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Subject: **WHAT WORRIES ADVISORS TODAY & 3(38) CONFUSION/ RISK**

PRIMARY CHALLENGES

Based on feedback from the CFDD's advisor network, the primary challenge facing retirement plan advisors today is **the lack of time and budget available for ongoing business development**. Other issues worrying advisors include:

- Staying Relevant
- Legislative & Regulatory Threats
- Growth Of Online/Generic Investment Advice
- Fee Pressure From Non-Comparable Services
- Inability To Raise Fees
- Fiduciary Compliance/Protection
- Staying Current/Information Overload
- Retiree Servicing Conflicts
- Transitioning From A Sales Model To A Business Model
- Ongoing Business Development

As a forward thinking and advisor-centric organization, the primary themes of the CFDD's October 6-8, 2010 Advisor Conference, *New Age Marketing*, will address all the aforementioned advisor concerns.

In addition to sharing **new media marketing solutions** and **the impact of regulatory reform**, the conference will contrast all the major investment reporting solutions and the primary industry designations. Given the widespread confusion, we will also **analyze the various fiduciary roles assumed by advisors**. See the 3(38) Confusion section below.

As the information overload reaches unmanageable levels, astute advisors will find a way to circumvent this black hole. Rather than focus on the latest industry gossip, rushed to market white papers, press releases, surveys that ask the wrong questions, the latest award, the newest Who's Who list, market hiccups and the endless snippets of information, **advisors must concentrate on client service and new business development**.

COMPONENTS OF SUCCESSFUL MARKETING PROGRAMS

While retirement plan products and advisors are anything but commodities, they are perceived as such. To preclude perception from becoming reality, advisors must find a way to differentiate themselves. When designed properly, **marketing programs can provide the solution to differentiation and business development.**

Media has converged and the internet made it affordable. Given the time constraints and budgetary restrictions facing advisors, marketing programs are unlikely to be successful without the following components:

- Upfront Compliance Approval
- New Media Orientation
- Outsourced
- Turnkey
- Low Cost
- Measured ROI
- Target Market Specific

The sub-title of CFDD '10 is irrefutable, i.e., *What Worked In The Past Is No Longer Effective*. On a stand-alone basis, traditional marketing simply doesn't work, particularly telemarketing. In short, traditional telemarketing leads are expensive, low quality, sold to anyone, lack brand awareness and are recycled through multiple advisors.

While most true retirement plan specialists are good at closure, **growth requires a steady diet of increased activity.** To increase the probabilities of success, the entire lead generation strategy should be integrated, ongoing and designed to:

- Increase Market Awareness
 - Leverage The Halo Effect
 - Build Brand
 - Develop The Relationship
 - Pull Demand
 - Harness Prospects & Clients As Sales Agents
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CFDD MARKETING SOLUTIONS FOR ADVISORS

While the CFDD will continue to host the industry's most content rich advisor conference, our marketing platform has evolved to provide you with an outsourced marketing solution. Given the need and lack of credible solutions, the CFDD has morphed into a unique space. Going forward, all CFDD efforts beyond the conference are now **100% focused on growing your business**.

In addition to compliance approval, all CFDD marketing solutions are **cost effective, turnkey, integrated, linked and cross-fertilized**. The CFDD's multi-legged marketing platform for advisors includes the following:

- ERISA Advisor Evaluator Program
- *Local Business Leaders Internet Broadcast Radio Show*
- Video Leveraged Click Thru Email Marketing
- Client Development System
- Database Consulting
- *The CFDD Internet Broadcast Station*

The CFDD's four-legged marketing platform for vendors - complimentary banners ads (website & newsletter), no cost CFDD Station interviews, a Virtual Exhibit Hall and video leveraged email campaigns - will be discussed in our next newsletter.

ERISA ADVISOR EVALUATOR UPDATE

The EAE is an online RFP system for plan sponsors to find and evaluate retirement plan specialists who meet minimum qualification requirements as well as the plan sponsor's specific search criteria. For those who qualify, **the EAE is also a lead generating and brand building solution**.

