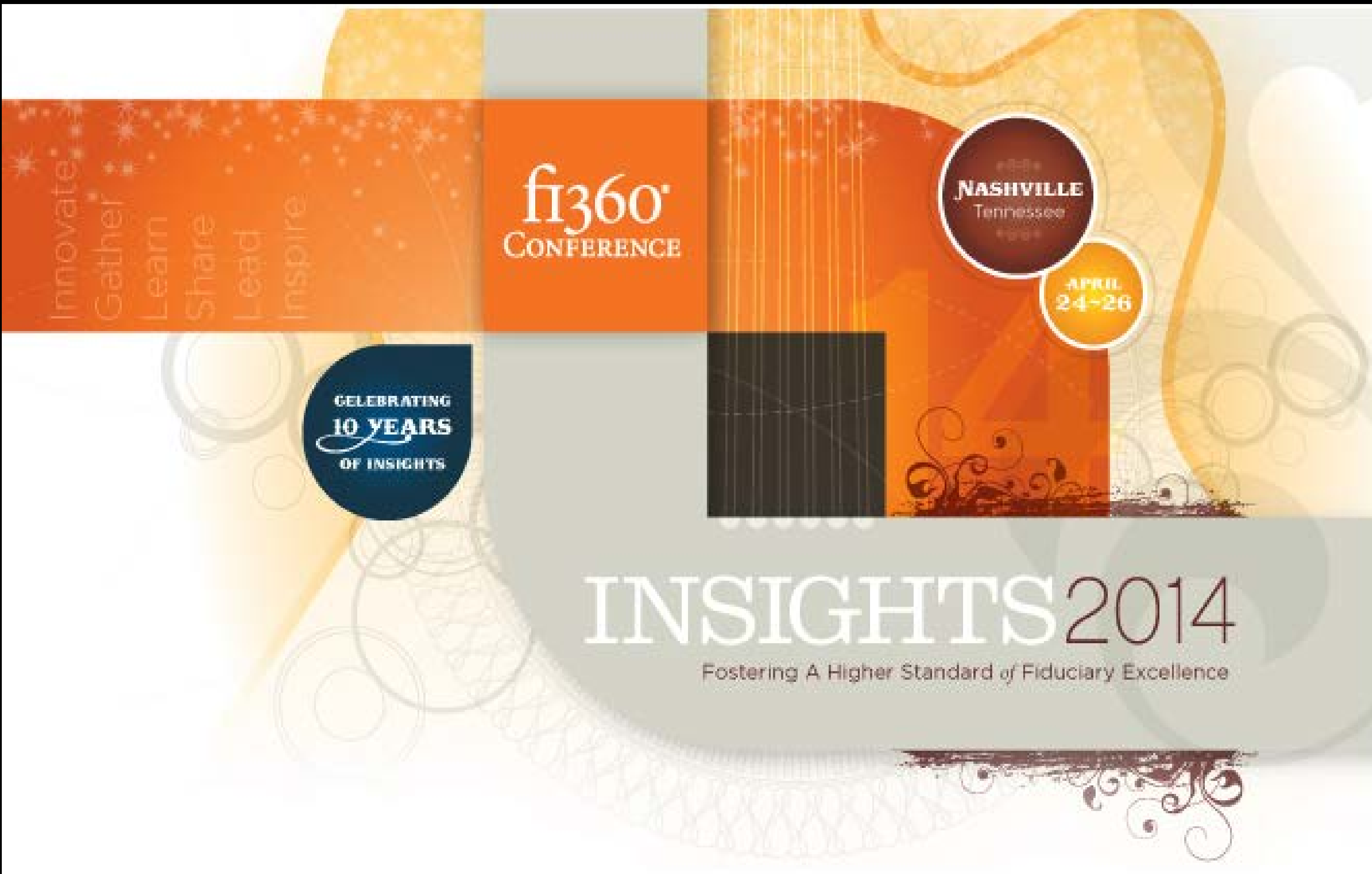
BUILDING A FIDUCIARY CONSULTING PRACTICE



Scott Reed, AIFA®, CIMA®, CEFEX Analyst

Ken Mathis, AIFA®, PPC™, CEFEX Analyst

HARDYREED

WHY US?

