

RETIREMENT  
SOLUTIONS

SOLENTURE®

Retirement Program Assessment  
Acme, Inc.

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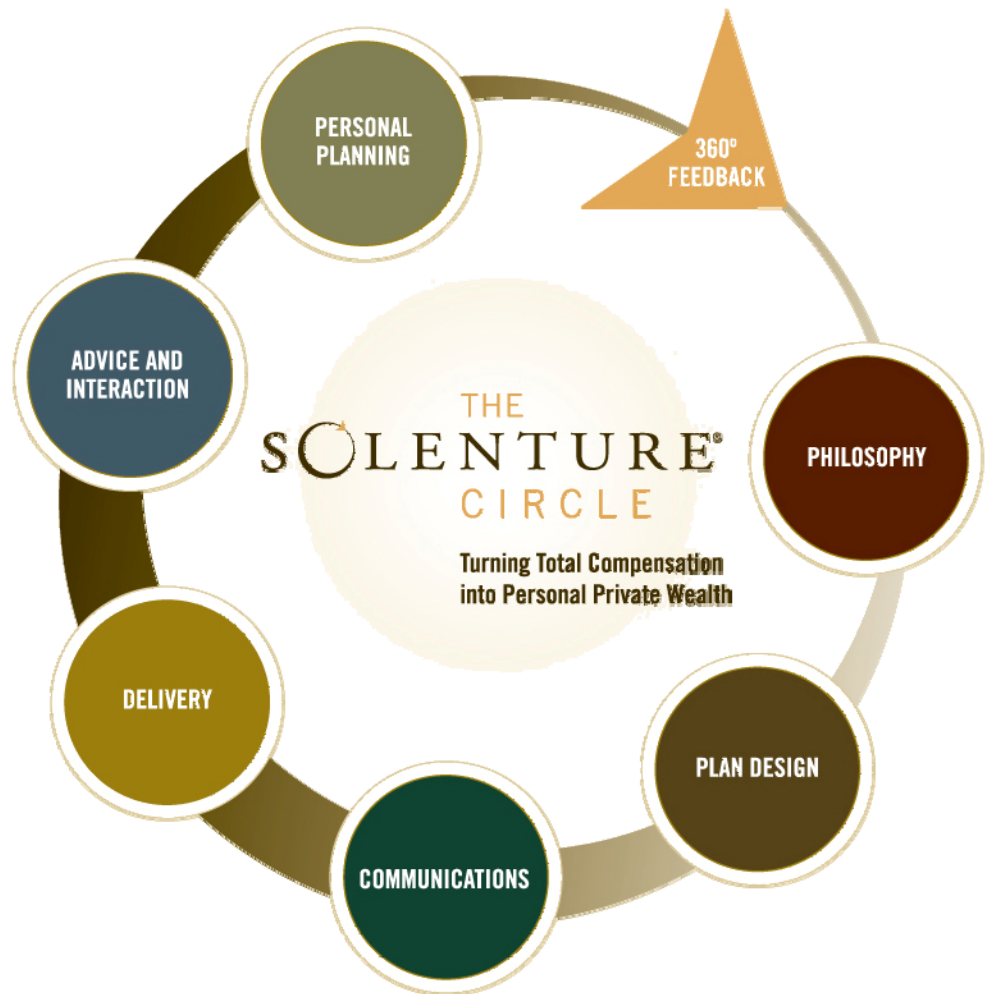
## Overview

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The retirement program of an employer can be a key to recruiting and retaining the talent needed to run an effective and prosperous business. The retirement program extends well beyond the actual retirement plan(s) to communication, education and connection to an employee's goals and objectives.

This report will summarize Solenture's review of your retirement program relative to best practices and offer either congratulations or suggestions for further study and improvement.

Solenture's approach to retirement services is holistic in nature. The Solenture Circle best illustrates this approach.



# Retirement Program Scorecard

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## Optimization

Based on data gathered, each of the following areas was assessed to determine whether your retirement program’s structure and services are optimal relative to either your stated strategy or “best practices.”

Clearly articulated retirement strategy		Yellow	
Retirement viability		Yellow	
Plan design(s) aligned with retirement strategy		Yellow	
Investment selection process and monitoring		Yellow	
Key employee education and assistance	Red		

## Risk management

Your retirement plan should be managed by its fiduciaries to minimize risk to the plan participants and themselves. In addition, we examined whether other aspects were managed so as to minimize other non-fiduciary risks.

Retirement Plan Committee	Red		
Fiduciary “best practices” being met	Red		
Legacy plans		Yellow	
Financial management			Green

Note - Each of these areas is discussed in greater detail within the body of the report.

## Retirement Program Elements

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### Acme, Inc.

Stated Strategy – You do not have an officially stated strategy against which you measure your programs. Our discussion has pointed out certain objectives that can eventually be incorporated into a clearly articulated strategy.

Retirement Plan(s) – You have a 401(k) plan with a “Safe Harbor” match.

Internal Team – Bob Smith has ownership over the plan.

Key Providers – Your plan is handled by XYZ and a local stock broker.

Employer Cost – The Company cost is not coming out of pocket for the plan.

## Plan Design

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The retirement plan is one component of your employee benefit program and your overall compensation approach. It is essential that your retirement plan design support the overall goals of the organization. This may include such issues as cost, support for hiring, opportunities to retire at the right time to support both employee and management objectives and coordination with your other benefit programs and your overall compensation model. In addition, the tax code limits the effectiveness of qualified plans in providing these benefits for executives, owners and highly paid employees.

