

It's all about service....Really!

ThePensionSpecialists, Ltd

Retirement Plan Third Party Administrator

A handbook for great service

This is your "Owner's Manual" and our "Training Manual." It describes our organization and its production and service systems. Its purpose is to help you and our staff to learn, know and understand our organization. It sets forth your service expectations and our service standards. Reading it will assure us a mutually satisfying relationship.

We journey the path of self-improvement.
Inspire our persistence with your compliments.
Illuminate our path with well-intentioned criticisms.

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Forward

These days it is difficult to feel satisfied about the services we receive. In both my personal and business lives I find myself feeling confused, frustrated, angry and fantasizing violence from the lack of care resulting in the delivery of poor service.

The only benefit derived is the stimulating mental entertainment provided when I link those feelings to my fantasies of being the next Steven Spielberg. In my desire for satisfaction I produce and direct film shorts mirroring Dirty Harry, Taxi Driver, The Terminator or other films portraying an innocent victim turning the table on injustice. I see myself delivering lines like "Do you feel lucky punk?" or "Are you talk'n to me? You must be talk'n to me!" or "I'll be back!" Lacking ready access to 45 Magnums, rocket launchers, hand grenades, flame-throwers and cloaking devices, my satisfaction ultimately comes from thinking "I'll be damned if I ever go back!"

The last time I hurried through a fast food drive-thru to order something more than a soft drink and was actually given what I ordered, I ended up stuck in line for ten minutes. It turned out that the four people ahead of me ordered a slab of brontosaurus ribs so big the car tipped on its side. The only redeeming fact was I had a chance to examine the car, which was one year newer than mine and had an upgraded engine.

Not having food prepared my way is not intrinsically dissatisfying to me and I am not a picky eater, which is probably why I went through a fast food drive-thru in the first place. My upbringing set my expectations for food preparation long ago, which is quite different from the expectations of my own children today. My expectation of food preparation is based on three choices: 1) Eat what Mom makes—whether you liked it or not; 2) Go hungry; and 3) Go hungry again tomorrow when the leftovers are warmed up. In spite of these choices, I was never particularly dissatisfied with the food provided, mostly because I knew the end results.

Regardless, that is not the standard of expectation the fast food industry has presented to consumers and competes with in an effort to succeed in the marketplace. They have led us to expect that we can have it our way by telling us to "Have it your way." Perhaps the slogan should be changed to "Order it your way, have it our way." I wonder if they have ever measured the frustration of parents like me who perpetuate our children's expectations by allowing them to order fast food.

We actually ask the kids what they want and order what they want. After confirming the order four times and breaking our last fifty, we take the bags and drinks into the car, hand them to the back seat and naively drive off. Two minutes later, upon entering the interstate and passing the sign which reads, "Next exit 20 miles," our stupidity and propensity to repeat mistakes is revealed.

However, we may redeem ourselves by demonstrating intellectual prowess by instructing a class on grammar rules related to sentence structure punctuation. We begin the class by examining interrogatory sentences ending with a question mark such as: "Where are the onion rings?" "Does this taste like root beer?" "Where's the Ketchup?" Then we move to sentences ending in a period, such as: "I didn't want cheese." "There's mustard on my hamburger." "I didn't want pickles." Finally, we describe sentences punctuated with an exclamation mark known as exclamatory sentences such as: "I don't want this—it's ruined!" "I can't eat it!" "I'm so hungry!"

For a time, I jested that the slogan should be "Have it your way, just not from the drive-thru window." Although this would set expectations for the drive-thru experience, it wouldn't be sufficient to meet the satisfaction standards aspired to by the fast food industry. Long ago, I gave up on the entire drive-thru concept. I religiously go inside to order and even that doesn't get my order prepared right. I have a suggestion for the fast food industry. There needs to be three stations set up at the counter. In addition to the standard **Place order here** and **Pick-up order here** stations, there needs to be a third station **Open wrappers and check order here.**

While my dissatisfaction with the fast food industry is based upon a failure to consistently deliver quality service, my greatest frustration comes from those businesses that apparently have taken a different approach and take steps to avoid providing service altogether. I guess that is one way to avoid having people get mad at you for bad service. It's like the airline industry, which actually made the right decision. For years people made jokes about and complained about the free food served on airline flights. Personally, I never thought the food was that bad. I actually thought it was pretty good for being free. I remember hearing people say, "I'll never fly on that airline again because the food was so bad." Now, the airline industry has eliminated that complaint by setting and meeting customer expectations with pretzels and peanuts. It's kind of like at home—the food was free and we could either eat it or go hungry. I wonder if the airline executive who instituted that particular change was also a mother?

