

# 401K & PENSION PLANS

2021-1



## Confident in our process & plans

We guarantee that if you are not completely satisfied with your plan, we will do everything in our power to correct it to your satisfaction. If that fails, then we will give you a 100% refund of the current quarterly fee due and proactively help you to transition to your new retirement plan.\*

\*Applies to the whole first year of plan installation and operation.

Thank you very much for your interest and taking the time to learn more about rebel Financial.

We are a company founded on the values of honesty, integrity, and fidelity. Above all, we started rebel Financial to serve others. Towards that goal, we prioritize our responsibilities:

- Clients.
- Employees.
- Charitable/Societal giving.
- Shareholders/Profits last.

We proudly represent the interests of our non-owner stakeholders above all others because we firmly believe that we earn the right to be successful because we work very hard to make others successful first.

I truly hope that we may have the honor to serve you and your employees towards greater success.

Sincerely,



W Phil Ratcliff, President



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# BUILDING A BETTER FINANCIAL FUTURE

ONE PLAN AT A TIME

## PROFESSIONAL EXCELLENCE

Our financial advisors are Certified Financial Planners (CFPs) who have at least a BA/BS and we require at least 60 hours of continuing education per year.

## TRANSPARENT PRICING

We are open and transparent in our pricing. We strive to make our process easy to understand so that you and your employees can evaluate the true value we deliver.

## CUTTING EDGE TECHNOLOGY

As a smaller company, freed from the bureaucratic gridlock of most large institutions, we implement the newest technology years before most of our competitors to build your plan with the best available tools.

## OPTIONAL MANAGED PORTFOLIOS

We offer managed portfolios specific to your plan in which we pick the investments for your employees. These are different than "allocation" or "target-date" funds that many providers offer in their current plans. This is one of the largest investments in our plan to help participants avoid the "under-performance reality".

## FEE-ONLY & A FIDUCIARY

Fee-only means that we only accept compensation from our clients and do not accept compensation or "kick-backs" from third parties. As a fiduciary, we always represent our clients' best interests first.

## FREEDOM

As with everything else we do as a firm, we do not lock our clients into restrictive contract terms and work only contingent upon your complete satisfaction. You may terminate at any time with no termination charge from rebel Financial.

## FAST PLAN DESIGN & DELIVERY

We don't just use the best technology to build your plan but also to streamline our entire business. Your entire engagement with rebel Financial will be executed quickly and efficiently so that you can benefit from our advice as quickly as possible.

## A SMALL COMPANY DEDICATED TO YOUR SUCCESS

We don't just build plans and maximize profits like most of our competitors in our industry. We are committed to good retirement outcomes for you and your employees.

# THE "UNDER-PERFORMANCE REALITY"

AND WHAT WE CAN DO ABOUT IT

As you can see below, the average investor performs very poorly versus the market averages in almost every time frame. In fact, in study after study, the average investor under-performs the markets by 4-7% per year. Underperforming by this margin is catastrophic to long-term accumulation and could very well threaten one's retirement or other financial goals.

Investor Returns*						
	Equity Fund	Asset Allocation Funds	Fixed Income Funds	Inflation	S&P 500	Barclays Aggregate Bond Index
30 Year	5.04	2.29	0.38	2.40	9.96	5.91
20 Year	4.25	2.54	0.47	2.14	6.06	5.03
10 Year	9.43	4.79	0.63	1.75	13.56	3.75
5 Year	7.79	2.88	.35	1.82	11.70	3.05
3 Year	11.50	5.91	1.08	2.10	15.27	4.03
12 Months	26.14	15.36	4.62	2.29	31.49	8.72

\* Data from the 2020 DALBAR "Quantitative Analysis of Investor Behavior" report, 31 December 2019.

Average equity investor, average bond investor and average asset allocation investor performance results are calculated using data supplied by the Investment Company Institute. Investor returns are represented by the change in total mutual fund assets after excluding sales, redemptions and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses and any other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: Total investor return rate and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions and exchanges for each period.



# EXPAND YOUR FINANCIAL FUTURE

Recent Vanguard research<sup>1</sup> shows that your advisor not only adds peace of mind, but also may add about 3 percentage points of value in net portfolio returns over time.

