



## FREQUENTLY ASKED QUESTIONS REGARDING PROMANAGE AND INVESTMENT OPTIONS

### 1. Who is ProManage?

A: Allina Health utilizes ProManage as their investment management program for its Allina Retirement Savings Plans (the 401(k) and 403(b) plans) and its non-qualified plans. ProManage, LLC is an investment management firm that has been in business since 1998 (first as Strategic Financial Concepts, then ProManage, Inc and ProManage, LLC) and is headquartered in Chicago. ProManage is independent - it does not sell investment products and therefore provides unbiased investment diversification services. Its associates have, on average, approximately 20 years of experience in the investment, legal and employee benefits design areas. ProManage is a federally registered investment adviser.

### 2. Why does Allina Health offer ProManage as an alternative option to self-directing Plan accounts?

A: Allina Health offers ProManage as an alternative option to self-directing participant accounts and as an enhancement to the Plan to provide added flexibility. It is your decision to allow Allina Health via the ProManage *PROgram™* to create and maintain an asset allocation portfolio for you or not. If you decide not to participate in the ProManage *PROgram™*, simply call Fidelity Investments at 1-800-343-0860 and you can self-direct your investment options.

### 3. How much does ProManage's service cost?

A: The fees that Allina Health participants pay will depend on the total assets that ProManage manages in the Allina Plans; higher asset levels result in lower fee rates. As of September 30, 2021, current plan asset levels result in participants using the ProManage *PROgram™* paying 4.69 basis points (or 0.0469%) on an annual basis. Asset levels are reviewed monthly. Fees cannot exceed 35 basis points (0.35%). Fees are charged in arrears; for example, in October for the September 30 fee. ProManage fee rates are based on the combined participant account balances at the end of the month; fees will be deducted by Fidelity from participant accounts as soon as administratively feasible in the beginning of the following month for transmission to ProManage.

The following outlines a sample of monthly fees at various levels of participant account balances at the fee rate in effect 9/30/21:

If your account balance is	Then your monthly ProManage fee would be...
\$1,000	\$0.04
\$10,000	\$0.39
\$25,000	\$0.98
\$50,000	\$1.95

At this fee level, to calculate the monthly fee amount, a ProManage *PROgram*<sup>TM</sup> participant would multiply their account balance by 0.0000390 (0.0469% divided by 12). To receive a comparable service from an investment adviser outside the Allina Plans, it might cost more than this, and many advisers will work with you only if you have a minimum account balance. ProManage will manage your investments even if you have only \$5 in your account. Fees and expenses of the underlying investments will also apply, but are automatically netted out of the funds' performance, except for short-term trading fees where applicable.

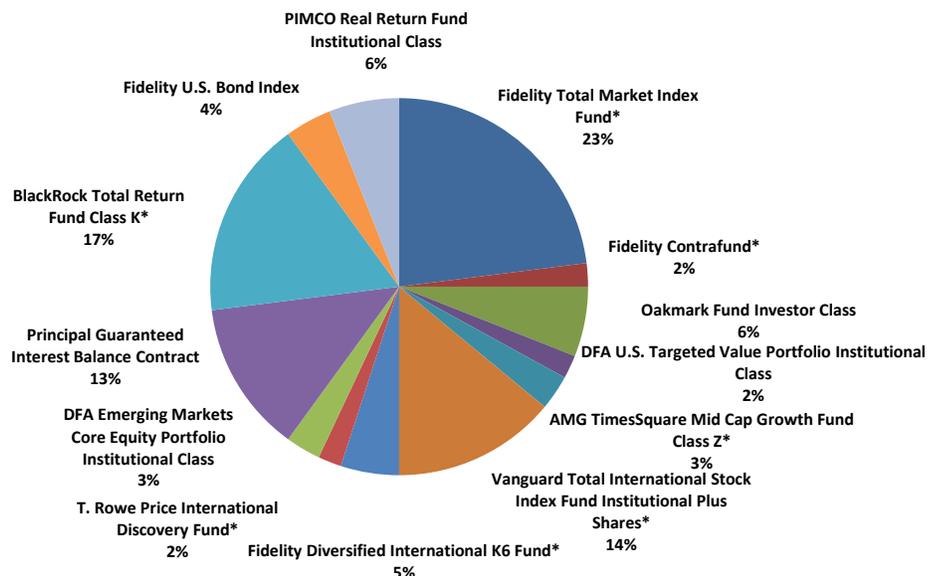
**4. What stocks does ProManage recommend?**

