



Secure Choice Proposal Overview

July 20, 2017



Introductions



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SVP, Business Development
& Marketing



Scott Morrison
Chief Product Officer



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COO, College Savings

Agenda

- Partnership commitment
- Ascensus overview
- Secure Choice service model
 - Program management
 - Investment management
 - Employer and employee servicing
 - Marketing and outreach
 - Recordkeeping
- Implementation
- Cost proposal

Our Commitment



Key objectives

1 Help Illinoisans save for retirement

- ### **2**
- Simple, intuitive technology and content
 - World class service and support
 - Low cost, effective investment options

3 A FLAWLESS roll-out

“Our culture is simply the reflection of Ascensus’ Core Values:
People Matter. Quality First. Integrity Always.®

This is what we strive to deliver to our clients every day.”



Ascensus, Inc.

Offering a unique, comprehensive perspective

#1 529 Program Manager
ranked #1 529 program manager in assets
under Management by Strategic Insight

 **1.38+**
million IRA/HSA
accounts serviced

 **3.9+**
million 529 accounts serviced

 **47,000+**
retirement plans administered

 **\$143+**
billion in retirement and college
savings assets under administration

 **5,500+**
enrollment meetings
conducted annually through
Total Benefit Communications

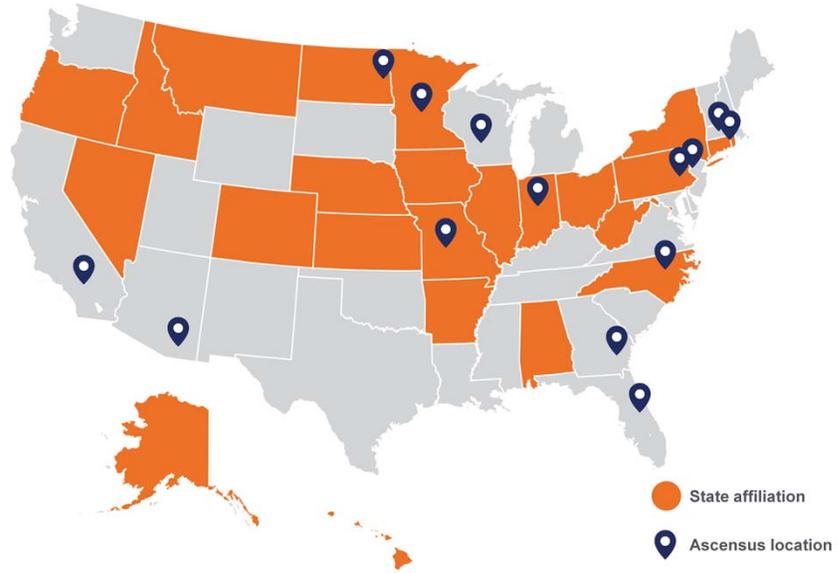
 **1st**
independent recordkeeper
to offer a scalable, fee-
based solution for financial
professionals

 **Top Value**
ranked among top retirement plan providers most
associated with "good value for the money" in
Cogent Reports™ 2016 Retirement Planscape®

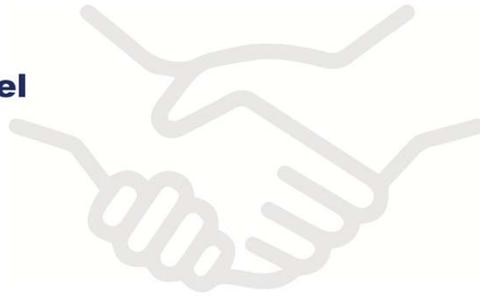
As of December 31, 2016



Ascensus national presence



Program Service Model



Secure Choice Service Model

Secure Choice Program Management

Investment Management



Employer/Employee Servicing



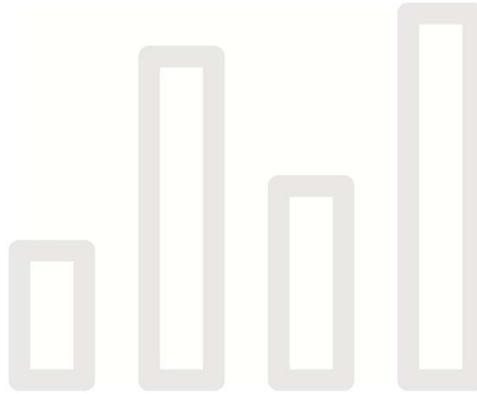
Recordkeeping



Marketing/Outreach



Investment Management



Ascensus Investment Advisors (AIA)

