

# Newport Proposal

PRESENTED TO:

ABC Company

SUBMITTED BY:

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Principal

Sovereign Financial Group, Inc.





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## About Newport

Our collective vision began, humbly enough, with a simple goal:  
**raise the bar in retirement services  
by operating without the bias and hidden  
costs compromising the industry.**

We saw a market troubled by obscured motives; a dated approach that impeded millions as they strove to save for retirement. And we saw how lack of expertise could compromise plan offerings, increase expense, and ultimately hinder retirement readiness for our clients' employees. We knew there had to be a better model that would elevate the level of trust in the industry. So we set out not only to anticipate the direction of retirement services, but to help redefine it.

### THE NEWPORT DIFFERENCE WOULD BE THE TRANSFORMATIVE CORNERSTONE FOR CHANGE

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*We pledged never to use retirement services to sell  
proprietary products like mutual funds and insurance.*

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*We vowed never to hide our fees.*

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*We committed to independent advisors  
to support unbiased guidance.*

Our advanced expertise, objectivity, and vision are evident in every client relationship, allowing us to always provide partnership and support for what we believe is the foundational touchstone that advisors, companies, and employees depend upon today: trust in their future.



## About Newport

### NEWPORT BY THE NUMBERS

**Over 25%**

OF THE FORTUNE 500  
AS CLIENTS

**\$120+ billion**

RETIREMENT ASSETS  
UNDER ADMINISTRATION

**22,000+**

TOTAL NUMBER  
OF PLANS

**\$265+ billion**

CORPORATE RETIREMENT  
AND INSURANCE ASSETS

**1.4+ million**

NUMBER OF PLAN  
PARTICIPANTS

**#1 Servicer**

NON-QUALIFIED DEFERRED  
COMPENSATION PLANS\*

**Award-Winning**

SERVICE

**The Leading**

BOLI PROVIDER

**26 Offices**

NATIONWIDE

**Over 1,350**

EMPLOYEES

Newport is consistently rated a top retirement services provider by independent third parties. With over 35 years of consistent growth and a client list containing over 25% of the Fortune 500, we are fast becoming the standard in unbiased, client-focused retirement services.

\*2019 PLANSPONSOR magazine, DC Recordkeeping Survey



# The Newport Difference

## THE NEWPORT DIFFERENCE IS BUILT ON THESE FOUR PILLARS

### 1. Objectivity

Because our mission and vision are built on objectivity, **we are uniquely structured to eliminate the hidden bias that can compromise the integrity of the retirement industry.** We will never:

- offer proprietary investment products
- market our products to employees
- obscure fees
- tie fees to fund choices
- reduce asset growth with fees
- support biased recommendations

Newport offers nearly unlimited fund choices. And because we don't have proprietary funds, we don't charge clients more if they decide not to use them. Our fees are not dependent on the fund families chosen.

### 2. Advanced Expertise

We bring extraordinary in-house expertise and “bench strength” to retirement and compensation plans.

In today's environment, it doesn't take much for plans to become complex. As leaders in administration of combination plans, we welcome complexity that other providers avoid.

**Newport is often recognized as the expert's expert, engaged by larger retirement service providers for advice and administration.**

We are one of the few retirement service providers qualified to administer complex combination plans such as:

- Qualified 401(k) + Non-Qualified Plan
- 401(k) + ESOP Plan
- 401(k) + Cash Balance Plan
- 401(k) + Hard-to-Value Assets (e.g., Real Estate)
- Pooled Employer Plans
- Multiple Employer Plans



## The Newport Difference

### 3. Exceptional Service

Our plan administration service provides clients a dedicated point of contact, regardless of plan size.

**This tight relationship between employers and their relationship manager makes us exceptionally responsive and saves clients time, frustration and expense.** The relationship manager has ownership and accountability for client satisfaction, and is backed by a dedicated Newport client service team.

We have consistently been awarded “Best in Class” honors by PLANSPONSOR magazine, placing us among the very top providers in the retirement services industry. Additionally, we were ranked #1 in total awards for those markets in which we compete.\*

### 4. Leading-Edge Technology

We employ advanced automation and fully integrated systems with single sign-on across all our service lines and between our secure website and mobile app.

