

Introducing the Newport Pooled Employer Plan (PEP)

A Powerful New Tool for You and Your Clients

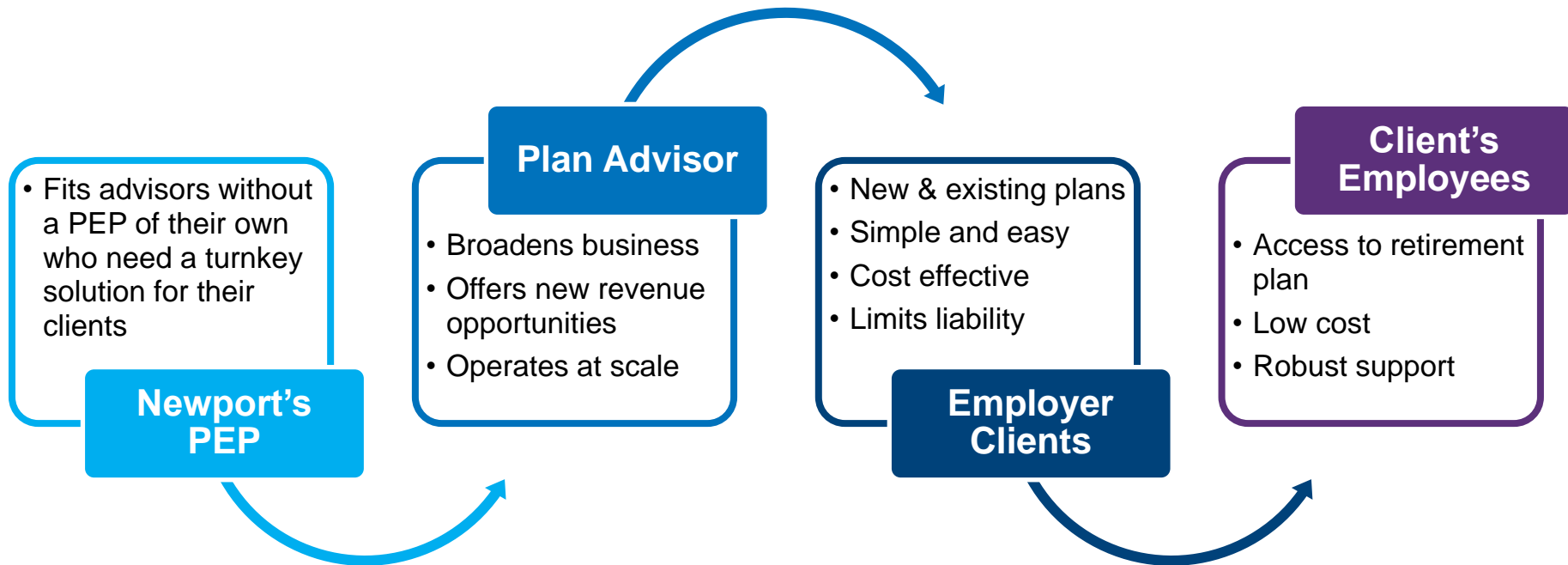
Lisa Lacayo
Vice President, Key Accounts and Conversions

Mike DiCenso
Executive Vice President, Business Development

NEWPORT
retirement services

The Pooled Employer Plan (PEP)

Designed to play a specific role for plan advisors and their clients



Newport also works with a number of advisory firms, professional employer associations (PEOs), payroll services firms and other financial and service institutions to offer PEPs to the market.

