

# Fiduciary Training Program

## Managed Accounts

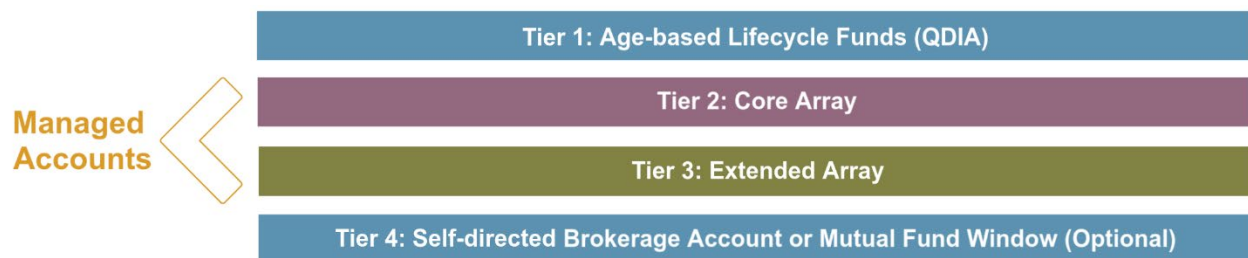
### What are they?

Managed accounts are:

- Delegated professional asset management of a participant's retirement account
- One of four Qualified Investment Default Alternatives (QDIA) under the Pension Protection Act of 2006

### Where do Managed Accounts fit within a plan's investment menu?

Managed Accounts, typically, utilize a plan's individual investment options that constitute the **CORE** and **EXTENDED** arrays.

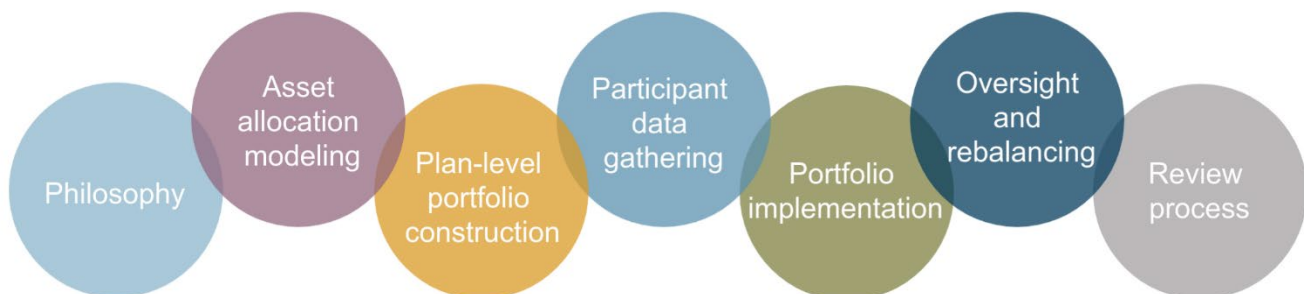


### Who provides Managed Account services?

Recordkeepers may offer a single solution or multiple options, although a single solution is most prevalent except for the largest retirement plans.

**Note:** each managed account product will have an associated fiduciary investment advisor. Committees should seek to confirm this role through review of the contract.

### How do Managed Accounts work?



- **Philosophy** – what are the investment advisor's fundamental tenants that drive their process
- **Asset allocation modeling** – development of multi-asset class portfolios using optimization techniques – the degree of customization will vary by provider

- **Plan-level portfolio construction**
  - Fund research – mix of quantitative and qualitative screens that determine which funds in a plan’s investment menu to use
  - Portfolio development - matching selected funds with the asset allocation modeling analysis results to produce diversified participant portfolios
- **Participant data gathering**
  - Recordkeeper supplied (e.g. age, salary, account balance, etc.)
  - Participant augmented (e.g. household data, outside of plan assets, etc.)
- **Portfolio implementation** – allocating participant accounts based on accumulated participant data
- **Oversight and rebalancing** – fund monitoring, rebalancing, plan level changes
- **Review process** – review of participant demographic (recordkeeper or participant supplied)

### How should fiduciaries monitor Managed Accounts?

- Fiduciary responsibility for selection and monitoring – same as for other investment options
- Product fees
- Product marketing to participants – monitor for conflicts of interest
- Usage (e.g. number of participants, assets invested, fees paid, avg account balance)

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