

Delbert McClinton



'Bout to get the Best of Me



A glowing lightbulb in the center, flanked by two unlit lightbulbs, one of which is broken.

A Better Way

"There's a way to do it better — find it." Thomas Edison



INSIGHTS

FOSTERING A HIGHER STANDARD OF FIDUCIARY EXCELLENCE

Scottsdale, Arizona | April 17-19, 2013

Professional Designations

AIFA[®]
Accredited Investment
Fiduciary Analyst

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AIF[®]
Accredited Investment
Fiduciary





Insurance agent

Trust Officer

Loan officer

Stock broker

TRUSTED ADVISOR







877.TDAMERITRADE





Who Would You
Choose????



Car Loan

House Loan



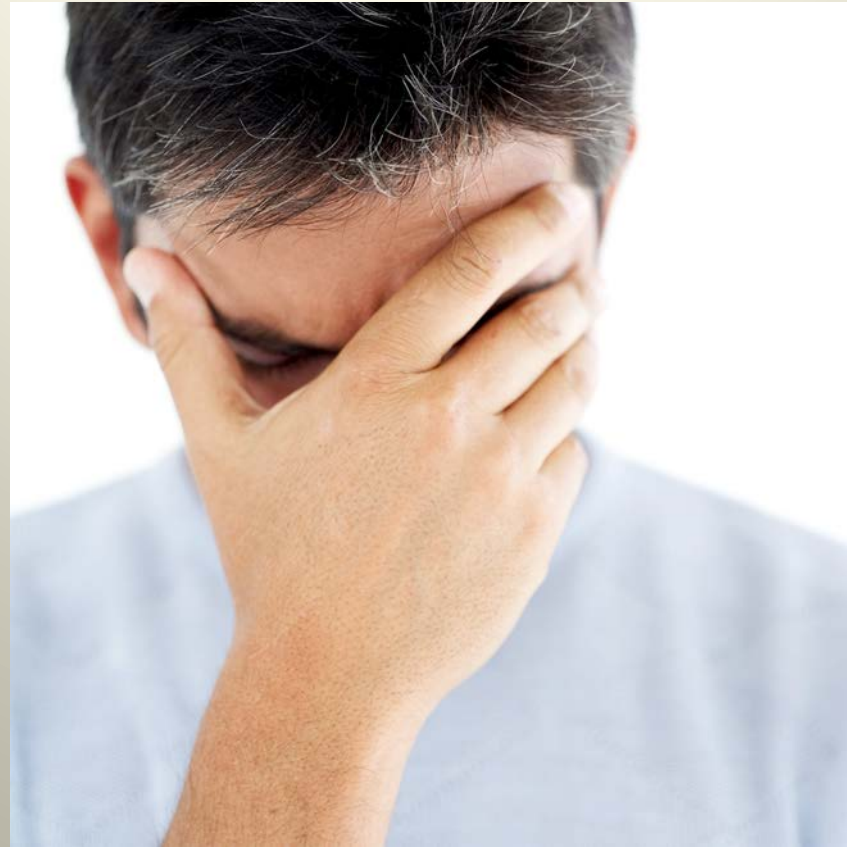
Business Loan

Lake House Loan


“We do all that fiduciary stuff, We just don’t sign on as a fiduciary.”

“We use Fidelity just like they do. Fidelity would never let you do anything wrong.”