It irks me when I make a telephone call to access service and I am faced with listening to five minutes of menu items. I am one of those people who immediately "zeros out" to a live operator. Not that the operator knows anything or won't put me on hold four times during three minutes of our four minute encounter, but at least I can "feel" as though someone actually cares about me. In my quest for contact with another live voice, I have learned to identify automated phone systems designed to defy this basic human need.

The communication consultants and programmers apparently justified these systems based upon the cost savings that will be derived from staff reductions. "Through a series of easily structured instructions and easy to answer questions using a minimization of technical jargon, we will logically and

systematically lead each caller down an electronic path to satisfaction, by providing them with complete and total access to informational nirvana and without the need for any human intervention." These systems do not allow a "zero out" option. The primary purpose of the design is not to serve customer needs; it is to keep customers away from live people. Because live people answering questions on the telephone cost money, the money that needs to be used to pay for the phone system.

In the end, I guess that service really is important to me—not just when I want it, but when I give it.

Introduction

Understand our organization and learn how to use its capabilities.

This handbook is a tool. *This is your "Owner's Manual" to our organization, service philosophies and service systems.* By understanding our organization and learning how to use its capabilities, you will have a satisfying service experience.

Demand great service!

Use our organization as tool. Consider our employees to be your employees. Insist that your consultant establish with you (through presentation, discussion and evaluation) mutually agreed upon service expectations. When a promise is made to you expect the promise will be kept. Always have the employee acknowledge your expectation. Have them agree with you as to what you will receive and when. If they fail to meet your expectation, constructively criticize them and if necessary inform their supervisor. Treat our employees as you would treat your own employees.

Examine and question our service.

Don't be afraid to ask questions and to examine our service. Find out what we normally do for clients and what our standards are with respect to a specific matter. Understand our philosophies, policies and procedures. Ask what to expect. If something doesn't seem right, ask what the standard is and what should be expected. Compare our standards to your expectations and to the standards within our industry.

Evaluate and examine the source of your expectations.

Are your expectations based on opinions of business acquaintances?
Are your expectations based on a competitor?
Are your expectations based on the opinions of another advisor?
Are your expectations based on intuition, speculation or an assumption?
Are other opinions reliable and valid?
What are the motives behind these opinions?

Or,

Are your expectations based on our published standards?
Are your expectations based on your agreed upon expectations?
Are your expectations based upon a promise made by our firm?

Client expectations must be specific and realistic and within our capability. Client expectations must be discussed, evaluated, established and agreed to. Accepting a client without first following those rules will result in a dissatisfied client. Our first action plan is to establish and be in agreement with clients as to all expectations. Our second action plan is to meet those expectations.

Judge us according to established and agreed upon expectations.

Passing judgment on service is anything but objective. The judgment of service is seldom founded on a thorough and objective evaluation and deliberation of evidence. We live in a world dominated by emotions and feelings and yet we seek to be objectively evaluated.

Idealistically, we are hired to perform a service for our client based on predetermined standards and within a predetermined time. Realistically, opinions and prejudices play a major role in the perception of that service. A "great relationship" with a service representative may result in turning a blind eye to service blunders. A "poor relationship" with a customer service representative may result in the magnification of even the slightest service glitch.

Our service philosophy is founded on the belief that both great service and great relationships are achieved through agreement to and fulfillment of client expectations. Great service and a great relationship are the brick and mortar on which we provide a highly satisfying service experience.

We journey the path of self-improvement.

We remain humble through our efforts to seek self-improvement based on continual learning. An organization focused on such a path, will almost always convert potential obstacles into opportunities from which stronger client relationships develop. Losing a client relationship for reasons beyond one's control is always disappointing. However, losing a client relationship because we did not deliver on a client's expectations creates an overwhelming feeling of failure. *We ask that you understand we are not perfect and that we continually try and improve, that we can improve, and that we will improve each day as we walk the path of self-improvement.*

Inspire our persistence with your compliments.

