



Shadowfacts

SHADOWFAX NEWSLETTER

MAY 2021

The Shadowfax Executive Team, with support from the Board of Directors, is pleased to announce the following monetary rewards!



Staff Retention Bonus

In honor of Direct Support Professional Appreciation Week September 12 through September 18, 2021, and to celebrate ALL of our dedicated staff members, Shadowfax will be giving a retention bonus on Friday 9/17/21.

Full-time staff will receive \$2,000 and part-time staff will receive \$1,000 (before taxes).

In order to be eligible for the bonus, you must have been hired on or before 4/1/21 and must remain employed as of 9/10/21.

Additionally, staff must work the minimum number of hours required for their position in order to be eligible.

Please refer to Definitions and Payroll Classifications policy.

Staff Recruitment Bonus

All staff hired between 5/1 and 8/1/21 will be eligible for a \$1,000 sign-on bonus after completing 120 days of employment.

Keep the referral bonus program in mind!

If you refer someone who is hired, you will receive up to a \$275 bonus paid over a 6 month period for each referral.

The referral form can be found on the Staff Resources page, and must be submitted within 3 days of the application being submitted.

*You Are
Appreciated!*

*Your continued hard work and
dedication
is imperative for
the success of Shadowfax!*

Safety Corner: May is National Bike Month!

How about commuting to....



....on your bike!

Want to save on gas costs, release stress with exercise, and help the planet? Find out if riding your *bicycle to work* is right for you and get the latest bike safety tips at www.bikeleague.org.

Be Equipped



WEAR A BIKE HELMET

- Wear your helmet for every ride, even for short trips.
- Adjust straps for a proper fit.
- Protect your brain – your most valuable asset.



REGISTER YOUR BIKE

- Registration provides legal proof of ownership if your bike is lost or stolen.
- Public Safety manages bike registration.
- Registration is free and online.
- Project529.com



USE A BIKE RACK AND LOCK UP

- Use a designated bike rack.
- Lock the wheel and frame to the rack with a U-shaped lock.
- Don't block entryways or lock your bike to railings.

Be Alert



OBEY SIGNS, SIGNALS & LAWS

- Obey all traffic laws when bicycling.
- Stop at all stop signs and red lights.
- Ride in the same direction as traffic, not against it.
- Don't cover both ears with headphones.



BE VISIBLE AT NIGHT

- Use lights: front white light and rear reflector are required by law.
- Wear bright or light-colored clothing or reflective gear.
- Add extra lights and reflectors if you can.



YIELD TO PEDESTRIANS

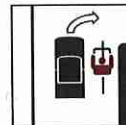
- Show courtesy and respect for all road and path users.
- Take extra care at intersection and driveways.
- Give an audible warning when passing.

Be Predictable



USE HAND SIGNALS

- Signal to others what you intend to do.
- Signal as a courtesy and for self-protection.
- Signal before entering an intersection or coming to a stop.



PASS WITH CARE

- Use caution at intersections.
- Pass on the left.
- Call out or use a bell when passing.
- Do a quick shoulder check before you change lanes.



DRIVE YOUR BIKE

- Ride in the same direction as traffic.
- Keep both hands on the handlebars, ready to brake.
- Use the bike lane when possible; do not ride on sidewalks.



Oluwole
Oyedale

FT DSP at 22/50



Staff Profile of the Month: Dustin Quance

Dustin has dedicated more than 24 years to Shadowfax! He started as an Associate Director of Production from 1997 to 2005, then moved into his present position as Associate Director of Day Supports. He actually worked at the Tremont St building starting in 1978, when it was the Rehabilitation and Industrial Training Center (RITC).

