

Understanding Retirement Plan Fees and Expenses

As the sponsor of a retirement plan, you are helping your employees achieve a secure financial future. Sponsoring a plan, however, also means that you, or someone you appoint, will be responsible for making important decisions about the plan's management. Your decision making will include selecting plan investments or investment options and plan service providers. Many of your decisions will require you to understand and evaluate the costs to the plan.

The Federal law governing private-sector retirement plans, the Employee Retirement Income Security Act (ERISA), requires that those responsible for managing retirement plans -- referred to as fiduciaries -- carry out their responsibilities prudently and solely in the interest of the plan's participants and beneficiaries. Among other duties, fiduciaries have a responsibility to ensure that the services provided to their plan are necessary and that the cost of those services is reasonable.

This article will help you better understand and evaluate your plan's fees and expenses. While the focus is on fees and expenses involved with 401(k) plans, many of the principles discussed in the article also will have application to all types of retirement plans.

Remember, however, that this article provides a simplified explanation of plan and investment fees. It is not a legal interpretation of ERISA or other laws, nor is it intended to be a substitute for the advice of a retirement plan or investment professional.

Why Consider Fees?

Plan fees and expenses are important considerations for all types of retirement plans. As a plan fiduciary, you have an obligation under ERISA to prudently select and monitor plan investments, investment options made available to the plan's participants and beneficiaries, and the persons providing services to your plan. Understanding and evaluating plan fees and expenses associated with plan investments, investment options, and services are an important part of a fiduciary's responsibility. This responsibility is ongoing. After careful evaluation during the initial selection, you will want to monitor plan fees and expenses to determine whether they continue to be reasonable in light of the services provided.

In recent years, there has been a dramatic increase in the number of investment options, as well as level and types of services, offered to and by plans in which participants have individual accounts. In determining the number of investment options and the level and type of services for your plan, it is important to understand the fees and expenses for the services you decide to offer. The cumulative effect of fees and expenses on retirement savings can be substantial.

What Are The Types Of Plan Fees And Who Pays For Them?

There are a variety of plan fees and expenses that may affect your retirement plan. The following is an overview of some of those fees and expenses and the different ways in which they may be charged.

Plan fees and expenses generally fall into three categories:

Plan Administration Fees. The day-to-day operation of a plan involves expenses for basic administrative services -- such as plan recordkeeping, accounting, legal and trustee services -- that are necessary for administering the plan as a whole. In addition, a profit-sharing or 401(k) plan also may offer a host of additional services, such as telephone voice response systems, access to a customer service representative, educational seminars, retirement planning software, investment advice, electronic access to plan information, daily valuation, and on-line transactions.

In some instances, the costs of administrative services will be covered by investment fees that are deducted directly from investment returns. In other instances, when the administrative costs are billed separately, they may be borne,

in whole or in part, by the employer or charged directly against the assets of the plan. In the case of a 401(k), profit sharing, or other similar plan with individual accounts, administrative fees are either allocated among individual accounts in proportion to each account balance (i.e., participants with larger account balances pay more of the allocated expenses, (a “pro rata” charge)) or passed through as a flat fee against each participant’s account (a “per capita” charge). Generally the more services provided, the higher the fees.

Investment Fees. By far the largest component of plan fees and expenses is associated with managing plan investments. Fees for investment management and other related services generally are assessed as a percentage of assets invested. Employers should pay attention to these fees. They are paid in the form of an indirect charge against the participant’s account or the plan because they are deducted directly from investment returns. Net total return is the return after these fees have been deducted. For this reason, these fees, which are not specifically identified on statements of investments, may not be immediately apparent to employers.

Individual Service Fees. In addition to overall administrative expenses, there may be individual service fees associated with optional features offered under an individual account plan. Individual service fees may be charged separately to the accounts of those who choose to take advantage of a particular plan feature. For example, fees may be charged to a participant for taking a loan from the plan or for executing participant investment directions.

Plan administrative and investment services may be provided through a variety of arrangements:

Some or all of the various plan services and investment alternatives may be offered by one provider for a single fee paid to that provider (sometimes referred to as a bundled arrangement). The provider will then pay, out of that fee, any other service providers that it may have contracted to provide the services.

In other cases, plans may obtain services and investments from a variety of providers (sometimes referred to as an unbundled arrangement). The expenses of each provider (e.g., investment manager, trustee, record keeper, communications firm) are charged separately.

Plans also may use an arrangement that combines a single provider for certain services, such as administrative services, with a number of different providers for investments.

