Edelman Financial Engines®

2024

IGNITING GROWTH THROUGH INNOVATION

Reflecting on two decades of managed accounts: Trends, insights and future vision

CELEBRATING 20 YEARS OF MANAGED ACCOUNTS

20yearsofma.com

MANAGED **20** ACCOUNTS
YEARS

EXECUTIVE SUMMARY

Edelman Financial Engines (then Financial Engines) was a first mover in the retirement industry with the launch of a workplace managed account solution in 2004. EFE has predominantly held the ranking of #1 DC managed account provider in the workplace ever since. 2024 marks the 20th anniversary and offers an opportunity to reflect upon the last two decades and evolve into the next twenty years.

This report dives into data-driven trends throughout EFE's 20-year history, providing a comprehensive analysis of the millions of managed account members served. EFE explores historical member characteristics, and noteworthy behavioral trends related to their investments, illuminating the overall value of EFE's managed account program. Complementing this data are the voices of the managed account members, validating the value they derive from the solution in advancing their financial well-being and retirement readiness.

Key themes within:

o **Managed accounts have grown significantly in plan sponsors, members, and assets**
EFE defined the market for workplace retirement plan advice and management and today manages 45% of all 401(k) managed account assets.

o **There's increasing demand for a more customized and personal approach**
The percentage of managed account members taking advantage of adding personal data and preferences has grown significantly in the past decade, from 33% in 2014 to 74% in 2023.

o **Managed accounts tend to lead to more positive savings behaviors**
Today, managed account members are contributing an average of 9.1% of their income to their account, compared to 7.8% for non-members and 7.4% for individuals primarily invested in a single target-date fund.

o **Managed accounts are the preferred solution for participants with more complex needs**
Age is one of several factors that tends to increase complexity. Nearly 50% of managed account members are over the age of 50, compared to just 29% of primary TDF users.

o **Human advice is one of the most valued features of managed accounts**
96% of members value having access to speak to a licensed human advisor.

94% of managed account members are more confident that they'll reach their retirement goals because they're enrolled in the program.[1]

2o YEARS

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GROWTH IN CLIENTS, MEMBERS, AND ASSETS

In 2004 EFE partnered with four employers to launch its proprietary managed accounts solution within the workplace, providing personalized advice and management to 15,000 participants. Today, EFE proudly serves 1.2 million members across nearly 700 large and jumbo plans, and thousands of smaller plans, accounting for roughly 45% of the industry's more than $470 billion assets under management.

DC MANAGED ACCOUNT INDUSTRY ASSET GROWTH *
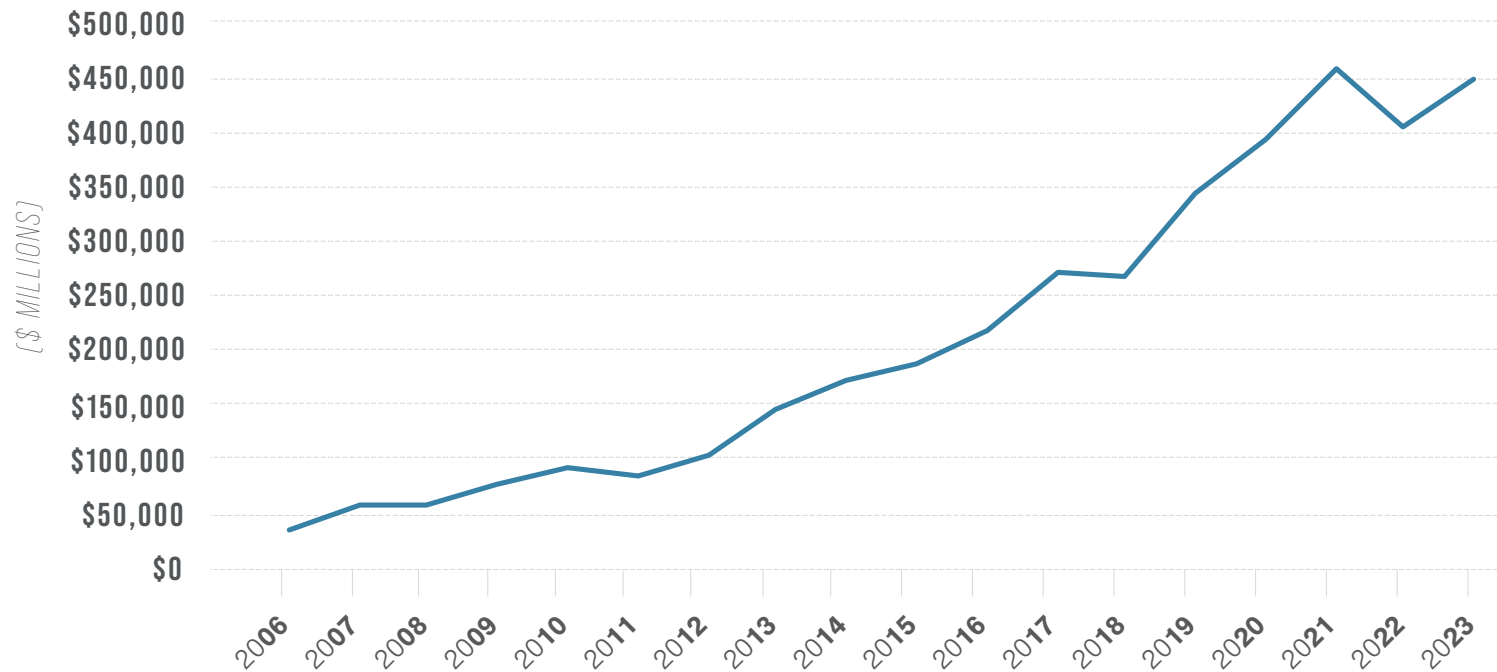
We can attribute growth to:

o   The secular decline in defined benefits plans shifting the responsibility for retirement planning to the individual.

o   The ever-increasing and evolving financial needs of participants and the demand for more personal and customized help through their employer.

o   Employer recognition of employee demand for more personalized help, supported by a desire to offer independent advice in participants' best interest.

o   The evolution of EFE's solution and the expanded ways in which they've been able to drive engagement and outcomes for participants.

* According to the Cerulli Associates data, reflects the latest publishing as of 4Q 2023.

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TOP MANAGED ACCOUNT PROVIDERS RANKED *

RANK	FIRM	4Q 2023 AUM
#1	Edelman Financial Engines	$209.9B
	Morningstar	$126.6B
	Fidelity	$113.9B
	Other	$20.2B

$470.6B

EFE has been the largest managed account provider to defined contributions plans every year since 2008, accounting for:

45%

of the industry's more than $470 billion assets under management.

* According to the Cerulli Associates Top-Nine Managed Account Sponsors by DC Assets survey of Defined Contribution managed account providers, The Cerulli Edge – U.S. Retirement Edition, 4Q 2023.

CONNECTED AT EVERY CORNER.

EFE's managed account program appeals to a spectrum of employers and participants across the US.

MANAGED ACCOUNT MEMBER REPRESENTATION ACROSS THE US

Total members

0-3K   4k-7K   8K-12K   20K-40K   60K-80K

3.5K   7.5K   16K   50K   100k-144K
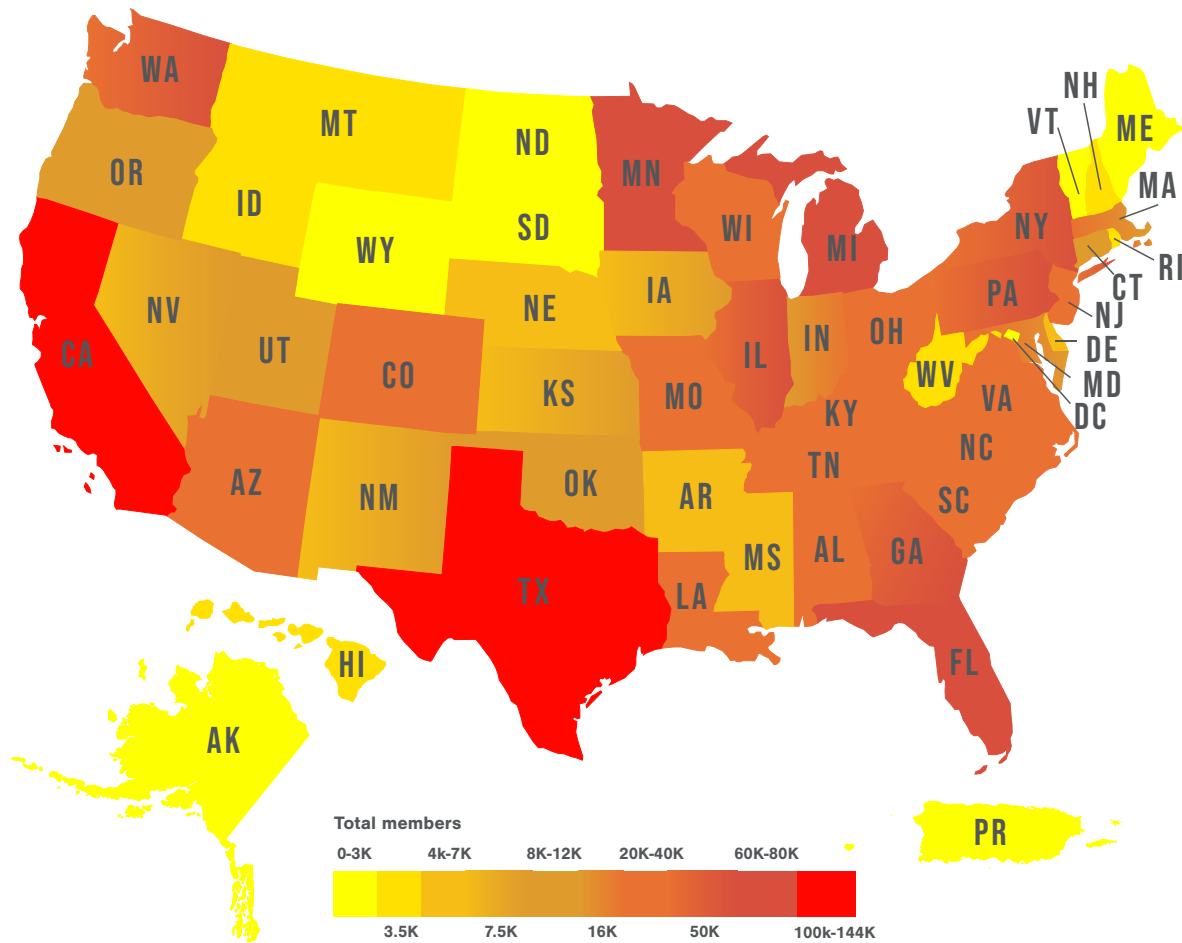
MANAGED ACCOUNT MEMBER DEMOGRAPHICS

BY SEX:

62% Male   **35**% Female   **3**% Prefer not to say
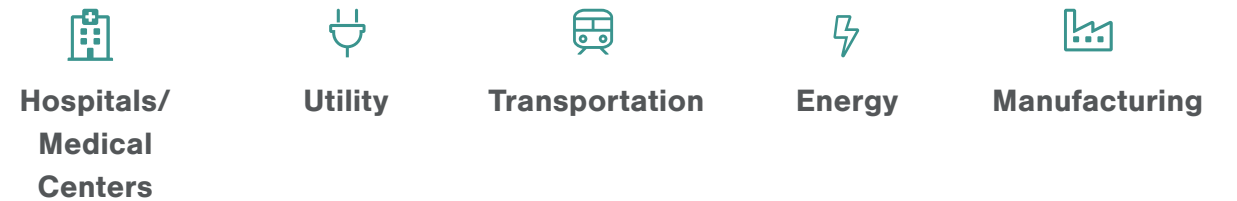
BY RACE/ETHNICITY:

