Soteria

The recordkeepers’ blueprint for building and maintaining personalized target date accounts

Soteria is the goddess of deliverance from harm

A Disruptive Innovation

Click image to read article

Image courtesy of Dr. Frank Sortino
Please watch this 10-minute video

Click on Camera
Agenda

• Marrying target date funds with managed accounts
• Serving non-defaulted participants as well as defaulted
• How Soteria works: very easy because the engine is powerful
• The best glidepath is the patented Safe Landing Glidepath (SLGP)
• 16-year performance history of the SLGP
• Be prepared for the dangers ahead
• Partners include recordkeepers, advisors, investment managers, administrators and plan sponsors. You could be a Soteria partner.
• Advantages summary
• Contact the Soteria Marketing Team
Investing is personal.

Soteria manages investment risk so you don’t have to!

“A more personalized approach can certainly take more investment but appears to be paying off.” Quote from the article shown on the right.
Soteria is the Greek goddess of deliverance from harm

Soteria
Personalized Target Date Accounts

• Recordkeeper allocates to specified month on specified risk-based target-date glidepath.

• Is it a Managed Account or a Target Date?
  Yes, and it’s a Disruptive Innovation!!
The current unravelling of target date funds has sparked a marketing blitz for the 2nd most popular QDIA. Managed Accounts place participants in models that typically rest on an age-based glidepath similar to a TDF. They also purport to gather pertinent information about participants but this is very difficult. Managed Accounts characteristically charge high fees. They are a less than optimal choice for most plan sponsors. That’s why they’re not the most popular choice.

Enter Soteria Personalized Target Date Accounts

Merging the best of both TDFs and Managed Accounts, Soteria provides sponsors and advisors the latest in the evolution of participant-centric constructed portfolios. Soteria accounts integrate anticipated participant retirement age with their level of risk tolerance. And, most importantly, all Soteria accounts utilize ‘safe’ landing, low-risk investments within the participant risk-zone.

A Recent TIAA Study reports:

Plan sponsors can better help participants by providing new customized target-date solutions.
The Great Debate

The Great Debate: Target Date Funds vs. Managed Accounts

Ron Surz shares key points from this week’s Retireholics “Tall can Talks” debate about which is the better QDIA option.

by Ron Surz · December 9, 2022 · 1 share · 2 minute read
Target Date Funds

- One-size-fits-all
- All proprietary
- High risk at target date
- Old school
- Oligopoly dominated
- Loser in 2008 and 2022
- Grouped in 10-year ranges

Soteria

- Multiple glidepaths
- Best of breed funds
- Low risk at target date
- Disruptive innovation
- Very flexible
- Winner in 2008 and 2022
- Monthly allocations
Soteria goes anywhere.

Similar systems stay with their providers. They prove that recordkeepers CAN support.

Empower’s GoalMaker:
://hcsc.retirepru.com/_assets/docs/goalmaker-brochure.pdf

Lincoln Financial’s YourPath:
How Soteria Serves Both Defaulted and Non-defaulted Participants
Glidepaths for Personalized Target Date Accounts

Recommended Default: QDIA And Self Directed

Defensive

Core

Self Directed

Aggressive

Self Directed

Plan Sponsor Chooses the QDIA
Participant Decisions

Defaulted: QDIA
- No Decisions
- No Guidance

Non-Defaulted: Self-directed
- Allocations to Low-Middle-High Risk
- Education provided by platform
How Soteria Works

A computer program for recordkeepers
Putting Participant Decisions Into Action

Participant Decisions:
- Risk
- Target Date

Investments:
- Equities
- Bonds
- Cash

Soteria Glidepaths

Recordkeeper

Participant Investment Elections

Investment Advisor (3(38))

Recordkeeper Trading System
Participant Decisions

Target Retirement Date

Blend of Low, Middle, High Glidepath
Investments

Use 3 Global Funds or Many Underlying Funds

Global Equity
- US Stocks
  - Mgr 1
  - Mgr 2
  - etc
- Foreign Stocks
  - Mgr 1
  - Mgr 2
  - etc
- Alternatives
  - Mgr 1
  - Mgr 2
  - etc

Global Bonds
- US Bonds
  - Pick Mgrs
- Foreign Bonds
  - Pick Mgrs

Reserve
- Cash
  - Pick Mgrs
- TIPS
  - Pick Mgrs
Daily Overnight Batch Processing

Run Soteria daily for all Soteria participants who

• Have made changes that day to their asset amount, risk or target date.

