CASE STUDIES

Crafting Better Retirement Plans with Proven Results

TABLE OF CONTENTS

BLUE PRAIRIE
— Group —

BPG PLAN HEALTH CONSULTING PROCESS

Ratings measure the five critical areas of a successful retirement plan…

PLAN HEALTH SCORE

Provides our busy fiduciary clients with an in-depth look at their plan from the perspective of plan “health.”

BLUE PRAIRIE
— Group —

WE DELIVER RESULTS

$5.9

Million in total first year savings across client base over the past five years

30%

Average fee savings for new clients in the first year

27%

Increase in plan success metrics during the first 24 months

BLUE PRAIRIE
— Group —

BLUE RIBBON PLANS

Achieving Blue Ribbon Plan™ status symbolizes that your organization's retirement plan ranks among the very best in the country.

Blue Ribbon status means that you provide your employees with a low-cost, well-engineered retirement plan that puts them on a clear path to achieving retirement success.

It also means that your organization has taken steps to fulfill your responsibilities related to sponsoring an ERISA retirement plan.

CASE STUDY:
IMPROVING FINANCIAL WELLNESS THROUGH EMPLOYEE EDUCATION

Background

Blue Prairie Group ("BPG") was asked by one of its retained clients - a large, Illinois-based insurance provider - to implement a financial wellness program for its plan participants. The company consists of a mostly white-collar workforce of 215 employees, geographically distributed between two Illinois locations. The goal of the financial wellness program was to engage employees and get them to save more for a secure retirement, using retirement planning software called Retiremap.

Process

The financial wellness program was implemented in three phases:

» **Phase 1 – "Plan for Your Future" iPad Workshops**

In Phase 1, groups of participants were given iPads with the Retiremap software preloaded. In 20 minutes, participants were able to create an account, enter information about their personal finances, and answer questions about what their goals were once in retirement. The next day, the participant was sent a customized Retiremap report that showed them whether or not they are on track for retirement.

» **Phase 2 – One-on-One Meetings with BPG Financial Advisors**

In Phase 2, participants were given the opportunity to meet one-one-one with a BPG education specialist. The specialist was able to utilize the data provided by the employee during the iPad workshop, which allowed them to spend the bulk of the time discussing the individual's specific situation and allowed for a more impactful meeting.

Note: As a fiduciary to the plan, BPG did not cross-sell products to participants. We provided retirement and investment advice only.

» **Phase 3 – Ongoing Participant Communication**

Phase 3 consisted of frequent, targeted communications aimed at participants to ensure that they continue to save for retirement. These communications could be reminder emails, relevant articles from the Financial Planning Association®, or webinars that discuss how to budget and save.

Results

- 61% of employees signed up for the group iPad workshops.
- 42% of the workshop attendees decided to increase their deferral rate by an average of 5.7 percent.
- 47% of workshop attendees requested a one-on-one meeting with a BPG advisor.
- 15% of workshop attendees expressed interest in auto-escalating their savings rate.
- 98% of workshop attendees said they felt more engaged with the 401(k) plan after the workshop.
- 97% of workshop attendees felt the new financial wellness program was an excellent addition to the benefits package.

CASE STUDY:
HELPING A 403(B) PLAN MEET COMPLIANCE STANDARDS

Background

Blue Prairie Group ("BPG") was retained by a Pennsylvania-based non-profit organization to serve as their 403(b) retirement plan advisor. At the time of the engagement, the CFO of the organization was concerned about meeting the DOL/IRS regulations post-2009 and asked BPG to conduct a full Compliance Review to uncover any and all qualified defects. At the time, the organization's plan had roughly $25 million in plan assets and 150 participants.

