There's no such thing as typical.

Recognizing differences in order to build better retirement solutions.

By considering the needs of the participant first—both as part of a particular group of employees and also as individuals—retirement solutions can foster deeper engagement, a more holistic understanding of retirement readiness, and outcomes better matched to participant goals.

Let's try a little experiment. If you asked the participants in one of your client's retirement plans the following questions, how might they answer?

How would you describe your retirement plan?

This one's easy, and the answers would probably be pretty consistent. A practical participant might simply answer "an easy way to save for the future." A cautious participant might view it as "my peace of mind." For the romantics out there, perhaps "a way to realize my dreams."

But now, let's turn that around.

How would your retirement plan describe you?

This one's harder, and the most common reply might be a blank look. Because it's likely no one has thought to ask the question. If they have a typical plan and thought about it for while, they might say "an age," or "a retirement date." Or maybe just "an allocation."

A better answer, of course, would be "an individual." But among participants in some of today's most popular defined contribution retirement solutions, that response would probably be rare.

*Most retirement investment solutions are about **average** and **typical**. We think they should be about **unique** and **personal**.*

The limits of one-size-fits-all

While some retirement solutions use deep analysis of market data and demographic research to try to match strategies to a wide range of participants, this sophistication can't overcome a simple and obvious fact: no two plan participants are alike—even if they are the same age, have the same job, and live in the same town. One may be a homeowner with equity, the other a renter. One might be married with children, the other single and taking care of aging parents. One may be a risk taker, the other naturally cautious. But despite these differences, many retirement solutions, including target-date funds (TDFs), often treat them as if they have the same attitudes, needs, and goals.

"One way target-date funds help investors is by doing the heavy lifting," says Brad Thompson, Chief Investment Officer at Stadion. "You don't have to create and manage a diversified portfolio, and TDFs automatically reallocate to manage market risk over time. Most investors can't do that on their own by mixing funds from a menu.

"But the typical off-the-shelf TDF also has limitations that can make it a less than optimal choice for many investors. They only consider one factor: your time horizon to a pre-determined retirement date. And the portfolio and glide path you get are based on generalized assumptions about what's appropriate for someone in your age range. If you don't fit those assumptions, you might not be getting the investment you need or want."

Putting the participant at the center of the equation.

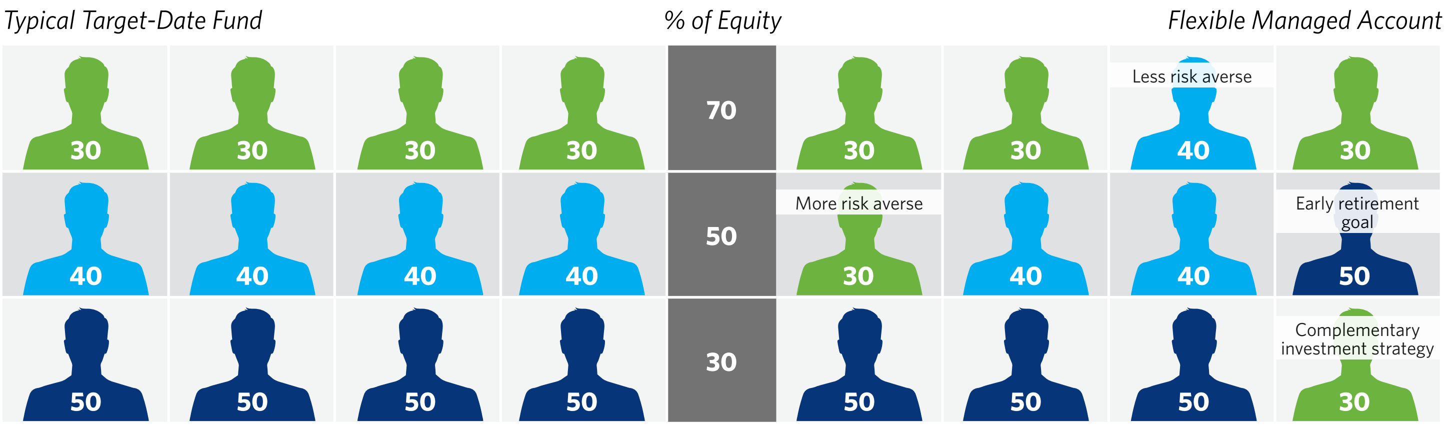
Typical TDFs take stock of where investors are now and set them on a fixed path toward a generic goal. At Stadion, we think a better approach starts with a specific idea of where plan participants want to be when they retire, and a strategy designed to give them a more flexible way to get there.

