

Item 6
December 31, 2024 Fiduciary
Investment Review

Fiduciary Investment Review™



Prepared for:
Delray Beach
February 6, 2025

Prepared by:



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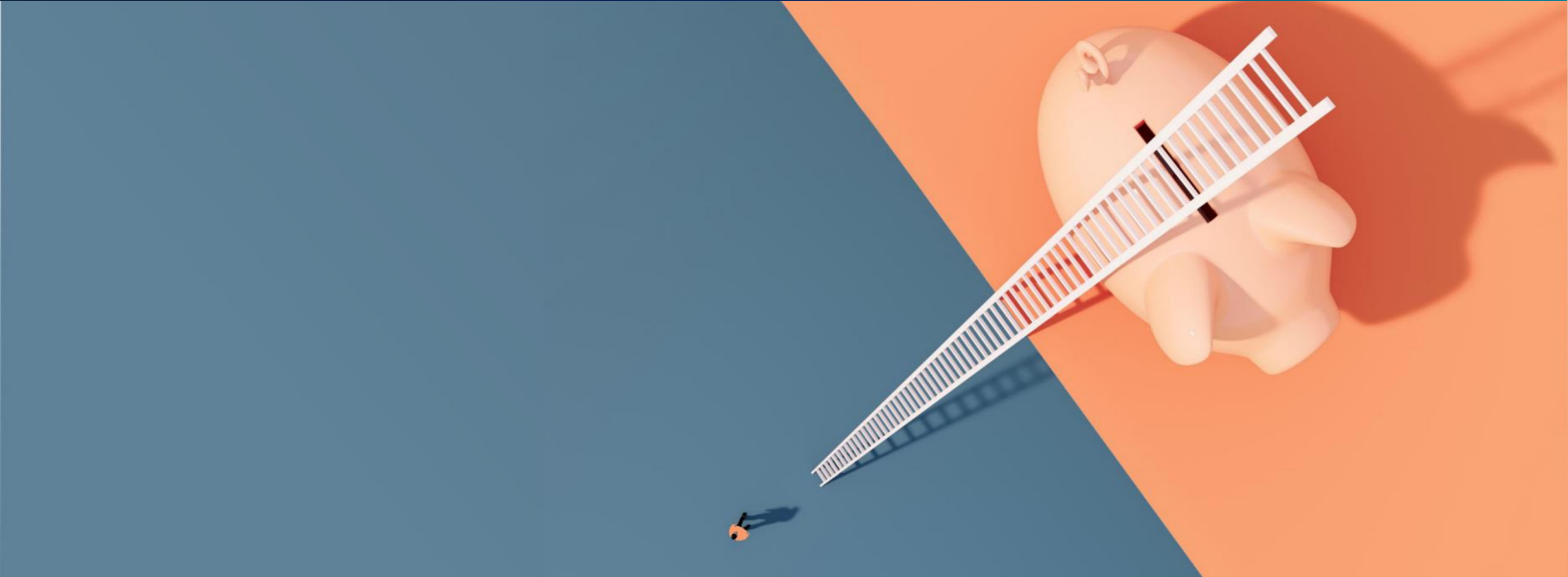
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Fiduciary Hot Topics

Q1 2025



IRS Increases Some IRA and Plan Limits for 2025

On November 1, 2024, IRS Notice ([2024-80](#))¹ includes the 2025 cost-of-living adjustments (COLAs) for IRA and retirement plan related dollar limits. Key numbers are shown in the tables below. For additional information see IRS News Release [IR-2024-285](#).²

2025 Retirement Plan Limits

Employer Plan Limits	2025	2024	2023
Elective Deferral Limit (401(k), 403(b), 457(b), and SARSEP)	\$23,500	\$23,000	\$22,500
Age 50 Catch-up Contribution Limit	\$7,500	\$7,500	\$7,500
Age 60-63 Catch-up Limit	\$11,250	N/A	N/A
Annual Defined Benefit Limit	\$280,000	\$275,000	\$265,000
Annual Defined Contribution Limit	\$70,000	\$69,000	\$66,000
Annual Compensation Limit	\$350,000	\$345,000	\$330,000
Highly Compensated Employee Dollar Threshold	\$160,000	\$155,000	\$150,000
SIMPLE Standard Contribution Limit	\$16,500	\$16,000	\$15,500
SIMPLE Small Employer Special Contribution Limit	\$17,600 ¹	\$17,600	N/A
SIMPLE Standard Age-50 Catch-up Contribution Limit	\$3,500	\$3,500	\$3,500
SIMPLE Small Employer Special Age-50 Catch-up Contribution Limit	\$3,850 ¹	\$3,850	N/A
SIMPLE Age 60-63 Catch-up Contribution Limit	\$5,250	N/A	N/A
SEP Coverage Minimum Comp	\$750	\$750	\$750
SEP Compensation Limit	\$350,000	\$345,000	\$330,000
Top-heavy Key Employee Comp	\$230,000	\$220,000	\$215,000
Social Security Taxable Wage Base	\$176,100	\$168,600	\$160,200
ESOP Maximum Amount Subject to a 5-year Distribution Period	\$1,415,000	\$1,380,000	\$1,330,000
ESOP Maximum Amount for Lengthening of the 5-year Period	\$280,000	\$275,000	\$265,000

Source: [Notice 2024-80](#)

1. For SIMPLE plans with 25 or fewer employees and SIMPLE plans with 26-100 participants if 4% match or 3% nonelective employer contribution provided.

2025 IRA Limits

IRA Limits	2025	2024	2023
IRA Contribution Limit	\$7,000	\$7,000	\$6,500
IRA Catch-up Contributions	\$1,000	\$1,000	\$1,000
Joint Return Covered by Workplace Retirement Plan	\$126,000-\$146,000	\$123,000-\$143,000	\$116,000-\$136,000
Single or Head of Household Covered by Workplace Retirement Plan	\$79,000-\$89,000	\$77,000-\$87,000	\$73,000-\$83,000
Joint Return Spouse Not Covered by Workplace Retirement Plan	\$236,000-\$246,000	\$230,000-\$240,000	\$218,000-\$228,000
Married Filing Separately Covered by Workplace Retirement Plan	\$0-\$10,000	\$0-\$10,000	\$0-\$10,000
Roth IRA Joint Return	\$236,000-\$246,000	\$230,000-\$240,000	\$218,000-\$228,000
Roth IRA Single or Head of Household	\$150,000-\$165,000	\$146,000-\$161,000	\$138,000-\$153,000
Roth IRA Married Filing Separately	\$0-\$10,000	\$0-\$10,000	\$0-\$10,000

Source: [Notice 2024-80](#)

IRS Notice 2024-63 Gives Guidance on Student Loan Matching Contributions

On August 19, 2024, the IRS released [Notice 2024-63](#),³ providing guidance under SECURE Act 2.0 on an employee's Qualified Student Loan Payment (QSLP) matching contributions in 401(k), 403(b), governmental 457(b) and savings incentive match plans for employees (SIMPLE) IRA plans. Among other items, the guidance, written in Q&A format, covers:

- QSLP qualification requirements,
- Payment certification requirements,
- Actual deferral percentage (ADP) testing,
- Timing of payments, and
- Tax year attribution.

The notice applies for plan years beginning after December 31, 2024. For plan years beginning prior to January 1, 2025, plan sponsors may rely on a good faith, reasonable interpretation of Section 110 of SECURE Act 2.0. Further guidance in the form of regulations and a model amendment is expected.

DOL Clarifies Application of 2021 Cybersecurity Guidance

On September 6, 2024, the DOL issued the [EBSA's Compliance Assistance Release No. 2024-01](#),⁴ clarifying that the cybersecurity guidance it issued in April, 2021, applies to *all* employee benefit plans subject to the Employee Retirement Income Security Act of 1974 (ERISA), including both employee pension benefit plans, (e.g., tax-qualified defined contribution and defined benefit retirement plans), *and* health and welfare plans. Consequently, employers, plan sponsors, fiduciaries and plan participants of employee pension benefit plans *and health and welfare plans* should follow the guidance and maintain strong cybersecurity practices.

In addition, the 2024 guidance references the following U.S. Department of Health and Human Services publications which are targeted to help health plans, and their service providers maintain good cybersecurity practices:

- [Health Industry Cybersecurity Practices: Managing Threats and Protecting Patients](#)⁵
- [Technical Volume 1: Cybersecurity Practices for Small Healthcare Organizations](#)⁶
- [Technical Volume 2: Cybersecurity Practices for Medium and Large Healthcare Organizations](#)⁷

Plan sponsors may also want to consider adding cybersecurity matters as a regular item to their plan committee meeting agendas moving forward, analogous to processes in place with respect to adopting, following, and monitoring the terms of investment policy statements and the like. Further vendor selection processes may also need to be adapted accordingly.

DOL Celebrates ERISA's 50th Anniversary with a New Webpage

It was Labor Day 1974 when then-President Gerald Ford signed the Employee Retirement Income Security Act (ERISA) into law to help protect the health, retirement and other benefits of U.S. workers. In honor of ERISA's 50th anniversary, the Department of Labor, the federal agency charged with enforcing ERISA, launched a website focused on the accomplishments of ERISA through the years. The webpage traces the history of ERISA and its protections of the health, retirement savings and other benefits plans of America's workers. It also details how the department's [Employee Benefits Security Administration](#)⁸ assists retirement plan beneficiaries and their families in claiming their benefits or reporting violations.

IRS Issues Numerous Disaster Relief Notices in Wake of Devastating Events

Taxpayers and plan sponsors need to be aware of the many disaster relief news releases issued by the IRS in the past weeks and months. These releases often provide individuals and business owners more time to file tax returns, make tax payments and complete required reporting such as filing the various versions of IRS Form 5500, *Annual Return/Report of Employee Benefits Plan*. A cumulative list of these disaster relief notices can be found here [Tax Relief in Disaster Situations](#).⁹

For example, News Release [FL-2024-10](#),¹⁰ issued October 11, 2024, grants tax relief for individuals and businesses in parts of Florida that were affected by Hurricane Milton that began on October 5, 2024. These taxpayers now have until May 1, 2025, to file various federal individual and business tax returns and make tax payments. The notice explains in more detail the specific actions that are affected. This relief also includes the filing of Form 5500 series returns, which are postponed for the affected areas through May 1, 2025, according to the notice.

IRS Provides 403(b) Plan Sponsors with Guidance on Long-Term, Part-Time Employee Rules

[IRS Notice 2024-73](#)¹¹ provides guidance for ERISA-covered 403(b) plans related to the long-term, part-time (LTPT) coverage rules introduced by SECURE Act 1.0 and updated by SECURE Act 2.0. An ERISA 403(b) plan is one where the employer provides contributions or in some other manner controls the plan. Non-ERISA 403(b) plans as well as governmental and nonelecting church plans are not subject to the LTPT rules.

Among other items, the notice clarified an ERISA 403(b) plan:

- Must give any LTPT-qualified employee the ability to make salary deferrals;
- May retain an exclusion for part-time employees (e.g., employees who normally work less than 20 hours per week, who do not qualify as ERISA LTPT employees);
- May exclude student employees from making elective deferrals; and
- May exclude LTPT employees when determining whether the plan satisfies nondiscrimination requirements for matching contributions.

The IRS plans to issue additional guidance for LTPT rules, including proposed regulations for ERISA 403(b) plans. The notice also states the now proposed LTPT regulations for *401(k) plans*, when finalized, will apply no earlier than to plan years beginning on or after January 1, 2026.

IRS PLR Allows Contribution Choice Among 401(k) and Other Benefit Arrangements

On August 23, 2024, IRS released a private letter ruling ([PLR202434006](#))¹² found no fault with an arrangement under which a sponsor allows employees to choose to have an employer contribution allocated among four employee benefit accounts it offers:

- A 401(k) plan, a health reimbursement arrangement (HRA),
- A health savings account (HSA), and an
- Educational assistance program (ESA, that, among other things, permits student loan repayments).

A PLR may be relied on only by the taxpayer who requested it and cannot be cited as authority or precedent by another taxpayer. Nevertheless, a PLR may provide insight into the IRS's thinking on a particular issue.

The proposal

In general, the sponsor is proposing to reduce its 401(k) plan discretionary contribution and allow eligible employees to make an annual irrevocable election to allocate an additional employer contribution, presumably funded out of the reduction to the 401(k)

discretionary contribution, among the four benefit plans/programs described above [401(k), HRA, HSA, and EAP]. Critically, "... employees would not be permitted to receive the (additional employer contribution) in the form of cash or as a taxable benefit."

Employees "... would make the annual irrevocable election during open enrollment. [The sponsor] would make the Employer Contribution in accordance with the employee's election (or if no election has been made, the Employer Contribution would be made to the 401(k) Plan) by March 15 of the following year."

The IRS's ruling

The IRS ruled that the "additional discretionary contribution" would not be treated as an employee 401(k) elective deferral. Furthermore, the election by the employee to allocate the additional discretionary contribution between the four programs will not affect the favorable tax treatment of those programs.

Takeaways for plan sponsors

- Generally, the features that make this program work (under the Tax Code) are:
 - 1) The employee's inability to receive the additional discretionary contribution in cash;
 - 2) The employee election being irrevocably made in the year prior to the allocation of the benefit; and
 - 3) The nontaxability of the four allocation alternatives.
- Nondiscrimination testing would apply, ostensibly; however, the PLR does not address the topic.
- Any plan sponsor considering adopting a similar program will want to discuss the option with their own legal counsel and consider applying for a PLR.

IRS Notice 2024-77 Addresses SECURE 2.0 Changes to Plan Overpayments

On October 15, 2024, the IRS published [Notice 2024-77](#),¹³ providing guidance with respect to SECURE Act 2.0 changes to the treatment of "Inadvertent Benefit Overpayments." The guidance in the notice applies with respect to overpayments and rollovers (regardless of the date of overpayment), on the date of issue. For overpayments/rollovers prior to that date sponsors/participants may "rely on a good faith, reasonable interpretation" of the statute.

