

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GEN-SSE-WF-931545-0621 RO2261049-0622

Memorializing the recommendation summary

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. ¹ 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 Personalized Recommendation Summary as of 8/31/2022

In consideration of the information we reviewed today, we offered to you the recommendation to:

- Invest in a lineup identified as best suited for you at this time

Our analysis has determined that the recommendation noted above is in your best interest because:

You accepted our recommendation to:

- Invest in a lineup identified as best suited for you at this time

Discussion details

Please take a moment to review the personal and financial information provided. The personal information you shared is held in the strictest confidence and retained for future reference.

Today, we spoke about:

- Savings rates and/or basic financial wellness
- Plan distributions
- Roth vs pre-tax plan contributions
- Investment options
- Consolidating your accounts

You provided the following answers to these questions:

Do you want to manage and make your own investment decisions?	Yes
Would you like help choosing your investment options?	Yes
Relative to your peers, do you think your financial situation is simpler, comparable, or more complicated?	More complicated
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?	No

Your current financial profile

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

Age	44
Employment Status	employed
Occupation	Electrician
Are you or your family members affiliated with a broker/dealer?	No
Are you a director, 10% shareholder, or policy-making officer of a publicly traded company?	No
Does a FINRA employee have financial interest in, or control trading in this account?	No
Annual income	\$100,001-\$250,000
Current tax bracket	15.1%-32%
Net worth	\$75,001-\$100,000
Annual expenses	\$50,000-\$99,999
Investment objective selected	Preservation of capital
Investment objective definitions	<p>Preservation of capital Seeking protection of current assets in the account and stable returns.</p> <p>Income Generate income or dividends from investments to increase likelihood savings will last through retirement.</p> <p>Balanced/diversified Balanced approach between income and growth. Seeking to maintain savings and grow moderately over the long term.</p> <p>Capital appreciation Seeking long term growth of capital.</p> <p>Speculation Seeking a higher level of return on assets, while accepting substantial risk of losing value.</p> <p>Trading profits Seeking to maximize returns with a short-term focus, and willing to accept a high amount of risk in order to achieve.</p>
Investment experience	None
When access to the funds is required	Low
The kind of investor you consider yourself	Conservative

Operational Procedures

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New Field Transaction Form- Demo

Field Reports are NO LONGER required for ALL Retirement Readiness Reviews (RRRs)

Tips from the Pilot Group

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Pilot Insights

- Dig into the tool and embrace the change.
- The more BIPS you complete the more confident you will become.
- The participant experience is excellent.
- Delivering advice to participants has resulted in more positive actions.
- RPA's should create a repeatable process that ensures policies & procedures are followed.

BIP Training Program

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RPA Training Program

30-Day Training Program

Week 1 BIP Tool Introduction

- 1-hour live meeting – Advice 2.0
- BIP Tool defined
- Utilization
- Expectations
- Compliance Supervision

Week 1 - 2 Web-Based BIP Tool Training

- 1-hour Workday self-paced learning
- Value of Advice
- When to use BIP Tool (Fiduciary Services)
- Investor Profile module
- Investment Advice module
- BIP submission
- Requirements: Form CRS/Reg BI disclosures, narratives, summaries, etc.
- **Workday - BIP Tool for RPAs Course**

Week 2 - 3 Live BIP Tool Training

- 2-hour instructor led training
- Recap of self-paced training
- Comprehensive review of BIP Tool
- Live Demo
- Compliance Supervision
- Implementing Advice – Advisor App (MA/PITA) and CSAS (TDF)
- BIP Tool Guiding Principals – Advice Accepted defined
- When to use investment constraints
- Memorialization procedures
- Addressing remediations
- **Meeting Guide Spreadsheet**

Week 3 - 4 RPA Practice

- RPA call listening
- Demo accounts provided for practice
- Practice BIP submissions



Thank you

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Version 09.26.2023



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