



Improving retirement readiness for employees of the Episcopal School of Dallas

Summary

- The Episcopal School of Dallas (the ESD), in collaboration with its retirement plan advisor/consultant, PlanPILOT, selected Voya Financial® (Voya) as the single plan provider for its 403(b) plan.
- Voya® and PlanPILOT worked closely with the ESD to execute on its vision to improve ease of plan administration, optimize the investment lineup, reduce fees and costs for all participants and provide its employees with state-of-the-art tools and resources to allow for greater opportunities to save for retirement.
- The strategy included employee engagement and outreach on the transition to Voya, on-site individual and group meetings and leveraging turnkey solutions to help improve outcomes for ESD employees.
- The transition was executed in true collaboration with Voya and PlanPILOT yielding positive results for both the ESD and its employees.



Name of client: Episcopal School of Dallas

Type of plan: ERISA 403(b)

Number of employees: 260*

Assets in the plan: \$58M*

*As of 12/31/20

The Situation

Making a change to the 403(b) plan

The Episcopal School of Dallas administered a long-time private K-12 ERISA 403(b) plan with individual annuity contracts. Investments in the current plan were poorly diversified with some weak performers and little fee transparency.

The mission of the ESD was to work diligently to improve opportunities for its employees to save for retirement and help them reach their financial goals for today and tomorrow.

PlanPILOT was retained to conduct the search for a new plan provider — soliciting fee and service proposals from more than six retirement providers and managing the process of evaluating and selecting a finalist. Voya Financial was ultimately selected as the sole retirement plan provider for its 403(b) defined contribution plan.

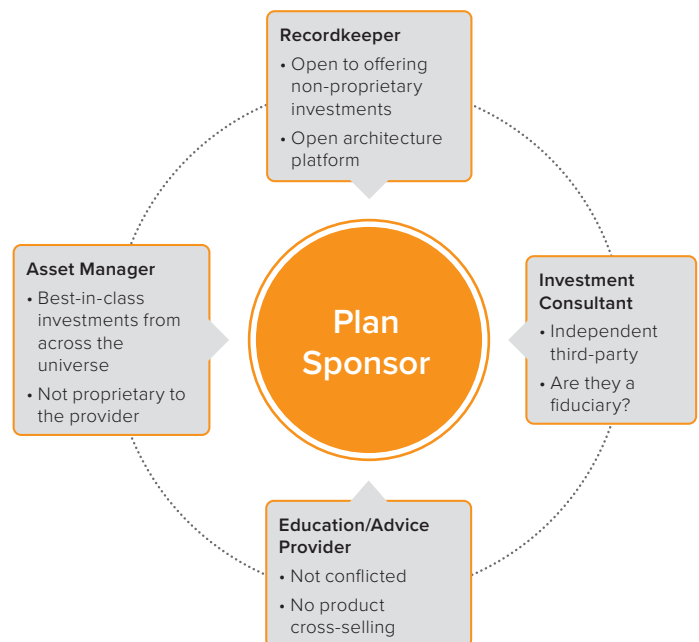
The ESD worked with PlanPILOT and Voya to:

- ☑ Implement a best-in-class, open-architecture investment lineup
- ☑ Remove limitations on the plan's fixed account (which had a 10-year) payout
- ☑ Transition to a fully transparent fee structure
- ☑ Simplify and reduce plan administration

Many plan fiduciaries responsible for oversight of plan assets grapple with this conundrum:

How do I deal with individual contracts where we don't have direct control over how and where they are invested?

As plan sponsors have become more aware of their responsibilities, they have in turn begun to demand a higher level of support from those they hire to help them manage their plans. Awareness of these key roles and how you need to work with them can help you manage your plan more effectively and drive positive participant outcomes.



