

401K

SAFE

Introduction: 401K Safe and Pension Source

Two companies under shared ownership, providing cohesive and high-quality retirement plan services for decades to come

3(16) FIDUCIARY SERVICES



Includes contributions processing

info@401ksafe.com

www.401ksafe.com

TPA SERVICES ON 2,500+ PLANS



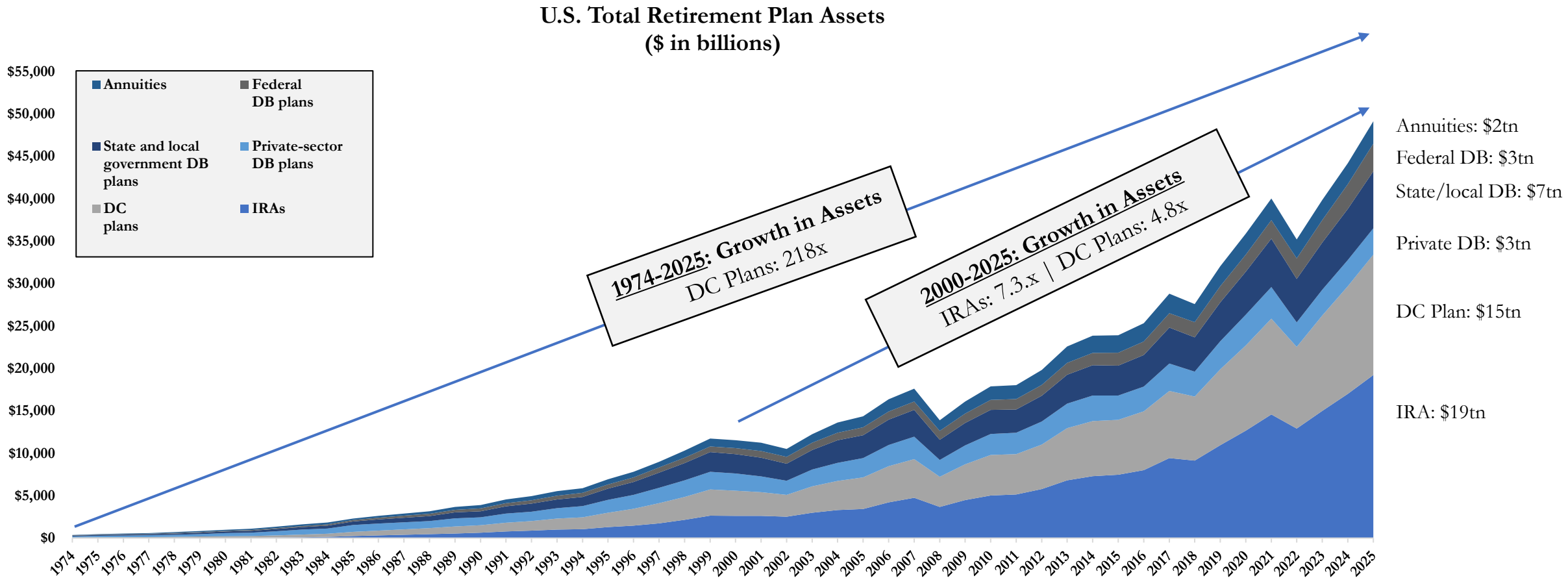
401(k) and cash balance plans

service@thepensionsource.com

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Advisors who ignore retirement plans are ignoring one of the largest wealth channels in existence