HARDYREED

ALL IN...

MISSISSIPPI'S ONLY RIA

CERTIFIED BY THE CENTRE FOR FIDUCIARY EXCELLENCE (CEFEX)

HARDYREED

CEFEX
CENTRE FOR FIDUCIARY EXCELLENCE

WE ARE
A HIGHLY COMMITTED
TEAM

4 CEFEX Certification Analysts
Centre for Fiduciary Excellence

4 Professionals with AIFA®
Accredited Investment Fiduciary Analyst®

2 Professionals with AIF®
Accredited Investment Fiduciary®

DESIGNATIONS EARNED BY
HARDYREED

CEFEX
CENTRE FOR FIDUCIARY EXCELLENCE
Analyst

AIF®
Accredited Investment Fiduciary

AIFA®
Accredited Investment Fiduciary Analyst


LEARN FROM THE
MISTAKES OF OTHERS.
YOU CAN'T LIVE LONG
ENOUGH TO MAKE
THEM ALL YOURSELF.

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We Learn
From History


We Learn
From History

OUR HISTORY

2003 - Met Don Trone

2004 – AIF® Designation

2005 – Begin Assessments for Existing Client Base

2009 – AIFA® Designation

2009 – First Assessments for Non-Client

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OUR HISTORY

2009 – (A Few Days Later)
1st New RIA Client from Assessment

2009 – (An Hour After That…)
Realization of New Avenue for Business Development

2010 – I'd Rather Be a Hammer Than a Nail

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21 Assessments

(fee range $2,500 - $7,500)

3 CEFEX Certifications

11 Long-Term Clients

HAS THE FIDUCIARY SHIP SAILED?

