

**Stephens**

Capitalize on Independence™



# A Presentation for City of Jonesboro

Presented by  
Charles Long, Stephens, Inc.  
Matt Clafin, The Hartford

August 23, 2011

## Today's Agenda

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- Executive Summary
- Participant Services
- Plan Services
- Investment Advisory Services
- Implementation
- Value
- Summary



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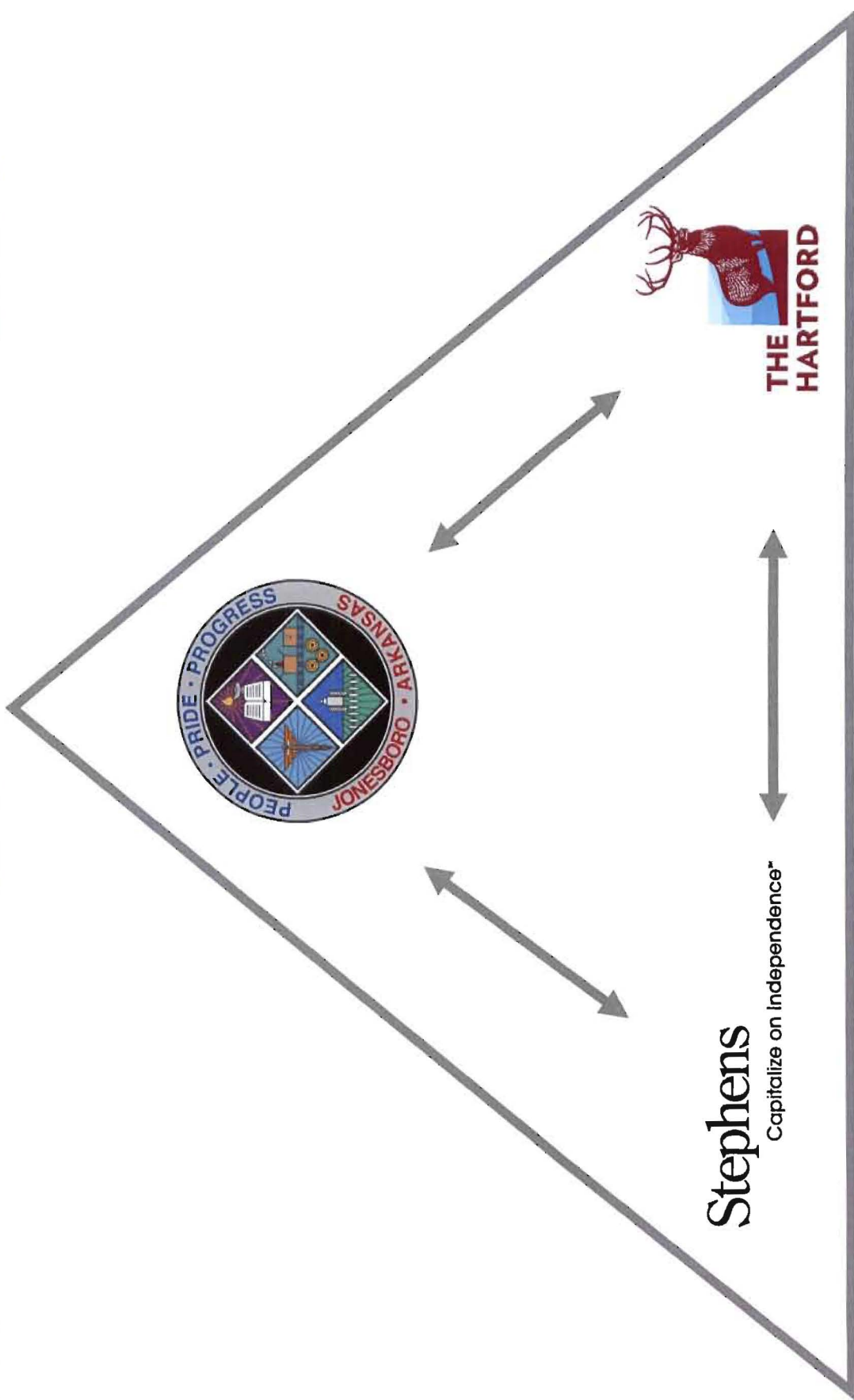
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# Executive Summary

*"The Hartford" is The Hartford Financial Services Group, Inc. and its subsidiaries, including the issuing company of Hartford Life Insurance Company.*

