

PARS VS. THE COMPETITION

The following table is a comparison of PARS services compared to those offered by other 'competitor' firms in Massachusetts:

	PARS	"Others"
Services Provided	Full Service - Trust Administration, trustee/custodian, investment management & advisory, consulting, fiduciary protection, compliance monitoring, document preparation and reporting	Only provide investment management, reporting & advisory services
IRS Protections	Yes – PLR has already been obtained and will cover all program members from plan inceptions	No – HCG would have to apply for PLR on its own. This would be at a cost of \$50,000+ and take 12+ months to complete
Economies of scale	Yes – Multiple employer trust approach enables program members to benefit from investment and administrative economies of scale	No – Private competitors are single employer trust structure, therefore no economies of scale can be obtained
Program Compliance	Compliant with GASB 45, GASB 75, IRS rules and the new MA Municipal Modernization Act	May or may not be compliant with GASB, IRS and state laws/rules
Fiduciary Protections	Yes – U.S. Bank, when it serves in a discretionary approach will serve as a fiduciary	No – Treasurer must assume full fiduciary risk to manage and secure the assets in compliance with trust agreement
Trust Documents	Signature ready implementation documents are provided each program member prior to plan inception. PARS' implementation department and attorneys monitor compliance on an ongoing basis to ensure documents remain legally compliant	Some firms may provide sample documents, but each agency is responsible for making sure these documents are in compliance with IRS, state and federal laws Many firms provide no samples so in this situation the agency must work with its attorney to develop documents
Start-up costs or minimum fees	No	Standard
Investment Options	Flexible portfolios that range in risk tolerance have been established by both U.S. Bank and Vanguard for members of the PARS Program. These investment portfolios use low-cost, institutional based funds due to the scale and asset size of our program.	Typically other firms offer one investment option and often use high-cost proprietary funds

Experience Setting up “sponsored” OPEB trust programs	Yes – including PCOT and the Rhode Island OPEB Funding Program	None
Focus of Firm	OPEB Trusts are a core focus of PARS’ business. We work solely with public agencies and have over 20 years of experience helping program members to lower their post-retirement healthcare liabilities	Our competitors are investment managers and banks. OPEB trust clients are not a core focus of their business and most work primarily in the private sector.
Servicing	Ongoing administration, client servicing, compliance monitoring and document management handled by highly-experienced PARS service team	No servicing or programmatic support is typically provided after implementation, aside from possible periodic investment reviews
Investment Returns	Proven, strong investment returns from leaders in OPEB investing, U.S. Bank and Vanguard	Historical return information is typically not provided by other firms. The only return information available is for PRIT. PRIT’s 1 year returns as of June 30 was 13.20%. This compares to U.S. Bank’s Growth strategy return of 15.21% and Vanguard’s Growth strategy return of 12.69%.
Fees	Our comprehensive ‘all-in’ fees are 0.60% of assets with U.S. Bank as the investment manager, and 0.37% with Vanguard as investment manager. We have no start -up costs, minimum fees, termination fees or transaction/trading fees associated with the program	Although our competitors do not publicly report fees, the lowest fee we have seen offered by PRIT is 0.58%. In terms of our private competitors, we have seen fees from 0.75%. In addition, many of these firms have minimum fees, required contribution amounts and transaction/trading fees