

OUTCOMES



An innovative defined contribution solution

Personalized Retirement Accounts



Not FDIC Insured · May Lose Value · No Bank Guarantee

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Default investing gets personal

No such thing such as a “typical” participant

Selection of a defined contribution (DC) plan’s qualified default investment alternative (QDIA) continues to be a critically important decision facing today’s plan fiduciaries. The introduction of target date funds in the early 1990s was a positive and essential step to seek to address QDIA concerns; however, Russell Investments believes that there will be growing interest from plan fiduciaries to take default investing to the next level. While a seemingly innovative solution at the time, target date funds were designed as a one-size fits all solution to help a “typical” participant save money for retirement based on their age and their projected date of retirement.

In reality and in practice, though, we know that there is no such thing as a “typical” participant, and that it’s as important to get a participant through retirement, not just to retirement. Enter the concept of a “targeted retirement income goal” and the birth of Personalized Retirement Accounts.

Personalized Retirement Accounts—the next evolution in default investing—is an inclusive solution that seeks to address the needs of advisors, plan sponsors, recordkeepers, and participants, alike.

Personalized Retirement Accounts at-a-glance

As the next evolution in default investing, Personalized Retirement Accounts:



Generates a customized asset allocation for each participant.



Incorporates multiple participant data points, like age, gender, salary, account balance, contribution rate.



Is designed to increase the probability of reaching a targeted retirement income goal.

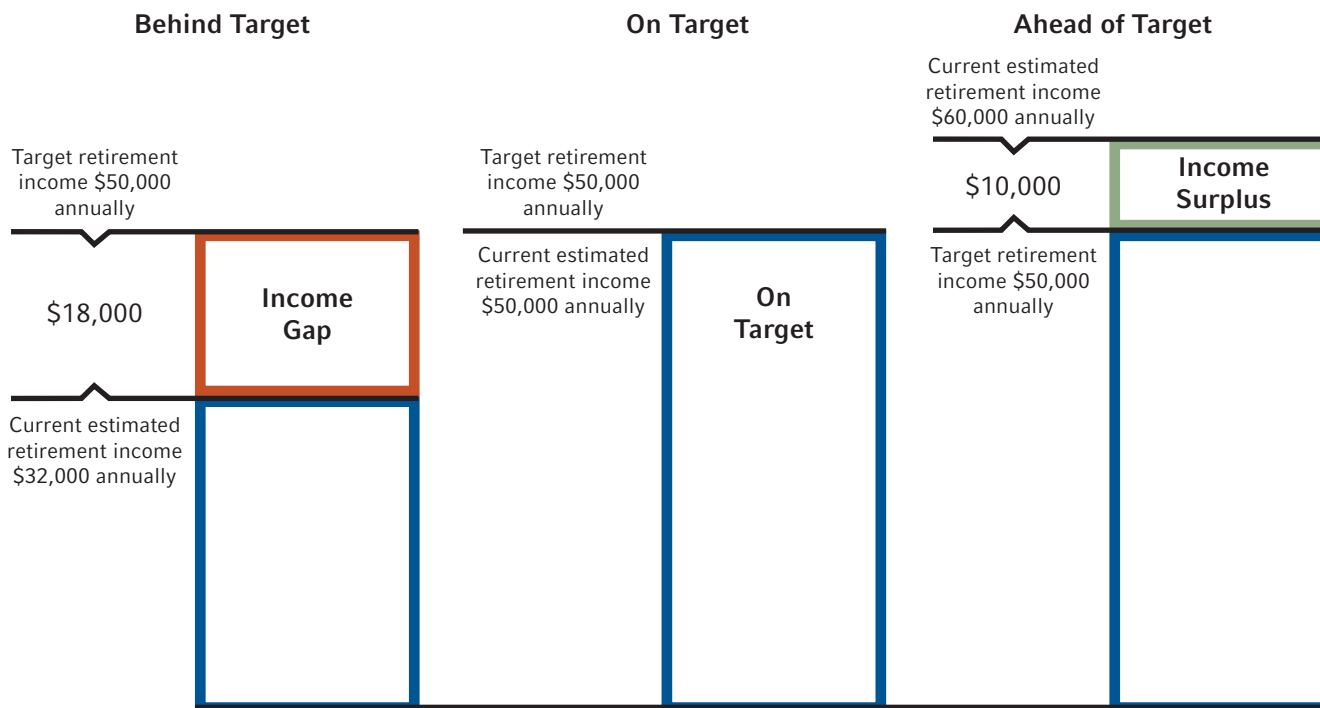


Is designed to be cost-efficient* and easy to use.

* Participants will pay a fee to use a Personalized Retirement Account in addition to the fees and expenses for underlying designated investments.

Are participants on track to meet their income goals?

