

County of Fresno Deferred Compensation Management Council September 26, 2014 Agenda

MEETING TO BE HELD AT 9:00 A.M. AT THE FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, 1111 H St., Fresno, CA 93721

- 1. Call to Order
- 2. Approve Agenda
- 3. Approve Minutes from the February 27, 2014 meeting
- 4. Approve Minutes from the April 3, 2014 special meeting
- 5. Approve Minutes from the May 30, 2014 special meeting
- 6. Approve 2015 regular meeting dates February 26 & August 27
- 7. Public Comment At this time, members of the public may comment on any item, within the jurisdiction of the Deferred Compensation Management Council, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less.
- 8. Receive Verbal Report on Deferred Compensation Plan Record-keeper RFP and Transition Process
- 9. Receive and File quarterly Investment Report prepared by Heintzberger-Payne Associates
- 10. Receive and File Fiduciary Liability Checklist prepared by Heintzberger-Payne Associates
- 11. Receive and File Year-End 2013-14 Fiscal Year Deferred Compensation Plan Budget Report
- 12. Receive Verbal Report on NAGDCA Conference
- 13. Receive Verbal Report on status of prior Agenda Items
 - a. Fiduciary Liability Insurance Policy: Executed by the Board of Supervisors at their July 15, 2014 meeting
 - b. Extension of Agreement #11-731 with Heintzberger-Payne Advisors: Executed by the Board of Supervisors at their May 20, 2014 meeting

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Personnel Services Manager at 600-1810.



ITEM 3

Deferred Compensation Management Council (DCMC) February 27, 2014 Action Summary Minutes

Meeting was held at 9:00 a.m. at the Fresno County Employees' Retirement Association, 1111 H St., Fresno, CA 93721

<u>Members Present:</u> Beth Bandy, Judy Case-McNairy, Vicki Crow, Kathleen Donawa, Phil Kapler, John Navarrette

Members Absent: Kari Gilbert

1. Call to Order

The meeting was called to order at 9:01 a.m.

2. Elect Chair & Vice-Chair of the DCMC

The Council re-elected John Navarrette as Chair and Vicki Crow as Vice-Chair.

3. Approve Agenda

The Agenda was unanimously approved with the emergency addition of Item #19.

4. Approve Minutes from the August 29, 2013 Meeting

The Minutes were unanimously approved.

5. Public Comment – At this time, members of the public may comment on any item, within the jurisdiction of the Deferred Compensation Management Council, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less.

<u>Dean Stuckenschmidt, Deputy County Counsel with Fresno County Counsel's Ofice, was introduced as the new legal counsel for DCMC.</u>

6. Approve DCMC Conflict of Interest Code – subject to final approval by the Board of Supervisors

The Council unanimously approved the Conflict of Interest Code as recommended.

7. Discussion on how the Deferred Compensation Plan will maintain an investment's least expensive share class, net of revenue-sharing

The Council discussed the issue; no action was taken.

Action Summary Minutes – February 27, 2014 Meeting of the DCMC Page Two

8. Receive and File Fiduciary Liability Checklist prepared by Heintzberger-Payne Associates

The Checklist was received/filed. The Council directed staff to schedule a special meeting to provide fiduciary training.

- 9. Receive Verbal Report on status of prior Agenda Items
 - a. Fee & Fund Changes
 - b. Distribution of Excess Funds
 - c. Fiduciary Liability Insurance Policy
 - d. Sun Life Transition

Report received.

10. Receive Verbal Report on NAGDCA Conference

Report received.

11. Receive Verbal Report on Deferred Compensation Plan Record-keeper RFP

Report received.

12. Appoint an Ad Hoc Subcommittee to interview finalists for the Record-keeper (Pursuant to Section 7.5 of the DCMC Bylaws)

The Council unanimously appointed Beth Bandy and Phil Kapler to the Ad Hoc Subcommittee to interview finalists for the Record-keeper.

13. Direct Staff to pursue a one-year extension of current service agreement with Heintzberger-Payne Associates (Pursuant to Section 3 of Agreement #11-731)

The Council unanimously approved the Item as recommended.

14. Receive and File Mid-Year 2013-14 Fiscal Year Deferred Compensation Plan Budget Update

Report received/filed. The Council directed staff to draft a budget-amendment process. The Council granted staff the authority to exceed the annual line-item amount by no more than 10%; amounts in excess of 10% must be approved by the Council.

15. Approve 2014-15 Fiscal Year Deferred Compensation Plan Budget

The 2014-15 Fiscal Year Deferred Compensation Plan Budget was approved as recommended.

16. Receive and File quarterly Investment Lineup Report prepared by Heintzberger-Payne Associates

Report received/filed.

Action Summary Minutes – February 27, 2014 Meeting of the DCMC Page Three

- 17. Receive and File quarterly Stable Value Fund Report prepared by Great-West Financial Report received/filed.
- 18. Receive and File 2013 year-end Plan Review prepared by Great-West Financial Plan Review received/filed.
- 19. Appoint Heintzberger-Payne Advisors to vote to make proxy votes on behalf of the DCMC Item unanimously approved as recommended.

The meeting was adjourned at 11:08 a.m.		
John Navarrette, Chair	Date	



ITEM 4

Deferred Compensation Management Council April 3, 2014 Action Summary Minutes

Meeting was held at 10:30 a.m. at the Fresno County Employees' Retirement Association, 1111 H St., Fresno, CA 93721

<u>Members Present:</u> Beth Bandy, Vicki Crow, Kathleen Donawa, Kari Gilbert, John Navarrette, Becky Van Wyk (Replacing Phil Kapler pursuant to Section 3.9 of the Deferred Compensation Plan Document)

Members Absent: Judy Case-McNairy

- 1. Call to Order
 - The meeting was called to order at 10:34 a.m.
- 2. Remove Phil Kapler from Ad-Hoc Subcommittee to interview Plan Record-keeper finalists and add Kari Gilbert
 - The Council unanimously agreed to remove Phil Kapler from the Ad-Hoc Subcommittee and add Kari Gilbert due to Mr. Kapler's separation from employment with the County of Fresno.
- 3. Approve Agenda
 - The Agenda was unanimously approved as recommended.
- 4. Public Comment At this time, members of the public may comment on any item, within the jurisdiction of the Deferred Compensation Management Council, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less.
 - There were no comments from the public.

The meeting was adjourned at 11:27 a.m.

- 5. Receive presentation regarding the Deferred Compensation Management Council's fiduciary responsibility under applicable law by Marilyn Collister of Great-West Financial
 - Report Received.

John Navarrette, Chair Date



John Navarrette, Chair

ITEM 5

Deferred Compensation Management Council May 30, 2014 Action Summary Minutes

	Meeting was held at 3:00 p.m. at the Fresno County Employees' Retirement Association, 1111 H St., Fresno, CA 93721
	mbers Present: Beth Bandy, Judy Case-McNairy, Vicki Crow, Kathleen Donawa, Kari Gilbert, John varrette
Me	mbers Absent: Becky Van Wyk
1.	Call to Order
	The meeting was called to order at 3:02 p.m.
2.	Approve Agenda
	The Agenda was unanimously approved as recommended.
3.	Public Comment – At this time, members of the public may comment on any item, within the jurisdiction of the Deferred Compensation Management Council, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less.
	There were no comments from the public.
4.	Receive report from the Ad-Hoc Interview Committee regarding the Deferred Compensation Record-keeper RFP and confirm the Deferred Compensation Management Council's recommendation to the County of Fresno Board of Supervisors.
	Report received. The Council voted unanimously to recommend that the Board of Supervisors appoint Nationwide Retirement Solutions as the next Plan Record-keeper upon expiration of the current record-keeping agreement (Agreement #09-528) with Great-West Financial.
	The meeting was adjourned at 3:40 p.m.

Date





DEPARTMENT OF PERSONNEL SERVICES

ITEM 8

DATE: September 26, 2014

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager

SUBJECT: Deferred Compensation Plan Record-keeper RFP Process and Transition

As you are aware, on May 30, 2014, your Council voted unanimously to recommend that the Board of Supervisors appoint Nationwide Retirement Solutions (Nationwide) as the Deferred Compensation Plan Record-keeper, upon the expiration of Agreement #09-528 with Great-West Financial (Great-West). On September 16, 2014, the Board of Supervisors approved this recommendation; staff provided Attachment A to all Deferred Compensation Plan participants through email or regular mail prior to the Board meeting. Staff is actively engaged with Nationwide in the transition process, including the negotiation of agreements. As Attachment A states, there will be minimal changes to the investment lineup, as Great-West has approve the Deferred Compensation Plan's use of their Stable Value Fund and Target-Date Collective Trusts. In addition, staff is working with Great-West to extend Agreement #09-528 through January 23, 2015. The extension is necessary to provide the County, Nationwide, and Great-West sufficient time to provide for a smooth transition.

Staff anticipates that the agreements with Nationwide, as well as the amendment to Agreement #09-528 will go to the Board of Supervisors in late October or early November.

ITEM 8 - ATTACHMENT A



Proposed Changes to the County of Fresno 457(b) Deferred Compensation Plan

On September 16, 2014, a change to the County of Fresno 457(b) Deferred Compensation Plan (Deferred Compensation Plan) will be recommended to the County of Fresno Board of Supervisors. As you are aware, Great-West Financial (Great-West) has provided record-keeping and communication services to the Deferred Compensation Plan since November of 2009. The County conducted a thorough request for proposal process to consider the best vendor for the Deferred Compensation Plan. Final recommendations were presented to the Deferred Compensation Management Council, which is tasked with overseeing the administration of the Deferred Compensation Plan.

After an in-depth review process, the Deferred Compensation Management Council is recommending that the Board of Supervisors pursue a record-keeping and communication services agreement with Nationwide Retirement Solutions (Nationwide). The recommendation is on the Board of Supervisors consent agenda for Tuesday, September 16, 2014 as item number 25 and is posted on the County website.

Why Nationwide?

Of the vendors who responded to the request for proposal process, Nationwide provided the strongest overall proposal, which included enhanced services to participants while charging lower administrative fees.

What will change?

Staff is working with Nationwide to ensure a smooth transition for Deferred Compensation Plan participants, should the Board of Supervisors approve the recommended change. Some key features of the Deferred Compensation Plan that will see little or no changes include:



- **Investment Lineup.** Staff is working with Great-West and Nationwide to maintain the entire investment lineup, with the exception of the First Eagle Overseas fund, which will likely be replaced with a similar fund. Any other changes will be due to a specific investment failing to meet performance standards.
- **Website.** The web address (<u>www.fresno457.com</u>) will remain unchanged, as it is the property of the Deferred Compensation Plan.

Some positive changes include:

• Increased participant education and outreach. Nationwide has made a commitment to exceed current service levels in the areas of education and outreach. Nationwide will make more staff available to participants; in addition to a local retirement specialist, we will have access to a retirement specialist who can be reached by phone. This service is <u>in addition to</u> the assistance participants may receive using the standard customer service number.

Contact Us!

If you have any questions regarding the recommendation or the Deferred Compensation Plan, please contact Employee Benefits at <u>Personnel-Benefits@co.fresno.ca.us</u> or by calling **(559) 600-1810**. Should the Board of Supervisors approve the recommendation, additional materials will be sent to you and representatives of Nationwide will be available to provide assistance and answer questions.

ITEM 9

County of Fresno 457 DC Plan



Quarterly Report - June 30, 2014



12550 SW 68th, St. | Portland, OR 97223 Phone 503-597-1616 | Fax 503-597-1649

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Quarterly Market Commentary and Outlook, June 30, 2014

Quarter in Review and Glance Ahead

The second quarter included broad improvements in the global landscape, at least as far as sentiment is concerned. Risk assets took in stride continuing asset-purchase tapering by the Federal Reserve, focusing more heavily on the improvement in selected domestic economic data and ongoing stimulus than brewing trouble overseas. For the June quarter, the S&P 500 index rose +5.2% on a total return basis, vs. a +1.8% gain in Q1.

Russia's performance in Q2 speaks to the broad improvement in emerging market sentiment, especially given its ongoing, but light, sanctions and separatist fighting in the Ukraine. The Russian index gained +13% in the second quarter; the broader emerging markets MSCI benchmark rose +10%.

The broader fixed income markets also enjoyed some favor in Q2, though not to the extent of stocks. The 10-year Treasury Note dropped about 20bp in yield during the quarter to a 2.52% yield, and the Barclays U.S. Aggregate bond index rose +2%.

What remains true is that domestic stocks remain extended on both a fundamental and technical basis. Bond durations continue to be under scrutiny given the prospect of rising policy rates at some point in 2015, and generally the tone is still one of managing interest rate risk against the desire for yield.

A Mixed Global Economic Environment

Attention should have been focused on the strongly negative, U.S. Q1 GDP growth reduction to -2.9% (third estimate) from -1.0%. It wasn't. Also, the Eurozone's powerhouse, Germany, has been posting disappointing and weak trade/manufacturing numbers, suggesting that Q2 GDP growth will amount to just +0.4% on an annualized basis - a far cry from the +3.3% rate in Q1. We have also seen a resurrection of trouble in weaker Eurozone nations of late, namely a growing fraud and debt crisis in Portugal, as well as deferred bond sales in Greece. Perhaps this was already known by the European Central Bank (ECB), which cut all three benchmark rates last month, including a negative deposit rate

for member banks. It is probably safe to assume that stimulus remains the soup du jour in Europe for a while longer.

Latin America appears to be tracking a bit worse that Europe. Both Argentina and Brazil are in technical default of several billion dollars' worth of interest payments. Though these default realities have been making headlines, Latin American indexes rose about +6% in Q2. In our view, the change in tone and sentiment related to China's economy has provided much-need buoyancy.

Manufacturing surveys (ISM, PMI) from the Middle Kingdom started to improve in June, suggesting that China is again on a path toward industrial production growth in 2014. This had largely not been the case over the previous two quarters, a period marked by an extended real estate sector, shadow-banking defaults and a wide chasm between small and large firm growth. Given that China has been comprising about 40% of the entire emerging market GDP contribution since 2010, its apparent marginal improvement has allowed foreign equity indexes some breathing room.

A Central Bank Still Bent on Ample Liquidity

Hopes for even an average correction have all but gone out the window again. Remembering that the last one we've seen (10%+) was during 2012, there is no use in still crying wolf over the need to consolidate: central bankers just won't have it. As of early July, the S&P 500 index has risen over +7% YTD, in addition to the +32% total return in 2013, +16% in 2012, +2% in 2011, +15% in 2010 and +27% in 2009. In total, the market's leading benchmark has risen +197% from the intra-month low of 666 in March 2009. Most investors, consumer and homeowners are very confident heading into summer, happily adding capital to an already extended marketplace.

What we mean by 'extended' can be defined by several consistently-accurate indicators. They include the relative strength (RSI) of price activity, the percent of companies within an index trading above their 200-day moving averages, and the ratio between that percentage and the volatility index (VIX). These indicators reflect money flows and sentiment into stocks, and as can be seen clearly, they are all at least equal to those seen during the first half of 2007- just before that cyclical

top. Of course we know from surviving the past twenty years that market extremes often extend well beyond what seems reasonable: during the dot-com bubble, corporate profits disconnected from stock prices three years before the market top; in 2006, earnings growth began decelerating about eighteen months before the market peak - with Lehman's collapse coming a year after that. While the particulars differ between those cyclical, bubble-like peaks and the current one in which we find ourselves, the common denominator is an over-accommodating Federal Reserve.

During the last year of the dot-com bubble, following almost a decade of falling interest rates, falling inflation (led by technology), and strong GDP growth, the Federal Reserve continued to drive the monetary base higher. Year-over-year growth rates in this measure of the money supply rose between 6%-16%, depending on the month. The strongest year-over-year increase was in December 1999.

In the early years after the Gulf War, inflation steadily rose from 1.5% to 4.5%, yet Fed Funds declined from 2.1% to 1.0% through mid-2004, and we didn't see that rate exceed inflation until 2006. During this time of negative real interest rates, we also saw a Fed which increased the money supply by an average of 5-10% per year. In both cycles, there was liquidity, and lots of it.

This cycle doesn't look much different from the liquidity standpoint. The money supply is up another 50% from late 2012 (note that 2011 and 2012 had the last real corrections), and we've been running negative real interest rates since November 2009, when the CPI returned to a positive trajectory.

What's notable in our view is that central bank activity - whether policy or open market - goes a long way in explaining the market's continual run, and also supports the long-held maxim, "Don't fight the Fed". Naturally, a discussion about market valuation or sentiment should include the fundamental side; but in our current environment, it takes second fiddle to money flows, led (or perhaps enabled) by our own Federal Reserve Bank, and its opposite numbers around the world.

But let's look at a few fundamentals anyway. On an earnings basis, S&P 500 companies grew per-share profits +5% in 2012, when the index rose 16%. In 2013, operating earnings were up +7% the index up +32%. The

consensus estimate for 2014 EPS growth is +6%, YTD the market is up +7%. We're now trading at 18.5x trailing EPS, 17.1x the 2014 estimate of \$115.40, and 15.6x the 2015 estimate of \$127.04.

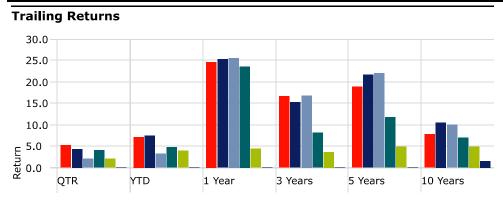
In September 2007, the S&P 500 index traded at 15x trailing, and 16.5 the current year estimate. S&P 500 companies were generating 12% earnings growth at that point in the market's valuation; as mentioned, we're running about 7%.

Looking for Better Values Ahead

Taking the global landscape as a whole, we see more risks to growth and risk asset valuation than at the end of the first quarter, but also see strong commitments to easy money and low rates from leading central banks. In the near term, we are looking more at the risk management side of the equation, and look forward to greater regional and/or sector opportunities over the coming quarters.

Thank you for the opportunity to be of service, Heintzberger | Payne Advisors June 30, 2014

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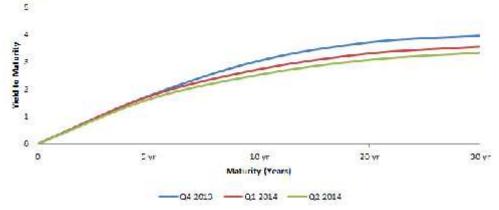
MSCI EAFE NR USD	Barclays US Ag			Citi Treasury Bill 3 Mon USD					
	QTR	YTD	1 Year	3 Years	5 Years	10 Years			
S&P 500 TR USD	5.23	7.14	24.61	16.58	18.83	7.78			
S&P MidCap 400 TR	4.33	7.50	25.24	15.26	21.67	10.50			
S&P SmallCap 600 TR USD	2.07	3.22	25.54	16.81	21.98	9.95			
MSCI EAFE NR USD	4.09	4.78	23.57	8.10	11.77	6.93			
Barclays US Agg Bond TR USD	2.04	3.93	4.37	3.66	4.85	4.93			
Citi Treasury Bill 3 Mon USD	0.01	0.02	0.04	0.05	0.08	1.54			

- C&B CmallCap 600 TR UCD

S&B MidCap 400 TB

Treasury Yield Curve

- C&D EAR TO LICE



	3 mo	1 yr	5 yr	10 yr	30 yr
Q4 2013	0.07	0.13	1.75	3.04	3.96
Q1 2014	0.05	0.13	1.73	2.73	3.56
Q2 2014	0.04	0.11	1.62	2.53	3.34

Market Overview Trailing Quarter

US equities posted a solid return, with US large cap stocks returning +5.2%. US mid cap stocks underperformed slightly with a +4.3% return, while small caps lagged substantially with a +2.1% return. Foreign stocks, as represented by the MSCI EAFE Index, underperformed their US counterparts slightly with a positive performance of +4.1% for the quarter. Bonds had a strong quarter with a return of +2.0% over the same period, while cash continued to post a negligible yield.

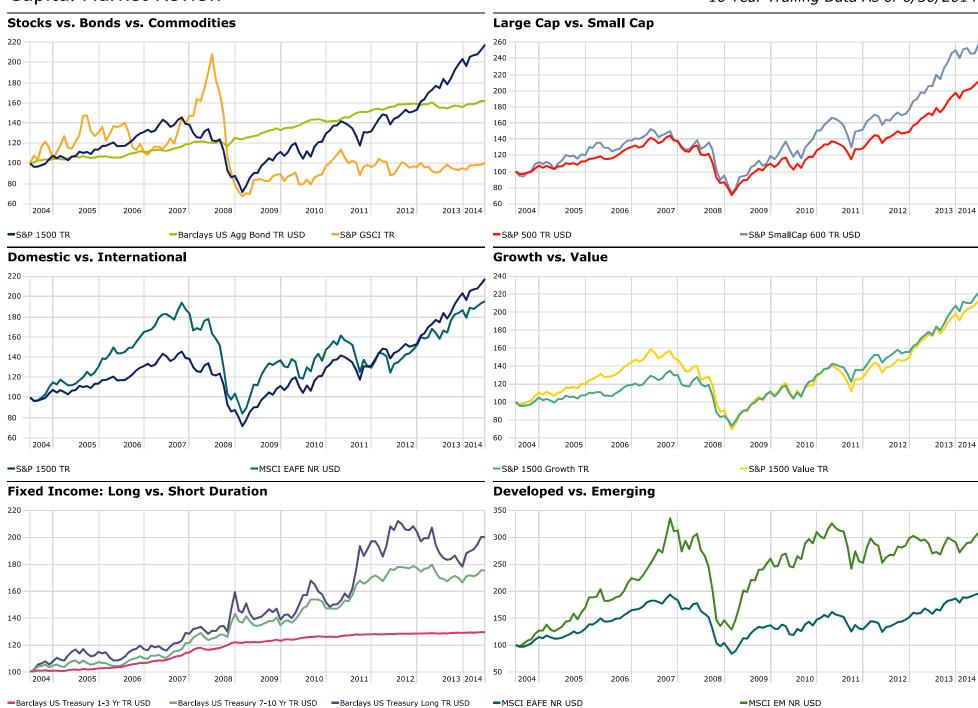
Year-to-Date

US equities performed well, with US large cap stocks returning +7.1%. US mid cap stocks outperforming slightly with a +7.5% return, while small caps lagged substantially with a +3.2% return. Foreign stocks, as represented by the MSCI EAFE Index, underperformed their US counterparts slightly with a positive performance of +4.8% for the year so far. Bonds had a good return with a return of +3.9% over the same period, while cash continued to post a negligible yield.

Fixed Income Insights

The asset purchase tapering schedule is now on the table, with \$10 billion reductions anticipated in August and September, followed by a final, \$15 billion/month reduction in October. Though this round of QE may be coming to a close, the FOMC has been vocal about its willingness to reinvest proceeds from maturing portfolio bonds. Given that we're talking about \$2.3 trillion worth of Treasuries and \$1.6 trillion of Mortgage-Backed Securities (MBS), we expect a protracted period of downward interest rate pressure, especially around the 7-10 maturity range.

