

## MEMORANDUM

Date: May 2022  
To: State of Delaware Office of the State Treasurer  
From: CAPTRUST  
Re: Deferred Compensation Plans: Voya's Review of Outside Providers

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### I. Background

For the State of Delaware deferred compensation program, the plans recordkeeper (Voya) partners with TD Ameritrade and Morningstar Investment Management to provide for self-directed brokerage account (SDBA) services and managed account advisory services, respectively. 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

The SDBA is currently offered through TD Ameritrade., Inc. 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 Technical Services also speaks with them daily and reviews transfer files and daily reports. Voya also completes a third-party risk and security review annually with TD Ameritrade.

In November 2019, The Charles Schwab Corporation ("Schwab") and TD Ameritrade Holding Corporation ("TD Ameritrade") announced that they had entered into a definitive agreement for Schwab to acquire TD Ameritrade. Regulatory approvals were obtained and the transaction became final in October 2020. Schwab and TD Ameritrade are collaborating with the goal of leveraging the strengths of both platforms. They expect to merge as one company with a single platform over the next 12 to 18 months.

In the meantime, while the Schwab and TD Ameritrade retirement plan brokerage platforms remain separate, their product offerings are very similar with respect to available investments and features. When Plans using TD Ameritrade's brokerage ultimately convert to the combined platform, TD Ameritrade's goal is to facilitate a seamless account conversion, and Voya will continue to maintain close communication with them throughout their integration.

For Morningstar, Voya maintains an oversight review process for the managed account offering, Retirement Manager. 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. Voya works with its advisory services partners to achieve that goal and will make available other provider offerings to the extent that it determines there is an alternate solution with differentiated and superior services and outcomes.

### **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 TD Ameritrade and Morningstar Investment Management 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.