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Adviseware
Pension Builders and Consultants
Darrin B. Farrow

DALBAR Certified:
Computer Model

September 16, 2011



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Adviser Fact Sheet

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This Adviser	Adviser's Team	Affiliations
Experience as Adviser: 22 Years	Number of Advisers on Team: 50	Affiliated Firm: Rehmann Financial
Background Check Clear	Number of Support Staff: 50	Number of Advisers in Firm: 50
Client Rating of Trust Not Tested	Primary Source of Team Revenue: Fees	Primary Business of Firm: Wealth Management & Retirement Services
Client Rating of Financial Performance: Not Tested	Total Assets Managed/Supervised by Team: Approximately 2 Billion	Broker/Dealer Name: Royal Alliance
Client Rating of Advice Quality: Not Tested	Retail Clients Served: Number: 1200 Assets: 2 billion	RIA Name: Pension Builders and Consultants/Rehmann
Client Rating of Adviser Service Quality: Not Tested	Institutional Clients: Number: 0 Assets: 0	Provider Affiliations: None
Primary Compensation Sources: Fees	Date Previous Audit Performed: No Previous Audit	Other Affiliations: None
Liability Insurance: \$20 million	Web Site www.adviceware.net	Geographic Coverage
	E-Mail/Phone Darrin.farrow@rehmann.com (440) 250-7978	
	Surety Bond: Employee Dishonestly \$1M Forgery \$100,000	National RIA

Computer Model Fact Sheet

Computer Model Characteristics						
Inputs	Age	P	Time Horizon	P	Risk Tolerance	P
	Current Investments	P	Other Assets	P	Sources of Income	i
	Investment Preferences	P ¹				
	Explanation of Asset Classes	P	Allocation by Asset Class	P	Allocation by Investment	P
Outputs	Model Used	P	Allocation Graphic	P	Method of Acceptance	P
Defaults	No defaults for missing inputs					
Implementation	Model tells user how to implement					
Investment Models						
	Permitted Range				Objective	
	Equity %	Fixed Inc. %	Other %	Cash %		
High Growth	65 - 95	0 - 20	0 - 35	5 - 35	Maximum growth or 20 year time horizon	
Growth	55 - 85	0 - 20	0 - 35	5 - 35	Growth or 16 – 20 year time horizon	
Moderate Growth	45 - 75	20 - 40	0 - 35	5 - 35	Mod. growth or 11 – 15 year time horizon	
Moderate	30 - 50	30 - 55	0 - 35	5 - 35	Bal. portfolio or 5 – 10 year time horizon	
Mod. Conservative	0 - 35	0 - 100	0 - 35	5 - 35	Low volatility or 1 – 4 year time horizon	
Stable Value	0	0	0	100	Stable value or 0-3 year time horizon	
Investment Policies						
Methodology	Inputs are used to select the most appropriate pre-defined investment model. Each model draws from a set of pre-selected investments that are continuously reviewed.					
Vehicles	Collective investment funds using ETFs or other pooled assets deemed appropriate.					
Restrictions	Model uses pre-selected investments that may include any asset class.					
Oversight	Daily review by manager with annual review by investment committee.					

¹ Asked after recommendation is provided.

Services Rendered

Investment Management Services		ERISA Related Activities	
Define the client's investment-related goals and objectives	P	Conduct a fiduciary assessment	P
Prepare and maintain the client's Investment Policy Statement ("IPS")	P	Oversee plan administration activities	P ¹
Identify asset classes appropriate for client's portfolios	P	Support for DOL and IRS audits	P
Conduct due diligence for investment options	P	Design rules for assigning participants to QDIAs	P
Choose investments and create portfolios according to the terms of the IPS	P	Construct QDIA investment alternatives	P
Develop and maintain model portfolios	P	Place participants in appropriate investments	P
Control and account for investment expenses	P	Assist participants in selecting investments	P
Monitor investment options and prepare periodic investment reports	P	Periodically report fiduciary decisions made to plan sponsor and Named Fiduciary	P
Other: None	i	Periodically report investment decisions made to plan sponsor and Named Fiduciary	P
		Select, hire and monitor other service providers	P
		Review plan's success in meeting participants needs and retirement goals and make recommendations for changes	P

1. Limited to 404 (c) compliance

Fee Structure

Usual fees charged for these services?

If Pension Builders and Consultants is engaged by the plan, the fee for the computer model may be included in the overall compensation. If the Adviseware computer model is provided without an overall agreement, the charge is between 0-15 bps depending on the plan size. This could also be offset by other revenues. Included in the costs may be education/enrollment meetings, Adviseware, tablets/computers to enroll participants, etc.

Contractual arrangements that could result in direct or indirect compensation to adviser or to the firm that the adviser represents if clients take actions on the basis of the advice?

No agreement exists in which Pension Builders and Consultants receives compensation based on the investments selections made by model.

Sources of compensation and percentage from each source, largest first.