62% White   **11**% Hispanic or Latino   **9**% Black or African American

9% Asian   **6**% Prefer not to say   **2**% Other
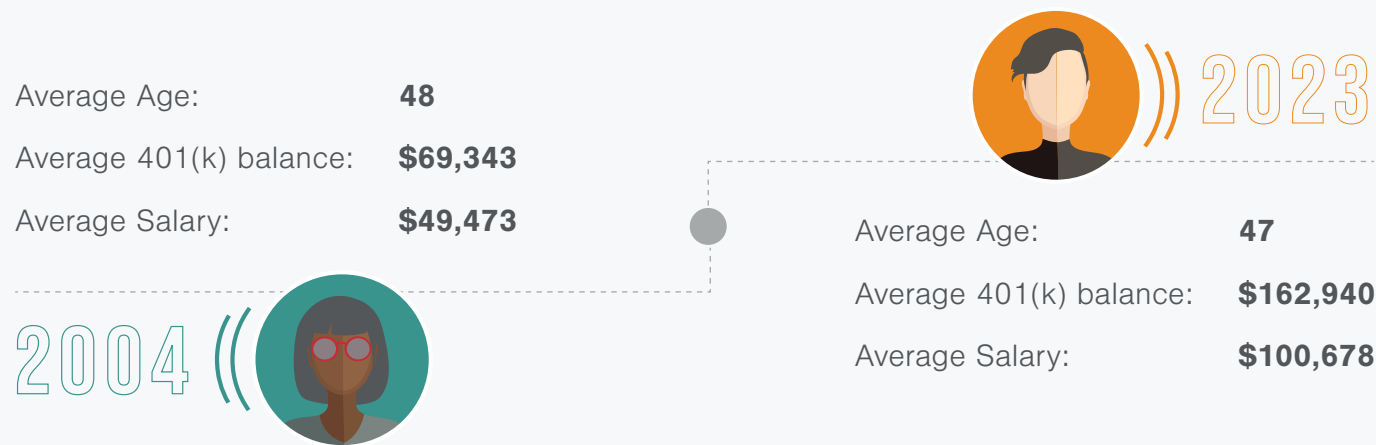
1% American Indian or Alaska Native

TOP 5 INDUSTRIES UTILIZING MANAGED ACCOUNTS

Hospitals/ Medical Centers   **Utility**   **Transportation**   **Energy**   **Manufacturing**

20 YEARS

THE STEADY PROFILE OF MANAGED ACCOUNT MEMBERS.

Conventional industry wisdom holds that managed account programs are most beneficial to individuals who are closer to retirement age, earn more, and have higher 401(k) balances than the average participant. What's true is that participants with added complexity are a natural fit for the more personal nature of a managed account solution. It is not being older, earning more, or having higher balances per se that make managed accounts a better fit. Member data reveals that participants of all ages, and with varying levels of income and account balance place value on having access to professional advice and the peace of mind that programs like managed accounts can offer.

The "average" managed account member

2023

Average Age: 48
Average 401(k) balance: **$69,343**
Average Salary: **$49,473**

2004

Average Age: 47
Average 401(k) balance: **$162,940**
Average Salary: **$100,678**

THIS EXPANDING APPEAL IS EVIDENCED THROUGH THE FOLLOWING:

AGE

MANAGED ACCOUNT MEMBER
DISTRIBUTION BY AGE

The average age of EFE's managed account program member has remained relatively steady over the past two decades. Data also reveals that nearly half of managed account members are over the age of 50.

AVERAGE & MEDIAN MANAGED ACCOUNT MEMBER AGE [1]
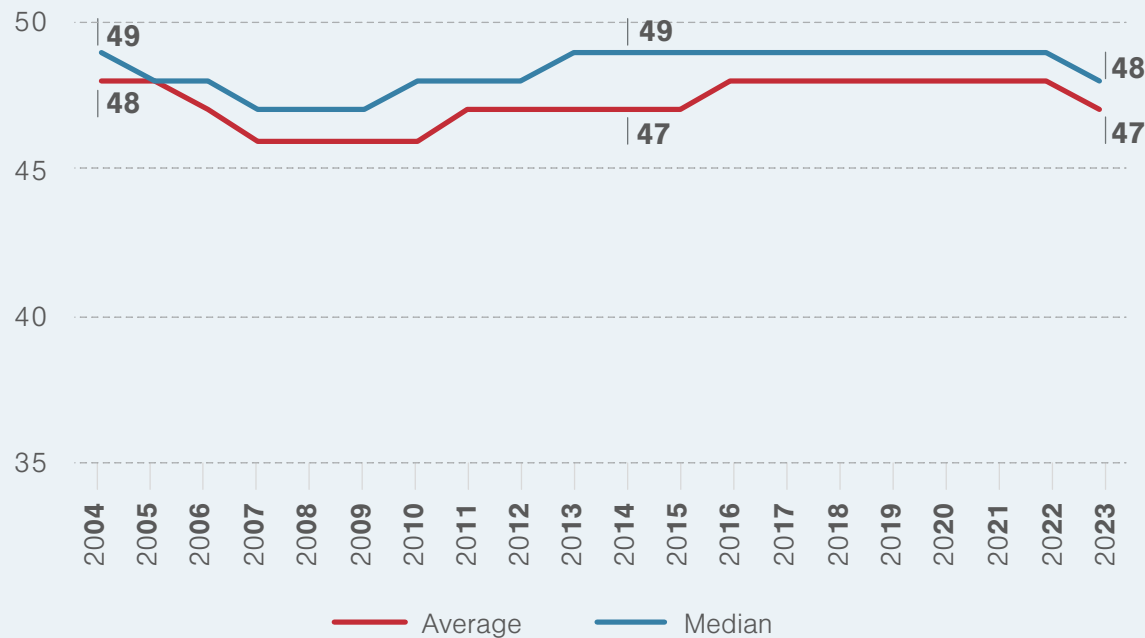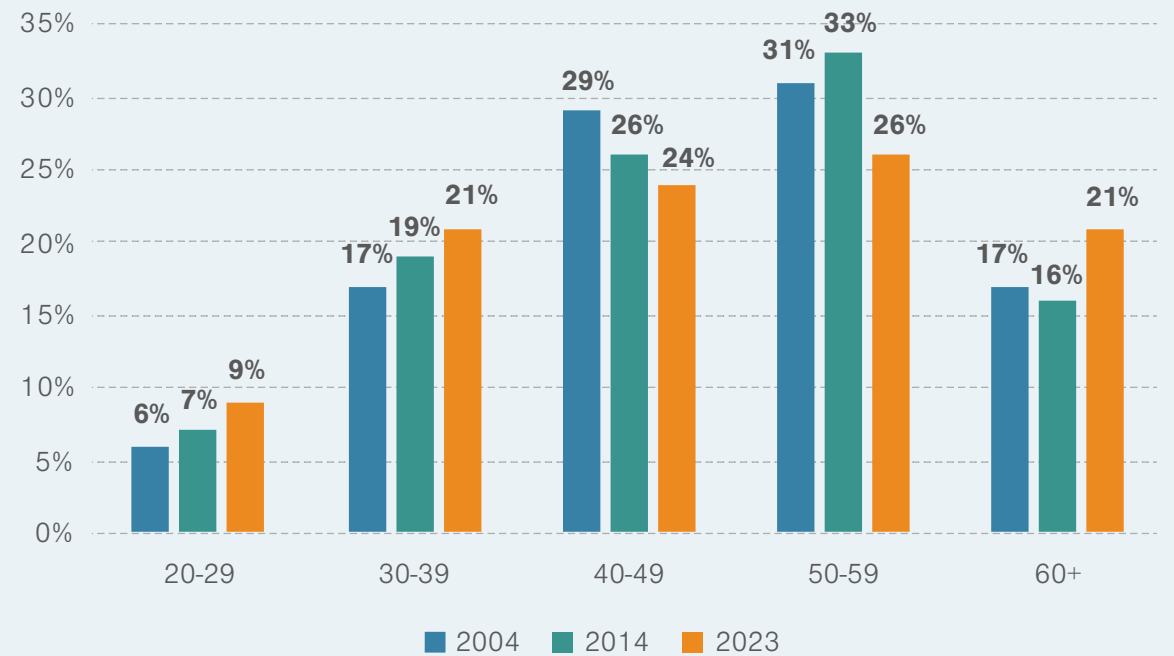
— Average	— Median	

MANAGED ACCOUNT MEMBER DISTRIBUTION BY AGE [2]

■ 2004	■ 2014	■ 2023

MANAGED ACCOUNT MEMBER
DISTRIBUTION BY 401(K) BALANCE

Over the past two decades, EFE's managed account member distribution has shifted towards higher balance members, with more than 40% of the member population having balances over $100,000.

AVERAGE & MEDIAN MANAGED ACCOUNT MEMBER 401(K) BALANCE [1]

2008 STOCK MARKET CRASH

2022 RISING INFLATION & RECESSION RISK

$163k
$123k
$69k
$56k
$28k
$65k

— Average   — Median

MANAGED ACCOUNT MEMBER DISTRIBUTION BY 401(K) BALANCE [2]

Balance band	2004	2014	2023
$0-$49k	64%	47%	43%
$50k-$99k	16%	17%	16%
$100k-$149k	7%	10%	9%
$150k-$249k	7%	11%	11%
$250k+	6%	15%	21%

■ 2004   ■ 2014   ■ 2023

[1] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents average and median 401(k) balance across all managed account members as of year end (excludes members with no salary on file).
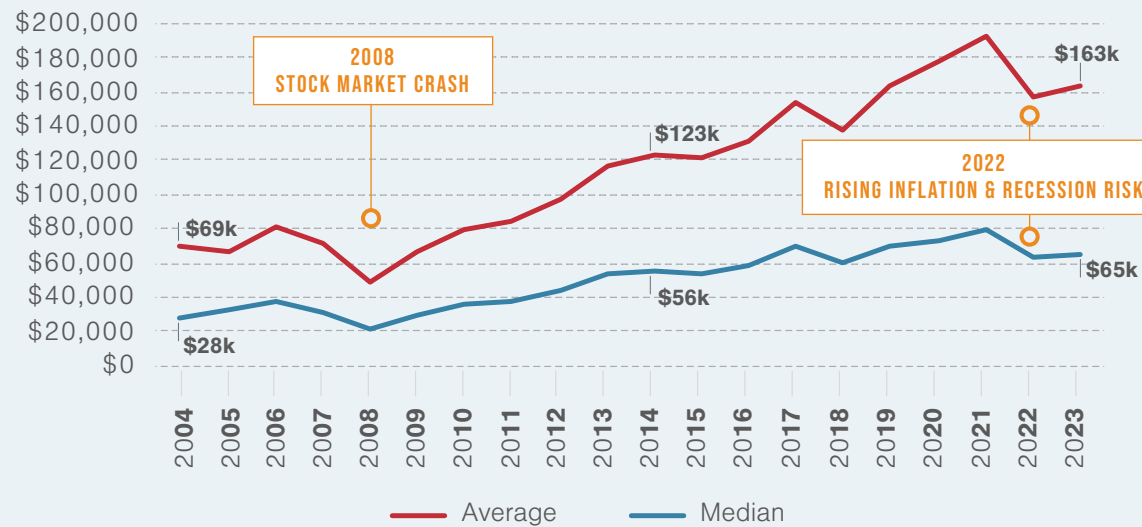
[2] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents percentage of managed account members within each 401(k) balance band as of year end (excludes members with no salary on file).

MANAGED ACCOUNT MEMBER
DISTRIBUTION BY INCOME

Managed accounts is considered a solution for those higher income earners with higher levels of financial complexity. Since 2004, we've seen a steady increase in managed account members with salaries over $100,000.