Our web experience is one of the most advanced retirement benefit platforms available today. **In fact, our platform is so state-of-the-art it’s used by other large financial services firms to service their own clients and employees.**

Our easy-to-understand interface, interactive modeling tools and on-demand reporting illustrate why DALBAR\*\* recognizes both our plan sponsor and participant websites among the top in the industry.

\*2019 PLANSPONSOR magazine, DC Survey. Ranking reflects reviews from plan sponsor clients.

\*\*DALBAR is an independent market research firm that conducts a quarterly review of online experiences among nearly 30 retirement services providers.



## Pooled Employer Plan Solutions

### FULL-SERVICE SUPPORT

Streamlined administration. A comprehensive retirement plan solution.  
More efficient operations. And the flexibility to design a  
program that works for your company.

With Newport, you can rely on a national independent provider for comprehensive, state-of-the-art services: leading-edge technology, easy-to-read participant statements, and fully integrated systems. But our plan administration is more than high-tech. Our ability to address your company's unique needs makes it high-touch as well.

### Our Team, Ready to Help

Every aspect of your plan is overseen by one client service professional, who serves as a single point of contact for managing your plan's transition and administration from start to finish.

Behind your individual contact stands the Newport client service team—compliance, communications, conversions, and technology professionals who can meet all of your administrative needs.

### The Leader in Defined Contribution

- one of our industry's most important surveys
- awarded **70 “Best in Class”** honors, placing us **#1** in the markets in which we compete\*
- “Best in Class” in every service category measured by PLANSPONSOR—including sponsor service/support, plan administration, education and communications, and technology

\* PLANSPONSOR magazine 2019 Defined Contribution Survey



## Pooled Employer Plan Solutions

There are many reasons why employers do not offer a retirement plan to their employees.

### THESE REASONS INCLUDE BUT ARE NOT LIMITED TO:

- cost associated with offering an employee retirement plan
- fiduciary duties, responsibilities, obligations and liabilities
- lack of HR resources to manage the plan on a daily basis
- time involved with daily plan operations
- focus on growing the revenues and profits of the company

The Secure Act has created the vehicle to offset these challenges for employers to offering a retirement plan to their employees. The development of Closed MEP/PEP's offer the ease of plan operations and offloading of fiduciary duties to deliver pricing and operational efficiencies to adopting employers. Under the new laws unrelated employers can band together under "one plan" to accomplish this.

**Every retirement plan must have a named fiduciary, and often the plan sponsor serves in this role.**

When you engage Newport as your Pooled Plan Provider, we assume fiduciary responsibility, 402(a) and 3(16), for the administrative functions related to your retirement plan program—creating operational efficiencies while professionally serving the needs of your plan participants.



## Pooled Employer Plan Solutions

### Key Roles

#### POOLED PLAN PROVIDER (PPP). NEWPORT GROUP, INC.

A pooled plan provider is a person designated by the plan as a named fiduciary, the plan administrator of the MEP, and as the person responsible to perform all administrative duties (including conducting proper testing with respect to the plan and the employees of each employer in the plan) which are reasonably necessary to ensure that the plan complies with any requirements applicable under ERISA and the Code, (ii) who registers as a pool plan provider, (iii) acknowledges in writing it is a named fiduciary and the plan administrator, and (iv) ensures all person who handle assets of or are fiduciaries of the MEP are appropriately bonded.

#### TRUSTEE: NEWPORT TRUST COMPANY

A PEP must designate one or more trustee(s) to be responsible for collecting contributions to, and holding the assets of, the plan and, further, require that the trustee(s) implement written contribution collection procedures that are reasonable, diligent, and systematic.

#### 3(38) INVESTMENT MANAGER: OUR PARTNER

The 3(38) investment manager is responsible for selecting, managing and monitoring the investment offerings of the Pooled Employer Plan.

#### ADOPTING OR PARTICIPATING EMPLOYERS.

Each employer in the plan retains fiduciary responsibility for (a) the selection and monitoring of the PPP and any other person designated as a named fiduciary of the plan, and (b) the investment and management of the portion of the plan's assets attributable to its employee participants (and their beneficiaries), unless those responsibilities have been delegated to another fiduciary by the PPP.



