
MORNINGSTAR[®] RETIREMENT MANAGERSM FREQUENTLY ASKED QUESTIONS



MUTUAL OF OMAHA RETIREMENT SERVICES

The following answers to frequently asked questions have been provided by Morningstar Associates, LLC. Please note that all investment advisory services are provided by Morningstar Associates.

Program-related Questions

1. Who is Morningstar Associates?

Morningstar Associates, LLC, ("Morningstar") is a leading provider of investment advisory services for the retirement plan industry. They are a registered investment advisor and wholly owned subsidiary of Morningstar, Inc., a company known for being a trusted source for insightful information on stocks, mutual funds and other investment products.

2. What is Morningstar[®] Retirement ManagerSM?

Morningstar Retirement Manager is a platform offering a range of investment advisory services designed to meet your needs and help you reach your retirement savings goals. Through the Retirement Manager solution, two service options are available to you: *Managed by Morningstar*, if you prefer to put your retirement account in the hands of Morningstar's professionals, or *Managed by You*, if you prefer to use Morningstar's resources to help you make more informed decisions. Regardless of which solution you select, Retirement Manager can help make it easier for you to manage your retirement account.

3. What are the services available to me through Retirement Manager?

Managed by Morningstar – a managed account service that is an ideal option if you prefer to have an investment professional manage your retirement plan for you.

The *Managed by Morningstar* managed account service gives you all the benefits of professional investment management with none of the hassles. It takes all the work out of your hands and puts it in the hands of the investment professionals at Morningstar. And because Morningstar acts as a fiduciary, which means they are a money manager with responsibility for managing your account in the most appropriate way for your situation, you can trust that your account will be managed in your best interest.

Managed by You – a comprehensive set of resources providing personalized recommendations about how to allocate your account.

This service gives you a personalized retirement strategy that helps you to answer the following questions:

- How much should I save?
- How should I allocate among my funds?

If you choose the *Managed by You* solution, we encourage you to review and update your personal information at least twice a year. You can also sign up for e-mail alerts that will remind you to make adjustments.

4. Which service is right for me?

The *Managed by Morningstar* service is appropriate for you if you don't have the time, knowledge, or interest to manage your retirement account.

The *Managed by You* service is appropriate if you want a second opinion about your investment choices and want to maintain control over your account.

5. What are the benefits of *Managed by Morningstar*?

When you choose the *Managed by Morningstar* solution, Morningstar Associates not only makes recommendations for your portfolio mix and fund selection, they also implement the recommendations so your account is automatically set up and maintained on an ongoing basis. With this service you receive:

- Professional Oversight – Morningstar will create a personalized strategy for you by defining a retirement savings goal and constructing a portfolio based on your personal situation.
- Professional Investment Selection – Morningstar chooses the most appropriate and highest quality investments for your situation from among your available investment options.
- Ongoing Account Monitoring – Morningstar will review your account on a quarterly basis, and will modify your investment strategy when circumstances change.
- Regular Investment Updates – Morningstar reviews the funds in your portfolio and will manage any changes needed to help ensure you have the highest quality funds available to you that are appropriate for your situation.
- Quarterly Progress Reports – You can sign up for e-mail alerts that will keep you informed about your transactions. You will also receive a quarterly Progress Report, which will outline your performance and progress towards your goals.

The primary benefit of this managed account service is the peace of mind that comes from having professional investment management for your account.

6. Why should I use Morningstar Retirement Manager?

Morningstar Retirement Manager provides a retirement strategy for you that is completely customized to your situation. When you use the *Managed by Morningstar* service, you can gain peace of mind knowing that your account is being managed by investment professionals, convenience because Morningstar Associates is taking the hassle out of managing your account, and you'll save time because you don't have to manage your account on an ongoing basis. By using the *Managed by You* service, you'll make more informed decisions by using Morningstar Associates' resources to help you evaluate your options, gain confidence in your approach by validating the key decisions you're making, and convenience because we can make it easy to answer some of your key questions so that you can take action.

7. If I choose *Managed by Morningstar*, will my deferral rate be automatically adjusted?

No, while Morningstar will provide you with a recommended deferral rate, it is up to you to accept and implement the rate change for either the *Managed by Morningstar* or *Managed by You* programs. You can do this by accepting the deferral rate recommendation through the Retirement Manager service or you also have the option of editing your savings rate through Retirement Manager, if you do not want to accept the recommended deferral rate.

Increasing your savings level is the best way to improve your chances of meeting your goal. At a minimum, Morningstar recommends you save up to the level of your company's matching contribution, if applicable. If

there is no company match, or if the contribution rate is meeting or above the match, we recommend that you increase your savings rate by two percentage points, or by \$500 a year if contributions are made as dollars rather than as percent of salary. While Morningstar will provide you with a recommended deferral rate, it is up to you to accept and implement the rate change for either the *Managed by Morningstar* or *Managed by You* programs.

8. What is the Morningstar Retirement Strategy Rating System?

Morningstar Retirement Manager helps you determine whether or not you are on track toward reaching your retirement savings goals by assigning a Retirement Strategy Rating to your account. The rating is based upon a “five-star” scale, with a five-star rating being the most effective. An overall strategy rating is created by equally weighting, then averaging, the individual ratings that have been assigned to four key strategy components: Goals, Risk, Investments (if applicable), and Savings. If you own company stock in your accounts, that weighting, and plans to reduce the weighting (if applicable) through the use of the Morningstar Retirement Manager, are also embedded in the overall rating.

