ICI ToRA Webinar

Fund-to-Fund Transfers of Retirement Assets:
DTCC’s Improved ToRA Service
Wednesday, September 8, 2010
ToRA Webinar Speakers

- Diane Butler (*moderator*), Director – Transfer Agency & International Operations, Investment Company Institute
- Rita Gribben, Director – WMS Product Management, DTCC
- Thomas Schmidt, Vice President, DST Systems, Inc.
- Beth Walker, Project Manager – Distribution Services, SunGard
- Adrienne Wassell, Supervisor – Retail Operations Processing, Vanguard
- Gloria White, Vice President, Director Operations, Capital Group Companies
ToRA Webinar – Discussion Topics

- What is ToRA?
- Benefits of Using ToRA
- TAAC ToRA Task Force
- New Resources for ToRA Users
- DTCC ToRA Enhancements
- Steps to Maximize ToRA Use
  - Maintain Accurate Information at DTCC
  - Update Systems
  - Adopt a Best Practice Mindset
  - Submit Complete & Accurate Transaction Requests
- Questions & Answers
- Closing & Follow-up
What is ToRA?

Adrienne Wassell
Vanguard
What is ToRA?

• Separate function within Fund/SERV, the industry standard for processing and settling mutual fund orders.

• Enables mutual fund companies to jointly initiate, acknowledge, confirm and settle the value of mutual fund shares held in fund sponsored IRA plans.

• Fund companies that are members of NSCC and participate in Fund/SERV can use the service.
Benefits of ToRA

• Reduces end to end cycle time for retirement Transfers
  ▪ Average ToRA transfer 3 days vs. manual transfer 13 days

• Increases efficiency and reduces the cost of transfers
  ▪ Decrease in paperwork and phone calls
  ▪ ToRA transfer costs are a fraction of manual transfer costs

• Reduces transfer errors
  ▪ Standardized format
  ▪ Reduces overall manual steps
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Please answer the polling question.

Thank you
ToRA Task Force

Thomas Schmidt

*DST Systems, Inc.*
ToRA Task Force

- Formed by the ICI Transfer Agent Advisory Committee
- Developed the following objectives:
  - Standardize ToRA use across the industry
  - Substantially reduce the number of rejected trades
  - Increase cooperation between funds
  - Increase ToRA use throughout the industry
- BDAC Transfers Working Group: Expand transfer capabilities on fund-to-broker and broker-to-fund transactions.
Resources Available for ToRA Participants

• Business Guide Best Practices
• Plan Type Matrix
• Systems Guide
• Master File Clean-Up document

Available through the DTCC’s Wealth Management Services at:
Resources Available for ToRA Participants

Business Guide Best Practices

• Outlines how to maintain your ToRA information at DTCC
• Discusses responsibilities of the Delivering and Receiving funds
• Reviews the new ToRA-specific reject codes
  ▪ Describes each code, in detail
  ▪ Provides examples of how each code should be applied
• Provides a sample Transfer of Assets request form
  ▪ Includes all necessary data elements to successfully request Transfers
## Resources Available for ToRA Participants

### Plan Type Matrix

- Quick-reference guide to plan type portability
- Easy-to-use tool for end users

<table>
<thead>
<tr>
<th>Transfer To</th>
<th>IRA</th>
<th>IRA Rollover</th>
<th>SEP IRA</th>
<th>Roth IRA</th>
<th>SIMPLE IRA</th>
<th>SAR-SEP IRA</th>
<th>Roth Conversion IRA</th>
<th>Traditional to Roth Conversion IRA</th>
<th>Inherited Traditional IRA</th>
<th>Inherited Roth IRA</th>
<th>Inherited Roth Conversion IRA</th>
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</table>
Resources Available for ToRA Participants

Systems Guide

• Provides high-level technical information for coding systems
• Standardized coding will reduce rejects due to inconsistencies between systems
• Addresses record layouts, including valid field entries
• Makes recommendations for updating user interfaces
Resources Available for ToRA Participants

DTCC Security Master File Clean-Up Procedures for Improvement of ToRA Processing

• Discusses the reasons behind the need for Master File Clean-up
• Reviews DTCC enhancements that pertain to Master File Clean-up
• Provides a step-by-step guide for how to clean up the DTCC Master File
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Please answer the polling question.

Thank you
ToRA Enhancements & Technical Resources

Rita Gribben

DTCC
DTCC Enhancements & Technical Resources

- Important Notice A#6819 – May 8, 2009
- Important Notice A#6874 – September 23, 2009
- New ToRA specific reject codes
- Updated record formats
- Funds act now to use the new functionality
- Systems Guide & Best Practices
- Master File Clean up document
Maintain accurate and up-to-date information at DTCC

- Security Issue Master File Updates
  - Remove “dead funds.”
  - Update Fund names to remove abbreviations when possible.
  - Update the Share Class specific field instead of using the name for this information.
  - Keep Fund ToRA eligibility status current.
  - Refer to the Master File Clean-up documentation on the DTCC website.

- Contact information
  - Update member Profile information with the most knowledgeable ToRA associates.
Update Systems for ToRA

Beth Walker
SunGard
Update Systems to use ToRA more efficiently

- **Security Issue Master File**
  - Receive file daily instead of weekly.

- **Implement Plan Type Matrix**
  - Have your System Provider update the plan type eligibility setting to accommodate the new Transfer of Assets as allowed by the Economic Growth and Tax Relief Reconciliation Act (EGTRRA).
    - The Plan Type Matrix is available on the DTCC website under Additional Manuals - ToRA.

- **Implement new ToRA Functionality**
  - Update Systematic reject processing to use the new ToRA specific codes.
    - When sending ToRA reject 704 – Invalid Plan Type, populate the Delivering Fund Plan Type (NSCC Important Notice A#6874).
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Please answer the polling question.

Thank you
Best Business Practices

Gloria White

Capital Group Companies
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• Adopt the Best Practice Mindset
  ▪ Approach each transaction with the shareholder’s best interest in mind
  ▪ Make ToRA the first choice – process in paper only if the transaction is not ToRA eligible
  ▪ Review current processes/procedures against best practices
• Adopt the Best Practice Mindset
  ▪ Reject trades only when:
    • Assets are not available
    • Delivering plan and receiving plan are incompatible according to the plan type matrix
    • Stop codes on the account prevent transactions from being completed
    • The shareholder’s identity cannot reasonably be verified:
      ▪ Use a “best three out of four” approach whenever possible
      ▪ Do not verify non-critical information, such as shareholder name or date of birth
Submit Accurate, Complete, and Viable Transaction Requests

- Gather all relevant shareholder data prior to submitting trades
- Obtain a copy of the shareholder’s account statement
- Necessary data elements include:
  - Account number
  - Investment positions
  - Plan type
  - Share balance and dollar value
- Confirm plan type portability prior to submitting trades
- Verify delivering fund ToRA participation prior to submitting trades
Follow-up Information

- www.ici.org
- Diane Butler – butler@ici.org
- Rita Gribben – rgribben@dtcc.com
If you wish to receive CPE credit, please contact Judy Lee in ICI’s Continuing Education Department.

Email jlee@ici.org

or

Call (202) 218-3575
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Thank you!