Defined Contribution Solutions

Real solutions designed to improve participant outcomes

russellinvestments.com
Is your DC plan keeping pace with today’s DC challenges?

Defined contribution (DC) plans are changing. Today, many workers rely on their employer’s DC plan as their primary retirement savings vehicle. To help participants save consistently to meet income needs in retirement, many sponsors are adding plan features like auto enrollment and auto contribution escalation, and target date funds as the plan’s qualified default investment alternative (QDIA).

Your default option is increasing in importance

With most sponsors offering target date funds as the default and many participants electing a target date fund on their own, these funds are quickly becoming the centerpiece of DC plans. In fact, within the next 10 years, they may represent 60% to 70% of the assets in your plan.

For the majority of your participants, target date fund performance will determine retirement outcomes. Now, more than ever, your plan’s default investment must satisfy a range of needs for your participants.

Growth of target date funds

Design a plan that works for your participants

Your plan’s menu matters. Experience has taught us that a well-built menu drives better decisions for your participants.

So we work with you to create a default option that’s right for your participants—one based on research, built with broad diversification, and aimed at replacing retirement income with as much certainty as possible.

We also recognize that a segment of your participants may want broader options. Our deep understanding of investor behaviors has led us to strategically limit these “do-it-with-me” options to a limited set of menu choices that allow participants to easily assemble and manage their own portfolios.

Your plan design drives participant behavior

Make your options streamlined and simple

Choosing investments for your plan shouldn’t require compromises. A well-designed menu should bring your participants institutional-quality investments that can be combined to provide asset allocation, diversification, and risk management. Over the years, DC plan investment menus have moved beyond simply offering what is available from the plan recordkeeper to embracing open architecture. It makes sense to look beyond a single manager’s solutions.

Our experience in managing portfolios has taught us powerful lessons on how to identify and incorporate multiple managers to help clients achieve investment goals.

Enhance your menu’s diversification intelligently. As markets become more complex, it is important to understand how to expand your plan menu beyond traditional asset classes to take advantage of the asset classes that can potentially increase a long-term portfolio’s diversification, growth, and inflation protection.

1 Personalized Retirement Accounts generate customized asset allocation strategies for DC plan participants based on their age, gender, savings deferral rate, current account balance, salary and any DB pension benefit. These accounts are intended to improve the likelihood that participants could meet their targeted retirement income goal.
**DC capabilities built to align with your needs**

At Russell Investments, each of our core capabilities evolved as we worked to meet the needs of our clients—some of the world’s most demanding investors and largest plan sponsors. So, when it comes to DC solutions, you can be demanding.

For more than 30 years, we have been building multi-manager, multi-asset class portfolios for our clients. Our manager research process incorporates our belief in the importance of diversification—not only by asset class but by styles and managers for each asset class.

We utilize what we believe are some of the best strategies from around the globe. We understand that no one provider can be the best at all investment strategies. Our ability to hire, terminate, and replace managers aligns our interests with those of our clients.

**The manager research process**

![Data visualization]

Data as of 12/31/2018

Total Investment Products Monitored is the total number of products listed in the database. Investment Products Continually Researched is the number of products in the database with an active offering status where Russell Investments has applied a defined rank (1,2,3,4,A,B,C,D). Investment Products with a Primary ‘Hire’ Rating is the number of products in the database with an active offering status with a Hire (4) rank. Investment Products Used in Russell Investments Funds is the total number of products with signed executed contracts for Russell Investments funds as of the quarter-end reporting period. Note: Research numbers include Alternative products.

Our DC clients benefit from our depth of capabilities in other areas throughout Russell Investments.

Market forecasts, prepared by our capital markets insights professionals, are used as inputs in our strategic asset allocation process.

Insights from our manager research team help us better understand the likely performance behavior when pairing various managers.

Our deep understanding of factor exposures helps us know when it makes sense to access specific investment exposures via active management, and when it may be better to take a more cost-effective, passive approach.

Our target date implementation and rebalancing process benefits greatly from the experience of Russell Investments’ implementation services, one of the industry’s largest transition managers.

“This broad set of experiences, coupled with our heritage and ongoing client engagements as a leading investment consultant, is what we believe differentiates us from our competition.”
Portfolios built to fund retirement

Not all glide paths are created equal

Up markets, down markets, economic growth, and recession

Russell Investments-built portfolios have been through it all. With our experience creating portfolios designed to securely fund the retirements of plan participants, we have a deep understanding of where to focus. And instead of simply following industry trends, the reasoning behind our glide paths is based on that experience, plus robust quantitative modeling.

Incorporating alternatives in the glide path

We incorporate alternative asset classes, such as real assets, along the glide path to provide participants with the potential to increase returns and expand diversification beyond traditional asset classes.

