

# Differentiate

Administration and Recordkeeping Supplement Includes:

- Sample Due Diligence Checklist
- Sample Prospecting Letters
- Suggested Phone Scripts
- Suggested Communications

## Differentiate: Administration and Recordkeeping

The Targets Plus program taps into the seasonal nature of defined contribution prospecting and sales, and helps you rethink retirement by addressing sponsor concerns at the precise moment these issues are most relevant. Like all effective extended sales plans, a critical feature of Targets Plus is its progressive chain of sales ideas that enables consistent follow-up with prospective sponsors.

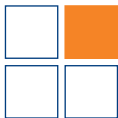
In the first segment of the Targets Plus program, you have already completed the most difficult phase of the program: building relationships with qualified plan sponsor prospects. Last quarter, you reconnected with sponsors, and leveraged the annual discrimination testing period to discuss plan design issues. This quarter, recordkeeping concerns are paramount to sponsors, given that the annual 5500 filing was due on July 31 (or seven months after the end of each plan's fiscal year).

This installment of Targets Plus will help you address the various hot-button concerns sponsors struggle with during this time of the year by providing communications and prospecting tools, including letters and phone scripts. Targets Plus will also provide due diligence information to help you confidently select and recommend recordkeepers to your clients and prospects.

Your goal this quarter is to leverage your ongoing dialogue with prospective plan sponsors to secure a meeting with key decision makers.

### Consider This:

Look to a Third Party Administrator (TPA) to offer qualified retirement plan administration and plan design to your clients. A TPA should be an extension of you and part of the value you provide.



## The Annual 5500 Filing Period May Provide Sales Opportunities

Time and again, studies show that service is the key determinant to keeping a 401(k) client. Sponsors frequently equate service with accurate and timely recordkeeping services. As such, poor administration is the number one reason why sponsors leave their current provider. To win new clients and retain your current business, it is critical that you provide recordkeeping solutions, not administration headaches.

Without an extension, plans are typically required to file their 5500 form by July 31st (seven months after the fiscal year end). In addition, all plans larger than 100 employees (and certain plans that are smaller) must file the results of the Plan's annual audit with the 5500 form.

Independent auditors scrutinize the plan to ensure its compliance with Department of Labor and ERISA regulations and guidelines, as well as general accounting procedures.

Now more than ever, auditors are under intense pressure to properly evaluate their clients in a fair and independent manner. Chances are auditors will be even more diligent than

in the past. Many plan sponsors may be surprised when their audit returns are in, which may reflect poorly on their current administrator.

This may be a good opportunity to discuss recordkeeping and plan alternatives with your prospective plan sponsors. Did you know that sponsors are fined up to \$1,100 per day if their 5500 filings are late? Find out what the experience of your prospect was like – were there headaches? Missed deadlines? Did the sponsor have to do the bulk of the work?

### Consider This:

Many plans suffer from poor administration and recordkeeping. Find out which of your prospects could benefit from a change in recordkeepers. In particular, inquire about the following:

- Late or incorrect statements
- Out-of-compliance plan documents
- Failed compliance testing
- Lack of responsiveness to inquiries
- Outdated technology
- High fees

## Sample Due Diligence Checklist

As the key contact during the 401(k) sales process, you are responsible for pulling together a team of world-class professionals to impress your prospects and close the sale. Choosing the right recordkeeping partner is a critical factor in this process. When researching your various options, the checklist below may be helpful as a starting point in your due diligence process.

### Recordkeeping

- Are assets valued daily?
- Is a self-directed brokerage window offered?
- Are multiple fund families offered with same day trading and execution?
- Is administrative processing performed in real-time?
- Does the plan offer loans, loan modeling and automated loan processing?

### Firm

- How long has the firm administered 401(k) plans?
- What are the firm's total recordkeeping assets?
- During a plan conversion, is there a dedicated conversion manager?

### Toll-free Automated Voice Response System (VRS) and Internet Access

- What are the hours of operation for live help through the VRS?
- Can participants access their accounts and conduct transactions via the VRS?
- Can participants access their accounts and conduct transactions via the Internet?

### Administrative Services

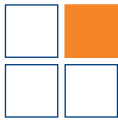
- Is signature-ready 5500 reporting and filing offered?
- Does the firm offer ADP/ACP testing?

### Disaster Preparedness and Recovery

- What sort of disaster recovery plan is in place?
- Is there an off-site location selected and equipped?
- How are files saved and archived?