Background

An inadvertent benefit overpayment is a payment that exceeded the amount payable under the terms of the plan or a limitation provided in the Internal Revenue Code (IRC) or regulations, and:

- Occurs despite the existence of established practices and procedures,
- Is not egregious,
- Does not relate to the diversion or misuse of plan assets, and
- Is not directly or indirectly related to an abusive tax avoidance transaction.

Regarding plan overpayments, SECURE Act 2.0 changes permit:

- 1) plan fiduciaries (subject to certain exceptions) to pursue recoupment/make corrective payments with respect to inadvertent benefit overpayments, and
- 2) plan participants receiving overpayments (in certain circumstance) to treat them as eligible rollover distributions.

Generally, where recoupment is either not sought or not obtained, the corrective payment previously required under the IRS's Employee Plans Compliance Resolutions System (EPCRS) no longer applies. The exceptions to this rule include where the payment results in a:

- Payment that violates a defined benefit plan funding-based benefit restriction (IRC §436),
- Compensation limit failure [IRC. §401(a)(17)], or
- Contribution/benefit limit failure (IRC §415).

There will also be circumstances in which a corrective payment must be made with respect to a "related error." The notice provides the following example: If a plan participant received an inadvertent benefit overpayment due to an incorrect allocation

of a profit-sharing contribution under a plan, another plan participant may have received a benefit underpayment. In this case, the benefit underpayment would be considered an additional failure in need of correction, which may require a corrective payment.

Recoupment, self-correction still allowed

The new rules, however, still permit a plan to seek recoupment, subject to applicable restrictions under ERISA (e.g., no interest charged, recoupment is not sought from any beneficiary (including a spouse) and limits on reductions of future payments, threats of litigation, and use of collection agencies).

Moreover, a plan may “self-correct” by increasing past benefits if certain requirements are met, including compliance with applicable correction procedures and, provided that the correction does not violate the IRC compensation limit and benefit limits.

Rollovers

Generally, if the plan does not seek recoupment, the overpayment is treated as an eligible rollover distribution (“... if the payment would have been an eligible rollover distribution but for being an overpayment”). This treatment does not apply to an overpayment that is an IRC § 401(a)(17) or 415 failure” (as described previously). Where recoupment is sought, the participant must be notified that any unreturned portion is not eligible for tax-free rollover treatment.

Summary

Notice 2024-77, effective as of October 15, 2024, provides additional guidance on the changes related to how plan sponsors may handle inadvertent benefit overpayments. More guidance is still needed, and interested parties may submit comments on the notice to the IRS through December 16, 2024. Key points of understanding for plan sponsors:

- Processes and procedures regarding recoupment/no recoupment of overpayments,
- The current correction methods offered under EPRCRS if recoupment is sought,
- What restrictions now apply if recoupment is sought, and
- If the plan does not seek recoupment, the overpayment is treated as an eligible rollover distribution.

Plan Sponsors Win Two More Forfeiture Decisions

Plaintiffs have filed several cases in the past months claiming the use of 401(k) plan forfeitures to reduce employer contributions, rather than to reduce participant-paid plan expenses, violates the ERISA fiduciary duty to act solely in the best interests of the plan participants. To date, in these cases, we have three decisions granting defendants’ motion to dismiss –

- *Hutchins v. HP Inc.*, US District Court for the Northern District of California (June 17, 2024),
- *Naylor v. BAE Systems, Inc.*, US District Court for the Eastern District of Virginia (September 5, 2024) and
- *Dimou v. Thermo Fisher*, US District Court for the Southern District of California (September 19, 2024).

And two decisions denying defendants’ motion to dismiss –

- *Perez-Cruet v. Qualcomm Incorporated*, US District Court for the Southern District of California (May 24, 2024) and in
- *Rodriguez v. Intuit Inc.*, US District Court for the Northern District of California (August 12, 2024).

Except for *Naylor* (in which the court found that the plan document mandated the plan use forfeitures to reduce employer contributions), all of these cases involve plan documents that give the plan sponsor/sponsor fiduciaries *discretion* to use forfeitures either to reduce employer contributions or to pay plan expenses. Bottom line: The courts are divided on what rule should apply in that circumstance.

Legislative Update

Many provisions of the 2017 “Tax Cuts and Jobs Act” (TCJA) are set to expire in 2026, generating a tax increase for many individual taxpayers. The Joint Committee on Taxation estimates that extending current individual tax rules for another 10 years (the “budget window”) would increase “primary deficits” by \$3.3 Trillion.

In 2025, the federal government will have to address a tax/fiscal challenge: whether to allow some or all of the TCJA cuts to expire (resulting in increased taxes for many individuals), find some new sources of revenue, or face a significant increase in the federal deficit.

In response, Congress may look for “revenue raisers” in the qualified plan system to offset the cost of continuing/making permanent the TCJA tax cuts, including further “Rothification” of 401(k) contributions, capping total account balances in qualified retirement savings vehicles, and closing the door on back door Roth conversions.

For more information, visit nfp.com or call 407-815-5613.

Links:

1. <https://www.irs.gov/pub/irs-drop/n-24-80.pdf>
2. <https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000>
3. <https://www.irs.gov/pub/irs-drop/n-24-63.pdf>
4. <https://www.dol.gov/agencies/ebsa/key-topics/retirement-benefits/cybersecurity/compliance-assistance-release-2024-01>
5. <https://405d.hhs.gov/Documents/HICP-Main-508.pdf>
6. <https://405d.hhs.gov/Documents/tech-vol1-508.pdf>
7. <https://405d.hhs.gov/Documents/tech-vol2-508.pdf>
8. <https://www.dol.gov/agencies/ebsa>
9. <https://www.irs.gov/newsroom/tax-relief-in-disaster-situations>
10. <https://www.irs.gov/newsroom/irs-announces-tax-relief-for-victims-of-milton-various-deadlines-postponed-to-may-1-2025-in-all-of-florida>
11. <https://www.irs.gov/pub/irs-drop/n-24-73.pdf>
12. <https://www.irs.gov/pub/irs-wd/202434006.pdf>
13. <https://www.irs.gov/pub/irs-drop/n-24-77.pdf>

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Q1 2025 Fiduciary Legal Briefing

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Source:

<https://www.irs.gov/newsroom/tax-relief-in-disaster-situations>

<https://www.irs.gov/newsroom/irs-announces-tax-relief-for-victims-of-milton-various-deadlines-postponed-to-may-1-2025-in-all-of-florida>

Public Sector Retirement News & Views

Q1 2025



Washington Update

Secure 2.0 – what's next in 2025?

The Secure and Secure 2.0 acts provided for several enhancements to retirement savings plans. Most of the provisions have been available for some time, but there are still a couple hanging out there that plan sponsors should understand.

Over Age 60 Catch-up: This provision is optional for plan sponsors to adopt, beginning January 1, 2025. It is similar to the over age 50 catch-up that has been in place for many years; the only difference is that the over 60 catch-up has higher contribution limits. For 2025, active participants over age 60 may contribute an additional amount, up to \$11,250. They can make the over 60 catch-up contributions for the years they turn 60, 61, 62 and 63. Once they turn 64, actives may no longer contribute the higher amount but can continue to take advantage of over 50 catch-up.

Higher earners catch-up and the Roth mandate: Secure 2.0 language mandates that higher earners, those making over \$145,000 in the prior calendar year, must make any catch-up contributions as Roth (after tax). The original availability date for this provision was January 2, 2024, but the provision had a number of technical implementation issues. In order to work through the technicalities, the IRS pushed back the effective date for this provision to January 1, 2026. NFP will keep tabs on this issue and provide information as it becomes available.

Other News from Washington

Contribution limits: Contributions limits increased January 1, 2025: the regular contribution limit increased to \$23,500; the total contribution limit for participants using traditional catch-up is \$47,000. The limit for over-50 catch-up contributions remains at \$7,500.

CITs for 403(b)s Proposal:

U.S. Senators Katie Britt (R-Ala.), Raphael Warnock (D-Ga.), Dr. Bill Cassidy (R-La.), and Gary Peters (D-Mich.) have introduced [\(S. 4917\), the Retirement Fairness for Charities and Educational Institutions Act](#), to enhance investment options for 403(b) retirement plans. The Senate referred the bill to the Committee on Banking, Housing, and Urban Affairs. A similar provision was included in [H.R. 2799](#), which passed the House in March and has since been referred to the Senate.

The proposal would expand retirement savings opportunities for eligible employees by allowing 403(b) plan participants to invest in collective investment trusts (CITs). While SECURE Act 2.0 amended the Internal Revenue Code to allow CITs for 403(b) plans, it did not address related securities laws, therefore not allowing CITs to be added to 403(b) plans and thereby preventing parity with 457(b) and 401(k) plans. A CIT is a tax-exempt investment vehicle that provides a diversified, pooled investment option—similar to a mutual fund. Under current securities laws, unlike 457(b) and 401(k) plans, 403(b) plan sponsors are not able to include CITs as an investment option. This legislation would create parity between 403(b) and the other retirement savings plans.

The Election is Over.....Now What?

Different leaders in Washington bring different priorities, and regardless of political party, retirement savings is often a main subject of their attention. On one hand, these plans can positively impact several areas of the American life, including health care, financial security, and general lifestyle. On the other hand, pretax income deferral opportunities result in delayed tax revenue for federal and state governments, potentially impacting priorities and programs that leaders want to provide to their constituents.

Representatives from NAGDCA and their lobbyist, The Groom Law Group, recently conducted a webinar offering their perspectives on what the 2024 election means for retirement plans. Key takeaways for sponsors of governmental retirement savings plans include:

- With unified Republican control of Congress and the Administration, passage of legislative proposals may be simplified and may occur more rapidly.
- Retirement-related legislative priorities will likely include Social Security reform and Secure 2.0 technical corrections.
- Changes from the Tax Cuts and Jobs Act of 2017 are set to sunset at the end of 2025, impacting individual, corporate and estate tax rates. The incoming Administration has been clear that they want to make the tax cuts permanent, which could lead to reductions in tax-advantaged or tax incentive programs, including retirement savings plans.
- It is unknown how the incoming Administration will prioritize retirement policies established in the last few years. These include projects such as the retirement “lost and found” registry, savers match, portability and certain disclosure requirements. Catch-up contribution changes are expected in 2025, although details are yet unknown.
- Project 2025 discussed several funding shortages in public retirement plans, with a shortfall estimate of \$6.5 trillion in 2021. This may result in more attention to retirement plan funding, investments, and legislative interest.

Two specific areas have been discussed as possibilities for raising tax revenue to offset shortfalls and/or provide funding for new priorities: cuts to deferral limits, and ‘Rothification’ of all retirement savings. Both would bring significant changes to retirement savings plans and provide increased tax revenue to the government, and are being closely monitored.

To view the entire NAGDCA video, click [here](#).

New NAGDCA Publication

NAGDCA recently updated their “Intro to Defined Contribution Plans” with a new, more comprehensive “Guide to Governmental Plans.” This resource has been enhanced to better support understanding and management of public sector plans. The guide is especially useful for newer trustees and plan administrators as it provides a detailed breakdown of the different public sector DC plans; key features for each plan type; comparative information of features across plans; a section on FAQs; and a glossary of terms commonly used in plan information. The publication is available to NAGDCA members only and can be found in the Resource Library on the NAGDCA website. If you are not a member but are interested in this publication, please contact your NFP adviser.

Retirement Planning – What Exactly Does That Mean?

Americans believe they need nearly \$1.5 million to retire comfortably, a number that has soared by more than 50% since 2020, according to [Northwestern Mutual's 2024 Planning & Progress Study](#). Yet the Employee Benefit Research Institute, in their 33rd annual [Retirement Confidence Survey](#), reports that only about half of workers have actually calculated their retirement needs. It's easy for employees to latch onto media-hyped, generalized one-size-fits-all numbers without a clear understanding of whether those figures align with their personal financial circumstances. The conversation around prudent retirement planning should begin with defining *what it isn't*.

Retirement Planning isn't a magic number. Gauging retirement readiness requires knowing more than just someone's account balance. It demands a comprehensive and integrative approach that accounts for factors like health care, inflation, taxes and lifestyle choices. Shortcuts and rules of thumb like the 15% of income "rule" or the 25x annual retirement expenses "rule" overlook individual needs and differences. For example, higher-than-average health care costs alone can derail even the most disciplined savers, especially with long-term care costs outpacing inflation.

Retirement Planning isn't determined by generic advice – to do so can lead participants down a perilous path. Without a personalized approach to retirement planning, workers making decisions based on incomplete or outdated information might result in saving too little or overestimating how long savings will last. The consequences of underpreparing could be devastating, forcing retirees to either return to work or drastically lower their quality of life. On the other hand, overpreparing can also come at an emotional cost if it's driven by unnecessary anxiety and fear about the future.

Retirement Planning isn't a one and done decision. Retirement readiness can be — and often is — a moving target. Whatever amount an employee at age 30 projects they'll require is likely to change by their 40s or 50s. Alterations in family composition or needs, unexpected debt or an inheritance, market fluctuations or medical issues can all impact retirement planning. That's why any snapshot assessment of retirement readiness shouldn't be relied on for extended periods of time.

Now that we know what retirement planning isn't....Then **what is retirement planning?** Prudent retirement planning involves a holistic approach to determining financial needs in retirement and making ongoing adjustments. Regular monitoring and check-ins with a knowledgeable advisor help ensure an individual's strategy is on track to meet established objectives. It's making periodic adjustments based on changing personal and economic circumstances — as well as the shifting goals of the future retiree.

The good news is that plan sponsors are uniquely positioned to provide employees with the tools and resources they need for better outcomes. Offering employees one-on-one meetings with an experienced financial advisor can shift the focus from broad-stroke figures to actionable strategies based on calculations that take into account specific circumstances, timely information and any changing wants or needs. This helps ensure your employees aren't just guessing about retirement readiness. It encourages them to use real data alongside professional guidance so they can have greater clarity — and confidence — in the process. This also can help relieve personal financial stress that so many workers report impacting their work productivity. Finally, plans that offer financial planning will likely experience key increases in the numbers of employees taking advantage of this important benefit, and in the amounts participants are actively contributing to their accounts. Both these positive outcomes will lead towards employees being better prepared, financially, for their retirements.

