

# Single Point of Contact Fiduciary Solutions



*Protect Your  
Blind Spot™*

**Serving as Independent Fiduciaries for Qualified Retirement Plans  
and Retirement Plan Advisors Since 2004**

**Fiduciary Firewall**  
CONSULTING Protect Your  
Blind Spot

**Fiduciary Firewall**  
ADMINISTRATORS Protect Your  
Blind Spot

**Fiduciary Firewall**  
ADVISERS Protect Your  
Blind Spot

# Core Services in the Fiduciary Firewall<sup>SM</sup>

Since 2004, we've offered a complete range of independent fiduciary services that save companies time and money while simultaneously reducing risk and improving employee wellbeing. This is accomplished by using a transparent process that **[A]** Identifies and eliminates hidden and excessive fees, **[B]** properly manages fiduciary risk and conflicts of interest, and **[C]** optimizes plan performance and participant investment behavior.

We offer three well-defined consulting services that fit the needs of most employers. These are described below.

## Total Fiduciary Solution<sup>SM</sup>

A single point of contact and fully transparent solution that allows Plan Sponsors to outsource nearly all of their day-to-day plan management responsibilities and fiduciary liability. FFC is the certified fiduciary responsible for coordinating a plug-n-play team of independent fiduciaries, investment advisors, and subject matter experts to provide all the following services.

- Plan Administration as §3(16) Fiduciary
- Plan Investment Management as §3(38) Fiduciary
- Participant Investment Advice as §3(21) Fiduciary
- Plan Level Fiduciary Compliance and Governance Oversight as §3(21) Fiduciary

Total fee transparency and the use of independent recordkeepers and institutional custodians not involved in the manufacture of financial products or the bundling of plan services helps avoid conflicts of interest and excessive fees, while properly mitigating fiduciary risk.

Our Total Fiduciary Solution is currently installed with 50+ employers who have 85+ worksite service locations in Michigan, Ohio, Indiana, Kentucky, Florida, and Georgia.

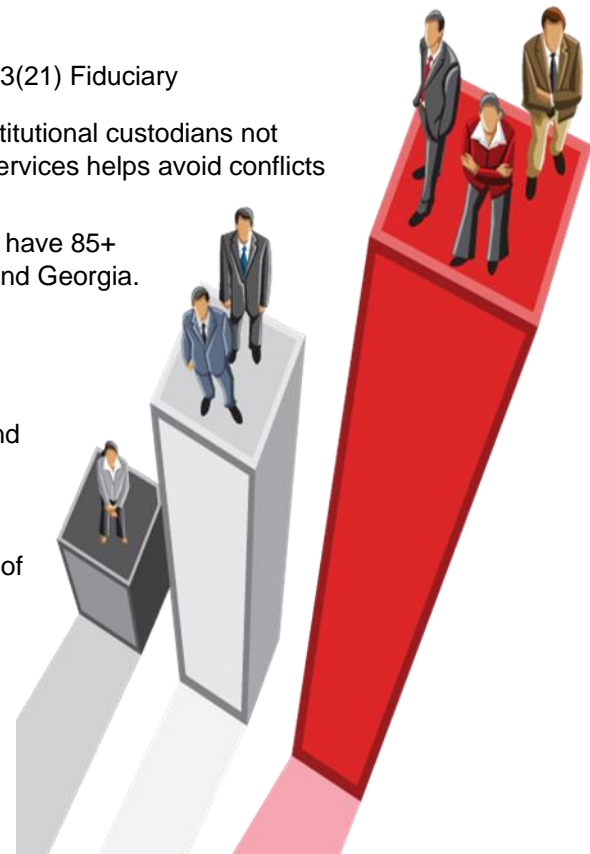
## FeeInsight<sup>SM</sup>

A fee audit, analysis, and benchmarking study that compares plan fees and service provider compensation against the average paid by similar sized plans. In addition to peer group benchmarking, total plan fees are also compared against the *absolute baseline internal fiduciary cost* of plan operations. This computation produces a dollar-based, cost-plus analysis of the services currently being provided to the plan.

FeeInsight<sup>SM</sup> is designed to help Plan Sponsors fulfill their ongoing obligations under ERISA §408(b)(2) to document and monitor total plan fees. Findings are issued along with an opinion letter regarding the reasonableness of plan fees.