It is said that we work in a thankless business. Many clients feel that when we do our job correctly then that is how it is supposed to be. They do not believe a "thank you" is due. We live in a world of feelings and emotions. Our employees come to work every day dedicated to our mission, goals and objectives. Our employees know our service standards and our client's service expectations and work hard to meet these expectations. The slightest compliment for a job well done, no matter how small, will inspire the persistence of our employees. *We ask that you to give deserved well-placed compliments to inspire their persistence.*

Illuminate our path with well-intentioned criticism.

Failing on the delivery of a service expectation is not taken lightly. Such failure causes us to examine the source, re-examine the production and service systems, then and act upon improving them. The cycle of failure, examination and improvement is continual.

Each client is an integral part of this cycle. It is you, the client, who is usually first aware of a failure, the result of which is a feeling of dissatisfaction. *We ask that your relationship with us include informing us of failures in our production and service systems. We ask that you illuminate our path with well-intentioned constructive criticisms.*

Something good comes from everything.

If an employee appears to lack understanding or dedication then ask to speak with their supervisor. You may call Joel Radakovitz the founder and President at extension 102. If you are connected to his voice mail, then press zero for a live operator and have Joel paged. Joel will call you back and listen to your concern, help you to examine our failure and make recommendations on how to fix your problem and speak with our staff about fixing our system.

Part I. Organization and production and service systems

The vision

Seeing a group of people dedicated to aiding middle class working people to make choices and take actions necessary to assure a financially secure retirement.

Our mission

To create a highly effective employee benefit consulting and administration firm with a reputation distinguished for providing superior advice and superior service to its clients.

Our goals

To provide clients a highly satisfying initial service experience and to provide an ever-improving service experience into the future.

And, to provide clients with advice that is appropriate, opportune and valuable in that it materially improves the client's position by propelling the client closer to achieving its' stated goals and objectives.

Our objectives

To **structure** our service organization and its production and service systems, to assure clients easy access to and prompt delivery of service.

And, to **educate and train** both staff and clients to use the organization, and its production and service systems, to assure clients easy access to and prompt delivery of service.

Our strategies and action plans

We devise strategies and implement action plans in pursuit of our goals and objectives: (This handbook is the result of an action that is part of our communication strategy implemented to achieve our second objective). These strategies include; focusing on client relationships; establishing and maintaining open communication with clients; consulting and pro-actively bringing opportunities to clients; maintaining effective systems of internal control to assure accuracy and timeliness of assignments; establishing and operating efficient production systems; and delegating tasks and duties to the appropriate levels within the organization.

It's not what we do; it's how we do it.

We are often asked "What makes you different?" We answer, "It's not what we do; it's how we do it!"

Our competitors usually operate a "vertical" production system. In such a system, a single person, referred to as a Plan Administrator, is assigned a group of client plans to service. This plan administrator is expected to know everything about the assigned plans and is expected to do all of the related work. The plan administrator handles all written and telephone communication with the plan parties including the sponsor, trustee, investment broker, investment company and plan participants. The plan administrator is responsible for all aspects of the assigned plans from "top to bottom," thus the term "vertical" production system. Utilizing a vertical system is usually a matter of choice. Many competitors lack the volume of work needed to execute a horizontal production system.

The following are examples of material flaws within a vertical system:

1. The plan administrator has a wide range of duties becoming a "jack of all trades and a master of none."
2. Even an individual possessing all of the talents and skills would still find it difficult to juggle all of the required jobs and duties for a large number of clients
3. The administrator is overloaded with communication duties and the administrator stops responding and client relations fail. There is simply not enough time in the day.
4. The plan administrator "...is the only one who knows anything about the plan." It becomes a major problem when the plan administrator is on vacation, out sick, away on leave or changes employers.
5. The time the administrator spends communicating with clients is time away from completing work. Completing work takes priority over communication and causes poor client communication.

How do we efficiently deliver service?

Our name The Pension Specialists, Ltd relates to a unique "horizontal" production system used in our plan administration process. The term horizontal is derived from comparison to a production line. As each task in a plan's administration process is completed, the responsibility for the next required task in the process is moved to the next person.

Each person is a “Specialist” in the tasks performed. Each person is selected for their specialized duties based on their knowledge, talents and skills. Each “Pension Specialist” is educated in the purpose and importance of their responsibilities and is trained in the performance of their tasks. A pension specialist will perform the same, or similar task, thousands of times for hundreds of clients every year. This repetition results in each pension specialist being highly knowledgeable and skilled at his or her specialty. They become an efficient and productive resource for our clients.

