Russell Investments

Helping to improve DC participants’ retirement outcomes both TO and THROUGH retirement

Focus participants’ on their retirement outcome

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Important information

The Russell Adaptive Retirement Account ("ARA") does not assure a profit or protect against loss in declining markets. There is no guarantee that ARA will result in a better outcome than traditional Target Date fund investing. Please note fees will be paid directly by participants unless they opt out of the ARA program.

Russell Adaptive Retirement Accounts is a product of Russell Investment Management Company (RIMCo). The implementation of Russell Adaptive Retirement Accounts in investors' portfolios and related investment advice are provided through investment advisers and other financial intermediaries that are independent of RIMCo and its affiliates. The advice provided by RIMCo in Russell Adaptive Retirement Planner is based on asset-class level assumptions only.

The projections produced by this tool are estimated by using current capital markets assumptions and are subject to change based on market conditions. There is no guarantee that the stated projections from this tool will be achieved.

This material is for Financial Professional and Institutional Investor use only. It is not for distribution to current or potential investors.

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification does not assure a profit and does not protect against loss in declining markets.

Investing in target date strategies involves risk; principal loss is possible. The principal value of the fund is not guaranteed at any time, including the target date. The target date is the approximate date when investors plan to retire and would likely stop making new investments in the fund.

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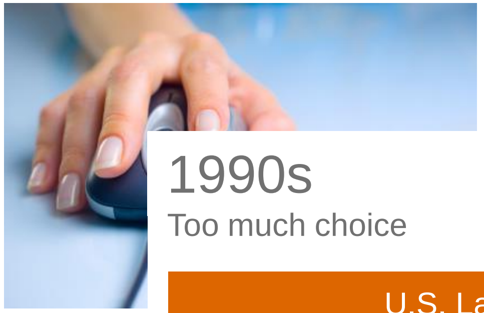
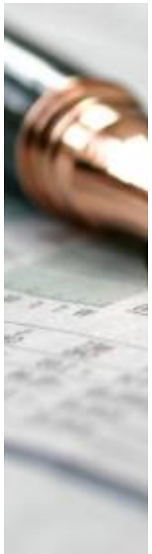
CONFERENCE MATERIAL WAS CREATED BY RUSSELL AS AN EDUCATIONAL TOOL, AND IS NOT FOR FURTHER DISTRIBUTION.