PEP Roles

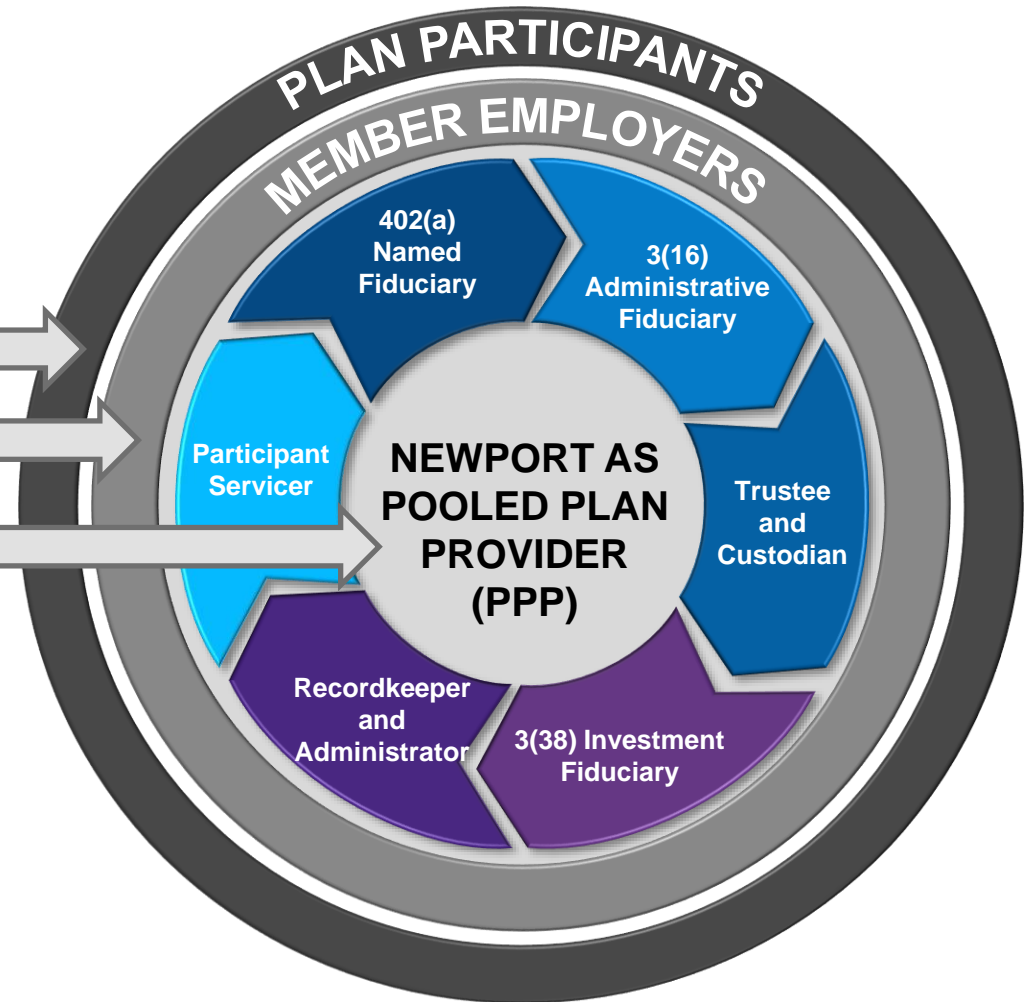
Designed for advisors who need a turnkey solution for clients, but do not offer a PEP of their own.

Plan Advisor serves as:

- PEP selector and monitor
- Employer referral source
- Participant consultant

Newport as PPP serves as:

- 402(a) named fiduciary
- 3(16) administrative fiduciary
- Trustee and custodian
- 3(38) investment fiduciary
- Recordkeeper and administrator
- Participant servicer



Advantages of the PEP for Advisors

Grow your revenues

- Select and monitor the PEP
- Attract adopting employers and broaden your client base
- Protect your existing retirement plan client base

Support new plans at scale

- Handle start-up plans with ease
- Easily on-board new clients as adopting employers

Investment monitoring

- 3(21) investment advisory services
- Deliver and review quarterly investment monitoring reports with adopting employers

Service efficiency for new and existing clients

- Full end-to-end integration of services
- One fund line up in the Newport PEP
- Consistent plan design
- One quarterly review meeting for all adopting employers with Newport-provided information and support
- Monitor one provider rather than multiple providers
- Outsource what you want, streamline your operations and mitigate your risks

