

# State Sponsored Retirement Programs

Building the Right Investment Options

**California Secure Choice Board**  
**October 24, 2016**



# Presentation Points

- Introduce our relevant corporate history and experience
- Selecting the investment
- Best-in-Class Vision
- Summary

# Ascensus Has Broad Service Provider Expertise

|                          |   |
|--------------------------|---|
| 401k Plan Admin          | IRA establishment documents & transaction forms                           |
| Plan On-boarding         |   |
| 401k documents and forms | Proprietary form generation software                                      |
| Partner Relations        | Automated required IRA reporting support for IRS & individuals            |
| Trading                  |   |
| Reporting & Testing      | Market-recognized compliance services                                     |
| Participant Servicing    |   |
| ERISA Compliance         | Market-recognized IRA education for financial professionals and consumers |
| Plan Billing             |   |

## Ascensus Retirement

|   |                    |
|---|--------------------|
| Customer Identification & OFAC Compliance   | 529 Program Docs   |
| Integrated Platform: <ul style="list-style-type: none"><li>- Branded Website</li><li>- Customer Servicing</li><li>- E-delivery capabilities</li><li>- Mobile device enabled</li></ul> | AML Compliance     |
|   | MSRB Reporting     |
| Investment Lineup & Trading / Cash / Recon  | 529 Tax Reporting  |
| Plan Audits   | Gifting / Match    |
| State Reporting & Confirms / Statements   | 529 Plan Marketing |
| State Relationship Management Team  |                    |

## Ascensus College Savings

# Auto-IRA Capability Uses Best-of-Breed Features

## State-Based Program Capabilities

IRA establishment documents & transaction forms

Proprietary form generation software

Automated required IRA reporting support for IRS & individuals

Market-recognized compliance services

Market-recognized IRA education for financial professionals and consumers

Customer Identification & OFAC Compliance

Integrated Platform:

- Branded Website
- Customer Servicing
- E-delivery capabilities
- Mobile device enabled

Investment Lineup & Trading / Cash / Recon

Plan Audits

State Reporting & Confirms / Statements

State Relationship Management Team

Ascensus Retirement

Ascensus College Savings

# Targeted Investments

*For up to three years following the initial implementation of the program, the board shall establish managed accounts invested in United States Treasuries, myRAs, or similar investments.*

- US Treasuries/myRA
  - Principal protection/ extremely low growth rates
- Stable-Value Funds
  - Focus on conservation of principal/low growth rates
  - Gain market experience
- Target Date Funds
  - Focus on life of IRA holder
- Larger portfolio mix in the future

CASC needs an open-architecture that allows for initial conservative offerings, but then allows more investment options WITHOUT processes that are complex and hard to understand.

# Our Vision for a Best-in-Class Program

- Program administrator excellence
  - Educational, user friendly employee / employer websites
  - Ensure compliance with Federal IRA regulations
  - Highly efficient customer service
  - Scalable, dedicated open-architecture recordkeeping platform
  - Ability to evolve with the program (e.g., investments, regulations)
- Long-term exposure to the equity market to drive account growth
  - Early years could default to state-mandated investment
  - Offer target-date funds that can be proactively selected
  - Auto-roll assets/future contributions into target date funds after 3 years
  - MyRA will force rollovers out at \$15,000
- One plan per state/one account per person to drive efficiencies
- State leadership in program communications, with the support of an administrator

# Summary

- Ascensus will leverage its winning formula in Retirement and College Savings administration to offer an optimal California Secure Choice solution
  - Our IRA expertise is well-known and respected in the industry
  - Our 529 experience is very applicable to this new market
  - Our differentiators:
    - Not tied to a single investment manager
    - High quality service
    - Experience working with states
    - Scalable, effective technology solution
- A best-in-class CASC program will feature a highly efficient technology platform which can be fine-tuned for rollout through a well-designed pilot effort
- CASC's extensive requirements effort has positioned the upcoming program for success with potential administrators