	Source	Percentage
1	Hand Benefits and Trust	100%
2	Broker/Dealer Agreement	0%
3	Adviser Agreement	0%
4	Vendor Agreement	0%

Other factors or suggestions from others that could improperly influence the advice given to clients?

None

Fiduciary Adviser Disclosures

The following important disclosures follow:

- DALBAR Certification
- Acceptance of Fiduciary Responsibility
- Adviser Affiliations
- Plan Provider Affiliation
- Statement of Participants' Rights
- Privacy Policy

DALBAR CERTIFIED

DALBAR has evaluated Darrin B. Farrow as chief developer and Pension Builders and Consultants, Inc. to determine compliance with United States Department of Labor guidelines and DALBAR standards for Fiduciary Advisers as defined by the Employee Retirement Income Security Act of 1974, as amended [ERISA] Section 408(g) and Internal Revenue Code [IRC] Section 4975(D)(17) and associated regulations.

The following evaluations were performed:

Due Diligence Requirements	DALBAR
DoL Minimum Selection Requirements	
Objective process to assess:	
• Adviser qualifications	P
• Quality of services offered	P
• Reasonableness of fees charged for the service	P
• Avoidance of self dealing	P
• Avoidance of conflicts of interest	P
• Avoidance of other improper influence	P
Process that takes into account:	
• Experience and qualifications of the investment adviser	P
• Adviser's registration in accordance with applicable federal and/or state securities law	P
• Willingness of adviser to assume fiduciary status and responsibility under ERISA	P
• Use of generally accepted investment theories	P
Additional DALBAR Standards	
Background Check	P
Record of investment results for clients	P
Client trust and opinion of adviser	Not Tested
Alignment of contract terms with services offered	Not Tested
Compliance with SEC No-Action Letter permitting advertising of DALBAR Rating	P

Acceptance of Fiduciary Responsibility

Rehmann Financial understands and agrees to act as a fiduciary and accept the personal responsibility for the advice provided to IRAs, plan and employees (“Investors”) that elect to use its services. As a fiduciary, it will act in the best interest of these Investors and their beneficiaries.

The advice Rehmann Financial provides as a fiduciary will be based on its best judgment of what a prudent person would do under the same circumstances. As a fiduciary it is not responsible for the financial results that are achieved or not achieved, provided that it can document the prudent process used to arrive at advice given.

As a fiduciary, Rehmann Financial's advice will be consistent with the principles of diversification so as to minimize the risk of large losses, unless under the circumstances it is shown to be imprudent to diversify.

The advice Rehmann Financial provides as a fiduciary will be in accordance with the documents or other instruments governing the plan and consistent with ERISA and IRC.

Adviser Affiliations

Pension Builders and Consultants has disclosed that it:

- Pension Builders and Consultants is an affiliate of Rehmann Financial that has been in business since 1989.
- Provides Fiduciary Adviser Services under the name “Pension Builder and Consultants” and/or “Rehmann Financial.”

Plan Provider Affiliation

None

Statement of Participants’ Rights

The recipient of advice from Pension Builders and Consultants may separately arrange for the provision of advice by another adviser that could have no material affiliation with and receive no fees or other compensation in connection with this plan.

Privacy Policy

Pension Builder and Consultants and Rehmann Financial Group is required to maintain all personal information about any client in the strictest confidence.

Information about any employee of a client of Pension Builder and Consultants and Rehmann Financial is disclosed only for the purposes of conducting due diligence and audits required by the Pension Protection Act of 2006.

Additional Disclosures

None

Computer Model Certification Results

DALBAR has evaluated the Adviseware computer model offered by Pension Builders and Consultants to determine if it meets the requirements to be used as a Certified Computer Model as defined by the Employee Retirement Income Security Act of 1974, as amended [“ERISA”] Section 408(g) and Internal Revenue Code [“IRC”] Section 4975(d)(17).

The methodologies used for the evaluation are presented in detail in the following sections. The methodologies applied were consistent with each specific requirement of the regulations. There were no limitations or restrictions imposed on DALBAR in the selection or application of the methodologies used.

DALBAR has a 30-year history recognized by industry and government as an independent third-party expert in the business of providing evaluations, ratings and performance due diligence. DALBAR certifications are recognized as marks of excellence in adviser services, communications, electronic and telephone services. DALBAR is the only ratings firm with an SEC no-action letter exempting its evaluations from the testimonial rule. Given its history, reputation and our extensive involvement in fiduciary adviser training, we believe that DALBAR meets or exceeds the expertise and proficiency required to conduct certifications required by ERISA Section 408(g)(5) and IRC Section 4975(d)(17).

Based on the results of the evaluation it has been determined that the computer model meets the requirements **except as noted**.