457 University – South San Francisco

NFP will hold their annual 457 University Fiduciary Summit in the City of South San Francisco the week of April 8th, 2025, from 9:00 a.m. to 1:00 p.m. The event will be located:

Library / Parks & Recreation Center – Social Hall

901 Civic Campus Way, 1st Floor
South San Frisco, CA 94080

Final details will follow but we're excited to host government plan sponsors for a half day of in-person fiduciary training specific to government 457(b) and 401(a) plans. This will be a great opportunity for continuing education, learn new ideas and networking with peers. It will also feature a panel session with representatives from the leading public sector recordkeepers.

For more information, contact:



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Matt has over 15 years of experience in the financial services industry and investments to support clients' success. He started his career in the private sector focusing on investments and has transitioned from the private sector to public serving as a Treasury Manager and Finance Director for local municipalities before joining NFP. Matt has extensive experience and knowledge in private, public and non-profit retirement plans, both defined benefit and defined contribution. Matt has experience working on the advisory side as well as serving as a Retirement Plan Committee member for multiple organizations. Matt graduated from Texas Tech University with a bachelor's in general studies. He graduated from Rollins College with an M.B.A. Matt has been with the firm since 2019.

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Strategic Planning



Business Outlook

- Additional growth or acquisitions planned?
- Any organizational updates?
- Other business needs NFP can assist with? (Health & Welfare Benefits, Commercial Insurance Coverages)



HR Outlook

- What feedback have employees provided?
- Any changes to goals or benefits philosophy?
- Any vendor management issues or concerns?



Retirement Outlook

- Continued implementation of SECURE 2.0 Act provisions
- Pooled Employer Plans (PEPs)
- State auto-IRA programs & mandatory registration requirements



Other Key Initiatives

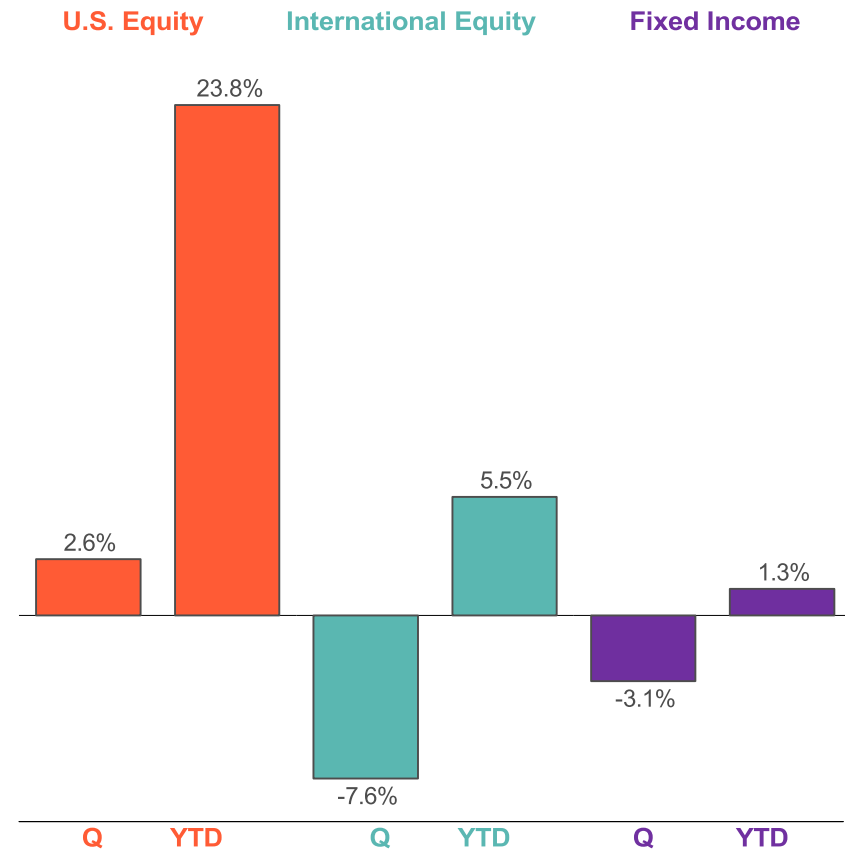
- Additional retirement benefit opportunities for senior leadership
- Additional tax- advantaged savings? Financial planning needs?
- Financial wellness resources

Q4 2024 Market Review

SUMMARY

- Equity markets were mixed over the quarter, with U.S. equities posting small positive returns amid large negative returns internationally. Fixed income markets were also negative over the quarter, as long-term rates rose.
- U.S. equities rose 2.6% (Russell 3000) over the quarter with consumer discretionary stocks leading the way. Large cap growth was the best performing style in 2024, outperforming large cap value by almost 2000 basis points (33.4% for Russell 1000 Growth vs. 14.4% for Russell 1000 Value).
- International equities and Emerging Markets equities struggled over the quarter, posting losses of -8.1% (MSCI EAFE) and -8.0% (MSCI Emerging Markets), respectively.
- The broad U.S. fixed income market returned -3.1% (Bloomberg Barclays Aggregate) over the quarter. The Fed cut rates by 25 basis points twice over the quarter; however, longer term rates such as the 10-year treasury rate, rose by almost 80 basis points over the period.
- The unemployment rate remained flat from last quarter at 4.1%.

TRAILING RETURNS (12/31/2024)



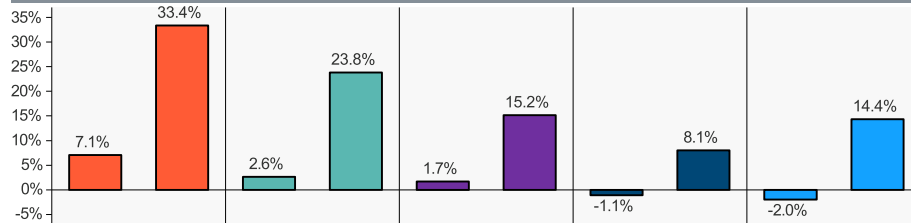
Quarterly and year-to-date returns of the following indices: U.S. Equity (Russell 3000 Index), Fixed Income (Bloomberg Barclays U.S. Aggregate Bond Index) and International Equity (MSCI ACWI ex U.S. Index)

Q4 2024 Market Review – U.S. Equity

U.S. EQUITY

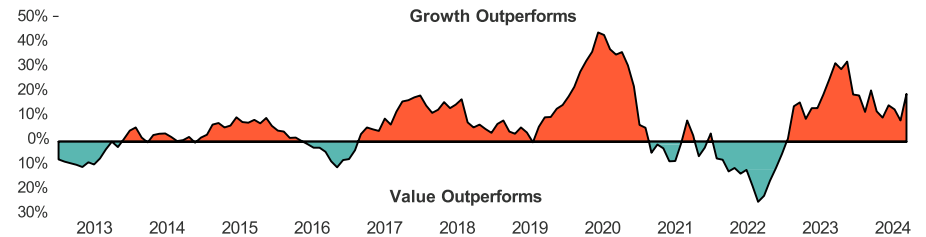
- The broad U.S. equity market, as measured by the Russell 3000 Index, was up 2.6% for the quarter.
- The best performing U.S. equity index for the quarter was Russell 1000 Growth, returning a positive 7.1%.
- The worst performing U.S. equity index for the quarter was Russell 1000 Value, returning a negative 2%

INDEX PERFORMANCE (sorted by trailing quarterly performance)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Russell 1000 Growth	7.1	33.4	33.4	10.5	19.0	16.8
Russell 3000	2.6	23.8	23.8	8.0	13.9	12.5
Russell 2000 Growth	1.7	15.2	15.2	0.2	6.9	8.1
Russell 2000 Value	-1.1	8.1	8.1	1.9	7.3	7.1
Russell 1000 Value	-2.0	14.4	14.4	5.6	8.7	8.5

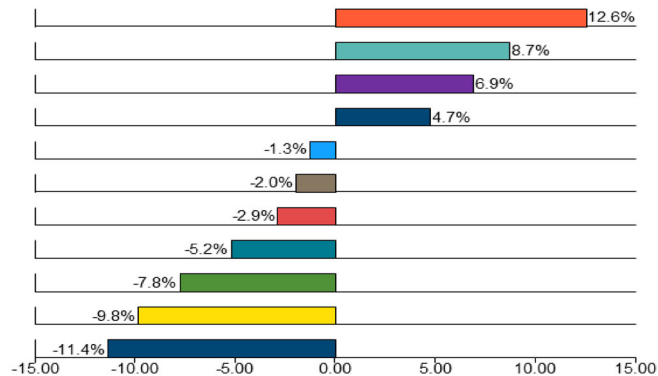
GROWTH VS. VALUE



Over the last year, growth stocks outperformed value stocks by 19.00%. For the trailing quarter, growth stocks outperformed value stocks by 9.10%.

The graph above is plotted using a rolling one-year time period. Growth stock performance is represented by the Russell 1000 Growth Index. Value stock performance is represented by the Russell 1000 Value Index.

SECTOR (sorted by trailing quarterly performance)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	12.6	27.7	27.7	4.9	13.9	13.1
Telecommunication Svcs.	8.7	39.6	39.6	9.1	14.2	11.0
Financials	6.9	29.8	29.8	9.2	11.4	11.3
Information Technology	4.7	35.9	35.9	15.3	24.1	21.9
Energy	-1.3	6.0	6.0	19.9	12.1	4.3
Industrials	-2.0	16.9	16.9	9.6	12.4	11.1
Consumer Staples	-2.9	14.8	14.8	4.9	8.7	8.4
Utilities	-5.2	23.6	23.6	5.0	6.3	8.4
Real Estate	-7.8	5.4	5.4	-4.7	3.5	6.0
Health Care	-9.8	2.8	2.8	0.4	7.7	9.2
Materials	-11.4	-0.3	-0.3	0.3	9.0	8.0

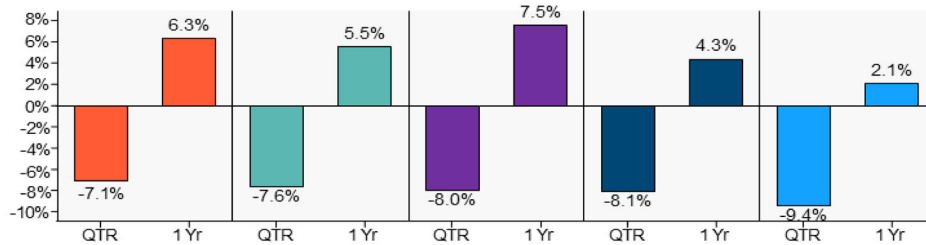
Source: S&P 1500 Sector Indices

Q4 2024 Market Review – International Equity

INTERNATIONAL EQUITY

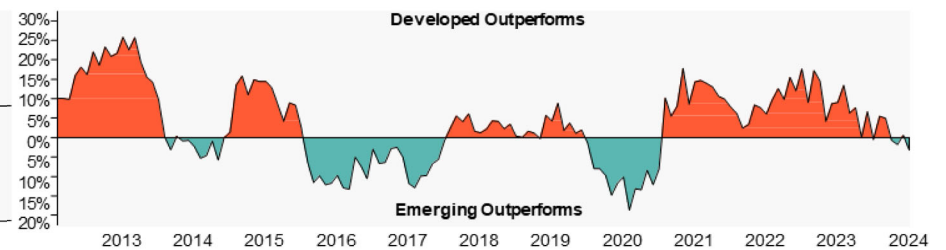
- Developed international equity returned a negative 8.1% in the last quarter (MSCI EAFE).
- Emerging market equity posted a negative 8% return (MSCI Emerging Markets Index).

INDEX PERFORMANCE (sorted by trailing quarterly performance)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr
MSCI EAFE Large Value	-7.1	6.3	6.3	7.0	5.8	4.4
MSCI ACWI ex US	-7.6	5.5	5.5	0.8	4.1	4.8
MSCI Emg Markets	-8.0	7.5	7.5	-1.9	1.7	3.6
MSCI EAFE	-8.1	4.3	4.3	2.2	5.2	5.7
MSCI EAFE Large Growth	-9.4	2.1	2.1	-2.0	4.7	6.2

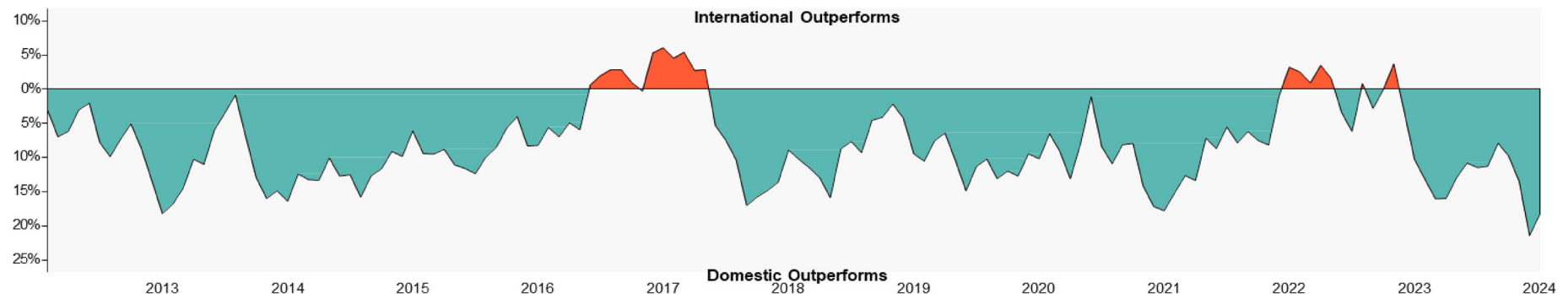
DEVELOPED VS. EMERGING MARKETS



Over the last year, emerging market stocks outperformed developed international stocks by 3.20%. For the trailing quarter, emerging market stocks outperformed developed international stocks by 0.10%.