The pension specialist not only learns their tasks but also learns details about each plan serviced. Each pension specialist becomes intimately familiar with specific aspects of the plan and generally familiar with the entire plan. Several different pension specialists will communicate with plan related contacts during the course of a year. Each pension specialist will develop a unique relationship with the client and each serves the client with his or her special knowledge, skill and ability. There is more than one pension specialist trained in each of the specialty disciplines—assuring there will always be a trained individual available to perform tasks which meet our client’s needs.

Each client is assigned a team of pension specialists. The following is a list of those specialists and the duties they perform for client plans:

1. **Consulting specialists:** Consult regarding benefits, benefit rights, benefit features, administrative procedures and operation design.
2. **Document specialists:** Prepare plan documents and participant communication materials and IRS approval forms.
3. **Takeover specialists:** Orchestrate the set-up, takeover and transfer of records and funds from prior service providers.
4. **Accounting specialists:** Perform trust fund level and participant level accounting and prepare plan financial statements.
5. **Senior Administrator/Compliance specialists:** Perform limitation and discrimination testing, perform contribution allocation, forfeiture and vesting calculations, as well as prepare IRS and DOL filings.
6. **Distribution specialists:** Process participant loan applications and distributions payments.
7. **Broker service specialists:** Prepare investment contract applications and process ongoing investment contract additions, deletions and termination.

8. **Inside customer service specialists:** Answer questions about policies, procedures, forms and work status and direct callers to the appropriate pension specialist for more complex matters.
9. **Outside customer service specialists/consulting specialists:** Manage client relationships and customer service appointments.
10. **Termination specialists:** Orchestrate the termination and liquidation of plans.

Each plan is assigned a Consulting Specialist to manage ongoing client relations. Each plan is assigned a Senior Administrator who is primarily responsible for the client plan in its entirety. The senior administrative specialist is also the Compliance Specialist for the plan. This specialist understands the “big picture” about the plan and has both specific and general knowledge of jobs being performed by other specialists at any given time. The Director of Plan Administration has ultimate authority and responsibility for the accurate and timely completion of all assignments for all plans. The Director of Plan Administration mentors and “coaches” each senior administrative specialist in the management of their client base.

Why does “how we do it” make us better?

The advantages of a horizontal system compared to a vertical system are as follows:

1. It allows specialization creating a greater probability that duties and tasks will be efficiently and correctly performed.
2. Specialists are selected and trained based on an evaluation of their individual strengths. The responsibilities of each specialist are narrow, thereby accentuating strengths and diminishing their weaknesses.
3. Client communication and interaction is centralized, then thoughtfully and purposefully distributed to specialists who will best serve a client's specific needs.
4. Several different specialists service and view a particular plan simultaneously. Each specialist has opportunities to view the work in progress of other specialists. Mistakes, discrepancies or inconsistencies by a specialist, may be detected by another and corrected before they become a problem.
5. Clients often mention things to different specialists. These comments may be inconsistent. This allows the specialists to discuss the various conversations and inquire about a client's intentions.
6. Since many of the specialists are familiar with the client contact and the client plan, it is not a problem when any one specialist is unavailable due to vacation, illness, leave or resignation.

7. Our system allows clients to choose how to communicate. Some clients will always call customer service first. Others will come to rely on and prefer to call a single specialist. Others will call specific specialists depending on the service needed. Please use whatever method keeps you most satisfied. All roads will provide access to the service you desire.

How do we provide customer service?

Inside customer service is our "front line" of service. The customer service specialist is expected to evaluate the client's need, answer questions and then initiate the service process. Inside customer service answers questions about work status, explains policies, procedures, processes, and provides administrative forms. If the matter is beyond inside customer service, then the client will be routed to the appropriate pension specialist. This system allows customer service to handle the bulk of client communication by directing clients towards pension specialists responsible for answering questions and away from specialists whose duties are task completion oriented.

