

Introducing the New CBSI Rollover Analysis Tool

From Tim Halevan, Chief Compliance Officer, CUNA Brokerage Services, Inc.

As part of our on-going effort to help advisors provide the best advice possible to their members/clients, CBSI is introducing a new tool called the Rollover Analysis Tool. This tool was created to help advisors have a conversation with their members to make a determination if an IRA Rollover is appropriate for them. **Advisors should complete this Rollover Analysis Tool for each new rollover (401k to IRA) that is done after June 14th, 2017. For all other types of transfers, advisor will continue to use their usual assessment and evaluation process in deciding what to recommend.**

Why do we need a "Rollover Analysis Tool"?

For some time now regulators have placed an increased emphasis and scrutiny on 401k rollovers to IRA's, stating that in some cases rolling those assets into an IRA is not the most appropriate thing to do. The concern is that, as a result of the rollover, the advisor collects a commission or other compensation for that recommendation while the member/investor could end up paying higher fees, have fewer options, or have an additional tax burden compared to leaving the assets where they are or moving them to a new 401k plan.

The new Rollover Analysis Tool makes it easy for you.

In order to make a recommendation to roll over the assets into an IRA, there are a number of factors to be considered in order to make a determination on the appropriateness of a rollover. In addition, each member's situation may be different, so what is important to one, may not be important for another. The new Rollover Analysis Tool helps the advisor walk through those discussion points with their member in an easy to read and understand format to gather the necessary information to make that decision. For example, one of the questions on the tool states:

How important are loan provisions or other unique withdrawal privileges associated with your plan? ?

- ☐ Very important
- ☐ Somewhat important
- ☐ Not important

That is a fairly broad question, which could encompass a number of topics. To assist, we have included Help Text which can be used to assist in answering the question. For example, does the client have unrealized gains in company stock which should be considered? Can the client qualify for Age 55 Separation from Service exemption and avoid the 10% early withdrawal penalty? Or does the client currently have a loan against their 401k balance? These, and many other key questions, are covered by the tool and will help the advisor and member understand the pros and cons of a potential rollover.

Specific or Benchmark Fee Comparison Available

As noted above, one of the items to be considered is the fees for both the 401k and the IRA. We realize that an advisor or member will not always have access to the specific fees and expenses associated with their plan. Therefore, CBSI has created a way to compare both specific plan fee information as well as a benchmark comparison. As an advisor, you should first attempt to gather the specific fees as that will provide the most accurate comparison. You will need to enter the member's current balance in the plan as well as the member's total bundled expenses of the plan. However, we understand that gathering the specific plan information may not always be possible. To make this as easy as possible, the benchmark comparison will ask for the member's current balance in the plan along with an estimated number of participants in the plan. For fees associated with the IRA that the advisor is recommending, the advisor will be able to enter those directly in to the tool.

Electronic Scoring provides overall recommendation

As you go through the tool by yourself or with the member present, the questions are scored. Once you have completed all of the questions and reviewed them for accuracy, an advisor then selects the "Analyze" button. The tool will then review the answers from each of the questions and provide an overall recommendation. Generally speaking, if you get the following message a rollover is appropriate for the member



A Rollover Analysis has been completed for the following retirement plan and it appears rolling those funds into an Individual Retirement Account (IRA) may help you in meeting your needs.

Generally speaking, if you get the following message a rollover may or may not be the most appropriate thing and it may be time to discuss other options, or perhaps some additional review is needed to clarify any confusion regarding the answers collected.



A Rollover Analysis has been completed for the following retirement plan. Based on your responses, we should have some more discussion before deciding what to do with this money.

Although a coordinator or other support staff will have visibility into the tool and have the ability to "Save as Draft", only an advisor will have access to the "Analyze" button which completes the request.

How to Access the Rollover Analysis Tool

To access the tool, advisors will go to the Salesforce and find the appropriate contact record. On the contact record there will be a section called "External Links" where you should see a link to the Rollover Tool.

▼ External Links

[Rollover](#) [Rollover Tool](#)

There will be more communication and training which will discuss the new Rollover Analysis Tool in more detail and provide more in-depth training on the topic. Please contact your Supervising Principal or the CBSI Compliance Department with any questions regarding this communication. You may contact the **CBSI Compliance Department** at 800.356.2644 ext. 483.1927.

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