A: ProManage doesn't give investment advice or recommend specific stocks; it makes investment decisions in the Allina Plans for Allina Health, on behalf of participants. ProManage diversifies participants' account balances across the Core Investment Options offered in the Allina Plans, spreading risk and opportunity based on the financial profiles of the participants. For the 401(k) plan, certain investment options are provided by Allina Health through collective investment trusts (CITs).

**5. Can I review the investment allocation that ProManage creates for me before it is implemented?**

A: No. New entrants into ProManage will be invested in the default allocation, which is 60% equity funds and 40% fixed income funds. At the next annual ProManage rebalance, which is typically in the first calendar quarter of the year, ProManage receives current participant data to recalculate portfolios and update them for all participants, according to their circumstances. Participants can monitor their allocations and decide on any day if they would prefer to opt out and make their own investment decisions.

The default allocation for new entrants is (Note: effective October 1 and 4, 2021, the funds with an asterisk are replaced with the corresponding CIT fund in the 401(k) Plan):



**6. Does ProManage use all the Core Investment Options offered in the Allina Plans in building participants' portfolios?**

A: ProManage uses thirteen of the Core Investment Options offered in the Plans: Fidelity® Total Market Index Fund\*, Fidelity® Contrafund\*\*\*, Oakmark Fund Investor Class, DFA U.S. Targeted Value Portfolio Institutional Class, AMG TimesSquare Mid Cap Growth Fund Class Z\*, Vanguard Total International Stock Index Fund Institutional Plus Shares\*, Fidelity® Diversified International K6 Fund\*, T. Rowe Price International Discovery Fund\*, DFA Emerging Markets Core Equity Portfolio Institutional Class, Principal Guaranteed Interest Balance Contract, BlackRock Total Return Fund Class K\*, Fidelity U.S. Bond Index, PIMCO Real Return Fund Institutional Class. In the 401(k) Plan the funds shown here with an asterisk are provided through CITs.

**7. Why did ProManage choose the specific funds from the Allina Plans' Core Investment Options that are used in their allocations? Why weren't all the Plans' Core Investment Options chosen?**

A: ProManage typically identifies a subset of the investment options offered in a plan to use in creating individual portfolios. ProManage reviews the holdings of each of the funds and selects a mix that ensures that there is an appropriate representation of investments in large companies, small companies, growth companies, value companies, foreign companies, fixed income and stable value investments.

**8. Can I choose to elect ProManage for a portion of my Allina account balances at Fidelity AND elect to self-direct another portion of my account balances?**

A: No. If you have balances in one or more of the Allina Plans (401(k), 403(b) and non-qualified Plans) at Fidelity, your ProManage election will apply to **all** your account balances. You can opt in to the ProManage *PROgram*™ OR opt out of the ProManage *PROgram*™ and self-direct your investments. If you choose to opt out of the ProManage *PROgram*™ and self-direct your investments, you must also tell Fidelity which funds you would like to invest in and in what percentages.

**9. How is ProManage's investment performance measured?**

A: ProManage does not slot participants into a set of fixed portfolios; participants are allocated in different allocations according to their circumstances (see question 10.) Therefore, there is no single performance measurement for the many different allocations they create for participants. Each quarter when you receive your statement of account(s) from Fidelity, you'll see exactly how ProManage has invested your account(s) using the funds in each of the Allina Plans. Each fund will have its own specific investment performance for that quarter.

