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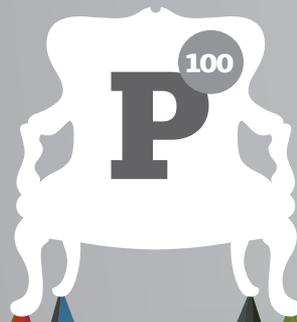
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Richard P. Slaughter Associates Inc.

Bob Tabor, AWMA®, AIF®, Vice President

“How can I make the new 401(k) plan fee disclosure requirements work for my company and employees?”

By Bob Tabor

The wait for 408(b)(2) is over. This new Department of Labor regulation now requires disclosure of all 401(k) plan fees, individuals/entities to whom they are paid and the services they cover. Who is responsible for assuring participants receive this disclosure? The retirement plan sponsor (including business owners and investment committee members).

In addition to the added compliance burden on your company, this information could raise concerns for both you and your employees.

As the plan sponsor, you may wonder whether your plan fees are reasonable and whether you are receiving the appropriate value for those charges. You also must deal with employee reactions to this information. Many will be surprised to learn they have been paying fees on their retirement accounts.

Their trepidation, however, can motivate you to find answers not only to their questions but to your own, even as you increase your employees' enthusiasm for this valuable workplace benefit. Here is how you can demonstrate that your company is delivering the best savings vehicle:

Know your plan costs. There are three main types of fees:

1. Investment management fees typically account for the largest expense. These fees are paid to the managers of the plan's investment

vehicles, usually mutual funds or separate accounts, and are most often assessed as a percentage of assets.

2. Plan administration fees cover services such as record keeping, sponsor support, compliance and plan design. They also generally are a percentage of assets.

3. Advisor fees can come in many different flavors. Ideally, these are paid to an advisor who is giving ongoing support to you and your employees.

Know what services are being delivered. Everyone involved in the plan should have access to support:

1. Participant support can be delivered by an expert who personally consults with employees about investment choices and provides specific advice about asset allocation and a savings plan. Or your employees might simply have access to a website, online tools and a call center. There are many registered investment advisors who will gladly offer that one-on-one support and education to your plan participants at a fee that can be equal to or less than what you currently pay.

2. Plan support from your administrator and advisor can help ensure your plan is run in the most effective and efficient manner. You should be receiving assistance in plan design, fee benchmarking, investment selection and monitoring, compliance and other more specific details to your plan.

3. Fiduciary support is one of the most overlooked services. Many plan sponsors presume their broker or advisor has assumed fiduciary liability, when in fact, most financial professionals lack the ability to take on this role. Other types of fiduciaries, such as the limited scope 3(21), really offer no legal relief. A 3(38) fiduciary, on the other hand, can take on a significant amount of fiduciary liability.

After you have assessed plan costs and services, you should **compare and make changes.**

Get proposals from multiple plan providers and see how they stack up against your current plan.

An independent advisor can be very helpful here. You may identify ways to improve your plan—such as lowering costs by changing investment share classes, renegotiating administrative fees or utilizing previously unknown service features—without changing providers.

Or you may discover that changing the advisor in order to obtain full fiduciary services and participant support is the prudent move.

Once you are secure in your plan's features and costs, you will be comfortable in meeting the 408(b)(2) disclosure requirements.

What is most important is that you will be able to confidently provide your employees the details of a plan that you know is right for them. ☺

“As the plan sponsor, you may wonder whether your 401(k) plan fees are reasonable.”

—Bob Tabor

How to reach Richard P. Slaughter Associates

You can reach any member of our team at 512.918.0000. We look forward to speaking with you.



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OUR FIRM'S COMMUNITY INVOLVEMENT...

Is determined by where our employees and clients volunteer and are most engaged. We select nonprofits, such as The Christi Center and Texas Parent to Parent, that are doing extraordinary things with limited budgets. I'm proud to be working with these organizations.

MY GOALS FOR THIS YEAR INCLUDE...

Continuing to improve the services we deliver and how we deliver them to great clients

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Richard P. Slaughter Associates is a leading wealth management and financial planning firm, which specializes in working with high net worth individuals, families and businesses. Slaughter Associates cultivates a comprehensive financial relationship with its clients by delivering expertise in financial planning and asset management and by coordinating with tax, insurance and estate professionals. The result is a holistic approach, unique in a financial industry that is often segmented and outsourced. By committing to each of these important components, Slaughter Associates charts a path to reach the individual financial goals of its clients. Founded in 1991 in Austin, TX, by Richard P. Slaughter, Slaughter Associates is one of the original fee-based firms in the nation. With offices in both Austin and the Dallas-Fort Worth Metroplex, Slaughter Associates has been recognized by the National Association of Board Certified Advisory Practices as a Premier Advisor and has been given Exemplary status for expertise in personal risk management.

Assets Under Management
\$290 million

Largest Client Net Worth
\$20 million

Minimum Fee for Initial Meeting
None required

Minimum Asset Requirement
\$500,000 (investment services)

Website www.slaughterinvest.com

Compensation Method **Asset-based and hourly fees**

Professional Services Provided
Planning, investment advisory and money management services

Primary Custodians for Investor Assets
Charles Schwab & Co., Pershing and TD Ameritrade

Association Memberships
Financial Planning Association, The National Association of Personal Financial Advisors

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