

CAMMACK RETIREMENT GROUP | WHITE PAPER

A Better Methodology for Monitoring Target Date Funds

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EXECUTIVE SUMMARY

Today's target date funds (TDFs) hold over \$582 billion,¹ and that amount is expected to grow significantly over the next several years. Given the concentration of defined contribution plan assets they hold, TDFs are one of the most significant asset classes in retirement plan investment lineups. Monitoring the TDF options offered in a plan is one of the most important fiduciary obligations plan sponsors face in managing their retirement plan investment lineup.

The concept behind TDFs, sometimes referred to as lifecycle funds, is simple and appealing. Participants make one key decision related to their retirement plan investments: the date they expect to retire. The participant then selects the TDF with the date closest to the participant's anticipated retirement date, which is typically indicated in the name of the fund, such as "2045 Fund."

TDFs are a popular method for simplifying a participant's long-term investment strategy. Participants who prefer an automated approach can eliminate all of the heavy lifting, with regard to selecting and rebalancing their investment portfolios, because TDFs are constructed to be a complete portfolio. The underlying mix of investments in the TDF is diversified and adjusted without participant intervention, so the participant's equity exposure automatically decreases and becomes more conservative as the target retirement date approaches. The change in exposure between equity and debt – the "glide path" – is designed to manage volatility. TDFs also have a role to play in helping plan sponsors manage their fiduciary risk, when used as the plan's qualified default investment alternative (QDIA).

"TDFs are one of the most significant asset classes in retirement plan investment lineups"

Fiduciary Challenges in Monitoring TDFs

Plan fiduciaries (typically the plan sponsor through its plan committee or investment committee) are responsible for prudently selecting and monitoring TDFs. ERISA mandates that fiduciaries carry out their duties with the care, skill and diligence that a prudent person familiar with the matter at hand would use. Under ERISA, the processes and methods employed in the evaluation of TDFs and other investments are critical. Differing objectives and employee demographics will dictate the appropriate TDF for plans and their participants. Since many plan sponsors today have already selected a TDF, their greatest challenge is to ensure they have a prudent process for monitoring the plan's TDF, and for benchmarking it against other options available in the market, relative to performance, risk and fees.

As we worked with plan sponsors at Cammack Retirement Group, we discovered their unique challenges in monitoring TDFs. The disparity in glide paths, underlying investments, and fees among products compounds the difficulty. Yet, the fiduciary standard for monitoring TDFs is no less stringent than the standard that applies to other plan investments.

TDFs, like any other fund in an investment array, should be compared relative to a similar peer group. Many existing tools and methodologies begin the process of identifying peer groups by grouping TDFs, based on whether they are designed to reach their lowest equity exposure or the most conservative point at the target retirement date (“to retirement”), or at some point years after the target date (“through retirement”). The Department of Labor (DOL) has identified the “to” versus “through” approach to the glide path as one of the variables that plan fiduciaries should take into consideration.² We found, however, that relying too heavily on the “to” versus “through” characteristic as a TDF classification system can be misleading. For example, if a plan sponsor currently offers a “to retirement” TDF option, most analytical tools would disregard all TDFs classified as “through retirement” options for comparison purposes. Yet the glide path of the plan’s “to retirement” option may be similar to the glide path of certain TDF options classified as “through retirement,” making them an appropriate member of the peer group.

We firmly believe the basis for comparison must begin with the glide path and that the peer group should not eliminate TDFs simply because of their “to” versus “through” classification. Cammack Retirement Group concluded that plan fiduciaries need a better methodology to analyze and monitor their plan’s TDFs.

An Introduction to the Cammack Retirement Group Methodology

Since most plans already have a TDF in their investment lineup, we focused on developing a proprietary TDF evaluation methodology to compare a plan’s TDFs with its peers in a manner that achieves the following:


- Identifies the most critical variables in the TDF
- Groups TDFs with true peers for more meaningful benchmarking and comparisons
- Provides a disciplined process for selecting and monitoring investments, and documenting compliance with the ERISA fiduciary standards for plan investment fiduciaries

To identify the most critical variable in the TDF, we first explored both savings and distribution behaviors that impact the selection of TDFs. As we reviewed data available from the DOL and analyzed the savings behavior of a sample set of 82,000 retirement plan participants, we made some important discoveries:

- The overwhelming majority of participants left the plan when they retired or terminated their employment. Yet 27 of the 49 TDFs we analyzed were classified as “through retirement,” which are designed for a participant’s glide path to be actively managed through retirement. These TDFs tend to have a higher equity percentage at the retirement date to improve a participant’s chance of overcoming longevity risk.
- Participants from age 45-65 had the most assets and the greatest potential to be affected by market fluctuations. As a result, our methodology focuses on how the TDF glide path is designed during this critical age.

Following our conclusion that the basis for comparison begins with the glide path, we set out to design a methodology for grouping TDFs based on the similarity of glide path design. Our analysis led to the reclassification of the target date universe into six peer groups.

