



# How To Make Your 401(k) Plan Come Alive

*April 13, 2023*

# Today's Agenda

- The Modern 401(k) for Small Businesses
- How to save more \$ and pay less in taxes
- Reducing fees and legal exposure
- Recruiting and retaining the best staff
- Q & A

# David Ranney

- Vice President of Sales at Rebalance
- 25 years in 401(k) Industry - Fidelity
- MBA from Boston College, BA in Economics from Holy Cross
- Married 29 years, with three children

***Dedicated to helping small businesses realize their 401(k) plan potential***

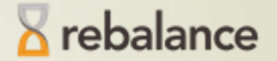




# How To Make Your 401(k) Plan Come Alive - Addressing 5 Biggest Issues

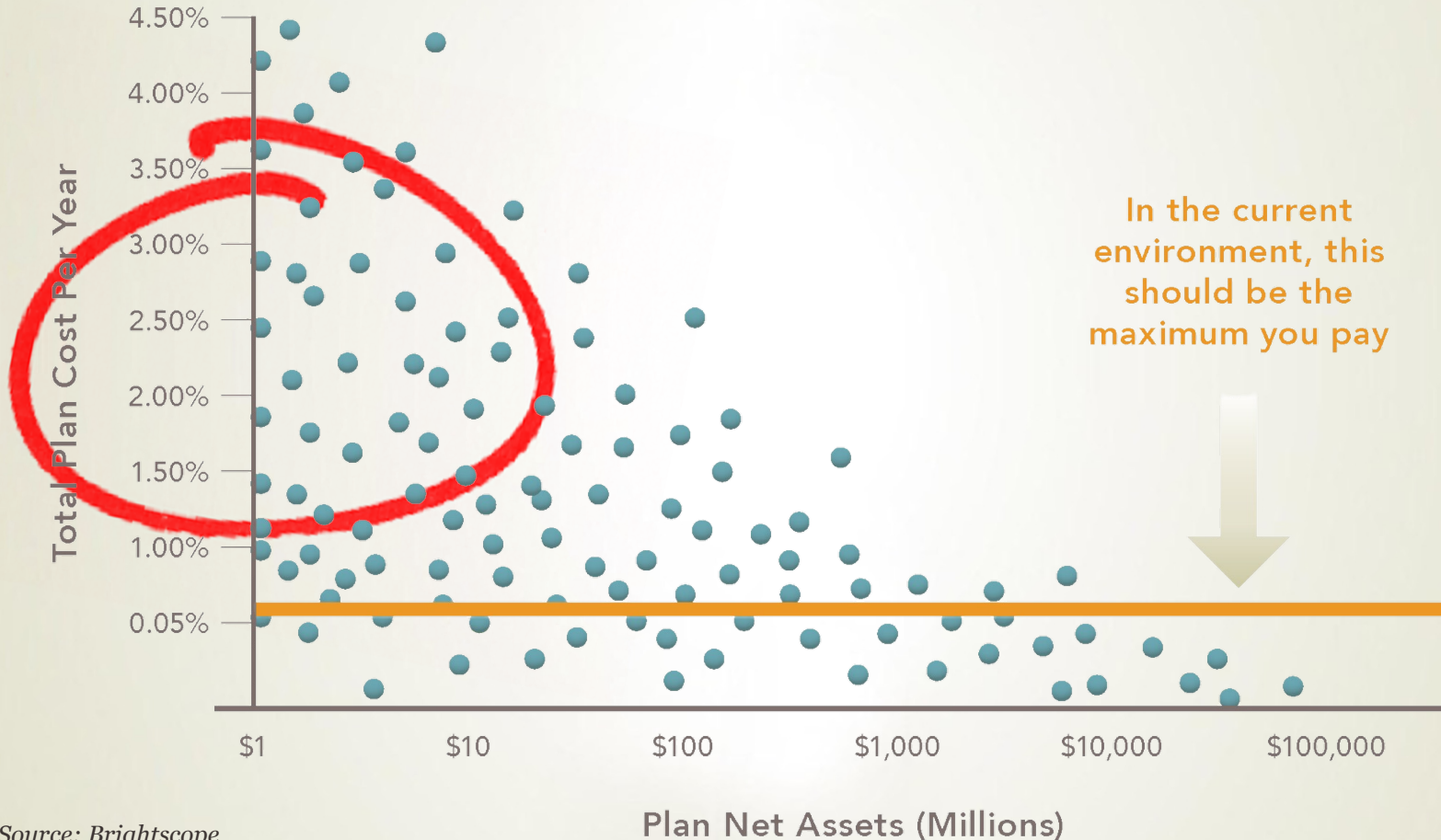


# Small Business 401(k) → 5 Areas to Improve

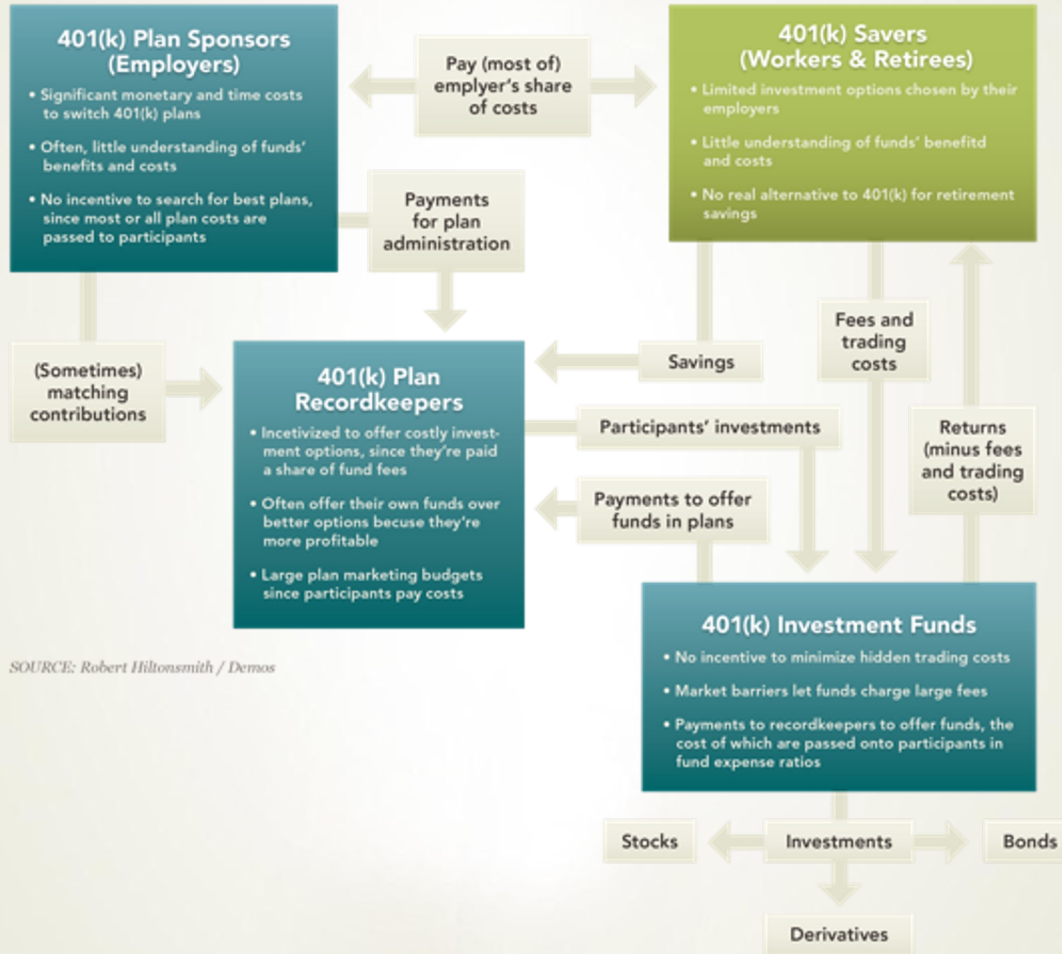


1. Lower investing costs
2. Bridge the “investment returns gap”
3. Lower legal risk
4. Engage your biggest asset – your People
5. Cash Balance Plans: Save more, pay less in taxes