Concentration of members with salaries above $100k:

2004 11% ⟶ **2023** 37%

AVERAGE & MEDIAN MANAGED ACCOUNT MEMBER INCOME [1]
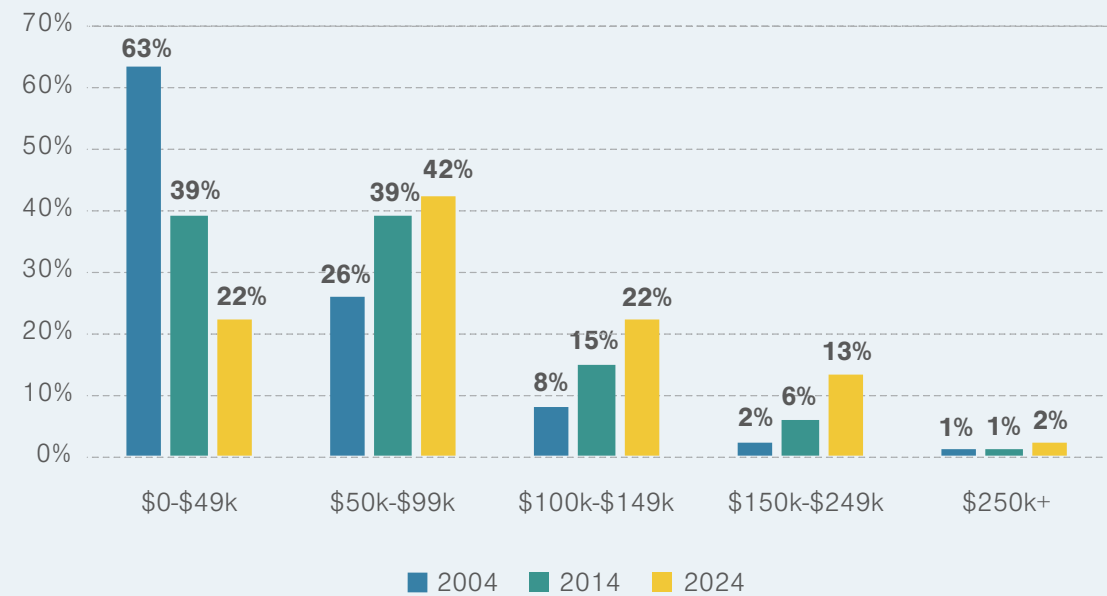
SALARY

Chart: Average & Median managed account member income by year (2004–2023)
- Average: $49k (2004) → $76k (2014) → $101k (2023)
- Median: $34k (2004) → $64k (2014) → $82k (2023)

Legend: — Average — Median

MANAGED ACCOUNT MEMBER DISTRIBUTION BY INCOME [2]

Income band	2004	2014	2024
$0-$49k	63%	39%	22%
$50k-$99k	26%	39%	42%
$100k-$149k	8%	15%	22%
$150k-$249k	2%	6%	13%
$250k+	1%	1%	2%

Legend: ■ 2004 ■ 2014 ■ 2024

20 YEARS

[1] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents average and median salary across all managed account members as of year end.

[2] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents percentage of managed account members within each salary band as of year end.
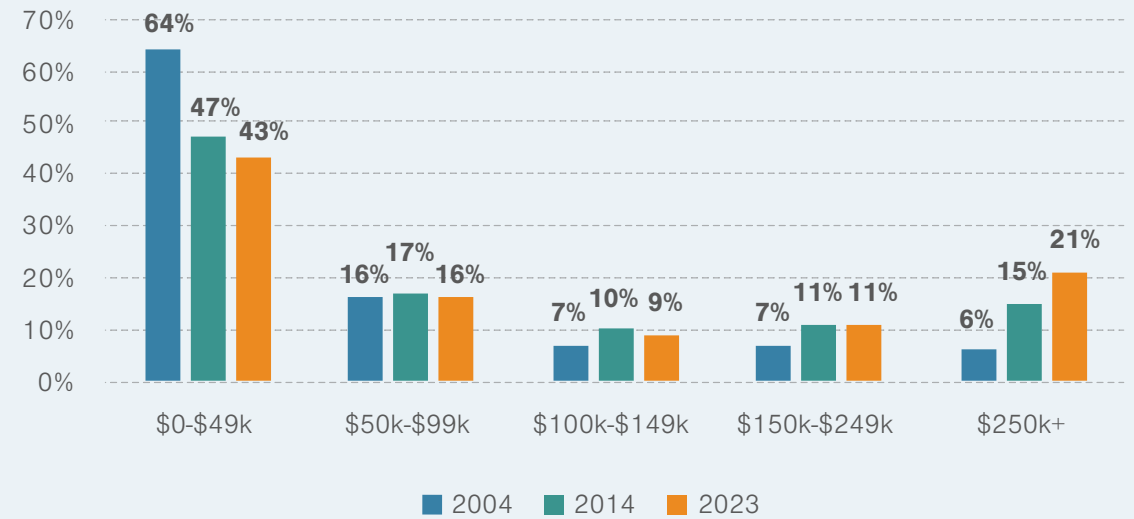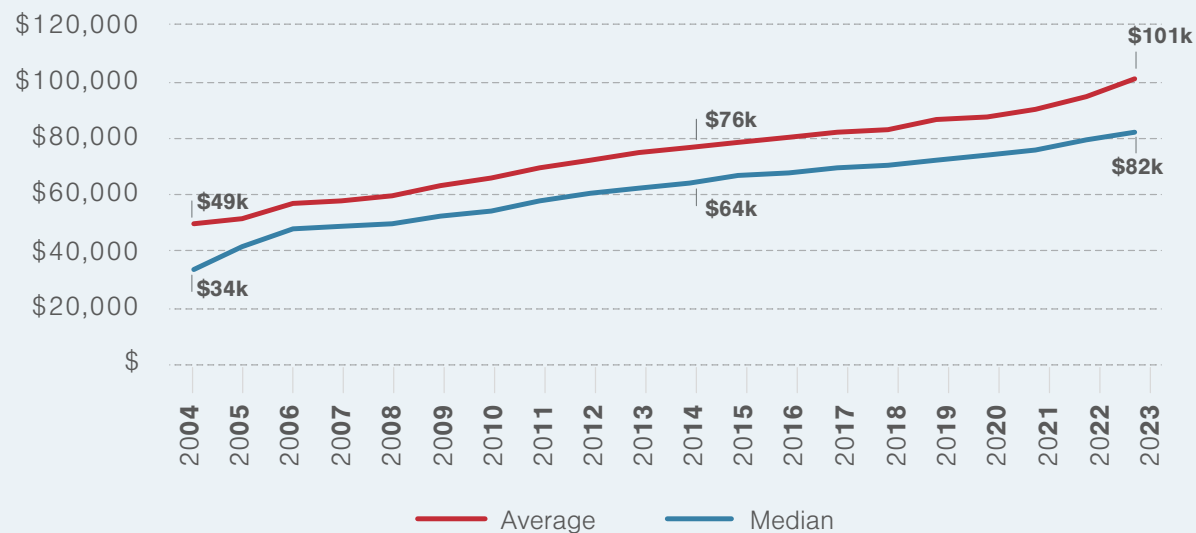
THE INCREASING DEMAND FOR

A MORE CUSTOMIZED AND PERSONAL APPROACH

In recent years, the business landscape has evolved significantly in response to a shift in consumer behaviors and expectations around highly personal experiences.

As a result the business-to-consumer landscape has transformed from its "one-size-fits-all" approach, to a hyper-personalized framework leveraging data-driven insights to create differentiated experiences and outcomes meeting individual needs and preferences.
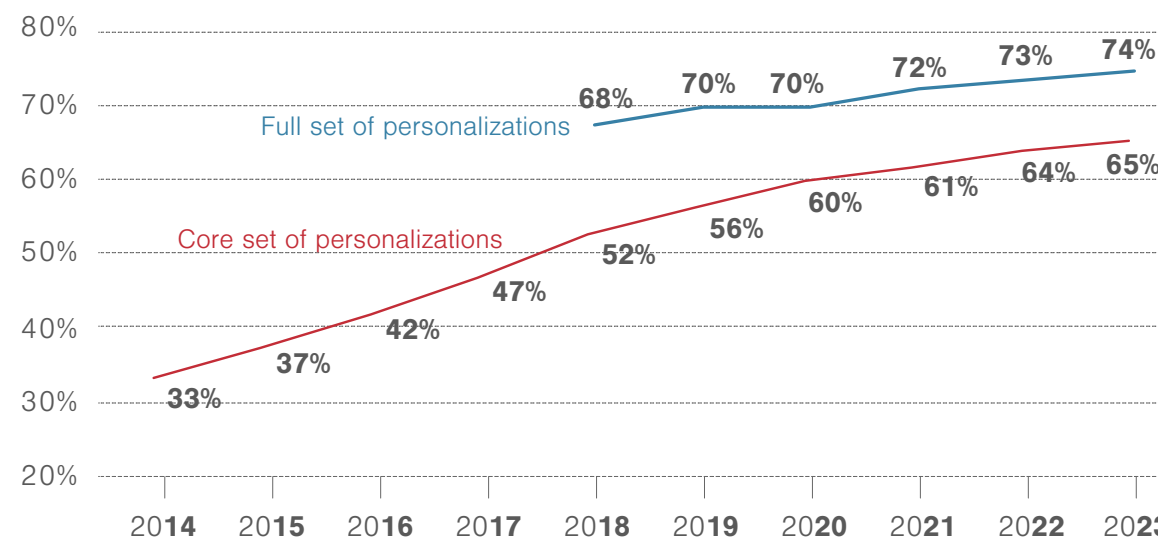
Workplace retirement plans are no exception to this phenomenon. According to Cerulli Associates, in the defined contribution (DC) market, "managed account programs remain the most holistic, personalized investment solution they can offer."

EFE has seen an increasing number of managed account members taking advantage of **adding personal data and preferences via EFE's core personalization levers** (risk, retirement age, Income Beyond Retirement election, outside accounts, asset class control, and company stock), with the number of members **doubling in the past decade.** In recent years, EFE has begun tracking several more personalization levers, reflecting a 74% personalization rate today.

MANAGED ACCOUNT MEMBER PERSONALIZATION RATES *

Full set of personalizations
68% 70% 70% 72% 73% 74%

Core set of personalizations
33% 37% 42% 47% 52% 56% 60% 61% 64% 65%

80%
70%
60%
50%
40%
30%
20%

2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

* Includes managed account members who were both actively and passively enrolled.

20 YEARS

RISK

Individuals vary widely in their willingness and ability to take investment risk, even among those of similar age, so it's not surprising that risk is the top personal preference that EFE managed account members adjust.

Risk adjustments impact members' retirement income forecasts as well as the personalized advice based on the individual's unique needs and preferences.

"What I like best about managed accounts is the ability to speak to a person and personalize my investment strategy based on my unique circumstances."

Female managed accounts member, aged 45-54, employed at large airline.

Nearly **60%** of managed account members have tailored their risk preference to suit their individual needs.

MANAGED ACCOUNT MEMBERS WHO HAVE ARTICULATED RISK PREFERENCE [1]
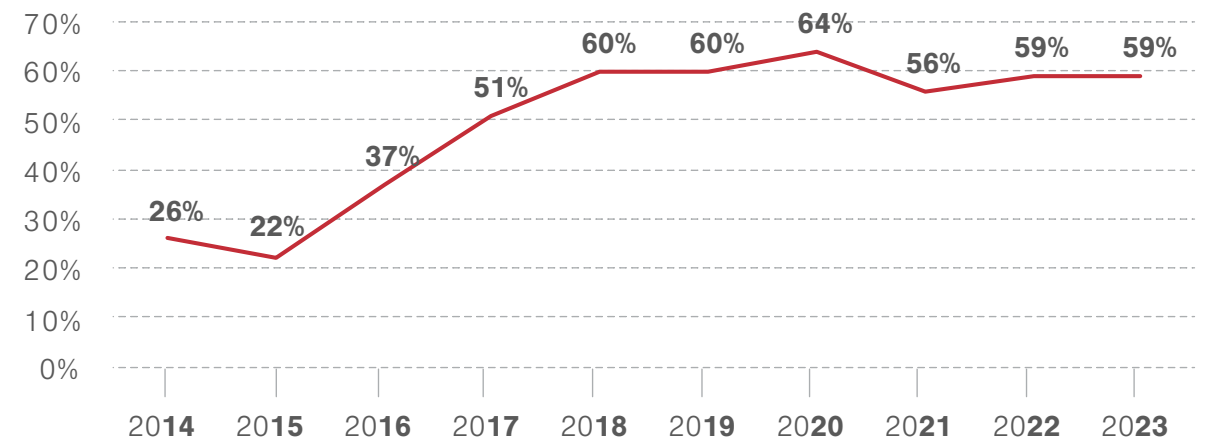
Year	Value
2014	26%
2015	22%
2016	37%
2017	51%
2018	60%
2019	60%
2020	64%
2021	56%
2022	59%
2023	59%

[1] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents percentage of managed account members who enrolled within given year and adjusted risk preference from "same as peers."