PRESERVATION OF CAPITAL			EXTENSION OF CAPITAL		
Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
Target date series are managed with a more conservative approach to maximize downside protection			Target date series are managed with a more aggressive approach to alleviate longevity risk		

Most Conservative ←  Most Aggressive

With the universe of TDFs assigned to the six categories, plan sponsors are able to conduct a more meaningful analysis of the TDF they currently offer in their plan. Bypassing the “to” versus “through” classifications, we can more accurately evaluate a TDF by using a comparable peer group. For example, if a fiduciary prefers a TDF with a preservation of capital philosophy and a moderate glide path, our methodology provides the ability to compare various TDFs with similar glide paths – regardless of whether the TDF is classified as “to” or “through” retirement. Once TDFs are grouped this way, plan fiduciaries obtain a more meaningful analysis of performance, based on traditional metrics such as total return, relative return, expense ratio, risk and risk adjusted returns.

The purpose of the white paper is to provide an overview of the increasingly important role TDFs play in retirement plans and to describe in more detail our proprietary methodology and improved classification system for monitoring this unique investment option.

A Better Methodology for Monitoring Target Date Funds

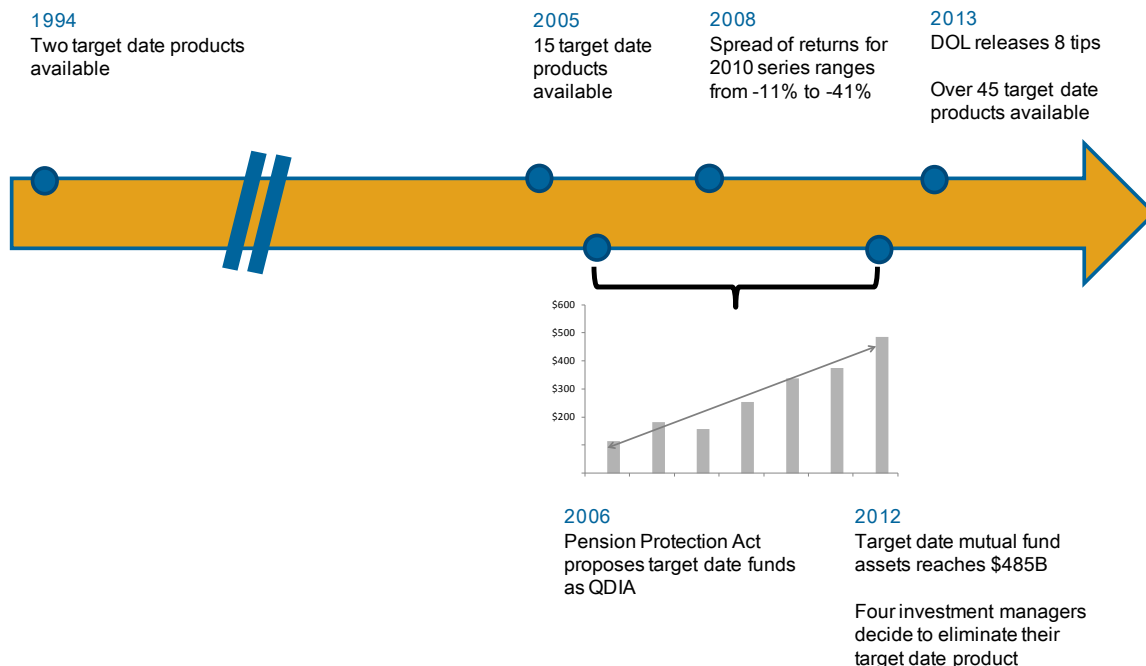
INCREASED FOCUS ON TARGET DATE FUNDS (TDFs)

Growing Market for Retirement Plan TDFs

According to Reuters, TDFs held more than \$582 billion at the end of January, 2014.¹ The growth of the TDF asset class largely followed the qualified default investment alternative (QDIA) regulations proposed by the Department of Labor (DOL) in 2006 and enacted in 2007. The DOL, plan sponsors and participants all understand the potential positive savings impact of a retirement vehicle that will adjust to a more appropriate asset allocation, as an individual approaches their target retirement age. Given the substantial growth of TDFs in recent years, many industry experts estimate TDFs will hold a substantial percent of all defined contribution plan assets within the next decade.

TDF Timeline

The following timeline summarizes significant events in the history of TDFs, which illustrates why it is so important for plan fiduciaries to review their current TDF suite. Many of these events will be discussed in more depth in later sections of this white paper.



STATUTORY & REGULATORY DRIVERS OF TDF GROWTH

Recent legal changes and related regulations have had a significant impact on driving TDF growth.