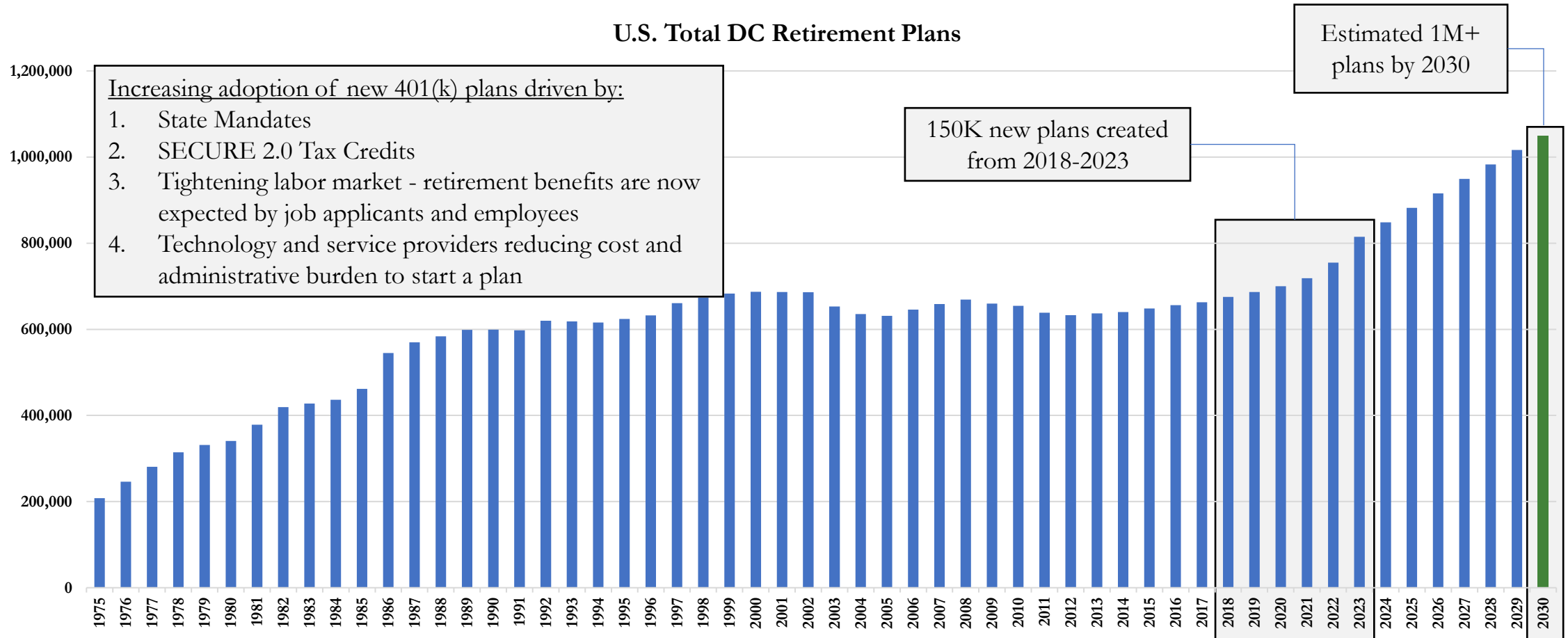
U.S. retirement wealth is increasingly flowing through 401k plans and IRAs, not traditional brokerage channels. As of Q4'25, \$15tn of assets are held in DC plans and \$19tn of assets are held in IRAs



Source: Investment Company Institute

Advisors who ignore retirement plans are ignoring one of the largest wealth channels in existence (cont'd)

New plan formation has reaccelerated led by first-time adopters in the small-market segment, cementing retirement plans as a critical channel advisors can no longer overlook



Source: Department of Labor, Cerulli Associates, ASPPA, IRS; Actual data through 2022; industry estimates through 2030

However, to date, many advisors have shied away from getting involved with 401(k) plans

Many advisors view 401(k) plans as having a disproportionate amount of complexity and administrative burden relative to their economic return

ECONOMICS	COMPLEXITY	CONTROL	FOCUS
<ul style="list-style-type: none">• Lower fees vs individual wealth (100bps vs 25bps)• Fee compression (average fee has declined, albeit offset by larger asset balances)• Long sales cycles with switching costs	<ul style="list-style-type: none">• Regulatory burden (SECURE 2.0 - Over 90+ new provisions phased in over multiple years)• Technical plan design/consulting (highly specialized field)• Multiple vendors to interface with (RKs, TPAs, etc.)	<ul style="list-style-type: none">• Committee decisions (for larger plans, there is often a group that decides, not a sole individual)• Dispersed service model, even when operating in a “bundled” arrangement	<ul style="list-style-type: none">• Outside core business (how can I even do this?)• Lacks internal expertise

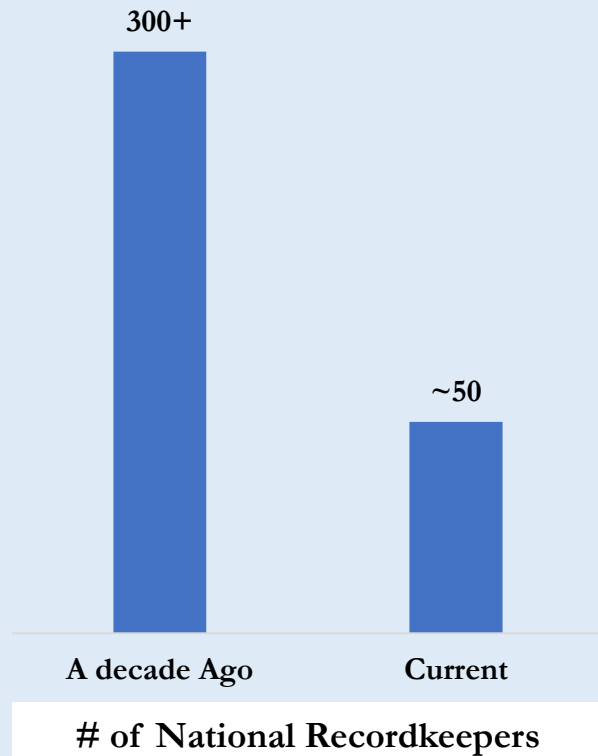
Forward-thinking advisors are viewing 401(k) plans not as a replacement for their wealth business, but a force multiplier

