



Registered Fiduciary (“RF™”) Certification

Overview
&
Description

February 2012



RF™ in Brief –Recap of Eleven Key Features

1

RF™ prepares advisers for the fast approaching fiduciary requirement of the Financial Regulatory Reform and many other regulations...

6

Retail and institutional demand for RF™ advisers is driven by active promotion campaigns that underscore the value of RF™ and the fiduciary role...

2

RF™ training encompasses core fiduciary procedures, specialized markets (such as 401(k), financial planning, wealth management and foundations/endowments) and practice management...

7

RF™ is available for computer advice model certification required under PPA...

3

The Fiduciary Standards Board's 2012 Fiduciary Standards are used by RF™ and replaces the expired standards in current use...

8

RF™ training is available for deployment by broker/dealers and RIAs...

9

RF™ meets compliance requirements in many firms for advisers to act as fiduciaries...

4

RF™ training is available from multiple qualified training organizations and self study that combine RF™ with other high value training...

10

Other designations may be folded into RF™, bypassing some initial training...

5

The RF™ certification is supported by online tools, legal services, and a help desk...

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RF™ candidates/designees are screened and tested regularly...



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About RF™ Certification

The Registered Fiduciary™ ("RF™") certification identifies financial professionals and organizations as competent fiduciaries that have achieved pertinent educational qualifications and licenses, learned required skills, and have passed a background check.

An active RF™ certification indicates that the holder is trained to comply with the regulatory requirements of acting as a fiduciary under current laws. The RF™ certification is continuously being updated to reflect the most recent regulatory, marketplace and technology changes.

This fiduciary standard distinguishes RF™ designated professionals as willingness to take responsibility for the advice and investment management he/she provides.

All valid RF™ designees are listed in the Fiduciary Registry.

RF™ certifications are further defined by specialties. Each designee has one or more specialties that identify the services that designee is qualified to provide.

Why Financial Professionals Need RF™ Certification

With the plethora of certifications available to today's financial professional, the question of what distinguishes RF™ is important and needs to be answered. There are two perspectives to the answer: "Internal" and "External".

Internal Perspective of the Value of RF™

The Internal perspective explains the benefits of the RF™ certification to the financial professional in dealing with regulations, compliance, liability insurance, etc.

RF™ training offers the guidance necessary to comply with today's dizzying array of regulatory changes. The content is updated regularly to reflect the most recent changes.

The RF™ training is particularly helpful in responding to the fiduciary provisions of ERISA and the Financial Regulatory Reform Act. These provisions are expected to cause advisers to change from a standard of client suitability to a fiduciary level, in which the adviser must act in the client's best interest, thus requiring RF™ training.

RF™ validation provides the independent third-party documentation to clients, regulators, internal compliance departments and others that the adviser is trained to perform at the RF™ level.

RF™ is the basis for the certification required for computer model advice provided under the Pension Protection Act of 2006 ("PPA").

External Perspective of the Value of RF™

The external perspective illustrates how RF™ is helpful in the marketplace. The effectiveness is achieved in the use of the certification to identify only those advisers that have been pre-screened and are qualified to act as fiduciaries.

Holders of RF™ use the powerful message of "seeking the best solution and not merely an adequate one" to give clients and prospects a clear choice.



In addition to the fact that public awareness of the role of fiduciaries is rapidly increasing, DALBAR actively promotes the value of the RF™. This increased awareness leads clients to demand evidence of fiduciary qualifications.

The RF™ certification will differentiate holders by virtue of the validation that includes the commitment to a fiduciary level of care.

How is RF™ Different

The Registered Fiduciary is designed to explicitly identify financial professionals that have committed to act in a fiduciary capacity and as such differs from other certifications that may imply fiduciary status but does not guarantee it. The following highlights major differences between RF™ and other certifications currently available.