DOL QDIA Regulations

Concerned that too many retirement plan participants were leaving their plan assets in low-risk, low-return default investments, the DOL initially proposed QDIA regulations in 2006 to encourage retirement plan sponsors to offer default investments that were more suitable for long-term savings.² If a plan sponsor chooses a default investment that meets the requirements to be a QDIA, the plan sponsor will not be liable for any losses that occur as a result of the default investment. Three investment vehicles qualify as a QDIA:

- Life-cycle or TDFs
- Professionally-managed accounts
- Balanced funds

In addition, capital preservation products can be used as the QDIA during the first 120 days of participation. Offering a QDIA is not mandatory but is a popular risk mitigation practice. Since the issuance of the DOL regulations, TDFs have quickly become the preferred QDIA. As the most popular form of QDIA, TDFs are commonly included in best in class investment lineups. At year-end 2011, 72% of plans offered TDFs, and that number is expected to grow.³

Pension Protection Act of 2006 (PPA)

Congress passed the Pension Protection Act of 2006 (PPA), a sweeping retirement plan reform initiative that made automatic enrollment 401(k) provisions much easier to implement. Under an automatic enrollment 401(k) plan, each participant is enrolled in the plan at a predetermined deferral rate and the contributions are invested in a default investment vehicle selected by the plan sponsor. Offering a TDF as the default investment provides fiduciary protection for the plan sponsor under the DOL's QDIA regulations. While an automatically enrolled participant can choose a different deferral rate or a different investment, or opt out of the plan, a significant portion of automatically enrolled participants make no changes and leave their assets in the default fund – adding to the growth of TDF assets.

ERISA Fiduciary Responsibilities and TDFs

The Employee Retirement Income Security Act of 1974 (ERISA) requires the plan fiduciary (typically the plan sponsor or plan investment committee – referred to generally as the plan sponsor in this white paper) to select investments that are prudent and appropriate for the plan participants, and to monitor the investments over time. ERISA requires that “... a fiduciary shall discharge his duties with respect to a plan ... with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims...”⁴ Even if a plan sponsor delegates responsibility for selecting investments

“... a fiduciary shall discharge his duties with ... care, skill, prudence, and diligence...”

to participants under the fiduciary protection of ERISA 404(c), the plan sponsor retains fiduciary responsibility for selecting the investments that will be made available to participants.

On an ongoing basis, the plan sponsor has a fiduciary responsibility to monitor all investments selected for the plan. In addition to evaluating performance and fees, it is important to determine whether the TDF has stayed true to its stated investment philosophy.

While the fiduciary investment responsibilities can seem daunting, following a prudent decision-making process is key to ERISA compliance. Different fiduciaries will create different investment menus, but they must set up and follow sound procedures and systems, with the sole focus on what is best for the plan's participants and beneficiaries. This procedural due diligence should typically include developing a written due diligence process, consistently following that process, establishing checks and balances, and keeping records of document compliance. An established investment due diligence process can also ensure consistency and continuity if there is a change in plan fiduciaries (e.g., new investment committee members).

DOL Tip Sheet

Recognizing the unique challenges in evaluating TDFs, the DOL has taken steps to help plan sponsors understand how to fulfill their fiduciary duties of prudence and due diligence in selecting and monitoring TDFs. To aid plan sponsors, the DOL recently issued Target Date Retirement Funds – Tips for ERISA Plan Fiduciaries.⁵ It provides an overview of TDFs and explains the key items that plan sponsors should consider as they select and monitor these funds.

DOL TDF TIP SHEET

- Establish a process for comparing and selecting TDFs
- Establish a process for the periodic review of selected TDFs
- Understand the fund's investments
- Review the fund's fees and investment expenses
- Inquire about whether a custom and non-proprietary TDF would be a better fit for your plan
- Develop effective employee communications
- Take advantage of available sources of information to evaluate the TDF and recommendations you received regarding the TDF selection
- Document the process

In addition to issuing this release, the DOL plans to finalize amendments to the QDIA regulations and participant fee disclosure regulations, to require plan sponsors to provide certain information to participants to help them understand the features and risks of TDFs.⁶ Regulations from the Securities and Exchange Commission (SEC) are also anticipated.

CHALLENGES IN ANALYZING TDFs

Because of vast differences in the investment strategies, underlying funds, and associated fees among TDFs, plan sponsors face a number of challenges when analyzing and monitoring these unique investments.⁷

Broad Range of Assumptions & Design Strategies

While all TDFs offer a long-term investment strategy, the underlying assumptions and design of the various TDF products vary considerably. A fund manager must determine whether the TDF will be built using only mutual funds (a fund of funds approach), or will be designed around specific asset classes or sleeves. Even after defining the investment categories within the TDF, and selecting investments to fit each sleeve, the fund manager must decide how those allocations will change as the target date approaches – the glide path. These design factors explain how multiple TDFs labeled “2040” may differ significantly in the percentage of equities held at various points in time.

