



***Executive Summary to Board of Directors
Benchmarking Project
Board Meeting – 2023***

Objective:

As part of our fiduciary oversight, Area Agency on Aging conducts a periodic benchmarking of the Area Agency on Aging Retirement Plan. This benchmarking was conducted by Kelly Carlson, our plan consultant. The current provider indicated an increase in pricing for 2023 plan year, which prompted an immediate plan benchmarking review. We requested pricing, plan services and investments from our current provider, plus requested three additional quotes from the following providers: Ameritas/iJoin, Principal and Voya.

The goal was to determine if the existing plan arrangement is still competitive from a fee, service, and investment perspective.

Results:

The Retirement Plan Committee met on February 14th, 2023, with Principal and is recommending a change in retirement plan providers from Empower to Principal, effective July 1st, 2023.

Expected Benefits to Changing Providers:

- Increased rate for plan participants invested in the Stable Value/Fixed account. Moving from a net rate of 0.89% to a net rate of 3.35% that resets semi-annual.
- Consistent investment offering except for adding one sub-advised Principal investment option.
- Consistent model offering, using the investment options within the core line-up.
- Continued fiduciary oversight through our plan consultant.
- Reduced costs for recordkeeping services – 0.31% to 0.20%, which is paid by plan participants

- Potentially a more robust recordkeeping/employee education platform with participant tools and plan sponsor reporting, etc.
- Overall plan cost reduction – *Current fees are 0.91% being reduced to 0.80% (this includes the assets held in the fixed account)*

Potential Effects to Changing Providers:

- Market Value Adjustment on the current fixed option – this can be absorbed by Principal by offering a reduced rate on fixed assets. The current rate is 0.89% and the new rate with adjustment is expected to be 3.35%. This rate reduction will be in place for 36 months.
- Transition of plan

Background:

Empower (Current Provider) Update:

In December 2022, Empower communicated with our consultant that they will be raising plan fees to meet their profitability margins. As a result, our plan consultant immediately went out to the market to secure bids from other providers. The Retirement Plan Committee met on December 12, 2022, to review the plan benchmarking results. We found that the current increase in pricing was not competitive.

Provider Search:

The Retirement Plan Committee elected to meet with Principal as they offered a fair price, with higher fixed account rates, and equal or better participant services.

Fees:

| Plan Fees: | | | | | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Empower (Current) | Empower (New) | Principal | Ameritas/iJoin | Voya |
| Total Plan Fees: | <u>\$25,611.77</u> | <u>\$31,495.30</u> | <u>\$27,688.31</u> | <u>\$31,768.68</u> | <u>\$29,418.76</u> |
| Total Fees as a % of plan assets: | <u>0.74%</u> | <u>0.91%</u> | <u>0.80%</u> | <u>0.92%</u> | <u>0.85%</u> |

Services:

Principal offers the same basic services, including plan recordkeeping and participant tools and resources. Some of the added benefits include:

- Chat feature on both sponsor and participant websites, and administration
- Will prep services for participants, including advanced directives
- Central Strategic Contact, based in Iowa
- Track participant eligibility and notice fulfillment for participants
- Send personalized content for participants

Transition:

The transition process will take approximately ten weeks and will begin with signed paperwork. We are hoping to full transitioned from Empower to Principal by July 1st, 2023.