# Collaborative Approach







# Executive Summary

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## A Trusted Leader

### Strength and commitment

- Celebrating 201 years of client trust in our company, our products, and our people
- Committed to the Plan relationship and the success of the Plan
- Significant and growing retirement plan business
- Specific expertise in administering and servicing government plans

### Over 40 years as a retirement plan provider

- More than 30,000 plans under administration

### Technology

- State-of-the-art technology
- Dedicated personal support
- Compliance solutions

### Plan services

- Dedicated, experienced team of professionals
- Broad and deep knowledge of plan recordkeeping and client service
- Customized and enhanced services specific to your Plan

# Executive Summary

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## Flexible Solutions



### Investments

- Open architecture
- General Account with minimum guaranteed rate available
- Dedicated Investment Management Group

### Participant Education

- Dedicated team of advisors [reps]
- Comprehensive educational campaigns in person, in print, and online

### Fees

- Competitive
- Fee transparency



# Executive Summary

## Recognized Industry Leader



**World's Most Ethical Companies in 2008 - 2011**  
*Ethisphere Magazine, June 2008, April 2009 and March 2010, March 2011*



**Profit Sharing Council of America**  
*RPG's comprehensive generic participant education materials (Prepare to Live<sup>SM</sup> suite) was awarded a Gold Signature Award*



**Seven-Time Winner**  
*Retirement Plans category for outstanding customer service 2003-2009 Only provider to win Retirement Plans category in 2005, 2007, 2008 and 2009*



## Executive Summary

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### The Hartford's Ratings

Our primary Life operating subsidiaries ratings remain good to excellent. As of March 23, 2011, its insurance financial strength ratings are:

- Moody's (A3 "Good", 7<sup>th</sup> highest out of 21 categories)
- A.M. Best (A, "Excellent", 3<sup>rd</sup> highest out of 16 categories)
- Fitch (A-, "Strong", 7<sup>th</sup> highest out of 21 categories)
- Standard & Poor's (A, "Strong", sixth highest out of 21 categories)

The Hartford's life insurance operating subsidiaries insurance financial strength ratings are on stable outlook with Moody's, A.M. Best, Fitch and S&P.



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# Participant Services

In person, in print and online - at every stage of the planning process.



## In person, in print and online.

Meeting the needs of all participants – from enrollment through retirement.



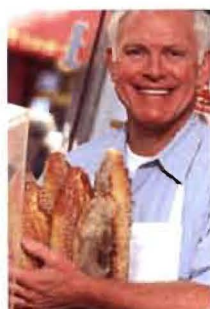
### **“I’m not in the plan.”** Transition and enrollment

- investment basics
- plan specifics
- setting goals



### **“I’m in the plan.”** Ongoing account management

- investment education
- asset allocation
- personal rebalancing



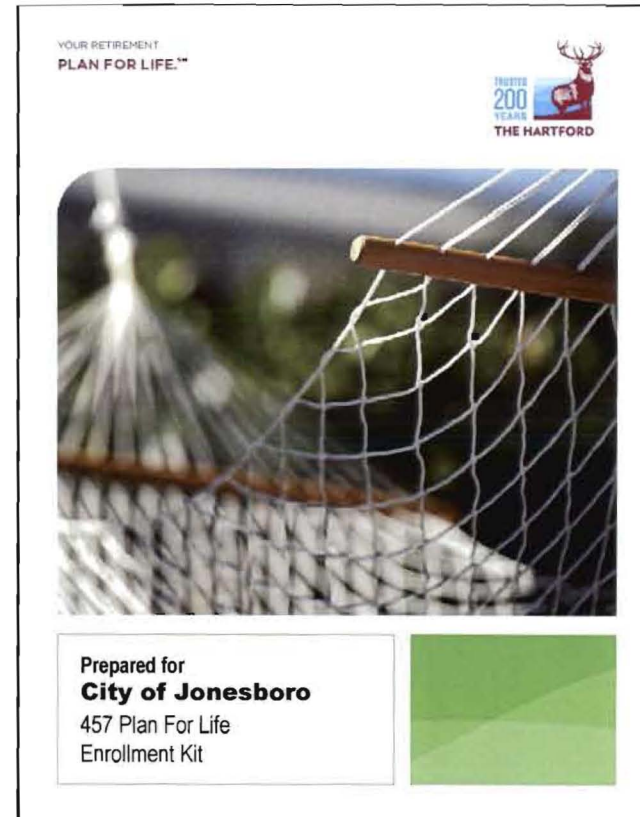
### **“I’m retiring.”** Retirement and beyond