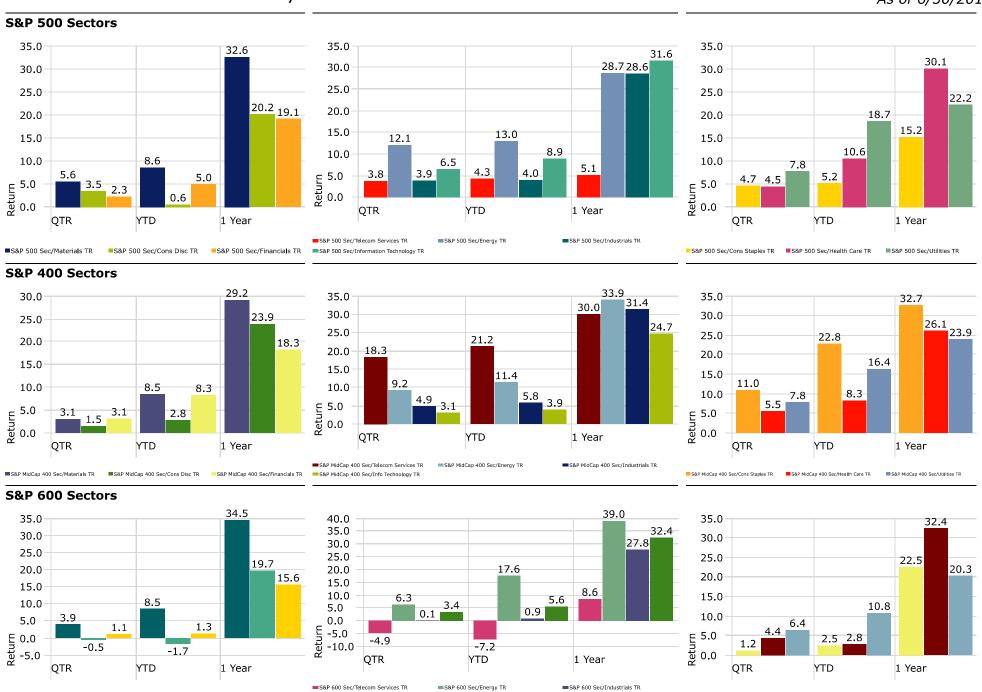
Source: Morningstar Direct



4

S&P 600 Sec/Consumer Discretionary TR

S&P 600 Sec/Financials TR



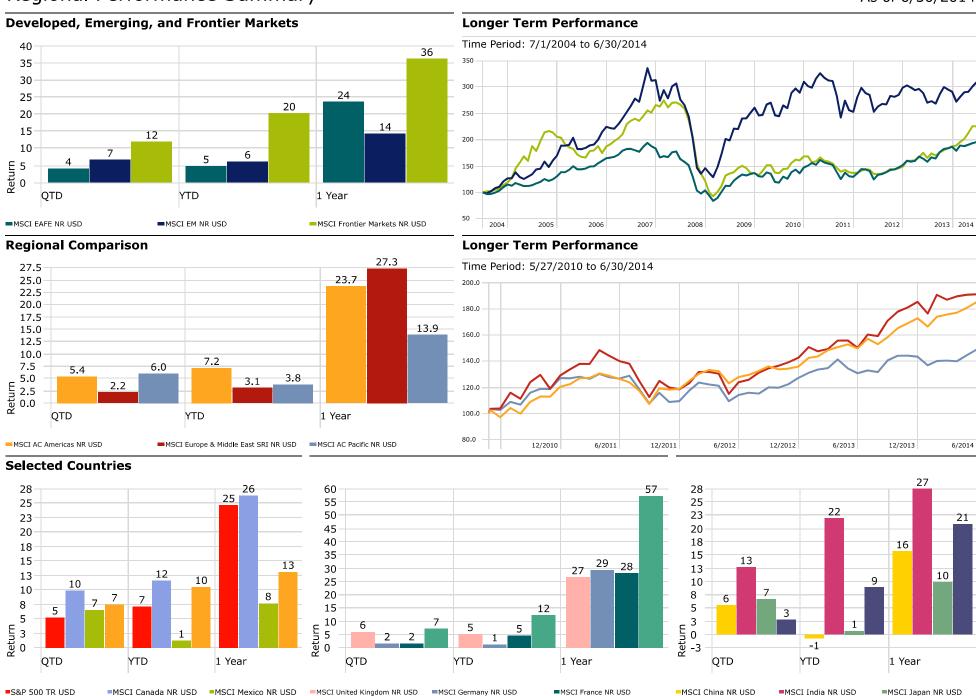
Source: Morningstar Direct

■S&P 600 Sec/Consumer Staples TR ■S&P 600 Sec/Health Care TR

S&P 600 Sec/Utilities TR

5

S&P 600 Sec/Information Technology TR

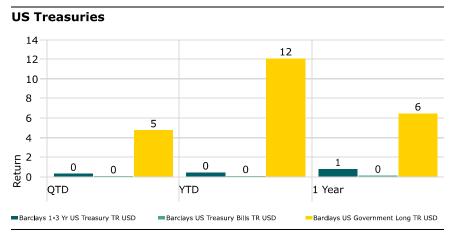


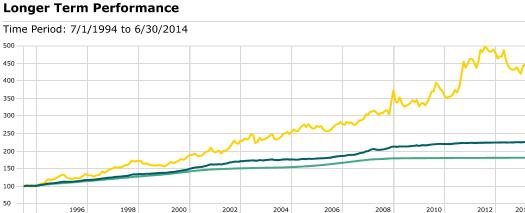
■MSCI Spain NR USD

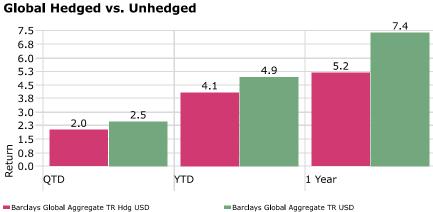
Source: Morningstar Direct

MSCI Brazil NR USD

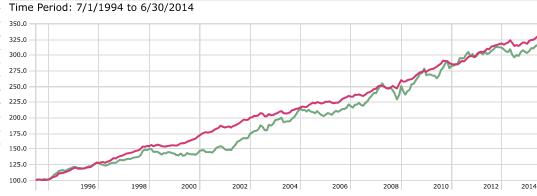
■MSCI Australia NR USD

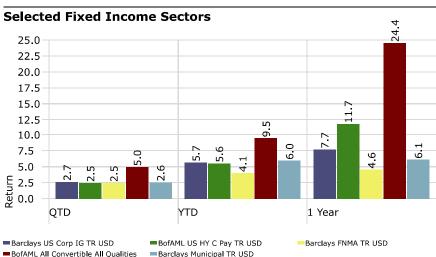




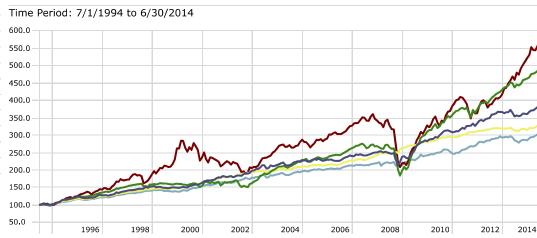








Longer Term Performance



Source: Morningstar Direct

County of Fresno 457 DC Plan

Executive Summary

Legislative Updates

Target Date Fund (TDF) Disclosure Rule

- Rule was originally published by the DOL in 2010
- A disclosure would be required for ERISA plans using target date funds as QDIA and this would be part of 404(a)(5)
- The proposed rule would require:
 - o An explanation of the asset allocation, glidepath, along with charts and other illustrations
 - o Identification of the most conservative point on the glidepath
 - O Declaration that TDF could lose money and that these losses my happen near or at the target date
 - o Statement that TDF does not guarantee adequate savings in retirement
 - Disclosure on any assumptions made about the contribution and withdrawal intentions of investors after the targeted date
- The SEC reopened the comment period for its proposed disclosure through June 9, 2014
- The DOL has reopened the comment period to synchronize its disclosure rule with that of the SEC's and ended July 3, 2014

SEC Issues Mutual Fund Prospectus Guide

- Original disclosure was adopted in 2009
- Advises registrants to
 - o Reduce summary section no more than 4 pages
 - Only include required or permitted information
 - o Use plain English
 - o Inclusion of Non-Principal Strategies and Risks
 - o Avoid Cross-References to the SAI or shareholder reports
- Amend Rule 498 to allow use of the Summary Section to be sent to investors

408(b)(2): DOL Proposed Amendment

- DOL issued a proposed regulation that required a "guide" to the 408(b)(2) disclosures in March of 2014
 - o A guide is required if 408(b)(2) is made up of multiple or lengthy documents
 - o Open to public comment for 90 days
 - o A focus group of plans with less than 100 participants will help determine how helpful the guide is for plan fiduciaries

Completed Action Items

RFP

- RFP was issued on February 13, 2014
- Closed March 19, 2014
- Interviews in May
- Nationwide was chosen

Best Practices Seminar

• Great West Life delivered "Best Practices" training in April

Due Diligence Meeting

Brent went to Great West Site in June of 2014

Pending Action Items

Great West Lifeco U.S.

- Great West Financial and Putnam Investments will combine their
- Pending regulatory approval GWF is to acquire J.P. Morgan Retirement Services in Q3 of 2014

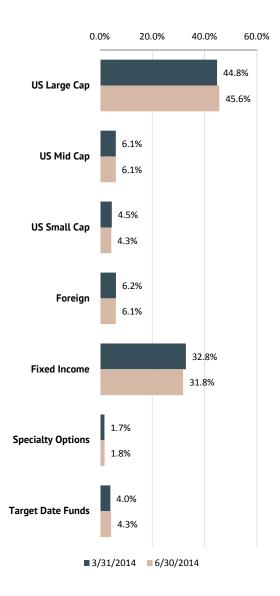
Nationwide Conversion

Heintzberger | Payne Advisors

Summary of County of Fresno 457 DC Plan - Trailing Quarter

Data as of 6/30/2014

Asset Class	Ticker	%	3/31/2014	Net Increases/Decreases	6/30/2014	%
US Large Cap		44.8%	\$88,661,748	4,280,833	\$92,942,581	45.6%
Alger Spectra I	ASPIX	18.8%	37,305,660	1,864,037	39,169,697	19.2%
Franklin Utilities Adv	FRUAX	1.2%	2,300,664	697,303	2,997,967	1.5%
Columbia Dividend Income Z	GSFTX	5.1%	10,006,410	291,895	10,298,305	5.1%
BlackRock Equity Index - Collective F2	02CFF1	19.7%	39,049,014	1,427,599	40,476,612	19.9%
US Mid Cap		6.1%	\$11,991,116	356,503	\$12,347,619	6.1%
Perkins Mid Cap Value T	JMCVX	2.9%	5,711,988	377,129	6,089,117	3.0%
Hennessy Focus Fund	HFCIX	2.4%	4,761,316	(267,220)	4,494,096	2.2%
BlackRock Mid Cap Index - Collective F	03CFF2	0.8%	1,517,812	246,594	1,764,406	0.9%
US Small Cap		4.5%	\$8,964,667	(154,777)	\$8,809,890	4.3%
Nicholas Limited Edition N	NNLEX	3.0%	6,033,043	(145,767)	5,887,276	2.9%
Perkins Small Cap Value I	JSCOX	0.2%	337,794	84,674	422,467	0.2%
BlackRock Russell 200 Index - Collective F	03CFF3	1.3%	2,593,830	(93,683)	2,500,147	1.2%
Foreign		6.2%	\$12,184,654	219,021	\$12,403,675	6.1%
Ivy International Core Equity Y	IVVYX	4.1%	8,160,023	639,607	8,799,630	4.3%
MainStay International Equity I	MSIIX	1.7%	3,381,339	(510,251)	2,871,088	1.4%
Oppenheimer Developing Markets Y	ODVYX	0.1%	139,629	69,727	209,356	0.1%
BlackRock EAFE Equity Index - Collective F	10CFF5	0.2%	366,506	(1,656)	364,850	0.2%
First Eagle Overseas A	SGOVX	0.1%	137,157	21,594	158,751	0.1%
Fixed Income		32.8%	\$64,999,840	(172,500)	\$64,827,340	31.8%
RidgeWorth Total Return Bond R	SCBLX	1.2%	2,303,072	92,455	2,395,526	1.2%
Sentinel Government Securities A	SEGSX	0.4%	874,457	(36,514)	837,943	0.4%
BlackRock US Debt Index Fund - Coll F	04CFF4	0.0%	38,381	3,561	41,942	0.0%
Templeton Global Bond Adv	TGBAX	0.1%	112,564	88,019	200,583	0.1%
County of Fresno Stable Value Fund	FRESSV	31.1%	61,671,366	(320,021)	61,351,346	30.1%
Specialty Options		1.7%	\$3,381,909	213,915	\$3,595,824	1.8%
Oakmark Equity & Income I	OAKBX	1.4%	2,707,600	101,478	2,809,077	1.4%
Fidelity Real Estate Income	FRIFX	0.3%	674,309	112,437	786,746	0.4%
Target Date Funds		4.0%	\$7,876,242	916,059	\$8,792,301	4.3%
Great-West Lifetime 2015 Trust II	C15MZR	1.0%	1,927,872	143,925	2,071,797	1.0%
Great-West Lifetime 2025 Trust II	C25MZR	1.2%	2,334,801	367,729	2,702,529	1.3%
Great-West Lifetime 2035 Trust II	C35MZR	0.8%	1,553,673	167,642	1,721,315	0.8%
Great-West Lifetime 2045 Trust II	C45MZR	0.7%	1,426,916	172,211	1,599,127	0.8%
Great-West Lifetime 2055 Trust II	C55MZR	0.3%	632,981	64,553	697,534	0.3%
Total		100%	\$198,060,175	\$5,659,055	\$203,719,230	100%



Investment Summary For the Period Ending 6/30/2014

Passively-Managed	and Cash Funds		EQUITY US Stocks			FIXED INCOME		Trailing Returns										
	Investment	Ticker	Lrg	Mid	Sml	Fgn	Bnd	Csh	Oth	Ехр	1 Qtr	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	10 Yrs
	BlackRock Equity Index - Collective F2	02CFF1	100							0.02	5.22	7.13	24.71	22.65	16.64	20.04	18.93	
	BlackRock Mid Cap Index - Collectiv	03CFF2		100						0.03	4.33	7.51	25.38	25.33	15.31	20.92	21.71	
	BlackRock Russell 2000 Index Coll F	03CFF3			100					0.03	2.08	3.29	24.02	24.22	14.90	20.16	20.45	
	BlackRock EAFE Equity Index Coll F	10CFF5				100				0.10	4.24	4.97	23.93	21.27	8.35	13.90	12.05	
	BlackRock US Debt Index Fund Coll F	04CFF4					100			0.04	2.11	4.07	4.55	1.99				
	Fresno County Stable Value	FRESSV					100			0.50	0.52	1.07	2 14	2 24	2 47	2 66		

Actively-Managed Funds

Style	Investment	Ticker	Lrg	Mid	Sml	Fgn	Bnd	Csh	Oth	Ехр	1 Qtr	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	10 Yrs
Equity Income	Columbia Div Income Z	GSFTX	84	8		5		3		0.79	4.15	6.23	18.66	18.74	15.32	18.18	17.04	9.11
Multi-Cap Growth	Alger II Spectra I	ASPIX	68	18	3	7		3	1	1.50	5.66	5.84	29.71	23.49	16.31	21.13	20.66	12.51
Utility	Franklin Cust Util Adv	FRUAX	56	28	6	6	2	2		0.60	8.87	18.32	22.28	15.80	15.89	18.32	15.94	11.33
Multi-Cap Core	Perkins MC Value T	JMCVX	38	37	8	8		9		0.77	4.90	7.19	19.96	19.76	11.38	14.70	15.01	8.93
Mix Tgt All Mod	Oakmark Eqty & Inc I	OAKBX	35	23	2	10	14	14	2	0.77	3.19	5.02	21.69	16.89	10.58	12.96	12.62	8.24
Multi-Cap Growth	Hennessy Focus Inst	HFCIX	22	48	24			6		1.14	4.24	2.35	19.99	24.09	18.36	22.12	20.07	11.86
Small-Cap Core	Royce Fd Spec Eq Inv	RYSEX	3	20	66			11		1.13	0.93	0.16	15.27	18.75	13.21	16.53	16.16	8.61
Small-Cap Core	Perkins SC Value I	JSCOX		26	60	2		11	1	0.71	3.04	5.20	21.31	19.96	11.47	14.22	16.29	9.61
Small-Cap Growth	Nicholas Ltd Edition N	NNLEX		35	57	2		6		1.21	0.31	-0.15	17.97	18.61	11.45	18.09	18.07	
Intl Multi-Cap Growth	MainStay Intl Eqty I	MSIIX	2	1		95		1	1	1.13	4.80	6.03	19.73	16.40	7.11	10.02	8.20	6.67
Emerging Markets	Oppenheimer Dev Mkts Y	ODVYX				95		5		1.05	7.88	6.02	19.75	13.66	5.16	10.93	14.07	16.00
Intl Large-Cap Core	Ivy Intl Core Eqty Y	IVVYX				92		7	1	1.31	6.89	8.25	28.65	22.90	8.59	14.22	12.97	10.40
Intl Multi-Cap Core	First Eagle OvSeas A	SGOVX				72	1	19	8	1.15	3.25	7.14	17.62	14.45	7.27	11.24	11.92	10.00
General US Govt	Sentinel Govt Secs A	SEGSX					95	5		0.85	1.78	2.80	0.43	-0.58	1.22	1.62	2.88	4.25
Core Bond	RidgeWorth Tot Rtn R	SCBLX					83	16	1	1.05	2.23	4.56	4.00	1.38	3.83	3.43	4.62	
Intl Income	Templeton Gl Bond Adv	TGBAX					52	47	1	0.63	2.68	3.46	7.41	7.68	4.76	6.98	8.42	9.46
Real Estate	Fidelity Real Est Inc	FRIFX	7	13	19	1	51	9		0.84	3.81	9.35	9.80	10.96	10.52	11.98	15.47	7.41

Target-Date Funds

Investment	Ticker	Lrg	Mid	Sml	Fgn	Bnd	Csh	Oth	Ехр	1 Qtr	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	10 Yrs
Great-West Lifetime 2035 Trust II	C35MZR	29	11	6	23	23	5	3	0.46	2.42	4.28	17.00	16.23				
Great-West Lifetime 2025 Trust II	C25MZR	21	9	5	16	40	7	2	0.46	3.74	5.80	15.22	13.55				
Great-West Lifetime 2015 Trust II	C15MZR	15	7	4	10	51	10	3	0.46	3.34	5.41	11.72	9.94				
Great-West Lifetime 2055 Trust II	C55MZR	30	11	7	32	13	4	3	0.46	4.56	6.24	20.72	18.41				

Market Exposure Legend												
Lrg:	US Large Cap	Mid:	US Mid Cap	Sml:	US Small Cap	Fgn:	Foreign					
Bnd:	Bonds	Csh:	Cash	Oth:	Other							

Fund Compliance Methodology For the Period Ending 06/30/2014

CALCULATION METHODOLOGY OF OVERALL FUND SCORE 1 (Worst) — 10 (Best)

Factor	Weight	Explanation	Score Calculation
RETURNS Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)	40% Overall	Absolute Returns Peer Group Percentile Rankings: 3,5,10 Year Periods	Proportional Score No Score Ranks in the top Ranks in the 75% of Peer bottom 25% of Group Peer Group
RISK ADJUSTED RETURNS Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)	20% Overall	Sharpe Ratio Peer Group Percentile Rankings: 3,5,10 Year Periods	Proportional Score No Score Ranks in top 75% Ranks in bottom of Peer Group 25% of Peer Group
RISK Summary compliance report shows the average peer		Standard Deviation Peer Group Percentile Rankings: 3,5,10 Year Periods	Proportional Score No Score Ranks in top 75% Ranks in bottom of Peer Group 25% of Peer Group
group quartile rank for all time periods (no credit for bottom quartile performance)	30% Overall	Upside/Downside Capeer Group Percentile Rankings: 3,5,10 Year Periods	
OTHER Fund expense quartile rank		Expense Ratio For current period	Proportional Score No Score Ranks in top 75% Ranks in bottom of Peer Group 25% of Peer Group
Manager tenure is greater than 3 years	10% Overall	Average Tenure Number of years	Full Score Manager Tenure Manager Tenure more than 3 years less than 3 years

For peer group rankings, a rank of 1-50 indicates the manager performed favorably and ranked in the top half of its peer group for that metric. For example: when measuring risk, a rank of 1 would mean the manager had a very low standard deviation compared to its peer group, whereas when measuring return, a rank of 1 would mean the manager had a very high return compared to its peer group.