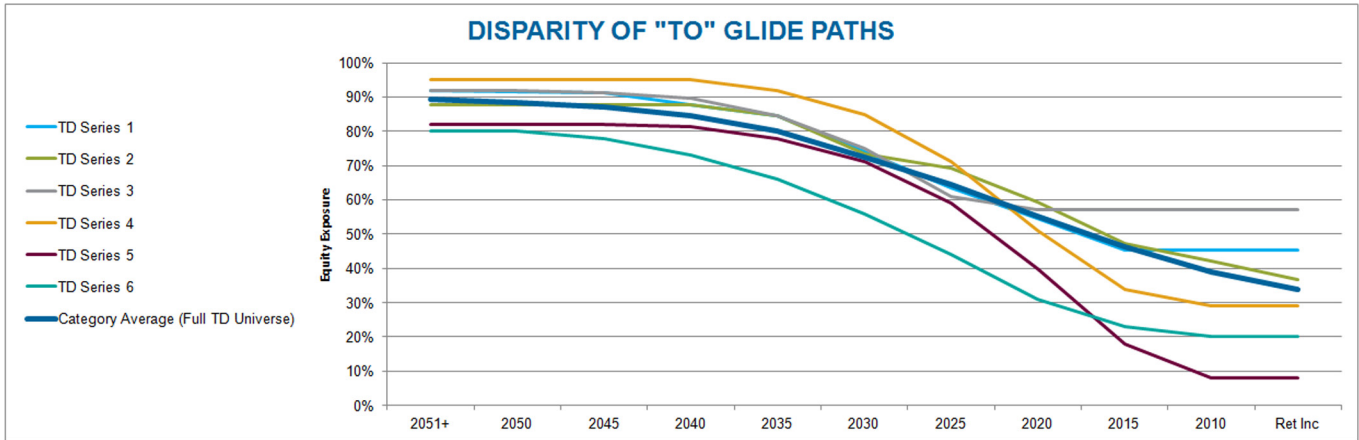
The majority of TDF products today are built using proprietary funds from a single investment provider. While less common, some plans have elected to create custom TDFs as an alternative to the proprietary products that are available in the market. Custom TDFs afford a plan sponsor more control over the underlying investments and may be tailored to a plan’s unique objectives or demographics. One common approach for constructing a custom TDF is to engage an investment manager to construct the glide path using funds currently included in the plan’s investment menu. Another approach is to engage a third party investment manager to construct a glide path that is unconstrained by the investment lineup selected by the plan fiduciary.

Despite their widespread use, TDFs are still a relatively new investment option. Although target date assets under management have grown significantly in size, the number of available target date series remains small, compared with more traditional asset classes. The relatively small number of TDF options adds to the challenge of monitoring and benchmarking TDFs.

Limitations of “To Versus Through” Analysis

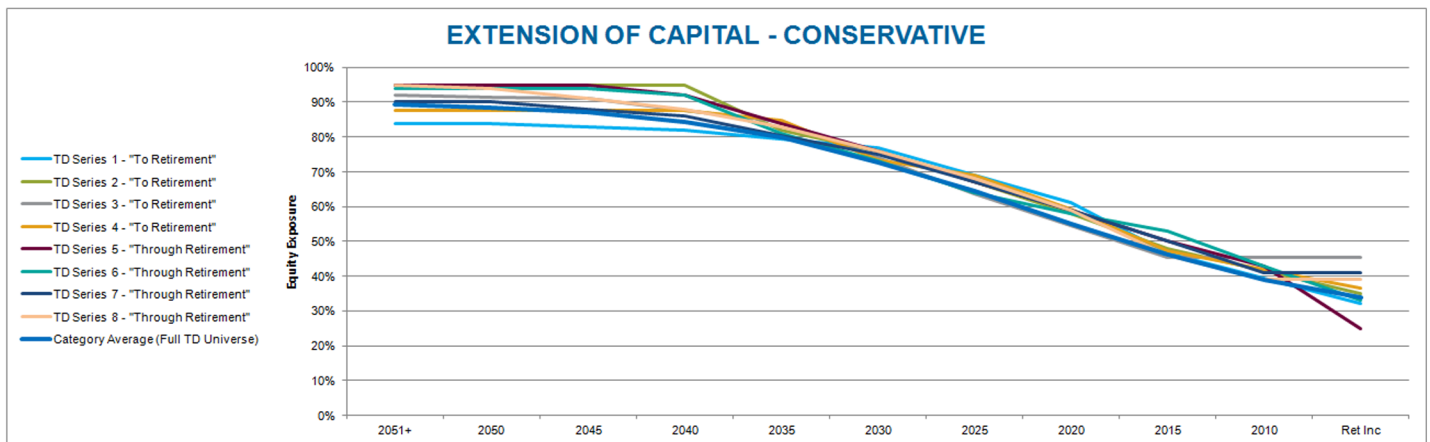
As we analyzed current TDF analytics, we concluded that focusing on whether a glide path is designed to take an individual “to” versus “through” retirement created product groupings that did not provide meaningful comparisons. Theoretically, a “to retirement” TDF would be more conservative in its equity mix as the target date approached, versus a “through retirement” product, because a “to” fund is designed to reach its lowest equity concentration (equity landing point) at or near the retirement date. When plotting glide paths, however, we found that this was not always the case. Some “to retirement” products had a more aggressive glide path than “through retirement” options, which are designed to maintain an age-appropriate mix of investments through a participant’s retirement years. Although some TDFs are classified as “to retirement,” they have higher equity landing points than “through” funds. We would expect a higher equity landing point would expose investors to an increased level of risk. Thus, a “to” TDF from one provider with a more aggressive equity mix can embody more risk than a product labeled “through retirement” by another provider.