- pre-retiree education
- distribution options
- managing your assets

# Onsite Group Seminars and Informational Workshops



- Core plan education
- Investment concepts and strategies
  - Retirement Investment Strategies
  - Asset Allocation
  - Investment Fundamentals
  - Retirement
  - Retirement Income
- Life stage targeted education
  - Early earning years
  - Mid-earning years
  - Pre-retirement years
  - Retirement years

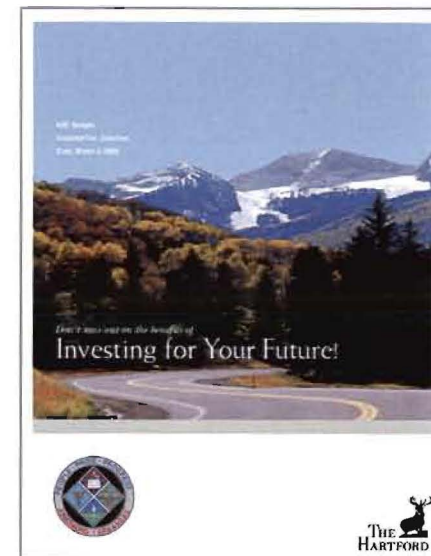




## Contribution Illustrator Report

An employee's age, income and tax filing status help to create a personalized snapshot that includes:

- A comparison of take-home pay using different contribution rates
- A hypothetical account balance over time at several different salary deferral percentages
- The effect of waiting even one year to start contributing to their retirement account



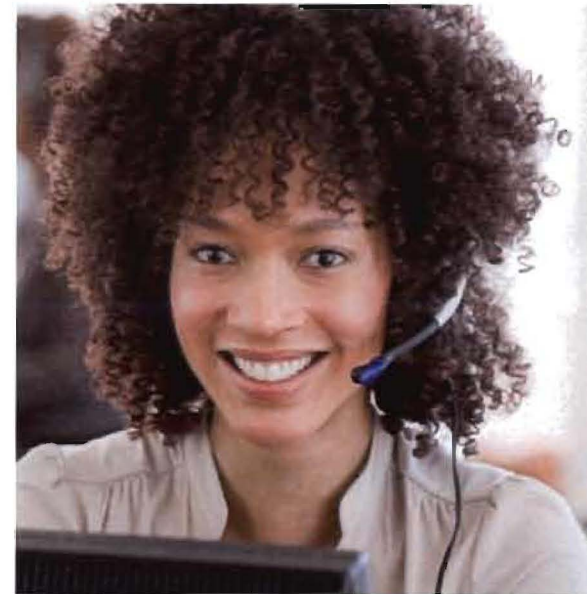




## We're Here When You Need Us

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- Interactive Voice Response system
- Dedicated toll-free line  
(1-800-528-9009)
- Customer Service Representatives  
available Monday - Friday from 8:00  
a.m. to 8:00 p.m., Eastern Time
- Internet website available 24 hours-  
a-day, 7 days-a-week





# Participant Services

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## Participant Web Services

### Inquiry

- Portfolio balances
- Investment prices, yield and performance
- Morningstar<sup>®</sup> fact sheets
- Personalized rate of return
- Transaction history
- Loan information
- Distribution information
- Online statements
- Gateway to Morningstar<sup>®</sup> Online

### Transactional

- Exchanges
- Rebalancing
- Automated rebalancing
- Plan asset allocation models
- Full loan repayment via ACH

## Online Tools and Education

Our simple 3-step “**Plan-Invest-Act**” system, available pre-login, offers retirement savings calculators and educational articles on a variety of topics.

