

One Pager Messaging Final

Why are you called The Cerrado Group?

Answer:

The first thing is that we didn't want the typical TPA naming conventions used in our branding. We wanted to call ourselves something unique that would cause people to take notice.

The Cerrado is one of the most biologically diverse areas on the planet. It sprawls across central Brazil and is teeming with life. It's very unique in that it is home to 5% of the planet's animals and plants. It's the **biodiversity** and **uniqueness** of this savannah that creates its immense **power**.

So, it is a region of **diversity, uniqueness and power**.

So, what does that have to do with a group of TPAs who have joined together to form a consortium??

We are **diverse**.

- We're a select group of local, independently owned TPAs from across the country who together, provide a robust offering of excellence in service, administration and partnership.

We are **unique**.

- We have a unique model- it's the first of its kind in the TPA marketplace. We're a national presence with a local flavor and offer a unique value proposition not found in the market

We are **powerful**.

- Our collective whole is powered by extensive knowledge sharing, a deep well of experience and broad geographical coverage.
- Our members are top tier TPAs who are all well respected in the Industry. We have one or more members who have or currently sit on every Advisory Board across the country and over half have served on NIPA's Board of Directors. 5 past Presidents of NIPA are part of our organization. (Ann, Joe, Pat, Theresa and Trina).
- But above all, in total we have **+\$26.5 AUM, +14,000 plans, and +550,000 participants.**

I googled the Cerrado and it is an endangered eco-system. Why would you name yourself after something that is under threat?

Answer:

If you research the Cerrado, you will see that it is at risk due to unsustainable agricultural activities. In fact, the World Wildlife Fund is actively working to protect it. Just as the Cerrado is at risk, so may be the future of the local, independent TPA firm due to the consolidation going on in the industry. One of the Cerrado Group's main goals is to promote and ensure their ongoing relevancy. In fact, you might think of us as the World Wildlife Fund of the local TPA.

“Cerrado” means “closed” in Spanish. Why would you name your group after something that means closed?

Answer:

We carefully considered that when choosing the name. We felt it made sense since TCG is a closed group. Our group is open only to those individual TPAs who meet our rigorous selection process.

Why Did you create The Cerrado Group?

OR

What is The Cerrado group?

Answer:

To compete against and provide an alternative to large national firms

TCG started as a study group of TPAs who have been meeting for 20 years to share best practices. Over the past couple of years, one of the areas we discussed was the consolidation of the Industry, where large national firms are buying TPAs shops. It became apparent that in order for the local, independent TPA firm to be able to continue to thrive and compete with these large firms, that we needed to do something different. So, we decided to create this consortium where each firm retains their independent ownership but can leverage the service offering and geographical diversity of our members. So, remaining relevant and competitive was the driving reason, but it has grown into something much larger than that.

To elevate the TPA profession

- If you look at our logo, you'll see it's a tree. We chose that because of the vast number of plants and trees that make up the Cerrado savannah in Brazil. What's really interesting is that these plants and trees have developed deep trunk and root systems- to the point that in some cases, 70% of the trees and plants exist underground. That is called an "upside down forest."

- What does this have to do with anything? TCG performs like the upside down forest. In general, TPAs don't have a high profile across the retirement Industry. So, we're often hidden from view **but** we are essential to the success of a retirement plan. We understand that there are other business functions that attract more attention but it's our deep, stable roots that propel the retirement plan business forward.
- Knowing that we provide an invaluable service but have a more behind the scenes profile, one of our missions is to elevate the TPA profession, not only within the retirement plan industry but in general across all industries that have an employee retirement plan. We've just started to discuss how we can do that but our end goal is to make the TPA firm a household word, just as a CPA practice is.

To be an Industry Leader

- We plan to take a leadership and advocacy role in guiding the Industry, particularly as it relates to independent TPA firms.
- For example, we're creating a list of minimum standards that our members must meet with respect to Cyber-Security. So, we'll do the work of creating these standards in the hopes that non-member firms will adopt them, knowing that a group of experienced and successful TPA business owners have created them.
- So, while many firms are getting out, so to speak by selling their firms, we are digging in even deeper to take control of our own destiny.

To continue to become better by sharing best practices

- We will continue the tradition of sharing best practices among the members. We're all good on our own but

unequaled together. We are constantly looking for better ways of doing things, for more efficient processes, and for more ways to add value to our clients.

- The key to the success of this is the high level of trust our members have in each other. We have a proven track record of collaboration, respect and earned trust.
- A great example of this is that many of our members have implemented robotics within their firms to increase productivity and the information sharing we have done on this topic has proven to be invaluable to each other.

What standards does a firm have to meet to become a member?

Answer:

- We solicit new member nominations through our existing members. Since the TPA community is relatively small, many of them know each other through industry conferences and meetings. In addition, many of our members have been or currently on are on Advisory Boards for RKs and that affords them the opportunity to really get to understand how other firms run their business, what their goals are and if they would fit in with the group.
- We are looking specifically for forward thinking business owners who have a good reputation and run a sound business.
- Sharing of best practices is at the heart of our organization so a prospective member must be willing to share information about their firm including processes, marketing ideas and material, and financials.

- We look at the location of the proposed new member to ensure that it does not directly compete with another member
- Must have a minimum of \$1 million E&O and Cyber Security insurance
- We ask about current or past litigation and ask questions around that.
- They must meet or be committed to meeting our minimum Cyber Security standards within a year after joining.
- We have an entry fee and an annual fee that we charge all members. Each new member must be ready and willing to pay those fees. That shows us they are serious about TCG.
- If we get asked what our fees are, I would say that is proprietary information.

