PlanAnalyzer℠

Our patented analyzer ensures you comply with federal regulations that require plan providers to bring value to participants and disclose certain performance metrics.

UNITED STATES PATENT AND TRADEMARK OFFICE uspto
Patent No. 10,127,614

HERE'S HOW THAT WOULD WORK FOR ACME CORPORATION.

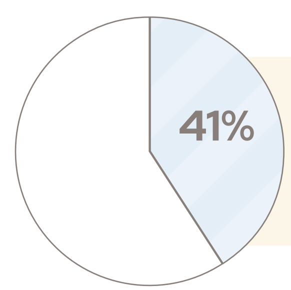
MillenniuM analyzed **94% of the plan assets** to see how the funds within the plan performed against their stated benchmark.

$22 million — **We found ACME CORPORATION is at risk for up to $22 million in fines and liabilities.**

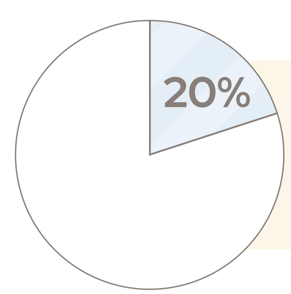
We start with a checklist:

- Are more than 50% of plan assets invested in passive institutional shares?
  - ○ YES
  - ✓ NO
- Were active funds outperforming their benchmark?
  - ○ YES
  - ✓ NO

Our analysis shows:



of the investments did NOT beat their benchmark from 2014-2018

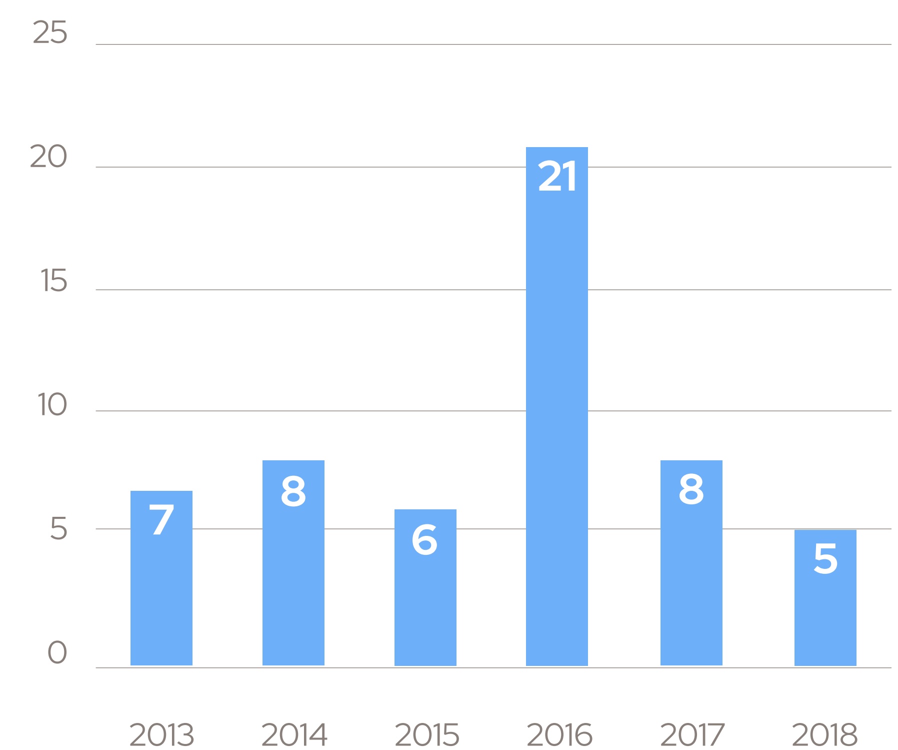


of the money in the plan was invested in these lagging funds

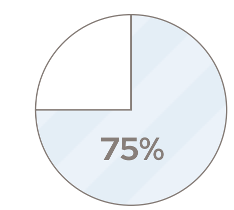
ACME CORPORATION will need to update its plan offerings or explain why it keeps 41% of investments in funds that are not outperforming.