Quote: see page 34 for full disclosure.

MANAGED ACCOUNTS
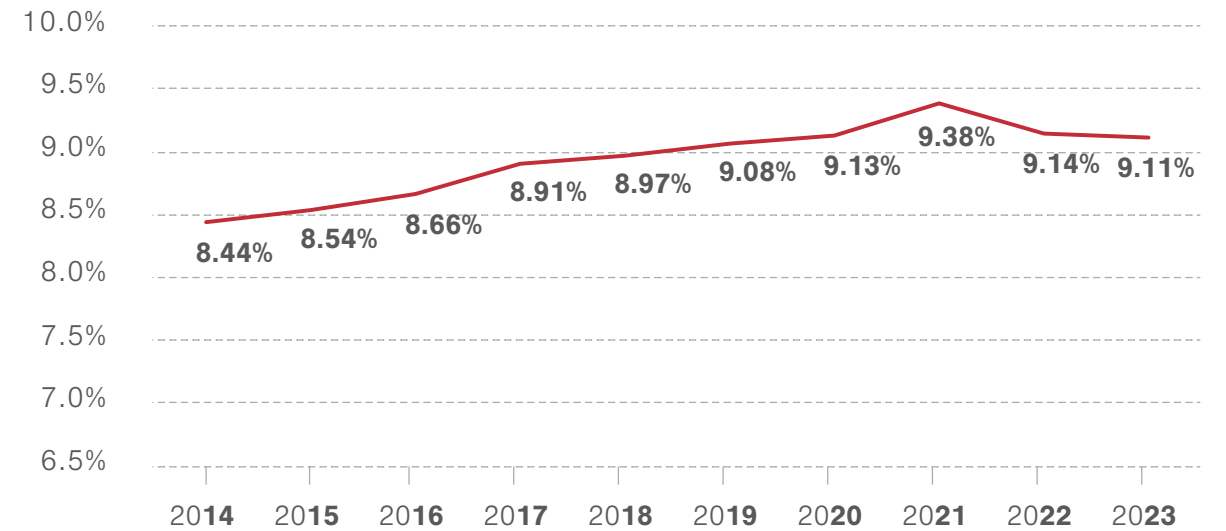# DRIVE POSITIVE BEHAVIORS AND OUTCOMES

During the past decade, the savings rates of EFE managed account members have consistently averaged higher than non-members.

Managed account members are contributing an average of 9.1% of their income to their account, compared to 7.8% for non-members and 7.4% specifically for individuals primarily invested in a single target-date fund. This translates to an average of $9,700 each year in an individual member's retirement savings versus $8,400 for a non-member. [1]

Managed account member contributions have grown by **14%** **since 2014**

AVERAGE SAVINGS RATE FOR MANAGED ACCOUNT MEMBERS [2]

10.0%	
9.5%	
9.0%	9.38%
8.5%	8.91% 8.97% 9.08% 9.13% 9.14% 9.11%
8.0%	8.44% 8.54% 8.66%
7.5%	
7.0%	
6.5%	

2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

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[1] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents average pretax contributions of managed account users, non-users, and primary target date fund users as of year end (excluding users with pretax contributions >100%). Savings does not include employer match.

[2] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents pretax contributions of managed account users as of year end (excluding users with pretax contributions >100%). Savings does not include employer match.

20 YEARS

SAVINGS

" What I like best about managed accounts is that I have confidence that I am saving enough for retirement, and I am saving more than most people in my age group. When managing my 401(k) myself, I had no idea how I was doing."

Male managed accounts member, aged 55-64, employed at large airline

Managed account members have increased their savings rate by **74%** **within 12-months of enrolling and receiving retirement advice.**

2-5

o Managed account member savings rates steadily increase alongside age and tenure in the service.

o Managed account members enrolled in the service for more than 11 years have a 25% higher savings rate compared to those enrolled for less than 1 year.

o 41% of managed account members are saving higher than 10%.

MANAGED ACCOUNT MEMBER DISTRIBUTION BY SAVINGS RATE
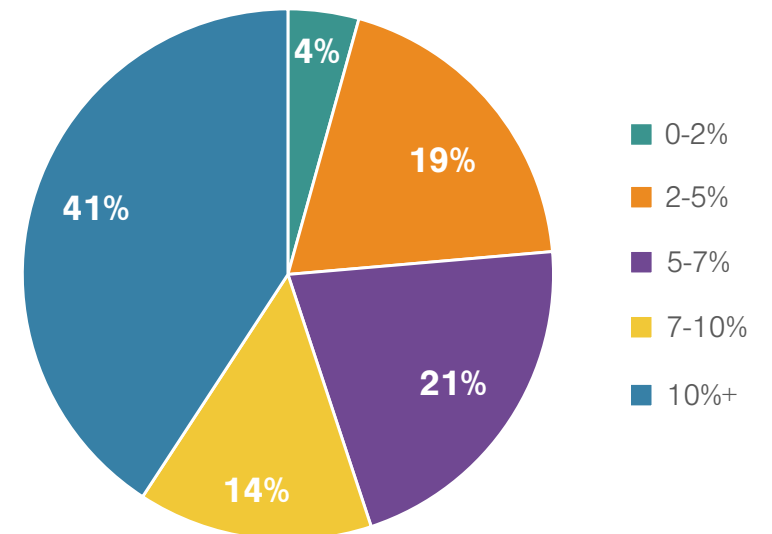
- 0-2%
- 2-5%
- 5-7%
- 7-10%
- 10%+

4%
19%
21%
14%
41%

SAVINGS

MANAGED ACCOUNT MEMBER AVERAGE SAVINGS RATE BY AGE [1]

Bar chart data:
- 20-29: 6.8%
- 30-39: 7.6%
- 40-49: 8.5%
- 50-59: 10.0%
- 60+: 11.6%
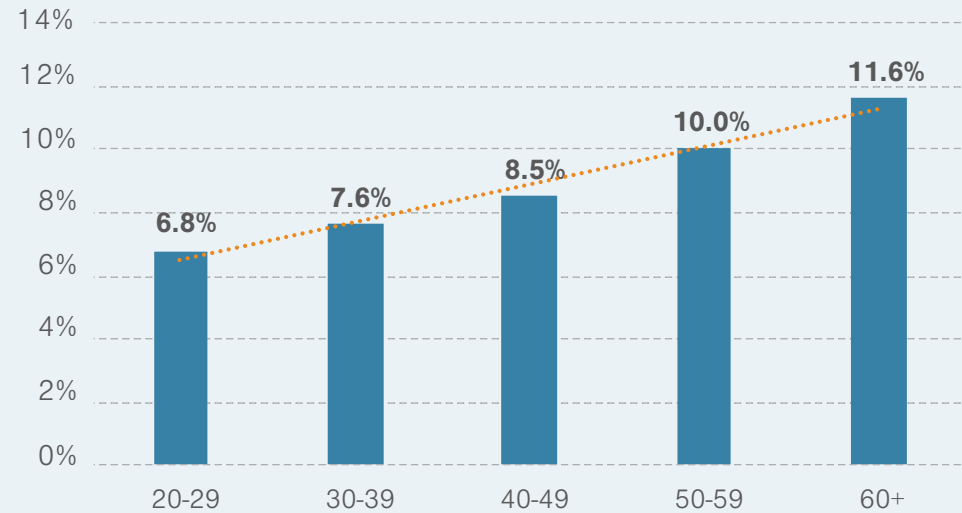
MANAGED ACCOUNT MEMBER AVERAGE SAVINGS RATE [2] BY TENURE IN THE PROGRAM

Bar chart data:
- <1 year: 8.2%
- 1-4 years: 8.9%
- 5-10 years: 9.7%
- 11+ years: 10.2%

Managed account members enrolled for 11+ years saved **25%** **more than those enrolled for less than a year.**

2O YEARS

"What I like best about managed accounts are the changes made to rebalance my portfolio, so I don't get too stock or bond heavy"

Female managed accounts member, aged 45-54, employed at small non-profit organization

MANAGED ACCOUNTS
DRIVE POSITIVE BEHAVIORS AND OUTCOMES

EFE constructs personalized portfolios based on each managed account member's needs and circumstances.

As a result, members are much more likely to be appropriately invested when compared to non-managed account members.

More than 40% of EFE plan sponsors have company stock as an investment option in their 401(k) plans. Being overly exposed in company stock comes with substantial risk, especially for those participants nearing retirement. As a fiduciary for company stock, EFE's methodology limits managed account members' company stock exposure, protecting their assets from unnecessary risk and exposure.

Nearly **all managed account members hold less than 20% of their assets in company stock** – in comparison, 4 in 10 non-members hold more than 20% of their assets in company stock.

COMPANY STOCK HOLDINGS

	<=20%	>20%	<=50%	>50%
Managed account members	98%	2%	100%	0%
Non-managed account members	61%	39%	85%	15%

■ Managed account members ■ Non-managed account members

97% of managed account members are appropriately invested, compared to just 25% of their non-service counterparts.

MANAGED ACCOUNTS
DRIVE POSITIVE BEHAVIORS AND OUTCOMES

Deciding when to claim Social Security is one of the most difficult decisions individuals are faced with as they approach retirement. Over the past two decades, managed account members have leveraged the personalized guidance and optimization available through EFE's managed accounts program to maximize their benefit.

Over the past two decades, EFE has found $36,443,344,909 in additional Social Security benefits for managed account members.[1]

At an average of $148,574 per member.[2]

[1] Edelman Financial Engines Data Warehouse as of 12/31/2023. Represents total dollars found by managed account members in additional potential Social Security benefits via EFE's Social Security Optimization Tool for managed account members since inception of the tool in 2014.

[2] Edelman Financial Engines Data Warehouse as of 12/31/2023. Represents average dollar amount found by managed account members in additional potential Social Security benefits via EFE's Social Security Optimization Tool for managed account members since inception of the tool in 2014.

20 YEARS

MANAGED ACCOUNTS AND TARGET DATE FUNDS.

Managed accounts and target date funds (TDFs) are complementary solutions.
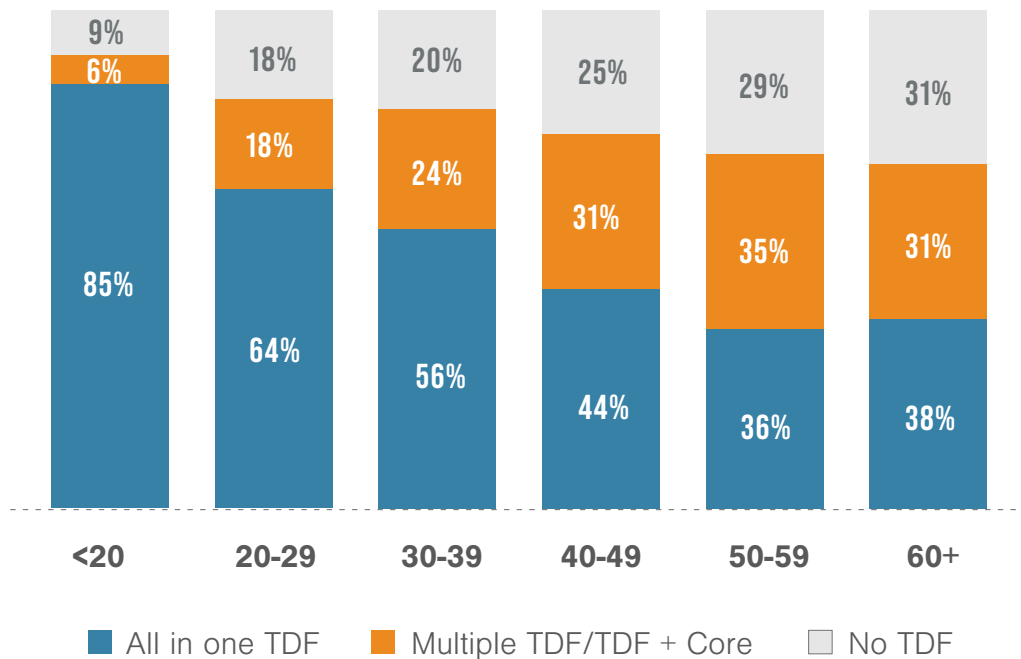
There are key differences in user populations, both in terms of demographic characteristics and investment-related tendencies.

o The percentage of TDF users invested in a single TDF drops by nearly 50% by age 50.[1]

o At the same time, managed account member concentration steadily increases with age, illustrating that as participants age, they seek more personalized help solutions.

