

# Fiduciary Investment Protection

from eFiduciary Advisor



As an employer sponsoring a retirement plan, your role comes with the important responsibility of selecting and maintaining the investment menu offered to plan participants. Through JULY, you and your financial consultant gain access to eFiduciary Advisor (eFA), an independent registered investment advisory firm working with employers to fulfill fiduciary responsibilities related to selecting and maintaining the plan's investment menu.

## Fiduciary Protection Options

eFA presents three approaches based on the level of fiduciary responsibility, authority and customization you need.

### eFA Explore ERISA 3(21)Co-Fiduciary

- Becomes a plan co-fiduciary
- Provides a screened list of investments
- Provides a suggested investment lineup
- Provides quarterly screening report
- Recommends when to replace an investment

### eFA OnCourse ERISA 3(38) Fiduciary

- Becomes the investment plan fiduciary
- Assumes full discretion for selecting set investment lineup - no customizations
- Monitors and replaces investments

### eFA Flagship ERISA 3(38) Fiduciary Consultative

- Same as OnCourse but with more customization
- Assumes full discretion for selecting investment lineup among more diverse asset categories
- Periodic consultation with the investment fiduciary

## Legal Protection<sup>1</sup>

eFA will perform its duties consistent with the standards of ERISA, and eFA's service agreement and process provides the Plan Sponsor contractual investment management fiduciary delegation.

<sup>1</sup> The specific legal protection offered by eFA is governed by the agreement between eFA and the Plan Sponsor. Nothing herein is intended to modify such agreement.

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## How it Works

The chart below describes in more detail how eFA's process works.

At Plan Setup	Each Quarter
<ul style="list-style-type: none"><li>• eFA provides you with a pre-screened list of investment options.</li><li>• eFA provides a suggested investment lineup to help narrow your choices.</li><li>• With the Explore 3(21) approach, you build your investment menu by choosing at least one option from five core asset categories as shown on the pre-screened list or by selecting the suggested investment menu.</li><li>• With the OnCourse 3(38) approach, eFA will build your investment lineup by assuming full discretion over the investment menu.</li><li>• With the Flagship 3(38) approach, eFA will consult with you first, and then build your investment lineup to meet the unique investment needs of our plan.</li></ul>	<ul style="list-style-type: none"><li>• eFA monitors all investments on the pre-screened investment list against a 16-point scoring criteria.</li><li>• eFA provides a detailed investment report showing any investments in your plan's lineup that you may need to watch or replace.</li><li>• eFA notifies you of investments it recommends to replace because they no longer meet quality standards.</li><li>• Unless you elect otherwise, eFA instructs JULY to replace investments that no longer meet standards.</li><li>• With the OnCourse 3(38) approach, eFA automatically updates your plan's investment menu if changes are needed.</li></ul>

## The Pre-Screened List

eFA uses a proprietary investment selection process and evaluation process to create an optimal pre-screened investment list.

- **Begins with Over 20,000 Investments** – Screening starts with independent investment universe of over 20,000 investment options.
- **Screening Process Applied** – The list is narrowed to investments that meet important pre-defined 16-point criteria, including historical investment performance, manager track record, investment style consistency, and investment expenses compared to similar investments.
- **200+ High Quality Investments** – The pre-screened list includes approximately 200 investments covering five core asset categories and a number of supplemental categories from which to build your plan's investment menu. The list is reviewed and updated annually.

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## The 16-Point eFA Screening Criteria

eFA utilizes a proprietary 16-point scoring methodology where each investment is scored monthly. The scoring focuses on four major areas favoring investments with good, consistent, long-term, risk-adjusted return. Specific to the needs of investing for retirement, mid-term and longer-term results are more heavily weighted (3, 5 years) than short-term (1 year). Following is a basic outline of the scoring criteria:

- Performance vs category and benchmarks (5 points)
- Risk/return metrics within category (7 points)
- Manager/style consistency and cost (4 points)

Failures in several areas will result in assigning investments to 'watch' or 'replace' status.

## Benefits of the eFA Solution

The eFA fiduciary solution brings a number of benefits to your plan.

- **Reduces Fiduciary Liability** – eFA performs the investment management duties and additionally contractually accepts investment fiduciary duties for the plan.
- **Simplifies the Plan** – Implementing eFA's process and leveraging their experience simplifies and streamlines plan maintenance.
- **Improves the Investment Menu** – Improves your investment menu by implementing a proven investment selection and monitoring process.

## About eFA and Expand Financial

eFA is affiliated with Expand Financial, a Registered Investment Advisor (RIA) headquartered in Denver, Colorado. The firm works exclusively within the retirement plan advisory space and offers related services ranging from 3(21)/3(38) investment monitoring and reporting to full plan consulting services.

For more information about eFA and Expand Financial, visit [www.expandfinancial.com](http://www.expandfinancial.com). Learn more about JULY by visiting our website at [www.julyservices.com](http://www.julyservices.com).

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