The following diagram illustrates the wide variances in a sample set of glide paths among funds categorized as “to retirement.” Each of the funds listed below has a glide path designed to provide an age-appropriate equity mix “to” the target retirement date.



As the example illustrates, the disparity in glide paths among products described as “to retirement” is wide, yet the “to” versus “through” segregation still prevails in most analytic models. A plan with a TDF classified as “to retirement” would immediately exclude from its comparative analysis any funds classified as “through retirement,” regardless of the similarity in their glide paths.

As an alternative to the more traditional “to” versus “through” classification, we believe that the basis for comparison begins with the glide path. For example, if a plan sponsor prefers a TDF with an extension of capital philosophy and a conservative glide path, our methodology identifies a peer group of TDFs meeting that criteria, regardless of whether the TDF is classified as “to” or “through retirement.” In the following diagram, we compare eight TDFs that have an extension of capital philosophy and a conservative glide path. Despite the similarity in the glide paths among the funds in this peer group, four of these TDFs are classified as “to retirement” and four are considered “through retirement.” Using our methodology, we were able to identify a more accurate peer group against which a plan fiduciary can benchmark their existing TDF choice.



Understanding the Perspective of Existing TDF Tools

Fund managers must adopt a philosophical approach when designing a TDF, based on their beliefs about a variety of factors: participant savings and withdrawal behavior, contribution rates, market volatility, longevity risk, etc. The tools created by TDF providers would naturally focus on the factors their fund managers consider most important and compare other TDFs according to these factors.

The difference in the “to” versus “through” approach is evident, based on the equity landing point, for various target date products. Based on the factors listed above, some investment professionals believe it is most important to focus primarily on the equity mix during the years leading up to retirement. The glide path has continual reductions in equity exposure until it reaches its most conservative allocation at the target retirement date. Other investment professionals focus on the years following the target retirement date. Managers that share this “through” retirement approach believe that the factors merit continuing the equity allocation reductions past the target retirement date into the post-retirement years.

Another concern we identified was that existing tools and methodologies typically evaluate the entire glide path, giving equal weight to each of its phases. As our research indicates, we concluded that certain periods within the glide path are more significant than others. Finally, a plan sponsor wants to be certain they are using objective standards for reviewing their plan’s investment lineup. Some plan sponsors have raised concerns about objectivity if the tool or methodology being used to evaluate a TDF was developed by the provider that designed and marketed the TDF.

A BETTER METHODOLOGY

The Driving Force for a New Approach

As we worked with plan committees and other fiduciaries to monitor plan investment options, it appeared increasingly important to conduct a meaningful evaluation and comparison of TDFs. While it is relatively straightforward to identify an index or peer group for mutual funds, TDFs are more challenging. Notwithstanding, the ERISA fiduciary standards for selecting and monitoring these popular investments apply in equal measure to other types of investments included in a plan's lineup.

In our efforts to help plan fiduciaries satisfy their duties to prudently monitor the performance of their TDFs, we saw an opportunity to develop a superior approach, moving beyond fund providers' current tools and methodologies.

The Analysis Process

With the dual goals of designing a process that was simple for plan fiduciaries to work with and one that could withstand the rigorous fiduciary standards set by ERISA, we asked following questions:

- How long do participants typically remain with their employer? Do they stay long enough to benefit from TDF glide paths during the saving years?
- What do participants do with their plan balance when they terminate employment? Are they likely to leave assets in a TDF "through retirement"?
- Is there a point at which participants are more vulnerable, or potentially have more to gain, during their retirement savings cycle? If so, what is the critical time frame?
- Do current tools and methodologies adequately take these factors into consideration for evaluating TDFs?

To answer these questions, we analyzed retirement savings behavior.



REVIEW & ANALYSIS

- PART 1: Study real world participant retirement savings behavior
- PART 2: Determine the most critical stage of retirement savings

Part 1: Study real world participant retirement savings behavior:

What do the numbers tell us?