LET'S TAKE A CLOSER LOOK AT UNDERPERFORMING FUNDS AND THE RISK THEY CREATE FOR ACME CORPORATION.

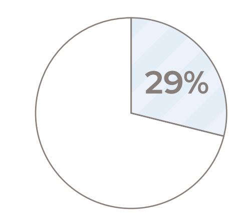
How many of the funds in ACME's plan **lagged behind their benchmarks each year?**



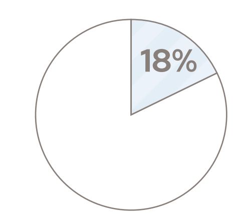
What is that, in percentage?



2016

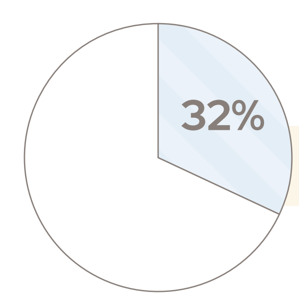


2017

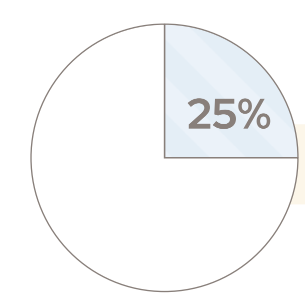


2018

And what if you average those numbers, **what percentage of funds lagged?**



Over 3 years



Over 5 years

WHY ARE ACME'S FUNDS LAGGING? THE LIKELY REASON IS FEES:

.74% MEDIAN COST FOR FUNDS IN ACME PLAN

.10% MEDIAN COST FOR ALTERNATIVE FUNDS

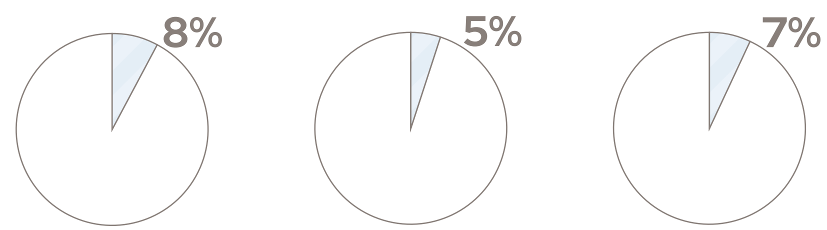
$248,019 SALARY OF BROKER/ADVISOR MANAGING THE PLAN

Keep in mind, **most advisors fail to beat their benchmarks:**

17%

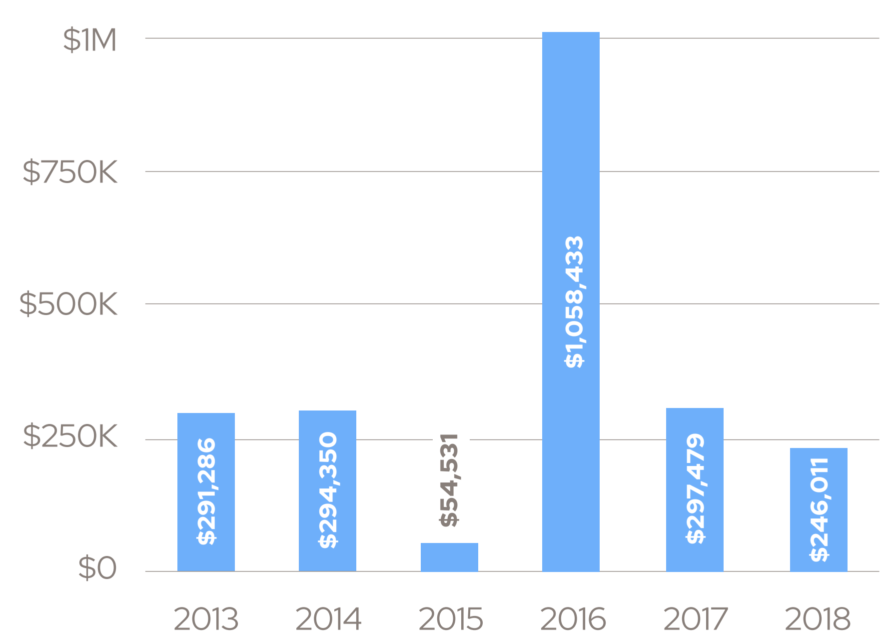
OF FUND MANAGERS BEAT THEIR CHOSEN BENCHMARK IN 2017.

