

How to Evaluate a Retirement Advisor *Specially Prepared for United Airlines Pilots Nearing Retirement*

You have built a substantial retirement nest egg over the years. Soon, you can relax and enjoy life. *But who is going to manage your assets?* You could try to do it yourself. Of, if you are like many United Airlines pilots, you may decide that investment management is best left to professionals.

At Johnson Financial Group, we urge investors to interview several investment advisors before selecting just one. Evaluate firms by examining ***their people, philosophy, process, and price.*** More often than not, these four crucial ingredients will determine investment performance and relationship satisfaction.

Financial advisors can be found in a variety of settings, from brokerage firms to bank trust departments and insurance companies to Registered Investment Advisors. You deserve to work with an advisor where your interests and objectives are aligned, primarily driven by achieving your personal and financial goals. How are you going to determine the right fit? **Ask questions!!** We urge you to review firms' Form ADVs, which are regularly reported to the SEC and disclose services, fees, ownership, conflicts of interests, etc. Make sure you understand and are comfortable with the differences.

Another important consideration before selecting an advisor is often misunderstood, Price. If your portfolio is designed around mutual funds, you may pay two layers of fees – the fee your investment advisor charges *and* the mutual fund's investment management fee and expenses. Do the funds have front end or back end sales charges? If your investment advisor uses individual securities, what services are included in the advisory fee? Are securities trading costs included? Are bonds included in the fee, or does the advisor reserve the right to "mark-up" your bonds? **Be sure you understand all expenses and fees.** They can have a dramatic impact on investment performance over time.

To help you get started, we have prepared a list of potential questions to ask as you interview investment advisors. We have also included our responses to those same questions.

You deserve straight answers to these 20 important questions.

PEOPLE

1. What is your firm's corporate structure and experience? How many employees do you have?
2. Is your firm a Registered Investment Advisor?
3. How much money do you advise on or manage? How long have you been working with United Airlines pilots and how many pilot families do you serve?
4. Who will be my contact person and where will I meet with him or her?
5. Who will service my account after I become a client?
6. What is the background, education, and experience of those giving advice and making investment decisions?
7. How can you help me transition into retirement? Do you offer analysis and specific recommendations regarding RHA/PBGC/CPRP benefits? Can you manage my 401k/PRAP/PCRA investments? Do you provide guidance on retirement timeline planning and transition steps?
8. Are you familiar with my UAL insurance benefits in retirement?
9. Do you sell any financial products, including life and long-term care insurance and annuities?
10. Do you provide IRA liquidation analysis and Required Minimum Distribution calculations?
11. Do you provide estate planning?
12. Do you have a program to assist surviving beneficiaries?

PHILOSOPHY

13. Do you take a holistic approach?
14. Describe your investment philosophy. Do you base your advice on asset allocation? Market timing? Do you use mutual funds or individual securities?
15. How do you manage fixed-income (bond) portfolios? Do you use bond funds or individual bonds? Do you purchase bonds out of the firm's inventory? Do you reserve the right to "mark-up" the cost of these individual bonds?

PROCESS

16. Do you provide a hypothetical projection of account values, retirement income and income tax? Is this a one-time or ongoing service?
17. Do you provide historical performance records for the investments you recommend? Do you provide appropriate benchmarks for your recommended investments?
18. Who actually holds my investments and is my account insured?
19. What kind of statements do you provide to track my investments?

PRICE

20. How are you compensated? What is your fee? Are there additional management fees or trading costs? Are all fees transparent?

The Johnson Financial Group Response

1. *What is your firm's corporate structure and experience? How many employees do you have?*

Johnson Wealth Inc. (Johnson Wealth) is a wholly owned subsidiary of Johnson Financial Group, a family owned and controlled business. We have approximately 100 employees dedicated to our client-focused investment and wealth management services. Many of our staff members have decades of investment and financial consulting experience.

2. *Is your firm a Registered Investment Advisor?*

Yes, we are a registered investment advisor under the Investment Advisors Act of 1940 and have a fiduciary duty to act in your best interest. We are not brokers and do not accept commissions.

3. *How much money do you advise on or manage? How long have you been working with United Airlines pilots and how many pilot families do you serve?*

Johnson Wealth, as of December 31, 2019, has over \$7 billion in assets under management. Our clients are active and retired pilots, other high net worth investors, charitable organizations, and other business entities. We have worked actively with hundreds of UAL pilots since 1997 and currently serve over 800 pilot families coast to coast. We will be happy to supply references upon request.

