



CEFEX/Fiduciary Assessment Presentation

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Outline

- CEFEX/Fiduciary Assessment Findings
- Assessment Team Management
- The CEFEX and Fiduciary Assessment Opportunity
 - Process/Presentations/Deliverables

Recent Assessment Findings

- Inconsistent Default/QDIA designation between Plan Document and IPS
- 408(b)(2) Fee Disclosures – Advisor Agreements
- Undocumented Process for Selecting Core Menu asset Classes
- Inconsistent IPS and Monitoring Report Due Diligence Criteria/Procedures
- Inadequate Global Investment Monitoring System

Assessment Team Management

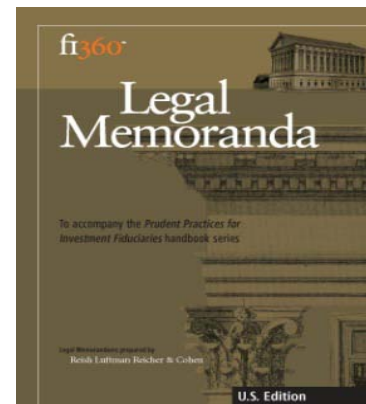
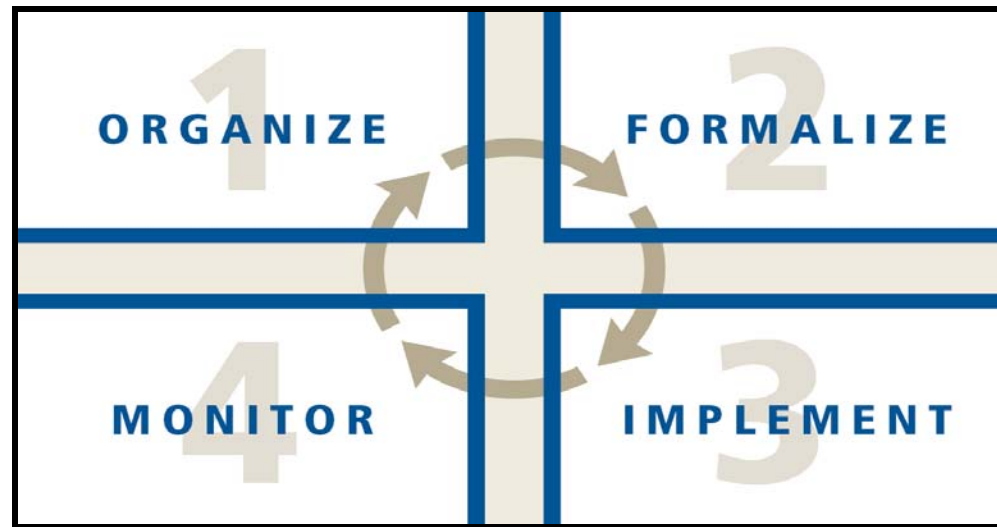
- Internal vs. External Team Members
- Qualifications and Experience
- Delegation of Duties
- Expectations/Client Communication
- Review and Management of Team

Assessment Opportunities

- Different Message – Door Opening Opportunity
- “Not sure how we can help or if you need our help”. “Here is what we typically do
- “Here are the deliverables we provide!” and “What you can expect!”
- After the completion of the Assessment:
 - You can implement our findings
 - Hire us to help implement the findings
 - If you desire to hire a different investment advisor, we would be honored to be included in your 3rd Party Search
 - If we are retained, we will credit back the assessment fees against our first year invoice since we would start with an Assessment anyways.