• Have a birthday on that day. Send a greeting card advising of risk adjustment. And encourage savings.

Also, run for all Soteria participants when investment manager requests. (For example, when changes are made to investments).
Performance Reporting: Tracker Accounts Update every June 30

### 18 Tracker Accounts (Birth years)

<table>
<thead>
<tr>
<th>Target Dates</th>
<th>2010</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
<th>2060</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core: Moderate Risk</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Aggressive: High Risk</td>
<td>13</td>
<td>14</td>
<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
</tr>
</tbody>
</table>

Copy Tracker fund performance into Yellow shaded area.
Post Index results into Blue area.
The Morningstar and S&P TDF indexes are popular.

---

### Soteria Accounts for (Insert Time Period)

- **Conservative**: 1.08, 3.54, 4.55, 5.09, 5.70, 5.70
- **Core**: 2.43, 4.23, 4.81, 5.39, 6.00, 6.00
- **Aggressive**: 3.37, 4.55, 5.09, 5.70, 6.14, 6.14
- **Index**: 2.78, 4.07, 5.52, 6.24, 6.32, 6.32
Patented Safe Landing Glidepath

A target-date fund that fails to protect account value as the target date approaches has failed in its primary task. Professor Craig Israelsen
Patented Safe Landing Glidepath

The "Capital Market Line." Dr. William F. Sharpe won a Nobel Prize for it.

Liability Driven Investing (LDI) guides the allocation along the line. "Liability" is current account balance. Lose no $.

The Risky Portfolio is extremely well-diversified: World Portfolio moves Efficient Frontier up & to the left. Dr. Harry Markowitz won the Nobel Prize for the Efficient Frontier.

US Stocks & Bonds

Return

Higher Return, Less Risk

Risk

65

55

60

50
Whose Objectives Should be Served?
Who is the “Client”?

The best fiduciary protection is beneficiary protection.
It’s all about the glidepath: Choose Safe U-shaped

3 Glide Paths: To, Through and U
2 Groups: Risky and Safe

U is good To and Through

85% Risky at the Target Date is Excessive Risk
Self-directed Soteria Accounts Choose Their Glidepath (Or Blend) and Their Time to Retirement

Note that the Conservative path is always lower risk (safer) than the Industry.
January 23, 2023
By Gregg Greenberg

New software aims to reduce risk in target-date funds.

New Disruptive Innovation Replaces Target Date Funds - Managed Accounts in 401(k) Plans

Press Release

Published: Jan. 22, 2023 at 10:11 p.m. ET

The MarketWatch News Department was not involved in the creation of this content.

Jan 22, 2023 (IssueWire via Comtex) -- San Clemente, California Jan 22, 2023 (Issuewire.com) -- Ronald Surz, President of Target Date Solutions, announces the release of Soteria software that facilitates personalized target date accounts by blending patented safe-landing target date glide paths with the personalization of managed accounts. Target date funds (TDFs) are the most popular...
Read the section on “Target Date Accounts.”

Soteria personalized target date accounts are the next generation of Qualified Default Investment Alternative (QDIA), and Soteria also serves self-directed participants.
"Elucidations" Message:
A Good Heart but an Empty Head is NOT Alright

Fiduciaries must understand and vet their target date funds.

At $3.5+ trillion, TDF assets are almost half of 401(k) assets. And 37 million TDF participants are 60% of total participants.

Most don’t know what they don’t know, but they think they know. The fact is most TDFs are way too risky at their target date.

Now You Know
The Future of Qualified Default Investment Alternatives (QDIAs)

Join us for a lively discussion on the future of retirement investing, blending the best of target date funds with the personalization of managed accounts. You need to know about Soteria.

The Dawning of the Age of Soteria

Click image to register

Complimentary Webinar @Noon EST on 2/15/23
The SMART Target Date Fund Index was launched in 2008 as a suite of 20 collective investment funds (CIFs) on Hand Benefits & Trust, a BPAS company: 5 dates & 4 share classes. SMART follows the patented Safe Landing Glidepath, the same path followed by Soteria. SMART defended in 2008, 2011, 2018, Q1 2020 and 2022: in every stock market decline.