# 1. Lower Costs: High 401(k) Fees

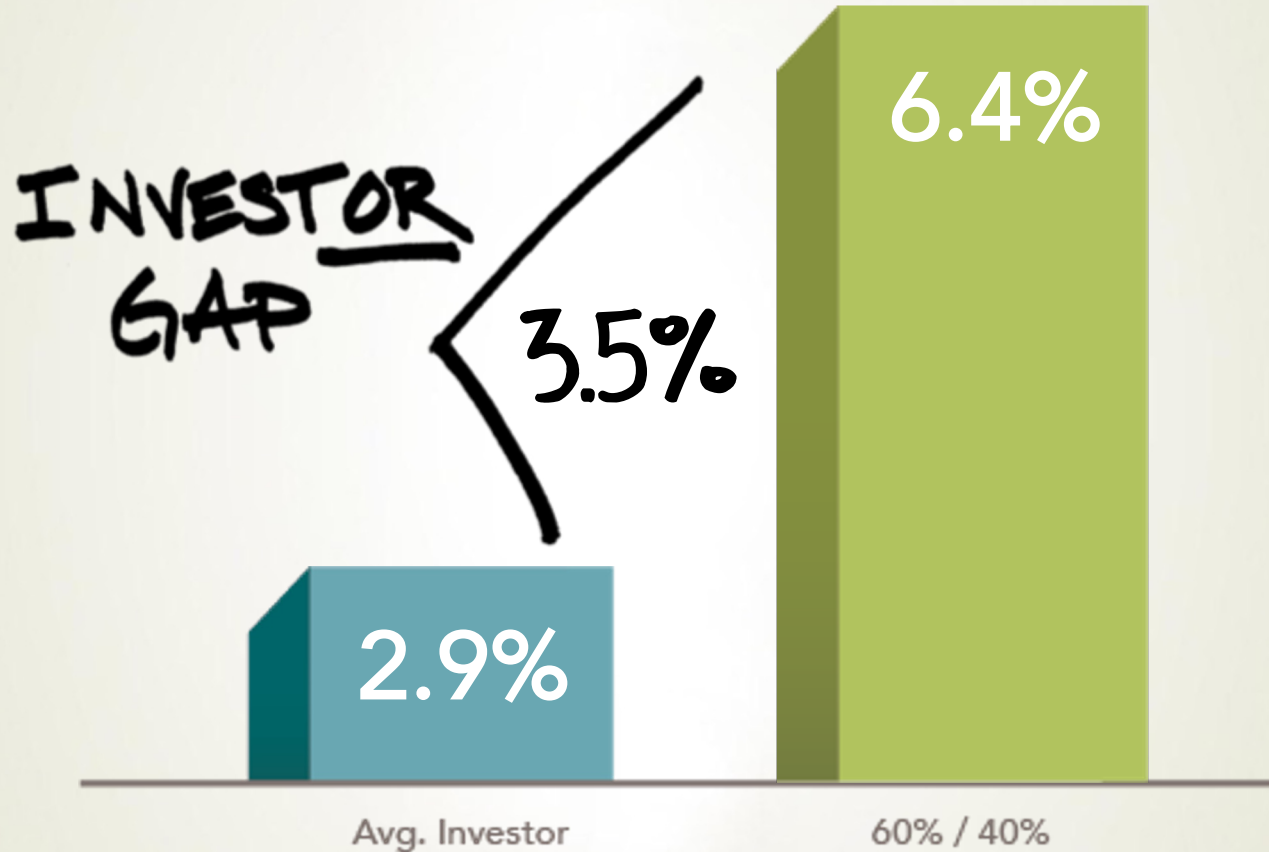


# 1. Lower Costs: Eliminate Conflicts of Interest



SOURCE: Robert Hiltonsmith / Demos

## 2. Bridge the Investment Returns Gap



20-year annualized return, as of Dec. 31, 2021

Source: S&P 500 Index, Bloomberg U.S. Aggregate Index, Dalbar Inc.

## 2. Bridge the Investment Returns Gap



Income



Diversified  
Income



Balanced  
Income



Balanced  
Growth



Diversified  
Growth

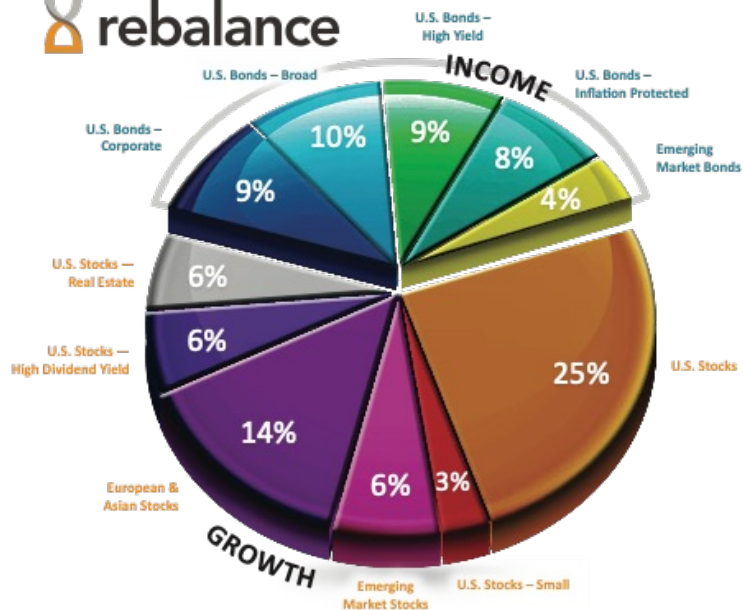


Growth





# 2. Bridge the Investment Returns Gap



## Balanced Growth Portfolio

The Rebalance Balanced Growth Portfolio is invested 60% in stocks and 40% in bonds and is constructed for an investor who may be newly retired or in their late career years, is tolerant of stock market ups and downs, may be withdrawing funds over next 20 years, and wants a balanced blend of growth and income-oriented investments.

This portfolio consists of 11 exchange-traded funds (ETFs) that hold approximately 4,000 stocks of large, mid-sized and small U.S. public companies, over 9,000 stocks of large, mid-sized and small public companies in nearly 45 foreign countries, and approximately 12,500 bonds issued by governments and corporations worldwide. The portfolio is constructed to capture the long-term returns of the global economy in its globally diversified growth investments, combine higher quality fixed income with some credit risk-oriented securities in its income investments and provide a balance in sources of potential return with a tilt towards growth.

The ETFs were carefully selected as discrete building blocks to accomplish a highly sophisticated asset allocation strategy. Superior low-cost funds from the largest most experienced index providers (such as Vanguard, Schwab and BlackRock) have been carefully vetted by the Rebalance Investment Committee. ETF fund fees for this portfolio equal a weighted average of 0.09%, often as much as 80% cheaper than the cost of an actively managed mutual fund portfolio.

The Balanced Growth Portfolio is periodically rebalanced based upon a sophisticated algorithm that considers individual ETFs, asset classes, and fixed-income-to-equity targets.

Income Funds	# Securities	The Fund Contains:
Emerging Market Bonds	580	Bonds issued in U.S. dollars by governments such as Mexico, Indonesia, Brazil, Saudi Arabia, Turkey and Peru.
U.S. Bonds - Broad	10,400	U.S. Bonds including Treasuries, corporates and mortgage-backed bonds guaranteed by the U.S. government.
U.S. Bonds - Corporate	2,151	Bonds backed by the largest, most stable U.S. corporations including Bank of America, Verizon, Amazon, Visa, ATT, and Boeing.
U.S. Bonds - Inflation Protected	52	A special type of U.S. government bond designed to protect investors from rising inflation.
U.S. Bonds - High Yield	2,080	Bonds of U.S. corporations paying greater interest to borrow. Issuers include Occidental Petroleum, Tenet Healthcare and Ford Motor Credit.