The graph above is plotted using a rolling one-year time period. Developed international stock performance is represented by the MSCI EAFE Index. Emerging market stock performance is represented by the MSCI Emerging Markets Index.

INTERNATIONAL VS. DOMESTIC



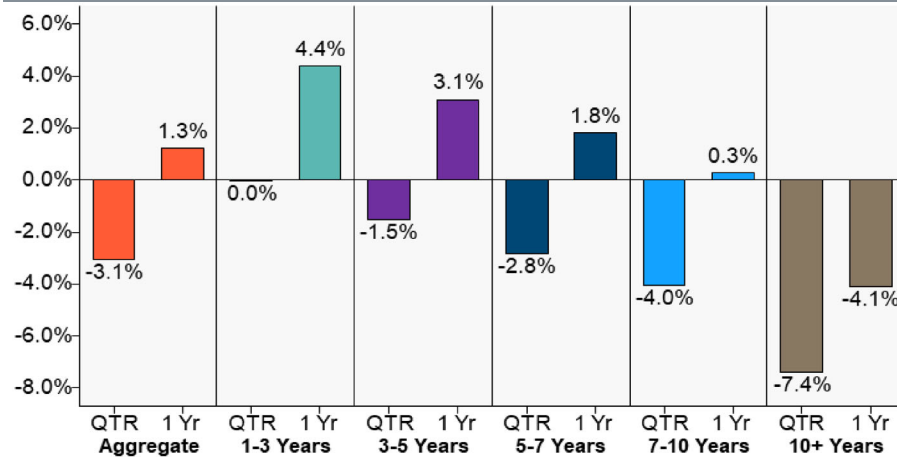
The graph above is plotted using a rolling one-year time period. International stock performance is represented by the MSCI ACWI ex U.S. Index. Domestic stock performance is represented by the Russell 3000 Index.

Q4 2024 Market Review – Fixed Income

FIXED INCOME

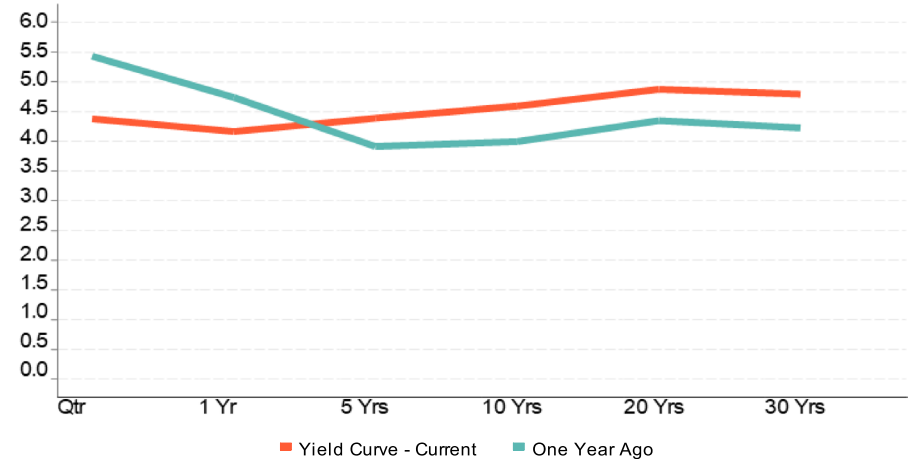
- The broad U.S. fixed income market returned a negative 3.1% (Bloomberg Barclays U.S. Aggregate) for the quarter.
- The best performing sector for the quarter was Cash, returning a positive 1.2%.
- The worst performing sector for the quarter was Mortgage-Backed Securities, returning a negative 3.2%.

PERFORMANCE BY MATURITY

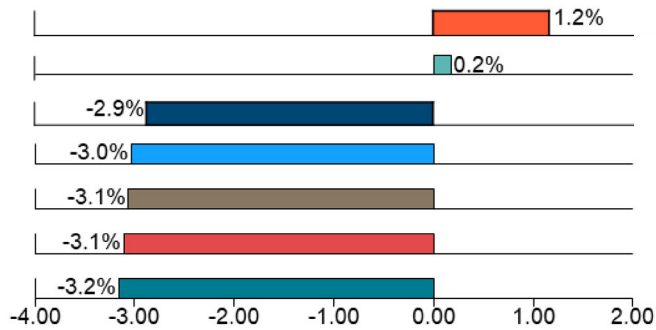


Source: Bloomberg Barclays U.S. Aggregate Indices

YIELD CURVE



SECTOR (sorted by trailing quarterly performance)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Cash	1.2	5.3	5.3	3.9	2.5	1.8
High Yield Corporate Bond	0.2	8.2	8.2	2.9	4.2	5.2
TIPS	-2.9	1.8	1.8	-2.3	1.9	2.2
Corporate Investment Grade	-3.0	2.1	2.1	-2.3	0.3	2.4
Aggregate Bond	-3.1	1.3	1.3	-2.4	-0.3	1.3
Government	-3.1	0.6	0.6	-2.8	-0.6	0.9
Mortgage-Backed Securities	-3.2	1.2	1.2	-2.1	-0.7	0.9

Source: Bloomberg Barclays U.S. Indices

Q4 2024 Market Kaleidoscope

ASSET CLASS RETURNS

The following chart exhibits the volatility of asset class returns from year to year by ranking indices in order of performance, highlighting the importance of diversification.

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Global REIT 22.81	Large Growth 5.67	Sm Value 31.74	Large Growth 30.21	Cash 1.87	Large Growth 36.39	Large Growth 38.49	Global REIT 32.50	Commodities 16.09	Large Growth 42.68	Large Growth 33.36
Large Value 13.45	Global REIT 0.59	Large Value 17.34	International 27.19	Fixed Income 0.01	Sm Growth 28.48	Sm Growth 34.63	Sm Value 28.27	Cash 1.46	Sm Growth 18.66	Sm Growth 15.15
Large Growth 13.05	Fixed Income 0.55	Commodities 11.77	Sm Growth 22.17	Large Growth -1.51	Large Value 26.54	Balanced 14.24	Large Growth 27.60	Large Value -7.54	International 15.62	Large Value 14.37
Balanced 6.58	Cash 0.05	Sm Growth 11.32	Balanced 14.95	Balanced -4.77	Global REIT 24.49	International 10.65	Commodities 27.11	Fixed Income -13.01	Balanced 15.52	Balanced 10.80
Fixed Income 5.97	Balanced -0.49	Balanced 7.18	Large Value 13.66	Global REIT -4.77	Sm Value 22.39	Fixed Income 7.51	Large Value 25.16	Sm Value -14.48	Sm Value 14.65	Sm Value 8.05
Sm Growth 5.60	Sm Growth -1.38	Large Growth 7.08	Global REIT 8.63	Large Value -8.27	International 21.51	Sm Value 4.63	Balanced 10.75	Balanced -15.80	Global REIT 11.53	International 5.53
Sm Value 4.22	Large Value -3.83	Global REIT 6.90	Sm Value 7.84	Sm Growth -9.31	Balanced 20.11	Large Value 2.80	International 7.82	International -16.00	Large Value 11.46	Commodities 5.38
Cash 0.03	International -5.66	International 4.50	Fixed Income 3.54	Commodities -11.25	Fixed Income 8.72	Cash 0.67	Sm Growth 2.83	Global REIT -23.60	Fixed Income 5.53	Cash 5.25
International -3.87	Sm Value -7.47	Fixed Income 2.65	Commodities 1.70	Sm Value -12.86	Commodities 7.69	Commodities -3.12	Cash 0.05	Sm Growth -26.36	Cash 5.01	Global REIT 3.92
Commodities -17.01	Commodities -24.66	Cash 0.33	Cash 0.86	International -14.20	Cash 2.28	Global REIT -8.11	Fixed Income -1.54	Large Growth -29.14	Commodities -7.91	Fixed Income 1.25

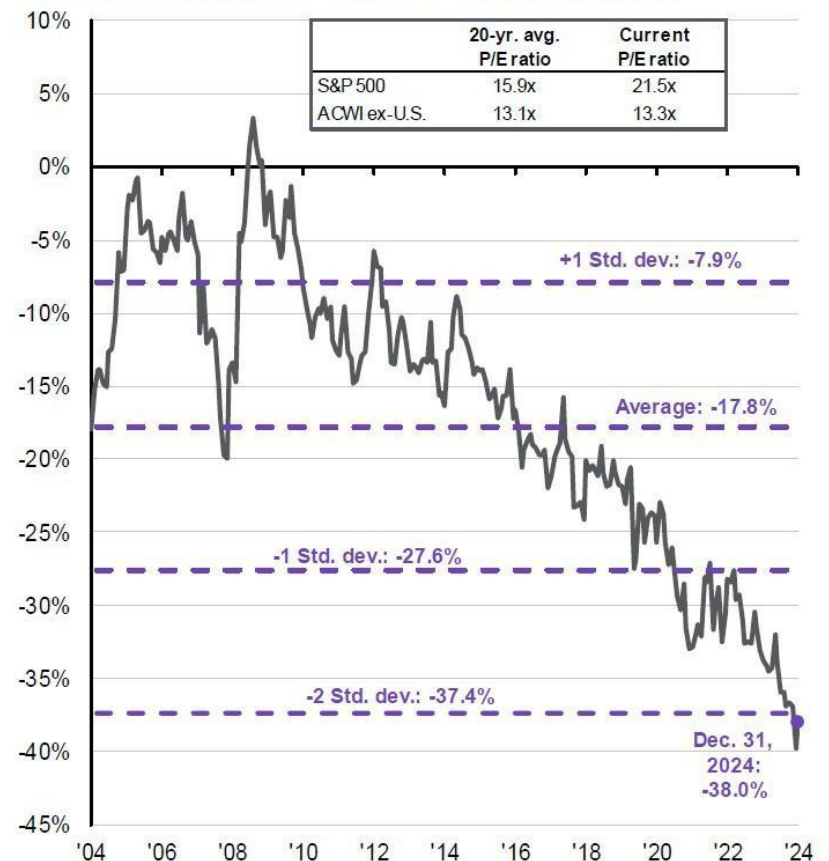
- Large Value (Russell 1000 Value)
- Large Growth (Russell 1000 Growth)
- Small Value (Russell 2000 Value)
- Balanced (40% Russell 3000, 40% Bloomberg Barclay's U.S. Aggregate, 20% MSCI ACWI ex US)
- Small Growth (Russell 2000 Growth)
- International (MSCI ACWI ex-US)
- Fixed Income (Bloomberg Barclays Agg)
- Global REIT (S&P Global REIT)
- Commodities (Bloomberg Commodities)
- Cash (Merrill Lynch 3-Mo T-Bill)

Q4 2024 Market Review - Chart of the Quarter

U.S. VS. INTERNATIONAL EQUITY MARKET VALUATIONS

The fourth quarter of 2024 continued the recent trend of U.S. equity markets outperforming international equity markets. While in recent years international equity markets have experienced a few periods of outperformance, U.S. markets have largely maintained their dominance. As shown in the chart below, the differential between U.S. and ex-U.S. equity market valuations on a forward P/E (price-to-earnings) basis highlights this trend. The valuation discount for international equities is now more than two standard deviations below its average over the past 20 years- the widest margin during this period. This indicates that international equities have not been this relatively cheap in a long time.

International: Price-to-earnings discount vs. U.S.
MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. *Guide to the Markets – U.S.* Data are as of December 31, 2024.

Q4 2024 Disclosures

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

Citigroup Corporate Bond is an index which serves as a benchmark for corporate bond performance. You cannot invest directly in an index.

Citigroup Mortgage Master is an index which serves as a benchmark for U.S. mortgage-backed securities performance.

Citigroup WGBI Index is an index which serves as a benchmark for global bond performance, including 22 different government bond markets.

Credit Suisse High Yield Index is an unmanaged, trader priced index constructed to mirror the characteristics of the high yield bond market.

BC (Barclays Capital) U.S. Aggregate Bond Index represents securities that are U.S., domestic, taxable, and dollar dominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

BC Credit Bond Index includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

BC U.S. Corporate Investment Grade represents investment grade corporate securities that are U.S., domestic, taxable, and dollar denominated.

BC High Yield Corporate Bond represents below investment grade corporate securities that are U.D., domestic, taxable, and dollar denominated.

BC TIPS Index includes publicly issued U.S. government treasury inflation protected securities that meet the specified maturity, liquidity and other requirements.

BC Mortgage-Backed Securities covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

BC Muni Bond covers the USD-denominated long-term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

BC Government Index includes publicly issued U.S. government securities that meet the specified maturity, liquidity and other requirements.

BarCap U.S. Aggregate 1-3 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 1-3 years.

BarCap U.S. Aggregate 3-5 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 3-5 years.

BarCap U.S. Aggregate 5-7 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 5-7 years.

BarCap U.S. Aggregate 7-10 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 7-10 years.

BarCap U.S. Aggregate 10+ Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over 10 years.

DJW 5000 (Full Cap) Index measures the performance of all U.S. common equity securities, and serves as an index of all stock trades in the U.S.

MSCI FI Emerging Markets is a rules-based index which serves as a benchmark for emerging country fixed income performance.

MSCI FI EAFE International is a rules-based index which serves as a benchmark for developed international country fixed income performance.

MSCI EAFE Index is listed for foreign stock funds (EAFE refers to Europe, Australia and Far East). Widely accepted as a benchmark for international stock performance, it is an aggregate of 21 individual country indexes.

MSCI EAFE Large Value represents the large cap value stocks within the MSCI EAFE Index.

MSCI EAFE Large Growth represents the large cap growth stocks within the MSCI EAFE Index.

MSCI EAFE Mid Value represents the mid cap value stocks within the MSCI EAFE Index.

MSCI EAFE Mid Growth represents the mid cap growth stocks within the MSCI EAFE Index.

MSCI EAFE Small Value represents the small cap value stocks within the MSCI EAFE Index.

MSCI EAFE Small Growth represents the small cap growth stocks within the MSCI EAFE Index.

