

Plan Advice & Consulting Program

Frequently Asked Questions

Program Overview

Q. What does the program allow an investment adviser representative (IAR) to do?

A. Under this program, IARs have the ability to provide fiduciary advisory and/or consulting services to Plan Sponsor clients under a fee-based, contractual agreement.

Fiduciary Advisory Services:

- Investment Policies and Objectives
- Preparation of Investment Policy Statement (IPS)
- Investment Recommendations
- Investment Manager Recommendations
- Fiduciary Investment Advisor recommendations
- Investment Monitoring
- Selection of Qualified Default Investment Alternative (QDIA)

When offering advisory services, a 3(21) ERISA fiduciary acknowledgement is provided to the Plan Sponsor for advice provided on the core investment fund lineup.

Non-Fiduciary Consulting Services:

- Charter for Fiduciary Committee
- Education Services to Fiduciary Committee
- Investment Performance Reports
- Fee Monitoring
- Participant Education Services
- Service Provider Recommendations

Q. What platform providers are available?

A. This program is platform-provider agnostic. IARs may utilize any platform provider that can facilitate a fee-based arrangement. IARs should engage with the client's platform provider to inquire about their fee-based compensation capabilities prior to proposing services to the client.

Q. What fund lineup can I recommend to the Plan Sponsor?

A. Although a variety of funds may be offered by the chosen platform provider, an IAR may only recommend investments that meet the program's minimum Investment Policy Statement (IPS) criteria (identified in Appendix A of this document). IARs are prohibited from recommending leveraged or inverse ETFs as well as non-Cetera approved alternative investments. Investment recommendations can only be provided if the client has selected this service within the Plan Advice and Consulting Program Services Agreement.

Q. Does this contract allow IARs to provide Plan Participants with investment advice?

A. No. The Plan Advice & Consulting Program Services Agreement is specific to services being offered to the Plan Sponsor. It does not allow for IARs to provide investment advice to Plan Participants.

Q. Does this program allow the IAR to offer 3(38) responsibilities?

A. No. This program does not permit the IAR to take on 3(38) discretionary authority.

Q. What are the differences between ERISA 3(21) and 3(38) authority?

A. A 3(21) fiduciary acknowledgement allows an IAR to recommend funds to the Plan Sponsor. The IAR does not have the ability to implement the advice given.

In contrast, a 3(38) fiduciary takes discretion, authority and control of the plan's assets and may implement the advice as opposed to waiting for Plan Sponsor authorization. As noted above, under this program, an IAR cannot take on 3(38) authority.

Q. Does this program allow the IAR to recommend investment models to the Plan Sponsor for Plan Participants?

A. Yes, this program does permit an IAR to recommend investment models. The models must only be recommended by the advisor who is acting in a 3(21) fiduciary capacity. In no circumstance shall the advisor take discretion of the assets within the recommended model. This includes, but is not limited to: contribution allocation, trading, rebalancing, or identifying specific investments to populate the models, etc. Any activity that may be construed as taking discretionary authority in the program, thus acting in a 3(38) fiduciary capacity, is not allowed.

Q. Does this program allow the IAR to offer a Self-Directed Brokerage Account (SDBA) to the Plan Sponsor or Plan Participants as part of the Plan design?

A. No, this program does not permit the IAR to offer or recommend a Self-Directed Brokerage Account to the Plan Sponsor or Plan Participants. If the Plan Sponsor chooses to make a SDBA available to their Participants, this offering is separate and distinct from the services being offered by the IAR.

Q. Why should I consider joining the Plan Advice & Consulting Program?

A. With an increased scrutiny on fiduciary services and advisor compensation, the Plan Advice & Consulting program provides a turn-key and DOL-compliant process for advisors to engage in retirement plans business. The program, which is supported by Cetera's Retirement Plan Solutions Team, is our most effective approach designed to help you deliver your value to retirement plan clients and participants in the post-DOL fiduciary environment.

Qualifications and Training

Q. What qualifications must an IAR meet to offer this program?

- A. An IAR must meet all of the following qualifications and be formally approved into the program by the Cetera Retirement Plan Solutions team **before** they can offer fee-based services.
- Registered as an investment adviser representative (IAR) with the broker-dealer RIA
 - Complete and maintain the Fiduciary Essentials® for Advisors (FEA) certification
 - Complete the firm-sponsored training module
 - Subscribe to the Envestnet investment software tool prior to engaging in fiduciary advice agreements.

Q. Where can I get additional information about Fiduciary Essentials® for Advisors (FEA)?

- A. FEA is a self-paced online program that was developed by Fi360 to help deepen advisor understanding of the evolving regulatory environment. Depending on your specific broker-dealer, additional information on how to obtain certification can be found on the Smartworks portal or directly through Fi360. If you have any questions on how to obtain certification, please contact the Retirement Plan Solutions team at retirementplans@cetera.com or 844.881.PLAN (7526).

