



Your Guide
to 401(k) Plans



ALIGN

wealth management

CLIENT FOCUSED. PERIOD.

Key Roles in 401(k) Plans

Participant

A participant is defined as an eligible individual participating in a company's 401(k) plan, which usually includes a mix of employees and owners/managers. Participants contribute in order to save for retirement.

Advisor

An advisor aids clients in creating and implementing a 401(k) plan that offers the maximum benefit to the employer and employees. The advisor aids plan participants with investment selections.

Plan Sponsor

A plan sponsor is the employer or company that establishes a 401(k) plan for the benefit of their employees. Responsibilities include: determining eligibility of participants, investment choices and plan design features.

Trustee

The trustee is responsible for the selection of the plan's investments, processing contributions, processing investment transactions, preparing financial statements, and distributing funds to participants or paying the fees/expenses of the trust.

TPA

The third party administrator, or TPA, is the company that ensures the plan remains in compliance with all IRS and Department of Labor rules and regulations, including providing testing, reporting, and filings.

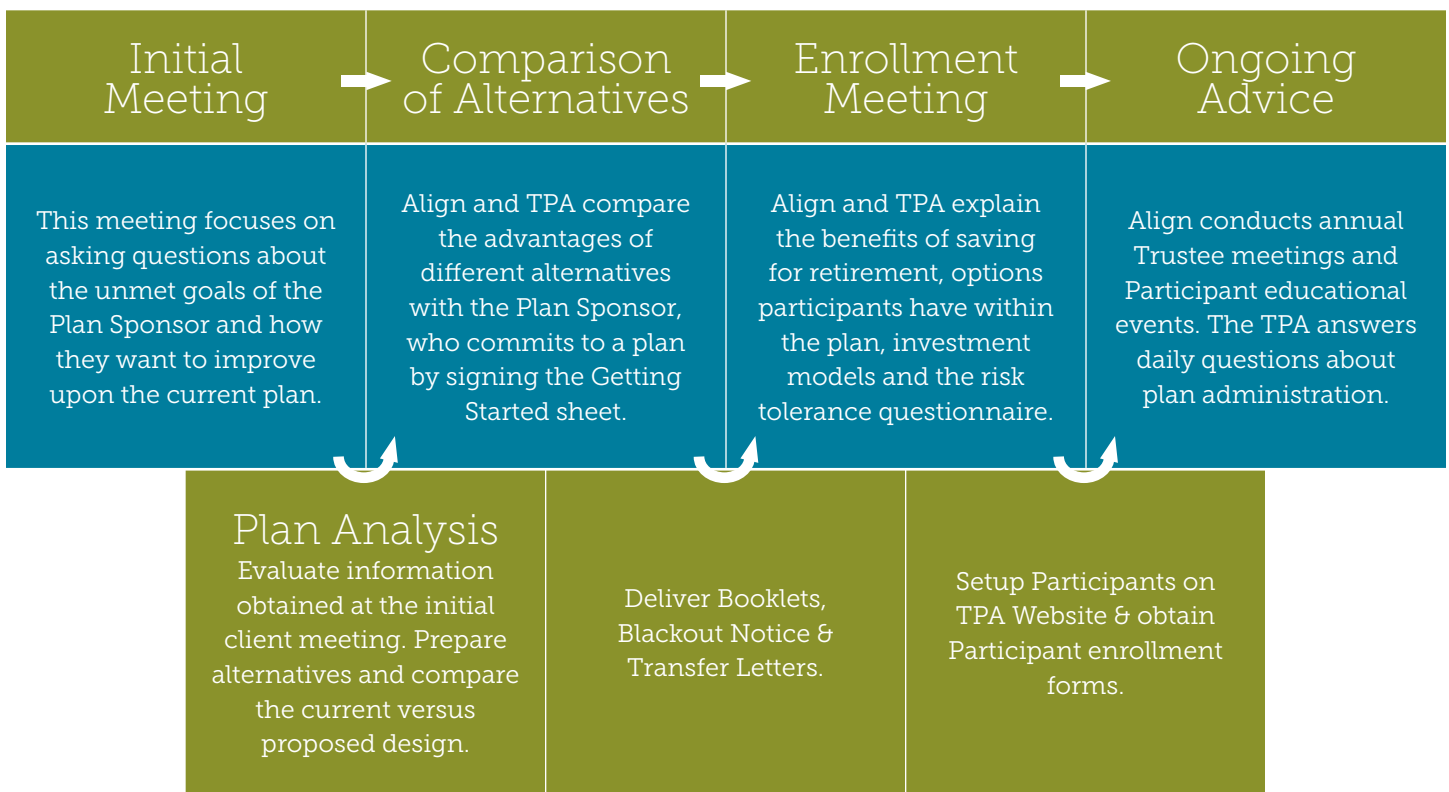
Record Keeper

Record keepers monitor contribution rates, investment selections, balances, account statements and outstanding loans. This role typically belongs to an accountant, payroll, service provider, brokerage firm or mutual fund company.

Custodian

The custodian executes and clears participant trades as well as investing ongoing contributions.

How We Evaluate Your 401(k)



10 Questions We Ask

1. Are you happy with your 401(k) plan?

Plan design can make a big difference in how your plan operates and how benefits are provided to key employees and staff. A well-designed plan is the first step in a successful outcome for your plan and could result in significant employee cost savings.

2. Do your employees feel informed about how to save and invest wisely?

Education of the participants is another important responsibility of Align who will meet with the participants to discuss and review asset allocation, risk tolerance questionnaire, retirement goals, etc.

3. Does your plan provide diversified investment models?

Align will create several models with specifically defined investment goals that range from conservative to aggressive growth. These broadly diversified investment models along with our risk tolerance give participants direction, rather than leaving them to select individually from a complex list of mutual funds.

