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

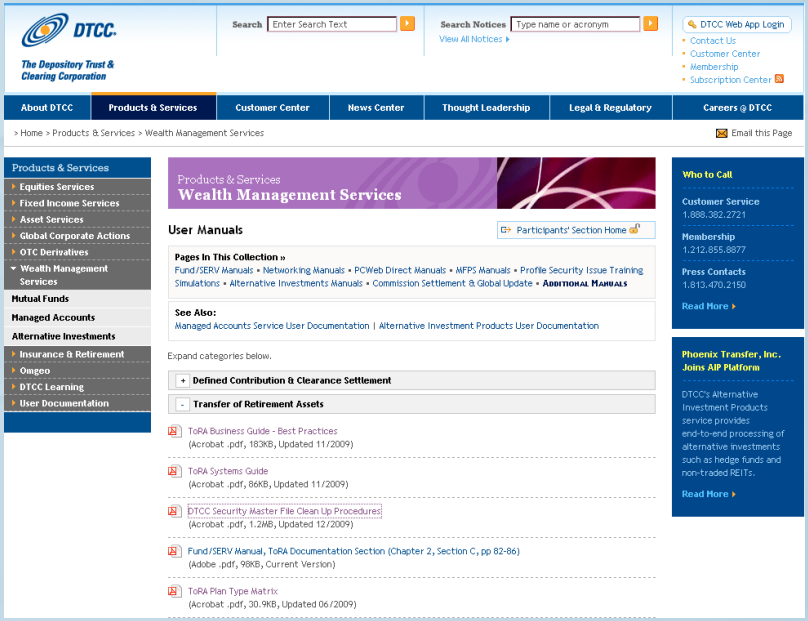
Thomas Schmidt
DST Systems, Inc.

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:

http://www.dtcc.com/products/wealthmgmt/members/manuals.php

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

		Transfer To											
Transfer From	Allowable Combinations	IRA	IRA Rollover	SEP IRA	Roth IRA	SIMPLE IRA	Coverdell Ed. IRA	SAR-SEP IRA	Roth Conversion IRA	Traditional to Roth Conversion	Inherited Traditional IRA	Inherited Roth IRA	Inherited Roth Conversion IRA
	IRA	Yes	Yes	Yes									
	IRA Rollover	Yes	Yes	Yes									
	SEP IRA	Yes	Yes	Yes									
	Roth IRA				Yes				Yes	Yes			
	SIMPLE IRA	Yes (after 2 years)	Yes (after 2 years)	Yes (after 2 years)		Yes							
	Coverdell Ed. IRA						Yes						
	SAR-SEP IRA							Yes					
	Roth Conversion IRA												
	Traditional to Roth Conversion				Yes				Yes	Yes			
	Inherited Traditional IRA										Yes		
	Inherited Roth IRA											Yes	
	Inherited Roth Conversion IRA												Yes

Resources Available for ToRA Participants

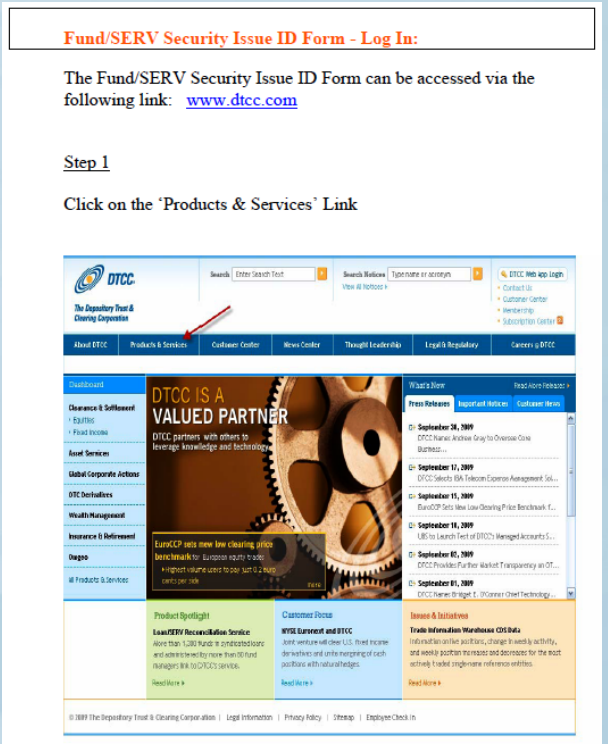
Systems Guide

- 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



Fund/SERV Security Issue ID Form - Log In:

The Fund/SERV Security Issue ID Form can be accessed via the following link: www.dtcc.com

Step 1

Click on the 'Products & Services' Link

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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
- http://www.dtcc.com/products/wealthmgmt/members/manuals.php

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

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- **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

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- **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

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Questions & Answers

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Follow-up Information

- www.ici.org
- Diane Butler – butler@ici.org
- http://www.dtcc.com/products/wealthmgmt/members/manuals.php
- Rita Gribben – rgribben@dtcc.com

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Thank you!