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Summary of Fund Compliance

For the Period Ending 06/30/2014

Passively-Managed and Cash Funds

Туре	Assets %	Fund Name	Ticker
LC Index	19.87%	BlackRock Equity Index - Collective F2	02cff1
MC Index	0.87%	BlackRock Mid Cap Index - Collective F	03cff2
SC Index	1.23%	BlackRock Russell 2000 Index Coll F	03cff3
Global	0.18%	BlackRock EAFE Equity Index Coll F	10cff5
Stable Value	30.12%	Fresno County Stable Value	fressv
US Debt	0.02%	BlackRock US Debt Index Fund Coll F	04cff4

^{*} This Investment has less than 3 years of performance data

Actively-Managed Funds

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Status	Assets %	Fund Name	Ticker	Return (40%)	Risk Adjusted Return (20%)	Risk (30%)	Expense (5%)	Tenure (5%)
Watch	5.06%	Columbia Div Income Z	GSFTX	0		0		
Pass	19.23%	Alger II Spectra I	ASPIX				0	
Pass	1.47%	Franklin Cust Util Adv	FRUAX					
Watch	2.99%	Perkins MC Value T	JMCVX	0				
Pass	1.38%	Oakmark Eqty & Inc I	OAKBX					
Pass	2.21%	Hennessy Focus Inst	HFCIX					
Pass	n/a	Royce Fd Spec Eq Inv	RYSEX	0				
Pass	0.21%	Perkins SC Value I	JSCOX					
Watch	2.89%	Nicholas Ltd Edition N	NNLEX					
Watch	1.41%	MainStay Intl Eqty I	MSIIX	0	0			\bigcirc
Pass	0.10%	Oppenheimer Dev Mkts Y	ODVYX					
Pass	4.32%	Ivy Intl Core Eqty Y	IVVYX				0	
Pass	0.08%	First Eagle OvSeas A	SGOVX					
Watch	0.41%	Sentinel Govt Secs A	SEGSX	0	0	0		\bigcirc
Watch	1.18%	RidgeWorth Tot Rtn R	SCBLX	\bigcirc	\bigcirc	\bigcirc	0	
Pass	0.10%	Templeton Gl Bond Adv	TGBAX					
Pass	0.39%	Fidelity Real Est Inc	FRIFX					

^{*} This Investment has less than 3 years of performance data

Heintzberger | Payne Advisors R: 263 Q: 224 D: 7.29.12.41

County of Fresno 457 DC Plan

Target-Date Funds

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Status	Assets %	Fund Name	Ticker	Return (40%)	Risk Adjusted Return (20%)	Risk (30%)	Expense (5%)	Tenure (5%)
	0.84%	Great-West Lifetime 2035 Trust II*	c35mzr					
	1.33%	Great-West Lifetime 2025 Trust II*	c25mzr					
	1.02%	Great-West Lifetime 2015 Trust II*	c15mzr					
	0.34%	Great-West Lifetime 2055 Trust II*	c55mzr					

^{*} This Investment has less than 3 years of performance data

Underperforming ◀ ○ ○ ○ ► Outperforming

Fund Compliance Report

For the Periods Ending 06/30/2014

Passively-Managed and Cash Funds

Type of					Return vs	;	Risk A	djusted F	Return				R	isk (30%))				Other (10%)
Fund	Assets %	Ticker	Fund Name	Peer	Group (4	10%)	Sha	arpe (20	%)	Stand	lard Dev	iation	U	p Capture	•	Do	wn Captu	re	Expense	Tenure
				3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	Peer Rank %	Avg Yrs
LC Index	19.87%	02cff1	BlackRock Equity Index - Collective F2	16	12		15	12		32	38		35	30		20	27		1	5
MC Index	0.87%	03cff2	BlackRock Mid Cap Index - Collective F	26	10		23	13		47	61		31	16		37	43		1	5
SC Index	1.23%	03cff3	BlackRock Russell 2000 Index Coll F	34	35		43	56		60	67		18	14		71	82		1	5
Global	0.18%	10cff5	BlackRock EAFE Equity Index Coll F	80	85		84	90		82	92		44	46		86	90		1	5
:able Valu	30.12%	fressv	Fresno County Stable Value	1			1			99			1			n/a			55	6
US Debt	0.02%	04cff4	BlackRock US Debt Index Fund Coll F *																1	5

Actively-Managed Funds

Overall					Return vs	;	Risk A	djusted l	Return				R	isk (30%	5)				Other ((10%)
Fund	Assets %	Ticker	Fund Name	Peer	Group (4	10%)	Sh	arpe (20	%)	Stan	dard Devi	iation	U	p Captur	е	Do	wn Captı	ıre	Expense	Tenure
Score				3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	Peer Rank %	Avg Yrs
7	5.06%	GSFTX	Columbia Div Income Z	26	52	21	13	31	12	23	18	16	63	73	67	21	27	19	17	6
8	19.23%	ASPIX	Alger II Spectra I	19	14	1	17	17	1	32	45	61	34	24	9	31	47	45	70	10
7	1.47%	FRUAX	Franklin Cust Util Adv	19	46	38	24	16	15	25	29	12	77	83	89	3	1	1	5	10
5	2.99%	JMCVX	Perkins MC Value T	82	83	18	74	62	9	26	10	8	86	88	82	34	21	7	16	11
7	1.38%	OAKBX	Oakmark Eqty & Inc I	18	23	2	50	57	2	92	40	39	18	31	43	52	56	19	16	5
8	2.21%	HFCIX	Hennessy Focus Inst	4	18	2	1	15	1	12	35	47	90	89	57	1	2	2	42	5
5	n/a	RYSEX	Royce Fd Spec Eq Inv	62	92	56	30	51	17	8	2	2	87	96	99	13	10	2	36	16
5	0.21%	JSCOX	Perkins SC Value I	85	91	29	51	41	10	5	5	6	93	97	87	23	7	10	10	12
5	2.89%	NNLEX	Nicholas Ltd Edition N	73	81		37	21		7	2		95	97		12	7		38	21
5	1.41%	MSIIX	MainStay Intl Eqty I	41	89	52	31	86	25	17	2	3	86	95	94	10	36	1	30	2
9	0.10%	ODVYX	Oppenheimer Dev Mkts Y	8	1	1	9	4	1	23	20	25	25	18	34	19	14	18	11	7
9	4.32%	IVVYX	Ivy Intl Core Eqty Y	5	9	4	7	6	2	28	26	59	41	43	9	18	16	6	66	8
8	0.08%	SGOVX	First Eagle OvSeas A	44	39	3	7	3	1	2	1	2	98	98	98	5	2	1	38	6
4	0.41%	SEGSX	Sentinel Govt Secs A	88	63	30	87	70	12	55	25	27	88	78	59	46	42	18	41	1
3	1.18%	SCBLX	RidgeWorth Tot Rtn R	54	82		61	89		76	28		34	84		77	79		72	9
8	0.10%	TGBAX	Templeton Gl Bond Adv	15	7	1	23	17	13	96	43	39	23	67	58	21	20	31	9	8
5	0.39%	FRIFX	Fidelity Real Est Inc	62	97	83	1	1	1	2	2	1	96	98	99	4	4	1	17	11

Heintzberger | Payne Advisors R: 263 Q: 224 D: 7.29.12.41

County of Fresno 457 DC Plan

Target-Date Funds

Overall					Return v	s	Risk A	djusted	Return				F	Risk (30%	6)				Other ((10%)
Fund	Assets %	Ticker	Fund Name	Pee	r Group (40%)	Sh	arpe (20	1%)	Stan	dard Dev	riation	ι	Jp Captu	re	Do	wn Capt	ure	Expense	Tenure
Score				3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	Peer Rank %	Avg Yrs
	0.84%	c35mzr	Great-West Lifetime 2035 Trust II *																9	
	1.33%	c25mzr	Great-West Lifetime 2025 Trust II *																9	
	1.02%	c15mzr	Great-West Lifetime 2015 Trust II *																8	
	0.34%	c55mzr	Great-West Lifetime 2055 Trust II *																12	

^{*} This Investment has less than 3 years of performance data

All data except for 'Tenure - Average Years' are listed as a peer rank percentage

All Funds remain in compliance with Investment Policy and no action need be taken other than indicated in the Fund Compliance Commentary section of this report.

Heintzberger | Payne Advisors Date

This report, along with more detailed performance data on Plan Investment Options, was reviewed by the Plan's Trustee and/or Investment Committee.

Trustee / Committee Member Date

County of Fresno 457 DC Plan

Fund Comments Data as of: 06/30/2014

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BlackRock Equity Index - Collective Fund Type: LC Index	/e F2 (0)2cff1)		US La	arge Cap	BlackRock EAFE Equity Index Coll F (10cff5) Fund Type: Global								
The fund seeks to replicate the performance	ce of U.S.	Large Ca	p Stocks			The fund seeks to replicate performance of	of Foreign	stock rep	resented l	y the MS	CI EAFE			
Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Index								
BlackRock Equity Index - Collective F2 (02cff1)	5.22%	24.71%	16.64%	18.93%		Trailing Returns BlackRock EAFE Equity Index Coll F (10cff5)	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr			
S&P 500 (1936) TR IX Out/(Under) Performing	5.24%	24.61%	16.59%	18.84%	7.78%	MSCI World ND IX	4.24% 4.85%	23.93% 24.05%	8.35% 11.81%	12.05% 14.99%	7.25%			
Peer Group Ranking	-0.02 % 19	0.10 % 33	0.05 % 16	0.09 % 12		Out/(Under) Performing Peer Group Ranking	-0.62% 33	-0.11 % 20	-3.46 % 80	-2.94 % 85				
BlackRock Mid Cap Index - Collect Fund Type: MC Index	·	Ť		US	Mid Cap	Fresno County Stable Value (fress Fund Type: Stable Value	5 v)				Bonds			
The fund seeks to replicate the performance	ce of U.S.	Mid Cap	Stocks			Tana Type. Stable Value								
Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr			
BlackRock Mid Cap Index - Collective F (03cff2) S&P 400 TR IX	4.33% 4.34%	25.38% 25.26%	15.31% 15.27%	21.71% 21.67%	10.51%	Fresno County Stable Value (fressv) Citi US T-Bill 3 M TR IX	0.52% 0.00%	2.14% 0.00%	2.47% 0.05%	0.08%	1.54%			
Out/(Under) Performing Peer Group Ranking	-0.01 % 33	0.12 % 35	0.05 % 26	0.04 % 10		Out/(Under) Performing Peer Group Ranking	0.52 %	2.14%	2.42% 1		110170			
BlackRock Russell 2000 Index Col Fund Type: SC Index	ll F (03	cff3)		US Sr	mall Cap	BlackRock US Debt Index Fund Co	oll F (04	cff4)			Bonds			
The fund seeks to replicate the performance	ce of U.S.	Small Ca	p Stocks			The fund seeks to replicate the performan	ce of the	U.S. Bond	Market					
Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr			
BlackRock Russell 2000 Index Coll F (03cff3) Russell 2000 TR IX	2.08% 2.04%	24.02% 23.63%	14.90% 14.56%	20.45% 20.21%	8.70%	BlackRock US Debt Index Fund Coll F (04cff4) Barclays US Gvt TRIX	2.11% 1.34%	4.55% 2.10%	2.88%	3.46%	4.43%			
Out/(Under) Performing Peer Group Ranking	0.04 % 60	0.39% 44	0.34 % 34	0.25 % 35		Out/(Under) Performing Peer Group Ranking	0.77% 9	2.45% 10	2.0070	3.1070	1.13/0			

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Columbia Div Income Z (GSFTX)

US Large Cap

Fund Score: 7 (Status: Watch)

The Columbia Dividend Income Fund is a large cap value fund that primarily invests in US companies with a history of paying higher than average dividends and that are exhibiting strong and sustainable cash flow characteristics.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Columbia Div Income Z (GSFTX)	4.15%	18.66%	15.32%	17.04%	9.11%
S&P 500 Value TR IX	4.60%	21.98%	16.25%	18.53%	7.34%
Out/(Under) Performing	-0.45%	-3.32%	-0.93%	-1.48%	1.78%
Peer Group Ranking	79	80	26	52	21

There are three primary portfolio managers of the fund. David L. King was replaced by Peter Santoro in June 2014. The other senior managers, Scott Davis and Michael Barclay, are unchanged. Mr. Santoro is a senior portfolio manager on the large-cap core team at Columbia, and prior experience includes work as an equity analyst covering a wide range of consumer and retail companies. Mr. King, on the other hand, has become more involved in Columbia's convertible debt and absolute return funds, so his departure appears appropriate, if not overdue.

Alger II Spectra I (ASPIX)

US Large Cap

Fund Score: 8 (Status: Pass)

The Alger Spectra Fund seeks to invest in large US companies experiencing strong sales and earnings growth at various stages of the companies' growth cycle. The fund can also invest in mid- and small-cap companies and also has the ability to short securities.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Alger II Spectra I (ASPIX)	5.66%	29.71%	16.31%	20.66%	12.51%
Russell 3000 Gro TR IX	4.86%	26.74%	16.11%	19.34%	8.27%
Out/(Under) Performing	0.81%	2.97%	0.19%	1.32%	4.24%
Peer Group Ranking	7	19	19	14	1.2170

The fund outperformed the benchmark in the second quarter of the year. Strength from a slight overweight in the Information Technology and Energy sectors, coupled with strong stock selection in those sectors, were the primary contributors to the outperformance. The only major detractor in the quarter was from the Financials sector where poor stock performance led to underperformance. eBay, NCR Corp., and Amazon.com were the top detractors in the quarter. Particular stocks that were top contributors included Apple, Weatherford International and Gilead Sciences. The fund's largest sector weightings are Information Technology and Consumer Discretionary. Healthcare is largest sector overweight. Fund management continues to believe high-growth stocks have strong potential to generate attractive performance versus the broader equity market. The fund continues to be ranked in the top quartile for both return and risk adjusted returns in the three-, five- and ten-year periods.

Franklin Cust Util Adv (FRUAX)

US Large Cap

Fund Score: 7 (Status: Pass)

The Franklin Utilities Fund seeks capital appreciation and current income through investments in US companies who operate in the public utility sector, with a focus on the US electric sector.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Franklin Cust Util Adv (FRUAX)	8.87%	22.28%	15.89%	15.94%	11.33%
MSCI World ND IX	4.85%	24.05%	11.81%	14.99%	7.25%
Out/(Under) Performing	4.01%	-1.77%	4.08%	0.95%	4.08%
Peer Group Ranking	31	52	19	46	38

Perkins MC Value T (JMCVX)

US Mid Cap

Fund Score: 5 (Status: Watch)

The Perkins Mid Cap Value Fund seeks to invest in undervalued, mid-sized companies with a catalyst for growth. They will only invest in opportunities where the perceived upside potential significantly outweighs the downside risk. The fund also seeks to manage risk by holding cash and may not be fully invested at all times.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Perkins MC Value T (JMCVX)	4.90%	19.96%	11.38%	15.01%	8.93%
Russell 3000 TR IX	4.87%	25.22%	16.46%	19.33%	8.23%
Out/(Under) Performing	0.03%	-5.26%	-5.08%	-4.32%	0.70%
Peer Group Ranking	27	83	82	83	18

The fund was in line with the benchmark in the second quarter. Although an underweight in the Technology sector detracted from fund performance, an overweight in the Industrials sector and better stock selection in the Consumer Defensive sector led to improving performance. Fund managers believe they should take a more cautious approach to the portfolio as risk-reward ratios are less favorable than normal. Their focus is on higher quality stocks which trade at less of a premium to the overall market average P/E ratio. This in their belief should lead to outperformance of the benchmark and their peer group over a full market cycle. The fund's absolute return ranking is still at the bottom quartile of its peer group in the three- and five-year periods. The fund remains on Watch.

Oakmark Eqty & Inc I (OAKBX)

Specialty Options

Fund Score: 7 (Status: Pass)

The Oakmark Equity & Income Fund is a moderate allocation fund that seeks income, capital preservation and growth. The fund can invest in US and foreign equities, fixed income and cash. It takes a value-oriented approach when selecting equity investments and targets an overall equity allocation of 40-75%, with a cap of 60% on its fixed income allocation.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Oakmark Eqty & Inc I (OAKBX)	3.19%	21.69%	10.58%	12.62%	8.24%
DJ Moderate IX	3.79%	16.21%	8.95%	12.21%	7.39%
Out/(Under) Performing	-0.60%	5.48%	1.63%	0.41%	0.85%
Peer Group Ranking	60	1	18	23	2

The fund is still running its equity allocation at about 65%, in line with last quarter. Cash represents a bit over 22% of fund assets, which is more than double its peers – though the fund's performance is generally in line with its higher-exposure brethren. The remaining bond allocation is more skewed toward the short end of the curve relative to the growth & income group, a stance we see as reasonable risk management with equities up 200% from the bottom of this cycle and a 10-year Treasury Note still around 2.5%. Fund management has been performing well, especially since an uptick to more equity exposure last year, and we view its current trajectory enabling favorable comps again in 2014.

Hennessy Focus Inst (HFCIX)

US Mid Cap

Fund Score: 8 (Status: Pass)

The Hennessy Focus Fund is a concentrated, high conviction, benchmark adverse strategy that invests primarily in mid- and small-cap equity securities. The fund's three-person management team achieved their three-year track record in August 2012, after having worked as analysts with the strategy for an average of a decade each prior to taking over management in August 2009. Hennessy Funds aquired FBR in 2012. The fund will retain the same portfolio managers and the same investment objectives.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Hennessy Focus Inst (HFCIX)	4.24%	19.99%	18.36%	20.07%	11.86%
Russell 3000 Gro TR IX	4.86%	26.74%	16.11%	19.34%	8.27%
Out/(Under) Performing	-0.62%	-6.75%	2.25%	0.73%	3.59%
Peer Group Ranking	38	92	4	18	2.37%

Royce Fd Spec Eq Inv (RYSEX)

US Small Cap

Fund Score: 5 (Status: Pass)

The Royce Special Equity Fund seeks to invest in small-cap US companies at a price that is lower than their intrinsic value. The strategy emphasizes downside protection and has been a consistently low-volatility option; however, expect the fund to lag its market benchmark in low-quality beta rallies. The fund can also hold significant cash positions at times.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Royce Fd Spec Eq Inv (RYSEX)	0.93%	15.27%	13.21%	16.16%	8.61%
Russell 2000 TR IX	2.04%	23.63%	14.56%	20.21%	8.70%
Out/(Under) Performing	-1.12%	-8.36%	-1.36%	-4.05%	-0.09%
Peer Group Ranking	89	97	62	92	56

Perkins SC Value I (JSCOX)

US Small Cap

Fund Score: 5 (Status: Pass)

The Perkins Small Cap Value Fund takes a defensive approach to small-cap investing, seeking to own high-quality equities with strong balance sheets and stable earnings in order to minimize downside participation. Fund management also actively uses its cash allocation for this purpose.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Perkins SC Value I (JSCOX)	3.04%	21.31%	11.47%	16.29%	9.61%
Russell 2000 TR IX	2.04%	23.63%	14.56%	20.21%	8.70%
Out/(Under) Performing	1.00%	-2.33%	-3.09%	-3.92%	0.91%
Peer Group Ranking	31	79	85	91	29

Nicholas Ltd Edition N (NNLEX)

US Small Cap

Fund Score: 5 (Status: Watch)

The Fund seeks long-term growth through investing in a diversified list of small company common stock having growth potential. Income is a secondary objective.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Nicholas Ltd Edition N (NNLEX)	0.31%	17.97%	11.45%	18.07%	
Russell 2000 Gro TR IX	1.73%	24.74%	14.49%	20.50%	9.04%
Out/(Under) Performing	-1.42%	-6.77%	-3.04%	-2.42%	
Peer Group Ranking	56	81	73	81	

Large sector bets are keeping NNLEX on the Watch list for relative underperformance. It is 600bp over-exposed to Consumer Discretionary vs. peers (the market's worst performer YTD) and 800bp in Industrials (3rd worst). It also has no exposure to the market's best-performing sector Utilities, though the peer average is also minor at less than 1%. Also, small caps have suffered this year; small- and micro-cap stocks comprise 56% of fund holdings, with another 33% in mid-cap. The fund could regain some of its performance footing should another cyclical sector rotation more than offset the negative bias facing smaller market cap companies, so it remains on Watch pending that eventuality.

MainStay Intl Eqty I (MSIIX)

Foreign

Fund Score: 5 (Status: Watch)

The MainStay International Equity Fund primarily invests in large international companies that do business outside of the United States and can also have some exposure to emerging markets. The fund had a subadvisor/manager change in July 2011 and two additional managers were brought on board in February 2013.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
MainStay Intl Eqty I (MSIIX)	4.80%	19.73%	7.11%	8.20%	6.67%
MSCI AC W X-US Gr ND IX	4.45%	19.34%	5.48%	11.36%	7.66%
Out/(Under) Performing	0.35%	0.39%	1.63%	-3.15%	-0.99%
Peer Group Ranking	15	57	41	89	52

The fund outperformed over the trailing quarter and one- year time period, but it continues to lag over the five-year period due to significant underperformance in 2009 through 2011. The fund's overweight to UK (+15%) contributed to relative performance over the quarter while its overweight to Europe developed was a headwind. Although country exposure helped performance overall, the funds eclectic sector positions were the main contributors to performance as a 10% underweight to the worst performing Consumer Defensive sector helped lead the charge. The team's investment strategy has historically been focused on high-quality companies with healthy balance sheets, favorable growth prospects, and generally lower beta. In addition, the management team has been pursuing an investment theme which focuses on companies that sell frequently-purchased small consumable items, as opposed to large capital-intensive items which consumers can postpone the purchase of in difficult environments. The fund typically fares well in down markets and is expected to lag during market rallies, especially when they're driven by low quality stocks. The fund will remain on Watch but its score has improved from a 3 to now to a 5. We continue to assess the fund's ability to add value over a full market cycle.

Oppenheimer Dev Mkts Y (ODVYX)

Foreign

Fund Score: 9 (Status: Pass)

The fund primarily invests in companies with high growth potential located in developing economies. The fund mainly invests in common stocks of issuers whose principal activities are in at least three developing markets. Investors purchasing securities located in emerging market economies should expect a higher level of volatility.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Oppenheimer Dev Mkts Y (ODVYX)	7.88%	19.75%	5.16%	14.07%	16.00%
MSCI Emerging Mkt ND IX	6.59%	14.30%	-0.40%	9.23%	11.94%
Out/(Under) Performing	1.29%	5.45%	5.56%	4.84%	4.06%
Peer Group Ranking	16	12	8	1	1

The fund outperformed over the trailing quarter. Emerging Markets (EM), as a whole, outperformed developed markets by +2.6% over the trailing quarter, which has reversed the recent trend of Emerging economies underperforming Developed Markets. Management points to stock selection in Financials, Energy and Materials sectors as key contributors to performance as well as easing geopolitical risk and diminishing growth concerns pushing the market higher overall. The fund outperformed in Russia, China and Brazil due to its stock selection, but exporters in Taiwan and Italy were a drag on performance as these companies are more dependent on emerging market revenues. The strategy remains unchanged as management's outlook over the long-term remains positive for EM given reasonable valuations and relatively low debt levels. The fund has a bias against cyclical industries and companies with high financial/operating leverage. In a continued effort to protect shareholder value, Oppenheimer initiated a soft close in Q2 2013, only allowing existing clientele to continue investment. The fund remains open to the plan.

Ivy Intl Core Eqty Y (IVVYX)

Foreign

Fund Score: 9 (Status: Pass)

The Fund seeks to provide long-term capital growth primarily through investments in equity securities that are traded in European, Pacific Basin, and Latin American Markets.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Ivy Intl Core Eqty Y (IVVYX)	6.89%	28.65%	8.59%	12.97%	10.40%
MSCI AC Wrld Ex US ND IX	5.02%	21.75%	5.74%	11.11%	7.75%
Out/(Under) Performing	1.87%	6.91%	2.85%	1.86%	2.66%
Peer Group Ranking	4	1	5	9	4

First Eagle OvSeas A (SGOVX)

Foreign

Fund Score: 8 (Status: Pass)

The fund invests primarily in equity securities of companies traded in mature markets (for example, Japan, Germany and France) and may invest in countries whose economies are still developing. The fund implements a deep value strategy seeking to purchase companies trading at a margin of safety that have financial strength and stability, strong management and fundamental value.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
First Eagle OvSeas A (SGOVX)	3.25%	17.61%	7.27%	11.92%	10.00%
MSCI AC Wrld Ex US ND IX	5.02%	21.75%	5.74%	11.11%	7.75%
Out/(Under) Performing	-1.77%	-4.13%	1.54%	0.81%	2.25%
Peer Group Ranking	67	83	44	39	3

The fund underperformed its benchmark over the trailing quarter as their performance was hindered by a 10.5% gold exposure (Gold lagged the MSCI ACWI ex US by -2.1%) and 21.5% cash position detracted from returns. The portfolio is holding nearly one-third of its assets in cash and gold, which has also negatively impacted returns to the upside over the trailing one-year period compared to an all-equity benchmark. This cash allocation is a product of the fund's valuation-sensitive approach and is used to make opportunistic purchases when valuations reach more favorable levels. First Eagle's largest contributor to performance over the quarter from a regional standpoint was Japan, which outperformed broader foreign markets by +1.6%. Additionally the fund was underweight Emerging markets (7%) and United Kingdom (10%), which were headwinds for the fund as these outperformed broader regions over the trailing quarter. The fund continues to add value relative to its benchmark with much lower volatility over longer term periods, and ranks in the top quartile of its peer group for risk-adjusted return in the trailing fiveand ten-year time periods. The fund is expected to lag in periods of strong market rebounds, but we have confidence in management's ability to add value over a full market cycle.

Sentinel Govt Secs A (SEGSX)

Bonds

Fund Score: 4 (Status: Watch)

The Fund seeks high current income while seeking to control risk. The Fund normally invests at least 80% of its net assets in U.S. government securities. The Fund invests mainly in U.S. government bonds.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Sentinel Govt Secs A (SEGSX)	1.78%	0.43%	1.22%	2.88%	4.25%
Barclays US Gvt TRIX	1.34%	2.10%	2.88%	3.46%	4.43%
Out/(Under) Performing	0.44%	-1.67%	-1.66%	-0.59%	-0.18%
Peer Group Ranking	26	92	88	63	30

Many managers are struggling against a backdrop of ongoing MBS asset purchases by the Fed, and surprising strength and demand for Treasuries since the beginning of the year. Sentinel Government Securities A managers are among that field. Duration remains fairly short (4.2 years), but the fund's exposure to U.S. Treasuries stands at exactly zero; as Treasury demand has risen, the 10-year Note yield is off more than -50bp YTD, but without exposure, performance has suffered. There may indeed be some rotation in the relative demand for bond sectors as we near the end of tapering, so Sentinel Government Securities A will remain on Watch as the Fed's next policy steps unfold.