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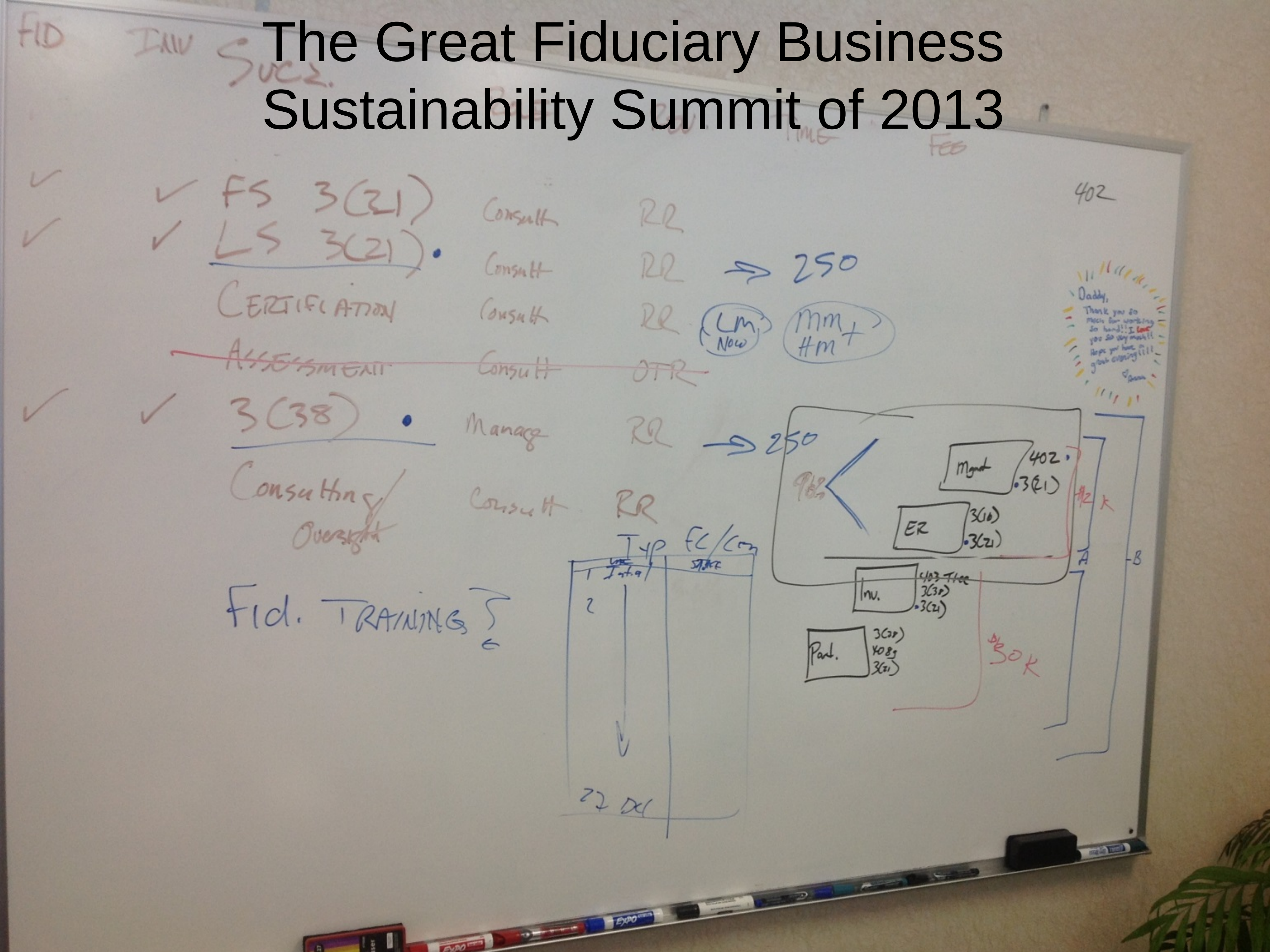
CONSIDERATIONS

- PAID TO MARKET YOUR SERVICES
- ARE YOU IN COMPETITION WITH THE EXISTING ADVISOR?
- IF THE ASSESSMENT IS A LOSS LEADER, CAN YOU BE OBJECTIVE IN THE PROCESS?
- CAN THIS BE A SUSTAINABLE BUSINESS MODEL ON ITS OWN?

The Great Fiduciary Business Sustainability Summit of 2013

The Great Fiduciary Business Sustainability Summit of 2013



THE CHALLENGE.

DETERMINING THE ROLE AND IMPACT THAT FIDUCIARY CONSULTING HAS ON A RIA BUSINESS.

