



## FREQUENTLY ASKED QUESTIONS REGARDING PROMANAGE AND INVESTMENT OPTIONS

### 1. Who is ProManage?

**A:** Mercy Health utilizes ProManage as the investment management program for its *MyRetirement* 401(k)/403(b) plans\*. ProManage, LLC, headquartered in Chicago, is a federally registered investment adviser that has been in business since 1998 (first as Strategic Financial Concepts, then ProManage, Inc. and ProManage, LLC) and is a subsidiary of Smart USA Co. ProManage is independent; it does not sell investments or accept fees from investment managers or recordkeepers. Its associates have, on average, approximately 20 years of experience in the investment, legal, and employee benefits design areas.

### 2. Why has Mercy offered ProManage as an alternative option to self-directing *MyRetirement* 401(k)/403(b) accounts?

**A:** Mercy offers ProManage as an alternative option to self-directing *MyRetirement* 401(k)/403(b) accounts to provide added flexibility. It is your decision to allow Mercy via the ProManage PROgram® to create and maintain an asset allocation portfolio for you. If you decide not to participate in the ProManage PROgram, simply call Fidelity at 1-800-343-0860 to opt out of ProManage and select your own investment mix.

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

**A:** The fees that Mercy participants pay will depend on the total assets that ProManage manages in their accounts. As of July 1, 2024, participants using the ProManage PROgram pay 9.05 basis points (or 0.0905%) on an annual basis. Asset levels to determine the fee rate are reviewed quarterly. Fees cannot exceed 32 basis points (0.32%). Fees are charged monthly in arrears; for example, in August for the July 31 fee. ProManage's 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 chart outlines a sample of monthly fees at various levels of participant account balances:

If your account balance is...	Then your monthly ProManage fee would be...
\$1,000	\$0.08
\$10,000	\$0.75
\$25,000	\$1.89
\$50,000	\$3.77

At this fee level, to calculate the monthly fee amount, ProManage PROgram participants would multiply their account balance by 0.000075 (0.000905 divided by

Information regarding the ProManage PROgram® and Vision included in this Frequently Asked Questions document is provided to you by Mercy Health and ProManage.

\* Includes other plans that you may be eligible to participate in. For more information, contact [MyRetirementProgram@Mercy.net](mailto:MyRetirementProgram@Mercy.net).

12). Many advisers will work with you only if you have met their minimum account balance requirements. ProManage will manage your investments even if you have only \$5 in your account. Fees and expenses for 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 *MyRetirement* 401(k)/403(b) plans for Mercy, on behalf of participants. ProManage diversifies participants' account balances across the investment funds offered in the *MyRetirement* 401(k)/403(b) plans, spreading risk and opportunity based on the financial profiles of the participants.

#### **5. Can participants review the investment allocations that ProManage creates for them before they are implemented?**

**A:** No. New entrants into the ProManage PROgram will be invested in the default allocation, which is approximately 60% equity funds and 40% fixed income funds. At the next annual ProManage rebalance, which is typically late 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 wish to use ProManage Vision (see question 23) to impact their PROgram allocation or if they would prefer to opt out and make their own investment decisions.

The default allocation effective March 1, 2024, is:

Baird Aggregate Bond Fund Class Institutional	27%
Vanguard Total Bond Market Index Fund Institutional Plus Shares	7%
Vanguard Inflation-Protected Securities Fund Institutional Shares	4%
Vanguard Institutional Index Fund Institutional Plus Shares	27%
WCM Focused International Growth Fund Institutional Class	8%
Vanguard Total International Stock Index Fund Institutional Plus Shares	6%
Dodge & Cox International Stock Fund Class X	5%
Vanguard Extended Market Index Fund Institutional Plus Shares	3%
Ninety One Emerging Markets Equity Fund I Shares	4%
Artisan Small Cap Fund Institutional Shares	2%
Calvert Small-Cap Fund Class R6	2%
BlackRock Event Driven Equity Fund Institutional Shares	5%

#### **6. Which funds does ProManage use in building participants' portfolios?**

**A:** ProManage uses 12 of the funds offered in the plans: Baird Aggregate Bond Fund Class Institutional, Vanguard Total Bond Market Index Fund Institutional Plus Shares, Vanguard Inflation-Protected Securities Fund Institutional Shares, Vanguard

Information regarding the ProManage PROgram® and Vision included in this Frequently Asked Questions document is provided to you by Mercy Health and ProManage.

