Invitation to Negotiate:
Recordkeeping for Retirement Plans
ITN 20LD-140

Presented to: UF | UNIVERSITY of FLORIDA

MidAmerica

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Path to **Success**

What your plan experience looks like at MidAmerica

Transition Education and Communication Campaign

Transitioning your plan to a new administrator requires a well-thought-out communication campaign to your employees. More importantly, your employees need to know how to take full advantage of their plan. That's why we'll partner with you to create a communication and education campaign specific to UF. For past takeovers with Florida educational systems, we coordinated with key staff members to ensure a flawless execution of their outreach campaigns. To review what your materials could look like, see *Exhibit B*.

Here's what we'll do for you:

- Personalized transition letters mailed to each employee
- Solution-specific welcome kits for you and your employees
- Plan highlights that dive deeper into your specific plan
- Onsite participant education that covers need-to-know details about the plan, tips on using the online portal, guidance on IRS plan regulations as well as what to expect during the transition
- Custom presentations, education packets, custom sign-up pages, as well as posters and email templates advertising the sessions are provided to the plan sponsor at no cost
- Custom investment mapping flyers
- Not seeing what you need? No problem. Our team of Marketing experts can quickly craft pieces to meet the unique needs of UF.

Unparalleled Service

Onsite assistance and education, specially trained in-house service representatives, and a dedicated account manager—these are just a few of the service benefits UF will receive from MidAmerica at no additional cost. Some of our service highlights include:

- Service trends and inquiry tracking through Service Cloud
- Custom employer dashboards prepared especially for UF that highlight your participants' frequently asked questions, distribution and service timeframes, as well as insight into future opportunities to improve benefits for you and your employees
- Quarterly investment performance monitoring to ensure a best-in-class lineup
- Intuitive online benefits portal for both the employer and participant

Ongoing Education and Communication

Our education efforts and client engagement continue after implementation and throughout the life of your plan. We are committed to ongoing education and proactive communication that help you and your participants make the most of your Special Pay and FICA Alternative Plans. Below are just some of the ongoing education and communication services we provide at no additional cost:

- Robust education support for employees transitioning to retirement, including onsite sessions hosted by in-house experts that cover distribution counseling, an overview of retirement options as well as need-to-know regulatory information for those considering retirement
- Employer-level consultative services and guidance on legislative or regulatory updates, as well as opportunities to improve the overall benefits package
- Quarterly employer newsletters to keep you up to date on industry trends, MidAmerica updates and helpful tips for managing your benefits
- A MidAmerica Benefit Education Microsite (pictured below) to provide your employees visibility into the features and highlights of the plans offered to them
- Florida-based MidAmerica representatives who will provide onsite education and assistance as needed by the University. Our promise is that this representative will never try to sell away from the plan and will be there strictly to educate you and your employees on your benefits with MidAmerica

In-House Plan Administration

We understand that plans and processes aren't one-size-fits-all. That's why we'll partner with UF to develop a plan tailored to meet your needs. Since our administration is completely in-house, we have the agility to adjust internal processes if it means delivering an exceptional experience to you and your participants. We will work with the University to migrate manual processes to an automated format wherever possible.

Plan Administration Highlights:

- Total in-house administration
- Posting of contributions to participant accounts
- Daily valuation of funding choices
- Daily posting and processing of all distributions, forfeitures, and withdrawals
- Issue distribution checks
- Perform federal income tax withholding as necessary, and issue annual information returns, Form 1099-R, etc.
- Direct deposit capabilities
- Performance of required plan testing
- Automatic plan enrollment
- Annual employer reporting
- Participant account statements (quarterly for variable investments, annual for fixed investments)

Online Resources

Employer Plan Access

- Accessed via secure login
- Generate on-demand reports
- Display messages to plan participants
- Access plan documents
- Monitor account activity

Employee Plan Access

- Accessed via secure login
- Access to plan forms
- Monitor account balance
- Edit personal information and designate beneficiaries online

Investments

Fund Options and Mapping

With MidAmerica and AUL, the University will be able to offer its employees a fixed interest annuity option for both the Special Pay and FICA Alternative plans, matching or exceeding what is being offered currently. However, we acknowledge that the current economic circumstances have significantly impacted the interest rate environment. Recognizing that a one-size-fits-all approach may not be effective for UF, we are providing three (3) interest rate options to help align with your strategic vision. Each option provides a different scenario in regards to initial interest rates and long-term guarantees. MidAmerica's goal is to offer the University a range of options so that you can select the alternative that best meets UF's plan objectives.

Below is a detailed explanation of the three rate options we are proposing. Please note that all options listed below focus on the minimum guaranteed rate. If the interest rate environment is conducive, AUL may credit a rate greater than the minimum guarantee, as it has consistently done historically. For each of the three scenarios, the termination provisions of the contract provide for two options: six (6) installments over five (5) years or a Market Value Adjustment (MVA).

