

HICKS NOTES

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FEE DISCLOSURE: WHAT'S A PLAN SPONSOR TO DO?

Now that Plan Sponsors have received fee disclosure information, what are their duties as trustees under the law? I believe they need to be able to prove that they have been diligent in their actions to determine the following:

1. Gathering the appropriate information regarding each provider including how much they are being paid and by who. They need to find out if there are any indirect payments to service providers by third parties and whether their fees are being discounted by these payments. Many pension administrators are receiving big payments based on assets, and charging Plan Sponsors their regular fees on top of that. You must hold your plan administrator accountable for the fees they are receiving. Just because the plan's asset value is large, does not mean plan administrators should get more money for doing the same work. NH Hicks offset every penny that we receive against our clients bills. Does your administrator? You need to know!
2. Determine if the amount they are paying is a reasonable amount for the value they are receiving. Cheaper isn't always better. Expertise, internet access and good service is worth paying more for; however hidden fees taken out of employees' accounts for the same funds you can buy elsewhere is not the best value.
3. Solicit bids and compare apples to apples. Use your financial advisor to bring you various options and fees for your plan administration and investment alternatives. Performance, service, expertise and prevailing rates for similar service should all be reviewed. I am often amazed at the range of fees for the same basic administration services. Check them out, compare and review your options.

4. Conduct these reviews consistently and document your process. These reviews should be performed at least annually and should be documented by minutes of your investment committee or meeting notes between the trustees and advisors. By documenting this process, you are able to prove to any questioning person how and why you made the decisions you did. Vague answers and relying on the financial advisors is not enough. Lawyers love paper and having something in writing will protect you from the tough questions.

These new regulations require more diligence on the part of the plan's trustees. There is a new competitiveness entering the market as data is becoming more available through the internet. This will require financial planners to do a better job with their existing clients and provides them an opportunity to use this as means to gain new clients.

For trustees, there are better deals out there and it's your job to find them for your participants. Stay diligent and document your process and these plans will continue to provide retirement savings for everyone. We are here to help.

DOL PROVIDES LINK FOR PARTICIPANTS IN 401(k) PLANS

The DOL created a useful publication for participants with tips to understand and use the fee and investment information received from their 401(k) retirement plan. It describes some of the key information they will receive from the plan and provides tips on using this information in evaluating their choices to maximize their retirement savings in their plan. Check it out by clicking [here](#).

Having this information available for participants will create a more competitive market as more eyes are reviewing their plan fees, expenses, investment options and returns.

Call or email us with any questions or pension administration needs.

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