Institutional Index Fund Institutional Plus Shares, Vanguard Total International Stock Index Fund Institutional Plus Shares, WCM Focused International Growth Fund Institutional Class, Dodge & Cox International Stock Fund Class X, Vanguard Extended Market Index Fund Institutional Plus Shares, Ninety One Emerging Markets Equity Fund I Shares, Artisan Small Cap Fund Institutional Shares, Calvert Small-Cap Fund Class R6, and BlackRock Event Driven Equity Fund Institutional Shares. ProManage does not use funds outside of the plans in building the participants' portfolios.

**7. Why did ProManage choose the specific funds from the *MyRetirement* 401(k)/403(b) plans' investment fund lineup that are used in participant allocations?**

A: ProManage ensures that there is an appropriate representation of investments in large companies, small and mid-size companies, growth companies, value companies, foreign companies, and fixed income investments.

**8. Can participants choose to elect ProManage for a portion of their *MyRetirement* 401(k)/403(b) account balances at Fidelity AND elect to self-direct another portion of their account balances?**

A: No. If a participant has balances in one or more of the *MyRetirement* 401(k)/403(b) plans at Fidelity, their ProManage election will apply to **all** account balances. You can opt in to the ProManage PROgram OR opt out of the ProManage PROgram and self-direct your investments.

**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 *MyRetirement* 401(k)/403(b) plans. Each fund will have its own specific investment performance for that quarter. Participants may also view individual fund performance on Fidelity NetBenefits.

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

A: ProManage's methodology looks primarily at each participant's investment time horizon – that is, the amount of time the participant will be invested in the market – using life expectancy projections. ProManage 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, the Frozen Personal Pension Account balance if applicable, and the size of the participant's account balances in the *MyRetirement* 401(k)/403(b) plans in determining the appropriate allocation. In assessing all these *MyRetirement* 401(k)/403(b)-based assets, ProManage treats the value of projected Social Security benefits, and the Frozen Personal Pension Account balance, 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 and Frozen Personal Pension Account, the less fixed income is required in the *MyRetirement* 401(k)/403(b) plan allocations to meet the original ratio determined for the participant. Therefore, the ProManage PROgram 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 or Frozen Personal Pension Account balance, may have a greater equity portion in their ProManage portfolio than participants with lesser projected Social Security benefits or Frozen Personal Pension Account balance.

The allocations are recalculated typically 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. Participants may also impact their allocations throughout the year by using ProManage Vision (see question 23).

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.

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

A: No, not automatically. 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 and make their own investment decisions.

Another option is to use ProManage Vision, an on-line guidance tool, that permits you to influence some inputs used by the PROgram. Vision allows users to express and adjust their risk tolerance. See question 23 for more information on how to access Vision.

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

A: ProManage currently allocates the fixed income portion of each participant's portfolio among three fixed income funds: Baird Aggregate Bond Fund Class Institutional, Vanguard Total Bond Market Index Fund Institutional Plus Shares, and Vanguard Inflation-Protected Securities Fund Institutional Shares. ProManage allocates assets in the equity portion of each participant portfolio among eight equity investment funds in the *MyRetirement* 401(k)/403(b) plans: Vanguard Institutional Index Fund Institutional Plus Shares, Vanguard Total International Stock Index Fund Institutional Plus Shares, WCM Focused International Growth Fund Institutional Class, Dodge & Cox International Stock Fund Class X, Vanguard Extended Market Index Fund Institutional Plus Shares, Ninety One Emerging Markets Equity Fund I Shares, Artisan

Small Cap Fund Institutional Shares, and Calvert Small-Cap Fund Class R6. The equity portion of the allocation provides investments featuring global diversification and a wide variety of capitalization, styles and managers. Finally, ProManage allocates a portion of the portfolio to a tactical allocation fund: BlackRock Event Driven Equity Fund Institutional Shares. This fund invests in both fixed income and equities.

**13. When will the annual recalculation and rebalancing of investments in the MyRetirement 401(k)/403(b) plans occur?**

A: The annual process of updating ProManage investment portfolios in the *MyRetirement* 401(k)/403(b) plans typically occurs each year late in the first quarter. ProManage determines the timing of the annual update in consultation with Mercy and Fidelity in advance. In addition, ProManage does not attempt to “time the market” in determining when the annual update will occur.

**14. Why aren't 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. Participants who use Vision (see question 23) throughout the year may also initiate a rebalance of their account balance(s).

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

A: New entrants to the ProManage PROgram will have an allocation implemented immediately upon participation that is approximately 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. Participants who wish to receive an allocation based on their circumstances sooner than the next annual processing may use Vision (see question 23.)