Clients will normally develop a working relationship with a few specialists:

1. **Consulting specialists** who visit the client and advise the client on various matters and maintains relations
2. **Inside customer service specialists** who answer questions about work status, explain policies, procedures, processes, and provide administrative forms and who direct clients to various specialists
3. **Senior administrative specialists/ compliance specialists** who coordinate the overall administration of the client's plan
4. **Distribution specialists** who process participant loans and distribution payments

Each new client is given an initial customized list of pension specialists that will be servicing their plan. Clients are periodically mailed updated lists. Customer service at extension 103, or any person in the organization, can provide you with your pension specialist list. Keep your pension specialist list near by or call customer service. In time, you will develop relationships with your favorite pension specialists.

Our consulting department focuses on client relations. No consultant or service person is ever too busy to see that a return call is made to you. A member of the consulting staff can normally be available to meet with you within seventy-two hours. Telephone conferences can normally be set up with a member of the consulting staff within twenty-four hours.

Part II. General and specific service standards and expectations

Cooperation expected of clients:

- Clients agree to have regular ongoing communication with our firm. This may be via an in-person meeting, or by letter or via telephone, e-mail or voice-mail. Clients agree to promptly address and respond to such communications.
- Clients agree to discuss, establish and agree to service expectations.
- Clients agree to share feelings of confusion and dissatisfaction regarding service expectations so that misunderstandings can be expunged.
- Clients agree to “take ownership” of their plan and to be assertive and active in the completion of plan responsibilities.
- Clients agree to develop knowledge of the terms of their plan and the requirements for operation, administration and government filings.
- Clients agree to promptly return all requests for information properly completed and on a timely basis.
- Clients agree to provide well-intentioned helpful constructive criticism regarding communication and service issues.

Administrative standards and expectations for clients:

1. **Establishment, implementation and maintenance of plan documents, plan amendments and employee notices, etc.:** Initial plan documents, plan amendments, notices to participants, Summary Plan Descriptions (SPD), Investment Policy Statements, Participant Loan Programs and other participant communications will be completed as requested. They will be completed within a time period to be discussed with and agreed upon by the client. (An agreed upon completion-date is subject to receipt of all necessary data to be provided by the client.)
2. **Establishment of service and takeover plan fund transfers:** Will be completed within a time period to be discussed with and agreed upon by the client. (An agreed upon completion-date is subject to receipt of all necessary data to be provided by the client and prior service provider.)

3. **Contribution deposit remittances:** Will be processed and forwarded to the investment company within 24 hours of receipt. Any remittance that is deficient in form and cannot be processed within twenty-four hours will be returned to the client via first class US Mail. We will advise the client of the reason for return and the client is to resubmit the remittance in proper form.
4. **Contribution deposit remittances in excess of \$25,000.00:** Remittances in excess of \$25,000.00 will have a special processing procedure requiring client confirmation.
5. **Trust fund accounting:** The accounting specialists perform plan accounting for all plans. They prepare an Income Statement and Balance Sheet for each plan. The plan financial statements are based solely on the information received from the client, the investment companies and brokers. The financial statements are prepared within six weeks of the receipt of all data. The plan accountants aid in gathering data: obtaining, sorting, proofing, reconciling, and comparing data. Plan accounting specialists do not perform audits. Clients are expected to closely review the final data presented and report any discrepancies so that adjustments can be made.
6. **Participant accounting and benefit statements:** Will be neat, accurate and produced within a time as follows.
 - Balance forward valuation plans will have benefit statements produced within five weeks following the receipt of data necessary for completion of work.
 - Daily valuation plans will have benefit statements produced within 14 calendar days following the valuation period.
 - Vested annual recap statements will be provided after the completion of annual plan discrimination and compliance testing has been completed. These statements recap financial information that has already been provided to participants, the primary purpose is to report the participant's vested percentage.
7. **Participant loan applications:** Will be processed promptly based upon the terms, conditions and administrative structure of the plan. All loans are subject to general Internal Revenue Service regulations regarding participant loans, the specific terms of the plan, the Participant Loan Program, and any specific directions from the plan trustee. Subject to plan provisions, participants should expect to wait 20-45 days to be disbursed loan proceeds. (The actual dispersal date is subject to receipt of all necessary paperwork to be provided by the participant.)
8. **Participant benefit and pension distribution payments: (retirement, early retirement, and separation from service, death, disability, and**

plan termination or plan merger) will be processed promptly based upon the terms, conditions and administrative structure of the plan. All distributions are subject to general Internal Revenue Service regulations, the specific terms of the plan and any specific directions from the plan trustee. Generally, the timing of distributions varies widely, from two weeks to 18 months, depending on the terms of the plan and the type of distribution. The timing of distributions of the same type for participants in the same plan should be somewhat similar. Guidance on IRS withholding is provided as a part of all distributions, as well as 1099R filing assistance. (The actual distribution date is subject to receipt of all necessary paperwork to be provided by the participant.)