‘Bout to get the Best of Me

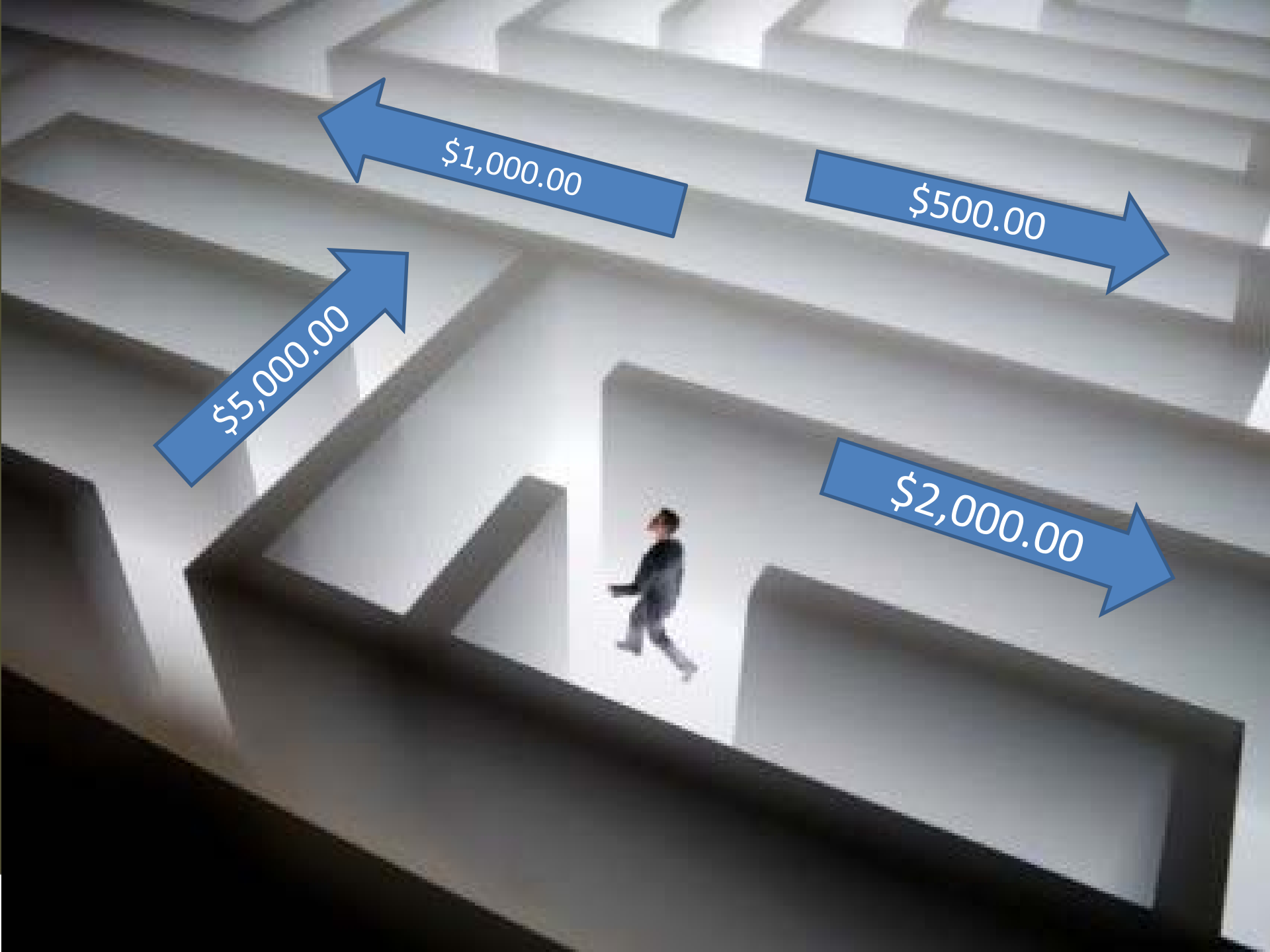
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A Better Way