The RF is the only certification that:

- Restricts its use to actual fiduciaries that are screened for entry into the program. Obtaining the certification provides the additional confidence that fiduciary advisors truly understand their fiduciary responsibilities and boundaries in the new regulatory environment
- Demonstrates procedural prudence in selection of designees with the accompanying documentation
- Protects a firm from fiduciary liability at three possible levels
 - 1) For fiduciaries with minimal exposure (Fiduciary assets less than \$10 million)
 - 2) For fiduciaries with moderate exposure (Fiduciary assets of \$10 to \$100 million)
 - 3) For fiduciaries with high exposure (Fiduciary assets of over \$100 million)
- Has an up to date curriculum based on 2012 Fiduciary Standards, reflecting the latest regulations, such as:
 - ✓ Final advice regulations for level fee and computer models of ERISA § 408(g)
 - ✓ Final fee disclosure regulations of ERISA § 408(b)(2) and ERISA § 404(a)(5)
 - ✓ Proposed fiduciary re-definition
 - ✓ Proposed harmonization required under Dodd-Frank § 913
 - ✓ Fiduciary compensation practices that retain revenue at previous levels
- Recognizes and is compatible with all other major certifications
- Is integrated with professional disciplines (wealth management, financial planning, foundations and endowments, retirement plans, etc.)
- Has a governance structure (Fiduciary Standards Board) with built-in checks and balances
- Is cost-effective
- Is supported by Fiduciary Standards Board



Regulation Expected to Impose Fiduciary Requirement

The regulatory pressure to replace existing suitability requirements with a fiduciary level of care has been building in a number of regulatory agencies and has twice been enshrined in federal legislation. The regulatory environment also is becoming more threatening as regulators that have been silent in the past, now begin to exercise their enforcement powers over advisers.

The RF™ training and validation is the resource to prepare for and adapt to this more challenging environment.

Eminent Changes in Regulation

This steady march towards fiduciary responsibility for advisers may be very close to reaching a critical mass that will reshape the way all advisers do business.

The following legislative actions are expected to be in effect within three to five years:

- Regulatory agencies are expected to revise rules and interpretations relating to fiduciary responsibility of advisers. For example:
 - The Department of Labor is reconsidering its position on when advice to plan sponsors becomes a fiduciary act.
 - The SEC commissioned the Rand report that pointed out the lack of public awareness of the limited responsibilities of certain advisers.
- Fiduciary requirements were written into the Dodd-Frank act and defining rules are expected in 2013. These rules will affect:
 - Advisers associated with broker/dealers
 - Advisers associated with insurance agencies
 - Registered investment advisers

Increased Enforcement

Federal agencies with oversight responsibilities for advice delivery have had increases in their enforcement budgets and openly discussed the plans to more aggressively regulate advisers. This indicates the intent to achieve a high degree of compliance with both new and existing rules. Notable agencies are:

- Securities and Exchange Commission
- Department of Labor
- Internal Revenue Service

These regulatory changes and increased enforcement show the inevitability of a fiduciary requirement for all who advise clients.



RF™ Specialties and Additional Training

The RF™ validation requires competence in an investment process that is consistent with the Fiduciary Standard's Board's 2012 Fiduciary Standards, as well as expertise in at least one specialty.

RF™ designees may use RF™ mark alone or with reference to a specialty. Designees with a primary specialty may elect to highlight that specialty, for example: RF –IRA Specialist.

The number of RF™ specialties continues to expand as various RF™ qualified training organizations ("QTO") develop courses to meet the needs of the financial professional marketplace. Any one financial professional may have multiple specialties. Specialties currently include:

General Practitioner	Wealth Manager
Attorney	Accountant
Financial Planner	Foundation/Endowment Adviser
401(k) Plan Adviser ERISA 3(21)	401(k) Independent Fiduciary ERISA 3(16)
401(k) Participant Adviser ¹ ERISA 408(g)	401(k) Investment Manager ERISA 3(38)
IRA Specialist	Compliance Officer

Practice Management

Effective running of the advisory business and deployment of assets is the difference between average and excellence for an adviser's practice. A well trained, highly credentialed adviser, with a poorly run practice, is potentially more damaging to clients than a less trained, non credentialed adviser, with a well run practice.