	Your Program	Our Finding/Comments
<b>Cost</b>	You have stated that volatility of contributions and expense are a severe budget issue.	The design of the program contributes to this issue. Other designs and investment mixes could assist with this issue.
<b>Hiring/Retention/Benefit Adequacy</b>	You feel that the design neither helps nor hurts in this area.	We concur. Your design is similar to others in your industry. However, we believe there is opportunity for improvement.
<b>Overall Compensation Model</b>	This has not been considered by the company. Pay and benefits are considered separately.	We recommend that all benefit programs be coordinated within a total compensation philosophy.
<b>Effectiveness for Highly Compensated</b>	<p>You have an executive pension plan and funding/financing through life insurance. This was last reviewed in 2000.</p> <p>Also, discrimination testing causes you to refund contributions each year creating payroll and tax reporting problems.</p>	<p>We recommend that the executive design be reviewed to verify that it is still appropriate and that the funding is still efficient.</p> <p>We recommend that the qualified design be reviewed to determine if you can alleviate testing issues.</p>

Plan design(s) aligned with retirement strategy			
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## Fiduciary and Compliance Review

The cornerstone of any company-sponsored retirement plan is the compliance of plan fiduciaries to generally accepted standards of fiduciary care. Our assessment gives a broad overview of how well your current policies and procedures adhere to these standards.

Question	Your Program	Our Finding / Comments
<b>Have all fiduciaries been identified? Have their roles and responsibilities been defined? Have they acknowledged their roles and responsibilities in writing?</b>	No, No	Need to identify and prepare and record acknowledgements
<b>Is your plan covered by a fidelity bond? If so, does the bond cover plan fiduciaries as well as other employees or third parties that handle or have access to plan assets?</b>	Yes, Yes	
<b>Do you have a documented process to demonstrate that your plan is in compliance with ERISA requirements including day-to-day administration?</b>	No	Develop
<b>Does your plan have signed agreements with your service providers detailing responsibilities, fees, and service standards?</b>	No	Not all can be found. Redo or get copies from vendors
<b>Are all plan fees consistent with agreements and applicable laws? Have all fees been identified? Are fees reviewed and documented regularly?</b>	Unknown, Unknown, No	Need to perform the research and record answers for each. If out of line, renegotiate
<b>Are investments managed in accordance with applicable laws and trust documents?</b>	Unknown	Research
<b>Are investment vehicles appropriate for the portfolio size? Are your fees appropriate for the portfolio size?</b>	Unknown	Research
<b>Does your plan have an Investment Policy Statement (IPS)? Has it been signed by all plan fiduciaries?</b>	No, No	Develop
<b>Does the IPS define criteria for monitoring investment options?</b>	No	Develop

Question	Your Program	Our Finding / Comments
Does the IPS define procedures for controlling and accounting for investment expenses?	No	Develop
Are there reports which compare investment performance against the appropriate index, peer group and IPS objectives?	Unknown	Need to review in depth
Are there guidelines outlined in the IPS for the removal or replacement of an investment from the plan?	No	Develop
Does your plan have an up-to-date summary plan description and do you distribute the SPD to participants at the times required by law?	Yes	However, we have not reviewed the plan document to be certain that the SPD and the document agree
Does your plan have a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities?	No	Develop and manage
Has the plan engaged in any financial transactions with persons related to the plan or any plan official?	No	
Have plan assets been used to pay expenses that were not authorized, not necessary or not reasonable per the plan document?	No	

Fiduciary "best practices" being met			
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# Summary and Recommendations

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## Summary of Findings

We rated key aspects of your retirement offering as follows based on our findings as noted below:

<b>Clearly articulated retirement strategy</b>			
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You do not have an officially stated strategy against which you measure your programs. Our discussion has pointed out certain objectives that can eventually be incorporated into a clearly articulated strategy

<b>Retirement viability</b>			
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The plan design will permit many employees to be able to retire at normal ages. However, participation is not optimal and certain key employees need additional assistance to develop a clear personal strategy.

<b>Plan design(s) aligned with retirement strategy</b>			
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Given that the strategy has not been clearly articulated, the Plan's alignment is difficult to measure. However, based on your verbal comments, design changes could be considered to assist key employees to meet their goals.

<b>Investment selection process and monitoring</b>			
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An Investment Policy Statement (IPS) is in place, however, the process of monitoring it and the nature of the overall offering available will make it difficult for the Company to follow best practices in this area.

<b>Key employee education and assistance</b>			
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There is no program in place to assist your key employees in meeting their retirement goals and to provide them certainty. This could expose the company to the risk of losing talent that is important in meeting your goals and objectives.

<b>Fiduciary "best practices" being met</b>			
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Best practices are not being followed by the Company.

<b>Retirement Plan Committee</b>			
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The committee is not formal and the individuals have not been educated regarding their fiduciary responsibilities. Meetings are not regular and minutes have not been kept.

<b>Legacy plans</b>			
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You should consider cleaning up issues on the old split dollar life policy.

<b>Financial management</b>			
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Although the company does not have a clear strategy, efforts have been made to manage the cost of retirement plans. Management is satisfied with these efforts. The Company may want to look at the impact of design and your ability to recruit top people in your field.

## Recommendations

Solenture's Retirement Services provided to its clients can be divided between program **Optimization** and **Risk** management per the diagram below:



Based on our review of your program, we recommend that you consider addressing our findings as described on the following pages.