Participant support at scale, where you can concentrate on those who need you the most

- Financial wellness support, rollovers, and wealth management
- Automatic participant enrollments and savings increases available
- Automated participant communication campaigns
- Personalized advice through managed accounts

The PEP Services Overview

A simple and elegant solution for businesses wishing to:

- Offer a retirement plan for the first time to their employees, but want to limit expense, liability and time commitment
- Convert an existing retirement plan to a pooled plan arrangement to lower costs and delegate fiduciary responsibilities to an expert

As the Pooled Plan Provider, Newport offers a fully turnkey, integrated end-to-end solution that encompasses six major service types.



Fiduciary Services

The advantages of outsourcing Fiduciary Services to Newport as part of the Newport PEP:

Newport's **ERISA focused experts** take the helm, allowing the adopting employer's professionals to do what they do best

Newport **assumes responsibility** for all fiduciary functions that are allowed by the SECURE Act, creating relief from most fiduciary liabilities of the adopting employer

Operations, reporting, and disclosures that are integrated, streamlined and consistent **create efficiencies**

Adopting employers realize **cost savings** by lessening resource requirements to operate the plan

Avoids "conflict of interest" decision making

Overall **increased service** level

402(a) Named Fiduciary

- Acts as named Plan Administrator
- Responsible for selecting, evaluating and monitoring all plan fiduciaries and service providers to the plan
- Assumes discretionary authority for nearly all of the traditional plan sponsor's responsibilities
- Significantly reduces employer fiduciary duties

3(16) Administrative Fiduciary

- Responsible for furnishing required disclosures to plan participants and beneficiaries and for filing most reports with the government.
- Maintains required plan information, data and reports
- Manages and approves all plan distributions
- Manages all plan documents

3(38) Investment Fiduciary

- Has discretionary authority over plan investments
- Responsible for selection, monitoring, and management of the plan's investment menu
- Responsible for choosing the plan's QDIA

3(16) Administrative Fiduciary Services

Newport as the 3(16) fiduciary for the PEP relieves adopting employers of most of their operational duties for the plan in three important areas:

Maintenance of Data

Newport manages and maintains all documents and data related to participant elections and transactions.

- Enrollment elections
- Distribution elections
- Beneficiary elections
- Loan applications
- Participant transactions
- Payroll and census
- Salary deferral changes
- Participant investment elections

Distribution Processing

Newport determines eligibility for loans and distributions from the plan and fully qualifies and administers the loan or distribution end-to-end.

- Loans
- In-Service
- Hardships
- Birth and adoption
- Natural disasters
- QDROs
- Termination, death, disability
- RMDs
- Rollovers

Plan Documents and Disclosures

Newport provides the following:

Plan Document Interpretation:

- Eligibility
- Annual allocation of contributions
- Vesting

Reporting and Disclosure:

- Summary plan description
- Summary of material modifications
- Benefits Statements
- Required notices (QDIA, Safe Harbor)
- Required fee disclosures

Form 5500 Preparation:

- Coordination with auditors
- Complete, sign and file 5500

3(38) Investment Fiduciary Services

Newport as the 3(38) fiduciary assumes discretionary control over the plan's investment menu and services.

- Investment menu selected from a large universe of funds across multiple managers
- Balance of active and passive strategies
- Domestic and global diversification
- Focus on low cost
- Personalized Advice through Newport's Managed Account Service which serves as the PEP's QDIA

