

5 Steps for success

Winning retirement plan business

Are you looking for a way to complement your core investment advisory business?

Or perhaps you are new to the financial services industry?

In either case, changes in the industry are creating a fast approaching wave in the retirement plan marketplace. It's a continually growing, fee-income-producing opportunity to attract new clients, expand relationships and grow your business.

Federated Hermes offers the support, tools and products you need to capture, keep and grow your share of the retirement plan market. As an Investment Consultant to Financial Professionals, like you, for over 60 years, we are completely dedicated to supporting your efforts. You can count on Federated Hermes to deliver a wide range of solutions to help you respond to your clients' retirement plan needs. We also understand that plan sponsors face important, and potentially expensive, liability issues related to their role as a fiduciary. Whether your client is a small start-up firm or a large corporation, Federated Hermes is committed to help you meet your clients' diverse needs with our investment solutions, tools, fiduciary expertise, and guidance.

This guide is your resource for valuable information and ideas to help you develop and enhance your retirement plan business.

Nothing discussed or suggested should be construed as permission to supersede or circumvent your firms policies, procedures, rules, and guidelines.

5 Steps for success

This guide takes you through the general flow of the sales process and can help you monitor your progress. It includes a full range of support and resources for you and your team.

1

Know your competitive advantage

- Be able to clearly differentiate yourself by communicating the benefits you can bring to plan sponsors and their employees

2

Prospect

- Determine your target market
- Use your current skill set to uncover new business
- Have a routine and follow up
- Understand and review your network

3

Identify needs and concerns

- Stay in consulting mode during the meeting
- Capture and analyze discovery data to identify the solution
- Prepare a presentation that addresses concerns

4

Present solutions

- Confirm that all decision makers will attend your presentation
- Clearly explain how each solution answers plan sponsor's specific concerns
- Discuss the importance of understanding and complying with fiduciary responsibilities

5

Follow through

- When the answer is "yes," set the next appointment
- Monitor the conversion process
- Begin the education process and plan maintenance
- Develop strategies for after the plan goes active

1

Know your competitive advantage

Before identifying and contacting prospective clients, it is well worth the time to be able to articulate what makes you different, better and capable of delivering beyond-expected service, knowledge and support when it comes to their retirement plan process.

Here are the important ways to differentiate yourself in the retirement planning marketplace:

Be able to clearly and concisely present the advantages you offer.

Establish your knowledge and understanding of the plan sponsor's fiduciary responsibilities

Although advisors may not have to sign off as a plan fiduciary, it is essential to communicate that you understand and take the client's fiduciary responsibilities seriously and are committed to supporting them throughout the plan review and development process.

Demonstrate your ability to help employees maximize their savings and minimize their tax exposure

Show how you can uniquely meet those needs. One way to do so is provide an example of a typical problem or need experienced by other plan sponsors and how you skillfully addressed it. Recognize and anticipate client questions and objections.

Sample elevator speech

"I work very hard to make the retirement plan a successful benefit for the business owner as well as the employees. I also focus on guiding my clients through the fiduciary process so they can reduce the liability exposure that goes with being a fiduciary."

Prospect

There has never been a greater need for sound retirement planning solutions. That translates to more opportunity for advisors—all the more reason to maximize the efficiency and effectiveness of your prospecting efforts. Ideally, you want to target qualified prospects that are most likely to need and want your services. In this section, you'll find ideas about how to get started and what tools to use for prospecting and selling plans.

After you have defined your unique value, make sure you are focusing on the right targets. Here are some popular sources and methods:

- Review your client list for business owners, human resource personnel and company executives.
- Become familiar with the sizes and industries of local businesses, starting with 10 you pass by every day on your way to the office, to help you narrow your target market.
- Become familiar with your target market's retirement plans using <https://freeerisa.benefitspro.com> to search for prospects by zip code, or by contacting your local retirement wholesaler.
- Use social media access to your advantage. Various social platforms are increasingly important vehicles for sharing news and market insights with clients and prospects and to establish your retirement planning knowledge and expertise.
- Ask for outside retirement plan statements prior to every individual client meeting. Then use the meeting to gather intel and ask for a warm introduction to the plan's decision maker.
- Schedule a day to walk around your local community or a nearby business park and meet business owners face-to-face.
- Develop relationships with local CPAs or Third-Party Administrators (TPAs) and position yourself as a go-to resource for retirement plan guidance.
- Offer complimentary financial wellness seminars to a local employer you have a relationship with as a way to get in the door, connect with decision makers and then prospect for the retirement plan.
- Consider conducting a seminar on current retirement topics. (Talk to your Federated Hermes retirement consultant about available seminar materials.)
- Consider speaking or hosting a booth at human resources and employee benefit conferences.
- Master LinkedIn for leads.
- Conduct a mail campaign, focusing on specific services that will interest plan sponsors. Follow up with a phone call.
- Contact your Federated Hermes retirement consultant for additional ideas.

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Sample prospecting letter

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You can begin your mail campaign by sending a letter to your top 10-15 prospect companies. If you uncovered any pertinent information from your prospecting research, include it in the letter to show you are informed and already bringing value to the prospect. Five days after the mailing, follow up with a personal phone call.

