RETIREMENT PLAN

Prospecting Guide

A guide to grow your retirement plan business.
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Introduction to the Market

The Retirement Plan Market

Every day we are confronted with information about retirement or company sponsored retirement plans. With 10,000 boomers reaching retirement age every day for the next 25 years, it will be a dominant theme for a long time. According to the Investment Company Institute’s Second Quarter 2013 report on retirement plans, there is about $20.9 trillion in retirement plan assets in America. Private sector plans make up $8.1 trillion with defined contribution plans being the largest share.

U.S. Total Retirement Market

Billions of dollars, end-of-period, 2013:Q1–2013:Q2

Defined Contribution Plans

Defined contribution plans include profit sharing plans, money purchase pension plans and salary deferral plans as shown below. The 401k plan is the dominant defined contribution plan and the fastest growing.

IRA Plans Sponsored by Employers

In addition, very small employers have economical options to offer a retirement plan through a Simplified Employee Pension Plan (SEP IRA) or a Savings and Incentive Match Plan for Employees (SIMPLE IRA). The Salary Reduction SEP IRA Plan (SARSEP) was created in 1978 but was discontinued when SIMPLE Plans were created in 1997. Existing SARSEP plans were grandfathered in and allowed to continue but, new SARSEP plans can no longer be established.

### IRA Market Assets

*Billions of dollars, end-of-period, selected periods*

<table>
<thead>
<tr>
<th>IRA Type</th>
<th>Year Created</th>
<th>Number of U.S. Households with Type of IRA</th>
<th>Percentage of U.S. Households with Type of IRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional IRA</td>
<td>1974</td>
<td>39.4 million</td>
<td>32.5%</td>
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<tr>
<td>(Employee Retirement Income Security Act)</td>
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<tr>
<td>SEP IRA</td>
<td>1978</td>
<td></td>
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<tr>
<td>(Revenue Act)</td>
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<tr>
<td>Roth IRA</td>
<td>1997</td>
<td>20.3 million</td>
<td>16.8%</td>
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<tr>
<td>(Taxpayer Relief Act)</td>
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<tr>
<td>SIMPLE IRA</td>
<td>1986</td>
<td>9.2 million</td>
<td>7.6%</td>
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<tr>
<td>(Tax Reform Act)</td>
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<tr>
<td></td>
<td>1996</td>
<td>48.9 million</td>
<td>40.4%</td>
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Note: Households may own more than one type of IRA. SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs are employer-sponsored IRAs.


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### The Small Plan Market

According to a 2012 survey by Plan Sponsor Magazine, 92% of all defined contribution plans surveyed have less than $5 million in assets. This is typically referred to as the small plan market and holds the greatest opportunity for advisors as the majority of these plans are underserved.

To illustrate this further, the four broker dealers under National Planning Holdings collectively represent just under $6 billion in 401(k) plan assets, consisting of over 4,300 plans averaging $1.7 million in assets per plan.

Plan design features the small plan market may be lacking include automatic enrollment and automatic step ups in an employee’s deferrals, adding Qualified Default Investment Alternatives, changing to a safe harbor 401(k) design to avoid deferral testing and refunds to highly compensated employees, and adding a defined benefit or cash balance pension plan to achieve larger tax deductions and greater benefits at retirement.

This market also needs assistance in understanding their fiduciary responsibilities, establishing process and procedures for managing the plan, creating an investment policy statement, fee benchmarking and being prepared for a Department of Labor audit. They seek participant level education or advice beyond the enrollment meeting, assistance in assessing retirement outcomes and planning beyond retirement for their employees.

These issues create opportunities for advisors who seek to expand their client base through a retirement plan and ultimately through the participants of these plans.

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1. Source: Plan Sponsor magazine, November, 2012 issue
2. As of June 30, 2013
Retirement Plan Prospecting – Getting Started

Employer sponsored retirement plans have to comply with many complicated rules under the Employee Retirement Income and Security Act of 1974 (ERISA) and the Internal Revenue Code. This creates a barrier to entry in selling retirement plans as it requires a highly technical knowledge base to be an advisor to a retirement plan sponsor. This prospecting guide is to assist an advisor in creating an organized approach to selling retirement plans.

1. Determine your current level of knowledge about retirement plans.

   Most advisors have assisted clients with opening a traditional or Roth IRA or helped a client roll their retirement plan account to an IRA. These IRAs can be complicated enough but they are a good baseline to build from. Many advisors have also helped a sole proprietor or other small business owner open a SEP IRA or SIMPLE IRA. They seem easy to establish, yet have many subtle nuances that are more technical than traditional, Roth or rollover IRAs. Review the SEP IRA Fix It Guide and SIMPLE IRA Fix It Guide on the IRS website (www.irs.gov) to learn common mistakes by employers.

   Some advisors have had a retirement plan fall in their lap as an extension of a personal client relationship with a business owner who asks them to take on their plan. These are all a basic level of knowledge. Prospecting retirement plans requires an advisor to go to school on how these plans work.