Option 1 | Longer-Term Certainty

This option is ideal if UF believes that the interest rate environment will take several years to rebound. The University can choose to lock in a strong guaranteed rate for several years along with a competitive minimum lifetime guarantee thereafter. This allows the interest rate environment more time to rebound to positively influence rates in the future.

The crediting rate for ***Option 1*** will be 2.05% through the year 2022. Assets currently receiving a 2.05% interest rate will receive 2.05% for the life of the contract, and all other assets will have a minimum lifetime guarantee of 1.50% thereafter.

Option 2 | Balanced Approach to Near-Term Rates and Long-Term Guarantees

With this option, UF balances the desire for a strong near-term rate (2.50% through 2021) with a quality rate floor for the future (1.50%). This strategy provides near-term growth in an uncertain interest rate environment and provides longer-term stability regardless of how the interest rate environment evolves.

The crediting rate for ***Option 2*** will be 2.50% through the year 2021, with a minimum lifetime guarantee of 1.50% thereafter.

Option 3 | Best-in-Class Return Upfront

With this option, UF receives the highest yield immediately. This strategy allows for the greatest near-term asset accumulation which creates a higher account balance for the future. A lower lifetime guarantee and a higher rate upfront would suit a client who believes the interest rate environment will improve and finds a lower long-term minimum guarantee acceptable.

The crediting rate for ***Option 3*** will be 3.00% through the year 2021, a 1.50% minimum guarantee through 2022, and a minimum lifetime guarantee of 1.00% thereafter.

Investment Fund Mapping

We have worked closely with AUL to create compelling investment mapping schedules that can work for the University no matter the ultimate investment transition goal. To review these schedules in detail, please see *Exhibits F and G*.

Zero Revenue Platform Mapping Schedule | *Net Expense Ratio: 0.12%*

Understanding that cost savings is an important goal of the University, the investment professionals at AUL have selected low-cost, high-value mapping schedules that achieve the best possible lineups at the lowest possible net expense ratio. Below is an estimated sample plan comparison.

Proposed Investment Lineup | Estimated Sample Plan Comparison

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Morningstar Rating	Net Exp Ratio
Current Plan	(15.46%)	(6.91%)	2.37%	3.30%	6.56%	4.17	0.23%
Proposed Option	(15.16%)	(5.88%)	3.42%	4.16%	7.48%	4.89	0.12%

Future Thought Partnership

Help retirees pay for medical premiums using existing benefit funds

We go beyond what you might expect from a typical administrator by providing additional consultative services when and if you need help. An example of how we do this is through helping retirees bridge the gap between retirement and Medicare eligibility. Paying for health care premiums is often the top concern for hardworking employees considering retirement and, unfortunately, they're likely to postpone their retirement dreams due to uncertainty around how they'll be able to afford it. What happens when they do decide to retire? They will often turn to their tax-deferred retirement benefit to pay for health care, incurring an avoidable tax consequence in the process.

We also recognize the unexpected budget strains introduced by the COVID-19 global pandemic. As a result, we have been actively problem-solving to help public sector employers shift from an environment of mass layoffs to a targeted buyout strategy using creative benefit structures.

As your benefits partner, we can discuss future solutions that could solve these issues for the University. One such solution could be our funded Retiree Health Reimbursement Arrangement (rHRA). The rHRA would complement the University's existing Special Pay Plan by providing access to money that can be used tax-free to pay for eligible medical expenses, including health care premiums. The plan can be funded using the employee's pool of accumulated leave, which means you're simply using existing funds more efficiently. So instead of 100% of unused leave going into the employee's Special Pay Plan, UF could place a split percentage of the leave into both the Special Pay Plan and the MidAmerica tax-free rHRA.

Ultimately, the University's current benefit offering isn't disrupted at all—only enhanced—and without any additional cost to you. Plus, both plans can work harmoniously together, creating a winning retiree benefit structure for both you and your employees, as illustrated below.

Here's what the retiree benefit structure could look like.

