

HEALTH WEALTH CAREER

# DEFINED CONTRIBUTION DELEGATED SOLUTIONS

MAKE TOMORROW, TODAY

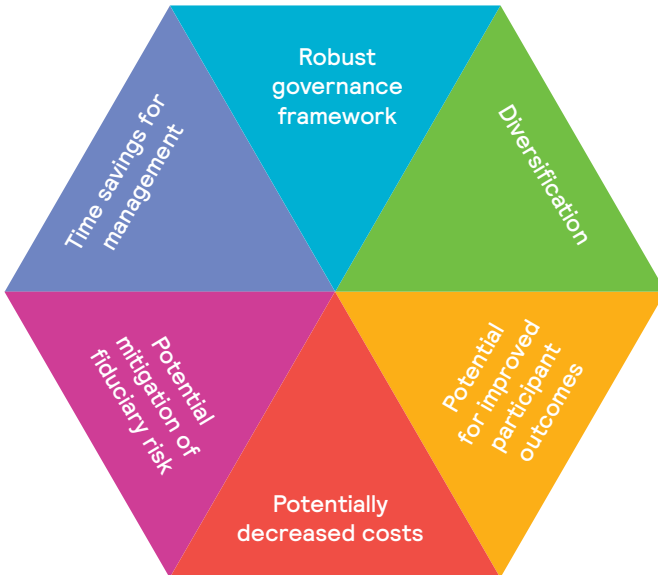


# MERCER CAN HELP YOU INVEST YOUR TIME WISELY ...

The governance of a defined contribution (DC) plan has taken on greater significance as plan sponsors work toward securing appropriate retirement outcomes for participants. Mercer understands that some plan sponsors may have limited time and resources to keep up with the demands and challenges of a complex marketplace, stay abreast of investments trends, manage
























regulatory filings and administrative burdens, and respond to heightened scrutiny by participants, among other responsibilities. With the delegated solution, plan sponsors are able to mitigate fiduciary risk and have more time to focus on strategic issues by allowing Mercer to take care of the implementation.

## ... AND REAP THE BENEFITS



# CHOOSE THE RIGHT GOVERNANCE STRUCTURE FOR YOUR DC PLAN

In a delegated approach, a third party – such as Mercer – acts as a fiduciary and investment manager as defined by ERISA 3(38). Plan fiduciaries delegate or share responsibility for selection, termination and monitoring of fund managers and strategies, and may also participate in portfolio construction and asset allocation within custom funds. Additional vendor oversight, operational and implementation support may also be provided to sponsors.

	3(21) Responsibilities	Delegated DC Solutions	
	CLIENT	CLIENT	MERCER
<b>STRATEGY</b>			
Define objectives/plan design			
Set policies (IPS fees)			
Define investment structure			
<b>IMPLEMENTATION</b>			
Manager selection			
Manager termination			
Coordination of manager and RK transition			
Contract and fee negotiation			
Liquidity management/rebalancing			
<b>EVALUATION</b>			
Performance monitoring			
Manager and recordkeeper monitoring			
Compliance oversight			

# CASE IN POINT



## CLIENT SITUATION

- ABC was an advisory client with \$2.8 billion in 401(k) assets
- Client was facing internal pressure to reduce costs in all business areas
- 401(k) plan had 21 investment options with style-specific equity as well as specialty offerings
- Desire to lower risk to the organization by employing a more comprehensive governance model
- Considered outsourcing to be more proactive with DC strategy, shedding more of the fiduciary burden and reducing fees



## MERCER SOLUTION

- Mercer has discretion for manager selection, monitoring and termination for the 401(k) plan
- Implemented a streamlined line-up, including a white-labeled approach for all investment options
- Reduced investment management and operating fees by \$2.1 million per annum, resulting in \$1.5 million net savings
- Enhanced governance structure/support

WE BRING OUR RICH HERITAGE IN  
CONSULTING, RESEARCH AND IMPLEMENTATION  
TO BEAR WHEN WORKING FOR YOU.

The case study is an illustration of Mercer's capabilities provided to one client. Client results will vary, and there can be no guarantee of similar results.

# MERCER AND ITS GLOBAL AFFILIATES HAVE SIGNIFICANT EXPERTISE AND SCALE

**\$10.1 TN**

in global assets  
under advisement<sup>1</sup>

**120+**

manager  
research staff

**660+**

investment  
retainer DC clients

**40+**

years of working  
with DC plans

**OVER \$157 BN**

in delegated DC assets under management  
in global assets under management<sup>2</sup>

Mercer has consulted to DC plan sponsors on strategy, design, structure, investment manager research, benchmarking and implementation. We have the expertise, experience and resources to provide you the solutions that fit your needs.

## Investment expertise

Disciplined decision-making based on investment policy and agreed-upon portfolio structure.

## Comprehensive outsourcing

Expanded delegation to include committee support, vendor management and regulatory oversight.

## Investment buying power

Potentially lower investment fees through access to Mercer's negotiated investment relationships.

## Customized solution

Opportunity to leverage existing investment relationships to create customized institutional

investment vehicles or to receive direct access to Mercer multi-manager funds.

## Portfolio execution

Dedicated portfolio managers, operations and service team.

The information above is as of September 30, 2016, and includes worldwide personnel, assets under management and assets under advisement across Mercer's Investment Consulting business and Fiduciary Management business. Please see Important Notices for further information on assets under advisement.

<sup>1</sup> Pensions & Investments. Pensions & Investments Survey, 30 September 2016.

<sup>2</sup> Chief Investment Officer. "2017 Outsourced-Chief Investment Officer Buyer's Guide," available at [www.ai-cio.com/2017-Outsourced-Chief-Investment-Officer-Buyers-Guide](http://www.ai-cio.com/2017-Outsourced-Chief-Investment-Officer-Buyers-Guide); Mercer assets-under-management data as of 30 September 2016.

# OUR DELEGATED SERVICES INCLUDE:

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- Investment policy review and design
- Custom target-date fund construction-asset allocation and glide path management
- Investment structure review
- Investment manager/fund option selection, termination and transition
- Performance evaluation and risk monitoring
- Custom white-label multimanager fund option construction and monitoring
- Participant demographic analysis
- Stable value selection, management and contract evaluation
- Governance accountability review and documentation
- Plan design and benefit adequacy consulting
- Committee services — setting agenda content and recording minutes
- Regulatory environment updates
- Recordkeeping/administration oversight, including fee benchmarking
- Third-party investment advisory services provider oversight
- Compliance services
- Access to Financial Wellness Solution

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Available Mercer multi-manager funds include:

- Diversified Bond Fund
- Large Cap Stock Fund
- Small/Mid Cap Stock Fund
- International Stock Fund

To find out more about how Mercer can help, contact:

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