Advisers who are interested in practice management and human capital training can take advantage of these courses offered by RF™ qualified training organizations. Courses may also include the skills required to be a successful fiduciary:

- Essential leadership behaviors;
- Ability to build client trust;
- Ability to maintain client loyalty;
- Ability to manage an effective decision-making process.

¹ DALBAR introduced the Fiduciary Adviser Network (FAN) in 2007 that provided certification to advisers seeking to act as Fiduciary Advisers under the Pension Protection Act of 2006. The RF™ certification replaced FAN and current FAN advisers were automatically transferred into RF™.



RF™ Profile

The following is a summary of RF™ characteristics.

<p>Summary Description</p>	<p>The RF™ certification identifies knowledgeable professionals that act in a fiduciary capacity. Holders of the RF™ must commit in writing to be fiduciaries and are screened, their backgrounds checked, conflicts of interests disclosed and knowledge tested.</p> <p>RF™ certification provides professionals with the documentation necessary to meet the ERISA requirement to prudently select and monitor advisers. RF™ is the only Certification to do so and identifies a professional as a fiduciary.</p>
<p>Prerequisites Experience Required</p>	<p>DALBAR examines and verifies each application to determine if academic credentials, licenses and all other requirements are met before proceeding to testing and award of a certification (See RF™ Registration Application).</p> <p>Independent qualified training organizations provide training but are not obligated to check for requirements beforehand.</p>
<p>Educational Requirements</p>	<p>RF fiduciary training and at least one specialty training program offered by an RF qualified training organization or through self study courses. Exemptions based on existing knowledge may be granted.</p> <p>The course requires 15 to 20 hours.</p>
<p>Examination Type</p>	<p>Final certification exam is online and proctored. The exam is taken from the core curriculum and the specialty (such as 401(k)) for which the candidate is applying.</p>
<p>Continuing Education Experience Requirements</p>	<p>Continuing education requirements are determined by regulatory and other changes. In anticipation of major changes, such as the regulations from the Dodd-Frank Act and new retirement regulations, the time requirement are not set but instead requires completion of training as defined by these changes when they occur. Minimum is 5 hours.</p> <p>Continuing education course completion is validated annually by RF™ qualified training organizations or online in the case of self study courses.</p>
<p>Renewal</p>	<p>Certification is valid for one year with background checks required for renewal. Designees are re-tested every 5 years to validate the successful completion of the continuing education.</p>
<p>Investor Complaints Process</p>	<p>Online at www.FiduciaryRegistry.com</p>



RF™ Requirements

Background Check

A background check is performed on each RF™ candidate to establish that there are no incidents in the past that would compromise the integrity of the certification or cause concern for a reasonable person that relies on that designee.

The background check is repeated annually in order to continue using the RF™ certification.

Academic & Licensing

RF™ candidates must have the academic credentials and licenses that are required to provide the services that are offered by the candidate.

The RF™ certification is added to existing credentials to indicate the candidate's fiduciary competence in addition to previously established capabilities.

Training

RF™ candidates, unless exempted by existing knowledge, are required to undergo RF™ fiduciary training and at least one specialty training by an RF™ qualified training organization ("QTO") or through a self study course. Training for qualified professionals typically requires 15 to 20 hours, depending on the training organization and specialty (Please refer to section "RF™ Sample Course Outline" for an example).

RF™ QTOs are authorized to train RF™ candidates and successful completion of their courses permits a candidate to apply for the RF™ validation to be an RF™ designee. RF™ QTOs offer courses in classrooms and online as well as a combination of all. Self study courses are also available.

Testing

Testing of RF™ candidates is performed in a controlled facility, using online tests that are overseen by a proctor. (Please refer to section "RF™ Sample Course Outline" for an example). Testing facilities are available in a large number of locations nationally.

