

MEMORANDUM

Date: May 2021
To: State of Delaware Office of the State Treasurer
From: CAPTRUST
Re: Deferred Compensation Plans: Voya's Review of Outside Providers

I. Background

For the State of Delaware deferred compensation plans, the current recordkeeper (Voya) partners with Morningstar Investment Management and TD Ameritrade to provide for managed account advisory and self-directed brokerage account (SDBA) services, respectively. As noted in a memo dated February 2019, the Office of the State Treasury (OST) conducted an evaluation of these providers as part of the 2015 recordkeeper request for proposal (RFP) process. With the contractual agreement with Voya, OST agrees to use whichever providers Voya selects for these services for the length of the three-to-five year contract period, if the OST wishes to make the services available to the retirement plan participants. The below details the ongoing review conducted by Voya with respect to these providers.

II. Considerations

Voya maintains an oversight review process for the managed account offering known as Retirement Manager, which is made available through Morningstar. While Voya does not use a formal RFP process, it performs periodic benchmarking of the advisory services programs – participant experience, functionality, ability to integrate with and support the core retirement plan offering, methodology, pricing, and overall effectiveness in improving participant outcomes, against other programs available in the marketplace. Voya's Advisory Service Product team has recurring meetings with Morningstar to ensure that the services are communicated, integrated and efficiently delivered as part of the overall plan services. Voya considers alternatives and is continually reviewing and assessing the current advisory services solutions, as well as those available in the marketplace.

In addition, Voya maintains an open dialogue with many of the top advisory services providers in order to maintain an understanding of the evolution of their services and ensure Voya's offerings remain competitive and compelling. Voya's objective is to bring its clients the best solutions available in the marketplace for their participants; Voya works with its advisory services partners to achieve that goal and/or will make available other provider offerings to the extent that it determines there is an alternate solution with differentiated and superior services and outcomes.

The SDBA is currently offered through TD Ameritrade. For TD Ameritrade, Voya monitors their call center's service statistics on a monthly basis, as compared with the service level agreement, and certifies them with Voya Institutional Trust Company. Although Voya's Product Management does not conduct physical due diligence visits, Voya speaks with TD Ameritrade's relationship team, Provider Services, on a daily basis. Additionally, Voya's day-to-day support team in Tech Services also speaks with them daily and reviews transfer files and daily reports.

For State of Delaware, TD Ameritrade is the only SDBA option offered on the platform; on a separate platform, Voya uses Charles Schwab. Voya's current practice does not include

conducting periodic RFP's for this service, as there are a limited number of vendors that offer this service. TD Ameritrade and Charles Schwab are two of the most competitive providers in this space, and Voya is very pleased with the current partnerships. If the landscape should change, or the service provided did not fit the needs of their clients, Voya would certainly reconsider this approach.

III. Conclusion

Voya's ongoing evaluations of its outside providers help confirm that the plan participants have access to competitive offerings related to managed accounts and self-directed brokerage accounts. Given the limited usage of these services by plan participants, the partnership with these providers is not likely to drive any decisions related to the recordkeeper selected for the plan. Nevertheless, it is important to confirm that the providers offered are of a quality to merit incorporation of the services into the plan, and both Morningstar Investment Management and TD Ameritrade are leading providers in the market for their respective services. The OST is considering the implementation of its own evaluation process for these providers to present an additional layer of support to this annual review and will be including questions regarding these services in any future recordkeeper RFP.