Shadowfacts

SHADOWFAX NEWSLETTER APRIL 2021

Employee Benefits Educational Webinar: All About Your Employee Assistance Program

We're pleased to announce our first Employee Benefits Educational Webinar, coming up on April 15, with sessions at 10am and 5:30pm! Please make plans to join us on Zoom to learn more about your Employee Assistance Program (EAP) with Kara Hoy from Mazzitti & Sullivan.

We're all living increasingly stress-filled lives, with challenges all around us. You might feel like you're alone as you try to cope with family & financial problems, depression, anxiety, legal questions, or loss. Mazzitti & Sullivan is there for you, to provide free and confidential counseling and coaching sessions for difficult situations. We encourage you to reach out when you need help. All residents of your home are also eligible for these benefits. Watch for info about our next webinar with Highmark Blue Shield.

To join Zoom meeting, hold control key, point below & click:
https://aleragroup.zoom.us/j/97695845820

VERY IMPORTANT...

This year, the Wellness Initiative requires staff to participate in 2 of the 4 webinars that will be hosted by AIA <u>as fulfillment of the "Educational Activities" criteria.</u>

<u>There are no options for other educational activities this year.</u>

Medication Task Force

has sent out an updated *pink* laminated "Medication Administration Steps" form to all programs.

The following revisions were made:

- Compare label to MAR - Check the 5 Rights
- Compare MAR to label - Check the 5 Rights
- Pop dose of medication in container
- Compare label to MAR - Check the 5 Rights
- Initial and date blister pack

No More "Staff Portal"

The Staff Portal has been divided into two sections within the Staff Home:

<u>Staff Resources:</u>
Shadowfax email, and information such as benefits, policies, news, and various forms.

<u>Learning Center:</u>
All of your training needs and requirements.

Safety Corner: 10 Dangers of Wearing Flip-Flops

Flip-flops. They're comfortable, but also really bad for you! In warm weather, it's hard to resist the urge to break out your flip-flops, the truest sign of summer. The problem: they horrify most experts!

Here's why you should reserve flip-flops for the beach, pool, spa, and shared showers

1. **Flip-flops expose your feet to bacteria, viral, and fungal infections.** Any time your feet get particularly filthy (i.e., any time you wear your flip-flops in public), they're likely covered in some nasty things, like Staphylococcus. How severe exposure to Staphylococcus gets depends on whether you have open wounds—like micro-wounds from exfoliation during a recent pedicure or actual cuts.

2. **Flip-flops slow you down.** An Auburn University study found that flip-flop wearers take smaller steps than people who wear sneakers.

3. **Flip-flops make you extra clumsy.** The short strides increase your risk of tripping. They can also be a driving hazard, getting stuck, sliding off your foot, or lodging under break pedals.

4. **Flip-flops destroy your heels.** Because your heels hit the ground with more force when there's nothing but a piece of foam separating your foot from the ground, walking in flip-flops accentuates the heel-strike impact, which could cause pain, especially if you stand or walk for extended periods of time.

5. **Flip flops can cause terrible blisters,** which can pop and leave you vulnerable to infection.

6. **Flip-flops can permanently damage your toes.** Ever hear of hammertoe? It's when the knuckles of your toes bend... and stay like that forever. When you wear flip-flops, your toes need to work extra hard to keep the shoe on your foot, which can cause hammertoe. To avoid pain, and potential surgery, stick with strappier sandals. (So think Birkenstocks and Tevas.)

7. **Flip-flops mess with your posture.** Any super-flat shoe that doesn't bend like your foot does when you walk barefoot alters your biomechanics and affects your posture.

8. **Flip-flops can cause shooting pain.** People with flat feet need arch support to keep their knees, hips, and back aligned. In a flat shoe, there's none of that, so your joints have to compensate. This causes overuse injuries all the way up the body, and can include heel pain, and pinched nerves in the back.

9. **Flip-flops can exacerbate bunions.** Because your toes have to work hard to keep flip-flops on your feet, over-gripping can aggravate people with unsightly and painful bunions, a bump at the big toe joint.

10. **Flip-flops could be made of toxic materials.** Plastic straps may be made of latex, which many people are allergic to, or BPA-laden plastic, which is linked to various cancers. Opt for sandals with fabric or leather straps, because natural materials tend to be safer.

From Ortho Bethesda, and Elizabeth Narins, Cosmopolitan Magazine

Welcome New Staff !

Melanie Garcia-Goodling
Human Resources Specialist

Set a Gratitude Alarm

"About four years ago, I was introduced to Shawn Achor's TED Talk, 'The happy secret to better work.' His talk inspired me to set a gratitude alarm on my phone for 9pm each night. When it goes off, I recite 3 things I'm grateful for from the past 24 hours. Whoever is around me at the time participates too, and I always find that it's really fun when the alarm goes off..."

Blair Kaplan Venables,
Pemberton, B.C.

Staff Profile of the Month: Darla Hodson

Congratulations to Darla Hodson for being the Staff Profile of the Month! Darla just began with the company a month ago as the new HR Administrative Assistant, assisting in the front office at Tremont Street, and with other HR responsibilities. Before coming to Shadowfax, Darla worked as an Administrative Assistant, and also as an office manager in a doctor's office in Lancaster.

Darla currently lives in East York, where she was born and raised. She graduated from York Vocational Technical School, and attended adult education at the same school years later, for Medical Terminology and Medical Transcription.

Darla is married to her husband, Greg, and they have three daughters and seven grandchildren—the youngest of which was just born the last week of March! Darla enjoys crab cakes and shrimp, and her favorite place to eat out is The Paddock. Her favorite color is pink, and she loves roses. She enjoys going to the beach to relax, and also enjoys cooking, long walks, reading, photography, and—best of all—playing with her grandchildren. Looking into the future, her plans include retirement, traveling, and spending lots of time with her grandchildren and all of her family.

When asked what she likes best about Shadowfax, Darla said she enjoys helping others and knowing that the work she does is relevant. She appreciates being at Shadowfax, and hopes to make a positive contribution towards our goals. Darla, we appreciate your presence, and you are already making a positive impact through your hard work and warm, welcoming smile. Thank you for all you do!

From the Training Office

Introducing Our New Training Managers

Tammy Flower
Training Manager

Marlo Sell
Asst. Training Manager

Tammy and Marlo are here to help you with all your training needs! You will be hearing from them as they continue to implement upgrades and incorporate creativity into the training requirements.

Very Important!

Annual training for all staff
is due to be completed on Wed June 30, 2021!