PERCEPTION	REALITY
Lower fees than wealth management	<ul style="list-style-type: none">• Potential for a larger, stickier asset base (especially once rollovers are included)• Diversity of book of business (personal & institutional assets)• Built-in pipeline to IRA rollovers + participant relationships
Too complex / too many moving parts	<ul style="list-style-type: none">• Less competition as most advisors opt out• Working with specialists can enable you to win disproportionately
Committee-driven, slow decisions	<ul style="list-style-type: none">• Committee structure can result in more durable relationships• Harder to lose once established• Less “flight risk” vs individual clients
Not my core business	<ul style="list-style-type: none">• High value adjacencies• Business owner relationships that can spill into multiple revenue sources• E.g. Executive planning, cash balance, non-qualified plans, estate planning, etc.
Limited control over outcomes	<ul style="list-style-type: none">• Opportunity to quarterback. Be the central advisor coordinating all providers• Increases perceived value + stickiness

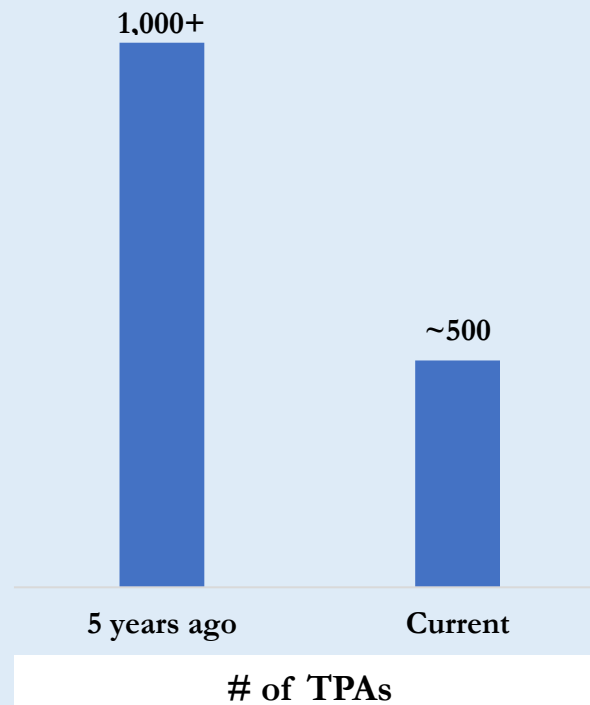
The increased focus and excitement on retirement at work comes amidst a consolidating and rapidly-changing industry

Across the industry (e.g. recordkeepers, TPAs), consolidation is happening at a quickening pace while all providers are being stretched thin given the significant number of new provisions rolling out over several years

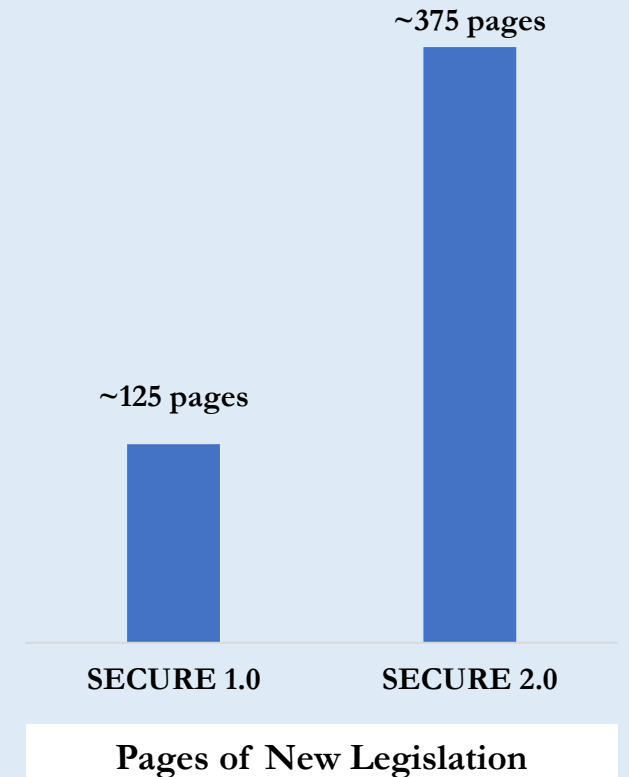
Recordkeepers have consolidated...



...with a similar trend at TPAs over the last 5 years...