Asset Class	Investment Managers	Ticker	CUSIP	Expense Ratio
Capital Preservation				
Stable Value	Vanguard Retirement Savings Trust IV	N/A	92202V609	0.350
Fixed Income				
Intermediate Core Bond Index	Vanguard Total Bond Market Index Adm	VBTLX	921937603	0.050
Intermediate Core-Plus Bond	Baird Core Plus Bond Inst	BCOIX	057071870	0.300
Inflation-Protected Bond	Fidelity® Inflation-Prot Bd Index	FIPDX	31635T104	0.050
World Bond	American Funds Capital World Bond R6	RCWGX	140541814	0.490
Equity				
Large Value	Vanguard Equity-Income Adm	VEIRX	921921300	0.180
S&P 500 Index	Vanguard Institutional Index I	VINIX	922040100	0.035
Large Growth	Harbor Capital Appreciation Retirement	HNACX	411512528	0.590
Completion Index	Vanguard Extended Market Index Admiral	VEXAX	922908694	0.060
SMID Blend	Vanguard Strategic Equity Inv	VSEQX	922038104	0.170
Total International Index	Vanguard Total Intl Stock Index Admiral	VTIAX	921909818	0.110
International	American Funds Europacific Growth R6	RERGX	298706821	0.460
Asset Allocation				
Target Date Series	Vanguard Instl Trgt Retire Inc Instl	VITRX	92202E698	0.090
Target Date Series	Vanguard Instl Trgt Retire 2015 Instl	VITVX	92202E813	0.090
Target Date Series	Vanguard Instl Trgt Retire 2020 Instl	VITWX	92202E797	0.090
Target Date Series	Vanguard Instl Trgt Retire 2025 Instl	VRIVX	92202E789	0.090
Target Date Series	Vanguard Instl Trgt Retire 2030 Instl	VTTWX	92202E771	0.090
Target Date Series	Vanguard Instl Trgt Retire 2035 Instl	VITFX	92202E763	0.090
Target Date Series	Vanguard Instl Trgt Retire 2040 Instl	VIRSX	92202E755	0.090
Target Date Series	Vanguard Instl Trgt Retire 2045 Instl	VITLX	92202E748	0.090
Target Date Series	Vanguard Instl Trgt Retire 2050 Instl	VRTLX	92202E730	0.090
Target Date Series	Vanguard Instl Trgt Retire 2055 Instl	VIVLX	92202E722	0.090
Target Date Series	Vanguard Instl Trgt Retire 2060 Instl	VILVX	92202E714	0.090
Target Date Series	Vanguard Instl Trgt Retire 2065 Instl	VSXFX	92202E672	0.090
Managed Account	Newport Managed Account Service	N/A	N/A	0.300

as of January 4, 2021

Trustee and Custodial Services

Newport's recordkeeping platform is fully integrated with our custodian platform, ensuring integrity of data and eliminating reporting delays.

TRUSTEE

- Develop contribution policies and track contribution receipts
- Oversee contributions to and distributions from plan assets
- Tax withholding, remitting, and reporting
- Certified Annual Trust Reports

CUSTODIAN

- Safekeep plan assets
- Provide plan asset accounting
- Settle trades
- Manage, deposit and withdraw cash
- Reconcile holdings with fund transfer agents

Recordkeeping and Administration Services

Newport is an award-winning recordkeeping and administration provider, serving over 1.5M participants. We operate the Newport PEP on our primary recordkeeping platform, ensuring that the Newport PEP takes advantage of the latest features.

On-Boarding

Whether you are starting a plan or converting an individual plan to the PEP, Newport ensures a smooth transition.

- Communication and Planning
- Selection of features available
- Signing of appropriate documents
- Loading of plan and participant data
- Posting of information from prior recordkeeper if applicable
- Participant notices and communication
- Opening of sponsor and participant web and mobile sites

Plan and Participant Transactions

There are many types of transactions that can occur in a retirement plan. As recordkeeper we facilitate and document those transactions, most of which are available on-line to employers and employees.

- Enrollment
- Participant Election Changes
- Loans
- Distributions
- Investment Changes

We offer multiple solutions for providing data and funds to Newport for contributions to the PEP including full 360° payroll integration*.