Go into the Shadowfax website, www.shadowfax.org
Scroll down to the bottom and click on "Staff Home"
Then follow the detailed instructions on pages 7 and 8 for:
**** Learning Center Login Instructions ****
**** How To Take Classes ****

Start NOW !!!
There are a lot of trainings to complete this year!
If you need additional support, call HR at (717) 848-4349.

Congratulations

Referral Bonus Recipient!

The following staff is currently receiving a referral bonus:

Jessica Mummert

You could be next!

Referral Forms are available at Pattison Street or Tremont Street. See information below...

Spring:
A lovely reminder of how beautiful change can truly be.

From

Referral/Recruitment Bonus

Refer hard-working, reliable, caring and conscientious people by filling out referral forms within 3 days of when they apply. If hired & they work at least 90 days you'll receive:

$275 Bonus

paid over 6-month period

(as long as the person remains on staff)

Referrals must be submitted to HR within 3 days of receipt of the application. Forms are available on the Staff Portal, or at the reception desks.

Employee Assistance Programs

Mazzitti & Sullivan

(available to all Staff)

and

Reliance

(ACI Specialty Benefits)

(available to all Full-time Staff)

sponsor

Shadowfax Employee Assistance Programs.

Information is available on the website.

Beneficiary Information

All full-time staff receive life insurance coverage on the 1st of the month upon completion of 90 days of employment. Be sure to keep your beneficiary information current for both the life insurance and 403B plans. Keeping the information current with the HR Dept. will ensure that money is allocated correctly in the event of a tragedy.

Thank you!

Last month, a pair of reading glasses was found in the parking lot at Tremont Street.

You can claim them at the Tremont front desk.

Going Green

"I Want To Be Recycled"

During 2021, we are presenting a series on common household items & their recycling processes.

Automotive

WHAT IS IT USED FOR?

Car parts, seats, engines, antifreeze, batteries, brake fluid, gasoline, motor oil, tires.

WHY IT WANTS TO BE RECYCLED.

Recycling auto parts yields resources such as oil, steel, and aluminum, which can be reused and saves the energy needed to mine and manufacture new resources.

HOW CAN I RECYCLE IT?

Vehicles can be donated to nonprofit groups and sold to automotive recyclers. Some parts such as tires, lead acid batteries, and gasoline, may be dropped off at your local recycling center. Some items, such as oil and lead acid batteries, may be returned to the dealer or repair shop.

WHAT DOES IT BECOME?

Vehicles for recycling are first dismantled to recover fluids and take away usable parts such as batteries, wheels, tires, fenders, radios, engines, and other reusable parts that can be sold for reuse in other vehicles or used in other markets. Next, vehicles are crushed and loaded onto a shredder. The shredder grinds the vehicle into pieces from which metals are separated. The recovered metals are sent to mills to be remelted. The remaining material, known as auto shredder residue (ASR), or "fluff" which includes the plastic, fiber, and some metals, may be further recycled or is sent to landfills.

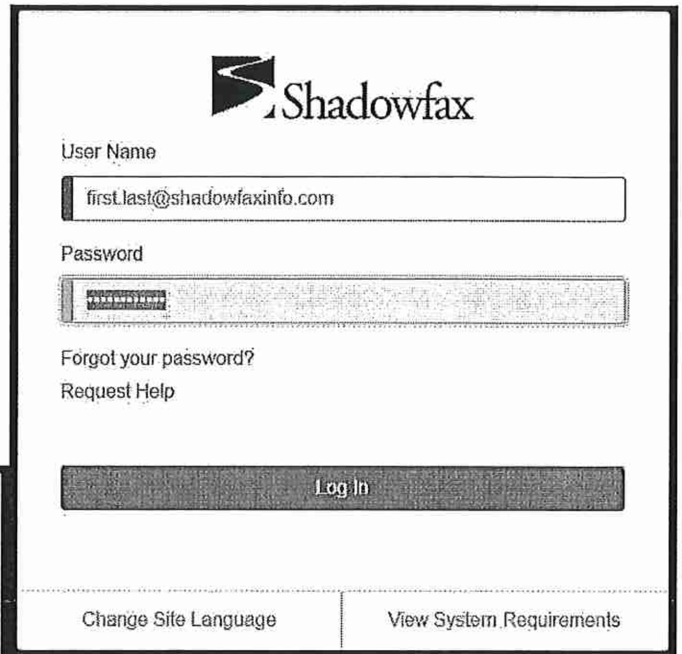
From iwanttoberecycled.com, "Recycling Explorer"

403(b) Staff Can Attend Quarterly 403(b) Meetings

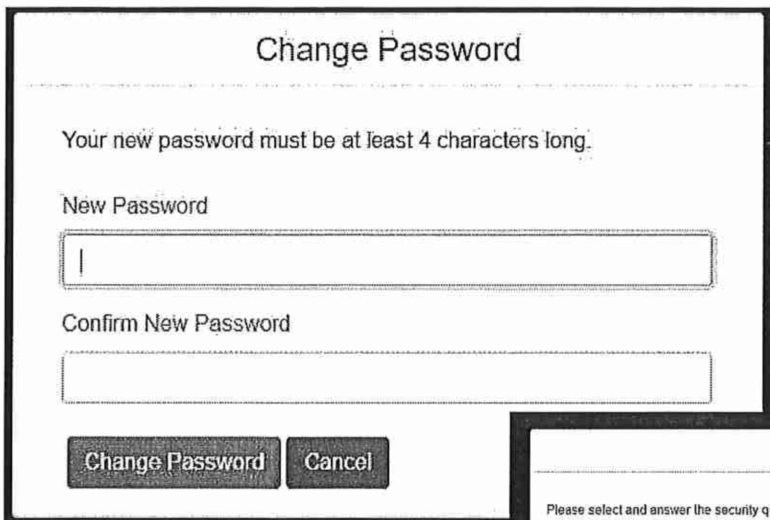
with Brock Hively, held at Pattison St. Contact Amy Brillinger, Director of HR at (717) 848-4349, for the date & time of the next meeting.