> "What I like best about managed accounts is the ability to speak with an advisor and look at various scenarios regarding my retirement income needs."
>
> *Female managed accounts member, aged 65+, employed at large telecommunications company*

TDF USAGE BY AGE [1]

Legend: ■ All in one TDF ■ Multiple TDF/TDF + Core ☐ No TDF

Age	No TDF	Multiple TDF/TDF + Core	All in one TDF
<20	9%	6%	85%
20-29	18%	18%	64%
30-39	20%	24%	56%
40-49	25%	31%	44%
50-59	29%	35%	36%
60+	31%	31%	38%

DISTRIBUTION BY AGE [2]

Legend: ■ 60+ ☐ 50-59 ■ 40-49 ■ 30-39 ■ 20-29

Age band	Managed account members	Primary TDF users
60+	21%	12%
50-59	26%	17%
40-49	24%	22%
30-39	21%	30%
20-29	8%	19%
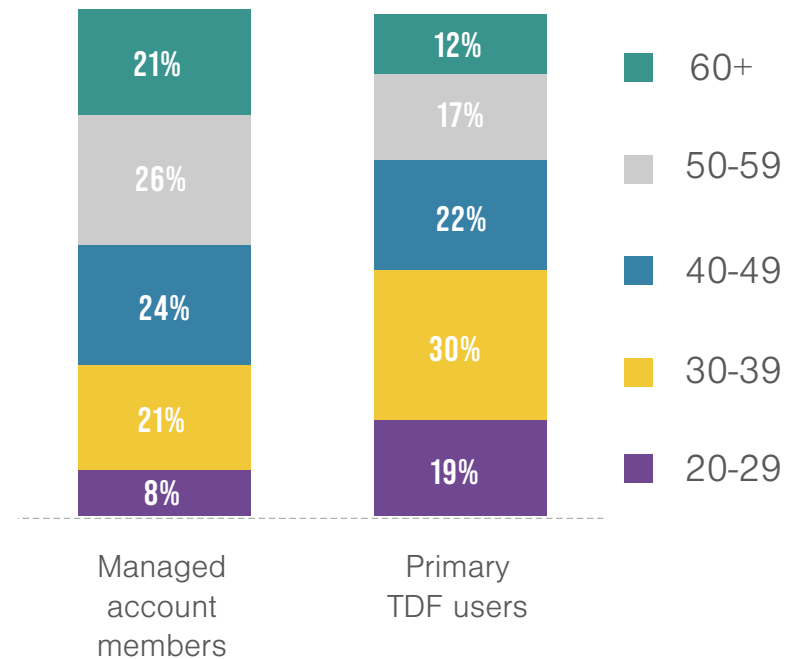
[1] According to Alight DC Research data, as of 12/31/2023. Based on 2.5 million participants.

[2] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents distribution of managed account members and primary TDF users by age bands.

Quote: see page 34 for full disclosure.

MANAGED ACCOUNTS AND TARGET DATE FUNDS.

o More than 40% of managed account members have 401(k) balances over $100,000, compared to just 15% of primary TDF users, illustrating that those with more complex needs find value in managed accounts.

DISTRIBUTION BY 401(K) BALANCE [1]

Managed account members
- 43% — $0-$49k
- 16% — $50k-$99k
- 9% — $100k-$149k
- 11% — $150k-$249k
- 21% — $250k+

Primary TDF users
- 74% — $0-$49k
- 11% — $50k-$99k
- 5% — $100k-$149k
- 5% — $150k-$249k
- 5% — $250k+

Legend:
- $250k+
- $150k-$249k
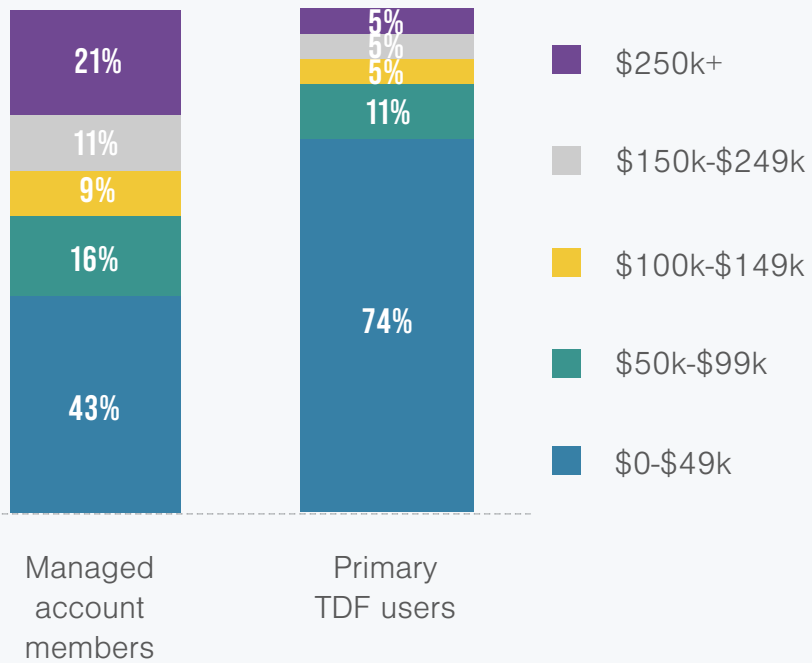- $100k-$149k
- $50k-$99k
- $0-$49k

[1] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents distribution of managed account members and primary TDF users by 401(k) balance.

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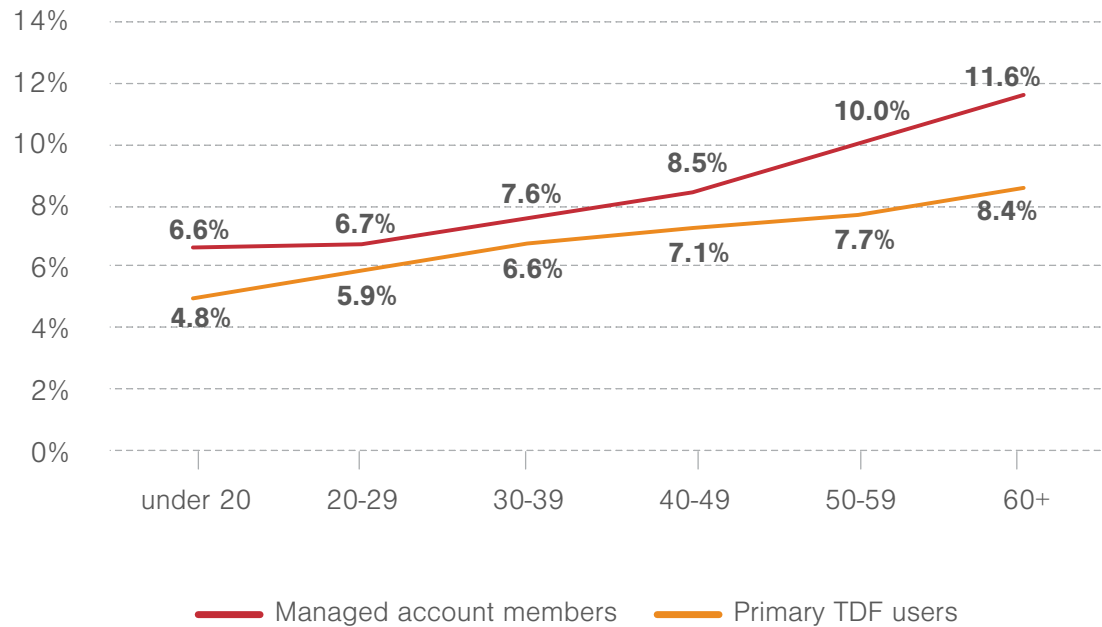
MANAGED ACCOUNTS AND TARGET DATE FUNDS.

o Regardless of age, managed account members have higher savings rates than those using a TDF.

AVERAGE SAVINGS RATE BY AGE [1]

Line chart showing average savings rate by age band:

Age band	Managed account members	Primary TDF users
under 20	6.6%	4.8%
20-29	6.7%	5.9%
30-39	7.6%	6.6%
40-49	8.5%	7.1%
50-59	10.0%	7.7%
60+	11.6%	8.4%

— Managed account members   — Primary TDF users

22% The average managed account member savings rate is 22% higher than the average savings rate of those using a TDF as their primary investment vehicle.

[1] Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents average managed account member and primary TDF users' savings rates by age band. Takes into consideration pretax contributions as of year end (excluding users with pretax contributions >100%). Savings does not include employer match.

20 YEARS

THE POWER OF HUMAN ADVICE.

EFE's recent managed account member research reveals that nearly all managed account members find value in having unlimited access to speak to a licensed, independent advisor as part of the solution. Most importantly, those that engage with advisors find the interaction valuable in helping to achieve their personal financial goals.

WHEN THINKING COLLECTIVELY ABOUT ANY DISCUSSIONS YOU'VE HAD WITH EFE ADVISORS, WHAT ARE THE TOPICS THAT YOU DISCUSSED?