(Your Organization's Letterhead)

Date
Name
Title
Firm Name
Address
City, State, Zip Code

Dear (NAME):

A retirement plan is a critical benefit that can help your company attract and retain quality employees. In working with companies like yours, I have found that many participants are not completely satisfied with one or more aspects of their plans. A growing concern among plan sponsors is the need for additional education and support regarding their fiduciary responsibilities. Has your advisor made you aware of them?

- Building an investment plan menu that is sufficiently diversified
- Knowing if a sufficient number of employees are participating in the plan and ensuring they understand the plan's features
- Understanding the fees that your company and employees are paying
- Documenting discussions with your investment committee

Are you and your employees getting the most value for your retirement investment? Feel free to call me at (number) for a no-obligation consultation.

I am focused on delivering retirement plan solutions to companies in our area. Because I am an objective third party, I can analyze your plan's features and performance to help uncover and assess potential fiduciary concerns, investment menu performance and overall effectiveness. If a change in investment selection is the right solution, I can recommend an expertly managed, easy-to-administer plan or investment map-over option—all backed by a high level of personal service.

I look forward to meeting with you and helping you maximize the benefit of offering a retirement plan to your employees.

Sincerely,

Investment Professional's Name
Title and Designations
Firm Name

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Talking points guide

As always, personalize your client communication with any specific information you may have discovered.

Follow-up call to letter

Hello, Mr./Ms. _____. Last week, I sent you a letter about retirement programs and services designed specifically for companies like yours. I'm calling to answer any questions you may have about it and to schedule a time when we can discuss your plan needs in detail. A number of my clients have found it particularly beneficial to go over their fiduciary responsibilities as plan sponsors and how they can be effectively met. Would this Thursday at 3 p.m. be convenient for you or next Tuesday morning at 10 a.m.?

Cold call

Hello, Mr./Ms. _____. I'm _____, a representative with _____, and I specialize in retirement plans. I'm contacting select businesses in our area to let them know about retirement plan options designed especially for companies your size. I'm sure you know how important this benefit can be to your employees. But what many businesses are increasingly concerned about is the extent of their fiduciary duty under ERISA as it applies to their retirement plans. Has your current advisor discussed this with you?

I'd like to schedule a meeting at your convenience to discuss all of your options and your fiduciary role in more detail. Would this Thursday at 3 p.m. be good or next Tuesday morning at 10 a.m.?

Overcoming objections

We already have a retirement plan.

I'm glad to hear that. It's a sure sign you already know how valuable a retirement plan is to your employees and to keeping your company competitive.

Of course, if your company is following best practices, you regularly review the performance of your existing plan, the investments and the service that you and your participants are receiving. This could be a good time to evaluate your present plan. For instance, what is the rate of participation for your plan? Are you satisfied with the participants' asset diversification and the level of service your current advisor offers? These are all part of your fiduciary responsibilities, and I make it my focus to help you protect yourself by following ERISA guidelines.

When would be a convenient time for you to discuss these questions? Would this Thursday at 3 p.m. be good or next Tuesday morning at 10 a.m.?

Why don't you just send me more information? If it looks like something we could use, I'll give you a call.

I'd be glad to. I have an excellent brochure that gives you a good introduction to our services and the other features and benefits available to your company. I have another brochure that does a great job of explaining fiduciary responsibilities. I can email it to you for your review, then set up a virtual meeting or phone call to discuss.



Identify needs and concerns

To prepare for your first appointment, review these insights. They will help you address common issues among plan sponsors and demonstrate the value you bring to the relationship. Often, you will find that concerns fall under the following general categories.

Plan service and administration

Service and plan administration issues are key reasons for changing advisors. Start by asking the plan sponsor what they like about their current plan and what they don't like, including the typical issues and problems they have encountered. Give them the time they need to share their experiences, frustrations and questions.

The key here is to really listen for and take note of "hot issues," areas that are particularly important to the plan sponsor and where their current advisor may be lacking. When you understand their specific concerns, you'll be in a position to provide a quality solution.

Common problems:

- Lack of coordination among the various parties. This could be creating service issues such as accounting and payroll errors or late statements.
- Current provider has not been proactive regarding plan design, causing failed compliance tests.
- Current provider is providing an inadequate level of service or offers no local representation.
- Recordkeeper may not have state-of-the-art technology to fit your employees' needs.
- Recordkeeper is not staffed adequately or may be experiencing high personnel turnover, causing a lack of service continuity.

You can help by:

- Reviewing specific plan sponsor issues on a point-by-point basis and demonstrating your ability to provide superior service and support.
- Demonstrating your understanding of fiduciary responsibilities.
- Submitting a proposal from a reputable service provider with a quality service model, knowledgeable personnel, fiduciary support and updated systems and technology

Fiduciary guidance

Few topics in the retirement industry have been the subject of as much discussion, debate and uncertainty as the fiduciary standards that apply to plan sponsors. For advisors, this presents a strong opportunity and a significant responsibility.

