

Please note: This is a transcription so there may be slight grammatical errors.

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As a plan sponsor, it is part of your fiduciary duty to benchmark relevant fees associated with your plan on a periodic basis. One of the most common fees is to benchmark the cost pertaining to recordkeeping and plan administration.

So you might be thinking, how do I know if my fees are reasonable? At CAPTRUST, we have a few ways to help you to determine if your recordkeeping and administration fees are in line. The traditional approach is to send several pieces of plan data, such as assets, participant count, cash flow, and plan design features to vendors that would be interested in servicing your plan. However, this process typically takes several weeks to account for gathering the data, reaching out to vendors, and compiling results. We oversee hundreds of projects like this every year for our clients, and it is an effective way to benchmark fees.

But because CAPTRUST has completed so many of these fee benchmarking projects, we already have thousands of pricing data points in our centralized database. By using this database, we can identify recordkeeping and administration fee trends and segment the high, average and low price tiers based on plan asset size and number of participants. In short, those two data points are what drive the overall fees for your plan.

It is important to remember that you are by no means required to pay the absolute lowest price for the recordkeeping and administration of your plan. Your duty as the plan sponsor is to pay a reasonable fee for the services provided. In many cases, slightly higher fees will mean added services that offer a great benefit to your participants. While there isn't a strict timeline for benchmarking your plan, you should be looking at fees if your plan has undergone some type of major change in recent years. You may be able to take advantage of lower fees as your plan size increases, and you gain access to economies of scale.

Other factors that can impact your plan pricing are payroll sources, brokerage accounts, plan design, company stock, and frozen assets, just to name a few. CAPTRUST's centralized vendor analysis team has in-depth knowledge of plans of all types and the expertise to navigate each plan's unique complexities. These resources coupled with the depth of pricing information we have gathered and segmented, allow us to identify pricing trends quickly and get changes implemented immediately to ensure your plan costs are in line.

Think it's time to benchmark your fees? Then call your CAPTRUST advisor. We're here to help.

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