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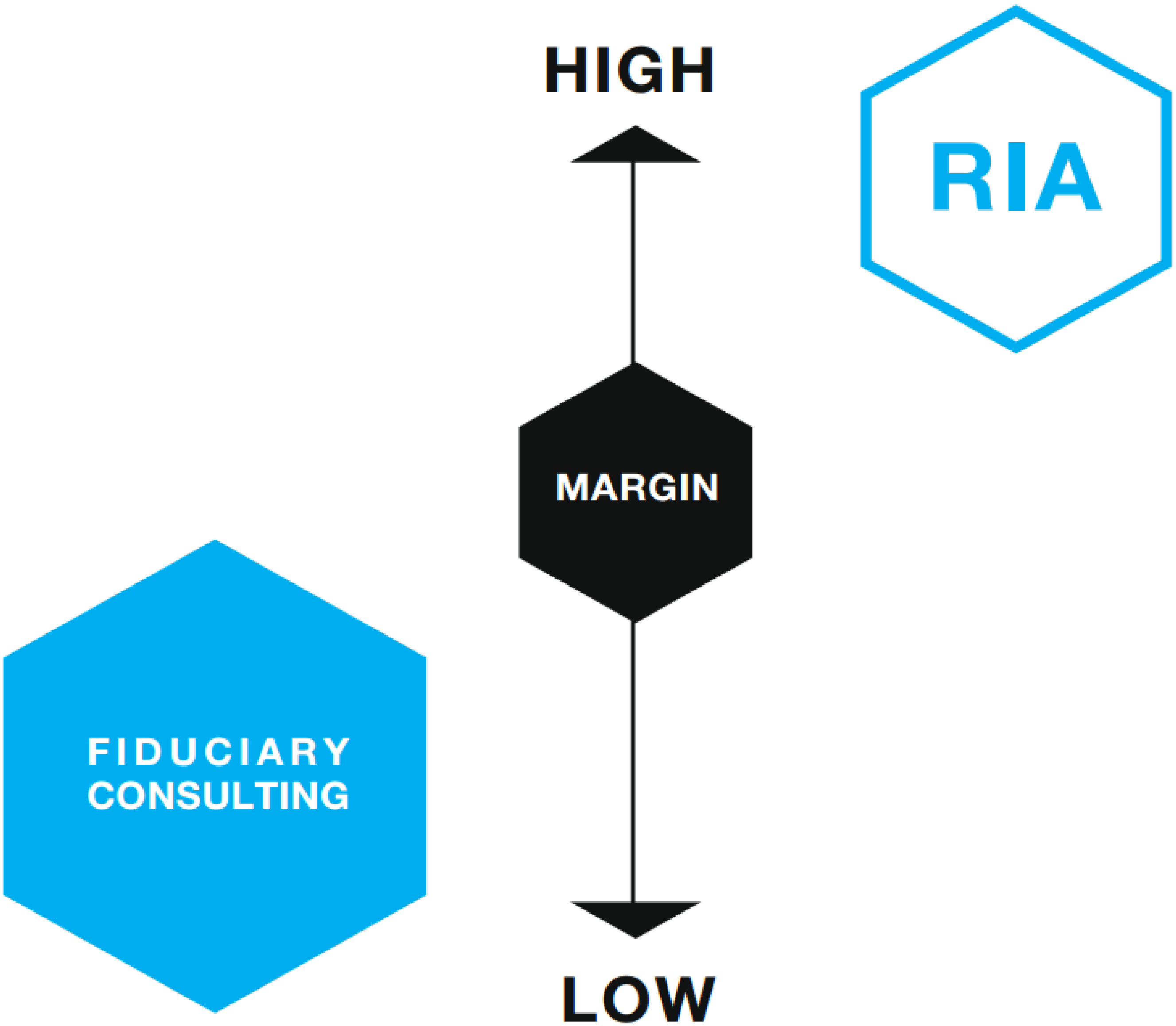
HIGH
RIA
MARGIN
FIDUCIARY
CONSULTING
LOW

PREFERRED OUTCOME

1. RECURRING REVENUE
2. SCALABILITY
3. RESIDUAL BENEFIT TO RIA
4. HIGH MARGIN
5. LEVERAGE EXISTING RESOURCES

BENEFITS

1. DIFFERENTIATION
2. PROFESSIONALISM
3. PROVIDES RESIDUAL BENEFITS TO RIA
4. LEVERAGE EXISTING RESOURCES
5. IMPROVED CLIENT OUTCOMES

FIDUCIARY CONSULTING SERVICES

1. 3(21) FULL SCOPE – THE NAMED FIDUCIARY
2. 3(21) LIMITED SCOPE – INVESTMENT ADVISOR
3. CEFEX CERTIFICATION
4. FIDUCIARY ASSESSMENT
5. 3(38) – INVESTMENT MANAGER
6. FIDUCIARY CONSULTING
7. FIDUCIARY TRAINING