In some cases, plan sponsors are not fully aware of their fiduciary responsibilities.

Your ability to educate and effectively support them in addressing these responsibilities can be a major factor in differentiating yourself in an increasingly competitive environment.

The Federated Hermes Vendor Comparison Checklist, located on page 22, is a simple, but comprehensive tool to help you engage with plan sponsors in evaluating their progress in meeting fiduciary responsibilities.

Other plan sponsors are aware of these responsibilities and are demanding a higher level of fiduciary guidance and support.

As you look to grow your retirement practice, it's important to evaluate the level of fiduciary support you are providing today, the level of support you seek to provide and the resources you need to deliver a higher level of fiduciary guidance. The fiduciary environment has changed considerably over the past several years and continues to evolve today. By keeping current on the dynamic fiduciary landscape, you are in position to help plan sponsors effectively navigate this critical aspect of their retirement plans.

(Federated Hermes is a nationally recognized authority on fiduciary law and practice. Your Federated Hermes retirement consultant can provide you with a wealth of resources on all aspects of fiduciary planning.)

Investment menu

Many plan sponsors are disappointed with one or more aspects of their investment menu, the cornerstone of any retirement plan. Ask them questions to determine where plan assets are currently being invested. Talk to them about the available funds and the benefits of an investment policy statement to establish the menu's objectives.

Common problems:

- Fund performance is not competitive.
- An investment policy statement has not been written or implemented.
- Current lineup of funds is not diversified (single fund family, missing style categories, overall unbalanced set of options).
- Oversized fund lineup (20 or more).
- Undersized fund lineup (6 or fewer).

(Ask the plan sponsor for a list of the plan's investments.)

You can help by:

- Recommending a quality multi-manager fund lineup.
- Suggesting they implement an investment policy statement to better comply with their fiduciary obligations.

Employee education

Although investing for retirement is often the most important financial goal for employees, many lack the knowledge to create a properly diversified portfolio on their own. Failure to address this problem not only threatens employees' retirement security, it can lead to litigation by plan participants against employers who have failed to fulfill their fiduciary responsibilities. Because plan sponsors are now more aware of these obligations, they are increasingly receptive to the help of investment professionals.

As you develop your relationship with the plan sponsor, you'll be able to learn more about the plan and, as shortcomings arise, you'll be there to offer solutions. With your investment and retirement plan knowledge, you are in a great position to help plan sponsors increase participation and deferral rates—while having the opportunity to educate participants and discuss their other financial needs as well.

Common problems:

- Unresponsive financial advisor.
- Lack of investment educational tools/programs for employees.
- Plan participants are requesting investment advice from the human resources department.
- Low participation rates.
- Low deferral rates.
- Lack of participant diversification.

Even if the plan sponsor is not ready to change advisors...

Ask if you can present an investment education or retirement planning seminar to employees (both participants and non-participants). Explain the win/win situation:

- Current employees can receive on-site education.
- Departing employees can get on-site education about their options.
- Ongoing education can help the plan sponsor fulfill fiduciary obligations.

Fees

Plan sponsors are becoming increasingly aware of the need to understand the fees they are paying and the value they are getting from the service provided. Because fees have often been difficult for the plan sponsor to uncover and understand, the Department of Labor developed disclosure rules related to plan fees. Previously, plan sponsors often didn't realize that there are administration fees and investment-level fees, or whether the plan was paying for some or all fees.

Service providers are required to provide this information to plan sponsors. You can help the plan sponsor get a handle on their plan costs and learn the specifics regarding current fees based on the information from their service providers. You can also help them understand that fees are typically charged based on plan asset size or number of participants.

When analyzing fees, be aware of all the components that comprise retirement plan fees, who pays these fees and the frequency with which they are paid.

Fee components

Fee components may include:

1. Take-over or conversion fees—Employer
 - A one-time expense
2. Investment management fees—Participant
 - Charged by money manager
 - Asset-based charge
3. Administrative fees—Employer or Participant
 - Annual fees for recordkeeping services
 - Base fee and/or per-employee cost
 - Asset-based charge
4. Transaction fees—Employer or Participant
 - Activity-based charges—loans, distributions
 - Dollar amount per transaction
 - Asset-based charge
5. Insurance features—Participant
 - Mortality and expense-risk fee
 - Asset-based charge
6. Direct or indirect fees—Employer or Participant
 - 12b-1 fees
 - Advisory fees

Action items

Ask the plan sponsor for the plan's fee schedule so you can determine the current charges. If it is not immediately available, you should gather three pieces of information:

- A list of the plan's investment options.
- Total assets in each investment option.
- Name of the plan advisor.

The more information you can gather, the better prepared you will be to offer the best solution for the company. Federated Hermes' Vendor cost comparison worksheet and Vendor comparison checklist can help plan sponsors understand all fees—and who's paying them—for their current plan and help them evaluate vendor costs during the bidding process.