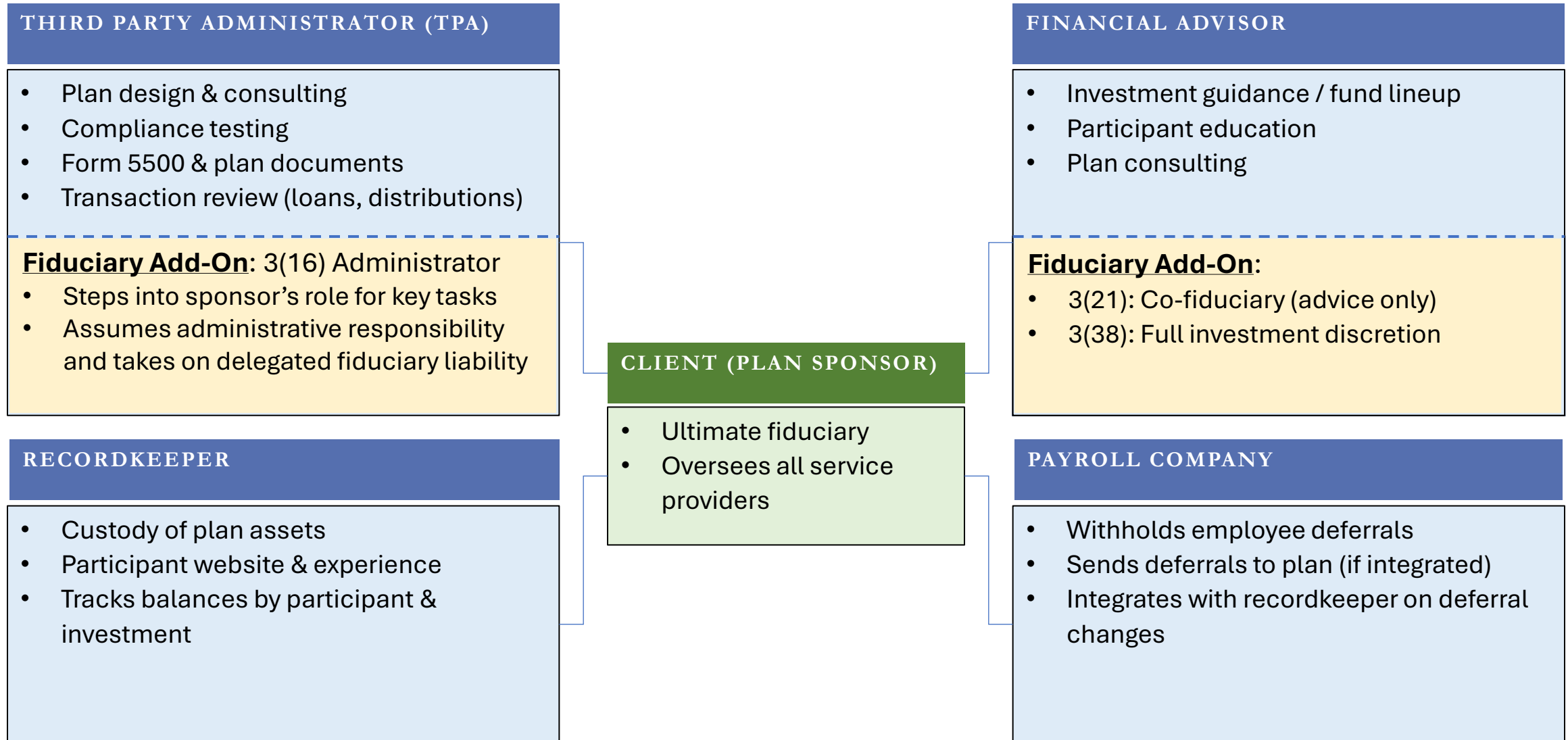


...while significant regulatory changes are still rolling out.



Source: Proprietary data; Congress

Thus, to effectively offer a cohesive service offering, it is crucial to understand the key constituents in a retirement plan



What is a financial advisor to do? Who should they work with?

	BUNDLED	FINTECHS	UNBUNDLED	UNBUNDLED 3(16)
Description	Recordkeeping and TPA services provided by the same company, albeit different departments	Venture Capital Backed Startups “FinTechs”. RK & TPA are the same company; aimed at “disrupting” retirement	Separate companies providing recordkeeping services and TPA services	Same as unbundled, but with a 3(16) provider overlaid on top of the RK and TPA
Items of note	<ul style="list-style-type: none"> • Clients and advisors can experience service issues as providers have consolidated • Lack of thorough compliance testing / quality assurance • RK and TPA departments are separate, so service can still feel disjointed 	<ul style="list-style-type: none"> • Automated models with limited human oversight/contact • Can result in service issues (e.g. talking to someone) and compliance challenges as work is not reviewed • Questionable pricing sustainability and unclear exit strategy • Dependent on future ability to fundraise 	<ul style="list-style-type: none"> • Better approach, but TPAs are being acquired rapidly • TPAs are being stretched thin (e.g. SECURE 2.0, technology investment, labor market) • Introduces a “third-party” in the client’s eyes 	<ul style="list-style-type: none"> • <u>Best approach</u> • All the benefits of an unbundled arrangement; plus • 3(16) provider handles all key pain points of the plan, while reducing administrative and fiduciary burden from plan sponsors • <u>Leads to highest plan retention for advisors</u>