Growth Funds	# Securities	The Fund Contains:
U.S. Stocks	4,076	Nearly all publicly traded U.S. companies, weighted towards the largest, such as Microsoft, Apple, Amazon, Tesla and Alphabet (Google).
U.S. Stocks - High Dividend Yield	443	Common stocks of U.S. companies with dividend yields that are generally above-average such as Exxon, JPMorgan Chase and Johnson & Johnson.
U.S. Stocks - Small	679	Small U.S. companies like Agree Realty, SM Holdings and Rogers Corp.
European & Asian Stocks	4,045	All major public companies in Europe and Asia including Japan, UK, Europe, South Korea and Canada.
Emerging Market Stocks	5,412	All major public companies in China, Taiwan, Hong Kong, India and Brazil such as Tencent, Alibaba and Taiwan Semiconductor.
U.S. Stocks - Real Estate	168	Real estate investment trusts (REITs) that purchase retail malls, apartments, offices, hotels and warehouses. Portfolio REITs include American Tower, Public Storage, Prologis Inc. and Crown Castle International.

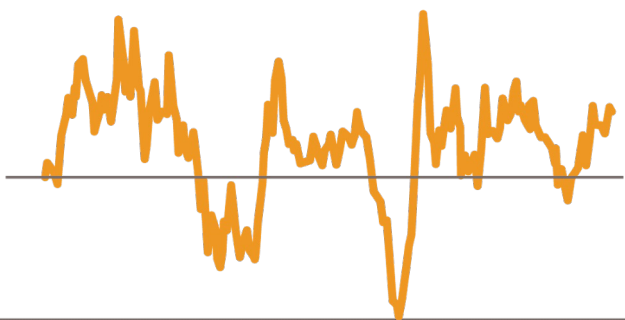

## 2. Asset Allocation





## 2. Asset Allocation

### Stocks vs. Bonds\*

	Best 1-Year Return	Worst 1-Year Return	Annualized Return	Investment Experience <sup>1</sup>
<b>Stocks</b> <i>S&amp;P 500 Index</i>	<b>28.36%</b>	<b>-36.55%</b>	<b>9.87%</b>	
<b>Bonds</b> <i>Three-month Treasury Bills</i>	<b>4.73%</b>	<b>0.03%</b>	<b>1.26%</b>	

\*Source: Stern School of Business, New York University, January 2022.

## 2. Asset Allocation

### Stocks & Bonds: A Winning Combination

	Best 1-Year Return	Worst 1-Year Return	Annualized Return	Investment Experience <sup>1</sup>
Stocks/Bonds	36.7%	-26.6%	9.1%	

## 2. Asset Allocation

20s, 30s, 40s



50s



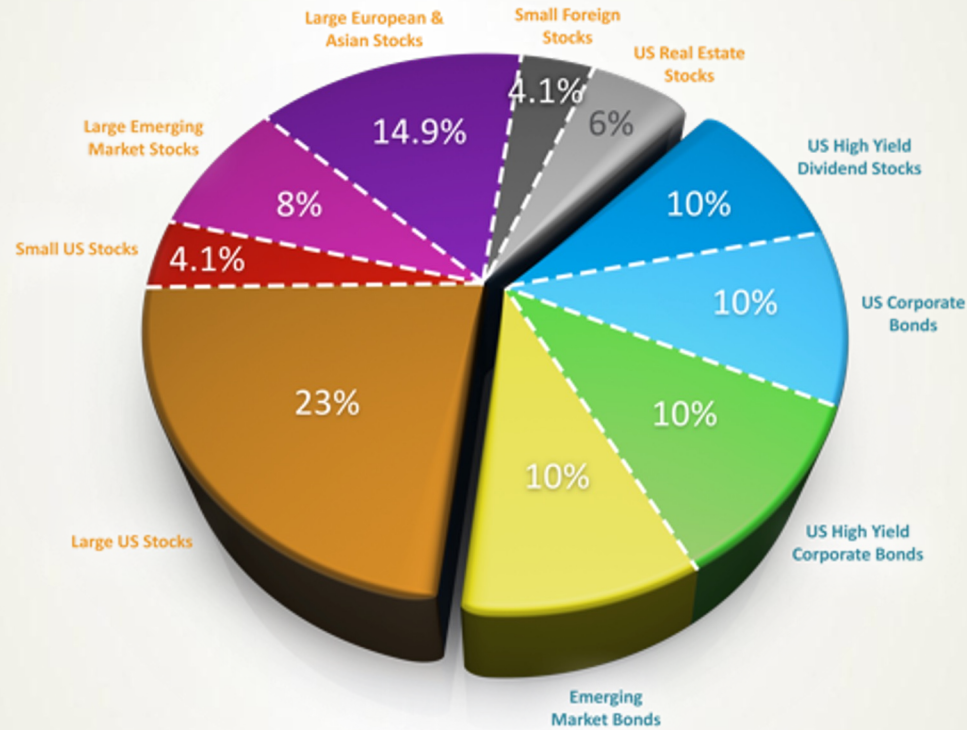
60s



70s



## 2. Asset Allocation

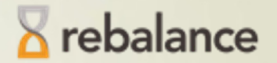


### 3. Lower Legal Risk

## *How to offer a 401(k) plan without taking on outsized contingent liability legal risk?*

- Most small businesses have more legal risk than realized
- Employers (plan sponsors) typically have fiduciary responsibilities
- Employers (plan sponsors) can offload most contingent liability legal risk by hiring an investment manager that assumes fiduciary responsibilities