Shadowfax

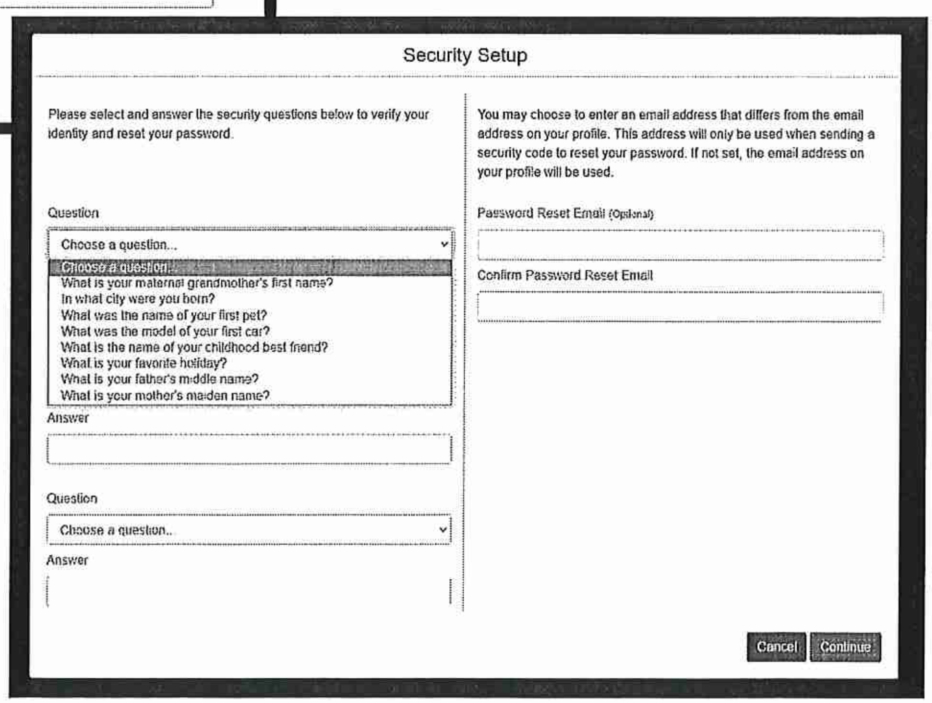
Learning Center Login Instructions



1. Click "Learning Center" under Staff Home
2. User Name : Company Email
   a. For those without email use first.last name
3. Initial Password: welcome
4. Enter your new password and confirm it
5. Relog in using the new password

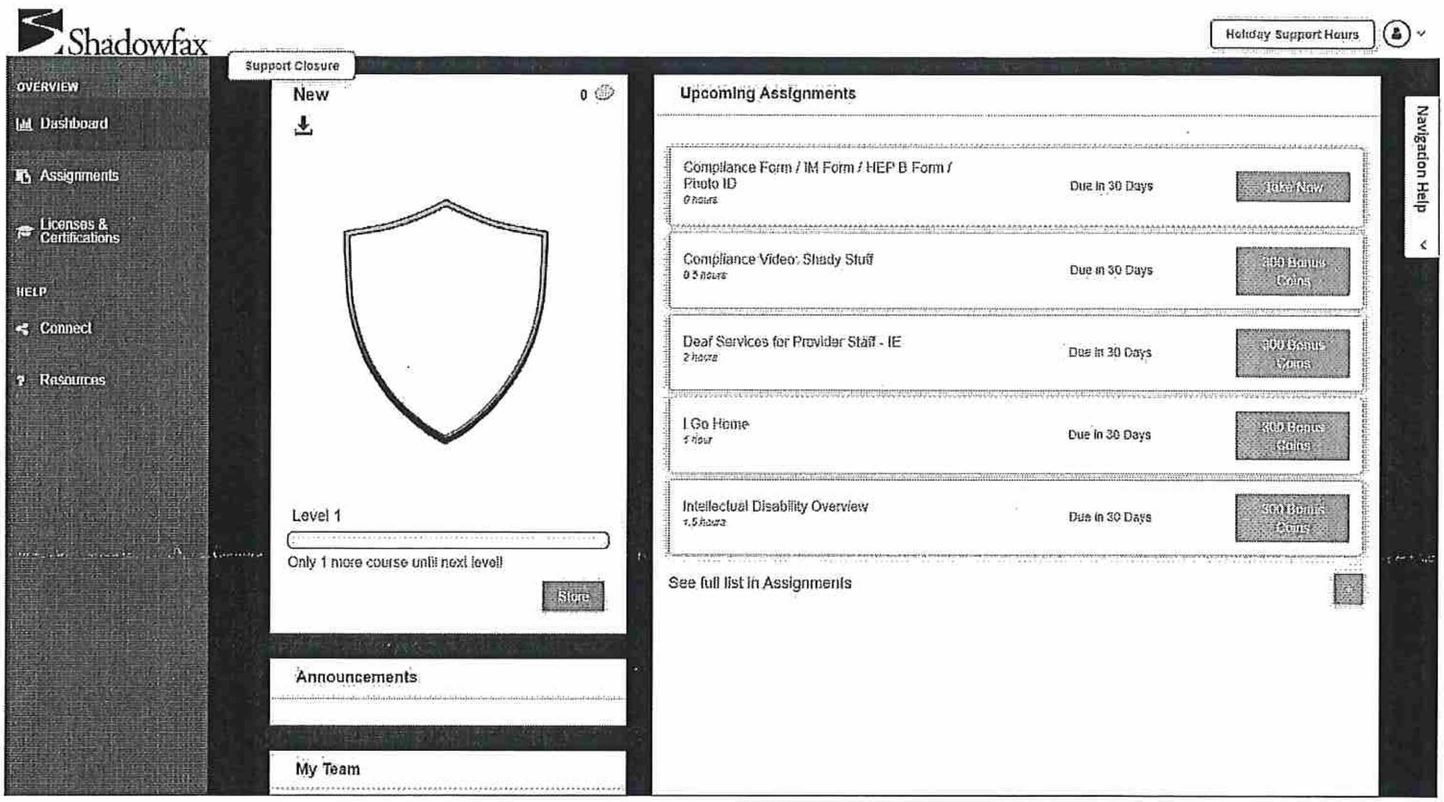


6. Select Security Questions
   a. And answers
7. (Optional)
   a. Use a personal email
   For password recovery
8. Click Continue