RidgeWorth Tot Rtn R (SCBLX)

Bonds

Fund Score: 3 (Status: Watch)

The Fund seeks to provide investors with a total return which consistently exceeds the total return of the broad U.S. investment grade bond market.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
RidgeWorth Tot Rtn R (SCBLX)	2.23%	4.00%	3.83%	4.62%	
Barclays US Gvt/Cr TRIX	1.92%	4.28%	4.08%	5.09%	4.94%
Out/(Under) Performing	0.31%	-0.28%	-0.24%	-0.47%	
Peer Group Ranking	27	78	54	82	

As before, RidgeWorth Total Return Bond remains on Watch given its 2012-2013 returns, which were a bit more than -200bp below its peer group. Fund management has been consistent in its perspective of a rising interest rate environment, yet we haven't seen much of that save last summer. A 100-basis point rise in the 10-year benchmark Treasury Note yield during 2013 was a painful adjustment to many issues, and RidgeWorth Total Return Bond was not alone in its performance lag. However, spreads have again tightened and performance has improved, with YTD returns tracking about 50bp ahead of the category. The fund remains on Watch given the potential of rising rates and/or market yield adjustments as we near this (perhaps final) round of Federal Reserve QE.

Templeton Gl Bond Adv (TGBAX)

Bonds

Fund Score: 8 (Status: Pass)

Templeton Global Bond invests in bonds issued by foreign governments, but may also invest in US Government bonds to a lesser extent. The fund holds bonds in a composition without regard to a benchmark, and provides exposure to foreign currencies.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Templeton Gl Bond Adv (TGBAX)	2.68%	7.41%	4.76%	8.42%	9.46%
Barclays Gl Aggreg TRIX	2.47%	7.38%	2.57%	4.60%	5.06%
Out/(Under) Performing	0.21%	0.03%	2.19%	3.82%	4.40%
Peer Group Ranking	34	44	15	7	1.40%

Templeton Global Bond Fund outperformed its benchmark, the Barclays Capital Global Aggregate Bond Index, for the quarter after underperforming in the first quarter. The primary drivers of the fund's relative outperformance for the quarter were related to the fund's currency positions and sovereign credit strategies. Overweight currency positions in the Asia-ex Japan and Americas regions were two of the largest contributors on a relative basis after detracting from results in the first quarter. After broad based selling in the first quarter, the emerging markets experienced a recovery in the second quarter as some of the fears driving the selling earlier in the year faded and the sector benefited from the liquidity being injected into the market by the BOJ's quantitative easing program. The fund continues to maintain a defensive duration posture offering low sensitivity to US interest rates in order to position the fund for what they believe will be a rising rate environment.

Fidelity Real Est Inc (FRIFX)

Specialty Options

Fund Score: 5 (Status: Pass)

The Fidelity Real Estate Income Fund invests in REITS, the debt of real estate entities, and commercial and other mortgage-backed securities, with an emphasis on lower-quality debt securities. The fund's primary objective is income, with a secondary goal of capital growth.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Fidelity Real Est Inc (FRIFX)	3.81%	9.80%	10.52%	15.47%	7.41%
FTSE NAREIT Eq TR IX	6.97%	13.18%	11.82%	23.51%	9.61%
Out/(Under) Performing	-3.16% 97	-3.38 % 92	-1.31 % 62	-8.04 %	-2.20 % 83
Peer Group Ranking					

Great-West Lifetime 2035 Trust I Fund Score: 9 (Status: Pass)	Т	arget Dato	e Funds		
Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Great-West Lifetime 2035 Trust II (c35mzr)	2.42%	17.00%			
DJ Target 2035 Index	4.24%	19.46%	10.37%	14.88%	8.27%
Out/(Under) Performing	-1.82%	-2.46%			
Peer Group Ranking	99	87			
Great-West Lifetime 2025 Trust I	II (c25m	zr)	Т	arget Date	e Funds
Fund Score: 9 (Status: Pass)	·	•			
Fund Score: 9 (Status: Pass) Trailing Returns	1 Qtr	1 Yr	3 Yr	arget Date	e Funds 10 Yr
Fund Score: 9 (Status: Pass)	·	•			
Fund Score: 9 (Status: Pass) Trailing Returns Great-West Lifetime 2025 Trust II (c25mzr)	1 Qtr 3.74%	1 Yr 15.22%	3 Yr	5 Yr	10 Yr
Fund Score: 9 (Status: Pass) Trailing Returns Great-West Lifetime 2025 Trust II (c25mzr) DJ Target 2025 Index Out/(Under) Performing	1 Qtr 3.74% 3.62% 0.12% 45	1 Yr 15.22% 15.11% 0.11% 68	3 Yr 8.36%	5 Yr	10 Yr 7.41%
Fund Score: 9 (Status: Pass) Trailing Returns Great-West Lifetime 2025 Trust II (c25mzr) DJ Target 2025 Index Out/(Under) Performing Peer Group Ranking Great-West Lifetime 2015 Trust I	1 Qtr 3.74% 3.62% 0.12% 45	1 Yr 15.22% 15.11% 0.11% 68	3 Yr 8.36%	5 Yr 12.08%	10 Yr 7.41% e Funds
Fund Score: 9 (Status: Pass) Trailing Returns Great-West Lifetime 2025 Trust II (c25mzr) DJ Target 2025 Index Out/(Under) Performing Peer Group Ranking Great-West Lifetime 2015 Trust I Fund Score: 9 (Status: Pass)	1 Qtr 3.74% 3.62% 0.12% 45	1 Yr 15.22% 15.11% 0.11% 68	3 Yr 8.36%	5 Yr 12.08% arget Date	10 Yr 7.41%

0.44%

35

1.41%

66

Great-West Lifetime 2055 Trust Fund Score: 9 (Status: Pass)	Target Date Funds				
Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Great-West Lifetime 2055 Trust II (c55mzr)	4.56%	20.72%			
DJ Target 2055 Index	4.63%	21.98%	11.55%	16.15%	8.68%
Out/(Under) Performing Peer Group Ranking	-0.06 %	-1.25% 66			

Out/(Under) Performing

Peer Group Ranking

Alger Spectra I (ASPIX)

(www.alger.com)

Facts HPA Benchmark: Russell 3000 Gro TR IX Return Data Inception: 9/24/08 Net Strategy Assets (\$M): \$4,216 Turnover Ratio: 114% Total Holdings 185 Percent of Assets in Top 10: 26.9% Expense Ratio: 1.28% 5 Year Morningstar Rating: 5 stars





Strategy

1.0

Manager Started:

Mgmt Company:

Phone Number:

Manager:

The investment seeks long-term capital appreciation. The fund invests primarily in the equity securities of companies of any size that Fred Alger Management, Inc. believes demonstrate promising growth potential. It can leverage, that is, borrow money to purchase additional securities. The fund can also invest in derivative instruments.

Legend

Patrick Kelly

Alger Funds II

800-992-3362

9/24/04

Alger Spectra I

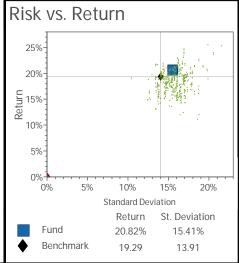
Russell 3000 Gro TR IX

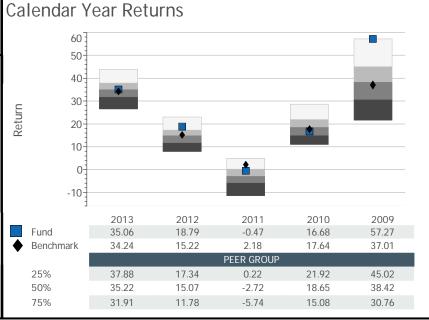
5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile

Universe: Multi-Cap Growth

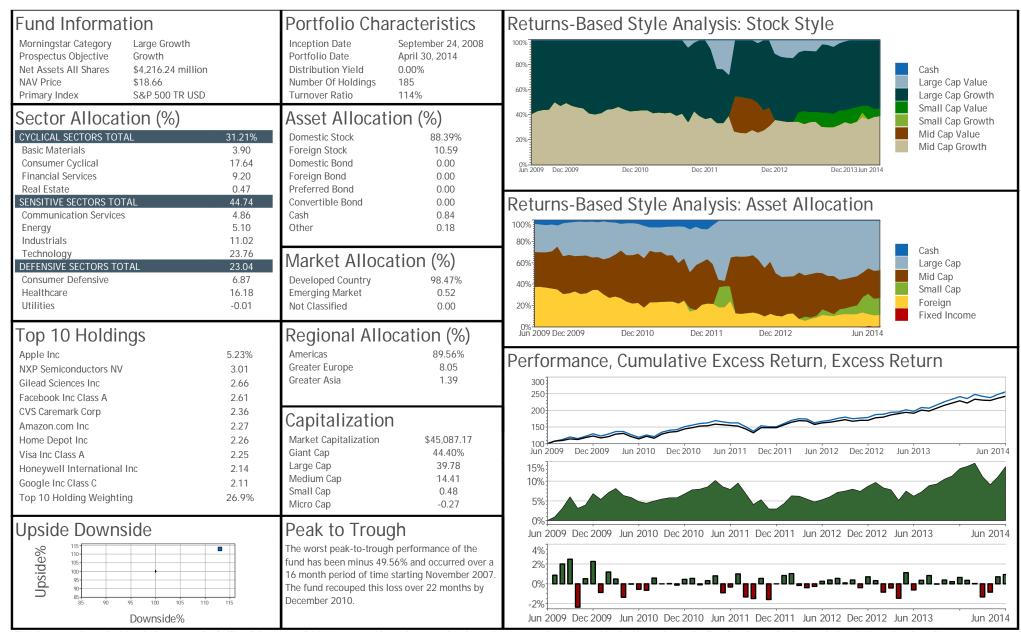


Standard Deviation					
25.00%					
20.00%					
15.00%	•	-	•	•	
10.00%					
5.00%					
0.00%					
	3 YRS	4 YRS	5 YRS	10 YRS	
nd	14.29	14.39	15.54	17.58	
nchmark	12.92	13.38	14.03	15.40	
		PEER G	ROUP		
%	16.20	16.28	16.70	18.43	
%	15.14	15.11	15.73	17.24	
%	14.09	14.17	14.62	16.24	
	25.00% - 20.00% - 15.00% - 5.00% - 0.00% - 10.00	25.00% 20.00% 15.00% 10.00% 5.00% 0.00% 3 YRS 14.29 12.92 % 16.20 15.14	25.00% 20.00% 15.00% 10.00% 3 YRS 4 YRS 14.29 14.39 12.92 13.38 PEER G 16.20 16.28 15.14 15.11	25.00% 20.00% 15.00% 10.00% 3 YRS	





Alger Spectra I (ASPIX)



This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Wheras returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

Perkins Mid Cap Value T (JMCVX)

(www.janus.com)

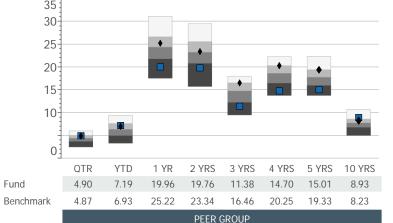


HPA Benchmark: Russell 3000 TR IX Return Data Inception: 8/12/98 Net Strategy Assets (\$M): \$8,835 Turnover Ratio: 60% Total Holdings 94 Percent of Assets in Top 10: 21.24% Expense Ratio: 0.76% 5 Year Morningstar Rating: 1 stars Manager: Thomas Perkins Manager Started: 8/12/98 Mgmt Company: Janus Investment Fund Phone Number: 877-335-2687

Style Matrix



Trailing Period Returns



25.50

23.21

20.81

16.47

14.76

12.28

20.27

18.62

16.52

19.36

17.77

15.98

8.58

7.71

19.76

26.58

24.36

21.84

Strategy

The investment seeks capital appreciation. The fund primarily invests in the common stocks of mid-sized companies whose stock prices the portfolio managers believe to be undervalued. It invests at least 80% of its net assets in equity securities of companies whose market capitalization falls, at the time of purchase, within the 12-month average of the capitalization range of the Russell Midcapr Value Index. This average is updated monthly. The fund may invest, under normal circumstances, up to 20% of its net assets in securities of companies having market capitalizations outside of the aforementioned market capitalization ranges.

Legend

Perkins Mid Cap Value T Russell 3000 TR IX

5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile

Universe: Multi-Cap Core

Cash Equivalent

Calendar Year Returns

4.95

4.35

3.68

7.61

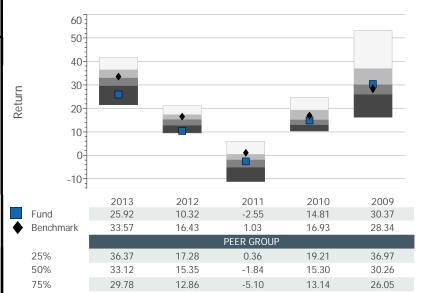
6.34

4.99

25%

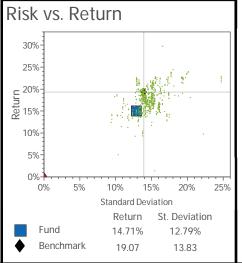
50%

75%

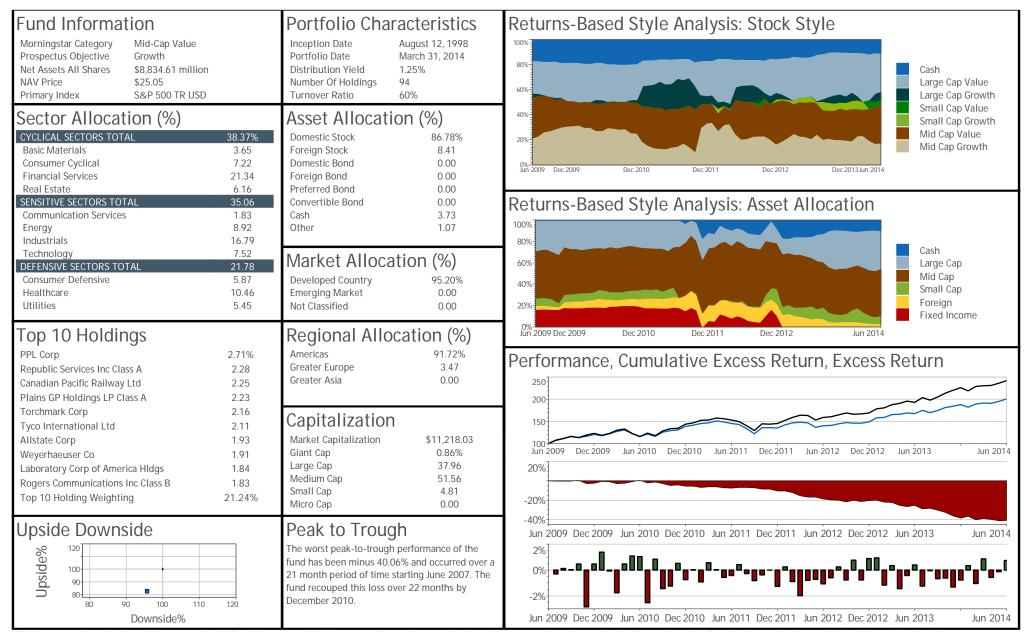


Standard Deviation





Perkins Mid Cap Value T (JMCVX)



This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Wheras returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

Nicholas Limited Edition N (NNLEX)

(www.nicholasfunds.com)

Facts

HPA Benchmark: Russell 2000 Gro TR IX Return Data Inception: 2/28/05 Net Strategy Assets (\$M): \$340 Turnover Ratio: 32% Total Holdings 96 Percent of Assets in Top 10: 14.21% Expense Ratio: 1.21% 5 Year Morningstar Rating: 2 stars Manager: David Nicholas Manager Started: 3/31/93 Mgmt Company: Nicholas Ltd Edition Inc Phone Number: 800-544-6547

Style Matrix



Trailing Period Returns 20 15 10 0

Fund Benchmark

QTR YTD 1 YR 2 YRS 3 YRS 5 YRS 10 YRS -0.15 17.97 18.61 11.45 18.09 18.07 8.71 1.73 2.22 24.74 24.20 14.49 21.14 20.50 9.04

PEER GROUP 25% 1.77 2.29 24.99 24.85 14.62 21.56 21.41 9.58 50% 0.49 0.80 22.49 22.46 13.05 20.01 20.14 8.85 75% -1.34 -1.45 18.73 20.29 11.35 18.60 18.76 18.61

Strategy

The investment seeks to increase the value of the investment over the longterm. The fund primarily invests in common stocks of domestic corporations with small- and medium-sized market capitalization believed to have growth potential. It believes a company's annual sales volume and market capitalization are the factors most illustrative of a company's size. The fund generally considers companies with market capitalization up to \$2 billion as "small", between \$2 billion and \$10 billion as "medium," and greater than \$10 billion as "large."

Legend

Nicholas Limited Edition N Russell 2000 Gro TR IX

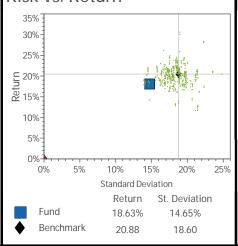
5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile

Universe: Small-Cap Growth Cash Equivalent

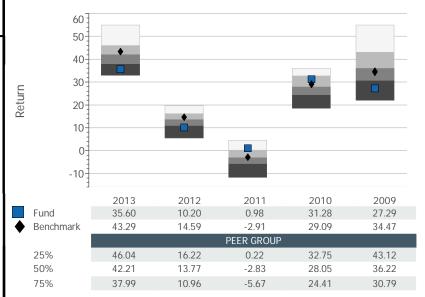
Standard Deviation



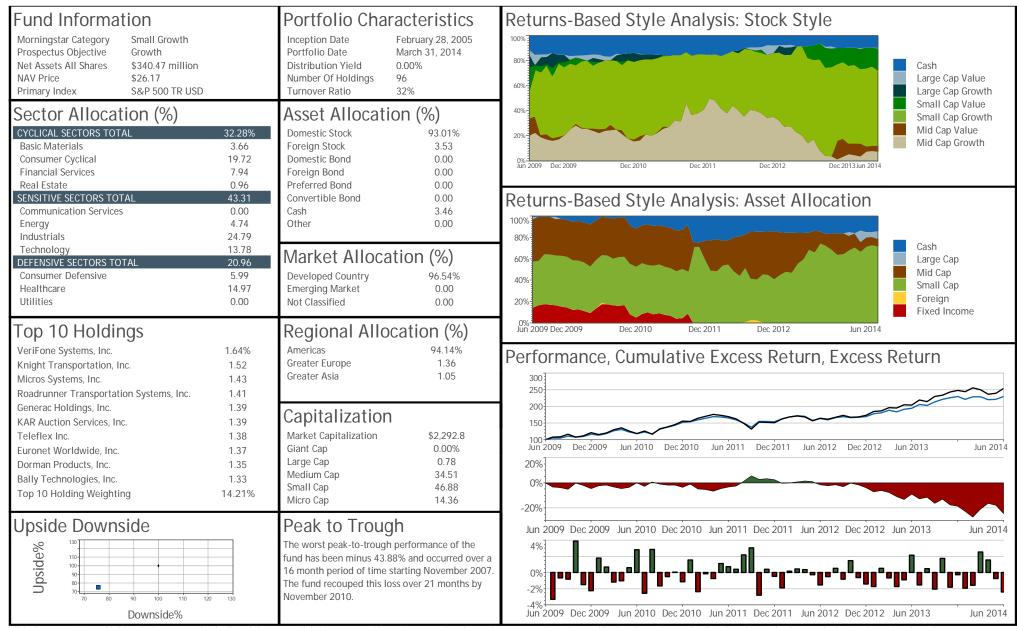
Risk vs. Return



Calendar Year Returns



Nicholas Limited Edition N (NNLEX)



This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Wheras returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

First Eagle Overseas A (SGOVX)

(www.firsteaglefunds.com)

Facts

HPA Benchmark: MSCI AC Wrld Ex US ND IX Return Data Inception: 8/31/93 Net Strategy Assets (\$M): \$15,479 Turnover Ratio: 12% **Total Holdings** 164 Percent of Assets in Top 10: 18.86% Expense Ratio: 1.15% 5 Year Morningstar Rating: 3 stars Matthew McI ennan Manager: Manager Started: 9/12/08 First Eagle Fund Mgmt Company: Phone Number: 800-334-2143

Style Matrix



Trailing Period Returns 30 :

3.86

3.04

4.10

2.78

21.17

18.29

50%

75%



19.44

17.06

6.97

5.59

12.59

11.52

11.55

10.42

6.55

14.44

Strategy

The investment seeks long-term growth of capital through investments primarily in equities issued by non-U.S. corporations. The fund will invest primarily in equity securities of companies traded in mature markets (for example, Japan, Germany and France) and may invest in countries whose economies are still developing. Normally, the fund invests at least 80% of its total assets in foreign securities (and "counts" relevant derivative positions towards this "80% of assets" allocation, and in doing so, values each position at the price at which it is held on the fund's books). It also may invest up to 20% of its total assets in debt instruments.

