

Benefits Resource Group

Case Study: 401(k) Plan Investment & Expense Review



401(k) Plan Investment & Expense Review

Background

- Plan Sponsor stated that the plan investments and expenses have not been reviewed for at least ten years. Plan Sponsor informed Benefits Resource Group ("BRG") that the plan did not have an Investment Policy Statement.

Issue

- The Plan Sponsor was not satisfying their fiduciary obligations by reviewing their investment options and plan expenses under their retirement plan.

Solution

- BRG recommended the following action should take place immediately.

Preparation of Investment Review including:

- Analysis of overall fund holdings and allocation.
- Plan investment & benchmark comparisons.
- Implementation of Investment Policy Statement.

Preparation of Expense Review including:

- Analysis of all expenses paid by the plan including any hard dollars paid by the plan sponsor.
- Benchmark total expenses to marketplace survey data.

Results

- Immediately after obtaining the business, BRG was able to provide the following services within a one-month period:
 - In order to satisfy the company's Fiduciary obligations BRG prepared an Investment Policy Statement.
 - BRG discovered that 70% of the funds offered under the plan should be placed on the Watch List due to poor performance.
 - BRG recommended replacing the funds on the Watch List with better performing funds and facilitated the fund changes with the investment provider.
 - BRG successfully negotiated with the investment provider to reduce the proprietary fund requirement percentage which enabled the sponsor to add non-proprietary funds to the plan that were not previously allowed.
 - BRG discovered the plan was missing funds in certain asset classes and added a Mid Cap fund, an International fund and a Balanced fund.
 - BRG added a default option to the plan that was classified as a Qualified Default Investment Alternative (QDIA) as defined by the DOL.
 - After a review of plan expenses, BRG successfully negotiated to eliminate all hard dollar costs to the plan sponsor resulting in a total reduction of fees by over 20% with an annual savings of \$7,000.