MSCI EM (Emerging Markets) Index serves as a benchmark for each emerging country. The average size of these companies is (U.S.) \$400 million, as compared with \$300 billion for those companies in the World index.

MSCI World Index is a rules-based index that serves as a benchmark for the developed global equity markets.

MSCI Europe ex UK Index is a rules-based index that serves as a benchmark for Europe's equity markets, excluding the United Kingdom.

MSCI Pacific ex Japan Index is a rules-based index that serves as a benchmark for Asia Pacific's equity markets, excluding Japan.

MSCI United Kingdom Index is a rules-based index that serves as a benchmark for the United Kingdom's equity markets.

MSCI Japan is a rules-based index that serves as a benchmark for Japan's equity markets.

NAREIT All REIT Index includes all tax-qualified REITs with common shares that trade on the New York Stock Exchange the American Stock Exchange or the NASDAQ National Market List.

3-Month T-Bills (90 Day T-Bill Index) are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

Russell 1000 Growth Index is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

Russell Top 200 Growth Index is a market-capitalization weighted index of those firms in the Russell Top 200 with higher price-to-book ratios and higher forecasted growth values.

Russell Top 200 Value Index is a market-capitalization weighted index of those firms in the Russell Top 200 with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratio and higher forecasted growth values.

Russell 2000 Index consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.

Russell 2000 Value Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratio and lower forecasted growth values.

Q4 2024 Disclosures

Russell MidCap Growth Index is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having higher price-to-book ratio and higher forecasted growth values.

Russell MidCap Index includes firms 201 through 1000, based on market capitalization, from the Russell 3000 Index.

Russell MidCap Value Index is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having lower price-to-book ratio and lower forecasted growth values.

Russell Top 200 Index consists of the 200 largest securities in the Russell 3000 Index. Russell 3000 Index is a market capitalization weighted index, consisting of 3,000 U.S. common equity securities, reflective of the broad U.S. equity market.

Salomon 1-10 Yr. Governments is an index which serves as a benchmark for U.S. Government bonds with maturities ranging from 1 to 10 years.

S&P 500 Index measures the performance of the largest 500 U.S. common equity securities, and serves as an index of large cap stocks traded in the U.S.

S&P 1500 Energy Index measures the performance of the energy sector in the S&P 1500 Index.

S&P 1500 Industrials measures the performance of the industrial sector in the S&P 1500 Index.

S&P 1500 Financials measures the performance of the financials sector in the S&P 1500 Index.

S&P 1500 Utilities measures the performance of the utilities sector in the S&P 1500 Index.

S&P 1500 Consumer Discretionary Index measures the performance of the consumer discretionary sector in the S&P 1500 Index.

S&P 1500 Consumer Staples Index measures the performance of the consumer staples sector in the S&P 1500 Index.

S&P 1500 Information Technology measures the performance of the information technology sector in the S&P 1500 Index.

S&P 1500 Materials measures the performance of the materials sector in the S&P 1500 Index.

S&P 1500 Health Care measures the performance of the health care sector in the S&P 1500 Index.

S&P 1500 Telecommunications Services Index measures the performance of the telecommunications services sector in the S&P 1500 Index.

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Scorecard System Methodology

The Scorecard System Methodology incorporates both quantitative and qualitative factors in evaluating fund managers and their investment strategies. The Scorecard System is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best) and has the ability to measure active, passive and asset allocation investing strategies. Active and asset allocation strategies are evaluated over a five-year time period, and passive strategies are evaluated over a three-year time period. The scorecard system establishes the procedural process fiduciaries can follow.

Scorecard Point System

Acceptable: 7-10 Points

Watchlist¹: 5-6 Points

Review²: 0-4 Points

Eighty percent of the fund's score is quantitative (consisting of eight unique factors), incorporating modern portfolio theory statistics, quadratic optimization analysis, and peer group rankings (among a few of the quantitative factors). The other 20 percent of the score is qualitative, taking into account manager tenure, the fund's expense ratio relative to the average fund expense ratio in that asset class, and the fund's strength of statistics (statistical significance).

Combined, these factors measure relative performance, characteristics, behavior and overall appropriateness of a fund for a plan as an investment option. General fund guidelines are shown in the "Scorecard Point System" table above. The Scorecard Point System is integrated into the Investment Policy Statement to help establish procedural prudence in fund selection and monitoring. Non-scored funds are evaluated using qualitative criteria, detailed in the Investment Policy Statement.

¹ Funds that receive a watchlist score four consecutive quarters or five of the last eight quarters should be placed under review status.

² Review status necessitates documenting why the fund/strategy remains appropriate or documenting the course of action for removal as an investment option.

Scorecard System Methodology

Target Date Fund Strategies

Target Date Fund strategies are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached. For this type of investment strategy, the Scorecard System is focused on how well these managers can add value from asset allocation. Asset allocation is measured using our Asset allocation strategies methodology and manager selection is measured using either our Active and/or Passive strategies methodologies, depending on the underlying fund options utilized within the Target Date Fund strategy.

Risk-based strategies follow the same evaluation criteria and are evaluated on both their asset allocation and security selection.

Weightings	Target Date Fund Strategies	Maximum Points
Asset Allocation Score (Average) 50%	<p>The individual funds in this Score average require five years of time history to be included. See Asset Allocation strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p> <p>The Funds included in this average are from the Conservative, Moderate Conservative, Moderate, Moderate Aggressive and Aggressive categories, where Funds (also referred to as “vintages”) are individually Scored according to their standard deviation or risk bucket.</p>	5
Selection Score (Average) 50%	<p>Active strategies: The individual active funds in this Score average require five years of time history to be Scored. See Active strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p> <p>Passive strategies: The individual passive funds in this Score average require three years of time history to be Scored. See Passive strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p>	5
Total		10

Scorecard System Methodology

Asset Allocation Strategies

Asset allocation strategies are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are typically structured in either a risk-based format (the strategies are managed to a level of risk, e.g., conservative or aggressive) or, in an age-based format (these strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached). For this type of investment strategy, the Scorecard System is focused on how well these managers can add value, with asset allocation being the primary driver of investment returns and the resulting Score. Multisector Bond (MSB) asset class follows the same evaluation criteria with some slightly different tolerance levels where noted. These managers are also evaluated on both their asset allocation and security selection.

Weightings	Asset Allocation Strategies	Maximum Points
Style Factors 30%	Risk Level: The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.	1
	Style Diversity: Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category. MSB funds pass if reflect some level of diversity among fixed income asset classes (Cash, U.S. Fixed Income, Non-U.S. Fixed Income and High Yield/Emerging Markets).	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 90 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	Risk/Return: Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	Up/Down Capture Analysis: Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	Information Ratio: Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	Returns Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile.	1
	Sharpe Ratio Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2

Total 10

Scorecard System Methodology

Active Strategies

Active strategies are investment strategies where the fund manager is trying to add value and outperform the market averages (for that style of investing). Typically, these investment strategies have higher associated fees due to the active involvement in the portfolio management process by the fund manager(s). For this type of investment strategy, the Scorecard System is trying to identify those managers who can add value on a consistent basis within their own style of investing.

Weightings	Active Strategies	Maximum Points
Style Factors 30%	Style Analysis: Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	Style Drift: Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 80 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	Risk/Return: Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	Up/Down Capture Analysis: Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	Information Ratio: Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	Returns Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile.	1
	Information Ratio Peer Group Ranking: Fund passes if its median rank is above the 50 th percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
Total		10

Scorecard System Methodology

Passive Strategies

Passive strategies are investment strategies where the fund manager is trying to track or replicate some area of the market. These types of strategies may be broad-based in nature (e.g., the fund manager is trying to track/replicate the entire U.S. equity market like the S&P 500) or may be more specific to a particular area of the market (e.g., the fund manager may be trying to track/replicate the technology sector). These investment strategies typically have lower fees than active investment strategies due to their passive nature of investing and are commonly referred to as index funds. For this type of investment strategy, the Scorecard System is focused on how well these managers track and/or replicate a particular area of the market with an emphasis on how they compare against their peers.

Weightings	Passive Strategies	Maximum Points
Style & Tracking Factors 40%	Style Analysis: Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	Style Drift: Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	R-Squared: Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 95 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
	Tracking Error: Measures the percentage of a fund's excess return volatility relative to the benchmark. Fund passes with a tracking error less than 4. This statistic measures how well the fund tracks the benchmark.	1
Peer Group Rankings 40%	Tracking Error Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Expense Ratio Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Returns Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
	Sharpe Ratio Peer Group Ranking: Fund passes if its median rank is above the 75 th percentile.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2

Total 10

Qualitative Factors: an in-depth look

The letters T, E, and S in the qualitative section of the Scorecard are indicating why a fund was docked qualitative points.

- T = manager tenure
- E = expenses
- S = strength of statistics

Active & Allocation Strategies: All investments start with 2 points, with potential deductions if the following criteria are not met:

- Manager tenure

Tenure	Years	Deduct
Less than	1.5	2 points
Less than	3.5	1 point

- Fund expense: if greater than RPAG Peer Group Average (for that style), deduct 0.5 point.
- Strength of statistics

Condition	Average Style	R-Squared	Deduct
If	Fails	<75%	1 point
If	Fails	<60%	2 points
If	Passes	<50%	1 point
Condition	IR	Sig. Level	Deduct
If	Positive	<65%	0.5 point

The total qualitative score is rounded to the nearest whole number. For example, a score of 1.5 will be rounded to 2.

Passive Strategies: All funds start with 2 points, with potential deductions if the following criteria are not met:

- Fund expense: if expenses rank in the 90% or below, 1 point impact.
- Strength of statistics: if the tracking error is greater than 6, 1 point impact. If tracking error is greater than 7, 2-point impact.

Unique events or conditions that warrant modifying this framework to capture the same intent are rare, but are noted when they occur.

Manager Research Methodology

Qualitative Factors Beyond the Scorecard

The Scorecard System establishes a process and methodology that is both comprehensive and independent. It strives to create successful outcomes for plan sponsors and participants. It also helps direct the additional qualitative research conducted on managers throughout the year. Going beyond the Scorecard incorporates the following three important categories below.

PEOPLE

- Fund manager and team experience
- Deep institutional expertise
- Organizational structure
- Ability to drive the process and performance

PROCESS

- Clearly defined
- Consistent application
- Sound and established
- Clearly communicated
- Successfully executed process

PHILOSOPHY

- Research and ideas must be coherent and persuasive
 - Strong rationale
 - Logical and compelling
 - Focus on identifying skillful managers
-

Scorecard Disclosures

Investment objectives and strategies vary among funds and may not be similar for funds included in the same asset class.

All definitions are typical category representations. The specific share classes or accounts identified above may not be available or chosen by the Plan. Share class and account availability is unique to the client's specific circumstances. There may be multiple share classes or accounts available to the client from which to choose. All recommendations are subject to vendor/provider approval before implementation into the Plan.

The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice.

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as Markov Processes International, Morningstar, firms who manage the investments, and/or the retirement plan providers who offer the funds.

Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by your advisor in preparing this report.

The enclosed Investment Due Diligence report, including the Scorecard System, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use.

The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the Plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund.

Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard factors.

Neither past performance nor statistics calculated using past performance are guarantees of a fund's future performance. Likewise, a fund's score using the Scorecard System does not guarantee the future performance or style consistency of a fund.

This report was prepared with the belief that this information is relevant to the Plan sponsor as the Plan sponsor makes investment selections.

Fund selection is at the discretion of the investment fiduciaries, which are either the Plan sponsor or the Committee appointed to perform that function.

Cash Equivalents (e.g., money market fund) and some specialty funds are not scored by the Scorecard System.

The enclosed Investment Due Diligence report and Scorecard is not an offer to sell mutual funds. An offer to sell may be made only after the client has received and read the appropriate prospectus.

For the most current month-end performance, please contact your advisor.

The Strategy Review notes section is for informational purposes only. The views expressed here are those of your advisor and do not constitute an offer to sell an investment. An offer to sell may be made only after the client has received and read the appropriate prospectus.

For funds that do not have a score, one of the following will be shown: HIS, SPC, or OTH.

HIS- fund does not have enough performance history to Score.

SPC- fund is in a specialty category that does not Score.

OTH- fund may no longer be active, not in database or available to Score

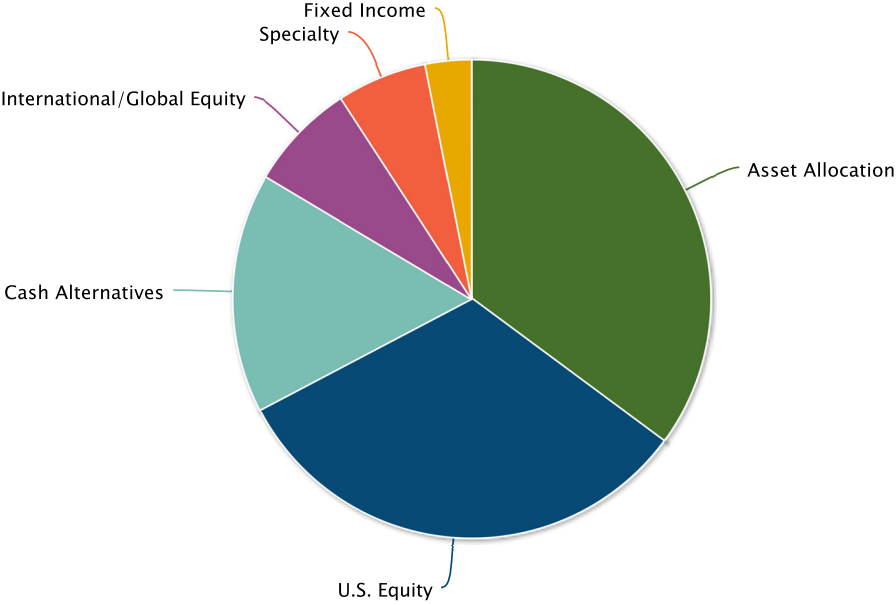
Qualitative legend: T= Manager tenure; E= Expenses; S= Strength of statistics

Carefully consider the investment objectives, risk factors and charges and expenses of the investment company before investing. This and other information can be found in the fund's prospectus, which may be obtained by contacting your Investment Advisor/Consultant or Vendor/Provider. Read the prospectus carefully before investing.