FIDUCIARY SERVICES

Fiduciary Liability	Investment Advisory	Services	Role	Revenue	Avg HRS	Free Range		Scalable	Residual Benefit to RIA	High Margin In Low Margin OUT
YES	YES	Full Scope 3(21)	Consult	Recurring				NO	YES	LOW
YES	YES	Limited Scope 3(21)	Consult	Recurring		Flat	Asset Based	YES	YES	HIGH
NO	NO	CEF EX Certification - Retirement Plan, RIA, Money Manager, Taft Hartley, Record Keeper, F inancial Services Firm, Foundation	Consult	Recurring		$500	$40,000	NO	YES	LOW
NO	NO	Fiduciary Assessment	Consult	One-Time	20	$3,500	$7,500	NO	YES	LOW
YES	YES	3(38)	Manage	Recurring		Flat	Asset Based	YES	YES	HIGH
NO	NO	Fiduciary Consulting	Consult	Recurring		$10,000	$16,000	NO	YES	HIGH
NO	NO	Fiduciary Training	Consult	One-Time	4-6	$2,000	$4,000	NO	YES	LOW

HARDYREED

3(21) FULL SCOPE

+ RECURRING REVENUE
  SCALABLE
− RESIDUAL BENEFIT TO RIA
+ HIGH MARGIN
− INVESTMENT ADVISORY
+ FIDUCIARY LIABILITY ROLE
− TIME AVG. HOURS
  FEE RANGE

MANAGING

FLAT OR AUM

HARDYREED

3(21) LIMITED SCOPE

- ✚ RECURRING REVENUE
  SCALABLE
- ✚ RESIDUAL BENEFIT TO RIA
- ✚ HIGH MARGIN
- ✚ INVESTMENT ADVISORY
- ✚ FIDUCIARY LIABILITY ROLE
- ✚ TIME AVG. HOURS
  FEE RANGE

CONSULTING

FLAT OR AUM

HARDYREED

CEFEX CERTIFICATION

+ RECURRING REVENUE
  SCALABLE
− RESIDUAL BENEFIT TO RIA
+ HIGH MARGIN
− INVESTMENT ADVISORY
− FIDUCIARY LIABILITY ROLE
+ TIME AVG. HOURS
  FEE RANGE

MANAGING

$500K-$40K

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FIDUCIARY ASSESSMENT

— RECURRING REVENUE

SCALABLE

— RESIDUAL BENEFIT TO RIA

+ HIGH MARGIN

— INVESTMENT ADVISORY

— FIDUCIARY LIABILITY ROLE

+ TIME AVG. HOURS

FEE RANGE

CONSULTING

20+

$5K-$10K

HARDYREED

3(38)

+ RECURRING REVENUE
  SCALABLE
+ RESIDUAL BENEFIT TO RIA
+ HIGH MARGIN
+ INVESTMENT ADVISORY
+ FIDUCIARY LIABILITY ROLE
− TIME AVG. HOURS
  FEE RANGE

MANAGING

FLAT OR AUM

HARDYREED

FIDUCIARY CONSULTING

\+ RECURRING REVENUE

SCALABLE

— RESIDUAL BENEFIT TO RIA

\+ HIGH MARGIN

\+ INVESTMENT ADVISORY

— FIDUCIARY LIABILITY ROLE

\+ TIME AVG. HOURS

FEE RANGE

CONSULTING

$10K-$40K

HARDYREED

FIDUCIARY TRAINING

– RECURRING REVENUE
SCALABLE
+ RESIDUAL BENEFIT TO RIA
+ HIGH MARGIN
– INVESTMENT ADVISORY
– FIDUCIARY LIABILITY ROLE
+ TIME AVG. HOURS
FEE RANGE