Process

We reviewed plan documents, vendor processes and internal HR processes and uncovered a number of problems with the Plan:

- **Form 5500 –** the short form had been filed since 2009. It had been determined that the client had more than 100 employees during 2009-2013 and the longer form should have been filed along with an audit.
    - **Resolution –** We helped the client find an auditor who conducted audits back to 2009 and filed under the Delinquent Filer Voluntary Compliance Program with the DOL.
- **Non-Discrimination Tests –** tests were not completed since 2009.
    - **Resolution –** Worked with a TPA and completed the testing. No test failures were found.
- **Late Contributions –** It was found that the client took, on average, 35 days to make the employee contribution where three days is most appropriate.
    - **Resolution –** This operational failure was corrected under the VCP and lost earnings were given back to participants.
- **Participants Over-Matched and Failure to Execute Employer's Election to Defer –** certain employees received an excess matching contribution where others failed to have their elective deferrals withheld on a portion of their commissions.
    - **Resolution –** Both failures were corrected through the VCP process, using different calculations to make the corrections.
- **Hardship Withdrawals –** employees who took hardship withdrawals were never suspended from contributing to the plan for six months as directed by the plan document.
    - **Resolution –** Corrected through VCP by refunding participants the elective deferrals, match and lost earnings on both.

Results

Because the client self-corrected, the cost to correct these errors was significantly less than if they were uncovered during an audit. There are processes now in place to comply with DOL/IRS regulations going forward.

CASE STUDY:

PLAN OVERHAUL LEADS TO DRAMATIC INCREASE IN PLAN HEALTH

Background

Blue Prairie Group ("BPG") was retained by a Texas-based hospital to deliver ongoing consulting services to its 401(k) retirement plan. BPG made numerous recommendations across all dimensions of plan health including investments, total plan costs, financial wellness and fiduciary governance. At the time, the hospital's plan had roughly $52 million in plan assets and 3,000 employees.

Process

Strategic Plan Re-Design

» Swept all non-contributing eligible employees up to a 6% deferral rate, increasing the average deferral rate of employees from 3.77 percent to 5.1 percent.

» Re-enrolled all employees into low-cost target date fund series with a 98% retention rate.

Vendor Management

» Conducted a Request for Proposal (RFP) from seven world-class recordkeepers to gauge the reasonableness of recordkeeping fees.

» Moved plan to a new recordkeeping platform, streamlined administration and reduced total plan costs from 125 bps to 74bps, a 41% reduction.

Investment Changes

» Performed in-depth analysis of all funds in the plan in order to determine which funds should be retained and which should be removed due to poor performance or duplication of asset class.

» Reduced the number of options in the core investment line-up from 14 to 9 while adding missing asset classes like emerging markets and multi-real asset.

Employee Education

» Established an onsite monthly "Retirement Readiness Day" with education and financial wellness workshops focused explicitly on retirement readiness.

» Introduced one-on-one advice with Certified Financial Planners® to help address both short and long-term goals for assisting employees in reaching retirement readiness.

