

# Simple Fact:

Collective Investment Funds (CIFs) are More Efficient than Models Kept by Recordkeepers



## CIF Benefits

- **Low Cost**
- Fiduciary Oversight
- **Diverse** Investment Options
- Branding for Distribution Opportunities
- Audited Funds and Report Performance to Morningstar
- **Scalability:** NSCC Fund/Serv Eligible

## Challenges in Maintaining Models on Recordkeeping Platforms

- Limited to core investments
- Lack of performance reporting
- No audit returns
- Non-compliance with QDIA requirements
- Non scalable across plans or recordkeepers

## Eligible Investors

CIFs hold only ERISA assets. Plan types include 401k, Profit Sharing, Stock Bonus Plans, Defined Benefit Plans, 457(b), 403(b)(9) church plans, and plans domiciled in Puerto Rico described in ERISA section 1022(i).

## How 2015 Fiduciary Regulations Affect Models

- Every DIA investment disclosure must include the relevant information
- Must include standardized performance information
- Total annual operating expenses must be disclosed as percent of investment assets as well as dollar amount for a \$1,000 investment
- Must provide the comparative chart which includes the investment objectives, strategy, portfolio turnover ratio, along with quarterly updates for performance, fee and expense information

## A Comparison: Unit Models vs. CIFs

### Unit Models

- "Unit Value" per plan per fund only
- One custodian
- No audit
- Limited to plan document
- QDIA –limited to disclosures per plan

### CIF

- Cusip across all plans--mutual fund-like structure
- NSCC-fund/serv across all broker dealers
- Audited returns
- Exempt from SEC registration
- Disclosures across all plans to Morningstar, Newkirk and feed to RKs

Hand Benefits & Trust, a BPAS company, is a state-chartered trust company regulated by the Texas Department of Banking. We provide institutional trust services including administration, valuation, and accounting for Collective Investment Funds. We believe in a culture of fiduciary responsibility, which is essential to the long-term success of our clients. We've been providing employee benefit trust services since 1963 and administering pooled Collective Investment Funds since 1964.

**Let's Talk.**

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