

Plan Profile

Sample Operating Company

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Investment Managers: Various
Recordkeeper: RecordKeeper Testing company
Advisor: Test Advisor Company
TPA: Test TPA Company, Inc.

Plan Benchmarking is about more than what you pay. Here are three guidelines keep in mind when benchmarking a plan.

BMG: Guidelines Apply to All Plans

1. Follow the Regulatory Guidance:

"And, finally, don't consider fees in a vacuum. They are only one part of the bigger picture including investment risk and returns, and the extent and quality of services provided."

"A Look at 401(k) Plan Fees" US Department of Labor September 2019

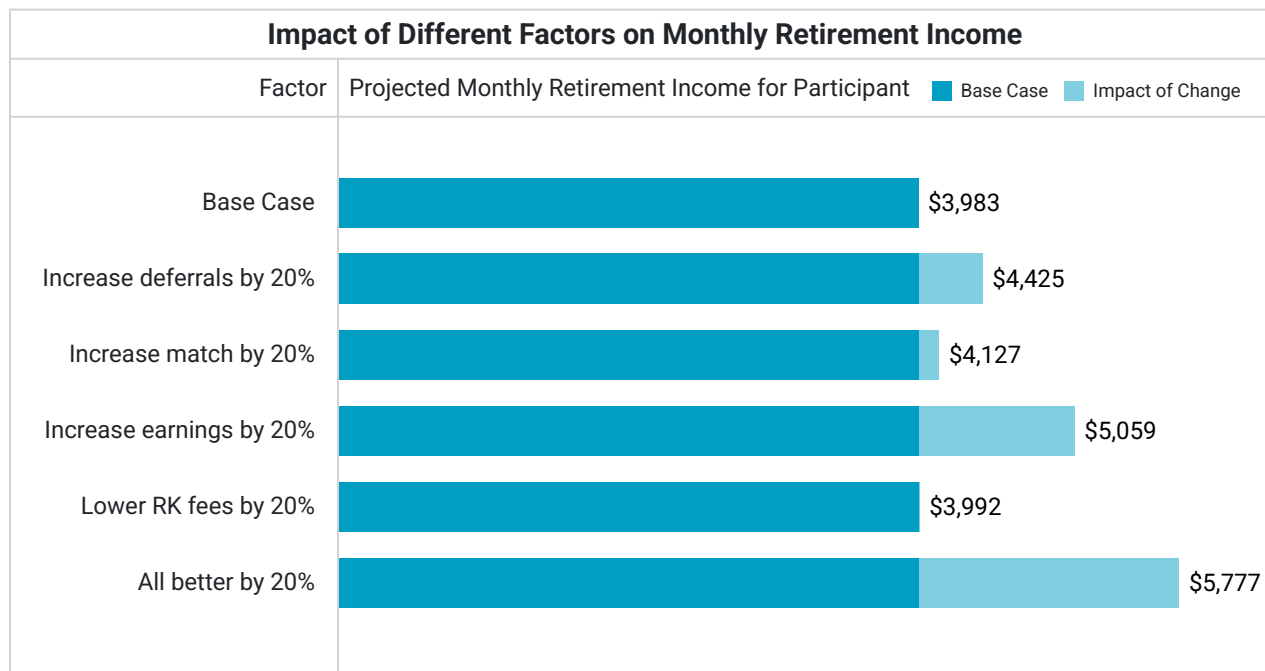
2. Consider what the courts have said:

- ✓ RFI/RFP not required
- ✓ Must have a sufficient sample size
- ✓ Must consider if services are comparable

Excerpts from Finding of Fact of Ramos vs. Banner Health

Civil Action
No. 15-cv-2556-WJM-NRN

3. Understand the Math of Fees vs. Other Variables:



Retirement Outcomes
Base Case Assumptions

Factors	Assumption
Salary	\$70,784
Inflation	2%
Beginning Balance	\$80,000
Age	44
Retirement Age	67
Annuitization Rate	Current Rates
Employee Deferral	6%
Employer Match	50%
Investment Returns	7.00%
Recordkeeper Fees	\$165/pp

This example uses a base case of a hypothetical participant with the above assumptions. It examines the impact on monthly income for a participant at retirement age if each of 4 variables changes by 20%, and if all 4 variables change by 20%. The changes for each variable are:

- Employee Deferral: 6% → 7.2%
- Employer Match: 50% → 60%
- Investment Returns: 7.0% → 8.4%
- Recordkeeper fee: \$165 → \$132

Total Fee Comparison

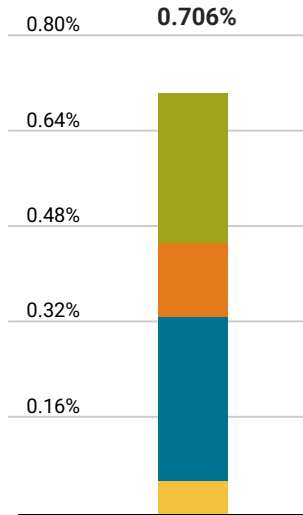
While **Total Fees** are not the **ERISA Requirement**, these charts are helpful for broad fee comparisons. It is essential to understand the Quality, Services, Value and "Extra Credit" items of your Service Providers to properly assess Fee Reasonableness.