Legend

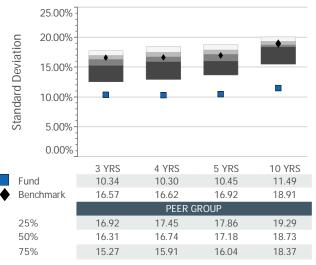
First Eagle Overseas A MSCI AC Wrld Ex US ND IX

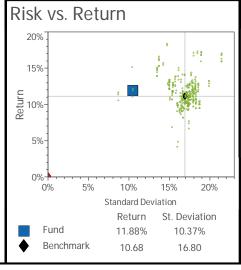
> 5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile

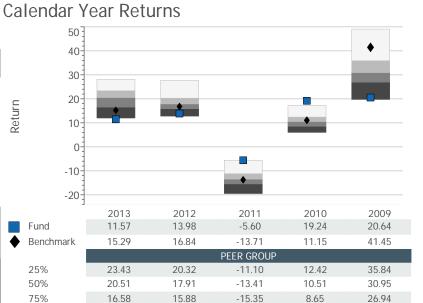
Universe: Intl Multi-Cap Core

Cash Equivalent

Standard Deviation







First Eagle Overseas A (SGOVX)

Fund Information Portfolio Characteristics Returns-Based Style Analysis: Foreign Stock Style Morningstar Category Foreign Large Blend Inception Date August 31, 1993 April 30, 2014 **Prospectus Objective** Foreign Stock Portfolio Date 80% Net Assets All Shares \$15,478.76 million Distribution Yield 1.80% **NAV Price** \$24.76 Number Of Holdings 164 Primary Index Turnover Ratio 12% 60%-MSCI ACWI Ex USA NR USD 40% Sector Allocation (%) Asset Allocation (%) CYCLICAL SECTORS TOTAL 29.68% Domestic Stock 0.16% 20% **Basic Materials** 13.51 Foreign Stock 70.02 Consumer Cyclical 8.57 Domestic Bond 0.000% 3 2009 Dec 2010 Dec 2011 Dec 2012 **Financial Services** 5.49 Foreign Bond 0.86 Real Estate 2.11 Preferred Bond 0.00 Returns-Based Style Analysis: Asset Allocation SENSITIVE SECTORS TOTAL 26.65 Convertible Bond 0.00 Communication Services 1.51 Cash 21.32 100% Energy 5.90 Other 7.64 80% 14.37 Industrials Technology 4.87 Market Allocation (%) 60% 13.34 **DEFENSIVE SECTORS TOTAL Developed Country** 65.29% Consumer Defensive 8.11 40% **Emerging Market** 4.89 Healthcare 5.23 Not Classified 0.00 0.00 Utilities 0% 1 Jun 2009 Top 10 Countries Regional Allocation (%) Dec 2010 Dec 2011 Dec 2012 22.03% Americas Japan Performance, Cumulative Excess Return, Excess Return **Greater Europe** France 10.54 30.12 Canada 7.03 Greater Asia 30.24 Germany 4.11 160 United Kingdom 3.76 Capitalization 140 Switzerland 3.34 120 Market Capitalization \$11.343.45 Mexico 2.48 2.22 Giant Cap 18.36% Singapore Jun 2009 Dec 2009 Jun 2010 Dec 2010 Jun 2011 South Korea 2.19 Large Cap 32.14 20% 14.48 Medium Cap Hong Kong 1.56 10% Small Cap 3.80 Top 10 Country Weighting 59.26% Micro Cap 0.37 **Upside Downside** Peak to Trough -10% 1 Jun 2009 Dec 2009 Jun 2010 Dec 2010 Jun 2011 Dec 2011 Jun 2012 Dec 2012 The worst peak-to-trough performance of the Upside% 5% fund has been minus 32.13% and occurred over a 16 month period of time starting November 2007. The fund recouped this loss over 19 months by September 2010. -5% Jun 2009 Dec 2009 Jun 2010 Dec 2010 Jun 2011 Dec 2011 Jun 2012 Dec 2012 Jun 2013 Downside%

This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an investor may have invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Wheras returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

Jun 2014

Foreign Large Value

Foreign Large Growth

Foreign Small Growth

Foreign Small Value

Foreign Emerging

Foreign Developed

Foreign Fixed Income

Jun 2014

Jun 2014

Jun 2012

Dec 2012

Dec 2011

Ivy International Core Equity Y (IVVYX)

50%

75%

4.05

3 41

4.33

3.03

21.81

19.24

19.64

17.05

7.17

6.27

12.70

11.86

11.11

10.28

6.60

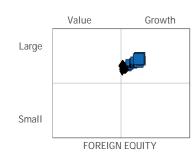
22.90

(www.ivyfunds.com)

Facts

HPA Benchmark: MSCI AC Wrld Ex US ND IX Return Data Inception: 7/24/03 Net Strategy Assets (\$M): \$2,288 Turnover Ratio: 87% **Total Holdings** 89 Percent of Assets in Top 10: 23.85% Expense Ratio: 1.29% 5 Year Morningstar Rating: 4 stars Manager: John Maxwell Manager Started: 2/17/06 Mgmt Company: Ivy Funds Phone Number: 800-777-6472

Style Matrix



Trailing Period Returns 30 : 25 20 15 10 0 YTD QTR 1 YR 2 YRS 3 YRS 4 YRS 5 YRS 10 YRS 8.25 22.90 8.59 14.22 Fund 28.65 12.97 10.40 Benchmark 7.75 5.02 5.56 17.63 5.74 21.75 11.28 11.11 PEER GROUP 4.90 23.29 20.51 25% 4.60 7.96 13.32 11.74 7.13

Strategy

The investment seeks to provide capital growth and appreciation. The fund invests, under normal circumstances, at least 80% of its net assets in equity securities principally traded largely in developed European and Asian/Pacific Basin markets. It may invest in issuers located or doing business in countries with new or comparatively underdeveloped economies. The adviser primarily uses a disciplined approach while looking for investment opportunities around the world, preferring cash-generating, well-managed and reasonably valued companies that are exposed to global investment themes which should yield above-average growth.

Legend

Ivy International Core Equity Y MSCI AC Wrld Ex US ND IX

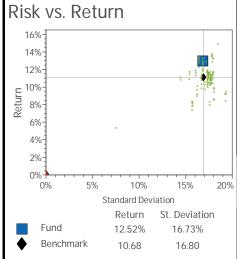
5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile

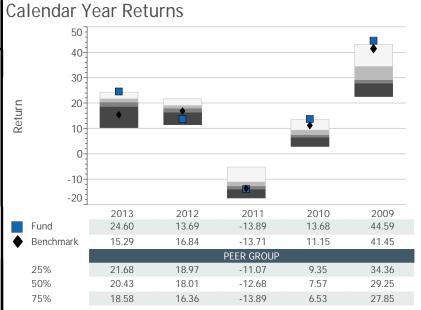
Universe: Intl Large-Cap Core

Cash Equivalent

Standard Deviation







Ivy International Core Equity Y (IVVYX)

Fund Information Portfolio Characteristics Returns-Based Style Analysis: Foreign Stock Style Morningstar Category Foreign Large Blend Inception Date July 24, 2003 **Prospectus Objective** Aggressive Growth Portfolio Date March 31, 2014 80%-Net Assets All Shares \$2,288,36 million Distribution Yield 1.82% **NAV Price** \$20.48 Number Of Holdings Primary Index Turnover Ratio 87% 60% MSCI ACWI Ex USA NR USD Foreign Large Value 40% Foreign Large Growth Sector Allocation (%) Asset Allocation (%) Foreign Small Value CYCLICAL SECTORS TOTAL 37.60% Domestic Stock 2.62% 20%-Foreign Small Growth **Basic Materials** 1.68 Foreign Stock 92.03 Consumer Cyclical 18.13 Domestic Bond 0.33 0% 1 Jun 2009 Dec 2010 Dec 2012 **Financial Services** 14.49 Foreign Bond 0.00 Real Estate 3.30 Preferred Bond 0.00 Returns-Based Style Analysis: Asset Allocation SENSITIVE SECTORS TOTAL 31.77 Convertible Bond 0.00 Communication Services 7.12 Cash 0.17 100% Energy 10.08 Other 4.86 80% Industrials 6.74 Technology 7.83 Market Allocation (%) 60% 25.28 **DEFENSIVE SECTORS TOTAL** Foreign Emerging **Developed Country** 86 93% Consumer Defensive 11.53 40% Foreign Developed **Emerging Market** 7.72 Healthcare 12.44 Foreign Fixed Income Not Classified 0.00 20% Utilities 1.31 0%³ Jun 2009 Top 10 Countries Regional Allocation (%) Dec 2010 Dec 2011 Dec 2012 Jun 2014 United Kingdom 18.08% Americas 8.02% Performance, Cumulative Excess Return, Excess Return **Greater Europe** Japan 17.95 54 94 France 13.01 Greater Asia 31.69 Germany 6.52 160 Australia 5.27 Capitalization 140 Spain 3.94 Market Capitalization \$30.310.09 120 Switzerland 3.42 3.20 Giant Cap 49.72% Netherlands Dec 2009 Jun 2010 Dec 2010 Jun 2011 Dec 2011 Jun 2012 Dec 2012 Jun 2013 **United States** 2.94 Large Cap 34.91 20% 10.02 Medium Cap Brazil 2.83 Small Cap 0.00 Top 10 Country Weighting 77.16% 10% Micro Cap 0.00 **Upside Downside** Peak to Trough Dec 2009 Jun 2010 Dec 2010 Jun 2011 Dec 2011 Jun 2012 Dec 2012 Jun 2013 The worst peak-to-trough performance of the Upside% 4% fund has been minus 53.07% and occurred over 2% 100 a 16 month period of time starting November 2007. The fund recouped this loss over 55 months by September 2013. Downside% Jun 2009 Dec 2009 Jun 2010 Dec 2010 Jun 2011 Dec 2011 Jun 2012 Dec 2012 Jun 2013 Jun 2014

This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Wheras returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

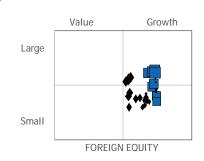
Oppenheimer Developing Markets Y (ODVYX)

(www.oppenheimerfunds.com)

Facts

HPA Benchmark: MSCI Emerging Mkt ND IX Return Data Inception: 9/7/05 Net Strategy Assets (\$M): \$42,970 Turnover Ratio: 29% **Total Holdings** 123 Percent of Assets in Top 10: 23.97% Expense Ratio: 1.01% 5 Year Morningstar Rating: 5 stars Manager: Justin Leverenz Manager Started: 5/1/07 Mgmt Company: Oppenheimer Developing Markets Fund

Style Matrix



Trailing Period Returns

5.67

4.29

6.76

5.56

-4.74

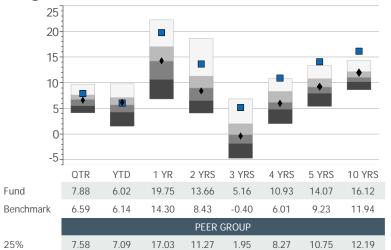
14.19

10.66

50%

75%

75%



8.98

6.53

-0.15

-1.84

6.19

4.83

9.18

7.97

11.06

13.66

Strategy

Phone Number:

The investment seeks capital appreciation. The fund mainly invests in common stocks of issuers in developing and emerging markets throughout the world and at times it may invest up to 100% of its total assets in foreign securities. Under normal market conditions, it will invest at least 80% of its net assets, plus borrowings for investment purposes, in equity securities of issuers whose principal activities are in a developing market, i.e. are in a developing market or are economically tied to a developing market country. The fund will invest in at least three developing markets.

Legend

800-225-5677

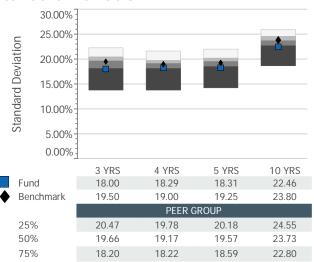
Oppenheimer Developing Markets Y MSCI Emerging Mkt ND IX

5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile

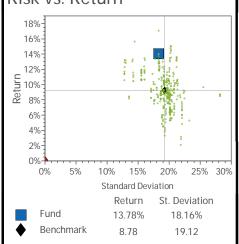
Universe: Emerging Markets

Cash Equivalent

Standard Deviation



Risk vs. Return





15.56

-22.56

17.07

67.70

Oppenheimer Developing Markets Y (ODVYX)

Fund Information Portfolio Characteristics Returns-Based Style Analysis: Foreign Stock Style Morningstar Category **Diversified Emerging Mkts** Inception Date September 7, 2005 **Prospectus Objective Diversified Emerging Markets** Portfolio Date May 31, 2014 80% Net Assets All Shares \$42,969.7 million Distribution Yield 0.41% **NAV Price** \$39.82 Number Of Holdings 123 Primary Index Turnover Ratio 29% 60% MSCI ACWI Ex USA NR USD 40% Sector Allocation (%) Asset Allocation (%) CYCLICAL SECTORS TOTAL 40.45% Domestic Stock 0.00% 20%-**Basic Materials** 6.41 Foreign Stock 92.74 Consumer Cyclical 15.71 Domestic Bond 0.00 0% 1 Jun 2009 Jun 2014 **Financial Services** 14.94 Foreign Bond 0.00 Real Estate 3.39 Preferred Bond 2.24 Returns-Based Style Analysis: Asset Allocation SENSITIVE SECTORS TOTAL 29.50 Convertible Bond 0.00 Communication Services 3.26 Cash 5.02 100% Energy 8 48 Other 0.00 80% 3.08 Industrials Technology 14.68 Market Allocation (%) 60% **DEFENSIVE SECTORS TOTAL** 22.81 **Developed Country** 26.00% Consumer Defensive 19.83 40% **Emerging Market** 66.74 Healthcare 2.98 Not Classified 0.00 0.00 Utilities 0%³ Jun 2009 Top 10 Countries Regional Allocation (%) Dec 2010 Dec 2011 Dec 2012 Jun 2014 China 14.63% Americas 20.05% Performance, Cumulative Excess Return, Excess Return **Greater Europe** Brazil 12.00 20.52 India 10.89 Greater Asia 41.08 Russia 7.70 160 United Kingdom 7.26 Capitalization 140 Hong Kong 5.67 Market Capitalization \$18,919,21 120 Mexico 5.04 3.39 Giant Cap 40.67% Turkey Jun 2009 Dec 2009 Jun 2010 Dec 2010 Jun 2011 Dec 2011 Jun 2012 Dec 2012 Indonesia 2.61 Large Cap 40.26 40% 10.14 Medium Cap France 2.46 Small Cap 0.00 Top 10 Country Weighting 71.65% 20% Micro Cap 0.00 **Upside Downside** Peak to Trough Jun 2010 Dec 2010 Jun 2011 Dec 2011 Jun 2012 Dec 2012 Upside% 120 The worst peak-to-trough performance of the 4% fund has been minus 57.19% and occurred over 2% 100 a 16 month period of time starting November 90 2007. The fund recouped this loss over 19 2Nmonths by September 2010. -2% 100 110 120 Downside% Jun 2009 Dec 2009 Jun 2010 Dec 2010 Jun 2011 Dec 2011 Jun 2012 Dec 2012 Jun 2013

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Jun 2014

Foreign Large Value

Foreign Small Value

Foreign Emerging

Foreign Developed

Jun 2013

Foreign Fixed Income

Dec 2013 Jun 2014

Foreign Large Growth

Foreign Small Growth

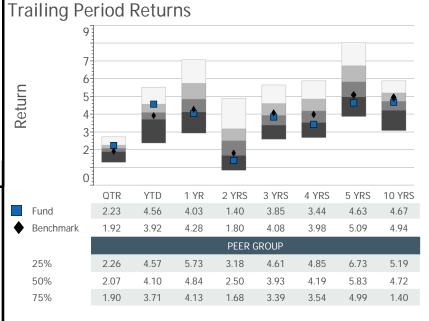
RidgeWorth Total Return Bond R (SCBLX)

(www.ridgeworth.com)



Style Matrix Long Short High Quality Low Quality

FIXED INCOME



Strategy

Standard Deviation

The investment seeks total return that consistently exceeds the total return of the broad U.S. investment grade bond market. The fund invests in various types of income-producing debt securities including mortgage- and asset-backed securities, government and agency obligations, corporate obligations and floating rate loans. It normally invests at least 80% of its net assets (plus any borrowings for investment purposes) in fixed income securities. The fund may invest in debt obligations of U.S. and non-U.S. issuers, including emerging market debt. It may invest up to 20% of its net assets in below investment grade, high yield debt obligations.

Legend

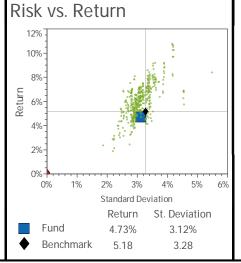
RidgeWorth Total Return Bond R

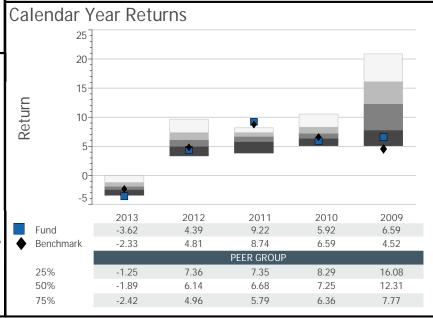
Barclays US Gvt/Cr TRIX

5th to 25th Percentile
25th Percentile to Median
Median to 75th Percentile
75th to 95th Percentile

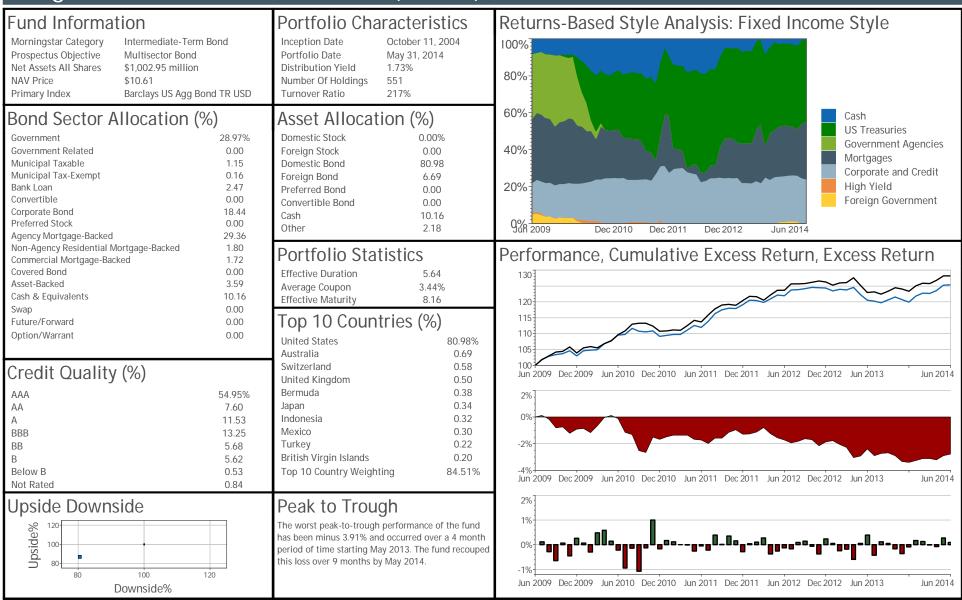
Universe: Core Bond
Cash Equivalent

Staric	Standard Deviation						
	6.00%						
on	5.00%						
viati	4.00%				•		
rd De	3.00%						
Standard Deviation	2.00%						
S	1.00%						
	0.00%						
		3 YRS	4 YRS	5 YRS	10 YRS		
Fun	d	3.02	3.03	3.14	3.31		
Ben	chmark	3.19	3.20	3.30	3.91		
			PEER G	ROUP			
25%	6	2.99	2.91	3.35	4.03		
50%	6	2.86	2.80	3.05	3.63		
75%	6	2.73	2.70	2.89	3.33		





RidgeWorth Total Return Bond R (SCBLX)



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Sentinel Government Securities A (SEGSX)

(www.sentinelinvestments.com)

Facts HPA Benchmark: Barclays US Gvt TRIX Return Data Inception: 9/2/86 Net Strategy Assets (\$M): \$413 Turnover Ratio: 795% Total Holdings 39 Percent of Assets in Top 10: 47.7% Expense Ratio: 0.83% 5 Year Morningstar Rating: 2 stars Manager: Jason Doiron





Strategy

Manager Started:

Mgmt Company:

Phone Number:

The investment seeks high current income while seeking to control risk. The fund normally invests at least 80% of its net assets in U.S. government securities and related derivatives. Related derivatives include exchange-traded futures on U.S. Treasury notes and bonds, and options on these futures, and other derivatives intended to hedge interest rate risk, such as swaps, options on swaps, and interest rate caps and floors. It invests mainly in U.S. government bonds. These bonds include direct obligations of the U.S. Treasury, obligations guaranteed by the U.S. government, and obligations of U.S. government agencies and instrumentalities.

Legend

3/29/12

800-282-3863

Sentinel Group Funds Inc

Sentinel Government Securities A

Barclays US Gvt TRIX

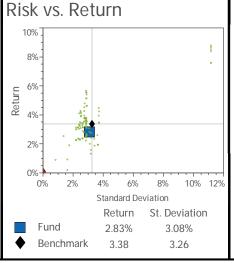
5th to 25th Percentile
25th Percentile to Median
Median to 75th Percentile
75th to 95th Percentile

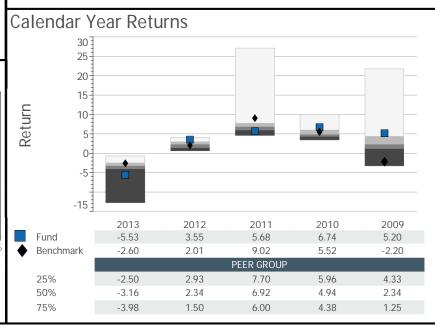
Universe: General US Govt

Cash Equivalent

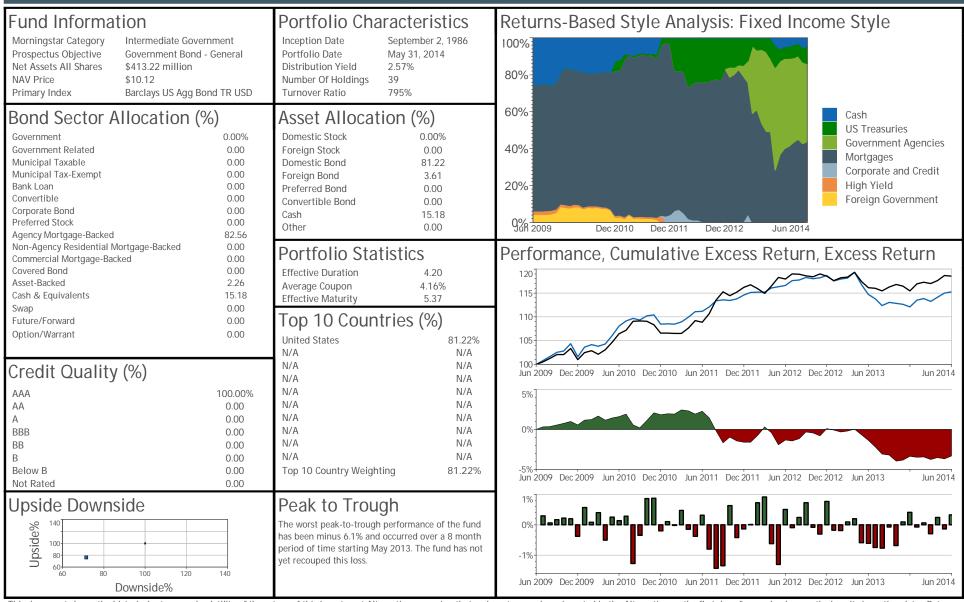
Standard Deviation







Sentinel Government Securities A (SEGSX)



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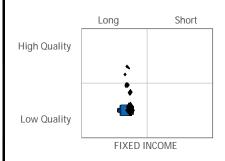
Templeton Global Bond Adv (TGBAX)

(www.franklintempleton.com)

Facts

HPA Benchmark: Barclays GI Aggreg TRIX Return Data Inception: 12/31/96 Net Strategy Assets (\$M): \$72,007 Turnover Ratio: 42% Total Holdings 220 Percent of Assets in Top 10: 18.79% Expense Ratio: 0.61% 5 Year Morningstar Rating: 4 stars Manager: Michael Hasenstab Manager Started: 12/31/01 Mgmt Company: Templeton Income Trust

Style Matrix



Trailing Period Returns 12 10 Return -2 QTR YTD 1 YR 2 YRS 3 YRS 4 YRS 5 YRS 10 YRS 2.68 3.46 7.68 8.42 Fund 7.41 4.76 6.98 9.46 Benchmark 2.47 4.93 7.38 2.49 2.57 4.50 4.60 5.06 PEER GROUP 25% 3.14 5.67 8.84 5.19 4.01 6.12 7.45 6.32

Strategy

Phone Number:

The investment seeks current income with capital appreciation and growth of income. Under normal market conditions, the fund invests at least 80% of its net assets in "bonds." Bonds include debt securities of any maturity, such as bonds, notes, bills and debentures. It invests predominantly in bonds issued by governments and government agencies located around the world. The fund may invest up to 25% of its total assets in bonds that are rated below investment grade. It is non-diversified.

