



Training Proposal for:
American Funds Service Company

Agreement Number: ET16-0387

Panel Meeting of: March 25, 2016

ETP Regional Office: San Diego

Analyst: M. Ray

PROJECT PROFILE

Contract Attributes:	Retrainee	Industry Sector(s):	Financial Services Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	Orange	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 3,787	U.S.: 6,983	Worldwide: 7,836
Turnover Rate:	7%		
Managers/Supervisors: (% of total trainees)	0%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$722,040		\$0	\$0		\$722,040

In-Kind Contribution:	100% of Total ETP Funding Required	\$1,142,749
-----------------------	------------------------------------	-------------

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee	Business Skills, Commercial Skills, Computer Skills	547	8 - 200	0	\$1,320	\$17.07
				Weighted Avg: 88			

Minimum Wage by County: \$16.51 per hour in Orange County

Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: Yes No Maybe

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Customer Service Representative		452
Retirement Plan Service Representative		70
Implementation Specialist		18
Retirement Plan Coordinator		7

INTRODUCTION

Founded in 1931, The Capital Group Companies, Inc. (CGC) (www.capgroup.com) provides investment management services to individuals, corporations, governments, pension and retirement plans, and non-profit organizations through financial intermediaries (broker dealers, third-party administrators, and consultants). Headquartered in Los Angeles, CGC is comprised of several subsidiaries with 7,000 associates in national and international locations to serve clients. Three of its subsidiaries, all located in Irvine, will participate in the proposed training plan: American Funds Service Company (AFSC), as the lead Single Employer contract holder; and two closely-related affiliates, Capital Bank & Trust Company (CBTC) and Capital Group Companies Global, Inc. (CGCG).

The AFSC family of mutual funds is sold exclusively through third-party intermediaries including broker dealer firms. The Companies provide services to these intermediaries and investors including individuals, corporations, governments, pension and retirement plans, as well as non-profit organizations.

AFSC, CBTC and CGCG are entities eligible for standard retraining as companies primarily engaged in providing services directly to customers located both inside and outside of California.

CGC has a prior Agreement with ETP within the last five years (ET14-0382). All three subsidiaries participating in this proposal also participated in the prior CGC Agreement with ETP. Training was provided to Customer Service and Retirement Plan Service Representatives. Under the prior Agreement, 271 workers received an average of 121 training hours in Business, Commercial and Computer Skills to assume complex work assignments and support a multitude of complicated financial products and services.

PROJECT DETAILS

The Company states that AFSC and its affiliates face constant regulatory/compliance updates and changes brought by various legislations. Most recently, in April 2015, the Department of Labor released a proposal to impose a fiduciary standard on financial advisors who give investment advice to retirement plans and their participants, including Individual Retirement Accounts. This new standard will address conflicts of interest in retirement advice. To this end, AFSC and its affiliates must be prepared to update and provide its workers with broad knowledge of the fiduciary standards to help streamline business processes while maintaining compliance with regulatory changes.

In order to continue to provide its customers with exemplary service, the Companies must be proactive and adequately informed of the latest rules, issues, and business plans in all aspects of financial services. To help meet this challenge, AFSC and its affiliates have committed to enhance company-wide business processes. To do this, the Companies have implemented a new Retirement Plan Services (RPS) Strategy. Over the next two years, the Companies will implement the following initiatives:

- Product enhancements to provide clients with a more competitive retirement plan resource; and
- Restructuring servicing capabilities (Some associates will take on new responsibilities. Through training, these associates will become equipped with skills to provide higher level of customer service.)

This new business strategy requires the AFSC office to relocate some of its experienced workforce to other departments in affiliates located in Los Angeles and Irvine. As such, AFSC projects to hire 180 new Customer Service Representatives between March 2016 and November 2017 to fill positions vacated by workers that transferred to other departments.

To further support business goals, the Companies plan to implement a new phone and correspondence system in February 2016. And in April 2016, the Companies will assume tasks that are currently outsourced. Overall, improved products and services, along with training, will allow the Companies to provide new services to clients.

With the help of ETP funding, the Companies will be able to deliver an extensive training program to promote continuous training and education, specifically to its Retirement Plan Services, to provide its workforce the expertise necessary to support any changes in a client's business or the regulatory environment.

Training Plan

The proposed training plan may include some employees who have participated in the previous ETP Agreement, and some curriculum topics from the last Agreement are repeated in this Agreement. However, curriculum subject matter has been updated and/or improved, so there will be no duplication of training in those courses. In addition, the proposed project will include

several newly hired associates who have never received ETP training. Also, two new occupations will participate: Implementation Specialist and Retirement Plan Coordinator.

