

CAT Forms – Recommendations & Common Errors

For Internal Use Only

One of the most frequent NIGOs the compliance team sees is for issues on CAT forms. We want to provide some helpful recommendations for how to fill out CAT forms completely to help you avoid issues when the form arrives at home office for review.

- Section 1 – Make sure to have your client(s) provide their initials
- Section 3 – In your transaction rationale, mention at least one alternate product considered and provide detail regarding why it wasn't chosen. For employer sponsored plan rollovers (401k, 403b, etc.) answer all 6 questions and if the guaranteed income from rollover source is \$0, put \$0 for question 5:

5. Guaranteed income, from the Rollover source (if none, write "0")	\$
and the new investment	\$ <u>0.00</u>

- Page 6 – If you're rolling over from an employer sponsored plan, check off one of these boxes. Check the second box if your client didn't provide you with the 404(a)(5) fee disclosure.

All are required:

The following alternatives to the rollover were considered and discussed with the client:

- Retaining the assets in the existing Employer Sponsored plan, if permitted, and selecting a different investment option.
- Rolling into a new employer sponsored plan, if permitted.
- Taking a cash distribution.

The different levels of service and investment options available between the Employer Sponsored plan and the IRA were considered and discussed with the client.

The fees and expenses associated with the Employer Sponsored Plan and the IRA, including whether the employer pays for some or all of the plan's administrative expenses, were considered.

- Approximate fees and expenses in the Employer Sponsored Plan are
- Approximate fees and expenses in the IRA are

The long-term impact of any increased cost were considered and the added benefits of the IRA justify those added costs.

MMLIS will reject all rollover checks deposited without a CAT form on file, so we recommend getting the CAT form signed prior to initiating a rollover for your client. Also keep in mind that CAT forms must be signed by an ASO for all subsequent deposits.

To add CFGPrincipal as the last signer, enter CFGPrincipal as the name, CFGPrincipal@financialguide.com for the email address, and then use the phone call option and check the box to allow recipient to enter phone number.