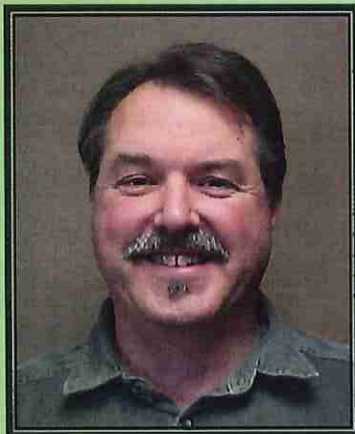
When asked about what he likes best about Shadowfax, Dustin says, "I like that a bunch of people, with their hearts in the right place for humanity, have persevered to serve the greater good by striving to support individuals with disabilities to be part of the community." He has served the company over the years as part of the Incident Management/Compliance Committee, the Golf Benefit Committee, and as a Mandt instructor.

Dustin has lived in York since the age of eight, and presently lives in Jacobus, where rabbits and deer come to visit often. He is a graduate of York Suburban High School, and York College. He has a "wonderful girlfriend" named Deb, "two beautiful daughters, an ambitious step-daughter (who has four children), and a step-son."

Favorite leisure activities include practicing and teaching Taijiquan and Qigong. Dustin would like to develop more teaching opportunities for Tai Chi and possibly do some volunteer work in a park. He also enjoys hiking, cooking, and spending time with family and friends.

As retirement approaches in June, Dustin shares this statement:

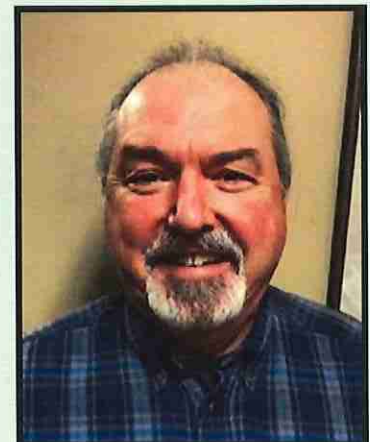
"It has been my honor and privilege to have a career that looks to help people. The people I work with are just awesome human beings."



Then

*Thank you, Dustin, for your
years of thoughtful
dedication.*

Happy Retirement!!



Now

From the Training Office



Tammy Flower
Training Manager

Marlo Sell
Assistant Training Manager



Contact us with your questions about training! 717-848-4349

Extended!

The due date for Mandt training for all staff (other than Packagers and Truck Drivers) will be Dec 31, 2021.

Training dates are scheduled as follows throughout 2021:

5/13 6/10 6/23 & 24 7/28 8/26 9/27 10/19 11/7 12/20.

The following dates have changed!

The 5/27/21 class was rescheduled to 8/26/21.

The 6/17/21 class was rescheduled to 10/19/21.

If you were scheduled for one of these dates and the new date doesn't work for you, please reschedule in Relias as soon as possible.

The Office of Developmental Programs has issued an updated Incident Management Bulletin that will be effective 7/1/2021. There are significant changes to the bulletin that ALL staff must be aware of to ensure we protect the health, safety, and rights of the individuals we support. As of today, you all have access to the updated Incident Management Training in Relias. It consists of:

- 2 Webinar Sessions**
- 9 Webcasts**
- PowerPoint Presentation**
- Document Review**
- 20 Question Exam**

This is a MANDATORY training that must be completed by ALL Shadowfax employees, except Packagers/Drivers. This training MUST be completed by 5/31/2021. The month of June will be dedicated to additional training/education at Residential Core Meetings and Day Program Meetings by the IM Team. The changes are new to our team as well, so we ask you to please be patient as we learn this process together. If during the training you have any questions, please feel free to contact anyone on the IM Team.

Amanda Glatfelter - Amandag@shadowfax.org

Darren Mitchell - Darrenm@shadowfax.org

Lucas Adams - Lucasa@shadowfax.org

Thank you!

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...**

Years of Service Celebrated

Congratulations to the following Staff who hit a benchmark for years of service at Shadowfax!

5 Years - Teresa Himes

10 Years—Theresa Briggs

15 Years—Diane Yon

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.***

***Great job,
Team
Shadowfax!***

**Medication Errors
1/1/2021 – 3/31/2021**

Type of Error	January 2021	February 2021	March 2021	Total
Omission	4	2	6	12
Overdose	0	0	1	1
Wrong Dose	0	0	0	0
Wrong Medication	0	0	0	0
Wrong Technique/ Method	0	0	0	0
Wrong Person	0	0	0	0
Wrong Time	0	3	0	3
Wrong Route	0	0	0	0
Wrong Position/Form	1	0	0	1
Total	5	5	7	17

Did you know?