## FiduciaryInsight<sup>SM</sup>

A formal fiduciary assessment of a plan's operations, investments, and governance that serves as a Department of Labor audit simulation. Includes a 141-point ISO-style conformance flow chart that integrates the formal Standards and Practices defined by the Center for Fiduciary Studies, DOL audit protocols, and fiduciary best practices, FiduciaryInsight<sup>SM</sup> identifies shortfalls and provides specific recommendations for needed corrections.



If you need assistance with a project or concern not covered by the services described above, let us know. We'd be happy to provide a quote that meets your needs.

# The Foundation of the Fiduciary Firewall<sup>SM</sup>

## Experience

The principals of Fiduciary Firewall<sup>SM</sup> have been serving as independent fiduciaries for qualified retirement plans since 2004.

In 2004 they designed the first Total Fiduciary Solution<sup>SM</sup> and implemented it for a large multi-employer 401(k) plan that included the A&P/Farmer Jack grocery store chain with over 7,000 eligible employees.

Today, Fiduciary Firewall<sup>SM</sup> has installed its Total Fiduciary Solution<sup>SM</sup> in over fourteen plans that involve 50+ employers with 80+ worksite service locations in Michigan, Ohio, Indiana, Kentucky, Florida, and Georgia.

Services include ERISA §3(21) Plan Governance and Compliance, ERISA §3(38) Investment Management, ERISA §3(16) Administrative Fiduciary, and ERISA §3(21) Participant Investment Advisory services.

The Fiduciary Firewall<sup>SM</sup> process has been successfully tested in actual Dept. of Labor audits.

## Adherence to Legally Defined Standards

The internal controls and fiduciary processes that will be used in the governance and oversight of the Plans and their investments are based on those documented in the *Prudent Practices for Investment Stewards* (“Handbook”) published by fi360 and the Center for Fiduciary Studies.

The Handbook has served as a basis for refinements to our processes since 2004.

Fiduciary Firewall Consulting’s founder served as a contributing editor for the revision of the Handbook.



## ISO Certified Fiduciaries

In 2011 the Centre for Fiduciary Excellence (CEFEX) awarded Fiduciary Firewall Consulting<sup>SM</sup> the *Fiduciary Support Services Certification* (#CFX10128). It has been renewed each year since.

Fiduciary Firewall Consulting<sup>SM</sup> was the 2<sup>nd</sup> firm in USA to receive CEFEX’s *Investment Support Services Certificate* (#CFX10319) and the 62<sup>nd</sup> firm to complete any of the “ISO-based” audits and peer review assessments conducted by Centre for Fiduciary Excellence ([www.cefex.org](http://www.cefex.org)).

CEFEX is an independent global assessment and certification organization whose assessment process is based on ISO 19011 and is conducted in accordance with ISO 17021. CEFEX certification provides an independent due diligence and verification of a firm’s qualification to serve as an independent fiduciary.

Fiduciary Firewall Advisers, Inc.<sup>SM</sup> completed its initial CEFEX assessment in 2016 and was awarded the CEFEX *Investment Advisor Certificate* (#CFX10128). Fiduciary Firewall Advisers, Inc.<sup>SM</sup> was the 72<sup>nd</sup> investment firm in the USA to receive CEFEX’s Investment Advisor Certificate, and 1 of only 4 in Michigan to have completed this fiduciary certification process.



# Key Features of What We Do for Plan Sponsors

The Total Fiduciary Solution<sup>SM</sup> is a modular and fee-only program that allows clients to outsource nearly all of the day-to-day plan management and fiduciary responsibilities associated with their qualified retirement plan.

Fiduciary Firewall Consulting<sup>SM</sup> is the CEFEX-certified fiduciary responsible for coordinating and overseeing a team of independent service providers, investment advisors, and fiduciaries.

Delivered as a single-point-of-contact solution, the Total Fiduciary Solution<sup>SM</sup> saves employers time and money, while reducing risk and potential liability, and improving participant results. Key features of the Total Fiduciary Solution<sup>SM</sup> include:

## Absolute fee and expense transparency

Engaging in revenue sharing or other pay-to-play arrangements with your plan's investments or other service providers is contractually prohibited. This has been our policy since 2004.

## Total absence of proprietary or preferred funds

We use independent recordkeepers-administrators who are not affiliated with the manufacture or distribution of investments used in your plan. This avoids conflicts of interest which can negatively impact fees and/or quality.

## Flat-dollar fee structure eliminates the windfall service providers receive when charging a percentage-of-assets fee

Our 3-year flat-dollar fee results in a reduction of your plan's effective fee rate as the plan grows in value over time.