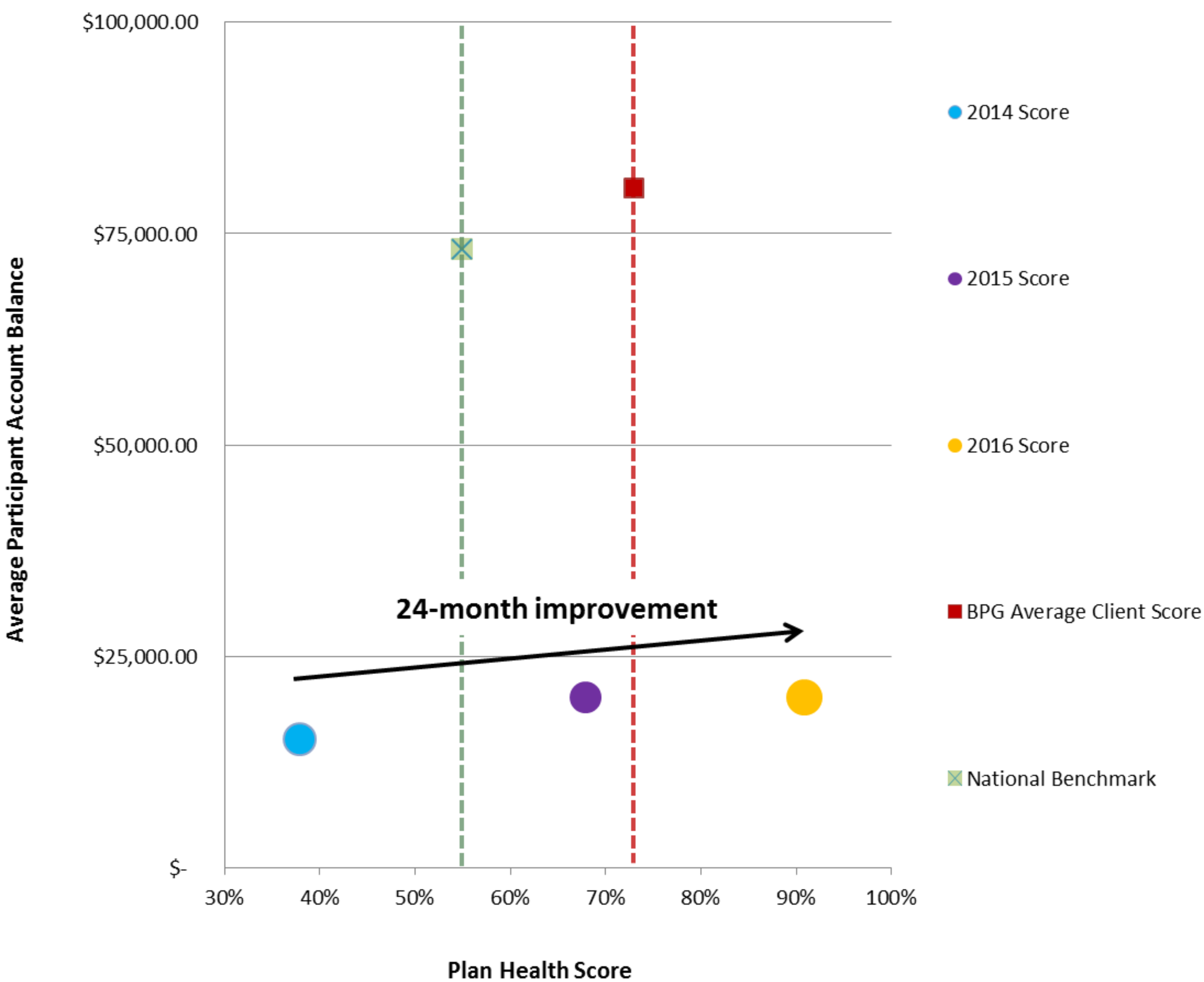
Fiduciary Governance

» Established a formal Committee and Charter, and created an Investment Policy Statement.

» Gained additional safe harbor protections by re-enrolling employees into the Qualified Default Investment Alternative.

Results

The net affect of these changes: the client was able to increase their BPG Plan Health Score™ from 38% to 91%, an increase of 139 percent. Given all of these changes, the majority of employees are now on track for a secure retirement, and the employer has significantly reduced its liability.



Our proprietary plan diagnostic report, the BPG Plan Health SmartCard™, measures the key dimensions of plan health and compares each client's overall score not only to other BPG clients but to larger national data. Clients can see not only how their score stacks up at a specific point in time, but also the progress we've made working together.

The fact that our clients' scores are significantly higher than the national average speaks to the effectiveness of our SmartCard. By identifying the dimensions of a plan that are scoring low, we can focus on improving those specific aspects of the plan, which in turn lead to greater plan health and better retirement security.

