



IPSWICH BAY
ADVISORS

YOUR SUCCESS IS OUR MOST VALUABLE ASSET

Negotiating Retirement Plan Fees

GET THE BIGGEST BANG FOR YOUR BUCK! NEGOTIATING RETIREMENT PLAN FEES WITH YOUR PROVIDER

According to plan sponsors, one of the most harrowing aspects of their fiduciary obligations is to ensure that plan fees are reasonable. From administration and recordkeeping to compliance and investment management—how can a plan sponsor feel assured that they are aware of all plan fees, understand them thoroughly and then determine their fair and reasonableness? It's quite a task! Best practices dictate the use of live-bid fee benchmarking such as the Provider Analysis report as the exclusively valid method of determining fee tenability. Once produced, that analysis serves as documentation of the plan fees falling within a reasonable range. Or does it? What happens when the data shows that your plan provider's fees are higher than the bidding providers? Even though your provider may be meeting your plan needs and service expectations well, you may be concerned when the analysis demonstrates that your plan fees are out of range and significantly higher than the bidding providers. In this situation, consider engaging in a fee negotiation with your provider. The following are steps to pursue:



1. Name the bidding providers anonymously and deliver their range of fees to your incumbent provider. It's important to emphasize that the results of the Provider Analysis benchmarking process are based on: 1) a live-bid benchmarking process and 2) all bidders are provided the current plan demographics and plan design/service structure. As such, the results are a true apples-to-apples comparison and, thus, extremely compelling.
2. Request that the incumbent provider award a fee concession within range of the bidding providers. In most cases, fees are brought down to a minimum of the median fee range of the bidding providers.
3. Let your provider know that they are not expected to be the lowest, but that you have a fiduciary responsibility to ensure pricing is fair and reasonable for services delivered.

As is the case anytime you negotiate fees, the process can be tricky. As your dedicated plan consultant, we are uniquely qualified, and proud, to undergo this complex task for you so that you feel confident in meeting your fiduciary obligation to ensure your plan fees are fair and reasonable.

The B3 Provider Analysis™, RPAG's proprietary retirement plan fee benchmarking and request for proposal (RFP) system, utilizes live-bid benchmarking to provide a comprehensive benchmarking of a plan's fees, services and investments in one robust report.

For more information on retirement tips, contact your financial professional.

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