

Plan Cost Action List for Plan Sponsors

The Maze of Retirement Plan Costs:

MANAGING FEES FOR BEST OUTCOMES

Asset Management

1. Weigh cost/benefits of active vs. passive management.
2. Identify current funds paying Revenue Sharing and who receives these dollars.
3. Identify availability of lower cost share classes of existing funds.
4. Inquire of asset managers if CITs are available.

Plan Recordkeeping

1. Identify all revenue sources for plan recordkeeper.
2. Request per participant fee proposal from provider.
3. Evaluate benefit in pricing from use of proprietary investment vehicles.
4. Quantify revenues earned from managed accounts, brokerage, and participant borne fees.

Plan Advisor / Broker

1. Determine basis for fees earned by advisor – basis point vs. fixed, revenue sharing.
2. Negotiate fixed hard dollar fee.
3. Quantify revenue earned from managed accounts.
4. Identify total revenue earned from plan participants, from the plan sponsor, and from retail relationships with employees.

Legal / Accounting Fees

1. Determine if expenses are qualified ERISA expenses.
2. Evaluate impact of paying from inside the retirement plan or from corporate resources.

Allocation of Costs to Participant Accounts

1. Determine how each cost component is allocated across participant accounts.
2. Evaluate how the cost allocation method(s) impact the spectrum of account sizes & asset allocation strategies.
3. Evaluate the transparency of the fee allocation method(s) to participants.
4. Review alternative methodologies to obtain improved transparency and equitable distribution.

Benchmarking

1. Develop and maintain a consistent practice to document and independently benchmark each component of your plan's costs.

Protecting Plan Fiduciaries

1. Secure Fiduciary Liability insurance coverage for your organization.
2. Provide corporate indemnification to all employee fiduciaries.

The management of the various cost components of your participant directed retirement plan is a complicated process. Many of the individual costs incurred can impact the cost/pricing of another component of your plan. If you wish to have an objective, 3rd party review of your plan, Francis LLC would welcome an opportunity to provide assistance.