2. Go to school on retirement plans-part 1.

   A good starting point is to review the retirement plan brochures on the broker dealer’s website. Simply click on Products/Retirement Plans/Marketing to review the Qualified Retirement Plans brochure. This section also has brochures entitled Retirement Plans for Tax Exempt Entities, Non-Qualified Retirement Plans, Calculating Employer Contributions to Retirement Plans and Solo 401k Plans. These will give you a good starting point on the features of the plans.

   There are also many resources from the Department of Labor (DOL) to get a broad understanding of ERISA plans. The DOL website (www.dol.gov) could be the best source to search for information.

   Additionally, the Internal Revenue Service website (www.irs.gov) has comprehensive resources on retirement plans. Go to their keyword search box and type in retirement plan publications and it will bring up several resources to explain retirement plans. Be sure to search for the 401k Fix It Guide, which highlights the areas where a 401k plan can go wrong.

3. Go to school on retirement plans-part 2.

   Once you have completed the above, write down a list of strategies that can help a plan with low participation, low account balances, low deferral rates and discrimination testing problems where highly compensated employees are getting refunds on their deferrals. Consider solutions to plans with too many investment options – or not enough. Have a grasp of what a proper Investment Policy Statement (IPS) should contain. Think of other plan problem areas and how you could assist a plan in solving them. Step 5 below can also help you in developing these strategies by asking your product partner 401k wholesaler for tips.
4. Go to school on retirement plans-part 3.
Go to the Retirement Plans page on the broker dealer's website. Click on Products and scroll down the menu on the left to find it. Then click on 401k Plans. There are two choices in this menu: Approved Retirement Providers and Popular 401k Providers. Over 80% of the firm’s 401k business is with these popular providers.

5. Be focused on a select group of 401(k) providers.
Have familiarity with 3-5 providers that have a program for different markets, such as a provider for “solo” plans, start up plans, existing plans with assets under $1 million, existing mid-size plans between $1 million and $10 million and existing large company plans with more than $10 million in assets. Each size plan has different needs and you want to have a solution for them. Begin by focusing in on the companies that you do IRA and retail business with. Call them and get connected with their 401k wholesaler. They will be happy to help you learn to sell their plans and 401k product features.

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The Top 401k Providers at National Planning Holdings

1. John Hancock
2. Nationwide
3. American Funds
4. ING
5. Fidelity Advisor
6. Hartford (owned by Mass Mutual)
7. Principal
8. Great West
9. Transamerica
10. Paychex

As of June 30, 2013
Selling retirement plans is a niche market and not all sales professionals enjoy working with clients on highly technical subject matter in a consultative manner. One of the advantages of selling retirement plans is that the rules and regulations one must learn is a barrier to entry as well. You can’t fake it. Yet, the only way an advisor can break into this niche is to start with small businesses and jump in with both feet, having a good support system of other service providers that can help one learn as they go.

Successful integration within the financial institution involves a team approach, focusing on referral sources other than tellers and new accounts staff. Branch managers, commercial lenders, and board members are the people that have their business owner contacts. It is also important to have a well defined target market delineating the asset size of retirement plans for the investment program and the Trust department.

Establishing a team consisting of the branch manager, commercial lender, trust officer and financial advisor and having regular meetings to share cross referral opportunities can open the door to mutual trust and coordinate a holistic service model to the customer.

Starting the process requires the endorsement of this strategy from the President of the financial institution to demonstrate that working together is encouraged. This should be reinforced with a compensation plan that rewards all parties for sales success.

A first step that can produce quick results is to research businesses in your footprint that have an existing ERISA plan. By using databases, one can find businesses with existing plans who file Form 5500 with the Department of Labor. This form reveals the type of plan, number of employees, assets in the plan, listing of the service providers, fees and other information about the plan.

Next, cross reference this list with your commercial lending customers and target the businesses that are already customers and have a retirement plan. The lender can make a phone call to the customer to set up a meeting to discuss their plan. Both the lender and advisor can jointly meet with the customer and discuss many other aspects of the business owner's situation. The sale may not be for the retirement plan but rather, providing assistance with estate planning, succession planning or other insurance needs. By working together in this manner, success will follow.
Tips for Meetings with Prospects

Before approaching a prospect, have a game plan as to how you want the conversation to go. The following ideas are intended to help advisors identify the signals that a retirement plan sale is possible. This is very high level but should help to identify what retirement plan might be of interest or what area might be a hot button.

Ask Every Individual Prospect & Client, “Do you have a retirement plan at work?”

If the response is “No.”
  o Have you ever been in a plan with a prior employer?
  o What did you do with your account balance from that plan when you left the company?
  o Has your current employer ever mentioned offering a retirement plan?
  o Or, have they said why they don’t offer a plan?
  o Who would be the right person to talk to about starting a plan?

If the response is “Yes.”
  o That’s great! In order to learn how the plan fits into your long term retirement and financial plan, I’d like to ask you a few questions about it?
    • What type of plan is it?
    • Do you contribute out of your paycheck?
    • Does your company contribute or make a matching contribution?
    • What does the plan offer for investment choices?
    • Who could I contact at the company to see if I could offer my services to them regarding the plan?

