

Plan sponsor seeing benefits from fee levelization

Learn how one company leveled 401(k) plan administrative fees for its active 401(k) participants



Company profile

Name: Access Intelligence

Location: Rockville, Maryland

Industry: Media and entertainment

Plan participants: 250

Opportunity/challenge

Access Intelligence has a retirement plan goal to offer the most appropriate, cost-efficient investment options to participants — and, like all plan sponsors, to remain compliant. To help ensure their success, they told their advisor they specifically wanted to:

- Monitor and continue to meet or improve their fiduciary responsibility
- Share plan administrative fees equally among all participants
- Keep the plan’s current investment options
- Learn more about fee equalization, because they had little awareness of the topic

Solution

With the help of their advisor and Principal®, here’s how this played out:

Awareness	Education	Consideration	Decision	Implementation
Fall 2015	Spring 2016	Summer 2016	Fall 2016	
Knowing the plan and goals, the advisor brought in Principal and had an open conversation with the plan’s investment committee about fee levelization to let them know their options.	With the help of their advisor and Principal, the investment committee used a series of meetings to educate themselves about their fee levelization options, how they work, and the pros and cons of each.	Before making an official decision, the committee talked about how participants might react and how they’d best communicate the change.	Access Intelligence chose to implement an option that included revenue sharing through fee adjustments — the option they felt would best meet their plan goals.	Communicated change and held open educational meetings for all employees.

Results

To date, the company is pleased with their decision and what they accomplished, including:

- ✓ **Remaining compliant** — knowing they're meeting their related fiduciary obligations (by considering all of their options) in a highly-regulated environment

- ✓ **Doing what's fair** — levelizing (sharing equally) plan administrative fees among active participants

- ✓ **Lowering fees** — on average, participants have been paying less with the fee adjustments

- ✓ **Implementing seamlessly** — receiving almost no participant questions or complaints related to the change

- ✓ **Employee participation** — virtually no change in their participation rate and deferral rate in the month following the change

“Our biggest surprise during implementation was that we only had a few questions from our participants,” said Michelle Levy, compensation and benefits manager for Access Intelligence. “The implementation itself was easy ... there was little time and effort involved on our part.”

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Tips

Plan sponsors considering fee levelization may want to:

- Keep the dialogue flowing between all involved parties. This may include your advisor, TPA, service provider and members of the investment committee or the decision-maker.
- Remember that every plan sponsor and every plan looks different. Take the time to fully understand the fee levelization options to decide if one meets your organization's plan goals.
- If you make the decision to use fee levelization, work with your advisor and/or service provider to roll out a fee levelization option. And be sure to communicate to all employees to avoid surprises.



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