We address key problems and pain points advisors and clients face, freeing them up to focus on their highest and best use

Problems we solve

TIME SAVINGS

Advisors and clients are short on time – everyone is being pulled in multiple directions. 401K Safe gives the advisor and client their time back to better focus on building their business

WASTED INTERNAL STAFF COST

Through outsourcing 401k duties to 401K safe, the client saves on payroll cost by not allocating expensive, internal staff time to tasks that we can handle far quicker and cheaper than they can

FIDUCIARY LIABILITY

Clients are not experts in 401k plan administration. We offer them a co-fiduciary to shoulder some of the liability associated with the most complex and error-prone tasks with 401k plans

Specific pain points we address:

ELIBIBILITY

Monitor all new hires to track their eligibility date for entry into the plan

ENROLLMENT

Ensure that newly eligible participants are being enrolled (or auto-enrolled)

NOTICES

Distribute required legal notices, both annually and upon eligibility requirements being met

DISTRIBUTIONS

Review, process, and document all participant transactions that involve funds leaving the plan

SERVICE COORDINATION

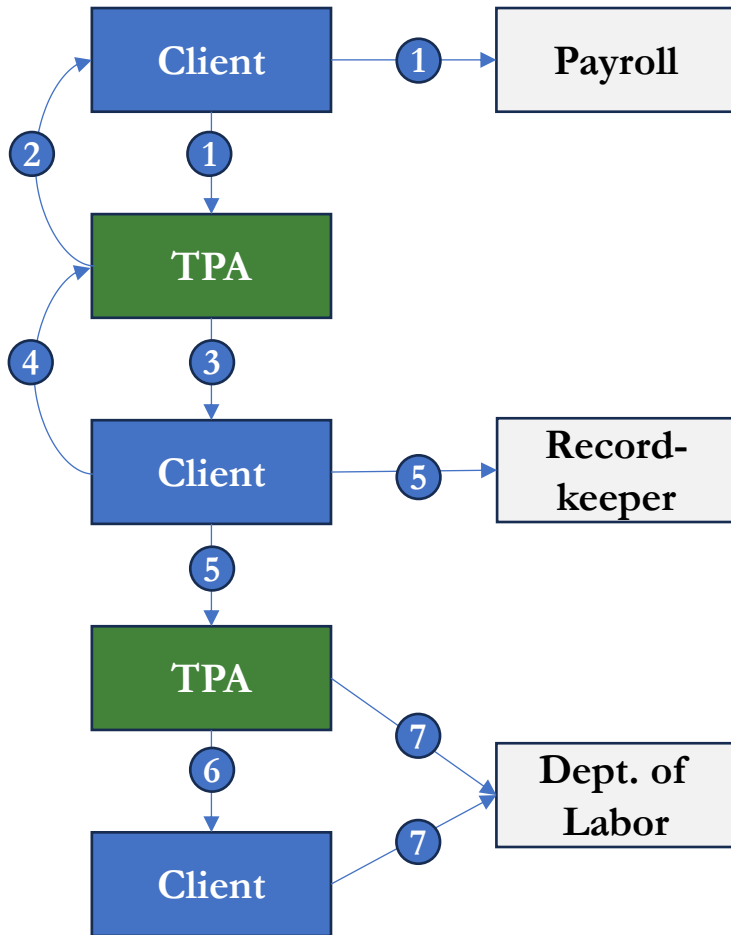
Deeply understand the operational nuances of each major recordkeeper platform

PAYROLL / DEFERRALS

Serve as the integration layer between the client's payroll company and the recordkeeper