No matter what the response.
  o Are you saving for your retirement on your own?
  o How much are you saving on a monthly or annual basis?
  o Where do you invest these savings?
  o Do you know if you are saving enough?
  o Have you ever had a financial plan prepared for you?1
  o Would you like to find out if you are saving enough?

1. NOTE: Financial planning is a service that can only be offered by an Investment Advisor Representative (IAR).
Ask Business Owners & Executives

It is suggested that the Advisor begin the conversation by asking the business owner/executive several questions related to:

- how they got into the business;
- how long they have had the business;
- what did they do before going into business for themselves;
- did that company have a retirement plan;
- what did they do with their distribution when they left that company, etc?
- Let them know you can handle this account for them.

Then ask, “Do you have a retirement plan for your business?” If the response is “No.”

- What is the reason for not having a plan?
- Do your employees ask about having a plan?
- Are you aware of the tax incentives to encourage businesses to establish a retirement plan? (Highlight the following benefits of having a plan:
  - High contributions for SIMPLE Plans ($12,000 + $2,500 catch up for age 50 and older)
  - Even higher contributions for 401k Plans ($17,500 + $5,500 catch up for age 50 and older)
  - Savers Tax Credit for low income tax payers (up to 50% credit not to exceed $1,000)
  - Tax deduction limits for SEP & Profit Sharing Plans (up to 25% of compensation)
  - A tax credit for businesses with less than 100 employees that start a new plan for the first 3 years of having the plan (50% of plan costs up to $1,000 per year)
  - Portability of retirement plan savings among different plans to encourage people to keep their retirement plan money tax deferred for retirement.
- Would you be interested in a Retirement Plan Proposal for you and your business as to what type of plan may best suit you based on your objectives for having a plan and the demographics of your employees?

An Existing Plan: If the response is “Yes.”

That’s great! In order to learn how the plan fits into your long term retirement and financial plan, I’d like to ask you a few questions about the plan?

- What type of plan do you have?
- How long have you had it?
- Are you satisfied with the plan’s investments?
- Are you meeting your fiduciary responsibilities by reviewing your plan investments regularly?
- Do you have an Investment Policy Statement and are you following the procedures for monitoring investments?
- Have you benchmarked you plan expenses to determine if they are reasonable?
- Are you satisfied with the administration services you receive?
- Are you satisfied with the costs of maintaining your plan?
- Do you feel your employees appreciate the benefits of the plan you sponsor?
- Do you do employee education sessions for your employees? Is this of interest?

If a business is starting a new plan or wanting to change their existing plan, there is a Fact Finder that can help you ask the questions to assess what actions to take. There is a Retirement Plan Fact Finder for New Plans and a separate one for existing plans. Simply go to the broker dealer website and click on Products/Retirement Plans/Prospecting Tips.

Refer to the Retirement Plan Fact Finders for New or Existing Plans in Appendix A.
Retirement Plan Prospecting – Finding Leads

1. Look at your current clients.
You may already be working with CEOs, Presidents, CFOs and other key executives at businesses but have never approached them about their retirement plan. This is a warm call waiting to happen. Also, consider firms you frequently do business with. If you know an executive there, it can be a soft approach.

2. Consider using databases to find existing plans. Knowing the businesses that currently have plans can turn a cold call into warm call.
Search for companies with existing plans using FreeERISA.com or Larkspur Data (available through 401k providers) or Lord Abbett’s Insights and Intelligence to find companies with an existing retirement plan in your zip code. The databases allow you to query several different ways (location, company name, plan assets, etc.) and produce plan data directly from the Department of Labor 5500 forms. If you are a member of the Chamber of Commerce or other organization, cross reference the companies from the ERISA databases with that group’s membership.

3. Target businesses with less than 200 employees and existing plans with less than $5,000,000 in plan assets.
These firms are considered the “small plan market” and offer the greatest opportunity. Although small employers may not have a retirement plan, if you use a bundled 401(k) provider, you can leverage their turnkey platform where they will handle a majority of the work and keep your time commitment to a minimum.

4. Segment your prospects.
Segmenting current business owner clients and database prospects allows you to be more focused in targeting the needs of specific industries, business sizes and whether they have a plan or not. Look for plan characteristics that can open doors to an appointment, such as not having a fidelity bond, low account balances, above average plan expenses, etc. Then you can begin the next step - drip marketing.

5. Use drip marketing with letters, articles or emails to get the decision maker’s attention.
Send targeted messages to the different segments of your targeted prospects. If they don’t have a plan, then highlight the advantages of having a retirement plan; illustrate plan design strategies that may provide large tax savings to the business owner and key employees while minimizing expenses for the other employees. It typically takes 7-9 touches before a prospect will open the door to a meeting. Remember to obtain an approval from the broker dealer’s Advertising Review Unit before send any materials out.

If the targeted prospects do have a plan, then do your research using the Lord Abbett Insights and Intelligence to find out more specifics about the plan. Send the prospect articles with information on plan design changes that may help the plan operate at lower cost, increase participation, assist in meeting their fiduciary responsibilities or be more efficient to save time. This drip marketing method keeps your name in front of the prospect and opens the door for them to respond.