What is your process for admitting a new member?

Answer:

- Nomination by an existing member
- Board approval to move forward with the recruitment
- Executive Director send an NDA to proposed new member
- Executive Director calls incumbent, explains our purpose and goals, discusses funding requirement, E&O and Cyber Security Insurance requirements, and Cyber Security Requirements
- If incumbent wants to move forward, they are asked to complete a questionnaire about their business that is reviewed by the Board.
- Formal interview with the Board
- Approval letter or call to explain why they are not a good fit.

Would you Consider membership for someone who is not nominated by a Board member?

Answer:

Yes, absolutely. However, their self-nomination would have to be approved by the Board and they would have to meet all of our requirements

How large do you expect to get?

Answer:

We expect we will grow to at least 20-25 members. Right now, our immediate goal is to enhance coverage across the country. Once we reach that milestone, we will determine how, or if, to move forward with additional members.

What Services Do you offer?

Answer:

- 401k Plan Administration and Recordkeeping
- Plan Design and Consulting
- Compliance Testing and Consulting
- Defined Benefit Plans
- Cash Balance Plans
- Plans under IRS or DOL audit
- Plans in arrears
- Technical corrections
- We design and administer ERISA and non-ERISA 403(b), 457(b) both non-profit and governmental and 457(f) plans.
- 3(16) Fiduciary Services
- Actuarial Services
- We can also offer 3(16), Cash Balance and RK services. With respect to 3(16) and Cash Balance, we have a few members who offer this service and we will work with the wholesaler, Advisor and Plan Sponsor to select the best solution to meet their needs.

You only have 11 member firms and don't have national coverage like the National Firms

Answer:

Collectively, our members have plans in every state and we currently have sales staff active in 37 states. We are available to assist nationwide but are actively interviewing candidates that meet our standards and have sales personnel in the remaining states. By the end of this year, we expect to grow our membership with firms covering those areas.

Some of your competitors are promoting standardized processes. Doesn't that make them easier to work with?

Answer:

- Quite the opposite. Since each member of the Cerrado Group retains ownership of their practice, a TPA firm's admittance into the group is seamless for their plans, participants, recordkeepers and FAs. There is no TPA change form required and no change to existing processes, forms, and relationships. It's business as usual and thus, is easier for all concerned.
- Another advantage we have with respect to this is that it allows us to be very flexible and nimble if a member firm wants (or needs) to change a process. That can be done much more easily at the firm level than with a national firm that may have a more formal and cumbersome process to do so.

How does your fee schedule work? Why don't you offer one standard fee schedule?

Answer:

- Each member continues to offer their own fee schedule. There are geographical differences due to the cost of doing business and the fees reflect that. We also believe in value pricing- not every plan has the same service requirements, demands, plan complexity and number of employees.
- However, the over-arching reason is if we were to insist that each firm charge the same fees, that would be considered price setting and we would be violating anti-trust laws.

Each member takes a different approach to how they handle revenue sharing. It would be easier for the wholesalers and recordkeepers if you offered a standard way to handle this. Why don't you?

Answer:

In general, all The Cerrado Group members will custom price plans and are willing to offset their revenue sharing. Each of us works with our Recordkeeping partners to determine the best approach. We can decline to receive revenue sharing, offset billables fully or partially by revenue sharing received or administer the plan solely on asset based revenue.

Futureplan touts the fact that they have implemented a very high standard of Cybersecurity build into their systems and processes. How does this work with TCG?

Answer:

The Cerrado Group recognizes the importance of data security. We believe that a successful TPA firm must have internal controls and cyber security protocols in place. We hold our members to a high standard when it comes to security of client confidential information. We have an entire practice management team devoted to ongoing best practices and have developed minimum standards that every member must meet. These standards include such things as business continuity plans, ongoing training, secure protocols with respect to working remotely, mobile device controls, proper data encryption policies, password protection and many more. Our approach ensures peace of mind for all parties we work with that their data is safe with us.

We also feel that since our member firms are relatively small, they are less likely to be targeted by fraudsters than the large, national firms.

Why are you better than the national TPA firms?

Answer:

We do think we have some advantages over the national firms

- 1) We provide **local** service with a **national** network of highly skilled, experienced and well recognized professionals and flexibility based on the regional marketplace we serve
- 2) Members share best practices with respect to pricing, processes, marketing, and services. The confluence of ideas results in best-in-class results that one cannot get from within just one firm

- 3) Since each member of The Cerrado Group retains ownership of their practice, a TPA firm's admittance into the group is seamless for their plans, participants, recordkeepers and FAs. There is no TPA change form required and no change to existing processes, forms, and relationships.
- 4) National firms, due to their scale, are inherently less flexible with respect to service model and pricing.
- 5) National firms may pose a risk to recordkeepers and FAs in that if they were to sell their business, this could have a significant impact on the recordkeepers or FAs block of business. This is not a concern with The Cerrado Group. Since all firms continue to be independently owned, it is highly unlikely that a situation like that would occur. If a firm member does decide to sell, the members of The Cerrado Group have first dibs on purchasing the firm. If that does not happen, the new owner can then apply for membership. As such, TCG has a better retention solution.

Why should I use a TPA that is a member of The Cerrado Group versus a local firm who isn't?

Answer:

- TCG offers a full suite of services, including 3(16), Actuarial and record keeping. Not all local firms can do that.
- Since we have such broad geographical coverage, we handle referrals to almost anywhere in the country
- Members share best practices with respect to pricing, processes, marketing, services. The confluence of ideas

results in best-in-class results that one cannot get from within just one firm.

- If one of our members gets a referral that they cannot handle, they will refer it to another member who can.