**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 PROgram as a newly hired or newly eligible employee. If you decide to opt out but wish to return to the PROgram at a future date, you can contact a Fidelity phone representative and request to opt back into the 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 *MyRetirement* 401(k)/403(b) account balances will be allocated by ProManage. You may also use ProManage Vision (see question 23) to opt into the PROgram with an allocation based on your circumstances and preferences.

**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 *MyRetirement* 401(k)/403(b) account balances and subsequent contributions. Your opt-out election

will apply to all future contributions to all your *MyRetirement* 401(k)/403(b) 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 *MyRetirement* 401(k)/403(b) plans in which you have a balance.

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

A: You can opt out of the PROgram by contacting a Fidelity phone representative on any day that Fidelity processes transactions. When you have opted out, you can also opt back in on any day thereafter by contacting Fidelity or using ProManage Vision (question 23).

**19. Does ProManage replace Fidelity?**

A: Not at all. ProManage is an independent professional investment adviser. Fidelity is the service provider for the *MyRetirement* 401(k)/403(b) plans, and Fidelity representatives are available for free consultation and investment education, including help determining asset allocation.

**20. I have savings in a previous employer's plan. Can I roll it into the *MyRetirement* 401(k)/403(b) plans? How will ProManage invest that money?**

A: Yes, you can generally roll outside amounts from a previous employer's plan into the *MyRetirement* 401(k)/403(b) plans. To verify that your outside savings are eligible to be rolled, speak with your Fidelity phone representative, who can also help you with the process. If you are in the PROgram when the rollover is received for the *MyRetirement* 401(k)/403(b) plans, it will be invested in accordance with your current allocation.

**21. Does Mercy still contribute toward my retirement if I select ProManage?**

A: Yes. Mercy's contributions to your *MyRetirement* 401(k)/403(b) plan account are not affected by ProManage or your investment decisions.

**22. When is the deadline for opting out of the ProManage PROgram 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 ProManage fees.

**23. Can ProManage help me with plan-related decisions other than my investments?**

A: Yes! The *MyRetirement* 401(k)/403(b) plans feature a service called ProManage Vision. Vision is for co-workers who want to be "hands on" with professional assistance. It is an online guidance tool that permits you to influence the investment allocation generated by the PROgram. For example, you can let ProManage know if you have outside retirement assets or indicate other retirement preferences. In addition, you can explore how much to save, when to retire, and how much retirement income you may need. There is even advanced "what if" modeling to fine-tune your retirement strategy.

You can access Vision by logging on to the Fidelity website at **www.MyRetirementProgram.com**. You can also access it at **https://mercy.promanageplan.com/user/login**, and obtain more information about Vision. If you have questions about this website, send an email to **MyRetirementProgram@Mercy.net**.

#### **24. 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 at life expectancy and assumes that even at retirement age, participants will not withdraw all of their retirement account on a single date, but remain invested throughout retirement.

ProManage may be right for you if:

- You do not feel comfortable making your own investment decisions
- You are too busy to make your own investment decisions and you want to have a properly diversified allocation
- Your *MyRetirement* 401(k)/403(b) plan balances comprise the majority of your retirement savings

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 *MyRetirement* 401(k)/403(b) plans
- You do not want to use your benefit for retirement
- You anticipate making a large withdrawal within the next 10 years

#### **25. Does ProManage have a website?**

A: Yes, ProManage's website address is **promanageplan.com**. You are not required to use this website to benefit from the ProManage investment allocation service. Plan account information and data used by ProManage is provided by Fidelity and Mercy; you don't need to enter data in a website, complete a questionnaire, or meet with someone from ProManage to use the ProManage PROgram. ProManage makes investment decisions for participant allocations without requiring any data input from participants unless they wish to impact their allocations via Vision (see question 23 for how to access Vision). The PROgram is automated for convenience with the additional option of Vision for participants who wish to have a slightly more "hands-on" approach to the investment of their account balance. 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/Mercy**. You may also obtain a copy of the ProManage Form ADV 2A by contacting your local HR representative.

The ProManage PROgram® is a registered trademark of ProManage, LLC. ProManage, LLC is a registered investment adviser; registration with the United States Securities and Exchange Commission (SEC) does not connote a certain level of skill or training. Past performance is not a guarantee of future returns. All investing involves risk, including the risk of loss of principal.

*ProManage, LLC and the ProManage PROgram® are not affiliated with Fidelity Brokerage Services, member NYSE, SIPC or its affiliates. ProManage is solely responsible for the information and services it provides. Fidelity disclaims any liability arising from your use of this information.*

This information was created by ProManage and Mercy Health and is solely the responsibility of ProManage and Mercy Health. Fidelity is not responsible for its content.