9. **Management Reports:** Annual management reports recapping the plan activity for the year will be provided upon completion of the "annual work." This can range from two months to nine and one-half-months following the close of the plan year depending upon several factors:
 - The date that the client initially provides the requested data necessary for the annual work to be completed.
 - The date the client responds to requests for, clarification, corrections or missing data after a review is made of the client's initial submission of data.
 - The date on which the client physically makes the final plan contribution for the year.
 - The date on which the client submits data, relative to the submission of data by other clients. We manage work on a first in first out basis (FIFO), subject to each client's approaching deadlines. *We can't do everybody's work at the same time!*
 - The specific needs of a client, having been agreed to with the assigned administrative specialist/compliance specialist, will be honored.
10. **Government reporting and filings:**
 - Annual filing forms are completed simultaneously with the annual management reports. Please see #9 above for service expectations.
 - Periodic filings are prepared on an as needed basis before the applicable filing deadline. We are happy to say that we have never been responsible for a client filing any report late.
 - Annual plan reports are informational in nature. No tax is calculated or due as a result of the filing.
 - We file on behalf of clients an automatic extension of the due date for all clients whose filing is not yet complete 45 days before the filing deadline. This procedure is followed for all clients

irrespective of the reason for the delay. It is irrelevant that we may have the work scheduled and “feel” as though the work will be completed before the initial filing deadline. This “catch all” procedure assures that no client falls through a crack! Example: A calendar year plan has an initial filing date of July 31st. If the work is not completed by June 15th, then an automatic extension of the filing deadline will be made to October 15th.

- Our goal is to assure that every client reports to the IRS or DOL within the allowed time, including the time allowed by automatic extension. Neither the IRS nor DOL judge taxpayers by when reports are filed. For example: A plan with a calendar year end. The reporting season is from January 1st until October 15th. The forms needed to report are normally not published until April. This allows six months to prepare reporting for all of our clients. This is the “crunch” time within our industry. It is a challenging time for both our competitors and us.

11. **Plan termination and liquidation:**

- It is more work and more cost to terminate a plan than it is to establish a plan. (Like marriage it's easy and cheap to get into, but difficult and expensive to get out of.)
- To terminate and liquidate a plan can take from 60 days to two years. This can be the most frustrating information any client ever receives. We will do our best to terminate the plan ASAP.
- It is highly recommended that all terminating plans be submitted to the Internal Revenue Service to receive a favorable determination letter related to the plan termination. This process alone normally takes up to nine months.
- All Defined Benefit plan terminations are also subject to approval by the Pension Benefit Guarantee Corporation (PBGC)

12. **Consulting services and special projects:** Are provided as requested and to the specifications agreed to with the client.

Communication standards and expectations

If "...the single most important factor to providing a highly satisfying service experience is to meet the expectations of the client." Then, the single most important action to take in respect of this fact is to extensively communicate with clients regarding expectations. Communication of expectations is the key to client satisfaction. Example: Poor communication regarding expectations ultimately causes a client to misunderstand the service being delivered. The misunderstanding leads to confusion. The confusion leads to an uneasy feeling of frustration. Feeling frustrated leads to a sense of dissatisfaction. The client then reasons that the cause of the dissatisfaction is poor service. The feelings of confusion, frustration and dissatisfaction are powerful and difficult to reverse. We battle these elements with effective and timely communication.