CASE STUDY:
IMPROVING THE RETIREMENT FUTURE OF 7,000 RETAIL EMPLOYEES

Background

Blue Prairie Group ("BPG") was retained by a large, Wisconsin-based chain of convenience stores to provide ongoing strategic retirement and investment consulting services to the 401(k)/profit sharing plan. As part of its original scope, BPG designed and managed a series of custom target dates funds for the client, who had been recently selected as the new recordkeeper as part of a due diligence search process led by BPG.

Based on a series of subsequent recommendations made by BPG, the client made the decision to move the custom target date funds to a stand-alone, custom target date recordkeeping-trading platform administered by AllianceBernstein. At the time, the plan had roughly $120 million in total plan assets and 7,000 participants.

Process

After an in-depth analysis, BPG recommended moving to the AllianceBernstein platform for custom target date funds.

» **Pricing** - BPG was able to reduce plan costs by leveraging AllianceBernstein's access to institutional pricing from best-in-class managers.

» **Risk Control** - The move allowed for more sophisticated asset allocation, greater risk control and better volatility management.

» **Customization** - The AllianceBernstein platforms provided a more custom approach to glidepath design and development, as well as complete open investment architecture.

BPG also advocated for a number of plan design changes, including the addition of auto enrollment and auto escalation features, to increase participation and encourage greater long-term savings.

Finally, BPG negotiated a new, lower-cost fee structure with the recordkeeper to move from an asset-based recordkeeping fee to a flat-dollar, per-participant recordkeeping fee.

Results

» Moved from a trustee-directed profit sharing plan to a participant directed 401k plan.
» Reduced asset-weighted expense ratio from 0.88% to 0.40%, a savings of 54 percent.
» AllicanceBernstein serves as the 3(38) named fiduciary to the custom target date funds.
» Added auto-enrollment to the plan, and increased plan participation from 86 percent to 91 percent.
» Increased the plan's average deferral rate from 3.4 percent to 6.3 percent.
» The BPG Plan Health Score™ is currently 88 percent, well above the national average of 59 percent.

CASE STUDY:
OVERHAULING A 401(K) INVESTMENT LINEUP

Background

Blue Prairie Group ("BPG") was retained by a large, Illinois-based healthcare provider to deliver ongoing strategic investment consulting services for their retirement portfolio. At the time, the company's defined contribution plan contained over $95 million in plan assets and roughly 3,800 participants.

Process

» Performed an in-depth analysis of all funds in the plan in order to determine which funds should be retained and which could be removed due to poor performance or duplication of asset class.
» Provided a due diligence target date analysis to help the Committee think through what target date design was most suitable for their organization, risk tolerance and participant base.
» Negotiated a new, lower-cost fee structure with Wells Fargo and moved from an asset-based recordkeeping fee to a flat-dollar, per-participant recordkeeping fee.
» Analyzed the company's current employee education program, made suggestions for improvement, and created a detailed, 18-month education plan.
» Conducted on-site group and one-on-one employee education sessions to help participants achieve "retirement readiness."

Results

» Reduced the number of options in the core investment line-up from 21 to 14.
» Moved nearly 72% of plan assets from managed target date models to a more suitable off-the-shelf target date option.
» Reduced average expense ratio from 118 bps to 70 bps, a 53% reduction and dropped the asset-weighted expense ratio from 115 bps to 60 bps, a 48% reduction.
» Reduced recordkeeping fees by over 50%, resulting in savings of roughly $1.8MM over a 5-year period.

CASE STUDY:
RE-ENROLLING TO TARGET DATE FUNDS

Background

Blue Prairie Group ("BPG") was retained by a large, Iowa-based manufacturing company to provide ongoing strategic investment consulting services for their retirement plan. The company's 401(k) plan held over $200 million in plan assets and roughly 3,000 participants.

During its 2013 annual due diligence review, Blue Prairie Group recommended to the client that they re-enroll participants to age-appropriate target date funds. This increased participation in the plan and put even more participants on track to retirement readiness.