Legend

800-632-2301

Templeton Global Bond Adv Barclays GI Aggreg TRIX

5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile

50%

75%

2.59

2.32

5.02

4.24

7.20

5.86

3.23

1.70

2.35

1.11

5.04

4.13

5.30

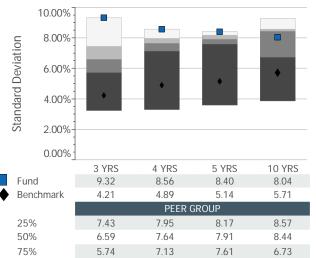
3.94

5.32

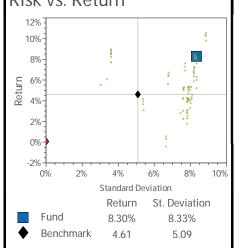
7.68

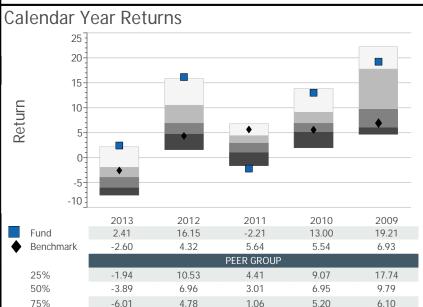
Universe: Intl Income Cash Equivalent

Standard Deviation

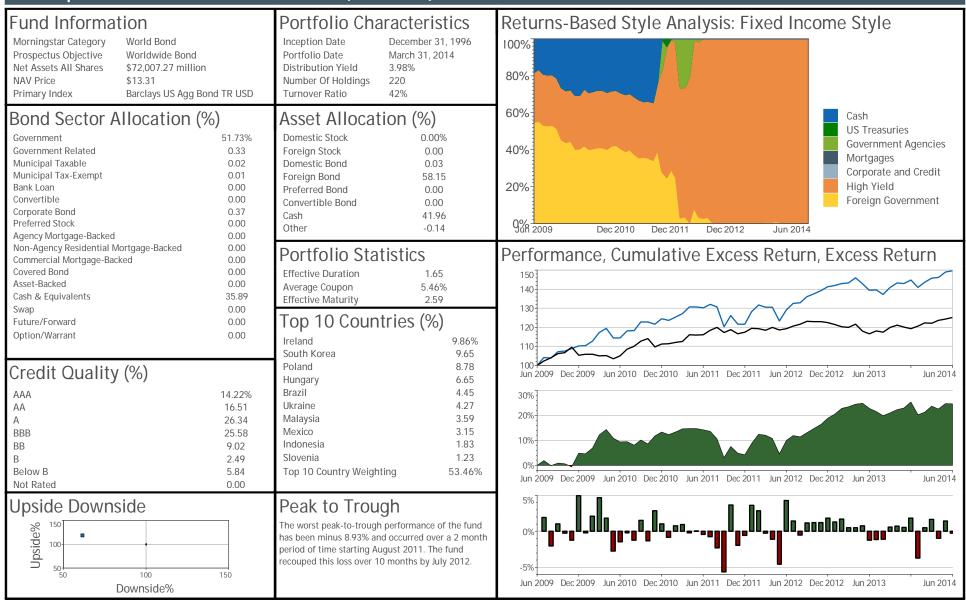


Risk vs. Return





Templeton Global Bond Adv (TGBAX)



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Fidelityr Real Estate Income (FRIFX)

(advisor.fidelity.com)



FTSE NAREIT Eq TR IX Return Data Inception: 2/4/03 Net Strategy Assets (\$M): \$4,205 Turnover Ratio: 26% Total Holdings 574 Percent of Assets in Top 10: 15.6% Expense Ratio: 0.84% 5 Year Morningstar Rating: 1 stars Manager: Mark Snyderman Manager Started: 2/4/03 Mgmt Company: Fidelity Securities Fund

Style Matrix



Trailing Period Returns 25 20 Return 15 10 QTR YTD 1 YR 2 YRS 3 YRS 4 YRS 5 YRS 10 YRS

Strategy

Phone Number:

The investment seeks higher than average income; and capital growth is the secondary objective. The fund normally invests primarily in preferred and common stocks of REITs; debt securities of real estate entities; and commercial and other mortgage-backed securities, with an emphasis on lower-quality debt securities. It invests at least 80% of assets in securities of companies principally engaged in the real estate industry and other real estate related investments. The fund may invest in domestic and foreign issuers.

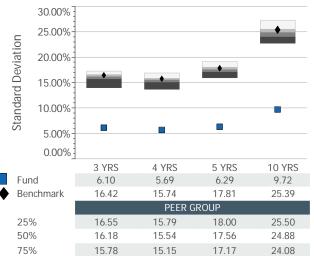
Legend

800-544-8544

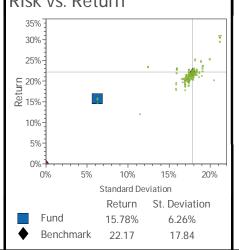
- Fidelityr Real Estate Income FTSE NAREIT Eq TR IX
- 5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile
- Universe: Real Estate Cash Equivalent

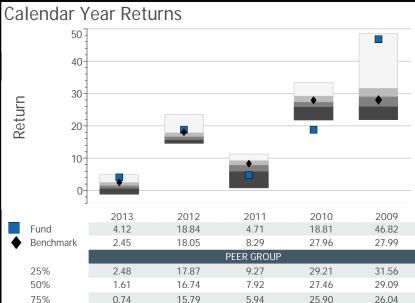
	Fund	3.81	9.35	9.80	10.96	10.52	11.98	15.47	7.41
•	Benchmark	6.97	17.64	13.18	11.27	11.82	16.90	23.51	9.61
					PEER (GROUP			
	25%	7.22	17.51	14.21	11.01	11.44	16.63	23.25	9.92
	50%	6.87	17.08	13.03	10.22	10.71	15.95	22.55	8.91
	75%	6.54	16.27	12.16	9.50	10.19	15.34	21.49	10.96

Standard Deviation

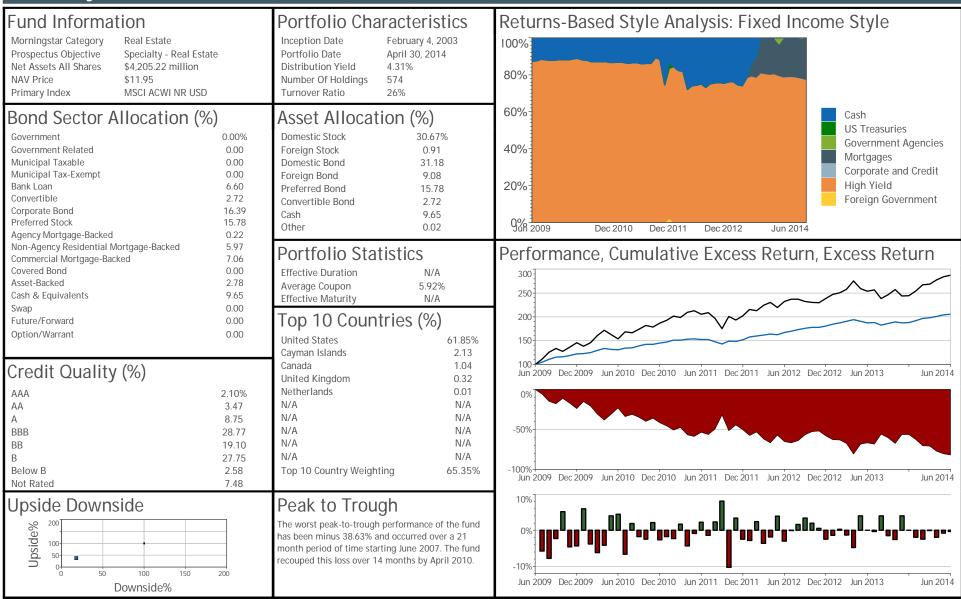


Risk vs. Return





Fidelityr Real Estate Income (FRIFX)



This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an investor may have invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Wheras returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

Oakmark Equity & Income I (OAKBX)

(www.oakmark.com)

Facts

HPA Benchmark: DJ Moderate IX Return Data Inception: 11/1/95 Net Strategy Assets (\$M): \$21,163 Turnover Ratio: 25% **Total Holdings** 226 Percent of Assets in Top 10: 28.31% Expense Ratio: 0.77% 5 Year Morningstar Rating: 2 stars Manager: Clyde McGregor Manager Started: 11/1/95 Mgmt Company: Harris Associates Investment Trust Phone Number: 800-625-6275

Style Matrix



Trailing Period Returns 20 15 10 0 QTR YTD 1 YR 2 YRS 3 YRS 4 YRS 5 YRS 10 YRS Fund 3.19 5.02 21.69 16.89 10.58 12.96 12.62 8.24 Benchmark 3.79 8.95 5.76 16.21 13.38 11.79 12.21 7.39

PEER GROUP

10.01

8.57

7.39

12.59

11.20

10.00

12.64

11.60

10.55

6.88

6.23

16.89

14.35

12.60

11.06

Strategy

The investment seeks income and preservation and growth of capital. The fund invests primarily in a diversified portfolio of U.S. equity and debt securities (although the fund may invest up to 35% of its total assets in equity and debt securities of non-U.S. issuers). It is intended to present a balanced investment program between growth and income by investing approximately 40-75% of its total assets in common stock, including securities convertible into common stock, and up to 60% of its assets in U.S. government securities and debt securities, including inflation-indexed securities, rated at time of purchase within the two highest grades.

Legend

Oakmark Equity & Income I
DJ Moderate IX

5th to 25th Percentile 25th Percentile to Median Median to 75th Percentile 75th to 95th Percentile

Universe: Mix Tgt All Mod



Calendar Year Returns

3.72

3.37

3.01

5.84

5.08

4.53

16.17

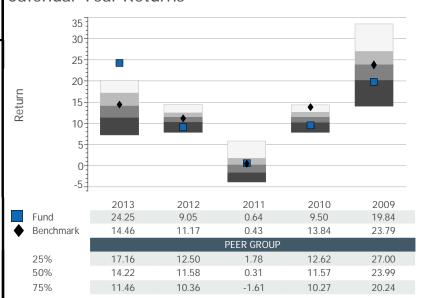
14.74

12.98

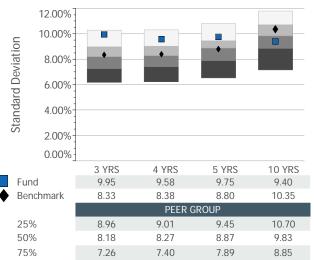
25%

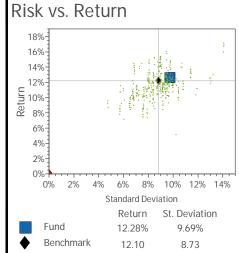
50%

75%

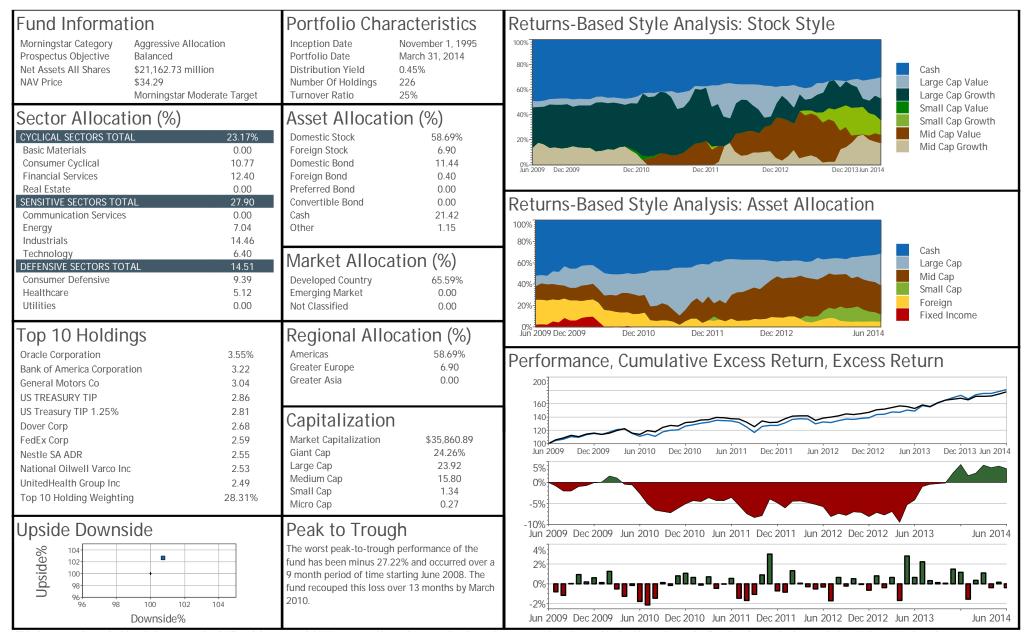


Standard Deviation





Oakmark Equity & Income I (OAKBX)



This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Wheras returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

County of Fresno 457 Plan - Changes

Current Lineup					Proposed Lineup
Asset Class			ACTION:		
US Large Cap	Ticker			Ticker	
Index		BlackRock Equity Index - Collective F	Кеер		BlackRock Equity Index - Collective F
Growth	ASPIX	Alger Spectra I	Кеер	ASPIX	Alger Spectra I
Value	GSFTX	Columbia Dividend Income Z	Кеер	GSFTX	Columbia Dividend Income Z
US Mid Cap					
Index		BlackRock Mid Cap Index - Collective F	Кеер		BlackRock Mid Cap Index - Collective F
Growth	HFCIX	Hennessy Focus Funds Institutional	Кеер	HFCIX	Hennessy Focus Funds Institutional
Value	JMVAX	Perkins Mid Cap Value I	Кеер	JMVAX	Perkins Mid Cap Value I
US Small Cap					
Index		BlackRock Russell 2000 Index - Collective F			BlackRock Russell 2000 Index - Collective F
Blend	RYSEX	Royce Special Equity Invmt	Кеер	RYSEX	Royce Special Equity Invmt
Growth	NCLEX	Nicholas Limited Edition I	Кеер	NCLEX	Nicholas Limited Edition I
Value	JSCOX	Perkins Small Cap Value I	Кеер	JSCOX	Perkins Small Cap Value I
Foreign Stocks					
Index		BlackRock EAFE Equity Index - Collective F	Кеер		BlackRock EAFE Equity Index - Collective F
Blend	MSIIX	MainStay International Equity I	Кеер	MSIIX	MainStay International Equity I
Value	SGOVX	First Eagle Overseas A	Мар		Ivy International Core Equity R
Emerging Blend	ODVYX	Oppenheimer Developing Markets Y	Кеер	ODVYX	Oppenheimer Developing Markets Y
Blend	IVVYX	Ivy International Core Equity Y	Мар		Ivy International Core Equity R
Fixed Income					
Stable Value		County of Fresno Stable Value Fund	Кеер		County of Fresno Stable Value Fund
Intermediate		BlackRock US Debt Index - Collective F	Кеер		BlackRock US Debt Index - Collective F
	TGBAX	Templeton Global Bond Adv	Кеер	TGBAX	Templeton Global Bond Adv
Government	SCBLX	RidgeWorth Total Return Bond R	Кеер	SCBLX	RidgeWorth Total Return Bond R
	SEGSX	Sentinel Government Securities A	Кеер	SEGSX	Sentinel Government Securities A
Specialty Options					
Moderate	OAKBX	Oakmark Equity & Income I	Кеер	OAKBX	Oakmark Equity & Income I
Utilities	FRUAX	Franklin Utilities Adv	Кеер	FRUAX	Franklin Utilities Adv
Real Estate	FRIFX	Fidelity Real Estate Income	Кеер	FRIFX	Fidelity Real Estate Income
Target Date Funds	(QDIA)				
Target		Great-West Lifetime 2015 Trust II	Кеер		Great-West Lifetime 2015 Trust II
Target		Great-West Lifetime 2025 Trust II	Кеер		Great-West Lifetime 2025 Trust II
Target		Great-West Lifetime 2035 Trust II	Кеер		Great-West Lifetime 2035 Trust II
Target		Great-West Lifetime 2045 Trust II	Кеер		Great-West Lifetime 2045 Trust II
Target		Great-West Lifetime 2055 Trust II	Кеер		Great-West Lifetime 2055 Trust II

ITEM 10

ANNUAL CHECKLIST FOR FIDUCIARIES

When you're a fiduciary, there are a lot of responsibilities and a lot of things to do in a year. Way more than you can possibly keep track of unless being a fiduciary is your only job.

This checklist helps solve that problem. It's comprehensive, so if you use it, you won't forget or neglect any responsibilities or actions.

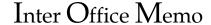
	Topic	Required for 457 Plans	Seeking to comply with ERISA	Completion Date	Next Steps/Notes
1_	Review all plan documents: Please see Appendix A	Yes	Yes		In Progress
	Ensure fiduciaries are aware of their duties and responsibilities (Fiduciary Training)	Yes	Yes	Q2	Completed by GWL in April of 2014
	Provider service agreements updated	Yes	Yes		In Progress for GWL and NW. HPA executed in April
2	Review ERISA bond Coverage Level and liability insurance if deemed appropriate	No			Being investigated by staff
	Review investment manager fees and provider fees and services for reasonableness	Yes	Yes	Q2	Completed as part of RFP
	Conduct FINRA/SEC check for advisor/consultant and confirm advisor's fiduciary status in writing	Yes	Yes		Completed by Staff in 2013. Only required once
	Conduct committee meetings 2/yr.	Yes	Yes		Ongoing

4 🚄

Review timing of contribution deposits	No	Yes	Coordinate with Nationwide and confirm same day deposit are occurring
Establish a process for record management: Investment due diligence reports, meeting minutes, selection of third party advice providers, participant communications, participant records (investment elections, contribution election, etc.), reports provided by third party vendors (investment reviews, participant demographics), and fund changes and decision making process	Yes	Yes	Ongoing
Review funds to ensure participants have adequate choice	Yes	Yes	Completed in 2013
Review annual participant communication plan and document all participant communications: Annual notices, Summary Annual reports, education materials, investment materials, Summary of Plan Description, Summary of Material Modification (if applicable), quarterly statements, 404a5	Yes	Yes	In progress with Nationwide
Audit participant mailing addresses and document process for lost participant searches	Yes	Yes	Ongoing: GWL to send County PSC Report
Comply with fee disclosure rules 408(b)(2)	No	Yes	In Progress getting from Nationwide
SSAE 16 report received from service provider	No	Yes	In Progress getting from Nationwide
Establish Plan Budgets	N/A	N/A	Fiscal budget completed annually
Fund Share Class Review: least expensive net	No	N/A	To be completed by Nationwide in September

Appendix A

Plan Document (including amendments, determinations letters, & Option letters),	In Progress with Nationwide
IPS (Do your QDIA comply?)	Completed in 2013
Committee Bylaws/Charter	Completed in 2013
Trust Documents	In Progress with Nationwide
Make sure named fiduciaries are accurate, all documents are consistent, and that the document still fits your current needs. Consult council where applicable	On going





DEPARTMENT OF PERSONNEL SERVICES

ITEM 11

DATE: September 26, 2014

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager

SUBJECT: 2013-14 Fiscal Year Deferred Compensation Plan Budget Update

Background

Pursuant to Section 9.5 of the County of Fresno 457(B) Deferred Compensation Plan Document, any reasonable expenses related to the operation of the Deferred Compensation Plan (the "Plan"), such as third-party administration, consulting, legal and County staff costs, shall be charged to Plan participants. The County currently charges the Plan for the cost of the third-party administrator (Great-West) and for consulting services (Heintzberger-Payne), as well as time spent by County staff (including Personnel Services and County Counsel staff) in support of Plan activities and for outside legal counsel to review Plan-related documents.

<u>Issue</u>

Staff has prepared a budget update for the 2013-14 fiscal year that ended June 30, 2014 (Attachment "A"). Staff would like to note and explain the revenue and expense discrepancies:

- Revenues were higher than what was projected. This is due to two factors:
 - o The Plan received both revenue-sharing from the mutual funds (in October 2013) and the first quarterly participant fee (in December 2013). Going forward, revenue-sharing has been eliminated; therefore, any discrepancies should be minimal.
 - o The budget assumed Plan assets of \$175 million, while assets grew to over \$200 million.
- Expenses are less than what was budgeted. Legal fees were less than what was budgeted, as County Counsel did not begin their review of service agreements with the next Plan Record-keeper, Nationwide Retirement Solutions. In addition, the contingency budget has not been needed.
- **Great-West fees exceeded what was budgeted.** The discrepancy in Great West fees is due to higher than expected Plan assets, which is how the fees are generated a flat 0.0375% per quarter (0.15% annually); the budget anticipated assets of \$175 million, but Plan assets have increased to over \$200 million.
- Costs of the Plan Record-keeper RFP and Fiduciary Liability Insurance Policy were not incurred in FY 2013-14. As the Plan Record-keeper RFP process did not conclude until after the close of the fiscal year, the Plan was not billed by Heintzberger-Payne Advisors. The Fiduciary Liability Insurance Policy was executed by the Board of Supervisors on July 15, 2014, and will be an expense for FY 2014-15.

ITEM 11 - ATTACHMENT "A"

County of Fresno Deferred Compensation Plan

Actual vs. Budgeted Revenues & Expenses for the Fiscal Year Ending June 30, 2014

<u>Revenue</u>	Actuals	Budget	0	ver/(Under) Budget	% Variance
Revenue	\$ 501,226	\$ 402,500	\$	98,726	24.5%
Great-West Reimbursement	\$ 70,000	\$ 70,000	\$	-	0.0%
Totals:	\$ 571,226	\$ 472,500	\$	98,726	20.9%
<u>Expenses</u>	Actuals	Budget	(0	Over)/Under Budget	% Variance
Consultant Fees	\$ (50,000)	\$ 50,000	\$	-	0.0%
Great-West Fees	\$ (278,915)	\$ 255,000	\$	(23,915)	-9.4%
RFP Costs*	\$	\$ 30,000	\$	30,000	100.0%
Fiduciary Liability*	\$ 1	\$ 10,000	\$	10,000	100.0%
Legal fees	\$ (3,514)	\$ 25,000	\$	21,486	85.9%
Lunch & Learn Events	\$ (134)	\$ 8,000	\$	7,866	98.3%
NAGDCA	\$ (3,874)	\$ 5,500	\$	1,626	29.6%
Staff Costs	\$ (54,123)	\$ 54,000	\$	(123)	-0.2%
Contingencies	\$ -	\$ 35,000	\$	35,000	100.0%

\$

81,939

17.3%

472,500

\$

(390,561) \$

Totals:

^{*}These costs will not be incurred until FY 2014-15





DEPARTMENT OF PERSONNEL SERVICES

ITEM 12

DATE: September 26, 2014

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager

SUBJECT: Report on Staff Attendance of 2014 NAGDCA Conference

On February 27, 2014, your Council approved a Fiscal Year 2014-15 budget which included the cost of sending two attendees to the National Association of Governmental Defined Contribution Administrators' (NAGDCA) annual conference in San Antonio, Texas. Pursuant to that direction, Councilmember Kathleen Donawa and a member of staff, David Joseph, attended the event from September 15-17, 2014. A number of helpful presentations have been posted to the Deferred Compensation Management Council website for your Council's review.