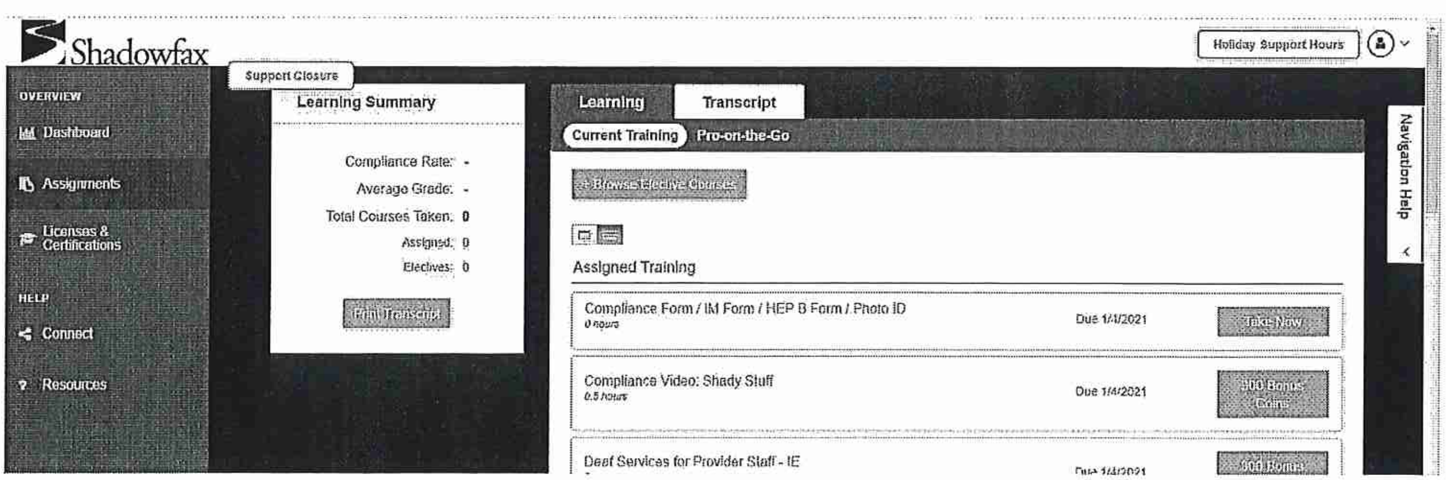


Learning Center – How to take classes

1. Log In
2. Upcoming training within 30 days will be yellow
3. Overdue trainings will be red



4. To see all upcoming due trainings in the next 90 days click "Assignments"
5. Click the training's name to begin the course



Evaluation

Exit

You have completed all the requirements for this course! If you need a continuing education certificate, please click the button below to print your certificate.

Print Certificate

DO NOT PRINT CERTIFICATE for us– We do not need it. Click Exit instead.

EXCEPT FOR Red Cross Blended Learning!

SAVE THE E.R. FOR EMERGENCIES

SAVE TIME AND MONEY

When you want quicker non-emergency care than you can get from your doctor, consider skipping the emergency room and going to a network urgent care center. You won't have to wait for hours in a crowded room and you pay less - up to three times less for the same care that you would get in an emergency room.

WHAT IS AN URGENT CARE CENTER?

An urgent care center is a freestanding, full-service, walk-in health care clinic that offers service seven days a week and extended hours. Appointments are not required. Urgent care centers offer the same services as primary care providers, plus some testing services such as x-rays and blood tests.

URGENT OR EMERGENCY CARE – WHAT'S THE DIFFERENCE?

Go to an urgent care center for minor accidents like burns, cuts, strains and sprains, or common medical problems like the flu, colds, earaches, sore throat, allergic reactions and infections.

Go to an emergency room for more serious, life-threatening situations such as chest pain, shortness of breath, difficulty breathing, high fever with a stiff neck, broken bones, mental confusion and major injuries.

Choose the most appropriate setting for your care. Save time and spend less for the same care.

To locate a network urgent care center, go to your member website or call the Member Service number on the back of your ID card.

OTHER WAYS TO SAVE

Choose an x-ray/imaging center or a local independent lab for imaging and blood tests. It's quicker, more convenient and more efficient – and can cost up to 30 percent less than at a hospital.

Highmark Blue Shield is an independent licensee of the Blue Cross and Blue Shield Association.
05/14 CS# 201272

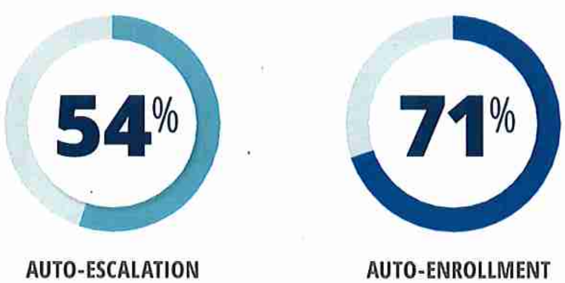
HIGHMARK.

Roth vs. pretax deferrals: Is there a clear winner?

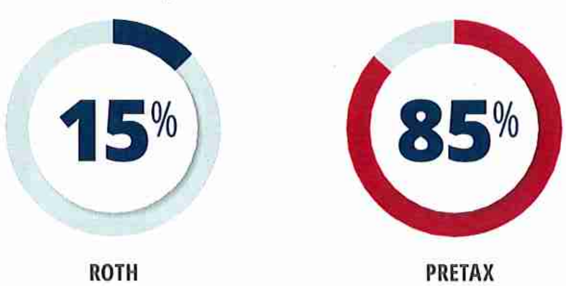
Executive summary

- Today 71% of large 401(k) plans automatically enroll participants, and more than half use auto-escalation.
- Among auto-enrollment plans, the default contribution type is almost always pretax.
- Pretax and Roth deferrals may offer tremendous benefits, but those benefits differ depending on factors we examined, including: tax rates, wage growth, earned income tax credits, Social Security and lifestyle in retirement (among others).
- Based on our research, we believe there is an opportunity for greater personalization of pretax or Roth contributions to improve retirement outcomes.

Plans that use auto-escalation and auto-enrollment



Participant deferral selection[1]



Initially authorized by the Pension Protection Act of 2006 (PPA), automatic features in defined contribution plans, like auto-enrollment and auto-escalation, have become a cornerstone of plan design. Over 71% of large 401(k) plan sponsors automatically enroll participants at a contribution rate of between 3% and 7%.[2] The use of auto-escalation is now also commonplace, with 54% of large 401(k) plan sponsors incorporating it into their plans' designs.[3]

PPA also ushered in the ability of defined contribution plan sponsors to amend their plan documents to allow Roth contributions. About half of large 401(k) plan sponsors offer Roth in addition to traditional 401(k) savings accounts. However, of participants in large 401(k) plans, the vast majority of participants make pretax contributions versus Roth contributions.

While the high use of pretax deferrals may be significantly driven by participants' preferences, it is important to keep in mind that among auto-enrollment plans, the default contribution type is almost always pretax. Adding to the imbalance of pretax dollars is the fact that employers who match either pretax or Roth employee contributions are required to allocate the match to a pretax account.

As we will discuss, pretax and Roth contributions both offer tremendous benefits, but those benefits vary depending on age, income level and a number of other factors. Similar to auto-enrollment and auto-escalation, a dynamic strategy to optimize savings type should also become a cornerstone of plan design. Based on our research we believe a recommended savings approach based on the unique circumstances of each saver can lead to improved retirement objectives.

Roth basics

Roth contributions differ from pretax contributions in a number of important ways. Understanding the differences can help inform the optimal contribution strategy for a participant. The table below shows some of the key differences between pretax and Roth contributions.

