



charles
SCHWAB

Designing
for participant
outcomes

Own your tomorrow™

We believe that when the participants benefit, the entire retirement system benefits.

When your retirement plan participants feel successful, so do we. But success isn't defined by a single metric—it exists on a continuum.

We look at this continuum across four key areas: advice, investment expense, approach, and financial wellness. It's important to consider these keys together to help inform the decision you make about your plan—they are levers you can use to help increase the benefit to your participants.

The plan design continuum worksheet will help you chart where you are in each of the key areas and help you determine the steps you can take toward optimizing your plan for participants. First, it's important to understand why these four areas matter.



Advice

No two participants are alike. Our position is that professional management that incorporates more individual participant data is the most effective advice approach and is an improvement to investment allocation solutions and products that incorporate one or no participant data points. We believe that personalization makes a difference as every participant has unique needs.¹



Investment expense

Reducing fund investment expense² through low-cost index mutual funds or exchange-traded funds can help participants save more for retirement. And participants may achieve a better retirement outcome by paying for a personalized, professional management service. Together, these actions could result in a better outcome than investing in high-cost, actively managed funds and not using personalized, professional management services.



Approach

Plan design is proven to drive outcomes. With the right support, features, and services, sponsors can leverage inertia for the participant's benefit. Plan design with automatic features that support effective design can simplify the decision-making process for participants and may result in better outcomes.



Financial wellness beyond the plan

Because personal financial challenges and complexity can serve as a roadblock to achieving financial wellness, employers and participants can benefit from services that focus on the individual's full financial life provided by Charles Schwab & Co., Inc. You can expect support and resources for your participants that can address their broad spectrum of needs.

Components of plan design

Plot your steps to help participants work toward better outcomes.

Low ————— Participant outcome optimization ————— High —————>



Advice

We believe in the value of a personalized savings and investment strategy.

None Risk-based models Age-based models Target-date funds Point-in-time advice Managed account service



Investment expense

We believe that lower investment expenses can help participants have more in retirement.

High operating expense ratio actively managed funds Lower operating expense ratio share class funds Low-cost index mutual funds Low-cost exchange-traded funds



Approach

We believe that plan design affects employee success.

No automatic features Automatic enrollment Automatic savings adjustments Plan reset with managed account service



Financial wellness

We believe in a holistic approach to financial wellness.

Focused on workplace retirement plan General education beyond the plan:
Articles
Seminars
Tools Financial wellness services in and beyond the plan for a range of participant types:
Active and eligible participants
Executives
Terminated participants

1. "Using Participant Data to Improve 401(k) Asset Allocation," Center for Retirement Research at Boston College, September 2012.
2. Fund investment expense refers to the fund's operating expense ratio (OER).

The discretionary investment management service available through Schwab Retirement Plan Services, Inc. is furnished by independent registered investment advisors GuidedChoice Asset Management, Inc.® ("GuidedChoice") or Morningstar Associates, LLC, a wholly owned subsidiary of Morningstar, Inc. GuidedChoice and Morningstar Associates are not affiliated with or agents of Schwab Retirement Plan Services, Inc.; Charles Schwab & Co., Inc., a federally registered investment advisor; or their affiliates.

Schwab Retirement Plan Services, Inc. created this communication for retirement plan sponsors and retirement plan consultants, advisors, and other retirement plan service providers and fiduciaries only. Schwab Retirement Plan Services, Inc. is not a fiduciary to retirement plans or participants and only provides recordkeeping and related services.

©2015 Schwab Retirement Plan Services, Inc. All rights reserved.
AHA (0515-3707) MKT80907-02 (05/15)
00138932



Own your tomorrow™