CONSULTING

4-6

$2K-$4K

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FIDUCIARY SERVICES

Fiduciary Liability	Investment Advisory	Services	Role	Revenue	Avg HRS	Free Range		Scalable	Residual Benefit to RIA	High Margin In Low Margin OUT
YES	YES	Full Scope 3(21)	Consult	Recurring				NO	YES	LOW
YES	YES	Limited Scope 3(21)	Consult	Recurring		Flat	Asset Based	YES	YES	HIGH
NO	NO	CEF EX Certification - Retirement Plan, RIA, Money Manager, Taft Hartley, Record Keeper, F inancial Services Firm, Foundation	Consult	Recurring		$500	$40,000	NO	YES	LOW
NO	NO	Fiduciary Assessment	Consult	One-Time	20	$3,500	$7,500	NO	YES	LOW
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NO	NO	Fiduciary Training	Consult	One-Time	4-6	$2,000	$4,000	NO	YES	LOW

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CONCLUSIONS.

FIDUCIARY CONSULTING WORKS AS A LOSS LEADER.

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CONCLUSIONS.

FIDUCIARY CONSULTING INDUSTRY HAS A PRICING HURDLE AS A STAND ALONE BUSINESS.

CONCLUSIONS.

FIDUCIARY CONSULTING INDUSTRY HAS A PRICING HURDLE AS A STAND ALONE BUSINESS.

CONCLUSIONS.

FIDUCIARY CONSULTING INDUSTRY HAS A PRICING HURDLE AS A STAND ALONE BUSINESS.

CONCLUSIONS.