Fees need to be evaluated keeping in mind the cost of all covered services.

What Fees Are Associated With The Investment Choices In My Retirement Plan?

Apart from fees charged for administering the plan itself, there are two basic types of fees that may be charged in connection with plan investments or investment options made available to participants and beneficiaries. These fees, which can be referred to by different terms, include:

Sales charges (also known as **loads** or **commissions**). These are basically transaction costs for buying and selling shares. They may be computed in different ways, depending on the particular investment product.

- **Management fees** (also known as **investment advisory fees** or **account maintenance fees**). These are ongoing charges for managing the assets of the investment fund. They are generally stated as a percentage of the amount of assets invested in the fund. Sometimes management fees may be used to cover administrative expenses. You should know that the level of management fees can vary widely, depending on the investment manager and the nature of the investment product. Investment products that require significant management, research, and monitoring services generally will have higher fees. Be aware that higher investment management fees do not necessarily mean better performance.

In addition, there are some fees that are unique to specific types of investments. Following are brief descriptions of some of the more common investments available to retirement plans and explanations of some of the different terminology or unique fees associated with them.

Some common investments and related fees:

Most investments offered by smaller plans pool the money of a large number of individual investors. Pooling money makes it possible for smaller plans and participants in individual account plans to diversify investments, to benefit from economies of scale, and to lower their transaction costs. These pooled funds may invest in stocks, bonds, real estate, and other investments. Larger plans, by virtue of their size, are more likely to pool investments on their own -- for example, by using a separate account held with a financial institution. Smaller plans generally invest in commingled pooled investment vehicles offered by financial institutions, such as banks, insurance companies, or mutual funds. Generally, investment-related fees, usually charged as a percentage of assets invested, are paid by the participant or the plan.

Mutual Funds. Mutual funds pool and invest the money of many people. Each investor owns shares in the mutual fund that represent a part of the mutual fund's holdings. The portfolio of securities held by a mutual fund is managed by a professional investment adviser following a specific investment policy. In addition to investment management and administration fees, you may find these fees:

Some mutual funds assess sales charges (see above for a discussion of sales charges). These charges may be paid when you invest in a fund (known as a **front-end load**) or when you sell shares (known as a **back-end load, deferred sales charge, or redemption fee**). A front-end load is deducted up front and, therefore, reduces the amount of your initial investment. A back-end load is paid when the shares are sold. A back-end load is determined by how long you keep your investment. There are various types of back-end loads, including some that decrease and eventually disappear over time.

Mutual funds also may charge what are known as **12b-1** fees, which are ongoing fees paid out of fund assets. 12b-1 fees may be used to pay commissions to brokers and other salespersons, to pay for advertising and other costs of promoting the fund to investors, and to pay various service providers to a plan pursuant to a bundled services arrangement.

Some mutual funds may be advertised as "no load" funds. This can mean that there is no front- or back-end load. However, there may be a 12b-1 fee.

Collective Investment Funds. A collective investment fund is a trust fund managed by a bank or trust company that pools investments of retirement plans and other similar investors. Each investor has a proportionate interest in the trust fund assets. For example, if a collective investment fund holds \$10 million in assets and your investment in the fund is \$10,000, you have a 0.1 percent interest in the fund. Like mutual funds, collective investment funds may have a variety of investment objectives. There are no front- or back-end fees associated with a collective investment fund, but there are investment management and administrative fees.

Variable Annuities. Insurance companies frequently offer a range of investment alternatives for individual account plans through a group variable annuity contract between an insurance company and an employer on behalf of a plan. Variable annuities include one or more insurance elements, which are not present in other investment alternatives. Generally, these elements include an annuity feature, interest and expense guarantees, and any death benefit provided during the term of the contract. The variable annuity contract "wraps" around investment alternatives, often a number of mutual funds. Participants select from among the investment alternatives offered, and the returns to their individual accounts vary with their choice of investments. In addition to investment management fees and administration fees, you may find these fees:

Insurance-related charges are associated with investment alternatives that include an insurance component. They include items such as sales expenses, mortality risk charges, and the cost of issuing and administering contracts.

■ **Surrender and transfer charges** are fees an insurance company may charge when an employer terminates a contract (in other words, withdraws the plan's investment) before the term of the contract expires or when a participant withdraws an amount from the contract. These charges may be imposed if these events occur before the expiration of a stated period and commonly decrease and disappear over time. They are similar to an early withdrawal penalty on a bank certificate of deposit or a back-end load or redemption fee charged by some mutual funds.