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Vendor cost comparison worksheet

Use this matrix to obtain a clear comparison of the total vendor costs.
Total participants = Total assets = \$ Average account balance = \$

Cost item	Vendor #1	Vendor #2	Vendor #3
Plan startup costs (conversion, document, education materials, etc.)			
Total ongoing recordkeeping fees			
Loans			
Company stock, if applicable			
Frozen funds			
Annual payrolls			
Distributions			
Other			
Trustee fees			
Check issuance			
Wire transfers			
Securities processing			
Investment management fees by fund			
List funds			
Back-end loads or CDSC charges (by fund) and expiration. Does laddering policy apply?			
Total fees			
Total annuity fees			
Other fees that may apply			
Ongoing enrollment booklets			
Additional services			
Client requested reprocessing, print job requests, additional compliance testing (per event), deconversion, periodic/instalment payment processing, proxy labels and fund position reporting, ascending RPSA adoption agreement, RPSA approved non-standard conversion processing			
Out-of-pocket fees*			
Including: overnight courier service, travel, computer access charges, customer specific enhancements			
Total costs	\$0.00	\$0.00	\$0.00

* Fees will be assessed for out-of-pocket expenses incurred at the specific direction of the client.

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Vendor comparison checklist

Use this checklist to evaluate your current plan services.

<p>Plan service and administration</p> <ul style="list-style-type: none"> • Plan implementation and conversion • Electronic data transfer software • Data collection software • Dedicated conversion team • Prototype documents • Plan design/compliance services • Management reports • Local services from advisor • Daily valuation • Plan sponsor website • Participant website • Participant voice response unit <p>Fiduciary guidance</p> <ul style="list-style-type: none"> • Trustee services • Tipping • Annual plan review • 4086(i) assistance • 4089(b)(2) and 404(a)(5) assistance 	<p>Investment menu</p> <ul style="list-style-type: none"> • Multi-manager investments • Annual investment review • Investment policy statement <p>Employee education</p> <ul style="list-style-type: none"> • Plan announcement to employees • Enrollment meeting • Investment seminars • Pre-retirement seminars • Termination meetings • Employee investment advice • Participant statements • Participant newsletter • Required disclosures, including fee disclosures <p>Fees</p> <ul style="list-style-type: none"> • Fund management • Insurance feature • Sales charges
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Discovery questions

Use these questions during your first meeting with prospects to uncover their concerns. This information will help you determine the retirement products and investments that are most suitable for your prospect.

1. What type of retirement plan(s) do you currently offer?
 - 401(k)
 - Roth 401(k)
 - Safe harbor 401(k)
 - Profit sharing plan
 - Money purchase plan
 - 403(b)
 - SIMPLE-IRA
 - SEP-IRA
 - SARSEP
 - Keogh
 - Defined benefit pension plan
 - Other
2. What are the most important reasons for having the plan, from an employer and employee perspective?
3. How many employees do you have? How many of them participate in the plan?
4. What are the plan's total assets?
5. What types of products does your plan hold?
 - Mutual funds
 - Company stock
 - Stable value funds
 - Collective investment trusts
6. Does your plan have an investment policy statement?
7. Does the plan provide for an employer match and what is the formula?
8. Who is your current payroll provider?
9. Who currently pays administrative costs?
 - Employer
 - Employee
 - Combination of both
10. Does your current plan meet your needs from a plan sponsor and participant perspective?
 - How has your company changed since implementing the plan?
11. What features would you like to add or change about your retirement program and why?
 - Easier administrative features
 - Additional or better-performing investment products
 - Additional technology to help streamline processes
 - Understand and/or reduce plan fees
 - Consideration of plan auto-enrollment and auto-escalation
12. Do employees feel they have suitable investment choices? Do they understand investment concepts and risks?
 - What are the components of the current education program?
 - How often does your current advisor provide on-site education meetings?
 - How often would you like to meet with your advisor for educational or plan service sessions?
13. Do you, as the plan sponsor, feel you have been appropriately serviced by your current advisor?
 - An appropriate investment lineup for your employees
 - Administrative and investment-level fees
 - Your fiduciary responsibility of offering a plan
 - An investment policy statement to help monitor suitability of investments and their performance relative to benchmarks
 - Annual review of plan administration, investments, plan provisions and education program
14. As part of my services, employee education is critical. To accomplish this effectively, it may be necessary for me to meet with your employees individually and in group settings.
 - Are all employees of your company in one location?
 - How many locations do you have?
 - Do you have employees who work from home or are they on the road?
 - Do you have multiple shifts?
 - Would you allow me access to your employees during business hours?
 - Is there a suitable space here to conduct group meetings?



Present solutions

Once you have gathered the discovery data, you should be able to detect the main challenges of concern to your plan sponsor prospects.

1. Confirm that all decision makers will attend your presentation.
2. Show your understanding of key issues/concerns of the plan sponsor.
3. Present solutions, including a clear explanation how each one addresses the prospect's concerns.
4. Demonstrate your understanding of fiduciary responsibilities and ability to offer in-depth support.
5. Establish next steps before ending the meeting.

5

Follow through

Now that you have won the business, it's time to prepare for key next steps: plan conversion and employee education. When executed correctly, these will go a long way in creating a satisfied plan sponsor and establishing the plan's future success.

