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Contact: Cory Clark
617.723.6400

CClark@DALBAR.com

DALBAR Offers Template to Create BICE Budget
Identifies 13 Impact Areas

(Boston, MA. August 30, 2016) Firms have already spent millions in preparation for the April 10, 2017 date of the Best Interest Contract Exemption ("BICE") of the DoL's Fiduciary Rule. Many expect to continue making massive expenditures to implement the litany of changes that BICE adoption requires.

The questions that many have been asking is, "What will it cost in the end" and how do we budget for this.

DALBAR has just completed an analysis to answer these questions. The result is a sample analysis and a worksheet to enable firms to identify the expenditures and revenue losses that are entailed in a BICE implementation. The analysis and worksheet also compares the cost of BICE to the DoL's other recommended alternatives[1], the computer model and fee leveling options of ERISA 408(g). Results and worksheet are available online at Budgeting for BICE.

The analysis shows that this activity will affect:

- Resources
  Legal and Compliance Expertise, Systems Technology Resources, Communication Expertise, Digital Technology, Training, Marketing, Risk Management, Advisor.

- Revenue Loss
  Client Attrition, New Business Pricing, Advisor Attrition, Rollover Prohibition.

- Strategic Position
  Advisor Productivity, Need for Small Account Solution, Reaction to Non-Incentivized Compensation, Increase in Unpleasant Activities.

The analysis shows BICE costing a broker/dealer with 250 reps $1,648,000 in the first year and $2,744,125 the following year. This compares to the same firm using the computer model with costs of $370,000 in the first year and a net profit increase in the next.

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[1] The conditions to an exemption [BICE] **are not equivalent to a regulatory mandate** that conflicts with or changes the statutory remedial scheme. If Advisers or Financial Institutions **do not want to be subject to contract claims**, they can

(1) change their compensation structure and avoid committing a prohibited transaction,
(2) use the statutory exemptions in ERISA section 408(b)(14) and section 408(g), or Code section 4975(d)(17) and (f)(8), or
(3) apply to the Department for individual exemptions tailored to their particular situations.

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