Pooled Guaranteed Investment Contract (GIC) Funds. A common fixed income investment option, a pooled GIC fund generally includes a number of contracts issued by an insurance company or bank paying an interest rate that blends the fixed interest rates of each of the GICs included in the pool. There are investment management and administrative fees associated with the pooled GIC fund.

While the investments described above are common, plans also may offer other investments that are not described here (such as employer securities).

What Other Factors Might Have An Impact On The Fees And Expenses Of My Retirement Plan?

Funds that are “actively managed” (i.e., funds with an investment adviser who actively researches, monitors, and trades the holdings of the fund to seek a higher return than the market as a whole) generally have higher fees than funds that are “passively managed” (see below). The higher fees are associated with the more active management provided and increased sales charges from the higher level of trading activity. While actively managed funds seek to provide higher returns than the market, neither active management nor higher fees necessarily guarantee higher returns.

Funds that are “passively managed” generally have lower management fees. Passively managed funds seek to obtain the investment results of an established market index, such as the Standard and Poor’s 500, by duplicating the holdings included in the index. Thus, passively managed funds require little research and less trading activity.

What Steps Can I Take To Evaluate Plan Fees And Expenses?

Fees and expenses are one of several factors to consider when you select and monitor plan service providers and investments. The level and quality of service and investment risk and return will also affect your decisions.

Begin by establishing an objective process to aid in your decision making. This process should include an understanding of the fees and expenses you will pay and a review of those charges as they relate to the services to be provided and the investments you are considering.

Before negotiating with prospective providers, think about the specific services you would like from a service provider (e.g., legal, accounting, trustee/custodian, recordkeeping, investment management, investment education or advice). Include the types and frequency of reports you wish to receive, communications to participants, meetings for participants, and the frequency of participant investment transfers.

You will also need to consider the level of responsibility you want the prospective service provider to assume, the services that must be included in any retirement plan, the possible extras or customized services you wish to provide, and optional features, such as loans, Internet trading, and telephone transfers.

Once you have a clear idea of your requirements, you are ready to begin receiving estimates from prospective providers. Give all of them complete and identical information about your plan and the features you want so that you can make a meaningful comparison. This information should include the number of plan participants and the amount of plan assets as of a specified date.

In addition, ask each prospective provider to be specific about which services are covered for the estimated fees and which are not. To help in gathering information and making comparisons, you may want to use the same format for each prospective provider.

- Once you have selected a service provider or investments, be prepared to monitor the level and quality of the services and performance of investments to make sure they continue to be reasonable and they suit the needs of your employees. Make sure that you receive information on a regular basis so that you can monitor investment returns and service provider performance and, if necessary, make changes.

By continuing to ask questions, you can make better decisions for your plan and your employees.

In Conclusion...

Fees and expenses are an important component in managing your retirement plan. For further information, you may want to consult the following resources on the Department of Labor's Employee Benefits Security Administration's Web site: <http://www.dol.gov/ebsa/savingmatters.html>

Additional Resources: So how can you determine the costs in the plan you sponsor? Attached are two resources that can assist in the evaluation of the retirement plan.

1. 401(k) Plan Fee Disclosure - Can be given to the current plan provider to complete that will help determine all plan costs.
2. A checklist for fiduciaries – Questionnaire is designed to help the Dentist better understand their responsibility as the fiduciary of their firm's retirement plan.

Disclosure Note: This article was modified from an article posted on the EBSA's website under the same name. I felt they did a great job of explaining fees/expenses associated with retirement plans especially as they relate to a dental practice.

Sincerely, Rick Epple, CFP®

Rick Epple, CFP®, is the founder and president of Epple Financial Advisors (EFA). We at EFA work in our client's (including dentists) best interest to understand their unique issues and create a flexible but clear and direct road map to achieve their goals. This consists of a comprehensive and integrated wealth management plan and corresponding unbiased custom solution. Our plan will continue to guide and protect our clients in the years ahead, regardless of the changing market and economic condition.