As an advisor, it is important to concentrate on the diverse components of plan conversion. This includes setting up the initial meeting between your client and the recordkeeper's plan conversion team and ensuring that everything goes smoothly.

Your second focus will be preparing for enrollment meetings and an education campaign. Distributing all of the necessary information to your client's employees about their retirement plan is an important aspect of ERISA regulations and meeting fiduciary obligations.

General guidelines to help you organize your employee education program

Phase 1

Set-Up

- Conduct initial conference call with plan sponsor and recordkeeper's conversion team.
- Review existing participant demographics including: participation rates, deferral rates, assets, diversification.
- Review demographics of the employee base and develop appropriate communication and education program strategy.

Phase 2

Enrollment

- Hold enrollment meetings.
 - » The recordkeeper will distribute enrollment materials and summary of plan fees memo.
 - » The recordkeeper will also make fund prospectuses available.
- Direct participants to use voice response unit or website to make fund selections.
 - » The recordkeeper will mail prospectuses to participants' homes.
 - » 404(a)(5) disclosures will be distributed to applicable participants.

Phase 3

When the service becomes effective

- Inform plan sponsor when implementation is complete and there are no restrictions on account changes.

Ongoing

After the plan goes active

- Hold enrollment meetings regularly.
- Hold pre-retirement meetings.
- Offer individual education for exiting employees.
- Conduct seminars on investment topics.
- Develop an annual fiduciary calendar.



Toolkit

Glossary of key retirement terms

401(k) Plan: A defined contribution plan that takes its name from, and is covered by, Section 401(k) of the Internal Revenue Code. Section 401(k) allows employees the option of deferring a portion of their salary and contributing it, on a pre-tax basis, to a qualified plan. 401(k) plans can offer: employee deferrals only or employee deferrals plus employer contributions. In addition, they can offer other types of employee contributions such as after-tax amounts or Roth contributions. Employer contributions to 401(k) plans can incorporate profit-sharing contributions as well as matching formulas based on elective deferral amounts. Deductible contributions are limited to an amount that is indexed for inflation annually.

404(a)(5): ERISA regulation requiring quarterly disclosures to plan participants regarding plan expenses and investment performance, meant to support employees' ability to make informed decisions regarding their participation in their company's retirement plan.

404(c): The Section of the Employee Retirement Income Security Act of 1974 that allows employers to significantly shift responsibility for selecting qualified plan investments directly to plan participants and beneficiaries. Meeting the requirements of 404(c) can reduce employers' liability for the performance of the investments selected by participants.

408(b)(2): ERISA regulation requiring service providers that function as plan fiduciaries to provide in-depth and timely written disclosures to the plan regarding: fiduciary status, covered services, compensation, investment expenses and manner of receipt of all compensation.

ADP/ACP Test: The Actual Deferral Percentage (ADP) test and Actual Contribution Percentage (ACP) test are annual tests of a 401(k) plan required by the IRS to ensure that salary deferrals and matching contributions made by or for highly compensated employees are within IRS limits of disparity when compared to deferrals and matching contributions made by or for non-highly compensated employees. If the ratio is too favorable to the highly compensated employees, the employer must either contribute more for the lower paid people or refund some of the excess contributions to those in the highly paid group.

Bundled Services: All investment, trustee and administrative services are provided by a single company or partnership program.

Defined Contribution (DC) Plan: A type of retirement plan defined by the amount that employees and employers contribute. In a defined contribution plan, each participant maintains a separate account balance. The value of the benefits that the employee receives depends on a number of factors: the amounts contributed to the plan, the assets selected and the investment return of the funds selected. Some of the leading types of defined contribution plans are 401(k), money purchase and profit-sharing plans.

Defined Benefit (DB) Plan: A type of retirement plan that provides a guaranteed monthly benefit at retirement.

Employee Retirement Income Security Act (ERISA): Passed by Congress in 1974, ERISA is the comprehensive employee benefits legislation that provides the rules with respect to employee benefit plans. It was enacted to protect retirement plan participants from misuse of their pension funds by their employers and insure that participants' rights are protected.

Fiduciary: Within a retirement plan, a fiduciary is a person or entity that sets the plan's policy, practices and procedures; one who controls the plan's assets, or provides investment advice to the plan.

Forfeitures: Money not vested within a retirement plan that is left by participants who terminate employment prior to achieving 100% vesting in employer contributions. Generally, forfeitures can be reallocated among all remaining participants in the plan, or they can be used to pay plan expenses or offset future employer contributions, depending on the terms of the plan.

Hardship Withdrawal: An optional 401(k) plan feature that may allow participants to withdraw salary deferral contributions and some employer contributions from their accounts in the event of an immediate and heavy financial need. However, only an amount necessary to meet such a financial need may be withdrawn.

Highly Compensated Employee: An employee category used in compliance testing. It is determined by employee compensation, or 5% ownership of the employer. The compensation amount is indexed annually.

Key Employee: Generally, any employee who, at any time during the determination period, is a top 5% owner, a 1% owner with annual compensation greater than a specified indexed amount, or an officer of the company and earned more than the indexed limit.

