

CASE STUDY: COST SAVINGS

Reducing Retirement Plan Fees by 11.5% - Creating More Savings for Participants

Through our comprehensive benchmarking process, we helped to streamline efficiencies and generate meaningful cost savings. And we remain as the client's single point of contact for advice today.

OVERVIEW

Helping our client reduce fees, fulfill their fiduciary obligation, and provide better investment outcomes was only part of the process. We always help our clients ask: what's next? This case study shows how we worked together to put those extra dollars to work and help their employees realize more retirement savings.

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PLAN DEMOGRAPHICS

- \$5,250,000 in total plan assets
- 85 employees with balances
- Employer contributing \$185,000 annually in company match dollars
- **2-person fiduciary committee with time constraints** and limited understanding of the compensation arrangement options in the retirement plan space



PLAN ANALYSIS

- The advisor was collecting revenue sharing as income generated by the investments, creating an inherent conflict of interest in how they received compensation.
- **Plan expenses had not been benchmarked in 5 years.** This led to unnecessary fee exposure to the participants at 3 levels: investment options, advisor compensation, and recordkeeper compensation.
- There was no employee education or financial literacy offered.
- Total Plan Expense: \$99,750 – paid by participants.

THE CG ADVANTAGE

01

Revenue sharing as fee income was removed from the investment line-up, creating a transparent consulting fee, recordkeeping fee, and investment fee. This allowed for negotiation power at all three levels, not just one.

02

We performed an analysis of the return on investment the employer was making in employer contributions to the retirement plan. Through plan design, we turned the 401(k) into a modern-day pension.

03

Employee education and financial literacy was implemented.

04

Total Plan Expense: \$88,200 - **11.5% reduction in fees.**




WHAT'S NEXT?

Their employees cited that **health benefits and higher pay** were top issues on the priority list.

The company match is not solving the retention issue, and the **\$185,000 a year** had a negative return on investment to the organization.

Through collaboration with their health benefits broker, using the cost savings (from above) and a retooling of the benefits philosophy, we put the \$185,000 of match to use across the total rewards spectrum while **creating more income for participants at retirement.**

Contact us if you'd like assistance with benchmarking. CG Financial is independent and acts as a true partner and advocate in your best interest.

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