Shadowfax has updated our Vision and Mission Statements!

Vision:

Shadowfax will boldly support and hold itself accountable to the principles of Everyday Lives for its clients, staff members, and community.

Mission:

To set the standard for quality in the human service field through consistent demonstration of dependability, integrity, collaboration, innovation, and commitment to our stakeholders.

Choking is a medical emergency.

For all choking incidents, 911 MUST be called and transported via ambulance to the hospital (do NOT call your supervisor first).

Call 911 immediately! Seconds matter.

Do not delay by seeking supervisory approval prior to calling 911.

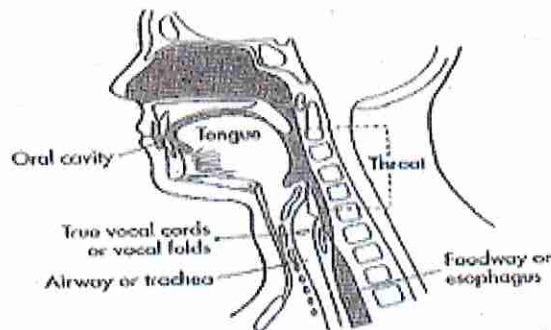
➡ Initiate First Aid with abdominal thrusts.

➡ If the individual becomes unresponsive, move him/her to the floor and begin CPR

Dysphagia

What is it? Difficulty chewing, swallowing, or moving food/fluid from the mouth to the stomach.

Throat Anatomy



Advocacy
Alliance

Four Phases of Swallowing

1. Oral Preparatory – Food is chewed, mixed with saliva, and forms a food bolus. Lip closure creates a negative pressure.
2. Oral Propulsive – Food is propelled backward through the mouth with a front to back squeezing motion.
3. Pharyngeal – This is where the food moves from the oropharynx to the esophagus, bypassing the trachea or windpipe. The epiglottis, larynx, and vocal cords have a mechanism intact, which helps protect the airway during a swallow
4. Esophageal – Food moves from the upper esophageal sphincter through the esophagus, through the lower esophageal sphincter, into the stomach

Why is it important? – For an individual who has swallowing difficulties, eating a meal may feel more like work. As a result, this individual may take longer to eat, be easily distracted, refuse to eat, or become nutritionally compromised. The percentage of individuals affected by dysphagia include up to 30 percent of all hospitalized individuals.

It is imperative that **ALL** sections of a Choking Prevention Care Plan are followed!

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!

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

If you need additional support, call HR at (717) 848-4349.

Going Green

W CORPORATE WELLNESS

MAGAZINE.COM

Some Green Workplace Ideas

From your office culture to your office design and supplies, there are many green initiatives you can employ to sustain our environment and improve your employee health at the same time.

Office Culture

- Have office plants: at least one large one. These plants are not only green and good for the ambiance, they recycle the air.
- Use only green cleaning products to clean your office and not synthetic chemicals that can cause damage to the environment.
- Place recycling containers in strategic locations in your office and empty them regularly.
- Promote the use of mugs, glasses, and dishes rather than disposables.
- Only print when you need to. So many printed documents are not necessary, especially inter-office memos and documents, which you can send electronically. If you must print, print just one copy and post. Rather than print notices and agendas, you can use whiteboards or overhead projectors to display them.

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.



The Shadowfax Corporation

386 Pattison Street, York PA 17403 (717) 854-7742 www.shadowfax.org



To set the standard for quality in the human service field through consistent demonstration of dependability, integrity, collaboration, innovation, and commitment to our stakeholders.

amazonsmile

Support *The Shadowfax Corporation*. When you shop at <https://smile.amazon.com/ch/23-2368549> Amazon donates.



