

3 SIMPLE QUESTIONS

TO ASK YOUR RETIREMENT PLAN'S BROKER DEALER REPRESENTATIVE

1. ARE YOU WILLING TO BE MY CO-FIDUCIARY? WILL YOU PUT THAT IN WRITING?

Anticipated response:

Many broker dealer representatives are either not willing or not able to serve as a fiduciary to a retirement plan by providing investment advice to you.

What this may mean:

As a plan sponsor or a member of a plan's investment committee, you are automatically a fiduciary. A fiduciary acts solely in the best interests of the plan and its participants. As your plan's fiduciary, you are charged with the duty to act with the same level of care as a professional would when you make investment decisions for your plan. If you cannot meet that standard, you can be held personally liable for your investment decisions. To help you meet your fiduciary responsibilities, you may hire a professional to assist you. When that professional makes investment recommendations to you, the professional becomes a fiduciary also and will share the fiduciary responsibility with you. Some broker dealers act solely in a sales role, do not make investment recommendations and therefore do not act as fiduciaries who must place the plans' interests first.

How our advisory firm differs:

We embrace the fiduciary standard. We are willing to be your co-fiduciary and will put that in writing.

2. HOW ARE YOU PAID FOR SERVICES TO MY RETIREMENT PLAN?

Anticipated response:

Many broker dealer representatives receive compensation from a variety of sources, including payments that are made indirectly from third parties. For example, broker dealers can charge commissions and sales loads on investments you select for your plan. They may also receive revenue sharing payments and other forms of compensation from others, such as advisors to the mutual funds you choose as investments.

What this may mean:

There is nothing wrong with a broker dealer receiving fair compensation for its services. As the plan fiduciary, however, you have an obligation to pay only reasonable compensation. You must therefore be able to determine the total compensation your plan pays for any service, from all sources, and assess whether that compensation is reasonable under the circumstances.

How our advisory firm differs:

We are paid solely by the advisory fee disclosed in our advisory agreement. We will provide you reports that will benchmark our fee against the fees charged by others so that you can meet your fiduciary duty to assess whether that fee is reasonable.

3. ARE YOU PAID DIFFERENT AMOUNTS FOR DIFFERENT INVESTMENT OPTIONS THAT YOU MIGHT RECOMMEND?

Anticipated response:

Sales loads and commissions paid to broker dealers may differ among different types of asset classes. A mutual fund, for example, may carry a different commission amount than a bond or an individual stock. Additionally, revenue sharing payments from third parties might differ for different mutual funds. Some of these indirect payments may be higher than others because that broker dealer firm sells more of those particular funds.

What this may mean:

A fiduciary's investment recommendations cannot be influenced by what will be paid. It is a prohibited conflict of interest for a fiduciary to recommend one mutual fund over another because he or she will be paid more when you invest in that fund.

How our advisory firm differs:

Our advisory fees are level. We are paid the same percentage of the plan's assets, regardless of which investment you ultimately buy. Our advice is based on what we believe is in your plan's best interest and is unbiased by what we are paid.

We suggest that you choose an investment professional that will help you meet your own fiduciary responsibilities and put your plan's and plan participants' interests first.



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