### 3. Lower Legal Risk: Avoiding High 401(k) Costs Can Protect You Too





# 3. Lower Legal Risk: 401(k) Investment Menus Are Confusing

Compare	Name	Asset Class	Morningstar Category	YTD* (Daily)	1 Yr	3 Yr ▼	5 Yr	10 Yr	Expense Ratio		Morningstar
									Net <sup>†</sup>	Gross <sup>‡</sup>	Overall ▼
<input type="checkbox"/>	T. Rowe Price Institutional Large	Stock	Large Growth	7.23%	44.21%	20.01%	20.84%	13.74%	0.56%	0.56%	★★★★★
<input type="checkbox"/>	Fidelity® Contrafund®	Stock	Large Growth	6.64%	39.23%	17.40%	--	--	--	0.43%	★★★★★
<input type="checkbox"/>	Vanguard Institutional Index	Stock	Large Blend	2.41%	26.36%	14.63%	15.88%	9.78%	0.035%	0.035%	★★★★
<input type="checkbox"/>	American Funds New Perspective	Stock	World Large Stock	4.77%	32.67%	14.48%	13.47%	8.55%	0.45%	0.45%	★★★★
<input type="checkbox"/>	T. Rowe Price Equity	Stock	Large Value	1.32%	21.59%	12.18%	12.44%	7.87%	0.66%	0.66%	★★★

Name/Inception Date	Asset Class	Category	Gross Expense Ratio**	Shareholder Fees
FID CONTRAFUND (FCNTX)05/17/1967	Stock Investments	Large Cap	0.64%	No additional fees apply.
PIF EQUITY INCOME R4 (PEIPX)05/31/19397 day yield as of 07/31/2012 0.00%	Stock Investments	Large Cap	0.89%	No additional fees apply.
SPTN 500 INDEX ADV (FUSVX)02/17/1988	Stock Investments	Large Cap	0.07%	No additional fees apply.
JH DSCPL VAL MDCP I (JVMIX)06/02/1997	Stock Investments	Mid-Cap	0.87%	No additional fees apply.
WFA DISCOVERY ADM (WFDDX)12/31/1987	Stock Investments	Mid-Cap	1.12%	No additional fees apply.
ABF SM CAP VAL INV (AVPAX)12/31/1998	Stock Investments	Small Cap	1.17%	No additional fees apply.
JANUS TRITON T (JATTX)02/25/2005	Stock Investments	Small Cap	0.93%	No additional fees apply.
SPTN SM CAP IDX ADV (FSSVX)09/08/2011	Stock Investments	Small Cap	0.23%	No additional fees apply.
AF EUROPAC GRTH R4 (REEXX)04/16/1984	Stock Investments	International	0.84%	No additional fees apply.
SPTN INTL INDEX ADV (FSVIX)11/05/1997	Stock Investments	International	0.17%	No additional fees apply.
FID FREEDOM 2005 (FFVIX)11/06/2003	Blended Investment*	N/A	0.56%	No additional fees apply.
FID FREEDOM 2010 (FFCX)10/17/1996	Blended Investment*	N/A	0.60%	No additional fees apply.
FID FREEDOM 2015 (FVFX)11/06/2003	Blended Investment*	N/A	0.63%	No additional fees apply.
FID FREEDOM 2020 (FFDX)10/17/1996	Blended Investment*	N/A	0.66%	No additional fees apply.
FID FREEDOM 2025 (FFTXX)11/06/2003	Blended Investment*	N/A	0.70%	No additional fees apply.
FID FREEDOM 2030 (FFEX)10/17/1996	Blended Investment*	N/A	0.74%	No additional fees apply.
FID FREEDOM 2035 (FFTHX)11/06/2003	Blended Investment*	N/A	0.75%	No additional fees apply.
FID FREEDOM 2040 (FFFX)09/06/2000	Blended Investment*	N/A	0.75%	No additional fees apply.
FID FREEDOM 2045 (FFGX)06/01/2006	Blended Investment*	N/A	0.75%	No additional fees apply.
FID FREEDOM 2050 (FFHX)06/01/2006	Blended Investment*	N/A	0.75%	No additional fees apply.
Investments you currently own FID FREEDOM 2055 (FDEEX)06/01/2011	Blended Investment*	N/A	0.75%	No additional fees apply.
FID FREEDOM 2060 (FDKX)08/05/2014	Blended Investment*	N/A	0.76%	No additional fees apply.
FID FREEDOM INCOME (FFAX)10/17/1996	Blended Investment*	N/A	0.49%	No additional fees apply.
PIMCO ALL ASSET ADM (PAALX)07/31/2002	Blended Investment*	N/A	1.28%	No additional fees apply.
FID TOTAL BOND (FTBFX)10/15/2002	Bond Investments	Income	0.45%	No additional fees apply.
SPTN US BOND IDX ADV (FSITX)03/08/1990	Bond Investments	Income	0.17%	No additional fees apply.
FID RETIRE MMKT (FRTX)12/02/19887 day yield as of 09/30/2015 0.01%	Short-Term Investments	N/A	0.42%	No additional fees apply.

