

STAFF REPORT CONCERNING EXAMINATIONS OF SELECT PENSION CONSULTANTS

May 16, 2005

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U.S. Securities and Exchange Commission

Selecting and Monitoring Pension Consultants: Tips for Plan Fiduciaries

The Employee Retirement Income Security Act (ERISA) requires that fiduciaries of employee benefit plans administer and manage their plans prudently and in the interest of the plan's participants and beneficiaries. In carrying out these responsibilities, plan fiduciaries often rely heavily on pension consultants and other professionals for help. Findings included in a report by the staff of the U.S. Securities and Exchange Commission released in May 2005, however, raise serious questions concerning whether some pension consultants are fully disclosing potential conflicts of interest that may affect the objectivity of the advice they are providing to their pension plan clients.

Under the Investment Advisers Act of 1940 (Advisers Act), an [investment adviser](#) providing consulting services has a fiduciary duty to provide disinterested advice and disclose any material conflicts of interest to their clients. In this context, SEC staff examined the practices of advisers that provide pension consulting services to plan sponsors and trustees. These consulting services included assisting in determining the plan's investment objectives and restrictions, allocating plan assets, selecting money managers, choosing mutual fund options, tracking investment performance, and selecting other service providers. Many of the consultants also offered, directly or through an affiliate or subsidiary, products and services to money managers. Additionally, many of the consultants also offered, directly or through an affiliate or subsidiary, brokerage and money management services, often marketed to plans as a package of "bundled" services. The SEC examination staff concluded in its report that the business alliances among pension consultants and money managers can give rise to serious potential conflicts of interest under the Advisers Act that need to be monitored and disclosed to plan fiduciaries.

To encourage the disclosure and review of more and better information about potential conflicts of interest, the Department of Labor and the SEC have developed the following set of questions to assist plan fiduciaries in evaluating the objectivity of the recommendations provided, or to be provided, by a pension consultant.

1. Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided me with all the disclosures required under those laws (including Part II of [Form ADV](#))?

Pension Planning Solutions, Inc. is a United States Securities and Exchange Commission Registered Investment Adviser, firm # 801-67290.

You can access our firm's ADV through:

http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx or by our firm's website, www.pensionplanningsolutions.com

2. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, describe those relationships?

Pension Planning Solutions, Inc. does not have any affiliation with any broker-dealer firm, investment firm, bank, trust company or insurance company. We are not compensated by any investments that we recommend. We operate on a fee only basis and provide full fee disclosure. We are unbiased relative to investments and provide conflict free investment advice. We do not sell or promote investment products. We are completely independent, acting in the best interest for our clients.

3. Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, what is the extent of these payments in relation to your other income (revenue)?

Pension Planning Solutions, Inc. does not receive payments from outside money managers. Our investment advice is conflict free and unbiased, always putting our client's best interest first.

4. Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients?

Not applicable as Pension Planning Solutions, Inc. does not receive these payments.

5. If you allow plans to pay your consulting fees using the plan's brokerage commissions, do you monitor the amount of commissions paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not over-pay its consulting fees?

No. Pension Planning Solutions, Inc. is not allowed to accept brokerage commissions. We are a fee only advisor and operate under full fee disclosure.

6. If you allow plans to pay your consulting fees using the plan's brokerage commissions, what steps do you take to ensure that the plan receives best execution for its securities trades?

Not applicable as Pension Planning Solutions, Inc. is not allowed to accept brokerage commissions.

7. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?

Pension Planning Solutions, Inc. does not have a related company nor does it have an arrangement with any broker-dealers. We do not benefit based on the broker-dealer used for trades.

8. If you are hired, will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?

Pension Planning Solutions, Inc. acknowledges in writing it is a fiduciary as defined in Section 3(21)(A) of ERISA. It will exercise all rights, powers, and privileges in accordance with ERISA, the Code and any other applicable law, acting for the exclusive benefit of plan participants and beneficiaries.

9. Do you consider yourself a fiduciary under ERISA with respect to the recommendations you provide the plan?

Pension Planning Solutions, Inc. is an ERISA-defined fiduciary. Third parties do not compensate us based on our recommendations; therefore, no ERISA-defined prohibitions exist.

10. What percentage of your plan clients utilize money managers, investment funds, brokerage services or other service providers from whom you receive fees?

0%. Pension Planning Solutions, Inc. does not receive any fees from money managers, investment funds, brokerage services, or other service providers.