One of the fundamental assumptions that shape TDF design is that participants need an investment option designed for long-term savings, either to their anticipated retirement date or through retirement. Our review of government employment data, along with an analysis of our own retirement plan database, revealed that not all periods of retirement

savings are of equal importance. Every two years the U.S. Bureau of Labor Statistics releases information about employee tenure collected through the Current Population Survey (CPS). In the report issued September 18, 2012, the BLS reported a median 4.6 number of years that wage and salary workers had been with their current employer.⁸ The median tenure varied significantly, by the following ages:

- 10.3 years for workers age 65 or over
- 3.2 years for workers age 25-35

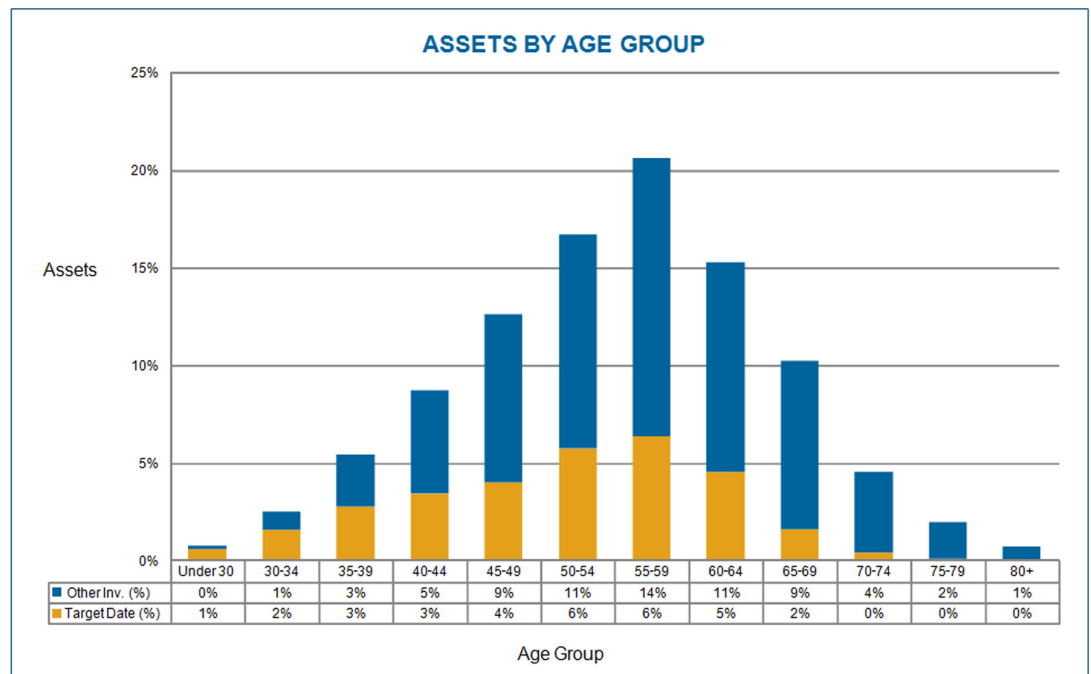
“...the median number of years that wage and salary workers had been with their current employer was 4.6 years...”

After reviewing these national statistics, we analyzed the behavior of a sample set of 82,000 retirement plan participants, from various company types, sizes and recordkeeping arrangements, to better understand both savings and distribution behavior that impacts the selection of TDFs. We found that the overwhelming majority of participants left the plan when they retired or terminated their employment. Only 18% of assets were found to be in the 65 and above age group.⁹

**Part 2: Determine the Most Critical Stage of Retirement Savings:
Which Investors are at the Greatest Risk?**

Our next step was to determine whether certain stages in a participant’s retirement savings life cycle have a potentially greater impact on overall retirement savings outcomes. If such a period exists, the glide path during this period should receive heightened scrutiny by plan fiduciaries. We divided participants into twelve age groups ranging from younger than age 30 to age 80 and older. We found that the majority of assets were in the accounts of participants aged 45-65, with significantly fewer assets in the age brackets younger than age 45 and older than age 65.

“...from age 45 – 65 participants had the most to gain or lose...”



Based on those findings, we concluded that from age 45-65 participants had the most to gain or lose, for the following reasons:

- The largest portion of plan assets is held in accounts by participants in this age range.
- These participants are more likely still to be with the employer when they retire, and to leave their assets invested in the TDF through the accumulation phase.
- They are the most susceptible to economic downturns such as the 2008 recession. For example, assume Employee A (age 35) and Employee B (age 65) participated in their employer's retirement plan in 2008. Each planned to retire at age 70. The older employee B would have significantly less time to recover than younger participants, which might cause him to postpone retirement or live with significantly less income in retirement.

As a result of this analysis, our methodology suggests that retirement plan fiduciaries and committees should give greater emphasis to the glide path construction from ages 45-65. This group has the most assets and the greatest potential to be affected by market fluctuations.

The Cammack Retirement Group Methodology

Based on our research, we took the TDFs and plotted their glide paths. Additionally, we applied a weighting for each age group, and created six groups of TDFs, giving greater weighting to their equity exposure in the 45-65 age range. This exercise allowed us to emphasize the group of participants most prone to market fluctuations during our TDF analysis process. The six categories enable plan fiduciaries to evaluate the performance of a specific TDF against a true peer group. Plan fiduciaries can determine if they are getting the best performance for the type of TDF they chose. In addition, the process provides a disciplined approach for satisfying and documenting the plan sponsor's fiduciary responsibility to monitor investment options and replace options, as warranted.

