GALLOWAY

To: PSPRS Board of Trustees
From: Bryan Jeffries, VP of Business Development
Subject: 3rd supplemental Information request response
Date: August 24, 2026

We appreciate the Board's continued oversight of the PSPRS education program and its commitment to ensuring that retirement education remains unbiased, participant-focused, and consistent with the Board's fiduciary responsibilities. Those same principles have guided our educational program since its inception.

Public Safety Financial/Galloway has invested significant resources over many years in developing and delivering retirement education to PSPRS members statewide. As PSPRS members ourselves, we understand firsthand the complexity of the retirement decisions that public safety professionals face.

It is important to distinguish our PSPRS educational services from our separate investment advisory business. We do not market our fee-based investment advisory services within our PSPRS educational curriculum. Our slide decks remain under the oversight of both PSPRS staff and the DC Committee.

Regarding Schwab self-directed accounts, PSPRS members remain free to manage their accounts independently or retain any investment advisor of the over 16,000 advisor options on the platform they choose. In fact, based on Nationwide board reports on Schwab SDO and plan rollouts, over 75% of PSPRS members who engage a financial firm to manage their money, either in the plan through Schwab SDO or by rolling their account outside the plan, choose a firm other than PSF Galloway.

Many of these advisory relationships predated the PSPRS education contract, while others involve members who have never participated in a PSPRS educational program.

PSPRS additional question — PSF Advisory Fee Categories Breakdown

For those PSPRS Defined Contribution Plan members who have independently elected to engage Public Safety Financial/Galloway for investment advisory services through the self-directed brokerage option, as of 12.31.25, there are 849 accounts distributed among our advisory strategies as follows:

Advisory Strategy	Annual Advisory Fee Rack rate	Number of Accounts
ETF Passive Portfolio	0.35%	71*
ETF Active Portfolio	0.75%	203*
All-inclusive or Venture Portfolio	1.25%	570*
Total		844*

*The numbers do not reflect that:

- 163 of the accounts' billing rates are not charged on the entire account
- 126 of the accounts have a tiered household billing discount schedule
- 5 accounts are not billed
- Households with multiple accounts outside of the PSPRS plan that have discounts applied to the non-PSPRS accounts
- The advisory fees include all financial plans, tax planning, and debt counseling fees

- These numbers also include individual Schwab accounts we previously opened outside of PSPRS and later rolled that account into PSPRS
- These numbers also include Schwab accounts we opened outside of PSPRS, and then later the entire plan was rolled over in bulk to PSPRS

Note: We met with the Superstition Fire & Medical DCC board and advised them to migrate to the PSPRS 457 plan; they accepted our recommendation to save on fees, and the process has begun. We are now meeting with our Superstition Fire & Medical SDBO clients and implementing approximately 90 plan-to-plan transfers from the Superstition Fire & Medical Plan 457 plan to the PSPRS 457. Each advisory client meets with our firm to discuss available advisory options in light of the client's circumstances, risk tolerance, objectives, and investment preferences. As a registered investment adviser, we have a fiduciary obligation to place the client's interests first in making investment recommendations.

PSPRS additional question 4— Is Galloway saying that its Employees' Compensation on these accounts are not affected in any way by whether investments are in higher basis-point accounts?

Response:

No, that's not what we are saying. An advisor could make more money if more expensive basis-point accounts were used; however, the client selects the strategy. Each account requires approval from a Galloway supervisor who reviews the circumstances of the meeting and the client's goals to ensure that advisors act both as fiduciaries and in accordance with policy. A secondary review by compliance is also completed. Clients can also receive complimentary asset allocations from their Nationwide fund lineup.

Importantly, the existence of these compensation arrangements does not alter our fiduciary obligation to our advisory clients. Advisory recommendations must be based on the client's circumstances and investment objectives, rather than on the compensation generated by a particular strategy. Our compliance and supervisory processes apply to these recommendations regardless of the compensation structure. All billing schedules are approved on a case-by-case basis by both a supervisor and a compliance officer. Our 1.25% portfolios are the only ones that include individually managed stocks.

Relationship Between PSPRS Education and Advisory Relationships

We believe additional context regarding these accounts is important.

Public Safety Financial/Galloway has provided investment advisory services through self-directed brokerage arrangements for more than 20 years, substantially predating the current PSPRS Defined Contribution Plans and the PSPRS education contract. A significant number of the members currently receiving our advisory services through the PSPRS SDBO had relationships with our firm through their agency retirement plans or other relationships before entering a PSPRS Defined Contribution Plan.

As I write this response, I (Bryan Jeffries), am an example. I am a PSPRS member, and I utilized our SDBO advisory services for many years, long before the PSPRS DC plans existed. It was natural for me to want to continue using these services as I transitioned my account from the City of Mesa Plan to the PSPRS 401a plan.

Since the inception of the PSPRS education program, more than 12,000 PSPRS members have participated in our retirement education programs. We manage 844 PSPRS DC advisory accounts at Schwab. This represents approximately 1.4% of the approximately 60,000 total PSPRS members. Many did not establish a relationship with our firm by attending PSPRS education. As we stated in a previous response, no new-hire Schwab accounts were opened as a result of our 49 "Tier 3" webinars/seminars held in 2025.

During a previous PSPRS contract, a board member was concerned we were somehow given an unfair business advantage via the education program. At that time, we reported that comparing the three years prior to our first PSPRS contract to the three years after, our percentage of PSPRS drop-managed accounts in Schwab SDO actually decreased rather than increased, contrary to their concern. We believe that was due to shifting education and resources from those just prior to retirement to new hires and members in the early stages of their careers.

We believe these facts demonstrate the distinction between the two activities: the PSPRS education program is designed to provide PSPRS benefits, financial wellness, and retirement education to PSPRS members; while our investment advisory business is a separate fiduciary service that individual members may choose to use independently, selecting from over 16,000 other firms available in the Schwab Advisory network.

We hope this clarification fully addresses your supplemental questions.

Very best regards

Bryan Jeffries

Vice President, Business Development