## Pooled Employer Plan Solutions

### POOLED PLAN PROVIDER

- 402(a) fiduciary
- 3(16) fiduciary
- annual fee negotiations with vendors
- ERISA bond review
- fiduciary insurance coverage review
- error correction monitoring
- employer contribution monitoring
- lost earning calculations
- payroll submission tracking
- participant enrollment assistance

### RECORDKEEPING

- daily valuation of accounts
- process contributions and distributions
- eligibility and enrollment processes
- fund changes/additions
- electronic processing of payroll data

### ADMINISTRATION

- 402(g) limit reporting
- eligibility calculations and notifications
- beneficiary maintenance and determinations
- census review
- spousal consent approvals
- vesting verification and tracking
- year-end data collection and review

### REGULATING COMPLIANCE TESTING

- all regulatory compliance testing
- government tax reporting
- audit firm hiring and monitoring
- audit support
- DOL and IRS issue resolution assistance
- Form 5330 preparation
- Form 5500 preparation, signing and filing
- Form 8955 preparation, signing and filing

### REPORTING

- consolidated reporting across plans
- company reports quarterly
- distribution statements
- government reporting provided by paying agent



## Pooled Employer Plan Solutions

### DISTRIBUTION AND LOAN POLICY MONITORING AND APPROVAL

- hardship, in-service, and lump-sum distributions
- participant loans, loan documents, administration and policy administration
- force out processing
- loan repayment by payroll deduction
- Roth conversions
- death benefit approval
- corrective distributions
- QDRO determinations
- required minimum distributions
- termination withdrawals

### PLAN NOTICE CREATION AND DISTRIBUTION

- 404(a)5 notice
- 404(c) notice
- annual 408(b)2 disclosures
- annual safe harbor notices
- auto enrollment notices
- blackout notice distribution
- fund change notices
- QDIA notice distribution
- summary of material modification notices
- summary annual report
- summary plan description

### PARTICIPANT SERVICES

- targeted education campaigns
- online enrollment
- customizable on-demand statements
- easy to use website
- toll-free Participant Service Centers

### TRUST SERVICES

- check, wire, and ACH disbursements
- revenue sharing collection and reporting
- consolidated reporting and financial statements

### CONVERSION

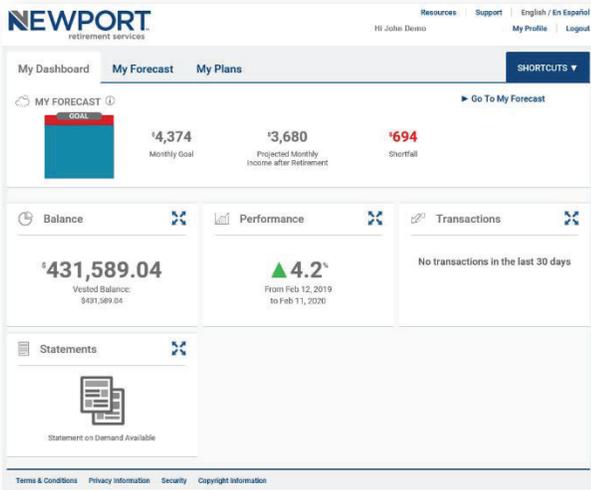
- total conversion management
- consultative approach
- establish plan and participant level account(s)
- reconcile plan assets to participant balances



## Participant Experience and Support

### RETIREMENT SERVICES STARTS WITH THE PARTICIPANT

Our customized communications and education empower employees to take control of their financial future.



Our plan sponsor and participant websites have consistently ranked in the Top 10 of DALBAR reviews for more than a decade.

