

FAQs from the 01.31.22 DOL All Field Call

#	Question Category	Question	Answer
1	Tools	Can you explain how to use the Annuity Order & Fee Search Tool app on the Equitable homepage that provides 401(k) plan fees?	Please see the Annuity Order & Fee Search Tool DOL Rollover User Guide on the DOL intranet site for detailed instructions. A video demo of the tool will also be released in the coming weeks.
2	Tools	Can the AOF tool be moved out of the Annuity system? If I'm using it to open an advisory account, it makes me start an annuity app before I get to the tool.	In order to have the tool ready earlier, a decision was made to enhance the existing tool in the annuity system. We will explore other ways to access the tool as a future enhancement.
3	Tools	Is the fee look up tool that's part of a new application on an annuity also available if setting up a LPL brokerage or advisory IRA?	Yes. Please see the Annuity Order & Fee Search Tool DOL Rollover User Guide on the DOL intranet site for detailed instructions.
4	Fiduciary	For non-ERISA 403(b) rollovers/ transactions, i.e., 403(b) rolling over to LPL-MWP advisory and/or SCS Plus/other annuity, since the 403(b) is Non-ERISA, therefore, we/advisors/FP is NOT acting in a fiduciary capacity in this transaction, correct?	DOL PTE 2020-02 does not apply so you are not an ERISA fiduciary, however, you would be a fiduciary under the Adviser's Act if the receiving account is an advisory account.
5	Fiduciary	Do you have a template to share regarding verbally disclosing fiduciary capacity and working in client's best interest?	Not at this time. We will provide additional guidance on this in the coming weeks.
6	Fees	Re Standardized expense ratios, if you are charging a 1.0% advisory fee on an advisory account, should you still write 0.41% as the proposed fee?	The advisory fee should be added to the above average annual expense ratio to determine the Total Annual Fee.
7	Fees	What if their current expenses are lower than 0.41?	You should still use the Morningstar industry average net expense ratio.
8	Fees	For these "standardized expense ratios", are these the amounts we use to list charges in our recommended products/solutions? Or are these the amounts we should use when indicating the expenses the clients are paying in their 401k/outside IRA that we are considering transferring into an EQH solution?	For ERISA retirement plans being rolled out of, you should use the 404a-5 or other approved methods to calculate fees. For brokerage and advisory IRAs, you can use the standardized expense ratios for the current and recommended accounts with open-end mutual funds and ETFs. You can also use the standardized expense ratio for ERISA and Non-ERISA plans being rolled into.

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9	Fees	If a client is in a VA but has always sat 100% in GIO, do we state 0.41 even though that's not their personal situation?	A GIO has no annual fee per se, it's factored into the guaranteed return. You can use zero but should footnote the narrative's multi-transaction strategy that the GIO has no explicit fee.
10	Fees	If you are going from an advisory account or brokerage account holding mutual funds to another advisory account or brokerage account holding mutual funds, would the mutual fund expense ratio be the same for both (0.41%)? If so, how is this comparing anything?	For advisory accounts, the advisory fee should be added to the above average annual expense ratio to determine the Total Annual Fee. Depending on the scenario, the fees may not be the same for the existing and recommended accounts.
11	Fees	What is the process for calculating the annual fee for existing accounts if the client will be rolling over 2 existing group plans – EQUI-VEST 403B and a 401k plan into a SAM II R/O IRA?	Please refer to the DOL Total Annual Fee Determinations Guide on the DOL intranet site for detailed instructions on fee scenarios.
12	Fees	Is the 404a-5 the same as the Annual Participant Fee Disclosure? If so, do we only need to ask for SPDs and Statements now?	Yes, the 404a-5 is the Participant Fee Disclosure that is required to be provided to clients annually. You will need statements to identify invested amounts for the weighted average expense ratio calculation.
13	Fees	If I am able to get and calculate the accurate weighted expense ratio for the existing account and the new proposed account, then can I use the actual numbers? Are you saying that I have to use these arbitrary expense numbers when they are not the actual expenses in the client's existing and new accounts?	Yes. The firm recognized that calculating weighted average expense ratios is error prone and time consuming. Standardized expense ratios are to be used for brokerage and advisory IRAs and ERISA and Non-ERISA plan accounts being rolled into.
14	Fees	How would we know what the client was invested in prior to moving into Money Market fund?	First, ask the client how long they've been invested solely in MM funds. If the client says more than 6 months, use the MM fund's expense ratio. If less than, ask the client to provide an earlier statement showing all investments.
15	Fees	What if I don't have a subscription to Morningstar, where do you get the expense ratios for other holdings?	FPs are to obtain the product's net expense ratio from other industry data sources or the product's prospectus. All documentary support used for calculations must be maintained in the client's file, PaperClip or similar firm-approved data retention resource.