6. Position yourself as a retirement plan consultant.
When talking to prospects, ask questions about their current plan. Use the Retirement Plan Fact Finder on the broker dealer’s website (click on Products/Retirement Plans/Prospecting Tips) to find out what they like and don’t like about their plan. Ask them to articulate their plan objectives. Don’t present solutions at your first meeting. Set a follow up appointment in a week or two with your suggestions.
7. Network with other professionals.
CPAs may not have a lot of retirement plan expertise so you can be a valuable resource to answer their retirement plan questions. Demonstrate how you can save them time and add value. Review your client base looking for accountants you clients use. Drip on them with materials similar to those you are sending your prospects show them you are sincerely looking out for their client’s best interests. Corporate tax and estate attorneys can also be a source for referrals. Partner with a local commercial insurance agency for property and casualty services. Advisors can complement their services with business owner financial planning, estate planning, succession planning and their 401(k) plan.

8. Network with Third Party Administrators in your community.
Third Party Administrators (TPAs) get clients from 401k providers (mutual fund and insurance companies), accountants, attorneys, banks and financial advisors. You are important to them. And they need you. Call them up and ask for an appointment to learn about their firm and meet the key people. You must be able to articulate your value proposition for clients and how your support will compliment the TPA. Ask for their fee schedule and marketing materials and leave your brochure and business cards with them.

9. Prospect through senior executives in a financial institution.
Provide education to branch managers, lenders and board members on retirement plans, law changes, or use case studies as examples of the kinds of businesses to refer to you. Offer to go on joint calls to their commercial customers and train them for leads.

10. Seminar Marketing with the above Centers of Influence (COI).
Invite a COI with whom you have a good referral relationship to lunch. Approach them with an idea to sponsor a joint workshop on a retirement plan topic such as Safe Harbor 401k Plans or Auto Enrollment to improve participation. Think of ideas where the COI can tie in the tax aspects of their services to the topic to benefit the business owner(s), highly compensated employees or the plan as a whole. Plan to send invitations to both party’s current clients. This can be an opportunity to bring new clients to the COI and yourself.

Another idea is to leverage your relationship with a product partner that offers continuing education for accountants or attorneys. Create a list of COIs in your market and review the list with your COI. They may volunteer information about other firms or tell you not to waste time with others. The product partner typically has a turnkey program to send the invitations, provide refreshments and do the presentation. You and the COI simply host the meeting and do the introductions. Gather the attendee’s business cards and have a drawing for door prizes so you can drip on the attendees after the workshop.

11. Become a recognized expert in your market.
If you are in a smaller community contact your local newspaper and offer to write a regular financial column for them. By explaining concepts about investing, the economy and topics relevant to business owners, you can showcase your expertise. Radio stations may also be receptive to a 5-15 minute segment that provides Q&A on financial topics as well as market updates. Many companies like Platinum Marketing, Forefield and Emerald Marketing can provide content for either of these strategies.

12. Do small referral dinners with your current clients.
Approach your current business owner clients and ask them if they know any other business owners that may be interested in receiving the quality services you provide. Invite one business owner client and their spouse and one acquaintance of your client and their spouse. Have a casual dinner discussing anything but investments. Eventually, they will bring it up and you can explain how you work with clients similar to the prospect. This is a non-threatening way to expand your prospecting network.
Retirement Plan Prospecting – Taking it to the Next Level

Refer to the samples for the following product partners in Appendix B. There are many resources to assist you in creating marketing pieces for your pitch book.

1. Define and document your value proposition.
Put some thought into writing a document that describes your services and your value proposition. It should include your contact information, designations, and experience in the business and what differentiates you from the competition. State your services you provide that focus on Plan Governance, Provider Selection and Transition, Investment Monitoring and Employee Education. State if you will act in a fiduciary capacity to the plan and the fiduciary services you provide. You can get ideas to list your services by reviewing the broker dealer’s ERISA Service Agreements and expanding on how you provide the services. Convert this into a brochure and add the content to your website, LinkedIn or Facebook pages. (Remember, all materials must be submitted to the broker dealer’s ARU before using them with the public.

< Refer to the product partner materials in Appendix B to help you create your values and services statement. >

2. Create samples of your process in working with the Plan Sponsor or Plan Committee members.
It is important to have a means to make your services tangible to a prospect. This can be accomplished by having a template document that describes your approach to educating the plan’s trustees or plan committee. Outline how you educate them about meeting their fiduciary responsibilities and documenting process and procedures in managing the plan. It can include your Service Statement referenced above, a sample of an Investment Policy Statement and Education Policy Statement.

3. Describe the services you provide in helping the plan sponsor in benchmarking and vendor selection.
How do you assist the plan sponsor in selecting and monitoring the service providers and their fees? Show a sample of a benchmarking report that you will provide every year to ensure the fees are reasonable. If making a change, describe your involvement in assisting in the transition to a new provider.

4. Demonstrate how you do ongoing investment monitoring.
Create samples of reports from fi360, Morningstar or other service you use to analyze the plan’s investment lineup. Describe your criteria for monitoring funds, using watch lists of underperformers and fund replacements. Elaborate on your methodology for making these decisions.