4. Are you meeting your fiduciary responsibility?

Plan sponsors have many fiduciary responsibilities including prudent selection of investments, annual review of the investment line-up, employee education and documented annual trustee meetings. Align and TPA can help ensure you meet all your fiduciary responsibilities.

5. Is your current plan professional a broker or a fiduciary?

Many individuals providing services to plans are brokers. By definition a broker is technically not allowed to make investment selections for the client or offer investment advice to participants. In contrast a registered investment advisor (RIA) provides investment selection and participant advice because the RIA takes on the responsibility of being a co-fiduciary on the plan.

6. Do you know the internal costs of your current plan?

There are many hidden costs in the operation of plans. Many times these fees are unknown to the Plan Sponsor. A thorough analysis of plan costs can show that the largest fee component is actually due to the fund selection and platform. By using low cost institutional mutual funds from DFA our Plan Sponsors can confidently offer a diversified, low-cost solution for Participants.

7. Are your plan investments reviewed at least on an annual basis?

Investment selection is a key component in plan structure. A plan needs to be reviewed at least on an annual basis relative to appropriate benchmarks and the internal cost of the funds.

*Align model allocations using DFA simplify the process and meet prudent investor guidelines.

8. Are you failing any compliance test each year?

The most common test performed is on the contributions made by the employees and the owners as deferrals or employee contributions. If the highly paid employees (those earning over \$115,000 in the prior year) are receiving an amount that is 2% higher on average than the lower paid employees, contributions of the higher paid employees will need to be returned. There are ways to mitigate this problem.

9. Can you confidently say you have the best possible plan?

Align has been working with 401(k) plans and their Plan Sponsors for decades. Every Plan Sponsors we work with has pressing commitments beyond their 401(k) plan design, so we make evaluating the alternatives a transparent and easy process.

10. May we gather information and prepare a free review of your plan?

See the 401(k) documentation list for the information we need in order to prepare a review of your plan and determine whether we offer a better alternative.

This review includes design of the plan, internal cost of the investments, benchmarking investments, review of all fees and options for improvements.

What We Need to Compare Your Alternatives: The 401(k) Documentation List

While Align and TPA can develop a proposal without any of the following documents, obtaining each piece of information allows us to develop a more robust proposal.

Investments

Required in order to do an in-depth investment analysis of the cost of the current fund line-up compared to cost of the proposed model portfolios.

- Current investment line-up with tickers
- Amount of money in each investment

Cost Comparison

Allows Align and TPA to develop a full cost comparison for the Plan Sponsor.

- Preferred: 408(b)(2) disclosure – AKA Plan Sponsor Fee disclosure
- 404(a)(5) disclosure – AKA Participant Fee Disclosure

Design Analysis

This allows the TPA to identify any plan issues such as failed ADP/ACP tests and will allow us to evaluate the design of the plan to see if we can make improvements for the client.

- Preferred: Plan Document
- Summary Plan Description
- Annual Plan Valuation – AKA Compliance Testing Package
- Employee Census

Form 5500s

This form contains valuable plan information such as plan assets, plan flows (annual contributions and distributions) and participants. The TPA can assist in accessing this information if required.

All Form 5500s are available online at the following website: <http://www.efast.dol.gov/welcome.html>

Example Timeline

Date	Task	Party Responsible
8/27	Intro Meeting <ul style="list-style-type: none"> • Align and TPA explain the transfer process • Plan Sponsor signs an acceptance letter • TPA delivers a sample letter to terminate prior TPA 	Align/TPA
8/29	Formal letter of instruction to liquidate transfer of assets and provide participant-level data to TPA	TPA/Current Provider
8/29	Distribute transfer / blackout notices to all participants (include balances)	Plan Sponsor
9/9	Plan design finalized	Align/TPA
9/9	Obtain signed agreements	Plan Sponsor/ Align/TPA
9/10	Investment menu and enrollment meeting dates finalized	Plan Sponsor/ Align/TPA
9/16	Approve enrollment booklet proof	Plan Sponsor
9/18	Enrollment Booklet, Plan Document & Summary Plan Description all finalized	TPA
9/23	Enrollment and education meetings	Plan Sponsor/ Align/TPA
9/30	All enrollment forms due from employees	Plan Sponsor
9/30	Last statement from current provider produced	Current Provider
10/1	Blackout begins	Plan Sponsor
10/1	Determine account default needs for those not submitting forms	Align
10/1	Last payroll to current provider	Plan Sponsor
10/1	Assets liquidated	Current Provider
10/2	Assets wired to plan custodian	Current Provider
10/11	Assets allocated to participant accounts and verified	TPA
10/15	First payroll to Custodian/TPA	TPA
10/15	Notice to employees that blackout period has ended	Plan Sponsor
TBD	Periodic advisory meetings	Align

Important Disclosures

Align Wealth Management, LLC is a Registered Investment Advisor. There are two offices: Oklahoma City & Tampa Bay. The Home Office is located at 13291 Quail Pointe Drive, Oklahoma City, OK 73134, ph: (405) 607-4820. The Tampa Bay Office is located at 125 5th Street South, Suite 201, St. Petersburg, FL 33701, ph: (727) 455-0033 | fax: (405) 294-3340 | toll free: (800) 401-6477 | web: www.alignmywealth.com. Before making an investment decision, please contact our office at 405.607.4820 to receive a copy of Align's Form ADV Part 2A and the Investment Advisory Agreement, both of which include Align's fee schedule.

This information is intended to serve as a basis for further discussion with your professional advisers. Your investment dollars are held at a third-party custodian, and you will receive separate account statements directly from your custodian.

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