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16	Fees	For the Advisory IRA transfer to an Invest Edge, shouldn't the DOL information be on the Invest Edge side not on the CP Supplement?	The DOL rule's determining factor is the funding source of either an ERISA plan or IRA. If rolling into an annuity IRA, the Client Profile is required. If rolling into a brokerage or advisory IRA, the LPL ClientWorks NAO Client Profile Supplement's section on ERISA Plan and IRA Rollovers is required.
17	Fees	I'm trying to understand why we are using averages instead of giving our clients specific information about their true expense ratios?	The firm recognized that calculating weighted average expense ratios is error prone and time consuming. The updated policy allows for standardized expense ratios for existing and recommended IRAs.
18	Fees	How about a case study where the money is moving to MWP or SAM instead of annuity?	Please refer to the DOL Total Annual Fee Determinations Guide on the DOL intranet site for detailed instructions on fee scenarios.
19	Fees	What if the client's existing holdings have much higher expense ratios than the standardized numbers? It would not be a fair comparison if we are using a lower exp ratio just because it's the "standard".	The firm recognized that calculating weighted average expense ratios is error prone and time consuming. The updated policy allows for standardized expense ratios for existing and recommended IRAs as well as ERISA and non-ERISA plan accounts being rolled into.
20	Fees	The Fee Cheat Sheet indicates Investment Edge average fees is 1.02%. Case #2 used .97%. Why the difference?	The DOL Total Annual Fee Determinations Guide was updated on January 26. The IE average fees at now 0.97%.
21	Fees	Why are there no case studies for moving funds to advisory platforms? There were only annuity options listed as receiving accounts. Many of us utilize the advisory platforms for the majority of our business.	Please refer to the DOL Total Annual Fee Determinations Guide on the DOL intranet site for detailed instructions on fee scenarios.
22	Fees	How do we explain that we are using the 0.41%?	This fee is from Morningstar's 2020 US Fund Fee Study. 0.41% is the 2020 asset-weighted average net (i.e., excludes 12b-1s and other expenses) expense ratio for all open-ended mutual funds and ETFs. The fee excludes money market funds and fund of funds. Morningstar is a respected industry provider.

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23	Fees	How do you handle individual equities in plans or IRAs? 0 fee?	If the IRA invests solely in individual securities and no investment company shares, FPs may use 0.00% as the net expense ratio for determining the Client Profile's Total Annual Fee. If there are investment company shares, the FP must use the standardized MF/ETF fee (with the exception of UITs, closed end funds and alternative investments). Commissions on BD products are discussed separately within the Client Profile rollover section.
24	Fees	So if the advisory fee is 1.0%, but the average expense is 0.41%, is the fee for the proposed account 1.41%	Yes, for advisory accounts, the advisory fee should be added to the above average annual expense ratio to determine the Total Annual Fee.
25	Fees	What if I am moving from an EQUI-VEST 403(b) to an advisory IRA. Do I use the same .93 as in the 201 and do I include m&e as part of the fee?	If the 403b is non-ERISA, the DOL rules don't apply. If it is ERISA, they do. Follow the protocols outlined in the DOL Total Annual Fee Determinations Guide that is on the DOL microsite.
26	Fees	If the employer picks up the service provider fees for the 401k plan, AUM 150mil, and the participant only pays the underlying fund fee, 14bps, how do we disclose that on the client profile? 36bps or 14bps?	You should disclose the underlying fund fee of 14bps. Admin fees vary by plan and can also be subsidized or flat fee based. We disclose this and rely on the net expense ratios.
27	Fees	What if the IRA is a fixed annuity going to a variable annuity? The fixed annuity has no fees and out of surrender.	You should use 0.00% as the net expense ratio for the existing account. Please refer to the DOL Total Annual Fee Determinations Guide on the DOL intranet site for detailed instructions on fee scenarios.
28	Rollovers/ Contributions	So we can't rollover assets from a 401k anymore without getting a statement? Sometimes, clients have no idea how to get access to it.	Correct. FPs are responsible to conduct fact finding prior to making recommendations. Plan account statements are part of that important process.
29	Rollovers/ Contributions	How do you justify all of the above if the client has funds that underperform? This would be on their 401k balance.	The DOL has enacted these procedures to ensure that recommendations to clients are in their best interest. Fees and performance are both important factors in your recommendation.