To do this, retirement solutions need to be able to weigh individual objectives, situations, and preferences as well as how all of these factors may change over time—differences that a one-dimensional solution, like a fixed-path TDF, can't account for.

"One way plan sponsors can offer participants a more personal and flexible defined contribution solution is through managed accounts," says Tim McCabe, Senior Vice President and National Sales Director at Stadion. "Managed accounts aren't just an investment product, like a target-date fund. They're a service, and that means they can provide advice in addition to active, professional investment management."

Age is just one factor

The one-size-fits-all approach of a typical off-the-shelf TDF can't adapt to differences in participants' personal preferences, expectations, and goals. A managed account can be designed to provide the flexibility needed to create investment paths tailored to individual objectives by factoring in a more holistic picture of a participant's unique situation.



This illustration is a hypothetical example and not representative of any actual or offered target-date fund or managed account service.

The advice component of a managed account retirement solution can be delivered one-to-one, but often it's provided using online tools that let participants explore how different savings rates, retirement dates, risk preferences, and allocation strategies can affect their retirement readiness. These types of tools can be designed to encourage participants to stay engaged with their plan, and check in with their strategy over time as their needs and goals evolve.

"There are multiple elements that investors need to balance when they are trying to optimize their retirement savings," adds McCabe. "A TDF advises them on just one: the selection of an investment strategy. Managed accounts can provide personalized advice on other important factors, like contribution rates, risk preferences, time horizons, and holistic portfolio management."

Managed accounts can offer both a more complete and more individualized retirement investment package.

For plan participants, we believe finding and implementing an appropriate investment strategy can mean the difference between meeting their retirement goals or not. For plan sponsors, offering a more participant-focused solution can provide alternative ways to manage and meet their plan responsibilities. For plans that offer a Qualified Default Investment Alternative (QDIA), providing a managed account service as the default option provides enhanced fiduciary protections compared to offering a mutual fund as the default.[1]

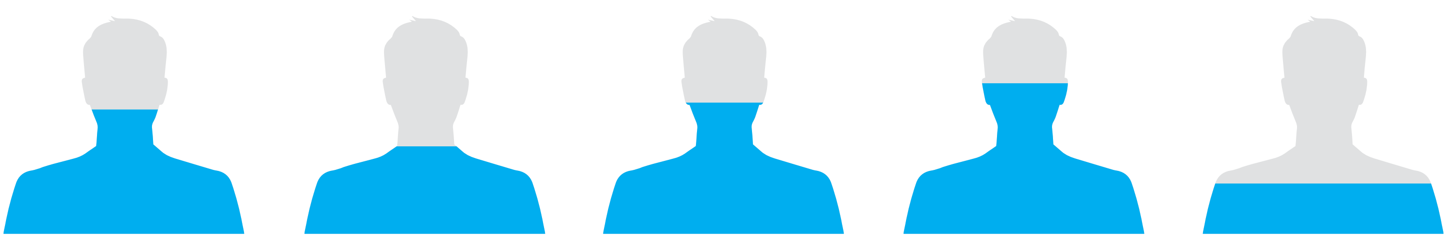
The unique challenges of engaging younger workers.

We believe the type of interactive engagement and advice that managed account providers can offer is well suited to younger investors, which have traditionally been a challenging group to reach about retirement saving and readiness.

"We think all retirement investors deserve something better than off-the-shelf strategies," says Jud Doherty, President and CEO of Stadion. "But we believe that younger workers in particular could benefit from more tailored solutions. They are dealing with bigger economic and market challenges than our generation or our parent's generation. They need savings solutions built for today."

This daunting environment seems to be having an effect on investment expectations and behavior. A 2016 Franklin Templeton retirement readiness survey found that only half of Gen Xers were confident that their retirement savings were going to be adequate, and that a significant percentage of Millennials reported that they had no retirement savings strategy at all.[2]

2016 Franklin Templeton RISE Survey[2]



51% of Gen X investors *think their retirement savings are inadequate*

40% of Millennials *have no retirement strategy*

60% of all respondents *value planning advice*

69% of Millennials *value planning advice*

Only ***23% of all respondents*** *have a financial advisor*

Whatever their level of engagement, many of them do understand the value of professional advice, even if they don't necessarily know how to seek it out. In the Franklin Templeton survey, a majority of respondents said that a financial advisor was a key part of planning for and building adequate retirement savings. That figure rose sharply when the survey focused solely on Millennials. However, less than a quarter of all survey respondents reported that they were currently working with an advisor.