4. *Who will be my contact person and where will I meet with him or her?*

You will work with a Johnson Wealth UAL Retirement Consultant who will coordinate your pre-retirement planning, review your retirement planning and investment objectives, and deliver your customized and comprehensive ClearWealth proposal. We welcome virtual meetings and meetings in our Milwaukee office, in your home, or a mutually convenient location.

5. *Who will service my account after I become a client?*

At Johnson Wealth, we believe a team approach provides you with optimum client service. Your retirement consultant will continue to work with you along with financial and estate planning professionals. Your team will consist of a relationship manager, portfolio manager, UAL benefits consultant, and an account services specialist, all dedicated to providing one-on-one support to you.

6. *What is the background, education, and experience of those giving advice and making investment decisions?*

The Johnson Wealth team is very experienced and highly qualified. Our advisors are graduates of prominent colleges and universities and hold all necessary licenses. Most retain one of more additional degrees and designations such as MBA-Finance; MBA-Business; Chartered Financial Analyst® (CFA®); Chartered Financial Consultant®

(ChFC®); Certified Financial Planner® (CFP®); Certified Investment Management Analyst® (CIMA®); Certified Public Accountant® (CPA®); Advanced Money Management, Wharton School and Accredited Estate Planner® (AEP®). Individual biographies are available upon request or on our Website, www.johnsonfinancialgroup.com.

7. How can you help me transition into retirement? Do you offer analysis and specific recommendations regarding RHA/PBGC/CPRP benefits? Can you help with PRAP/PCRA investment allocations? Do you provide guidance on retirement timeline planning and transition steps?

Johnson Wealth's main focus with retiring Legacy United and Legacy Continental pilots is to provide retirement income strategies. We offer analysis and recommendations on an ongoing basis. We are current with the UAL retirement process including the RHA, CPRP, PRAP, and the PCRA option. In addition, we are very experienced with the PBGC protocol and benefits.

8. Are you familiar with my UAL insurance benefits in retirement?

Yes, with a retired UAL pilot and benefits specialist on staff, we stay up to date with all of your benefit options and help you make sense of all decisions you need to make before you retire – decisions integral to both your retirement and your estate plan.

9. Do you sell any financial products, including life and long-term care insurance and annuities?

Johnson Wealth does not sell commission-based financial products such as life or long-term care insurance and/or annuities. We will assist you in securing insurance and related products through our affiliate, Johnson Insurance, or other third-party consultants and brokers. Johnson Wealth's goal is to seek insurance products that are better designed, with lower internal pricing than traditional retail products.

10. Do you provide IRA liquidation analysis and Required Minimum Distribution calculations?

Yes, we prepare an *IRA Required Minimum Distribution (RMD)* analysis for applicable clients, using the most current IRS regulations. With proper estate planning, we can help you structure your IRA to grow tax-deferred your lifetime, and further for your spouse and children, as allowed by law. Johnson Wealth also works with clients' other professional advisors to provide clients with an integrated approach to help seek the greatest tax planning and wealth protection opportunities possible.

11. Do you provide estate planning?

Yes. A Johnson Wealth Certified Financial Planner® (CFP®), Chartered Financial Consultant® (ChFC®), or Accredited Estate Planner® (AEP®) will review your unique situation. We will help you determine goals and objectives. We will also analyze strategies with the goal of lowering taxes and identifying opportunities to help

enhance and preserve your estate. If necessary, we will help you find independent legal counsel and work with them to implement your family's plan.

12. Do you have a program to assist surviving beneficiaries?

Definitely. We are here for you now and we will be here for your loved ones after you are gone. Our *Family Survivorship Guidance Program* will help spouses and surviving beneficiaries when they need help most. When you become a Johnson Wealth client, we assist you in organizing your estate objectives, documents, and records. At the appropriate time, we will be there to help ensure a seamless transition.

13. Do you take a holistic approach?

Absolutely. A complete review of your personal and financial goals is the first step. We provide a comprehensive financial plan and help you manage it throughout your retirement. We have a full range of services in order to help you meet your goals. Our investment management and consultant services include ongoing portfolio performance tracking, asset allocation analysis, and appropriate investment adjustments. You have unlimited access to your service team on any investment, estate, insurance, or tax planning issue.