Fund	Name	Expense Ratio
VSCPX	Vanguard Small-Cap Index Fund Institutional Plus Shares	0.03%
VMCPX	Vanguard Mid-Cap Index Fund Institutional Plus Shares	0.03%
RERGX	American Funds EuroPacific Growth Fund® Class R-6	0.49%
PAAIX	PIMCO All Asset Fund Institutional Class	1.01%
VIIIX	Vanguard Institutional Index Fund Institutional Plus Shares	0.02%
VWELX	Vanguard Wellington™ Fund Investor Shares	0.25%
SSGLX	State Street Global Equity ex-U.S. Index Fund Class K	0.15%
NOSIX	Northern Stock Index Fund	0.10%
WFQZX	Wells Fargo Target 2055 Fund - Class A	0.65%

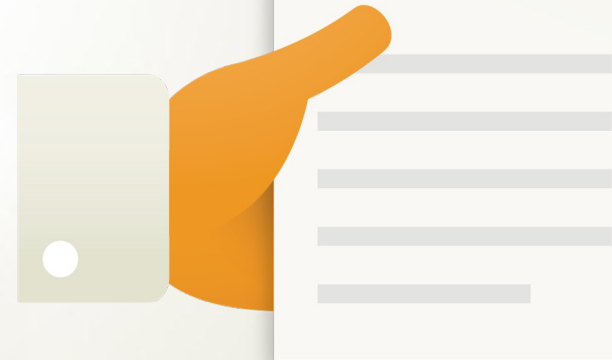
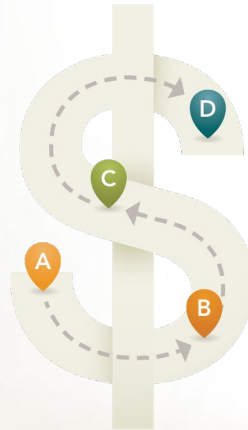
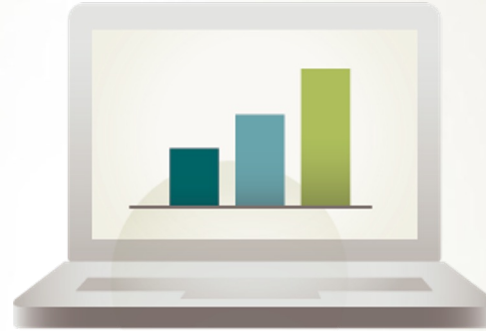
Name/Inception Date	Asset Class	Category	Gross Expense Ratio**	Shareholder Fees
<b>TIER 1</b>				
BTC LIFEPAATH 2020 L 06/01/2005	Blended Fund Investments*	N/A	0.10%	No additional fees apply.
BTC LIFEPAATH 2030 L 06/01/2005	Blended Fund Investments*	N/A	0.10%	No additional fees apply.
BTC LIFEPAATH 2040 L 06/01/2005	Blended Fund Investments*	N/A	0.10%	No additional fees apply.
BTC LIFEPAATH 2050 L 06/01/2007	Blended Fund Investments*	N/A	0.10%	No additional fees apply.
BTC LIFEPAATH RET L 06/01/2005	Blended Fund Investments*	N/A	0.10%	No additional fees apply.
<b>TIER 2</b>				
FID CONTRAFUND POOL 01/17/2014	Stock Investments	Large Cap	0.43%	No additional fees apply.
FID GROWTH CO POOL 10/31/2013	Stock Investments	Large Cap	0.43%	No additional fees apply.
YANG GRTH INDEX INST (YGRX) 11/02/1992	Stock Investments	Large Cap	0.06%	No additional fees apply.
YANG INST INDEX PLUS (YIWX) 02/03/1993	Stock Investments	Large Cap	0.02%	No additional fees apply.
YANG VAL INDEX INST (YVIX) 11/02/1992	Stock Investments	Large Cap	0.06%	No additional fees apply.
ARTISAN MID CAP 01/16/2008	Stock Investments	Mid-Cap	0.50%	No additional fees apply.
DFA SMMD CAP VAL 06/05/1913	Stock Investments	Small Cap	0.26%	No additional fees apply.
YANG SM GR IDX INST (YSGRX) 05/21/1993	Stock Investments	Small Cap	0.08%	No additional fees apply.
RUSSELL INTL GROWTH 10/31/2007	Stock Investments	International	0.59%	No additional fees apply.
RUSSELL INTL VALUE 01/16/2008	Stock Investments	International	0.59%	No additional fees apply.
PM ALL A ALL AUTH I (PAAX) 10/31/2003	Blended Fund Investments*	N/A	1.99%	No additional fees apply.
PM INF RESIP MA IS (PRMX) 06/12/2011	Blended Fund Investments*	N/A	1.15%	No additional fees apply.
PIMCO TOTAL RETURN 01/16/2008	Bond Investments	Income	0.27%	No additional fees apply.
VANG ST BD IDX IS PL (VBRX) 02/01/1998	Bond Investments	Income	0.95%	No additional fees apply.
PFM MONEY MKT INST (FNSX) 07/25/1985 7 day yield as of 06/30/2014 0.09%	Short Term Investments	N/A	0.16%	No additional fees apply.