"There's a way to do it better — find it." Thomas Edison

Conflict of Interest





\$1,000.00

\$500.00

\$5,000.00

\$2,000.00



ALL ABOUT PROCESS

DEFINABLE

REPEATABLE

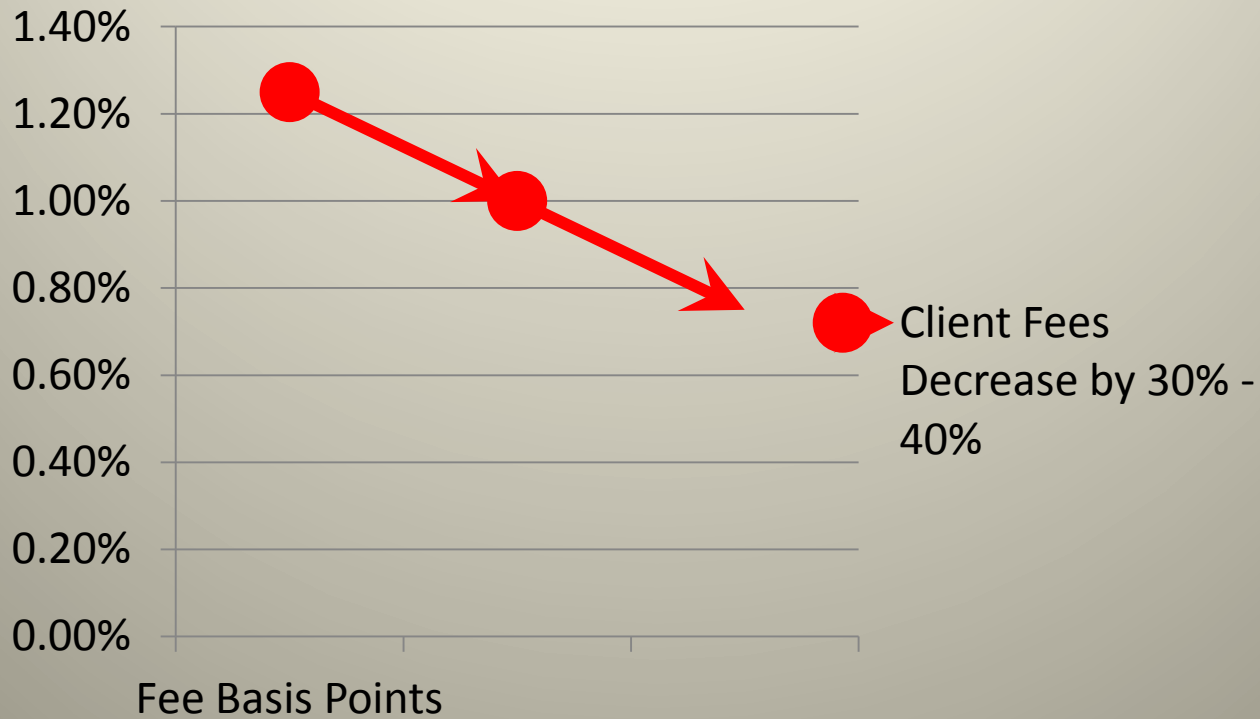
DEFENDABLE

THE PERIODIC TABLE OF GLOBAL FIDUCIARY PRACTICES

Practice M-1.1 Senior management demonstrates expertise in their field, and there is a clear succession plan in place.	Practice M-1.2 There are clear lines of authority and accountability, and the mission, operations, and resources operate in a coherent manner.			Practice SA-2.1 An investment time horizon has been identified.	Practice SA-2.2 A risk level has been identified.	Practice M-2.1 The organization provides disclosures which demonstrate there are adequate resources to sustain operations.	Practice M-2.2 The organization has a defined business strategy which supports their competitive positioning.
Practice M-1.3 The organization has the capacity to service its client base.	Practice M-1.4 Administrative operations are structured to provide accurate and timely support services and are conducted in an independent manner.	Practice SA-1.1 Investments are managed in accordance with applicable laws, trust documents, and written investment policy statements (IPS).	Practice SA-1.2 The roles and responsibilities of all involved parties (fiduciaries and non-fiduciaries) are defined, documented, and acknowledged.	Practice SA-2.3 An expected, modeled return to meet investment objectives has been identified.	Practice SA-2.4 Selected asset classes are consistent with the identified risk, return, and time horizon.	Practice M-2.3 There is an effective process for allocating and managing both internal and external resources and vendors.	Practice M-2.4 There are effective and appropriate external management controls.
Practice M-1.5 Information systems and technology are sufficient to support administration, trading, and risk management needs.	Practice M-1.6 The organization has developed programs to attract, retain, and motivate key employees.	Practice SA-1.3 Fiduciaries and parties in interest are not involved in self-dealing.	Practice SA-1.4 Service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards of care.	Practice SA-2.5 Selected asset classes are consistent with implementation and monitoring constraints.	Practice SA-2.6 There is an IPS which contains the detail to define, implement, and manage a specific investment strategy.	Practice M-2.5 The organization has a defined process to control its flow of funds and asset variation.	Practice M-2.6 Remuneration of the company and compensation of key decision-makers is aligned with client interests.
	Practice M-1.7 There is a formal structure supporting effective compliance.	Practice SA-1.5 Assets are within the jurisdiction of courts, and are protected from theft and embezzlement.	1 ORGANIZE	2 FORMALIZE	Practice SA-2.7 The IPS defines appropriately structured, socially responsible investment (SRI) strategies (where applicable).	Practice M-2.7 The organization has responsible and ethical reporting, marketing, and sales practices.	Practice M-2.8 There is an effective risk-management process to evaluate both the organization's business and investment risk.
Practice M-4.1 There is a defined process for the attribution and reporting of costs, performance, and risk.	Practice M-4.2 All aspects of the investment system are monitored and are consistent with assigned mandates.	Practice SA-4.1 Periodic reports compare investment performance against appropriate index, peer group, and IPS objectives.	4 MONITOR	3 IMPLEMENT	Practice SA-3.1 The investment strategy is implemented in compliance with the required level of prudence.	Practice M-3.1 The asset management team operates in a sustainable, balanced, and cohesive manner.	Practice M-3.2 The investment system is defined, focused, and consistently adds value.
Practice M-4.3 Control procedures are in place to periodically review policies for best execution, "soft dollars," and proxy voting.	Practice M-4.4 There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.	Practice SA-4.2 Periodic reviews are made of qualitative and/or organizational changes of investment decision-makers.	Practice SA-4.3 Control procedures are in place to periodically review policies for best execution, "soft dollars," and proxy voting.	Practice SA-3.2 Applicable "safe harbor" provisions are followed (when elected).	Practice SA-3.3 Investment vehicles are appropriate for the portfolio size.	Practice M-3.3 The investment research process is defined, focused, and documented.	Practice M-3.4 The portfolio management process for each distinct strategy is clearly defined, focused, and documented.
		Practice SA-4.4 Fees for investment management are consistent with agreements and with all applicable laws.	Practice SA-4.5 "Finder's fees" or other forms of compensation that may have been paid for asset placement are appropriately applied, utilized, and documented.	Practice SA-3.4 A due diligence process is followed in selecting service providers, including the custodian.		Practice M-3.5 The trade execution process is defined, focused, and documented.	
			Practice SA-4.6 There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.				

