

Level fee compensation service

The ideal solution to levelize compensation

Regulations constantly alter how the financial services industry operates. Increased visibility and oversight from an open architecture process at the Broker Dealer firm and broker level is becoming the solution, especially with the Department of Labor (DOL) regulations set for early 2017. These changes provide great opportunity — and can be the ultimate equalizer for retaining and growing your retirement plan business.

The DOL regulations mean that any indirect compensation received by the Broker Dealer as a fiduciary would be considered a prohibited transaction under ERISA, and not allowed unless a prohibited transaction exemption is available, such as the Best Interest Contract Exemption (the “BICE”).

Our level fee compensation service (LCS) was designed from an understanding of the changing landscape of the industry and was not created as a “reaction” to the DOL rule. Recognized as an industry standard in “levelizing” compensation for transaction-based Broker Dealers, our LCS is a “must-have” for fiduciaries, who, under the DOL regulations, are looking to grow their retirement plan business.

A level compensation payout mitigates a Broker Dealer’s conflict of interest because brokers have no incentive to pick funds with higher 12b-1 payouts — and our LCS provides the conflict mitigation solution to assist broker-dealers with compliance. Broker Dealers participating in the LCS:

- Choose from a list of mutual funds that will generate a flat fee equal to a fixed percentage of assets based on the 12b-1 payments
- Can help determine the average amount of payment
- Can have us collect mutual fund fees and make quarterly payments
- Can be assured that the plan/broker relationship doesn’t change, since this is an administrative service function

Our services can help preserve your existing business while providing multiple investment options to best match Broker Dealers’ needs.



Broad options & reduced risk

- Allows the broker to select funds based on merit, not fee structure
- We offer a wide variety of funds that can be structured to meet broker-dealers’ needs



Transparency & oversight

- Data Feed service provides plan asset values, investment activity and other important information; creates a window into activity of firm’s brokers
- We can identify brokers out of compliance with LCS



Easy administration

- We collect mutual fund fees
- Automated, standardized payments and reporting via the DTCC’s Commission Settlement service
- Single, quarterly level fee payments paid to the Broker Dealer directly

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HERE'S WHY YOU SHOULD CONSIDER US:

We're experienced. With more than 25+ years of open architecture experience and as a first adaptor of level compensation services, we are a "go-to" solution for DOL compliance.

We know you — and your business. We already provide services to you, so we understand the key aspects of your operations. We can reduce the complexity of managing your existing business and help you with future business.

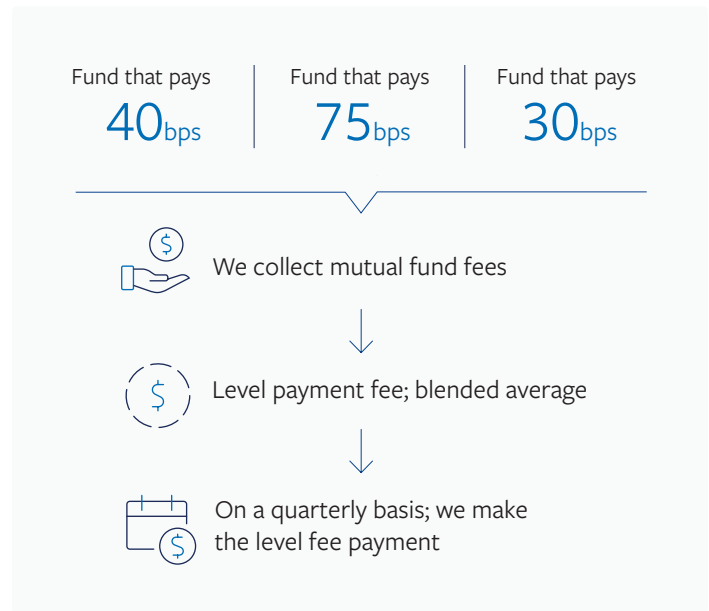
We're the only "back office" you'll need. We'll provide operational efficiency and effectiveness for you — and we can customize our service to fit your needs. We'll work closely with you to solve all of your issues and needs regarding the fiduciary rules and level fee compensation.

Product highlights

- Minimal operational changes
 - Calculation of level payments for existing fund lineups
 - Streamlined fee payment processing
 - Decreased overall operational expenses
 - Dedicated Advisor Compensation Team to support LCS
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HOW LCS WORKS

Existing plans with variable compensation



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Broadridge Financial Solutions (NYSE: BR) is a global technology leader with the trusted expertise and transformative technology to help clients and the financial services industry operate, innovate, and grow. We power investing, governance, and communications for our clients – driving operational resiliency, elevating business performance, and transforming investor experiences.

Our technology and operations platforms process and generate over 7 billion communications per year and underpin the daily trading of more than \$10 trillion of securities globally. A certified Great Place to Work®, Broadridge is part of the S&P 500® Index, employing over 14,000 associates in 21 countries.

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