All direct EAE marketing to plan sponsors, attorneys, CPAs and other referral sources by the CFDD will enhance the brand of participating advisors. Each EAE newsletter will also feature a plan sponsor problem and a solution provided by an EAE advisor.

In addition to the CFDD's ongoing video leveraged click thru email marketing campaign to plan sponsors, **each EAE advisor will have access to a low cost template for their own customized business development video**. To enhance success, the advisor's video leverages the Halo effect of the EAE Program.

The same Client Development System (CDS) used by the CFDD will be available to EAE advisors. The CDS includes a differentiating drip marketing program, a video calling card, ongoing email campaigns with editorial content, a report of prospects who watched your video and automatic call to action messages that prime prospects for your sales call.

The CFDD and EAE advisors will jointly market the EAE Program to plan sponsors. Unlike traditional telemarketing, the CFDD's approach **develops awareness and builds a pipeline of prospects that have a connection with the advisor's brand and value proposition.** The CFDD will also market the EAE on a bulk basis to vendors seeking the ultimate value add program.

In addition to their profile on the EAE website, each advisor participating in the EAE Program will be interviewed by *The CFDD Station*. The advisor's dedicated interview page will have a separate URL for marketing purposes and be posted to the station's *Expert Retirement Plan Advisors Channel* in one of five specific geographic areas. The EAE advisor may then post a business development video, presentations, other files and a website link on their dedicated broadcasting page.

The CFDD Station interviews are important because the content will remain archived, accessible and benefit from internet broadcast platform traffic. The industry is behind the new media learning curve and while they don't currently understand it, no individual website can match the traffic generated by an internet broadcasting platform.

By using technology efficiently, the EAE has produced a user friendly environment for advisors subject to FINRA's advertising rules. **The entire system is accessible to compliance officers** for pre-approval of all data, changes and additions before prospect viewing. To support compliance needs during an audit, the document log will provide a paper trail of all activity.

Home office compliance overview tours, advisor beta testing and online profile data uploads are now available. Production of the advisor's individual EAE Profile will be available shortly. **If you are a home office compliance representative and would like to tour the EAE's compliance overview, contact David Witz** (Managing Director, FRA/PlanTools) by phone at (704) 564-0482 or by email at: dwitz@fraplantools.com.

To find out if you qualify, sign up or obtain more information on the EAE Program, go to: <http://www.thecfdd.com/EAEprogram>

LOCAL BUSINESS LEADERS SHOW UPDATE

The *Local Business Leaders (LBLs)* show is a turnkey, convenient, cost effective, lead generating solution for advisors who wish to host their own internet broadcast radio show.

The turnkey solution provided by our alliance partner, BigMedia USA, minimizes the amount of time and effort required to host the show. To keep the pipeline full of prospects who want to be interviewed, the CFDD will provide a business development video template, the same Client Development System used by the EAE Program and compliance guidance.

In addition to creating awareness and developing brand, **the *LBLs* strategy will appeal to small business owners and facilitate relationship development.** The *LBLs* strategy will also provide additional leads through viral marketing and open doors inaccessible to traditional marketing.

After the initial interview establishes the advisor host as an expert, the show provides the local business leader with a credible platform to tell their story. Nevertheless, savvy advisor hosts will close the interview with a question that brings the local business leader back to the retirement plans topic.

For marketing purposes, each *LBLs* show will have its own URL. The show will also be hosted on *The CFDD Station* and be surrounded by rich content and a Who's Who of Industry Experts. For more information on the *LBLs* strategy, see the video at: <http://www.bmbc.tv/playVid.php?id=56>.

For more information on the CFDD's Internet Broadcast initiatives, go to: <http://www.thecfdd.com/internetbroadcasting>.

3 (38) CONFUSION & RISK

To differentiate their practice, select advisors are starting to promote themselves as ERISA 3(38) investment managers. Unlike the traditional 3(21) advice provider role, a 3(38) assumes discretionary control for some or all of a plan's assets.

