



Plan Health ProSM Workbook

A guide to the information used in the evaluation process.



Thoughtful Retirement Plan Review

Plan Health ProSM was developed to assess and manage retirement plan effectiveness for better participant outcomes. By answering a series of questions, a plan is evaluated for plan health, retirement readiness and due diligence. It also allows you to examine and document your clients' overall administrative roles and responsibilities and highlight a prudent fiduciary process. The result is a personalized report, including a green, yellow, and red scorecard, that offers the opportunity for an engaging discussion with your plan sponsors on a plan's effectiveness and areas for improvement.

This workbook helps you identify plan features and information that may help you prepare to use Plan Health Pro.

Plan Objectives

An important first step in managing a defined contribution (DC) plan is setting objectives. Whether it's a focus on successful outcomes, attracting and retaining top talent or managing taxes, establishing goals may help committees make decisions. Consider the employee demographics when evaluating the plan's goals, design features, administrative practices and investment policy.

The DC plan serves the following role as a retirement plan vehicle for participants:

- Primary source of retirement saving Supplemental to defined benefit, cash balance or profit sharing plan
 Supplemental to social security

The main objective for the DC plan:

- Opportunity to save for retirement Attract and retain top talent Ensure adequate retirement income

The current participation rate for the plan:

- Less than 50% 50-59% 60-69% 70-79% 80-89% 90% or more

The average deferral rate in the plan is approximately:

- Less than 4% 4-6% 6-8% Greater than 8%

Participants' average account balance:

- Less than \$25,000 25,000-75,000 75,000-125,000 More than 125,000

Participants' average tenure at the company:

- Less than 3 3-10 Greater than 10

The average participant at the company has completed the following level of education:

- High school College Post-graduate

The average age of participants in the plan:

- 21-30 31-40 41-50 51-60 Over 60

Is English a second language for a majority of your employees:

- Yes No

Retirement benefits include:

- Defined benefit 403(b) Profit Sharing 401(k) Non-qualified/executive deferred
 Cross-tested/cash balance

"If you don't know where you are going, you might wind up someplace else."

Yogi Berra

Plan Design

Plan design choices, including eligibility, use of automatic features and contribution sources, may affect employees' ability to retire comfortably.

The Defined Contribution plan includes the following features:

Automatic enrollment Automatic increase Match Profit sharing Roth contributions None

What is the value of plan assets? _____

Type of plan document: Standard prototype Non-standard prototype Custom

What are the minimum age requirements for eligibility? _____

What are the eligibility requirements to receive matching contributions? _____

What are the eligibility requirements to receive non-matching contributions? _____

What is the number of eligible and active employees? _____

Does the plan have auto-enrollment, if so, what is the default rate? _____

Does the plan have auto-escalation, if so, increases up to a maximum of: _____

Matching contributions _____% of contributions up to _____%

How many loans can each participant have outstanding? 0-1 2-3 4-5 6 or more

What percent of participants currently have a plan loan?

0-5% 6-15% 16-25% 26-35% Over 35%

Does the plan allow in-service withdrawals? Yes No

Does the plan offer hardship withdrawals? Yes No

Who is responsible for evaluation and proposing of initial plan design?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who is responsible for creating plan documents, adoption agreement, and service agreement?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who handles plan document updates?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Some 58% of pre-retirees believe automatic enrollment would have increased their retirement savings with three-quarters feeling that automatic increase would have made a positive difference in their accounts.

Through the Rearview Mirror— national study of near-retirement plan participants by American Century Investments, 2013.

Survey Methodology

The survey was conducted in February 2013 among 1,054 full-time employed individuals between the ages of 55 and 65 who are currently participating in their employer-sponsored retirement plan. Data were balanced to key demographics (income, gender and education) of all American private sector plan participants between 55 and 65 according to estimates from the 2012 U.S. Consumer Population Survey. Data collection and analysis were completed by Mathew Greenwald & Associates, Inc., of Washington, D.C.