Topic	Percentage
Retirement planning	89%
Retirement income	55%
Investing	52%
Pension	24%
Market volatility	21%
Budgeting/debt management/emergency savings	19%
Company stock	12%
HSA	9%
Benefits/health insurance	8%
College savings/student loans	6%
Buying/selling a home	5%
Other	4%
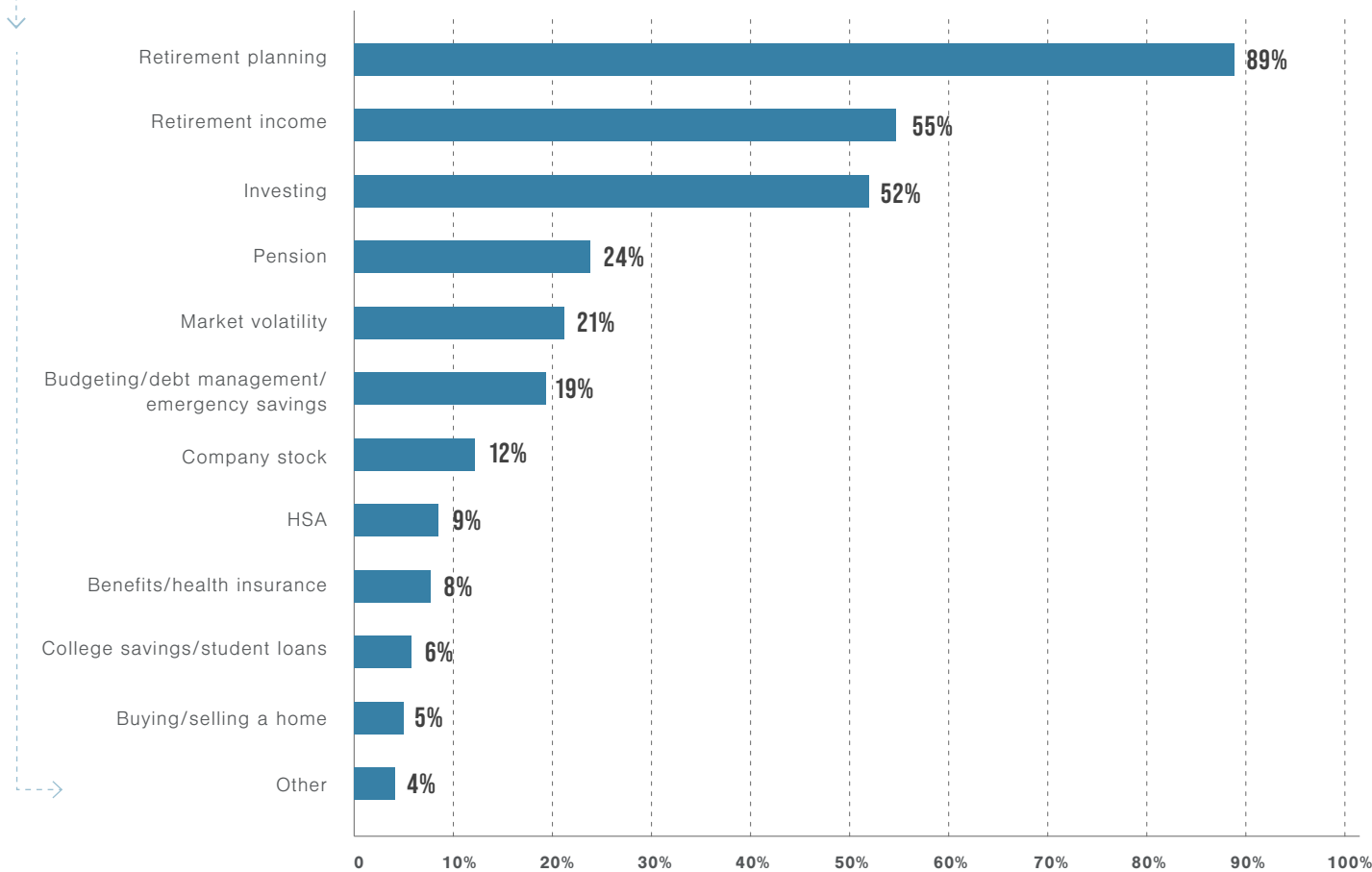
"What I like best about managed accounts is how my advisor laid out my long-term plan and showed my potential income available to me when I decide to retire. Having a yearly meeting to make sure I'm still on track to retire comfortably in today's volatile economy."

Male managed accounts member, aged 45-54, employed at large automobile manufacturing company

Nearly **60%** of managed account members report speaking to an advisor.

96% of members who have spoken with an advisor found the interaction valuable.

MARKET VOLATILITY.

85 **%** of members that had a conversation with an advisor surrounding market volatility stated that the conversation prevented them from making a rash decision.

"I signed up for managed accounts because the market was so volatile, and for the first time I wasn't sure what to do."

Male managed accounts member, aged 55-64, employed at large airline

"I signed up for managed accounts to remove the temptation of making changes to my investments based only on the news or feelings."
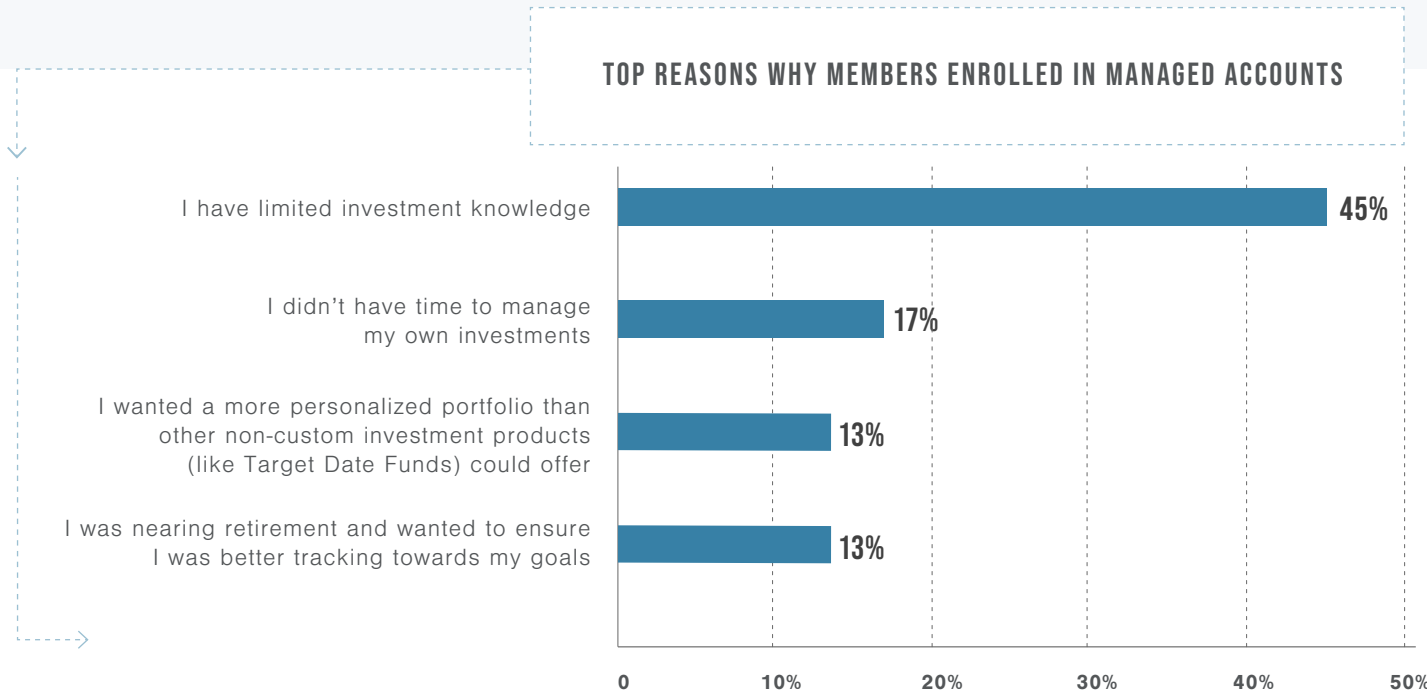
Managed accounts member, aged 45-54, employed at large airline

20 YEARS

MANAGED ACCOUNTS SOLVE FOR UNDERLYING PARTICIPANT NEEDS.

EFE's recent research illustrates that participants enroll in managed accounts to fulfill a variety of needs.

TOP REASONS WHY MEMBERS ENROLLED IN MANAGED ACCOUNTS

Reason	Percentage
I have limited investment knowledge	45%
I didn't have time to manage my own investments	17%
I wanted a more personalized portfolio than other non-custom investment products (like Target Date Funds) could offer	13%
I was nearing retirement and wanted to ensure I was better tracking towards my goals	13%

"While I've spent some time ensuring I have a basic understanding of personal finance, financial literacy is not my forte, so knowing I can reach out to a professional advisor if I have questions is valuable. I also appreciate having my account managed by a professional who can ensure I have a diversified portfolio that meets my retirement approach."

Female managed accounts member, aged 25-34, employed at small digital healthcare company

62% of members enrolled in the service because they have limited investment knowledge, or limited time.

20 YEARS

"What I like best about managed accounts is having someone very knowledgeable in financial planning and investing who can advise on the best strategies to grow assets pre- and post-retirement."

Female managed accounts member, aged 45-54, employed at large technology company

"I signed up for managed accounts for the same reason I go to the dentist. Just because I can brush and floss my teeth, doesn't make me a dental professional."

Male managed accounts member, aged 55-64, employed at large technology company

THERE'S QUANTIFIABLE VALUE IN MANAGED ACCOUNTS.

From the construction of personalized portfolios and retirement plans to the hands-free ongoing management, conflict-free human advice, and more, managed account members find value in the program.

97% **of members find value in the service.**

87% of members value the ongoing management of their assets.

81% of members value the ability to speak to an advisor.

78% of members value the interactive planning tools.

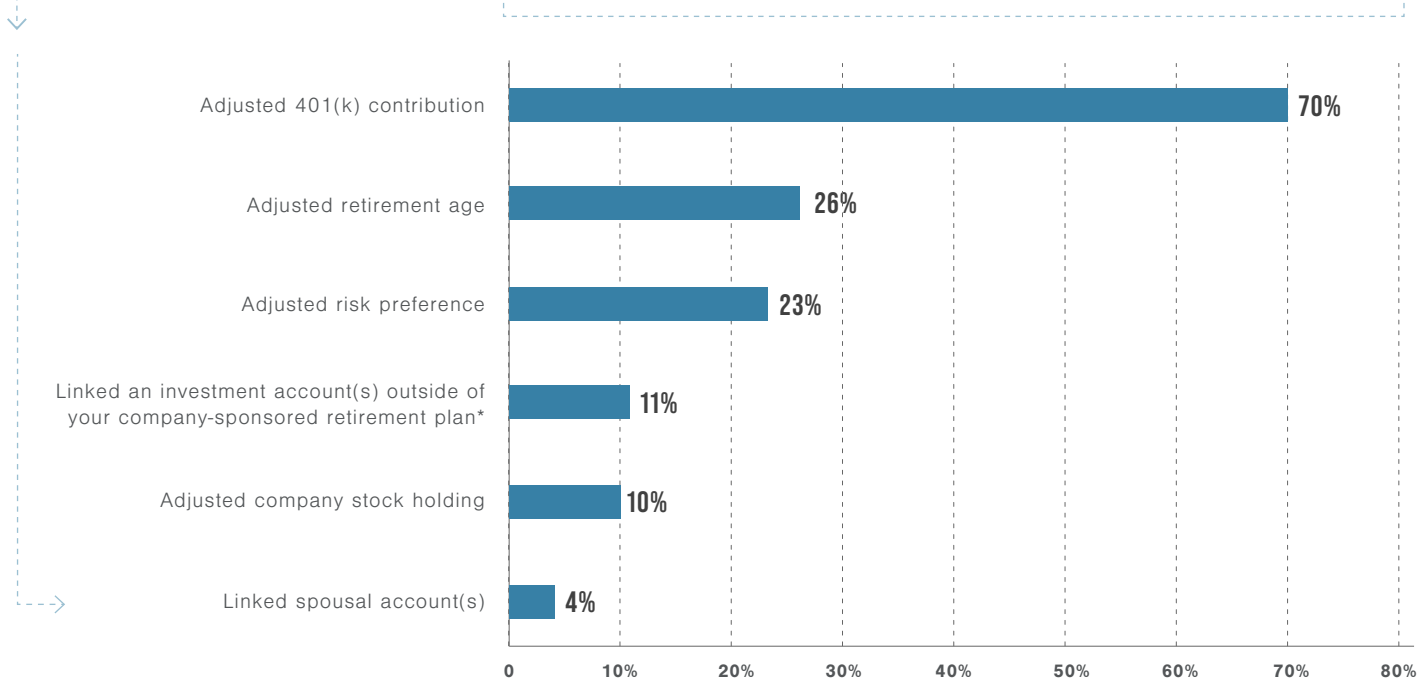**60%** of members value the educational events and webinars.

"What I like best about managed accounts is the more nuanced approach to investing preferences that can consider the other investment accounts I have to actually project what retirement could look like. It is being able to look at the big picture."

Male managed accounts member, aged 35-44, employed at large media company

PERSONALIZED INVESTING STRATEGIES.

Nearly all managed account members value the ability to customize their investment strategy, accounting for things like retirement age, risk preference, outside accounts, spousal income and more.

AS IT RELATES TO THE ABILITY TO HAVE A PERSONALIZED PORTFOLIO, WHICH OF THE FOLLOWING ACTIONS REGARDING YOUR 401(K) HAVE YOU TAKEN IN THE PAST YEAR?

Action	Percentage
Adjusted 401(k) contribution	70%
Adjusted retirement age	26%
Adjusted risk preference	23%
Linked an investment account(s) outside of your company-sponsored retirement plan*	11%
Adjusted company stock holding	10%
Linked spousal account(s)	4%

* Of those members that report having an outside investment account, 19% have linked the account within the last year.