Treatment of pretax and Roth plan contributions

	Pretax	Roth
Taxation	Not taxed at time of contribution Contributions and earnings taxed at time of distribution	Taxed at time of contribution Not taxed at time of distribution*
Impact on adjusted gross income (AGI)	Decrease AGI at time of contribution Increase AGI at time of distribution	Increase AGI at time of contribution No impact on AGI at time of distribution if holding period met
Income limits	No income limit	No income limit**
Subject to required minimum distributions (RMDs)	Yes	Yes***

Factors that affect the pretax-versus-Roth decision

On the surface, the decision to make pretax versus Roth contributions seems relatively straightforward. If a participant believes their current tax rate will be higher than their tax rate at time of distribution, pretax contributions should be favored. Conversely, if a participant believes their current tax rate will be lower than their tax rate in retirement, Roth contributions should be favored. Unfortunately, the decision is more complicated than that. Complicating factors that should be considered when making the pretax-versus-Roth decision include:

FUTURE TAX RATES — While death and taxes may be the only certainties in life, the tax rate is anything but certain. The top marginal tax rate in the United State fluctuated from 91% in 1963 to 28% in 1990 to 39.6% in 2017.[4] Over the last 20 years alone we have seen four changes in the marginal tax rates.[1] Given the historical volatility of tax rates, we believe it is prudent to assume tax rates will continue to change in unpredictable ways. As a result, tax rate diversification achieved through a combination of pretax and Roth contributions is an important consideration.

LIFESTYLE IN RETIREMENT — When planning for retirement, households generally desire to maintain the standard of living in retirement they achieved before retirement. As retirees no longer have to save for retirement or pay FICA taxes (Social Security, Medicare and Medicare surtax if applicable), the common assumption is that they can live off a lower level of income and maintain their pre-retirement standard of living. This line of thinking is frequently used to justify pretax savings because a lower level of income in retirement should translate to a lower tax rate. However, most households make pretax contributions in their working years, lowering their adjusted gross incomes (AGIs) and subsequently their tax rates. As a result tax rate decreases in retirement aren't as dramatic as some assume, and workers may have a hard time maintaining the standard of living they achieved before retirement.

*Contributions are not taxed, and earnings are not taxed if a five taxable-year holding period is met. **Contributions to Roth IRAs begin to phase out at $118,000 and $196,000 for single and joint households, respectively. ***Roth IRAs are not subject to required minimum distributions (RMDs). Roth defined contribution balances can be rolled into a Roth IRA, allowing for the avoidance of RMDs.

WAGE GROWTH — In general, real wage growth is at its greatest for workers between the ages of 21 and 35. Growth slows between 35 and 55 and actually begins to decline after 55.[5] This pattern means younger workers start their careers in a lower tax bracket and change tax brackets more quickly as they approach age 35. Between 35 and 55 workers may continue changing tax brackets but at a slower rate, and then after 55 they begin backtracking to previous tax brackets. All else equal, this pattern also implies that Roth contributions are probably most valuable for workers experiencing more rapid wage growth (those under the age of 35) while pretax contributions are most valuable for workers over the age of 35. Because wages also tend to increase with inflation and tax brackets are indexed to inflation, real wages should be considered over nominal wages.

EARNED INCOME TAX CREDIT (EITC) — Low-wage earners are eligible for tax credits in the form of earned income tax credits (EITCs). Instead of paying tax, these workers actually get a credit from the government. The credits are based on a person's AGI, filing status and number of dependents, among other factors. Pretax contributions lower current AGI, which results in greater credits for those who are eligible. Roth contributions increase current AGI and can result in lower or no credits. All else equal, workers who are eligible for EITCs should consider making pretax contributions.

TAXABILITY OF SOCIAL SECURITY — Social Security affects taxes in a number of ways. In the AGI calculation, only half of the Social Security payment is counted. A lower AGI in retirement results in a lower percentage of Social Security being taxed. As a result, given the same level of earnings, someone collecting more earnings from Social Security will have a lower AGI and therefore a lower tax rate. As most workers collect Social Security in retirement, this results in a greater benefit for Roth contributions. Roth contributions are not counted toward AGI at the time of distribution while pretax contributions are. Consequently, Roth distributions can be used to decrease the level of Social Security that is taxed.

MEDICARE PART B INCOME TEST — Medicare Part B payments are based on modified adjusted gross income (MAGI). Households earning less than $85,000 pay the lowest premiums: $1,608 annually. Premiums increase as AGI increases, maxing out at an AGI of $320,000 and an annual premium of $5,143. As Roth distributions don't count toward AGI, Roth contributions can lower Medicare part B premiums.

ESTATE PLANNING — Roth contributions can offer a significant advantage for use in estate planning. Roth defined contribution accounts can be converted to Roth IRAs, and Roth IRAs are not subject to RMDs. Since beneficiaries have the option of stretching withdrawals out over their life spans, and as a result potentially capturing decades of tax-free growth, households that intend to leave a bequest to their heirs may benefit from making Roth contributions.

RETIREMENT READINESS — As mentioned above, most often retirement planning assumes a household will maintain its standard of living in retirement. Unfortunately, that may not be a reality for many Americans as data points to a lack of retirement savings for a significant number of households. If households are underfunded for retirement, their income and tax rates in retirement will be lower, resulting in more value in pretax contributions.

Analysis

Making the right decision regarding contribution type can have a meaningful impact on one's financial situation. In the section below, we provide guidelines for a contribution strategy and attempt to show the benefits of making the right decision in light of the factors previously noted.