BMG: Varies by Service Provider

YOUR PLAN

Assets \$12,071,368
Participants 177
Average Balance \$68,200

Total Plan*



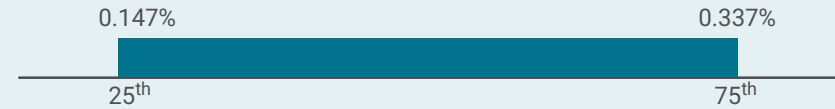
	Percentage	Dollars
25 th	0.504%	\$60,840
50 th	0.706%	\$85,224
75 th	0.913%	\$110,212

ADVISOR FEE



BMG: 1,943 Plans | \$10 - \$12.5mm in Assets

INVESTMENT FEES



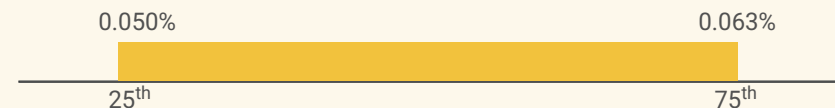
BMG: 6,718 Plans | \$10 - \$15mm in Assets

RECORDKEEPER FEE



BMG: 44 Plans | \$11 - \$13mm in Assets \$57.5 - \$77.5k In avg. bal.

TPA FEE



BMG: 26 Plans | \$10 - \$14mm in Assets \$50 - \$90k In avg. bal.

This report is not a benchmark of your current service providers and does not include analysis or comparison of your provider's actual fees or services. Providers are listed for reference only

* These values are the Benchmark Groups' 50th percentile.

Steps:

- 1 Consider what you are paying
- 2 Consider what you are getting
- 3 Balance these items and consider what adjustments, if any, should be made keeping in mind your duty is to pay a **reasonable fee** (not a low fee)

RECORDKEEPER FEE



■ **BMG:** 44 Plans | \$11 - \$13mm in Assets \$57.5 - \$77.5k In avg. bal.

Quality

Per the DOL, you can consider the quality of a Service Provider when assessing Fee Reasonableness. Be sure to consider recordkeeper qualities such as these →

People

Processes

Technology

Services

Not all services are created equal and can vary based on offering and what a plan needs. Be sure to consider recordkeeper services/factors such as these →

Plan Complexity

Plan and Participant Processing Experience

Value

Quality and Services intersect to create value for the Plan Sponsor and its participants. Be sure to consider recordkeeper value adds such as these →

Better Retirement Outcomes for Employees

Fiduciary Help for Plan Sponsor

Extras

Extra services received are reflected in the fees you pay. Be sure to consider extra recordkeeper services such as these →

Extra Time Spent

Expenditures Made

Fiduciary Status Taken

Steps:

- 1 Consider what you are paying
- 2 Consider what you are getting
- 3 Balance these items and consider what adjustments, if any, should be made keeping in mind your duty is to pay a **reasonable fee** (not a low fee)

TPA FEE



■ **BMG:** 26 Plans | \$10 - \$14mm in Assets \$50 - \$90k In avg. bal.

Quality

Per the DOL, you can consider the quality of a Service Provider when assessing Fee Reasonableness. Be sure to consider tpa qualities such as these →

People

Processes

Resources

Services

Not all services are created equal and can vary based on offering and what a plan needs. Be sure to consider tpa services/factors such as these →

Document Preparation & Amendments

Compliance Testing

Form 5500 Prep

Value

Quality and Services intersect to create value for the Plan Sponsor and its participants. Be sure to consider tpa value adds such as these →

Timely Processing of Distributions & Loans

Fiduciary Help for Plan Sponsor

Extras

Extra services received are reflected in the fees you pay. Be sure to consider extra tpa services such as these →

Extra Time Spent

Expenditures Made

Fiduciary Status Taken

Steps:

- 1 Consider what you are paying
- 2 Consider what you are getting
- 3 Balance these items and consider what adjustments, if any, should be made keeping in mind your duty is to pay a **reasonable fee** (not a low fee)

ADVISOR FEE



■ **BMG:** 1,943 Plans | \$10 - \$12.5mm in Assets In avg. bal.