Special Pay Plan

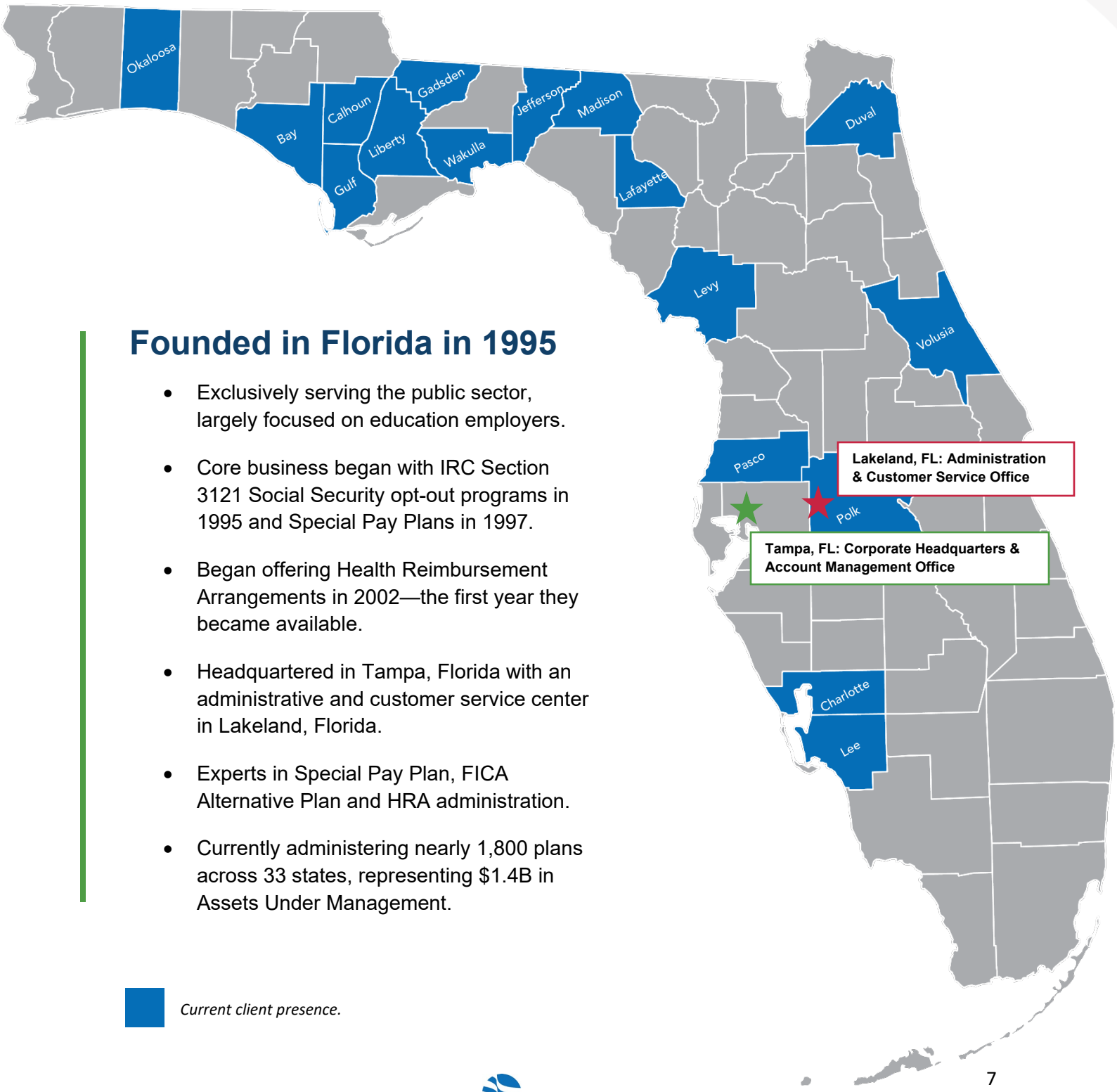
- ✓ Funded using the employee's accumulated leave
- ✓ Tax-deferred
- ✓ Invested for potential growth
- ✓ Funds can be used for any purpose once eligibility requirements are met

rHRA

- ✓ Funded using employee's accumulated leave
- ✓ Tax-free
- ✓ Invested in same investment vehicle as Special Pay Plan
- ✓ Funds can be used tax-free to pay insurance premiums and other eligible medical expenses

Why **MidAmerica Makes Sense**

Get to know us a little bit better.