### Plan

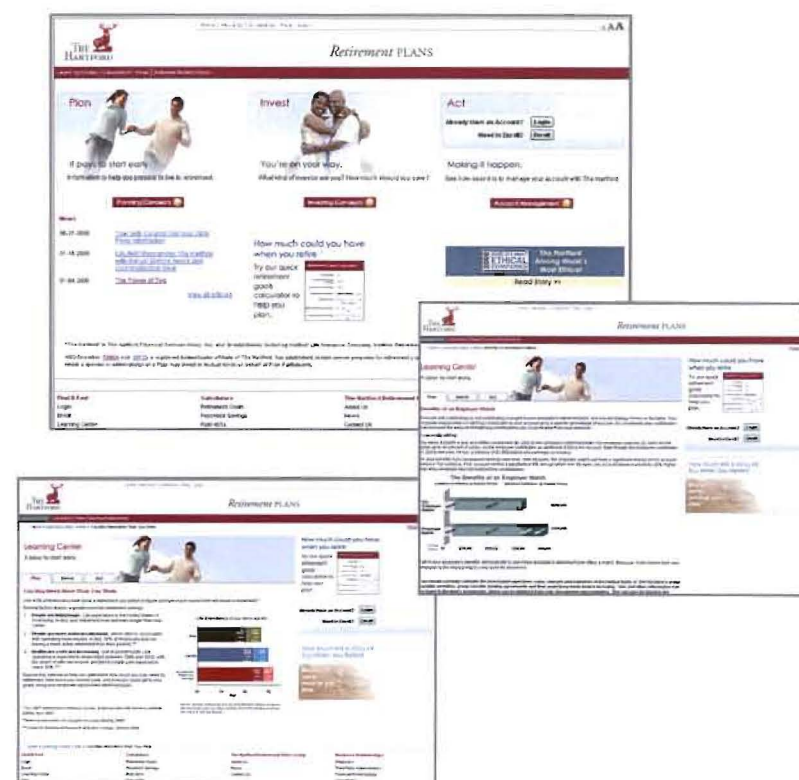
- Why save for retirement?
- Retirement plan basics
- The cost of procrastination

### Invest

- What kind of investor am I?
- Types of investment options
- How much can I contribute?

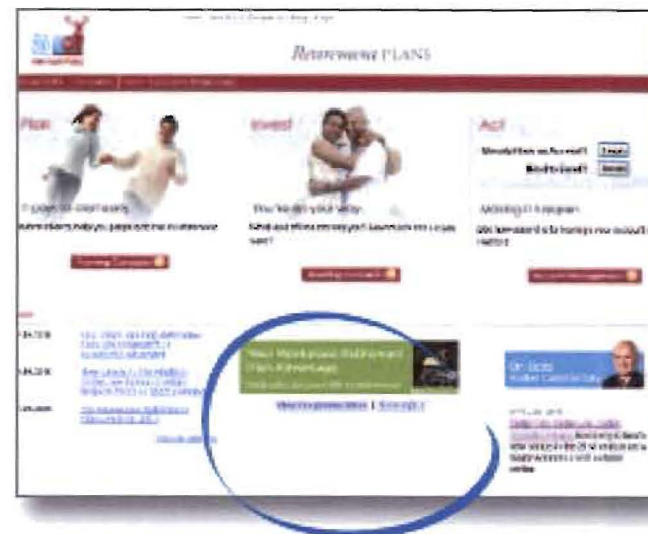
### Act

- Importance of rebalancing
- Why increase contributions
- Frequently asked questions



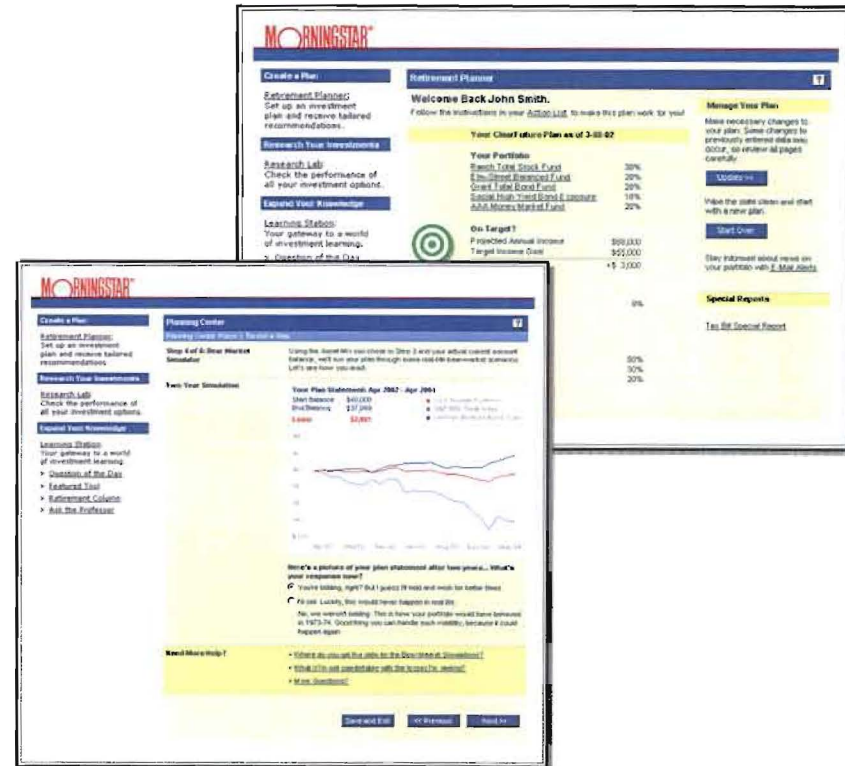
## Online – self-service online presentations

