

# Morningstar® Plan Advantage<sup>SM</sup>

## Platform Summary

- ▶ Seamless, digital platform for recordkeeping and 3(38) fiduciary services
- ▶ Scalable access to quality plan lineups managed by investment professionals at Morningstar Investment Management LLC
- ▶ Competitive recordkeeping pricing and selection
- ▶ Mitigation of fiduciary risk and documentation of lineup changes and maintenance

## Morningstar® Plan Advantage<sup>SM</sup>

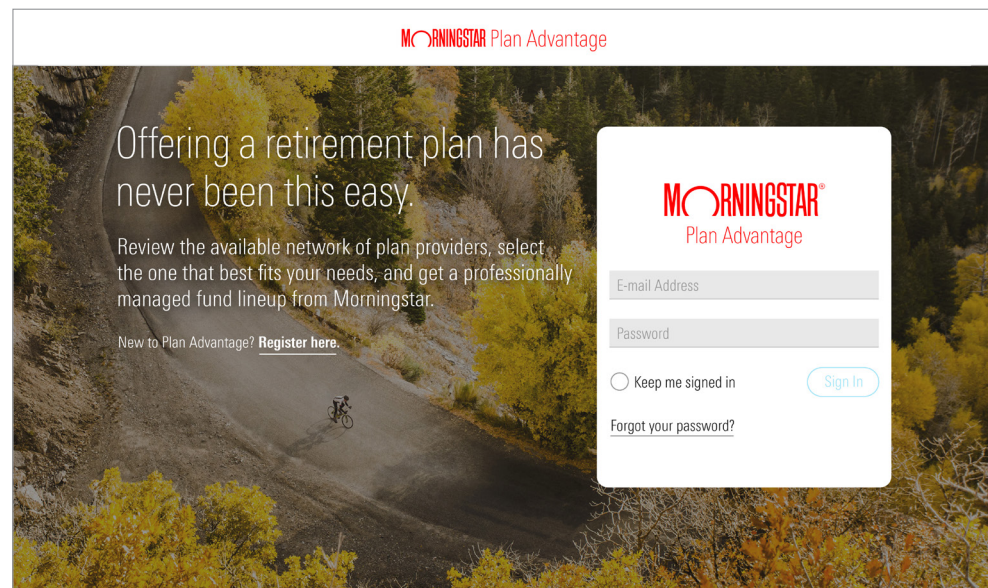
Offering a retirement plan has never been easier. With Morningstar® Plan Advantage<sup>SM</sup>, companies can implement and monitor a plan for their participants on one user-friendly digital platform. Consisting of recordkeeper selection, fund lineup and investment management, Morningstar Plan Advantage represents a complete package for plans and the participants they serve.

Demonstrating and documenting that plan decisions are in the best interest of participants is growing in importance as the Department of Labor's expanded fiduciary rule continues to disrupt the financial services industry. In particular, generalist advisors working with retirement plans may have to adhere to higher standards and might be conflicted from providing plan lineup advice beginning in April 2017. Morningstar Plan Advantage helps to ensure that their plan sponsor clients can continue to receive retirement services and quality fund lineups.

From the plan sponsors that use the platform to the advisors and broker-dealers it supports, Morningstar Plan Advantage aims to solve several needs that the expanded fiduciary rule exposes. Participants associated with plans of all sizes can reap the potential benefits of institutional-quality retirement advice and fund lineups designed and managed by Morningstar Investment Management LLC. Access to diversified and quality fund lineups helps make it easier for participants to build a diversified portfolio and is a crucial component of helping participants achieve their retirement goals.

Morningstar is well-positioned to help individuals and companies navigate the complexities of new fiduciary standards. We have offered both 3(21) and 3(38) fiduciary services for more than a decade and currently provide institutional-quality lineups and comprehensive plan lineups and reports to more than 13,000 plans.<sup>1</sup> Simply put, we help sponsors meet their fiduciary responsibility and can help mitigate the risk that they assume in their role. Morningstar Plan Advantage is a natural extension of this core competency.

## Morningstar Plan Advantage Platform View



For illustrative purposes only.

<sup>1</sup>Data as of March 31, 2016

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### **How it Works**

To implement a new plan, a plan sponsor simply needs to:

- ▶ Register on the Morningstar Plan Advantage site
- ▶ Submit a demographic profile of their participants
- ▶ Choose one of three available category-level lineups: core, standard or expanded
- ▶ View real-time pricing from a variety of different recordkeepers and select a recordkeeping partner
- ▶ Submit the above to be processed by the selected recordkeeper

Once a plan goes live with their selection, it will receive a fund-level lineup that is managed by Morningstar Investment Management. This solution will help many more plans get access to institutional-quality fund lineup selection and management. As part of the solution, plans will also have ongoing access to detailed reports, alerts, and lineup changes.

Thoughtfully constructed, Morningstar Investment Management's fund lineups vary based on participant demographics, investment experience, and the needs of a particular workforce. This coincides with the investment philosophy of building lineups that help make it easy for participants to create a diversified portfolio.

To build lineups for plans, we use a variety of qualitative and quantitative factors to identify the funds from the recordkeeper's universe that meet our standards. In screening funds, we look at a variety of factors such as fees, tenure of the manager, style consistency, alpha, volatility, fund size, asset exposure, holding concentration, and turnover. Using this process, we can build what we believe is the most effective lineup for plan participants and one that makes it easier for them to create a diversified portfolio.

### **About Morningstar**

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 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 financial freedom. The products and services of Morningstar and its affiliates range from financial wellness, advice and managed accounts to custom models, target-date solutions and fiduciary services. Our Workplace business includes Morningstar Investment Management LLC, a registered investment adviser and subsidiary of Morningstar, Inc.