## Service contracts feature an explicit and affirmative declaration of fiduciary status for a specified list of services and an industry leading indemnification clause

Iron-clad contracts eliminate the wiggle room allowed by vague language and legal hair-splitting that often leaves employers "holding the bag".

## Each team member providing fiduciary services maintains a Lloyd's of London policy specifically covering its service as a plan fiduciary

This provides an added layer of protection to our best in class processes and procedures.

...Furthermore, FFC indemnifies the Plan Administrators and Trustees against Claims incurred that are a result of fiduciary breach(s) and liability under ERISA §404(a) that would not have been incurred but for engaging FFC's service and (i) result from FFC's own actions, or (ii) result from Client's following of FFC's advice and recommendations

In 2011 AON/Hewitt released a study of which documented that 401(k) participants who utilized fiduciary investment services earned 2.92% more per year than do-it-yourself investors.

A 2014 study by Vanguard found similar results.

Managed 401(k) Strategies ("model portfolios") that use the plan's investments are listed as a distinct plan investment option to all participants and are available at no extra cost Making it easier for employees to hand-off investment management responsibility for their account will reduce stress and anxiety while improving performance.

## High-touch service model featuring quarterly on-site service visits and "office hours"

Face-to-face service improves benefit satisfaction, facilitates top of mind service issues, and brings assistance to those employees who might be reluctant to seek help.

# How We Do It

We are responsible for the assembly and oversight of the team of certified fiduciaries for your Plan. This team will save you time and money while reducing the likelihood of unintentional fiduciary violations. Once implemented, the Total Fiduciary Solution<sup>SM</sup> requires only a minimal amount of the employer's staff and executives time per year.

Plan Management and Governance Responsibilities	Client	Fiduciary Firewall <sup>SM</sup>		
		Consulting	Administrators	Advisers
Withhold salary deferrals from participant paychecks and apply employer match (if applicable)	●			
Email report listing contributions or				
Authorize us to download file direct from payroll site (Will send email to employer to confirm amount)	●		●	
Validate and load contribution file into recordkeeping system and initiate automated transfer of contributions			●	
Monitor contribution process and prepare reports to monitor accuracy and timeliness of transmittal of funds			●	
Distribute supplied inserts along with paychecks	○			
Schedule, coordinate, and prepare the agenda for quarterly trustee meetings		●		
Prepare plan monitoring and oversight reports for presentation at trustee meetings		●	●	●
Attend trustee meetings	1 hour per meeting	●		●
Prepare minutes of trustee meeting		●		
Execute and document plan's ongoing compliance with established fiduciary requirements		●	●	●
Authorize participant loan and distribution requests			●	
Maintain participant documents and files	○		●	○
Process participant investment transactions			●	
Maintain participant website & daily valuation of participant accounts			●	
Develop and maintain plan Investment Policy Statement		●		●
Provide personalized investment advice and consultation to plan participants (no extra charge)				●
Provide portfolio management and asset allocation services to plan participants (no extra charge)				●
Monitor plan investment activity and conduct ongoing due diligence of plan investment options				●
Assume project management responsibility for completion of annual plan audit		○	●	
Compile preliminary plan audit, interface with plan auditor, and reconcile discrepancies			●	
Distribute and document distribution of annual safe harbor and other required notices to plan participants			●	
Prepare annual Form 5500 tax return and audit documents			●	
Sign annual Form 5500 tax return	○		●	



# Brian S. Lakkides, AIF®

Founder and Managing Director, Fiduciary Firewall Consulting, Inc.

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## Education

Kalamazoo College, 1992  
*Economics, Departmental Honors*

## Articles and Publications

*Service Provider Selection and Oversight: What Were You Thinking?* (Journal of Pension Benefits, Issue 19, Vol. 3)

*Preparing for 2012 Plan Year Audits: Help Your Clients Avoid Prohibited Transactions Related to the New Fee Disclosure Regulations* (Business Edge, Vol. 10, No. 2 – Michigan Association of CPAs “MACPA”)

*Complying with and Leveraging the New 401(k) Fee Disclosure Regulations* (The Business Edge, Vol. 9, No. 7 – MACPA)

*Flat-Dollar Cost-Plus Fees as an Alternative to Percentage of Asset Pricing*

*Revenue Sharing: A Fiduciary Danger Zone* (The Business Edge, Vol. 4, No. 9 - MACPA)

*Plan Sponsors Take Note – You Are a Fiduciary* (Corp! Magazine, August 2009)

## Other Public Contributions

External reviewer and contributor to the revision of the *Prudent Practices for Investment Advisors Handbook*

External reviewer and contributor to the revision of the *Prudent Practices for Stewards Handbook*

Mr. Lakkides' years of service as an independent fiduciary and his success in guiding clients through DOL audits make him uniquely qualified to help employers save time and money, while properly managing fiduciary risk.