### Tailored Communication and Education Strategies

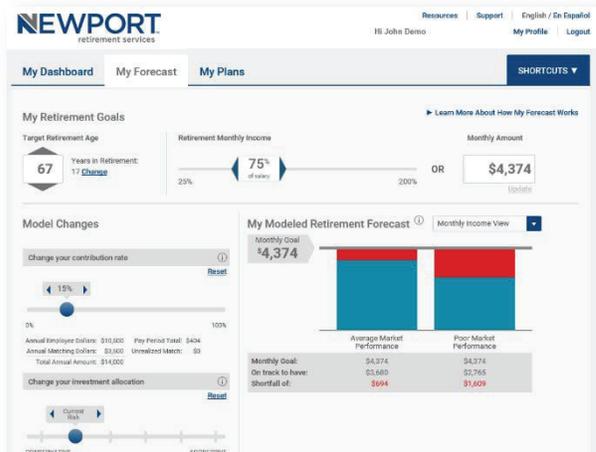
Our communications are designed to educate, inform, and motivate employees to take action. We work with you to learn about your demographics, company culture, and specific needs and challenges. Then we collaborate on a creative strategy designed to positively impact your employees and increase interest and engagement around the plan.

### Intuitive Online Experience

#### FEATURES INCLUDE:

- online, easy enrollment
- My Forecast—Gap Analysis
- online distributions
- online payroll deferral changes
- initiate, view and model loans
- model investments to help reach goals
- on-demand activity reporting
- financial resource center for retirement and financial planning needs

Click [here](#) to view a sample Quick Start Guide.





## Sponsor Experience and Support

### Intuitive Online Experience

#### FEATURES INCLUDE:

- robust on-demand reporting capabilities
- easily downloaded in various formats
- view information at global and participant level
- secure payroll upload
- access individual participant accounts
- publish plan information and company news directly to participants
- transaction based history
- monitor participant transactions
- customizable

DALBAR consistently ranks Newport's plan sponsor and participant digital experiences in the Top 10.\*

*\*as rated in 2019*

**NEWPORT**  
retirement services

Profile | Support | Logout

My Dashboard | My Plans | My Participants | My Reports | SHORTCUTS ▼

ABC Company 401(k) Plan ▼

<b>0</b> Pending ▶ Loans (0) ▶ Withdrawals (0)	<b>0</b> New Reports ▶ View Archived Reports (0) ▶ View Shared Reports (0) <b>RUN REPORTS</b>	No messages are available
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Balance Summary

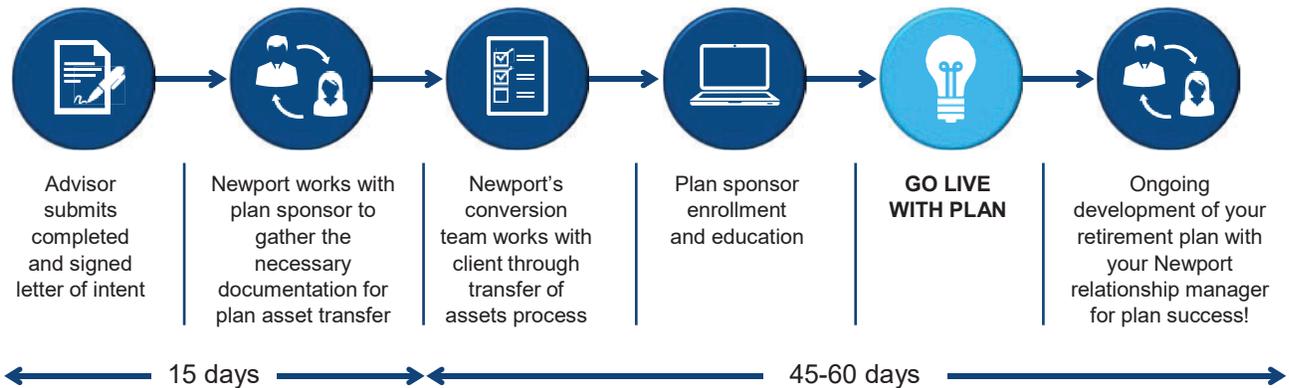
<b>223</b> Participants with balances	<b>\$34,026,247</b> Total participant balances	<b>\$152,584</b> Average participant balance
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<b>\$179,718</b> Active Loan Balance 15 Active Loans	<b>\$56,225</b> 3 accounts as of Feb 11, 2020
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## Full Service Plan Conversion Process



### 1. Onboarding Review

- Newport reviews documents to confirm they are in good order
- documents in good order—a conversion consultant is assigned and a new plan call is scheduled
- documents not in good order—a Newport sales team member will work with you to help resolve any issues