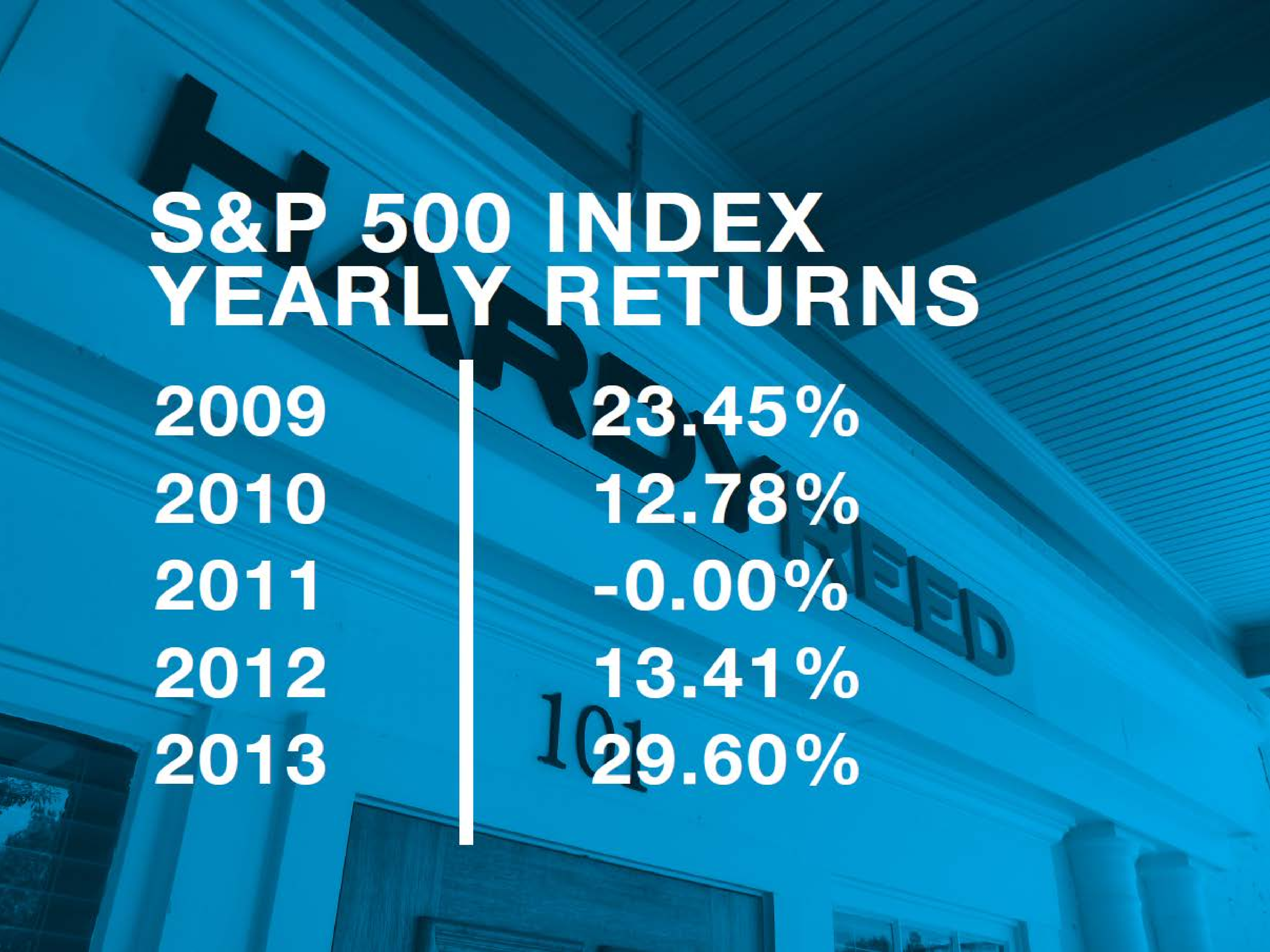
OUR WINDOW OF

OPPORTUNITY IS STILL

OPEN THANKS TO THE

DEPARTMENT

OF LABOR.



S&P 500 INDEX YEARLY RETURNS

2009	23.45%
2010	12.78%
2011	-0.00%
2012	13.41%
2013	29.60%

DOL FOUND THREE-FOURTHS OF 401(k)S ILLEGAL

SOURCE: CFO DAILY NEWS ARTICLE BY JARED BILSKI, FEBRUARY 25, 2014

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- 75% OF DOL AUDITED 401(k)S IN 2013 RESULTED IN PLAN SPONSORS BEING FINED AND/OR PENALIZED.

- AVERAGE FINE IN 2013 WAS $600,000 PER PLAN, UP $150,000 FROM 4 YEARS AGO.

- 88 INDIVIDUALS – FROM PLAN OFFICIALS TO CORPORATE OFFICERS TO SERVICE PROVIDERS – CRIMINALLY INDICTED FOR 401(k) OFFENSES.

- FOR 2014, DOL HAS ADDED 1,000 NEW ENFORCEMENT OFFICERS AND INTENTIONS OF MORE 401(k) COMPLIANCE AUDITS.

SUMMARY / Q+A

HOW DO WE FIX THIS PROBLEM?

IDEAS TO GROW A FIDUCIARY PRACTICE

1. DIRECT MARKETING
2. SYMPOSIUM/SUMMIT
3. COI I.E. ERISA AUDITORS
4. PRIVATE CLIENTS
5. INDUSTRY EVENTS, I.E. SHRM
6. PUBLISH

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IDEAS TO GROW A FIDUCIARY PRACTICE

DIRECT MARKETING

IDEAS TO GROW A FIDUCIARY PRACTICE

SYMPOSIUM/SUMMIT/SEMINAR

You're Invited.

2013 Retirement Plan Fiduciary Summit

Sponsored by:

HARDYREED
Retirement Plan Services

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IDEAS TO GROW A FIDUCIARY PRACTICE

INDUSTRY EVENTS, I.E., SHRM

IDEAS TO GROW A FIDUCIARY PRACTICE

Guess Who Manages His Company's Pension Plan?