Investment Objectives

Selecting plan investments is a critical fiduciary responsibility. From naming a default or offering a brokerage window to monitoring performance, the committee plays an important role in putting forward the plan's investment lineup. An Investment Policy Statement (IPS) is an essential document to maintain and follow.

Who is responsible for the Investment Policy Statement (IPS) preparation?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Identify Investment Committee members _____

Identify type of Investment Options:

Core funds Managed accounts Brokerage window Employer stock Non-liquid assets

Which of the following are used as investment screening criteria?

Performance 3, 5, 10 Peer group rank Fund expense Risk measure R-squared

Does the plan have a QDIA? Managed Age based Risk based N/A

Who is responsible for reporting investment performance (ongoing monitoring)?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

When were plan investments last reviewed?

Within 3 months Within 6 months Within 12 months Longer than 12 months

Who is responsible for creating the report?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

How often does the investment committee meet?

Ad hoc/when necessary Annually Semiannually Quarterly

Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec

How often does the plan complete investments benchmarking?

N/A Less than annually Annually Semiannually Quarterly

Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec

Who is responsible for suitability analysis and ongoing review?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who is responsible for investment advice?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

What percent of participants trade among the investment choices in their retirement accounts more than once per quarter? Less than 10% 10-20% 20-30% Over 30%

Approximately 80% of plans report that lifestyle/target-date funds as their default investment option.

Plan Sponsor Council of America's 55th Annual Survey of Profit Sharing and 401(k) Plans, 2013

Participant Communication

Plan communications include both required and desired elements. In delivering communication and education materials to employees, consider the following:

Presentation of information – Make sure to present the desired information first. For example, in a communication encouraging higher contribution rates, display the higher number first.

Personalization – Use an individual's current saving behavior whenever possible. For example, illustrate how an increase from 4% to 5% makes only a small difference in take-home pay but may mean a big difference in account balance.

Call to action – Make sure messages encourage a direct response. Whether that's to enroll in the plan, increase a contribution rate or consider rebalancing, include the plan's Web address or phone number in a prominent spot to communicate how to effect the change.

Media – Consider the most effective communication vehicles for the employee population. This may include face-to-face meetings, an online experience, video, collateral or a coordinated creative program of multiple media.

What are the participant behavior objectives?

Increase participation Increase savings Improve asset allocation

What is the level of participant sophistication related to investments and retirement planning?

Low Medium High

Participants in the plan have access to what programs or tools to help them develop optimal savings behavior:

Online information and calculators Online advice Call center

Who provides the initial participant education enrollment seminars?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

If so, when?

Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec

Who provides additional educational seminars?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

If so, when?

Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec

Who is responsible for participant investment statements?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

If so, when?

Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec

Who is responsible for supporting education and communication vendor searches?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who provides the education and communication planning reports?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Some 66% of pre-retirees agree that employers should require attendance at plan education meetings.

Through the Rearview Mirror – national study of near-retirement plan participants by American Century Investments, 2013.

Due Diligence

Under ERISA, plan fiduciaries must carry out all duties with the care, skill, prudence and diligence that a prudent person acting in such a capacity and familiar with such matters would use. This rule applies when selecting and monitoring investment alternatives for the plan, as well as assessing the performance and service levels of outside providers.

Who is responsible for scheduling annual administration and fee reviews?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who will generate annual administrative and fee review reports?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who is responsible for coordinating the year end planning meeting?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who provides trustee services and generates any necessary trust accounting?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who is responsible for initial and ongoing review of fee disclosure?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

Who is responsible for IRS and DOL reporting and audit assistance?