Actively-managed funds that beat their benchmark:



EVEN IF IT'S COMMON FOR ACTIVELY-MANAGED FUNDS TO LAG AN INDEX, THAT LAG OPENS ACME UP TO LIABILITY.

Here's how much the funds in ACME plans **underperformed their benchmarks each year:**



TOTAL LAG:

$2,242,090

That means a plan participant could sue ACME for up to $2,242,090.

THEN THERE'S THE LIABILITY TO THE IRS. OUR ANALYSIS SHOWS:

$2,490,110 AMOUNT THE COMPANY OWES TO CORRECT FIDUCIARY BREACH

POTENTIAL IRS FINE

$19,965,938

If ACME CORPORATION doesn't correct that breach by paying the amount back into the fund

Finally, let's take a closer look at the funds in ACME CORPORATION's plan:
64% of assets in the plan are in these top 10 funds:

FUND NAME	TENURE OF MANAGER	NO. OF SECURITIES IN FUND	% OF PARTICIPANTS INVESTED IN FUND	DID IT PERFORM AS WELL OR BETTER THAN BENCHMARK?	PRUDENT MONITORING YEARS	INSTL?
American Funds 2030 Target Date Retire R4	12 years	22	61%	No		No
American Funds 2050 Target Date Retire R4	12 years	16	74%	No		No
Fidelity® Contrafund®	28 years	318	41%	Yes	15	Yes
American Funds 2040 Target Date Retire R2	12 years	18	67%	No		No
Fidelity® 500 Index	15 years	506	21%	Yes	Prudent	Yes
Janus Henderson Enterprise T	11 years	88	20%	No		Yes
Metropolitan West Total Return Bd I	22 years	1984	20%	No		Yes
American Funds 2020 Target Date Retire R4	12 years	21	66%	No		No
MFS Value R3	17 years	28	30%			No
Fidelity ® International Growth	11 years	97	30%	Yes		Yes

Patent No. 10,127,164
Inventors: James Holland, Will Branch, Rick Canipe
All content in this document based on (888)PlanLag with data from Dec 31, 2018

PlanAnalyzer, and the content in this document, are based in the following regulations and court cases, summarized here. (Wording is tweaked slightly for readability but remains accurate to the best of our knowledge.)

Federal Regulation 2550.408b-2
Requires providers to review plans and determine they bring value and are "necessary."

Federal Regulation 2550.404a-5
Requires disclosures to investors so they can evaluate the performance of their investments against benchmarks.

Prudent Investor Rule
States that the more a trustee departs from a valid passive investing strategy, the burden of justification, and also of continuous monitoring, is likely to be greater.

Third Restatement of Trusts
Plan an administrators have a duty to diversify and avoid unjustified costs, and must recognize the importance of evaluating the portfolio as a whole.

Supreme Court Ruling May 18, 2015
"Under trust law, a trustee has a continuing duty to monitor trust investments and remove imprudent ones."