Process

- Re-negotiated lower recordkeeping fees for the client.
- Conducted in-depth due diligence reports on both stable value and target date funds.
- Oversaw an effective multi-media approach to communicate the re-enrollment initiative to plan participants.

Results

- 91% of the plan population re-enrolled to age-appropriate target date funds.
- Target Date assets increased from $41.5 million to $156.5 million.
- Total assets in the Stable Value fund decreased from $38.8 million to $15.5 million.
- A better diversified portfolio and a reduction in stable value assets may improve the long-term rates of return for participants and improve their "retirement readiness."
- As a result of the re-enrollment, the client's BPG Plan Health Score™ increased 23% from 61 to 75 percent.

CASE STUDY:
OPTIMIZING DC & DB PLANS IN A RETIREMENT SYSTEM

Background

After terminating the relationship with their broker in 2010, a large manufacturing company headquartered in Atlanta, GA retained Blue Prairie Group on a flat-dollar fee basis to consult on their defined contribution and defined benefit plans. BPG benchmarked the overall efficiency of the plans, addressed any areas of concern and negotiated all improvements. The defined contribution plan contained $120mm in total assets and 2,500 participants, and the defined benefit plan had $105mm in total assets.

Process

Defined Contribution Plan:

» Cleaned up the core investment lineup, reducing the number of investment options from 16 to 14.
» Established an ERISA budget that allowed for “excess revenue” to be used for: ERISA eligible expenses; lower-cost share classes; and, to be redistributed back to plan participants.
» Negotiated down the recordkeeping fee.

Defined Benefit Plan:

» Educated the client on the Liability-Driven Investment (“LDI”) strategy.
» Worked with the plan’s actuary to determine the term structure of each of the liabilities. BPG then selected investment managers that were appropriate to each segment of the liability curve based on duration and credit.
» Implemented a plan that phased in the LDI bond structure into the overall portfolio, growing the LDI component over time through periodic rebalancing and deployment of new cash flows.

Results

» Reduced the average and asset-weighted expense ratios of the defined contribution portfolio from 1.00% and 0.92%, to 0.88% and 0.70%, respectively.
» Lowered the annual recordkeeping fee from 20 bps to 15 bps, a 25% reduction.
» For the defined benefit plan, BPG created an investment lineup that minimized volatility but still allowed for investment growth.

The net effect of the changes – the client increased their BPG Plan Health Score™ from 50% to 70%, a 40% increase.

CASE STUDY:
RESTRUCTURING A 401(K) PLAN

Background

Blue Prairie Group ("BPG") was retained by an Illinois-based hospital to deliver ongoing consulting services to its 401(k) retirement plan. BPG made several recommendations to overhaul the investment lineup, reduce the overall cost of the plan, establish an employee education program, and restructure fiduciary governance. At the time, the hospital's plan had roughly $16 million in plan assets and 500 participants.

Process

Strategic Plan Re-Design

- Moved to a safe harbor plan design and added auto enrollment features to increase participation and encourage greater long-term savings.
- Reconfigured the employer match to encourage higher levels of savings without increasing costs.

Fee Analysis & Negotiation

- Conducted a Request for Information (RFI) from 5 qualified recordkeepers to gauge the reasonableness of recordkeeping fees.
- Worked with current recordkeeper to negotiate and reduce fees.

Investment Changes

- Performed in-depth analysis of all funds in the plan in order to determine which funds should be retained and which should be removed due to poor performance or duplication of asset class.

Employee Education

- Established an employee education campaign to outline short and long-term goals for assisting participants in reaching retirement readiness.

Fiduciary Governance

- Established a formal Investment Committee to meet semi-annually.
- Created an Investment Policy Statement (IPS), which established the plan's investment policy and long-term goals

Results

- Reduced the number of options in the core investment line-up from 25 to 19.
- Negotiated with recordkeeper to reduce fees from 45 bps to 21 bps, a 53% reduction.
- Reduced the asset-weighted portfolio cost from 88 bps down to 77 bps, a reduction of 12 percent.
- Began executing on a 24-month employee education campaign.