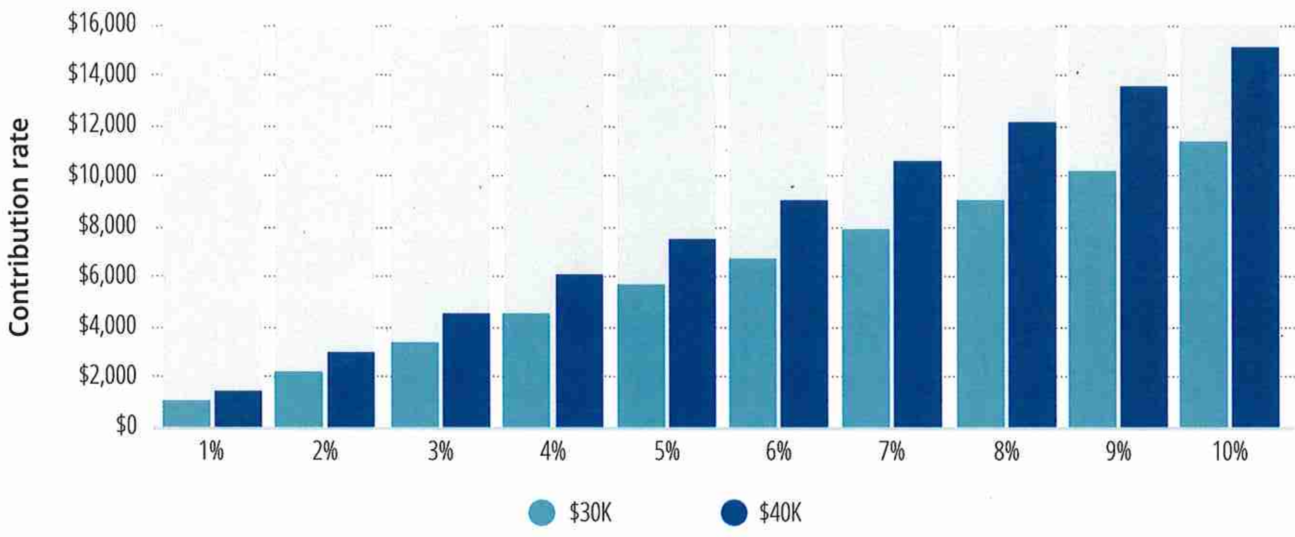
Lower-wage earners should contribute pretax due to EITC

A household filing jointly with two children and an AGI between $13,930 and $23,740 is eligible for a maximum benefit of $5,572. The benefit begins to phase out for households filing jointly earning more than $23,740 and reaches zero dollars at $53,930. We assume a household filing jointly will earn the EITC for 18 years. The graph below shows the lifetime impact of EITC when pretax contributions are made assuming a range of savings rates (from 1-10%) and income levels ($30,000 or $40,000 annual income).

Maximum income levels to qualify for the EITC

	Qualifying children claimed[5]			
If filing ...	Zero	One	Two	Three or more
Single, head of household or widowed	$15,010	$39,617	$45,007	$48,340
Married filing jointly	90%	$20,600	$45,207	$53,930

Lifetime impact of EITC on Roth pretax contributions

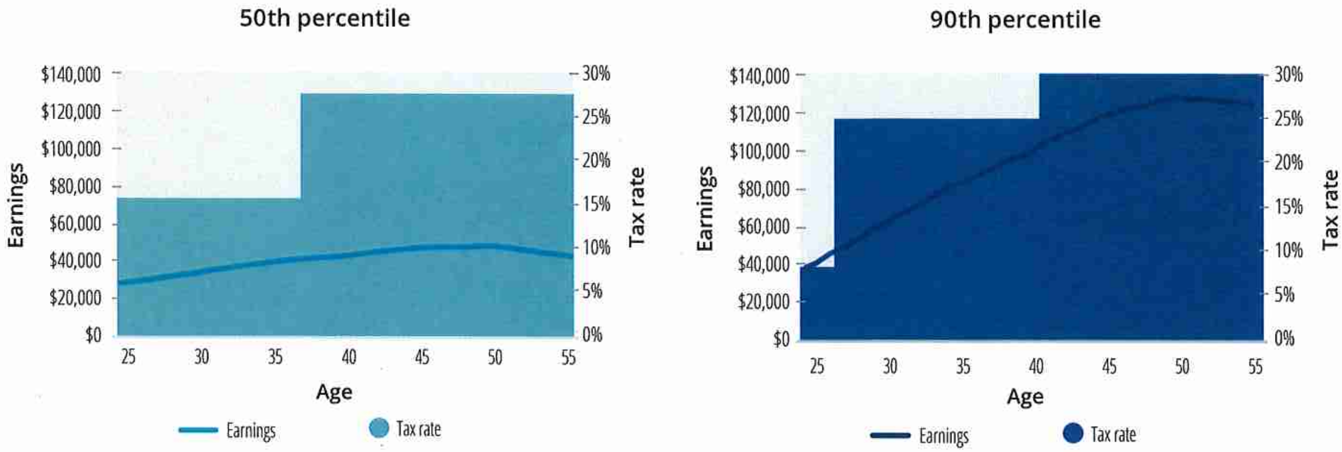


FOR ILLUSTRATIVE PURPOSES ONLY

EITC in the current year is the only benefit that is 100% certain. As a result, we believe anyone qualifying for the EITC should make pretax contributions to maximize this benefit.

Younger workers may benefit from Roth contributions while older workers may benefit from pretax contributions

Lifetime earnings and implied tax rates



FOR ILLUSTRATIVE PURPOSES ONLY

Since changing tax rates play a key role in contribution decisions, it is important to analyze the typical tax rate progression of a worker over their lifetime. In order to estimate the typical lifetime progression of tax rates we used earnings data based on research from the Federal Bank of New York, which analyzed 200 million salary data points from 1978 to 2010. The chart above shows lifetime earnings and the implied tax rate using 2016 tax rate tables.[6]

Naturally, younger workers tend to take entry-level jobs that don't pay as well as jobs that require work experience. At this time workers tend to be in their lowest maximum tax rate. Over time, these workers get promotions and pay increases, causing their top maximum rate to increase. As Roth contributions are taxed at the time of contribution, it makes sense for younger workers to prefer Roth contributions while their marginal tax rate is lower. As you can see, at around 35 or 40, workers reach their maximum tax rate. At this point, pretax contributions should be preferred.

The previous analysis does not consider tax rates in retirement. As noted, tax rates in retirement are dependent on a number of variables, including the taxability of Social Security, retirement readiness, retirement lifestyle and other considerations like Medicare part B payments. Given the complexity of determining whether a pretax or Roth contribution makes the most sense, we assumed taxable income in retirement will equal 80% of taxable income at age 55. This assumption resulted in a maximum tax bracket of 15% for the 50th-percentile earner and 25% for the 90th-percentile earner. A tax rate of 15% was the lowest tax rate during the accumulation phase for the 50th-percentile earner, and 25% is the second-lowest tax rate for the 90th-percentile earner. In instances where there isn't an obvious contribution choice, a diversified strategy is ideal. A strategy of Roth first may make sense given that employers must match using pretax dollars.

High earners of all ages should make Roth contributions

Very high-income earners (over $196,000 for joint households, $133,000 for single households) are prevented from making Roth IRA contributions.[7] One of the reasons for the income phaseout is that Roth IRAs are not subject to required minimum distributions (RMDs). This makes Roth IRAs an excellent vehicle for estate planning as Roth defined contribution accounts can be rolled into Roth IRAs. Roth IRA assets can be transferred to heirs, and their RMDs can be spread over a very long time period. Spreading RMDs over a long time period can lower the tax rate applied at time of distribution to beneficiaries. In addition, if the Roth account is inherited by someone in a lower tax bracket, it will also lower the tax rate applied.