> **"What I like best about managed accounts is how it incorporates my work provided pension and Social Security along with my 403(b) into creating a whole retirement plan."**
>
> *Female managed account member, aged 45-54, employed at large healthcare company*

99% of members value the ability to have a portfolio personalized to their unique needs and goals.

20 YEARS

NAVIGATING THE DECUMULATION PHASE OF RETIREMENT.

The transition from wealth accumulation to preservation and decumulation introduces significant complexities for participants. EFE's proprietary retirement income solution, Income Beyond Retirement, helps participants build personal retirement income strategies, finding the right balance between reliable income and asset appreciation that fits their safe spending goals, discretionary or aspirational spending, without being locked in.

89% of managed account members using Income Beyond Retirement find the service valuable.

85% of those using Income Beyond Retirement value the flexibility to invest for both growth and income safety so they can adjust their strategies as their situations change.

"What I like best about managed accounts is going over planning for retirement. How to proceed with saving and managing financial needs after retirement. Developing a plan for extra expenses and saving to prevent using my 401(k) right away."
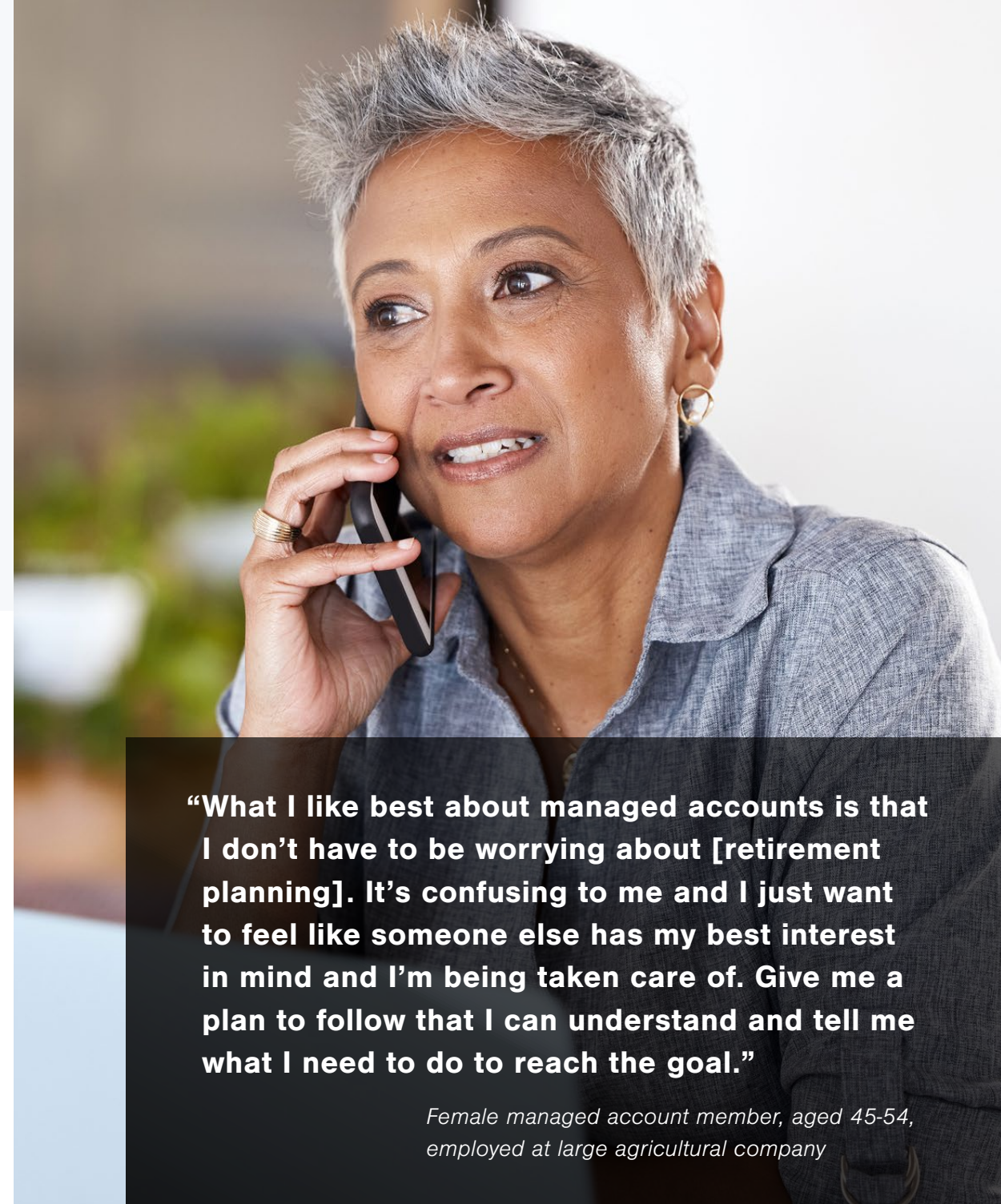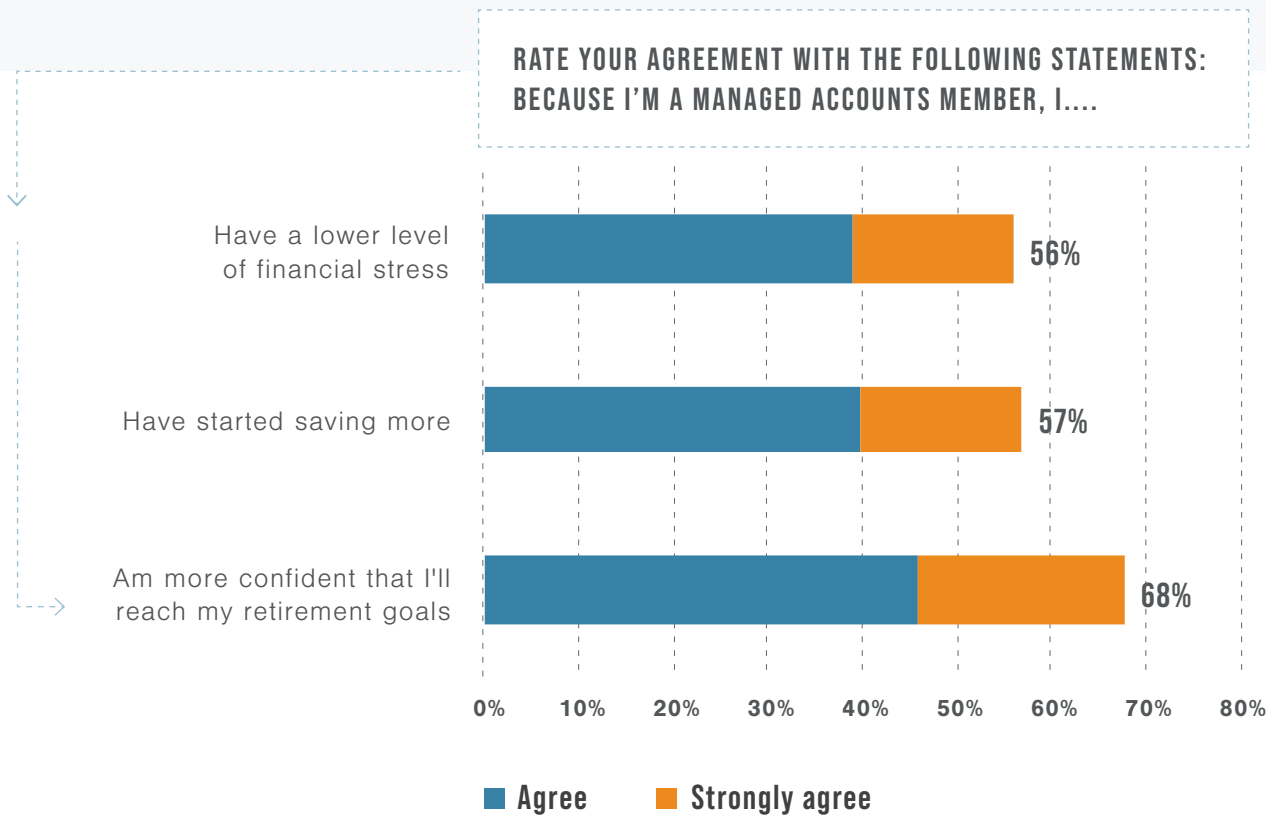
Female managed account member, aged 55-64, employed at large airline

20 YEARS

EMPOWERING MEMBERS TO RETIRE COMFORTABLY AND CONFIDENTLY.

A vast majority of managed account members credit the program for improving their total wellbeing, including increased confidence, lower levels of financial stress, improved savings behaviors, and more.

80% of members report being more confident in their investment strategies today than they would be if they were not enrolled in managed accounts.

RATE YOUR AGREEMENT WITH THE FOLLOWING STATEMENTS: BECAUSE I'M A MANAGED ACCOUNTS MEMBER, I....

Have a lower level of financial stress — **56%**

Have started saving more — **57%**

Am more confident that I'll reach my retirement goals — **68%**

0% 10% 20% 30% 40% 50% 60% 70% 80%

■ Agree ■ Strongly agree

"What I like best about managed accounts is that I don't have to be worrying about [retirement planning]. It's confusing to me and I just want to feel like someone else has my best interest in mind and I'm being taken care of. Give me a plan to follow that I can understand and tell me what I need to do to reach the goal."

Female managed account member, aged 45-54, employed at large agricultural company

20 YEARS

2024 AND BEYOND

The remarkable growth of managed accounts over the past two decades validates that leading employers, plan providers, and consultants recognize the importance of providing solutions to improve participants' retirement outcomes. What was once introduced as a 401(k) asset allocator to improve participants' retirement readiness, has evolved into a robust financial planning platform, solving for the full spectrum of participants' financial needs. Our two decades worth of insights illuminate the positive behaviors, outcomes, and value achieved by managed account members.

As we look towards the next twenty years, it's clear further progress will require continued listening, learning and evolution alongside participant needs. As an industry, that means endless opportunity to ignite even more growth through innovation.

WHAT COMES NEXT?

Evaluate managed accounts' full impact.
This research revealed that a vast majority (94%) of managed account members say the solution has made them more confident that they'll reach their retirement goals. As an industry, we need to place more emphasis on the value participants are deriving, measuring and incorporating all benefits, both investment and non-investment related.

Embrace technology to elevate the participant experience.
The number of managed account members that have taken advantage of adding personal data and preferences to customize their investment strategies has doubled in the last decade. Providers should welcome innovations like artificial intelligence to meet evolving consumer expectations and behaviors, more seamlessly connecting them to differentiated experiences that not only meet their individual needs but also improve outcomes.

Expand plan design to drive participants towards the solution best suited for their needs.
Today 16% of employees are utilizing managed accounts, yet 97% of those that do are appropriately invested, compared to just 25% of their non-service counterparts. Employers should consider using automatic enrollment plan design features (i.e., QDIA) as a solution for subsets of the workforce most likely to benefit from a managed account program (i.e., those nearing retirement, with higher levels of financial complexity, imprudent asset allocations, etc.), to ensure they receive the help they need.

Normalize financial planning in the workplace as a core employee benefit.
The research has revealed the overwhelmingly positive impact that managed accounts have on participants' investment behaviors as well as the value members place on the program. As a result, employers should consider including managed account and financial planning programs as a core pillar within their benefits package. In doing so, they will eliminate barriers currently hindering participants from receiving the financial help they so desperately want, need, and value.

Methodology

All data within is from Edelman Financial Engines' Data Warehouse as of December 31, 2023. Unless otherwise noted, EFE member data includes both direct and subadvised managed account users.

Professional Management Member Survey data within was conducted via an online survey of our current Professional Management members in March 2024, focusing on intent and behaviors as well as subjective measures of value across 3,670 participants.

About Edelman Financial Engines

Since 1986, Edelman Financial Engines has been committed to always acting in the best interests of our clients. We were founded on the belief that all investors – not just the wealthy – deserve access to personal, comprehensive financial planning and investment advice. Today, we are America's top independent financial planning and investment advisory firm, recognized by Barron's[1] with 145+ offices across the country and entrusted by more than 1.3 million clients to manage more than $284 billion in assets.[2] Our unique approach to serving clients combines our advanced methodology and proprietary technology with the attention of a dedicated personal financial planner. Every client's situation and goals are unique, and the powerful fusion of high-tech and high touch allows Edelman Financial Engines to deliver the personal plan and financial confidence that everyone deserves.