9. What is the cost of Morningstar Retirement Manager?

The *Managed by You* guidance service is provided at no cost.

If you select the *Managed by Morningstar* managed account service, your account will be charged an annual percentage fee based on your average daily account balance. Your account will be debited for the appropriate charge on a quarterly basis. This fee covers professional set-up and oversight of your account, regular investment updates, ongoing monitoring, and quarterly Progress Reports as well as services provided by your plan recordkeeper to make investment management and advisory services available to you.

10. What happens if I decide to opt-out of the *Managed by Morningstar* program?

There is no fee for opting-out of the program, so you can try it out for as long you like and opt-out at any time. You will only be charged for the period of time that you are enrolled in the program.

Managed Account-related Questions

11. What is a managed account?

A managed account is an account in which the holder gives authority to a third party to manage it (buy, sell or hold securities). In the case of *Managed by Morningstar*, you are giving authority to Morningstar to manage your employer-based retirement account.

12. What is the difference between managed accounts and non-discretionary investment advice?

If you select the *Managed by Morningstar* managed accounts solution (discretionary advice), Morningstar will be responsible for implementing the transactions to your account and rebalancing the account on an ongoing basis. Essentially, you are turning over the responsibility of managing your account to Morningstar.

If you select the *Managed by You* solution, you are selecting non-discretionary investment guidance. While Morningstar will provide recommendations for an asset mix for your account, you are responsible for selecting the actual investments and implementing the transactions to your account and rebalancing the account on an ongoing basis. You are still responsible for managing your employer sponsored retirement account, but the guidance service helps you structure your account in the most appropriate way.

13. How do managed accounts differ from lifestyle or lifecycle mutual funds?

The primary difference is that managed accounts are individualized to your specific situation while lifestyle and lifecycle funds are not. Lifestyle funds are designed around certain risk levels and participants can

select the fund that is most appropriate for their risk level. As their personal situation and risk level changes, they can shift from one fund to another. Similarly, lifecycle or retirement date funds are a set of funds designed around an expected retirement date of the participant. Participants can select the fund that most closely matches their expected retirement year.

The Managed by Morningstar managed accounts service is a completely customized solution based on your personal situation. The *Managed by Morningstar* solution takes into account your age, risk level, goals, outside accounts, and spouse/partner accounts – all factors that may affect the most appropriate asset allocation and investment selection. Furthermore, *Managed by Morningstar* will monitor and rebalance the account when necessary. Lifestyle, lifecycle, and retirement date funds do not take any of this information into account. For example, a lifecycle fund can have the exact same allocation and funds for people with very different objectives and personal situations.

Program Enrollment-related Questions

14. Once I have made the decision to use Morningstar Retirement Manager, what do I do?

You can use the online service by logging onto your plan provider's Web site. You will have the option of selecting either *Managed by Morningstar* or *Managed by You*. Once you select your choice, you will be prompted to follow up to four simple steps to receive your recommendations and either enroll in the *Managed by Morningstar* managed account service or use the *Managed by You* guidance service.

On the home page of the Morningstar Retirement Manager Web site, you will find a brief description of the benefits of each service along with several links to more information. Click on the link titled "Managed by Morningstar" or "Managed by You" to begin the process.

Step 1: Confirm Your Basic Data

In Step 1, you must confirm the accuracy of the basic data that Morningstar will be using to develop a retirement strategy proposal, including your date of birth, current plan balance(s) and contribution rate(s). Most of this information should be pre-populated by your plan recordkeeper. You may have the ability to enter any missing information.

Step 2: Review Your Strategy

Using its five-star rating system, Morningstar provides you with an assessment of your current overall strategy for your retirement plan, including such individual components as your savings and risk levels. If you want to explore different scenarios for your retirement strategy, you can do so by editing the details of each individual component. Simply click on the component that you wish to edit in the left hand navigation.

Step 3: Confirm and Finish

With *Managed by Morningstar*, you will be presented with the recommended changes to your savings rate and investment allocations. Click **Finish** to enroll in this service and Morningstar will automatically set-up your account with the allocations and funds for your specific situation.

With *Managed by You*, you will be presented with your asset allocation recommendation. From there, you will be able to select funds for each asset category. In Step 4, you will be presented with a summary of your changes. Click **Finish** to send Morningstar's recommended investment allocations back to your plan recordkeeper and complete the transactions for the funds you just selected.

Regardless of which solution you choose, Morningstar encourages you to review and update your personal information at least twice a year. You can also sign up for e-mail alerts that will remind you to update your information.

15. How much time will it take to receive my personalized retirement strategy?

Generally, it takes just a few minutes to complete the three or four step process and receive your recommendations. Or, you can spend more time exploring different scenarios for your retirement strategy and personalize the recommendations further by providing supplemental information about your spouse and your additional investments.

16. What are the next steps once I have received my recommendations and completed the online process?

If you have enrolled in *Managed by Morningstar*, there is no additional action required.

Morningstar will review your account quarterly and make adjustments as necessary. A quarterly Progress Report with your account's performance will be posted to the participant Web site quarterly and mailed annually. You can also sign up for e-mail alerts that will notify you about transactions in your account or reminders to update your personal information when your situation changes.