Keep in mind that the universe of TDF options is fairly small. Whereas there may be hundreds of small cap funds to compare, there are only approximately 50 TDF products (TDF series). Therefore, the performance comparison, once grouped according to our methodology, may involve only 8-12 funds.

Our methodology is sufficiently flexible to incorporate new TDF products that enter the market, as well as adjusting the weighting for plans with a unique demographic profile.



AN EXCEPTION TO EVERY RULE: FLEXIBILITY OF THE CAMMACK RETIREMENT GROUP METHODOLOGY

While the vast majority of plans fit into the demographic model (critical age range 45-65), there are some outliers. We designed our methodology to accommodate plans that have an exceptional profile. Assume the following plan profile:

- **INDUSTRY:** Social Media company
- **AGE DISPERSION:** 80% of employees are under age 30 (few employees over age 40)
- **AVERAGE TENURE:** Less than 5 years
- **PLAN ASSET CONCENTRATION:** 75% of plan assets concentrated in accounts of employees age 25-35

Given the atypical demographics of this plan, the critical phase that should be weighted for analyzing the performance of the TDF is much younger than the standard 45-65 age range we identified. In these exceptional situations, we can simply adjust the weighting to develop a more meaningful group of TDF peers for the plan to consider.

Applying the Methodology

By assigning the universe of TDFs to the six categories, plan sponsors are able to conduct a more meaningful analysis of the TDF they currently offer in their plan. This involves a two-tiered analysis:

Tier 1: Is the plan offering the correct TDF suite, employing an appropriate glide path and level of risk? Objectives include:

- Capital preservation vs. extension of capital
- Conservative vs. moderate vs. aggressive

Tier 2: If the suite is the correct fit, is the TDF performing as expected while charging reasonable expenses?

Our methodology helps plan fiduciaries identify a TDF's true peers more effectively. For example, if a fiduciary prefers a TDF with a preservation of capital philosophy and a moderate glide path, our methodology provides the ability to compare various TDFs with similar glide paths. It avoids needlessly eliminating TDFs from the peer group based solely on a "to" or "through" retirement classification. This process enables plan fiduciaries to compare TDFs with shared characteristics, emphasizing the critical age 45-65 time period.

Once TDFs are grouped this way, plan fiduciaries can make a deeper, more meaningful performance comparison based on traditional metrics including:

- Total return – quarter, year-to-date, 1-3-5-10-year
- Relative return
- Expense ratio
- Risk
- Risk-adjusted returns

CONCLUDING THOUGHTS

Our proprietary methodology simplifies and demystifies the process for evaluating these complex TDF investments. This unique approach to evaluating TDFs is designed to:

- Identify the most critical variables in the TDF
- Group TDFs with true peers, to enable more meaningful benchmarking and comparisons
- Provide a disciplined process for selecting and monitoring investments, and documenting compliance with the ERISA fiduciary standards for plan investment fiduciaries

It is important for plan sponsors to work with their independent advisor/consultant to monitor regulatory and market developments affecting TDFs. The prominent role of these funds in the retirement plan arena is relatively new and the prudent selection and monitoring of TDFs is an evolving area of the law. The DOL is expected to provide more education and guidance on the subject, and any additional guidance may necessitate a revision regarding the classification and evaluation of TDFs.

Contact us to learn more about our methodology or to seek assistance in evaluating your plan's TDF options.

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FOOTNOTES

- ¹ Reuters, Lipper Awards - The Moving Target of Target-Date Funds, <http://www.reuters.com/article/2014/03/21/lipper-awards-targetdate-idUSL2N0M91U020140321>
- ² DOL Regulation 2550.404c-5
- ³ Investment Company Institute, ICI Research Perspective, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2011, <http://www.ici.org/pdf/per18-09.pdf>
- ⁴ ERISA Section 404(a)
- ⁵ DOL Tip Sheet, Target Date Retirement Funds – Tips for ERISA Plan Fiduciaries, <http://www.dol.gov/ebsa/pdf/fsTDF.pdf>
- ⁶ DOL Fall 2013 Regulatory Agenda, <http://resources.regulations.gov/public/custom/jsp/navigation/main.jsp>
- ⁷ U.S. Government Accountability Office (GAO), Defined Contribution Plans: Key Information on Target Date Funds as Default Investments Should be Provided to Plan Sponsors and Participants, <http://www.gao.gov/products/GAO-11-118>
- ⁸ Bureau of Labor Statistics, U.S. Department of Labor, The Editor's Desk, Employee tenure in 2012, http://www.bls.gov/opub/ted/2012/ted_20120920.htm
- ⁹ Cammack Retirement Group analysis of 82,000 participants (2012-2013).

CAMMACK RETIREMENT GROUP

Serving retirement plans since 1958 as a leader in the planning, execution, and strategic management of these plans, Cammack Retirement, formerly Cammack LaRhette Consulting, provides investment advisory, consulting and actuarial services on plans with assets totaling more than \$43 Billion.

