

# CHOICES AND SOLUTIONS

## The Choices

The Fiduciary Rule is now the “Law of the Land” and financial service institutions and professionals must choose a future course of business...



## The Solutions

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|-----------------------|--|
| <b>Non-Fiduciary</b>  | <ul style="list-style-type: none"> <li>• Standardized Compliance Policies, Contracts &amp; Guardrails</li> <li>• Upgrade Services: Materials, Web Sites, Phone Scripts</li> <li>• Contact Center Monitoring &amp; Certification</li> </ul> |
| <b>Audited Advice</b> | <ul style="list-style-type: none"> <li>• Audit Preparation, Annual Audit &amp; Certification</li> <li>• Training &amp; RF™ Accreditation</li> <li>• Standardized Compliance Policies, Contracts &amp; Guardrails</li> </ul>                |
| <b>Fee Only</b>       | <ul style="list-style-type: none"> <li>• Training &amp; RF™ Accreditation</li> <li>• Standardized Compliance Policies, Contracts &amp; Guardrails</li> <li>• Upgrade Services: Materials, Web Sites, Phone Scripts</li> </ul>              |
| <b>BICE</b>           | <ul style="list-style-type: none"> <li>• Training &amp; RF™ Accreditation</li> <li>• Standardized Compliance Policies, Contracts &amp; Guardrails</li> <li>• Upgrade Services: Materials, Web Sites, Phone Script</li> </ul>               |



## The Non-Fiduciary Choice

### *Applicability*

- ✓ **Contact Centers**
- ✓ **Educators**
- ✓ **Online Tools / Apps**
- ✓ **Non-Advisors**

### *Major Pros*

Limited risk and liability  
Compliance achieved by exclusion of prohibited activities  
Lowest compliance cost and greater efficiency  
Limited documentation and disclosures required

### *Major Cons*

Undesirable to clients, the most valuable service (personal advice) is prohibited  
Ease of violating prohibited activities requires additional training and ongoing monitoring  
Little growth potential in the face of competitors' willingness to assume fiduciary responsibility

### *Solutions*

Standardized Compliance Policies, Contracts & Guardrails

- ✓ Practices and documentation required to avoid inadvertently becoming a fiduciary.
- ✓ Standardized documents may be adapted to specific situations as needed.

Upgrade Services: Materials, Web Sites, Phone Scripts

- ✓ Internal and public facing content and tools are examined for potential violation of the non-fiduciary policy.
- ✓ Recommendations are made for possible updates, revisions or replacement.

Contact Center Monitoring & Certification

- ✓ Phone, paper and electronic communication and tools are monitored for compliance with non-fiduciary policies.
- ✓ When applicable, monitored areas are certified annually as compliant with non-fiduciary policies.



## The Audited Advice Choice

### *Applicability*

- ✓ **Advisors**
- ✓ **Computer Models**
- ✓ **Contact Centers**

### *Major Pros*

Regulatory protection from risk and liability  
Under level fee, advisor remains expert providing advice  
Permits differentiated compensation, to reflect the standard of care and scope of services  
Moderate compliance cost and efficiency

### *Major Cons*

Annual audit required, with results made public  
Under level fee, compensation must be levelized within each client's account requiring significant changes in systems and procedures  
Robo must meet specifications in regulation and be certified before use and periodically thereafter

### *Solutions*

#### Audit Preparation, Annual Audit & Certification

- ✓ Audit preparation consists of undertaking a "mock" audit that is not public and done before operations begin to uncover any deficiencies.
- ✓ Annual audit tests for compliance, reasonableness and consistency of activity. Results are reported to regulators and made public.
- ✓ Certification applies to the robo (computer model option) to attest to the capabilities and compliance of the technology.

#### Training & RF™ Accreditation

- ✓ Level fee fiduciary learns the requirements, flexibility and best practices of using this exemption in online self-study programs for ERISA and IRAs.
- ✓ Superior standard of care creates market differentiation.
- ✓ Qualifies advisor for lower liability insurance rates.