While our attendees will report on their experience with the 2014 conference, some of their key takeaways include:

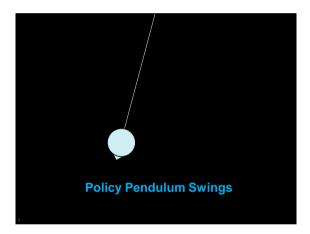
- Communication and education campaigns should focus on income replacement, rather an accumulation of assets.
- Participants should be encouraged to utilize investment assistance, such as a target-date fund or managed account service.
- Simplify the Plan for participants by offering fewer investment options, scaled-down forms, and auto-escalation of contributions.
- Participant communications should be personalized based on demographic information to improve effectiveness.

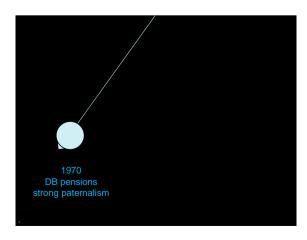
Behavioral Economics and Behavior Change

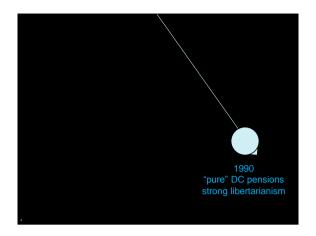


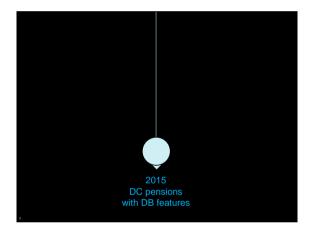
NAGDCA September 2014

> David Laibson Robert I. Goldman Professor of Economics Harvard University









Opt-in enrollment Opt-out enrollment (auto-enrollment)

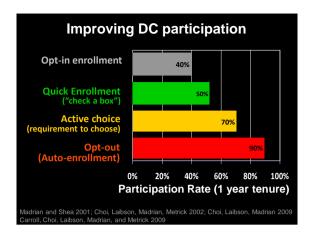
PROCRASTINATION



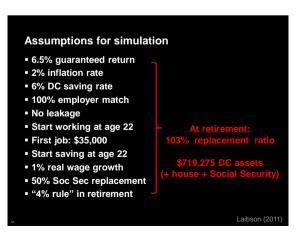


DESIRED BEHAVIOR: participation

Active Choice	
PROCRASTINATION	
UNDESIDED DESIDED	
UNDESIRED BEHAVIOR: Must choose for oneself Non-participation DESIRED BEHAVIOR: participation	
START HERE	
Quick enrollment	
PROGRACTINATION	
PROCRASTINATION	
UNDESIRED BEHAVIOR: Non-participation DESIRED BEHAVIOR: participation	
START HERE	
Quick enrollment	
PROCRASTINATION	
UNDESIRED BEHAVIOR: BEHAVIOR:	
Non-participation participation	
START HERE	



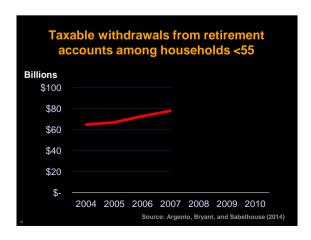
Have we cracked the savings code? Automatic enrollment (opt-out) Re-enrollment (opt-out) Target date funds (opt-out) Savings rate escalators (opt-out) Quick enrollment (opt-in) Simplification Education Matching

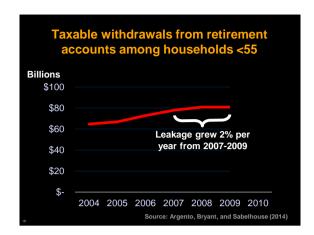


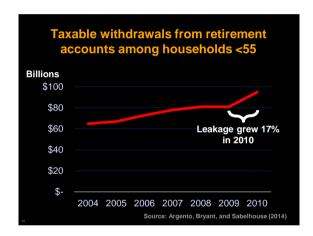
US Anti-Leakage Strategy Defined Contribution Pension Schemes

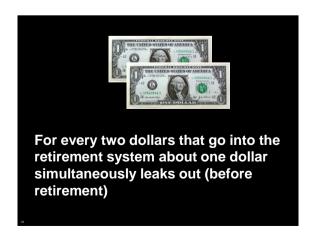
- 10% penalty for early withdrawals
- Allow in-service loans without penalty
 - 10% penalty if not repaid
- Special categories of penalty-free withdrawals
 - Education
 - · Large health expenditures
 - · First home purchase
- Unintended liquidity: IRA tax arbitrage













For every two dollars that go into the retirement system about one dollar simultaneously leaks out (before retirement)

A little more realism

Replacement DC
Ratio Assets

Original scenario 1.03 \$ 719,2

Married households age 65-69 (medians; 2008)

Financial assets: \$ 27,800
Home equity: \$170,000
Personal retirement accounts: \$ 35,000
Defined benefit pension \$ 0

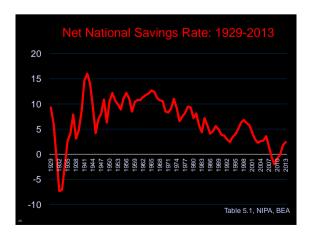
Defined benefit pension \$ 0Social Security (SS): \$284,000

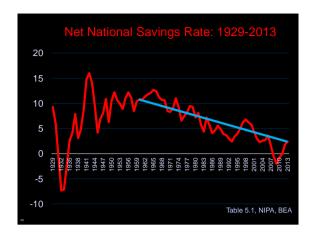
• Net worth including SS: \$769,100

Source: Health and Retirement Study; Venti, Poterba, and Wise 2013

Single-person households age	65-69 (medians; 2008)
 Financial assets: 	\$ 5,000
 Home equity: 	\$ 60,000
 Personal retirement accounts: 	\$ 0
 Defined benefit pension 	\$ 0
Social Security (SS):	\$136,700
Net worth (including SS):	\$295,800
	\$ 11,832
Source: Health and Retirement St	udy; Venti, Poterba, and Wise 2013

More recent data (2013) Among those households age 65-74: • Median net worth excluding Social Security: \$232,100 o includes all retirement accounts, savings and checking accounts, CD's, mutual funds, brokerage accounts, home equity, any businesses that they own,... • Median holding of financial+retirement assets: \$72,000. o includes all retirement accounts, savings and checking accounts, CD's, mutual funds, brokerage accounts,...





Behavioral Economics (Psychology and Economics)

 Improves economic analysis, by incorporating psychological factors that influence economic behavior.

Psychological origins of undersaving

Would you like to have
A) 15 minute massage now

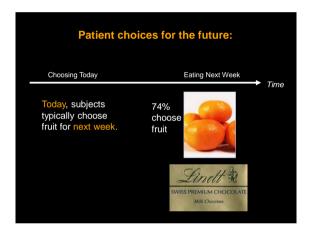
B) 20 minute massage in an hour

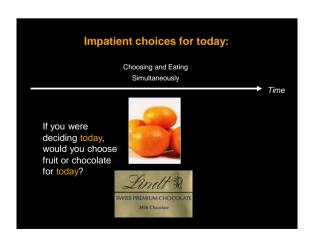
Would you like to have

C) 15 minute massage in a week

D) 20 minute massage in a week and an hour







Impatient choices for today:	
Choosing and Eating Simultaneously	
Time	
70% Choose chocolate chocolate	
Chocolate Milk Chocolare	
Present bias	
Immediate events get full weight.	
Everything else gets half weight.	
Phelps and Pollak (1968), Akerlof (1991), Laibson (1997)	

Exercise has effort cost 6 Delayed health benefit of 8 Exercise Today: -6 + ½ [8] = -2 Exercise Tomorrow: 0 + ½ [-6 + 8] = 1

Procrastination

Akerlof (1991), O'Donoghue and Rabin (1999)

Joining a Gym Cost of membership: \$75 per month Number of visits: 4 Cost per visit: \$19 Cost of "pay per visit": \$10

Della Vigna and Malmendier (2006)

Out of every 100 surveyed employees 68 self-report saving too little 24 plan to raise savings rate in next 2 months 3 actually follow through

Why do people procrastinate in saving? If I join the DC plan today, I suffer 100% of the sign-up hassles. The hassles loom 50% as large, if I plan to join next month I'll have more free time next month My family is living paycheck to paycheck right now. Our finances will be in better shape next month

Solutions

- Raise the typical saving rate by using higher default saving rates and auto-escalation
 - -6% is the new 3%
 - One employer has a non-contingent 10% employer contribution and is adopting auto-enrollment with a 6% contribution and escalation to 10%
- Switch the match threshold from 6% to 10% of pay
 - Lower the match rate from 50 cents to 40 cents per dollar?
- Automatic re-enrollment for non-participants (and low savers) during "open enrollment"
- Alternatively, use active choice during "open enrollment"

Active choice for non-participants

You are currently not saving in ABC's retirement savings plan, and you are therefore not receiving matching contributions from ABC.

If you want to participate in the savings plan and receive matching contributions, click here:

JOIN the savings plan and pick my savings rate.

If you do want to participate in the savings plan, giving up matching contributions, click here:

DO NOT JOIN the savings plan.

Key Solutions

- Raise the typical saving rate by using higher default saving rates and auto-escalation
- Switch the match threshold from 6% to 10% of pay
- Automatic re-enrollment for non-participants (and low savers) during "open enrollment"
- Alternatively, use active choice during "open enrollment"
- Discourage distributions and rollovers at separation
 - Your DC plan is a better place for these funds than the typical checking account or IRA rollover account

Key General Idea	
 Recognize the new DC landscape. DC assets now cover: Retirement 	
Down paymentsEducation	
 Medical hardships General rainy day spending 	
 If 1 dollar comes out for every 2 that go in, then we need to roughly double the savings rate in DC plans 	
а	
If you recognize your own self-control problems	
You'll be willing to tie your own hands	
 Force tomorrow's self to do what today's self isn't willing to do 	
Personal trainerExercise class	
- Exercise partner	
g.	
How to design a commitment contract	
Participants divide \$\$\$ between:	
■ Freedom account (22% interest)	

Goal account (22% interest)–withdrawal restriction

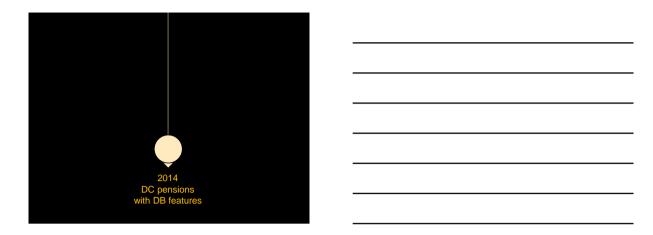


In the real world, how could we reduce leakage?

- Why are there 300 flavors of ice cream and only one kind of voluntary retirement savings account?
- Why aren't households able to choose how to save?
- Status quo: one-size-fits-all DC plans
- An alternative:
 - Divide your money however you see fit, across a standard DC account and a lockbox DC account
 Add a sweetener (subsidized match in the lockbox?)
- We could give people at least some freedom to choose how to manage temptation
- What would happen? Shouldn't we find out?

Summary

- The retirement savings system is not working as well as it could.
- High leakage rates are crippling the wealth accumulation phase.
- Plan sponsors should recognize that DC accounts have become general purpose savings vehicles.
- We should ramp up the rate of accumulation.
 - We know how to do this: defaults, auto-features.





NAGDCA 2014 ANNUAL CONFERENCE SEPTEMBER 14-17, 2014 SAN ANTONIO, TEXAS



Continuing Education Credits

Be sure to sign the "Sign-In/Sign-Out" sheet outside of the room when applying for Continuing Education Credits for the following certifications. (Check the appropriate certification)

- CFP CPE

You do not have to sign in and out for InFRE credits $\label{linear} \mbox{InFRE tracking forms were included in conference registration materials.}$

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2014 ANNUAL CONFERENCE SEPTEMBER 14-17, 2014 SAN ANTONIO, TEXAS





BACK TO THE FUTURE

Moderator – Sherry Mose, City of Houston, TX Speakers – Josh Cohen, Russell Investments Vincent Galindo, Hyas Group Steve Toole, State of North Carolina



NAGDCA 2014 ANNUAL CONFERENCE SEPTEMBER 14-17, 2014 SAN ANTONIO, TEXAS





Traditional goals of retirement plan committees

- Overall participation rates
- Plan-wide asset allocation



NAGDCA 2014 ANNUAL CONFERENCE SAN ANTONIO, TEXAS



New goals of retirement plan committees

- Best in class investments
- Manage fees and revenue
 - Transparency
- Communication and education
 - Custom
 - Targeted
- Individual participant asset allocation
- Retirement readiness



NAGDCA 2014 ANNUAL CONFERENCE SEPTEMBER 14-17, 2014 SAN ANTONIO, TEXAS





What is retirement readiness?

- Knowing when to retire
 - Not too early
 - Not too late
- Being able to replace your working income
 - Pensions
 - Savings
- Social Security
- Pay your expenses for life









Regarding retirement readiness

- Keep it simple
- Know the assumptions
 - Can they be changed?
- Things change so update
 - Scenarios may change (dramatically?) over the years

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Gap analysis

- Every participant should receive one
- Graphically display progress to retirement readiness
- Keep it simple
- Know the assumptions
 - Can they be changed?
- Things change so update
 Scenarios may change (dramatically?) over the years





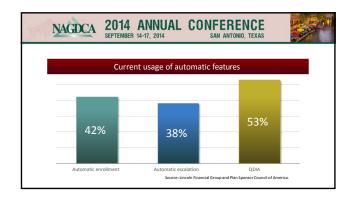
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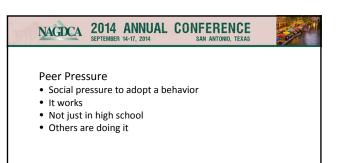




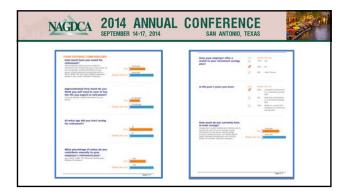
Auto escalation

- Very different than auto enrollment
- Yet very similar
- Two different versions
- Address concerns











Steve Toole, Director NC Retirement Systems

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"Failing to prepare is preparing to fail."
3 1 1 1 3
– John Wooden
Former UCLA Basketball Coach



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Case Study: NC Total Retirement Plans

- Mission/NC Snapshot
- Alignment/Partnerships
- Strategic Marketing Plan
- Goals

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Everything starts with our mission, which shares our purpose as a division and serves as the basis for our decisions and actions:

- To secure the retirement of NC public servants
- To deliver comprehensive personalized solutions and services
- To provide exceptional customer service
- To protect the integrity of the NC Retirement Systems



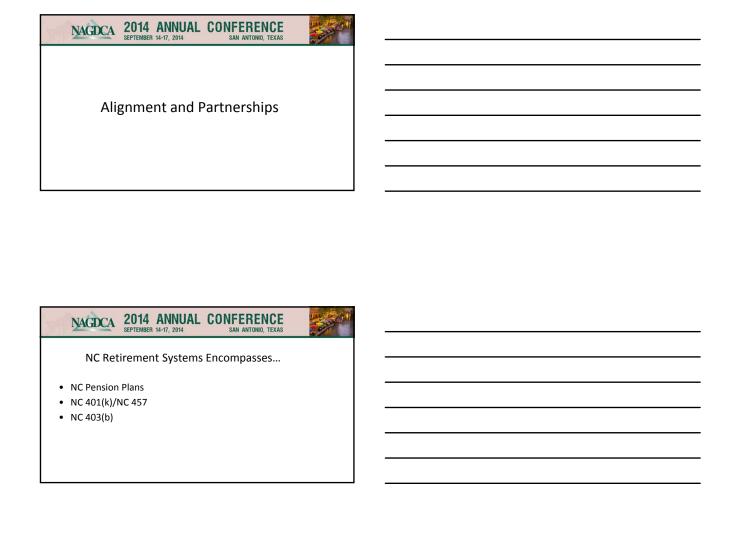
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NC Snapshot

- NC 401(k)
 - \$7.66 billion
 - 244,534 participants
- NC 457
 - \$1.12 billion
 - 49,792 participants
- NC 403(b)
 - 18 school district adoptions
 - 51,186 eligible participants



Leverage Trust in NC Pension Plans • \$87 billion • 925,000 members • 1 1 th largest in country; 32nd largest in the world • AAA bond rating

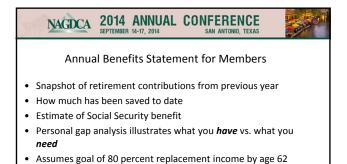


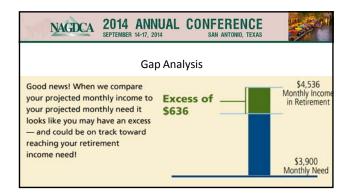
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Pla	an Design: Makin	g a case for	
Auto EnrollrAuto Escalar			

















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Active Participation

- Current
 - 401(k): 27.94 percent (2013: 8,384 net new participants)
 - 457: 11.78 percent (2013: 5,950 net new participants)
- Goal
 - 401(k): 27 percent (2014 goal: 477 net new participants)
 - 457: 12.25 percent (2014 goal: 1,315 net new participants)

NAGDC/	١
VAGILE	1

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Contributions

- Current
 - 401(k) average contribution: \$158/month
 - 457 average contribution: \$132/month
- Goal
 - 401(k) average contribution: \$160/month
 - 457 average contribution: \$130/month



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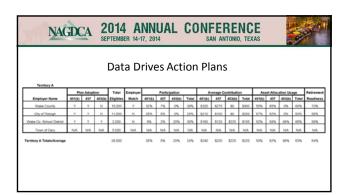


Asset Allocation

- Current
 - 401(k) GoalMaker utilization (new/existing): 91 percent/53 percent
 - 457 GoalMaker utilization (new/existing): 88 percent/53 percent

 - 401(k) GoalMaker utilization (new/existing): 89.5 percent/55 percent
 - 457 GoalMaker utilization (new/existing): 91.5 percent/55 percent







Enrollment



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Retirement Readiness in North Carolina

- 67.56 percent of active members are on track to replace 80 percent of their pre-retirement income by age 62
 - Score determined by investment performance, positive net flows into the plan, and above peer average asset allocation among membership in the plans



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Transfer Benefit Feature

- Similar to lifetime annuity option
- One-time, irrevocable election
- Must have established 401(k)
- Rollover funds from qualified retirement accounts into NC 401(k), then into NC Pension Plan



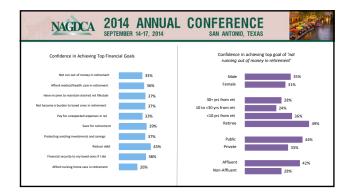
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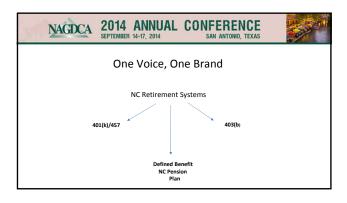


Financial Literacy Survey

- Not run out of money in retirement is the most important financial goal among NC residents; only one-third feel confident they can achieve this goal
- This is lower among women, private sector workers, the less affluent, and those far off from retirement









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Data Sharing

- North Carolina to share member demographics and contact information within legal parameters with service providers
- Allows for target marketing
- Potential legal/compliance issues



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Target Marketing

- Utilize in-house member data within legal parameters, Annual Benefits Statements, and Financial Literacy Survey results
- Segment populations to market with both effectiveness and cost-efficiency
- Leverage Prudential's specified knowledge of 18 territories







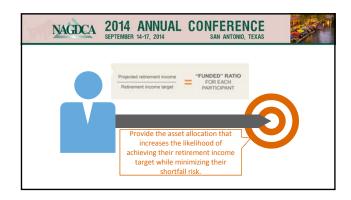
Additional Opportunities

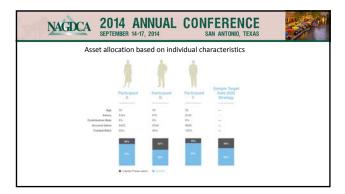
- · Unbundling of services
 - Fall 2014 RFP for 401(k)/457 recordkeeper/custodian
- Explore lifetime income products within the plans
- Consumer segmentation

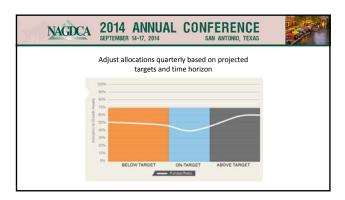
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		Ultimate		
	70 percent 90 percent	retirement readines by 2020	ss by 2015	
H	NAGDCA	2014 ANNUAL SEPTEMBER 14-17, 2014	CONFERENCE SAN ANTONIO, TEXAS	
		Questio	ons?	
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	Perso	nalized par	ticipant advi	ce

Helping participants reach their retirement income goals

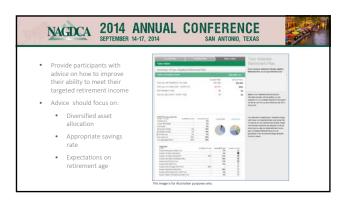
Josh Cohen, Russell Investments













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Camera Ready

Providing Participants With a Clearer Picture of Their Retirement Benefits

Moderator: Kandi Winters Speakers: Sean Kenney Cindy Lapoff Barbara Hogg





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Participant's Retirement Needs

Sean M. Kenney, CFA



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2014 Participant Survey

- 1000 DC plan participants
- Minimum of \$1000 in their DC plan
- Conducted in February 2014
- Statistically aligned with EBRI demographics
- MFS proprietary survey in conjunction with Research Collaborative

Proprietary research on participant perspectives



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Many participants acknowledge their role

"Who do you see as primarily responsible for each function with regard to your 401(k) plan?"

Determine how much to contribute 91%

0% 50% 100% Employer Other Participants

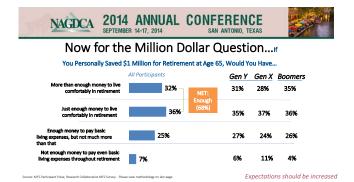
16%

22%

Invest appropriately to meet needs/goals

Making changes to investment based on market conditions

Younger participants may look to their employer for guidance



A closer look at inflation CPI versus high expenditure categories for seniors (65 plus)

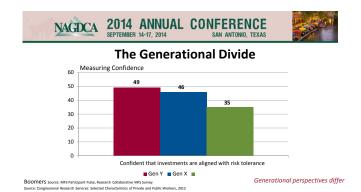
1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011
—Chained CPI —Food & Beverages —Medical Care —Energy

Inflation protection is critical to retirement savers



For participants, managing *investment risk* is critical

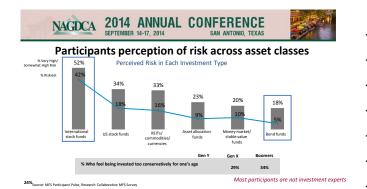






bracket has major negative impact on 401(k) bala Source: MFS Participant Pulse, Research Collaborative MFS Survey

Disconnect between investment returns and asset allocati





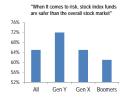
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Participants perspectives of investment basics

"Having a little bit invested in each option in your plan is the best way to diversify"





Most participants are not investment experts



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What do participants think drives retirement success?

actor with the greatest perceived impact on retirement success



S Participant Pulso, Research Collaborative MFS Survey

More investment options may be synonymous with diversification for some participants



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2014 DC Pulse Survey: Methodology

- To meet the research objectives, an online survey was conducted among US participants February 4 –11, 2014
- The survey was roughly 15 minutes in length
- An online national consumer panel was used as the sample source (Survey Sampling, Inc.)
- MFS was not identified as the research sponsor
 Surveys were completed among 1000 defined contribution plan participants who were screened for qualification based on the following criteria:

	Defined-Contribution Participants
Sample size	n-1000
Sample source	Survey Sampling (SSI) Online Panel
Self-qualified based on	Age 20:49 Employed Have at least \$1,000 balance in defined-contribution plan with current employer

- The study sample was weighted to Employee Benefit Research Institute (EBRI) data on 401(k) plan participant age and gender
- The research was conducted by Research Collaborative, an independent market research firm
- Throughout the report, statistically significant results (at the 95% confidence level) are indicated with the following notations:



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Health Care in Retirement Common Myths and Truths

Cindy Lapoff











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Camera Ready—What's Needed and Ideas that Help

Barbara Hogg, FSA









Millennials 12.0 x pay Gen Xers 10.8 x pay Baby Boomers 9.2 x pay



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What happens if:

Live Longer





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Wait until 35: **24% of**

pay each year

Choices Matter

Decide [how much] to save



Annual end-of-year savings needed to reach account of 11 x pay at age 65 assuming a 3% spread between annual return (7%) and annual pay increase (4%)



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Choices Matter

Decide how to invest



Recent study* showed those using investment help had returns 3%+ higher than those who did not

*Source: Help in Defined Contribution Plans: 2006 through 2012 by Aon Hewitt and Financial Engines. Returns calculated by individual for each calendar year. Comparison based on the average of the median return in each year.