LEGEND:
 Practices in gold that begin with an "SA" define a fiduciary standard of excellence for Investment Stewards and Investment Advisors.
 Practices in blue that begin with an "M" define a fiduciary standard of excellence for Investment Managers.
 "SA" Practices highlighted are best reviewed in conjunction with Investment Managers Practices.

Client Fees Decrease by 30% - 40%



Best Practices
Create
Best Results

On Sale! ½ Off!





‘Bout to get the Best of Me

A man in a dark suit and white shirt is looking upwards and to the right. He is framed by a large, circular wooden wheel, which is held by a hand in a dark suit sleeve on the left. The background is a warm, textured brown. The text "Now what?!?" is overlaid in the center in a bold, orange font.

Now what?!?

Run around
and
panic.



4

musts

1

segmented

service

models

1

2

3

4





➤ **Small**

Under 3 million

➤ **Mid-size Plan**

3 million – 10 million

➤ **Large Plan**

11 million – 50 million

➤ **Super-size**

51 million plus

2

a **MINIMUM** level
of documentation



- 1
- 2
- 3
- 4

All plans
should have:



- Plan **compliance file** centralized
- Fiduciary responsibilities **defined, understood, and accepted**



- Written **business plan** to manage the plan **investments** formalized
- Periodic **investment monitoring** conducted



- Goals & objectives clearly defined
- Periodic review & benchmarking of service providers conducted

