DEFINED CONTRIBUTION CONSULTING

Benchmarking Retirement Plan Fees & Expenses

According to the Employee Retirement Income Security Act (ERISA), the primary responsibility of retirement plan fiduciaries is to act in the best interest of their plan participants. Under ERISA, employers are responsible for knowing the full extent of all expenses borne by their retirement plans and determining if they are reasonable. A benchmarking analysis of your plan's fees can help you understand these expenses and methods to reduce costs.

There are nearly two dozen fees that can be charged to retirement savings plan sponsors and participants. Your organization is likely being overcharged for its 401(k) or 403(b) plan — and those costs can be significant.

By benchmarking fees, USI Consulting Group (USICG) can help identify cost-saving opportunities, improve plan competitiveness and boost participant outcomes.

Retirement plan fees are not straightforward

It's important for employers to understand the multiple types of fees and ways they're charged for retirement plans. Fees typically fall into three buckets:

Investment Fees

- 12b-1 fees
- Revenue sharing
- Share class expense ratios
- Sales charges
- Sub-transfer agency (sub-TA) fees
- Wrap fees & commissions

Recordkeeping Fees

Can be in the form of per participant fee and/or asset-based fee & typically cover:

- Compliance testing
- Form 5500
- Participant communications & education
- Participant recordkeeping
- Plan document & SPD drafting
- Required notices & forms
- Technology
- Third-party administration (TPA) services

Advisory Fees

Can be in the form of a fixed fee and/or asset-based fee & typically cover:

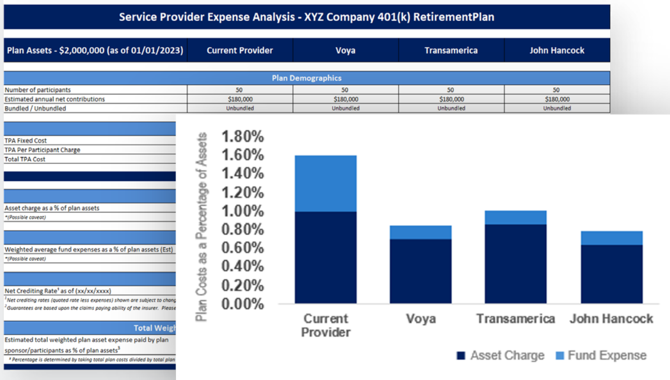
- ERISA 3(21) & 3(38) services
- ERISA expertise
- Fiduciary training
- Investment advice & monitoring
- Investment policy statement (IPS)
- Vendor reviews & monitoring

There are also levels and layers within these categories that increase the complexity of retirement plan costs. And they can vary greatly, depending on the size of your plan, the number of participants and the plan provider. Many employers don't understand the full extent of the fees that can be charged, and as a result may be paying too much.

Identifying hidden fees and expenses

USCIG will perform an analysis to uncover hidden fees and expenses.

- Plan fees have been steadily **declining by 11% annually** since 2012
- ERISA regulations stipulate that employers must ensure employees are not being disadvantaged by excessive retirement plan fees



Hypothetical Impact of Asset-Based Fees on the Growth of Plan Assets

Retirement Plan Name:	ABC Co.	Retirement Specialist:	J. Smith
Contact Person:	Valued Client	Date Presented:	3/12/2024

Plan Assets*:	$4,000,000	Annual Contribution Increase*:	1.0%
Annual Contributions*:	$500,000	Investment Returns***:	6.0%
Plan Expense Reduction*	0.38%		

	Proposed Plan				Plan with Current Expense					Plan Savings
Year	Beginning Balance[1]	Annual Contributions	Gain[2]	Ending Balance[3]	Beginning Balance[1]	Annual Contributions	Gain[2]	Current Expense[2]	Ending Balance[3]	Cumulative Impact of Plan Savings
1	$4,000,000	$500,000	$255,000	$4,755,000	$4,000,000	$500,000	$255,000	$16,150	$4,738,850	$16,150
2	$4,755,000	$505,000	$300,450	$5,560,450	$4,738,850	$505,000	$299,481	$18,967	$5,524,364	$36,086
3	$5,560,450	$510,050	$348,929	$6,419,429	$5,524,364	$510,050	$346,763	$21,962	$6,359,216	$60,213
4	$6,419,429	$515,151	$400,620	$7,335,199	$6,359,216	$515,151	$397,007	$25,144	$7,246,230	$88,970
5	$7,335,199	$520,302	$455,721	$8,311,222	$7,246,230	$520,302	$450,383	$28,524	$8,188,390	$122,832
6	$8,311,222	$525,505	$514,438	$9,351,166	$8,188,390	$525,505	$507,069	$32,114	$9,188,850	$162,316
7	$9,351,166	$530,760	$576,993	$10,458,919	$9,188,850	$530,760	$567,254	$35,926	$10,250,937	$207,981
8	$10,458,919	$536,068	$643,617	$11,638,603	$10,250,937	$536,068	$631,138	$39,972	$11,378,171	$260,432
9	$11,638,603	$541,428	$714,559	$12,894,591	$11,378,171	$541,428	$698,933	$44,266	$12,574,267	$320,324
10	$12,894,591	$546,843	$790,081	$14,231,514	$12,574,267	$546,843	$770,861	$48,821	$13,843,150	$388,365

- A periodic review of plan fees can save employees hundreds of thousands of dollars over their careers
- In this example, a **reduction of 0.38% in fund expenses**, over 10 years, helped participants collectively save $388,000 more as a direct result of lower fund expenses*

Regular reviews allow you to identify any potential issues early on. The U.S. Department of Labor (DOL) suggests employers conduct a periodic review of their retirement plan, including a formal benchmarking process, every three years to ensure that the plan continues to operate in the best interest of its participants.

Finding excess fees, negotiating reductions

USICG can help you reduce your retirement plan fees. We can independently benchmark and evaluate all fees, and compare your plan against others of similar size using our proprietary process.

MORE THAN

75%

The benchmarking and analyses we conduct indicate most employers are being overcharged for their plans, with **USICG finding fee savings in more than 75% of the retirement plans we review**.

Want similar results for your organization? Our team will provide a complimentary review of your plan.

How USI Consulting Group can help

USICG's analysis can help employers fullfill their fiduciary responsibilities and help save retirement plan participants save money. To learn more, please reach out to us at information@usicg.com.

* Cost reductions to the plan will vary and are dependent upon various factors including, but not limited to plan size, management fees, administrative costs and services provided.

Connect with us today | **information@usicg.com** | 860.633.5283 | usicg.com |

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