While the appointment of a 3(38) does not transfer policy discretion or monitoring responsibilities, the investment decisions under this structure are made without the approval of the plan sponsor and/or their internal fiduciaries. Similar to the selection of any service provider, the plan sponsor must employ and document a prudent process for the selection of the 3(38) investment manager. If the 3(38) lacks experience and corresponding performance as a discretionary investment manager, the decision to retain their services could be deemed imprudent.

While new trends always present opportunities and challenges, advisors willing to assume a 3(38) role could be blindsided by an aggressive plaintiff's bar for failure to conduct themselves in a prudent manner during a challenging investment market. This liability could also apply to advisors who manage QDIAs and/or customized Target Funds.

There are at least three different types of 3(38) managers serving 401(k) plans. The skill sets applicable to advisor provided investment counsel and investment management are very different. To avoid liability, advisors who move into the manager space must understand the difference. Advisors are far less skilled than investment management companies in this space and **those who become managers without a corresponding change in their support services are increasing their litigation risk.** At the same time, the advisor's E&O insurance may actually exclude coverage for a 3(38) role.

Additionally, many in the network do not believe 3(38) was intended to apply to investment advisors. Regardless of the business model, **advisors who lack the necessary experience should be wary of assuming an expanded fiduciary role.** If convicted of a fiduciary breach, ERISA 411 could preclude them from serving retirement plans in any capacity.

To find out if you are better suited for fiduciary appointments as a full scope 3(21) or a named fiduciary under ERISA 402(a), attend the CFDD's Advisor Conference session on *What Type Of ERISA Fiduciary Are You & Why It Matters*. Armed with experience, David Witz (FRA/PlanTools), Jeff Gratton (SageView Advisory Group), Al Otto (OneFiduciary Group) and Jason Roberts (Reish & Reicher) will take off the gloves while sharing their different views on fiduciary appointments.

CFDD 2010 ADVISOR CONFERENCE

The CFDD's Advisor Conference offers more value, unbiased content and CE credits than any other industry conference. The conference also **attracts more accomplished retirement plan advisors than any other industry event.**

The CFDD '10 bottom-up agenda consists of **over fifty "different" breakout sessions**, including daily keynotes. The content rich agenda is populated by a *Who's Who* of over one hundred industry experts, including **more than fifty (50) accomplished retirement plan advisors.**

In addition to pertinent topics, high value takeaways and unbiased guidance, the conference will provide new media sales, marketing, growth strategies and compliance guidance. We will also analyze the future of national retirement policy, the impact of regulatory reform on ERISA plans and the various fiduciary roles assumed by advisors. Populated by highly skilled advisors, multiple back-to-back sessions will compare all the major investment reporting solutions and professional designations.

In addition to a strong agenda and one stop shopping for CE credits, **registrants benefit from "discounted" insurance programs, a CD-ROM of the entire conference and access to all prior year conference presentations.** Attendees further benefit from a major kick-off party, valuable prizes & awards, complimentary breakfast/lunch/cocktail parties and VIP vendor invitations.

In short, the CFDD's Advisor Conference provides the industry's most valuable takeaway content. To view descriptions of the more than fifty different breakout sessions, click on Topic Descriptions located on the conference homepage at: <http://www.thecfdd.com/CFDDconference2010>.

You may also register for the CFDD's October 6-8, 2010 Advisor Conference from the Register Online link on the conference homepage or go directly to: <http://www.regonline.com/Checkin.asp?EventId=780348>.

To enhance your conference experience, *The CFDD Station* interviews with exhibitors and speakers are available 24/7 at: <http://www.bmbc.tv/channels.php?n=3>. For even more information, please visit our Virtual Exhibit Hall at: <http://www.virtualexhibithalls.com/cfdd>.

The CFDD's conference hotel - the downtown Chicago Fairmont - is sold out, but overflow hotels are available.

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