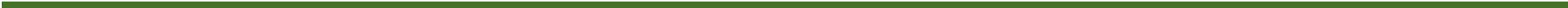
For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant or Vendor/Provider.

ACR# 6338459 02/24

Plan Allocation by Investment Type



Investment Type	Assets	Percentage
Asset Allocation	\$29,751,216.72	35.1%
U.S. Equity	\$27,309,139.36	32.2%
Cash Alternatives	\$13,746,872.36	16.2%
International/Global Equity	\$6,160,514.24	7.3%
Specialty	\$5,128,151.34	6.1%
Fixed Income	\$2,646,316.63	3.1%
Total	\$84,742,210.65	100%
as of 12/31/2024		



Plan Allocation by Investment Type

Investment Name	Asset Class	Amount	Percentage	Score
Asset Allocation		\$29,751,217	35.1%	
JPMorgan SmartRetirement Blend 2020 R5	MC	\$3,464,851	4.1%	7
JPMorgan SmartRetirement Blend Inc R5	MC	\$111,256	0.1%	7
JPMorgan SmartRetirement Blend 2025 R5	MOD	\$5,144,708	6.1%	7
JPMorgan SmartRetirement Blend 2030 R5	MOD	\$4,362,052	5.1%	8
Fidelity Puritan	MOD	\$2,674,612	3.2%	10
MissionSquare Retirement IncomeAdvantage Fund R5	MOD	\$2,865,510	3.4%	7
JPMorgan SmartRetirement Blend 2035 R5	MA	\$3,058,986	3.6%	8
JPMorgan SmartRetirement Blend 2040 R5	MA	\$2,894,464	3.4%	8
JPMorgan SmartRetirement Blend 2045 R5	AGG	\$2,766,063	3.3%	8
JPMorgan SmartRetirement Blend 2050 R5	AGG	\$1,331,381	1.6%	8
JPMorgan SmartRetirement Blend 2055 R5	AGG	\$790,319	0.9%	8
JPMorgan SmartRetirement Blend 2060 R5	AGG	\$287,013	0.3%	8
U.S. Equity		\$27,309,139	32.2%	
Dodge & Cox Stock I	LCV	\$2,171,460	2.6%	10
Large Cap Growth III I1 (AB Large Cap Growth)	LCG	\$6,777,218	8.0%	8*
Victory Sycamore Established Value I	MCV	\$544,995	0.6%	10
Allspring Special Mid Cap Value Inst	MCV	\$417,011	0.5%	10
Carillon Eagle Mid Cap Growth I	MCG	\$1,007,590	1.2%	8
Invesco Discovery Mid Cap Growth Y	MCG	\$259,953	0.3%	6
PIMCO RAE US Small Instl	SCV	\$383,627	0.5%	9
Small Cap Value II I1 (American Century SCV)	SCV	\$941,081	1.1%	10*
iShares S&P 500 Index Investor A	LCB-P	\$10,882,739	12.8%	10

Plan Allocation by Investment Type

Investment Name	Asset Class	Amount	Percentage	Score
iShares Russell Mid-Cap Index Inv A	MCB-P	\$2,549,948	3.0%	9
iShares Russell 2000 Small-Cap Idx Inv A	SCB-P	\$1,373,518	1.6%	10
Cash Alternatives		\$13,746,872	16.2%	
MissionSquare PLUS Fund Class R5	SV	\$12,653,467	14.9%	SPC
MSQ Cash Management R5	MM	\$1,093,406	1.3%	SPC
International/Global Equity		\$6,160,514	7.3%	
MFS Intl Diversification R4	IE	\$2,538,355	3.0%	7
International Growth II I1 (MFS Intl LCG)	ILCG	\$799,447	0.9%	10*
Victory RS Global R6	GE	\$2,822,713	3.3%	10
Specialty		\$5,128,151	6.1%	
Cohen & Steers Real Estate Securities I	REI	\$754,419	0.9%	10
Fidelity Select Technology	TEC	\$4,373,732	5.2%	6
Fixed Income		\$2,646,317	3.1%	
PIMCO Income Adm	MSB	\$454,358	0.5%	10
American Funds Bond Fund of Amer R4	CFI	\$1,617,239	1.9%	10
MassMutual High Yield Svc	HY	\$574,719	0.7%	10
Total		\$84,742,211	100.0%	

Disclosure

*Strategy Equivalent Score

The CIT exclusively available to RPAG utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report. Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score. ACR#5821538 07/23

Style Box

Asset Allocation - Conservative	Asset Allocation - Moderate Fidelity Puritan (10) JPMorgan SmartRetirement Blend Target Date Series R5 (8) MissionSquare Retirement IncomeAdvantage Fund R5 (7) 🚩	Asset Allocation - Aggressive
Large Cap Value Dodge & Cox Stock I (10)	Large Cap Blend iShares S&P 500 Index Investor A (10)	Large Cap Growth Large Cap Growth III I1 (AB Large Cap Growth) (8*)
Mid/Smid Cap Value Allspring Special Mid Cap Value Inst (10) Victory Sycamore Established Value I (10)	Mid/Smid Cap Blend iShares Russell Mid-Cap Index Inv A (9)	Mid/Smid Cap Growth Carillon Eagle Mid Cap Growth I (8) Invesco Discovery Mid Cap Growth Y (6) 🚩
Small Cap Value PIMCO RAE US Small Instl (9) Small Cap Value II I1 (American Century SCV) (10*)	Small Cap Blend iShares Russell 2000 Small-Cap Idx Inv A (10)	Small Cap Growth
International Equity MFS Intl Diversification R4 (7) International Growth II I1 (MFS Intl LCG) (10*)	Global Equity Victory RS Global R6 (10)	Cash Alternatives MissionSquare PLUS Fund Class R5 (SPC) MSQ Cash Management R5 (SPC)
Fixed Income American Funds Bond Fund of Amer R4 (10) MassMutual High Yield Svc (10) PIMCO Income Adm (10)	Specialty/Alternatives Fidelity Select Technology (6) 🚩 Cohen & Steers Real Estate Securities I (10)	Notes 1. Target Date Fund series show the series name, glidepath risk posture and the average score. 2. Risk based funds are grouped into either conservative, moderate or aggressive style boxes. 3. Only the top 5 scoring funds in each asset class are shown due to spacing concerns.

Considerations:  Add

 Delete

 Watchlist

Disclosure

*Strategy Equivalent Score. Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score.

Scorecard™

Total Plan Assets: \$84,742,210.65 as of 12/31/2024

Target Date Series

Asset Allocation	Assets	Asset Class	Risk Index	Allocation Score (Series Funds)		Selection Score (Underlying Funds)		Blended Score			
				# of Funds	Avg Score	# of Funds	Avg Score	Q4 2024	Q3 2024	Q2 2024	Q1 2024
JPMorgan SmartRetirement Blend Target Date Series R5	\$24,211,093.91	MOD	68	11	6.7	16	8.9	8	8	8	8

Core Lineup

Asset Allocation	Assets	Asset Class	Ticker/ ID	Style			Risk/Return			Peer Group		Qual	Score			
				Risk Level	Style Diversity	R ²	Risk/Return	Up/Down	Info Ratio	Return Rank	SR Rank	2pt Max/Expense	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Fidelity Puritan	\$2,674,612.40	MOD	FPURX	1	1	1	1	1	1	1	1	2	10	10	10	9
				13.4	66.8/33.2	97.57	13.4/11.1	104.9/96.5	0.84	2	2	- 0.48	MOD	MOD	MOD	MOD
MissionSquare Retirement IncomeAdvantage Fund R5	\$2,865,510.41	MOD	74440A696.icma	1	1	1	0	0	0	1	1	2	7	5	5	5
				12.3	60.3/39.7	99.55	12.3/6.0	97.6/105.2	-1.63	41	41	- 1.67	MOD	MOD	MOD	MOD
PIMCO Income Adm	\$454,358.20	MSB	PIINX	1	1	1	1	1	1	1	1	2	10	9	9	9
				6.8	48.3/51.8	94.32	6.8/2.6	108.5/100.2	0.43	16	15	- 1.08	MSB	MSB	MSB	MSB

Scorecard™

Active	Assets	Asset Class	Ticker/ ID	Style			Risk/Return			Peer Group		Qual	Score			
				Style	Style Drift	R ²	Risk/ Return	Up/ Down	Info Ratio	Return Rank	Info Ratio Rank	2pt Max/ Expense	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Dodge & Cox Stock I	\$2,171,460.22	LCV	DODGX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-95.5/ 74.4	6.6	95.29	20.9/ 12.0	108.3/ 96.6	0.69	10	16	- 0.51	LCV	LCV	LCV	LCV
Large Cap Growth III I1 (AB Large Cap Growth)	\$6,777,218.43	LCG	97184D766										HIS	HIS	HIS	HIS
												- 0.30	-	-	-	-
Strategy Equivalent				1	1	1	1	0	0	1	1	2	8	8	8	8
AB Large Cap Growth Z	\$0.00	LCG	APGZX	81.8/ 96.7	2.7	94.93	19.2/ 16.0	88.6/ 95.0	-0.63	23	24	- 0.51	LCG	LCG	LCG	LCG
Victory Sycamore Established Value I	\$544,994.51	MCV	VEVIX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-95.7/ 21.1	8.4	97.94	20.7/ 11.1	96.7/ 89.2	0.72	13	7	- 0.58	MCV	MCV	MCV	MCV
Allspring Special Mid Cap Value Inst	\$417,010.81	MCV	WFMIX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-93.3/ 23.3	7.0	97.30	20.9/ 9.2	93.1/ 91.2	0.16	24	21	- 0.80	MCV	MCV	MCV	MCV
Carillon Eagle Mid Cap Growth I	\$1,007,589.94	MCG	HAGIX	1	1	1	1	0	0	1	1	2	8	8	8	10
				81.1/ 7.2	11.5	97.68	22.4/ 9.6	94.6/ 100.2	-0.54	38	43	- 0.73	MCG	MCG	MCG	MCG
Invesco Discovery Mid Cap Growth Y	\$259,952.64	MCG	OEGYX	1	1	1	1	0	0	0	0	2	6	8	8	10
				86.2/ 7.0	8.5	93.99	22.1/ 10.3	96.4/ 100.1	-0.22	55	52	- 0.79	MCG	MCG	MCG	MCG
PIMCO RAE US Small Instl	\$383,626.65	SCV	PMJIX	1	0	1	1	1	1	1	1	2	9	9	10	10
				-92.6/ -67.6	26.8	92.56	27.1/ 16.0	115.7/ 92.4	1.17	5	11	- 0.50	SCV	SCV	SCV	SCV


Scorecard™

continued

Active	Assets	Asset Class	Ticker/ ID	Style			Risk/Return			Peer Group		Qual	Score			
				Style	Style Drift	R ²	Risk/ Return	Up/ Down	Info Ratio	Return Rank	Info Ratio Rank		2pt Max/ Expense	Q4 2024	Q3 2024	Q2 2024
Small Cap Value II I1 (American Century SCV)	\$941,081.13	SCV	97182E444										HIS	HIS	HIS	HIS
												-	-	-	-	-
												0.54				
Strategy Equivalent				1	1	1	1	1	1	1	1	2	10	10	10	10
American Century Small Cap Value R6	\$0.00	SCV	ASVDX	-97.7/ -84.4	4.5	96.76	26.0/ 10.0	102.9/ 95.8	0.58	34	37	-	SCV	SCV	SCV	SCV
												0.74				
MFS Intl Diversification R4	\$2,538,354.51	IE	MDITX	1	1	1	1	1	1	0	0	1	7	7	7	8
				28.2/ 57.8	8.3	96.26	16.7/ 4.6	100.4/ 98.4	0.14	54	56	T	IE	IE	IE	IE
												0.83				
International Growth II I1 (MFS Intl LCG)	\$799,447.21	ILCG	97183C728										HIS	HIS	HIS	HIS
													-	-	-	-
												0.48				
Strategy Equivalent				1	1	1	1	1	1	1	1	2	10	10	9	8
MFS International Growth R6	\$0.00	ILCG	MGRDX	65.1/ 78.3	14.5	92.19	16.9/ 6.3	96.6/ 90.7	0.32	7	5	-	ILCG	ILCG	ILCG	ILCG
												0.72				
Victory RS Global R6	\$2,822,712.52	GE	RGGRX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-3.3/ 85.3	4.7	98.37	17.3/ 12.3	105.4/ 97.4	0.99	14	0	-	GE	GE	GE	GE
												0.55				
American Funds Bond Fund of Amer R4	\$1,617,239.02	CFI	RBFEX	1	1	1	1	1	1	1	1	2	10	10	10	10
				1.4/ 32.9	5.2	98.92	6.5/ 0.3	103.9/ 96.7	0.92	33	23	-	CFI	CFI	CFI	CFI
												0.59				
MassMutual High Yield Svc	\$574,719.41	HY	DLHYX	1	1	1	1	1	1	1	1	2	10	9	9	8
				98.2/ -98.2	1.5	97.08	9.3/ 4.3	97.6/ 96.1	0.05	17	15	-	HY	HY	HY	HY
												0.74				
MissionSquare PLUS Fund Class R5	\$12,653,466.56	SV	92208J303										SPC	SPC	SPC	SPC
													-	-	-	-
												0.77				

Scorecard™

continued

Active	Assets	Asset Class	Ticker/ ID	Style			Risk/Return			Peer Group		Qual	Score			
				Style	Style Drift	R ²	Risk/ Return	Up/ Down	Info Ratio	Return Rank	Info Ratio Rank		2pt Max/ Expense	Q4 2024	Q3 2024	Q2 2024
MSQ Cash Management R5	\$1,093,405.80	MM	SPUSA06CAU										SPC	SPC	SPC	SPC
												-	-	-	-	
Cohen & Steers Real Estate Securities I	\$754,419.00	REI	CSDIX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-94.3/ 93.5	3.2	97.27	21.6/ 4.4	100.9/ 97.0	0.36	18	17	-	REI	REI	REI	REI
Fidelity Select Technology 	\$4,373,732.34	TEC	FSPTX	1	1	1	0	0	0	1	1	1	6	6	6	6
				-82.0/ 95.7	6.7	94.64	24.2/ 22.2	99.9/ 105.6	-0.33	18	30	T	TEC	TEC	TEC	TEC

Passive	Assets	Asset Class	Ticker/ ID	Style			Peer Group				Qual	Score				
				Style	Style Drift	R ²	Tracking Error	TE Rank	Expense Rank	Return Rank		SR Rank	2pt Max/ Expense	Q4 2024	Q3 2024	Q2 2024
iShares S&P 500 Index Investor A	\$10,882,739.40	LCB-P	BSPAX	1	1	1	1	1	1	1	1	2	10	10	10	10
				10.6/ 97.4	3.7	99.75	0.9	47.0	44.0	29	30	-	LCB-P	LCB-P	LCB-P	LCB-P
iShares Russell Mid-Cap Index Inv A	\$2,549,947.72	MCB-P	BRMAX	0	1	1	1	1	1	1	1	2	9	9	9	10
				-38.2/ 0.0	4.0	100.00	0.1	13.0	35.0	57	58	-	MCB-P	MCB-P	MCB-P	MCB-P
iShares Russell 2000 Small-Cap Idx Inv A	\$1,373,517.91	SCB-P	MDSKX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-0.2/ -99.2	0.6	100.00	0.1	19.0	37.0	57	56	-	SCB-P	SCB-P	SCB-P	SCB-P

Disclosure

*Strategy Equivalent Score

The CIT exclusively available to RPAG utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report. Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score.