**10. What does ProManage consider when calculating participants' investment allocations?**

A: ProManage's methodology looks primarily at each participant's investment time horizon - that is, the amount of time they'll be invested in the market - using life expectancy projections and selects an appropriately diversified portfolio for that time horizon, setting a fixed income and equity ratio for the participant. In addition, ProManage takes into account the estimated value of the participant's

projected Social Security benefit, and the size of the participant's balance(s) in the Allina Plans in determining the appropriate allocation. In assessing all these Allina-based assets, ProManage treats the value of projected Social Security benefits as fixed income. The assets in the Plans will be allocated to reach the overall fixed income/equity ratio set by the investment time horizon for the participant. The larger the relative balance of the projected Social Security, the less fixed income is required in the Allina Plans allocations to meet the original ratio determined for the participant. Therefore, the ProManage *PROgram*<sup>™</sup> may result in different allocations for participants who may be the same age but have different salaries and Plan balances. For example, participants with a greater projected Social Security benefit may have a greater equity portion in their ProManage portfolio than participants with lesser projected Social Security benefits.

The allocations are recalculated at least once each year, factoring new inputs as participants get older, salaries change, and their Plan balances rise or fall with contributions and withdrawals. Even if new data inputs do not result in a change to the investment allocation in a given year, the *PROgram* makes sure its participants have an annual rebalance. ProManage may also trigger an off-cycle rebalance if market conditions warrant.

See question #12 to see how the fixed income and equity portions of the allocations are invested. See question #5 to see how allocations are determined for new entrants into the ProManage *PROgram*<sup>™</sup>.

### **11. Does ProManage determine psychological risk tolerance?**

A: No. Risk tolerance is exceptionally difficult to assess accurately and can change for a given participant literally from day to day, especially in periods of highly volatile market conditions. That is, many participants consider themselves risk tolerant in up markets and intolerant in down markets. Participants who feel that their personal risk tolerance would point them to a portfolio that is significantly different than the one that ProManage develops for them may wish to opt out of the ProManage *PROgram*<sup>™</sup> and make their own investment decisions.

### **12. How does ProManage invest the fixed income and equity portion of participant portfolios?**

A: ProManage currently allocates the fixed income portion of each participant's portfolio to the Principal Guaranteed Interest Balance Contract, BlackRock Total Return Fund Class K\*, Fidelity U.S. Bond Index, PIMCO Real Return Fund Institutional Class. ProManage allocates the equity portion of each participant's portfolio among nine equity investment funds in the Allina Plans: Fidelity® Total Market Index Fund\*, Fidelity® Contrafund®\*, Oakmark Fund Investor Class, DFA U.S. Targeted Value Portfolio Institutional Class, AMG TimesSquare Mid Cap Growth Fund Class Z\*, Vanguard Total International Stock Index Fund Institutional Plus Shares\*, Fidelity® Diversified International K6 Fund\*, T. Rowe Price International Discovery Fund\*, DFA Emerging Markets Core Equity Portfolio Institutional Class. The ratio of those equity funds within the equity component of each participant's portfolio is the same; the equity portion of the allocation provides investments featuring global diversification and a wide variety of

capitalization, styles and managers. In the 401(k) Plan the funds shown here with an asterisk are provided through CITs.

**13. When will the annual recalculation and rebalancing of participant allocations in the Allina Plans occur?**

A: The annual process of updating participant allocations in the Allina Plans will occur each year during the first quarter, unless administrative issues prevent the normal processing. ProManage determines the timing of the annual update in consultation with Allina and Fidelity. ProManage does not attempt to “time the market” in determining when the annual update will occur.

**14. Why aren't participant accounts rebalanced more frequently than annually?**

A: Academic research suggests that rebalancing more frequently than annually does not produce significant improvements in diversification. In other words, the benefit to participants would be limited. However, ProManage does reserve the right to rebalance participants' portfolios at any time if, in the aggregate, portfolios are determined to be significantly out of line with the ProManage-determined allocations.