Complaints

The RF™ complaint line and Web page are available to the public to report complaints. Complaints received are reviewed and investigated as appropriate. The RF™ designee is informed of each complaint and invited to respond. An unusual number of or non-trivial complaints are acted on by DALBAR and could deny future use of the RF™ certification.



Continuing Education

The changing requirements of the marketplace, regulations and technology require that financial professionals with the RF™ certification remain current with new developments. RF™ QTOs are required to provide continuing education and RF™ designees are required to take continuing education courses in their specialty areas.

The actual time spent in continuing education depends on the volume of applicable changes taking place. There is a minimum of 5 hours required each year.

Annual Renewal

RF™ designees are required to renew their certifications annually. Renewals require designees to provide evidence of maintaining a continuing education program and the background check is repeated.

Every five years, designees repeat a proctored examination.

To enroll, go to the Website, e-mail or call DALBAR:

www.FiduciaryRegistry.com

RF@DALBAR.com

617-723-6400



Authority to Issue RF™ Certification

DALBAR, Inc. has created and acts as registrar for the Registered Fiduciary and RF™ certification. As registrar, DALBAR certifies and authorizes the use of these certifications. RF™ is a trademark of DALBAR.

Authority to act as registrar is granted by the Fiduciary Standards Board.

The Fiduciary Standards Board is a not-for-profit (501(c)(3)) organization established in September of 2000 to develop and advance standards of care for investment fiduciaries, which includes trustees, investment committee members, brokers, bankers, investment advisers, money managers, etc. The Fiduciary Standards Board is independent of any ties to the investment community and therefore positioned to be a crucible for advancing fiduciary standards throughout the industry and to the public.

RF™ Qualified Training Organizations

Training organizations are licensed to provide core fiduciary training, consistent with the 2012 Fiduciary Standard. Specialty training and additional courses are also provided by RF™ QTOs. The RF™ license permits the training organization to offer candidates the RF™ Certification after validation.

RF™ training is delivered in various formats, depending on the QTO. These include:

- Text only self study with online testing.
- Interactive audio-visual online training.
- Instructed classroom training.
- Train the trainer, who will be qualified to train candidates.

RF™ QTOs may be found on the Website www.FiduciaryRegistry.com



RF™ Support

Promotion of RF™ Certification

Both DALBAR and the Fiduciary Standards Board actively promote the RF™ Certification through their Websites, public relations efforts, public service announcements (“PSA”) and brochures. The promotion is intended to:

- Familiarize the public with the RF™ certification
- Communicate the value of working with a Registered Fiduciary
- Present the superior qualities of the RF™ certification

As a result of this promotion and the quality of RF™ designees the RF™ brand will be recognized and respected by both institutional and retail clients as a mark of excellence.

Public Access

DALBAR promotes RF™ licensees and designees on its Website, www.FiduciaryRegistry.com. All active licensees and designees are available through a search engine that contains access limits to avoid abuse by members of the public.

Public access is by specialty and geographic area.

Licensees and designees may elect to be excluded from the public access, if desired.

Technology Tools

RF™ qualified tool providers offer a range of online tools that facilitates the management of the adviser’s practice. These include tools used for:

- Prospecting
- Client and plan management
- Investment policy statements
- Due diligence screens for investment options (Vendor search)
- Quarterly investment reporting
- Administrative functions
- Investment model management

RF™ Help Desk

RF™ designees may use the RF™ help desk service for an annual fee. The RF™ help desk assists with problem solving, client presentations and guidance on technical issues.

