

Case Study

Consulting Service: ***Fee & Investment Benchmarking***

Background

A plan sponsor in the HRIS business started its 401(k) Plan to attract, retain, and motivate its employees and grew quickly from zero assets to \$5 million in just a few short years. With the same provider since day one, the sponsor had not benchmarked the Plan since its inception, nor had the Committee evaluated the investment lineup to assess what, if any, changes, should be made to ensure participants the most return potential. Upon hiring 401(k) Advisors as its dedicated consultant, the first order of business was to conduct a thorough review of the plan fees and investments.

Objectives

- Benchmark existing fees against the marketplace
- Identify opportunities to improve existing fund line-up
- Document the process to meet fiduciary responsibilities
- Communicate results to employees

Client Profile

Industry	HR Technology
Plan Type	401(k)
Assets	\$5 million
Participants	75

Strategy

401(k) Advisors applied a detailed benchmarking process to ensure fees were in-line with the marketplace, and utilized its proprietary *Scorecard*SM System to identify skillful managers. Our specialists solicited bids from three comparable vendors and invited the incumbent to offer revised pricing and investment structure in light of the plan's rapid growth. The **final Fee & Investment Benchmarking**TM report offered a side-by-side comparison of administrative fees and investment rankings in a succinct, user-friendly format.

Results

- Reduced administrative expenses by 25%
- Constructed a revised investment lineup that improved the Plan's aggregate score from 7.23 to 9.55 (out of a possible 10 points in the *Scorecard*SM System)
- Reduced investment fees by 16% as a result of the fund changes
- Facilitated fund changes with the provider and prepared communication memos for employees

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