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A checklist for fiduciaries

1. Have the investment fiduciaries been appointed in a manner consistent with the plan and trust documents?
2. Is each plan fiduciary — such as a trustee, officer or owner — aware he is a fiduciary? Has each fiduciary been informed of his obligations under ERISA?
3. Do the trustees meet at least once a year?
4. Is a due diligence file maintained with minutes, notes and supporting documentation, such as a quarterly monitoring report, to document investment decisions made at fiduciary meetings?
5. Does the plan have a written investment policy?
6. Does the plan have investments in a diverse group of investment categories, such as the ones below, to ensure participants can choose from a “broad range” of funds?
 - ✓ Stable Value, guaranteed investment contract or money market fund
 - ✓ U.S. government or corporate bonds
 - ✓ Large-Cap U.S. equities
 - ✓ Mid/Small-Cap U.S. equities
 - ✓ International or global equities
7. Have the plan fiduciaries reviewed the plan’s investments in the last 12 months? Was the review done in compliance with the investment policy?
8. To properly review the investment, did your investment provider give you information on the proper peer group indices, expenses, historical performance, volatility and other factors? If not, did you gather that information yourself for review?
9. Are investment costs reasonable in comparison to the appropriate benchmarks? Do fiduciaries fully understand all investment costs and services provided for these costs?
10. Does the plan provide employee enrollment education explaining the importance of participating, saving for retirement and the basics of investing? Does the plan provide ongoing investment education material or seminars for employees?
11. Do plan fiduciaries ensure the plan collects and invests employee deferrals in a timely manner?
12. Is the plan covered by a fidelity bond of at least 10 percent of plan assets (up to \$500,000)? Does the bond cover plan fiduciaries and other employees or third parties that handle or have access to plan assets?
13. If the plan intends to employ the fiduciary protections of ERISA Sec. 404(c), does the SPD or other written notice inform participants of the following items?
 - ✓ Participants can direct their own investments
 - ✓ The plan intends to comply with 404(c), which may relieve fiduciaries of liability for investment losses
 - ✓ The name, address and phone number of the 404(c) plan fiduciary responsible for providing information upon request and for receiving and complying with participant investment instructions
14. Have all participants received information about each of the investment options available under the plan?
15. Does the Form 5500 filing indicate your plan intends to comply with ERISA Sec. 404(c) requirements?



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ABC PLAN
401(k) PLAN FEE DISCLOSURE FORM
For Services Provided by XYZ Company¹

Overview

The Employee Retirement Income Security Act of 1974, as amended (ERISA) requires employee benefit plan fiduciaries to act solely in the interests of, and for the exclusive benefit of, plan participants and beneficiaries. As part of that obligation, plan fiduciaries should consider cost, among other things, when choosing investment options for the plan and selecting plan service providers.

This 401(k) plan fee disclosure form may assist you in making informed cost-benefit decisions with respect to your plan. The purpose of this form is to help you determine the total cost of the plan. It is also intended to provide you with a means to compare investment product fees and plan administration expenses charged by competing service providers, regardless of how a particular service provider structures its fees.

The 401(k) plan fees included in this disclosure form represent the following: ____ actual 401(k) plan expenses for the period X/XX/XX through X/XX/XX or ____ estimated 401(k) plan expenses² for the period X/XX/XX through X/XX/XX. Additional investment product information regarding fees may be obtained from the product prospectus, annuity contract or other similar documents. Additional information relating to plan administration services and expenses is contained in documentation provided by the service provider, including the contract for plan services. Other plan expenses may include legal fees for initial plan design and ongoing amendments resulting from changes in pension law or plan design and the cost of a mandatory annual audit. You need to contact your legal advisor or accountant to determine these charges.

Selecting a service provider requires that you evaluate and differentiate services offered by competing companies. Cost is one of the criteria, but not the only criterion, for making this evaluation. Other factors of equal or greater importance to consider include the quality and type of services provided, the anticipated performance of competing providers and their investment products and other factors specific to your plan's needs. *The service provider offering the lowest cost services is not necessarily the best choice for your plan.*

Calculation of Fees

In general, fees are calculated in four ways:

- Asset-based: expenses are based on the amount of assets in the plan and generally are expressed as percentages or basis points.
- Per-person: expenses are based upon the number of eligible employees or actual participants in the plan.
- Transaction-based: expenses are based on the execution of a particular plan service or transaction.
- Flat rate: fixed charge that does not vary, regardless of plan size.

Fees may be calculated using one or any combination of these methods. Plan administration-related expenses can also be charged as one-time fees or ongoing expenses. One-time fees are typically related to start-ups, conversions (moving from one provider to another) and terminations of service. Ongoing fees are recurring expenses relating to continuing plan operation.

¹ There may be plan expenses incurred by other providers, other than the company completing this form. For a complete list of expenses charged to your plan, please contact all plan service providers with whom you contract or may contract and request fee information with respect to their services.