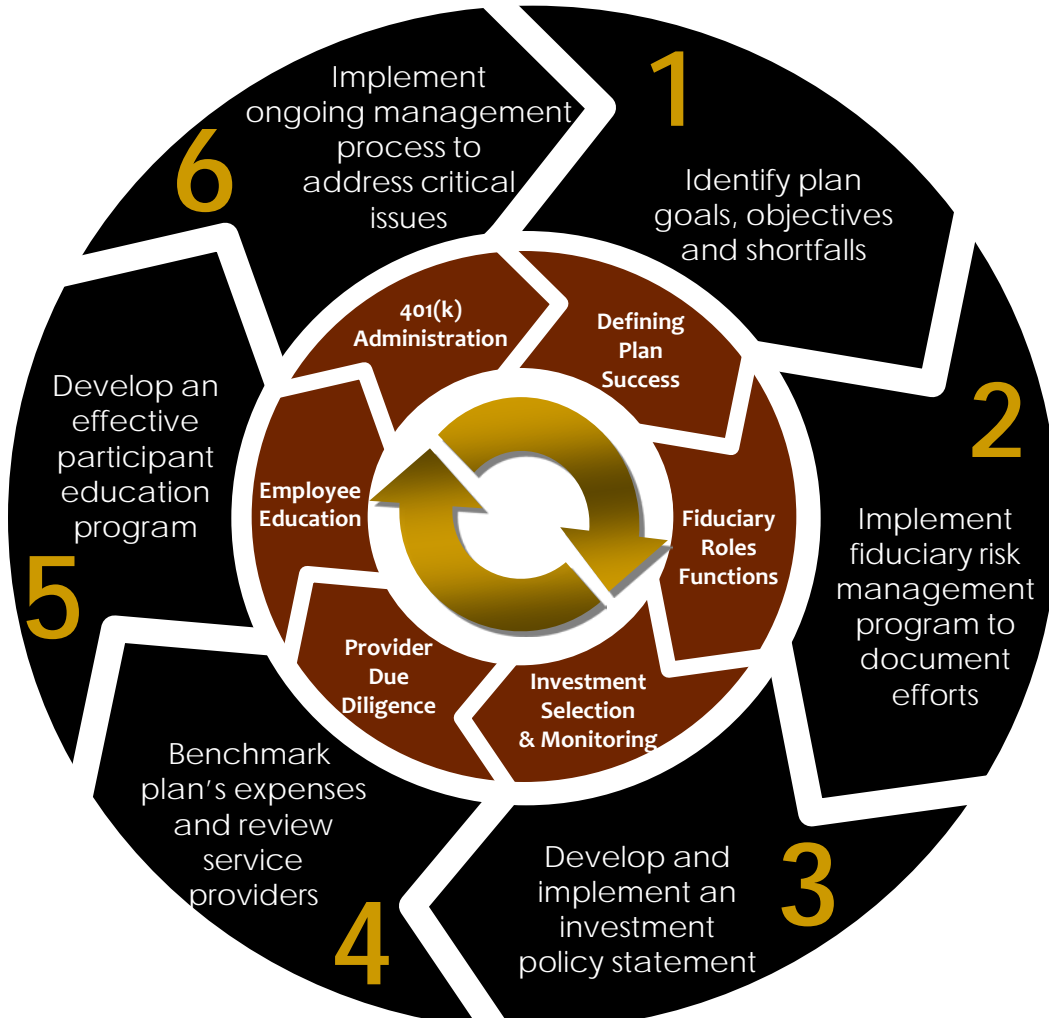
Fiduciary Quality Management System

An ISO 9000 Like Process to Minimize Liability



CCA's Fiduciary Governance Process

The six Key steps Plan Sponsors & Fiduciaries must address as they set up, manage and review a qualified plan.



Source: The 401k Service SOLUTION™

How to Measure?

Our intense measurement process helps us to identify priorities, risks and demonstrate progress

Measurement helps document the return on investment for hiring us

Employer Report Card

the 401k Service SOLUTION™ **EMPLOYER REPORT CARD**

HOW WELL ARE YOU FULFILLING YOUR RESPONSIBILITIES?

Managing all that is required to run an effective and compliant employer-sponsored plan is a thorough understanding of what is required and a commitment to getting it done right. As an employer, you can make the plan help to ensure your plan is successful. Answer the following questions to see how well you are fulfilling your responsibilities as an employer.

Name: _____ Date: _____

1. Have you reviewed how the recently enacted PPA will affect your responsibilities for your plan? Yes No Not Sure

2. Do you have your plan's goals and objectives formally documented? Yes No Not Sure

3. Do you have a formal Investment Policy Statement and its references out-of-date and relevant? Yes No Not Sure

4. Do you formally review your plan investments against a selection benchmark or asset class? Yes No Not Sure

5. Do you know how the proposed Form 5500 impacts your plan compared to industry coverage? Yes No Not Sure

6. Do you know what your plan's expenses are and how they compare with industry coverage? Yes No Not Sure

7. Do you measure the effectiveness of your education program each year? Yes No Not Sure

8. Are you in step with the level of board participation and consultation among all employees on your plan? Yes No Not Sure

9. Have you conducted with your employees to see how well they understand the plan features and what information they need to make better investment decisions? Yes No Not Sure

10. Do you have a documented method for reacting to trends of changes that could affect your plan? Yes No Not Sure

11. Do you have a fully established a procedure in your plan and have they acknowledge their responsibilities? Yes No Not Sure

12. Do you know what other to use for reacting to trends with your plan? Yes No Not Sure

13. Do you know what other to use as a "proactive practice"? Yes No Not Sure

14. Do you document the return of your plan to your plan committee members? Yes No Not Sure

12-14 Points = A
You have taken the extra necessary to make sure your plan is being managed in a compliant manner with the Regulations outlined by ERISA, CRETA, and JOL.