Interesting Dates in May

- May 5th: World Hand Hygiene Day - Pandemic or not, hand washing is very important! Educate yourself on proper hand hygiene to keep yourself & others safe!
- May 6-12th: National Nurses Week - Take some time to recognize & celebrate the nurses in your life, not just this week but every day!
- May 13th: Put on Purple Day - This day raises awareness & donations for lupus research. So put on your favorite purple shirt & donate if you can!
- May 20th: World Bee Day - Did you know the honey bee is the only insect that produces food eaten by man? Celebrate & appreciate the world's tiniest pollinators!
- May 31st: No Tobacco Day - Have you been thinking about quitting smoking? Today is the perfect day to make your goals a reality!

MAY
2021
SUNDAY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
25	26	27	28	29	30	1



2	3	4	5	6	7	8
WellSpan: Safe Sitter Class, Virtual	WellSpan: Diabetes Self-Management Education, Virtual	Caregiver Support Group, Carlisle	WellSpan: Diabetes Support Group, Virtual	Taco 5k, Lebanon	The Gretta Gritty Mud Run, Lebanon	
Adult Survivor Gathering, Virtual	WellSpan: Freedom from Smoking, Virtual					



9	10	11	12	13	14	15
WellSpan: Adjusting to Motherhood Support Group, Virtual	WellSpan: Educational Support Group for Parents & Caregivers, Virtual					Healthy-Half Marathon Weekend, Harrisburg
						Relay for Life of Lebanon County, Lebanon



16	17	18	19	20	21	22
York Marathon & Half Marathon, York	WellSpan: Helping Hearts Support Group, Virtual	Historical Tree Walk, Harrisburg		WellSpan: Low Sodium Sale - Chicken Noodle, York	The Great Family Camp Out, York	4th Annual K9 Veterans Day Celebration, York

