

Discretionary Trustee Services

An Overview for Plan Sponsors

With the ever-changing rules governing retirement plan many plan sponsors are looking for ways to reduce their liability and risk.

Busey Wealth Management has a solution for these plan sponsors. By acting as discretionary trustee, we assume much of the responsibility on behalf of the plan sponsor while serving as a plan fiduciary. Busey Wealth Management's retirement plan professionals have many resources and also expertise regarding retirement plans from which plan sponsors can benefit. Highlighted below is a list of some of the duties and responsibilities that Busey Wealth Management handles as a discretionary trustee:

Investment Services

- Investment Policy Statement development and ongoing review
- Investment selection and ongoing analytical review of investment options
- Implementation and maintenance of Employee Retirement Income Security Act (ERISA) 404(c) compliance
- Asset allocation recommendations and modeling
- Management of plan assets

Plan Administration Services

- Act in accordance with ERISA and Department of Labor (DOL) regulations
- Timely filing of notices to participants and DOL
- Work directly with auditors to answer questions regarding the plan and help gather necessary audit information
- Liaison between third-party administrator (TPA), custodian and plan sponsor
- Review plan options as new legislation may establish opportunities
- Evaluation and full disclosure of plan fees
- Help plan sponsor perform on-going due diligence and annual review

Participant Services

- Provide employee/participant investment advice and retirement planning education
- Respond to employee/participant questions and needs with ongoing communication and education
- Assist with distribution planning for employees/participants

Investment Services

1. Investment Policy Statement development and ongoing review

To ensure that the appropriate investments are chosen, we jointly develop an Investment Policy Statement for each plan. This document states how the investments are chosen, how often they are reviewed, and the process to remove/change investments. The Investment Policy Statement confirms the desired level of diversification and how it is achieved using different asset classes and investment options.

If a traditional pooled plan is desired, Busey Wealth Management will custom-design the investments based on the average age and risk tolerance of the plan as a whole. The Investment Policy Statement will be monitored and reviewed to assure that it remains appropriate and valid over time.

2. Investment Policy Statement development and ongoing review

ERISA and DOL have specific requirements for plan investment options, especially in regard to participant-directed plans. Not only does DOL require the use of modern investment theories, but it also mandates that the funds provide the proper level of diversification. The prudent man rule states that plan fiduciaries should act and make decisions in a manner consistent with a prudent, knowledgeable person.

Busey Wealth Management has a team of highly trained investment professionals that will make prudent decisions regarding decisions related to plan assets. Busey Wealth Management has the tools available to monitor and select the appropriate funds to provide compliance and diversification. We utilize both quantitative and qualitative criteria in our analysis and monitoring of the investment options. For pooled plans, Busey Wealth Management will develop a custom-tailored asset allocation and manage the asset mix relative to its objectives over time. Busey Wealth Management has the ability to utilize multi-family mutual funds for participant-directed plans. The funds are monitored and replaced as deemed necessary.

3. Implementation and maintenance of Employee Retirement Income Security Act (ERISA) 404(c) compliance

ERISA Section 404(c) provides protection for fiduciaries of participant-directed plans. Section 404(c) provides relief for participant losses only if certain requirements are met. There are 20-25 requirements to maintain compliance with this safe harbor feature.

Busey Wealth Management as trustee can be the appointed 404(c) fiduciary and manage these requirements to assure maximum liability protection to the plan sponsor.

4. Asset allocation recommendations and modeling

Busey Wealth Management's Investment Team is skilled in building recommended portfolios of mutual funds based on levels of risk and time horizons. These recommended portfolios can be added as investment choices for participants. The portfolios are diversified over an appropriate range of investments, can be rebalanced on a recurring basis, and can be customized by risk or age.

5. Management of plan assets

While many retirement plans now have a 401(k) feature to allow participants to direct their own investments, some companies have plans that require an investment company to manage the assets with specific risk and return requirements. Defined benefit pension plans and pooled profit sharing plans are managed by an investment company to achieve the desired results.

Busey Wealth Management has a long history of managing defined benefit pension plans and pooled profit sharing plans in a variety of stocks, mutual funds, and bonds. Using various resources and expertise, we will custom-design an investment portfolio that is well-diversified with an asset allocation specific to each retirement plan.



Plan Administration Services

1. Act in accordance with all ERISA and Department of Labor (DOL) regulations

It is difficult for many plan sponsors to stay up to date with the ongoing changes which may affect their retirement plans. There are new laws created and changed every day which require a certain level of expertise, education and resources to interpret them. One of the latest enactments, the Pension Protection Act of 2006 (PPA), was over 900 pages long and covers changes that take place through 2011! Guidance is still being issued regarding the PPA, and as a result, implementing the rules is a constant process.

Busey Wealth Management will work with the third party administrator to interpret the plan documents, verify that the documents are changed as required, and ensure the plan document is compliant with regulations. As a discretionary trustee, Busey Wealth Management will also approve loans, hardships, and Qualified Domestic Relations Orders. The laws and regulations that govern these special types of distributions cannot be taken lightly and can result in expensive penalties if not properly administered and documented.

2. Timely filing of notices and forms to participants, DOL and IRS

Depending on the type of retirement plan and features of the plan, there are certain notices that are required to be provided to participants and even eligible employees that are considering participation. Distributions require tax forms be sent to participants and the IRS.