9-11 Points = B
You have completed several areas, however, meeting the responsibilities of running a compliant plan for your plan. Complete the remaining areas to make sure your plan is successful.

5-8 Points = C
If there are any areas that need attention, it is important to make sure you are meeting the requirements of the PPA and ERISA. It is important to make sure you are meeting the requirements of the PPA and ERISA. It is important to make sure you are meeting the requirements of the PPA and ERISA.

0-4 Points = D
There may be serious liability issues in the way your plan is being managed and you would be in a position of having to meet your fiduciary obligations.

Total Your Score—Give yourself:
1 Point for every YES Answer:
TOTAL _____
(0 Points for NO or NOT SURE)

Employee Report Card

the 401k Service SOLUTION™ **EMPLOYEE REPORT CARD**

HOW WELL HAVE YOU PREPARED FOR YOUR RETIREMENT?

Do you know how much money you need to save? How much is your employer doing on your behalf? Do you have a clear strategy to reach your retirement goals? Answer the following questions to see how well you are preparing for your retirement goals.

Name: _____ Date: _____

1. Do you feel you understand the investment options in your account really well? Yes No Not Sure

2. Do you feel you understand the benefits and features of your plan really well (e.g., loan options, vesting, etc.)? Yes No Not Sure

3. What percent are you currently contributing to your retirement plan? 0% 1-25% 26-50% 51-75% 76-100%

4. Do you feel you are on the right track to meet your retirement goal? Yes No Not Sure

5. Have you ever had time to run a Retirement Projection Calculator? To determine if your savings are on track or not? Yes No Not Sure

6. Have you advanced your account by at least two years? Yes No Not Sure

7. Do you follow your investment plan or return to your plan? Yes No Not Sure

8. Have you performed a risk analysis? To determine how much fluctuation will occur in your account really? Yes No Not Sure

9. Do you know what the potential percentage of your income that will be lost to taxes and penalties if you do not have a 401k? Yes No Not Sure

10. Have you calculated your retirement needs in inflation-adjusted dollars? (e.g., 30-year-old with \$50,000/year) Yes No Not Sure

10-12 Points = A
You have given a lot of thought about what you will need for your retirement. You have a clear strategy to reach your retirement goals. You are on the right track to meet your retirement goal.

7-9 Points = B
You have made the major steps necessary to accomplish your retirement goals. You are on the right track to meet your retirement goal.

4-6 Points = C
You need to understand what it takes to reach your retirement goals. You need to understand what it takes to reach your retirement goals. You need to understand what it takes to reach your retirement goals.

0-3 Points = D
Your participation or investment will not meet the requirements for a successful retirement. You may not be on the right track to meet your retirement goal.

These are additional steps you may be able to take to help you reach your retirement goals:

1. Review the Plan Documents to better understand your plan's features.
2. Complete a Risk Assessment Questionnaire.
3. Complete your Retirement Needs Assessment.
4. Increase your Plan Contributions.
5. Consider an Investment Plan to meet your retirement goals.

Total Your Score—Give yourself:
1 Point for every YES Answer:
1 Point for 0-25%
2 Points for 26-50%
3 Points for 51-75%
4 Points for 76-100%
TOTAL: _____



Source: The 401k Service SOLUTION™

How to Monitor and Document the File?

Our ongoing due diligence process ensures compliance with ERISA regulations including 404(a), 404(c), 408(b)(2) & 404(a)(5)

- Documentation
 - Investment Policy Statement
 - Plan/Trust documents
 - Service Agreements
 - ERISA 408(b)(2)
 - RFP records
 - Investment Committee minutes
 - Conflict of Interest policy
- Asset allocation strategy
- Due diligence in selecting investment options
- Implementation of investment strategies
- Custody, brokerage and other service providers
- Monitoring and performance reports
- Participant disclosure per regulation (ERISA 404(a)(5))

Prepared for: ACME STAMPING & WIRE FORMING CO. PROFIT SHARING PLAN & TRUST

Fi360 Fiduciary Score™ Criteria

1	Inception Date: The investment must have at least a 3 year track history.
2	Manager Tenure: The investment manager must have at least a 2 year track history (Most senior manager's tenure).
3	Assets: The investment must have at least 75 million under management (total across all share classes for funds/etfs).
4	Composition: The investment's allocation to its primary asset class should be greater than or equal to 80%. (Not applied to all peer groups.)
5	Style: The investment's current style box should match the peer group. (Not applied to all peer groups.)
6	Prospectus Net Exp Ratio: The investment must place in the top 75% of its peer group.
7	Alpha: The investment must place in the top 50% of its peer group.
8	Sharpe: The investment must place in the top 50% of its peer group.
9	1 Year Return: The investment must place in the top 50% of its peer group.
10	3 Year Return: The investment must place in the top 50% of its peer group.
11	5 Year Return: The investment must place in the top 50% of its peer group.

