

Managed Account Program

AN OVERVIEW OF OUR METHODOLOGY,
CALCULATIONS & ASSUMPTIONS



MANAGED ACCOUNT PROGRAM (MAP) FOR RETIREMENT PLAN PARTICIPANTS

We strive to personalize retirement success through a managed account program that:

1. Determines how much income each person will need to live through retirement.
2. Estimates the cost to purchase a hypothetical annuity that would fund this liability (goal).
3. Matches the user to a Target Rate of Return in order to fund 95% or greater of that goal.
4. Encourages the user to maximize an employer match to accelerate account growth and potentially lower their associated target return need (which reduces risk).
5. Encourages the user to share other savings held outside the plan to more accurately forecast the future liability and potentially lower the associated investment target return.
6. Continuously monitors and adjusts the Target Rate of Return (and associated risk) based on account growth, savings rate and other factors.
7. Engages the user regularly to encourage greater participation and to strive to achieve a better long-term outcome.

Modeling the Funding Liability

Our proprietary internal calculation engine determines each individual's liability in retirement (retirement income replacement goal) and matches that to a Target Rate of Return (TRR) or Expected Rate of Return (ERR). This value is matched to investments in the fund lineup that meet the TRR or ERR criteria established by the Investment Manager.

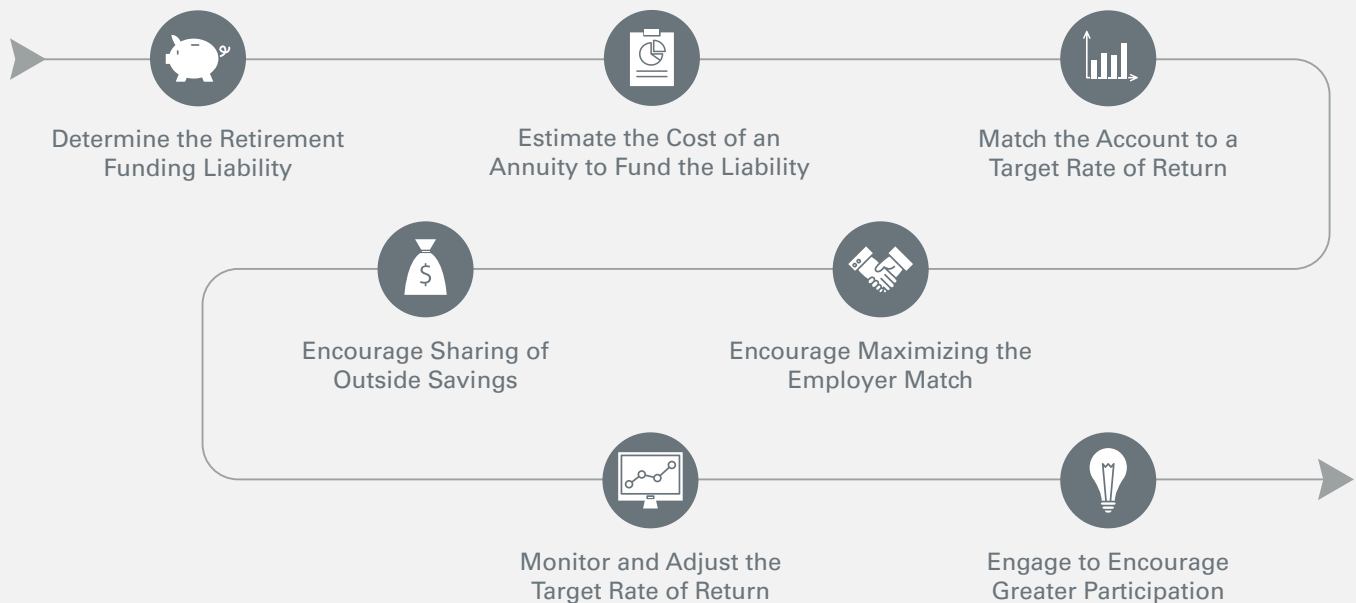
We define the liability (goal) as the present value of an annuity that would yield 95% of an individual's projected retirement income need.

Unlike some other programs, we use a dynamic methodology to calculate a customized income replacement rate rather than use a static rate. Our calculator attempts to solve for a wage

replacement rate of 60-90% based on many important factors. A study from Dimensional Fund Advisors recommends that people making \$25,870 or less need about 82% of their pre-retirement income to maintain their standard of living. Those making \$86,882 or more need about 58% of their income. This is consistent with other studies on Retirement Income needs and we use this study to calculate the assumed replacement income each user will need in retirement.

💡 See <https://us.dimensional.com/-/media/Dimensional/Documents/US/Auxiliary/Defined-Contribution/In-Review-DC-Thought-Leadership.pdf>

Managed Account Program (MAP)