Current State Relationships

- Program manager for over \$60 Billion in 529 investments
- Complete 'open-architecture' investment services (no proprietary products)
- Seek best-in-class and lowest cost products within any plan constraints

Services

- Manager search and selection
- Asset allocation/portfolio construction
- Ongoing monitoring and due diligence
- Comprehensive performance reporting

Secure Choice investment framework

Proposed investment options

- Designed to be passive, low cost, easy to understand and to appeal to a wide array of account holder risk/return profiles:
 1. **Target Retirement Date Fund Option – Schwab TDFs**
 2. **Risk Based Options – Multi-Manager**
 - Aggressive
 - Moderate
 - Conservative
 3. **Stand Alone Fund Options – Multi-Manager**
 - Multi-Cap Equity
 - International Equity
 - Emerging Markets
 - Capital Preservation
 - Short-Term Government
 - Core Fixed Income
 - Short-Term TIPS

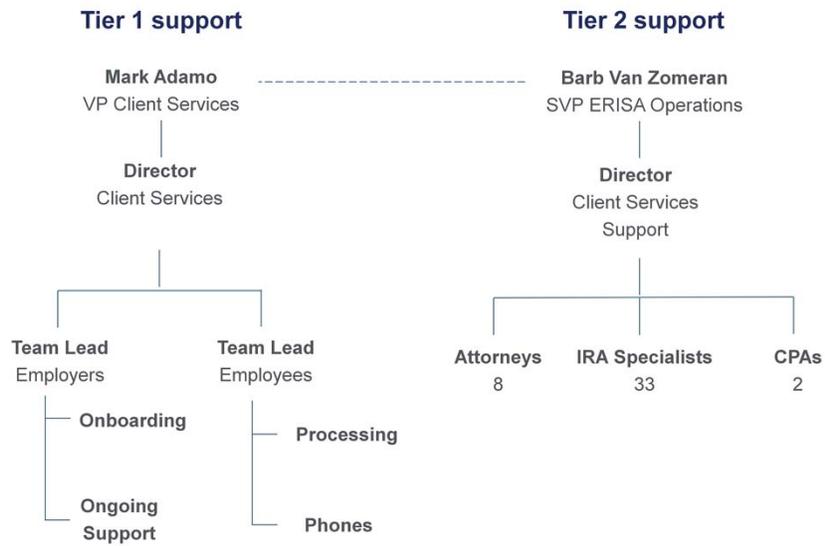
90 day holding period

- Open architecture allows for use of any product available in the market place (within constraints/fees)
- Investment should seek to protect account holder principal
- Recommended either:
 - State Street Institutional Liquid Reserves Fund
 - State Street Institutional U.S Government Money Market Fund

**Employer/Employee
Servicing**



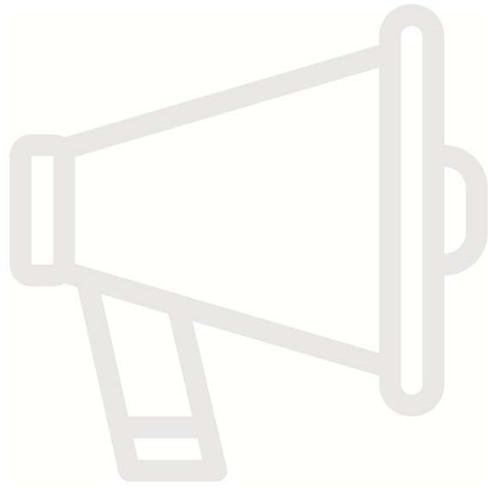
Client Services organization



Call center training

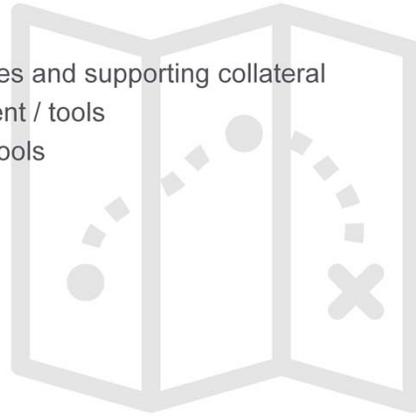
- Product and program training
 - Rules and features
 - IRA compliance training
- Systems training
 - Employer and employee portal overviews
 - CSR application
- Client interaction skills
 - Phone simulation exercises
- IRA training exams and certifications