Ongoing communicating standards and expectations:

- Service consultants will regularly communicate with clients through letters, telephone calls, E-mails and visits soliciting feelings about your needs, your service expectations and your service experiences
- Inside customer serves will regularly communicate with clients through letters, telephone calls and E-mails soliciting feelings about your needs, your service expectations and your service experiences
- Administrative specialists will regularly communicate with clients through letters, telephone calls and e-mails soliciting feelings about your needs, your service expectations and your service experiences
- We provide topic specific newsletters when it is important to broadcast the same information to all clients
- We provide specific client letters about specific client issues
- We publish handbooks such as this to provide clients with guidance for understanding service standards and expectations

Telephone call-in standards and expectations when calling our office:

- When you dial our number you will be initially connected to an automatic attendant. The purpose of the automatic attendant is to facilitate quick access to the party you are trying to reach
- You may press zero to "zero out" at any time during the welcome message to reach a live general telephone operator

- You may remain on the line and select a live operator from a menu of department telephone operators:
 - 0 for a general operator
 - 2 for a sales and service operator
 - 3 for a plan sponsor service operator
 - 4 for a participant service operator
 - 5 for a broker service operator
 - 6 for accounting and purchasing operator
- If you know the extension you want, you may press it at anytime. If the person is not available, you will be connected to voice mail.
- At any time, when listening to the welcome message, or a system or individual message, you may press another person's extension or "zero out" to reach a live operator.
- Any telephone message you leave before noon should be returned to you by 5:00 PM that day.
- Any telephone message you leave after noon should be returned by noon the next day.

What to expect when we make a mistake

We do not want to set a client's expectation that we are flawless and do not make mistakes. Mistakes will occasionally be made. When we become aware of a mistake, regardless of whether we discover it, or the client discovers it, we will discuss and examine the mistake directly with the client. The correction of a mistake takes priority over other outstanding work. The source of the mistake will be examined and system improvements will be made to create client assurance that similar mistakes will be eliminated in the future. We will find out exactly what the client expects to make things right so that we can wipe the slate clean and move on.

Investment company relationship expectations

The Pension Specialists, Ltd does not solicit or sell investments. The Pension Specialists, Ltd is neither a broker dealer firm nor a registered investment advisory firm and does not maintain any security licenses. The Pension Specialists, Ltd receives only fees for the providing third party employee benefit plan administration services. The Pension Specialists, Ltd is independent and is not affiliated with any single investment firm.

The Pension Specialists, Ltd interacts closely with many investment companies. These relationships allow us access to client account information. This access allows viewing and receiving all account information relating to transactions and balances. The ability to receive information via mail, e-mail or computer down load is a capability limited by investment companies to only authorized third party administration service firms. This ability allows direct access to essential information without the necessity of going through the client or the investment broker.

When selecting an investment company it is essential that clients select "administrator friendly" investment companies that have developed operational and communication systems designed to support interaction with third party plan administrators. Selecting an investment company that does not provide this type of support significantly delays plan processing.

Some plan trustees go directly to investment firms by using discount brokerage firms. These firms are not administrator friendly and have not developed support systems to interact with third party plan administrators. In these cases it will be the sole responsibility of the plan trustee to gather, organize and report all financial information to The Pension Specialists, Ltd.

Investment broker relationship expectations

All plans maintain an investment service relationship of some kind. Some trustees prefer a discount brokerage firm or no load mutual funds. They handle the plan investments themselves. There is no investment broker to service the plan. In these cases, it is the sole responsibility of the plan trustee to gather, organize and report financial results to The Pension Specialists, Ltd. accurately and on a timely basis. The accounting specialist assigned to the plan will prepare a compilation of financial statements from the information provided. The accounting specialists do not audit information provided.

The Pension Specialists, Ltd interacts with and supports hundreds of investment brokers and registered investment advisors located in several U. S. States. These brokers refer clients to The Pension Specialists, Ltd. The Pension Specialists, Ltd is independent and is not affiliated with any single investment broker. The Pension Specialists, Ltd's opinion is that clients using an investment broker enjoy the following advantages:

- Clients have an advisor to provide research and advice.
- Clients generally recognize better investment satisfaction.
- Brokers and advisors add value above any fees or commissions paid.