Plan Compliance and Reporting



As part of our administrative duties Newport provides:

- Eligibility determination
- Discrimination, coverage and top-heavy testing
- Contribution limit monitoring
- Forfeiture tracking
- Vesting tracking
- Calculations for employer contributions
- Ad-hoc and periodic reporting for each adopting employer


**360° payroll integration for certain payroll providers only*

Plan Design Options

In the Newport PEP, we embrace those plan features that have proven successful at improving participant outcomes, but we know companies often need some flexibility and offer options to tailor key plan design elements to the needs of each adopting employer.

	Best Practice 	Other Options
Safe Harbor Design	ACA Safe Harbor QNEC Safe Harbor	Standard Safe Harbor
Automatic or Voluntary	Automatic enrollment for new hires Automatic savings increases (opt-out) Default QDIA investment Re-Enrollment at conversion and on a scheduled frequency	Voluntary enrollment via Quick-Enroll Opt-in savings increases
Eligibility Requirements	60 day, 90 day or one-year Monthly or quarterly entry dates	Age minimums Able to exclude employee classes
Employee Contributions	Pre-Tax ROTH Catch-up Rollovers  Based on W2 wages	N/A

Plan Design Options

	Best Practice 	Other Options
Employer Contributions	Safe harbor match, enhanced match, or non-elective contribution	Discretionary match or enhanced match Discretionary profit sharing
Vesting Requirements	Immediate vesting Same schedule for all contribution types Normal Retirement Age – 65	3 Year Cliff } 5 Year Graded } Based on 6 Year Graded } Elapsed Time
Participant Loans	Minimum \$1,000, one loan at a time Interest rate: Prime + 1% Paid through payroll deduction Due and payable upon termination	N/A
Plan Distributions	In-service (after age 59 ½) Hardship (from pre-tax and ROTH deferrals) Termination, disability, death RMDs	Multiple loans at one time Birth and adoption Natural disasters

Other Design Elements

- **Plan year end is December 31.**
- Each adopting **employer may choose separate allocation conditions** (elapsed time and/or last day) for matching contributions.
- **Matching contributions** can be funded per payroll or year-end.
- **Forfeitures** reduce employer contributions per payroll or at year end, or can be used to pay fees.
- The same eligibility exclusions, criteria, and entry dates apply to all **contribution types**.
- **Early retirement** age is not allowed for vesting purposes.
- **Loans** are treated as a directed investment.
- **Post-severance compensation** defaults apply to definition of compensation.
- Current year **testing method** is utilized unless employer has selected safe-harbor.

Employer Support Services

Compliance Team

The Newport compliance team ensures that the PEP's plan documents and your adoption agreement stay up to date and in compliance with new regulations as they arise. If you haven't adopted a safe-harbor design, they will assist you with any compliance testing data required, and with resolving any testing failures.

Service Team

Your assigned Newport client service manager/relationship manager will be your primary contact, and will coordinate all of your day-to-day interactions with the plan, including submission of contribution and data, as well as conducting your annual plan review.



On-Boarding Team

Your assigned on-boarding team supports you as you join the Newport PEP, by starting a new plan within the PEP or converting an existing plan to the PEP including any training you may need.

Employer Website

You will have access to the Newport PEP adopting employer website which offers you ways to access plan information and communicate with Newport. Key features of the website include:

- On-demand reports
- Customizable ad-hoc reporting
- Contribution posting and status
- Access to participant level detail
- Automated alerts
- Reviews of distribution and loan activities

Participant Support Services

The success of the Newport PEP starts with the participant. Our award-winning communications and education help employees to take control of their financial future.

Intuitive Digital Experiences

Our dynamic web and mobile sites allow easy access and account management anytime, anywhere. We offer strong cybersecurity measures to protect participant data. Our website is also available in Spanish. We concentrate on making it easy and helping participants learn how to make good decisions for their financial future.