#### Standardized Compliance Policies, Contracts & Guardrails

- ✓ Practices and documentation required to comply with level fee or computer model exemptions.
- ✓ Standardized documents may be adapted to specific situations as needed.



## The Fee-Only Choice

### *Applicability*

✓ **Advisors**

✓ **Computer Models**

### *Major Pros*

Eliminates necessity to comply with exemptions  
Advisor remains expert providing advice  
Un-conflicted structure creates market differentiation  
Maximum flexibility to charge profitable fees linked to cost and time require to serve small and large clients  
High growth potential to win business from competitors operating at a lower standard  
Low compliance cost and efficiency

### *Major Cons*

Major changes in business practices and relationship with clients  
Traditional compensation ends  
Use of usual industry practice will lead to significant revenue loss  
Requires risk mitigation measures to limit exposure to liability

### *Solutions*

#### Training & RF™ Accreditation

- ✓ Fee only fiduciary learns the requirements, flexibility and best practices of avoiding exemptions in online self-study programs for ERISA and IRAs.
- ✓ Revenue loss is prevented by learning practices of using fees that vary with the services provided.
- ✓ Ability to use RF™ credentials for marketing.

#### Standardized Compliance Policies, Contracts & Guardrails

- ✓ Practices and documentation required to adhere to a fee only policy.
- ✓ Standardized documents may be adapted to specific situations as needed.

#### Upgrade Services: Materials, Web Sites, Phone Scripts

- ✓ Internal and public facing content and tools are examined for potential violation of the fee only policy.
- ✓ Recommendations are made for possible updates, revisions or replacement.



## The BICE Choice

### *Applicability*

- ✓ **Advisors**
- ✓ **Wholesalers**
- ✓ **Contact Centers**

### *Major Pros*

Regulatory protection from risk and liability  
Requires differentiated compensation, to reflect the standard of care and scope of services

### *Major Cons*

Major changes in business practices and relationship with clients leading to possible loss of clients  
Revenue sharing opportunities are reduced  
Requires risk mitigation to limit exposure to contract breach  
Moderate compliance cost and efficiency

### *Solutions*

Training & RF™ Accreditation

- ✓ BICE fiduciary learns the requirements, flexibility and best practices complying in online self-study programs for ERISA and IRAs.
- ✓ Revenue loss is prevented by learning practices of managing services provided and fees charged.
- ✓ Ability to use RF™ credentials for marketing.

Standardized Compliance Policies, Contracts & Guardrails

- ✓ Practices and documentation required to adhere to BICE compliant policy.
- ✓ Standardized documents may be adapted to specific situations as needed.
- ✓ and documentation required under BICE.

Upgrade Services: Materials, Web Sites, Phone Scripts

- ✓ Internal and public facing content and tools are examined for potential violation of the fee only policy.
- ✓ Recommendations are made for possible updates, revisions or replacement.



**Cost  
Estimates**  
(Subject to  
conditions)

*Standardized Compliance Policies, Contracts &  
Guardrails<sup>1</sup>*

Retainer, payable before May 30, 2016	\$2,500
Additional payment due July 1, 2016	\$5,000

*Upgrade Services:*

*Materials, Web Sites, Phone Scripts<sup>2</sup>*

Price quoted based on scope	Minimum \$10,000
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*Contact Center Monitoring & Certification*

Annual fee for baseline service	\$25,000
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*Audit Preparation, Annual Audit & Certification*

Individual Practice (per advisor)	\$2,500
Institutions	
Engagement fee	\$12,500
Per advisor fee (up to 100 advisors)	\$250
Cost for over 100 advisors is quoted on request	

*Training & RF™ Accreditation*

Online Self-Study (per advisor)	\$350
Certificate of completion (per advisor)	\$180
RF™ Accreditation (per advisor)	\$500

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<sup>1</sup> Provided in collaboration with the Wagner Law Group... [www.wagnerlawgroup.com](http://www.wagnerlawgroup.com)

<sup>2</sup> Provided in collaboration with the Carpenter Group... <http://www.carpenternyc.com>