5. Create examples of topics for employee education programs.
Describe different problem areas of a plan such as low participation, low deferral rates, low account balances, etc., and explain your education techniques to improve these measurable plan benchmarks. Demonstrate how you measure and improve retirement outcomes for participants. Many companies like Platinum Marketing, Forefield or Emerald Marketing can provide content for either of these strategies.

Benchmarking Resources
401(k) Averages Book
401(k) Compliance Solution
Ann Schleck & Company
Fi360 Toolkit
Fiduciary Benchmarks
FIRM
Morningstar
Retirement Plan Advisory Group
Become a retirement plan expert on a select number of industries. Start with a review of your current retirement plan clients and the most successful plans. Examine the plan’s design, demographics and the services you offer which help them be a successful plan. Next, research their industry associations where your client may be a member. Do they have a publication they regularly send to their members? If the industry association has a publication, ask for a copy and get the publisher information and contact them to see if you can write an article focused on for retirement plans in their industry. Look for other methods to leverage your current clients to become the expert in retirement plans for specific industries. Gather this information, along with key information you learn from searching Google, LinkedIn or Lord Abbett’s Insights and Intelligence websites. These sites may help you create a list of your client’s peers in their industry.

When you do an Annual Review with the plan sponsor, bring the success drivers to their attention. If they are pleased with the plan’s success, then ask them about some of their peers that you have uncovered. If your client is happy with your service, they may be willing to make the introduction.

7. Describe the services you provide as an ERISA fiduciary advisor (if applicable).
Start with a description of your training on fiduciary matters and obtaining the Accredited Investment Fiduciary (AIF®) designation. Have a process to uncover the employer’s overall objectives for having a plan and the investment objectives. Explain how you take these considerations into account in reviewing their IPS and assisting them in following it.

Describe your process for selecting the investment menu for the plan, including Qualified Default Investment Alternatives. Demonstrate how you assist the plan in making recommendations to the Plan Committee on model asset allocation portfolios.

As a Fiduciary Advisor, highlight your process for providing investment advice to participants to improve saving, diversification and reaching retirement goals. Remember, only IARs may provide investment advice to the plan sponsor or participants, and the account must be established as fee-based or level compensation.

For more ideas, refer to the Federated “Best Practices for Building Your Retirement Plan Business.”

Refer to Appendix C for Non-Fiduciary and Fiduciary Services
Appendix A Retirement Plan Fact Finders
1 Client Information

Company Name: ________________________________

Company Address: ________________________________

City: ________________________________

State: _______ Zip: _______

Phone: _______________

Fax: ____________________________

Contact: ________________________________

E-Mail Address: ________________________________

Business Type:

___ C Corporation

___ S Corporation

___ LLC

___ Partnership

___ Sole Proprietor

___ Non-Profit

___ Governmental

Does any owner have controlling ownership (>50%) in other businesses? [Y/N] ______
If yes, please list the company name and attach a separate employee listing.

______________________________________________________________________________

______________________________________________________________________________

Accountant name: ___________________________ Phone: ___________________________

2 Your Workforce

Changes in your workforce:

During the last 2 years          Projection for next 2-3 years
__ Increased                  __ Increase
__ Decreased                  __ Decrease
__ The same                   __ The same
3 Objectives

Why do you want to establish a retirement plan?
(Rank the top four where 1 = highest to 4 = lowest)

___ To reduce employee turnover
___ To reward key employees
___ My employees are asking for a plan
___ To benefit owner(s)
___ To reduce business taxes
___ Provide retirement security
___ To create non-business assets
   that creditors can not attach
___ Other ________________________

✓ The plan should be designed to favor:
  __ Older employees
  __ Longer service employees
  __ Family members
  __ High paid employees
  __ Full-time employees
     (>1,000 hours per year)
  __ All employees
     (no minimum hours)

✓ Employee participation in the plan should:
  __ Begin soon after employment
  __ Be delayed as long as possible
  __ Be at least age _____
  __ Work at least _____ months

✓ Should employee contributions be permitted? __ Yes   __ No
   Maximum permitted: ______ %

✓ Company contributions are anticipated to
  __ Be the maximum deductible amount
  __ Range from $_______ to $_______
  __ Range from ______ % to ______ %
  __ Be_______ % of compensation
  __ Be matching ____% of an employee’s contributions (i.e., 25%, 50%, 100%)

Is your cash flow:

___ Stable
___ Unstable
___ Seasonal
4 Employee Information

Who is your payroll provider? __________________________

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<th>YEARS WORKED</th>
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Making Your Decision

What is your ultimate decision date? __________________________

Name of other firms have you contacted? __________________________
1 Client Information

Company Name: ________________________________

Company Address: ________________________________

City: ________________________________

State: ________ Zip: ________

Phone: ________________________________

Fax: ________________________________

Contact: ________________________________

E-Mail Address: ________________________________

Business Type:

___ C Corporation

___ S Corporation

___ LLC

___ Partnership

___ Sole Proprietor

___ Non-Profit

___ Governmental

Does any owner have controlling ownership (>50%) in other businesses? [Y/N] ____

If yes, please list the company name(s).