- Six self-running online presentations:
  - Your Workplace Retirement Plan Advantage
  - Investing Basics
  - Choosing Your Investments
  - Asset Allocation
  - Balancing Today's Needs with Planning for Tomorrow
  - The Roth Option





- Provides program participants access to online retirement education and planning tools
- Six-step personalized process
  - Assists participants in assessing their investment objectives and risk tolerance
  - Participants are provided with investment suggestions to help them reach their retirement goals
- Learning Station
- The Research Lab



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# Plan Services

## Plan Services



### Your Operations Team

- Assists with the day-to-day needs of the City of Jonesboro
- Dedicated Plan Manager coordinates all service activities including transaction processing, report generation and Call Center coordination
- Coordinates all administrative, recordkeeping and regulatory services provided

### Enhanced administrative services available:

- Unforeseen Emergency Withdrawal
- QDROs
- Loan Processing
- ACH Loan Repayment

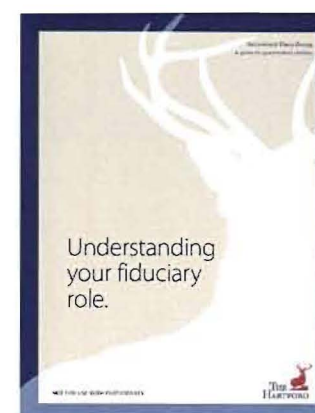




## Plan Services

The Hartford is committed to helping you meet your fiduciary obligations.

- Fiduciary training
- Investment due diligence program
  - Sample Investment Policy Statement
  - Documentation of results
- Customized employee education plan
- Ongoing plan review
- Regulatory Compliance assistance
  - Regulatory updates provided at no additional cost
  - Capitol Correspondent®

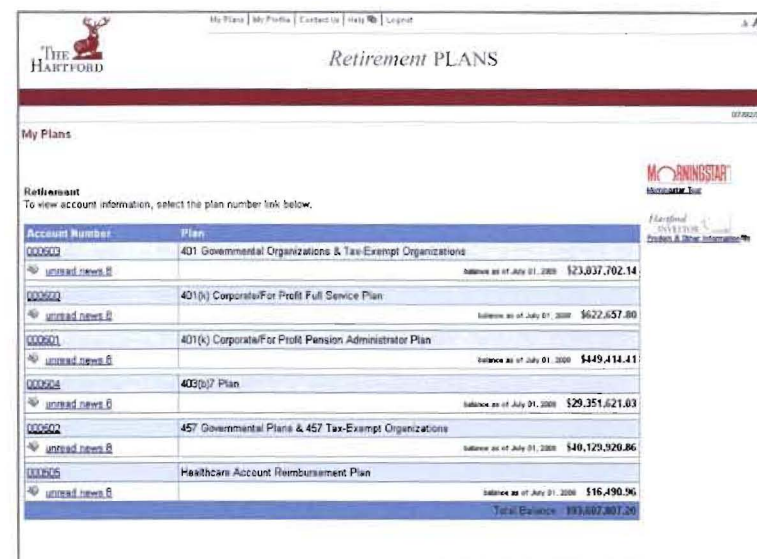




# Plan Services

## Internet

- Quarterly and inception to date summaries
- Plan level activity detailed by investment option
- Investment option performance
- Ability to customize
- Ad hoc reporting
- Electronic enrollment
- Forms
- Submit census files
- Plan Sponsor Guide



