

BEST PRACTICES

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Shields Associates—

Providing access to intelligent investment solutions through independent research and creative thinking.

“Today’s Issues”

- **Laws affecting defined contribution plan fees are changing.**
 - **Recent law suits against service providers and plan sponsors are putting pressure on improved fee disclosures.**
 - **Defined contribution plan costs for bundled recordkeeper/managers are under the legislative microscope.**
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Traditional Fiduciary Approach: Elements and Weaknesses

Plan sponsors today typically have a general understanding of their savings plan fees, whether expense ratios, bundled fees, custodian or consultant charges, but only a few actively decompose the fees into category components and evaluate competitiveness against industry alternatives.

The defined contribution plan industry’s segmented approach to plan design and fees complicates a useful cost comparison as recordkeepers and bundled providers utilize various algorithms to generate fee proposals. Legal pressure, however, may finally raise the veil, offering plan sponsors the ideal opportunity to evaluate the total cost of their savings program and negotiate lower plan fees.

Shields Associates — “Best Practices”

Shields saves sponsors’ time and money by providing defined contribution plan fee analysis and leading fee negotiations. Using a concise fee analyzer tool and cost exhibits, we provide useful plan intelligence that evaluates plan costs against industry benchmarks, identifies uncompetitive fees, and builds the case for fee negotiations. Key aspects of the analysis include:

- Current program fee structure
- Comparative level of current investment option fees
- Comparative level of total plan charges

Improved Methodology

Following an insightful process and analysis of defined contribution plan fees provides numerous benefits:

- Leads plan sponsors to better plan designs.
- Results in lower costs and better fee negotiating positions.
- Helps sponsors fulfill an essential fiduciary responsibility that includes: 1) Decomposing plan costs into relevant components and 2) Benchmarking fees against industry standards.