- What does this mean? Your advisor has the ability and the time to evaluate your portfolio investments, meet with you to discuss objectives, and help get you through tough markets. All of these factored together potentially add value to your net returns (returns after taxes and fees) over time.
- With portfolio construction, your advisor can work with you to create a diversified portfolio, while ensuring you don't pay too much for investments or in taxes on investment returns.
- Wealth management entails making regular changes to your portfolio to help reduce risk, and when you're ready to withdraw, you can do it in such a way to help limit the taxes you'll pay.

## QUANTIFYING YOUR ADVISORS VALUE

### Portfolio construction

Suitable asset allocation using broadly diversified mutual funds/ETFs----->0%  
Use of low-cost index-based products -----0.45%  
Asset location between taxable and tax-advantaged accounts-----0-0.75%  
Total-return versus income investing----->0%

### Wealth Management:

Regular rebalancing-----0.35%  
Spending strategy for draw downs-----0-0.7%

### Behavioral Coaching

Advisor guidance to help adhere to financial plan-----1.5%

Potential Value Added-----About 3%  
Potential value relative to "average" client experience (in percentage of net return)

# MEETING YOUR FINANCIAL NEEDS

This research is not an exact science. "About 3%" means advisors can potentially add about 3 percentage points to your portfolio returns over time. This is in comparison with those advisors who are not practicing the above-mentioned principles. For some, advisors may offer much more than that in added value; for others, less. The potential 3 percentage points of return come after taxes and fees. This return is not added over a specific time frame but can vary each year and according to your circumstances. It can be added quickly and dramatically, especially during market declines or euphoria, when you may be tempted to abandon your well-thought-out investment plan. It may be added slowly. It will not appear on the quarterly statement but is real nonetheless.

Further, although every advisor has the ability to add this value, the extent of the value will vary based on your unique situation and the way the assets are actually managed, versus how they could have been managed. Advisor's alpha principles call for advisors to meet your individual needs.

## GUIDANCE WHEN NEEDED MOST

- The biggest value your advisor can provide is behavioral coaching.
- This is most important during market turbulence, when you may feel the need to abandon your asset allocation and move to cash, for example.
- Consider three hypothetical investors during the period between October 9, 2007, and March 31, 2014, each starting the period with a balanced \$100,000 portfolio. The investor who moved this balance to cash at the 2009 stock market bottom lost \$29,000. The investor who moved to an all-bond position at the stock market bottom lost \$10,000. But the investor who stayed committed to the predetermined asset allocation, in the end, gained \$41,000.
- To sum up, your financial advisor is there to counsel you, listen to your concerns, and, essentially, guide you on the right path. Your advisor works with you to add value throughout the course of your relationship.

Source: Francis M. Kinniry Jr., Colleen M. Jaconetti, Michael A. DiJoseph, and Yan Zilbering, 2014. Putting a value on your value: Quantifying Vanguard Advisor's Alpha. Valley Forge, Pa.: The Vanguard Group.

Note: For "Potential value added," we did not sum the values because there can be interactions between the strategies.

# CURRENT rF & EPIC 401K LINE-UP

ONE PLAN AT A TIME

Fund Name	Fund Ticker Symbol	Asset Class
1 rF Moderate Model Portfolio	N/A	rF Managed portfolio
2 rF Aggressive Model Portfolio	N/A	rF Managed portfolio
3 rF Moderately Aggressive Model Portfolio	N/A	rF Managed portfolio
4 rF Moderately Conservative Model Portfolio	N/A	rF Managed portfolio
5 rF Conservative Model Portfolio	N/A	rF Managed portfolio
6 American Funds Trgt Date Series	Ask For Tickers	Target Date/Allocation
7 TIAA-CREF Large-Cap Value Idx Retire	TRCVX	US Large Value
8 Vanguard Equity-Income Adm	VEIRX	US Growth & Income
9 Dodge & Cox Stock	DODGX	US Large Blend
10 Franklin Growth Adv	FCGAX	US Large Growth
11 TIAA-CREF Mid-Cap Value Retire	TRVRX	US Mid Value
12 Vanguard Mid-Cap Growth Index Admiral	VMGMX	US Mid Growth
13 DFA US Small Cap Value I	DFSVX	US Small Value
14 Vanguard Small Cap Growth Index Admiral	VSGAX	US Small Growth
15 American Beacon Intl Equity Instl	AAIEX	Developed International Value
16 DFA International Large Cap Growth Instl	DILRX	Developed International Growth
17 DFA Emerging Markets Core Equity I	DFCEX	Emerging Markets Large Cap
18 DFA Emerging Markets Small Cap I	DEMSX	Emerging Markets Small Cap
19 Morgan Stanley Inst Frontier Em Mkts I	MFMIX	Frontier Emerging Markets
20 PIMCO Long Duration Total Return P	PLRPX	US Investment Grade Long-Term Bond
21 PIMCO Total Return P	PTTPX	US Invest. Grade Mid-Term Bond
22 Vanguard Short-Term Bond Index Adm	VBIRX	US Investment Grade Short-Term Bond
23 PIMCO Income P	PONPX	Multi-Sector Bond
24 Templeton Global Bond R6	FBNRX	Global Bond
25 Franklin Strategic Income R6	FGKNX	Strategic Income
26 Franklin High Income Adv	FVHIX	High Yield Bond