3

quarterly service
schedule

- 1
- 2
- 3
- 4

Q1
Annual
Plan Review

Q2
Fiduciary
Formalization

QTLY
Investment
Due Diligence

Q3
Provider
Due Diligence

Q4
Participant
Communications

4

flexibility

1

2

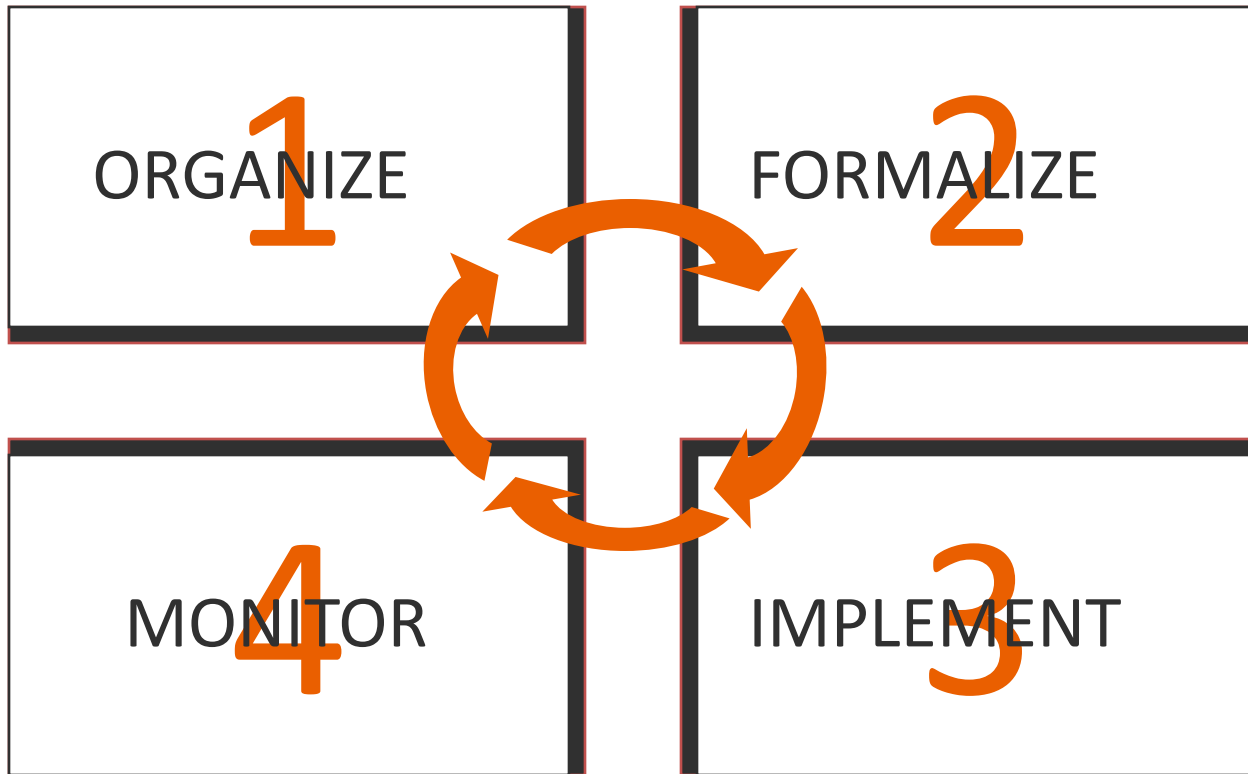
3

4



HOW?





Initial Meeting
to Gather
Data

Within 60 Days
Plan Process is
Formalized

ORGANIZE
1

FORMALIZE
2

MONITOR
4

IMPLEMENT
3

Annual
Timeline is
Implemented
and
Monitored



Initial Meeting
to Gather
Data

ORGANIZE 1

- Identify the **plan fiduciaries**
- Understand **goals and objectives** of the plan
- Establish **IPS criteria**
- **Collect plan documents** for compliance file

Initial Meeting
to Gather
Data

ORGANIZE 1

New Client Packet

- Fiduciary Worksheet
- Goals and Objectives Worksheet
- IPS Development Worksheet
- Document Checklist

Within 60 Days
Plan Process is
Formalized

2 FORMALIZE

- Investment policy developed
- Plan compliance file set-up
- Plan service timeline established
- Participant service timeline established

Within 60 Days
Plan Process is
Formalized

2 FORMALIZE

Deliver to client:

- ❑ IPS for review/signature
- ❑ 12-month service timeline

Annual
Timeline is
Implemented

3 IMPLEMENT

- **Investments monitored** according to established timeline
- **Oversight meetings conducted** as appropriate
- **Participant communications** schedule implemented
- **Fiduciary education** initiatives executed

Annual
Timeline is
Monitored

4 MONITOR

- Annually revisit **plan procedures** and **effectiveness**
- Conduct **benchmark** study every three years
- Review **participant readiness** as appropriate

Annual
Timeline is
Implemented
and
Monitored

3
IMPLEMENT

4
MONITOR

Q1

Annual
Plan Review

Q4

Participant
Communications

QTLY

Investment
Due Diligence

Q2

Fiduciary
Formalization

Q3

Provider
Due Diligence

New Client Packet +

Q1

Annual
Plan Review

Q2

Fiduciary
Formalization

Q3

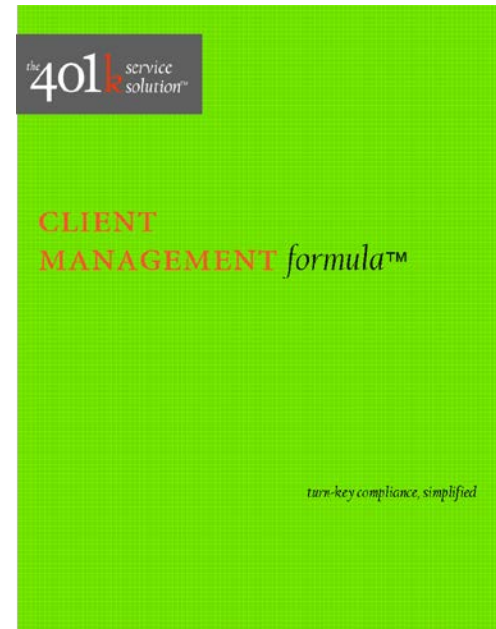
Provider
Due Diligence

Q4

Participant
Communications

Quarterly Document Packs =

the 401k service solution™



client management formula™

turn-key compliance, simplified

Leverage and relax.