Our commitment to the future

Our focus on new and innovative trends comes from our real world client and consulting experience. Personalized Retirement Accounts (PRA) take the attractive features of target date investing one step further. Based on factors beyond age (e.g. contribution rate, account balance, gender and recent market impact), Personalized Retirement Accounts build and manage a customized asset allocation for each participant. Our commitment is to continue to assist you in finding solutions that are best tailored to your plan.

Designed for greater certainty.

Missing your retirement goal by a little is manageable, but missing it by a lot is disastrous. So, our glide paths are designed to avoid extreme outcomes.
The right level of fiduciary guidance for your plan needs

Whether you select Russell Investments to manage your target date funds, a stand-alone menu option, and/or a complete outsourced solution, we’re prepared to take on the precise level of responsibility you’re seeking.

“A complete range of fiduciary options”

<table>
<thead>
<tr>
<th>Multi-asset funds manager research</th>
<th>Investment management</th>
<th>Glide path methodology</th>
<th>Participant communications</th>
<th>Recordkeeper search</th>
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<td><strong>Total outsourcing solutions</strong></td>
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<td><strong>LifePoints Target Date Strategy Funds</strong></td>
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<td><strong>Custom glide path management</strong></td>
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<td><strong>Personalized Retirement Accounts</strong></td>
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<td><strong>Standalone multi-asset options</strong></td>
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<td><strong>Investment consulting</strong></td>
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Manager research is available as a consulting service or within the multiple manager funds offered by Russell Investments.
Manager research may be included with Personalized Retirement Accounts and Custom Glide Path Management as an optional service and for an additional fee is requested.

Benefit from both sides of the equation

When you work with Russell Investments, you get the benefit of the real-world skills we have gained from managing money, paired with our intellectual heritage as an investment consultant. Our execution experience makes us a better consultant; our consulting knowledge makes us a better asset manager.
# Seven attributes of an excellent defined contribution plan

Excellence can differ for each plan. Based on our experiences, here are some of the key attributes plans should consider as they strive for excellence.

<table>
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<td><strong>1. A retirement income mindset</strong></td>
<td>Establish income replacement as your DC plan’s objective. Develop a Target Replacement Income (TRI) goal for the plan and design the default and company match rates with this TRI in mind. Work with your recordkeeper to enhance your plan’s statements so they place the focus on retirement income and not on wealth accumulation.</td>
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<td><strong>2. A thoughtfully designed plan menu</strong></td>
<td>Reduce the number of complicated investment decisions for plan participants. Consider offering a limited number of broad multi-manager and multi-style funds as core options. Consider offering a brokerage window to provide more choice for the minority who desire that level of involvement.</td>
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<td><strong>3. Majority of plan assets in a professionally managed asset allocation solution</strong></td>
<td>Consider an automatic QDIA re-enrollment campaign, giving both short- and long-tenured employees the same opportunity to benefit from the diversification and age appropriate asset allocation delivered by the plan’s default option. Offer this re-enrollment during your open enrollment cycle to capture your participants’ full attention. Evaluate your plan’s current default option and consider opportunities for enhancement.</td>
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<td><strong>4. Double-digit contribution rates</strong></td>
<td>Determine a targeted savings rate. Structure the company contribution formula, provide a choice of default options and plan communication around the default. Consider using tools such as higher default rates, opt-out automatic escalation in 2% increments, and automatic catch-up contributions to put participants on the path to successful savings behavior.</td>
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<td><strong>5. Encourage retiring/terminating employees to keep their money in the plan</strong></td>
<td>Provide educational communications to departing participants to help them decide what to do with their retirement assets. Inform participants about their ability to remain in the plan post-termination and the factual benefits of doing so. Consider offering features that are more attractive to retirees such as lifetime income options, access to financial advice and the ability for terminated employees to take partial withdrawals from the plan and repay loans.</td>
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<td><strong>6. Provide post-retirement options</strong></td>
<td>Help your participants spend appropriately in retirement. Begin incorporating investments and tools targeted toward retirees and pre-retirees. (i.e., social security optimizers, retirement calculators), communications (i.e., catch-up contributions) and post-retirement investment options (i.e., income, managed payout, laddered bond funds, insurance solutions, inflation protection) for participants planning for retirement or who wish to remain in the plan post-retirement.</td>
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<td><strong>7. Integrated financial wellness</strong></td>
<td>Focus on changing behavior. Offer a financial wellness program that helps employees work toward financial health in all stages of their lives.</td>
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For more information:
Call: 866-272-9166
Visit: www.russellinvestments.com/dc

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Diversification does not assure a profit and does not protect against loss in declining markets.

Target date fund investing involves risk, principal loss is possible. The principal value of the fund is not guaranteed at any time, including the target date. The target date is the approximate date when investors plan to retire and would likely stop making new investments in the fund.

Target date funds are not intended to be a complete solution to investors retirement income needs. Investors must weigh many factors when considering to invest in these funds, including how much an investor will need, how long will the investor need it for, and what other sources the investor will have.

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.”

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