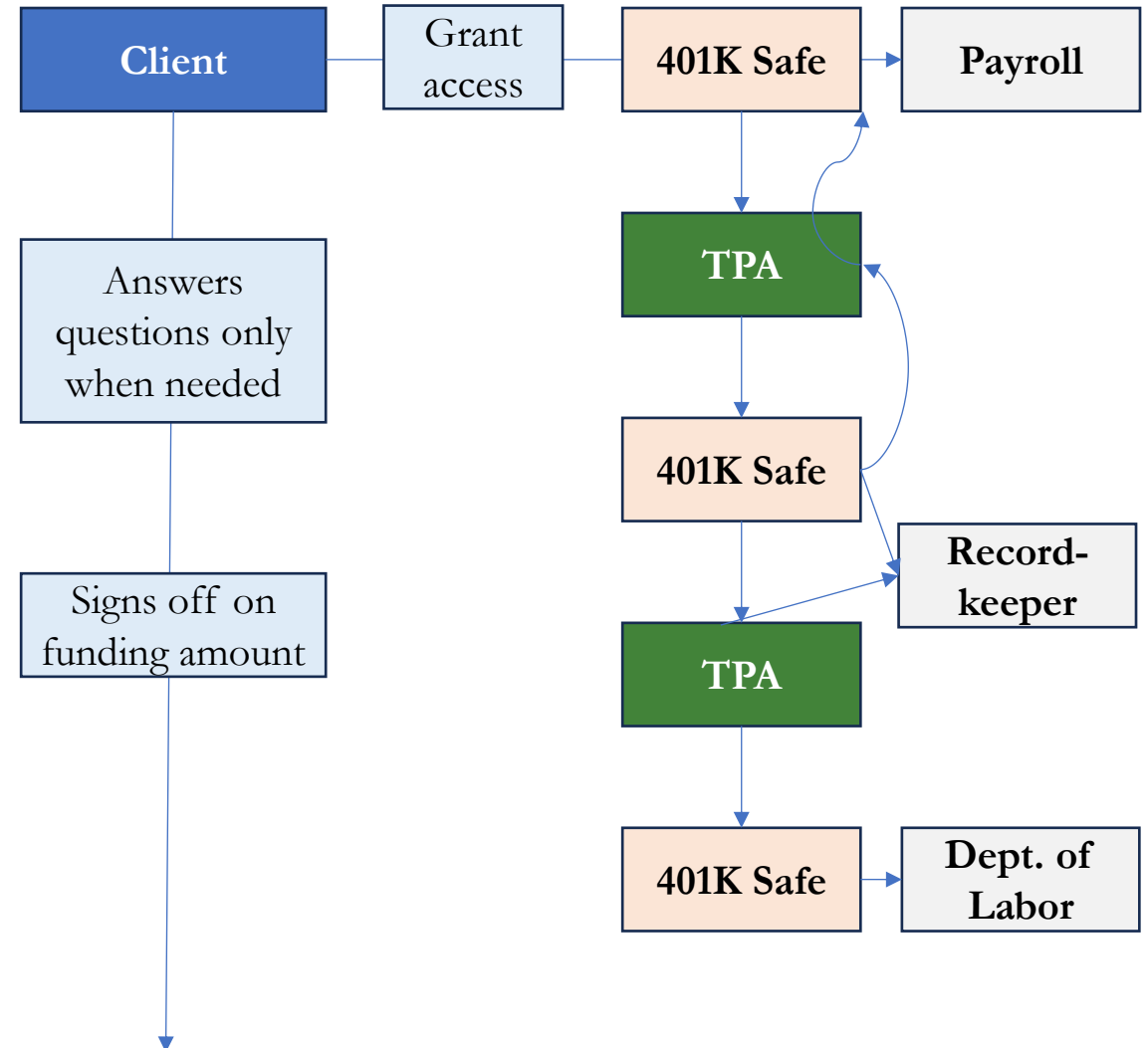
Annual Census / Compliance Workflow: Meaningfully Reducing Time Involvement for the Client

Without 401K Safe



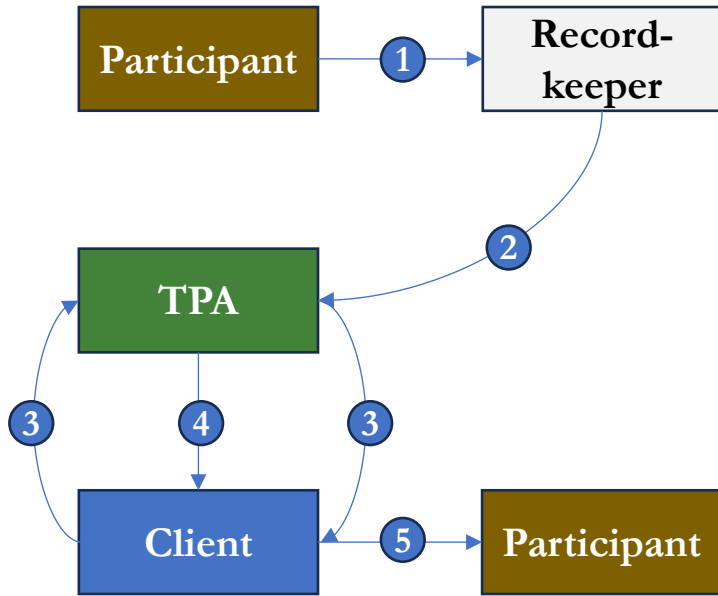
- 1 Client generates annual census data from payroll and submits to TPA
- 2 Iterates with client on clarification questions / data discrepancies
- 3 Once data is finalized, TPA runs all compliance testing and sends to client
- 4 Back and forth iterations on testing issues, contributions, and allocations
- 5 Client reviews final package and gives approval; funds contributions to RK
- 6 TPA prepares Form 5500 for client to review and sign
- 7 Client approves and signs Form 5500; client or TPA uploads to DOL