The Solution

Collaboration key to transforming the 403(b) plan and driving employee engagement

Investment lineup and fees: better outcomes, less risk

PlanPILOT was retained by ESD to assist with all aspects of the redesign of the investment lineup, including the coverage of asset classes, number of funds offered and development of a strategy to manage plan fees. The new funds were added by the ESD's Retirement Committee based on PlanPILOT's recommendations

Transitioning to Best-in-Class Investment Options

To measure the value-add of moving to an open architecture investment lineup, PlanPILOT compared the performance of the legacy investment lineup to the new investment options.

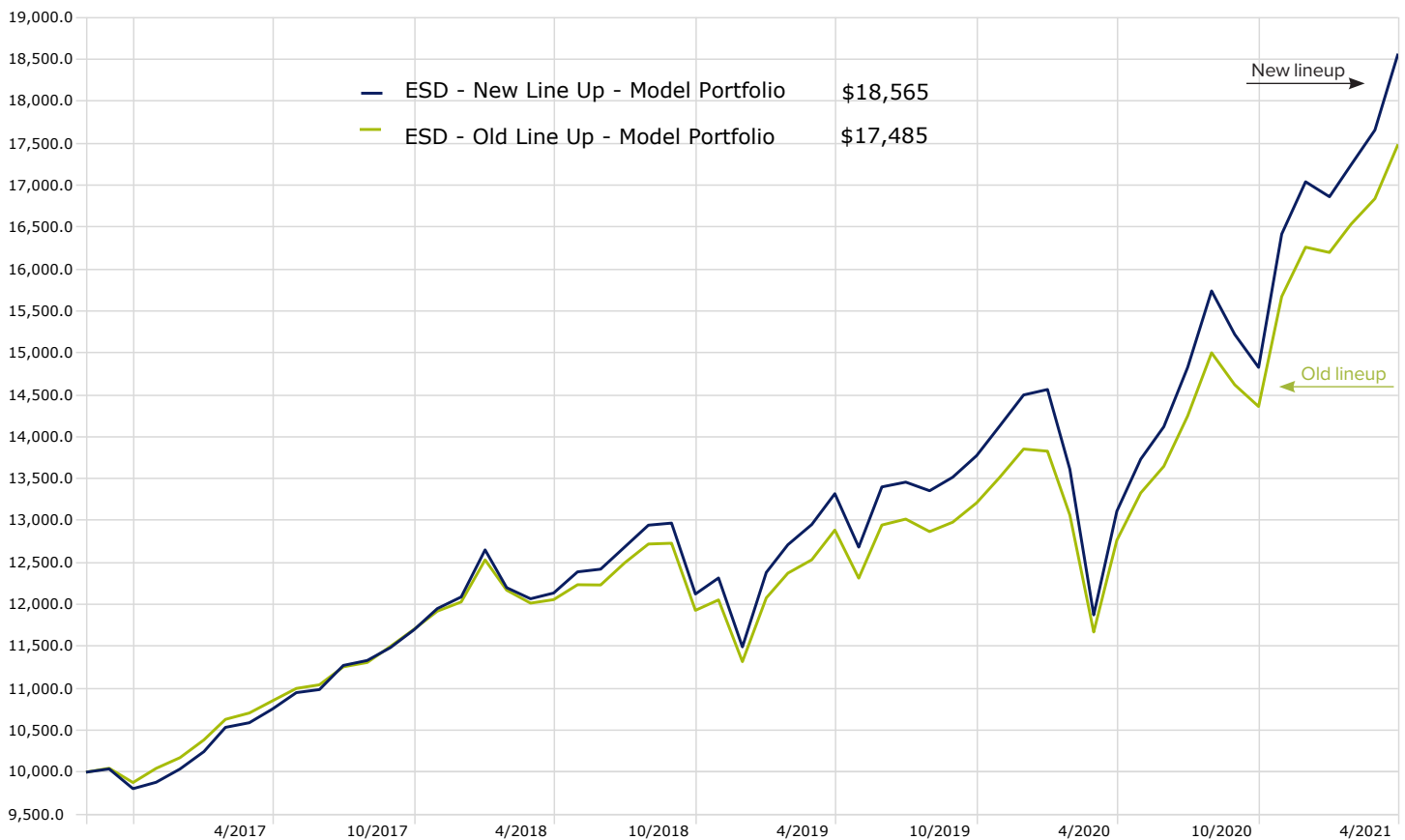
| | Before | After |
|-------------------------------|-----------|--------------------|
| # of investments | 23 | 13 |
| Funds with <1% of plan assets | 74% | 15% |
| Funds on Watch List | 22% | 0% |
| Fee arrangement | Bundled | Transparent |
| Range of revenue share (bps) | 15-70 bps | 0 bps (level fees) |