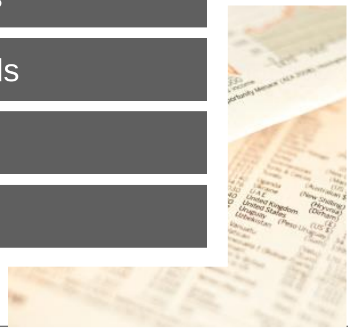
DC Menus Exploded

1980s
Not enough diversification

- Equity
- Balanced
- Fixed income





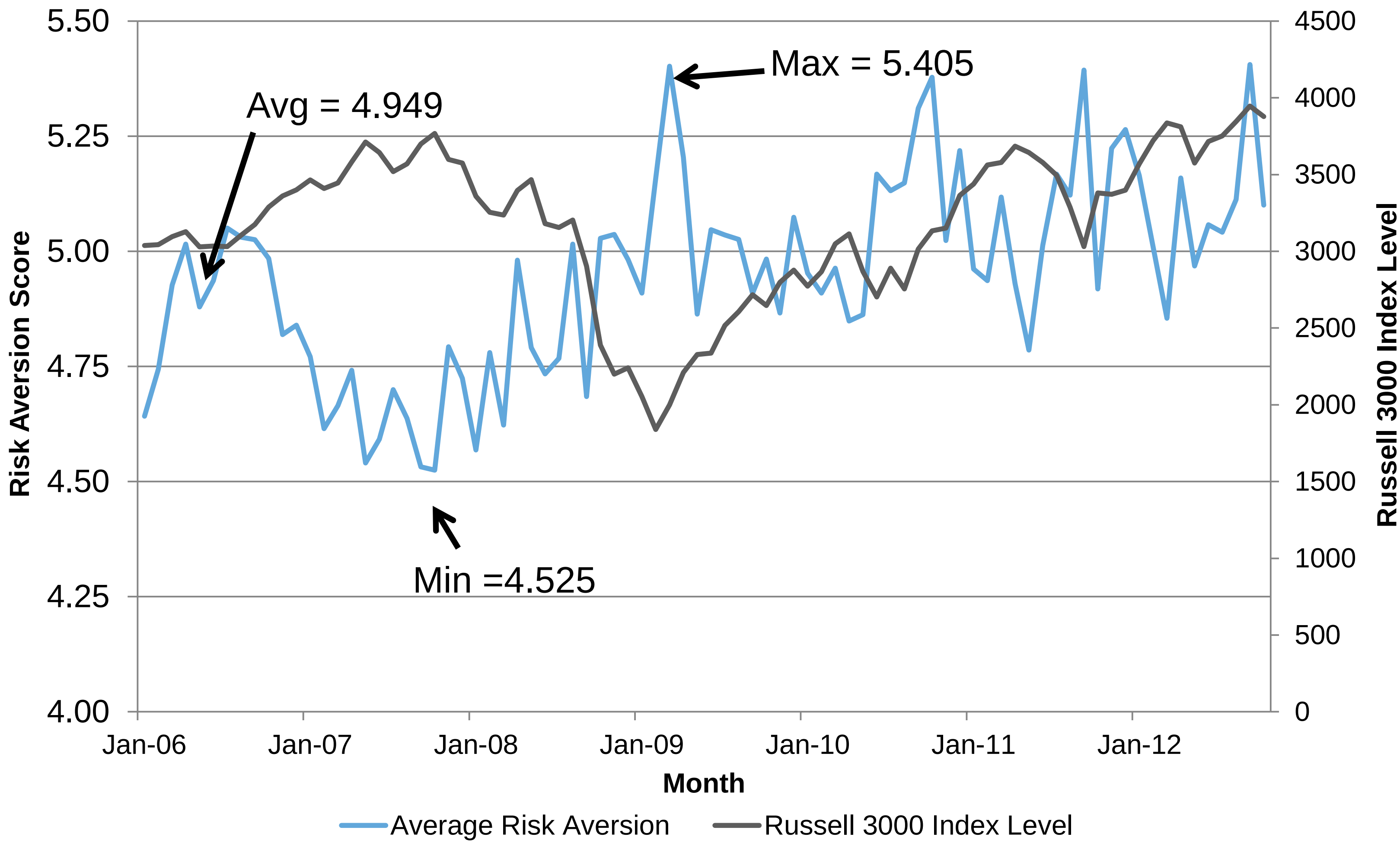



1990s
Too much choice

- U.S. Large Cap
- U.S. Mid Cap
- U.S. Small Cap
- International
- Emerging Market
- Technology
- Balanced Funds
- High Yield
- Corporate Bonds
- Government Bonds
- Stable Value
- Money Market