² If you are considering a conversion from an existing plan service provider to a new service provider, you will need to provide the service provider(s) with certain information about the plan, including the number of plan participants, the number of eligible participants and the amount of plan assets in order for the service provider(s) to be able to complete this form. Similarly, if you are considering starting a plan, you will need to provide the service provider(s) with estimates of plan participants and plan assets. When providing potential service providers with information regarding your plan, it is critical that you provide identical information to all of the competing companies in order to ensure equivalent comparisons.

ABC PLAN
401(k) PLAN FEE DISCLOSURE FORM
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Total Plan Expenses

Contact Name: _____
Institution: _____
Phone: _____

**Amount/
Estimate³**

I. Investment Product Fees (See Schedule A)

A. Collective Investment Fund(s)	\$ _____
B. Insurance/Annuity Product(s)	\$ _____
C. Mutual Fund(s)	\$ _____
D. Individually Managed Account(s)	\$ _____
E. Brokerage Window	\$ _____
F. Other Product(s) (Specify)	\$ _____

Total Investment Product Fees \$ _____

II. Plan Administration Expenses (See Schedule B)

Total Plan Administration Expenses \$ _____

III. Plan Start-Up or Conversion Related Charges (See Schedule C)

One Time Start-Up/Conversion expenses \$ _____

IV. Service Provider Termination Related Charges (See Schedule D)

Service Provider Termination expenses \$ _____

Total Plan Expenses \$ _____

For definitions of terms used throughout this disclosure form, see Schedule E.

³ Amounts are calculated based on rates charged, which are identified in attached schedules as applied to relevant information (for example amount of assets or number of participants). Certain calculations may be estimates based on information provided by you, the plan sponsor, and may vary as circumstances change.

ABC PLAN
401(k) PLAN FEE DISCLOSURE FORM
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Schedule A

Investment Product Fees/Estimates

Collective Investment Fund	Assets (X/X/XX)	Management Fee	Other* (Specify)	Total Cost
Fund 1				
Fund 2				
Fund 3				
Fund 4				
TOTAL				

Insurance /Annuity Product	Assets (X/X/XX)	Management Fee	Mortality Risk and Administrative Expense (M&E Fee)	Other* (Specify)	Total Cost
Fund 1					
Fund 2					
Separate Account 1					
Separate Account 2					
TOTAL					

Mutual Fund	Assets (X/X/XX)	Expense Ratio⁴	Front-end Load	Other* (Specify)	Total Cost
Fund 1					
Fund 2					
Fund 3					
Fund 4					
TOTAL					

Individually-Managed Account	Assets (X/X/XX)	Management Fee	Other* (Specify)	Total Cost
Product 1				
Product 2				
Product 3				
Product 4				
TOTAL				

* Fees represent product-related charges paid by the plan. Fees associated with participants' transfer of account balances between investment options, including investment transfer expenses and any contingent back-end loads, redemption fees and surrender charges should be included in "other" expenses. In addition, any wrap fees or pricing charges for non-publicly traded assets should be included in the "other" expenses column. For investment product termination fees associated with plan termination or conversion, see Schedule D. Insurance companies incur marketing and distribution costs, which are recouped through charges assessed against the plan.

⁴ Includes 12b-1 fee and management fee. (See the fee table in the fund prospectus).

ABC PLAN
401(k) PLAN FEE DISCLOSURE FORM
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Schedule A, continued

Investment Product Fees/Estimates

Brokerage Window⁵	Assets (X/X/XX)	Commission (Range)	Transaction Fee (Range)	Other* (Specify)	Total Cost
Total Transactions					

Other Product⁶	Assets (X/X/XX)	Management Fee	Other* (Specify)	Total Cost
Product 1				
Product 2				
Product 3				
Product 4				

Total Investment Product Fees \$_____

⁵ When providing potential service providers with information/assumptions regarding the brokerage window plan feature, it is critical that you provide identical information to all of the competing companies in order to ensure equivalent comparisons.

* Fees associated with participants' transfer of account balances between investment options, including investment transfer expenses and any contingent back-end loads, redemption fees and surrender charges should be included in "other" expenses. In addition, any wrap fees or pricing charges for non-publicly traded assets should be included in the "other" expenses column. For investment product termination fees associated with plan termination or conversion, see Schedule D. Insurance companies incur marketing and distribution costs, which are recouped through charges assessed against the plan.

⁶ Other products could include investment vehicles such as REITs and limited partnerships.