Legend

- ✓ Investment meets the factor
- ✗ Investment does not meet the factor
- N/A Investment data is not available
- N/S Investment doesn't have the history to be scored
- N/Ap Investment is not screened on the factor

Calculation Methodology

Fi360 Fiduciary Score™ (Qtr) and (Avg) represent the percentile rank of a mutual fund or ETFs "raw score" relative to its peer group. The "raw score" is calculated using the criteria described above and the weighting system identified in the Fi360 Fiduciary Score Methodology. 0 is the best score and 100 is the poorest.

Investment Name	Ticker	Peer Group	Fi360 Fiduciary Score™			Fi360 Fiduciary Score™ Factors										
			Qtr	Avg	# of Peers	1	2	3	4	5	6	7	8	9	10	11
Dryden Stock Index A	PSIAX	Large Blend	37	32	1,368	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗
AIM Constellation A	CSTGX	Large Growth	44	21	1,211	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗
American Century Ultra Inst	TWUIX	Large Growth	67	59	1,211	✓	✗	✓	✓	✓	✓	✗	✗	✓	✗	✗
Calvert Social Investment Equity A	CSIEX	Large Growth	44	21	1,211	✓	✓	✓	✓	✓	✓	✗	✓	✗	✗	✗
Oppenheimer Capital Appreciation A	OPTFX	Large Growth	40	23	1,211	✓	✓	✓	✓	✓	✓	✗	✗	✓	✗	✗
Artisan Mid Cap Inv	ARTMX	Mid-Cap Growth	0	17	678	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Janus Worldwide	JAWWX	World Stock	80	85	362	✓	✓	✓	N/Ap	N/Ap	✓	✗	✗	✗	✗	✗



Assessment Opportunities



Why is a Fiduciary Assessment Necessary?

What process and reports do you prepare and refer to on an ongoing basis to ensure you have fulfilled your duties as a retirement plan committee member?

If you are not sure or cannot provide reports and checklists immediately, a Fiduciary Assessment is a critical next step.

This ISO-like process measures how well Investment Stewards (Trustees and Investment Committees) follow the set of **Prudent Investment Practices for Investment Stewards** and the Global Fiduciary Standard of Excellence. A fiduciary assessment measures your process to ensure plan fiduciaries make prudent investment decisions.

The fi360 **Prudent Investment Practices for Investment Stewards** are substantiated through ERISA, UPIA, UPMIFA, MPERS, Case Law and DOL Regulatory Opinions.

The Benefits of a Fiduciary Assessment are:

1. It provides a checklist/audit program of prudent practices implemented and followed which can be independently verified.
2. It helps to benchmark current status, prioritize work, and measure progress.
3. It serves as a practice manual for all parties involved with investment decisions.
4. It helps to uncover investment and/or procedural risks, which may reduce liability and may reduce E&O premiums.
5. It demonstrates leadership, improves marketability, and increases the awareness of effective stewardship to donors and/or participants and beneficiaries.



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Registered Investment Advisors
Accredited Investment Fiduciary Analysts®



Assessment Deliverables include:

1. A CEFEX Registered Opinion Letter & Final Report with Findings and Recommendations
2. The Fi360 Prudent Practices Benchmarking Report & Checklist
3. The Organization of Critical Documents
4. An Investment Policy Statement Analysis
5. A detailed Plan Asset Allocation, Investment Mem & Fee-Component Reports
6. Specific Industry leading Benchmarking Reports including Fee Benchmarking & Plan Success Metrics
7. A detailed Regulatory Analysis – 404(a), 404(c), QDIA, 408(b)(2) & 404(a)(5) checklists
8. Any other requested Analysis as agreed upon

CCA's Mario Giganti is a national leader in 401(k) Plan Fiduciary Assessments, Fiduciary Best Practices, Retirement Plan Consulting Services, and teaching and consulting with the fi360 Prudent Investment Practices and CEFEX Auditing and Assessment techniques.

