

The Arizona 403b Financial Professionals **Code of Conduct**

Participating Members: AXA, Foresters Financial, GWN Securities, ING/Voya, Met Life, Plan Member, Security Benefit, The Legend Group, and VALIC.

I. Purpose

The Arizona 403b Financial Professionals represents Arizona professionals who specialize in serving the K-12 403b and 457 markets. Participating members agree to the professional standards herein while conducting business

“Self-regulating organization” to assist schools with creating an amicable environment for their employees to learn about and enroll in their retirement benefits. Additionally provides a framework for professionals to work within while protecting the district from any misconceptions of being seen as playing favorites or recommending a particular investment.

Adopting School Districts ensure a level of professional standards and conduct that facilitates increasing participation in their plans, strives to comply with IRS requirements (Universal Availability, Meaningful Notice, etc.) and prepares their employees for retirement.

II. Fees and Services

The Arizona 403(b) Financial Professionals take the following position with regard to fees, compensation and services:

"...don't consider fees in a vacuum. They are only one part of the bigger picture including investment risk and returns and the extent and quality of services provided."¹

Districts and employees should make informed investment decisions by considering fees as one of several factors in decision making; compare all services received with the total cost and realize that cheaper is not necessarily better.

Sponsoring Schools Districts do not have an obligation to go with the lowest cost provider. A typical arrangement found in a school district might have several choices with companies providing varying investments and levels of service. For example a "direct" relationship with a no load company where employees can "do it yourself" at generally a lower cost while other companies have other fees built in to compensate an advisor for their assistance and services. Members shall make every effort to disclose any and all associated fees and their respective compensation arrangement.

Types of fees may include commissions, sales charges, 12-b-1 commissions, asset based fees, administrative or custodial fees, transactional or "ticket" charges, advisory fees, mortality & expense, and rider charges.

Members may be compensated in a variety of ways including fee based, fee only, commissions, or a combination also known as a hybrid arrangement.

Services may include financial planning, advice, education, and advisory services (also known as managed accounts).

III. With regard to fees and service and qualifications, our members agree:

They will always make a balanced presentation, based in fact, and in the spirit of fair dealings when discussing and comparing fees in a competitive situation. Including, but not limited to, a holistic analysis of both fees and associated benefits and services. Replacements, also known as exchanges, will likewise be recommended only after a careful consideration of associated fees, benefits, and services.

That contingent Deferred Sales Charge (CDSC)² shall be limited to the greater of 8 years or up to 12 with a "benefit sensitive provision"³

That all members will be appropriately Securities and Insurance licensed in the state of Arizona.

IV. Solicitation Agreement

Our members agree to any and all district and individual school policies, rules and restrictions and the solicitation agreement.

V. Agreement

Members of the Arizona 403b Financial Professionals may be required to sign an Agreement to comply with this Code of Conduct by any Arizona School District and/or School in order to be allowed access to individual employees and/or school campus access. A signed Agreement may be required even if the member represents an approved vendor for that School's/School District's 403b or 457 plan.

¹http://www.dol.gov/ebsa/publications/401k_employee.html

²A fee (sales charge or load) that may be paid by a participant when cashing out an account within a specified number of years of the date on which they started.

³A benefit sensitive provision is a waiver for certain "triggering events" generally being retiring, disability or separation of service.