________________________________________________________________________

________________________________________________________________________

What is your ultimate decision date? ________________________________

Name of other firms are looking at? ________________________________

2 Your Workforce

Changes in your workforce:

During the last 2 years

__ Increased

__ Decreased

__ The same

Projection for next 2-3 years

__ Increase

__ Decrease

__ The same
3 Satisfaction With Your Current Plan

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How satisfied are highly-compensated employees with the plan?  

How satisfied are your regular employees with the plan?  

4 Desired Changes

___ Make larger employer contributions
___ Reduce employer contributions
___ Add an employee contribution option
___ Increase employee participation
___ Enhance plan document provisions
___ Add an additional plan
___ Terminate and replace current plan

Changes to the plan investments:
___ Review the plan’s asset allocation
___ Change the investment choices
___ Allow employee control of investments
___ Other _________________________
5 Plan Investments
Please provide a copy of the bank or brokerage’s statements, and the investment policy statement for your plan.

6 Plan Document
Please provide a copy of your plan document, including the Adoption Agreement.

7 Service Providers
Please list the name of your current providers by firm, contact person and phone:

Record Keeper: Firm: ____________________________
Name: ____________________________
Phone: ____________________________

Custodian: Firm: ____________________________
Name: ____________________________
Phone: ____________________________

TPA: Firm: ____________________________
Name: ____________________________
Phone: ____________________________

Investments: Firm: ____________________________
Name: ____________________________
Phone: ____________________________

Trustee: Firm: ____________________________
Name: ____________________________
Phone: ____________________________

Payroll Provider: (or Accountant) Firm: ____________________________
Name: ____________________________
Phone: ____________________________
8 Fees & Expenses

Communication Expenses:
- Enrollment materials: __________
- Other educational materials: __________
- Enrollment meetings: __________
- Investment advice: __________
  Total: __________

TPA & Recordkeeper Expenses:
- Base fee: __________
- Per participant fee: __________
- Distribution fee: __________
- Loan origination: __________
- Loan maintenance: __________
- Semi-annual discrimination testing: __________
- Other ________________________ __________
  Total: __________

Investment Expenses:
- Advisor fee: __________
- Designated Investment Alternatives fees:
  o __________
  o __________
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  Total: __________

Trustee Expenses:
- Base fee/Asset fee: __________
- Per participant fee: __________
  Total: __________

Audit Expenses (if applicable): __________

Total Expenses: __________

Number of Participants: __________ Fee per participant: __________
Total Plan Assets: $_________ Fees as % of assets: __________
Appendix B Creating Your Value & Service Statement
John Q. Advisor  
Vice President  
ABC Investment Advisors  
500 Main Street, Williamsville, NY 14221  
716-555-1234  
john.q.advisor@abcinvestmentadvisors.com

Credentials:  
- Over 15 years of retirement planning experience  
- 20 retirement plan clients  
- Over $200 million in retirement plan assets  
- BS in Economics, MBA in Finance  
- CFP, CPA, CIMA designations  
- ASPPA Member since 1994  
- Recognized as a Leading Retirement Services Professional by Retirement Advisor Magazine  
- My firm, ABC Investments Advisors is one of the leading retirement planning organizations in the world, helping investors succeed since 1994.

My Service Commitment:  
- As your plan's Financial Adviser, I am not only your advocate, but an extension of your company. I specialize in mid-market companies that need both the customization given to larger companies and the personal touch required by small firms. By working with my clients as a dedicated partner, I've maintained a high level of plan participation and employee satisfaction, which has led in turn to the ability of my clients to retain engaged, highly qualified employees.

My Services:  
- Participant Support  
  - Onsite enrollment meetings  
  - Onsite ongoing education meetings  
  - Retirement income planning  
  - Distribution options counseling  
  - Asset allocation guidance

- Plan Design Support  
  - Plan design review  
  - Consult on alternative plan designs  
  - Safe harbor guidance  
  - Consult on whether or not to offer automatic enrollment and/or automatic escalation feature

- Investment Support  
  - Annual plan investment review  
  - Investment menu selection and monitoring services  
  - Investment policy statement  
  - Retirement plan committee support  
  - Investment manager searches  
  - Provide quarterly fund/portfolio reports

- Plan Compliance and Fiduciary Support  
  - Regulatory and legislative updates  
  - Review 401(k) compliance  
  - Annual plan review meeting  
  - Plan fees and services benchmarking

My Focus:  
- Fiduciary review consulting  
- QDIA selection and monitoring  
- One-on-One personal financial counseling

Fees and Expenses:  
- Asset-based  
- Recalculated yearly  
- Fully benchmarked

Referrals:  
- "John is a recognized expert in investments and retirement plans, but what makes him who he is, is that he cares about me more than he cares about all the knowledge and experience he has."  
  - Joe Client, XYZ Company

- "I've been working with John for 15 years and have never been surprised by anything the markets or the government does."  
  - Nancy Client, Ay, Bee and Cee LLC
Clearly articulating and demonstrating your value as a retirement plan financial professional is critical to maintaining and winning business. This three-step checklist can help you build a framework that clearly showcases the services you provide to your plan sponsor clients and prospects.