PlanPILOT used Morningstar to do a side-by-side comparison of the two investment lineup. They created two hypothetical portfolios for each, based on the mapping strategy and how plan assets were invested at the time of the transition.

The new lineup outperformed the old lineup by more than 10% since June 2016, when it was rolled out. ESD employees who followed the mapping strategy (which showed how each new fund replaced a legacy fund) would have increased the balance by more than \$7,500, based on an average of mappable funds of more than \$70,000.

Growth of \$10,000

Time Period: 9/1/2016 to 4/30/2021



Source: Morningstar Direct

This information is for plan sponsor and investment professional use only and should not be construed as investment or tax advice. This analysis is for illustrative purposes only to compare the individual mutual funds and annuity options in the plan before and after the investment lineup changes, which went into effect Q3 2016. Each employee's investment results will vary based on their individual asset allocation and other factors, like cash flow; an employee's individual performance may have been better or worse than shown in this illustration.

Since the new core investment options were added in 2016, they have outperformed the legacy options by more than 4% through the end of Q3 2020.

Comparing the investment lineups:

- The plan's target date funds were excluded from the analysis because the lifecycle fund options were retained with the only change being moving to a cheaper share class.
- The fixed-guaranteed, annuity option was excluded from this analysis because it is illiquid and could not be mapped or moved to the new plan.
- Two small cap options comprising less than 1.0% of plan assets, were not included in this analysis because they did not map to a direct replacement fund in the new investment lineup.
- Two mid-cap options added as core investment options in the new lineup were not included in this analysis because no assets mapped from the legacy investment lineup.

Engaging employees with the plan changes

Voya, in collaboration with the ESD and PlanPILOT, designed a comprehensive communication & education program to inform employees about the conversion period and plan changes. Local Voya financial professionals conducted educational meetings to explain the new features and answer questions about the transition. Group meetings were particularly effective, with representatives from the ESD, PlanPILOT and Voya participating.

- Transition booklets mailed to participants
- Information sharing through Voya (prior vendor + Voya)
- On-site meetings with Voya financial professionals were scheduled over a 2-week period
- Transition was treated like an open enrollment; employees were met with a Voya financial professional face-to face to enroll and have questions answered about the changes and what was happening with their existing assets

- All employees had an opportunity to meet with Voya
- With paper enrollment, Voya coordinated with the ESD to pre-fill required forms for ease of transition
- Voya and PlanPILOT coordinated with the Voya Account Consolidation Team (ACT) to collect and process completed pre-filled forms.



The Results

Optimized plan design led to improvements in plan health

The transition to Voya was implemented on time, and resulted in the ESD achieving its goal of simplifying its administrative burden and realize plan management and fiduciary services that make their jobs easier, while delivering an efficient employee experience that incorporates flexibility and choice to promote retirement readiness. Improvements included:

- Moved proprietary plan options to an open-architecture model
- Retained lifestyle investment options from previous provider, giving participants flexibility to access them if they choose
- Participant cost savings and fee transparency

“In a short period of time we accomplished a lot – we improved our fiduciary process, transformed our plan and provided personalized, one-on-one help for our employees”

– **Robert Buchholz, Chief Financial Officer**, Episcopal School of Dallas



Reach out to your Voya representative to learn how we can help improve your plan participation and overall plan health. Visit voya.com/employers to learn more.



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