IDEAS TO GROW A FIDUCIARY PRACTICE

AICPA® Employee Benefit Plan Audit Quality Center

COI

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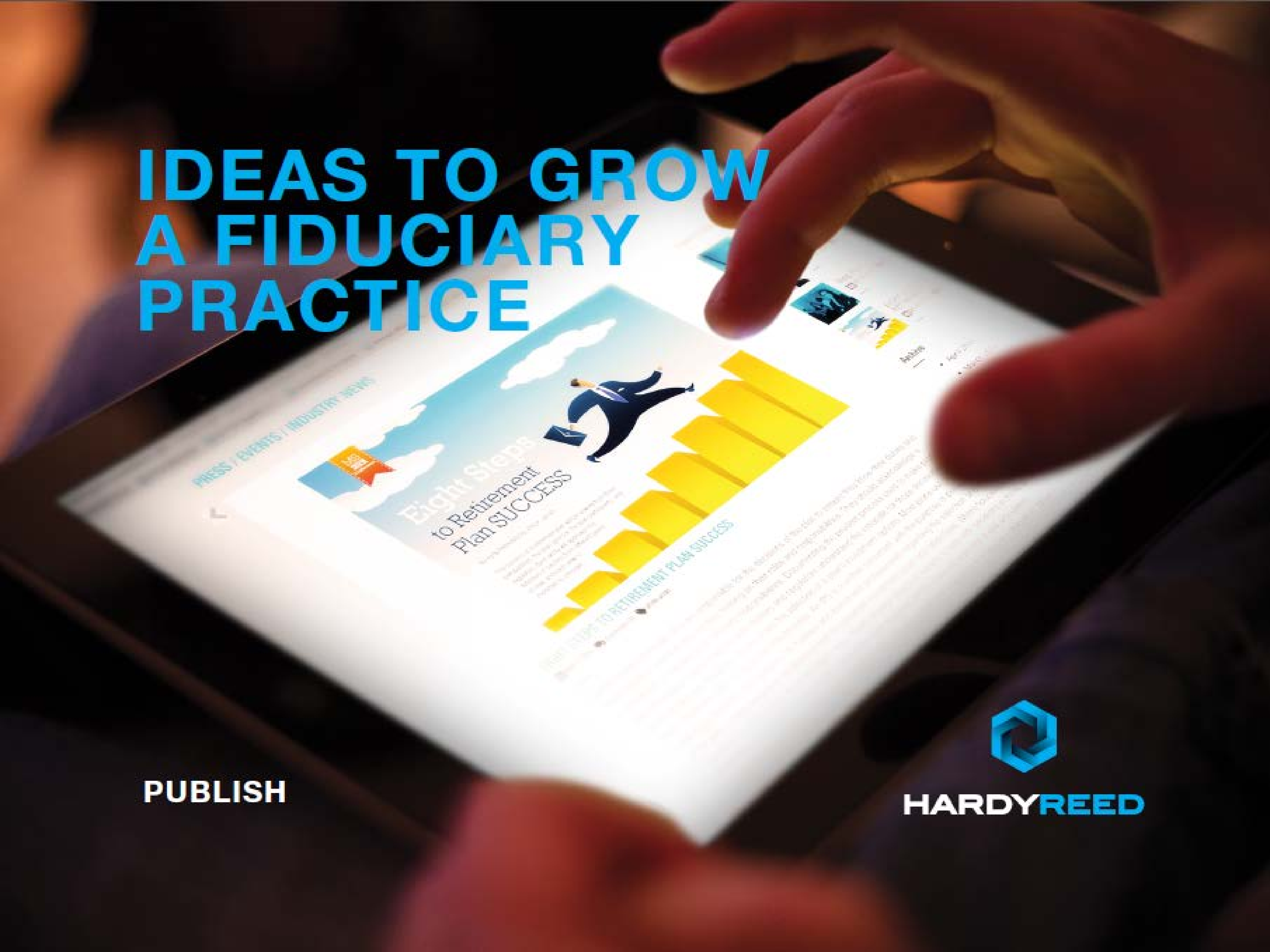
IDEAS TO GROW A FIDUCIARY PRACTICE



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Partnerships Built On Trust.

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Objective Fiduciary Guidance