



Morningstar® Retirement ManagerSM with Income Secure



Many plan participants enter retirement with a sense of unease. It's not because they suddenly realize that they may have three decades or more of free time to fill, and it's not because they believe that they haven't saved enough. We believe the reason for the unease is that many have no idea how much they can spend each year in retirement so that they don't exhaust their savings too quickly.

Morningstar® Retirement ManagerSM with Income Secure is designed to help alleviate this fear by providing retirees with a plan to support their spending goals, as well as an investment strategy for their retirement account. The Income Secure feature can be used with both our managed accounts and advice services. With managed accounts, our service oversees the participant's account, taking care of everything from rebalancing to adjusting the underlying fund and asset allocation strategies. Participants can access Income Secure either online or through a plan provider's call center.

A Custom Spending Strategy

Income Secure is an optional add-on for plans that currently offer Morningstar Retirement Manager, a platform that includes our investment advisory service that helps participants in the accumulation stage invest and save for retirement. When a participant who is enrolled in our service indicates that they are retired or about to retire, or reaches 50 years of age, they can gain access to Income Secure if the plan offers it.

The service analyzes participant's retirement account(s), Social Security benefits, bequest amounts, tax exposure, pensions, and any other income sources that will be used to help fund their retirement (including those of a partner, if applicable). Income Secure then presents the participant with a spending plan that is designed to be sustainable and provide them with enough money to last until the end of their retirement.

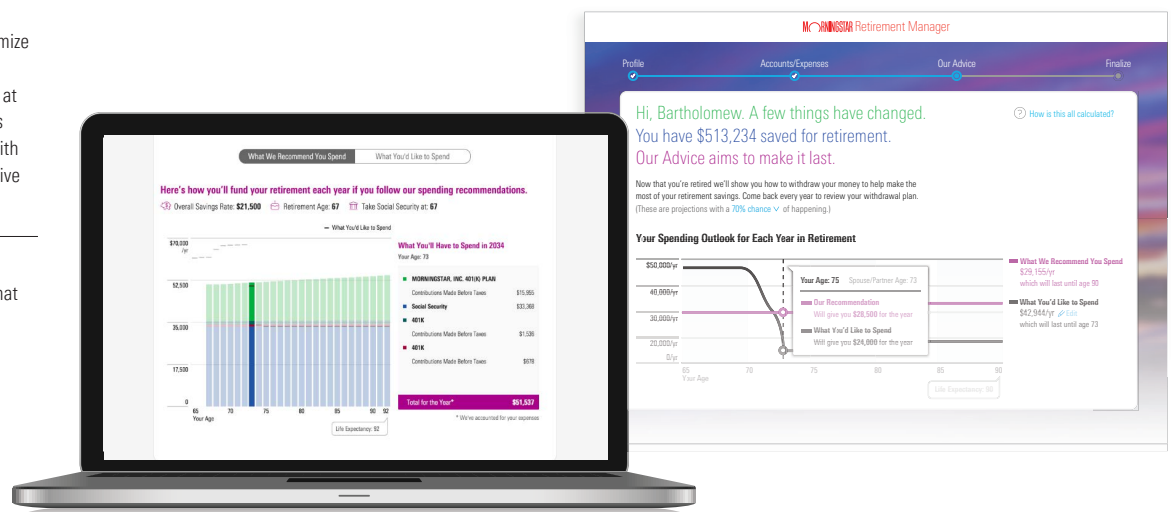
The spending plan includes a detailed overview of the income sources that comprise the person's annual income so they know how much to consider withdrawing each year from their various accounts. This overview can also help users nearing retirement make adjustments to their strategy to potentially improve their income outlook.

Personalized Investing

As part of their spending plan, Income Secure can provide participants with an investment strategy for assets within their retirement account. We believe this helps give their retirement assets the potential to grow or at least keep pace with inflation without exposing it to too much risk. We recommend that participants return to the site each year to receive an updated strategy. This helps ensure that our recommendations reflect the participant's changing account balances, the performance of their investments, and any changes to their personal financial situation.

Our strategy is designed to maximize the participant's income during retirement without putting them at risk of running out of money. It is also designed to provide them with a financial cushion in case they live past their life expectancy.

Income Secure makes it easy for participants to understand what income sources will comprise their annual spending amount.



For illustrative purposes only.

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Access to Annuities

The service might also recommend that a participant nearing retirement begin allocating a portion of their contributions to an in-plan annuity if one is available. We believe that annuities can play an important role in helping individuals reach their financial goals, which is why our managed accounts program captures and models various features of annuity products including living benefits, tax implications, and underlying investment vehicles—making analysis, forecasting, and comparison possible. For over a decade, Morningstar Investment Management has been building personalized portfolios for individuals that include an allocation to a guaranteed income product. Within these arrangements, we act as fiduciary for both the investment allocations and the guaranteed income purchase.

Methodology

The Income Secure feature leverages the same, robust methodology that powers the accumulation experience within Morningstar Retirement Manager. That methodology helps to ensure our recommendations are tailored to the participant's specific circumstances, including their financial situation, retirement goals, and risk capacity. At the heart of the methodology is the Morningstar® Wealth Forecasting EngineSM, which is designed to determine an investor's projected income outlook given a set of variables, including risk level, investment amount, age, and bequests. Income Secure then translates those projections into actionable advice.

One of the unique features of the engine is its use of our Total Wealth Methodology, which accounts for an investor's financial capital (total saved assets and tradable assets such as stocks and bonds) as well as their human capital (earnings and savings potential). This is designed to help pinpoint an investor's risk capacity with greater accuracy than more traditional approaches.

Key Differentiators

The Income Secure feature offers a number of key differentiators such as:

- ▶ Helping improve competitiveness of employee benefits package
- ▶ An easy-to-use online interface that requires minimal participant inputs
- ▶ Helping to alleviate some of the stress of transitioning to retirement by providing a sustainable spending plan
- ▶ Helping participants understand whether they should consider allocating to an in-plan annuity as they near retirement

Serving the Workplace Market

Morningstar, Inc.'s mission is to help investors reach their financial goals. Morningstar¹ was founded on the simple idea that when people have good investment information, they make better choices that lead to better outcomes. Our advocacy for the individual investor extends to the workplace market, where the responsibility for investing and saving for retirement now rests with employees and where Morningstar Investment Management is committed to helping those employees achieve their financial goals.

Morningstar Investment Management helps people improve their financial health and prepare for retirement by offering investment advice and managed accounts, target-date products, and fiduciary services to plan providers and employers. Available to approximately 30 million participants through 286,000 plans,¹ our suite of offerings is supported by Morningstar's database of more than half a million investments, independent research that informs and shapes the financial industry, and a valuation-based approach to investment management.

¹Data as of 12/31/2019.

Morningstar® Retirement ManagerSM is offered by Morningstar Investment Management LLC, a registered investment adviser and subsidiary of Morningstar, Inc., and is intended for citizens or legal residents of the United States or its territories. Investment advice generated by Morningstar Retirement Manager is based on information provided and limited to the investment options available in the defined contribution plan. Projections and other information regarding the likelihood of various retirement income and/or investment outcomes are hypothetical in nature, do not reflect actual results, and are not guarantees of future results. Results may vary with each use and over time.

All investments involve risk, including the loss of principal. There can be no assurance that any financial strategy will be successful. Morningstar Investment Management does not guarantee that the results of their advice, recommendations or objectives of a strategy will be achieved.

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