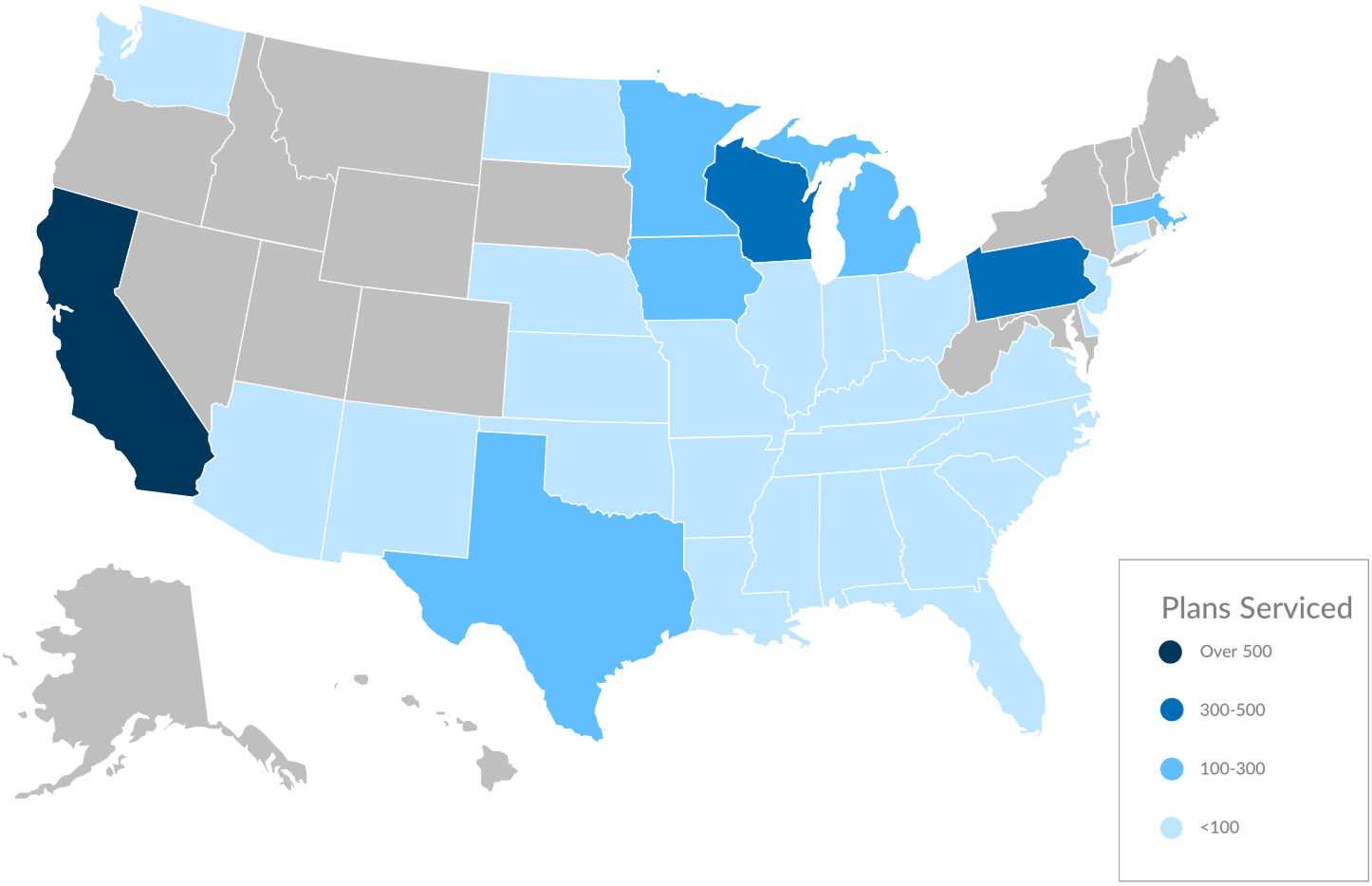
Founded in Florida in 1995

- Exclusively serving the public sector, largely focused on education employers.
- Core business began with IRC Section 3121 Social Security opt-out programs in 1995 and Special Pay Plans in 1997.
- Began offering Health Reimbursement Arrangements in 2002—the first year they became available.
- Headquartered in Tampa, Florida with an administrative and customer service center in Lakeland, Florida.
- Experts in Special Pay Plan, FICA Alternative Plan and HRA administration.
- Currently administering nearly 1,800 plans across 33 states, representing $1.4B in Assets Under Management.

Current client presence.

Why **MidAmerica Makes Sense**

Our National Presence



1,795

Total Plans Administered

$1.4B

Total Assets Under Management

99%

Client Retention Rate

Why **MidAmerica Makes Sense**

Understanding the ***why*** behind MidAmerica

Our Mission

We strive to take care of those people who do so much to take care of our communities—like public school employees, law enforcement and firefighters, and municipal employees—by providing best-in-class administration for the benefit plans that allow them to live with security and to retire with peace of mind.

Our Vision

It's our vision that MidAmerica will become the nation's most trusted provider of public sector benefits funding & administration, helping five million employees in their personal health and wellness journey.

Our Values

Where Passion Meets Purpose
We are passionate about what we do, who we serve, and the impact we have; we work hard to deliver positive outcomes in all situations.

We Take Care of our Customers
Whether it's a participant, plan sponsor, or partner, we do the right thing to create an excellent experience for them.

We Deliver
We are passionate about MidAmerica's results. We take accountability to drive performance at the company, team, and individual levels to continuously improve and exceed expectations.

We are PeopleFirst
People are our most important asset. We care for each other and those we serve by always being positive, honest, and respectful in everything we do.

We Win Together
We are better as one team than we are as a group of individuals. We collaborate to drive the best outcomes for each other and for our customers.