My Plans | My Profile | Contact Us | Help | Logout

**Retirement PLANS**

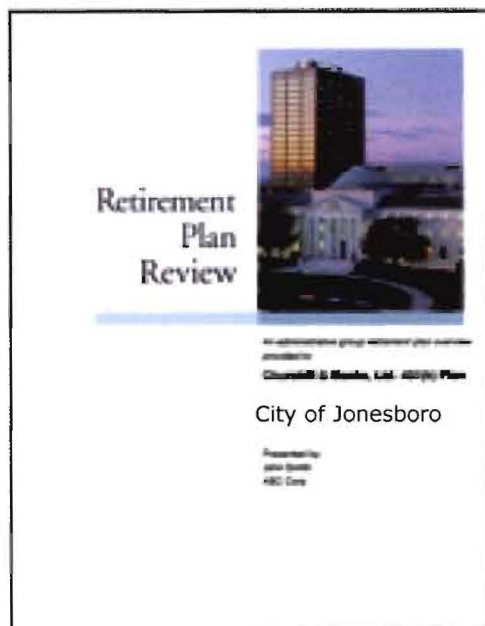
My Plans

Retirement  
To view account information, select the plan number link below.

Account Number	Plan	Balance as of July 01, 2008
<a href="#">000503</a>	401 Governmental Organizations & Tax-Exempt Organizations	\$23,837,702.14
<a href="#">000502</a>	401(k) Corporate/For Profit Full Service Plan	\$622,657.80
<a href="#">000601</a>	401(k) Corporate/For Profit Pension Administrator Plan	\$449,414.41
<a href="#">000604</a>	409(a)(7) Plan	\$29,351,621.83
<a href="#">000502</a>	457 Governmental Plans & 457 Tax-Exempt Organizations	\$40,129,920.86
<a href="#">000605</a>	Healthcare Account Reimbursement Plan	\$16,490.96
		<b>Total Balance: \$83,887,807.20</b>

## Plan Services

### Quarterly Plan Reviews



- Ongoing Plan Reviews
- Economic Overview
- Plan Statistics
- Usage Statistics
  - IVR System
  - Internet
  - Morningstar
  - Loans
- Education Updates
- Investment Updates
- Legislative Updates

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# Investment Advisory Services



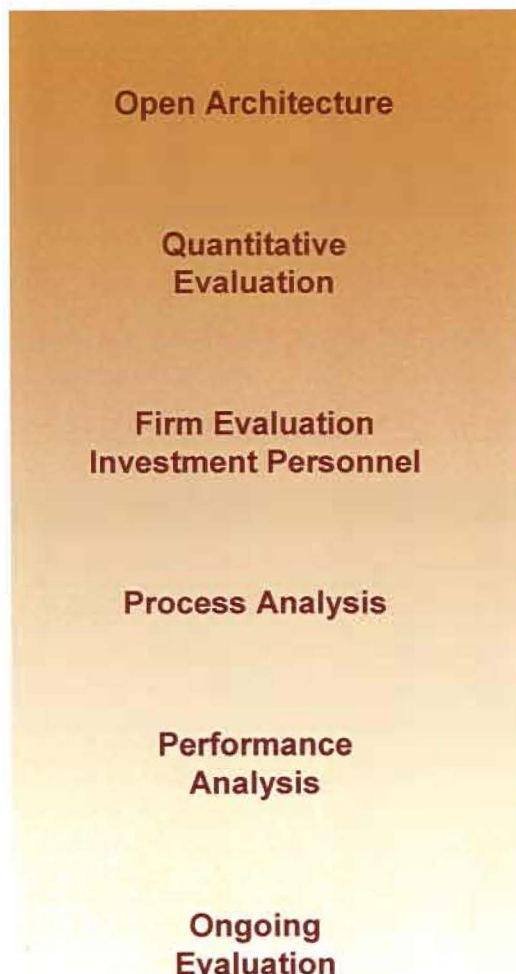
## Investment Advisory Services

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- Open Architecture flexibility; with over 80 fund partners
- No proprietary fund requirements
- Institutional ***program level*** due diligence
- Third party ***plan level*** co-fiduciary protection at no additional cost
- Ongoing monitoring, investment analytic reporting and Investment Specialist support
- General (Declared Rate) Account
  - Current interest rate for new deposits – 3.00%
  - Lifetime minimum interest guarantee – 3.00%



# Investment Advisory Services



## Quantitative Evaluation to Focus Research

- Attributes evaluated over multiple time periods, including:
- Peer and benchmark relative results
- Risk adjusted performance, such as Sharpe ratio, information ratio, and alpha
- Consistency, Batting Average, Up/Down Capture, year- by-year returns

## People / Organization

- Financial stability of the firm
- Manager tenure and depth and stability of team
- Management's philosophy, decision-making
- Corporate structure, ownership

## Process

- Portfolio construction
- Security selection and benchmarks utilized
- Fundamental or Quantitative approach
- Consistency of philosophy and process

## Performance

- In-depth analysis of how results were achieved
- What has attributed to or detracted from performance?
- What is the value add of this approach and what are the key drivers?