## Notable Speaking and Professional Continuing Education Engagements

- National Association of Plan Advisors – 2014 401(k) Summit (New Orleans)
- State Bar of MI Taxation Section – 26<sup>th</sup> Annual Tax Conference (2013)
- Fi360 National Conference (2013)
- International Foundation of Employee Benefits Plans – 32<sup>nd</sup> Annual ISCEBS Employee Benefits National Symposium (Boston, 2013)
- Institutes for Human Resources – Cost Containment, Audits and Execution (2012)
- Metro Detroit Fiduciary Education and Compliance Symposium (2007 & 2012)
- Michigan Association of CPAs – Professional Education Conferences (2011-2014, 2017-2018)

## Profile

Since graduating from Kalamazoo College, Mr. Lakkides has focused his professional life on advocating for the fiduciary standard of care, serving as an independent fiduciary for ERISA plans and private clients, and educating the sponsors and trustees of pension plans, trusts, and foundations and the professionals serving them. In 2007 Brian became one of the first two thousand professionals nationwide to receive the Accredited Investment Fiduciary® certification from the Center for Fiduciary Studies and fi360.

Reacting to conflicts of interest and the lack of fee and operational transparency he witnessed within corporate defined contribution (“401(k)”) retirement plans, Brian de-constructed the 401(k) business model in 2004 and began development of the fully transparent fiduciary risk management process that later became known as the Fiduciary Firewall<sup>SM</sup>. Mr. Lakkides also pioneered the development of a process for computing the *absolute baseline internal fiduciary cost*<sup>SM</sup> of plan operations (a dollar-based, cost-plus analysis of the services actually being provided to the plan and plan participants) and the methodology for applying a cost-plus flat-dollar fee structure to corporate retirement plans.

Today, the Fiduciary Firewall<sup>SM</sup> has been formalized as a consultative process comprised of three distinct risk management and fiduciary compliance solutions:

- **FeeInsight<sup>SM</sup>** – A retirement plan fee audit and benchmarking study that includes an Executive Level fiduciary compliance and due diligence analysis.
- **FiduciaryInsight<sup>SM</sup>** – A Department of Labor Audit Simulation and fiduciary compliance assessment that integrates standards developed by the Foundation for Fiduciary Studies and DOL audit protocols.
- **Total Fiduciary Solution 401(k)<sup>SM</sup>** – A Single Point of Contact and Fully Outsourced Fiduciary and Daily Plan Management Solution for qualified retirement plans

# Professional References

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Certificate #CFX10319



CEFEX (Centre for Fiduciary Excellence) is an independent global assessment and certification organization that has conducted a voluntary third-party assessment of FFA's books and records to evaluate Fiduciary Firewall Advisers' ("FFA") adherence to a defined fiduciary standard. The CEFEX assessment process is based upon ISO 19011 – an international standard and guideline for auditing management systems. More information about ISO 19011 can be found at [www.iso.org/standard/70017.html](http://www.iso.org/standard/70017.html). The CEFEX audit process is set forth at [www.cefex.org/process.shtml](http://www.cefex.org/process.shtml).

CEFEX charges a fee to cover costs related to the initial and annual certification audit. FFA's fee for the initial certification audit in 2016 was \$5,000 plus travel costs and the fee for annual recertification audits has ranged from \$2,000 to \$4,000 plus travel costs. The fees paid do not have any bearing on the outcome of the audit or the determination of the CEFEX Registration Committee. Furthermore, FFA did not pay any additional fees after receiving certification in order to use the CEFEX mark or otherwise to refer to its certification.

Receipt of the CEFEX certification is not indicative of FFA's future performance, or any future performance pertaining to its clients' investments and should not be construed by a client or prospective client as a guarantee that they will experience a certain level of results if FFA is engaged, or continues to be engaged to provide investment advisory services. CEFEX certification should not be construed as a current or past endorsement of FFA by any of its clients. To FFA's knowledge, any investment adviser may seek certification from CEFEX. According to CEFEX, approximately 95% of firms that undergo assessment are determined to be in conformance with the defined fiduciary standard and are granted certification. For more information on CEFEX, please visit [www.cefex.org](http://www.cefex.org).