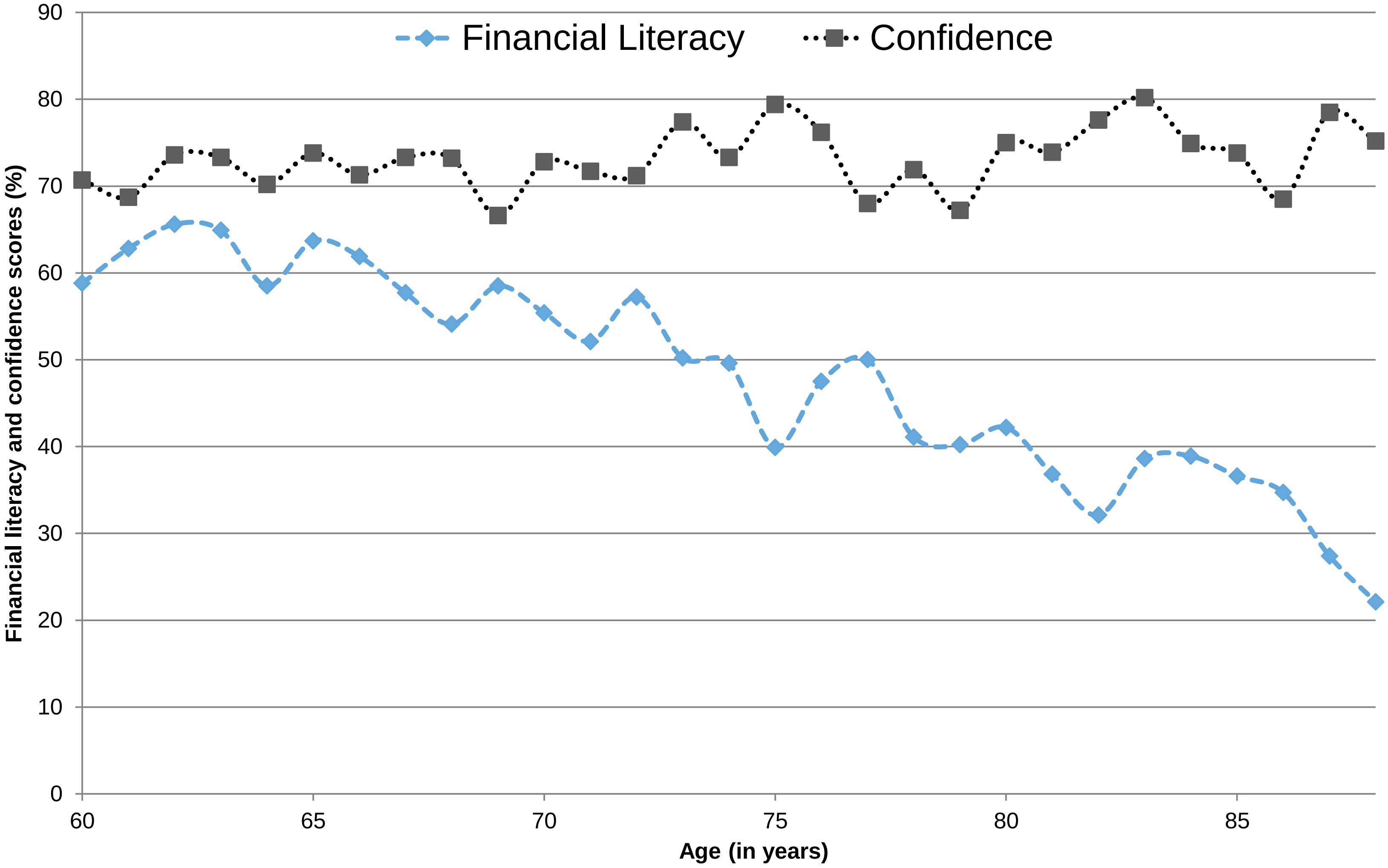
Source: Russell Investments

Participants' aversion to risk highly correlated to market activity



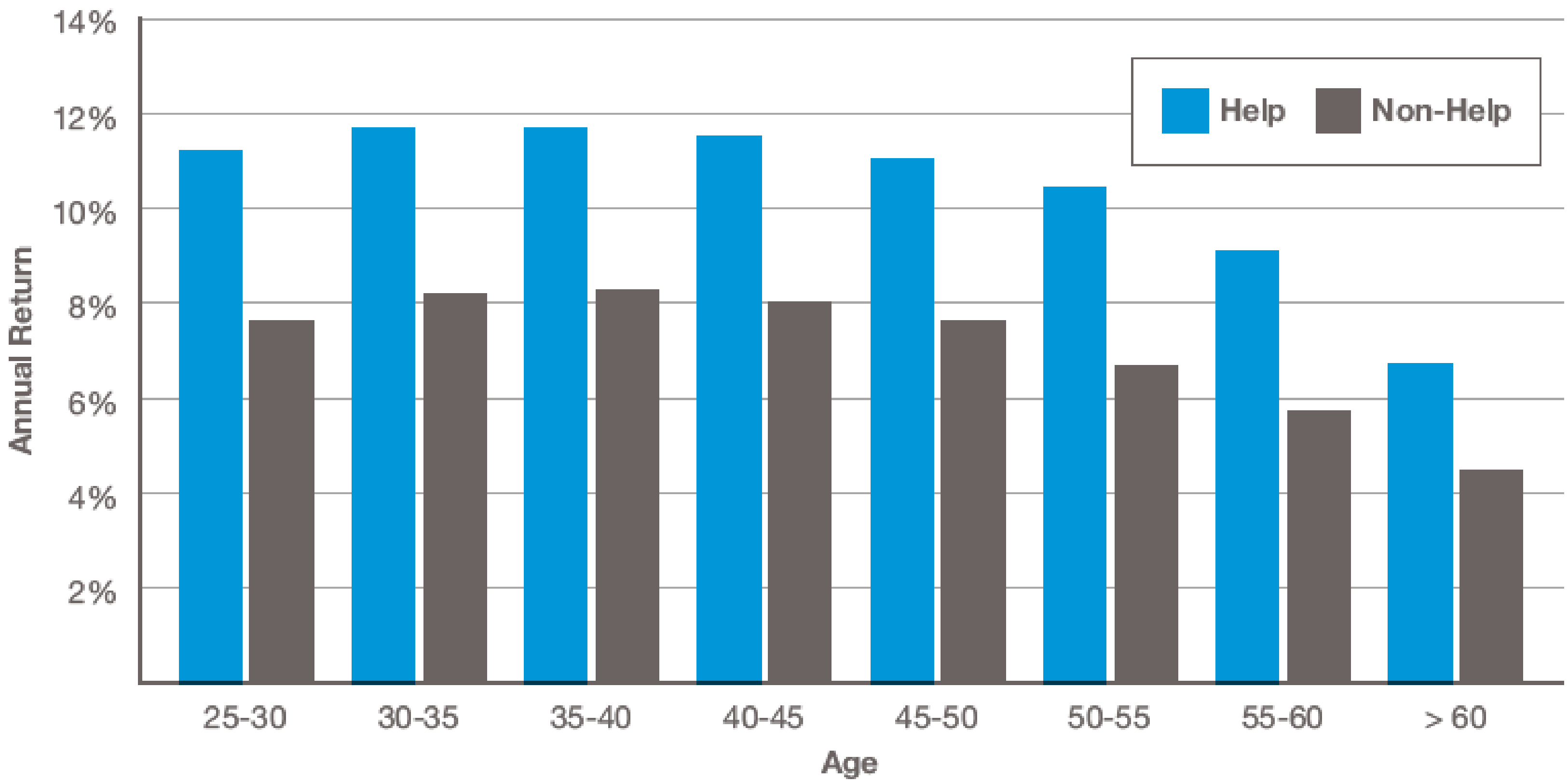
Source: Finke, Texas Tech University and Measured 3-Question Risk Tolerance Survey of Morningstar Managed Account Participants

Decision making confidence does not decline with age



Source: Finke, Howe and Huston, 2013

Participants receiving investment help had higher annual returns



> On average, Help* participants had 3.32% higher annual returns than for Non-Help participants, net of fees.

Source: Financial Engines' Help in Defined Contribution Plans: 2006 through 2012
*Help participants are defined as those invested in target date funds or managed accounts or receive online investment advice.
Past performance is no guarantee of future results.