Money Purchase Plan: A defined contribution retirement plan to which an employer must contribute a stated percentage of all participants' compensation each year. The percentage may be up to 25% of each employee's eligible pay, up to the maximum dollar amount, indexed annually. The percentage must be stated in the plan document.

Participant Loan: An optional plan feature that allows participants to borrow funds from their accounts without incurring tax liability, as long as they repay their account. Loans must meet strict rules governing the amount and repayment terms.

Plan Administrator: Responsible for the administration of an employer-sponsored retirement plan, the plan administrator is usually the employer.

Plan Document: ERISA requires that plans “be established and maintained pursuant to a written plan document.” Essentially, a plan document contains the official, detailed guidelines for the plan’s operation, such as participation requirements, vesting, payment options, loan options, etc. A Summary Plan Description, as its name implies, is a summary of the key features of a plan.

Plan Sponsor: An employer who sponsors a retirement plan and is responsible for operating the plan according to the plan document, the trust agreement, and ERISA.

Profit Sharing Plan: A defined contribution retirement plan to which the employer makes a discretionary contribution each year. Each participant generally receives the same percentage of their eligible compensation. The contribution may not exceed 25% of the total eligible payroll or exceed the annually indexed maximum.

Recordkeeper: Provides recordkeeping services to a retirement plan. Among the services are maintaining participant accounts, processing transactions, preparing statements and performing selected compliance tests. The recordkeeper may also help prepare the Form 5300 used to apply for an Employee Benefit Plan determination letter. A favorable determination letter, issued by the IRS, states that the plan meets the qualification requirements under the Internal Revenue Code.

Rollover Contribution: A plan may be designed to allow participants to contribute—or rollover a distribution from a qualified plan with their previous employer.

Safe Harbor 401(k) Plan: A safe harbor 401(k) plan is similar to a traditional 401(k) plan, but, among other things, it must provide for employer contributions that are fully vested when made. These contributions may be employer matching contributions, limited to employees who defer, or employer contributions made on behalf of all eligible employees, regardless of whether they make elective deferrals. The safe harbor 401(k) plan is not subject to the complex annual nondiscrimination tests that apply to traditional 401(k) plans.

Top-Heavy: A plan is considered “top-heavy” when the present value of accrued benefits for key employees is more than 60% of the present value of accrued benefits for all employees. A top-heavy plan must provide minimum contributions to non-key employees as well as accelerated vesting rates.

Trustee: Holds legal title to retirement plan assets for the benefit of plan participants and facilitates the flow of information between the plan sponsor and the investment provider.

Trust Agreement: Details the methods of receipt, investment and disbursement of funds under a retirement plan. The trust agreement may be a separate agreement or may be included in the plan document.

Vesting: An employee’s right to employer-contributed assets within his or her account in the employer-sponsored retirement plan which is based upon a specified schedule.

A financial pioneer since 1955, Federated Hermes entered the retirement business in 1974, managing retirement assets for institutions. The firm has long served as a leader in fiduciary issues and as a resource for fiduciaries and investment advisers across the country. Federated Hermes’ investment options span domestic and international equity, fixed-income, alternative and money market funds, as well as ETFs and separately managed accounts, all designed to help investors pursue their financial goals.¹

¹ Federated Securities Corp. is the Distributor of the Federated Hermes funds. Separately managed accounts are made available through Federated Investment Counseling, MDT Advisers and Federated Global Investment Management Corp., each a registered investment advisor.



Federated Hermes programs to help build your retirement business

Prospecting

Best Practices for Building Retirement Business: We've spoken with top investment advisors around the country and distilled their experiences into a range of practical, business-building strategies.

Brightscope: Through an alliance with Brightscope, Federated Hermes can assist advisors in finding retirement plan opportunities within their market. The database can research and analyze by territory, plan type, plan size, or company industry, to help create a targeted sales approach.

Fiduciary support

Beyond Gravity: This program was created for advisors to use with investment committees. The content can be used with new committee members as well as existing members who need a refresher on understanding their roles as a fiduciary and how to best document their actions.

DOL Investigation Preparedness: This guide helps advisors and plan sponsors understand what happens in a typical DOL investigation. It contains a sample DOL notice letter, a checklist of the documentation a plan sponsor would need to have ready for submission and an example of the type of DOL findings a plan sponsor might expect at the end of the investigation.

Fiduciary Planning Process: This guide ensures plan sponsors understand their fiduciary roles and duties. It walks plan sponsors through a review of their fiduciary responsibilities with a five-step process.

Comparative Chart of Fiduciary Roles: This piece features charts comparing fiduciary responsibilities and level of authority for each of the different fiduciary roles contemplated by ERISA.

Guidance on Your Role as a Fiduciary: To help advisors understand the complexities and implications of doing business as fiduciaries, Federated Hermes offers a comprehensive set of white papers and informational guides.

Portfolio analysis

Investment Rating System Delivers a Complete Plan Investment Analysis: Through an alliance with Broadridge Fi360—a leader in providing investment-related fiduciary education, practice management and support—Federated Hermes can provide technology to help advisors deliver an independent, thorough analysis of a plan's investment menu. This investment rating system can help with investment selection, investment monitoring and highlights investments that contain potential deficiencies.