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Score History

continued

Passive	Asset Class	Ticker/ ID	Score							
			Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
iShares Russell 2000 Small-Cap Idx Inv A	SCB-P	MDSKX	10	10	10	10	10	10	10	10
			SCB-P	SCB-P	SCB-P	SCB-P	SCB-P	SCB-P	SCB-P	SCB-P

Disclosure

*Strategy Equivalent Score

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Returns Analysis

Allocation (Series Funds)

Performance as of 12/31/2024

Asset Allocation	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
JPMorgan SmartRetirement Blend Inc R5	JIBBX	-1.85	8.30	8.30	1.40	3.94	4.42	4.84	7/2/2012	7/2/2012	0.50	0.27
StyleBenchmark		-1.88	7.73	7.73	1.53	4.39	4.90					
JPMorgan SmartRetirement Blend 2020 R5	JBSRX	-1.84	8.32	8.32	1.47	4.08	4.90	5.91	7/2/2012	7/2/2012	0.49	0.27
StyleBenchmark		-1.89	8.32	8.32	1.93	4.85	5.23					
JPMorgan SmartRetirement Blend 2025 R5	JBBSX	-1.90	8.93	8.93	1.47	4.83	5.63	6.77	7/2/2012	7/2/2012	0.48	0.27
StyleBenchmark		-1.89	9.91	9.91	2.49	5.91	6.17					
JPMorgan SmartRetirement Blend 2030 R5	JRBBX	-1.95	10.36	10.36	2.12	5.84	6.44	7.65	7/2/2012	7/2/2012	0.45	0.27
StyleBenchmark		-1.84	11.44	11.44	3.02	6.90	7.04					
JPMorgan SmartRetirement Blend 2035 R5	JPBRX	-1.83	11.94	11.94	2.90	6.92	7.23	8.47	7/2/2012	7/2/2012	0.47	0.27
StyleBenchmark		-1.73	12.90	12.90	3.59	7.83	7.82					
JPMorgan SmartRetirement Blend 2040 R5	JOBBX	-1.74	13.18	13.18	3.47	7.69	7.83	9.05	7/2/2012	7/2/2012	0.48	0.27
StyleBenchmark		-1.56	14.18	14.18	4.19	8.63	8.44					
JPMorgan SmartRetirement Blend 2045 R5	JMBRX	-1.69	14.05	14.05	3.88	8.31	8.20	9.33	7/2/2012	7/2/2012	0.46	0.27
StyleBenchmark		-1.40	15.06	15.06	4.59	9.17	8.86					
JPMorgan SmartRetirement Blend 2050 R5	JNABX	-1.63	14.55	14.55	4.09	8.49	8.29	9.41	7/2/2012	7/2/2012	0.45	0.27
StyleBenchmark		-1.36	15.16	15.16	4.63	9.22	8.90					
JPMorgan SmartRetirement Blend 2055 R5	JTBBX	-1.63	14.61	14.61	4.14	8.49	8.29	9.37	7/2/2012	7/2/2012	0.47	0.27
StyleBenchmark		-1.38	15.14	15.14	4.62	9.21	8.90					
JPMorgan SmartRetirement Blend 2060 R5	JAABX	-1.61	14.58	14.58	4.18	8.48		9.33	8/31/2016	8/31/2016	0.51	0.27
StyleBenchmark		-1.60	14.97	14.97	4.58	9.15						

Core Lineup

Asset Allocation	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
Asset Allocation												
Moderate												
MissionSquare Retirement IncomeAdvantage Fund R5 🏠	74440A696.icma	-1.22	10.48	10.48	2.03	5.97	5.79	6.83		8/23/2010	1.67	1.67
StyleBenchmark		-0.69	12.36	12.36	3.56	7.32	7.26					
Fidelity Puritan	FPURX	1.67	18.85	18.85	5.75	11.14	9.60	10.93	4/16/1947	4/16/1947	0.48	0.48
StyleBenchmark		0.94	15.98	15.98	5.19	9.39	8.85					

Returns Analysis

Core Lineup

Asset Allocation	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
Fixed Income												
Multisector Bond												
PIMCO Income Adm	PIINX	-1.04	5.16	5.16	1.78	2.64	4.01	6.45	3/30/2007	3/30/2007	1.08	1.08
StyleBenchmark		-0.57	5.98	5.98	1.39	1.92	3.03					
Active	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
U.S. Equity												
Large Cap Value												
Dodge & Cox Stock I	DODGX	-1.53	14.51	14.51	7.67	11.99	10.85	11.19	1/4/1965	1/4/1965	0.51	0.51
Russell 1000 Value Index		-1.98	14.37	14.37	5.63	8.68	8.49					
Large Cap Growth												
Large Cap Growth III I1 (AB Large Cap Growth)	97184D766	4.22	25.61	25.61				17.74	4/26/2022	4/21/2022	0.30	0.30
SE: AB Large Cap Growth Z	APGZX	3.94	25.51	25.51	6.52	15.95	15.79	15.79	6/30/2015	9/28/1992	0.51	0.51
Russell 1000 Growth Index		7.07	33.36	33.36	10.47	18.96	16.78					
Mid Cap Value												
Victory Sycamore Established Value I	VEVIX	-3.67	10.19	10.19	5.82	11.06	10.76	12.39	3/1/2010	8/16/1983	0.58	0.58
Allspring Special Mid Cap Value Inst	WFMIX	-3.74	11.95	11.95	5.37	9.22	9.18	9.69	4/8/2005	4/8/2005	0.80	0.80
Russell Mid-Cap Value Index		-1.75	13.07	13.07	3.88	8.59	8.10					
Mid Cap Growth												
Invesco Discovery Mid Cap Growth Y 🏠	OEGYX	4.02	24.41	24.41	-0.90	10.25	11.49	8.64	11/1/2000	11/1/2000	0.79	0.79
Carillon Eagle Mid Cap Growth I	HAGIX	5.59	13.10	13.10	0.33	9.61	11.11	11.25	6/21/2006	8/20/1998	0.73	0.73
Russell Mid-Cap Growth Index		8.14	22.10	22.10	4.04	11.47	11.54					
Small Cap Value												
PIMCO RAE US Small Instl	PMJIX	2.94	22.08	22.08	11.81	15.96		11.31	6/5/2015	6/5/2015	0.51	0.50
Small Cap Value II I1 (American Century SCV)	97182E444	0.11	7.73	7.73	2.61			13.32	3/2/2020	3/2/2020	0.54	0.54
SE: American Century Small Cap Value R6	ASVDX	0.18	7.58	7.58	2.36	10.01	9.39	9.58	7/26/2013	7/31/1998	0.74	0.74
Russell 2000 Value Index		-1.06	8.05	8.05	1.94	7.29	7.14					
International/Global Equity												
International Equity												
MFS Intl Diversification R4	MDITX	-7.61	6.42	6.42	0.27	4.59	6.48	6.54	4/1/2005	9/30/2004	0.84	0.83
MSCI ACWI ex USA NR		-7.60	5.53	5.53	0.82	4.10	4.80					
International Large Cap Growth												
International Growth II I1 (MFS Intl LCG)	97183C728	-7.48	9.59	9.59	2.43			6.83	8/3/2020	8/3/2020	0.48	0.48
SE: MFS International Growth R6	MGRDX	-7.56	9.24	9.24	2.19	6.27	7.97	6.10	5/1/2006	10/24/1995	0.73	0.72
MSCI EAFE Large Growth ND USD		-9.38	2.06	2.06	-1.97	4.66	6.24					

Returns Analysis

Active	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
Global Equity												
Victory RS Global R6	RGGRX	-1.40	20.04	20.04	7.37	12.26	11.87	13.13	5/2/2019	5/16/2011	0.72	0.55
MSCI ACWI NR		-0.99	17.49	17.49	5.44	10.06	9.23					
Fixed Income												
Core Fixed Income												
American Funds Bond Fund of Amer R4	RBFEY	-3.19	1.16	1.16	-2.56	0.30	1.53	3.17	5/20/2002	5/28/1974	0.59	0.59
BB Aggregate Bond		-3.06	1.25	1.25	-2.41	-0.33	1.35					
High Yield												
MassMutual High Yield Svc	DLHYX	0.38	9.40	9.40	3.16	4.27	5.20	6.77	9/5/2000	9/5/2000	0.85	0.74
BB US HY 2% Issuer Cap		0.17	8.19	8.19	2.92	4.20	5.16					
Cash Alternatives												
Stable Value												
MissionSquare PLUS Fund Class R5	92208J303	0.70	2.76	2.76	2.33	2.12	2.02	3.23	4/1/1999	1/2/1991	0.77	0.77
BofA US 3-Month Treasury Bill Index		1.16	5.25	5.25	3.89	2.47	1.77					
Money Market												
MSQ Cash Management R5	SPUSA06CAU	1.10	4.91	4.91	3.64	2.23	1.49	1.12		3/1/1999	0.46	0.43
BofA US 3-Month Treasury Bill Index		1.16	5.25	5.25	3.89	2.47	1.77					
Specialty												
REIT												
Cohen & Steers Real Estate Securities I	CSDIX	-8.93	6.71	6.71	-3.83	4.42	6.98	9.04	7/15/1998	9/2/1997	0.84	0.84
MSCI US REIT		-6.39	7.49	7.49	-3.43	3.10	4.38					
Technology												
Fidelity Select Technology	FSPTX	8.22	35.28	35.28	10.93	22.20	21.07	14.28	7/14/1981	7/14/1981	0.64	0.64
S&P 1500 Information Technology		4.75	35.93	35.93	15.32	24.06	21.94					
Passive	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
U.S. Equity												
Large Cap Blend												
iShares S&P 500 Index Investor A	BSPAX	2.31	24.54	24.54	8.55	14.13	12.71	13.50	4/10/2013	7/30/1993	0.35	0.35
Russell 1000 Index		2.75	24.51	24.51	8.41	14.28	12.87					
Mid Cap Blend												
iShares Russell Mid-Cap Index Inv A	BRMAX	0.56	14.99	14.99	3.50	9.61		10.28	11/30/2015	5/13/2015	0.36	0.36
Russell Mid-Cap Index		0.62	15.34	15.34	3.79	9.92	9.63					

Returns Analysis

Passive	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
Small Cap Blend												
iShares Russell 2000 Small-Cap Idx Inv A	MDSKX	0.26	11.15	11.15	0.97	7.10	7.53	7.89	4/9/1997	4/9/1997	0.42	0.37
Russell 2000 Index		0.33	11.54	11.54	1.24	7.40	7.82					

Disclosure

* Strategy Equivalent Score

SE = Strategy Equivalent

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Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

The performance data quoted may not reflect the deduction of additional fees, if applicable. Additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice. Expenses shown reflect the fund's prospectus Net and Gross expense ratios.

Some funds, accounts, or share classes may not be available for investment. Performance history prior to inception (if applicable) reflects another share class or account reflecting the manager's historical performance record. Expenses for mutual funds reflect the fund's prospectus Net and Gross expense ratios. In the case of Collective Investment Trust Funds, expenses generally reflect the CIT fund fact sheet and/ or Trust agreement Fund Inception Date - the date on which a fund commenced operations.

Share Class Inception Date - the date on which a fund's share class was introduced.

The CIT exclusively available to NFP utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report. ACR#5821538 07/23

Contact RPAG with any questions about this report or for the most current month-end performance at (877)-360-2480.

Summary of Considerations

Watchlist	Asset Class	Fund	Score
	MOD	MissionSquare Retirement IncomeAdvantage Fund R5	7
	MCG	Invesco Discovery Mid Cap Growth Y	6
	TEC	Fidelity Select Technology	6

Considerations:  Add  Delete  Watchlist

* Strategy Equivalent Score. Non-scoring funds will be assigned a letter. The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score.



Score: 7

MissionSquare Retirement IncomeAdvantage Fund R5 scored a 7 this quarter, losing points for risk/return measures. This is the fund's sixth quarter on the watchlist. This quarter, the fund lost three risk/return points for its risk/return ratio, up/down market capture, and negative information ratio.