The results of the evaluation consist of:

- Specific Findings
- Footnotes
- Explanation of Methods Used

Specific Findings

Compliance Test	Method of Evaluation	Result	Foot-notes
Is investment theory recognized as being generally accepted?	Evaluate Investment Policy Statement	OK	1
Performance record:			
Performance record of model provided (1, 3, 5, and 10 year and since inception)	Examine Cumulative Performance	OK	2
Test of capital preservation	Examine Year-by-year Performance	OK	3
Test up-market performance	Examine Year-by-year Performance	OK	4
Cost	Compare to Comparable Models	OK	5

Compliance Test		Method of Evaluation	Result	Foot-notes
Other specific ERISA §408(g) and IRC §4975(d)(17) Requirements:				
	Takes fees and expenses into account	Evaluate Investment Policy Statement	See footnote	6
	Requests and utilizes participant information about age, time horizons, risk tolerance, current investments, other assets, sources of income and investment preferences	Model Test	See footnote	7
	Utilize objective criteria to select and allocate designated plan investments.	Evaluate Investment Policy Statement	OK	1
Does not:				
	Favor investments that compensate model provider or affiliates.	Review Application and Interview	OK	6
	Favor investments that result in greater compensation to model provider or affiliates.	Review Application and Interview	OK	6
	Base investment selection on criteria that cannot be expected to persist.	Evaluate Investment Policy Statement	OK	8
Does:				
	Consider all designated investments except those noted below	Written Statement	See footnote	9
	Exclude employer securities	Written Statement and Model Test	OK	6
	Excludes investments that vary asset mix	Written Statement and Model Test	OK	6
	Exclude retirement income annuities	Written Statement and Model Test	OK	6
	Provide participant with a list of exclusions.	Model Test	See footnote	10

Foot Notes

- 1 The Investment Policy Statement defines a structured approach that applies the generally accepted investment variables of risk, asset allocation, time horizon and expected returns based on historical patterns. The IPS defines six models varying from “High Growth” to “Cash” which is consistent with industry practice.
- 2 The 1, 3 and 5 year returns of each model compares favorably to appropriately blended benchmarks, applicable to corresponding model. Each blended benchmark is a proportionate combination of the S&P 500 and Barclay’s Aggregate Bond Index.
- 3 Comparison of performance each year shows capital preservation that tracks closely to the blended benchmark, indicating a beta of less than one when the market experienced a downturn.
- 4 All 6 allocation models compared favorably to the appropriate blended benchmark during the market up-turn of 2009.
- 5 Fees are charged in two ways. In the first method the firm is engaged to advise the plan as a whole in which case there may be no incremental cost for the Adviceware computer model. In this method the fee may be up to 50 bps, depending on the scope of the overall arrangement. The second method is a direct charge for use of the computer model on a stand alone basis. Under this method the maximum fee is 25 bps. These fees are within reasonable proximity of industry norms.
- 6 The computer model uses investments pre-selected from all asset classes by the fiduciary adviser based on the Investment Policy Statement. These are typically exchange traded funds with very low expenses but may include other pooled assets deemed appropriate. The pre-selection excludes employer securities, investments that vary the asset mix (such as target date funds) and income annuities. Because of this pre-selection which considers fees and expenses, the model itself does not use fees and expenses as a criterion for investment selection.
- 7 Under the regulations, the computer model is expected to permit investors to enter a minimum amount of information and use this information if entered. The Model Test demonstrated that the information requested is similar but falls short of the minimum specified by the regulation. Adviceware does utilize inputs about age, time horizons, risk tolerance, current investments and other assets. Requests are not made for sources of income. Additionally, contrary to the regulations, all answers must be provided in order for the model to operate. In our opinion, these shortcomings are not sufficiently great to deny certification but should be addressed in future versions.
- 8 Passive investments are used primarily for underlying funds so persistence is not a concern.
- 9 All designated investments (ie core line up) are considered by the fiduciary adviser in the pre-selection for the computer model.
- 10 Participants are given access to the models available and the underlying investments in the computer model output. This provides a convenient and effective method for participants to recognize that all other investments are excluded.

Explanation of Methods Used

Evaluation	Description of Process
Compare to Comparable Models	The cost and functionality of computer models that are known to be used for investment selection and asset allocation are compared to the computer model being evaluated for certification.
Evaluate Investment Policy Statement	An Investment Policy Statement is evaluated to determine the investment approach used in the computer model being evaluated for certification.
Examine Cumulative Performance	Annualized 1,3 and 5 year returns for 6 allocation models are compared to an appropriately weighted blended benchmark of the S&P 500 and Barclay's Aggregate Bond Index.
Examine Year-by-year Performance	All 6 allocation models were compared to an appropriately weighted blended benchmark of the S&P 500 and Barclay's Aggregate Bond Index during the market downturn of 2008 and upturn of 2009.
Interview	Fiduciary adviser was interviewed to clarify certain issues raised during the evaluation process.
Model Test	An allocation was established by answering the 8 questions in a likely manner of an average investor This average investor allocation was compared to four real-life scenarios. These scenarios are (1)an investor new to the workforce, (2)an investor with upcoming college expenses, (3)an investor who's mortgage has been recently paid and (4) a pre-retiree.
Review Application	Information submitted on the application for certification is examined.
Written Statement	Additional written statements were requested and provided by the fiduciary adviser.