Participants can use the Personalized Retirement Planner to estimate if they’re projected to meet their target retirement income goals.



Hypothetical example provided for illustrative purposes only.

Custom asset allocations: The differentiator

Personalized Retirement Accounts maintains some of the popular benefits of target date funds, as shown in the chart below. Yet Personalized Retirement Accounts is different because of its ability to provide customized asset allocations that are outcome oriented and intended to improve the likelihood that participants could meet their targeted retirement income goal.

Comparing the benefits of target date funds and Personalized Retirement Accounts

	TARGET DATE FUNDS	PERSONALIZED RETIREMENT ACCOUNTS
No participant input required	✓	✓
Provides well-diversified portfolio	✓	✓
Considers biggest risk factor: age	✓	✓
Reasonable cost*	✓	✓
In line with QDIA requirements	✓	✓
Considers an individual's age PLUS unique factors like gender, salary, account balance, and contribution rate, and creates custom asset allocations	✗	✓
Adjusts to a participant's actual market experience	✗	✓

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Key stakeholders align to deliver Personalized Retirement Accounts

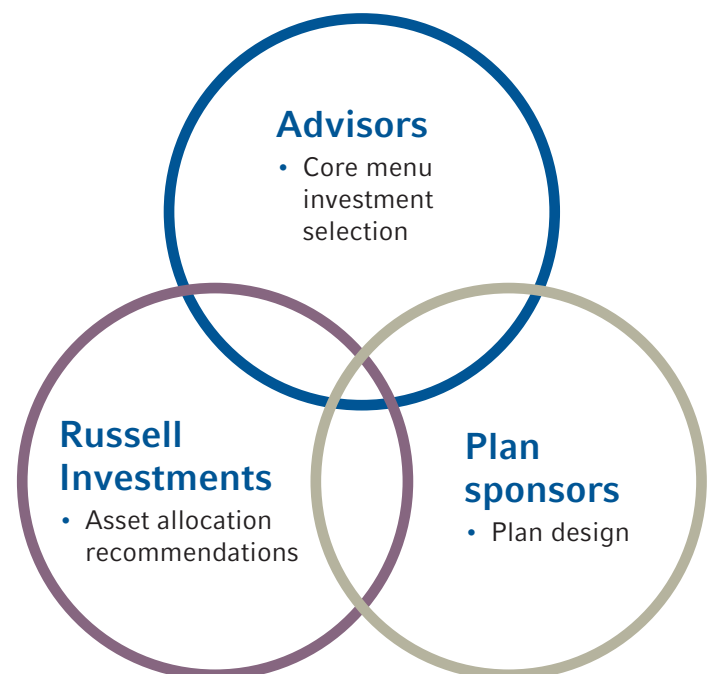
Personalized Retirement Accounts seeks to position key stakeholders in a way that emphasizes the interests of plan sponsors and participants. While Russell Investments serves as fiduciary with respect to the asset allocation advice offered through Personalized Retirement Accounts, financial advisors are able to leverage their strength in selecting and monitoring the investment options that will fund Personalized Retirement Accounts' asset allocation advice from the plan's core menu. Further, quarterly trend reports provide advisors and plan sponsors an overview of the estimated retirement readiness of the plan participants.

How does Personalized Retirement Accounts work?

Participant inertia is a well-known issue within the DC industry. Personalized Retirement Accounts accounts for this inertia with the following process that requires no interaction or feedback from plan participants:

1. Through partnerships with select recordkeepers, Personalized Retirement Accounts automatically collects key participant information from recordkeeper or HR system.
2. Based on Russell Investments' capital market forecasts and the participant's individual characteristics, a personal retirement income goal is estimated.
3. A customized and diversified asset allocation and glide path are created from the plan's investment menu.
4. The asset allocation is managed and adjusted automatically—shifting to riskier growth funds or conservative funds as appropriate for the participant.