## Ongoing Monitoring

- Process is continually applied
- Quarterly Attribution Reports
- Regular meetings with fund managers



## Mesirow Financial

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- Mesirow Financial was founded in 1937 as a one man firm and has grown to a diversified financial services firm with \$32.2 billion in assets under management
- Investment Strategies Team has over 30 years of combined experience at Ibbotson Associates and 100 years of experience in the investment industry
- Developed PrecisionAlpha™ Fund Selection Methodology
- Backed by the resources of more than 1,100 professionals in Mesirow Financial





## Fiduciary Support for Your Plan

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A fiduciary and investment selection service by Mesirow Financial Investment Strategies - Fiduciary Assure<sup>SM</sup> can ease your fiduciary duties by providing:

- Co-fiduciary responsibility
- Core asset class recommendations
- Supplemental asset class recommendations
- Investment option recommendations
- A Customized Investment Policy Statement
- Quarterly monitoring of investment options
- Quarterly market commentary and watch list
- Indemnification upon breach of duties



# Investment Advisory Services

## Fiduciary Assure<sup>®</sup> - Process

Plan sponsor guidance through all phases of the investment selection process



- Precision Alpha<sup>™</sup>, Mesirow Financial's proprietary methodology, is applied to funds on Hartford's menu
- Quantitative and qualitative metrics are used

- Five primary asset classes
- Plus secondary classes
- Must select one Elite List fund in each core asset class



- Sub-set of the Elite List that you may choose in whole or in part
- Elite List asset class requirements also apply to the Suggested List







# Investment Advisory Services

## Fiduciary Assure<sup>®</sup> - Process

- Ongoing monitoring and reporting
- Mesirow Financial provides the monitoring and reporting service for the plan-level Elite List





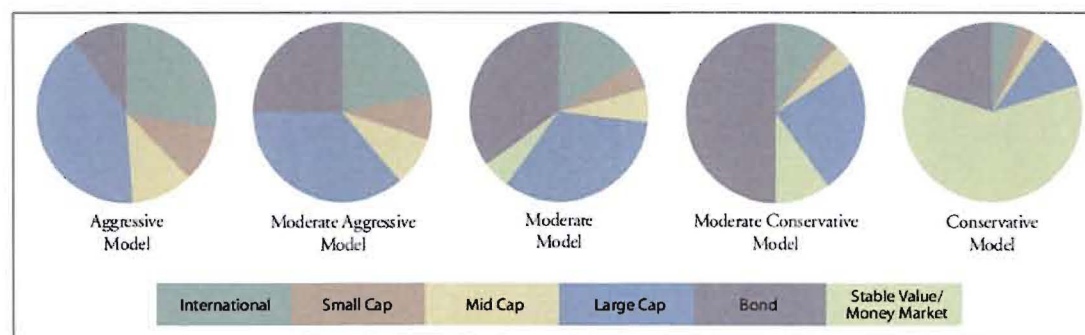
## Model My Goals<sup>®</sup>

### Standard Model My Goals\*

- You select the investment options for the program
- You determine rebalancing frequency (annually, semi-annually, or quarterly)

### Custom Model My Goals

- You develop your own asset allocation models\* (up to nine)
- You select the investment categories and investment options for each model
- You determine the rebalancing frequency for participants (annually, semi-annually, or quarterly)



\* Determined by Mesirow Financial Investment Strategies,

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# Implementation



## Implementing with The Hartford

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- Dedicated team of seasoned professionals
- Generally 6-10 weeks to complete\*
- Customized transition materials
- Transition seminars and individual meetings
  - Custom transition kits
  - Meeting schedule
  - Implementation schedule
  - Local service
- Seamless transition for active and retired employees
  - No missed payouts for retirees
- Experienced

\* Assumes existing providers can support transition model and can provide the information needed on-time and in a usable format.