As a pioneer in the field, Cammack Retirement's seasoned team possesses the focus, expertise and experience to deliver strategic and successful solutions to help clients achieve the greatest return on their employee benefits investment. Our proven approach, along with our commitment to client partnerships, has led to our industry-leading client satisfaction scores and average 12-year client longevity.

With offices in New York City and Wellesley, Massachusetts, and clients spanning the country, Cammack Retirement Group is poised to deliver results to plan sponsors nationwide. For more information on Cammack Retirement Group, please visit www.cammackretirement.com.

The Cammack Retirement Group Investment Practice

Cammack Retirement Group's Investment Practice conducts thorough, ongoing quantitative and qualitative analysis of the current and potential investments held in our clients' retirement plans. Our approach to investment oversight is holistic. We continually research investment positions, digest the content received, publish recommendations and present the information to our clients. Our analysts also perform due diligence with investment managers across the country. On a quarterly basis, the team publishes official investment recommendations for all clients.

Members of our investment practice have extensive experience. Managing mutual funds, serving on boards of supervisory and licensing organizations, working for recordkeepers and providing financial education and planning services, we understand the retirement business from the inside out.

CAMMACK RETIREMENT GROUP CONTRIBUTORS

Denise Burns, MBA, CFA® | Vice President, Head of Investments

Denise manages and leads the Cammack Retirement Investment Team in their oversight of the Investment Due Diligence process and is a member of the Cammack Retirement Investment Committee. She delivers investment reviews, manages the quarterly economic outlook development, constructs investment arrays and conducts extensive investment analysis and due diligence in order to help clients meet their fiduciary duties. Denise has extensive expertise in equity, fixed income and derivative analysis, and has led portfolio management teams and processes.

Prior to joining Cammack Retirement, Denise was a Vice President at a New York investment firm where she managed and maintained client investment relationships through ongoing client reviews regarding firm outlook and portfolio positioning. She was responsible for security selection and implementation of portfolios for investors, foundations, endowments and institutions. Prior to that, Denise was a Vice President in a leading global asset management firm, as well as various other management positions in the financial services realm, where she oversaw the portfolio management process and wrote quarterly economic outlooks. Denise received her MBA in Finance from Pace University and her BS in Biology from Marymount College.

Michael Sanders, MBA | Principal

As Principal at Cammack Retirement Group, Michael is in charge of operations for Cammack Retirement Group. He also serves as a senior consultant with various client responsibilities and, as a member of the Cammack Retirement investment team and the Investment Committee, he is integral to the investment services provided to our clients.

Prior to joining Cammack Retirement Group, Michael managed three national retirement teams, each working with recordkeeping partners, advisors and defined contribution clients nationwide with a top-tier investment management company. Prior to that role, he served retirement clients at a leading retirement plan recordkeeper as a benefits wholesaler, client relationship manager, and ultimately a regional director.

Michael received a BS in Finance from West Virginia University and an MBA from Ramapo College. He is also a Certified Behavioral Finance Analyst.

Scott Bauman | Investment Analyst

As a member of Cammack Retirement's investment team, Scott is responsible for helping clients fulfill their fiduciary obligation through rigorous investment analysis, economic reviews and due diligence research. He also presents recommendations on investment and financial matters to the plan sponsors and investment committees of our client organizations.

Prior to joining Cammack Retirement, Scott served as an analyst at a leading global media company. He received a BS in Business Administration with a concentration in finance from the University of Delaware. Scott is currently a Level I Candidate in the Chartered Financial Analyst (CFA) certification program.

Joseph Dunbar | Investment Analyst

Joe serves as a member of Cammack Retirement's investment team and is responsible for performing investment manager research, reporting on industry trends and economic developments, and delivering investment due diligence to clients. Assisting clients with their investment objectives, Joe provides support in asset allocation structures, investment manager search and selection, and performance monitoring. He also conducts analyses, prepares models, and presents recommendations on investment and financial matters to plan sponsors, investment committees, and CIO/CFOs of our client's institutions.

Prior to joining Cammack Retirement, Joe worked as a senior shareholder and broker representative regarding mutual fund trading. Joe received his BS in Business Administration magna cum laude with a concentration in finance from Suffolk University and completed post baccalaureate studies from Harvard University Extension School. He is currently a Level 1 Candidate in the Chartered Financial Analyst (CFA) certification program.

J. Brittan Nelson | Investment Analyst

Britt serves as a member of Cammack Retirement's investment team where he helps clients fulfill their fiduciary obligations, including investment analysis and due diligence services. He also participates in developing comprehensive internal focus lists, structuring investment arrays, and delivering investment due diligence reviews.

Prior to joining Cammack Retirement, Britt held various internships including a position at a preeminent global asset management firm. He received a BS in Political Science from Hobart College. He also attended the McIntire Business Institute, offered through the University of Virginia's McIntire School of Commerce. He is a member of the New York Society of Security Analysts. Britt is currently a Level II Candidate in the Chartered Financial Analyst (CFA) certification program.



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