\*Portfolios and funds listed are for informational purposes only and should not be considered a recommendation to buy or sell securities.



# rF & EPIC 401K MODEL PORTFOLIOS

rF Moderate Model Portfolio		
Fund Name	Fund Ticker Symbol	% Allocation
1 TIAA-CREF Large-Cap Value Idx Retire	TRCVX	7
2 Dodge & Cox Stock	DODGX	6
3 Franklin Growth Adv	FCGAX	7
4 Vanguard Mid-Cap Growth Index Admiral	VMGMX	6
5 DFA US Small Cap Value I	DFSVX	6
6 American Beacon Intl Equity Instl	AAIEX	5
7 DFA International Large Cap Growth Instl	DILRX	5
8 DFA Emerging Markets Core Equity I	DFCEX	4
9 DFA Emerging Markets Small Cap I	DEMSX	4
10 PIMCO Total Return P	PTTPX	15
11 Vanguard Short-Term Bond Index Adm	VBIRX	15
12 Franklin Strategic Income R6	FGKNX	20
		<b>Total= 100</b>

  

rF Aggressive Model Portfolio		
Fund Name	Fund Ticker Symbol	% Allocation
1 TIAA-CREF Large-Cap Value Idx Retire	TRCVX	13
2 Dodge & Cox Stock	DODGX	12
3 Franklin Growth Adv	FCGAX	13
4 Vanguard Mid-Cap Growth Index Admiral	VMGMX	11
5 DFA US Small Cap Value I	DFSVX	11
6 American Beacon Intl Equity Instl	AAIEX	7
7 DFA International Large Cap Growth Instl	DILRX	6
8 DFA Emerging Markets Core Equity I	DFCEX	7
9 DFA Emerging Markets Small Cap I	DEMSX	5
10 Morgan Stanley Inst Frontier Em Mkts I	MFMIX	5
11 Vanguard Short-Term Bond Index Adm	VBIRX	5
12 Franklin Strategic Income R6	FGKNX	5
		<b>Total= 100</b>

  

rF Conservative Model Portfolio		
Fund Name	Fund Ticker Symbol	% Allocation
1 TIAA-CREF Large-Cap Value Idx Retire	TRCVX	4
2 Dodge & Cox Stock	DODGX	4
3 Franklin Growth Adv	FCGAX	4
4 Vanguard Mid-Cap Growth Index Admiral	VMGMX	3
5 DFA US Small Cap Value I	DFSVX	3
6 American Beacon Intl Equity Instl	AAIEX	4
7 DFA International Large Cap Growth Instl	DILRX	4
8 DFA Emerging Markets Core Equity I	DFCEX	4
9 PIMCO Total Return P	PTTPX	20
10 Vanguard Short-Term Bond Index Adm	VBIRX	20
11 PIMCO Income P	PONPX	15
12 Franklin Strategic Income R6	FGKNX	15
		<b>Total= 100</b>

## The Cost of Being Average With Your 401(k)

**Meet Henry, Your Average 40-Year-Old Investor**

**90%** Aren't proactive with their 401(k)  
About one in 10 investors makes a change in a given year.<sup>11</sup>

**52%** Very Confused  
Fifty-two percent say 401(k) investments are more confusing than healthcare benefits.<sup>11</sup>

**5.02%** Average Return<sup>11</sup>

**6.4%** Average Contribution Rate<sup>11</sup>

**\$1,008,532** Projected 401(k) Balance At 67<sup>11</sup>

**Henry Doesn't Ask For Help**

**3%** Higher Returns  
Investors achieved 3 percent higher median annual returns, net of fees.<sup>11</sup>

**25%** More Saved Than Those Going It Alone  
Help seekers will usually save 25 percent more than the average American worker.<sup>11</sup>

**8.02%** Return Rate<sup>11</sup>

**25% More** At an 8% Contribution Rate<sup>11</sup>

**\$1,997,721** Projected 401(k) Balance At 67<sup>11</sup>

**Confused by Your 401(k)...** vs **We Want to Help!**

**SMART401K**

\*From Smart401k.com blog 2015. Footnotes available at site.smart401k.com/blog for valuable information on provided data and sources.