[1] The Barron's 2023 Top 100 RIA Firms list, an eight-year ranking of independent advisory firms, is qualitative and quantitative, including assets managed by the firms, technology spending, staff diversity, succession planning and other metrics. Firms elect to participate but do not pay to be included in the ranking. Ranking awarded each September based on data within a 12-month period. Investor experience and returns are not considered.

[2] Edelman Financial Engines Data Warehouse as of March 31, 2024.

DISCLOSURES

PAGE 3 - Key Themes.

o **Managed accounts have grown significantly:** According to the Cerulli Associates Top-Nine Managed Account Sponsors by DC Assets survey of Defined Contribution managed account providers, The Cerulli Edge – U.S. Retirement Edition, 4Q 2023.

o **There's increasing demand for a more personalized approach:** Edelman Financial Engines Data Warehouse as of 12/31/2023. Data captures the cumulative personalizations as of 12/31/2014 and 12/31/2023.
The following personalizations were available from 2014-2023 (retirement age, risk, company stock and outside accounts), with asset class added in 2016, and a retirement income solution added in 2020.

o **Managed accounts tend to lead to:** Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents average pretax contributions of managed account users, non-users, and primary target date fund users as of year end (excluding users with pretax contributions >100%). Savings does not include employer match.

o **Managed accounts are the preferred solution for:** Edelman Financial Engines Data Warehouse as of 12/31/2023. Data includes percentage of all managed account members who are over the age of 50 and all primary TDF users over the age of 50.

o **Human advice is one of the most valued features**: Professional Management Member Survey data conducted via an online survey of our current managed account members in March 2024, focusing on intent and behaviors as well as subjective measures of value across 3,670 participants.

PAGE 7 - Connected at every corner
MANAGED ACCOUNT MEMBER REPRESENTATION ACROSS THE US
Edelman Financial Engines Data Warehouse as of 12/31/2023. Represents managed account member concentration based on participants' primary addresses.

MANAGED ACCOUNT MEMBER DEMOGRAPHICS
Professional Management Member Survey data conducted via an online survey of our current managed account members in March 2024, focusing on intent and behaviors as well as subjective measures of value across 3,670 participants.

TOP 5 INDUSTRIES UTILIZING MANAGED ACCOUNTS
Edelman Financial Engines Data Warehouse as of 12/31/2023. Includes top 5 industries by active enrollment across top 25 industries with 5+ employers and 50,000+ participants.

PAGE 8 - Steady profile of managed account members

2004: Edelman Financial Engines Data Warehouse as of 12/31/2023. Includes average age, balance, and salary across all EFE managed account members as of 12/31/2004.

2023: Edelman Financial Engines Data Warehouse as of 12/31/2023. Includes average age, balance, and salary across all EFE managed account members as of 12/31/2023.

PAGE 12 - Personalization

Full set: Edelman Financial Engines data warehouse as of 12/31/2023. Reflects analysis of EFE managed account users who have personalized their account as of the year end. Cited personalization rates include historical data available as early as 2008 tracking EFE's core personalization levers (risk, retirement age, Income Beyond Retirement election, outside accounts, asset class control, and company stock personalization).

EFE has in recent years begun tracking additional personalization levers, including: investment objective change (growth/income), company stock, deferred stock, asset class control, managed IRA, outside account, payout action, retirement age, risk, tax information/rates, retirement goal, salary growth, spouse/income addition, SSA assumption change, pension data (either user entered or recordkeeper), sponsored accounts (non-managed) - CB, non-qual and restricted stock.

Core Set: Edelman Financial Engines data warehouse as of 12/31/2023. Reflects analysis of EFE managed account users who have personalized their account as of the year end. Cited personalization rates include historical data available as early as 2008 tracking EFE's core personalization levers (risk, retirement age, Income Beyond Retirement election, outside accounts, asset class control, and company stock personalization).

PAGE 15 - Savings

74% Stat: Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents average percentage increase in pretax savings rate for managed account members within 12-months of enrolling in the program. Compares average pretax contributions of managed account members at enrollment, to average pretax contributions 12-months after enrollment (excluding users with pretax contributions >100%). Savings does not include employer match.

o **Managed account members enrolled in the service for more than 11 years:** Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents average managed account member savings rate by their tenure in the managed account program. Takes into consideration pretax contributions of managed account users as of year end (excluding users with pretax contributions >100%). Savings does not include employer match.

o **41% of managed account members are saving:** Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents percentage of managed account members with a savings rate higher than 10%. Takes into consideration pretax contributions of managed account users as of year end (excluding users with pretax contributions >100%). Savings does not include employer match.

MANAGED ACCOUNT MEMBER DISTRIBUTION BY SAVINGS RATE
Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents distribution of managed account members by savings rates. Takes into consideration pretax contributions of managed account users as of year end (excluding users with pretax contributions >100%). Savings does not include employer match.

DISCLOSURES

PAGE 17 - Investing

More than 40% of EFE plan sponsors have company stock as an investment option in their 401(k) plans
Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents percentage of total plan sponsors who have participants that are holding company stock. Excludes ADP sponsors.

Edelman Financial Engines' company stock treatment
Managed account members can specify the maximum allocation to company stock in their portfolio, however the maximum cannot be greater than 20% of the unrestricted account balance. Allocations exceeding 20% would limit our ability to appropriately diversify and manage the portfolio.

With our Deferred Stock Transition (DST) program, we'll manage member portfolios and defer the sale of company stock over a 2-year period. New members may set up to 50% in stock cap for the first year, and we'll gradually reduce the stock cap by 2% per month in Year 2 until the cap reaches 20%. This spreads out the impact of trading.

COMPANY STOCK HOLDINGS
Edelman Financial Engines Data Warehouse as of 12/31/2023. Data represents percentage of managed account members who hold company stock.

97% Stat: Edelman Financial Engines Data Warehouse as of 12/31/2023. Compares percentage of managed account members with a green stoplight for investments to non-managed account users with a green stoplight for investments. Percentages are calculated by creating an average sponsor aggregate across EFE's entire book of business.

General stoplight definitions for investments are provided below and right:
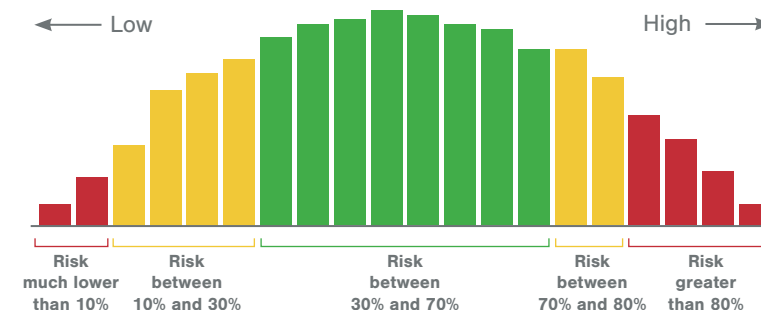
STOPLIGHT DEFINITION

	Red	Yellow	Green
Investments[1]	Portfolio has very inappropriate risk, is very inefficient, or more than 20% in unrestricted company stock.	Portfolio has inappropriate risk, is inefficient, or has between 10% and 20% in unrestricted company stock.	Portfolio has appropriate risk, is efficient, and has less than 10% in unrestricted company stock.
Risk	Portfolio has very inappropriate risk.	Portfolio has inappropriate risk.	Portfolio has appropriate risk.
Diversification	Portfolio is very inefficient.	Portfolio is inefficient.	Portfolio is efficient.
Company Stock	Portfolio has more than 20% in unrestricted company stock.	Portfolio is holding between 10% and 20% in unrestricted company stock.	Portfolio has no more than 10% in unrestricted company stock.

[1] Participants with 95% or more in TDF(s) are included in the Target Date Fund stoplight. They are not included in the Risk and Diversification stoplights.

* The analysis above explains Financial Engines' Participant savings stoplight logic for purposes of providing plan reporting through the Reach and Impact report. Please note that for the stoplight display procided to an individual plan participant, those with no salary on file will not receive a Red, Yellow or Green stoplight, but will be asked to supply their salary in order to receive a retirement income forecast.

Investments stoplight: Results prior to July 2011 were previously reported as Risk & Diversification stoplights which included both Risk and Diversification stoplight results but did not include company stock stoplights (if applicable). The investments stoplight now includes an assessment of risk, diversification, target date funds, and company stock (if applicable).

Percentage who have improved their portfolios is measured by the percentage of plan participants in each cohort who have moved their initial stoplight rating from red to yellow, red to green, or yellow to green.

Investments - Risk stoplights

| Risk much lower than 10% | Risk between 10% and 30% | Risk between 30% and 70% | Risk between 70% and 80% | Risk greater than 80% |

Risk is measured using Financial Engines Advisors L.L.C.'s methodology. A risk level of 1.0 represents the risk of an everage U.S. investor. A risk level of 1.20 represents a risk of 20% greater than the average U.S. investor. Risk analysis is based on the current participant portfolio allocaiton. A diversified portfolio is not a guarantee against loss.

Diversification methodology is calculated as follows:

- **Red** (very inefficient portfolio) if an optimization at the current risk level can improve the portfolio expected return by 40 bps or more.
- **Yellow** (inefficient portfolio) if an optimization at the current risk level can improve the expected return by at least 20 bps but not as much as 40bps.
- **Green** (efficient portfolio) if an optimization at the current risk level cannot improve the expected return by at least 20bps.

DISCLOSURES

PAGE 30 - 2024 and beyond

o **Evaluate managed accounts' full impact:** Professional Management Member Survey data conducted via an online survey of our current managed account members in March 2024, focusing on intent and behaviors as well as subjective measures of value across 3,670 participants.

o **Embrace technology to elevate the participant experience:** Edelman Financial Engines data warehouse as of 12/31/2023. Reflects analysis of EFE managed account users who have personalized their account as of the year end. Cited personalization rates include historical data available as early as 2008 tracking EFE's core personalization levers (risk, retirement age, Income Beyond Retirement election, outside accounts, asset class control, and company stock personalization).

   EFE has in recent years begun tracking additional personalization levers, including: investment objective change (growth/income), company stock, deferred stock, asset class control, managed IRA, outside account, payout action, retirement age, risk, tax information/rates, retirement goal, salary growth, spouse/income addition, SSA assumption change, pension data (either user entered or recordkeeper), sponsored accounts (non-managed) - CB, non-qual and restricted stock.

o **Expand plan design to drive participants towards the solution best suited for their needs:**
   16% Stat: Edelman Financial Engines Data Warehouse as of 12/31/2023. Percentage represents fraction of active participants using managed accounts in EFE direct channel rolled out for at least 26 months. Overall percentage of managed account enrollment is 12%.

   97% Stat: Edelman Financial Engines Data Warehouse as of 12/31/2023. Compares percentage of managed account members with a green stoplight for investments to non-managed account users with a green stoplight for investments. Percentages are calculated by creating an average sponsor aggregate across EFE's entire book of business.

See additional stoplight definitions on page 33.

PROFESSIONAL MANAGEMENT MEMBER SURVEY

Professional Management Member Survey data conducted via an online survey of our current managed account members in March 2024, focusing on intent and behaviors as well as subjective measures of value across 3,670 participants.

Quotes: Professional Management Member Survey data conducted via an online survey of our current managed account members in March 2024, focusing on intent and behaviors as well as subjective measures of value across 3,670 participants. The quote used here was provided by an EFE managed account member (client). Quote is in response to open-ended question asking what they liked best about EFE's managed account program. EFE did not offer any compensation to this client. It's important to note that every client's situation and experience is unique, so these testimonials should not be construed as a guarantee of similar or specific outcomes.

MANAGED **20** ACCOUNTS

YEARS

20yearsofma.com

Edelman
Financial Engines®