The purpose of this checklist is to help you implement a disciplined approach to presenting the scope of your services for the compensation you receive. In doing so, you can create a strong foundation for practice management, ultimately driving business retention and growth. Below are some industry best practices to consider.

**STEP 1**
Catalog your services

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| 1. | **Plan Design** – Ensure the plan serves the needs of the business, the plan sponsor and the participants.  
- Educate plan fiduciaries on new legislative changes and how they impact the plan.  
- Make sure the plan continues to meet the client’s goals as their business needs change.  
- Present, as appropriate, various enhancements to the plan (e.g., safe harbor features, automatic participant enrollments, automatic participant contribution increases, etc.). |
| 2. | **Investment Reviews** – Make sure the plan’s investment menu options are appropriate for the plan and participants.  
- Provide resources that assist with the investment selection process.  
- Help identify Qualified Default Investment Alternatives (QDIAs) appropriate for the plan.  
- Monitor investment performance according to the client’s Investment Policy Statement (IPS) on an agreed upon frequency.  
- Provide appropriate alternatives when investments no longer meet IPS terms.  
- Provide analysis on how participants are using the investments in the plan. |
| 3. | **Employee Communications** – Communicate the benefits of the plan, help employees navigate investment options and provide employees with education.  
- Design a communications program and develop an annual communications calendar.  
- Coordinate and deliver regular enrollment meetings.  
- Coordinate and deliver educational seminars.  
- Assist employees as they are hired or leave the company. |
| 4. | **Plan Committee Support** – Conduct vendor management and benchmarking (as appropriate), audit and compliance reviews and facilitate metrics reporting.  
- Maintain a file of important documents in case of an audit (e.g., plan document, Summary Plan Description (SPD), committee meeting minutes, IPS, etc.).  
- Schedule and conduct periodic plan reviews.  
- Facilitate request for proposal process every three to five years to ensure services are competitive.  
- Act as the liaison between plan sponsor and service providers.  
- Evaluate plan costs against applicable benchmarks.  
- Review participant activity and key plan success metrics. |

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**STEP 2**
Deliver regular reporting

Prepare an annual report for plan sponsors that includes the following items.

☐ Plan Documents – including the most recent plan and adoption agreements, SPD, sample notices, latest Form 5500, certified annual trust statement and key audit reports.

☐ Committee Activities – such as a roster of committee members, a schedule of meetings, meeting minutes and any distributed materials.

☐ Employee Communication Program – including a schedule of employee meetings and seminars, an overview of employee contacts with the plan (by web or by phone), samples of employee materials delivered throughout the year (including paper, electronic media and any statements and notices).

☐ Plan and Participant Report – a summary of activities and trends over time, including plan and participant success metrics.

☐ Investment Summary – a report of key investment results, trends, recommendations made and actions taken on adding or changing investment options.

☐ Key Projects – a summary of activities such as vendor reviews, plan design changes, plan conversion activities and plan merger or spin-off activities.

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**STEP 3**
Discuss compensation utilizing a worksheet approach

Since every type of compensation arrangement will now be disclosed to your plan sponsor clients, be proactive with a positive discussion.

1. **Don’t Be Surprised** – Find out how compensation information will be reported to your plan sponsor, either on the Form 5500 Schedule C itself or by reference through reporting and/or disclosures provided directly to the plan sponsor. Will they use a dollar amount or a formula? How will the dollar amount be calculated or the formula presented? How will the services you provide be described?

2. **Perform a Fee Review** – Work with each plan sponsor to make a record of all compensation being paid by the plan. BlackRock’s Sample Compensation Worksheet can serve as a guide to determine which providers fall into the categories of direct, indirect or eligible indirect compensation. This exercise will show your expertise, help in communicating with service providers and serve to reconcile your compensation as a retirement plan financial professional. Going forward, this worksheet can provide background and documentation to support Form 5500 Schedule C reporting.

3. **Provide Education and Clarity** – Illustrate your willingness to be transparent – you know you deliver value for a reasonable price. Help your plan sponsors feel educated on their duties to utilize all available information to protect themselves as fiduciaries and demonstrate that you are a valuable partner.

As you create a more disciplined method of showcasing services and discussing compensation, don’t forget to use this same technique with prospects. You can use these tools to demonstrate your value in a very tangible way and set yourself apart from other retirement plan financial professionals.

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For Registered Investment Advisors (RIAs) the Firm and the Investment Professional may be one and the same. Refer to BlackRock’s Background Information on Form 5500 brochure, which includes Department of Labor definitions or for additional tools and information, go to www.dol.gov/enb/5500main.html.

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DC5001B-0610 / DC-5500CHKLST-0610
Appendix C ERISA Service Agreement Check Lists for Fiduciary and Non-Fiduciary Services
Appendix A
(Box must be checked for each applicable Service to be provided.)

I. ERISA SECTION 3(21) FIDUCIARY AND INVESTMENT ADVISORY SERVICES

☐ Establish or Revise Investment Policy Statement (IPS):
Review the Plan’s investment objectives, risk tolerance and goals with the Plan Committee, Trustee or RPF (collectively, Plan Committee). If the Plan does not have an Investment Policy Statement, IAR may recommend investment policies to assist with an appropriate IPS. If the Plan has an existing IPS, IAR may review it for consistency with the Plan’s objectives and recommend revisions to the Plan Committee to establish investment policies that are congruent with the Plan’s objectives.