Solving for Both the Funding Liability and Goal Completion

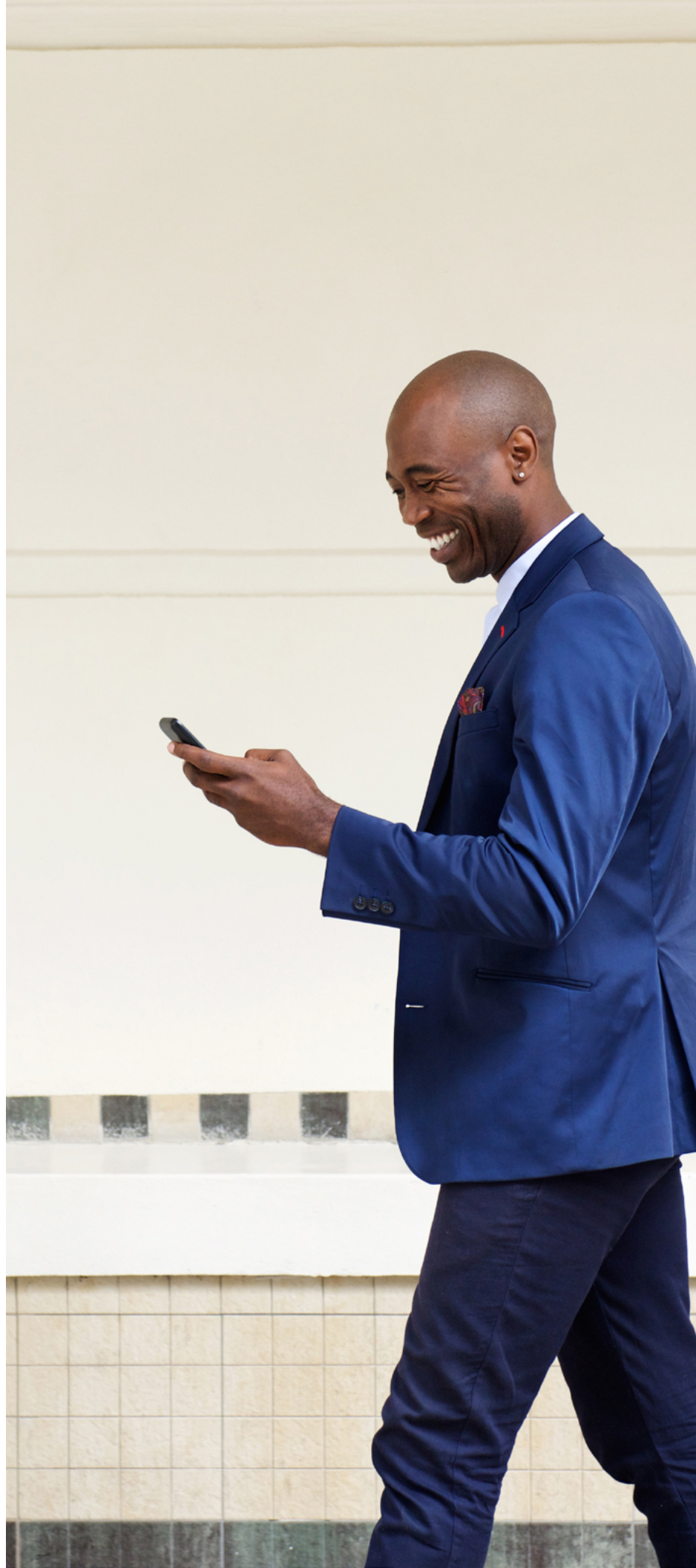
In addition to solving or modeling the funding liability, the calculator determines the percentage of goal completion using factors, including:

- Income
- Savings (including assets held outside the plan)
- Employer matching contributions
- Social Security benefits¹
- Gender
- Geographic cost-of-living considerations
- Where you live / intend to live in retirement
- Tax implications
- Investment rates of return

🔗 See: <https://www.federalregister.gov/documents/2013/05/08/2013-10636/pension-benefit-statements>

Liability Driven Investing

Liability Driven Investing is an approach that seeks to target investment returns to fund a known liability. We have taken this model from the Defined Benefit marketplace where it has been deployed for decades and applied it to meet the needs of individual users in 401(k) and other Defined Contribution plans.



Our QDIA / Managed Account Approach

A retirement plan's Qualified Default Investment Alternative (QDIA) provides a vehicle for a professionally managed account program to serve the needs of individual savers. We have evolved the opportunity to model goal completion more discretely and assign, continuously monitor and update the investment strategy for each user based on market performance, accumulated savings, contribution rates, and other factors.

Investment Approach

While past performance of the capital markets is no guarantee of future results, it has demonstrated over many decades that risk is generally rewarded when the investor has an adequate time horizon to withstand inevitable market downturns. This perspective is essential in balancing our orientation to seek long-term growth with the need to preserve capital as users approach retirement age. This informs our investment management style and guardrail philosophy.

Target Return Range

Risk Profile	Target Return
Conservative	3%
Moderately Conservative	4%
Moderate	5%
Moderately Aggressive	6%
Aggressive	7%

Adjusting Over Time

Our calculator strives to achieve 95% or greater of the retirement funding goal and determines the appropriate target return needed to meet this objective. This is continuously recalculated over time and reassigned (up or down) to continue to align to the goal.

Custom Investment Lineups

Our technology is designed to accommodate a retirement plan's existing investment lineup and 3(38) Investment Manager. The core logic may be applied to investment lineups seeking to achieve a Target Rate of Return or an Expected Rate of Return.

Let's talk.

You can deliver a better employee experience and demonstrate the value of the retirement plan benefit you provide by offering better enrollment, re-enrollment and engagement experiences. Learn more about iJoin at iJoinSuccess.com.



Investment Professional & Plan Sponsor Use Only

1. How we calculate what Social Security will replace: We use a proprietary calculator that simulates methodology used on the DOL's website on Social Security each year to calculate the amount of money individuals will receive from retirement assuming no wage inflation. This is consistent with the Department of Labor's Advanced Notice on Proposed Rule Making regarding retirement income projections which states that all such projections should be in today's dollars. The information provided does not, and is not intended to, constitute legal, tax or financial advice; instead, all information provided here is for general informational purposes only.

©2020 iJoin. All Rights Reserved. LDI-MAP LLC (d.b.a. iJoin) is a registered investment adviser with the State of Arizona. See iJoin's ADV Part 2A Brochure at www.ijoinsuccess.com. 14646 N. Kierland Blvd. Suite 125, Scottsdale, AZ 85254 – (480) 300-4900