With 401K Safe



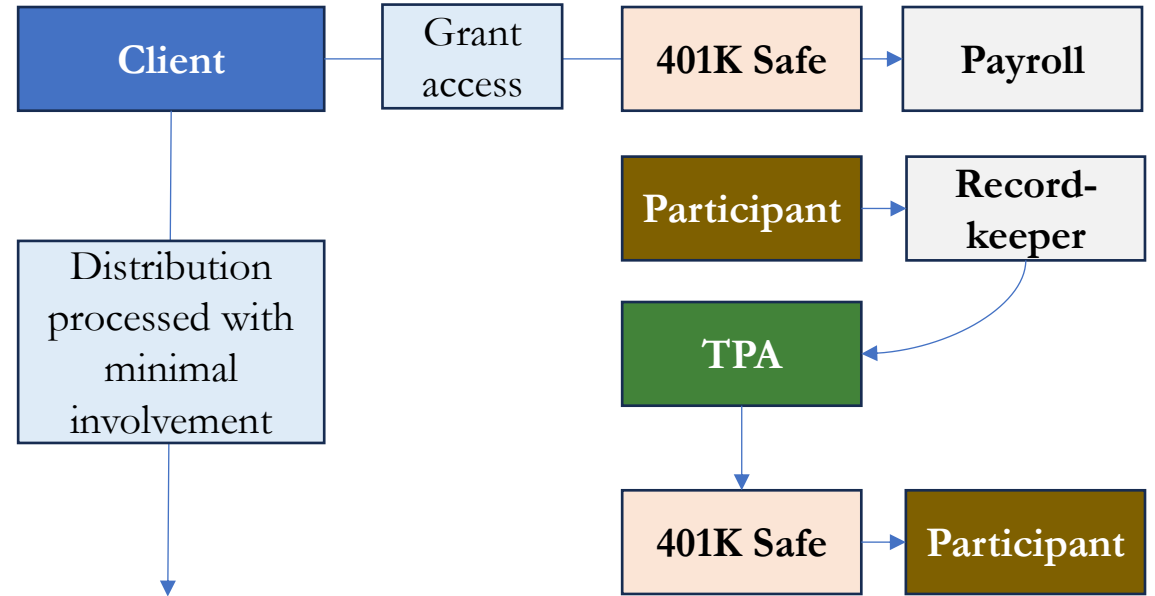
Distributions & Loans Workflow: Meaningfully Reducing Time Involvement for the Client

Without 401K Safe

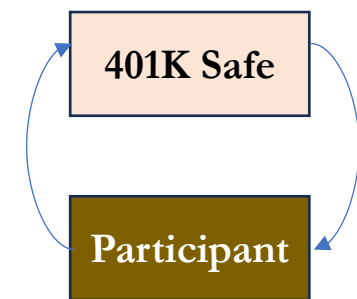


- 1 Participant submits distribution request at recordkeeper ("RK")
- 2 RK sends request to TPA
- 3 If TPA needs data, TPA requests from the client which can involve several iterations
- 4 TPA finalizes distribution request and tentatively approves for plan sponsor's final review
- 5 Plan sponsor gives final approval for participant