14. Describe your investment philosophy. Do you base advice on asset allocation? Market timing? Do you use mutual funds or individual securities?

We believe in the selection of active investment managers and passive strategies combined in a portfolio designed to achieve your desired outcome.

- We manage a diversified portfolio of investments to achieve your personal and financial objectives. We believe asset allocation and active investment manager selection is key. We do not employ aggressive and expensive Market Timing strategies.
- Strategic or longer-term asset allocation is driven by your desired outcome.
- Tactical or shorter-term asset allocation is driven by our understanding of the valuation and risk inherent in asset classes and their market segments over time.
- Investment manager research and selection provides the necessary diversification among chosen investment strategies to help manage risk and achieve objectives.

Our clients' portfolios generally consist of cost-efficient mutual funds, ETFs and individual securities.

15. How do you manage fixed-income (bond) portfolios? Do you use bond funds or individual bonds? Do you purchase bonds out of the firm's inventory? Do you reserve the right to "mark-up" the cost of these individual bonds?

Our philosophy toward fixed income is generally conservative. Fixed income's purpose is to help balance the volatility of equity investments and provide retirement income. Fixed income mutual funds and ETFs are used to provide diversification and take advantage of certain market conditions that cannot be

approached as effectively with individual bonds. For appropriate accounts, we typically “block purchase” individual investment-grade corporate and government bonds using a diversified approach. We partner with multiple, independent bond dealers to help achieve best execution on the purchase of bonds. Johnson Wealth does **not** “mark-up” the bonds in your portfolio.

16. Do you provide a hypothetical projection of account values, retirement income and income tax? Is this a one-time or ongoing service?

Initially, you will receive a ClearWealth Proposal prepared for your unique set of circumstances. The proposal includes a detailed investment policy statement, an asset allocation analysis based upon your goals and your risk tolerance, full investment management recommendations, and an analysis factoring in your resources (income & assets) and your goals, giving due consideration to taxes, inflation, and anticipated lifestyle changes. Part of our client service commitment includes updating the analysis regularly to keep your investment program on track.

17. Do you provide historical performance records for the investments you recommend? Do you provide appropriate benchmarks for your recommended investments?

Yes. Your ClearWealth Proposal includes a recommended asset allocation, performance report on each independent money manager we recommend, and on the proposed portfolio in total. Although past performance does not guarantee future results, all performance is presented against appropriate benchmarks so you can see an apples-to-apples comparison and determine how much value might actually be added.

18. Who actually holds my investments and is my account insured?

PRAP accounts, for active UAL pilots, are held at Schwab in your Personal Choice Retirement Account (PCRA).

Other client accounts (IRAs, brokerage accounts, etc.) are held at JFG's preferred clearing broker, RBC Capital Markets, LLC. (A US firm owned by the Royal Bank of Canada). The clearing broker/custodian maintains possession of all funds and securities in your account. Our clearing firm is responsible for executing and processing security transactions and carrying your account on a fully disclosed basis. Since your account is held by a broker-dealer custodian, it is insured through the Securities Investor Protections Corporation (SIPC), which protects in the event of the failure of a member firm. SIPC reimburses clients the cash value of their securities up to \$500,000 per client. Any cash in an account is reimbursed up to \$250,000 (reducing the \$500,000 above). Additionally, RBC Capital Markets has coverage in excess of SIPC that covers additional securities and cash up to \$99.5 million per client, of which \$900,000 may be in cash. (*Note: Neither SIPC protection, nor protection in excess of that offered by SIPC, covers a decline in the value of a client's asset due to market loss.*)

19. What kind of statements do you provide to track my investments?

In addition to your Schwab PRAP statements and online access, you will receive performance reporting and online access from JFG. Your online client portal illustrates all current account values and security positions, account activity, current asset allocation, and portfolio performance against relevant benchmarks.

20. How are you compensated? What is your fee? Are there additional management fees or trading costs? Are all fees transparent?

We are a fee-based investment advisor. We accept no commissions from the investment managers we recommend. Our Pilot Program clients benefit from a discounted fee which is less than 1% per year. Most of our clients satisfy fees on a pre-tax basis, from their PRAP or IRA itself. Your account will also be charged for the actual transaction costs of trading your securities at the negotiated rates at Schwab. We believe our fee structure is very competitive and emphasize that all fees are disclosed with complete transparency.