FISHER INVESTMENTS®
401(k) SOLUTIONS

REASONABLE FEES CASE STUDY

A first class plan for the price of economy

Plan Savings

$110,000 over 10 years

AT A GLANCE

Situation

- Every three years a plan sponsor needs to calculate plan fees to make sure they're reasonable.
- Calculating and assessing plan fees is difficult and time-consuming.
- They consult with Fisher Investments to do a complementary Fee Analysis and Plan Benchmarking Report.

Benefits

- An opportunity to get a first class plan for the price of economy.
- A higher level of service that saves the plan sponsor time and leads to higher wealth generation for plan participants.
- Fulfilling legal responsibility by successfully assessing whether fees are reasonable.

CHALLENGE

Calculating 401(k) plan fees is not as simple as it seems. Many plan advisors create complicated rings of dependence where referrals mean kickbacks and revenue sharing for the plan advisor. Rather than putting your interests first, these plan advisors create bloated administrative systems that allow them to get more money out of your company. You end up paying premium fees, but getting average-to-below-average service that doesn't create as much wealth for plan participants. As a result of revenue sharing, the precise cost of a 401(k) plan can be opaque. How can you ensure plan participants are getting a good deal, if you can't see what your plan advisor is really being paid?

Many of the most notorious examples involve mutual funds. Rather than relying on performance and low fees to sell their funds, some fund managers offer kickbacks or commissions to plan advisors. Those plan advisors then stuff client portfolios with low-quality funds. As a result, plan participants lose twice. The funds are likely to underperform and the fees are typically higher than average. The only one who wins is the plan advisor.

OBJECTIVE

When a plan sponsor is a fiduciary for a company retirement plan, it puts real responsibility on their plate. It's their legal duty to ensure their company and its employees are getting a good deal—and that requires some due diligence.

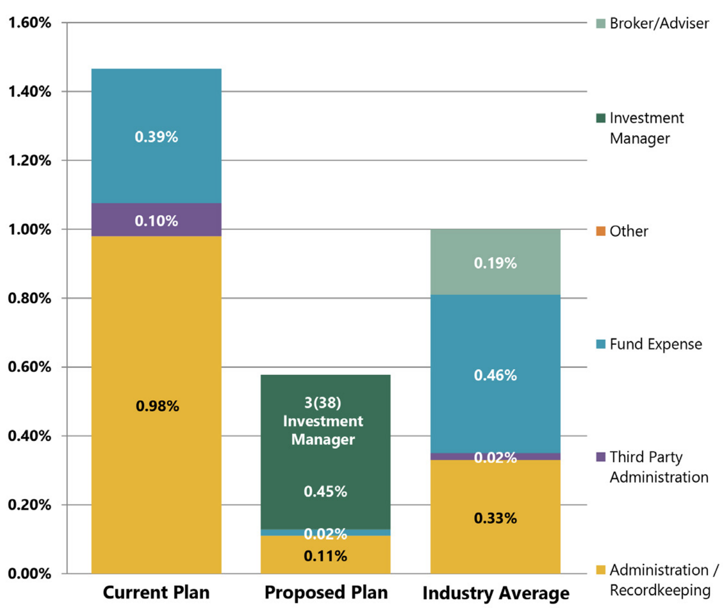
Every three years or so, a plan sponsor needs to audit fees and service providers so they can demonstrate to the Department of Labor that they have conducted the necessary research to ensure the fees in their 401(k) plan are reasonable for the value of services provided.

SOLUTION

The plan sponsor consults with Fisher Investments 401(k) Solutions to help calculate and assess their plan's fees. Fisher uncovers revenue sharing and commissions paid to the plan advisor, which lead to higher administration costs. The plan sponsor also learns they're paying above average fees for below average funds—so participants are losing twice.

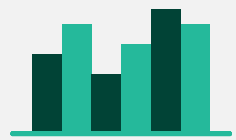
Fisher proposes a plan that eliminates revenue sharing and reduces expenses, while upgrading their fund line-up. They also propose a plan that increases support for participants and plan sponsors—including a single point-of-contact and 1:1 guidance that boosts participation, increases deferral rates, and saves the plan sponsor valuable time and energy. It all adds up to a ~25% reduction in plan fees[1] and a higher level of service.

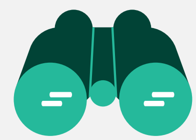
Estimated Annual Fees



$100K+ savings in plan fees over 10 years

0% of fees going to commissions or revenue sharing





RESULTS

- **Lower Fees**
  Fisher cuts plan fees by more than 25%–saving the company $100,000 over 10 years.[1]

- **More time**
  With a single point of contact and 1:1 guidance to participants and plan sponsors, the plan sponsor spends less time fielding questions.

- **More confidence**
  A complete understanding of what they're paying for, with a free Plan Benchmarking report that clearly shows how their plan compares to similar plans.

- **Peace of mind**
  Fulfilling their legal responsibility as a fiduciary to ensure plan fees are reasonable.

The proposed graph represents the fees Fisher Investments' Plan clients paid on average for fund management as of 06/30/20. This allocation is for illustrative purposes only and does not reflect an allocation recommended for you or your employees.

[1]Based on a $2 million plan with 25 participants; results will vary by plan.

FIRST CLASS SERVICE FOR THE PRICE OF ECONOMY

Prior Plan Service	Fisher Solution	Service Upgrade Benefit
No Fiduciary/Co-Fiduciary	Fiduciary	Less risk
Retail class funds	Institutional funds	Save money
Revenue sharing	No revenue sharing	Your interests first
Multiple points of contact	Single point of contact for all plan needs	Save time
No participant services	1:1 enrollment meetings	Better guidance

REVENUE SHARING

What is revenue sharing?

- When a plan service provider receives kickbacks, incentives, or commissions from another service provider–or from investments in the plan.
- A problematic practice that shows up in over 50% of plans.

Why is it problematic?

- It can make you think you're paying less than you are.
- It makes it difficult to know how much you're paying each provider, and what services you're actually paying for.
- It creates conflicts of interest, like incentivizing an advisor to push lackluster investments in your plan because they get a commission.

HELPFUL RESOURCES

Are You Getting A Good Value?

In this article we'll cover how to tell if you're getting a good value from your 401(k) provider.

Cost Estimator

Use the cost estimator to help you quantity your plan costs and estimate the amount of fees your 401(k) plan currently pays.

Retirement Plan Costs Guide

Our plan cost guide provides step-by-step instructions for you to calculate your plan fees.

Fisher will compare your fees to the industry average and identify opportunities for you to get more for less.

REQUEST A FREE FEE ANALYSIS

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