The Retirement Income Advantage fund is included as part of the contract with MissionSquare. The fund is considered an in-plan annuity where participants can place a portion of funds into the vehicle that provides a guaranteed income stream at retirement. This fund has been retired to new money but remains open to existing money. No future contributions may be made into it. The fund remains on the watchlist due to its high fee structure, which is common for annuity type investments.

NFP recommends keeping this fund on the watchlist until it can maintain an acceptable score for four consecutive quarters.

Score: 6

Invesco Discovery Mid Cap Growth Y scored a 6 this quarter, losing points on risk/return and peer group ranking metrics. This is the fund's first quarter on the watchlist. This quarter, the fund lost two risk/return points for its up/down market capture and negative information ratio. It lost two points for placing in the bottom half of peers for its return ranking and information ratio ranking metrics. OEGYX gained 4.02% in the quarter, underperforming the Russell Mid-Cap Growth Index's gain of 8.14% but outperforming the peer group's average gain of 3.52%. The fund has outperformed the benchmark over the 1 year annualized period and the peer group average over the 1, 5, and 10 year annualized periods.

This fund has been a consistently strong performer since adopting its current strategy in 2010. It has performed well in a variety of market environments, and occasional rough stretches haven't historically persisted for extended periods. For example, the fund did struggle in 2022 and 2023 but rebounded to trounce the category and the benchmark in the first half of 2024. The fund lagged in the fourth quarter but outperformed its benchmark for the year. Stock selection primarily drove quarterly results as strength in consumer staples and communication services was offset by weakness in information technology (IT) and healthcare.

NFP recommends keeping this fund on the watchlist unless it can maintain an acceptable score for four consecutive quarters.

Score: 6

Fidelity Select Technology scored a 6 this quarter, losing points for risk/return measures and qualitative metrics. This fund has been on the watchlist for over two years. The fund lost three risk/return points for its risk/return ratio, up/down market capture, and negative information ratio. It lost one qualitative point for manager tenure. It is important to note that the Scorecard is comparing this fund to the S&P 1500 Information Technology Index, while the prospectus benchmark is MSCI USA IMI Info Tech 25/50 Index. FSPTX gained 8.22% for the quarter, outperforming the prospectus benchmark's gain of 6.11% and the peer group's average gain of 5.96%. The Scorecard benchmark gained 4.75%. The fund has outperformed the prospectus benchmark over the 1, 5, and 10 year annualized periods and the peer group average over the 1, 3, 5, and 10 year annualized periods.

Adam Benjamin is the strategy's fourth lead manager since 2018. He took the reins from Brian Lempel in January 2022 after Lempel's sudden retirement. Benjamin has ample relevant industry experience, but he is still relatively new to this strategy. While the portfolio has 97 holdings, it is top-heavy as the top 10 holdings represent 71.77% of assets. Furthermore, almost half the total portfolio is invested in just NVIDIA, Apple, and Microsoft.

Due to the limited investment knowledge of most plan participants and the lack of education opportunities, many plan participants typically do not understand the volatile nature of specialty investment options and may inappropriately invest in them. If the committee elects to continue to offer a specialty fund, NFP recommends keeping this fund on the watchlist unless it can maintain an acceptable score for four consecutive quarters.

Fiduciary Hot Topics | Q1 2025

Overview of Spence v. American Airlines, Inc. Decision

In the recent *Spence v. American Airlines, Inc.*, case the U.S. District Court for the Northern District of Texas held that American Airlines breached its fiduciary duty of loyalty under ERISA. The court found that American allowed corporate interests and ESG (environmental, social, and governance) objectives promoted by BlackRock, its largest investment manager, to influence the management of its 401(k) plans. This breach occurred despite American maintaining industry-standard practices for monitoring investment managers and achieving comparable investment performance with lower fees.

Key Findings of the Court

- 1. Fiduciary Breach:** The court concluded that American prioritized its ties to BlackRock—who owned 5% of American stock and financed \$400 million of its debt—over the exclusive financial interests of plan participants. BlackRock’s ESG activism and American’s own corporate ESG commitments influenced investment decisions without evidence of sole financial benefit to participants.
- 2. Monitoring Processes:** The court acknowledged that American had a robust process for selecting and monitoring investment managers. This included engaging leading consultant Aon, which acted as a co-fiduciary. However, the court highlighted that American failed to adequately monitor BlackRock’s proxy voting practices and adherence to fiduciary standards.
- 3. Industry Standards:** The decision noted that proxy voting issues are rarely material enough for plan committees to review, and most fiduciaries delegate proxy voting to investment managers.

Considerations for Plan Sponsors

- 1. Focus on Fiduciary Duties:** Plan sponsors must ensure decisions prioritize participants’ financial interests above all else. This includes avoiding conflicts of interest stemming from corporate ties or investment managers’ non-economic agendas.
- 2. Proxy Voting Oversight:** While proxy voting is often delegated, sponsors should establish prudent processes to ensure votes align with participants’ financial interests and regularly review managers’ proxy voting guidelines and adherence.
- 3. Transparency and Documentation:** Maintain clear documentation of the decision-making process, particularly when selecting or retaining investment managers. This helps demonstrate compliance with ERISA’s duty of loyalty.
- 4. Policy Review:** Evaluate your plan’s proxy voting policies and consider whether they reflect ERISA’s prudence and loyalty standards. Incorporating guidance from external consultants can mitigate risks.

Conclusion

While the court’s decision is specific to American Airlines, it underscores the importance of fully understanding one’s fiduciary duties, and maintaining strict adherence to fiduciary processes under ERISA. Sponsors should proactively monitor investment manager practices, especially where ESG objectives are involved, to avoid similar litigation risks.

Fiduciary Hot Topics | Q1 2025

Fee Benchmarking and Best Practices

Plan sponsors are increasingly prioritizing fee transparency and cost management. A significant two-thirds of plan sponsors indicated they were somewhat or very likely to conduct a fee study in 2024. Additionally, many sponsors plan to review fee types, including managed account service fees and indirect revenue, as well as transition to lower-cost investment vehicles, such as shifting from R6 share classes to collective investment trusts (CITs).

Given these trends, it's clear that managing retirement plan fees is a central focus for fiduciaries this year. This article explores the importance of fee benchmarking, the factors that should be considered, and best practices to ensure compliance and cost efficiency in your retirement plans.

The Importance of Fee Benchmarking

Plan sponsors have a fiduciary responsibility to monitor and evaluate the fees associated with their retirement plans. This includes ensuring that the services provided are necessary and that the costs are reasonable. While ERISA (Employee Retirement Income Security Act) does not mandate that plans must have the lowest fees, it requires that fees be “reasonable,” though the law does not provide a concrete definition of what constitutes reasonableness.

In recent years, the issue of excessive plan fees has become a focal point in litigation. Several high-profile lawsuits have scrutinized fees and the services provided in relation to those costs. In fact, one of the primary reasons to conduct fee benchmarking is to protect against potential litigation claims, as well as to ensure that plan costs remain aligned with market standards.

In addition to legal protections, sponsors should also consider the increased availability of collective investment options, which are often more cost-effective and do not require the previously necessary asset minimums. Lowering fees can also benefit participants, as reducing plan costs has been shown to significantly improve participants' long-term retirement savings.

Benchmarking Methods

There are several ways to benchmark retirement plan fees, and sponsors can choose the method that best fits their needs. Data from sources such as *401k Averages Book* and *PlanFees Prism* can be accessed through service providers or consultants to assess whether fees are reasonable when compared to similar plans.

A more in-depth benchmarking process involves reaching out to multiple providers to request specific bids for plan services. This method, often conducted by plan consultants, involves soliciting quotes from four to six providers. The results of this process should then be presented to the plan committee for further evaluation and decision-making.

Fiduciary Hot Topics | Q1 2025

Fee Benchmarking and Best Practices *cont.*

When to Review Fees

Recordkeeper consolidations or significant changes in the services provided may trigger the need for a fee benchmarking review. In such cases, sponsors should ensure that fees are evaluated in the context of the new service structure to ensure cost-effectiveness and alignment with fiduciary duties.

How Fee Benchmarking Can Benefit Sponsors and Participants

Regular fee benchmarking can lead to direct financial benefits, including:

- **Fee Reductions:** Nearly half of the plan sponsors who benchmarked their fees reported reducing their plan costs, often by identifying excessive or unnecessary expenses.
- **Improved Participant Outcomes:** Lower fees can lead to higher participant balances over time, as participants will be able to retain more of their contributions for investment growth.
- **Fiduciary Protection:** By regularly conducting fee studies and maintaining comprehensive records, plan sponsors can reduce the risk of litigation related to excessive fees.

Conclusion

The trend toward greater fee transparency and lower-cost investment vehicles is expected to continue, with plan sponsors increasingly conducting fee studies and reviewing their fee structures. As a fiduciary, it is important to stay on top of these developments and engage in regular benchmarking to ensure that your retirement plan remains competitive, cost-effective, and compliant with ERISA regulations.

By focusing on “all-in” fees, utilizing available benchmarking resources, and regularly soliciting provider bids, sponsors can ensure that their plans provide maximum value for both the plan and its participants. As always, staying proactive in fee monitoring not only helps control costs but also supports the overall health and success of your retirement plan.

Fiduciary Hot Topics | Q1 2025

FAQ: “What is the prescribed method to allocate revenue sharing payments to participant accounts?”

Revenue sharing is a common, though increasingly rare, indirect fee arrangement found in 401(k) plans. This arrangement allows mutual funds and investment providers to compensate third-party service providers for their role in managing plan operations, including recordkeeping and administration. As a result, the fees generated by these service providers—called revenue sharing—can offset plan expenses, benefiting the plan sponsor and potentially reducing out-of-pocket costs for the plan.

However, with the growing emphasis on fee transparency and regulatory scrutiny, revenue sharing is becoming less common. It is crucial for plan sponsors and fiduciaries to understand how revenue sharing works and how it should be managed to ensure compliance with fiduciary duties under ERISA. This article explores the role of revenue sharing in 401(k) plans, how it is allocated among plan participants, and the process fiduciaries should follow to prudently manage this practice.

What is Revenue Sharing? Revenue sharing occurs when mutual funds or other investment providers share a portion of the fees they collect with third-party service providers, such as recordkeepers or administrative firms, that assist in the operation of a retirement plan. For example, if a plan has a \$20,000 annual service fee and receives \$2,000 in revenue sharing, the plan effectively only pays \$18,000 for the services provided, with the additional \$2,000 offsetting the costs.

Though revenue sharing is still present in some plans, its use has steadily declined in recent years due to growing concerns about fee transparency.

Fiduciary Responsibilities with Revenue Sharing

Plan fiduciaries have a legal obligation to act in the best interest of plan participants and beneficiaries, a duty referred to as the "prudent process." When revenue sharing exists within a plan, fiduciaries must follow a documented, prudent process in determining how to manage those payments. This includes:

- **Adhering to the Plan Document:** If the plan document specifies how revenue sharing should be treated, fiduciaries must follow those instructions unless doing so would be clearly imprudent.
- **Decision-making if the Plan is Silent:** If the plan document does not address how revenue sharing should be handled, fiduciaries have the discretion to decide how to allocate or use these payments. Common options include using revenue sharing to pay plan expenses or rebating it to participants' individual accounts.

The lack of specific guidance from the Department of Labor (DOL) regarding revenue sharing has led the industry to rely on previous guidance, such as Field Assistance Bulletins (FAB) 2003-03 and 2006-01, to ensure that the allocation process remains prudent and compliant with fiduciary standards.

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FAQ: “What is the prescribed method to allocate revenue sharing payments to participant accounts?” *cont.*

Methods for Allocating Revenue Sharing

There are three primary methods for allocating revenue-sharing payments among plan participants:

- 1. Pro-Rata Allocation:** Revenue-sharing payments are allocated based on the proportion of each participant's account balance. For example, a participant with a larger account balance would receive a greater share of the revenue-sharing payment.
- 2. Per Capita Allocation:** Each participant receives an equal dollar amount of the revenue-sharing payment, regardless of their account balance.
- 3. Equalization:** This method adjusts participant accounts based on the revenue-sharing amount generated by the funds they hold. Participants who invest in funds with more revenue sharing than the administrative fees charged by the plan's recordkeeper may receive a credit. Conversely, participants who invest in funds with no revenue sharing would receive a debit for their share of the recordkeeping fees.

Prudent Process for Managing Revenue Sharing

Although the DOL has not specified a preferred method for allocating revenue sharing, the process for managing such payments must adhere to key principles of fiduciary duty. These principles are outlined below:

- **Deliberative and Documented Process:** The decision-making process must be carefully considered and documented to demonstrate that fiduciaries acted prudently and in the best interest of plan participants.
- **Weighing Competing Interests:** Fiduciaries must consider how different allocation methods may affect different classes of participants and evaluate the potential impact on participant outcomes.
- **Sole Interest of Participants:** All decisions regarding the management and allocation of revenue-sharing payments must be made with the sole benefit of participants in mind, with no conflicts of interest.
- **Reasonable Relationship to Services:** The allocation method must be reasonably related to the services provided to the participants, ensuring that fees align with the value of the services being delivered.
- **Rational Basis for the Method Chosen:** Fiduciaries must have a sound rationale for selecting a particular method of allocation, ensuring it serves the plan participants equitably.

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FAQ: “What is the prescribed method to allocate revenue sharing payments to participant accounts?” *cont.*

Conclusion

Revenue sharing continues to be a practice in some 401(k) plans, although its use is declining as fee transparency becomes a more prominent concern. Plan fiduciaries are responsible for ensuring that any revenue-sharing arrangements are managed prudently, with careful consideration of how funds are allocated and used.

While there is no specific guidance from the DOL on the preferred method for allocating revenue sharing, fiduciaries must document a prudent process and make decisions that are in the best interest of plan participants. Whether opting for pro-rata, per capita, or equalization methods, plan sponsors should remain diligent in their approach to revenue sharing and seek to balance fairness, transparency, and compliance in their retirement plan operations.

Sources

1PSCA, 65th Annual Survey, 2022

<https://www.napa-net.org/news/2024/9/case-of-the-week-allocating-revenue-sharing-payments/>

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