## Implementation Process

We follow a detailed project plan which can be divided into three components:

- **Planning Phase** - We work with you and your prior record keeper to ensure appropriate provisions are made for all facets of your program
- **Developing Phase** - Focus on activities designed to minimize the impact of the actual transfer of assets including communication program materials for participants
- **Implementing Phase** - Financial data and assets are transmitted to our record keeping system with confirmation of receipt

Tasks	Plan Sponsor	The Hartford	Current Provider(s)
<b>Evaluate all Contracts and Agreements</b>			
Assess special financial circumstances	■	■	
Prepare documents as required and provide to customer		■	
Determine investment choice lineup	■	■	
<b>Determine Business Requirements for Takeover</b>			
Notify current providers of change	■		■
Contact current provider(s) to discuss characteristics of takeover		■	■
Investment mapping/approval of mapping	■	■	
Determine if any participants are on a systematic withdrawal – ensure no loss of time and benefit		■	■
Define "Blackout" period		■	■
<b>Operations/Service Center</b>			
Provide plan details to installation team		■	
Establish plan on recordkeeping system		■	
<b>Announcements – Communication/Education</b>			
Communicate schedule of transition to all parties (current providers) and plan sponsor		■	■
Prepare/Review/Sign announcement letters	■	■	
<b>Systems/Information Exchange</b>			
Identify data requirements		■	■
Receive and reconcile "test" non-financial and financial data		■	■
Plan sponsor sends final payroll to current provider	■		■
Receive and reconcile "live" non-financial and financial data		■	■
Plan sends initial contribution to The Hartford	■	■	
<b>Final Tasks – Takeover of Assets</b>			
Liquidate accounts. The Hartford receives asset transfer		■	■
Confirm transactions		■	■
Lift "Blackout" – ready to take transactions		■	
Provide audit package of transferred assets		■	
Update Interactive Voice Response Unit (IVR)/Internet/Call Center		■	
Prepare message for plan and participants for quarterly statements	■	■	

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**Value**



## Value

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The Hartford offers our *Possibilities* program for your 457 and 401(a) plans for a tiered administrative fee\*:

<b><u>Asset Level</u></b>	<b><u>Administrative Fee</u></b>
Under \$3 mm	0.95% (95 basis points)
\$3mm - \$4mm	0.65% (65 basis points)
Over \$4mm	0.50% (50 basis points)

The Hartford will waive the Annual Maintenance Fee for the 457 plan and offers the following per-participant fee for the 401(a) plan with average per participant balances as follows:

<b><u>Average Participant Balance</u></b>	<b><u>Annual Maintenance Fee</u></b>
Between \$0 and \$20,000	\$20
Between \$20,000 and \$40,000	\$10
Greater Than \$40,000	\$0

- No fees to transfer among investment options
- Trustee Fees – *\$400 annually*
- No Contingent Deferred Sales Charge
- General (Declared Rate) Account
  - Current interest rate for new deposits – 3.00%
  - Lifetime minimum interest guarantee – 3.00%

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# Summary



## Summary

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### Why The Hartford?



#### Trust

- Nearly 40 years retirement plan experience
- Serving 1.45 million participants
- One of the world's most ethical companies<sup>1</sup>

#### Flexibility

- True open architecture
- Fee transparency
- Award-winning, customizable participant education

#### Partnership

- Implementation team with average 12+ years experience
- 94% plan sponsor satisfaction rate<sup>2</sup>
- 95% client retention with 12-year average tenure

<sup>1</sup> Ethisphere Institute, 2008 and 2009.

<sup>2</sup> Cogent Research, 2009.



## Disclosure

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The Hartford is The Hartford Financial Services Group, Inc. and its subsidiaries, including Hartford Life Insurance Company, Hartford Retirement Services, LLC, and Hartford Securities Distribution Company, Inc. ("HSD"). HSD (member FINRA and SIPC) is a registered broker / dealer affiliate of The Hartford.

Retirement programs can be funded by group fixed or variable annuity products and funding agreements issued by Hartford Life Insurance Company (Simsbury, CT). Group variable contracts are underwritten and distributed by HSD, where applicable. Retirement programs can also invest in mutual funds through custodial accounts.

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**Before investing, you should carefully consider the investment objectives, risks, charges and expenses of the mutual funds or The Hartford's group variable annuity products and funding agreements, and their underlying funds. For fund and product prospectuses and / or a disclosure document containing this and other information, contact your investment professional or visit our website. Read them carefully.**

Diversification and asset allocation do not guarantee a profit or a loss. Before making your investment decisions, please read the investment option fact sheets, the prospectus for each fund and if possible, consult with a financial professional.  
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Insurance. Investments. Retirement.