### Consider This:

Choose to partner with a provider that has the scale and financial strength to adapt to the ever changing regulatory environment and offers innovative products and services to your clients. Web-based services including plan and participant level transaction history capabilities, as well as a local experienced service team, can help you better meet the needs of your clients.



## Sample Due Diligence Checklist

### Employee Communications

- What type of customized enrollment materials are provided?
- What type of ongoing educational communications are sent to participants?
- In what languages besides English are materials offered?
- Do participants have access to online savings models and calculators?

### Plan Sponsor Services

- What information is included in plan sponsors' reports?
- How often are these reports generated?
- Do sponsors have online account access?
- Are fiduciary services available?

### Participant Statements

- How frequently are statements mailed?
- Are statements mailed within 30 days after the end of each reporting period?

### Other Services TPAs can provide:

Are the following services offered?

- Administrative services
- Actuarial services
- Customized plan design solutions
- Consulting

Please note that the above checklist is in no way representative of a full and complete due diligence process.

## Suggested Communications: Prospecting Letter for Takeovers

### PROSPECTING LETTER

**NOTE:** This letter must be approved by your firm for use. As such, please note that it still remains your responsibility to determine the filing necessity of this document with the NASD or any other self-regulatory body, and if applicable, you agree to undertake such filing.

[To be printed on firm letterhead]

[Date]

[Prospect name]

[Address]

Dear Mr./Mrs./Ms. \_\_\_\_\_,

It's that time of the year again when you just filed your 5500 form and the results of your annual plan audit. Hopefully, these events have passed quietly, and the process went exactly as you expected.

As you may recall, we discussed last quarter the importance of a plan designed to fit the changing needs of your company and its employees. An equally important topic that we should discuss is plan administration — an accurate, timely, efficient, and service-oriented Plan Administrator is often worth its weight in gold. As you may have discovered, the true value of your Plan Administrator is often revealed during the 5500/audit period. Were your filings completed on time and hassle-free?

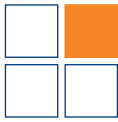
I would be happy to visit your office to offer further guidance and background on the critical issue of plan administration, as well as to conduct a free fee analysis. I will call you to set up this meeting.

Sincerely,

[name]

[title]

[memberships]



## Suggested Communications: Prospecting Letter for Startups

### PROSPECTING LETTER

**NOTE:** This letter must be approved by your firm for use. As such, please note that it still remains your responsibility to determine the filing necessity of this document with the NASD or any other self-regulatory body, and if applicable, you agree to undertake such filing.

[To be printed on firm letterhead]

[Date]

[Prospect name]

[Address]

Dear Mr./Mrs./Ms. \_\_\_\_\_,

Our conversation earlier this year focused on the importance of providing a retirement plan for you and your employees. As you may recall, we also discussed the importance of selecting the right plan for your business goals and the needs of your company.

As you consider and weigh the multiple benefits of a 401(k) plan, you should also think about your choice of plan recordkeepers; selecting the right vendor from the start can save you many headaches down the road. My goal is to help match you with the most appropriate recordkeeping provider for your business needs.

Perhaps we can explore further the structure of your business and workforce, and the specific needs of your employees, to craft a custom retirement plan to help provide for your employees' futures. I would be happy to visit your office to offer further background on today's key recordkeeping issues, as well as to conduct a free fee analysis of a sample retirement plan. I will call you to set up this meeting.

Sincerely,

[name]

[title]

[memberships]

## Suggested Communications: Phone Scripts

Full compliance of all Federal Trade Commission “Do Not Call Registry” regulations is required.

### For Takeover Plans Only:

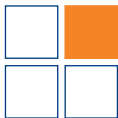
Hello, Mr./Mrs./Ms. \_\_\_\_\_ This is \_\_\_\_\_ (name, title), calling from \_\_\_\_\_. (company) located in \_\_\_\_ (address). I am assuming that your annual audit and 5500 filing is completed. I trust the process went smoothly?

Let me ask you a question: What aspects of your existing program would you change or enhance? (If the answer is administration / recordkeeping, follow up with these questions.)

- Who does the administration / recordkeeping for your plan? For how long?
- Are they responsive to employer/employee inquiries?
- Do you have daily recordkeeping and daily pricing?
- Do you have online access to plan information?
- Do your employees have real-time internet access? Toll-free employee access (automated and live operator)?
- Does your plan offer loans? Automated loan and plan distribution processing?
- Multiple fund families with same day trading and execution?
- Quarterly participant statements sent within 30 days of quarter end?
- Do your employees understand their statements?