The Federal Thrift Savings Plan (TSP), the largest savings plan in the world, is also very safe at the target date, with 70% in the government guaranteed G Fund.
Two Standards

Risky (Industry)

Safe (SMART, TSP & OPEIU)

Vanguard®

A Through Fund

U-shaped
Tracks the patented Safe Landing Glide Path

There were no lawsuits in 2008 because Vanguard was the accepted standard, & it lost 30%
Return and Risk for 16 Years Ending December 2022

Sources: Dow Jones S&P and Target Date Solutions

Industry is the S&P Target Date Index, a composite of most TDF mutual funds
SMART is the live track record of SMART CITs for 2008-2021.
2007 SMART return is backtested. 2022 is a paper portfolio used to maintain the SMART index.
Total History: Growth of $10,000 from 2007 thru 2022

Winning by not losing

2010 Funds

2050 Funds

Sources: Dow Jones S&P and Target Date Solutions
Target Date Fund Returns in 2022
Surveys say a 10% loss near retirement is excessive

<table>
<thead>
<tr>
<th>Year</th>
<th>SMART</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Today</td>
<td>-2.49%</td>
<td>-11.54%</td>
</tr>
<tr>
<td>2020</td>
<td>-2.47%</td>
<td>-12.82%</td>
</tr>
<tr>
<td>2030</td>
<td>-10.73%</td>
<td>-14.12%</td>
</tr>
<tr>
<td>2040</td>
<td>-15.35%</td>
<td>-15.57%</td>
</tr>
<tr>
<td>2050</td>
<td>-15.12%</td>
<td>-16.03%</td>
</tr>
<tr>
<td>2060</td>
<td>-16.23%</td>
<td>-16.03%</td>
</tr>
</tbody>
</table>
INFLATION
BURSTING SUPERBUBBLES
RISING INTEREST RATES
WAR
## Everyone Benefits

**Benefits for:**
- Participants
- Recordkeepers
- Advisors
- Plan Sponsors
- Investment Managers

### Partner | Reason
--- | ---
Recordkeepers | Replace Target Date Funds & Managed Accounts
Money Managers | Market 3 “Anchor” funds: Equities, Bonds, Cash
Administrators | Partner with recordkeeper and advisors
Advisors | Advanced custom TDFs using patented glidepaths
PEPs | Best managed accounts
Our Partnership

Target
Date
Solutions

You

Soteria
Marketing
Group
Examples of 3 Anchor Funds: Global Equities, Global Bonds, Reserve (Low Risk)

Soteria investment managers will have custom sites made for your employees to guide them to the right allocation to meet their goals.
A Dozen Benefits

1. Broad Flexibility
2. Monthly allocations remove the 5- or 10-year cohort limitation. Very precise.
3. The patented Safe Landing Glide Path actually manages Sequence of Return Risk.
4. Non-defaulted participants can move to any risk level anytime.
5. Any retirement date can be specified and changed anytime.
6. Limits risk preference with risk capacity in the Risk Zone.
7. All-in Soteria fee is under 20 bps: less than half the average TDF’s 40 bps and Managed Account’s 50 bps.
8. Participants receive a birthday wish informing them that their risk has been reduced. Good time to encourage savings.
11. Solves the one-size-fits-all problem
12. Easy to use

The best fiduciary protection is participant protection.
**What is Soteria**
*(Click Image Below for 2-minute Video)*

<table>
<thead>
<tr>
<th>A powerful recordkeeper engine for building and maintaining personalized target date accounts.</th>
<th>Software that actually manages Sequence of Return Risk (something most target date funds don’t do)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A marriage of</strong> Managed Accounts with Target Date Funds</td>
<td><strong>A solution to</strong> the one-size-fits-all problem in TDFs</td>
</tr>
<tr>
<td>A partnership with recordkeepers, money managers, consultants, administrators and Pooled Employer Plans (PEPs)</td>
<td><strong>A terrific choice</strong> for self-directed participants. A third of the assets in TDFs are from self-directed participants, who need choices of glidepaths</td>
</tr>
<tr>
<td>A disruptive innovation</td>
<td></td>
</tr>
</tbody>
</table>
Soteria
Personalized Target Date Accounts
distributed thru
Soteria Management Group

Contact:
Robb Smith
robbsmith.soteria@outlook.com

https://calendly.com/robbsmith-soteria/15min