Busey Wealth Management will send the appropriate tax forms to the participant, file the form with the IRS, and also advise the plan sponsor on the filing of other participant notices.

3. Work directly with auditors to answer questions regarding the plan and help gather necessary audit information

For plans with more 100 participants, an annual audit is required. If the plan utilizes an outside institutional trustee, the plan sponsor may benefit from the lower costs of a limited scope audit.

Busey Wealth Management will work with the auditors to answer questions on behalf of the plan sponsor. The trust statements provided by Busey Wealth Management may allow the plan sponsor to have reduced annual audit costs as they are specifically designed to aid auditors. Busey Wealth Management maintains copies of required documents for the annual audits.

4. Liaison between third-party administrator (TPA), custodian, and plan sponsor

The third-party administrator provides the documents, participant account valuation, statements and plan testing. They often send distribution packets to terminated participants. It can be confusing for participants and employers to know who to call with what type of questions.

Busey Wealth Management prefers to be the primary contact for all plan questions. If a question needs to be referred to the TPA, Busey Wealth Management will conduct the communication and respond back to the plan sponsor or participant. This eliminates the question of who to call. Also, the relationship can be streamlined once Busey Wealth Management understands the needs and concerns of the plan sponsor. The TPA and custodian will also call Busey Wealth Management with questions about the client. Most likely, Busey Wealth Management will know the answers to the majority of questions as the relationship matures. This will reduce the interruptions to the plan sponsor for routine questions; the one point of contact will reduce time and confusion. Busey Wealth Management will also monitor the TPA and custodian to be sure that all parties are acting in an efficient and united manner.

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5. Review plan options as new legislation may establish opportunities

As new laws are enacted and interpreted regarding retirement plans, opportunities to make changes or add provisions to existing plans could present themselves. For example, the Pension Protection Act of 2006 established new plan provisions that are still being restated into documents. Plan sponsors need to be aware of these opportunities as they arise because they may present a solution to issues the plan has been experiencing.

Busey Wealth Management has the resources available to stay on top of the changing regulations and can present them to the plan sponsor. Since not all changes are relevant to all types of plans, Busey Wealth Management is able to determine the appropriate options and work with the plan sponsor for consideration. As business dynamics change, Busey Wealth Management may suggest new plan types that are better suited for the needs and desires of the employer.

6. Evaluation and full disclosure of plan fees

Of course, plan expenses and fees are extremely important to plan sponsors and participants. Fee disclosure is also important to the Department of Labor. It is critical to have a full understanding of all fees related to a plan.

Busey Wealth Management believes and promotes full fee disclosure of plan fees and expenses and has been working with various parties to reduce plan-related fees. Some employers prefer to pay all expenses themselves and others choose to have the plan pay most of the expenses. Regardless of the decision, Busey Wealth Management can develop a fee strategy that will meet the needs of both the plan sponsor and participants.

7. Help plan sponsor perform on-going due diligence and annual review

Although having a discretionary outside trustee protects the plan sponsor of the majority of liability and fiduciary responsibility, there are still due diligence efforts required of the plan sponsor.

Busey Wealth Management has developed a checklist of required items to be reviewed annually to help plan sponsors meet their due diligence requirements. Items on the list include review of plan operations, participant education, investment monitoring, and plan document evaluation. The checklist will be reviewed at an annual meeting with the retirement plan committee, and the minutes will be recorded for plan audits.

Participant Services

1. Provide employee/participant investment advice and retirement planning education

Employers obviously care for the financial well-being of their employees, especially as they near retirement, but employers also benefit from increased employee participation in retirement plans for other reasons. Retirement plans make employees more loyal to their company. Retirement plans can even be built to encourage longer employment. Highly-compensated and key employees are limited to the amounts they can defer for themselves in retirement plans.

Busey Wealth Management provides extensive employee education to encourage enrollment and retirement saving. Busey Wealth Management can provide group enrollment/education meetings and one-on-one participant consultations. The communication can also be customized to target particular employee groups. The education meetings cover a range of topics from the benefits of participation, investment education and estimates of how much to save. Busey Wealth Management has had much success with not only increased participation rates but also with increased participant understanding of the importance of retirement planning and saving.

2. Respond to employee/participant questions and needs with ongoing communication and education

Employees often have questions about retirement planning that they do not feel comfortable discussing with employers. Also, some questions regarding the plan may be very specific and require extensive knowledge of plan documents and regulations.

Busey Wealth Management will answer employer/plan sponsor questions and also individual employee questions regarding plan details or an array of other financial questions. Busey Wealth Management has experts in every area of finance, including trusts, investments and tax. As a trust company, Busey Wealth Management is qualified to give specific investment advice to participants.

3. Assist with distribution planning for employees/participants

Distribution planning is one of the trickiest issues in preparing for retirement. There are many different planning opportunities for distributions from retirement plans. Retirement plans that hold employer stock, such as Employee Stock Ownership Plans and some Profit Sharing Plans, may have opportunities to reduce taxes.

Determining the appropriate beneficiaries, the right time to begin taking distributions and the best way to minimize taxes are a few of the issues which the professionals at Busey Wealth Management can assist participants with. Busey Wealth Management also has the resources to prepare extensive financial plans that are often beneficial for key employees, owners and their families.

If the discretionary trustee services offered through Busey Wealth Management sound of interest to you, please call 217.351.2741 to speak to a Retirement Advisor.