ABC PLAN DISCLOSURE FORM
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Schedule B

PLAN ADMINISTRATION EXPENSES

<u>Expense Type</u>	<u>Rate/ Estimate</u> [*]	<u>Bundled Service Arrangement</u> (✓) ⁷	<u>Total Cost</u> ^{**}
<u>Administration/Recordkeeping Fees:</u>			
• Daily valuation	\$ _____	<input type="checkbox"/>	\$ _____
• Payroll processing	\$ _____	<input type="checkbox"/>	\$ _____
• Balance inquiry	\$ _____	<input type="checkbox"/>	\$ _____
• Investment transfer	\$ _____	<input type="checkbox"/>	\$ _____
• Contract administration charge	\$ _____	<input type="checkbox"/>	\$ _____
• Distribution processing	\$ _____	<input type="checkbox"/>	\$ _____
• QDRO processing	\$ _____	<input type="checkbox"/>	\$ _____
• Participant statements	\$ _____	<input type="checkbox"/>	\$ _____
• Plan sponsor reports	\$ _____	<input type="checkbox"/>	\$ _____
• VRU/Internet services	\$ _____	<input type="checkbox"/>	\$ _____
• Other (specify)	\$ _____	<input type="checkbox"/>	\$ _____
Subtotal			\$ _____
<u>Participant Education/Advice:</u>			
• Participant education materials/distribution	\$ _____	<input type="checkbox"/>	\$ _____
• Education meetings (frequency__)	\$ _____	<input type="checkbox"/>	\$ _____
• Investment advice programs	\$ _____	<input type="checkbox"/>	\$ _____
• Other (specify)	\$ _____	<input type="checkbox"/>	\$ _____
Subtotal			\$ _____
<u>Trustee/Custodial Services:</u>			
• Certified annual trust statement	\$ _____	<input type="checkbox"/>	\$ _____
• Safekeeping of plan assets	\$ _____	<input type="checkbox"/>	\$ _____
• Other (specify)	\$ _____	<input type="checkbox"/>	\$ _____
Subtotal			\$ _____

* Amounts represent the method by which the fee is calculated, for example as a percentage of plan assets under management, based upon number of participants or based upon number of transactions. For start-up or take-over situations, fees are based upon estimates and/or certain assumptions, i.e., regarding assets under management and number of participants. When providing potential service providers with information/assumptions regarding your plan, it is critical that you provide identical information to all of the competing companies in order to ensure equivalent comparisons. Without a standardized set of assumptions, service providers will certainly use differing assumptions, defeating the intended purpose of clarifying fee comparisons among service providers.

⁷ Services provided under a bundled services arrangement are indicated by a check mark next to the specific service.

** Amounts represent flat dollar amount charges or total charges based upon the particular method of calculation. In some instances, these amounts represent estimates based on assumptions provided by you, the plan sponsor.

ABC PLAN DISCLOSURE FORM
For Services Provided by XYZ Company
Schedule B, continued

<u>Expense Type</u>	<u>Rate/ Estimate</u> *	<u>Bundled Service Arrangement</u> (✓)	<u>Total Cost</u> **
<u>Compliance Services:</u>			
• Nondiscrimination testing	\$ _____	<input type="checkbox"/>	\$ _____
• Signature ready form 5500	\$ _____	<input type="checkbox"/>	\$ _____
• Annual audit	\$ _____	<input type="checkbox"/>	\$ _____
• Other (specify)	\$ _____	<input type="checkbox"/>	\$ _____
Subtotal			\$ _____
<u>Plan Amendment Fee:</u>			
• Plan amendment fee	\$ _____	<input type="checkbox"/>	\$ _____
• Plan document/determination letter fee	\$ _____	<input type="checkbox"/>	\$ _____
• Other (specify)	\$ _____	<input type="checkbox"/>	\$ _____
Subtotal			\$ _____
<u>Loan Administration:</u>			
• Loan origination fee	\$ _____	<input type="checkbox"/>	\$ _____
• Loan processing fee	\$ _____	<input type="checkbox"/>	\$ _____
• Loan maintenance and repayment tracking fee	\$ _____	<input type="checkbox"/>	\$ _____
• Other (specify)	\$ _____	<input type="checkbox"/>	\$ _____
Subtotal			\$ _____
Total separate charges			\$ _____
Total bundled services			\$ _____
(Less offsets/credits paid to plan)			\$(_____)
Total Plan Administration Expenses			\$ _____

* Amounts represent the method by which the fee is calculated, for example as a percentage of plan assets under management, based upon number of participants or based upon number of transactions. For start-up or take-over situations, fees are based upon estimates and/or certain assumptions, i.e., regarding assets under management and number of participants. When providing potential service providers with information/assumptions regarding your plan, it is critical that you provide identical information to all of the competing companies in order to ensure equivalent comparisons. Without a standardized set of assumptions, service providers will certainly use differing assumptions, defeating the intended purpose of clarifying fee comparisons among service providers.