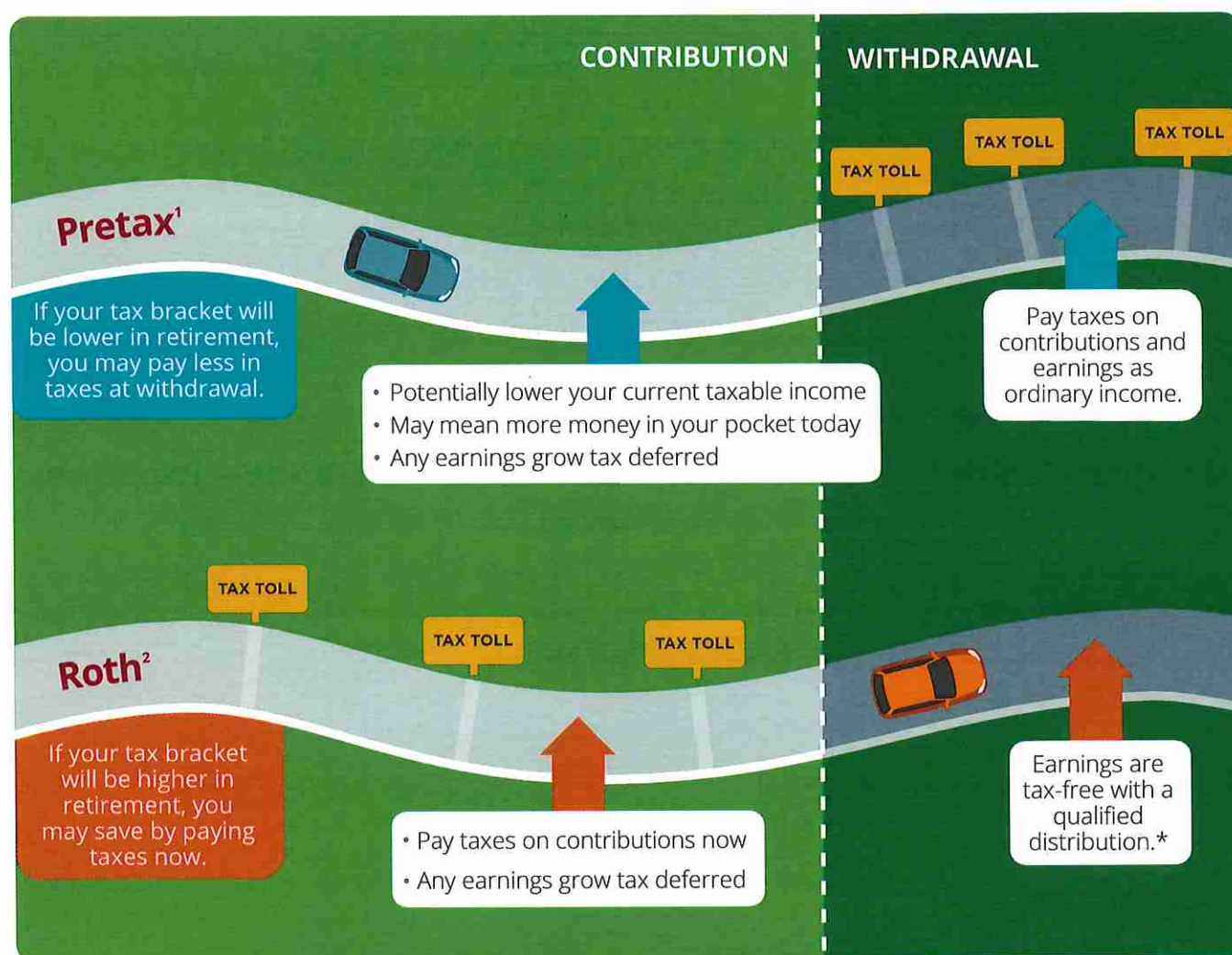


23	24	25	26	27	28	29
	Red Cross Blood Drive, Carlisle					Kids Discover: Insects, Harrisburg
30	31					
York Gold Star Memorial 5k Run & 9 Mile Tour de Memorial, York						

SAVING

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.

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NOW IS A GOOD TIME

Visit empoweringmymoney.com to learn more and view the glossary



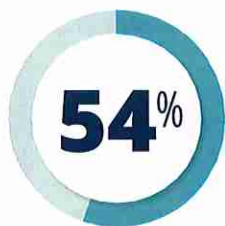
800-338-4015

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



AUTO-ESCALATION



AUTO-ENROLLMENT

Participant deferral selection¹



ROTH



PRETAX

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***

*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.

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.

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. 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.

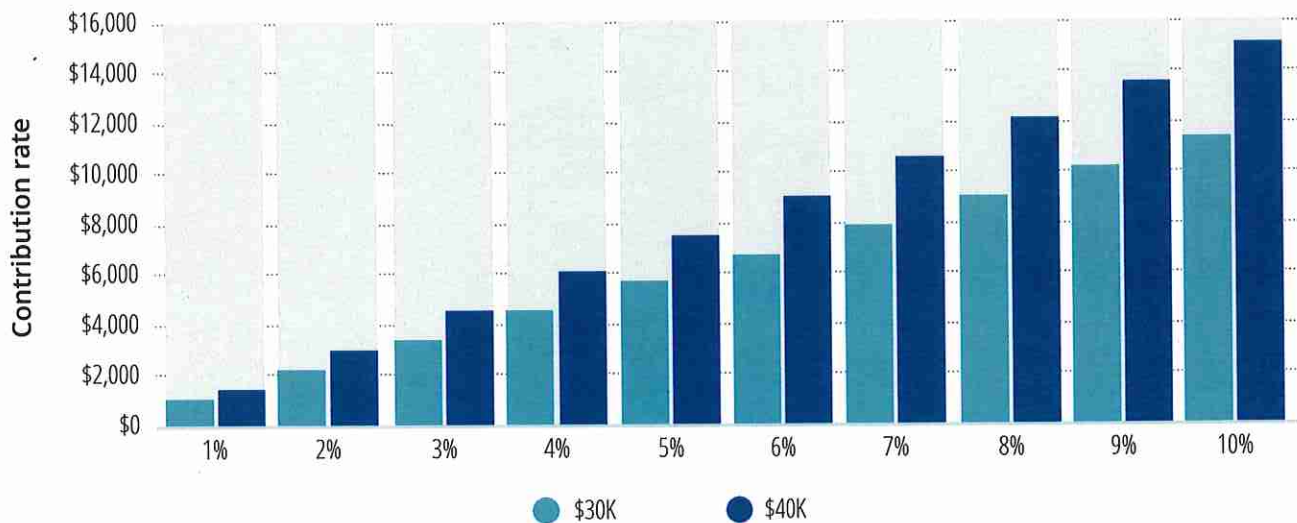
Lower-wage earners should contribute pretax due to EITC