**Marketing and
Outreach**



Creating our roadmap

- Set objectives
- Determine roles and responsibilities
- Develop schedule
- Establish brand guidelines
- Create Illinois Secure Choice websites and supporting collateral
 - Audit and leverage existing content / tools
 - Fill any gaps with new content / tools



Strength in collaboration

- Full suite of in-house marketing capabilities
- Extensive experience partnering with local in-state agencies



Deliverables



Branding



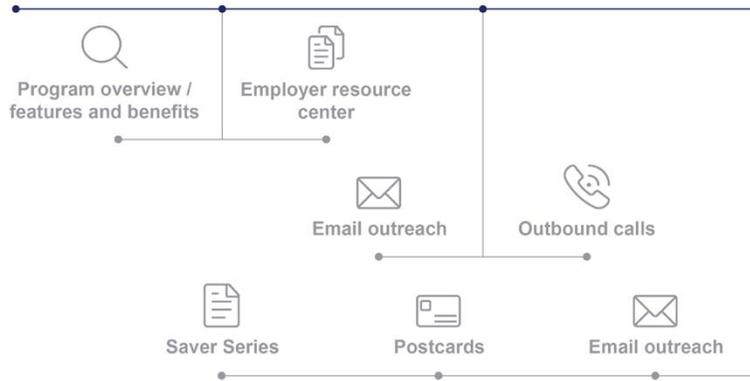
Public website



Employer how-to
campaign



Employee education
campaign



Field representatives

- Grassroots outreach is key to early and ongoing success
 - Regional information sessions for employers / employees
 - Partnering with employer groups to provide information / training
 - Help employers understand how to register
 - Help employees understand the benefits
- Together we will
 - Define the role
 - Determine how to measure success
 - Refine as we learn through the pilot and beyond

**Recordkeeping
Services**



Recordkeeping approach

Utilize a dedicated recordkeeping platform with a dedicated set of resources

- Astro has been built to service State-Sponsored Retirement Programs
- Combines aspects of 529 College Savings and Retirement functionality
- Single platform to accommodate Employers, Employees, and Customer Service
- Dedicated resources provide ultimate flexibility and responsiveness

Build functionality efficiently from the core

- Use the 80 / 20 rule, and build the 80% that matters
- Actively partner with the client
- Provide customized solutions that are scalable

Ease of use is key

- Minimize data entry
- Provide inline help
- Accessible from any mobile device
- **Keep it simple!**

Registration for Secure Choice

 Employer details

Please provide the requested information to either register for Secure Choice or certify that your business is exempt from the program.

EIN/TIN 100011284

Employer ID (IBT)

You can find your 8-digit (IBT) on your documents for Illinois state payroll tax programs.

Organization name

Organization short name

Provide a preferred abbreviation, if any.

Number of employees

Industry type

Qualified plan

Indicate whether your company already sponsors a qualified retirement plan. "Qualified Plan" means a retirement plan tax-qualified under the Code, section 401(a), section 401(k), section 403(a), section 403(b), section 408(a), section 408(p) or a governmental plan under section 457(b). For purposes of this rule, a payroll deduction IRA program as defined in 29 CFR 2510.3-2(d) is not a Qualified Plan.

- Identify your company
- Eligibility check
- Contact information
- Password & security questions
- Security image and passphrase
- Review
- Confirm

Platform features currently in use

Built and operational as part of Oregon's Pilot Program:

- Employer Registration / Opt-Out
- Employee Account Registration
- Employer Payroll Setup
- Full Employer and Employee Education Sites
- Nightly processing cycle (Investment Pricing and Trading)
- Employer Contribution Entry and Bank Funding
- Employee Withdrawals, Exchanges, and Allocation Changes
- Automated E-mail Communications

Illinois Secure Choice will benefit from our continuous learning and constant platform improvement in administering the nation's first SSRP program