** Amounts represent flat dollar amount charges or total charges based upon the particular method of calculation. In some instances, these amounts represent estimates based on assumptions provided by you, the plan sponsor.

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Schedule C

ONE TIME START-UP/CONVERSION EXPENSES

<u>Expense Type</u>	<u>Rate/ Estimate</u> *	<u>Total Cost</u> **
● Start-up/conversion education program	\$ _____	\$ _____
● Start-up/conversion enrollment expense	\$ _____	\$ _____
● Installation fee	\$ _____	\$ _____
● Start-up/conversion plan document fee/filing fee	\$ _____	\$ _____
● Other (specify)	\$ _____	\$ _____
Total Start-up/Conversion expenses		\$ _____

* Amounts represent the method by which the fee is calculated, for example as a percentage of plan assets under management, based upon number of participants or based upon number of transactions. For start-up or take-over situations, fees are based upon estimates and/or certain assumptions, i.e., regarding assets under management and number of participants. When providing potential service providers with information/assumptions regarding your plan, it is critical that you provide identical information to all of the competing companies in order to ensure equivalent comparisons. Without a standardized set of assumptions, service providers will certainly use differing assumptions, defeating the intended purpose of clarifying fee comparisons among service providers.

** Amounts represent flat dollar amount charges or total charges based upon the particular method of calculation. In some instances, these amounts represent estimates based on assumptions provided by you, the plan sponsor.

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Schedule D

SERVICE PROVIDER TERMINATION EXPENSES

<u>Expense Type</u>	<u>Rate/ Estimate</u> *	<u>Total Cost</u> **
<u>Investment Product Expenses</u>		
• Contract termination charges	\$ _____	\$ _____
• Back-end load	\$ _____	\$ _____
• Product termination fee	\$ _____	\$ _____
• Other (specify)	\$ _____	\$ _____
Total		\$ _____
<u>Plan Administration Expenses</u>		
• Service provider termination charge	\$ _____	\$ _____
• Service contract termination charge	\$ _____	\$ _____
• Other (specify)	\$ _____	\$ _____
Total Termination Expenses		\$ _____

* Amounts represent the method by which the fee is calculated, for example as a percentage of plan assets under management, based upon number of participants or based upon number of transactions. For start-up or take-over situations, fees are based upon estimates and/or certain assumptions, i.e., regarding assets under management and number of participants. When providing potential service providers with information/assumptions regarding your plan, it is critical that you provide identical information to all of the competing companies in order to ensure equivalent comparisons. Without a standardized set of assumptions, service providers will certainly use differing assumptions, defeating the intended purpose of clarifying fee comparisons among service providers.

** Amounts represent flat dollar amount charges or total charges based upon the particular method of calculation. In some instances, these amounts represent estimates based on assumptions provided by you, the plan sponsor.

ABC PLAN
401(k) PLAN FEE DISCLOSURE FORM
For Services Provided by XYZ Company
Schedule E

DEFINITION OF TERMS

Administration/Recordkeeping Fee: Fee for providing recordkeeping and other plan participant administrative type services. For start-up or takeover plans, these fees typically include charges for contacting and processing information from the prior service provider and “matching up” or mapping participant information. Use of this term is not meant to identify any ERISA Section 3(16)(A) obligations.

Annual Audit: Federal law requires that all ERISA-covered plans with more than 100 participants be audited by an independent auditor. It is also common to refer to a DOL or IRS examination of a plan as a plan audit. Any charge imposed by a service provider in connection with this audit is reflected on Schedule B.

Back-End Load: Sales charges due upon the sale or transfer of mutual funds, insurance/annuity products or other investments, which may be reduced and/or eliminated over time.

Balance Inquiry: Fee that may be charged each time a participant inquires about his or her balance.

Brokerage Commission: A fee paid to a broker or other intermediary for executing a trade.

Brokerage Window: A plan investment option allowing a participant to establish a self-directed brokerage account.

Bundled Services: Arrangements whereby plan service providers offer 401(k) plan establishment, investment services and administration for an all-inclusive fee. Bundled services by their nature are priced as a package and cannot be priced on a per service basis.