Quality

Per the DOL, you can consider the quality of a Service Provider when assessing Fee Reasonableness. Be sure to consider advisor qualities such as these →

People

Processes

Resources

Services

Not all services are created equal and can vary based on offering and what a plan needs. Be sure to consider advisor services/factors such as these →

Investment Support

Vendor Review

Plan Governance

Participant Support

Value

Quality and Services intersect to create value for the Plan Sponsor and its participants. Be sure to consider advisor value adds such as these →

Better Retirement Outcomes for Employees

Fiduciary Help for Plan Sponsor

Extras

Extra services received are reflected in the fees you pay. Be sure to consider extra advisor services such as these →

Extra Time Spent


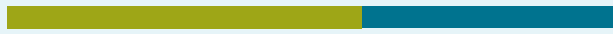



Expenditures Made


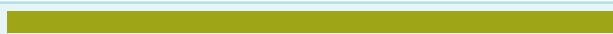

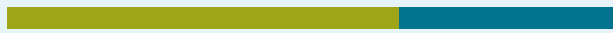

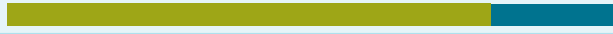










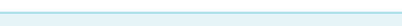

Fiduciary Status Taken

Investment Fees

Investment Fees should be considered in concert with the “Value Delivered” including the investment organization, the money manager, the investment process, risk-adjusted performance, and compliance with the plan’s Investment Policy Statement.

BMG: 6,718 Plans | \$10 - \$15mm in Assets

"Help" Options	% BMG	Active or Passive Utilization	Active Investments			Passive Investments		
			25 th	50 th	75 th	25 th	50 th	75 th
		Active  Passive						
Target Date Funds	89%		0.30%	0.43%	0.77%	0.08%	0.10%	0.15%
Risk Based Funds	66%		0.53%	0.73%	0.97%	0.19%	0.28%	0.48%
Model Based Portfolios	12%		-	-	-	-	-	-
Managed Accounts	12%		-	-	-	-	-	-

Core Options	% BMG	Active or Passive Utilization	Active Investments			Passive Investments		
			25 th	50 th	75 th	25 th	50 th	75 th
		Active  Passive						
Money Market	46%		0.18%	0.34%	0.53%	-	-	-
Stable Value	45%		0.35%	0.48%	0.69%	-	-	-
Fixed Income	99%		0.36%	0.50%	0.74%	0.04%	0.10%	0.23%
High Yield	41%		0.62%	0.74%	0.97%	0.25%	0.40%	0.40%
Large Value	86%		0.54%	0.76%	1.01%	0.06%	0.13%	0.29%
Large Core	99%		0.52%	0.71%	0.95%	0.04%	0.15%	0.35%
Large Growth	95%		0.54%	0.72%	0.96%	0.04%	0.19%	0.29%
Mid Value	62%		0.70%	0.86%	1.12%	0.16%	0.29%	0.41%
Mid Core	80%		0.71%	0.93%	1.17%	0.04%	0.18%	0.40%
Mid Growth	64%		0.75%	0.93%	1.16%	0.07%	0.13%	0.18%
Small Value	66%		0.84%	1.04%	1.24%	0.07%	0.15%	0.31%
Small Core	79%		0.81%	0.95%	1.15%	0.06%	0.21%	0.50%
Small Growth	68%		0.85%	1.02%	1.25%	0.07%	0.10%	0.19%
International	97%		0.70%	0.89%	1.11%	0.06%	0.20%	0.36%
Emerging Markets	68%		0.94%	1.08%	1.30%	0.08%	0.16%	0.41%
Company Stock	0%		-	-	-	-	-	-
Self-Directed Brokerage	8%		-	-	-	-	-	-

*This page shows total expense ratio fee ranges.