The investment broker should be viewed as essential in the servicing of the plan. The plan investment broker or advisor can and should be the primary and front line service contact for each client with primary duties to:

- a. Consult to establish investment evaluation and selection criteria.
- b. Consult in preparing the plan's written Investment Policy Statement.
- c. Recommend an investment universe and vehicle.
- d. Recommend an appropriate record-keeping platform.
- e. Recommend an appropriate third party administrator.
- f. Recommend appropriate ongoing retirement financial education.
- g. Assist in the establishment of plan provisions, policies and procedures.
- h. Assist in the execution of documents and tax reporting forms.
- i. Prepare investment applications, disclosures and provide prospectuses.
- j. Obtain and distribute investment performance reports for trustees.
- k. Obtain and distribute investment performance reports for participants.
- l. Obtain and distribute participant investment education materials.
- m. Provide analysis and evaluation of current investments performance.
- n. Provide analysis and evaluation of alternative investment offerings.
- o. Recommend replacement investment offerings.
- p. Explain new tax laws and regulations and their effect on the plan.
- q. Evaluate and report the plan's effectiveness in meeting client goals.
- r. Periodically meet with management and trustees to review progress.
- s. Interface with the plan's accountant and attorney.
- t. Interface with the plan's third party administrator.
- u. Periodically meet with management and the trustee(s).
- v. Answer telephone calls and questions from plan participants.

Your broker will spend twenty to thirty hours per year to perform these duties.

Retirement financial education expectations

Your Investment broker is an essential and integral part of your retirement plan team. However, brokers are not professional educators. All investment brokers offer to provide 401(k) plan participant meetings and enrollments at the employer's work-site as part of their service. The broker promises to hold meetings when the plan is established and periodically thereafter. Without exception, the meeting frequency diminishes as time passes with meetings often being held two or three years apart. The information provided at meetings is very basic with little meaningful education. Many 401(k) investment company vendors also offer meetings (not education), usually provided with even less success. Some investment brokers and 401(k) vendors have developed extensive educational programs that satisfy educational standards and provide employers protection under the 404(c) regulations.

The Pension Specialists, Ltd provides Retirement Financial Education services. This is a broker support service. This service was developed to assure that clients have access to the best possible retirement financial education. The service does not overlap or conflict with the duties of your investment broker. The service supports the investment broker freeing the broker to perform the duties listed above.

Brokers are intelligent, well-educated and competent investment professionals. Most brokers admit privately that they lack diligence at providing ongoing education. This is for two reasons: 1.) They are not professional educators—they are investment advisors, and 2.) There just is not enough time in the day when combined with all of the other duties expected of them.

Please ask your broker about the applicability of this service. Contact customer service or your service consultant and ask for a brochure about our Retirement Financial Education program.

Expectations regarding interaction with attorneys and plan legal counsel

The Pension Specialists, Ltd works closely with numerous attorneys at many law firms. We receive many referrals from law firms that provide retirement plan consulting but not administration services. We are the retirement plan consultant and administrative service provider for the plans of nearly twenty law firms.

Law firms that maintain an ERISA practice often work closely with our in-house legal staff on both retirement plan and employee benefit related issues. Several law firms with either no or minimal ERISA practice, regularly use The Pension Specialists, Ltd to prepare retirement plan documents for their clients. These firms view the Pension Specialists, Ltd as an expert in its field.

Expectations regarding interaction with independent and Certified Public Accountants

The Pension Specialists, Ltd works closely with many CPA firms. We receive many referrals from accountants and CPA's who do not provide retirement plan consulting and administration services. We are the retirement plan consultant and administrative service provider for the plans of nearly twenty CPA and accounting firms.

Many CPA and accounting firms have investment advisory divisions and are licensed as investment registered representatives and/or registered investment advisors. These firms either sell investments for commission or provide investment advice for a fee. These firms not only seek out our advice as retirement plan consultants but also understand the benefits that we provide to the investment broker and advisor community.

A CPA firm acting as the investment broker or advisor may not provide the audit services required by retirement plans and that require an annual retirement plan audit. The Pension Specialists, Ltd does not provide retirement plan audit services. A CPA or CPA firm must provide the plan audit service. The Pension Specialists, Ltd. can provide a referral to a CPA experienced in this service. These firms view The Pension Specialists, Ltd as an expert in its field.

Additional service standards and expectations described in other publications of The Pension Specialists, Ltd

- **Plan document services** are explained in our Plan Document Services brochure.
- **Plan document specifics and details** and additional plan document information are provided in our spiral bound Basic Plan Document books. There is a spiral bound Basic Plan Document book available for both defined contribution and defined benefit plans.
- **Fees and billing philosophies**, policies and procedures are explained in our Fee Policies and Procedures pamphlet.
- **The retirement financial education services** referred to above are explained in our Retirement Financial Education brochure. This brochure explains the need for the service and provides the logic and reason behind the value of the service. It also provides details as to class offerings, locations and times.