



PROFESSIONALLY SPEAKING



MIKE SCOTT

401(k) Trustees: Get Benchmarked

by Independence Financial LLC

920.236.6587

Last month, New North B2B magazine ran an extensive article on the Department of Labor's new fee disclosure rules for 401(k) plans. These new rules require 401(k) plan service providers to fully disclose their fees to the trustees of the 401(k) plan. In turn, the employer will also be required to disclose the plan fees to all plan participants.

Some providers already operate transparently and do a good job disclosing their fees to the plan trustees and plan participants such that there will not be any big surprises. However, many providers do not offer a strong level of fee transparency and their fees are buried deep enough that these new laws could be a real eye opener for plan trustees and plan participants alike. Because of this, the new laws have wonderful potential to level the playing field and create a better retirement plan environment, and ultimately a better end result for participants to achieve their retirement savings goals.

The new rules are intended to help

keep fees reasonable for 401(k) participants. If the fees are all disclosed in a single consolidated document, it makes it easy for the trustees to understand what the total plan costs are. Unfortunately, the data alone is only as valuable as what the trustees do with it. Since a 401(k) plan is not something the average person frequently shops for, just knowing the total cost does not let you know if it is competitive in the marketplace. **Plan trustees need to have their plans "benchmarked" to compare their plan to others in their industry to make sure the fees are reasonable for their plan size and the services they are receiving.**

Every 401(k) plan is unique with the number of participants, investment options, participant education that is provided, online resources, total assets in the plan, and the fees charged. Therefore, it is important to have your plan benchmarked to plans of similar size and similar industries. We benchmark participation,

utilization, portfolio quality and performance, vesting periods, match level, average account balance, and of course, fees. Benchmarking is certainly a helpful tool in understanding the success of a plan and it is also important to consider the overall understanding and satisfaction of the participants. A low fee with poor service and poor performance is clearly no bargain.

To learn more about the objective third party benchmarking analysis Independence Financial can provide, contact Michael Scott, CLU, CFP®. Mike is a CERTIFIED FINANCIAL PLANNER™ practitioner and an owner of Independence Financial, LLC, an Oshkosh firm specializing in retirement planning for over 80 years. (920) 236-6587 or Michael@IndependenceFinancialLLC.com.

Registered Representative of, and Securities and Investment Advisory services offered through Hornor, Townsend & Kent, Inc., [HTK], Registered Investment Advisor, Member FINRA/SIPC, 8501 W. Higgins Rd., Suite 410, Chicago, IL 60631 Phone (800) 607-3300. Independence Financial, LLC is independent of HTK.

2845964AL_DEC21