Implementation



Decision making and issue resolution

- Structured implementation process
- Project plan development
 - Workstream management: milestones, deliverables, issues
 - Legal
 - Product/technical
 - Investment
 - Servicing
 - Marketing and communication
 - Pilot
- Key meetings
 - Weekly internal & external project status
 - Subject matter specific

Critical milestones



- Assumes Q2 2018 pilot, Q4 2018 first wave

Cost proposal

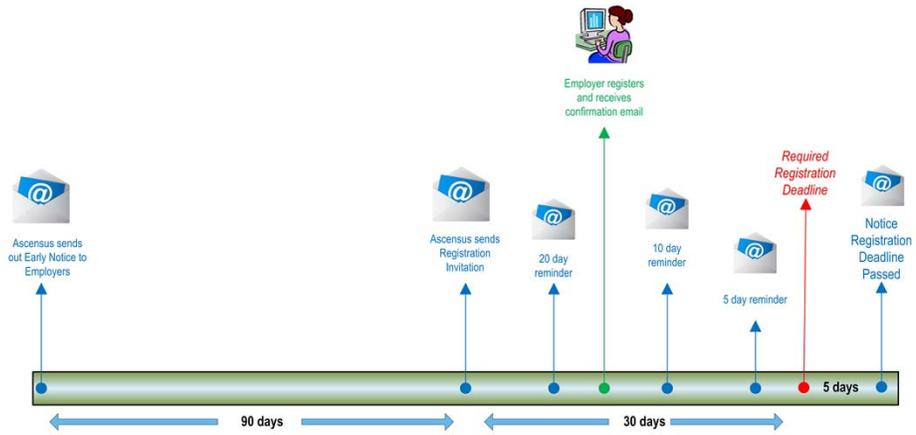
Secure Choice Portfolio	Program Management Fee	Underlying Fund Fee	Total
Schwab Target 2060 Index Fund	0.62	0.08	0.70
Aggressive Portfolio	0.66	0.04	0.70
Moderate Portfolio	0.66	0.04	0.70
Conservative Portfolio	0.67	0.03	0.70
Multi-Cap Equity Portfolio	0.675	0.025	0.70
International Equity Portfolio	0.63	0.07	0.70
Emerging Markets Portfolio	0.57	0.13	0.70
Short-Term Government	0.64	0.06	0.70
Core Fixed Income Portfolio	0.675	0.025	0.70
Short-Term TIPS	0.63	0.07	0.70
Cash Portfolio	0.55	0.15	0.70

We help over 7 million Americans save for the things they value in life: retirement, college savings, healthcare.

We look forward to delivering a ground-breaking, user-friendly retirement savings solution for Illinois employers and employees.

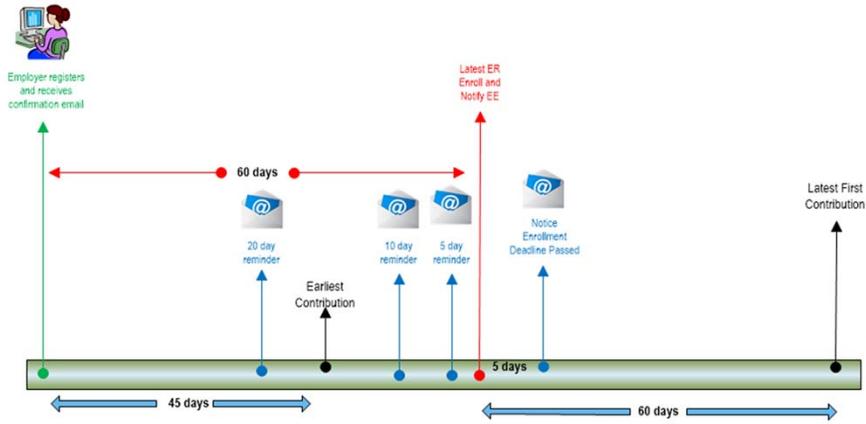
Appendix

Employer registration timeline



- Registration can occur anytime within 30 days of invite
- Registration date will begin 60 day enrollment window

Employer enrollment timeline



- Registration date will begin 60 day enrollment window
- ER Enrollment of Employees triggers EE invite (following CID checks) and 30 day EE Opt-out period

Employee communications timeline