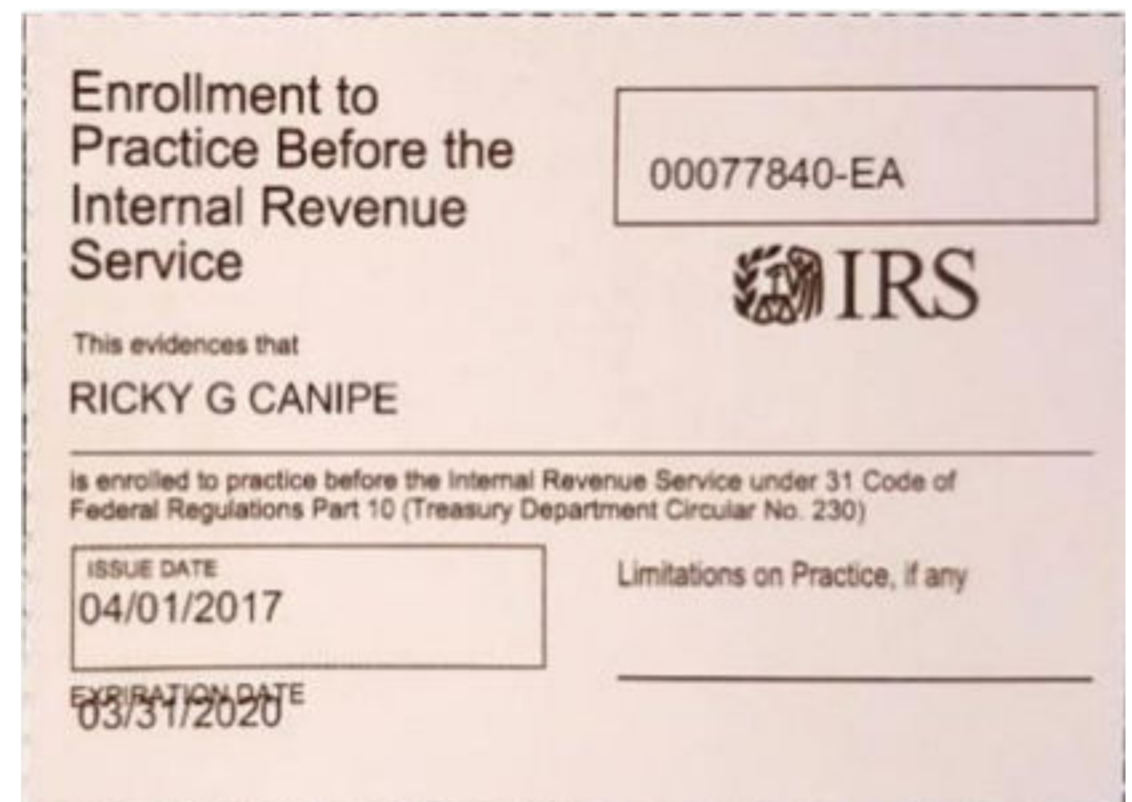
Mortensen v Commissioner (6th Cir. 2006)
"Much like a taxpayer's reliance on an attorney or an accountant, reliance on an enrolled agent is a factor we may consider in determining the reasonableness of a taxpayers actions."

To calculate the number of years (n) a manager would need to operate in order for an investor to beat the market, we used the following formula. If t-stat (or t) is equal to 2, you can be 95% confident that the manager would "generate alpha."

$$n = \left(\frac{S \cdot t}{\bar{X}}\right)^2$$

$\bar{X}$ Average Excess Return (Alpha):	
S Standard Deviation of Alpha:	
t t-stat:	

MillenniuM Investment Retirement Advisors is authorized by the IRS to perform these tax-based analyses for retirement plans.


Enrollment to Practice Before the Internal Revenue Service

00077840-EA

IRS

This evidences that

RICKY G CANIPE

is enrolled to practice before the Internal Revenue Service under 31 Code of Federal Regulations Part 10 (Treasury Department Circular No. 230)

ISSUE DATE
04/01/2017

Limitations on Practice, if any

EXPIRATION DATE
03/31/2020

MILLENNIUM
Investment & Retirement Advisors, LLC

PlanAnalyzerSM
Our patented analyzer ensures you comply with federal regulations* that require plan providers to bring value to participants and disclose certain performance metrics.