Plan Sponsor Advisor/Consultant Recordkeeper TPA ERISA Attorney N/A

The mission of the Department of Labor's Employee Benefits Security Administration is to assure the security of the retirement, health and other workplace related benefits of America's workers and their families. We will accomplish this mission by developing effective regulations; assisting and educating workers, plan sponsors, fiduciaries and service providers; and vigorously enforcing the law.

www.dol.gov/ebsa

Plan Health Pro Summary Report

After completing the online questionnaire, you will receive a summary report with guidance on plan health, retirement readiness and due diligence. The summary also provides:

- Documentation of plan effectiveness in the three areas for ongoing evaluation
- An outline of service responsibilities to capture fiduciary responsibility
- A calendar of activities to follow for the upcoming plan year.

Plan Health ProSM
 AC National Corporation
 AC National Corporation 401a and Profit Sharing Plan

Diagnosis: **82% Effective**

Retirement Readiness: **80% Effective**

Due Diligence: **85% Effective**

Score: Plan Health
 Plan Health reflects the contribution of various participants to the due diligence process combined with a measure of retirement readiness. This determination is made based on factors such as the frequency and type of participant communications, participant sophistication related to investments and retirement saving, and strategies to improve participant asset allocation.

Score: Retirement Readiness
 This score directly indicates the degree to which the plan is helping participants lay on a course to achieve retirement goals. Factors included in this cumulative evaluation are the plan objectives, plan design, average savings measurements for the plan and the use of automatic features (investment escalators, etc.).

Score: Due Diligence
 Under ERISA, plan fiduciaries must perform all of their duties with care, skill, prudence and diligence when selecting and monitoring the plan's investment options, assessing outside service providers, and ensuring reasonable plan expenses. The Due Diligence score reflects a combination of factors including the review, documentation and reporting activities to directionally determine the degree of due diligence provided to the plan.

Powered By: **American Century Investments**

Service Provider Responsibility Report

AC National Corporation Responsibilities

Plan Design

- Final selection, including coordination of plan contributions
- Initial approval and ongoing administration of participant loans
- Calculate and approve benefit claims from terminated employees

Investments

- Review brokerage activities
- Engage Investment Committee meeting minutes
- Suitability analysis and ongoing review

Due Diligence and Reporting

- Coordinating the year-end planning meeting
- Complete the annual census data

2013 Plan Activities Report

2013 Annual calendar with recurring deadlines

Month	Participant statements	Investment performance reporting (ongoing monitoring)	Investment Committee meeting	Additional participant education meetings
January	Quarterly and semi-annual entry date for calendar year and plans	Form 1099-R distribution reporting to participant	Form 1099-R/1099-D distribution paper reporting to RSE (or 411 if filed electronically)	
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				

Scoring = 0-49% red; 50-74% yellow; 75-100% green

Retirement Readiness

The measurement for Retirement Readiness directionally indicates the degree to which the plan is helping participants set a course to achieve retirement goals.

Due Diligence

The Due Diligence score reflects a combination of a factors involving the review, documentation and reporting activities to directionally determine the degree of due diligence provided to the plan.

Plan Health

Plan Health scores reflect the combination of both the due diligence process and retirement readiness. Factors such as the frequency and type of participant communications, participant sophistication related to investments and retirement saving, and strategies to improve participant asset allocation are also considered within this determination.

For more information about Plan Health ProSM, please call 800-345-6488 or visit www.planhealthpro.com.

American Century Investments Plan Health Pro is designed to help retirement professionals work with their clients and prospects to consistently evaluate plan effectiveness.

This information is intended for general information on the subject of retirement plans for your educational use. It is not intended to be used as a legal opinion, or serve as legal advice. Please consult an attorney for specific guidance on retirement plan design, Investment Policy Statements, employee education and communication, and service responsibilities.



Actively Investing in Your SuccessSM

Since 1958, American Century Investments has been committed to helping investors and institutions reach their financial goals. Our culture is firmly rooted in the belief that we will only be successful when our clients are successful. We relentlessly focus on delivering superior investment performance and building long term client relationships. Our track record of performance, our private, independent business model and the legacy of our founder set us apart in the industry.

- Performance focus for more than 50 years
 - Pure play business model
 - Privately controlled and independent
 - Profits with a purpose
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