**15. How are allocations determined for newly-hired employees who participate in the ProManage *PROgram*™?**

A: New entrants to the *PROgram*™ will have an allocation implemented immediately upon participation that is 60% equities and 40% fixed income until the next annual ProManage update. (See chart in question 5.) At the next annual ProManage update, participants who were invested in the default will be allocated in a new portfolio based on their circumstances.

**16. What do I have to do to enroll or “Opt In” to ProManage?**

A: Unless you opt out of ProManage by speaking with a Fidelity phone representative, you will automatically be enrolled in the ProManage *PROgram*™ as a newly hired or newly eligible employee. If you decide to opt out but wish to return to the ProManage *PROgram*™ at a future date, you can contact a Fidelity phone representative during the last ten business days of any calendar quarter and request to opt back into the ProManage *PROgram*™. You will be invested according to the default until the next annual update. Your election to opt in will apply to all your future contributions and all your current Allina account balances at the beginning of the next calendar quarter will be allocated by ProManage.

**17. What do I have to do to “Opt Out” of ProManage and self-direct my investments?**

A: Speak to a Fidelity phone representative and inform the representative of your choice to Opt Out, then choose the fund(s) in which to allocate your existing Plan balance and subsequent contributions. Your opt-out election will apply to all future contributions to all your Allina Plan accounts with Fidelity. Your existing account balances will remain in their current allocation unless you direct the Fidelity representative to make fund allocation changes in each of the Plans for which you have a balance.

**18. How often can I opt into or out of ProManage?**

A: If you choose, you can literally opt out of the ProManage *PROgram*<sup>™</sup> on any day by contacting a Fidelity phone representative. However, you can opt back into the *PROgram*<sup>™</sup> only quarterly by calling a Fidelity phone representative during the last 10 business days of any calendar quarter (i.e., March, June, September or December.)

**19. Does Allina Health still contribute towards my retirement if I select ProManage?**

A: Yes. Allina Health's contributions to your Plan account are not affected by ProManage or your investment decisions.

**20. When is the deadline for opting out of the ProManage *PROgram*<sup>™</sup> without incurring a monthly fee?**

A: Normally, fees will be assessed during the first 10 business days each month, but fee assessments can be delayed beyond this time due to unexpected administrative issues. Participants who wish to avoid a ProManage fee should opt out prior to the beginning of the month. Newly hired participants should opt out prior to their first deferral contribution to avoid fees.

**21. I'm not saving for retirement. Is ProManage right for me?**

A: No one financial concept or approach is right for everyone. ProManage invests for the longer-term, looking to life expectancy and assuming that even at retirement age, a participant will not withdraw all of their retirement account on a single date, but remain invested throughout retirement. If you're not saving with retirement as your objective, ProManage may not be right for you. You may want to make your own elections or seek outside professional advice if, for example:

- You want to make your own investment decisions
- You have substantial retirement investments outside the Allina Retirement Plans
- You do not want to use your benefit for retirement
- You anticipate making a large withdrawal within the next 10 years.

**22. Does ProManage have a web site?**

A: Yes, ProManage's website address is [promanageplan.com](http://promanageplan.com). You are not required to use their web site to benefit from their investment allocation service. All Allina Plan account information and data used by ProManage is provided by Fidelity and Allina; you don't need to enter data in a website, complete a questionnaire, or meet with someone from ProManage to use the ProManage *PROgram*<sup>™</sup>. ProManage makes investment decisions on behalf of participants without requiring any data input from them. The rest of the process is automated for convenience. You can review ProManage's Investment Adviser brochure (Form ADV 2A) and the most recent update of this FAQ with current fee rate and fee sample calculations at [promanageplan.com/Allina](http://promanageplan.com/Allina). You may also obtain a copy of the ProManage Form ADV 2A by contacting your local HR representative.

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