

Help Matters



Americans need retirement help.

That's what Bill Sharpe, 1990 Nobel Prize recipient in Economic Sciences, believed when he co-founded Financial Engines. Nearly 20 years later, Financial Engines is America's largest independent investment advisor¹, trusted by over 600 plan sponsors to help over nine million people.² As a result, we manage over \$100 billion in assets, which is more than our top seven competitors combined.³

Over the last 40 years, American retirement has changed dramatically.

Professionally-managed pension plans have given way to individually-managed 401(k)s and IRAs. Today, more than 88 million investors are largely responsible for managing their own retirement assets. But it's estimated that every year, workers who manage their own investments will lose \$100 billion due to investment mistakes.⁴

People need help. There has never been a greater demand for high-quality, objective investment advice and retirement help. Unfortunately, not all help is the same. Americans lose an estimated \$17 billion every year due to conflicted financial advice.⁵ American workers need an advocate, someone committed to putting their best interests first. At Financial Engines, our relationships are built on trust. We take the work and worry out of retirement, and provide independent, conflict-free investment advice, regardless of wealth or account balance.

Simply put, we want people to **RETIRE WELL**. This mission drives us, and is our singular focus. It's what we're passionate about.

88+
MILLION

Number of investors largely responsible for managing their own retirement assets

\$100
BILLION

Amount workers who manage their own investments are estimated to lose every year

\$17
BILLION

Estimated amount Americans lose each year due to conflicted financial advice

How we help participants

People's lives are busy. And thinking about retirement rarely makes their daily "to do list." We get it. At Financial Engines, we know engagement begins with knowing the individual. Our advisory services flex to meet the lifestyles and preferences of our customers, allowing them to interact with us on their own terms—whether they want to take an active role in managing their investments using Online Advice, or by turning over account management to us with Professional Management.

We help participants through each stage of their careers. For people just starting out, it may be as simple as highlighting the importance of savings and diversification. We do this

holistically, through education, evaluation, and ongoing monitoring. We alert them to potential behavior that could impact their objectives, and prompt them with easy, actionable steps to get back on track.

As people age, their lives become more complex. The odds of two 40-year olds having exactly the same financial situation are small. It wouldn't be prudent to treat them the same, just because of age. So we don't. We consider risk preference, time horizon, past and present 401(k)s, other household assets, and even company stock. We build each portfolio for each individual.

For those nearing retirement, we offer additional services as they transition from accumulation to income, with a plan to provide steady payouts in retirement—whether markets or interest rates go up or down. We also help people optimize and maximize their Social Security benefits through personalized deferral strategies.

Regardless of where people are in their careers, the Financial Engines experience begins with an annual, personalized Retirement Evaluation, assessing each eligible participant’s unique savings, investments, and forecasted retirement income situations. In addition to the Retirement Evaluation, we engage participants throughout their careers with educational workshops, which are available online and onsite at key locations, on topics such as 401(k) investing basics, retirement saving tips, successful retirement planning, and financial wellness.

Our commitment to putting our customers’ best interests first drives all our decision-making and product development.

It’s something we’re very proud of.

How we help plan sponsors

Plan sponsors want what’s best for their employees. We want that as well. We partner with hundreds of plan sponsors—expanding their employees’ financial knowledge and delivering institutional-quality investment advice to their workforce.

Business planning certainty

The number of employees over age 55 is expected to grow by more than 40% by 2018.⁶ This increase presents employers with more uncertainty about when their employees will retire. Studies show that employees make decisions about when to retire based on current economic conditions—continuing to work through recessions, retiring during a strong economy. At Financial Engines, we replace employee guesswork with confidence, while protecting them against sudden market shifts as they move closer to retirement. By removing the question, “Can I afford to retire?” from the employee conversation, along with the associated uncertainty of retirement timeframes, employers can be better prepared to achieve their company’s business objectives through more predictable employee turnover.

Independence

We are independent—we do not offer our own investment products or take commissions based on our investment advice. Therefore, the portfolios we build and recommend are done so in the best interest of our plan sponsors’ employees. By providing independent advisory services, plan sponsors can fulfill their fiduciary responsibilities and manage exposure to risk and liability.

Fiduciary protections

We provide ERISA protections for advice and management, which means:

- Financial Engines becomes the plan fiduciary (including for company stock), limiting sponsor liability.
- Professional Management can be used as a QDIA, providing safe harbor protection—in fact, a managed account is the only named QDIA that provides fiduciary protection for management of company stock.
- Financial Engines’ reporting facilitates the plan sponsor’s responsibility for oversight of the advice provider.



We replace
employee guesswork
with confidence



We are independent



We provide
fiduciary protection

Our results speak for themselves

Financial Engines makes a difference. As America's largest independent investment advisor, we are trusted by more than 600 plan sponsors, and serve over nine million people. We know retirement Help works. In a recent study, participants who received retirement Help averaged 3.32% higher median annual returns (net of fees)⁷, as compared to those who tried to "go it alone." This could mean approximately 80% more wealth for a participant.⁸ But our results go even further:

6.2+
MILLION

Number of plan participants who have received a personalized Retirement Evaluation from Financial Engines²

38K+

Number of investment vehicles analyzed each month to help your employees retire with confidence²

\$6+
BILLION

Additional benefits (an average of \$100,000 per person) that have been found for near-retirees through our Social Security Guidance⁹

We'd love an opportunity to walk you through the Financial Engines experience and share more about the impact we have with some of the nation's largest workforces. **To learn more, please contact us at workingwithus@financialengines.com.**

Footnotes:

Investment advisory services provided by Financial Engines Advisors, L.L.C., a federally registered investment advisor and wholly owned subsidiary of Financial Engines, Inc. Services subject to definitive agreement between parties. Financial Engines does not guarantee results.

¹ For independence methodology and ranking, see InvestmentNews RIA Data Center (<http://data.investmentnews.com/ria/>).

² Data from the Financial Engines Data Warehouse, as of December 31, 2014.

³ Cerulli Associates, The Cerulli Edge—Retirement Edition, 1Q 2014; data as of December 31, 2014.

⁴ Department of Labor, EBSA, Investment Advice—Participants and Beneficiaries; Proposed Class Exemption for the Provision of Investment Advice to Participants and Beneficiaries of Self-Directed Individual Account Plans and IRAs; Proposed Rule; Notice, August 2008.

⁵ The Effects of Conflicted Investment Advice On Retirement Savings Report, February 2015.

⁶ Prudential—Employers Lose in the Shift from Defined Benefit to Defined Contribution Plans ... and How to Get it Back.

⁷ According to "Help in Defined Contribution Plans: 2006 through 2012," published by Financial Engines and Aon Hewitt, May 2014. "Help" defined as target-date funds (>95% portfolio allocation to one or two target-date funds), online advice, and managed accounts. For full report, visit www.financialengines.com.

⁸ If two participants—one using Help and one not using Help—both invest \$10,000 at age 45, assuming both participants receive the median returns identified in this report, the Help Participant could have 79% more wealth at age 65 (\$58,700) than the Non-Help Participant (\$32,800).

⁹ Data from the Financial Engines Data Warehouse, as of January 2015.