Q. I meet all the requirements and wish to pursue membership into the program. What is the next step?

- A. The IAR must submit a program application and supporting documentation to Cetera Retirement Plan Solutions. Only after receiving confirmation from Cetera Retirement Plan Solutions that the IAR is approved can they engage clients/prospects with the program. In addition, if the IAR is providing fiduciary services, they will be required to subscribe to Envestnet for a monthly fee of \$200.

Agreements & Required Forms

Q. I am a member of the program. How do I engage a client/prospect with an agreement?

A. To implement a program agreement, the IAR must present the client with the following documents:

- **Plan Advice & Consulting Program Services Agreement**
 - This agreement will identify the services being offered and the fee being charged
 - The client will need to sign the agreement
 - The IAR will countersign the agreement and return it to Cetera Retirement Plan Solutions by emailing it to retirementplans@cetera.com
 - If received in good order, Cetera Retirement Plan Solutions will approve and execute it with their signature
 - A copy will be returned to the IAR and their DAS
 - The IAR must then send their client a copy of the fully executed agreement
- **Form ADV Part 2A (Program Disclosure)**
- **Form ADV Part 2B (IAR's Supplemental Brochure)**

Client Billing

Q. What can an IAR charge clients for ERISA services?

A. A fee must be charged when providing services under this program. IARs are allowed to charge fees in any of the following ways:

- A one-time project fee
- A flat-dollar annual fee
- An hourly rate fee
- An asset-based annual fee
- An asset-based tiered schedule

The client will need to agree to the fee by signing the program agreement. Please note that the agreement must be approved in good order and countersigned by Cetera Retirement Plan Solutions. The Firm has the right to hold fees for accounts that are not approved or in good order.

Q. If the one-time fee or hourly rate option is chosen, who is responsible for collecting fee payment from the client?

A. If the client is charged a one-time fee or hourly rate, the IAR is responsible for invoicing the client. Remittance of fees must be directed to the appropriate Cetera RIA firm (see next question). IARs are responsible for making sure that payments are received.

Q. If a client pays the fee directly, to whom should they direct the check?

A. The check must include the plan name and should be made payable to:

Cetera [RIA NAME]
Attn: Retirement Plan Solutions
200 N. Sepulveda Blvd., Suite 1200
El Segundo, CA 90245

Q. If the asset-based fee option is chosen, how is payment made?

A. Asset-based fees will be calculated and remitted by the platform provider/record keeper. The payment (or its back-up documentation) must include the plan name and be made payable to:

Cetera [RIA NAME]
Attn: Retirement Plan Solutions
200 N. Sepulveda Blvd., Suite 1200
El Segundo, CA 90245

Q. Is there a cost for participating in the program?

A. There is no cost to the IAR for participating in this program. However, IARs will be required to subscribe to the Envestnet software tool (\$200/month) when providing fiduciary services.

Updates and Changes

Q. I need to update the fee schedule and/or service offering. What do I do?

A. Any updates to the client's fee and/or service offering must be mutually agreed to between the client and the IAR. The IAR may provide the client with a Plan Advice & Consulting Services and/or Fee Change Form. The IAR will return the form to Cetera Retirement Plan Solutions for further processing. Alternatively, the IAR may present the client with a brand new services agreement to make any modifications.

Q. My client has agreed to change the lineup of funds that are offered to Plan Participants—how is this change implemented?

A. The client must engage with their platform provider/record keeper directly in order to have the investment fund lineup modified.

Additional Resources

Q. Where can I learn more?

A. You may contact Cetera Retirement Plan Solutions to obtain general information on the program.

For the approval process and operational help, please contact Cetera Retirement Plan Solutions via email at retirementplans@cetera.com or by phone at 844.881.PLAN (7526), option 3.

Appendix A

Performance	Criteria
1-Year Return	Top 50% of Peer
3-Year Return	Top 50% of Peer
5-Year Return	Top 50% of Peer
Risk	
Alpha	Alpha 3 year 50% of peer
Sharpe	Sharpe Ratio 3-year 50% of peer Sharpe Ratio 5-year 50% of peer
Standard Deviation	Standard Deviation 3-year 50% of peer
Expenses	
Prospectus Net Expense Ratio	Net Expense ratio 50% of peer
Operations	
Assets	Assets ≥ \$150 million
Manager Tenure	Manager Tenure > 3 years

Minimum required Investment Policy Statement Criteria (each weighted equally)

IARs are **prohibited** from recommending leveraged or inverse ETFs as well as non-Cetera approved alternative investments.

When a fund fails the criteria for four consecutive quarters, the IAR must recommend a fund replacement, or otherwise provide PM with a sufficient explanation as to why the fund is being retained.