Roth contributions also give households more flexibility in their planning. Wealthier households are more likely to have discretionary spending needs, which tend to be more flexible than non-discretionary needs. As RMDs don't apply to Roth IRAs, this gives households a lot more flexibility in terms of timing their income from retirement accounts.

It is important to note that Roth defined contribution accounts are subject to RMDs, so those accounts need to be rolled into Roth IRAs to avoid RMDs.

A diversified tax strategy reduces retirement income risk

While it's possible to estimate future earnings and levels of retirement income, it's more complicated to estimate pretax and Roth due to the unpredictability of future tax rates. Most tax tools leave the contribution decision up to the user or use today's tax rates, assuming the participant will remain in the same tax bracket going forward. Unfortunately, as shown in the chart at top right, tax rates change frequently.[8]

Year	Number of tax tiers	Top tax rate	Tax tier at 50K	Tax tier at 100K
1981	17	70%	34%	49%
1982	14	50%	31%	50%
1987	5	38.5%	28%	35%
1988	2	28%	28%	28%
1991	3	31%	28%	31%
1993	5	39.6%	28%	31%
2003	6	35%	25%	28%
2013	7	39.6%	25%	28%

In general, tax rates have come down since the 1980s, which has favored a pretax contribution strategy. That said, we are fairly certain tax rates will continue to change, but the direction of change is uncertain. Given that tax rates may change, a diversified strategy may help reduce uncertainty related to taxes and their impact on income in retirement. A diversified contribution strategy leads to a diversified tax strategy and can provide for the most even benefits regardless of future tax changes.

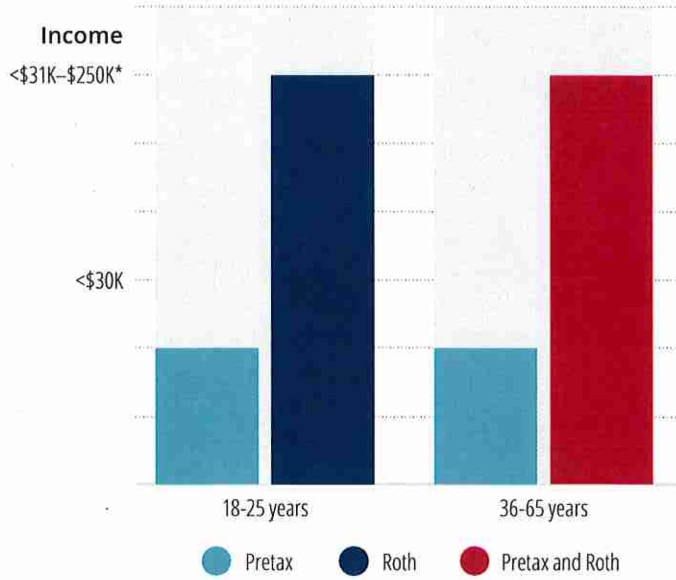
Conclusions

We continue to believe that auto features, like auto-enrollment, auto-escalation and default investment options, are the most impactful ways to increase retirement readiness. Most auto-enrolled participants are defaulted to pretax contributions. However, as we have shown, that may not be the ideal contribution type for many participants. Given the uncertainty of future tax rates, a personalized contribution strategy that considers age, income and EITC is ideal for most participants because it reduces tax risk while improving retirement outcomes in most scenarios.

Unfortunately, electing just one default enrollment type for an entire plan can result in uneven benefits and lost income for low-wage earners. It is important that a plan sponsor works with their recordkeeper, advisor and/or consultant to implement plan design features to include a strategy that helps address the unique circumstances of their employees and the most impactful contribution option.

In addition, we believe it is important to continue to push the evolution and personalization of auto features given their impact on retirement outcomes as outlined above. Newly introduced plan design concepts, like dynamic QDIA, which automatically transitions an investor from a target date fund to a managed account, should also be evaluated as an additional way to enhance the benefits of auto features.

Possible contribution strategies — considerations by age and income



*Households earning more than $250,000 per year should consider contributing on a Roth basis.

FOR ILLUSTRATIVE PURPOSES ONLY

THE PATH FORWARD

Continue the use of auto features

Auto features, like auto-enrollment and auto-escalation, have been very beneficial to plan participants. Plan sponsors should continue to consider these features to improve retirement outcomes.

Work with your recordkeeper to implement a dynamic contribution strategy

Pretax and Roth contributions have unequal benefits for participants based on a number of variables. Each plan sponsor and fiduciary should work with their recordkeeper to consider a dynamic approach to maximize the benefits of the default contribution type based on the individual circumstances of each participant.

Consider resetting the default contribution type for all defaulted participants

Given the imbalance of defined contribution assets in pretax dollars, plan sponsors should consider personalizing the contribution type not only for new auto-enrolled participants but also for existing auto-enrolled participants.

1 Vanguard, "How America Saves" (pressroom.vanguard.com/nonindexed/HAS2016_Final.pdf), 2016.

2 The Cerulli Report, "Retirement Markets: Growth Opportunities in Maturing Markets" page 178, 2015.

3 The Cerulli Report, "Retirement Markets: Growth Opportunities in Maturing Markets" page 179, 2015.

4 taxfoundation.org "Federal Individual Income Tax Rates History (Inflation Adjusted)" (Real 2012 Dollars) Using Average Annual CPI During Tax Year, Income years 1963 – 2017.

5 irs.gov/credits-deductions/individuals/earned-income-tax-credit/eitc-income-limits-maximum-credit-amounts-next-year, 2017.

6 newyorkfed.org/medialibrary/media/research/staff_reports/sr710.pdf, 2017.

7 irs.gov/retirement-plans/amount-of-roth-ira-contributions-that-you-can-make-for-2017, 2017.

8 taxfoundation.org "Federal Individual Income Tax Rate History (Inflation Adjusted)", Income years 1981-2017.