Participant Service Center

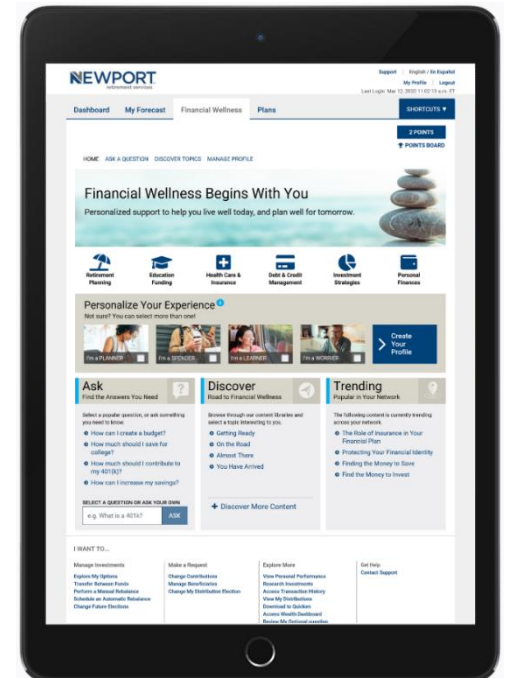
Representatives are available to answer participant questions, validate information, fulfill transaction requests and provide support in both English and Spanish. Other languages are easily accessible.

And, of course we provide participants with all of the required notices, disclosures, statements, alerts, and reports via our digital channels where possible, or via mail for participants not having internet access or emails.

Financial Wellness and Education

Not only can participants learn to make good decisions about their retirement plan, but through our financial wellness center participants can learn to handle many of life's financial challenges.

And, we offer web meetings, chat, and email campaigns to help participants engage with the plan.



Advisor Support Services

We make it easy and rewarding for advisors.

Selecting and Monitoring the Pep

Transparent information and reporting about the Newport PEP to make it easy to perform due diligence for employers in selecting and monitoring the PEP.



Referring Adopting Employers

Flyers, presentations, videos, and educational resources designed to appeal to potential adopting employers and encourage them to adopt the Newport PEP.

Participant Consulting

Support for your interactions with participants through meeting materials, web access, financial wellness content, and participant managed account advice.

Advisor Compensation Models

Newport PEP

We anticipate that our primary target market for advisors who will send business to the Newport PEP will be fee-based advisors who will be hired by an employer to act as a monitor of the PEP.

FEE-BASED

Newport Facilitates Payment

- Contracts direct with member employer
- Performs periodic due diligence reviews of the PEP on behalf of member employer
- Provides a periodic report and review to the member employer
- Recommend fee does not exceed: \$2,500 for plans <\$1M; 50 bps between \$1M-\$10M; and 25 bps >\$10M

REFERRAL FEE

Fee-Based and Commission-Based Advisors

- Newport is exploring the feasibility of paying from Newport revenues
- Advisor could elect to not accept the fee.
- Targeted fee: \$1,500 for plans <\$1.5M; 10 bps between \$1M-\$10M; and 5 bps >\$10M

Advantages of Utilizing the PEP

- A deep history and expertise and a **strong focus on MEPs and PEPs**
- A completely transparent, investment agnostic, **unbiased approach**
- A **fully integrated end-to-end solution** for advisors, adopting employers, and their employees
- Strong **fiduciary capabilities** with fully delegated responsibilities
- **Award-winning recordkeeping** services
- **Award-winning participant** services
- Cybersecurity **fraud guarantee policy**
- Opportunity for **fully integrated non-qualified plans**

Small Business Tax Credits

The SECURE Act included an increase in the tax credit for qualified startup costs for taxable years beginning after 12/31/2019.

- Employer must have no more than 100 employees who received at least \$5,000 in compensation in prior year. Related employers are aggregated.
- Tax-exempt and governmental entities not eligible.
- Cannot have maintained a plan for substantially the same employees in the prior three years.
- Plan must have at least one NHCE who is participating.
- Can be qualified plan, SEP under 408(k), or SIMPLE under 408(p).
- Credit is available for the first three years of the plan.
- 50% of “qualified start-up costs” not to exceed the greater of \$500, or the lesser of \$5,000 or (\$250 x number of eligible non-highly compensated employees).
- Qualified Startup Costs include Expenses incurred to start/administer plan and expenses incurred to provide retirement education to employees.