Industry updates

Insights from Retirement Industry Experts: Federated Hermes' relationships with the most respected consultants in the retirement industry, such as Brad Campbell and other industry experts, give advisors access to valuable insights and expertise on critical subjects that can impact their business.

5 Steps for success

Sample prospecting letter

(Your Organization's Letterhead)

Date
Name
Title
Firm Name
Address
City, State, Zip Code

Dear (NAME):

A retirement plan is a critical benefit that can help your company attract and retain quality employees. In working with companies like yours, I have found that many participants are not completely satisfied with one or more aspects of their plans. A growing concern among plan sponsors is the need for additional education and support regarding their fiduciary responsibilities. Has your advisor made you aware of them?

- Building an investment plan menu that is sufficiently diversified
- Knowing if a sufficient number of employees are participating in the plan and ensuring they understand the plan's features
- Understanding the fees that your company and employees are paying
- Documenting discussions with your investment committee

Are you and your employees getting the most value for your retirement investment? Feel free to call me at (number) for a no-obligation consultation.

I am focused on delivering retirement plan solutions to companies in our area. Because I am an objective third party, I can analyze your plan's features and performance to help uncover and assess potential fiduciary concerns, investment menu performance and overall effectiveness. If a change in investment selection is the right solution, I can recommend an expertly managed, easy-to-administer plan or investment map-over option—all backed by a high level of personal service.

I look forward to meeting with you and helping you maximize the benefit of offering a retirement plan to your employees.

Sincerely,

Investment Professional's Name
Title and Designations
Firm Name

5 Steps for success

Vendor cost comparison worksheet

Use this matrix to obtain a clear comparison of the total vendor costs.

Total participants = Total assets = \$ Average account balance = \$

Cost item	Vendor #1	Vendor #2	Vendor #3
Plan startup costs (conversion, document, education materials, etc.)			
Total ongoing recordkeeping fees			
Loans			
Company stock, if applicable			
Frozen funds			
Annual payrolls			
Distributions			
Other			
Trustee fees			
Check issuance			
Wire transfers			
Securities processing			
Investment management fees by fund			
List funds			
Back-end loads or CDSC charges (by fund) and expiration. Does laddering policy apply?			
Total fees			
Total annuity fees			
Other fees that may apply			
Ongoing enrollment booklets			
Additional services			
Client requested reprocessing, print job requests, additional compliance testing (per event), deconversion, periodic/installment payment processing, proxy labels and fund position reporting, amending RPSA adoption agreement, RPSA approved non-standard conversion processing			
Out-of-pocket fees*			
Including: overnight courier service, travel, computer access charges, customer specific enhancements			
Total costs			

* Fees will be accessed for out-of-pocket expenses incurred at the specific direction of the client.

5 Steps for success

Discovery questions

- 1. What type of retirement plan(s) do you currently offer?**
 - 401(k)
 - Roth 401(k)
 - Safe harbor 401(k)
 - Profit sharing plan
 - Money purchase plan
 - 403(b)
 - SIMPLE-IRA
 - SEP-IRA
 - SARSEP
 - Keogh
 - Defined benefit pension plan
 - Other
- 2. What are the most important reasons for having the plan, from an employer and employee perspective?**
- 3. How many employees do you have? How many of them participate in the plan?**
- 4. What are the plan's total assets?**
- 5. What types of products does your plan hold?**
 - Mutual funds
 - Company stock
 - Stable value funds
 - Collective investment trusts
- 6. Does your plan have an investment policy statement?**
- 7. Does the plan provide for an employer match and what is the formula?**
- 8. Who is your current payroll provider?**
- 9. Who currently pays administrative costs?**
 - Employer
 - Employee
 - Combination of both
- 10. Does your current plan meet your needs from a plan sponsor and participant perspective?**
 - How has your company changed since implementing the plan?
- 11. What features would you like to add or change about your retirement program and why?**
 - Easier administrative features
 - Additional or better-performing investment products
 - Additional technology to help streamline processes
 - Understand and/or reduce plan fees
 - Consideration of plan auto-enrollment and auto-escalation
- 12. Do employees feel they have suitable investment choices? Do they understand investment concepts and risks?**
 - What are the components of the current education program?
 - How often does your current advisor provide on-site education meetings?
 - How often would you like to meet with your advisor for educational or plan service sessions?
- 13. Do you, as the plan sponsor, feel you have been appropriately serviced by your current advisor?**
 - An appropriate investment lineup for your employees
 - Administrative and investment-level fees
 - Your fiduciary responsibility of offering a plan
 - An investment policy statement to help monitor suitability of investments and their performance relative to benchmarks
 - Annual review of plan administration, investments, plan provisions and education program
- 14. As part of my services, employee education is critical. To accomplish this effectively, it may be necessary for me to meet with your employees individually and in group settings.**
 - Are all employees of your company in one location?
 - How many locations do you have?
 - Do you have employees who work from home or are they on the road?
 - Do you have multiple shifts?
 - Would you allow me access to your employees during business hours?
 - Is there a suitable space here to conduct group meetings?