### 2. New Plan Call

**30 MINUTES**

- a Newport sales team member coordinates a call with the investment advisor and the conversion consultant to share and gather information about the plan
- the conversion consultant schedules the welcome call with the plan sponsor and the investment advisor

### 3. Newport Welcome Call

**30 MINUTES**

- Newport conversion consultant coordinates welcome call with plan sponsor and financial advisor to establish plan with Newport
- review overall timeline, set expectations, review plan conversion guide
- request for census, ACH info, and termination letter sent to prior provider
- request service agreements



## Full Service Plan Conversion Process

### 4. Plan Design Call

30–60 MINUTES

- conversion consultant introduces Newport document consultant to review provisions of plan document for restatement
- provision comparison chart reviewed during call for creation of the draft plan document
- final plan documents sent to plan sponsor from document consultant for signature

### 6. Transition to Relationship Manager

30 MINUTES

- Newport conversion consultant reviews payroll file for contributions process
- Topics:
  - First Payroll to Newport
  - transfer of assets\*
  - transfer of participant records\*

*\*if applicable*

### 5. Website Training Call

30 MINUTES

- Newport conversion consultant reviews plan website features with plan sponsor and advisor
- Topics:
  - Notifications
  - Website Establishment
  - Participant Enrollment

# Pooled Employer Plan Fee Schedule

Align Retirement Pathways

## The Sovereign Retirement Edge PEP



### Recordkeeping & Administration

Per Participant	\$60
Per Adopting Employer	\$3,000

### Trust & Custody

Percentage of Assets	0.03%
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### Self-Directed Brokerage Account

Per Adopting Employer (if utilized)	\$1,000
Per Account - Ongoing	\$250
Set-Up	\$75

### 3(38) Advisor Fees\*

Under \$20 million	0.45%
\$20 million - \$50 million	0.40%
\$50 million - \$100 million	0.30%
\$100 million - \$200 million	0.20%
Over \$200 million	0.10%

\*based on total Association assets

12 BPS

### Transactions

Distribution (non-periodic)	\$75
Periodic Installment Payments	\$12.50 per payment
Hardship Distribution	\$150
Force Out Administration Fee	\$20 per participant mailing
Loan Setup (new or takeover)	\$50
Annual Loan Maintenance	\$50
Calculation of RMD Amount	\$85
QDRO Validation	\$250

### Annual Administration & Compliance Support

Preparation of IRS Form 5330	\$250
Calculation of Each Testing Return	\$50
Participating Employer Termination or Deconversion	\$500

### Participant Mailings & Annual Notices

Printed Participant Statements / Notices	\$1 per mailing
Printed Quick Start Enrollment Guide	\$2 each

### Document Maintenance Services

Amendments to Participation Agreements	\$500
Consulting Service	\$250 per hour

# Notification of Intent to Proceed

## Align Retirement Pathways

### ~~The Sovereign Retirement Edge PEP~~



The Plan Sponsor intends to proceed with Newport Group, Inc. and Newport Trust Company providing services to the Plan and is ready to initiate the implementation process. Please provide the following contact information for the individual(s) at the Plan Sponsor who will be responsible for the conversion of the Plan.

#### Plan Sponsor Contact:

Primary Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Address: \_\_\_\_\_

#### Please provide the following information:

- Current Asset Statement\* (*dated within the past 90 days, including totals by both fund and contribution source*)
- Current Plan Document\* (*including executed signature page and any amendments since most recent restatement*)
- Payroll Provider: \_\_\_\_\_

#### Please list additional plan sponsor contacts below:

Name	Title	Email	Authorized Signer?
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

*\*Newport cannot proceed with the conversion process without the plan document and asset statement.*

#### Signature

By signing below, the Plan Sponsor authorizes Newport Group, Inc. and Newport Trust Company to begin preparing written agreements and documents for review and signature by the appropriate plan representatives and acknowledges and agrees that (i) any fee proposal is provided as an estimate; (ii) nothing herein requires either Plan Sponsor or Newport Group to proceed with the proposed business relationship; and (iii) the terms of the executed agreement(s) between the parties, including any fee schedule, will supersede any fee proposal.

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_