Small Business Tax Credits

The SECURE Act also included a new automatic enrollment tax credit effective for taxable years beginning after 12/31/2019.

- Employer must have no more than 100 employees who received at least \$5,000 in compensation in prior year.
- Credit is available for the first three years an eligible automatic contribution arrangement is included in a qualified plan, SEP or SIMPLE.
- Eligible automatic contribution arrangement as defined in 414(w)(3):
 - Uniform percentage of compensation and annual notice.
 - No employer contributions required.
- \$500 credit for each of three years after implementing a qualifying automatic-enrollment program.

Both the qualified startup costs tax credit and automatic enrollment tax credit are general business credits subject to the rules of Code Section 38(B).

Questions and Answers

And Your Newport Contacts for Qualified Retirement Plan Solutions

WEST REGION

Ken Weida, SVP	ken.weida@newportgroup.com	925-328-4547	AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY
Jessica McKiernan, ISC	jessica.mckiernan@newportgroup.com	925-328-4414	
Bo Woodall, RD	bo.woodall@newportgroup.com	925-658-9512	AL, AR, LA, MS, OK, TX
Jessica Choi, ISC	jessica.choi@newportgroup.com	925-328-4493	
Michael Lyons, ISD	michael.lyons@newportgroup.com	720-365-7776	

NORTHEAST AND NORTH CENTRAL REGION

Dale Essenmacher, RVP	dale.essenmacher@newportgroup.com	248-212-3223	IN, KY, MI, OH, PA
David Paetz, RD	david.paetz@newportgroup.com	630-200-3160	IA, IL, KS, MN, MO, ND, NE, SD, WI
Niclas Nilsson, ISC	niclas.nilsson@newportgroup.com	704-944-7464	
Matthew Petralia, RD	matthew.petralia@newportgroup.com	617-945-3381	CT, MA, ME, NH, NY (Upstate), RI, VT
Kit Hutcheson, ISC	kit.hutcheson@newportgroup.com	704-971-8037	

SOUTHEAST REGION

Todd Davis, RVP	todd.davis@newportgroup.com	860-334-3472	DC, MD, NC, TN, VA
Karen Olsen, RD	karen.olsen@newportgroup.com	352-534-1752	FL, GA, SC
Rosalyn Brown, RD	rosalyn.brown@newportgroup.com	202-779-0193	DE, NJ, NYC (Suburbs), WV
Stacey Jurbala, ISC	stacey.jurbala@newportgroup.com	704-944-8868	
Kristin Cogar, ISD	kristin.cogar@newportgroup.com	303-261-7858	

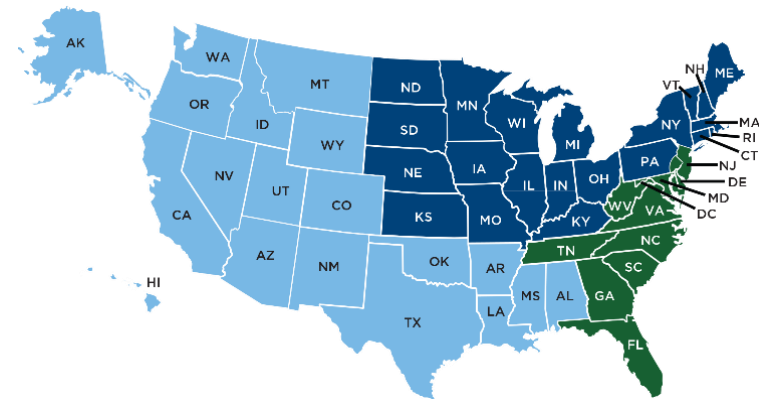
MULTIPLE EMPLOYER PLANS

Michael DiCenso	michael.dicenso@newportgroup.com	609-658-3331	
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ISC: Internal Sales Consultant

ISD: Internal Sales Director

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