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

If filing ...	Qualifying children claimed ⁵			
	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

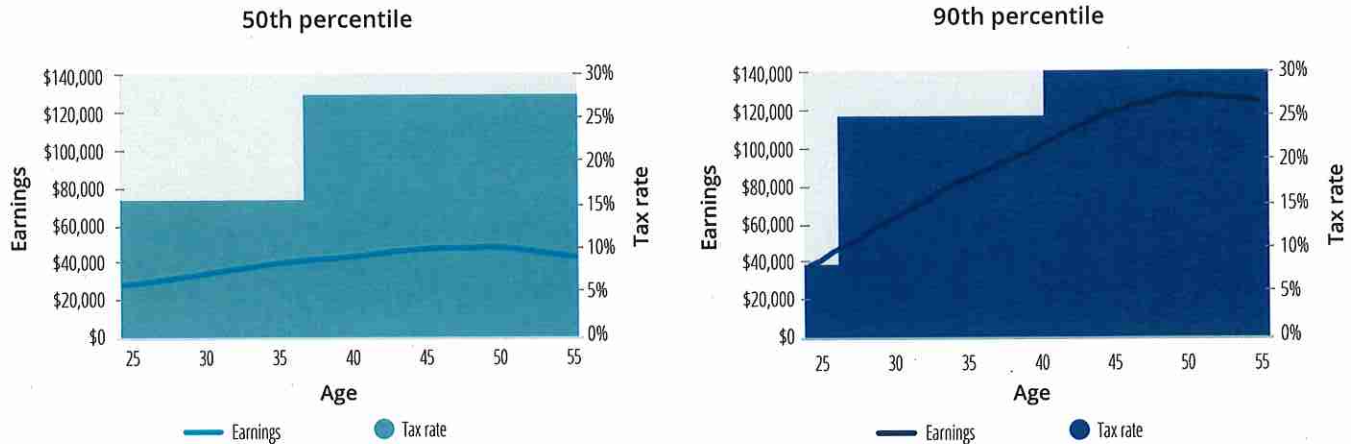


FOR ILLUSTRATIVE PURPOSES ONLY

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.

THE PATH FORWARD

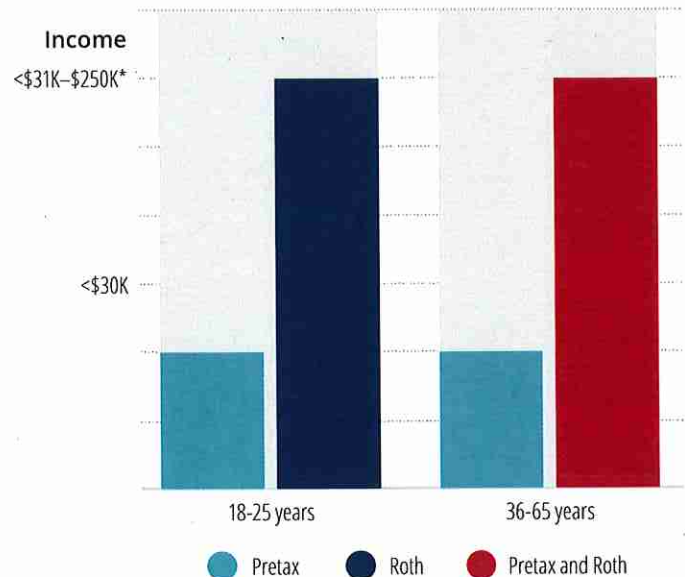
Continue the use of auto features

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

Possible contribution strategies — considerations by age and income



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

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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.

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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.