Key stakeholder roles



A really cool tool

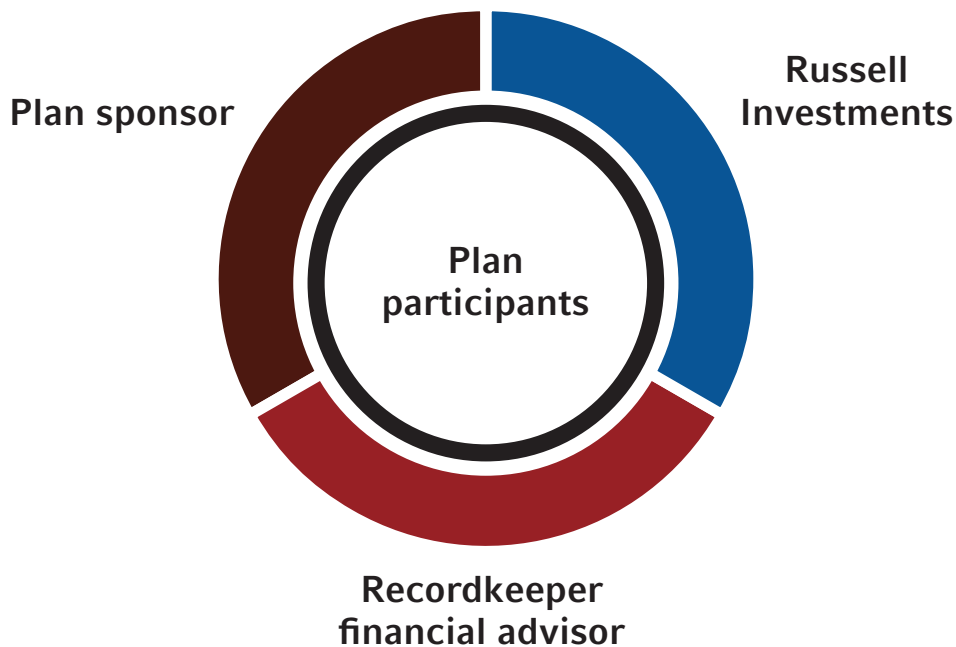
While many participants exhibit signs of inertia when it comes to overseeing their DC plans, some participants are interested in staying involved with their plan. Personalized Retirement Accounts offers those participants a really cool tool to help them reach their targeted retirement income goal.

The Personalized Retirement Planner is an online tool that provides participants with the ability to model (or change, if desired) different savings rates and retirement dates in the context of their targeted retirement goal.

In addition to providing advice for improving participants' retirement outcomes, the Personalized Retirement Planner can offer additional features and benefits, such as:

- **Captures participants' unique preferences**— Participants can customize their account information by using the Personalized Retirement Planner to consider retirement income scenarios, model and compare different savings rates and retirement dates, and if they choose, increase their contributions in a timeframe that works for them.
- **Automatic account aggregation**—If a participant chooses to activate this feature, Personalized Retirement Accounts can incorporate information about a participant's retirement accounts outside of their DC plans. In so doing, a more holistic asset allocation can be created to address the participant's retirement income goals.

Plan participants are central to Personalized Retirement Accounts



We are DC

Russell Investments has a proven history of DC innovation:

- Launched LifePoints® Funds, Target Portfolio Series, risk-based funds, in 1997.
- Introduced one of the first target glide paths that solves for a replacement rate of income.
- Make continued enhancements to the asset allocations along the glide path.
- Offer customization at the plan participant level through Personalized Retirement Accounts.

Comprehensive resource program

Whether you're installing a new DC plan, re-enrolling or adding to an existing plan through partnerships with select recordkeepers, Russell Investments provides a wide range of resources to make the process as seamless as possible, including:

- Participant enrollment program, including notifications, presentations and educational brochures.
- Frequently-asked questions for participants and recordkeepers.
- Sample performance reports and participant statements.
- ... and more.

For more information

Call Russell Investments at 800-787-7354 or visit russellinvestments.com

IMPORTANT INFORMATION

Personalized Retirement Accounts are a product of Russell Investments Capital, LLC (“RICap”). The implementation of Personalized Retirement Accounts in investors’ portfolios and related investment advice are provided through investment advisers and other financial intermediaries that are independent of RICap and its affiliates. The advice provided by RICap in Personalized Retirement Planner is based on asset-class level assumptions only. Personalized Retirement Accounts utilize processes and components of Russell Investments’ U.S. patent number 8,671,045, entitled “Method and System for Implementing an Adaptive Investing Methodology.”

A Personalized Retirement Account will review a participant’s asset allocation on a quarterly basis and automatically shift the participant’s portfolio based on the participant’s current age, gender, account balance, savings rate and salary and Russell Investments’ capital markets assumptions. Based on the Personalized Retirement Account methodology, the asset allocation may become more conservative by increasing its exposure to fixed income or more aggressive by increasing its exposure to asset classes that have historically had higher risks (e.g. stocks).

Advice provided by the online Personalized Retirement Planner tool is complimentary, however, the participant will be charged a fee if they decide to invest in a Personalized Retirement Account. Investments in a Personalized Retirement Account are not guaranteed.

Personalized Retirement Accounts are based on a quantitative model (the “model”). There can be no assurance that the model will enable the Personalized Retirement Planner to achieve its objective. Models may be flawed or not work as anticipated.

Investments in a Personalized Retirement Account are not guaranteed. The projections produced by the Personalized Retirement Planner are estimated by using Russell Investments’ capital markets assumptions and are subject to change based on market conditions. There is no guarantee that the stated projections will be achieved. Results will vary with each use and over time. Investing in a Personalized Retirement Account involves risk; principal loss is possible. The principal value of the account is not guaranteed at any time.

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