☐ Assistance with Selection and Monitoring of Designated Investment Alternatives (DIAs):
Based on the Plan’s IPS or other guidelines established by the Plan Committee, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Committee with the selection of the Designated Investment Alternatives to be offered to Plan participants.

Once the Plan Committee selects the DIAs, IAR will, periodically and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Committee with monitoring the performance of the DIAs. If the IPS criteria require a DIA to be removed, IAR may provide reports, information, analysis and recommendations to the Plan Committee to evaluate potential replacement investments.

☐ Assistance with Selection and Monitoring of Qualified Default Investment Alternatives (QDIAs):
Based on the Plan’s IPS or other guidelines established by the Plan Committee, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Committee with the selection of the Plan’s Qualified Default Investment Alternatives for Plan participants that fail to direct the investment of their accounts.

Once the Plan Committee selects the QDIAs, IAR will, periodically and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Committee with monitoring the performance of the QDIAs. If the IPS criteria require a QDIA to be removed, IAR may provide reports, information, analysis and recommendations to the Plan Committee to evaluate potential replacement QDIAs.

☐ Assistance with Model Asset Allocation Portfolios:
Based on the Plan’s IPS or other investment guidelines established by the Plan Committee, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Committee to create and maintain Model Asset Allocation Portfolios (Model Portfolios), using the Plan’s approved DIAs, to provide participants with well-diversified options that provide for varying degrees of risk tolerances and investment time horizons.

Once the Plan Committee approves the initial allocations and rebalancing parameters of each Model Portfolio, IAR will, periodically and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Committee with monitoring the performance of the Model Portfolios. If the IPS criteria require changes to the Model Portfolios, IAR will provide information and analysis to assist the Plan Committee with the reallocation and/or rebalancing of the Model Portfolios.

The Plan Committee will be solely responsible for effecting any trades related to allocation or rebalancing of Model Portfolios based on recommendations from IAR, or providing allocation and rebalancing guidelines for the Model Portfolios to the Plan’s Recordkeeper or custodian. The Plan Committee will further be responsible for ensuring that any information concerning the Model Portfolios is disclosed to participants in accordance with the Plan’s obligations under ERISA.

☐ Provide Participant Level Advice on Investment Options and Models:
Based on the investment guidelines established by the Plan Committee, if any, IAR will review the investment options available to an individual participant and will make recommendations to assist a participant with selecting and monitoring specific investment options or models. IAR will provide a participant with investment options based upon the participant’s individual risk tolerances and investment time horizons. Participants will be solely responsible for effecting any trades based on recommendations of the IAR. The service will be made available on an optional basis to the Plan participants. No separate fee will be charged to the participants.
II. ERISA NON-FIDUCIARY SERVICES

Plan Governance Review and Committee Support:
☐ Assist in determining Plan objectives and analyzing Plan design options
☐ Review retirement Plan Committee structure and protocols
☐ Review participant education and communication strategy, including ERISA 404(c) requirements, if applicable
☐ Assist the Plan Committee with coordination and reconciliation of participant disclosures under ERISA Section 404(a)
   (1) and DOL Regulation Section 2550.404a-5, if applicable, and develop protocols for responding to participant requests for additional information
☐ Assist with developing and maintaining a fiduciary audit file
☐ Attend periodic meetings with the Plan Committee

Vendor Management:
☐ Assist with the selection and monitoring of Plan service providers (the decision or discretion to ultimately retain such service providers remaining outside the scope of INVEST's Services)
☐ Support with reviewing fees and services and recommend procedures to track the receipt and evaluation of ERISA 408(b)(2) disclosures
☐ Provide periodic benchmarking of fees and value to evaluate reasonableness
☐ Review the use of ERISA spending accounts or Plan Expense Recapture Accounts (PERAs), if necessary
☐ Assist with generating and evaluating service provider Requests for Proposals (RFPs) and/or Requests for Information (RFIs)
☐ Provide education to Plan Committee to support contract negotiation
☐ Support with service provider transition and/or Plan conversion

Investment Monitoring:
☐ Provide education to Plan fiduciaries to assist in the assessment of the Plan's investment options
☐ Assist Plan fiduciaries with reviewing/monitoring the Plan's Investment Policy Statement (IPS)
☐ Review overall investment structure (i.e., types and number of asset classes, model portfolios, etc.)
☐ Provide investment education to Plan Committee and assist in reviewing the performance of the Plan's Designated Investment Alternatives and Qualified Default Investment Alternatives
☐ Assist the Plan Committee with investment manager search and monitoring

Employee Education and Communication:
☐ Conduct review of education strategy
☐ Provide group enrollment and investment education meetings
☐ Provide fee-specific education and communicate the Plan's protocols for requesting additional information about Plan fees and expenses
☐ Support individual participant questions via one-on-one meetings and/or phone and e-mail support
☐ Provide periodic updates, upon request, or through newsletters
☐ Assist participants with retirement readiness consulting and/or financial planning services and reviewing progress against retirement goals