"We see this as a great opportunity," continues Doherty. "Younger participants want advice, but we need to find ways to deliver it that speaks to their individual circumstances, their outlook, and the ways they access information. Then they need the flexibility to put that advice to use throughout their working lives as their perspectives and goals inevitably change.

"We think this is the sweet spot for a well designed and cost-efficient managed account solution. A compelling tool advisors can use to engage today's diverse workforce and provide plan sponsors with a flexible and scalable retirement investment alternative."

About Stadion StoryLine

StoryLine, built with SPDR® ETFs, is an advisor-sold managed account solution designed to give plan sponsors features and tools they can use to meet their plan objectives and fiduciary responsibilities, and provide resources to help keep their employees engaged and focused on improving their retirement outcomes.

StoryLine provides sponsors and their employees with a range of investment strategies that can be tailored at both the plan and individual level, with suites of actively managed, custom target-date and target-risk portfolios that use cost-efficient ETFs as underlying investments.

Plan participants can define individual investment paths using an online questionnaire that assesses their attitude toward risk, which guides Stadion's selection of an appropriate portfolio and investment path. Participants who choose to customize have access to a personalized dashboard where they can view an estimated account balance at retirement and see how changing their contribution level and adding in outside savings and assets may affect their overall retirement readiness.

Learn more at **www.stadionstoryline.com.**

About Stadion Retirement

Stadion's money managers actively manage the 401(k) accounts for more than 85,000 individuals, making disciplined investment decisions based on what's happening in the market. Our proprietary approach is designed to deliver satisfying returns while aiming to minimize losses—with the goal of helping employees prepare financially for retirement.

1 Under ERISA rules, plan sponsors who appoint an investment manager are relieved from liability for "acts or omissions" by the investment manager. In contrast, plan sponsors that use a default investment fund have more limited fiduciary protection.

2 The 2016 Franklin Templeton Retirement Income Strategies and Expectations (RISE) survey questioned 2,019 adults 18 years of age or older.
https://www.franklintempleton.com/en-us-retail/investor/approach/firm/press-article.page?DocID=in2z8vd0

SPDR® is a registered trademark of Standard & Poor's Financial Services LLC (S&P) and has been licensed for use by State Street Corporation. State Street Corporation's financial products are not sponsored, endorsed, sold or promoted by S&P, S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their respective affiliates and third party licensors and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability in relation thereto, including for any errors, omissions, or interruptions of any index.

The SPDR® S&P 500® ETF, SPDR® S&P MIDCAP 400® ETF, SPDR® Dow Jones® Industrial Average ETF are exchange traded funds with the investment objective to correspond to the price and yield performance of the S&P 500® Index, S&P® MidCap 400® Index™, and Dow Jones Industrial Average℠. The shares of the SPDR® S&P 500® ETF, SPDR® S&P MIDCAP 400® ETF, SPDR® Dow Jones® Industrial Average ETF represent individual ownership interest in the Trust's portfolio.

StoryLine is a marketing term associated with investment advisory services and products provided by Stadion Money Management, LLC. Certain of the StoryLine accounts and funds utilize exchange-traded funds, that bear the SPDR® trademark to implement Stadion's investment strategy. Stadion receives both an annual payment and reimbursement for certain marketing and other assistance in connection with the StoryLine Accounts from State Street Global Advisors and its affiliates in connection with Stadion's use of SPDR® ETFs in the StoryLine Accounts. StoryLine is not managed, sponsored or endorsed by State Street Global Advisors or its affiliates and is not guaranteed by Stadion or its affiliates or by State Street Global Advisors or its affiliates. No party makes any representation or warranty, express or implied, regarding the advisability of investing in the StoryLine Accounts, including "StoryLine. Built with SPDR® ETFs." State Street Global Advisors has no obligations to take into consideration the StoryLine Accounts or investors in the StoryLine Accounts when managing or creating SPDR® ETFs. Standard & Poor's®, S&P®, S&P 500®, Standard & Poor's 500, 500, Standard & Poor's Depositary Receipts, and SPDRs® are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by State Street Global Markets, LLC.

stadion

Stadion Money Management
1061 Cliff Dawson Road
Watkinsville, GA 30677
tel 1.800.222.7636
www.stadionmoney.com

SMM-052016-321