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Choices Matter

Avoid temptation and leakage

25% of retirement dollars contributed each year used for non-retirement purposes*



*Source: HelloWallet study, The Retirement Breach in Defined Contribution Plans



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Choices Matter

Decide when to retire







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Get **Results**

Address life stage priorities

		Millennials	Gen-Xers	Baby Boomers
S		+++	++	+
li		+	+++	+++
R	etire	-	+	+++
u	lse savings	_	_	-



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Get **Results**

Broaden to financial wellness





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Get **Results**

Target behaviors



Resource use





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Get **Results**

Project outcomes



Drawdown





How **Choices** Much Matter

Get **Results**

NAGDCA
TRIODELL





About the studies

Real Deal: 2012 Retirement Income Real Deal: 2012 Retirement Income Adequacy at Large Companies Ann Hewitt study that is based on data of 2.2 million employees across 78 private employers Data in this presentation based on full career contributors meaning started in plan at or before age 35 and making savings contributions Some key assumptions: 7% annual return/4% pay increase before retirement 5.5% annual return after retirement 0.25% plan fees Ulf expectancies based on RP-2000 table for healthy annuitants projected to 2051







About the studies

Help in Defined Contribution Plans: 2006 through 2012

- Considers savings plan information of over 700,000 plan participants across 14 defined contribution plans for seven years—2006 through 2012
 Analysis of investment risk and returns of those using investment help versus those who do not
 To be considered a participant using investment help, the individual must either: (a) have 95% or more of assets in one or two target date funds, (b) be enrolled in managed accounts, or (c) have implemented online advice within the last 12 months





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Measuring Up: Benchmarking Retirement Readiness in Public DC Plans

Presented by:

Kevin Seibert CFP®, CEBS, CRC®

The International Foundation for Retirement Education (InFRE®)



Who is InFRE

Non-profit organization founded in 1997 with NAGDCA & Texas Tech University

Independent resource on public and private sector retirement issues

- Nationally recognized certification and education programs
- Source for retirement educational tools and comprehensive research studies

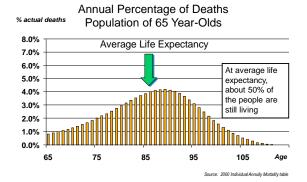


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The History of Retirement

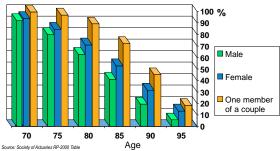
- Child born in 1900 had a life expectancy of age 47
- Social Security starts in 1935
- Growth in employer provided pension plans post WWII
- Today, recent changes in employer provided retirement plan offerings creates a need for more personal savings
- Individuals are living longer, have higher lifestyle expectations than their predecessors and higher healthcare expenses

Longevity risk



If married, what are chances one of them will live until a certain age?

Life Probabilities at Age 65



Are we on the verge of a retirement crisis? **Planning for vacation** is still a priority over **Planning for retirement** 28% Vacation 25% Retirement 22% Cost of higher education 18% big purchase Are we on the verge of a retirement crisis? ■ 60 percent of workers report that the total value of their households' savings and investments, excluding the value of their primary homes and any defined benefit plans, is less than \$25,000. "2014 Retirement Confidence Survey," EBRI Only 18% of workers indicate they are very confident they will have enough money to live comfortably in retirement. "2014 Retirement Confidence Survey," EBRI A typical working-age household has only \$3,000 in retirement account assets; a typical near-retirement household has only \$12,000. "The Retirement Savings Crisis: Is It Worse Than We Think?" NIRS, June 2013 Are we on the verge of a retirement crisis? Among elderly Social Security beneficiaries, 23% of married couples and about 46% of unmarried persons rely on Social Security for 90% or more of their income. http://www.ssa.gov/ More than three-quarters of plan sponsors agree the days of not working in retirement are gone for their participants, with 55% saying they are not confident their participants are saving enough. "2012 Annual Retirement Survey," BlackRock

What is the correct income replacement ratio?

PERCENT OF PRE-RETIREMENT SALARY	_
REQUIRED TO MAINTAIN LIVING STANDARDS, 200	8

Pre-retirement earnings	Two-earner couples	Single workers
\$20,000	94	88
\$50,000	81	80
\$90,000	78	81

Source: Palmer (2008).

- Why less than 100% of preretirement income?
- The problem with averages
- Spending patterns change during retirement

Retirement income needs change based on retirement phases & changing priorities







No

spending ("no go")

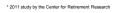
Early retirement

Mid retirement

Late retirement

How prepared are state and local government employees for retirement?

- Public sector benefits have historically provided an advantage to attract and retain skilled workers
- Still better prepared than private sector workers
 - Workers with more than 50% of their career in pubic sector have average income replacement rate of 73%*
- The rest may be counting too much on benefits to fulfill retirement needs
 - Employees are underestimating personal longevity and retirement income needs
 - Employers are beginning to reduce or eliminate certain benefits.

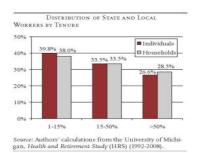




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How prepared are state and local government employees for retirement?

 Less than 27% of individuals work in the private sector for more than 50% of their working years



How prepared are state and local government employees for retirement?



- 2. Pension benefits alone are not enough
 - Only 32% of workers claim pension benefits after leaving service

 Those with 20+ years of service only earn a benefit of approx. 49% of final pay*
 - Another 27% take their benefits later
 Benefit purchasing power declines and benefits average less than 10% of final pay*
- Households with a private sector worker pulls down the average replacement rate
 - Some private sector workers may only have Social Security benefits

The shift to increased public sector employee responsibility

- Defined benefit plans still maintained a predominate source of retirement income
- But, many states are reducing pension fund obligations by implementing one or more of the following:*
 - Increasing current and/or new employee contribution levels
 - Increasing the age and/or length of tenure to be eligible for normal retirement
 - Reducing or eliminating COLAs for new and/or current employees
 - Changing the way pension formulas are calculated to reduce benefits
 - Offering a hybrid and or defined contribution plan instead of a traditional defined benefit plan

^{* 2011} study by the Center for Retirement Research

^{*}The Evolving Role of Defined Contribution Plans in the Public Sector, Sep. 2012

The shift to increased public sector employee responsibility

- Pension plans will most likely provide future retirees with smaller preretirement income replacement ratios
 - younger employees impacted more
- Defined contribution plans will play a greater role for a large percentage of plan participants
 - 42% age 25-34 & 36% of age 35-44 have not started saving for retirement*
- Post retirement health insurance coverage has either been eliminated or more of the cost has been shifted to the retiree
 - \$220,000 in medical expenses for 65 year old couple**
- Planning to die early is not a very good plan
- Franklin Templeton Retirement Income Strategies and Expectations (RISE) Survey,2014
 Fidelity Benefits Consulting, 2014

How is retirement readiness different in public sector vs private sector?

- Tenure
- Social Security Benefits
- Investing Retirement Savings
- Lump Sum Distributions
- Pubic Safety Employees



Why should plan sponsors care about employee retirement readiness?

- Employers benefit by:*
 - Improved reputation in local and employee community
 - Being a more attractive employer for desired talent
- In addition:*
 - Studies show that financial stressed employees average higher healthcare costs which leads to higher insurance costs
 - Financial instability has proven to affect worker productivity
 - Morale of younger employees may drop if older workers stay longer due to retirement unpreparedness

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How can employers imp employees?	rove retirement readiness for
600	 Simplify participation and reduce decision-making
-500	Keep plan costs down and investment quality upUse outcome-based income
200	projections
	 Apply a standardized and holistic approach for determining retirement readiness
	readifiess
Defining Retirement Rea	adiness
	FRE developed a retirement deral government workers
Objective: To determine a new an up	odated approach to:
Define retirement rea	adiness
 Help employees und responsibilities 	erstand their new retirement risks and
Provide a diagnostic	tool for measuring individual success
 Motivate employees outcomes 	to improve projected retirement
Defining Retirement Re	adiness
More than 30 highly respect worked together to:	ed professionals and researchers
	ole index/metric for measuring the all and ultimately the American workforce
Develop a methodology to tes population's retirement readir	st both an individual's and employee ness
	nanges to models that identify best that enhance or retard retirement

Submit a final report to Congress and the Office of Personnel Management presenting analysis, findings, conclusions and recommendations including a definition of the term "retirement

readiness"

Survey of Federal government employees

- 8 in 10 Federal employees stated they were on track in planning for their retirement years.
- More than half of workers expected to retire before age 62.
- Less than half had calculated how much they need to save for retirement.
- 3 out of 4 workers anticipated they will need to keep working for some time during their retirement years.
- Only 2 out of 10 workers had a primary financial advisors helping with retirement and investment decisions.
- Almost 8 out of 10 were very or extremely interested in their employer providing more retirement planning information.
- About three-fourths of workers describe themselves as moderate to conservative investors

Retirement readiness incorporates all three dimensions of retirement planning



Happiness & Engagement

- Activities and challenges
- Meaning and fulfillment
- Social networks
- Retirement location
- Plans with spouse/partner



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25	

Health in Retirement



- Current health, family history
- Steps to preserve health
- Knowledge of health factors
- Understanding life expectancy

Wealth Accumulation & Planning

- Retirement benefits
- Personal savings and investments
- Debt management
- Income need in retirement
- Retirement risks and contingency planning
- Investments
- Home equity
- Sources of retirement income

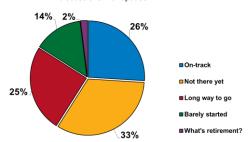
Type and level of planning required varies based on career stage



Survey of American worker results

Happiness and Engagement:

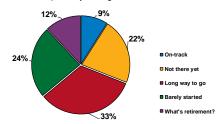
- few have concrete plans
- where to live/volunteering/activities
- · discussions with spouse



Survey of American worker results

Health:

- 2/3rds expect to be healthy2/3rds say they do not exercise regularlyhalf do not eat a health diet
- 4 our of 10 do not have regular physical checkups
- Median life expectancy was age 85

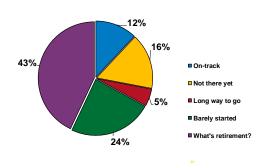


Survey of American worker results

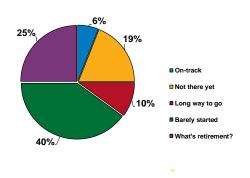
Wealth (prior to great recession):

- 56% say they are far behind schedule in saving for retirement
- Only 25% of workers have not money earmarked for retirement
- 1 in 10 have less than \$10,000
- 4 in 10 indicated that debt affects their ability to save
- Just 1/3rd say they know how much they need to save for retirement to maintain their lifestyle

Profile of Wealth Accumulation & Planning



Profile of Total Retirement Well-Being



Workers "on-track" are more likely to score higher in all three dimensions

Know how much money is needed	Have plans for retirement activities
Have accumulated \$50,000 in financial	Have plans for retirement challenges
assets	Given thought to where
Know how much needs to be saved	they would like to live in retirement
	Discussed plans with
Have at least	spouse/partner
\$100,000 in income & \$150,000 in financial assets	Expect to be healthy for as long as they live

Measuring retirement readiness Final result: A comprehensive survey questionnaire of 30 questions that evaluates the three dimensions of retirement planning Questions weighted based on early, mid or late career A personalized retirement readiness profile with scores for each dimension and an overall score A methodology to compile all scores to create a national retirement readiness index against which individual scores can be compared Adapting the Federal government program for state and local government plan participants Benefits structures are similar Program can be easily modified to apply to all public sector employees Development of a NAGDCA sponsored retirement readiness program Retirement Readiness Program Benefits For Plan Sponsors and Plan Providers: Educational content emphasizing importance of supplemental plan contributions A tool to promote awareness of individual retirement readiness issues Report with aggregation of individual scores Enhancement to existing retirement readiness tools offered Method to evaluate retirement education programs and modify as deemed necessary Motivation to see professional assistance from plan provider representatives

Retirement Readiness Program Benefits For Plan Participants: A standardized holistic approach for determining retirement readiness that evaluates wealth, health and happiness An online tool to determine a retirement readiness score based on questions weighted differently for early, mid and late career plan participants A national retirement readiness index that allows plan participants to compare their results to others Educational content emphasizing importance of supplemental plan contributions Customized reports that will motivate plan participants to change behavior and improve their retirement readiness forecast Questions and Comments I welcome your thoughts and suggestions

Send email to:

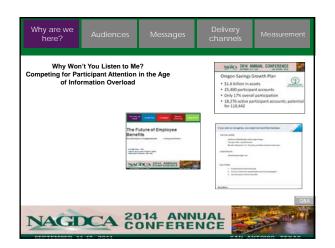
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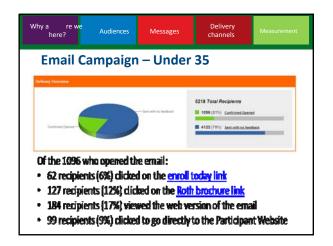


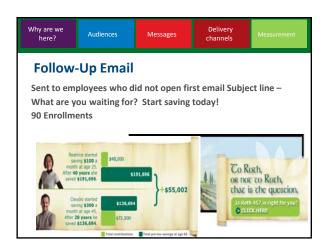












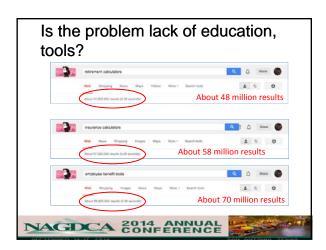






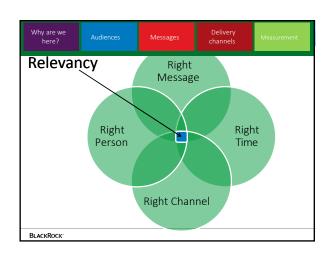


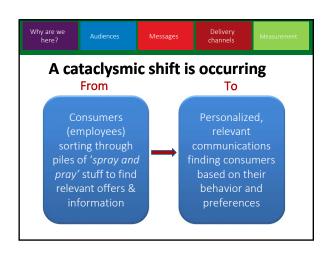






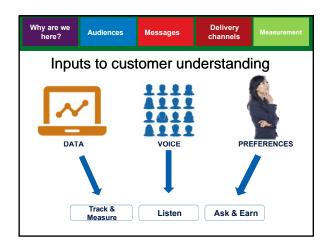


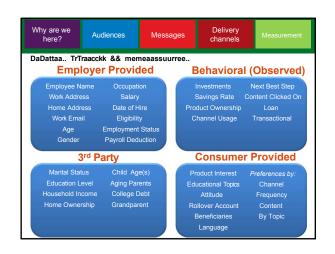


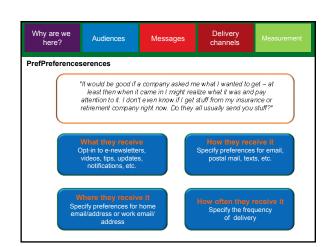




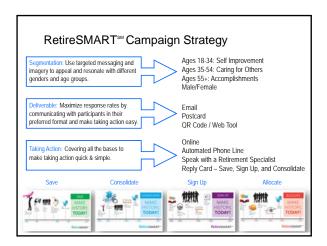


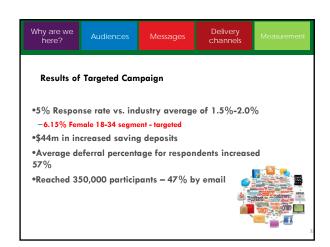


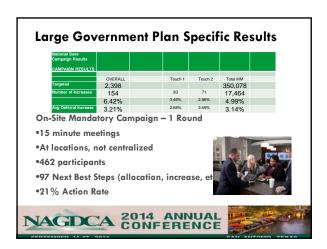


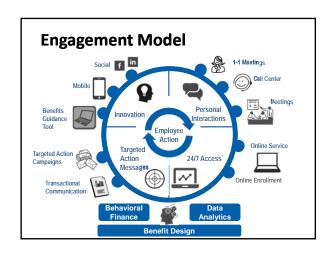


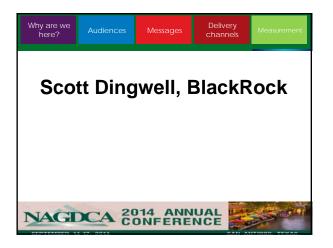




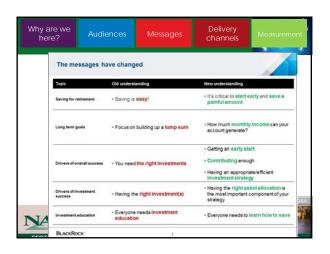


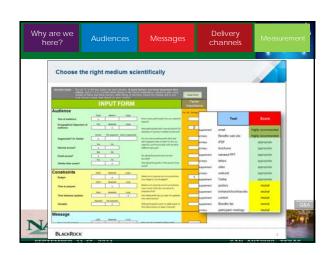




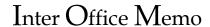














DEPARTMENT OF PERSONNEL SERVICES

ITEM 13

DATE: September 26, 2014

TO: Deferred Compensation Management Council

SUBJECT: Status Update on Prior Agenda Items

On August 29, 2013 your Council directed staff to secure a \$5 million fiduciary liability insurance policy for your Council. On July 15, 2014, the Board of Supervisors approved the policy, which is effective through July 1, 2015. Please see Attachment A for a summary of this policy.

On February 27, 2014 your Council directed staff to pursue a one-year extension of Agreement #11-371 with Heintzberger-Payne Advisors, who provide investment and policy consultation services to the Deferred Compensation Management Council. On May 20, 2014, the Board of Supervisors approved the First Amendment to Agreement #11-371, extending the Agreement through December 12, 2015.

ITEM 13 - ATTACHMENT A



REVISED COUNTY OF FRESNO 457 (b) DEFERRED COMPENSATION PLAN FIDUCIARY LIABILITY INSURANCE PROGRAM (FLIP) 2014-2015 INSURANCE PROPOSAL

INSURANCE COMPANY: RLI Insurance Company

A.M. BEST GUIDE RATING:* A+ (Superior), Financial Size Category: XI (\$750 Million to \$1 Billion), as of

June 17, 2013

STANDARD & POOR'S RATING:* A+ (Strong), pulled on January 15, 2014

CALIFORNIA STATUS: Admitted

INSURED PLANS: County of Fresno Deferred Compensation Plan

COVERAGE TERM: To be determined

CONTINUITY DATE: Inception

COVERAGE: Fiduciary Liability – Claims-Made Form

Form Number: GEF 100 (4/11) / GEF 101 (4/11)

LIMITS: Option I: \$ 5,000,000 Aggregate Limit of Liability (including Defense Costs)

\$ 500,000 Sublimit of Liability for (VCP) Voluntary Compliance

Program Compliance Fees

\$ 1,500,000 HIPAA Sublimit

Option II: \$10,000,000 Aggregate Limit of Liability (including Defense Costs)

\$ 500,000 Sublimit of Liability for (VCP) Voluntary Compliance

Program Compliance Fees

\$ 1,500,000 HIPAA Sublimit

RETENTION: \$ 1,000,000 Indemnifiable

\$ 0 Non-Indemnifiable

PREMIUM: Option I: \$ 10,235 Annual Premium

Option II: \$ 14,014 Annual Premium

WAIVER OF RECOURSE: \$100 flat (included in premium above)

EXTENDED REPORTING

PERIOD:

• 12 months for 100% of the annual premium

• 24 months for 175% of the annual premium

36 months for 200% of the annual premium

• 72 months upon request and carrier approval

PROGRAM HIGHLIGHTS:

(Including but not limited to)

 Definition of Loss to include Punitive, Exemplary, and Multiplied Damages (where insurable) with Most Favorable Venue wording.

Definition of Insured Persons to include Employees of any Insured

Plan

Non Cancellable by Insurer other than for Non Payment of Premium.

^{*}See last page for additional information



REVISED

COUNTY OF FRESNO 457 (b) DEFERRED COMPENSATION PLAN FIDUCIARY LIABILITY INSURANCE PROGRAM (FLIP) 2014-2015 INSURANCE PROPOSAL

PROGRAM HIGHLIGHTS: (Including but not limited to) cont'd

- Policy is Non Rescindable by Insurer
- Wrongful Act definition includes administrative duties; counseling employees, participants, and beneficiaries; handling of records; failure to comply with privacy provisions of HIPAA.
- Notice/Claim Reporting Provision notice required after General Council, Risk Manager or Trustee first learns of claim.
- No Libel or Slander exclusion
- Defense cost coverage for performance of managed care services with respect to selection of medical or health service providers.
- Final Adjudication wording for conduct exclusions.
- Employee Benefit Law defined to acknowledge Public Entity Risks not subject to ERISA
- Modified Consent to Settle Clause to 80%/20%
- Severability for all exclusions.
- · Spousal Extension amended to include Domestic Partner
- Priority of Payments provision
- · Severability of Application.
- Extended Reporting Period (Discovery Period) available for one to six years.
- Automatic Coverage for COBRA Violations

ENDORSEMENTS & EXCLUSIONS (Including but not limited to):

- Failure to collect Contributions Exclusion
- Return of Contributions Exclusion
- Bodily Injury, Mental Anguish, Emotional Distress, Sickness, Disease or Death and Property Damage Exclusion
- Contractual Liability Exclusion
- Illegal Profit Exclusion
- Discrimination Except for Employee Benefit Law Exclusion
- Known Prior Acts Exclusion
- Pollution Exclusion
- Workers Compensation, Unemployment Insurance, Social Security or Disability Benefits Laws Exclusion
- Deliberate Fraudulent or Dishonest Acts Exclusion

QUOTE VALID UNTIL: February 15, 2014

CONDITIONS: • Payment due within 15 days of binding

25% Minimum Earned Premium

BINDING CONDITIONS: • Written request to bind coverage

Fiduciary Liability application signed and dated



REVISED COUNTY OF FRESNO 457 (b) DEFERRED COMPENSATION PLAN FIDUCIARY LIABILITY INSURANCE PROGRAM (FLIP) 2014-2015 INSURANCE PROPOSAL

DATE PREPARED: January 15, 2014

BROKER: ALLIANT INSURANCE SERVICES, INC.

Rennetta Poncy, First Vice President Mariana Salyer, CSAC EIA Program Specialist

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.