With 401K Safe



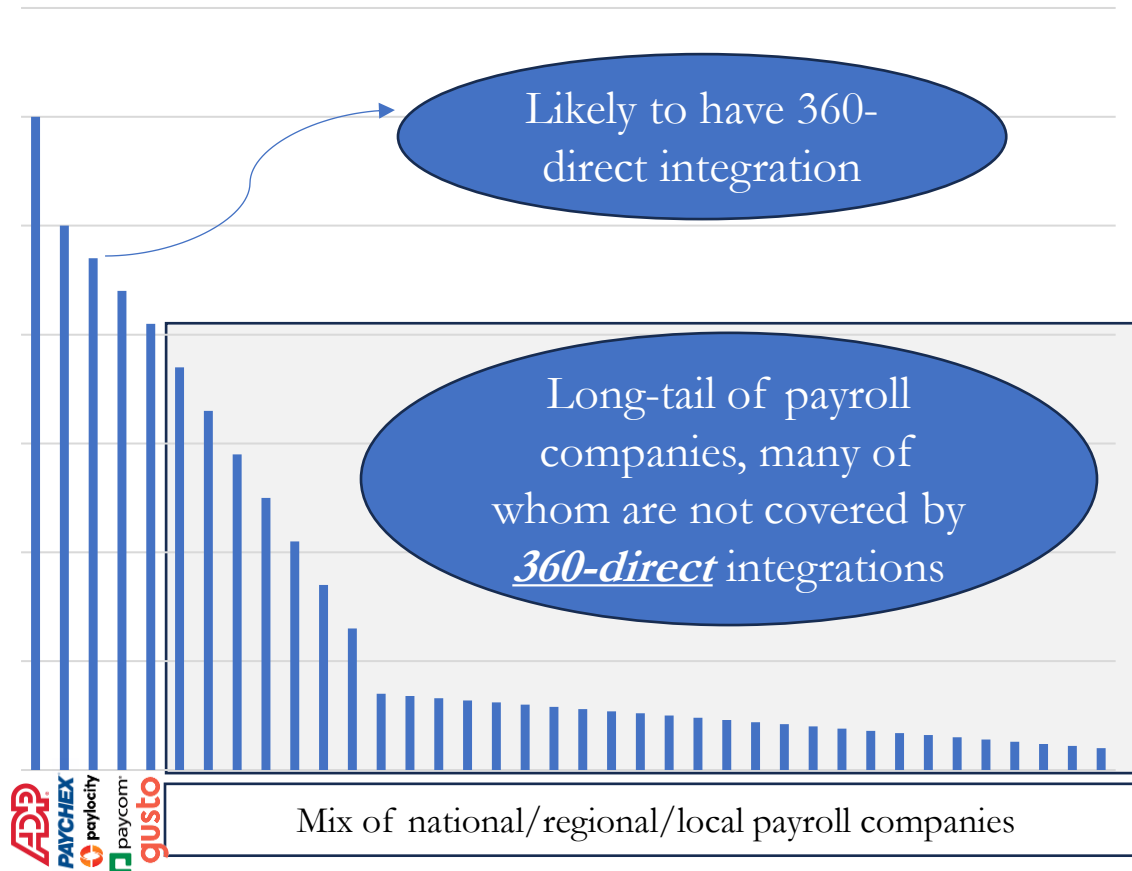
- 6 **Hardships:** Same as above, except hardships require additional documentation.
 - Client must request and review documentation from individual employee to ensure hardship request meets pertinent regulation



Why do I need payroll services if it's directly integrated?

Payroll companies are highly fragmented, with a long-tail of providers not directly 360-integrated

Illustrative payroll company landscape



Why Payroll Integration Isn't "Set It and Forget It"

- **Dependent on API access:** Payroll providers can restrict or revoke access, especially if they offer competing 401(k) solutions
- **Multiple points of failure:** Payroll system + integration provider + recordkeeper all must work flawlessly
- **Breaks more often than expected:** Payroll coding changes, off-cycle runs, and pay frequency changes routinely disrupt integrations
- **No built-in oversight:** Most integrations assume accuracy, but errors often go unnoticed until it's too late

The 401k Safe Solution

- **Active monitoring of integrations:** We don't assume it works. We verify every payroll cycle
- **Fallback when integrations fail:** Seamless manual handling when APIs break or don't exist
- **Direct payroll handling (if needed):** We can pull payroll data, confirm accuracy, and submit contributions on your behalf
- **Eliminates client burden + errors:** No more reliance on HR teams to get payroll submissions right
- **Consistent, controlled process:** Same high-quality outcome regardless of payroll provider or integration status

Why 401K Safe

We're building 401k Safe to be the most reliable operational partner in the 401(k) ecosystem – measured in decades, not quarters.

INTENTIONAL LONG-TERM OWNERSHIP

Privately owned by a small group of aligned individuals investing on behalf of their families - not private equity or venture-backed

BUILT FOR DECADES, NOT A FLIP

We are not for sale. Our goal is to build this business the right way over the long term, not optimize for a near-term exit

NO KEY-PERSON RISK

Deep bench of talent and standardized processes. Your plan is never dependent on one individual

INSTITUTIONAL GRADE CONTROLS

Proprietary operating system and workflows ensure consistency, accountability, and nothing falling through the cracks

WE GO WHERE OTHERS DON'T WANT TO

Payroll, eligibility tracking, enrollments, notices, distributions, compliance, and vendor coordination – all owned by us

SEAMLESS 3(16) & TPA EXPERIENCE

Integrated with The Pension Source – no duplicate data, no gaps, no finger-pointing

FLEXIBLE BY DESIGN

We also can work with bundled providers as a 3(16) overlay