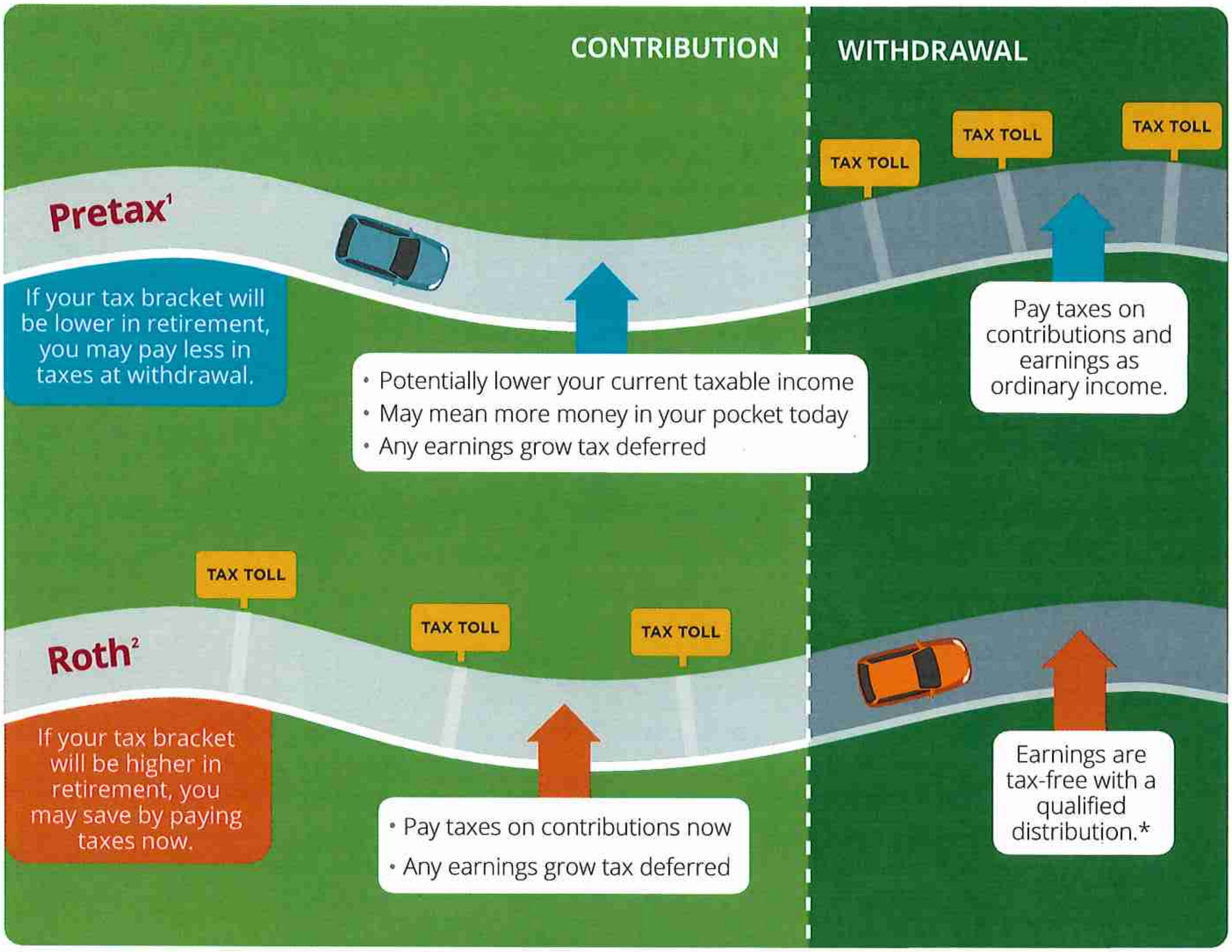
Empower Retirement refers to the products and services offered by Great-West Life & Annuity Insurance Company and its subsidiaries.

The charts, graphs, screen prints and examples contained within are for ILLUSTRATIVE PURPOSES ONLY.

The research, views and opinions contained in these materials are intended to be educational, may not be suitable for all investors and are not tax, legal, accounting or investment advice. Readers are advised to seek their own tax, legal, accounting and investment advice from competent professionals. Information contained herein is believed to be accurate; however, it may be impacted by changes in the tax, legal, regulatory or investing environment.

Pretax and Roth contributions

Wondering what the difference is? It's about when you have to pay taxes, and you'll need to determine which route is best for you. You can choose one or a combination of roads on your retirement journey.



1 Contributions are made prior to tax withholding.

2 Contributions are made after tax withholding.

*Subject to requirements: Roth contributions must be in your account for at least five years and the money withdrawn after you have reached age 59½, died or been disabled. If a distribution is not qualified, the earnings are taxed as ordinary income and may be subject to early withdrawal penalties.

THE SHADOWFAX CORPORATION 403(B) PLAN

SUMMARY OF MATERIAL MODIFICATIONS

The purpose of this Summary of Material Modifications is to inform you of a change that has been made to the The Shadowfax Corporation 403(b) Plan effective 07/01/2020. This change has affected the information previously provided to you in the Plan's Summary Plan Description. The revised portion of the Summary Plan Description is described below.

ELIGIBILITY FOR PARTICIPATION

The Plan document has been amended and/or restated into a new Plan document. If you were eligible to participate in the prior Plan, you will continue to be eligible to participate in this Plan without satisfying any additional age or service requirements.

Am I eligible to make Elective Deferrals and Roth Elective Deferrals?

Once you meet the eligibility requirements below, you will be eligible to make Elective Deferrals.

CONTRIBUTIONS - EMPLOYEE

Does the Plan allow me to make Elective Deferrals?

Yes. Provided you have met the eligibility requirements and passed the entry date as specified in the section titled "Eligibility for Participation" you may contribute Elective Deferrals to the Plan.

Do I pay taxes on any Elective Deferrals I make?

You will have the option to have the Elective Deferrals you make taken out of your pay either before or after taxes are withheld. For those Elective Deferrals you choose to have taken out pre-tax, you will generally pay taxes on this amount when you take it out of the Plan.

For those Elective Deferrals you choose to have taken out after-tax (Roth Elective Deferrals), you will pay taxes on this amount when you contribute them to the Plan. However, provided the distribution is "qualified" the earnings on these amounts will not be taxed when they are removed from the Plan. A Roth Elective Deferral distribution is qualified when (1) it has been at least 5 years since the first Roth Elective Deferrals were contributed to the Plan and (2) you are at least 59 1/2 year of age, become disabled, or have died. Roth Contributions are made in the same manner as pre-tax Elective Deferrals. You must designate how much you would like to contribute on a pre-tax basis (normal 403(b) contribution) and how much you would like to contribute as an after-tax Roth Contribution. You are not required to make any Roth Contributions. You may designate all of your Elective Deferrals as pre-tax contributions.

DISTRIBUTIONS - IN-SERVICE

DEFINITIONS

Elective Deferrals

Elective Deferrals are the amount of your Compensation that you chose to deposit into the Plan under a salary reduction agreement you complete with the Employer.

Elective Deferrals can be contributed either on a pre-tax basis or an after-tax basis. After-tax Elective Deferrals are referred to as Roth Elective Deferrals.