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*Private
Wealth*

3 R D A N N U A L

Financial Advisor

RETIREMENT SYMPOSIUM

**How
Custodians Can
Support
Retirement
Business**

MODERATOR

Joel Bruckenstein, CFP

Publisher

Technology Tools for Today

PANELISTS

Kevin Walsh

Vice President, Retirement Products

Fidelity Institutional

Alan Smith

Vice President/Institutional Retirement Services

FOLIO Institutional

Matt Judge

Director

TD Ameritrade Institutional

Small Business Retirement Plans

1/3 of the 42M
private sector
employees work for
a small employer
(<100 employees)*

51-71% of these
small business
workers do NOT
have access to
retirement plan*

*GAO Private Pensions, March 2012

Defined Contribution Plans

Plan sponsor concerns include:
fiduciary duties,
employee education
and plan performance

Plan sponsors
are seeking
assistance

Managing Clients Through Retirement Lifecycle

Increasing ***personal responsibility*** has clients looking for help across all stages of retirement lifecycle

Advisors capture 65% of rollover assets*

*The Cerulli Edge, Retirement Edition 4Q 2010

How Custodians Support Retirement Business

Accumulation

Full spectrum of retirement products

- IRAs
- 401(k), 403(b) and other employer sponsored plans (proprietary and TPA)

Investment breadth and flexibility

- Brokerage platform

Distribution

Investment products and solutions to support customized distribution strategies

- Universe of mutual funds, individual securities and fixed income products
- Alternative investments, managed accounts, annuities and cash management products

RETIREMENT LIFECYCLE

World Class Service and Technology

Thought Leadership

Regulatory Support

Practice Management

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How to Capitalize on the Current Market

- ❑ Offer a more cost-effective and comprehensive retirement solution
- ❑ Provide better education (U.S. Department of Labor ("DOL") rules)
 - Plan Sponsors regarding new rules/regulations
 - ✓ 408(b)(2): Plan Level Disclosure/Due Diligence Obligations
 - ✓ 404(a)(5): Participant Level Disclosure
 - ✓ Lean on Custodians and TPAs/Recordkeepers
 - ✓ "Finger on the Pulse"
 - Participants regarding plan participation and investment education
 1. Value of participation
 2. Investment lineup and nuances of offering
- ❑ Offer more cost-efficient investment options
 - Lower-cost ETFs
 - Managed Accounts
 - Access to Third-Party Money Managers

4 C's: Consulting, Compliance, Cost, Comfort

- ❑ Consulting
 - Create optimal design for client's (owner's) goals
 - Plan design that fits plan's demographics, needs, cost

- ❑ Compliance
 - Investment policy statement & review
 - Educational meetings (at least annually), distribution plan (e.g. website)

- ❑ Cost
 - Not just transparent, but effective!
 - Fee Analysis - review of current plan, explanation of new plan

- ❑ Comfort
 - Seamless procedures and operations
 - Easy to use!

Helping Advisors To Be Profitable

- ❑ Teamwork
 - Know roles: Custodian, TPA/Record Keeper, Advisor
 - Align with a winning support team
 - ✓ Administrators and plan consultants

- ❑ No need to reinvent the wheel
 - Integrators of Services

- ❑ Partnerships
 - Build long-lasting relationships - leads to referrals
 - Solve client's problems
 - Spend more time selling

- ❑ Turbo-charge your revenue stream
 - Plans are lucrative vehicles for asset accumulation

Trends and “Open-Architecture”

- ❑ Adoption of ETFs
 - Can address new compliance rules and fiduciary requirements
 - Lower cost, more liquid, transparent
 - Advisors can now easily use model/managed portfolios of ETFs
 - ✓ Record keepers starting to more widely adopt!

- ❑ “Open-architecture” - a unique way to deliver retirement solutions
 - Customizable, scalable, cost-effective solutions for any size plan
 - ETFs, Models of Stocks or ETFs, Mutual Funds
 - Access to stable of world-class money managers
 - Asset-based pricing, transparent pricing (fits RIA model!)

- ❑ Made possible by Innovation/Power of Technology
 - Overcome traditional obstacles of diversification and un-invested cash
 - ✓ Fractional-share trading and Dollar-based investing
 - ✓ Unitization of Model Portfolios

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1. Regulatory Issues/Advocacy

- DOL Rule changes
- 408(b)(2) & 404(a)(5)
- Opportunity for advisors

2. Retirement Solutions

- Unbundled 401(k) support - Manage the plan
- Target HNW participants via SDBA, Personal wealth management, & IRA Rollovers
- Annuities

3. Practice Management Support

- Prospecting tools – HNW Insight
- Best Practices

4. Technology Support

- Veo Open Access

Regulatory/Advocacy

- **408(b)(2)**
 - ✓ Effective July 1, 2012
 - ✓ All service providers to ERISA plans must provide disclosures
 - Compensation received
 - Direct
 - Indirect
 - Services provided
 - Fiduciary status
 - ✓ TDAI wrote to DOL in support of this change
 - ✓ Should enhance fiduciary advisers' opportunities in retirement plan market
- **404(a)-5**
 - ✓ Effective August 30, 2012
 - ✓ Plan Sponsors must disclose to participants:
 - ✓ 75% of participants surveyed think their 401(k) is “free”

Retirement Solutions

- **Unbundled 401(k) support - Manage the plan**
 - ✓ TDA Trust Company provides clearing & custody
 - ✓ Access to 100 + Third Party Administrators
 - ✓ TPA Referral Network; ETFs for plan investments; PMS download
- **Target HNW participants via SDBA**
 - ✓ Manage accounts for individual participants – not the overall plan
 - ✓ SDBA accounts integrated in Veo and Advisor's workflow
- **Annuities**
 - ✓ New offering for TDA
 - ✓ Variable and Fixed
 - ✓ Low cost; investment choice; highly rated providers

Practice Management Support

1. High Net Worth Insight: Prospecting for Retirement Plans

- ✓ Provides information on HNW investors, foundations & retirement plans
- ✓ Search on type of plan, # of participants; assets; company city & state, etc.

2. Best Practices

- ✓ Conference sessions; Speakers; Webinars
- ✓ Access to 3rd party specialists via Affinity Services program
- ✓ Resources from partner firms (e.g. Legg Mason ACES Retirement Program)

3. Dedicated Retirement Specialists on staff

- ✓ Assist with retirement related issues; IRS rules; etc.

Technology

TD Ameritrade Institutional's Open Access Capabilities

ACTIVE

UNDERWAY



3RD ANNUAL

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