### 3. Lower Legal Risk For Employer: Don't Put Yourself At Risk To Be Sued



# 4. Engage Your Biggest Asset – Your People



# What is the Annual 415 Cap in 2023 for Defined Contribution aka 401(k) plans?

Retirement Plans	2023 Cap
401(k)/403(b)/457(b) Elective Deferrals	\$22,500
Catch-Up Contribution (plus other than SIMPLE plans)	\$7,500
SIMPLE Plan Employee Deferrals	\$15,500
SIMPLE Plan Catch-Up Contributions	\$3,500
Plan Maximum Annual Contribution – Defined Contribution Plans (Section 415(c) )	\$66,000
Maximum Annual Benefit – Defined Benefit Plans (Section 415(b) )	\$265,000
Compensation Limit under Section 401(a)(17)	\$330,000
Highly Compensated Employee Definition under Section 414(q)	\$150,000
Key Employees Officer Compensation for Top-Heavy Plans	\$215,000

## 4. Increase Employee Satisfaction & Retention

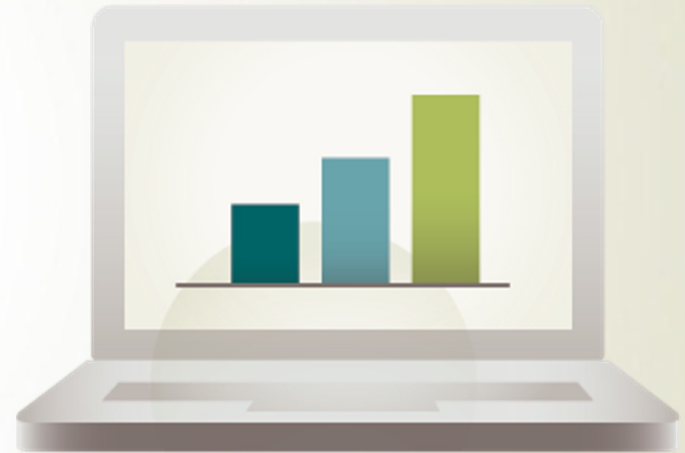
### Recent Charles Schwab Participant Survey




## 4. Increase Employee Satisfaction & Retention: Retirement Planning Tools

### Studies show that:

- Employees with access to educational materials choose higher deferral (savings) rates
- Current employees increase contributions after completing the profile and educational content



# 5. Who Wants to Pay Less in Taxes?

Retirement Plans	2023 Cap
401(k)/403(b)/457(b) Elective Deferrals	\$22,500
Catch-Up Contribution (plus other than SIMPLE plans)	\$7,500
SIMPLE Plan Employee Deferrals	\$15,500
SIMPLE Plan Catch-Up Contributions	\$3,500
Plan Maximum Annual Contribution – Defined Contribution Plans (Section 415(c) )	\$66,000
 Maximum Annual Benefit – Defined Benefit Plans (Section 415(b) )	\$265,000
Compensation Limit under Section 401(a)(17)	\$330,000
Highly Compensated Employee Definition under Section 414(q)	\$150,000
Key Employees Officer Compensation for Top-Heavy Plans	\$215,000

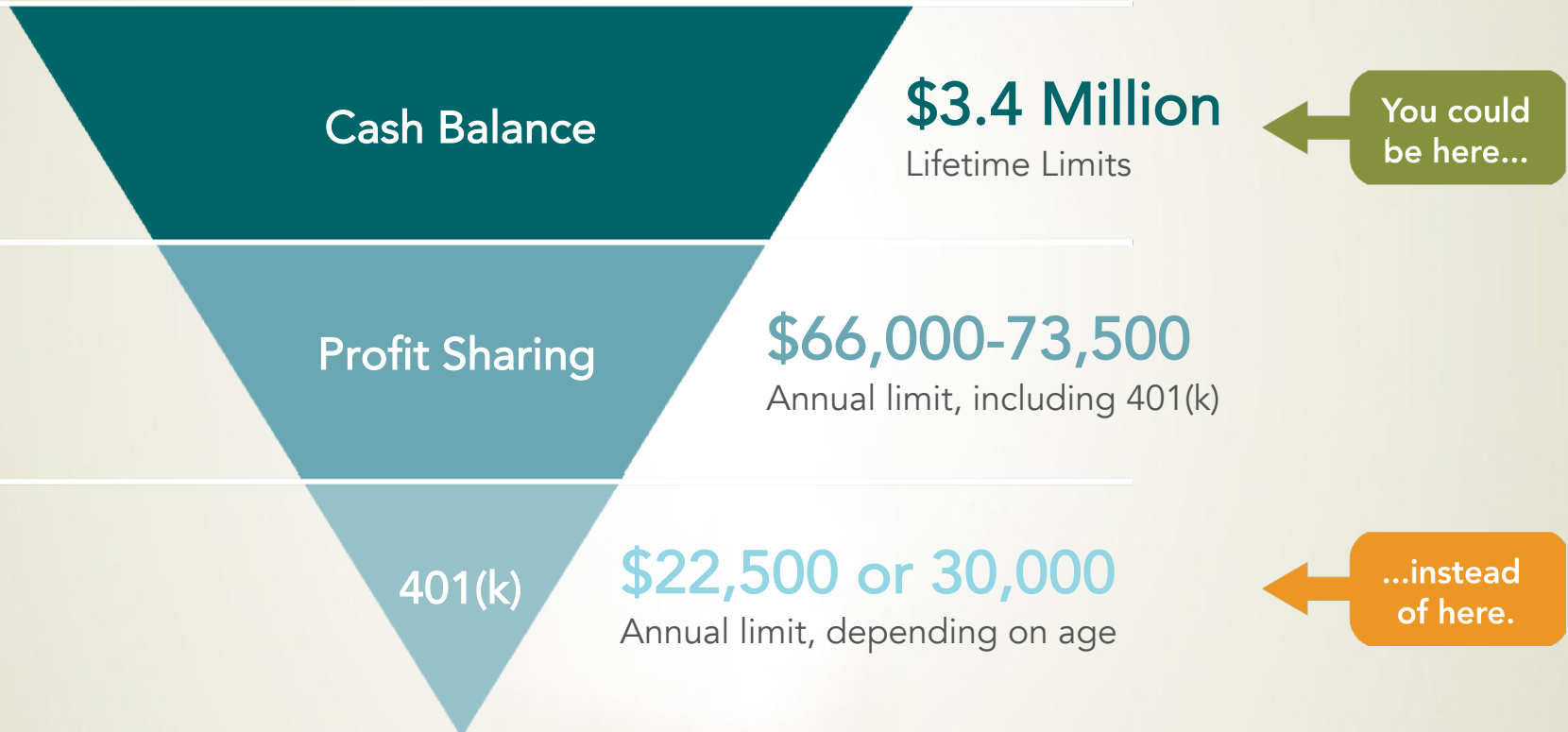
## 5. Cash Balance Plans: Pay Less in Taxes