The net effect of these changes: the client was able to increase their BPG Plan Health Score™ from 29% to 69%, an increase of 138 percent.

CASE STUDY:
NEGOTIATING LOWER FEES FOR A BILLION DOLLAR PLAN

Background

One of the nation's largest and publically traded waste management providers asked Blue Prairie Group to assist in evaluating the cost structure of their 401(k) plan and help negotiate lower fees with the recordkeeper. At the time, the plan had over $1.7 billion in assets and over 34,000 participants.

Results

» Blue Prairie Group secured significantly lower fees, which resulted in lower overall recordkeeping costs. As a result of careful negotiations, the recordkeeper reduced their annual fees from an effective asset-based fee of 24 bps to a better, flat $37 per participant fee, a 38% effective reduction in annual recordkeeping fees.

» As a result, plan participants saved over $1.5 million in recordkeeping fees in 2012, or $44 per participant.

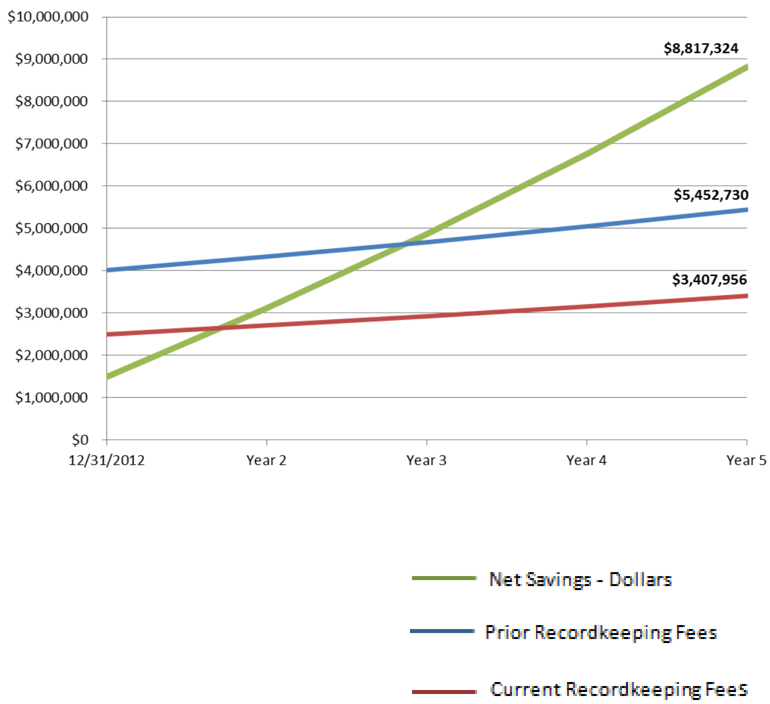
» Using an assumed 8% annual growth rate in plan assets, plan participants are expected to save nearly $8.8 million in five years, or $227 per participant. (See graph below.)

» Every dollar saved in recordkeeping fees is a direct transfer from the recordkeeper to the plan's participants and serves as an excellent example of the client's commitment to improving the plan for the benefit of plan participants.

		12/31/2012	Projected 5 Year Total
Plan Balance		**$1,669,966,353**	**$2,271,970,787**
Participants		**34,551**	**38,887**
Prior Recordkeeping fees	**0.24%**	**$4,007,919**	**$23,512,863**
Current Recordkeeping fees	**0.15%**	**$2,504,950**	**$14,695,539**
Net Savings - dollars		**$1,502,970**	**$8,817,324**
Net Savings - dollars/participant		**$44**	**$227**
Net Savings - % of plan balance		**0.09%**	**0.09%**
Net Savings - % of current fees		**37.50%**	**37.50%**

Assumptions:

Annual Plan Growth Rate	8.0%
Annual Participant Growth Rate	3.0%



Driven by *Passion.* Backed by *Results*

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