



## Morningstar® Retirement Manager<sup>SM</sup>



### Retirement Made Easier for Your Employees

Retirement used to be simpler, with pension plans deferring employee compensation to help ensure there would be money for retirement. The burden of saving for retirement has now shifted to employees, and a defined-contribution plan often isn't enough to help them. Today, competitive benefits packages include tools and information to help employees make educated decisions when it comes to their retirement plans. Morningstar® Retirement Manager<sup>SM</sup> can help your employees by providing them with a comprehensive, personalized plan designed to help meet their retirement goals and provide them with support from investment professionals who will monitor the investments in their retirement account.

### What Employees Get

Personalized Investment Strategies: Morningstar Retirement Manager provides your employees with a personalized retirement plan including:

- ▶ A projection of the retirement income they'll probably need and what they are likely to have based on what they're saving now.
- ▶ Recommendations for how much they should save and when they should consider retiring.
- ▶ A personalized asset-allocation strategy.
- ▶ The ability to customize their plan based on a variety of details, including when they want to retire, how much money they will need, other retirement accounts, and any spousal information.

With Morningstar Retirement Manager, our investment professionals can implement the recommendations for your employees, adjust the strategy as needed, and take care of the ongoing details of managing their retirement portfolios. Employees can also opt to take our advice and manage their accounts themselves.

### Research-Driven Methodology

Morningstar Retirement Manager is powered by more than 30 years of research in asset allocation combined with experience in portfolio construction and manager selection.<sup>1</sup> It also uses our total wealth methodology, which is designed to account for a person's total financial situation. Specifically, in determining a person's risk capacity, the methodology considers a person's financial capital (total saved assets and tradable assets, such as stocks and bonds) and his or her human capital (earnings and savings potential). This helps provide a more holistic view of an employee's risk capacity than some other approaches.

### Experienced Professional Oversight

With our managed accounts service, employees get access to our recommendations, and receive ongoing professional investment management to help make sure they stay on track to meet their retirement goals. Managed accounts investments are overseen by an experienced investment team and employee accounts are reviewed quarterly and then rebalanced, if necessary. Employees can opt out of the service at any time with no penalty.

Driven by Morningstar, Inc.'s research capabilities and commitment to independence, Morningstar Investment Management LLC provides the underlying advice for Morningstar Retirement Manager.<sup>2</sup> The Morningstar Investment Management team is well-versed in the retirement industry and works with a large number of employers and employees on retirement planning and investing.

### Fiduciary Support

Our service can help employers manage their fiduciary responsibilities:

- ▶ Morningstar Investment Management accepts fiduciary responsibility for the advice provided through Morningstar Retirement Manager.
- ▶ The advice service is offered for use in making decisions about the allocation of assets in the employee's account. The employee is then responsible for making his or her own investment allocation decisions, and are free to accept or reject, in whole or in part, the investment allocation recommendations made by the advice service.
- ▶ If the employee elects to have Morningstar Investment Management manage the account with the managed account service, Morningstar Investment Management is the investment manager with discretionary authority.

If a named fiduciary of the plan selects, appoints, and monitors Morningstar Investment Management as the investment manager, the plan's trustee and other plan fiduciaries will be relieved of fiduciary responsibility for the Morningstar Investment Management investment decisions.

### **A Spending Plan With Income Secure**

When participants indicate they are retired or nearing retirement, they automatically gain access to Income Secure. This feature analyzes their retirement account(s), Social Security benefits, bequest amounts, tax exposure, pensions, and any other income sources that will be used to help fund their retirement (including those of a partner, if applicable) and presents participants with a sustainable retirement spending plan. This plan is designed to help them determine how to use their retirement assets so that they last until the end of their retirement.

This plan includes a detailed overview of the income sources that comprise a participant's annual income and provides guidance on how much to consider withdrawing each year from various accounts. As part of the spending plan, Income Secure can provide participants with an investment strategy for assets within their retirement account. This helps give their retirement investment accounts the potential to grow, or at least keep pace with inflation, during retirement without exposing it to too much risk.

We recommend that participants return to the site each year to receive an updated strategy. This helps ensure that our recommendations reflect their changing account balances, the performance of their investments, and any changes to their personal or financial situation. One of the many unique features of Income Secure is that if an in-plan annuity is offered we may recommend that they allocate a portion of their account balance to it. Our recommendation is based on a participant's financial wealth, bequest amounts, desired retirement income, responses to an optional questionnaire, and his or her access to other types of guaranteed income (such as a pension).

### **Competitive Benefits Package**

More workers today are taking it upon themselves to manage their finances. At the same time, many are intimidated by retirement planning. In addition, younger workers expect online tools and educational materials to help them with their decision-making. Providing tools like Morningstar Retirement Manager can help you stand out from other employers who simply offer a retirement plan with little support. Morningstar Retirement Manager offers services to address the needs of those looking for professional oversight as well as education for those that would like to manage themselves.

### **Serving the Workplace Market**

Morningstar, Inc.'s mission is to help investors reach their financial goals. We were founded on the simple idea that when people have good investment information, they make better choices that can lead to better outcomes. Our advocacy for the individual investor extends to the workplace market, where the responsibility for investing and saving for retirement now rests with employees and where we're committed to helping those employees achieve their financial goals.

Morningstar Investment Management strives to help people improve their financial health and prepare for retirement by offering investment advice and managed accounts, target-date solutions, and fiduciary services to plan providers and employers. Available to over 28 million participants through more than 247,000 plans, our suite of offerings is supported by our database of more than half a million investments, independent research that informs and shapes the financial industry, and a valuation-based approach to investment management.<sup>3</sup>

<sup>1</sup> Ibbotson Associates, Inc. was founded in 1977, acquired by Morningstar, Inc. in 2006, and merged into Morningstar Investment Management LLC on 12/31/2015.

<sup>2</sup> Morningstar® Retirement Manager™ is offered by Morningstar, Inc. and is intended for citizens or legal residents of the United States or its territories. The investment advice delivered through Morningstar Retirement Manager is provided by Morningstar Investment Management LLC, a registered investment adviser and subsidiary of Morningstar, Inc. The Morningstar name and logo are registered marks of Morningstar, Inc.

<sup>3</sup> Data as of December 31, 2018.