Target date funds improve participants' asset allocation but…

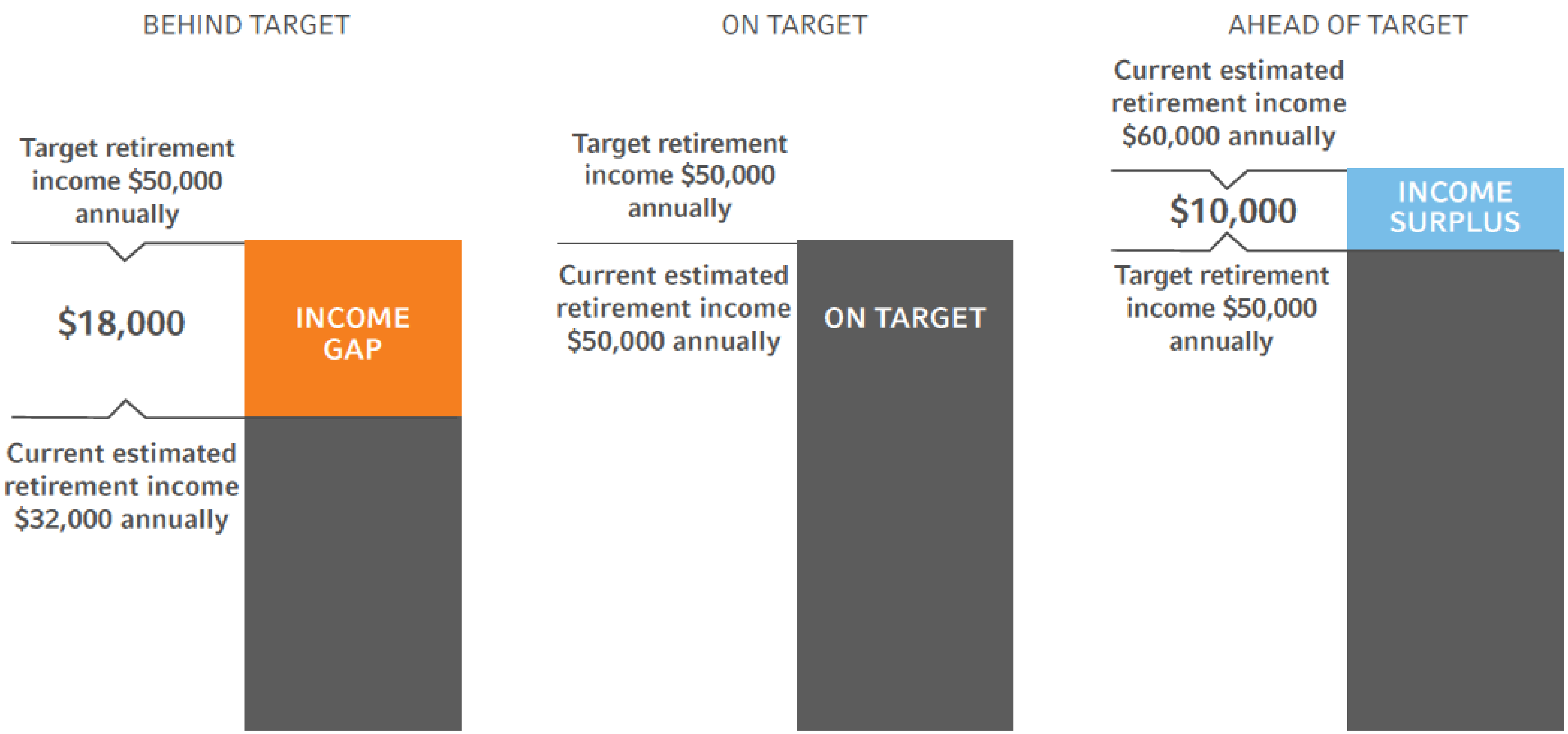
› Automatic enrollment into target-date funds is typically set at a low rate, e.g.: 3%

› Target-date fund participants had the lowest average contribution rates - 4.4%, even lower than the 6.6% average for Non-Help participants

› Target-date fund participants generally do not receive advice on how much to save

Source: Financial Engines' Help in Defined Contribution Plans: 2006 through 2012
* Non-Help participants are defined as those NOT invested in target date funds or managed accounts or who do not receive online investment advice.

To improve retirement outcomes we need to refocus participants to their retirement income goal



This projection is produced using Russell Adaptive Retirement Planner, which incorporates your personal information along with Russell's capital markets assumptions and is subject to change based on market conditions.

IMPORTANT: The projections or other information generated by Russell Adaptive Retirement Planner regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

This analysis was conducted using hypothetical estimates of future market conditions based upon Russell Investments' strategic planning assumptions and with certain numerical investment models applied to that information. These assumptions may change with each use and over time.

Custom portfolio allocations based on individual characteristics

	Participant A	Participant B	Participant C	Sample Target Date 2030 Strategy
Age	50	50	50	-
Gender	Female	Male	Male	-
Salary	$150k	$85k	$100k	
Contribution Rate	4%	8%	12%	-
Account Value	$425k	$475k	$686k	-
Funded Ratio	50%	114%	144%	-

Sample allocations are provided for illustrative purposes only.