In this proposal, AFSC and its affiliates plan to provide a comprehensive training program to approximately 547 workers, including those that were unable to participate in the last Agreement. Training will be provided at AFSC's facility located in Irvine by in-house and training vendors to be determined. The proposed training plan consists of new and upgraded training topics in the following skills:

Business Skills (25%) – Training will be provided to all occupations. Training topics in Communication and Phone Skills, Customer Service Skills, American Funds Product Knowledge, Introduction to Financial Services, Retirement Plans, Customers/Key Players and Qualified Retirement Plan Knowledge will enable staff to increase customer service and business standards with new or improved products and services.

Commercial Skills (70%) – Training will be provided to all occupations to understand the new RPS Strategy. Specialized training topics in Fee Disclosures and Change Notices; Fiduciary Services; RP Conversions, RP Enrollment, RP Implementation, and RP Loans; and Account Redemptions/Distributions and Exchanges, Account/Plan Corrections, and Account/Plan Maintenance will enable workers to stay current and keep clients in compliance with regulatory changes.

Computer Skills (5%) – Training will be provided to all occupations as it pertains to their job duties. Staff will receive training in Aspect Phones, Davast, Genesys, Retirement Plan Access, and RPS Connect to successfully and effectively navigate client plan data.

Commitment to Training

CGC spends more than \$2.4M annually on training per facility in California. New hires receive foundation, products, services, and systems training which takes between 8 and 12 weeks to complete. Additional training may be provided to increase worker's ability to contribute to more complex job duties. In addition, the Companies provide additional training to enhance skills in systems or products and for any changes in policies or regulations.

AFSC represents that ETP funds will not displace the existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

AFSC has its own Training and Development Department designated to administer the ETP program. Staff in the department will deliver, facilitate, and evaluate the effectiveness of ETP training and manage the overall administration of this project. A Training Coordination Group (consisting of two workers) will schedule training and enroll trainees, track training hours and meet with ETP Staff during monitoring visits. The Vice President of Training will supervise the training project.

Impact/Outcome

AFSC and its affiliates currently have ongoing quality assurance and quality control programs to determine the effectiveness of training. The comprehensive ETP training program will equip AFSC, CBTC and CGCG workers with the skills necessary to achieve company-wide business goals. ETP training may result in some associates receiving some American Society of Pension Professionals & Actuaries certificates or credentials (excluding completion of Continuing

Education Programs) to ensure workers are equip with skills necessary to keep up with the changing regulatory landscape.

Substantial Contribution

A substantial contribution does not apply to this proposal because neither AFSC nor its affiliates have earned \$250,000 or more within five years in prior agreements at the same facility.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by CGC under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0382	Irvine	5/5/14 – 5/4/16	\$507,050	\$499,064 (98%)*

*The payment earned was cumulative between all three participating affiliates at their respective facilities. No one facility earned in excess of \$250K.

DEVELOPMENT SERVICES

N/A

ADMINISTRATIVE SERVICES

N/A

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum**Class/Lab Hours**

8 – 200

Trainees may receive any of the following:

BUSINESS SKILLS

- Communication and Phone Skills
- American Funds Product Knowledge – Retail and Retirement Plans
- Customer Service Skills
- Introduction to Financial Services, Retirement Plans and the Customers/Key Players
- Qualified Retirement Plan Knowledge

COMMERCIAL SKILLS

- Account Redemptions/Distributions and Exchanges
- Account/Plan Corrections
- Account/Plan Maintenance
- Dealer Extracts
- Dealer File
- Establishing New Accounts/Plans
- Fee Disclosures and Change Notices
- Fiduciary Services
- Introduction to Resources/Websites
- Introduction to Taxes and Year-end Taxes
- Investor/Participant Accounts
- National Securities Clearing Corp.
- Plan Terminations
- Rep/Dealer Changes
- Risk and Compliance
- RP Conversions
- RP Enrollment
- RP Implementation
- RP Loans
- Statements and Letters
- Transfer of Assets

COMPUTER SKILLS

- Aspect Phones
- Davast
- Dealer Office Rep Information Structure
- Echo
- Genesys - phones and email
- Retirement Plan Access (RPA)
- RPS Connect
- Salesforce
- System Helping Associates Respond Effectively
- Smart Desk
- System of Financial Information

- Source of Needed Information
- Trac
- Vision

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.