For more information on how a Fiduciary Assessment can help your company or organization manage its investment fiduciary risk and improve your plan, please contact Mario Giganti, CPA, CFP®, AIFA®, PPC® using the information below. A Fiduciary Assessment can only be completed by an Accredited Investment Fiduciary Analyst®.



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CEFEX Update

Fi360 National Conference



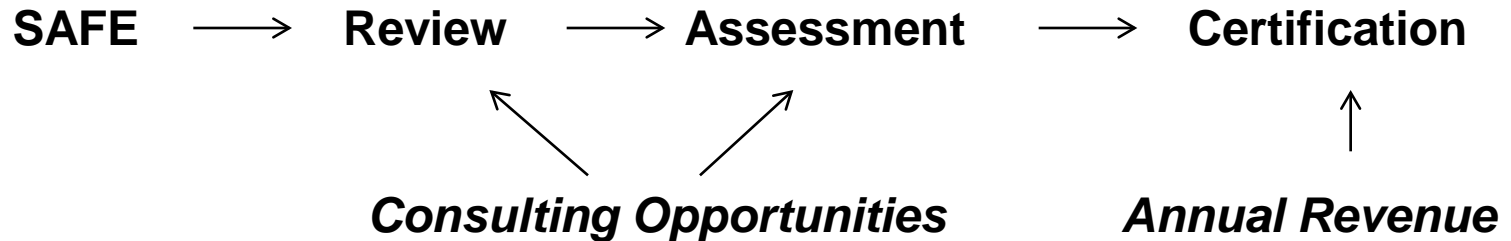
The Mark of Certified Fiduciaries

Carlos Panksep
General Manager, CEFEX

Update

- Internal sales person added to sell assessments on behalf of Analysts.
- External sales pilot underway.
- Public Relations firm retained.
- Increased collaboration with fi360.
- Increased focus on assessments
 - Revision to AIFA program
- On-line forms!

Approach to Assessments



CRFP

CAFE

CAFE

- *Peer Review*
- *Opinion Letter (TBD)*

- *Peer Review*
- *Opinion Letter*

- *CRC Review*
- *Certificate*
- *Public Report*
- *Profile*
- *Legal Opinion Letter*

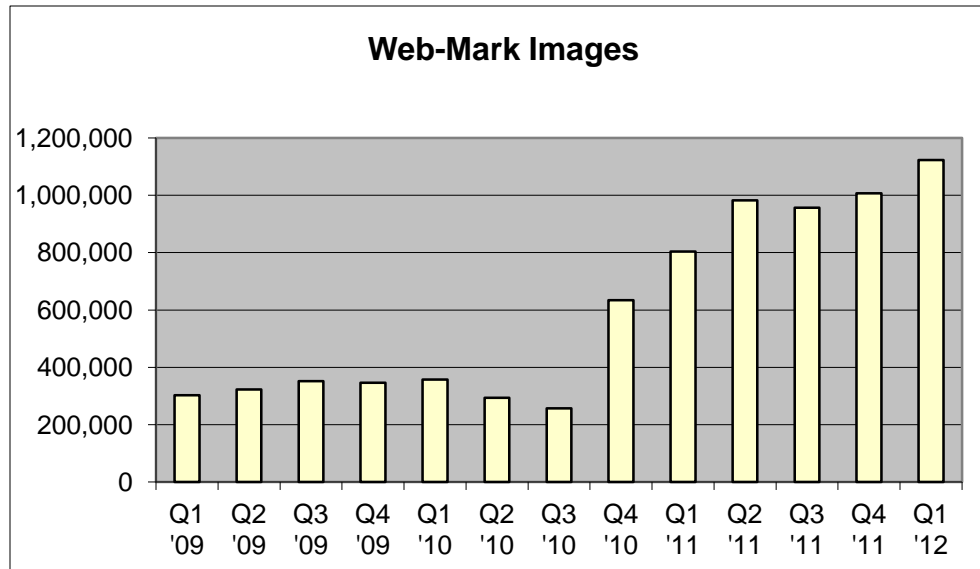
New Assessment Types

To help AIFA's get engaged with Stewards:

- Consultants Review of Fiduciary Practices (CRFP)
 - Includes Fiduciary Monitoring Report and Fee Summary Report
- 408(b)(2) Review
- 404(a)(5) Review

- Exclusive to CEFEX Analysts
 - Annual training on all assessment forms
 - Peer support available
- Analyst can market any way
 - Use CEFEX material, customize it
 - Can charge any amount (uses own Engagement Agreement)
 - Recommend a \$2K minimum.
- Help Stewards become aware of fiduciary obligations!

Web Hits



Thank-you!

Carlos Panksep
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