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30	Rollovers/ Contributions	In a joint work case, do both FPs need to have mirror files, or only the OSA?	All FPs are to have access to client files for which they are commissioned agents. This includes paper and electronically stored files.
31	Rollovers/ Contributions	How can our actions make a client's rollover a taxable situation? Does our E&O provide an extra layer of cover for these situations?	This is the DOL's "hammer" to get the industry to comply with the new rules. Non-compliant rollovers/transfers run this risk however unlikely it may be enforced. Yes, our E&O insurance does cover DOL-related rollover/transfer recommendations.
32	Disclosures	Has anyone at EQH thought about simply changing our forms/client disclosure to read something along the lines of, "you will be paying a higher fee moving to your new EQH platform"?	Yes, this is discussed in the client letter and other required disclosures. However, disclosure alone does not satisfy the exemption requirements.
33	Disclosures	How about a simple client attestation that you did this?	Disclosure alone does not satisfy the exemption requirements.
34	Death Claims	Is it the same process when doing a death claim from an IRA?	Yes, if the client's death in either an ERISA plan account or IRA results in transferring assets into a beneficiary IRA. The DOL rules still apply as it doesn't make a distinction for ownership changes.
35	Death Claims	Sometimes death claims involve shares are split between beneficiaries. How is this handled?	The FP should handle multiple beneficiaries by focusing on each beneficiary individually.
36	Death Claims	Are there differences for spousal vs non-spousal death claims as well?	No.
37	Death Claims	Some 401k or IRA's are forced to convert to Beneficiary in their name and there are new fees.	Correct. This would not trigger DOL rules on the FP's part unless they rollover/transfer those assets elsewhere.
38	Other	I appreciate all the effort that has been put into simplifying this process. Is there significant pushback to the DOL from our industry of the incredible burden and expense that is required to meet their draconian requirements? Every survey/study shows that investors who work with advisors perform better than on their own. These requirements just seem to undermine the help that we provide.	Yes, the firm, by itself as well as together with its industry peers, expressed directly to the DOL the difficulty in meeting the obligations of the exemption and the lack of vendor solutions. In response the DOL extended its deadline for compliance by a few weeks but made no substantive changes to the exemption.
39	Other	Where can we find the DOL site?	A link to the DOL/Reg BI page is available on the first page of the Advisor Portal.

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40	Other	Can the new Client Profile be placed to the DOL microsite? Last one I used was not fillable - so, can it be fillable PDF to speed up manual applications?	A fillable Client Profile is available in eDOX. LPL ClientWorks NAO Client Profile Supplements are not available outside of ClientWorks. If they were, FPs would still be required to complete the ClientWorks version.
41	Other	where exactly is the 'fee cheat sheet' that helps with calculation?	The DOL Total Annual Fee Determinations Guide is available on the DOL/Reg BI microsite on the intranet's landing page.
42	Other	This makes me not really want to bring in new business and just focus on managing my existing clients accounts and allow them to grow to increase my business rather than gather new assets.	The purpose of the exemption requirements is to ensure that rollovers are in the client's best interest.
43	Other	Can the contents of this chat be saved and distributed as well? Might be a nice reference to others' questions and comments.	Yes, these questions and answers are based on questions from the DOL All Field Calls.
44	Other	Where is the link to the DOL Fee Guide to get to DOL website for 5500's?	The link to the DOL Total Annual Fee Determinations Guide is available on the DOL/Reg BI microsite on the intranet's landing page.
45	Other	I am overwhelmed! I need a PTE for dummies!	The DOL/Reg BI microsite on the intranet's landing page has a host of resources that have been prepared to help you comply with the exemption. There is also a DOL folder in eDOX (path is Compliance > DOL) with these resources.
46	Automation	All of this should be automated with a company of this size.	There is not a vendor solution that can integrate within our different systems to offer automation.
47	Client Profile	When is the new profile being released?	The new Client Profile will be released in the coming months. An exact date has not yet been determined.
48	Client Profile	The Client does not have to sign a client profile for a LPL account.	A client acknowledgement has just been added to the new account application. As a best practice you may also opt to have the client sign the Client Profile for LPL accts.
49	Client Profile	Can the Client Profile be considered an acceptable substitute for the Reg BI Recommendation to an Existing Account Form (REAF)?	Yes, because of the new ERISA Plans and IRA rollovers section, TAFs and REAFs are no longer required for DOL rollover/transfer transactions. However, TAFs and REAFs are still required for non-DOL transactions and RAFs always apply.

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50	Client Profile	I'm confused about IRAs in ClientWorks/LPL. If the client eSigns the new account forms including the supplement, do we still have to complete the full Client Profile?	The Client Profile Supplement is all you need for LPL accounts. The firm streamlined the Client Profile by removing duplicate information, so the CP Supplement has less non-relevant information than the full Client Profile.
51	Client Profile	For LPL accounts, do we need the Client Profile Supplement and the full Client Profile?	The CP Supplement is all you need for LPL accounts. The home office and LPL worked hard to reduce duplicate info, so the CP Supplement has less info that you are used to.
52	Client Profile	How do I complete and view Client Profile Supplements in Client Works?	For existing accounts, go to the account in ClientWorks and use the dropdown menu to select "Forms" to complete a Client Profile Supplement. It will be interactive and will save in the Documents tab.