Collective Investment Fund: A tax-exempt pooled fund operated by a bank or trust company that commingles the assets of trust accounts for which the bank provides fiduciary services.

Contract Administration Charge: An omnibus charge for costs of administering the insurance/annuity contract, including costs associated with the maintenance of participant accounts and all investment-related transactions initiated by participants.

Contract Termination Charge: A charge to the plan for “surrendering” or “terminating” its insurance/annuity contract prior to the end of a stated time period. The charge typically decreases over time.

Conversion: The process of changing from one service provider to another.

Distribution Expense: The costs typically associated with processing paperwork and issuing a check for a distribution of plan assets to a participant. May include the generation of IRS Form 1099R. This fee may apply to hardship and other in-service withdrawals as well as to separation-from-service or retirement distributions.

Eligible Employee: Any employee who is eligible to participate in and receive benefits from a plan.

Expense Ratio: The cost of investing and administering assets, including management fees, in a mutual fund or other collective fund expressed as a percentage of total assets.

ABC PLAN
401(k) PLAN FEE DISCLOSURE FORM
For Services Provided by XYZ Company
Schedule E (continued)

Front-End Load: Sales charges incurred when an investment in a mutual fund is made.

Individually Managed Account: An investment account managed for a single plan.

Installation Fee: One-time fee for initiating a new plan or initiating new services.

Investment Transfer Expense: Fee associated with a participant changing his or her investment allocation, or making transfers among funding accounts under the plan.

Loan Maintenance and Repayment Tracking Fee: Fee charged to monitor outstanding loans and repayment schedule.

Loan Origination Fee: Fee charged when a plan loan is originally taken.

Loan Processing Fee: Fee charged to process a plan loan application.

Management Fee: Fee charged for the management of pooled investments such as collective investment funds, insurance/annuity products, mutual funds and individually managed accounts.

Mortality Risk and Administrative Expense (M&E Fee): Fee charged by an insurance company to cover the cost of the insurance features of an annuity contract, including the guarantee of a lifetime income payment, interest and expense guarantees, and any death benefit provided during the accumulation period.

Nondiscrimination Testing Expense: Tax qualified retirement plans must be administered in compliance with several regulations requiring numerical measurements. The fee charged for the process of determining whether the plan is in compliance is collectively called nondiscrimination testing expense.

Participant: Person who has an account in the plan.

Participant Education Materials/Distribution Expenses: All costs (including travel expenses) associated with providing print, video, software and/or live instruction to educate employees about how the plan works, the plan investment funds, and asset allocation strategies. There may be a one-time cost associated with implementing a new plan, as well as ongoing costs for an existing program.

Plan Document/Determination Letter Fee (Filing Fee): Fee charged for a written plan document. Fee can also include the costs associated with preparing and filing IRS required documentation, including the request for a determination letter (document issued by the IRS stating whether the plan meets the qualifications for tax-advantaged treatment).

Plan Loan: The law allows participants to borrow from their accounts up to prescribed limits. This is an optional plan feature.

ABC PLAN
401(k) PLAN FEE DISCLOSURE FORM
For Services Provided by XYZ Company
Schedule E (continued)

Product Termination Fee: Investment-product charges associated with terminating one or all of a service provider's investment products.

QDRO (Qualified Domestic Relations Order): A judgment, decree or order that creates or recognizes an alternate payee's (such as former spouse, child, etc.) right to receive all or a portion of a participant's retirement plan benefits.

Separate Account: An asset account established by a life insurance company, separate from other funds of the life insurance company, offering investment funding options for pension plans.

Service Provider Termination Charge: Plan administrative costs associated with terminating a relationship with a service provider, with the permanent termination of a plan, or with the termination of specific plan services. These may be termed "surrender" or "transfer" charges.

Signature Ready Form 5500: Fee to prepare Form 5500, a form which all qualified retirement plans (excluding SEPs and SIMPLE IRAs) must file annually with the IRS.

Start-up/Enrollment Expense: Costs associated with providing materials to educate employees about the plan, and enrolling employees in the plan. This may be part of, or included in, the education programs. There may be a one-time cost associated with implementing a new plan, as well as ongoing enrollment costs.

Trustee Services: Fees charged by the individual, bank or trust company with fiduciary responsibility for holding plan assets.

VRU: Voice Response Unit.

Wrap Fee: An inclusive fee generally based on the percentage of assets in an investment program, which typically provides asset allocation, execution of transactions and other administrative services.

12b-1 Fee: A charge to shareholders to cover a mutual fund's shareholder servicing, distribution and marketing costs.