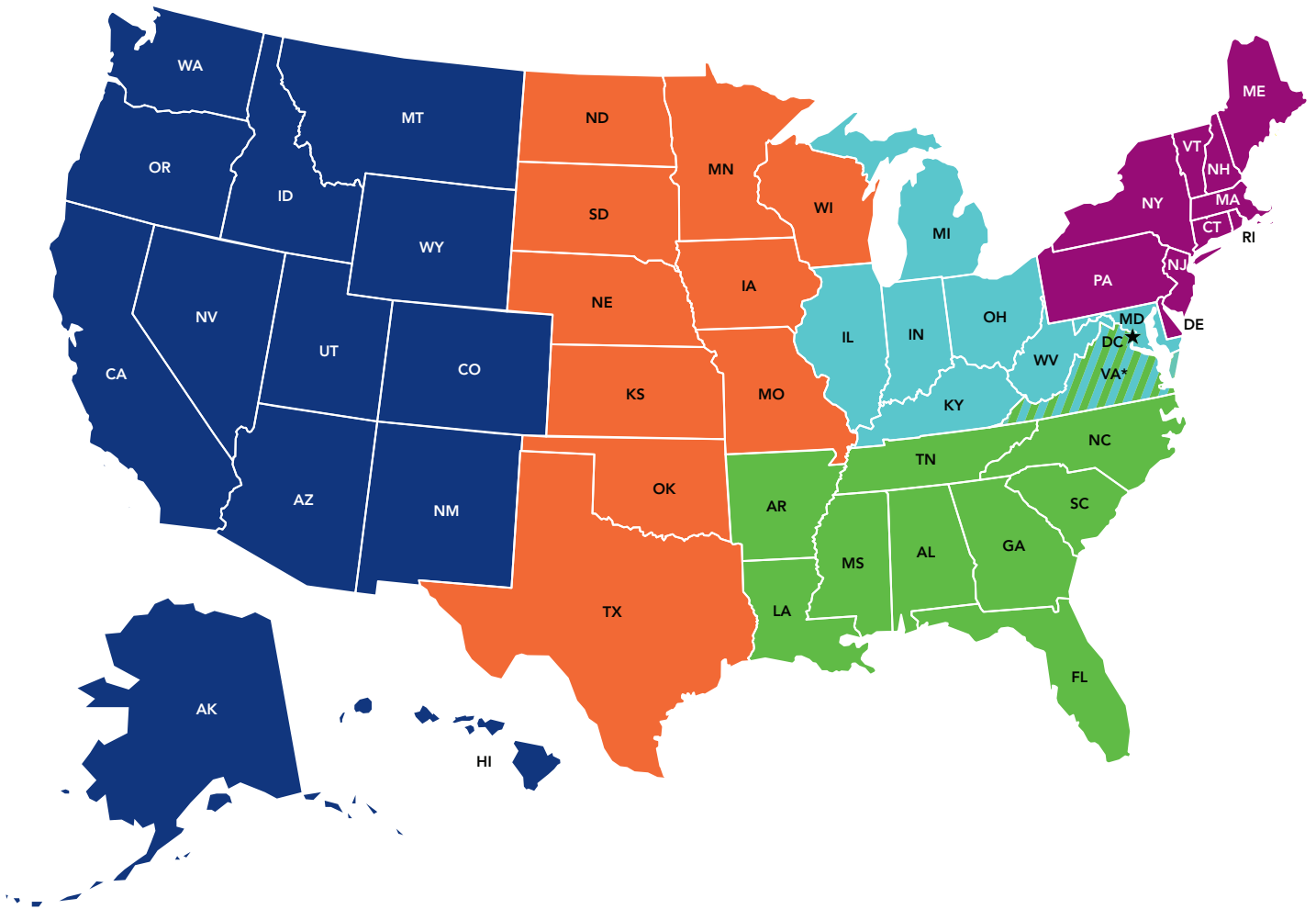


Fiduciary Calendar

OBJECTIVE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Goal Setting Establish fiduciary committee goals for the year	ESTABLISH FIDUCIARY COMMITTEE GOALS		COMMITTEE MEETING TOPICS OF INTEREST	COMMITTEE MEETING	COMMITTEE MEETING MINUTES				COMMITTEE MEETING	COMMITTEE MEETING MINUTES		
Fiduciary Governance Review committee roles & oversight; conduct committee meetings	FIDUCIARY TRAINING PRESENTATION											
Investment Oversight & Monitoring Periodic review of investment policies and performance			INVESTMENT POLICY STATEMENT REVIEW		PLAN INVESTMENT REVIEW					PLAN INVESTMENT REVIEW		
Documentation & Records Management Documentation of due diligence and plan records				ANNUAL FIDUCIARY CHECKLIST								
Fee & Service Reviews Provider management and evaluation of fees for reasonableness												PROVIDER FEE ANALYSIS AND COST SAVINGS IDEAS



Federated Hermes retirement territory map




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