\*Portfolios and funds listed are for informational purposes only and should not be considered a recommendation to buy or sell securities.

## WHAT YOU PAY rF

We have very simple pricing model based on your plan's total assets. As your plan grows, we'll automatically apply discounts as you are eligible: See fee schedule on next page.

## WHAT YOU PAY THE CUSTODIAN

The custodian is the larger financial company that actually holds your retirement plan assets and executes all of our instructions and trading (i.e. TD Ameritrade, Schwab, Matrix, Fidelity, etc). This will cost 0.02-0.05% per yr.

## WHAT YOU PAY THE INVESTMENT MANAGERS

Since this is an open architecture plan, fund expenses could be anywhere in between 0.05-5% per year. However, we recommend that you only choose the most cost efficient funds for your plan. For example, if you took our current recommendation and we averaged the cost of our moderate model portfolio your net cost would be ~0.44% per year.

## WHAT YOU PAY THE TPA RECORDKEEPER

The TPA is like the accountant of your plan and the recordkeeper keeps all the details and records. We try to use firms that perform both of these duties to streamline your costs. Your TPA costs will be 0-0.1% per year of plan assets, plus \$1,000-\$10,000 per year flat fee, plus ancillary fees for one-time service items.

Our 401k plan is very efficient, especially considering that most plans under \$1,000,000 are funded through group annuity contracts costing more than 2% per year plus Third Party Administrator (TPA) costs, which raise many plans over the 3%/year threshold. It is important to note that costs can vary widely based on the plan design and size, but the following information provides a general idea:

- Your fee to rF will be 0.35-0.7% per year of plan assets (reference fee schedule below).
- TPA and Record-keeping (TPA/RK) fees will be:
  - 0-0.1% of plan assets per year.
  - \$1000-\$10,000 per year flat fee (this is where the plan design costs really show up).
  - Individual fee for service items (only when needed).
- Custodial charge of 0.02-0.04% per year (i.e. - TD Ameritrade, Schwab, Matrix, MidAtlantic Trust Co., etc).
  - We periodically shop to streamline costs and performance

### EXAMPLE 1

A Basic Safe Harbor 401k Plan with 5 participants and \$250,000 plan asset total would cost:

Employer Fees:  
 1 – TPA flat fee: ~\$1,750/yr.  
 2 – Individual fee for service items.

Employee Fees:  
 1 – 0.7% rF + 0.1% TPA + 0.04% Cust. = 0.84%  
 2 – Avg fund management fee = 0.5%  
 3 – Total ~1.34%/yr.

### EXAMPLE 2

A Safe Harbor, Profit Sharing 401k Plan with 55 participants and \$2,500,000 plan assets:

Employer Fees:  
 1 – TPA flat fee: ~\$2,000/yr.  
 2 – Individual fee for service items.

Employee Fees:  
 1 – 0.60% rF + 0.1% TPA + 0.04% Cust. = 0.74%  
 2 – Avg fund management fee = 0.5%  
 3 – Total ~1.24%/yr.



## Fee arrangement rF401k, Pension, & NQDC

Asset Base	Annual Fee
\$0.00 - 999,999.99.....	0.700%
\$1,000,000 - 1,999,999.99.....	0.650%
\$2,000,000 - 3,999,999.99.....	0.600%
\$4,000,000 - 6,999,999.99.....	0.500%
\$7,000,000 - 9,999,999.99.....	0.450%
\$10,000,000 - 24,999,999.99.....	0.400%
\$25,000,000 +.....	0.350%

rebel Financial is a Registered Investment Advisor. A more detailed description of the company, its management, and practice are contained in its "Firm Brochure" (Form ADV, Part 2A), which can be found at [www.rebelfinancial.com](http://www.rebelfinancial.com) or by calling us at 614-441-9605.

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