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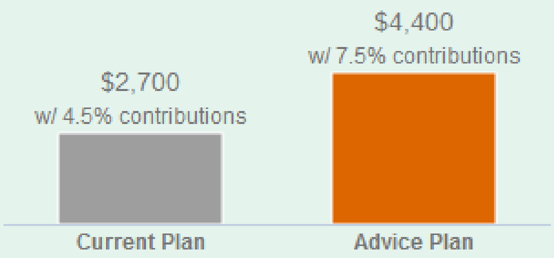
To help improve their retirement outcome - recommend an auto-escalation schedule

CONTRIBUTIONS



	CURRENT PLAN	ADVICE PLAN
Your Starting Contribution	3.0%	5.0%
Your Increase Per Year	--	2.0%
Your Maximum Contribution	--	19.0%
Employer Starting Contribution	1.5%	2.5%

AUTOMATED CONTRIBUTION ESCALATION SCHEDULE

CURRENT PLAN

No Automated Contribution Escalation Schedule

ADVICE PLAN

YEAR	YOU	EMPLOYER	TOTAL
2015	7.0%	2.5%	9.5%
2016	9.0%	2.5%	11.5%
...			
2021	19.0%	2.5%	21.5%

Adjust Your Contributions

Use this tool to see how an increase in your contributions could impact your projected annual retirement income. By contributing more, you can potentially increase the amount of income available for your retirement. Contributing more could also help you lessen the odds of outliving your savings. Keep in mind that the amount of your contributions (in dollars per year) may shift over time based on changes to your pay and/or contribution rate (% of pay you save in the plan).

You are currently contributing **$73** per paycheck to your retirement plan. By implementing the Advice Plan, you will change your contribution to **$122** per paycheck.

Source: These images are sample material for illustration purposes only.

How to help participants AND retirees?

Participant Challenges	Retiree Challenges	SOLUTIONS
Procrastination/ Inability to select investments	Declining cognition	"Do it for me" investments with automatic rebalancing
Immediate gratification/ Not saving enough	Declining financial literacy	Focus on retirement income goal and advice on an appropriate savings/withdrawal rate
Herd mentality/ chasing performance	Increasing risk aversion	Guidance to maintain their retirement confidence and help them stay on the right path

Appendix

Appendix A

The chart on slide 9 shows results from a Russell Investments proprietary asset allocation model. The model generates optimal asset allocations between equity and fixed income over a 40-year period for an investor who is saving for retirement. With the exception of the assumed behavior of asset returns, the assumptions used in this model are identical to those used in *Russell's Approach to Target Date Funds: Building a Simple and Powerful Solution to Retirement Saving*. The assumed behavior of asset classes has been updated as follows:

	Mean	Std. Dev	Correlations			
			US Equity	Non-US Equity	Fixed Income	Inflation
US Equity	7.4%	18.0%	1			
Non-US Equity	7.8%	20.6%	0.9	1		—
Fixed Income	3.7%	3.8%	0.16	0.16	1	—
Inflation	2.9%	3.5%	0.10	0.10	0.28	1

Rather than a single allocation for each of the 40 years, the model produces a schedule of asset allocations that are appropriate for various levels of the ratio of that year's wealth to that year's income. We have imposed the restriction that the allocation to equity cannot exceed 90%. The optimal allocations for periods 1 through 22 are 90% equity for all values of the projected retirement income/retirement income target ratio. Other investments or asset classes may have characteristics similar or superior to those being analyzed.

Please note all information shown is based on assumptions. Expected returns employ proprietary projections of the returns of each asset class. We estimate the performance of an asset class or strategy by analyzing current economic and market conditions and historical market trends. It is likely that actual returns will vary considerably from these assumptions, even for a number of years. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. The assumptions do not take fees into consideration and all returns are assumed gross of fees. Asset classes are broad general categories which may or may not correspond well to specific products. Additional information regarding Russell's basis for these assumptions is available upon request.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors.

Results will vary with each use and over time.

IMPORTANT: The projections generated by the analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

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