- Are trade confirms mailed directly to employees within 2 days of transaction?
- Is your plan document in compliance? Are its provisions satisfactory?
- How often is compliance testing performed?
- Has your plan failed testing? What was the result? Solution proposed?
- Do you have an independent audit done on your plan?
- What are your administration/recordkeeping fees?

As you know, I focus on retirement plan consulting; I would be happy to visit your offices and conduct a complimentary evaluation of your plan’s recordkeeping capabilities and a fee analysis to determine if your current needs are being well served. I will be in the area on \_\_\_\_\_. Let’s set up a time to meet and discuss this evaluation.



(continued from previous page)

### For Startup Plans Only:

Hello, Mr./Mrs./Ms. \_\_\_\_\_. This is \_\_\_\_\_  
(name, title), calling from \_\_\_\_\_. When we spoke last  
quarter, you mentioned that you did not have a retirement  
plan for your company, so we discussed some of the benefits  
of 401(k) plans, as well as some of the other issues regarding  
the creation of a plan. Should you decide to move forward  
and create a plan, I want to be sure that we discuss ways to  
help avoid the headaches that often accompany an ill-advised  
choice of Plan Administrators. For example, the Plan  
Administrator typically files your annual Department of Labor  
5500 report. Did you know that you could be fined up to  
\$1,100 per day if this form is late?

As you know, I focus on retirement plan consulting. I would  
be happy to visit your offices and conduct a complimentary  
evaluation of your company, as well as a sample fee analysis.  
I will be in the area on \_\_\_\_\_. Let's set up a time to meet and  
discuss this evaluation.

## Suggested Communications: Follow-up Letter

### FOLLOW-UP LETTER

**NOTE:** This letter must be approved by your firm for use. As such, please note that it still remains your responsibility to determine the filing necessity of this document with the NASD or any other self-regulatory body, and if applicable, you agree to undertake such filing.

[To be printed on firm letterhead]

[Date]

[Prospect name]

[Address]

Dear Mr./Mrs./Ms. \_\_\_\_\_,

Thank you for speaking with me on (date). As we discussed, many of my current clients have utilized my services to help enhance their retirement plan and improve the efficiency of their recordkeeping efforts. Based on our conversation, I understand that your plan has traditionally experienced [late or incorrect statements], [incomplete or late 5500 filings], [poor service], [outdated technology], [high fees].

I think there may be a better way to streamline these administrative functions. We can discuss these options during the free consultation on (date).

As I mentioned on the phone, I/my team focus[es] on identifying the right plan for your business. We want to help you stay current with the latest retirement industry trends and legislative changes, understand the extents and limitations of your fiduciary responsibilities and explore ways to optimize a retirement plan to your individual business needs and objectives. We have long-standing relationships with a number of world-class retirement platforms that offer:

- Fiduciary solutions providing varying levels of fiduciary support
- Dedicated local service
- Multi-manager investment platform with target-date funds
- Employee communications and services
- State of the art annual plan review and plan benchmarking technology
- Access to unbiased third-party financial advice and guidance

I look forward to our meeting on [date] at [time].

Best Regards,

[name]

[title]

[memberships]



Contact ING for more business building ideas.

National Support Line 1-888-238-6243

**FOR FINANCIAL PROFESSIONAL USE ONLY AND MAY NOT BE USED WITH THE GENERAL PUBLIC.**

Please ask your clients to consider the investment objective, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund and can be obtained by contacting you, the financial professional, or by downloading one at [vankampen.com](http://vankampen.com). Encourage them to read the prospectus carefully before investing. Van Kampen Targets<sup>SM</sup> is a service mark of Van Kampen Funds Inc.

ING Financial Advisers, LLC  
151 Farmington Avenue  
Hartford, CT 06156  
[www.ing.com/us](http://www.ing.com/us)

©2007 ING North America Insurance Corporation



Van Kampen Funds Inc.  
1 Parkview Plaza, P.O. Box 5555  
Oakbrook Terrace, IL 60181-5555  
[www.vankampen.com](http://www.vankampen.com)

Copyright ©2007. Van Kampen Funds Inc.  
All rights reserved. Member NASD/SIPC.

IT07-00086F-T02/07