### *Who Benefits from Cash Balance Plans?*

1. Business owners or employees who want to defer more than \$73,500 in annual income
2. Do you have a family member working in your practice?
3. How much of your staff is over the age of 35?
4. Individuals with solo 401(k) who earn over \$150,000 annually?



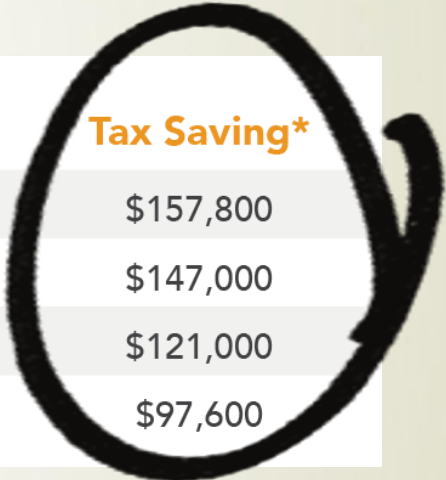
# 5. Cash Balance Plans: Pay Less in Taxes



# 5. Cash Balance Plans: Pay Less in Taxes

Sophisticated plan design allows owners to save/defer amounts of around \$250,000 *per owner/per year!*

Age	401(k)/PS	Cash Balance	Total	Tax Saving*
60-65	\$73,500	\$321,000	\$394,500	\$157,800
55-59	\$73,500	\$294,000	\$367,500	\$147,000
50-54	\$73,500	\$229,000	\$302,500	\$121,000
45-49	\$66,000	\$178,000	\$244,000	\$97,600

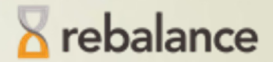


\*Assuming 40% tax bracket, taxes are deferred



# TAKING ACTION TO IMPROVE YOUR 401(k) PLAN

# Small Business 401(k) → 5 Areas to Improve



1. Lower investing costs
2. Bridge the “investment returns gap”
3. Lower legal risk
4. Engage your biggest asset – your People
5. Cash Balance Plans: Save more, Pay less in taxes

# Rebalance: A Record of Results

- Firm manages over **\$1.2 Billion** of client investments
- Helping to lead pro-consumer industry movement
- Investment Committee with best and brightest in finance



*\*January 2023*

# Rebalance Investment Committee

Yale

PRINCETON  
UNIVERSITY


IBM





# Rebalance in the 401(k) News

**PLANSPONSOR**



**Retirement People M**

Morgan Stanley acquires Eaton Vance; The benefits lead; and Rebalance names

**401k Specialist**

**Dentistry iQ**

**COVID-19 and the Presidential Election:**

**PLANSPONSOR**

**Rebalance Builds 401(k) Product Aimed at Small Businesses**

**NSPONSOR**



**Cash Balance Plans**

**DE**

**dentaltown**

**The Dental 401(k) Plan**

Keep your best people while lowering costs and risks.



**The 401kWire**





- Sophisticated plan design has potential to help owners dramatically reduce taxes
- Save/defer amounts of approx. \$200,000+ *per owner/per year*
- Ivy League investing experts
- Up to 50% (or more) reduction in investment fees
- Potential to improve investment returns while reducing risk



- All administrative complexities managed by Rebalance's team
- 24/7 access to retirement accounts via user-friendly and curated platform
- Less time worrying about retirement → more time to focus on building your practice

# Questions?

# How to Keep Learning:

## Options:

1. Find out if you are over-paying
2. Get the slide deck
3. Contact us with questions



# How to Keep Learning:



## Talk with an Expert:

- Find out if you are over-paying
- Benchmark your plan fees
- Find out if your plan design meets industry best practices



# How to Keep Learning:



**David Ranney**

Vice President, Sales

For further questions reach out to:

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