The RF™ help desk is manned by experts in:

- ERISA and other retirement plans
- IRAs



RF™ Legal Assistance

The Wagner Law Group, Marcia Wagner, managing partner, has been selected by RF™ to provide specialized legal services to RF™ candidates and designees. The firm's practice covers many different types of employee benefit plans, both qualified and non-qualified, and includes advice and client counseling in the following areas:

- Retirement Plans
- Non-Qualified Plans and Executive Compensation
- Plan Administration
- Welfare Benefit Plans
- Plan Testing
- Plan Compliance
- Income and Pension Excise Taxes
- Other Plan Issues
- ERISA Title I
- Employment Taxes
- Administrative Representation

RF™ Advisory Board

RF™ activities are overseen by an advisory board consisting of leaders in a variety of roles. These roles include professionals immersed in the fiduciary subject from the perspectives of:

- Academics
- Attorneys
- Plan sponsors
- Regulatory compliance
- RF™ certificate holders



Costs & Timeframes

Training

Each RF™ QTO sets its own prices. Prices vary based on the specialty, method of delivery, number of candidates and cost structure.

Training organizations affiliated with broker/dealers or large registered investment advisers may acquire umbrella licenses and deliver training to the candidates within their firm. The cost of the umbrella license depends on the number of professionals in the firm and how the training is delivered. For example, an organization may purchase a license for interactive online RF™ training for one course to support up to 1,000 advisers for a flat fee of \$50,000 annually.

Independent training organizations typically charge a fee for each candidate or for each class in the case of classroom training. The typical cost of an online course for one candidate is \$800 to \$1,000, with continuing education cost of \$200 to \$300 per year. An online course usually requires 15 to 20 hours of study time for the average candidate. The continuing education is expected to vary from 5 hours to 20 hours per year.

Classroom training cost is based on group rates. The typical rate for a class of 25 candidates is \$15,000 to \$20,000. Classroom training is over a one-to-two day period.

Validation

At the successful completion of training, candidates are eligible for validation to receive the RF™ certification. Candidates with extensive experience in a specialty may bypass the training and apply immediately for validation. Even experienced advisers may be required to take the RF™ test.

Validation involves completing an application that contains a number of disclosures and commitments to act as an RF™ designee. The information provided on the application is independently verified for completeness and accuracy. The candidate then schedules an examination for the selected specialty. Upon successful testing the candidate is awarded the RF™ certification.

The cost of validation is \$350 per candidate. Validation of more than one specialty is performed at a reduced rate. The validation process requires approximately 30 days.

Group rates are available when more than ten candidates are being certified at the same time.



Apply for Certification

Go to the Website, e-mail or call DALBAR to learn more about RF™, to enroll in training or to apply for the RF™ certification:

www.FiduciaryRegistry.com

RF@DALBAR.com

617-723-6400

RF™ Sample Course Outline

The basis of the core curriculum is to convey the understanding of responsibilities of fiduciaries to act in the best interest of clients. Acting in client's best interest requires fiduciaries to consistently use and demonstrate the consistent use of a prudent process in the rendering of investment advice to clients. It should be noted that unlike a suitability requirement which can be successfully applied immediately before the purchase of a security, the fiduciary requirement applies to all interactions with a client. Professionals are taught that fiduciaries must be:

- Consistent: Requires that every action and recommendation, starting with the first point of contact with a client, is based on a reliable method of making decisions.
- Used: Requires that the method of making decisions is in fact used for all interactions throughout the entire relationship with the client.
- Demonstrable: Requires that the method of making decisions is evident in every action taken. This often requires the basis for each decision is properly documented.
- Prudent: Requires that decisions are consistent with what an expert who is familiar with the subject would make, having the facts available at the time of the decision.
- Process: Requires that a defined sequence of steps is used in decision making.

The consistent use and demonstration of the consistent use of a prudent process protects the fiduciary from liability.

While specific content varies by specialty, RF™ training and validation testing typically is designed to train the professional on:

1. The framework which defines a principles-based fiduciary standard of care;
2. The details of a decision-making process that supports the requirements of a fiduciary standard;
3. The roles and responsibilities of an investment fiduciary, and best practices and skills associated with a procedurally prudent investment process; and
4. The procedures to assess a fiduciary engagement.