BMG = Benchmark Group

Plan and Program Designs Used

A plan's design impacts its participants, sponsors, and service providers. When optimized, it becomes a key driver of participant retirement preparedness. **Keep in mind that more complex plan designs can cost more to administer.**

BMG: All plans in FDI database with Industry: 52 - Finance and Insurance

Category	Plan Provisions	% of Your Industry With Provision	% of All Industries With Provision
Eligibility	Service Requirement	71%	75%
	Age Requirement	79%	78%
Auto Features	Automatic Enrollment	36%	29%
	Automatic Increase	18%	13%
Employee Contributions	Employee Pre-Tax	100%	100%
	Employee Catch-up	96%	94%
	Employee After Tax	12%	10%
	Employee Roth	50%	38%
	Employee Rollover	96%	95%
Employer Contributions	Employer Matching	81%	79%
	Employer Profit Sharing	73%	68%
Investments	Number of Investment Options	33	28
	Risk-Based or Target Retirement Date Funds	84%	85%
	Managed Account	6%	7%
	Mutual Fund Window or Self-Directed Account	6%	5%
	Company Stock	1%	0%
Distributions	Loans Allowed	75%	73%
	In-Service Withdrawals	86%	84%
	Hardship Withdrawals	66%	64%
	Installments	15%	15%
	Lifetime Income Option	3%	2%

Participant Success Measures

One of the most important items to examine is how well your Service Providers are helping your Participants Retire. Small changes in participant behavior can have a large impact on their retirement readiness and that of the plan.

BMG: All plans in FDI database with Industry: 52 - Finance and Insurance

Participant Success Measures	Your Industry			All Industries		
	25 th	50 th	75 th	25 th	50 th	75 th
Overall Participation Rate	53.3%	77.6%	92.9%	37.3%	60.0%	84.8%
Overall Deferral Percentage	4.7%	6.9%	9.5%	3.2%	5.5%	8.0%
Percentage of Participants Maximizing Company Match	54.7%	75.0%	87.6%	43.8%	67.0%	84.1%
Percentage of Assets in Auto-Diversified Options	22.0%	44.0%	66.0%	35.0%	65.0%	90.0%
Percent Terminated Participants NOT Cashing Out	66.7%	78.4%	86.9%	64.6%	75.0%	85.7%

Small Changes in Success Measures Can Have a Large Impact Over the Long-Term - an Illustration

1

Success Measures	Plan 1	vs.	Plan 2	Difference
Participation Rate:	80%		90%	20 more participants
Average Deferral Rate:	5.5%		6.0%	9% higher savings
Average Earnings Rate:	5.4%		5.9%	9% higher earnings

Assumptions for both plans:

Average Age	44
Retirement Age	67
Average Salary	\$61,050
Inflation Rate	3.0%
Beginning Balance	\$71,098
Employees	200

2

Retirement Outcomes	Plan 1	vs.	Plan 2	Difference
Average Account Balance at Retirement:	\$477,551		\$548,631	\$93,029 more savings
Total Average Plan Balance at Retirement:	\$76,608,160		\$98,753,580	\$22,145,420 more savings

This example uses a base case of a hypothetical participant with the above assumptions and does not represent any specific situation. It examines the impact on average account balance for both a participant and all participants in a hypothetical plan assuming the 3 variables above (referred to as Success Measures) change by the above differences between the hypothetical Plan 1 vs. Plan 2. Your rate of return will vary and may not be the same as projected. Hypothetical rates of return used do not reflect the expenses associated with investing.

ERISA allows Plan Sponsors to hire “experts” to help them with their Fiduciary Duty. FDI’s **Hierarchy of Sponsor Needs** shows you items that your Service Providers should be doing to protect you as well as helping you achieve your Plan’s Objectives.

BMG: Hierarchy applies to all Plans

Level 1: Fiduciary Obligations

Being an ERISA fiduciary isn't easy. In fact it is known as one of the hardest and most demanding standards of conduct around.

Service providers should help sponsors meet and exceed the Fiduciary challenge with support, services, and expertise.

[Select Fiduciary Obligations](#)

- ✓ Policies and Procedures
- ✓ Selecting & Monitoring Investments
- ✓ Benchmarking Fees
- ✓ Ensuring disclosures are sent
- ✓ Share Class Optimization

Level 2: Audit Readiness

A plan's readiness for a DOL audit matters, even if it never has one. It is definitive proof of proper plan governance achieved.

Service providers should help sponsors be "audit ready" as a by-product of their combined service delivery.

[Select Audit Check List Items](#)

- ✓ Timely Deposit of Contributions
- ✓ Timely Filing for Form 5500
- ✓ Documentation and Meeting Notes
- ✓ Document Vault Complete
- ✓ Annual Plan Audit

Level 3: Plan Sponsor Goals

Identifying and pursuing specific goals is a recipe for success, including better decision-making and optimal resource allocation.

Service providers should help sponsors set goals, build plans to achieve them, and track related progress.

[Sample Plan Sponsor Goals](#)

- ✓ Eligibility is better than industry
- ✓ Expenditures stay within budget
- ✓ Above Average Use: "Help" Options
- ✓ Employer Match below industry
- ✓ Lifetime Income below industry

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