

Benefits Resource Group

Case Study: 401(k) Plan Expense Review



401(k) Plan Expense Review

Background

- As part of Benefits Resource Group's ("BRG") annual retirement plan service, we review our clients plan expenses according to the Department of Labor guidelines and benchmark them against the marketplace. Our objective is to ensure those expenses remain competitive as the plan grows and to continually negotiate lower expenses with the plan provider on behalf of the client.

Issue

- Plan sponsors and plan participants were paying higher plan expenses when compared to the marketplace and were eligible to receive a reduction in plan fees.

Solution

- Below represents actual savings for three BRG clients over a 3 year period whereby BRG successfully negotiated a fee reduction with the provider each year on behalf of the client thereby reducing the overall savings to the plan.

Action Taken	Client 1 Savings	Client 2 Savings	Client 3 Savings
Reduced the Asset Charges	\$83,036	\$44,471	\$37,221
Eliminated Hard Dollar Expenses	\$ 1,000	\$ 0	\$10,800
Reduced Fund Management Fee	\$ 7,852	\$26,177	\$ 0
Accumulative Savings	\$91,888	\$70,648	\$48,021

Results

- BRG educated the plan sponsors about the impact fees have on account balances along with their fiduciary obligation under ERISA to evaluate and monitor fees on a regular basis.
- Providers do not automatically reduce fees as the plan grows, therefore it becomes necessary for sponsors to approach the providers and take action.
- BRG was successful each year in their negotiations on behalf of each client thereby achieving the anticipated outcome of reducing costs for the plan participants.
- The plan sponsors benefited from the cost reduction, and were also provided a due diligence report from BRG which enabled them to keep in their fiduciary file in case of an IRS audit or claim by a participant.

The case studies referenced above do not involve the provisions of investment advisory services. Cost savings cannot be attained through our efforts for all our clients.